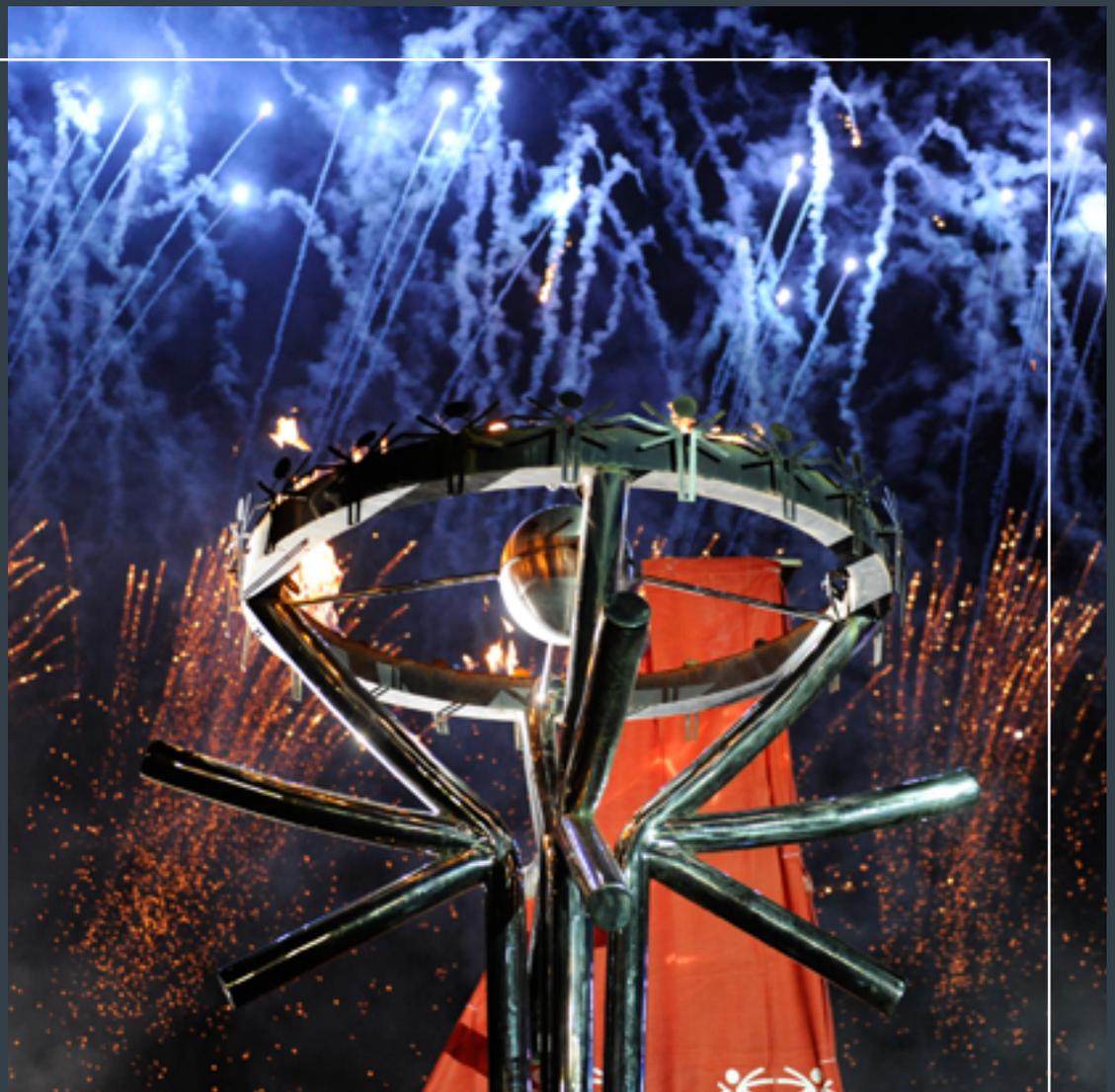


SNAITECH

Snaitech Group
Sustainability Report **2018**



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Sustainability Report 2018

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Letter to stakeholders (GRI 102-14)

Dear readers,

with the 2018 Sustainability Report, we illustrate the results of a process increasingly oriented towards integrating social, economic and environmental responsibility within our company.

Snaitech Group's sustainability strategy is based on an awareness of the social, rather than economic and financial, implications of our business. For this reason, technological choices, product innovation and the management of sales channels are the basis of business growth increasingly geared towards opposing illegal gaming/gambling and the negative impact of excessive gaming/gambling activities. All this is achieved by ensuring complete and proactive compliance with the provisions of the law, ensuring maximum protection for the player.

In terms of corporate responsibility, during 2018 the group devoted the maximum attention to the internal stakeholder, namely the women and men of Snaitech Group. This choice was born from the need to strengthen the value system and the shared corporate culture, following the important integration process of the last three years. To pursue this goal - which is not accounted for by an indicator but is of fundamental importance for Snaitech - we have implemented a series of engagement activities dedicated to employees, aimed at strengthening the sharing of principles and values reported in the Ethical code, such as responsibilities, passion, innovation and participation.

With this in mind, we launched the "My Special Days" initiative, the first corporate volunteering endeavour, a real charitable call to action, open to all employees, organised for the XXXIV Giochi Nazionali Estivi Special Olympics

the sports programme dedicated to people with intellectual disabilities. Membership exceeded all expectations: 130 employees took up the challenge and entered the competition field with Special Olympics athletes, experiencing the most beautiful values of sport with them. Snai Sesana Racecourse in Montecatini Terme was the protagonist of this important initiative where the Opening Ceremony of the Games was carried out, which was attended by over 3,000 athletes from 177 delegations throughout Italy. During the year, the moments of sharing among employees also within our offices were intensified, thanks to the launch of various projects in collaboration with the charitable associations supported by the Group, entrusted to the subsidiary iZilove Foundation.

In order to give a voice to the spread of corporate culture, a new internal communication tool was also inaugurated in 2018: the IN Newsletter. The goal is to disseminate corporate storytelling while giving priority to the direct involvement of the employees, called upon to provide their own contribution for each edition to enrich the contents of the newsletter. The year 2019 will mark a further step forward from this point of view. In fact, we are already working on the implementation of new tools that also aim to simplify and improve everyday work activities.

In addition to engagement initiatives, employees were involved in training courses, a fundamental lever for fostering integration, supporting organisational changes and guaranteeing the growth of talent. In particular, the total hours of training have almost doubled over the three-year period.

The other pillar of sustainability for Snaitech is linked to the environment. The natural attention to this issue comes from the management of the three owned Racecourses and has spread over time to all the Group's activities. Over the three-year period, energy consumption has decreased by 28%. In addition, for 2019, Snaitech is committed to signing agreements that will lead the parent company to purchase 100% of renewable electricity. The distinctiveness of the racetracks differentiates the Group from the other players in the sector and represents an identifying element that we preserve and value through constant attention to making resources more efficient.

From the point of view of the socio-economic impact of its activities, the calculation of the added value highlights the significant contribution of Snaitech's activities towards the community. In the three-year period, the added value distributed to stakeholders increased by 3% and in 2018 generated a value of more than 1 billion euros for the Public Administration.

2018 was also a year that marked an important step for Snaitech in its growth. With the integration in the Playtech Group - a major international gaming player, listed on the London stock exchange and already an important industrial partner - Snaitech has strengthened its position at the top of the gaming sector, affirming its leadership towards all stakeholders of reference. This change represents an important turning point also in terms of sustainability strategies. In fact, thanks to the results achieved in 2018, Snaitech contributed positively to the Playtech report, offering support in an experience consolidated over the years.

We are excited to continue the adventure towards an increasingly sustainable business, also thanks to the awareness of our contribution in the United Nations Sustainable Development Goals which, this year, are an integral part of this report.

Enjoy reading,

Fabio Schiavolin
Chief Executive Officer Snaitech

GROUP IDENTITY

The Group and its values (GRI (Global Reporting Initiative) 102-16)

"Snaitech has always been sensitive to the principles of corporate social responsibility, planning its financial activities in line with the principles of sustainable development, an idea of development according to which the needs of economic efficiency and legitimate profit must be consistent with environmental protection and social development."
 Introduction to the Ethical code

Snaitech, one of the main operators in Italy in the gaming and betting sector, bases its corporate decisions on the ethical principles and values described below.

Responsibility: being responsible means acting with respect towards all stakeholders, paying constant attention to the achievement of challenging objectives and the implications of economic sustainability in every activity and ensuring continuity of results in a timely manner and in the best possible way.

Passion: in a company for which sport is one of the instruments which make up its corporate culture, passion emerges as a fundamental value in the drive to face work commitment with dedication and participation. It means accepting challenges and getting involved in project activities with continuity and sharing the results with all colleagues and stakeholders.

Innovation: continuous research and constant attention to new products, solutions and cutting-edge opportunities that technological evolution offers to the companies, also with help of the best professionals, are aimed at achieving the goal of establishing a successful innovation process that is the result of a shared system of organisation, roles, responsibilities, processes and coordination tools.

Participation: in a company, undergoing continuous innovation, born from the integration of two different realities and experiences, the involvement and adoption of common values is particularly important. This means encouraging the exchange of knowledge and skills for continuous personal enrichment and promoting communication in order to enable a real involvement of all stakeholders with the ultimate goal of reaching common goals with enthusiasm.

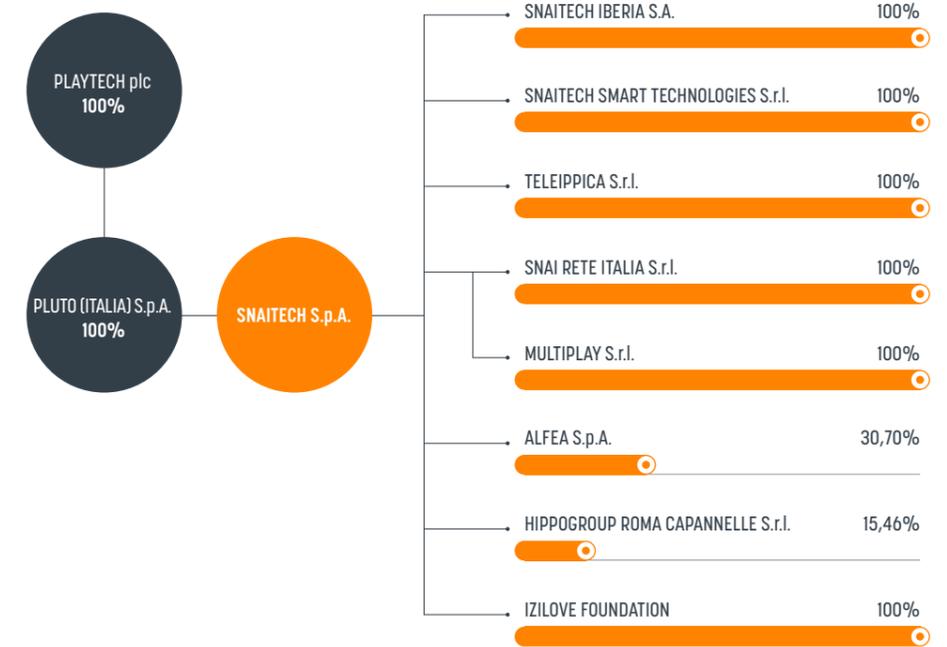
Group Structure

SNAITECH PROFILE (GRI 102-1; GRI 102-10)

Snaitech Group is controlled by Snaitech S.p.A. which has its registered office in Milan, in Piazza della Repubblica 32, and it has other operational headquarters in Rome and Porcari (LU).

The Group operates in **the gaming and betting sector** and is the result of various extraordinary operations that strengthened its position on the reference markets of the original Snai S.p.A., maximising important synergies thanks to the complementary aspects of the various businesses and improving economic and financial performance.

(GRI 102-5; GRI 102-9; 102-45) At 31.12.2018, the Group's corporate structure is as follows:



The Group is 100% controlled by Playtech plc⁽¹⁾ following the acquisition transaction described below.

On 11 April 2018, Pluto (Italia) S.p.A. - a company indirectly controlled by Playtech plc - signed a sale and purchase agreement (subject to conditions precedent) with Global Games S.p.A. - controlling shareholder of Snaitech S.p.A. with a 55.533% stake of its share capital - and OI-Games S.A. - shareholder of Snaitech S.p.A. with a shareholding equal to 15.028% of its share capital - for the purchase of a stake equal to 70.561% of Snaitech S.p.A.

On 5 June 2018, after the conditions precedent set forth in the sale and purchase agreement had been fulfilled, Global Games S.p.A. and OI-Games S.A. sold 70.561% of Snaitech S.p.A.'s share capital to Pluto (Italia) S.p.A.

After conclusion of this transaction, Pluto (Italia) S.p.A. launched a Public Tender Offer; at the end of the subscription period, Pluto (Italia) S.p.A. reached a stake of at least 95% of Snaitech S.p.A.'s share capital. Pluto (Italia) S.p.A. exercised the right, in accordance with the legal requirements, to purchase the remaining shares pursuant to article 111 of the TUF (Consolidated Law on Financial Intermediation), also fulfilling the obligation to purchase pursuant to article 108 of the TUF, giving effect to a single procedure agreed with Consob and Borsa Italiana effective from 3 August 2018.

Borsa Italiana, in compliance with the provisions of article 2.5.1 paragraph 6 of the Stock Exchange Regulations, ordered suspension of Snaitech shares from the listing on Mercato Telematico Azionario (screen-based stock exchange), organised and managed by Borsa Italiana, in the sessions of 1 and 2 August 2018 and their revocation from the listing starting from the session of 3 August 2018.

⁽¹⁾ Playtech plc, a company listed on the Main Market of the London Stock Exchange, is an industrial operator of primary standing, with about 5,000 employees in 17 countries worldwide, particularly active in the B2B market, thanks to the supply of its own software and other services to many of the major players in regulated online, retail and mobile gaming.

Parent Company (GRI 102-7)

Snaitech S.p.A. is responsible for the management, organisation and approval, using its own resources or those of third parties, of regular concessions, authorisations and/or licences in relation to betting of any type, competitions with odds, lotteries and games.

The Company manages the operation of fun and gaming machines, takes care of the deployment, rental, management and use of telecommunication or IT networks required by the services mentioned above, and promotes sporting events, competitions, tournaments, games, shows and events of all kinds.

Following the merger by incorporation, in December 2017, of Trenno S.r.l. into Snaitech S.p.A., the Parent Company now manages the racetracks of Snai San Siro, Snai La Maura in Milan and Snai Sesana in Montecatini Terme.

Subsidiaries

Snai Rete Italia S.r.l. is a gaming and betting business, with 8 gaming venues located throughout Italy⁽²⁾.

Teleippica S.r.l. manages satellite television channels dedicated to transmission of horse races and research programmes on issues related to gaming and betting on behalf of MIPAAFT (Ministry of Agricultural, Food, Forestry and Tourism Policies).

iZilove Foundation is an autonomous and non-profit organisation that works towards achieving goals of social solidarity in the area of social assistance, charity, education and training, and also supports culture, art, and scientific research.

Snaitech Smart Technologies S.r.l. was established at the end of 2017 with a corporate purpose of, among other things, research, design, implementation, construction, production, set-up, marketing, purchase, sales and contracts, support and maintenance of equipment, products, electronic and IT technology, software and hardware.

Snaitech Iberia S.A. was established on 26 January 2018 with the corporate purpose of organising, marketing and managing games in Spain.

MULTIPLAY S.r.l. was established on 17 December 2018 with the purpose of streamlining public gaming/gambling activities through bets on sporting events other than horse racing, National Horse Racing and lawful wager collection through so-called "AWP (Amusement With Prizes)" and "VLT (Video Lottery Terminals)" gaming machines.

Associated companies and other investee companies

Alfea S.p.A. manages the Ippodromo del Galoppo (Flat horse racecourse) and the Pisa San Rossore training centre.

Hippogroup Roma Capannelle Srl⁽³⁾ manages the Rome Capannelle Racecourse.

(GRI 102-13) Snaitech S.p.A is a member of the **Associazione Concessionari Apparecchi da Intrattenimento (ACADI - Entertainment Machine Licensees Association)**, which operates in the area of computerised management for legal gaming using networked devices (AWP and VLT), and develops and promotes strategies and proposals for the growth of the sector, consumer protection, support for the rule of law, employment growth, optimisation of tax leverage and technological innovation. ACADAI is also in direct contact with the Customs and Monopolies Agency and the national and international institutions that have jurisdiction in the field of regulated gaming.

⁽²⁾ The gaming points include Bologna Saffi, which is not operational and excludes Snaitech Porcari and Roma Ghislieri.

⁽³⁾ According to the Italian Civil Code, the company is no longer an associated company but an investee company.

PRESENCE IN THE TERRITORY AND NUMBER OF EMPLOYEES (GRI 102-4)

○ Corporate locations ● Directly managed agencies



Governance (GRI 102-18)

The Parent Company Snaitech S.p.A. has adopted a traditional governance model which comprises the following corporate governance bodies:

- Board of Directors;
- Shareholders' meeting;
- Board of Auditors

The governance bodies also include **Supervisory Board** and an **External Independent Auditor**.

Further details can be found in the Financial Statements of Snaitech S.p.A.

BOARD OF DIRECTORS (BOD)

Central body of the corporate governance system, the BoD is vested with the widest powers for the ordinary and extraordinary administration of the company and is responsible for making decisions concerning economic, environmental and social matters.

At the end of 2018, the average age of the members of the Board of Directors in office was 48 years and 3 out of 7 members are women (43%). The Directors were appointed by the Shareholders' Meeting of 18 July 2018 and will remain in office until the approval of the Financial Statements for the year ending at 31 December 2020.

► MEMBERS OF THE BOARD OF DIRECTORS (GRI 405-1)

FIRST NAME AND LAST NAME	POSITION	YEAR OF BIRTH
Moran Weizer	President	1975
Fabio Schiavolin	CEO	1969
Andrew James Smith	Director	1976
Andrea Nappa	Director	1967
Raffaella Viscardi	Director	1975
Chiara Palmieri	Director	1970
Mara Vanzetta	Director	1967

Also on 18 July 2018, the Board of Directors set up three internal committees, listed below.

- The **Remuneration Committee** deals with the assessment of the adequacy, overall consistency and remuneration policy of Directors and Executives with strategic responsibilities.
- The **Control and Risk Committee** has the task of supporting the Board of Directors and the Board of Statutory Auditors in their assessments and decisions.
- The **Related Parties Committee** solely consists of independent directors; its task is to express opinions on transactions with related parties in order to ensure transparency and correctness.

As a result of the delisting - described above - the Committees have been dissolved.



WITH THE INTEGRATION IN THE PLAYTECH GROUP, AS A MAJOR INTERNATIONAL GAMING PLAYER, SNAITECH HAS STRENGTHENED ITS LEADERSHIP TOWARDS ALL STAKEHOLDERS OF REFERENCE.

SHAREHOLDER'S MEETING

The Shareholders' Meeting resolves in the ordinary and extraordinary session on the matters envisaged by the Law and by the Articles of Association. Among its major duties, in addition to the approval of the Financial Statements, are the appointment of the Board of Directors and the members of the Board of Statutory Auditors.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is responsible for verifying compliance with the Law and the Articles of Association, compliance with the principles of correct administration and the adequacy of the internal audit system. It works in close coordination with the External Independent Auditor and with the Internal Audit function.

OVERSIGHT COMMITTEE

In particular, it is responsible for verifying that the organisation and control model prepared is effectively adhered to by all relevant parties within the Group and that it is effective, adequate and suitable for preventing the crimes identified by the Decree.

EXTERNAL INDEPENDENT AUDITOR

The External Independent Auditor firm is in charge of the statutory audit of the accounts. On 12 June 2019, the company Price Waterhouse Coopers S.p.A. was replaced by BDO Italia S.p.A.

► **The Group's certifications**

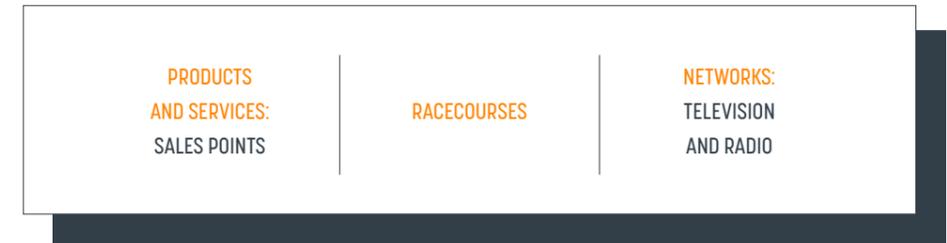
A number of years ago, the Parent Company, Snaitech S.p.A., started a project that led to the implementation, constant evolution and expansion of the Company management systems to protect all of its stakeholders and customers, in particular:

- the **Quality Management System**, certified based on the ISO 9001:2015 standard;
- the system of prevention and protection of health and safety of its personnel, certified according to the OHSAS 18001:2007 standard;
- the **Information Security Management System**, certified according to the ISO 27001:2017 standard and which, during 2017, was renewed

for the Porcari headquarters and extended to the corporate offices of Milan and Rome.

Snaitech is certified for the activities of collecting bets on horse racing and sports games, selling sports contest bets, providing IT services in preparation for the collection of horse racing and sports bets, running networks for the electronic management of legal gaming/gambling, management, development and sale of remote skill games along with cash prizes and planning and development of software systems for the acceptance of and collection of wagers.

Business activity (GRI 102-2; 102-6; 102-7)



PRODUCTS AND SERVICES: PHYSICAL NETWORK AND ONLINE NETWORK

The portfolio of games and bets offered by Snaitech Group covers the entire Italian market with **two networks, one physical and one online**, with an overall positioning among the market leaders.

The Group also carries out commercial scouting activities towards foreign markets.

Finally, Snaitech network is made up of over 7,000 points of sale in which value-added services offered and distributed under the Paymat brand are sold (**Snaipay** in 2019). Through this tool, the Group has become an important player in the field of payment services.

The physical network: Snaitech Shops and Corner Stores

The physical sales network for Snaitech games and services is one of the most extensive in the national territory and is made up of 2,141 betting points, of which 1,598 are through direct gaming concessions by the company and the remaining with the supply of specialised services to retailers of in-house licensed services.

In particular, the owners of points of sale with direct gaming/gambling licenses (retailers) are real commercial partners for Snaitech with whom they can establish a long-lasting relationship based on a training exchange and two-way know-how: on the one hand, Snaitech provides the complete franchise model and all associated training activities and in return receives the information relating to the management of the final customer relationship.

The gaming points under direct concession are divided between Snaitech Shops and Snaitech Corner Stores.



⁽⁴⁾ The figure refers exclusively to points of sale with sports concessions. Horse racing points of sale with single license are excluded.

In particular, the **Snaitech Shops** are specialised and dedicated to offering all types of games, equipped with cutting-edge technologies for the dissemination of information in real time in response to the needs of players (monitors with units, results, classifications, statistics, etc.). In addition, self-service terminals are increasingly present alongside the traditional gaming/gambling systems in the Shops.

The **Snaitech Corner Stores**, on the other hand, consist of rooms located in public establishments - such as bars, tobacconists and shopping centres - and adopt furnishings and technological solutions to better integrate with the reality of the store. Furthermore, the Corner Stores employ real-time information and wager acceptance systems.

The advantages that Snaitech ensures to managers of points of sale with direct gaming/gambling concessions consist of:

- reliability (transactions managed with maximum security standards);
- completeness of the range of games on offer, betting and payment services (which enable the sales point to become a reference space for customers);
- offering innovative and high-tech platforms that assure a simple and enjoyable use of games;
- a wide range of information for players.

The goal that Snaitech has set for itself, in its collaboration with retailers, is to setup the points of sale with real "smart spaces", both for retailer partners in managing their daily operations and for user-customers in their gaming experience.

► TYPES OF GAMES

AWP
AMUSEMENT
WITH PRIZES

AWPs are entertainment devices capable of attracting a broad customer base; they are installed in bars, tobacconists, betting shops and in dedicated gaming halls. AWP represents the traditional "slot machine" segment and are installed in public establishments subject to authorisation pursuant to the Consolidated Law on Public Safety Laws (TULPS).

The 2017 fiscal corrective budget defined the timeframe within which the number of AWP operating permits, as revised by the 2016 budget, should be implemented. Specifically, by 31 December 2017, the permits were capped at 345 thousand units and, by the deadline of 30 April 2018, the installed base could not exceed 265 thousand units. At 15 June 2018, following the audits by the Italian Customs and Monopolies Agency (ADM) and the publication of the list of devices to be reduced, Snaitech completed both the reduction phases envisaged by the aforementioned law, complying with the criteria and schedules imposed by ADM.

In light of these interventions, the AWP network, at 31 December 2018, included 11,232 businesses and managed a total of 38,547 devices.

VLT
VIDEO LOTTERY
TERMINALS

VLTs are new-generation amusement machines, aimed at a more specific and selected audience, which can be installed exclusively in dedicated halls and which offer a wider variety of games that can be fully controlled remotely.

At 31 December 2018, the VLT network included approximately 1,224 active halls.

SPORTS AND VARIOUS
EVENT BETTING

Snaitech, through this service, offers the possibility to predict the outcome of one or more events (sporting events, musical competitions etc.) among those authorised by ADM.

VIRTUAL SPORT

These are bets based on simulated sports and equestrian events thanks to software that recreates the main episodes of football events, tennis, cycling, greyhound races and horse races on the monitors. These bets integrate the Snaitech offer, meeting the customers desire to be able to place "fast" side bets (a virtual event that does not last more than five minutes) in addition to the traditional wager on real events.

HORSE RACING BETS

These are bets on harness, flat and jump racing events held in Italian and foreign racecourses.

The online network

The development of online games is a fundamental part of Snaitech's strategy. The online games are accessible from the website www.snai.it, through dedicated client software and on apps developed for iOS and Android devices, as well as mobile sites.

The online gaming/gambling offer includes horse racing, sports betting, virtual events, poker, skill games, online slots, eSports, casino games, bingo and lotteries, described in detail below.

► **TYPES OF GAMES**

SKILL GAMES	They consist of online tournaments of poker, "burraco", "briscola", "scopa" and other card games of the Italian folk tradition with cash winnings, as well as in sports competitions with virtual teams composed of real players.
ONLINE SLOTS	They enable users to play directly via the web, by downloading a free dedicated client, directly from the portal, from the mobile site or from dedicated Android and iOS apps.
eSPORTS	These are electronic games organised at a competitive level that offer the possibility of betting on tournaments based on video-game titles.
CASINO GAMES	These includes classic casino games like French and American roulette, black jack.
BINGO	In 2018, the game offered three different virtual card rooms, with incremental jackpots for each room.
LOTTERIES	The portal allows you to participate in major national and international lotteries.

The table below shows the main indicators related to the online games.

► **TRANSACTIONS CARRIED OUT IN THE YEAR** (GRI 103-2)

	2018	2017	2016
Game accounts active during the year*	413,466	270,308	188,379
Visits to websites	61,90,633	58,806,335	48,014,831
	+8,011,636 from mobile sites	+5,899,711 from mobile sites	
App downloads	284,000	268,000	232,000
GGR (Gross Gaming Revenue), in thousands of euros	129,862	102,422	76,448
Value of online winnings, in thousands of euros	1,926,664	1,515,424	1,143,617

* The figure represents the gaming accounts that have purchased at least one ticket on any type of product offered during the calendar year.

PAYMAT

Paymat (**Snaipay** in 2019) is a technology platform for the resale of value-added services, active 24 hours a day, through the use of web terminals, the latest generation Smartpos with integrated barcode camera and reader and self-service kiosks located in the sales points. Paymat enables distributors and retailers to offer their customers a host of innovative services.

The platform serves:

- Distributors, or organised entities with their own structure (B2B) that intend to develop their service offerings creating new potential for their customers or commercial structures;
- Final retailers (B2C);
- Snaitech Shops and Corner Stores;
- Arcade Rooms; Points of sale with New Slot machines.

RACECOURSES

Snaitech is the owner of three Italian racecourses: a flat and harness racing facility in Milan (Snai San Siro racecourse and Snai La Maura racecourse), with areas that include training tracks and accommodation facilities for horses, and a Harness Racecourse in Montecatini Terme (Ippodromo Snai Sesana).

In Snaitech's development strategy, the Racecourses are designed as aggregation spaces capable of providing a vast range of entertainment services, which make them accessible also outside of racing days. With this in mind, also in 2018, the racetracks have opened their doors to numerous initiatives of a charitable nature, carried out in collaboration with the non-profit organisations supported by the iZilove Foundation, the body of the Group dedicated to charitable causes.

The management of the Racecourses is the subject of various sections in this report, specifically in the part relating to the commitment to the territory, with specific attention to the Snai San Siro Racecourse value enhancement project and environmental impact awareness.

The Snai San Siro Racecourse

The Snai San Siro Racecourse Complex, built in 1920, is **one of the most prestigious horse racing venues at an international level**. The courses are considered to be among the most selective in the world and, thanks to their diversity, it is possible to run horse racing meetings over various distances in the flat, jump and cross country categories. The Racecourse and the training areas cover an area of approximately 1,200,000 square metres with over 60 racing days per year, for more than 400 total runs. The calendar includes the Grand Prix with Group and Listed races. The Snai San Siro Racecourse is a horse riding facility declared a monument of national interest.

The Snai La Maura Racecourse

The new Snai La Maura Racecourse was inaugurated on 9 May 2015. Named after an ancient farmstead in the Lombard style which occupies a large portion of approximately 200,000 square metres, the venue hosts approximately 70 racing days each year, for more than 500 races in total. The land was originally dedicated to training tracks for thoroughbred flat racing horses.

The new facility - **built with minimal environmental impact** - was developed using existing structures and the recovery of local materials (track foundation, turf and original San Siro harness racing course fence). The track is 1,050 metres long and is characterised by the high speed that the sulkies can reach, so much so that this venue has been referred to as "a record track". The racecourse also provides visitors with reception and catering services.

The Snai Sesana Racecourse

The Snai Sesana Racecourse is one of the main facilities in Central Italy. The facility is rooted in the urban and cultural context of the territory and covers an area of approximately 150,000 square metres, with approximately 40 race meetings each year, for more than 300 individual races. The equestrian complex has undergone **restructuring and refurbishment interventions in order to assure the highest technical and quality levels** for horses, drivers, coaches, owners and all visitors attending the races.

The horse racing season is between April and October and from the end of June to the beginning of September the races are held in the evenings. The focus of the season falls on August 15th every year, with the "City of Montecatini Grand Prix - Group 1 race", known as the "Ferragosto Grand Prix". Thanks to the collaboration with the Municipality of Montecatini Terme and the associations on the territory, the racing seasons are particularly rich in appointments and enjoy a significant turnout.

TELEVISION AND RADIO NETWORKS: THE GROUP'S MULTIMEDIA SERVICES

The Teleippica company, which has always been the multimedia reference point of the Group, provides a **comprehensive support system** for the creation of external video services, montages, videographic installations, stage set-ups during fairs or events organised by the Group, in horse racing disciplines in Italian and foreign racetracks as well as those with large international competitions and exhibitions such as the Fieracavalli and Enada events.

Operating with high definition systems, the Teleippica **television network produces 160,000 hours** of broadcasting per year in the areas of horse racing, show jumping, sports and virtual events.

A number of channels are produced for the MIPAAFT for which Teleippica gathers images daily from all the active Italian racetracks, in addition to the foreign racetracks included in the domestic schedule. Teleippica processes and manages images by inserting graphic contributions and productions in external and studio settings and then broadcasts them to various channels engaged in horse race betting and equestrian interests.

The channels produced for Snaitech are, on the other hand, dedicated to the transmission of virtual betting events, to the direct broadcasting of the entire schedule and to various live sporting events broadcast via satellite to Snaitech Group's betting network for wager collection points.

Lastly, the offer of multimedia services includes the creation of Snai **Web Radio** which can be heard in the shops and gaming points of Snaitech's betting venue network as well as streamed via a link to the site www.snai.it. The programme offered includes live coverage of all Italian and foreign races in the schedule. The chronicles are supplemented by sports news, interviews and insights.

SNAITECH'S APPROACH TO
SUSTAINABILITY

The conviction that ensuring the sustainability of the planet commands the endeavour of all sectors of society, both public and private, has strengthened Snaitech's commitment to conducting its business activities according to a three-way responsible approach in the areas of economy and finance, social engagement and environmental commitment.

Indeed, Snaitech is aware that it operates in a "sensitive" sector, and has already undertaken a course aimed at strengthening its adherence to sustainability principles that have been recognised globally for some years.

The UN Global Compact ^(GRI 102-12)

Since 2017, Snaitech S.p.A. has been inspired by the recommendations of the UN Global Compact and has taken on the goal of promoting corporate social responsibility.

UN Global Compact is a voluntary United Nations initiative, born with the intention of guiding companies all over the world towards the adoption of sustainable policies.

The initiative identifies four main areas of action (Human Rights, Labour, Environmental Sustainability and the Fight against Corruption) and envisages the application of 10 principles aimed at promoting long-term sustainability values through actions, policies, business practices as well as responsible social and civil conduct which also take into account future generations.

The ten principles of the UN Global Compact are presented below.

HUMAN RIGHTS	<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. Make sure that they are not complicit in human rights abuses. 	
GROUP RELEVANCE	<ol style="list-style-type: none"> 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. The elimination of all forms of forced and compulsory labour; 5. The effective abolition of child labour; and 6. The elimination of discrimination in respect of employment and occupation. 	
ENVIRONMENTAL SUSTAINABILITY	<ol style="list-style-type: none"> 7. Businesses should support a precautionary approach to environmental challenges; 8. Undertake initiatives to promote greater environmental responsibility; and 9. Encourage the development and diffusion of environmentally friendly technologies. 	
THE FIGHT AGAINST CORRUPTION	<ol style="list-style-type: none"> 10. Businesses should work against corruption in all its forms, including extortion and bribery. 	

Snaitech considers all the four areas mentioned above to be relevant, as can be seen from the results of the process which, in 2018, led to a redefinition of the material topics for the Group.

This process, presented in the paragraph dedicated to material topics for the Group, describes the connection between each material issue, the relevant point of the UN Global Compact and the Sustainable Development Goals (see the following section) on which business activities have a greater impact.

Sustainable development goals ^(GRI 102-12)

On 25 September 2015, the United Nations approved the **Global Agenda for Sustainable Development** (Agenda 2030) and its **17 Sustainable Development Goals** (SDGs) to be achieved by 2030.

The implementation of the Agenda requires a **strong involvement on the part of all the community actors**: companies, public sector, civil society, philanthropic institutions, Universities, research centres, information and cultural operators.

Also in this case, Snaitech believes it can offer its own contribution to the achievement of these goals. In this regard, during the preparatory work for the preparation of this 2018 Sustainability Report, the SDGs and the related targets on which Snaitech's business activities have the greatest impact were identified.

In particular, the goals and targets on which the Group believes it can act are the following:

	GENDER EQUALITY	TARGET 5.5. Ensure full and effective participation of women and equal opportunities for leadership at all levels of political, economic and public life decision-making.
	DIGNIFIED WORK AND ECONOMIC GROWTH	TARGET 8.1. Support economic growth per capita in accordance with national conditions, and in particular annual growth of at least 7% of gross domestic product in developing countries.
	LIFE ON EARTH	TARGET 15.1. By 2020, ensure the conservation, restoration and sustainable use of land and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and arid areas, in line with obligations under international agreements.
	PEACE, JUSTICE AND STRONG INSTITUTIONS	<p>TARGET 16.4. By 2030, significantly reduce illicit financing and arms trafficking, strengthen the recovery and return of stolen property and combat all forms of organised crime.</p> <p>TARGET 16.5. Significantly reduce corruption and abuse of power in all its forms.</p>

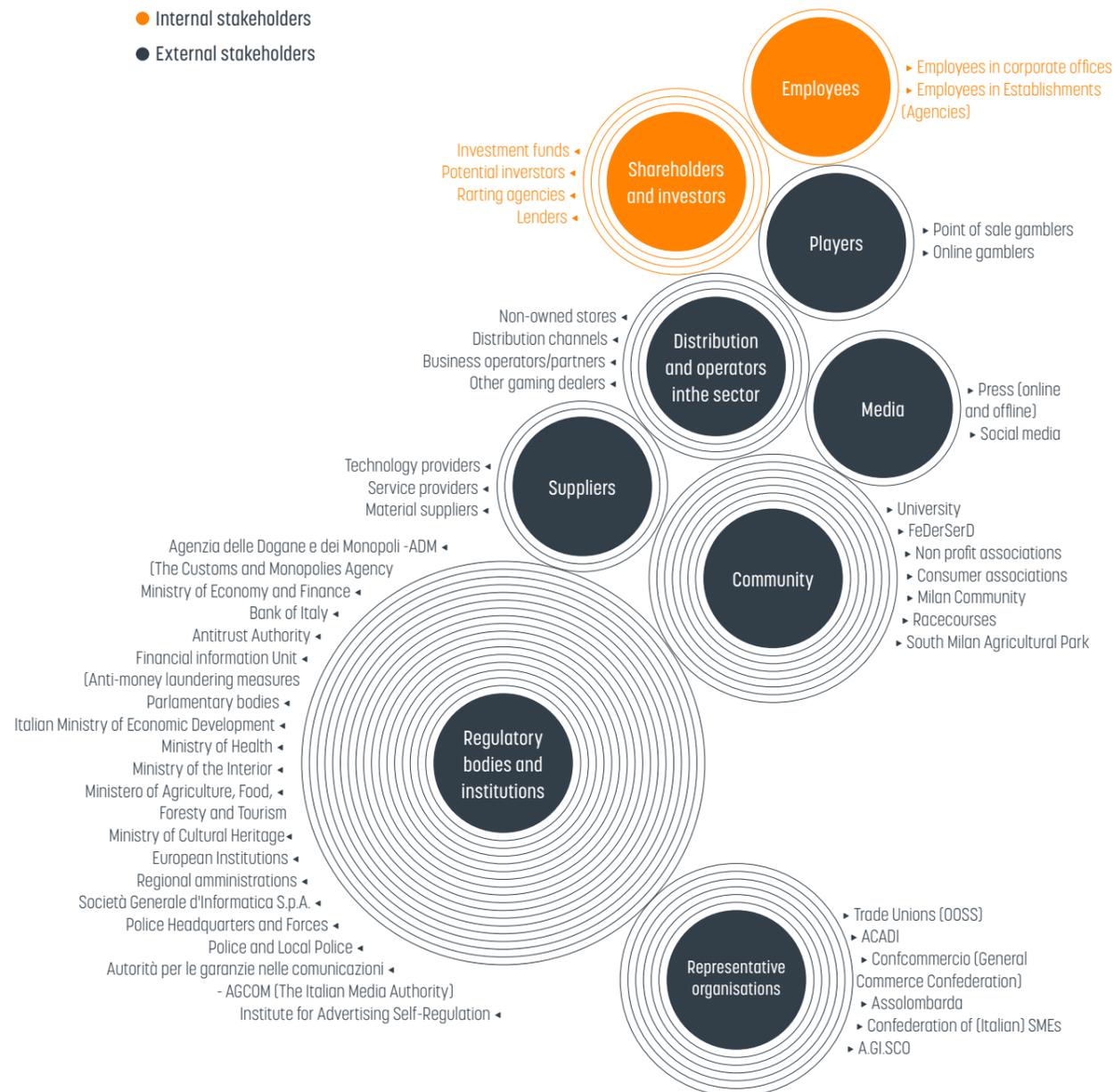
During 2019 Snaitech will undertake to carry out a second assessment phase with respect to the goals already defined in this report.

Sustainability issues for Snaitech Group (GRI 102-13; 102-40; 102-42; 102-43; 102-44)

STAKEHOLDER ENGAGEMENT

As defined by the adopted reporting framework, the GRI Standard, "stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the organization's activities, products, and services; and whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its goals".

The management of Snaitech, representing the Group, interacts daily with a large number of stakeholders classified according to the scheme shown below.



As described in this document and explicitly referenced in the Ethical code, which establishes the founding principles of the Group's relations with all stakeholders, Snaitech acts with fairness and impartiality avoiding any kind of discrimination, valuing its human capital with targeted policies, acts with honesty and requires the same from the counterparts, communicates externally and internally with transparency and completeness, actively engages in protecting the environment and persons and ensures the confidentiality of its own sensitive information and that of individuals.

STAKEHOLDER	INFORMATION AND INVOLVEMENT INSTRUMENTS
EMPLOYEES	<ul style="list-style-type: none"> Company intranet dedicated to employees Company notice boards Corporate volunteer Initiative ("My Special Days") Internal newsletter IN Business presentations
SHAREHOLDERS AND LENDERS	<ul style="list-style-type: none"> Company documents Company meetings Group Website Presentation events dedicated to shareholders
PLAYERS AND GAMBLERS	<ul style="list-style-type: none"> Interaction tools on the Group's sales site (gambling behaviour tests, customisation tools for the spending ceiling and self-exclusion methods) Information present on online gambling platforms and at points of sale (information kit) Contact centre
DISTRIBUTION AND SECTOR OPERATORS	<ul style="list-style-type: none"> Training activity for distributors (anti-corruption, responsible gaming, anti-money laundering, anti-terrorism) Information to be displayed at points of sale (information kits) Portal dedicated to points of sale Training dedicated to managers Audit activities
MEDIA	<ul style="list-style-type: none"> Press office activities Media relations and digital PR Event organisation Advertising campaigns

STAKEHOLDER	INFORMATION AND INVOLVEMENT INSTRUMENTS
SUPPLIERS	<ul style="list-style-type: none"> Start of commercial partnerships on projects implemented by the Group Involvement in corporate projects Audit activities
THE COMMUNITY	<ul style="list-style-type: none"> Initiatives to promote responsible sports and games ("Special Olympics Italia", "Premio Costruiamo il Futuro [We Build The Future award]") Solidarity horse races ("Circuito delle Stelle [The Star Circuit]") Awareness raising initiatives ("Giù le mani dal Pallone [Hands off the Ball]") Donations (scholarships, 2018 Telethon Foundation Campaign)
REGULATORY BODIES AND INSTITUTIONS	<ul style="list-style-type: none"> Annual Development Plan Periodic meetings Institutional Documents
REPRESENTATION ORGANISATIONS	<ul style="list-style-type: none"> Regular meetings with Labour Unions

MATERIALITY ANALYSIS (GRI 102-46)

The GRI Standard defines materiality as "... the threshold at which aspects become sufficiently important that they should be reported."

The materiality analysis process enables us to identify, starting from a universe of potentially relevant issues, topics that are considered material for the Group and its stakeholders. Following the changes that characterised the Group's activities during the reporting period (such as the de-listing and the acquisition of the Group by Playtech), for the preparation of this 2018 Sustainability Report, the materiality matrix has been revised and updated.

The update, which involved the Group's top managers, included the following phases:

1. identification of the universe of potentially relevant topics;
2. internal engagement and issue assessment;
3. definition of the material issues of the Group.

Phase 1: Identification of the universe of potentially relevant topics

To identify the universe of issues potentially relevant to Snaitech Group, we started from the analysis of the context and the sector in which the Group operates, as well as from the analysis of the issues already emerged in the non-financial disclosure of the Group realised in previous years and from the documentation of the parent company Playtech. The themes were then integrated with the elements that emerged from the analysis of the relevant sector documentation on sustainability, the principles of the UN Global Compact and the Sustainable Development Goals of the 2030 Agenda of the United Nations.

Phase 2: Internal engagement and topic assessment

Following the selection of the universe of potential topics relevant to the Group, the top managers of the company conducted workshops in which they identified themselves with the issues at hand and assessed the importance of each of them, from both Group and reference stakeholder points of view.

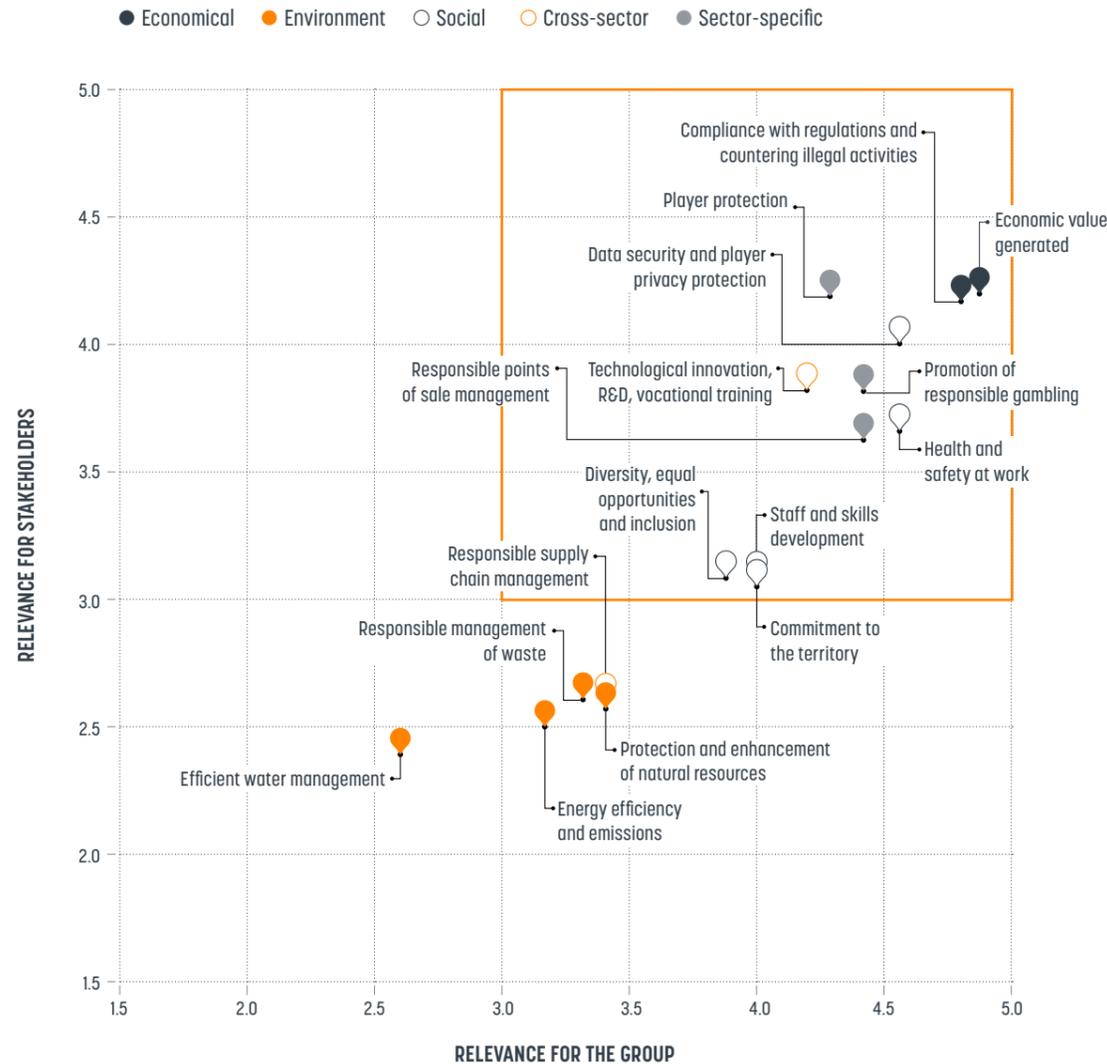
Phase 3: Definition of the material topics of the Group

The top management assessments, once aggregated, enabled the material topics relevant to the Group to be identified and assigned to a matrix. The upper right quadrant hosts the issues of greater relevance for the Group and its stakeholders, the highest priority ones being related to regulatory compliance. The importance given to these issues is closely linked to the importance that the regulatory context has for the reference sector, an absolute priority for all management.

In order to facilitate the reader in fully understanding the activities of the Group and in line with the principles of the UN Global Compact and the Sustainable Development Goals, it was decided to also dedicate a section of this document to the reporting of other pertinent issues. In particular, reference is made to environmental issues that are directly linked to the activities of the Racecourses managed by the Group, a significant part of Snaitech's business.

The materiality matrix presented below, validated by the Chief Executive Officer, constitutes the guideline for the preparation of this 2018 Sustainability Report.

► THE SNAITECH MATERIALITY MATRIX (GRI 102-47)



THE GROUP'S SUSTAINABILITY ISSUES

The following table summarises the material topics that emerged from the analysis and relates them to the principles of the UN Global Compact as well as to the Sustainable Development Goals identified by the Group and described in the previous paragraphs.

► TCORRELATION TABLE BETWEEN SUSTAINABILITY, SDGs AND PRINCIPLES OF A GLOBAL COMPACT

MATERIAL TOPIC	SECTION OF REFERENCE	SDGs/UN GLOBAL COMPACT
PROTECTION OF PLAYERS/ GAMBLERS	Chapter 3. Protection of players	
PROMOTION OF RESPONSIBLE GAMBLING	Chapter 3. Protection of players	
RESPONSIBLE POINTS OF SALE MANAGEMENT	Chapter 3. Protection of players	
TECHNOLOGICAL INNOVATION, R & D, VOCATIONAL TRAINING	Chapter 3. Protection of players	
RESPONSIBLE SUPPLY CHAIN MANAGEMENT	Chapter 2. The value generated for our stakeholders	
DISTRIBUTED ENTERPRISE VALUE	Chapter 2. The value generated for our stakeholders	
REGULATORY COMPLIANCE AND COUNTERACTING ILLEGAL ACTIVITIES	Chapter 1. The regulatory framework, compliance and Group Governance	
DATA SECURITY AND GAMBLER PRIVACY PROTECTION	Chapter 3. Protection of players	
WORKPLACE HEALTH AND SAFETY	Chapter 4. Valuing people	
VALUING STAFF AND DEVELOPMENT OF SKILLS	Chapter 4. Valuing people	
DIVERSITY, EQUAL OPPORTUNITIES AND INCLUSION	Chapter 4. Valuing people	
COMMITMENT TO THE TERRITORY	Chapter 2. The value generated for our stakeholders	
PROTECTION AND ENHANCEMENT OF NATURAL RESOURCES	Chapter 5. Environmental impact and the management of racecourses	
RESPONSIBLE WASTE MANAGEMENT	Chapter 5. Environmental impact and the management of racecourses	
ENERGY EFFICIENCY AND EMISSIONS	Chapter 5. Environmental impact and the management of racecourses	
EFFICIENT WATER MANAGEMENT	Chapter 5. Environmental impact and the management of racecourses	



1

THE REGULATORY
FRAMEWORK
AND COMPLIANCE

SDGs

PEACE, JUSTICE AND STRONG INSTITUTIONS

Target 16.4. By 2030, significantly reduce illicit financing and arms trafficking, strengthen the recovery and return of stolen property and combat all forms of organised crime.

Target 16.5. Significantly reduce corruption and abuse of power in all their forms.



Global Compact

THE FIGHT AGAINST CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.



1.1. Regulatory compliance and countering illegal activities ^(GRI 102-16)

^(GRI 103-1) **DESCRIPTION OF THE MATERIAL ISSUE:** "Regulatory compliance and countering illegal activities" means, on the one hand, the Group's action aimed at combating corruption - active and passive - also thanks to implementation of the 231 Model and training and awareness-raising activities on the subject. On the other hand, the Group dedicates constant attention to compliance with laws, regulations and conventions relating to gambling. Added to these are gambler-monitoring actions aimed at combating illegal gambling and preventing illegal activities.

^(GRI 103-2; 103-3) Snaitech Group operates in a **highly regulated sector**, whose products and services are subject to public licensing and to various types of controls by public authorities, given the potential risks that the related activities pose to the community. In this light, the regulatory aspect is an absolute priority for management as a whole, as evident from the results of the materiality matrix.

In this context, the primary interest of the Group is **to rapidly adapt the organisational and administrative practices to the legislation in force** since the concession duties require, first and foremost, complete compliance with the various regulatory areas. This commitment is part of the identity dimension of Snaitech, as explicitly stated in the Ethical code and more generally in the Organisational Model of Snaitech and the companies of the Group.

In the context of compliance with regulations and the fight against illegal activities, Snaitech's activity is not only inspired by a **total compliance** method, but also by an **active policy of contrast**, based on the detection of potentially suspicious behaviour and on systematic reports, in constant dialogue with the Authorities responsible for the various levels⁽⁵⁾.

⁽⁵⁾ Snaitech is one of the companies affected by the legislation on anti-money laundering and the fight against the financing of terrorism (Italian *Italian Legislative Decree 231/07*, as amended and supplemented by Italian *Italian Legislative Decree 90/2017*).

1.1.1. REFERENCE LEGISLATION

In Italy, Snaitech operates under a license based on its participation in public selection procedures for all types of gambling (betting, legal gaming equipment, remote gaming).

In particular, the Ministry of Economy and Finance (MEF), through the **Customs and Monopolies Agency (ADM)**, entrusts gaming concessions on a multi-year basis.

The ADM works to ensure full compliance with the legislation in force, an effective contrast to illegal gambling, the protection of the privacy of gamblers, minors and the groups most exposed to the risks of the game, as well as ensuring competition between operators in the sector.

In this way, it pursues the goal of protecting the interests of the various stakeholders in the sector and **ensuring the prevalence of the public interest**, which consists mainly of supervising the protection of the player, controlling the offer of the sector, ensuring an important flow of tax revenue for the benefit of public expenditure.

The concessionary regime, chosen by the Italian State to regulate relations with gambling operators, is adopted in accordance with the provisions of the Public Procurement Code pursuant to Italian Legislative Decree no. 50/2016 as well as the special sector provisions decreed by Law (first and foremost Article 24, paragraphs 24 et seq. of Italian Legislative Decree No. 98/2011; Article 1, paragraphs 77 and 78 of Law 220/2010 and Italian Legislative Decree No. 159/2016). However, public intervention in the sector has the characteristics of **multi-level governance**, depending on the division of legislative powers.

INTERNATIONAL LEVEL	European Commission
NATIONAL LEVEL	Governing bodies and Competent Ministries
LOCAL LEVEL	Regions and Municipal Administration

Licensees are subject to anti-money laundering legislation - with obligations to report anomalous or suspicious transactions - and contribute to the prevention of risks associated with mafia infiltration. Furthermore, to protect players, they are called to pay particular attention to respecting individual privacy, to correct commercial practices and to comply with advertising and promotional codes.

Operators are also subject to the control of the National Audit Office and must follow specific accounting regulations. Operating in the legal gaming and betting sector is subject to the authorisation of the Public Law Enforcement Authority, pursuant to the Consolidated Law on Public Security.

In this context it is important to mention Italian Italian Legislative Decree no. 158/2012 (the Balduzzi Decree), aimed at the promotion and protection of health understood, in a general sense, as the welfare of the citizen.

► The Balduzzi Decree

"Urgent measures to promote national development through a higher level of health protection". Italian Legislative Decree 158/2012

The Decree, in addition to addressing a number of topics related to health protection (such as territorial health assistance, limitations to the sale of tobacco, security, etc.), provided for measures specifically aimed at **preventing and treating people with a compulsive gambling**

disorder, making the Regions responsible for including, among the essential levels of assistance, measures aimed at this purpose. The Decree introduces relative provisions to combat the gambling addiction with a particular attention to the question of the protection of minors.

(Source: <https://www.altalex.com/documents/news/2012/09/14/decreto-balduzzi-sulla-sanita-in-14-punti>)

The Customs and Monopolies Agency (ADM) is the main Snaitech stakeholder with which the Group maintains a relationship of constant dialogue and collaboration.

In particular, the business licence for operating legal gaming machines commits the operator, among other things, to follow the guidelines provided by the ADM in its **annual development plan**, which focuses on the topics that both parties consider to be the most urgent. For 2018 the development plan includes:

- A.** measures to improve the security of data collection and transmission, and to make the data impossible to tamper with
- B.** new measures considered to be necessary to safeguard public order and user security
- C.** product and service information and labelling initiatives to safeguard legal and responsible gaming;
- D.** provisions to safeguard the potential growth of the sector.

The operator undertakes to allocate a sum of up to one million euros per year to the development plan.

1.1.2. REGULATORY CHANGES IN 2018

In 2018, the gambling sector was significantly affected by the regulatory framework. In particular, during the year, a new increase in the tax burden was applied and significant changes to legislation emerged with the introduction of the "Dignity Decree", a subject explained in the dedicated box within this paragraph.

Following the regulatory changes of 2018, Snaitech's business will be affected by the following items:

- Italian Legislative Decree No. 90 of 25 May 2017, transposing Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of laundering the proceeds of criminal activity and the financing of terrorism, as well as by earlier directives regarding the information accompanying the transfers of funds. The decree sets out a series of measures on gambling, in particular online gaming, VLT equipment, bingo, and betting. The ADM has recently published the operational implementation guidelines for the measure.

- The Law no. 145 of 30 December 2018, containing the "State Budget for the 2019 financial year and the multi-year budget for the 2019-2021 three-year period", provides for various provisions on the subject of gambling such as, among other things, the increase in the PREU (one-off tax levy) on amusement machines and the single tax on sports betting (physical and online), virtual events and remote skill games; it also provides for the extension of one year for the betting license. In particular, the measure prescribes:
 - » **One-off tax levy on gambling and bets:** the fixed rate applied to bets is changed and differs from horse racing bets, differentiating between those for which collection takes place on the physical network and those for which collection takes place remotely. Also the rate for fixed-odds bets on simulated events is changed. In particular, starting from 1 January 2019 the single tax is set at the rate of 25% of the expenditure for remote skill games with cash prizes (including casino games) and for the game of remote bingo; 20% of the cost for fixed odds bets (excluding horse betting) if the collection takes place on the physical network and 24% if the collection takes place remotely; to the extent of 22% of the cost of fixed-odds bets on simulated events.
 - » **AWP/VLT PREU:** starting from 1 January 2019, the PREU (One-off tax levy) on the respective devices increases by 1.35% for the AWP (which increase to 20.6% of the collected amount) and 1.25% for the VLTs (which increase to 7.5% of the collected amount).
 - » **AWP/VLT Payout:** Extensions - until a new concession - no later than 31 December 2019, of the existing concessions with regard to bets on sporting events, including horse racing and non-sporting events, including simulated events.
 - » **AWP permits:** without prejudice to the already foreseen reduction in the number of AWP, the deadline for the issuance of the aforementioned permit for these devices is shifted by one year (31 December 2019). By 31 December 2020, these devices must be disposed of. It is also established that devices that enable public gaming from a remote location cannot have operating parameters exceeding the limits set for devices currently in operation.
 - » **Measures to prevent problem gambling:** starting from 1 July 2019, it is envisaged that ADM will inform local authorities on the hours of operation of gaming machines whose operation is subject to connection to a network management system. The technical rules for the production of devices that enable remote gaming must include the storage and transmission of the operating hours of the devices to the remote system. In particular, ADM, with the support of Sogei, shall make the VLT operating hours available to local authorities. For the AWP, it is instead established that the relative technical production rules that enable public gaming from remote locations must include the storage and transmission to the remote system of the operating hours of the devices themselves. The ADM, assisted by Sogei, shall also provide data relating to the working hours of AWP to local authorities.

The procedure related to the extension of the concessions has been completed. Snaitech has implemented extensions to 2,049 gaming licences, of which 971 are Corner Stores, 1,068 Shops and 10 are collection points. The extension is onerous and the amounts, for 2018, amount to 6,000 euros for the Stores/collection points and 3,500 euros for the Corner Stores.

In addition to the aforementioned facts, the provisions for gaming introduced by Law No. 205 of 27 December 2017 ("State Budget") include the extension of concessions, the introduction of the fixed-rate levy on horse race betting, the dematerialisation and storage of betting receipts for public gambling, the disposal and destruction of AWP that have been decommissioned, the establishment of a single computerised register of distributors and gambling retailers, and the extension for the issuing of authorisation for old AWP up to 31 December 2018.

RESPONSIBILITY AND LEADERSHIP ARE THE SAME COMBINATION THAT IS REFLECTED IN EVERY ACTIVITY. APPLYING THE MOST COMPLETE COMPLIANCE TO THE VARIOUS STANDARDS OF THE SECTOR IS AN ABSOLUTE PRIORITY FOR SNAITECH.



► The Dignity Decree

Italian Legislative Decree no. 87/2018 "Dignity Decree", coordinated with the conversion law no. 96/18 and published in the Official Journal of 11 August 2018, in addition to prescribing measures for the protection of the dignity of workers, companies and professionals and the introduction of measures to promote tax simplification, also provides for **the introduction of tools to enable an effective contrast to gambling addiction**, including the ban on relevant advertising and sponsorship. "For the purpose of strengthening the protection of the consumer and for a more effective fight against gambling addiction" it is forbidden "to undertake any form of advertising, even indirect, relating to games or bets with cash winnings, however implemented and by any means, including sporting, cultural or artistic events, television or radio broadcasts, daily newspapers, general publications, billboards and the internet". For advertising contracts in progress on 14 July 2018 (date of entry into force of the decree), it is expected that the previous legislation continues to apply until their expiry, and in any case for no more than one year from the same date. Available starting from 1 January 2019, it also extends the

prohibition to sponsoring events, products or services to any other form of communication of promotional content regarding gambling. Conversely, the following are permitted: odds comparison services, airtime on TV or web-hosted sports programs, publication of winnings, web indexing services, business to business commercial communications, trade shows for sector operators, social responsibility disclosures, information campaigns on the risks of gambling. The penalties for failure to comply with the law comprise fines applied by AGCOM (the Italian Media Authority) equal to 20% of the value of the sponsorship or advertising amount and, in any case, not less than 50 thousand euros for each violation. In addition to the measures relating to the prohibition of advertising and sponsorship, there are direct references to the increase of the PREU (One-off tax levy), the introduction of the health card to play on the devices and finally the provision of a reform of the gaming sector within six months of the publication of the Decree, with the aim of "ensuring the elimination of the risks associated with problem gambling, countering illegal gambling and ensuring the continuity of revenue".

1.1.3. RISK MANAGEMENT

Operating in the gaming and betting sector, the Group is subject to specific risks associated with this type of business, in addition to those of an economic, financial and commercial nature, typical of the business.

In 2018, the Parent Company implemented an **Enterprise Risk Management (ERM) assessment** with the aim of improving and supporting the decision-making process of the Board of Directors with a view to continuously creating value.

By implementing Enterprise Risk Management (ERM), the Risk Management function has completed a series of interviews with the various corporate "risk owners", has identified the business risks and outlined their related assessments ("Company risk profile"). This overview was shared with the main corporate bodies (Managing Director, Board of Statutory Auditors and BoD) and finally with the Group functions involved in the process. The result of the 2018 risk assessment (ERA) was subsequently sent to the Internal Audit function, which used it as one of the starting points for issuing the three-year Audit plan. To complete the ERM activities, the main corporate risks were monitored by identifying certain risk indicators with the risk owners (key risk indicators) that made it possible to

measure the progress of mitigation actions and to forecast the future trends of such risks (stable, decreasing, growing). The result of this activity was presented to the Chief Executive Officer, the Board of Directors and the Board of Statutory Auditors.

The Audit Plan

Snaitech has established an Internal Audit function ("IA") with the aim of ensuring:

- the safeguarding of company assets
- the pursuit of corporate goals in compliance with the reference regulatory framework and the mapping of risks, both those of the "regulatory" category (as determined by the "Compliance" corporate functions) and those at the "enterprise" level (as determined by the "Risk Management" function).

The Parent Company adopts an Internal Control and Risk Management System which consists of the set of rules, procedures and organisational structures, aimed at:

- ensuring adequate coverage of corporate risks;
- achieving the effectiveness and efficiency of business processes;
- safeguarding the value of the assets;
- ensuring the reliability and integrity of accounting and management information;
- ensuring the compliance of the operations with all the existing regulatory apparatus.

The Internal Audit Function operates through the development of a Risk Based Audit plan constructed on the basis of the outcomes of corporate Risk Assessments and the results of previous control activities.

The results of the Audit work are shared with the corporate divisions and departments subject to control with the aim of improving company procedures as well as hedging the related risks; on the basis of the information shared, the Audit, Risk and Compliance departments initiate appropriate procedure improvement and risk integration and/or mitigation activities.

In addition, for the purposes of an integrated assessment and management of crime risks, Snaitech has adopted a **Management and Control Organisation Model** pursuant to Italian Legislative Decree 231/2001 and its subsequent amendments and additions, which takes into account the specific nature of the sector in which it operates.

The model includes the operational regulations of the statutory bodies aimed at preventing corporate crimes, it also comprises rules of conduct for personnel and related training and learning initiatives, a disciplinary framework that regulates corporate body functions, a Ethical code, a Supervisory Board, business controls and integrated assessment and management of risks.

The Model also requires that all subsidiaries in turn adopt their own model, in compliance with the principles, guidelines and Ethical code of the Parent Company.

Snaitech has therefore identified certain areas of improvement and drawn up the action plans to achieve the related goals.

1.1.4. ANTI-CORRUPTION (GRI 205-1)

Corruption risk mitigation is an integral part of the company's Internal Control and Risk Management System. The monitoring is integrated into the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 and the Group has implemented **specific protocols to guarantee coverage of sensitive areas**.

Snaitech carries out Audit activities both on internal processes and within the network of directly managed and assigned points of sale.

The internal employees and the managers engaged in the collection of gaming and betting revenue within the territory operate in compliance with the prevailing regulations of reference in order to cancel or mitigate the mapped risks. One of the most significant risks is that of **internal and external fraud and corruption between private individuals and between private individuals and public bodies**.

As an example, control activities were developed with the purpose of verifying:

- correct accounting and valuation of balance sheet items;
- adequate identification of revenue recognition criteria;
- correspondence of invoicing data with financial flows;
- adequacy of the supply flow;
- adequacy of the flow of selection and termination of employment relationships and changes in remuneration;
- adequacy of the relationships, communications and obligations required with respect to authorities and public bodies;
- correctness of the prerequisites for operating the points of sale with relevant risk indicators in order to identify and prevent potential corrupt internal and external relationships;
- adequacy of the selection and monitoring flows of the potential and contracted sales network;
- adequacy of the monitoring flows of the contracted sales network with respect to the consistency of the acceptability criteria and gambling licencing framework;
- adequacy and consistency of the betting revenue collection processes carried out in the point of sale network, both directly managed and assigned (from cash collection to the payment of winnings) in compliance with the licensing provisions and the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01.

Below is the detail of the internal audit activities carried out over the last three years.

► ORGANISATIONAL UNITS ASSESSED FOR RISKS RELATED TO THE CORRUPTION⁽⁶⁾ (GRI 205-1)

	2018	2017	2016
Number of organisational units analysed for risks related to corruption	9	11	12
Percentage of organisational units analysed for risks related to corruption	75%	92%	86%

It should be noted that no corruption incidents were reported during 2018. (GRI 205-3)

Furthermore, each year, on the occasion of legislative or procedural changes, the members of the Board of Directors receive adequate communication and training regarding the regulatory updates with impact on the management and control organisational model pursuant to Italian Legislative Decree 231/01 with particular reference to anti-corruption issues.

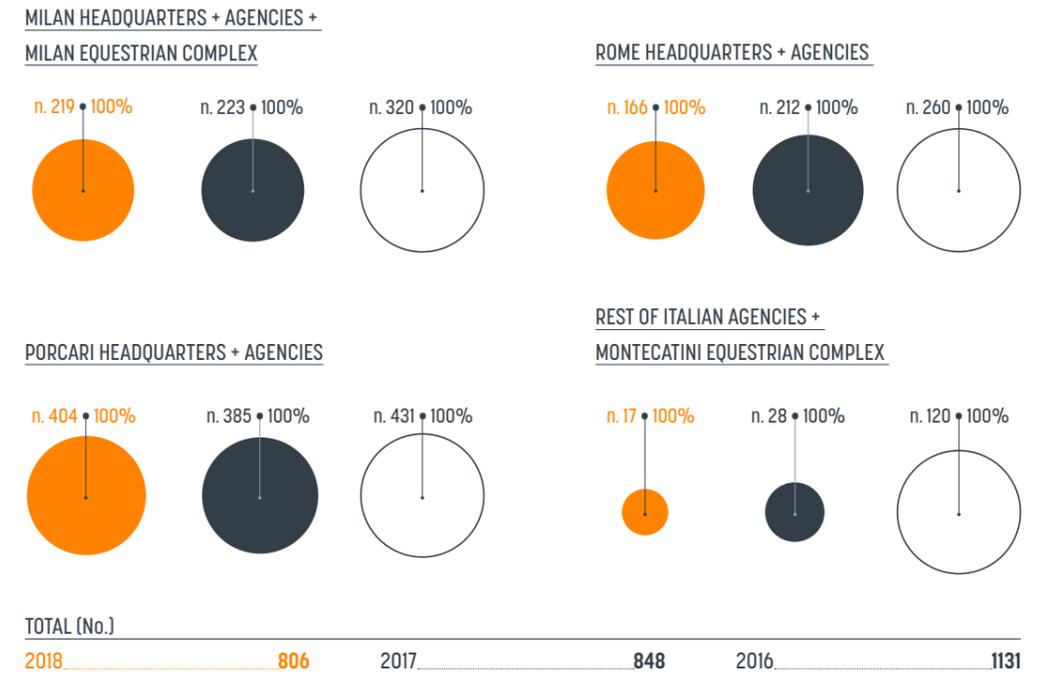
Snaitech Group also ensures the performance of training programmes according to the contents of Italian Legislative Decree 231/01 in the event of substantial legislative updates and whenever the organisation, management and control model adopted by the companies changes.

Information is also assured to all personnel through timely communications as well as by updating via the intranet.

⁽⁶⁾ Law 262/05 and Italian Legislative Decree 231/01.

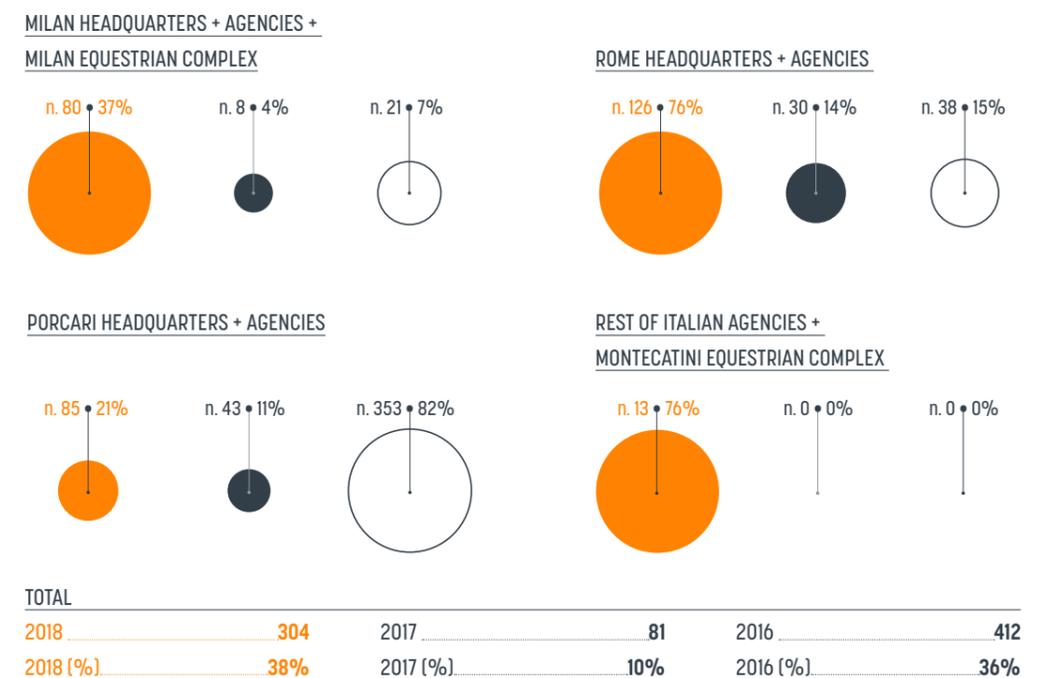
► NUMBER AND PERCENTAGE OF EMPLOYEES TO WHOM ANTI-CORRUPTION POLICIES AND PROCEDURES HAVE BEEN NOTIFIED (GRI 205-2)

● 2018 ● 2017 ○ 2016



► NUMBER AND PERCENTAGE OF EMPLOYEES WHO HAVE BEEN TRAINED ON ANTI-CORRUPTION MATTERS

● 2018 ● 2017 ○ 2016



1.1.5. ANTI-MONEY LAUNDERING

The specific risks monitored and prevented by the anti-money laundering department are concerned with the improper and illegal third-party use of gambling and betting products for the purposes of money laundering and the financing of terrorism.

In this context, Snaitech must face and control operational risks related to the security of gambling and betting acceptance systems, the traceability of gambling movements (online and physical) and the control and monitoring of the subjective profile of players and business partners to ensure compliance with EU and national legislation⁽¹⁾. In fact, the gambling and betting services, despite being developed and offered by Snaitech on the market according to the rules protecting the user and despite the constant commitment of the Group to supporting responsible gambling, could potentially lend themselves to distorted and fraudulent uses (or in any case uses other than those typically related to amusement and recreation).

The **Anti-Money Laundering Function** reports directly to the Chief Executive Officer and periodically verifies the adequacy of the procedures adopted, the systems and the customer verification procedures, the reporting of suspicious transactions and the conservation of the documentation required by the regulations. The Department also carries out checks on the efficiency and functionality of the operational areas and points of sale.

The Group's initiatives related to money laundering are presented below.

- Snaitech has adopted, in line with the innovations introduced with Italian Legislative Decree 90/2017, new procedures and control processes related to money laundering, anti-money laundering (AML) and terrorist financing that provide for the adoption of guidelines and operating manuals for each Business Unit, as well as a procedure for managing AML activities by the sales network.
- The entire sales network has a unique "Webanti 2.0" portal (Snaitech Group's Centralised Computer Database) for the recording of gambling and winning movements exceeding the threshold set by current legislation.
- Snaitech is continuously engaged in the development of gambling monitoring and customer profiling systems. The platform developed over the years, recognised by all stakeholders thanks to the level of quality achieved, has been enriched with integration functions for third-party services to complete the control and transparency functions.
- The Human Resources Department ensures adequate **training for all employees and the direct sales network** to ensure dissemination and updating of the anti-money laundering and anti-terrorism regulations. During the three-year period, Snaitech provided its employees with 779 hours of training on responsible gaming matters (concentrated between 2016 and 2017) and more than 1,000 hours of training on the subject of the prevention of the phenomenon of recycling, which increased over the three-year period.
- Finally, the Group carries out several monitoring activities every year for prevention purposes. In 2018, 387 reports of suspicious transactions (265 in 2017) were sent to the Financial Intelligence Unit (FIU) at the Bank of Italy in relation to the various business lines (betting, VLT, online, virtual games).

⁽¹⁾ Italian Legislative Decree no. 90/2017

1.1.6. AUDIT ACTIVITY AT THE POINTS OF SALE

The Risk Based Audit Plan conducted by the Internal Audit function envisages the development of specific audit activities throughout the network of directly managed and assigned points of sale, with particular regard to the AML requirements, in relation to the correct performance of customer verification and document retention procedures.

On the basis of the inspection results, action plans are determined to restore the correctness of any behaviour that may be out of line with company directives.

More details are given in the chapter "Protection of players and gamblers".



2

VALUE
GENERATED
FOR OUR
STAKEHOLDERS

SDGs

DIGNIFIED WORK AND ECONOMIC GROWTH

Target 8.1. Support economic growth per capita in accordance with national conditions, and in particular annual growth of at least 7% of gross domestic product in developing countries.



Global Compact

HUMAN RIGHTS

1. Businesses should promote and respect the protection of internationally proclaimed human rights and

2. Ensure that they are not complicit in human rights abuses.



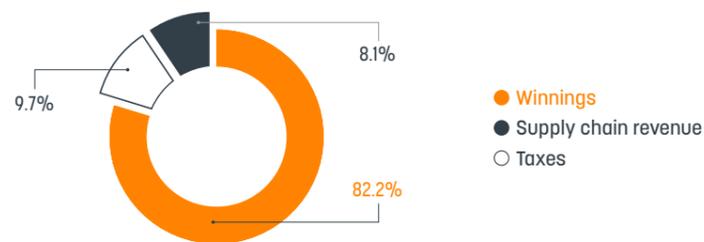
The current configuration of the gambling market in Italy requires that the State, through specific regulatory measures, shall define the requirements of the games, modes of the offer, characteristics of the distribution Network, points of sale and the distribution criteria applicable to the collection of revenue among the various subjects involved (gamblers, the State, stakeholders in the supply chain).

Also in 2018 the Italian gaming market confirmed the positive long-term trend:

- the gross gambling collected amount before payouts amounted to approx. 106.9 billion euros (+5% compared to 2017);
- winnings, totalling euro 87.8 million euros net of gambling gains taxes, represent 82% of the collected amount;
- the real gambling expenditure of Italians, i.e. the collected amount net of winnings, was therefore 19.1 billion euros (substantially in line with the 2017 figure) and represents approx. 18% of the amounts wagered;
- of these 19.1 billion euros, 10.4 billion make up tax revenues (+1%) and 8.7 billion represent the revenue for the supply chain (net of gambling taxes), including concessionaires, gaming platform or equipment vendors and the sales network.

When we talk about legal gambling in Italy, we generally refer to the concept of "collection", which means the total amount of cash wagered by the community of gamblers. Gamblers' losses are represented by the difference between the "collected amount" and "winnings" (the aggregate total of the amounts won by the players) and these then make up the overall gross revenue taken by the supply chain. Taxes can be applied directly to the collected amounts or to revenues, depending on the type of game.

► COMPOSITION OF AMOUNTS WAGERED IN ITALY IN 2018



Source: ADM and company calculations

Snaitech Group, with a total collected amount from gambling under concession of 10.4 billion, is confirmed:

- as the second operator on the Italian market in the Retail Betting segment (horse racing, sports and virtual event betting) with a market share, calculated on net spending, of 19%;
- as the second operator in the field of AWP and VLT amusement equipment with a 15% share of net spending;
- as one of the main players in the online gaming and betting sector with an overall share of 8.3% of net spending (11.3% in betting online and 6.0% in remote gaming).

In 2018, despite the entry of new players into the domestic gaming market and the adverse changes in legislation on taxation and gaming/gambling restrictions, Group funding grew in all sectors. Despite growing competitive pressure, there has been a noteworthy increase in the collection from betting and gaming on the online channel, with growths of 27.1% and 27.2% respectively compared to 2017.

During the year, Snaitech was in fact particularly committed to improving the online offer through the launch of new games and the technological evolution of the services offered.

► SNAITECH GROUP COLLECTION BY GAME TYPE AND CHANNEL (IN MLN EUROS)

	2018	2017	2016	18 VS 17
	Collected amount	Collected amount	Collected amount	Delta %
AWP	3,628	3,700	3,916	-1.9%
VLT	3,530	3,447	3,560	2.4%
Gaming Machines	7,159	7,148	7,476	0.2%
Sports betting	760	746	732	1.8%
Horse Racing Bets and Domestic Horse Racing	172	184	213	-6.2%
Bets on virtual events	269	258	277	4.0%
Total Retail Betting	1,201	1,189	1,222	1.0%
Sports Betting	498	388	278	28.3%
Horse Racing Bets and Domestic Horse Racing	32	26	23	24.7%
Bets on virtual events	21	20	22	6.3%
Totale betting online	551	434	323	27.1%
Remote skill games	1,501	1,180	920	27.2%
TOTAL FOR THE SNAITECH GROUP	10,412	9,950	9,941	4.6%

Source: Internal data processing

The overall collection of Snaitech Group, thanks to the excellent results of bets and games on the online channel, recorded 4.6% growth compared to the previous reporting period.

2.1. 2.1. The economic value generated and distributed ^(GRI 102-7; 201-1)

^(GRI 103-1) **DESCRIPTION OF THE MATERIAL ISSUE:** "Economic value generated and distributed" means the economic value generated by Snaitech through the core activities of its business. Snaitech generates an economic value that, in addition to enabling the Group to achieve its profit objectives, is distributed to all Group stakeholders, including Public Administration entities, employees, suppliers, shareholders, the community, etc.

^(GRI 103-2; 103-3) By calculating the added value generated during the year, Snaitech intends to represent the ability of the company to create value in favour of the overall social context in which it is engaged. The added value, calculated on the basis of the reclassified Income Statement, represents the wealth produced that is distributed among the stakeholders who are directly interested in the activity of the company.

The net added value produced during the year, after having allocated 50.7 million euros to depreciation, was 1,161.7 million euros, equal to 61% of the value of production, an increase compared to the previous year (2 %) and compared to 2016 (3%).

During the financial year 2018, the value of production, before taxes on gaming/gambling, amounted to 1,898 million euros compared to production costs of 668 million euros, mainly represented by service costs. These costs have in turn contributed to supporting the economic activity of other upstream and downstream companies in the value chain. The costs for the distribution chain, including remuneration paid to third parties for collection and the costs for the betting management, amount to 547.6 million euros in 2018 compared to 561.3 million euros in 2017.

This calculation makes it possible to quantify how the added value wealth generated was distributed amongst the various stakeholders. The largest share of added value was allocated to the Public Administration (corporate taxes, value added tax, gaming taxes and concession fees) for a total of 1,039.3 million euros, up compared to the previous year (2%) and 2016 (3%).

The remuneration of loan capital was allocated 46.3 million, up (24%) compared to 2017 due to the costs incurred for the early repayment of the bonds. Attribution to personnel, in the form of direct and deferred remuneration (employee severance indemnity and retirement benefits) amounted to 52.8 million euros, an increase of 3% compared to the previous year and a decrease of 11% compared to 2016 following the reorganisation of the Group. Transfers to the Community totalling 1.5 million euros are mainly due to the payment of local taxes and duties. Profit for the year amounted to 21.8 million euros, compared with 27 million euros in 2017 and a loss of 17 million euros in 2016.

► GENERATED ADDED VALUE (IN THOUSANDS OF EUROS) ^(GRI 201-1)

	2018	2017	2016
VALUE OF PRODUCTION	1,898,312	1,871,063	1,874,075
Revenue from sales and services	1,891,547	1,864,903	1,862,816
Revenue adjustments	0	0	0
Change in inventory	0	0	1
Increases in fixed assets for internal work	969	765	1,825
Other revenue and income	5,796	5,395	9,433
COST OF PRODUCTION	667,506	670,048	696,418
Raw and ancillary materials, consumables and goods	2,101	761	683
Service costs	646,004	648,228	657,880
Expenses for the use of third-party assets	5,150	6,683	8,510
Provisions for Risks	650	-620	11,619
Other miscellaneous operating charges	13,601	14,996	17,726
GROSS ADDED VALUE	1,230,806	1,201,015	1,177,657
Financial income and extraordinary items	1,246	198	690
Deferred(-)/prepaid(+) taxes	-9,090	-11,969	19,753
Financial expenses and extraordinary items*	-10,619	-3,283	-17,232
OVERALL TOTAL GROSS ADDED VALUE	1,212,343	1,185,961	1,180,868
Amortisation, depreciation and impairment	50,679	50,533	57,400
OVERALL TOTAL NET ADDED VALUE	1,161,664	1,135,428	1,123,468

* The values include the financial charges from discounting in order to guarantee a representation of the most complete data.

► IL VALORE AGGIUNTO DISTRIBUITO (UDM 1.000 €) ^(GRI 201-1)

	2018	2017	2016
PAYMENTS MADE TO EMPLOYEES	52,804	51,311	59,311
PAYMENTS MADE TO THE PUBLIC ADMINISTRATION	1,039,277	1,017,567	1,009,282
Taxes	7,825	8,122	5,953
Taxes on games	1,002,548	980,690	973,752
Concession fee and administrative sanctions	28,904	28,755	29,577
INTEREST PAID ON LOANS	46,309	37,433	69,825
Charges for short and long term loans*	46,309	37,433	69,825
REMUNERATION OF RISK CAPITAL	0	0	0
Profit distributed	0	0	0
COMPANY REMUNERATION	21,752	27,010	-16,954
Retained earnings	21,752	27,010	-16,954
PAYMENTS TO LOCAL AUTHORITIES	1,522	2,107	2,004
Local taxes and fees	1,411	1,995	1,933
Charitable donations and gifts	111	112	71
TOTAL NET ADDED VALUE	1,161,664	1,135,428	1,123,468

* The values have been reported net of financial charges from discounting in order to guarantee a more complete representation of the figure.

► The Group supply chain ^(GRI 102-9)

Snaitech Group's supply chain includes suppliers for:

- A. hardware and software** (gaming terminals and platforms, office machines);
- B. supply of energy** (electricity, natural gas, oil);
- C. telecommunications and connectivity;**
- D. assistance and maintenance;**
- E. professional consultancy services;**
- F. logistics and transport services;**
- G. legal and financial services;**
- H. communication agencies;**
- I. services dedicated to marketing and market research activities.**

In choosing and in relation to suppliers, Snaitech Group conforms to the principles of objectivity, fairness, impartiality, fairness of price, quality of goods and service consistent with its own Ethical code and carefully assesses the guarantees of assistance and the range of offers in a competitive regime. Potential suppliers must declare that they possess the applicable technical and professional requirements as well as assets and permits to exercise their activity and present any certifications in their possession. They must also declare their awareness of and undertake

to comply with the Snaitech Ethical code and the 231/01 Model. Furthermore, the contracts are always supervised by several areas of the company and are subjected to various levels of approval, to ensure the complete transparency of the process.

In addition, each supplier declares its requirements of correctness and compliance with the regulations regarding:

- Health & safety and the environment;
- employment contracts and social security contributions for their employees;
- employment of non-EU citizens.

During the year, the Group, while maintaining its own business supply chain unchanged, with respect to the type and geographical location of the main suppliers, has optimised and perfected the procedures for assessing and controlling suppliers. In particular, the selection criteria have been supplemented with specific anti-money laundering assessments including the verification of the world PEP lists, the United Nations Sanction Lists and in the anti-money laundering list of the names of Italian local politicians.



SPORT IS PASSION, PARTICIPATION AND INCLUSION: WITH "MY SPECIAL DAYS", THE FIRST CORPORATE VOLUNTEER INITIATIVE, 130 SNAITECH EMPLOYEES ENTERED THE TRACK AND FIELD ALONGSIDE THE ITALIAN SPECIAL OLYMPICS ATHLETES.

2.2. Snaitech's commitment to social engagement and cultural promotion of the territory

(GRI 103-1) DESCRIPTION OF THE MATERIAL TOPIC: "Commitment to the territory" means the promotion of specific educational and social initiatives aimed at engaging with the local community. Snaitech has expressed this commitment through the iZilove Foundation, the Group's initiative dedicated to "good causes". The theme also refers to the activities of cultural promotion and enhancement of the territory carried out in particular with the relaunch of the Snai San Siro Racecourse.

2.2.1. SOCIAL COMMITMENT: THE IZILOVE FOUNDATION (GRI 102-12; 413-1)

(GRI 103-2; 103-3) The Group is committed to supporting various social initiatives with the iZilove Foundation, an independent non-profit organisation controlled by Snaitech. The Foundation exclusively pursues purposes of solidarity in the fields of social assistance and charity, education and training, the promotion of culture, art and scientific research. The iZilove Foundation benefits from an endowment fund made available by Snaitech, donations from Group companies and voluntary contributions from staff.

During 2018, the iZilove Foundation provided grants for a total value of 105,865 euros in favour of various initiatives. Besides the financial contribution, the Group has always set itself the goal of supporting non-profit organisations on a global basis, engaging internal resources and proprietary assets to support the implementation of specific initiatives.

- **The Italian Special Olympics:** the Association creates a sports program dedicated to people with intellectual disabilities. In 2018 the partnership, in its second year, went far beyond economic support, actively involving employees through the **first corporate volunteering initiative:** "My Special Days". Group employees entered the competition arena alongside the Special Olympics athletes during the 34th National Summer Games, whose opening ceremony was hosted at the Snai Sesana Racetrack in Montecatini Terme. Snaitech, with its **130 employees**, set an absolute record for the number of company volunteers involved. With this initiative, employees have become ambassadors of corporate culture, promoting values and ethical principles of inclusion and solidarity within the company. In addition, corporate volunteering has been an excellent opportunity for integration and team building, uniting employees from the three offices of the Group in work targeting a common charitable objective. To carry out the initiative, in addition to the direct donation made in support of the non-profit organisation and the free availability of the Racecourse's spaces, the Group invested over 25 thousand euros to cover all the services dedicated to volunteering days (including transfers, overnight stays, personalised gadgets for supporters, three internal events dedicated to raising awareness and promoting the initiative in the Group's offices). In addition, a total of 1,359 working hours were assigned to volunteering.
- **Francesca Rava - NPH Italia Foundation, a non-profit organisation:** the Foundation helps children living in difficult conditions, through distance adoptions, volunteering and awareness-raising on children's rights. With the project "Case Famiglia (Family Homes)", the iZilove Foundation has supported sports and recreational-educational activities for the **children in shelter homes** of Rome, Lucca and Milan. In particular, the Shelter Home in Rome helps children separated from families and troubled mother-child situations. The Shelter Home in Milan supports children and teenagers aged 0 and 18 years, temporarily separated from their families, accommodating them in six Housing Communities, while the Family Home of Lucca offers support to children between 5 months and 13 years of age who are alone or with their mothers. Additionally, during the Christmas period, at these three Snaitech offices, joint markets were organised, giving an opportunity to all employees to purchase a gift and at the same time support the Foundation's activities at the Saint Damien hospital in Haiti and the reconstruction of the earthquake-affected kindergarten in Pieve Torina (Macerata).

- **Care & Share Italia:** this non-profit organisation carries out projects to support vulnerable and marginalised children in rural areas and the slums of the city of Vijayawada (Indian state of Andhra Pradesh) and the villages of Daddy's Home e Butterfly Hill. The iZilove Foundation supported the studies of **three students from the Indian city** of Vijayawada through commitment to the "Borse di Studio (Scholarship)" programme.
- **Fondazione Costruiamo Il Futuro (We build the future):** This foundation has been promoting research activities, meetings, exhibitions and training sessions since 2001, favouring the participation of young people with the involvement of actors engaged in the entrepreneurial, artisan and cultural spheres. The iZilove Foundation has supported the "Premio Costruiamo il Futuro (We Build the Future Award)", an initiative that has helped as many as **28 amateur sports associations** in Milan and its hinterland in implementing sports and social projects.
- **MIP - Politecnico di Milano:** The iZilove Foundation has funded two scholarships at the Master in Asset Management and Cultural Institutions of the MIP, The Graduate Business School of the Milan Polytechnic. The **two grant** recipients were involved in the creation of a Project Work centred on the Snai San Siro Racecourse, with a particular focus on the second grandstand.
- **Circuito delle Stelle (The Star Circuit):** this initiative promotes a horse racing benefit championship for the collection of funds to be used for charity projects. From 2016, the proceeds of the bets from the B.U. Racecourses are donated every year, through the iZilove Foundation, to various charities including UNICEF, the Exodus Foundation (to combat addictions and disorders affecting young people) and Engine Records - Stars for Amandola (aid for the earthquake-stricken town of Amandola).

The other initiatives supported in 2018 through the iZilove Foundation include:

- adherence to the "#presente" campaign of the Telethon Foundation through the fundraising campaign for contrasting **rare genetic diseases**. In support of the cause, on 15 and 16 December "call to action" was proclaimed on the side-line displays, with the aim of involving every fan in the charity initiative. The campaign was promoted on the snai.it website and through the Paymat network. Furthermore, the employees offered their contribution to support the cause with the voluntary donation of one or more hours of work through "payroll giving" scheme;
- participation in the charitable initiatives of the **Renato Piatti Foundation, at the Milan office and Snai San Siro Racecourse**. This non-profit organisation designs and implements services for 500 people with psychological and intellectual impairments, creating the conditions to support their families, thus helping them to develop or recover their skills and independence and promote their social inclusion. Specifically, Snaitech, through the iZilove Foundation, welcomed the Christmas joint markets at the Milan headquarters and hosted, at the Racecourse, a Benefit Milonga whose revenues were allocated to the children in the care of the Autism Centre (CTRS) in Milan.

With a view to a multi-year plan of 2018/2019, Snaitech Group will continue to affirm its commitment to activities concerning social responsibility by proposing an advancement regarding the already active partnerships, testifying its closeness to the projects carried out by the associations and the interest of the Group in the continuous support to their charitable causes.

2.2.2. COMMITMENT TO COMMUNITY VALUES: RENOVATION OF THE SNAI SAN SIRO RACECOURSE

The great redevelopment and enhancement project started in 2016 by Snaitech has helped to reposition the **Snai San Siro Racecourse** within the urban and social life of Milan. From 2016 to 2018, the location was promoted as a multi-purpose space for a large audience. Strong partnerships and new projects have brought the artistic and cultural value of the establishment in to the foreground, with more than 500,000 visitors over the three-year period: an important result that devotes the establishment of the Milanese racecourse as a new event and gathering venue for all citizens.

The following are some of the initiatives implemented:

- the racecourse hosts Leonardo's Horse, a work created by the Tuscan genius, which can be visited every day of the year. Precisely for this reason, in 2018, Snaitech was assigned to carry out an important cultural project dedicated to celebrating the 500th anniversary of the death of Leonardo da Vinci. The initiative, scheduled for 2019, received the patronage of MIBAC and the Municipality of Milan and was included in the Leonardo 500 programme;
- the *#scaprisansiro* School Project for children has been active for 2 years; it caters for organising trips for elementary and middle schools with a multi-point itinerary to visit the most beautiful areas of the racecourse (Botanical Park, stables with horses, area of Leonardo's Horse) and to fully appreciate and know the multi-functional value of the establishment, both from an artistic and naturalistic point of view. A educational experience that in 2 seasons registered the participation of more than 3,000 children;
- in March 2018, the racecourse became part of the FAI's (Italian Environment Fund) places to discover on the occasion of the FAI Spring Days.
- The establishment has opened its doors free of charge to visitors to reveal, through guided tours, places that are normally not accessible for the public, such as the Palazzina del Peso
- on the occasion of the most important race days, the paddock area of the Racetrack is dedicated to the Francesca Rava Foundation, which organises recreational workshops for children
- The Racetrack has hosted the Milan Summer Festival since 2017, a summer festival of live music hosted in the Arena concerts. In 2018, the line-up was dotted with international music stars: from Marilyn Manson to Iron Maiden, from Chemical Brothers to Robert Plant, from Martin Garrix to Jethro Tull, from Alanis Morissette to Carlos Santana
- during the main equestrian events, socio-cultural events were organised including: "I Vini d'Italia", a wine and food itinerary involving wineries from all over Italy, the "Flug Market", a creative flea market managed by craftsmen and designers, the "Birrodromo" and the "Spritz Night".



3

PLAYER
AND GAMBLER
PROTECTION

SDGs	<p>PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Target 16.4. By 2030, significantly reduce illicit financing and arms trafficking, strengthen the recovery and return of stolen property and combat all forms of organised crime.</p> <p>Target 16.5. Significantly reduce corruption and abuse of power in all its forms.</p>	
Global Compact	<p>HUMAN RIGHTS</p> <p>1. Businesses should promote and respect the protection of internationally proclaimed human rights and</p> <p>2. Ensure that they are not complicit in human rights abuses.</p> <p>THE FIGHT AGAINST CORRUPTION</p> <p>10. Businesses should work against corruption in all forms, including extortion and bribery.</p>	 

(GRI 103-1) DESCRIPTION OF THE MATERIAL TOPIC: "Player and Gambler Protection" refers to monitoring activities and raising consumer awareness of the risks associated with gambling and the conscious use of the services offered by Snaitech.

(GRI 103-2; 103-3) Snaitech recognises and safeguards gaming/gambling and promotes it as healthy amusement, excitement and participation, the exercise of analytical and self-control skills. The Group believes that prohibitive approaches can harm society and entail greater risks than those deriving from effective regulation, which can combat the development of illegal gaming and gambling and correctly protect players.

As illustrated above, Snaitech operates on Italian territory under the concession of the Customs and Monopolies Agency (ADM according to its acronym in Italian). In addition to continually adhering to regulations to combat illegal gambling, player protection requires dealers to respect **individual privacy, fair trading practices, and advertising and promotional codes of conduct**. In addition, the Group is actively engaged, also in collaboration with ADM, to **protect player welfare**, in accordance with the specific provisions of the Balduzzi Decree.

Snaitech adheres to and respects the principles of safe gaming/gambling that legislation has prescribed as basic requirements for the granting of the licence to operate in the Italian market, to protect and safeguard the players and the community as a whole.

Gaming and gambling activities are subject to public regulation in order to prevent potential risks to players - in terms of related addiction - and the community, as the sector must be adequately defended from being infiltrated by organisations that use illegal modes of gaming to perpetrate crimes, such as tax evasion, money laundering and fraud, which may affect both players and operators in the sector.

Snaitech, the State licensee for the digital management of legal gaming and gambling, adopts the guidelines indicated by the Customs and Monopolies Agency and presents an annual development plan.

In line with this vision, Snaitech, aiming for constant improvement, has developed various activities on the following topics:

- reliability of game/gambling management systems and transaction security
- marketing and promotion of responsible gaming/gambling
- data security and protection of player privacy
- technological innovation, research and development
- responsible points of sale management.

3.1. Reliability of game management systems and transaction security

Snaitech is committed to ensuring the highest levels of reliability for all modes of gaming and betting offered to its public and for payment services offered via the Paymat brand (**Snaipay** in 2019). In fact, thanks to the real-time connection with Sagel - technological partner of the Ministry of Economy and Finance - the transaction management system completely validates the validity of the bet and ensures the possibility of tracing the payment of any winnings.

This system, which is valid for most gaming and betting channels, is managed by issuing tickets or bets only after the execution of appropriate checks.

Also with regard to online gambling, which is only accessible through personal gaming accounts, strict controls are in place to protect transactions. Account management operations, in particular for credit card top-ups, are encrypted and withdrawal requests from gaming accounts are only possible through fully traceable transactions.

In addition, Snaitech strictly enforces player confidentiality, both at the point of sale and online. More information about this can be found in section 3.3 of the chapter, "Data security and the protection of player privacy".

3.2. Marketing and promotion of responsible gaming/gambling

(GRI 103-1) DESCRIPTION OF THE MATERIAL TOPIC: "Promotion of responsible gaming and gambling" means promoting the Group's products in a manner that considers the particular characteristics of the business and presents the risks of gaming to consumer health in a transparent manner. The promotion of the services offered must therefore be in accordance with the regulations (also with reference to the recent Dignity Decree) and conducted in a responsible manner, in particular regarding the most exposed categories (e.g. minors).

(GRI 103-2; 103-3) With regard to the prevention of compulsive gambling and the protection of minors, Snaitech constantly adapts all institutional and advertising communication and raises the awareness of the entire sales network on the legal obligations and prohibitions, with particular attention to the prohibition of gambling by minors and the inhibition of access to specialised premises. In the context of online gaming, respect of the obligations of self-limitation and self-exclusion from the game, as required of the players, is guaranteed.

(GRI 417-1) In compliance with the Dignity Decree - which came into force in July 2018 - Snaitech has progressively reduced its advertising activities, limiting them only to contracts with the media in place before the Decree came into force (as permitted by the Decree).

In addition, in full compliance with the law, **information notes on responsible gaming and the prohibition to gambling for minors** have always been included in advertising messages.

During the year Snaitech, continued its programmes to promote responsible gaming both at the points of sale and online.

A dedicated section is available on the snai.it website (<https://www.snai.it/regolamenti/gioco-responsabile>) where players can perform a self-assessment test to check whether or not their gaming behaviour highlights problematic and compulsive situations.

On the online gaming platform and on the gaming apps, there are informative messages, guarantee logos, winning odds and warning statements, created and constantly updated by the marketing department. In addition, as already mentioned, the player can at any time, on the online accounts, set their own game limits and modes of self-exclusion.

► “Hands off the ball”

The “Hands off the ball” initiative was implemented in 2018 in collaboration with AC Milan to raise awareness among industry professionals, athletes and the public on the subject of match fixing⁽⁸⁾. The project, aimed at athletes from the underage teams to the first team, has provided courses in Milanello to inform athletes on the subject of sports fraud and the damage that it causes, including matters concerning legal betting operators.

Via social media, a video was launched to explain the difference between illegal football betting and legal betting. The initiative saw the participation of the “sportfessor” Snai Adam Grapes and four Milan players: Giacomo Bonaventura, Riccardo Montolivo, Andrea Conti and Marco Storari.

Specifically, Snaitech has created:

- an **edutainment video** with the collaboration of the AC Milan team's Serie A players, broadcast on all the online channels owned by Snaitech and AC Milan, in order to give maximum visibility to Snaitech customers, to the entire football fan community and to the fans⁽⁹⁾. In particular, during the video, Adam Grapes interviewed passers-by with questions on the subject of

match fixing, receiving imprecise answers that in some cases tend to confuse legal betting with the phenomenon of illegal football betting. Grapes had the task of explaining that legal operators are the first to be harmed by the alteration of results. The scene then moved to Milanello, where the four players warned of the risks of fraud, launching important messages in a **light and humorous manner**

- **training workshops** for athletes in the first team and the youth sector of the sports club, to raise awareness of the risks and damages of match fixing. The training workshops - entitled “Stay away from match fixers” - were moderated according to the age of the participants and outlined a profile of the “typical corruptor” from whom to “keep away”, illustrating the negative repercussions that these events may have on the sporting career and on the personal lives of footballers.
- a **press conference** in which all the media of the sector and the sports publications were involved, with the aim of gaining maximum publicity for the project.

⁽⁸⁾ A phenomenon which concerns the manipulation of matches linked to episodes of corruption regarding sports betting (“fixing a match”).

⁽⁹⁾ Link to the video: <https://youtube/KQ42BjKjkk>

Over the last three years, Snaitech has implemented a series of training, information and prevention initiatives aimed at protecting legal and responsible gaming/gambling and improving the security of transactions.

On the www.snai.it website and on the gaming apps, there are always ADM guarantee logos and warning statements on the homepage, in accordance with the directives of the Balduzzi Law, as well as links to sections dedicated to responsible gaming, winning odds and anti-money laundering regulations.

The Snaitech accounts of the main social media networks host messages and contributions regularly posted by the internal editorial staff, aimed at promoting responsible gaming and informing about the risks of gambling addiction and the prohibition of gambling for minors.

Additionally, all radio and TV commercials have included audio files that conclude the main commercial with the legal warnings on responsible gaming and gambling.

^(GRI 417-3) In 2018, there were no episodes of non-compliance with the regulations governing the Group's marketing communications.⁽¹⁰⁾

► Global Gambling Guidance Group

Snaitech's commitment to creating a culture of healthy and balanced gaming and gambling has been rewarded in 2018, for the fifth consecutive year, with the achievement of the international G4 Certification on Responsible Gaming/Gambling in an online environment, the result of participation in the Global Gaming/Gambling Guidance Group.

The G4 - Global Gaming/Gambling Guidance Group programme is run by a body of international experts in the field of gaming/gaming, which has given itself the task of controlling and certifying websites and customer care activities that adopt best practices in the promotion of responsible gaming/gambling. An international reference point for Responsible Gaming/Gambling, it was created with the participation of world-class experts

in the sector, working to promote the sense of responsibility towards the player and to counteract gaming/gambling disorders. For Snaitech, committed to maintaining the concept of gaming/gambling in a healthy and conscious gaming environment via its own policies and actions, the Certification represents recognition of the commitment with which the Group adopts precisely targeted corporate choices that are aimed at orientation, information and online player aid in the event of gaming/gambling disorders. The choice to focus on dedicated projects, such as the definition and implementation of training programmes for staff working in both online and retail gaming/gambling and online player aid for related disorders, are Snaitech's corporate responsibility focus points.

⁽¹⁰⁾ On 26/07/2018, the Italian Media Authority (AGCOM) asked the company for clarification and documentation to ascertain the existence or otherwise of what was reported by Codacons as unfair commercial practices on the part of operators in the betting sector, therefore including Snaitech, given that popular celebrities had been employed to promote gaming/gambling. The company has prepared and sent AGCOM all the documentation necessary to respond within the time frame. AGCOM has acquired the documentation and as of 31/12/2018, the company has not yet received any feedback.

3.3. Data security and player privacy protection

(GRI 103-1) DESCRIPTION OF THE MATERIAL TOPIC: "Information security of data and protection of player privacy" means the correct management of player data, with particular attention to its protection, safeguarding and protection from possible cyber-attacks.

(GRI 103-2; 103-3) Player confidentiality is strictly enforced both, at physical points of sale and in the online gaming mode.

With regard to the processing of personal data, Snaitech guarantees the observance and application of the principles of correctness, lawfulness, transparency, as well as the protection of confidentiality and the rights of data subjects, in accordance with EU Regulation 679/16 (European Regulation concerning the protection of individuals with regard to the processing and free movement of personal data, the so-called GDPR) and Italian Legislative Decree No. 196/2003 "Code for the Protection of Personal Data" as amended by Italian Legislative Decree 101 of 10 August 2018 and its subsequent amendments.

EU Regulation 679/16 entered into force on 27 April 2016 and became directly applicable in all EU countries on 25 May 2018; Snaitech, in the period prior to 25 May 2018, carried out a project to ensure compliance with the new legislation.

In particular, the company - with the help of a leading consulting firm - has adapted to the GDPR, adopting a risk-based approach defining and implementing a system to manage the processing of personal data, focusing on the principle of accountability.

Moreover, the company has set up an organisational structure (Privacy Function and the appointment of DPOs with the support of a working group), prepared a register of processing operations and defined procedures for the management of data breaches and the handling of requests from data subjects. Global staff training and learning activities were also conducted.

With the involvement of the IT Department, it has also carried out an assessment of the security level of the information tools and started any activities necessary to implement new monitoring and control tools.

The adjustment activities carried out may be subject to inspections by the Supervisory Authority and the Italian Tax Police vested with the necessary powers of inspection. The company must always be able to demonstrate compliance with the legislation in question, justifying the actions taken from time to time.

With the periodic renewal of the ISO 27001:2017 certification, Snaitech adopts a management system to ensure the security of information, ensuring the supervision of aspects relating to logical, physical and organisational security through monitoring processes and updating the procedural body and the dedicated risk assessment.

With a view to continuous development, the Parent Company has set up Business Support units within the ICT Department, dedicated to monitoring the process and, in particular, the Network and ICT Security units.

(GRI 418-1) It is confirmed that in 2018, there were no complaints about privacy breaches or loss of customer data.

3.4. Technological innovation, Research and Development

(GRI 103-1) DESCRIPTION OF THE MATERIAL TOPIC: "Technological innovation, research and development" means technological choices, product innovation and point of sale management, developed together with scientific partners, that enable business growth to be increasingly effective in countering negative impacts on player health (ludopathy) and illegal gaming.

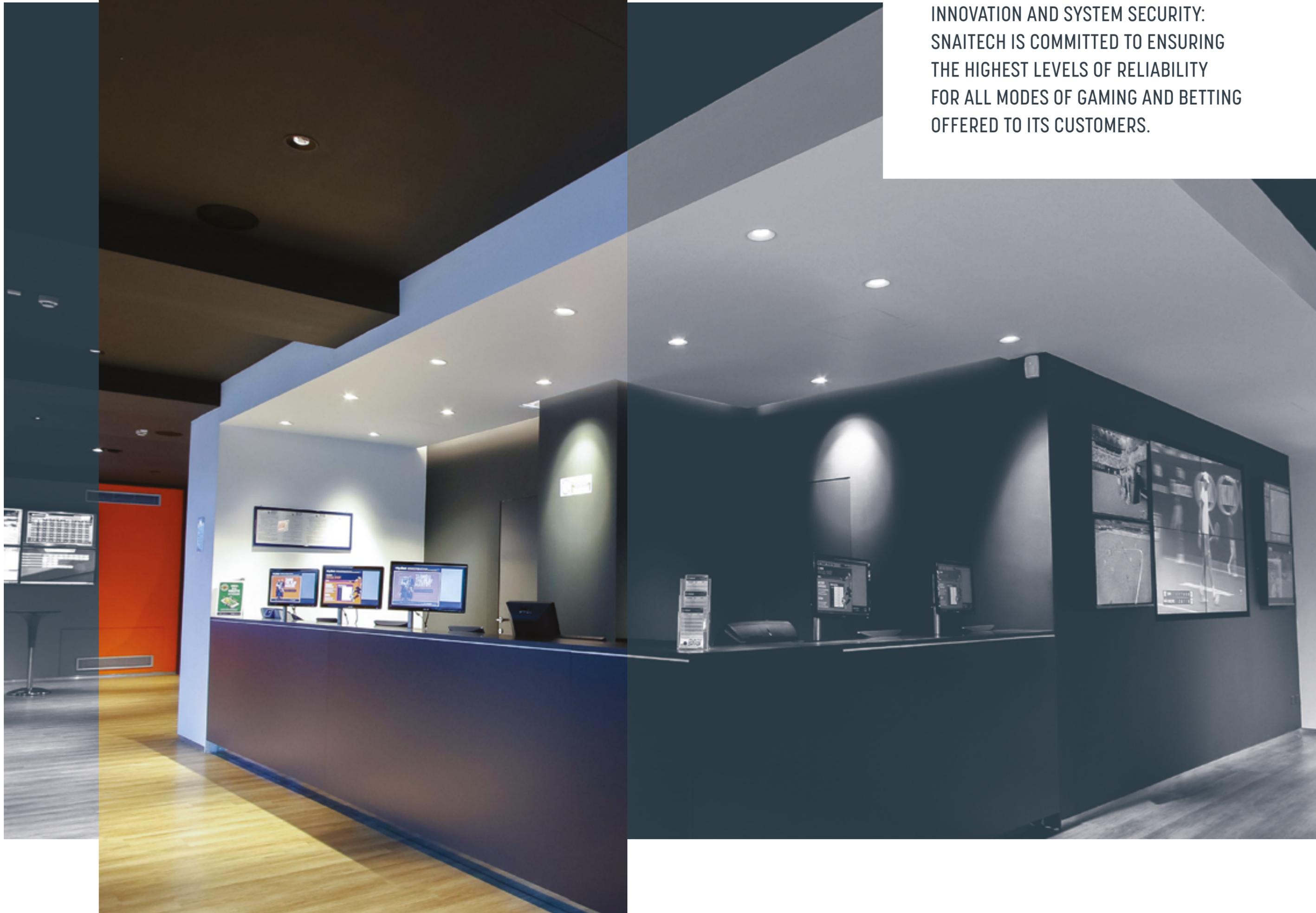
(GRI 103-2) Snaitech is active in the promotion of responsible gaming and the prevention of compulsive gambling disorders, in particular through research programmes launched in 2017 and continued in 2018. These programmes aim to develop an analytical and documented knowledge of player behaviour, in order to develop actions for the prevention of ludopathy.

(GRI 418-1; 413-1) Since 2017, ADM has agreed, on a proposal from Snaitech, on the following projects, which have been approved by a dedicated scientific committee:

- **"Analysis of the regional differentiation in the demand for gambling"** - the project was carried out in collaboration with another operator, with the aim of providing a picture of the demand for gambling divided by region and of analysing the subjective assessment and recognition of illegal gambling by players. The quantitative part, edited by Snaitech, was entrusted to the company Doga, which carried out a total of 5,000 interviews, of which 3,000 concerned subjects engaged in habitual gambling. The latter were carried out in person in the homes of a representative sample of the Italian adult population - and another 2,000 interviews were conducted online, aimed at investigating the gambling habits of Internet users, their perception, profiling types of gambling behaviour, also with reference to various devices and knowledge of operators.
- **"Analysis of the bio-physiological and behavioural characteristics of the interaction between the player and the gaming platform (online and offline)"** - the research project, completed in 2018, was entrusted to an interdisciplinary team at the Politecnico di Milano (the so-called Pheel Lab Psychology Emotion Experience). The aim of the project was to identify the behavioural factors that distinguish the behaviour of persons prone to gambling, by applying a combination of biometric and ethnographic detection techniques to the study of both online and physical gaming, with particular attention to slot machines. The detection of interaction mechanisms between individuals and gaming, carried out both in the natural environment and in an experimental context, has led to the application of innovative methodologies based on biometric and behavioural measurement. The Italian Society of Psychiatry also took part by providing methodological content. The project explored the possibilities of developing appropriate guidelines for offline point of sale and gaming site operators to improve the management of service offerings in line with the goal of preventing problematic behaviour.

The analysis of the results of the two projects is currently being shared with ADM and the Scientific Committee.

INNOVATION AND SYSTEM SECURITY:
SNAITECH IS COMMITTED TO ENSURING
THE HIGHEST LEVELS OF RELIABILITY
FOR ALL MODES OF GAMING AND BETTING
OFFERED TO ITS CUSTOMERS.



3.5. Responsible management of points of sale ^(GRI 416-1)

^(GRI 103-1) **DESCRIPTION OF THE MATERIAL TOPIC:** "Responsible point of sale management" means the monitoring, assistance, training and awareness-raising activities carried out by point of sale operators in order to ensure that consumers enjoy informed access to the service and to combat phenomena linked to pathological and illegal gambling.

^(GRI 103-2, 103-3) In compliance with the legislation currently in force in Italy aimed at promoting and protecting responsible gaming, Snaitech has continued its information and awareness actions towards retailers and retail and online customers.

Snaitech's activity and commitment to enhance the offer at the many points of sale throughout the country and to retain customer loyalty, essentially constitute a form of prevention of illegal gaming and a promotion of the exercise of legal and safe gaming at sites (both physical and online) that are legal, authorised and subject to continuous controls to ensure transparency and reliability.

In particular, with regard to the activities carried out at the points of sale, the marketing department produces and constantly updates an **information kit** (game tickets, cards, odds statements, product posters and brochures, signs, stickers, manuals, etc.) on "**Responsible Gaming**" in accordance with the guidelines provided by ADM and the Balduzzi Decree.

All support materials include disclosures notices concerning:

- warnings on the risks of gambling addiction as well as indications of the available Public Health Centres for assistance
- a prohibition of gambling for minors against entering locations where the main activity is gaming and betting
- information on the odds of winning at games
- name and number of the authorised operator
- ADM logos and certification marks.

The kit is distributed to all newly opened stores and the communication materials are updated and made available to retailers in digital format on the web page dedicated to the points of sale. Retailers are recommended to display up-to-date information materials in all areas of the point of sale that are most visible to and frequented by customers, with particular attention to a targeted location near entertainment equipment. Snaitech is committed to maintaining a constant dialogue with managers through regular visits made by area managers and via the continuous sending of communication notices. In this regard, it should be noted that 218 product communication notices were sent during 2018, in addition to the daily sending of information leaflets and official documents.

In all the main points of sale, Snaitech has also included, in its self-service terminals for consultation of gaming information, tests for risk self-assessment and basic information on the risks arising from gaming.

3.5.1. SELECTION OF RETAIL PARTNERS

The choice of retail partners is primarily based on the verification of the requirements that the stringent Italian legislation provides for the issuance of authorisations to operate public gaming. Moreover, the selection process is carried out in the pre-contractual phase, evaluating both the entrepreneurial skills and the possession of personal qualities linked to the ethical sphere, in order to ensure that the management of the points of sale always shares and complies with the regulations and guidelines on responsible gaming.

3.5.2. AUDIT ACTIVITY AT THE POINTS OF SALE

Once they have joined the Snaitech network, the points of sale are involved in periodic checks by the Internal Audit structure, according to a visit plan that provides for the progressive coverage of Italy based on the trend of risk indicators that include the monitoring of Italy with respect to the socio-economic context of reference.

Visits to points of sale are aimed at ascertaining the correct application of regulatory, managerial and contractual compliance obligations by operators; among the relevant audit activities, a verification on whether or not the principles of social responsibility are being applied is carried out, with a direct and indirect impact on player protection. On the basis of the inspection results, action plans are determined to restore the correctness of any behaviour that may be out of line with company directives.

The checks are designed to cover, in particular, the following:

- the **formal and substantive correctness of the exercise of the concession** (i.e. adequacy and locality, possession and validity of licences, preservation of the ticket office, etc.) to guarantee and safeguard the legality of the ensemble of betting games
- the **application of the provisions regarding the health of the citizen** as established by the Balduzzi Decree and the contractual obligations, which specifically prescribe communication activities concerning gaming, in order to sufficiently prevent the phenomena of compulsive gaming and access to gaming by categories of vulnerable persons (for example, minors are prohibited from gaming activities or entering relevant premises)
- the **application of anti-money laundering legislation** (pursuant to Italian Legislative Decree 231/2007, supplemented by Italian Legislative Decree 90/17), with reference to the knowledge and correct application of the procedures and contractual obligations, so as to ensure the implementation of anti-money laundering and anti-terrorist financing actions.

In 2018, 394 visits were made to the network of points of sale.

Audit planning activities have been progressively directed towards a more accurate risk analysis that has seen the commitment of dedicated resources to points of sale with greater criticality and support needs.

3.5.3. RETAILER TRAINING

Snaitech supports retailers by providing its know-how in a wide range of activities that cover all point-of-sale operations: from support in the permit application phases and point-of-sale startup, to the design and organisation of physical spaces, from product training to promotion and marketing activities, from technological to administrative assistance.

The formation of the sales network is one of the tools through which a close relationship with the commercial partner is established. In addition to business operations, training is aimed at raising awareness among supply chain operators concerning the dissemination of legality and responsible gaming values, one of the requirements provided by our regulatory system for the granting and operation of operating licences.

Snaitech organises monthly B2B training courses for retailers who manage points of sale with slots and video lottery terminals. In particular, in 2018, approximately 225 hours of training were provided to 174 VLT operators and a further 839 hours of training were provided to 145 points of sale located in shopping centres and corner stores. Within the courses, there is a specific training module dedicated to the recognition and management of problematic customer gaming situations. In addition to this training activity, the course aims to raise awareness and update retailers on existing legislation.



4

VALUING PEOPLE

SDGs	GENDER EQUALITY Target 5.5. Ensure full and effective participation of women and equal opportunities for leadership at all levels of political, economic and public life decision-making.	
	DIGNIFIED WORK AND ECONOMIC GROWTH Target 8.1. Support economic growth per capita in accordance with national conditions, and in particular, annual growth of at least 7% of gross domestic product in developing countries	
Global Compact	LABOUR RELATIONS 3. Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining. 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	

The Snaitech Group values its resources through the protection of their physical and moral integrity and by encouraging the continuous development of technical and professional skills.

Human resources are an indispensable element for the very existence of a company. **Employee dedication and professionalism are, in fact, key values and conditions for the achievement of Snaitech's goals.** The Group is constantly committed to ensuring that all employees have the same opportunities for professional growth, so that everyone can enjoy fair treatment based on merit criteria and skill recognition. Decisions regarding the development of human resources for each employee must be made solely on the basis of these criteria and must exclude any form of discrimination.

Snaitech is also committed to the continuous improvement of the working environment, both from the point of view of worker health and safety and from the perspective of the quality of relations between employees. To maintain a climate of mutual respect, all employees are required to cooperate actively in the conduct of their activities.

► **IN, launch of the Snaitech employee newsletter**

IN, active since September 2018, this quarterly newsletter is dedicated to employees of the entire Snaitech Group. Created from the collaboration between several areas of the company, it deals with issues such as innovation, social and cultural events, activities of corporate responsibility and the most significant news in Group life.

IN pursues a triple purpose: the first is that of disseminating useful information for company business of a strategic and innovative nature,

the second is that of creating a shared company culture, discussing the Group's values and identities. The third aim is that of promoting word-of-mouth and sharing - directly by the employees - experiences and initiatives that are encouraged and realised within the Group, transforming the newsletter into a tool of all and for all.

Employees can always consult editions of IN, published on a dedicated section of the company intranet.

4.1. Employee profile (GRI 102-8)

(GRI 103-2) As of 31 December 2018, the Snaitech Group had 806 employees (848 at the end of 2017), 54% of whom were men and 46% women, with a slightly different percentage compared to 2017 in favour of men. The Group's personnel, in an atypical manner compared to other companies in the sector, are very heterogeneous thanks to the presence of very different working contexts - from the three head offices, to the racecourse, to the proprietary agencies. In fact, as shown by the data below, the professional skills are diverse and represent a factor of great value that encourages the formation of diverse work teams with great potential.

Following the latest corporate transactions, which saw a change in the structure of Snaitech, the Group's workforce has decreased by 28.75% in the last three years. This change is the result of 35 business unit disposals relating to the Snai Rete Italia agencies, as well as the initiation of staff reduction procedures. It should be noted that the reduction between 2017 and 2018 was down on the previous year: outgoing turnover stood at 14% compared to 43% in 2017.

▶ **TURNOVER BY GENDER** (GRI 401-1)

● 2018 ● 2017 ○ 2016



*Recruitment rate: number of employees hired in the period/number of employees at the end of the reporting period*100
 **Turnover rate: number of employees leaving the company during the period/number of employees at the end of the period*100.

PERSONS HIRED (%)*



TOTAL PERSONS HIRED (%)
 2018 9% 2017 9% 2016 7%

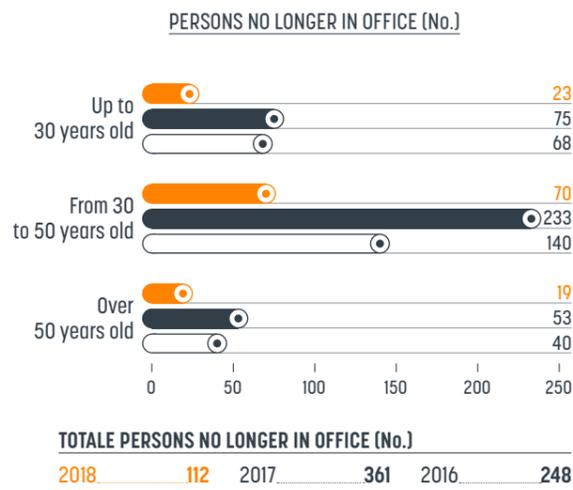
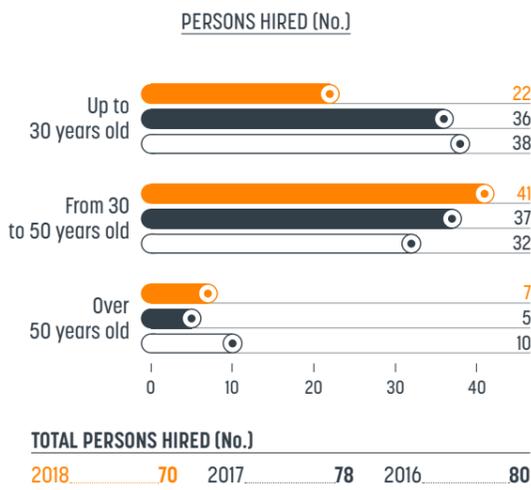
PERSONS NO LONGER IN OFFICE (%)**



TOTAL PERSONS NO LONGER IN OFFICE (%)
 2018 14% 2017 43% 2016 22%

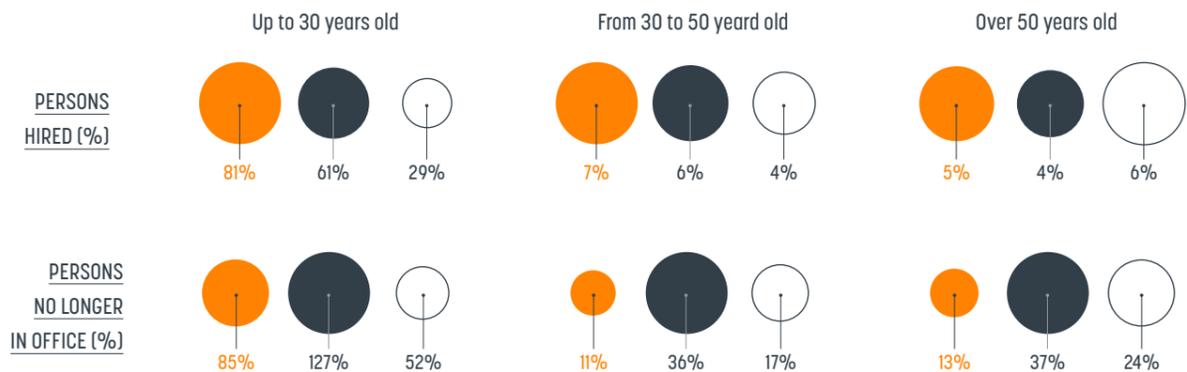
▶ **TURNOVER BY AGE GROUP** (GRI 401-1)

● 2018 ● 2017 ○ 2016



▶ **TURNOVER % BY AGE GROUP** (GRI 401-1)

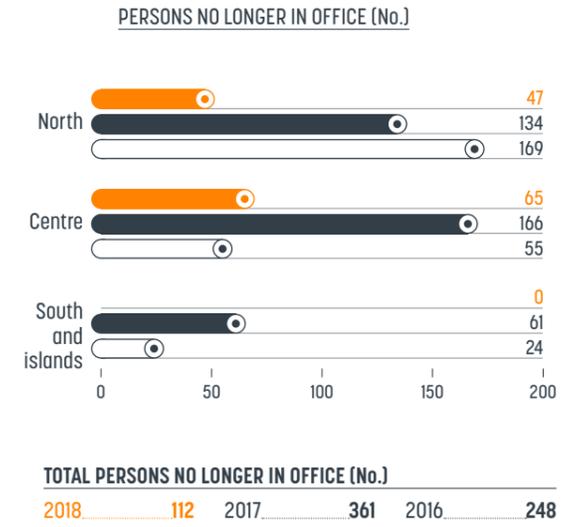
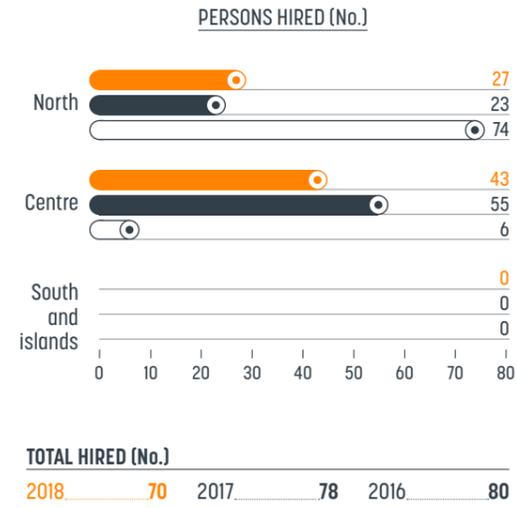
● 2018 ● 2017 ○ 2016



▶ **TURNOVER BY GEOGRAPHIC AREA** (GRI 401-1)

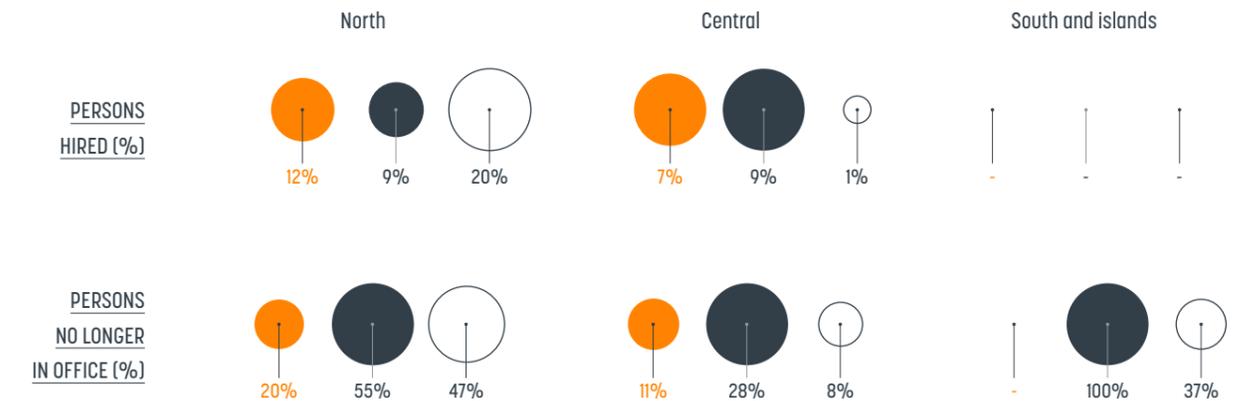
The complete divestment of the direct management activities in the South and the Islands in 2017 led to a consequent reduction in personnel.

● 2018 ● 2017 ○ 2016



▶ **TURNOVER % BY GEOGRAPHIC AREA** (GRI 401-1)

● 2018 ● 2017 ○ 2016



▶ **PROFESSIONAL QUALIFICATION**

The percentage of staff with a university degree in relation to the total number of employees has increased over the three-year period, from 20% in 2016 to 22% in 2018.

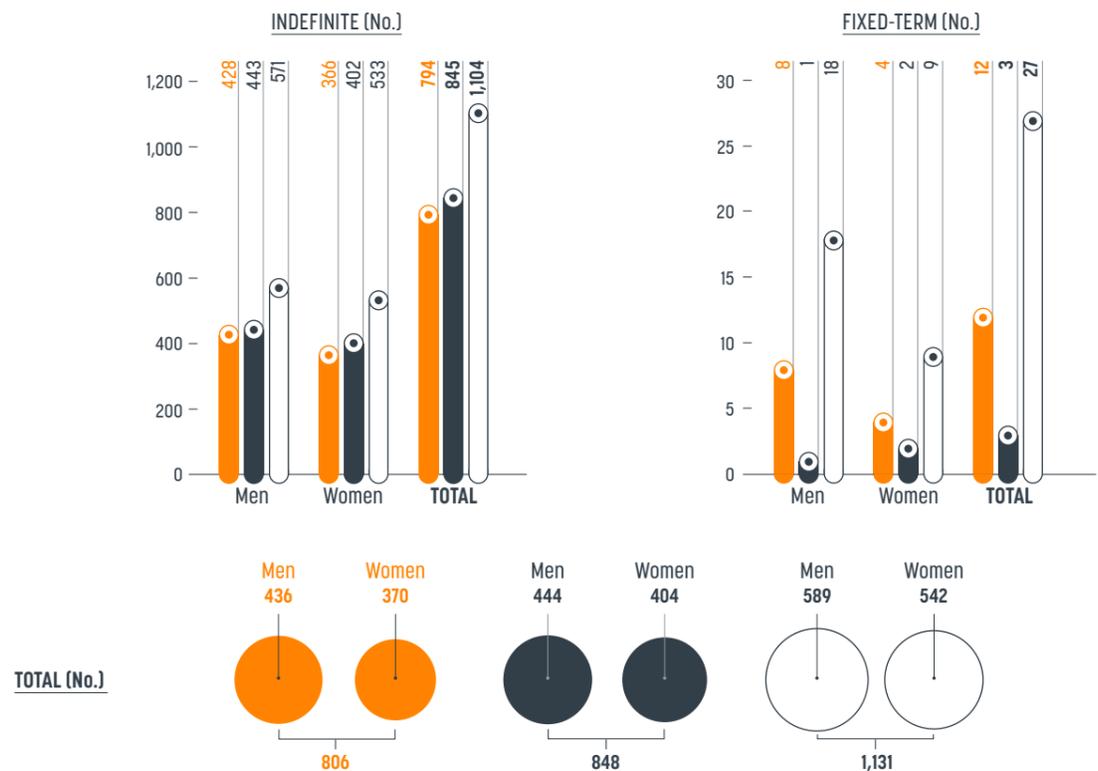
● 2018 ● 2017 ○ 2016

	2018			2017			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Degree	95	86	181	91	89	180	116	106	222
Secondary school diploma	272	243	515	284	266	550	391	359	750
Other	69	41	110	68	50	118	82	77	159
TOTAL	436	370	806	443	405	848	589	542	1,131

► EMPLOYEES BY TYPE OF CONTRACT (GRI 102-8)

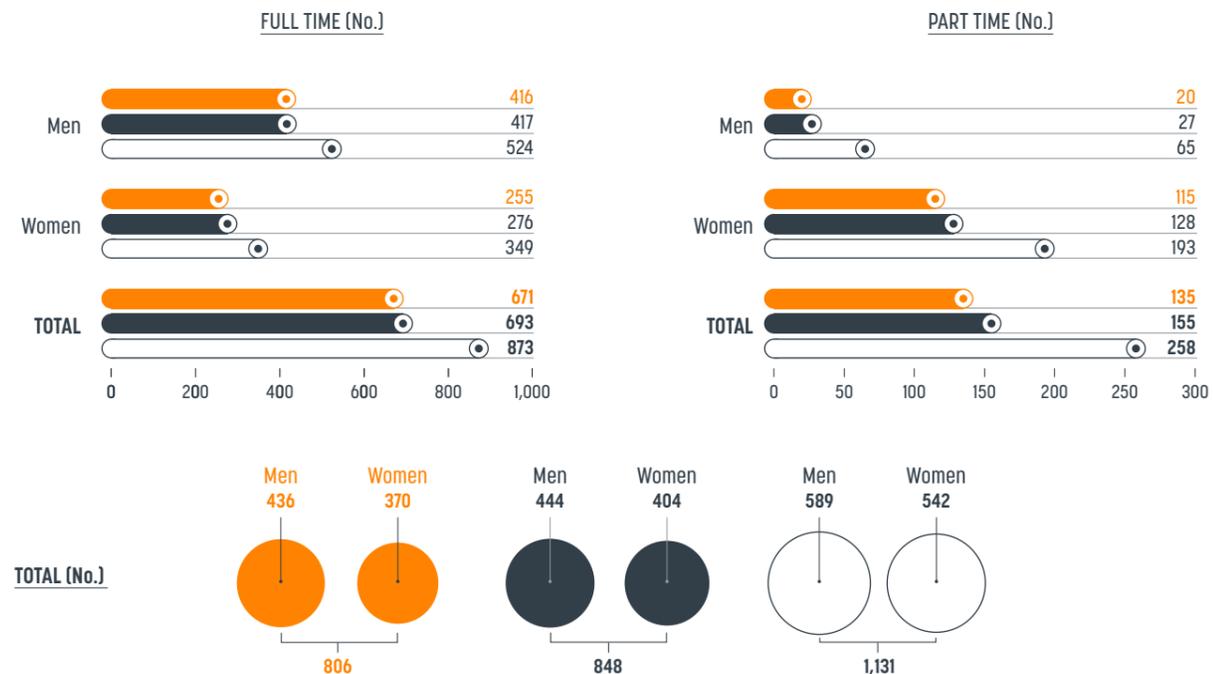
As of 31 December 2018, 99% of the staff were on permanent contracts and 83% had a full-time contract. Throughout the year, Snabtech employs temporary staff, especially during race days or other racecourse events.

● 2018 ● 2017 ○ 2016



► EMPLOYEES BY TYPE OF WORKING HOURS (GRI 102-8)

● 2018 ● 2017 ○ 2016

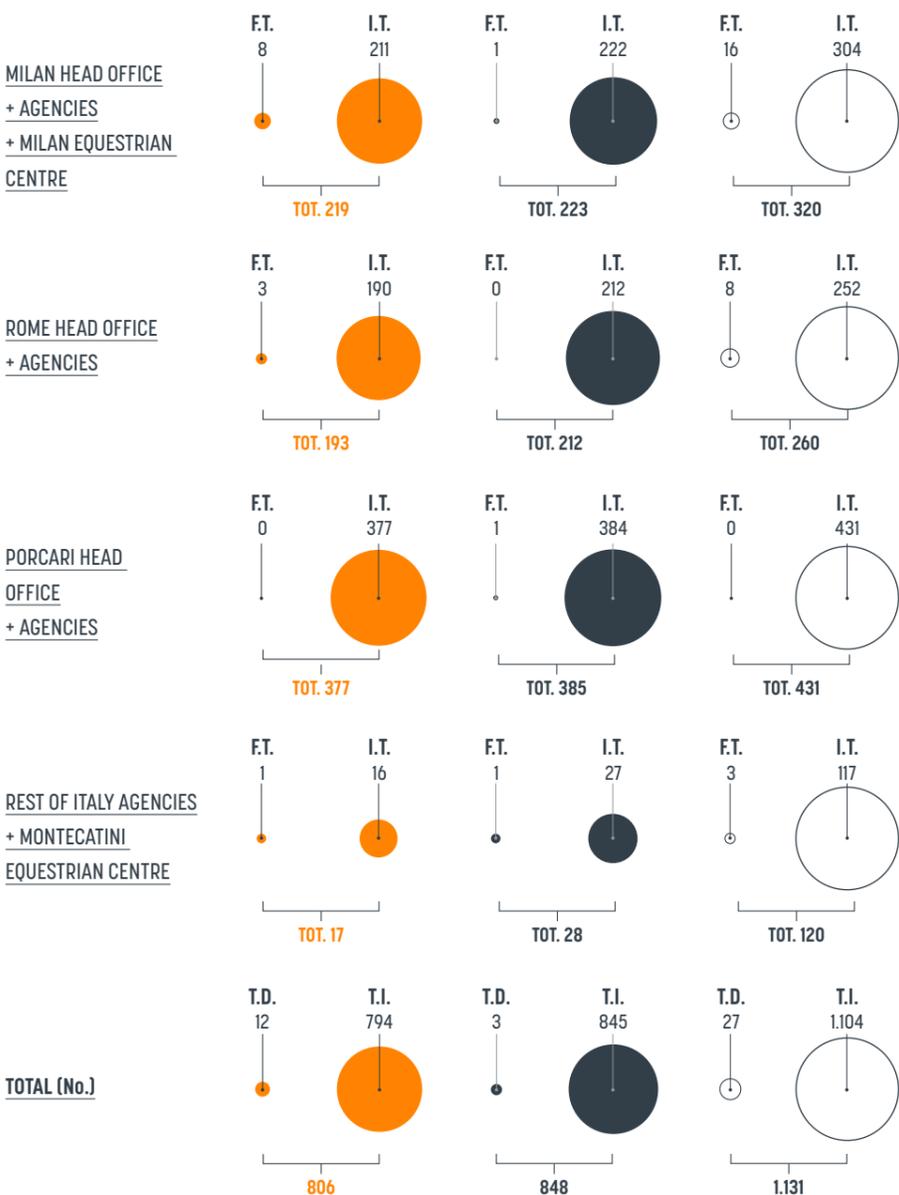


By maintaining the three head offices (Milan, Porcari and Rome), which represent the corporate heritage of the merged companies, it was possible - during the corporate restructuring process - to protect employment and limit internal mobility as much as possible. Meanwhile, in 2018, internal mobility was promoted in order to support opportunities for development and growth.

As of 31 December 2018, 47% of the staff were based in the Porcari area, 27% in the Milan and Peschiera Borromeo area, 24% in the Rome area and 2% in the rest of Italy.

► GEOGRAPHICAL BREAKDOWN OF EMPLOYEES BY CONTRACT (GRI 102-8)

● 2018 ● 2017 ○ 2016 F.T. Fixed-term I.T. Indefinite



► Trade union relations

Following an **important process of organisational integration and rationalisation** of the activities carried out by Group companies, which began in 2016, the last three years have been marked by intense trade union relations concerning employment issues.

Any operation that has serious repercussions on employees, in fact, is initiated through prior trade union meetings and shared with the unions well in advance, generally more than what is provided for in the regulations governing such a matter.

After completing the phase of corporate and organisational integration following corporate operations, as well as workforce rationalisation, as of early 2018, Snaitech has **initiated a discussion aimed at entering into a new Supplementary Company Contract**, with the Company Trade Union Representatives of Snaitech employees and with the relative National and Territorial Secretariats, to be applied indiscriminately to all employees, so as to begin to standardise the relative procedures in line with the need for contractual simplification. In fact, in view of the complex process of contractual harmonisation of employment relationships with employees who joined Snaitech as a result of the various extraordinary operations (mergers) carried out in recent years, the need to arrive at a single set of contractual rules common to all Snaitech employees (with the exception of those employed by the BU Racetrack, which, given the specific nature of the sector, will continue to be governed by the National Labour Collective Agreement (hereinafter CCNL, according to its acronym in Italian).

In light of the above, Snaitech considered that the collective discipline likely to be most appropriate

to its organisational needs was that contained in the National Collective Labour agreement (CCNL) for Tertiary, Distribution and Services, which was therefore chosen as the reference contract for employees covered by the Metalworking Industry CCNL. The National Collective Tertiary Contract is undoubtedly the one that best suits the current type of activity carried out by the Group, as noted at the beginning of 2017 by INPS (Italian Institute for Social Security). The Company has therefore informed the trade unions of its intention to apply the following to all employees of the CCNL for Tertiary, Distribution and Services, to which more than half of the company's employees already belonged. To this end, it has also begun discussions with the trade unions, with the aim of harmonising the various contractual disciplines in force within the company. Following numerous meetings with trade union organisations, an agreement was reached on 24 October 2018 between the Territorial Secretariats of unions FIM-CISL, UILM, UILTUCS, FISASCAT-CISL, as well as the National Secretariats of FISASCAT-CISL, UILTUCS and the Worker Representatives of the Porcari head office, the Tertiary sector, which has made it possible to reach a better agreement for employees. The agreement was submitted for consultation and voted on by the majority. FIOM has sued Snaitech and the court of Lucca has ruled in favour of FIOM.

Snaitech has, however, appealed against a decision which it considers does not protect employee interests and, in the meantime, has aligned itself with the court's decision by applying the Metalworking Industry CCNL to FIOM members in Lucca and to non-members of any trade union who have made a specific request and who will have this contract applied until 31 December 2019, the expiration date of the same.

The Trade Union Organisations - despite the fact that the new Supplementary Company Contract was not signed by 2018 - represented the Group's need to find a transitional solution for the year 2018 with regard to the variable salary mechanism, in order to prevent employees from being deprived of this salary option merely as a result of the lapse of previous company negotiations.

Snaitech, in order to comply with the requests of the Trade Union Organisations, on 26 November 2018, signed an agreement with the Worker Representatives assisted by the respective

National and Territorial Secretariats of unions FISASCAT-CISL and UILTUCS. The above agreement is aimed solely at establishing, for the year 2018, an annual Performance Bonus for employees whose employment relationship is governed by the CCNL for Tertiary, Distribution and Business Services (also known as the "Tertiary CCNL"). The Performance Bonus will be applied to all Snaitech employees with indefinite term contracts, whose employment is regulated by the Tertiary CCNL (excluding Executives) and will be applied in equal measure regardless of the contractual framework.

4.2. Diversity, equal opportunities and inclusion

(GRI 103-1) DESCRIPTION OF THE TOPIC: "Diversity, equal opportunities and inclusion" means the implementation of policies and tools to promote an inclusive environment that counters discrimination of all kinds (gender, race, ethnicity, age, disability, sexual orientation and other aspects relevant to the organisation's areas of activity), both in the context of recruitment policies, training and professional development, promoting an open cultural environment. In addition, the issue refers to fair remuneration policies between men and women in the various professional categories and the Group's commitment to ensuring equal opportunities for professional growth based on merit criteria.

(GRI 103-2; 103-3) The Group values women at all professional levels. Snaitech, in fact, believes that diversity is a key value for Group success. Various sections of the Ethical code refer to the commitment to protecting human rights within the Group and in particular, the protection of individual dignity and the physical and moral integrity of the person, with reference to both employees and anyone who has dealings with Snaitech.

Consequently, the Group is committed to implementing these principles in its practices of recognising diversity based on age, racial and ethnic origin, nationality, political opinions, religious beliefs, gender, sexual orientation or the state of health of its stakeholders. Snaitech is also committed to removing any practice of discrimination based on these differences.

The measures taken to prevent human rights violations, as well as the actions taken to prevent any form of discrimination, are monitored by the Internal Audit and the Supervisory Body.

(GRI 406-1) In 2018, there were no cases of discrimination by employees and no reports of human rights violations were received.

With regard to equal gender opportunities, in order to maintain a good balance in the composition of the corporate workforce, Snaitech has ensured a female presence over the years of no less than 40%, considering diversity a value that contributes to Group's success.

► EMPLOYEES BY GENDER (GRI 405-1)

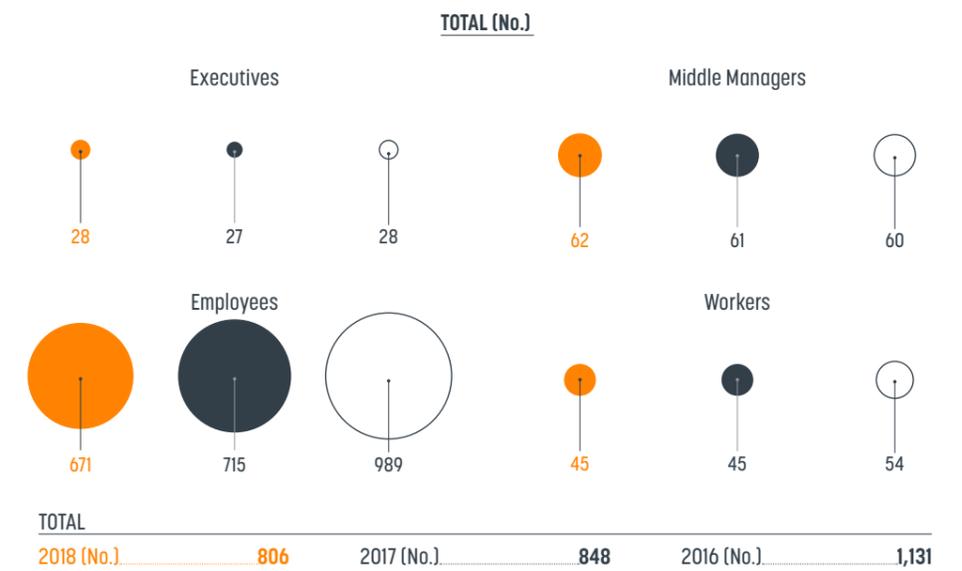
	2018			2017			2016		
	Men	Women	TOT	Men	Women	TOT	Men	Women	TOT
Employees at 31.12	436	370	806	444	404	848	589	542	1,131

► EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER (GRI 405-1)

	2018			2017			2016		
	Men	Women	TOT	Men	Women	TOT	Men	Women	TOT
Executives	21	7	28	20	7	27	20	8	28
Middle Managers	42	20	62	43	18	61	43	17	60
Employees	329	342	671	337	378	715	475	514	989
Workers	44	1	45	44	1	45	51	3	54
TOTAL	436	370	806	444	404	848	589	542	1,131

► EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP (GRI 405-1)

	2018			2017			2016		
	Up to 30	From 30 to 50	Over 50	Up to 30	From 30 to 50	Over 50	Up to 30	From 30 to 50	Over 50
Executives	0	18	10	0	18	9	0	17	11
Middle Managers	0	46	16	0	46	15	0	43	17
Employees	27	554	90	59	569	87	130	755	104
Workers	0	12	33	0	13	32	0	20	34
TOTAL	27	630	149	59	646	143	130	835	166



Protected and disabled categories represent 5% of the labour force for a total of 41 people.

► EMPLOYEES BELONGING TO PROTECTED AND DISABLED CATEGORIES BY GENDER (GRI 405-1)

	2018			2017			2016		
	Men	Women	TOT	Men	Women	TOT	Men	Women	TOT
Executives	1	0	1	0	0	0	0	0	0
Middle Managers	1	1	2	2	1	3	2	0	2
Employees	19	12	31	19	13	32	29	21	50
Workers	6	1	7	6	1	7	7	1	8
TOTAL	27	14	41	27	15	42	38	22	60

The average gross annual base salary (RAL) for women at clerical level is 83% of that for men, while that for women at middle management level is 81%. Although the index is declining among employees over the three-year period, there was a slight increase in management between 2016 and 2018.

► **AVERAGE GROSS ANNUAL BASE SALARY FOR WOMEN/AVERAGE GROSS ANNUAL BASE SALARY FOR MEN*** (GRI 405-2)

	2018	2017	2016
Executives	85%	80%	82%
Middle Managers	81%	82%	89%
Employees	83%	81%	112%
Workers**	Not significant	Not significant	Not significant

*Salary: gross annual salary made up of the contractual provisions and company integrations.

** Not significant given the small number of female workers.

The average gross remuneration (RGL, given by the RAL plus the variable part and the production premium) of women belonging to both the clerical and management levels is equal to 79% of that of men.

► **AVERAGE GROSS ANNUAL BASE REMUNERATION OF WOMEN/AVERAGE GROSS ANNUAL BASE REMUNERATION OF MEN*** (GRI 405-2)

	2018	2017	2016
Executives	47%	71%	69%
Middle Managers	79%	80%	90%
Employees	79%	78%	100%
Workers**	Not significant	Not significant	Not significant

*Remuneration: the gross basic annual remuneration (fixed component) + variable components and the production premium.

** Not significant given the small number of female workers.

4.2.1. CORPORATE WELFARE

Employees are covered by the compulsory social security scheme, in accordance with the regulations of the relevant sectors. The companies of the Group therefore regularly set aside the amounts to cover the Employee Severance Indemnity (TFR according to its acronym in Italian).

Group employees also have access to additional forms of aid and social security in accordance with national contracts and internal regulations:

- Sales employees: Sanimpresa and Fondo Est
- Sales middle managers: Quas
- Sales executives: Fasdac
- Workers, Employees and Industry Middle Managers: Mètasalute
- Industry, radio, television and horses middle managers: FasiOpen
- Employees of radio and television stations: Salute Sempre

During the year, supplementary insurance was maintained for Sales Executives (Life insurance, Healthcare, Disability and invalidity coverage).

Snaitech has also entered into an insurance policy for professional and non-professional accidents for Middle Managers, Employees and Workers.

Staff have access to a series of **additional benefits** that can be obtained at particularly good rates, thanks to the contractual conditions that the Group is able to obtain on the insurance and services market. In particular, an agreement is in place with SARA Assicurazioni, which provides for a 30% discount on third-party liability and the insurance fee instalments.

There are also agreements in place with the public transport networks in Rome and Milan and with the CAF (Tax Advice Centre), which provides assistance in completing annual tax returns.

(GRI 401-2) The benefits provided are available to staff, whether part-time or full-time, on an open-ended or fixed-term contract.

(GRI 102-41) Snaitech has also entered into an agreement for 2018 with the trade unions for employees whose employment relationship is governed by the CCNL for Tertiary, Distribution and Business Services (hereinafter also referred to as the "Tertiary CCNL") and an annual **Performance Bonus** for all permanent employees recognised in equal measure regardless of the contractual framework.⁽¹⁾

The Group supports the presence of women, also providing advantageous solutions in **support of maternity**, confirming for 2018 as well the possibility, for any who should request it, to take advantage of part-time post maternity, exceeding the maximum number provided for by the respective CCNL applied. In 2018, 115 women and 20 men, a total of 135 employees, took up the option of part-time work. Part-time contracts mainly involve working mothers (about 42) or staff working at direct agencies and racetracks.

Since the end of 2018, the Company has been engaged in a dialogue with trade unions aimed at assessing new welfare plans.

► Children in the Workplace

"Bimbi in Ufficio" (Children in the Workplace) is a Corriere della Sera/L'Economia initiative, created to promote a day for employees' children to be involved in the office.

The event, which has now become part of company tradition, was organised on 31 October at the three Group head offices in collaboration with the Francesca Rava-NPH Italia Onlus Foundation, which

has been involved in organising various activities and creative workshops. It was a moment of internal socialisation, bringing together employees and their families and, at the same time, an opportunity to renew the project supported by the iZilove Foundation, dedicated to the less fortunate children of the three family homes of the Francesca Rava Foundation, in the cities of Milan, Lucca and Rome.

⁽¹⁾ As will be reported in the 2019 report, the agreement was subsequently signed also for the CCNL for Industry.

4.3. Valuing staff and skills development

(GRI 103-1) DESCRIPTION OF THE TOPIC: "Valuing staff and skills development" means special attention to the continuous training of employees for the development of professional and cross-sectional skills, also for the purpose of creating career opportunities based on merit criteria.

(GRI 103-2, 103-3) The enhancement of human capital has been pursued through significant investments in training at all levels.

For the Snaitech Group, staff training and development represent the fundamental lever for fostering integration, supporting organisational changes, spreading the corporate culture and guaranteeing the acquisition and updating of know-how, with the aim of making an effective contribution to the achievement of business goals.

▶ TRAINING HOURS PER GENDER AVERAGE PER EMPLOYEE (GRI 404-1)

	2018	2017	2016
Men	22.72	13.54	8.80
Women	18.25	14.04	8.64
TOTAL AVERAGE HOURS	20.67	13.78	8.73

▶ TRAINING HOURS PER PROFESSIONAL CATEGORY AVERAGE PER EMPLOYEE (GRI 404-1)

	2018	2017	2016
Executives	61.46	25.21	29.80
Middle Managers	17.55	11.50	9.92
Employees	17.34	13.71	8.09
Workers	49.29	11.07	8.10
TOTAL AVERAGE HOURS	20.67	13.78	8.73

The 2018 Training Plan was designed to develop professional, technical and behavioural skills, as well as to support the learning of current regulations and to ensure continuous updating on privacy issues, Italian Legislative Decree No. 231/01 and anti-money laundering legislation.

The training activities continue to be divided into four macro categories:

- **Behaviourale:** fundamental for developing soft skills in line with the position held and the processes of organisational change and development.
- **Technique:** necessary for the direction of the company strategy aimed at the development and/or maintenance of specific technical skills. In this context, in 2018, various job-training initiatives, coaching activities, role-specific technical courses and English language courses were developed.

- **Safety at work:** in 2018 the Snaitech Group continued to train and inform personnel in accordance with Italian Legislative Decree 81/08. In particular, the focus was on the BU Racecourse and the updating of training and information as governed by the regulations. More than 5,000 hours of safety training, information and coaching were provided to employees.
- **Compliance:** this activity includes training initiatives promoted by the Legal and Corporate Affairs Department (Privacy Department), the Compliance Department and Compliance & Regulatory Affairs Department, the Anti-Money Laundering Department and the Human Resources & Organisation Department, in order to increase information, awareness and compliance with current legislation and regulations. In particular, training was provided on the following topics:
 - » **Privacy and personal data processing:** the periodic training on legislation reviewed the relevant historical evolution, Italian Legislative Decree 101 of 10 August 2018 which amended Italian Legislative Decree 196/03 in Italy, the European Regulation 679/2016, which introduced new principles (including the "principle of accountability"), the obligation for more detailed content regarding information on data processing, limits to the automated processing of personal data, the exercise of new rights exercisable by data subjects, strict criteria for the transfer of data outside the EU and stricter rules for the management of the process related to data breaches.
 - » **Responsible Gaming:** in 2018, the Snaitech Group followed up on the training programme undertaken in 2017, aimed at strengthening the culture of responsible gaming in the company, paying more and more attention to the danger of gambling disorders, in compliance with the provisions of the regional regulations in force. Specifically, training was planned and provided for those in charge of direct points of sale that were involved in training sessions aimed at providing information on the legal gaming system in Italy and indications on tools to help recognise and manage pathological players, with particular attention to the communicative and relational aspects, highlighting the different social aspects of the disorder.
 - » **231/01:** the new company Model of organisation, management and control was presented ("Model 231") approved by the Snaitech S.p.A. Board of Directors on 16 March 2018. The IT application, the "Whistleblowing Communication Tool", has also been implemented, which allows employees to send reports of potential or actual breaches, relevant pursuant to Italian Legislative Decrees 231/01 and 231/07. In 2018, therefore, all Group companies started to provide training courses aimed at informing and training all staff on the updating of the Organisation, Management and Control Model, also with specific training sessions dedicated to the new tool.
 - » **Anti-money laundering:** with reference to the specific regulations, the innovations introduced by Italian Legislative Decree 90/17 have been presented and illustrated, with a focus on regulatory updates and suspicious transaction reporting procedures.

A total of 16,659 hours of training were provided in 2018, an increase of 68.8% on 2016. In addition, training hours per capita more than doubled from 8.73 in 2016 to 20.67 in 2018.

The most significant increase in training hours concerns courses on soft and hard skills in order to encourage the updating and acquisition of the skills necessary to cover new roles in the light of the reorganisation process that has affected the Group.

The training provided to managers - which has more than doubled in the three-year period - focused on soft skills, language training courses and the organisation of various training activities in teams, aimed at establishing a positive climate of cooperation and collaboration between employees. This increase in hours is in response to the goal of spreading and passing on a strong identity culture, to facilitate the management of all personnel in the phase following the long process of integration that the Group has been involved in over the last three years.



TRAINING IS A FUNDAMENTAL LEVER FOR THE FOSTERING OF INTEGRATION, DISSEMINATING CORPORATE CULTURE AND DEVELOPING THE GROWTH OF TALENT. IN 2018, A TOTAL OF 16,659 HOURS OF TRAINING, +43% COMPARED TO 2017.

In addition, classroom training sessions were planned and conducted - accompanied by learning tests - for all Snaitech and Teleippica staff in light of EU Regulation 2016/679, with the aim of:

- illustrating the innovations introduced concerning the processing of personal data and the security of information
- increasing the awareness necessary for the correct processing of data
- increasing the necessary attention to be paid to the possible impact of the privacy regulation on the processes and on the company business, as well as on the services offered.

Having met all the commitments agreed with ADM on responsible gambling training in the years prior to 2018, the number of hours devoted to responsible gambling has decreased significantly for the current year.

▶ TRAINING HOURS BY TYPE

	2018	2017	2016
Behavioural	2,207	2,392	366
Teambuilding	1,284	255	448
Technique	3,806	2,348	987
On the job training	1,850	3,110	2,394
Italian Leg. Decree 231/2001	410	140	930
Anti-money laundering	495	237	306
Responsible gaming	45	434	300
Health and safety	5,009	2,742	4,117
Privacy and personal data processing	1,553	24	21
TOTAL	16,659	11,682	9,869

The Talent Assessment and Competence Development project carried out in 2017 and aimed at specialist professionals, has made it possible to define the Behavioural Competence Model of a professional family and to plan and implement a targeted training plan that has contributed, in the last two years, not only to strengthening and raising the level of professionalism and to creating a shared and cross-sectional working method, but to developing membership skills, generating ever greater teamwork.

In addition, at the end of 2018 Snaitech launched a pilot training project aimed at the heads of the organisation, in order to build, maintain and improve effective and functional relationships with employees and interlocutors, through an experiential teaching methodology, aimed at encouraging cooperation and productive behaviour.

4.4. Workplace Health and safety

(GRI 103-1) DESCRIPTION OF THE MATERIAL TOPIC: "Health and safety at work" means the management systems applied in the workplace to protect the physical and moral integrity of personnel and reduce the number of occupational accidents and illnesses, as well as health and safety training and awareness-raising activities for employees, in accordance with local and industry laws and regulations - including the OHSAS 18001:2007 certification - and taking into account the specific characteristics of the horse racing sector.

(GRI 103-2, 103-3) In line with the guiding principles, **the Group is constantly committed to developing and promoting a culture of worker health and safety.** The management system put in place ensures full compliance with the rules laid down in Italian Legislative Decree 81/2008.

The constant monitoring of workplaces, also beyond legal obligations and imminent risks, the rigour in managing suppliers, the focus on training, all demonstrate the constant commitment to ensuring maximum safety and promoting a culture of safety.

The constant monitoring of the issue led, in 2018, to the updating of a **risk assessment document (DVR according to its Italian acronym) and the issue of new safety procedures** such as: "Risk assessment" and "Management of service contracts".

In 2018, the safety organisation chart was also updated.

New health protocols have been issued that have allowed for a correct management and organisation of medical examinations, in compliance with the roles and related risks identified, in line with what is defined by the reference legislation. In 2018, more than 340 medical examinations were carried out and more than 5,000 man-hours of health and safety training were conducted.

The Parent Company Snaitech S.p.A. has also obtained the renewal of the certification of the Occupational Health & Safety Management System in accordance with the OHSAS 18001:2007 standard, for its head offices in Rome, Via Goito 58/A, Milan, Piazza della Repubblica 32, Porcari (LU), Via Lazzareschi, 7 and Via Boccherini 57. The Porcari head offices in Via Boccherini 39 and 19 have also been certified.

Following the incorporation of Trenno into Snaitech S. p. A., during the two-year period, the risk integration and assessment project was also started and completed in light of the new organisation, as well as the safety training plan defined and implemented in line with the new roles established and in consideration of the equipment used. The Environmental Manager for the Snaitech Racecourse surrounding areas has also been appointed.

In 2018, accidents were of a shorter duration, as shown by the severity index, which decreased over the three-year period from 47.5 to 39.15 (53.8 for women and 28.6 for men). It should also be noted that 84.6% of accidents occurred while travelling to or from work, outside the direct control of the Group. Furthermore, the accident frequency index increased from 1.87 in 2016 to 2.05 in 2018 (3.39 for women and 1.09 for men) - despite the fact that the number of accidents decreased compared to the previous year from 18 to 13 (9 women and 4 men) - due to a decrease in the number of employees and therefore in the number of hours worked.

Finally, the absenteeism rate decreased over the three-year period from 18,687 in 2016 to 7,025 in 2018 (8,086 for women and 6,117 for men), mainly as a result of the reduction in sick leave compared to the previous year.

▶ ACCIDENTS **(GRI 403-2)**

	2018	2017	2016
Total number of accidents	13	18	18
<i>of which while travelling</i>	11	7	7
Frequency index*	2.05	2.44	1.87
Severity index**	39.15	70.9	47.5
Absenteeism rate***	7,025.34	7,633.25	18,686.54

*Total number of accidents/number of hours worked x 200.000.

**Total number of days lost/total number of hours worked x 200.000.

***Number of days of leave/total days that can be worked x 200.000.



5

ENVIRONMENTAL IMPACT
AND THE MANAGEMENT
OF RACECOURSES

SDGs	<p>LIFE ON EARTH</p> <p>Target 15.1. By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and arid areas, in line with obligations under international agreements.</p>	
Global Compact	<p>ENVIRONMENT</p> <p>7. Businesses should support a precautionary approach to environmental challenges.</p> <p>8. undertake initiatives to promote greater environmental responsibility; and</p> <p>9. encourage the development and diffusion of environmentally friendly technologies.</p>	

As stated in the Ethical code, the Group recognises the importance of adopting behaviours aimed at protecting environmental resources, **reconciling the requirements of economic efficiency and legitimate profit with the sustainable development of existing activities.**

(GRI 102-11) The typical activity of the Group does not have significant environmental impact. **The sector in which it operates is not subject to the risks typical of industrial processes**, which is why the environmental impact of operations is considered of secondary importance, as noted by the internal survey to update the materiality matrix. In any case, the environmental issue requires adequate and constant monitoring, especially with regard to the management of racecourses. For this reason, the Group has decided to dedicate a chapter of this report to environmental impact and is committed to further strengthening corporate culture by 2019, raising employee awareness of the importance of issues related to environmental protection.

The management of equestrian centres and racecourses in particular has positive potential for the surrounding environment related to the protection of important green areas that contribute to improving the air quality of the surroundings. The lawns, the extension of the high-stemmed areas, the Botanical Park of the Snai San Siro Racetrack and the presence of a small body of water represent an eco-system characterised by the presence of valuable plant and precious centuries-old plant essences, distant, only 4 kilometres from the centre of the city of Milan and the EXPO exhibition area.

As far as its core activities are concerned, Snaitech, as a technology services company, develops software and hardware for the supply of technological equipment on loan to the Points of Sale of its collection network.

With regards to software, it operates mainly with low voltage electronic circuits with the typical energy consumption of an average office, to which must be added the energy, which comes from various sources, used for heating in winter and air-conditioning in summer for the technical rooms and offices. The selection and management of the points of sale also requires fuel for transport for the support and consulting staff.

The use of hardware involves the indirect consumption of materials and energy typical of the electro-technical product chain and the need to ensure the disposal of obsolete equipment, as required by law to protect the environment.

Snaitech has disposed of the gaming terminals together with other obsolete technology, in compliance with the Law No. 2015 of 27 December 2017 ("State Budget Forecast"), which introduces, among other things, provisions for the disposal and destruction of so-called amusement and entertainment devices that are discarded from the market.

5.1. Protection and enhancement of natural resources (GRI 304-3)

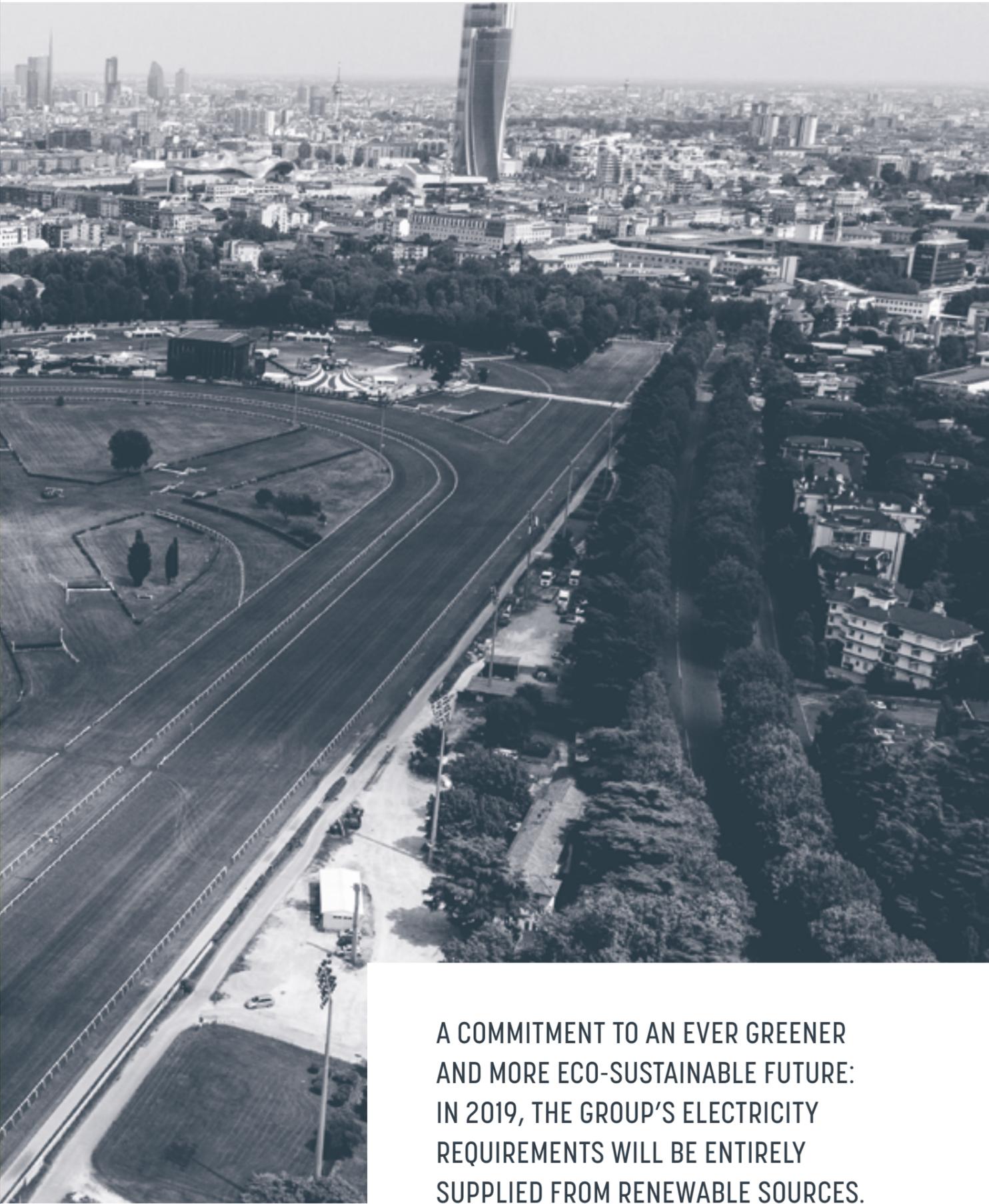
DESCRIPTION OF THE TOPIC: "Protection and enhancement of natural resources" means, in particular, the management of green areas in equestrian centres and racetracks. The topic refers to protecting the eco-system (animal and plant) that these areas represent.

The Equestrian Centres of Milan and Montecatini Terme are made up of racecourses and training centres. The Milan Equestrian Centre, in particular, includes the Snai San Siro Racetrack with its Flat Racing Training Centre and the Snai La Maura Racetrack (for harness racing). It extends over approximately 150 hectares in the north-west area of the city, within the San Siro Sports Area and with the Aldo Aniasi public park, it is located a few kilometres from the old town and the EXPO exhibition area. The District of Montecatini consists of the Snai Sesana Racecourse and its Harness Racing Training Centre, which is not in operation to date. The Montecatini Equestrian Centre occupies an area of approximately 150,000 square metres.

The ecosystem of the areas in the Milan Equestrian Centre is not only a green area for the Milan greater metro area, but also an artistic and cultural centre listed for Environmental and Cultural Heritage protection, where important sculptural works are located, such as "Leonardo's Horse" and interesting examples of Art Nouveau architecture from the beginning of the last century (Tribune and Palazzina del Peso). Moreover, at the Snai San Siro Racecourse there is a Botanical Park with more than 70 tree species, some of which are exotic.

In order to mitigate negative impact and enhance the positive effects of its business activities on the urban environment, Snaitech carries out regular assessment of risks and environmental impact.

In particular, the aspects covered concern the maintenance of sports facilities, noise and odour emissions, water potability checks, agronomic assessments, assessments of the state of remaining hazardous materials containing asbestos in underground tanks and related disposal plans, building assessments of the state of conservation of buildings by appointed professionals, as well as specific assessments by external technicians. Moreover, all the maintenance contracts of the external companies that deal with technical systems (water, electricity, lighting, lifts, generating sets, heating, fire prevention) are updated annually, as well as the mapping and assessment of the state of health of about 2,700 tall trees in the Centre, the handling and disposal of waste, the assessment and disposal of asbestos cement roofing, cleaning and the fleet of machines to carry out interventions at sports facilities and buildings.



A COMMITMENT TO AN EVER GREENER
AND MORE ECO-SUSTAINABLE FUTURE:
IN 2019, THE GROUP'S ELECTRICITY
REQUIREMENTS WILL BE ENTIRELY
SUPPLIED FROM RENEWABLE SOURCES.

5.2. Responsible waste management ^(GRI 306-2)

DESCRIPTION OF THE TOPIC: "Responsible waste management" means those activities that promote the use of more recyclable resources, the reduction of waste production, its proper disposal and the encouragement of reuse practices. All of these actions make it possible to improve waste management and reduce waste production, helping mitigate the negative environmental impact.

97% of the special waste produced by Snaitech comes from the management of Equestrian Centres and of these, over 99% consists of manure.

The increase in hazardous waste in 2018 is mainly due to the replacement of obsolete electrical equipment as part of the investment project launched by the Snaitech Group to adopt innovative technological solutions. The replacement of workstations, which began in previous years, continued in 2018, with a view to renewing and reducing energy consumption. This is accompanied by the technological renewal of the server park that consolidates and further improves the management of systems by increasing the virtualisation of services, reducing the hardware equipment.

► WASTE BY TYPE AND METHOD OF DISPOSAL ^(GRI 306-2)

	Unit of measurement	2018*	2017	2016
Special waste	Tonne	7829.24	8,265.36	6,336.59
<i>of which hazardous waste</i>	<i>Tonne</i>	<i>127.18</i>	<i>1.73</i>	<i>17.38</i>
Waste sent for disposal	Tonne	179.70	63.25	60.20
Waste sent for recycling	Tonne	7,649.54	8,202.11	6,276.39
Percentage of waste resulting from the management of racecourses	%	97%	98%	100%
Percentage sent for recovery	%	98%	99%	99%

*It should be noted that the 2018 figure does not include waste from Snai Rete Italia.

With the aim of improving the positive environmental impact generated by racecourse activities, the Group has continued its commitment to the redevelopment and reclamation of the land in the Milan Equestrian Centre.

In particular, **the Equestrian Centres adopt a circular economy approach linked to the subsequent use of waste as an input for the farming industry.** Although horse manure is classified as special waste, it is sent for recovery and reused as an animal by-product.

The increase in manure production between 2016 and 2017 is due to changes in horse care and hygiene activities. The decline between 2017 and 2018, on the other hand, is due to the decline in horseracing activity. The decrease recorded would have been even greater if the data relating to the management of the Montecatini Centre had not been integrated in 2018, in order to further improve compliance with the regulations.

The production of other special waste varies over the years depending on the activities carried out at the Centre. For 2018, by way of example, it should be noted that at the Milan Centre, intensive work was started on the arrangement, clearing and cleaning of areas and barns in order to optimise the spaces and areas used.

An important portion of the "wet" component of waste, deriving from maintenance of the park's vegetation, via separate collection, allows for the recovery of renewable energy through the production of biogas, as per AMSA S.p.A.'s Declaration.

During the two-year period 2017-2018, the Group removed and replaced 29% of the solid-state asbestos-cement roofs in the Milan Equestrian Centre (consisting of 90% cement and 10% asbestos), preparing the necessary reports for ATS Milan on the work carried out.

The complete removal of asbestos from the Snai San Siro Racecourse is expected by 2019, from the Training Centre by 2020. The removal of asbestos from the former Harness Racing area is being planned. The former Harness Racing area, in particular, is the subject of a characterisation project relating to the Environmental Investigation Plan, drawn up for the removal of underground tanks, the analysis of landfills and the decommissioning of electrical substations.

It should also be noted that at the Montecatini Racecourse, the complete removal of the asbestos-cement roofing took place as early as 2015.

In January 2018, 15 samples were analysed at the Milan Equestrian Centre to measure the concentration of airborne asbestos fibres. The analyses show results in line with the most cautious reference values reported in the air quality guidelines issued by the World Health Organisation (<1.0 ff/l in SEM⁽¹²⁾) and with the limit values defined by Italian Ministerial Decree 06/09/94 (2.00 ff/l in SEM) and are 0.4ff/l.

The waste produced by Snaitech and Snai Rete Italia is attributable to office activities and derives mainly from the consumption of paper, the disposal of used cartridges and toners, as well as electronic equipment, the collection and disposal of which is entrusted to authorised external companies.

Over the last three years, Snaitech has been involved in **a programme of dematerialisation and process efficiency** aimed at gradually reducing the use of paper through the creation of a document area, the integration of information, documentation and digitisation, which also involves relations with the sales network and suppliers.

The following table shows the data relating to paper consumption.

The sharp decrease recorded for 2018 is largely due to the decrease in purchases for points of sale and partly to the reduction in consumption at the head offices. In fact, Snai Rete Italia's points of sale decreased in 2018, from 17 to 8. At the same time, a process of optimisation of paper consumption was also launched for the sales network. Both factors led to a sharp fall in consumption. The reduction in paper consumption at the head offices is due to the rationalisation of printers.

► PAPER CONSUMPTION (IN TONNES)

	2018	2017	2016
Tonnes of paper consumed	16.58	39.68	38.62

⁽¹²⁾ SEM: measuring technique defined as Scanning Electron Microscopy

5.3. Energy efficiency and emissions (GRI 302-1; 305-1; 305-2)

DESCRIPTION OF THE TOPIC: "Energy efficiency and emissions" means a careful use of the energy resources used in the company's activities which aims to reduce their consumption with the same quality of service offered, thus also reducing the emissions produced by the Group. In particular, given the characteristics of the business, most of the emissions generated refer to indirect emissions (electricity) and, in part, direct emissions (e.g. consumption of diesel or gasoline). The efficient use of energy, therefore, and the adoption of renewable energy sources for the activities of offices, shops and racetracks, allow for a reduction in direct and indirect company emissions, with a positive impact on reducing air pollution.

Between 2016 and 2018, the Group's energy consumption fell by 28%.

The consumption of methane and LPG for heating has remained fairly stable over the three-year period. It should be noted that, with reference to the BU Racetracks, the increase in natural gas is mainly due to the fact that the heating of the new head offices is powered by natural gas, unlike the former head office which used district heating. As far as motor fuels are concerned, petrol consumption is increasing, while diesel consumption is falling significantly. The consumption of diesel for fuel generators by the San Siro Equestrian Centre is reduced following an optimisation of the switching on of track lights and lights in the area reserved for the general public.

Moreover, the reduction in consumption was also due to the use, during 2018, of stocks that were not consumed in previous years.

The most significant reduction in consumption was in the electricity sector. In particular, the consumption of Equestrian Centres varied over the three-year period as a result of optimising certain activities, as well as savings policies that provided for timely user inspections and the disbursement of any penalties to plants in the event of non-compliant conduct.

The reduction in electricity from renewable sources is due to the reduction in the percentage declared by energy suppliers, which has partly changed over the three-year period with a view to containing costs.

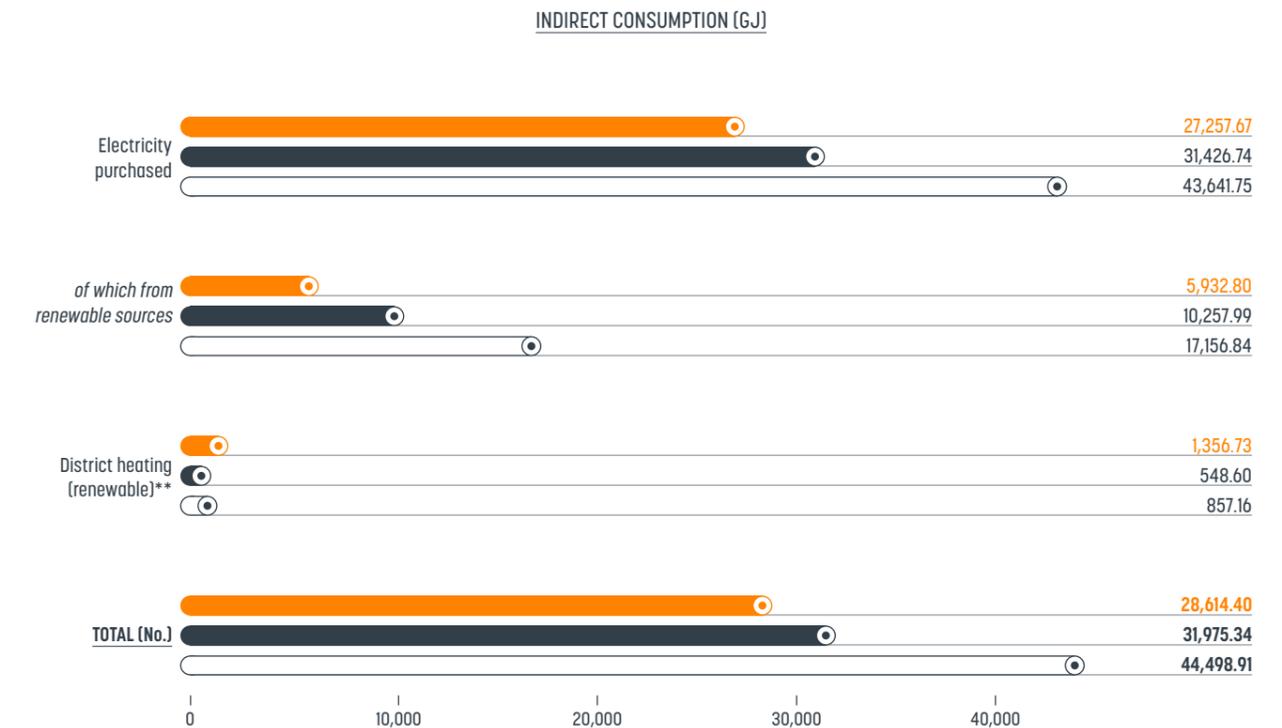
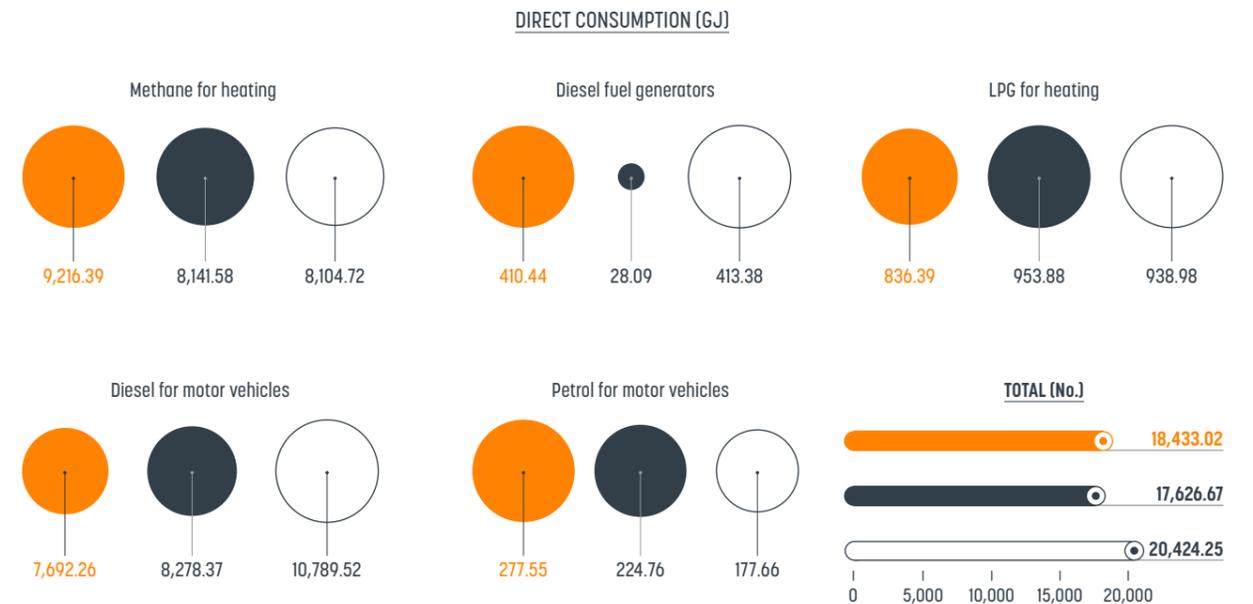
The change in Snaitech's energy consumption is mainly due to the weather conditions that vary from year to year, as the activities of the head offices have remained almost stable over the three-year period.

It should be noted that Snaitech has signed agreements for 2019 that will lead the company to purchase 100% from renewable electricity.

Finally, the most significant reduction among the companies of the Group concerns Snai Rete Italia and is mainly due to the disposal of property following the reduction in the number of directly operated points of sale and through the closure and disposal of business units.

► ENERGY CONSUMPTION* (GRI 302-1)

● 2018 ● 2017 ○ 2016



*In order to allow for a better understanding of the trend over the three-year period, the same conversion factors updated to 2018 were applied to the 2016 and 2017 data. Data does not include the premise of Teleippica in Rome.

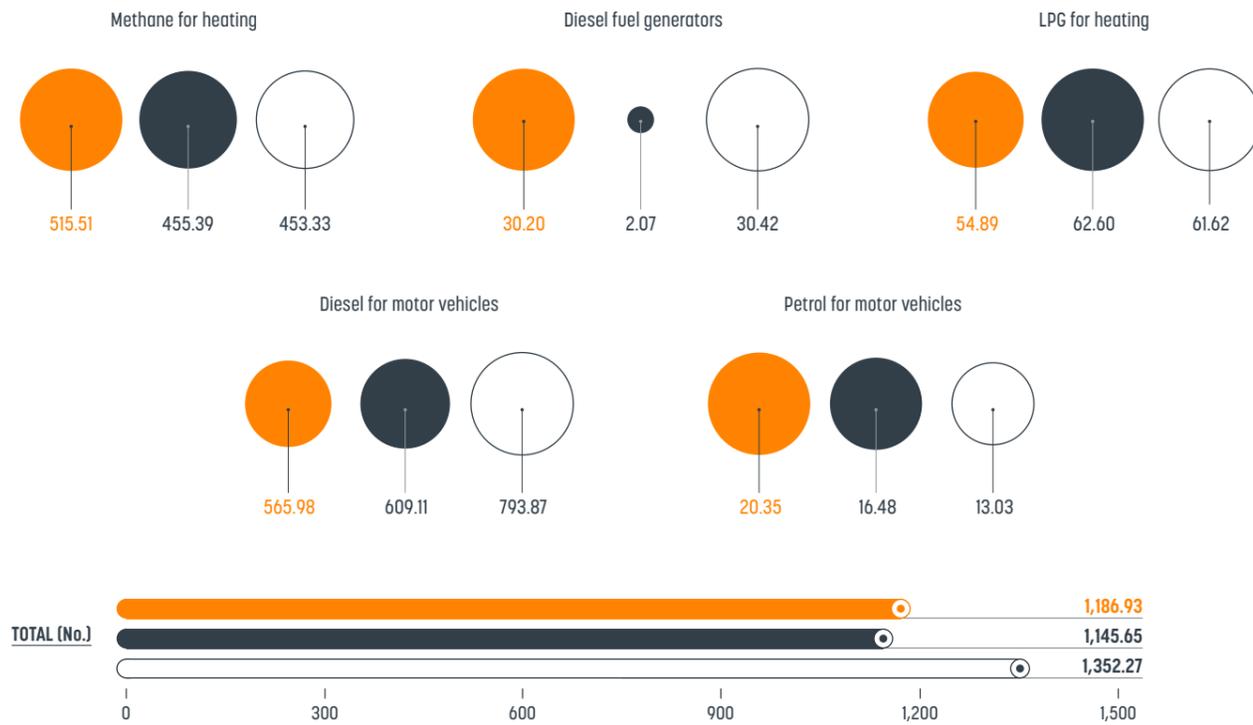
**The district heating data for the Centres has increased over the years because, from 2018, it was possible to enter the annual consumption count of the veterinary clinic.

► EMISSIONS*

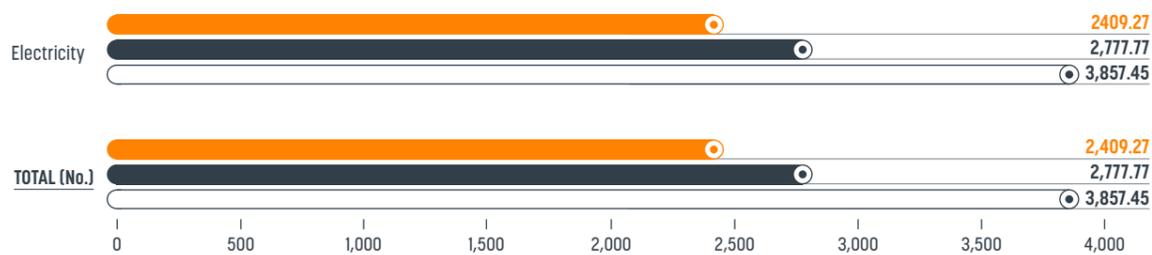
The service sector in which the Group operates does not produce significant emissions. Direct emissions (Scope 1) are the direct consequence of a relatively modest use of energy compared to industrial activity. Indirect emissions (Scope 2) are controlled through the use of suppliers that can prove that they use a certain proportion of energy from renewable sources. This criterion is, however, balanced with the need to keep the costs of the energy purchased to a minimum.

● 2018 ● 2017 ○ 2016

DIRECT CONSUMPTION** (SCOPE 1) - T CO₂ (GRI 305-1)



INDIRECT CONSUMPTION*** (SCOPE 2) - t CO₂ (GRI 305-2)



*In order to allow for a better understanding of the trend over the three-year period, the same conversion factors updated to 2018 were applied to the 2016 and 2017 data.
 **Source of conversion coefficients of direct consumption into CO2 emissions: "Table of National Standard Parameters" published by the Ministry of the Environment for the period 1 January - 31 December 2018.
 ***Source of conversion coefficients of indirect consumption into CO2 emissions, ISPRA Report 2018.

5.4. Efficient water management (GRI 303-1; 306-1)

DESCRIPTION OF THE TOPIC: "Efficient water management" refers to the way in which the Group manages water consumption, both in offices and at racetracks, with the aim of promoting its careful use, avoiding waste as much as possible.

In 2018, 98% of the Group's water consumption was accounted for by the Equestrian Centres. The reduction of water consumption was achieved by strictly monitoring the use of utilities and by separating the facilities into compartments and closing down those not in use. The increase in consumption over the three-year period was largely due to weather conditions, especially as regards well consumption, since irrigation - the main cause of consumption - was intensified as the dry season continued.

With regard to consumption from aqueducts, the difference recorded compared to 2016 is due, not only to a policy of verification and consumption saving, but also to the breakage and subsequent replacement of meters and a certain amount of leakage - problems which were later resolved - due to the age of the underground network.

With regard to consumption from wells, Snatech periodically commissions chemical and microbiological analyses on water samples extracted from the wells owned by the San Siro Equestrian Centre and obtains a regular potability certification.

► WATER CONSUMPTION* (GRI 303-1)

	Unit of measurement	2018***	2017	2016
Municipal Aqueduct	cubic meters	32,327	40,263	102,050
Extraction from wells	cubic meters	454,430	464,174	362,982
Other sources**	cubic meters	5,400	0	0
TOTAL	cubic meters	492,157	504,437	465,032

*Water consumption does not include Snai Rete Italia as it relates to the activities of the points of sale and is difficult to estimate, and the premise of Teleippica in Rome.

**By "Other sources" we refer to the watering of the Montecatini Terme Racecourse from the Borra and S. Antonio streams.

***For 2018, the figure includes adjustments made during the first few months of 2019.

Water discharges refer to the activities of the Equestrian Centre and are closely related to water samples. In fact, the water taken is mainly used for irrigation activities, and then released into the ground.

► DRAINS* (GRI 306-1)

	Unit of measurement	2018	2017	2016
Municipal sewerage system	cubic meters	259,542	272,350	283,541
Irrigation	cubic meters	232,615	232,087	181,491
TOTAL	cubic meters	492,157	504,437	465,032

*Snai Rete Italia's water discharges are not reported as they are limited, inherent only to the activities of the points of sale and difficult to estimate. With the exception of discharges relating to irrigation activities in horse riding areas, Snatech's data has been estimated assuming that 100% of the water sampled is discharged into the sewer system, since this is a "non-productive" use and limited to office activities.

5.5. Improvement goals

Snaitech has planned:

1. to confirm the frequency of inspections on the preservation state of the remaining solid-state asbestos-cement roofs, carried out by specialised external companies
2. to continue the disposal plan for the remaining asbestos-cement roofs of the Flat Racing Training Centre and to prepare the disposal plan within the former harness racing area, which is currently not operational and not open to the general public
3. to sign agreements in 2019 that will lead the company to purchase 100% from renewable electricity.

METHODOLOGICAL NOTE

Goals and reference standards (GRI 102-50; 102-51; 102-52; 102-54)

The 2018 Sustainability Report of the Snaitech S.p.A. Group covers the period from 1 January to 31 December 2018. The document represents the third year of non-financial reporting carried out by Snaitech, after the Citizenship Report published in 2016 and the 2017 Consolidated Non-Financial Declaration pursuant to Italian Legislative Decree 254/2016, both available at www.snaitech.it.

Since 2018, the Group has no longer been required to comply with Italian Legislative Decree 254/2016, to which it was subject as a large public interest entity. In fact, following the acquisition of the total share capital of Snaitech by Playtech - market leader in casino software and international gambling - Borsa Italiana S.p.A. has ordered the withdrawal of Snaitech S.p.A. ordinary shares from the listing, with effect from 3 August 2018.

Nevertheless, Snaitech has chosen to continue its commitment to reporting and conducting its business activities according to a responsible approach in the threefold aspects concerning the economy, society and the environment.

As a methodological reference, this Sustainability Report 2018 - in line with previous reports

- uses the principles defined by the "Sustainability Reporting Standards" of the Global Reporting Initiative (hereinafter "GRI"), according to the "in accordance core" approach.

In particular, the following reporting principles required by the GRI Standards were considered: stakeholder participation; sustainability context; materiality; completeness; balance; comparability; accuracy; timeliness; clarity and reliability.

Reporting scope (GRI 102-45; 102-48; 102-49)

The 2018 Sustainability Report describes the environmental, social and economic performance of the companies in the Snaitech Group, excluding associated companies and companies without employees. The exception is the iZilove Foundation - 100% owned by Snaitech S.p.A. and without employees - in consideration of the importance of its social solidarity activities in the fields of assistance, charity, education and training, while promoting culture, art and scientific research.

Unless otherwise specified, the document compares qualitative and quantitative information from 2018 with that from 2016 to 2017, presented in previous reports and subject to limited assurances by a third party. All exceptions and possible variations in scope are given in the note below the tables or within the text.

Data Processing Procedure and Methods

The Working Group set up by the Parent Company to prepare the 2018 Sustainability Report, coordinated by the Business Development & Communications Department and comprising the corporate departments of the Group companies, was responsible for data collection and document processing.

The Directors were involved in updating the Group's stakeholder base and the Material analysis (the process is described in more detail in the dedicated chapter, "Snaitech's approach to sustainability"), as well as being involved in collecting data and subsequently drafting and revising the textual parts of the document.

CONTENT INDEX (GRI 102-55)

GRI	DESCRIPTION	PAGE	CHAPTER/PARAGRAPH	NOTES
GRI STANDARDS GENERAL DISCLOSURE (2016)				
Organisational profile				
102-1	Name of the organisation	8	Snaitech profile	-
102-2	Business activities, brands, products and services	15-20	The business activity	-
102-3	Registered Office	116	-	-
102-4	Operating Headquarters	116	-	-
102-5	Corporate structure and legal form	9-10	Snaitech profile	-
102-6	Markets served	15-20	Products and services: physical network and online network	-
102-7	Size of the organisation	10; 15-20; 50-52	Group Structure; Products and services: physical network and online network 2.1. The economic value generated and distributed	-
102-8	Information on employees and other workers	75-79	4.4. Employee profile	Geographic breakdown is not relevant. Snaitech does not disclose in relation to "other workers" since the workforce is mainly composed of employees.
102-9	Supply chain	53	The Group supply chain	The indicator was reported only in a quantitative manner.
102-10	Significant changes in the organisation and its supply chain	8-10	Group structure	No significant changes in relation to the supply chain were recorded for the reporting period
102-11	Safeguarding principle or approach	94-95	5. Environmental impact and the management of racecourses	-
102-12	External initiatives	24-25; 56-58	UN Global Compact; Sustainable development goals; 2.2 Snaitech's commitment to social engagement and cultural promotion of the territory	-
102-13	Engagement in associations	10; 26	Snaitech profile; Stakeholder Engagement	-
Strategy				
102-14	Managing Director's declaration	4-5	Letter to stakeholders	-
Ethics and integrity				
102-16	Values, principles, standards and behavioural norms	8; 34-38	The Group and its values; Regulatory compliance and countering illegal activities	-
Governance				
102-18	Corporate governance structure	12-14	Governance	-

GRI	DESCRIPTION	PAGE	CHAPTER/PARAGRAPH	NOTES
Stakeholder Engagement				
102-40	List of stakeholder groups	26	Stakeholder Engagement	-
102-41	Collective contractual agreements	85	4.2.1. Corporate welfare	-
102-42	Identification and selection of stakeholders	26-28	Stakeholder Engagement	-
102-43	Methods of stakeholder involvement	26-29	Stakeholder Engagement; Materiality analysis	-
102-44	Main topics and issues raised	26-30	Stakeholder Engagement; Materiality analysis	-
Reporting procedures				
102-45	Entities included in the consolidated financial statements	9; 107	Group Structure; Methodological notes	-
102-46	Definition of report contents and topic scope	28-30	Material analysis	-
102-47	List of important topics	30-31	Group sustainability issues	-
102-48	Rectification of information	107	Methodological note	-
102-49	Changes in reporting	107	Methodological note	-
102-50	Reporting period	107	Methodological note	-
102-51	Date of the most recent report	107	Methodological note	-
102-52	Reporting cycle	107	Methodological note	-
102-53	Contact name for issues related to the report	-	-	For further information on the 2018 Sustainability Report: ufficio.stampa@snaitech.it.
102-54	Reporting in accordance with GRI standards	107	Methodological note	-
102-55	Content index of GRI standards	108	Content Index	-
102-56	External audit	-	-	The Snaitech Group's 2018 Sustainability Report has not been subject to external audit.

GRI STANDARDS SPECIFIC DISCLOSURE (2016)

MATERIAL TOPIC: PROTECTION OF THE PLAYER
Impact scope: external (Players, Distribution and sector operators, Communities, Regulatory bodies and Institutions, Representative Organisations); internal (Group, Employees)

GRI 103: Management approach				
103-1	Explanation of the relevant topic and related scope	62	3. Protection of players	-
103-2	Manag. approach and relative components	62-63	3. Protection of players	-
103-3	Assessment of the management approach	62-63	3. Protection of players	-

GRI 416: Customer health and safety

416-1	Evaluation of the effects of the various categories of products and services on health and safety	67	3.4. Technological innovation, research and development	The indicator has been reported from a qualitative point of view.
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GRI	DESCRIPTION	PAGE	CHAPTER/PARAGRAPH	NOTES
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MATERIAL TOPIC: PROMOTING RESPONSIBLE GAMING/GAMBLING
Impact scope: external (Shareholders and lenders, Players, Distribution and sector operators, Media, Suppliers, Communities, Regulatory bodies and Institutions, Representative Organisations); internal (Group, Employees)

GRI 103: Management approach				
103-1	Explanation of the relevant topic and related scope	63	3.2. Marketing and promotion of responsible gaming/gambling	-
103-2	Manag. approach and relative components	63-65	3.2. Marketing and promotion of responsible gaming/gambling	-
103-3	Assessment of the management approach	63-65	3.2. Marketing and promotion of responsible gaming/gambling	-

GRI 417: Marketing and labelling

417-1	Information and labelling requirements for products and services	63-65	3.2. Marketing and promotion of responsible gaming/gambling	-
417-2	Cases of non-compliance regarding information about and the marking of products and services	-	-	In 2018, there were no cases of non-compliance in this area.
417-3	Non-compliance in commercial communications	65	3.2. Marketing and promotion of responsible gaming/gambling	-

MATERIAL TOPIC: RESPONSIBLE MANAGEMENT OF POINTS OF SALE
Impact scope: external (Shareholders and lenders, Players, Distribution and sector operators, Media, Suppliers, Communities, Regulatory bodies and Institutions, Representative Organisations); internal (Group, Employees)

GRI 103: Management approach				
103-1	Explanation of the relevant topic and related scope	70	3.5. Responsible management of points of sale	-
103-2	Manag. approach and relative components	70-71	3.5. Responsible management of points of sale	-
103-3	Assessment of the management approach	70-71	3.5. Responsible management of points of sale	-

GRI 416: Customer health and safety

416-1	Assessment of the health and safety effects of different categories of products and services	70-71	3.5. Responsible management of points of sale	The indicator has been reported exclusively from a qualitative viewpoint.
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MATERIAL TOPIC: TECHNOLOGICAL INNOVATION, RESEARCH AND DEVELOPMENT
Impact scope: external (Shareholders and lenders, Players, Distribution and sector operators, Media, Suppliers, Communities, Regulatory bodies and Institutions, Representative Organisations); internal (Group, Employees)

GRI 103: Management approach				
103-1	Explanation of the relevant topic and related Scope	67	3.4. Technological innovation, research and development	-
103-2	Mangmnt. approach and relative components	67	3.4. Technological innovation, research and development	-
103-3	Assessment of the management approach	-	3.4. Technological innovation, research and development	At the moment there are no tools for assessing the performance of the management approach to the issue.

GRI	DESCRIPTION	PAGE	CHAPTER/PARAGRAPH	NOTES
MATERIAL TOPIC: DISTRIBUTED ECONOMIC VALUE				
Impact scope: external (Shareholders and lenders, Players, Distribution and sector operators, Media, Suppliers, Communities, Regulatory bodies and Institutions, Representative Organisations); internal (Group, Employees)				
GRI 103: Operations/Management approach				
103-1	Explanation of the significant theme and scope	50	2.1 The economic value generated and distributed	-
103-2	Operations/Management approach and related components	18; 50-52	The business; 2. Value generated for our stakeholders; 2.1 The economic value generated and distributed	-
103-3	Assessment of the Operations/Management approach	50-52	2.1. The economic value generated and distributed	-
GRI 201: Economic Performance				
201-1	Value added produced and distributed	50-52	2.1. The economic value generated and distributed	-
MATERIAL TOPIC: REGULATORY COMPLIANCE AND COUNTERING ILLEGAL ACTIVITIES				
Impact scope: external (Shareholders and lenders, Players, Distribution and sector operators, Media, Suppliers, Communities, Regulatory bodies and Institutions, Representative Organisations); internal (Group, Employees)				
GRI 103: Operations/Management approach				
103-1	Explanation of the significant theme and scope	34	1.1 Regulatory compliance and countering illegal activities	-
103-2	Operations/Management approach and related components	34-35	1.1 Regulatory compliance and countering illegal activities; 1.1.4. Anti-Corruption	-
103-3	Assessment of the Operations/Management approach	34-35	1.1 Regulatory compliance and countering illegal activities; 1.1.4. Anti-Corruption	-
GRI 205: Anti-corruption				
205-1	Operations assessed for risks associated with corruption	41-42	1.1.4. Anti-Corruption	-
205-2	Communication and training on anti-corruption policies and procedures	43	1.1.4. Anti-Corruption	The geographical breakdown is not relevant. In relation to anti-corruption training for the salesforce, the topic is handled at a qualitative level.
205-3	Confirmed corruption events and corrective actions undertaken	42	1.1.4. Anti-Corruption	-
GRI 307: Environmental Compliance				
307-1	Failure to comply with environmental laws and regulations	-	-	No non-compliances were reported for 2018.
GRI 419: Socioeconomic Compliance				
419-1	Failure to comply with laws and regulations concerning social-economic matters	-	-	No non-compliances were reported for 2018.

GRI	DESCRIPTION	PAGE	CHAPTER/PARAGRAPH	NOTES
MATERIAL TOPIC: DATA SECURITY AND PLAYER PRIVACY PROTECTION				
Impact scope: external (Shareholders and lenders, Players, Distribution and sector operators, Media, Suppliers, Communities, Regulatory bodies and Institutions, Representative Organisations); internal (Group, Employees)				
GRI 103: Operations/Management approach				
103-1	Explanation of the significant theme and scope	66	3.3. Data security and player privacy protection	-
103-2	Operations/Management approach and related components	66	3.3. Data security and player privacy protection	-
103-3	Assessment of the Operations/Management approach	66	3.3. Data security and player privacy protection	-
GRI 418: Customer privacy				
418-1	Justified complaints regarding violations of privacy and loss of customer data	66	3.3. Data security and player privacy protection	-
MATERIAL TOPIC: WORKPLACE HEALTH AND SAFETY				
Impact scope: external Regulatory bodies and Institutions, Representative Organisations); internal (Group, Employees)				
GRI 103: Operations/Management approach				
103-1	Explanation of the significant theme and scope	90	4.4. Workplace health and safety	-
103-2	Operations/Management approach and related components	91	4.4. Workplace health and safety	-
103-3	Assessment of the Operations/Management approach	91	4.4. Workplace health and safety	-
GRI 403: Occupational Health and Safety				
403-2	Types and rates of accidents, professional diseases, gravity of the events and absenteeism, number of fatal workplace accidents	91	4.4. Workplace health and safety	The geographical breakdown is not relevant. Snaithech does not disclose in relation to "other workers" since the workforce is mainly composed of employees.
MATERIAL TOPIC: VALUING STAFF AND SKILLS DEVELOPMENT				
Impact scope: external (Shareholders and lenders, Players, Regulatory bodies and Institutions, Representative Organisations); internal (Group, Employees)				
GRI 103: Operations/Management approach				
103-1	Explanation of the significant theme and scope	86	4.3. Valuing staff and skills development	-
103-2	Operations/Management approach and related components	75; 86-90	4.1. Employee profile; 4.3. Valuing staff and skills development	-
103-3	Assessment of the Operations/Management approach	86-90	4.3. Valuing staff and skills development	-
GRI 401: Labour relations				
401-1	Hiring and staff turnover	76-77	4.1. Employee profile	-

GRI	DESCRIPTION	PAGE	CHAPTER/PARAGRAPH	NOTES
GRI 404: Training and instruction				
404-1	Average training hours per employee	86	4.3. Valuing staff and skills development	-
MATERIAL TOPIC: DIVERSITY EQUAL OPPORTUNITIES AND INCLUSION Impact scope: external (Shareholders and lenders, Regulatory bodies and Institutions, Representative Organisations); internal (Group, Employees)				
GRI 103: Operations/Management approach				
103-1	Explanation of the significant theme and scope	81	4.2. Diversity, equal opportunities and inclusion	-
103-2	Operations/Management approach and related components	81-85; 87	4.2 Diversity, equal opportunities and inclusion; 4.3 Valuing staff and skills development	-
103-3	Assessment of the Operations/Management approach	81-85	4.2. Diversity, equal opportunities and inclusion	-
GRI 401: Labour relations				
401-2	Benefits awarded to full-time but not part-time or fixed term employees	85	4.2.1. Corporate welfare	-
GRI 405: Diversity and equal opportunities				
405-1	Diversity in relation to corporate governance and employees	12; 82-84	The Board of directors; 4.2. Diversity, equal opportunities and inclusion	-
405-2	Comparison between base salary and men's women's salaries	84	4.2. Diversity, equal opportunities and inclusion	-
GRI 406: Principio di non discrimination				
406-1	Episodes of discrimination and implemented corrective actions	81	4.2. Diversity, equal opportunities and inclusion	-
MATERIAL TOPIC: ENGAGEMENT IN THE TERRITORY Impact scope: external (Players, Community, Regulatory Bodies and Institutions, internal (Group, Employees)				
GRI 103: Operations/Management approach				
103-1	Explanation of the significant theme and scope	56	2.2 Snaitech's commitment to social engagement and cultural promotion of the territory	-
103-2	Operations/Management approach and related components	56-58	2.2 Snaitech's commitment to social engagement and cultural promotion of the territory	-
103-3	Assessment of the Operations/Management approach	56-58	2.2 Snaitech's commitment to social engagement and cultural promotion of the territory	-
GRI 413: Local communities				
413-1	Operations involving the participation of local communities impact assessments and development programs	56-58; 67	2.2 Snaitech's commitment to social engagement and cultural promotion of the territory; 3.4. Technological innovation, research and development	The indicator has been reported in qualitative terms only.

In addition to the indicators linked to material topics, a number of GRI standard indicators used in environmental reporting are presented below.

GRI	DESCRIPTION	PAGE	CHAPTER/PARAGRAPH	NOTES
TOPIC: ENERGY EFFICIENCY AND EMISSIONS Impact scope: external (Shareholders and lenders, Suppliers, Community, Regulatory Bodies and Institutions, internal (Group, Employees)				
GRI 302: Energy				
302-1	Energy consumption in the organisation	100-101	5.3. Energy efficiency and emissions	-
GRI 305: Emissions				
305-1	GHG Direct emissions (Scope 1)	100; 102	5.3. Energy efficiency and emissions	-
305-2	GHG Direct emissions (Scope 1)	100; 102	5.3. Energy efficiency and emissions	-
TOPIC: PROTECTION AND ENHANCEMENT OF NATURAL RESOURCES Impact scope: external (Shareholders and lenders, Media, Suppliers, Community, Regulatory Bodies and Institutions, internal (Group, Employees)				
GRI 304: Biodiversity				
304-3	Protected or restored Habitats	95	5.1. Protection and enhancement of natural resources	The indicator has been reported in qualitative terms only.
TOPIC: EFFICIENT MANAGEMENT OF WATER; RESPONSIBLE HANDLING OF WASTE Impact scope: external (Shareholders and lenders, Distribution and Sector operators, Suppliers, Community, Regulatory Bodies and Institutions, internal (Group, Employees)				
GRI 303: Water				
303-1	Extraction of water classified by source	103	5.4. Efficient water management	-
GRI 306: Drainage and waste				
306-1	Drains classified by water quality and destination	103	5.4. Efficient water management	The quality of drain effluent is not monitored given the business sector.
306-2	Waste classified by type and disposal method	98-99	5.2. Efficient waste management	Hazardous and non-hazardous waste differentiation is not applied.

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