

SNAITECH



2020 SUSTAINABILITY REPORT
SNAITECH GROUP

SNAITECH

Gruppo Snaitech
2020 Sustainability Report

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A LETTER TO STAKEHOLDERS

Taking stock of the past year is very difficult indeed. In fact, 2020 was marked by an unprecedented health emergency that forced us to radically change our life and working habits. This extreme situation prompted me to reflect on the meaning of doing business, our responsibility to create jobs and protect all employees. Indeed, in recent months I have never before felt more responsible for ensuring business continuity on the one hand, and on the other for doing everything possible to ensure the safety and protect the health of colleagues, managers and employees of the shops in our network, our customers and, more generally, all our stakeholders.

From the earliest and most complex stages of the emergency, we lost no time in ensuring that all colleagues capable of smart working from home were enabled to do so. We continue to guarantee this remote working option, with the utmost respect for individual needs. At the same time, we have invested in securing workplaces so that those who wish to do so can return to their everyday lives and return to their working habits. This is because in a moment of extraordinary difficulty, return to normalcy is for many of us the greatest achievement.

That is what great teams do - in times of greatest difficulty, we stood united and found the strength to react together. This year in particular, I want to thank all the colleagues who, wherever they were and in whatever circumstances, never stopped working. It is thanks to collaboration, resilience and spirit of adaptation that we have been able to move forward.

We have all made sacrifices, but I would particularly like to mention my colleagues in retail. They indeed suffered the most because they had to endure very long periods of inactivity. As I write this message, the number of days that our points of sale have been closed since the start of the pandemic has exceeded 300, and at a time when businesses have already reopened that are probably more at risk of infection than our shops. We at Snaitech have done everything possible to support

our network, also financially, but we are well aware that this has not been enough. The fact is that in such a complex period, sector entrepreneurs and workers have had to deal not only with the pandemic but also with the indifference of the government, which, by delaying re-openings, has probably contributed to closing down many shops for good.

And it is precisely with the aim of highlighting the difficulties with which dealers and the entire legal gaming supply chain are confronted daily, that we wanted to dedicate this year's Sustainability Report to the theme of "corporate citizenship rights". Every day, with commitment and passion, we work in compliance with our duties as citizens, professionals and entrepreneurs, aware of the great responsibilities derived from operating in a sector so important and delicate that is governed as a *Strategic State Reserve*. The legal gaming sector generates 11 billion euros of tax revenue per year, contributes 1% to the national GDP, employs a total of 150,000 employees, constitutes a fundamental barrier to illegality and guarantees compliance with the rules and the protection of customer rights. It is in the light of these aspects that we claim it should deserve the same consideration and respect as other industrial sectors. For this reason, we assert our right of corporate citizenship, an indispensable guarantee to assure a future to the sector and the people who work in it.

Fabio Schiavolin
CEO of Snaitech

**THE SNAITECH
GROUP**



GROUP PROFILE

ECONOMIC-FINANCIAL PERFORMANCE (mln€)

| | |
|--------------------------------------|-------|
| Net revenue | 522,7 |
| Consolidated net equity | 266,1 |
| EBITDA | 131,9 |
| Value added produced and distributed | 740,2 |

SALES NETWORK AND CONCESSION RIGHTS

| | |
|--|---|
| Network of physical gaming/betting points* | 2.056 |
| Directly licensed gaming/gambling points of sale | 1.574 |
| Snaitech shops | 688 |
| Snaitech Corners | 886 |
| Snaipay points | Over 7,000 |
| AWP operational licences | 37,901 in over 9,000 premises |
| VLT rights | 10,590 of which 10,031 active in 1,135 premises |

CORPORATE PERFORMANCE INDICATORS

| | |
|--|---------------|
| Number of direct employees | 899 |
| Female workforce component | 48% |
| Training hours provided | 11,351 |
| Wages and salaries paid | 47.3 million |
| Income taxes, licence fees and levies | 620.9 million |
| Local taxes and duties | 1.4 million |
| Support for social, sporting and cultural initiatives through the iZilove Foundation | 159 thousand |

*The physical network consists of 2,056 betting points, of which 1,574 with direct gaming licences granted to the Company and the remainder with the provision of specialised services to points of sale that hold licences in their own right.

IDENTITY AND SHARED VALUES

The Snaitech Group is one of the most important licensees for the running of authorised gaming in Italy. Multichannel technology enables the Group to offer users a broad range of enjoyable and safe gaming experiences. The technological offering, combined with unparalleled know-how in new product development, backed by investment and research, is one of Snaitech's major success factors. In its current structure, the Group is the result of extraordinary merger and shareholding operations that have produced important synergies, thanks to the complementarity of the respective skill sets, and improved its economic and financial performance over the years. Snaitech faces the challenges of the present and the future, being able to count on solid roots represented by shared values that define its identity and enable it to anticipate and intercept the demands of the market and collaborate with the regulatory authorities in contrasting illegal gaming and protecting the consumer.

These are the Snaitech Group values:

Responsibility At Snaitech, being responsible means always acting in full compliance with the rules, adhering with conviction to the principles of legality and honesty, paying attention to all stakeholders, both inside and outside the company, and to the social and economic implications of our

activities. Snaitech's level of responsibility is reflected in that of each member of the corporate community, in particular in that of the management team which is tasked with guiding the group in compliance with the principles of our Code of Ethics. Being responsible means pursuing sustainable growth goals and creating shared value.

Innovation Continuous research and the adoption of new solutions that technology makes available are the basis for the creation of further opportunities to protect people, to improve performance in control systems and to develop production capacities for the benefit of our colleagues, partners and consumers. In Snaitech, technology is a driver of growth and value creation also in terms of social and environmental responsibility.

Participation In a company where sport is one of the tools for creating business culture, participation emerges as a fundamental value in the drive to face the work commitment with dedication and proactivity. It means accepting challenges and getting involved in project activities with continuity and sharing the results with all colleagues and stakeholders. It means making a positive contribution, doing one's best, enhancing resources and involving stakeholders, in a process of continuous improvement that looks to the future.

CORPORATE STRUCTURE

(GRI 102-16)

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).

As at 31 December 2020, Snaitech S.p.A. is wholly owned by Pluto (Italia) S.p.A. whose capital is entirely indirectly controlled by Playtech PLC, a company listed on the Main Market of the London Stock Exchange.

Playtech, with approximately 6,400 employees in 24 countries, is the largest provider of gaming software and other services to many of the world's leading operators in regulated online, retail and mobile gaming.

Playtech's gaming software is certified by Gaming Laboratories International, an accredited testing body that is a leading advisor to major gaming and wagering regulators, software manufacturers and operators in the US, Europe and Asia.

“The Company is one of the most important licensees for the running of authorised gaming in Italy.”

Snaitech S.p.A. is one of the most important concessionaires for the management of authorised gaming/gambling in Italy: specifically, it offers fixed-odds and tote betting, betting on competitions and virtual events, video lotteries, new slots, both through its own network of sales outlets, and online with dedicated mobile apps (betting, skill games, casino games, bingo and lotteries).

The Company manages the online gaming network using amusement and entertainment machines - also taking care of their activation, rental and management - as well as the telecommunications network for the dissemination of sporting events, competitions, tournaments, games, recreational events, shows and events of all kinds.

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

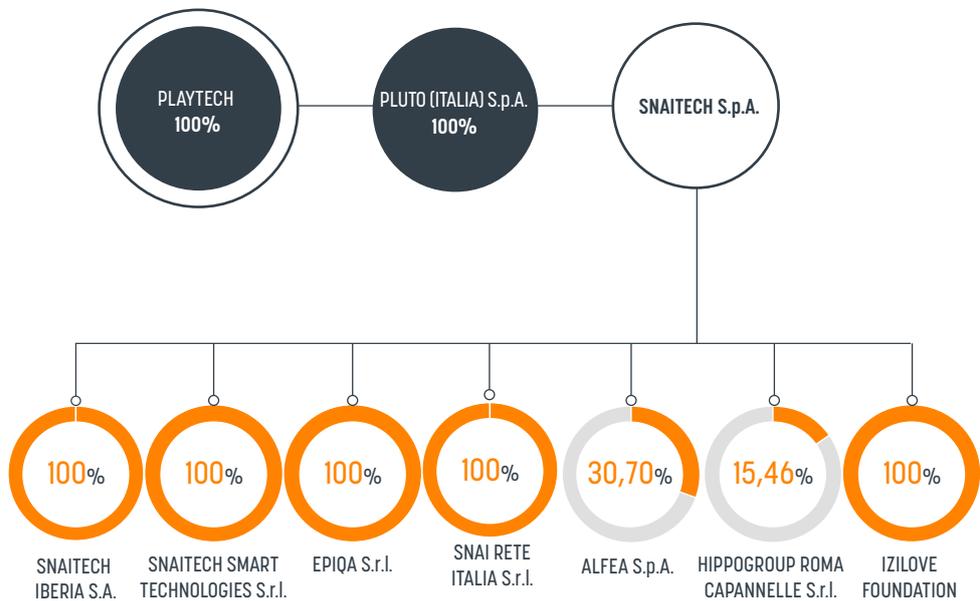
With effect from 1 July 2020, Area Scm S.r.l., whose capital was entirely held by Snaitech S.p.A. and which conducted the

collection of gaming and betting revenue at 24 shops in Tuscany, was merged by incorporation into Snai Rete Italia S.r.l. The operation is part of the broader corporate redefinition process of the Snaitech group, aimed at simplifying its structure and exploiting its current operational, administrative and corporate synergies.

Furthermore, on 17 June 2020, Snaitech S.p.A. acquired 100% of the capital of Best in Game S.r.l., engaged in the online gaming sector, completing the merger by incorporation in October of the same year.

The internal organisational structure of the parent company, Snaitech S.p.A., is functional in nature, being divided into cross-company coordination and support departments and business units (BUs) wherein are deployed the skills that address the needs of the reference business lines in meeting their licence-related regulatory compliance obligations.

The subsidiaries Epiqa S.r.l. and Snai Rete Italia S.r.l. make use of the services provided by the various departments and BUs of the parent company through Intragroup Agreements.



at 31.12.2020

Investee and subsidiary companies

The iZilove Foundation

The iZilove Foundation is an autonomous and non-profit organisation that strives to achieve social solidarity goals in the areas of social aid, charities, education and training; it also supports culture, art, and scientific research.

Altea S.p.A.

Altea S.p.A. runs the Pisa racecourse.

Epiqa S.r.l. (formerly Teleippica S.r.l.)

Epiqa S.r.l. runs the service for transferring, processing and transmitting video and audio signals from Italian and foreign racecourses on behalf of Mipaaf (the Ministry of Agricultural, Food and Forestry Policies). It broadcasts 4 TV channels on virtual sports, a web radio channel and the Group's television productions.

Hippogroup Roma Capannelle S.r.l.¹

This company runs the Roma Capannelle Racecourse

Snaitech Iberia S.A.

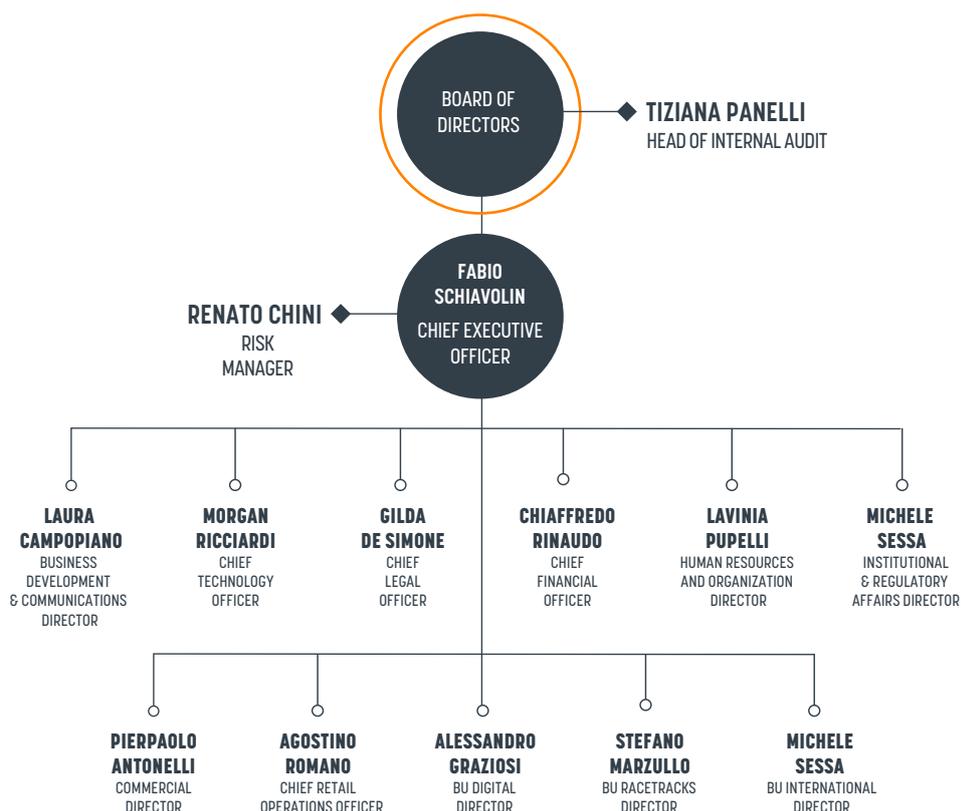
The corporate purpose of this company is the organisation, marketing and management of gaming.

Snai Rete Italia S.r.l.

This company runs gaming and betting activities on sporting events at 34 gaming points located in Lazio, Emilia Romagna, Sicily and Lombardy.

Snaitech Smart Technologies S.r.l.

Snaitech Smart Technologies S.r.l. is engaged in the study, design, construction, production and everything related to equipment, products, electronic and computer technologies, software and hardware.



updated as of 3 February 2021

¹ In February 2021, the equity investment in Hippogroup Roma Capannelle S.r.l. dropped to 11.12%.

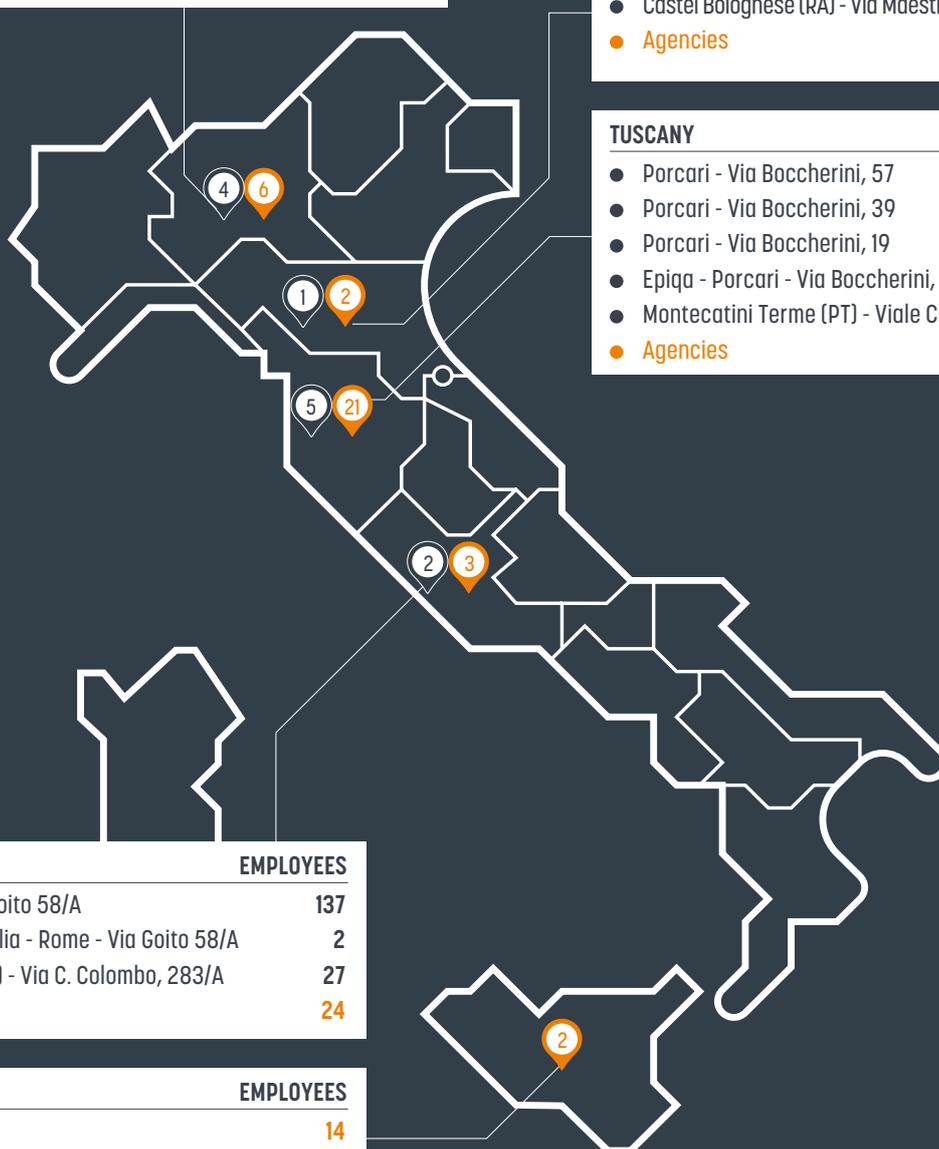
○ Offices ● Directly managed agencies

TERRITORIAL PRESENCE (GRI 102-16)

| LOMBARDY | EMPLOYEES |
|---|-----------|
| ● Milan - Piazza della Repubblica, 32 | 108 |
| ● SRI - Milan - Piazza della Repubblica, 32 | 1 |
| ● Milan - Via Caprilli, 30 | 64 |
| ● Milan - Via Lampugnano, 95 | 2 |
| ● Peschiera - Via Walter Tobagi, 10/12 | 25 |
| ● Agencies | 34 |

| EMILIA ROMAGNA | EMPLOYEES |
|---|-----------|
| ● Castel Bolognese (RA) - Via Maestri del Lavoro, 9 | 4 |
| ● Agencies | 10 |

| TUSCANY | EMPLOYEES |
|--|-----------|
| ● Porcari - Via Boccherini, 57 | 115 |
| ● Porcari - Via Boccherini, 39 | 136 |
| ● Porcari - Via Boccherini, 19 | 78 |
| ● Epiqa - Porcari - Via Boccherini, 39 | 28 |
| ● Montecatini Terme (PT) - Viale Cadorna, 30/B | 6 |
| ● Agencies | 84 |



| LAZIO | EMPLOYEES |
|--|-----------|
| ● Rome - Via Goito 58/A | 137 |
| ● Snai Rete Italia - Rome - Via Goito 58/A | 2 |
| ● Rome (Epiqa) - Via C. Colombo, 283/A | 27 |
| ● Agencies | 24 |

| SICILY | EMPLOYEES |
|------------|-----------|
| ● Agencies | 14 |

Total employees (no.)

| |
|----------------------------|
| Headquarter |
| Snaitch Employees |
| Epiqa Employees |
| Snai Rete Italia Employees |
| In the agency |
| Snai Rete Italia Employees |
| Total |

| WOMEN | MEN | TOTAL |
|-------|-----|-------|
| 329 | 404 | 733 |
| 313 | 362 | 675 |
| 14 | 41 | 55 |
| 2 | 1 | 3 |
| 102 | 64 | 166 |
| 102 | 64 | 166 |
| 431 | 468 | 899 |

GOVERNANCE

The Parent Company, Snaitech S.p.A. adopts a traditional governance model which envisages the following corporate governance bodies:



Further details are available on the corporate website www.snaitech.it

The Board of Directors (BoD)

Core body of the corporate governance system, the Board of Directors is invested with the widest powers for the ordinary and extraordinary administration of the Company and is responsible for decisions regarding financial, environmental and social matters. On 18 March 2021, the Shareholders' Meeting reconfirmed the

members of the expiring Board of Directors, who will remain in office until the approval of the 2023 financial statements. At the end of 2021, the average age of the members of the Board of Directors in office was 50 and 3 out of 7 members were women (43%). The following are the members of the Board of Directors.

| First and last name | Position | Year of birth |
|---------------------------|--------------------------------|---------------|
| Moran Weizer | Chairperson | 1975 |
| Fabio Schiavolin | Chief Executive Officer | 1969 |
| Andrew James Smith | Director | 1976 |
| Andrea Nappa | Director | 1967 |
| Raffaella Viscardi | Director | 1975 |
| Chiara Palmieri | Director | 1970 |
| Mara Vanzetta | Director | 1967 |

ACTIVITY OF THE GROUP



(GRI 102-7)

Snaitech operates on the Italian market with an offering that covers the entire range of legal and secure gaming experiences: from gaming machines (AWPs and VLTs), sports betting, betting on horse racing and virtual events, to remote skill games, casino games and bingo, which consumers can access in physical and virtual spaces that are protected and dedicated their entertainment. The Company also offers a range of specialised betting services to licensees and commercial services to citizens such as top-up services, including telephone and miscellaneous payments.

In its proprietary racecourse locations, as well as managing internationally celebrated horse races, the Company offers citizens multifunctional meeting venues. Through the company Epiga, it provides sports information multimedia services. The technological reliability, which allows millions of secure transactions to be managed and monitored every year, the extensive coverage of the national physical network and the trustworthiness of a historic and recognised brand such as SNAI, represent major advantages for both business partners and end customers.

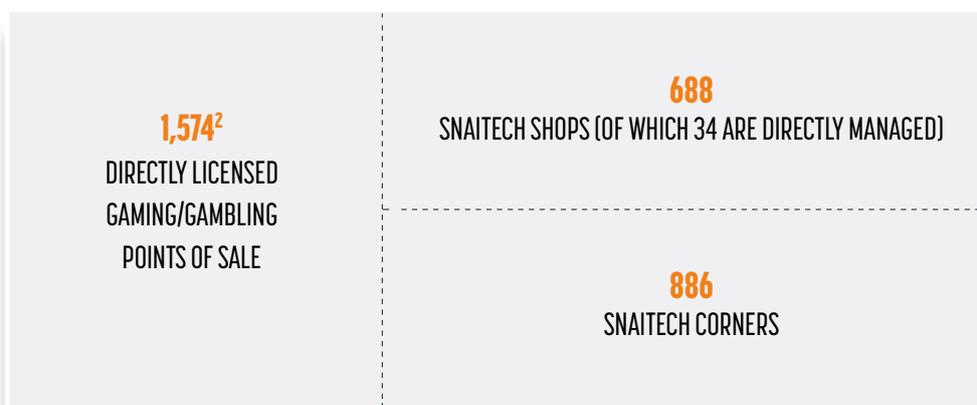
THE PHYSICAL NETWORK

The physical sales network for Snaitech games and services is one of the most extensive in the country and comprises 2,056 betting points, of which 1,574 are run by the Company via direct gaming franchises and the remainder by supplying specialist services to dealers who operate proprietary licences.

A deep-rooted and widespread territorial presence is one of Snaitech's strengths, and the physical sales network is at the core of the Group's growth strategies. The Group has invested heavily to renew it both from the perspective of customer fruition and the technological innovation essential to keep pace in a constantly and rapidly evolving sector. The owners of points of sale with direct gaming licenses (retailers) are, to all intents and purposes, commercial partners for Snaitech, with whom the Company establishes long-lasting relationships based on a two-way exchange of formative experience and know-how. Snaitech provides the complete franchise model and all associated training activities and, in return, receives the information related to managing the end customer relationship. The directly licensed gaming points are grouped into Snaitech Shops and Snaitech Corners.

Snaitech Shops are specialised and dedicated to offering all types of gaming, equipped with technologies, public information systems and means of betting collection.

In recent years, the Shops have been subjected to an intense and widespread restyling effort according to the "Multiplay Shop" concept based on a distribution of internal spaces that assure customers the best possible use of the various gaming interfaces on offer. The restyling also relaunches corporate image with renewed shop window layout and signage. The goal is to change the very concept of 'agency' and make these points of sale real entertainment and aggregation centres open to all sports and game enthusiasts who want to enjoy a shared leisure experience. In terms of technology, the agencies now feature SmartShows, televisions that display real-time infographics and statistics, while those wishing to place bets can do so with operators at the counter or using the Smart Solution booking PCs and BetSmart totems installed in all the agencies. Thanks to these innovations, customers entering a Snai Shop will find a comfortable environment designed to welcome not only those who wish to engage in betting



² The figure refers exclusively to points of sale with sports licences. Single-license horse racing outlets are excluded.

but also sports enthusiasts, who on monitors and video screens can follow sporting events of all kinds free of charge, broadcast live from all over the world.

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 managers who report to the Snaitech network. Also the Corners use real-time information and collection systems.

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

- ◆ support for the design of spaces and the organisation of layouts;
- ◆ reliability (transactions managed with maximum security standards);
- ◆ completeness of the offer of games, bets and payment services (enabling the points of sale to become reference spaces for customers);
- ◆ offering innovative and high-tech platforms that enable simple and enjoyable gaming experiences;
- ◆ a wide range of information for players;
- ◆ various forms of assistance in conducting administrative procedures.

SMART TECHNOLOGY

Snaitech
New Betting
Technology

BOOKING TERMINALS

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 that has made complicated calculations obsolete. 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 players 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.

BETSMART



BETSMART MINI



SMART SHOW



SMART SOLUTION



MY BET



Types of gaming available in the physical network

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 2020, Snaitech has 37,901 permits covering over 9,000 premises throughout the country.**

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 2020, Snaitech owns 10,590 rights for VLT collection, of which 10,031 devices are actively installed in 1,135 premises.**

Fixed-odds **sports betting** on non-sporting events and events other than horse racing, tote sports betting and prediction competitions

Through this service, Snaitech offers the possibility to predict the outcome of one or more events (sporting events of all kinds in Italy and abroad, music competitions, etc.) among those authorised by ADM. In Snai agencies, players will find an offer of odds among the best on the market and a technological framework that makes the experience simpler and more engaging.

Virtual sports

These are bets based on sporting events and simulated horse races generated via software that re-creates the highlights of events on monitors (in 3D graphics or through images of past events) such as football, car racing, tennis, cycling, greyhound racing, horse racing, camel racing. These bets integrate Snaitech's offer by satisfying the desire of customers to place "fast" bets (on virtual events lasting no more than five minutes) alongside traditional real-event bets.

Horse racing betting

with fixed-odds and tote

This is race betting on the outcomes of harness races, flat racing meetings and steeplechases in Italian and foreign racecourses.

Points of sale closures due to COVID-19

In the course of 2020, various DPCMs (Prime Ministerial Decrees) were issued to deal with the COVID-19 pandemic, with various restrictions affecting the sales network of the entire sector and therefore that of Snaitech. With effect throughout the national territory, the Prime Ministerial Decree of 8 March 2020 ordered:

- ◆ the suspension of sporting events and competitions of all kinds and disciplines, in public or private places, allowing them to be held inside sports facilities used behind closed doors, or outdoors without the presence of the public;
- ◆ the suspension of all activities in amusement arcades, betting rooms and bingo halls, from 8 March 2020 until 3 April 2020. Subsequent decrees extended these closures until 14 June, 2020.

The Prime Ministerial Decree of 11 June 2020 allowed the resumption, from 15 June, of the activities of amusement

arcades, betting shops and bingo halls, provided that the Regions and Autonomous Provinces had previously ascertained the compatibility of the performance of these activities with the trend of the epidemic in their territories and had identified the applicable protocols/guidelines suitable for preventing or reducing the risk of contagion in the sector of reference.

Due to a second pandemic wave, the Prime Ministerial Decree of 24 October 2020 suspended the activities of amusement arcades, betting shops and bingo halls from 26 October to 24 November; in-store outlet activities (corners) were allowed to continue operating. The Prime Ministerial Decree of 3 November 2020 suspended the activities of amusement arcades, betting shops, bingo halls and casinos, even if carried out within premises used for different activities, from 6 November to 3 December 2020; this term was extended by various Prime Ministerial and Law Decrees until 31 July 2021.

THE ONLINE NETWORK

This has been one of Snaitech's main growth drivers in recent years, thanks to one of the most advanced technological infrastructures in Europe, supported by supply and collaboration agreements with important international companies. The approach that more than others illustrates Snaitech's strategy is the omnichannel concept, which unites physical spaces, i.e. points of sale, with the digital context. In Snaitech's vision, therefore, any environment, retail, mobile and online, must assure the same information and the same gaming potential.

Online gaming is accessible from the website www.snai.it, through dedicated software and on apps developed for iOS and Android devices, as well as mobile websites.

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. Furthermore, the offer of live events 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 77,000 streamed matches and 144 events in 23 different sports, all free of charge.

However, 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. The mobile offering, which in 2020 included 15 different apps, has been enhanced; each is specifically

New app releases

The expansion of the online offer was also made possible by a process of complete review of the mobile apps with a view to full digitalisation and an in-cloud approach. New versions of the apps were launched between August and October 2020 with innovative product management approaches, in particular the Snai Sport app. This app is now faster, with more information and odds aligned in real-time to enable bets to be accepted.

All products have been integrated into the sports app and the previously separate sports, horse racing and virtual offerings have been merged.

At the end of 2020, the Group recorded growth in the online sector of almost 60% compared to 2019.

designed to provide the most exciting gaming experience for each type of entertainment.

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 six different languages and dedicated Snai tables for both roulette and blackjack.

Thanks to the combined effect of all these efforts, the Group has been steadily gaining market share and at the end of 2020 recorded sector growth of almost 60% compared to 2019, driven in part by a necessary acceleration in digitisation induced by the measures to contain the pandemic.

Online games

Considering all the platforms, in 2020 Snaitech recorded a total of over 80 million visits to its web portals and by the end of the year it had become the Italy's first remote gaming operator.

Skill games

They consist of *online* tournaments of poker, burraco, trump, broom and other games of the Italian folk tradition, with cash winnings.

Slot online

They can be played directly via the web or by downloading a dedicated client.

Live games

They allow gamers to play classic casino games in live streaming with real tables and dealers.

Casino games

They include classic casino games such as French and American roulette, *black jack*, *videopoker*.

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.

Online transactions

| | 2020 | 2019 | 2018 |
|---|-----------------|-----------------|-----------------|
| Gaming accounts active during the year* | 530,568 | 509,921 | 413,466 |
| Visits to websites | 80,670,135 | 92,840,563 | 82,832,410 |
| da snai.it | 54,328,465 | 59,435,432 | 61,190,633 |
| da m.snai.it | 7,749,058 | 11,803,961 | 8,011,636 |
| appsport.snai.it | 18,592,612 | 21,601,170 | 13,630,141 |
| Visits to the SNAI Sportnews blog | 227,551 | 560,959 | 746,117 |
| Downloaded apps | 415,000 | 370,000 | 284,000 |
| GGR (Gross Gaming Revenue) | 263,701,887 € | 166,400,480 € | 129,862,344 € |
| Value of online winnings (€) | 3,774,406,245 € | 2,529,904,164 € | 1,926,664,290 € |

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

// In recent years, almost 20% of new Snai gaming/gambling accounts have been opened in agencies.

THE SYNERGY BETWEEN RETAIL AND ONLINE

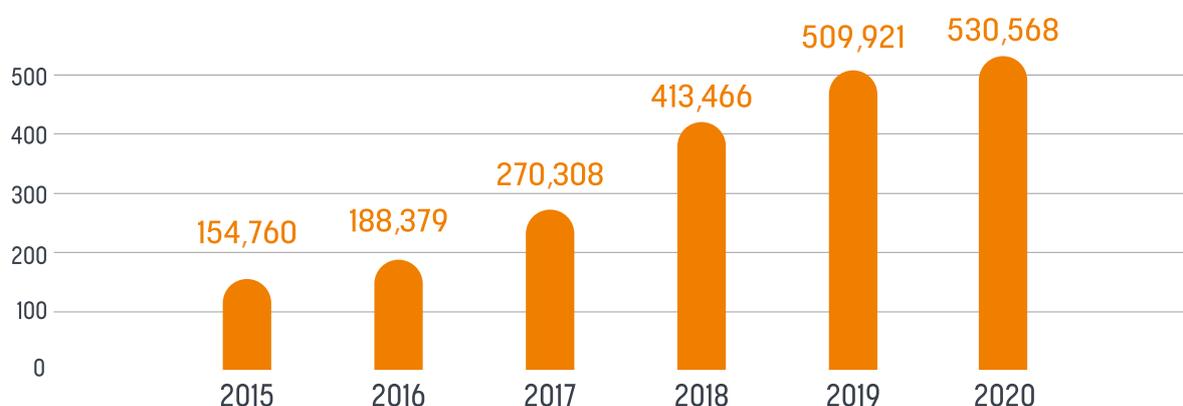
In recent years, the company has worked hard to align the customer experiences of the two worlds, physical shops and the online channel, through the various tools developed for retail customers from a digital perspective. In Snai shops today, the complete integration between physical and online gaming is a reality: indeed, customers 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.

With reference to all sports betting, sold on both the brick and mortar and digital channels, Snaiotech confirms its leadership with a market share of 14.8%.

The Company has put a lot of emphasis on acquiring players online through outlets. 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 recent 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 530,000 in 2020.

Active Snai gaming/gambling accounts



SECTOR POSITIONING

(GRI 102-7)

Like many other economic sectors, the trend of the gaming market during 2020 was strongly influenced by the COVID-19 pandemic the containment measures. The closure of gaming and betting rooms, corners and bars, which began in March and lasted for three months in 2020 and then from November, the blocking of sporting events - some of which were postponed or completely cancelled - had a strong impact on performance in all gaming segments.

The sector in general recorded a contraction in terms of net spending, i.e. the collection net of winnings (GGR Gross Gaming Revenues) of 35%, dropping from 19.4 billion in 2019 to 12.6 billion in 2020.

The overall GGR of Snaitech's reference segments (i.e. entertainment machines and games and bets sold on the retail and online channels) is estimated to decrease by 39% compared to 2019. Snaitech's performance in 2020 reflects the difficulties of the sector with a decline in Retail activities following the closures suffered by the sales network. On the other hand, the online sector recorded net growth thanks to activities on products, acquisition strategies and strengthening of cross-selling activities on

the physical network and the acceleration of digitisation induced by the pandemic containment measures.

With a **total GGR of 1.125 billion euros**, a drop of 41.6% compared with 2019, Snaitech confirms its position as the second biggest operator in the sectors of retail betting, gaming machines and in the sector (betting and games).

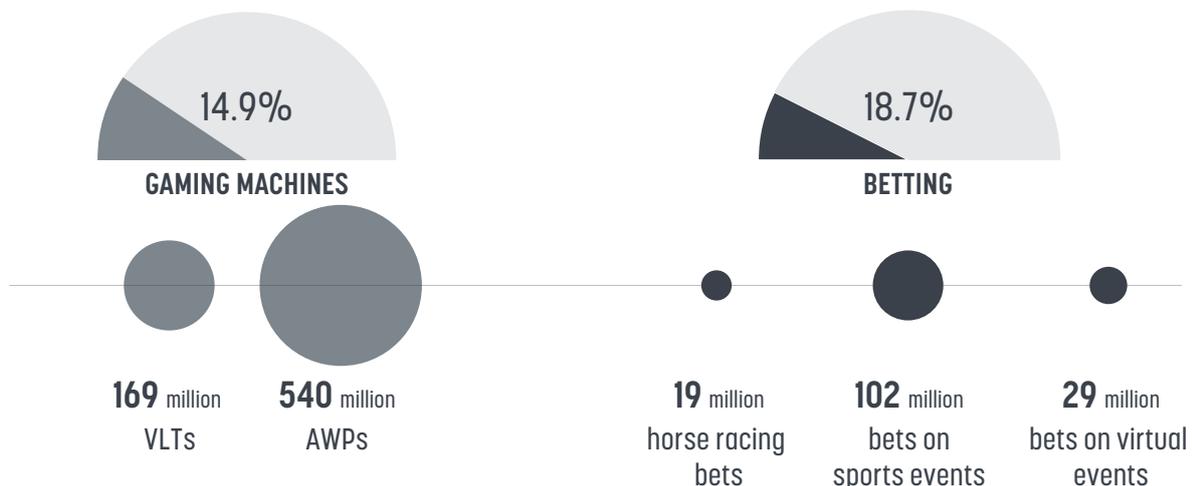
With reference to all sports betting, sold on both the brick and mortar and digital channels, Snaitech confirms its leadership with a market share of 14.8%.

The GGR of the online sector grew by 59.7% compared to 2019, going from 167 million euros to 266 million euros, strengthening Snaitech's positioning in the online gaming sector with a market share of 10.3% (second operator in absolute terms, up by almost one percentage point on the previous year).

From the point of view of total collection gross of winnings, the Group recorded a decrease of approximately 30% on total games.

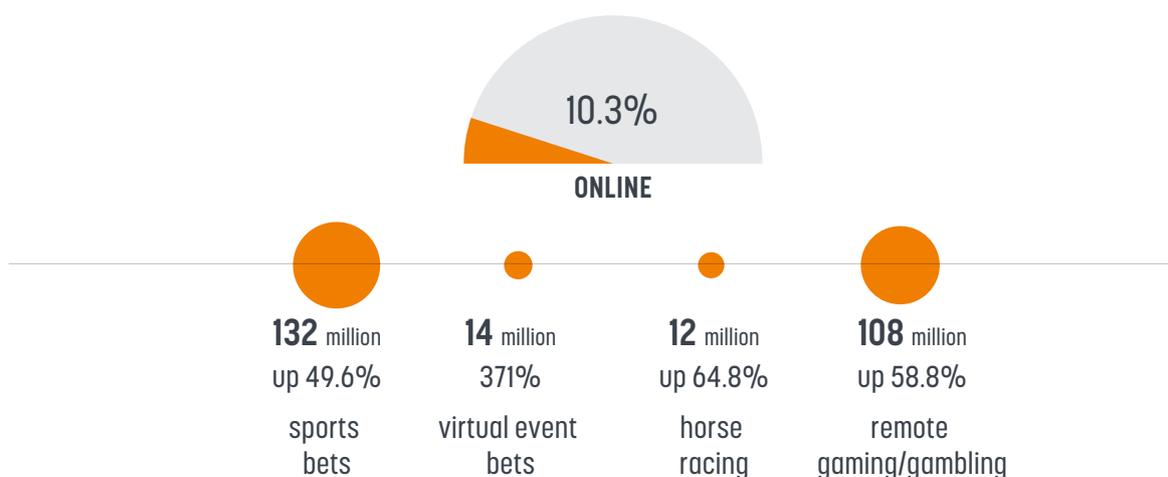
The details of the table show how, respectively, the increases of 41% and 56% of wager collection recorded by the online sector and remote gaming have offset the heavy losses suffered by the retail sector.

Snaitech Performance in the Retail Sector 2020*



*market share of net spending

Snaitech Performance in the Online Sector 2020*



*market share of net spending

Snaitech Group Collected Revenues

| | 2020 | 2019 | 2018 | 20 vs 19 (Δ%) |
|---|--------------|---------------|---------------|---------------|
| Game | Collection | Collection | Collection | Delta % |
| AWPs | 1,613 | 3,468 | 3,628 | -53.49 |
| VLTs | 1,143 | 3,354 | 3,530 | -65.92 |
| Gaming Machines | 2,756 | 6,822 | 7,159 | -59.60 |
| Sports betting | 455 | 820 | 760 | -44.51 |
| Horse racing bets and national horse racing | 78 | 153 | 172 | -49.02 |
| Bets on virtual events | 167 | 293 | 269 | -43.00 |
| Total retail betting | 700 | 1,266 | 1,201 | -44.71 |
| Sports betting | 914 | 708 | 498 | 29.10 |
| Horse racing bets and national horse racing | 68 | 34 | 32 | 100.00 |
| Bets on virtual events | 89 | 19 | 21 | 368.42 |
| Total betting online | 1,071 | 761 | 551 | 40.74 |
| Remote skill games | 3,027 | 1,937 | 1,501 | 56.27 |
| TOTAL Snaitech GROUP | 7,554 | 10,786 | 10,412 | -29.96 |

THE SNAIPAY SERVICES

Through the Paymat brand, the Group is an important player in offering top-up and payment services. In 2020, the collection amounted to 70.5 million euros (up 6.3% compared to 2019).

Snaipay is a dedicated technological platform serving managers of over 7,000 outlets who aim to retain their customers with a portfolio of innovative services with an attractive look. Active 24/7, through the use of web terminals, latest generation SmartPos devices with integrated camera and barcode reader and self-service kiosks located in the points of sale, the platform targets:

- ◆ distributors, or organised entities with their own structure (B2B) that intend to develop their service offerings creating new potential for their customers or commercial structures;
- ◆ end-of-chain retailers (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 up for TV, video games, audio and video streaming
- ◆ international telephone cards
- ◆ top up of snai.it betting accounts
- ◆ travel tickets
- ◆ payment of utility bills (mov, rav, car tax, PagoPa, white slips, pre-marked bills, arrow)



Over time, the platform has expanded through agreements with important partners such as Netflix, Sky, Flixbus, PosteMobile, Iliad, Playstation, Xbox and Spotify. These are all services that people without a credit card can access through Snaipay. 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 broad that it has attracted the attention of players active in other sectors, such as Satispay and fintech Tinaba or the Maccorp Group, who have chosen to establish partnerships with Snaipay in order to offer their customers the services available on the platform.

In July 2020, a very promising partnership was entered into with Iliad, which operates in the telecommunications field, for which SIMs and Iliad telephone top-ups can be purchased at Snaipay points of sale with immediate delivery and payment also possible in cash, contrary to purchases made on line.



With Snaipay, the Group is an important player in the offer of top-up and payment services.

THE SNAITECH RACECOURSES

Snaitech owns two equestrian complexes in Milan and Montecatini Terme. The Milan facilities comprise the **Snai San Siro** flat racing and the **Snai Lo Mauro** harness racing courses together with the Flat Racing Training Centre with racing tracks and facilities for the retirement of horses in training. The Montecatini Terme facility comprises the **Snai Sesana harness racing course**. 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 the Group's development strategy,

The racecourses, in addition to keeping this ancient tradition alive, are conceived as meeting spaces capable of providing a wide range of entertainment services, thus making them accessible also on occasions other than race meetings.

The management of the racecourses is the subject of various sections in this report, specifically the section relating to the commitment on the territory, with a particular focus dedicated to the Snai San Siro Racecourse enhancement project and in that dedicated to environmental impact.

// The Snai San Siro Racecourse is the only equestrian facility in the world declared a "monument of national interest"

The Snai San Siro

For over a century, the Snai San Siro Racecourse has been one of the most prestigious international horse racing venues. 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. Inaugurated in April 1920, the complex is an authentic Art Nouveau architectural jewel and is the only horse racing 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.

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 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.

Over the years, Snaitech has expanded beyond the sporting vocation of the racecourse by organising artistic, cultural and entertainment events, opportunities for dissemination and teaching and large musical events open to the general public. Unfortunately, the year 2020 saw a halt in the wide range of initiatives that had been planned, due to limitations caused by the health emergency. However, an alternative and restriction-compatible solution was found to celebrate the Racecourse's 100th anniversary with the online event "100 years of emotions".

The Snai La Maura

On 9 May 2015 the new Snai La Maura Racecourse was inaugurated, named after an ancient Lombard farmhouse present in the large portion of about 200,000 square metres. Since then, about 70 days of racing have been held every year, for more than 500 races overall. The land was originally dedicated to training tracks for thoroughbred gallop horses.

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' Ambrogio 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. These initiatives that have suffered interruptions in the 2020 and early 2021 programming. 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.

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 oc-

cupy 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 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. Thanks to this busy calendar of sporting, cultural, recreational, entertainment and recreational events, the Snai Sesana Racecourse consolidated its role as a key venue in the Valdinievole area. Programming that suffered a setback in 2020 due to the known health limitations from COVID-19.

MULTIMEDIA SERVICES

The Epiqa Company is the multimedia reference of the Group. This Company runs the service for transferring, processing and transmitting video and audio signals from Italian and foreign racecourses on behalf of Mipaaf (the Ministry of Agricultural, Food and Forestry Policies). The assignment is currently subject to technical extensions to avoid the suspension of the service, pending the issuance of the new call for tenders for the award of the final contract.

The channels produced for Snaitech are dedicated to the transmission of the virtual bet events, to the direct broadcasting of the entire schedule and to various live sporting events broadcast via satellite to Snaitech Group's betting network points. In detail, for Snaitech, Epiqa provides:

- ◆ the broadcasting service of four television channels on virtual sports;
- ◆ the broadcasting service of the SNAI LIVE 1 and SNAI LIVE 2 television channels;
- ◆ the production of the WEB Radio audio channel (formerly Radio Snai);
- ◆ coordination of the television productions of Snaitech events.

The offer of multimedia services includes the creation of **Radio Snai Web** which can be listened to in the shops and gaming points of the Snaitech betting network as well as in streaming on the app and website. The programming includes live coverage of all Italian and foreign races in the calendar. The news is supplemented by sports news, interviews and insights and the service guaranteed **3,650 hours of live coverage per year**.

In 2020, all the levels of operations envisaged by the contracts in place with Mipaaf and Snaitech were respected and indeed, during the first lockdown, faced with the almost total suspension of activities and services, Epiqa intensified its work by extending its schedule hours on the UNIRESAT domestic-channel and the institutional channels of UnireTV. During the closure of the sales outlets, horse racing and sports information content enjoyed extensive consumption via the streaming web network, responding to a need for entertainment by directly reaching fans at home on tablets, mobile and smart TV.

The channels offered racing from countries that did not yet have total horseracing and sports restrictions at the time, such as the USA, the UK or Sweden, with **LIVE broadcast schedules going beyond 12 hours a day**.

Also on the web and on behalf of Mipaaf, Epiqa has archived for the **Video on Demand (VOD)** service all Italian races in 2020 for a total of **over 10,000 races** and therefore **over 500 hours of high-quality video clips**.

THE GROUP'S CERTIFICATIONS

The Parent Company Snaitech S.p.A. has for years been implementing a project that has led to the implementation and maintenance of corporate management systems in continuous evolution and expansion to protect all its stakeholders and customers, in particular:

- ◆ the **Quality Management System**, certified according to the ISO 9001:2015 standard;
- ◆ the **Occupational Health and Safety Management System**, certified according to the ISO 45001:2018 (OHSAS 18001: 2007) standard obtained by both Snaitech and Epiqa;
- ◆ the **Information Security Management System**, certified according to the ISO 27001:2017 standard obtained by both Snaitech and Epiqa;
- ◆ **Certification of the Environmental Management System** certified according to the ISO 14001:2018 standard, obtained by Epiqa.

Snaitech is certified for the activities of:

- ◆ Collection of wager revenue from horse racing and sports events as well as indirect and fixed-odds and tote betting
- ◆ Sales of sports-forecasting betting competitions.
- ◆ Provision of IT services in support of horse racing and sports betting collections.
- ◆ Operation of networks for the IT management of lawful gaming/gambling, with said networks serving machines offering cash winnings referenced in point e - for AWP - and point b - for VLTs - of paragraph 6, Article 110 of the TULPS (Italian acronym - Consolidated Law on Public Safety).
- ◆ Management, development and sales of remote skill games with cash winnings.
- ◆ Distribution of Value Added Services (VAS).
- ◆ Design and development of software systems serving the acceptance of wagers and collection of betting revenue.
- ◆ Running of call centre and contact centre services.
- ◆ Maintenance of gaming-related cards, gaming devices, gaming systems with related video terminals and all peripherals connected to them.
- ◆ Technical support of gaming machines.
- ◆ Management of support processes and the provision of Agency services (IAF: 39, 33, 35).

**SUSTAINABILITY
AND RIGHT
OF CITIZENSHIP**



THE RIGHT OF CORPORATE CITIZENSHIP

The status of citizenship is the foundation on which our society is built, and the first formulation of the theme of “corporate citizenship” is based on an analogy with this concept. According to J.W. McGuire, the economist who first used the term “corporate citizenship” in 1963, companies have not only economic and legal obligations, but also responsibilities towards society; hence the corporation must “take an interest in politics, in the welfare of the community, in education, in the ‘happiness’ of its employees - in fact, in the whole social world about it. In a sense, therefore, it must act ‘justly’ as a proper citizen should”³. The capability of a company, no longer exclusively linked to the production of economic value, is extended to the point where it can produce social and public value. The company is attributed rights and duties as a member of the community: rights concern the freedom to undertake business and to dispose of profit within the limits of the law, duties concern the assumption of social and ethical responsibility towards all stakeholders.

The company thus understood has an obligation to support and cooperate with the authorities for the general welfare and social justice.

In the US corporate world, the term Corporate Citizenship began to be used as early as the 1980s and, since the late 1990s, academic studies on the subject have increased so much that the concept of Corporate Citizenship has been added to that of CSR in management theory and practice.

In more recent years (2003), the two authors Dirk Matten and Andrew Crane have developed a new perspective, called “Extended view of Corporate Citizenship”, according to which corporate citizenship would identify the responsibility of the company to guarantee some of the rights that states, following the reduction of welfare state systems, are no longer able to protect. In today’s reality, business is therefore able to play a role as a political actor that can make a difference by administering individual social, political and civil rights that were conventionally guaranteed and protected by governments. Doing business from this perspective means being an integral part of the public body and a full member of the community to which one belongs, which is no longer, as in the case of the citizenship of the individual, limited in territoriality, but increasingly globalised.

SNAITECH’S VISION

All companies are required to undertake ethical and legal responsibilities, but **the issue of the right of citizenship in Snaitech takes on a particularly significant social relevance by virtue of its role as licensee, which presupposes a specific regulatory framework and the pursuit of goals** such as: social responsibility (protection of minors, consumers, prevention of and fight against pathological gaming), protection of public order, control of legality and therefore fight against the spread of irregular and illegal gaming, inhibition of the infiltration of organised crime in the gaming sector. Through its “competitive” contrast and control activities, Snaitech should be considered as a public policy actor because it provides social services and goods, promotes the protection of civil rights and facilitates or enables the exercise of civil rights.

Moreover, the regulated public gaming sector is an important component of the Italian economy because of its contribution to public revenue and the employment levels it guarantees. For all these reasons, the theme of Snaitech’s right of citizenship can only be developed in

extraordinary synergy with the institutional and economic fabric of the territories.

Snaitech believes in the concept of Corporate Citizenship, in fact it embraces responsibilities towards society with the aim of monitoring the impacts on the life of the communities to which it belongs, simultaneously taking into account aspects of economic growth, environmental protection and social equity in business planning, while safeguarding profitability for stakeholders. At the same time, Snaitech considers that it has rights, such as the freedom to engage in business and to dispose of profits within the limits of the law, which should be guaranteed and protected, as applies to companies in other sectors. These rights, on the contrary, seem to be challenged by the frequent changes in the regulatory framework, the numerous tax increases and - more recently - the long closures imposed on the network during health emergencies. In the absence of a stable regulatory framework and clear rules, the foundations on which companies plan their business activities and design their future growth strategies are undermined.

³ McGuire J. W. (1963), *Business and Society*, McGraw-Hill Book Company, New York

Rights and duties of Snaitech towards its stakeholders

STAKEHOLDERS



RIGHTS
To be acknowledged for the importance of their entrepreneurial function

DUTIES
To operate ethically in compliance with market rules and the regulatory framework



RIGHTS
To recognition of the legitimate right to create wealth for one's investors

DUTIES
To distribute the wealth created by business activity fairly among internal and external stakeholders



RIGHTS
To reorganise the company and production factors taking into account the sustainability of costs on the basis of efficiency, effectiveness and productivity criteria

DUTIES
To operate with a sense of responsibility towards staff and recognition of the local communities in which the company operates



RIGHTS
To promote and enhance market presence and the offer of legal, regulated and controlled gaming opportunities

DUTIES
To promote forms of responsible gaming in compliance with the duty to prevent forms of compulsive and underage gaming



RIGHTS
To enhance the value of company assets in the service of business efficiency

DUTIES
To invest in the preservation and revival of places and activities that are part of the company's tradition and the communities that host them



RIGHTS
Diritto ad essere riconosciuta quale partner dello Stato e delle sue istituzioni nel mantenere la normale pulsione al gioco entro confini legali e socialmente non pericolosi

DUTIES
The duty to invest the resources and know-how of its staff and management in the search for economically and socially sustainable gaming solutions

RELATIONS WITH STAKEHOLDERS

“ Snaitech, by virtue of its dual role as a sector leader and a public and public gaming licensee, places at the centre of its business dialogue with its external and internal stakeholders. ”

Snaitech, by virtue of its dual role as a leading company in the sector and as a public gaming licensee, places at the centre of its business strategy a continuous dialogue with its stakeholders, both external and internal.

The economic and social contribution that Snaitech provides stems from a corporate culture devoted both to sound financial management and to interaction with the community, ensuring a constructive dialogue with all those who have legitimate interests in the company. Snaitech, which operates in a sector that is subject to strict public regulations, which are constantly being updated, maintains a fundamental relationship with national and local institutions. The wide range of stakeholders with which Snaitech interacts, in fact, is subordinated to the primary role of the State (in all its manifestations, such as the Customs and Monopolies Agency, the competent Ministries, and central and local Administrations), which has the dual interest of protecting gamers and ensuring tax revenues, which are essential for balancing public accounts.

Dialogue with staff is overseen by the internal communications and trade union relations function within the Human Resources and Organisation department.

Dialogue with external stakeholders is overseen by the communication function coordinated by the Business Development & Communications department, which deals mainly but not exclusively with relations with the media, which represent the channel of information towards the general public, increasingly supported by social channels.

The management of relations with institutional stakeholders, with sector associations, as well as with the competent authorities with reference to the concessions owned by Snaitech, is handled by the Institutional & Regulatory Affairs department, for the constant monitoring of the correct performance of conventional activities and the implementation of corporate strategies.

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

Snaitech deals with its stakeholders according to the principles of stakeholder engagement that characterise the nature of corporate citizenship in Snaitech's vision. In other words, the company has been able to build relationships of trust over the years that involve increasing transparency and openness about the progress and setbacks it has experienced in its efforts to operate ethically, creating tools to listen to the voice of stakeholders, producing a comprehensive Sustainability Report and operating in accordance with a Group Code of Ethics.

In the extraordinarily difficult year of 2020, Snaitech stood out for its commitment to minimising the negative effects of the pandemic emergency, in both health and business aspects, for all the private stakeholders involved: from gamers, to the points of sale, to the suppliers and therefore to the entire sector chain, as well as for its employees, shareholders and the community. The proactive approach to stakeholder needs and the strengthening of dialogue with all parties during the months of the emergency ensured responsible and effective management of the situation, in accordance with a business vision always aimed at shared social and economic well-being.

Year after year, and particularly in a year of exceptional criticality such as 2020, Snaitech demonstrates how care and concern for its stakeholders, both internal and external, is the key to enduring business success.

The map of stakeholders



EMPLOYEES

| | |
|------------------------|------------------|
| Headquarters employees | Agency employees |
|------------------------|------------------|



SHAREHOLDERS AND LENDERS

| | |
|------------------|---------------------|
| Investment funds | Potential investors |
| Rating agencies | Financial backers |



GAMERS

| | |
|----------------------|---------------|
| Point of sale gamers | Online gamers |
|----------------------|---------------|



DISTRIBUTION AND OPERATORS IN THE SECTOR

| | |
|--------------------------|----------------------------|
| Non-owned points of sale | Business Managers/Partners |
| Distribution Channels | Other gaming operators |



MEDIA

| | |
|-------------------------------|--------------|
| Online and offline publishing | Social media |
|-------------------------------|--------------|



SUPPLIERS

| | |
|--------------------|------------------|
| Technology vendors | Material vendors |
| Service providers | |



COMMUNITY

| | |
|-------------------------|--|
| Universities | FeDerSerD (Italian addiction services) |
| Non-profit associations | Consumer associations |
| Sports clubs | Milan Community |
| Racecourses | South Milan Agricultural Park |
| Valore D and Parks | |



REGULATORY BODIES AND INSTITUTIONS

| | |
|--|--|
| Customs and Monopoly Agency (ADM) | Ministry of Economy and Finance |
| Bank of Italy | Antitrust Authority |
| Information unit Financial | Parliamentary bodies |
| Ministry of Economic Development | Ministry of Health |
| Ministry of Interior | Ministry of Cultural Heritage |
| Advertising self-discipline institute | European institutions |
| Municipal and Local Authority adm. | Regional administrations |
| Società Generale d'Informatica | Police Hq and Law Enforcement |
| Police forces and Municipal Police | Prefectures |
| Telecommunications Guarantee Authority (AGCOM) | Ministry of Agricultural, Food and Forestry Policies |



REPRESENTATIVE ORGANISATIONS

| | |
|--------------------------------|--------------------------------|
| General Commerce Confederation | Trade Union Organisations |
| ACADI | General Commerce Confederation |
| Assolombarda | Assointrattamento |
| A.GI.SCO | Confederation of Italian SMEs |
| Federippodromi | Sistema Gioco Italia |

Shareholders and financial backers

[GRI 102-43]

| | |
|---|--|
| EMPLOYEES | Corporate intranet dedicated to employees (Hello!) |
| | Company notice boards |
| | Snaitech Sustainability Week |
| | Internal newsletter (IN) |
| | GDPR newsletter |
| | Zucchetti portal |
| SHAREHOLDERS AND FINANCIAL BACKERS | Company documents |
| | Company meetings |
| | Group Website |
| | Presentation events dedicated to shareholders |
| GAMERS | Interaction tools on the Group's product website (gaming behaviour tests, customisation tools to set expenditure ceilings with self-limitation and self-exclusion methods) |
| | Information present on online gaming platforms and on the website www.snai.it and at points of sale (information kits) |
| | Contact centre |
| SECTOR DISTRIBUTION AND OPERATORS | Training and informational 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 |
| | information/training activity for managers/operators (anti-corruption, responsible gaming, anti-money laundering, anti-terrorism) |
| | Audit activities |
| MEDIA | Press office activities |
| | All aspects of media relations and digital PR |
| | Event planning |
| | Advertising campaigns on products and services other than paid gaming/gambling |
| SUPPLIERS | Audit activities |
| COMMUNITY | Initiatives to promote responsible sports and play ("Special Olympics Italia", "Premio Costruiamo il Futuro") |
| | Donations (all activities carried out with the iZilove Foundation) |
| REGULATORY BODIES AND INSTITUTIONS | Annual Development Plan |
| | Periodic video conference meetings |
| | Institutional documents |
| REPRESENTATIVE ORGANISATIONS | Periodic meetings with trade union organisations |
| | Stipulation of Supplementary Company Contracts and Specific Agreements |

The Group recognises the specificity of each stakeholder and practices different methods of involvement, depending on the nature of the stakeholder and its relative importance, for the pursuit of the corporate mission. The various corporate functions are constantly engaged in communication with the reference stakeholders, according to the specific skills of each.

Despite the limitations imposed by the contagion mitigation measures during the year, Snaitech continued and further consolidated its initiatives to involve relevant stakeholders.

For this, it was able to count on technological tools that, on many occasions, made up for the impossibility of meetings

in person. In addition to these methods of involvement, many of which are listed below, Snaitech sought, as in the previous edition, to incorporate in its Sustainability Report the opinion of certain qualified Stakeholders. These addressed the main issues analysed through interventions aimed at highlighting perspectives from outside the company (GRI 102-42).

The interviews carried out in connection with each of the pillars that make up Snaitech's corporate citizenship represent an important testimony to the collaborative relationships that the Group has been able to establish and a wealth of ideas that can guide future activities.

MATERIALITY

Materiality Analysis enables the organisation to clearly highlight the relationships between the company's interests and those of its stakeholders, emphasising areas of mutual interest in sustainability and on which reporting and strategic actions should focus. Following the changes that have characterised the Group's activities in the last period and which have had a significant impact on the company's business, Snaitech deemed it appropriate to verify whether over time new scenarios have caused new issues to emerge or have changed the priority that internal and external stakeholders assign to the issues previously identified. In the first months of 2021, the Company therefore proceeded to a review of its materiality matrix which was revised and updated. The update, which involved the Group's top managers, included the following phases:

1. verification of the validity of the issues that were already comprised in Group's materiality monitoring;
2. internal engagement for the purpose of re-evaluating the issues;
3. definition of the assigned priorities and the new materiality matrix.

The "Data security and consumer privacy protection" theme scored high in priority for stakeholders this year and is also increasing in importance from a corporate perspective. This underlines how the massive use of networks and the increased use of remote working in 2020 during the pandemic, having contributed to the negative record of cyber attacks worldwide, have triggered reflection on the issue by all stakeholders.

In line with the ethical and environmental reappraisal that the pandemic has imposed on the entire social and productive complex, the Group has seen fit to increase the priority scores assigned to the "Efficient water management" and "Responsible waste management" topics. The scores assigned from the stakeholders' perspective also recorded increases on all environmental issues. Therefore, compared to the matrix established in 2018, environmental issues move towards the centre, although they do not significantly change in priority compared to regulatory and business ethics issues.

In order to provide correct and exhaustive information on the Group's activities, it was decided to devote space in the document to reporting on all the material topics in the matrix. In parti-

Phase 1: Review of theme validity that were already part of the Group's materiality scenario.

The review considered the context of the Group's activities, the issues that had already emerged in the non-financial disclosure of the Group carried out in previous years, the documentation of the parent company Playtech, the elements that emerged from the analysis of the relevant sector documentation on sustainability, the principles of the UN Global Compact and the Sustainable Development Goals of the UN Agenda 2030.

Phase 2: Internal engagement and theme evaluation;

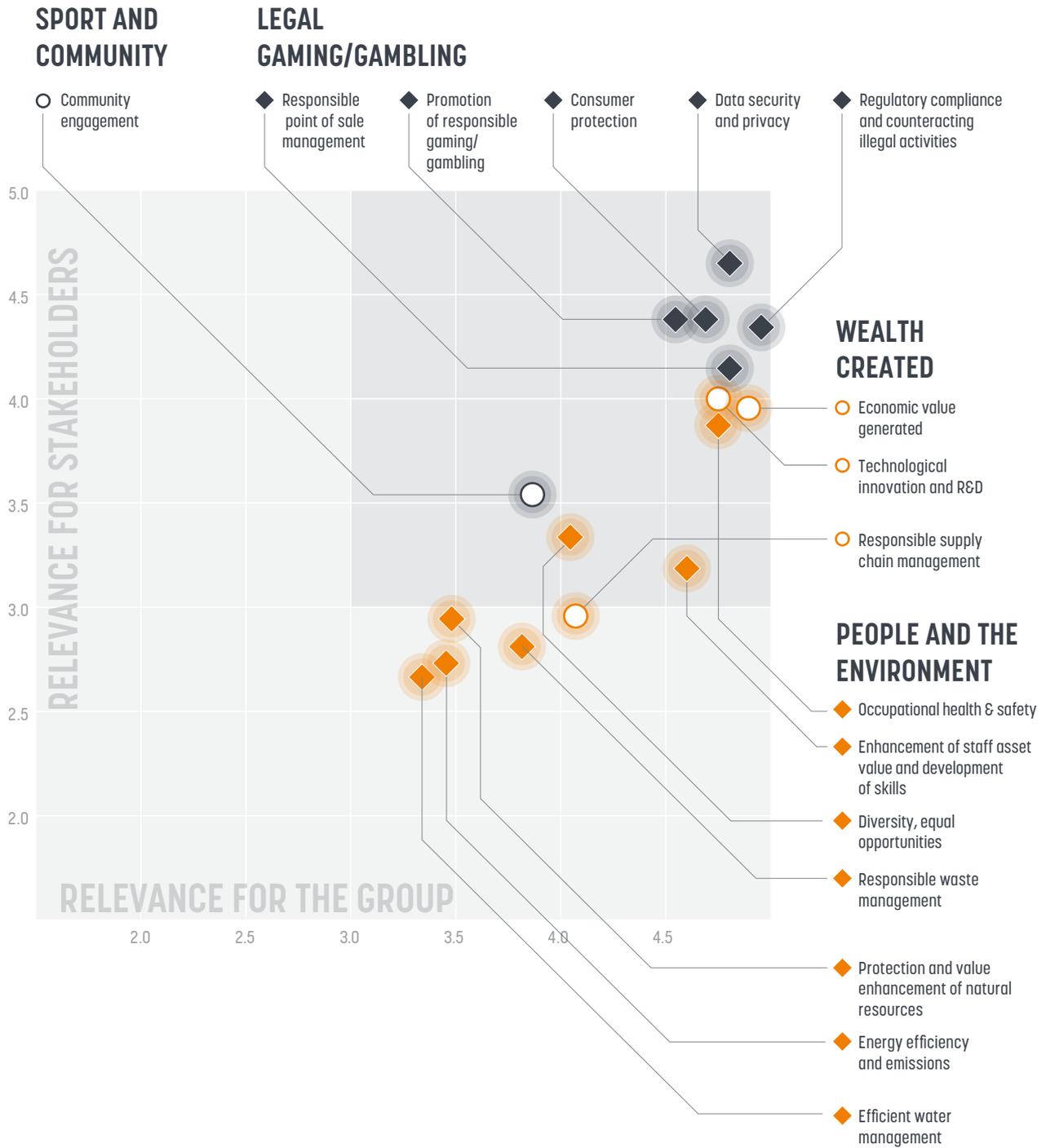
Following confirmation of the validity of the themes that were already part of the sustainability matrix, a top management identification exercise workshop was held to assess the importance of each of the themes, both from the Group's perspective and that of its stakeholders.

Phase 3: Definition of the Group's material topics.

The top management assessments, once aggregated, made it possible to update the Group's material topic priorities and allocate them to a matrix. The top right quadrant contains the issues that are of greatest importance to both the Group and its stakeholders, first and foremost those related to compliance with regulations and business ethics. 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.

cular, 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.

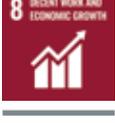
Snaitech's Materiality Matrix



PRINCIPLES AND GOALS OF SUSTAINABLE DEVELOPMENT

Snaitech's corporate vision, ultimately and firmly rooted in its business, is not confined to the organisation alone. By continuously confronting the external context and the complexity of its problems, and by understanding its emerging needs, since 2017 Snaitech S.p.A. has taken inspiration from the recommendations of the UN Global

Compact and is committed to making its specific contribution to the achievement of the Sustainable Development Goals (SDGs) set out in the United Nations 2030 Agenda. In particular, the SDGs and targets on which the Group believes it can act through the activities that will be reported in the material topics have been identified.

| | | | |
|---|---|--|---|
|  | Eradicating poverty | Target 1.2. By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions. |  |
|  | Good health and well-being | Target 3.8. Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all. |  |
|  | Quality education | Target 4.6. By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy. |  |
|  | Gender equality | 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. |  |
|  | Decent work and economic growth | Target 8.1. Support economic growth per capita in accordance with national conditions, and in particular annual growth of at least 7% of gross domestic product in developing countries. |  |
|  | Reduced inequalities | Target 10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. |  |
|  | Sustainable cities and communities | Target 11.4. Strengthen efforts to protect and safeguard the world's cultural and natural heritage |  |
|  | Responsible consumption and production | Target 12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. |  |
|  | Climate action | Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. |  |
|  | Life on land | 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. |  |
|  | Peace, justice and strong institutions | Target 16.4. By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime. Target 16.5. Significantly reduce corruption and abuse of power in all its forms. |  |

The ten principles of the UN Global Compact to which Snaitech has adhered since 2017

| HUMAN RIGHTS | LABOUR | ENVIRONMENTAL SUSTAINABILITY | THE FIGHT AGAINST CORRUPTION |
|---|---|--|--|
| 1. Support and respect the protection of internationally proclaimed human rights. | 3. Uphold freedom of association and the effective recognition of the right to collective bargaining. | 7. Support a precautionary approach to environmental challenges. | 10. Work against corruption in all its forms, including extortion and bribery. |
| 2. Ensure that no complicity, even indirectly, in human rights abuses. | 4. Uphold the elimination of all forms of forced and compulsory labour. | 8. Undertake initiatives to promote greater environmental responsibility. |  |
|  | 5. Uphold the effective abolition of child labour. | 9. Encourage the development and diffusion of environmentally friendly technologies. |  |
| | 6. Eliminate discrimination in respect of employment and occupation. | |  |

The right of corporate citizenship

The theme of Snaitech's right to citizenship, as an operator in a sector whose presence guarantees wealth creation, direct and indirect employment in the sector chain and supports the regulatory system in offering legal gaming/gambling, is the **leitmotif**

of the Sustainability Report 2020 project. With this in mind, four macro-themes have been identified on which the Right of Citizenship lays its foundations, defined as "the 4 pillars of citizenship":

| | | | |
|----------------------|----------------------------------|--|---|
| The regulated market | The value for the country system | The care of people and the environment | The culture of sustainability and sport |
|----------------------|----------------------------------|--|---|

In the following chapters, the four areas will be explored in more detail, both from the sector perspective and in relation to the policies implemented by the company.

Correlation diagram between the 4 pillars of citizenship, the material topics, the SDGs and the Global Compact principles

The table below summarises the material aspects included in Snai-tech's materiality matrix, relating them to the 4 pillars of citizenship, the principles of the UN Global Compact and the Sustainable Development Goals. The individual material topics will be discussed in more detail later in the document, in the specified chapters, in order to identify the policies, actions and results achieved by management in dealing with these issues.

| CAPITOLI | ITEMI MATERIALI | SDGS/UN GLOBAL COMPACT |
|---|---|---|
| <p>The regulated market Chap. 1</p> | <ol style="list-style-type: none"> 1. Regulatory compliance and counteracting illegal activities 2. Consumer protection 3. Technological innovation and R&D 4. Data security and consumer privacy protection 5. Promotion of responsible gaming/gambling 6. Responsible point of sale management |     |
| <p>A valuable part of the country system Chap. 2</p> | <ol style="list-style-type: none"> 7. Economic value produced 8. Responsible supply chain management |  |
| <p>Care of people and the environment Chap. 3</p> | <ol style="list-style-type: none"> 9. Diversity, equal opportunities and inclusion 10. Enhancement of staff asset value and development of skills 11. Occupational Health and Safety 12. Efficient water management 13. Energy efficiency and emissions 14. Responsible waste management 15. Protection and value enhancement of natural resources |         |
| <p>Culture of sustainability and sport Chap. 4</p> | <ol style="list-style-type: none"> 16. Community engagement |         |

THE FOUR PILLARS OF CORPORATE CITIZENSHIP

THE REGULATED MARKET Chapter 1

Snaitech operates as a proactive player, making significant investments to protect the health of the community and the sporting culture, in collaboration with the authorities involved in anti-money laundering, anti-mafia matters and the fight against illegal gaming. Compliance with the law is an identity dimension of Snaitech, it makes safe gaming a default value of the brand offering and assures customer care and protection.

A VALUABLE PART OF THE COUNTRY SYSTEM Chapter 2

In terms of competence, resources and size, Snaitech is one of the most important players in the sector, operating in favour of the country system through tax revenues destined to support works of public utility, through the creation of an organisational and IT infrastructure, and through support for entrepreneurial activities along the supply chain, and, finally, by producing value in favour of ancillary businesses.

CARE OF PEOPLE AND THE ENVIRONMENT Chapter 3

In 2020, the Group tackled the CO-VID-19 emergency by promptly implementing strategies to provide economic support and health protection for staff, operators and customers, placing accountability at the forefront of relations with employees and stakeholders and often supplanting inadequate public intervention.

The environment is one of the major issues that has engendered debate and featured in political agendas in recent years. Around the world, investments are being mobilised and ambitious targets are being set for limiting CO2 emissions and making sustainable use of natural resources such as water. From this point of view, Snaitech, as the owner of three racecourses, plays an important role in promoting the natural resources of racecourses located in urban areas, for which they are green lungs with a positive impact on air quality. Green areas that people can enjoy in their free time. At the same time, over the years the Group has launched activities such as the almost exclusive purchase of electricity from renewable sources.

THE CULTURE OF SUSTAINABILITY AND SPORT Chapter 4

he proposal of legal and safe gaming/gambling is aligned with, and in a sense translates into, the promotion of the culture of sport and healthy fun. Through TV, Epiqa contributes to keeping the horse racing sector alive. iZilove Foundation invests ideas and resources in solidarity projects in the fields of social and health care and promotion, education and scientific research, in Italy and abroad, also by actively involving staff.

In line with its values,
Snaitech is constantly committed to promoting a development model
that is not only responsible
but also respectful of the needs
of all its stakeholders.





1

**THE REGULATED
MARKET**

1.1 THE SECTOR SCENARIO

THE EVOLUTION OF THE REGULATED MARKET

"A good Englishman never jokes when it comes to something as serious as a bet", wrote Jules Verne in his "Around the World in 80 Days" in 1873.

This quote is illustrative of the long history of gambling, a phenomenon that has always been part of the customs and traditions of many world civilisations, as demonstrated by the rudimentary games of chance on tiles found in ancient China or the six-sided dice found in Egypt and dating back to 600 BC. There are also literary references to gambling: in the Odyssey, for example, Penelope's suitors are said to have been playing with tokens just before Athena appeared in disguise.

From the point of view of the relationship of the institutions with gambling, already in the eighteenth century the Papal State - faced with its increasing proliferation - had to choose whether to consider gambling as a source of revenue or as an incurable vice to be condemned through, for example, the threat of excommunication⁴. However, another century had to pass before regulation could effectively come into force. We are in 1863, two years after the unification of Italy⁵: the State intervened with the aim of regulating the Lotto game from a legal point of view at national level. A set of regulations was to follow - more than 50 years later - the birth of the first national lottery associated with a car race: "The Tripoli lottery" in 1932. This was followed by the expansion of the offer of wager systems linked to sporting events in the world of football and horse racing, with the birth of the Totocalcio in 1946, Totip in 1948 and the Tris game in 1958⁶.

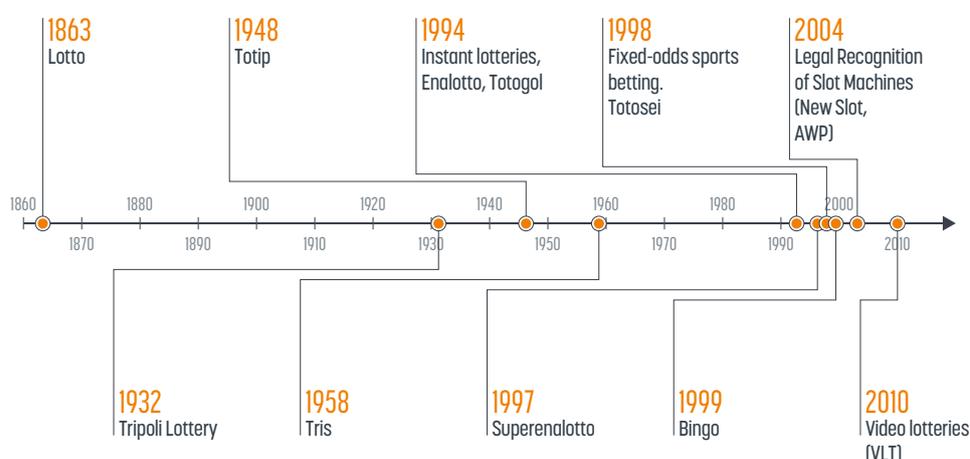
After about forty years we witnessed the second major renewal phase, which took place starting from the second half of the 1990s, with the launch of the first instant lotteries, commonly known as "Scratch and Win" and with the radical renewal of Enalotto, transformed into Superenalotto in 1997⁷. However, the most significant innovation was to come in 1998 with the introduction of fixed-odds sports betting, which thus extends the perimeter of state-run games to new entertainment products. The last, in chronological ter-

ms, very important new legislation arrived in 2004, with the legal recognition of Slot Machines (New Slot, or AWP1), a scenario that until that moment existed only illegally and underground. In 2010, the Slot Machines sector was joined by another new entry type of gaming machine, the so-called Videolottery Terminal (VLT).

The various actions taken over all these years to regulate gaming have made it possible to shift the demand for gaming/gambling to legal regulated channels. Indeed, thanks to a broad, competitive and consequently attractive legal offer, the State has achieved the migration of users, who previously looked to the illegal market, to the legal domain with all-round benefits: firstly, consumer protection and, secondly, the recovery of resources that might otherwise have fed the illegal market. The various phases of opening up and regulation carried out from the 1990s onwards show how the State had understood how public, legal gaming, authorised and controlled by the State Monopolies - once the exclusive preserve of organised crime - represented, and continues to represent today, a guarantee and a barrier against the illegal market. Despite the fact that Italy has, for many years now, been following a path aimed at promoting legal gaming, protecting the consumer and recovering resources from actions to combat illegal gaming - at the same time, the policies implemented on the subject by recent governments have proved to be "restrictive, limiting, punitive, to the point of giving the impression of denying legitimacy to companies in the sector"⁸. An emblematic example of this approach is the policy regarding the advertising and promotion of gaming, culminating in the recent Dignity Decree - approved in July 2018 - which prohibits, and therefore does not regulate, "any form of advertising, including indirect advertising, relating to games or bets with cash prizes, in any form and by any means, including sporting, cultural or artistic events, television or radio broadcasts, the daily press, publications in general, posters and the Internet". A ban that, starting from 1 January 2019, has also been extended to sponsorship of events, activities, shows, programmes, products or services and all other forms of promotional communication. The decree has been strongly criticised by the *Telecommunications*

" The various actions taken over all these years have made it possible to shift the demand for gaming/gambling to legal regulated channels. **"**

Timeline of the introduction of⁸

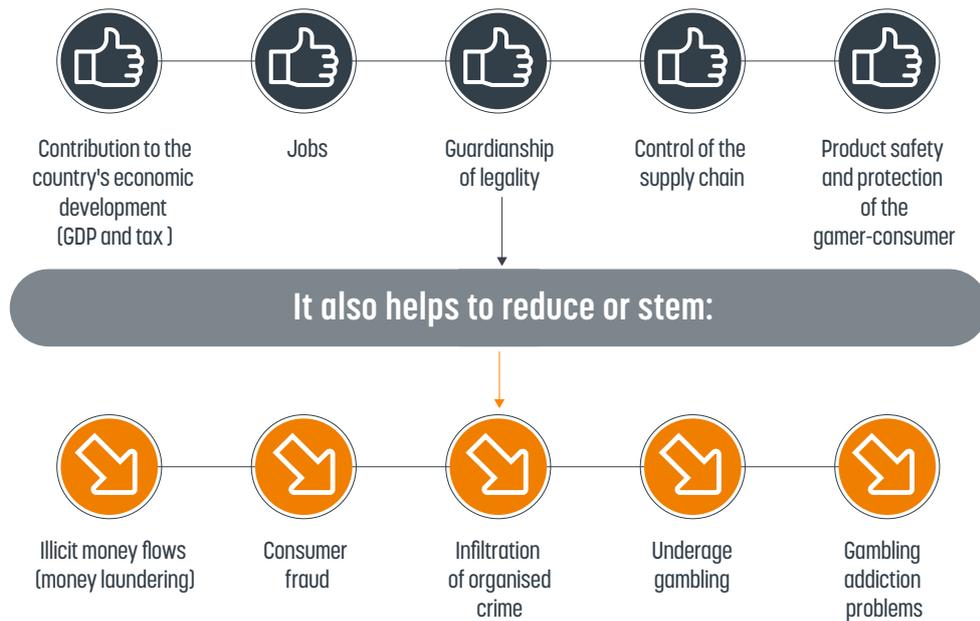


⁴ Pandimiglio A., Spallone M. (2018), The recent evolution of the gaming market in Italy, Arcelli Centre for Monetary and Financial Studies, LUISS, Rome - ⁵ Ibid - ⁶ Ibid - ⁷ Ibid

⁸ Francesca Gastaldi (2018), Taxation in the gaming/gambling sector, Parliamentary Budget Office

⁹ ACADI, First Report on Public Gaming/Gambling (2019)

Effects of public gaming⁹



Guarantee Authority - AGCOM - which, among other things, has repeatedly pointed out that European regulations, unlike the Dignity Decree, "in order to combat gambling, have not completely banned advertising communications but only those that are aggressive for vulnerable persons, preferring 'a flexible and ductile regulatory regime' ". A further complication, concerning the ban on advertising but not only, stems from the fragmentation of legislation at local level. According to national laws, it is up to the State and ADM to establish the general principles, regulations on gaming/gambling and actions to combat illegal gambling, while the Regions and Local Authorities have the power to regulate the specific procedures, in compliance with the protection of health and civil order¹². However, for some time now, legal gaming operators have been trying to highlight how the quantity of territorial regulations - regional and municipal - often not homogeneous and contradictory to each other, affects legal gaming, making life easier for illegal gambling operators. This is all the more so if one considers that the policies introduced by territorial regulations in recent years can be circumscribed to three major categories of disincentives and limitations to legal gaming: the so-called distance meters, restrictions on hours and absolute bans on advertising¹³. For this reason, as pointed out by Pierpaolo Baretta, who until 13 February 2021 held the post of Undersecretary of the Economy and Finance with responsibility for gaming, "today more than ever, we need a systematic plan that provides, on the one hand, greater and urgent controls against the illegal network, on the one hand, greater and more pressing controls are needed against the illegal network, which is a tool for money laundering and of specific interest to criminals, and on the other hand, a homogeneous distribution throughout the territory of authorised and legal gaming halls for greater protection of the weaker sections of the population, minors first and foremost"¹⁴.

This is an urgent need, because ambiguity and uncertainty benefit organised crime, which has long been investing in the development of unauthorised gambling channels that often use servers located in offshore countries, as stated in the periodic reports of the National Anti-Mafia Prosecutor's Office and the Anti-Mafia Investigative Directorate¹⁵. The situation was further aggravated by the COVID-19 pandemic, an unprecedented event that significantly impacted the gaming sector. Between March and December - i.e. during both the first and second lockdowns - the agencies and gaming/gambling halls were closed for about 200 days: with the legal sector stopped due to the pandemic, the illegal gaming market was able to grow exponentially.

Some figures were provided directly by the Director General of the Customs and Monopolies Agency, Marcello Minenna, who pointed out that during the lockdown there was a strong explosion of illegal gambling, against a contraction of legal gambling of about 30% resulting from the closure of establishments. A sad trend also demonstrated by the interventions carried out in recent months by Copregi, the Committee for the prevention and repression of illegal gaming, gaming safety and the protection of minors chaired by the Director of the Agency and composed of top representatives of the forces of the Police, the Carabinieri and the Guardia di Finanza, which controlled 250 illegal cinemas and imposed fines of over one million euros¹⁶. An alarm also confirmed by the National Anti-Mafia Prosecutor Cafiero De Raho: "We must increase legal gaming/gambling to drain resources from organised crime and scrupulously monitor the entire supply chain. Multiple investigations have shown how illegal gambling is an ancillary business run by mafias and the 'ndrangheta'"¹⁷. The consequences generated by the prolonged closure of the activities clearly show us what happens when the regulated market fails, thus revealing its crucial role in stemming the illegal market and protecting consumers.

¹⁰ "Eurispes, Gaming is halted: workers without answers. The illegal market is growing" - 9 June 2020

¹¹ AGCOM, "Report to the Government pursuant to Article 1, paragraph 6" - 12 Pandimiglio A., Spallone M. (2018), The recent evolution of the gaming market in Italy, Arcelli Centre for Monetary and Financial Studies, LUISS, Rome

¹² "The territorial question", Geronimo Cardia, 2016 - ¹⁴ ibid

¹⁵ "Eurispes, Gaming is halted: workers without answers. The illegal market is growing" - 9 June 2020

¹⁶ https://www.repubblica.it/giochi-e-scommesse/normativa/2021/01/04/news/minenna_dir_gen_adm_necessario_intervento_per_contrastare_il_gioco_illegale_-281097797/

¹⁷ <https://www.agimeg.it/pp/cafiere-deraho-antimafia-incrementare-gioco-legale-per-sottrarre-risorse-a-criminalita>

PLANNING THE FUTURE, LOOKING TO THE PAST



INTERVIEW WITH ALBERTO CATTANEO

From a regulatory point of view, the legal gaming sector is facing a delicate transition phase. Some important and necessary reforms have been at a standstill for a long time, and the impression is that no political party is able to take a neutral approach to a sector on which there are many prejudices. As is often the case, in order to understand the present, it is necessary to look at the past, which is also useful to remember the reasons that led to the birth and regulation of the sector.

The birth of this sector is rather recent, with the introduction of fixed-odds sports betting just over twenty years ago and the regulation of amusement machines only in 2004. The establishment of a legal gaming market has produced immediate and positive effects, both in terms of the unmasking of the black market and in terms of consumer protection. And we should not forget the new tax revenue generated for the Treasury. However, also thanks to the incredible speed with which the sector has grown, over time some less positive implications have begun to appear, which perhaps the regulatory bodies had not fully foreseen. I am thinking, for example, of the rapid spread of gambling outlets across the territory, in some cases excessive and uncontrolled, which has provoked a reaction from citizens and consequently from local institutions. If, on the one hand, the creation of a legal market had made it possible to stem the supply of illegal gambling, solving a real but invisible problem for most people, on the other hand, it had generated a reputational problem linked to the visibility of gaming outlets, especially linked to the massive presence of gaming machines on the territory.

This, together with the emergence of a multi-million-dollar turnover - which, moreover, has been overestimated due to the

communication of figures relating to player expenditure, which do not take account of winnings and are therefore misleading since they refer to the mere collection of gambling - and the less responsible behaviour of some operators, has placed politics in a state of embarrassment and difficulty, which has gradually begun to distance itself from the sector. Meanwhile, the legal gaming/gambling market continued to grow and evolve: new types of games were created, made possible by technological developments, and hundreds of new licences were issued. This has led to an exponential increase in the complexity of the market and the fragmentation of operators, who are very numerous and have very different businesses, as well as divergent and even conflicting needs and goals. On the other hand, the institutions have not kept up to pace, they have not been able to create a more refined and structured form of regulation. Simply put, legislation has been slower than the growth in the gaming/gambling supply side and the sector in general.

Thus we come to the present day. Everyone is aware of the need for a reorganisation of the sector. The The Customs and Monopolies Agency (ADM) is calling for this in order to strengthen the fight against all forms of illegal gambling, raise the quality level of gaming points and ensure even greater consumer protection. The licensees demand it because they need clear and certain rules to make medium and long-term industrial plans. It is requested by many citizens who would like a homogeneous and regulated distribution of gaming/gambling centres throughout the country. What is lacking is the political will to deal with a very important sector, but which is often the subject of violent criticism and exploitation aimed at emphasising the problematic aspects of gaming/gambling, which are undoubtedly important but very small in number. In order to overcome this stalemate, I think we should stop focusing on the current contingencies for a moment and rethink about the essence of this sector and its origin, which was made possible by an alliance between different actors driven by the will to snatch this sector from the hands of the illegal market. The regulation of gaming/gambling in Italy has been a success on all fronts: the fight against crime, the protection of the player, the creation of jobs, new revenue for the tax authorities. It is from this awareness that we must start again to rediscover that initial alliance, which is essential to build solid foundations to define the future of a sector that will probably never have the appeal of other industrial sectors, but certainly has equal importance, dignity and deserves the same consideration from the legislature.

Alberto Cattaneo
*Founding Partner
 at Cattaneo Ianetto & Co.*

1.2 SNAITECH'S VISION

Snaitech is aware that it operates in a sector that can have significant social repercussions and is committed, alongside the regulatory authority, to ensuring that gaming can be carried out in an environment of healthy fun, emotion and participation, protecting consumers by imparting information and knowledge to increase their analytical and self-control abilities. In fact, the Group believes that prohibitionist approaches entail higher risks than those deriving from an effective regulation, which instead can counteract the development of illegal gaming and properly protect the community as a whole. The Italian regulatory framework governing public gaming identifies the licensees as the key figures in the sector, conferring on them important duties: as “guardians” of legality, gaming operators are called upon to assume precise responsibilities and commitments.

The Snaitech Group honours its long history of presence in the country by integrating this commitment into its corporate identity, as evidenced by the Code of Ethics and the analysis undertaken in the recently updated materiality matrix. The latter identifies issues related to business ethics and consumer protection, the areas to which all internal and external stakeholders are most committed.

Conducting our business based on total compliance with the various regulatory frameworks is also a way of conveying to the Group's employees the sense of a job that has full rights of citizenship because it responds to the legitimate wishes of the consumer, who is at the same time protected from the perils of illegal gambling and informed about the risks that can arise from irresponsible gaming/gambling.

1.3 FROM VISION TO FACTS

SDGs



GOALS

Target 12.6. Adopt sustainable practices and integrate sustainability information into the reporting cycle.

WHAT WE HAVE DONE

Responsible gaming/gambling:
Renewal of Global Gambling Guidance Group (G4) certification.

Annual Sustainability Report.



Target 16.4. By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime.

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

“Legal Inventory” IT application for the management team and dissemination of regulatory updates made available to all Snaitech personnel.

518 suspicious transaction reports were sent to the Financial Intelligence Unit at the Bank of Italy in 2020.

1,304 hours of training were given on the subject of prevention of the phenomenon of money laundering in the last three years.

All employees received information on anti-corruption during the year.

2020 Risk Assessment review.

Revision of the 231/2001 Model on the basis of the new crimes introduced by the legislature and start of the Code of Ethics revision.

Sales network auditing for anti-money laundering: 719 back-office checks and 271 site audits in 2020.

60% of the operating units assessed for corruption-related risks.

Drafting and dissemination of the procedure “Verification and monitoring of the reputational requirements of customers”, extend to include all persons who interact with the licensee in various capacities.

1.4 REGULATORY CONTEXT AND COMPLIANCE

The control and public supervision of the gaming/gambling 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.

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, the regulation concerns the sphere of legality and public safety of legal gaming, the fight against illegal gaming, the protection of players' privacy, competition between operators in the sector, and the protection of minors and weaker groups.

Description of the material topic:

"Compliance with regulations and combating illegal activities" means, on the one hand, the Group's action aimed at combating episodes of corruption - both active and passive - also thanks to the implementation of Model 231 and training and awareness-raising activities on the subject. On the other, the Group's constant attention to compliance with laws, regulations and conventions relating to gambling. In addition to these, player monitoring actions aimed at combating illegal gaming and preventing illegal activities are undertaken.

International level

European Commission

National level

Government bodies and competent ministries

Local level

Regional Authorities and municipal administrations

The Customs and Monopolies Agency (ADM) assigns and manages gaming licences. Based on current legislation, gaming operators are, in turn, subject to anti-money laundering legislation, with obligations to report suspicious transactions. Gamer protection requires dealers to respect individual privacy, the correctness of commercial practices and the legislation on advertising and promotions. In their position as operators of regulated gaming, sector enterprises are also subject to the control of the Court of Auditors, which requires adherence to specific accounting practices. The collection of lawful gaming and betting revenue is subject to Public Safety Authority permits. Furthermore, minors are not admitted to specialised points where the main activity is gaming/gambling.

These specific sector rules are supplemented by obligations to which all economic operators must comply, with particular reference to the conduct of business and the obligations of companies. Among these, anti-mafia legislation sets forth targeted obligations for licensees to guarantee the traceability of financial flows and the integrity of directors.

As a market operator, 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

"Urgent provisions to promote the development of the country through a high-level health protection plan". Italian Law Decree 158/2012

In addition to addressing a number of issues related to health protection (such as territorial health care, restrictions on the sale of tobacco products, food safety, etc.), the Decree also provides for measures specifically aimed at **preventing and treating people with a predisposition to compulsive gambling**, assigning the the Regional Authorities the task of including, among the essential levels of care, measures geared to this purpose. The Decree introduces provisions relating to countering gambling addiction, with particular attention to the issue of the protection of minors¹⁸.

¹⁸ <https://www.altalex.com/documents/news/2012/09/14/decreto-balduzzi-sulla-sanita-in-14-punti>

The Dignity decree

Law Decree no. 87/2018, the “**DignityDecree**”, coordinated with conversion law no. 96/18 and published in the Official Journal of 11 August 2018, as well as providing for measures for the protection of the dignity of workers, companies and professionals and the introduction of measures aimed at favouring tax simplification, also provides for the **introduction of tools aimed at allowing an effective fight against gambling addiction**, including the prohibition of advertising and sponsorship.

“In order to strengthen consumer protection and to more effectively combat gambling”, any form of advertising, including indirect advertising, relating to games or bets with cash prizes, in any form and by any means, including sporting, cultural or artistic events, television or radio broadcasts, the daily press, publications in general, posters and the Internet, is prohibited. In addition to the measures relating to the prohibition of advertising and sponsorships, the Decree directly references an increase in the PREU (Italian acronym - Prelievo Erariale Unico, gaming machine tax levy), the provision of the health card to play the machines and, finally, a reform of the gaming sector within six months of the publication of the Decree, with the aim of *“ensuring the elimination of the risks associated with gambling disorders, combating illegal gambling and guaranteeing the continuity of revenues”*.

In implementation of Article 9 of the aforementioned Law Decree 87/2018, the Telecommunications Guarantee Authority published the *“Guidelines for the implementation of the prohibition of advertising and sponsorship of gambling”*, thus providing interpretative clarifications regarding the subjective, objective and temporal scope of application and attributing particular attention to the fight against the phenomenon of gambling addiction. In scientific terms, the latter is considered to be progressively growing, and these guidelines strengthen a commitment to effective supervision and prevention of actions that financially exploit such disorders.

1.5 NEW DEVELOPMENTS REGULATORY

During 2020, legislation mainly addressed the management and containment of the COVID-19 epidemic emergency through a series of President of the Council of Ministers Decrees (DPCMs), the first of which, issued on 8 March 2020, imposed the closure of sporting events and competitions and the suspension of all activities in gaming and betting rooms until 3 April 2020, throughout the entire country.

From then on, a series of DPCMs extended this deadline until that of 11 June 2020, which allowed the resumption, from 15 June until 14 July 2020, of activities in amusement arcades, betting rooms and bingo halls, provided that the Regions and the Autonomous Provinces had previously ascertained the compatibility of the aforementioned activities with the epidemiological trends in their territories and identified protocols and guidelines suitable for preventing or reducing contagion risk in the relevant sector.

The 14 July deadline was then extended by a number of subsequent Decrees until the DPCM of 24 October 2020, which suspended activities in amusement arcades, betting rooms and bingo halls until 24 November 2020, but allowing activities in corner points. The latter concession was subsequently rescinded by the DPCM of 3 November 2020. Other DPCMs and Law Decrees subsequently extended this deadline until 31 July 2021.

Other measures taken to support families and businesses during the year affected the gaming sector, including the “**Ristori**” Decree (thus named in relation to its State Relief financial compensation measures) published in the Official Journal of 28 October 2020, comprising “Further urgent measures in the field of health protection, support to workers and businesses, justice and safety in relation to the COVID-19 epidemic emergency”.

With regard to public gaming/gambling, the measure provided for:

- ◆ an extension of the terms for the payment of the balance of the single tax levy on AWP and VLTs and the licence fee for the fifth two-month period of 2020. The latter to be paid in an amount equal to 20 per cent of the sum due on the basis of the gaming wagers for the same two-month period, expiring on 18 December 2020, with the balance spread over monthly instalments within 30 June 2021;
- ◆ State Relief eligibility for sector operators running gaming machines with coins or token cash prizes as well as other activities connected with lotteries, betting (including bingo halls) and gaming and billiards arcades.

The **Relaunch Decree** published in the Official Journal of 19 May 2020, setting out “Urgent measures in the field of health, support for work and the economy, as well as social policies related to the COVID-19 epidemic emergency”, which, to address the economic crisis facing sports sector operators caused by the COVID-19 containment measures, provided for:

- ◆ the constitution of the “Fund for the relaunch of the national sports system”, the so-called ‘Sports Saving Fund’;
- ◆ from the date of entry into force of the decree and until 31 December 2021, the payment of a share equal to 0.5 per cent of the total collected from bets relating to sporting events of all kinds, also in virtual format, made by any method and on any medium, both online and through traditional channels, as determined on a quarterly basis by the State-appointed body.

The Fund is financed up to the maximum limit of 40 million euros for the year 2020 and 50 million euros for the year 2021.

The **Cura Italia” Decree** published in the Official Journal no.70 of 17 March 2020, also affected the public games sector because it ordered the following extensions:

- ◆ the terms for the payment of the single tax levy on gaming machines;
- ◆ the terms for calling the tender relating to betting operating licences;
- ◆ the terms envisaged for calling the tender relating to AWP and VLT operating licences;
- ◆ the terms for calling the tender relating to remote cash winnings and remote entertainment and gaming;
- ◆ the terms established for the replacement of AWP devices with devices that enable public gaming from a remote location (AWPRs);
- ◆ the terms established for the compilation of the single register.

Guidelines for the Regions Conference of 9 June 2020 (subsequently updated several times) concerning “the reopening of economic, productive and recreational activities”, including slot machine and amusement arcades, bingo halls and betting rooms.

The **Customs and Monopolies Agency implemented a series of measures** in 2020, starting with Directive no. 89326/RU of 12 March 2020, which ordered, with reference to tobacconists, the blocking of slot machines by the respective licensees and the deactivation by the operators of monitors and televisions in order to prevent the presence of gaming patrons inside premises.

On April 29, 2020, it was decided that it would be impossible, also in establishments not obliged to close, to reopen the collection of bets on sporting and non-sporting events, including simulated events, and the collection through electronic devices such as slot machines, initially scheduled for 11 May 2020, and that bets requiring certification by Agency personnel could only be collected online.

The obligation to switch off monitors and televisions in general stores and tobacconists was suspended starting from 28 May 2020 and on 12 June 2020 an authorisation was issued for the reactivation of platforms for gaming activities within amusement arcades, betting and bingo premises and of establishments that collect revenue from gaming activity typical of such premises, provided that the Regions and Autonomous Provinces have previously ascertained the compatibility of the performance of the aforementioned activities with the trend of the epidemiological situation in their territories and that they identify the applicable protocols or guidelines suitable to prevent or reduce the risk of contagion in the reference sector or in similar sectors.

The ADM development plan

In December 2020, the ADM issued guidelines for the 2021 development plan, based on four main activities:

- a. measures to improve the security of data collection and transmission, as well as rendering the data secure from tampering;

- b. new measures considered necessary to safeguard public order and user security;
- c. communication and information initiatives for the protection of legal and responsible gambling;
- d. provisions to safeguard the potential growth of the sector.

In particular, the first two points refer to i) the progressive production process of AWPR devices, ii) the VLT gaming systems, following the introduction of the health card, and iii) the discussion that ADM opened in 2020 with the Italian Data Protection Authority in relation to the obligation to use the health card on the devices.

Point c) reiterates that the implementation of communication and information initiatives by the Licensees must comply with the guidelines issued by AGCOM, given the prohibition of any form of advertising, even indirect, relating to games or betting with cash prizes. Finally, point d) considers the maximum number of AWP and VLT devices in charge of each individual concessionaire during 2021, recalling compliance with the principle of collaboration and uniformity of treatment.

Three thematic areas indicated, within which to implement training plans, study and research projects:

1. Combating underage gambling;
2. Combating the risks deriving from gambling disorders;
3. Comparative studies with other countries on legislation, dissemination and taxation in the field of gambling and gambling disorders.

Significant **local regulations** mainly consisted of regional laws containing provisions for the prevention and treatment of compulsive gambling disorders and addictions, issued, respectively, by the Campania Region (LR no. 2 of 2 March 2020), the Sicily Region (LR no.24 of 21 October 2020) and the Abruzzo Region (LR no.37 of 7 December 2020).

Evolution of the PREU rates and minimum payout levels

With regard to gaming machines, as a result of the Law of 27 December 2019, no. 160 (Budget Law 2020), the PREU rates applied for AWP and VLTs have been modified as follows:

- ◆ for AWP, the PREU rate increase is from 23.85% (as of 1 January 2020) to 24% (as of 1 January 2021);
- ◆ for VLTs, the PREU rate increase is from 8.5% (as of 1 January 2020) to 8.5% (as of 1 January 2021);

As of 1 January 2020, the percentage of the sums played earmarked for winnings is set to not less than 65% for AWP and 83% for VLTs.

Italian Law no. 178 of 30 December 2020, (the 2021 State Budget Law), in force from 1 January 2021, regarding the public gaming/gambling, exclusively addresses the game of Bingo and does not affect any other relevant aspect.

For Snaitech, integrity and consistency of values and conduct are the foundations on which to build sustainability.

In this sense, compliance with all regulatory aspects is a priority and an essential aspect in every activity of the Group.



1.6 RISK MANAGEMENT AND AUDITING

Snaitech has always been particularly attentive to the prevention of risks of any nature that could influence the company results and the integrity of its assets. In this context, the Company has set up an ERM (Enterprise Risk Management) function, managed by a Risk Manager, with the task of updating and integrating the company's risk management model on an ongoing basis.

During 2020, as part of the updating of the management model, the Risk Management function carried out a series of interviews with the various company "risk owners", aimed at mapping out the company risks and 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 senior functions involved in the process. The result of the 2020 Enterprise Risk Assessment (ERA) was subsequently sent to the Internal Audit function, which used it as one of the starting points for drafting the periodic audit plan. To complete the ERM activities, the main company risks over the first six-month period 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). With regard to specific risks relating to horse racing areas, an "environmental" due diligence review is currently underway, following which the contents of the mapping relating to this aspect will be expanded and/or amended.

Health emergency risk assessment

pany to review and adapt the processes through a follow-up of the assessment of risks and the consequent adoption of measures aimed at mitigating them. This task involved the Risk Management, Compliance and Internal Audit functions. Particular attention was paid to the risk of high-intensity contagion which required a specific assessment according to Italian Legislative Decree 81/2008 and the adoption of adequate measures to prevent (also) the offences referenced in Article 25 septies of Italian Legislative Decree 231/01; the risk of potential cybercrime offences deriving from the extended use of home working (so-called "smart working") and the risk of offences being committed in relations with Public Administrations in matters such as access to social welfare aid and tax benefits.

A further risk assessment concerned the territorial network of direct agencies and gaming arcade operators who were subjected to two long lockdown periods that affected their ability to collect gaming revenue and, as a result, their ability to meet their obligations towards Licensees.

Further considerations were made regarding credit risk, always linked to the emergency situation and the risk of interruption of the supply chain. The updated risk assessment was shared and discussed with the Supervisory Bodies of the Group companies.

The COVID-19 epidemiological emergency obliged the Com-

Organisation, management and monitoring

For the purposes of an integrated assessment and management of the attempts, Snaitech drew up an **Organisation, Management and Control Model in application of Italian Legislative Decree 231/2001** as amended that takes into account the specific nature of the sector in which it operates. The model addresses all those who work with Snaitech and its primary goal is to create an organised and structured system of principles and control procedures, designed to prevent, where possible and practically feasible, the commission of the offences contemplated in Italian Legislative Decree 231/01.

The Model also has the following proposes:

- ◆ to promote a corporate culture that enshrines legality in keeping with Snaitech's condemnation of any behaviour not compliant with the law or internal provisions, and in particular with the provisions of its Model;
- ◆ to promote a corporate culture that champions a control-oriented mindset and risk-management practices
- ◆ to implement an effective and efficient organisation of business activities, with particular emphasis on the decision-making process with its relevant transparency and traceability, on the accountability of resources dedicated to the taking of such decisions and their implementation, on the provision of preventive and subsequent controls, as well as on the governance of internal and external information disclosure;
- ◆ to rapidly implement all the necessary measures to reduce the risk of criminal acts as much as possible;
- ◆ to provide appropriate training (tailored in content and delivery methods according to the recipients' qualification level, the level of risk in which they operate, whether or not they have corporate representation roles) and information to employees, to persons who act on the Company's behalf or are linked to the Company itself by relationships relevant for the purposes of the Decree, with reference to activities involving the risk of committing offences.

The Model also requires that all subsidiaries in turn adopt their own model, in compliance with the principles, guidelines and Code of Ethics. On 13 February 2020, a revision of Model 231/2001 was approved which incorporated the new predicate offences introduced by the legislature starting from January 2019 and the organisational changes that occurred in Snaitech following the preceding revision in 2018.

As part of the further revision of the Model made necessary by the introduction of new predicate offences, the Compliance Department is engaged in revising the Risk Assessment, procedure and the Model as well as adopting a Group Code of Ethics that incorporates the principles and values that will apply to all activities relating to Snaitech, its subsidiaries and the IZi- love Foundation.

The Audit Plan

The Internal Audit function ensures and guarantees 'autonomy' and 'independence' of judgement and reports hierarchically to the Board of Directors and functionally to the Chief Executive Officer (so-called operational reporting).

The activities carried out by the function aim to ensure:

- ◆ the protection of company assets;
- ◆ the pursuit of corporate goals in compliance with the reference regulatory context and the mapping of "regulatory" risks (performed by the "Compliance" functions), operational risks (performed by the corporate functions and management team during identification and formalisation of operational processes and procedures) and "enterprise" risks (performed by the "Risk Management" function).

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

- ◆ adequate coverage of corporate risks in line with the corporate risk management model managed by the ERM function;
- ◆ achieving effective and efficient business processes;
- ◆ safeguarding asset value;
- ◆ ensuring the reliability and integrity of accounting and management information;
- ◆ ensuring the compliance of operations with the entire existing regulatory framework.

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. On the basis of the results of the audits, the Internal Audit function suggests action plans and activities to the various corporate Functions; these are shared with the Risk and Compliance Functions with the aim of improving processes and integrating or mitigating the associated risks.

Snaitech has developed an internal control and risk management system that continuously identifies aspects for improvement of business processes and defines action plans for the achievement of goals.

The Risk-Based Audit plan also envisages the development of specific audit activities on the Network of directly managed and franchised points of sale. Of particular relevance is the control of proper observance of Anti Money Laundering AML rules (ref. Italian Legislative Decree 231/07 as amended) in relation to customer due diligence and the related document retention.

On the basis of audit 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 1 in the paragraph "Consumer protection".

1.7 ANTI-CORRUPTION

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 and valuation of balance sheet items;
- ◆ adequate identification of revenue recognition criteria;
- ◆ correspondence of billing data with financial flows;
- ◆ adequacy of the supply flow;

- ◆ adequacy of the process for managing gifts and entertainment expenses;
- ◆ adequacy of the flow for selection and termination of employment relationships and changes in remuneration;
- ◆ adequacy of the relationships, communications and obligations required with the authorities and public bodies;
- ◆ correctness of the prerequisites for operating points of sale with relevant risk indicators, in order to identify and prevent potentially corrupt internal and external relationships;
- ◆ adequacy of the selection and monitoring flows of the potential and contracted sales network;
- ◆ adequacy of the monitoring flows of the sales network under-contract with respect to the consistency of the gaming acceptance and authorisation limits;
- ◆ the adequacy and consistency of betting collection processes exercised in the directly managed and franchised points of sale network, (from acceptance to payment of winnings) in compliance with the licencing provisions and the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01.

The Audit Plan developed by the Group's Internal Audit Function provides for specific anti-corruption control activities. However, during 2020, the COVID-19 emergency forced a reassessment of the Plan's activities as a result of the reduction in the Function's operational staff in adherence to the Salary

Integration Fund, with a consequent reduction in control activities of over 50%.

Below are the results for organisational units audited for corruption-related risks in the last three years:

Organisational units assessed for corruption-related risks ¹⁹

(GRI 205-1)

| | 2020 | 2019 | 2018 |
|---|------|------|------|
| Organisational units | 11 | 12 | 12 |
| Number of organisational units assessed for corruption-related risks | 6 | 9 | 9 |
| Percentage of organisational units assessed for corruption-related risks | 60% | 82% | 75% |

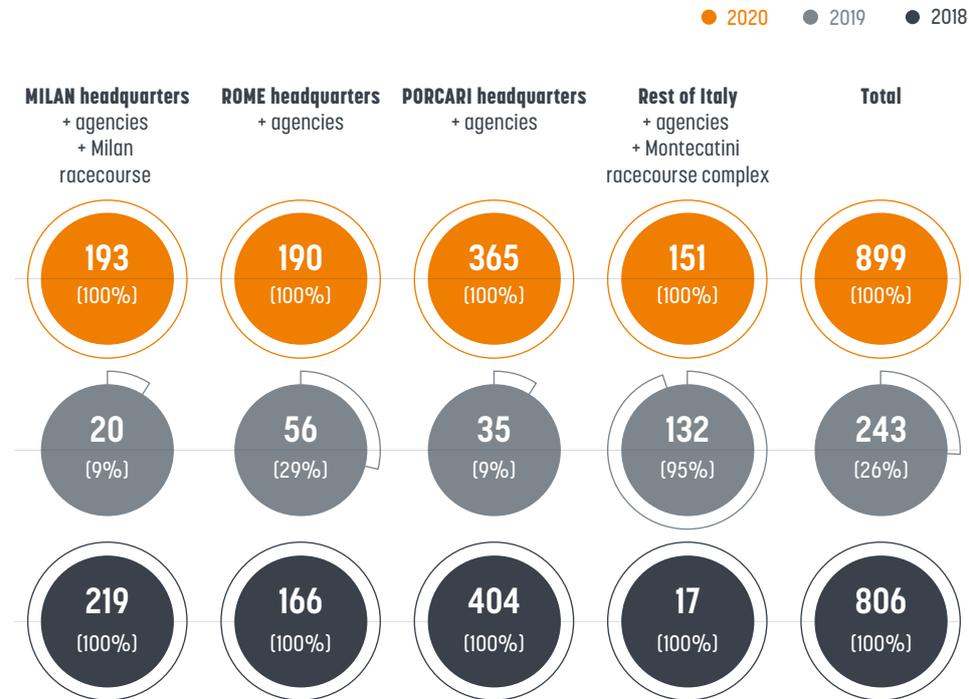
It should be noted that no corruption incidents were reported during 2018. (GRI205-3)

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 Company's changes. Information is also guaranteed to all personnel through timely communications as well as by updating the intranet.

Number and percentage of employees to whom anti-corruption policies and procedures have been notified

(GRI 205-2)



During 2020, training activities were conditioned by the emerging pandemic-related problems and mainly concerned, in addition to the necessary technical training, health and safety issues with a focus on the health emergency and legally mandated training

topics. Therefore, anti-corruption training will continue in 2021 in line with the updating of the Group Companies' Organisation and Control Models pursuant to Italian Legislative Decree no. 231/2001. (GRI No.205-2)

¹⁹ Italian Law 262/05 and Italian Legislative Decree 231/01

1.8 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 of gaming and betting by third parties for the purposes of money laundering and the financing of terrorism. 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, could potentially lend themselves to distorted and fraudulent uses (or in any case uses other than those typical of entertainment and games).

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 Anti-Money Laundering Function 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. In particular, it monitors the due diligence systems and procedures: 1. of customers; 2. of the companies with which it stipulates collaboration contracts; 3. relating to registration of data and information in the Single Information Archive (as described in detail below); 4. for submission of suspicious transaction reports to the Financial Intelligence Unit at the Bank of Italy in compliance with the provisions of current legislation. To this end, the Function 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 the following:

1. Snaitech has adopted, in line with the innovations introduced with Italian Legislative Decree 231/07 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, for specific business areas (e.g. Administration, Purchasing Department, etc.) and a specific procedure for the management of anti-money laundering activities by the sales network. The aforementioned documents are constantly updated to ensure constant compliance with current legislation.
2. The entire sales network has a single "Webanti" portal (Snaitech Group's Computerised Single Archive) for recording and storing gambling transactions exceeding the threshold laid down by current legislation, as well as by the indications given by the Company on the basis of the Regulatory Authority's Guidelines, following identification and verification of the gamer carried out directly at the points of sale.

3. As part of its risk-based approach, Snaitech uses gaming monitoring and customer profiling software (in both the "physical" and "online" channels) for the due diligence of its customers and the companies it works with (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 makes it possible to monitor the possession and maintenance of the reputational requirements of point-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 disclosure and updating of the anti-money laundering and anti-terrorism regulations.

Over the last three years (2018-2020), Snaitech has provided its employees with 1,300 hours of training on the prevention of money laundering.

Training is also renewed, as required by current legislation, with a permanent training program aimed at adequate and constant training on the innovations introduced by legislation. It should be noted that, in the course of 2020, as a consequence of the COVID-19 pandemic, it was not possible to renew training on the subject for employees or at the points of sale. However, information continued to be provided on the dedicated communication channels.

The Group, in fulfilling its duty of active collaboration, also 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 2020, a total of 518 suspicious transaction reports were submitted to the Bank of Italy's Financial Intelligence Unit (against 562 in 2019), with reference to the various business lines (betting, VLTs, online, virtual games). The COVID-19 emergency, which led to the adoption by the Government of restrictive measures to cope with the emergency with the consequent temporary closure of the gaming offer on the physical channel, has, consequently, led to a decrease in the number of reports on the physical channel. The Company - adhering to the invitation of the Financial Intelligence Unit - has, therefore, strengthened controls on the "online" gaming channel and in particular on games with interaction between players.

The Function constantly maintains and manages relations with the Public Authorities in AML matters, providing support, opinions, data and documentation.

1.9 CONSUMER PROTECTION

The Group is actively engaged, also in collaboration with ADM, in protecting the well-being of gamers in accordance with the specific provisions of the Balduzzi Decree.

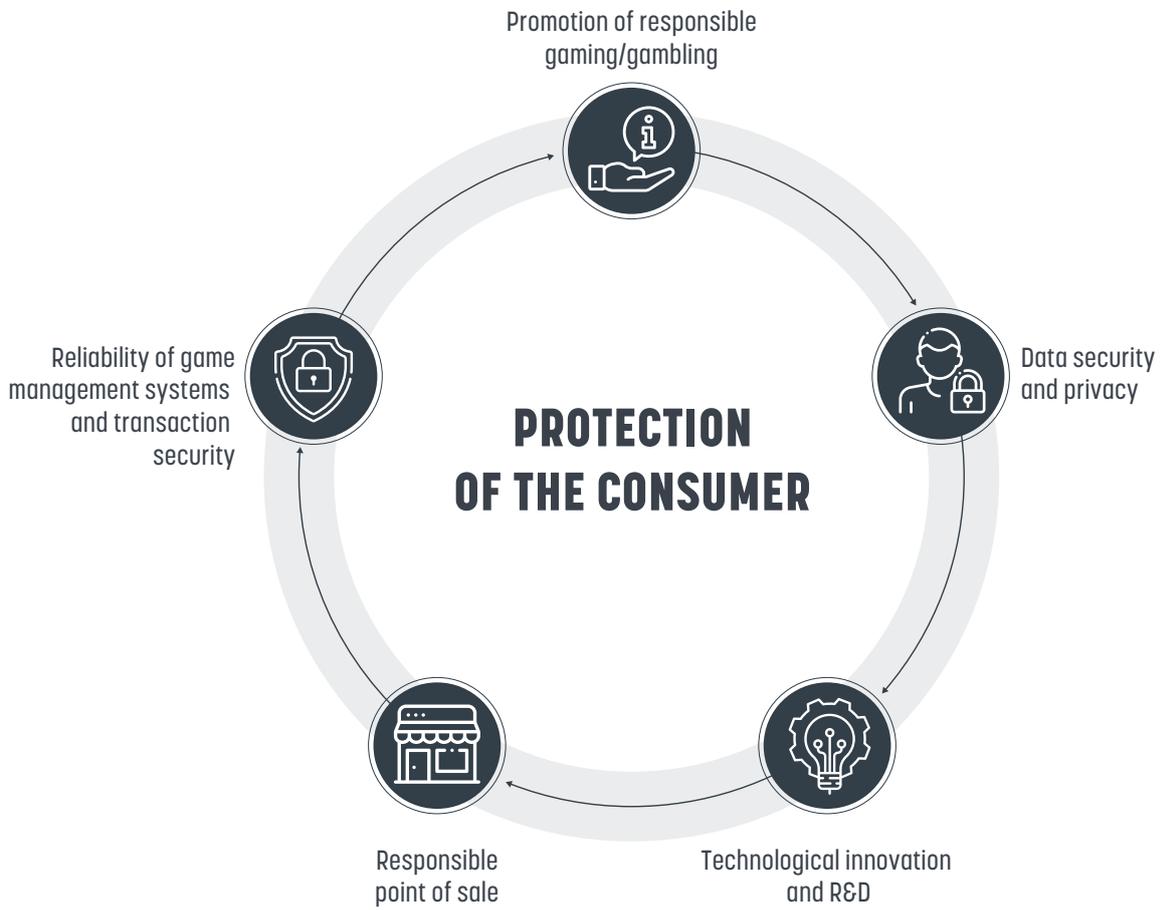
Snaitech adheres to and respects the principles of safe gaming that the legislator has provided as basic requirements for the granting of the concession to operate in the Italian market, to protect and safeguard the players and the community as a whole.

In doing so, it provides legislators with its experience as a technologically advanced company, capable of guaranteeing the licensing requirements through an offer that ensures the reliability of gaming management systems, transaction security, confidentiality and respect for privacy and regulations.

Consistent with this vision, Snaitech pursues the following goals, within a mind-set of constant improvement:

Description of the material topic:

“Consumer Protection” refers to monitoring activities and raising consumer awareness of the risks associated with gambling and the conscious use of the services offered by Snaitech.



Technological innovation research and development (GRI 416-1)

The Snaitech Group acknowledges technological innovation as one of the strategic keys to success in a highly competitive and constantly evolving world, both in terms of consumer offerings and regulatory compliance. 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 the Group, large investments have been made towards an integrated and digitised management of the company, to streamline procedures and processes and guarantee an increasingly efficient, structured and secure service.

In the year of the pandemic, the technology-oriented culture disseminated within the company made it possible to cope with the emergency and the limitations on business operations due to the closure of retail activities, in a very reactive manner, in a very short time and maintaining control of the security and reliability requirements of the network. In just over two weeks, nearly 900 employees were enabled to operate remotely while maintaining a good level of productivity.

The emergency has changed the strategic vision also in terms of technology. The difficulty of acting on the basis of plans quickly rendered obsolete by contingent circumstances has changed priorities. From the time-to-market approach, i.e. the speed with which one goes from the creation of a new product to its release on the market, the expansion of online activities has imposed new priorities: the increase in cyber-security risks, vertical scalability that al-

Description of the material topic:

con "Innovazione tecnologica, ricerca e sviluppo" si intendono scelte tecnologiche, di innovazione dei prodotti e di gestione dei punti vendita, sviluppate insieme a partner scientifici che consentano una crescita del business sempre più efficace nel contrastare gli impatti negativi sulla salute dei giocatori (ludopatia)

lows for an expansion of server processing capacity in a very short time and the speed of system adaptation to new models.

The increase in cyber-security risks, vertical scalability that allows for an expansion of server processing capacity in a very short time and the speed of system adaptation to new models.

Digitisation, the release of new apps, the involvement of the network to manage gaming accounts, and the introduction of virtual across all digital channels were some of the remedies that the strategic use of technology enabled to maintain levels of consumer offerings despite the imposed closure of retail operations.

The IT department also supported the company in the field of infection prevention by automating the temperature scanners: in June 2020, Snaitech was able to use conditional access to its premises without the need for human supervision.

Reliability of game management systems and transaction

The Company is committed to maintaining the highest standards of reliability and security for all gaming and betting solutions it makes available to the public. The transaction management system, for most of the gaming channels, guarantees the validity of the bet and makes it possible for the player to track the payment of any winnings. A game ticket is issued or bet taken only after it has been approved by the gaming systems, using a real-time connection with Sogei, the provider of technology services to the Italian Ministry of Economy and Finance. Also with regard to online gambling, which is only accessible through personal gaming accounts, strict controls are in place to protect transactions. Account management operations, in particular for credit card top-ups, are encrypted, and withdrawal requests from gaming ac-

counts are only possible by means of fully traceable transactions. Online gaming, accessible only through individual and personal gaming accounts, is subject to rigorous checks 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 consumer privacy protection

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 Italian 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. Moreover, Snaitech has set up an organisational structure (Privacy Function and the appointment of DPOs with the support of a working group), prepared a register of processing operations, defined procedures for the management of data breaches and for managing requests from data subjects, as well as having carried out training and information activities for all personnel. With the involvement of the ICT Department, it constantly monitors the security level of IT tools and applies adequate monitoring and control tools.

The safeguards put in place are subject to inspections by the Italian Data Protection Authority and the Guardia di Finanza (Italian Financial Police) vested with the necessary powers of control, and the Company is constantly striving to maintain its ability to demonstrate compliance with the legislation in question by justifying the actions taken from time to time.

Under the coordination of the ICT Department, the Parent Company has set up Business Support units dedicated to monitoring the process and in particular the Network and ICT Security units. On 27 December 2020, Snaitech S.p.A. detected an IT attack perpetrated by unknown parties for extortion purposes - using the so-called ransomware technique - which was followed by a temporary unavailability limited exclusively to corporate systems. Within 72 hours following the incident, the Company notified the possible personal data breach event to the Italian Data Protection Authority and, in the following days, also filed a report with the State Police - Lombardy Postal and Communications Police Department. The Company also notified the Customs and Monopoly Agency (ADM) in its capacity as the gaming licensor, company employees and the market through a press release. As a precautionary measure, Snaitech immediately blocked players' access to the gaming systems (the Snaitech website and apps) for the time necessary to ascertain that these systems had not been compromised. This positive outcome was then announced by posting a support message in the reference web channels.

Description of the material topic:

"IT security of data and protection of gamers' privacy" means correct management of consumers' data shared with the Group for commercial purposes, with particular attention to combating any cyber attacks.

Within a short time interval compared to the duration of the event, all encrypted machines were restored from back-up, with no deficiencies in personal data availability and integrity.

For the sake of transparency, updates on this matter that evolved over first months of 2021 are provided below:

1. on 30 March 2021, at the end of the analysis and verification activities - carried out with the help of external partners, identified among the major companies expert in security and digital forensics - the Company sent a supplementary and closing notification of the data breach to the Italian Data Protection Authority. In view of the circumstances in which the breach occurred, the category of personal data affected, the extent of the event and its possible repercussions on the individuals concerned, as well as the application of internal procedures, the breach was assessed to be of 'low' severity.
2. also on 30 March 2021, the Company sent its final report on the incident to the Customs and Monopolies Agency.
3. on 16 April 2021, the Snaitech data breach was archived by the Italian Data Protection Authority. The Director of the Digital Technologies and IT Security Department of the Italian Data Protection Authority, in fact, archived the case in accordance with Article 19, par. 5 and Article 11, par. 1, point b of the Italian Data Protection Authority Regulation no. 1/2019.

It should be noted that in 2020, no complaints were filed for breaches in terms of data security and privacy protection either by regulatory bodies or consumers. **(418-1)**

Promotion of responsible gaming/gambling

With regard to the prevention of compulsive gambling and the protection of minors, Snaitech constantly adapts all offline and online communication and makes the entire sales network aware of the obligations and prohibitions established by law, with particular attention to the prohibition of gambling by minors, the prohibition of access to specialised premises and the prohibitions introduced by the so-called Dignity Decree on advertising and sponsorships. In the context of online gaming, respect of the obligations of self-limitation and self-exclusion from the game, as required of the players, is guaranteed.

In compliance with the foregoing, Snaitech has stopped any form of advertising and promotion communication on gaming products, limiting itself solely to information communications intended for customers in the premises dedicated to gaming. To this end, in the points of sale, information leaflets, paper and digital posters that comply with the regulations are available to customers. During each of its inspections the Snaitech sales force checks that this information is correctly displayed. The head office regularly sends out circulars to remind the point of sale managers about this requirement. The commercial area managers also check the compliance of the signs and window stickers with the guidelines provided by central management. For all new openings and restylings of points of sale, Snaitech produces and installs signs and decals that comply with the same guidelines. During the year SNAITECH, continued its programmes to Promotion of responsible gaming/gambling both at the points of sale and online.

A dedicated section is available on the website www.snai.it. In addition, on the website and on the interface of the reservation PCs used by the players in the points of sale, there is a link through which the players themselves can fill in a self-assessment test to check whether or not their gambling behaviour indicates problematic and compulsive issues. 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 self-exclusion modes. (GRI 417-1). In 2019, there were no episodes of non-compliance with the regulations governing the Group's marketing communications. (GRI 417-3)

Description of the material topic:

"Promotion of responsible gaming/gambling" means a promotion of the Group's products which take into account the particular characteristics of the business and which transparently present the risks of gaming/gambling for the health of consumers. The promotion of the services offered must therefore be conducted in a manner that complies with the regulations (also with reference to the Dignity Decree) and in a responsible manner, particularly with regard to the most exposed categories (e.g. minors).

Single register of self-exclusions

In order to ensure that the gaming experience is handled in a responsible manner, the player may exclude himself from remote gaming for a predefined period (30, 60 or 90 days), or indefinitely, and this applies to all licensees offering remote gaming. In 2019 the Single Register of Self-excluded Persons (Italian acronym RUA) was established for the management of requests for self-exclusion from remote gaming, which can be forwarded both through the licensee and through ADM.

Global Gambling Guidance Group

Snaitech's commitment to creating a healthy and balanced gaming culture is evidenced by the **G4 International Certification on Responsible Gaming in the online environment**, 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. For Snaitech, committed

to maintaining the concept of gaming in a healthy and conscious gaming environment, the Certification represents a recognition of the commitment with which the Group adopts calibrated corporate choices aimed at orienting, informing and assisting online players in the event of gaming problems. In order to ensure that the gaming experience is carried out in a responsible manner, the player has the possibility to exclude himself from remote gaming for a predefined period (30, 60 or 90 days), or indefinitely, and is valid for all dealers offering remote gaming.

Responsible point of sale management

Snaitech Group retailers are considered by the company as true commercial partners with whom to establish a preferential relationship because the quality of the relationship with the end customer and the reputation of the Group depend on their professionalism and respect for the rules.

Article 52 of Italian Legislative Decree 231/07 (“Risk mitigation measures”) unambiguously establishes that gaming licensees must adopt procedures and control systems to ensure that the selection of the persons as listed below is carried out in accordance with appropriate standards to guarantee the legality and correctness of their conduct:

A . Managers of betting shops and corners;

B. VLT arcade managers and operators;

C. Authorised representatives

D. Gaming licensees who are customers of connectivity services;

E. Business agents (bound by contractual relationships for the direct or indirect provision of gaming services);

In scrupulous compliance with the regulations, Snaitech identifies, verifies possession of and during the course of the relationship checks on reputational requisites imposed by sector legislation (Article 80 of the Code for Tenders, Article 24 of Italian Legislative Decree no. 98 of 2011, etc.) and by the concession agreements stipulated with ADM. In almost all cases, the checks carried out by Snaitech during the contractual phase, with reference to the possession of the reputational requirements of those who carry out gaming activities, supplement the checks carried out by ADM, Prefectures and Police Headquarters prior to the issue of the authorisation to conduct gaming activities (police licence pursuant to Article 88 of the TULPS - Consolidated Law on Public Safety).

Once the relationship has been contracted, Snaitech’s responsible management of the points of sale takes the form of the supply of information material created on the basis of the re-

Description of the material topic:

“Responsible point of sale management” means those activities of control, assistance, training and awareness of the managers of the gaming services points of sale to assure the consumer an informed access to the service and to counteract phenomena related to pathological and illegal gambling.

gulatory and ethical guidelines for running the business. More specifically, the Marketing Department prepares and constantly updates an information kit on “Responsible Gaming” in line with the guidelines laid down by ADM and the Balduzzi Decree.

All support materials include informative messages about:

- ◆ warnings on the risks of gambling addiction as well as telephone numbers available to those who believe they have gambling-related problems;
- ◆ a prohibition of gambling for minors and entering shops whose main activity is gambling and betting;
- ◆ information on the odds of winning games;
- ◆ 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).

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 weekly B2B training courses for managers of points of sale with slot machines and video lottery terminals. In particular, **433 training sessions were organised in 2020, involving 275 points of sale for a total of 1,064 training hours.**

In these courses, particular attention is paid to the recognition and management of customers' problematic gambling situations. In addition to this training activity, the course aims to raise awareness and update retailers on existing legislation.

Audit activities at the points of sale (GRI 416-1)

The points of sale are subject to periodic checks by Snaitech's Internal Audit structure, according to an inspection plan that envisages progressive coverage of the national territory on the basis of the trend of specific risk indicators (including the results of checks previously carried out) as well as progressive coverage of the territory. 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 on the health of citizens established by the Balduzzi Decree, the Dignity Decree and contractual obligations, which establish specific obligations regarding communication activities on gaming in order to adequately prevent compulsive gaming phenomena and access to gaming by categories of vulnerable persons (e.g. prohibition of entry and gaming for minors);

- ◆ 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;
- ◆ activities aimed at monitoring the application of the provisions of the so-called Dignity Decree (converted into Italian Law no. 96 on 9 August 2018) and those of AGCOM (the Telecommunications Guarantee Authority) and implementation guidelines issued on 18 April 2019 on the subject of banning advertising, including indirect advertising, relating to games and betting with cash prizes and winnings.

During 2020, the Company also supported the network of points of sale in adopting the containment measures to counter the emergency, progressively contained in the various Prime Ministerial Decrees and to be implemented during the reopening period; the Internal Audit Function supplemented its Plan with checks on the correct adoption of the above measures.

Two different types of audits were carried out in 2020:

- ◆ n. 719 back-office checks: the checks carried out include verification that customer due diligence documentation has been correctly uploaded on the dedicated portal;
- ◆ n. 271 inspection visits carried out in the point of sale network.

All control activities were monitored with the aim of correcting the critical issues found. 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.

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2

**A VALUABLE PART
OF THE COUNTRY
SYSTEM**

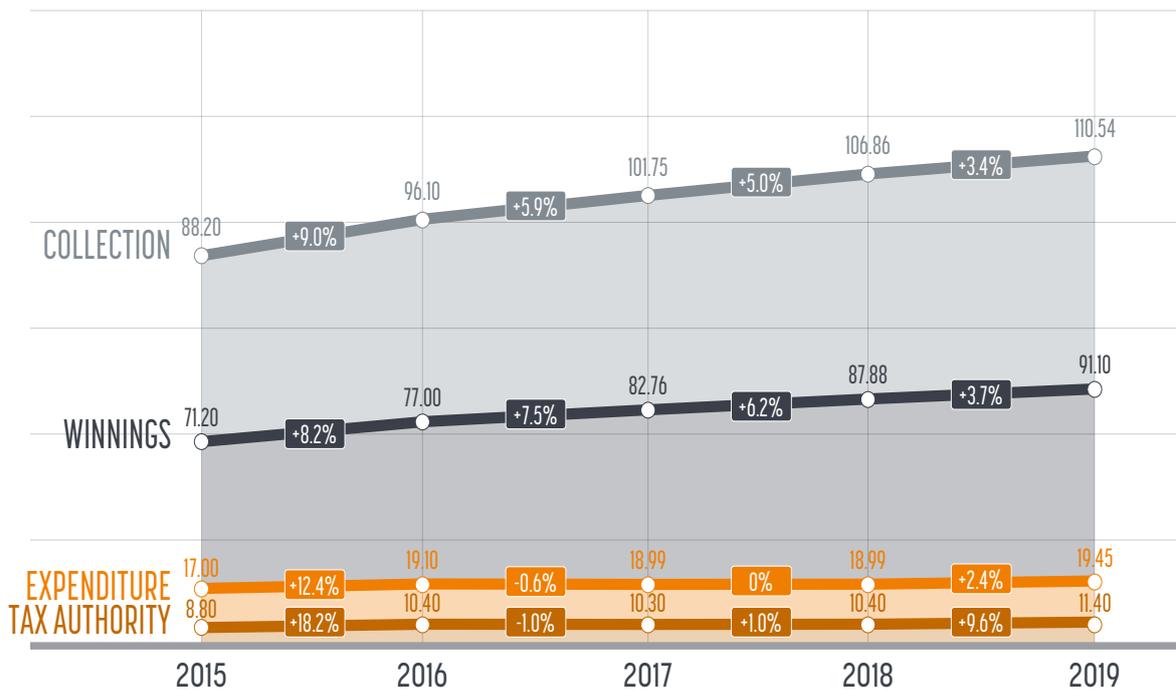
2.1 THE SECTOR SCENARIO THE ECONOMIC SIGNIFICANCE OF LEGAL GAME

14 billion in added value, 2 billion in indirect consumption, 11 billion in direct tax revenues, 5 billion in indirect economic effects: these are just some of the figures representing the public gaming sector²⁰. These numbers are extremely revealing and sufficient to explain - more than many words - how important this sector is from an economic perspective and which, to use another figure, contributes 1% to the national GDP²¹.

In order to assess the economic importance of a sector, today's value is not the only reference parameter; tax revenue, which reached 11.4 billion euros in 2019, and employment generated must also be considered. Regarding the latter, ACADI in the First Report

on Public Gaming estimates that the sector workforce numbers approximately 150,000. It is interesting to note that the gaming sector has not always been characterised by these numbers. On the contrary, they are the recent result of a significant growth trend that has characterised the public gaming industry over the last twenty years. In recent years, the sector has in fact been able to develop and evolve, also thanks to the expansion of the offer of new games, and to grow in terms of generated wealth. This growth is evident if one looks at the increase in collection - one of the most significant parameters for defining the size of the market - which has risen from 19 billion to around 110 billion euros over the last 20 years. If we observe a shorter time period, we note that over the four-year period 2016-2019 there was an increase in collection of 14.30%.

Budget of the public gaming sector



²⁰ ACADI, First Report on Public Gaming/Gambling (2019)

²¹ Ibid

²² ADM Blue Book 2019

²³ Ibid

²⁴ ACADI, The Gaming Industry Cannot Support Continued Tax Hikes, 4 October 2019

²⁵ Chamber of Deputies. The fiscal discipline of gaming

²⁶ Francesca Gastaldi (2018), Taxation in the gaming/gambling sector, Parliamentary Budget Office

²⁷ Eurispes, Gian Maria Fara: "Verifying the winnings from illegal gambling and taxing them", 26 November 2019

²⁸ Agipronews, Gaming in lockdown, 19 April 2021

²⁹ Agimeg, Gabrielli: closure of amusement arcades and interruption of betting and legal gaming may increase the use of illegal online gambling, 08 April 2020

³⁰ Il Sole 24 Ore, in 2020 the Treasury loses 4.5 billion and illegal gaming grows with the lockdown, 5 January 2021

³¹ <https://www.ilsale24ore.com/art/criminalita-e-covid-ecco-nove-obiettivi-dell-antimafia-tutela-dell-impresa-AD8Gh>

It is therefore clear that the public gaming sector is not only a fundamental guardian of legality, but also an important source for the country's economy, through the creation of employment, economic wealth and tax revenues. In spite of this, the policies implemented in recent years in relation to public gaming, including the current taxation system, have not always had the primary aim of guaranteeing the health of the sector and, above all, have often focused on individual problems, rather than developing a broad and comprehensive vision. Conversely, the public gaming sector needs general planning and a more far-sighted vision, as frequently emphasised by the same representative associations: in recent years, in fact, we have frequently witnessed numerous and impromptu fiscal manoeuvres aimed at finding funds and resources needed by the country in the short term, drawing from a sector that would instead need a long-term perspective. In 2019 alone, there were three measures that led to an increase in taxation of the sector: the Dignity Decree, the Stability Law and the 'Reddito di Cittadinanza' Minimum State Guaranteed Income - 'Quota 100'; the latter alone, according to ACADI, resulted in approximately one billion five hundred million euros of increased taxation²⁴. Another emblematic example is that concerning the PREU, the single tax levy applied to amusement and entertainment machines: from 2015 to 2021 the PREU practically doubled, going from 13% to 24%.²⁵ In its Focus dedicated to taxation in the sector, the Parliamentary Budget Office highlighted how *"the increases in tax rates could lead to a significant drop in overall collection, weakening the economic stability of the sector and causing a reduction in tax revenues"*²⁶, as well as jeopardising the sustainability of investments made by the licensees themselves. Not only that, but in recent years it has often been argued that tax increases are a disincentive to gambling, yet this correlation is based solely on ideological thinking and not on empirical evidence. The same Eurispes research institute has noted that the increase in taxation generates *"an incentive for players to move to unregulated markets, contributing to increasing the turnover of illegal games and organised crime"*²⁷.

This situation, already very complicated for the sector, has seriously worsened in this last year, characterised by the COVID-19 emergency and consequently by the closures and restrictions imposed by the Government. In 2020, the gaming points were closed from 8 March 2020 until mid-June and again from 26 October until the end of the year: this is almost 6 months of inactivity which led, according to Agipronews, to a decrease in collection of 47.5% compared to 2019 and to a loss of tax reve-

nue exceeding 5 billion euros, more than 40% compared to 11.4 billion euros of 2019²⁸. Of course, the effects of these closures do not only affect the treasury: the 150,000 people employed in public gaming, licensees, managers and employees, who are at the forefront in implementing all the health protocols necessary to reopen in maximum safety and, despite this, are deprived of their jobs for about 200 days, are paying the most bitter consequences. Damage for the tax authorities, therefore, for the entrepreneurs of the sector and finally for the protection of legality: with the closure of the gaming points, the protection of legality guaranteed by the companies in the sector is no longer valid. Indeed, as early as April 2020, the then Chief of Police Franco Gabrielli warned of the impact of COVID-19 on crime, stating that *"The closure of arcades and the discontinuation of sports betting and games operated by the State Monopolies could increase the use of illegal online gambling"*²⁹.

A hypothetical scenario that became reality in the following months, as stated by the Director General of Customs and Monopolies himself, Marcello Minenna, who said in January 2021: *"During the lockdown there has been an explosion of illegal gambling against a contraction of legal gambling. Numerous enforcement actions were carried out in more than 50 provincial capitals, with checks in 250 illegal premises"*³⁰. Further confirmation of this worrying trend comes from law enforcement investigations, which have found an increase in illicit online gambling of 879%, from 12 million in 2019 to 118 million euros in 2020, as reported by Il Sole 24 Ore in an article dated 19 April 2021. These figures show unequivocally how, when legal gaming is compressed, demand inevitably shifts to illegal channels, as is underlined by the same parliamentary enquiry of the 20th Anti-Mafia Committee, which contains the following reflections: *"The lockdown has placed the legal gaming sector regulated by State concessions in serious economic difficulty. The prolonged closure and the progressive fiscal tightening of recent years are putting a strain on the legal network, while the demand for gaming, at the same time, remains stable and risks shifting to the terrain of illegal operations led by organised crime"*³¹. A thought that encapsulates and summarises the dramatic situation experienced by the sector in this recent period characterised by the COVID-19 pandemic, the consequences of which risk seriously undermining the health of the sector to the advantage of underworld channels that are extremely dangerous for the end consumer and the entire Italian economy.

The public gambling sector is not only a fundamental guardian of legality, but also an important source for the country's economy.

WHEN DOING BUSINESS IS AN ARDUOUS



INTERVIEW WITH DAVIDE VALENZANO

I have been working as an entrepreneur in the gaming sector for a very long time and this has allowed me to witness the evolution of the sector, from the first state legislative interventions to the arrival of VLTs and the recent state-of-the-art betting platforms. I well remember the enthusiasm with which we entrepreneurs lived through the various regulatory phases of the game: it was in fact an opportunity to professionalise a sector that until a few years earlier was devoid of any regulatory framework. Unfortunately, the enthusiasm did not last long. Although legal gaming is essential to stem the illegal market and therefore protect the consumer, government has not been able to adopt a constructive approach towards the sector. Not only that, legislation after legislation, the constants that have characterised these years have been the absence of a long-term vision and the numerous increases in taxation. This sense of bitterness and frustration was further aggravated when regulations were introduced at the regional level, aimed at limiting or discouraging our business. In the region where I live and work, Piedmont, Italian Law 9/2016 obliged operators to remove hundreds of amusement machines from general premises, bars and tobacco shops for example. In my case alone, we are talking about almost 700 machines! Not only that, in May 2021 we will also have to remove the devices from premises that do not respect the distances from "sensitive locations". At this rate, opening arcades in the open countryside will be the only way to respect all distances.

To this already complex picture we must add the dramatic situation following the closure of gaming outlets imposed by the government due to the COVID-19 pandemic emergency. Fortunately, Snaitech has helped us by postponing the payment of taxes to the first reopening and by increasing the commission on online bets made by those who have opened an account with us.

concrete help that made us feel less alone. After more than 300 days of closure (in May 2021), however, we still don't know when we will be able to reopen, we don't even have a time horizon that would give us the hope and willpower to move forward. A sense of abandonment, coupled with the frustration that comes from having invested to make our premises safe, to protect our customers and our staff. Overall, I have invested around 20,000 euros to implement the necessary measures in the arcades I manage, such as the purchase of infrared thermometers, sanitising gel and masks, the installation of plexiglass and the sanitisation of the areas and ventilation systems. It is really difficult to understand the reason why gaming arcades - normally ranging from 100 to 1,000 square metres - remain closed and activities are opened where it is certainly easier to create crowds. I'm thinking, for example, of the small tobacconists where people have never stopped playing 'Dieci' and Lotto.

Unfortunately, the truth is that there is discrimination against operators in the legal gaming industry, discrimination that is so persistent and fierce that we are embarrassed when we have to tell someone what we do. This is the lowest point, in my opinion, of this situation: an entrepreneur who works in a legal sector, which deals with entertainment and public gaming, cannot and should not be ashamed.

I would like to conclude by pointing out that the best protection for gamers is legal gaming/gambling, an activity governed by strict rules, which allows consumers to enjoy themselves with the utmost protection in our gaming arcades which, I would like to stress, are first and foremost places for socialising and meeting people. Personally, I keep hoping that one day our sector will be recognised for what it is, a legitimate sector like so many others, which contributes to the country's economy and to the enjoyment of its citizens, and that the commitment with which we work every day can be recognised by the State.

Davide Valenzano

*Entrepreneur in the public gaming sector,
Owner of Glog S.r.l.*

2.2 SNAITECH'S VISION

The Snaitech Group is a solid entity, capable of evolving to accompany change in a sector that is constantly evolving, creating a constant path of growth over the years and able to adapt even to phases of crisis such as the one its sector has been going through this past year.

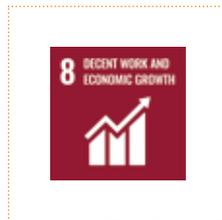
The legitimate aspiration to create wealth for its investors goes hand in hand with the objective of creating sustainable value over time shared with the community. There is a strong link between the

competitiveness of a company and the context in which it operates in terms of the availability of resources (human, infrastructures, services), but at the same time the well-being of a society depends on the possibility of having companies in its territory that generate work and well-being through their own supply chains.

Snaitech believes that business decisions, community partnerships and government policies should be viewed synergistically, i.e. ensuring that both business profitability and social conditions benefit simultaneously.

2.3 FROM VISION TO THE FACTS

SDGs



GOALS

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

WHAT WE HAVE DONE

Added value generated 740.2 million.

The direct, indirect and induced contribution to the creation of wealth 1,349.4 million.

Tax contribution 620.9 mln.

2.4 ADDED VALUE GENERATED AND DISTRIBUTED

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 63.2 million to depreciation, was 740.2 million euros, equal to 66% of the value of production, a sharp decrease compared to the previous year (-42%) and compared to 2018 (36%).

During the 2020 reporting period, the value of production, before tax on gaming, amounted to 1,123 million euros compared to production costs of 335 million euros, mainly represented by service costs. These costs have in turn contributed to supporting the economic activity of other upstream and downstream companies in the value chain.

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 went to the public administration (corporate taxes, value added tax, gaming taxes and licence fees) for a total of 620.9 million euros, representing 84% of total added

Description of the material topic:

"Economic value generated and distributed" means the economic value generated by Snaitech through the core activities of its business. Snaitech generates an economic value that, in addition to allowing the Group to achieve its profit objectives, is distributed to all Group stakeholders, including the Public Administration, employees, suppliers, shareholders, the community.

value.

22.5 million euros were used to pay back loan capital, a decrease (down 4.6%) compared to 2019. Personnel, in the form of direct and deferred remuneration (employee severance indemnity and retirement benefits) received 47.3 million euros, an decrease of 9% compared to the previous reporting period and a decrease of 10% compared to 2018. Transfers to the Community totalling Euro 1.5 million are mainly due to the payment of local taxes and duties. Profit for the reporting period amounted to 47.9 million euros, compared with 50.5 million euros in 2019 and a loss of 21.7 million euros in 2018.

Added value generated

(in thousands of euros)

| | 2020 | 2019 | 2018 |
|--|---------------------|---------------------|---------------------|
| GROSS VALUE GENERATED | 1,122,653.00 | 1,944,433.00 | 1,898,312.00 |
| Revenue from sales and services | 520,515.00 | 824,246.00 | 888,999.00 |
| Revenue adjustments | | 0 | 0 |
| Other revenue and income | 2,197.00 | 5,783.00 | 5,796.00 |
| TOTAL REVENUES | 522,712.00 | 830,029.00 | 894,795.00 |
| Taxes on gaming | 598,284.00 | 1,112,894.00 | 1,002,548.00 |
| Change in inventories | 0 | 0 | 0 |
| Increases in fixed assets reserved for internal operations | 1,657.00 | 1,510.00 | 969 |
| PRODUCTION COSTS | 335,020.00 | 591,421.00 | 667,506.00 |
| Raw and ancillary materials, consumables and goods | 608 | 1,616.00 | 2,101.00 |
| Costs of services | 318,912.00 | 569,722.00 | 646,004.00 |
| Costs for the use of third-party assets | 791 | 1,714.00 | 5,150.00 |
| Provisions for risks | -368 | 6,029.00 | 650 |
| Other miscellaneous operating charges | 15,077.00 | 12,340.00 | 13,601.00 |
| GROSS ADDED VALUE | 787,633.00 | 1,353,012.00 | 1,230,806.00 |
| Financial income and extraordinary items | 32,777.00 | 386 | 1,246.00 |
| Deferred(-)/prepaid(+) taxes | -16,541.00 | -17,100.00 | -9,090.00 |
| Financial expenses and extraordinary items | -487 | -443 | -10,619.00 |
| TOTAL GLOBAL ADDED VALUE | 803,382.00 | 1,335,855.00 | 1,212,343.00 |
| Amortisation/depreciation and write-downs | 63,222.00 | 57,782.00 | 50,679.00 |
| TOTAL NET GLOBAL ADDED VALUE | 740,160.00 | 1,278,073.00 | 1,161,664.00 |

Distribution of added value

(in thousands of euros)

| | 2020 | 2019 | 2018 |
|---|------------|--------------|--------------|
| PAYMENTS MADE TO EMPLOYEES | 47,342.00 | 51,892.00 | 52,804.00 |
| PAYMENTS MADE TO THE PUBLIC ADMINISTRATION | 620,930.00 | 1,149,975.00 | 1,039,277.00 |
| Taxes | 7,465.00 | 8,979.00 | 7,825.00 |
| Taxes on gaming | 598,284.00 | 1,112,894.00 | 1,002,548.00 |
| Licence fees and administrative penalties | 15,181.00 | 28,102.00 | 28,904.00 |
| INTEREST PAID ON LOANS | 22,462.00 | 23,544.00 | 46,309.00 |
| Charges for short and long term loans | 22,462.00 | 23,544.00 | 46,309.00 |
| REMUNERATION OF RISK CAPITAL | 0.00 | 0.00 | 0.00 |
| Profit distributed | 0.00 | 0.00 | 0.00 |
| REMUNERATION OF THE COMPANY | 47,865.00 | 50,501.00 | 21,752.00 |
| Retained earnings | 47,865.00 | 50,501.00 | 21,752.00 |
| TRANSFERS TO THE COMMUNITY | 1,561.00 | 2,161.00 | 1,522.00 |
| Local taxes and levies | 1,395.00 | 2,030.00 | 1,411.00 |
| Charitable donations and gifts | 166.00 | 131.00 | 111.00 |
| TOTAL NET GLOBAL ADDED VALUE | 740,160.00 | 1,278,073.00 | 1,161,664.00 |



For Snaitech, investing
in long-term value creation
means understanding exactly
who and what its business influences
and also how the company is affected
by everything around it.

2.5 THE DIRECT, INDIRECT AND INDUCED CONTRIBUTION TO THE CREATION OF WEALTH AND NATIONAL

At national level, Snaiotech makes a substantial contribution to government revenue, to the wealth generated each year by the economic system through the formation of corporate added value and to job creation. These three socio-economic impacts can be calculated in direct, indirect and induced terms in the time unit considered.

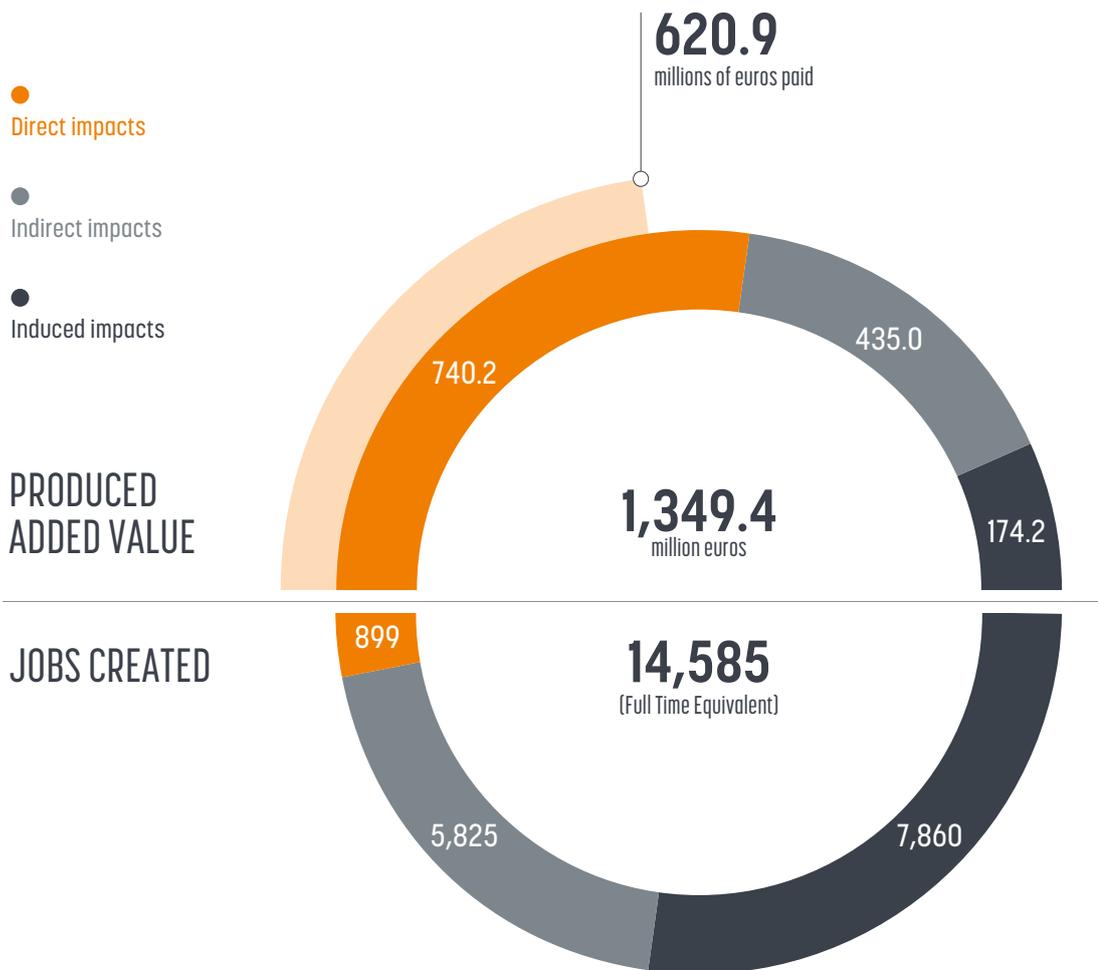
The **direct contribution** of the Company concerns:

- ◆ the fiscal profit contributed to the state treasury, together with the taxes and contributions paid in various capacities to public administrations;
- ◆ the added value generated by the company's production activity in the period considered;
- ◆ the average number of full-time equivalent jobs filled by Snaiotech personnel during the reference financial year.

The **indirect contribution** relates to the number of employees,

added value and tax contributions that Snaiotech generates along the supply chain, through the purchase of goods and services necessary for its business activity. These costs, in turn, contributed to supporting the economic activity of other businesses upstream and downstream in the value chain and include the costs for the distribution chain, including the fees paid to third parties in charge of collection, the costs of platforms and the costs of managing the acceptance of bets.

The **induced contribution** riguarda i posti di lavoro, il valore aggiunto e i contributi fiscali generati dalla ricchezza immessa nei settori economici influenzati dalla catena di fornitura attivata da Snaiotech.



2.6 SUPPORT FOR ENTREPRENEURIAL GROWTH IN THE SECTOR

The points of sale constitute a fabric of small and micro enterprises, often family-run, which through a diversified offer of services and games, can better adapt to the demand of their customers and meet the specific needs of various market segments. The points of sale can benefit in commercial terms from the range of offers made available by Snaitech. The Group is not only a supplier to them, but also contributes to the entrepreneurial growth

of a network of commercial initiatives spread throughout the territory, and to all intents and purposes considers the points of sale as partners, accompanying them in their strategic choices, providing them with specific training, technical assistance, technological updates, promoting their activities in compliance with regulations and contributing to the growth of their entrepreneurial spirit.

2.7 PROVIDERS

(GRI 102-9)

In 2020, the Group incurred costs for the supply of goods and services amounting to 319.7 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:

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

In choosing 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 (GRI 412-1). 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 correct-

Description of the material topic:

“Responsible management of supplies” means a process of selecting, evaluating and monitoring suppliers that also takes into account criteria of environmental sustainability, social sustainability (e.g. respect for human rights and labour rights).

ness and compliance with the regulations regarding:

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

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.**



3

**CARE OF PEOPLE
AND THE ENVIRONMENT**

3.1 THE SECTOR SCENARIO

150,000 GOOD REASONS TO PROTECT THE FUND

// A total of approximately 200 days of agency and gaming arcade closures took place between March and December. This despite the fact that the sector operators immediately committed themselves to ensuring maximum health protection within their points of sale.



The regulated gaming market acts as a barrier against illegal gaming and represents a valuable source of revenue for the Treasury, but not only. Businesses in the sector, from the most important legal gaming concessionaires to small sales outlets, constitute a chain that generates value and creates jobs. The First Report on Public Gaming, published by ACADI at the end of 2019, highlights that there are 78,000 territorial businesses that make their public premises or those open to the public available for public gaming users. These are joined by the 3,200 companies that manage public gaming on behalf of concessionaires in the territory, dealing with operations such as the installation and maintenance of amusement machines or the collection of gaming/gambling revenue. Overall, ACADI estimates that the number of people employed in public gaming activities is approximately 150,000³². These numbers, together with a guaranteed tax revenue of over 11 billion³³ euros when fully operational, make the legal gaming sector a very important one for the country.

Unfortunately, the continuous increase in taxation, the lack of uniform rules across the country and the frequent changes in the regulatory environment are putting the sector's resilience to the test, with operators - from dealers to operators - in great difficulty. These difficulties were exacerbated by the health emergency caused by the spread of COVID-19, which had a major impact on the sector. The biggest price was undoubtedly paid by the network on the ground: agencies, corners and gaming arcades suffered a double lockdown, lowering their shutters from March to June and from October to December. A total of approximately 200 days of agency and gaming arcade closures took place between March and December. This is in spite of the fact that the sector's operators have been committed from the outset to guaranteeing maximum health protection at their points of sale, investing time and financial resources to comply with the regulations contained in the various decrees. It is also

striking to note that points of sale in the sector were among the very last commercial activities allowed to reopen after the first lockdown - with the Prime Ministerial Decree of 11 June 2020 - several weeks after hairdressers, beauty salons, gyms, restaurants and many other activities with an objectively higher risk profile. Last to reopen after the first lockdown, but also first to close in the second, when the Prime Ministerial Decree of 24 October 2020 ordered the total closure of amusement arcades, betting shops and corners throughout Italy. Even when the authorities declared the white or yellow safety code and allowed most businesses to open, albeit with time constraints, entertainment and betting machines were switched off. This is a very serious loss not only for the licensees, but also, and above all, for the operators and their employees, who have seen all forms of income disappear and can only rely on compensation, which is often paid very late.

³² 78,500 is the Full Time Equivalent (FTE) value. Source: ACADI, First Report on Public Gaming (2019)

³³ ADM Blue Book 2019

3.2 SNAITECH'S VISION

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 and welcoming work environment, within which everyone's ability value is enhanced so they may develop and expand their skills.

The company's competitiveness related to business needs is developed in a context of attention to and protection of people, placing the issue of responsibility at the centre of the relationship with employees and, more generally, with all the Group's stakeholders. This is because human capital represents one of the strategic elements for the very existence of the company.

The mission-sharing spirit and professionalism of our employees are, in fact, decisive values and factors for the achievement of Snaitech's objectives.

The Group is constantly committed to ensuring that all employees have the same opportunities for professional growth, ensuring that everyone enjoys fair treatment based on merit and recognition of skills. Decisions regarding the development of human resources for each employee must be made solely on the basis of these criteria and must exclude any form of discrimination.

Snaitech is also committed to the continuous improvement of the working environment, both from the point of view of worker health and safety and from the perspective of the quality of relations between employees who are required to actively collaborate in carrying out the own activities.

Taking care of people also means taking care of the environment.

The environment is one of the great issues around which the debate and the political agenda of the last few years revolve. Around the world, investments are being mobilised and ambitious targets are being set for limiting CO2 emissions and making sustainable use of natural resources. From this point of view, Snaitech plays an important role in enhancing the natural resources of its racecourses which are located in urban areas for which they constitute green lungs with a positive impact on air quality. Green areas that people can use for their outdoor activities and to enjoy the natural and architectural beauty that characterises these sites.

The typical activity of the Group does not involve significant environmental impacts. **The sector in which it operates is not subject to the typical risks of industrial processes.** However, the Group monitors its business processes to monitor their impacts and implements precise procedures for compliance with regulations and prevention of related risks.

3.3 FROM VISION TO FACTS

SDGs



GOALS

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.

Target 3.8. Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Target 8.1. Support economic growth per capita in accordance with national conditions

WHAT WE HAVE DONE

48% female employment.
 25% female executives.
 30% female presence on the Board of Directors.
 Contribution to nursery costs to encourage new mothers to return to work.
 Measures to support the full-time return of working mothers.
 Possibility for all who request it to use part-time post-maternity leave in excess of the maximum foreseen by their respective CCNLs.

ISO 45001:2008 Certification: “Occupational health and safety management systems”
 Forms of health care supplementation envisaged by complementary agreement
 Medical examinations for employees.
 COVID-19 task force established:

- ◆ PPE supplies, hand gel, thermal scanners, Plexiglas, office sanitisation;
- ◆ COVID-19 kit (PPE, plexiglass, signage), anti-COVID-19 manual for points of sale, equipment sanitisation;
- ◆ drafting of health protocol approved by virologist specialist for agencies and offices;
- ◆ serological campaign, swab campaign;
- ◆ tracking of close contacts following positive tests, “call centres” to answer employee doubts;
- ◆ training for safety and prevention of contagion.

Advance payment of FIS allowances ultimately borne by INPS.
 Professional development of employees: training hours per capita increased from 3.19 in 2015 to 20.51 in 2019.
 Performance bonus to employees confirmed even in COVID-19 closure crisis a period.
 Laptops for employees, up to 100% full furlough.
 Activation “Snai responds”, tax and financial assistance chat lines for points of sale during lockdown.

- ◆ Freezing of Snaitch’s receivables during lockdowns and in October;
- ◆ + 40% increase in revenue from online operators.

SDGs



GOALS

Target 11.4. Strengthen commitments to protect and safeguard the world's cultural and natural heritage

WHAT WE HAVE DONE

Maintenance of the artistic and natural beauty of the Racecourses and initiatives to promote them in local communities.



Target 13.1 Strengthen resilience and adaptation to climate-related risks and natural disasters in all countries

Assessment of environmental risks (especially with regard to racecourses).

Monitoring of energy consumption.

Electricity purchased from 100% renewable sources.

Digitisation and dematerialisation process to reduce paper consumption.

Application of circular economy principles to waste management (reuse of manure produced at the San Siro Racecourse for agricultural production).

Release of a procedure for the proper life-cycle management of electrical and electronic equipment and waste.



Target 15.1. By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems

Conservation and care of the natural ecosystems present in the San Siro Racecourse park.

3.4 EMERGENCY MANAGEMENT

COVID-19

In 2020, protecting the safety of workers, customers and sales network managers became particularly important due to the spread of the pandemic. Snaitech dedicated the maximum organisational effort to ensure the safest possible workplace conditions, scrupulously complying with the measures imposed by the health authorities and the Government, translating them into the specifics of the company's activities, office layouts and logistics, evaluating the various risk exposures of the activities conducted indoors and at outdoor locations such as the racecourses. All this was done in accordance with the principle of greater protection, i.e. choosing not to limit ourselves to compliance with the law and adopting, where possible, more incisive initiatives to ensure the greatest possible safety for all.

Security protocols were maintained seamlessly throughout the period following the spring 2020 lockdown, and the second waves of contagion that began in October of that year found the Company already prepared. At the end of the financial year, all the health safety protocols were being maintained and are still in progress; they are considered adequate for the continuity of the Group's activities.

The measures have scrupulously followed the evolution of the provisions and have resulted in the creation of **Task Force** and a **Committee for each of the Group Companies** to ensure compliance with the "Protocol for the regulation of measures to combat and contain the spread of the COVID-19 virus in the workplace" of 24 April 2020 and subsequent indications. The Task Forces comprise the Employer, the safety and security officers, the SPP (Protection and Prevention Service) and the Medical Officer. The extended involvement made it possible to give an important signal of sharing the responsibilities, processes and decisions taken on the specific issue.

The Committee sought to involve the Workers' Safety Representatives (RSLs), the United Trade Union Representatives (RSUs) and the Company Trade Union Representatives (RSAs).

The complexities of managing very different contexts (agencies/horse racing tracks/offices), with totally different circumstances, meant that a lot of work went into drafting and sharing specific manuals such as

- ◆ **The Operating Manual - Coronavirus risk management and Operating Instructions** for all group companies, with relative updates.
- ◆ **The Operational Protocol implementing the guidelines for the resumption of horse racing** both for the Training Centre and the Milan and Montecatini Racecourses.
- ◆ **The Operational Protocol for Coronavirus risk management at the Leonardo's Horse Park.**

In order to obtain everyone's cooperation in containing the contagion, the measures adopted were accompanied by intensive training and information on existing safety protocols and on the most appropriate behaviour in terms of interpersonal distance, use of prevention devices, use of workspaces, and early warning of any

symptoms using easily accessible communication tools such as posters, the intranet and email.

To safeguard business continuity enable people to work safely even during periods of total office closure, the Group has promptly taken steps to launch simplified smart working procedures wherever possible and in compliance with the provisions of the Prime Ministerial Decree issued on 1 March 2020 and confirmed by subsequent provisions. These actions involved a major effort on the part of the Group's ICT structures, which set up the tools and assisted the staff in completing the operations necessary to start up the remote connections.

When the total ban on access to the offices was lifted, activity restarted gradually; wherever possible, continuation of working from home was encouraged to limit the presence of internal staff. On the other hand, the company also considered it essential to allow colleagues who wished to physically travel to the office to return to normal. This recovery called for a series of measures that are still in effect:

- ◆ reorganisation of the working environments to respect interpersonal distances (14-day work period rotation and respect for distancing as specified in the manual);
- ◆ health surveillance with the support of the Company Medical Officer, with particular reference to **fragile subjects** for whom the assignment of specific devices and company premises has been envisaged for the creation of dedicated individual offices;
- ◆ **sanitisation** of rooms by specialised companies (the necessary inspections were carried out - as required by the protocols - as well as additional interventions) and intensification of daily cleaning;
- ◆ **maintenance** of air conditioning systems;
- ◆ preventive checking of employees before entering company premises through appropriate information on maintaining social distancing and avoiding gatherings;
- ◆ daily supplies of **face masks** to employees;
- ◆ sanitizing **gels provided in all locations**;
- ◆ detection of body temperatures of all employees, suppliers etc. using **thermal scanners installed in all offices** and direct points of sale.

In order to ensure a phase with reopening of the activities in an epidemic situation that albeit improving, remains characterised by the permanence of the virus, in June 2020, the operating manuals and the provisions imposed on the Group companies - Snaitech, Snai Rete Italia and Epiqa - aimed at protecting the safety and health of employees in the workplace, were subjected to **verification and adequacy assessment** by Prof. Massimo Clementi, Virologist and Director of the laboratory of Microbiology and Virology of the San Raffaele Hospital in Milan.

Snaitech has protected the health of its collaborators also by providing and providing a series of services and aids which, during certain phases of the pandemic, were otherwise found to be deficient in our country's public service channels. Health management

of possible cases in the company was ensured from the onset of the first suspicious symptoms of COVID-19 during working hours; positive cases and close contacts were also managed.

To this end, the Human Resources and Organisation Department set up, with great commitment from the dedicated internal team, a **24/7 channel** to support employees and manage possible COVID-19 criticalities.

Let's restart safely is the name of the campaign aimed at all employees for the provision of **serological tests and molecular swabs** on a voluntary basis.

To cope with the use of private vehicles to get to work, due to the risk of contagion caused by the use of public transport, the com-

pany entered into special agreements with car parks in Rome and Milan.

Management of the emergency, some figures:

- ◆ over 100,000 face masks;
- ◆ over 1,700 litres of sanitising gel;
- ◆ 50 sanitisation operations;
- ◆ 52 thermal scanners;
- ◆ 170 swabs administered;
- ◆ 644 serological tests carried out;
- ◆ 456,661 total smart working hours;
- ◆ 40,410 total days covered by FIS (Salary Supplementation Fund) and 19.38 days of extraordinary leave (application of Italian Law 104/92 and maternity leave);

Costs of Covid emergency (in euros)

| | Snaitech | Snai Rete Italia | Epiqa | Group |
|---|---------------------|-------------------|------------------|---------------------|
| Cleaning and sanitation services | 117,882.36 | 136,327.95 | 3,600 | 257,810.31 |
| Protection devices, tests and other services | 107,255.14 | 47,044.03 | 12,101.31 | 166,400.48 |
| Dispenser stations, stickers, posters for shops | 305,315.74 | | | 305,315.74 |
| Racecourses security services | 518,139.65 | | | 518,139.65 |
| Thermal scanners | 32,819.85 | 41,912 | | 74,731.85 |
| Total | 1,081,412.74 | 225,283.98 | 15,701.31 | 1,322,398.03 |

THE COVID-19 EMERGENCY: TIMELINESS AND SAFEGUARD OF WORKERS



INTERVIEW WITH DOCTOR STEFANO GAMBOLI

As an occupational physician, I provide companies with advice and support in disease prevention and health monitoring of the workplace, collaborating in the assessment of risks related to professional activity and worker health surveillance. My collaboration with Snaitech began many years ago, and over the years I have witnessed the great sensitivity and attention of this company to the issue of safeguarding the safety of workers and all stakeholders. This commitment can be seen in the many initiatives promoted internally in this area, as well as in the attention paid to the stimuli and suggestions provided by external consultants. This arrangement makes it possible to take safety initiatives that often go well beyond the framework of legal obligations. Also crucial is the role of *the Property, Facility & General Affairs Department* and the Prevention and Protection Service, which at Snaitech is always ready to deploy the necessary resources to ensure high levels of safety and security for employees.

The presence of an organised, well-structured and well-functioning system was instrumental in enabling Snaitech to cope with the COVID-19 emergency, an unprecedented challenge that took not only businesses, but the entire world, by surprise. Initially, we had no reference points or certainties; we had to adapt to different lifestyles and restrictions that we would have considered unthinkable only a few weeks earlier, all because of a risk that was initially perceived as intangible, as it was not evident. Then came the first indications, a turning point was certainly the Shared Protocol for the regulation of measures to combat and contain the spread of the SARS-CoV2 virus in the workplace, issued by the Government in March 2020 and updated the following month. The protocol has been, and still is, the key to helping companies navi-

gate this complex situation, identifying the most pressing actions to be taken.

From the earliest stages of the emergency, Snaitech acted with great promptness, adopting initiatives aimed not only at fulfilling legal obligations and safeguarding the business, but above all at protecting people. Wherever possible, smart working has been adopted, but at the same time the company has adopted protocols as well as safety and prevention measures to ensure workplace safety, so that people can return to their everyday lives. It was difficult, because we had to consider a great diversity of workplaces, not only the offices but also the racecourses and the agencies. Snaitech also activated a support service for COVID-19 positive employees, for whom support has been activated to complement that of the National Health Service which, as we know, has been under great pressure in recent months. In particular, we provided telephone assistance to people in quarantine, sometimes simply to encourage them, and in other cases to give specific health tips so that they can monitor their own health status, i.e. to catch early signs of disease. We have had cases of positive tests - as in almost all companies - but the combination of these measures has produced the desired results, so much so that no work-related incident reports were filed throughout 2020.

Stefano Gambioli

Occupational physician and member of the ProMeLav Executive Board

3.5 SUPPORT FOR THE SALES NETWORK

Immediately aware of the beneficial economic and social repercussions that a prolonged lockdown could have on agencies and corners, Snaitech has maintained close contact with its sales network. From the earliest stages of the emergency, when the country was beginning to face the fear of the virus, it sent some materials free of charge to shops and corners in its network. These included items to help safeguard areas such as protective plexiglass panels, sanitising gel and dispensers, spacing indication adhesive strips, multilingual signs on the correct anti-COVID-19 rules and manuals with guidelines for reopening. A concrete support effort to protect the safety of operators and customers alike.

The protocols, manuals and operating instructions were extended to the sales network, which received training support and specific information through all communication channels that remained always open and through special promotional material for agencies. During the reopening of the gaming arcades, particular attention was paid to one of the customer protection procedures, i.e. the sanitation of the gaming terminal by the manager, continuously throughout the day and after each usage session.

Snaitech has also made available to its entire network a completely free tax and legal consultancy service provided by specialist sector consultants. This support helped the operators to familiarise themselves with the new rules and bureaucratic procedures, to understand whether and to what extent they were entitled to financial relief and to complete the relevant questionnaires. Operators were also assisted in checking if they were eligible for state-guaranteed funding, a more difficult issue than one might think because the funding guarantees differed according to the ATECO business code, which is not the same for all operators.

Snaitech also supported the operators financially by allowing them to pay their due payments in instalments, thus granting them liquidity from the gaming proceeds collected up to the moment of lockdown, also for the portion destined to the payment of the single tax levy. Hence, on the one hand, Snaitech postponed the collection of receivables from the operators and, on the other hand, advanced on behalf of the operators the portion intended for payment of the one-off tax levy. By doing so, it enabled operators to use the sums owed to it for current expenses - such as the payment of rents, employees and suppliers.

Not only that, Snaitech unilaterally decided to increase the remuneration guaranteed to operators on online bets made by customers who opened a gaming account at their shop. The acquisition of online gamers through points of sale has been an important line of business for Snaitech in recent years, and the work of the operators has contributed to the online growth of the company, which has taken the top positions in the ranking of Italian remote gaming operators.

FINDING OUR WAY AMONG THE NUMEROUS DECREES



INTERVIEW WITH SIMONE BIAGIOTTI

We have been Snaitech's tax consultants for many years. Last year the company involved us in a new project, asking us to provide support to the network of managers to help them understand if and to what extent they may be entitled to the financial relief set up by the Government following the COVID-19 emergency, and how to get it.

Firstly, we prepared detailed guides listing the main fiscal, legal and business support measures contained in the Government's legislative enactments. The scenario changed so quickly that in a few months it became necessary to develop seven different guides for the various decrees: "Cura Italia", "Liquidità" and "Rilancio" in the first half of the year, "Ristori", "Ristori Bis", "Ristori Ter" and "Ristori Quater" in the second phase of the emergency. This information was sent by Snaitech to the entire network and, as additional support, a personalised assistance service was made available, managed remotely by us at Fiderconsult.

Operators could contact us via email or chat lines to ask questions on tax, labour law and government support for businesses. We worked on this project in two distinct phases; the first in May, June and July and the second in November and December. Overall, we received over 250 requests, most of which related to the methods and lead times for obtaining financial aid and the

methods for determining the guaranteed non-repayable grant on the basis of decreased turnover. In carrying out our work, we experienced first-hand the difficulties encountered by operators, especially following the second lockdown. Although the measures introduced by the government have been useful, they have certainly not been enough to compensate for the losses caused by long shop closures. It is also important to note that, due to the rigidity of the requirements under the facilitation provisions, and the fact that legal gaming was not among the activities that were entitled to low-interest financing guaranteed by the SME Central Guarantee Fund, many operators could not benefit from aid even though they had in fact suffered from the lockdown period and the non-operation of the business. I must confess that professionally, but above all in human terms, it was very difficult to tell the operators, already discouraged and distressed by the crisis, that they could not access the same aid that was being guaranteed to entrepreneurs in other sectors.

Simone Biagiotti
Partner of Fiderconsult
Consultancy company for
tax and administrative matters

3.6 THE EMPLOYEE STATISTICAL PROFILE

As of 31 December 2020, the Snaitech Group had a total workforce of 899 people (920 at the end of 2019) and was made up of 52% men and 48% women, whose participation had risen from the 46% recorded in 2018.

The workforce increased by 11.5% compared to the figure at the end of 2018, but contracted by 2% in 2020 compared to 2019, from 920 to 899, mainly due to the sale of the SNAI Rete Italia business unit, as well as the merger carried out through the incorporation (and subsequent closure) of Best in Game Srl into SNAI Rete Italia Srl.

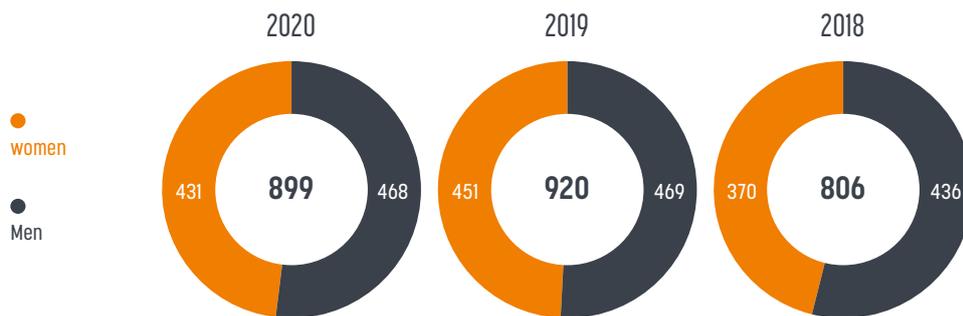
It is a very heterogeneous workforce mix as it has to cater for the Group's diverse working contexts such as head offices, agencies and racecourses. This variety of contexts requires different professional figures and skills that end up composing up a diversified work team, with great potential for individual growth thanks also to the collaboration and exchange of points of view emerging from different formative backgrounds and experiences.

3% of Snaitech employees are 30 years of age or younger and 73% are years of age or younger.

The percentage of staff with a university degree, compared to the total number of employees over the last three years, is around 22%.

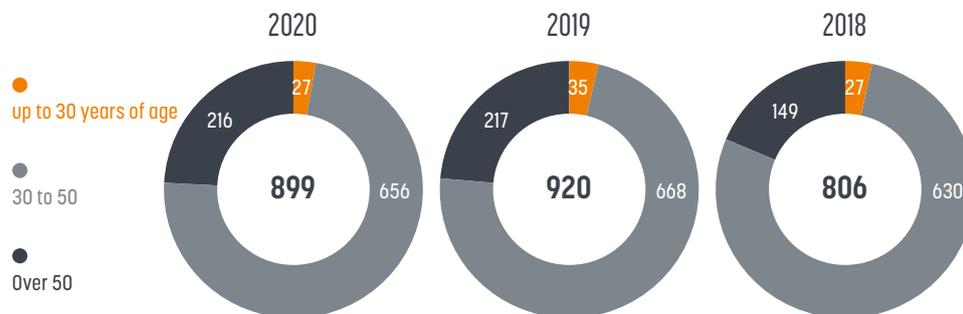
Employees by gender

GRI 405-1

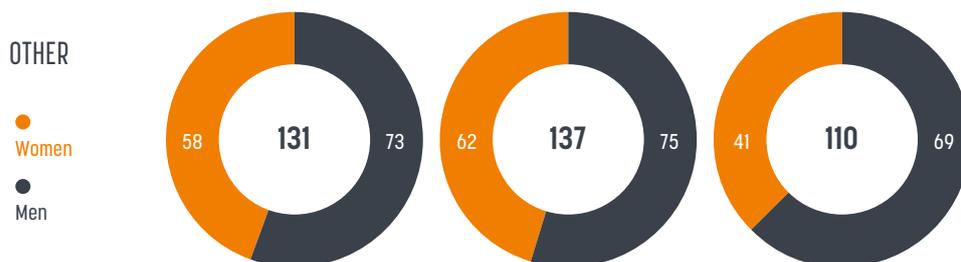
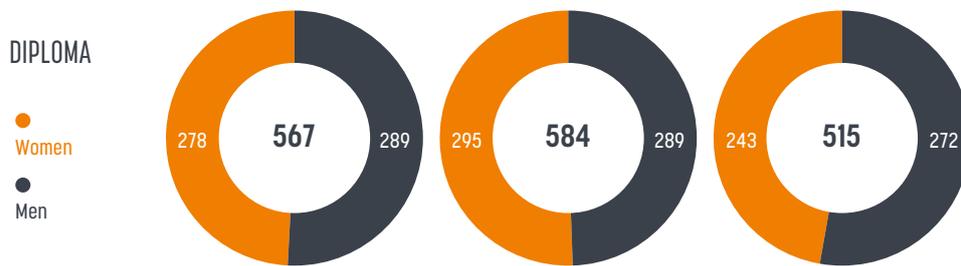
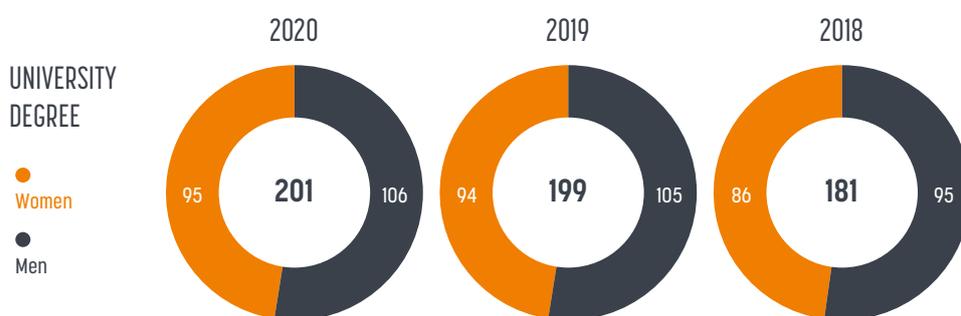
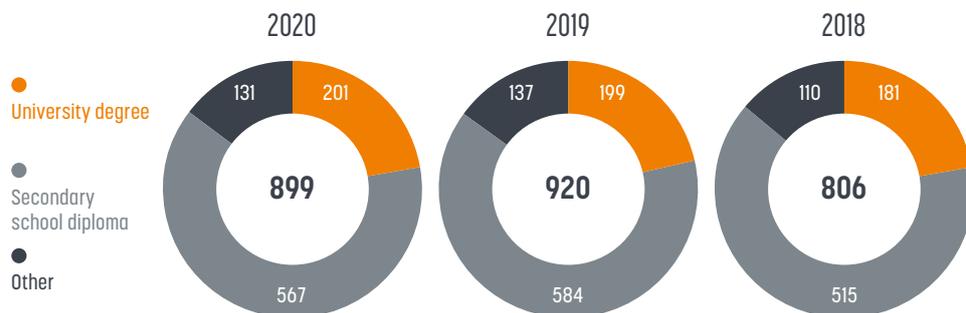


Employees by age group

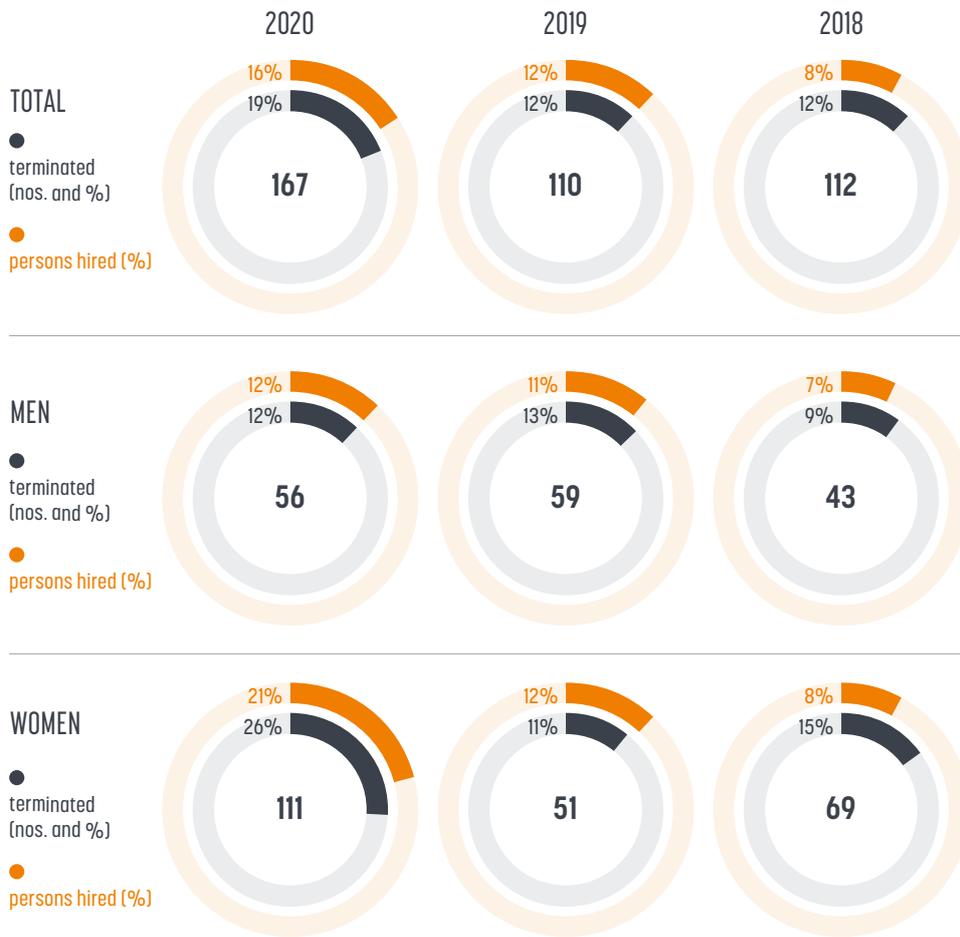
GRI 405-1



Qualification



Turnover by gender* (nr. - %)

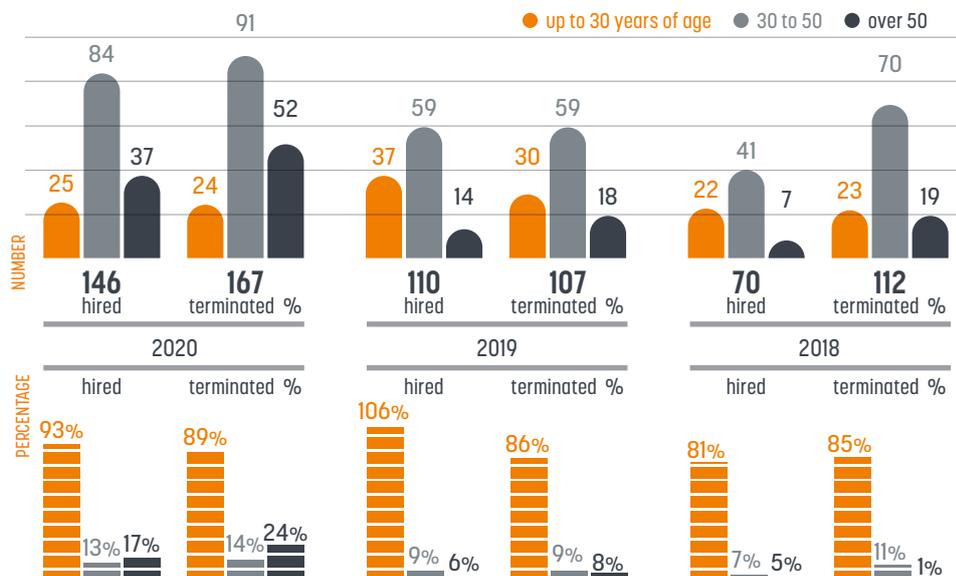


*The number of employees hired and terminated in 2020 includes staff changes between companies that are part of the Group (see Methodological Note)

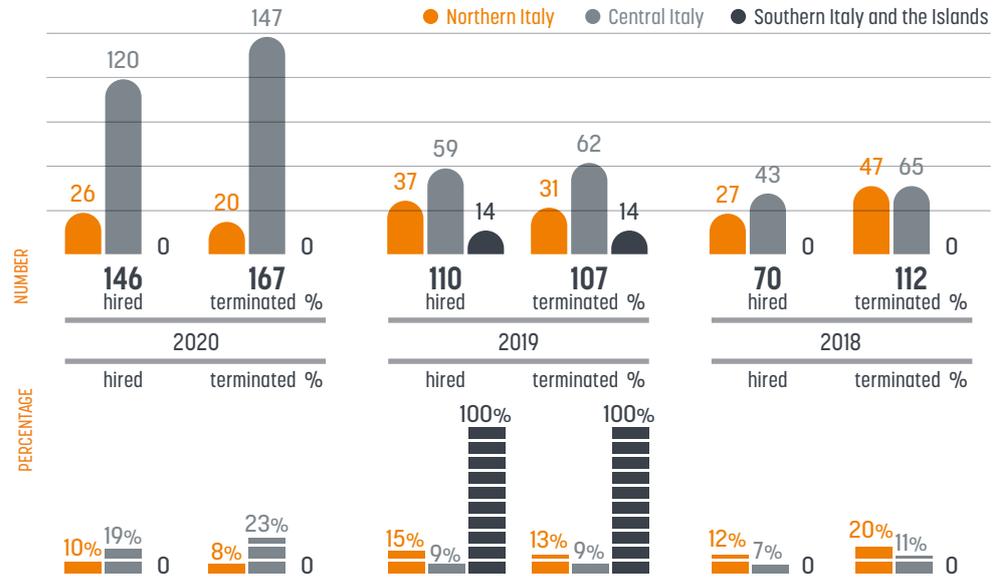
● Turnover rate: number employees terminated in the period/ number of employees at the end of the period*100.

● % Rate new recruitment number of employees hired during the period/number of employees at the end of the period*100.

Turnover by age group (nos.) And Turnover % by age group



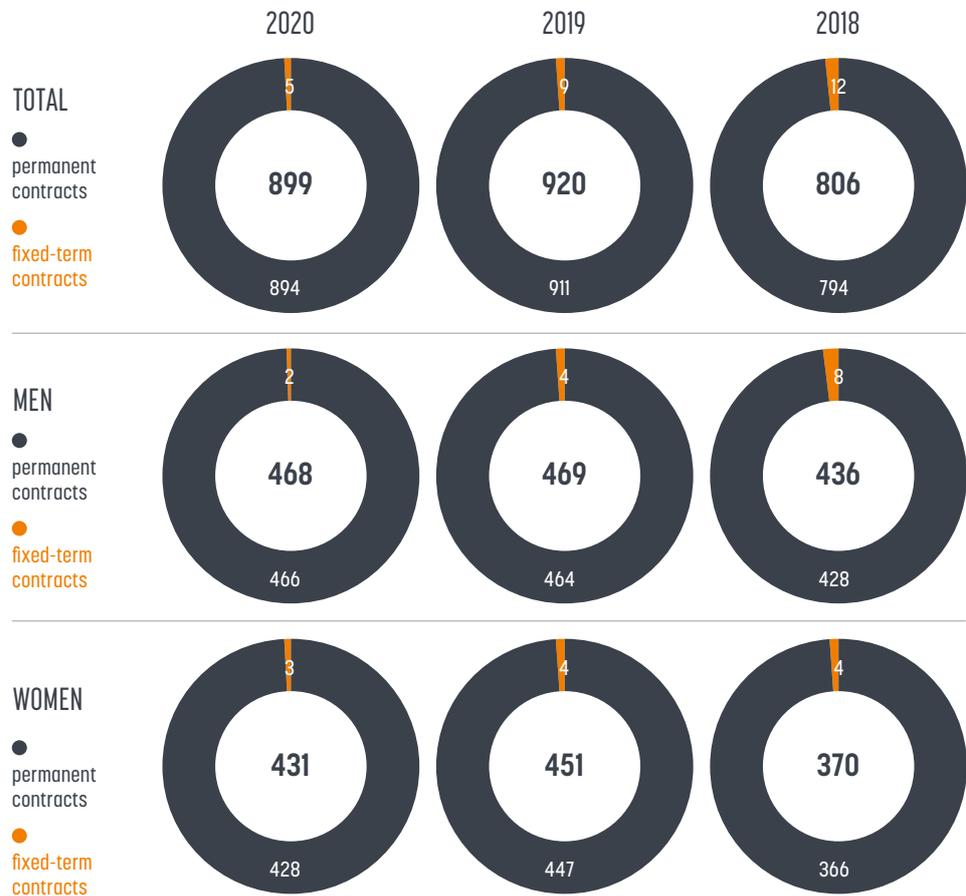
Turnover by geographical area (nos.) and Turnover % by geographical area



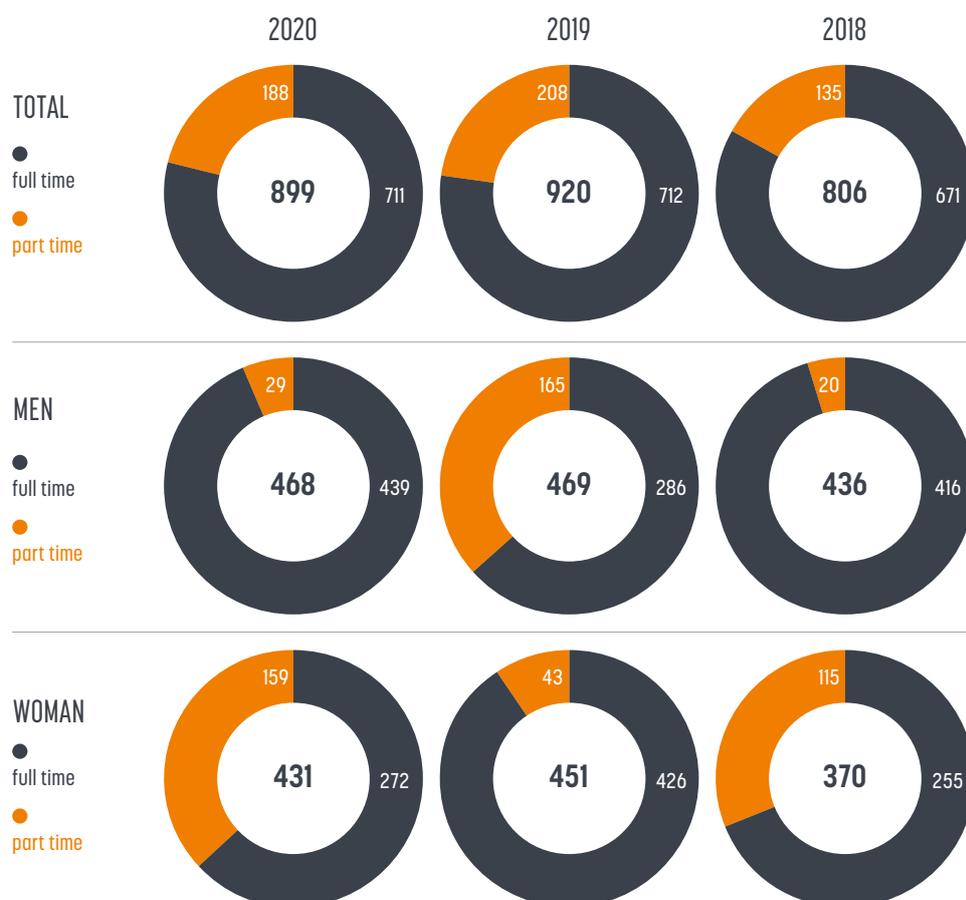
As of 31 December, 2020, 99.4% of the staff were hired with a permanent contract and 79% have a full-time contract. During the year, Snaitech takes on fixed-term staff, in particular during

the opening periods of the horse racing season or other race-course events.

Employees by type of contract



Employees by type of working hours



Geographical breakdown of employees by type of contract

| | 2020 | | | 2019 | | | 2018 | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | FIXED TERM | PERMANENT | TOTAL | FIXED TERM | PERMANENT | TOTAL | FIXED TERM | PERMANENT | TOTAL |
| Milan headquarters + agencies Milan horse racing complex | 1 | 192 | 193 | 0 | 217 | 217 | 8 | 211 | 219 |
| Rome headquarters + agencies | 0 | 190 | 190 | 1 | 193 | 194 | 3 | 163 | 166 |
| Porcari headquarters + agencies | 4 | 361 | 365 | 1 | 370 | 371 | 27 | 377 | 404 |
| Rest of Italy Agencies + Montecatini horse racing complex | 0 | 151 | 151 | 7 | 131 | 138 | 1 | 16 | 17 |
| Total | 5 | 894 | 899 | 9 | 911 | 920 | 39 | 767 | 806 |

As of 31 December 2020, 41% of the staff were based in the Porcari area, 21% in the Milan and Peschiera Borromeo area, 21% in the Rome area and 17% in the rest of Italy.

During the months of the first general lockdown, which started in March 2020, both the head offices and the agencies were completely shut down, which made it necessary, in order to allow the continuity of the company's business, to resort to so-called smart working, remotely from the company headquarters. Before the restrictions introduced by the pandemic, only a few professionals within the company were equipped with individual mobile work devices. During the COVID-19 emergency, these devices were gradually extended to almost all staff.

The presence of staff spread across several locations in the territory and good teamwork accelerated the use of technology needed during the health emergency months. As soon as it was possible, the com-

pany also took all the necessary efforts to make the offices in Rome, Milan and Porcari accessible to all employees in compliance with the current regulatory provisions.

At the same time, in order to cope with the epidemic emergency, for the Service Centre the company evaluated and implemented a process of optimisation and rationalisation of company structures. The aim was to ensure the application of safety measures and remote working was adopted the solution. During 2020, the Group made use of a total of 456,661 smart working hours, which correspond to 38% of the total hours worked.

Industrial Relations

Snaitech S.p.A. adopts the C.C.N.L. (national collective labour contract) framework agreements for Executives of tertiary, distribution and services Companies, Employees of the tertiary distribution sector and services, Employees of the horse racing Companies and the agreement for the regulation of Workers engaged in the collection and payment of bets, entrances and various racecourse-related services. From 1 November 2018 the employment relationship of the employees to which the C.C.N.L. previously applied the Private Metalworking Industry and Plant Installation category was governed by the National Collective Labour Contract for Employees of the Tertiary, Distribution and Services sectors, with the exception of only 24 workers to whom, in compliance with the provision of the Court of Lucca, the C.C.N.L. had temporarily applied the Private Metalworking Industry and Plant Installation category until its expiration on 31 December 2019. 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 judgement, promoted against the Fiom trade union, was held on 5 May 2020 and on 5 December 2020, the Florence Court of Appeal rejected the appeal proposed against the sentence of the Court of Lucca.

On 29 March 2019, Snaitech S.p.A. entered into the new Supplementary Corporate Contract for all employees whose employment relationship is governed by the Collective Labour Contract of the Tertiary, Distribution and Services (excluding Executives), expiring on 31 December 2019, in which the annual Performance Bonus was defined. This bonus will be awarded equally to all permanent employees regardless of their contractual affiliation. This Supplementary Corporate Contract was extended to 31 December 2020, with the rescheduling of the amount of the Performance Bonus due to the difficulties in the sector linked to the pandemic. Epiqa S.r.l. has adopted the CCNL (National Collective Labour Bargaining Agreement) for managers of companies in the distribution and services industries and the CCNL for Private Corporate Operators of Radio and Television Services with publishing and broadcasting, production and marketing of programmes. On 15 July 2019, Epiqa S.r.l. entered into a Supplementary Company Agreement for all employees (excluding Executives) whose employment relationship is governed by the National Collective Labour Agreement for Private Companies Operators Radio Television Services, with publishing and broadcasting activities, production and marketing of programmes, expiring on 31 December 2019. This agreement was not renewed for the year 2020, despite the requests received

from the trade union representatives, as the conditions related to the call for tenders which expired in 2019 had not materialised. Snai Rete Italia S.r.l. adopts the National Collective Labour Agreement for Employees in the Tertiary Distribution and Services Sector and the additional Protocol for the regulation of employees of Betting Agencies of 30 March 2015. In order to ensure that agencies may be open to the public and to meet the Guidelines for the reopening of Economic Productive and Recreational Activities, on 19 June 2020, Snai Rete Italia signed a Trade Union Agreement, expiring on 31 July 2020, which sanctioned the payment of a monthly allowance to cover the additional cleaning and disinfection activities of the surfaces used by customers. This agreement was then extended until the end of the health emergency. As regards the social safety nets envisaged by Italian law to support employers who, in 2020, saw their business activities suspended or reduced due to events attributable to the COVID-19 epidemic emergency, the Group made use of the measures below. Snaitech S.p.A. presented an application for admission to the FIS (Salary Supplementation Fund) in the form of an allowance with the "COVID-19 emergency" motivation. The relevant period was from 23 March 2020, for 9 + 5 consecutive weeks, for a maximum number of 649 employees working at all locations and with the implementation of a rotation scheme. From 17 October 2020, for all employees located in the Lombardy Region, and from 26 October 2020 for all the other locations, the allowance with the "COVID-19 emergency" motivation was requested again for a further nine weeks, again with a rotation scheme. The company advanced the FIS allowances (borne by INPS - the National Social Services Institute) to the workers concerned. The SNAI Rete Italia S.r.l. and Area Scm S.r.l. companies (merged by incorporation into Snai Rete Italia with effect from 1 July 2020), with effect from 9 March 2020, closed all the agencies and submitted an application for admission to the F.I.S. in the form of an ordinary check with reason "COVID-19 emergency" for a period of 9 + 5 consecutive weeks, for all employees at zero hours and employed in all offices. From 17 October 2020, for all employees located in the Lombardy Region, and from 26 October 2020 for all the other locations, the allowance with the "COVID-19 emergency" motivation was requested again for a further nine weeks. The Epiqa Company presented an application for admission to the F.I.S. (Salary Supplementation Fund) in the form of an allowance with the "COVID-19 emergency" motivation. The relevant period was from 6 April 2020, for a period of nine consecutive weeks, for employees employed in all locations, applying a rotation schedule. All the company advanced the F.I.S. allowances to the workers concerned.

3.7 DIVERSITY, EQUAL OPPORTUNITIES AND INCLUSION

Snaitech believes in the value of diversity as a factor that fosters creativity through the free expression of everyone’s potential. The management of labour relations in all Group companies is therefore focused on recognising diversity as a factor in the company’s development, through the variety of points of view and experiences and openness to different visions.

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. 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.

No discriminatory situations against internal or external parties were reported in 2020 (GRI 406-1). With regard to compliance with legislation on labour relations, with particular reference to child labour, forced and compulsory labour, Snaitech is not aware of any cases of exploitation within the Group or by its suppliers, throughout the reporting period under review.

Description of the material topic:

“Diversity, equal opportunities and inclusion” means 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.

With regard to gender equality, in order to maintain a good balance in the composition of the company staff, Snaitech has ensured over the years a female presence of no less than 40% of the workforce, reaching 48% at the end of 2020.

Distribution of employees by professional category and gender

| | 2020 | | | 2019 | | | 2018 | | |
|------------------------|------|-------|-------|------|-------|-------|------|-------|-------|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Executives | 21 | 7 | 28 | 21 | 7 | 28 | 21 | 7 | 28 |
| Middle managers | 49 | 22 | 71 | 46 | 24 | 70 | 42 | 20 | 62 |
| Employees | 361 | 401 | 762 | 361 | 419 | 780 | 329 | 342 | 671 |
| Manual workers | 37 | 1 | 38 | 41 | 1 | 42 | 44 | 1 | 45 |
| Total | 468 | 431 | 899 | 469 | 451 | 920 | 436 | 370 | 806 |

Employees by professional category and age group

| | 2020 | | | | 2019 | | | | 2018 | | | |
|----------------------|--------------|---------------|---------|-------|--------------|---------------|---------|-------|--------------|---------------|---------|-------|
| | UP TO 30YEAR | FROM 30 TO 50 | OVER 50 | TOTAL | UP TO 30YEAR | FROM 30 TO 50 | OVER 50 | TOTAL | UP TO 30YEAR | FROM 30 TO 50 | OVER 50 | TOTAL |
| Executives | 0 | 13 | 15 | 28 | 0 | 17 | 11 | 28 | 0 | 18 | 10 | 28 |
| Mid. Managers | 0 | 47 | 24 | 71 | 1 | 49 | 20 | 70 | 0 | 46 | 16 | 62 |
| Employees | 27 | 591 | 144 | 762 | 34 | 594 | 152 | 780 | 27 | 554 | 90 | 671 |
| Workers | 0 | 5 | 33 | 38 | 0 | 8 | 34 | 42 | 0 | 12 | 33 | 45 |
| Total | 27 | 656 | 216 | 899 | 35 | 668 | 217 | 920 | 27 | 630 | 149 | 806 |

Those belonging to protected categories represent 5% of the workforce for a total of 47 people.

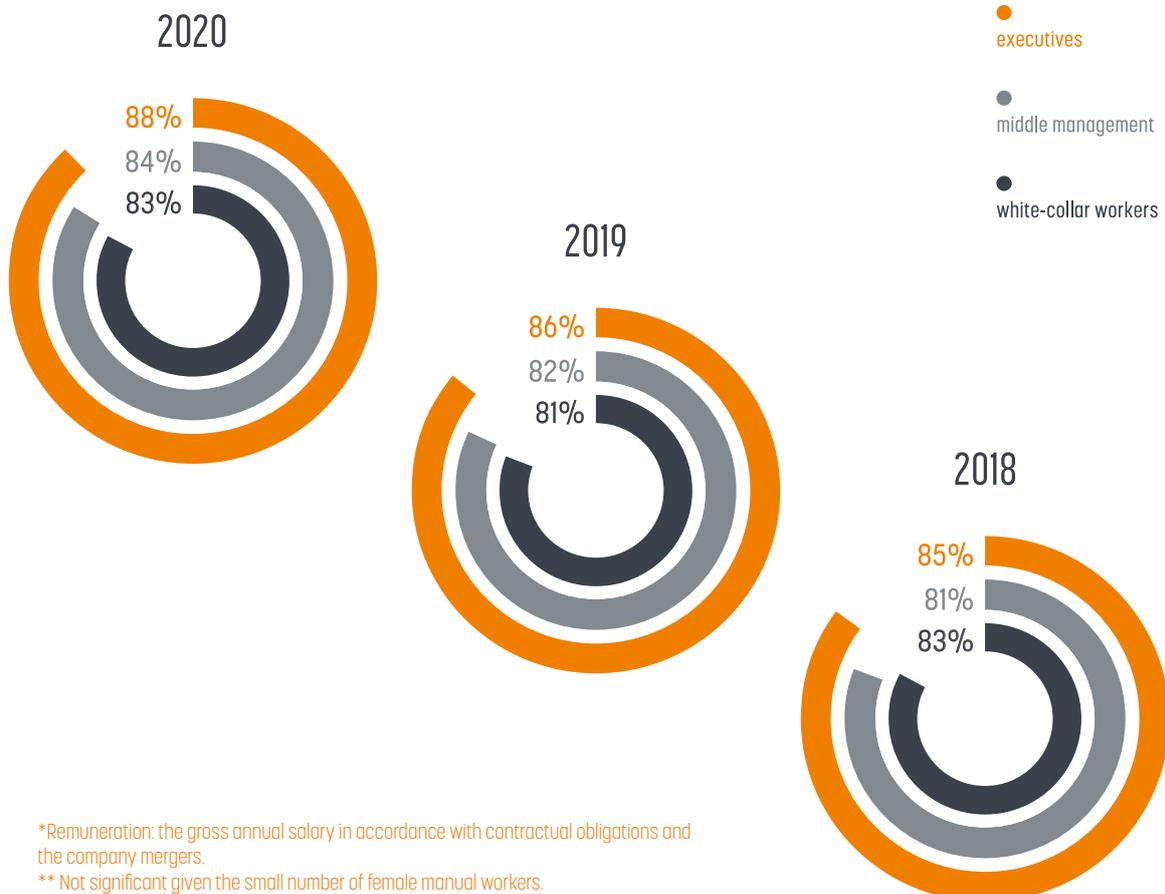
Protected category employees by gender

| | 2020 | | | 2019 | | | 2018 | | |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Executives | 2 | 0 | 2 | 2 | 0 | 2 | 1 | 0 | 1 |
| Middle managers | 1 | 1 | 2 | 0 | 2 | 2 | 1 | 1 | 2 |
| Employees | 19 | 17 | 36 | 24 | 16 | 40 | 19 | 12 | 31 |
| Manual workers | 6 | 1 | 7 | 6 | 1 | 7 | 6 | 1 | 7 |
| Total | 28 | 19 | 47 | 32 | 19 | 51 | 27 | 14 | 41 |

The average gross annual base salary (Italian acronym RAL) for white-collar women is 83% of that for men, that of women in middle management is 84% and that of female executives is 88%. The trend over the period shows that in 2020, all three categories recor-

ded a two percentage point increase in the remuneration of women compared to men.

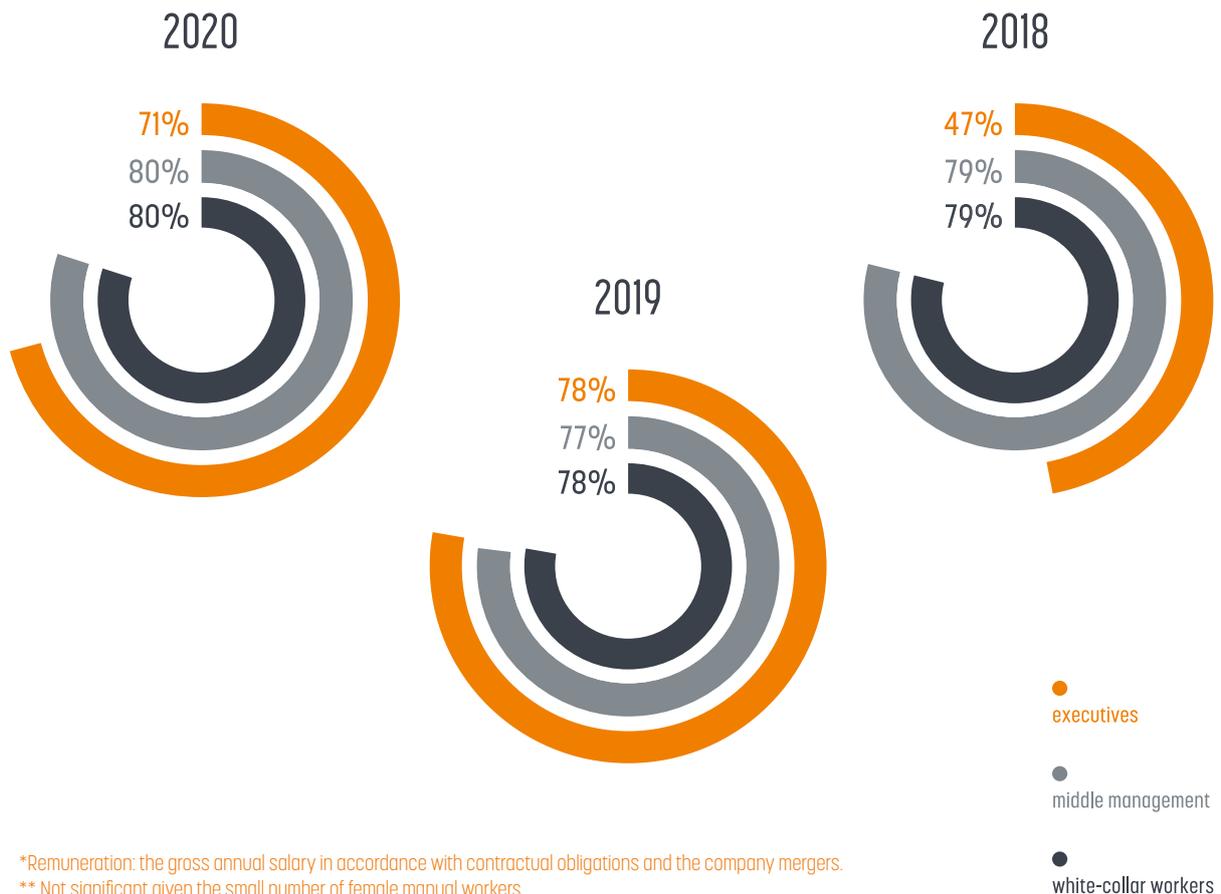
Average gross annual base salary for women/ Average gross annual base salary for men



The average gross remuneration (Italian acronym RGL - RGL is given by the RAL plus the variable part and the production premium) of women belonging to both the clerical and management levels is

equal to 80% of that of men. It increased by two percentage points in 2020 compared to 2019. The remuneration of female executives is approximately 71% of that of their male colleagues.

Women's average gross annual base remuneration/ Men's Average gross annual base remuneration



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

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

3.8 CONTRACTUAL INSTITUTIONS

Employees are covered by compulsory social security, according to the regulations of the sectors to which they belong. The companies of the Group regularly provide the sums for the coverage of severance pay.

The contracts also provide for forms of supplementary health care and pensions. These are managed by category bodies, which bind the companies with respect to members only and in different ways according to the reference Collective Labour Bargaining Agreement (CCNL). By joining these category bodies, registered employees can benefit from more favourable terms than third-party funds:

- ◆ Fosdac for Executives, subject to the CCNL for Executives of Tertiary, Distribution and Services Companies;
- ◆ Quas for middle managers, subject to the CCNL for Tertiary, Distribution and Services;
- ◆ Sanimpreso and Fondo Est for Employees, subject to the CCNL for the Tertiary, Distribution and Services sector;
- ◆ Métasalute for white-collar workers, clerks and middle managers, subject to the CCNL for the private metalworking and plant installation sector;
- ◆ 'Salute Sempre' (Health Always) for white-collar workers, subject to the CCNL for Private National Radio & Television workers.

3.9 THE CORPORATE EMPLOYEE BENEFIT

In 2020, Snaitech S.p.A. renewed the supplementary company contract that expired at the end of 2019 with respect to employees whose employment relationship is governed by the CCNL (National Collective Labour Bargaining Agreement) for the Tertiary, Distribution and Services sector. The contract provides for an annual performance bonus for all permanent employees, recognised in equal measure regardless of the contractual status. The amount of the performance bonus has been adjusted to take into account the period of reduced activity and therefore the economic performance of the Group following the COVID-19 emergency.

The possibility of converting the bonus in whole or in part (10%, 20%, 30%, 50%, 75%, 100%) into welfare services was maintained through access to the Flexible Benefits Hello! platform. The tool provides personalised responses to diverse needs, regardless of age and the presence of family care situations. During 2020, limitations to activities imposed by the health emergency affected the launch of this new initiative, which nevertheless registered a good level of interest and participation. Each employee was able to decide how to use their own Welfare account totally exempt from INPS contributions and IRPEF taxation, in goods and services such as:

- ◆ Reimbursement of education and training expenses
- ◆ Reimbursement of transport costs
- ◆ Reimbursement of medical expenses
- ◆ Reimbursement of assistance expenses
- ◆ Supplementary pension
- ◆ Voucher shopping
- ◆ Recreational services for the purposes referenced in Article 100 of the TUIR (the income tax consolidation act) e.g. subscriptions to gyms and swimming pools, travel packages, training courses.

The Snaitech Supplementary Contract, which was extended also for 2020, confirmed the initiative aimed at assisting the return of new parents by contributing to the payment of daycare enrolment and attendance fees, introducing, in addition, new measures to support working mothers as they return to full-time work. The Hour Bank, which collates the overtime hours worked by employees, continues to be an instrument capable of sustaining a work-life balance system. Furthermore, employees are always able to take advantage of 20 hours a year for specialist medical examinations.

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, the company has an agreement with the SARA Insurance Company which offers a 30% discount on car insurance and payment in instalments of the

insurance charges. 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 Group sustains the presence of women by providing advantageous means of parent support and confirming also for 2020, for anyone requesting it, the option of part-time post maternity working, exceeding the applicable Collective Labour Agreement provision. In 2020, 159 women and 29 men, a total of 188 employees, took up the option of part-time work.

In recent years, many Group employees have chosen to switch from a full-time to a part-time contract, a working formula that provides 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 21% in 2020.

Since 20 March 2020, a specific policy, created specifically for the COVID-19 emergency, has been in operation, which can be used by all Group employees to obtain real support in case of need; in fact, a series of health care measures are provided throughout the course of the illness and the recovery of full health. The guarantees, which are part of the policy, concern the various stages of evolution of the virus:

- ◆ hospitalisation allowance;
- ◆ convalescence allowance;
- ◆ post-hospitalisation assistance, which provides practical help through different activities such as home shopping delivery, accompanying a minor child to school, babysitting and pet sitter service, domestic worker.

Snaitech's goal in such a delicate moment was to safeguard the health of its employees by trying to provide concrete help in cases of need. It also renewed the insurance policy for professional and extra-professional accidents for Executives, Middle Managers, Office Workers and Workers. During the year, the supplementary insurance for Executives of Tertiary, Distribution and Services companies was also maintained (life insurance, health care, disability and invalidity coverage).

3.10 ENHANCEMENT OF STAFF ASSET VALUE AND DEVELOPMENT OF SKILLS

Continuous and scheduled training is part of the Group's strategy to ensure the enhancement of each employee's the human capital. The professional development of staff at all levels aims to increase the potential of each individual, with particular attention to young people, and is based on the acquisition of skills that are relevant to a company that invests particularly in process and product innovation as a factor of competitiveness.

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.

The training activities are divided into four macro categories:

Behavioural: fundamental for developing the soft skills required by the post held and for coping with the processes of organisational change and development. The aim is to develop awareness of the individual's contribution to the achievement of the corporate mission and the ability to act effectively in increasingly complex contexts by learning techniques and tools to facilitate the management of emotions and the synergistic achievement of individual and corporate objectives. Training in effective communication, innovation and leadership as well as coaching are just some of the initiatives undertaken during the year.

Technical skills: necessary for the direction of the company strategy aimed at the development and/or maintenance of specific technical abilities. In this context, the Company has developed various job-training initiatives, coaching activities, role-specific technical courses and English language courses. Several sessions were orga-

Description of the material topic:

With "Enhancement of staff asset value and development of skills" we mean a particular attention to the continuous training of employees for the development of professional and transversal skills, also for the purpose of creating career opportunities based on merit criteria.

nised in 2020 to enlighten the entire Snaitech workforce on benefits in order to present the goods and services available as well as the Flexible Benefits Platform.

Safety at work: this was the central focus of 2020 in consideration of the health emergency. It is ongoing, with the provision of training and information courses for personnel in compliance with Italian Legislative Decree 81/08.

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.

Training hours by category

| | 2020 | 2019 | 2018 |
|---------------------------------------|--------|--------|--------|
| Behavioural | 993 | 3,940 | 2,207 |
| Teambuilding | - | 464 | 1,284 |
| Technical skills | 5,107 | 8,147 | 3,806 |
| Updating (on the job training) | 652 | 2,204 | 1,850 |
| D.lgs. 231/2001 | 16 | 640 | 410 |
| AML (anti-money laundering) | 119 | 690 | 495 |
| Responsible gaming/gambling | 152 | 205 | 45 |
| Health and safety | 4,145 | 2,137 | 5,009 |
| Privacy | 167 | 442 | 1,553 |
| Total | 11,351 | 18,869 | 16,659 |

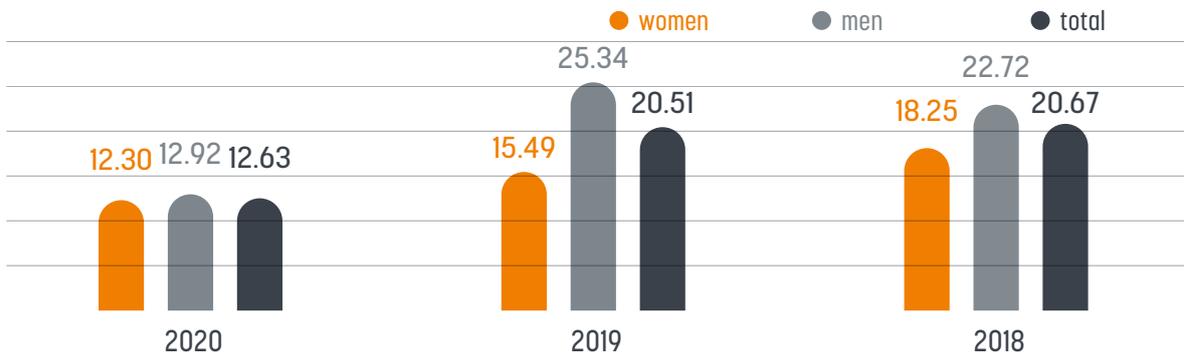
The training activities planned for 2020, as many other aspects of the Company's business, were affected by the limitations imposed by the health emergency containment measures.

The total number of hours provided fell by 40% compared to the previous year. All types of training have been heavily downsized. It was necessary to revise the organisation and the type of courses, in

order to respond promptly to a changed context. Much of the activity focused on workplace health and safety, a subject that recorded a number of hours almost doubled compared to the previous year. Consequently, the number of training hours per capita increased to 12.63 in 2020 compared to 20.51 recorded in the previous year.

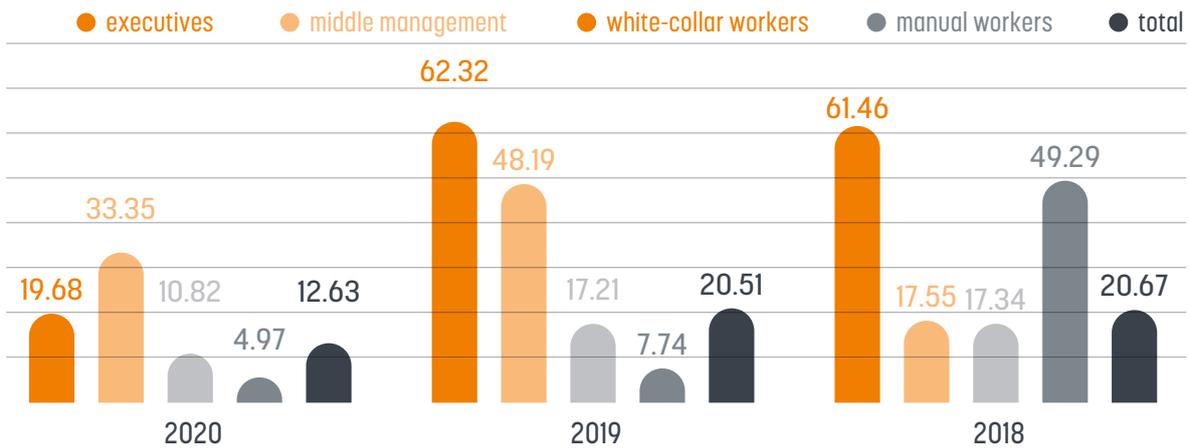
Average training hours per employee by gender

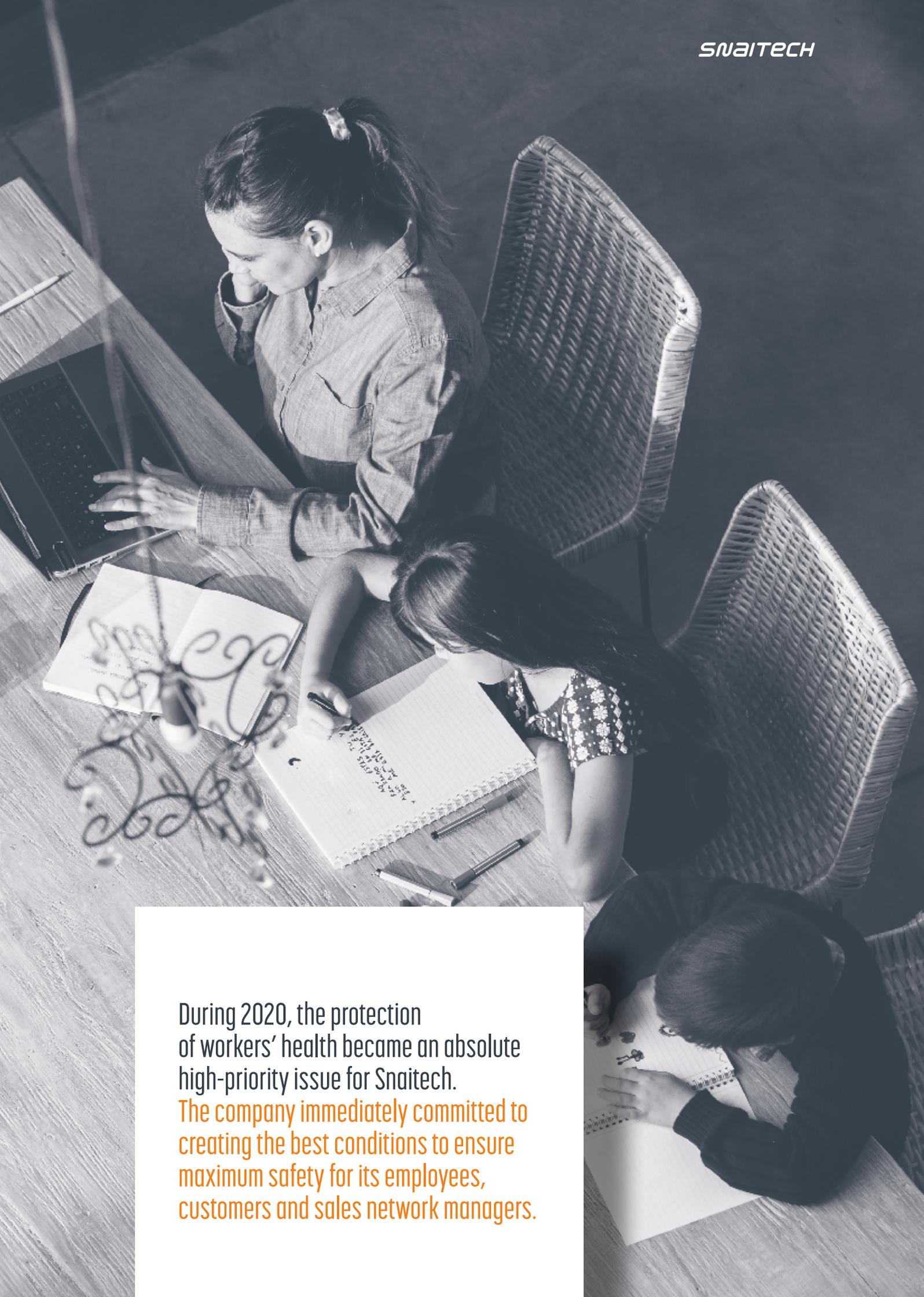
(GRI 404-1)



Average training hours per employee by professional category

(GRI 404-1)





During 2020, the protection of workers' health became an absolute high-priority issue for Snaitech. **The company immediately committed to creating the best conditions to ensure maximum safety for its employees, customers and sales network managers.**

Feel Snaitech

(second step of the corporate climate survey launched in 2019)

Over the years, Snaitech has devoted a lot of energy and resources to the enhancement of employees and the optimisation of the work environment also from the point of view of the quality of interpersonal relationships. 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 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.

A first step consisted of administering a questionnaire to more than 550 employees, the results of which showed not only a high participation rate, but also good core enga-

gement levels: Snaitech employees are actively involved in the life of the company. Another area of the survey in which we recorded high levels 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.

The second step of the project foresees the shared analysis in detail of the main outcomes of the survey through discussion in focus groups of 10 people each connected remotely. The first session took place in January 2021.

3.1 OCCUPATIONAL HEALTH AND SAFETY

During the reporting period, the protection of workers, as set out in the Code of Ethics, became particularly important due to the spread of the pandemic. The Company dedicated the maximum organisational effort to ensure the safest possible workplace conditions, scrupulously complying with the measures imposed by the health authorities and the Government, translating them into the specifics of the company's activities, in the layout of offices, agencies, racecourses and logistics, assessing the various exposure risks related to the activities carried out in closed and open places.

For details of the measures implemented to cope with the health emergency, please refer to the section "Handling the COVID-19 emergency". In addition to renewing the certification of the Occupational Health & Safety Management System in accordance with the ISO 45001:2018 standard extended to all Group locations, Snaitech continued the process of training and informing staff in accordance with Italian Legislative Decree 81/08.

The training planned and delivered in 2020 covered the following subject areas:

- ◆ Supervisors
- ◆ Training and Information for Workers Italian Legislative Decree 81/08
- ◆ First Aid
- ◆ Fire safety
- ◆ RLS
- ◆ Emergency Teams, with a view to promoting the development of awareness regarding the safeguarding of workplace health and safety and the active participation of workers.
- ◆ Awareness of environmental matters and safety at work.

Description of the material topic:

By "Occupational Health and Safety" we mean the management systems applied in the workplace aimed at protecting the physical and moral integrity of personnel and reducing the number of accidents and occupational diseases. This material topic also covers training initiatives on health and safety and awareness raising activities for employees, in compliance with local and sector laws and regulations - including **ISO 45001:2018 certification** - and specific attention to the characteristics of the racecourse sector.

The Company Epiqa, with the introduction of the **new unified global standard for occupational health and safety management systems, UNI EN ISO 45001:2018**, has provided courses aimed at all staff also to strengthen awareness in workplace health and safety and the environment.

Furthermore, the Epiqa Prevention and Protection Service was strengthened with the appointment of a trained Prevention & Protection Officers (ASPP), thus expanding the key safety figures listed in the specific organisation chart.

Snai Rete Italia continued to train staff in accordance with the requirements set out in Italian Legislative Decree 81/08. The main focus was to strengthen and update the emergency team with First Aid and Fire Fighters.

Accidents*

(GRI 403-9)

| | 2020 | 2019 | 2018 |
|--|------------------|-----------------|----------------|
| Total number of accidents | 4 | 11 | 13 |
| of which accidents while travelling | 1 | 6 | 11 |
| dof which: number of accidents with serious consequences (> 180 sick days) | 0 | 0 | 0 |
| Accident frequency** | 0.67 | 1.63 | 2.05 |
| Severe accident rate*** | 0 | 0 | 0 |
| Absenteeism**** | 34,097.17 | 6,995.20 | 7,025.5 |

*All accidents that are notified to INAIL are reported, including commuting accidents, even if they are outside the Group's direct control.

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

***Total number of days lost due to accidents with serious consequences (more than 180 sick days)/total number of hours worked x 200,000.

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

Four accidents occurred During 2020, one of which was in transit. None of the injuries recorded had serious consequences with absences from work longer than 180 days.

With a sharp fall in the total number of accidents, the frequency

index decreased accordingly, from 0.67 in 2019 to 1.63 in 2019. The rate of absenteeism increased significantly in view of the effects of the pandemic and the lockdown that led to the use of social safety nets.



3.12 INTERNAL COMMUNICATION

Care for people, which is one of the pillars of Snaitech's social responsibility, was manifested during 2020 in a series of internal communication initiatives aimed at supporting employees in health emergencies and personal and family isolation caused by the closure of offices and all other activities in their individual lives.

"Hello!", the company's intranet platform, known for simplifying business and work processes through the sharing of useful skills and information, has proved to be a valuable tool for promoting participation and instilling in colleagues a sense of belonging and closeness despite impediments to physical participation. It demonstrated the possibility of becoming, in a moment of emergency, a virtual meeting place for a community of people invited to build and share a personal profile enriched with details of each person's personality, hobbies and interests. The "Hello! News" section has been constantly updated with news about the company and more. Some of this information related to updates on the health situation and on new legislation adopted.

Hello! Tribe, has brought the community together on a bi-weekly basis, offering more than **60 double interviews** that brought together different faces and personalities of some colleagues, animated by an anchor man, in the person of a Snai Radio Web operator.

The balance of this relentless work behind the scenes of the Hello! intranet at the end of this difficult year 2020 was over **680,000 visits**.

Communication with the employee community was also nurtured during the year through **three video messages recorded by the CEO**, through which updates on the Group's activities were provided to employees, who were forcibly absent from their workplaces, also with reference to the evolution of the health emergency.

Christmas 2020 Xmas party in the box

The use of remote technology and a good measure of creativity enabled the company to rally its employees for the Christmas celebrations. Each employee of the Group was presented with a gift box containing, among other things, the items for a collective toast to be shared at a digital party on 17 December, which included a well-wishing speech by the CEO followed by a concert by the Italian pop'n'roll band Street Clerks.

3.13 ENVIRONMENTAL PROTECTION

Snaitech believes that environmental protection must be a concern for everyone - citizens, governments and institutions, economic operators - because deteriorating environmental conditions are bound to have, or will have, major medium- and long-term consequences on human living conditions. As a service company, Snaitech does not produce the typical impacts of industrial production on the environment, but some areas of activity produce impacts that must be carefully monitored with particular reference to the life cycle of electronic equipment used by the sales network.

The environmental issues were considered relevant during the materiality definition process and were included in the list of issues whose priority was assessed by the working group during the updating of the matrix that Snaitech carried out for this edition of the Report.

The analysis of the answers to the questionnaires showed an increase in the attention paid to environmental issues, both from the Group's point of view and from the point of view of external stakeholders, although the priority remains on issues more related to business ethics and consumer protection.

In Italy, the environmental impacts of production activities are the subject of specific regulations and environmental offences are foreseen by Italian Legislative Decree 231/2001 in the areas of waste disposal, selection of suppliers and management of the relevant relations, use and operation of heating and cooling systems.

However, the Group's environmental policy is not limited to mere regulatory compliance and, in relation to the activity carried out, is aimed in particular at constantly monitoring the consumption of energy and natural resources such as water and the use of energy from renewable sources, as well as attention to issues related to waste disposal. Environmental aspects are carefully considered in the adoption of new technologies, favouring the use of products and services characterised by a lower environmental impact and better energy efficiency, where possible and appropriate.

The Group also considers it essential that its employees are made aware of and actively participate in improving environmental performance and energy efficiency, and considers reducing environmental impact to be one of its responsibilities.

Description of the material topic:

"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.

"Energy efficiency and emissions"

This material topic refers to the careful use of the energy resources used in the company's activities, with the aim of reducing their consumption while maintaining the same quality of service offered, thus also reducing the emissions produced by the Group. In particular, given the characteristics of the business, most of the emissions generated refer to indirect emissions (electricity) and, in part, direct emissions (e.g. consumption of diesel or gasoline). The efficient use of energy, therefore, and the adoption of renewable energy sources for the activities of offices, shops and racecourses, allow for a reduction in direct and indirect company emissions, with a positive impact on reducing air pollution.

"Responsible waste management"

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

3.14 RACECOURSES AND THE ENVIRONMENT

Snaitech adopts a broad definition of environment that not only includes the physical and chemical effects of its activities on the surroundings but also includes the results of human activity in the cultural, historical, artistic and identity contexts on the territory.

The horse racing complexes run by Snaitech present very interesting characteristics from all these perspectives. In addition to generating positive effects for the surrounding environment due to the protection of important green areas that contribute to improving air quality in the surrounding areas, they are places rich in history, tradition and architectural and botanical beauty. The San Siro equestrian complex in Milan is to all intents and purposes a park of approximately 136 hectares in the heart of the city, connected to the metro lines and 30 minutes from the main airports. It includes a precious botanical park that, among the more than 55 **different registered and listed tree species**, also includes centuries-old trees and some real rarities. Some trees have been growing there for over a hundred years. The **pond** "in the centre of the flat racing track" has over time become a real micro ecosystem, a natural habitat for various species of birds, also during migration (304-1). The ecosystem of the areas in the Milan Horse Racing Complex is not only a green area for the greater Milan metro area, but also an artistic and cultural centre subject to the protection of the Environmental and Cultural Heritage. It contains important sculptures, such as the 'Horse of Leonardo' and interesting examples of Art Nouveau architecture from the beginning of the last century (Stands and Weigh Station).

It is therefore not only a question of containing negative impacts, which Snaitech seeks to monitor and prevent as far as possible, but also of considering the beneficial effects in urban contexts already compromised by external polluting factors typical of metropolitan areas. The surrounding community also benefits from having access to green areas that are protected and safe because they are constantly maintained and monitored, and from being able to enjoy historical and artistic beauties that are kept in a perfect state of conservation.

Snaitech, taking all of the above into account, believes that it is in any case strategic, in order to mitigate the negative impacts and enhance the positive effects of its activities on the urban environment, to carry out a periodic assessment of environmental risks and impacts, which has led to the preparation of the following operational measures:

- ◆ the Racecourse Business Unit has the task of monitoring any potentially negative environmental impact and putting in place any measures necessary to reduce the risk to the environment, contain the effects of any negative impact, and promote any positive impact on the urban environment;
- ◆ according to the provisions of Article 16 of Italian Legislative Decree 81/2008, the Delegate in matters of occupational health and safety is tasked with monitoring and proposing improvements to mitigate any negative impact of the work environment on the health and safety of personnel;
- ◆ the Environmental Manager of the racecourse facilities owned by Snaitech is responsible for ensuring compliance with, respect for, adaptation to and updating of environmental regulations, and therefore is vested with all the necessary and required powers in environmental matters;
- ◆ Snaitech has also appointed an external professional - having the technical-professional requisites and authorisations provided for by current legislation - to be responsible for the maintenance and control of artefacts containing asbestos present

Description of the material topic:

"Protection and value enhancement of natural resources"

"Protection and value enhancement of natural resources" means, in particular, the management of green areas in horse racing facilities and racecourses. The topic refers to the protection of the eco-system (animal and plant) that these areas represent and the importance that these areas have for the urban environments that host them.

in the Milan horse racing complex, in order to carry out periodic environmental monitoring of airborne fibres and to ensure implementation of all the safety measures envisaged by the reference legislation.

- ◆ the Building Technical Department monitors the installations on a daily basis by means of visual inspections and legally mandated management models, with reports and periodic review of any present or potential hazardous situations;
- ◆ the contracts awarded for the maintenance of sporting and other specialised facilities and for the management of the various activities that take place in the racecourses, formalise the roles and responsibilities with regard to risk management in accordance with legal requirements.

Environmental risk management policies are formalised through the "Ordinary and Extraordinary Maintenance Plans" on which the budgets for specific actions are defined and shared, dictated by both the evolution of regulatory requirements and investment criteria.

The Company carries out periodic risk assessment of the racecourses with specific reference to the following: noise emissions, noxious smells, control of water potability, agronomic assessments, periodic checks on the state of the remaining asbestos cement coverings and their disposal plans, structural surveys by the engineer in charge, assessments by external technicians. The Company has a maintenance plan in place to ensure the facilities are always fully operational and safe. Annual reviews are conducted on all maintenance contracts signed with external contractors that work on any of the technical and supply systems (water, electricity, lighting, lifts, generators, heating, fire prevention).

This also applies to contractors involved in the mapping and assessment of the condition and safety of about 2,700 tall trees in the area, the handling and disposal of waste, the evaluation and disposal of asbestos cement roofing, cleaning, and maintenance of the machinery used for the upkeep of the sporting facilities and buildings. The Company ensures that it is fully compliant with the requirements of the relevant public bodies, in particular, those of the Ministry of Agriculture Food and Forestry, the Veterinary Section of the District Health Authority, the Municipality of Milan and the Lombardy Region. It is Company policy to take out insurance policies against any possible damage caused by the negligence of any third parties involved in any of the events and activities that take place at the Milan racecourse facility.

3.15 WASTE MANAGEMENT

Snaitech's waste management policy is geared towards a circular economy approach linked to all those activities that promote the use of recyclable materials, the reduction of waste production, its proper disposal but above all its reuse wherever possible.

This section contains a table that categorises waste according to whether it derives from typical office activity, which includes Snaitech offices and the Snai Rete Italia agency network or from the running of racecourses.

Office waste consists mainly of paper, used toner cartridges, batteries and electrical materials resulting from maintenance and disposal of electronic equipment that is replaced. The latter represent 92% of hazardous waste deriving from office activities and are handled and treated according to a specific internal procedure. The procedure "ELECTRICAL AND ELECTRONIC EQUIPMENT, FURNITURE, SUPPLIES AND MOVABLE GOODS MANAGEMENT" aims to define the methods for transferring electrical and electronic equipment, furnishings, fittings and movable goods throughout the product life cycle, as well as defining the management of the waste produced, also with a view to reducing the risks arising from non-compliance with environmental provisions. In this regard, two administrative measures were notified in 2019 for non-compliance relating to third-party events in relation to which the Company took prompt action to remedy the critical issue, which was conclusively resolved.

72% (364.94 tonnes) of the total waste produced by the

Group comes from the running of the racecourses and almost all of it is non-hazardous. Of these, an important fraction equal to 73% (264.92 tonnes) derives from the maintenance of the vegetation of the park of the racecourse areas which, through separate collection, allows for the recovery of renewable energy through the production of bio-gas, as shown in the declaration released by AMSA S.p.A. (the Milan Environmental Services Utility).

The Group's racecourse facilities produced 7,224.96 tonnes of manure in 2020. (8,798.08 tonnes in 2019). 43.00 tonnes considered as green waste (see table) are delivered to an authorised external company for storage, composting and final processing as commercial fertiliser.

The manure produced by the San Siro Racecourse, which represents the most important portion, 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 reused as fertiliser in mushroom farms according to a circular economy principle.

In general, the disposal of non-hazardous waste, which is not part of the circular economy, and of hazardous waste, which must be disposed of, is entrusted to local specialised companies, which guarantee the application of the legal regulations concerning collection from authorised third parties for storage and preliminary treatment for the purposes of recovery, including energy, regeneration or recycling by third parties.

Waste categorised by type

(GRI 306-2)*

| | UdM | 2020** | 2019 | 2018 |
|--------------------------|-----|--------|----------|----------|
| Special waste | Ton | 506.24 | 8,850.29 | 7,829.24 |
| of which hazardous waste | Ton | 66.231 | 96.46 | 127.18 |

* The 2019 and 2018 figures for waste sent for recovery included manure produced by the Milan Racecourses. The latter, by virtue of the assignment by the District Health Authority Veterinary Department of a Zootechnical Code foreseen for livestock farms, is not disposed of as waste but treated as "BYPRODUCT OF ANIMAL ORIGIN". Therefore the aforementioned manure is no longer accounted for as waste. The procedure for the same recognition of the manure produced at the Montecatini Terme racecourse facility, which is currently reported as waste sent for recycling, is underway at the relevant District Health Authority Veterinary Department.

**The figure excludes Epiqa (Rome office) and Snai Rete Italia

Waste classification

2020 (tons.)

| CER CODE | DESCRIPTION | SNAITECH OFFICES | | RACECOURSES | |
|-------------------|--|------------------|---------------|-------------|---------------|
| | | DANGEROUS | NON DANGEROUS | DANGEROUS | NON DANGEROUS |
| 160601 | Lead batteries | 4.032 | | 0.625 | |
| 200121 | fluorescent tubes and other mercury-containing waste | 0.279 | | 0.115 | |
| 160213 | Discarded equipment, containing hazardous components other than those referred to in items 160209 and 160212 | 59.820 | | | |
| 200133 | Batteries and accumulators | 0.002 | | | |
| 160602 | Components removed from discarded equipment other than those classified under 160215 | 0.034 | | | |
| 150110 | Packaging containing residues of dangerous substances | | | 0.034 | |
| 130208 | Other engine, gear and lubrication oils | | | 0.150 | |
| 150202 | Absorbents, filter materials | | | 0.012 | |
| 160107 | Oil filters | | | 0.013 | |
| 180202 | Waste that must be collected and disposed of | | | 0.267 | |
| 80111 | waste paints and varnish containing halogenated solvents | | | 0.329 | |
| 160211 | discarded equipment containing chlorofluorocarbons, HCFC, HFC | 0.505 | | | |
| 150101 | paper and cardboard packaging | | 6.680 | | |
| 200101 | Paper and cardboard | | 5.280 | | |
| 170411 | Cables, other than those classified under 170410 | | 0.770 | | |
| 160604 | Alkaline batteries (except 160603) | | 0.035 | | |
| 160214 | Discarded equipment, other than that classified under items 160209 to 160213 | | 20.597 | 0.014 | |
| 150106 | Mixed packaging | | 19.730 | | |
| 150103 | Wooden packaging | | 2.380 | | 4.820 |
| 170201 | Wood | | 0.670 | | 6.200 |
| 170904 | Construction and demolition wastes, other than those classified under items 170901, 170902 and 170903 | | 4.730 | | |
| 200307 | Bulky waste | | 15.080 | | 28.560 |
| 080318 | Waste printing toners, other than those classified under 080317 | | 0.675 | | |
| 70612 | Sludge | | | | 4.740 |
| 170107 | Mixtures of concrete, bricks, tiles | | | | 6.300 |
| 170405 | Iron and steel | | | | 4.840 |
| 20106 | Manure | | | | 43.000 |
| 200201 | Biodegradable waste | | | | 264.920 |
| TOTAL | | 64.672 | 76,627 | 1.559 | 363.380 |
| | | | 141.30 | | 364.94 |
| Total Group waste | | 506.24 | | | |

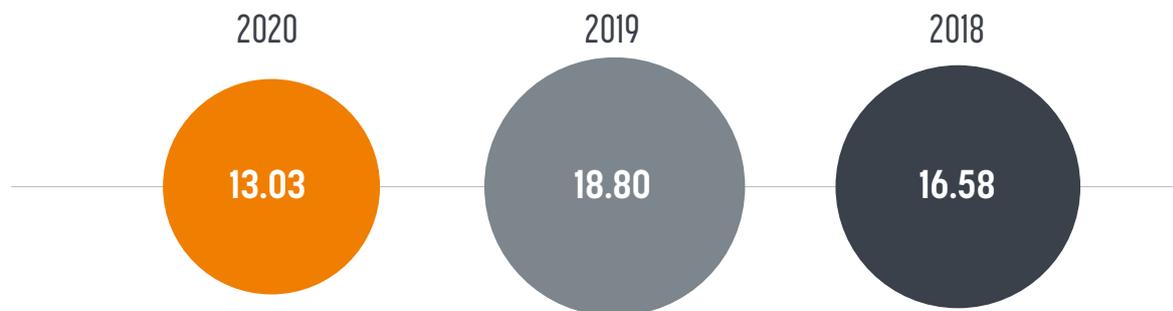
Since 2017, the Group has been engaged in the remediation of approximately 34,000 square metres of asbestos cement roofing that was present within the Milan horse racing complex. During these years, 15,000 square metres have been replaced and disposed of, 15,600 square metres belong to the properties sold by Snaitech in 2020, for the remediation of which the new owners have taken responsibility. This leaves approximately 3,400 square metres on which Snaitech's commitment continues.

- ◆ Flat Racing Training Centre Via Ippodromo no. 134, approx. 2,000 m²
- ◆ Snai La Maura Racecourse Via Montale no. 9, approx. 15 m²
- ◆ Former harness racing training centre in Via Pessano, approx. 1,400 m². At the same time, the sale of the for-

mer harness racing areas brought about a major step forward in the plan to dispose of the asbestos cement roofing in the complex, as the buyer took over the burden of disposal.

The ongoing process of dematerialisation and streamlining aimed at gradually reducing the use of paper through the creation of the document area, the integration of information and documentation that also involves relations with the sales network and suppliers, has led to a gradual reduction in consumption, which was 39.68 tonnes in 2017, when this process began. The further decrease of almost 30% recorded in 2020 compared to the previous year is also attributable to the reduction in office work and the closure of agencies following the health emergency.

Paper consumption (UoM tonnes)



3.16 ENERGY EFFICIENCY AND EMISSIONS

For its typical activities, Snaitech mainly uses software and hardware. In this context, 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. Methane, in particular, is used both for heating and for cooling areas and data processing centres.

The management of the points of sale also requires fuel for transport of the support and consulting staff.

For the first time, as of 2020, Snaitech includes in its consumption statement data relating to the Epiqa Company deriving from both the activities of the Rome office and the consumption of the telecommunications towers for the transmission of the radio signal. The main consumption of the Racecourses is electricity for lighting

the tracks and for the operation of the services offered by the Racecourse: It is subject to a reduction plan that includes the constant monitoring of 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.

Throughout 2020, the Group's electricity supplies have been concentrated with one supplier who claims to supply energy from 100% renewable sources.

Energy from district heating is supplied to the Milan racecourse facility by the A2A company on the basis of a contract in the name of Snaitech. It powers two veterinary clinics for small and large animals, which are subsequently charged on the basis of their thousandths of ownership.

Energy Consumption (UoM GJ)

(GRI 302-1)

| | 2020 | 2019 | 2018 |
|---------------------------------|------------------|------------------|------------------|
| DIRECT CONSUMPTION | 14,531.23 | 20,710.15 | 18,433.02 |
| Methane for heating | 9,423.14 | 10,698.67 | 9,216.39 |
| Diesel fuel generators | 391.70 | 424.48 | 410.44 |
| LPG for heating | 163.79 | 886.47 | 836.39 |
| Diesel for motor vehicles | 4,276.48 | 8,392.12 | 7,692.26 |
| Petrol for motor vehicles | 276.12 | 308.41 | 277.55 |
| INDIRECT CONSUMPTION | 30,101.43 | 34,423.23 | 28,614.40 |
| Electricity purchased | 29,676.19 | 34,285.49 | 27,257.67 |
| of which from renewable sources | 28,673.30 | 32,983.44 | 5,932.80 |
| District heating (renewable)* | 425.23 | 137.74 | 1,356.73 |

The reduction in the consumption of energy sources recorded in 2020 compared to the previous year is due to the limitations imposed on all company activities as well as the closure of offices, agencies and racecourses for long months during the reporting period. Snaitech remains committed to its programmes of monitoring and reducing, where possible, its consumption, but the results achieved this year are hardly distinguishable from the particular situation created by the health emergency.

The service sector in which the Group operates does not produce significant emissions. Direct emissions (Scope 1) are the direct

consequences of a relatively modest use of energy compared to industrial activity. Indirect emissions (Scope 2) are controlled through the use of a single supplier who ensures a 100% supply of electricity from renewable sources.

This criterion is applied despite an increase in the costs that the sources of renewable sources entail with respect to other options. The only consumption of electricity from non-renewable sources concern the Rome offices of the Epiqa company which is not the supply contract holder but shares a part of condominium consumption charges.

Emissions (UoM CO₂)

(GRI 305-1-2)

| | 2020 | 2019 | 2018 |
|---|---------------|-----------------|-----------------|
| DIRECT CONSUMPTION* (Scope 1) | 906.01 | 1,327.92 | 1,186.93 |
| Methane for heating | 529.87 | 598.63 | 515.51 |
| Diesel fuel generators | 30.03 | 31.23 | 30.20 |
| LPG for heating | 11.21 | 58.18 | 54.89 |
| Diesel for motor vehicles | 314.66 | 617.48 | 565.98 |
| Petrol for motor vehicles | 20.25 | 22.62 | 20.35 |
| INDIRECT CONSUMPTION** (Scope 2) | 77.45 | 111.29 | 2409.27 |
| Electricity | 77.45 | 111.29 | 2409.27 |

*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 2020.

**Source of conversion coefficients for indirect consumption into CO₂ emissions, ISPRA Report 2019.

3.17 EFFICIENT WATER MANAGEMENT

Snaitech is aware that at a global level, water is a scarce resource, subject to progressive reduction and possible fluctuations in availability, depending on seasonal weather patterns, which in turn are influenced by climate change.

Therefore, efficient water management refers to the ways in which the Group manages water consumption both in the offices and in the racecourses, with the aim of promoting correct use that prevents and avoids waste.

| Water withdrawals* (UoM mc) | 2020 | 2019 | 2018 |
|-----------------------------|----------------|----------------|----------------|
| Acquedotti municipali | 84,921 | 47,827 | 32,327 |
| Estrazione da pozzi | 324,862 | 410,898 | 454,430 |
| Altre fonti** | 5,400 | 5,400 | 5,400 |
| Totale | 415,183 | 464,125 | 492,157 |

*Water consumption does not include Snaì Rete Italia as it relates to the activities of the points of sale and is difficult to estimate.

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

In 2020, 98% of the Group's water consumption is attributable to the Milan and Montecatini racecourse complexes for a total of 406,536 cubic metres. Of these, 324,862 cubic metres, equal to 80% of the total, come from private wells whose consumption is monitored through metres installed and managed by the company Metropolitana Milanese S.p.A. while 76,274 cubic metres come from the Milan and Montecatini aqueducts. The item "other

sources" refers to the withdrawal from the Borra stream, which is used to wet the track (surfaced in sand) during the races. Water extraction from the stream is authorised by the Tuscany Regional Authority. The value of the withdrawal is estimated in cubic metres on the basis of the number of races and the amount of water transported by a tanker truck running on the track between races.

Water withdrawal classification 2020 (UoM)

| | Withdrawal | of which from drought stress areas* |
|--|----------------|-------------------------------------|
| Total Withdrawal Offices and Agencies | 8,647 | 7,733 |
| Milan + Peschiera municipal aqueduct | 914 | 0 |
| Rome, Porcari Municipal aqueducts | 5,284 | 5,284 |
| Municipal aqueducts Agencies | 2,449 | 2,449 |
| Total Withdrawal by Racecourses | 406,536 | 7,493 |
| Milan and Montecatini Municipal aqueducts | 76,274 | 2,093 |
| Extraction from wells | 324,862 | 0 |
| Other sources | 5,400 | 5,400 |

*For the identification of drought stress areas and the measurement of stress, reference was made to the interactive map 'Aqueduct Country Ranking' by the World Resources Institute, Washington <https://www.wri.org/applications/aqueduct/country-rankings/7countryHTASindicatortws>

Water discharges from office and agency buildings flow into the municipal sewage system. Most of the water withdrawn by

racecourse facilities is used to irrigate the grounds and into the soil and water table during watering.

| Water discharges (UdM mc) | 2020 | 2019 | 2018 |
|---------------------------|----------------|----------------|----------------|
| Municipal sewerage system | 247,352 | 253,276 | 259,542 |
| Irrigation | 167,831* | 210,849 | 232,615 |
| Total | 415,183 | 464,125 | 492,157 |

*It is estimated that approx. 50% of withdrawals from private wells are used for irrigation. Added to this is the withdrawal from the Borra stream for irrigation of the tracks.



4

**THE CULTURE
OF SUSTAINABILITY
AND SPORT**

4.1 THE SECTOR SCENARIO: GAMING IS GOOD FOR SPORT

Betting, understood as a prediction, a challenge, is an integral part of everyone's life. Everyone tries to predict the course of events, those who invest in the stock market, those who try to anticipate future demographic, technological or consumer trends, even those who try to guess the result of a tennis or basketball match.

The emergence of legal gambling has made it possible for anyone who wants to try and predict the outcome of a competition to enjoy a safe, controlled and risk-free betting experience. The average Snaitch customer bets around €8 per round, with a return of approximately 80%. This means that every gamer can have fun experiencing the social aggregation, experience and pleasure of making a prediction with an investment of less than €2. Not only that, in addition to protecting the gamer, the legal operators are committed to ensuring the integrity of the product and the sport. All bookmakers deploy advanced technological systems which, through the collection and monitoring of data arriving at the platforms, can identify any irregularities. Specifically, in collaboration with its technology partner Sogei SpA, the ADM has developed a real-time monitoring system of fixed-odds sports betting trends. The licensees play a crucial role in this fundamental control mechanism as they are required to help identify anomalous gaming/gambling phenomena that depart from expected and predictable outcomes. In this regard, ADM and CONI (the Italian National Olympic Committee) signed an important protocol on 8 October 2020 aimed at combating the phenomenon of match fixing. The protocol provides for the rapid transfer of information in the event of abnormal betting flows and aims to ensure fairness and transparency in the collection of bets and the resulting regularity of sporting competitions. A wonderful and important initiative, which would not have been possible without the betting data provided by the dealers, and subsequently analysed by Sogei. Therefore, it can be said that, in addition to protecting players, legal gaming is good for sport, helping to monitor the regularity of events and supporting - at least until the introduction of the Dignity Decree - sports clubs and associations.

Introduced in July 2018 and converted into law the following month, the Dignity Decree prohibited "any form of advertising, including indirect advertising, relating to games or bets with cash prizes, in any form and by any means, including sporting, cultural or artistic events, television or radio broadcasts, the daily press, publications in general, posters and the Internet". The ban was then

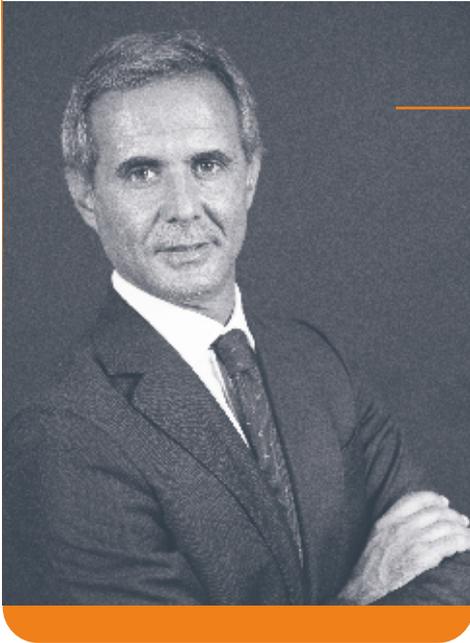
extended also to sponsorship of events, activities, shows, programmes, products or services and all other forms of communication with promotional content.

The Dignity Decree penalises the entire legal gaming chain, which is the one that actually controls and manages the market, ensuring revenue for the Treasury and protection for players. Indeed, it is difficult to imagine how customers can distinguish between illegal and legal gaming operators if the latter are denied the right to promote their brand. However, the Dignity Decree has not only had a negative impact on the legal gaming sector, but also on the entire world of sport. The Serie A alone recorded revenue losses of 100 million euros, not to mention the gap in competitiveness compared to abroad, where game advertising is allowed. For example, in the 2019/2020 season as many as 10 of the 20 Premier League teams had a legal gaming operator as their shirt sponsor, sponsorships that provided these clubs with total earnings of 80 million euros for shirt advertising alone. In Championship, the English equivalent of our Serie B, 17 of the 24 teams are sponsored by gaming operators. Moreover, the Dignity Decree does not allow for the promotion of minor sports, which typically have fewer resources and means for their dissemination. If we add to all this the loss of advertising revenue for the media sector, we arrive at a net loss of at least 250 million euros, a serious shortfall for the entire system.

While on the one hand - with the introduction of the Dignity Decree - politics has denied sport the revenues from advertising and sponsorship of gaming companies, on the other hand, it imposes new taxes on sector companies to save sports suffering difficult circumstances. This is what happened in May 2020 when, as part of the "Relaunch Decree", the "Fondo Salva Sport" (Save Sport Fund) was established, i.e. a new 0.5% tax of on bet collection from any sporting event, including virtual ones, in order to "address the economic crisis of those operating in the sports sector caused by the measures to contain and manage the COVID-19 epidemic emergency". With this decision, the legal gaming sector - which in 2020 has suffered severely due to the approximately 200-day lockdown of agencies in the territory - has contributed to supporting the world of sport, which over the years has been put in difficulty also due to the block on advertising and sponsorship introduced by the Dignity Decree.

In addition to protecting players, legal gaming is good for sport. Indeed, it helps to safeguard the integrity of sporting events.

PROTECTING THE INTEGRITY OF SPORTS



INTERVIEW WITH MARCELLO PRESILLA

Sports are an extraordinary social phenomenon that have reached unimaginable heights of popularity in recent decades, attracting billions of people worldwide. Individual and team sporting competitions are followed by an ever-increasing number of fans, who are offered a vast range of events at all times of the day and night on television and increasingly online. The sports industry is constantly growing and evolving, and gambling and betting operators are also fully involved, offering entertainment opportunities linked to the performance of athletes and teams, as well as to the outcomes of tournaments and competitions, both national and international. The entire sports movement thus feeds an important economic circuit to which the activities of thousands of companies and workers are directly and indirectly linked. The great ability of sport to ignite enthusiasm and passion, across the board, among men and women, young and old, without professional category distinctions, is based on the unpredictability of the sporting outcome and, therefore, on the integrity of the challenge! Without these elements, sport ends up losing its appeal and consequently also its economic value.

Safeguarding the fair conduct of competitions is, therefore, essential if the sports industry is to grow and prosper. Over the years, many competitions and tournaments in Italy, Europe and the rest of the world have suffered from match-fixing scandals in football, basketball, tennis, volleyball, futsal, baseball, cricket, boxing, handball, table tennis, water polo and even the most recent e-sports. This caused enormous damage in terms of loss of reputation and credibility, with highly negative financial repercussions for all the economic operators involved, including the gaming and betting licensees themselves. Match-fixing is an insidious, dynamic and global phenomenon, which benefits from the ease with which, compared to the past, it is now possible to move money through banking and non-banking circuits, establish

contacts with people in various parts of the world, and exploit the opportunities offered by increasingly globalised and interconnected international betting markets. Manipulated competitions can take place, for example, thousands of kilometres away from where bets are placed, which can make investigations extremely complex and difficult. The analysis of data and the exchange of information between public and private entities, operating at national and international level, is essential and unavoidable in order to identify possible criminal plots and schemes, which aim to exploit betting networks to achieve illegal profits. In this respect, the Italian system is an advanced model, both in terms of legislation and operations. The existence of a consolidated system of rules governing the betting market is a fundamental prerequisite for the defence of legality, strengthened by the presence of a public regulatory authority with important technical capacities for monitoring betting activities at national level. In this context, the role of the bookmakers is essential, specifically that of the national gaming and betting licensees, who are in possession of valuable data regarding the modes (single and multiple bets, use of the gaming account etc.), timing (pre-match and live betting etc.) and amount of money wagered, and often also of the identity of the bettors (at all times in online gaming and upon reaching specific thresholds in the offline segment). In addition, the implementation of anti-money laundering regulations derived from the European Union is a further element that has strengthened, for years now, the safeguards of legality, playing a valuable role in combating match-fixing. The implementation of so-called AML procedures enables betting licensees to carry out a very important filtering function and at the same time to acquire information and data useful in the investigation and monitoring activities aimed at combating sports fraud. This further marks the differences and positions with respect to those bookmakers who, on the contrary, operating outside the regulated and legal framework,

adopt commercial policies geared to maximising revenue, collecting and paying out bets without tracking the related money flows or identifying the bettors. These practices pose a real threat to sport and encourage and incentivise the activities of so-called match-fixers, at the same time making it more difficult to combat sports fraud.

This is the context where Sportradar AG plays its role. It is a multinational entity and integrity partner of the main sport confederations, federations and leagues in Italy and worldwide, which devotes a significant part of its activities to the fight against and prevention of match-fixing, through the use of excellent technological resources and professional skills gained in over 20 years of experience. In addition to monitoring and controlling the betting

markets at national and international level, it also runs educational and training activities for athletes, referees, coaches and sports managers, in the belief that knowledge and information on these issues are as important for the champions of today as they are for those of tomorrow. Raising the awareness of athletes means strengthening the capacity of sport to resist the perils and threats of corruption that undermine sporting integrity. Ethics are an integral part of sport, and respect for the rules by its players, on and off the pitch, is an essential condition for safeguarding its charm and beauty, as well as its economic value.

*Lawyer Marcello Presilla,
Sportradar AG*

4.2 SNAITECH'S VISION

Snaitech's culture and corporate identity are characterised by a deep and indissoluble bond with the world of sport. The company was founded in 1990 when S.N.A.I. - Sindacato Nazionale delle Agenzie Ippiche (National Union of Horse Racing Agencies) - established Snai Servizi S.r.l., a company responsible for managing and providing administrative and logistics services for the collection of horse racing bets by telephone. A bond that was strengthened in 1997, when the Group acquired the Milan and Montecatini racecourses, and grew even further when sports betting was launched in Italy in 1998. And it is thanks to the expertise, enthusiasm and love of sport of the professionals who work for Snaitech that the Snai brand has established itself over the years in Italy as a synonym for sports betting and passion.

Sport is also at the heart of the social commitment and solidarity culture that engages Snaitech in dialogue and collaboration with non-profit sectors, with the common goal of promoting citizens' social well-being and quality of life. The right of citizenship that Snaitech claims is based on a broader vision of enterprise that enhances the value of its role not only as a profit-making "mechanism", but as a social actor capable of promoting change. The various long-term partnership formats that Snaitech establishes with associations in the non-profit world promote change by challenging operational methods, promoting the development of new forms of expression and contrasting prejudices and stereotypes. Through its long-term collaboration with Special Olympics Italy,

Snaitech seeks to present and support sport from a different perspective, as a tool for community growth capable of breaking down stereotypes and promoting the abilities of people with intellectual disabilities.

International organisations such as the European Union and the entire UN system have already recognised the role of multi-stakeholder partnerships as instrumental in supporting vulnerable and marginalised people. The 2030 Agenda for Sustainable Development and the new European consensus on development definitively establish the need no longer for a simple dialogue between for-profit and non-profit organisations, but for an ever deeper collaboration.

In its actions, Snaitech favours partnerships with associations that are rooted at local level, that enable them to deepen their ties with the territory, that offer free services to citizens and that demonstrate high levels of efficiency assessed on the basis of their ability to reach a wide audience and to respond to the essential needs of the most vulnerable members of the population in the areas of social integration, training, health, culture and sport.

Finally, Snaitech believes that commitment to social causes is a way to export the values that distinguish the corporate culture but also a way to strengthen the pride of belonging and team spirit among employees and collaborators.

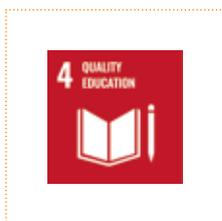


Creating value for Snaitech means much more than generating economic and financial wealth.

It means adding sustainable value over time in terms of human capital, society and the environment by listening to and responding to the concrete needs of stakeholders.

4.3 FROM VISION TO FACTS

SDGs



GOALS

Target 1.2. By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.

Target 4.4. By 2030, substantially increase the number of young people and adults who have the necessary skills, including technical and professional skills, for employment, decent work and entrepreneurship

Target 4.5. By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations

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.

Target 3.8. Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

WHAT WE HAVE DONE

The SOS-SPESA initiative with Rava Foundation: donating basic necessities to three family shelter homes in Rome, Lucca and Milan.

Care & Share provides education and assistance to poor and needy children in India. Online Solidarity Christmas Markets.

SOS SPESA with the Francesca Rava Foundation: homeschooling devices for family shelter homes. 'MIP Politecnico di Milano' - The Milan Polytechnic Business School MaBIC Executive Master: 4 scholarships.

Two commemorative scholarships dedicated to the schooling of two youngsters staying at the Francesca Rava Foundation family shelter home in Rome.

AMREF Italy: female empowerment and awareness-raising project against gender-based violence.

SOS SPESA with the Francesca Rava Foundation: protective measures for family shelter homes.

Care&Share: renovation of the Prem Nikethan building and physiotherapy room for 30 children.

Toc-Toc project with the Renato Piatti Foundation: remote-rehabilitation for 150 children.

2,500 Ffp2 facemasks for the Pope John XXIII Hospital in Bergamo.

Telethon: payroll-giving campaign.

ZeroXS project.

SDGs



GOALS

Target 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

WHAT WE HAVE DONE

Toc-Toc project with the Renato Piatti Foundation: remote-rehabilitation for 150 children.
Care&Share: Prem Nikethan building renovation project.

AMREF Italy: female empowerment.

Special Olympics Italy XXXI National Winter Games of Sappada (February 2020) and Smart Games.
Athlete registration (244 teams) and 3 Zoom Premium Licenses.

Prize "Let's Build the Future" 2020 for 27 amateur sports associations in Milan and its hinterland.



Target 11.4. Strengthen efforts to protect and safeguard the world's cultural and natural heritage

Racecourse 100th anniversary celebrations:

- ◆ Live streaming Dardust concert at the Snai San Siro Racecourse.
- ◆ Permanent exhibition "100 years of emotions". FAI autumn days.



Target 12.8. By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

Organisation of the Snaitech Sustainability week on an annual basis.

Sn4ifun: the app that spreads and rewards sporting

In October 2020 Snaitech launched Sn4ifun, the app that reaches out to the digital native generation by promoting and rewarding sports culture. The project was born from Snaitech's great passion and competence for sport and the desire to gather a community of users around this topic: people who love sport, who want to deepen their knowledge in this field and who want to be always updated on the latest sports news.

Users can find news and results in real time, statistics and trivia, but above all trivia quizzes to play individually or against friends to test their skills and try to win daily Amazon vouchers. In Sn4ifun gamification plays a central role: by reading, sharing contents, inviting and challenging friends to trivia quizzes, users collect "Ball Points" to climb the leaderboard and "Token Points" to win prizes.

A section called "ZeroXS" has also been created within the app, a space dedicated to the positive values of sport and more generally to an approach without excesses to passions and entertainment. The same approach, aimed at entertainment and sociability, stimulates millions of customers who choose to entertain themselves with Snaitech's gaming offer. Within the ZeroXS section, the most wonderful and significant virtuous stories of sport and virtuous sportsmen are told, with the awareness that storytelling applied to an influential and effective media such as sport can create an extremely powerful flywheel capable of spreading positive values like wildfire, contaminating a large number of people with them. Available free of charge on the App Store and Google Play, just a few months after its release Sn4ifun has already registered almost 15,000 downloads, achieving great success.

4.4 IZILOVE FOUNDATION

The Group engages in work aimed at creating social value through the iZilove Foundation, an independent, non-profit organisation established in 2013 and wholly owned by Snaitech. The Foundation exclusively pursues solidarity goals in the fields of social aid and charity, education and training, promotion of culture and art, scientific research and training. The iZilove Foundation benefits from an endowment fund provided by Snaitech, donations from Group companies and voluntary contributions from staff.

In 2020, the Foundation's Board of Directors resolved the adoption of a specific Organisation and Control Model pursuant to Italian Legislative Decree 231/01. The model takes into account the peculiarities of the activity performed and the internal procedure "Planning and implementation of socially useful initiatives", which aims to define the ways in which iZilove Foundation conducts its charitable and solidarity initiatives. The latter entail the identification of beneficiary entities involved in the implementation of the initiatives, the definition of a project plan and the consequent disbursement and reporting of the dedicated resources.

Description of the material topic:

"Community engagement" means the promotion of specific initiatives in the educational, social and cultural fields in support of entities present in the reference territory (associations, organisations, etc.) in which the Group operates and, in relation to racecourses, also initiatives related to tourism. The topic mainly refers to local initiatives and projects carried out through the iZilove Foundation, the Group's organisation dedicated to "good causes". **It also includes Snaitech's commitment to promoting sport and horse racing also in contexts removed from gaming/gambling.**

4.5 SOCIAL INITIATIVES IN 2020

The COVID-19 emergency inevitably led to a reorganisation of the initiatives from a logistics perspective and many of the annual events normally attended in person were converted into remote venues. Despite the impediments, during the reporting period, the Foundation made contributions in support of **the associations for a total of €159,335.74** for the initiatives that are described below, according to scope. In addition to its financial contribution, the Group has always sought to support non-profit organisations across the board, involving internal resources to help implement initiatives. Building a true culture of corporate sustainability requires the heartfelt engagement of internal staff. This is why Snaitech is committed to inspiring enthusiasm and a sense of responsibility for the projects every year, thus promoting awareness of sustainability themes within the Company. All Snaitech employees contribute to giving value, day after day, to the activities carried out in favour of the community.

THE COVID-19 EMERGENCY

Historically, iZilove Foundation has been building lasting partnerships with the non-profit organisations concerned, committing itself to CSR projects in a long-term perspective; however, during the first dramatic months of the health emergency in Italy, when it was very difficult to find personal protective equipment, the Foundation intervened by purchasing **2,500 FFP2 masks for the ASST Pope John XXIII in Bergamo**, one of the cities most affected by the COVID-19 emergency.

Alongside the **Francesca Rava Foundation**, a non-profit organisation set up in 2000 with the mission of helping children in difficult circumstances in Italy and around the world, during the health emergency, iZilove Foundation participated in the **SOS-SPESA local outreach initiative**, donating basic necessities, protective equipment and homeschooling devices to the three family shelter homes in Milan, Rome and Lucca (locations of the three Snaitech offices), reaching a total of 81 minors, their educators and more than 50 families.

SPORT AS A VEHICLE FOR INCLUSION

La The collaboration between the iZilove Foundation and Special Olympics, now in its fourth consecutive year, was created to increase public awareness of intellectual disabilities by sharing the values of sport, seen as a means of aggregation, social recognition and growth.

In February 2020, the Foundation supported **Special Olympics for the XXXI National Winter Games in Sappada**, which involved 480 athletes and 123 volunteers.

To make up for the postponement of the Varese National Summer Games, an event that had been in the pipeline for several years and was due to take place in June, the **"Smart Games"** were devised, competitions and remote training programmes based on exercises that could be performed at home. From 10 to 31 May, 5,000 athletes competed in 18 different sports, with specific exercises adapted by the national technical staff of the respective discipline and made available on a YouTube playlist. In addition, Special Olympics created a platform with home tutorials and entertainment videos for athletes prior to the start

of the event. Snaitech employees also gave their contribution, making a number of videos, each according to their interests and abilities.

The Smart Games once again demonstrated the incredible determination and spirit of vitality of the Special Olympics athletes, an example of great inspiration in the emergency situation that the country was experiencing. The event was very successful: the digitisation of the event made it possible to reach a very large audience and the opening ceremony achieved 30,000 web views. As always, there was widespread support from Snaitech employees, who cheered the athletes on social media using the ha-shtags #smartfan and #smartgames2020. Finally, the iZilove Foundation covered the costs of the Athletes' membership for the 20-21 sporting season (244 affiliated teams) and donated 3 Zoom Premium licences to host the digital events.

For the third consecutive year, Snaitech has supported the **"Building the Future Award"**, an initiative aimed at concretely supporting amateur sports associations in Milan and its hinterland that involve children and young people, to educate them through the value of sport. The Award consists of a cash contribution - to cover ordinary or extraordinary expenses and to develop projects - or the provision of sports equipment. In 2020, the iZilove Foundation again supported the project, which awarded prizes to 27 sports associations, reaching approximately 1,500 people. This year more than ever, offering a tangible contribution to amateur sports associations has meant allowing them to survive, given the difficulties and unforeseen expenses they had to face due to the health emergency. In fact, numerous registrations have been received for the 2020 Call.

RIGHTS OF THE CHILD

For many years, the iZilove Foundation has been involved in projects dedicated to safeguarding the fundamental rights of children and young people in collaboration with **Care&Share Italia**, a non-governmental organisation that has been working for 30 years in India to support vulnerable and marginalised children.

In 2020, the iZilove Foundation supported the renovation of **"Prem Nikethan", "the house of brotherly love"**, in southern India. The centre deals with the rehabilitation of 30 minors with psycho-physical difficulties, mostly orphans, thus saving them from abandonment. Snaitech's support took the form of two actions: the reconstruction of the building's outer walls, which had been damaged by heavy flooding, and the renovation of the physiotherapy room, which was secured and fitted with the necessary equipment to administer the therapies.

In 2020, the iZilove Foundation supported **"Toc Toc"**, a project of the **Renato Piatti Foundation**, which has been taking care of children and youngsters affected with autism in the centres of Milan, Varese and Besozzo. "Toc toc" is a remote rehabilitation project that has enabled 150 children to receive treatment despite the closure of the centres and the suspension of services imposed by the lockdown. At a time when children with autism were particularly vulnerable due to forced isolation at

home, the project also provided key support for parents, who were able to benefit from specific Parent Training. Snaitech's donation contributed to the coverage of the material necessary for remote rehabilitation such as laptops, tablets and dedicated applications.

WOMEN EMPOWERMENT

During 2020, Snaitech strengthened its commitment to Gender Equality, activating new Women's Empowerment projects, such as the initiative in partnership with **Amref Italia** aimed at the African community living in Milan for the prevention and contrast of gender-based violence in the form of female genital mutilation (FGM). Sadly, this is a widespread phenomenon (according to Unicef, around 200 million women are victims of the practice, 44 million of whom are children up to the age of 14), which is often mistakenly considered to irrelevant to our immediate context. For years, Amref has been promoting preventive work on the subject, aiming to train operators, carry out awareness-raising campaigns for the community and develop a model based on inter-sectoral and intercontinental collaboration. The Amref project is dedicated to about 350 people from Milan's migrant communities, who will be involved in awareness-raising and empowerment activities involving doctors, health workers, gynaecologists, mediators, law enforcement officers, legal workers, reception centre operators and teachers. Due to the health emergency and the nature of the project itself, some of the planned activities have been postponed until after 2020.

EDUCATION AND TRAINING

iZilove Foundation has activated a partnership with **MIP Politecnico di Milano** on the occasion of the second edition of the **MaBIC Master** (Management dei Beni e delle Istituzioni Culturali), confirming for 2020/21 a supportive relationship going back to the two-year period 2018/2019. Four deserving candidates will be assured of places in study courses aimed at training high-profile professionals in the field of Cultural Heritage. The beneficiaries of the initiative were selected from cultural bodies

established close to Snaitech's head offices: "Triennale Milano", "Fondazione MAXXI Museo nazionale delle arti del XXI secolo" and "Promo PA" which organises the Lubec cultural event in Lucca. Finally, in collaboration with the **Francesca Rava Foundation**, the Foundation is committed to providing **memorial scholarships** commemorating deceased colleagues. During the year, two scholarships were granted for the individual schooling of two children at the "Casa Famiglia" family shelter home in Rome.

OTHER CSR INITIATIVES

Telethon Foundation. In 2020 Snaitech continued the payroll-giving campaign in favour of the Telethon Foundation, which had been activated in 2019, to support research in the field of rare genetic diseases. Employees were given the possibility of voluntarily donating their working hours through 'payroll-giving', which enables them to donate as little as one hour of their salary to charity through a pay-slip deduction.

MERCATINI SOLIDALI DI NATALE

Snaitech's annual internal initiative is an opportunity for all employees to make a concrete contribution, through the purchase of gifts, to the projects carried out by the **Piatti Foundation**, the **Francesca Rava Foundation** and, as of 2020, also **Special Olympics Italy**. Usually organised inside Snaitech's headquarters, this year the markets have been converted to digital, through three e-commerce platforms that Snaitech promoted on its internal and social channels.

4.6 THE SNAITECH SUSTAINABILITY WEEK

The annual Snaitech **Sustainability Week** took place from 5 to 9 October 2020 to engage internal and external stakeholders on CSR issues and convey knowledge and information on the Group's social and environmental performance. The organisation of the event had to forego the road show with stops in the three locations of Rome, Milan and Porcari, as was the case in the previous year, and instead exploited remote venue connectivity technology.

The key moments of Snaitech Sustainability Week were: the **Zoom Panel "A five-year journey"** on 6 October, during which the 2019 Sustainability Report was presented. The digital event, which united all of the Group's offices overcoming distances and

kilometres, was moderated by Roberto Iotti, from Il Sole 24 Ore, and included speeches by CEO Fabio Schiavolin and a number of guests involved in the five macro-projects developed in the document, including Filippo Del Corno, Councillor for Culture at the Municipality of Milan.

Three **Instagram Talks entitled "Commitment to social issues"**, during which CEO Fabio Schiavolin met three testimonials from non-profit organisations with which iZilove Foundation collaborates on solidarity projects. The representatives of AMREF Health Africa in Italy, Special Olympics Italy and the Renato Piatti Onlus Foundation participated.

4.7 ENHANCING THE VALUE OF RACECOURSE ASSETS



“I am very pleased with the approach taken by the owners, who have not only focused on the sporting aspect, but through events, concerts and cultural manifestations have enabled many citizens to get to know and appreciate the charm of this place”

Filippo del Corno, Councilor for Culture of the Municipality of Milan



The 2020 season at Milan's Snai San Siro Racecourse was inevitably affected by the pandemic that, from March onwards, changed the way of life of horse racing lovers, sector workers and Milan visitors to the facility because almost all the planned events and concerts had to be cancelled. Despite the difficult times, Snaitech nevertheless chose to celebrate **the 100th anniversary of the Snai San Siro Racecourse**, one of the most prestigious international horse racing venues and the only racecourse in the world to have been declared a monument of national interest.

For this important anniversary, Snaitech promoted the “100 years of emotions” project through various initiatives of interest to the public: the Dardust **concert** with piano and string quintet, the permanent exhibition “100 years of emotions” and the FAI Autumn Days 2020.

On 16 October, Snaitech offered everyone the opportunity to watch the concert by internationally renowned Italian pianist Dardust, live on Facebook.

The concert took place under the shadow of Leonardo's Horse, the largest equestrian statue in the world, in a very choreographic setting of light and music. The show reached 1.235 million web views in just a few days.

In addition to this event, the **permanent exhibition “100 years of emotions”** was staged, sponsored by the City of Milan and accessible free of charge. The exhibition, curated by Professor Stefano della Torre, professor of restoration at the Politecnico di Milano, illustrates the historical and architectural evolution of this unique place through period prints, photographs and texts.

Finally, for the third year running, Milan's Snai San Siro racecourse was chosen as one of the thousands of sites open for visits during the **“FAI Autumn Days”**. For the first time, visitors admired the 13 magnificent Design Horses of the Leonardo Horse Project, scale reproductions of Leonardo's Horse personally interpreted by internationally renowned artists. The weekend of 17 and 18 October saw the participation of over 2,000 visitors thanks to the volunteer guides of the Fondo Ambiente Italiano. The artistic and cultural value enhancement of the racecourse

100 Years of emotions Snai San Siro Racecourse:

“The Snai San Siro Racecourse is not only a temple of horseracing, it is a unique place where sport, art, culture, customs and nature come together to create an extraordinary combination. And it is precisely to make the history of this extraordinary facility known to everyone that, in the hundredth year since its inauguration, we have created the exhibition ‘100 years of emotions’. This is another step in the value enhancement of the Racecourse that we started five years ago and which has led us to increase visitors from 95,000 in 2015 to almost 270,000 in 2019”.

Fabio Schiavolin,
Snaitech CEO

accompanied a track season experienced with enthusiasm and passion by flat and obstacle racing lovers, and which culminated in the **Italian Oaks** on 5 July.

At the end of 2020 and the hundredth anniversary of the Snai San Siro Racecourse, Snaitech also made a video that summarises and recounts, in just a few minutes, the entire history of this marvellous racecourse that looks forward, for the next hundred years, to further ambitious goals.

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

The Snaitech Group 2020 Sustainability Report refers to the period between 1 January and 31 December 2020. The document represents the fifth year of non-financial reporting carried out by Snaitech, after the Citizenship Report published in 2016 and the 2017 Consolidated Non-Financial Declaration pursuant to Italian Legislative Decree no. 254/2016 and the 2018 and 2019 Sustainability Reports.

Since 2018, the Group is no longer required to comply with Italian Legislative Decree 254/2016, to which it had been subject as a large public interest entity. In fact, following the acquisition of the total share capital of Snaitech by Playtech - a market leader in casino software and international gambling - Borsa Italiana S.p.A. delisted Snaitech S.p.A. ordinary shares 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 2020 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.

Topic materiality analysis (GRI 102-44; 102-46; 102-47)

The materiality analysis was updated in preparation for this edition of the Sustainability Report to verify that the topics identified in the previous matrix were still in line with the new scenario and to check their priorities. The analytical process, survey results and the new matrix are extensively reported in the chapter "Sustainability and corporate citizenship" under "Materiality".

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

The 2020 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 aid, 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 2020 and the two-year period 2019 - 2018, presented in the

previous reports. All exceptions and possible scope variations are given in notes below the tables or within the text.

Data processing procedure and methods

The Working Group set up by the Parent Company to prepare the 2020 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 updating the materiality analysis (the process is explained in more detail in the chapter "Sustainability and Corporate Citizenship" in the "Materiality" section), as well as in collecting the data and subsequently drafting and revising the textual portions of the document.

Explanatory note determining the direct, indirect and induced contribution of Snaitech's activity on the national economy

The documentary sources, the starting assumptions and the calculation criteria adopted are reported here.

The calculated impacts are related to the added value generated and full-time equivalent jobs (FTE).

- ◆ With regard to direct impacts, the following data are reported in the Sustainability Report for the year 2020: added value generated, total workforce as at 31 December, investments made during the year (increases in tangible and intangible assets).
- ◆ With regard to indirect impacts, estimates of the impact on employment and the generation of added value from Snaitech's supply chain are reported. Indirect effects are estimated on the basis of Snaitech's relative weight in the sector, adopting the parameters published in the Acadi Report (2019) for employment and added value. The same ratio between the direct and indirect added value of the sector has been applied to Snaitech.
- ◆ With regard to induced impacts, reference is made to the added value and hours worked in the other sectors influenced by the activities of Snaitech and the companies in the supply chain. The estimate of induced consumption is based on the pro-rata application of the effect calculated on the entire gaming sector by Acadi (2019) assuming that Snaitech does not deviate from the sector average.
- ◆ Induced effects on employment are estimated using input-output tables from the national accounts³⁴ (Istat 2020) which include all interactions between production sectors, thus combining both indirect and induced effects. The estimate of the latter was therefore calculated by subtracting the former from the total.

³⁴ On 5 February 2020 Istat published the Input-Output tables of the Italian economy updated to 2016. The estimates therefore combine the company parameters of 2020 with the tables of 2016.

| CHAPT. AND INDICATOR/DESCRIPTION OF INDICATORS | PAGE | CHAPTER | NOTES |
|--|---|-----------------|--|
| GRI 102 GENERAL DISCLOSURE (2016) | | | |
| Organisational profile | | | |
| 102-1 | Name of the organisation | page 9 | Corporate structure |
| 102-2 | Activities, brands, products and services | page 16 | The Group's activities |
| 102-3 | Registered Office | page 8 | Corporate structure |
| 102-4 | Operational headquarter(s) | page 11 | Our territorial presence |
| 102-5 | Company structure and legal form | page 9 | Corporate structure |
| 102-6 | Markets served | page 16 | The Group's activities |
| 102-7 | Size of the organisation | page 8 | Group profile |
| 102-8 | Data on employees and other workers | page 85 | Employee statistical profile |
| 102-9 | Supply chain | page 73 | Suppliers |
| 102-10 | Significant changes in the organisation and its supply chain | page 9 | |
| During the period considered, there were no significant changes in the supply chain. | | | |
| 102-11 | Precautionary principle or approach | page 47 | Snaitech's vision |
| 102-12 | External initiatives | Page 116 | The culture of sustainability and sport |
| 102-13 | Participation in associations | page 32 | Relations with stakeholders |
| Strategy | | | |
| 102-14 | Statement by the senior decision maker (Letter from the CEO) | page 5 | Letter to the stakeholders |
| Ethics and integrity | | | |
| 102-16 | Values, principles, standards, and codes of conduct | page 9 | Identity and values |
| Governance | | | |
| 102-18 | The corporate governance structure | page 13 | Governance |
| Stakeholder Engagement | | | |
| 102-40 | List of stakeholder groups | page 33 | The map of stakeholders |
| 102-41 | Collective bargaining | page 93-94 | Contractual Institutions, Employee benefit plans |
| 102-42 | Identification and selection of stakeholders | page 32 | Relations with stakeholders |
| 102-43 | Stakeholder engagement methods | page 34 | Information and involvement tools |
| 102-44 | Main topics and issues raised | page 35 | Materiality |
| Reporting procedures | | | |
| 102-45 | Items included in the consolidated financial statements | page 9 - 120 | The corporate structure, Methodological note |
| 102-46 | Definition of the contents of the report and the subject matter | page 35 | Materiality |
| 102-47 | List of relevant topics | page 35 | Materiality |
| 102-48 | Repetition of information | page 120 | Methodological note |
| 102-49 | Changes in reporting | page 120 | Methodological note |
| 102-50 | Reporting period | page 120 | Methodological note |
| 102-51 | Date of the most recent report | page 120 | Methodological note |
| 102-52 | Reporting cycle | page 120 | Methodological note |
| 102-53 | Contact for questions related to the report | | |
| For further information ufficio.stampa@snaitech.it | | | |
| 102-54 | Reporting statement in accordance with GRI standards | page 120 | Methodological note |
| 102-55 | Content index of GRI standards | page 122 | Content index |
| 102-56 | External audit | | |
| This document has not been subjected to external verification. | | | |
| SPECIFIC DISCLOSURE (2016) | | | |
| Material topic: Economic value produced | | | |
| Impact perimeter: external (Shareholders and lenders, Distribution and operators in the sector, Suppliers, Communities, Regulatory Bodies and Institutions); internal (Group, Employees) | | | |
| GRI 103: Management approach | | | |
| 103-1 | Explanation of the relevant topic and related Scope | page 63 et seq. | A valuable part of the country system |

| CHAPT. AND INDICATOR/DESCRIPTION OF INDICATORS | PAGE | CHAPTER | NOTES |
|---|--|-----------------|--|
| 103-2 | Management approach and related components | page 67 | Snaitech's vision |
| 103-3 | Assessment of the management approach | page 67 et seq. | From vision to facts, The added value generated and distributed, The direct, indirect and induced contribution, The support for the entrepreneurial growth of the sector, The suppliers |
| GRI 201: Economic performance | | | |
| 201-1 | Value added produced and distributed | page 67 | Added value |
| MATERIAL TOPIC: Regulatory compliance and counteracting illegal activities | | | |
| Impact perimeter: external (shareholders and lenders, Distribution and sector operators, 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 | page 43 et seq. | The regulated market |
| 103-2 | Management approach and related components | page 47 | Snaitech's vision |
| 103-3 | Assessment of the management approach | page 53-55 | The audit plan, Anti-corruption, Anti-money laundering |
| GRI 205: Anti-corruption | | | |
| 205-10 | Operations assessed for risks related to corruption | page 53 | Anti-corruption |
| 205-2 | Information and training on anti-corruption and procedures | page 53 | Anti-corruption |
| 205-3 | Confirmed corruption events and actions taken | page 53 | Anti-corruption |
| GRI 419: Socio-economic compliance | | | |
| 419-1 | Failure to comply with laws and regulations in the social and economic sphere | | In 2020, there were no cases of non-compliance in this area |
| GRI 307: Environmental compliance | | | |
| 307-1 | Failure to comply with environmental laws and regulations | | Two administrative measures were notified in 2019 for non-compliance relating to third-party events in relation to which the Company took prompt action to remedy the critical issue, which was conclusively resolved during 2020. |
| Material topic: Enhancement of staff asset value and development of skills | | | |
| Impact perimeter: external (shareholders and lenders, Distribution and sector operators, 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 | page 75 et seq. | The care of people and the environment |
| 103-2 | Management approach and related components | page 77 | Snaitech's vision |
| 103-3 | Assessment of the management approach | page 78 et seq. | From vision to facts, The added value generated and distributed, The direct, indirect and induced contribution, The support for the entrepreneurial growth of the sector, The suppliers |
| GRI 401: Employment | | | |
| 401-1 | New recruitment and staff turnover | page 87 | Turnover |
| GRI 404: Training and education | | | |
| 404-1 | Average annual training hours per employee | Page 95 | 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 | page 91 et seq. | Diversity, equal opportunities and inclusion |
| 103-2 | Management approach and related components | page 91 et seq. | Diversity, equal opportunities and inclusion |
| 103-3 | Assessment of the management approach | page 91 et seq. | Diversity, equal opportunities and inclusion |
| GRI 401: Employment | | | |
| 404-2 | Benefits granted to full-time employees but not to part-time or fixed-term employees | page 94 | The corporate employee benefit structure |

| CHAPT. AND INDICATOR/DESCRIPTION OF INDICATORS | PAGE | CHAPTER | NOTES |
|--|--|------------------|---|
| GRI 405: Diversity and equal opportunity | | | |
| 405-1 | Diversity in relation to corporate governance bodies and employees | page 13- 91 | Governance, Diversity, equal opportunities and inclusion |
| 405-2 | Ratio of the basic salary and women's pay compared to that of men | page 91 e segg. | Diversity, equal opportunities and inclusion |
| GRI 406: Principle of non-discrimination | | | |
| 406-1 | Cases of discrimination and action taken | page 91 et seq. | Diversity, equal opportunities and inclusion |
| Material topic: Occupational Health and Safety | | | |
| 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 | page 98 | Occupational Health and Safety |
| 103-2 | Management approach and related components | page 98 | Occupational Health and Safety |
| 103-3 | Assessment of the management approach | page 98 | Occupational Health and Safety |
| GRI 403: Occupational Health and Safety | | | |
| 403-2 | Types and rates of accidents, occupational diseases, severity of accidents and absenteeism and number of fatal accidents at work | page 98 | Occupational Health and Safety |
| Material topic: Community engagement | | | |
| Impact perimeter: external (Gamer, Media, Communities, Regulatory Bodies and Institutions); internal (Group, Employees) | | | |
| GRI 103: Management approach | | | |
| 103-1 | Explanation of the relevant topic and related scope | page 109 et seq. | The culture of sustainability and sport |
| 103-2 | Management approach and related components | page 109 et seq. | The culture of sustainability and sport |
| 103-3 | Assessment of the management approach | page 109 et seq. | The culture of sustainability and sport |
| GRI 413: Comunità locali | | | |
| 413-1 | Operations with the participation of local communities, impact assessments and development programmes | page 109 e segg. | The culture of sustainability and sport |
| Material topic: Consumer 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 | page 56 et seq. | Consumer protection |
| 103-2 | Management approach and related components | page 56 et seq. | Consumer protection |
| 103-3 | Assessment of the management approach | page 56 et seq. | Consumer protection |
| GRI 416: Customer Health and Safety | | | |
| 416-1 | Assessment of the Health and safety effects of various products and services | page 56 e segg. | Consumer protection |
| Material topic: Promotion of responsible gaming/gambling | | | |
| Impact perimeter: external (Shareholders and lenders, GamerGamers, Distribution 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 | page 59 | Promotion of responsible gaming/gambling |
| 103-2 | Management approach and related components | page 59 | Promotion of responsible gaming/gambling |
| 103-3 | Assessment of the management approach | page 59 | Promotion of responsible gaming/gambling |
| GRI 417: Commercializzazione e marcatura | | | |
| 417-1 | Information marking requirements for products and services | page 59 | Promotion of responsible gaming/gambling |
| 417-2 | Cases of non-compliance regarding information about and the marking of products and services | | In 2020, there were no cases of non-compliance in this area |
| 417-3 | Non-compliance incidents in commercial communications | | In 2020, there were no cases of non-compliance in this area |

| CHAPT. AND INDICATOR/DESCRIPTION OF INDICATORS | PAGE | CHAPTER | NOTES |
|--|--|-------------------------------|---|
| Material topic: Data security and protecting gamers' privacy | | | |
| Impact perimeter: external (Gamer, 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 | page 56 | Data security and consumer privacy protection |
| 103-2 | Management approach and related components | page 56 | Data security and consumer privacy protection |
| 103-3 | Assessment of the management approach | page 56 | Data security and consumer privacy protection |
| GRI 418: Customer confidentiality | | | |
| 418-1 | Complaints relating to violations of privacy and the loss of customer data | page 56 | Data security and consumer privacy protection |
| Material topic: Responsible point of sale management | | | |
| Impact perimeter: external (Shareholders and lenders, Gamer, 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 | page 60 | Responsible point of sale management |
| 103-2 | Management approach and related components | page 60 | Responsible point of sale management |
| 103-3 | Assessment of the management approach | page 60 page 61 page 83 | Responsible point of sale management, Auditing at points of sale Support for the sales network |
| Material topic: Technological innovation and R&D | | | |
| Impact perimeter: external (Shareholders and lenders, Gamer, 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 | page 57 | Technological innovation, research and development, Reliability of game management systems and transaction security |
| 103-2 | Management approach and related components | page 57 | Technological innovation, research and development, Reliability of game management systems and transaction security |
| 103-3 | Assessment of the management approach | page 57 | Technological innovation, research and development, Reliability of game management systems and transaction security |
| <i>At the moment there are no tools for assessing the performance of the management approach to the issue.</i> | | | |
| Material topic: Responsible supply chain management | | | |
| Impact perimeter: external (Shareholders and lenders, Distribution and operators in the sector, Communities, Regulatory bodies and Institutions); internal (Group, Employees) | | | |
| GRI 103: Management approach | | | |
| 103-1 | Explanation of the relevant topic and related scope | page 73 | Suppliers |
| 103-2 | Management approach and related components | page 73 | Suppliers |
| 103-3 | Assessment of the management approach | page 73 | Suppliers |
| 412-1 | Actions that have been subject to checks on respect for human rights or impact assessments | page 73 | Suppliers |

| CHAPT. AND INDICATOR/DESCRIPTION OF INDICATORS | PAGE | CHAPTER | NOTES |
|--|---|------------------|---------------------------------|
| Environmental protection | | | |
| Scope of impacts: external (Shareholders and lenders, Suppliers, Communities, Regulatory Bodies and Institutions); internal (Group, Employees) | | | |
| GRI 103: Management approach | | | |
| 103-1 | Explanation of the relevant topic and related scope | page 101 et seq. | Environmental protection |
| 103-2 | Management approach and related components | page 101 et seq. | Environmental protection |
| 103-3 | Assessment of the management approach | page 101 et seq. | Environmental protection |
| Material topic: Energy efficiency and emissions | | | |
| GRI 302: Energy | | | |
| 302-1 | Energy consumption within the organization | page 105-106 | Energy efficiency and emissions |
| GRI 305: Emissions | | | |
| 305-1 | Direct GHG emissions (Scope 1) | page 105-106 | Energy efficiency and emissions |
| 305-2 | Indirect GHG emissions (Scope 2) | page 105-106 | Energy efficiency and emissions |
| Material topic: Efficient water management | | | |
| GRI 303: Water and waste water (2018) | | | |
| 303-3 | Water withdrawals | page 107 | Efficient water management |
| 306-1 | Water discharges broken down by water quality and destination | page 107 | Efficient water management |
| Material topic: Protection and value enhancement of natural resources | | | |
| GRI 304: Biodiversity | | | |
| 304-3 | Protected or restored habitats | Page 102 | Racecourses and the environment |
| Material topic: Responsible waste management | | | |
| GRI 306: Waste | | | |
| 306-2 | Waste categorised by type and disposal method | Page 104 | Waste categorised by type |

Concept, editorial coordination, and editing

Snaitech Business Development & Communications

Graphic design and layout

Infolab Agency

Printed by

Multimedia Publishing by ALMACA S.r.l.



Snaitech S.p.A. in short Snai S.p.A. with Sole Shareholder

Registered office (GRI 102-3)

Milan
Piazza della Repubblica, 32

Other offices (GRI 102-4)

Milan
Viale Federico Caprilli, 30

Porcari (LU)
Via Luigi Baccherini, 39

Rome
Via Goito 58A

Share capital: €97,982,245.40 (fully paid up)
Tax Code: 00754850154
VAT No.: 01729640464

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