

SNAITECH

SNAITECH Group

Consolidated Statement of Non-Financial Information 2017

(D. Lgs. 254/2016 implementing Directive 2014/95/UE)



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TABLE OF CONTENTS

Statement of the CEO Mr. Schiavolin.....	4
Methodological note and principles envisaged by the accounting standards implemented.....	8
1. Governance and relevant organizational and control models.....	13
1.1. SNAITECH Group.....	14
1.2. Governance and corporate bodies.....	17
1.3. Organizational, Management and Control Model pursuant to D.lgs 231/01.....	17
1.4. Audit and Risks Committee of SNAITECH S.p.A.....	18
1.5. Enterprise Risk Assessment.....	19
1.6. Cyber Security activity.....	19
1.7. Management and control of supply chain.....	21
1.8. Important aspects for SNAITECH- Key actions performed in 2017 and future plans.....	21
2. Value creation and distribution.....	27
2.1. Goals and corporate plans.....	28
2.2. Value creation for stakeholders.....	29
2.3. Distribution of value added.....	31
3. Environmental impact and relevant policies.....	35
3.1. Main types of environmental risk.....	36
3.2. Managing the environmental impacts.....	36
3.3. Environmental plans.....	37
3.4. Achievements.....	40
4. Social impact of SNAITECH activities.....	45
4.1. Embedded Risks of legal gambling.....	46
4.2. Plans of responsible gambling and prevention of problem gambling.....	46
4.3. Institutional relationships.....	47
4.4. Results achieved.....	51
4.5. Other social impacts.....	53
5. Personnel.....	55
5.1. Principles and objectives.....	56
5.2. Relationships with unions, corporate restructuring and redundancies.....	56
5.3. Training.....	57
5.4. Diversity and equal opportunity.....	60
5.5. Corporate welfare.....	61
5.6. Culture Review project.....	61
5.7. Occupational Health and Safety.....	62
5.8. Composition of personnel of SNAITECH Group.....	63
6. Human rights.....	71
6.1. Guiding principles of SNAITECH Group.....	72
6.2. Risks of violating human rights when performing activities of the SNAITECH Group.....	72
6.3. Measures implemented and results achieved.....	72
7. Compliance and related aspects on anti-money laundering, counter-terrorist financing and safety of distribution network.....	75
7.1. Sensitive areas of the Company business.....	76
7.2. Prevention tools and measures implemented. Results achieved.....	76
7.3. Adjustments in privacy protection.....	78
7.4. Compliance with AML regulation.....	78
7.5. Suspicious transactions reporting.....	79
GRI Content Index.....	83



STATEMENT OF THE CEO MR. SCHIAVOLIN (GRI No. 102-11, 102-14)

The gambling regulation, market organization and laws to prevent illegal and compulsive gambling applied in Italy are highly sophisticated and often seen as leading model for other countries. In such context, the growth of SNAITECH Group was always aligned with the Regulator, by implementing indications and objectives as well as contributing to the sustainable development of the sector.

The strategy of SNAITECH Group is therefore founded on the awareness of social implications, even before the economic ones implied by its own activities. For this reason, any technological choice, products innovation and management of point of sales aim to the highest level of the final customer protection. In the short-run this goal is achieved through constant monitoring, also applied to PoS network, and development of research programs on customer profiling and any eventual problem gambling. Such development programs are implemented along with important scientific partners. In the medium and long run, the customer safety is achieved by a responsible design and production of innovative solutions capable of providing customers with their own unique gambling experience in the context of pure entertainment. Snaitech offers also its know-how at several technical meetings, part of the constant cooperation with Regulator and associations.

In relation to personnel, training represented the main instrument to favour integration, support organizational changes and ensure full updated of employees. In particular, during 2017, the Group set a training plan aimed at survey needs and develop professional, technical and behavioural skills as well as support learning of current regulations and provide relevant updates to employees. The Group dispensed 11,682 hours of training, 20% more than 2016.

From an economic and financial perspective, 2017 is highly important for the Group, which is now back to profit after more than ten years. Consolidated results highlight wagers of Euro 10 billion, EBITDA up to Euro 135.9 million and Net Profit of Euro 27 million (compared to a Loss of Euro 17 million in 2016). The Net Financial Position at year-end is equal to Euro 428.8 million, improved by Euro 52 million compared to the previous year.

On the back of the results achieved in the last two year and as future challenge, the SNAITECH Group focuses on the development of the Online segment by introduction of new products, evolution of services and improved synergy with the retail network. The Group will still pursue technological update of the retail distribution network by the gradual introduction of new betting terminals as well as the evolution of VLT platforms (Gaming Machines segment) provided to distribution network. Furthermore, the synergy plan on operating costs, implemented after the merger with Cogemat, is expected to terminate in the first half of 2018.

In addition to the SNAITECH's commitment as concessioner, the Company agreed to develop its own project of social intervention through its own foundation: iZilove Foundation. The most important sponsorship initiatives in 2017 included also the financing of sports for individuals with intellectual disabilities, in cooperation with Special Olympics Italia. Furthermore, it supported sports and entertainment activities for children hosted by casa famiglia, in cooperation with Fondazione Francesca Rava NHP Onlus; supported initiatives sponsored by Islander association and aimed to protect neglected horses; supported Telethon initiative with its own online and retail distribution networks. In 2018, the Group, through iZilove Foundation, aims to involve and request active participation of its employees for charity initiatives, in order to growth further the intangible wealth of the Group.

Fabio Schiavolin
Chief Executive Officer SNAITECH

METHODOLOGICAL NOTE AND PRINCIPLES ENVISAGED
BY THE ACCOUNTING STANDARDS IMPLEMENTED

The Consolidated Statement of Non-Financial information of the SNAITECH Group produced pursuant to D. Lgs. No. 254/2016 refers to the full year 2017 ^{(GRI No. 102-50, 102-52)⁽¹⁾} and is compared to the previous year Corporate Citizenship Report, available on website www.snaitech.it and produced in accordance with the GRI G4 standards. ^(GRI No. 102-51) The comparison is mainly indicative as the Statement is related to GRI Standards and specific analysis, which include certain aspects provided by the aforementioned regulation. ^(GRI No. 102-49) The accounting model therefore follows for the first time the GRI Standards (core option). ^(GRI No. 102-54)

1. Basis of consolidation

The Consolidated Statement of Non-Financial Information of the SNAITECH Group includes SNAITECH S.p.A. and its subsidiaries, accounted on line-by-line basis: Teleippica S.r.l. Unipersonale, SNAI Rete Italia S.r.l. Unipersonale, Smart Thecnologies S.r.l. and iZilove Foundation. Smart Thecnologies S.r.l. and iZilove Foundation had no employees as of 31 December 2017.

The following exception to the basis of consolidation applies to the environment: on water consumption, the basis included SNAITECH S.p.A. premises of Milan, Rome, Porcari (LU) and the horse racing tracks business unit. Points of sales owned by SNAI Rete Italia S.r.l. and the premise of Teleippica in Rome are excluded. ^(GRI No. 102-47-102-45) Such exclusion is not relevant in order to understand the group business, its performance, results and the relevant impacts produced.

2. Criteria applied

A detailed list of topics is shown on the Content Index ^(GRI No. 102-47)

In comparison with the previous report “Corporate Citizenship Report”, the new Statement includes relevant changes related to: aspects accounted for, relevant standards and new objectives enforced by D. Lgs. 254/2016. Such aspects refer to the update of the matrix of material topics as well as the definition of specific themes for each material topic and the basis of consolidation. Relevant stakeholders are unchanged compared to the previous Corporate Citizenship Report (par. 1.3). ^(GRI No. 102-46, 102-48)

Principles applied were preliminary analysed by a task force in charge of preparation activities, including Business Development divisional head and Communication office from Institutional Relationship division with the support of different corporate divisions and third parties advisors. The analysis was then submitted to the Chief Executive Officer on 22 January 2018.

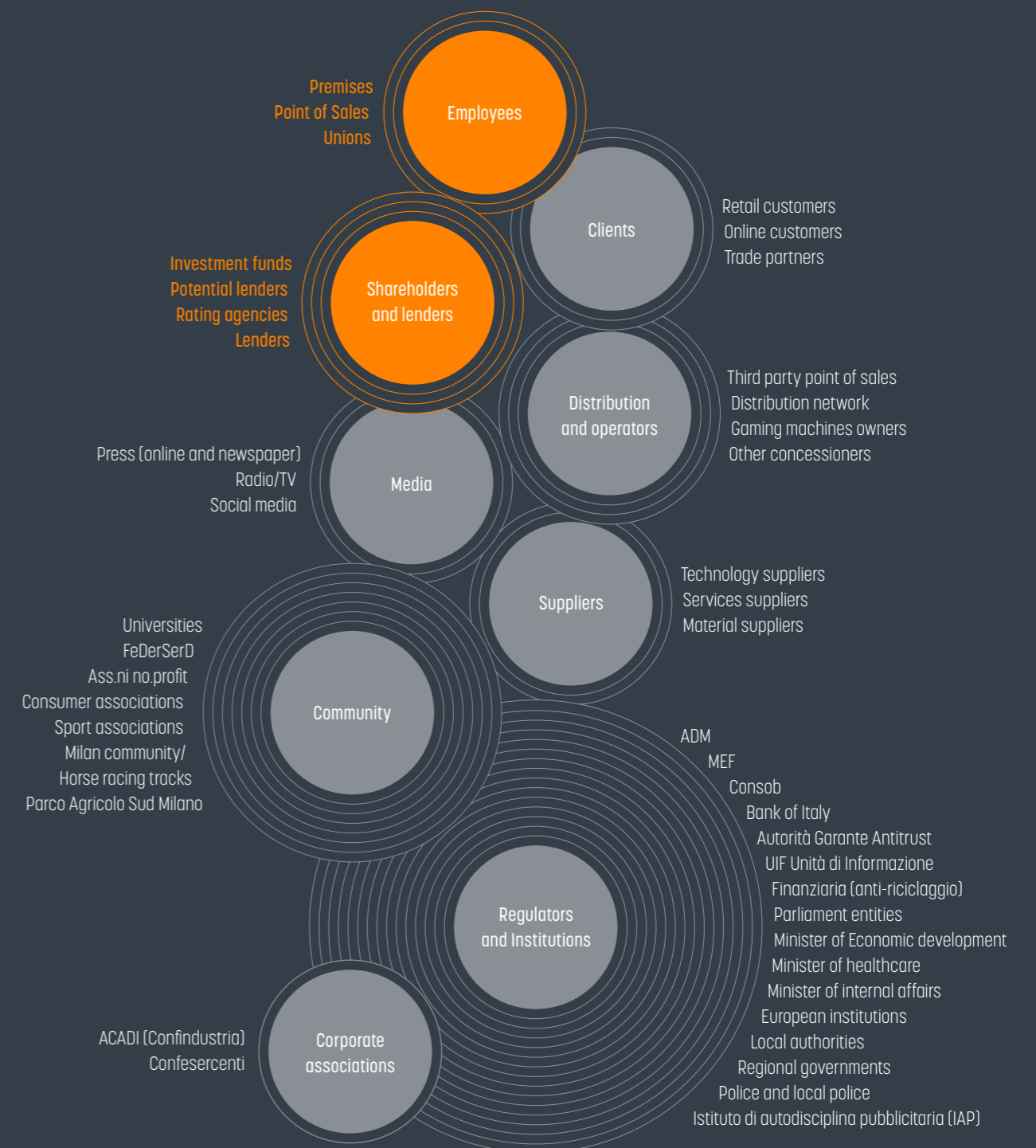
The Company submitted the Statement to Limited Assurance on behalf of the independent auditor of the SNAITECH Group, as requested by the Board of Directors on 26 January 2018. ^(GRI No. 102-56)

For further information on the Statement please contact ufficiostampa@snaitech.it. ^(GRI No. 102-53)

3. Identification of relevant stakeholders ^(GRI No. 102-42)

The procedure implemented to identify the stakeholders is based on the preliminary work performed on the Corporate Citizenship Report 2016, which is considered by the Company a valid starting point for the Statement of Non-Financial Information 2017. This work was based on individual interviews, often repeated several times,

» IDENTIFICATION OF SNAITECH RELEVANT STAKEHOLDERS ^(GRI No. 102-40)



⁽¹⁾ Reference to GRI Standard are marked with the symbol [GRI No.]

group interviews and conference calls with top management conducted at the beginning of 2017 (Chief Executive Officer, HR division, Legal and corporate affair division, Business Development and Institutional Affairs divisions, Sale divisions, Trade and Marketing division, Audit, ICT Director, CEO of Trenno S.r.l.).

In relation to the suitability check for 2017, the relevant criteria take into account the key positions identified by the Enterprise Risk Assessment (ERA) document. Such criteria were discussed during the interview with top management when updating the matrix of material topics for 2017. At the end of the assessment, it was decided to apply the same list of relevant stakeholders disclosed in the Corporate Citizenship Report of last year.

4. Identifying material topics (GRI No. 102-46)

The identification of material topics for stakeholders, anticipated by a preliminary analysis of the sustainability context, which takes into account specific aspects of the gambling sector, is based on a survey conducted at the beginning of 2017 aimed to prepare the Corporate Citizenship Report. The outcome related to individual assessments produced by the top management and to third-parties sectorial sources including: RobecoSam 2016 report; ADM 2015 report; Acadi 2016 report; analysis of a sample of press echoes for SNAITECH in the second half of 2016 ⁽²⁾.

The Company has taken into account the risks analysis disclosed in the Risk Reporting document, as envisaged by the project "Development of an Enterprise Risk Assessment Model (ERA)", whose results were approved by the Board of Directors of 13 November 2017 ⁽³⁾.

In preparation to this Statement, the Company reviewed and updated the matrix of material topics produced last year, by involving top management positions (CEO and Institutional relationship director).

The procedure implemented to identify and assess material topics for the Statement is based on the combination of three different sources:

1. Analysis performed in the previous year to produce the Corporate Citizenship Report and extensively disclosed in the document "Methodologies to weight relevant social aspects in the relationship with stakeholders";
2. Analysis of the document "Development of an Enterprise Risk Assessment Model (ERA)" for the non-financial risks: risk related to the evolution of regulatory framework (D. Lgs. 196/03 and D. Lgs. 90/17), gambling sector and relevant concessions; risk of product compliance, innovation and customer profiling. Finally, also cyber risk was taken into account together with environmental risk and terrorism;
3. Topics envisaged by D. Lgs. 254/16, not covered in the previous sources. Despite such elements are not material for the Company, they are still considered for their external relevance and regulation: human rights.

⁽²⁾ Selection of national press articles mentioning the Company name with the exclusion of: stock exchange information (despite its relevance), bets, winning, corporate initiatives and sports news. The residual articles, approximately 2,000, were sampled at 5% and screened for CSR relevant themes.

⁽³⁾ Refer to such document for: 1. Principle of materiality implemented, with reference to the assumptions on impacts and relevant probabilities; 2. Criteria implemented to produce risks score and to select the first 19 in terms of intensity.

The material topics ^(GRI No. 102-47) approved by the CEO on 22 January 2018 are disclosed in the following table:

» **MATRIX OF RELEVANT TOPICS FOR SNAITECH**

RELEVANT FOR STAKEHOLDERS	RELEVANT	Human rights	Economic impact Environmental impact Individual Community Territory Compliance
	NOT RELEVANT		Product and technological innovation
		NOT RELEVANT	RELEVANT
		RELEVANT FOR THE COMPANY	

5. Identifying priorities

The matrix shows also the priority of each aspect depending if the single aspect is deemed relevant either by the Company and stakeholders (primary material topics) or by a single party.

The following table summarizes and reconciles specific and material aspects for 2017 with the same aspects of previous year as well as the outcome of Risk Assessment and topics envisaged by the D.Lgs. 25/2016.



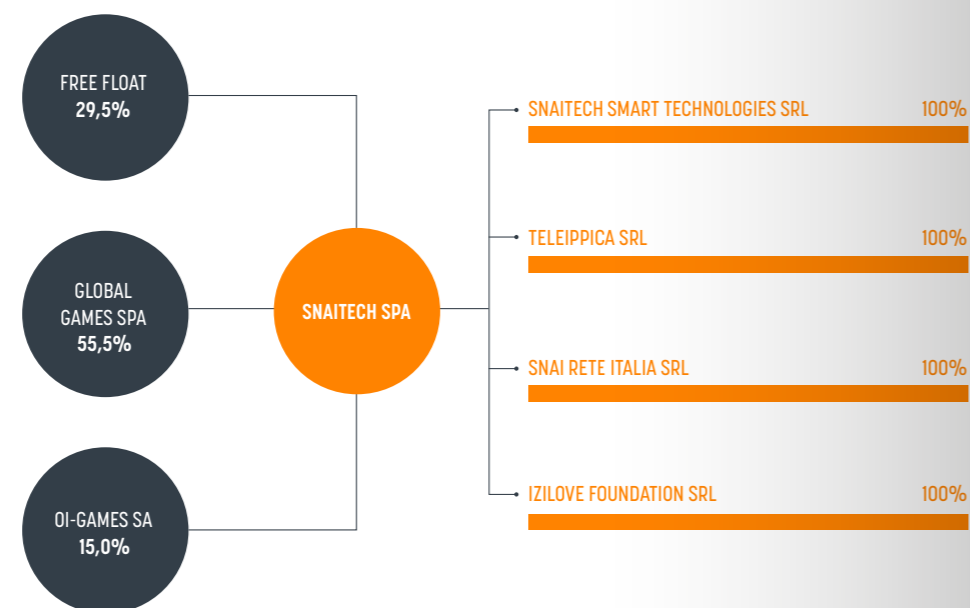
GOVERNANCE AND RELEVANT ORGANIZATIONAL
AND CONTROL MODELS

1.1. SNAITECH Group

SNAITECH Group (hereinafter SNAITECH or the Company), and the parent company SNAITECH S.p.A., ^(GRI No. 102-1) have registered offices in Milan, Piazza della Repubblica 32 ^(GRI No. 102-3) and two more operational premises in Rome and Porcari (LU). ^(GRI No. 102-4) The Group runs its business in the gambling sector and its current structure is the result of a recent merger by incorporation into SNAI S.p.A. of the following several undertakings, directly and indirectly owned: Cogemat S.p.A., Cogetech Gaming S.r.l. and Azzurro Gaming S.p.A., effective from 1 November 2016. In December 2017, the undertaking Trenno S.r.l, which managed of horse racing tracks in Milan and Montecatini Terme, was incorporated into SNAITECH S.p.A., which has now a specific business unit dedicated to the management of horse racing tracks ⁽⁴⁾.

The Group is controlled by Global Games S.p.A., which owns 55.5% of the Snaitech S.p.A.. Global Games S.p.A. ownership is equally divided between Global Entertainment and Global Win (each respectively with 50% shares). Global Entertainment is a Luxembourg established company owned by Investindustrial IV Buld-Up L.P. (L.P. private equity fund established in London); Global Win is an Italian established company owned by 99.9% by Venice European Investment Capital S.p.A., which is owned by Palladio Holding S.p.A. Furthermore, 15% of the Group is owned by OI Games S.A., which is an SPV owned by Orlando Italy fund.

Global Games S.p.A. (holding company) does not engage in direction and coordination activities vis-à-vis Snaitech S.p.A., which is self-governed and sets its own strategic objectives, with full organisational, operational and contractual independence. ^(GRI No. 102-5)



⁽⁴⁾ For the purpose of this Statement and the Financial Report 2017, financial data of Società Trenno S.r.l. were consolidated into Snaitech Group as of 1 January 2017.

SNAITECH S.p.A runs all the activities related to management, arrangement and acceptance of bets, betting pools, lotteries and games, performed, directly or by third parties, under regular concessions, authorizations and licences. The Company manages gaming machines including their activations, rental and management of telecommunication networks as well as promoting sports events, tournaments, games, entertainment events and any other type of shows and performances.

SNAITECH owns the horse racing tracks of SNAI San Siro and SNAI La Maura as well as SNAI Sesana in Montecatini Terme ^(GRI No. 102-4) and has several shareholdings in other Italian horse racing tracks.

Teleippica Srl provides video and audio signal transfer, processing and broadcasting services for video and audio originating from Italian and foreign racetracks on behalf of the MIPAAF (former ASSI-UNIRE).

Snai Rete Italia Srl carries out activities related to wagers and bets collection for 15 gaming points of sales throughout Italy.

IZilove Foundation Independent no-profit organization, founded in 2013, with the scope to provide social assistance, charity, education, promote cultural initiatives as well as scientific research and arts.

SNAITECH Smart Technologies Srl was incorporated in 2017 and the first fiscal year will end on December 31, 2018. The activities related to the corporate purposes include: design, plan, implementation, production, assembly, promotion, sale, rental and assistance on computers, electronic and informatics technologies, hardware and software.

» ORGANIZATIONAL STRUCTURE OF SNAITECH S.P.A.

AUDIT FUNCTION	Risk Management			
	AML			
	Internal Audit			
BUSINESS SUPPORT	Finance			
	HR and Organization			
	Legal and Corporate affairs			
	Business Development and Public Affairs			
	ICT			
	Logistic and customer services			
	COMMERCIAL DIRECTOR	Sale	Marketing	Commercial services
BUSINESS UNIT	Gaming Machine	BU Betting	BU Online	BU Horse Racing Tracks
	BU AWP			
	BU VLT			

The organizational structure of the parent company SNAITECH S.p.A. is arranged by functions and structured in transversal divisions, which provide support, and Business Units (BU) in charge of relevant product/service. The subsidiaries (Teleippica S.r.l. and SNAI Rete Italia S.r.l.) are provided with services from divisions and BU of the parent company against payment of management fees and intercompany agreements.

» SNAITECH GROUP
KEY PERFORMANCE
INDICATORS (MLN)

(GRI No. 102-7)

	2017	2016
WAGERS	9,955.6	9,940.7
REVENUES	889.6	898.5
NET EQUITY	145.6	118.5
NET GLOBAL VALUE ADDED	1,138.7	1,140.7
PERSONNEL REMUNERATION	56,3	59,3
CENTRAL STATE TAXES AND CONCESSIONS	1,017.6	968.1
PAYMENTS TO SUPPLIERS	670.0	696.4
NUMBER OF EMPLOYEES	848	1,131
PREMISES (EXCLUDING POINT OF SALES)	5	5

Since 2017, SNAITECH S.p.A. complies with the UN Global Compact recommendations by pursuing directly corporate social responsibility. (GRI No. 102-12)

Since 2011, through the previous experience of Cogemat and the subsequent merger, the Company renews annually its international certification G4 - Global Gambling Guidance Group, which states the constant implementations of best practices in promoting responsible gaming both on websites and customer care activities related to online gaming.

The parent company SNAITECH S.p.A. relies on: Quality Management System in compliance with ISO 9001:2015; Health and Safety Management System for its personnel in compliance with OHSAS 18001:2007; Information Security Management System in compliance with ISO 27001:2017, renewed for Porcari premise and the other premises in Milan and Rome.

SNAITECH S.p.A. is a member of ACADI (Association of Concessioners of Gaming Machines), which acts in the gaming machines business (AWPs and VLTs), produces and promotes strategies to foster the development of the sector, customer safety, legality, employment, tax optimisation and technological innovation. It dialogues directly with ADM, national and international institutions in charge of regulated gambling. (GRI No. 102-13)

The portfolio of games and bets offered by SNAITECH Group in the national market has two different distribution channels: online and physical, through points of sales. (GRI No. 102-2)

Points of sales offer:

- AWPs (Amusement with Prize) consisting of traditional slots usually offered to the broad audience in public places authorized by the law (TULPS).
- VLTs (Video Lottery Terminals) consisting of sophisticated slots with more games and remote functioning, usually offered to specific audience in dedicated arcades.
- Bets on sports and other events, horse racing and virtual events.

The online games offering includes skill games, slot online, eSport (electronic games competitions), casino games, bingo and lotteries.

The whole set of games and services provided by SNAITECH Group is offered to national market through a capillary distribution network. The Company does not perform any commercial activity abroad. (GRI No. 102-6)

1.2. Governance and corporate bodies

The parent company SNAITECH S.p.A. implements a traditional governance scheme with the following corporate bodies: Board of directors is in charge of economic, environmental and social key decisions and is arranged in committees as described further in the Report on corporate governance (hiip://SNAITECH.it/it/governance/relazioni-governo-societario (GRI No. 102-18)); Shareholders' meeting, held in ordinary and extraordinary session, resolves on subjects indicated by the law and corporate bylaws; Board of Statutory Auditors, which supervises on the compliance with laws and corporate bylaws, adequacy of internal control system and compliance with sound management principles.

At year-end 2017, the average age for the Board of directors was 51 years. Five members out of fourteen (35.7%) are women including the Chairwoman. (GRI No. 405-1)

» MEMBERS OF THE BOARD OF DIRECTORS

CHAIRWOMAN	Mara Anna Rita Caverni	1962
CHIEF EXECUTIVE OFFICER	Fabio Schiavolin	1969
DIRECTOR	Giorgio Drago	1958
DIRECTOR	Roberto Ruozzi	1939
DIRECTOR	Chiara Palmieri	1970
DIRECTOR	Nicola Iorio	1978
DIRECTOR	Barbara Poggiali	1963
DIRECTOR	Salvatore Catapano	1968
DIRECTOR	Raffaella Viscardi	1975
DIRECTOR	Nadia Buttignol	1977
DIRECTOR	Paolo Scarlatti	1962
DIRECTOR	Mauro Pisapia	1965
DIRECTOR	Roberto Maestroni	1975
DIRECTOR	Maurizio Leo	1955

1.3. Organizational, Management and Control Model pursuant to D.lgs 231/01⁽⁵⁾

SNAITECH has implemented an Organizational, Management and Control Model pursuant to D.lgs. 231/2001 and subsequent amendments and integrations, which reflects the peculiarities of the gambling sector. The Model preparation followed the guidelines approved by Confindustria on 7 March 2002 and subsequently updated on 31 March 2014. The model covers the rules of the corporate bodies in order to prevent corporate crimes, con-

duct rules for personnel and relevant training initiatives, sanctioning systems for corporate bodies, Ethical Code, Supervisory body, sanctioning system, corporate controls as well as the assessment and management of crime risks. In particular, the Model envisages assessment procedures and defence actions against crimes explicitly covered in the D. Lgs. 254/2016: relationship with Public Administration (Special section A), Occupational Health and Safety for employees (Special section D), Informatics crimes and illegal processing of data (Special section F), environment (Special section N), crimes against individuals (Special section Q).

The Model implemented by SNAITECH S.p.A. requires subsidiaries to implement themselves a model, which, in compliance with principles, guidelines and Ethical Code of the parent company, allows assessing possible risks related to crimes.

In line with the guidelines provided by Confindustria, the Company has:

1. Identified any risk areas and assessed severity and probability on the basis of “acceptable risk level” concept and fraudulent evasion principle;
2. For each area, identified and assessed the control systems with specific reference to the Ethical Code (<http://SNAITECH.it/it/governance/codice-etico> ^(GRI No. 102-16)), Sanctioning System, Supervisory Body rules and relevant incoming/outgoing information flows;
3. Identified any potential improvements;
4. Set action plans to reach potential improvements target.

Supervisory body is appointed by the Board of directors according to the principles of autonomy, independency, professionalism and integrity as set forth by the Decree.

1.4. Audit and Risks Committee of SNAITECH S.p.A.

The *Audit and Risks Committee* supports the Board of directors and the Board of Statutory Auditors in their internal auditing function. The Chairman in charge of the internal audit and risk management system (System) undertakes all the initiatives and implements any corporate guidelines needed to assess and manage risks. The Board of directors appoints: *Risk Manager* in charge to identify, assess and report corporate risks; *Director* in charge of financial reports; *Employee responsible of Anti-money laundering* pursuant to D. Lgs. 231/2007, in order to prevent money laundering and counteract terrorism financing; *Internal Audit* function in charge of monitoring and assessing the System on the Audit Plan approved by the Board of directors.

The internal audit activities contained in the *Audit Plan* are performed autonomously and independently, in line with the specific guidelines stated in the “Audit Charter” document, as approved by the Board of directors.

¹⁶¹ A detailed description of the SNAITECH model is contained in the “Decreto Legislativo n.231/01. Organizational, Management and Control Model for SNAITECH S.p.A. approved by the Board of directors on 1 July 2008 and updated further by the Board of directors on 4 August 2017”, available on the website www.snaitech.it/it/modello-organizzazione-gestione-controllo-23101.

1.5. Enterprise Risk Assessment

The Company has implemented an *Enterprise Risk Assessment* (ERA) project to further enhance and support the decision-making process of the Board of directors in relation to the corporate risk profile.

In line with the ERA project and in order to remove any redundant activities / actions between different levels of controls, the following actions were taken in compliance with the Self-governance Code and international control models:

- In March 2017 the Risk Management function was established with a reporting line to the Chief Executive Officer;
- In May 2017, the contents of Internal Control and Risks Management corporate function (scope of work, responsibilities, structure and name) were reviewed and a new Internal Audit function was established, with a reporting line to the Board of directors and functional report to the Director in charge.

Once determined the assessment boundaries and tools, the ERA project related activities performed in 2017 were the following:

- Identification of the key corporate risks through interviews with management;
- For each risk, identification of causes, consequences and mitigants actions to be implemented by the management;
- Sharing the results with all the Business Units and functions involved in the process;
- Aggregation of risk profile and issuance of the first Risk Reporting.

The ERA project shall be further developed in 2018, with the aim to issue a three-year audit plan relying on risk assessment output.

1.6. Cyber Security activity

SNAITECH S.p.A. was awarded with the certification ISO 27001:2013 issued in relation to the management of information security.

The periodical renewal of such certification has strengthened the company's ability to monitor processes and updated Risk assessment procedures.

SNAITECH S.p.A. has also envisaged, within its ICT division, a specific Business Support unit dedicated to monitor process and particularly Network and ICT Security.

The implementation of control tools such as SIEM (Security Information and Event Management) allows analysing and amending possible events over the 24 hours and therefore managing any security accident through the Accident Management. The General Data Protection Regulation (GDPR - EU 2016/679) aims to reinforce and make homogeneous data protection for all European Union citizens, both inside and outside its boundaries. The regulation, published on May 4, 2016 in the European Official Journal, shall be effective from May 25, 2018.

In light of the imminent implementation of such regulation by the Italian government, SNAITECH realized a specific initiative on this topic, through projects, awareness and investments, and introduced state-of-the-art tools to ensure information security both at physical and digital level.



Snaitech implemented a specific initiative to enhance information security both at retail and online level.

1.7. Management and control of supply chain (GRI No. 102-9, 102-10)

SNAITECH Group supply chain includes several sources, which may be grouped in three main subsets:

- A.** The first one is related to the need of hardware and software, gaming machines, office machinery and covers different stages from design, production and hardware freight as well as software supply, through digital channels. The hardware supply is backed by a production of different components made of steel, plastic and glass as well as the freight and consumption/recycle of packaging. The supplying sector is characterized by a high level of globalization, relocation in countries with low labour costs and constant innovation, both in terms of process and products.
- B.** The second one is related to the energy consumption and includes production and distribution electricity, natural gas and extraction, refining and distribution of oil derivatives used by vehicles. The latter refers to the complex chain of transportation sector. Such supply chain is also capital-intensive and global.
- C.** The third one is related to the supply chain of the horse racing, ranging from providing feeding materials for the animals, vets services, fixed assets maintenance and services to support racing. Such value chain is labour-intensive and mainly local.

When selecting suppliers, SNAITECH Group, adheres to principles of fairness, price equality, quality of good and services in line with its own Ethical Code, and assesses carefully post-sales assistance and the offers available from competitors.

The prospect supplier provides statements to comply with technical, professional and financial requisites, relevant authorizations to run business and any further certification held. It must also acknowledge and underwrite to comply with the Ethical code and SNAITECH 231/01 Model.

Additionally, it must underwrite to comply with fairness requirements and regulations on:

- Safety and environment;
- Work contracts and social security contributions;
- Employment of immigrants.

During the year, the company worked to optimize and improve the procedures to assess and monitor suppliers, in full compliance with the type and location of suppliers and without changing its own supply chain. On this purpose, the company integrated the assessment criteria with specific anti money laundering checks including world PEP lists, UN Sanction lists and local PIL list for Italian politics.

1.8. Important aspects for SNAITECH - Key actions performed in 2017 and future plans

The following tables summarize all relevant aspects for SNAITECH by providing a brief description and disclosing relevant practices and policies followed by the group.

Each single aspect is disclosed in full detail in the following paragraphs and summarised in the table of content.

IMPORTANT ASPECT » ECONOMIC IMPACT

DESCRIPTION

Value creation allows to remunerate personnel, pay pension fund obligations, match shareholders expectations and in more generally create value for all relevant stakeholders and particularly for the national community, which benefits from tax revenues. Research and technological innovation, when applied to games offering and managing of points of sales, allow business to grow and contextually to prevent negative impacts.

MAIN RISKS

- **Brand and image management:** ability to promptly capture changes and technological innovation, in order to protect and improve its market positioning. For further detail, see Directors' report as of 31.12.2017 on par. "Main risks".

POLICIES AND PRACTICES

Implementation of business plan in order to define economical, financial and market strategies:

- Development of Online segment;
- Renewal of betting licences;
- VLT platforms evolution;
- Conclusion of synergy plan related to the merger with Cogemat group

RESULTS 2017

Economic and financial performances achieved:

- Wager average growth rate: 0,1%
- Leverage ratio: 3.16x
- Net Profit: Euro 27 mln

IMPORTANT ASPECT » ENVIRONMENTAL IMPACT

DESCRIPTION

SNAITECH core business has no relevant impact on the environment, despite proper and constant monitoring, owing to the management of the horse racing tracks and related areas. Behaviours compliant with environment protection is ruled by the Ethical Code, which requires to balance profit and economical logics with environment protection and social development.

MAIN RISKS

- **Environmental risks:** with specific reference to asbestos and other drainages, noise and odor emission, potable water and land drainage

POLICIES AND PRACTICES

- Implementation of Ethical Code and related behaviours;
- Implementation of Mod. 231/01 (part N) related to controls and prevention of environmental crimes;
- Ordinary and extraordinary maintenance plan to preserve the efficiency level of the Company's assets;
- Dematerialization and renewal of ISO 27001/2017 certification related to information security (for Porcari premise);
- Environmental Inspections Plan related to the drainage of the former trot area, in cooperation with relevant public entities.

RESULTS 2017

- Server Farm Virtualization;
- Green Computing Plan;
- External Audit on the environmental compliance of Trenno area;
- Responsible management of company's assets and monitoring of consumption and emissions;
- Certification ISO 27001/2017 for Milan and Rome premises.

IMPORTANT ASPECT » PERSONNEL

DESCRIPTION

Acknowledgment of the value of the human resources by protection of physical and moral integrity. Commitment to develop a cooperative and satisfactory work environment through training and by fostering corporate identity. Commitment to preserve equal opportunities based on merit.

MAIN RISKS

- **Non-compliance risk:** Regulation on occupational health and safety;
- **Risk arising from turnover** owing to recent mergers.

POLICIES AND PRACTICES

- Implementation of Ethical Code and behaviours in favour of occupational health and safety;
- Implementation of Mod. 231/01 related to controls and preventions of serious wounds (Special part D) and crimes against individual personality (Special part Q);
- Implementation of occupational Health and Safety policies within the related system certified OHSAS 18001;
- Definition of Audit plan of the system as envisaged by OHSAS 18001/2007;
- Management of redundancy plan in accordance with unions based on social sustainability and transparency criteria;
- Implementation of remuneration, benefit attribution and welfare policies.

RESULTS 2017

- Culture Review project to facilitate corporate dynamics and achieve individual and group objectives. This was made possible by identify and share values, habits, managerial attitudes and leadership;
- Development and implementation of Training Plan to favour personnel integration and support organizational changes, ensure acquisition of specific know-how and valorisation of resources;
- Redundancy plan agreed with unions according to social sustainability criteria;
- Audit carried by third party required to renew the OHSAS 18001/2007 certificate. Risks assessment of work environment;
- Implementation of the Audit plan of the system as envisaged by OHSAS 18001/2007;
- Complementary insurance policies for executives, refund of nursery related expenses for employees with children and several other agreements.

IMPORTANT ASPECT » HUMAN RIGHTS

DESCRIPTION

SNAITECH is committed to implement principles of physical and moral integrity of individuals by acknowledging diversity of ages, race, ethnic, nationality, political option and religious belief, gender and health status of their employees. The Company is furthermore committed to remove any discrimination practice

MAIN RISKS

- **Risk of non-protection of human rights** and violation of ethical principles set by the Group, also by suppliers

POLICIES AND PRACTICES

- Implementation of Ethical Code and behaviours in favour of reciprocal respect, diversity and individual dignity;
- Implementation of Mod. 231/01 related to control and preventions of crimes against individuals and employment of clandestine workforce (Special part Q);
- Screening and monitoring of suppliers acting on behalf of the Group.

RESULTS 2017

In 2017, the activities performed in the human rights context, including monitoring of suppliers, produced zero reports on violations of human rights

IMPORTANT ASPECT » COMMUNITY AND LOCAL TERRITORY**DESCRIPTION**

SNAITECH runs its business in a regulated industry and actively cooperate with the relevant authorities to protect and balance all interest from different stakeholders and grant public interest by fully complying with regulation, responsible gambling and prevention of illegal gambling. To grant public safety during public events arranged within the horse racing areas. Support social activities along with no profit associations and entities

MAIN RISKS

- **Risk of evolution of the regulatory framework** with particular reference to tax rate PREU, social security, opening hours and location of points of sales;
- **Risk** related to **public security** during events arranged by the Group.

POLICIES AND PRACTICES

- Concession agreements;
- Development plan for 2017;
- iZilove Foundation annual budget for social initiatives;
- Implementation of Mod. 231/01 related to control and preventions of crimes against public administration (Special part A) and corporate crimes (Special part B).

RESULTS 2017

- Constant monitoring of regulatory framework for the industry;
- Joining round-tables and industry conventions on national framework agreements;
- Achieved objected set by the Annual development plan 2017 approved by ADM;
- Funded:
 - Euro 326.5 thousand to support research on gambling attitudes;
 - Euro 106.6 thousand to support no profit activities.
- Safety and prevention measures during public events held in the horse racing areas.

IMPORTANT ASPECT » COMPLIANCE**DESCRIPTION**

Ensuring full compliance of organizational and administrative procedures with current regulation is deemed of primary interest for the Company and the whole community. Such commitment is part of the corporate identity, as stated by the Ethical Code and followed by the corporate governance.

MAIN RISKS

- **Risk of non-compliance** with AML obligations by points of sales;
- **Risk of non-compliance** with anti-bribery regulation on public administration and individuals.

POLICIES AND PRACTICES

- Implementation of Ethical Code and restrictions on behaviour which may lead to bribery or money laundering;
- Concession agreements;
- Implementation of Mod. 231/01 related to control and preventions of crimes against public administration (Special part A) and money laundering (Special part E);
- Design of an Auditing Plan to assess compliance with L.265/05 and D.Lgs. 231/01;
- Renewal of ISO 27001/2017 certification on information security (for Porcari premise);
- Profiling customer risks related to money laundering (D.Lgs. 90/17).

RESULTS 2017

- Full compliance with current regulation;
- Update with new any-money laundering regulation D.Lgs 90/2017;
- Implementation of the Auditing activities to assess compliance with anti-fraud L.262/05 and anti-bribery Lgs. 231/01;
- ISO 27001/2017 certification awarded for Milan and Rome premises.

IMPORTANT ASPECT » CUSTOMER PROTECTION**DESCRIPTION**

Customer protection and safety is directly linked to the risks embedded in the gambling activities and the Company is committed to control and mitigate such risks along with the public authority. Such commitment translates into full compliance with product regulation, adherence of marketing and promotional campaigns with responsible gambling principles, personal data protection and responsible management of points of sales.

MAIN RISKS

- **Risk of privacy violation** in relation to personal, legal and sensible data of customers;
- Risk of unauthorized access to the IT network (**Cyber attack**).

POLICIES AND PRACTICES

- Concession agreements between SNAITECH and ADM which envisage multiples provisions to protect customers;
- ADM services on online gambling;
- Guidelines for the Development Plan on gaming machines provided by ADM for 2017;
- ADM indications on advertising and communication;
- Renewal of ISO 27001/2017 certification on information security (for Porcari premise);
- Renewal of G4 certification by Global Gambling Guidance Group;
- Profiling of login to IT systems.

RESULTS 2017

- Update with UE Directive 679/16 on personal data protection;
- ISO 27001/2017 certification awarded;
- Supervised all activities related to design and development of technological solutions;
- Product certification by ADM;
- Responsible gambling program;
- Training of staff employed in points of sales.



VALUE CREATION AND DISTRIBUTION

2.1. Goals and corporate plans

Based on the available data (ADM official data, press release and sectorial studies) the estimated total wagers from gambling grew approximately by 5.9% compared to the same period in 2016, to settle at Euro 102 billion. In 2017, the amount spent by Italian on gambling, net of winnings, decreased by 3.1% compared to 2016, down to Euro 18.9 billion. The amount of taxes collected by the Central State decreased as well by 2%, down to Euro 10.3 billion.

The addressable market for SNAITECH grew by 7.8% totalling Euro 8.1 billion wagers. SNAITECH is therefore running its business in the most dynamic market segments (Gaming Machines and Betting on retail and online channels).

» Snaitech Group, by collecting total wagers of approximately Euro 10 billion, is the leading operator on the Retail Betting segment, second operator on the Gaming Machines segment and fourth operator on the Online segment (Betting and Games).

In the Retail Betting segment, the Group provides specialised services to other concessioners ("Concessioner clients"), and collected Euro 0.44 billion wagers in 2017.

The Group was able to collect top-up and payments, through the Paymat brand, for an amount equal to Euro 0.81 billion in 2017.

SNAITECH Group held a strategic position in the addressable national market with the aim to consolidate it further through its knowledge, internal skills, ability to anticipate key trends and improvement of relationship with ADM. (GRI No. 103-1, 103-2, 103-3)

On March 9, 2018, Snaitech's Board of directors approved the update of the Business Plan 2017-2019 by extending the maturity to year 2020, to reflect the new regulations introduced in the past few months affecting the gambling sector: increased tax rates on Gaming Machines, AWP's reduction by 35% in 2018 and a further postponement by one year of the betting tender.

The strategic goal of the Group is to consolidate its market leadership in the Retail Betting segment and to improve market share in the Online segment. Following the merger with Cogemat Group and the relevant synergies achieved, the Group may now rely on a product portfolio, technological platforms and relevant skills needed to cover a leading position also in the Gaming Machines business.

The guidelines of the new Business Plan still uphold the following drivers:

- Online business development by introducing new products, improving services and strengthening cross-selling activities performed on the retail channel;
- Renewal of betting licences for the retail network as well as technological rejuvenation of the points of sales, by the introduction of new self-service betting terminals;
- Evolution of the VLT platforms currently provided to the distribution network in the Gaming Machines segment as well as a more focused selection of gaming contents and local partners for AWP's;
- Finalization by the first half 2018 of the cost synergies plan implemented after the merger with Cogemat.

Among the new regulations included in the Business Plan 2018-20, it is worth mentioning the following:

- The corrective measure on public account contained on D.L. of 24 April 2017 and subsequently converted into Law no. 96 of 21 June 2017, envisaged the increase of PREU tax rates for AWP's (from 17.5% to 19%) and VLTs (from 5.5% to 6%);
- Law no. 96 of 21 June 2017 restated all the measures of D.L. of 24 April 2017 and set additional provisions on timing of the AWP's reduction by 35%, as already enforced by the Stability Law 2016. Specifically, by 31 December 2017 the numbers of paper-based licenses should be lower than 345 thousand and by 30 April 2018 they should be lower than 265 thousand;
- The agreement reached at the Joint-Congress between Central State and Regions (Conferenza Unificata) set several guidelines to promote a single national legal framework to rule points of sales. However, several regional laws approved thereafter (Piedmont region was the first one) threatened the agreement signed as they effectively took an opposite direction. Directors will constantly monitor the evolution of the regional regulations to assess any impact on the assumptions of the plan;
- According to the Economic and Financial Document of 2018, the tender is currently postponed to the last quarter of 2018 and, for the whole year 2018, it has been introduced a fee to renew the expired licences at a price of Euro 6,000 for shops and Euro 3,500 for corners.

The Business Plan 2018-2020 still confirms the ca. 3% annual growth of wagers and the Leverage ratio reduction (Net Financial Position/EBITDA) down to 2.4x by 2019, and furthermore includes a target EBITDA above Euro 160 million in year 2020. The annual average level of capital expenditures (without the renewal of the betting licences) is forecasted in the range of Euro 25 - 30 million.

2.2. Value creation for stakeholders (GRI No.201-1)

The value added created in the period is a proxy of the company ability to produce value for the whole social environment where the Company is established. The value added, calculated according to the statement of comprehensive income, is a measure of wealth produced as the difference between resources used and the value of goods and services offered. Such wealth is distributed to those stakeholders directly involved in the business.

» STATEMENT
OF CONSOLIDATED
COMPREHENSIVE INCOME
OF SNAITECH

Figures in thousand/Euro	2017	2016
TOTAL REVENUES	1,871,063	1,874,075
Revenues from sales and services	1,864,903	1,862,816
- Revenues adjustments	-	-
Changes in inventory	-	1
Increase value of fixed asset due to capitalized internal costs	765	1,825
Other revenues and income	5,395	9,433
PRODUCTION COSTS	670,048	696,418
Raw materials and consumables	761	683
Costs of services	648,228	657,880
Costs of third party assets	6,683	8,510
Expenses related to risk provisions	(620)	11,619
Other operating expenses	14,996	17,726
GROSS OPERATIONAL VALUE ADDED	1,201,015	1,177,657
Financial income and extraordinary items	198	690
Deferred tax asset and liabilities	(11,969)	19,753
Financial expenses and extraordinary items	-	-
GROSS VALUE ADDED	1,189,244	1,198,100
Amortisation and depreciation	50,533	57,400
NET VALUE ADDED	1,138,711	1,140,700

Net value added produced for the period, after Euro 50.5 million to amortization and depreciation, was Euro 1,138.7 million, equals to 60.8% of revenues and almost in line with last year value (-0.17%).

In 2017, revenues, net of taxes on gaming, was Euro 1,871 million while production costs were Euro 670 million, of which the largest share was represented by cost of services. Such costs contributed to support third parties business from the same value chain.

2.3. Distribution of value added

Determining value added allows quantifying the distribution of wealth produced between those stakeholders that benefits from it. The largest share of value added is due to the central State (concession costs and taxes on gaming) for a total amount of Euro 1,01.6 million, slightly increased from last year.

Lenders were remunerated with Euro 40.7 million, significantly lower than 2016 (-53.2%). Personnel, through salaries and accruals to termination indemnities (TFR), received Euro 51.3 million, lower by 13.5% compared to last year owing to the organizational restructuring of the Group.

Payment to community grew modestly and totalled Euro 2.1 million in the form of local taxes and charity. The profit for the year was equal to Euro 27 million versus a loss of Euro 16.9 million recorded in 2016.

» DISTRIBUTION
SCHEME OF THE
CONSOLIDATED VALUE
ADDED OF SNAITECH

Figures in thousand/Euro	2017	2016
PERSONNEL REMUNERATION	51,311	59,311
CENTRAL STATE REMUNERATION	1,017,567	1,009,282
Taxes	8,122	5,953
Taxes on gaming	980,690	973,752
Concessions costs and penalties	28,755	29,577
REMUNERATION TO LENDERS	40,716	87,057
Expenses related to short and long term loans	40,716	87,057
SHAREHOLDERS REMUNERATION	-	-
Profit distributed	-	-
COMPANY REMUNERATION	27,010	(16,954)
Profit retained	27,010	(16,954)
PAYMENT TO COMMUNITY	2,107	2,004
Local taxes	1,995	1,933
Charity	112	71
NET GLOBAL VALUE ADDED	1,138,711	1,140,700



The Group's strategic goal is to consolidate its leadership in the retail betting channel and increase market share in the online channel.



ENVIRONMENTAL IMPACT AND RELEVANT POLICIES

3.1. Main types of environmental risk (GRI N. 103-1)

SNAITECH core business has no relevant impact on the environment. Due to the nature of the services provided, the Company is not subject to the usual risks associated with industrial production processes. For this reason, the environmental impact of the business has low relevance despite proper and constant monitoring, owing to the management of the horse racing tracks and related areas.

In particular, several properties located in Sarò Siro horse racing area are subject to specific screening and maintenance plans with scheduled intervention of removal and substitution of dangerous materials.

The Management of horse racing tracks and related areas has positive impacts on the environment, owing to the care of important green lung, which contributes to oxygenation of urban atmosphere, counteract CO2 emission, reduce several pollution agents and improve microclimate.

The large green extension and the tall tree areas, the botanic park inside San Siro race hippodrome and the small lake all are part of the same ecosystem, which hosts, few kilometres away from city centre, centennial rare ancient essences and several species of birds. (GRI No. 304-3)

SNAITECH is mainly a service company with a core business mainly focused on the development of software and assembly of hardware.

In relation to the former, the Company uses low voltage electronic circuits and is characterized by an energy consumption level in line with office activities. In addition, further energy consumption is related to heating and air conditioning systems used in all the premises. Selection and management of the points of sales require personnel to travel in order to provide assistance and advises and such activities lead to fuel consumption.

In relation to the latter, the Company consumption is mainly related to materials and energy used in the electronic production process as well as the need to dispose obsolete equipment, according to the relevant environmental regulation.

3.2. Managing the environmental impacts

SNAITECH considers the environment protection a common issue, which should be of interest for everyone, individuals, governments, institutions and companies, since any possible worsening of the environment would have deeply negative impacts on human being in the medium and long term. The Ethical code imposes a conduct fully compliant with the environment, balancing the economic and profit logic with environment protection and social development.

Since the SNAITECH Group runs its business in a sector characterized by low environmental impact, the Company adopted specific measures rather than an overall environmentally friendly policy. The measures to manage environmental risks derive from the "Ordinary and extraordinary maintenance plans", which budget specific interventions required by investment needs and regulatory news.

By implementing such approach, the Company adopted energy and consumable materials saving plans, especially through a constant technological renewal and environment friendly plans, with specific focus on activities run in the horse racing areas. (GRI No. 103-2)

In line with the analysis of risks and environmental impacts, SNAITECH set the following operational controls:

1. The Horse racing tracks Business Unit is in charge of monitoring any environmental impact as well as implements any measure to reduce risks, mitigate negative impacts and promote positive impacts on urban environment;
2. The employee in charge of Occupational Health and Safety, among its duties, is also responsible to monitor and propose any possible improvement of the work place and its impact on health and safety conditions of the personnel, pursuant to art. 16 of D.Lgs. 81/2008;
3. The Real estate technical office monitors on a daily basis all the installations through models set by the law and several inspections, reports and periodical assessment of any real or potential risk;
4. Maintenance of sports facilities and other specific installations as well as the management of other activities performed within the horse racing tracks areas are regulated by contracts, which set clear risk management responsibilities as required by law.

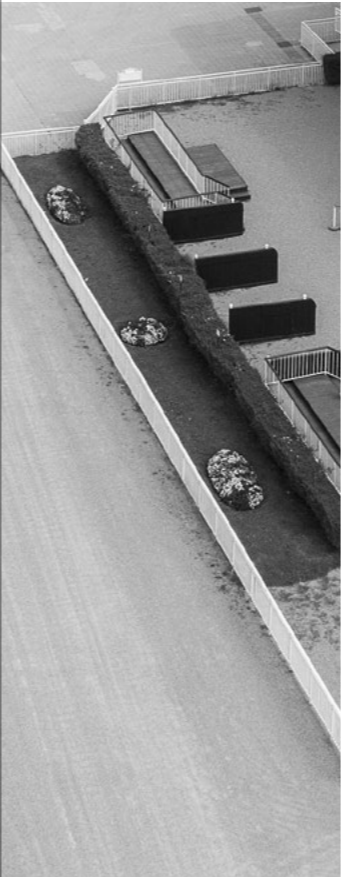
The Company periodically assess risks related to the horse racing tracks area with specific focus on the following aspects: emissions of noise and odor, potable water, agronomic assessments, existing dangerous materials and related removal plans, construction assessments by appointed engineer and any other third-party assessment. The Company sets an Ordinary maintenance plan to ensure full access and safety of the instalments. On this purpose, on an annual basis all the maintenance contracts with third parties are updated in relation to the following activities: technical systems (waterworks, lighting and electric systems, elevators, heating, fire-alarm, generator set), mapping, monitoring tree health status and safety of approximately 2,700 tall trees, waste disposal, assessment and disposal of asbestos roof tile, cleaning and equipment needed for sports facilities and premises. The Company ensures the constant dialogue with relevant public authorities and specifically with the Minister of Agriculture, ATM Milan office, Municipality of Milan and Lombardia Region.

Prevention measures of environmental risks require also the Company to be insured against any possible damages owing to negligent behaviours of third party maintainers of the horse racing tracks area of Milan.

3.3. Environmental plans

The Company planned the following activities:

1. To intensify the frequency of inspections on the status of existing asbestos roof tiles by third party specialised contractors;
2. To set a dismissal plan of residual asbestos roof tiles in the gallop training track and internal premises of the trot former area (currently restricted to the public);
3. To progress with the existing Environmental Inspection Plan and implement the new Plan, agreed with relevant local authorities, which focuses on drainage of trot former area (where it was recorded a single event of material above the pollution limits);
4. To appoint a supervisor in charge of identifying and managing all the environmental policies related to the Horse racing area Business Unit.



Tall trees included in the area, whose mapping and monitoring of health status and safety is outsourced to third party contractors.

In the last three years, SNAITECH was committed in a dematerialization and process efficiency plan, with the goal to progressively reduce paper consumption. This was achieved by setting up documents areas, integrating information and documents, as well as digitalization of documents (even those ones arising from relationships with the distribution network and suppliers).

Such initiatives continued in 2017 with the aim to rationalize those activities with a positive environmental impact:

1. Server Farm virtualization: all the activities of virtualizing the server farm were completed with final disposal of any unnecessary hardware.
2. Green Computing: the replacement of old desktop computers with a new generation of environment-friendly ones has continued in 2017 by achieving further energy cost saving. In 2018, a new framework agreement was subscribed in order to change 300 more desktop computers.
3. Dematerialization and process efficiency, in the context of UNI CEI ISO 27001/2017, was performed in all the premises of Porcari, Milan and Rome.

SNAITECH and other players are currently waiting ADM to issue new guidelines (following the law 2015 of 27 December 2017 "Budget Law"), which should include also indications on AWP's disposal.

3.4. Achievements (GRI No. 103-3)

The following table shows results achieved in terms of paper consumption, considered as the main material employed in the work place. There are no major changes compared to previous year consumption, which was characterized by a strong reduction owing to the dematerialization process implemented.

	2017	2016
» PAPER CONSUMPTIONS (GRI No.301-1)		
TONS OF PAPER USED	39.68	38.62

In 2017, the consumption of methane and LPG for heating was stable. The consumption of gasoline for vehicles increased while the diesel consumption for vehicles reduced. Gasoline for generators used in Trenno was reduced owing to the lighting optimization of tracks and stages.

The most important reduction was recorded in electricity consumption (-22.3%) notwithstanding a very hot summer in 2017, which required a longer use of the air conditioning systems. The premises of SNAITECH, which includes Milan, Rome, Porcari and Teleppica, recorded a 10.9% reduction while the horse racing track areas recorded a 18.6% reduction of electricity consumptions, owing to cost saving measures including monitoring of electricity meters as well as tailored shut down of equipment. The largest reduction was achieved by SNAI Rete Italia (-53%), owing mainly to the reduction of directly owned points of sales (following sale or shut of business units).

The reduction of the percentage of energy from renewables is mainly due to different percentages stated by energy suppliers, some of which were replaced over the course of 2017 in a cost saving action.

» ENERGY CONSUMPTION BY SOURCE (GJ) (GRI No. 302-1)

	2017	2016
DIRECT CONSUMPTION (NOT RENEWABLE)		
Methane for heating	8,141.58	8,101.21
Gasoline for generators	28.09	413.38
LPG for heating	953.88	953.26
Diesel for vehicles	8,278.37	10,792.557
Gasoline for vehicles	224.76	177.66
INDIRECT CONSUMPTION		
Electricity purchased	31,426.74	41,185.22
<i>Of which from renewables*</i>	10,258.36	16,714.41
District heating (renewable)	548.60	857.16
TOTAL	31,975.34	42,042.38
% Energy from renewables (Electricity + District heating) on total indirect consumption	34.39%	41.79%

* Calculation of renewable energy was determined according to the percentages provided by each supplier in 2016, since 2017 update is not yet available and in particular.

» WATER CONSUMPTION* (mc) (GRI No. 303-1, 306-1)

	2017	2016
Municipal aqueduct	40,263	102,050
Well extraction	464,174	362,982
TOTAL CONSUMPTION	504,437	465,032
Watering **	232,087	181,491

* Consumption of distribution network of SNAI Rete Italia S.r.l. and Teleppica (Rome offices) are accounted by the relevant condominiums and included in the overall water consumptions.

** Discharge of water is computed only for the horse racing track area (item Watering) excluding offices

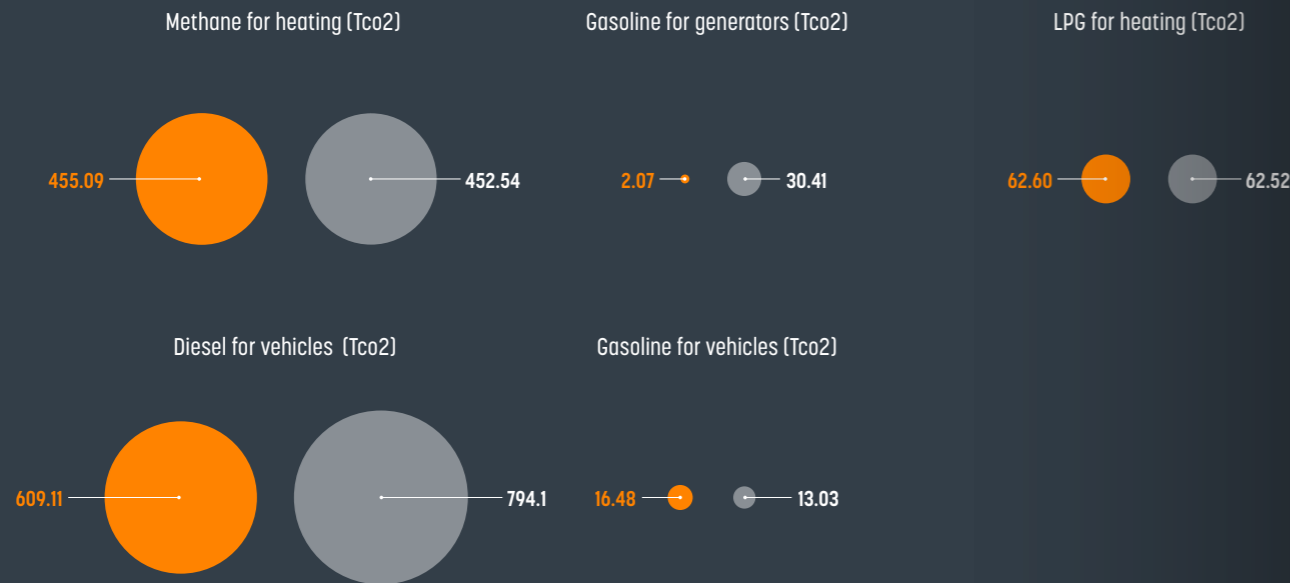
In 2017, the horse racing track areas consumed 97.7% of water consumed by the whole Group. The cost reduction was achieved owing to cost saving policies, which included monitoring of electricity meters as well as tailored shut down of equipment. However, the increased consumption was mainly due to adverse weather conditions, especially with the prolonged dry season that required intensive watering. The Company relies mainly on water provided by municipal aqueduct and wells for the Trenno areas. Furthermore, in the Trenno areas two counters did not work properly and were substituted along with several pipes. Discrepancies between 2016 and 2017 were mainly attributed to such fixings.

The Company mandates regular chemical and microbiological analysis of water extracted from wells located in Trenno and is awarded with regular certifications.

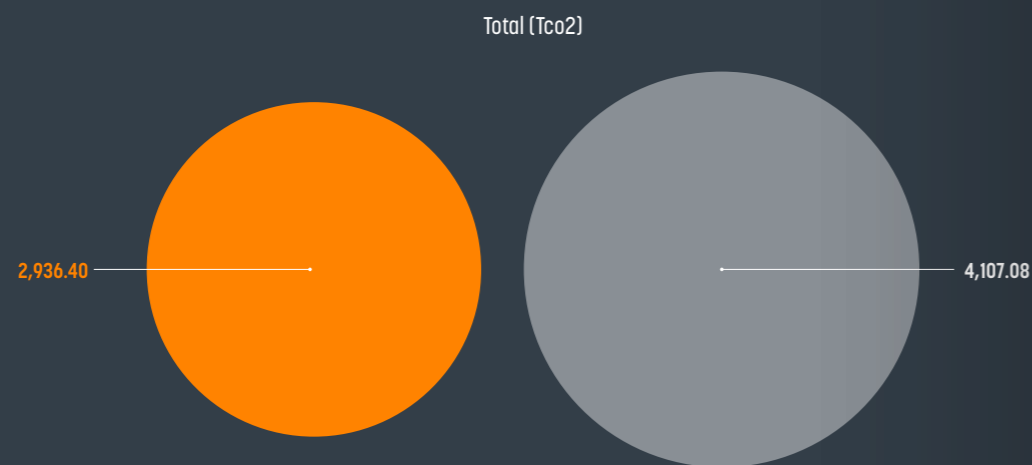
» EMISSIONS (GRI No. 305-1-2) The Services sector, where SNAITECH mainly performs its activities, does not produce relevant emissions. Direct emissions (Scope 1) derive from the limited energy consumption compared to industrial activity. Indirect emissions (Scope 2) are monitored by selecting those providers able to balance a renewable presence in their supply. However, such criterion is combined with the need of cost saving of the Company.

● 2017 ● 2016

DIRECT CONSUMPTION (SCOPE 1)*



INDIRECT CONSUMPTION (SCOPE 2)**



* Source for direct consumption of Co2 ratios: "Tabella parametri Standard Nazionali" issued by the Ministry of Environment for the period 1 January - 31 December 2017.

** Source for conversion ratios of indirect consumption into Co2 emissions: "Fattori di emissione atmosferica di CO2 e altri gas a effetto serra nel settore elettrico" (last available data for 2016, ISPRA)

» WASTE (t) (GRI No. 306-2)

UoM t	2017	2016
SPECIAL WASTE	8,265.36	6,336.59
<i>Of which hazardous waste</i>	<i>1.73</i>	<i>17.38</i>
Waste sent to landfill	63.25	60.2
Waste sent to reuse and recycling	8,202.11	6,276.39
PERCENTAGE OF WASTE SENT TO REUSE AND RECYCLING	99%	99%

More than 98% of waste produced by SNAITECH originates from the horse racing tracks, where 99% of waste is made of horse manure. Specifically, the horse racing track business unit adopts recovery, reuse and recycling criteria typical of the agriculture industry. Horse manure is a valuable sub product used in mushroom farming. Vegetable waste from green area maintenance is an important part of organic humid waste and is reused on dedicated plants, which produce natural fertilizers and renewable energy, through biogas production (Source: AMSA S.p.A. statement).

During the year, the Company has removed and changed a portion of the asbestos roof tiles located in the most sensible premises of the Milan horse racing area and relevant reports were submitted to the ATS Milan offices. Additionally and following the Environmental Inspections Plan, a new project started in the former trot area with the goal to remove buried tanks, electric cabins and analyse any backfill land.

Waste produced by offices is composed mainly by paper, toner and electronic equipment discharged by third party specialised contractors.



SOCIAL IMPACT OF SNAITECH ACTIVITIES

4.1. Embedded risks of regulated gambling ^(GRI No. 103-1)

The Company faces specific risks arising from the gambling sector in addition to the usual economical, financial and commercial risks typically associated with any business and further described in the financial statement (ex. Art 2428 par. 2 sub. 6 of Civil Code). Being compliant with anti-money laundering and anti-bribery regulations, privacy and underage gambling prevention as well as problem gambling is a constant effort of the whole Group and is achieved through relevant investments in infrastructure, procedures and trained personnel. The risks monitored and mitigated by anti-money laundering relate to those gambling activities pursued to fulfil money laundering and terrorism financing. In this context, SNAITECH S.p.A. must face and manage operational risks related to the security of the bets acceptance systems, traceability of games (retail and online), screening and monitoring of customers and commercial partners in order to comply with European and national regulation, today ruled by D.Lgs. no. 231/2007 and subsequent amended by D.Lgs. no.90/2017, as well as mitigate risks arising from the aforementioned crimes.

The aforementioned D.Lgs. includes a specific section for the providers of gambling activities (Section IV), which envisages detailed provisions on betting, VLT, online gambling, due diligence and storage of documentation (art. 53), authorities and cooperation in the gaming sector.

The services provided by SNAITECH S.p.A. and related to gaming and betting may be potentially used for purposes other than (entertainment), despite full compliance with regulation and the Company's commitment to promote responsible gambling. In order to mitigate such risks and grant full transparency and reliability of its services to customers, the Company implemented specific procedures and policies in line with the Organizational Model no. 231/01 and the risk assessment results.

4.2. Plans of responsible gambling and prevention of problem gambling ^(GRI No. 103-2)

According to SNAITECH Group, the responsible gambling is characterized by products and services offering able to grant gaming systems reliability, security of transactions, customer privacy and full compliance with regulation. Furthermore, the Company is actively engaged, together with ADM, to preserve customer healthcare in accordance with provisions of D.L. no. 158/2012 ("Balduzzi Decree").

Following this vision and aiming at constant improvement, SNAITECH pursues the following goals:

- **RELIABILITY OF GAME MANAGEMENT SYSTEMS**
SNAITECH implements technologies and software with the highest reliability and security standards for all the gaming and betting solutions offered. The transaction management system, running on each distribution channel, issues the gaming or betting ticket once Sogei (IT entity of the Ministry of Finance) has received and accepted digital request. Such procedure grants gaming validity and allows to track winnings.
- **TRANSACTIONS SECURITY**
Online gaming, currently being offered in Italy only through individual gaming accounts, is submitted to tight controls to protect transactions and management of accounts as well. The latter, with specific reference to top-ups through credit cards are encrypted. Withdrawals from gaming accounts are allowed only through traceable transactions.

- **PRIVACY**
Customers privacy is rigorously monitored both online and on retail channel. With regards to personal data processing, SNAITECH grants fully adherence to principles of fairness, lawfully, transparency and personal data privacy protection according to D. Lgs. n. 196 of 30 June 2003 "Personal data protection Code" and Directive UE no. 697/16 (the latter is gradually being implemented by the group in its internal procedures).
- **COMPLIANCE WITH REGULATION**
SNAITECH promptly updates the network system to reflect its compliance with current regulation. In particular, the Company aligned its entire institutional and marketing communication and educated the distribution network on duties and restrictions imposed by law, including the interdiction of underage from gaming shops. In the online gambling, it is also granted the full compliance with self-exclusion and limitation required by customers.

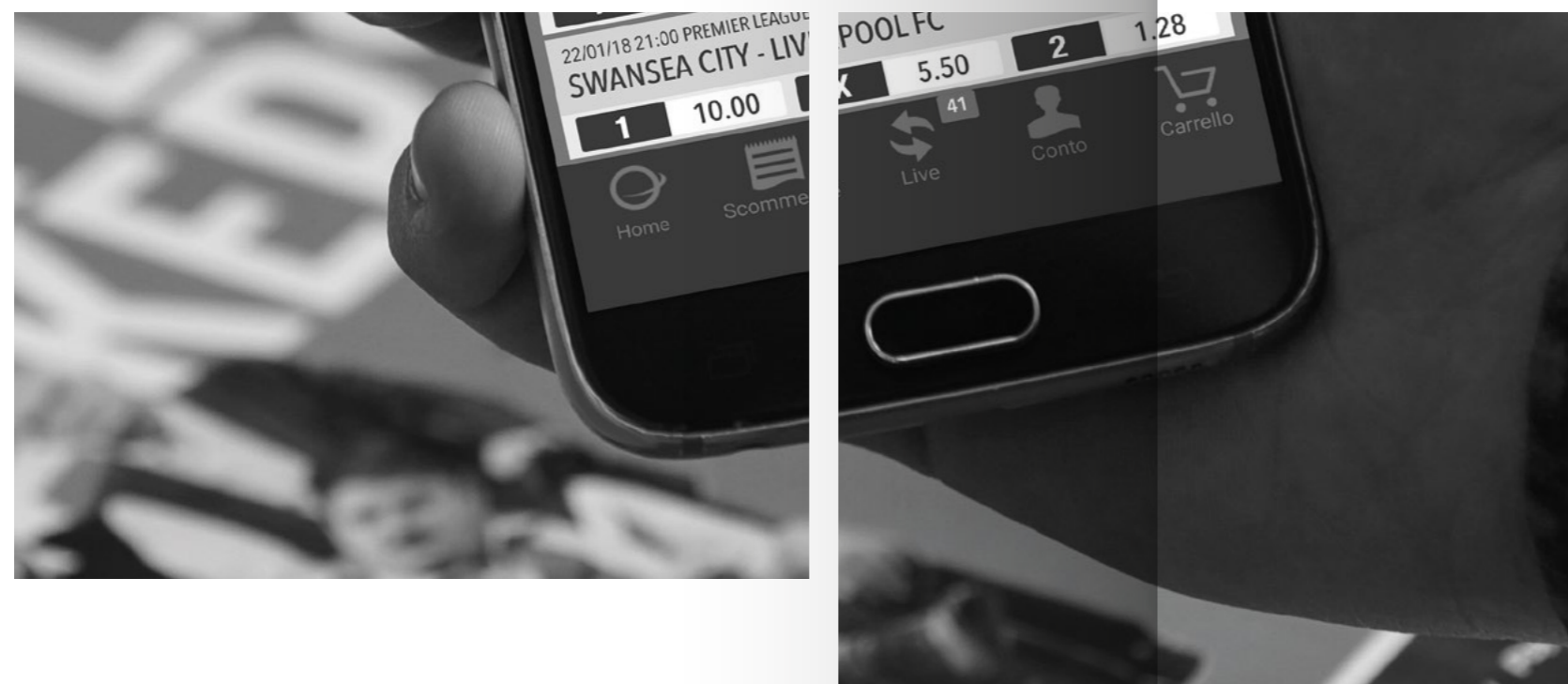
4.3. Institutional relationships

SNAITECH addressable market is highly regulated by the Ministry of Finance with the aim to preserve and balance the sectorial stakeholders interest with the public interest. The latter relates mainly to protect customer, control offering and obtain relevant tax revenues beneficial to the public budget.

In particular, the Ministry of Finance, through ADM and other public sector entities, ensure full compliance with regulation, counteract illegal gambling, protection of players privacy, underage and vulnerable subjects protection as well as to ensure competition between operators.

Public control and supervision of the sector is typical arranged on multi-layers governance scheme, where at international level there are recommendation and resolutions of European Commission, at national level there are central government bodies and relevant ministers, at regional level there are regional governments and Joint-congress State-Region and finally at local level, there are municipalities, which rules opening hours of points of sales. With reference to the regulatory new introduced in 2017, SNAITECH activity was affected by the following events:

- D. Lgs. no. 90 of 25 May 2017 related "Implementation of EU Directive 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing repealing previous Directives and implementation EU regulation n. on information related to money transfer". The Decree includes several provisions on gaming and more specifically on Online games, VLTs, Bingo and any type of bets.
- Law no. 96 of 21 June 2017 enforced: increases of PREU (tax rate) up to 19% on AWP's and 6% on VLTs, increases of tax rate up to 8% on Lotto winnings and up to 12% on those winnings higher than Euro 500 achieved on totalizer number games (Superenalotto and related games), instant lotteries and VLTs. Additionally, it scheduled the timing of reduction by 30% of AWP's rights, which was introduced by the 2016 Stability Law. Specifically, within December 31, 2017 the number of rights must be lower than 345 thousands; within April 30, 2018 must be lower than 265 thousands.
- The Conferenza Unificata on September 7, 2017 reached an agreement between Central State, Regions and Local Authorities. To date, the Ministry of Finance has not issued any implementation decree (originally scheduled by October 31, 2017). The agreement related mainly to the reduction and relocation of points of sales, the criteria to certify points of sales and closing hours



In almost all type of channels, the gambling transaction management system allows to track any winning and ensure transactions validity.

- Provisions on gambling introduced by Law no. 205 of 27 December 2017 ("Budget Law for 2018") and related to extension of betting rights, change of taxable income (now on margin) for horse racing bets, dematerialization and storage of gambling receipts, disposal of AWP dismissed, creation of a digital register of concessioners, postponement to December 31, 2018 to release paper-based licences of old AWP.

ADM issues and manages gaming concessions, based on current legislation, whereas operators are subject to anti-money laundering regulations and suspicious transactions reporting. Player protection requires concessioners to fulfil with individual privacy, fairness in trade practices and ads and promotion conduct rules. As legal operators, companies in the gaming sectors are also subject to the Court of Auditors control, which imposes specific accounting rules. Wagers collection from legal gaming and betting is subject to the authorization of public security authority.

The Balduzzi Decree (D.I. n. 158 of 2012), which aims to promote and protect citizen well being, introduced specific provisions to prevent those individuals with compulsory gaming attitudes, by imposing specific welfare duties to regions.

SNAITECH runs its business within the Italian boundaries under concession awarded through public tenders held for different kind of gambling (bets, gaming machines, online games). Concessions are multi annual agreements with ADM, which represents the main stakeholder to liaise and cooperate with. ^[GRI No. 102-43] In particular, the gaming machines concession imposes concessioners to comply with ADM provisions and to produce an annual development plan on key topics identified by both parties. For 2017 the plan envisages: ^[GRI No. 102-44, 413-1]

- A. Activities needed to improve security of storage and transmission of data;
- B. Innovations needed for customer safety and public order and security;
- C. Information and communication initiatives on legal and responsible gambling; ^[GRI No. 417-1]
- D. Provisions to protect the industry potentialities.

To implement such development plan the concessioner budgeted an annual expense up to Euro 1 million. In 2017, SNAITECH contributed with Euro 326,471.84 to finance researches addressed by ADM on topic c).

During the year, SNAITECH proposed two projects, described hereinafter, to ADM, which were approved by a dedicated scientific committee: ^[GRI No. 413-1, 416-1]

- **"Analysis of regional differences of gambling demand"**. Such project, whose sampling was run by Doxa, aims to present a breakdown of gambling demand by regions as well as to assess the customers' ability to recognise illegal gambling. The project is also integrated with the Lottomatica one, conducted with a qualitative approach, by Universities of Rome and Genova;
- **"Analysis of bio-physiological and behavioural characteristics of interaction between players and gambling platform (online and retail)"** conducted by a multidisciplinary team labelled "Pheel Lab" (Phycology Emotion Experience) of the Milan Politecnico. Such project, considered highly innovative, aims to identify those behavioural indicators, typical of individuals with attitude to problem gambling, by combining biometrical and ethnographical measurements of online and retail gambling, especially on gaming machines. Società Italiana Psichiatria contributes to the project as well.

4.4. Results achieved ^{[GRI No. 103-3] [GRI No. 413-1]}

The results achieved from a social perspective may be grouped in the following two areas:

- A. Programs related to responsible gambling and prevention of pathologies arising from problem gambling;
- B. Research programs to analyse customers' behaviours and develop actions to prevent problem gambling.

With reference to responsible gambling promotion, in the course of 2017 SNAITECH continued with its promotional campaigns targeting points of sales and online platforms.

The information package <<Responsible gambling>> is distributed throughout all points of sales to promote responsible gaming, in accordance with ADM guidelines, Balduzzi Decree and local regulations. Information are shown everywhere in the points of sales and particularly close to the gaming machines area. The owners of points of sales are periodically updated on proper display of information within their premises, which are periodically supervised by SNAITECH account managers. SNAITECH promotes responsible gaming and warns on gaming addition and underage prohibition on any advertising campaign. ^[GRI No. 417-1]

Fostering responsible gambling on Online channel is achieved, in line with previous years, through several tools and interventions. On website www.snai.it and on the home page of gaming apps are always displayed ADM logos and warnings; links to the sections on responsible gaming; link to winning odds; link to anti-money laundering law.

Online accounts allow to set limits and automatic exclusion from games.

SNAITECH aims to sensitise its sales persons and other staff liaising with customers through training sessions. In 2017, SNAITECH dispensed to its personnel 434 training hours on responsible gambling and approximately 239 hours on anti-money laundering.

With reference to the two aforementioned research programs, all activities of research and analysis were already concluded and results should be published in the first half of 2018.

Specifically, the project "Analysis of regional differences of gambling demand" was conducted together with Lottomatica by following a mixed approach, quantitative and qualitative, focused on mapping differences across regions. The quantitative study, promoted by SNAITECH and implemented by Doxa, relied on 5,000 interviews, of which: a) 3,000 on gambling habits conducted door to door on a sample representative of Italian adult population; b) 2,000 conducted online with online players to assess their perception, type of players and devices and knowledge of different concessioners. Results are still under review by ADM and its Scientific Committee.

The project "Analysis of bio-physiological and behavioural characteristics of interaction between players and gambling platform (online and retail)" analyses behaviours and attitudes related to gambling in order to discover any factor that may explain a natural propensity to problem gambling. The tests, conducted both in a natural and pilot environment relies on innovative methodologies based on biometrical and ethnographical measurements. The project aims to explore further the possibility to develop guidelines to help points of sales and online websites on offering their services in compliance with problem gambling prevention.

iZilove Foundation, owned by Snaitech S.p.A., is an independent non-profit organization with the scope to provide social assistance.



4.5. Other social impacts (GRI No. 102-12)

iZilove Foundation, wholly owned by SNAITECH S.p.A., is an independent no-profit organization with the scope to provide social assistance, charity, education, promote cultural initiatives as well as scientific research and arts. The Foundation relies on a restricted fund financed by SNAITECH, donations from undertakings of the Group and voluntary contribution from personnel.

In 2017, iZilove Foundation dispensed Euro 106,645 in favour of the following initiatives:

1. Finalized realization of football field of Amatrice municipality;
2. In cooperation with Special Olympics Italia, financed sports for individuals with intellectual disabilities through two campaigns launched on SNAI media and the 1,600 points of sales;
3. Supported initiatives sponsored by Islander association and aimed to protect neglected horses, by providing room within the horse racing track SNAI La Maura in San Siro;
4. In cooperation with Fondazione Francesca Rava, iZilove Foundation supported sports and entertainment activities for children hosted by casa famiglia in Roma, Parcari and Milan;
5. Provided scholarships, for the Care & Share projects, in favour of poor Indian children of Wijaiawada;
6. Provided two scholarships for the Master course at Milan Politecnico;
7. Following the Telethon initiative, SNAITECH leveraged with its distribution network the palinsesto provided by Sogei.



PERSONNEL

5.1. Principles and objectives

As stated in the Ethical Code of the Company, SNAITECH Group acknowledges the value of the human resources by protecting physical and moral integrity and promoting growth of technical and professional skills. Management and valorisation of human resources is based on full respect of each personality and professionalism of each resource. Being aware of such value along with the need to compete in a highly competitive market, SNAITECH is also committed to preserve occupational level.

» SNAITECH Group sees human resources as an inextricable element of the company (GRI No. 103-1)

Commitment and professionalism of employees are key values and factors for SNAITECH to achieve its goals. The Company is constantly committed to ensure all employees with the same opportunities to grow professionally by fostering meritocracy and acknowledging competencies. All decisions related to an employee such as screening, hiring, training, compensation and career progress should rely on such criteria and exclude any form of discrimination. (GRI No. 103-2)

The Company is furthermore committed to constantly improve its work environment from an ergonomic perspective, occupational health and safety and quality of work relationships. For this purpose, the Company encourages each employee to actively cooperate in order to maintain a work environment of reciprocal respect.

These principles inspired the key goals set by the management in 2017. In particular, after the merger in 2016, the Group reorganization was managed with the aim to minimise any social impacts on territory by reducing redundancies and commuting between main offices as well as establishing a constructive dialogue with unions. Valorisation of human resources was performed at all levels by relevant investments on training. Diversity and equal opportunities are rights and values pursued by the Company in each process. Occupational health and safety is granted by the award of OHSAS 18001:2007 certification, which allows mitigating any risk arising in this context.

5.2. Relationships with unions, corporate restructuring and redundancies (GRI No. 103-2)

2017 was signed by deep relationships with unions in order to maintain a constant and transparent dialogue. Each transaction involving relevant impact on personnel is started with preliminary meeting with unions, scheduled in advance and well ahead of any indication provided by law. (GRI No. 402-1)

The companies of the Group faced several restructuring projects in 2016 always inspired by social sustainability criteria. Such interventions followed specific union agreements, which envisaged outplacements and voluntary redundancy schemes.

» Outplacement processes were supported by specific training programs to better exploit human and professional capital.

On February 2016, the negotiations with trade unions started, at the national and local level, in order to determine the post-merger corporate structure (following the merger by incorporation into Snaitech S.p.A. of Cogemat group). The procedure started on March 21, 2017 and the final agreement was reached on May 26, 2017 before the Ministry of Labour. The main points were: Use of the Wage Guarantee Fund until 31 December 2017; Voluntary redundancy schemes to employees, which allowed replacing redundant personnel.

On October 30, 2017 SNAITECH started the second redundancy procedure involving employees residual from previous procedure, as agreed with all parties.

On March 21, 2017 Società Trenno S.r.l. started the redundancy procedure terminated on October 30, 2017 with an agreement reached before the Ministry of Labour. The agreement envisaged that: the Company, on November 1, 2017, began the collective redundancies of those employees selected according to the criteria of non-opposition. Those employees rejecting the redundancy notification were reassigned with a new job description, in line with the agreement reached with trade unions.

In 2016, SNAI Rete Italia undergone a revision of its organizational structure, which establishes indirect management of points of sales. As a consequence, a reduction of the directly owned points of sales was carried out either by shutting down the low performing ones along with the redundancy procedures or by selling business units.

Group turnover is mainly driven by reorganizational plans implemented by the different undertakings of the Group.

5.3. Training (GRI No. 404-1)

In 2017, SNAITECH leveraged on training to foster integration, support organizational changes, ensure important know-how acquisition and exploit technical and professional skills, given the new business strategy and organizational changes implemented.

Training program was developed in order to develop professional, technical and behavioural knowledge as well as update on regulations on security, D.Lgs. 231/01, anti-money laundering and legal gaming.

In line with company goals and agreement with ADM, an additional training area covered was the responsible gambling. The training aimed at informing service centre staff on regulatory aspects, social impact of problem gambling, initiatives to help customers affected by problem gambling and spreading responsible gambling culture.

Training is organized in four main categories:

BEHAVIOURAL: essential to develop soft skill required by the roles and organizational changes incurred.

TECHNICAL: required by the company strategy in order to promote development and maintenance of specific technical skills. On the job training initiatives were carried out in this area.

SAFETY: more than 2,700 hours dispensed to train and inform on safety. The following plan was implemented: executives, supervisors, training pursuant to D. Lgs. 81/08, first aid, fire, Electric shock risk. Road safety training was also dispensed.

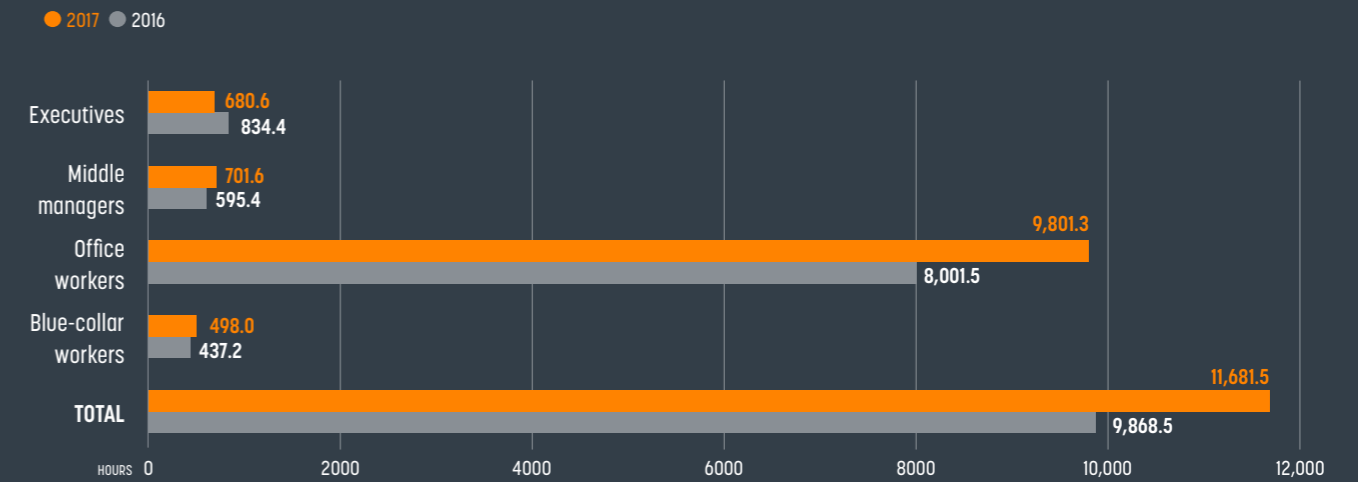
COMPLIANCE: this area includes all the initiatives conducted by the Legal department, Internal Affairs, AML and HR division in order to increase awareness of compliance of current laws and regulations.

In particular, training covered specifically the following topics:

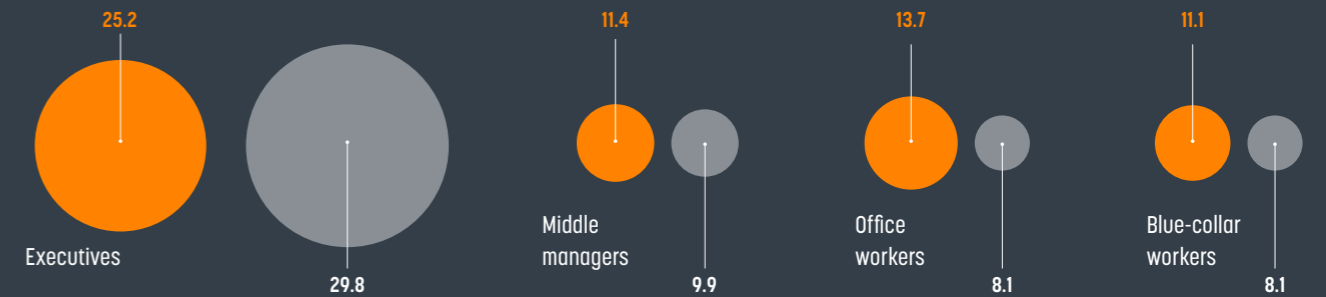
- **Anti-money laundering:** update on regulatory news introduced by D. Lgs. 90/17 with specific focus on regulatory update and reporting procedures of suspicious transactions.
- **Privacy:** history and relevant regulatory evolution along with the introduction of the new European regulation, which provide clearer roles on information and consensus, set limits to automatic data storage, acknowledges new rights and set strict criteria to transfer data outside EU
- **Responsible Gambling:** regulatory framework for legal gambling in Italy, storage of documentation collected in points of sales, requirement of the PoS owner, ownership of licence and legal profile of the PoS owner, differences between concessioners and PoS owners, responsibilities of the PoS owner, penalties, problem gambling and affected players, social gambling and compulsive gambling, analysis of the factors inducing compulsive gambling.
- **231/01:** presented the new Management and Organizational Corporate Model ("Model 231"), approved by the Board of directors on 4 August 2017. (GRI No. 205-2)

In 2017, 11,681.5 hours of training were dispensed, of which only 25 hours were online. The Group has implemented a new Performance Management process for the whole personnel, which was assessed against objectives, behaviours and skills by the direct supervisor. Furthermore, specific projects of Talent assessment and Skill development were implemented for specific employees.

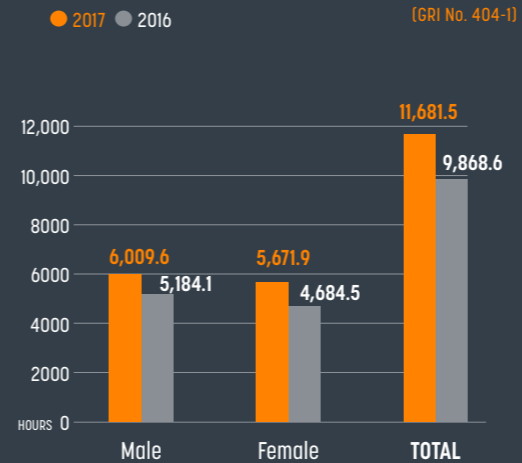
» AVERAGE TRAINING HOURS PER PERSON BY POSITION GRADE (GRI No. 404-1)



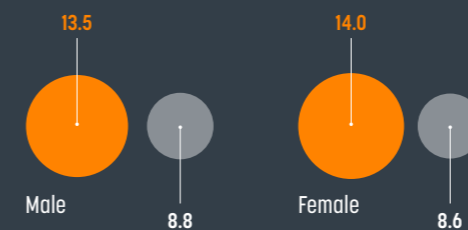
AVERAGE HOURS PER PERSON



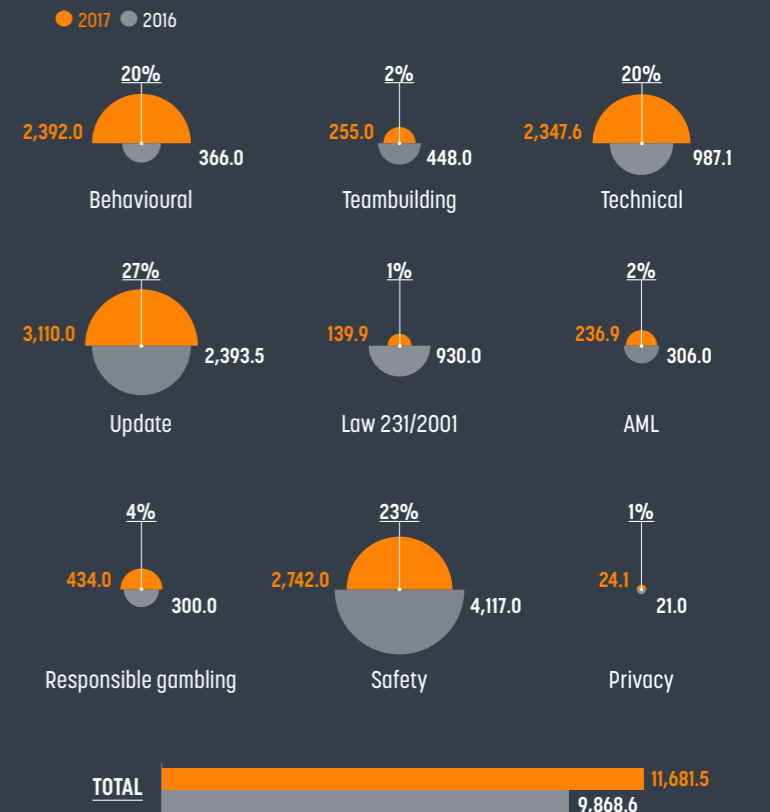
» TRAINING HOURS PER PERSON BY GENDER (GRI No. 404-1)



AVERAGE HOURS PER PERSON



» TRAINING HOURS BY TOPIC (GRI No. 205-2)

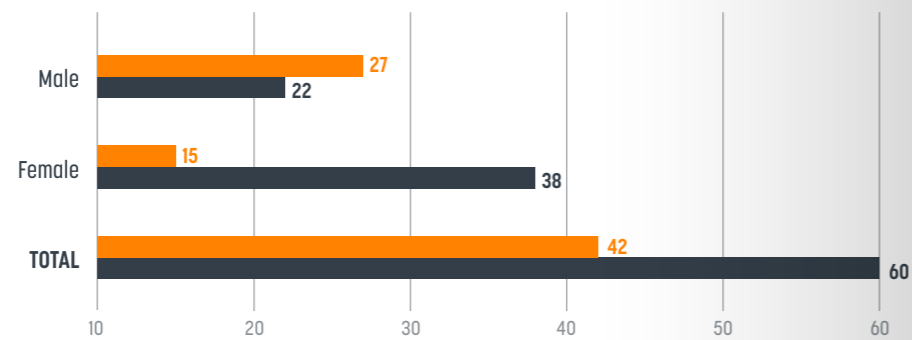


5.4. Diversity and equal opportunity (GRI No. 405-1)

The Group activity is performed by full adherence to the non-discrimination principles contained in the Ethical Code. In 2017 no discrimination events were reported. (GRI No. 406-1)

» PERSONNEL WITH DISABILITIES BY GENDER

● 2017 ● 2016



The share of female employees was unchanged from 2016 (still settled at an high level of 48%). In the selection and hiring process, the HR division ensures a full adherence to equal opportunities principles, in particular between gender, on the basis of the professionalism required and in full compliance with the Ethical Code. Furthermore, SNAITECH Group believes that gender diversity contributes to the company success and therefore envisages a minimum share of female employees not lower than 40%

» RATIO ON AVERAGE MALE/FEMALE BASE SALARY* BY POSITION GRADE (GRI No. 405-2)

	2017	2016
EXECUTIVES	80%	82%
MIDDLE MANAGERS	82%	89%
OFFICE WORKERS	81%	112%
BLUE-COLLAR WORKERS**	N.R.	N.R.

* Base salary: annual gross salary

** Not relevant owing to low number of female blue-collar workers ⁽¹⁾

» RATIO ON AVERAGE MALE/FEMALE REMUNERATION* BY POSITION GRADE (GRI No. 405-2)

	2017	2016
EXECUTIVES	71%	69%
MIDDLE MANAGERS	80%	90%
OFFICE WORKERS	78%	100%
BLUE-COLLAR WORKERS**	N.R.	N.R.

* Remuneration: gross annual base salary plus bonuses

** Not relevant owing to low number of female blue-collar workers ⁽¹⁾

5.5. Corporate welfare (GRI No. 401-2)

The Group still supports maternity by renewing the agreement with union for 2017, which provides part-time employment post-maternity upon request (without the limitation imposed by relevant work agreements).

The Company reimburses also nursery expenses with the aim to help work-life balance.

In 2017, 128 women and 27 men benefited of part-time employment for a total of 155 employees. Part-time contracts are mainly addressed to working mothers (approximately 90) or personnel employed in PoS and horse racing areas.

Employees benefit of compulsory pension funds contribution according to each sectorial and category agreement and each undertaking of the Group contributes to the employee termination indemnities (TFR), which totalled Euro 2.04 million in 2017 (vs. Euro 2.6 million in 2016). Employees may also benefit of additional voluntary pension funds contributions according to their national and internal agreements:

- Employees with trade agreement: Sanimpresa e Fondo Est
- Middle-workers with trade agreement: Quas
- Executives with trade agreement: Fasdac
- Blue-collar and Middle-workers with industry agreement: Mètasalute
- Middle-workers with TV and horse racing agreement: FasiOpen
- Executive with industry agreement: Fasi
- Middle-workers with TV agreement: Salute Sempre

Additional insurance contracts were finalised for Executives with trade and industry agreements: (Life insurance, Health care, Disability and invalidity coverage).

With the aim to favour employees with children, SNAITECH allowed to reimburse expenses related to nursery school; in 2017, 47 employees benefited from such allowance (vs. 31 in 2016).

Personnel are provided with additional benefits owing to special agreements of the Company. In particular, a special agreement with Sara Assicurazioni allows benefiting of 30% discount on car insurance.

Additional agreements are available on public transportation in Rome and Milan as well as with CAF to fill tax declaration.

5.6. Culture Review project (GRI No. 103-2)

Following the merger by incorporation of Cogemat Group into SNAITECH S.p.A. and the integration plan, it was deemed necessary to implement a project to exploit the organizational culture, in order to facilitate corporate dynamics and achieve individual and group objectives. This was made possible by identifying and sharing values, habits, managerial attitudes and leadership.

The project was presented on 16 February 2017 and involved top and middle management. Initially, several questionnaires were provided online to gather information on individual attitudes, corporate culture perceived and desired. The model chosen was made of 8 different stiles representing a set of behaviours and beliefs mainly followed within the company.

» The results were crucial to assess how corporate culture and relevant behaviours were suitable to face the challenges of a constant evolution of the company, its business, clients and key stakeholders.

Such project represented an important step to identify internal path of constant improvement aimed at exploiting key elements of the company. The outcome was discussed initially with the first line managers during an Executive Summary and subsequently with all employees involved in the project.

The two main cultural styles, according to the research, were labelled as <<Results>> and <<Caring>> and played a relevant role for all the employees involved.

Working towards concrete goals by balancing values such as cooperation, customers and colleagues need strongly emerged as result. Duty, comply with rules and procedure and attitude to innovate represent the main linkage.

The desired cultural framework, in addition to <<Results>> and <<Caring>>, highlighted a growing need of <<Learning>> as well as creativity, experimentation and opportunities to learn constantly. Additionally, the <<Enjoyment>> (referring to celebration of important results and more informal meeting) needed more focus.

Therefore, during several workshops different groups were established with the goal to identify action plans needed to exploit the key styles of corporate culture and support integration.

5.7. Occupational Health and Safety

The Group is constantly committed to develop and promote the occupational health and safety. The system implemented on this purpose ensures full compliance with provisions set forth by D. Lgs. 81/2008.

Work premises are monitored constantly, even more than required by law and imminent risks, with the aim to grant highest level of safety and quality of services.

In 2017 new reports of risk assessments were produced (DVR). The following procedures on safety were issued: "Implementation and management of DPI", "Handling dangerous materials", "Signposting", "Competencies/Training/Communication/Participation/Consultation and medical examination", "Inspections of accidents, non compliance and preventive and corrective measures", "Monitoring and measurement".

In 2017, SNAITECH S.p.A.'s corporate structure for health and safety has been determined and the protection and prevention officers were appointed and trained.

It was issued the new healthcare protocol, which allowed properly arranging and managing of occupational medical examinations according to the relevant regulation. In 2017, more than 380 examinations were conducted and 2,742 hours of training were dispensed on occupational health and safety.

The parent company SNAITECH S.p.A. has furthermore renewed the certification for the Occupational Health and Safety System in compliance with OHSAS 18001:2007 for the premises of Rome, Via Goito 58/A, and Milan, Piazza della Repubblica, 32. Additionally, certification was extended to the premises of Porcari (LU) Via Lazzareschi, 7 and Via Boccherini 57.

Following the merger by incorporation of Trenno into SNAITECH S.p.A., the integration and risk assessment project of the new organization started. The R.S.P.P. (protection and prevention officer in charge) was mandated to an external specialized company and the new leading practitioner and general practitioners were appointed too.

» ACCIDENTS AND ABSENTEEISM

(GRI No. 403-2)

	2017	2016
NUMBER OF ACCIDENTS	18	18
ACCIDENTS RATIO*	2.4	1.9
DAYS LOST FOR ACCIDENTS	523	455
SEVERITY OF ACCIDENTS INDEX **	70.9	47.5
DAYS OF ABSENCE	9,381.30	30,423.75
ABSENTEEISM RATIO ***	7,633.2	18,686.54

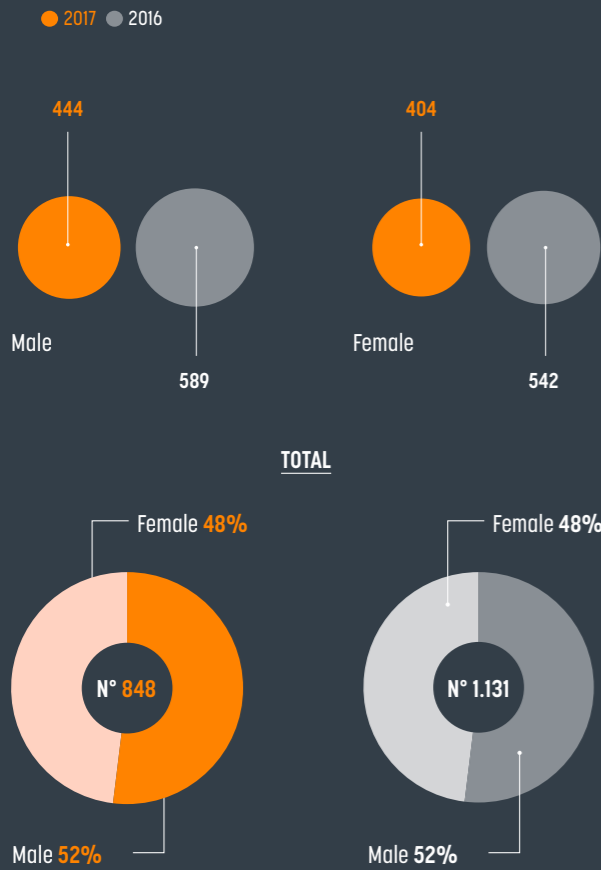
* Total number of accidents/working hours x 200.000 / ** Total days lost for accidents/working hours x 200.000 / ***Days of absence/workable hours x 200.000

In 2017, the Accidents ratio moved from 1.87 in 2016 to 2.44 notwithstanding the unchanged number of accidents compared to last year. Such increase is related to the length of some accidents, as reflected also in the Severity index (increased from 47.5 to 70.9). The Absenteeism ratio decreased owing to lower days of absence compared to last year.

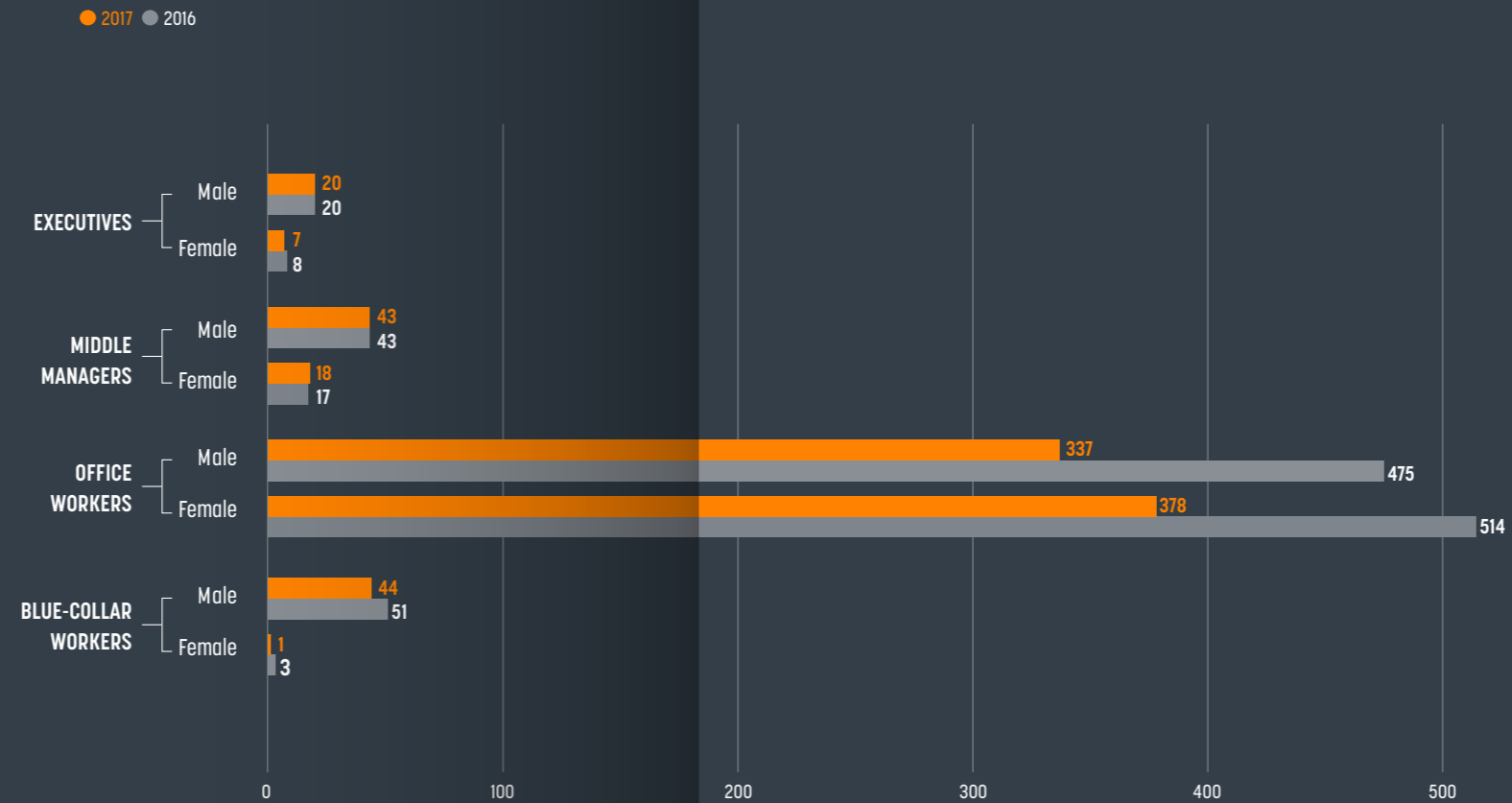
5.8. Composition of personnel of SNAITECH Group (GRI No. 103-3)

As of 31 December 2017, SNAITECH Group employs 848 personnel (compared to 1,131 in 2016) and is made of 52% male and 48% female (same share compared to 2016). The lower number of employees is a consequence of the sale or shut down of different points of sales owned by SNAI Rete Italia as well as three redundancy procedures completed in 2017.

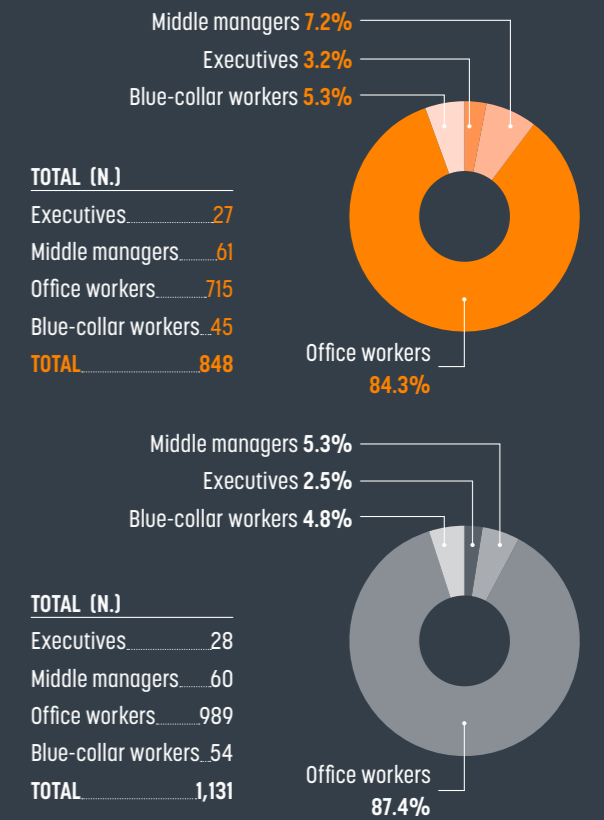
» EMPLOYEES BY GENDER (GRI No. 102-8)



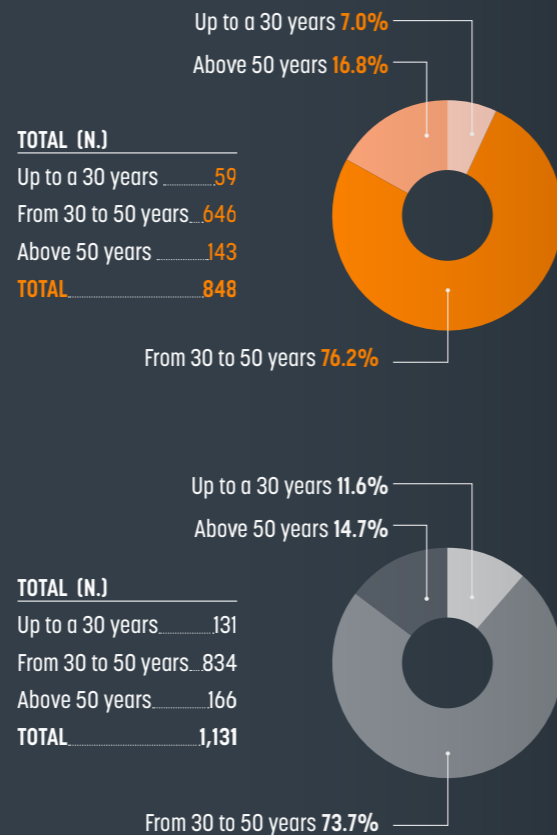
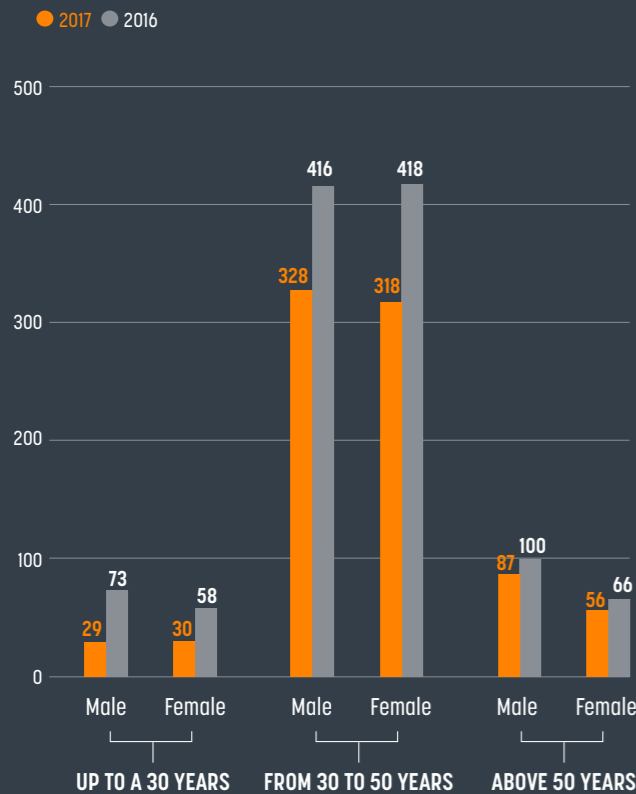
» EMPLOYEES BY POSITION GRADE AND GENDER (GRI No.102-8, 405-1)



The number of office workers decreased with a share of 84.3%. The re-profiling of personnel according to position grades is related to the reorganization process implemented after the merger. Such process reduced the number of divisional heads with the aim to rationalise the decision-making process.

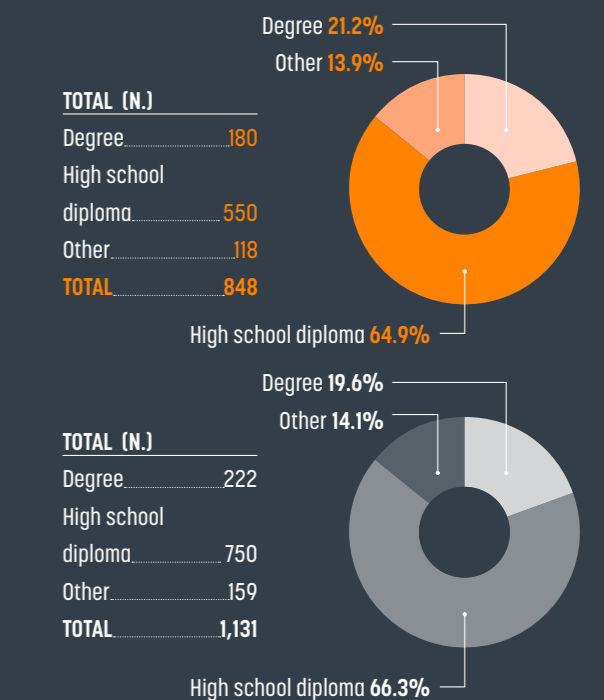
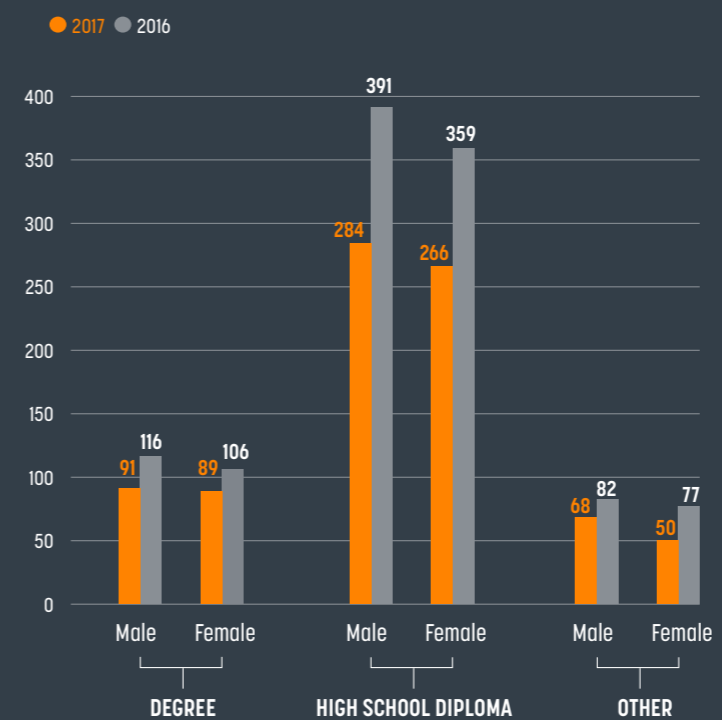


» EMPLOYEES BY AGE AND GENDER (GRI No. 102-8, 405-1)



» EMPLOYEES BY EDUCATION AND GENDER (GRI No. 102-8)

During the year, the average age of personnel increased owing to the Group restructuring. The share of employees with a degree increased from 19.6% in 2016 to 21.2% while the share of employees with high school diploma decreased from 66.3% in 2016 to 64.9%.



» EMPLOYEES BY CONTRACT TYPE AND GENDER
(GRI No. 102-8)

	2017				2016			
	Male	Female	Total		Male	Female	Total	
	N.	N.	N.	%	N.	N.	N.	%
PERMANENT	443	402	845	99.6	571	533	1,104	97.6
FIXED TERM	1	2	3	0.4	18	9	27	2.4
TOTAL	444	404	848	100	589	542	1,131	100

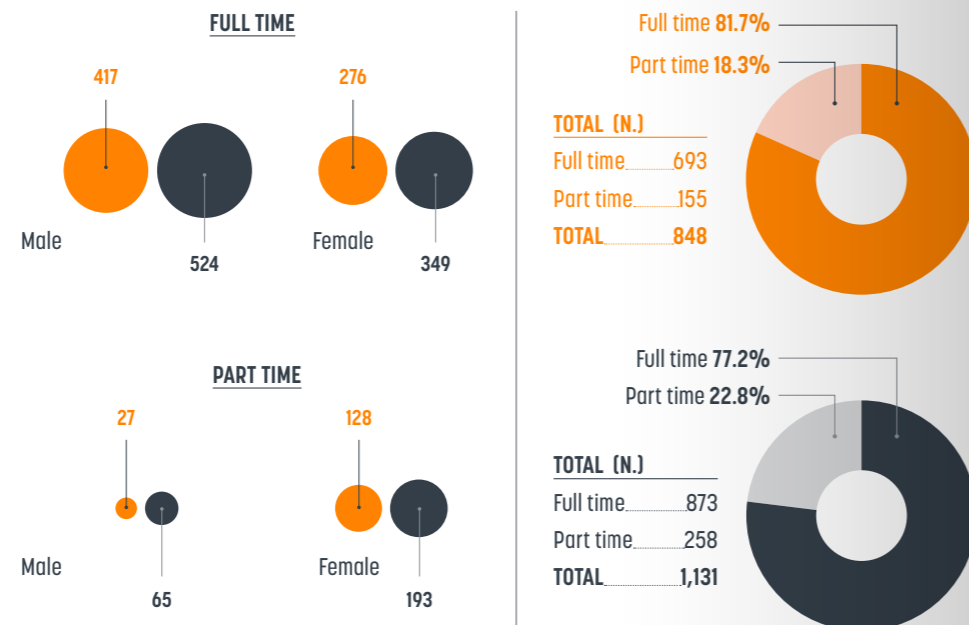
99.6% of employees is hired with a permanent contract.

Contracts comply with the relevant national framework agreement and, specifically, the undertakings of the Group adopt the following contracts: (GRI No. 102-41)

- SNAITECH S.p.A. complies with the collective agreements for: executives of companies producing goods and services, executives of trade and tertiary sector, private metallurgic sector and distribution, services and tertiary sector; for the employees operating in the horserace business, adopts the collective agreement for staff employed in horserace companies and complies with a specific agreement on staff employed in bets collections and various services provided on racetracks.
- Teleippica S.r.l. contracts comply with the collective agreements for: executives of companies producing goods and services as well as private companies broadcasting TV and radio signals;
- SNAI Rete Italia S.r.l. adopts the collective agreement of workers employed in the service sector and complies with additional protocol on staff employed in the betting agencies or the union agreement of 20 July 2015.

» EMPLOYEE BY FULL/PART TIME CONTRACT AND GENDER
(GRI No. 102-8)

● 2017 ● 2016



» EMPLOYEES BY LOCATION AND GENDER
(GRI No. 102-8)

	2017				2016			
	Male	Female	Total		Male	Female	Total	
	N.	N.	N.	%	N.	N.	N.	%
MILAN HEAD QUARTER + POINT OF SALES + MILAN HORSE RACING TRACKS	138	85	223	26.3	181	128	320	28.3
ROME OFFICE + POINT OF SALES	136	76	212	25.0	168	92	260	23.0
PORCARI OFFICE + POINT OF SALES	159	226	385	45.4	174	257	431	38.1
OTHER CITIES + MONTECATINI HORSE RACING TRACKS	11	17	28	3.3	56	64	120	10.6
TOTAL	444	404	848	100	589	542	1,131	100

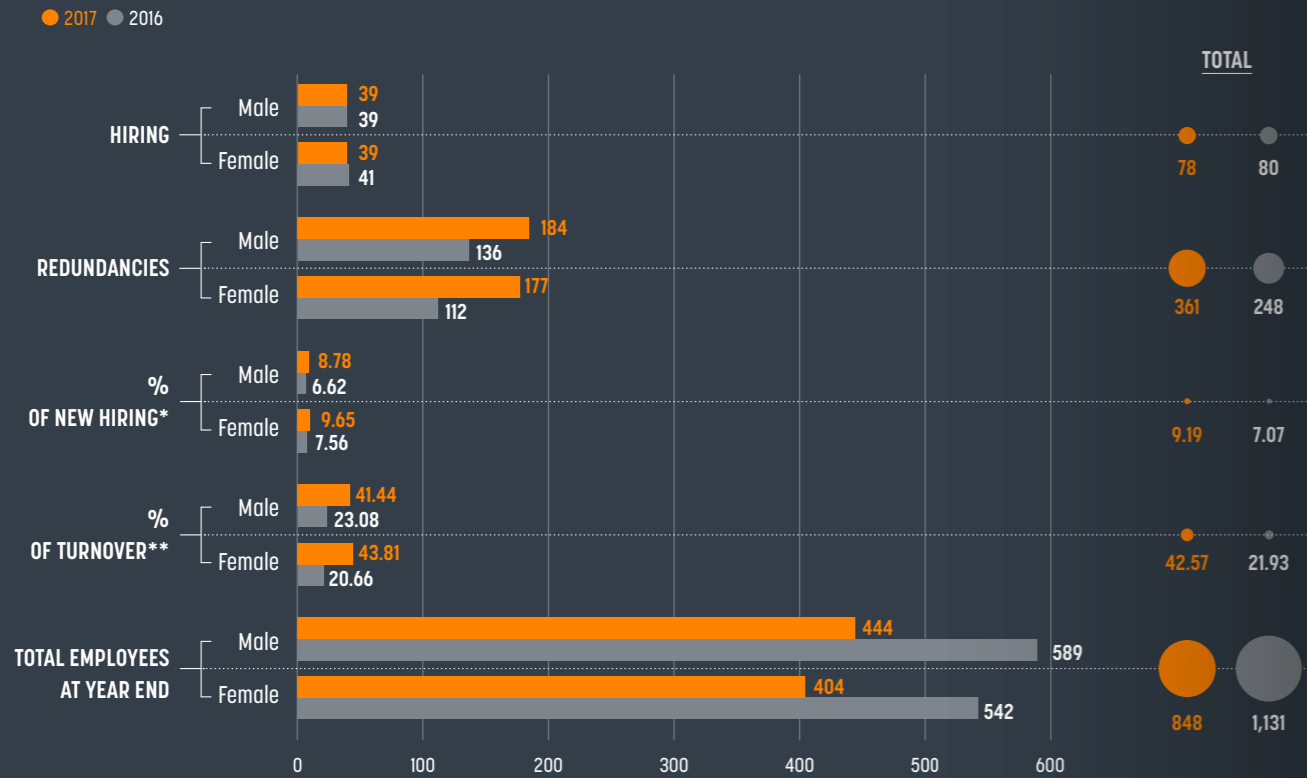
» EMPLOYEES BY LOCATION AND CONTRACT TYPE
(GRI No. 102-8)

	2017				2016			
	Fixed term	Permanent	Total		Fixed term	Permanent	Total	
	N.	N.	N.	%	N.	N.	N.	%
MILAN HEAD QUARTER + POINT OF SALES + MILAN HORSE RACING TRACKS	1	222	223	26.3	16	304	320	28.3
ROME OFFICE + POINT OF SALES	0	212	212	25.0	8	252	260	23.0
PORCARI OFFICE + POINT OF SALES	1	384	385	45.4	0	431	431	38.1
OTHER CITIES + MONTECATINI HORSE RACING TRACKS	1	27	28	3.3	3	117	120	10.6
TOTAL	3	845	848	100	27	1,104	1,131	100

The intention of the Group to preserve all the three offices (Milan, Porcari and Rome), each one representing the historical head quarter of the undertakings involved in the merger, allowed to preserve occupation and limited where possible the internal replacement (in 201 only 6 employees were replaced within macro territorial areas). The distribution of employees by local offices, including distribution network, is concentrated in Porcari (45.4%), followed by Milan and Peschiera Borromeo (26.3%), Rome (25%) and other Italian cities (3.3%).

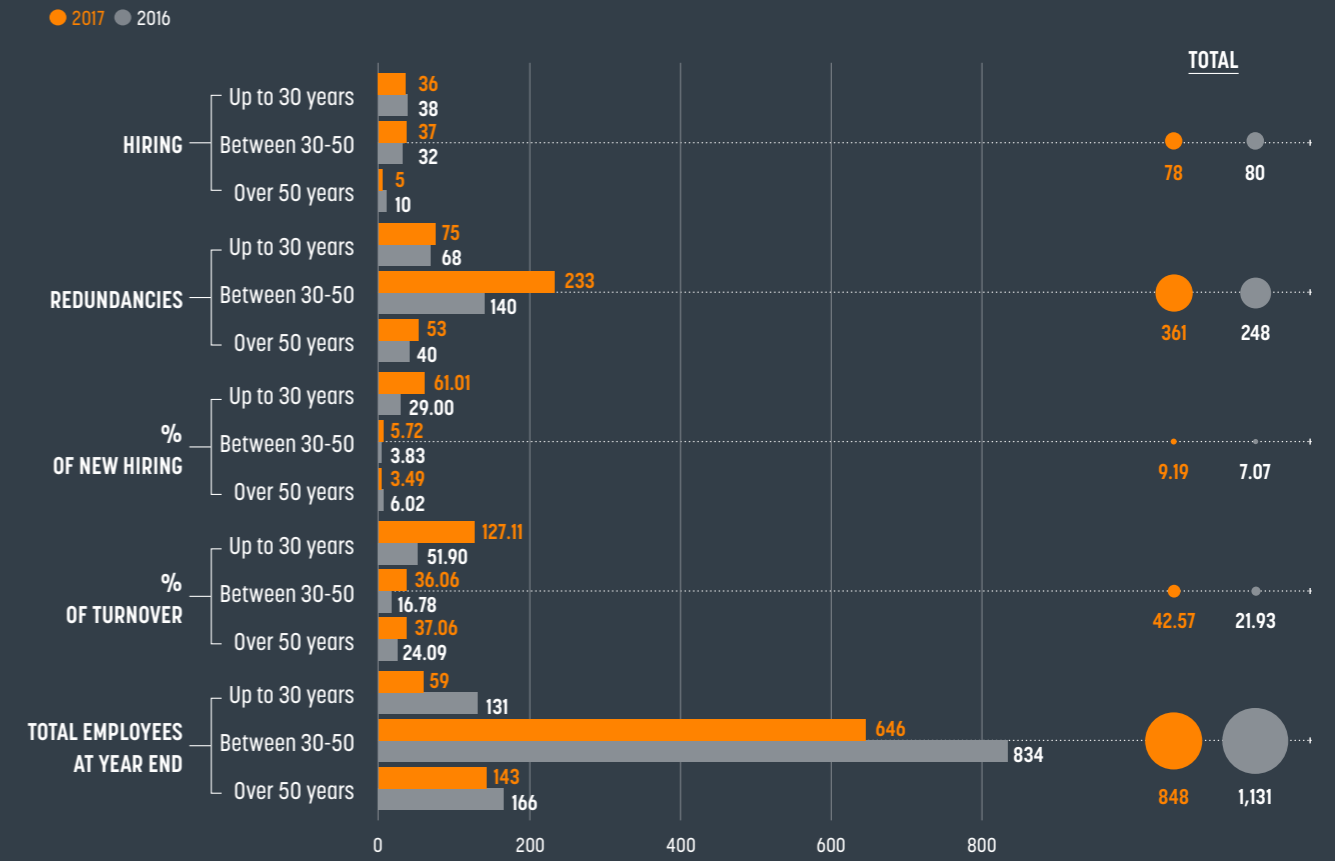
773 employees work in administrative offices and horse racing areas while 115 individuals are employed in points of sales directly owned by SNAI Rete Italia and SNAITECH S.p.A.

» EMPLOYEES' TURNOVER BY GENDER (GRI No. 401-1)



* Ratio of new hiring: employees hired in the period / employees at the end of the period x 100
 ** Turnover: redundancies in the period / employees at the end of the period x 100

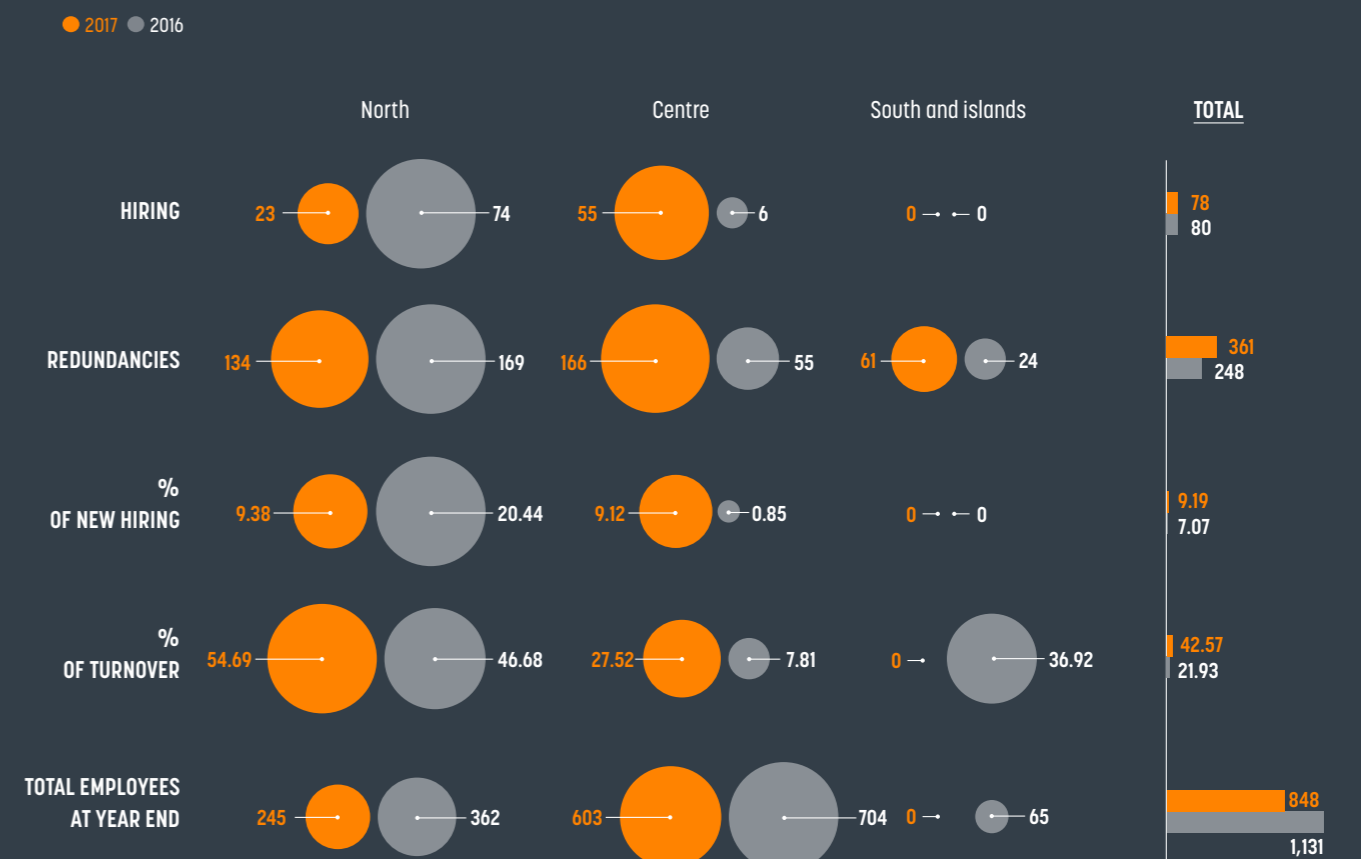
» EMPLOYEES' TURNOVER BY AGE (GRI No. 401-1)



» EMPLOYEES' TURNOVER BY POSITION GRADE (GRI No. 401-1)



» EMPLOYEES' TURNOVER BY GEOGRAPHICAL AREA (GRI No. 401-1) The share of redundancies increased to 42.57% in 2017 owing to three redundancy procedures and 35 business units sold, all related to points of sales owned by SNAI Rete Italia.





SOCIAL IMPACT OF SNAITECH ACTIVITIES

6.1. Guiding principles of SNAITECH Group (GRI No. 103-1)

The Ethical Code of SNAITECH S.p.A. recalls several times the commitment to protect human rights within the Company and specifically relates to the dignity and physical/moral integrity of individuals, including employees and any other individual liaising with the Company. Therefore, SNAITECH is committed to implement such principles by acknowledging diversity in its protocols in relation to age, race and ethnic, nationality, political opinion, belief, gender and health. The Company is furthermore committed to remove any discrimination based on such diversities.

6.2. Risks of violating human rights when performing activities of the SNAITECH Group

The Group runs its business in a country with consolidated democracy where human rights are effectively protected by law. Therefore, the Group does not consider relevant the civil, penal and reputational risks of this kind. The main suppliers of SNAITECH are based in Italy and Europe and therefore subject to relevant national laws on human rights.

The international classification produced by Freedom House grades Italy among the countries with the highest level of freedom (score of 89/100) with reference to political rights and civil freedom. Amnesty International report 2016/2017 states three main criticalities on human rights in Italy: management of first aid and reception centres of asylum seekers and migrants; discrimination of gypsy ethnicity from public house allocation; missed approval of law against torture. However, SNAITECH activity is totally unrelated to such topics.

6.3. Measures implemented and results achieved (GRI No. 103-2-3)

According to the analysis performed and given the specific context, the Group attributes a low risk of crimes against human rights, as ruled by Law no. 228 of 11 August 2003. Therefore the Company relies on principles and general behavioural rules as well as supervisory body activity and sanctions envisaged by the Model 231/01 - Special section Q - crimes against individual personality.

The Internal Audit and Supervisory authority controls all the measures taken to prevent violation of human rights and discrimination. During the year, the Company, through its supervisory body, has not received any report of human rights violation and no investment was subject to risk assessment related to human rights. No agreement or relevant contract included clauses linked to human rights. Personnel has not benefited of training on human rights procedures.



The international classification produced by Freedom House grades Italy among the countries with the highest level of freedom with a score of



89/100



COMPLIANCE AND RELATED ASPECTS ON
ANTI-MONEY LAUNDERING, COUNTER-TERRORIST FINANCING
AND SAFETY OF DISTRIBUTION NETWORK

7.1. Sensitive areas of the Company business (GRI No. 103-1)

SNAITECH runs its business in a sector highly regulated by complex and changing regulations, where products and services are subject to public concessions and scrutiny by public authorities, owing to their potential embedded risks of citizen health and frauds. In this environment, it is of primary interest for the Company to promptly adjust its organizational and administrative procedures to comply with current regulation. This is strictly required by the concessions duties, which impose full compliance with the entire regulatory framework. Complying with regulation is part of the corporate identity as broadly stated in the Ethical Code and corporate governance practice.

SNAITECH is subject to specific duties and controls envisaged by the anti-money laundering and counter-terrorist financing regulation (D. Lgs. 231/07 and subsequent adjustments of D. Lgs. 90/17). In such context, SNAITECH pursues full compliance with regulations as well as implements specific policies to contrast such phenomena, based on monitoring suspicious behaviours, systematic reporting and constant interaction with relevant public authorities.

7.2. Prevention tools and measures implemented. Results achieved. (GRI No. 103-2-3)

Corporate functions and PoS owners performing direct gambling activities comply with the current regulatory framework in order to mitigate and/or cancel risks identified by the Company.

Risks of particular relevance are related to money laundering, internal and/or external fraud and bribery between private and/or private and public authorities; the Company, under public concessions, has implemented specific control procedures both internally (subject to Internal Audit) and outside (direct and indirect PoS), subject to Audit of Network).

The following table shows detail of the monitoring of Internal Audit on organizational units.

» INTERNAL AUDIT ACTIVITIES MONITORING COMPLIANCE WITH AML, ANTI-BRIBERY, L. 262/05 E D. LGS. 231/01 (GRI No. 205-1)

	2017	2016
NO. OF ORGANIZATIONAL UNITS MONITORED FOR BRIBERY RISKS	11	12
% OF OF ORGANIZATIONAL UNITS MONITORED FOR BRIBERY RISKS	92%	86%

The audit of PoS is mainly focused to assess compliance with responsible gambling principles with direct and indirect impact on customers.

In particular, controls relate to:

- Formal and substantial fair use of concession (suitability of premises, ownership and validity of licenses, storage of tickets, etc.) to ensure legality when performing gambling related business;
- Application of proceedings on citizens health, set forth by D.L. no. 158 12 September 2012 (Decreto Balduzzi)

and relevant contractual duties, which envisage specific communication duties in order to prevent compulsive gambling and protect vulnerable subjects (i.e. underage restrictions);

- Application of anti-money laundering regulation (former.D. Lgs. 231/2007 integrated by D.Lgs. 90/17) with specific reference to proper implementation of procedures and knowledge of contractual duties required when performing activities to contrast money laundering and terrorism financing.

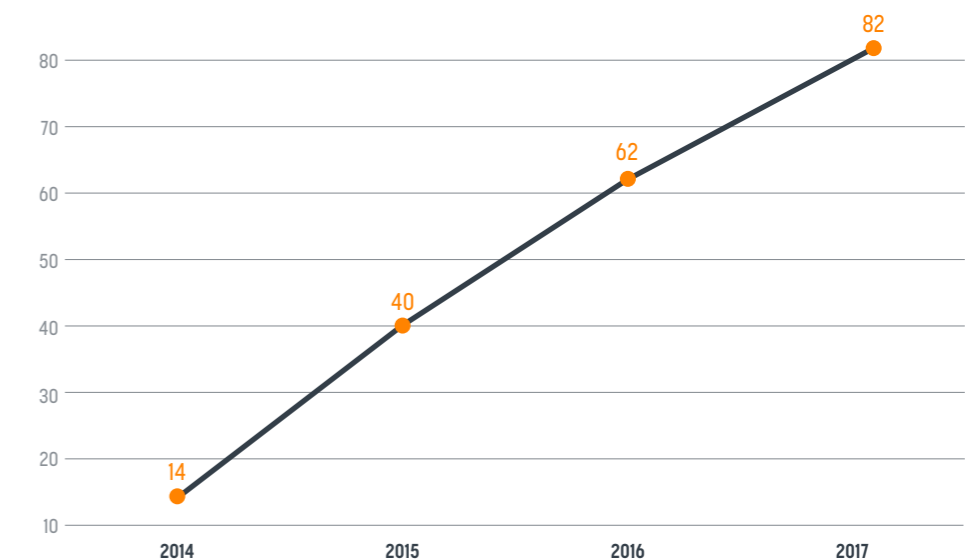
Table below shows details of auditing activities performed in the territory.

» INSPECTIONS OF POINTS OF SALES*

TYPE OF POS	TOTAL NUMBER	2017		2016	
		N.	%	N.	%
Shops	706	202	29	176	25%
Corner	1213	207	17	305	25%
Arcades	675	103	15	96	14%
TOTAL	2594	512	20	577	22%

* Total number includes also former iZiplay network, now embedded compared to figures for 2016

» GRADUAL COVERAGE OF POS INSPECTIONS BY YEAR END (IN %)



With specific regard to money laundering and terrorism financing, the Company provides its PoS network with communications and protocols which rule gambling; in particular, the procedure "Management of AML activity", recently updated, provides specific instruction when assessing customer due diligence, storage of documentation and reporting of suspicious transactions.

Training for 269 hours was dispensed on AML, both internal and external (see. Par. 5.3).

7.3. Adjustments in privacy protection

SNAITECH is data controller for its customers, employees, suppliers and partners and is committed to comply with the relevant regulations, which required several updates to reflect: facilitation of cross-border information flow; prompt adjustment to technological evolution; face new global challenges on to data protection.

EU directive 679/2016 acknowledges such issues and envisages the implementation by all Member States of General Data Protection Regulation (GDPR), which should come into force in 2018. SNAITECH is also requested to implement all relevant measures and adjustments on this topic.

Specifically, the Company should implement a Risk Based approach, should demonstrate compliance with relevant regulation, may be subject to inspections by relevant authorities and finance police and should adhere to principles of Accountability and Data Breach Notification. In 2018, it was appointed a leading consulting firm to achieve goals imposed by Directive within the deadline of 25 May 2018.

7.4. Compliance with AML regulation ^(GRI No. 101-3)

The Company implemented an internal anti-money laundering function to periodically assess adequacy of the anti-money laundering corporate procedures, client control procedures, suspicious transactions reporting and storage of documentation required by law. It also performs effectiveness and functionality controls of points of sales and front-line divisions. The person in charge of the Anti-money laundering function is part of the personnel responsible of internal audit and reports to the Chief Executive Officer.

In 2017, SNAITECH S.p.A. implemented the new AML procedures (made of guidelines on AML, operational instruction books for each Business Unit and AML procedures for distribution network) in compliance with regulatory news introduced by the D. Lgs. 90/2017. It has furthermore implemented processes to mitigate and prevent risks related to money laundering and terrorism financing at three different levels (first level for Business Unit, second level for AML function and third level for Internal Audit) in compliance with the Model 231/01 implemented by the Company.

In particular::

- From July 4, 2017 new limits of due diligence for betting and VLTs were introduced and the module of due diligence was updated to include information on politically exposed persons (including also national persons according to the new regulation)
- From February 1, 2017 a Single Digital Archive for the Group was finalized to support corporate AML. The whole distribution network has therefore access to a single portal ("Webanti 2.0") to track gambling transactions and/or winnings above legal threshold. Each transaction on this portal feeds automatically the Single Digital Archive of the SNAITECH Group;
- It was developed a dedicated software to transfer all documentations collected in the due diligence phase (document management). It allows all points of sales to input directly on the portals (scanner or fax) all documentations required by the due diligence to track gambling movements and/or winnings above legal threshold;

- Following the new regulation set forth by D. Lgs. 90/17 all related procedures on AML were updated (including AML guidelines to counteract money-laundering and terrorism financing, operating manuals for each business unit as well as procedures to manage AML related activities by distribution network);
- According to the new rules set forth by D.Lgs. 90/17, which requires to implement suitable controls to monitor risks associated with money laundering and terrorism financing, the SNAITECH Group started a new project to merge its gambling management systems with a new software (purchased by a leading and qualified partner) with the aim to improve monitoring of gambling transactions and customers profiling as well as commercial partners (which manage gambling activities on behalf of the Group). These new tools allow counteracting more effectively and constantly any crime and represent an additional guarantee of transparency and safety of the services provided by SNAITECH Group.
- The new functionalities shall be effective in the second quarter of 2018 and would provide SNAITECH Group with a state-of-the-art defence against crimes.

Each sensible area (monitoring of gambling transactions, customers due diligence, collaboration with public authorities, data and customers tracking and storage) is constantly monitored. In compliance with D. Lgs. 90/2017 the AML function - along with HR division - ensure proper training to all its personnel as well as distribution network with the aim to ensure and provide updates on anti-money laundering and terrorism financing regulation.

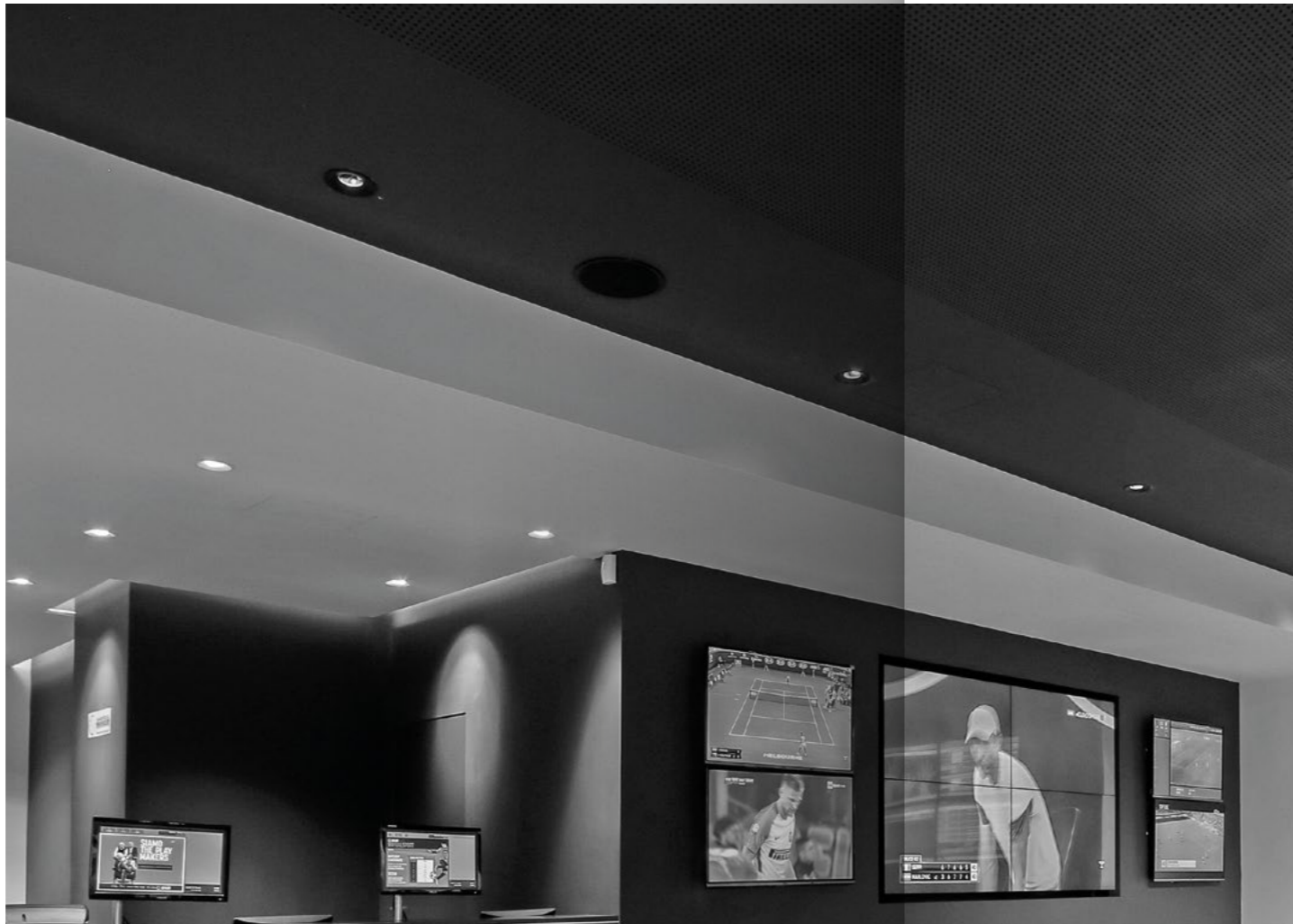
7.5. Suspicious transactions reporting

Monitoring activities produced 265 reports in 2017 ^(GRI No. 103-3) related to different business units (Betting, VLT, Online, Virtual Games). Such suspicions transactions were forwarded to the Financial Information Unit (UIF).

The increased number of reports (113 reports in 2016) is due to the merger into SNAITECH S.p.A. of two different groups SNAI and Cogatech/Cogemat as well as to the new regulations introduced with D. Lgs. 90/2017 (with particular reference to the new threshold of gambling transactions - Euro 500 for VLT and Euro 2,000 for Betting).

» NUMBER OF REPORTS IN 2017

TYPE	SENT	%
Online	36	13.58%
VLT	144	54.34%
Virtual games	17	6.42%
Betting	68	25.66%
TOTAL	265	100.00%



Any form of commitment to comply with laws is part of the corporate identity, as broadly stated in the Ethical Code and largely practiced by the corporate governance.

GRI CONTENT INDEX

GRI 102: GENERAL DISCLOSURE 2017

INDICATOR	DESCRIPTION	PAG.	CHAPTER/ PARAGRAPH	COVERAGE
Organizational profile				
102-1	Name of the organization	14	1.1	Full
102-2	Activities, brands, products, and services	16	1.1	Full
102-3	Location of headquarters	14	1.1	Full
102-4	Location of operations	14-15	1.1	Full
102-5	Ownership and legal form	14	1.1	Full
102-6	Markets served	17	1.1	Full
102-7	Scale of the organization	16	1.1	Full
102-8	Information on employees and other workers	64 to 67	5.8	Full
102-9	Supply chain	21	1.7	Full
102-10	Significant changes to the organization and its supply chain	21	1.7	Full
102-11	Precautionary Principle or approach	4	AD statement	Full
102-12	External initiatives	16-53	1.1 - 4.5	Full
102-13	Membership of associations	16	1.1	Full
Strategy				
102-14	Statement from senior decision-maker (letter of the CEO)	4	AD statement	Full
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	18	1.3	Full
Governance				
102-18	Governance structure	17	1.2	Full
Stakeholder Engagement				
102-40	List of stakeholder groups	9	Methodology	Full
102-41	Collective bargaining agreements	66	5.8	Full
102-42	Identifying and selecting stakeholders	8	Methodology	Full
102-43	Approach to stakeholder engagement	50	4.3	Full
102-44	Key topics and concerns raised	50	4.3	Full
Accounting procedures				
102-45	Entities included in the consolidated financial statements	8	Methodology	Full
102-46	Defining report content and topic Boundaries	8-10	Methodology	
102-47	List of material topics	8-11-21	Methodology	Full
102-48	Restatements of information	8	Methodology	Full

INDICATOR	DESCRIPTION	PAG.	CHAPTER/ PARAGRAPH	COVERAGE
102-49	Changes in reporting	8	Methodology	Full
102-50	Reporting period	8	Methodology	Full
102-51	Date of most recent report	8	Methodology	Full
102-52	Reporting cycle	8	Methodology	Annual
102-53	Contact point for questions regarding the report	8	Methodology	Full
102-54	Claims of reporting in accordance with the GRI Standards	8	Methodology	Full
102-55	GRI content index	84 to 89	Methodology	Full
102-56	External assurance	8	Methodology	Full

MATERIAL ASPECTS

ECONOMIC IMPACT

GRI 103: Management approach

103-1	Explanation of the material topic and its Boundary	21-28	1.8	Full
103-2	The management approach and its components	28	2.1	Full
103-3	Evaluation of the management approach	28 to 31	2.2	Full

GRI 201: Economic Performance

201-1	Direct economic value generated and distributed	29 to 31	2.2	Full
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ENVIRONMENTAL IMPACT

GRI 103: Management approach

103-1	Explanation of the material topic and its Boundary	21-36	1.8	Full
103-2	The management approach and its components	36	3.2	Full
103-3	Evaluation of the management approach	40 to 43	3.4	Full

GRI 301: Material

301-1	Materials used by weight or volume	40	3.4	Paper consumption from the Group offices only
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GRI 302: Energy

302-1	Recycled input materials used	41	3.4	Full
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GRI 303: Water

303-1	Reclaimed products and their packaging materials	41	3.4	Partial As disclosed in the Methodological Note and in the relevant section of the Statement, data on water consumptions of PoS owned by SNAI Rete Italia S.r.l. and Teleippica (Rome premise) are not available as accounted at condo level.
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INDICATOR	DESCRIPTION	PAG.	CHAPTER/ PARAGRAPH	COVERAGE
GRI 304: Biodiversity				
304-3	Habitats protected or restored	36	3.1	Partial Qualitative accounting
GRI 305: Emissions				
305-1	Direct (Scope 1) GHG emissions	42	3.4	Full
305-2	Energy indirect (Scope 2) GHG emissions	42	3.4	Full
GRI 306: Effluents and Waste				
306-1	Water discharge by quality and destination	41	3.4	Partial Snaitech S.p.A. mandates regular chemical and microbiological analysis of water extracted from wells located in Trenno and is awarded with regular certifications. Water discharge was computed only for the horse racing tracks excluding administrative offices of group undertakings.
306-2	Waste by type and disposal method	42	3.4	Full
GRI 307: Environmental Compliance				
307-1	Non-compliance with environmental laws and regulations	86	The Company is not aware of any complain	Full
PERSONNEL				
GRI 103: Management approach				
103-1	Explanation of the material topic and its Boundary	21-56	1.8	Full
103-2	The management approach and its components	56-61	5.1 - 5.2	Full
103-3	Evaluation of the management approach	63 to 69	5.8	Full
GRI 401: Employment				
401-1	New employee hires and employee turnover	68-69	5.8	Full
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	61	5.5	Partial It is not provided the break down of benefit for full-time and part-time employees.

INDICATOR	DESCRIPTION	PAG.	CHAPTER/ PARAGRAPH	COVERAGE
GRI 402: Labor/Management Relations				
402-1	Minimum notice periods regarding operational changes	56	5.2	Full
GRI 403: Occupational Health and Safety				
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	63	5.7	Full
GRI 404: Training and Education				
404-1	Average hours of training per year per employee	57-59	5.3	Full
GRI 405: Diversity and Equal Opportunity				
405-1	Diversity of governance bodies and employees	17-60-64	1.2 - 5.4	Full
405-2	Ratio of basic salary and remuneration of women to men	60	5.4	Full
HUMAN RIGHTS				
GRI 103: Management approach				
103-1	Explanation of the material topic and its Boundary	72	1.8	Full
103-2	The management approach and its components	72	6.3	Full
103-3	Evaluation of the management approach	72	6.3	Full
GRI 406: non-discrimination				
406-1	Discrimination events and corrective measures	60-87	The Company is not aware of any complain	Full
COMMUNITIES AND TERRITORY				
GRI 103: Management approach				
103-1	Explanation of the material topic and its Boundary	21-46	1.8	Full
103-2	The management approach and its components	46-47	4.2	Full
103-3	Evaluation of the management approach	51-33	4.4	Full
GRI 413: Local communities				
413-1	Operations with local community engagement, impact assessments, and development programs	51	4.3	Full
GRI 416: Customer health and safety				
416-1	Assessment of the health and safety impacts of product and service categories	46 to 51	4.2- 4.3 - 4.4	Full

INDICATOR	DESCRIPTION	PAG.	CHAPTER/ PARAGRAPH	COVERAGE
COMPLIANCE				
GRI 103: Management approach				
103-1	Explanation of the material topic and its Boundary	21-76	1.8	Full
103-2	The management approach and its components	76	7.2	Full
103-3	Evaluation of the management approach	78-79	7.4 - 7.5	Full
GRI 205: Anti-corruption				
205-1	Operations assessed for risks related to corruption	76	7.2	Full
205-2	Communication and training about anti-corruption policies and procedures	58-59	5.3	Full
205-3	Confirmed incidents of corruption and actions taken	88	The Company is not aware of any complain	Full
GRI 206: Anti-competitive behaviour				
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	88	For legal actions earlier than 2017 see the Consolidated Financial Statements	Full
GRI 419: Socioeconomic Compliance				
419-1	Non-compliance with laws and regulations in the social and economic area	88	The Company is not aware of any complain	Full
CUSTOMER PROTECTION				
GRI 103: Management approach				
103-1	Explanation of the material topic and its Boundary	21-46	1.8	Full
103-2	The management approach and its components	46-47	4.2	Full
103-3	Evaluation of the management approach	51	4.3	Full

INDICATOR	DESCRIPTION	PAG.	CHAPTER/ PARAGRAPH	COVERAGE
GRI 417: Marketing and Labelling				
417-1	Requirements for product and service information and labelling	50-51	4.4	Full
417-2	Incidents of non-compliance concerning product and service information and labelling	89	The Company is not aware of any complain	Full
417-3	Incidents of non-compliance concerning marketing communications	89	The Company is not aware of any complain	Full
GRI 418: Customer Privacy				
418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	89	In 2017 the Company did not receive any claim related to privacy violation	Full



**RELAZIONE DELLA SOCIETÀ DI REVISIONE
INDIPENDENTE SULLA DICHIARAZIONE CONSOLIDATA
DI CARATTERE NON FINANZIARIO
AI SENSI DELL'ARTICOLO 3, C. 10, DLGS. 254/2016 E
DELL'ARTICOLO 5 REGOLAMENTO CONSOB N° 20267**

SNAITECH SPA

ESERCIZIO CHIUSO AL 31 DICEMBRE 2017

Relazione della società di revisione indipendente sulla dichiarazione consolidata di carattere non finanziario ai sensi dell'articolo 3, c. 10, Dlgs. 254/2016 e dell'articolo 5 Regolamento Consob n° 20267

Al consiglio di amministrazione di SNAITECH SpA

Ai sensi dell'articolo 3, comma 10, del Decreto Legislativo 30 dicembre 2016, n. 254 (di seguito il "Decreto") e dell'articolo 5 del Regolamento CONSOB n. 20267, siamo stati incaricati di effettuare l'esame limitato ("limited assurance engagement") della dichiarazione consolidata di carattere non finanziario di SNAITECH SpA e delle sue controllate (di seguito il "Gruppo") relativa all'esercizio chiuso al 31 dicembre 2017 predisposta ex art. 4 del Decreto e approvata dal consiglio di amministrazione in data 16 marzo 2018 (di seguito la "DNF").

Responsabilità degli amministratori e del collegio sindacale per la DNF

Gli amministratori sono responsabili per la redazione della DNF, in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto, ai "Global Reporting Initiative Sustainability Reporting Standards" definiti nel 2016 dal GRI - Global Reporting Initiative (di seguito "GRI Standards"), da essi individuate come standard di rendicontazione.

Gli amministratori sono altresì responsabili, nei termini previsti dalla legge, per quella parte del controllo interno da essi ritenuta necessaria al fine di consentire la redazione di una DNF che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili inoltre per l'individuazione del contenuto della DNF, nell'ambito dei temi menzionati nell'articolo 3, comma 1, del Decreto, tenuto conto delle attività e delle caratteristiche del Gruppo e nella misura necessaria ad assicurare la comprensione dell'attività del Gruppo, del suo andamento, dei suoi risultati e dell'impatto dallo stesso prodotti.

Gli amministratori sono infine responsabili per la definizione del modello aziendale di gestione e organizzazione dell'attività del Gruppo, nonché, con riferimento ai temi individuati e riportati nella DNF, per le politiche praticate dal Gruppo e per l'individuazione e la gestione dei rischi generati o subiti dallo stesso.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sull'osservanza delle disposizioni stabilite nel Decreto.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 0712132311 - Bari 70122 Via Abate Ginna 72 Tel. 0805640211 - Bologna 40126 Via Angelo Finelli 8 Tel. 0516186211 - Brescia 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - Catania 95129 Corso Italia 302 Tel. 0957532311 - Firenze 50121 Viale Gramsci 15 Tel. 0552482811 - Genova 16121 Piazza Piccapietra 9 Tel. 01029041 - Napoli 80121 Via dei Mille 16 Tel. 08136181 - Padova 35138 Via Vicenza 4 Tel. 049873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091349737 - Parma 43121 Viale Tanara 20/A Tel. 0521275911 - Pescara 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - Roma 00154 Largo Fochetti 29 Tel. 06570251 - Torino 10122 Corso Palestro 10 Tel. 011556771 - Trento 38122 Viale della Costituzione 33 Tel. 0461237004 - Treviso 31100 Viale Felissent 90 Tel. 0422696911 - Trieste 34125 Via Cesare Battisti 18 Tel. 0403480781 - Udine 33100 Via Poscolle 43 Tel. 043225789 - Varese 21100 Via Albuzzi 43 Tel. 0332285039 - Verona 37135 Via Francia 21/C Tel. 0458263001 - Vicenza 36100 Piazza Pontelandolfo 9 Tel. 0444393311

Indipendenza della società di revisione e controllo della qualità

Siamo indipendenti in conformità ai principi in materia di etica e di indipendenza del Code of Ethics for Professional Accountants emesso dall'International Ethics Standards Board for Accountants, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale. La nostra società di revisione applica l'International Standard on Quality Control 1 (ISQC Italia 1) e, di conseguenza, mantiene un sistema di controllo qualità che include direttive e procedure documentate sulla conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

Responsabilità della società di revisione

È nostra la responsabilità di esprimere, sulla base delle procedure svolte, una conclusione circa la conformità della DNF rispetto a quanto richiesto dal Decreto e ai GRI Standards. Il nostro lavoro è stato svolto secondo quanto previsto dal principio "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (di seguito "ISAE 3000 Revised"), emanato dall'International Auditing and Assurance Standards Board (IAASB) per gli incarichi limited assurance. Tale principio richiede la pianificazione e lo svolgimento di procedure al fine di acquisire un livello di sicurezza limitato che la DNF non contenga errori significativi. Pertanto, il nostro esame ha comportato un'estensione di lavoro inferiore a quella necessaria per lo svolgimento di un esame completo secondo l'ISAE 3000 Revised ("reasonable assurance engagement") e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.

Le procedure svolte sulla DNF si sono basate sul nostro giudizio professionale e hanno compreso colloqui, prevalentemente con il personale della società responsabile per la predisposizione delle informazioni presentate nella DNF, nonché analisi di documenti, ricalcoli ed altre procedure volte all'acquisizione di evidenze ritenute utili.

In particolare, abbiamo svolto le seguenti procedure:

1. analisi dei temi rilevanti in relazione alle attività ed alle caratteristiche dell'impresa rendicontati nella DNF, al fine di valutare la ragionevolezza del processo di selezione seguito alla luce di quanto previsto dall'art. 3 Decreto e tenendo presente lo standard di rendicontazione utilizzato;
2. analisi e valutazione dei criteri di identificazione del perimetro di consolidamento, al fine di riscontrarne la conformità a quanto previsto dal Decreto;
3. comparazione tra i dati e le informazioni di carattere economico-finanziario incluse nella DNF ed i dati e le informazioni inclusi nel bilancio consolidato del Gruppo Snaitech;
4. comprensione dei seguenti aspetti:

- modello aziendale di gestione e organizzazione dell'attività del Gruppo, con riferimento alla gestione dei temi indicati nell'art. 3 del Decreto;
- politiche praticate dall'impresa connesse ai temi indicati nell'art. 3 del Decreto, risultati conseguiti e relativi indicatori fondamentali di prestazione;
- principali rischi, generati o subiti connessi ai temi indicati nell'art. 3 del Decreto.

Relativamente a tali aspetti sono stati effettuati inoltre i riscontri con le informazioni contenute nella DNF e effettuate le verifiche descritte nel successivo punto 5, lett. a).

5. comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nella DNF.

In particolare, abbiamo svolto interviste e discussioni con il personale di SNAITECH SpA e SNAI Rete Italia Srl e abbiamo svolto limitate verifiche documentali, al fine di raccogliere informazioni circa i processi e le procedure che supportano la raccolta, l'aggregazione, l'elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della predisposizione della DNF.

Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche del Gruppo:

- a livello di capogruppo:
 - a) con riferimento alle informazioni qualitative contenute nella DNF, e in particolare a modello aziendale, politiche praticate e principali rischi, abbiamo effettuato interviste e acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;
 - b) con riferimento alle informazioni quantitative, abbiamo svolto sia procedure analitiche che limitate verifiche per accertare su base campionaria la corretta aggregazione dei dati.
- per la società SNAI Rete Italia Srl, che abbiamo selezionato sulla base delle sue attività e del suo contributo agli indicatori di prestazione a livello consolidato, ci siamo confrontati con i responsabili e abbiamo acquisito riscontri documentali circa la corretta applicazione delle procedure e dei metodi di calcolo utilizzati per gli indicatori.

Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che la DNF del Gruppo Snaitech relativa all'esercizio chiuso al 31 dicembre 2017 non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto e dai GRI Standards.

Altri aspetti

Con riferimento all'esercizio chiuso il 31 dicembre 2016 il Gruppo aveva predisposto un Rapporto di cittadinanza, i cui dati sono utilizzati a fini comparativi all'interno della DNF. Detto Rapporto di cittadinanza era stato sottoposto in via volontaria ad un esame limitato in conformità all'ISAE 3000 da parte di PricewaterhouseCoopers Advisory SpA, che ha espresso delle conclusioni senza rilievi.

Milano, 30 marzo 2018

PricewaterhouseCoopers SpA



Andrea Alessandri
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