

Environmental accountability

The Group's environmental policy

The activities performed within the Lottomatica Group mainly consist of the activities of a services company and as such do not generate significant direct environmental impacts, as with most industrial production activities. However, the Company acknowledges that, independently of the activities that it performs, it is imperative that environmental issues are taken seriously and that the Company assume specific commitments and goals in relation to its stakeholders, that it adopts an efficient and reliable monitoring system to identify its environmental impacts, to track trends that occur in this respect over the years, and to monitor the effectiveness of the actions that it takes.

In the period from 2008 to 2010, the Group's efforts with respect to the environment involved the definition of a more robust and reliable data collection process, in particular for Italian branches. As of 2009, the quality of the measurement of environmental impacts and reports on this issue, with respect to Italian operations, was good.

During 2010, the Company made further improvements to environmental programs that had been established in previous years, in line with the Group's environmental policy. This report is part of these developments, involving the implementation of systematic monitoring of environmental impacts at Italian facilities and the extension of these programmes to the main facilities located in the United States. Although these are future commitments, made in relation to all locations worldwide, the

programmes that have been started do not yet cover all facilities, given the structure and complexity of the Group, which has operations on five continents.

Furthermore it is important to state that both in Italy and in the United States have been implemented to obtain important environmental certifications during 2011 (EN 16001:2009 in Italy and ISO 14001:2004 in the United States), demonstrating a structured approach, which has been adopted in the conviction that by carrying out commitments to protect the environment, the Group is improving its capacity to produce competitive and profitable goods and services.

The Group has implemented energy-saving measures beyond those required by law, and is committed to improve its environmental management system; it is also taking steps to minimise the generation of waste and pollution.

Environmental initiatives in Italy

The main impacts that Lottomatica's activities have on the environment result from the use of paper as a raw material, the consumption of various types of fuel and energy such as natural gas, oil and electrical energy, and the transportation of people and merchandise. The Company also consumes water resources and produces waste and greenhouse gas emissions.

These impacts arise from office activities and the operation of the Company's branches, activities associated with the management

of the Company's business, and especially the production activities of PCC Giochi e Servizi (PCC), which represent its main industrial facility, engaged in printing operations.

When reviewing the consumption data reported below, it should be considered that for 2010, operations involved 4 additional facilities acquired between 2009 and 2010, which resulted in an expansion of the space available to employees and therefore a greater use of resources.

Materials

With respect to all the Group's facilities located in Italy, paper consumption relates to normal office activities and PCC's production operations. Paper consumption associated with marketing gaming materials manufactured by independent companies should be considered as part of the more general impact arising from the management of business activities.

TAB. 19 CONSUMPTION OF PAPER AT LOTTOMATICA BRANCHES IN ITALY (t)		
	2010	2009
Paper consumption	3,342	3,103
Of which:		
PCC production	3,290	3,041
office use	33	62
including recycled, per office	19	-
equal to	57%	-

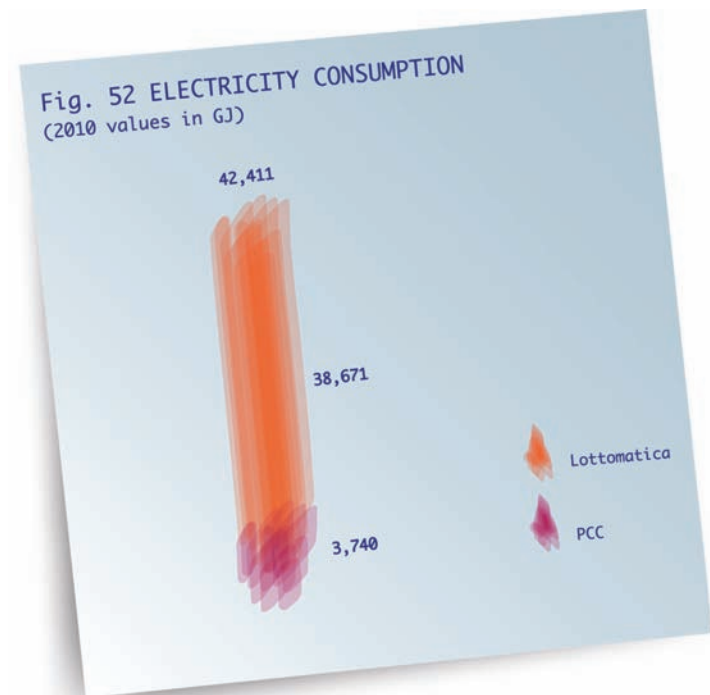
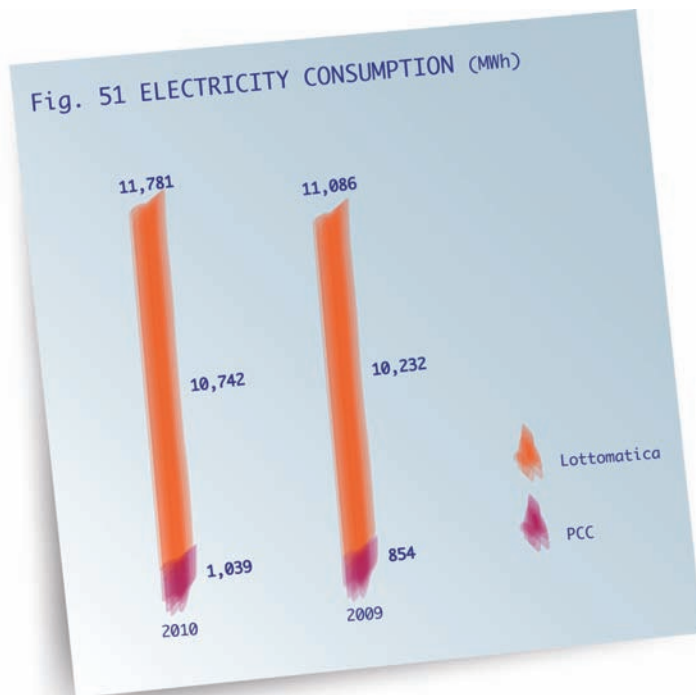
🗨 In 2010, it was decided to purchase unbleached recycled paper to cover at least **50%** of office paper usage. During the year, the proportion reached **57%**. 🗨

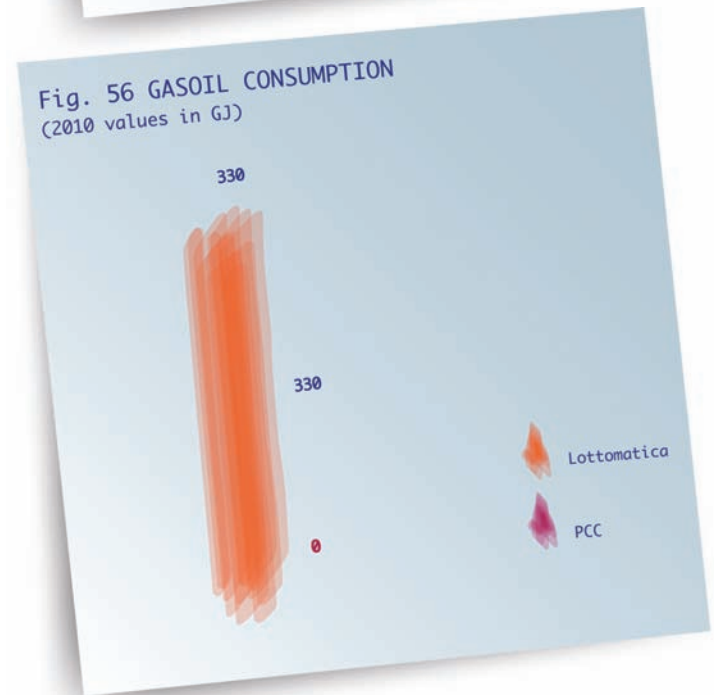
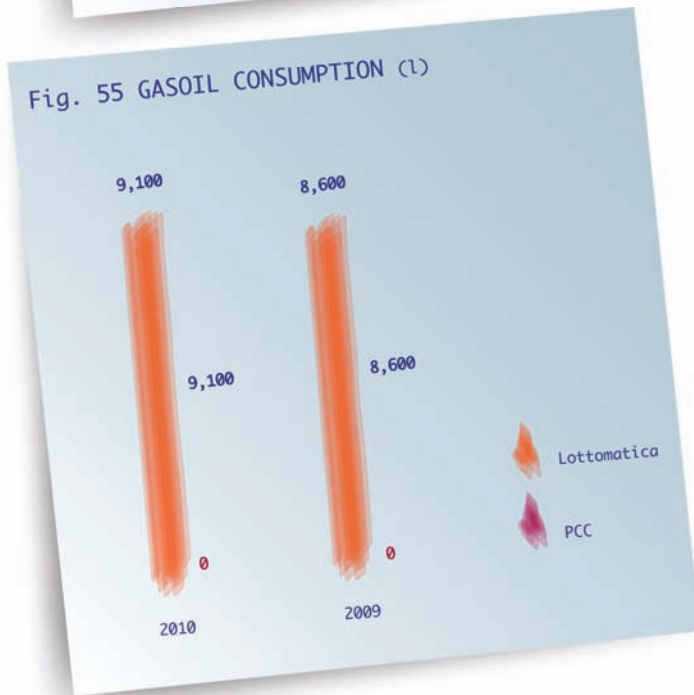
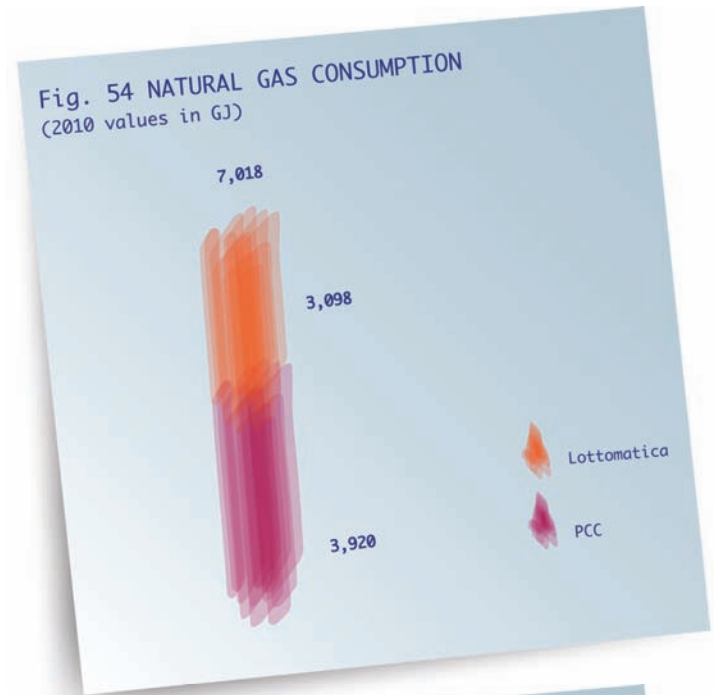
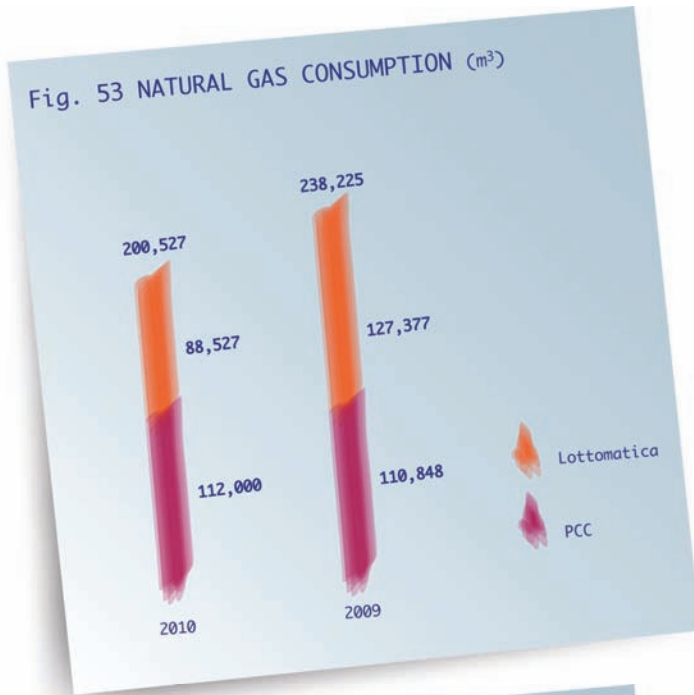
Energy

Natural gas and electricity are the main energy sources used to fuel the activities at corporate offices in Italy.

While the consumption of natural gas is mainly due to heating of the Group's facilities, and does not relate to industrial or technological processes, electrical energy is used, in addition to normal office activities, for the operation of PCC's production site, and for the management and air conditioning of facilities that house the data centre servers and technological platforms for the Group's IT infrastructure; this type of activity accounts for most of the consumption of electrical energy.

During 2010, Lottomatica used electricity produced from **100% renewable sources** (RECS-certified - Renewable Energy Certificate System) in accordance with the commitment made in the previous Social Report.





Lottomatica takes part into the Renewable Energy Certificate System

RECS certificates (Renewable Energy Certificate System) are documents that certify the use of renewable sources to generate electricity. The idea behind the RECS dates back to a voluntary programme started in 2000, funded by the European Union, whose purpose is to encourage the development of a common certification protocol for the international exchange of certificates, to address a growing importance of environment to consumers of electrical energy. By purchasing and subsequently cancelling the certificate (withdrawing it from the market), the end user demonstrates a commitment to the environment, by being prepared to pay a positive delta in relation to the price of electricity from conventional sources.

Water

Water consumption by Lottomatica is mainly due to civil purposes, while for PCC it mainly relates to industrial processes. Per capita consumption is in line with average national figures.

TAB. 20 CONSUMPTION OF WATER
AT LOTTOMATICA BRANCHES IN ITALY (m³)

	2010	2009
Water consumption	91,265	71,095
Including:		
Lottomatica	61,716	41,435
PCC	29,549	29,660

The significant increase in water consumption in 2010 is due on one hand to a more accurate and systematic data monitoring of the facilities included, and on the other to the reallocation of employees to an additional facility, which resulted in an expansion of areas used for office space and associated consumption of water.

Waste water⁽⁷⁾ in 2010 waste water totalled 85,355 m³, 23,639 m³ due attributable to PCC. No recycling of water.

(7) Since there is no accurate measurement of waste water at Lottomatica branches, nor is there any industrial processing taking place in these locations, it was assumed that the volume of waste water was equal to fresh water consumption. For PCC the recorded data reflects an accurate measurement of this factor.

Waste

Waste typically generated by Lottomatica relates primarily to printing activities by PCC, and to a minor extent office activities, consisting mainly of paper, plastics and consumables such as toner, printer cartridges and electronic equipment. Less than 1% of this waste was classified as hazardous, based on applicable regulations.

During 2010, as a result of the introduction of waste separation practices, a **5% reduction of mixed waste** was achieved for the first time.

With respect to waste monitoring and processing, PCC's production activities require that the amount of hazardous waste generated (mainly washing solutions, fixatives and developing solutions) is monitored, and then managed and disposed of in accordance with applicable regulations.

The Group's PCC facility uses cutting-edge waste management practices. **99% of the total waste** is diverted to separation or dedicated treatment.

TAB. 21 WASTE PRODUCED
AT LOTTOMATICA BRANCHES IN ITALY (kg)

	2010	2009
Total waste generated	723,583	738,481
Including:		
Lottomatica	167,471	176,061
PCC	556,112	562,420
Hazardous waste	6,256	5,875
Including:		
Lottomatica	2,808	2,280
PCC	3,448	3,595

Air pollution

Air pollution from Lottomatica' activities includes polluting emissions and greenhouse gas emissions.

With respect to air pollution caused by the production process at PCC facility, the only significant parameter relates to volatile organic compounds due to the use of organic solvents (VOS), which measured at a maximum of 4.8 mg/Nm³, which is 10 times less than the statutory limit of 50 mg/Nm³.

Greenhouse gas emissions (expressed in terms of CO₂ equivalent) may be divided into direct (Scope 1) and indirect energy (Scope 2). The first type relates to the direct consumption of energy sources for heating and fuel for transport vehicles (natural gas and diesel for building heating, gasoline and diesel fuel for corporate fleets) and PCC's industrial activity. The second relates to the consumption of electricity. These emissions have been calculated in accordance with the classification of the international standard ISO 14064-1:2006.

Lottomatica and the Carbon Disclosure Project

The Group participates in the Carbon Disclosure Project (CDP). On behalf of its investors in Italy, each year the CDP asks 40 large cap companies on the national stock exchange (S&P/FTSE MIB) for information about greenhouse gas emissions and the measures taken to mitigate climate change.

The goal is to encourage organisations to measure, publicise and manage their own greenhouse gas emissions and in so doing, provide investors with information that can be used to better understand the ability of these companies to address the risks and opportunities associated with climate change.

TAB. 22 GREENHOUSE GAS EMISSIONS
AT LOTTOMATICA FACILITIES IN ITALY (tCO₂ EQ)

	2010	2009
Total (Scope 1+2) greenhouse gas emissions	5,789	5,414
Including direct (Scope 1)	665	715

Biodiversity

Lottomatica's facilities are located in urban areas and therefore they have a negligible impact in terms of protecting the biodiversity of bordering areas. The area surrounding the company's facilities are not subject to specific environmental protection. Lottomatica fully complies with regulations and restrictions on land use.

“Parks for Kyoto” project continued in 2010

Lottomatica continued to associate the Lottery brand with the Parks for Kyoto project. In order to offset carbon dioxide emissions caused by the production of Lottery coupons during 2010, Lottomatica decided to take part this year in to the planting of native species at the National Park in Cilento, in Pollica. The choice of plants and planting is conducted in accordance with strict criteria established by the Kyoto Protocol, the principles of which the Committee complies with. The annual production of over 547 million coupons produced 2,049 t CO₂EQ. Consequently, the Company has committed to the planting of 2,927 trees.

Other impacts

There are multiple impacts of Lottomatica's employees mobility arising from business activities which are particularly significant in an urban environment, such as the one where local Italian facilities are located, namely emissions, noise and the use of fossil fuels.

Lottomatica has a company vehicle fleet of 142 vehicles, fuelled mainly by diesel.

During 2010 the Company did not receive any fines or penalty in relation to environmental issues at its premises.

TAB. 23 KM COVERED IN 2010 BY CORPORATE VEHICLES

Ttotal km	1,734,702
Including	
petrol-fuelled vehicles	57,876
hybrid petrol-fuelled vehicles	24,753
diesel-fuelled vehicles	1,652,073

Lottomatica's commitment to EN 16001:2009 certification

During the year efforts continued with respect to the adoption of the Energy Management System (EMS) to obtain the EN 16001:2009 certification, and in line with the recommendation made by the European Council (Directive 2008/101/EC of the European Parliament and of the Council of 19 November 2008), which establishes commitment to reduce its greenhouse gas emissions by at least 20% compared to 1990 levels by 2020, defining the following objectives to be achieved by 2020: 20% increase in the share of renewable energy, a 20% decrease in the consumption of primary energy consumption in the EU, a 20% reduction in greenhouse gas emissions, and 10% increase in the use of bio fuels for transportation.

The EMS requires Lottomatica to take action as follows:

- ▶ identify and adopt basic principles for improving its energy performance;
- ▶ establish energy performance targets, balancing costs and benefits;
- ▶ assess the resources needed to achieve the targets;
- ▶ develop specific procedures to rationalise energy use;
- ▶ assign responsibility and issue instructions at the various levels of the organisation;
- ▶ consider performance with respect to pre-established standards and targets, making any changes that are required;
- ▶ share the results that are achieved.

The goal is to reduce costs by rationalising production processes,

optimising behaviours and resource management, and anticipating future regulatory and statutory requirements.

The structure of the standard is similar to ISO 9001 and ISO 27001, which have already been adopted by Lottomatica.

In this perspective, during the course of the year, the Company pursued activities aimed at obtaining this certification. The goal is obtain certification by the end of 2011.

Analyses conducted last year indicate that over 85% of the MWh consumed in Italy by Lottomatica Group facilities was used at the office at Via del Campo Boario 56 /d in Rome, which is therefore the most important location for applying energy-saving activities.

This project, which was initiated during the period, was divided into three stages. After the initial stage of installing detection equipment, the monitoring and consumption analysis took place, which made it possible to define an energy savings plan.

The measurements performed during the reporting period between July and October 2010 made it possible to calculate a detailed estimate of the components of electrical energy consumption, as shown in fig. 57.