

Sustainability Report
Snaitech Group
2019



A JOURNEY 5 YEARS LONG

SNAITECH

Sustainability Report

Snaitech Group

2019

SNAITECH

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5 years in 5 projects
and 25 stories

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Letter to stakeholders (GAI 102-41)

In life as well as at work, we try to look forward, always. This is how we define our goals, set the path forward, accomplish projects and sometimes even dreams. This year, we celebrated five years since the merger between Snai and Cogetech, an operation on which we have worked very hard, with passion and for which we are beginning to see the first important results. And so, for once, we decided to take look back. To stop for a moment, just for a moment, to reflect on the long road we have travelled, on the difficulties we have overcome, the relationships of collaboration and often of friendship that we have formed, on what we have been able to build.

Thus was born the 2019 Sustainability Report project, a text in which for the first time we have chosen to combine the reporting with an element of narrative, a real story of what for us has been *A five-year journey*.

To do this, we have chosen to give space to projects and people. There are so many projects to tell about: we have identified five that represent the areas of activity on which we have focused most in order to create a solid foundation on which to build the leading company in Italy in the legal gaming sector. The first project area identified is that relating to compliance and the economic-financial framework: in fact, since the very early stages of the merger, we have set ourselves the goal of bringing the company back to profit and creating an effective and efficient compliance system. At the same time, we have focused on developing the business, we made important investments to equip ourselves and our agencies with the best proprietary technologies and we have revolutionised the business offer in an omnichannel perspective. In this way, we have achieved a perfect integration between online and offline gaming. However, merging two companies means above all creating a new team. For this reason, since the very early stages of the merger, we have been committed to creating a new corporate culture based on meritocracy, fairness, shared values and an organisational structure that enables us to combine professional growth with personal well-being.

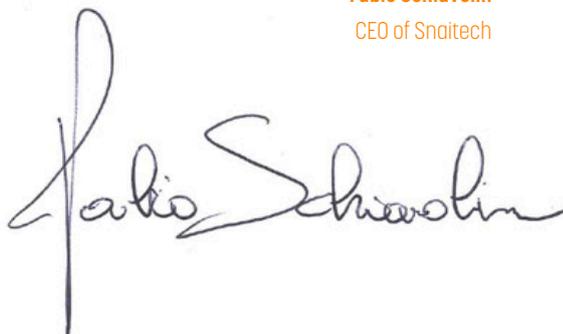
Another project area to which we have dedicated a lot of energy is that relating to Corporate Social Responsibility; through the iZilove Foundation and with the commitment of our employees, we have in fact supported many splendid, important and deserving initiatives. Finally, we have chosen to tell about the numerous projects developed to enhance our racecourses, with the aim on the one hand of reviving a sport of great tradition and importance such as horse racing, on the other, opening these structures to a new public and to new cultural and entertainment initiatives.

If the merger has been successful, however, it is thanks to the people, they are the ones who made all these projects possible. It is therefore precisely to the people that we have chosen to narrate some of the most significant stages of this five-year period. The memories and words of those who shared this journey with us gave rise to 25 splendid stories, which are the best possible testimony of the passion and commitment we have put into everything we have done in recent years.

Whereas in the first part of this document we gave space to sentiment and emotions, in the second part we reported on our commitment aimed at tracing a growth path for Snaitech increasingly oriented towards the integration of social, economic and environmental responsibility. Snaitech is the synthesis of two companies that attributed a profound meaning to the concept of corporate social responsibility, which is why we will always be committed to promoting a development model that is not only responsible but also respectful of the needs of all our stakeholders.

Enjoy reading,

Fabio Schiavolin
CEO of Snaitech

A handwritten signature in black ink that reads "Fabio Schiavolin". The signature is written in a cursive, flowing style with a large initial 'F'.



The Group

Profile of the Group

The Snaitech Group operates in the gaming/gambling and betting sector and, thanks to a series of operations carried out over the last five years that have strengthened its position on the reference markets, it has the expertise, resources and dimensions to compete at the highest levels nationwide.

In Italy, it is one of the most important licensees for the running of authorised gaming/gambling and, thanks to a multi-channel technology, it offers the following services through its proprietary point of sale network and online (in this regard, see paragraph 7.1 "The reference market and positioning", p. 101):

- betting on sports meetings and other types of event;
- horse race betting;
- virtual sports;
- Video Lottery Terminal and new slot machine gaming;
- online and mobile gaming (poker, skill games, casino games, bingo);
- lotteries.

It also manages the Snai San Siro and Snai La Maura Racecourses in Milan as well as the Snai Sesana Racecourse in Montecatini Terme. Via the TV network run by the subsidiary Epiqa S.r.l., the Group produces over 160,000 hours of broadcasting per year in the areas of horse racing, showjumping as well as virtual sports and events.

SALES NETWORK AND CONCESSION RIGHTS

2,104

The network of physical gaming/betting points*

1,584

Directly licensed gaming/gambling points of sale

670

Snaitech shops

914

The Snaitech Corners

Over 7,000

Snaipay points

38,526

AWP operational licences

10,590

VLT rights

* The physical sales network comprises 2,104 betting points, of which 1,584 are run by the Company via direct gaming franchises and the remainder by supplying specialist services to dealers who operate proprietary licences.

ECONOMIC-FINANCIAL PERFORMANCE (MLN€)**1,944**

Revenue before gaming taxes

216.9

Shareholders' Equity

162.6

EBITDA

1,278.1

Product added value

SOCIAL PERFORMANCE**920**

Number of employees

49%

Female employment

18,869

Training hours provided

€ 51.9 mln

Wages and salaries paid

€ 1,150 mlnIncome taxes,
licence fees and levies**over € 2 mln**

Local taxes and duties

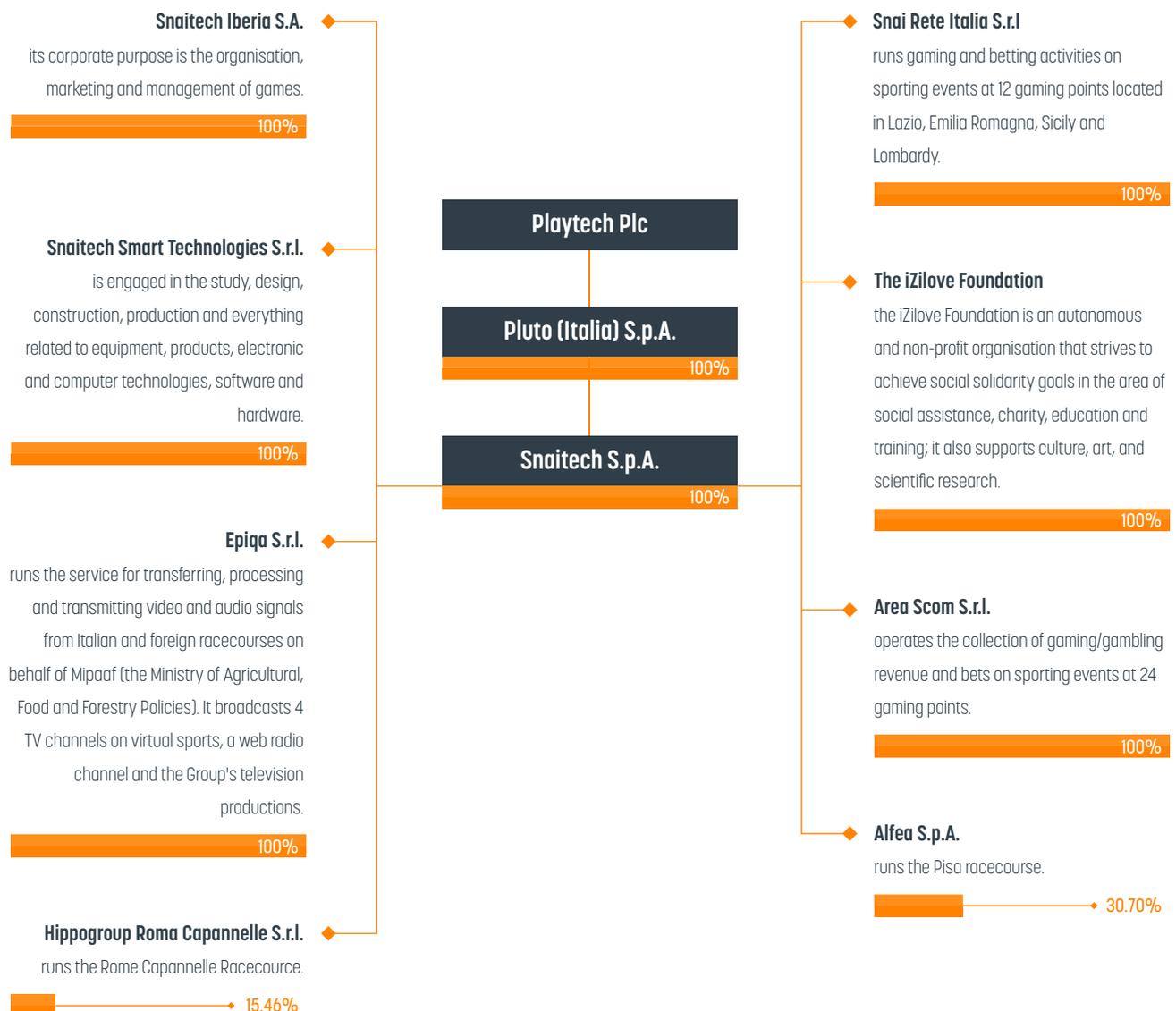
over € 127,000

Support for social, sporting and cultural initiatives through the iZilove Foundation

Corporate structure

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

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



COUNTRYWIDE COVERAGE AND NUMBER OF EMPLOYEES

■ Locations ■ Directly managed agencies



Governance

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

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

The governance bodies also include a Supervisory Board and an independent auditing firm. Further details are available on the corporate website www.snaitech.it.

BOARD OF DIRECTORS

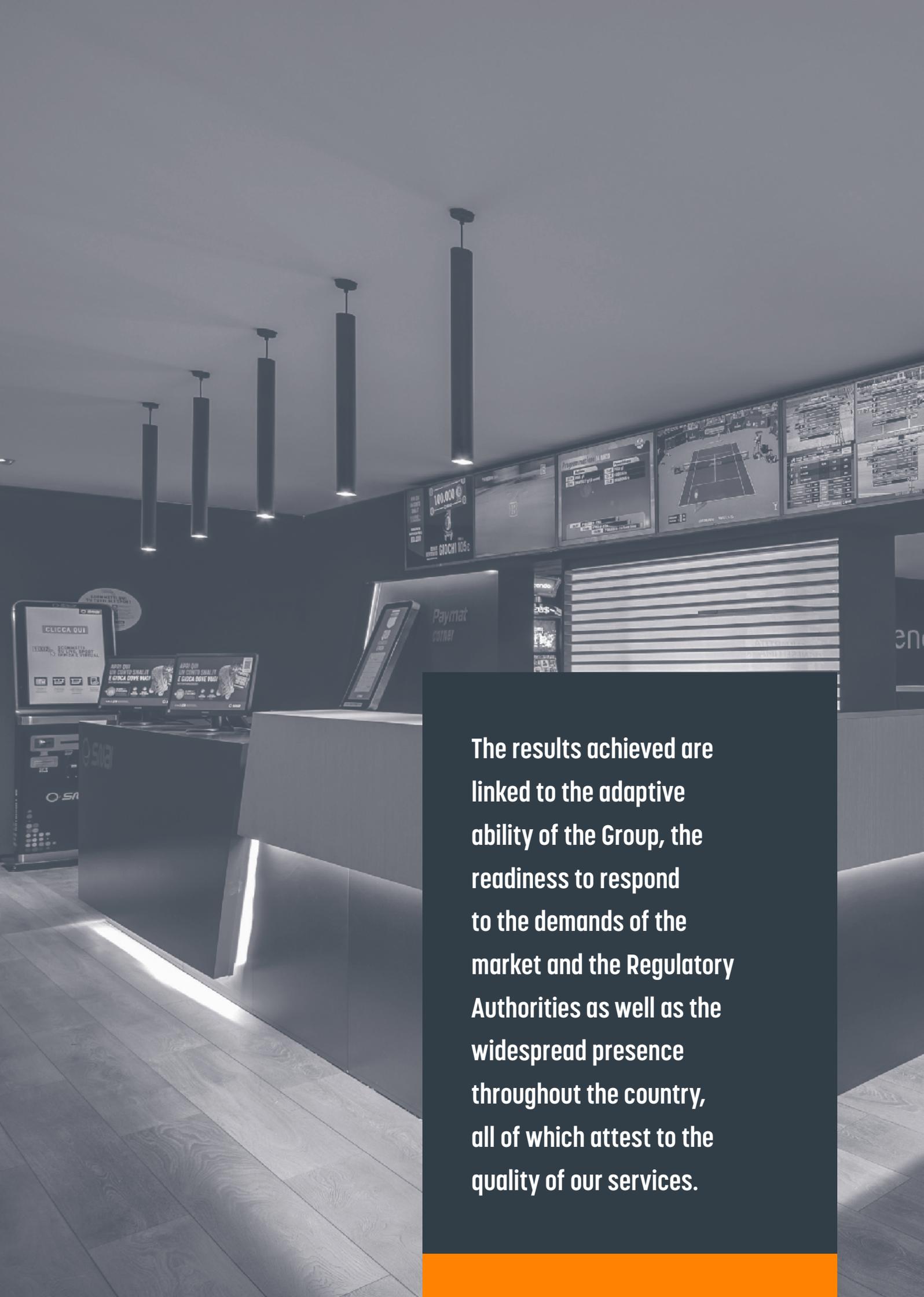
Appointment: Shareholders' Meeting of 18 July 2018.

Term: Until the shareholders' Meeting for the approval of the financial statements as at 31 December 2020.

Powers: The BOD holds the widest powers for the ordinary and extraordinary administration of the Company and is responsible for decisions regarding economic, environmental and social matters.

Components	Office	Year of birth
Moran Weizer	Chairman	1975
Fabio Schiavolin	CEO	1969
Andrew James Smith	Director	1976
Andrea Nappa	Director	1967
Raffaella Viscardi	Director	1975
Chiara Palmieri	Director	1970
Mara Vanzetta	Director	1967

At the end of 2019, the average age of the members of the Board of Directors in office was 48 years and 3 out of 7 members were women (43%). **(GRI 405-1)**



The results achieved are linked to the adaptive ability of the Group, the readiness to respond to the demands of the market and the Regulatory Authorities as well as the widespread presence throughout the country, all of which attest to the quality of our services.

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INT	LAZ	AVV 24
ROM	PAL	AVV 25
CRO	DOL	AVV 26
PES	SAM	AVV 27
EMP	ATA	AVV 28
LEC	POM	AVV 29
SAS	UDI	AVV 30

LEGA A - GIORNO 15
TOTALI 13
CASA 10
OSPITE 3
AVV 43

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snai

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SNAI

First part

5 years in 5 projects
and 25 stories

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1

The economic-financial dimension and compliance

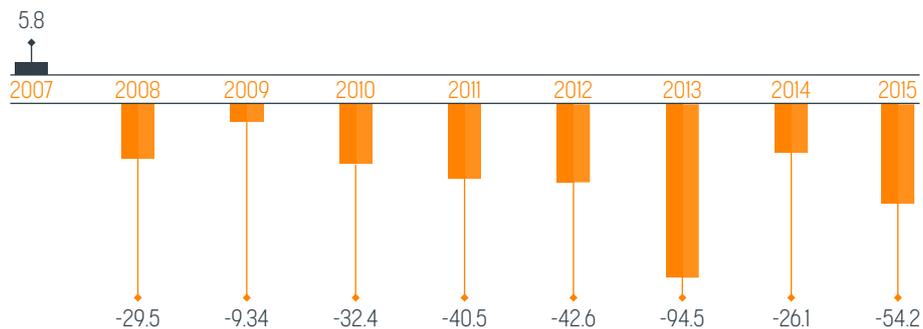
2015 was the year in which the right conditions for the integration between Snai and Cogetech occurred: on the one hand, Snai was going through a difficult time due to the huge losses accumulated over the years, and in the merger with Cogetech it saw the opportunity to balance its financial position; on the other hand, Cogetech was at the peak of an extraordinary development path, and in the integration with Snai it saw the opportunity to take a further step forward, gaining shares in a competitive market in which only the largest and best-equipped players can survive. The conditions therefore existed to achieve the first merger in Italy between two large gaming/gambling licensees, giving life to a player with all the credentials to aspire to the leadership of the sector.

The situation at the beginning

Born and developed as part of the world of horse race betting, Snai founded its business model on retail betting, it was strongly rooted in the territory and was one of the main and best-known Italian companies in the sector. However, the Company underwent a period of profound crisis because the historical business in which it had operated in a monopoly scenario for many years, i.e. betting in the horse racing sector, was in evident decline. The sector had expanded to many other types of formats, such as gaming machines, sports betting in general and online gaming. All opportunities that Snai had not been able to fully grasp, trying instead to maintain a strong leadership as a horse racing bookmaker and appearing reluctant to opening up to other forms of gaming/gambling that effectively had instead favoured the entry of other players in the sector. Snai closed its last profitable financial statements in 2007 and over the years the accounts continued to steadily worsen. The Company closed 2014 with a net financial debt of 420 million and, at the end of September 2015, its assets had been eroded beyond the limits established by Article 2446 of the Italian Civil Code.

DEVELOPMENT OF SNAI GROUP NET RESULTS AT 31 DECEMBER

Unit of measurement: **Millions of euros**



Cogetech, on the other hand, was a start-up established in 2004 which had experienced extraordinary growth over a few years to become one of the main Italian licensees in the gaming machine sector. Cogetech's turnover was much lower than that of Snai but, unlike the latter, it had closed its last financial statements with significant profits.

Italy's first merger between two licensees

The merger project between Snai and Cogetech was announced in May 2015. The operation presented numerous complexities; in fact, it was the first merger in Italy between gaming/gambling licensee companies, one of which was publicly listed. The operation was completed through a capital increase and it was necessary to involve Consob [the Italian stock exchange regulator]. Being the first operation of this type in

the gaming/gambling sector, it was also essential to define all the extraordinary procedures to be adopted. We therefore worked very closely with the Customs and Monopolies Agency to define, for the first time, a mechanism to regulate the transfer of licences between companies.

Together, Snai and Cogetech held 15 licences in the retail betting, gaming machine and remote gaming segments; following the merger, these were reduced to 6. It also became necessary to merge all the Cogetech gaming accounts into Snai, preparing all the technical steps necessary to implement a seamless switchover. This is why the company worked not only with the Customs and Monopolies Agency but also with Sagei, the information technology company of the Ministry of Economy and Finance which is responsible for these technical aspects. A joint working group was created to oversee the operational phases and shared technical solutions for each step of the migration. The start-up was not easy; on that occasion new pages were written in the history of gaming/gambling that were later referenced in other sector aggregations. Even before the two companies began to get to know each other, it became necessary to work together to achieve a common goal, namely the completion of the merger. It was difficult, but the process was managed optimally, and it is probably in those months that the foundations of the new Company were laid.

Having obtained all the necessary approvals and having completed the required procedures, the incorporation of the Cogemat/Cogetech Group with the Snai Group was completed on 19 November 2015. The migration was finalised in one night, all the Cogetech servers were turned off and all the business and services merged into Snai.

The first steps: definition of the organisation and technological investments

Once the integration was completed, the first step was to define the decision-making levels of the organisation, identifying the right mix that would enhance the strengths and expertise of the two companies. With that done, the two main development drivers we focused on were the agency network and technology. The goal was to consolidate the synergies that could be generated by integrating two companies with a widespread presence in the area but which had a network that was not yet broadband and which were incurring very high costs. The first interventions were, therefore, of a technical nature, it was decided to invest in technology as a corporate value and as an enabling business development factor: the new technological infrastructure has in fact made it possible to adopt many of the new technologies that have expanded the offer and contributed to the success of the company in the following years.

One of the first actions was the integration of networks and systems, for which a great redesign effort was deployed and which made it possible to take advantage of in-house skills and leverage proprietary technologies. External datacentres were decommissioned and their functions fully converged on the two corporate datacentres in Porcari and Rome, a choice that ensured the best possible guarantees in terms of business continuity and disaster recovery. A dual vendor approach was adopted for the new network, i.e. two major TLC suppliers were selected that were capable of ensuring the best, fastest, most stable and most secure broadband connection system. Thanks to the new network, it was possible to ensure that all agencies throughout the country would enjoy ultimate bandwidth performance, efficiency improved - with Service Level Agreement performance now reaching 99.9% - and all operators were provided with an infrastructure with the technical characteristics and speed necessary to

adopt the technological innovations that would soon be introduced. The initial investment immediately generated synergies and economies of scale, the company now had the main and most modern nationwide network infrastructure in the sector, with 3,000 points connected in broadband and had the negotiating power to re-draft supplier contracts. This made it possible to review the cost structure, which has been considerably reduced: the company thus now had a network that was not only more modern and efficient, but also significantly more cost-effective.

It was then time to work on the systems. Here, too, in the choice between the make and the buy approaches, we mainly opted for the first solution which, given the competitive context, affords numerous advantages in terms of enhancing internal professionalism and proprietary systems. This approach was chosen because Snai.tech considers technology a crucial asset for the company and it was therefore decided to enhance its proprietary systems. In this context, the intuition, which later proved to be successful, was to create an innovative and open system with which it was possible to ensure integration, safety and operational efficiency. The Snai.tech system does not present any technological barrier to entry and is open to collaboration with the best suppliers from all over the world. These are the foundations that over time have sustained the substantial expansion of the live betting and casino games offer. Finally, all the risk and trading tools, i.e. the systems for controlling game efficiency, were renewed. Developed in-house, these tools optimise the work of traders and can handle up to 20,000 odds updates per minute.

The reorganisation of the network and the renegotiation of contracts

We then worked on the business offer; in fact, it had become necessary to standardise the commercial offers across the country. Agents who until the day before had operated as competitors, now had to share and distribute the customer base, offering everyone the same conditions. The integration was a great opportunity for the bookmaker establishments: former Cogetech customers could take advantage of the Snai brand and service portfolio, whereas former Snai customers - sensitive to the company's crisis situation - were offered a new corporate structure that strengthened the Company's industrial soundness. This made it possible, on the one hand, to consolidate the customer base and, on the other, to standardise all the contracts that had accumulated in previous years, completely revising the margin structure. A newfound industrial vigour was thus transformed into commercial force: to franchises who extended their contracts, the company offered technical and financial support in renewing their technology bases and restyling their premises. This proved to be a great stimulus for the Snai network, whose obsolete technology base had not been updated for years. This led to numerous aesthetic modernisation projects - with a change of colours, logos and furnishings - and, above all, technology. Technology, in particular, took a big step forward because it was totally renewed on the new broadband network and on the green computing model, which envisages less physical infrastructure on site and greater system virtualisation under remote management. This reduces architectural complexity and consequent wastage but, above all, maintenance and updating costs and lead times, which for the most part can now be executed in real time directly from the datacentre.

The other problem that had dogged bookmaker agencies over the years was that, following the development of other games and live betting, queues grew ever longer at the cashiers. Compared to the past, the bets were in fact for smaller amounts and more frequent and this was creating difficulty for the operators.

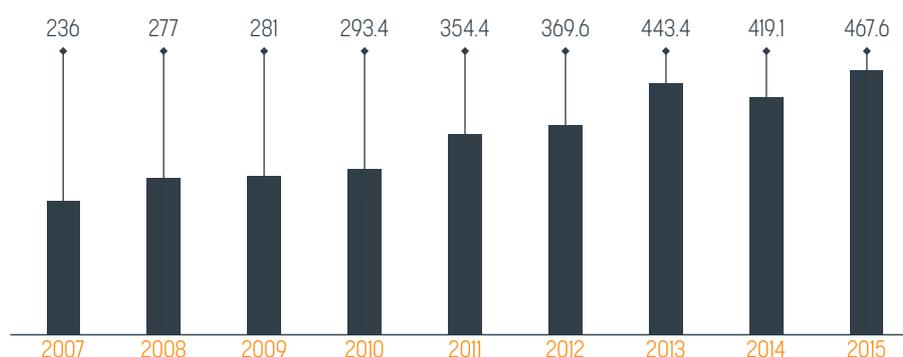
The answer to this problem were the BetSmart totems, self-service terminals from which customers could independently and quickly place their bets: the current response time is only 5 seconds from the confirmation of the bet to the delivery of the receipt. These terminals, as well as most of the new tools and instruments provided to agencies, are based on the concept of “consumerisation of the offer”, i.e. the adoption of standard technologies that are widespread and come with a very low learning curve. This translates into reduced purchase and repair costs and greater ease of use, important benefits for both operators and customers. Initially installed only in Snai-branded agencies, BetSmart has been a huge success and has attracted the interest of an ever-increasing number of agencies. The requests were so numerous that a special company, Snaitech Smart Technology, was set up for the sale and distribution of the terminals themselves, which now number about 4,000 units located throughout the country. And so, what was initially a technology investment in support of agencies has become a business centre. During the 2017-2019 three-year period, investments of approximately 20 million euros were made for the renewal of technology in the betting points, of which over 8 million euros for BetSmart and bookmaking terminals. Thanks to the combined effect of these interventions on the network, the Snai brand - which was going through a period of great difficulty - was thoroughly revived.

Debt refinancing

From a financial point of view, one of the first fundamental steps was the refinancing of the debt inherited from Snai, which had closed the last profitable financial statements in 2007 and had closed the 2015 financial year with a net financial debt of approximately 470 million euros, attributable to bond loans with a total value of 570 million euros on which very high interest rates were paid (in this regard, see the story “The issue of the new bond”, page 26).

GROWTH IN THE NET DEBT OF THE SNAI GROUP

Unit of measurement: **Millions of euros**

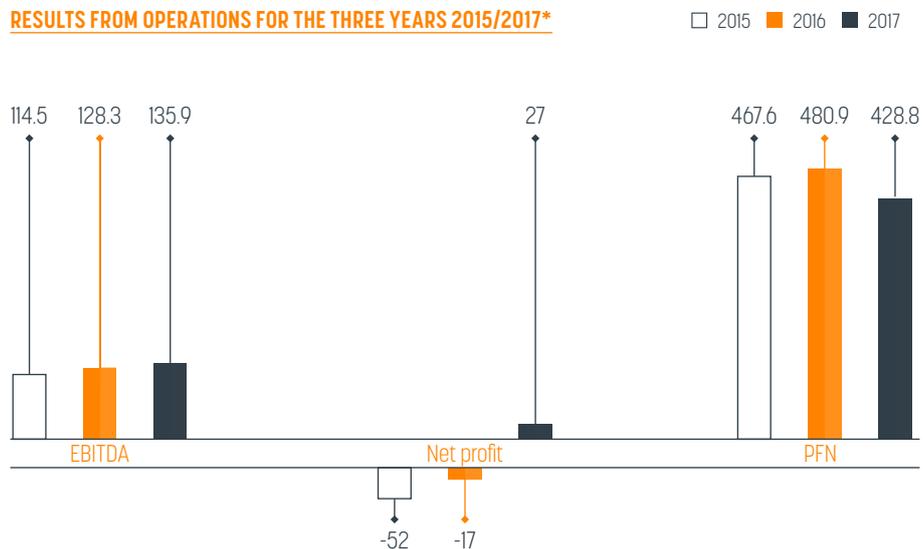


However, conditions had changed; the greater financial solidity of the Company following the merger and the renewed commercial vigour now engendered a more optimistic outlook. In October 2016, Snaitech thus issued a new bond to refinance the debt. The requests to subscribe the bond exceed demand, so it was possible to obtain interest rates significantly more advantageous than the previous one, with savings of approximately 17 million on the annual interest hitherto paid by the Company. Resources that have been fully invested in the technological renewal and restyling of the network, fuelling the virtuous circle that had already started.

The return to profit

In just three years, the company had been completely reorganised and relaunched. Snaitech closed 2017 with collected wagers exceeding 10 billion euros in value, with particularly positive turnover recorded in the remote gaming/gambling sector, both in the online betting sector (+34.3%) and in the online gaming sector (+28.3%). Snaitech thus confirmed itself as the first operator in the local betting sector, the second operator in the gaming machine sector and was in fourth position - but constantly increasing - for online betting and gaming. In addition to commercial solidity, the company also regained financial strength, with EBITDA growing to 135.9 million and net profits of 27 million. Such extraordinary results, however, were achieved in a regulatory context that was not at all favourable to operators, with increased taxation on gaming machines and, more generally, the total lack of a uniform regulatory framework applied by local authorities for the running of gaming activities in their areas.

RESULTS FROM OPERATIONS FOR THE THREE YEARS 2015/2017*



*Pro-forma data are shown for the year 2015, including those of the Cogemat Group for all twelve months.

From an economic and financial point of view, 2017 was very a successful year that saw the company return to full profitability after ten years. Not only that, the net financial debt at the end of the year amounted to 428.8 million, an improvement of over 52 million compared to the previous year. The company had changed its skin, in fact - in addition to having emerged from the crisis - it had laid solid foundations for the future (in this regard, see the story "A very positive result", page 25).

Entry into the Playtech Group

The results achieved by Snaitech, both on the business and economic-financial fronts, did not go unnoticed by Playtech, a leading operator in the gaming sector with about 5,000 employees in 17 countries around the world (in this regard, see the story "A new international scope of action", page 28).

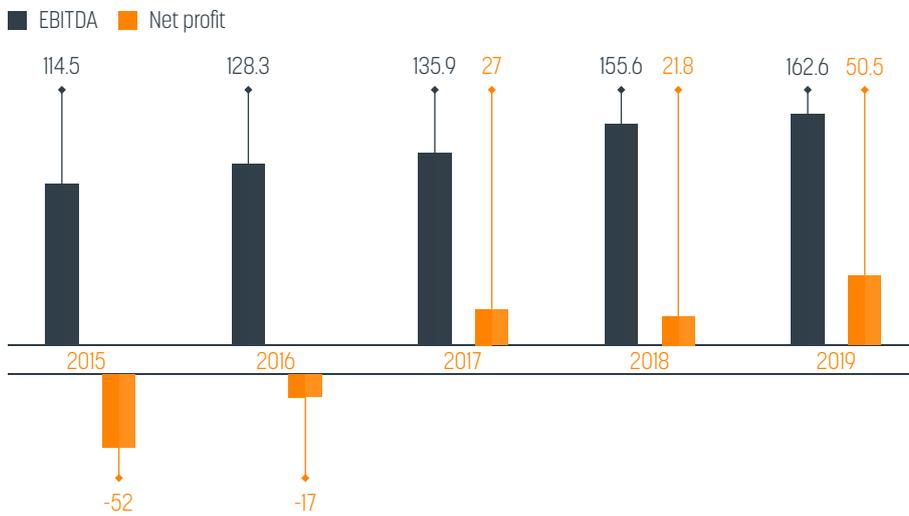
On 12 April 2018, Playtech's controlling funds announced the acquisition of 70.5% of Snaitech's capital. And so, after many years, the Company passed from the control of private equity funds, which had played a fundamental role in the company's turnaround, to a foreign industrial shareholder capable of sustaining a long-term perspective. Through a takeover bid, on 3 August 2018 Playtech completed the acquisition of 100% of the Company and Snaitech was delisted from the Milan Stock Exchange. The operation established a leading player in the international gaming/gambling market, if we look at the control of the entire value chain, both in the online and in the retail business, with proprietary technologies. Playtech's incorporation of Snaitech represents a union between two complementary companies: the first is a leading B2B Group in the development of technological platforms and gaming content with a predominantly online focus, the second is a leading B2C operator in the Italian betting and gaming machine market. Recognising the extraordinary results achieved in previous years, Playtech endorsed the entire Italian management team, confirming Fabio Schiavolin as CEO and guaranteeing Snaitech's full management and operational autonomy. The change of ownership did not therefore entail significant changes or reorganisation endeavours, the transition occurred in full continuity.

An company in continuous growth

Further strengthened by the entry into the Playtech Group, in the two-year period 2018-2019 Snaitech consolidated its growth path started with the Snai-Cogetech merger. By the end of 2019 the Company had achieved national leadership in the online sector, an extraordinary result considering that until a few years earlier it had an obsolete online portal and was not equipped to compete with the large international sector players that were establishing themselves on the Italian market.

Despite a legislative and regulatory context that is anything but favourable, in recent years, the company has also seen all the economic indicators constantly grow. In 2019, despite the negative impact from the increase in taxation on games, the Group recorded a record EBITDA of 162.6 million euros, up 4.5% compared to the previous year and more than 40% compared to 114.4 million in 2015, the year of the merger. For the third consecutive year, the Group closed 2019 on a positive note, recording a net profit of 50.5 million euros compared to a profit of 21.8 million euros in 2018. Net financial debt fell to 300.9 million, an improvement on the 363.2 million euros in 2018.

GROWTH IN EBITDA AND PROFITS*

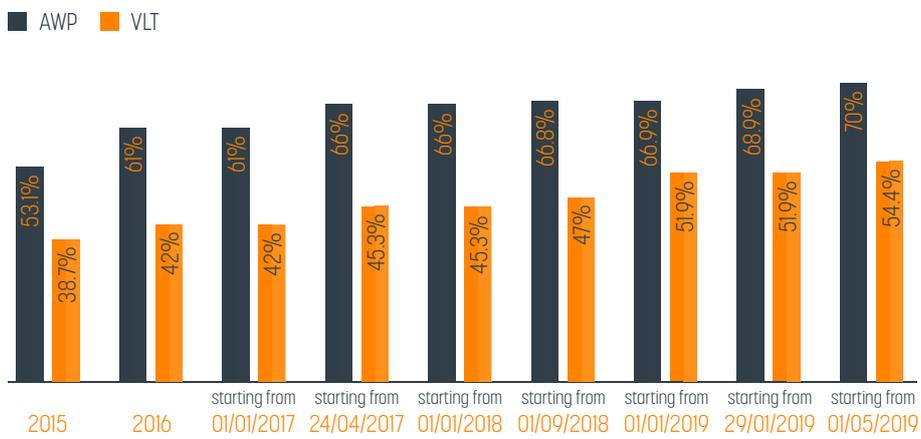


*Pro-forma data are shown for the year 2015, including those of the Cogemat Group for all twelve months.

The development of the regulatory framework

Italy has been a pioneer in the regulation of legal gaming/gambling and has become an inspirational model for many countries around the world. The efforts of the legislature and the licensees have guaranteed the integrity of the market, the certification of the products and created the conditions of stability that are essential for the development of the sector and the protection of gamers (in this regard, see the story "The fundamental role of compliance", page 29). In recent years, however, the continuous increase in tax pressure, especially on AWP and VLTs, the succession of regulatory interventions, and the lack of uniform rules throughout the country, have created significant difficulties for legal gaming/gambling operators who work alongside the Regulating Authorities, playing an important role in containing illegal gambling.

INCIDENCE OF TAXATION ON THE GROSS MARGIN OF BUSINESSES



The year 2015 is remembered for the Stability Law [Government Budget], approved on 23 December 2014, which introduced the imposition of a reduction in the remuneration of 500 million for concessionaires and all subjects in the supply chain. This reduction was then envisaged by the 2016 Stability Law only for 2015, also providing for the methods of distributing the reduction among the subjects of the supply chain (concessionaires and subjects operating in the management and collection of games through gaming machines). The year 2015 also saw the extension of the “palinsesto complementare” (complementary programme) which had been introduced two years earlier to enable operators to expand their betting portfolio, freely basing wager scenarios not only on sporting events, but also news, current affairs and gossip. The expansion of the offer has gone hand in hand with technology, which has been enhanced and updated in order to automate all processes and better manage the increase in available bets. Bookmaker did not enjoy blanket discretion however: requests for new bets in all cases had to be forwarded to the Monopolies Agency and bets on politics and those involving discrimination of sex, race, religion or that invade the privacy of referenced public figures are banned. In 2015, bookmakers achieved even greater autonomy: bets such as “scorer yes/no”, or in any case relating to individual gamers, passed from the control of the Monopolies Agency to the free management of the dealers.

On 7 September 2017, after two years of negotiations at the Unified Conference, an agreement between the State and local authorities on the national reorganisation of the gaming/gambling sector was signed. The agreement envisaged, among other things, a 35% reduction in the approximately 400,000 slot machines in operation, especially among those installed in bars and tobacconists, and a 50% cut of the approximately one hundred thousand existing gaming/gambling points. On the other hand, regions and local authorities were granted the right to impose distances and identify sensitive points, however allowing for “a balanced distribution across the territory”, as well as establishing hourly limits for various types of games “up to 6 hours of overall daily interruption”. However, the ministerial decree that was to enforce the terms of the agreement was never issued and the agreement soon foundered, also because of the change of government that took place after the elections of 4 March 2018. The only measure implemented was the reduction of slot machines in operation throughout the country, which actually went from about 400 thousand to 265 thousand, leaving the gaming sector in a situation of uncertainty, aggravated by a heterogeneous regional legislative framework and a very high number of disputes, to which the administrative courts themselves respond in an inconsistently.

2018 was marked by the approval of the “Dignity Decree”, which became law on 7 August 2018, a provision that affected several aspects of the gaming sector. As part of the decree, a total ban on advertising and sponsorship by gaming and betting companies was introduced, a veto that had strong repercussions on the sector. The decree also envisaged an overall reorganisation of the sector within six months (a measure that was never implemented) and a series of new increases in the PREU (Prelievo Erariale Unico) gaming machine levy. The decree also introduced the obligation to use the Italian health insurance card for gaming machines and VLTs. The measure went into effect on 1 January 2020 for VLTs, whereas gaming machines are to await the introduction of the new AWP machines with remote control (AWPRs). Also in 2018, the so-called “palinsesto complementare ippico” (complementary horse racing programme) was introduced, part of a strategy to relaunch horse race betting. On the basis of what had already been done for sports betting, operators are now given the opportunity to expand the range of bets, making them more stimulating. In March 2020 the complementary programme era began, even if its early stages was conditioned by the lockdown due to the Covid-19 health emergency.

Also in 2019, the gaming sector was subjected to significant interventions in the reference regulatory framework, including a new increase in the tax burden (in this regard, see paragraph “8.1.1 Regulatory developments in 2019”, page 114). Being able to rely on a clear, well-defined and stable legislative and regulatory framework over time is a necessary condition for the continuity of the operators’ business. For this reason, the hope is to find a solution in the supply chain and in the territory, following the Unified Conference of 2017, which had closed without resolving the major problems of regulatory diversity and discontinuity at local level. It is essential for the sector to start harmonising the rules across the territory which are fundamental to ensuring that operators can work and plan investments on the basis of robust certainties.

1. A very positive result

One of the greatest challenges faced by the new management was precisely that of bringing the Company back to profit, while at the same time preserving employment levels. A goal that was achieved thanks to a virtuous and courageous path that sustained not only financial recovery, but also a business reset through a targeted investment plan.

CHIAFFREDO RINAUDO

Chief Financial Officer Snaitech



At the time of the merger, we decided to take the more difficult path, refusing to adopt the project presented by our advisors, which was mainly based on cost synergies that could be obtained through staff reductions. Armed with the fact that the merger had improved the ratio of net financial position to EBITDA and created the conditions for new growth, the first thing we did was refinance the Company's debt. We issued a new bond with better interest than the previous one which immediately generated savings of around 17 million euros per year, resources that we promptly invested in the technological renewal and restyling of the network. The new and more modern machines installed in the points of sale generated further savings on maintenance contracts. Indeed, technicians no longer had to intervene on installed hardware and software with an average service life of at least 10 years, but on new-generation terminals with a few simple components, connected to our completely renovated data centre via the cloud. We thus tendered out the maintenance contracts, as well as all the contracts with suppliers. In this way, we streamlined all operating costs, from travel to meal vouchers, generating further savings. Thanks to all these initiatives, we achieved over 20 million in savings per year compared to only 10 million envisaged by the original advisors' plan.

At the same time, important investments were made in technology and for the restyling of the shop network. The dealers who were already linked to Snai immediately understood that the company had ambitious goals and extended their commercial contracts with us. In this way, we gave new impetus to the business and the machine got back into gear: in addition to reducing costs, we were generating new revenues.

By the end of 2017, in just three years, we had restored and relaunched a company that was going through a difficult phase. EBITDA had grown from 114 million euros in 2015 to 136 million, whereas debt had dropped from 467 to 430 million. But above all, we managed to close 2017 with a profit of 27 million: for the first time in ten years the company was back in the black, comfortably in the black. These results certainly could not go unnoticed, on the contrary they attracted the attention of Playtech, a leading sector operator listed on the London Stock Exchange. In August 2018, Playtech completed the acquisition of 100% of the Snaitech shares and delisted the Company. Thanks to this operation, Snaitech has found a solid industrial partner with whom to undertake a new growth phase. As proof of this, despite the continuous tightening of gaming taxation which had negatively impacted the accounts for about 23 million euros in the last year alone, Snaitech closed 2019 with an EBITDA of 162.6 million, a net profit of 50.5 million and debt that had dropped to just over 300 million.

2. The issue of the new bond

Before the merger with Cogetech, Snai had issued long-term debt, maturing in 2018, on which very high interest rates were being paid due to negative valuations and a poor outlook by the rating agencies. The issue of a bond at much more advantageous conditions than the previous one was one of the first fundamental steps in Snaitech's relaunch process.

TOMMASO ZIBORDI

Head of Debt Capital Markets - Italy, of Deutsche Bank AG

At the beginning of 2016, when we first met the Company, the scenario was not a simple one. Globally, capital markets were going through a phase of great volatility, particularly due to fears related to Brexit. Furthermore, the Italian gaming sector was watched with great attention by analysts and institutional investors, who feared further tightening of taxation on the entire sector. In a market already saturated with bonds issued by gaming companies, Snaitech was in the very complicated situation of having to refinance a bond of €570 million with a negative rating (B-) and outlook, a relatively worse rating than that of bonds issued by competitors. This situation, already very complex, was further complicated by the fact that the maturity of the debt was very close, that the Company had not reported results for the last quarter of 2015 that were not particularly positive and that Snaitech bonds were performing poorly (i.e. price on a downward trend) in the secondary market. A further concern highlighted by the rating agencies and shared by investors was then represented by doubts about the real possibility of the merger generating the announced synergies. We agreed that this was not the right time to move and we decided to meet a few months later while continuing to monitor the capital markets.

It was a wise decision: by September the scenario had, in fact, changed radically. Market conditions had improved with a consequent improvement in the prices of Snaitech bonds on the secondary market, the positive effects of the merger were beginning to be seen and the new management was giving the first important results, so much so as to highlight an improvement in the accounts for the first half of 2016 in all the main economic/financial indicators.

We thus presented a refinancing plan for the Snaitech bond, and the Company decided to start the operation. We operated as Left Bookrunner, leading the team of banks that participated in the operation, as well as acting as Rating Advisor, organising meetings with analysts and preparing and supporting the Company's management during the meetings. The execution of the operation was extraordinary: it took us only four weeks from the kick-off in September to the issue of the bond in October. The role of Snaitech's management was crucial. They did an extraordinary job, both in roadshows with investors in London and Paris and in explaining the Company's prospects to analysts; it is no coincidence that we achieved a one-point upgrade in the Company's rating, with an outlook that improved from negative to neutral. The requests to subscribe the bond exceed demand, so it was possible to obtain interest rates significantly more advantageous than the previous one, with savings of approximately 17 million on the annual interest hitherto paid by the Company, a huge figure, equal to about 10% of the EBITDA.

For us at Deutsche Bank this is a very successful case study, both for the very tight timing with which the transaction was completed, and for the enormous advantages it generated for Snaitech. A result made possible by the great teamwork and the ability of Snaitech management to explain the industrial project and generate real synergies from the union of the two companies, which led to the achievement of a dominant market position.

3. A new name: Snaitech

On 7 February 2017, the Board of Directors of Snai S.p.A. approved the proposed change of the company name to Snaitech S.p.A. The change of name did not change the commercial strategies of the Company, which continued to operate on the market with the Snai brand, a brand leader in terms of awareness and reputation, but at the same time with a certified change of identity. The merger between Snai and Cogetech can now be said to be complete.

FABIO SCHIAVOLIN

Snaitech CEO



The first few months after the merger were not easy. We had an ambitious goal, that of integrating two complementary companies to create a new reality that was greater than the sum of the parts, but to do so we had a long and complex path ahead of us. The first challenge was to define an efficient and streamlined organisation which represented the best synthesis of the experience and know-how of both companies. In light of the results, I can say that we have succeeded. On the one hand, we enhanced Snai's heritage in terms of reputation, competence, experience and notoriety. On the other hand, we succeeded in creating an agile, flexible and efficient control structure. To do this, we drew inspiration from Cogetech's organisational model, which had been instrumental in the success and rapid growth of the company. Having defined the first managerial line, composed in equal numbers by former Snai and Cogetech employees, we reorganised all the functions, setting up competence centres in Milan, Rome and Porcari. We thus enhanced the skill-base of the various offices, safeguarding operations and employment in the three historic company offices. Another important milestone reached in the first months of work was the debt refinancing. This operation enabled us to achieve significant interest cost savings, thus generating the resources needed to implement the technological renewal plan which is essential to relaunch the business. Indeed, the new investments were the key to consolidating our relationship with the network. We have internally developed the best technological tools for our dealers so that after many years we can say we have returned as "forwarders", innovators. This approach convinced them, they understood that the change in corporate structure was the prelude to a change of pace and they decided to get on board with the project. After a complex transition and integration phase, at the beginning of 2017, the company could finally look to the future with renewed optimism. We had laid the foundations for the relaunch and saw the first fruits of the work we had done. The business was starting to turn, after many years the company was returning to profit and, above all, we were bonding into a cohesive and united team. Each of us carried previous professional experiences in Snai or Cogetech in our hearts but, finally, we began to feel truly part of this new reality. But something was still missing: a new name. It may seem like a detail but, as they say, it is the details that make the difference. We needed a name that evoked a "home base", something everyone would recognise. And so we decided to change the name of the Group to Snaitech, a word that is not only the merger of Snai and Cogetech but also infers the concept of technology, certainly one of the distinctive features of the new company. The Snaitech name was a fundamental element in defining our new identity, and it is no coincidence that it was adopted at an important moment for the company. The merger was complete and we had succeeded in implementing the equation "1 + 1 = 3". In fact, Snaitech was not only the first major integration between two gaming companies in Italy, it was the extraordinary product of the work and vision of men and women who had rendered their skills as part of a system and were preparing to take on the role of market playmaker.

4. A new international scope of action



On 3 August 2018, Playtech completed the acquisition of 100% of the company stock and delisted Snaitech from the Milan stock exchange. Snaitech thus became part of an industrial holding capable of ensuring a long-term outlook. The operation also has an important strategic value, the combination of two perfectly complementary companies has in fact created a leading Group in the international gaming market, capable of deploying advanced proprietary technologies and controlling the entire value chain, both in the online and retail business segments.

MOR WEIZER

Chief Executive Officer and Executive Director of Playtech

Snaitech is one of the leading companies in Italy for three reasons: its staff, its reputation and its technology. For this reason, in 2018 we decided to invest in the company, confident that the operation would represent an added value for the Playtech group. The first and most important factor is the people who work and collaborate with Snaitech, their professionalism is a guarantee of continuous improvement in performance. But, of course, the history and value of the Snai brand are also fundamental assets: for Italians, in fact, the name Snai is synonymous with betting. In addition to the value of its brand, Snaitech can also rely on a solid and extensive distribution network that enables it to exploit the strength of the Snai brand and its reputation.

Not that it was a weak point, but the added value that Playtech brought to Snai is related to the strengthening of the online offer. The sector is still very young in Italy, whereas Playtech has already acquired a solid experience in enhancing brands such as Snai and transforming them into leaders in the online gaming sector. This is why we can say that we are stronger together!

In recent years the Italian market has changed a lot, several legislative interventions have profoundly changed the competitive context in which gaming companies operate. We pay close attention to these developments but they do not worry us. Increased regulation is a common factor in all markets that mature and evolve. The key factor in establishing ourselves as successful operators and coping with increased regulation is having a strong and reliable brand. Playtech has integrated some of the leading and most comprehensive responsible gaming tools and processes into its platform. When, as happened in our case, this combines with the reputation of a brand like Snai, together we have the opportunity to build the most reliable and responsible gaming operator in Italy.

With regard to the concept of responsibility, I would like to highlight the important work carried out by Snaitech over the years in developing and pursuing a Corporate Social Responsibility strategy. The company's commitment in this area is very significant because it's a milestone for the importance of Snaitech's presence in the Italian community and, at the same time, for how much the Italian market and its commonly accepted rules are an important area of development for Snaitech.

5. The fundamental role of compliance

The regulation of public gaming/gambling plays an important role in protecting users and the community as well as in contrasting illegal activities while ensuring significant tax revenues. The commitment to regulatory compliance falls within scope of Snaitech's corporate identity, as defined in the Code of Ethics and practiced in corporate governance. This means continuous updating and adaptation work that involves the entire organisation, including third-party sector operators throughout the country and entities charged with collection. The Snaitech Group therefore applied significant effort and allocated considerable resources and investments to implement the fundamental and onerous monitoring and control tasks entrusted to it as a licensee.

Prof. **CLAUDIO URCIUOLI**, Lawyer
Legal Firm 'LTTU e Associati'



I have been following the legal gaming/gambling sector since 2008 and in recent years I have witnessed the profound evolution of the sector both in terms of compliance and controls. Initially, regulation was fairly simple and underdeveloped, but over time, especially with the extension of anti-money laundering obligations to gaming operators, it has become more and more complex and articulated. For their part, the companies had to organise themselves to reach adequate standards of compliance in line with the indications received from the ADM (The Customs and Monopolies Agency); not a simple task.

On the occasion of the merger, we had worked hard to effectively integrate the compliance system of Cogetech, a small and dynamic company, and that of Snai, a large company with articulated and complex operating methods. The goal was certainly achieved and compliance was optimised without excessively burdening company processes while maintaining a high level of efficiency. For example, we concentrated on the administrative liability of legal persons for criminal offences: with this in mind we implemented the organisation, management and control model adapting it to the new organisational structure and to the new management challenges. It is no coincidence that Snaitech was one of the first companies to adopt a whistleblowing system on a voluntary basis, a channel through which employees can report illegal or potential crimes. In doing so, it has chosen to provide employees with the maximum guarantees of anonymity, relying on an external and independent platform, which connects the whistleblower to the Supervisory Body. Another front on which Snaitech has endeavoured significantly is that of anti-money laundering, an issue on which the companies in the sector are at the forefront, entrusted as they are by the legislature with the entirety of the verification and control obligations. In recent years, Snaitech has equipped itself with highly advanced software capable of highlighting anomalies and potential irregularities and annually submits numerous reports to the competent authorities. Control systems have also been adopted which, by consulting specific databases, make it possible to verify the reputational requirements of all stakeholders, from suppliers to holders of gaming accounts to the beneficiaries of winnings. To ensure the functionality and efficiency of the compliance system and the continuous updating of employees, Snaitech invests significantly in training, which is mostly carried out on a face-to-face basis to encourage interaction and dialogue between the trainer and employees.

Unfortunately, the efforts of the dealers, who play a very important role in ensuring the safety and regularity of the game, sometimes go unrecognised. Indeed, dealers are often demonised by those who have no specific knowledge of the sector and do not understand that they represent the first and fundamental barrier to illegal practices. My personal hope, therefore, is that in the future there will be greater awareness of their role as a guarantee for the community, for the gamers and for the tax authorities.



**Returning the company
to profitability was one
of the main goals
of the merger.**

**Creating an effective
and efficient compliance
system, one of the
necessary conditions for
success.**



2

The evolution of the business

What took place in 2015 was a merger between companies that were very different in terms of characteristics, business scope and size. On the one hand Snai, a company with a 25-year history and a market leader in retail betting. Betting in Italy was born with Snai, when in 1995 the national horse race betting tote was created. The company's legacy thus comprised a brand with unmatched recognition and reputation on the Italian market. On the other hand, Cogetech, founded in 2004 on the initiative of a cohort of Italian entrepreneurs active in the gaming machine sector, was a young and dynamic company that quickly established itself as one of the main players in the Italian market for gaming machines. The main challenge of the merger was to effectively integrate two such disparate entities. On the one hand, Snai's "betting-oriented" approach, focused on partnerships with dealers and operators. On the other hand, Cogetech's "machine-oriented" vision, focused on devices which could be installed in almost any kind of premises.



The Innova Project

The starting point of the relaunch and integration path had to be the core business, i.e. the country's network of betting agencies. Most of the Snai agencies ran on outdated technology and had begun to lose ground against competitors. The merger was an opportunity to activate major investments for restyling and technological modernisation, effectively launching a redefinition of the betting agency experience. The "Innova Project" was launched in 2017, a process of redevelopment of the old sports and horse racing betting shops through the study and large-scale implementation of a new retail concept designed by the Marketing Department: the "Multiplay Shop". The new format is based on the application of category management already widely adopted in the most advanced retail sectors. Starting from the study of the profiles and entertainment needs of the various customers/gamer target groups, a new standard for the distribution of the spaces inside the shop was defined in order to assure the best possible experience for each type of gaming product (sports betting, live events, virtual sport, horse racing, slot machines and VLTs). The restyling and redefinition of the internal lay-outs was also accompanied by a re-branding of the coordinated image, in particular on the external facing (signage and shop windows). By the end of 2019, the operation had involved approximately 50% of the traditional agency base, for a total of 329 shops: 71 in the first year, 147 in 2018 and 111 in 2019. The philosophy behind the project aims to revolutionise the very concept of agency, establishing these points of sale into entertainment and aggregation centres open to all sports and gaming enthusiasts, regardless of whether they intend to game/gamble or simply want to enjoy a shared entertainment experience (in this regard, see the story "The direct management of betting and gaming machines", page 41).

Technological renewal: totems and self-service terminals

A further fundamental endeavour was the technological renewal of the points of sale to ensure they kept pace with the rapid and continuous evolution in the sector. Due to its financial difficulties, Snai had stopped investing in the network. Following the merger, the network returned to the centre of the Group's growth strategies, with significant investments to completely renovate the points of sale (in this regard, see the story "The technological renewal of points of sale" page 42). In today's agencies, SmartShow televisions display real-time infographics and statistics, while those who want to bet can do so with the operators over the counter, or using the Smart Solution bookmaking terminal PCs and the BetSmart totems installed in all the agencies. Thanks to these innovations, customers who enter a Snai shop can enjoy a comfortable environment designed to welcome not only those who want to bet, but also sports lovers, who can follow worldwide sporting events of all kinds on monitors and video walls, broadcast live and free of charge.

BETSMART**BETSMART MINI****SMARTSOLUTION****SMARTSHOW****MYBET**

Bookmaking terminals are the evolution of the traditional paper docket on which odds used to be printed: using these PCs, customers can study and prepare their bets quickly and easily, automatically calculating potential winnings. A simple, comfortable and safe system, thanks to which complicated calculations are no longer necessary. Thanks to the bookmaking terminals, it also became possible to optimise management costs as the odds no longer have to be printed on paper dockets. Once the bet has been prepared, the PC issues a code with which the customer can go to the counter to confirm and pay the bet. On Smart Solution bookmaking terminals, it is also possible to enable the FastBet function which enables gamers to purchase prepaid vouchers of the desired amount in advance at the cashier and then use them to pay the bets booked directly on the PC. Self-service gaming finds an even more complete expression in the BetSmart multifunction totems, designed for all types of bets. BetSmarts are self-service terminals with a simple and intuitive interface on which it is possible to study rankings and statistics, consult odds, bet on sporting, virtual and horse racing events, play multiple tickets and systems, follow infographic scoreboards of live events and, above all, directly purchase bets by paying money directly into the totem or by re-entering winning tickets to use as credit. All without having to go to the cashier. The success of these tools is certified by the numbers: launched on the market at the end of 2017, there are already 4,000 BetSmart totems installed throughout the country. Finally, from an omnichannel perspective, the self-service experience is completed by the MyBet app, which enables gamers to book bets directly on their smartphone and then make the payment in physical points of sale.

All these tools have proved invaluable in responding to market changes such as live bets, which are placed in real time during events. Not only that, immediacy and speed in participating in the game are also fundamental in virtual bets, or bets on short-term events (about 5 minutes) that are simulated by the computer and are repeated with a high degree of frequency. The growing spread of these new forms of entertainment was putting the agencies in great difficulty, with long queues at the cashiers and dissatisfied customers because they were not in a position to place their bet in a timely manner. Such poor service levels were completely rectified thanks to the new devices and the omnichannel experience assured by the smartphone app that enables customers to place their bets independently, in real time and without waiting.

Snaipay services

In addition to strengthening the traditional business lines, the company has worked hard in recent years to develop value-added services, such as Snaipay. The Snaipay platform is the modern evolution of the Paymat service, conceived and launched by Cogetech around 2006. Snaipay was born as a new resource available to dealers who want to retain customers by offering them various services, such as the ability to top up telephone air time or pay bills. Snaipay's growth boosted by the spread of BetSmart self-service terminals, from which customers can independently make their purchases with utmost confidentiality and without the need to go to the cashier. Thanks to Snaipay technology, customers using BetSmart terminals can first of all open a gaming account and top it up, but also make purchases and perform other operations. Over time, the platform has in fact expanded constantly through agreements with important partners such as Netflix, Sky, FlixBus, PosteMobile, Playstation, Xbox and Spotify. All services that can be accessed through Snaipay by those who do not have a credit card. Not only that, Snaipay can be used to purchase gift cards from well-known brands such as Feltrinelli, Q8, Foot Locker or Game Stop. The offer has become so extensive that it has attracted the attention of players active in other sectors, such as Satispay and the Epipoli, who have chosen to enter into partnerships with Snaipay in order to offer their customers the services available on the platform (in this regard see the story "The Snaipay platform" page 43).

Relaunching the online segment and the technology platform

At the time of the merger, 90% of Snai's betting revenues were generated in the retail channel and only 10% online. The Company had not invested and was not investing in the development of a proprietary online platform, a market segment that had enormous potential and in which large and authoritative international players were appearing and which in a short time was to undergo exponential growth. The first step was to develop the web portal and mobile tools, creating a gamer-focused digital infrastructure. This is how the current technological platform was born, which in terms of digital performance and commercial offer is one of the most advanced in Europe. Enhancing the value of the fame and reputation of the Snai brand, the company immediately invested in sports as a growth driver for the online segment. The offer of live events, previously almost non-existent, has been structured and enhanced through integration with all streaming providers and with the best scoreboard providers to always offer the best product to customers. Over the years, the streaming event portfolio has been expanded and enhanced to include some of the most important football, basketball and tennis events in the world (including the Spanish Liga, the Bundesliga, the NBA and three tennis Grand Slams). Snai has thus become a sports broadcaster in every sense. Today, therefore, Snai customers can not only bet on a schedule of over 20,000 events per month, one of the most complete in the world, but they can also watch over 3000 streamed events in 23 different sports free of charge. To guide customers within this boundless offer, the Daily Diary was created in 2018, a list of the main sporting events that take place day by day around the globe. Consistent with the omnichannel strategy developed by the company, this virtual sports orientation tool is available online, on mobile and in retail outlets, so that wherever they are, all customers can navigate the Snai schedule.

THE SNAI SPORTNEWS INFORMATION PLATFORM

Snai Sportnews is an all-round sports information portal. After the merger, the Snai Sportnews blog was developed and improved to become a reference point for many sports fans. To achieve this result, selected sports journalists and opinion leaders were involved in the project, who with their articles and comments in recent years have contributed to enlivening the pages of the blog. Most of the content production, however, is entrusted to Snai experts who are highly knowledgeable in the world of sports. The Snai Sportnews project now actively involves a team of about 20 people. Thanks to the perfect balance of news, predictions and trivia, the portal – which in 2015 had been visited by about 150,000 users – has reached more than one million users a year, recording a total of over 3 million unique visitors over the five-year period. A success that we do not consider as an achieved goal, but rather a starting point for further improvement. The company is in fact studying an ambitious project to restyle the portal, the goal is to designate the blog's editorial staff as the control and production centre of the strategy of the content to be distributed across all the Group's platforms. The new mission will be completely focused on content and statistics. Statistics, facts and objective news are at the heart of the work of the odds-makers, the bettors' predictions and the chats of friends who try to predict an exact result or the goals scored by this or that player. And this is why statistics, facts and current events will be at the hub of the new Snai Sportnews platform, just as they are at the centre of our work every day.

The synergy between online and retail services

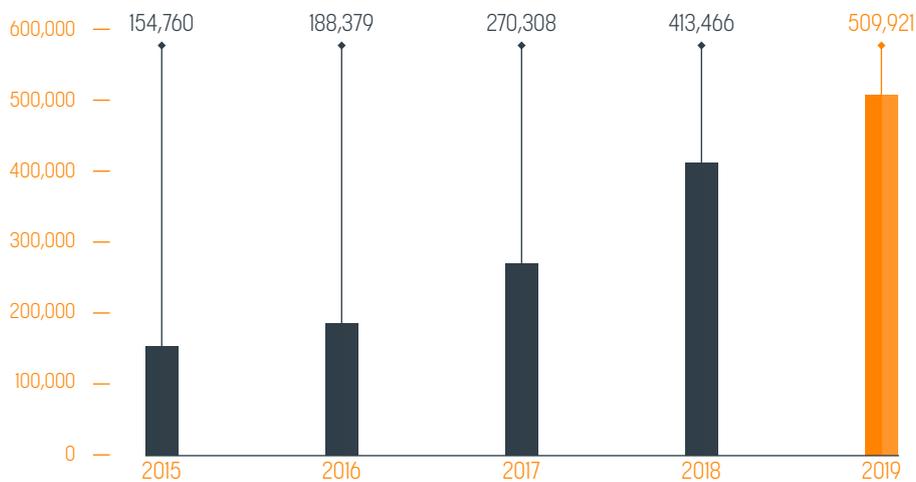
The online revolution has not only involved customers, but also the dealer community. Initially afraid that the online channel would erode their market share, they eventually understood that this was an outdated view. Today, in fact, almost all gamers are active both in the agencies and online, or they go online to study the odds and then go to place their bets in the shop (see the story "The integrated offer", page 44). There are immense interconnections between the online and retail channels, yet Italian regulations envisage separate retail and online activity licences. For this reason, unfortunately, an omnichannel experience with a single virtual wallet cannot be developed and offered to customers. This is why a gamer like Snaitech must necessarily adopt a gamer-focused multichannel strategy. In recent years the company has worked hard to align the two customer experiences through various tools developed for retail customers in a digital perspective. For example, cross promotions with a mix of casino and VLT content may be implemented and, thanks to retail applications for mobile devices, the so-called "player journey" can be aligned in the two channels, thus anticipating possible regulatory developments.

In Snai shops today, the complete integration between physical and online gaming is a reality: indeed, cus-

tomers can use their personal devices to interact with the shop. Many gaming solutions enable gamers to operate independently within the Multiplay Shop with a smartphone or tablet. Bet bookmaking, checking live bet status, reading information and studying statistics: everything is within easy reach in the shop through the Snai apps.

The company thus pushed on a line of business that had almost disappeared, namely the acquisition of online gamers through the points of sale. Today, customers can easily open their online gaming accounts at agencies, and managers are granted a royalty on online wagers made by those who opened the gaming account at their shops. This strategy has yielded important results, so much so that in the last 5 years almost 20% of new Snai gaming accounts have been opened in agencies and the number of active accounts in the year has grown from around 150,000 in 2015 to over 500,000 in 2019.

SNAI GAMING ACCOUNTS ACTIVE DURING THE YEAR



Online services beyond betting - new forms of remote entertainment

Only 5 of the 20 new gaming/gambling collection channels launched by Snaitech since 2015 concern betting, the other 15 are dedicated to alternative products such as poker, bingo, slot machines, live casinos and more. In just 5 years, Snaitech has been able to convert the online channel, once Snai's Achilles heel, into a point of strength (in this regard, see the story "Leadership in the online segment", page 45). First of all, the mobile offer has been enhanced, which today includes 17 different Apps, each specifically designed to provide the most exciting gaming experience for each type of entertainment.

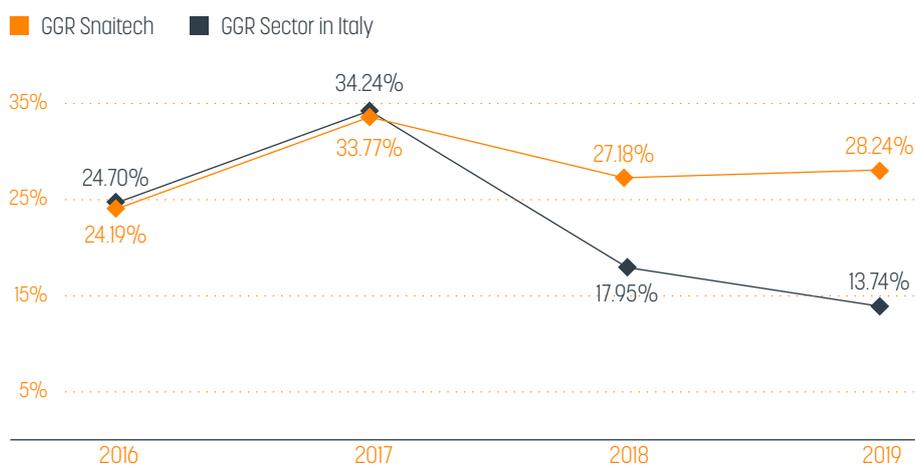
To encourage new customers, innovative and effective welcome offers were then created. The intuition was to overcome the traditional "horizontal" bonus intended for all new subscribers by creating "vertical" bonuses designed specifically for fans of a specific form of entertainment. And so today the Snai brand offers 10 different types of welcome bonuses, from the more traditional ones for those who register or make the first deposit to those for new customers who decide to try their hand at virtual betting, bingo or poker. All bonuses are designed from a "safe" perspective, measured and referred to the average user behaviour, in order to prevent problematic behaviours and keep the gaming experience of the user aware and responsible.

But the growth in this segment also and above all passes from the enhancement of the offer through the many and important partnerships activated with a number of the main international players in the sector. Snaitech has integrated 26 casino game providers and is now able to provide Snai customers with a wide and varied range of around 1000 different games. In 2019, for example, the company first expanded its online offer thanks to the agreement with WorldMatch, the leading Italian provider of software for the online gaming industry worldwide, following which the Snai portal was enriched with 59 new roller games. Also in the same year, an agreement was signed with Green-tube, the division of Novomatic Interactive, following which Snaitech acquired access to the licensed products of Greentube, including "Book of Ra TM deluxe" and the classic Novomatic land titles, many of which have been successfully converted to the online channel and are playable on a wide range of digital devices. These agreements follow the many agreements already signed over the five years, such as those with Espresso Games (2019), Skywind Group (2019), BetGames.TV (2018), Global Bet (2017) and Yggdrasil Gaming (2017).

Snai was also one of the first brands in Italy to focus resolutely on live casinos, which have been very popular abroad for years and are becoming increasingly popular in our country as well. For an even more engaging and personalised gaming product, the company offers its customers live tables in 6 different languages and dedicated Snai tables for both roulette and blackjack. Another idea that produced excellent results was that of integrating instant games into the betting platform. With this solution, betting customers can entertain themselves with online games in a simple, immediate way and without changing portal.

Thanks to the combined effect of all these efforts, online revenues have steadily increased over the five-year period and the gross gaming revenue of this segment has grown from 62 million in 2015 to almost 170 in 2019, a much higher increase than the market average. Considering all the platforms, in 2019 Snaitech recorded a total of over 90 million visits to its web portals and by the end of the year it had become the Italy's first remote gaming operator. An extraordinary result that would have been unimaginable only a few years ago; indeed, at the time of the merger the Company was in fourth place in the online segment, but compared to then the market is now much more competitive following the entry of major international players.

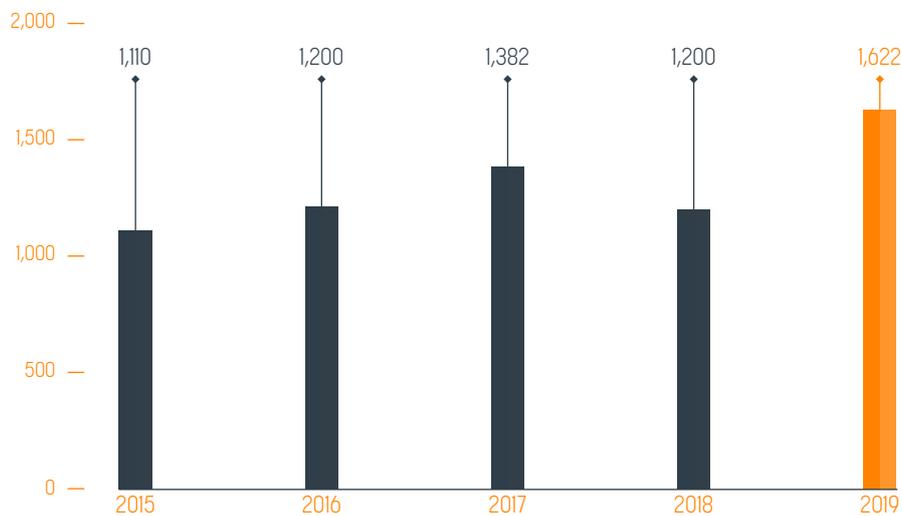
MARKET GROWTH OF ONLINE GAMING GGR



Gaming machines

Another important driver of the Company's development was the gaming machine sector. Snaitech now operates a fleet of 38,630 AWP machines and 10,500 VLTs distributed throughout the country. Whereas Snai's betting background converged into the Snaitech structure, Cogetech carried as its legacy the Vencendo brand with its experience in gaming machines, a decisive strength in a sector in which the product itself is often indistinguishable and where it is therefore essential to attentively nurture dealer relationships across the market. In this market segment, the competitive advantage is closely linked to the ability to manage operations, flexibly meeting the specific needs of dealers and offering them a range of services such as training, finance guarantee agreements with banks and shop design support. Snaitech's current organisational structure is the synthesis of the best practices previously adopted by Snai and Cogetech: a single Gaming Machine Business Unit has been created that deals with both AWP and VLTs, while the training activity has been reorganised by creating a special division. Whereas previously dealers were only trained on the use of gaming machines, today Snaitech provides them with training in the commercial, operational, administrative and legal aspects, with the aim of facilitating and supporting them in every phase of the business. Furthermore, whereas previously training was provided only for VLTs, today the Snaitech team provides comprehensive training for all types of activities, from dedicated premises to agencies. Overall, from 2015 to date, over 6,500 hours of training have been provided to the dealers and staff of the 1,712 shops involved.

TOTAL HOURS OF TRAINING PROVIDED TO POINTS OF SALES



The Gaming Machine Business Unit and dealer support

The point of sale support work performed by Snaitech not only concerns training, also product management is handled by the Business Unit with meticulous attention. Thanks to modern technologies, this Business Unit can remotely monitor the performance of each individual device within each store. Based on the results of this monitoring, the correct product mix is then assessed, verifying that the balance between VLTs and AWP's is correct and applying adjustments where necessary. In addition, the Gaming Machine Business Unit, in coordination with the marketing and sales structure, provides dealers with support for the design of spaces, for the distribution of areas within the shop and for layout organisation. To differentiate itself in a segment with many equivalent or similar products, Snaitech has chosen to work on the points of sale, studying every detail relating to spaces and arrangements following the example of the most important casinos in the world. Again in the context of the aforementioned Innova project, the Company provided the dealers with a support service in the restyling activity through consultants-architects who support the customer free of charge in the inspection, design and development phases. Every detail - from lighting intensity to the study of materials and machine positioning - is designed to put customers at ease and assure them a gaming experience that is as pleasant as possible. Overall, in the three-year period 2017-2019, 293 shops were redesigned and in 184 of these, the renovations have already been completed.

A further step is to invest in the Vincendo brand, which can become a distinctive feature and an important competitive factor, synonymous with quality, professionalism, customer care and a guarantee of service and product excellence.

It is this product itself which led to our integration with Playtech, a leading supplier in the development of platforms, software and games for the gaming sector. Thanks to this operation, on the one hand, Snaitech can benefit from a privileged channel with its vendor, giving suggestions on the best solutions and the most effective development lines to implement. An example of this synergy is the exclusive presentation in a slot machine version of the "The Age of The Gods" demo, a Playtech product already available for the online and mobile channels - all part of an increasingly multichannel vision of the gaming market. On the other hand, with a vast network of devices spread throughout the country, Snaitech offers Playtech the possibility of accessing an interesting market with extraordinary possibilities, such as the Italian one.

1. The direct management of betting and gaming machines

The physical sales network for Snai tech games and services is one of the most extensive in the country and comprises 2,104 betting points, of which 1,584 are run by the company via direct gaming franchises and the remainder by supplying specialist services to dealers who operate proprietary licences. Undoubtedly, the deep-rooted and widespread presence on the territory is one of the strengths of Snai tech, which in recent years has worked very hard to grow and renew its network.

AGOSTINO ROMANO

Director of the Gaming Machine BU



When Snai and Cogetech merged, we had to integrate two very different business models. In this, the professionalism of the employees was decisive, as they were able to move between two different but de facto complementary networks, identifying, mainly by invoking the best practices of both entities, optimal solutions for management of the entire sales network. With a view to applying an increasingly dialectical approach to the entire network, an important step was then to proceed with the reorganisation of the training function: a dedicated team was created, independent of the individual Business Units, which deals with training aspects across the board. We train the shop dealers not only on the functionality of the machines, but also on the company's betting services and other products. We also provide support and advice on the operational, legal and administrative aspects of the business, on which it is essential that a manager is well prepared.

Although in different ways, the two companies were already very well positioned throughout the country, and it is precisely on the foundations of this widespread and vast network of agencies and partners that we started to build Snai tech's success. In 2017, we launched the Innova Project, a path to redevelop sports shops and gaming rooms. In three years, 329 stores have undergone restyling, with the change of all logos, brands and window stickers. In the same period, with the support of the marketing department and the consultancy of architects, we also redesigned the internal layout of 293 shops. In a market where the offer is often equivalent, we want to make our points of sale an important element of differentiation. Our ultimate goal is to ensure that customers choose to enter a Snai shop or a Vincendo gaming room knowing that they will find not only the best entertainment offer, but also the best gaming experience. In this strategy a fundamental role is played by the points of sale with direct gaming licences, which for us represent true commercial partnerships with which we can establish lasting relationships over time. These stores are a hotbed of development and innovation where we can present the best of our offer, in terms of product, training and assistance. They also provide us with very important data regarding the management of the final relationship with the customer base. Through direct remote management, we are also endeavouring to optimise the operation of our terminals. We currently directly manage all 10,500 VLTs for which we are licensed and 7,000 AWP, a number certainly destined to increase. Looking to the future, the boost factor can certainly be represented by the new ownership. In the gaming machine context, we can already benefit from the exceptional performance of the Playtech platform. Based on the observation of the best active players around the world, Playtech has also provided us with great support on the best positioning of the machines within the shops.

2. The technological renewal of the points of sale



To update all systems and technologies after the merger, Snaitech contracted Var Group, a leading ICT innovation company that supports the competitiveness of companies by integrating solutions, services and technologies for process digitalisation.

FRANCESCA MORIANI

CEO Var Group

Var Group had been collaborating with Snai since 2013, but at that time ours was a simple client-vendor relationship. The change of impetus came after the merger, when Snaitech decided to renew its point of sale technology. Snaitech's goal was to define an innovation path centred on the user experience, transforming the points of sale to meet the needs of increasingly advanced and digitally-oriented customers. For example, the widespread growth of bets on live events required the adoption of terminals that were simpler and faster to use to increase the immediacy of the bet and at the same time avoid long queues at the cashiers, which were becoming a point of sale problem. We worked side by side with Snaitech in the design of an evolutionary project. We set up a mixed team that could leverage, on the one hand, their deep knowledge of the business, and on the other hand, the comprehensive skills of the various business lines of Var Group. We thus outlined an innovation strategy that had the centrality of the customer as a primary objective. In practice, the points of sale were equipped with PCs and electronic payment terminals for placing bets, digital Smart TVs for viewing odds and stations to allow users to book bets.

The next step was to work together on a CRM project on the development of a mobile app called "Sport", which enables users to play from any location and with any mobile device. In this I would say that Snaitech was far ahead of its time. It was the first to adopt a truly multi-channel approach, taking up the challenge of evolving its offer by designing a path that would always keep the customer at the centre of a microcosm made up of personalised services, automation and efficiency, thus erasing the separation between physical space - i.e. the point sales - and the digital domain. The goal has been achieved and today, regardless of whether they are in the agency, on their home PC or connecting from the smartphone, Snaitech customers access the same simple interface, the same information and the same extensive event schedule. Today, all customers are guaranteed the same gaming experience, everywhere. All in the name of sustainable innovation, which ensures the protection of information and the absolute confidentiality of data.

The world is subject to constant change and people, users, use technology to do more and more things, in a better way and in the shortest possible time. From my perspective, however, unfortunately I still see many large Italian companies facing these transformations with little clarity and a lot of suffering, struggling to evolve and are reluctant to digitise their processes. Snaitech is an example of a company that has been able to understand, before the others, the importance of digitalisation and to make the necessary investments in time to be able to provide an optimal service to its customer base.

3. The Snaipay platform

In 2006, Cogetech launched Paymat, an innovative platform designed to provide added value to dealers who want to retain their customers. Snaipay is the evolution of that platform, a safe, simple and efficient system for managing exchange transactions for numerous goods and services. The offer has become so extensive that Snaipay is no longer used exclusively by Snai dealers, but also by companies active in other sectors, such as Epipoli, one of the leading prepaid payment networks in Europe.

GAETANO GIANNETTO

Founder and Chairman of Epipoli



I founded Epipoli in 2000. At that time, Gift Cards, already widespread and appreciated in the United States, were still unknown in Italy. We were the first to introduce these innovative payment systems in our country and today we manage around 250 Partners in over 50,000 points of sale. Thanks to hard work and a constant drive towards innovation, we have managed to establish ourselves as one of the main players in Europe. Our boast is that we digitise any type of service and work with top-level brands, from “A for Amazon to Z for Zalando”. Our drive for innovation does not end in business but also embraces social issues. In keeping with this mindset, on the occasion of the terrible earthquake in Haiti in 2010, we launched the first solidarity prepaid card in the world. With the “Buona Spesa” prepaid Mastercard, we also recently supported Italian municipalities in the distribution of shopping vouchers for families in difficulty due to the food emergency linked to the spread of the Coronavirus.

One of the secrets of our growth and success is undoubtedly the quality of the partnerships we have forged over the years, and here we come to Snaipay. Our collaboration relationship has distant roots, in fact it began in 2010, when the service was still called Paymat. What unites us and has favoured the agreement from the beginning is the ability to look ahead, developing solutions and platforms capable of overcoming traditional payment formulas. This feature, combined with the ability to listen, has enabled us to forge a fruitful collaboration by integrating the respective services with a view to enriching both the Epipoli and Snaipay offerings. On the one hand, the complete Epipoli offer has been included in the Snaipay platform, where customers can now find a huge selection of Gift Cards with which to buy books, clothing, video games and so on. On the other hand, we at Epipoli have incorporated the entire Snaipay offer, which over the years has established important collaborations with the main telephony brands and has developed a wide and varied range of solutions and services. We are thrilled to be able to offer our customers active in large-scale distribution services such as top-ups from all major telephony operators or credit digitisation services such as Paysafe.

Over the years we have created a strong and direct connection between each other’s systems, making it quick and easy to add new products or services. Flexibility and speed of execution are key factors for the success of our business and are qualities that characterise our partners at Snaitech, which is why we are very satisfied not only with the Snaipay platform but also with the level of service offered. I can say that over the years I have seen the evolution of Snaitech, which from a company has become a corporation. In the same way, I have seen Snaipay grow from a product offering system to a payment platform at the level of the major international players with whom we interface.

4. The integrated offer



Retail managers and customers benefited greatly from the merger between Snai and Cogetech and from the perfect combination of two complementary players and leaders in their respective areas of reference. Snaitech, in fact, was immediately able to offer its customers a vast offer, perfectly integrated, much broader and more competitive than in the past.

MARCO PERONI

Sale Director of Going On

The merger between Snai and Cogetech was a revolution for us dealers, a revolution that immediately produced positive effects. Those who were previously affiliated with Cogetech, like us at Going On, benefited from the reputation of the Snai brand and the vast know-how of the company in the field of betting, thanks to which we were able to offer customers a vast schedule of sporting events. On the other hand, Snai managers were able to benefit from Cogetech's state-of-the-art technologies and experience in gaming machines. Since then we have been able to provide an integrated offer, the result of the combination of the winning characteristics of two complementary companies and leaders in their respective sectors. But that was just the starting point, much more has been done over the years.

Snaitech has invested in the brand, in the business and in the network, this has convinced us to embrace the brand strategy and to invest ourselves. At Going On, for example, we have completely renovated our Lainate agency, dividing the gaming area from that dedicated to sports. Snaitech has supported us in the design, providing us with the indispensable advice to make the agency a modern and welcoming place, in compliance with the philosophy of the brand. The gaming area now occupies approximately 100 m² and has 15 VLTs and 8 AWP's, all of the latest generation. The betting area extends for 200 m² and is our flagship. We have over 50 32" colour monitors, a large 65" screen and a large screen for the most important events. The idea is to make the agency a meeting place for sports lovers: those who come to us find a clean, safe and welcoming environment, they are not obliged to bet or consume. We have thus become a meeting point for citizens, a meeting point that replaces what was once the "sports bar". In this way we have managed to connect groups that are usually very different from each other, such as horse racing lovers, football fans and gaming machine enthusiasts.

Another area in which Snaitech has brought us enormous progress is technology. The online channel has been extensively developed, our customers can now prepare the bet at home and come to the agency with a code to confirm the bet. The same agencies have been equipped with bookmaking terminals, where it is possible to prepare the bet which is then confirmed at the counter, and totems from which to bet directly. Transaction immediacy was the immediate advantage, the long queues at the checkout became a memory of the past, together with floors strewn with docketts and the chaotic slips on which customers had to make very complicated calculations. Now it's all electronic, people come to the agency to attend the event and be together. Moreover, we can offer customers innovative solutions such as SnaiPay, a payment system that can be used to top up telephone air time, pay bills and much more. With particular reference to gaming machines, we also felt a further improvement following Snaitech's entry into the Playtech Group. Now we have new games and increasingly modern machines designed to entertain; in fact, thanks to the low minimum bets, users can prolong the gaming experience and consequently the fun. These are important benefits, both for us as dealers and for all our customers.

5. Leadership in the online segment

One of Snaitech's main growth drivers over the past five years has been online gaming which benefits from an technological infrastructure that is one of the most advanced in Europe. The company has steadily gained market share, making it the first remote gaming operator in Italy by the end of 2019.

RASMUS SOJMARK

CEO & Founder of SBC Gaming

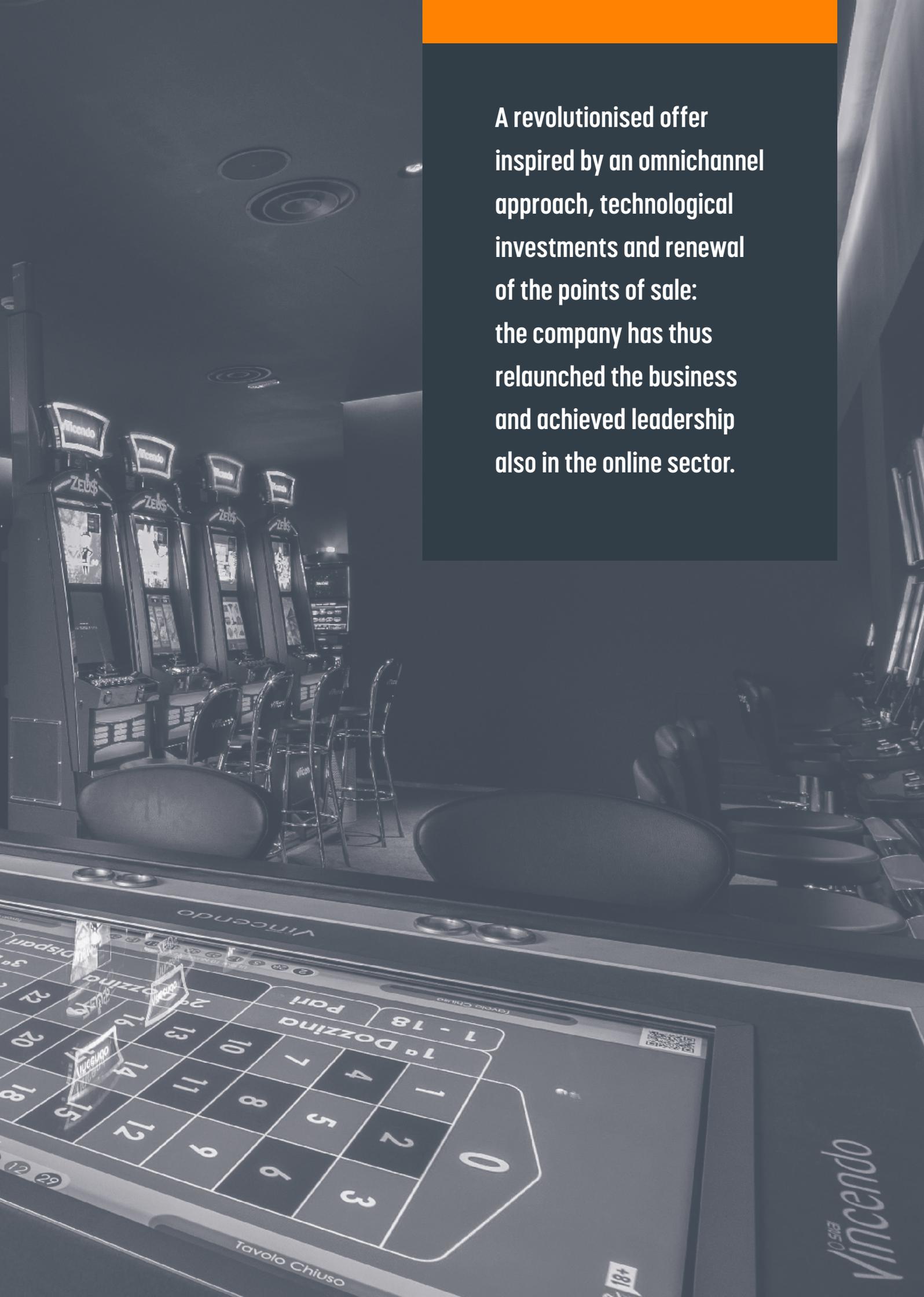


Italy is a very competitive market for the gaming industry and in particular the online segment, where competition has further increased following the entry of multinational stakeholders into the arena. These operators can field huge resources and rely on a great experience gained in other European markets. The growth recorded in Italy for both sports betting and online gaming has been impressive and it is surprising to see how in this scenario Snaitech has been able to attract an ever-growing number of players to its platforms. It was exciting to see Snaitech grow. In recent years, the company has experienced great changes, first following the merger between Snai and Cogetch and then when it joined the Playtech group. Snaitech has taken the challenges in its stride and handled this complex transition period with great professionalism. There have been many mergers in the betting and gaming sector that have not lived up to expectations, but the performance achieved proves that Snaitech has been a success, both in terms of business and at corporate level. Not only that, the company has also been able to adapt to an ever-changing regulatory environment with the sector being subjected to increasingly stringent restrictions.

Since the merger to date, one of the areas in which the company has made the greatest progress is certainly the online market - here Snaitech has recorded double-digit increases year after year. In particular, I consider the results of the two-year period 2018-2019 to be exceptional, the company recorded growth which was almost twice that of the average for the Italian market. If you ask me what made this extraordinary growth possible, I can only highlight the important work that Snaitech has performed on two fronts: technological evolution, also supported by agreements with important international companies such as Playtech and the development of an omnichannel strategy based on a digital offer that aims to minimise the difference between the "real" and "virtual" experience.

I personally believe that the reasons for this success are grounded in the quality of the people who work in the company and to the management of Fabio Schiavolin, capable of conveying his contagious enthusiasm to the Snaitech management team, whose members are characterised by their ability to weave relationships and make great decisions. I believe that Schiavolin's leadership is also one of the reasons that have enabled Snaitech to develop an international profile - the reputation of the brand combined with the network of contacts that it has been able to develop over the years have been decisive for the international growth of the company. The reasons I have touched on, combined with the excellent performances recorded by the company, are the reasons why in 2018 we honoured Fabio Schiavolin by making him a member of the Betting On Sports Hall of Fame. He is highly respected by his colleagues and a perfect ambassador for the sector.

A revolutionised offer inspired by an omnichannel approach, technological investments and renewal of the points of sale: the company has thus relaunched the business and achieved leadership also in the online sector.



3

Corporate Social Responsibility

Corporate Social Responsibility (CSR) has been one of the main growth and development drivers of the company over the past five years. Snaitech's commitment translates into the adoption of a company policy that knows how to harmonise economic objectives with the social and environmental objectives of the territory of reference, in the awareness that companies today are called upon to integrate the social and environmental dimension into their business goals, according to a management approach that takes into account not only the generation of economic results, but the entire impact that the company produces. The iZilove Foundation, an autonomous and non-profit organisation controlled by Snaitech, exclusively pursues solidarity goals in the fields of social welfare and charity, education and training, promotion of culture and art and scientific research. The Foundation is financed by an endowment fund set up by SNAITECH, donations from the Group's Companies, and voluntary contributions from the company's staff.

In recent years, Snaitech has constantly increased its commitment to supporting charitable initiatives. And so, in addition to disbursing funds, today it fully supports the initiatives and projects of the non-profit organisations with which it collaborates, making available internal resources and owned assets. Thus a relationship was set up that went beyond mere support and became a real partnership. This is a method of intervention that not only generates better results, but directly involves both the Group and its employees. The active participation of the staff in this process generates a community of intentions and a culture of shared and rooted responsibility that become part of the corporate identity, evolving into an intangible asset of the Group over time.

Sport as a vehicle for inclusion

Special Olympics Italy is a global movement that supports and promotes engagement in sport of people with intellectual disabilities with the aim of fostering a context of inclusion and respect, where all individuals are accepted and welcomed, regardless of their ability or disability. The Italian delegation has been active since 1984, with almost 20,000 athletes and about 8,500 volunteers working throughout the country. Both Special Olympics Italy and Snaitech attribute great value to sports, intended as a moment of leisure but also an opportunity for growth. Not surprisingly, Snaitech immediately made the Athlete's oath his own "May I win, but if I don't succeed, I can try with all my strength. From this common denominator a splendid partnership was born, which has been consolidated and strengthened over time, giving life to splendid projects and important initiatives.

The first step of this collaboration was taken in 2017, when Snaitech promoted two #ioAdottoUnCampione (#IAdoptAChampion) campaigns for fundraising and awareness-raising in the media, both supported through 1600 Snai game points. The first made it possible to raise the funds necessary to involve two Italian athletes, Daniele Carlini and Luciano Raggianti, in the Special Olympics Italy Winter World Games, scheduled in Austria in March. The second campaign was instead aimed at supporting the organisation of the XXXIII National Summer Games. The donation could be made either through the snai.it website or in one of the Snai shops. Snaitech also made all the Group's communication channels available to Special Olympics Italy to promote campaigns and raise public awareness on the issue of full inclusion. Not just a fundraiser, therefore, but a real partnership.

In 2018, even more was done. Snaitech has made the Snai Sesana Racecourse in Montecatini Terme available for the opening ceremony of the XXXIV National Summer Games (in this regard, see the story "The XXXIV Special Olympics Italy National Summer Games", page 56). An event that actively involved Snaitech employees through the first corporate volunteer initiative: "My Special Days". Snaitech, with 130 employees involved to support athletes and organisers, set an absolute record for the number of corporate volunteers involved. Thanks to this initiative - to which a total of 1,359 working hours were allocated - the employees became ambassadors of the corporate culture, promoting values and ethical principles of inclusion and solidarity within the Group. At the same time, corporate volunteering represented an excellent opportunity for integration and team-building, uniting employees from the three offices in Porcari, Milan and Rome in the same charitable goal. In addition to the direct donation made and the free provision of the Racecourse spaces, Snaitech invested over 25 thousand euros to cover all the services dedicated to volunteer days (including travel, accommodation, personalised gadgets for supporters, three internal events dedicated to raising awareness and promoting the initiative in company offices).

In 2019 Snaitech, through the iZilove Foundation, once again supported the movement at the Abu Dhabi Summer World Games, a sporting and humanitarian event in which about 7,000 athletes participated. These also included Sara and Marco, the two champions who participated thanks to the #ioAdottoUnCampione campaign. Also in 2019, Snaitech supported the Young Athletes Programme of Special Olympics Italy, an innovative programme of play and physical activity for children with intellectual disabilities from 2 to 7 years of age aimed at educating people about disabilities and the fact that they can be increasingly considered a resource for the community. The programme involved 745 children throughout Italy. Finally, again through the iZilove Foundation, Snaitech supported the organisation of the Play the Games programme: 29 sporting stages throughout Italy, during which the Snaitech employees of the offices were involved and offered their time for voluntary activities.

Support for children in difficulty

The Francesca Rava N.P.H. Italia Onlus Foundation helps children in difficult situations in Italy and around the world, through long distance adoptions, projects, activities for raising awareness on children's rights and volunteering. In Italy it represents the international humanitarian organisation N.P.H. Nuestros Pequeños Hermanos, which saves thousands of orphaned and abandoned children in their homes and hospitals in Latin America as well as the St. Luc Foundation of Haiti. Snaitech has been a partner of the Francesca Rava N.P.H. Italia Onlus Foundation since 2010, a collaboration that has gradually grown over time.

With direct and concrete help, the Foundation supports, various family shelter homes and communities for minors in Italy that welcome children temporarily removed from their family of origin and children who live in the most disadvantaged neighbourhoods of large cities. Through the iZilove Foundation, Snaitech sustains the Francesca Rava N.P.H. Italia Onlus Foundation to support the young guests of shelter homes in Rome, Lucca and Milan, i.e. where the three main offices of the Group are located (in this regard, see the story "Support for family shelter homes in Lucca, Rome and Milan", page 57). Specifically, the welcome home in Rome helps children removed from families and mother-child families in difficulty; the family home in Milan welcomes children and young people aged between 0 and 18 who are temporarily removed from their families; the family home in Lucca, on the other hand, offers its support to children between 5 months and 13 years alone or with their mothers. Precisely as part of the family shelter homes project, on the occasion of the quarter-finals of the 2017 European football championships, Snaitech launched a charity tournament on the 'Che Bomber' fantasy theme, a competition that involved thousands of web users, virtually committed to climbing the rankings alongside the best "goal bombers" of the European football tournament. The overall prize money of the tournament was donated to help the children of the family shelter homes in Rome, Milan and Lucca.

Furthermore, for several years now, during the Christmas period, the Francesca Rava Foundation has organised solidarity markets at the three Snaitech headquarters, an opportunity for all employees to buy a gift and at the same time support the Foundation's activities. In recent years, the funds raised have been used for the reconstruction of the nursery school in Pieve Torina (Macerata), which was hit by the earthquake, and for the Saint Damien hospital in Haiti. The N.P.H. Saint Damien Hospital, the only paediatric hospital on the island, assists 80,000 children a year and is equipped with Maternity and Neonatology wards that save 4,000 mothers and children every year. It has 150 paediatric beds, 4 operating rooms, a surgical clinic, first aid centre, day hospital and a ward for the treatment of malnourished children. In 2015, the Foundation launched a training program for Haitian paediatric surgeons to ensure 24/7 assistance and increase the number of children operated per year, from 500 to 1,500, thanks to Italian volunteer surgeons in collaboration with the Italian Society of Paediatric Surgery.

For many years, the Francesca Rava Foundation has also been entrusted with the entertainment programme for "Children in the Office", a day when the doors of the offices are opened to the children of Snaitech employees. In 2016, a Christmas show was organised in each location, which was also attended by Santa Claus, who gave out gifts to all the children. In 2017, 2018 and 2019, the theme coincided with Halloween. The Rava Foundation entertainment team organised many recreational activities dedicated to children: from baby dance to "make-up for children", from a Halloween-themed costume show to creative workshops for different age groups that enabled children to become artists and designers for a day, making mini sculptures with various colours and materials. In light of the splendid results obtained in the "Children in the Office" days, since 2016 Snaitech has entrusted the Francesca Rava Foundation with the

entertainment activities for families and children at the Snai San Siro Racecourse on the occasion of the major seasonal events. Thanks to these initiatives, a very strong link has developed between Snaitech and the Francesca Rava Foundation, a great example of how to go beyond the concept of simple donation, developing social initiatives capable of creating value inside and outside companies.

Opportunity through education

Care & Share Italy is a non-governmental organisation that has been operating in India for over 25 years in support of vulnerable and marginalised children. Through support at a distance and the implementation of development cooperation projects in the educational field, it provides children with access to high-quality education and the possibility of continuing their studies up to university for more than 1,500 students. These are children and young people with difficult social, economic or family backgrounds. Some, for example, belong to the caste of the untouchables, the last level in the Indian social hierarchy that relegates them to the margins of society and confines them to the slums. Others are Adivasis, the original inhabitants of India, who today live in confined and isolated territories. Still others have lost one or both parents or suffer from physical and/or mental disabilities.

In recent years, through the iZilove Foundation, Snaitech has supported Care&Share by sponsoring the "School4Future" project aimed at ensuring the continuation of university studies for Indian children who otherwise would not have been able to access them. The scholarships are intended for the most deserving students and students who have distinguished themselves for their excellent academic performance. In fact, the goal is to give those who have the skills but not the means the opportunity to cultivate their talent and graduate. Between 2015 and 2019, Snaitech funded a total of 18 scholarships.

Again through the iZilove Foundation, in 2019 Snaitech also supported Care&Share by financing the renovation of an elementary school and a childhood centre in the Indian village of Panasapalli, located in the district of Paderu in the north east of the state of Andhra Pradesh (in this regard, see the story "The renovation of a school in India", page 58). The village's elementary school has been completely renovated and equipped with a play area. The project also included the purchase of games and school material as well as the start of teacher training courses. The second building affected by the project is the Anganwadi Centre, one of the government centres for children which are spread throughout India and which offer health care to women and children most in need. The Anganwadi Centre in Panasapalli has been completely renovated and also equipped with the necessary play materials. In order to share such a meaningful corporate responsibility project with its employees, Snaitech has created the "Fly to India with Snaitech" initiative, giving all employees the opportunity to apply to fly to India and participate in the opening ceremony. There were numerous applications and at the end of October the lucky winner was drawn, who attended the opening day together with CEO Fabio Schiavolin, who strongly wanted to be present.

A heritage that is not only linked to sport, but is above all cultural

Snaitech is the owner of the Snai San Siro Racecourse, a precious Art Nouveau style building dating back to 1920. The facility is an element of cultural heritage of enormous value for the city of Milan, and the company's goal is to enhance it as much as possible. For this reason Snaitech started a partnership with the Masters in Management of Cultural Heritage and Institutions of the MIP Politecnico di Milano, which was created with the aim of assisting managers in the digital revolution that is impacting the culture sector. Through the iZilove Foundation, Snaitech financed two scholarships at the Masters in Management of Cultural Heritage and Institutions of the MIP, Graduate School of Business of the Politecnico di Milano (in this regard, see the story "Enhancing the value of our cultural heritage", page 86). The two scholarship recipients were involved in the creation of a Project Work dedicated to the Snai San Siro Racecourse for the Leonardo Horse Project, with a particular focus on the second grandstand. The project undertaken by the two scholarship recipients was the best of the Master's programme and provided useful stimulus for the management and development of the structure. The goal is now to continue the collaboration with the Politecnico di Milano, with which Snaitech is working with a view to forging a long-term partnership.

Growth through sports associations

The Fondazione Costruiamo il Futuro (Let's Build the Future Foundation) was founded in 2009 by over one hundred exponents among entrepreneurs, artisans, and professionals from the provinces of Lecco, Monza e Brianza and Milan and promotes study, research, information, training and learning. It also organises cultural and support initiatives in aid of volunteering, non-profit and sports associations.

The collaboration between Snaitech and the Fondazione Costruiamo il Futuro began in 2018, when the iZilove Foundation supported the "Premio Costruiamo il Futuro", an initiative that has helped 28 amateur sports associations in Milan and its province to undertake projects in the sports and social field. Created to support the projects of Milan's sports associations that involve children and young people, giving life to positive initiatives in the sports and social sphere in all neighbourhoods, especially in the suburbs, the Prize consists of a cash contribution or the supply of sports material.

In 2019 an extra step was taken; in addition to supporting the Award, Snaitech made the Snai San Siro Racecourse available for the award-giving event for selected projects, which was attended by a thousand people, including children, volunteers, and employees from Milan's sports clubs.

Support for the weakest

The Renato Piatti Onlus Foundation was established with the aim of designing, creating and managing services for people with intellectual and/or relational disabilities and their families. The Foundation operates in the health, integrated social-health and social-welfare sectors within the Lombardy region, where it currently manages 16 structures divided into day and residential and rehabilitation centres for children

and adolescents, assisting a total of over 500 children, adolescents, adults and elderly people. The Foundation works focusing on the uniqueness of the individual, and aims to give the best possible response to the different needs of guests in care by implementing individual projects.

The partnership with the iZilove Foundation kicked off in 2017, when for the first time the Renato Piatti Foundation organised a Christmas sale of products at the Snaitech headquarters in Milan. That first experiment has become a fixture, repeated every year. Indeed, for Christmas 2019, Snaitech purchased the Christmas baskets from the Renato Piatti Foundation, which were then given to all employees. The distributed baskets made it possible to convey information leaflets to 1,000 families, informing about the Foundation's activities and how to sustain its work. An important way to help because, as the leaders of the non-profit organisation themselves explain, every charity initiative first of all needs to be known and promoted.

In 2018 and 2019, Snaitech made the Snai San Siro Racecourse Weigh-In building available for the solidarity milonga that Fondazione Piatti organises every year and the proceeds of which are entirely donated to the Via Rucellai centre in Milan, which assists 90 autistic young people. In 2019, Snaitech also decided to directly support a project aimed at purchasing diagnostic equipment for autism, whose assessment protocols are very expensive and are not covered by the National Health Service. Thanks to Snaitech's contribution, the Foundation has been able to purchase two evaluation tools thanks to which it can help families and children who can attend its facilities free of charge.

The promotion of responsible gaming/gambling

Snaitech is aware of the particular characteristics of its business and has always been committed to transparently communicating the risks of gambling for the health of consumers, as well as implementing all control, assistance, training and awareness-raising activities for shop managers on the subject of responsible gaming/gambling and gamer protection. In the area of responsible gaming/gambling, the Company's commitment is not limited to mere legal compliance. Indeed, over the years, Snaitech has become the protagonist of numerous communication campaigns and initiatives aimed at raising consumer awareness on this issue, with the aim of preventing the onset of pathologies and ensuring the maximum protection of gamers (in this regard, more details are given in chapter 8.2 "Protecting our gaming customers").

Snaitech's commitment to creating a healthy and balanced gaming culture was acknowledged in December 2019, for the sixth consecutive year, with the achievement of the **G4 international certification** on responsible online gaming, the result of participation in the Global Gambling Guidance Group programme. The G4 programme - Global Gambling Guidance Group is a body of international experts in the gaming sector, which has set itself the task of monitoring and certifying websites and customer care activities that adopt best practices in promoting responsible gaming/gambling.

In 2019 Snaitech renewed its participation in the program and expanded the scope of collaboration thanks to the creation of two days of company workshops, focused on training and aimed at raising awareness and informing all directors and company figures most involved in responsible gaming management, both in the retail and online sectors (in this regard, see the story "The Global Gambling Guidance Group certification", page 60).

Other CSR initiatives

For several years now, Snaitech has supported the “#presente” campaign of the **Telethon Foundation** by promoting fundraising in favour of the fight against rare genetic diseases. From 2015 to 2019 the campaign was promoted on the snai.it website and through the Snaipay circuit. In addition, employees have offered their contribution to the cause with the voluntary donation of one or more hours of work through “payroll giving” by which even just one hour of salary can be donated to charity through a paycheck deduction. Snaitech promotes a horse racing solidarity programme with the aim of raising funds for charity projects. Through this initiative, called **Campionato delle Stelle (Championship of the Stars)**, donations were offered in support of the Nibbio Alato organisation (which is responsible for assuring a future to former racehorses), Engine Records - Stelle per Amandola (a support for the earthquake-stricken population of Amandola), Avis (Association of Italian Blood Volunteers), UNICEF (care and assistance to children) and the Exodus Foundation (for the fight against addictions and youth illnesses).

In 2019, Snaitech supported, through the iZilove Foundation, **Bianco Airone**, a social promotion association, mainly made up of onco-haematological patients, which operates on a non-profit basis and pursues exclusively social and health care solidarity purposes. Thanks to the support of Snaitech, the non-profit organisation purchased materials for the motor exercise of patients (exercise bikes).

In 2016, following the terrible earthquake that hit the **Municipality of Amatrice** and the surrounding areas, Snaitech made its network (physical and online) and its facilities available to help the victims of the earthquake in the Municipality of Amatrice. Users were invited, also when not engaged in gaming, to donate a contribution in favour of the populations affected by the earthquake. Snaitech doubled the amount of funds raised, donating 1 euro for every euro donated by customers through the Snai network. In the more than 5 thousand points of sale of the Snaipay circuit, solidarity coupons of 1,2,5 and 10 euros were also put up for sale in favour of the Municipality of Amatrice for the reconstruction of the sports field. Also in this case, Snaitech committed to doubling the donation. The Amatrice “Don G. Minozzi” Playground was inaugurated in 2017: in addition to the renovation of the area and the provision of new and functional games, the park was adorned with artistic works and installations.

In 2017, Snaitech supported the initiative of the **Islander Foundation**, a non-profit organisation that carries out projects and interventions to protect neglected and abandoned horses, also by providing spaces in the Snai La Maura Racecourse in San Siro.

In 2016, through the iZilove Foundation, Snaitech supported the **Meyer Paediatric Hospital Foundation** which performs entertainment for the hospital’s paediatric patients: a playroom, clowns and music in the ward and activities with pets to alleviate fear and stress.

THE SNAITECH SUSTAINABILITY WEEK

To share the results of the many CSR activities developed and stimulate employee participation, Snaitech launched Snaitech Sustainability Week in 2019 (in this regard, see the story “The first Snaitech Sustainability Week”, page 59). An entire week dedicated to communication, information and awareness-raising on the issue of social responsibility which, from 30 September to 4 October, involved all the employees of the three offices in Porcari, Rome and Milan and a number of important stakeholders. An innovative format, which will be repeated over time, born from the desire to share the results achieved in the environmental and social, as well as economic fields. The goal is to convey enthusiasm and a sense of responsibility with respect to future projects, to the value enhancement of which all Snaitech employees contribute, day after day. The very choice of the cheer “Let’s bet on us”, in fact, intends to emphasise one of the main drivers of the corporate sustainability: people.

1. The XXXIV Special Olympics Italy National Summer Games



The Special Olympics is a global movement that supports and promotes the practice of sports among people with intellectual disabilities. Founded in 1968 in the United States by Eunice Kennedy Shriver, the association is present today in over 170 countries and is recognised by the International Olympic Committee and the Paralympic Committee. Since 2017, Special Olympics Italy has been a national partner of Snaitech through the iZilove Foundation.

ALESSANDRO PALAZZOTTI

Deputy Chairman of Special Olympics Italy

We approached Snaitech in a very natural way, sharing a passion for sport, a passion that we at Special Olympics live in a very particular way. In fact, our athletes do not compete, to excel, but to increase their physical well-being, demonstrate courage, make friends and enjoy the joy and emotions that sport is able to give. Snaitech immediately embraced this philosophy, becoming its ambassador.

It all started in 2017 with the #AdottaUnCampione initiative, when Snaitech supported us in raising funds to support the Italian Special Olympics delegation in view of the Winter World Games that were to be held in Austria that year. The following year was that of the XXXIV Special Olympics Italy National Summer Games, whose inaugural ceremony was held on 5 June 2018 at the Sna Sesana Racecourse. On that occasion, Snaitech not only gave us the use of the Racecourse, but activated "My Special Days", a corporate volunteer program that gave employees the opportunity to actively participate in support of the athletes and the organisation. The result left us speechless. We expected some kind-hearted people to come from nearby Porcari, but 130 volunteers arrived in Montecatini, many of them from the Rome and Milan offices and often with their families in tow. We did not expect such a large participation: if in some cases the problem is finding volunteers, on that occasion the challenge was to coordinate all those willing people! Thanks to the support of Snaitech, that edition of the games enjoyed great success; we reported the record of volunteers but also the record of participating athletes, over 3,000 from 177 delegations throughout Italy. In 2019, the iZilove Foundation supported the participation of two of our athletes, Sara and Marco, at the Abu Dhabi Summer World Games. In the same year, the iZilove Foundation joined the Young Athletes Programme, an innovative programme of play and physical activity for children aimed on the one hand at introducing the little ones to the world of sport, on the other hand at promoting and educating them to the knowledge of various skills as a resource for society.

In just three years, we have come a long way together and thanks to this partnership, the Special Olympics movement has also grown a lot in terms of visibility and reputation. In fact, Snaitech has also offered us extraordinary support in terms of communication. Thanks to his help, we have promoted our initiatives to a huge audience that we would otherwise never had reached. I must say that a particular relationship has been created with this company that is nourished by the enthusiasm and participation of the employees. People make the difference, and we were immediately struck by the attention paid to us and the commitment with which all the initiatives developed were addressed. We still have many beautiful and extraordinary things to do together, to improve the quality of life of many people.

2. Support for family shelter homes in Lucca, Rome and Milan

The Francesca Rava Foundation – N.P.H. Italy (www.fondazionefrancescarava.org) helps children in difficult situations in Italy and around the world, through long distance adoptions, projects, awareness-raising activities on children's rights and volunteering. Snaitech has been a partner of the foundation since 2010, a collaboration that has gradually grown over time and through which it has been possible to support the activity of three family shelter homes in Lucca, Rome and Milan.

MARIAVITTORIA RAVA

Chair of the Francesca Rava Foundation – N.P.H. Italia Onlus



Our relationship with Snaitech was born almost by chance, the day Fabio Schiavolin attended one of our events, invited by a volunteer. In every event we try to touch people's hearts, and so we did on that occasion too: we first came into contact with Fabio and then with the company. Getting to know the CEO is an important first step, but the top down approach is often not enough. In fact, if we want to generate long-term relationships with companies, we cannot ignore the active involvement of employees, and this is what we have done in Snaitech, putting our experience at the service of the company. Thus was born a wonderful and enduring partnership.

We started in 2010, supporting Cogetech in the organisation of the "Children in the Office" initiative. We started in 2010, supporting Cogetech in organizing the "Children in the Office" initiative. These are days during which we provide entertainment and animation activities for the children of employees, so that the time spent in the parent's workplace is for them an educational opportunity and a training experience but also an opportunity for fun. After the merger between Snai and Cogetech, our partnership with the Company enjoyed a significant new burst of growth. Since 2016, Snaitech has chosen to entrust the Francesca Rava Foundation with entertainment activities for families and children at the Snai San Siro Racecourse during major equestrian events. To get the best from these days, we always structure activities around an important theme on which we want to raise awareness, such as the value of hospitality or respect for human rights. This way, children can have fun and learn something at the same time. During these days, we also bring our children from the family shelter homes so they can enjoy a day of leisure and fun in the open air. Not only that, we also involve secondary school students who have joined work-school alternation programmes with our Foundation. The result is a beautiful cross-enrichment, which brings very different people into contact with each other and creates a virtuous mechanism. This is our way of making a difference, we don't just give importance to the "what", but also to the "how". The effectiveness of this approach is testified by the fact that many parents who met our Foundation at the Racecourse have become donors, adopting a child at a distance, or have even joined the group of volunteers.

In Italy, there are over 30,000 children who live permanently in family shelter homes and many more who rely on these structures for help, there are in fact large pockets of health and educational poverty even in large cities like Milan. The Francesca Rava Foundation actually leverages the company's competence base, i.e. what the company knows how to do well, and puts it at the service of others. In Snaitech, in particular, we found great enthusiasm and genuine and passionate participation, as well as great simplicity in the interaction. Thanks to Snaitech, we have helped and are helping three family shelter homes, in Milan, Lucca and Rome, for example by supporting the costs for specialist medical examinations which the guests of these structures are in great need of. Together, we have also allowed these children to go on holiday, or on trips, paying the expenses that they could not bear and giving them moments of leisure.

3. The renovation of a school in India



Care&Share Italia Onlus is a non-governmental organisation that has been operating in India for over 25 years in support of vulnerable and marginalised children. Through the iZilove Foundation, Snaitech financed a project for the renovation of an elementary school and a children's centre in the village of Panasapalli, a small village in southern India. In November 2019, Fabio Schiavolin and a Snaitech employee left for India and inaugurated the two new facilities, which will offer 28 children the opportunity to build a better future in educational environments designed for them.

KALAMANI ARUMUGAM

COO of Street2school

Located in the Paderu district in the State of Andhra Pradesh, the village of Panasapalli has 65 families and about 200 inhabitants, all belonging to two distinct tribal populations that live in perfect harmony. This area has not yet reached by modern developments, where schools, hospitals, roads and the most basic structures are lacking. Here the support of organisations like Care & Share and iZilove Foundation can really make a difference. India suffers from a very low literacy rate among tribal populations; many village children drop out of primary school because there are not enough teachers or because of the precarious conditions of the buildings. It was the inhabitants themselves who drew attention to the need to renovate the Anganwadi Centre and renovate the abandoned building that housed the school. The success of this project began with the decision to listen to those who live in the area and have first-hand knowledge of the critical issues involved. Snaitech, through the iZilove Foundation, offered its support and involved the inhabitants of Panasapalli, who chose the appropriate building and selected the decorators. The first phase of the renovation project ensured the structural safety of the building. It then became possible to create a welcoming and productive environment for children. In fact, Snaitech provided all the teaching and play materials to the school and the Anganwadi Centre.

Today, pupils can follow lessons in classrooms equipped with furniture and blackboards or admire the animals, letters and drawings painted on the school walls. With the children finally enjoying a safe and child-friendly environment, we were able to concentrate our efforts on their education. Being able to finally assure regular lessons, the level of learning has also risen significantly, we introduced computer courses and hired a mathematics teacher. The children I see today at school are enthusiastic and happy to be there. I see them dancing, singing nursery rhymes and trying their hand at numbers. We have seen a dramatic drop in absences and parents are proud to send them here. Now that the renovations are finished, the families have taken over the maintenance and cleaning of the school. The ongoing dialogue between everyone involved is a demonstration of authentic partnership, where responsibilities are shared. It is a beautiful collaborative effort because it merges the endeavours of two very distant worlds which, however, come together in a single vision of the future. There is a saying that I always like to remember: "to educate children is to educate the whole community". For this reason, speaking of development aid, I believe that the most powerful action we can undertake is to promote schooling and invest in school facilities in the most disadvantaged areas. It is precisely in this sense that Snaitech's support takes on a meaningful and profound value, as well as being very effective. The inhabitants of Panasapalli entrusted me with the task of conveying their heartfelt thanks to Care & Share, the Snaitech Group, the iZilove Foundation and all those who took part in the project.

4. The first Snaitech Sustainability Week

The first edition of Snaitech Sustainability Week took place from 30 September to 4 October 2019, an innovative format launched with the aim of raising awareness on the issues of corporate social responsibility and divulging the activities developed in this area by the company. Maurizio Ferrari attended the Milan event to bring his contribution and his testimony.

MAURIZIO FERRARI

Head of Communication and Fund Raising for the Renato Piatti Onlus Foundation



Snaitech has given so much to the Renato Piatti Foundation and, since it is essential for us to reciprocate the support we receive by generating real value for our supporters, it was with great pleasure that I accepted the invitation to participate in the Snaitech Sustainability Week. Before that, I had never seen a company organise a venue dedicated to information, reflection and discussion on the theme of corporate social responsibility. In that context, before a large audience of employees, I had the opportunity to present the activities of the Foundation, receiving an extraordinary welcome. I explained how the relationship between our Foundation and Snaitech was born, in 2017, when for the first time we organised a Christmas sale of products at the company's Milan headquarters. I also told how that day we planted a seed, from which many splendid initiatives were born. Similarly, Sustainability Week also proved to be extremely important because it set virtuous mechanisms into motion. At the end of the intervention, I was in fact approached by a number of employees who wanted to know more about the Foundation; later on they became our friends and supporters. One of the best things is to feel the closeness of people and in Snaitech we have met people who are passionate about what we do and who have decided to work alongside us independently of the Company. This is true corporate social responsibility, not just a mandate that the company gives to itself and its employees, but a commitment that people discover and make on their own initiative. And when that happens it makes a difference, because you are no longer just an employee of any company, but the employee of a company that contributes to the good of society. This creates pride, a sense of belonging and works as a multiplier of good. But since doing requires knowledge, moments of encounter such as the Snaitech Sustainability Week are fundamental, which is why I hope that many other companies will be able to follow Snaitech's example, and replicate initiatives like this.

5. The Global Gambling Guidance Group certification



For Snaitech, responsible gambling is a mission and protecting gamers is a long-term priority. For many years, the company has been engaged in the Global Gambling Guidance Group (G4) programme aimed at promoting responsible gaming/gambling. During 2019, Snaitech renewed its participation in the programme and, for the first time, involved all the directors and figures most impacted by the certification in a workshop - led by Pieter Remmers, founder and CEO of the Global Gambling Guidance Group - on the topic responsible gaming/gambling. An important moment of encounter, learning and exchange aimed at consolidating and further increasing Snaitech's commitment to responsible gaming/gambling and the protection of gamers.

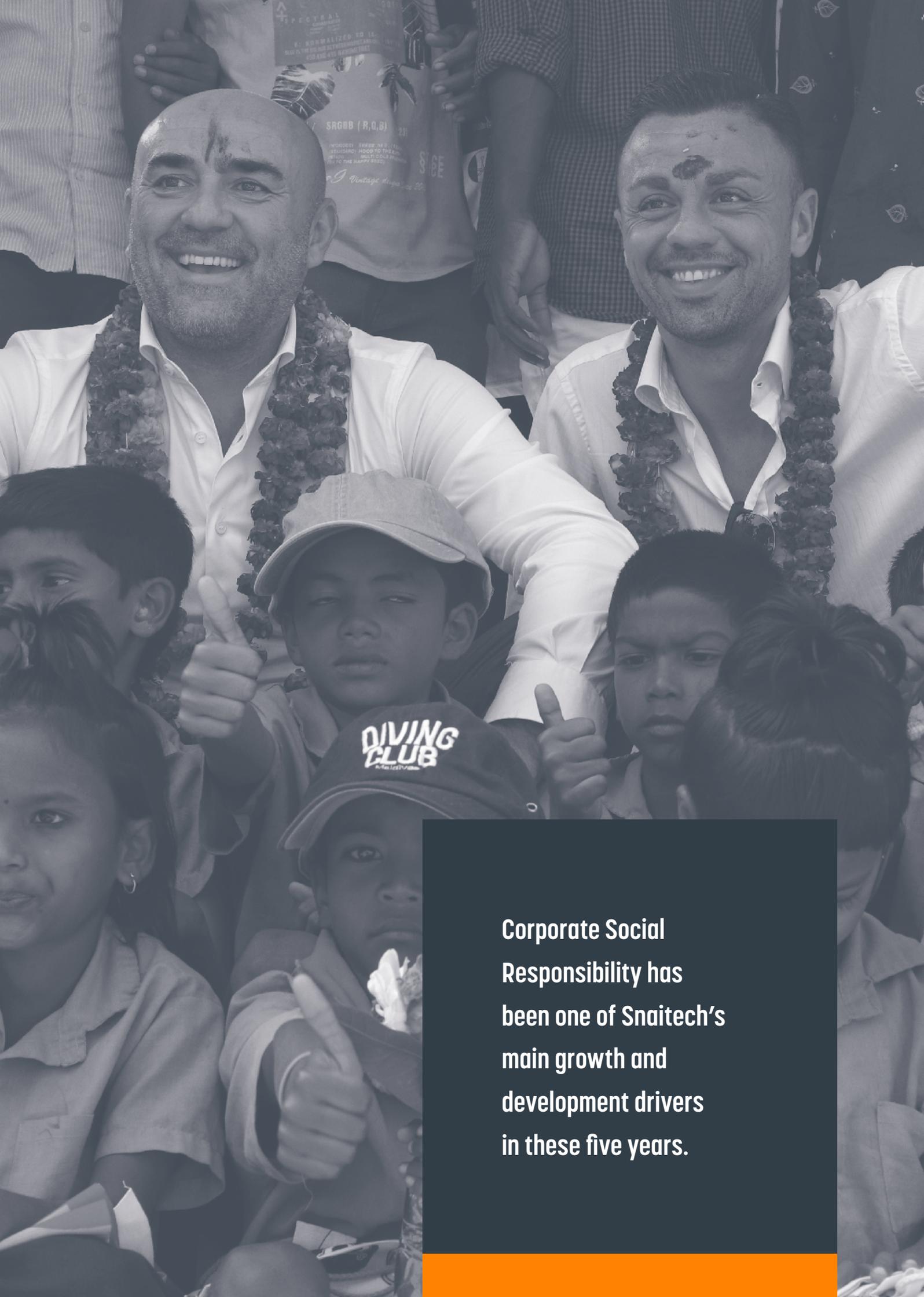
PIETER REMMERS

CEO of the Global Gambling Guidance Group

I remember very well the first time I met Fabio Schiavolin; it was before the merger with Snai when he was CEO of Cogetech. We met by chance on the terrace of a Roman restaurant and, as we started to chat, I immediately found an open and stimulating partner, willing to engage in a direct and stimulating discussion. That conversation left a deep impression on me about the attention he devoted to the theme of Responsible Gambling and the commitment of his company to offer a safe and relaxed experience to the players. My job has allowed me to get in touch with many companies in the sector and I can say that there are not many who, from the outset, devote themselves to the promotion of responsible gambling. That day we embarked on a path of collaboration and identification of social responsibility values that are still proudly professed by Snaitech today. From that first chat in Rome to today, I have witnessed a constant path of growth for the Group: every audit showed that we were improving every year.

In addition to providing training for customer care professionals and those with direct roles in handling players and managing stores, Snaitech offers online assistance in every phase of the gaming or gambling session, constantly advising the player on all the available options that make for a conscientious and responsible entertainment experience. I believe that the future of responsible gambling, and other sectors too, hinges precisely on this: designing tailor-made solutions for players and building their loyalty to Snaitech by making them feel safe. This means tackling the problem in an innovative way also thanks to the opportunities provided by technology, and in this Snaitech has shown that it is a modern company. We are convinced and know that actively participating in the promotion of responsible gambling is an investment and at the same time it is the safest way to do business because it conveys the image of a company with a long-term sustainability vision.

This is what I had in mind when we organised the two workshop days in December 2019 and, for the first time, Snaitech extended the training effort also to top management. I'm convinced of the sincerity of the commitment and responsiveness of the people working to identify new actions and I believe that useful ideas have emerged on which to work in the future. I always insist on how important it is for a company to act proactively when it comes to the well-being of customers and responsible gambling; equipping ourselves with new tools and devising new initiatives on the subject helps to anticipate problems and therefore enables the most appropriate actions to be planned in time. It's not just a matter of establishing policies that constrain gaming and gambling within a set of restrictions, it's about making the enjoyment of gaming and gambling intrinsically safe from the outset. This is how we can protect and safeguard players and, at the same time, ensure a solid and sustainable future for our businesses.



**Corporate Social
Responsibility has
been one of Snaitech's
main growth and
development drivers
in these five years.**



Our people

Telling a story of change means first of all talking about people. People are the pillar on which corporate competitiveness is based, for this reason, from the very early stages of the merger between Snai and Cogemat/Cogetech, one of the foremost corporate goals was the involvement of employees and recognition of their value. The commitment was to promote a work culture that aims at meritocracy, equity and the achievement of objectives, attributing the right value to organisational and personal well-being and professional qualities. However, it must be said that, if after many years we can measure first-hand the results and benefits that it was possible to obtain thanks to the merger, initially not everyone saw the integration between the two companies as an opportunity. When this story began, there were many fears, some scepticism and even some mistrust. At the time of the merger, hundreds of people spread across three different locations came to know each other and joined forces to face a new challenge together. If today we can speak of a successful merger, it is certainly because the employees have shown willingness and spirit of collaboration, trusting the project to create a leading Group in the gaming market, with the credentials to position itself in an increasingly difficult and competitive sector.

The reorganisation of staff and offices

Undoubtedly, the first challenge was to effectively integrate the two companies, defining an organisational structure that was the best possible synthesis of the strengths of Snai and Cogetech. In the early stages of the merger process, the company undertook an internal reorganisation, immediately initiating a transparent, flexible and open negotiation with the trade unions to manage the overlaps resulting from the integration of the various entities involved in the transformation of the Group. First of all, the organisation based on three different business areas (betting, online and gaming machines) was redesigned and rationalised and the functions and activities of the departments were centralised to sustain greater efficiency of workflows. The staff was reorganised in the three offices in Milan, Rome and Porcari, creating competence centres where most of the employees belonging to each function already worked.

The Group's registered office was established in Milan, where finance, marketing, service and logistics are also located, while most of the activities related to the gaming machine business have been centralised in Rome. Porcari - the historical headquarters of Snai which feared downsizing in the early stages of the merger - has maintained a key role as a centre of expertise for the Betting and Online segments and part of the administration is also located there. Porcari has therefore remained the heart of the company: every aspect of service production is undertaken in Porcari, which today employs 336 people, or almost 50% of the Company's staff if we exclude the employees of directly managed agencies. Some people have changed location, others have been trained and have changed their area of expertise, still others have chosen to switch from a full-time to a part-time contract: in this way it has been possible to reorganise the company while safeguarding the most precious resource, people. The agreed decisions were the result of a detailed work aimed at minimising the impact of the integration process through internal relocation policies and general restructuring of the entire organisational structure. As a result, Snaitch employed a total of 920 employees at 31 December 2019 compared to 900 employed by the Group at 31 December 2015.

BREAKDOWN OF PERSONNEL BY LOCATION IN 2019



The Corporate Culture

In the very early stages of the merger, it was a priority to define a new organisational structure that would make it possible to immediately achieve the broadest possible synergies and generate immediate results. To achieve the ambitious objectives that the management had set itself, it was necessary to take an extra step, it was necessary to lay solid foundations on which to build the future success of the Group.

In 2017, a culture review project was thus launched aimed at facilitating company dynamics and the achievement of objectives, both individual and at team level, through the identification and sharing of reference values, habits, managerial and leadership styles. The members of the top and middle management were asked to analyse the perceived organisational culture and define the desired one. The model chosen consists of eight primary styles that represent a set of behaviours and beliefs that guide the actions of people and groups.

The two perceived reference cultural traits were termed Results and Caring; a strong orientation towards the achievement of concrete objectives emerged, respecting values such as cooperation, the needs of customers and colleagues. A sense of duty, respect for rules and procedures, and an orientation towards experimentation and innovation are the key elements that act to bring everyone together. The desired culture highlighted, in addition to the orientation towards "Results" and "Caring", the need for ever greater attention to "Learning" and, therefore, to creativity, experimentation, and opportunities for lifelong learning. "Enjoyment", understood as greater moments of informal sharing and celebration of important results, was also important for employees. This project was a first important step which was followed up by identifying an action plan aimed at enhancing the distinctive elements of the company. This in turn emphasised the traits that characterise Snaitech's organisational culture and to support its integration. For example, a great deal has been invested in training activities and, specifically, team-building experiences, while important initiatives have been launched in the Enjoyment theme (in this regard, see the story "The first Christmas all together", page 72).

'IN', THE NEWSLETTER DEDICATED TO SNAITECH EMPLOYEES

Launched in September 2018, 'IN' is the quarterly newsletter dedicated to employees of the entire Snaitech Group (in this regard, see the story "'IN' - the Snaitech newsletter", page 73). Published thanks to the collaboration between several business functions, it deals with issues such as innovation, social and cultural events, social responsibility activities and the most significant news of corporate life. The first intent of the newsletter is to convey information that is useful for the company business, from recent innovations to news of a strategic nature. But 'IN' is also a tool for creating a shared corporate culture, narrating the Group's values and identity. The third objective of the newsletter is to stimulate the telling and sharing - directly by employees - of the experiences and initiatives that are promoted and implemented within the Group, through a tool that is of everyone and for everyone. The editions of 'IN' are always available for consultation by employees, published in a special section on the company intranet.

Training

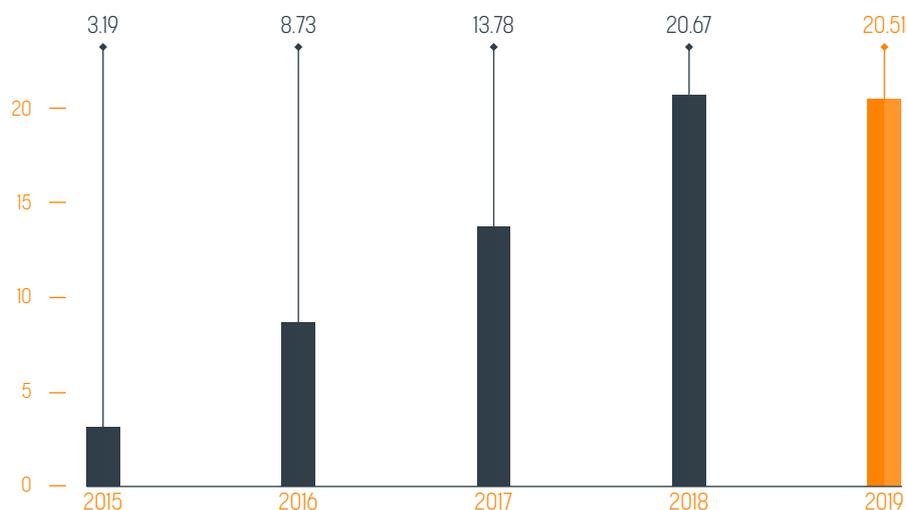
At Snaitech, training is intended as an opportunity for growth, intended for all employees of all levels and concerns both technical aspects and the relationships between individuals. This is why it was one of the fundamental leverage factors favouring integration and support for organisational changes following the merger. Not only that, training also made it possible to disseminate the new corporate culture and ensure the growth and updating of employees, which are essential for the professional development of people, but also for the growth of the company's business.

The training activities carried out by Snaitech can be grouped according to four macro-categories:

- Behavioural: fundamental for developing soft skills in line with the position held and the processes of organisational change and development.
- Technical: aimed at the development and/or maintenance of specific technical skills.
- Compliance: includes training initiatives aimed at increasing information, awareness and compliance with current laws and regulations.
- Safety: concerns training activities aimed at promoting a culture of worker health and safety.

In particular, in 2017, a Talent Assessment and Skills Development project was launched aimed at specialist professionals. This initiative made it possible to plan and implement a targeted training plan that has helped not only to strengthen and raise the level of professionalism and create a shared and transversal working method, but also to develop a sense of belonging, generating an increasingly greater teamwork spirit. In addition, at the end of 2018 Snaitech launched a training project aimed at the heads of the organisation, in order to build, maintain and improve effective and functional relationships with employees and interlocutors, through an experiential teaching methodology aimed at encouraging cooperation and productive behaviour. In 2019, a multi-phase training and development programme aimed at the organisation's Key People was launched with the aim of developing greater awareness of their contribution to the company and increasing the possibilities of acting effectively in increasingly complex, personal and professional contexts.

AVERAGE HOURS OF TRAINING PER EMPLOYEE



Numerous team-building activities were also launched over the five-year period. For the first time, (before 2015 such events had never been held) these sessions were structured over several days and carried out in selected locations, a way to consolidate relationships between people and strengthen the corporate culture. In particular, in 2017 and 2018 retreats were held involving Top and Middle Management and aimed at improving the communication method between managers with a primary focus on trust. The chosen approach was to make use of ancient and modern tools such as yoga and meditation, mindfulness and coaching in an extraordinary location.

The fact that for Snaitech training is fundamental competitive and growth leverage is evident by comparing the increase in the average annual training hours per employee, which went from just 3.19 hours in 2015 to 20.51 hours in 2019. This increase shows how Snaitech's investments in training have constantly and considerably grown over the five-year period. If we consider the whole Group, in the two-year period 2018-2019 more than €670,000 gross was invested in training and over 35,000 man-hours of training were provided.

Health&Safety

The development and promotion of a health&safety culture for workers is one of Snaitech's fundamental goals. Between 2016 and 2019, a total of over 14,000 hours of safety-specific training were provided, a central and high-priority topic the employee training schedules. The attention to training, the constant monitoring of the workplace and rigour in the management of suppliers testify to the constant commitment made by Snaitech to guarantee maximum safety and to promote a culture of safety (for more information see paragraph "9.1.6 Occupational health and safety", page 146)

In 2016, Snaitech obtained the migration and adaptation of the Occupational Health&Safety Management System certification compliant with the OHSAS 18001:2007 standard, which Cogetech had achieved before the merger, for the Via Goito offices in Rome and the Piazza della Repubblica offices in Milan. In 2017, this certification was also extended to the Porcari offices in Via Lazzareschi and Via Boccherini 57 and, from 2018, to the headquarters in Via Boccherini 39.

With the aim of always increasing safety, in 2019 attention was focused on the Emergency Teams (First Aiders and Fire Fighters), setting up periodic meetings that made it possible to define the main responsibilities and duties of the Emergency Teams themselves and to assign specific tasks. In light of the internal reorganisation, the health protocols were also updated. These take into account individual risks and have enabled the correct management and organisation of medical examinations in compliance with the identified roles and related risks. In 2019, 11 accidents occurred, a decrease compared to the previous two years (13 and 18), 54.55% of them occurred in transit and thus outside the direct control of the Group. Snaitech also offers its employees supplementary insurance for professional and extra-professional injuries, 20 hours per year of specialist medical examinations and the services of an osteopath in the company.

"HELLO!", THE NEW INTRANET

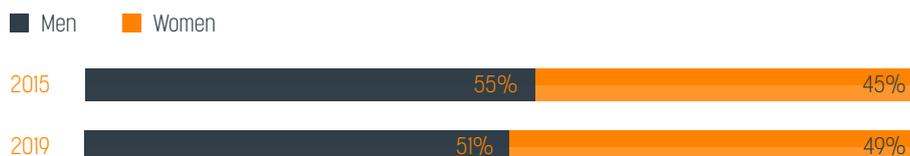
After many months of work, at the end of 2019 Snaitech launched "Hello!", A new, intuitive high-performance platform created to simplify everyday work. With one of the main aims of the project being to simplify daily processes, offering the resources that all employees need in an intuitive and immediate manner, it was decided to implement the new intranet to promote the participation and inclusion of everyone. Over time, the same employees are called upon to participate in its development, thanks to new features such as "Propose it to Hello!", A tab dedicated to reporting interesting content to be explored and shared with colleagues. Indeed, a new section entitled "Hello! News" was included, with daily updates and articles, specifically to give space to the voices of employees and all the news revolving around the company. The new graphic look of the intranet interface, characterised by a modern and clean design, is accompanied by new important features, such as the Area Team Site, a section dedicated to teamwork. Here employees can exchange documents and work on common projects, with the convenience of ready access to all the network content.

Equal opportunities and employee benefit plans

Snaitech has devoted a lot of energy and resources to improving the working environment, both from the point of view of employee health&safety as well as to generate well-being in the workplace and improve the corporate climate.

First of all, Snaitech has made concrete commitments to guarantee full and effective female participation and equal leadership opportunities at all decision-making levels. The company adopts policies and tools aimed at promoting an inclusive environment and guarantees fair remuneration policies between men and women in the various professional categories as well as equal professional growth opportunities based on merit criteria. From 2015 to 2019, the percentage of female employment in Snaitech has grown from 45% to 49%, a balance that allows for the creation of a diversified work team with great potential.

PERSONNEL BREAKDOWN BY GENDER



Snaitech is also committed to building career paths for its employees that are aligned to their expectations and able to guarantee not only the achievement of professional growth objectives, but also the pursuit of personal well-being goals. In recent years, many Group employees have chosen to switch from a full-time to a part-time contract, thus adopting a working formula that leaves them more time for their family or personal interests. The voluntary use of part-time work by Snaitech personnel in recent years has almost doubled, going from 12% in 2015 to 23% in 2019.

RELATIONSHIP BETWEEN FULL-TIME AND PART-TIME CONTRACTS



Snaitech also activated an hour bank to promote improved work-life balance and a nursery reimbursement scheme was set up to facilitate the reintegration of new parents into the workplace. In 2019, Snaitech also activated a digital platform for online training of the English language free of charge for all staff, accessible 24 hours a day, 7 days a week with individual or group virtual lessons, writing workshops and personal coaches. The project, which employees can join on a voluntary basis, attracted interest; by the end of 2019, over 400 employees had undertaken the pre-assessment and about 300 had already started courses.

In 2019, Snaitech and Epiqa also entered into supplementary company agreements with the trade unions for employees whose employment relationship is governed respectively by the collective labour agreements for Tertiary, Distribution and Services sectors and that for the Private Radio and Television National sector. For Snaitech, this meant a new and improved Supplementary Company Agreement (in this regard, see the story "The performance bonus", page 69) which also introduced important innovations such as the possibility of converting, on a voluntary basis, all or part of the amount of the 2019 Result Bonus in benefits, i.e. without tax and social security contributions. Important benefit policies have also been activated, including a contribution for the payment of nursery fees granted to new parents who return to work after the birth of a child, paid leave in case of specialist visits also for their family members, the activation of the Hour Bank and a special e-learning platform, which employees can use without restrictions. Epiqa, on the other hand, for the first time in its history has achieved an important goal by signing its first Supplementary Company Agreement. This agreement also provides for the possibility of converting the Result Bonus into welfare services and which guarantees all employees access to continuing language training through the same portal used by Snaitech employees as described above.

In addition to the normal salaries, in the three-year period 2017-2019, Snaitech paid a total of approximately €7,000,000 gross in remuneration policies or in salary increases, bonuses and performance bonuses. At the end of 2019, Snaitech also commissioned an engagement survey from Mercer to listen to employees and monitor the corporate climate. The aim is to measure the results of the work carried out and plan future actions, concentrating investments and energies in the development of activities aimed at the specific needs of employees (in this regard, see the story "The corporate climate and training", page 70).

1. The performance bonus

In October 2019, the 'Il Sole 24 Ore' newspaper published an article on the productivity bonuses that companies award to employees on the achievement of certain results. Among the 15,784 active contracts at that time filed with the Ministry of Labour and Social Policies, the newspaper identified the 10 companies that reward employees the most, citing Snaitech as a virtuous example alongside companies of the calibre of Barilla, Ferrero, Cucinelli, Prada, Luxottica, Lamborghini and Ferrari.

LAVINIA PUPELLI

Human Resources and Organisation Director



Undoubtedly, one of Snaitech's major strengths is its people. The merger between Snai and Cogetech generated an extraordinary mix of talents, and I would like to say that the experience, competence, passion and enthusiasm of our employees are the pillars on which we have built the Group's success and thanks to which we were able to achieve the ambitious goals set by the management. In order to support our people's motivation, sense of responsibility and belonging as well as to support integration, it was necessary, indeed essential, to ensure a uniform and comprehensively improved treatment for all employees. It thus became necessary to review how result bonuses worked, considering that at the time of the merger they applied only to a subgroup of the employees, given that two different contractual systems were in force.

Therefore, the company decided to extend the bonus which, until then, had been awarded only to Snai employees, also to Cogetech employees. Consequently, since 2016, all employees whose employment relationship is governed by the Tertiary and Metalworking collective labour agreement, with the exception of Executives, receive the performance bonus. The work done in recent years has been so extraordinary that from 2016 onwards the company has always awarded the maximum allocated amount. However, we wanted to take a step further and in March 2019 we entered into a new Supplementary Company Agreement, revised with a "benefits" orientation as representative as possible of what we are, our culture and our values, with a result bonus maximum of €2,800. The bonus which, as reported by 'Il Sole 24 Ore', was found to be one of the highest at national level, is related to the actual presence in the workplace and is awarded equally to all permanent employees.

Thanks to the new supplementary agreement, an important change has been introduced: the amount due can be voluntarily converted in whole or in part into benefits. Employees who choose to convert it may receive the net amount, exempt from INPS (national social security) and IRPEF (income tax) contributions, which comprehensively affect about 20% of the total. Last December, moreover, the highly participated engagement survey 'FEEL SNAITECH' confirmed our decision when it showed that the benefit scheme was one of the most popular topics in the survey itself. Indeed, 77% of the respondents considered benefits to be very important in their professional lives. We therefore endeavoured to respond to expectations and created the Hello Welfare platform, designed around people and their needs, offering services and benefits that can support well-being and quality of life for themselves or their families. For example, one can choose a voucher for purchases on Amazon or at the supermarket, buy a travel or gym voucher, allocate the amount to supplementary pension schemes, benefit from reimbursements in the context of medical and transport expenses, education and instruction costs or take out insurance. Apart from the choice of employees to convert the amount or not, it is important to underline that - thanks to the new agreements in force since 2016 - the company has awarded all employees the maximum result bonus, for a total investment of approximately 2 million euros per year. A significant amount, destined to acknowledging the talent of our most precious resource: our people.

2. The corporate climate and training



In the last five years, Snaitech has devoted a lot of energy and resources to the value enhancement of employees and optimising the work environment, both in consideration of the safety and health of collaborators and taking into account the quality of relations between employees.

We wanted to measure the results of the work done and plan future actions, concentrating investments and energy in the development of activities aimed at specific employee needs. With this intent, at the end of 2019, Snaitech commissioned Mercer, a global leading consultant for the development and organisation of human capital, to conduct an engagement survey to listen to employees and monitor the corporate climate.

VALERIO SALONE

Principal of Mercer

Cultivating talent is a fundamental competitive variable for companies, which is why companies are investing more and more in people: they invest in training, benefits, in the improvement of workspaces and in financial incentives. But for these investments to be effective, it is essential that they are targeted, i.e., they must respond to the real needs of employees. To this end, the most attentive and far-sighted companies, such as Snaitech, have activated listening initiatives aimed at probing the corporate climate, identifying existing strengths on the one hand while, on the other, focusing on areas for improvement on which it is possible to intervene. The survey commissioned to Mercer started from these assumptions.

As this was the first survey carried out on all Snaitech employees, we investigated a very large number of parameters in order to get a picture as extensive and complete as possible. Specifically, various aspects were analysed: core engagement, performance, career opportunities, confidence in the future, benefit schemes, diversity&inclusion and awareness of corporate strategies. The first important findings came precisely from the extent of survey participation. Over 550 employees answered the questionnaire, i.e. 82% of the total. This is an above-average percentage, which reveals a high degree of participation in corporate life. A total of 670 comments were also collected (with some colleagues also submitting more than one comment), which means that more than 50% of the interviewees chose to take the time to express their thoughts on the company, indicating its strengths and/or areas for possible improvement. This too is a much higher percentage than the average of the surveys we conduct, often people just answer the questionnaire but don't spend time filling out the open questions, as the Snaitech employees did. Not surprisingly, the survey highlighted good core engagement values: Snaitech employees feel they are part of the company and actively participate in company life. This is very significant. The core engagement value is, in fact, one of the most important, on the one hand because it is the most complex one to build, care for and maintain by companies, on the other hand because it reveals whether or not the company has the prerequisites for developing successful activities and initiatives. Another area of the survey in which we recorded high values is that relating to a positive outlook for the future: in Snaitech, this parameter is higher than both the Italian and international averages. Despite a non-flourishing national economic context and a constantly evolving regulatory framework, Snaitech employees are very confident about the business model, products and the company's ability to face future challenges. They know they work for a company equipped to compete effectively and face market challenges. The combination of high core engagement values and trust in the future highlights how this company can count on a great base from which to work and, from what I have been able to see, Snaitech's management has every intention of investing to enhance, motivate and sustain the growth of their people.

3. Corporate volunteering

On the occasion of the XXXIV edition of the Special Olympics Italy National Summer Games, which were held in Montecatini Terme from 4 to 8 June 2018, 130 Snaitech volunteers supported the athletes involved in the competitions and participated in the Opening Ceremony of the Games at the Snai Sesana Racecourse. On that occasion, a new record of adherence to Special Olympics Italy initiatives was established, a tangible sign of the commitment and participation of Snaitech employees in the CSR initiatives sustained by the company.

PATRIZIA ORLANDO

Gaming Machine Active Invoicing Manager



I remember that on the morning of the first competition day I was excited but also a little agitated; I was wondering if I would be able to relate to the athletes with the appropriate sensitivity and be useful. I had been assigned to the swimming group, and when I got to the pool, I didn't know what to expect. There I discovered that swimming is not only the most demanding sport for athletes and volunteers but also the one that gives the strongest emotions because it enables one to establish direct contact with the people competing. Each of us assisted one athlete at a time in the preparations, accompanied them to the pool and watched the competition, empathically participating in their tension and their desire to win, then accompanying them to the awards ceremony and finally back to their coaches and companions. This is a precise image imprinted in memory, of my male colleagues carrying kids with mobility difficulties and lowering them into the water before the start of the race. It is these small gestures, physical and caring at the same time, that engendered in us an authentic and personal bond with the Athletes. Our spirit had changed, infected with all the warmth and sharing with which we had been surrounded.

The next day we were exhausted, but also curious to attend the opening ceremony of the games that would be held that same evening at the Snai Sesana Racecourse. I had never been to Montecatini before that evening and I confess that seeing the Racecourse for the first time in such an evocative setting was a beautiful experience. The stands were crowded with spectators, hundreds of families and thousands of citizens who had flocked to support and celebrate the athletes. The 3,000 athletes sitting in the centre of the field were proud and excited. Many of my colleagues also came to the Racecourse with their families and this, I must say, united us even more as a company. In the following days, together with my 130 colleagues, we split up to support the athletes in the five different competition fields: swimming, 5-a-side football, bowls, athletics and basketball. There are many anecdotes that I treasure in my memory, but what I will always carry in my heart is the warmth of the thousand and more hugs received in those days. They were very close, genuine and contagious hugs, which made me understand that, even if we were the volunteers, in reality it was they who gave something to us, infusing us with all this joy. Many people in the company were touched by this experience. From the stories we exchanged with each other, I can say that we all returned with an extraordinary collection of anecdotes and memories. I must admit that it was one of the best experiences of my life. After those days, I saw a renewed interest in my colleagues, a fresh enthusiasm to participate in the various CSR initiatives that the company promotes. I also know of people who spontaneously got in touch with some of the foundations that Snaitech supports, to make an individual contribution. It is as if the initiative with Special Olympics Italy had given rise to an important awareness, at a corporate and personal level, making us more receptive in supporting other realities.

4. The first Christmas all together



On 12 December 2019, a Frecciarossa train entirely reserved for Snaitech left Rome. That train took the employees of the Rome and Porcari offices to the Fabrique, a musical and artistic entertainment venue, where their colleagues from Milan were waiting for them. And so, for the first time, all Snaitech employees came together in one place. That splendid evening, made even more special by the presence of an exceptional guest like Max Pezzali, was more than a Christmas party. It was the perfect conclusion to a journey that began five years earlier, which saw two companies become a solid, united and cohesive Group.

CECILIA FERRO

Human Resources Administration and Management Manager

When you think of an office Christmas party, you think of a moment of pure fun and entertainment. Our 2019 Christmas party was all this, but it was also so much more. I was hired by Snai twenty-two years ago and I don't remember that an event had ever been organised before that involved the participation of every single employee. So when we received the invitation, we were very excited.

I remember that we left Porcari on three buses. The joyful atmosphere that we felt took me back to my school trip days when everyone rushed to sit at the back with the group of the wildest and we started to party as soon as the doors closed and the wheels started moving. And so was the journey to the Florence station. When we arrived at the platform we could not believe our eyes: a Frecciarossa train appeared before us, entirely reserved for Snaitech employees. Our colleagues from Rome were already on board, joyful and cheerful just like we were. It was right on that train that some of us shook hands for the first time with colleagues with whom we had only been in contact by phone or by email for years, but who we had never met in person. The great thing was that we immediately bonded, those of us who travel more often for work started making presentations and after a few minutes we were a single group, in which only our accents betrayed our origins. Someone had brought speakers, so we put the music on and - it sounds incredible, but it's true - we found ourselves doing the merry train exactly like on New Year's Eve.

Once in Milan, we reached the Fabrique, a huge and magnificent place entirely reserved for us. There we met with colleagues from Milan. Finally, for the first time, we were all together in the same place. And not to work, but just to get to know each other, share and have fun. A moment of the evening that I remember very well was Fabio Schiavolin's speech. Supported by all the top managers, he presented an assessment of the path taken since the merger, thanked all of us for the great results obtained and indicated the goals for the future. It doesn't happen every day to speak to the CEO, which is also why his speech was so important. Fabio was able to make us proud of what we had achieved and gave us the energy to do even better. Especially since that speech came at a time of strong growth and expansion of the company, after so many fears and difficulties we could finally look to the future with optimism and great ambitions. It was then Fabio himself who announced the special guest of the evening, Max Pezzali! That's right, a singer who fills the stadiums and arenas performed just for us, we went so crazy that night some lost their voices to the notes of 'Hanno ucciso l'uomo ragno' (They killed Spider-Man) and 'Rotta per casa di Dio' (The Road to God's house). There are a thousand other things I'd like to say, but the really important one is that that evening was the symbolic conclusion of the journey we have made in these five years. When we started out, in 2015, there were Snai employees and Cogitech employees, employees of the Rome, Milan and Porcari offices. Today, also thanks to the 2019 Christmas party, the us/them wall has definitely fallen. Today it's just us, we at Snaitech.

5. The 'IN Snaitech' newsletter

'IN Snaitech' was born on October 2018, a quarterly newsletter sent to around 1,000 Group employees that deals with issues such as innovation, social and cultural events, social responsibility activities and the most significant news concerning the company. One of the first stories to be told on 'IN Snaitech' is that of Cristina Simonini, who on 6 August 2018, after the terrible explosion of a gas-loaded truck that caused 2 deaths and 145 injuries, opened the Snai Point where she works to shelter the wounded and the evacuees.

CRISTINA SIMONINI

Deputy Agency Manager (Borgo Panigale)



When I was awarded a plaque by the company and discovered that my experience would be one of the first stories included in the new 'IN Snaitech' newsletter, I was very excited, even though I feel I have only done my duty. That day, I was in the shop and I remember hearing a series of small explosions. Frightened, I immediately lowered the shutter. Shortly after, there was a very strong explosion that shattered all the glass in the building and the windows of the adjacent shops. I was terrified with fear and I remained locked inside until I heard the ambulances and fire engines. Only when I got out did I realise what was happening; on the A14 motorway, about 300 metres from us, a truck loaded with gas had exploded. The scenario was apocalyptic: thick black smoke made the air unbreathable and the street was covered with debris and glass. In those conditions it was impossible to treat the injured, so I invited the paramedics to enter the agency. The lowered shutters had protected the shop from the explosion and the air conditioning could offer some relief from the scorching August heat, made even more unbearable by the smoke and the smell of diesel. About 40 wounded found shelter with us together with the inhabitants of the neighbouring houses and the evacuees waiting for the firefighters to verify structural damage. It was a very long and very strange day. After the first initial loss, solidarity replaced fear, everyone tried to help as they could. The neighbourhood quickly became a community, bringing together people who may have crossed paths every day, but had never spoken to each other. My colleague and I closed the shutter at 10 p.m. when all the injured had been treated and the last of the evacuees had been taken to a nearby shelter centre. In the following days, many of the people who had taken refuge in the shop came to visit us, some to express their thanks, others to leave a treat or a small gift. It was wonderful; even today, many of those people look our way and say hello as they pass the agency.

This is what I remember from that day, and which I gladly accepted to recount in the IN Snaitech newsletter. I have been working in the Group for about seven years and I must say that in the last two or three years I have noticed a real change of pace compared to the past. On the one hand, Snaitech has launched numerous actions to inform agencies about the initiatives launched, projects under way and regulatory changes. One of the latest newsletters on the subject of anti-money laundering, for example, was very useful for us to properly understand an issue that otherwise would have been very complex. On the other hand, I notice an increasing attention to people. When I went on maternity leave, for example, my colleagues gave me great support for all the work in progress. Like never before, I now have precise contacts for every situation. As for myself, unlike in the past, I now have my own personal email. It seems like just a detail, but it's the details that make the difference. This is the context in which 'IN Snaitech' fits: not a simple newsletter, but a way of getting to know the faces and initiatives of a company that once we felt perhaps a little distant, and of which today we feel an integral part.





**Businesses are made
of people.
If the merger gave rise
to the extraordinary result
“1 + 1 = 3”, it is thanks
to the professionalism,
commitment and dedication
of all the employees.**



5

Enhancing the value of Racecourse Assets

Italy has one of the longest established and renowned horse racing traditions in the world. The link between Snaitech and horse racing is solid and has deep roots. In fact, the birth of Snai can be traced back to 1990 when SNAI - Sindacato Nazionale delle Agenzie Ippiche (The National Union of Horse Racing Agencies) - from which the company acronym derives - established Snai Servizi Srl. This company was entrusted with the management and supply of administrative and logistic services for telephone collection of horse race betting and subsequently evolved into the Snai Group holding company with the acquisition of sports and horse racing facilities. Snaitech today owns two horse racing facilities in Milan and Montecatini Terme. The one in Milan consists of the Snai San Siro flat racing track and the Snai La Maura harness racing track as well as the Flat Racing Training Centre with racing tracks and stable facilities for horses in training. The Montecatini Terme facility comprises the Snai Sesana harness racing track and the Training Centre. One of the most ambitious and complex projects launched after the merger was certainly the enhancement of these facilities, which were going through a difficult moment due to the crisis that the equestrian sector is experiencing at national level.

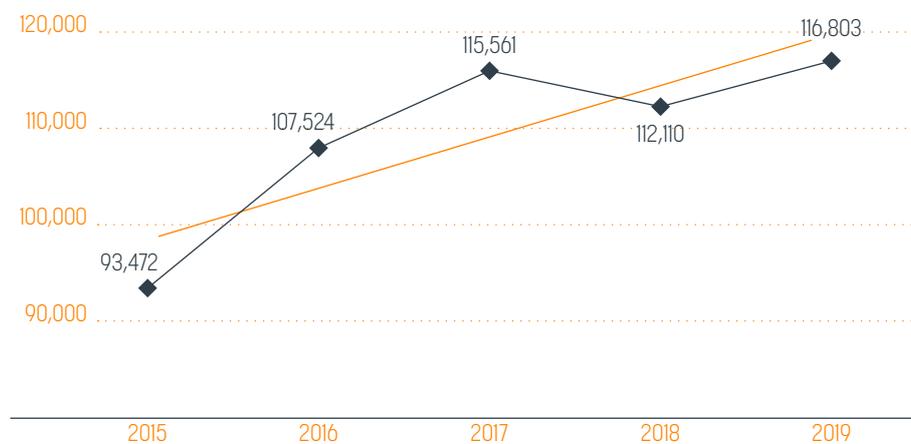
In the five-year period 2015-2019, Snaitech has invested significant resources and energy to reverse this trend. In the devised and developed relaunch strategy, the racecourses are conceived as spaces capable of providing a wide range of entertainment services. The goal is, on the one hand, to enhance the value of racecourses beyond their sporting function, transforming them into multipurpose meeting places open to the city and to all citizens also on non-racing days. On the other hand, to make the new generations aware and passionate about a noble sport of great tradition such as horse racing.

Snai San Siro Racecourse

For history, tradition, architectural features, vastness of spaces and environmental values, the Snai San Siro Racecourse is undoubtedly the flagship of the racecourses managed by Snaitech. Designed by architect Paolo Vietti Violi and Inaugurated in April 1920, the complex is an authentic Art Nouveau architectural jewel and is the only horse riding facility in the world declared a “monument of national interest”. The facility is located in the approximately 140 hectares of the Milan San Siro Equestrian District with approximately 2,700 tall trees. The Snai San Siro Racecourse itself hosts a precious botanical park and represents an immense green lung for the city of Milan.

For over a century, the Snai San Siro Racecourse has been one of the most prestigious horse racing venues on an international level. On these tracks have raced, fought and won some of the greatest thoroughbreds in the history of horse racing and jockeys with prestigious names and famed with glorious feats. The tracks of the Snai San Siro Racecourse are considered among the most selective in the world and, thanks to the various layouts, they can host race meetings over various distances, from 1,000 to 3,000 metres for flat races, up to 5,000 metres for steeplechases and cross country races. The horse racing season, which takes place from March to November with a summer break, has about 70 meetings each year for more than 500 races in total, with a calendar that includes numerous Pattern and Grand Prix races.

SPECTATORS IN RACE MEETING DAYS AT THE SNAI SAN SIRO RACECOURSE



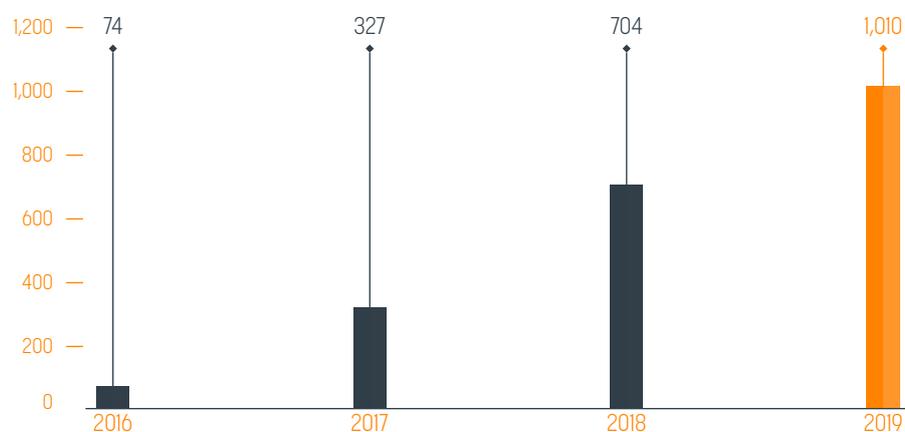
By virtue of its sporting importance and its extraordinary structural characteristics, this facility has been the ideal workshop for starting projects and initiatives capable of capturing the interest of a general public and designing a new future for racecourses within the urban context.

It all started on Saturday 12 November 2016, when to celebrate the 110th anniversary of the Trenno Company, the first nucleus of the Snai Group, Snaitech invited the pianist Raphael Gualazzi to perform on a stage specially set up between the track and the covered grandstand. The concert attracted thousands of spectators, many of whom entered the racecourse for the first time to attend the free performance of one of the most interesting talents on the Italian music scene. The success of that day confirmed that it was possible to attract a new audience made up of families and people of all ages. And so the Saturday and Sunday Racecourse Events were born: in conjunction with the most important race meetings, Snaitech

began to develop events and formats capable of adding content of interest to the spectacle on the track, with the aim of attracting also those who have no knowledge of horse racing and maybe do not even like it. Week after week, the tree-lined avenues of the Snai San Siro Racecourse began to come alive with new flavours and colours thanks to events such as the Flug Market, the Beerdrome, the Italian Wines fair, the Music Festival and the Spritz Night. These formats have become an integral part of the seasonal calendar and are repeated successfully every year.

The Racecourse thus gradually began to open up to a new public. To assist visitors in getting to know and appreciate its history and wonders, Snaitech created the #scoprisansiro (#discoversansiro) tour, an organised itinerary based on thematic islands aimed at revealing the historical and most evocative areas of the facility, from the splendid 'Palazzina del Peso' (Weigh-in Building) to the Botanical Park, passing through the saddling area and the parade ring up to the imposing monument of "Leonardo's Horse". Furthermore, in order to enhance the offer dedicated to families with children, on the occasion of the most important racing days, the management of the Racecourse paddock area was assigned to the Francesca Rava N.P.H. Onlus Foundation which, in collaboration with the iZi-love Foundation, organised children's recreational workshops for the events (in this regard, see the paragraph "Support for children in difficulty", page 50). The initiative has a dual significance: on the one hand, to support the Foundation and its deserving initiatives to support children in difficult conditions, on the other hand, to offer the young guests of the Racecourse an opportunity for recreation within a controlled and safe space. And it is precisely in the light of the appreciation and great curiosity shown by young people and children that it was decided to launch the #scoprisansiro School Project for little ones. Dedicated to pupils of primary and middle schools in the Milan metropolitan area, the project proposes an educational and playful itinerary within the facility. Accompanied by an expert guide, pupils can visit the training tracks, the racing horse stables and Leonardo's Horse. After each visit, the kids and their families are invited to participate in a day of racing during which they are later honoured on the prize-giving podium. It is a one-of-a-kind experience that immediately met with the approval of teachers, children and their parents. Word spread quickly, so much so that what was a pilot project in 2017 has become a regular event that includes a busy schedule of morning visits, always on Thursdays, for up to 60 participants at a time. In four years, over 2,100 children have participated the project, which numbers in continuous growth (in this regard see the story "The children's' #scoprisansiro School Project", page 87).

PUPILS VISITING THE SNAI SAN SIRO RACECOURSE AS PART OF THE SCHOOL PROJECT



Snaitech also brought back great music in the events area of the Snai San Siro Racecourse by granting spaces to the organisers of the Milan Summer Festival, an event that every year transforms the Milan equestrian area into a stage where the best artists of national and international music perform. Between 2017, the year of the first edition, and 2019, the likes of Santana, Kiss, Iron Maiden, Red Hot Chili Peppers, Marilyn Manson, Alice in Chain, Martin Garrix and Alanis Morissette performed on the Racecourse field. Thanks to an exceptional line-up and a unique location in the city, the Milan Summer Festival has grown from 50,000 spectators in 2017 to 100,000 in the 2019 edition, affirming the Snai San Siro Racecourse as one of the best concert locations in the city.

Snaitech has therefore been able to add events, entertainment, teaching and great music to the sporting vocation of the racecourse. However, a fundamental piece was still missing - culture. And here enters another important stage of the value enhancement journey for the facility: entry into the circuit of FAI (Fondo Ambiente Italiano), the National Trust for Italy. On the weekend of 24 and 25 March 2018 the Snai San Siro Racecourse was included for the first time in the list of places to discover on the occasion of the FAI Spring Days, thus becoming part of a virtuous circuit for the promotion of Italian cultural heritage sites. Through guided tours, FAI visitors were able to discover the beauty of the equestrian area and access places normally closed to the public. The success of the initiative was extraordinary: with almost 10,000 registered accesses, the Racecourse was one of the most visited treasures in Italy (in this regard, see the story "The FAI Spring Days", page 85). A result that convinced Snaitech and FAI to repeat the initiative during the 2019 FAI Spring Days. The Racecourse also opened its gates on the occasion of some of the most important cultural and entertainment events in Milan. For several years it had, in fact, been one of the locations of the Milan Green Week and in 2019 it entered the Milan Piano City circuit.

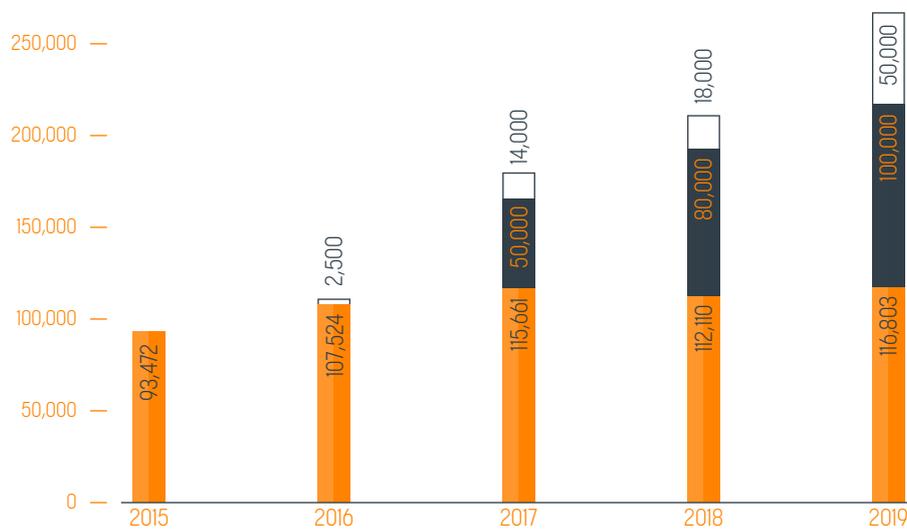
The description of the many initiatives launched by Snaitech to relaunch, enhance and open the Snai San Siro Racecourse to the city must finally include the most important and ambitious project developed in these 5 years: the Leonardo Horse Project (in this regard, see the story "Leonardo's Horse - The Project", page 84). The Snai San Siro Racecourse has the honour of treasuring the equestrian statue of Leonardo's Horse, a majestic bronze sculpture created from the original drawings of Leonardo da Vinci by the American sculptor Nina Akamu and donated to the city of Milan in 1999 by the Leonardo da Vinci's Horse Foundation. To celebrate this magnificent work and pay homage to the genius of Leonardo da Vinci on the occasion of the 500th anniversary of his death, in 2019 Snaitech launched a project in which 13 scale reproductions of Leonardo's Horse were created, personalised by important Italian and international artists including outstanding names such as Markus Benesch, Matteo Cibic, Antonio Marras, Marcelo Burlon and Marcel Wanders. A project so beautiful and ambitious that it deserves not only the patronage of the Municipality of Milan, but also that of MiBACT. The 13 Designers' Horses were presented at the Milan Design Week, during which they were exhibited at the Racecourse next to the large original horse, and subsequently placed in symbolic areas of Milan, Rome and Porto Cervo. Also as part of the project, a free multimedia exhibition "Leonardo Da Vinci and the representation of the horse" was hosted at the Racecourse. It was held in collaboration with the Museum of the Battle of Anghiari and attended by over 7,000 visitors. The augmented reality Leonardo Horse Project app was also created, which contains information on the history of Leonardo's Horse, on the Designers' Horses initiative and the Snai San Siro Racecourse. Through the Leonardo Horse Project, it became possible to make Leonardo's Horse and the Racecourse known to thousands of people. Having returned to the Snai San Siro Racecourse on 10 November 2019, on the occasion of the closing festivities for 132nd flat racing season, the 13 Designers' Horses are now exhibited next to Leonardo's Horse, one more reason to visit the horse racing complex.

The Leonardo Horse Project was the culmination of a path, began in 2016, which led to the revival of the

Snai San Siro Racecourse and the consecration of the structure as a new cultural and entertainment space in the Milan area. The success of the plant's revival and enhancement plan is certified by the statistics: attendance has grown from around 90,000 spectators in 2015 to almost 270,000 in 2019, extraordinary numbers considering the crisis that horse racing is experiencing nationwide. Thanks to these results, the Milan's Racecourse is now considered a virtuous model in Italy to inspire the equestrian movement and equestrian areas, as stated by the Minister of Agricultural, Food, Forestry Policies, Gian Marco Centinaio, in June 2019.

TOTAL NO. OF VISITORS TO THE SNAI SAN SIRO RACECOURSE

■ Public on race meeting days ■ Concert audiences □ Visitors to cultural events



The Snai Sesana Racecourse

The Snai Sesana Racecourse in Montecatini Terme is a precious structure located in a natural setting at the foot of the Valdinievole hills. It is one of the main racecourses in central Italy and is deeply rooted in the urban and cultural context of the spa town, a destination for tourists from all over the world.

Built at the beginning of the twentieth century, over time it has undergone major structural improvements and expansions and today it is equipped with an 800-metre track whose perimeter encloses the training track. The stables include about 500 boxes, with saddlery, barns, farrieries, an indoor exercise ring, several isolation stalls, staff sanitary facilities, restaurants, bars and large reserved parking lots. The covered grandstand accommodates about 2,000 comfortably seated spectators, while about another 8,000 can occupy the parterre and the entire track side, where there are spaces for setting up stands or exhibition events. A special area for children equipped with games, rides, slides and volleyball and basketball courts completes the structure. The Snai Sesana Racecourse is equipped with a lighting system that provides a perfect view of the evening races which are held between June and August. The history of the facility has already passed the century and has seen great champions compete on the circuit such as Tornese,

Crevalcore, Wayne Eden, The Last Hurrà, Delfo, Mack Grace Sm and the famous Varenne. The focus of the season every year is in August. Particularly important is the City of Montecatini Grand Prix, which takes place every year on August 15th and is a real festivity open to all free of charge, in which, in addition to the racing spectacle on the track, also various events and entertainment activities are hosted. The highlight of this night-time race is the show after midnight when, when the spotlights of the runway are turned off, a great and engaging fireworks display begins.

The Snai Sesana Racecourse has a close and profound link with the city of Montecatini Terme; in fact, it represents an important attraction for the area. Here too, Snaitech wanted and was able to bring complementary events to the traditional equestrian calendar. With particular reference to sporting events, we highlight the "Montecatini Half Marathon", an event that took place on 20 January 2019 and started right from Sesana, involving over 700 athletes and enthusiasts who competed over three distances: the Half Marathon (21,097 Km), the Run4Fun (10 Km) and the Walk4Wellness (5 Km). Not only that, in April 2019 the Racecourse was the scene of the 13th edition of the 'Gran Fondo delle Terme', the prestigious cycling race of the "Olympia Gran Prix" Tuscany Mountain Bike Tour which includes six of the most beautiful events in Tuscany. At least once a year, the Sesana facility also hosts a mini-basketball and basketball sporting event organised by the Montecatini Terme basketball clubs, which compete in a tournament divided into teams and age groups made up of youth mini-basketball, the women's formations and the first team.

There are also many recreational and recreational events that take place throughout the season. Every year, the Racecourse hosts the Dog Agility and Obedience exhibition thanks to the collaboration with the Valdinievole Dog Training Group. On 1 September 2018, Sesana hosted the first edition of the "Toscana Auto Collection", which brought together unique cars and motorcycles in a sort of exhibition show & market where Montecatini Terme and the Sesana facility became a meeting point for beauty, design and history. After the success of the first edition, the event was repeated in 2019. Also in 2019, the facility was devoted to beauty when it hosted the casting of Miss Montecatini 2019. Let's not forget the DeeJay Time evening by Radio DeeJay, which took place in the summer of 2018, the 'aperitifs at sunset' and the numerous initiatives dedicated to families with children. Especially for children, the "Bimbo Fantasy" event was organised for the 2019 Easter holiday's days in collaboration with the Pinocchio 3000 cultural association. For the occasion, various areas equipped for play and fun for all ages were set up at the Sesana facility, so children enjoyed inflatables, target shooting, a Lego room and many other attractions.

Not just sports and events, the Snai Sesana Racecourse is also a theatre of solidarity. In 2018 and 2019 it opened to host fundraising for Denis Coku, Italy's 14-year-old Paralympics Dressage star. Thanks to this initiative, Denis was able to buy a new horse after the death of his beloved mount Donatello, companion of many competitions and victories. Among the solidarity events that take place in the facility, we also remember the 'Championship of the Stars' and 'Sesana 4 Amandola', which in May 2019 saw many celebrity journalists, politicians and singers challenge each other on the sulky carts. Part of the proceeds from the bets on these races were donated by Snaitech to the mayor of Amandola to help fund the reconstruction of his town. Finally, let's not forget the traditional annual fundraising for the Montecatini Terme First Responder Society.

As part of the ongoing collaboration between the iZilove Foundation and Special Olympics Italy, in June 2018 the Sesana centre was the scene of the opening ceremony of the XXXIV National Special Olympics Italy Summer Games, which was attended by over 3,000 athletes from 177 delegations throughout the country. The initiative, which is extensively described in the chapter dedicated to CSR, was a huge suc-

cess and was characterised by the huge participation of Snaitech employees with its 130 volunteers who offered their services to the organisers. The great participation of Snaitech employees was a record at national level. Thanks to this busy calendar of sporting, cultural, recreational, entertainment and recreational events, in the five-year period 2015-2019, the Snai Sesana Racecourse consolidated its role as a key venue in the Valdinievole area. Once again, the numbers speak for themselves. On the night of 15 August 2018, the historic record of 14,822 accesses was recorded, surpassing the previous record that had stood since 1977 (in this regard, see the story "A record-breaking Sesana", page 88). The data relating to accesses recorded during the 2019 season are also excellent, with constant growth over the five-year period. Although the race meeting days fell from 40 in 2015 to 32 in 2019, the spectators increased by 44% from around 26,000 in 2015 to around 40,000 in 2019. Even more marked is the increase in accesses to exhibitions and events, which grew by 66% from around 15,000 in 2015 to around 25,000 in 2019.

VISITORS TO THE SNAI SESANA RACECOURSE



The Snai La Maura Racecourse

The Snai La Maura Racecourse, which takes its name from an ancient Lombard farmhouse, is the youngest of the three racecourses owned by Snaitech. Inaugurated on 9 May 2015, precisely in the year of the merger between Snai and Cogemat/Cogetech, the facility was built thanks to the support and agreement with the Lombard horse racing categories, the Municipality of Milan, the South Agricultural Park of Milan, the trade unions of the equestrian sector and with the consent and authorisation of the Ministry of Agricultural, Food and Forestry Policies. With the construction of this racecourse in 2012, Snaitech brought harness racing, absent since the closure of the former San Siro facility, back to Milan.

The Snai La Maura Racecourse covers a total area of 17 hectares. The track is 1,050 metres long with a

uniform width of 32 m around the entire circuit and a bend camber of 7%. The complex is located within the larger Milan equestrian area owned by Snaitech, an immense area that extends over 1,400,000 square metres, approximately 1% of the entire surface of the Municipality of Milan. The large spaces available enabled the designers to design the track layout without any size limitations or constraints. Thus was born what is today the most beautiful, safest and fastest track in Italy and one of the best in Europe, with ideal bend radii and a terrain so perfect that the horses can run at the fastest pace. It is no coincidence that two Italian records have already been set on this track, by Zaniah Bi and Cokstile in 2019, and a world record, by Socrate Laser in 2016.

The entire system was built according to a "zero environmental impact" design: the refreshment areas and the pits were in fact obtained by recovering existing structures, the base and bottom of the track were obtained from the renovation of the historic layout of the former San Siro harness race track, while the covered grandstand, which can accommodate up to 400 spectators, was built with modular materials. During the race meetings, bars and play areas are available in addition to a large internal car park. A press room is available for accredited journalists, equipped with a monitor to follow the race and a Wi-Fi network, located on the track.

Unlike many other structures in Italy, in which the difficulties of the equestrian sector are felt more acutely, the Snai La Maura Racecourse can boast a large audience of enthusiasts. A lot of attention and activities are dedicated to this community that follows the races every day. For example, the days of the Sant'Amrogio festivity, Christmas Eve and Saint Stephen's Day are traditionally celebrated with a slice of panettone and mulled wine. Furthermore, on 6 January the appointment is with the Befana, who distributes sweets and candies to children.

By virtue of its characteristics and its wide spaces, the Snai La Maura Racecourse has also won the respect of the flat racing community, managing to bring the fans of two very distant and different disciplines closer together. In fact, since 2017 it is the seat of the prestigious Italian Yearlings Auction with the organisation of the National Association of Thoroughbred Horse Breeders. In 2019, more than 90 flat racing thoroughbreds passed under the auctioneer's gavel for a record total trading volume of almost 3 million euros, with excellent median price indicators and peak prices above 100,000 euros.

1. Leonardo's Horse Project



On the occasion of the celebrations for the 500th anniversary of the death of Leonardo da Vinci, Snaitech launched the Leonardo Horse Project, an initiative that obtained the patronage of the Municipality of Milan and MiBACT (the Cultural Heritage and Tourism Ministry). As part of the project, 13 scale reproductions of Leonardo's Horse were created and personalised by important Italian and international artists. The works are now exhibited at the Racecourse, next to Leonardo's Horse.

FILIPPO DEL CORNO

Councillor for Culture, City of Milan

I have an emotional bond with the Racecourse, first built when I was little and my father took me to see the flat races. I remember the beautiful afternoons spent there with my brothers and my cousins: for us, racing was a game and a moment of leisure, we got lost admiring the horses and the bright colours of the jockeys' jackets and we challenged ourselves to guess who would win. I'm therefore very familiar with the wonderful architecture and landscapes of this place and I think it is perfect for hosting the Nina Akamu's beautiful and imposing monument inspired by the drawings of Leonardo's Horse. Not only is the Racecourse the natural location for an equestrian statue, but the setting for this work seems to be made on purpose to accentuate it. The view is ideal from all angles and, thanks to the wide open spaces, one can admire the work from a distance before approaching it.

I was able to closely follow and appreciate the Leonardo Horse Project which I consider a significant and precious endeavour. Indeed, the Designers' Horses initiative made it possible to introduce Leonardo's Horse and the Racecourse to many Milanese people. I believe that this project is the demonstration of the quality of the attention that Snaitech is putting into the value enhancement not only of this work, but of the entire facility, which has an architectural value and a significant social history that the city should learn about and appreciate. Indeed, we have examples in Europe of how structures like Racecourses can become attractions that enrich the city itself.

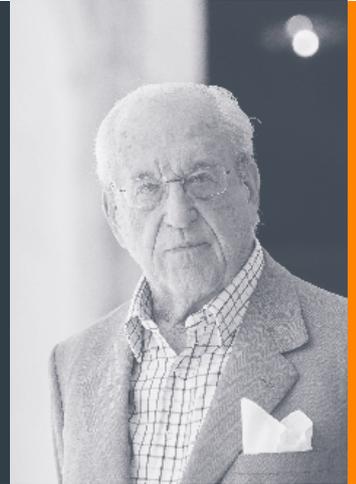
In this sense, I judge the direction that the owners have taken to be very positive. Not only have they focused on the sporting aspect but through events, concerts and cultural events, they have enabled many citizens to come to know and appreciate the fascinating charm of this place. Personally, I can already see the first positive effects of the work done in these five years by Snaitech. First of all, I note that the Racecourse is more and more often included in Milan's sightseeing tours. By opening to the public on the occasion of initiatives such as the FAI Spring Days, the Milan Green Week, Piano City and Fuorisalone, it is establishing itself as one of the vibrant and liveliest places in the city. Secondly, it seems to me that - while fully respecting its horse racing mission - the Racecourse is increasingly favoured as a venue for events, concerts and a meeting place for all citizens. My personal hope is that this path may in the future lead to the creation of a culture and sports district that unites the stadium, the stadium museum and the Racecourse. Sport is part of the history of the city and our customs, which is why I am convinced that an enhancement project of this type could bring the Racecourse even more into the heart of our city.

2. The FAI Spring Days

In 2018, for the first time in its history, the Snai San Siro Racecourse became one of the venues of the FAI Spring Days. Being part of this very important circuit for the promotion of the national cultural heritage is a great opportunity to welcome a new audience, made up mostly of visitors who had never crossed the gates of the Racecourse. This is a fundamental step in the facility's enhancement programme started by Snaitech.

ANDREA CARANDINI

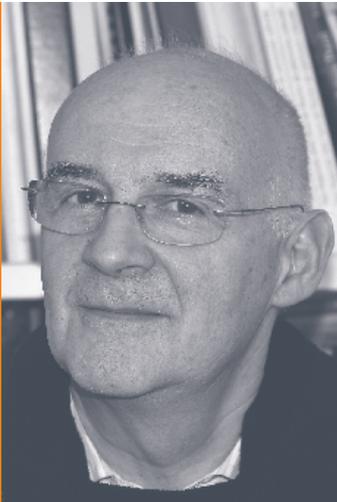
President of FAI - the National Trust for Italy



The Snai San Siro Racecourse complex is unique in its kind, both for the vastness of its spaces and for the coexistence of environmental, architectural and cultural values. Inaugurated in April 1920 and declared a monument of national interest in 2004, it represents one of the most prestigious equestrian arenas at an international level and has been at the heart of an ambitious relaunch project for 4 years now thanks to Snaitech. Precisely for this reason, it was included in the circuit of open places on the occasion of the FAI Spring Days to raise the awareness of as many citizens as possible about the protection of our unique and wonderful heritage.

2019 was the second consecutive year of opening of the Snai San Siro Racecourse on the occasion of the FAI Spring Days and confirmed the extraordinary success achieved the previous year. There is a great narrative underlying the Racecourse and many stories are told during the visits of the public. They tell of the San Siro district in which the structure is immersed, the history of horse racing, the botanical park it incorporates with 55 species of ancient trees and rare specimens as well as the two Art Nouveau buildings dating back to the 1920s. Furthermore, the Snai San Siro Racecourse is home to 'Leonardo's Horse', one of the largest equestrian statues in the world, created in 1999 by the sculptor Nina Akamu and inspired by the original drawings of Leonardo da Vinci. Almost 15,000 visitors chose to "discover" the Snai San Siro Racecourse in the two special FAI Spring Days openings in 2018 and 2019. A significant number that, on the one hand underlines the architectural and historical-artistic value of the site and, on the other, testifies to the high degree of appreciation of the citizens towards a place of tradition in the city of Milan, rooted in the memory of many of its people. Snaitech is a company with strong local roots and what has been done in Milan through the redevelopment of the Racecourse is a concrete example. Snaitech has taken concrete steps to recover, enhance and maintain a building of great historical, cultural and social value for the city, with the ambition and aim of returning it to citizens and reviving it as a place of aggregation. This approach is absolutely in line with the mission of FAI and it is what we also do with the many of the Foundation's assets in Italy. Transparency, responsibility, commitment and love for our territory are the shared values on which the collaboration with Snaitech is based, a friendship born 3 years ago and which we hope will continue to grow in strength.

3. Enhancing the value of our cultural heritage



Our dialogue with the Politecnico di Milano started in 2017, when Snaitech took part in the Digital Innovation Observatory in Cultural Heritage and Activities, an initiative aimed at promoting digital innovation in cultural institutions. Through the iZilove Foundation, Snaitech then financed two scholarships for the MIP Master's in Management of Cultural Heritage and Institutions, Graduate School of Business of the Politecnico di Milano.

STEFANO DELLA TORRE

Director of the Masters in Management of Cultural Heritage and Institutions MIP - Politecnico di Milano

Our collaboration with Snaitech began in 2017, when the company got in touch with the team running our Masters in Management of Cultural Heritage and Institutions (MABIC) with an idea for enhancing the Snai San Siro Racecourse. Inaugurated in April 1920, this facility is not only a splendid example of the architecture of those years but it has also become a model for the construction of numerous equestrian facilities around the world. Unfortunately, only a few know about the work of the architect Paolo Vietti Violi, who was one of the best-known and most appreciated professionals of the time and who, with his work, made a fundamental contribution to the development and study of large sports infrastructure and facilities in Italy and abroad. The first step in the collaboration with Snaitech was the activation of two scholarships for two students of the MABIC Master's, who were entrusted with the task of developing a project focused on the possible enhancement and communication activities for the Flat Racing Racecourse in Milan on the occasion of the Leonardo celebrations. In light of the positive results of this first initiative, we chose to give continuity and strengthen our partnership.

We are very keen on the collaboration started with Snaitech, also because this company is an unorthodox partner compared to the stakeholders with whom we usually interact. Let me explain: our traditional interlocutors are institutions, cultural foundations and, more generally, entities already active in our sector and that by vocation are more inclined to want to enhance their artistic and cultural heritage. It is very significant that Snaitech was able to identify the Flat Racing Facility as a cultural asset, it may seem strange but there are few non-institutional entities who demonstrate this foresight, often they tend to destroy rather than preserve. In Italy there is little widespread awareness that an asset of historical interest can represent a resource, just think that in our everyday terminology we usually speak of a "restriction" applied by the Cultural Heritage Superintendencies, a term that suggests a hindrance and certainly not an opportunity. Instead, through virtuous management, the enormous archaeological, architectural, historical and artistic heritage of our country could become a driving force for development. And Snaitech has perfectly understood this. It is no coincidence that they contacted us to study together how to form governance models for the structure. Not only that, but I have personally been able to ascertain how deeply rooted the vocation towards corporate social responsibility is in Snaitech, and the facility enhancement project is part of this trend. This is also why we are consolidating our collaboration over time, with the aim of making this magnificent place a resource included in the offering of a city where the demand for culture is very high and which is increasingly becoming a tourist destination.

4. The children's #scoprisansiro School Project

Dedicated to pupils of primary and middle schools in the Milan metropolitan area, the #scoprisansiro project proposes an educational and playful itinerary within the San Siro horse racing complex, with attendance numbers in constant growth.

MARCO BESTETTI

President of Municipality 7 - Milan



I went to the Snai San Siro Racecourse for the first time only four years ago, at the invitation of a friend and I confess that I never expected to find so many wonders beyond those gates. I immediately understood that this magnificent place, rich in history, tradition, culture, sport and nature, could represent an extraordinary resource not only for our Municipality but for the entire city. After that first visit, I went back often and, during one of these visits, I met the CEO of Snaitech, Fabio Schiavolin who told me about the horse racing crisis, explaining how Snaitech was developing a project to relaunch the sector founded precisely on the enhancement of racecourses as meeting spaces open to the city and citizens. Because to become passionate about horse racing one must have some specific knowledge about this world, which is made up of heartfelt passion, competitive spirit and love for horses. A world that is very distant from the negative stereotypes that come from the past and that unfortunately are not yet completely overcome in the collective imagination.

And so we imagined how nice it would be to introduce children to these spaces and this sport. Quickly moving from words to deeds, Snaitech acted on the idea and created the #scoprisansiro School Project for young children.

Children enjoy a day-trip to the Racecourse and get the unique chance to visit the stables, discover the Art Nouveau architectural complex, run barefoot on the track field, ramble through the paths of the botanical park and, finally, enjoy a snack at the feet of the beautiful Leonardo Horse. I personally joined in a few times and I confess it was exciting. I clearly recall two memories. The first is linked to the astonished face of the kids at the sight of the horses and their joy in stroking and feeding them. The second is the story of a teacher who before the trip had asked the children to draw a picture of what they imagined horse racing was like. Faced with that request, she told me, many children were dumbfounded: they knew about running, bike races, auto racing, but they had never heard of horse racing. These two anecdotes are significant for understanding the informative and educational value of this project.

Milan's 7th municipal district is the greenest in Milan and has a very strong sporting vocation. Here we have the stadium known as "Football's La Scala" and we can aspire to make the Snai San Siro Racecourse the "The La Scala of Horse Racing". An ambitious goal but achievable thanks to the commitment of a company like Snaitech, which is investing to give prestige to a heritage that belongs to Milan and all of Italy.

5. A record-breaking Sesana



On the evening of 15 August 2018, on the occasion of the 66th edition of the City of Montecatini Terme Grand Prix, the Snai Sesana Racecourse reported a record of 14,882 spectators, surpassing the previous record of 14,800 admissions that had stood since 1977. This important milestone shows how, through an effective strategy of enhancement and promotion of racecourses, the passion for horse racing can be kept alive even today.

LUCA BARONCINI

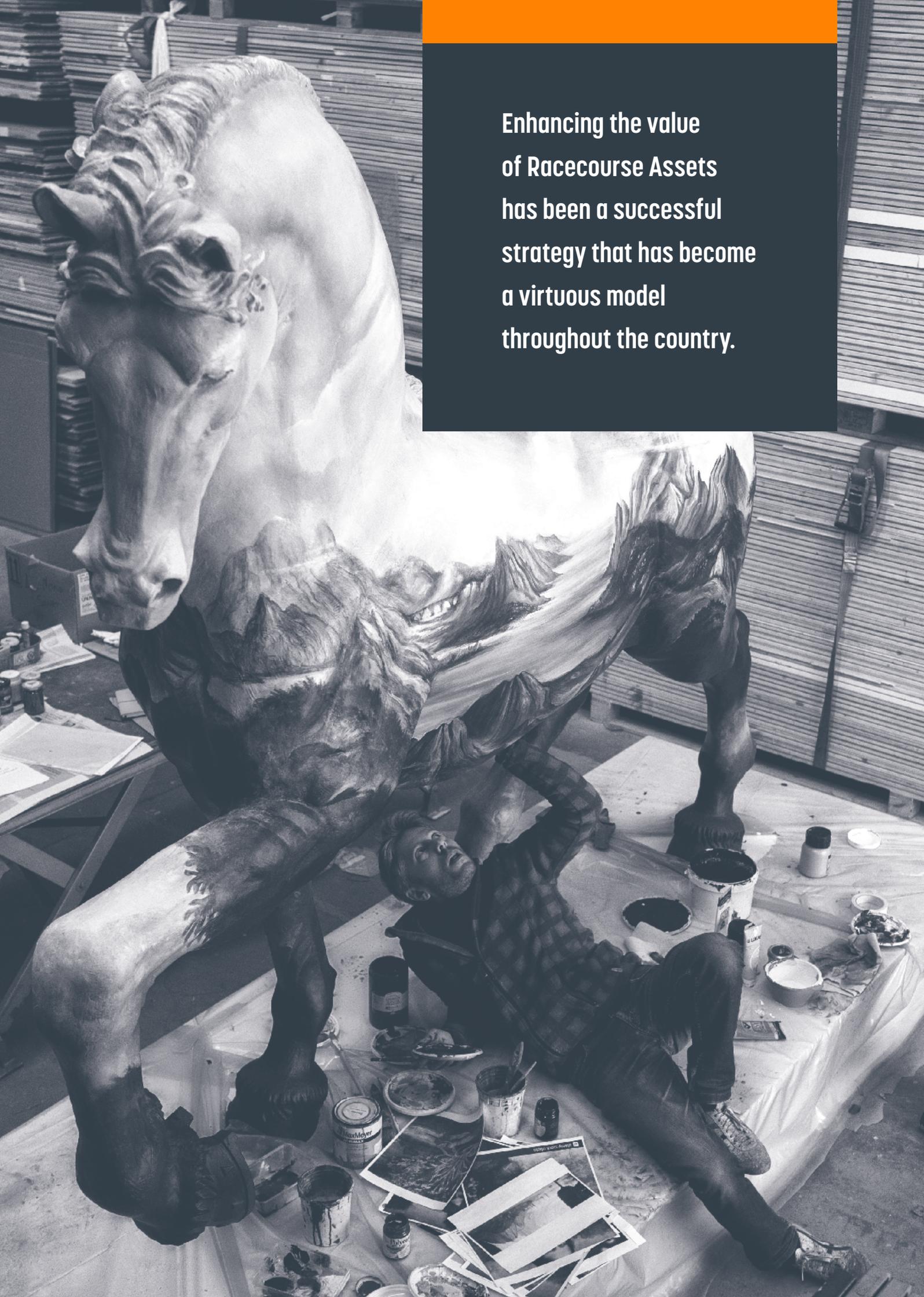
Mayor of Montecatini Terme

For Montecatini Terme, the Snai Sesana Racecourse is much more than an equestrian facility. It is, in its own right, one of the monuments of our city; indeed, it exudes history, culture, tradition, anecdotes and memories, but it also evokes the present and the future. For all these reasons, this facility, certainly one of the most beautiful in Italy, has become an integral part of our city and is really part of the life of our citizens. We are talking about a private structure that is so deeply connected with the territory that it is perceived as a public place, a place to meet and congregate.

We must thank Snaitech and all the employees, workers and staff of the Racecourse for the care and attention with which they run the facility, but also for their continuous endeavour to enhance its potential. Although these times are no longer those of the glorious days of horse racing, Snaitech has found the way not only to keep the flame of enthusiasm alive in enthusiasts, but also to open the facility to a new public. In addition to the races, in recent years numerous initiatives have been organised here. It would be easy to mention a touching and exciting event like the Special Olympics Italy National Summer Games, but I also remember well the opening ceremony of the Over-50s World Basketball Championships, the gala evenings and the musical events. Not to mention solidarity initiatives such as the Man and Horse Association's Special Horse Day, a project to raise awareness of the importance of horse therapy as way of including the disabled in rehabilitation and psycho-physical activities. The highlight of the season, however, was certainly the City of Montecatini Grand Prix, a staple of the international harness racing calendar. A nationally known event that attracts enthusiasts, tourists and onlookers from all over. For many years, the lights of the races and the glow of the fireworks that night have illuminated the sky of Montecatini Terme with joy. A tradition, this, embellished by the spectacle of the "Incanto Liberty" event. This event is unique in its kind because, in addition to exhibiting the most beautiful vintage carriages, it features the same crews, who dress up in Art Nouveau style clothes. Montecatini boasts many well-preserved buildings dating back to the Liberty period, from the Town Hall to the Baths, then the Excelsior Cinema and the Tamerici Pavilion. Starting from the city centre and arriving at the Racecourse, the wonderful Incanto Liberty parade thus defines a path in the history of the architecture of our territory and represents a journey of culture and charm that engages the entire city.

In conclusion, the Snai Sesana Racecourse is a very important venue for the city and the territory. The hope for the future is that Snaitech will continue to invest and believe in this facility, as it has done in recent years. The hope is instead that the revival of horse racing is not entrusted only to the efforts of individuals, but that the Ministry will be able to invest again to regenerate it. This magnificent sport with a great tradition deserves to be supported because it has all the characteristics to make people passionate again, as shown by the virtuous example of our Sesana.

Enhancing the value
of Racecourse Assets
has been a successful
strategy that has become
a virtuous model
throughout the country.



02



IBIS

La Gazzetta dello Sport
Tutto il rosa della vita

La Gazzetta dello Sport
Tutto il rosa della vita

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Tutto il rosa della vita

Second part

Social-environmental
reporting for 2019

6

Our commitment to sustainability ^(GRI 102-16)

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

- Introduction to the Code of Ethics -

SNAITECH
SUSTAINABILITY WEEK

MILANO
1 OTTOBRE 2019

ROMA
2 OTTOBRE 2019

PORCARI
3 OTTOBRE 2019

PUNTIAMO
SU DI NOI

IMPATTO SUL TERRITORIO

IMPATTO AMBIENTALE

TUTELA DEI CLIENTI

VALORIZZAZIONE DELLE PERSONE

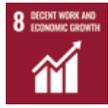
SVILUPPO SOSTENIBILE

6.1 Snaitech's approach to sustainability

The Group considers sustainability to be one of the fundamental keys, together with leverage scenarios more closely related to the business, which directly influence the corporate reputation and the trust of customers, regulatory authorities and the communities in which the company operates: a very conscious vision of the fact that an approach to business, based on responsibility, can affect the Group's results. Since it does not exhaust its sphere of action within the organisation, but continuously engages with the external environment, perceiving its emerging needs, since 2017 Snaitech S.p.A. has been inspired by the recommendations of the UN Global Compact² and is committed to offering its specific contribution to achieving the Sustainable Development Goals (SDGs) envisaged by the United Nations 2030 Agenda. In particular, the SDGs and targets, expressed in relation to the principles of the UN Global Compact, in which the Group believes it can act, are the following:

Sustainable Development Goals

UN Global Compact Principles

Gender equality	Human Rights	
	<p>Target 5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.</p>	
Decent Work and Economic Growth	Work	
	<p>Target 8.1. Sustain per capita economic growth in accordance with national circumstances, and in particular at least 7% per annum GDP growth in the least-developed countries.</p>	
Life on land	Environmental sustainability	
	<p>Target 15.1. By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.</p>	
Peace, justice and strong institutions	Fight against corruption	
	<p>Target 16.4 By 2030, significantly reduce illicit financing and arms trafficking, strengthen the recovery and return of stolen property and combat all forms of organised crime. Target 16.5. Significantly reduce corruption and abuse of power in all their forms.</p>	

²The UN Global Compact is a voluntary United Nations initiative, born with the intention of guiding all companies, worldwide, towards the adoption of sustainable policies.

6.2 Stakeholder engagement (GRI 102-40)

Stakeholders make investments related to Snaitech’s business; first of all, the shareholders and lenders, the regulatory authorities, which in the Italian system are of enormous importance for the gaming sector, and then the collaborators, gamers, suppliers and business partner. In a broader sense, moreover, stakeholders are all those subjects or groups, as well as the organisations and institutions that represent them, whose interests are influenced by the direct and indirect effects of Snaitech’s activities, such as local communities and the national context in which the Group operates. Future generations also represent an important stakeholder because they are attributed a long-term interest in the triple economic, social and environmental sustainability, which represents a strategic reference for the Company.



Snaitech's management, representing the Group, communicates daily with a large number of reference contacts belonging to multiple categories according to the proposed summary table. For this 2019 edition of the Sustainability Report, which intends to represent a sort of first step after five years of operations that changed the corporate configuration, Snaitech wanted to take a step forward in the degree of involvement of its stakeholders. **It selected and interviewed twenty-five people representing their membership organisations who in various ways collaborated or were involved in operations and initiatives carried out by Snaitech** in recent years. **(GAI 102-42)**

Their interviews, gathered in the first part of this document, represent an important testimony of the collaborative relationships that the Group has been able to establish and a wealth of ideas that will guide future activities. Ordinary company activity also envisages **a series of opportunities and information tools** and continuous involvement of stakeholders, which is undertaken according to the principles explicitly referenced in the Code of Ethics. Snaitech acts with fairness and impartiality, avoiding any type of discrimination, enhances its human capital with targeted policies, acts honestly and requests the same from its counterparts, communicates externally and internally with transparency and completeness, is actively committed to protecting the environment and people and ensures the confidentiality of personal and individual sensitive information.

Stakeholder	Information and engagement tools <small>(GRI 102-43)</small>
Employees	<ul style="list-style-type: none"> – Corporate intranet dedicated to employees (Hello!) – Corporate bulletin boards – Snaitech Sustainability Week – Internal newsletter ('IN') – GDPR newsletter – Zucchetti portal
Shareholders and lenders	<ul style="list-style-type: none"> – Corporate documents – Shareholders' meetings – Group website – Presentation events dedicated to shareholders
Gamers	<ul style="list-style-type: none"> – Interaction tools on the Group's product website (gaming behaviour tests, tools for personalising the spending ceiling and self-exclusion methods) – Information present on online gaming platforms and at points of sale (information kit) – Contact centre
Sector distributors and operators	<ul style="list-style-type: none"> – Training activity for distributors (anti-corruption, responsible gaming, anti-money laundering, anti-terrorism) – Information to be displayed at points of sale (information kits) – Portal dedicated to Snaipartner-Webanti shops – Dedicated training for dealers – Audit activities

Stakeholder	Information and engagement tools ^(GRI 102-43)
Media	<ul style="list-style-type: none"> – Press office activities – Media relations and Digital PR – Event organisation – Advertising campaigns
Suppliers	<ul style="list-style-type: none"> – Start of commercial partnerships on projects implemented by the Group – Involvement in corporate projects – Audit
Communities	<ul style="list-style-type: none"> – Initiatives to promote responsible sports and play (“Special Olympics Italy”, “Let’s Build the Future Award”) – Horse-solidarity races (“Championship of the Stars”) – Awareness-raising initiatives – Donations (scholarships, 2018 Telethon Foundation Campaign)
Regulatory bodies and institutions	<ul style="list-style-type: none"> – Annual Development Plan – Regular meetings – Institutional documents
Representative bodies	<ul style="list-style-type: none"> – Periodic meetings with representative

6.3 Material topics ^(GRI 102-44; 102-47)

The materiality analysis makes it possible to identify, starting from a universe of potentially relevant issues, topics that are considered material for the Group and its stakeholders. The analysis process carried out in preparation for the 2018 edition of the Sustainability Report, which had updated a previous analysis, in accordance with the provisions of the GRI Standard, is substantially confirmed in this edition because no internal or external events or changes compromising its validity have occurred in the meantime.

The following table summarises the material aspects included in the upper quadrant of Snaitech’s materiality matrix (see methodological note) which are considered to be a priority from both the company and the stakeholders’ point of view.

The individual aspects are then analysed in depth to identify the policies, actions and results obtained by management in managing these aspects. The relative chapters and paragraphs are indicated in the table under each topic, while the specific pages are indicated in the content index at the end of the document.

Creating opportunities for meetings on the principles of sustainability and the initiatives undertaken in these areas means promoting knowledge and sensitivity and offering ideas for actions to be taken in everyday life.



WHAT MAKES THE TOPIC MATERIAL (GRI 102-47)

Material topic	Reference chapter	SDGs/UN GLOBAL COMPACT
<p>Protecting gamers</p> <p>Protection of the gamers starts with the assumption that the consumer has a legitimate desire to take part in gaming and betting, whilst recognising that there are risks connected to such activities, which the Company is committed to minimising and controlling, in collaboration with the Public Authorities.</p>	<p>Paragraph 8.2</p> <p>Protecting our gaming customers</p>	 
<p>The promotion of responsible gaming/gambling</p> <p>Snaitech is aware of the particular characteristics of its business and is committed to transparently communicating the risks of gaming to the health of consumers. The Balduzzi Decree, the most recent Dignity Decree and the ADM guidelines commit the company and its partners to forms of communication that promote a sense of responsibility, self-limitation and measures of particular protection for the most exposed categories.</p>	<p>Paragraph 8.2</p> <p>Protecting our gaming customers</p>	  
<p>The responsible management of points of the sale</p> <p>All the activities of control, assistance, training and awareness of points of sale managers undertaken by the Snaitech Group to implement its commitments in terms of responsible gaming, gamer protection and guarantee of compliance with the rules and informed access to the service, contrasting phenomena related to pathological and illegal gambling.</p>	<p>Paragraph 8.2</p> <p>Protecting our gaming customers</p>	
<p>Technological innovation and R&D</p> <p>Research and technological innovation applied to the gaming products and in the management of the points of sale makes it possible to grow the business while staying committed to preventing any potential negative impacts and the security of transactions.</p>	<p>Paragraph 8.2</p> <p>Protecting our gaming customers</p>	
<p>Distributed economic value</p> <p>The creation of value makes it possible to cover social security payments, to meet the legitimate aspirations of the shareholders, and to create value for all stakeholders, in particular for the communities throughout the country that are the recipients of tax revenue.</p>	<p>Chapter 7</p> <p>Creation of value</p>	
<p>Regulatory compliance and counteracting illegal activities</p> <p>It is in the corporate interest, as well as the collective one, to adapt the company's organisational and administrative practices to be fully compliant with the current legislation as quickly as possible, as the licensee agreements require the utmost compliance. The commitment to regulatory compliance generally falls within scope of corporate identity, as defined in the Code of Ethics and practised in corporate governance.</p>	<p>Paragraph 8.1</p> <p>Regulatory context and compliance</p>	  
<p>Data security and protecting gamers' privacy</p> <p>"IT security of data and protection of gamers' privacy" means correct management of consumer data, with particular attention to their protection, protection and contrast from any cyber-attacks.</p>	<p>Chapter 8</p> <p>A sustainable business</p>	 

Material topic	Reference chapter	SDGs/UN GLOBAL COMPACT
<p>Occupational Health&Safety</p> <p>The Group applies management systems in the workplace aimed at protecting the physical and moral integrity of personnel and reducing the number of accidents and occupational diseases, as well as training initiatives on health and safety and awareness-raising activities for employees. This is in compliance with local and sector laws and regulations - including OHSAS 18001:2007 certification - and in consideration of the specific characteristics of the racecourse sector.</p>	<p>Paragraph 9.1</p> <p>Our employees</p>	  
<p>Enhancement of staff asset value and development of skills</p> <p>Recognition of the value of the human resources employed and commitment to enhance their personal characteristics in a path of mutual growth. Commitment to create a collaborative and decent working environment through training and the creation of a single corporate identity.</p>	<p>Paragraph 9.1</p> <p>Our employees</p>	 
<p>Diversity, equal opportunities and inclusion</p> <p>By "Diversity, equal opportunities and inclusion" we mean the implementation of policies and tools aimed at promoting an inclusive environment that contrasts discrimination of any kind (gender, race, ethnicity, age, disability, sexual orientation and other aspects relevant to areas of activity of the organisation), in the context of hiring policies, professional training and growth policies, thus encouraging an open cultural environment. In addition, the issue refers to fair remuneration policies between men and women in the various professional categories and the Group's commitment to ensuring equal opportunities for professional growth based on merit criteria.</p>	<p>Paragraph 9.1</p> <p>Our employees</p>	  
<p>Commitment to the territory</p> <p>Snaitech believes that the social responsibility of a company includes the commitment to support cultural, educational and social initiatives alongside non-profit associations aimed at increasing the well-being of the community as a whole and, in particular, in its most vulnerable components. In this commitment, the company seeks to stimulate pro-active collaboration of his employees.</p>	<p>Paragraph 9.2</p> <p>The community</p>	
<p>Protection and value enhancement of natural resources</p> <p>Although the company operates in a low environmental impact sector, issues relating to the correct use of resources have become central in today's society. Furthermore, the management of the Equestrian Centres and Racecourses, which also have some positive impact on the environment, requires constant monitoring and scheduled maintenance. Conduct that respects the environment is considered a duty sanctioned by the Code of Ethics, according to which the requirements of economic efficiency and legitimate profit must be compatible with environmental protection and social development.</p>	<p>Chapter 10</p> <p>Environmental responsibility</p>	  



7

Creation of value

The economic dimension of corporate responsibility and the commitment to generate value over time represent the prerequisite for effectively pursuing social and environmental responsibility objectives and supporting the investments necessary for their realization.

From the perspective of sustainability, economic responsibility therefore comprises not only the specific commitment to generate profit, but also and more generally in producing added value for the benefit of the main stakeholders and in support of long-term goals.

7.1 The reference market (GRI 102-6)



In 2019, the gaming market was characterised by a series of tax increases concerning gaming machines (introduction of new AWP cards and reduction of payouts which from 1 January 2019 are equal to 68% for AWPs and 84% for VLTs), sports and virtual bets (physical and online) as well as online games. Furthermore, important changes have been made to the reference regulatory framework, both at national level, with the so-called Dignity Decree and at local level, with various regulations on opening hours and imposed distances from sensitive locations.

Based on available official ADM data (i.e. from the Italian Customs and Monopolies Agency press reports and sector studies), we estimate that at the end of 2019 the gaming market as a whole had grown between 2 and 4% compared with 2018, reaching an overall collection level of between 109 and 111 billion euros. Similarly, it is estimated that net spending, meaning inflows net of winnings grew by 2-2.5% compared with 2018, reaching a level of approximately 19 billion euros.

In particular, the total collection net of winnings at national level of Snaitech's reference segments (i.e. gaming machines and games/bets sold on the retail and online channels) is estimated at 13.3 billion euros, an increase (+ 2.9%) compared to 2018.

Products and services (GRI 102-7)

As part of its reference sector, Snaitech offers a gaming and betting portfolio that covers the entire Italian market with **two networks, one physical and one online**, and with an overall positioning that ranks the Company among the main operators in the national market.

The physical network: Snaitech Shops and Corners

The physical sales network for Snaitech games and services is one of the most extensive in the country and comprises 2,104 betting points, of which 1,584 are run by the Company via direct gaming franchises and the remainder by supplying specialist services to dealers who operate proprietary licences.

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

The directly licensed gaming points are divided between Snaitech Shops and Snaitech Corners.

1,584³

Directly licensed gaming/gambling points of sale

670

914

Snaitech shops

The Snaitech Corners

In particular, **Snaitech Shops** are specialised and dedicated to offering all types of games, equipped with technologies, public information systems and betting collection systems. Furthermore, in addition to the traditional game mode, self-service terminals are also increasingly present in the Shops and these help to avoid the formation of queues.

The **Snaitech Corners**, on the other hand, consist of areas located in public establishments - such as bars, tobacconists and shopping centres - and adopt furnishings and technological solutions to better integrate with the hosting establishment. These are, in any case, supervised by the Snaitech network managers. Also the Corners use real-time information and acceptance systems.

The advantages that Snaitech assures to directly licensed sales point operators consist of:

- reliability (transactions managed with maximum security standards);
- the comprehensive offer of gaming, betting and payment services (which enables the point of sale to become a reference space for customers);
- the offer of innovative high-tech platforms that ensure that gaming is simple and fun;
- a wide range of information for players.

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

³ The figure refers exclusively to points of sale with a sports licence. Single-licence shops for horse race betting only are excluded.

The types of games

AWPs

(Amusement With Prizes)

AWPs are gaming machines capable of attracting a wide audience and are located in bars, tobacconists, betting shops and in dedicated premises. AWPs represent the traditional "slot machine" segment and are installed in public establishments subject to authorisation pursuant to the Consolidated Law on Public Safety (TULPS).

Following the gradual reduction in the number of AWP permits envisaged by regulatory interventions starting from the 2016 Stability Law, as of 31 December 2019, Snaitech has 38,526 permits covering over 10,000 premises throughout the country.

Betting on sports meetings and other types of event

(also present on the online platform)

Through this service, Snaitech offers the possibility of predicting the outcome of one or more events (sporting events, music competitions, etc.) among those authorised by the ADM.

VLTs

(Video Lottery Terminals)

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

As of 31 December 2019, Snaitech owns 10,590 rights for VLT collection, of which 10,254 devices are actively installed in 1,173 premises.

Virtual sports

(also present on the online platform)

These are bets based on sporting events and simulated horse racing generated via software that recreates the highlights of football events on monitors (in 3D graphics or through images of past events) car racing, tennis, cycling, greyhound racing, horse racing, camel racing. These bets integrate the offer of Snaitech to meet customer requests to place "fast" bets (on a virtual event that does not last more than five minutes) alongside real event traditional bets.

Horse race betting

(also present on the online platform)

These are horse racing bets associated with harness races as well as flat racing meetings and steeplechases in Italian and foreign racecourses.

The online network

As highlighted in the first part of this document, the online gaming sector is a fundamental part of Snaitech's development strategy. Online gaming is accessible from the website www.snai.it, through dedicated client software and on apps developed for iOS and Android devices, as well as mobile sites.

The types of games

Skill games	They consist of online poker tournaments, burraco, 'brsicola', 'scopa' and other games in the Italian folk tradition with cash winnings.
Online slots	They can be played directly via the web or by downloading a client dedicated and free or in flash or HTML5 versions directly from the snai.it portal, from the mobile site or from dedicated apps.
eSports	These are competitively organised electronic games that offer the possibility of betting on tournaments based on videogame titles.
Casino games	They include classic casino games such as French and American roulette, black jack, video poker.
Live Games	They allow gamers to play classic casino games in live streaming with tables and real croupiers.
Bingo	The game offers four different virtual game rooms, with incremental jackpots for each room.
Lotteries	The portal allows gamers to participate in major national and international lotteries.

The table below shows the main indicators of online games.

OPERATIONS CARRIED OUT DURING THE YEAR

	2019	2018	2017
Gaming accounts active during the year*	509,921	413,466	270,308
Visits to websites			
– from snai.it	59,435,432	61,190,633	58,806,335
– from m.snai.it	11,803,961	8,011,636	5,899,711
– from scommesse.m.snai.it	21,601,170	13,630,141	7,713,446
Downloaded apps	370,000	284,000	268,000
GGR (Gross Gaming Revenue)	€ 166,400,480	€ 129,862,344	€ 102,422,131
Value of online winnings (€)	€ 2,529,904,164	€ 1,926,664,290	€ 1,515,424,493

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

Snaipay, the new brand of the Snaitech Group which replaces the previous Paymat, is a B2B technological platform dedicated to the dealers of over 7,000,000 points of sale for the resale of value-added services. Active 24 hours a day, through the use of web terminals, latest generation electronic payment terminals with integrated camera and barcode reader and self-service kiosks located in the points of sale, Snaipay enables distributors and operators to offer their customers a portfolio of innovative services with an attractive look.

The platform is aimed at:

- distributors, i.e. organised companies with their own structure (B2B) who intend to develop proprietary service offers, thus creating new potential for their customers or commercial structures;
- final resellers (B2C);
- Snaitech Shops and Corners;
- Arcade Rooms; Points of sale with New Slot machines.

The following are the main operations that can be carried out via Snaipay terminals:

- telephone air time top-ups for customers of national mobile operators and MVNOs;
- international telephone air time top-ups;
- e-vouchers;
- gift cards;
- top-ups for TV, video games, audio and video streaming;
- international telephone cards;

- top ups for snai.it betting accounts;
- travel tickets.

A thematic focus interview in chapter 2 of the first part of these financial statements, "The evolution of the business", highlights the strategic value of SnaiPay in terms of both commercial and end customer services.

Racecourses

Snaitech owns three Italian racecourses: a harness racing facility, La Maura and a flat racing facility at San Siro in Milan and the Sesana harness racing facility in Montecatini Terme. In the first part of the document, in chapter 5 "Enhancing the value of Racecourse Assets" the strategic value of this component is highlighted both as closely linked to the tradition from which Snaitech comes and for the enhancement of the places and their importance for the community of the territories of reference.

Television and radio networks: the Group's multimedia services

The Company Epiqa S.r.l. (the new company name for Teleippica as of 2 January 2020), on the basis of specific public authorisations (radio-television broadcasting licences), is engaged in the distribution of television and multimedia content related to the world of national and international horse racing to which it is traditionally linked and all aspects related to that sport. It therefore produces outdoor video shooting, montages, videographic productions, scenic set-ups during fairs or events created by the Group as well as images of equestrian sports in major international competitions and exhibition events. Operating with high definition systems, the **television network of Epiqa S.r.l.** produces approximately 160,000 hours per year of broadcasts relating to the fields of horse racing, equestrian sports, virtual sports and events.

Lastly, the offer of multimedia services includes the provision of **Radio Snai Web** which can be heard in the shops and gaming points of the Snaitech betting collection network as well as streamed via a link to the website www.snai.it. The programming includes live coverage of all Italian and foreign races in the calendar. The sports commentaries are supplemented by news, interviews and insights.

In 2019, network activity supported Snaitech in the satellite distribution of virtual events channels, indicating methods of transmission, reception and devices to be used according to the various needs of corners, shops and agencies.

Epiqa, already operating in compliance with the ISO 9001:2015 and ISO 27001:2013 standards, also obtained certifications in 2019 for the ISO 45001:2018 and ISO 14001:2015 standards, in anticipation of the higher score obtainable during the participation in the European Call soon planned to reassign the services Epiqa currently performs for Mipaaf.

7.2 Competitive positioning (GRI 102-7)

In 2019, the Snaitech Group also confirmed its position as one of the main players in the national gaming market, with a leadership role in all three main activities, emerging as:

- the second operator on the Italian market in the Betting Retail segment (horse racing, sports and virtual event bets) with a market share, calculated on the net expense, of 19%;
- as the second operator in the field of AWP and VLT gaming equipment with a 15% share of net spending;
- the second operator in the online gaming and betting sector with an overall share of 9.3% of net spending, up by one percentage point compared to the previous year.

Attention should be given to the increase in net collections and net spending on the online channel, which recorded a growth of around 30% compared to 2018. In fact, during the year Snaitech focused its activities in the online sector on improving the offer through the launch of new games, the technological evolution of the services offered and the strengthening of acquisition strategies.

7.3 The added value produced and distributed (GRI 102-7; 201-1)

By calculating the added value generated during the year, Snaitech intends to represent the company's ability to create value in favour of the overall social context in which it operates. The added value, calculated on the basis of the reclassified Income Statement, represents the wealth produced that is distributed among the stakeholders who are directly interested in the activity of the company.

The net added value produced during the year, after allocating 57.8 million to amortisation and depreciation, was 1,278.1 million, equal to 65% of the value of production, an increase compared to the previous year (10%).

During the 2019 reporting period, total revenues, before gaming taxes, amounted to €1,944.4 million against production costs of €591.4 million, mainly represented by costs for services. These costs have in turn contributed to supporting the economic activity of other upstream and downstream companies in the value chain. The costs for the distribution chain, including the fees paid to third parties assigned to collecting from the gaming machines and the costs for managing the acceptance of bets, amounted to 477.7 million in 2019 compared to 547.6 million in 2018.

This calculation makes it possible to quantify how the added value wealth generated was distributed among the various stakeholders. The largest share of added value was allocated to the **Public Administration** (corporate taxes, value added tax, gaming taxes and licence fees) for a total of 1,149.7 million, a 10.6 % increase compared to the previous year.

The sum of 23.5 million euros was allocated to the remuneration of **loan capital**, with a net decrease (-49%) compared to 2018 due to lower financial charges thanks to the early repayment of the bonds which took place on 7 November 2018 and replaced with a loan received by the parent company at a better rate than the previous one. This shareholder loan was partially repaid for 30.0 million euros on 25 February 2019.

The sum of 51.9 million has been allocated to **personnel** in the form of direct and deferred remuneration (severance pay and retirement benefits), which represents a share of 4% of the entire added value produced.

Transfers to the **community** totalling 2.16 million are mainly due to the payment of local taxes and donations. Profit for the year amounted to 50.5 million, compared with 21.8 million in 2018.

THE ADDED VALUE PRODUCED (€1,000)

	2019	2018	2017
Value of production	1,944,433	1,898,312	1,871,063
Revenue from sales and services	1,937,140	1,891,547	1,864,903
Revenue adjustments	0	0	0
Change in inventories	0	0	0
Increases in fixed assets reserved for internal operations	1,510	969	765
Other revenue and income	5,783	5,796	5,395
Costs of production	591,421	667,506	670,048
Raw and ancillary materials, consumables and goods	1,616	2,101	761
Costs of services	569,722	646,004	648,228
Costs for the use of third-party assets	1,714	5,150	6,683
Provisions for Risks	6,029	650	-620
Other miscellaneous operating charges	12,340	13,601	14,996
Gross income	1,353,012	1,230,806	1,201,015
Financial income and extraordinary items	386	1,246	198
Deferred(-)/prepaid(+) taxes	-17,100	-9,090	-11,969
Financial expenses and extraordinary items	-443	-10,619	-3,283
Comprehensive gross income	1,335,855	1,212,343	1,185,961
Amortisation/depreciation and write-downs	57,782	50,679	50,533
Net comprehensive income	1,278,073	1,161,664	1,135,428

DISTRIBUTED ADDED VALUE (€1,000)

	2019	2018	2017
Remuneration of personnel	51,892	52,804	51,311
Remuneration of the public administration	1,149,975	1,039,277	1,017,567
Taxes	8,979	7,825	8,122
Taxes on games	1,112,894	1,002,548	980,690
Licence fees and administrative penalties	28,102	28,904	28,755
Interest paid on loans	23,544	46,309	37,433
Charges for short and long term loans	23,544	46,309	37,433
Remuneration of risk capital	0	0	0
Profit distributed	0	0	0
Company remuneration	50,501	21,752	27,010
Retained earnings	50,501	21,752	27,010
Transfers to the community	2,161	1,522	2,107
Local taxes and levies	2,030	1,411	1,995
Charitable donations and gifts	131	111	112
Net comprehensive income	1,278,073	1,161,664	1,135,428

7.4 Suppliers (GRI 102-9)

In 2019, the Group incurred costs for the supply of goods and services amounting to 571 million which include, among others, the fees paid to third parties assigned to collection (managers and commercial partners) and the costs incurred for the platforms. To carry out its business, Snaitech makes use of various categories of suppliers which can be classified according to the type of procurement as follows:

- hardware e software (gaming terminals and platforms, office machines);
- energy supply (electricity, natural gas, oil);
- telecommunications and connectivity;
- support and maintenance;
- professional consultancy services;
- logistics and transport services;
- legal and financial services;
- communication agencies;
- services dedicated to marketing and market research activities.

In choosing suppliers, and in its relations with them, **the Snaitech Group conforms to the principles of objectivity, correctness, impartiality, fair prices, and high quality of goods and services, consistent with its corporate Code of Ethics** and carefully assesses the service guarantees and the full range of offers on a competitive basis.

Potential suppliers must declare that they possess the technical and professional skills and the assets and authorisations to carry out the tasks assigned to them and must submit any certification documents they have. They must also acknowledge that they are aware of, and undertake to comply with, the Code of Ethics and the Snaitech 231/01 Model. Furthermore, the contracts are always monitored by several corporate functions and are subjected to various levels of approval to safeguard the full transparency of the process. In addition, each supplier subscribes to its requirements of correctness and compliance with the regulations regarding:

- safety and environmental compliance;
- employment contracts and social security contributions for their employees;
- employment of non-EU citizens.

Within the Group, the management of racecourses presents a number of specific aspects regarding supply chain management. Given the peculiarity of the activity and the vastness of the related framework, the variety of product categories is very wide and ranges from supplies for the maintenance of buildings (construction, electrical, hydraulic) and greenery to the supply of vehicles, equipment, fuel, sand and seeds for the tracks. There are also suppliers directly connected to the racing business, which have specific characteristics strictly linked to the world of horse racing.

The choice and selection of this type of supplier often respond not only to criteria of cost containment and quality of services offered but also to criteria of proximity to the racecourses because the racing calendar, very rich and concentrated in particular periods, requires timeliness of intervention and very specific professionalism to deal with any critical issues that may arise. **Therefore, the presence of racecourses represents an important source of ancillary activities for the local economy.**

Solid relationships with our main stakeholders create long-term value, supporting individual and collective growth.



8.1 Regulatory context and compliance



In the legal gaming sector in Italy, the public role is mainly represented by the Ministry of Economy and Finance through the Customs and Monopoly Agency, but also involves other branches of the public sector, given the relevant economic and social implications.

In fact, regulation concerns numerous and important aspects such as:

- the sphere of legality and public safety of legal gaming;
- the fight against illegal gambling;
- the protection of the privacy of the players;
- competition between operators in the sector;
- the protection of minors and the most vulnerable social groups.

The control and public supervision of the sector takes on the typical structure of multi-level governance, since it concerns the recommendations and resolutions of the European Commission, at the international level, the central government bodies and the competent ministries at national level. Also relevant are the competences of the regions, with reference also to the State-Regions Conference and the municipal administrations, which can regulate the opening hours of the points of sale.

The Customs and Monopolies Agency (ADM) entrusts the management of online operations and marketing of public games to private companies, through specific tenders, on the basis of the legislation applicable from time to time. In addition to the obligations of the agreement, State concessionaires are also subject to sector regulations such as - by way of example but not limited to - the anti-money laundering legislation (obligation of due diligence, obligation of suspicious reports, etc.), GDPR (privacy), protection of minors, Dignity Decree, etc. State concessionaires also play the role of accounting agents and are therefore subject to accounting by the Court of Auditors, which controls the accounting through the MEF. The gaming activity at each single gaming point is subject to the authorisation of the Public Safety Authority. Furthermore, access to minors is not allowed within these points. To these specific rules of the sector are added the obligations that all economic operators must comply with.

As a company operating on the market, Snaitech is subject to the Italian Competition Authority, which promotes open competition, monitors conflicts of interest in relations with the political sphere and protects consumers' rights.

THE BALDUZZI DECREE

Law Decree no. 158 of 2012, whose purpose is the promotion and protection of health understood in a general sense as the well-being of the citizen, has provided measures specifically aimed at **preventing and treating people with a predisposition to compulsive gambling**, assigning the Regional Governments the task of including specific measures in this regard among their essential levels of care. Consequently, many regions have approved laws that regulate the operation of gambling premises, establish distances from so-called sensitive places (frequented by minors or vulnerable individuals) as well as limiting opening hours and types of games allowed. Snaitech believes that multi-level regulation is a correct approach to reconciling the various interests of the stakeholders involved, both public and private.

8.1.1 Regulatory developments in 2019

The gaming sector was the subject of significant interventions in the reference regulatory framework established in 2019. In particular, a new increase in the tax burden was introduced and some significant changes set out below, as well as the ratification of the so-called "Dignity Decree", i.e. Legislative Decree no. 87/2018. Following the regulatory changes of 2019, Snaitech's business will be affected by the following factors:

– The 2020 Budget Law

Entering into force on Wednesday 1 January 2020, Law no. 160, establishes various provisions on the subject of games such as, among other things, the increase in the PREU (transaction levy) on AWP and VLT gaming machines (set respectively at 23.85% until 31 December 2020 and at 24% from 1 January 2021 for AWP and to 8.5% until 31 December 2020 and to 8.6% starting from 1 January 2021 for VLTs) with a simultaneous reduction in the minimum payout (set at no less than 65% for AWP and 83% for VLTs). Furthermore, starting from 15 January 2020, the tax levy on VLT winnings will increase with a simultaneous decrease in the threshold of application of the same (20% on VLT winnings for the share of winnings exceeding the value of 200 euros). The foundations are also laid for future tenders for the award of gaming rights (AWPR/VLT) and the rights for points of sale at which it will be possible to exercise lawful gaming.

– The Tax Decree

Published in the Official Gazette no. 301 of 24 December 2019, this provides, among other things, for an extension of the tenders for betting and bingo licences and an increase in the costs for betting rights for shops and corners. It establishes that, after nine months from the date of publication of the Decree of the Minister of Economy and Finance, AWP operating permits shall no longer be issued, while the old devices must all be decommissioned within the following twelve months and replaced by remote gaming machines (AWPRs). It also provides for the establishment of the Single Register of gaming operators (formerly RIES) and a more vigorous fight against tax evasion in the betting sector through a general strengthening of controls.

– **Italian Decree Law “Urgent provisions on citizenship income and pensions”**

(converted into law and published in the Official Gazette on 29-03-2019) in Article 27 (provisions on gaming), it establishes increases in the PREU levy and the introduction of a one-off fee for the issue of AWP permits. It clarifies that the introduction of the health card, envisaged by the so-called “Dignity” Decree, must be understood as referring to devices that allow public gaming from a remote environment and establishes the introduction of measures to more effectively combat the abusive operation of games and bets offered to the public and disorders caused by pathological gambling (tightening of sanctions and controls).

– **Provisions regarding the prevention of the use of the financial system for the purpose of money laundering and local financing**

On 15 February 2019, the ADM published guidelines to assist licensees to implement anti-money laundering actions. These emphasise procedures for monitoring compliance, by distributors and dealers under any type of contract, with the standards and the safeguards adopted to foresee money laundering and terrorist financing. Gaming licensees are also required to adopt procedures that verify the continuation, during the relationship, of the reputational requirements for distributors and operators, capable of ensuring the legality and correctness of their conduct. Hence, contracts must include specific clauses for immediate termination of the relationship in the event of the ceasing of the aforementioned requirements or in the event of serious and repeated infringements detected during checks and inspections carried out on the activity of the operations chain.

– **Ratification and implementation of the Council of Europe Convention on the manipulation of sports competitions**

The Convention has the main objective of tackling match-fixing through certain measures, including the exclusion of bets for competitions reserved for children under the age of 18. It also prescribes that the most effective means of combating illegal betting are to be identified and adopted, such as for example the blocking or direct or indirect limitation of access to “remote” operators of illegal betting and the closure of the operators themselves.

– **The S.M.A.R.T. Application (Statistics, Monitoring and Analysis of the Territorial Collection of physical gaming)**

Developed by the ADM, it addresses territorial monitoring operations by local and national authorities on data relating to the gaming sector in Italy. This support will enable an analysis of the trend of gaming sector statistics over time, the analysis of the distribution in the territory and finally the control by local authorities of the operating hours of the gaming machines.

– **The AWPR Decree**

Notified on 4 November 2019 by the Ministry of Economy and Finance in Brussels, its purpose is to define the technical characteristics of gaming machines which are to incorporate, in addition to more stringent remote electronic methods for control and monitoring. The machines must also provide for the transmission and display of messages and warnings aimed at preventing pathological gambling and promoting responsible gambling/gambling as well as the periodic transmission of information relating to the integrity of the software of the gaming device. The devices must also be equipped with technical characteristics to ensure the inalterability of the same and their components and the detection of tampering, in particular through the unambiguous association between each game card and the device’s peripherals.

– The AGCOM guidelines

The Communications Authority, with resolution no. 132/19/CONS of 18 April 2019, issued the guidelines on the implementation methods of Article 9 of the so-called “Dignity Decree” which prohibits any form of advertising, including indirect, sponsorship or communication with promotional content of gaming with cash prizes.

Distinctive signage indicating legal gaming is not included in the prohibition if it strictly identifies the place where the related activity is carried out, such as premises signs or website domains.

– Local regulations

There are now numerous local regulations at the municipal and regional level which, with the intention of issuing regulations aimed at combating problem gambling, have a significant impact and multiple effects on the entrepreneurial activities of legal gambling. The restrictions mainly concern two aspects:

- a) the distance-measuring method with which the distances from the so-called “sensitive places” are established;
- b) the opening hours restrictions that impact premises operations.

Snaitech, while believing that multi-level regulation is a correct approach to balancing the various interests of the stakeholders involved, public and private, hopes for simplification and greater regulatory clarity, capable of ensuring a more certain and predictable application. In fact, the lack of homogeneity of the regulations approved by the local authorities and the absence of a thorough analysis of the phenomenon mean that the imposed rules have distorting impacts on the market and can activate pockets of illegal gambling.

8.1.2 Risk management

Snaitech has always been particularly attentive to the prevention of risks of any nature that could harm the company results and the integrity of its assets. In this sense that the Company launched the Enterprise Risk Management (ERM) project in January 2017, with the establishment of the specific function and role of the Risk Manager, following which a risk management model is continuously updated. In 2019, the Risk Management department, as part of the management model, completed a series of interviews with the various corporate risk owners, aimed at mapping the corporate risks with the related assessments (“Company risk profile”). This mapping was shared with the main corporate bodies (Chief Executive Officer, Board of Statutory Auditors and Board of Directors) and finally with the Group functions involved in the process. The result of the 2018 Enterprise Risk Assessment (ERA) was subsequently sent to the Internal Audit function, which used it as one of the starting points for drafting the three-year Audit plan. To complete the ERM activities, the main company risks were monitored, identifying risk and control indicators with the risk owners (Key risk indicators/Key control indicators) which made it possible to measure the progress of the mitigation and make a forecast on the future trend of the risk itself (stable, decreasing, growing). The result of this activity was presented to the Chief Executive Officer, the Board of Directors and the Board of Statutory Auditors.

The Audit Plan

The activities of the Internal Audit function, which was set up by the Snaitech Group, have the goal of ensuring:

- the safeguard of company assets;
- the pursuit of corporate goals in compliance with the reference regulatory context and the mapping of both “regulatory” risks (carried out by the “Compliance” functions) and at the operational level (carried out by company departments and management in the phase of detection and formalisation of the operational processes) as well as at the “enterprise” level (carried out by the “Risk Management” function). Snaitech adopts an Internal Control and Risk Management System consisting of a set of rules, procedures and organisational structures, aimed at:
 - guaranteeing adequate coverage of corporate risks;
 - achieving the effectiveness and efficiency of business processes;
 - safeguarding the value of assets;
 - ensuring the reliability and integrity of accounting and management information;
 - ensuring the compliance of the operations with all the existing regulatory framework.

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

The results of the Audit interventions are shared with the company functions and departments subject to control with the aim of improving company processes as well as covering the associated risks. Based on this sharing, the Audit, Risk and Compliance functions initiate any process improvement and/or integration and/or mitigation actions to address the associated risks.

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

The model includes:

- the rules for the functioning of the statutory bodies in order to prevent corporate crime, establish the rules for staff conduct and related training and dissemination initiatives;
- the sanctioning system that regulates the functioning of the corporate bodies;
- the Code of Ethics and duties of the Supervisory Body;
- the company controls and integrated assessment and management of crime risks.

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

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

The Risk Based Audit Plan also provides for the development of specific audit activities throughout the network of directly managed and franchised points of sale, with particular regard to the anti-money laundering requirements. These mainly address the due diligence vetting of customers and the storage of documents. On the basis of the inspection results, action plans are determined to restore the correctness of any behaviour that may be out of line with company directives.

In this regard, more details are given in chapter 8.2 “Protecting our gaming customers”.

8.1.3 Anti-corruption (GRI 205-1)

Anti-corruption risk mitigation is an integral part of the company's Internal Risk Control and Management System. The monitoring is integrated into the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 and the Group has implemented specific protocols to guarantee sensitive areas. Snaitech carries out Audit activities both on internal processes and within the network of directly managed and franchised points of sale.

The internal employees and the dealers who collect gaming and betting revenue within the territory operate in compliance with the application of the current regulations of reference in order to cancel or mitigate the mapped risks. Among the risks of particular importance, we note: internal and external fraud and corruption between private individuals and between private individuals and public bodies.

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

- correct accounting practices and valuation of accountable items;
- adequate identification of revenue recognition criteria;
- correspondence of billing data with financial flows;
- adequacy of the procurement flow;
- the adequacy of the process for managing gifts and entertainment expenses;
- adequacy of the flow of selection and termination of employment relationships and changes in remuneration;
- the adequacy of the relationships, communications and obligations envisaged with the authorities and public interest;
- the correctness of the operating conditions of the points of sale with significant risk indicators, with the aim of identifying and preventing potential internal and external corrupt relationships;
- the adequacy of the selection and monitoring flows of the potential and contracted sales network; _ the adequacy of the monitoring flows of the contracted sales network with respect to the consistency of gaming acceptance and authorisation limits;
- the adequacy and consistency of the betting collection processes performed throughout the point of sales network, both directly managed and franchised (from acceptance to payment of winnings) in compliance with licence provisions and the Organisation, Management and Control Model in application of Italian Legislative Decree no. 231/01.

Below are the detailed results of the internal audits conducted over the last three years.

ORGANISATIONAL UNITS ASSESSED FOR CORRUPTION RISKS (GRI 205-1)

	2019	2018	2017
Number of organisational units assessed for corruption risks	9	9	11
Percentage of organisational units assessed for corruption risks	82%	75%	92%

It should be noted that no corruption incidents were reported during 2019. **(GRI 205-3)**

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

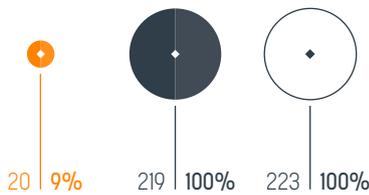
Snaitech Group also guarantees the performance of training programmes pursuant to Italian Legislative Decree 231/01 in the event of substantial legislative updates and whenever the organisation, management and control model adopted by the companies changes. During 2019, training activities in this area focused on the staff of the agencies in the Tuscan area and involved 278 employees.

Information is also guaranteed to all staff through timely communications which in 2019 reached 26% of the workforce, as well as with the updating of all staff which takes place continuously via the intranet.

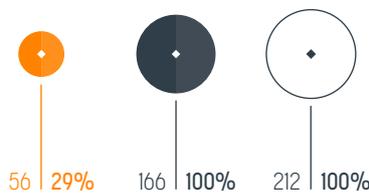
NUMBER AND PERCENTAGE OF EMPLOYEES TO WHOM ANTI-CORRUPTION POLICIES AND PROCEDURES HAVE BEEN NOTIFIED **(GRI 205-2)**

■ 2019 ■ 2018 □ 2017 Unit of measurement: **Number/Percentage**

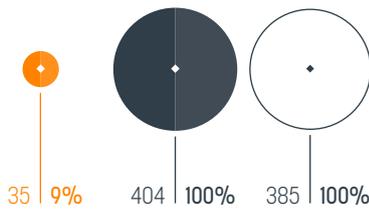
MILAN HEADQUARTERS + AGENCIES + MILAN EQUESTRIAN COMPLEX



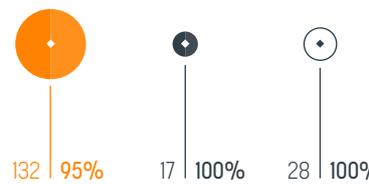
ROME HEADQUARTERS + AGENCIES



PORCARI HEADQUARTERS + AGENCIES



REST OF ITALY AGENCIES + MONTECATINI EQUESTRIAN COMPLEX

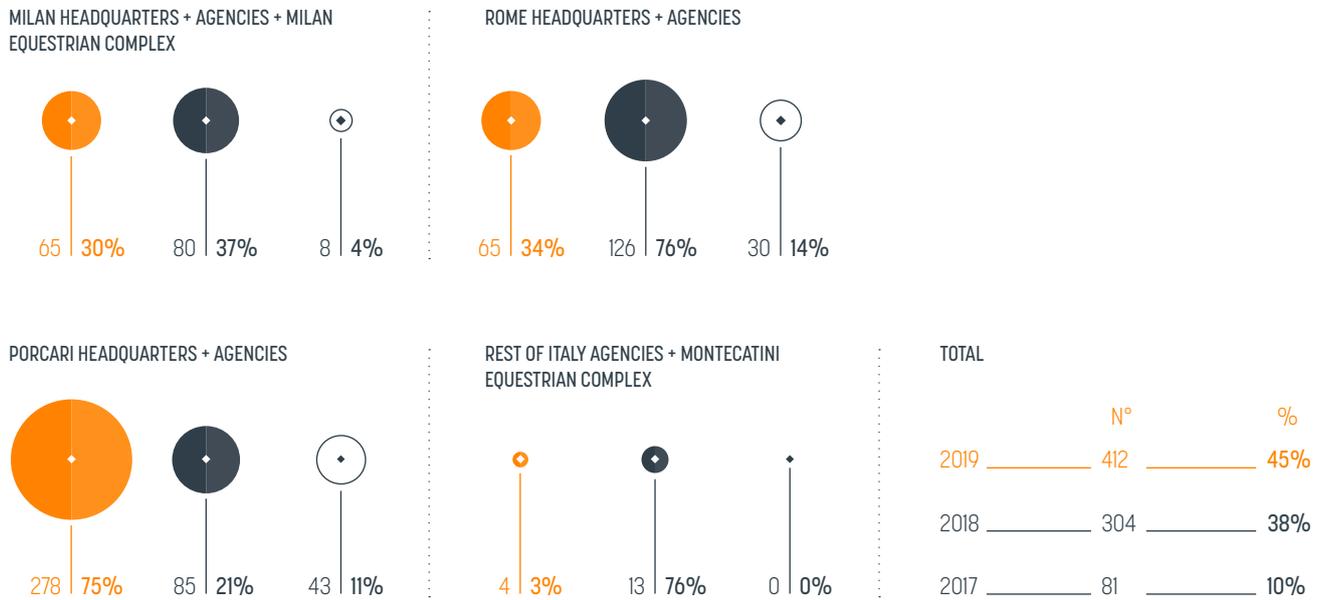


TOTAL

	N°	%
2019	243	26%
2018	806	100%
2017	848	100%

NUMBER AND PERCENTAGE OF EMPLOYEES WHO HAVE BEEN TRAINED IN ANTI-CORRUPTION (GRI 205-2)

■ 2019 ■ 2018 □ 2017 Unit of measurement: **Number/Percentage**



8.1.4 Anti-money laundering (GRI 102-16)

The specific risks monitored and prevented by the anti-money laundering department are concerned with the improper and illegal use by third parties of gaming and betting products for the purposes of money laundering, self-laundering, and terrorist financing offences.

In this context, Snaitech must face and control operational risks related to the security of gaming and betting acceptance systems, the traceability of game movements (online and physical) and the control and monitoring of the subjective profile of players and business partners to guarantee compliance with Community and national legislation.

The gambling and betting services, in fact, despite being created and offered by Snaitech on the market according to standards aimed at guaranteeing transparency and the full protection of gamers and despite the constant commitment of the Group in supporting responsible gaming, could potentially lend themselves to distorted and fraudulent uses (or in any case uses other than those typical of fun and play). The Anti-Money Laundering Function reports directly to the Chief Executive Officer, identifies the strategic guidelines and policies for managing the risks associated with money laundering and continuously checks the adequacy of the operating procedures adopted and the correct functioning of the corporate information flows, providing for changes to procedures from time to time, in the face of legislative interventions or in the event of particular critical issues that have revealed a deficiency in the procedures. Additionally, it monitors the systems and procedures for customer vetting due diligence and the registration of data and information in the Single Information Archive (as described in more detail below). Also monitored are the procedures for sending suspicious transaction reports to the Bank of Italy's Financial Intelligence Unit in accordance with the provisions of current legislation. To this end, the Function also carries out checks

and inspections of effectiveness and functionality in the corporate operating areas, as well as throughout the sales network.

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

- Snaitech has adopted, in line with the innovations introduced by Italian Legislative Decree 90/2017 as amended, procedures and control processes related to the risks of money laundering and terrorist financing which provide for the adoption of anti-money laundering guidelines for the Group and operating manuals for each Business Unit, as well as a procedure for managing anti-money laundering activities by the sales network. The aforementioned documents are constantly updated to ensure constant compliance with current legislation.
- The entire sales network has access to the single "Webanti 2.0" portal (Single IT Archive of the Snaitech Group) for the registration and storage of gaming and winning movements exceeding the threshold set by current legislation following adequate verification of gamers directly at the points of sale.
- Snaitech operates software for gaming monitoring (both "physical" and "online") and customer profiling (hereinafter "the risk management suite").

The risk management suite, developed over the years and now fully operational, supports the Function in assessing and analysing gaming quality and the subjective profile of the gamers. It also enables the monitoring of the possession and maintenance of the reputational requirements of the points of sale managers, as required by current legislation.

- The Human Resources Department ensures adequate training for all employees and the direct sales network to ensure information and updating of the anti-money laundering and anti-terrorism regulatory provisions. **Over the last three years (2017-2019), Snaitech has provided its employees with 684 hours of training on responsible gaming and 1,420 hours of training on the prevention of money laundering.** Training is also renewed, as required by current regulations, when legislation introduces significant innovations.
- The Group, in fulfilling its duty of active collaboration, continuously monitors the gaming conducted on each business line in accordance with the provisions (in terms of "levels of control") of the current Organisation Management and Control Model. This activity is aimed at identifying anomalous transactions and/or behaviour to be reported to the Bank of Italy's Financial Intelligence Unit (in its capacity as the body responsible for collecting reports of suspicious transactions).

In the course of 2019, a total of 562 suspicious transaction reports were submitted to the Bank of Italy's Financial Intelligence Unit (against 387 in 2018), with reference to the various business lines (betting, VLTs, online, virtual games). The numerical increase is due both to the growth in overall gaming business and to Snaitech's adoption of increasingly advanced monitoring tools and measures.

Each year, the company Function draws up a point of sale Audit Plan aimed at checking the correct fulfilment of regulatory obligations in the anti-money laundering field with the adoption of intervention plans - where necessary - aimed at remedying any lack of adherence to the regulatory requirements or company directives. The intervention plans consist of sending reminder and/or warning notes and, if necessary, a direct inspection - conducted by a professional assigned to the function - at the point of sale concerned. Also in the fulfilment of the active collaboration duty required of Snaitech by current legislation, the Function maintains and manages relations with the Public Authorities in anti-money laundering matters, providing constant support, opinions, data and documentation.



Training and raising the awareness of the gamers, employees; and dealers are the key points on which Snaitech focuses to encourage responsible gaming and protect our customers and the entire community.

8.2 Protecting our gaming customers



Snaitech works every day with earnestness and professionalism to promote a healthy gaming/gambling culture. This is consistent with an underlying strategic choice that stems from the acknowledgement that gambling and betting are part of human nature and that prohibitionist approaches involve risks greater than those resulting from effective regulation which, conversely, can counteract the development of illegal gaming and correctly protect the gaming community.

Snaitech adheres to and respects the safe gaming principles prescribed by legislation as a basic requirement for the granting of licences to operate in the Italian market, intended to protect and safeguard gamers and the community as a whole.

Snaitech, like all gaming operators in Italy, is required to comply with stringent anti-money laundering regulations, to respect and protect individual privacy, correct commercial practices and, in collaboration with ADM, to protect the well-being of gamers, promoting responsible gaming/gambling with particular attention to the issue of the protection of minors, in compliance with the specific provisions of the Balduzzi Decree.

It is precisely to encourage a responsible and conscientious approach to gaming that the Snaitech Group, together with all its business partners, is constantly committed to supporting legal gaming/gambling, guaranteed by the State, as opposed to the dangers and risks of illicit gaming. Furthermore, we believe that strict compliance with legislation and a pro-active approach to solving problems can help to maintain the trust and respect of investors and stakeholders, institutions and players, an indispensable prerequisite for sustainable growth over time.

The ADM development plan

The regulations for operating lawful gaming devices commit the licensee, among other things, to comply with the indications set out by the ADM by **implementing an annual development plan** which focuses on the issues deemed most important to protect gamers.

Licensees undertake to allocate a sum of up to one million euros per year to the development plan.

On 24 December 2019, the ADM issued the guidelines for the 2020 development plan to which Snaitech will have to comply, which focuses on four main activities:

- activities aimed at improving the security and inalterability of recorded and transmitted data;
- innovations deemed necessary to safeguard public order and user safety;
- communication and information initiatives for the safeguarding of legal and responsible gaming/gambling;
- measures to safeguard the sector's potential.

8.2.1 Technological innovation, research and development (GRI 416-1)



Technological competence and network security are among the main assets on which Snaitech can count, also thanks to the presence of a technological partner such as Playtech among its shareholders, the largest online gaming software provider in the world. Since the birth of Snaitech, large investments have been made towards an integrated and digitised management of the company, to streamline procedures and processes and guarantee a more efficient, structured and secure service.

Through continuous technological innovation, Snaitech is able to guarantee the most complete compliance with legality and the requirements of a constantly evolving legislation which, also for 2020, requires dealers to make major adjustments to software and hardware to prevent illegal activities, compulsive gambling and access to minors. Furthermore, Snaitech is committed to ensuring the highest levels of reliability for all modes of gaming and betting offered to its public and for payment services offered through the Snaipay brand.

In fact, thanks to the real-time connection with Sogei - the technological partner of the Economy and Finance Ministry - the transaction management system completely guarantees the bet's validity and the possibility of tracing the payment of any winnings.

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

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

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

Data security and the protection of players' privacy is strictly enforced by Snaitech, both in stores and online.

With regard to the processing of personal data, Snaitech guarantees the observance and application of the principles of correctness, lawfulness, transparency, as well as the protection of confidentiality and the rights of data subjects, in accordance with EU Regulation 679/16 (European Regulation concerning the protection of individuals with regard to the processing and free movement of personal data, the so-called GDPR) and Legislative Decree No. 196/2003 "Code for the Protection of Personal Data" as amended by Italian Legislative Decree 101 of 10 August 2018 as amended. (GRI 418-1)

Adopting a risk-based approach, the Group, has defined and implemented a management system for the processing of personal data, focusing on the principle of accountability.

Furthermore, Snaitech has adopted an organisational structure (Privacy Function and appointment of a DPO with the support of a working group), has prepared a register of treatments, defined procedures for the management of data breaches and for the management of requests from interested parties and carried out training and information activities for all staff.

With the involvement of the IT Department, it also carried out an assessment of the security level of the information tools and started all the activities necessary to implement new monitoring and control tools. The adjustments may be subject to inspections by the Supervisory Authority and the Italian Tax Police vested with the necessary powers of inspection. The company must always be able to demonstrate compliance with the legislation in question, justifying the actions taken from time to time.

With a view to continuous development, the Parent Company set up Business Support units within the ICT Department, dedicated to monitoring the process and, in particular, the Network and ICT Security units. It is confirmed that in 2019 there were no complaints regarding violations of privacy and loss of customer data.

8.2.2 The promotion of responsible gaming/gambling



With regard to the prevention of compulsive gambling and the protection of minors, Snaitech, in 2019, committed to adapting all institutional and commercial communication in accordance with the provisions of Italian Legislative Decree no. 87/2018, the so-called “**Dignity Decree**” which envisages, among other things,

“For the purposes of strengthening consumer protection and to more effectively contrast gambling addiction”, it is forbidden to conduct “any form of advertising, even indirect, relating to games or bets with cash winnings, however carried out and on any means, including sporting events, cultural or artistic, television or radio broadcasts, the daily press, publications in general, billboards and the Internet”. (Decree Law no. 87/2018, so called “Dignity Decree”)

As can be seen from the text of the provision, starting from 1 January 2019, the ban was also extended to the sponsorship of events, products or services and to any other form of communication of promotional content regarding gaming.

In compliance with the foregoing, Snaitech has stopped any form of advertising communication on gaming products, limiting itself solely to information communications intended for customers in the premises dedicated to gaming. To this end, new information leaflets and paper materials in compliance with the regulations have been revised and produced. The Snaitech sales force constantly checks, during each visit, the presence and correct display of the information material, in accordance with what is requested by the headquarters through periodic circulars.

With the collaboration of the Internal Audit function, the Group then proceeded to verify the correct remediation of all advertising material displayed in commercial establishments prior to the date of entry into force of the Dignity Decree and to launch a new set of appropriate signs and window stickers compliant with the legislation and extended to all points of sale. In addition, during the year, Snaitech continued its programmes to promote responsible gaming at points of sale and in online gaming methods.

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

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

Over the last three years, Snaitech has implemented a series of training, information and prevention initiatives aimed at protecting legal and responsible gaming/gambling and improving the security of transactions. On the www.snai.it website and on the gaming apps, there are always ADM guarantee logos and warning statements on the homepage, in accordance with the directives of the Balduzzi Law, as well as links to sections dedicated to responsible gaming, winning probabilities and anti-money laundering regulations (GRI 417-1).

In 2019, there were no episodes of non-compliance with the regulations governing the Group's marketing communications (GRI 417-3).

8.2.3 The responsible management of points of the sale



Snaitech believes that responsible management of the points of sale starts first and foremost with a rigorous choice of partners based on the verification of the requirements that the stringent Italian legislation prescribes for the issue of public gaming licences. Moreover, the selection process is carried out in the pre-contractual phase, evaluating both the entrepreneurial skills and the possession of personal qualities of an ethical nature, in order to ensure that the management of the points of sale always aligns and complies with the regulations and guidelines on responsible gaming.

According to the guidelines issued by the ADM on 15 February 2019, the contracts must include specific clauses for immediate termination of the relationship in the absence of the aforementioned requirements or in the event of serious and repeated infringements detected during checks and inspections carried out on the activity of the production chain.

The same guidelines involve licensees even more explicitly in the verification of compliance, by distributors and operators, with the measures adopted in order to prevent money laundering and terrorist financing.

Therefore, Snaitech is constantly engaged in monitoring, assistance, training and awareness-raising activities for the benefit of the point of sale managers in order to comply with the legislation and support the regulatory authority in guaranteeing the consumer an informed and safe access to gaming.

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

In particular, as regards the activities carried out at the points of sale, the marketing department creates and constantly updates an **information kit on "Responsible Gaming"** in line with the guidelines set forth by the ADM and the Balduzzi Decree.

All support materials include informative messages about:

- warnings on the risks of gambling addiction as well as indications of the relevant Health Authorities;
- for minors, a prohibition of gambling and entering shops where the prevalent activity is gambling and betting;
- information on the winning odds;
- business name and number of the authorised operator;
- ADM logos and certification marks.

The kit is distributed to all newly-opened shops and the communication materials are updated and made available to retailers in digital format on the web page dedicated to the points of sale. Retailers are recommended to display up-to-date information materials in all areas of the point of sale that are most visible to and frequented by customers, with particular attention to a targeted location near gaming equipment. Snaitech is committed to maintaining a constant dialogue with dealers through regular visits made by area managers and via the continual sending of notices **(GRI 416-1)**.

In all the main points of sale, Snaitech has also included, in its self-service terminals for consultation of gaming information, tests for risk self-assessment and basic information on the risks arising from gaming. Snaitech believes that long-term relationships with retailers, based on compliance with the rules and sharing of responsibilities, are strategic for the purposes of customer loyalty.

This is why it **supports retailers by making its know-how available in a wide range of activities that cover the entire operation of the point of sale: from support in the authorisation application and shop start-up phases, to the design and organisation of physical spaces; from product training, to technological and administrative assistance.**

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

Snaitech organises monthly B2B training courses for dealers who manage points of sale with slot machines and video lottery terminals. In particular, **329 training sessions were organized in 2019, involving 397 points of sale**. The courses include a specific training module dedicated to the recognition and management of problematic customer gaming situations. In addition to this training activity, the course aims to raise awareness and update retailers on existing legislation.

8.2.4 Auditing at points of sale (GRI 416-1)

The points of sale are involved in periodic inspections by the Internal Audit structure, according to schedule that provides for the progressive coverage of the country also based on the trend of specific risk indicators. The monitoring of the indicators and the planning are carried out on a quarterly basis and provide for the categorisation of the points of sale based on the assigned inspection priority. Points of sale inspections are aimed at ascertaining the correct application of the regulatory, managerial and contractual compliance obligations by the dealers.

Certain audit activities are also aimed at detecting the degree of application of the principles of social responsibility with direct and indirect impact on the protection of gamers. On the basis of the inspection results, action plans are determined to restore the correctness of any behaviour that may be out of line with company directives.

In particular, inspections address the following:

- the formal and substantive correctness of the conduct of the licensed operation (i.e. adequacy of the premises, possession and validity of permits, preservation of the ticket office, etc.) to guarantee and safeguard the legality of gaming revenue collection;
- the application of the provisions regarding citizens' health as established by the Balduzzi Decree, the Dignity Decree and the contractual obligations which prescribe specific actions regarding communication activities concerning gaming, in order to sufficiently prevent the phenomena of compulsive gaming and the phenomena of access to gaming by categories of vulnerable persons (for example, minors are prohibited from entering or gaming);
- the application of anti-money laundering legislation (pursuant to Italian Legislative Decree 231/2007, supplemented by Italian Legislative Decree 90/17), which requires an awareness of the contractual obligations to ensure the implementation of effective procedures to combat money laundering and the financing of terrorism.

During the 2019 reporting period, the controls were supplemented with activities aimed at detecting the application of the provisions of the so-called Dignity Decree (converted into Law no. 96 on 9 August 2018) and the Agcom (the Communications Authority) implementation guide issued on 18 April 2019, regarding the prohibition of advertising, direct or otherwise, relating to games and bets with winnings and cash prizes.

In 2018, 394 point of sale inspections were carried out throughout the network.

Audit planning has been progressively directed towards a more accurate form of risk analysis that has seen the commitment of dedicated resources to more critical points of sale needing support.

**Integrity, correctness
in the application of
the rules and rigorous
controls are key principles
to which we adhere in
order to offer customers
a safe and responsible
gaming experience.**



9

Responsibility towards people

One of the pillars of Snaitech's social responsibility mission is the attention to people which takes the form, on a daily basis, of the creation of a positive work environment, within which everyone's ability value is enhanced so they may develop and expand their skills. People are also part of communities with which Snaitech maintains a constructive dialogue and forms of collaboration, in particular associations and organisations that are actively committed to the improvement of civil, social, environmental and cultural conditions, participating in partnership projects with them. In the first part of this document, in the chapter on CSR, a number of these partnership experiences were narrated by people who actively collaborated as Snaitech employees involved in the projects or as exponents of these associations. From all the testimonies emerges the sense of mutual recognition and closeness that these experiences have been able to arouse.

9.1 Our employees

The Company believes that the quality and skills of its staff represent a strategic asset on which depends not only the quality of business results, but also the future of the organisation and its prospects. The management and development of human resources is based on respect for the person and the professionalism of members of staff, within the general context of the company. Well aware of the value of its human resources, and taking into account the constraints of operating in a highly competitive market, the Company remains committed to safeguarding employment levels.

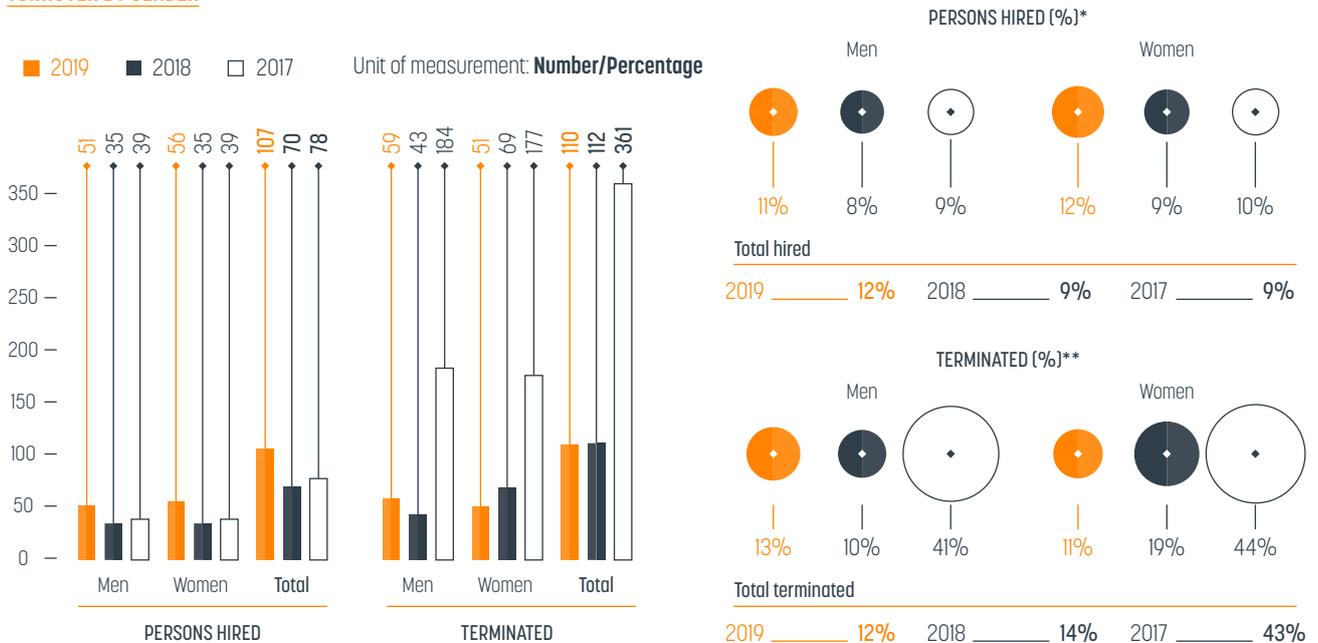
The story of Snaitech's last five years, told in the first part of this document, in the chapter dedicated to the company's human resources, testifies how the desire to enhance the pre-existing internal resources in the two companies that have merged into the new entity has been a winning strategic choice on which, in large part, the success of the operation and the results achieved are based.

9.1.1 Employee statistical profile (GRI 102-8)

The Group's personnel is very heterogeneous thanks to the presence of very different working contexts - from the three head offices, to the racecourses and the proprietary agencies. In fact, as shown by the data below, the professional skills are diverse and represent a factor of great value that favours the creation of a diversified work team with great potential.

As at 31 December 2019, the Snaitech Group had a total workforce of 920, an increase of 14% compared to the previous year (806 people), composed of 51% men and 49% women, with the female component greater by 3 percentage points with respect to 2018. The outgoing turnover is constantly decreasing and stands at 12% in 2019 compared to 14% and 43% in the preceding years.

TURNOVER BY GENDER (GRI 401-1)

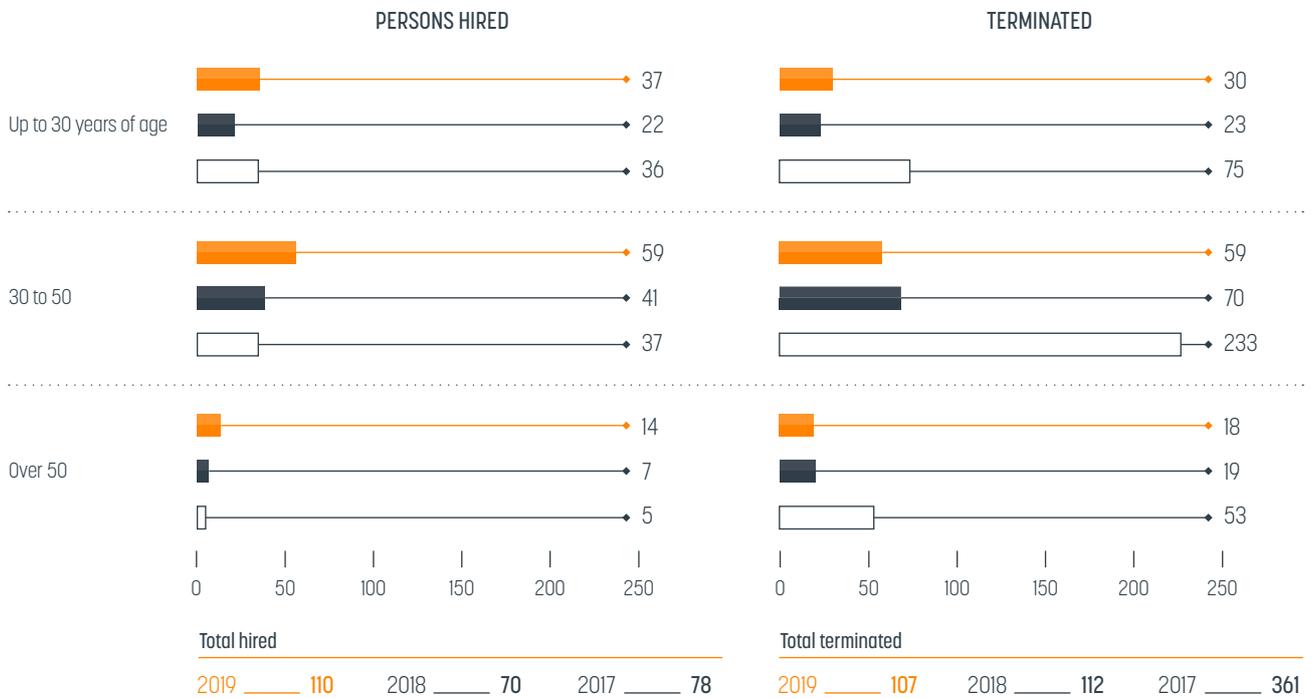


* Recruitment rate: number of employees hired in the period/number of employees at the reporting date*100.

**Turnover rate: number of employees leaving the company during the period/number of employees at the reporting date*100

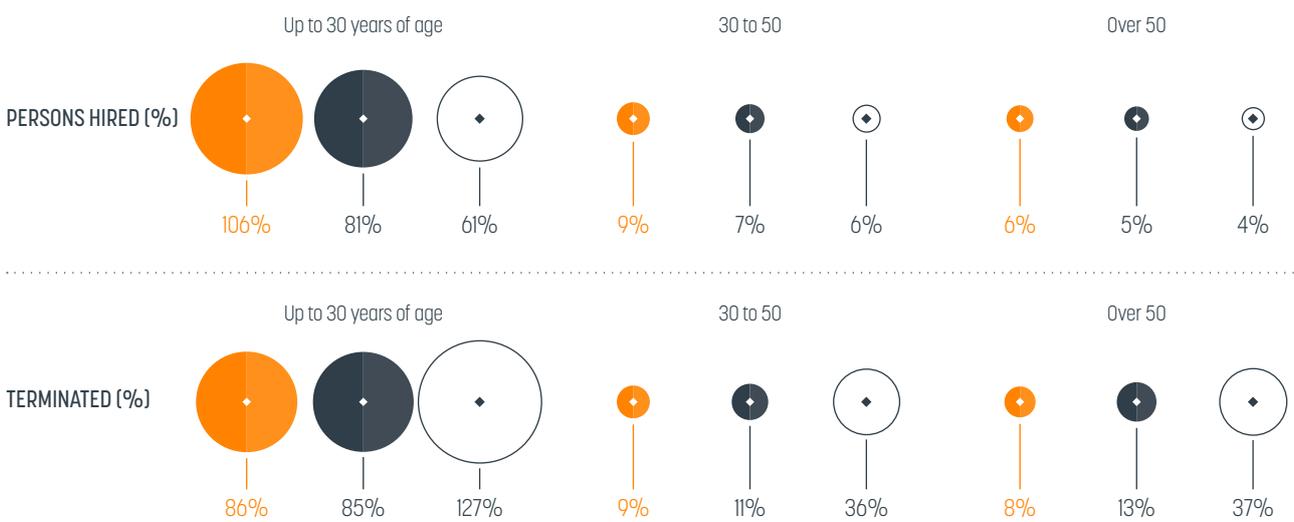
TURNOVER BY AGE GROUP (GRI 401-1)

■ 2019 ■ 2018 □ 2017 Unit of measurement: **Number**



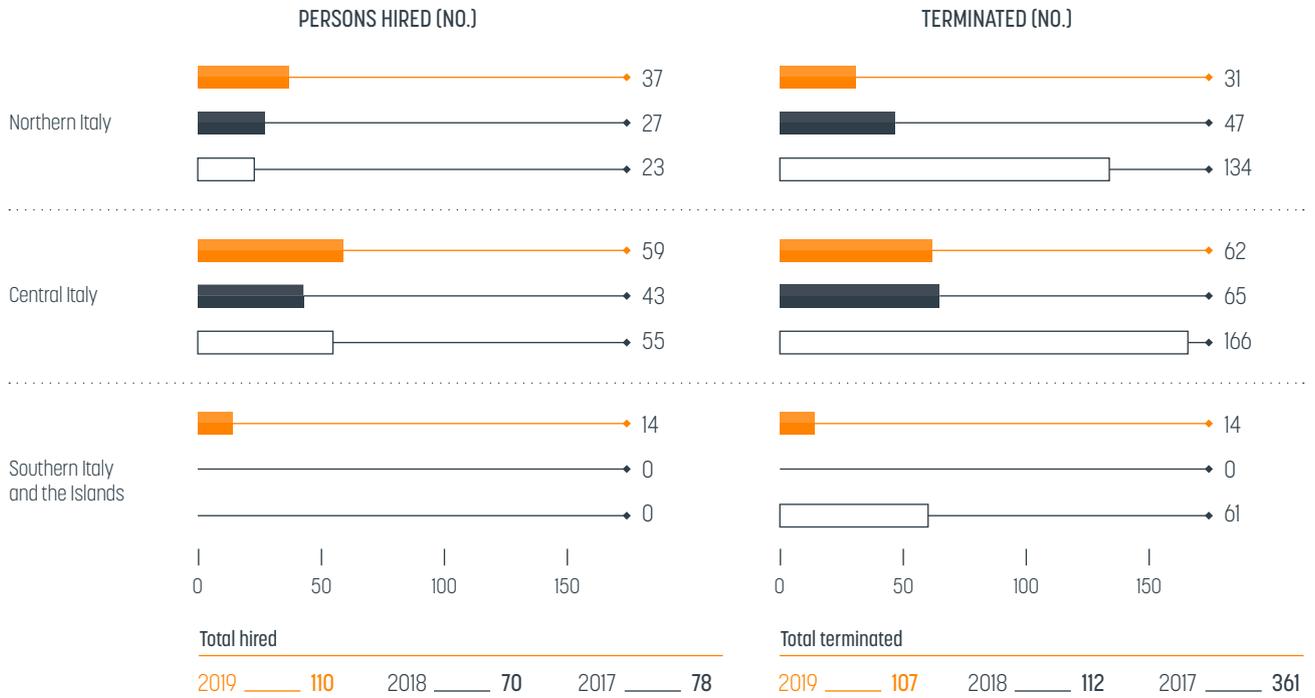
TURNOVER % BY AGE GROUP (GRI 401-1)

■ 2019 ■ 2018 □ 2017 Unit of measurement: **Percentage**



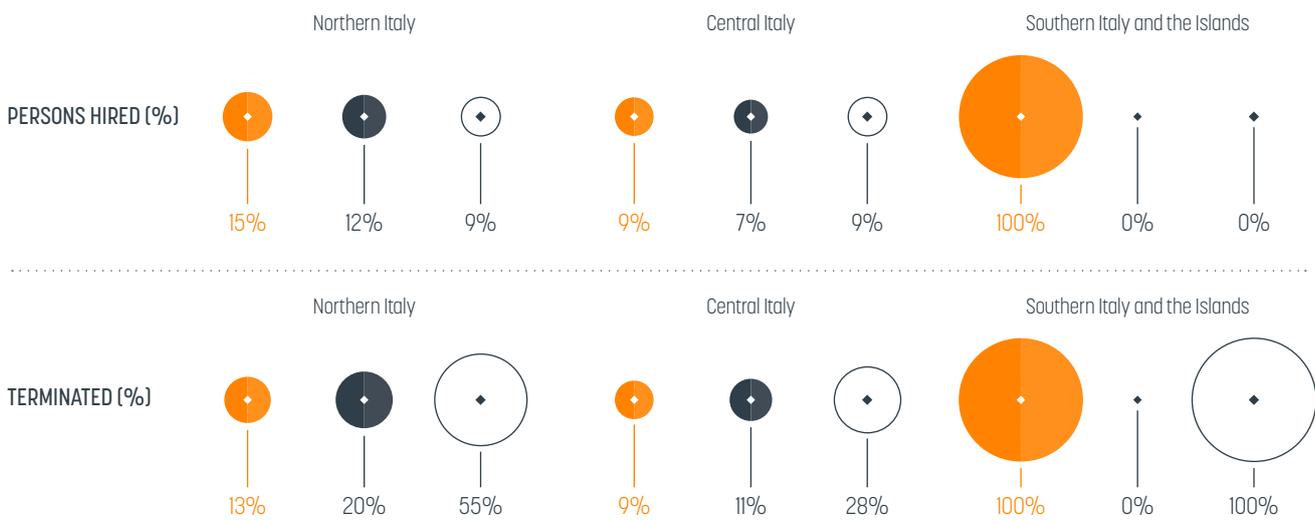
TURNOVER BY GEOGRAPHICAL AREA (GRI 401-1)

■ 2019 ■ 2018 □ 2017 Unit of measurement: **Number**



TURNOVER BY GEOGRAPHICAL AREA (GRI 401-1)

■ 2019 ■ 2018 □ 2017 Unit of measurement: **Percentage**



QUALIFICATION (GRI 102-8)

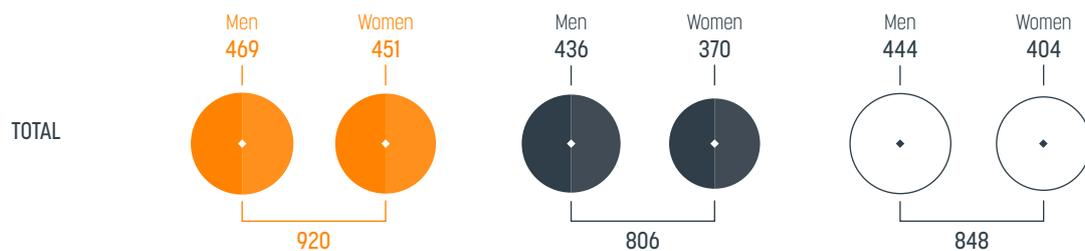
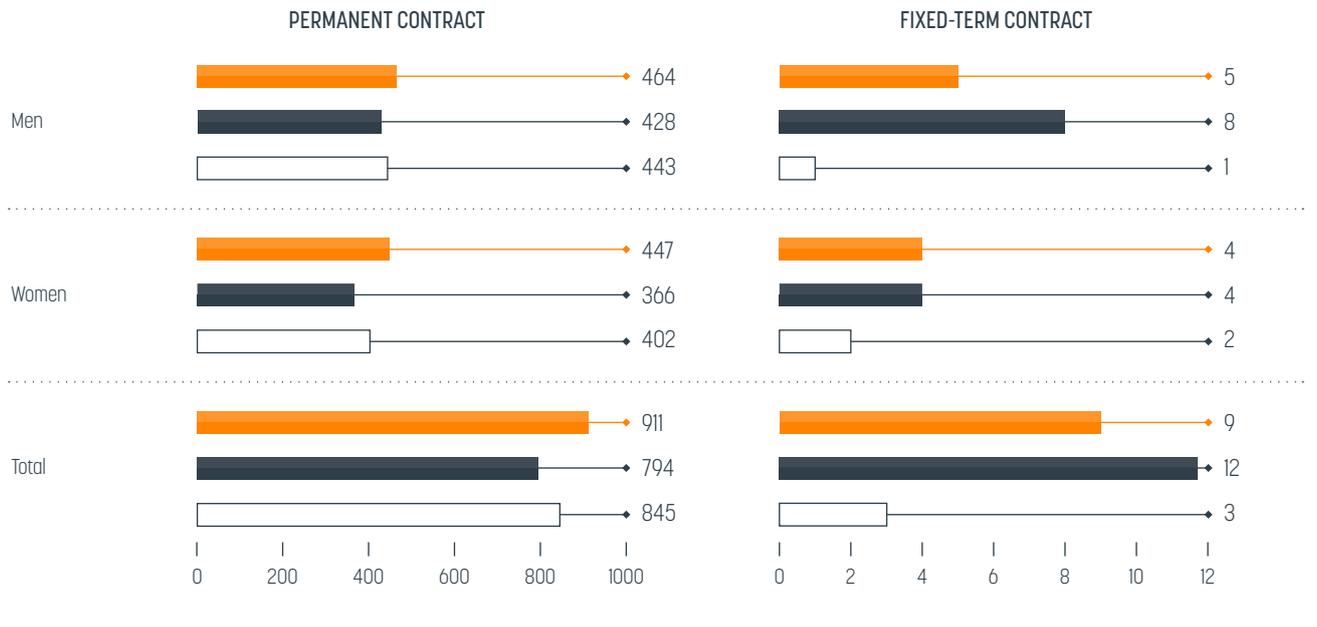
The percentage of personnel with university degrees, compared to the total number of employees, has been around 22% in the last two years.

	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
University degree	105	94	199	95	86	181	91	89	180
Secondary school diploma	289	295	584	272	243	515	284	266	550
Other	75	62	137	69	41	110	68	50	118
Total	469	451	920	436	370	806	443	405	848

EMPLOYEES BY TYPE OF CONTRACT (GRI 102-8)

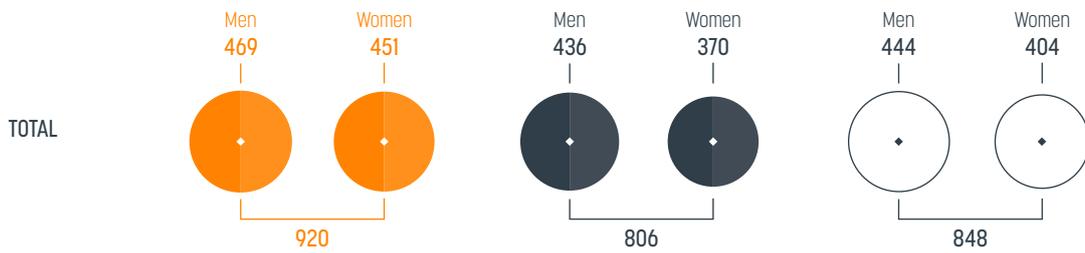
As of 31 December 2019, 99% of the staff were on permanent contracts and 77% had a full-time contract. Throughout the year, Snaitech employs temporary staff, especially during race days or other events held at the Racecourses.

■ 2019 ■ 2018 □ 2017 Unit of measurement: Number



EMPLOYEES BY CONTRACTUAL WORKING HOURS (GRI 102-8)

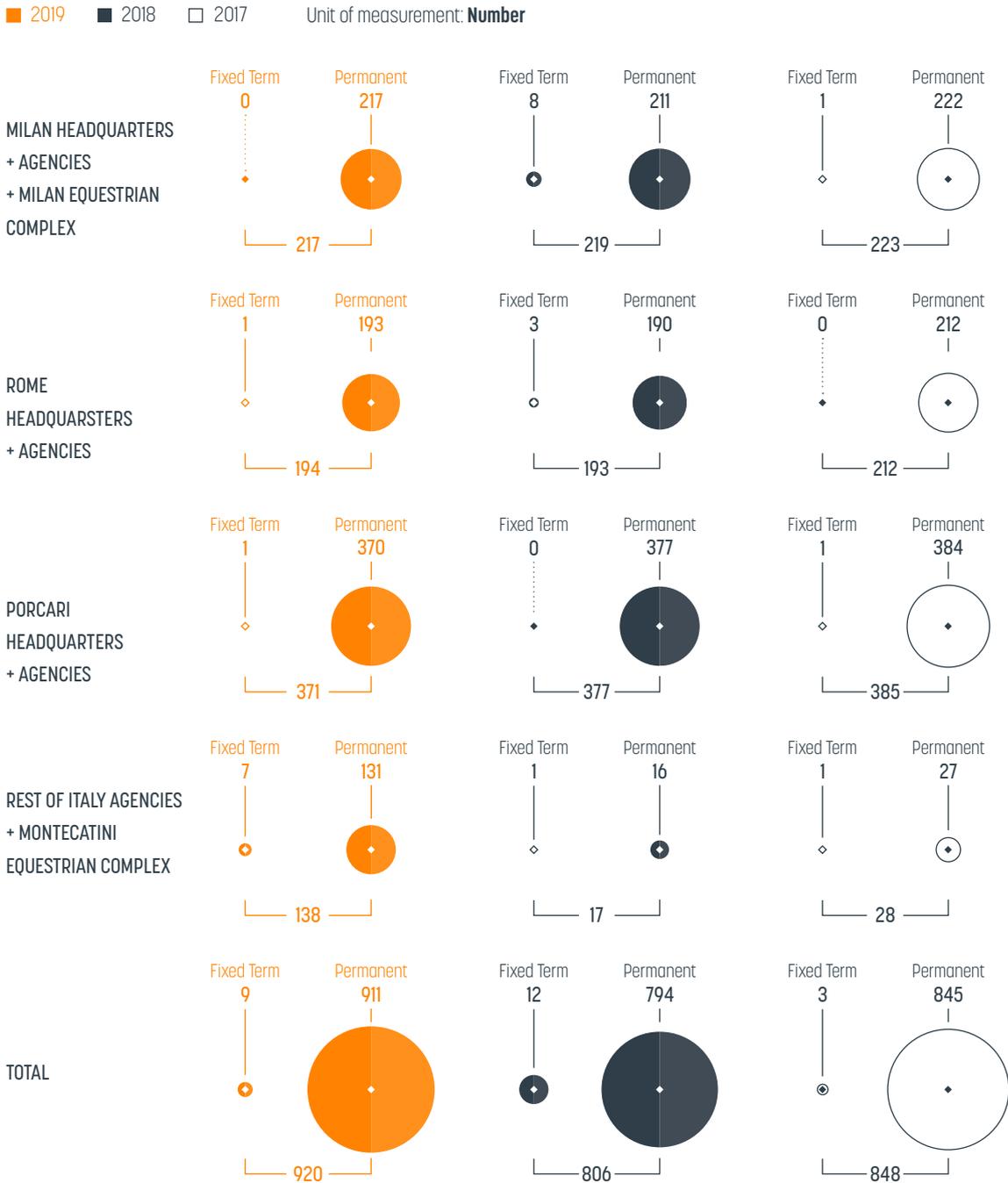
■ 2019 ■ 2018 □ 2017 Unit of measurement: **Number**



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

At 31 December 2019, 40% (47% in 2018) of the staff is based in the Porcari area, 24% (27% in 2018) in the Milan and Peschiera Borromeo area, 21% (24% in 2018) in the Rome area and 15% (2% in 2018) in the rest of Italy.

In order to foster development and growth opportunities, a certain degree of internal mobility and new hires have been deployed to increase the staff employed in directly managed agencies. In 2019, these went from 9 distributed throughout the country to 41, of which 5 in Lombardy (+2), 25 in Tuscany (+24), 3 in Lazio, 2 in Emilia Romagna and 1 new in Sicily.



Industrial relations

Snaitech S.p.A. believes that a system of trade union relations based on maximum transparency and constructiveness can enable dialogue between the parties, with respect for the roles of each, in order to promptly identify the most suitable solutions to each other's needs, in the light of the constant evolution that distinguishes the market in which the Company operates. Therefore, Snaitech considers that an adequate level of discussion facilitates the development of correct trade union relations and confides in the consolidation of the current trade union relations system developed as part of a negotiation process that, in the last three years, has seen the parties engage each other during the organisational, rationalisation and simplification phase following the integration of the companies of the Cogemat/Cogetech Group into Snaitech, with the subsequent assimilation of Trenno S.r.l.

The other companies of the Group also believe in transparent and constructive trade union relations and believe that thanks to a comparison and mutual collaboration it is possible to achieve and respect mutual needs.

For the first time in its history, Epiqa has achieved an important goal by signing its first Supplementary Company Agreement; Snai Rete Italia, also thanks to a constructive trade union discussion, has implemented important corporate operations, such as sales or acquisitions of company branches; Area Scm, the last company to join the Group, started a reorganisation process shared also with the trade unions.

Snaitech S.p.A. adopts the C.C.N.L. (national collective labour contract) applicable to Executives and Employees of Tertiary, Distribution and Service Companies, the C.C.N.L. for the Employees of horse racing Companies and the agreement for the regulation of Racecourse Workers Engaged in the Collection and Payment of Bets, Control of Entrances and Various Services, as well as, until 31 December 2019, the C.C.N.L. for Private Metalworking Industry And Plant Installation Operatives.

From 1 November 2018, the employment relationship of employees, to which the Private Metalworking Industry and Plant Installation C.C.N.L. previously applied, was governed by the National Collective Labour Agreement for Employees in the Tertiary, Distribution and Services sector with the exception of only 24 workers to whom, in compliance with a provision of the Court of Lucca, the National Collective Labour Agreement for Private Metalworking Industry and Plant Installation has been temporarily applied until its expiry (31 December 2019), by virtue of their registration with the FIOM union (22 workers) or their decision (concerning the 2 remaining employees) to join it spontaneously.

With regard to the decree of 21 November 2018 and the ruling of 26 June 2019, relating to the opposing appeal of the Court of Lucca, the Company appealed to the Florence Court of Appeal. The hearing in the appeal judgment, filed against the FIOM trade union, has been set for December 15, 2020.

On 29 March 2019, Snaitech stipulated, the new Supplementary Company Agreement for all employees (excluding executives) whose employment relationship is governed by the Collective Labour Agreement for the Tertiary, Distribution and Services sector and expires on 31 December 2019. In the new Supplementary Company Agreement, the Annual Result Bonus has been defined, which will be awarded equally to all permanent employees regardless of their applicable contractual framework and which, pursuant to current tax legislation, can be voluntarily converted, in full or in part, into benefit goods and services. In addition, 20 hours a year per capita of paid leave for specialist consultations, reimbursement of nursery fees and an e-learning platform that employees can access to take an English language course have been provided.

9.1.2 Diversity, equal opportunities and inclusion



Various sections of the Code of Ethics refer to the commitment to protect human rights within the Group and, in particular, the protection of individual dignity and the physical and moral integrity of the person, with reference to both employees and anyone who has dealings with Snaitech.

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

The measures taken to prevent human rights violations, as well as the actions taken to prevent any form of discrimination, are monitored by the Internal Audit and the Supervisory Body. In 2018, there were no cases of discrimination by employees and no reports of human rights violations were received **(GRI 406-1)**.

The Group values women at all professional levels. Indeed, Snaitech believes that diversity is a key value for the Group's success.

With regard to equal gender opportunities, in order to maintain a good balance in the composition of the company workforce, Snaitech has ensured a female presence over the years of no less than 40% of the workforce, considering diversity a value that contributes to Group's success. In 2019, the percentage represented by female staff rose to 49% compared to 46% the previous year.

EMPLOYEES BY GENDER **(GRI 405-1)**

	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees at 31 Dec.	469	451	920	436	370	806	444	404	848

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

	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	21	7	28	21	7	28	20	7	27
Middle managers	46	24	70	42	20	62	43	18	61
Employees	361	419	780	329	342	671	337	378	715
Manual workers	41	1	42	44	1	45	44	1	45
Total	469	451	920	436	370	806	444	404	848

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

	2019			2018			2017		
	Up to 30 years of age	30 to 50	Over 50	Up to 30 years of age	30 to 50	Over 50	Up to 30 years of age	30 to 50	Over 50
Executives	0	17	11	0	18	10	0	18	9
Middle managers	1	49	20	0	46	16	0	46	15
Employees	34	594	152	27	554	90	59	569	87
Manual workers	0	8	34	0	12	33	0	13	32
Total	35	668	217	27	630	149	59	646	143

TOTAL

■ 2019 ■ 2018 □ 2017 Unit of measurement: **Number**



Total

2019 **920** 2018 **806** 2017 **848**

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

The Group scrupulously follows the principles set out in its Code of Ethics. Protected and disabled categories represent 5,54% of the labour force for a total of 51 people.

	2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	2	0	2	1	0	1	0	0	0
Middle managers	0	2	2	1	1	2	2	1	3
Employees	24	16	40	19	12	31	19	13	32
Manual workers	6	1	7	6	1	7	6	1	7
Total	32	19	51	27	14	41	27	15	42

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

The average gross annual base salary (Italian acronym RAL) for white-collar women is 81% of that for men, while that for women at middle management level is 81%, while that of women in middle management is 82% and that of female executives is 86%.

	2019	2018	2017
Executives	86%	85%	80%
Middle managers	82%	81%	82%
Employees	81%	83%	81%
Manual workers**	not significant	not significant	not significant

* Remuneration: the gross annual salary in accordance with contractual obligations and the company mergers.

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

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

The overall gross annual average remuneration (Italian acronym RGL, given by RAL, Gross Annual Salary to which the variable part and the Result Bonus is added) of women belonging to the white-collar and executive levels is 78% of that of men while the remuneration of women middle-managers is equal to 77% of that of men.

	2019	2018	2017
Executives	78%	47%	71%
Middle managers	77%	79%	80%
Employees	78%	79%	78%
Manual workers**	not significant	not significant	not significant

* Remuneration: the gross annual base salary (fixed component) + the variable components and the productivity bonus.

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

9.1.3 Contractual benefits

Employees are covered by the compulsory social security scheme, in accordance with the regulations of the relevant sectors. The companies of the Group therefore regularly set aside the amounts to cover the Employee Severance Indemnity (Italian acronym TFR). Group employees also have access to forms of supplementary assistance and pensions in compliance with national contracts:

- Fasdac for Executives, to which applies the Collective Labour Agreement for Executives of the Tertiary Sector, Distribution and Services;
- Quas for middle managers, to whom applies the Collective Labour Agreement for Executives of the Tertiary Sector, Distribution and Services;
- Sanimpresa and Fondo Est for Employees, to whom applies the National Collective Labour Agreement for the Tertiary Sector, Distribution and Services;
- Mètasalute for manual workers, white-collar workers and middle managers to whom applies the private metalworking industry and plant installation agreement;
- ‘Salute Sempre per gli Impiegati’ (Health Always for Employees), to whom applies the National Radio & Television Collective Labour Agreement.

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

9.1.4 Employee well-being and benefits

For 2019, Snaitech and Epiqa have agreed with the trade unions to establish supplementary company contracts for personnel employed under the Collective Labour Agreements pertaining to the Tertiary, Distribution & Services and the Private Radio & Television sectors respectively. These provide for a **Result-re-**

lated Bonus, the competitiveness of the business. The bonus applies on an annual basis to all permanent employees and is recognized in equal measure regardless of contractual status*.

Furthermore, for the employees of the two companies it is possible to convert the bonus in whole or in part (10%, 20%, 30%, 50%, 75%, 100%) into welfare services, therefore exempt from payment of INPS (national social security) contributions and IRPEF (income tax).

Thus, the Flexible Benefits platform entitled Hello Welfare will become available from 2020, guaranteeing the creation of programmes and the offer of services that can generate engagement and productivity, extending and enriching the welfare policies already adopted by the company.

Improvement of the corporate climate, lower turnover rates, services that promote time saving and the promotion of work-life balance are just some of the benefits expected from the program.

The tool provides personalized answers to diverse needs, regardless of age and the presence of family care situations. In this way, employees may use their 'welfare accounts' to obtain goods and services such as:

- reimbursement of education and training expenses;
- reimbursement of transport costs;
- reimbursement of medical expenses;
- reimbursement of assistance expenses;
- supplementary pensions;
- shopping vouchers;
- recreational services for the purposes referenced in Article 100 of the TUIR (the income tax consolidation act), such as gym and swimming pool season tickets, travel packages and training courses).

Another important innovation envisaged by the two Agreements was the introduction for all staff of an e-learning platform for learning the English language available 24 hours a day, 7 days a week. Furthermore, the Snaitech Supplementary Contract confirmed the initiative aimed at assisting the return of new parents by contributing to the payment of daycare enrollment and attendance fees, introducing, in addition, new measures to support working mothers as they return to full-time work.

Lastly, the institution of the hour bank was extended to the entire Company on an experimental basis with the idea of aggregating the overtime hours worked by employees with a view to work-life balance enrichment. Snaitech has also stipulated an insurance policy covering occupational and non-occupational accidents for Executives, Middle Managers, Office Workers and Manual Workers as well as FasiOpen supplementary health insurance for industrial and Horse Racing Company middle managers.

Staff have access to a series of additional benefits available at particularly good rates, thanks to the contractual conditions that the Group was able to negotiate on the insurance and services market. In particular, an agreement is in place with SARA Assicurazioni, which provides for a 30% discount on automobile third-party liability cover and premium payment by instalments.

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

The established benefits are available to all part-time and full-time personnel, irrespective their employment under permanent or fixed-term contracts **(GRI 401-2)**.

* The Snaitech Agreement was subsequently signed for employees subject to the Private Metalworking Industry and Plant Installation Collective Labour Agreement.

The Group sustains the presence of women, also providing advantageous means of maternity support and confirming also for 2018, for anyone requesting it, the option of part-time post maternity working, exceeding the provision of the applicable Collective Labour Agreement. During 2019, 165 women and 43 men opted to work on a part-time basis, a total of 208 employees. Part-time contracts mainly involve working mothers or staff working at directly managed agencies and racecourses.

9.1.5 Enhancement of staff asset value and development of skills



The value of the company's human capital has been enhanced by significant investments in training at all levels.

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

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

	2019	2018	2017
Men	25.34	22.72	13.54
Women	15.49	18.25	14.04
Overall average hours	20.51	20.67	13.78

AVERAGE EMPLOYEE TRAINING HOURS BY PROFESSIONAL CATEGORY ^(GRI 404-1)

	2019	2018	2017
Executives	62.32	61.46	25.21
Middle managers	48.19	17.55	11.5
Employees	17.21	17.34	13.71
Manual workers	7.74	49.29	11.07
Overall average hours	20.51	20.67	13.78

In 2019 there was a further increase in the total number of hours dedicated to training in the Snaitech Group. The 2019 training plan continued in the footsteps of previous years both in terms of content, with some innovations illustrated below, and of average hours administered per individual employee.

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

- **Behavioural:** fundamental for developing soft skills in line with the position held and the processes of organisational change and development. This category saw a significant increase in the hours provided in 2019 (3,940 vs. 2,207) with various courses having been organised and carried out with a focus on effective communication methods as well as on People Management and Leadership techniques and practices. In addition, in 2019, Snaitech launched a training project aimed at the organisation's "key people" aimed at developing greater awareness of their contribution to the company and increasing the chances of acting effectively in increasingly complex, personal and professional contexts. The project involves learning techniques and tools aimed at facilitating the management of emotions and the synergistic achievement of individual and company goals. The main goal of the path is to support and sustain an increasingly conscientious growth trajectory with solid foundations.
- **Technique:** necessary for the direction of the company strategy aimed at the development and/or maintenance of specific technical skills. In this context in 2019, various on-the-job training initiatives, mentoring activities, role-specific technical courses and English language courses were developed, also administered through an e-learning platform, aimed at all Snaitech and Epiqa personnel. This was undertaken in the compliance with the agreements established with the trade union representatives on the occasion of the renewal of the Company Supplementary Agreement.
- **Occupational Safety:** during 2019, the Snaitech Group continued to implement the staff training and information process in compliance with Italian Legislative Decree 81/08. **More than 2,137 hours of safety training, information and coaching were provided to employees.**
- **Compliance:** this training component included initiatives promoted by the Legal and Corporate Affairs Department, the Anti-Money Laundering Department and the Human Resources and Organisation Department, aimed at increasing employees' knowledge and awareness of, and compliance with, current standards and regulations. In particular, training was provided on the following topics:
 - **Privacy and processing of personal data:** with reference to the new European Regulation EU 2016/679, Snaitech, in 2019, concluded the training sessions, aimed at all staff, which began in 2018. Additional in-depth sessions were provided aimed at the offices most impacted by the new developments and training sessions were provided for the staff of directly managed agencies, which had the aim of:
 - ◆ illustrating the innovations introduced regarding the processing of personal data, information security, compliance processes and contractual relationships;
 - ◆ providing the awareness necessary for the correct processing of data and investigating the effects of the privacy legislation on the processes and the company business and/or the services offered.

The aforementioned training was provided both in the classroom and in e-learning mode with the aid of videos made with the support of the Epiqa production facilities and with the collaboration of the Data Protection Officer and the Privacy and Governance functions.

- **Responsible Gaming/Gambling:** on the occasion of the annual certification of the Global Gambling Guidance Group “G4 - Responsible Gaming”, training workshops were organised which focused on the following topics and international best practices in relation to responsible gaming/gambling:
 - ◆ gambification vs. gamification;
 - ◆ the role of artificial intelligence;
 - ◆ how the “phenomenon” really presents itself;
 - ◆ the proactive approach compared to the reactive approach;
 - ◆ Differences and similarities between the Retail And Online business
 - ◆ advertising
 - ◆ regulatory issues;
 - ◆ case studies.

- **231/01:** following what had started in 2018, all the Group companies were involved in training courses aimed at informing and training all personnel on the updating of the Company’s Organisation, Management and Control Model (“Model 231”).

- **Anti-money laundering:** the courses focused on the specific regulations introduced by Italian Legislative Decree 90/17 continued with a focus on the changes introduced by the legislation and on the procedures for reporting suspicious transactions.

HOURS OF TRAINING BY TYPE	2019	2018	2017
Behavioural	3,940	2,207	2,392
Teambuilding	464	1,284	255
Technical issues	8,147	3,806	2,348
On the job training	2,204	1,850	3,110
Italian Legislative Decree 231/2001	640	410	140
Anti-money laundering	690	495	237
Responsible gaming/gambling	205	45	434
Health&Safety	2,137	5,009	2,742
Privacy and personal data processing	442	1,553	24
Total	18,869	16,659	11,682

In addition to training, initiatives were planned and implemented in 2019 aimed at strengthening employee performance.

In particular, the new Snitech Skills Model was defined, together with the identification of professional families through the LEGO® SERIOUS PLAY® method, with the contextual identification of the basic skills common to Managers and Professionals within the same professional family. These skills have been included in the new Performance Management model implemented internally, which made it possible to

reach the entire Snaitech population in the process of assigning and assessing goals and in defining individual development plans.

At the end of 2019, the first Snaitech Employee Engagement Survey, FEEL, was also presented and launched, with the primary aim of exploring the dimensions of the Employee Experience and Engagement as fundamental leverage factors in improving motivation and well-being considered to be key elements for the achievement of business goals.

9.1.6 Occupational Health&Safety



In keeping with the guidelines, **the Group is constantly working at the development and promotion of a culture of health and safety at work.** The management system put in place ensures full compliance with the rules laid down in Italian Legislative Decree 81/2008.

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

In 2019, continuous monitoring in this context brought about a focusing of attention on the Emergency Teams, both in terms of updating the training of First Aid Responders and Fire Fighters, and through periodic meetings with the aim of promoting the development of awareness of the safeguarding of health and safety in the workplace as well as the active participation of the workforce. The meetings also made it possible to define the main responsibilities and tasks of the Teams by assigning specific duties.

Always with a view to creating and fostering a culture of safety, the safety organisation charts have been updated with photos of the SPP (Prevention and Protection Service) group and the identification logos of the teams have been affixed to the doors to enable the easy identification of First Aid Responders and Fire Fighters.

In the light of the internal reorganisations, updating has been applied to the health protocols which take into account the new individual risks and which have enabled the correct management and organisation of medical examinations in compliance with the roles and identified related risks in line with the relevant legislative provisions. In 2019, over 2,000 man-hours of training on health and safety issues were provided. Furthermore, the mandates to external companies for the role of the RSPP (Prevention and Protection Officer) have continued and the appointment of a single Medical Coordinator for all Group Companies has been confirmed.

In 2019, 11 accidents were reported, a decrease compared to the previous two years (13 and 18); 54.55% of them occurred in transit and therefore outside the direct control of the Group. The related frequency also decreased, as did the number of sick leave requests. Indeed, in 2019 the absenteeism rate continued to trend downward, decreasing both with respect to 2018 and 2017 and reaching 6,995 (6,633 for men and 7,395 for women).

ACCIDENTS (GRI 403-2)

	2019	2018	2017
Total number of accidents	11	13	18
— of which in transit	6	11	7
Accident rate*	1.63	2.05	2.44
Severity index**	45.86	39.15	70.9
Rate of absenteeism***	6,995.20	7,025.34	7,633.25

* Total number of accidents/number of hours worked x 200,000.

** Total number of days lost/total number of hours worked x 200,000.

*** Number of days of absence/total days that can be worked x 200,000.

9.2 The community (GRI 102-12; 413-1)

Over the years, Snaitech has increased awareness of its role in the area of corporate social responsibility. A long journey has been taken alongside numerous non-profit organisations with which, through its **iZilove Foundation**, the Company has built long-term relationships to offer continuity to charitable and donation-oriented initiatives that do not envisage a financial or commercial return for the Group.

The iZilove Foundation, an independent non-profit organisation entirely controlled by the Group, benefits from an endowment fund made available by Snaitech, donations from Group companies and voluntary contributions from staff.

During the 2019 reporting period, the Foundation granted €127,157.64 in favour of numerous initiatives detailed in Chapter 3 “Corporate Social Responsibility” featuring interviews with the main actors.

For our Group, integrity,
the sharing of solid
values and team spirit
are the foundations from
which to start for a path
of sustainable growth.





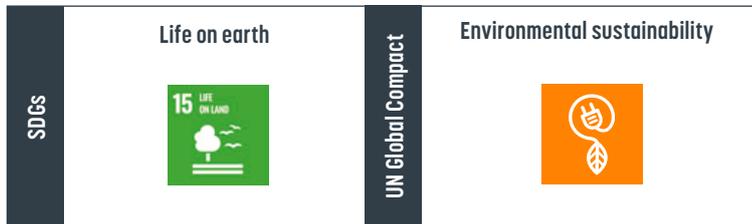


10

Environmental responsibility

For Snaitech, respect for the environment and safeguarding it are vehicles for the enhancement of corporate values and strategic growth factors. Snaitech considers environmental safeguarding to be an integral part of its business strategy and acknowledges the importance of adopting behaviours aimed at protecting environmental resources. To this end, it strives to reconcile the needs of economic efficiency and legitimate profit with the sustainable development of existing activities.

10.1 The main environmental impacts



Most of the activities conducted within the Group coincide with those of a service company and as such do not generate the significant direct impact typical of most industrial production sites.

However, the management of racecourses presents some peculiarities from the point of view of water resource management and waste production and, therefore, the company acknowledges that, regardless of the activity conducted, particular attention to environmental issues is warranted. Therefore, also in this area, it is essential for the company to pursue goals and take on specific commitments towards its stakeholders by applying effective and reliable monitoring in order to identify its environmental impact, verify relevant trends over the years and monitor the effectiveness of actions taken.

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

With regards to software, it operates mainly with low voltage electronic circuits with the typical energy consumption of an average office, to which must be added the energy, which comes from various sources, used for heating in winter and air-conditioning in summer for the technical rooms and offices. The selection and management of the points of sale also requires fuel for transport for the support and consulting staff. The use of hardware involves the indirect consumption of materials and energy typical of the electro-technical product chain and the need to ensure the disposal of obsolete equipment, as required by law to protect the environment.

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

The equestrian complexes managed by Snaitech have environmental characteristics that engage the company in two main directions:

- the protection and enhancement of resources within the districts that represent animal and vegetative eco-systems;
- the management and monitoring of the resources used for the management of green areas and the waste produced.

10.2 Protection and value enhancement of natural resources

The presence and extension of the equestrian complexes, the Racecourses and their green areas (1,363,000 m² in Milan and 154,142 m² in Montecatini Terme) have a particularly positive potential impact on the surrounding environment because they contribute, through their vegetation, to the production of oxygen and the absorption and abatement of pollutants typical of urban settings. The progressive warming of the climate throughout the planet has also highlighted the positive effect that tall trees can have for the mitigation of summer temperatures.

From the point of view of environmental impact, it is therefore not a question of containing negative effects, but of monitoring and managing mitigating effects in urban contexts already compromised by external polluting factors typical of metropolitan systems.

Furthermore, Snaitech adopts an extended definition of environment that not only includes the physical and chemical effects of the activity on the soil, water and surrounding area but also includes the results of cultural, historical, artistic and identity activities on the territory that the presence of the Racecourses implies for the community. **The lawns, the extension of the wooded areas, the botanical park with over 55 tree species, some of them exotic, of the Snai San Siro Racecourse and the presence of a small stretch of water represent an eco-system populates by bird species and precious century-old plants only 4 kilometres from the centre of the city of Milan and the EXPO exhibition area.**

The areas of the Milan equestrian complex represent not only a green lung for the Milan metropolitan area but also an artistic and cultural centre subject to the protection of Environmental and Cultural Heritage that house prestigious works of sculpture.

Snaitech is strongly committed to enhancing the value of its equestrian complexes through multiple activities involving the surrounding community and through the revival of equestrian activities and undertakes to protect the natural and artistic resources they represent through constant monitoring and a regular assessment of environmental risks and impact.

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

The plan for the enhancement of the arboreal heritage provides for the planned monitoring by the agronomist consultant of the more than 2,700 trees present in the Milan equestrian complex in coded and mapped wooded areas that occupy about 2.5 ha, distributed in 139 areas.

Snaitech is aware that preserving the equestrian complexes with their vegetation is an important factor in contrasting global warming ^[GRI 304-3].

10.3 Responsible waste management

Snaitech is engaged in all those activities that promote the use of more recyclable resources, the reduction of waste production, its proper disposal and the encouragement of reuse practices. All of these actions make it possible to improve waste management and reduce waste production, helping mitigate negative environmental impact.

99% of the special waste produced by Snaitech comes from the management of Equestrian Centres and of these, over 94% is made up of manure.

The manure produced by the Group's equestrian areas is destined to be recycled; that produced by the Milan Racecourse is treated as a "by-product of animal origin", by virtue of the assignment by the competent ATS (District Health Authority) of a zootechnical code adopted by animal breeding establishments, it is thus sent for recycling and reused as fertilizer.

The manure produced in the Snai Sesana Racecourse in Montecatini Terme is entrusted as waste to a specialist company that has the authorisation for storage and composting and which then markets it as fertilizer. For consistency with previous years, the manure collected by the equestrian areas as a whole is reported here as non-hazardous special waste.

In 2019, 8,366 tons of manure were recycled as fertilizer in mushroom farms while 206.52 tons of biodegradable foliage have been totally destined for recycling purposes.

The hazardous waste produced by the Group is partly related to the replacement of office equipment and materials and is down compared to the previous year in which the plan for the renewal of workstations was concentrated towards more technologically advanced solutions which also continued in 2019. Part of the hazardous and non-hazardous special waste comes from equestrian complexes and their quantity varies from year to year depending on the activities that are carried out in these areas. For example, non-hazardous "bulky waste" derives from the intensification of the evacuation and refurbishment of a number of stables in the last months of 2019.

WASTE BY TYPE AND DISPOSAL METHOD* (GRI 306-2)

	UdM	2019	2018	2017
Special waste	Tonnes	8,850.29	7,829.24	8,265.36
— of which hazardous waste	Tonnes	96.46	127.18	1.73
Waste sent for disposal	Tonnes	52.207	179.70	62.26
Used waste sent for recycling	Tonnes	8,798.08	7,649.54	8,203.10
Percentage of waste resulting from the management of racecourses	%	98%	97%	98%
Percentage sent for recycling	%	99%	98%	99%

* It should be noted that the figure does not include Snai Rete Italia and the Area Scm.

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

In particular, the equestrian complexes adopt a circular economy approach linked to the subsequent use of waste as an input for crop farming. In fact, horse manure, as specified above, is sent for recycling and reused as fertilizer.

An important portion of the “wet” component of waste, deriving from maintenance of the park’s vegetation, via separate collection, enables renewable energy to be recovered via the production of biogas, as per the AMSA S.p.A. Declaration.

The increase in manure production, recorded in 2019, is attributable to the changes made to the care and hygiene of the horses and the length of stay of the horses during racing meetings.

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

Starting from 2017, the Group has been engaged in the remediation of approximately 33,000 m² of asbestos-cement roofing present in the Milan equestrian complex, of which approximately 15,500 have been reclaimed as of 31 December 2019. Fifteen thousand m² of original roofing are included in the former Harness Racing Area which was sold on 21/04/2020 and is therefore no longer under the responsibility of the Group. Therefore, at present, the flat racing area intended for attendance by the public is completely free from asbestos roofing while the following remain to be remediated:

- approximately 1,500 m² inside the Flat Racecourse which will be removed by the end of 2020;
- about 1,000 m² inside the Flat Racing Training Centre which is expected to be completely removed by the end of 2021.

It should also be noted that at the Snai Sesana Racecourse in Montecatini Terme, the complete removal of the asbestos cement roofing had already been completed in 2015.

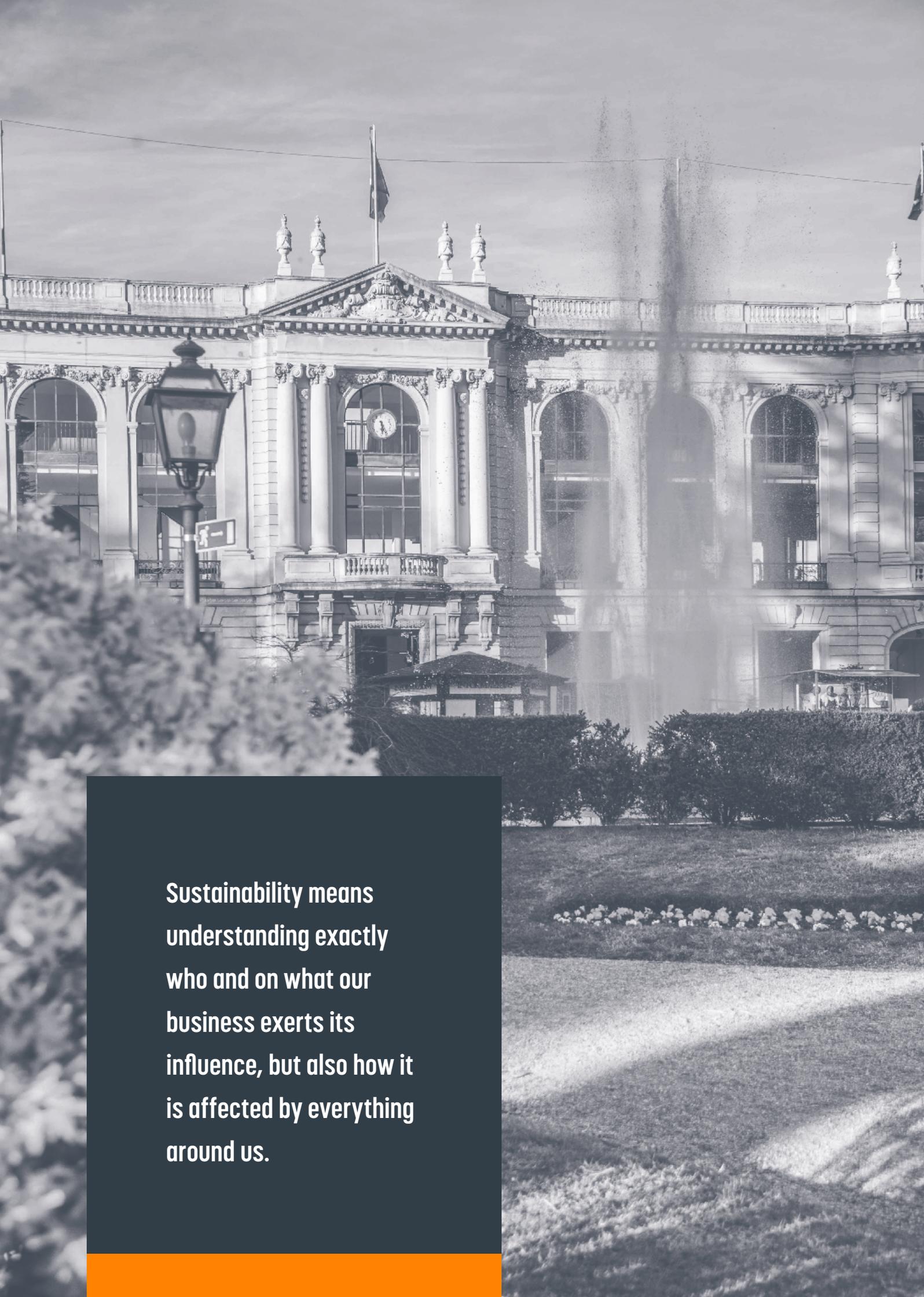
During 2019, the Group provided all employees with personalised thermal bottles to help spread a healthy lifestyle and at the same time contribute to an increasingly eco-sustainable future, reducing the consumption of plastic bottles.

Over the last three years, SNAITECH has been engaged in a programme of dematerialisation and process streamlining, aimed at progressively reducing the use of paper through the creation of the documentation section, the integration of data and documentation, and digitalisation, which will include items exchanged by the sales network and the suppliers.

The following table shows the data relating to paper consumption, which has slightly increased after having registered a strong contraction in 2018 compared to previous years.

PAPER CONSUMPTION

	UoM	2019	2018	2017
Paper consumed	Tonnes	18.8	16.58	39.68



Sustainability means understanding exactly who and on what our business exerts its influence, but also how it is affected by everything around us.

10.4 Energy efficiency and emissions (GRI 302-1)

The characteristics of Snaitech's business mean that most of the emissions generated are referable to indirect consumption, such as purchased electricity and direct consumption such as the consumption of diesel or petrol for company vehicles and natural gas for heating. The Group is committed to actions aimed at the efficient use of energy and the adoption of renewable energy sources in offices, shops and racecourses. Such actions pursue the maximum possible containment of the company's direct and indirect emissions, compatibly with the seasonal climatic variations, with the intent of contributing to the reduction of atmospheric pollution.

I Direct energy consumption increased by 12% in 2019 and concerned all types of consumption associated with the expansion of the Group's scope of action and the entry of the Area Scm agencies starting from the end of January 2019.

The increase in electricity consumption by the Group is partly due to a greater use of daytime and evening lighting in the Horse Area of the San Siro Racecourse during the "Leonardo Horse Project" event. Furthermore, the increase is justified by the presence of numerous agencies in the area which may have contributed to a greater consumption of electricity. On the other hand, as planned, **for all of 2019 the Group's electricity supplies were provided by a single supplier that declares the supply of energy to be 100% from renewable sources (with the exception of the Area Scm agencies which have complied with rest of the Group starting from July).**

II The plan for the reduction of electricity consumption by the equestrian complexes envisages the constant monitoring of the numerous meters to identify and prevent unjustified consumption. Furthermore, throughout the Group, during ordinary and extraordinary maintenance, the legacy illumination is progressively replaced by LED lighting.

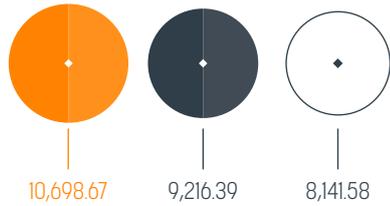
The reduction in the consumption of energy produced by district heating is due to the rationalisation of the premises and offices of the Milan equestrian complex started in 2018 and completed in 2019. Finally, in the context of equestrian complexes, an energy diagnosis project was initiated, entrusted to a specialist external company to identify areas and areas for optimising energy consumption.

ENERGY CONSUMPTION* (GRI 302-1)

■ 2019 ■ 2018 □ 2017 Unit of measurement: GJ

DIRECT CONSUMPTION

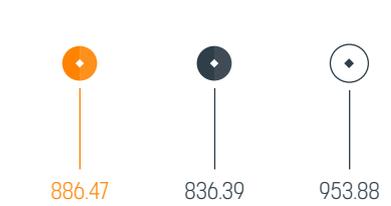
Methane for heating



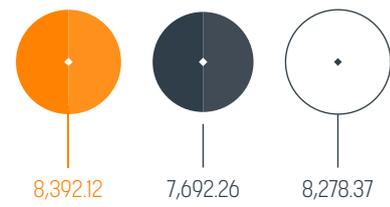
Diesel fuel for electricity generators



LPG for heating



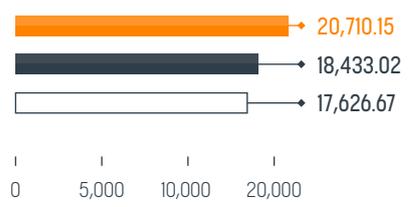
Diesel for motor vehicles



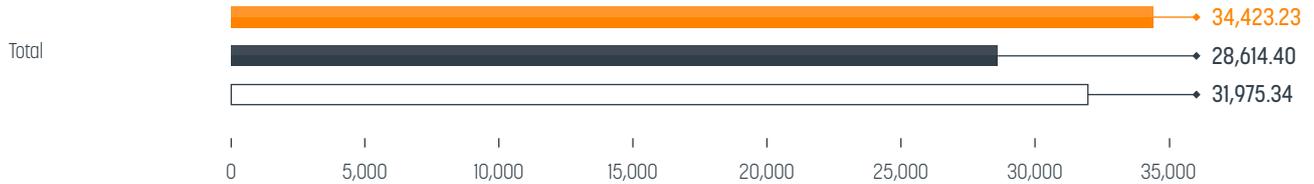
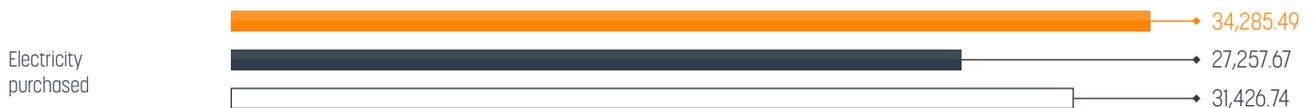
Petrol for motor vehicles



Total



INDIRECT CONSUMPTION



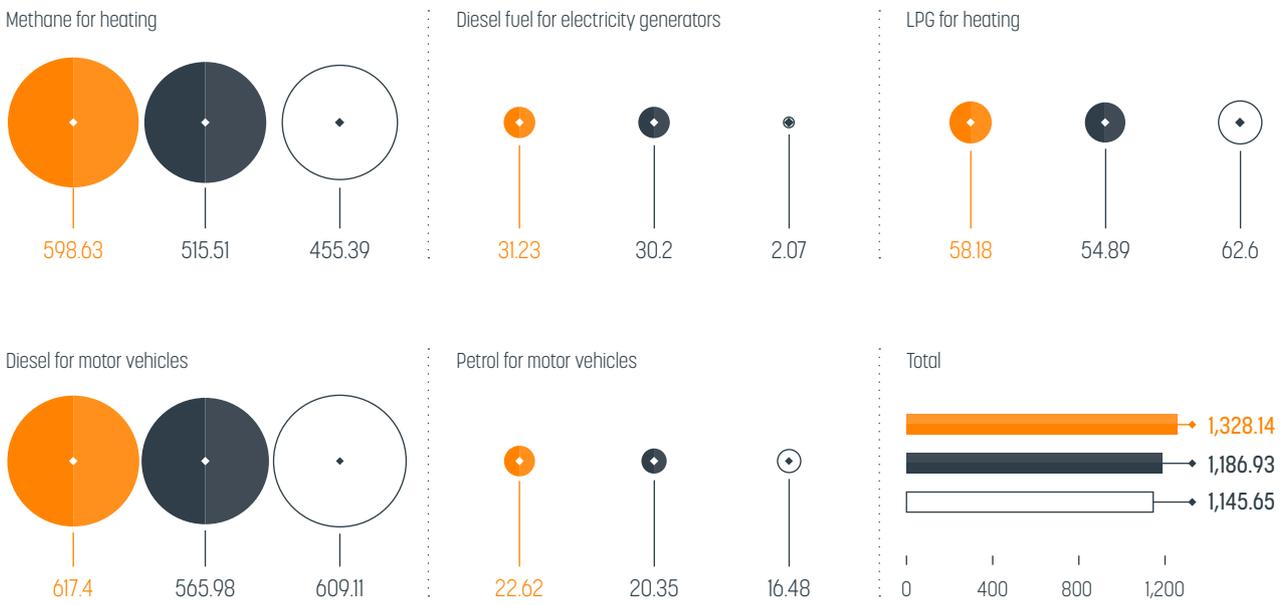
* Data does not include the premise of Epiqa in Rome.

The service sector in which the Group operates does not produce significant emissions. Direct emissions (Scope 1) are the direct consequence of a relatively modest use of energy compared to industrial activity. Indirect emissions (Scope 2) have drastically decreased this year thanks to the transition to a single supplier for the entire Group which ensures that the electricity is produced from 100% renewable sources. **Therefore, for the year 2019, the percentage of electricity purchased by the Group from renewable sources was equal to 96% since the consumption for the first part of the year of the Area Scm agencies is managed by a different supplier whose electricity comes from sources that are limited to 34.9% renewable. It is expected that in 2020, 100% of the electricity purchased by the Group will come from renewable sources.**

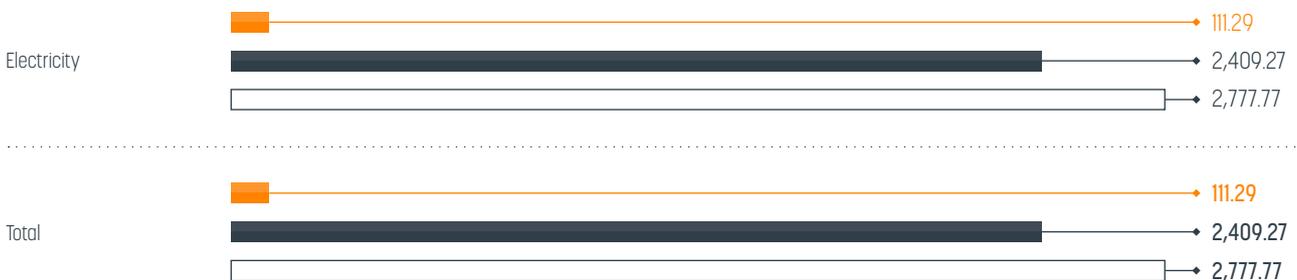
EMISSIONS

■ 2019 ■ 2018 □ 2017 Unit of measurement: t CO₂

DIRECT CONSUMPTION* SCOPE 1 (GRI 305-1)



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



* Source of the conversion coefficients for direct consumption CO₂ emissions: "Tabella parametri Standard nazionali" (National Standards Table) published by the Ministry of the Environment for the period 1 January - 31 December 2019.

** Source of conversion coefficients for indirect consumption into CO₂ emissions, ISPRA Report 2018.

10.5 Efficient water management

Efficient water management refers to the ways in which the Group manages water consumption, both in the offices and at the Racecourses, with the aim of promoting careful use and avoiding waste as much as possible. In 2019, 97% of the Group's water consumption was concentrated in the Milan and Montecatini Terme equestrian complexes. In particular, 93% of the water supply for the Milan equestrian complex comes from private wells and only 7% from the Milan aqueduct, whereas the Montecatini Terme racecourse gets all its water from the public aqueduct and the Borra and Sant'Antonio streams. The consumption of water from private wells, which represents the largest amount of water used for irrigation of the greenery and the tracks and for watering the horses, is calculated at the end of December by reading the meters. The reduction of water consumption was achieved by strict monitoring, subdividing the facilities into sections and closing down those not in use. Regarding the increase in consumption from municipal aqueducts, the consumption of the agencies headed by Snai Rete Italia and Area Scm started to contribute to the total for the first time in 2019. With regard to extraction from wells, Snaitech periodically commissions chemical and microbiological analyses on water samples extracted from the wells owned by the San Siro Equestrian Complex and obtains a regular potability certification.

WATER CONSUMPTION* (GRI 303-1)

	UoM	2019	2018	2017
Municipal aqueduct	cubic metres	47,827	32,327	40,263
Extraction from wells	cubic metres	410,898	454,430	464,174
Other sources**	cubic metres	5,400	5,400	0
Total	cubic metres	464,125	492,157	504,437

* The consumption of the agencies headed by Snai Rete Italia and Area Scm started to contribute to the total for the first time in the first months of 2020. Water consumption does not include the premise of Epiqa in Rome.

** "Other sources" refers to the extraction from the Borra and S. Antonio streams to water the track at the Montecatini Terme Racecourse.

Water discharge refers to the activities of the equestrian complexes and are closely related to extraction volumes. In fact, the water extracted is mainly used for irrigation and thus returns to the ground. In this regard, it should be noted that more than half of the water extracted from wells for irrigation forms part of the aquifer supply cycle.

WATER DISCHARGE* (GRI 306-1)

	UoM	2019	2018	2017
Municipal sewerage system	cubic metres	253,276	259,542	272,350
Irrigation	cubic metres	210,849	232,615	232,087
Total	cubic metres	464,125	492,157	504,437

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

Methodological note

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

The 2019 Snaitech S.p.A. Group Sustainability Report covers the period from 1 January to 31 December 2019. This document represents the fourth year of non-financial reporting carried out by Snaitech after the Citizenship Report published in 2016, the 2017 Consolidated Non-Financial Declaration pursuant to Legislative Decree No. 254/2016 and the 2018 Sustainability Report.

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

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

As a methodological reference, this 2019 Sustainability Report - in line with previous reports - adopts the principles defined by the "Sustainability Reporting Standards" of the Global Reporting Initiative (hereinafter the "GRI"), according to the "in accordance core" approach.

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

Materiality analysis of key topics (GRI 102-44; 102-46; 102-47)

The materiality analysis was updated in preparation for the 2018 Sustainability Report and reconfirmed this year because no internal or external events occurred to change its significance. The update, which involved the Group's top managers, included the following phases:

- 1** Identification of the universe of potentially relevant topics. We started with an analysis of the context and sector in which the Group operates and also analysed the topics that have already emerged in the Group's non-financial disclosure issued in previous years as well as the documentation of the parent company Playtech.
- 2** Internal engagement and topic evaluation. Workshops were carried out aimed at assessing the importance of each of the identified topics, both from the point of view of the Group and of the reference stakeholders, through a self-identification exercise by the top management.
- 3** Definition of the material topics of the Group.

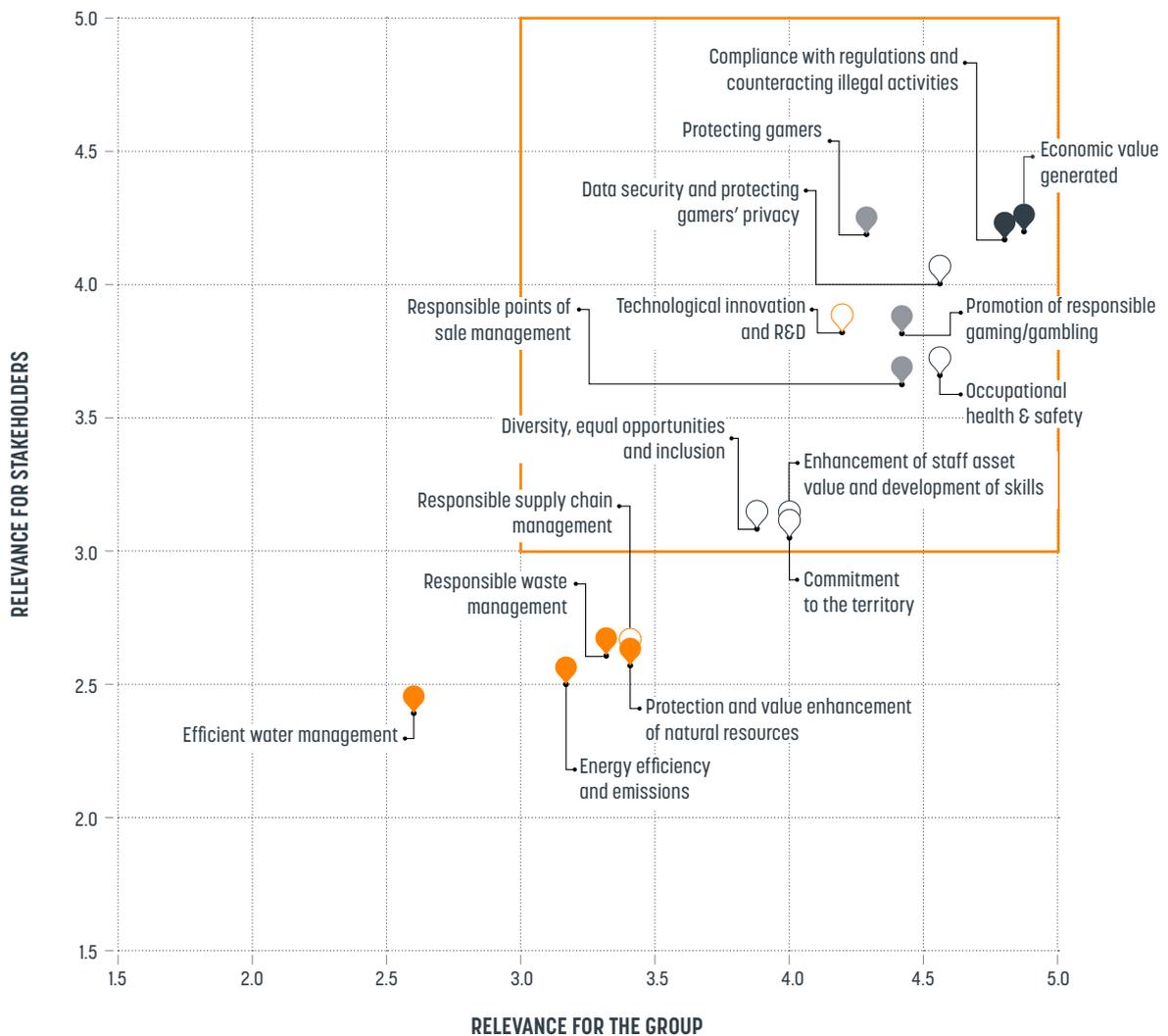
The upper right quadrant lists the issues that have greater relevance, both for the Group and stakeholders, prioritising all those related to regulatory compliance. The importance given to these topics is closely linked to the importance that the regulatory context has for the reference sector, an absolute priority for the entire management community.

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

The materiality matrix presented below, validated by the Chief Executive Officer, guides the preparation of this Sustainability Report.

SNAITECH’S MATERIALITY MATRIX (GRI 102-47)

- Economic
- Environmental
- Social
- Transversal Sector
- Specific



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

The 2019 Sustainability Report describes the environmental, social and economic performance of the companies in the Snaitech Group, excluding associated companies and companies without employees. The exception is the iZilove Foundation - 100% owned by Snaitech S.p.A. and without employees - in consideration of the importance of its social solidarity activities in the fields of assistance, charity, education and training, while promoting culture, art and scientific research.

Unless otherwise specified, the document shows a comparison between the qualitative and quantitative information of 2019 and the two-year period 2018 - 2017, presented in the previous reports. All exceptions and possible scope variations are given in the note below the tables or within the text.

Data processing procedure and methods

The Working Group set up by the Parent Company to prepare the 2019 Sustainability Report, coordinated by the Business Development & Communications Department and comprising the corporate departments of the Group Companies, was responsible for data collection and document processing.

The Directors were involved in verifying the Group's stakeholder base and confirming the relevance of the Materiality analysis carried out in 2018 as well as for the collection of data and the subsequent drafting and revision of the textual content of the document.

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102-3	Registered Office	174		
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Reporting procedures				
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102-53	Contact for questions related to the report			For further information on the 2019 Sustainability Report: ufficio.stampa@snaitech.it
102-54	Reporting in accordance with GRI standards	161	Note on methodology	
102-55	Content index of GRI standards	165	Content index	
102-56	External audit			The Snaitech Group's 2019 Sustainability Report has not been subject to external audit.

SPECIFIC DISCLOSURE (2016)

Material topic: **Distributed economic value**

Impact perimeter: external (Shareholders and lenders, Gamers, Distribution and operators in the sector, Suppliers, Communities, Regulatory Bodies and Institutions); internal (Group, Employees)

GRI 103: Management approach

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201-1	The added value produced and distributed	107		The added value produced and distributed
Material topic: Regulatory compliance with and counteracting illegal activities Impact perimeter: external (Shareholders and lenders, Gamers, Distributors and operators in the sector, Media, Suppliers, Communities, Regulatory bodies and Institutions, Representative organisations); internal (Group, Employees)				
GRI 103: Management approach				
103-1	Explanation of the relevant topic and related Scope	29-112		The fundamental role of compliance A sustainable business
103-2	Management approach and related components	29-112		The fundamental role of compliance A sustainable business
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GRI 205: Anti-corruption				
205-1	Operations assessed for risks related to corruption	118		Anti-corruption
205-2	Communication and training on anti-corruption policies and procedures	119		Anti-corruption
205-3	Confirmed corruption events and actions taken	119		Anti-corruption
GRI 419: Socio-economic compliance				
419-1	Non-compliance with laws and regulations in the social and economic fields			In 2019 there were no recorded cases of related non-compliance.
GRI 307: Environmental compliance				
307-1	Failure to comply with environmental laws and regulations			Two administrative measures were notified in 2019 for non-compliance related to third party facts in relation to which the Company promptly took steps to resolve the critical issue.

Chapter and Indicator	Indicator description	Page	Chapt./Par.	Notes
Material topic: Enhancement of staff asset value and development of skills				
Impact perimeter: external (Shareholders and lenders, Gamers, Communities, Regulatory bodies and institutions, Representative organisations); internal (Group, Employees)				
GRI 103: Management approach				
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GRI 404: Training and education				
404-1	Average hours of training per year per employee	143	Enhancement of staff asset value and development of skills	
Material topic: Diversity, equal opportunities and inclusion				
Impact perimeter: external (Shareholders and lenders, Regulatory bodies and institutions, Representative organisations); internal (Group, Employees)				
GRI 103: Management approach				
103-1	Explanation of the relevant topic and related Scope	138	Diversity, equal opportunities and inclusion	
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401-2	Benefits granted to full-time employees but not to part-time employees or fixed term employment contracts	141	Employee well-being and benefits	
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405-2	Ratio between the basic salary and the remuneration of women with respect to men	138	Diversity, equal opportunities and inclusion	
GRI 406: The non-discrimination principle				
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Chapter and Indicator	Indicator description	Page	Chapt./Par.	Notes
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103-1	Explanation of the relevant topic and related Scope	146	Occupational Health&Safety	
103-2	Management approach and related components	146	Occupational Health&Safety	
103-3	Assessment of the management approach	146	Occupational Health&Safety	
GRI 403: Occupational Health&Safety				
403-2	Types and rates of injury, occupational diseases, severity of accidents and absenteeism and number of fatal workplace accidents	146	Occupational Health&Safety	
Material topic: Commitment to the territory Impact perimeter: external (Gamers, Media, Communities, Regulatory Bodies and Institutions); internal (Group, Employees)				
GRI 103: Management approach				
103-1	Explanation of the relevant topic and related Scope	48 -147	Corporate Social Responsibility The community	
103-2	Management approach and related components	48- 147	Corporate Social Responsibility The community	
103-3	Assessment of the management approach	48- 147	Corporate Social Responsibility The community	
GRI 413: Local communities				
413-1	Operations with the participation of local communities, impact assessments and development programmes	48-76-147	Corporate Social Responsibility Enhancing the value of Racecourse Assets The community	
Material topic: Player protection Impact perimeter: external (Gamers, Distribution and operators in the sector, Communities, Regulatory Bodies and Institutions, Representative Organisations); internal (Group, Employees)				
GRI 103: Management approach				
103-1	Explanation of the relevant topic and related Scope	123	Protecting our gaming customers	
103-2	Management approach and related components	123	Protecting our gaming customers	
103-3	Assessment of the management approach	123	Protecting our gaming customers	
GRI 416: Customer Health&Safety				
416-1	Assessment of the Health&Safety effects of various product and service on health and safety	124	Technological innovation and R&D	

Chapter and Indicator	Indicator description	Page	Chapt./Par.	Notes
Material topic: Promotion of responsible gaming/gambling Impact perimeter: external (Shareholders and lenders, Gamers, Distributors and operators in the sector, Media, Suppliers, Communities, Regulatory bodies and Institutions, Representative organisations); internal (Group, Employees)				
GRI 103: Management approach				
103-1	Explanation of the relevant topic and related Scope	125	The promotion of responsible gaming/gambling	
103-2	Management approach and related components	125	The promotion of responsible gaming/gambling	
103-3	Assessment of the management approach	125	The promotion of responsible gaming/gambling	
GRI 417: Marketing and trademarking				
417-1	Information and trademarking requirements of products and services	125	The promotion of responsible gaming/gambling	
417-2	Non-compliance incidence regarding information and trademarking of products and services	125	The promotion of responsible gaming/gambling	In 2019 there were no recorded cases of related
417-3	Incidents of non-compliance in the field of marketing communications	125	The promotion of responsible gaming/gambling	In 2019 there were no recorded cases of related
Material topic: Data security and protecting gamers' privacy Impact perimeter: external (Gamers, Distribution and operators in the sector, Suppliers, Regulatory Bodies and Institutions); internal (Group, Employees)				
GRI 103: Management approach				
103-1	Explanation of the relevant topic and related Scope	124	Technological innovation and R&D	
103-2	Management approach and related components	124	Technological innovation and R&D	
103-3	Assessment of the management approach	124	Technological innovation and R&D	
GRI 418: Customer privacy				
418-1	Reasoned complaints relating to violations of privacy and loss of customer data	124	Technological innovation and R&D	
Material topic: Responsible management of the points of sale Impact perimeter: external (Shareholders and lenders, Gamers, Distribution and operators in the sector, Communities, Regulatory bodies and Institutions, Representative organisations); internal (Group, Employees)				
GRI 103: Management approach				
103-1	Explanation of the relevant topic and related Scope	126	Responsible points of sale management	
103-2	Management approach and related components	126	Responsible points of sale management	
103-3	Assessment of the management approach	126-128	Responsible points of sale management Auditing at points of sale	

Chapter and Indicator	Indicator description	Page	Chapt./Par.	Notes
GRI 416: Customer Health&Safety				
416-1	Assessment of the Health&safety effects of various product and service on health and safety	124	Technological innovation and R&D	
Material topic: Technological innovation, research and development Impact perimeter: external (Shareholders and lenders, Gamers, Distribution and operators in the sector, Communities, Regulatory bodies and Institutions, Representative organisations); internal (Group, Employees)				
GRI 103: Management approach				
103-1	Explanation of the relevant topic and related Scope	124	Technological innovation and R&D	
103-2	Management approach and related components	124	Technological innovation and R&D	
103-3	Assessment of the management approach	124	Technological innovation and R&D	At the moment there are no tools for assessing the performance of the management approach to the issue.

In addition to the indicators related to the material topics, indicators of the GRI Standard used in the reporting of environmental topics are presented below.

Chapter and Indicator	Indicator description	Page	Chapt./Par.	Notes
Topic: Energy efficiency and emissions				
Impact perimeter: external (Shareholders and lenders, Suppliers, Communities, Regulatory Bodies and Institutions); internal (Group, Employees)				
GRI 302: Energy				
302-1	Energy consumption within the organisation	150-151-156		Environmental responsibility The main environmental impacts Energy efficiency and emissions
GRI 305: Emissions				
305-1	Direct GHG emissions (Scope 1)	156		Energy efficiency and emissions
305-2	Indirect GHG emissions (Scope 2)	156		Energy efficiency and emissions
Topic: Value enhancement and protection of natural resources				
Impact perimeter: external (Shareholders and lenders, Media, Suppliers, Communities, Regulatory Bodies and Institutions); internal (Group, Employees)				
GRI 304: Biodiversity				
304-3	Protected or restored Habitats	152		Protection and value enhancement of natural resources
Topic: Efficient water management; responsible waste management				
Impact perimeter: external (Shareholders and lenders, Media, Suppliers, Communities, Regulatory Bodies and Institutions); internal (Group, Employees)				
GRI 303: Water				
303-1	Water extraction classified according to source	159		Efficient water management
GRI 306: Sewage and waste				
306-1	Water discharges by water quality and intended use	159		Efficient water management
306-2	Waste divided by type and method of disposal	153		Responsible waste management

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