

The background of the entire page is a vibrant green gradient. Overlaid on this gradient are numerous fingerprints of various sizes and orientations, rendered in a light, semi-transparent white or yellowish color. The fingerprints are scattered across the page, creating a textured, organic pattern.

Sisal Corporate Social
Responsibility Report

2013

Sisal CSR Report 2013

We play as a team
Each one of us gives his or her best,
so that we all win together **We respect**
and care for our Customers
Our Consumers' satisfaction and trust are our best reward
We believe in people and in their diversity
The value of People and the wealth of their diversity are our
winning combination **We innovate to grow** Our focus is
on innovation and growth. A Group that truly believes in research invests in its
future **We are responsible and excellent** **We respect and care**
for our Customers Our Consumers' satisfaction and trust are our best reward **We**
believe in People and in their diversity The value of People and the wealth
of their diversity are our winning combination **Sustainability and respect for**
and respect for the rules define the framework in which we aim to achieve excellence
We are responsible and excellent **We play as a team** Each one of us gives his or her
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We are responsible and excellent **We play as a team**
We respect and care for our Customers

Sisal's 5 Guiding Values are the leitmotif in our Corporate Social Responsibility Report 2013. They leave a clear mark on the way the Company acts responsibly.

Each chapter in this Report is presented in specific connection with one of our Values, but all five of them guide each step the Company takes.

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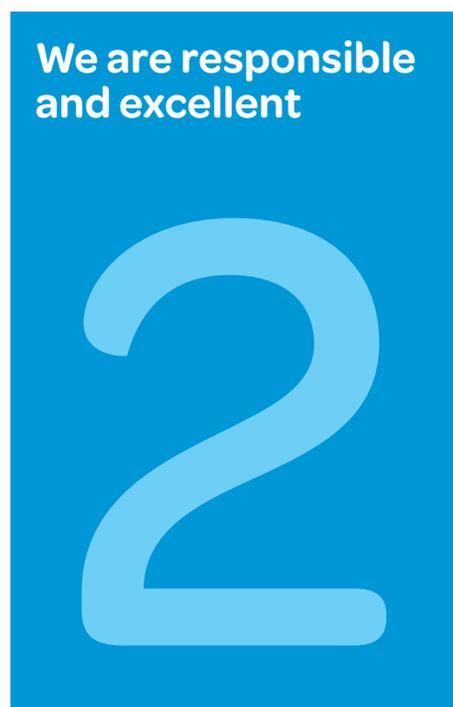
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The Values of Sustainability

2013 was a highly significant year for Sisal's Social Responsibility Programme: we have defined a new Vision and new guiding Values that, in a way that's wholly consistent with the Company's traditional identity, will base our actions on People and long-term Sustainability.

Our new Values charter was realised through a process that involved all levels and functions in the Company, and included launching a programme called "ViS – Valori in Sisal" in order to translate our guiding Values into action.

We believe that our Values must be shared wholeheartedly so as to generate behaviours and concrete actions by the People who work within the Company.

Working as a Team, respect and care for our Customers, the value of People and Diversity, the quest for Innovation, the drive towards Excellence and Responsibility are the Values that guide and inspire our strategies.

Our new Values and our new Vision – "Making People's lives easier and more fun" – have their roots in the very history of Sisal: a Company that, since its birth in 1946, has always strived to combine financial growth with strong principles of Social Responsibility.

As a result, in almost 70 years the Company's business has grown at the same pace as its commitment to ethical responsibility.

Starting in 2009, we have launched a structured Sustainability Programme based on the notion of Creation of Shared Value, with an aim of bringing about benefits for the Company and for all of its Stakeholders at the same time.

Indeed, we firmly believe that the capability to generate business results is dependent on good practices in our relationship with our key Stakeholders, in particular on a constructive rapport with Public Institutions and with our Partners; Care and Respect for our Customers; the empowerment and professional growth of our Employees; as well as concern for the Environment and our ability to contribute to the welfare of the whole Community.

Our Sustainability Programme has adopted as its first standpoint a Responsible Gaming model, aimed at safeguarding our Customers and anybody who may be vulnerable.

On the Responsible Gaming front, we have earned the renewal, at the highest level, of our international certifications from European Lotteries and the World Lottery Association. In 2014, the certifications we have been holding since 2011 were extended to cover our whole gaming offer, for the first time. This is a recognition of our constant, steadfast commitment to fostering a gaming culture based on lawfulness, awareness and balance.

A concern for the community is another key Social Responsibility commitment for Sisal. In education and culture, in 2013 we have supported projects focused on young people, aimed at creating opportunities for personal development and skills training. Also, we have renewed our support for scientific research, through fundraising campaigns powered by our point-of-sale Network which aided key Partners such as AIRC, AriSLA, Telethon, and Fondazione Umberto Veronesi.

We are also aware that Corporate Social Responsibility today has an expanding, strategic role in the growth of local Communities.

We are developing a programme that addresses local needs by promoting the kind of social innovation that responds to the demands of Citizens through new solutions for co-operation between the Company and local individuals and groups.

With regard to our internal Stakeholders – Associates and Employees – in 2013 we kept up our effort and investment aimed at building a work environment that will offer everyone equal opportunities, based on shared evaluation criteria, empowering both individual talent and the wealth of diversity, putting to fruition multi-functional working teams so as to define and implement our action plans, such as the WiSe Team (Women in Sisal Experience) and the WoW Team (Working on Work).

Consequently, our Corporate Social Responsibility Report – in its fifth edition as of 2013 – is a testimony to Sisal’s ongoing commitment to giving growing value to the principles of Sustainability. Such commitment is a structural component of the Company Strategy that sees the development of Retail, the diversification of our offering, innovation, and online presence as the key drivers of business growth.

In order to foster this growth, in 2014 Sisal has started a project to become publicly traded, which it subsequently had to put on hold due to the unfavourable conditions of international financial markets. What the Company definitely will not put on hold is its firm, determined commitment to pursuing and securing a sustainable-growth strategy

conjoining business development and corporate responsibility, and thereby creating shared Value for all of our Stakeholders.



Emilio Petrone

Chief Executive Officer,
Sisal Group S.p.A.

A note on methodology

Sisal's Corporate Social Responsibility Report, now in its fifth edition, is the key tool for accountability, communication and programming of the Company's CSR activities. This document serves to depict the Company's Corporate Social Responsibility initiatives for all our Stakeholders as well as to publicise, in the spirit of full transparency, not just the activities undertaken but also the direction for future development, with a special focus on the connection between the Company Strategy and Sisal's relationship with its Stakeholders.

The name "Sisal" will from now on refer here to Sisal Group S.p.A.; the individual companies within the Group will be referred to through their own registered names.

Sisal's Corporate Social Responsibility Report includes the "General Standard Disclosures" from the Sustainability Reporting Guidelines by GRI (Global Reporting Initiative). Their contents index can be found at www.sisal.com. Also, Sisal's Corporate Social Responsibility Report follows the Guidelines by GBS (Gruppo di Studio per il Bilancio Sociale) as regards documenting added Value and its distribution.

Scope of reporting and accounting period

The scope of the 2013 CSR Report corresponds with the contents of the consolidated financial statements. Data refers to the year ended 31 December 2013; however, some important information is included concerning events occurring after the balance sheet date, such as the extension, in February 2014, of the Responsible Gaming certifications by European Lotteries (EL) and the World Lottery Association (WLA) from the "GNTN – Giochi Numerici a Totalizzatore Nazionale" (NTNG – National Totalisator Number Games) area, as it was before, to our whole gaming offering.

The scope of financial consolidation includes the following Companies: Sisal Group S.p.A., Sisal S.p.A., Sisal Entertainment S.p.A., Sisal Point S.p.A, Friulgames S.r.l. The consolidated financial statements as at and for the year ended 31 December 2013 were prepared in conformity with International Financial Reporting Standards.

Quality of the information and document preparation

The writing of the Corporate Social Responsibility Report is a full reporting process, performed annually involving all departments. In order to identify and define content, Sisal has taken into account the most significant issues in the gaming sector as well as recommendations from our Sustainability Committee.

The document was written following a series of meetings with the CSR Team; the Sustainability Committee has participated in designing its structure and has approved it. The Team wrote the individual sections of the Social Report, which were then put together by the CSR Unit. The Unit also provided additional contents and ensured overall consistency. Finally, the content was reviewed by the CSR Team and by the organisational Managers, before being submitted for approval by the Leadership Team.

The Corporate Social Responsibility Report contains useful data both from sources within the Sisal Group and from sources in the public domain (such as information from the Italian Customs and Monopolies Agency – Agenzia delle Dogane e dei Monopoli, ADM – from international organisations and agencies, from independent research, etc.).

The quality of the information contained in our 2013 Corporate Social Responsibility Report is guaranteed through compliance with the principles of comparability, balance and completeness. Comparability is defined as the ability to compare data and information over time – a goal we fulfilled also by keeping the structure of the Report consistent with the structure of previous editions. Balance and completeness are defined as the correct presentation of arguments and data, showing both positive and problematic aspects of the Group.

Another principle that Sisal has adhered to in writing its Corporate Social Responsibility Report is that of materiality. Materiality involves all aspects concerning significant financial, social, or environmental effects and outcomes, or substantially influencing assessments and decisions by our Stakeholders, in accordance with the Guidelines from the Global Reporting Initiative G4.

Relevance for Sisal was assessed according to our Mission, Values, policies, strategies, and goals. This evaluation has taken into account the key Company documents, and it reflects any effects and outcomes affecting sustainability strategies and significant risks and critical success factors. With regard to Responsible Gaming, Sisal has considered all relevant legislation and the international standards laid out by European Lotteries and the World Lottery Association, also starting a specific conversation with its Stakeholders about this issue.

Also, Sisal has taken into account the interests and expectations of those Stakeholders directly involved in the Company's success: Employees, Shareholders, Consumers, the Retail Network, our Business Partners, the Community.

The structure of the 2013 Social Responsibility Report

The Report is made up of five chapters:

1. "Il Gruppo Sisal", che presenta l'identità di Sisal e le principali informazioni sul Gruppo.
2. "The Model of Governance", presenting the principles of our Corporate Governance and our Control and Management System.
3. "Our commitment to Customers", concerning these key Stakeholders of our Company and depicting the Responsible Gaming programme as well as the safeguards put in place by Sisal to protect those who use our Services.
4. "The Value of People and Stakeholders", detailing all of the Group's different Stakeholders.
5. "Financial Sustainability", analysing how we generate and we distribute wealth.

Sisal's 2013 Corporate Social Responsibility Report is also made available in the CSR section of our website www.sisal.com.



we play as a team



Each one of us gives his or her best,
so that we all win together



The Sisal Group

Right at its birth, in 1946, Sisal created the modern sport-pool games market when an idea by three sports journalists – Geo Molo, Fabio Jegher and Massimo Della Pergola – led them to found S.I.S.A.L. “Sport Italia Società a responsabilità limitata” and launch the first pools based on the results of football matches. These would soon become hugely popular, and a household name all over Italy – known as “Schedina Sisal” (“Sisal play slip”) first, then later as “Totocalcio”.

The History of Sisal

- 1946** Sisal is founded. Birth of the “Schedina”, the Sisal Play Slip, later to become Schedina Totocalcio
- 1948** Totip is launched
- 1991** The “Tris” can be played at Sisal’s points of sale
- 1997** SuperEnalotto is launched; Totocalcio is revamped
SisalTV is born
- 1998** The introduction of the Extrema terminal makes the Sales Network digital
- 2002** A points-of-sale offering of services to Citizens, such as payments and top-ups, is launched
- 2004** Acquisition of Matchpoint and of the Network of betting agencies
Online gaming is launched
- 2005** Sisal Slot develops Sisal’s activities in the entertainment machines sector
- 2009** Sisal becomes a Government Licensee of the GNTN – Giochi Numerici a Totalizzatore Nazionale (NTNG, National Totalisator Number Games)
The Responsible Gaming campaign begins
Online Poker is launched
- 2010** Sisal Wincity is born
- 2011** European Lotteries and World Lottery Association
Responsible Gaming certifications
Two new products are launched: SiVinceTutto
SuperEnalotto and Casinò
- 2012** EuroJackpot is launched
Sisal is legally recognised as a Payment Institution
- 2013** Launch of the new Vision and Mission statements, new Company Values and restyled visual identity
Birth of SisalPay, a Services Network for fast and convenient payments and top-ups
- 2014** The European Lotteries and World Lottery Association certifications for Responsible Gaming are extended to Sisal’s entire gaming offering
VinciCasa is launched

1.1 Sisal: A leading Italian Group

The Sisal Group is active in the Games and Payment Services markets, with ubiquitous points-of-sale all over Italy. Such a sales Network allows the company to offer innovative entertainment experiences and a wide portfolio of payment solutions. The Sisal Group operates the “GNTN – Giochi Numerici a Totalizzatore Nazionale” (NTNG, National Totalisator Number Games) and is also in the Online Betting sector through its Internet channel and its dedicated mobile applications. Also, beginning September 2010, the Company created a new Retail Concept, Sisal Wincity, with nine Gaming Halls in the main Italian cities. Through the SisalPay brand, innovation is at the service of the Consumer, offering convenient, secure, easy-to-use solutions to manage payments.

Since the outset, Sisal’s history has been marked by a strong sense of Social Responsibility. The Company’s ethical commitment has shaped a Social Responsibility Programme which involves the domains of education, culture, sports, and science; its projects are aimed at empowering talent, training young people, and fostering research. Sisal’s Re-

sponsible Gaming Programme is the pivotal, distinctive element of the Company’s Social Sustainability strategy. Sisal has always had a special focus on safeguarding its Customers and the more-vulnerable groups and individuals, through ensuring its entertainment offering is transparent, safe and based on the awareness of Consumers.



1.2 Our Vision, Mission, and Values

The Company's growth, together with the evolution in the Gaming market, has made it necessary for Sisal to start a profound review of its identity and a reflection on new ways to achieve excellence. The company has worked on its own identity, focusing on the value of People and letting itself be guided by a responsible, long-term vision.

In 2013, this process of renewal brought to the definition of a new Vision statement, a new Mission statement, and new guiding Values. The new Vision and Mission represent a harmonious combination of Sisal's heritage and history with its goals and the new market context. The new Values express the sentiment of Consumers, of our larger Community and of Sisal's Employees; they guide the Company's business behaviour.

In 2013, Sisal created its **Charter of Values**, following a thorough Stakeholder Engagement process, and launched **ViS – Valori in Sisal** ("Values at Sisal"), a programme for implementing its Values concretely. The Values are to be understood and shared by everyone so that they can inspire behaviours and actions by the People who work within the Company.

Vision

"To make people's lives easier and more enjoyable"

In Sisal's Vision, People are the main focus of the Company's activities. The key goal is adding value to our Consumers' leisure time.

Mission

"To offer the best range in gaming, entertainment and services, responsibly and sustainably over time"

In its Mission, the Company stresses the commitment it has been fulfilling responsibly for almost 70 years: a constant care for its Stakeholders.

Guiding Values

A Company that wants to lead in socially responsible corporate conduct has a duty to ensure a consistent behaviour and let itself be guided by Values that act as a foundation for its actions and put People at the centre.

Sisal's Guiding Values have been defined and shared by the whole Company and by all the Employees that work every day with competence and passion to make Sisal an ever more successful Group, oriented to business growth and the welfare of Society.

Questi i Valori guida che sono stati definiti all'interno dell'Azienda:



We play as a team

Each one of us gives his or her best, so that we all win together

Working at Sisal means to be committed to building trust, loyalty and fairness with one's colleagues and, more in general, with all of one's counterparts. Sisal considers cooperation and teamwork fundamental in order to achieve the corporate goals in an effective way, with every Employee fully aware of his or her own tasks and responsibilities.



We respect and care for our Customers

Our Customers' satisfaction and trust are our best reward

The satisfaction of our Consumers is the key priority for the growth of the Group, which has set itself the goal of providing solutions, understanding Consumers' needs and offering quality services. Dedication, care and respect for the expectations of Consumers guide the Company's daily actions. Sisal's strategies, know-how and product offering are developed based on listening to our Consumers and serving them.



We believe in People and in their diversity

The value of People and the wealth of their diversity are our winning combination

Sisal is committed to recognising and supporting everybody's experience and skills, to promoting cooperation and the exchange of knowledge, so that work can be a source of self-fulfilment and welfare for People as much as it is a driver for the Company's success. Sisal sees diversity as added Value and favours creative synergies, brought about by dialogue and cooperation, that make it possible to achieve innovative and winning results.



We are responsible and excellent

Sustainability and respect for the rules define the framework in which we aim to achieve excellence

Sisal is committed to pairing financial and social value with the goal of satisfying all legitimate expectations of its Stakeholders over time. Sisal considers it fundamental that its system of Governance be shaped by the Values of transparency, responsibility and integrity and that its every decision and action, across the board, be guided by the principle of Sustainability.



We innovate to grow

Our focus is on innovation and growth. A Group that truly believes in research invests in its future

Sisal has chosen the way of ongoing innovation, investing in processes, organisation, technology and research. Every day, Sisal acts to improve its activities concretely, supporting and promoting an attitude of change. In this perspective, again in this year Sisal's Social Responsibility Programme reaffirms the Company's commitment to the Community, with the goal of creating and spreading social innovation.



1.3 The strategy of the Sisal Group

Sisal has chosen to pursue sustainable development, with the goal of balancing business growth with Corporate Social Responsibility. The Group's results, therefore, are the outcome of a long-term strategy whose distinctive elements are:

A strong Retail presence

Sisal has been among the first Operators to enter a process of expansion of the Points-of-Sale Network in the Gaming and Betting market, complementing the traditional roster of affiliated shops with new types of points-of-sale, such as innovative Wincity halls, the Matchpoint agencies and corners and, beginning April 2014, the Smartpoint shops.

Diversification

The Group implemented a diversification strategy, branching out into the Payments and Services sector and thus fostering a gradual transformation of Consumers' payment habits. In 2013 SisalPay was launched: the first specialised brand in this market, including the two main segments of the offering, top-ups and payment services.

Online business

The Group implemented a strategy based on innovation, introducing the "Casinò Games" and online Slots. Sisal's range of online games and betting solutions has grown substantially, from 12 games in 2010 to 264 in 2013.

The Identity of the Sisal brands

The strong tradition and nationwide awareness and recognition of the Sisal Group's brands has contributed to business growth and helped reach large numbers of Consumers.

A cutting-edge ICT platform

The Group has kept up investment in this domain, looking to developing an efficient and modern Information and Communication Technology (ICT) platform that ensures upkeep and growth of the systems and platforms for games, betting, payments and services.

Innovation

The Group has given a pivotal role in its strategy to product and network innovation, with an aim to ongoing improvement of the Consumer experience. This also includes using innovative technologies that entail enhanced interaction with Consumers, such as mobile applications or tablets and other interactive tools used in the Sisal Network's points-of-sale.

The sustainability model

While Sisal's concern for the Community is deeply rooted in its history, since 2009 the Company has stepped up its effort towards fulfilling its Social Responsibility commitments, with a coherent strategy and a Sustainability Programme on which the Company reports to all of its Stakeholders by publishing a Social Responsibility Report, now in its fifth edition.

Dedication to its Stakeholders and a listening attitude have allowed Sisal to define and act upon a Social Responsibility Programme that's primarily aimed at the Company's Consumers, Employees, and the Community, in a perspective of sustainable growth that balances the interests and expectations of all relevant subjects.

In 2013, Sisal has stepped up its effort towards fulfilling its Social Responsibility commitments, with a coherent strategy and a specific Sustainability Programme

Sisal's Social Sustainability is in evidence first and foremost in its care for all its Employees, who contribute to the creation of Value for the Company every day. Individual talents and the wealth of diversity are the Group's strengths and allow Sisal to keep on innovating while offering a range of entertainment solutions and services that's distinctive, responsible and sustainable.



sustainable growth

Corporate Governance



Management transparency and responsibility

Integrity, Values and Code of Ethics

Risk prevention and control

Social Sustainability



Responsible Gaming and Consumer Protection

Wellbeing of Employees

Community development

Environmental Sustainability



Reduction of the environmental impact of operational processes

Efficient management of resources and consumption

Environmental initiatives

Financial Sustainability



Lasting growth

Distribution of value generated

Contribution to taxes and the community

Stakeholder Engagement

All of Sisal's Social Responsibility activity is developed based on a Stakeholder Engagement model aimed at involving all relevant subjects actively

Sisal's commitment to its Customers is founded on the Values of trust, fairness and care: all tracts that make Sisal not just a reliable Company, but the guarantor of Safe and Responsible Gaming. Sisal's programme is shaped by a model of gaming based on awareness and balance, centred on entertainment and the prohibition of gaming by minors, with a special concern for the protection of the more-vulnerable types of Consumers.

Sisal's Responsible Gaming Programme is inspired by global best practices. In 2011, it has allowed the Company to earn the relevant certifications from Eu-

ropean Lotteries and from the World Lottery Association, which were renewed and extended in February 2014 to the Sisal Group's entire gaming offering.

The Company's care for the Community goes beyond mere dialogue. It takes the form of backing for projects centred on education, training and support for young people; on scientific research; on culture, the arts and sports. Such projects also contribute to strengthening Sisal's connection with the local communities. L'attenzione dell'Azienda nei confronti della Comunità si spinge oltre il semplice dialogo e si realizza con il supporto a progetti centrati sui temi della formazione e del sostegno ai giovani, della ricerca scientifica, della cultura, dell'arte e dello sport che hanno anche l'obiettivo di rafforzare il legame di Sisal con il territorio.

1.4 The product offering of the Sisal Group

The Sisal Group operates on the market with a twofold offering: that concerning Gaming, which is part of the Company's business since the outset; and that concerning Payment and other Services, which in the recent years has allowed Sisal to provide a wide range of services in partnership with other public and private companies.

Gaming

The Sisal range is offered over two channels, the Retail channel and the Online channel. The latter is centred on the Web portal www.sisal.it and on mobile applications.



Lotteries (NTNG)

Since as early as 1997, Sisal has been the Exclusive Concessionaire of SuperEnalotto, the very first of the National Totalisator Number Games (NTNG; in Italian, "Giochi Numerici a Totalizzatore Nazionale, GNTN").

NTNG products are defined by the following features:

- each Player takes part in the Game by playing a combination of numbers, either chosen by him/herself or determined at random at the moment of playing
- a single Jackpot that is made up of a predefined portion of the total amount of revenue from bets placed
- equal sharing of the Jackpot between the winning Players in each category of prizes

Since 2009 the NTNG segment, which up to then had only included SuperEnalotto, has gradually increased with the creation of new Games. Today, the product portfolio is very large, and features strong brands which enjoy wide Consumer recognition.



- > Sisal's most historic brand, which turned 15 in 2012
- > The Game with the highest Consumer awareness
- > Has a potential player base of 20 million and more than 630,000 Facebook fans



- > Launched in 2009, it was the first Italian game awarding a monthly annuity, for 20 years
- > The Vinci per la vita – Win for Life family of games now includes a variety of fun and exciting games with different frequencies or draws, ways of playing, and first prizes



- > Launched in 2011, SiVinceTutto is a unique game where the full Jackpot is paid out right on the night of the draw
- > There is a single draw, on the last Wednesday of each month



- > Launched in 2012, it is the first and only Italian lottery game that has been conceived and marketed in cooperation with 14 European countries.
- > Every Friday night, the 14 countries take part in a challenge where a single Jackpot of millions (never lower than €10M) is at stake



- > Launched in July 2014, it is the first Italian game that has a house as its prizeJackpot milionario,

Online Gaming



The online products marketed by Sisal through its Web portal at www.sisal.it and on mobile devices are:

- > Betting: horse-racing, sports, and virtual betting
- > Casinò Games, Online Slots and Quick Games
- > Poker and Skill Games
- > Lotteries: NTNG, Gratta e Vinci, Lotto and 10eLotto
- > Bingo

All through 2013, Sisal's online operations have been growing thanks to the substantial development of the product portfolio, which involved the launch of 64 new games in the Casino, Slot, Quick, and Skill Games segments, all of them audited and certified by external agencies licensed by ADM, the Customs and Monopolies Agency. "Virtual Race" was another new entry in the Online Gaming world, in January 2014, and it proved successful; it involves betting on simulated sports events such as football matches, horse and dog races, and other sports.

As required by the laws regulating this type of games, Sisal also undergoes a yearly audit aimed at certifying its own primary platform (system for the management of gaming accounts), the platforms of its external providers, and all the games launched in the previous years.

Again during 2013, Sisal has implemented access to Online Gaming via mobile devices (with a focus on sports betting, Casino and Quick Games, and Online Slots). At the end of 2013, the proportion of sports betting done via mobile devices has totalled 23% (compared to 12% as of December 2012).

Thanks to an approach focused on the Consumer and the notion of Entertainment, Sisal stands out as an Operator that offers a healthy and responsible gaming style; so much so that the average monthly expenditure of its Consumers is lower than market average. In 2013, there were approximately 86 thou-

sand Players a month, who in that period spent an average of 44 euros, as opposed to a market average of 50 euros monthly. It also bears remarking that for one third of the Players, the average daily expenditure is lower than 2 euros.

The Anti-Fraud Group has constantly monitored and developed tools to fight any fraudulent use of personal and credit-card data, ensuring an extremely high level of security for Sisal's Web site.

Betting

Sisal Matchpoint's betting offering is among the widest in the whole world of Italian games: it involves football, horse racing, basket, tennis, motor sports, American football, hockey and much more. Totocalcio and Totogol are the historic products which constitute Sisal's roots, but also the roots of the entire Italian sports-pools market. At the other end, the most recent product involves betting on virtual events; it was introduced on the market in December 2013 by Sisal Matchpoint under the Virtual Race brand. Here again Sisal Matchpoint provides a wide-ranging offering, with two distinct gaming platforms, Inspired and Kiron, and seven different disciplines: football, horse racing, dog racing, cycling, car racing, motorcycle racing, tennis.

Entertainment machines (Slots and VLTs)

In the Entertainment Machines area, the Group has one of the best offerings on the Italian market, thanks to state-of-the-art technology, to partnerships with the leading international vendors, and to an ongoing widening and updating of the range of games. The partnership agreements with the main international vendors and Sisal's vast experience in this industry ensure a safe and distinctive gaming proposition.

The Retail Network

- > Sisal Wincity
- > Sisal Matchpoint Agencies and Corners
- > The network of third-party Clients which are Sisal's Partners
- > Points-of-sale (NTNG and Services)

Payments and services

In recent years, Sisal has grown substantially: from being a leader in Gaming, it has become also a key player in the sector of Payments and Services, when SisalPay was launched in 2013.



In the Payments and Services market, the Group offers:

- > payment of utilities and other bills, fines, taxes, subscriptions etc.
- > payment of top-ups of pre-paid debit cards
- > payment of telephone and pay-per-view TV top-ups
- > sale of gadgets and small products

In 2013, the €6.3bn turnover from this sector has constituted approximately 50% of Sisal Group's total turnover.

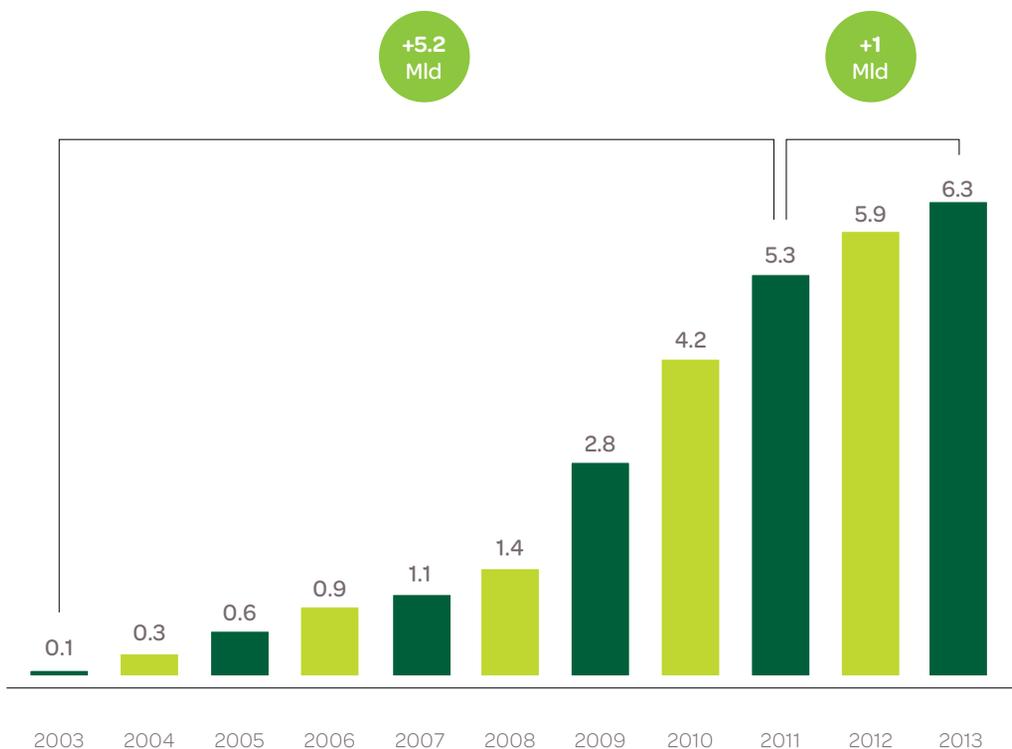
Sisal's success in the Payments and Services market is a consequence of the Group's ability in anticipating the consumption models of Italians and in reinventing itself constantly.

SisalPay's key assets are:

- > 40,000 points-of-sale that can respond to the needs of more than 12 million Consumers
- > 493 services that can be accessed 7 days a week, 6 AM to midnight
- > 87 Partners, including major Italian and international companies

SisalPay's vast Network serves the need of more than 12 million Consumers, with the goal of making the lives of Customers easier and providing one of Italy's widest and most complete offerings.

Growth of the Sisal Group in the Payments and Services market (2003-2013)



In 2013, new commercial partnerships were created with leading companies such as Agos Ducato, GDF Suez, Lyca Mobile, Qui Group and IDT Retail Europe Ltd.

Sisal focuses its growth strategy on innovation, to the advantage of Consumers and with an aim to create an important technology framework serving the whole country. This is the key driver of **“Project Cashless”**, started in 2013, which ensures that by the end of 2014, all of the 40,000 points-of-sale in the SisalPay Network will have POS NFC latest-generation terminals allowing payments via debit credit and pre-paid cards.

This outstanding evolution has been brought about thanks to a large investment and prestigious partnerships with the leading players in banking, international circuits, POS terminals’ management systems, and hardware vendors.

Another key step towards the digital networking of Italy and the simplification of payment operations is the launch of the new digital platform, allowing not only online payments and top-ups, directly on the Internet website **www.sisalpay.it**, but also a way to organise them, schedule them in advance, and archive the receipts, that can be later downloaded and printed whenever necessary.

SisalPay’s new digital platform is Italy’s first Bill Management system.

Moreover, the strategic role of Payment and other Services has encouraged the Sisal Group to invest in the creation of a new Network of points-of-sale that are exclusively dedicated to this business and focused on unmanned channels.

This led to the birth in 2013 of **“Project Stand-Alone”**, concerning a Network of points-of-sale with an exclusive focus on Payment Services, with an innovative terminal which was specifically developed for this purpose.

A test run of the **“Project Stand-Alone”**, started on about 200 pilot points-of-sale, has immediately shown clearly positive results, both from the perspective of the points-of-sale and of the Consumers.

This is why the Sisal Group decided not only to double the initial investment – originally expected to involve 1,000 new points-of-sale – and achieve by the end of 2013 a Network of approximately 2,000 signed-up points-of-sale, but also to invest as much again in 2014.

SisalPay ensures the level of security given by a Payment Institution overseen by the Bank of Italy, and maximum transparency regarding the ways the service is provided and the financial conditions applicable.

In order to support Consumers in the most thorough way, Sisal also created an office that deals specifically with any complaints, a dedicated e-mail helpline and a Contact Centre that allow the Company to respond quickly and efficiently to any enquiries about the availability of the services.

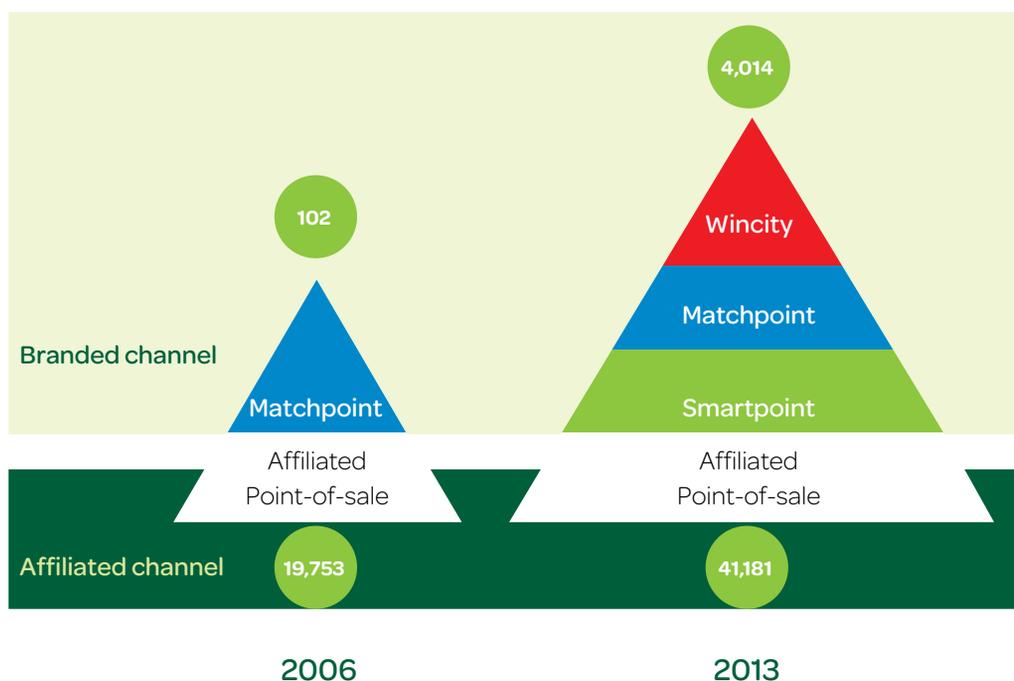
1.5 The Sisal Network

The Sisal Group operates through a Retail Network of 45,195 points-of-sale arranged along a division between two bricks-and-mortar channels – the Branded channel and the Affiliated channel – plus the Online channel.

The following table shows the key figures concerning the Group’s Retail Network as of 31 December 2013 and the types of product that each point-of-sale offers.

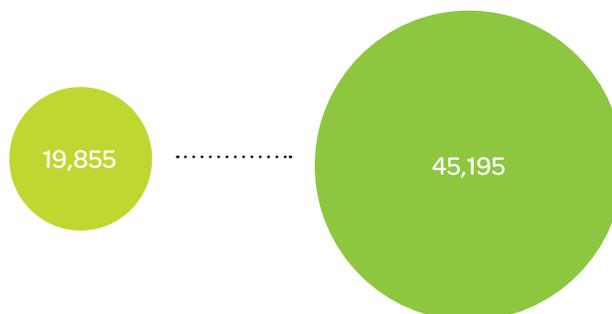
| Channel | Format | Numero | Product | | | | | |
|------------------------------|--|---------------|---------------|-----|-------|-----------|-----------------------|-------|
| | | | Betting | VLT | Slots | Lotteries | Payments and Services | Bingo |
| Branded Channel | Wincity | 7 | | | | | | |
| | Matchpoint agencies | 312 | | | | | | |
| | Matchpoint corners | 3,689 | | | | | | |
| | Smartpoints | 5 | | | | | | |
| | Bingo Halls | 1 | | | | | | |
| Total branded channel | | 4,014 | | | | | | |
| Affiliated Channel | Point-of-sale with EGMs, lotteries, payments and services | 5,318 | | | | | | |
| | Point-of-sale with EGMs only | 5,072 | | | | | | |
| | Point-of-sale with lotteries, payments and services | 29,249 | | | | | | |
| | “Service Only” Point-of-sale (with payments and services only) | 1,542 | | | | | | |
| | Total, Affiliated channel | | 41,181 | | | | | |
| Total, Retail Network | | 45,195 | | | | | | |

Growth of the Sisal Network (2006-2013)



Point-of-Sale

- 2006
- 2013



The Branded channel

As of 31 December 2013, the Branded channel includes 4,014 points-of-sale that are directly identified with the Group's proprietary brands: Wincity, Matchpoint, Smartpoint.

This channel consists of two types of points-of-sale:

- Points-of-sale dedicated to Gaming under the Group's direct management. This category includes: 7 Wincity halls, 312 Matchpoint agencies (some of them operating on the basis of partnership contracts) and 1 Bingo hall.
- Points-of-sale whose main business is not gaming, where the Group is present according to a "shop-in-shop" model: Sisal, through its Sales force, manages the product offering, the shop decoration and displays, the information and marketing material within the designated gaming areas. For these points-of-sale, the Group also implements commercial and training projects. This category includes 3,689 Matchpoint corners and 5 Smartpoints.

The points-of-sale in the Branded channel have the best performance among the whole Retail Network in terms of gaming revenue. They are also the most effective format for attracting the largest proportion in the gaming value-chain, so as to obtain higher profits. Through this model the Group earns profits not only from the concessionaire component, but also from the retailer component (in Wincity halls and Matchpoint agencies) and the component related to the management of slot machines (in Matchpoint corners and Smartpoints).

The Affiliated channel

The Affiliated channel includes a Network of 41,181 third-party points-of-sale, distributing the Group's gaming products of the Lotteries and Entertainment Machines sectors, as well as Payments and Services. The Affiliated channel consists of:

- Points-of-sale with EGMs (Entertainment Machines; "ADI" in Italian), Lotteries, Payments and Services
- Points-of-sale with Lotteries, Payments and Services
- Points-of-sale with EGMs only
- So-called "Service Only" points-of-sale, linked to Project Stand-Alone, with Payments and Services only

The channel includes both points-of-sale such as bars, tobacconists and newsagents (whose principal offering is outside the Gaming and Payments and Services market), and points-of-sale specifically dedicated to entertainment machines. The Affiliated channel allows the Group to reach a high number of Consumers thanks to an ubiquitous presence all over Italy, complementing and integrating the part of the Network covered by the Branded channel.

The Affiliated channel also includes 1,542 "Service Only" points-of-sale ("Project Stand-Alone"), gradually opened by the Group in 2013 and found in locations such as bars, tobacconists, newsagents, supermarkets, etc., offering Payments and Services only.

The Group markets its products and services also through Online and Mobile platforms, which are managed by the relevant Business Units.

The NTNG Network

The points-of-sale with “GNTN – Giochi Numerici a Totalizzatore Nazionale” (NTNG, National Totalisator Number Games) products, of Payment and other Services are newsagents, bars, tobacconist shops located all over Italy.

Sisal’s points-of-sale are carefully selected so as to ensure an ubiquitous presence over the country and according to location (people flow and revenue generation) and the ability they have shown in managing their retail activities. Sisal’s contracts with the points-of-sale are subject to annual review based on an analysis of their performances. The Sales force is made up of competent professionals who play an important role in strengthening the relationship with the points-of-sale.

The points-of-sale network is managed by Sales Managers, Key Account Executives, Team Leaders, Area Managers and Visual Merchandisers, in charge of the products in the SuperEnalotto, SiVinceTutto SuperEnalotto, Vinci per la vita – Win for Life, EuroJackpot and VinciCasa ranges, Payment Services and other Services for citizens, sports pools and horse-racing.

The Sisal Matchpoint Network

The structure of the Sisal Matchpoint Network comprises shops and corners. The Shops provide their clients with areas dedicated to gaming, with a modern and welcoming design. They have the most innovative equipment, with the best technology for displaying information and latest-generation gaming terminals.

In the second half of 2013, through the acquisition of the Merkur chain and the rights from the tender competition, the shops have become more than 300; they will be exceeding 400 by the end of 2014, ensuring an ubiquitous presence all over Italy.

The horse-racing and sports betting Corners also cover Italy uniformly and ubiquitously. Unlike the Shops, Corners are located in smaller areas within other kinds of retail outlets, such as bars and tobacconist shops, but they still provide the same gaming offering and the same level of service.

Anche i corner ippici e sportivi sono dislocati in maniera uniforme e capillare su tutto il territorio nazionale. A differenza dei negozi, i corner sono allestiti in spazi più circoscritti all’interno di altri esercizi commerciali, quali bar, tabaccherie, edicole, ma garantiscono





comunque la medesima offerta di gioco con lo stesso livello di servizio.

Sisal Wincity

Born in 2010, the Sisal Wincity – “Eat, Drink and Play” concept is the crowning achievement in Sisal’s Retail Network, thanks to a wide offering of products, cutting-edge technology infrastructure and a carefully designed, pleasant environment that provides top comfort and a complete entertainment



experience. The Sisal Wincity points-of-sale are located in the heart of the main Italian cities.

The Wincity offering:

Food & Drink

ristoranti che offrono l’eccellenza del cibo e del vino italiani e bar che garantiscono un servizio di qualità in ogni momento della giornata, in collaborazione con i migliori marchi italiani.

Personal Player

Carefully selected experts, professionally trained to assist and support Players in choosing the most appropriate types, modes and levels of gaming.

Fidelity Programme

Over 20,000 people already have the Wincity loyalty card, granting them privileges in service, food and drink and games. In 2013, a brand new, exclusive Player Tracking system has been introduced to reward Consumers who play with VLTs.

Events Programme

More than 400 events a year, featuring among others live music, shows and sports events, attracting more than 500,000 people already.

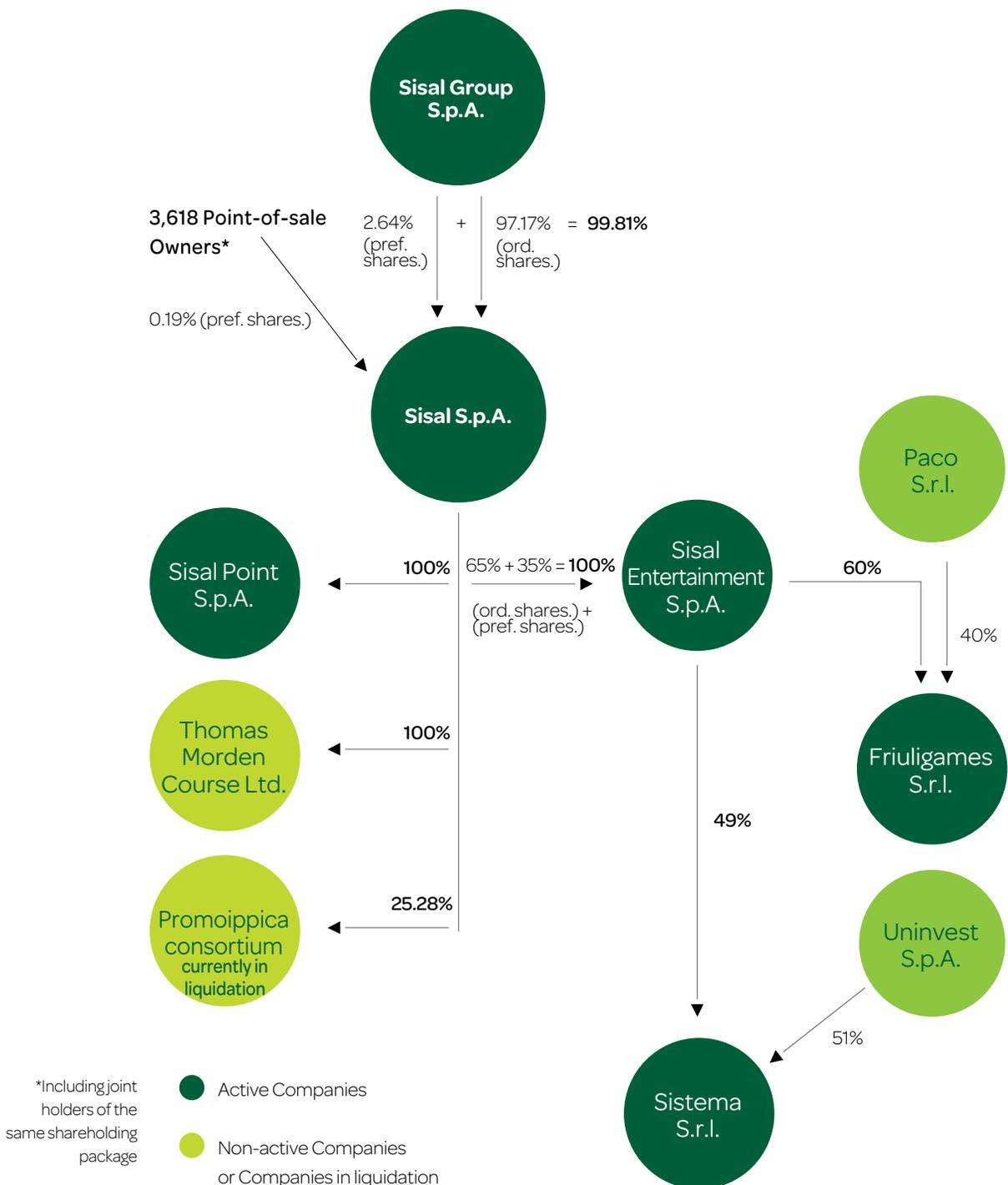
1.6 The Companies in the Group

Sisal Group S.p.A. and its controlled Companies (hereinafter also “the Group”) are active primarily:

- in the Gaming sector, mostly on the basis of state concessions for the collection of revenue from pools-type games, horse-racing betting and sports betting or through Entertainment Machines (ADI/EGMs)

- in the Collection and Payment Services sector, on the basis of a specific license from the Bank of Italy

Here follows the Company diagram detailing the individual Companies in the Group and their equity stakes.



Besides directing and coordinating the controlled Companies, Sisal Group S.p.A. carries out internally the following activities on be-

half of the Group: Internal Audit, management planning and control, strategy, security and anti-money-laundering.

The activities of the main controlled Companies involve:

| Name | Activity |
|----------------------------|--|
| Sisal S.p.A. | <ul style="list-style-type: none"> - Management of games, betting, pools - Marketing of goods and services through the Retail Network |
| Sisal Point S.p.A. | - Services supporting the Sales Network |
| Sisal Entertainment S.p.A. | <ul style="list-style-type: none"> - Establishment and licensed management of the ICT network of legally-authorized gaming via entertainment machines (ADI/EGMs) - Leasing of entertainment machines |
| Friulgames S.r.l. | - Leasing and maintenance of entertainment machines for legally-authorized gaming |

1.7 Group structure

In 2013, the Sisal Group started a review of its strategy for business management and monitoring. The previous segmentation had three Business Units (Entertainment; Lottery; Digital Games and Services). Following an organisational change, four Business Units have been created.

The development and implementation of activities connected to "Digital Games and Services", managed until 2013 by a single Business Unit, have determined the need for two separate strategy models. Therefore, two different Business Units have been identified: "Online Gaming" and "Payments and Services".

The "Entertainment" Business Unit, in consideration of its role in managing part of the Retail Network of Sisal S.p.A., has taken a new name: "Retail Gaming".

Retail Gaming Business Unit

It manages the activities pertaining to Entertainment Machines (ADI/EGMs), fixed-odds betting, and the traditional sports pools games, as well as Bingo. It is also in charge of the Branded channel, with the Group's proprietary brands, and of a part of the points-of-sale of the Affiliated channel.

Lottery Business Unit

It manages and develops NTNG products, which it markets through the Sisal Network and points-of-sale for remote gaming, paying particular attention to this market's regulations and Responsible Gaming issues. In 2011, it was the first to adopt international standards and to obtain certifications from European Lotteries and the World Lottery Association.

Online Gaming Business Unit

It manages the activities carried out in the sectors of online gaming revenue collection and online betting through the Web portal www.sisal.it and the mobile channel.

Payments and Services Business Unit

It manages the following activities: payment of utilities and other bills, fines, taxes, subscriptions; top-ups of pre-paid debit cards, phones, pay-per-view TV; as well as the sale of some products and gadgets. It markets its services and products both via the Branded and Affiliated channels and via www.sisalpay.it.

Organisational chart of the Sisal Group



1.8 The Sisal Group and its markets

Trend 2009–2013

The Sisal Group operates in the sector of games with cash prizes, that corresponds to gaming regulated by the Italian Ministry of Economy and Finance (MEF) and the Italian Customs and Monopolies Agency (Agenzia delle Dogane e dei Monopoli, ADM). It also operates in the “assailable” segment of payment services, which accounts for the total amount paid by Italians non including direct-debit payment and including utility bills, taxes, fines, telephone and pre-paid cards top-ups.

In the 2009-2013 period the two markets have reached an overall value of almost 180 billion euros, with a share of “assailable” services that weighs in for 53.5% of the to-

tal. Both segments show positive indicators, while growth rates differ.

In the five-year period under analysis, the average growth rate of the services market (CAGR or Compound Annual Growth Rate) amounted to 1.5%, while the gaming market posted a growth rate of 11.4% also thanks to the introduction of various games (VLT, Poker Cash and online Slot) that have further expanded the range of the offer with a corresponding increase in the number of Players.

The figures in the tables that follow are expressed in EUR million, except where otherwise noted, and the 2013 data is based on the best estimates available to the Group.

| | 2009 | 2010 | 2011 | 2012 | 2013 | CAGR 2009/2013 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Gross Receipts in the Gaming Market | 54,403 | 60,891 | 79,671 | 87,106 | 83,651 | 11.4% |
| Total Payments and Services Market | 90,800 | 92,200 | 94,812 | 98,439 | 96,273 | 1.5% |
| Market of reference | 145,203 | 153,091 | 174,483 | 185,545 | 179,924 | 5.5% |

Figures in EUR million

The gaming market in Italy: the scenario

Gross receipts in the gaming market increased with a CAGR of 11.4%. This growth resulted from the introduction of new games that, in addition to meeting Consumers’ tastes, also allowed for a considerable increase in pay-out.

The pay-out – that is, the portion of receipts that is returned to the Players as winnings – has increased over time with a 2009-2013 CAGR of 15.3%, a figure that is considerably higher than total receipts. Over time, the payout increased from 70,2% in 2009 to 80.7% in 2013, when more than EUR 67 billion were returned to Players in the form of winnings.

Real public expenditure – the amount that is actually spent by Italians for gaming – results from the difference between receipts and pay out. In 2013 this value decreased by 0.1%, a decrease that appears more evident when considering trends in the past three years: EUR 17.9 billion in 2011, EUR 16.9 billion in 2012, EUR 16.1 billion in 2013. Since 2011 total receipts have increased by around EUR 4 billion, while real expenditure among Italians has decreased by almost EUR 1.8 billion. It is real expenditure that determines the remuneration of this sector, that is to say the amount to be paid to the State in the form of tax revenues, as well as to Concessions and to points-of-sale.

The following tables illustrate the value of tax revenues and the corresponding percentile

weigh calculated according to real expenditure among Italians. In 2013, the State re-

ceived EUR 7.9 billion in receipts revenue, or 48.8% of real expenditure.

| | 2009 | 2010 | 2011 | 2012 | 2013 | CAGR 2009-2013 |
|-----------------------------------|--------|--------|--------|--------|--------|-------------------|
| Total Receipts | 54,403 | 60,891 | 79,671 | 87,106 | 83,651 | 11.4% |
| Pay out | 38,202 | 43,912 | 61,739 | 70,169 | 67,504 | 15.3% |
| Real Expenditure by the public | 16,201 | 16,979 | 17,932 | 16,938 | 16,147 | -0.1% |
| Tax revenues | 8,802 | 8,750 | 8,592 | 8,143 | 7,882 | -2.7% |

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------------|--------|--------|--------|--------|--------|
| Total Receipts | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Pay out | 70.2% | 72.1% | 77.5% | 80.6% | 80.7% |
| Real Expenditure by the public | 29.8% | 27.9% | 22.5% | 19.4% | 19.3% |
| Tax revenues | 54.3% | 51.5% | 47.9% | 48.1% | 48.8% |

In general, as indicated in the following table, the various segments of the gaming market report a growth in gross receipts that is mainly attributable to the larger offering of entertainment devices (CAGR 16.7%) and new online games (CAGR 52.7%).

The Betting segment reported negative growth, mostly due to the serious crisis of the horse-racing sector in Italy. By contrast, Bingo remains stable thanks to a rise in payout which has increased from 58% in 2009 to 70% in 2013.

| | 2009 | 2010 | 2011 | 2012 | 2013 | CAGR 2009-2013 |
|--|--------|--------|--------|--------|--------|-------------------|
| Lotteries | 18,876 | 18,081 | 19,421 | 17,777 | 17,321 | -2.1% |
| Betting and CPS (Sports pools)* | 6,142 | 6,228 | 5,294 | 5,007 | 4,651 | -6.7% |
| "Adi" (EGMs: AWP machines and VLTs) | 25,525 | 31,474 | 44,735 | 48,700 | 47,400 | 16.7% |
| Bingo | 1,512 | 1,962 | 1,804 | 1,690 | 1,515 | 0.0% |
| Skill, Card and Casino Games | 2,348 | 3,146 | 8,418 | 13,933 | 12,764 | 52.7% |
| Total Net Receipts | 54,403 | 60,891 | 79,671 | 87,106 | 83,651 | 11.4% |

The following table shows the trend in the net public expenditure broken down by seg-

ment, that is the real amount entered into the gaming circuit.

| | 2009 | 2010 | 2011 | 2012 | 2013 | CAGR 2009-2013 |
|------------------------------------|--------|--------|--------|--------|--------|-------------------|
| Lotteries | 7,545 | 6,848 | 6,995 | 6,016 | 5,612 | -7.1% |
| Betting and CPS (Sports pools)* | 1,538 | 1,408 | 1,340 | 1,012 | 1,047 | -9.2% |
| EGMs (AWP machines and VLTs) | 6,381 | 7,749 | 8,595 | 8,900 | 8,566 | 7.6% |
| Bingo | 454 | 594 | 569 | 503 | 454 | 0.0% |
| Skill, Card and Casino Games | 283 | 380 | 434 | 508 | 467 | 13.4% |
| Total Net Receipts | 16,201 | 16,979 | 17,932 | 16,938 | 16,147 | -0.1% |

* CPS "Concorsi a Pronostico su base Sportiva"

Figures in EUR million

The tables containing the figures for gross gaming receipts and real public expenditure indicate that the market's total gross receipts were driven chiefly by the constant increase in the pay out, as noted. Consequently, the weight of real public expenditure on gross receipts collected during the period of reference was marked by a constant downward trend, decreasing from around 30% in 2009 to around 19% in 2013.

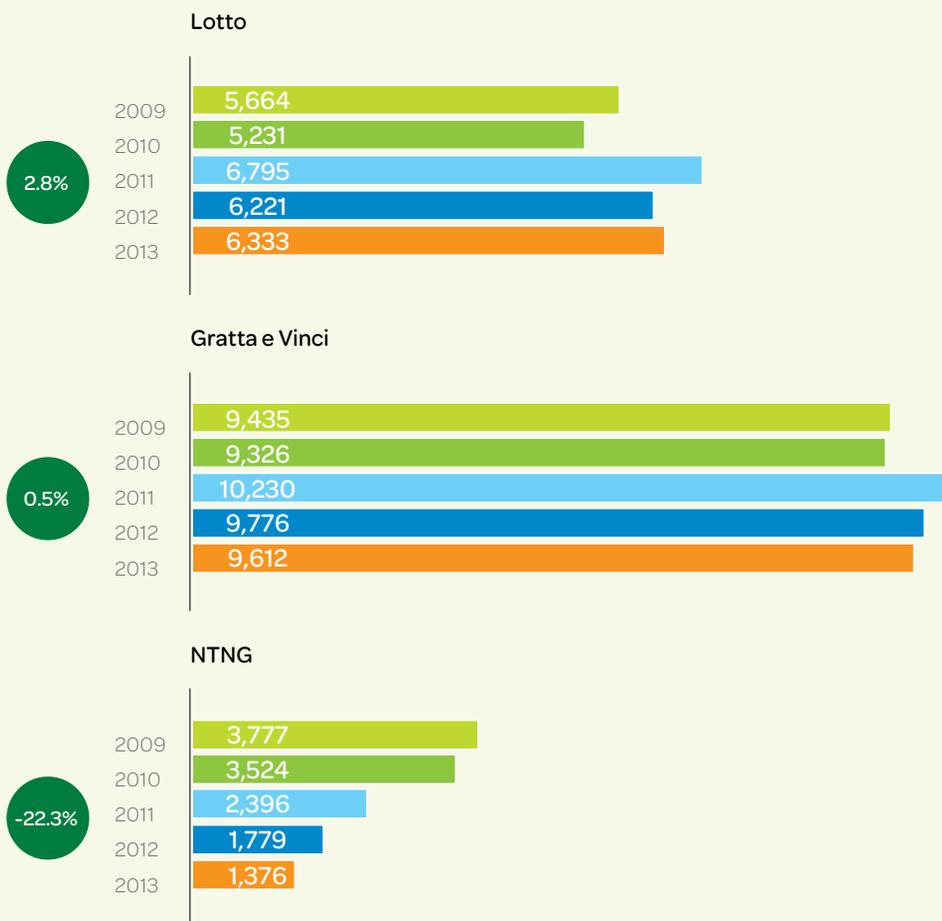
In particular, as regards the new online games in the Skill, Card and Casino Games segment, gaming receipts in the year of reference amounted to around 13 EUR billion vis-à-vis an expenditure of 467 EUR million, or 2.9% of the total. The ratio between the CAGR of gaming receipts in the Skill, Card and Casino Games segment (52.7%) and real public expenditure (13.4%) is 4:1, which means that 4 euros are collected for every 1 euro spent.

Segment Analysis – Gross Receipts

Lotteries

In the period analysed (2009-2013) the Lottery segment decreased by 2.1%. In 2013 the trend of receipts for the segment reflects the contraction of consumption in Italy. In particular, the NTNG segment (National Totalisator Number Games, "GNTN – Giochi Numeri-

ci a Totalizzatore Nazionale": SuperEnalotto, Vinci per la Vita – Win for Life, SiVinceTutto SuperEnalotto and EuroJackpot), for which Sisal S.p.A. holds the license, reported a drop in CAGR of approximately 22.3% partly due to the level of payout that was significantly below the market average.

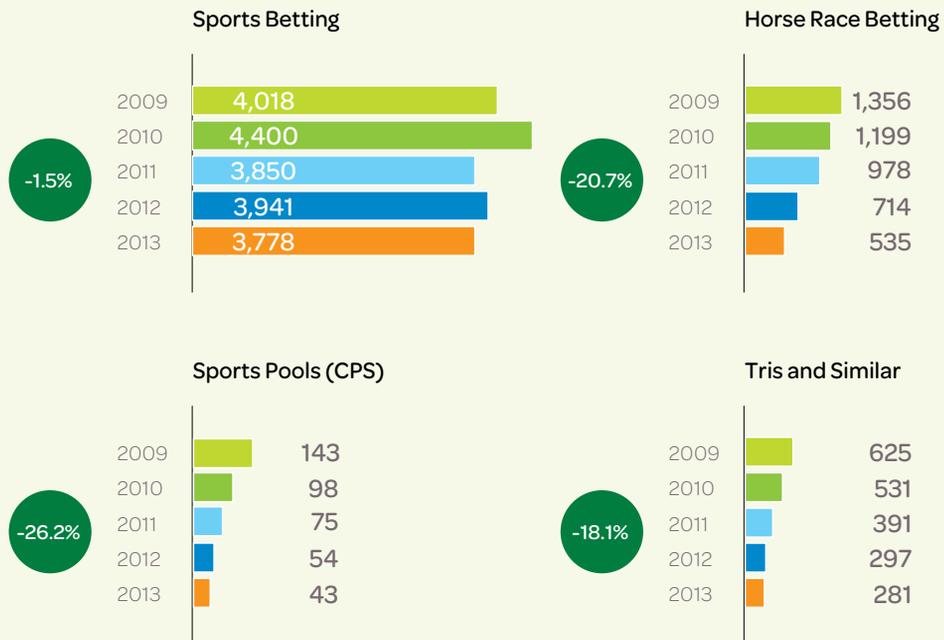


Figures in EUR million ● CAGR 2009 - 2013

Betting

The Betting segment reported an average decrease in the area of sports betting of 1.5% in the period 2009–2013, with almost EUR 4 billion in receipts in 2013. The Horse Racing

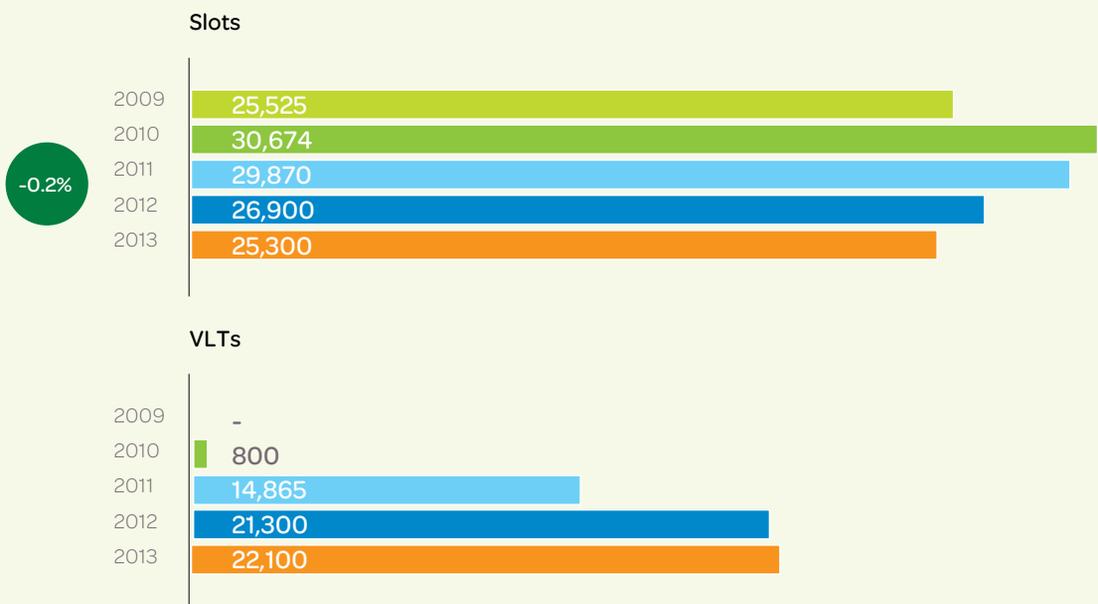
segment and the traditional sector of Toto-calcio (sports pools or CPS) continues to be characterised by a serious crisis, leading to marked declines over the period.



“ADI” (EGMs: AWP machines and VLTs)

At the end of 2013, EGMs represented about 56.7% of the overall gaming market in Italy. Gross receipts from this market amounted to EUR 47.4 billion with a CAGR of 16.7% over the last five years. AWP machines are losing ground and post a 0.2% CAGR decrease. VLTs totalled EUR 22.1 billion, becoming

the second most successful product in the market. Gross total receipts generated by AWP machines in 2013 were affected by the growth of VLTs, which now constitute the best range of games offered in this segment, both in terms of Player enjoyment and in terms of chances of winning (75% with AWP machines vs. 90% with VLTs).



Figures in EUR million ● CAGR 2009 - 2013

Online Market

The online gaming market reported the highest growth in the gaming market with a CAGR of 39.5%. Growth was driven by the Skill, Card and Casino Games segment, which reported gross receipts of nearly EUR 13 billion in 2013, equivalent to 89.6% 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. Specifically, tournament poker was introduced in 2008, Cash Poker and Casino Games in 2011 and online AWP machines in December 2012.

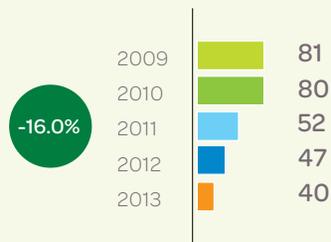
In 2013 the Betting segment continued to grow, unlike the brick-and-mortar channel of agency and corner betting. This trend was generated by the launch of new apps for smartphones and tablets, that make the segment more readily accessible, as well as by the strong appeal of live betting.

While the market's size in absolute terms shows a slight decrease over 2012 (-4.1%), total receipts from Group Licensees for the online sector (EUR 7 billion) decreased by around 11%, with a corresponding reduction in market share: from 9.1% in 2012 to around 8.4% in 2013.

This performance reflects the further decrease of the Lottery segment and the sluggish trends in EGMs, particularly VLTs that were influenced by factors like completing the rollover of related devices, the difficult economic scenario and drop in consumption,

and the increase in specific taxes. It should be noted, however, that in 2013 the Group consolidated its market share in the sector of new online games, with a growth of around one percentage point resulting from the good performance of Casino Games.

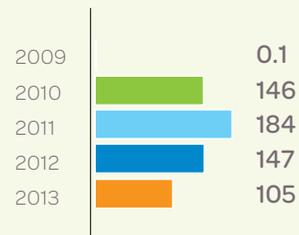
Online Lotteries



Online Sport Betting ang CPS Sports Pools



Online Bingo



Skill, Card and Casino Games



Figures in EUR million ● CAGR 2009 - 2013

Total Payments and Services Market



The Payments and Services Market

In 2013 the receipts from the payment services market totalled in excess of EUR 96 billion. Over the period (2009-2013) the market value decreased by 2.2%, mostly as a result of the contraction in the pre-paid telephone market and to the suspension of the Municipal Property Tax (IMU) on first homes.

A breakdown of the different segments that make up the services market indicates that the payment of utilities, bills, fines and other taxes is becoming increasingly important, reaching almost EUR 68 billion in receipts in 2013, with a CAGR 2009-2013 of 0.8%.

The top-up segment, on the other hand, appears to have reached maturity with receipts of more than EUR 9.3 billion and a CAGR

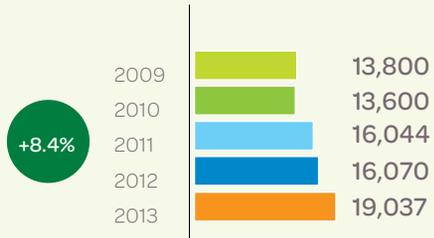
down by around 4.7%. This contraction is due to the significant reduction of telephone tariffs implemented by all the operators in 2013. Another significant segment is financial services (debit cards top-ups) which posts a CAGR of 8.4% and that has de facto become the most relevant segment in terms of potential growth, while in terms of volume total receipts have reached only EUR 19 billion.

Within the Sisal Group financial and payment services are managed by the Company directly, while top-up services are provided by Sisal S.p.A. The Group posted a 7% growth over 2012 and improved its market share which, considering the market's "assailable" section for payments and services, has reached 6.5% at the end of 2013, compared to 6% in the previous year.

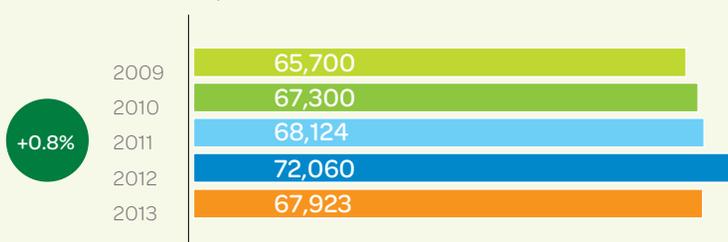
Top-ups and Cards



Financial services



Payments



Dati in milioni di euro ● CAGR 2009 - 2013



Sustainability and respect
for the rules define the
framework in which we aim
to achieve excellence

We are responsible and excellent



The Model of Governance

It is of the utmost importance for Sisal that the Governance system is rooted in a shared adherence to our Mission and our corporate Values, and that our Code of Ethics regulates relations both in-house and with our Stakeholders.

2.1 Sisal Corporate Governance Principles and System

The Sisal Group has always cared strongly for the principles of Corporate Governance with the purpose of ensuring integrity, transparency and responsibility, particularly in light of the nature of our business. The Corporate Governance system we have developed over time has consistently succeeded in meeting this need, following the important trends in this area and often anticipating them.

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 a markedly quality-oriented operational management.

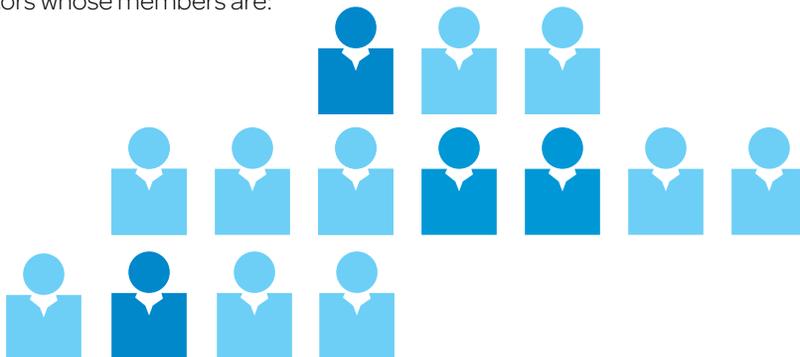
Attention to the principles of Corporate Social Responsibility has also led to the establishment of an ad-hoc organisation and an internal Governance system that are specifically dedicated to Sustainability.

GOVERNANCE AND CONTROL BODIES

The Board of Directors

The current administration of Sisal Group S.p.A. has given special care to balancing the demands for flexibility and quick decision-making with the need for control.

The Company is governed by a Board of Directors whose members are:



Augusto Fantozzi
Chairman

Emilio Petrone
*Chief Executive Officer
and Director General*

Giancarlo Aliberti
Director

Simone Bassi
Director

Roberto Biondi
Director

Gabriele Cipparrone
Director

Mario Gian Battista Corti
Director

Simone Cucchetti
Director

Roberto Gavazzi
Director (Independent)

Stefano Giambelli
Director

Alessandro Papetti
Director

Mia Rinetti
Director

Nicola Volpi
Director

Roberto Zanchi
Director (Independent)



Board of Auditors

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

Responsible of Dedicated Assets

Maurizio Santacroce

Nomination and Compensation Committee

Roberto Gavazzi, *Coordinatore*
Giancarlo Aliberti
Roberto Zanchi

Executive Director for Internal control

Emilio Petrone

Risk Management Committee

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

Supervisory Board

Fabio Giarda, *Coordinator*
Andrea Castellani
Carla Pascucci

Internal Audit Committee

Roberto Gavazzi, *Coordinator*
Stefano Giambelli
Roberto Zanchi

Head of Internal Audit and Risk Management, Risk Officer

Andrea Castellani

Chief Security Officer

Maurizio Dell'Oca

Head of Prevention of Money Laundering and Reporting of Suspicious Transactions

Maurizio Dell'Oca

Security Committee

Maurizio Dell'Oca, *Coordinatore*
Fabio Beolchi
Marco Caccavale
Andrea Castellani
Francesco Durante
Mario Martinelli
Andrea Orlandini
Emilio Petrone
Maurizio Santacroce

Consistently with the statement submitted to the European Commission's Directorate General for Competition, Sisal is subject to joint control by 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 structure outlined above has proven consistent with corporate objectives and is in line with the requirements for transparency and accountability dictated by the particular nature of the activities.

2.2 Internal Control and Risk Management System

The Internal Control System consists in a set of rules, procedures and organisational structures designed to allow sound and proper business management in line with pre-defined objectives through identification, measurement, management and monitoring of major risks.

Sisal regards as a "risk" any event that could adversely affect the achievement of a goal, whether strategic, operational, related to reporting or regarding compliance. To reduce the possibility of such an event occurring, and to address the risk inherent to the Company's activities, Sisal has designed and implemented an Internal Control System that

consists of various functions and bodies that allow the Company to identify, analyse and assess the risks associated with its own activities and objectives, to adopt suitable countermeasures to manage these risks, and to monitor activities constantly.

The Internal Control System ensures that our Governance is based on values that are consistent with our goals

Sisal's commitment to Sustainability is part of this System which, in accordance with the corporate Mission, also contributes significantly to pursuing the Group's medium to long-term strategies.

The Board of Directors is accountable for the Internal Control System; it designs its guidelines, assesses its effectiveness and ensures that it functions properly and effectively. Sisal's Internal Control System establishes a permanent relationship and consequently an effective and efficient integration between all Control Bodies. The Internal Control Committee met on four occasions in 2013, with the participation of members of the Board of Auditors, the Supervisory Board,

the Internal Audit and Risk Management functions, independent auditors and managers from various areas of the Company. In 2013, the Risk Committee met twice.

Risk Management

Sisal has implemented its own Internal Control System by adopting a risk management model designed according to the principles laid down by international best practices and drawn up by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), otherwise known as Enterprise Risk Management (ERM).

ERM is a strategic process that concerns the entire Company; it is aimed at identifying, assessing and managing business risks in order to boost the Company's ability to create value through the achievement of its goals. Through ERM, the potential impact of events on the achievement of the associated targets is identified and measured based on two key aspects: the likelihood of occurrence and the impact on the business. After evaluating the response to risk, the Company's management decides on possible options for containment or countermeasures based on the acceptable tolerance threshold and risk propensity of the Company. It then determines the control activities that will guarantee the effective implementation of the responses.

The presence and operation of components of the Enterprise Risk Management are monitored continuously in order to manage the Internal Control System and to maintain, update and improve it. Since 2008, Sisal has adopted its own risk management system. Risk assessment and analysis processes

have been implemented at various levels and in various contexts within the Company. The bodies envisaged in the Self-Regulation Code have been incorporated into the risk management process with their respective roles and responsibilities, together with the appointment of all persons useful for improving control of business risks, including the Risk Management Committee.

Finally, extensive coordination and collaboration has been achieved between control bodies, which ensured greater efficiency for the system itself and led to greater awareness of the importance of the Internal Control System as a strategic asset that helps create value for the Group.

Security Committee

In the early months of 2013, a Security Committee was established at the Parent Company to safeguard the Group's information assets from unauthorised access and modification, all the while ensuring appropriate availability and consistency over time. The Committee is entrusted with designing guidelines, approving strategic and operating security plans, and drawing up the Security Report.

CSO – Chief Security Officer

Due to the complexity and peculiarity of the business in which Sisal operates, new legislation and certification processes require ever higher security and quality. This is why in March 2013 a new corporate figure was established to coordinate all areas pertaining to 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 programmes for the Group's Companies and reporting any suspicious transactions.

Organisational Model in accordance with D.Lgs. 231/01

Following the implementation of D.Lgs. (Legislative Decree) no. 231/2001 (hereinafter the "Decree"), a Company can be held directly accountable, and thus be sanctioned, if a person connected to the organisation commits certain offences in the interest or for the benefit of the Company itself.

In 2006, as part of its risk management, Sisal devised and adopted an Organisational, Management and Control Model (hereinafter the "Organisational Model") aimed at reducing the risk that the offences envisaged in the Decree are committed.

This Organisational Model, which is an integral part of the Internal Control System, consists of the following fundamental and inter-dependent elements:

>> Code of Ethics

>> Set of internal protocols, procedures and countermeasures that prevent crimes and offences

>> Supervisory Board

>> Map of powers conferred

>> Penalty System

The Supervisory Board has the task of monitoring the suitability and effective implementation of the Organisational Model. The Supervisory Board reports directly to the Board of Directors, so as to avoid any bias towards any one corporate division. To guarantee the autonomy and independence of the Supervisory Board, members are chosen from a pool of highly qualified professionals

with complementary skills that are essential to proper functioning.

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 reported immediately, any anomalies notified, and any shortcomings of the Model suitably brought to attention.

Sisal has informed all the recipients of the existence and the contents of the Organisational Model, both through its publication on the corporate intranet and through training courses organised according to the status of the recipients and the level of risk in the areas in which they operate.

The Supervisory Board has developed a training programme, targeting in particular newly hired managers, with the aim of testing their awareness of the principles and the contents of the Organisational Model as well as possible risks.

In 2013 individual meetings were held with twenty-seven newly recruited or appointed managers, for whom a training session about the Internal Control System, and more specifically the Organisational Model, was set up.

Sisal has adopted a dynamic Organisational Model which requires constant updating. The Model was drawn up in line with the most recent legal rulings, with support by an expert independent law firm which conducted a thorough audit of the Company's activities and identified the areas most at risk, or so-called "sensitive" areas.

The Code of Ethics and Conduct defines the principles to be observed by Employees, Directors, Auditors, Associates and Business Partners in their daily activities

Sisal is committed to adapting and correcting the Organisational Model to reflect any changes in the law and any modifications that could affect the Company at various levels of the business and organisation. The Organisational Model, as well as the Code of Ethics and Conduct, were updated in the first quarter of 2013 to comply with the new legislative provisions enacted in the last

quarter of 2012. The Model for the Parent Company was also updated in September 2013, following the issuance of a bond.

Code of Ethics and Conduct

Sisal operates in an institutional, economic, political, social, and cultural context that 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.

To this end Sisal has drawn up and adopted a Code of Ethics and Conduct (hereinafter "the Code") that is an integral part of the Organisational Model. 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 Organisational Model. All Partners with whom Sisal works in the performance of its activities are required to contractually accept the Code of Ethics and they are bound to its observance.

Compliance with the Code by Directors, Auditors, and Employees, as well as, where applicable, any 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.

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 are expected to comply with Company rules and procedures and to adhere to the principles of the Code. Each recipient and third party is required to be familiar with and to follow the Code, to contribute actively to its implementation, and to report any shortcomings. Any behaviour contrary to the letter and spirit of the Code may be punished in accordance with the provisions of the Organisational 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 Company's 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 adequate penalties are put in place in case of infringement. The Code addresses issues concerning staff relations, professional conduct in the performance of work activity, transparent accounting, health and safety, and the environment.

Sisal ensures a safe work place and equal treatment for all Employees, without prejudice or favour, based on a system that rewards merit

Human Resources are an invaluable asset for correct and successful business activities, and the dedication and professionalism of Employees are key values for achieving the Company's objectives. Sisal ensures

equal treatment to all Employees, without discrimination, and offers opportunities for professional development based on a merit system. Sisal also has a duty to provide to its Employees a safe, secure and stimulating working environment.

The Company is committed to fostering a culture of safety with a view to preventing risk, developing risk awareness and promoting responsible behaviour for all. Finally, all of Sisal's Employees and Associates receive information and training to ensure full compliance with internal rules and procedures.

However, a safe workplace is not enough. Sisal also guarantees a working environment free of any form of discrimination based on race, gender, religion, ethnic origin, trade union membership or political affiliation. The Company requires internal and external working relationships to be based on the utmost integrity, without any form 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 the most exposed to the risk of unhealthy gaming behaviour.

For this reason, the Company has instructed the recipients of the Organisational Model, and particularly its Retail Network, not to accept gaming requests from minors in any way, under no circumstances. Furthermore, the Company has introduced measures, including pre-emptive measures, to reduce the risk of underage play. Sisal has thus shown that it had already voluntarily identified and was addressing this risk long before the introduction of the related legislative measures in 2011.

In managing its business activity 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 favours, collusive behaviour 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.

While pursuing business success, Sisal attaches great relevance to managing relations with Suppliers and sub-contractors, verifying that they comply with expected ethical standards. Sisal also provides products and services that are in line with all the regulations that aim to safeguard fair competition.

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 favours or other donations that cannot be justified as a normal exchange of courtesy must notify his or her supervisor and senior management. Because of the particular business sector in which Sisal operates, the Company maintains close working relationships with Public Institutions, their officials, employees, and civil servants.

In these relationships, it is critical that Employees conduct themselves with the utmost fairness, transparency, and efficiency. Any practices contrary to these principles are strictly prohibited.

The Company demands transparency and a correctness from its Employees, regardless of their level and role

Sisal's Code of Ethics and Conduct is available on the website **www.sisal.com**, while other parts of the Organisational 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 for anyone who works with the Company.

The aim of this approach is 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.

The Company is committed to ensuring the correct treatment of all information, ensuring confidentiality, truthfulness and transparency

2.3 The Integrated Management System

For more than 10 years Sisal Group S.p.A. has committed itself to Quality through a specific process that has led the Group, over the years, to implement and maintain a business management system that is continually changing and expanding, and to certify, in accordance with the standard UNI EN ISO 9001:2008, two Group Companies: Sisal S.p.A. and Sisal Entertainment S.p.A.

The certification of the Company's Quality Management system is a starting point towards Total Quality and to ensure results that will fulfil the needs, the expectations and the requisites of all the Stakeholders involved.

To this end, data security is absolutely crucial.

Data is an asset that provides added value to the Company. Since most data is stored in computer files, Sisal undertook to certify the initiatives undertaken to protect its own data and information, in order to preserve its integrity, confidentiality and accessibility, in a context where IT risks related to violations of security systems are constantly on the rise.

To provide additional guarantees, Sisal has obtained WLA-SCS:2012 certification from the World Lottery Association through an independent organisation, by adopting a number of additional standard controls over data security integrated in the Company's risk security and management processes. These are specifically designed for

the international gaming and lottery sector, thus bringing its business to a cross-border dimension.

In 2013 Sisal S.p.A. obtained the UNI EN ISO 27001:2005 certification ensuring security in IT

Quality and security targets are complementary to the Company's other targets concerning growth, financing, profitability, Social Responsibility and the Environment.

Integration on the theme of the environment, as well as on Social Responsibility which is already in place, with its impact on the social, political and economic context, is the next target for the Management System.

The integration of the Management Systems within the Company facilitates planning, resource allocation, the identification of complementary targets and the evaluation of the Company's overall effectiveness. This is done to ensure our Stakeholders' satisfaction and trust, in light of their central role for the success of Sisal Group S.p.A

2.4 Sisal's Sustainability Governance

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:

>> Sustainability Committee

The Committee defines and oversees the Group's Sustainability model in terms of sharing and approval of strategic guidelines. The Committee is coordinated by the Marketing and Communication Manager and it brings together Human Resources, Institutional Relations, Legal and Corporate Affairs, Business Units, Audit & Risk Management.

>> CSR Team

The CSR Team is a multi-functional work team responsible for developing CSR projects such as:

- implementation of the Responsible Gaming Programme, also with a view to maintaining European Lotteries/ World Lottery Association certification
- reporting of activities and drawing up of the Social Report
- development of the Stakeholders' Engagement methodology and action plans that facilitate the achievement of targets involving Sisal's Stakeholders.

The CSR Team meets each month based on project requirements. Meetings are attended by the whole group or part of it, depending on project requirements. In addition to group meetings, individual support meetings are organised with the CSR Unit.

>> CSR Unit

The CSR Unit is an organisational unit dedicated full-time to Corporate Social Responsibility issues. The CSR Unit works specifically on:

- development and implementation of the Responsible Gaming Programme, also with a view to maintaining EL/WLA certification
- creation of partnerships with non-profit associations to develop a CSR strategy that engages the Community
- development and implementation of the Stakeholders' Engagement methodology
- coordination to draw up the Social Report

We respect
and care for our
Customers



Our Customers'
satisfaction and trust
are our best reward

3

Our commitment to Customers

Care and respect for our Customers are a
guiding Value for the Company.

Over time, Sisal has developed an
internationally certified Responsible
Gaming Programme that underscores our
commitment to protecting Consumers
throughout all the phases and functions
related to gaming, from concept design to
marketing communications.

The Company is also committed to providing
payment systems that ensure full security.

3.1 The Responsible Gaming Programme

Sisal operates in the gaming market as a Government Licensee and collaborates with the Agency of Customs and Monopolies (ADM) and with Public Authorities to ensure a safe and legal model of Responsible Gaming and to provide gaming and entertainment experiences that are legal, safe and balanced. Our relations with Consumers, rooted in Values such as trust, competence, fairness and transparency, have led to the development of a Responsible Gaming Programme certified by European Lotteries (EL) and the World Lottery Association (WLA). Its aim is to ensure that gaming is performed in an informed and balanced way, focused on entertainment, prohibited to minors, with a view to preventing problem gaming. In February 2014 Sisal obtained the extension of both certifications from the NTNG – National Totalisator Number Games (“GNTN – Giochi Numerici a Totalizzatore Nazionale”) sector alone to the entire gaming range.

Sisal’s commitment to the development and implementation of a Responsible Gaming Programme is a concrete step for the Company, that corresponds to an aspect characterised by significant economic, social and environmental impacts and relevant to the Company’s decision-making process and the evaluations of its Stakeholders.

Sisal's Responsible Gaming Programme oversees the entire process of games creation and management in order to protect both Consumers and the Community

The relevance of Responsible Gaming within the Group cuts across Sisal's Mission and strategies, of which the Responsible Gaming Programme is a central element. It is a high-priority issue for all of the Company's Stakeholders. The Responsible Gaming Programme was defined in accordance with existing laws and regulations, as well as with international standards established by European Lotteries (EL) and the World Lottery

Association (WLA), such as the Responsible Gaming Framework that holds a strategic value for Sisal and its Stakeholders.

Thanks to this programme, the overall process of gaming design and management – from product to communication, Network and other distribution channels – can

be approached with full awareness and attention towards social impacts, with a view to protecting the Consumer.

Sisal's main objectives in creating the Responsible Gaming Programme are:

- >> Collaborating with the Regulatory Authority to ensure security and transparency in the gaming instruments and offering, while supporting policies that aim to contrast illegal gaming and to safeguard public order, in line with EU legislation.
- >> Providing a balanced and responsible gaming model focused on entertainment, prohibited to minors, and aimed at preventing problem gaming.
- >> Consolidating our position on the market as leaders in Responsible Gaming as an integral part of the Company's business and daily activities, so as to reduce the impact of risks from excessive gaming on the Community in which Sisal operates.
- >> Complying with the strictest international standards for Responsible Gaming as defined by European Lotteries and the World Lottery Association, through certification for all the Company's products,

verified by an independent auditor, thereby ensuring: the protection of the interests of Players and vulnerable groups; the respect of laws and regulations, as well as Sisal's accountability as an Operator; the development of appropriate Company policies that take into account the results of research; the spreading of information and support centres for a better understanding of gaming addiction, also through programmes that promote active participation by the Network; free access for all Consumers to information on gaming, the chances of winning, the rules, the risks of non-responsible behaviour, so as to spread practices of informed and responsible gaming.

As regards vulnerable individuals, Sisal is aware that unrestrained participation in games with cash prizes may lead to addiction and generate personal and social problems. Hence our commitment to raising awareness and to pointing our Players towards an informed and balanced approach to gaming, in line with the principles expressed in the European Responsible Standards by European Lotteries, which envisage activities across different company areas, notably:

- studies and Research concerning the social perception of gaming and excessive gaming
- assessment and monitoring tools to evaluate risks during game development
- staff Training
- retail Network Information and Engagement Programme
- responsible marketing communications
- raising awareness among Players
- prevention mechanisms (self-limitation and self-suspension) and remote gaming monitoring
- assistance and support to problem Players.

Sisal's CSR Team has identified, for all Responsible Gaming Programme areas, a set of performance indicators that are monitored and reported on, every six months, by the CSR Unit.



Communication and reporting about the commitments in the Responsible Gaming Programme and the resulting action are implemented as follows:

- annual publication of the Social Report with a section devoted to Responsible Gaming
- conferences, press releases and interviews that illustrate our activities
- updates and maintenance of the Gioca il Giusto (“Play Right”) section on the various Sisal websites
- improvement of the online help service “Giocaresponsabile.com”, based on quarterly reports
- maintaining EL and WLA certification on Responsible Gaming



The 8 areas of the Responsible Gaming Programme

Studies and Research

1.1 “Giocare per Gioco” Research Project

In line with the recommendations issued by the Agency of Customs and Monopolies, and in collaboration with Fondazione Sussidiarietà, Acadi (Association of Electronic Gaming Machine Concessionaires), Gtech, Associazione Giochi e Società and ModaCult – Centre for the Study of Fashion and Cultural Production of Università Cattolica in Milan, Sisal launched a three-year project, *Giocare per Gioco* (“Play for Fun”), in order to collect suggestions from various Stakeholders on how to build a responsible communication approach for the gaming sector.

1.2 Research Project “Problem Gaming – Protection and Risk Factors”

The results of the research project “Problem Gaming – Protection and Risk Factors” were presented at the conference “Gioco-Giocatori. Comportamenti e riflessioni”, held at Piccolo Teatro in Milan on 20 November

2013. The research was carried out by the Inter-University Centre for Research on the Origin and the Development of Prosocial and Antisocial Motivations (CIRMPA) of Università La Sapienza in Rome in collaboration with Ipsos Public Affairs.

The project, commissioned by Acadi and by the Giochi e Società association as well as Sisal and Lottomatica, was designed and developed based on ADM, the Agency of Customs and Monopolies’ recommendations with regard to responsible public gaming. Its aim was twofold:

- >> Measuring problem gaming in Italy, identifying not only the quantitative aspects (number) of Italian Players with gaming problems, but also their socio-demographics.
- >> Analysing the Players and Problem Players ratio and advertisement communication.

The project targeted a sample of 2,000 Italians that were representative of the Players population (estimates indicate that in the

past 12 months at least 23,500,000 individuals have participated in a game with cash prizes). The screening for problem gaming was carried out using two accredited measurement systems, that are generally adopted in international epidemiological studies: the South Oaks Gambling Screen (SOGS) and the Problem Gambling Severity Index (PGSI), while behavioural analysis was carried out through personal interviews. Additionally, leading European studies were compared to establish a benchmark that would allow for a better analysis of the project's results.

Sisal sets among its main targets the creation of a communication strategy that is clear and geared towards prevention

The main results indicate that Players classified as "Problem players" account for 1.65% of Italy's adult population, around 790,000 adult Italians out of a total population of around 48,000,000. This percentage is set against a European scenario where studies carried out after 2007 indicate estimates ranging from 0.02 in Switzerland to 2.2% in Northern Ireland.

Researchers refer to individuals who may potentially develop a full-blown pathology as Problem Players (and not pathological players or addicts). Pathological Players are identified as individuals showing behavioural disorders, like frequent and repeated gambling episodes that are harmful to the individual's life and that result in the disruption of social, work-related, financial and family values and commitments.

The Department of Anti-Drug Policies (www.politicheantidroga.it) reported that around 6,000 Italians are undergoing treatment in public facilities for "pathological gaming".

The most significant project conclusions indicate the need for a communication strategy that promotes the ability to self-regulate gaming, provides useful information to lower expectations that do not reflect reality (probability of winning, control of bet outcomes, etc.) and conveys clear and non-misleading messages in information and advertising.

Sisal's partners in the research project on Problem Gaming

Gruppo Ipsos operates in survey-based market research, that consists in collecting information directly from individuals, through interviews or journals, on themes and topics of specific interest to their clients. Ipsos's work consists in collecting, processing and analysing information concerning the values, attitudes and behaviours of individuals. Ipsos's mission is to help their clients to better understand their markets, their customers and any changes afoot.

Listed in Paris, Ipsos is the third-largest market analysis operator in the world, it is present in 84 Countries and it operates in more than 100. It counts more than 16,000 employees and around 5,000 clients. Ipsos is present in Italy since 1995 with more than 250 professionals who handle every year more than 2,000 research projects for 250 clients in various sectors, including: banking and finance, insurance, mass market, telecommunications, cars and motorbikes, pharmaceuticals, electronics and home appliances, media, transportation, energy, public services, public administrations (national and local).

The **Inter-University Centre for Research on the Origin and the Development of Prosocial and Antisocial Motivations** (CIRMPA) of Università La Sapienza in Rome, established in 1991, brings together the Universities of Rome, Florence, Turin, Padua, Università Cattolica in Milan, Federico II in Naples, and Catania. The Centre's objective is the promotion and the performance of research, training, updates and service supply activities through the joint contribution of the participating Universities, both nationally and internationally. The Director, Claudio Barbaranelli, is Full Professor of Psychometrics and Director of the Psychometrics Lab of the Psychology Department of Università La Sapienza of Rome, where his research team is engaged in research on personality evaluation and measurement, socio-cognitive models, work-related health and stress, safety on the workplace, and problem gambling. He is also the author of several articles that have appeared in national and international publications, books and psychological tests.



1.3 Research project with Nextest

In collaboration with Nextest (a strategic research institute specialising in social trends and CSR), Sisal has launched a project that aims to analyse the perception of Operators (betting offices, games hall managers, etc.) towards aspects of Responsible Gaming.

More specifically, this research project aims to assess and understand:

- the perception of Network Operators regarding their involvement and their role in the implementation of the Responsible Gaming Programme
- the perception of Operators regarding the effectiveness of communication and awareness-raising initiatives for Consumers concerning Responsible Gaming, as well as an evaluation at Points-of-Sale and Agencies.
- the understanding of problem gaming as an issue
- familiarity with the Responsible Gaming Programme
- the comprehensiveness and effectiveness of activities undertaken by the Company
- awareness of the availability of support services
- practical application of information received
- expectations and suggestions aimed at improving communication and involvement of each point-of-sale
- expectations and suggestions aimed at improving communication to the Player
- the perception and effectiveness of advertising/promotional campaigns and information literature

Research objectives | Nextest

With this research project Sisal aims at:

- +
 - +
 - +
 - +
- measuring the **sensitivity of the Network** and its Operators towards **Responsible Gaming** and problems related to the lack thereof
 - verifying the Network's **actual familiarity/experience** with the Responsible Gaming Programme and its specific initiatives
 - evaluating the **effects of the Responsible Gaming Programme** among Operators and Players from a cultural and behavioural point of view
 - collecting **final comments** on the Programme and any **expectations on further development**.



identifying new strategies for better communication and engagement

Commitments for 2014



- Continuation of the studies carried out with ModaCult – the Centre for the Study of Fashion and Cultural Production of Università Cattolica in Milan, through a three-year research programme in collaboration with Gtech. The project will start from the conclusions of the 2013 survey to further investigate aspects of communication. Special emphasis will be placed on the language used and on the perceptions of the Italian general public, especially youths.
- Analysis of the results of the Nextest research project and extension of quantitative analysis to a representative sample of the Retail Network (through internal research).
- Analysis and sharing of overall results with the aim to adjust actions under the Responsible Gaming Programme.



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 an ad-hoc tool to assess the social risk associated with any game before it is marketed.

The objective is to define elements and criteria for Players protection and to implement appropriate strategies to avoid any risks since



the early phases of game design. Since 2010, Sisal has adopted a risk assessment tool, GAM-GaRD, of which it is now the licensee. This tool is used in the pre-launch phase of all new games.

GAM-GaRD was created by GamRes, a Canadian company that studies psychology applied to the development of effective strategies and tools for Responsible Gaming. It was developed by an international team of psychologists and researchers to analyse 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.

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 entertaining gaming experience. GAM-GaRD assigns a specific 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 adopted in order to protect Players, with particular reference to the most vulnerable individuals.

In line with the commitments undertaken in this area in 2012 (presented in last year's edition of the Social Report), in 2013 all the games in Sisal's portfolio were assessed with regard to Players risk using the GAM-GaRD tool. In particular, the NTNG games certification process was completed with the certification of Vinci per la Vita – Win for Life Classico.

The assessment focused on: entertainment devices, betting, Casino and Quick Games, Poker and Bingo, totalling 254 games available both in the brick-and-mortar and online markets. Since Sisal is also the online seller of games that are owned by other Licensees, other games were assessed that pertain to the following segments: Lotto, 10eLotto, and Gratta e Vinci (14 games in total).

Assessment and analysis method

Risk assessment through GAM-GaRD consists of 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

Commitments for 2014



> Continuation of risk assessment for all new games, sharing results with relevant company departments.



Staff Training (Employees and Sales Network)

At Sisal, training and communication regarding Responsible Gaming is a priority both for its Employees and the Sales Network.

Sisal Employees

The Company organised an online training course, targeting all new Employees and available to all Sisal Staff Members with a focus on Responsible Gaming and the gaming prohibition for minors. The course is followed by a questionnaire to assess the understanding of the themes addressed.

For the benefit of all Sisal staff members, the company intranet WeSisal now also includes sections on Corporate Social Responsibility and Responsible Gaming, so as to keep all Staff members updated. Employees receive

Sisal Staff contribute, for their part, to raise awareness and prevent excess gaming

a regular Newsletter that presents aspects of CSR and updates on Responsible Gaming activities. Through the Newsletter the Company and the CSR Team can build a constructive dialogue with all the Employees on crucial themes like Responsible Gaming.

In December 2013 a refresher course was organised for Contact Centre staff dealing with Sisal Players. The two meetings

were held by Sisal's CSR Manager supported by Maurizio Fea, a psychiatrist and project manager of the "Gioca Responsabile" ("Play Responsibly") service. This service, curated by FeDerSerD (Italian Federation of Services and Departments for Addictions) and supported by Sisal with other Industry Licensees, provides help and support to Individuals affected by gaming excess through a help line and a website. After presenting the CSR Programme and the Responsible Gaming commitments, the focus centred on problem and pathological gaming, vulnerability factors, pathology development phases, as well as what kind of communication to use for help line operators and a description of the "Play Responsibly" service to which the Problem Player can be directed.

Another important training course was organised in October 2013 for Marketing and Business Unit Staff as well as for Employees of associated communication agencies on sales communication themes. This course focused in particular on the sales communication approach in the gaming industry, the Italian normative framework and advertising content guidelines.

Between June and November 2013, the CSR Team organised a number of training courses for the Staff of Wincity halls at points-of-sale, to provide information and sharing Responsible Gaming activities and actions. Special

emphasis was placed on raising awareness among Players and on the prevention of excess gaming. Lastly, in collaboration with the psychiatrists of the Department of Neuroscience of the Fatebenefratelli Hospital several meetings were organised on addictions, that were open to all Employees.

The meetings, organised in the framework of the Work-Life Balance action of the “WiSe” project, also served to make the Staff more familiar with Pathological Gambling (PG).

The Sales Force

The Sales Force is the point of contact between the Company and its points-of-sale and therefore it is essential that it is always up-to-date on Responsible Gaming. Also in 2013, in the framework of Canvass Q4 – that saw the participation of 160 people from the Lottery and Entertainment Sales Force – a training course was organised about Responsible Gaming and communication in particular.

On that occasion the Marketing and Communication Director illustrated the Group’s

Corporate Responsibility Strategy and Responsible Gaming Programme, emphasizing the crucial role of the Sales Team in enforcing the prohibition of gaming to minors and the importance of displaying Responsible Gaming materials and reporting any violations to the appointed referent, through appropriate contact with the CSR Team (giocailgiusto@sisal.it).

The actions implemented in 2013 in this context include the updating of the Responsible Gaming section of the basic course and the launch of a new online integrative course on Corporate Social Responsibility (available online at www.ricevitoresisal.it) open also to betting agencies.

The course outlined the reasons behind the Company’s responsible decisions, presented the Responsible Gaming Programme, illustrated Pathological Gambling (PG) and underscored the important role of betting offices as intermediaries between the Player and the Company. Sisal is committed to regularly encourage participation to the course among its Operators.

Commitments for 2014



> Launch of the integrated and updated “Training Capsule” on the e-learning platform for all Employees.

> Monitoring and update of information on Responsible Gaming for Employees on the Company’s intranet.

> Organisation of the CSR Day for Executives and Managers.



Retail Network Information and Involvement Programme

The Sales Network is one of the most important and strategic Stakeholders for the Company, because it is the point of contact between Sisal and the Consumer. Through its channels important messages about responsible gaming can be conveyed to raise awareness and to promote correct gaming behaviours. For this reason Sisal is constantly in touch with its Sales Network and its points-of-sale. Since the Network is already present at the local level, the Company invests mo-

stly on the network’s quality, improving the service and its dialogue with Consumers.

To increase awareness at points-of-sale on Responsible Gaming and to inform about Sisal’s initiatives in this sense, in 2013 the Company engaged in the following activities:

- organisation of an online course on Responsible Gaming available on the e-learning platform developed on the portal for points-of-sale operators organisation of a basic course for all new retail outlets to provide all the instruments to handle



all of Sisal Group's products and services in line with the Values of Responsible Gaming and existing regulations

- the inclusion of messages about Responsible Gaming in all gaming instruments and on-site materials
- the provision to points-of-sale of materials and literature on Responsible Gaming to raise awareness among Players

The Sisal Network is also constantly involved and updated on aspects and initiatives related to Responsible Gaming also through the publication of the "Sisal News" newsletter and the Points-of-Sale portal. The aspects analysed in the CSR section of "Sisal News" include: the "Gioca Responsabile" ("Play Responsibly") service, the meeting with the Employees titled "One hundred shades of addiction" held by clinical doctors from the Fatebenefratelli Hospital in the Milan and

Commitments for 2014



➤ Concept design of new displays for points-of-sale with a focus on Responsible Gaming

➤ Development of specific sections on Responsible Gaming on communication and information instruments like "Sisal News", the Retail Outlets portal and SisalTV.

➤ Training the Sales Forces through Canvass events on Responsible Gaming
➤ Random checks at points-of-sale to verify compliance with the gaming prohibition for minors and the correct promotion of Responsible Gaming.

➤ Periodical reminders and checks on participation in training courses

Rome offices, and Pathological Gambling (PG).

As regards training and engagement for Betting Agencies, these were accomplished through the following initiatives:

Canvass

training and information events that bring together Sisal, its Sales Force and the Network

"Retail Book"

a publication that illustrates available posters and their positioning at points-of-sale based on actual needs

Services Model

a document that outlines the competences and behaviours that characterise the Matchpoint Network. The control measures adopted by the Company to ensure their actual implementation entail the use of a Model checklist: Key Accounts fill out quarterly checklists on the online portal (that has replaced paper forms)

"Non Ho l'Età" ("Too Young!")

a practical communication handbook about minors' protection

"La Lavagna" ("The Whiteboard!")

an information newsletter sent by regular mail (a digital version is in the pipeline)



Responsible marketing communications

At Sisal, 2013 was characterised by the development of various advertising communication initiatives to support historical brands, as well as by promotional activities, including:

SuperEnalotto

Supervincitore 1st wave, February 2013

SuperEnalotto

Street Interview, June 2013

Matchpoint

Your Personal Expert, September 2013

SuperEnalotto

Supervincitore 2nd wave, October 2013

In 2013, a new procedure for the development of all advertising messages that is compliant with all rules and regulations on Responsible Gaming was implemented and strictly followed.

On January 1st 2013, the “Balduzzi Decree”, which contains a series of provisions on gaming, came into force, thus complementing the rules and regulations approved in 2012 (“Code and Principles of Self-Regulation for Marketing Communications Concerning Games with Cash Prizes” by Federazione Sistema Gioco Italia of Confindustria; and art. 28ter of the Self-Regulation Advertisement Code by Istituto di Autodisciplina Pubblicitaria (IAP), the self-regulatory organisation of the Italian advertising industry).

All advertising messages by Sisal are transparent and comply with all rules and regulations on gaming

As a consequence, the advertising campaign development process has been reviewed to ensure its compliance with the provisions of the Decree. Also, all Partner agencies have been informed on all Responsible Gaming related issues and on the regulations which shall be followed and respected. Thanks to this action, all actors involved in the development

process of a communication campaign have been informed on the limits and obligations that they need to respect. This means that creative ideas are fully compliant with all existing rules right from their inception.

Each message undergoes two legal checks: the first ensures it is aligned with all Responsible Gaming issues, the second ensures that it is free from any critical and/or deceitful elements and certifies the presence of the right formulation of all information required by the most recent regulations.

As an extra measure, all new advertising messages are subject to a third check by Istituto di Autodisciplina Pubblicitaria (IAP), which certifies their compliance with the provisions of its own Code, and in particular with art. 28ter on gaming.

The respect of all these steps allows advertising messages to be consistent both with the Company's business goals (informing and promoting games and services, thus contributing to the performance of the Company) and with existing regulations.

Guidelines on the Balduzzi Decree published and circulated by Confindustria/Sistema Gioco Italia

Sisal has always promoted communication campaigns following a sustainable, transparent and ethical model. In 2010, the Company introduced its Company Guidelines for the development of sales-communications campaigns and in 2012 it contributed to the drafting of the Code and Principles of Self-Regulation for Communication Concerning Games with Cash Prizes” by Federazione Sistema Gioco of Confindustria, from which art. 28ter of the Self-Regulation Advertisement Code by Istituto di Autodisciplina Pubblicitaria (IAP) was then developed.

On this basis, as of 1 January 2013 all Companies of the Sisal Group have been conducting their institutional and sales-communications activities by following a literal interpretation of the directives contained in Art. 7 of D.Lgs. no. 158 of 13 September 2012 (the “Balduzzi Decree”), which contains a number of new provisions with regard to gaming, with a particular focus on communication.

In July 2013, the activities of Sisal continued with the writing and publication – by Federazione Sistema Gioco Italia – of the System Guidelines which implement all the most re-

Sisal participates in the definition of Codes and Guidelines on marketing communications for the industry, with the goal of educating players to a responsible approach

levant provisions of the “Balduzzi Decree”. They strictly interpret each ordinance, thus ensuring that all Licensees and Operators who are members of the Federazione plan advertising activities which respect all measures aimed at safeguarding Players.

Company worked to ensure such protection. Sisal pursues this goal in many ways:

a. The Sisal Code of Ethics*, available at www.sisal.com, states the following:

The Company, in compliance with existing regulation and law provisions, does not allow people under 18 to play. To this end, the Company has instructed the Sales Network to only allow Players over 18 to play. In the event of any doubt as to the age of a Client, the staff shall ask for an ID document. The Company has instructed the Sales Network not to accept any gaming requests from people under the age of 18.

Thanks to the Code and the Guidelines, advertising messages, in addition to presenting promotional contents which do not entice gaming, give all useful information for a responsible and aware approach to gaming, including:

- prohibition of gaming for minors
- warning on the risks of addiction
- information on the chances of winning of each game
- name of the company and concession number of the authorised Licensee
- useful information to understand the use of bonuses and of other promotional mechanisms spread through advertising

With regard to distance gaming:

Sisal has set up check tools to stop minors from playing using the new remote selling channels.

b. The Sisal Sanction System (Organisational Model in accordance with D.Lgs. 231/01), in addition to sanctions required by existing laws, states the following in Article 5:

The Company shall implement the following actions, regarding its Employees, Consultants and Partners, 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-fulfilment
- in specific cases, sanction, unless greater damages are payable

In addition to this information – communicated both on printed materials and via radio and TV channels – the Guidelines require a careful planning of sales communications aimed at safeguarding the most vulnerable groups of society. They include the strict prohibition to communicate during radio and TV programs aimed at an underage audience and within the so-called “protected time slots”. The same measures are also applied to cinemas and theatres.

The Guidelines, presented to the Customs and Monopolies Agency (Agenzia delle Dogane e dei Monopoli, ADM), are meant as a reference for Licensees, companies and associations with regard to sales communications on gaming.

c. The Contract for a bricks-and-mortar point-of-sale for National Lotteries (NTNG – National Totalisator Number Games, “GNTN – Giochi Numerici a Totalizzatore Nazionale”) 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

Sisal's commitment to protecting minors

One of the main goals of Sisal's Responsible Gaming Programme, in relation to all the above mentioned areas of activity, is the protection of minors. Even before the prohibition of gaming for minors became law, the

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

may result, in the most serious cases, in termination of this contract, as well as payment of any damages suffered by Sisal.

d. Gaming and display materials: The notice “*Gaming is prohibited to minors and may cause pathological addiction*” must be displayed on all Sisal gaming and display materials and advertising campaigns.

e. Online: In order to register for a gaming account, Players must enter their age (which must be over 18). Also, 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. Marketing communications: 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 marketing communications,

and has developed a warning statement included in all communications, as defined in the previous point.

g. Sisal’s marketing-communications 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 marketing communications, i.e. avoid mentioning or referring, even indirectly, to people under the age of 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” no. 220 of 12/13/2010 (published in the Gazzetta Ufficiale no. 297 of 1/12/2010) and the provisions of the Balduzzi Decree – D.Lgs. no. 158/2012 (converted to Law no. 189/2012).

Commitments for 2014



> Request of preliminary comments from Istituto di Autodisciplina Pubblicitaria for Sisal’s main advertising campaign.



Raising Player awareness

In 2013 Sisal has confirmed once again its commitment as a Licensee which takes care of all aspects of Responsible Gaming.

Over the years, the Company has perfected the information given to Players on the prevention of gambling addiction, offering legal and safe gaming with full transparency.

In compliance with the commitments taken on with its 2012 Social Report, Sisal has included – on all gaming and furnishing materials at the points-of-sale, and in websites and communications targeted at Consumers – new formulas which expressly state the prohibition to play for minors, warn about

gambling addiction and inform on the chances to win of the various categories. These indications are added to the message “Gioca il Giusto” (“Play Right”) and the +18 logo, which have already been part of sales communications of the Company for many years.

With the goal of making Players aware of the importance of a balanced approach to gaming, Sisal has continued to publish on the Company websites the “Gioca il Giusto” section, devoted to Responsible Gaming.

These pages also contain the “Ten Rules for the Responsible Player”, sent to all points-of-sale in previous years, as well as the “Useful Tips for Responsible Gaming”, a page with the contacts of Players’ support services,

and the self-evaluation test “What kind of player are you?”, developed by Sisal in cooperation with the Institute for Psychiatry of the Fatebenefratelli Hospital in Milan.

The Sisal Retail Network undertakes to post information and wall materials on the prohibition to play for minors and on Responsible Gaming

As a Licensee, the Company is committed to spreading and transferring the Charter of Services, an information and communication tool used in the relationship between Citizens/Users and ADM, the Italian Customs and Monopolies Agency.

As for information materials, in compliance with the Balduzzi Decree, art. 110 paragraph 6 letters a) and b), Sisal has transferred its information material on Responsible Gaming to all points-of-sale with entertainment machines connected to the remote network of Sisal Entertainment S.p.A.

All the points-of-sale in the Network have received, based on their specific type (NTNG National Totalisator Number Games, AWP/VLT, Wincity, Matchpoint/Corner), a kit with materials and decals on the prohibition to play for minors and all information on Responsible Gaming. 7,000 sheets, each with 12 Responsible Gaming labels to be attached to entertainment machines, have also been sent. Also, points-of-sale have been sent a letter explaining how the materials should be used and where they should be placed, along with information on applicable sanctions if these are not displayed.

Materials on Responsible Gaming have also been printed and made available to about 270 AWP Operators who have a contract with Sisal Entertainment, so that they can be exposed at their points-of-sale. Sisal Entertainment has required the creation of reserve label kits which should be kept in store and used when new points-of-sale are opened.

Commitments for 2014



> Dissemination at all Sisal points-of-sale of information campaigns and materials with explanations on Responsible Gaming and the prohibition to play for minors related to products and services.

> Development of new materials to improve the circulation of information and raise the awareness of Players



Prevention mechanisms (self-limitation and self-suspension), monitoring in remote games and safety of entertainment machines (EGMs)

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

In order to prevent minors from accessing 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 automatically rejects the request.

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, winnings cannot be claimed and the gaming account is automatically suspended after thirty days.

With regard to distance gaming, within a wi-

der project of Corporate Social Responsibility, Sisal has designed the Gioca il Giusto (“Play Right”) programme together with ADM, the Customs and Monopolies Agency, in line with the latter’s policies on 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 preventively set up their own gaming profile in order to play with awareness and within their own limits.



In 2013, with the restructuring of the Customer Care Area, the role of the Anti-Fraud Group was consolidated by hiring several full-time resources responsible for monitoring all movements linked to gaming accounts (accesses, top-ups, gaming, withdrawals). Constant checks have significantly contributed to the reduction of fraud cases. If compared to last year, fraudulent movements have dropped by 60%.

Sisal’s online gaming account management system has been certified according to the “Guidelines for certification”, version 1.1 of 7 June 2012, published by ADM and by TST-GLI (Technical Systems Testing – Gaming Laboratories International), a leader in the testing of gaming platforms and lotteries. The TST-GLI testing procedures ensure that games are compliant with the transparency and fairness principles required by law during the execution of operations. TST-GLI is one of the bodies approved by ADM to check the compliance of gaming platforms and remote games.

In addition, Poker, Casino and Skill Games have successfully passed all checks on security parameters, which mainly focus on gaming software, source codes and random number generator (RNG). This result confirms once again that Sisal gaming programs assign numbers in an entirely random and neutral way.



Commitments for 2014



> Introduction of further instruments to control and monitor deposit operations, ensure maximum security and limit frauds and illegal uses of the deposited money.

> Constant update of websites and development of new mobile solutions and apps to allow Players to access Sisal gaming platforms in the way they prefer, while always ensuring maximum security, protection of the privacy and the adequate prohibitions for minors.



Assistance and support to problem Players

The Company has taken on the fundamental commitment to informing Players and making them aware of risks associated to excess gaming behaviours. To this purpose, the Company immediately offers guidance to potential problem Players and supports a specialised service to help those who go beyond their limits.

The “Un aiuto sincero” (“Sincere help”) service

Sisal has created the “Un aiuto sincero” (“Sincere help”) (tel. no. 800.778.866) Help Desk, available 24 hours a day with operators and/or answering machine (depending on times). The service offers Players – especially those who feel uncertain and fear they may lose control – information on how games should be used, suggestions for a moderate approach, as well as explanations on the use of available monitoring instruments and specialised support services.

Operators are regularly trained and updated on Responsible Gaming-related topics. Specifically, annual meetings are held with clinical experts who train our staff with regard to pathological gambling and provide guidelines and tools to deal with potential problem Players.

Sisal’s anonymous test “What kind of Player are you?” is our fundamental self-assessment tool. All struggling Players are invited to fill it in. Based on the test results, the Help Desk staff may provide some initial in-

dications or refer Players to the specialised “Play Responsibly” support service.

An information and first aid service, which refers Players to specialised support when needed, is also available by e-mail, by writing to giocailgiusto@sisal.it. The relevant account is managed by members of Sisal’s CSR Unit.

The “Gioca Responsabile” service

Since its creation, Sisal’s “Gioca Responsabile” (“Play Responsibly”) Programme has included a form of cooperation with a professional and specialised service which supports people with general addiction issues and, in particular, with excess gaming problems.

From 2010 to January 2013, Sisal relied on the competence of the Department of Neurosciences of the Fatebenefratelli Hospital in Milan, directed by Professor Claudio Mencacci. In 2013 the Company felt the need to offer, in cooperation with the other Licensees of the same industry, a nationwide service to ensure professional, free and anonymous service to Players with excess gaming issues and their families. To this aim, the Company decided to join the “Gioca Responsabile” service, created in 2009 by professionals of FeDerSerD (Italian Federation of Services and Departments for Addictions) with the initial support of Lottomatica. In its four and a half years of work, it has offered advice and support to tackle 10,500 problem situations (more than 3,000 in 2013 alone). 30% of those who have contacted the service have been referred to SERTs, the local centres for addictions, to receive adequate treatment. The remaining cases received professional advice and psychological and

Assisting and supporting problem Players is a priority for Sisal: we offer a Help Desk, constant training for our staff and first aid instruments

legal support from experts. More than 60% are Players, with a growing number of women (25%) than in the first years of activity. Relatives are mainly partners (with a majority of wives) and children (especially women). The average age is 43 with a significant presence of elderly people.

“Gioca Responsabile” is not only the first, but also the only service in Italy to offer people involved in excess gaming situations (Players and families) help and support through a help line which is active 12 hours on all working days and a website, managed by expert psychologists and legal consultants.

The over 100,000 visits to the website led us to add an innovative and unique service in Italy (and one of the few in the world) in August 2013. It is now possible to be treated online by therapists who specialise in treating problem and pathological Players.

Sisal, in cooperation with the other Operators in the industry, supports struggling Players and their families with the “Gioca Responsabile” service, offering help and advice online and offline

As mentioned before, all accesses to the service are free of charge and anonymous, as is the therapy. To access it, it is necessary to register on the www.giocaresponsabile.it website. The registration allows the therapist to evaluate the seriousness of the situation and proceed with the most adequate treatment.

The treatment is carried out on the website and through weekly phone conversations with the therapist. From August 2013 – when the service was launched – to December 2013, 480 people registered. 98 started a treatment (6 completed it, 14 are still in treatment and 78 interrupted it before the required 6 months). The average age of treated Players is 38 for men and 44 for women (who represent one fifth of total patients).

This experience – similarly to services offered in most countries where the gaming market has significantly grown, both online and at betting offices – shows the effectiveness of cooperation between Licensees, who try to contain and reduce the risks of uncontrolled gambling, and professional scientific institutions such as FeDerSerD, a leader in the field of addictions in Italy.

This positive cooperation gives useful answers to those who struggle with excessive gaming and find it difficult to contact other services, or simply want to receive scientifically accurate information in a secure and confidential way to understand whether they have a problem with gaming. Information on the “Play Responsibly” services, which have been widely distributed in gaming environments since 2012, has strongly increased the number of requests for assistance and is a tangible result of the shared interest to reduce the risks of problem gaming by promoting their early detection.

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 problems caused by excessive gaming
- >> offering professional support, counselling (both psychological and legal) and care
- >> helping people find suitable social and health assistance services in these situations.

The service, managed by a team of professionals including psychologists, psychotherapists, psychiatrists and lawyers, 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 10 pm) and 24 hours a day on the www.giocaresponsabile.it web portal.

FeDerSerD

FeDerSerD is the most important Italian scientific federation of professionals working in the field of 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 organisations. It has a widespread presence, with its own members, in all the Services for Addictions

of the Italian Health Service System. In particular, FeDerSerD:

In particolare 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).

Commitments for 2014

> Renewal of the “Gioca Responsabile” service in cooperation with FeDerSerD.

> Constant monitoring to improve the service, with the possible addition of new supporting operators

International certifications

In February 2014 Sisal obtained the extension of both EL/WLA certifications from the NTNG area to the entire gaming offer. The official awarding of this acknowledgement by Friedrich Stickler, President of the European Lotteries Association, and Dianne Thomp-

son, Chair of the Responsible Gaming Committee EL (in the picture with Giovanni Emilio Maggi, Director of Sisal Institutional Relations) took place in Lisbon on 3 June 2014.



European Lotteries (EL) is an independent international body that acts as an umbrella organisation for national lotteries and gaming operators throughout Europe. European Lotteries seeks to combat illegal gaming and ensure a sustainable gaming offer.

The World Lottery Association (WLA) is an organisation that provides global representation for the best gaming operators in the world. 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. The certifications acknowledge the commitment and the model adopted by the Company to ensure safe gaming and safeguard its Consumers.



Since 2011, the Responsible Gaming Programme designed and adopted by the Company is certified every year (with the maximum level, i.e. level 4) by the European Lotteries and World Lottery Association international associations, which certify the adoption and implementation of actions which fully comply with the “Responsible Gaming Standards”. The certification process requires an evaluation by a third party reviewer.

Commitments for 2014



> Periodic communication and report on the commitments and activities developed within the Responsible Gaming Program.

3.2 Sisal's guarantees for service Consumers

In June 2013, ISPO, the Institute for Studies on Public Opinion, carried out a research in cooperation with the Ipsos Group to identify the needs which guide Consumers to choose their preferred retail channel to make payments and top-ups.

As shown in the table in this page, the first thing that service Consumers want is the possibility to make payments in a simple, secure, practical and quick way.

The SisalPay Brand was created to meet these Consumers' needs. Its distinctive features are security, speed and efficiency. These peculiarities are expressed by the logo, characterised by a strong, simple and recognizable graphical element: the arrow.

All information materials for the point-of-sale, which attract the attention of Consumers and guide them from the outside in, from the window to the moment of payment, show this distinctive sign.

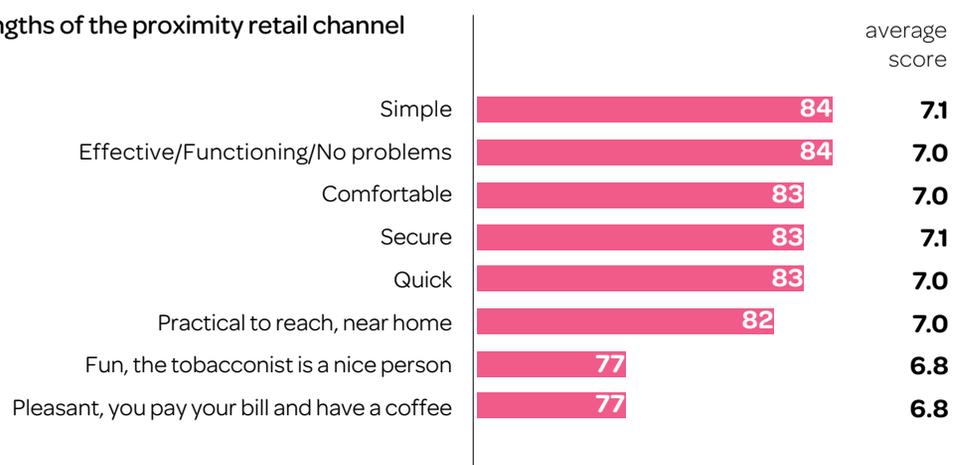
In 2013 SisalPay developed a renewed visual identity and organised several innovative communication activities for Consumers, with the goal of promoting and improving the knowledge of the brand, and for the Business Community.

Marketing-communications activities include:

- an integrated communications plan, involving radio channels, the Web, mobile devices, print, billboards and videos
- "unconventional marketing" activities to attract new potential Consumers (sponsorship of pop musician Vasco Rossi's "Vasco Tour", Cinemapping, Snowbreak)
- PR and Business Community initiatives: over 300 press releases on the main Italian magazines and newspapers and conferences on "social payments and e-money"

The SisalPay brand offers Consumers a certified and reliable payment system. The terminals located at the points-of-sale are

Strengths of the proximity retail channel





connected in real time to the Sisal central system, which ensures the registration of operations and the delivery to the Consumer of a receipt which demonstrates the payment to the beneficiary commercial Partners.

Sisal has a Disaster Recovery system which ensures the backup of all transactions and the availability of payment data in case of critical situations.

This mechanism allows Consumers to demonstrate, at any time, that they have made the payment through the SisalPay Network. Also, to ensure an adequate information security management system, the Company obtained the ISO/IEC 27001 certification.

To simplify the life of Consumers, the SisalPay brand was created to ensure an effective and reliable system

Sisal payment systems are offered through Sisal Group, an authorised payment institute monitored by the Bank of Italy, which ensures their security and compliance with international standards to safeguard users. At all Sisal

points-of-sale and on the **SisalPay.it** website, Consumers can access, at any time, our documents on the transparency of payment operations and keep up to date with economic conditions and delivery and complaint procedures. Sisal has developed specific procedures to manage and solve any claim by Consumers, in order to give exhaustive and quick answers.

3.3 Our dialogue with Consumers

In-store communication

Points-of-sale are equipped with printed and digital information, advertising and promotional materials – thanks to the in-store communication tools – which also contain messages on Responsible Gaming.

Gaming tools

The first contact of Sisal with its Consumers happens through the gaming tools found at the points-of-sale. These have been designed and created to present the characteristics and rules of the game and offer useful information to better know the product, in particular the information website of the Licensee (www.superenalotto.it) and the website of ADM, the Customs and Monopolies Agency (www.agenziadoganemonopoli.gov.it).

On all gaming tools and on the receipts of wagers, a lot of visibility is given to communication devoted to Responsible Gaming. During 2013, this was perfected and completed to include an explicit statement of the prohibition to play for minors and a warning on the risks caused by addition. In all marketing-communication occasions, the notice “Gaming is forbidden to minors and can cause pathological addiction” accompanies mandatory logos, i.e.:

- the logo of ADM, the Customs and Monopolies Agency
- the “Legal and responsible gaming” logo
- the “Gioca il Giusto” logo
- the +18 logo
- the logo of the Licensee

All gaming tools also contain a table with an indication of the chances to win of the different categories. If, because of a lack of space, it is not possible to include these data, a clear reference to the specific information website of the Company and the Customs and Monopolies Agency is always present.

Customer Display

Most of the Network of the Sisal points-of-sale is equipped with last generation monitors – the so-called Customer Displays – which give the opportunity to communicate interactively with Consumers.

Customer Displays are an opportunity to dialogue with Players and can be used for both promotional and educational purposes. These monitors show (loop) information and advertising videos on Sisal products, as well as contents on Responsible Gaming. Among these, the Mister Gig spots are particularly relevant.

This fun character was created in 2010 to promote the idea of Responsible Gaming and educate Consumers to moderate, aware and balanced gaming. In 2013, these spots were broadcasted on Customer Displays 336 times a day, from 7 am to 11 pm.



Furnishings

Communication devoted to Responsible Gaming finds ample space on all furnishings and include – as in the case of gaming tools – the statement “*Gaming is forbidden for minors and may cause pathological addiction*” as well as the following mandatory logos:

- the logo of ADM, the Customs and Monopolies Agency
- the “Legal and responsible gaming” logo
- the “Play Right” logo
- the +18 logo
- the logo of the Licensee

In 2013 we also developed specific materials – downloadable from the Retail outlets portal – which can be fitted at the point-of-sale to raise awareness among Players on Responsible Gaming related issues. In 2014, these materials were also sent to all NTNG points-of-sale and included in the kit for new openings.

The online channel

Web channels give the opportunity to create a continuous and dynamic relationship between Sisal and all its Stakeholders. As Sisal’s attention is strongly focused on people, in 2014 the Company strengthened its commitment in this field, optimising its presence on Web and social channels. The goal was that of organising communication channels to make sure they can provide a clear and effective information structure and help Consumers find information. The activities carried out also focused on strengthening the relationship with Consumers, promoting the peculiarities of the channels offered by the Web to offer many different ways to interact, suited to the different Stakeholders of the Company.

The main websites are the following:

Support of Web and social channels to promote information and interaction with Customers throughout the gaming experience

Sisal.com

Actions launched in 2013 on the Sisal website focused on updating the user experience.

The key words were: design, functionality and multichannel capacity.

In line with the new Brand Identity of the Group, the graphic



layout of the institutional website has been completely revamped to create an environment which immediately relates to Sisal and has a strong communication impact. We have also integrated links to the social profiles of the Company. From the home page, users can directly access the corporate pages on Facebook, Twitter, YouTube and

LinkedIn, visit the Sisal blog and find out the number of users who follow the Company and its products.

Finally, the website has also been optimised for the various digital channels. In line with the latest navigation trends, it is now possible to access the website from computers and tablets, enjoying a specifically optimised navigation experience for each device.

Sisal.it

Sisal.it is the dedicated portal for Sisal online games (Sisal Entertainment GAD concession number: 15155). It gives users access to all the games that the Sisal Group offers online, including sports and horse race betting (as of January 2014, also on virtual events), pools (Totocalcio, Totogol and Tris), Poker, Casino, online Slots, Quick Games, Skill Games, SuperEnalotto, Vinci per la vita – Win for Life, EuroJackpot, VinciCasa, Gratta e Vinci, Bingo, Lotto and 10eLotto.

Communication is the key to building a solid long-term, transparent and interactive relationship with Consumers.

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, through the main social media, by e-mail, text messaging and through the organisation of events.

Sisal's communications include information and service communications, promotional communications and customer care communications. Sisal.it communicates in compliance with data protection laws and speci-

fic anti-spam policies that limit the number of notifications that can be sent to Players over a given period of time.

In 2013, the Customer Care team was also trained and renewed to offer tailored assistance that meets the needs of the different types of Consumers.

The most loyal Players can join the My Sisal-Programma Fedeltà loyalty programme. Thanks to its flexibility, Players can accumulate points on their preferred online 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 available catalogue.

SisalPay.it

This is the digital platform for the management of personal payments (bills, telephone top-ups, etc.), developed by the Sisal Group to meet the needs of Consumers who are more and more eager to use digital and user-friendly models. SisalPay.it offers several additional services, such as a deadline planning tool and the possibility to store receipts, thus making the life of Consumers easier.

Wincity.it

Wincity.it is the information portal on products and services by Sisal Wincity. It offers users updates on initiatives, events and new openings, and the opportunity to register for the Sisalwincityclub loyalty programme.

Sisal also manages **giochinumerici.info** and **giochinumerici.it** as a NTNG licensee.



The social channels

Facebook

In 2013 Sisal became the first gaming Company in Italy to launch a corporate, institutional Facebook page, with the aim of strengthening the relationship with its Customers. The profile has become a window for the many Sisal projects which are not directly linked to its business: from Corporate Social Responsibility to initiatives for Employees.

The Sisal corporate page complements the profiles of individual products, which in 2013 optimised our communication to further en-

reers” page has given Sisal the opportunity to communicate projects developed for its Employees and disseminate information on activities targeted at their well-being.

These contents are useful both for potential candidates and for existing Employees, who are periodically updated on the Company’s institutional activities. The page has quickly grown significantly: the Sisal profile now ranks among the first in the field of gaming in Italy in terms of followers. The Group is also on **Twitter** and **YouTube**.



gage with the fans.

In 2013 the Group pages (Sisal, SuperEnalotto, Vinci per la vita – Win for Life, EuroJackpot, Sisal Poker, Sisal Casinò, Sisal Bingo, Matchpoint, Wincity) reached more than 780,000 fans.

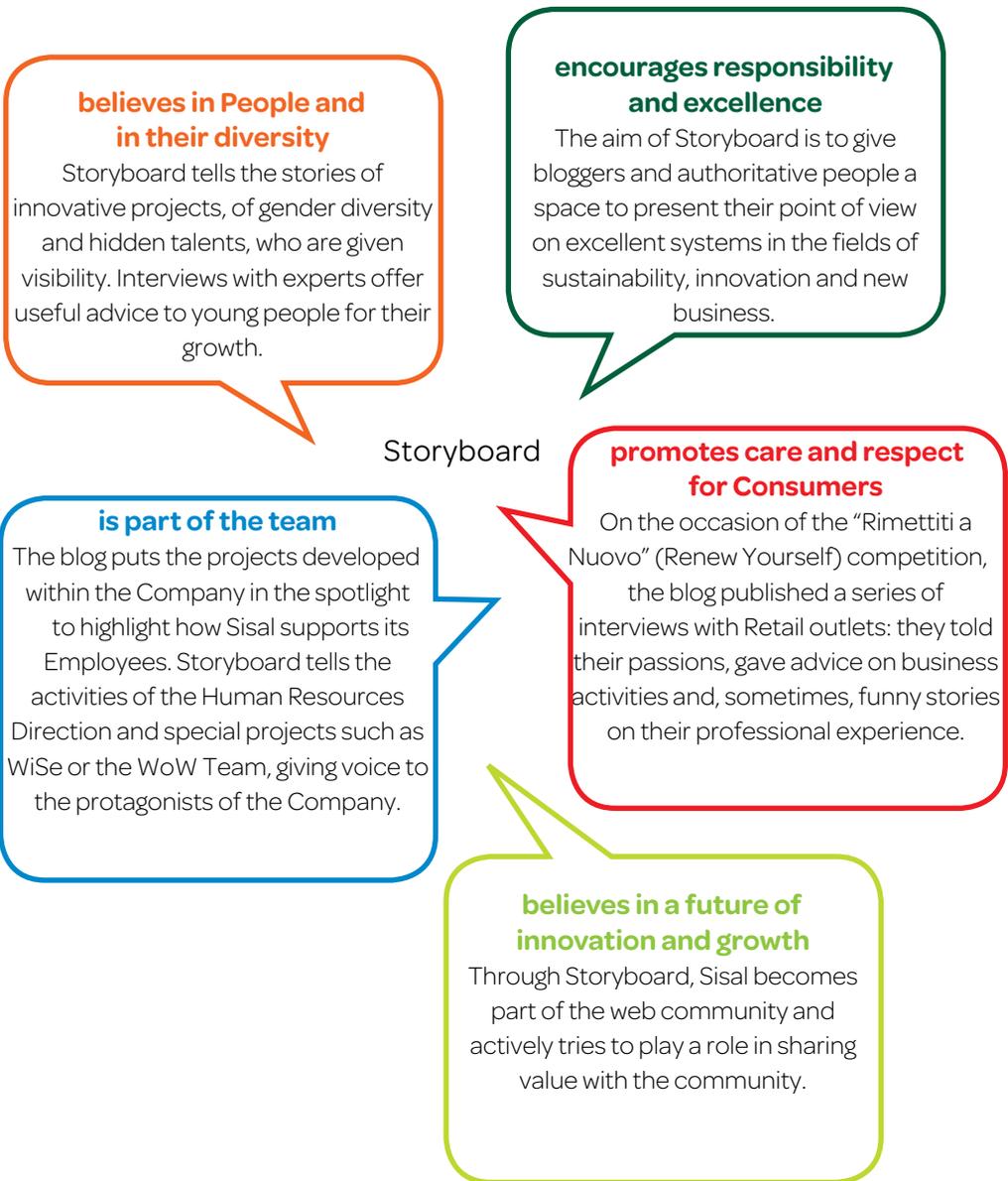
LinkedIn

LinkedIn offers companies the opportunity to get in contact with talents and share the activities carried out with their Employees. To make the communication of internal projects more effective, in 2013 Sisal decided to invest in its presence on social networks, thus expanding the amount of information provided. The activation of the “Ca-

Storyboard

Storyboard, Sisal’s corporate blog, was launched in 2013 with the aim of creating a space to share and tell stories: not only those involving Sisal, but also those that the Group can relate to and have to do with innovation, sustainability and the most modern projects for women.

The blog focuses on Sisal’s values, which are the inspiration for further analysis and interviews. It is a tool of constant update for the Company and anyone who feels close to our values.



The Contact Center – Player Service

The Contact Centre is the main provider of support and assistance services for Players, operational 24/7.

The Contact Centre provides the following services:

- information on games
- information on Responsible Gaming
- technical assistance on applications and gaming 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). All contacts can be found in the dedicated websites.



We believe in People and in their diversity



The value of People and the wealth
of their diversity are our
winning combination

The Value of People and Stakeholders

Sisal has grown and evolved over time by adopting a long-term strategy that promotes sustainability and the creation of shared Value.

Our results have been made possible by constant engagement of all Stakeholders.

4.1 Sisal and its Stakeholders

Sisal's Social Responsibility activities stem from adopting a Stakeholder Engagement model based on the involvement of the Company's Stakeholders and the balancing of their interests.

In this context, a "materiality" analysis was carried out, based on an evaluation of Sisal's strategic topics and the relevant aspects for its Stakeholders.



The main strategic topics for the Company and its Stakeholders are related to sustainability, and the interests and expectations of Stakeholders in compliance with existing laws and international Responsible Gaming standards as defined by European Lotteries and the World Lottery Association.

The adopted Stakeholder Engagement methodology involves three stages:

- Mapping of Stakeholders
- Analysis of the engagement level
- Development of the engagement plan

The dialogue between Sisal and all its Stakeholders is constant. The CSR Report is a key communication tool on topics that concern our Social, Economic and Environmental Sustainability.

In 2013 the Company developed several activities which, for each Stakeholder, include the following levels of engagement:

Informing



Listening



Consulting



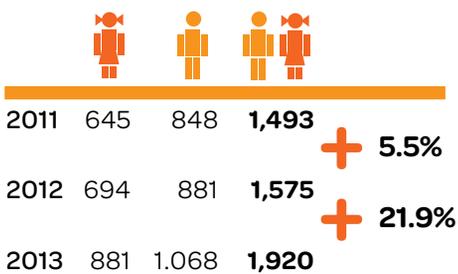
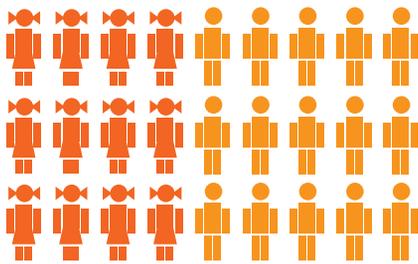
Involving



Cooperating



4.2 People at Sisal



Years in Company

| | | |
|---------------|-----|-----|
| - 1 year | 351 | 18% |
| 1 - 3 years | 489 | 25% |
| 4 - 8 years | 633 | 33% |
| 9 - 15 years | 265 | 14% |
| 16 - 25 years | 107 | 6% |
| 26 - 35 years | 75 | 4% |

Title

| | |
|-----------------------------------|-------|
| Managers | 48 |
| Middle-managers | 121 |
| Employees (1 st level) | 166 |
| Others | 1,585 |



Age groups



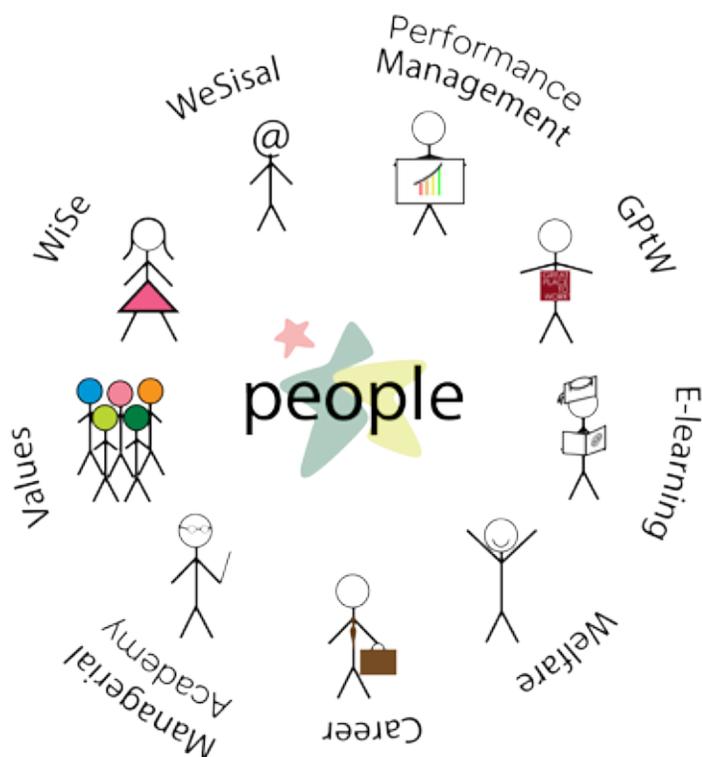
The Company's concern for its People is part of a significant trend of employment growth at Sisal, which in 2013 registered a marked growth of 21.9%, going counter the national labour market trend.

The headcount increased from 1,575 Employees in 2012 to 1,920 in 2013. This growth is essentially due to an investment in new hires. Many young people who joined Sisal with an internship or a fixed-term contract were offered permanent roles within the Company. Also, the whole Retail Gaming area has grown thanks to the acquisition of new points-of-sale.

The process of cultural and organisational change that Sisal has implemented in recent years has been made possible by a complex structure of programmes where the Company's values – defined through a process that has involved everybody in it – act as glue and as a driver of change.

Sisal attaches great importance to the daily contribution, both material and non-material, by its Employees. Business and profits are tightly linked to the personal and professional qualities that every individual brings to the table, working as a team member.

If People are the fundamental resource in the process of sustainable growth pursued by Sisal within a renewed and ever-evolving cultural framework, the Company's Values are the common thread of all projects aimed at Sisal's People.



These illustrations were made in 2013 by Sisal's Human Resources Team

The Company's commitment for its Employees also emerges from the projects that Sisal organises for its staff, as detailed below.

WeSisal

Sisal's intranet has a strategic role in the dissemination of the corporate culture, based on transparency, sharing and timeliness. WeSisal has grown over time and has become an "interactive window" of HR and corporate projects, as well as a space to promote the active participation of Employees.

The Intranet also contains many professional tools that all members of staff can easily access: pay slips can be read online, Welfare platforms can be accessed, the Company's library contains downloadable working materials, it is possible to browse the Company's address book and event pictures, and find information on the latest Company's news.

WeSisal is an open, continuously updated platform. Its content providers – the inter-functional team of WeSisal Editors – promote the shared creation of contents by cooperating and interacting. The evolution of WeSisal aims at contributing to the creation of a work environment which pays attention

to the personal and social needs of every Employee.

Performance Management

As for the Performance Management model for its Employees, Sisal has introduced an important process innovation. The aim was to create a performance evaluation framework on the online platform, consistent with the Values and strategic goals of the Company, to support the development system. Starting from the Charter of Values, a new model of competences has been identified. This translates into well defined and distinct organisational behaviours for the various groups of Employees: Senior Managers, Middle Managers and Professionals.

The system is called Performance Dialogue to highlight the importance of the relationship, dialogue and continuous exchange between Manager and Employee. It is an integral part of a wider process of management and implementation of Human Resources and allows everyone to be evaluated in a context of development and professional growth. Managers' evaluations guide the performance of the team, as well as individual responsibility. The system promotes excel-

lence and favours a culture of performance based on the evaluation and promotion of individual merits.

Great Place to Work: Listening to people in order to develop an excellent Company

In 2013, the commitment taken by the Top Management with the introduction at Sisal of the Great Place to Work programme led to the consolidation and development of several projects. Together with the Values – which characterise all projects – the GPTW survey guided all their implementation actions. In the first months of 2013 a number of workshops aimed at sharing the results of the survey and build the first Action Plans on the identified areas of improvement were organised.

430 people were involved and a volunteer task force was created. Its members have chosen the name WoW (Working on Work) Team and work to implement concrete initiatives (such as FlexiLife, Scatta il Valore, Job posting). In the first quarter of 2014, the second Great Place to Work survey was carried out to check the results of the implemented actions and plan the following ones to further improve.

E-learning and Bookcorner

With the goal of winning the challenge of being excellent in a more and more complex context, training initiatives are constantly renewed to achieve two results: disseminating the culture of the Company and allowing Employees to explore and build their own training. Sisal periodically innovates its remote learning channels and implements the idea of “lifelong learning”.

The adopted training methods make learning opportunities available to anyone and are therefore at the service of the professional and personal growth of all Employees. The Company believes that e-learning is the most effective way to ensure the training required by existing laws and by the obtained certifications. In the context of a learning management system where Employees can manage their own learning experience, the Company has also created an online library (Bookcorner), with books and “training cap-

sules” on soft skills that everyone can access.

Welfare

In 2013 Sisal introduced the Business Welfare system, which belongs to an integrated model including the People Care and Mobility Management services. By constantly listening to the needs of Employees, the system aims at working on the main elements which ensure the right balance between the private and professional lives of Employees and their families (with a view to diversity management) and at promoting sustainable solutions and projects which are in line with their expectations.

The implementation of a welfare policy is an important value and strategy for Sisal. The system provides services to Employees at a local level through a series of conventions which ensure excellent services at favourable prices.

The Business Welfare actions complement the legal provisions defined by national collective bargaining: the Group offers all its Employees solutions and opportunities which ensure flexibility, such as permits, leaves, flexible entry/exit times, and, on the other hand, facilitations such as extra-professional accident insurance, meal vouchers and a corporate Bonus.

Career

Planning career paths means setting up a series of tools and adopting policies which create an effective combination between the medium-long term needs of the company and individual aspirations and skills.

Sisal is committed to continuously monitoring the performances, skills, potentials and motivations of its Employees.

For this reason, it has created processes to:

- ensure the correct evaluation of existing and new managerial/professional positions at Sisal, defined as “meaningful” for the development of business
- determine evaluation criteria and ensure career promotions to managerial positions
- spread the internal equity criteria based on the correct positioning of roles and

the corresponding wages

- define diversified assessment paths which certify the necessary skills to cover managerial positions
- define a development path for newly nominated Managers

Managerial Academy

Sisal decided to invest in its management by setting up a training Academy which, through new forms of learning, turns ideas into constructive actions. The Academy develops separate but interrelated training courses for the Middle Management and Senior Management, aimed at helping Managers acquire skills and activate managerial behaviours that are in line with the Company's guiding principles.

The Managerial Academy aims at effectively understanding the individual managerial style and defining a shared model of leadership that is functional to Sisal's organisational and business model. Sisal's training continuously strives to develop innovative methodologies and devotes particular attention to the transferability of contents and adopted practices. It is in line with the Values that the Company has identified; it is designed on the present but looks at the future and offers contents which meet the needs within and outside the Company, with the goal of increasing the employability of all its Employees.

Values: the knowledge of responsibility

Sisal's corporate culture guides its Employee towards professional excellence. A Company demonstrates its Value if its Employees grow in their roles and take responsibility for their behaviours and the development of knowledge and skills. This vision requires that everyone turns their reference Values into actual and visible actions. Sisal undertakes to disseminate knowledge and awareness on its guiding Values. Only in this way Employees will be able to live them every day in their behaviours and choices.

WiSe – Women in Sisal Experience

At Sisal, the issue of difference in its many manifestations has fundamental importance, as it involves the problem of coexistence in diversity. Difficult communications and interactions between "different parties" can slow down the achievement of sustainable and long-standing results.

One of the main differences that companies manage every day, with more or less awareness, is gender diversity. Only by overcoming the perception of these "distances" Sisal can fully promote and embrace the contribution that women can offer within the Company. The Leadership of Diversity is a renewed managerial strategy which is implemented through the WiSe – Women in Sisal Experience project. The project includes 4 thematic areas and several activities:



Some initiatives

Charter for the promotion of diversity

The Charter for the promotion of diversity contains all principles that, according to Sisal, give added value to the relationships between all Sisal People.

The WiSe Team, made of women and men, has identified behaviours, attitudes and types of interactions which develop greater harmony and generate respect. These principles contribute to creating an environment where “Talent has no gender, Diversity is the opposite of discrimination, Beauty meets Words”.

Welfare – The Easylife platform

The Easylife platform is the portal of services and conventions which helps improve the wellbeing of Sisal Employees and their families. This project was launched to give concrete answers to the need to improve the balance between private and professional life.

The first conventions include services for the purchase of school books at discount prices, the indication of colleagues to share the car and travel expenses to go to work, the quick search of a recommended baby sitter for short or long periods of time.

The Easylife platform is an “open” and dynamic tool, which can directly accept suggestions from Employees.

Scatta il Valore

In 2013 the photo contest ViS (Valori in Sisal) – Scatta il Valore was launched for all Employees. Participants uploaded their shots on the WeSisal intranet network. The themes of the photographs were the five distinctive Sisal values, the common thread of all People Engagement projects. The five winning pictures, each devoted to a different Value, were chosen by the jury, the WoW (Working on Work) Team, and became printed Cards which were then disseminated within the Company to raise awareness on the culture of our Values.



We play as a team



We respect and care for our Customers



We believe in People and in their diversity



We are responsible and excellent



We innovate to grow

4.3 The Community

Since 2009, Sisal's commitment for Social Sustainability has translated in the activation of an Intervention plan for the Community. Within this plan, designing and implementing projects in cooperation with local qualified and consolidated Partners is of fundamental importance. The social support actions implemented thanks to the contribution of the Retail Network and Employees are equally important.

Sisal's CSR Programme for the Community aims at promoting training, socialization and integration opportunities for young generations, with particular attention to supporting merits and talent.

The strategic areas of the Plan to support the Community that the Company focused its investments on in 2013 are:

EDUCATION AND TALENTS

New training contexts, opportunities and methods to develop talents.

ARTS AND CULTURE

Projects and events related to arts and culture, seen as opportunities to improve relationship skills and socialise in a positive way.

SPORT

Activities, projects and events promoting the positive values of sport.

THE SISAL FUNDRAISING NETWORK

Fundraising activities organised thanks to the involvement of the Sisal Network to support scientific research projects and actions to solve social emergency situations.

OTHER SUPPORT TO THE COMMUNITY

Charity initiatives and projects with locally active Partners.



EDUCATION AND TALENTS

- Save the Children
- ItaliaCamp
- Color Your Life
- Master Publitalia '80

ARTS AND CULTURE

- Piccolo Teatro di Milano – Teatro d'Europa
- Teatro Olimpico
- Art For Business
- Palazzo Marino in Musica

SPORT

- Comunità Nuova Onlus: lo tifo positivo

THE SISAL FUNDRAISING NETWORK

- AIRC
- Fondazione Umberto Veronesi
- Telethon
- Every One campaign – Save the Children
- AriSLA

OTHER SUPPORT TO THE COMMUNITY

- Make-A-Wish®
- Fiabaday
- Policlinico San Matteo Pavia
- Dora e Pajtimit
- Laboratorio 0246
- Vogue's Game
- Meeting di Rimini
- CSR and Social Innovation Fair

EDUCATION AND TALENTS



Save the Children

Since 2009, the year when they first met, Sisal and Save the Children have gone a long way together.

Save the Children, which has always been committed to the safeguard of children's rights, reacts with its initiatives to emergencies in education, health, the fight to poverty and forms of exploitation.

In the last three years, Sisal has cooperated with Save the Children especially in the implementation of projects aimed at reducing the serious phenomenon of school drop-out in Italy, promoting the idea of a social change where education is the first resource for the growth, development and future of young generations.



In Lombardy alone, the phenomenon of school drop-out involves 18.4% of all minors, many of whom come from foreign countries. They show delays in school performance, inconsistent attendance and leave school. However, a more hidden but equally dramatic phenomenon is the sense of detachment from school that kids

“Dropping out does not just mean leaving school, but also attending it with no interest, little involvement, boredom”

Raffaella Milano
Director of Italy/Europe
Programmes,
Save the Children

feel, and the lack of acknowledgement of the importance of school in the process of defining their identity and grow. This is certainly the greatest challenge that Save the Children has faced in recent years with the help of the Sisal Group.

The “A più voci contro la dispersione scolastica” (Speaking out together against the education drop-out phenomenon) project, after the experiences in Rome (2010-2011)

and Naples (2011-2012), was replicated in 2012-2013 in Milan, involving two primary schools and two middle schools for a total of 16 classes and 320 kids aged 9 to 14 (32% of foreign origin) in the Quarto Oggiaro and Bicocca neighbourhoods, which are considered at risk of social exclusion and marginalisation.

Main activities and results of the “A più voci” projects

In order to restore that sense of trust that makes kids believe in adults and in the role of school, it is necessary to listen to them and encourage their active participation. Promoting a healthy sense of being protagonists allows minors to become aware of their role in school and turn into active promoters of ideas and projects that can improve their education and develop their self-esteem.

Save the Children organised some workshops on motivation to promote the active participation of students on topics such as the pedagogy of rights and the principle of non discrimination.

These initiatives involved a total of 320 children and teenagers who developed 58 radio messages on the importance of going to school. The official advert of the project was broadcasted from 2 to 12 September on the Lifegate web radio and disseminated the values of the project in the Milan area.

These activities also included: 4 training courses for 50 teachers on the UN Convention on the Rights of the Child, the Pedagogy of Rights, the right to education and the principle of participation; 4 training courses for families and awareness-raising activities involving 389 adults; a local workshop aimed at launching an awareness-raising campaign on “open” school and promoting cooperation between the various education agencies in a specific area; 4 Advisory Councils with 24 students and 10 teachers to create spaces for teachers and students to exchange ideas, debate and collect suggestions for shared wellbeing at school.

"Being a member of the Advisory Council made me feel good because I could share and solve the problems of my class and my school"

A student of the Istituto Comprensivo Pertini
1st degree secondary school

"During the workshops, I felt free to express my ideas: thanks to our rules, we all respected each other's work and when someone spoke nobody went against them"

A student of the Istituto Comprensivo Trilussa
1st degree secondary school



Color Your Life foundation

Three years ago, Sisal created a partnership with Color Your Life, a Foundation that shares the mission of "helping young people to know themselves, discover and improve their creative talents in arts, sciences and craftsmanship, giving value to the commitment and actions of professors and school directors and offering young people culture and knowledge to awaken their free conscience and become good citizens and leaders of tomorrow".

Il Mio Sogno, Peter, Amerigo, Atlante and Futura are the names of some of the competitions for young people aged 13 to 18 that Color Your Life launched in 2013. The COLORbandi competitions offer some macro-topics that each candidate can use to develop an original idea on the achievement of their dreams and the use of their talent.



The young participants can submit a presentation of who they are and a project in the way they prefer: written texts, audio productions, videos, drawings and comics. A Scientific Committee of experts from various fields chooses the most worthy projects; these then participate in the COLORCampus, an intense educational and personal growth experience in the town of Loano, on the coast of Liguria.

With the initiative "Prof. 10 e lode" – a free weekend in an Italian city of arts – Color Your Life also awards the teachers and school managers who have particularly supported kids in the implementation of their projects and have contributed to the dissemination of the Foundation's activities.

A day at COLORCampus

In 2013 Color Your Life involved 146 schools in 16 regions for a total of more than 1,000 participating students.

In 2013 COLORCampus, a 12 days educational programme, welcomed the new COLORs as well as those who had already lived this experience, as one of the principles of the Foundation is to accompany youths in their life.

The group was offered an innovative type of education, with the goal of promoting self-entrepreneurship ideas and initiatives using the opportunity of EXPO 2015. One of these projects, which is tightly related to the EXPO 2015 "Feeding the planet. Energy for life" concept, included the use of new technologies to reduce food waste.



Associazione ItaliaCamp

The ItaliaCamp association promotes and supports social innovation and the development of new answers to real questions, and works to fill the gap between the birth of an idea and its implementation.

The fundamental goals of ItaliaCamp are the following:

- >> 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
- >> promote ideas in support of Citizens, in line with the principles of social, environmental and economic sustainability

The initiatives of cooperation between Sisal and ItaliaCamp include the creation, on 21 December, of the Foundation by the same name. This was made possible thanks to the support of the Presidency of the Council of Ministers and the participation of many founding members, including important Italian institutions and companies, such as Sisal.

Thanks to the “La tua idea per il Paese” (Your idea for the Country) contest, the ItaliaCamp association gathered more than 2,000 proposals for the economic, social and civil growth of Italy. The winning ideas of the third edition participated in the USACamp mission, which took place in Washington and New York in February-March 2014.

Given the good results obtained, Sisal has confirmed the partnership with ItaliaCamp with the adoption of the “Scuola d’Impresa” (Business School) project.

Scuola d’Impresa

The project, activated with the support of the LUISS Guido Carli University in Rome, has the goal of bringing universities and workplaces closer together, offering students who are about to graduate the possibility to carry out multidisciplinary dissertation projects on topics which combine study and research needs and business needs.

In April 2013 the LUISS University launched the pilot phase of the project with the aim of identifying the first proposals for the fall dissertation session. The involvement of other universities and Italian and international companies is planned.

A new element is the cooperation between students from different Faculties who work

together on their dissertation. At pilot stage, students came from different Departments and Faculties of the LUISS University. However, once the project expands, this cooperation will involve students from different universities and will be an opportunity for personal and professional growth.

As for the partnership with Sisal, the Company gave students the opportunity to study the two sectors where it is a leader: gaming and paid services. Students were then asked to develop dissertation projects for the launch of an innovative and sustainable game, or to create and implement original ideas related to the world of paid services.

At project implementation stage, Sisal works as a coordinator through a tutor who follows the student remotely or at the Company.

Publitalia '80 Master in Marketing, Communication and Sales Management

The Master in Marketing, Communication and Sales Management by Publitalia '80 is an educational project that Sisal has been supporting for years. The course is intended for graduates who wish to start a career in the fields of marketing, trade marketing, sales and communication, ensuring a direct and continuously updated communication between universities and companies.

Sisal’s contribution to this initiative includes seminars, workshops and reports on labour market trends, which offer the opportunity to update the training programme on a regular basis.

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

ARTS AND CULTURE

Piccolo Teatro di Milano – Teatro d'Europa

In 2013, Sisal renewed its multi-year partnership with one of the primary Italian cultural institutions, the Piccolo Teatro di Milano – Teatro d'Europa.

The joint objectives of this partnership are:

- >> to provide opportunities for young people to meet key cultural players
- >> to foster positive forms of socialisation
- >> to educate younger generations to appreciate art and culture, thereby promoting their personal growth
- >> to draw young people towards values that foster their personal evolution and development.

Together, Sisal and the Piccolo Teatro intend to promote and create opportunities to further the appreciation and diffusion of theatrical culture – primarily among younger audiences - and to promote social gathering opportunities in dedicated spaces like the Chiostrino Nina Vinchi in via Rovello in Milan. Sisal is a Special Partner of this special venue for young people, students and theatre lovers to meet and socialise.

Five years after its inauguration, the map of Milanese piazzas has now added the Chiostrino del Bramante to the list of its influential cultural venues. The Cloister hosts presentations of Piccolo Teatro productions, study workshops for students, series of thematic meetings and exhibitions about the theatre world.

The education programmes that are held at the Cloister mainly address the younger generation with a set of activities that include:

- meetings, workshops and seminars that are part of education programmes organised with the Universities of Milan
- lectures and workshops for 1st and 2nd level M.A. students from the Bocconi university, the Università Cattolica and the Università degli Studi di Milano Bicocca



- international theatre courses organised with the Milan Universities and the Institutes of Language and Culture
- workshops, readings and show/lectures organised with the Union of Theatres of Europe.

A teatro con Sisal

The “A teatro con Sisal” (Let’s go to the theatre with Sisal) initiative, jointly developed by the Company and the Piccolo Teatro, aims to promote theatre appreciation and theatre-going opportunities for Sisal Employees. From “Natale in casa Cupiello” (Christmas at the Cupiellos’) to “L’ispettore generale” (The Government Inspector), from “L’invenzione della solitudine” (The Invention of Solitude) to “La voce umana: Il bell’indifferente” (The Human Voice: The Indifferent Lover), lectures about the plays were presented by members of the cast or cultural experts and held in the Caffè Letterario del Chiostrino in via Rovello, giving Employees the opportunity to attend.

The project is an important part of the Corporate Welfare programme and, more specifically – owing to its focus on socialisation and the enjoyment of leisure time – it is part of a set of activities intended to foster a positive work-life balance among Employees.



Art For Business

Sisal reconfirmed its Art For Business partnership through 2013 with renewed support for the Art For Business Forum. This support, which is based on the Company's recognition of the key role of art and its languages in the pursuit of learning and growth, has evolved and developed into the "Art For Business Mentorship" project, presented during the 2012 Forum.

Art for Business is an Association that was set up in 2007 to enhance the contribution of the arts to the world of business. In particular, it is committed to developing and experimenting training approaches in which artistic practice is used to analyse business organisation issues. Art For Business is committed to engaging with Businesses by conceiving and implementing projects in which the role of artistic experience is understood as a real opportunity for growth and continuing education.

Art For Business Mentorship

Art For Business and Sisal have designed a six-month scheme during which two creative talents have the opportunity to develop a creative process with the support and experience of two successful, professional mentors. It is not, therefore, just a creation process, but an opportunity for exchange and debate between two generations, hence contributing to the growth and professional enrichment of all involved.

"Today, innovation primarily means innovating methods and culture. By involving people from outside the company, by offering a new vision and by sharing experience and energy, innovative ideas can emerge"

Simonetta Consiglio
Director of Marketing
and Communication,
Sisal

The six month period of The Art For Business Mentorship project focuses on the issues, the questions and doubts that arise from any decision-making process. It also examines the dynamic passages that must be fully understood for art not to be a mere idea but become real in terms of feasibility, sustainability and connection. To develop their ideas and lend form and substance to their projects, the two selected artists, Elisabetta Falanga and Michela de Carlo, drew on the experience of Marco Ghezzi and Paolo Rosa.

The artists and their creative ideas

Michela de Carlo trained at the Accademia delle Belle Arti di Brera. She is an eclectic artist who shifts between a variety of expressive media, using traditional techniques as well as multimedia tools.

Michela has almost completed "Energia Primaria" ("Primary Energy"), an installation in which the three-dimensional image of a block of marble is projected onto a surface. During the course of several days, the block is shaped directly and solely by visitors. The experience associates the creative energy of individuals with the energy of their surrounding environment.

Elisabetta Falanga trained at the Nuova Accademia di Belle Arti (NABA). Since her earliest steps in the art world, she has cast an uncommon gaze on the world. The path she has pursued has drawn her to discover human beings as landscapes, adapted and shaped by their encounters and experiences, illness in particular. In her installation, "L'altro livello della terra", the main focus is the association between illness and the body, and the slow metamorphosis through which this association can be read and re-read.

After months of research and debate, a glass room, divided in half, took shape: an earthly part above and a part in which light passes through, producing a peculiar luminous effect.

This is what led to her rapport and partnership, in early 2014, with the Associazione Casa Testori, giving rise to "L'altro livello della terra" project. Elisabetta's installation has been included in "Giorni Felici" ("Happy Days"), an event that provides visibility to young, emerging artists, who are invited to set up rooms in the house in which Giovanni Testori was born, exhibiting their art alongside that of noted artists.

The mentors

Technology and art are the two main areas in the mentoring process.

Paolo Rosa, who sadly passed away in Au-

gust 2013, spent 30 years on projects and work that featured innovation and experimentation, while also engaging actively with young people through his leadership of the design Department at the Accademia di Brera di Milano, of the Laboratori della Fabbrica del Vapore, and of the Laboratorio di videoarte e installazioni audiovisive (Video art and audiovisual installation Laboratory) at the IULM in Milan. He was one of the founders of Studio Azzurro, which has worked for years in the field of artistic research into videos and new technology generated languages.

Marco Ghezzi has worked for almost 20 years midway between publishing and technology. He has created projects like “Bookrepublic”, the first Italian online book shop selling digital books, and a truly virtual bookshop: “Zazie”.

Dialogue between the two artists and their mentors was no simple matter: firstly because it required that individuals who had not previously been acquainted, who used different expressive languages, and who came from different experiences, should connect and share a common journey. The mentors used their critical attitude to question the artists’ creative ideas with the goal of transforming them into real projects. There were frequent changes of mind, lively discussions and reversals, yet, through dialogue and discussion, solutions were found for all the issues.

Palazzo Marino in Musica

In 2012 Sisal continued to support the Palazzo Marino in Musica initiative, realised thanks to the sponsorship of the Municipality of Mi-



lan and a partnership with the Conservatorio G. Verdi.

The aim of the project is to acquaint the public with the world of culture, through musical meetings and literary readings, The music festival, organised by the Associazione Equivoci Musicali, with the art direction of Ettore Napoli and Davide Santi, comprised some of the City’s main cultural Institutions such as the Fondazione delle Scuole Civiche di Milano, the Conservatorio “G. Verdi” of Milan and the Fondazione Amadeus, all with the common goal of promoting the best of the City’s young talent. In 2013, the concerts were organised during weekends in February and March.

Teatro Olimpico

The Arts and Culture are two key pillars of the Sisal Action Plan with regards to its Community outreach activity. For this reason, through the EuroJackpot brand, the Company provided its support for the 2013-2014 season at the Teatro Olimpico in Rome.

SPORT

Comunità Nuova Onlus: “lo tifo positivo”

The partnership between Sisal and non-profit organisation Comunità Nuova was renewed in 2013 to support the “lo tifo positivo” (“I’m a positive fan”) project. Comunità Nuova has implemented several projects and interventions over the last 12 years in the provinces of Milan, Monza and Brianza, Brescia and Catania. The objective of these activities is to promote the value of sport as an opportunity for community building and as an educational tool and a tool for growth, especially for young people.

The “lo tifo positivo nel segno di Candido” (“I’m a positive fan like Candido”) project drew on these many years of experience to develop into a tribute to the great sportscaster Candido Cannavò.

Its goals are:

- >> to teach mutual respect and tolerance
- >> to advocate sporting values as an inspiration for human relations
- >> to restrict organised fan support to sports events and venues
- >> to promote models of sustainable organised fan support

Youngsters between the ages of 9 and 13 are given the opportunity to engage in a structured educational journey which provides them with a greater awareness about being a sports fan and about the benefits they will gain from the choices they will make as adults and future sports fans. Since 2013, "lo tifo positivo" has acquired a new location in Lombardy at the Lido di Milano, a facility it shares with the Fondazione Cannavò that celebrates the figure and enduring testimony of Candido Cannavò. The facility was inaugurated in May 2013, in the presence of all the main project partners.

During the 2012-2013 school year, the project included 83 new classes and groups, totalling 2500 students in addition to school heads and over 100 teachers, coaches and parents. "lo tifo positivo" comprised the Municipalities and Provinces of Milan, Pavia, Monza Brianza, Bergamo, Brescia and Catania.

During the 2013-2014 school year, thanks to Comunità Nuova's educators, the provinces of Monza Brianza, Lecco and Milan were included in the project; in 2013, during the period between the two school seasons, a total of 2300 students participated.

The team replicated the previous year's activities and added several educational tools, like the production of a video, structured into thematic chapters (loyalty/disloyalty, sports



for all, violence/racism), which was then used by teachers as learning material.

A further innovation was a series of t-shirts designed by the students and decorated with slogans about sports and being sports fans. A collection of stories about sports and being sports fans that had been written by the previous year's students was published in book form, in partnership with the Fondazione Cannavò.

Additionally, an attempt was made to get parents more involved so they might share in the objectives and goals of the project. Families attended several events, sports meetings and celebrations together, including the World Day against Racism.

In 2013 the project evolved and acquired a European dimension, through the ELYS and PRO US ALL initiatives, organised in cooperation with CONI Lombardy (a regional section of the Italian National Olympic Committee) and other Italian and European Partners, of which Sisal decided to become a funding Partner. These international cooperation projects have provided opportunities to share good practices in sports related education projects.

THE SISAL FUNDRAISING NETWORK

Sisal has been active in solidarity campaigns for several years, using its points-of-sale Network to raise funds for research into serious diseases or for addressing social emergencies.



It is now several years that Sisal has given its support to campaigns organised by AIRC, the Italian Association for Cancer Research. To reinforce its media coverage, the Company decided to postpone its fundraising campaign to May 2014, combining it with the "Azalea della ricerca" ("An Azalea for Research") AIRC initiative that takes place in public squares all over the Country.



Telethon

For the ninth year running, Sisal confirmed its partnership with Telethon by involving its points-of-sale Network in a fundraising campaign for research into genetic diseases.

In 2013, Sisal raised approximately
49.4
thousand euros for Telethon

From the December 18th,, 2013 to January 11th, 2014, Telethon campaign donations could be made through the special Telethon SuperEnalotto game cards or through donations that entailed no betting.

The funds that were raised enabled Sisal to support two important research projects:

“Evaluation of an approach to stem cell gene therapy in patients with Hurler syndrome”, a project coordinated by researcher Marta Seraini at the Paediatric Clinic of the San Gerardo Hospital – Fondazione M. Tettamanti at of Milan’s Bicocca university; and “The role of epigenetic factors in stem cell identity and in tissue regeneration processes”, a project coordinated by researcher Davide Corona at the Department of Cellular Biology and Development – Biochemistry Unit of the University of Palermo.

This year, once again, Sisal supported Telethon with a communication campaign that



was launched through its points-of-sale, on its websites, and on SisalTV, which is broadcast in the Agencies.

Fondazione Umberto Veronesi

In 2013 Sisal and the Fondazione Umberto Veronesi renewed their fundraising partnership to support research into breast cancer. The fundraising campaign was launched through a joint communication campaign in which both Partners took part. Sisal’s points-of-sale were involved in the campaign from April 8th to May 11th, 2013: donations could be made both with game cards and Quick Pick from SuperEnalotto terminals, and through donations that entailed no betting.

The Fondazione Umberto Veronesi has been investing energy and funds to support scientific research for 11 years now, and its influential initiatives have been developed in partnership with many eminent academics.

The Fondazione develops leading-edge projects and grants research bursaries (Young Investigator Programme and research bursaries funded by IPSEN) to young physicians and scientists. Its main fields of research include oncology, neuroscience, cardiology and preventive medicine. There is a special focus on breast cancer. Early diagnosis and new therapies have proved very successful: 87% of the 37,000 Italian women who are diagnosed with the disease each year now recover. This is one of the highest survival rates in the world.

The “Biomarkers for women at risk of breast cancer” research project has the goal of providing new and effective early diagnostic

In 2013, Sisal raised
35
thousand euros for the Fondazione Umberto Veronesi

tools for carriers of BRCA1 and BRCA2 mutations – i.e. women with the highest risk, even at a young age. These tools, combined with other currently available techniques, can further reduce breast cancer mortality rates.

ing a special promotional campaign to raise awareness about the initiative. Fundraising took place from 2 to 28 September and donations that entailed no betting could be made in all Sisal points-of-sale.



Save the Children and its Every One campaign

Since 2009, Save the Children has been promoting the Every One global campaign to reduce infant mortality and provide healthcare and support to mothers and children in 38 countries. Every year approximately 6 million children under the age of 5 die all over the world as a result of preventable and curable diseases, such as measles, diarrhoea, pneumonia and neonatal complications.



AriSLA

AriSLA, the Italian Agency for Research on Amyotrophic Lateral Sclerosis, is the leading agency for the promotion, funding and coordination of scientific research into ALS in Italy and in Europe. It was established in December 2008 by AISLA, the Italian Amyotrophic Lateral Sclerosis Association (a non-profit organisation), Fondazione Cariplo, Fondazione Telethon and Fondazione Vialli e Mauro per la Ricerca e lo Sport (also a non-profit). By coordinating projects and research workers and by fostering the rapid transfer of results to clinical practice, the Agency's mission is to ensure that research investments and opportunities into Amyotrophic Lateral Sclerosis are more effective and efficient.

With the help of the Fondazione Vialli e Mauro, the Agency's research activities are paired with targeted fundraising initiatives aimed at increasing the annual endowment fund provided by the Founding Partners: AriSLA consequently develops collaborations and partnerships with third parties to support scientific research and raise awareness about the disease and its problems.

Sisal chose to support the activities of the Fondazione AriSLA again in 2013 by creating a special initiative linked to SuperEnalotto: for the second year running, the Company made its ICT Network available for a full month to support the Agency's scientific activity. From June 10th to July 6th, donations could be made through Quick Pick and dedicated terminals. Donations that entailed no betting could also be made.

In 2013, Sisal raised

21.1

thousand euros for Save the Children's Every One campaign.

Save the Children uses the funds it raises to develop mother/child healthcare projects and reaches out to over 50 million children and women of reproductive age, ensuring that they have food, healthcare and support.

Sisal decided to support Every One campaign again in 2013 by making its Retail Network available to raise funds and by organi-

In 2013, the Sisal Network raised

24

thousand euros for AriSLA

In questo Punto di Vendita puoi contribuire alla

RACCOLTA FONDI SISAL A FAVORE DI




Save the Children
Italia ONLUS

Dal 2 al 28 Settembre dona l'importo che preferisci per sostenere **EveryOne**, la campagna di **Save the Children** per dire basta alla mortalità infantile.




A seguito dell'operazione, riceverai una ricevuta a conferma dell'avvenuta donazione.

Nessuna Commissione d'incasso verrà detratta da parte del ricevitore e di Sisal. L'intero incasso verrà devoluto a Save the Children.



OTHER SUPPORT TO THE COMMUNITY



Make-A-Wish® Italia

Sisal chose to support Make-A-Wish® Italia again in 2013: the Company wishes to share in the Association's mission which is to make dreams come true for seriously ill children and bring a little joy, hope and strength to their lives.

For a seriously ill child, seeing a wish come true is to realise that nothing is impossible, and consequently it renews their strength for their ongoing battle.

Make-A-Wish® Italia was established in 2004 in tribute to the memory of Carlotta Frontani, a very special girl who died after a serious illness in November 2002, when she was just 10.

Sisal supports Make-A-Wish® not only by contributing funds, but also by making resources available to fulfil children's wishes by establishing, in the regulations of some of its games, that unassigned prizes be donated to the Association.

All sorts of wishes are waiting to be granted: a meeting with some celebrity, a trip, being a star for a day, receiving some special object. Make-A-Wish® Italia sets no limits to a child's imagination and does all it can to grant his or her wish.

Make-A-Wish® Italia and Sisal Matchpoint

During the 2012-2013 football season Sisal Matchpoint, in partnership with Telelombardia, the "Qui stadio, a voi studio" TV sports programme and Make-A-Wish® Italia, fulfilled the wishes of two children with genetic diseases. During this special event, the programme panellists predicted soccer match outcomes and winnings were paid into a special account.

At the end of the year, the funds that had been raised were used to grant the two wishes. In the first case, a 15-year-old cuisine enthusiast spent a whole day in the kitchen with his idol, chef Alessandro Bor-

ghese. In the second case a 6-year-old Juventus fan, whose idol is striker Sebastian Giovinco, was taken onto the pitch with her favourite player before a Juventus championship match.



Policlinico San Matteo in Pavia: "La lampada di Aladino"

The Policlinico San Matteo is one of Europe's leading Research Hospitals (IRCCS). It is also a clinical experimentation centre and has been providing healthcare services since the 15th century. The "Aladdin's Lamp" project was created by the Paediatric Surgery department, with the aim of tailoring the department's ward space to the needs of children with malformations, tumours, disabilities and traumas.

The project enjoys the support of the "Oltre la cura per il Bambino operato" Committee ("Beyond therapy for children who have undergone surgery") and has proven to be an important instance of public/private partnership. It has highlighted that synergies between two very different entities can create useful, local instances of Social Sustainability interaction.

The Committee, which includes volunteers, parents and relatives of the young patients, takes a holistic approach to child patients, to ensure that their care is not restricted to medical and surgical therapies but that it evolves into a cultural mindset towards the condition of children with illnesses and towards the suffering of their parents.

Sisal Group completed the project in just 4 months (from August to December 2013), and adapted all 11 rooms in the Paediatric Surgery department to the needs of child patients.

New beds and lockers, comfortable armchairs, pastel walls and bright, welcoming rooms have transformed the spaces in which young patients often spend long periods of care and isolation into an inviting environment: an outstanding project which upgrades the children's environment while also ensuring that the hospital's medical specialists can deliver optimal treatment and care.

The opening event of the project was attended by Sisal CEO, Emilio Petrone, with the Head of the Paediatric Surgery Department, Professor Gloria Pelizzo, the Committee Representatives, the President of the Fondazione IRCCS Policlinico, Alessandro Moneta, the Policlinico's Staff and volunteers.

Laboratorio 0246: Parco Giochi Primo Sport

"Laboratorio 0246", a non-profit association from Treviso, has the social objective of supporting children's growth from their very first steps, developing their sensory-motor abilities, and creating optimal conditions to



encourage their socialisation. Sisal decided to support the Association's project for the regeneration of a playground close to the Viale Tiziano Palasport in Rome. The playground area covers approximately 1,800 sqm and contains a number of playsets arranged sequentially to encourage motor development and foster manual-motor and balance skills. A team from the University of Verona in partnership with CONI (the Italian National Olympic Committee), which was the project's lead supporter, designed the playground layout.

The ribbon cutting ceremony was held on July 22nd, 2013 and was attended by the Mayor of Rome, Ignazio Marino; CONI's President, Giovanni Malagò; the President of the Italian Paralympics Committee and Rome's Deputy-Mayor for Sports, Luca Pancalli; the Deputy-Mayor for the Environment, Waste and Agrofood Products, Estella Marino; and the Vice-President of "Laboratorio 0246", Andrea Benetton.

Meeting di Rimini

The annual "Meeting per l'amicizia fra i popoli" in Rimini is an important event that engages the General Public with the Institutions as well as the business and culture communities.

Sisal took part in the meeting yet again in August 2013, and created a 250 sqm play area for younger visitors. The area contained a number of creative and artistic activities that were designed to stimulate the imagination and convey the message that play must be fun and must lead to socialisation.





Fiabaday

For the fifth year running Sisal, through the SuperEnalotto brand, gave its support to the “National Fiabaday to reduce architectural barriers”, which was held in Rome on October 6th, 2013.

The awareness campaign, was promoted by Associazione Fiabaday onlus, a non-profit which aims to create awareness about the need to eliminate physical and cultural barriers, and was organised under the auspices of the President of the Italian Republic, with the cooperation of the Italian Prime Minister’s Office. The Fiabaday slogan was: “Let’s put more energy into driving the change towards a barrier-free world!”



Dora e Pajtimitt

In 2013, Sisal started to reorganise all the material it had accumulated over the years through sponsorships and events. After cataloguing it all (pencils, pens, calculators, hats, t-shirts, Frisbees, etc.), the company decided to donate it to small organisations that might find alternative uses for the material.

This led to a partnership with the Associazione Dora e Pajtimitt: the reclaimed material was donated to the Association and sent to Albania. Dora e Pajtimitt is an Italian-Albanian non-profit Association that was founded in 2007, and has offices in Milan and Shkodër. Its objective is to take action in areas affected by serious social problems, using techniques and tools based on social theatre concepts and on the sharing of key knowledge and skills to restore the self-



confidence of local communities and their awareness and desire of a better future. Peaceful co-existence is an essential prerequisite for sound personal development as well as for social and relational skills. Whenever trauma and hardship have resulted in internalisation and isolation, the acquisition of new approaches to interpreting one’s circumstances encourages understanding, openness towards others and, most importantly, achieving one’s own sense of balance and well-being.



Vogue’s Game

In September 2013, during the Vogue Fashion’s Night Out initiatives in Florence and Milan, Vogue Magazine partnered with Sisal to create Vogue’s Game, a quiz game about the world of fashion. On October 1st, 2013, Vogue’s Game became a prize competition intended to support the talent of competition participants. The competition was divided into three categories, each with different prize amounts:

Education: three 5,000 euro scholarships for undergraduate or master courses.

Creation: three 10,000 euro prizes for a project in the following professional domains: fashion, art, photography, music, literature and journalism.

Shopping: three 2,500 euro vouchers to be spent in boutiques in Florence, Milan and Rome with the guidance of a Vogue personal shopper.

A total of 4,000 competitors took part in “Vogue’s Game powered by Win for Life”: they challenged one other for three months drawing on their skills, knowledge and quick reactions to prove their expertise in the areas of style, fashion, lifestyle and society.



 **The CSR and Social Innovation Fair**

Sisal took part in the Salone della CSR e dell’Innovazione Sociale (“CSR and Social Innovation Fair”) that was held in July 2013, lending its support to the sections on Work and Health.

Work Section

Presentation of projects and initiatives (Great Place to Work survey, WiSe, Valori project, Corporate Welfare and WeSisal initiatives) that are part of the cultural and management change process initiated at the end of 2012 with the objective of empowering Employees and highlighting their contribution to the creation of Corporate Value.

Health Section

Presentation of the Programma di Gioco Responsabile (Responsible Gaming Programme), that started in 2009 and was certified by EL and WLA in 2011, and of the fundraising programme for scientific research into genetic and rare diseases.

The Salone della CSR e dell’Innovazione Sociale is the main Italian event focussed on how corporate responsibility is evolving from the standpoint of Corporate Social Innova-

tion. The event is an opportunity to debate on an intercultural, interdisciplinary and international scale, and it targets businesses that have understood the importance of creating social innovation.

The objectives of the CSR Fair’s programme are:

- >> to increase recognition of Social Responsibility issues
- >> to raise awareness among businesses and encourage in-house adoption of CSR strategies and activities
- >> to promote existing Italian CSR expertise
- >> to encourage benchmarking and exchanges with CSR initiatives in other Countries

The CSR Fair’s programme includes professional development meetings, debates and panel discussions, expert-led events for the presentation of books, essays and research projects.

Testimonials from Sisal's CSR Partners

Fondazione Color Your Life

The future of our youth: Sisal's support for Color Your Life

“ Over the years, Sisal's steady and enthusiastic support for Colour Your Life and its activities are a clear demonstration that when a partnership is grounded in shared values it produces results and endures, especially when the future of young people is at stake. Today, one of the main difficulties for young people is finding access to good vocational guidance and Color Your Life, thanks to Sisal's backing, aims to support them in facing this challenge. With this challenge in mind, the Foundation has created an innovative 'field guidance' programme which takes place on a yearly basis during the COLORCampus in Loano, with the participation of 8th to 10th grade students. In an increasingly complex and global world, young people need qualified and targeted information. The Foundation has therefore chosen two priority action areas: together with 'field guidance' programme it has also tested a 'specialised' module for participants who have completed the initial knowledge acquisition stage, and who are ready to move on to creating their own, individual projects. This second module was implemented during COLORCampus 2013. The goal of the project is to convey positive knowledge to young participants, resorting to the values upheld by the Foundation: determination, modesty, method, courage, sacrifice, friendship, self-confidence, rules, and respect for others. The positive attitude of the young COLORCampus participants can best be seen in the 'Regaliamo abbracci per ricevere sorrisi' ('Let's give people hugs so we get smiles') annual initiative that is held all over Italy on the third Saturday in September: young COLOR participants bestow hugs, joie de vivre and hope in the future along the streets of their cities. The goal of Color Your Life is that young people should retain their sense of self-confidence, with which they can build up an increasingly coloured future for themselves, thanks also to a special Partner like Sisal.”

Associazione ItaliaCamp

Fabrizio Sammarco, President of Associazione ItaliaCamp

“ Encouraging social innovation – one of the main lines of action of the ItaliaCamp model – primarily means recognising new areas for action with the support of strategic project partners, and developing programmes that deliver positive effects, as in the case of 'Scuola d'Impresa' (A School for Enterprise), a project promoted by Sisal and ItaliaCamp in 2012 and subsequently taken on board and tested by the Università LUISS Guido Carli in Rome. Other Italian universities will soon also adopt it. The aim of 'Scuola d'Impresa' is to encourage synergic cooperation between universities and businesses, achieving twofold added value. In practice, Sisal gives senior-year university students the opportunity to analyse a business case and, under the mentorship of a lecturer, find areas for improvement and growth. This enables students, on the one hand, to gain access to a Company and to be supervised by a professor or a Company tutor; and on the other, the Company fosters in-house R&D focused on specific innovation needs, for which, thanks to the project, quick and easy to implement solutions are found. A virtuous circle where the demand and supply of innovation can be matched and can produce benefits for project participants, both in terms of experience and of business.”

Piccolo Teatro di Milano – Teatro d'Europa

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

“ Public theatre: theatre for the public. Grounded in shared values, but mostly in the continuing attempt to find new values to develop, seeking them in the culture of differences which must not be seen as threat to our identity but as building a future in which generations come together, and connections are formed between the locations and rhythms of cities all over the world. Accountability. This is the deeply held belief, also shared by Sisal, that in 2013 led the Cloister in via Rovello to be named after Nina Vinchi, who, despite the destruction of the post-war period, found the courage and the sense of responsibility, together with Paolo Grassi and Giorgio Strehler, to believe in the Theatre in a city that needed rebuilding. Today, with new forms of bewilderment, new intermingling cultures and narratives, the Chiostro Nina Venchi has established itself as a rediscovered venue. A venue in which to reflect upon what knits together the fabric of a city that has become even more complex and difficult to decipher, but is far more full of life precisely because of that. In 2015, the year of the Milan Expo, the Chiostro will effectively become a 'fourth theatre hall' of the Piccolo Teatro: it will remain open year-round, during the Summer too, and it has regained renown as a welcoming venue, one of the squares of Milan in which tongues and languages mingle.”

Art For Business

Art For Business Mentorship

“ The Art For Business Mentorship has proven to be a wonderful exercise in the art of listening and debating, of using the contribution that different generations can offer each other as part of a mutual learning process. Early on it wasn't that simple; that often happens when a new group forms with people of different ages, with different backgrounds and visions. It takes time for the sense of initial diffidence to make room for a common ground, accepted by all and through which dialogue can develop. Sisal took up the gauntlet and chose to be part of the project. It wanted to understand what was happening backstage and meet the working group to share in their vision and expectations. It became a way for the Company to understand how the thinking of the arts and of creativity can become an opportunity for reflection and inspiration in our working lives.”

Comunità Nuova Onlus

Giovanni Pasculli, Project Leader “Io tifo positivo”

“ For over three years now, Sisal has been supporting some of our Association's projects. Initially there was some concern about the sensitive nature of the topic of betting and the social impact it could have on our supporters. In working on educational and social issues with young people, our choice of Partners has to be considered with greater care than others, leading us potentially to relinquish financial advantages. However, over these years we have increasingly come to understand how deeply Sisal is concerned about and focused on topics related to the healthy development of young people, a key feature of its social responsibility. We have come to realise we have been working with competent and sensitive partners, who are truly committed to the objectives of our social activities. Our relationship with Sisal is exactly what we would like to see develop with all our project Partners: a rapport with a proactive co-leader when it comes to project content, not merely with the purveyor of financial sponsorship.”

Fondazione Umberto Veronesi

Paolo Veronesi, President of the Fondazione Umberto Veronesi

“ There has been an amazing transformation in the medical world over the last few years: in the past patients were treated when diseases became symptomatic, now instead precursor signs can be detected in healthy subjects and diseases can be prevented. Therefore, our ambitious target today is no longer just to cure today’s patients, but also, and mainly, to avoid having to cure patients tomorrow. This is the purpose of the Biomarkers for Women at Risk of Breast Cancer research project, which has been funded through a contribution from Sisal. The research project aims to further lower the mortality rate of breast cancer, which is still the form of female cancer with the highest prevalence. We are grateful to Sisal for its support to Fondazione Veronesi for the second year running.”

Fondazione Viali e Mauro per la Ricerca e lo Sport Onlus

Massimo Mauro, Vice President of the Fondazione

“ Sisal realises the importance of supporting scientific research, especially in the case of severe degenerative disorders. ALS (Amyotrophic Lateral Sclerosis) is a progressive disorder with no cure, because its causes are as yet unknown. Sisal understands that by joining forces greater progress can be achieved. Through solidarity projects in 2012 and 2013 we chose to fund, partly with Sisal’s support, scientific research promoted and coordinated by AriSLA – Fondazione Italiana di Ricerca per la SLA – thus adding further sparks of hope to this vast domain of scientific research.”

Make-A-Wish® Italia

Sune Frontani, President of Make-A-Wish® Italia

“ It is now ten years that Fabio and I founded Make-A-Wish® Italia in remembrance of our daughter Carlotta, wishing to create instants of intense joy for the many children who battle against serious diseases. Since then, year after year, Make-A-Wish® Italia has continued to grow and has been able to grant the wishes of a growing number of children. In 2013 we granted 198 wishes and reached out to most of the Regions of Italy. I say this with some pride because it hasn’t always been easy, and I want to express our heartfelt thanks to Sisal for its role as Platinum Sponsor for the fourth year running, as well as for the financial support which allowed us to increase the number of wishes granted by 10%. Thank you Sisal for having taken our mission to heart and for having trusted us. Next year we would like to celebrate our tenth anniversary by reaching the important goal of 1,000 wishes granted!”

Policlinico San Matteo di Pavia: “La lampada di Aladino”

Gloria Pelizzo, Head of the Struttura Complessa di Chirurgia Pediatrica (Specialised Paediatric Surgery Unit) – Fondazione IRCCS Policlinico San Matteo di Pavia

“ Through the ‘La lampada di Aladino’ project, Sisal has fostered a new cultural approach to vulnerability. Children with malformations, tumours, disabilities and traumas who need surgical procedures are undeniably very ‘special’ children. By improving the surroundings of these young patients and their families in the Paediatric Surgery Unit of the Policlinico San Matteo di Pavia, we were able to keep faith with the motto of the founding father of the Hospital, Friar Domenico da Catalogna, who centuries ago said: ‘All constraints create opportunities’. This is why disease does not justify isolation and can become a challenge, not only for the medical community, but also for society at large in terms of social integration, with a special emphasis on the needs of patients’ families, and on accepting physical limits as a way for a child to express his or her identity. With Sisal’s support, the project aims to raise awareness in the public and private sectors and promote a partnership intended to improve the status of child patients making their care environment a welcoming place for the early stages of their treatment.”

Meeting di Rimini

Sandro Ricci, General Director of the Fondazione Meeting per l’Amicizia fra i Popoli

“ The Meeting di Rimini is now thirty years old and has acquired the status of a distinctly international event, which attracts thousands of young people as well as representatives from the Institutions and from the Italian and International business world. The Meeting continues to be a great opportunity for people to meet others. Sisal’s support for the Meeting started in 2007 and it has increasingly become an occasion to make our public aware of sensitive issues like Responsible Gaming. Our communication initiatives have proven highly successful: the SuperEnalotto Sisal Fun Village entertains younger participants with a variety of attractions, the meetings organised with Sisal’s partnership and the presentations by their top management all contribute to making the event more interesting. Sisal can truly be described as a real Partner of the Meeting: from our perspective, Partner Companies should not just benefit from our communication services, rather, they should be fully committed to developing contents and engaging with the participants.”

Relations with Other Key Stakeholders

4.4 The Regulatory Authority and Public Institutions

The Italian concessions model

In Italy, pursuant D.Lgs. 496/1948, the organisation and operation of games of skill and sports pools for which cash winnings are provided and a monetary payment is required from entrants, are the exclusive purview of the State.

Operating and oversight responsibilities related to gaming have been assigned to the Agency of Customs and Monopolies¹, ADM (“Agenzia delle Dogane e dei Monopoli”), a Tax Agency directly related to the Ministry for the Economy and Finance.

In its capacity as gaming market regulator, ADM, through legislative provisions, is responsible for the definition of guidelines for a dynamic and rational development of the sector, for the continuous monitoring of the

proper operations of gaming concessionaires, and for intervening, if necessary with penalties for the non-fulfilment of concession obligations.

With respect to digital issues, AMD avails itself of the experience of its technology partner SOGEI for the control and auditing of gaming revenue data.

Concessions can be awarded under a single-concession agreement, as in the case of NTNG games or fixed-odds gaming, or under a multi-concession agreement, as in the case of AWP machines or betting. The selection of private entities to which concessions are awarded is based on public tender offers.

The following chart contains the concessions that are currently active and the dates on which they were awarded.

| Gaming oncessions | Operators | Year of award |
|--|---|---------------|
| NTNG | Sisal S.p.A. | 2009 |
| Lotto | GTECH S.p.A. | 1998 |
| Instant draw lotteries | Lotterie Nazionali S.r.l. | 2010 |
| ADI (EGMs)/MLTs | Sisal Entertainment Multi-concessionaires | 2013 |
| Remote gaming | Sisal Entertainment Multi-concessionaires | 2011 |
| Horse and sports betting (so-called “Bersani”) | Sisal Entertainment Multi-concessionaires | 2007 |
| Multi-concessionaires | Sisal Entertainment Multi-concessionaires | 2013 |
| Betting, so-called “Giorgetti” | Sisal Entertainment Multi-concessionaires | 2013 |
| Bingo | Sisal Entertainment Multi-concessionaires | 2009 |

1. D.Lgs. 95/2012, converted into law 135/2012, contains actions to be taken by the Government for the revision of public spending, including that of cost-effectiveness in the organisation of public bodies and administrations. Hence, as of 1 December 2012, the Agenzia delle Dogane (“Agency of Customs”) incorporated AAMS, the Amministrazione dei Monopoli di Stato (“Administration of State Monopolies”) and changed its name to Agenzia delle Dogane e dei Monopoli (ADM).

The Italian gaming market model has been examined by several European Union countries and is considered a European best practice.

One of the features that has made the Italian model so successful is the creation of a special regulation concerning measures for

blocking unauthorised websites (so-called “.com” websites).

Through these measures, ADM has established an effective tool to curtail illegal online gaming, furthering the protection of Players.

The Customs and Monopolies Agency (ADM)

Since 2002 the Agency of Customs and Monopolies, ADM (Agenzia delle Dogane e dei Monopoli), has been in charge, on behalf of the State, of the regulation and supervision

The Agency of Customs and Monopolies ensures the availability on the market of reliable products, managed exclusively by authorised and legal Operators.

of the gaming and manufactured-tobacco industries.

ADM ensures compliance with the interests of the public, namely through consumer protection and by combating illegal behaviours, while also securing tax revenues. A further significant role performed by ADM is that of monitoring and verifying the activities of individual Con-

cessionaires, mainly through the supervision of the correctness and legality of tax revenue information related to gaming wagers, in accordance with each gaming concession and related legislation.

In a sensitive industry like gaming, the issue of Corporate Social Responsibility has gradually gained strength. It requires that both public and private companies should adopt codes of conduct appropriate for their business environment and their organisation.

Since 2006 ADM has adopted its own Corporate Social Responsibility Programme, structured around three main elements: Safe, Legal and Responsible Gaming. Its logo, a stylised helm in the three colours of the Italian flag, is used in all communication campaigns and clearly reflects the Agency's intent to steer the industry in compliance with the above values.

Safe and Legal Gaming

>> Combating growing forms of illegality and supporting new forms of entertainment provided by certified Operators

Through the Directorial Decree of 2 January 2007 and in accordance with the provisions of art. 1 of the Legge Finanziaria 2006 (Budget Law), the Italian Customs and Monopo-

lies Agency has implemented new provisions to enforce law and order and protect Players, minors and authorised gaming Operators, with the primary objective of combating a growing trend of illegality.

This has been achieved on the one hand by identifying and banning gaming websites lacking the authorisations required under Italian law, and on the other hand by supporting new forms of online entertainment provided by authorised Operators.

Through the words "Safe and Legal Gaming", ADM means to underscore its unremitting opposition to the proliferation of any form of non-regulated or "parallel" gaming, by preventing illegal gaming and by promoting increasing market transparency to assure a high level of integrity and credibility, as well as to provide controlled and safe gaming environments.

Responsible Gaming

>> Raise awareness of gaming as a form of entertainment and not as a purpose for life, and disseminate the key message of prohibiting gaming by minors

In this context ADM and Licensees operate with the primary and common purpose of identifying appropriate measures to prevent behaviour that does not comply with existing legal requirements. Such measures also include ongoing, constructive dialogue with the institutions.

Main ADM activities in 2013

■ **Betting tendering procedure and launch of new betting products ("virtual" and complementary programme)**

In July 2013 the Agency of Customs and Monopolies completed its selection procedure for granting 2,000 concessions to operate public gaming under joint management, by establishing and running a network of bricks-and-mortar gaming shops.

The tender was called for two main reasons: the first aimed at replacing and renovating a concession structure based on 1000 so-cal-

led “legacy” betting agencies, a change which has additionally enabled ADM to incorporate all the newest EU and fiscal regulations governing public gaming into the new agreement framework, making the new concession system one of the strongest in regulatory and legal terms; the second reason was the need to define a process to re-establish the many local data transmission centres (“Centri Trasmissione Dati”, “CTDs”) within the boundaries of the law.

events and horseracing not included in the horseracing programmes, as well as non-sporting events identified by a Concessionaire and approved by ADM: these are available both through retail and online channels

The ADM betting tender awarded 225 concessions to Sisal Entertainment

The new concessions will govern the betting industry until 30 June 2016, when all the industry concessions will be tendered again; it is to be hoped that a stable, clear and unequivocal framework will be defined for the subsequent concession period.

- the Betting Exchange, i.e., fixed-odds bets with direct interaction between Players: these are only available through the online channel

Reclaiming betting odds from the illegal market and their subsequent, timely tracking via IT control systems has resulted in improved supervision of individual bets and greater effectiveness in detecting potential anomalies which could lead to the discovery of instances of sporting fraud (match fixing).

The 2013 tender procedure awarded Sisal Entertainment 225 concessions to open outlets that can take wagers on horseracing and sports; sports and horseracing pool games; national and international horse betting; and bets on virtual events. Out of a total of 225 concessions, 104 are new and increase the size of the previous Network of “legacy” agencies.

■ ADI Tender – More stringent requirements for Concessionaires

On 20 March 2013 Sisal Entertainment was awarded one of the 12 nine-year concessions for the management of a legal network of ADI machines (“Apparecchi da Divertimento e Intrattenimento”: EGM, Entertainment Gaming Machines), as specified in art. 110.6 of the Consolidated Law Enforcement Act (TULPS). With this new concession agreement, resulting from the experience gained over nine years of developing and managing the Network, Concessionaires in this industry can continue the important legalisation process which started in 2004 and revealed the existence of some 700,000 illegal video poker machines (according to a nationwide investigation by the Guardia di Finanza, the Italian financial and customs police, in October 2003) without any guarantees and safeguards for the Public and producing no revenue for the State; the process has led to the creation of a legal gaming Network, to the consequent creation of thousands of new jobs and the generation of over 24 billion euros in State revenues over a 9 year period.

The ADI tender awarded Sisal Entertainment one of the 12 nine-year concessions

During the course of 2013, with respect to its ultimate objective of preventing and curtailing access to illegal gaming, the betting industry was also marked by a significant expansion of the product offering promoted by ADM, resulting in a greater flexibility of the gaming offering and enabling Concessionaires to differentiate their product ranges, which brings them in line with international standards.

The products covered by new regulations include:

- betting on virtual events, i.e., fixed odds on virtual events, the outcome of which is determined randomly and is represented through animated graphics, available both on retail and online channels.
- the complementary programme, i.e. bets on events not listed in the official ADM programme; these include sports

The new agreement also incorporates important provisions, like those introduced by the so-called “Legge di Stabilità” law of 2011 that includes corporate financial strength among its requirements as well as the obligation to maintain a given debt/equity ratio for

the full duration of the concession period. The concession agreement has undeniably opened a new chapter for the gaming machine industry.

Sisal, and other Operators that are members of the Sistema Gioco Italia association, have launched discussions with ADM to develop a new “master plan” for the gaming industry.

■ “Giochi Numerici a Totalizzatore Nazionale” (National Totalisator Number Games)

In recent years the entire Italian gaming industry, and especially the Lotteries, have experienced a significant downturn in its collection of receipts.

In particular SuperEnalotto has borne the negative effects of the crisis, probably owing to its payout level – the lowest among all public gaming offerings – and to its static gaming formula, which has basically remained unchanged for the last 15 years (1997).

To better respond to this crisis, the Company has commissioned authoritative third-party institutions, like the LUISS Guido Carli University in Rome, to carry out research and analyses based on different scenarios, to deliver a scientific estimate of predicted betting income and tax revenues from Lottery products. Sisal has also conducted extensive international market research to keep abreast of the innovation and continuous change in product offerings developed by such markets.

Findings from such research reveal interesting scenarios which prove that targeted initiatives in the Lottery sector can generate significant betting income growth, as has been the case in some Countries for multi-jurisdiction games like Euromillions and Powerball, that have re-launched their products thanks to the renewal of their gaming mix.

Building on the results of this research work, ADM, the Agency of Customs and Monopolies, has set up a joint working panel with Sisal, with the goal of renewing and improving the

competitiveness of existing products and promoting their revitalisation.

The re-launch proposals Sisal has developed and submitted are currently being examined by ADM, to verify their feasibility and expected benefits.

State Institutions

The regulatory framework for the industry confers a broad delegation of governance powers to ADM, the main interlocutor for Sisal, which mainly operates according to specific regulations established by government and parliamentary initiative.

Hence, the Parliamentary Bodies – the Chamber of Deputies and the Senate – and the Ministry for Economy and Finance are key Stakeholders in the activities of the Sisal Group, which has its own dedicated staff for monitoring legislative proceedings on an ongoing basis.

Moreover, compatibly with the principle of subsidiarity and the prevalence of domestic law over EU law, European institutions such as the Parliament, the Commission and the Court of Justice are all key interlocutors in ensuring adequate understanding of guidelines and regulatory development in this industry.

The Italian regulatory framework for gaming and betting recently became more complex and articulated. Gaming industry Operators have consequently had to modify their strategic guidelines and adapt them to a legislative framework which now is specific to the geographical area in which one operates.

The horseracing betting sector, despite its decline over the last years, has been the traditional focus of Sisal’s activity: since 1948 the **Ministry** of Agricultural, Food and Forestry Policies (MIPAF) has been its institutional Partner in developing this sector, through both agency and betting office channels. The same applies to sports pools (Totocalcio) and sports betting: despite having passed under the supervision of ADM in 2002 and despite being managed by a large number

The Group is strongly committed to fostering a market based on principles of sustainability, supervision, transparency and responsibility.

During the course of 2013, the Company consolidated its collaboration with the Ministry of the Interior, with Law Enforcement Authorities and with the Regions and Municipalities to address issues arising at a local level.

of public gaming Concessionaires, sports pools and betting were originally managed directly by CONI, the Italian National Olympic Committee, which explains why Sisal still maintains close relations with CONI and with the world of sports in general.

More recently, to meet developments in anti-money laundering legislation, another important institutional Stakeholder has come to the fore, the Bank of Italy, and more specifically its Financial Information Unit (UIF), the structure in charge of preventing and combating money laundering and terrorist financing.

The complexity of the situation is primarily due to the lack of synergy between Central Government and Local Government, leading to regulatory differences from one region to another, with consequent negative effects – i.e., national legislation running counter to Local Government provisions – both with respect to preventing illegal gaming, and with respect to combating excess or pathological gaming behaviours.

In view of the above regulatory scenario, Sisal has on the one hand stressed the need to uphold the statutory prerogative conferred on the State for the management and regulation of gaming, and on the other hand reiterated its readiness to combat excess or pathological gaming behaviour, highlighting the need for uniform enforcement of oversight throughout the national territory, so as to ensure the same level of protection to all Citizens, wherever they reside.

Regional Government

Gaming is a State prerogative, and the State grants gaming concessions to private entities. The rationale for the State's exclusive right lies in the need to safeguard public order and public security, to prevent organised crime, to protect consumers, minors and vulnerable consumers from a uncontrolled, indiscriminate and unregulated availability of gaming. This is achieved by channelling gaming demand into legal, transparent and controlled circuits.

The course of action pursued by Sisal is unequivocally aimed at proposing a prevention and supervision strategy against excess or pathological gambling behaviour, and pursuing principles of rationality and proportionality, to strike a balance between the need to safeguard health and the need to protect public security and the business interests of Concessionaires and local business that are key components of the legal gaming supply chain.

In 2013 Sisal initiated discussions with State Institutions and Regional Governments and confirmed its commitment to identifying effective measures to prevent pathological gambling and protect vulnerable consumer groups

As of April 2012, despite the aforementioned State exclusivity status, the gaming market was subjected to a local, in-depth standardisation process, primarily intended to prevent excessive gaming behaviour by applying increasingly stringent prohibitions.

To date, eight Regions and several dozen Municipalities have passed and published laws or regulations that, with varying levels of stringency and provisions, set limits to the offering of legal gaming operations within the territories of their respective jurisdictions.

The Bank of Italy

The Group's payment services are provided through the Sisal Payment Institution, which operates under the authorisation and oversight of the Bank of Italy

Through Directive 2007/64/EC on payment services in the internal market, European regulators established the objective of integrating retail payment services market within the EU so as to optimise payment costs and terms in the interests of consumers. At the same time they have gradually reduced cash transactions in order to ensure higher traceability of capital flows. The directive also introduced a new class of authorised Operators, called Payment Institutions.

The EU directive was transposed into Italian law by the D.Lgs. no. 11 of 27 January 2010, and introduced a new class of specialised Operators, alongside incumbent industry Operators, with the objective of increasing competition, hence creating favourable conditions for new Players to enter the market with their innovations and new technologies incentivising the transition from cash payments to more efficient and more easily traceable methods of payment.

The law provides that the Bank of Italy be responsible for the regulation and supervision of Payment Institutions. The statement delivered during the hearing of the Head of the Bank of Italy's Supervisory Department before the Finance Commission of the Italian Parliament on 27 October 2011 (published on www.bancaditalia.it) states:

“ The Bank of Italy – in its capacity as Control and Supervision Authority for the payments system – is committed to supporting all European and national initiatives designed to increase competition in the European retail payments market by increasing its efficiency and reliability. The necessary prerequisite to achieve this is to ensure fully consistent technical, regulatory and procedural conditions within the European Union. ”

The establishment of a new supervisory system, that is proportionate to existing risks, seeks to ensure that the market offers intermediaries possessing the appropriate organisational, financial and technical resources required to operate in full compliance with the new standards. The new framework intends to increase efficiency, security and Consumer protection, while leaving market Players free to choose their business strategies and their offering of payment instruments and methods.

Quicker transaction times and faster availability of funds are part of a process that has gradually lowered costs for consumers and which began with the introduction of the euro and increased industry competition. In compliance with this new legislation, Sisal Group S.p.A set aside the required “dedicated assets” (“patrimonio destinato”) and , following conformity assessment by the Supervisory Authority, was included in the register of Payment Institutions under article 114-septies of D.Lgs. 11/10.

4.5 Our Shareholders

Both large and small investors place their trust in the Sisal Group. The Group's Corporate structure is organised at all levels of the chain of corporate control to ensure transparency, participation and financial soundness. Control of the operating Companies is held by Sisal Group S.p.A.. The sole Company shareholder is Gaming Invest S.à.r.l., a company indirectly held through

Special Purpose Vehicles by:

- > **Apax and Permira**, international private equity funds
- > **Clessidra**, an Italian private equity fund
- > The Family of **Founding Shareholder Molo**
- > The **Company CEO and Senior Management**

4.6 Banks and the Financial Community

The Sisal Group is subject to constant evolution with its rapidly expanding business and with collected revenue in excess of 13.3 billion euros in 2013. All revenue volume managed by the Sisal Group is channelled through the banking system and consequently, the Group has well established relations with all the leading credit institutions with national and international operations.

The Group considers Banks as its key Partners and follows a policy of maximum transparency in its banking relationships

To ensure a corporate policy based on the highest possible degree of correctness, frequent meetings are held to share business information. Group performance reports are circulated on a monthly basis.

more guarantees to fulfil all obligations under the concession, such as tax repayments and winnings payouts to Players. Conversely, payment service Partners require guarantees for the capital managed on their behalf, since cash is withdrawn from the Network of points-of-sale on a weekly basis but individual contracts contain different repayment deadlines.

During the first half of 2013 the Sisal Group issued its first ever Bond and substantially reduced its bank debt. The covered-bond issue, amounting to 275 billion euros at a nominal yearly interest rate of 7.25% and a September 2017 maturity date, not only enabled pre-existing debt to be rescheduled but also provided a financial instrument that publicly classifies and certifies the quality and solvency of the Group by obtaining a rating from the main rating agencies.

Moreover, owing to the complexity of its many business lines and the volume of its

Breakdown of commitment appropriations

| Banks | 2013 | 2012 | 2011 |
|------------------|------|------|------|
| UNICREDIT | 33% | 30% | 28% |
| INTESA SANPAOLO | 24% | 24% | 24% |
| B. POP. MILANO | 16% | 14% | 12% |
| BANCO POPOLARE | 11% | 12% | 12% |
| MPS | 7% | 10% | 13% |
| B. POP. BERGAMO | 5% | 5% | 5% |
| C. RISP. BOLZANO | 3% | 3% | 5% |
| OTHER BANKS | 1% | 1% | 1% |

investments, the Group avails itself of an extensive range of financial instruments, including suretyship; leases; factoring; short, medium and long-term funding; etc. In particular, short-term funding consists primarily of credit lines on commitment appropriations that are used to issue guarantees to the Group's major counterparties, notably ADM and the leading operators in the Services sector.

For each concession, ADM requires one or

The covered bonds were listed on the market reserved to institutional and professional investors (ExtraMot). At the time of issue they were assigned a B1 rating by Moody's and B by Standard & Poor's with a stable outlook.

The excellent rating given to the debenture loan, and the equally positive response to the offering, resulted in the Bond offering being fully underwritten at satisfactory financial conditions, proving the Group's abi-

lity to document and guarantee its credibility and solvency.

The Group is therefore approaching national and international financial markets pursuing an approach based on openness, dialogue and complete transparency.

Following the Bond issue, the 745 million euros syndicated loan obtained in 2006, comprising credit lines with different maturities and amortisation schedules, was partly repaid and partly renegotiated.

In particular, bond issue proceeds not only repaid 270 billion euros of the syndicated loan and an additional 5 billion of a short-term loan, but maturities on the principal were also rescheduled to 2017.

Compliance with debt covenants continues to be met. The syndicated loan is provided with variable Euribor-linked rates of interest in addition to a spread, that varies by line, ranging between 3.50% and 4.25%.

As the table clearly shows, the credit lines and financial activities are not concentrated with one bank, but evenly spread between banks, enabling the Group to diversify its risk profile and to allocate its operations on the basis of committed credit lines.

The Group's net financial position, not counting the non-recurring items that were paid during the year and details of which are provided in the following Chapter on Sisal's Economic Sustainability, remained in line with 2012, despite significant technological investment and new acquisitions.

% Breakdown of medium-long term syndicated credit lines

| Banks | 2013 |
|-------------------|-------------|
| RBS | 32% |
| MIZUHO | 16% |
| CREDIT AGRICOLE | 15% |
| UNICREDIT BANK AG | 15% |
| INTESA SAN PAOLO | 14% |
| B. POP. MILANO | 3% |
| UBS LTD | 3% |
| OTHER | 2% |

4.7 The ongoing exchange with our Points-of-sale Network

The Retail Network, the structure, organisation and activities of which are described in detail in one of the sections of Chapter 1, is another key stakeholder for the Group, which considers the role of its Network as crucial in developing a strong relationship with Consumers. With the Stakeholder Engagement model in mind, Sisal is committed to updating and training its Network, primarily through a dialogue process, in regards to its range of games and services.

Contact Centre – Services for Retailers

A dedicated, controlled-access Contact Centre has been created for point-of-sale personnel: it can only be accessed by authorised users, hence ensuring full confidentiality. The Contact Centre is staffed by Operators who receive regular training and who, in 2013, were able to provide first-call resolutions to 82 queries out of every 100 received. Queries included both technical and administrative issues.

The Contact Centre can be accessed in several ways so as meet a variety of needs: email, telephone, fax and gaming terminal applications.

2013 service levels for inbound calls maintained the previous year's trend in excess of 95%; the Service Level Agreement (SLA) standards set by ADM for NTNG procedures were met in full.

The Retail Network

The Retail Area is supported by two dedicated web portals: one for Sisal Retail Outlets, the other for Sisal Entertainment Operators.

The Retail Outlet portal (www.ricevitorisalisal.it) is managed by the Trade Marketing team and provides direct communication with the Sisal Retail Outlets.

Key contents:

- useful information pages for Retail Outlets with details about the complete Sisal offering (games, betting and payment services)
- user-friendly pages providing quick access to pools or game information (results, competitions, archives, etc)
- a download area with printable material for point-of-sale displays (advertising posters, pools/game data, winning tickets)
- gaming rules and FAQs

The Operator portal (gestore.sisal-slot.it) is dedicated to providing direct communication to Sisal Slot Machine Operators. Like the Retail Outlet portal, it provides product and service updates and information.

Sisal News

"Sisal News" is a quarterly publication for Point-of-Sale personnel. It provides the entire Network with information about current and upcoming Company initiatives.

Key contents:

- "Cari Ricevitori" ("Dear Retailers"), a column with editorial content written by the Lottery and Services Sales Manager to inform Point-of-Sale personnel about performance results and future objectives
- sections providing insights into Group initiatives, news about Sisal products (lotteries, services, betting etc.) and information about ongoing Corporate Social Responsibility initiatives
- "Zona Rice", a section in which Point-of-Sale personnel can voice their opinions and share their point of view, featuring interviews, photographs and comments

Terminal messaging

Gaming terminals are the most secure and most direct way to communicate with points-of-sale. Sisal sends daily messages about new products, special initiatives, wins, pools reports and much more. Terminals can also send “pop up” messages for instant notification.

Point-of-Sale personnel training

Sisal fosters the development of its Point-of-sale Network and the dissemination of its Sustainability and Corporate Social Responsibility values through the implementation of innovative training programmes.

The programmes include specific training focused on gaming and payment services – particularly in relation to regulatory and Consumer protection issues – as well as on more general issues such as entrepreneurial development for Point-of-Sale personnel.

As regards its teaching methods, Sisal started using an e-learning or distance-learning management system platform as early as in 2008. The system allows users to access online, self-study courses from any PC with an Internet connection (24 hours a day and 365 days a year).

The online training catalogue comprises 6 courses and covers 3 macro areas: Games and Services, Regulations, Marketing and Communications

Audio-visual lessons, illustrations and exercises provide Point-of-Sale personnel with easy-to-learn content that can be put to immediate use.

Category Management

The Category Management programme has the purpose of providing all the Group Network with a comprehensive approach to displaying the Lottery offering, which is presented with a consistent image throughout all points-of-sale, making it recognisable as belonging to the Sisal brand; at the same time an innovative game proposition has been launched on the basis of key drivers for purchasing: rewards and frequency. The project consists in fitting out all points-of-sale with two display elements:

- a countertop display case to hold all the NGNT playslips
- a bulletin board with information about winnings and draw dates.

In 2013, these display elements were installed in 6,500 points-of-sale. In 2014 it is expected that installation will be completed throughout the Network.



“Rimettiti a nuovo”

In 2013, Sisal launched the “Rimettiti a Nuovo” competition (“Renew Yourself”; also “Renovate”) with the following objectives:

- motivate Retailers to use the display material according to the Visual Merchandising Guidelines.
- deliver practical support to business
- communicate with the Network using an innovative approach

All the Retailers were eligible to enter the competition just by uploading a photograph of their displays to a dedicated website or to Facebook.



A jury selected the best display and the winner’s prize was a full-scale renovation of his or her point-of-sale.

1,000 Retailers entered the competition in 2013 and 4 points-of-sale were renovated. During the first six months of the 2014 edition, 6,000 Retailers entered the competition.

Master Course in Business Training

The Master Course in Business Training was established in 2013: it provides a business focused training and is exclusively dedicated to Retailers.

The Master programme provides participants with field-tested techniques and methods to further increase their professional competence in managing a point-of-sale.

Training modules build up key competences in strategies and methods to increase sales using the *Bacheca dei Sistemi* (Systems Board) and visual communication techniques in points-of-sale.

3,400 Retailers took advantage of this opportunity in 2013 and results have been encouraging: the points-of-sale of programme participants have seen an average revenue increase of 76%, and the total gaming receipts of the best Retailer actually doubled. Encouraged by these successful results in 2013, Sisal decided to replicate the Master in Business Training in 2014 enlisting 3,500 Retailers from 70 Italian cities.

The Matchpoint Network

To establish ongoing dialogue between company Headquarters and points-of-sale across Italy, Sisal Matchpoint has developed several tools, each of which meets different communication needs:

- “La Lavagna” (“The Whiteboard”) is an in-house quarterly magazine. It is printed and mailed to all points-of-sale to inform Retailers of initiatives, business developments and any news related to the Sisal Group
- an intranet portal for technical and service announcements. Programmes, leaderboards, scores, information sheets and any material required for the proper professional management of a point-of-sale are posted daily.
- messages displayed on gaming terminals. This tool is used to send urgent information and provide real-time notifications to the Points-of-sale.

The most important and comprehensive part in Retailer communication is managed by the Field Manager and Area Manager groups that respectively coordinate the activities of Key Account Executives (in charge of the Partner Area) and the Directly Operated Store Managers (RPVs): their primary role is to supervise the Points-of-sale under their responsibility.

4.8 Our Business Partners

Suppliers

Sisal entertains relationships with many Suppliers who are an integral part its business activities.

The gaming and services market is constantly evolving and Sisal is well aware that its competitive lead can only improve if it pursues continuous improvement in

Sisal offers its Suppliers direct and transparent communication and a sharing of responsibility

terms of efficiency and innovation both in its product/services offering, and in its business models. Additionally, these objectives are achieved through an open-ended process of finding and activating new Suppliers, paying particular attention to value-innovation propositions.

At the same time, Sisal pays close attention to complying with new gaming legislation and to meeting Stakeholders' expectations. Such objectives can only be met by establishing good working relationships with the whole supply chain and by fostering increasingly better levels of performance. Based on the Group's key activity areas, Suppliers are grouped into the following sourcing categories:

- Gaming terminals
- Gaming materials
- Logistics and transport services
- Hardware installation and maintenance services
- Call Centre services
- Media, events, marketing, and market research
- Voice and data communication services
- Hardware and software
- Gaming platform Suppliers
- Consultancy services
- Renovation tenders
- Services for people and buildings in the Points-of-sale

Under its Quality Management System, the Company implements an evaluation and qualification procedure for all Suppliers of materials and services directly affecting the final Customer and processes. Sisal verifies that all purchased equipment, materials

and services meet specified requirements. Suppliers are evaluated on the basis of their compliance with contract and order provisions as well by monitoring variances between the service levels actually delivered against the levels stipulated by Service Level Agreements (SLAs).

By monitoring Service Level Agreements and evaluating specific elements, such as compliance with delivery times and specifications or the correct preparation of technical and administrative documents, an overall analysis of individual Suppliers can be made and a Vendor Rating Index can be calculated twice a year.

This provides a complete, ongoing monitoring process of supplier performance and continuous opportunity for improvement.

In accordance with D.Lgs. 231/01, Sisal has adopted a Code of Ethics and Conduct which states that the Company must maintain an open and direct dialogue with its Suppliers with the aim of establishing the highest possible level of cooperation to ensure that, in respect of quality, costs and delivery times, the needs of the Company and of its final consumers are consistently met.

Sisal collaborates with its Suppliers in the management of business risks and in optimising products and services in an effective and efficient manner.

All Sisal Suppliers are acquainted with the Corporate Code of Ethics and Conduct; they can request a hard copy of the Code or alternatively they can read it on the Company website. Additionally, the contract between Suppliers and the Company includes a specific commitment to complying with the Code's regulations and principles.

Digital-platform Partners

Playtech, an Israeli global market leader in the development of online gaming platforms, is a Business Partner of Sisal's Online Gaming Business Unit, supporting the Group for the online Bingo, Casino and Poker offering. Playtech has been in the remote-gaming industry for over 12 years, and currently has over 2,000 employees. It is listed on the London Stock Exchange and operates in all the main regulated European markets.

All of Playtech's product portfolio as well as its RNG (Random Number Generator) system have been certified by TST-GLI, an international Vancouver-based certification company.

The Playtech group has always been engaged in promoting Responsible Gaming and contributes actively to the initiatives of the Great Foundation, a UK based charity that deals with compulsive gaming issues. It is also a member of the Remote Gambling Association (RGA), the industry association that drafted the "Social Responsibility Code", a set of Responsible Gambling rules of conduct.



Neogames is the Sisal Entertainment Partner for Quick Games, instant-win online games in the fixed-odds games-of-chance category. Neogames was established in 2005, and subsequently specialised to become world leader in the "instant win" sector of games. The company's presence in Italy is currently limited to its partnership with Sisal. The company's portfolio of games and its RNG (Random Number Generator) system are certified by Itechlabs, a major certification body based in Australia.

The Neogames gaming platform is designed to be highly flexible and can be adapted to meet the requirements of different regulated Countries. In accordance with its own Responsible Gaming policy, the company offers full support to its Partners in identifying and managing problem Players

and providing protective procedures such as wager and deposit limits, self-exclusion facilities and monitoring of gaming behaviour.

GameAccount Network is a world leader in B2B development and in the supply of gaming platforms and online content. It is listed as GAME on the Enterprise Securities Market (ESM) of the Irish Stock Exchange and on the Alternative Investment Market (AIM) of the London Stock Exchange.

GameAccount Network has well-established European operations and is an online games Concessionaire for industry Operators in the UK, in Spain and in Italy. Notably, in 2013 it became a Sisal Entertainment Partner in its online slot machine gaming offering and has acted as online platform aggregator for several major physical slot machine manufacturers, including Bally, IGT and Aristocrat.

Game Account is not only the leader in the development of online casinos, it also develops online versions of traditional casino proprietary slot machines on behalf of their producers,

Giocaonline is an Italian company specialising in the conception, design and production of online card games and is a Sisal Entertainment Partner for its range of Skill Games.

Applying the best available technology, it delivers reliable products that feature high entertainment value. The Company's strength lies in its gaming experience and its attention to detail.

Thanks to its repeatedly proven professional approach and driven by its passion for the world of games and interactive entertainment, Giocaonline pursues a project based on the ideas of its founders which the company develops with the support of specialists from leading Italian and international agencies.

The games portfolio and the RNG (Random Number Generator) system are certified by SIQ, an ADM-accredited certification company with international experience.

Payment Services Partners

The Sisal Group cooperates with several high-level Partners from cross-cutting Industries:

- leading operators in the mobile and fixed telephony industry and in the digital and satellite television market
- multi-utilities that are leaders in the electricity, water and gas markets
- authorised tax collection agencies; Local, Regional and Central Government
- leading banking institutions
- consumer credit companies
- insurance companies
- transport companies
- shipping and money transfer companies

In particular, in the Video Lotteries sector, Sisal Entertainment has signed important collaborative and supply agreements with:

Inspired Gaming Group: the leading provider of VLTs and Virtual Sports products in Italy and over 33 markets worldwide. The company is the market leader in Internet gaming, managing more than 35,000 endpoints on its Open SBG CORE™ VLT platform. Inspired's "Virtual Sports" are present in more than 20,000 halls as well as online, with over half of the world's leading bookmakers.

Spielo: a Canadian company with over 20 years of experience in the gaming market. It operates across five continents and has approximately 200,000 active gaming machines, including some 17,000 video lottery terminals in Italy.

Bally Technologies: an American company that dates back to 1932. It currently develops and manufactures a broad range of gaming products and technologically advanced systems that can be found in over 600 gaming outlets worldwide.



Retail Gaming Partners

The Sisal Group cooperates with leading international Partner Companies: Its Business Partners provide games and connection platforms for ADI gaming machines.

Novomatic: one of the largest international gaming companies with operations in 80 markets and with over 230,000 installed gaming-machines. Novomatic is the market leader in the Italy for installed VLTs and for gaming-machine performance.



4.9 Associations

Sisal and the Italian Industry Associations

Federazione Sistema Gioco Italia

Sisal is a member of the two leading Italian Industry Associations in the gaming industry: Acadi (Associazione dei Concessionari degli Apparecchi da Divertimento e Intrattenimento, the association of ADI/EGM Concessionaires) and Giochi e Società; both are in turn federated, together with other Associations, within Sistema Gioco Italia, the federation of the Gaming and Entertainment industry, a member of Confindustria

Servizi Innovativi e Tecnologici (a part of the Italian Employers' Confederation, Confindustria).

Sistema Gioco Italia was established as a federation of six industry Associations which specialised in specific market segments and which had previously been active in industry representation initiatives. The six Associations are:

- Acadi, which was established in 2006 and whose current President is a member of Sisal's management
- Giochi e Società ("Games and Society"), which was established in 2008 with a focus on online betting and gaming
- ACMI (Associazione Nazionale Costruttori Macchine Intrattenimento – National Association of Entertainment Machine Manufacturers)
- AS.TRO – Assotrattenimento (Associazione dei Gestori degli Apparecchi da Intrattenimento – Association of Entertainment Machine Operators)
- Federbingo (Associazione Nazionale Concessionari Bingo – National Association of Bingo Concessionaires)
- Federippodromi, the Association of the main Italian race tracks for flat-racing and harness-racing events

The main aim of the Federation is to represent cross-industry interests and develop joint strategies and proposals, mainly in the

fields of fiscal policy, the protection of legality, employment and human resources, as well as in technological innovation and communication.

In 2013 Sistema Gioco Italia identified strategic and operating guidelines which, thanks to the open climate created by the new institutional website www.sistemagiocoitalia.it, were developed following three main objectives:

- Represent the common interests of the gaming industry with respect to its relations with all institutional and non-institutional Stakeholders, particularly ADM.
- Foster and promote industry advances in respecting the Values of legality, correctness and professional ethics, social rules and safety.
- Promote a collective role for the industry vis à vis the representation systems of businesses and associations, with the aim of improving operating conditions for companies and their employees where regulatory issues, taxes, union representation and labour law are concerned.

2012 is the year Sistema Gioco Italia was established, with the active contribution of Sisal and other relevant gaming Concessionaires; however, 2013 marked its consolidation together with the introduction of major initiatives including the Commercial Communication Guidelines, the "Master Plan" for the Review of the distribution of gaming machines (details can be found in the following paragraphs) and actions intended to support ADM in developing technical rules for the next generation of machines (the so-called "ADI 3"s).

Summary of the "Master Plan"

- Reorganisation and redevelopment of the Gaming Retail Network to streamline its offering and increase safety, control and professional competence.

Sistema Gioco Italia defends the interests of 6,600 gaming industry companies providing jobs to over 200,000 employees directly or indirectly

Just months after the award of the new nine-year concession for the operation of entertainment machines, and with public opinion increasingly polarised between neo-prohibitionists and liberals, Sistema Gioco Italia felt the need to undertake as realistic a review as possible to determine which steps and activities had proven positive and which instead required adjustments, both in institutional and business terms.

The Plan, presented by Sistema Gioco Italia during the second quarter of 2013, has the aim of setting out a possible benchmark and concurrent process to be followed for the future evolution of the current distribution system for entertainment machines (as specified in art. 110.6 of the Consolidated Law Enforcement Act (TULPS) and known as ADI (“Apparecchi da Divertimento e Intrattenimento”; in English, EGMs, Entertainment Gaming Machines), in the direction of a model capable of providing solutions to critical issues that have recently surfaced, in an attempt to assess the relative impact on tax revenues and on the manufacturing and distribution supply chains.

Highlights of the illegal-network mapping process carried out with ADM and the Customs and Finance Police (Guardia di Finanza)

- In-depth examination of illegal gaming establishment of clear rules, and provision of concrete instruments to undertake administrative proceedings.

Sports betting is the Italian gaming sector that is most affected by illegal and irregular gaming. Despite the recent years of gradual expansion of the Retail Network (both bricks-and-mortar and digital) operated by Concessionaires, there has been a constant growth in the number of points-of-sale operating nationwide outside of the law and outside the rules set by ADM.

The legal Network² comprises:

- 1,250 outlets (so-called “Bersani” betting shops)
- 2,000 shops (following licenses being awarded by the 2012 tender)

- 4,215 sports corners

For years now, a parallel network³ has been active alongside the legal Network. It is “underestimated” as numbering some 4,000-5,000 points-of-sale and, despite law enforcement measures, its growth is more than proportional when compared to that of the legal Network.

In view of the above-described situation, together with other Operator Members of Sistema Gioco Italia, Sisal has undertaken a survey into the illegal network in Italy: this enquiry became the starting point for discussions on the actual proportions of the issue, but also about possible initiatives to be adopted to prevent illegal gaming. At the same time, in-depth research on illegality has been initiated to create a common knowledge-base to be shared with all industry Stakeholders. These initiatives have provided all the information required to establish a correct framework within which to consider the issue in regulatory and jurisprudential terms.

The illegal betting shops identified by the survey have revealed that the problem is mainly concentrated in those areas of the Country in which betting revenues are highest. A further, very important issue that has been identified is that the illegal network is not easily recognisable as such by Players. Illegal betting shops have the same features as the legal Points-of-sale: they are commercial premises with visible street windows and technical equipment fully comparable to that of legal premises. This clearly leads to the likelihood of confusion for Citizens in terms of the kind of product they are purchasing and its related legal safeguards.

Since November 2013, owing to the increasing proliferation of the problem, the co-operation between ADM and the Concessionaires that belong to Confindustria was further strengthened by the establishment of Giochi e Società’s Tavolo di Coordinamento Legale (“Legal-Coordination Panel”), the purpose of which is to provide support to ADM in identifying measures to combat illegal gaming.

2. Source: ADM website, www.aams.gov.it

3. ADM has repeatedly cited the existence of this network and attested to its negative effects with respect to the legal Network (see Notices on Sports Betting specifically those referred to 2009-2012)

AIIP – Associazione Italiana Istituti di Pagamento (Association of Italian Payment Institutions)

Sisal joined AIIP in January 2012 with the aim of expanding Group relations into a new area of business, beyond its traditional remit. It also intended to acquire a better understanding of the field of Payment Services and their evolution. AIIP was established with the purpose of advancing and supporting the development and the growth of, as well as fostering awareness and information about, Payment Institutions and Financial Operators authorised to provide Payment and other Services.

AIIP also represents its members before relevant Authorities and promotes research, legal support and training through the organisation of seminars, conferences and discussion panels. The Sisal Group is represented both in the Executive Committee of AIIP and in several thematic study and research work groups.

Through its participation in EL and the WLA, Sisal favours and promotes progress in the gaming industry, fostering respect for the Values of legality, safety and professional ethics in Europe and the world.

Sisal and International Industry Associations

For some years now, Sisal has been a member of European Lotteries (EL), an independent International Association established in 1999 which acts as an umbrella organisation for State lotteries and authorised gaming Operators throughout Europe. During the EL Congress in Tel Aviv in June 2013, Emilio Petrone, CEO of the Sisal Group, was elected to the Executive Committee of the Association for the 2013-2015 period, while other Company managers were included in thematic EL working groups. Through the umbrella coordination provided by EL, Sisal keeps abreast of all European gaming legislation initiatives.

Through its participation in EL and the WLA, Sisal favours and promotes progress in the gaming industry, fostering respect for the Values of legality, safety and professional ethics in Europe and the world.

In 2013, the Company took an active part in the review of Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on preventing the use of the financial system for the purpose of money laundering and terrorist financing, and has implemented the requirements set out by the European Commission's action plan on remote gaming, with a focus on the necessary steps to counter illegal gaming and with an aim to protecting Consumers and promoting gaming activities responsibly.

In 2013 Sisal obtained a renewal of the EL certification regarding Responsible Gaming Standards.

The World Lottery Association (WLA), an organisation that has Sisal among its members and that represents internationally the authorised lotteries active in several countries, also renewed the certifications that attest to Sisal Group's committed effort in planning, developing and implementing its Responsible Gaming Programme.

In February 2014, Sisal gained an extension of the certifications from both international bodies, so that not only the NTNG – National Totalisator Number Games ("GNTN – Giochi Numerici a Totalizzatore Nazionale"), but Sisal's entire gaming range, is now certified.

This has confirmed the Company's care and concern for the protection of Players, through a commitment to preventing gaming by minors and to promoting a culture of Responsible Gaming.

Also in the area of Responsible Gaming, Sisal has carried out specific market research aimed at analysing the social impact of pathological gaming and at preventing it through steps that are more and more effective and consistent with European best practices.

4.10 The Environment

An overall concern for the Environment is a key part of the Company's Corporate Social Responsibility program. Sisal demonstrates its commitment to protecting the environment through a number of specific projects, all of which feature the common goal of reducing pollution and waste.

Company Employees and Associates are therefore expected to behave responsibly, managing natural resources in a sound and balanced way.

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

- Recycling
- Energy saving
- Reducing Consumption
- Reducing the Environmental Footprint

Recycling

In all eating areas and in areas close to printers, containers have been positioned for the recycling of glass, plastic, aluminium and paper. Special training events for Employees and office cleaning staff have been organised in the Company's offices in Rome, in cooperation with AMA S.p.A. (a local Waste Disposal Utility Company). Moreover, AMA S.p.A. has provided "Ecobox" containers that have been placed according to AMA's directions. Staff cooperation and engagement has been outstanding: Sisal Employees have shown great attention to the issue of recycling.

The correct disposal of waste is one of the major areas in which the Company and its Employees can act upon their commitment to the Environment.

Energy Saving

Slogans such as Più Attenzione – Meno Illuminazione ("More care – Less lighting") have contributed to informing staff about some of the small everyday gestures they can perform, starting with switching off all electronic devices and lights before leaving Company premises. Cleaning and reception staff has also contributed to the overall energy saving

drive by switching off lights in offices and common areas at the end of its shift.

Reducing Consumption

To avoid unnecessary printing of materials, the Company has set up an in-house management system for multifunction printers that combine copying, scanning and printing capabilities. A central server gathers jobs that are sent to print: printing can only be started if initiated by Employees, who are required to log in with their credentials using the device keyboard. If a print order is not entered within a few hours, the server automatically cancels the print jobs.

At Sisal, reducing paper use is our main focus in reducing consumption

During 2013, data was collected and used to create an information programme that will be distributed in 2014 to Employees who make frequent use of multifunction printers. A paper-document outsourcing campaign (for invoices, consignment notes, etc.) was also initiated so as to optimise document consultation and avoid unnecessary duplication. To complete this project, Sisal monitors the market on an ongoing basis to identify suppliers who are competitive both in terms of costs and paper manufacturing processes.

In 2014, digital signature methods will be used by the Points-of-sale Network for contracts, with the intent of further reducing the use of paper. Expected paper savings are of approximately 90,250 sheets of paper.

Reducing thermal-paper consumption

Reorganised logistics and better management of shipments and deliveries to points-of-sale have delivered significant reductions in the consumption of rolls of thermal paper on the Extrema, Leonardo, Microlot and Xpos gaming terminals.

Further consolidation of these initiatives generated additional paper savings of

141,755,242 metres, or 689,558 rolls in 2013, compared to 2010. Additionally, Sisal has chosen to work only with suppliers of thermal paper who certify and guarantee that all their production processes are totally bisphenol free (in particular bisphenol A).

Basis-weight reduction for Gioca Facile Game Cards

In 2013 the Sisal Network maintained its commitment to reducing paper consumption in its points-of-sale by reducing the basis-weight of Gioca Facile game cards.

In 2013, the benefits of this decision were estimated as having saved approximately 22 tonnes of paper per annum and it is hoped that similar results will be upheld in the coming years.

Reducing the Environmental Footprint

FSC® Certification

Starting in 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 better levels of environmental sustainability. All of



the Logistics Division gaming materials Suppliers are FSC® (Forest Stewardship Council) certified.

The FSC® label certifies paper that has been sourced from sustainably and responsibly managed forests, in compliance with rigorous environmental, social and economic standards. Since 2012, the backing of all rolls of thermal paper distributed by Sisal bear, in addition to the FSC® logo, the message “Environment and health-friendly paper”, underscoring the Company’s commitment to the Environment.

The FSC® is an international, independent and non-profit NGO whose members include pro-environment and social-activism groups, indigenous communities, forest

property owners, timber trading and processing industries, as well as scientists and technicians, who together strive to improve global forestry management. FSC® Italy was founded in 2001 and was officially recognized in 2002 by FSC® International. The Council is active in many areas, including:

- the definition of sound forestry management standards in accordance with the principles and criteria of FSC® International and adapted to the forested areas of Italy
- the provision of technical assistance and detailed information on FSC® certification
- the promotion of the FSC® label and the supervision of its appropriate use
- the exchange of know-how and information between entities involved in forestry management and timber processing
- the promotion of studies and pilot projects related to sustainable forestry management, certification and the market for certified forestry products.

Electric cars for the Company vehicle fleet

Sisal has acquired four electric cars, and a fifth will soon be added, for staff work-related travel in Milan and Rome.

The cars are emission-free and can circulate freely during traffic restriction periods. Additional advantages include unrestricted circulation within the “Area C” congestion-charge area in Milan, and free parking in Rome in the pay-to-use parking areas marked by blue stripes.

Electric vehicles are used by Staff for short trips and for daily routine services, as well as by maintenance engineers performing maintenance operations in restricted traffic areas in both Milan and Rome. The vehicles have travelled a total of 22,000 km and reduced by 2.6 tonnes the amount of CO₂ emissions that would otherwise have been released into the atmosphere.

Elimination of plastic bags from the Network distribution process

With the objective of paying greater care to the Environment, the Company has decided to eliminate plastic bags when delivering ga-

ming materials to Points-of-sale. The Sisal Logistics Division has consequently increased its level of attention in monitoring and distributing such materials.

Optimisation of logistics processes

Sisal has reviewed and reorganised its logistics processes with the aim of optimising shipments and eliminating over-consumption in material delivery and collection procedures. The supply and logistics services review process entailed the involvement a significant number of potential suppliers and led to several new partnerships.

The Company's analysis and implementation of all its logistics processes started in 2010 and continued through 2013 with the goal of continuous improvement.

The key elements of the logistics process review are:

- a scheduling of national shipments
- creation of a new optimised logistics model, customised for Company requirements
- real-time monitoring of inventory held by Points-of-sale
- real-time tracking of shipments
- reduction of CO₂ emissions

The reorganisation of the logistics process that was initiated in 2011 led to an annual reduction in CO₂ transport emissions of 525.55 tonnes compared to 2010. In 2012 and 2013, the optimisation process led to a further reduction of 75 tonnes.

Stock Store programme

In 2013 shipments to points-of-sale were further optimised through the Stock Store programme, which manages and monitors Points-of-sale stock levels and re-ordering. It also monitors paper consumption levels.

Under the Sisal Logistics system, all the Sisal Network points-of-sale receive a once-a-month delivery (known as National Delivery), with additional extraordinary shipments in the event of unplanned requirements. Through efficient point-of-sale invento-

ry management in 2013, the number of shipments between National Delivery dates dropped to 1,355, compared to the previous figure of 1,950.

A sustainable supplier for the management of catering services

Fri70, the company handling Sisal catering services, has introduced a variety of eco-friendly best practices. These include a photovoltaic module system that produces the energy requirements for its offices and warehouses; a rainwater-collection system for the Company's water requirements; the use of CNG (natural gas) powered cars and vans (euro 5); low energy consumption and low CO₂-emissions automatic vending machines. Furthermore, in line with its corporate development policy, Fri70 has obtained environmental certification according to UNI EN ISO 14001 standards.

Strategies pertaining to the use of automatic vending machines will be reviewed with the Supplier so as to improve delivery efficiency while lowering energy expenditure.

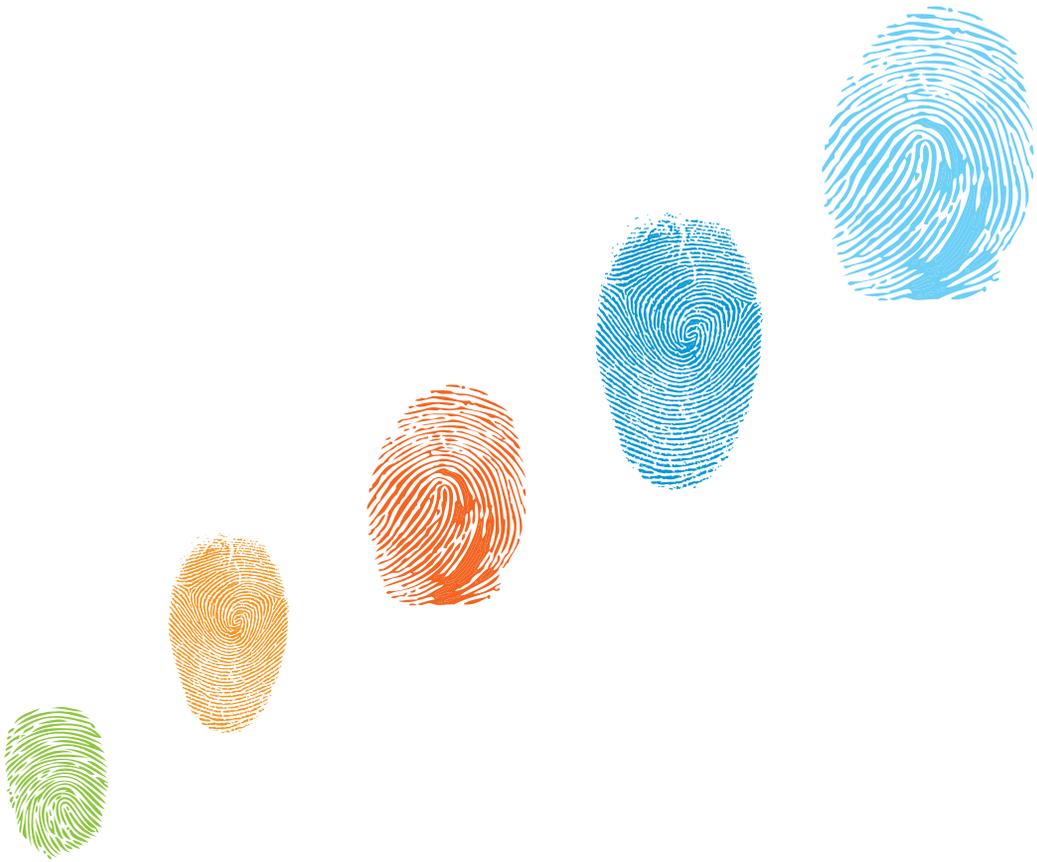
"100% Energia Pulita" certification

Sisal is committed to using energy from renewable sources. In 2012 this commitment was rewarded by the "100% Energia Pulita" ("100% Clean energy") guarantee certificate issued by Energetic Source, its supplier. Additionally, the Sisal Logistics Division has launched a project inviting all of its suppliers to use only renewable energy.

The Company's supplier relationship with Energetic Source was renewed in 2013, stabilising energy consumption levels to approximately 11 gigawatts. The use of energy from renewables as opposed to conventional energy sources avoided the release of approximately 7,000 tonnes of CO₂ into the atmosphere.

In managing its catering activities, Sisal follows best practices to deliver "zero impact" service

The Sisal Logistics Division has adopted material handling management procedures to monitor the environmental impact of Company activities on an ongoing basis.



We innovate to grow

Our focus is on innovation and growth. A Group that truly believes in research invests in its future

Financial Sustainability

The economic performance of the Sisal Group and the Company's financial strategy are based on a financial sustainability template focused on constant innovation and on the goal of playing a dynamic, responsible leading role in the Italian economy and society.

5.1 The Value of Innovation

Sisal has always been driven by the challenge to innovate, hence to anticipate and meet the demands and expectations of Italians.

Consequently, the Company created an “Open Innovation” model to respond to its renewal and growth needs. Today, this has become an important driver for growth that can generate enduring value by investing in technology, diversification and enhancement of its offering, as well as in its retail channels.

Product and network innovation is one of the pillars in Sisal’s strategy. This focus has enabled it to become the first Operator to introduce lottery winnings in the form of annuities, and slot machines in the online gaming market.

The Group has also been highly innovative in the retail channel by introducing new formats and brands. With their innovative concept, for instance, the Sisal Wincity gaming halls deliver an experience that combines quality fun and entertainment.

The innovation process has also extended to the Payment and Services market, with the new SisalPay brand giving the Company a way to develop new payment solutions that make life easier for consumers. SisalPay provides innovative easy-to-use, simple and safe payment methods for utility bills, mobile pop-ups, pre-paid cards, TV licenses, healthcare prescription fees and much more.

The group also aims to continually improve Consumer experience by adopting new technology that provides more interactivity with Consumers: for instance, mobile applications or tablets available at Branded channel Points-of-sale.

The strong link between innovation and growth has thus transformed the Company from what it was in 1946 into a diverse Group that is now active in the Gaming market and in the Payment and Services market, offering consumers a choice between the Retail channel, with its country-wide presence, and the Online channel.

Therefore, Consumers can now enjoy legal gaming as well as carry out a variety of useful daily transactions in a fully safe and responsible framework.

5.2 Financial performance

Italian Gaming market 2013
Total turnover
~84
billion euros

The turnover of legal games in Italy was 84 billion euros, with a 3 billion euro decline (-4%) compared to 2012 (87 billion euros) and a growth rate of 11% for the 2009-2013 period.

Despite a slight downturn last year, performance levels are still high enough to preserve the leading role of the industry within the national economy.

Payout, which is the amount that returns to Players in the form of winnings, grew from 68.2% in 2007 to 80.7% in 2013, reaching an amount of 68 billion euros.

A significant amount has therefore been returned to Players in the form of winnings, partly thanks to the introduction of games with increasing payouts, such as in the case of the new online games for which the payout is approximately 97% but can be even higher. Consequently, the actual expenditure by the public, which is defined as the difference between total turnover and paid out winnings, has not experienced significant variations between 2009-2013.

The growth recorded in the 2010-2011 period, caused by the significant growth rates of total turnover, was offset during the 2012-2013 period.

During the course of 2013, the Sisal Group reported a total turnover of 13.3 billion euros (-3.4%). The Gaming market recorded an overall downturn, of approximately 11%; while the Services market showed a further 6.7% growth, totalling business volumes of 6.3 billion.

The chart summarises key economic and operating results and their evolution over the last two-year period. In 2013 some non-recurring expenses were excluded, notably the one related to the application for settlement based on payment of a reduced amount – equal to 76,7 million euros – in the dispute between the Group (and other equivalent licensees), and Corte dei Conti (Italy's Court of Auditors) (so-called "Contenzioso Slot" litigation).

In 2012 the penalty of 16.5 million euros, levied against the Group by ADM for not reaching the minimum turnover for NTNG games during the last two-month monitoring period (May-June 2012), as established in the concession agreement, was paid out.

Total turnover
Sisal Group 2013

13.3
billion euros



The evolution of business operations was also affected in 2013 by cyclical factors like the general stagnation of consumption, with a particular impact on the traditional games and lottery markets, and the increase in taxes on revenues from entertainment gaming machines. The contraction was however partly offset by a return to higher margins in the sports fixed-odds betting area.

The Company reacted to the weak economic situation on the one hand by extending and diversifying its offering, and on the other by strengthening the control and optimisation of its cost centres.

Gross profit margin was consequently in line with the prior year and operating margin was 32% higher than in 2012, allowing the Group to undertake a further substantial investment campaign, for a total of approximately 60 million euros, to renovate and expand its systems and technology infrastructures. Sisal hence complied with the Covenants established by the main outstanding loan contracts.

| | 2013 | 2012 | Change | % |
|---------------------------------------|----------|----------|----------|-------|
| Total Revenues and Income | 772,337 | 823,395 | (51,058) | -6.2% |
| Normalised EBITDA | 171,270 | 171,646 | (376) | -0.2% |
| Normalised Operating Profit | 65,798 | 49,717 | 16,081 | 32.3% |
| Normalised profit (loss) for the year | (22,410) | (27,525) | 5,115 | 18.6% |

Figures in thousands of euros

5.3 Sisal's Contribution to the Italian Taxation

Italian Gaming market
5.6%
of GDP

The size of the gaming market in Italy accounts for approximately 5.6% of the national GDP in terms of gross receipts and approximately 1.1% in terms of real expenditure by the public. It therefore makes a substantial contribution to the Country's public finances, despite a limited decline in tax revenues due to the macro-economic and industry trends illustrated above.

In 2013, total tax revenue from gaming stabilised at approximately 7.9 billion euros, with an average rate of decline in the last 5 years of approximately 2.7%.

Of this figure of 7.9 billion euros, approximately €1.1 billion comes from Sisal gaming re-

ceipts. Of this lower figure, approximately €0.6 billion is generated by the National Totalisator Number Games. NTNG games (SuperEnalotto, SuperStar, Vinci per la Vita – Win for Life, SiVinceTutto SuperEnalotto and EuroJackpot) are among the most popular and best known by the public, but also among the most profitable in terms of tax revenue.

In order to establish an overall picture of the cash flows deriving from gaming operations, one must identify the key actors involved: Players, Points-of-sale (outlets, agencies, sports and horseracing betting shops, gaming halls, etc.), Concessionaires, other parties in the revenue collection chain (the so-called "Gestori", or "Operators", of electronic gaming machines), and ADM.

Sisal collects cash flows from the weekly activities of the points-of-sale and makes payments to the Tax Authority and to its Commercial Partners on the basis of relevant regulations and agreements.

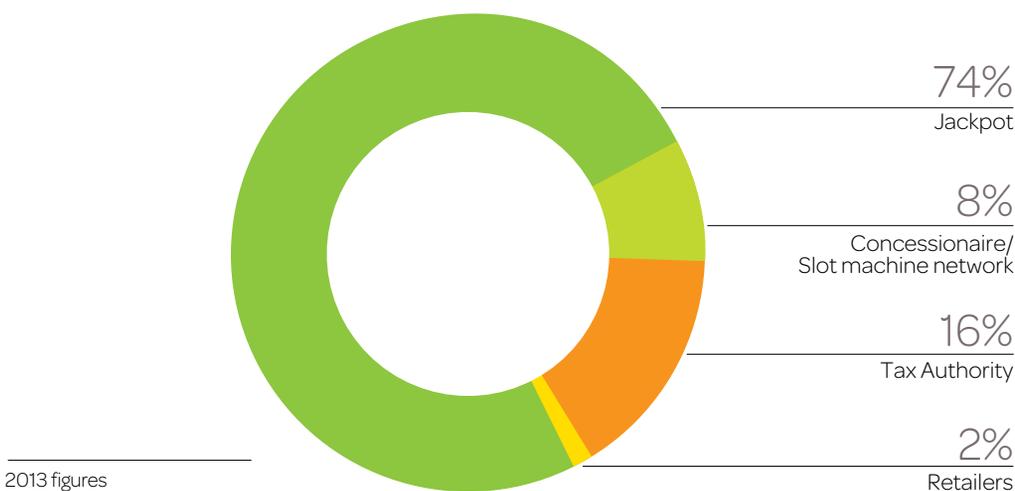
The overall market payout in 2013 was approximately 81% of total receipts. Players received approximately 68 billion euros in winnings, compared with €70 billion in 2012 (-3.8%), while 9.9% of receipts, net of taxes, went to Concessionaires and the local gaming revenue collection chain.

The figures to be considered with regard to the Sisal Group's performance in 2013 are as follows:

Per il Gruppo Sisal nel 2013, le voci da considerare sono:

- receipts of approximately €7 billion
- total payable winnings of approximately €5.2 billion (just over 74% of receipts, in line with 2012 figures)
- total taxes of approximately €1.1 billion, equivalent to approximately 16% of turnover, compared to a market total of approximately 9%
- fees paid to national Networks of approximately €0.1 billion
- fees paid to Group Concessionaires of approximately €0.5 billion

The chart below shows the percentage breakdown of the Group's total gaming turnover.



5.4 Wealth Creation and Distribution

Sisal's 2013 consolidated figures have been reclassified to highlight the Value added production process, i.e. revenue net of intermediate costs, after neutralising the effects of non-recurring charges, primarily related to the previously mentioned settlement of the so-called "Contenzioso Slot" litigation.

Value added reflects wealth generated by the Group during the year and then distributed among Stakeholders. Total Gross Value added, including depreciation/amortization and impairment losses, amounts to 33.9% of total production Value. Total Net value added is 20.3%. No Government funding was received.

The Group has not been subject to significant penalties for legal or regulatory non-compliance; the previously mentioned so-called "Penale GNTN" (the €16.5M "NTNG penalty", levied against the Concessionaire by the Granting Authority for not attaining

the minimum guaranteed receipts during the last two-month monitoring period of May-June 2012, out of the 18 laid down in the relevant agreement), cannot be defined as such.

Likewise, the previously mentioned reduced-payment settlement of the so-called "Contenzioso Slot" litigation allowed the Group to reach a final settlement after many years of legal proceedings and move beyond a prolonged period of uncertainty, without incurring in any admission of guilt, as already clearly excluded by the Administrative Court.

Moreover, the proceedings can in no way be construed as alleged tax evasion in view of the fact that the complaint only related to alleged non-fulfilment of technical and functional obligations during the start-up and operations stages of the entertainment machine network.

Value Added | Figures in thousands of euros

| | 2013 | % |
|--|----------------|--------------|
| A Value of production | 772,337 | 100.0% |
| Revenue from sales and services | 772,337 | |
| B Intermediate costs of production | 512,566 | 66.4% |
| Materials, auxiliaries and consumables | 10,657 | |
| Service costs | 450,237 | |
| Leases and rentals | 20,716 | |
| Provision for risks | 4,837 | |
| Other operating expenses | 26,119 | |
| GROSS SPECIFIC VALUE ADDED | 259,771 | 33.6% |
| Financial income | 2,237 | |
| TOTAL GROSS VALUE ADDED | 262,008 | 33.9% |
| Depreciation/amortisation, impairment and revaluations | 105,437 | |
| TOTAL NET VALUE ADDED | 156,571 | 20.3% |

The Total Net Value Added in 2013 amounted to €156.6 million and was apportioned among Stakeholders as follows:

- 51.9% paid out to Employees as salaries
- 6% paid out to Government through direct and indirect taxation
- 53.4% was paid to Financial Institutions for borrowed capital
- 3% was earmarked for local Communities
- -14.3% is the impact of the net loss for the Company

Distribution of Value Added | Figures in thousands of euros

| | 2013 | % |
|---------------------------------------|----------------|---------------|
| A Staff Remuneration | 81,298 | 51.9% |
| Staff Costs | 76,640 | |
| TFR (Staff severance indemnities) | 4,658 | |
| B Transfers to the Authorities | 9,426 | 6.0% |
| Direct Taxation | 6,852 | |
| Indirect Taxation | 2,574 | |
| C Loan repayments | 83,628 | 53.4% |
| Charges on short term capital | 777 | |
| Charges on long term capital | 82,851 | |
| D Return on risk capital | 0 | 0.0% |
| Profits distributed to third parties | 0 | |
| E Return for the Company | (22,410) | -14.3% |
| Retained earnings | (22,410) | |
| F Community support | 4,629 | 3.0% |
| Local taxes and duties | 2,258 | |
| Donations | 279 | |
| Sponsorships | 2,092 | |
| TOTAL NET VALUE ADDED | 156,571 | 100.0% |

3.0%

given to benefit
the Community



The CSR Executive Committee consists of:

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Director of Marketing and Communications

Marco Caccavale

Director of the Lottery BU

Andrea Castellani

Director of Internal Audit and Risk Management

Mario Corti

Director of Legal and Corporate Affairs

Francesco Durante

Director of the Retail Gaming BU

Giovanni Emilio Maggi

Director of Institutional Relations

Andrea Orlandini

Director of Human Resources and Organisation

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and of the Online Gaming BU

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Carraturo Dante, Castrignanò Chiara, Cinotti Cristiano,
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The Sisal 2013 CSR Report and Action Plan's Italian edition were produced with the support of Olivares Consulting and in particular:

Federica Olivares
Marina Lanfranconi
Franco Bompani
Anna Clerici

Edizioni Olivares
Editorial work and coordination
(Italian edition)

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Graphic design

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