



**2021 SUSTAINABILITY
REPORT**
SNAITECH GROUP

SNAITECH

Snaitech Group
2021 Sustainability Report

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LETTER TO STAKEHOLDER

2021 was a very positive year for Snaitech, albeit not a simple one. Points of sale for legal gaming remained closed for the entire first half of the year following the containment measures introduced to tackle the Covid-19 epidemic. Despite these obstacles, we were nevertheless able to express our full value.

The work done in recent years to strengthen our digital infrastructure paid off: online GGR grew by 44.3% compared to 2020 and 131% compared to 2019, while active gaming¹ accounts¹ exceeded 600,000 for the first time. The extraordinary growth online - coupled with the network's excellent performance at the time of reopening - supported the growth of EBITDA and profits, which reached unprecedented levels even in such a difficult time.

An important milestone, the best in our history, which is the result of the commitment and hard work of our fantastic team.

It was also a significant year from a sporting point of view.

Our subsidiary Epiqa was awarded the MIPAAF (Ministry of Agricultural Food and Forestry Policies) contract to broadcast the television signal for racing on Italian and foreign racecourses for the next six years. For the first time, the world of horse racing will have a dedicated channel on digital terrestrial and will be presented in an innovative and engaging way, with the aim of attracting a new, cross-segment audience.

The first edition of the Milan San Siro Jumping Cup was also held. This event, which we conceived with the strong desire to bring great international horse riding to Milan, 'jumps' category in the 2022 edition from three to four stars. It was so successful that the Fédération Equestre Internationale awarded Italy the 2023 European Show Jumping Championships, which will take place at the Snai San Siro Racecourse in Milan.

¹ Gaming accounts that have purchased at least one ticket on any type of product offered during the calendar year.

Finally, we announced the project to renovate and expand our Milan sports facility. This will become the most modern and complete centre dedicated to equestrian sports in Italy, where standard racing, harness racing and equestrianism will coexist.

These projects represent our commitment not only in the daily management of the racecourses, but also and above all to protect, promote and develop horse racing and equestrian sports more generally.

During 2021, we continued our path of social responsibility.

As well as continuing collaborations with non-profit organisations we have supported for many years, we supported the All4Climate Italy initiative and hosted Music4Climate at the Snai San Siro Racecourse in Milan, a zero-emission concert to combat climate change.

Furthermore, on the subject of environmental protection, we also expanded our reporting scope by committing ourselves to measuring Scope 3: indirect emissions generated by the entire value chain. Thanks to this system we can measure our climate footprint more accurately, in order to monitor and implement new initiatives to reduce our impact.

With our iZilove Foundation we launched Share 4 Good, an innovative project aimed at involving employees and giving them all a central role in Snaitech's path of Corporate Social Responsibility. It is important to mention this initiative because it is representative of our commitment to developing a culture of shared social responsibility, increasingly rooted and actively involving all employees in the path the company has embarked on.

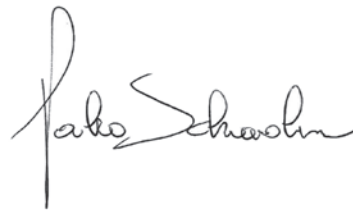
It is hard to convey, in just a few lines, the intensity of the work we do together every day to strengthen and develop our path of Corporate Social Responsibility. For this reason, I invite you to read our 2021 Sustainability Report. As you will read, this year we have chosen to structure it in four chapters that reflect the four drivers supporting Snaitech's identity and set of values.

The first refers to enhancing the regulated market, which acts as a barrier to illegality and ensures consumer protection, compliance with the rules, and resources for the tax authorities. The second chapter is dedicated to innovation, one of the main development drivers on which the company bases its leadership. The third, meanwhile, is dedicated to sustainability, with a focus on the operating methods we use to pursue goals of social responsibility, in particular towards the community and the environment. The fourth and most important is people, our real strength.

It is thanks to the professionalism, motivation, commitment and cohesion of our team that, year after year, we can achieve increasingly ambitious goals and overcome the most challenging obstacles. Together, as always.

Enjoy reading,

Fabio Schiavolin
CEO of Snaitech



GROUP
PROFILE |

HIGHLIGHTS

ECONOMIC-FINANCIAL PERFORMANCE (€M)

Revenues	585,2
Consolidated shareholders' equity	369,5
EBITDA	182,8
Added value produced and distributed	792,0

SALES NETWORK AND CONCESSION RIGHTS

Physical network of gaming/betting points*	2.036
Points of sale with direct gaming concession	1.560
Snaitech shops	700
Snaitech in-store outlets	860
Snaipay points	7.000
AWP operational licences	37.683
VLT rights	10.590

SOCIAL PERFORMANCE

Number of direct employees	899
Female employee percentage	48%
Training hours provided	17.740
Personnel costs	55,1
Income taxes, concession taxes and fees	615,3
Local taxes and duties	1,3
Support for social, sporting and cultural initiatives through the iZilove Foundation	0,2

IDENTITY AND VALUES

[GRI 405-1]

“Every day we work to ensure that our customers see us as a solid and responsible company, seeing our gaming products and services as the best possible choice on the market in terms of fun, safety and technological innovation.” (Introduction to the Code of Ethics)

The Snaitech Group is one of the most important concessionaires for the management of licensed gaming in Italy, using omnichannel technology to provide its customers with a wide range of fun and safe gaming and entertainment experiences.

The technological offering, combined with unparalleled know-how in new product development backed by continuous investment in research, is one of Snaitech’s major success factors. Its aptitude for change has allowed the Group to adapt and overcome the difficulties imposed by the health emergency of the last two years, using all the human and technological resources that mark it out.

In its current structure, the Group is the result of extraordinary merger and equity investment operations that have produced key synergies, thanks to complementary skill sets, and improved its economic and financial performance over the years.

Snaitech bases its business decisions on shared ethical and value principles that define its identity and refer directly to the broader concept of corporate social responsibility, which Snaitech identifies with and firmly believes in. The core principles and values of its corporate identity represent solid roots for collaborating with the regulator in combating illegal gaming and protecting consumers.

The Code of Ethics summarises the set of these primary ethical principles and values that enable the Group not only to work ethically and sustainably, but also to create a positive and inclusive working environment that allows everyone to express their potential.

THE SYSTEM OF PRINCIPLES



VALUES

RESPONSIBILITY

in respecting the rules and setting goals that create value for the community

INNOVATION

to provide greater protection and continuously improved services

PARTICIPATION

as an attitude to give your best and to create a positive and constructive environment

VISION AND MISSION

The values and principles listed in the previous paragraph are embodied in the Vision. This defines what Snaitech wants to be and to achieve in the mission, which focuses on how the Group intends to achieve this ambition, using which tools and actions.

VISION

Snaitech's vision, in pursuing ever-challenging business goals, is to establish itself among all stakeholders as responsible and actively supportive leaders. Snaitech invests in technological innovation so as to be a growing source of secure and positive interaction for all stakeholders. Snaitech works to make the company's responsibility the responsibility of each member of its community.

MISSION

Having operated for years in the legal gaming sector, Snaitech's mission is to make high-performance and technologically advanced gaming and betting products and services available to the public, while investing in research and development of increasingly better and more innovative consumer experiences. Snaitech aims to meet the highest standards of safety and legality. In this sense, it believes that it can help players to develop healthy and balanced gaming habits, while discouraging the use of illegal, unlicensed gaming activities carried out with a total lack of control.

STRATEGY

The Group's strategic objective is to **consolidate its leadership of the sector, now also in the online segment**, by introducing new products, developing the services offered and cross-selling on the physical sales network.

Furthermore, in 2022 the goal of strengthening **the internationalisation process** is being pursued through corporate integration with the Trinity Bet group ("HAPPYBET" brand), which also falls under Playtech and operates through retail and online licences in Germany and Austria.

The strategic plan sees Snaitech asserting its place within the Playtech Group as a centre of excellence in managing the direct offer to the final consumer, for the sale of games and services through consolidating and exporting the Group's know-how.

OPERATIONAL AREAS AND ORGANISATIONAL STRUCTURE

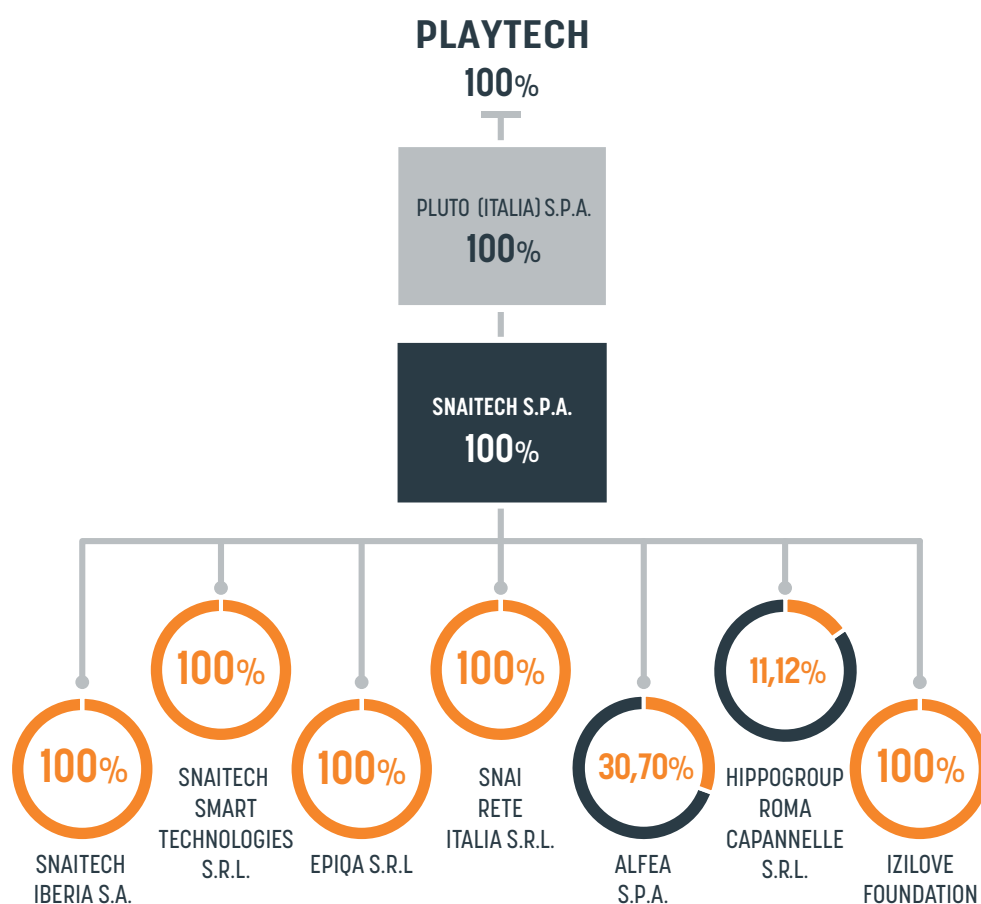
Snaitech S.p.A acts at the top of a Group of subsidiaries operating in the same legal gaming sector. It integrates and complements the services offered by coordinating a retail network active nationwide, managing proprietary ICT platforms, managing and producing television channels, and managing the race-courses it owns.

Snaitech S.p.A. has its registered office in Milan, at Piazza della Repubblica 32, and other operational offices in Rome and Porcari (Province of Lucca).

As of 2019, Snaitech S.p.A. is 100% controlled by Pluto (Italia) S.p.A., whose capital is wholly controlled indirectly by Playtech PLC. This latter company is listed on the Main Market of the London Stock Exchange and is one of the largest producers of gaming software and other services for many of the world's leading operators in the regulated gaming sector.

For Snaitech, belonging to a group that controls the entire value chain both in the online sector and in the retail business, and which can rely on state-of-the-art proprietary technologies, represents the opportunity for a long-term vision and a major strategic value for the synergies that develop therein.

As at 31/12/2021, the Group's corporate structure is as follows:



SUBSIDIARIES AND INVESTEE COMPANIES

iZilove Foundation is an autonomous non-profit organisation that works towards achieving social solidarity goals in the fields of social assistance, charity, education and training, and also promotes culture, art, and scientific research (see Chapter 3 - Sustainability).

Epiqa S.r.l. (formerly Teleippica S.r.l.) provides the service for transferring, processing and transmitting video and audio signals from Italian and foreign racecourses on behalf of MIPAAF. It produces four TV channels and three web TV channels entirely dedicated to horse racing, in addition to three TV channels dedicated to virtual events, two to sports in general and a radio channel.

Snai Rete Italia S.r.l., as an entity authorised by the concessionaire Snaitech, carries out the activity of gaming and betting collection, exercised as at 31 December 2021 at 33 gaming shops located in Tuscany, Lazio, Emilia-Romagna, Sicily and Lombardy. In particular, these shops are functional to legal gaming collection through betting on sports, horse racing and on virtual events and by means of gaming machines called "AWP" and "VLT".

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

Snaitech Iberia S.A. has the company purpose of organising, marketing and managing gaming.

Alfea S.p.A. manages the Pisa racecourse.

Hippogroup Roma Capannelle S.r.l. manages the Rome Capannelle Racecourse²

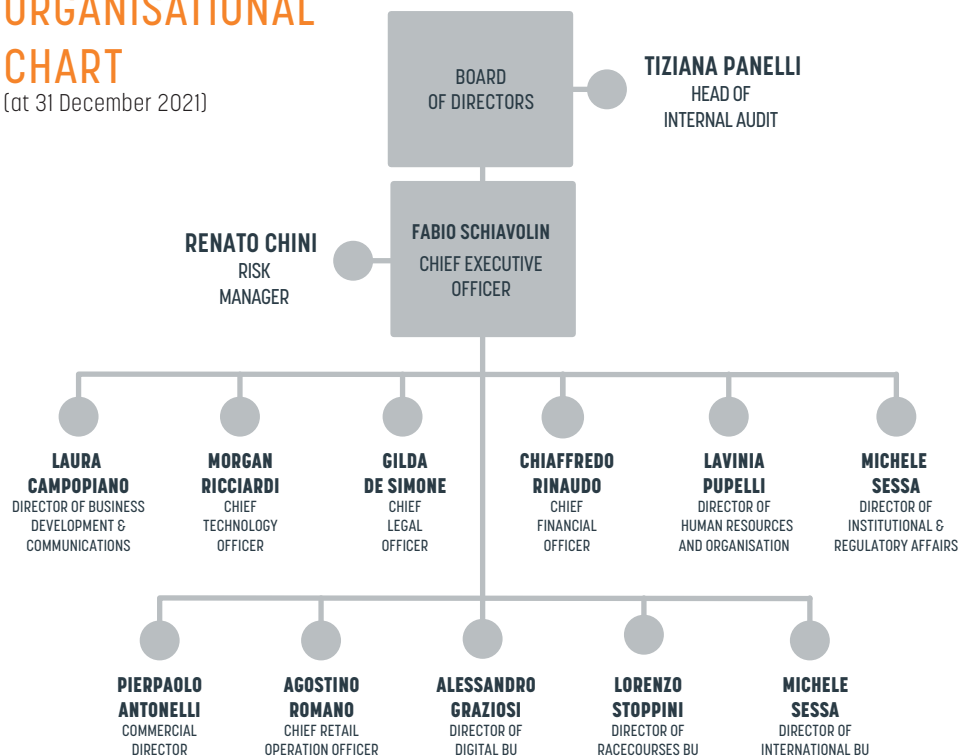
² In February 2021, the equity investment in Hippogroup Roma Capannelle S.r.l. dropped to 11.12%.

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, with particular reference to the regulatory requirements of the concessions, and into Business Units (BU). The latter focus on the specific skills for developing and managing a constantly evolving range of products and services that meet the criteria established by the regulator.

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.

ORGANISATIONAL CHART

(at 31 December 2021)



○ Offices ● Directly managed branches

GRI 102-4

NATIONAL PRESENCE

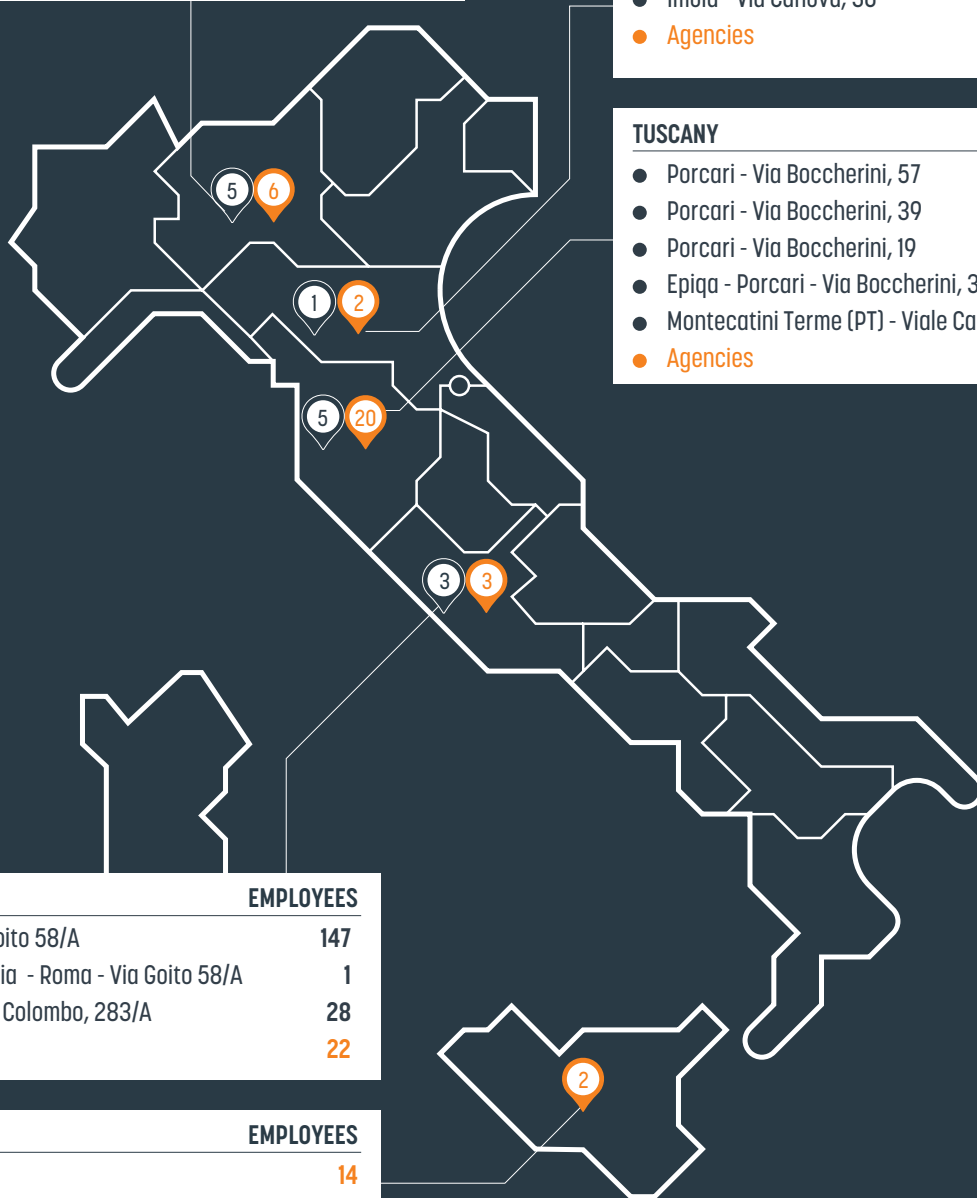
LOMBARDY	EMPLOYEES
● Milano - Piazza della Repubblica, 32	122
● SRI - Milano - Piazza della Repubblica, 32	2
● Milano - Via Caprilli, 30	55
● Milano - Via Lampugnano, 95	2
● Peschiera - Via Walter Tobagi, 10/12	18
● Agencies	33

EMILIA ROMAGNA	EMPLOYEES
● Imola - Via Canova, 30	4
● Agencies	10

TUSCANY	EMPLOYEES
● Porcari - Via Boccherini, 57	117
● Porcari - Via Boccherini, 39	140
● Porcari - Via Boccherini, 19	71
● Epiqa - Porcari - Via Boccherini, 39	28
● Montecatini Terme (PT) - Viale Cadorna, 30/ B	3
● Agencies	82

LAZIO	EMPLOYEES
● Roma - Via Goito 58/A	147
● Snai Rete Italia - Roma - Via Goito 58/A	1
● Epiqa - Via C. Colombo, 283/A	28
● Agencies	22

SICILY	EMPLOYEES
● Agencies	14



Total employees (no.)

At offices
Snaitech Employees
Epiqa Employees
Snai Rete Italia Employees
The Agencies
Snai Rete Italia Employees
Total

WOMEN	MEN	TOTAL
331	407	738
314	365	679
14	42	56
3	0	3
100	61	161
100	61	161
431	468	899

GOVERNANCE

The governance model adopted by Snaitech is the traditional one, with the presence of a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors. The Group's Corporate Governance structure is based on the central role of the Board of Directors - as the highest body responsible for managing the company in shareholders' interests - in providing strategic guidance, ensuring the transparency of corporate decision-making processes and defining an effective internal control and risk management system, including internal and external decision-making processes. The Parent Company Snaitech S.p.A. is currently administered by a Board of Directors composed of seven Directors - in office from 18 March 2021 until the date of the meeting called to approve the financial statements for the fiscal year 2023. The Board of Directors is vested with the broadest powers of ordinary and extraordinary administration, with the exception of those that the law reserves exclusively to the shareholders' meeting. The Board of Directors has identified among its members a Chief Executive Officer who has been assigned the delegations and powers of ordinary administration necessary or useful to perform company business. The Board of Directors is also responsible for the Group's internal control and risk management system.

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%). [GRI 405-1]

The Board of Directors and the Shareholders' Meeting are supported by the Board of Statutory Auditors, which has the task of verifying:

- ◆ compliance with the law and the Articles of Association;
- ◆ compliance with the principles of correct administration;
- ◆ the adequacy of the Company's organisational structure, internal control system and accounting management system, including the latter's reliability in accurately representing its operations.

In application of Italian Law 231/2001, the Company has set up a Supervisory Board (SB) with the aim of monitoring the application of the Code of Ethics and compliance with the principles set out therein.

Snaitech's SB uses a whistleblowing mechanism, which allows violations of the Code of Ethics to be reported through a confidential channel that protects the whistleblower's privacy. The activity of the Supervisory Board and the whistleblowing channel have so far not revealed any violations of the Code of Ethics. The Snaitech Shareholders' Meeting entrusted the external audit to BDO Italia S.p.A. until the approval of the financial statements for the year ended 31 December 2021. On 16 March 2022, the auditing firm was confirmed until the Shareholders' Meeting to approve the Financial Statements as at 31 December 2024.

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

MEMBERS OF THE BOARD OF DIRECTORS

[GRI 405-1]

FIRST AND LAST NAME	POSITION	YEAR OF BIRTH
Moran Weizer	President	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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system comprises the set of rules, procedures and organisational structures aimed at allowing sound business management, correct and consistent with the objectives set, through an adequate process to identify, measure, manage and monitor the main risks. Each person who is part of the Snaitech organisation is an integral part of its internal control system and has the duty to contribute, within the scope of their functions and activities, to its proper operation.

The Internal Control and Risk Management System helps protect the company's assets, ensure the efficiency and effectiveness of company processes, the reliability of financial information, compliance with laws and regulations, the Articles of Association and internal procedures.

RISK MANAGEMENT

Snaitech has a Risk Management Function entrusted to the management of a Risk Manager.

The Risk Management methodology is formally applied to the entire scope of the Group and consists in:

- A)** identifying potential events that may have an impact on the company's business;
- B)** assessing the risks, in terms of consequences and probability of occurrence, and defining their level of acceptability;
- C)** assessing the effectiveness of mitigation measures to be implemented;
- D)** implementing these;
- E)** monitoring risks and measures taken;
- F)** reporting periodically to the Board of Directors.

Risks are detected and measures to limit them identified according to the position and specificity of the operations carried out by the various companies of the Snaitech Group. The analysis includes the economic, environmental and social risks and the possible consequences of their inadequate management in terms of reputational damage and economic and financial loss.

During 2021, risk management involved updating the risk mapping of the whole group with particular emphasis on environmental risk, which was assessed with the collaboration of the Environmental Manager (newly appointed) and the Head of the Racecourses BU with regard to their respective business responsibilities. Interviews are scheduled for 2022 with all heads of business units and departments for risk mapping and follow-up on the engagement process already started by Playtech on the impacts of climate change (see further details in the chapter on the environment), for which specific meetings are planned.

Starting in 2020, when the COVID-19 crisis began to manifest itself, the function was engaged in assessing risks and supporting the company functions involved in developing measures to mitigate them. In 2021, a specific activity was implemented to review the risk assessment with a view to resilience to the pandemic. In its second year, this pandemic continued to require limitations and closures, and necessitated prevention and monitoring measures to protect the health of employees, customers and partners.

For the purposes of this Sustainability Report, the list of the main risks mapped and assessed during 2021 has been classified into six macro-categories, also including the health risks that became central following the Covid-19 pandemic and identifying the mitigation measures adopted during the year.

RISK ANALYSIS ON SNAITECH'S VALUE CHAIN

1. GRANTOR AND REGULATOR RISKS

Description

Snaitech's ability to continue operating in the gaming sector largely depends on maintaining the concessions it holds. A significant portion of revenues and results derives from activities regulated by state concessions, which by their nature have a limited duration and may be subject to revocation, thereby negatively impacting the Company's results. The constantly evolving regulation by central government is accompanied by local regulation, which often makes it difficult to exercise concession rights for opening points of sale acquired by Snaitech. Changes in laws or regulations may reduce the margins due to concessionaires, or reduce the number of concessions and rights available, with negative effects on the Company's results.

Mitigation measures

Through the Institutional & Regulatory Affairs Department, Snaitech works in close collaboration with ADM (Customs and Monopolies Agency) and the concession and supervisory authorities to anticipate and promptly be aware of new guidelines from the legislator and supervisory authorities to protect legal gaming. The Annual Development Plan agreed with ADM each year focuses on the most important issues to take action on. The regulatory aspect is an absolute priority for all management, as can be seen from the results of the materiality matrix.

For further information, see Chapter 1 - Regulated market.

2. OPERATIONAL AND COMPLIANCE RISKS

Description

The complexity and changeability of the reference regulatory framework and the lack of compliance with laws and regulations (e.g. in terms of anti-money laundering, anti-corruption, privacy, responsible gaming) can have negative effects on the Company's operating results, business activities, financial conditions and prospects. Operating through state concessions, Snaitech may also be subject to significant penalties in cases of ascertained contractual breaches for any non-compliance by customer points of sale (joint and several liability of the concessionaire).

Mitigation measures

The Legal Compliance team oversees, approves and monitors every aspect of company activity to ensure compliance with the relevant regulations and concession obligations. The activities carried out for this purpose are summarised in half-yearly reports brought to the attention of the SB, the Board of Statutory Auditors and the Internal Audit Function. The company has an integrated risk assessment system and the audit plan is carried out to cover all company risk assessments. The Privacy Function oversees, approves and monitors - also with the collaboration of the DPO - the processes and projects with an impact on the processing of personal data. It reports on a six-monthly basis to the SB regarding the exercise of data subjects' rights and annually to the Board of Directors. In addition, through a PRIVACY/GDPR audit plan, prepared in relation to the risk levels of the processing of personal data associated with the individual Company Departments/Functions, it periodically checks the level of compliance with the reference legislation.

For further information, see Chapter 1 - Regulated market.

3. RISKS RELATED TO IT SECURITY AND ADEQUACY

Description

The Company operates in a highly technological environment, and any problems in safeguarding the integrity and safety of this environment may incur unforeseen costs and legal damage that could negatively impact its reputation and jeopardise its ability to achieve set results. Added to this is the considerably growing risk of cyber attacks and the evolution of related penetration techniques. The continuous evolution of the technological environment in the gaming sector, due to regulatory changes (for example in the online market) could lead to a loss of market share without adequate and timely strategic choices.

Mitigation measures

Through its IT team, Snaitech has a strong presence to detect and protect itself from cyber crime through compliance with rigorous security standards. In addition, it uses external consultants with proven expertise to improve and test its defence safeguards. Snaitech works constantly to adapt the technological infrastructures, platforms and internal processes for the purpose of exchanging data in real time with supervisory authorities and public regulators as required by the concessions.

For further information, see Chapter 1 - Regulated market.

4. MARKET RISKS

Description

The betting and regulated gaming sector in Italy is characterised by high competitive pressure from other players on the market or from new operators. The increase in management costs and tax levies mainly imposed on customer points of sale, as well as health emergency-related periods of closure imposed on local branches, could impact on their gaming collections and consequently on their ability to meet obligations towards concessionaires. These aspects, if not managed effectively, may impact on the Company's income and profitability.

Mitigation measures

Continuous activity and investments in research and development enable Snaitech to retain a leading position in a market where technological and digital innovation allow new market shares to be conquered. The creation of a "Digital Content, Channels & Innovation Manager" section within the Digital BU goes in this direction. Innovative products and services allow Snaitech to build loyalty in the sales network, which is offered training, tax and legal advisory services, shop restyling projects and financial support in times of greatest difficulty.

For further information, see Chapter 2 - Innovation.

5. RISKS INHERENT TO HEALTH AND SAFETY

Description

Infectious diseases such as the recent Covid-19 pandemic can lead to the closure of offices and the sales network and the enforcement of quarantine, compromising the operations of customers and suppliers and creating a climate of general worry and uncertainty. Health crises could exacerbate other pre-existing political, social and economic risks in the country. The impact of a pandemic could last for an extended period of time.

Mitigation measures

The prudent application of **health measures to limit infection reduces the risk of outbreaks** in the workplace and points of sale through assistance in the implementation and use of safety devices. Final consumers are subject to greater uncertainty but can also benefit from the leisure opportunities offered by online entertainment services..

For further information, see Chapter 4 - People.

6. ENVIRONMENTAL RISKS

Description

The major risks deriving from incorrect management of the most significant environmental impacts for Snaitech, as a service company, mainly concern the handling and disposal of technological waste. Failure to comply with the laws governing environmental matters could entail economic and reputational risks. From the point of view of dual materiality, i.e. how climate change could affect Snaitech's business activities (such as the management of green spaces within equestrian areas), the risk is that a rise in temperatures will increase the need for irrigation of greenery and tracks, in a context with less water available due to drought.

Mitigation measures

Through control and risk assessment which forms an integral part of Model 231, the Company has identified activities sensitive to environmental risk and measures, processes and controls to reduce the impact of these threats on company operations. To this end, in 2021 Snaitech appointed a **Group Environmental Head**.

For further information, see Chapter 3 - Sustainability.

These risk areas are subject to periodic risk assessments carried out by the various relevant company functions, which share the results at least annually with the Internal **Audit** Function. The latter carries out an integrated analysis aimed at building and developing a **risk-based audit plan**. The audit activity is also carried out at the point of sale network based on continuous monitoring of multiple risk indicators covering the relevant processes.

For further information, see Chapter 1 - Regulated market.

AUDIT PLAN

The Internal Audit Function is responsible for verifying, on an ongoing basis and in relation to specific needs, the operation and adequacy of the Internal Control and Risk Management System adopted by the Group. It assists the organisation in pursuing its objectives through a systematic professional approach, which generates added value as it is aimed at evaluating and improving the control, risk management and corporate governance processes.

The function's main objectives are to:

- ◆ assess the reliability and trustworthiness of information and data;
- ◆ verify the compliance of company processes with policies, plans, laws and regulations;
- ◆ monitor the correct application of company procedures and data security measures;
- ◆ support the management and control bodies by providing feedback on the functioning and actual compliance with reference organisational models;
- ◆ ensure the protection of company assets;
- ◆ ensure the pursuit of company objectives in compliance with the reference regulatory context and risk mapping, both "regulatory" (carried out by the functions at the second level of control) and at "enterprise" level (carried out by the "Risk Management" Function).

The Function's activity progresses on the basis of a "Risk-Based Audit Plan", fed by the outcomes of the company's Risk Assessments, previous control activities and/or indications from the Board and/or the Functions at the second level of control, and approved by the Board of Directors.

From an organisational point of view, the Function reports to the functional hierarchy of the Board of Directors and the administrative hierarchy of the Chief Executive Officer, with whom it shares periodic assessment reports on the internal control system.

The audit activities are carried out with independence and objectivity, professional expertise and diligence and in continuous liaison with Group management. The function interfaces with management daily in order to boost the effectiveness and integration of controls in company processes.

The audit results are shared with the company areas and departments subject to control with the aim of improving company processes and hedging associated risks. On the basis of the information shared, the Internal Audit, Risk Management and Compliance and Concessionary and Regulatory Compliance Functions initiate any activities to improve processes and incorporate and/or mitigate risks.

The Risk-Based Audit Plan also provides for the development of specific audit activities at the network of directly managed and entrusted points of sale. It is particularly important to verify the correct application of Anti-Money Laundering requirements (ref. Italian Legislative Decree 231/07 and subsequent amendments and additions), relating to customer due diligence and the retention of data and related documents.

On the basis of the audit outcomes, action plans are established to correct behaviour that may be out of line with company directives.

The controls internal and external to the system are based on the following principles:

- ◆ **Separation of duties.** The assignment of tasks and consequent authorisation levels must be aimed at keeping the authorisation, execution and control functions distinct and in any case avoiding them being concentrated in a single person.
- ◆ **Formalisation of signature and authorisation powers.** The conferral of such powers must be consistent and commensurate with the tasks assigned and formalised through a system of delegated and proxy powers that identifies their scope and the consequent assumption of responsibility.
- ◆ **Compliance with the rules of conduct contained in the Snaitech Group Code of Ethics.** All company procedures must comply with the principles dictated by the Code of Ethics.
- ◆ **Formalisation of control.** Sensitive business processes must be traceable (by document or IT means, with a clear preference for the latter) and provide for specific line controls.
- ◆ **Coding of processes.** Business processes are governed by procedures aimed at defining their timing and manner of execution, as well as objective criteria that govern decision-making processes and anomaly indicators.

(source: Snaitech S.p.A. Organisation, Management and Control Model)

THE GROUP'S
APPROACH
TO
SUSTAINABILITY



SUSTAINABILITY FOR SNAITECH

GRI 405-1

“As a group of companies that has been a leading player in the legal gaming sector for many years, we have long held the sincere conviction that no business can be undertaken correctly and responsibly if it is based exclusively on pursuing the objectives of economic convenience and maximised profits. We believe, on the contrary, that we must direct our activities towards pursuing ethical objectives”.

Source: Snaitech Group Code of Ethics

The legal gaming sector in Italy bases its social responsibility on the constant search to balance the interests of the various parties involved. While consumers seek fun from gaming, regulators establish a robust regulatory framework based on principles such as promoting responsible gambling and ensuring safe operations as part of the fight against illegality, to protect players and the community as a whole. The challenge for the concessionaire, which is central to this scenario, is therefore to maintain an adequate balance between revenue, meeting customers' entertainment expectations and fully complying with the regulator's requirements.

Being aware of the social importance of its role, the Snaitech Group has assumed this commitment in its identity dimension. This emerges from the Code of Ethics and analysis of the materiality matrix, which identifies issues related to business ethics and consumer protection as the areas of greatest commitment for all internal and external stakeholders.

One of Snaitech's fundamental commitments in terms of social responsibility is to promote sport in all its aspects, from a highly attractive sporting event to sports participation as a tool for coming together, social recognition and individual growth. Sport is competition but competition is based on discipline and learning. In the same way, the sporting culture and continuously updated information through diverse channels that Snaitech makes available to consumers allow them to play and bet based on knowledge they acquire over time, thanks in part to the Group's information and entertainment services. Gaming thereby becomes an opportunity for intellectual challenge linked to curiosity and competition, social interaction and response to the desire to have fun. Snaitech is committed to providing the public with accurate and balanced information through multiple activities, including web and TV channels about horse racing, the development of broadcasting and radio, TV and digital entertainment programmes along with the SNAI4FUN app. Among other things, what stand out in this respect are the initiatives to enhance important assets that make Snaitech unique among gaming operators in Italy. These include the relaunch of Epiqa, the large-scale redevelopment project of the Snai San Siro Racecourse and the development of apps that use artificial intelligence for a more personalised gaming offer and more targeted communications with customers, also to prevent unsustainable gaming behaviour.

ADHERENCE TO THE UN GLOBAL COMPACT

In 2021 Snaitech took another significant step on the path towards integrating social, economic and environmental responsibility: joining the United Nations Global Compact, the largest global initiative for business sustainability. This is based on ten universal principles relating to human rights, work, the environment and the fight against corruption, which have inspired Snaitech for years. The ten principles of the Global Compact are reflected in the Group's Code of Ethics and enable it to define its approach. They directly concern its way of being in the world, its mission, the style and substance of the relationships that the companies have institutionally and informally with all stakeholders, and the conditions of the complex sector it operates in, which includes constantly evolving technological, social and economic contexts.

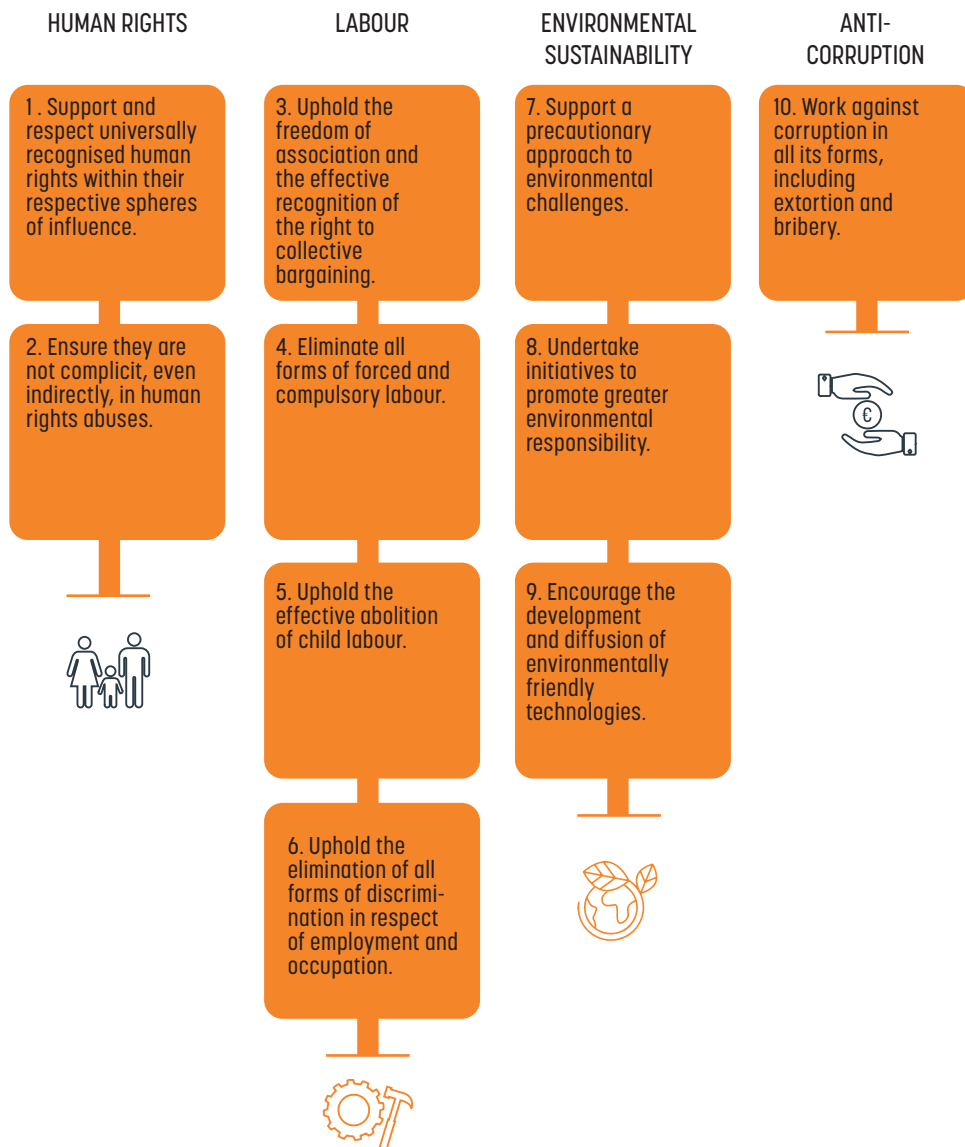
“We are proud to join thousands of other global companies committed to developing a healthy and sustainable world economy that guarantees a better future for all. Being aware of the social and environmental, rather than economic, implications of our business, we have always paid close attention

to harmonising economic goals with the social and environmental goals of the relevant areas in order to achieve sustainable growth. That is why we enthusiastically support the United Nations' call to encourage companies worldwide to align their strategies with the 10 Principles dictated by the UN and in line with the Sustainable Development Goals (SDGs) set out by the 2030 Agenda".

Fabio Schiavolin, CEO of Snaitech

With over 15,000 signatory companies from more than 160 countries worldwide, the Global Compact represents the largest global initiative in the field of corporate sustainability. Promoted by the United Nations, it aims to encourage companies around the world to adopt sustainable policies, in compliance with corporate social responsibility, and to publicise the results of the actions taken.

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT TO WHICH SNAITECH ADHERES



ADHERENCE TO THE SUSTAINABLE DEVELOPMENT GOALS

Within the framework of the Global Compact, in 2015 the United Nations approved a Global Agenda for Sustainable Development, which is urgent given the progressive deterioration of our planet's environmental conditions. It encourages not only companies, but all economic and social actors including national states, to commit themselves to achieving 17 goals by 2030 (SDGs, Sustainable Development Goals). Snatech believes that most of the 17 SDGs are part of the Group's way of being and operating, and that it actively contributes to pursuing certain goals: both directly, by incorporating them into its business, and indirectly, as consequences that its business can have on the region and communities of the areas where it operates.

In particular, we have identified the SDGs and targets that the Group believes it can act on through the activities reported in the material topics.



No 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 4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.



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. Sustain **per capita economic growth** in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed 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**. **Target 12.8.** By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.



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 2030, 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. Substantially reduce corruption and bribery in all their forms.

RELATIONS WITH STAKEHOLDERS AND MATERIALITY

In pursuing corporate activities and in relation to various skills, the Group's management continually and systematically maintains relations with the main categories of stakeholders through both institutional and informal channels, always transparently and guided by goodwill.

Snaitech's Code of Ethics requires Group companies to cultivate loyal and transparent relationships with all stakeholders without discrimination, in a climate of fair competition on the market and constructive collaboration in the institutional context, while respecting the legitimate interests of each one.

The wide range of stakeholders that Snaitech interacts with is subordinate to the primary role of the State (in all its forms, such as the Customs and Monopolies Agency, competent Ministries, central and local administrations), which has a dual interest in protecting players and ensuring tax revenues that are essential for balancing public accounts.

Relations with institutional stakeholders, sector associations and the competent authorities for Snaitech's concessions are managed by the Institutional & Regulatory Affairs department, to constantly monitor the correct performance of agreed activities and the implementation of corporate strategies. 2021 was a crucial year from the point of view of dialogue with the legislative and supervisory authorities. In June, the Parliamentary Commission to investigate illegal gaming and public gaming dysfunctions was established at the Senate of the Republic, which held a series of institutional hearings and proposed a discussion with operators in the sector including Snaitech. In parallel with the Commission's work, the enabling bill drawn up by the undersecretary of the Ministry of Finance to reorganise the gaming sector in Italy is following its course. In addition, on 29 June 2022 the betting operation concessions expire, on 31 December 2022 those for online gaming expire, while 2023 will see the expiry of the concessions for gaming machines with cash winnings. In this context, maintaining and developing continuous and transparent dialogue through relations with institutions and their representatives constitutes a central and strategic issue. Snaitech provides institutional managers with its experience as a fair and transparent operator, accumulated over decades of activity, in the search for the best solutions to problems affecting the sector.

The internationalisation strategy launched in the last period has involved developing a systematic dialogue with actors and institutions that regulate the gaming sector in countries where Snaitech is starting to operate. During 2021, the International Business Unit was established for this purpose with the aim of developing business in the international market and identifying new opportunities for foreign development. With this in mind, in Germany the International Business Unit collaborates with the trade association of sports betting operators DSWV (Deutscher Sportwettenverband) to constantly monitor the legislative and regulatory evolution of the sector. [GRI 102-13]

Communication to employees on company initiatives is supervised by the internal communication function, which is part of the Business Development & Communications department, and by trade union relations, within the Human Resources and Organisation department. 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, enhances its human capital with targeted policies, acts honestly and expects the same from its counterparties, communicates externally and internally with transparency and completeness, is actively committed to protecting the environment and individuals, and ensures the confidentiality of its own and individuals' sensitive information.










Dialogue with external stakeholders is overseen by communication activities coordinated by the Business Development & Communications departments. These mainly - but not exclusively - handle relations with the media, which represents the information channel towards the general public, increasingly flanked by social media channels.

Snaitech deals with its stakeholders according to the principles of stakeholder engagement that characterise the nature of corporate responsibility in Snaitech's vision. In other words, the company has been able to build relationships of trust over the years involving ever greater transparency and openness on the progress and setbacks it has experienced in its efforts to operate ethically. It creates tools to listen to stakeholders' voices, produces a comprehensive Sustainability Report and operates in accordance with a Group Code of Ethics.

In the extraordinarily difficult two years of 2020-2021, Snaitech stood out for its commitment to minimising the negative effects of the pandemic emergency, in both health and business aspects, for all private stakeholders involved: from players, to points of sale, to suppliers and therefore the sector's entire production chain, as well as for its employees, shareholders and the community. The proactive approach to stakeholder needs and strengthening dialogue with all parties during the months of the emergency ensured that the situation was managed responsibly and effectively, in line with a business vision always aimed at shared social and economic well-being.

Year after year and in particular in one like 2021 that continued to be critical due to the pandemic, Snaitech demonstrates how care and interest towards its internal and external stakeholders is the key to lasting business success.

MAP OF STAKEHOLDERS

	EMPLOYEES	Office employees	Branch employees
	SHAREHOLDERS AND LENDERS	Investment funds	Potential investors
		Rating agencies	Lenders
	CONSUMERS	Point of sale players	Online players
		Racecourse spectators	EQUtv audience
	DISTRIBUTION AND OPERATORS IN THE SECTOR	Non-owned points of sale	Commercial managers/partners
		Distribution channels	Other gaming concessionaires
	MEDIA	Press (online and offline)	Social media
	SUPPLIERS	Technology suppliers	Material suppliers
		Service providers	Value-added service providers
		Paid service providers	
	COMMUNITY	Universities	FeDerSerD (Italian addiction services)
		Research bodies	Consumer associations
		Financial Information Unit	Milan community
		Sports associations	South Milan Agricultural Park
		Racecourses	
	REGULATORY BODIES AND INSTITUTIONS	Customs and Monopolies Agency (ADM)	Ministry of Economy and Finance
		Bank of Italy	Parliamentary bodies
		Financial Information Unit	Ministry of Health
		Ministry of Economic Development	Ministry of Culture
		Ministry of the Interior	European institutions
		Advertising self-regulation institutions	Regional administrations
		Regions and local authorities	Police headquarters and law enforcement
		Società Generale d'Informatica	Prefecture
		Communications Authority (AGCOM)	Prefecture
		Antitrust Authority	Ministry of Agriculture, Food and Forestry Policies
		Department of Sport	Higher Health Council
		Ministry of Labour and Social Policies	
	REPRESENTATIVE ORGANISATIONS	ACADI	Trade Union Organisations
		Assolombarda	Confcommercio
		A.GI.SCO	Confesercenti
		Federippodromi	Assointrattenimento
			Italian Gaming System

The Group recognises the specificity of each stakeholder and involves them in different ways, depending on the nature of the stakeholder and its relative importance to pursuing the corporate mission. Despite the limitations imposed by measures aimed at limiting infection, during the year Snaitech continued and further consolidated initiatives to involve relevant stakeholders, relying on technological tools that on many occasions supplanted the impossibility of meeting in-person.

STAKEHOLDER INFORMATION AND INVOLVEMENT TOOLS

GRI 102-43

EMPLOYEES	Corporate intranet dedicated to employees (Hello!)
	Snaitech Sustainability Week
	Internal newsletter (IN)
	Company notice boards
	GDPR newsletter
	Zucchetti portal
DEM and email	
SHAREHOLDERS AND LENDERS	Company documents
	Company meetings
	Group website
	Presentation events dedicated to shareholders
CONSUMERS	Interaction tools on the Group's product website (tests on gaming behaviour, tools for customising the spending ceiling and methods of self-limitation/self-exclusion)
	Information present on online gaming platforms, on the website www.snai.it and at points of sale (information kits)
	Contact center
DISTRIBUTION AND OPERATORS IN THE SECTOR	Information/training activity for distributors (anti-corruption, responsible gaming, anti-money laundering, anti-terrorism)
	Information to be displayed at points of sale (information kits)
	Portal dedicated to Snaipartner-Webanti points of sale
	Information/training activity for managers/operators (anti-corruption responsible gaming, anti-money laundering, anti-terrorism)
	Audit activities
MEDIA	Press office activities
	Social media activities
	Organisation of press conferences/events
	Advertising campaigns on products and services other than paid gaming
SUPPLIERS	Audit activities
COMMUNITY	Initiatives to promote responsible sports and recreation ("Special Olympics Italia", "Premio Costruiamo il Futuro" [Let's Build the Future Award])
	Donations (made through the iZilove Foundation)
REGULATORY BODIES AND INSTITUTIONS	Annual Development Plan
	Periodic video conference meetings
	Institutional documents
	Participation in conferences
	Parliamentary hearings
REPRESENTATIVE ORGANISATIONS	Periodic meetings with trade union organisations
	Stipulation of Supplementary Company Contracts and specific Agreements

The GRI Standards sustainability reporting guidelines, which Snaitech adopts as the reporting standard, require the report to preliminarily state the 'material' aspects. These are the impacts deemed significant for the organisation from an economic, environmental and social point of view that influence the business and are relevant to stakeholders' interests and expectations.

The materiality analysis makes it possible to identify issues that require a strategic vision and operational interventions, in order to prevent risks and seize opportunities in the context of sustainability.

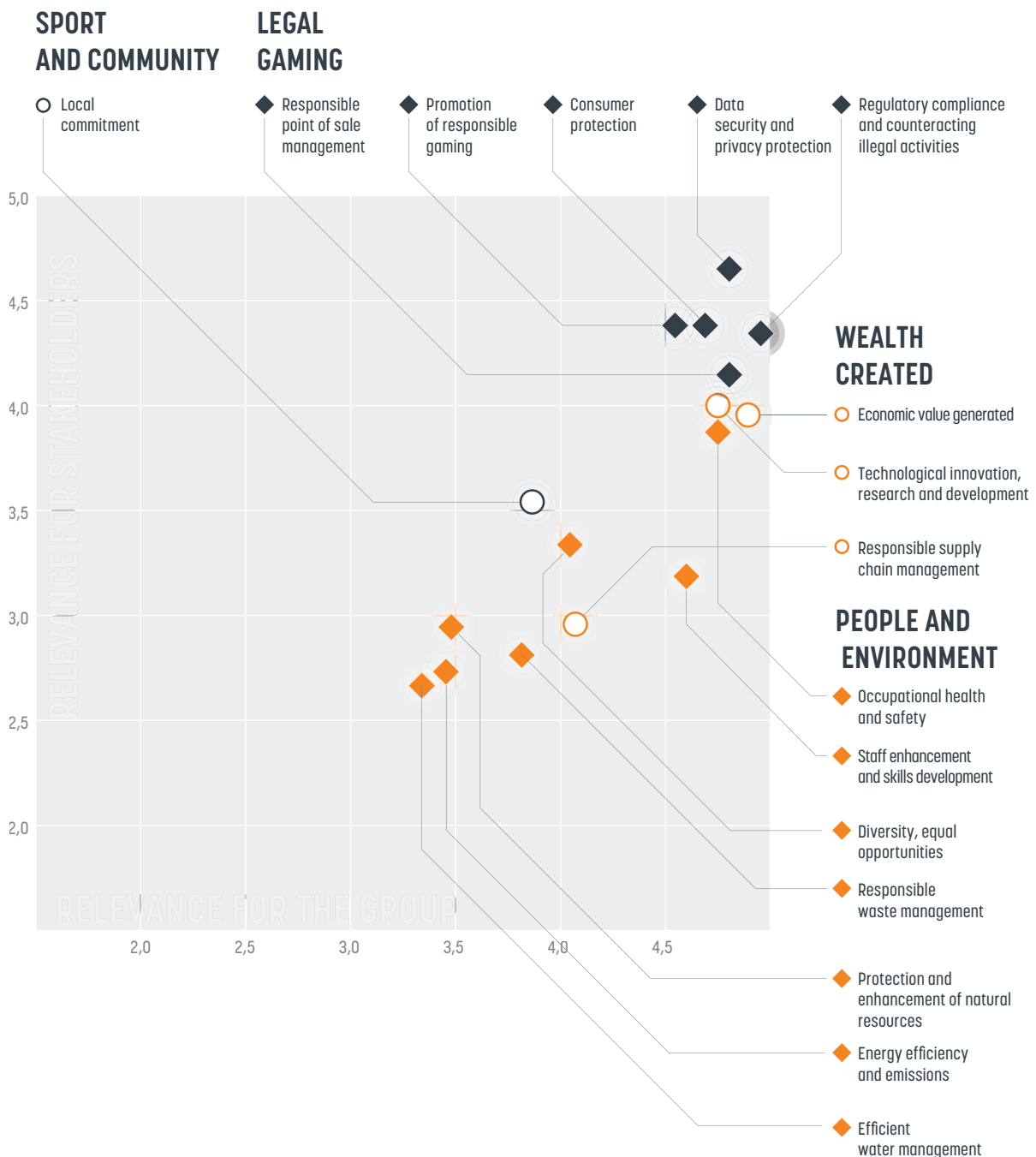
The process of identifying material aspects was initiated by Snaitech in 2018 and followed the prescribed phases of:

- ◆ identifying issues;
- ◆ prioritisation;
- ◆ validation;
- ◆ review.

The review phase involving the Group's top management was carried out in 2020 and confirmed the validity of the issues previously identified. However, some new scenarios, such as greater community sensitivity in general to environmental and health issues, changed the priorities and therefore the positioning on the matrix. Also in 2021, an in-depth internal study was carried out which confirmed the validity of the previously defined materiality matrix (and its prioritisation), which therefore represents the reference until the next analysis cycle.

SNAITECH'S MATERIALITY MATRIX

The figure below shows the materiality matrix and highlights the degree of relevance attributed to issues based on the Group's internal perspective (horizontal axis) and on the stakeholders' external perspective (vertical axis).














SNAITECH'S 4 IDENTITY DRIVERS

Snaitech's development strategies, which translate into daily policies and actions, are based on a combination of compliance with government regulations and control, self-regulation according to business ethics shared internally and externally, and a strong sense of individual responsibility.

To translate this positioning into clear and transparent reporting, four macro-themes have been identified that strongly define the Group's identity and which will be explored and examined according to the chapters detailed in the diagram below:

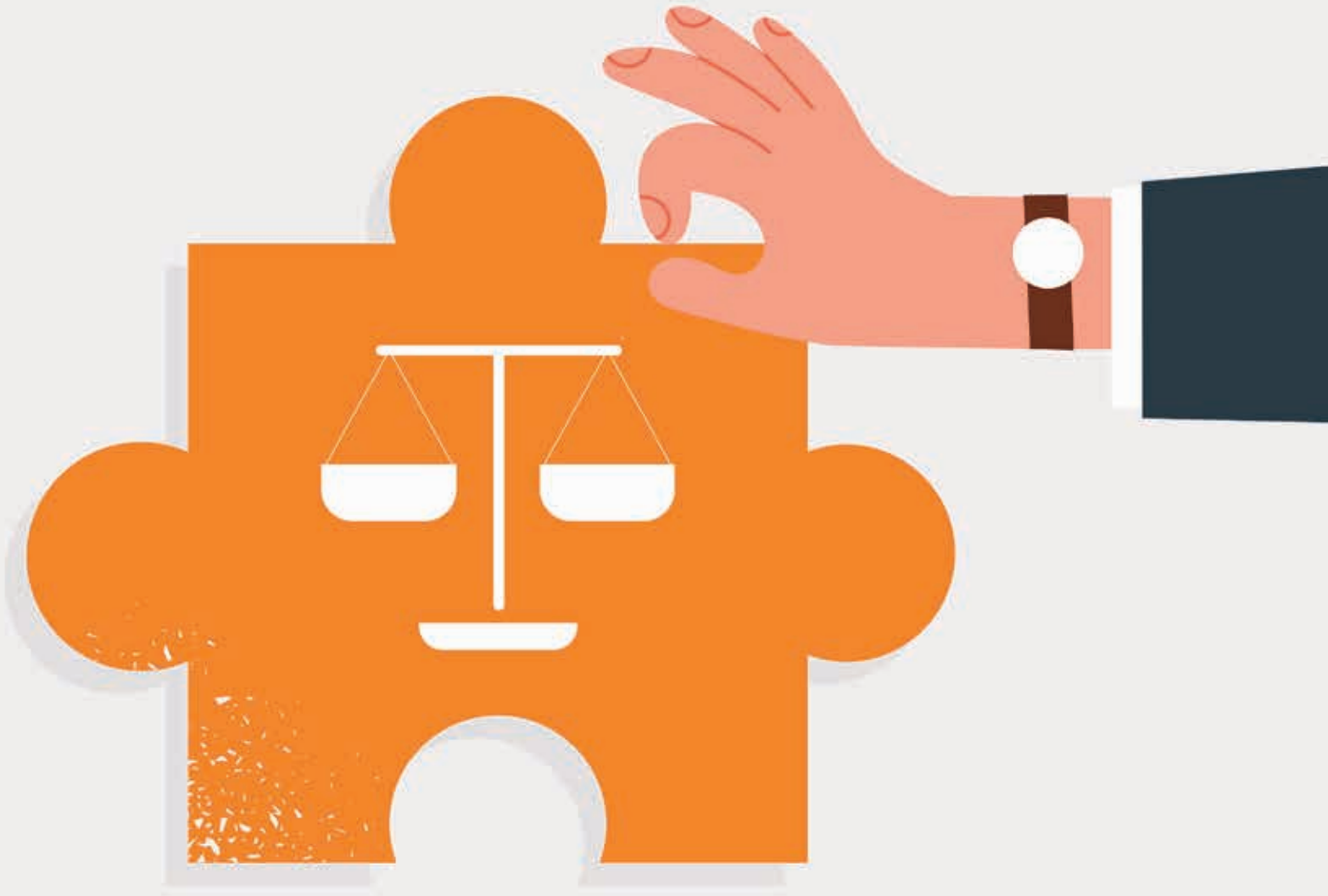
- ◆ Regulated market
- ◆ Innovation
- ◆ Sustainability
- ◆ People

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

	CHAPT	MATERIAL ISSUES	SDGS / UN GLOBAL COMPACT
REGULATED MARKET	Chapter 1 - The regulated market: promoting business legality and ethics	1. Regulatory compliance and counteracting illegal activities	   
		2. Promoting responsible gaming	
3. Responsible point of sale management			
4. Consumer protection			
5. Data security and consumer privacy			
INNOVATION	Chap. 2 - Innovation and research: developing the offer safely	6. Economic value produced 7. Technological innovation, research and development 8. Responsible supply chain management	
SUSTAINABILITY	Chapter 3 - Social and environmental	9. Local commitment	          
		10. Efficient water management	
		11. Energy efficiency and emissions	
		12. Responsible waste management	
		13. Protection and enhancement of natural resources	
PEOPLE	Chapter 4 - People: acting responsibly	14. Occupational health and safety	
		15. Diversity, equal opportunities and inclusion	
		16. Staff enhancement and skills development	

CHAPTER 1.

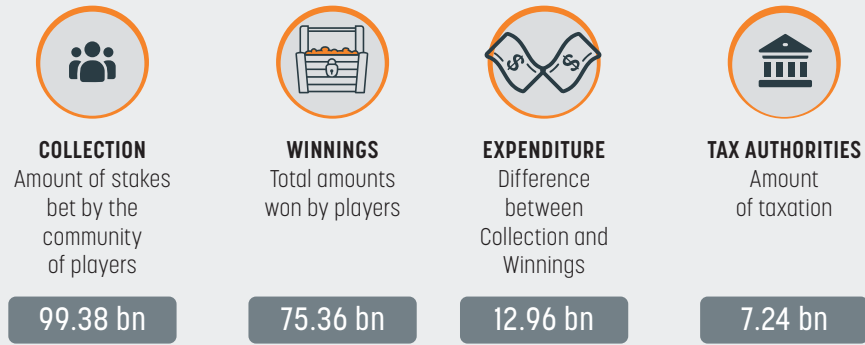
REGULATED MARKET



1ST DRIVER REGULATED MARKET

The regulation of the gaming market in Italy has produced major benefits in terms of combating illegality, protecting consumers, and economically speaking. 14 billion in added value, 2 billion in induced consumption, 150,000 employees, 5 billion in indirect economic effects: these are just some of the representative numbers of the gaming sector, which contributes 1% to the national GDP². Let us not forget, then, the tax revenue generated for the tax authorities: in 2020 this was €7.2 billion, but before the pandemic it stood at over €10 billion per year. In fact, this data is crucial to correctly evaluate a sector subject to many prejudices, often deriving from an incorrect understanding of the context. Not everyone knows, for example, that 85% of the total bets made are returned to players in the form of winnings. Of that remaining 15%, which represents actual consumer spending, the tax authorities collect the majority (about 56%) while the rest represents the revenue of the supply chain, which is obviously subject to other taxes.

THE COMPONENTS OF REGULATED GAMING IN ITALY



Official sector data, year 2020 Source: ADM - Blue Book - Organisation, statistics and activities - Year 2020

It is also important to remember that the sector is a guardian of lawfulness and a barrier to crime. It is no coincidence that following the prolonged closures of legal gaming points due to the lockdown, the offer of illegal gaming grew, as repeatedly highlighted by the National Anti-Mafia Prosecutor Cafiero De Raho and the Director General of the Customs and Monopolies Agency, Marcello Minenna. As part of its supervisory function, in 2020 alone the ADM carried out over 10,000 checks on establishments and closed almost 300 illegal gaming sites.



In the regulatory framework governing public gaming in Italy, concessionaires play a fundamental role, being called upon to assume specific responsibilities and commitments to ensure the protection of legality. Snaitech fulfils this commitment in its identity dimension, as emerges from the company's Code of Ethics. As well as complying with the rules, it implements an active policy to combat any form of unlawfulness or irregularity. Aware of operating in a sector that can have significant social repercussions, the company is committed to ensuring that gaming can take place in an environment of healthy fun, excitement and participation, by protecting consumers through information and knowledge to increase their capacity for analysis and self-control.

In 2021, the company conducted approximately 1,000 audits of its points of sale to check that its partners were operating correctly. During the year it also provided training on responsible gaming, anti-corruption and anti-money laundering to 94% of company staff, up from 45% in 2019.

In the course of the year, Snaitech additionally continued programmes to promote responsible gaming vis-à-vis points of sale and in online gaming methods. This commitment was also confirmed by the company achieving the international G4 Certification on Online Gaming, which evaluates the application of responsible gaming tools.

1. THE REGULATED MARKET: PROMOTING BUSINESS LEGALITY AND ETHICS

WHAT WE DID IN 2021

SDGS	OBJECTIVES	ACTIONS
	<p>Target 12.6. Encourage businesses, in particular large multinational companies, to adopt sustainable practices and to integrate sustainability information into their annual reports.</p>	<p>Responsible gaming: Renewal of Global Gambling Guidance Group (G4) certification.</p> <p>Annual Sustainability Report.</p> <p>Annual Sustainability Week.</p>
	<p>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.</p> <p>Target 16.5. Substantially reduce corruption and bribery in all their forms.</p>	<p>“Legal Inventory” IT application for managing and disseminating regulatory updates made available to Snaitech staff who need this support to perform their work.</p> <p>483 suspicious transaction reports were sent to the Financial Intelligence Unit at the Bank of Italy in 2021.</p> <p>850 hours of training for employees on compliance issues related to responsible gaming, anti-corruption, anti-money laundering and combating tax evasion, with a final test of understanding.</p> <p>Over 2,000 hours of training were delivered to around 930 points of sale with 1,500 participants.</p> <p>12 different training modules with 50 video tutorials on the Snaipartner portal.</p> <p>100% of employees received information and 93% of employees received specific anti-corruption training during the year.</p> <p>2021 revision of the Risk Assessment.</p> <p>Revision of the Model231/2001 based on the new offences introduced by the legislator and updating of the Code of Ethics.</p> <p>Audit activities on the sales network in the anti-money laundering function: 317 checks carried out in the back office and subsequently on-site in 2021.</p> <p>60% of operating units were assessed for corruption-related risks.</p> <p>Update of the procedure “Verification and monitoring of reputational requirements of third parties who work with the concessionaire in various capacities” and widening of the scope of parties subject to checks.</p> <p>Investments and improvement projects in the cybersecurity field.</p>

1.1 REGULATORY CONTEXT

At European level there is no single, homogeneous legislation for the gaming sector, both online and offline. EU countries are autonomous in regulating the sector, as long as they respect European law in general and the fundamental freedoms established by the Treaty on the Functioning of the European Union.

In Italy, the organisation and operation of gaming and betting are reserved, by law, to the State and entrusted to the Ministry of Economy and Finance (Italian Legislative Decree No. 496 of 14 April 1948), which operates in the field of gaming through ADM. Private operators can operate in the gaming sector only through concessions awarded following public tender procedures, which are periodically launched by ADM in compliance with European legislation.

The concessionaires' operation is subject to preliminary and continuous checks by ADM, which carries out control activities including for the collection of sector taxes.

In their position as regulated gaming operators, companies in the sector are also subject to the control of the Court of Auditors, which imposes specific accounting regulations. The collection of lawful gaming and betting revenue is subject to authorisation by the Public Safety Authority.

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

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

The functions assigned to the concessionaires are provided for in the Concession Agreements and related deeds. The concessionaire is required to comply with a series of obligations that regulate its activities including:

- ◆ compliance with the legal requirements against organised crime as well as the legal requirements to combat money laundering and terrorist financing;
- ◆ the guidelines adopted by the company to combat money laundering and terrorist financing, as well as the related procedures and operating manuals (including procedures for managing financial flows);
- ◆ consumer protection;
- ◆ compliance with the legislation on the processing of personal data pursuant to the European Regulation (GDPR 679/2016), the Privacy Code as amended with respect to its customers' data.

Legislative interventions in recent years have sought to protect public order and safety, combat illegal gaming and protect the most vulnerable persons. More recent interventions have concerned the adoption of useful measures to exclude minors from online gaming, to protect public health and safety, and to protect consumers from the risks and dangers associated with gaming.

In carrying out its functions, the concessionaire must ensure compliance with complex and articulated legislation in different matters, among which the following are particularly relevant:

- ◆ **anti-mafia** (Anti-Mafia Code - Italian Legislative Decree No. 159/2011 and subsequent amendments);
- ◆ **protection of the player-consumer** (Balduzzi Decree - Italian Law No. 189 of 2012, Consumer Code, as per Italian Legislative Decree No. 206 of 6 September 2005, Service Charter, Italian Decree-Law No. 87/2018 “Dignity Decree”);
- ◆ **privacy** (Italian Legislative Decree No. 196 of 30 June 2003, as amended by Italian Legislative Decree 101 of 10 August 2018 and subsequent amendments, European Regulation on the processing of personal data and privacy 2018 EU 2016/679);
- ◆ **anti-money laundering and traceability of financial flows** (Consolidated Law on Public Safety, Italian Legislative Decree 231/2007 and subsequent amendments, Article 3 of Italian Law No. 136 of 13 August 2010 and subsequent amendments).

BALDUZZI DECREE

“Urgent provisions to promote the country’s development through a higher level of health protection.” Italian Decree-Law 158/2012.

As well as addressing a series of health protection topics (such as local healthcare, restrictions on the sale of tobacco, food safety, etc.), the Decree provided for measures specifically aimed at preventing and treating people with a predisposition to compulsive gambling, assigning the Regions the task of including corresponding measures among the essential levels of care. The Decree introduces provisions related to combating compulsive gambling disorder with particular attention to protecting minors and vulnerable individuals³.

The regulation of gaming advertising in Italy applies one of the most restrictive schemes at European level. The so-called Dignity Decree - approved in July 2018 - introduced an absolute ban on advertising for all cash gaming (in person and online) via any means of communication. Since 1 January 2019, this ban has also been extended to sponsorships of events, activities, shows, programmes, products or services and to all other forms of communication of promotional content.

The law aims to prevent forms of gambling addiction, especially in the most vulnerable individuals.

³ <https://www.altalex.com/documents/news/2012/09/14/decreto-balduzzi-sulla-sanita-in-14-punti>

DIGNITY DECREE

Italian Decree-Law No. 87/2018 **“Dignity Decree”**, coordinated with Conversion Law No. 96/18 and published in the Official Gazette of 11 August 2018, provides for measures to protect the dignity of workers, companies and professionals and **introduces measures to promote tax simplification. It also provides for the introduction of tools to effectively combat compulsive gambling disorder**, including the prohibition of advertising and sponsorship of gaming and betting with cash winnings.

“For the purposes of strengthening consumer protection and to more effectively combat compulsive gambling disorder”, it is forbidden to conduct “any form of advertising, even indirect, relating to gaming or betting with cash winnings, however carried out and via any means, including sporting, cultural or artistic events, television or radio broadcasts, the daily press, publications in general, billboards and the internet”.

Besides the measures prohibiting advertising and sponsorships, there are direct references to the increase in the PREU (One-Off Tax Collection), the introduction of the health card to play on machines, and finally the provision for a reform of the gaming sector within six months of the Decree’s publication, with the aim of “ensuring the elimination of the risks associated with gambling disorder, combating illegal gaming and ensuring the invariance of revenues”.

In implementation of Article 9 of the aforementioned Italian Decree-Law 87/2018, the Communications Authority published the “Guidelines for implementing the ban on advertising and sponsorship of gambling”. These clarify the interpretation of subjective, objective and temporal areas of application and pay particular attention to combating the phenomenon of compulsive gambling disorder, scientifically considered to be in progressive growth. They also renew the commitment to effective surveillance and prevention of actions that are instrumental to economic exploitation of the pathology.

The regulation of gaming in Italy is the responsibility of the State, which establishes the general principles. ADM takes care of the provisions and administration for the establishment, regulation and conduct of individual games, and carries out supervision and control to combat illegal gambling. On the other hand, the Regions and local authorities have the power - within the scope of their respective competences - to regulate the concrete implementation methods related to local needs, in compliance with the protection of health and public peace. However, the number of local, regional, provincial (Trento and Bolzano) and municipal rules, which are often inhomogeneous and contradictory, risks complicating an already particularly complex and cumbersome regulatory framework.

The Italian concession system only allows cash prize gaming-related services to be provided by concessionaires authorised by ADM based on very well-defined and stringent objective criteria and subjective requirements.

All activities conducted outside this scope by different entities who have not obtained the concessions are illegal. Italian legislation bases its assumption on the idea that gaming is a legitimate human activity but its exercise must be regulated and that this regulation constitutes a barrier to the development of illegal gaming, which is traditionally in the hands of criminals.

Directive (EU) 2015/849 of 20 May 2015 (Fourth Anti-Money Laundering Directive), transposed into the Italian legal system with Italian Legislative Decree No. 903 of 25 May 2017, aims to combat this phenomenon through principles and rules of prevention at an international level. **By involving operators in the most exposed sectors and the administrative, investigative and judicial authorities engaged in preventing and repressing the phenomenon**, it aims to counter the free movement of funds of possibly illicit origin in an increasingly global and competitive market. As for gaming operators, they are required to send the acquired data relating to the customer and the transaction to the relevant concessionaire within 10 days of the transaction. The concessionaire uses the data thus acquired to detect anomalies and for the assessment aimed at reporting any suspicious transaction to the Financial Information Unit.

Italian legislation provides for the establishment of a **“Committee for the prevention and repression of illegal gaming, gaming safety and the protection of minors”**.

The Committee is made up of leading members of the Carabinieri, the State Police and the Guardia di Finanza, while the chair is entrusted to the Director General of ADM. In 2020, the new **Committee Operating Regulations** were signed with the aim of creating a working table between joint forces to implement synergistic and coordinated action between the Customs and Monopolies Agency and the law enforcement agencies engaged in the sector, to combat illegal gaming and the infiltration of organised crime.

This unity of purpose of the bodies designated to protect legality also arose following the long lockdown faced by gaming activities. This generated growing concern among the legislator and law enforcement due to the economic and financial difficulties of commercial establishments whose activity acts as a barrier to illegality and that are at greater risk of infiltration by organised crime.

ENABLING LAW ON THE REORGANISATION OF GAMING

The reorganisation of Italy’s gaming sector is sought by all stakeholders operating therein. It is entrusted to an enabling law that for years has been one of the non-implemented links to the budget law. According to press and institutional sources, the enabling law was written and stamped by the State General Accounting Office, then passed to the Council of Ministers and then to Parliament. If the process does not encounter obstacles, it will then be up to the Government to work on the enabled decrees, once the enabling law is licensed by the Council of Ministers. The various parliamentary committees will then have to express their opinion on the enabled decrees. The enabling law to reorganise the sector is founded on applying transparent and uniform rules nationwide, strengthening technical and regulatory measures for consumer protection and the fight against compulsive gambling disorder, combating illegality, guaranteeing current tax revenues from the gaming sector, and gradual controlled rationalisation of the gaming offer.

THE “GIOCO LEGALE” APP

An app to combat illegal gaming and promote legal and responsible gaming instead was launched by ADM and created by Sogei, a technological partner of the Ministry of Economy and Finance for the safety of players and citizens. The official app, “Gioco Legale” (“Legal Gaming”), has been available since November 2021 on the Google and Apple app stores and aims to be an effective response in combating illegal gaming by directing citizens towards legal and responsible gaming. The application has a geolocation system for the network of points of sale authorised to collect money for games controlled by ADM. Through a real-time connection, it verifies whether the bet code on the paper receipt has been regularly recorded on the Sogei/ADM information systems. This same code can be used to verify whether the bet wins or not. The application is already prepared for future implementations such as whistleblowing or the possibility for users to report unauthorised gaming points to the Agency and to manage the Lottery participation code of receipts.

1.1.1 REGULATORY CHANGES IN 2021

EXTENSION OF EMERGENCY STATUS AND EXPIRY OF CONCESSIONS

Due to the persistence of the Covid-19 epidemic, the state of emergency was extended for the whole of 2021 without interruption through various decree-laws, until the last one extending it until 31 March 2022 (Italian Decree-Law No. 22 of 24 December 2021).

The Concessions for the collection of bets in the physical network - whose deadline for the call for tenders had been extended to 3 June 2021 by Italian Decree-Law No. 18/2020, the "Cura Italia" Decree-Law - were extended until 29 June 2022 as a result of the same decree.

Concessions relating to amusement machines with cash winnings - whose terms of call for tenders had been extended to 30 June 2021 by the Cura Italia Decree-Law - were initially extended until 29 June 2022 as a result of the same decree. ADM subsequently ordered the extension of the machine concession until 29 June 2023, in application of the provisions of Article 4, paragraph 2 of the Concession Agreement for online gaming concessions, whose deadline for the call for tenders had been extended to 30 June 2021 by the Cura Italia Decree-Law, now expiring on 31 December 2022.

SOSPENSIONE ATTIVITÀ DI SALE GIOCHI, SALE SCOMMESSE, SALE BINGO E CASINÒ. CAPIENZA IMPIANTI

A causa del persistere dell'emergenza sanitaria è continuata anche nel 2021 la sospensione di molte attività economiche e sociali, per effetto di molteplici provvedimenti, fino ad arrivare al D.L. n.65/2021 che dispone la riapertura dal 1° luglio, in zona gialla, delle attività di sale giochi, scommesse, bingo e casinò, anche se svolte all'interno di locali adibiti ad attività differenti. In zona rossa tali attività continuano a restare sospese.

Il 26 maggio 2021 è stato raggiunto un accordo tra il Ministero della Salute e le Regioni, in base al quale una volta che una Regione entri in zona bianca, si possono anticipare le riaperture delle attività economiche per le quali la normativa vigente dispone la ripresa in un momento successivo. Pertanto, dal 31 maggio 2021 nelle Regioni in zona bianca è tornato possibile riaprire anche sale gioco, sale scommesse, sale bingo e corner.

Nel corso dell'anno la Conferenza delle Regioni ha pubblicato molteplici aggiornamenti delle "Linee Guida per la riapertura delle attività economiche e sociali", fino ad arrivare all'ultimo aggiornamento del 2 dicembre 2021 che recepisce l'obbligo per i clienti di sale slot, sale giochi, sale bingo e sale scommesse di possedere una delle "certificazioni verdi COVID-19" per accedere alle attività.

Per quanto riguarda gli eventi e le competizioni sportive, durante il 2021 diversi provvedimenti sono intervenuti a stabilire la capienza massima consentita e le modalità di accesso, fino ad arrivare al D.L. n.229/2021, che, in merito agli impianti sportivi, ha disposto la capienza del 50% all'aperto e del 35% al chiuso rispetto a quella massima autorizzata.

CLOSURE OF GAMING ROOMS, BETTING SHOPS, BINGO HALLS AND CASINOS. VENUE CAPACITY

Due to the persisting health emergency, many economic and social activities continued to be suspended in 2021, as enforced by multiple measures. Italian Decree-Law 65/2021 provided for the reopening in the yellow zone from 1 July of gaming rooms, betting, bingo and casinos, even if carried out within premises used for different activities. In the red zone, these activities continue to be suspended.

On 26 May 2021, an agreement was reached between the Ministry of Health and the Regions. Under this agreement, once a Region enters the white zone, economic activities which the current legislation foresees resuming at a later time can be reopened sooner. Therefore, from 31 May 2021 in white zone Regions it was again possible to reopen gaming rooms, betting shops, bingo halls and in-store outlets.

During the year, the Conference of the Regions published updates to the "Guidelines for reopening economic and social activities". The latest update of 2 December 2021 incorporated the requirement for customers wishing to use slot machine venues, gaming rooms, bingo halls and betting shops to hold one of the "COVID-19 green certificates".

As regards sporting events and competitions, during 2021 various measures were put in place to establish the maximum permitted capacity of venues and methods of access. The latest Italian Decree-Law No. 229/2021 for sports facilities set a capacity of 50% outdoors and 35% indoors of the maximum authorised number.

THOSE WISHING TO ACCESS SUCH ACTIVITIES AND WORKPLACES MUST HOLD A COVID-19 GREEN CERTIFICATE

Italian Decree-Law No. 41/2021, known as the Support Decree-Law, awarded a non-repayable contribution to those holders of a VAT number that suffered a 30% reduction in their average monthly turnover and income in 2020 compared to 2019.

The Support-Bis Decree-Law (Italian Decree-Law No. 73/2021) subsequently established a fund of €140 million for 2021 to support economic activities closed due to the Covid-19 emergency for at least one hundred days in 2021. The beneficiaries and the amount of the aid are determined, within the limits of the financial envelope, on the basis of the criteria identified by the Ministry of Economic Development's Ministerial Decree of 9 September 2021. This establishes the access procedures and the methods of disbursement of funds granted to closed businesses. Beneficiaries include gaming rooms, betting shops, gaming machines with cash winnings and sports facilities.

Italian Decree-Law No. 34/2020, which established the "Fund for relaunching the national sports programme" (the "Save Sport Fund"), for 2021 also requires concessionaires to pay 0.5% of the total collection from bets related to sports events of all kinds, including in virtual format, carried out via any method or medium, both online and through traditional channels. A cap of €50 million has been set for the fund for 2021.

CHANGE TO PREU RATES

For gaming machines with cash winnings, pursuant to Italian Law No. 160 of 27 December 2019 (2020 Budget Law), from 1 January 2021 the PREU (one-off tax collection) rates for AWP and VLTs have been modified as follows and fixed for 2022 and 2023:

- ◆ For AWP, the PREU rate became 24%.
- ◆ For VLTs, the PREU rate became 8.6%.

ADM DEVELOPMENT PLAN

For those Concessionaires holding licences for gaming machines with cash winnings, in December 2021 ADM published the guidelines for the 2022 Development Plan, as required by the machine concession agreements, focused on four main activities:

- a) activities aimed at improving the security and immutability of data recording and transmission;
- b) the new measures necessary to safeguard public order and user safety;
- c) communication and information initiatives to safeguard legal and responsible gaming. To implement the initiatives, each concessionaire is required to allocate the average amount spent for the same purposes in the last three years and, in any case, not less than 70% of what is specified for each Concessionaire in the 2017 Development Plan regarding expenses for study and research projects;
- d) provisions to safeguard the sector's potential.

LOCAL AUTHORITIES

Marche Regional Law No. 34/2021 extended the entry into force of the five-hundred-metre minimum distance from sensitive locations to 31 July 2023.

Piedmont Regional Law No. 19/2021 repealed Regional Law No. 9/2016 and contains new provisions regarding the minimum distance that gaming rooms and machines with cash winnings must be from sensitive places, along with time slots, quotas for AWP machines, and applications to reinstall disused gaming machines in implementation of Regional Law No. 9/2016.

Friuli Venezia-Giulia Regional Law No. 13/2021 extended, until the expiry date of the existing government concessions (20 March 2022), the deadline by which the owners of bars and tobacconists that have installed gaming machines with cash winnings will have to comply with the legislation on minimum distances set by Regional Law 1/2014.

Lazio Regional Law No. 14/2021 extends the deadline for complying with the legislation on minimum distances in Regional Law No. 1/2020 to August 2022.

Sicily Regional Law No. 18/2021 establishes that the stipulation of a new contract, including with a new concessionaire, by entities already authorised to collect bets prior to the entry into force of Law 24/2020, will no longer be considered a new installation and consequently will not have to comply with the minimum distance requirements. However, the transfer of the concession to another party will constitute a new installation.

1.2 REGULATORY COMPLIANCE AND COUNTERACTING ILLEGAL ACTIVITIES

DESCRIPTION OF THE MATERIAL ISSUE

“Regulatory compliance and counteracting illegal activities” means, on the one hand, the Group’s action aimed at combating corruption – active and passive – thanks in part to the implementation of Model 231 and training and awareness-raising activities on the subject; and on the other hand, the Group’s constant attention to compliance with laws, regulations and conventions relating to gambling. Added to these are player monitoring actions aimed at combating illegal gambling and preventing illegal activities.

Among the objectives set by the UN 2030 Agenda for sustainable development, which concern everyone and involve all countries and members of society from private companies to the public sector, objective 16 “Peace, justice and strong institutions” includes the two targets 16.4 and 16.5 that see Snaitech particularly involved in its work alongside the Italian regulator to prevent illegal behaviour and protect the entire community.

The Italian regulatory framework governing public gaming identifies concessionaires 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.

In this context, the Group’s primary interest lies in **promptly adapting the organisational and administrative practices to the legislation in force** since the concession duties require, above all, complete compliance with the various regulatory areas. This commitment is part of Snaitech’s identity dimension, as explicitly stated in the Code of Ethics and more generally in the Organisational Model of Snaitech and the companies of the Group. In the context of compliance with regulations and the fight against illegal activities, Snaitech’s work is inspired not only by a total compliance method but also by an **active counteraction policy**, based on detecting potentially suspicious behaviour and on systematic reports, in constant dialogue with the responsible authorities at various levels. 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 fully tied to citizenship rights: it responds to the legitimate wishes of the consumer, who is at once protected from the perils of illegal gaming and informed about the potential risks of irresponsible gaming.

1.2.1 ORGANISATION, MANAGEMENT AND CONTROL MODEL

The adoption of ethical principles relevant to the entire company function is an essential element of Snaitech’s preventive control system. For the assessment and integrated management of crime risks, Snaitech adopts an Organisation, Management and Control Model in application of Italian Legislative Decree 231/2001. This takes into account the specificity of the sector it operates in and the organisation of the Group it belongs to. The model is aimed at all those who work with Snaitech. **The main objective of adopting it is to create an organic and structured system of control principles and procedures that is designed to prevent, where possible and concretely feasible, the crimes provided for by Italian Legislative Decree 231/01.**

During 2021, the Group finished updating the Organisation, Management and Control Model and revising the contents of the Code of Ethics with the behavioural provisions applicable to Snaitech and its subsidiaries. This was done to align them with the current corporate organisational structure and the most recent legislative innovations that have affected the regulation of corporate liability for crime.

The Model and the Group Code of Ethics were approved by the Company’s Board of Directors on 1 June 2021 after they had been shared with the Supervisory Board and the Board of Statutory Auditors. The new Code of Ethics was also submitted for approval by the administrative bodies of each Group company.

The updates were the subject of a specific notice addressed to employees and third parties who have an ongoing contractual relationship with Snaitech, in order to highlight the main regulatory and organisational changes implemented within the updated Model and the adoption of the new Group Code of Ethics.

In addition, the specific sections on the company’s intranet and institutional website were updated. The regulatory changes implemented with the latest update of the Organisation, Management and Control Model are the subject of specific training.

The purposes of the **Organisation, Management and Control Model**

- ◆ disseminate a business culture based on legality, in that Snaitech condemns any conduct that does not comply with the law or internal provisions, and in particular with the provisions contained in its own Model;
- ◆ spread a corporate culture of control and risk management;
- ◆ implement an effective and efficient organisation of the business activity, with particular emphasis

on forming decisions and their transparency and traceability, the accountability of those responsible for taking such decisions and their implementation, the provision of preventive and subsequent controls, and the management of internal and external information;

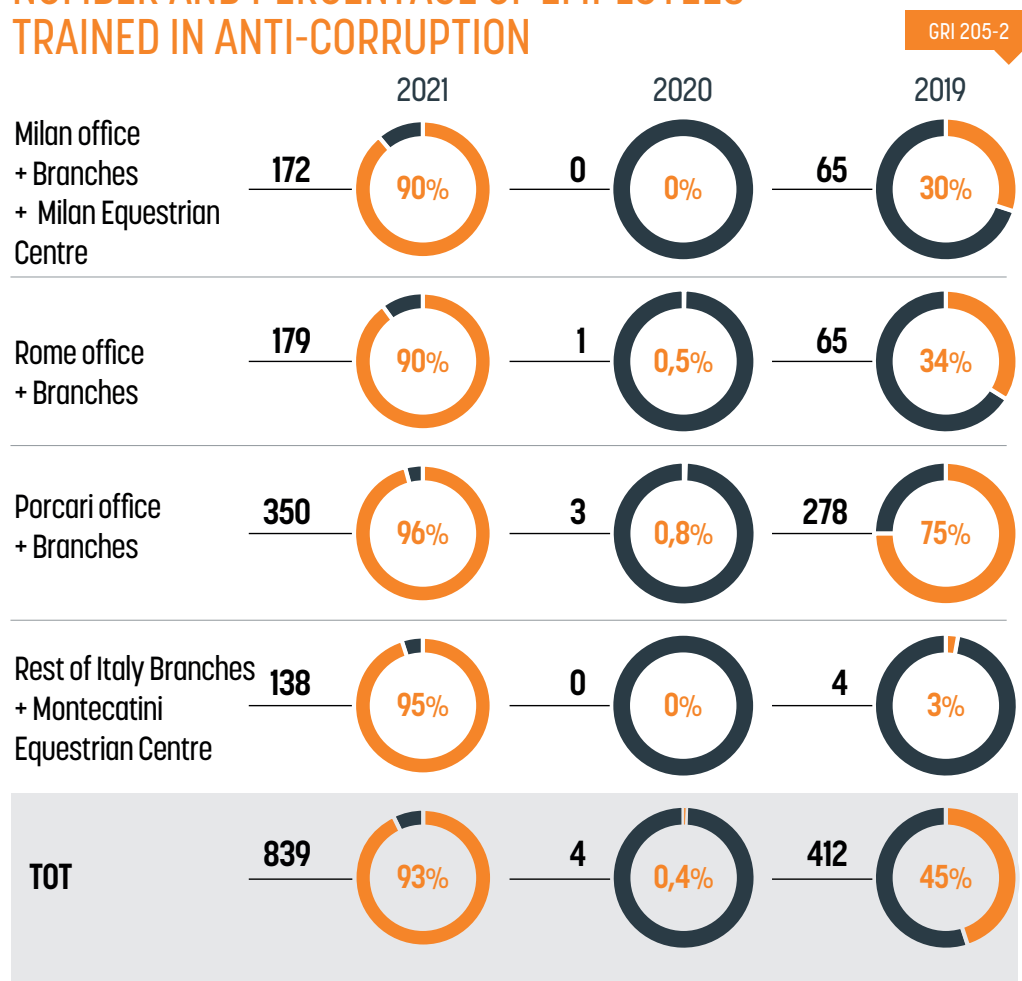
- ◆ rapidly implement all necessary measures to minimise the risk of criminal acts;
- ◆ provide adequate training (differentiated in terms of content and delivery methods, depending on the qualification of the recipients, the level of risk in which they operate, whether or not they have functions representing the Company) and information for employees, those who act on behalf of the Company or are linked to the Company by relationships relevant for the purposes of the Decree, regarding activities that entail the risk of crimes being committed.

In November 2021, Snaitech provided training - through brochures - to the members of the Board of Directors regarding the regulatory changes implemented with the latest update of the Snaitech S.p.A. Organisation, Management and Control Model issued on 1 June 2021.

The training, in light of the innovations introduced, was also provided in January 2022 by videoconference to Group Executives.

In December 2021 specific training courses were provided to employees on compliance and referring to the Playtech policies applicable to the Group and the national context, through the platform made available by the parent company. The courses required each employee to pass specific final tests of their knowledge regarding different modules such as: anti-bribery & corruption, anti-money laundering, tax evasion, human rights, responsible gaming, privacy and cyber security.

NUMBER AND PERCENTAGE OF EMPLOYEES TRAINED IN ANTI-CORRUPTION



Finally, for 2022 Snaitech has planned to deliver specific and periodic training relating to Italian Legislative Decrees 231/01 and 231/07 for all Company employees, also in light of the changes introduced with updates to the Model and recent regulatory changes. This training, specifically related to the national context, will also be delivered through a digital platform in an integrated approach.

1.2.2 ANTI-MONEY LAUNDERING

GRI 102-16

The concessionaire is required to comply with the requirements of the legislation for the fight against money laundering and terrorist financing. To this end, as risk mitigation and management safeguards, Snaitech has adopted specific Guidelines, procedures and operating manuals, both internal and vis-à-vis points of sale, to guarantee the legality and transparency of gaming and betting activities. The specific risks of non-compliance with this very stringent legislation are supervised and mitigated by the Anti-Money Laundering Function and are connected to the improper and illegal use of gaming products and betting by third parties (whether they are “players” or “managers” of points of sale) to commit potential money laundering and terrorist financing offences.

In this context, Snaitech must tackle and control operational risks related to the security of gaming and betting acceptance systems, the traceability of game movements (online and physical) and continuous monitoring of the subjective profile of players and business partners, in order to ensure compliance with Community and national legislation. Although the gambling and betting services are produced and offered by Snaitech on the market according to the rules protecting players, and despite the Group’s constant commitment to supporting responsible gaming, they could potentially lend themselves to distorted and fraudulent uses (or in any case uses other than those typical of fun and play).

The Anti-Money Laundering Function, coordinated by the Legal and Corporate Affairs Department, periodically verifies the adequacy of the guidelines, procedures and operating manuals adopted (updating them where necessary), systems and procedures for verifying customers and monitoring gaming. Where one or more “anomaly indicators” is detected, it reports suspicious transactions to the Financial Information Unit at the Bank of Italy. It also stores relevant documentation data in compliance with the provisions of the regulatory requirements. The Anti-Money Laundering Function also carries out checks and verifications of effectiveness and functionality at the operating areas and points of sale. **It continuously maintains and manages relations with the Public Authorities in the AML area, providing support, opinions, data and documentation.**

The safeguards that Snaitech has implemented over the years for anti-money laundering are numerous and straddle all company operations.

- ◆ In line with the regulatory updates to Italian Legislative Decree 231/2007 and subsequent amendments, Snaitech has adopted **specific procedures and control processes related to money laundering risks, anti-money laundering (AML) and terrorist financing**. These set out Guidelines and operating manuals for each Business Unit to adopt, in addition to a procedure for the Sales Network to manage AML activities. These documents are regularly updated to ensure constant compliance with current legislation.
- ◆ The entire sales network has a due diligence portal (Snaitech Group’s Consolidated Computerised Archive) for recording data on players and movements in gaming and winnings above the threshold set out by current legislation.
- ◆ The Sales Network is constantly updated and trained on regulatory requirements, including through circulars and information notes, in order to diligently fulfil the duties of player identification and identity verification at physical gaming points.
- ◆ Snaitech has an automated system for monitoring gaming (both “physical” and “online”), profiling and risk management, for players, commercial collaborators and suppliers, according to “risk-based” management. This software interacts with the company’s management systems and “checklists” provided by leading professional operators (to verify the reputational requirements of natural and legal persons). It has been supplemented and developed over the years, and today supports the Anti-Money Laundering Function in monitoring gaming activities and verifying the subjective profile of players. The software also monitors and verifies whether the reputational requirements of point of sale managers and commercial collaborators - including suppliers - are maintained.
- ◆ Within the scope of monitoring gaming, the Group actively collaborates with the Public Authority to identify abnormal transactions and/or behaviour to be reported to the Financial Information Unit for the Bank of Italy. To this end, when anomaly indicators are identified it promptly sends reports of suspicious transactions via the corresponding Delegate, supporting the report with data and related documentation.

In 2021, a total of 483 suspicious transaction reports (518 in 2020) were sent to the Financial Information Unit at the Bank of Italy for a total amount of €26,106,551.00 referring to the different business lines (betting, VLT, online, virtual games and other types).

- ◆ The Human Resources Department ensures adequate **training for all employees** to ensure information and updates on the regulatory provisions concerning anti-money laundering and counter-terrorism. **During 2021, Snaitech gave its employees 850 hours of training on issues of compliance with the regulations regarding crimes envisaged by the Model 231, such as: responsible gaming, anti-corruption and anti-money laundering, combating tax evasion.**

1.2.3 ANTI-CORRUPTION

Snaitech has equipped itself with effective tools to prevent corrupt acts by its employees and collaborators or by any person acting on its behalf.

In line with its materiality matrix, which sees compliance with legislation and the fight against illegal activities take top priority, Snaitech believes that monitoring and preventing the risks of corruption helps spread a corporate culture based on ethics and good business practices. This corresponds to the good conduct that the national and international community expects from responsible companies.

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

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

In 2021, Snaitech adopted a procedure that defines the methods of risk assessment. These include the procedures for identifying and assessing the risks of the alleged crimes expressly contemplated within Italian Legislative Decrees 231/01 and 231/07. This is a fundamental procedure for improving Snaitech's Internal Control and Management System.

The internal employees and managers who collect gaming and betting revenue nationwide operate in line with the relevant current regulations to eliminate or mitigate the mapped risks. The risks of particular importance include: **internal and external fraud and corruption between private individuals and between private individuals and public bodies**.

As an example, the control activities have been developed to verify:

- ◆ correct accounting and valuation of balance sheet items;
- ◆ adequate identification of revenue recognition criteria;
- ◆ billing data that corresponds to the financial flows;
- ◆ adequate supply flow;
- ◆ adequate flow of employee selection and termination and of changes in remuneration;
- ◆ adequate relations, communications and obligations required with the authorities and public bodies;
- ◆ correct prerequisites for operating points of sale with relevant risk indicators, in order to identify and prevent potentially corrupt internal and external relations;
- ◆ adequate flows of selection and monitoring of the potential and contracted sales network through prior verification and monitoring during the commercial relationship of reputational requirements;
- ◆ adequate flows of monitoring of the contracted sales network regarding the consistency of gaming acceptance and authorisation limits;
- ◆ adequate and consistent bet collection processes at the point of sale network, both directly managed and entrusted (from acceptance to payment of winnings), in compliance with the concession provisions and the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01.

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

ORGANISATIONAL UNITS ASSESSED FOR CORRUPTION-RELATED RISKS*

GRI 205-1

	2021	2020	2019
Organisational units	11	11	12
Number of organisational units assessed for corruption-related risks	6	6	9
Percentage of organisational units analysed for corruption-related risks	60%	60%	82%

It should be noted that no corruption incidents were detected during 2021. (GRI 205-3)

Each year, on the occasion of legislative or procedural changes, the members of the Board of Directors receive suitable notification and training on regulatory updates impacting the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01, with particular reference to anti-corruption issues.

The Snaitech Group also ensures that training programmes are delivered pursuant to Italian Legislative Decree 231/01 in the event of substantial legislative updates and whenever the Organisation, Management and Control model adopted by the companies changes.

Information is also provided to all personnel through timely communications and updates to the intranet.

1.3 1.3 CONSUMER PROTECTION

Snaitech recognises and protects gaming and promotes it as healthy fun, excitement, participation, and skills of analysis and self-control. The Group believes that prohibitive approaches can harm society and entail greater risks than those deriving from effective regulation, which can combat the development of illegal gaming and properly protect players.

As illustrated above, Snaitech operates in Italy under a concession from the Customs and Monopolies Agency (ADM). Besides constant attention to regulations to combat illegal gaming, player protection requires concessionaires to respect **individual privacy, fair trading practices and advertising and promotional bans**. Furthermore, the Group is actively engaged, also in collaboration with ADM, in **protecting player welfare**, in compliance with the specific provisions of the Balduzzi Decree.

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

Gaming activities are subject to public regulation in order to prevent potential risks to players - in terms of addiction or compulsive gambling disorder - and the community. The sector needs to be adequately defended from infiltration by organisations that may use illegal modes of gaming to commit offences such as tax evasion, money laundering and fraud, which both players and operators in the sector may fall victim to. Snaitech, a state concessionaire for the electronic management of lawful gaming, adopts the guidelines indicated by the Customs and Monopolies Agency and presents an Annual Development Plan.

In line with this vision, Snaitech, aiming for constant improvement, develops various activities on the following themes:

- ◆ promoting mindful gaming and consumer information;
- ◆ reliable gaming management systems and transaction security;
- ◆ data security and protection of player privacy;
- ◆ responsible point of sale management.

1.3.1 PROMOTING MINDFUL GAMING AND CONSUMER INFORMATION

DESCRIPTION OF THE MATERIAL ISSUE:

“Promotion of responsible gaming” means promotion of the Group’s products that takes into account the particular characteristics of the business and transparently presents the risks of gaming for consumer health. The services offered must therefore be promoted in accordance with the regulations (including with reference to the Dignity Decree) and in a responsible manner, particularly towards the most exposed categories (e.g. minors).

Playing games of chance has always enjoyed great popularity among human communities and can be recognised as a socially acceptable form of entertainment if done in moderation. However, for a very small minority of individuals, gaming for cash winnings may involve risks of addiction with specific consequences for the socio-economic well-being of the individuals concerned, their families and the community at large.

Snaitech adheres to and respects the principles of safe gaming that the legislator has established as fundamental requirements for granting the concession to operate in the Italian market, to protect and safeguard players and the community as a whole. The Code of Ethics sets out the Group's commitment to offer gaming as healthy fun, excitement, participation and analytical skills.

To this end, it gives players clear and transparent information concerning the rules of the game, the odds of winning, the prize structure, the age restrictions and information on the dangers deriving from excessive and uncontrolled behaviour.

In its online gaming offer, Snaitech takes care to provide a usable site and apps, simple graphics, intuitive options and buttons and clear graphic artwork, to avoid any possible misunderstanding about the rules of the game.

With regard to preventing compulsive gambling and protecting minors, Snaitech constantly adapts all communication both offline and online and makes the entire sales network aware of the obligations and prohibitions established by law. It pays particular attention to the ban on gaming by minors, the prohibition on access to specialised premises and the bans introduced by the "Dignity Decree" on advertising and sponsorships. In the context of online gaming, compliance with the self-limitation and self-exclusion obligations requested by players is guaranteed.

In compliance with the foregoing, Snaitech has stopped any form of advertising and promotional communication on gaming products, limiting itself only to information communications intended for customers in places dedicated to gaming. To this end, information leaflets, paper and digital posters complying with the regulations are available to customers at points of sale. During each inspection the Snaitech sales force constantly checks that this information is present and visible. The head office regularly sends out circulars requesting the information to be correctly displayed. The commercial area managers also check that signs and window decals comply 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.

In the course of the year, Snaitech continued programmes to promote responsible gaming vis-à-vis points of sale and in online gaming methods. A dedicated section is available on the website www.snai.it.

In addition, on the website and on the interface of bookmaking PCs used by players at points of sale, there is a link to complete a self-assessment to check whether or not their gambling behaviour indicates problematic and compulsive situations. On the online gaming platform and gaming apps there are informative messages, guarantee logos, odds of winning and warning statements, created and constantly updated by the Marketing Department. [\(GRI 417-1\)](#).

Players are provided with an easy-to-use system that allows them to self-exclude from online gaming at any time. The self-exclusion function can be both temporary and permanent, depending on the individual user's needs. During the self-exclusion period, the player cannot deposit any more money into their gaming account and cannot make any further wagers. Blocking the gaming account involves inhibiting any gaming account in the requesting user's possession. To give greater impact to the self-exclusion option, the Single Register of Self-Exclusions ("RUA") was introduced.

Another important self-control tool the platform provides to users concerns the self-limitation of payments: weekly self-limitation, self-limitation on daily spending and the maximum amount per bet.

It is worth pointing out that when the deposit limits are reduced, the change is immediate; conversely, when the limits are raised, the change will not be available for 7 days. This is to prevent the user from making rash choices following enthusiasm linked to gaming.

In 2021, there were no cases of non-compliance with the regulations governing the Group's marketing communications. [\(GRI 417-3\)](#)

GLOBAL GAMBLING GUIDANCE GROUP

For the seventh consecutive year, Snaitech's commitment to combating problematic gambling has received an important recognition: **the G4 International Certification on Online Gaming**. This is the result of participation in the programme of the **Global Gambling Guidance Group**, the organisation that evaluates the application of responsible gaming tools with cutting-edge rules and protocols. The certification was renewed, in compliance with the programme, following an audit conducted by the G4 aimed at verifying the policies adopted by the company and the effectiveness of tools made available to users. The organisation also evaluated the strategies to prevent underage gaming, as well as the information and support provided to players for responsible behaviour and approaches.

The outcome of the audit confirmed a strong commitment to several projects, some of which are underway while others are in development, with the main objective of increasing corporate culture and awareness of the issues and dynamics of problem gaming.

1.3.2 RELIABLE GAMING MANAGEMENT SYSTEMS AND TRANSACTION SECURITY

All online betting and gaming sites are subject to strict controls by ADM, which assesses different aspects such as: security, sensitive data protection mechanisms, player protection, gaming level and quality, customer support level, guarantees in transactions, reliability and timeliness of payments, and so on.

Appropriate logical-physical security mechanisms, such as firewalling devices, intrusion prevention and malware detection software, must be guaranteed within the concessionaire's processing system. The integrity and confidentiality of the information must also be guaranteed. The processing systems must be equipped with devices that counter attempted tampering and/or intrusion.

The computerised gaming system is based on a technologically advanced infrastructure for centralised management of all operations concerning the gaming market.

In particular:

- ◆ control and totalisation systems manage the real-time acquisition and processing of all gaming transactions, guaranteeing high performance in terms of transaction duration, certification, security and data retention;
- ◆ for gaming machines, ADM manages the issue of distribution and commissioning permits. In particular, for machines with cash winnings, ADM uses the central control system (to which concessionaires' processing systems are connected) to check the correct running of the game, the number of games on each machine, and to block any in the event of abnormal behaviours. This allows the correct calculation of taxes due and any penalties following violations;
- ◆ for remote gaming, ADM has the task of issuing concessions to entities who demonstrate that they can comply with a whole series of measures to safeguard players, some of which are related to physical and environmental safety.

These include:

- ➔ all computer systems must be physically located in a data processing centre, with access restricted to authorised personnel;
- ➔ there must be an authentication system: the player must have access to the systems after their credentials have been checked;
- ➔ intrusion detection systems must be present and all access must be recorded in a verifiable form;
- ➔ a virus detection system must be installed on all systems;
- ➔ all removable media that may contain critical data must be disposed of securely;
- ➔ time-out must be triggered after a certain period of player inactivity during a session.

In absolute compliance with the concession requirements, Snaitech uses technologies and software with the highest standards of reliability and security for all gaming and betting solutions offered to the public. The transaction management system, valid on all gaming channels, provides for the issuance of gaming or betting tickets only after real-time connection with Sogei, the IT structure of the Ministry of Finance, has confirmed this request to be accepted. This absolutely guarantees valid play and the payment of any winnings.

Remote gaming, which in Italy can only be exercised through specific gaming accounts, is subject to strict controls to protect transactions and the management of the accounts. Account management operations, in particular for credit card top-ups, are encrypted using the SSL128 system. Withdrawal requests from gaming accounts are only possible by bank transfer or equivalent systems with fully traceable transactions. Account holders may contact a dedicated phone number for assistance at any time.

1.3.3 DATA SECURITY AND PRIVACY PROTECTION

DESCRIPTION OF THE MATERIAL ISSUE

“Data cyber security and consumer privacy protection” means careful management of consumer data shared with the Group for commercial purposes, with particular attention to combating any cyber attacks.

Data security and the protection of players’ privacy are strictly enforced by Snaitech, both at points of sale and online.

With regard to the processing of personal data, Snaitech guarantees that the principles of correctness, lawfulness and transparency are observed and applied, and that confidentiality and data subjects’ rights are protected. This is done 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 GDPR) and Italian Legislative Decree No. 196/2003 “Personal Data Protection Code” as amended by Italian Legislative Decree 101 of 10 August 2018 as subsequently 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 managing data breaches in compliance with the principle of privacy by design and managing requests from data subjects, and carried out training and information activities for all staff. 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. The Company constantly strives to maintain its ability to demonstrate compliance with the relevant legislation by justifying the actions taken as and when required. Within the ICT Department, the Parent Company has set up Business Support units dedicated to overseeing the process and in particular the INFORMATION SECURITY OFFICER Function specifically created so that IT security aspects can be handled with particular focus and attention.

During 2021, cybersecurity was at the heart of a series of projects that considerably strengthened data management, infrastructure and security beyond the pre-existing concession requirements. These involved very significant investments to prevent and address any cyber attacks with the most appropriate means, through extending pre-existing tools for the perimeter security of the company’s network, specific tools for monitoring and controlling technology, and cyber security awareness systems to increase employee awareness and knowledge on the subject. In view of how pervasive the issue has become in the company’s daily activity, to reduce the risks related to the use of the web and all IT technologies, Snaitech implemented staff training courses in information security and data protection totalling 579 hours.

It should be noted that in 2021 no complaints were filed for breaches in terms of data security and privacy protection, either by regulatory bodies or consumers. (GRI 418-1)

2021 INVESTMENTS IN CYBER SECURITY ACTIVITIES

ACTIVITY	
Penetration tests (performed by external companies)	94.435 €
Vulnerability assessment (performed internally) Systems	70.806 €
Active cyber security systems	409.502 €
TOTAL	657.743 €

1.3.4 RESPONSIBLE POINT OF SALE MANAGEMENT

DESCRIPTION OF THE MATERIAL ISSUE

“Responsible point of sale management” means the control, assistance, training and awareness-raising activities for managers of gaming service points of sale, to ensure the consumer has informed access to the service and to counter pathological and illegal gaming.

Snaitech Group retailers are considered by the company as true commercial partners meriting preferential relationships, since the quality of the relationship with the end customer and the Group’s reputation depend on their professionalism and respect for the rules. Italian Legislative Decree 231/07, Article 52 (“Risk mitigation measures”) unambiguously establishes that gaming concessionaires must adopt procedures and control systems to ensure that the persons listed below are selected according to appropriate standards to guarantee their legal and fair conduct:

- A) managers of betting shops and in-store outlets
- B) VLT arcade managers and operators;
- C) agents;
- D) gaming concessionaires who are customers of connectivity services;
- E) business agents (bound by contractual relationships for direct or indirect provision of gaming services).

During 2021, the Compliance and Concessionary & Regulatory Compliance Function revised the procedures for checking reputational requirements, extending the scope to entities “representing” the potential customer with whom they come into contact during any preliminary phase of inspection and commercial assessment of the point of sale. The updated procedure has also broadened the scope of controlled entities, including AWP gaming machine operators, online gaming informants and horse owners and/or trainers.

To facilitate the operations described in the procedure, operating instructions have been prepared for completing customer assessment forms and the supplier assessment form.

In scrupulous compliance with the legislation, Snaitech identifies, verifies the possession and checks the continuation, during the relationship, of the reputational requirements required by sector regulations (Article 80 of the Procurement Code, Article 24 of Italian Decree-Law No. 98 of 2011, etc.) and the concession agreements stipulated with ADM. Snaitech’s checks in the contracting phase on reputational requirements for those who exercise gaming activities, supplement - in almost all cases - the checks carried out by ADM, Prefectures and Police Headquarters prior to issuing authorisation to exercise gaming collection (police licence pursuant to Article 88 of the Italian Consolidated Act of Public Safety Laws).

Once the contract has begun, Snaitech’s responsible point of sale management takes the form of supplying information material based on the regulatory and ethical guidelines for running the activity. In particular, the Marketing Department produces and continually updates an **information kit on “Responsible Gaming”** in accordance with the guidelines provided 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 points of sale and the communication materials are updated and made available to retailers digitally on the web page dedicated to points of sale. Retailers are recommended to display up-to-date information materials in all areas of the point of sale most visible to and frequented by customers, particularly with a targeted location near gaming machines. Snaitech is committed to maintaining a constant dialogue with operators through regular visits by area managers and by sending regular communications [GRI 416-I].

Sales network training is one of the tools used to establish this close relationship with commercial partners. In addition to business operations, the training is aimed at raising awareness among operators in the supply chain to spread values of legality and responsible gaming - one of the requirements envisaged by our regulatory system for the granting and operation of concessions.

The training, traditionally provided face-to-face to operators who manage points of sale with slots and video lotteries, has been replaced over the last two years by modules delivered via webinar. **In 2021 the training was delivered to about 930-940 points of sale, with 1,500 participants and almost 2,000 hours of training.** The training is carried out both for new outlets and for operators who want to learn more about certain topics. In addition, the SnaPartner portal, which operators can access, has **12 different training modules with 50 video tutorials.** All this has reduced the distance between the company and its values and the network, and increases the effectiveness of the supply chain. At the same time it has become an opportunity to spread digital knowledge, including in parts of the country where it is still lacking.

AUDITS AT POINTS OF SALE

GRI 416-1

Points of sale are subject to periodic checks by Snaitech's Internal Audit structure, according to an inspection plan that envisages progressive national coverage based on the trend of specific risk indicators (including the results of previous checks) as well as progressive geographical coverage. Monitoring of the indicators and planning are carried out on a quarterly basis and categorise the points of sale based on the assigned inspection priority. Point of sale inspections aim to ascertain that operators are correctly fulfilling their regulatory, managerial and contractual compliance obligations.

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

The inspections carried out in 2021 concerned:

- ◆ the formal and substantive correctness of the concession operation (i.e. suitable premises, possession and validity of permits, good condition of the ticket office, etc.) to guarantee and safeguard the legality of gaming revenue collection;
- ◆ the application of the provisions on citizens' health established by the Balduzzi Decree, the Dignity Decree and the contractual obligations, which define specific prescriptions for communications on gaming; this is in order to sufficiently prevent compulsive gaming and access to gaming by categories of vulnerable persons (for example, minors are prohibited from entry or gaming);
- ◆ the application of anti-money laundering legislation (pursuant to Italian Legislative Decree 231/2007, supplemented by Italian Legislative Decree 90/17), with reference to the knowledge and correct application of the procedures and contractual obligations to ensure actions to combat money laundering and terrorist financing (in particular, assiduous customer due diligence and the consequent retention of data and supporting documentation);
- ◆ activities to monitor the application of the provisions of the Dignity Decree (converted into Italian Law No. 96 on 9 August 2018) and the implementation guidelines of AGCOM (the Italian Communications Authority) issued on 18 April 2019 concerning the ban on advertising, including indirect advertising, relating to games and betting with cash prizes and winnings;
- ◆ the application of privacy legislation on the processing of personal data (GDPR 679/2016 and Italian Legislative Decree 196/03 as amended by Italian Legislative Decree 101/2018 as subsequently amended);
- ◆ activities aimed at detecting the correct application of health protocols to contain Covid-19.

During the last two years, the Company also supported the point of sale network in adopting the containment measures to counter the emergency, progressively set out 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 these measures.

Two different types of audits were carried out in 2021:

- ◆ 317 back-office audits: including verification that customer due diligence documentation had been correctly uploaded on the dedicated portal;
- ◆ 317 inspection visits in the point of sale network.

All control activities were monitored with the aim of correcting any critical issues found. Audit planning has been progressively directed towards a more accurate form of risk analysis that has seen dedicated resources committed to more critical points of sale in need of support.

The wall features four digital displays. The top-left display shows a table with columns for 'ESPOSIVE TORRETO TRAY' and 'ESPOSIVE TORRETO TRAY'. The top-right display shows a table with columns for 'ESPOSIVE TORRETO TRAY' and 'ESPOSIVE TORRETO TRAY', with a video inset of a volleyball player. The bottom-left display shows a table with columns for 'ESPOSIVE TORRETO TRAY' and 'ESPOSIVE TORRETO TRAY'. The bottom-right display shows a table with columns for 'ESPOSIVE TORRETO TRAY' and 'ESPOSIVE TORRETO TRAY'. All displays feature the 'LIVE' logo and the 'SNE' logo.

Sport

A vertical digital display on a stand, showing a sports field and data. The display features the 'SNE' logo at the top and bottom. Below the screen are several buttons and a small display area. The stand is black and has the 'SNE' logo on the front panel.



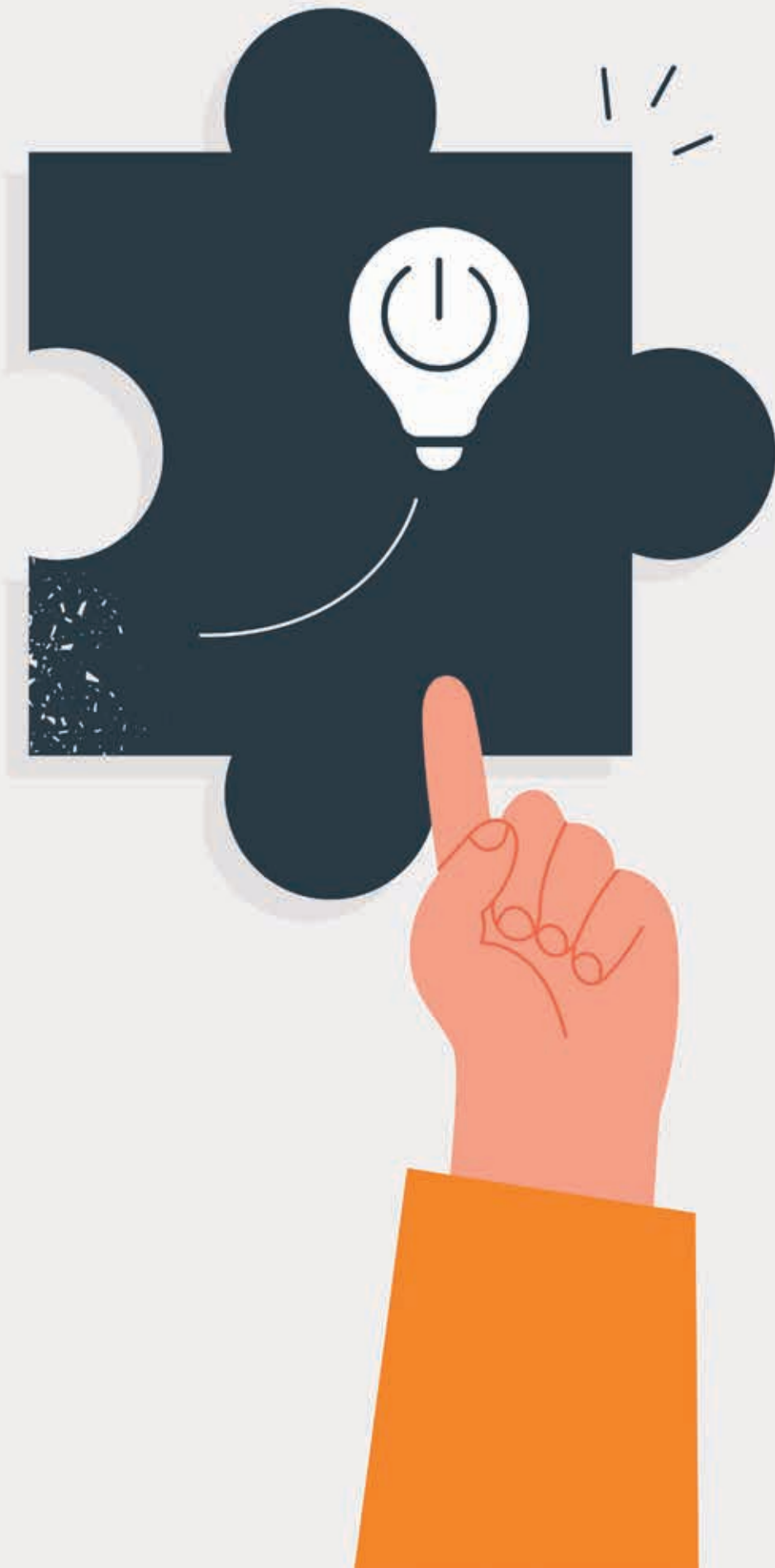
As a concessionaire, Snaitech plays a key role in ensuring legality and safeguarding consumers. The Group has provided almost 2,000 hours of training to points of sale to raise operator awareness of the values of legality and responsible gaming.

In addition, for the seventh consecutive year, we obtained the G4 International Certification that assesses the application of responsible gaming tools.



CHAPTER 2.

INNOVATION



2ND DRIVER INNOVATION

Looking to the future is not enough - we must anticipate it. Snaitech's leadership is based on the ability to innovate, by anticipating or even launching new trends in a sector with a strong vocation for innovation and a very high technological content.

In recent years, the online segment has been one of the main growth drivers for the company, which can rely on its technology partner Playtech: the world's largest provider of online gaming software. Snaitech has invested heavily to develop the web portal and mobile tools, creating a digital infrastructure built around the customer. This is how the current technological platform was born, which in terms of its performance and commercial offer is undoubtedly one of the most advanced in Europe. The results are clear: over the three-year period, active gaming accounts grew by 18%, while app downloads and the Gross Gaming Revenue of online gaming more than doubled. During 2021 the company strengthened its orientation towards choosing cloud solutions for its technological infrastructures, allowing significant improvements in terms of speed, scalability and system management: essential requirements to better manage the growth of online demand. For the future, we instead look to artificial intelligence and machine learning. The advanced use of these tools will allow us to better respond to the needs of individual customers, not only by customising the gaming offer, but by making one-to-one communications more effective and aimed at helping customers to avoid unsustainable gaming habits.

Online, but not exclusively. Snaitech has also worked to build a bridge between the physical and digital channel, generating an experience where technological tools are also a positive driver for gaming consumption on the physical network. Within the Group's branches today, customers find the sociality and interaction typical of physical places, but also the convenience and speed of technological devices. SmartShow TVs display infographics and statistics in real time, while those who want to bet can do so via counter staff or the Smart Solution bookmaking PCs and BetSmart totems: self-service terminals where the customer can independently and quickly place their bet, in line with the consumption habits of all other markets. This is an advantage for customers, but also for point of sale managers. Every online gaming account opened in-store is associated with that point of sale, so the manager receives commissions for their customers' online wagers. These measures have proved essential to support the Network during long lockdown periods, guaranteeing points of sale a source of revenue even when shops were closed.

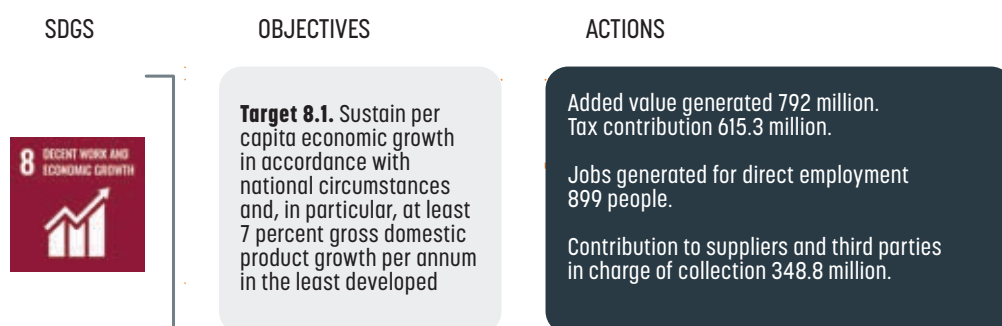
Finally, it is essential to remember the role of innovation at the service of safety. Thanks to continuous technological evolution, Snaitech can guarantee the most comprehensive compliance with legality and constantly evolving legislation that requires concessionaires to make major software and hardware adjustments to prevent illegal activities, distorting gaming behaviour and access by minors.

2. INNOVATION AND RESEARCH: DEVELOPING THE OFFER SAFELY

DESCRIPTION OF THE ISSUE/OBJECTIVE

“Technological innovation, research and development” refers to technological choices, product innovation and point of sale management, developed together with scientific partners, that allow increasingly effective business growth in counteracting the negative impacts on players’ health (compulsive gambling disorder) and illegal gaming.

WHAT WE DID IN 2021



Technological expertise and network security are among the main competitive assets that Snaitech can count on. This is thanks in part to the presence among its shareholders of Playtech, the world’s largest online gaming software provider, as a technological partner. Ever since Snaitech was founded, major investments have been made in the company’s integrated and digitised management, to streamline procedures and processes and guarantee a more efficient, structured and secure service.

Through continuous technological innovation, Snaitech guarantees the fullest compliance with the law and constantly evolving legislation that requires concessionaires to make major software and hardware adjustments to prevent illegal activities, forms of compulsive gambling and access by minors. Furthermore, Snaitech is committed to ensuring the highest levels of reliability for all modes of gaming and betting offered to its clientele and for payment services offered through the Snaipay brand.

2.1 GAMING AND SERVICE OFFER

Snaitech operates on the Italian and international market with an offer that covers the entire range of legal and safe gaming experiences. Snaitech’s services include: (i) gaming machines (AWP and VLT), (ii) sports betting, horse racing and virtual events, both in the retail and online channels, (iii) remote skill games (skill games, casino games and bingo).

Other Group activities also include providing specialised services for betting to independent concessionaires, offering commercial services (such as phone top-ups and paying bills to the PA - Public Administration), and managing the Milan racecourses (harness racing and flat racing) and the Montecatini racecourse (harness racing) which, besides hosting internationally famous horse races, offers citizens multipurpose gathering spaces.

The provision of the platform for collecting bets to companies operating under the HAPPYBET brand in Austria and Germany began in May. The services have been made available to all gaming points nationwide and online, using PC software and mobile apps.

This is part of the broader international development strategy linked to the projected integration with the Trinity Bet group, also part of the Playtech universe, which is expected to take place in 2022. (GRI 102-7)

The technological reliability, able to manage hundreds of millions of safe and monitored transactions every year, the widespread national physical network and the trustworthiness of Snai's historic and recognised brand represent a major advantage for both business partners and the end customer. (GRI 102-7)

2.1.1 2.1.1 PHYSICAL NETWORK

The physical sales network for Snaitech games and services is one of the most extensive in the country and comprises 2,036 betting points, of which 1,560 are run by the Company via direct gaming concessions and the remainder by supplying specialist services to points of sale that hold their own concessions.

A deep-rooted and widespread national 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 in renewing it, both from the perspective of customer usage and the technological innovation essential to keep pace in a constantly and rapidly evolving sector.

The owners of points of sale with direct gaming concessions (retailers) are true commercial partners for Snaitech. The Company establishes long-lasting relationships with them based on a two-way exchange of training experience and know-how: Snaitech provides the complete business model and all associated training activities and, in return, receives information on managing the end customer relationship.

Gaming points with direct concessions are grouped into Snaitech Shops and Snaitech In-Store Outlets.

	2021	2020	2019
Physical network of gaming/betting points	2,036	2,056	2,104
Points of sale with direct gaming concession*	1,560	1,574	1,584
<i>of which Snaitech shops</i>	<i>700</i>	<i>688</i>	<i>670</i>
<i>of which Snaitech in-store outlets</i>	<i>860</i>	<i>886</i>	<i>914</i>

GRI 102-2

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

In recent years, the Shops have been subjected to intense and widespread restyling according to the "Multi-play Shop" concept, based on a distribution of internal spaces to optimise customer use of the various types of gaming offered. The restyling also relaunched the corporate image with renewed shop window layout and signage.

The goal is to change the very concept of a branch and make these points of sale real hubs of entertainment and gathering, open to all sports and gaming fans who want to enjoy a shared leisure experience.

In terms of technology, the agencies now feature SmartShows - TVs that display real-time infographics and statistics - while those wishing to place bets can do so with counter staff or using the Smart Solution bookmaking PCs and BetSmart totems installed in all branches. Thanks to these innovations, customers who enter a Snai shop find a comfortable environment designed to welcome not only bettors but also sports lovers, who can follow worldwide sporting events of all kinds on monitors and video walls live and free of charge.

Snaitech In-Store Outlets, on the other hand, are areas in public establishments - such as bars, tobacconists and shopping centres - with furnishings and technological solutions designed for optimal integration, and are still supervised by Snaitech Network managers. The Outlets also use real-time information and acceptance systems.

The advantages that Snaitech assures to direct concession point of sale operators are:

- ◆ support in designing spaces and organising layouts;
- ◆ reliability (transactions managed with maximum security standards);
- ◆ complete offer of gaming, betting and payment services (helping the point of sale to become a go-to space for customers);
- ◆ innovative and high-tech platforms that allow simple and enjoyable gaming;
- ◆ a wide range of information for players;
- ◆ various forms of assistance in conducting administrative procedures.

SNAITECH NEW BETTING TECHNOLOGY

Bookmaking terminals are the evolution of the traditional paper slips 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, convenient and secure system which does away with the need for complicated calculations. The bookmaking terminals have also optimised management costs as the odds no longer have to be printed on paper slips. Once the bet has been prepared, the PC issues a code for the customer to take to the counter to confirm and pay for the bet. **Smart Solution bookmaking terminals** also offer the FastBet function, which enables players to purchase prepaid vouchers for the desired amount in advance at the cashier and then use them to pay for bets made directly on the PC. Self-service gaming is even more developed on the **BetSmart** multifunction totems, designed for all types of bets. BetSmarts are self-service terminals with a simple and intuitive interface. They can be used 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, place bets by paying money directly into the totem or by re-inserting winning tickets to use as credit. All without having to go to the cashier. The success of these tools is demonstrated by the numbers: after being launched on the market at the end of 2017, there are already 4,000 BetSmart totems installed throughout the country.

BETSMART



SMART SOLUTION



BETSMART MINI



MY BET



SMART SHOW

TYPES OF GAMING ON THE PHYSICAL NETWORK

GRI 102-7

The provision of the platform for collecting bets to companies operating under the HAPPYBET brand in Austria and Germany began in May. The services have been made available to all gaming points nationwide and online, using PC software and mobile apps.

This is part of the broader international development strategy linked to the projected integration with the Trinity Bet group, also part of the Playtech universe, which is expected to take place in the first quarter of 2022. (GRI 102-7).

The technological reliability, able to manage hundreds of millions of safe and monitored transactions every year, the widespread national physical network and the trustworthiness of Snai's historic and recognised brand represent a major advantage for both business partners and the end customer. (GRI 102-7)

AWP Amusement With Prizers

AWPs are entertainment devices that can reach a wide audience and are found in bars, tobacconists, betting shops/agencies and dedicated rooms. AWP's represent the traditional "slot machines" and are installed in public establishments subject to authorisation pursuant to the Italian Consolidated Act of Public Safety Laws (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 2021 Snaitch has 37,683 permits covering over 9,000 premises nationwide.**

VLT Video Lottery Terminals

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

As of 31 December 2021, Snaitch owns 10,590 rights for collection via VLTs, with 10,214 machines active in 1,149 premises.

Sports betting (and on different events)

Through this service, Snaitch offers the chance to predict the outcome of one or more events (sporting events, music competitions etc.) among those authorised by ADM.

Virtual sports

These involve betting based on sporting events, horse racing and special races simulated thanks to software that recreates event highlights on monitors (in 3D graphics or through images of past events) such as football, car racing, tennis, cycling, greyhound racing, horse racing and camel racing. These bets supplement Snaitch's offer by satisfying customers' requests to combine "fast" bets (for virtual events lasting under five minutes) with traditional gambling on real events.

Horse race betting

This is betting on harness racing, flat racing and steeplechases at Italian and foreign racecourses.

CLOSURE AND MANAGEMENT OF POINTS OF SALE DUE TO COVID-19

In the course of 2020 and 2021, multiple Prime Ministerial Decrees were issued to tackle the COVID-19 pandemic, imposing restrictions on the gaming industry.

During the second wave of the pandemic in autumn 2020, several of these decrees suspended the activities of gaming rooms, betting shops and bingo halls. In the course of 2021, more decrees repeatedly extended the suspension of physical gaming activities until May.

It was only following the Reopening Decree-Law of 18 May that gaming rooms, betting shops, bingo halls, casinos and in-store outlets were allowed to open again from 1 June, but with different opening hours based on the "colour" assigned to individual regions.

During the second half of 2021, further decrees were issued restricting access to gaming rooms and betting shops. In particular, the "Green Pass" Decree-Law issued in July made a green pass compulsory for those wishing to use gaming rooms and betting shops, while the Decree-Law of 24 December made a "reinforced" green pass compulsory from 10 January to 31 March 2022.

2.1.2 THE ONLINE NETWORK

The technological changes of recent years and disruptive technologies have laid the foundations for the development of online gaming. This aspect was boosted by the crisis the sector experienced with closures dictated by the Covid-19 pandemic. Operators shifted the focus of their activities to the online sector, which allowed them to meet the demand for entertainment during long lockdown periods.

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 major international companies. The approach that best 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, then, any environment - retail, mobile and online - must assure the same information and the same gaming potential.

Always ready to seize opportunities for innovation, Snaitech is strongly committed to a path of technological transition concerning infrastructures. In 2021, a process of refreshing technological and data centres was launched in order to expand the use of cloud infrastructures by adopting a "digital first" approach. It is a question of making the most of the scalability the digital world allows, i.e. of increasing or reducing our performance, resources and functionalities based on needs or specific requests. It is precisely this scalability that allowed the Group to meet the sudden increase in demand for online gaming during periods of closure due to the pandemic. This is an important project involving significant investments that will lead to an increasingly predominant cloud-oriented approach. This will result in the very near future in limiting or completely abandoning the use of proprietary data centres, using external data centres that also perform better in terms of energy consumption and using energy from renewable sources.

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 sites.

Enhancing the value of the Snai brand's fame and reputation, 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 the best scoreboard providers to keep offering the best product to customers. Over the years, the streaming event portfolio has been expanded and enhanced to include some of the biggest football, basketball and tennis events in the world (including the Spanish Liga, Bundesliga, NBA and three tennis Grand Slams). Snai has thus become a sports broadcaster in every sense. Today, then, Snai customers can not only bet on a schedule of over 35,000 events per month - one of the most comprehensive in the world - but can also stream for free over 77,000 matches and 250 events in over 20 different sports a year.

However, only 5 of the 20 new gaming 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. First of all, the mobile offer was enhanced to reach 11 different apps in 2021, each specifically designed to provide the most exciting gaming experience for every 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 Italy too. For an even more engaging and personalised gaming product, the company offers its customers live tables in 10 different languages and dedicated Snai tables for both roulette and blackjack.

SN4IFUN

SN4IFUN is the Snaitech app for **news, statistics and games dedicated to all sports fans**, who can test their **sports knowledge with quizzes and predictions**, collect Tokens and participate in instant wins to win daily Amazon.it Gift Vouchers up to €650. Through SN4IFUN, Snaitech thus gives life to a multimedia engagement dedicated to all fans and beyond, who want to enrich and test their knowledge purely for fun. An entire section of the app is dedicated to the positive values of sport and more generally to a non-excessive approach: **"ZeroXS"**, the platform of content and initiatives designed to spread fair play, healthy team support and responsible entertainment. SN4IFUN is available on all online stores free of charge and also on the Facebook, Twitter and Instagram pages.

Thanks to innovation in the products offered, acquisition strategies, strengthened cross-selling on the physical network and accelerated digitisation induced by pandemic-related measures, in 2021 the GGR (Gross Gaming Revenue) of the online sector grew by 44.3% compared to 2020, from €266 million to €384 million. The Group thus strengthened its position in the online gaming sector with a market share of 10.6%, up 0.3 percentage points from 2020.

Considering all platforms, in 2021 Snaitech recorded a total of over 80 million visits to its web portals.

OPERATIONS CARRIED OUT DURING THE YEAR

	2021	2020	2019
Gaming accounts active during the year*	602,278	530,568	509,921
Visits to the websites	-	80,670,135	92,840,563
from snai.it	59,776,355	54,328,465	59,435,432
from m.snai.it**	18,609,326	7,749,058	11,803,961
from bestingame.it ***	2,249,553	-	-
Visits to the blogs	281,537	227,551	560,959
App downloads	815,000	415,000	370,000
GGR (Gross Gaming Revenue, in millions of €)	384	266	166
Value of online winnings (in millions of €)	5,656	3,832	2,532

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

** Note that the data is estimated due to problems that emerged during the change of platform in June 2020.

*** Website operational from 11/04/2021.

TYPES OF ONLINE GAMING

Skill games	They consist of online tournaments of poker, burraco, briscola, scopa and other traditional Italian folk games with cash winnings.
Slot online	These can be played directly via the web or by downloading a dedicated free client directly from the snai.it portal, mobile site or dedicated apps.
Live games	These provide livestreamed classic casino games with real tables and dealers.
Casino games	These include classic casino games such as French and American roulette, blackjack and videopoker.
Bingo	The game offers five different virtual gaming rooms, with increasing jackpots for each room.
Lotteries	The portal lets players participate in major national and international lotteries.

2.1.3 THE SYNERGY BETWEEN RETAIL AND ONLINE

In recent years, the company has worked hard to align the customer experience of the two worlds - physical shops and online platforms - through the various digital tools developed for retail customers.

In Snai shops today, the complete integration between physical and online gaming has become a reality: customers can even use their personal devices to interact with the shop. Many gaming solutions enable players to operate independently within the Multiplay Shop with a smartphone or tablet. Placing bets, checking live bet status, reading information and studying statistics: everything is just a click away in-store through the Snai apps.

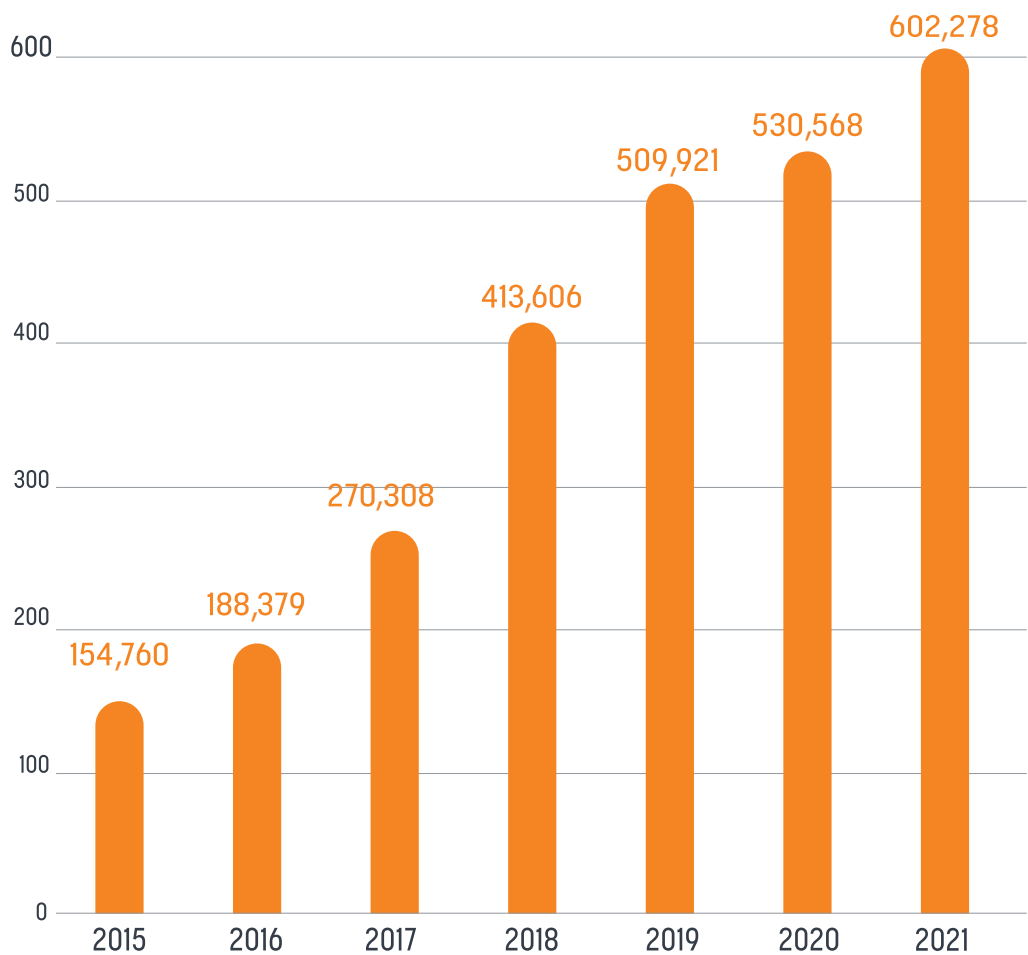
Another very important aspect changing the offer of services in the sector concerns the process of technological integration/interaction and the possibilities offered by systems for profiling users and their gaming behaviours. Thanks to data collected on consenting users, algorithms formulated by artificial intelligence will be able to diversify, select and propose different types of online gaming suited to platform users. Snaitech is mainly focusing its efforts on innovations made possible by artificial intelligence and machine learning. These are systems capable of learning or improving performance based on certain data, collected and obtained by the players themselves, and which fall within the new frontiers proposed by industry 4.0. Artificial intelligence makes it possible to monitor gaming activity to extract any useful information on user behaviour. Through machine learning, the very latest technologies are able to learn automatically.

Advanced use of these tools will allow greater adaptability to the needs of individual customers, an offer of new and sometimes personalised experiences, and more targeted one-to-one communications, including to prevent unsustainable gaming behaviour.

With reference to all sports betting in both the physical and digital channels, Snaiotech reasserts its leading position with a market share of 14.3%.

The company has put great emphasis on acquiring online players through points of sale. Today, customers can easily open their online gaming accounts at branches, while managers are granted a royalty on online wagers made by people who opened the account at their shops. This strategy has yielded major results, so much so that in recent years around 10% of new Snai gaming accounts have been opened in branches and the number of accounts active during the year has grown from around 150,000 in 2015 to over 602,000 in 2021. In 2021, gaming accounts increased by 12% compared to the previous year.

ACTIVE SNAI GAMING ACCOUNTS



2.2 SNAIPAY SERVICES

Snaipay is the Snaitech Group brand created to easily manage top-up and payment services. It distributes high-quality value-added services that allow distributors, operators and end customers to take advantage of the most technologically advanced services on the market. Over the years, Snaipay has always kept on innovating, seeking new sales methods with a view to making it easier for customers to use its services and extending the range of its payment services throughout Italy. The Snaipay platform is present in more than 7,000 sales points and offers a large portfolio of services to retain an increasingly demanding customer base. Active 24 hours a day, using the latest-generation Smartpos web terminals with integrated camera and barcode reader and self-service kiosks located at points of sale, the platform is aimed at:

- ◆ distributors, or organised entities with their own structure (B2B) that intend to develop their service offerings to create new potential for their customers or commercial structures;
- ◆ end-of-chain retailers (B2C);
- ◆ Snaitech shops and in-store outlets;
- ◆ arcades;
- ◆ points of sale with new slot machines.

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

- ◆ phone top-ups of national mobile operators and MVNOs (mobile virtual network operators)
- ◆ international phone top-ups
- ◆ e-voucher
- ◆ gift cards
- ◆ top-ups for TV, video games, audio and video streaming
- ◆ international phone cards
- ◆ top-ups of snai.it betting accounts
- ◆ travel tickets
- ◆ payment of utility bills (MAV and RAV payment slips, car tax, PagoPa, pre-filled bills, etc.)

Snaipay now has a network of around 50 partner companies, including Netflix, Amazon, Sky, Flixbus, PosteMobile, Iliad, Playstation, Xbox and Spotify. These are all services that people without a credit card can access through Snaipay. Snaipay can also 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, the fintech Tinaba and the Maccorp Group, who have chosen to establish partnerships with Snaipay in order to offer their customers the services available on the platform.

As part of the partnership with LycaMobile, 2021 saw the launches of new tariff plans, the Freccia bill payment service and "Amazon cash desk top-up" that allows Amazon account top-ups with both fixed and variable amounts.

Snaipay ended 2021 with a total volume of transactions of **164.981 million⁵**, up 47% from 2020. Thanks to the numerous prestigious partnerships through which Snaipay distributes services, the online sales segment compensated for the drop in turnover due to the closure of the physical network during lockdown. Another factor that contributed to the excellent result for 2021 was the launch of the PVR project (Punto Vendita Ricarica, Top-Up Point of Sale) which, starting from April, grew the direct network in the reopening periods up to 2,132 points of sale today (1,282 in 2020). The project sees the Snaipay Network include commercial establishments unrelated to gaming which can top up gaming accounts and pay winnings vouchers, thus offering an alternative to customers who do not want to use electronic payment systems and prefer to visit the point of sale in person. In the future, some of these establishments will be candidates to become new branches or in-store outlets with a gaming concession.

Migration from Myweb platform to Snaipay. During the year the B2B platform "Myweb", with which Snaitech operated as a service provider in the horse racing and sports betting market, was discontinued and the function was absorbed by Snaipay, with a view to optimising IT systems and increasing transaction security. This migration has allowed significant technological renewal of the retail platform and introduced the entire portfolio of Snaipay services to the points of sale still lacking them.

In 2021 Snaipay also started developing Snaipay Wallet, "the first Snai technology payment method", which will arrive at points of sale in 2022. Through the use of a digital wallet or a payment account, the customer will be able to manage the transaction in self-service mode, cashless and without going to the cashier. Snaipay Wallet will be usable at all Snaitech points of sale and combined with a prepaid card usable throughout the Mastercard circuit. The introduction of a tracked payment method increases security in terms of anti-money laundering and facilitates the use of the product at the point of sale, building customer loyalty.

I ⁵ Total amount relating to the sale of products and top-ups of gaming accounts.

Furthermore, at the end of the year Snaipay launched a new lead collection service whereby customers at points of sale can sign up to the football offer promoted by Tim in partnership with Dazn, or sign up to Edison offers for their gas and electricity supply. This translates into a new source of revenue for the operator, who is remunerated based on the leads promoted and their conversions into contracts, and a chance for the customer to benefit from advantageous offers and in-store advice on the product.

SNAIPAY SUPPORTS SPORT

Snaipay, committed to spreading the values of sport and sporting culture as per the Group's tradition, is a partner of Inter FC, AC Milan, the Serie A Basketball League and Volley Bergamo 1991.

For 2022, Snaipay's portfolio of services is planned to include new payment products, new Chamber of Commerce products (ordinary and historical records, people/company reports and Company Cards) and a strengthened partnership with Vivaticket to distribute tickets for concerts, sports and cultural events in the Snaipay network.

2.3 MULTIMEDIA SERVICES: EPIQA'S ROLE IN PROMOTING HORSE RACING

On 4 August 2021 Epiqa Srl, the multimedia reference for the Snaitech Group, was awarded the contract announced by MIPAAF (Ministry of Agricultural, Food and Forestry Policies) for **the service of collecting, processing and broadcasting the TV signal for races filmed on Italian and foreign racecourses and related services for the following six years.**

EPIQA'S OUTPUT IN 2021

- ◆ four TV channels produced for MIPAAF (Ministry of Agricultural, Food and Forestry Policies), for which images are collected and broadcast daily from all active Italian racecourses and some foreign ones (France, Sweden, England, Australia, South Africa). The Unire Grigio and Unire Verde channels are displayed in betting agencies throughout Italy, the Unire Blu channel entirely dedicated to national horse racing is visible in the shops and in-store outlets of all concessionaires, and the Unire Sat channel is included by the satellite broadcaster Sky on channel 220 in HD;
- ◆ three web TVs entirely dedicated to horse racing;
- ◆ three TV channels, Sport Virtuali 1, 2 and 3 dedicated to broadcasting virtual events subject to betting;
- ◆ two television channels dedicated to sports in general, SNAI LIVE 1 and SNAI LIVE 2, streaming various live sports events (with betting accepted) and broadcast via satellite to the group's network of betting points, with schedules from 7.00 am to 11.00 pm every day of the year;
- ◆ an online streaming radio channel, Radio Snai;

Epiqa (formerly Teleippica) has been a concessionaire for the Ministry for over 15 years, but the new tender awarded is an opportunity for the Snaitech Group to enhance one of its fundamental assets through an innovative project with goals that go beyond the stringent technical and quality requirements imposed by the Ministry.

The most important news concerns EQU^{TV}, the TV station dedicated to horse racing that has replaced Unire Sat. Complete with a new logo, it enters digital terrestrial on channel 151, tivùsat on 51, while it continues on the Sky platform on channel 220 as before. The new editorial project aims to present horse racing and the world of horses in an innovative and engaging way. The medium is transformed in terms of graphics, direction and schedules, designed to involve a wider and more cross-cutting audience than the traditional world of horse racing connoisseurs, which in recent years was running out of capacity to attract new fans.

“Today the world of horse racing, with the launch of the channel EQUtv, begins its new path of growth and revolution, both in terms of content and repositioning its image. Italy has always been one of the European countries that plays a leading role in horse racing, and the history of our farms, our racecourses and the skills of our professionals are a plus that few others can boast. With the launch of this collaboration between MIPAAF and Snaitech, our goal is to build new interest and broaden the horizons of the horse racing audience, not only in sports but also in education and training. Introducing even younger people to one of Italy’s most important sectors is one of the objectives we have set ourselves and are strongly focused on.”

Senator Francesco Battistoni, Undersecretary of State of MIPAAF - La Repubblica 03/03/2022

In its role as a gaming concessionaire, Snaitech supports the regulator in the fight against illegal gaming. Likewise, in the world of horse racing, with which it maintains a deep-rooted bond, **through Epiqa the Group supports the Ministry responsible for promoting equestrian culture. This concerns everything connected to horses and their relationship with humans, even beyond the sporting event.** Alongside broadcasts of major equestrian events, the new schedules will focus on topics beyond the competition: horse welfare, horses as a support tool for therapeutic purposes, horse tourism as an opportunity to rediscover regions, etc.

This project is fully part of Snaitech’s strategy to promote culture and sporting spirit, to an audience that approaches gaming as a means of controlled entertainment and bets to verify its previously accrued knowledge. This no longer requires a fatalistic reliance on luck and chance, but rational choices based on background information that Snaitech undertakes to increase with radio, television and multimedia programmes.

Snaitech’s oversight of the entire path from managing racecourses that host the pure racing event, linked to the passion for a sport, to TV as a vehicle for transmitting information and sporting culture, to betting as a form of entertainment based on acquired information, makes it a unique business in Italy’s gaming landscape.

2.4 THE GAMING MARKET IN ITALY AND THE GROUP’S POSITIONING

As in the previous year, the gaming market’s performance in 2021 was strongly conditioned by the COVID-19 pandemic containment measures. The closure of gaming and betting rooms, in-store outlets and bars that lasted until May 2021 affected performance in all types of gaming.

As happened in other sectors of the national economy, the lengthy shutdown of physical points of sale and the need for social distancing helped to accelerate digitisation, including for gaming and betting.

In consequence, and based on the data available to date (official ADM data, press releases, industry studies), **it is estimated that by the end of 2021 the overall gaming market increased slightly compared to 2020**, both in terms of spending - collection net of winnings (Gross Gaming Revenues or GGR) - and tax revenues.

The total GGR of Snaitech’s reference segments, namely gaming machines and gaming/betting on the retail and online channels, is estimated at €8.7 billion, up approximately 7.5% from 2020. Compared to the pre-pandemic period, the GGR volumes show a sharp contraction of around 35%.

With a total GGR of €1.198 billion, up 6.4% from 2020, the Group confirms its position as one of the leading operators in the Italian gaming market, both in the retail betting/gaming machine and Online (betting and games) segments, with a market share of 13.7%.

Regarding all sports betting in both the physical and digital channels, the Group has a market share of 14.3%. The GGR of the online sector grew by 44.3% compared to 2020, from €266 million to €384 million. This strengthened Snaitech's position in the online gaming sector with a market share of 10.6%, up 0.3 percentage points on the previous year.

SNAITECH'S PERFORMANCE IN THE RETAIL SECTOR 2021

Retail	
Gaming machines (VLT, AWP)	15% market share of net spending (14.9% in 2020)
	185 million GGR from VLT (169 in 2020 + 9.7%)
	513 million GGR from AWP (540 in 2020 - 5%)
Betting	19.5% market share of net spending (18.7% in 2020)
	115 million GGR (150 million in 2020) of which:
	◆ 16 million horse racing betting (19 million in 2020)
	◆ 71 million sports betting (102 million in 2020)
	◆ 29 million betting on virtual events (29million nel 2020)

SNAITECH'S PERFORMANCE IN THE ONLINE SECTOR 2021

Online	
10.6% market share of net spending (10.3% in 2020)	
384 million (266 in 2020 +44.3%) GGR of which:	
◆ 190 million sports betting (132 in 2020 +43.7%)	
◆ 20 million virtual (14 in 2020 + 42.5%)	
◆ 17 million horse racing (12 in 2020 + 39.7%)	
◆ 157 million remote gaming (108 in 2020 +45.8%)	

For the overall collection gross of winnings, the Group recorded an increase of about 24%, largely recovering the almost 30% decrease when the pandemic first hit the sector in 2020 compared to 2019. The table details show how the respective increases of 42% and 50% in the wagers recorded by the online sector and by remote gaming offset the losses suffered by the retail sector, which are still lower than in the previous year.

THE SNAITECH GROUP'S COLLECTION BY TYPE OF GAME AND BY CHANNEL (in millions of euros)

GIOCO	COLLECTION 2021	DELTA % 21 VS 20	COLLECTION 2020	DELTA % 20 VS 19	COLLECTION 2019
AWP	1,476	-8.49%	1,613	-53.49%	3,468
VLT	1,193	4.37%	1,143	-65.92%	3,354
Gaming Machines	2,669	-3.16%	2,756	-59.60%	6,822
Sports betting	379	-16.70%	455	-44.51%	820
Betting on horse racing and National Horse Racing	71	-8.97%	78	-49.02%	153
Betting on virtual events	177	5.99%	167	-43.00%	293
Total Retail Betting	627	-10.43%	700	-44.71%	1,266
Sports betting	1,299	42.12%	914	29.10%	708
Betting on Horse Racing and National Horse Racing	91	33.82%	68	100.00%	34
Betting on virtual events	128	43.82%	89	368.42%	19
Total online betting	1,518	41.74%	1,071	40.74%	761
Remote skill games	4,522	49.39%	3,027	56.27%	1,937
TOTAL SNAITECH GROUP	9,336	23.59%	7,554	-29.96%	10,786

2.5 ECONOMIC PERFORMANCE AND ADDED VALUE

DESCRIPTION OF THE ISSUE/OBJECTIVE

“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, as well as allowing the Group to achieve its profit objectives, is distributed to all Group stakeholders, including the Public Administration, employees, suppliers, shareholders and the community.

The results for 2021 were undoubtedly strongly influenced by the closure of points of sale in the first half of the year due to the COVID-19 pandemic. They highlighted the accelerated migration of consumers to digital gaming services, but also demonstrated the resilience of the retail segment and the Group's profitability in general.

The Group's total revenues in 2021 showed an increase of 12% compared to the previous year, from €522.7 million in 2020 to €585.2 million in 2021.

Revenues from sales and services amounted to €581.3 million in 2021 compared to €520.5 million in 2020, and increased by 11.7% due to the particularly significant contribution of the online segment. In the 2021 financial year, EBITDA increased by 38.6% from €131.9 million in 2020 to €182.8 million, essentially attributable to the excellent results of betting and gaming services on the online channel.

Net profit for the 2021 financial year amounted to €102.1 million, up 113.2% compared to €47.9 million in 2020, thanks in part to the recognition of deferred tax assets previously not recognised in the financial statements.

Net financial debt at 31 December 2021 amounted to €38.8 million, compared to €106.5 million at 31 December 2020, thus reduced by €67.7 million. The improvement in net financial debt is mainly due to the excellent results of current operations and the limited amount of investments. These more than offset the disbursements made to pay the gaming tax instalment for 2020, under the emergency Covid-19 legislation issued by the Government to support businesses.

The overall net added value produced by the Snaitech Group's activity in 2021 increased by 7% compared to the previous year. It is distributed among the main stakeholders on the basis of legislation (to central and local public administrations), existing contractual relationships (to staff and capital lenders) and strategic company decisions (to shareholders in the form of dividends and to local communities in the form of donations and sponsorships). The increased share of added value reserved for staff, which rose to €55.1 million (+16.4%), is mainly due to the lower use of social safety nets, extraordinary leave and permits under Italian Law 104/92 (introduced in 2020 to deal with Covid-19), a resumption of travel, and greater provisions for incentive and retention plans. Financial charges decreased in line with the reduction in net debt and slightly lower taxes and duties. Finally, the resources allocated to relevant local communities decreased by 3.8% compared to the previous year.

ADDED VALUE GENERATED (in thousands of euros)

	2021	2020	2019
GROSS VALUE GENERATED	1,179,134	1,122,653	1,944,433
Revenue from sales and services	581,281	520,515	824,246
- Revenue adjustments			0
Other revenue and income	3,929	2,197	5,783
Total revenue	585,210	522,712	830,029
Taxes on gaming	592,116	598,284	1,112,894
Change in inventories	-	0	0
Increases in fixed assets reserved for internal operations	1,808	1,657	1,510
PRODUCTION COSTS	340,516	335,020	591,421
Raw and ancillary materials, consumables and goods	898	608	1,616
Cost for services	347,941	318,912	569,722
Costs for the use of third-party assets	770	791	1,7140
Allocations for risks	-2,773	-368	6,029
Miscellaneous operating charges	-6,320	15,077	12,340
GROSS CORE ADDED VALUE	838,618	787,633	1,353,012
Financial income and extraordinary items	229	32,777	386
Deferred (-) / prepaid (+) taxes	7,826	-16,541	-17,100
Financial charges and extraordinary items	-854	-487	-443
GROSS OVERALL ADDED VALUE	845,819	803,382	1,335,855
Amortisation/depreciation and write-downs	53,805	63,222	57,782
NET OVERALL ADDED VALUE	792,014	740,160	1,278,073

DISTRIBUTION OF ADDED VALUE (in thousands of euros)

	2021	2020	2019
STAFF REMUNERATION	55,105	47,342	51,892
PAYMENTS TO THE PUBLIC ADMINISTRATION	615,257	620,930	1,149,975
Taxes	6,596	7,465	8,979
Taxes on gaming	59,116	598,284	1,112,894
Concession fees and administrative penalties	16,545	15,181	28,102
INTEREST PAID ON LOANS	18,080	22,462	23,544
Charges for short and long-term loans	18,080	22,462	23,544
REMUNERATION OF RISK CAPITAL	0,00	0	0
Profit distributed	0	0	0
COMPANY REMUNERATION	102,071	47,865	50,501
Retained earnings	102,071	47,865	50,501
TRANSFERS TO THE COMMUNITY	1,501	1,561	2,161
Local taxes and levies	1,314	1,395	2,030
Charitable donations and gifts	187	166	131
NET OVERALL ADDED VALUE	792,014	740,160	1,278,073

2.6 CONTRIBUTION TO TAXATION

GRI 207

The Group has always been committed to ensuring the timely fulfilment of tax obligations and the payment of sums due, adopting prudent behaviour aimed at minimising tax risk, but without necessarily choosing to pay more than the amount due under the pro tempore rules in force. Consequently, the tax principles the Group adheres to can be summarised as follows:

- ◆ obligation towards the state, local authorities and the community as a whole to pay taxes due by law;
- ◆ obligation towards its shareholders and stakeholders not to pay more tax than that due by law, making sure in any case to take advantage of legitimate savings and tax benefits allowed.

The Budget, Tax Compliance and Passive Invoicing Area, together with its Department, is responsible for ensuring compliance with tax regulations and managing tax risk. Specifically, it is responsible for fulfilling all tax obligations (e.g. calculating VAT, taxes, duties, levies and gaming, etc.), periodically sending all tax returns including judicial reports to ADM, preparing all the necessary documentation for the tax returns of Group companies and for preventive rulings, and assisting the tax authorities during planned audits. In addition, the Group relies on two consultants who review VAT/tax returns and their presentation. They also support the Group in analysing the various tax cases and performing some minor activities such as drafting and transmitting Intrastat data.

To ensure compliance with tax regulations and a solid control framework maintained within the Group, Snaitech has implemented specific training for employees delegated to tax activities. These activities include updates through periodic professional update newsletters and on-site training courses by tax consultants with a suitable professional background.

With regard to controlling and managing tax risk, Snaitech undertakes to manage and reduce the risk of violating tax laws or abusing the principles and purposes of tax legislation. In general, if the tax legislation gives rise to doubts in interpretation or difficulties in application, the Group adopts a reasonable interpretation using the support of external experts and consulting the competent tax authority. In protecting the interests of the Group and its shareholders, the Group is committed to supporting sound and reasonable interpretations, even if not agreed with the Revenue Agency. Snaitech also undertakes to correctly apply the tax legislation of foreign countries where it operates (i.e. in Spain through Snaitech Iberia), ensuring compliance with both the spirit and intent of the relevant rules applicable.

The Group's tax information is submitted annually for review by the independent auditors as part of the audit of the financial statements. In addition, the tax calculation is reviewed on a monthly basis by the consultants and the Tax director.

The Group is also oriented towards developing close relations with the competent tax authorities, mainly with the Revenue Agency (AE) and the Customs and Monopolies Agency (ADM), by operating in a transparent and correct manner. In this regard, in 2021 Snaitech S.p.A. submitted to the Revenue Agency certain rulings on the digital tax application and the Areascom-Snai Rete Italia and Snaitech-Big mergers. Also in 2021, Snaitech S.p.A. signed a Patent Box agreement with the Revenue Agency for 2015 to 2019 on the use of the company Brand. In its relations with the competent offices of ADM, the Group adopts a transparent and collaborative approach in sending payments of gaming taxes (mainly Single Tax and PREU plus concession fees and deposits) and periodic reports required by the authority in application of the concession regimes.

Finally, the Group acts transparently and correctly by encouraging Group companies to engage cooperatively with local Authorities beyond the requirements of national tax legislation and in compliance with the provisions on transfer pricing documentation. In this regard, in 2021 the Transfer Pricing documentation for 2020 was produced with the aim of mitigating risks, including criminal ones, in the event of disputes. Specifically, through a supplementary return submitted in accordance with the law, Snaitech S.p.A. and the parent company Pluto S.p.A. filed digitally signed copies of the Master File and the Master File for FY 2020 in their archives.

Cross-border intra-group transactions are treated for tax purposes in accordance with the principle of free competition, as defined by the OECD.

Names of resident entities	Main activities of the organization	Number of employees	Revenue from services	Profit/loss before taxes	Tangible assets other than cash and cash equivalents	Corporate income taxes paid on a cash basis	Income taxes of companies accrued on profits/losses
Snaitech S.p.A. *	The Company is one of the main operators on the Italian gaming market and operates through concessions issued by the Customs and Monopolies Agency	679	571,505,691	86,919,093	93,336,134	7,831,160	3,516,630
Epiqa S.r.l.**	The Company provides services for transferring, processing and disseminating video and audio signals for video and audio from Italian and foreign racetracks on behalf of MIPAAF (formerly AS-SI-UNIRE)	56	11,741,534	3,632,879	1,297,730	105,029	208,418
Snai Rete Italia S.r.l.***	The company carries out betting collection activities through gaming points throughout Italy	164	5,612,577	-1,143,947	1,688,577	0	-528,427

* The difference between the amount on the income of Snaitech S.p.A. accrued on profits/losses and the tax due is attributable to (i) the 2020 advances paid in 2021 for €2,805,636, deferred on the basis of Covid measures and (ii) the quantification of the 2021 advances paid which differs from the taxes pertaining to 2021.

** The difference between the amount on the income of Epiqa S.r.l. accrued on profits/losses and the tax due is related to the IRES (corporate tax) that the Company does not pay as it adheres to the tax consolidation; in addition, further differences are due to the fact that in 2021 an amount was paid by way of 2020 IRAP (regional tax) balance and 2021 IRAP advances other than taxes pertaining to 2021 were quantified.

*** The difference between the amount on the income of SRI S.r.l. accrued on profits/losses and the tax due is because the accrued taxes are consolidation income, therefore these are not taxes to be paid.

2.7 PARTNERS IN QUALITY

GRI 102-9

During 2021, the Group incurred supply costs for goods and services amounting to 348.8 million, which include, among others, the fees paid to third parties in charge of collection (commercial managers and partners) and the costs incurred for the platforms that represent about 80% of the total supplies.

To conduct its business, Snaitech makes use of various categories of suppliers, which can be classified by type of supply as follows:

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

In choosing its suppliers, and in its relations with them, the Snaitech Group observes the principles of objectivity, correctness, impartiality, fair prices, and high-quality goods and services, consistent with its own Code of Ethics, and carefully assesses service guarantees and the full range of offers on a competitive basis. The supplier's reputational requirements are verified in advance and periodically monitored during the commercial relationship checks to ensure that they are maintained.

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 in their possession. They must also acknowledge that they are aware of, and undertake to comply with, Snaitech's Code of Ethics and Model 231/01. 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 own requirements of correctness and compliance with the regulations regarding:

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

Within the Group, racecourse management presents a number of specific aspects regarding the supply chain. Given the particular nature of the activity and the vast related framework, the wide variety of product categories ranges from supplies for maintaining buildings (construction, electrical, hydraulic) and greenery to supplies of vehicles, equipment, fuel, sand and seeds for the tracks. There are also suppliers directly connected to the racing business, which have specific characteristics closely linked to the equestrian world. This type of supplier is often selected not only based on the criteria of low cost and quality services but also proximity to the racecourses, as the racing calendar - very full and concentrated in particular periods - requires timely action and very specific professionalism to tackle any critical issues that arise. Therefore, the presence of racecourses represents an important source of ancillary activities for the local economy.

Looking to the future is not enough - we must anticipate it. Snaitch's leadership is based precisely on the ability to innovate, anticipating and launching the new trends of a sector with a strong vocation for innovation and a very high technological content.

We work to build a bridge between physical and digital play: in branches today, customers find the sociality and interaction of physical places, but also the convenience and speed of technological devices.





15:46

SNAI

20%

4G

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PRIMO PIANO

MONDIALI

FANTASY MERCATO SPECIALI

EUROPA

ITALIA

INGHILTERRA

SPAGNA

FRANCIA

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PORTOGALLO

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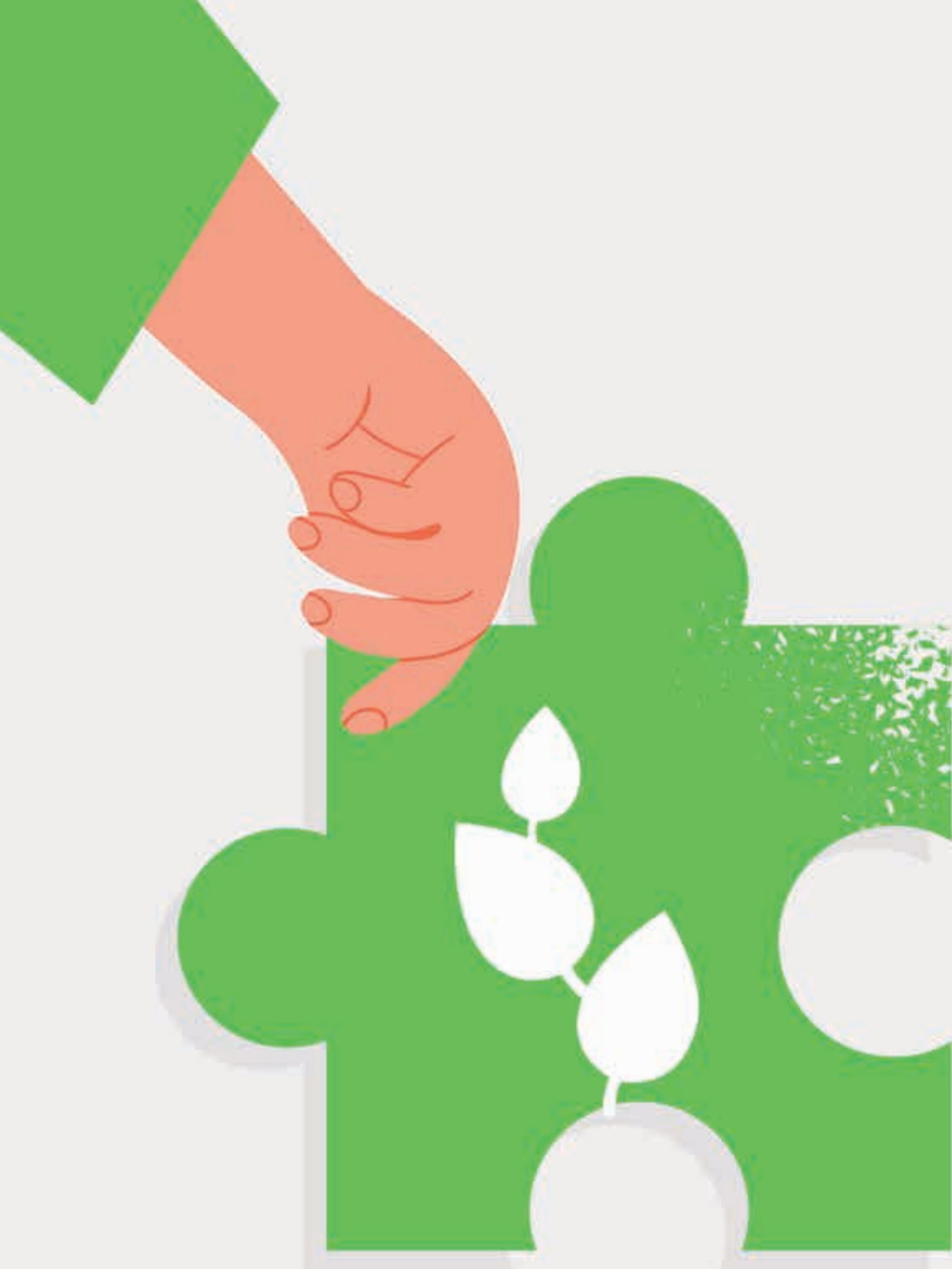
PRIMA

Sport



CHAPTER 3.

SUSTAINABILITY



3RD DRIVER SUSTAINABILITY

As explained in the introduction to the Code of Ethics, Snaitech conceives its economic activities within the framework of the principles of sustainable development. According to this concept of growth, the requirements of economic efficiency and legitimate profit must be consistent with environmental protection and social development.

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

Precisely to create a culture of shared sustainability, for three years the company has held Snaitech Sustainability Week: a fundamental opportunity for information and discussion with stakeholders on the theme of corporate social responsibility. Sustainability Week 2021 saw the launch of Share 4 Good, an innovative project aimed at involving all employees in the company's Corporate Social Responsibility path and giving them a central role.

Besides continuing long-standing collaborations with major non-profit organisations that defend and support the vulnerable and needy, in 2021 Snaitech supported the "Cardio-protected municipality" project organised by the non-profit DiagnostiCare and supported the international All4Climate Italy event, hosting the Music4Climate concert at the Snai San Siro Racecourse.

Speaking of environmental responsibility, it is important to remember Snaitech's commitment to managing and enhancing racecourses. In particular, during 2021 an ambitious redevelopment project was presented to transform the Snai San Siro Racecourse into the most modern and complete equestrian sports facility in Italy, and among the top worldwide. The initiative also involves conservative restoration of a grandstand dating from 1920, which had lain unused for 20 years. The type of work and the huge resources allocated to implementing it make this project unique in Italy; in fact, there are no other examples of investments in horse racing on this scale. These undertakings testify to the deep bond between Snaitech and the sport, which the company has always been committed to promoting and protecting as well as creating positive value shared with the local community.

3. SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

DESCRIPTION OF THE MATERIAL ISSUE

“Local commitment” refers to educational and social initiatives aimed at the local community, promoted by Snaitech through iZilove: the Group’s foundation dedicated to “good causes”. The issue also refers to local cultural promotion and enhancement, carried out in particular through the relaunch of the Snai San Siro Racecourse.



3.1 COMMITMENT TO THE COMMUNITY

The integration of CSR into the business strategy with educational, social, cultural and environmental initiatives, particularly to promote sport as a vehicle for well-being, is one of the four drivers at the basis of the company’s activity.

The Group believes in the possibility for companies to promote lasting change in communities. This is why, among the many initiatives, it establishes long-term partnerships with non-profit associations to develop shared projects that endure over time and are not merely for show.

The company favours collaborations with associations rooted at local level which can strengthen the link with the area and work to protect civil rights, in order to conceive, design and implement socially useful initiatives aimed at the most vulnerable communities.

In Snaitech’s vision, weaving two-way relations with local entities for a social cause and exporting the values that distinguish the corporate culture strengthens the spirit of cohesion within the Group and engages a series of dynamics of solidarity.

That is why Snaitech is committed to adopting the principle of sustainability, not only by governance and within company processes but by involving all its employees through awareness-raising actions and the opportunity to personally take part in beneficial projects.

WHAT WE DID IN 2021

SDGS

OBJECTIVES

ACTIONS



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.

Collaboration with Care & Share provides education and assistance to poor and needy Indian children.

Women4Change project.

Support for Lazio Food Bank. Solidarity Christmas Markets.



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

“Cardio-protected neighbourhoods” project to purchase defibrillators for three Lazio municipalities.



Target 4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

SOS Scuola project with Rava Foundation for the right to study for 55 children.

Collaboration with Care & Share non-profit engaged in the education of Indian children in need.

Women4Change project with training courses for professional paths for 53 women.

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.

MIP Politecnico di Milano, MaBIC Executive Master. 4 scholarships.

Scholarship for a minor hosted in the Rava Foundation assisted accommodation in Milan.



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.

Women4Change project with training courses for professional paths for 53 women.

Participation in Valore D.

Participation in Parks – Liberi e uguali (free and equal).

SDGS



OBIETTIVI

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.

AZIONI

“Magic Classroom” project for rehabilitation at the Autism Centre in Milan.

Participation in Valore D.

Participation in Parks - Liberi e uguali.

Women4Change project with training courses for professional paths for 53 women.

Special Olympics Italy “Smart Games 2.1”.

Support for the “Fighters’ Gym” for young people with infantile cerebral palsy.

Project with Italian Union for the fight against muscular dystrophy to promote Paralympic boccia.

“Costruiamo il Futuro” 2020 award for 56 amateur sports associations in Milan and its province.

Collaboration with Dynamo Camp for rehabilitation therapy for children with serious conditions.



Target 12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

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.

Participation in the All4Climate Italy initiative.

3.1.1 IZILOVE FOUNDATION AND SOCIAL INITIATIVES

The instrument through which Snaitech implements these initiatives is the iZilove Foundation, an autonomous and non-profit organisation founded in 2013 and wholly owned by Snaitech. The Foundation exclusively pursues solidarity in social assistance, charity, education and training, the promotion of culture and art and scientific research. iZilove Foundation benefits from an endowment fund made available by Snaitech, donations from Group companies and voluntary contributions from staff. Since 2020, by resolution of the Board of Directors, the Foundation has adopted its own Organisation and Control Model pursuant to Italian Legislative Decree 231/01 and established the Supervisory Board responsible for verifying its operation and providing periodic updates. The Model and the internal procedure "Design and implementation of social utility initiatives" define how iZilove Foundation carries out its solidarity initiatives, by identifying interested beneficiary bodies, defining a project plan and consequently disbursing and reporting the necessary resources. The adoption of the Model alongside the Group Code of Ethics constitutes, beyond the legal requirements, a further valid tool for raising awareness among all employees and all those who collaborate with the entity in various capacities.

In 2021, the Foundation continued to support CSR projects dedicated to solidarity initiatives ranging from the sports world to children's charities, from environmental protection to women's empowerment, for a total of €186,181.89 in donations.

ALL4CLIMATE ITALY 2021

In 2021, Snaitech added a fundamental piece to its CSR path by supporting **All4Climate Italy** and associating its name with an international event for the first time. Launched by the Ministry of Ecological Transition in collaboration with the World Bank Group's Connect4Climate and with the participation of the Lombardy Region and the Municipality of Milan, All4Climate Italy 2021 brings together all the events, projects and initiatives on climate change and organised in view of Pre-COP26 and "Youth4Climate2021: Driving Ambition" held in Milan from 28 September to 2 October. On September 30, the Snai San Siro Racecourse's Summer Arena hosted **Music4Climate**, a zero-emission concert to combat climate change. The concert stage hosted musicians from the Rockin'1000 community, the largest rock band in the world, and other musicians who chose to support the cause. The free event was zero-emission thanks to the path of assessment and neutralisation of the climate footprint promoted by Rete Clima: the emissions will be offset by international projects and trees planted in the city of Milan, to leave a concrete sustainable trace in the local area.

INITIATIVES CARRIED OUT IN COLLABORATION WITH ASSOCIATIONS AND NON-PROFIT ORGANISATIONS

In 2021, for the fifth consecutive year, the iZilove Foundation supported the **"Special Olympics Italy"** sports programme for people with intellectual disabilities. Through multi-year collaboration with Special Olympics Italy, the company seeks to eliminate prejudices and stereotypes, stressing once again how sport is one of the most powerful tools for inclusion and growth, both for individuals and for the community. As part of this partnership, the iZilove Foundation supported the second edition of Smart Games 2.1, a remote sports event held from 1 to 15 July 2021 and created during the Covid-19 health emergency to tackle the impossibility of playing games in person. Due to the prolonged health emergency, the Sappada National Winter Games and World Winter Games in Russia, both annual events, were cancelled. The Smart Games 2.1 involved 4,948 athletes in 22 different sports disciplines. The competitions were structured through individual activities, also held outdoors based on the relevant national safety provisions, and consisted of exercises developed and adapted to the context by the discipline's national technical staff. On 25 September 2021, to celebrate the Smart Games 2.1, the Snai San Siro Racecourse hosted the awards ceremony dedicated to the athletes of the Lombardy delegation.

In 2021, Snaitech continued its multi-year collaboration with the non-profit **Francesca Rava NHP Italia Foundation**, which helps hundreds of assisted accommodations and communities for children with healthcare and education projects throughout Italy. This year the iZilove Foundation supported the project **"Flower Islands"**, an orthotherapy workshop for children of three communities in Milan, Rome and Florence featuring a schedule of events dedicated to biodiversity and respect for the environment. The project stems from the need to give children back a beautiful and functional space in this difficult period when the pandemic has compromised opportunities for socialising. In addition, we supported the **"SOS Scuola"** initiative, again aimed at children and young people in assisted accommodation, to guarantee the right to education and rehabilitation programmes for 55 disadvantaged children.

A relationship has been established over the years between the iZilove Foundation and the **Renato Piatti Foundation**, the non-profit organisation that offers assistance to people with neurological, autism spectrum and behavioural disorders. This year the focus was on the **"Magic Classroom"** project, a stimulating game environment that uses music, lights, colours, projections and sounds to provide rehabilitation for about 90 children diagnosed with autism spectrum disorder, hosted by the Renato Piatti Foundation's Autism Centre in Milan. Due to the health emergency, the project has been delayed and is currently in the planning stage.

A long-term solidarity collaboration links Snaitech to **Care&Share**, a non-profit organisation that provides education and assistance to poor and needy Indian children. In recent years, Snaitech has financed the renovation of an elementary school and an Anganwadi Centre in the village of Panasapalli (a government centre that offers free healthcare, nutrition and education support to women and children), and a rehabilitation institution that welcomes children with psycho-physical difficulties. In 2021, the iZilove Foundation supported **Women4Change**, a project that aims to help Indian women - often barely visible and victims of discrimination - by offering them a valuable opportunity for emancipation: work tools were donated and training seminars were held on the use of these tools and the approach to entrepreneurship. Of the 53 women involved, 30 received a sewing machine and a set of fabrics, the remainder a small wagon to sell vegetables at the market. In 90% of cases their work continued and we estimate that the women involved in the project have doubled their income.

Dynamo Camp, è una onlus che offre gratuitamente programmi di Terapia Ricreativa a bambini e ragazzi affetti da patologie gravi o croniche, alle loro famiglie e ai fratelli e sorelle. Le attività della fondazione si svolgono presso la struttura Dynamo Camp, ubicata in un'oasi affiliata WWF di circa 1000 ettari in provincia di Pistoia - Oasi Dynamo - e attraverso i Dynamo Programs in ospedali, associazioni patologia e case-famiglia delle principali città italiane lungo l'intero arco dell'anno. Il 15 luglio 2021, durante la riunione di corse all'Ippodromo Snai Sesana di Montecatini Terme, è stato dedicato alla onlus il **Premio Dynamo Energy** e una parte della raccolta scommesse è stata devoluta da parte di iZilove Foundation alla realtà no profit.

"Cardio-protected municipality" by the non-profit **DiagnostiCare** is another project supported by the iZilove Foundation, promoted in two municipalities of Lazio (Canale Monterano and Trevignano Romano). The donation was used to purchase and install defibrillators, train teams of volunteer rescuers (60 people in total) and set up a phone line to contact in case of emergency. The project will be completed in 2022 in a third municipality.

For the fourth consecutive year, Snaitech is a supporter and partner of the **Costruiamo il Futuro (Let's Build the Future) Award**, created to concretely support Milan sports associations that work with children and young people to generate environments capable of educating through sport, passion and loyalty. Through a call open to all amateur sports associations in Milan and the province, the awards were finally made of contributions from €1,000 to €5,000 to cover ordinary or extraordinary expenses, develop projects or purchase sports equipment. In this way, Snaitech seeks to demonstrate its close connection to all sports associations in Milan and the province, whose survival is essential for the social fabric of the community but which have faced many difficulties due to the pandemic over the last two years. The initiative has rewarded an increasing number of sports associations over the years. In particular, with the health emergency, 2021 saw many requests for support (200) and the Costruiamo il Futuro Foundation has committed to doubling the number awarded support from 27 associations in 2020 to 56 in 2021.

For the second edition (2020/2021) of the MaBIC (Management of cultural heritage and institutions) Executive Master of the **MIP Politecnico di Milano**, the iZilove Foundation supported the training course of 4 candidates from three cultural bodies with a local link to the Group's three main offices: "Triennale Milano", "MAXXI Foundation National Museum of XXI Century Arts" and "Promo PA", which organises the Lubec cultural event in Lucca.

SNAITECH SUSTAINABILITY WEEK

SNAITECH
SUSTAINABILITY WEEK
14-18 GIUGNO 2021

Snaitech Sustainability Week took place from 14 to 18 June 2021. This was the third edition of the Snaitech format dedicated to communication, information and awareness on ESG issues in general and the company's social responsibility activities, where the Sustainability Report was presented. Sustainability Week consists of a whole week dedicated to dialogue and interaction with internal stakeholders and with the external involvement of figures with specific expertise in the areas covered. Aimed at developing a shared and increasingly rooted culture of corporate social responsibility, it involves and assigns a central role to all employees in the Corporate Social Responsibility path initiated by the company.

The events were:

"Diversity & Inclusion: Snaitech with Valore D"

Presentation of the new partnership of Snaitech with Valore D, the first association of companies in Italy, which has been committed to building a professional world without discrimination or gender gaps for over ten years. Speakers included Barbara Falcomer, Director General of Valore D and Lavinia Pupelli, Director of Human Resources and Organisation at Snaitech.

"Rights towards the future: the 2020 Sustainability Report"

The CEO Fabio Schiavolin presented the 2020 Sustainability Report. The document is on a highly topical issue: the Right to Business Citizenship of legal gaming companies. The topic is explored in depth through four themed pillars that accompany the standard reporting: the regulated market, the value for the country's system, care for people and the environment and the culture of sustainability and sport.

Instagram Talk "The regulated market"

Alberto Cattaneo, Founding Partner of Cattaneo&Zanetto, a leading company in Italy in public affairs, lobbying and political intelligence, and Michele Sessa, Director of Institutional & Regulatory Affairs, spoke about the evolution of the Regulated Market.

Instagram Talk "A value for the country's system"

Davide Valenzano, owner of Giog Srl, a company that manages gaming rooms, and Maria Chiara Polselli, BU Director in 2021, came together for a talk on what it means to do business in the legal gaming sector.

"Share 4 Good is a project I particularly care about: I think this year has been decisive in reminding us all of the importance of sharing and the need to have a strong, rooted and indeed shared corporate culture. With this initiative we wanted to give all our employees the opportunity to bring part of their life to the company, a charitable project that they particularly believe in and want to share with us. We can't wait to listen, be surprised and get excited about the social responsibility initiatives proposed as candidates."

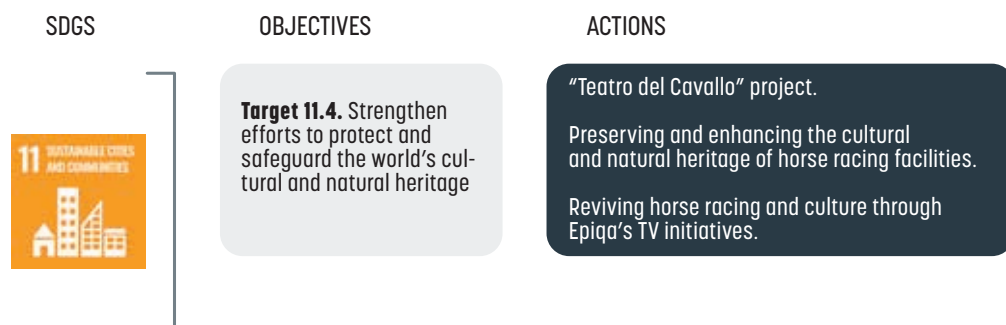
Fabio Schiavolin - CEO of Snaitech

Snaitech Sustainability Week 2021 saw the launch of the pilot edition of Share 4 Good. This format called on all Snaitech employees to propose a social utility initiative or project run by non-profit organisations that they consider particularly interesting and deserving of support, explaining the objectives and effectiveness. The participation was huge and all the proposals were collected and evaluated by a special committee. The employees themselves voted for their favourites from among the finalist projects. The four finalists that received support from the iZilove Foundation are:

- ◆ **Make-A-Wish Italia**, with the donation of a new computer to a boy suffering from a serious illness;
- ◆ **Lazio Food Bank**, to upgrade a warehouse for distributing food to the city's charitable structures;
- ◆ **Italian Union for the fight against muscular dystrophy - Pisa division**, with a project dedicated to promoting the sport of Paralympic boccia in Pisa;
- ◆ **FightTheStroke Foundation** with support for the "Fighters' Gym", a virtual area to train the abilities and motor skills of young people with Infantile Cerebral Palsy.

3.1.2 MANAGING AND ENHANCING RACECOURSES

WHAT WE DID IN 2021



Italy has one of the longest established and most renowned horse racing traditions in the world. The link between Snaitech and horse racing is solid and has deep roots. In fact, Snai's origins can be traced back to 1990 when SNAI - Sindacato Nazionale delle Agenzie Ippiche (National Union of Horse Racing Agencies) - hence the company acronym - established Snai Servizi Srl. This company was entrusted with managing and supplying administrative and logistic services for telephone collection of horse race betting, and subsequently evolved into the Snai Group holding company with the acquisition of sports and horse racing facilities. Today Snaitech owns two horse racing facilities in Milan and Montecatini Terme. One of the most ambitious and complex projects launched by Snaitech is undoubtedly the enhancement of these facilities, in which it has invested considerable resources and energy.

In the relaunch strategy devised and developed, the racecourses are conceived as spaces capable of providing a wide range of entertainment services. The goal is, on the one hand, to enhance the racecourses' value beyond their sporting function, transforming them into multipurpose meeting places open to the city and all citizens, even on non-racing days; and on the other hand, to make new generations aware of and passionate about horse racing as a noble sport with a great tradition, though in recent years it has seen a decline in fans.

SNAI SAN SIRO RACECOURSE

The San Siro equestrian centre is a unique piece of heritage, both for its vast spaces and because it represents the virtuous coexistence of environmental, cultural and architectural values. A crucial, immense green lung for Milan, it covers 1,300,000 m² - about 1% of the entire surface of the Municipality - and houses a fine botanical park and 2,700 tall trees. Snaitech's goal, besides promoting sport, has always been to bring all the spaces of the racecourse to life and to connect citizens with such a unique place, which in the past has remained lesser known and inaccessible to those who don't follow horse racing.

THE HORSE THEATER: THE SNAI SAN SIRO RACECOURSE GETS A NEW LOOK

"Six years ago we launched an ambitious plan to relaunch the Snai San Siro Racecourse. Thanks to this we attracted almost a million visitors in total, numbers unthinkable for horse racing today. These extraordinary results convinced us to invest further in this facility, which is a symbol of the Italian flat racing tradition and now stands for the future of equestrian sports at national and international level. The project envisages the renovated facility competing with the major international circuits and embracing the best practices of countries such as France and England".

Fabio Schiavolin - CEO of Snaitech

In particular, the project was drawn up on the basis of two drivers:

- ◆ multidisciplinary: grouping equestrian events in a single multipurpose structure, integrating the types of races offered and improving the racecourse quality.
- ◆ green objectives: eco-sustainability of interventions, in compliance with environmental, architectural and urban constraints; redevelopment of existing greenery; reduction of light pollution.

In March 2021, Snaitech started work on restoration and conservative rehabilitation with structural consolidation and seismic improvement to restore the capacity and functionality of the **secondary grandstand**, the splendid Art Nouveau structure that had been inaccessible to the public for over 20 years. Built in 1920, like the rest of the facility, the new harness racing grandstand (currently the secondary grandstand) will have a capacity of about 2,000 seats and cover three levels: two tiers of overlapping terraces overlooking the tracks and, at the back, spaces at ground level overlooking the wonderful Leonardo's Horse. The structural adjustment and seismic improvement works had the absolute priority not to alter the original shape of the grandstand itself. For this reason:

- ◆ carbon fibres were used to bind the original structures, thereby not changing the shape of the structure.
- ◆ The terraces will resume their original position (with the exception of the first order of terraces, whose shape will be modified because it no longer complies with the standard for emergency exits).
- ◆ Everything will be covered with a special "seminato" (mixture of cement and white aggregates), in order to reproduce the original design.

The project will give new dignity and functions to what was once the Racecourse's most popular grandstand. Once the work on the harness racing track is completed, the front will become the harness racing grandstand with screens to follow the races and excellent acoustics. The rear will host catering spaces and an area for exhibitions and installations. The aim is to bring the racecourse to life all year round, welcoming visitors during race days, as well as citizens and tourists who want to visit the complex and Leonardo's Horse..

THE NEW AREA FOR EQUESTRIANISM

The multidisciplinary of the racecourse is also achieved by introducing equestrianism to the horse sports events calendar. An area has been created in the centre of the tracks to hold equestrian competitions. The competitive arena, 100 metres long and 70 metres wide, is surrounded by stands that can host a total of 10,000 spectators and 400 VIP guests. The first event on the calendar, the **Milano San Siro Jumping Cup**, took place from 9 to 11 July 2021. After a long absence, the spectacle of great international equestrianism returned to Milan, with a high-level show thanks to the CSI 3*/1* (stars). Again, the project targets the benchmark of the most prestigious international facilities with the ambition of achieving CSI 5* (stars) events in 2023. As proof of this, in August 2021 the FEI (Fédération Equestre Internationale) awarded Italy the next **European Show Jumping Championships**, scheduled for 2023, and entrusted their organisation to the team of the Snai San Siro Racecourse in Milan. The award of this European Championship is not only a recognition of the organisational quality of the MJC team, but also and above all a step into the future of Snai San Siro. The racecourse is committed to creating that 'Theatre of the Horse' where the different disciplines, from flat racing to equestrianism to harness racing, will all be held on the same day, as happened with an absolute 'first' in the days of the MJC.

NOT ONLY SPORT

Over the past five years, Snaitech has managed to attract nearly one million spectators to the racecourse with a programme that combines horse racing, concerts, events and cultural shows. The facility has established itself as one of the most popular meeting places for Milanese citizens and will continue to be in the future, thanks to a concert area accommodating up to 25,000 spectators. On 26 and 27 June 2021, the Snai San Siro Racecourse was the exceptional stage for some of the most interesting concerts on the programme for the tenth edition of **Piano City Milano**. In September, the Summer Arena of the Snai San Siro Racecourse hosted "Music4Climate". This zero-emission concert within the All4Climate Italy initiative was organised in view of the COP26 held in Glasgow in November.

In addition to these cultural initiatives, Snaitech recently signed an agreement with the Politecnico di Milano Foundation. In particular, the Department of Management Engineering together with the Department of Architecture and Design are studying how to further enhance this unique place, imagining new and inclusive uses of its magnificent spaces.

SNAI LA MAURA RACECOURSE

It was inaugurated in 2015 as the Milan harness racing racecourse and is a “minimum environmental impact” facility: it was built using existing volumes and recovering “zero kilometre” materials, such as the substrate, the bottom of the track and the original San Siro harness racing fence.

The name “La Maura” comes from an ancient Lombard farmhouse present on the large portion of land originally dedicated to training tracks for thoroughbred horses.

Until the new track inside the nearby San Siro Racecourse is tested, harness racing will remain at La Maura Racecourse.

SNAI SESANA RACECOURSE

The Snai Sesana racecourse in Montecatini Terme, in the province of Pistoia, is a prized facility located at the foot of the Valdinievole hills. It was built at the start of the 20th century and has undergone significant structural improvements and extensions over time. The covered grandstand accommodates 2,000 comfortably seated spectators, the press room and the racecourse control room, while in the parterre and along the entire track edge the facility can accommodate over 8,000 people or spaces for setting up stands. The Varenne museum near the main entrance hosts a permanent exhibition telling the story of the last decades of Sesana. There is also an area for children with games, rides, slides and volleyball and basketball courts. Open from spring to the end of summer, the Snai Sesana Racecourse includes a programme of night races between June and September, with events and side activities organised for the most important ones. The Montecatini facility is one of central Italy's main racecourses, deeply rooted in the urban and cultural context of the spa town, a destination for tourists from all over the world. The heart of the season falls in August each year and in particular on the 15th. This date sees the Gran Premio Città di Montecatini, which is so popular among the local inhabitants that the entire facility is full. Also this year, on the occasion of the 69th edition of the **Gran Premio Città di Montecatini**, the 1,000 passes made available to visitors - limited by anti-Covid regulations - sold out in a few days. The “Gran Premio di Ferragosto”, as it is nicknamed, is a real party open to everyone and free of charge. Besides the spectacle on the track, there are scheduled events and entertainment activities on the circuit. The highlight is the midnight show: once the track floodlights are turned off, the fireworks display begins.

3.2 THE ENVIRONMENT PRESERVING THE FUTURE

Snaitech has always considered environmental protection an integral part of its business strategy. To this end, it strives to reconcile the needs of economic efficiency and legitimate profit with the sustainable development of its activities. From this perspective, Snaitech's strategy in 2021 embraced a broader and increasingly aware vision of the responsibility each company assumes, no longer just locally but globally, optimising the governance that presides over environmental issues and perfecting compliance with the recommendations of the appointed bodies and institutions.

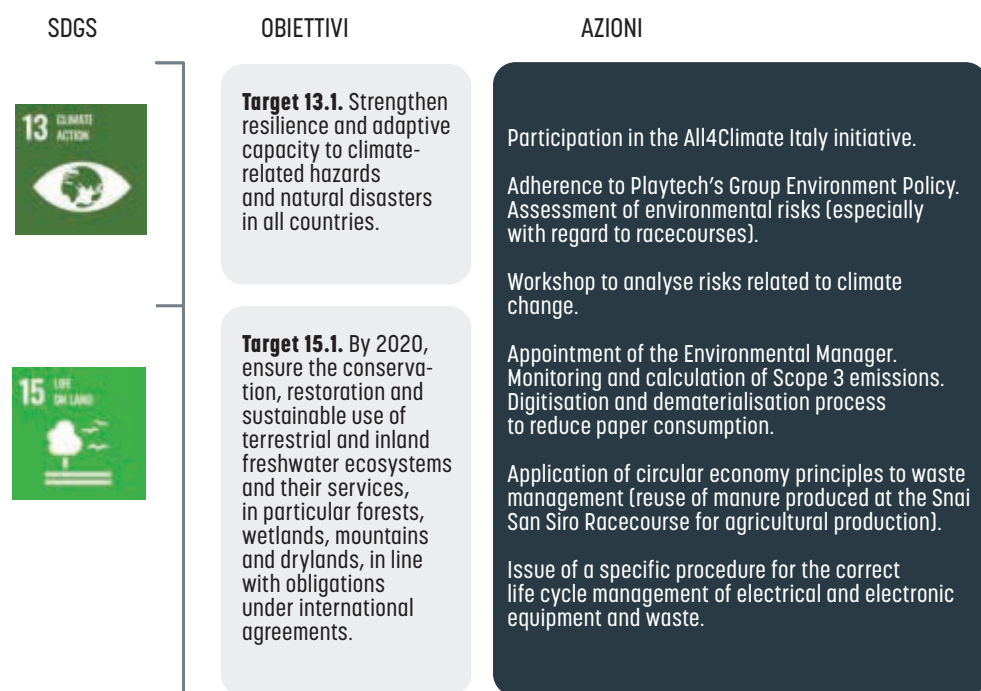
Around the world, investments are being made and ambitious targets set to limit CO₂ emissions and make sustainable use of natural resources. From this point of view, Snaitech plays an important role in enhancing the natural resources of its racecourses, located in urban areas where they represent green lungs with a positive impact on air quality. They are green areas that people can use for outdoor activities and to enjoy their natural and architectural beauty.

The Group's core business involves the environmental impacts typical of a service company. The most significant of these concern greenhouse gas (GHG) emissions from electricity used in offices and data centres, the lifecycle of gaming machines, as well as the use of water for irrigating green spaces and racecourses beyond normal office consumption. Snaitech monitors activity processes to detect their impacts and implements precise procedures to comply with regulations and prevent related risks.

The Group Code of Ethics, Model 231/01 and the internal operating procedures of Snaitech and its subsidiaries define the principles and guidelines for the Group's environmental responsibility and for monitoring the direct and indirect impacts of its activities.

The parent company Playtech has adopted specific environmental policies that Snaitech has implemented in its Italian operating context. Playtech's new Group Environment Policy approved in May 2021, which applies to all Group companies, aims to reduce carbon emissions by 2025, reduce water use and waste production, and implement measures to mitigate the impact of its operations.

WHAT WE DID IN 2021



Playtech has appointed a Sustainability Board (ESG) and a Policy Committee that have the overall responsibility for ensuring that this policy is consistent with the commitments and objectives set, as well as regulatory, legal and ethical obligations, and that all those under its control respect the principles.

Employees are encouraged to comment on this policy and suggest ways in which it could be improved.

THE PRINCIPLES OF THE PLAYTECH GROUP'S ENVIRONMENTAL POLICY

- ◆ **Compliance with all local environmental regulations and laws** applicable in the contexts where Group members operate.
- ◆ Commitment to **reduce greenhouse gas emissions** by monitoring consumption throughout the supply chain and to play a role in keeping global warming below 1.5°C.
- ◆ Commitment to the use of **energy from renewable sources** for its offices and activities where technically feasible and available in the reference markets.
- ◆ Commitment to minimise the use of resources such as **water consumption** and **waste generation** (including plastics) and, where possible, to participate in recycling programmes.
- ◆ Engage and **collaborate throughout the supply chain**, taking environmental issues as a requirement for selecting and managing partners and suppliers.
- ◆ **Awareness and involvement of employees and the community.**
- ◆ Transparency and ongoing improvement through **continuous performance monitoring.**

3.2.1 RACECOURSES: NATURAL RESOURCES TO PROTECT AND ENHANCE

DESCRIPTION OF THE ISSUE/OBJECTIVE

“Protection and enhancement of natural resources” means, in particular, the management of green areas in horse racing facilities and racecourses. The issue refers to protecting the ecosystem (aim and plant) that these areas represent.

The ecosystem of the Milan Equestrian Centre is not only a green area for the Milanese metropolis, but also an artistic and cultural centre protected as Environmental and Cultural Heritage. Important sculptural works are located here, such as “Leonardo’s Horse” and interesting examples of Art Nouveau architecture from the beginning of the last century (Tribune and Palazzina del Peso).

In addition, the Snai San Siro Racecourse area houses a botanical park with over 70 tree species and a small body of water where various birds can be seen, including during the migration period.

To mitigate negative impacts and enhance the positive effects of its business activities on the urban environment, Snaitech carries out a periodic assessment of environmental risks and impacts.

RISKS RELATED TO CLIMATE CHANGE

Climate change is a growing concern for all the Group’s stakeholders, whether investors, employees or members of the community it operates in. During 2021 Snaitech, in collaboration with the parent company Playtech, adopted the perspective of “dual materiality”. Accordingly, existing issues related to climate change must be analysed both in terms of the general impacts the organisation’s presence generates on the environment, and in terms of the consequences that climate change may presumably exert on the company’s activities.

With this in mind, workshops were organised to critically analyse a range of potential climate change scenarios, in line with the guidelines of the Task Force on Climate-related Financial Disclosures (“TCFD”). In particular, during the workshop the company was asked to assess the resilience of business plans based on future potential climate scenarios and identify solutions to increase strategic and business reactive capacity. In particular, Snaitech identified the specific financial and business impacts that would be caused by a global temperature increase of 1.5°C and 2°C. Critical analysis of the data held by the company considered possible consequences such as the cancellation of horse races due to increased temperatures, or the significant water stress afflicting the racecourse ecosystems. A procedure is being defined to quantify these impacts and translate them into financial risks that the company may face.

In particular, the aspects covered concern the maintenance of sports facilities, noise and odour emissions, water potability checks, agronomic assessments, assessments of the state of remaining hazardous materials containing asbestos and relative disposal plans, building assessments of the state of conservation of buildings by appointed professionals, and specific assessments by external technicians. In addition, all maintenance contracts of external companies that deal with technical systems (water, electricity, lighting, lifts, generators, heating, fire protection) are updated annually. It is worth noting that as part of the work to relaunch the Snai San Siro Racecourse and the New Teatro del Cavallo project, improvements to lighting and irrigation systems are planned both in terms of performance and consumption. During the construction phase, the earthworks were volumetrically contained using advanced technologies through a partnership with Mapei. The volumes of earth moved were then reused, whenever possible, on site to upgrade the tracks and regenerate them.

In September 2021, the racing calendar at the Milan San Siro Flat Racing Racecourse was severely affected by the infestation of a beetle (*Popillia japonica*) whose larvae are harmful to the turf. The instability of the track caused by the infestation necessitated, besides suspension of the races, a major investment in extraordinary maintenance on the tracks, under the control of the Phytosanitary Department of the Lombardy Region. Intervention by a specialised company enabled the Racecourse to adequately restore the terrain and consequently the horse racing calendar.

3.2.2 MANAGING ENVIRONMENTAL IMPACTS

The Group operates with the goal of having all production processes, both direct and indirect, developed through responsible management aimed at mitigating their impact on the environment.

To this end, in December 2021 Snaitech's Board of Directors appointed the Group Environmental Manager in order to properly manage environmental issues, particularly waste management.

Given the particular context of the Racecourses with respect to the core business, management of specific environmental issues is delegated to an environmental manager of the horse racing facilities who coordinates with the Group Environmental Manager.

The Environmental Manager is responsible for:

- ◆ reporting quarterly to the CEO in writing on the fulfilment of their aforementioned duties. The report must include a specific section dedicated to the horse racing facilities, highlighting the main aspects/risks to be monitored. The quarterly report must also be submitted:
 - ➔ to the control bodies through the Corporate Affairs Function, which will send them to the Board of Statutory Auditors, which in turn will report to the Board of Directors;
 - ➔ to the Legal and Corporate Affairs Department / Compliance and Concessionary and Regulatory Compliance Function.
- ◆ emailing the Supervisory Board a report summarising any notifications of environmental non-compliance. This duty is also borne by the environmental delegate at the horse racing facilities.

3.2.3 RESPONSIBLE WASTE MANAGEMENT

DESCRIPTION OF THE MATERIAL ISSUE

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

The Snaitech Group's Environmental Manager performs a function specifically aimed at waste management. 96% of hazardous waste deriving from office activities is Waste Electrical and Electronic Equipment (WEEE). Once it reaches the end of its life, it is handled and treated according to a special internal procedure, reviewed and updated by Snaitech in 2021. Illegal handling of WEEE is an international problem that has been under the attention of the relevant authorities for some time. Despite this, it is estimated that only 20% of WEEE is properly disposed of in global terms, because it is possible to obtain high-value precious metals from it (iron, gold, silver, copper and aluminium, and some rare components such as lanthanum, yttrium, cerium, samarium) that feed an illegal market for exporting waste abroad.

Snaitech's new corporate control function is responsible for organising the waste collection and recovery system of WEEE products placed on the market by Snaitech, according to the principle of Extended Producer Responsibility regulated by European Directive 2012/19/EU and amended by current European Directive 2018/849, implemented in Italy with Italian Legislative Decree 118/2020 present in the Circular Economy Package. Since February 2021, a specific procedure issued by the Compliance and Concessionary and Regulatory Compliance function has defined the methods for transferring electrical and electronic equipment, furnishings, accessories and movable property from Snaitech offices to points of sale in the distribution network and from Snaitech offices to Technical Assistance Centres and vice versa, throughout the product life cycle. The sale of WEEE is also strictly regulated, as well as the procedure for managing waste produced.

Finally, the "flow for the closure of the Point of Sale" has been detailed with particular reference to managing the removal of technology and materials (furnishings).

Electrical and electronic equipment that is now obsolete or presents some critical issue is collected by Snaitech in its warehouses and undergoes a functional check to ascertain the possibility of reuse and recycling, above all in order to reduce the volume of waste for disposal. For unrecoverable machinery destined for disposal, on the other hand, Snaitech has conscientiously chosen to rely on specialised companies, certified and regularly enrolled in the National Register of Environmental Managers. They can manage a matter involving complex regulations and logistics that require a degree of specialisation not available within Snaitech.

To manage this type of waste, Snaitech issues specific training to the company professionals involved in handling the processes required by the procedure.

60% (368.14 tonnes) of the total waste produced by the Group comes from running the racecourses and almost all of it is non-hazardous. Of this, a significant fraction derives from maintaining the horse racing park greenery. Through separate collection, renewable energy can thus be recovered through biogas production, as shown in the declaration released by AMSA S.p.A.

WASTE PRODUCED (Tonnes)

GRI 306-3-4-5

	2021	2020	2019*
TOTAL OFFICE WASTE PRODUCED	240.73	141.30	190.60
of which non-hazardous	194.61	76.63	102.63
of which hazardous	46.12	64.67	87.97
TOTAL RACECOURSE WASTE PRODUCED	368.14	364.94	293.69
of which non-hazardous	365.26	363.38	285.20
of which hazardous	2.89	1.56	8.49
TOTAL RACECOURSE WASTE PRODUCED	608.87	506.24	484.29

*It is specified that the data on waste relating to FY 2019 excludes waste produced by Epiqa S.r.l.

NON-HAZARDOUS WASTE - OFFICES (Tonnes)

	2021	2020	2019
TOTAL NON-HAZARDOUS WASTE PRODUCED	194.605	76.627	102.627
of which recovered	194.605	76.627	102.627
of which destined for disposal	0.000	0.000	0.000

EWC CODE	(quantity in tonnes)	2021	2020	2019
150101	PAPEFT ANO CAR.090ARO PAOCAGING	9.310	6.680	22.420
	of which recovered	9.310	6.680	22.420
	of which destined for disposal	0.000	0.000	0.000
200101	PAPERS AND CARDBOARD	0.000	5.280	0.000
	of which recovered	0.000	5.280	0.000
	of which destined for disposal	0.000	0.000	0.000
170411	CABLES, OTHER THAN THOSE CLASSIFIED UNDER 170410	1.171	0.770	1.010
	of which recovered	1.171	0.770	1.010
	of which destined for disposal	0.000	0.000	0.000
160604	ALKALINE BATTERIES (EXCEPT 160603)	0.013	0.035	0.000
	of which recovered	0.013	0.035	0.000
	of which destined for disposal	0.000	0.000	0.000
160216	COMPONENTS REMOVED FROM DISCARDED EQUIPMENT, OTHER THAN THOSE CLASSIFIED UNDER 16 02 15	4.104	0.000	0.230
	of which recovered	4.104	0.000	0.230
	of which destined for disposal	0.000	0.000	0.000
160214	DISCARDED EQUIPMENT, OTHER THAN THAT CLASSIFIED UNDER 160209 TO 160213	92.916	20.597	34.052
	of which recovered	92.916	20.597	34.052
	of which destined for disposal	0.000	0.000	0.000
150106	MIXED PACKAGING	34.600	19.730	35.565
	of which recovered	34.600	19.730	35.565
	of which destined for disposal	0.000	0.000	0.000
150103	WOODEN PACKAGING	13.420	2.380	5.150
	of which recovered	13.420	2.380	5.150
	of which destined for disposal	0.000	0.000	0.000
170201	WOOD	0.000	0.670	0.000
	of which recovered	0.000	0.670	0.000
	of which destined for disposal	0.000	0.000	0.000
170904	CONSTRUCTION AND DEMOLITION WASTE,OTHER THAN THAT CLASSIFIED UNDER 170901, 170902 AND 170903	3.980	4.730	0.000
	of which recovered	3.980	4.730	0.000
	of which destined for disposal	0.000	0.000	0,000
200307	BULKY WASTE	32.530	15.080	3.720
	of which recovered	32.530	15.080	3.720
	of which destined for disposal	0.000	0.000	0.000
80318	USED PRINTING TONERS, OTHER THAN THOSE CLASSIFIED UNDER 080317	0.132	0.675	0.480
	of which recovered	0.132	0.675	0.480
	of which destined for disposal	0.000	0.000	0.000
-	OTHER	2.429	0.000	0.000
	of which recovered	2.429	0.000	0.000
	of which destined for disposal	0.000	0.000	0.000

HAZARDOUS WASTE - OFFICES (Tonnes)	2021	2020	2019*
TOTAL HAZARDOUS WASTE PRODUCED	46.125	64.672	87,97
of which recovered	46.125	64.672	N/A
of which destined for disposal	0.000	0.000	N/A

EWC CODE	(quantity in tonnes)			
160601	LEAD BATTERIES	0.450	4.032	0.000
200121	FLUORESCENT TUBES AND OTHER WASTE CONTAINING MERCURY	0.266	0.279	0.080
160213	DISCARDED EQUIPMENT CONTAINING HAZARDOUS COMPONENTS OTHER THAN THOSE CLASSIFIED UNDER 160209 AND 160212	44.391	59.820	87.893
200133	BATTERIES AND ACCUMULATORS	0.039	0.002	0.000
160602	COMPONENTS REMOVED FROM DISCARDED EQUIPMENT, OTHER THAN THOSE CLASSIFIED UNDER 160215	0.000	0.034	0.000
160211	DISCARDED EQUIPMENT CONTAINING CHLOROFLUORO-CARBONS, HCFC, HFC	0.655	0.505	0.000
-	OTHER	0.324	0.000	0.000

**It is specified that it was not possible to determine the type of destination (i.e. recovery and disposal) relating to the data on hazardous waste for FY 2019 for the companies Snaitech and Snai Rete Italia.

NON-HAZARDOUS WASTE - RACECOURSES (Tonnes)	2021	2020	2019
TOTAL NON-HAZARDOUS WASTE PRODUCED	365.26	363.38	285.20
of which recovered	357.820	358.640	222.220
of which destined for disposal	0.018	4.740	38.740

EWC CODE	(quantity in tonnes)	2021	2020	2019
150103	WOODEN PACKAGING	3.480	4.820	0.000
	of which recovered	3.480	4.820	0.000
	of which destined for disposal	0.000	0.000	0.000
70612	SLUDGE	1.860	4.740	0.000
	of which recovered	0.000	0.000	0.000
	of which destined for disposal	1.860	4.740	0.000
170201	WOOD	12.480	6.200	15.700
	of which recovered	12.480	6.200	15.700
	of which destined for disposal	0.000	0.000	0.000
200306	SEWER CLEANING WASTE	5.560	0.000	0.000
	of which recovered	0.000	0.000	0.000
	of which destined for disposal	5.560	0.000	0.000
200307	BLKYWASTE	5.760	28.560	16.820
	of which recovered	5.760	28.560	0.000
	of which destined for disposal	0.000	0.000	16.820
70612	SLUDGE	0.000	0.000	0.000
	of which recovered	0.000	0.000	0.000
	of which destined for disposal	0.000	0.000	0.000
170107	MIXTURES OF CONCRETE, BRICKS, TILES	0.000	6.300	21.920
	of which recovered	0.000	6.300	0.000
	of which destined for disposal	0.000	0.000	21.920
170405	IRON AND STEEL	5.04	4.840	5.300
	of which recovered	5.04	4.840	5.300
	of which destined for disposal	0.00	0.000	0.000
20106	MANURE	0.000	43.000	0.000
	of which recovered	0.000	43.000	0.000
	of which destined for disposal	0.000	0.000	0.000
200201	BIODEGRADABLE WASTE	330.620	264.920	206.520
	of which recovered	330.620	264.920	206.520
	of which destined for disposal	0.000	0.000	0.000
200101	PAPER AND CARDBOARD	0.000	0.000	12.920
	of which recovered	0.000	0.000	12.920
	of which destined for disposal	0.000	0.000	0.000
15101	PAPER AND CARDBOARD PACKAGING	0.000	0.000	1.040
	of which recovered	0.000	0.000	1.040
	of which destined for disposal	0.000	0.000	0.000
170302	BITUMINOUS MIXTURES OTHER THAN THOSE CLASSIFIED UNDER	0.000	0.000	4.980
	of which recovered	0.000	0.000	0.000
	of which destined for disposal	0.000	0.000	4.980
-	OTHER	0.458	0.000	0.000
	of which recovered	0.440	0.000	0.000
	of which destined for disposal	0.018	0.000	0.000

HAZARDOUS WASTE - RACECOURSES (Tonnes)	2021	2020	2019
TOTAL HAZARDOUS WASTE PRODUCED	2.885	1.559	8.487
of which recovered	2.483	0.951	0.000
of which destined for disposal	0.402	0.608	8.487

EWC CODE (quantity in tonnes)

160601	LEAD BATTERIES	0.440	0.625	0.420
200121	FLUORESCENT TUBES AND OTHER CONTENTS CONTAINING MERCURY	0.086	0.115	0.047
150110	PACKAGING CONTAINING RESIDUES OF HAZARDOUS SUBSTANCES	0.113	0.034	0.086
130208	OTHER ENGINE, GEAR AND LUBRICATION OILS	0.100	0.150	0.070
150202	ABSORBENTS, FILTER MATERIALS	0.014	0.012	0.012
160107	OIL FILTERS	0.024	0.013	0.013
180202	WASTE THAT MUST BE COLLECTED AND DISPOSED OF	0.268	0.267	0.190
80111	WASTE PAINTS AND VARNISHES CONTAINING SOLVENTS	0.120	0.329	0.095
160214	DISCARDED EQUIPMENT, OTHER THAN THAT CLASSIFIED UNDER 160209 TO 160213	0.010	0.014	0.000
160211	DISCARDED EQUIPMENT	1.000	0.000	0.000
160213	DISCARDED EQUIPMENT	0.710	0.000	0.000
-	OTHER	0.000	0.000	7.554

3.2.4 ENERGY EFFICIENCY AND EMISSIONS

DESCRIPTION OF THE ISSUE/OBJECTIVE

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

In 2021, for the first time, Snaitech addressed the **calculation of Scope 3 (305-3)** or indirect emissions in the company's value chain, through an articulated data collection process, within the GRI 305 which explicitly refers to the GHG Protocol. These are emissions not generated by plants or processes directly controlled by the Group but attributable to company activities, which contribute to the corporate risk profile (e.g. climate risks) and can be reduced through direct and indirect actions by Snaitech.

For its typical activities, Snaitech, operating mainly with low-voltage electronic circuits, has an energy requirement typical of office work. Additional consumption derives from the use of different energy sources for winter heating and summer cooling in the operational offices. Methane, in particular, is used both for heating and cooling areas and data processing centres.

In this context, reducing consumption mainly involves rationalising spaces and improving energy efficiency at points of sale, offices and data centre rooms.

Over the years, numerous restyling operations have been carried out on the 34 owned shops, including the renovation of air conditioning and heating systems. During 2021 this intervention affected the Palermo sales room, and four similar interventions are planned for 2022 on as many stores.

In general, the Group has progressively adopted lighting with LED lamps and replaced the old monitors with more energy-efficient devices.

With regard to the offices, the following should be noted:

- ◆ in 2021, the Via Lazzareschi building in Porcari was sold following the transition of Snaitech employees assigned to the call centre based there to teleworking methods. The call centre has therefore been moved to a smaller location and consequently has extremely low energy consumption.
- ◆ The energy efficiency improvements to the Via Boccherini 57 building in Porcari, completed 7 years ago with the restyling of the entire complex, including the construction of a thermal coat, replacement of the fixtures and renovation of all the systems, has made the building sustainable in terms of consumption.
- ◆ The Via Boccherini 39 building in Porcari was acquired in 1996 and has undergone successive interventions to modify and adapt it to the change in production objectives. The building includes a medium voltage cabin and houses the vast majority of the data centre rooms available to Snaitech. In the short term, UPS (uninterruptible power supply) machines will be replaced with newer, more energy-efficient ones.
- ◆ The Rome office was designed about 12 years ago and includes a data centre room equipped with the latest technology. Overall, the building is equipped with efficient systems and has low consumption for power and cooling.
- ◆ The Milan offices in Piazza della Repubblica occupy the seventh, eighth and eleventh floors of a building of architectural value. A few years ago, the windows on the seventh and eleventh floors were replaced.

In 2021, Snaitech developed an executive project for lighting the racetracks which involves replacing 35 lighting towers for over 900 floodlights dating back to 1996. Greater efficiency is planned with LED technology, with consequently reduced consumption and less impact on light pollution.

From January to October 2021, the Group's electricity supplies were concentrated in a single supplier that declares to supply energy 100% from renewable sources. However, for November and December 2021, due to unforeseen causes not related to Snaitech and the Snaitech Group, it was forced to switch to the safeguard market where access to 100% energy from renewable sources was not guaranteed. Since 2022 the new contract has been activated with a new supplier that guarantees access to 100% electricity from renewable sources.

ENERGY CONSUMPTION [GJ]

GRI 302-1

	2021	2020	2019
DIRECT CONSUMPTION (NON-RENEWABLE)			
Methane for heating	8,257.68	9,423.14	10,698.67
Diesel fuel generators	111.75	391.70	424.48
LPG for heating	0.00	163.79	886.47
Diesel for motor vehicles	4,737.02	4,276.48	8,392.12
Petrol for motor vehicles	388.12	276.12	308.41
TOTAL DIRECT CONSUMPTION	13,494.57	14,531.23	20,710.15
INDIRECT CONSUMPTION			
Electricity purchased	29,420.03	29,676.19	34,285.49
of which from renewable sources	26,581.96	28,673.30	32,983.44
of which from non-renewable sources	2,838.07	1,002.90	1,302.05
District heating (renewable)	629.90*	425.23	137.74
TOTAL INDIRECT CONSUMPTION	30,049.93	30,101.43	34,423.23
% energy from renewable sources (electricity + district heating) out of total indirect consumption	91%	97%	96%
TOTAL CONSUMPTION	43,544.50	44,632.66	55,133.37

*It is specified that district heating consumption in FY 2021 comes from the racecourses (to supply two veterinary clinics for small and large animals) and from the Imola offices belonging to the company Big Best in Game, acquired by the Group in 2019 and subsequently integrated into Snaitech S.p.A.

EMISSIONS - SCOPE 1 AND 2 (t CO₂)

GRI 305-1-2-3

	2021	2020	2019
DIRECT EMISSIONS (SCOPE 1)*			
Methane for heating	464.18	529.87	598.42
Diesel fuel generators	8.56	30.03	31.23
LPG for heating	0.00	11.21	58.18
Diesel for motor vehicles	350.19	314.66	617.48
Petrol for motor vehicles	28.57	20.25	22.62
Scope 1	851.51	906.01	1,327.92
INDIRECT EMISSIONS (SCOPE 2)			
Scope 2 Location based**	248.33	87.75	113.93
Scope 2 Market based***	361.52	127.75	165.86
TOTAL EMISSIONS			
Scope 1 + Scope 2 Location Based	1,099.84	993.76	1,441.85

*For the calculation of Scope 1 emissions, the conversion factors published by ISPRA in the "Table of national standard parameters" updated in 2021 were used.

**For the calculation of "Location based" Scope 2 emissions, the average emission factor relative to the specific national energy mix of electricity production was used (for Italy equal to 315 gCO₂/kWh, Source: Terna 2019 "International Comparisons"). The data for 2019 and 2020 has been adjusted on the basis of the aforementioned emission factor.

***For the calculation of "Market based" Scope 2 emissions, the emission factor relating to the national "residual mix" was used (for Italy equal to 458.57 gCO₂eq/kWh, Source: European Residual Mixes 2020 - AIB).

EMISSIONS - SCOPE 3 (t CO₂e)

GRI 305-3

CATEGORY	INDIRECT EMISSIONS (SCOPE 3)*	2021
1	Goods and services purchased	20,078
2	Capital goods	3,644
3	Fuel and energy-related activities (item does not fall within Scope 1 or Scope 2)	965
4	Upstream transport and distribution	18
5	Waste generated during activities	154
6	Business trips	57
7	Commuting	184
9	Downstream transport and distribution	542
11	Use of product sold**	2,070
14	Franchising	17,972
15	Investments	392
	TOTAL OTHER INDIRECT EMISSIONS (SCOPE 3)	46,076

* The method for calculating Scope 3 emissions is in line with the GHG Protocol guidelines.

** The emissions data for Category 11 refers to the Playtech Group. Specifically, the data used for the calculation refers to revenues from B2B activities relating to the entire Playtech Group and it was not possible to determine the relative share pertaining to the companies in the Snaitech group's reporting scope.

3.2.5 WATER CONSUMPTION

DESCRIPTION OF THE ISSUE/OBJECTIVE

“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.

Snaitech is aware that water is a scarce resource globally, subject to progressive reduction and possible fluctuations in availability, depending on seasonal weather patterns which are in turn influenced by climate change. Therefore, efficient water management refers to the ways in which the Group manages water consumption at both the offices and racecourses, with the aim of promoting correct use that prevents and avoids waste.

In 2021, the irrigation system of the flower beds and green areas of the offices at Via Boccherini 39 was made more efficient with the installation of a water softener and the paths of the irrigation network were remodelled to prevent waste.

In addition, Snaitech launched an executive project concerning the hydraulic system of the equestrian facilities, commissioning a hydraulic engineering company to investigate the creation of a state-of-the-art irrigation system that can measure the amount of water distributed on the ground. Dispensers delivering drinking water from the aqueduct have been installed in the offices to reduce the use of plastic bottles.

DATA ON WATER CONSUMPTION, WITHDRAWAL AND DISCHARGE (M3)

GRI 303-3-4-5

	2021		2020		2019	
	All areas	of which from areas with water stress	All areas	of which from areas with water stress	All areas	of which from areas with water stress
TOTAL WITHDRAWAL AT OFFICES AND BRANCHES	7,053.48	5,914.36	8,646.83	7,733.00	11,964.00	8,593.61
Milan+Peschiera municipal aqueduct	1,139.23	-	914.00	-	1,481.39	--
Roma, Porcari municipal aqueduct	4,376.73	4,376.73	5,284.00	5,284.00	7,847.56	7,847.56
Branches' municipal aqueduct	1,537.53	1,537.63	2,448.83	2,449.00	2,635.05	746.05
TOTAL WITHDRAWAL AT RACECOURSES	550,469.00	7,204.00	406,536.00	7,493.00	443,647.00	8,228.00
Municipal aqueduct	179,569.00	1,804.00	76,274.00	2,093.00	27,349.00	2,828.00
Extraction from wells	365,500.00	-	324,862.00	-	410,898.00	--
Other sources	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00
TOTAL WITHDRAWAL	557,522.48	13,118.36	415,182.83	15,226.00	455,611.00	16,821.61
Total release	557,522.48	13,118.36	415,182.83	15,226.00	455,611.00	16,821.61
Discharge into municipal sewer system	369,372.48	7,718.36	247,351.83	9,826.00	244,762.00	11,421.61
Irrigation	188,150.00	5,400.00	167,831.00	5,400.00	210,849.00	5,400.00

In 2021, 98.73% of the Group's water consumption was attributable to the Milan and Montecatini horse racing facilities for a total of 550,469 m³. Of this, 365,500 m³ - 66% of the total - comes from private wells whose consumption is monitored through meters installed and managed by Metropolitana Milanese S.p.A., while 179,569 m³ comes 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 races. Water withdrawal from the stream is authorised by the Tuscany Regional Authority. The value of the withdrawal is estimated in cubic metres based on the number of races and the amount of water transported by a tank truck running on the track between races.

3.2.6 PAPER CONSUMPTION

The progressive process of **dematerialisation and improved efficiency aimed at progressively reducing paper use** by creating the document area, integrating information and documentation that also involves relations with the sales network and suppliers, has led to a gradual reduction in consumption over the years. The closure of points of sale in the first six months of the year, working from home mainly via the web and the expansion of online activities also contributed to the 30% reduction in paper consumption recorded in 2021 compared to 2020.

PAPER CONSUMPTION (UOM T)

	2021	2020	2019
Paper consumed	9.1	13.03	18.8



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1000

Every year we increase our commitment to sustainability. In 2021, we supported the international event All4Climate Italy, hosting the Music4Climate concert at the Snai San Siro Racecourse.

For the first time we also calculated Scope 3, i.e. indirect emissions attributable to the company's value chain, which we can thus reduce through direct and indirect actions.



CHAPTER 4.

PEOPLE



4TH DRIVER PEOPLE

In sociological culture, “organisation” is defined as a group of people acting in unison to pursue a common goal. While many companies certainly match this definition, Snaitech is at the same time something more. Active participation, continuous discussion, involvement and intra-functional collaboration on the company’s projects and initiatives are the strength of the Snaitech team, which shares not only objectives but also values, experience and perspectives. For this reason, more than in any organisation, people are fundamental at Snaitech.

For its people, Snaitech is committed to creating a work environment that is meritocratic, inclusive and respectful of everyone’s needs and aspirations. At Snaitech, 48% of employees are women, allowing the company to set up work groups where diversity is a strength and a great potential. The presence of women on the Board of Directors and among the executive management is also significant. In the last three years, the company has also increased its efforts to reduce all forms of discrimination, taking significant action to bridge the pay gap between men and women at all levels of the organisation. It has also launched partnerships with Valore D and Parks Liberi e Uguali, associations committed to promoting the values of inclusion and respect for individuals and diversity between people within companies, especially regarding gender identity. It is also very important for Snaitech to respect the needs and objectives of employees’ personal well-being: in 2021, 19% of company staff were able to work part-time, while the institution of the Hour Bank to collate overtime hours is highly effective in promoting a good work-life balance. There are also beneficial solutions to support parenthood and initiatives to help new parents return to work, such as contributions to nursery school enrolment and attendance fees and measures to support working mothers resuming full-time work.

In 2021 Snaitech also paid out the maximum performance bonus worth €2,000 to all employees, who can choose to convert it in whole or in part into welfare services, without tax or contribution charges. 2021 will see an increase in training hours, with areas such as Diversity & Inclusion introduced and courses on soft skills strengthened.

The safeguarding and protection of people are also fundamental for Snaitech and have become even more important following the health emergency. In the two-year period 2020/2021 Snaitech invested almost €2 million in prevention and protection systems, not only geared to employees but also to the network of shops/outlets and to customers.

4. PEOPLE ACTING RESPONSIBLY

The protection of individuals and respect for their physical and moral integrity are fundamental values. The Group's Code of Ethics unequivocally establishes them in compliance with the principles dictated by the main international conventions, such as:

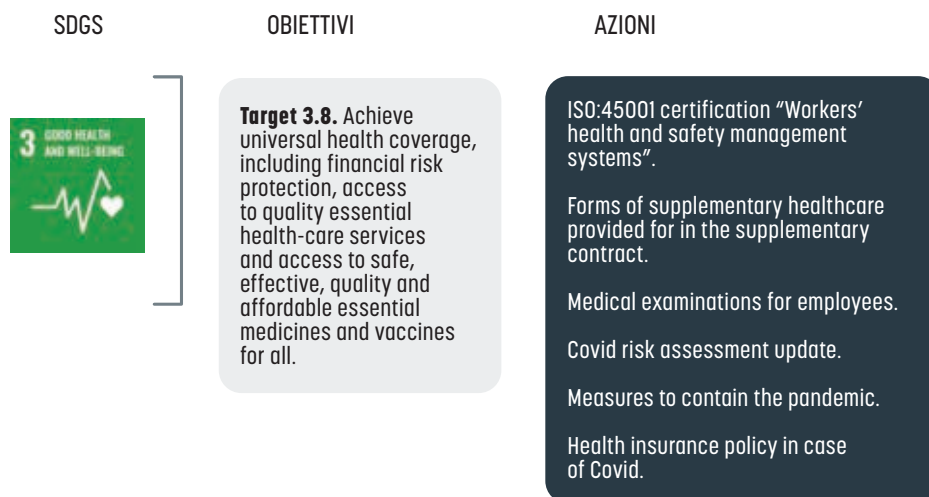
- ◆ the Universal Declaration of Human Rights;;
- ◆ the UN Convention on the Rights of the Child;
- ◆ the International Labour Organization Convention;
- ◆ the European Convention for the Protection of Human Rights and Fundamental Freedoms.

The protection and respect of human rights guide activities on a daily basis, both within the company and in relations with external parties. The Group promotes the adoption of management systems that can combat and prevent any human rights violations both within its production cycles and in the procurement of goods and services.

One of the pillars of Snaitech's social responsibility is attention to people. This takes the form, on a daily basis, of creating a positive and welcoming work environment where everyone is valued for their abilities and can develop and increase their skills.

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

WHAT WE DID IN 2021



SDGS

OBIETTIVI

AZIONI



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.

48% female employment.

23% female executives. 30% female presence on the Board of Directors. Contribution towards nursery fees to help new parents return to work.

Measures to support working mothers returning to full-time work.

Possibility for all who request it to benefit from part-time post-maternity leave beyond the maximum set out by their respective CCNL (Contratto Collettivo Nazionale di Lavoro, National Collective Labour Agreement).

Participation in Valore D.

Participation in Parks Liberi e Uguali.

Training on diversity & inclusion issues.



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

Professional development of employees through continuous training.

Performance bonus to employees also confirmed during the period of COVID-19 closures.

Laptops for employees up to 100% remote work.

COVID-19 economic measures for points of sale:

- Snaitech's entitlements frozen during periods of closure;
- +40% increase in revenue from online operators.

4.1 MANAGING RISKS LINKED TO THE COVID-19 PANDEMIC

The presence of an organised, well-structured and well-planned system has been crucial in enabling Snaitech to cope with the COVID-19 emergency. During 2021, in view of the prolonged health emergency, the focus of Group companies in terms of health and safety was to continue implementing measures to combat and contain the spread of COVID-19 in the workplace, including offices, points of sale and racecourses.

Actions had already been introduced in compliance with the provisions of the Decrees, Regional Orders, Circulars and the "Shared protocol for regulating safety measures to be adopted to combat and contain the spread of COVID-19 in the workplace". Furthermore, in 2021 the Risk Management Function, together with the Compliance and Concessionary and Regulatory Compliance and Internal Audit Function, continued to monitor risks and actions implemented by the Snaitech group to contain the spread of COVID-19 in the workplace. Consequently, during the course of the year the Company updated and supplemented the Coronavirus Risk Management Operational Manual. This was created in 2020 with the involvement of the Committee composed of the Prevention and Protection Service, the Company Doctor, the Workers' Safety Representatives and trade union representatives, as well as the involvement of the Safety Executives.

In 2021, the Risk Management Department then completed the interviews with the various Risk Owners, following which the COVID-19 Risk Register was drawn up supported by the relevant risk sheets.

More generally, the overall measures implemented were:

- ◆ supplies of equipment to staff (masks, gels and sanitising sprays, etc.);
- ◆ optimised governance of surveillance for health and safety through the creation of specific task forces and committees;
- ◆ updated protocols on managing new risks;
- ◆ 651 swabs carried out on a voluntary basis;
- ◆ a 24/7 service to manage critical COVID-19 situations;
- ◆ information and awareness campaign aimed at employees to reduce the risk of infection in the workplace;
- ◆ reorganised work environments and operating procedures to respect the safety distance.

2021 also saw the renewal of a policy created specifically for the COVID-19 emergency, which all Group employees can use to obtain real support in case of need. A series of healthcare measures are envisaged throughout the illness and the return to full health. The policy covers the virus' various stages of evolution: hospitalisation allowance; convalescence allowance; and post-hospitalisation assistance, which provides practical help through different activities such as home shopping delivery, accompanying a minor child to school, babysitting and petsitting, domestic help.

COVID EMERGENCY COSTS (FY 2021) (IN EUROS)

	SNAITECH	SNAI RETE ITALIA	EPIQA	GROUP
Cleaning and sanitisation services	111,423.00	104,919.50	6,040.00	222,382.50
Protection equipment, tests and other services	80,998.27	9,135.20	3,043.97	93,177.44
Dispenser stations, stickers, posters for points of sale	-	-	-	-
Racecourse security services	294,735.40	-	-	294,735.40
Thermal scanners	1,876.94	-	-	1,876.94
Total	489,033.61	114,054.70	9,083.97	612,172.28

COVID EMERGENCY COSTS (FY 2020) (IN EUROS)

	SNAITECH	SNAI RETE ITALIA	EPIQA	GROUP
Cleaning and sanitisation services	117,882.36	136,327.95	3,600.00	257,810.31
Protection equipment, tests and other services	107,255.14	47,044.03	12,101.31	166,400.48
Dispenser stations, stickers, posters for points of sale	305,315.74	-	-	305,315.74
Racecourse security services	518,139.65	-	-	518,139.65
Thermal scanners	32,819.85	41,912.00	-	74,731.85
Total	1,081,412.74	225,283.98	15,701.31	1,322,398.03

The preventive and monitoring activities that Snaitech implemented to handle the pandemic also involved the sales network, meaning not only direct branches but also shops and in-store outlets operated in partnership. Concrete support to ensure the safety of operators and customers consisted in providing materials for safe environments such as protective plexiglass panels, sanitising gel and dispensers, adhesive strips for distancing, multilingual signs on the correct anti-COVID-19 standards, manual with guidelines for safe reopening.

The protocols, manuals and operating instructions were disseminated to the direct network, while the indirect network received support in the form of information and ad hoc communications. When gaming rooms reopened, particular attention was paid to one of the procedures to protect customers: the sanitisation of gaming surfaces with the most contact, every hour and/or at every use.

Snaitech also supported operators financially by allowing them to make due payments in instalments. This gave them liquidity from the gaming proceeds collected up to the moment of lockdown, including the portion for paying the single tax levy. Snaitech thus postponed the collection of receivables from operators while also advancing the portion to pay the single tax levy on their behalf. This enabled operators to spend the sums owed on current expenses such as paying rents, employees and suppliers. Moreover, Snaitech unilaterally decided to increase the remuneration guaranteed to operators on online bets made by customers who opened a gaming account at their shop. Acquiring online players through points of sale has been an important line of business for Snaitech in recent years and operators have contributed to the online growth of the company, which has taken the top positions in the ranking of Italian remote gaming operators.

4.2 RELATIONS WITH COLLABORATORS

The mission-sharing spirit and professionalism of our employees are decisive values and factors for achieving Snaitech's objectives.

The Group is constantly committed to ensuring that all employees have opportunities for professional growth, ensuring that everyone enjoys fair treatment based on merit and recognition of skills. Decisions on human resources development 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 continuous improvement of the working environment, both in terms of workers' health and safety and the quality of relations between employees, who are required to actively collaborate in their work.

4.2.1 EMPLOYEE PROFILE

As of 31 December 2021, the Snaitech Group has a total workforce of 899, unchanged from 2020, and composed of 52% men and 48% women.

The Group's different work contexts, such as head offices, branches and racecourses, form a heterogeneous working group in terms of skills and experience but are united towards common growth. The stimulating and positive working environment that reigns in Group companies involves integration and synergy between diversified skills which, in turn, translates into the ability to attract new talent.

3% of Snaitech employees are aged under 30 and 70% under 50.

The percentage of staff with a degree, out of the total number of employees in the last three years, is around 23%.

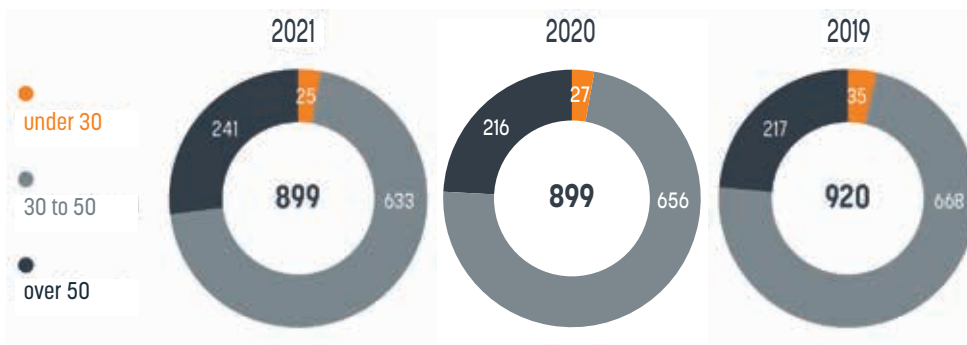
EMPLOYEES BY GENDER

GRI 405-1

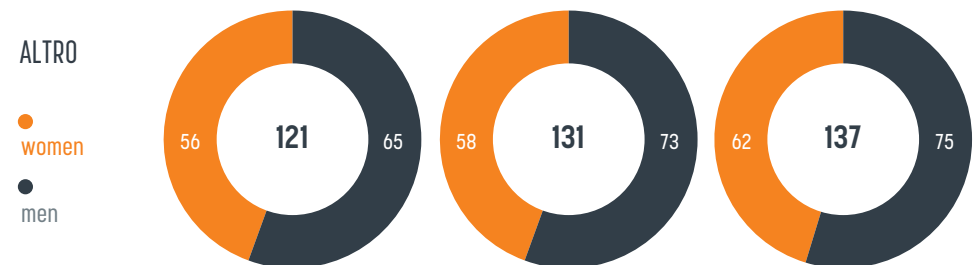
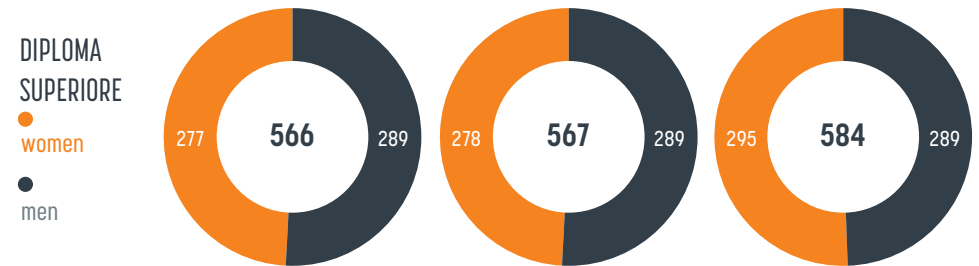
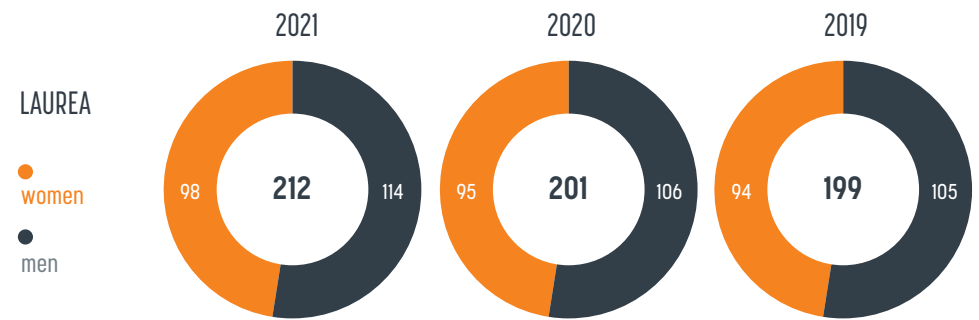


EMPLOYEES BY AGE GROUP

GRI 405-1

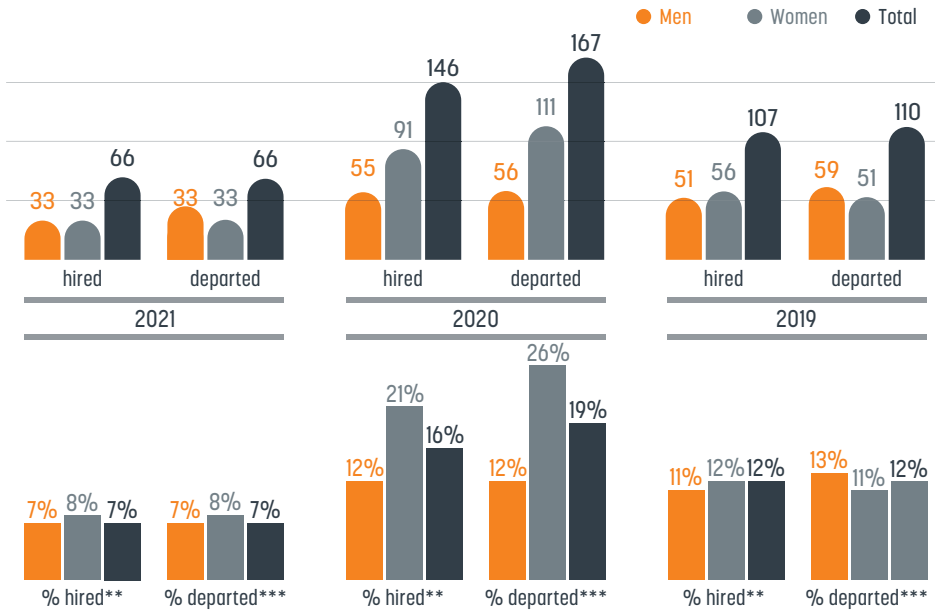


QUALIFICATION



TURNOVER BY GENDER* (NR. - %)

GRI 401-1

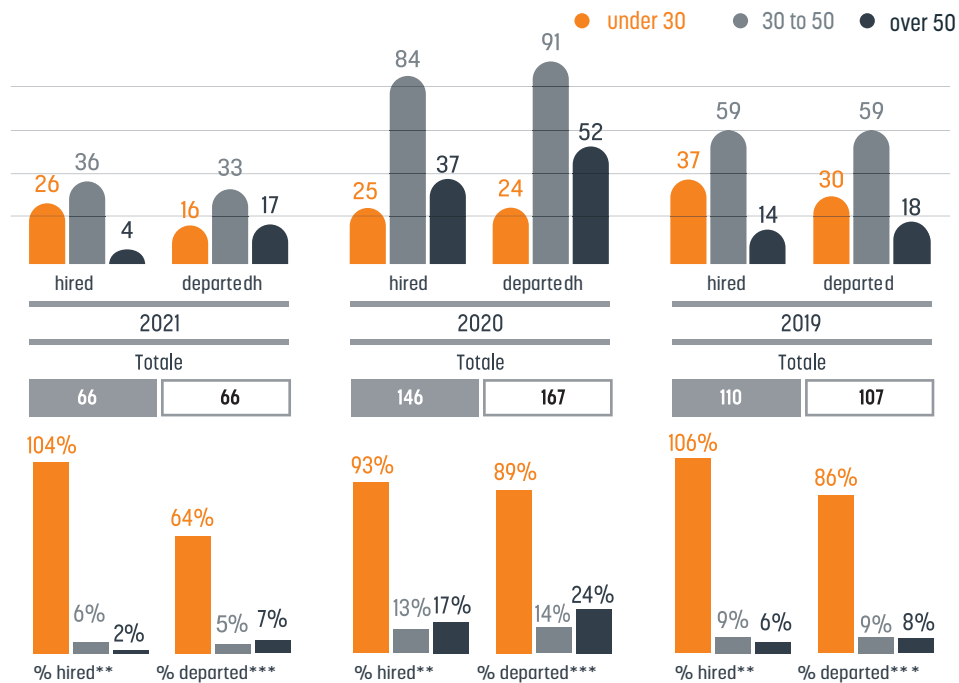


*The number of employees hired and departing in 2020 includes staff transfers between companies that are part of the Group (see Methodological Note).

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

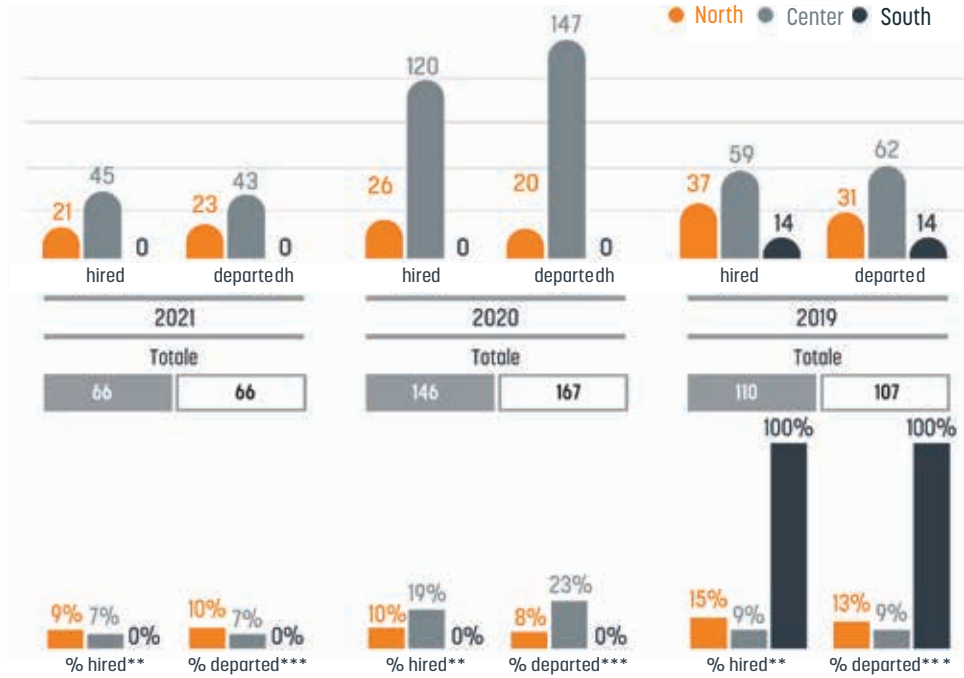
***Turnover rate: number of employees who departed from the company during the period/number of employees at the end of the period*100.

TURNOVER BY AGE GROUP (NO.) AND TURNOVER % BY AGE GROUP



TURNOVER BY GEOGRAPHICAL AREA (NO.) AND TURNOVER % BY GEOGRAPHICAL AREA

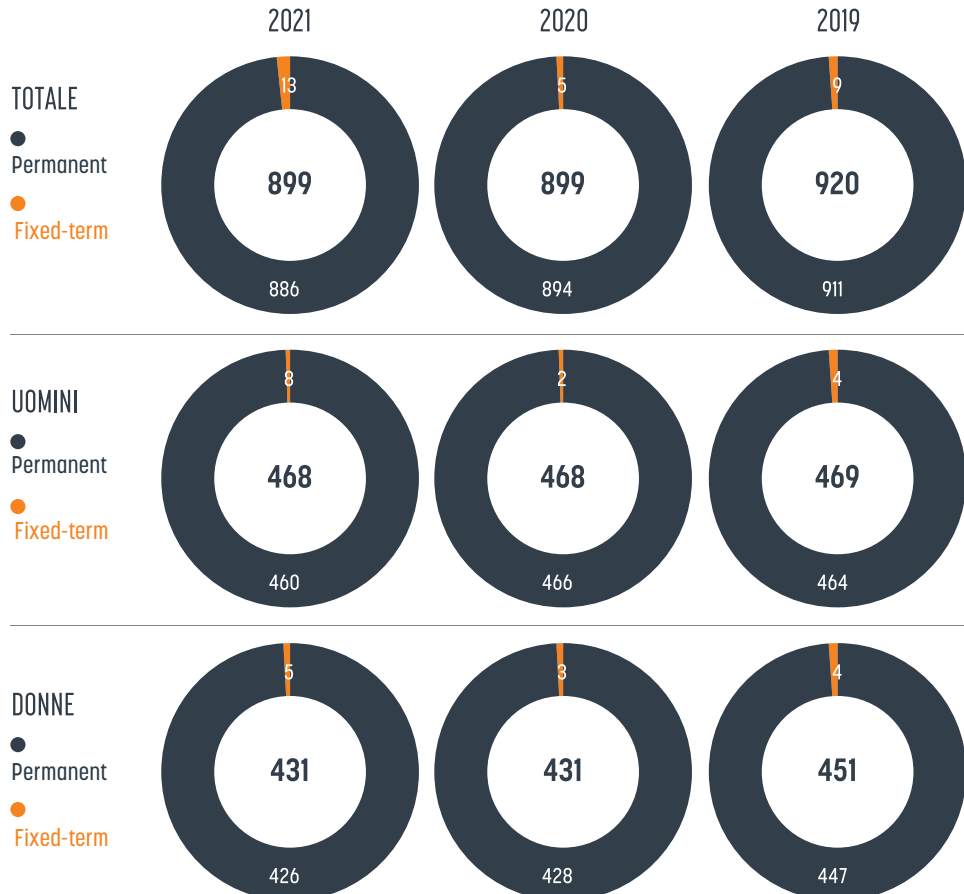
GRI 401-1



As of 31 December 2021, 98.6% of the staff were on permanent contracts and 81% had a full-time contract. During the year Snaitech employs temporary staff, especially during the opening periods of the horse racing season or other events within the racecourses.

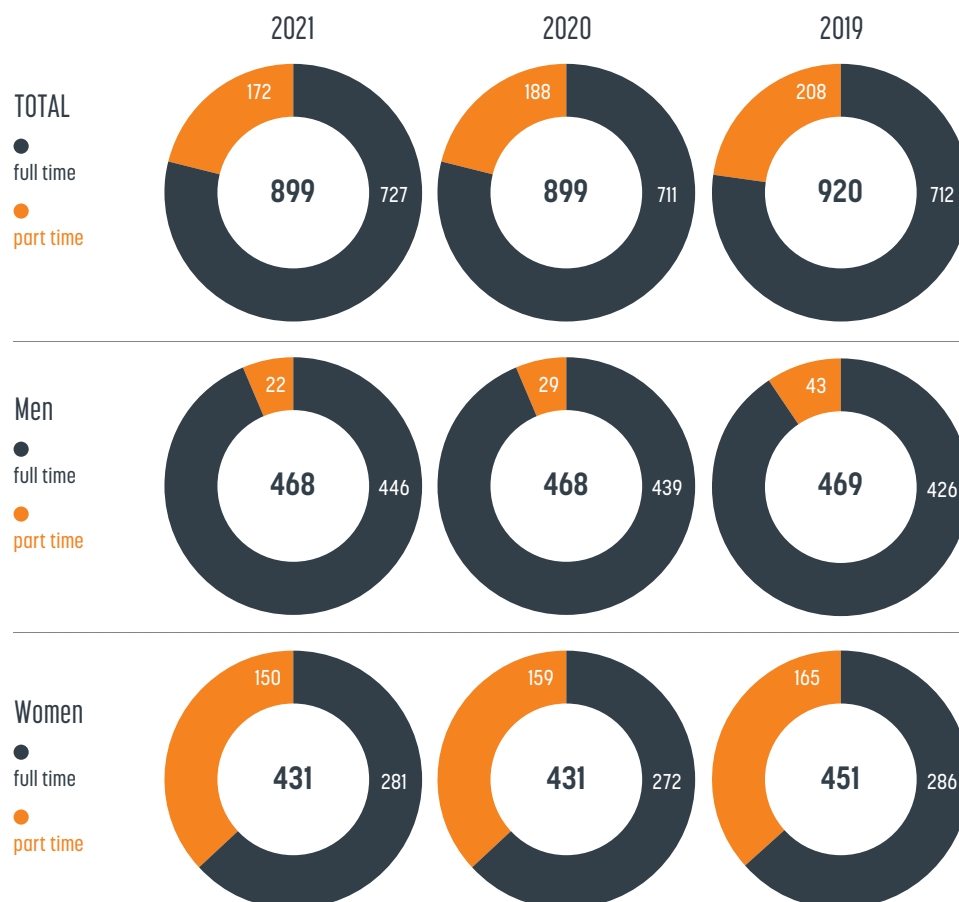
EMPLOYEES BY TYPE OF WORKING HOURS

GRI 402-8



GEOGRAPHICAL BREAKDOWN OF EMPLOYEES BY CONTRACT

GRI 402-8



GEOGRAPHICAL BREAKDOWN OF EMPLOYEES BY CONTRACT

	2021			2020			2019		
	FIXED-TERM.	PERMANENT	TOTAL	FIXED-TERM.	PERMANENT	TOTAL	FIXED-TERM.	PERMANENT	TOTAL
Milan head office + branches + Milan Equestrian Centre	4	188	192	1	192	193	0	217	217
Roma head office + branches	2	196	198	0	190	190	1	193	194
Porcari head office + branches	3	360	363	4	361	365	1	370	371
Rest d'Italy Branches + Montecatini Equestrian Centre	4	142	146	0	151	151	7	131	138
TOTAL	13	886	899	5	894	899	9	911	920

As of 31 December 2021, 40% of the staff are based in the Porcari area, 21% in the Milan and Peschiera Borromeo area, 22% in the Rome area and 16% in the rest of Italy.

AGILE WORK

During 2021, with the vaccination campaign progressing, there was less of the agile work away from headquarters that had become necessary during the first months of the health emergency. During the year, the company extended the efforts necessary to make the Rome, Milan and Porcari offices accessible to all employees, ensuring both high safety measures for workers on-site and the option of simplified agile work, extended several times by specific legislation. In 2021, the Group made use of a total of 477,118 agile working hours, corresponding to 37% of the total hours worked. The company pays close attention to the change in sensitivity that the health emergency has brought to the entire production world and has spent months structuring a voluntary smart working mode to offer employees all possible opportunities.

INDUSTRIAL RELATIONS

The organisational model adopted for industrial relations consists of the following documents: code of ethics and behaviour, organisational model, job descriptions and management procedures.

Snaitech S.p.A. has adopted the CCNLs for Executives of Tertiary, Distribution and Service Companies, Employees in Tertiary, Distribution and Services, and Employees of Horse Racing Companies, and the Agreement for the Regulation of Workers Engaged in the Collection and Payment of Bets, Entrance Fees, and Various Racecourse Services. On 29 March 2019, Snaitech adopted the Supplementary Company Agreement for all employees whose employment relationship is governed by the Collective Labour Agreement for Tertiary, Distribution and Services (excluding Executives), expiring on 31 December 2019, in which the annual Performance Bonus was specified. This bonus will be awarded equally to all permanent employees, regardless of their contractual framework. This agreement was extended to run until 31 December 2021.

In 2019, Snaitech also adopted the new Supplementary Company Agreement for all employees whose employment relationship is governed by the Collective Labour Agreement for Horse Racing Companies. This agreement was extended to run until 31 December 2021.

Epiqa S.r.l. adopted the CCNL for executives of Tertiary, Distribution and Service Companies and the CCNL for Private Companies Operating Radio and Television Services with activities of editing and broadcasting, producing and marketing programmes.

Snai Rete Italia S.r.l. adopted the CCNL for Employees in Tertiary, Distribution and Services and the additional Protocol for the regulation of employees of Betting Agencies of 30 March 2015. To ensure that branches can open to the public and to meet the Guidelines for the reopening of Productive and Recreational Economic Activities, on 19 June 2020 Snai Rete Italia signed a Trade Union Agreement, expiring on 31 July 2020, to pay a monthly allowance to cover the additional cleaning and disinfection of surfaces used by customers. This agreement was then extended until the end of the health emergency.

As regards the social safety nets provided for by Italian legislation to support employers who had their work activity suspended or reduced due to COVID-19-related events in 2021, the Group made use of the FIS wage guarantee fund, with greater use for staff hired at branches in consideration of the closures imposed.

CONTRACTUAL INSTITUTIONS

Employees are covered by the compulsory social security scheme, in accordance with the regulations of the relevant sectors. The Group companies therefore regularly set aside amounts to cover the Employee Severance Indemnity (TFR). The contracts also provide for forms of supplementary healthcare and pensions, managed by professional bodies, which commit the companies to the members and in different ways depending on the relevant CCNL. By joining these professional bodies, registered employees can benefit from better treatment than third-party funds:

- ◆ Fasdac for Executives covered by the CCNL for Executives of Tertiary, Distribution and Service Companies;
- ◆ Quas for Middle Managers covered by the CCNL for Tertiary, Distribution and Services;
- ◆ Sanimpresa and Fondo Est for Office Workers covered by the CCNL for Tertiary, Distribution and Services;
- ◆ Mètasalute for Office Workers and Middle Managers covered by the CCNL for Private Metalworking Industry and Plant Installation;
- ◆ Salute Sempre for Manual Workers covered by the CCNL for Private Radio & Television.

4.2.2 OCCUPATIONAL HEALTH AND SAFETY

DESCRIPTION OF THE MATERIAL ISSUE

“Occupational health and safety” refers to the management systems applied in the workplace aimed at protecting staff’s physical and moral integrity and reducing the number of occupational accidents and diseases. This is in addition to health and safety training initiatives and awareness-raising activities for employees, in compliance with local and sectoral laws and regulations - including ISO 45001:2018 certification - and in consideration of the specific characteristics of the racecourse sector.

Following the spread of the pandemic, the protection of employees and collaborators has become even more central when defining internal policies and implementing tools to guarantee safer conditions in the workplace, scrupulously complying with measures imposed by the health authorities and the government.

The protection of health and safety at work is a priority for the Snaitech Group, and is managed and considered as such. Snaitech S.p.A. (excluding Racecourses) and Epiqa S.r.l. have adopted a voluntary occupational health and safety management system based on the principles of ISO 45001:2018. It aims to effectively prevent and combat accidents and occupational diseases through safe management, monitoring and continuous improvement of the entire company organisation in order to improve workers’ health and safety.

Specifically, the certification obtained by Snaitech refers to the management processes of gaming machines and related IT systems, namely:

- ◆ activation, operational management and assistance of the network related to electronic management of legal gaming via gaming machines and the company management system;
- ◆ provision of the service of management and technical assistance for gaming machines and business management systems;
- ◆ maintenance of gaming cards, gaming machines, gaming systems with their video terminals and all the peripherals connected thereto.

At Epiqa, on the other hand, the activities within the scope of certification concern the collection, processing and dissemination of the TV signal from filmed horse racing at Italian and foreign racecourses, and related services.

The ISO 45001 certification, last renewed in 2021, places people at the centre to ensure they can perform their functions in a healthy and safe work environment, covering approximately 73%* of the Group’s population. With this in mind, the Occupational Health and Safety Management System is constantly subject to checks by certification bodies to verify compliance with the reference standards.

*When calculating the percentage of the Snaitech Group population covered by the ISO 45001:2018 Health and Safety Management System, Snaitech Racecourse employees were excluded. Therefore, the calculation only includes employees of the offices of Snaitech S.p.A. and Epiqa S.r.l.

In line with the international standard UNI ISO 45001:2018 and the Code of Ethics, Snaitech and Epiqa have defined an organisational structure responsible for protecting health and safety in the workplace. This is to ensure that appropriate prevention and protection measures are adopted to avoid, or at least minimise, any risk to health or physical safety. The main competent H&S company figures identified by Snaitech and Epiqa are: the Head of the Prevention and Protection Service, who reports directly to the respective CEO on the performance of the Safety Management System, assisted by the Prevention and Protection Service Officer (Snaitech has appointed 3, Epiqa 1) and the Workers' Safety Representative. In addition to these figures there is also the Medical Coordinator, who is responsible for regulations on employees and company health documentation, and finally the Fire and First Aid Emergency Management Officer.

The safety management of the Snaitech racecourses in Milan and Snaitech in Montecatini Terme, on the other hand, is entrusted to a safety delegate. Their role is to adopt specific prevention and protection measures within the training tracks and horse accommodation, which have significantly different characteristics and activities from the offices. For example, Snaitech has progressively reduced the risk level of employee activities at racecourses through the figure of the horse cage operator provided by third-party companies.

Again with a view to protecting workers, each Group company has drawn up the Risk Assessment Document pursuant to Article 28 of Italian Legislative Decree 81/08, with the aim of assessing the risks and adopting the necessary prevention and/or protection measures to manage and control them.

Also thanks to these safeguards, in recent years there have been no serious accidents or significant increases in the number of episodes of this type. In particular, during 2021 there were 10 accidents, none of which had serious consequences with absences from work longer than 180 days. The total number of accidents determines the frequency index, which went from 0.67 in 2020 to 1.55 in 2021. No cases of occupational diseases, on the other hand, were recorded for 2021.

ACCIDENTS*

GRI 403-9

	2021	2020	2019
TOTAL NUMBER OF ACCIDENTS	10	4	11
of which accidents while travelling*	2	0	1
of which: number of accidents with serious consequences (>180 sick days)	0	0	0
FREQUENCY INDEX**	1.55	0.67	1.63
Severe accident index***	0	0	0
Hours worked	1,289,207.46	1,188,278.05	1,351,982.38

*Accidents are included that occurred when the transport was organised by the organisation

**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.

HEALTH AND SAFETY TRAINING

GRI 403-5

For the Group, each individual worker is called upon to contribute to the effectiveness and improvement of health and safety management by working in compliance with company rules and regulations and reporting any inadequacies to the competent figures. Therefore, Snaitech Group companies are strongly active in spreading a culture of safety and promoting responsible and appropriate behaviour to manage dangerous situations, by arranging health and safety courses. During the year, Snaitech provided 821 hours of training in accordance with Italian Legislative Decree 81/08 and, specifically, covered the following thematic areas:

- ◆ Supervisors
- ◆ Executives
- ◆ Training and Information for Workers under Italian Legislative Decree 81/08
- ◆ First Aid
- ◆ Fire safety
- ◆ Using the forklift
- ◆ Workers' Safety Representative
- ◆ Emergency Teams, with a view to developing awareness around safeguarding workplace health and safety and active worker participation.

Furthermore, Epiqa and Snai Rete Italia continued the staff training and information process in compliance with Italian Legislative Decree 81/08 and the deadlines set by the legislation. The main objective was to strengthen and update the emergency team with First Aid and Fire Protection Officers. Epiqa and Snai Rete Italia provided a total of 694 hours of safety training.

Finally, health promotion initiatives continued during 2021. In particular, in addition to the health support policy in case of COVID-19 described in chapter 4.1, in 2021 the insurance policies for occupational and non-occupational accidents for Executives, Middle Managers, Office Workers and Manual Workers were renewed and the supplementary insurance for Executives of Tertiary, Distribution and Service Companies (life insurance, healthcare, disability and invalidity coverage) were also maintained.

4.2.3 DIVERSITY, EQUAL OPPORTUNITIES AND INCLUSION

DESCRIPTION OF THE MATERIAL ISSUE

“Diversity, equal opportunities and inclusion” means the implementation of policies and tools aimed at promoting an inclusive environment that combats discrimination of any kind (gender, race, ethnicity, age, disability, sexual orientation and other aspects relevant to the organisation’s areas of activity), within recruitment, training and professional growth policies, and favours an open cultural environment. The issue also refers to policies of fair pay between men and women in the various professional categories and the Group’s commitment to ensuring equal opportunities for professional growth based on criteria of merit.

Snaitech is committed to strengthening the culture of inclusion and enhancing diversity inside and outside the company, with the awareness that recognising differences is an essential factor to develop production. Only an environment rich in experience and open to different visions can lay the foundations for structural growth, both on a human and corporate level. 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 personal physical and moral integrity, concerning both employees and anyone who has dealings with Snaitech. The measures taken to prevent human rights violations and the actions implemented to prevent any form of discrimination are monitored by the internal audit and the Supervisory Board. No discriminatory situations against internal or external parties were reported in 2020 (GRI 406-1). With regard to compliance with legislation on labour relations, particularly 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.

With regard to gender equality and in order to maintain a well-balanced workforce, Snaitech has ensured over the years that at least 40% of employees are female, reaching 48% at the end of 2021. In 2021 Snaitech joined Parks Liberi e Uguali and Valore D, embarking with them on a very important path of recognising the richness of diversity and the importance of conscious inclusion, inside and outside the office. The collaboration with the two associations is structured around a series of training and awareness events linked by a single common thread: helping to spread a culture of respect and inclusion in the broadest sense of the term, from sexual orientation to gender identity, from age and sex to disability. Both partnerships were launched internally with a digital event.

PARKS - LIBERI E UGUALI

Parks - Liberi e uguali collaborates with companies to understand and realise the full business potential of developing strategies and good practices that respect diversity and inclusion. To date, the association has over 75 member companies that have agreed to commit their staff management practices to constructing a **culture of global inclusion** that considers the reality of LGBT people within it. The exclusive presentation event for Snaitech took place in May 2021, and during the year the staff participated in virtual meetings and sharing on LGBT issues that are usually excluded from the corporate context. The meetings were opportunities for exchange and increasing familiarity with inclusive language that is careful not to perpetrate stereotypes and discrimination.

SNAITECH AND VALORE D

Snaitech is an ordinary member of Valore D, the first association of companies in Italy committed to gender balance and an inclusive culture in organisations and nationwide for over ten years. It uses an integrated approach that provides businesses with effective tools and dialogue between companies and with institutions. After the exclusive presentation event for Snaitech held in June 2021 during Snaitech Sustainability Week, the entire company population had the opportunity to participate in a further five information meetings. These were promoted on Snaitech communication channels and covered issues such as enhancing female talent, responsible communication, and leadership with a view to inclusiveness. In addition, an executive and a middle manager were paired in a cross-business mentoring path lasting about 9 months. The course consists of: a monthly meeting between Mentor, Mentee and a facilitator who supports the pair, group coaching sessions to overcome any critical issues, and round tables to present experiences on issues of particular interest.

EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER

	2021			2020			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EXECUTIVES	23	7	30	21	7	28	21	7	28
MIDDLE MANAGERS	55	24	79	49	22	71	46	24	70
OFFICE WORKERS	360	399	759	361	401	762	361	419	780
MANUAL WORKERS	30	1	31	37	1	38	41	1	42
TOTAL	468	431	899	468	431	899	469	451	920

EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP

	2021				2020				2019			
	<30	30/50	>50	TOT	<30	30/50	>50	TOT	<30	30/50	>50	TOT
EXECUTIVES	0	14	16	30	0	13	15	28	0	17	11	28
MIDDLE MANAGERS	0	50	29	79	0	47	24	71	1	49	20	70
OFFICE WORKERS	25	564	170	759	27	591	144	762	34	594	152	780
MANUAL WORKERS	0	5	26	31	0	5	33	38	0	8	34	42
TOTAL	25	633	241	899	27	656	216	899	35	668	217	920

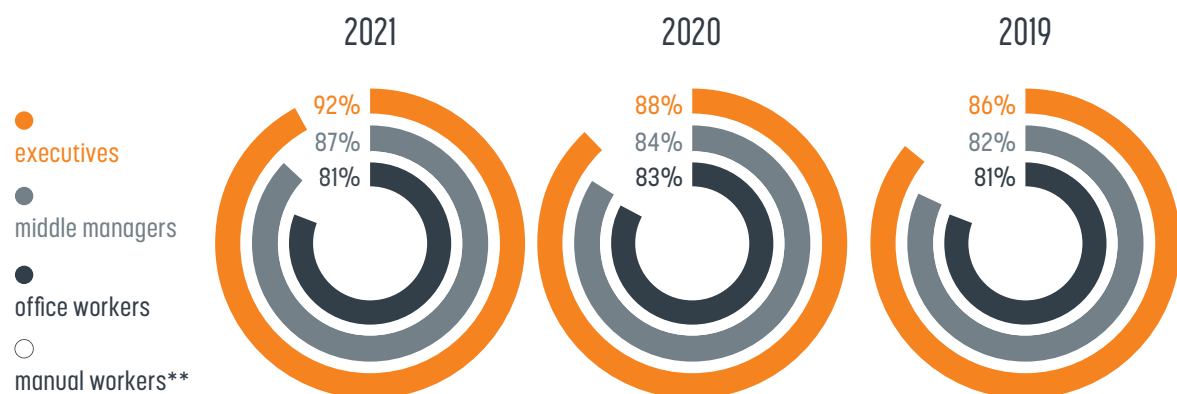
Those belonging to protected categories represent 6% of the workforce for a total of 52 people.

EMPLOYEES BELONGING TO PROTECTED/DISABLED CATEGORIES BY GENDER

	2021			2020			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
EXECUTIVES	2	0	2	2	0	2	2	0	2
MIDDLE MANAGERS	2	1	3	1	1	2	0	2	2
OFFICE WORKERS	20	20	40	19	17	36	24	16	40
MANUAL WORKERS	6	1	7	6	1	7	6	1	7
TOTAL	30	22	52	28	19	47	32	19	51

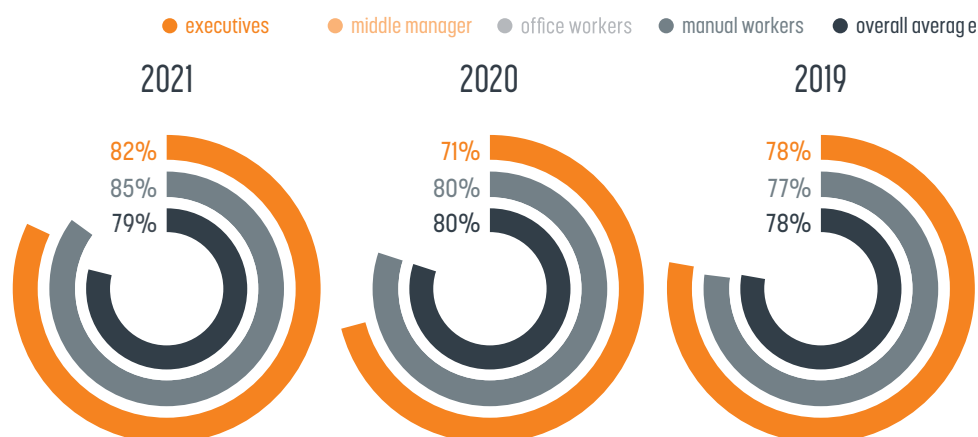
Female office workers earn an average gross annual base salary that is 81% of that of men, while female middle managers earn 87% and female executives 92%. The trend for the period shows a progressive growth in the pay of female middle managers and executives, while for office workers it fell by two percentage points to the same level recorded in 2019.

AVERAGE GROSS ANNUAL BASE SALARY OF WOMEN / AVERAGE GROSS ANNUAL BASE SALARY OF MEN*



The average gross total pay (given by the gross annual base salary plus the variable part and the productivity bonus) for female office workers is 79% (80% in 2020) of that for men. The ratio of women to men among both executives (+9 percentage points) and middle managers (+5 percentage points) increased considerably.

AVERAGE GROSS ANNUAL BASE PAY OF WOMEN / AVERAGE GROSS ANNUAL BASE PAY OF MEN*



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

** The figure is not significant given the small number of female manual workers..

4.2.4 EMPLOYEE BENEFIT PLANS

Snaitech S.p.A. has renewed the expired supplementary company agreement with the trade unions for employees whose employment relationship is governed by the CCNL for Tertiary, Distribution and Services. The supplementary agreement provides for a Performance Bonus aimed at achieving increased profitability and improving corporate competitiveness on an annual basis for all permanent employees, recognised equally regardless of their contractual framework. The performance bonus amount was reformulated in consideration of the period of reduced activity - and therefore of the Group's economic performance following the COVID-19 emergency - and was also awarded for 2021.

The option to convert the bonus into welfare services in whole or in part (10%, 20%, 30%, 50%, 75%, 100%) was maintained through access to the **Hello Welfare!** Flexible Benefits platform. This tool provides personalised responses to diverse needs, regardless of age and family care situations. Each employee could decide how to use their Welfare account, totally exempt from INPS (National Social Security Institute) contributions and IRPEF (personal income tax), on goods and services such as:

- ◆ reimbursement of education and training expenses;
- ◆ reimbursement of transport costs;
- ◆ reimbursement of medical expenses;
- ◆ reimbursement of assistance costs;
- ◆ supplementary pension;
- ◆ shopping vouchers;
- ◆ recreational services for the purposes referred to in Article 100 TUIR (Consolidated Law on Income Tax), e.g. gym and pool passes, travel packages, training courses.

The Snaitech Supplementary Agreement, which has been extended, confirmed the initiative aimed at encouraging new parents to return to work, contributing to nursery school enrolment and attendance fees, and introducing new measures to support working mothers returning to full-time work.

The institution of the Hour Bank, which collates overtime hours worked by employees, continues to be made available for employees to manage their work more flexibly.

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 the Group was able to negotiate on the insurance and services market. In particular, an agreement is in place with SARA Assicurazioni which provides a 30% discount on automobile third-party liability cover and premium payment by instalments.

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

The established benefits are available to all part-time and full-time staff, whether on permanent or fixed-term contracts (GRI 401-2).

The Group supports female staff, including through advantageous means of parental support. Again in 2021, anyone requesting it had the option of part-time post-maternity work beyond the maximum set out by the applicable CCNL provision. In 2021, 150 women and 22 men opted for part-time work, for a total of 172 employees. Regardless of maternity, in recent years many Group employees have chosen to switch from a full-time to a part-time contract to have more time for their family or personal interests. Voluntary use of part-time work by Snaitech staff has almost doubled in recent years, from 12% in 2015 to 19% in 2021.

4.2.5 STAFF ENHANCEMENT AND SKILLS DEVELOPMENT

DESCRIPTION OF THE ISSUE/OBJECTIVE

“Staff enhancement and skills development” means particular attention to ongoing employee training to develop professional and cross-cutting skills, including for the purpose of creating career opportunities based on criteria of merit.

Constant and scheduled staff training is one of the founding values of Snaitech, which seeks to base its competitive advantage on developing professional skills at all levels: this not only contributes to production growth but is the factor that makes the difference. Increasing and updating professional skills, acquiring new and cross-cutting ones, allows adaptation to the social, technological and regulatory changes that mark the terrain of the Group’s business.

The company encourages and safeguards the growth of each employee’s personal potential, with particular attention to young people, resolutely striving to offer career opportunities based on criteria of merit. Snaitech is committed to building career paths for its employees that are aligned to their expectations and can ensure 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 position held and coping with the processes of organisational change and development. The aim is to develop awareness of the individual’s contribution to achieving the corporate mission and the ability to act effectively in increasingly complex contexts, by learning techniques and tools to help manage emotions and synergistically achieve individual and corporate objectives. Training in effective communication, innovation and leadership as well as coaching are just some of the activities undertaken during the year.

Technical: necessary to achieve the corporate strategy aimed at developing and/or maintaining specific technical abilities. In this context, the Company has developed various on-the-job training initiatives, coaching activities, role-specific technical courses and English language courses.

In 2021, several sessions on welfare were also held for all Snaitech employees in order to present the Flexible Benefits Platform and explain the goods and services available.

Occupational safety: this was one of the most important training areas in 2021 in view of the health emergency. It is ongoing, with training and information courses provided for staff in compliance with Italian Legislative Decree 81/08.

Compliance: this activity includes training initiatives promoted by the Legal and Corporate Affairs Department and the Human Resources and Organisation Department, in order to increase information, awareness and compliance with current laws and regulations.

Over the last two years, the use of digital as the prevailing means of contact has required maximum flexibility and adaptability from staff, who have successfully faced this challenge. The difficulties did not stand in the way of excellent teamwork: work team members managed to maintain effective communication and close cooperation to ensure continuous and efficient company business. The loosening lockdowns and gradual reopening, however, highlighted the need to feel part of a group again, and to share thoughts on the issues the pandemic has made even more relevant, such as the importance of healthy lifestyles. With this in mind, the team building experiences Snaitech held in 2021 were aimed at specific teams in view of needs related to their functions within the company.

TEAM BUILDING: A FORCE OF NATURE!

In the Alburni Park in Buccino (SA)

FOCUS on strengthening the unity and cohesion of the team involved to feel part of a united group that values each other's abilities. The claim is inspired by the strength of a group, which if united and close-knit can get involved to improve and achieve unexpected results.

Experiential training was chosen to encourage physical exercise, contact with nature and cooperation, elements that restore energy and stimulate the strength needed to cope with changes.

There were two experiences:

Escape Outdoor

The participants were divided into groups and had to join forces to pass skill tests and solve puzzles, on a path to be completed in the shortest time possible. This challenge created new interactions and bonds for teamwork.

The orienteering game promotes team sharing and decision making, the search for structure and balance among group members, and motivation.

Orienteering zip line

The participants were divided into groups and had to start collaborating in order to finally construct the zip line. Each group had the other's road map and had to collaborate to understand the other's instructions. At the end of these challenges, they then built the zip line and used it together.

This form of cooperation emphasises teamwork to pursue an objective and ultimate result. Each group must trust and rely on the other, creating an indissoluble line which forms the basis for completing the project. In this case too, as in all work relationships and projects where we work together towards a single result, the group must build on and trust the work of other team members to solve problems and obtain the best result.

EXECUTIVE TEAM BUILDING

A Wellness Medical Experience in Fiuggi

Focus:

Listening deeply to yourself and forgetting stress, promoting a healthier lifestyle and rediscovering the value of being together. Taking all-round care of your health. Surrounded by unspoilt nature and healing waters, the experience included initial medical assessments and consultations to create a dedicated programme and was also an opportunity to share outdoor experiences.

Le esperienze sono state:

Cooking Master Class: divided into groups, the participants worked with a chef to prepare a dish focused on the concept of food as medicine, how food can improve the quality of life.

Truffle Hunting: the participants set out in search of the most delicious ingredient to bring to the table: truffles. This was an experience in contact with the earth, naturally accompanied by dogs trained to sniff out the jewel of Italian cuisine.

Escursione: by bike, surrounded by greenery, to recharge batteries in unspoilt nature and rediscover well-being.

Check up: diagnostic tests and analysis of stress indices.

HOURS OF TRAINING BY TYPE

	2021	2020	2019
Behavioural	5,548	993	3,940
Team building	824	-	464
Technical (including Welfare)	5,602	5,107	8,147
Refresher (on-the-job training)	1,724	652	2,204
Italian Legislative Decree 231/2001 and anti-corruption, AML (anti-money laundering), responsible gambling, anti-facilitation of tax evasion	850	287	1,535
Health and safety	1,515	4,145	2,137
Privacy	833	167	442
Information Security*	579	-	-
Diversity & inclusion*	265	-	-
Totale	17,740	11,351	18,869

*The training area has been implemented since 2021, therefore data for 2019 and 2020 is not available.

2021 saw the number of training hours restored, after dropping due to the pandemic in 2020. The most significant increase concerns the introduction of new training areas such as Diversity & Inclusion issues and the increase in courses on soft skills.

Snaitech continued a training project aimed at key figures within the organisation and focused on change management, in order to develop individual propensity for innovation. An "evolutionary path" aimed at the salesforce was launched, in continuity with the professional growth path undertaken in previous years but providing new tools to improve performance.

TRAINING ON 231 AND ANTI-MONEY LAUNDERING

2021 saw the use of Playtech Academy, the platform with an innovative approach dedicated to online training, which provided mandatory courses for the entire Group. Where possible, the company customised these courses with support from internal referents, inserting specific focuses on Italian legislation.

In particular, a course on Compliance was provided illustrating how to protect the company from corruption and bribery and what is meant by anti-money laundering and tax evasion.

In addition, again with the platform's help, courses were provided to all group employees on the following topics:

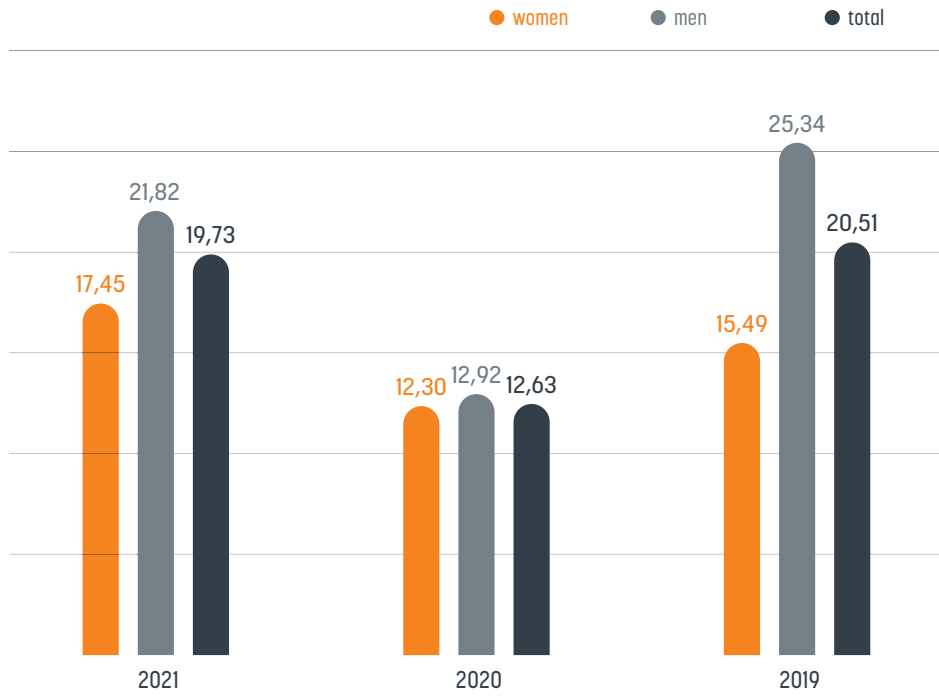
- **Information Security** - To reduce the risks associated with the use of the web and all IT technologies.
- **Data protection** - What the Privacy Policy establishes; how to protect the data of players and employees.

Finally, Snaitech has planned specific training for 2022 on 231 and anti-money laundering, in response to new developments and regulatory updates.

The number of hours of training per capita increased to 19.73 in 2021, compared to 12.63 in the previous year.

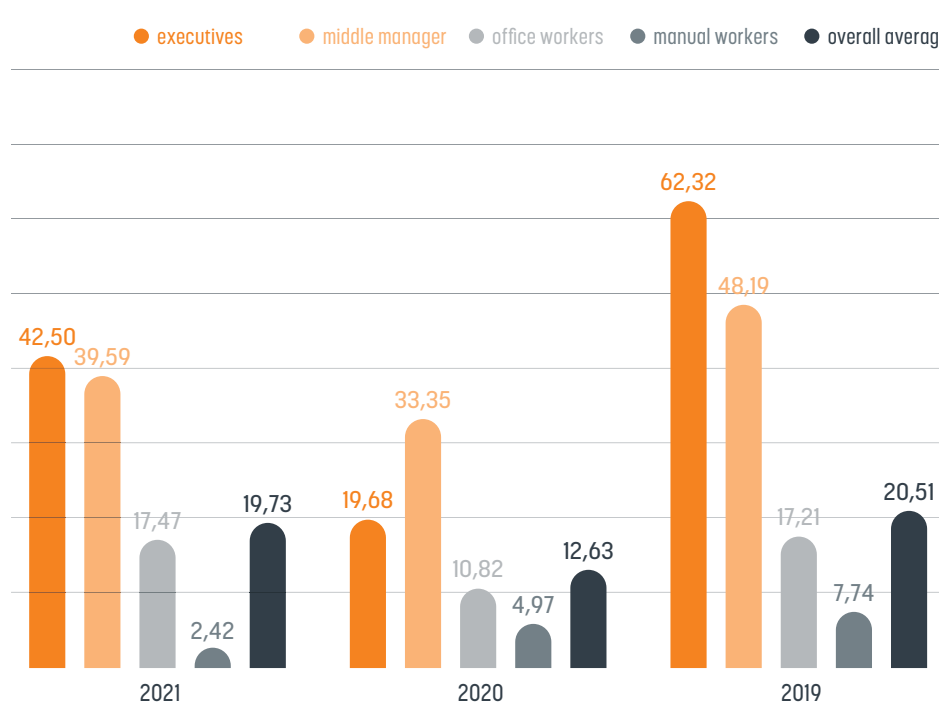
AVERAGE HOURS OF TRAINING PER EMPLOYEE BY GENDER

GRI 404-1



AVERAGE HOURS OF TRAINING PER EMPLOYEE BY PROFESSIONAL CATEGORY

GRI 404-1



FEEL SNAITECH

(SECONDO STEP DELLA SURVEY SUL CLIMA AZIENDALE, LANCIATA NEL 2019)

Over the years, Snaitech has devoted considerable energy and resources to developing employees and optimising the working environment, including in terms of the quality of relations between employees. We wanted to measure the results of the work done and plan future actions, concentrating investments and efforts on developing activities aimed at specific employee needs. With this intention, at the end of 2019 Snaitech commissioned a leading global consultant in human capital development and organisation to conduct an engagement survey to hear from employees and monitor the corporate climate.

A first step consisted in a questionnaire, to which over 550 employees responded. The outcome highlighted not only a high participation rate, but also good core engagement values: Snaitech employees feel part of the company and actively participate in company life. Another area of the survey which recorded high levels is a positive outlook for the future: at Snaitech, this parameter is higher than both the Italian and international averages. Despite a non-flourishing national economy and a constantly evolving regulatory framework, Snaitech employees are very confident about the company's business model, products and ability to face future challenges.

The second step of the project saw shared analysis of the main results of the survey and the issues that employees reported as most relevant, through opportunities for discussion and sharing during focus groups.

People are our strength: women and men of extraordinary human and professional value who together form an unbeatable team.

Through partnerships and training initiatives, in 2021 we worked hard on Diversity & Inclusion to promote in-company values of inclusion and respect, both of individuals and of the diversity between people.

METHODOLOGICAL NOTE

OBJECTIVES AND REFERENCE STANDARDS GRI 102-50; 102-51; 102-52; 102-54

The 2021 Snaitech Group Sustainability Report covers the period from 1 January to 31 December 2021. The document represents the sixth non-financial reporting period.

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

Nevertheless, Snaitech has chosen to continue its commitment to reporting and conducting its business activities with a responsible approach to the three aspects of economy, society and environment. As a methodological reference, this 2021 Sustainability Report - in line with previous reports - uses the principles defined by the "Sustainability Reporting Standards" published by the Global Reporting Initiative (hereinafter "GRI") in 2018 and updated to the 2020 version, following 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.

GRI 102-44; 102-46; 102-47

ISSUE MATERIALITY ANALYSIS

The issues addressed in the Sustainability Report are the result of the materiality analysis conducted by Snaitech to identify the environmental, social and governance issues most relevant to the Group's core business and its stakeholders, and to define the development strategy. The analysis consisted in identifying the issues and subsequently defining the material and priority ones, validated and reviewed by all the stakeholders involved. Specifically, the validity of the materiality matrix updated in 2020 was confirmed for the 2021 edition of the document: Snaitech deemed the issues previously identified to still be in line with the general socio-economic and environmental scenario and the priorities identified by the Group.

REPORTING SCOPE GRI 102-45; 102-48; 102-49

The 2021 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 iZilove Foundation

- 100% owned by Snaitech S.p.A. and with no employees - in view of the importance of its social solidarity activities in the fields of assistance, charity, education and training, while promoting culture, art and scientific research.

Unless otherwise specified, the document shows a comparison between the qualitative and quantitative information for 2021 and the two-year period 2019 - 2020, as presented in the previous reports. All exceptions and any variations in scope are reported in the note below the tables or within the text.

DATA PROCESSING PROCEDURE AND METHODS

The Working Group set up by the Parent Company to prepare the 2021 Sustainability Report, coordinated by the Business Development & Communications Department and comprising the corporate departments of the Group Companies, was responsible for collecting data and drawing up the document.

The Directors were involved through in-depth interviews on the activities under their responsibility and to verify the Group's stakeholders, as well as to collect data and subsequently draft and revise the document's text.

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	GRI 102-8 Information on employees and other workers <i>Chapter: Employees by type of working hours</i>	114-115	
	GRI 102-9 Supply chain <i>Chapter: Suppliers</i>	73	
	GRI 102-10 Significant changes to the organisation and its supply chain <i>Chapter: Operational areas and organisational structure</i>	11	During the period considered, there were no significant changes in the supply chain.
	GRI 102-11 Precautionary principle <i>Chapter: Organisation, Management and Control Model</i>	40	
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	GRI 102-52 Reporting cycle <i>Chapter: Methodological note</i>	130	
	GRI 102-53 Contact point for questions regarding the report		For further information ufficio.stampa@snaitech.it
	GRI 102-54 Claims of reporting in accordance with the GRI Standards <i>Chapter: Methodological note</i>	130	
	GRI 102-55 GRI content index <i>Chapter: Content Index</i>	132	
	GRI 102-56 External assurance		This document has not been subjected to external verification.

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	GRI 205-3 Confirmed incidents of corruption and actions taken <i>Chapter: Anti-corruption</i>	43	
GRI 206	GRI 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		In 2021, there were no legal actions in relation to anti-competitive behaviour and/or violations of anti-trust regulations and relating to monopoly practices.
GRI 207	GRI 207-1 Approach to tax <i>Chapter: Contribution to taxation</i>	71	
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	GRI 207-4 Country-by-country reporting <i>Chapter: Contribution to taxation</i>	72	
GRI 307	GRI 307-1 Non-compliance with environmental laws and regulations		In 2021 there were no cases of non-compliance in this regard.
GRI 419	GRI 419-1 Non-compliance with laws and regulations in the social and economic area		In 2021 there were no cases of non-compliance in this regard.

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	GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees <i>Chapter: Employee benefit plan</i>	123	
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GRI 405	GRI 405-1 Diversity of governance bodies and employees <i>Chapter: Governance</i> <i>Chapter: Diversity, equal opportunities and inclusion</i>	14; 120-123	
	GRI 405-2 Ratio of the basic salary and remuneration of women to men <i>Chapter: Diversity, equal opportunities and inclusion</i>	123	
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	GRI 403-3 Occupational health services <i>Chapter: Occupational health and safety</i>	117-118	
	GRI 403-4 Worker participation, consultation, and communication on occupational health and safety <i>Chapter: Occupational health and safety</i>	117-119	
	GRI 403-5 Worker training on occupational health and safety <i>Chapter: Health and safety training</i>	119	
	GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships <i>Chapter: Occupational health and safety</i>	117-118	
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	GRI 103-3 Evaluation of the management approach <i>Chapter: Promoting mindful gaming and consumer information</i>	44-46	
GRI 417	GRI 417-1 Requirements for product and service information and labelling <i>Chapter: Promoting mindful gaming and consumer information</i>	45	
	GRI 417-2 Incidents of non-compliance concerning product and service information and labelling		In 2021 no cases of non-compliance were recorded in this regard.
	GRI 417-3 Incidents of non-compliance concerning marketing communica-		In 2021 there were no cases of non-compliance in this regard.
Data security and protecting players' privacy			
GRI 103	GRI 103-1 Explanation of the material topic and its boundary <i>Chapter: Data security and privacy protection</i>	47	
	GRI 103-2 The management approach and its components <i>Chapter: Data security and privacy protection</i>	47	
	GRI 103-3 Evaluation of the management approach <i>Chapter: Data security and privacy protection</i>	47	
GRI 418	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data <i>Chapter: Data security and privacy protection</i>	47	During 2021, there were no complaints due to breaches in terms of data security and privacy protection either from regulatory bodies or from consumers.

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