

# SARAS

SUSTAINABILITY REPORT 2020

*Consolidated Disclosure of Non-Financial  
information in accordance  
with the Legislative Decree 254/2016*





# SARAS

---

SUSTAINABILITY REPORT 2020

---

*Consolidated Disclosure of Non-Financial  
information in accordance  
with the Legislative Decree 254/2016*





# TABLE OF CONTENTS

<b>LETTER TO STAKEHOLDERS</b>	<b>4</b>
<b>SARAS IN FIGURES AND COVID-19 IMPACT</b>	<b>6</b>
<b>SUSTAINABILITY AT SARAS</b>	<b>8</b>
Group certifications	11
Industrial Vision	14
The strategic approach and ESG Targets	15
Saras priorities	20
<b>GROUP IDENTITY</b>	<b>24</b>
The Saras Group	25
Governance	34
Internal Control and Risk Management System	39
Corruption prevention	46
Human rights	47
<b>OUR PEOPLE</b>	<b>48</b>
Health and safety	49
Human resources management	58
Diversity and equal opportunity	62
Training and development	70
Employee engagement and internal communication	73
Trade Union Relations	75
<b>SUSTAINABLE ENERGY</b>	<b>78</b>
Energy efficiency and consumption	80
Air pollutants and greenhouse gases emissions	91
Odours	98
Waste	101
Water Resource Management	114
Biodiversity	119
Technological innovation	121
Saras Group Roadmap for energy transition and decarbonisation	123
<b>IMPACT ON THE LOCAL COMMUNITY</b>	<b>136</b>
Local community relations	137
Creation of Local value	141
Supplier and procurement management	145
Economic value generated and distributed	150
<b>METHODOLOGICAL NOTE</b>	<b>152</b>
<b>GRI CONTENT INDEX</b>	<b>156</b>

# LETTER TO STAKEHOLDERS



**2**020 was one of the most challenging years since the end of the Second World War. The pandemic suddenly turned our lives upside down, with severe repercussions in both health and economic terms. Oil refining was amongst the most affected sectors due to the general decrease in mobility and oil consumption brought by the measures to combat the virus.

Notwithstanding these dramatic circumstances, thanks to the sense of responsibility and commitment of our human resources, we managed to continue our activities although we had to resort to painful instruments such as the temporary redundancy fund.

With the start of the vaccination campaigns, the beginning of the new year gives us hope that a real and lasting recovery can begin towards the summer. In the meantime, however, it is necessary to stay positive while addressing the many current issues. There are still challenging months ahead and courageous choices to be made, it will be crucial count on the responsibility, willingness, and dedication of everyone.

We will have to proceed with the consolidation process on which the restart foundations are based. For our Group, which plays a crucial role in ensuring the country's energy security, this work consists in strengthening existing activities and continuing a sustainable path for the Sarroch industrial site's Energy Transition.

Throughout the health emergency, Saras put in place rigorous risk prevention and management measures, as well as precise and careful health protocols, while keeping the plants fully operational, guaranteeing the production of energy and fuels essential to keeping the country "in motion". This made it possible to support the agricultural, industrial and service sectors, as well as household consumption and the activities of the National Health Service, which are so crucial in the current environment.

Like other strategic Italian companies, we have demonstrated once again how necessary it is to preserve a healthy national industry, which can

guarantee continuity and security in the supply of energy and oil products while reducing dangerous dependence on imports, also recognised in the vision of the Integrated National Energy and Climate Plan (PNIEC).

Moreover, by focusing on strengthening and protecting national energy assets and infrastructures, an investment programme can be put in place for the post-Covid-19 economic recovery focused on efficiency and decarbonization. It also provides access to the Recovery Fund, which the European Union is activating to support the Member States' economies, and it enables the achievement of the Green New Deal objectives.

In our Sustainability Report 2020, prepared in accordance with Legislative Decree no. 254/2016 on the Declaration of Non-Financial Information and in accordance with the standards of the Global Reporting Initiative, we took the opportunity to report not only on our usual ESG results, but also on our medium-long term "Roadmap" to increase our energy efficiency, develop circular economy and reduce the carbon footprint of our plants.

We will therefore pursue with a positive approach even when facing difficulties certain that 2021 will be a significant year in the building of our future, always placing our skills, resources and technologies at the service of the country.

Finally, the pandemic's experience will be our primary tool from where we shall outline our path towards a competitive and sustainable business model, which sees us as the core for the creation of territorial local value in Sardinia, in symbiosis with the people and businesses of our reference territory.

The Chairman  
Massimo Moratti



# SARAS IN FIGURES AND COVID-19 IMPACT





FY 2020 was strongly influenced by the Covid-19 pandemic. The global health emergency was immediately followed by drastic measures to contain the contagion ('lockdown', i.e. the confinement of large sections of the population to their homes) and the simultaneous closure of commercial, non-essential production, food and beverage, recreation, sporting activities, etc.

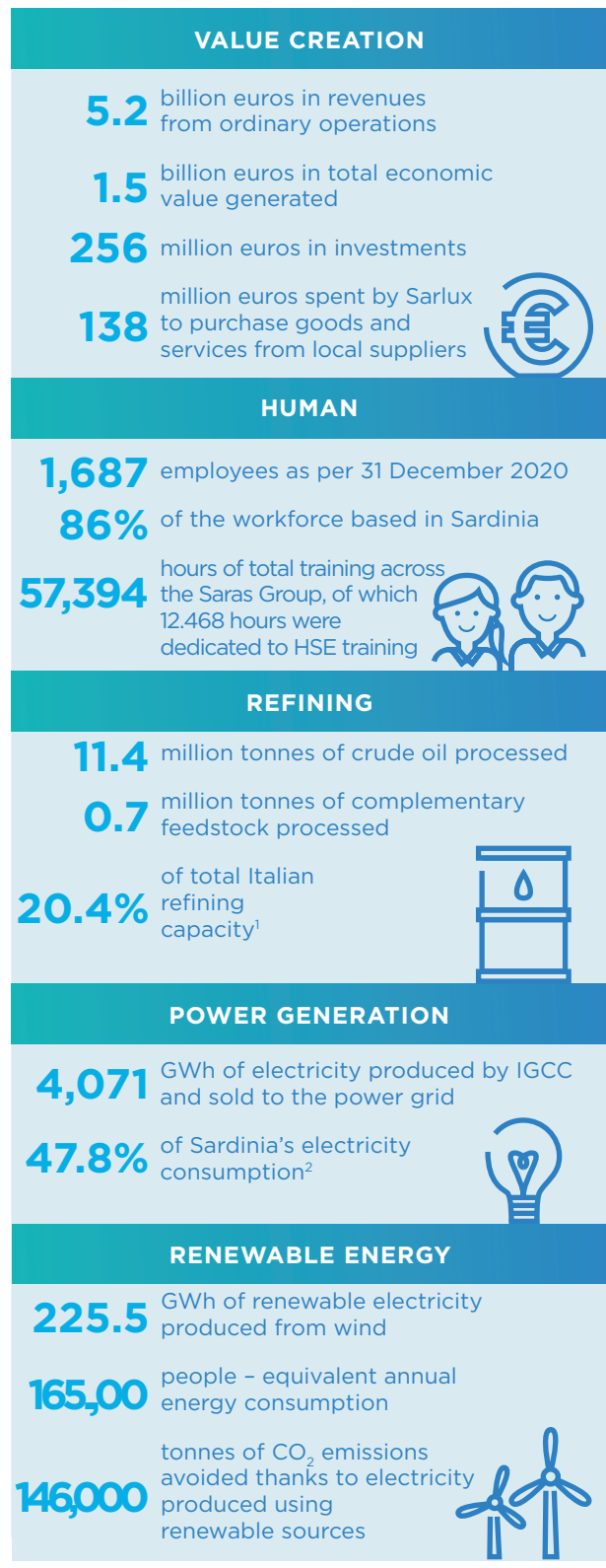
The world economy suffered a severe setback, almost reaching a 'stalemate', where people's movements were reduced to an absolute minimum, and global oil consumption contracted by more than 10% year-on-year, with peaks of more than 30% in the most acute phases of the emergency. In Italy, the balance sheet was even more severe: consumption of oil products fell by 17.1% (from 60.2 million tonnes in 2019, to just 49.9 million tonnes in 2020), and the year-on-year contraction in GDP was -9.2%.

The result has been a threefold crisis: health, economic and social, with the refining industry being one of the hardest hit. However, at the time of writing this Sustainability Report the outcome of the crisis is still uncertain. Although the start of mass vaccinations at the end of 2020 suggests the defeating of Covid-19, the timing is still uncertain. It depends on various factors, including, first and foremost, the production process potential and the continuity of vaccine distribution, the demonstration of their actual effectiveness, and the duration of immunisation.

Despite the extremely difficult context described above, the Saras Group used all its energy and commitment to deal with the emergency, implementing rigorous risk prevention and management measures, along with precise and careful health protocols, and kept in operation all its activities.

Particularly significant was the Sarroch industrial site's operation, which ensured the production of electricity and essential fuels in Sardinia, to support the agricultural, industrial and service sectors, along with the domestic consumption, and the National Health Service activities.

Below are the key figures that characterised the Group's activities in 2020:



1. Source UNEM "2020 Preliminary Oil Report" Dec. 2020

2. Source Terna "Monthly Report on the Electricity System" Dec. 2020

# SUSTAINABILITY AT SARAS



Saras Group is one of the main Mediterranean operators in the oil refining industry, a business that is based on the supply of crude oil, processed into refined products and sold on international markets. The global dimension of the Group was strengthened by its listing on the Milan Stock Exchange in 2006.

The international nature of the Group's operations is accompanied by the presence of strong local roots. The Sarlux refinery is actually located on the south-western coast of Sardinia, in the Municipality of Sarroch, and it has developed a strong relationship with the local community, creating employment, professional skills and large economic benefits, always in full respect of the environment, the health and safety of all the people working at the site and living in neighbouring areas.

The attention dedicated to social and environmental responsibility is a constant in the history of the Group. It is immediately confirmed by the long list of investments made over the years and the path to obtaining numerous environmental and social certifications to minimize the impact on the environment (emissions, use of water resources, waste production) and producing high-quality fuels for its customers.

Regarding the environmental aspects, as early as the second half of the 1990s, Sara installed various seawater desalination plants, and adopted specific technologies to reduce the use of primary water sources, by recycling and using clarified water derived from treatment, filtration, and purification processes. These plants, after successive upgrades, were replaced in 2019 with a new seawater desalination plant, one of the largest in Europe, capable of producing 500m<sup>3</sup>/h of demineralised water for use in high-pressure boiler circuits.

Regarding waste management, the efforts made over many years culminated in 2020 with initiatives that have led to a significant reduction in total waste production as well as a reduction in the quantity leaving the refinery, thanks to the use of a thermo-dryer built at the Ecotec plant, co-located within the refinery perimeter.



In terms of air pollutant emissions, Saras values are well below the statutory limits, having implemented all the necessary measures to reduce them to a minimum, along with using low-sulphur fuels. In 2009, the TGTU plant was also built to treat the tail gas of the Claus-cycle sulphur plants, which further reduced SO<sub>2</sub> emissions.

Concerning greenhouse gas emissions, in the recent years, Saras has focused on a series of investments aimed at improving plants and processes, ensuring increased energy efficiency, and reconfiguring the power plant and steam network by electrifying some of the primary machines. This achieved the dual result of lowering CO<sub>2</sub> emissions and increasing the economic performance.

Finally, concerning the quality of refined products, Saras has always focused on improving specifications: in particular, as regards ultra-low-sulphur diesel, a hydrocracker was installed at the Sarroch refinery since the early 1990s, followed by a second one at the beginning of 2000, both upgraded in the subsequent years. In the case of gasoline, significant activities and installations have been carried out since the 2000s. More recently, at the end of 2019, Saras undertook the production of the new very low-sulphur bunker for marine engines (0.5%S vs. 3.5%S of the previous specification), through a sophisticated process involving multiple aspects: from the selection of the crude oils to be processed, to the use of suitable blending techniques with low-sulphur fluxes.

In the financial year that has just ended, Saras has further shown its social responsibility and attention to the protection of people's health and safety, implementing careful and effective management of the Covid-19 pandemic.

Indeed, from the outset of the health emergency, the Group implemented the strictest risk prevention and management measures, along with precise and careful health protocols, which made it possible to prevent the spread of the virus within the Sarroch industrial site. It was, therefore, possible to keep the plants in full operation, thus guaranteeing the production of energy and fuels, which are essential to support the agricultural, industrial, and service sectors, as well as the domestic consumption and the activities of the National Health Service, so crucial in the current context.

Finally, still on the social responsibility front, Saras has made several donations to the Italian health system, in particular to the Lombardy Region, the Niguarda and the Sacco hospitals in Milan, and the Brotzu and SS Trinità hospitals in Cagliari.



## Group Certifications

Since the early 2000s, Saras SpA has certified its quality processes with the ISO 9001 Management System. This certification, which is constantly verified and renewed on an annual basis by independent auditors, was also achieved by the subsidiary Sartec in 2001, and by the subsidiary Sardeolica in 2012. Finally, ISO 9001 was extended using the multi-location approach under the parent company's scheme also to the Spanish subsidiary Saras Energia SAU in July 2020.

In addition to quality aspects, Saras SpA has always protected the environment and health and safety in the workplace, both through dedicated investments and solid systems of organisational and management policies, adopted by Group companies and certified according to the best international standards.

More specifically, an ISO 14001-certified Environmental Management System (EMS) has been in place at the Sarroch site since 2004. Since 2013 the site has been entirely owned and managed by the subsidiary company Sarlux Srl, following the transfer of the "Refining Sector" to it by parent company Saras SpA. In 2007, the site achieved OHSAS 18001 certification for its Safety Management System (SMS), which in 2020 was migrated to the new ISO 45001 standard to manage occupational health and safety issues.

Subsequently, the two systems were integrated with each other and with the Management System for the Prevention of Major Accidents (SGS-PIR), required by the Seveso Directive (ref. Legislative Decree 105/2015), using common aspects synergistically and introducing performance measurements and planning for improvement targets.

The HSE management system is now an integrated system (major accident prevention, occupational health and safety and environmental protection) that has matured fully over the years and is the primary management tool for achieving continuous improvement at the plant; it was joined in May 2018 by the implementation of the ISO 50001-certified Energy Management System (EMS).

In addition to the above certifications, the Group has voluntarily undertaken, since 2008, the registration of the Sarroch plant under the EMAS ("Eco-Management and Audit Scheme") protocol; in November 2019, the ECOLABEL-ECOAUDIT committee in Ispra certified the three-year renewal of the EMAS registration (whose new expiry date is 27 June 2022). Under the EMAS registration, since 2009, the Group has published an annual Environmental Statement, which explains to all stakeholders:

- the activities carried out by Sarlux
- the environmental aspects connected to these activities, whether directly or indirectly
- the environmental improvement objectives that the company has set for itself.

The document is one of the main tools for ongoing dialogue with stakeholders inside and outside the company. It aims to establish a transparent relationship, particularly with the population, local authorities, and workers, who play an active part in the proper management of the activities carried out. Following the certification visit, the document is always made available on the Sarlux subsidiary's website at <http://www.sarlux.saras.it/it/emas/>.

Furthermore, as early as 2009, the Sarroch plant was the first one in Italy to obtain the Integrated Environmental Authorisation (AIA, *Autorizzazione Integrata Ambientale*), which integrates all environmental authorisations. Later, the Sarroch plant achieved the AIA renewal with Ministerial Decree 0000263 of 11/10/2017 - Ministry of the Environment and Protection of Land and Sea<sup>3</sup>. More precisely, the activities subject to AIA carried out at the plant, fall under the Annex 8 and Annex 12 of the second part of Legislative Decree No. 152/2006 and subsequent amendments and additions, as follows:

- IPPC category 1.1: Combustion of fuels in a facility with a total nameplate thermal capacity equal to or greater than 50 MW;
- IPPC category 1.2: Oil and gas refining;
- IPPC category 4.1: Chemical plant for the production of basic organic chemicals.

3. <http://aia.minambiente.it/DettaglioProv.aspx?id=6260>



Finally, in regards to the other subsidiaries:

- Sardeolica achieved certification of its EMS – Environmental Management System, according to the international standard ISO 14001, since 2006. Subsequently, in 2012 it certified its Quality Management System according to the ISO 9001 standard (later updated in 2015). Also in 2012, it certified its Safety Management System according to OHSAS 18001 (also upgraded in 2020 to the new ISO 45001 standard). In 2017, it certified its Energy Management System according to ISO 50001. Finally, it also obtained EMAS accreditation in 2018.
- Sartec Srl has held ISO 9001 (Quality) certification since 2001, ISO 14001 (Environment) certification since 2011 and OHSAS 18001 (Safety) certification since 2011 (updated to the new ISO

45001 standard in 2020). It has also held UNI CEI 11352:2014 (ESCO – Energy Service Company) certification and UNI CEI EN ISO/IEC 17025:2018 accreditation for its test laboratory.

- In February 2016, Deposito di Arcola Srl obtained for its three different bases (Arcola, Pianazze and San Bartolomeo) the Single Environmental Authorisation (AUA, *Autorizzazione Unica Ambientale*) in accordance with the Presidential Decree 59/2013 and Legislative Decree 152/06, as regards wastewater and atmospheric emissions. Moreover, in March 2016, it obtained the Fire Prevention Certificate, issued by the Provincial Headquarter of the Firefighters Department of La Spezia. Finally, in September 2016 it obtained MISP certification showing that the industrial site has been made permanently safe, following the construction of a 400m-long physical barrier, and the strengthening of the hydraulic barrier.



**SARAS**

- ISO 9001



**DEPOSITO DI ARCOLA**

- Single Environmental Authorisation
- MISP - Permanent Implementation of Safety Measures



**SARDEOLICA**

- ISO 50001
- ISO 9001
- ISO 14001
- ISO 45001
- EMAS



**SARLUX**

- ISO 50001
- ISO 14001
- ISO 45001
- EMAS
- AIA - Integrated Environmental Authorisation



**SARTEC**

- ISO 9001
- ISO 14001
- ISO 45001
- UNI CEI 11352
- UNI CEI EN ISO/IEC 17025

**ITALY**

**SPAIN**



**SARAS ENERGIA SAU**

- ISO 9001

## Industrial Vision

Saras has always considered of primary importance holding a highly competitive positioning on an international scale, and at the same time, participating in the socio-economic evolution of the environment in which it operates.

The cornerstones of this vision, on which the long-term continuity and sustainability of the Group are based, rest on numerous strategic aspects, amplified and supported by its people's competence and motivation. Amongst these, the main ones are the central location in the oil routes, the size and complexity of the industrial site, the integration with power generation and petrochemicals, the attention to health, safety and environmental aspects, the commitment to energy transition and social responsibility, and also the integration with the local environment.

More precisely, the geographical position allows for diversification of sources of supply and target markets for product sales, minimising the risk of geopolitical disruptions, typical of the oil business.

The dimension and complexity of the Sarroch site is the result of decades of continuous investment and improvements to the production cycle, particularly as regards the catalytic cracking, *mild hydrocracking* and gasification and combined cycle plants, which are amongst the best in Europe in terms of capacity and technology. The site was further bolstered at the end of 2014, through the integration of the petrochemical sector, thanks to the acquisition of a business branch at the nearby facility owned by Versalis. Subsequently, the refinery's en-

ergy system was updated and made more efficient (with the decommissioning of the old power plant and electrification of the main units), and also the electricity generation from renewable sources was increased (in the Ulassai wind farm).

People's fundamental role is underlined by the continuity of direction, the sense of belonging, and the contribution to socio-economic growth: these specific factors are inherent to the company's history, and they enable an innovative effort for know-how development. This is also evidenced by #digital-Saras, the technological development and mindset programme launched at the end of 2016, which secures significant results every year.

With such a consolidated vision, Saras tackled the Covid-19 pandemic, observing how it accelerated some specific trends that were already underway, such as the energy transition and decarbonisation. At the same time, however, the pandemic itself highlighted the importance of the country's system of preserving a healthy energy and oil industry that can guarantee continuity and security of supply, especially in times of crisis.

As a result, the Group has expanded its industrial and strategic vision to include a medium-long term path to increase energy efficiency further, develop the circular economy, and reduce its plants' carbon footprint. Saras intends to move increasingly towards a competitive and sustainable business model, in which the company remains central to the creation of value in Sardinia in a relationship of intense collaboration with local companies.





## The strategic approach and ESG Targets

The Group's "Purpose", updated in 2019, transcends geographical boundaries and professional differences, and formulates a common Dream for all Group companies, inspired by the principles of innovation and sustainable value creation, as outlined below:

### SARAS GROUP PURPOSE

#### DREAM

*To be innovative, sustainable and a reference point among energy providers*

#### BELIEFS

Safety and environmental protection

Create sustainable value

Be a part of and a reference point for the community

Develop our people's potential by fostering their professional growth

The place to be

Skills and knowledge are our key assets

Develop innovation

Strength is in the Group

#### SPIRIT

Energy is our passion

#### ATTRIBUTES

Ambitious

Achievers

Open-minded

Connected

Proud

Passionate

Transparent

Responsible

#### GIC THE GREATEST IMMAGINABLE CHALLENGE

Undertake a Transformation that fundamentally drives improved value for the business

#### FOCUS

Step Higher

**"To be innovative, sustainable and a benchmark amongst energy suppliers"** is an ambitious goal, precisely a dream, pursued daily by Saras' employees with great determination, a sense of responsibility, passion, and pride, even in difficult moments of crisis, such as those experienced in 2020, with the Covid-19 pandemic. Indeed, thanks to its expertise and high professional standards, combined with process innovation throughout the supply chain, the Saras Group continues to be a benchmark company in the refining industry.

The **Beliefs (or Founding Values)** that animate the people of the Group define how sustainable benefits are generated for shareholders and employees, as well as for all the other stakeholders, such as customers, suppliers, and the entire local community in which the company operates.

Saras people work together, in synergy, according to the **"Step Higher" Focus**, that underpins the Group's sustainability. With this approach, every day routine activities are carried out, but also complex strategic challenges are addressed. We are not satisfied with mere improvement but constantly look upwards to achieve ever higher and more ambitious technical and operational performance levels.

Finally, **"Energy is our passion"** represents the **Spirit** with which the Group faces the **Greatest Imaginable Challenge (GSI)**, i.e. that of **"Undertaking together a Transformation that fundamentally drives improved value for the business"**: all Saras activities involve a process of transformation, which certainly concerns the raw materials, but also the people themselves. In fact, just like Saras transforms varieties of raw materials into a myriad of finished products, increasing significantly their value, in the same way the Group's activity is a powerful driving force that creates value for internal and external stakeholders, who live and work in the surrounding areas.

Moreover, the ability to know how to 'transform in order to increase value' is a concept that takes on even more importance and meaning in the environment outlined by the Covid-19 health emergency, which has accelerated processes and trends that were already underway, such as in particular the

energy transition and the reduction of the carbon footprint of all human activities (both industrial, civil and residential).

Indeed, the slogan *'Build back better and greener'* has become one of the driving forces behind the economic and industrial recovery, which shall take place after the pandemic will end. The European Union has launched ambitious programmes such as the New Green Deal, backed up by substantial funding (Recovery Fund). In turn, the Italian Government has committed to allocate at least 30% of the resources of the Next Generation EU package (which includes Recovery Fund) to the climate target, with the implementation of reforms and investments in the fields of energy, transport, industrial decarbonisation, the circular economy, water management, and biodiversity, to achieve climate neutrality by 2050 and a significant reduction in greenhouse gas emissions by 2030 (European Climate Act - European Union Act no. COM(2020) 563 final).

According to the EU's *'do no harm'* principle (an investment is green if it improves even one environmental indicator without worsening the others), investments should aim at decarbonising the energy industry by boosting renewable sources and eco-efficiency. The "green transition" will have to underpin the development: the use of sustainable energy systems, consumption models, strategic choices of the production industry, the creation of a market for eco-sustainable products and services, considering the sharing economy as the driving force of the green transition.

In this context, the Saras Group believes it is important to remain focused on the *core business* of Refining, in the knowledge that oil will continue to play an essential role in the international energy mix beyond 2040. Moreover, the Group has also prepared a path to align itself with the aforementioned European objectives (also incorporated in the Member States' national plans) through a Roadmap of initiatives and projects that, with the appropriate regulatory and financial support, can be implemented in the medium-long term. Extensive details on the Roadmap can be found in the dedicated chapter.

In concrete terms, the Group's Sustainability Strategy, under the Purpose's values from which it derives, is consistent and aligned with the Sustainable Development Goals (SDGs) launched by the United Nations in 2015 to establish the centre of the 2030 Agenda for Sustainable Development.

As shown in the figure, the 17 goals are deeply rooted in the complexity of our societies, and need to be approached from a holistic view of sustainable development. It is clear that the environmental and social aspects are strongly intertwined and that environmental instances, pollution, and resource consumption are exacerbated in contexts of greater social inequality and lower economic development, increasing the difficulties for new generations.



To better monitor its operations' performance and the results of its commitment towards achieving a sustainable business model, starting from FY 2020, the Group has decided to introduce a series of ESG indicators with related targets that are updated and reassessed each year.

The indicators (KPIs) that have been selected, the average values of the results achieved in the three

years 2017-19, the final result for 2020, and finally a summary commentary explaining the result in comparison with the corresponding target set at the beginning of the year, are all presented below.

As it can be seen, despite the organisation's best efforts, some indicators failed to achieve their expected targets, mainly due to pandemic-induced circumstances.

ESG	Key Performance Indicators - KPIs	Unit of Measure	Average 2017-19	Actual Results 2020	Targets 2020	Comments to Actual Results for 2020
E	Emissions of CO <sub>2</sub> per unit of (crude + complementary feedstock) processed	ton/kton	422.7	478	-2% vs. 2017-19 Avg. (414)	Influenced by maintenance shutdowns and disoptimised runs
E	Avoided CO <sub>2</sub> emissions (thanks to Energy Efficiency and Renewable power production)	kton	221.1	283.6	+35% vs. 2017-19 Avg. (298)	Energy efficiency and Renewable power production
E	Emissions of SO <sub>2</sub> per unit of (crude + complementary feedstock) processed	ton/kton	0.251	0.187	-5% vs. 2017-19 Avg. (0,238)	Reduction due to T1 and FCC shutdowns - initially for scheduled maintenance and later for economic choice
E	Emissions of NOx per unit of (crude + complementary feedstock) processed	ton/kton	0.221	0.229	Stable (approx. 0.22)	Stable
E	Avoided SOx emissions by Group customers purchasing VLSFO (vs. HSFO 3.5%S)	kton/year	9.1	23.4	> 36	Lower ship traffic (and VLSFO sales) due to Covid-19
E	Refinery C&L, as a % of (crude + complementary feedstock) processed	%	6.40%	6.22%	-4% vs. 2017-19 Avg. (6,16%)	Influenced by maintenance shutdowns and disoptimised runs - still, lower than historical averages
E	Raw water consumed from regional provider vs. total water consumption	%	36.9%	28.2%	-15% vs. 2017-19 Avg. (31,4%)	Increased demineralized water production with ACCIONA desalination plant
E	% of outgoing waste from Ecotec vs. total waste produced by Sarlux	%	47.2%	23.0%	-25% vs. 2017-19 Avg. (35,4%)	ECOTEC Thermal dryer unit (TDS) reduces waste output from TAS system
E	Co-processing of vegetable oils at Sarroch desulfurization plants	kton/year	10	35.15	> 50kt	Unfavourable Veg-oil vs. Gasoil economics due to Covid-19
E	Energy production from renewable sources (wind/solar)	GWh	186.3	225.5	+45% vs. 2017-19 Avg. (270)	Lower Wind and National Power Grid interruptions
S	Increase the number of people within Sarroch industrial site, equipped with wearable DSAs	# of people	25	105	> 150 people	Lower distribution of DSAs due to Covid-19 (so far, roll out done with operation staff at Alky+BD, RT2 and CCR plants)
S	Reduce the Injury Frequency rate at Sarlux site for Group personnel	#injuries*Mln / #hours_worked	1.92	3.13	< 1.9	6 injuries at Sarlux personnel (not severe)
S	Increase the number of safety observations (BBS), to drive safe behaviours in Sarroch industrial site	# of BBS observations	20,988	22,336	+15% vs. 2017-19 Avg. (24,135)	Fewer BBS observations due to smartworking (Covid-19)
S	Existence of a Group Corporate Citizenship Policy	Yes/No	No	In preparation	Yes	In phase of being finalised, as of today is a social policies draft centered on the local territories (sponsorships, donations, etc.)
S	Direct impact of (Wages to employees in Sardinia + Goods & Services from local suppliers + Taxes&duties paid in Sardinia)	EUR Mln	626	460	Stable (approx. 600)	Lower Taxes&duties due to Revenues reduction (Covid-19); moreover, lower purchases of Goods & Services from local suppliers

ESG	Key Performance Indicators - KPIs	Unit of Measure	Average 2017-19	Actual Results 2020	Targets 2020	Comments to Actual Results for 2020
S	Increase Gender Diversity (% of Female University Graduates vs. Total Graduates)	% female	28.6%	30.8%	Stable (approx. 29%)	Target Achieved, in line with Corporate Strategy
S	Increase the yearly number of training hours for total Group employees	hours/year	54,748	57,394	> 55,000	"Distant learning" and Online Training Portal allowed to compensate the halt of training in presence (Covid-19)
S	Monitor employee engagement by conducting a survey every two years	Yes/No	1 every 2 years	N/A	In 2021	Not Available - the Survey was planned for 2021
G	% of Group employees with "Oil national contract" whose Productivity bonus is linked to ESG targets	%	N/A	100%	> 95%	Target achieved
G	Internal Audits performed by "Quality Mgmt System" and "Internal Audit" functions	# of Audits	59	50	Stable (59)	"Quality Mgmt System" achieved its audit target; "Internal Audit" was slightly delayed due to Covid-19
G	New Stakeholders engaged in company ESG strategy and targets	# of people	23	0	> 20/year	Usual Stakeholders Engagement activities have been postponed to 2021 due to Covid-19
G	Existence of a Sustainability Committee	Yes/No	n/d	Yes	Yes	Control & Risk Committee increased its competence also to Sustainability matters (as of 06 Feb. 2020)

In 2020, Saras participated, for the first time, in the **"Climate Change 2020"** questionnaire drawn up by the CDP, achieving a D score, which indicates transparency in disclosure on climate change topics. The company's commitment and communication focused on these areas is set to grow over the next few years, with the aim of achieving an ever better positioning.

The CDP is an independent non-profit organisation (supported by more than 500 institutional investors, managing a combined portfolio of \$106 trillion) that provides companies with a methodology to measure, collect and share information globally about their environmental impact to encourage them to take mitigation action.

More than 9600 companies worldwide had their greenhouse gas emissions measured in 2020 and their *climate change* risks and opportunities analysed using the CDP methodology. Moreover, the participation of companies is growing year by year, which has enabled the CDP to create the largest global database of information on climate change risks and natural resource management. Simultane-

ously, the availability of such a vast and comprehensive database allows institutional investors to make informed investment decisions, which now necessarily include the environmental and social sustainability of companies, and no longer just economic, financial, and capital aspects.

The voluntary participation of Saras Group in the CDP's Climate Change 2020 initiative should therefore be seen as an additional form of commitment, transparency, and attention to the themes concerning climate change and decarbonisation.



## Saras priorities

### Dialogue on sustainability and identification of material topics

For decades, Saras has maintained an intensive, often also informal, participatory dialogue with stakeholders to identify priority topics on which to act and strengthen collaboration with the local community.

With the preparation of its first Sustainability Report for FY 2017, Saras has made a further qualitative leap, establishing a formal and systematic process whereby the topics relevant to the Group's sustainability are firstly identified and, secondly, they are prioritised within the so-called Materiality Matrix.

The methodology, which is now well established, is based primarily on the screening of local and national press reviews to identify macro-topics. These are then compared with topics selected by leading Italian and international companies operating in industrial sectors similar to those in which the Saras Group is active. For FY 2020, this process confirmed the following 17 sustainability topics, already identified in previous years:

### SUSTAINABILITY TOPICS

#### ENVIRONMENT

- Biodiversity
- Energy efficiency
- Air pollutants and greenhouse gases emissions
- Waste and discharge management
- Water resource management
- Odours

#### SOCIAL

- Training and development of human resources
- Human resources management
- Employment and creation of local value
- Equal opportunities
- Local community relations
- Health and safety

#### GOVERNANCE AND BUSINESS

- Anti-corruption
- Human rights
- Supplier and procurement management
- Technological innovation
- Compliance





After identifying sustainability topics, an engagement process is launched to submit them to the assessments of internal stakeholders (employees at various levels, middle managers, executives, and top management) and external stakeholders (suppliers of goods and services, local communities, media, schools and universities, trade unions, organisations, institutions and representatives of the international financial community), to establish which of these topics are to be considered effectively "material" for the Group.

Over the years, the categories progressively involved in the engagement process have grown to cover all stakeholders, as shown in the following table.

The methods of involvement have been different depending on whether they are internal or exter-

nal stakeholders. More specifically, online questionnaires were used to collect employees, managers, and executives' opinions, which could be filled in either by giving their name and surname or anonymously. After the first year (2017), in which about 60 questionnaires were sent out, in the following years, the involvement was extended to about 320 people per year, reaching response rates of over 70% of the questionnaires sent out, a clear indication of people's maturity, and desire to participate in determining priority topics for the company.

To collect the opinions of external stakeholders and top management, direct interviews were conducted. About 80 external stakeholders were interviewed during the four years 2016-19. For the year 2020, however, difficulties and limitations in social interactions due to the pandemic advised against a new round of interviews, agreeing to postpone them until the last quarter of 2021. Furthermore, it should be considered that the last 20 interviews were made between December 2019 and January 2020; for this reason, the feedback gathered at that time can be still considered valid.

Finally, the Materiality Matrix has been validated by the management and also by the Control, Risks and Sustainability Committee, in the meeting held on 23<sup>rd</sup> February 2021.

## OUR STAKEHOLDERS



**FINANCIAL ANALYSTS**



**SHAREHOLDERS**



**CIVIL SOCIETY**



**MEDIA**



**ENVIRONMENTAL ASSOCIATIONS**



**MARITIME OPERATORS**



**SCHOOLS AND UNIVERSITIES**



**SUPPLIERS**



**EMPLOYEES**



**INSTITUTIONS**



**TRADE UNIONS**

### Materiality Matrix

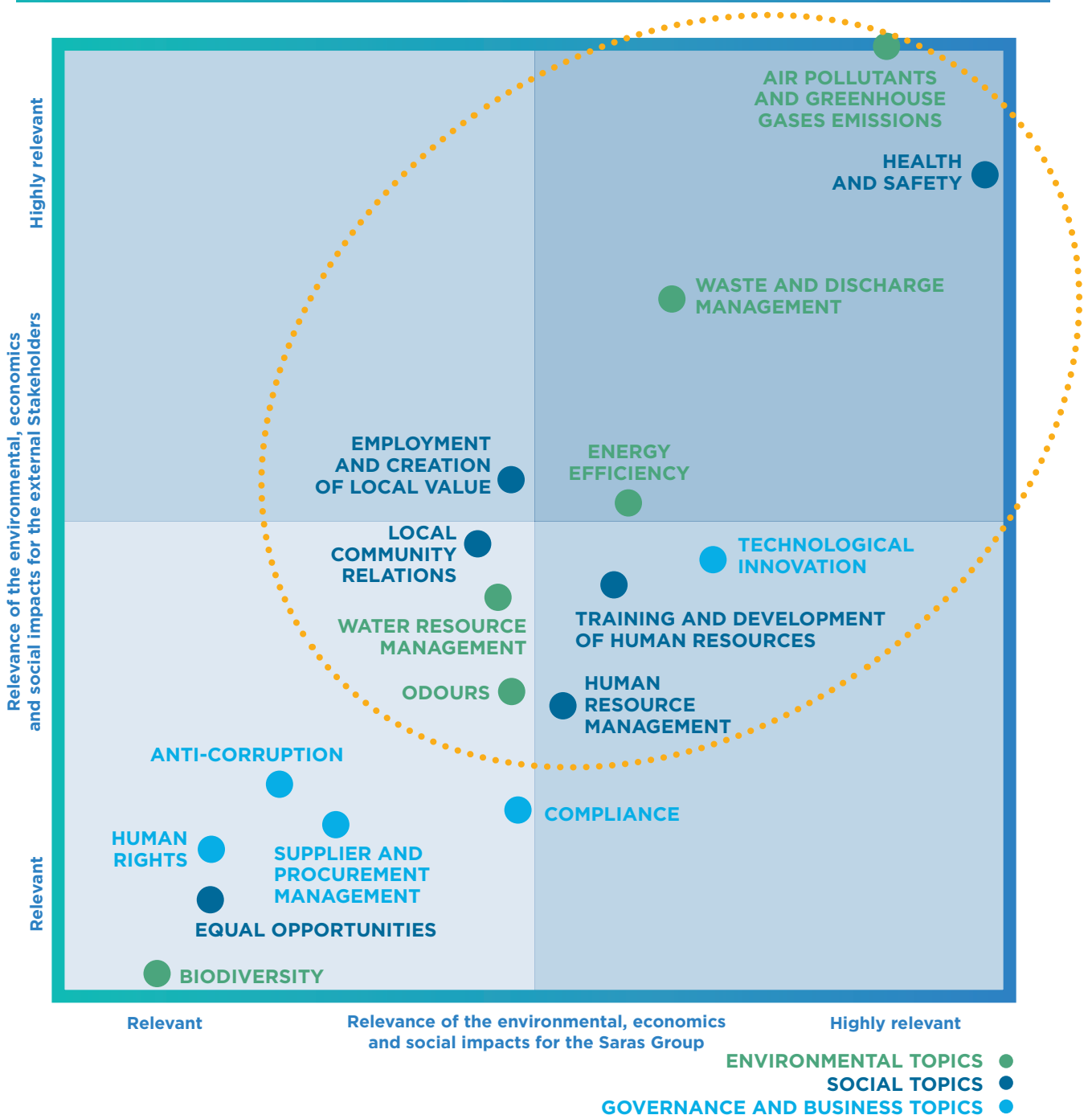
The comparison of the opinions of all stakeholders involved in previous years led to the creation of the Saras Group's Materiality Matrix, which, as mentioned above, has also been confirmed for 2020.

The matrix expresses on the x-axis the priority (in ascending order from left to right) assigned to the various topics by internal stakeholders; similarly, the y-axis shows the priority assigned by external

stakeholders, in ascending order of relevance from the bottom upwards.

In 2020, in continuity with previous years, Saras chose to adopt for the entire Group the reporting framework identified in the "Global Reporting Initiative - Sustainability Reporting Standards" (GRI Standards), provided by the Global Sustainability Standards Board (GSSB).

## MATERIALITY MATRIX







## Priority topics

A detailed analysis of the Matrix shows that in general, the Group's internal vision is in line with the external one, in regards to the priority of the 17 sustainability topics. This can be seen by noting that most of the themes are positioned close to the 45-degree diagonal (this ideal line indicates positions characterised by the same weight, both for the inner and outer dimensions).

More specifically, the four topics in the top right-hand quadrant (Air Pollutants and Greenhouse Gases Emissions, Health and Safety, Waste and Discharge Management, Energy Efficiency) are those considered extremely important and therefore material by both the company and the local community.

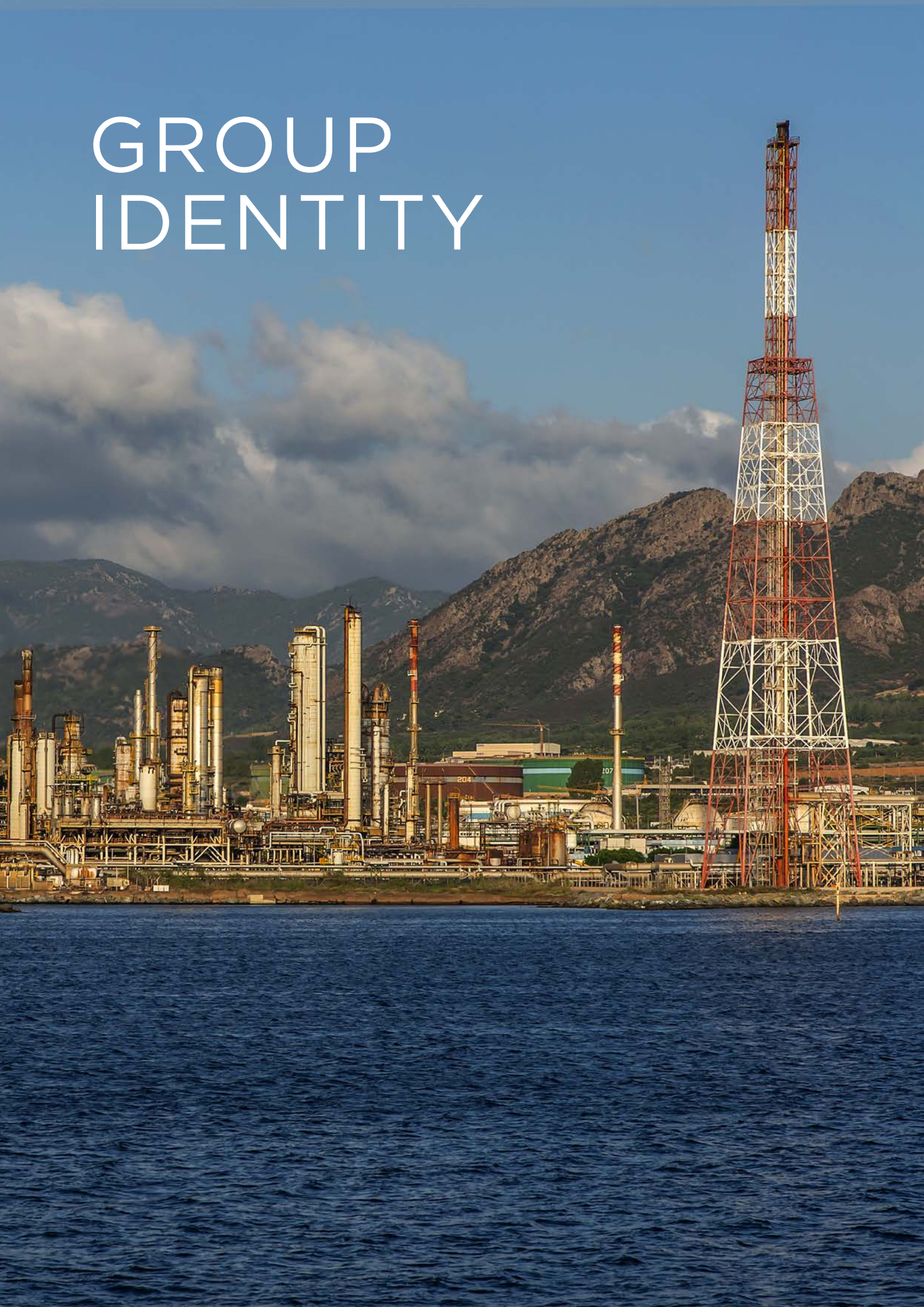
Four other topics, instead, are positioned in quadrants of the matrix characterised by high relevance only for one of the two groups of stakeholders (Employment and Creation of Local Value, Technological Innovation, Training and Development of Human Resources, Human Resources Management). The Group nonetheless believes that also for these topics, it is important to clearly and precisely communicate its strategies, objectives, results achieved so far and potential associated risks.

Three other topics were very close to the high relevance quadrants (Local Community Relations, Water Resource Management, and Odours). Therefore the Group decided to consider them equally relevant, reporting on them with the same modalities mentioned in the previous paragraph.

Finally, the last six topics in the bottom left-hand quadrant (Compliance with Regulations, Supplier and Procurement Management, Anti-Corruption, Human Rights, Equal Opportunities, and Biodiversity) are considered non-material and not very specific to the Group. They, therefore, do not need to be examined further, given that Saras is recognised as having a high degree of commitment and effectiveness in the management of such topics.

These topics are in fact seen as absolutely under control by the Group, that has its own Code of Ethics, adheres to the Self-Regulatory Code of companies listed on the Milan Stock Exchange and complies with all applicable national and international regulations, including of course those relating to anti-corruption and the protection of human rights.

# GROUP IDENTITY



## The Saras Group

With a presence in the oil and energy sector since 1962, the Saras Group is now one of the leading independent refining operators in Europe.

The parent company **Saras SpA** is based in Milan, performs coordination functions and is active in the Italian and international oil market.

The Group's industrial centre is managed by its subsidiary **Sarlux Srl**, which owns and operates the Sarroch site on the south-western coast of Sardinia, where there is one of the largest refineries in the Mediterranean in terms of production capacity (around 15 million tonnes per year, equal to 300 thousand barrels per day), and one of the most advanced in terms of plant complexity (Nelson Complexity Index equal to 11.7).

In the early 2000s, the refining activity was complemented with the production and sale of electricity, by starting operations of an IGCC (Integrated Gasification Combined Cycle) plant, one of the biggest of its kind in the world. Indeed, the Sarroch IGCC has an installed capacity of 575MW and contributed almost 48% of Sardinia's electricity consumption in 2020.

Finally, in early 2015, Sarlux acquired the neighbouring petrochemical plants, owned by Versalis (ENI Group), expanding its productive offering also to certain categories of aromatics and intermediates for the petrochemical sector.

Over the years, the investments aimed at increasing the industrial site's capacity and efficiency have gone hand in hand with the attention to safety and the respect for the environment, significantly involving local communities, both directly and indirectly. More specifically, the Saras Group has traditionally sourced local resources for the skills needed for its development. In addition, for the supply of goods and services (for bids with the same financial terms), Saras tried as far as possible to give priority to firms belonging to the local community, helping them become competitive also outside of Sardinia and national boundaries.

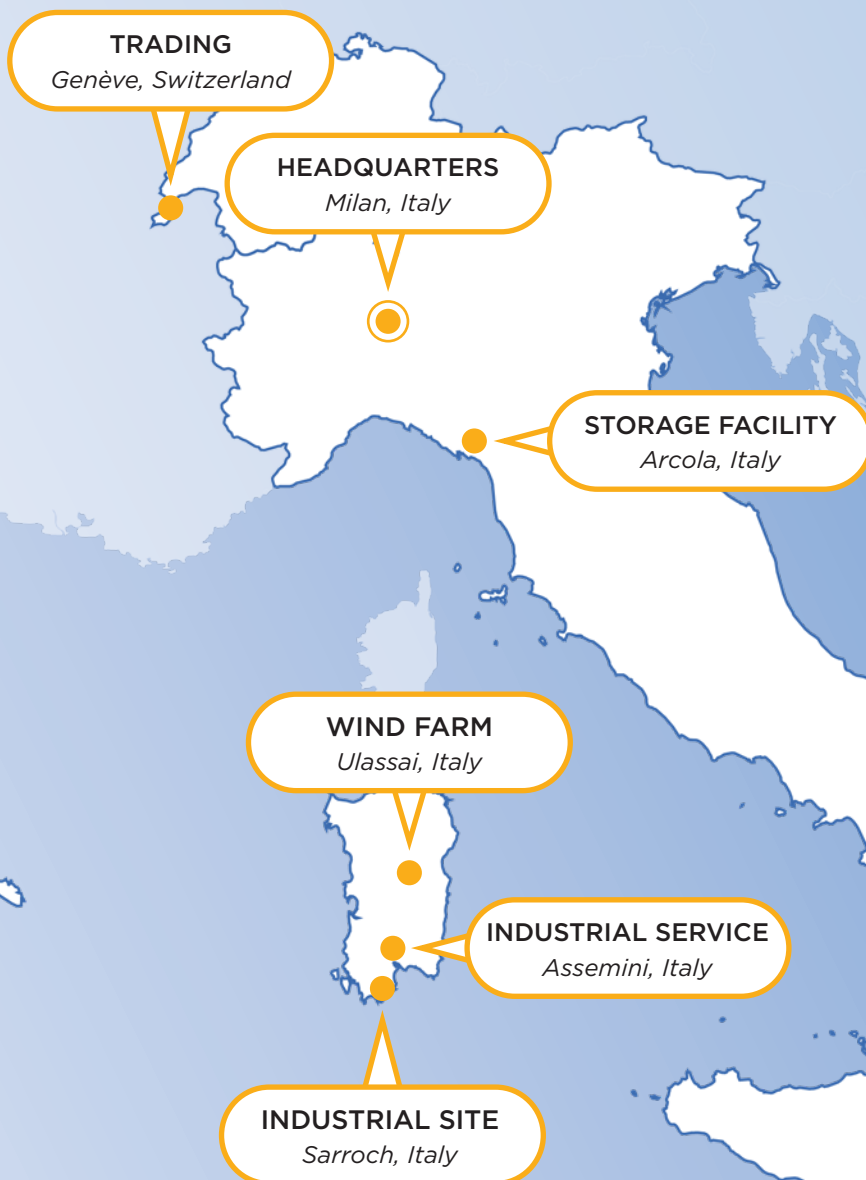
Regarding the business model, the Group has developed an integrated management process for the refinery's production activities, with planning and commercial activities. In this context, the subsidiary **Saras Trading SA** was founded, and it has been operating in Geneva since early 2016. Saras Trading acts under an agency contract on behalf of the parent company, and is focused on purchasing crude oils and other raw materials required in refining, selling the finished products from the refinery, and it also undertakes independent trading activities in oil *commodities* (thanks to its strategic location).

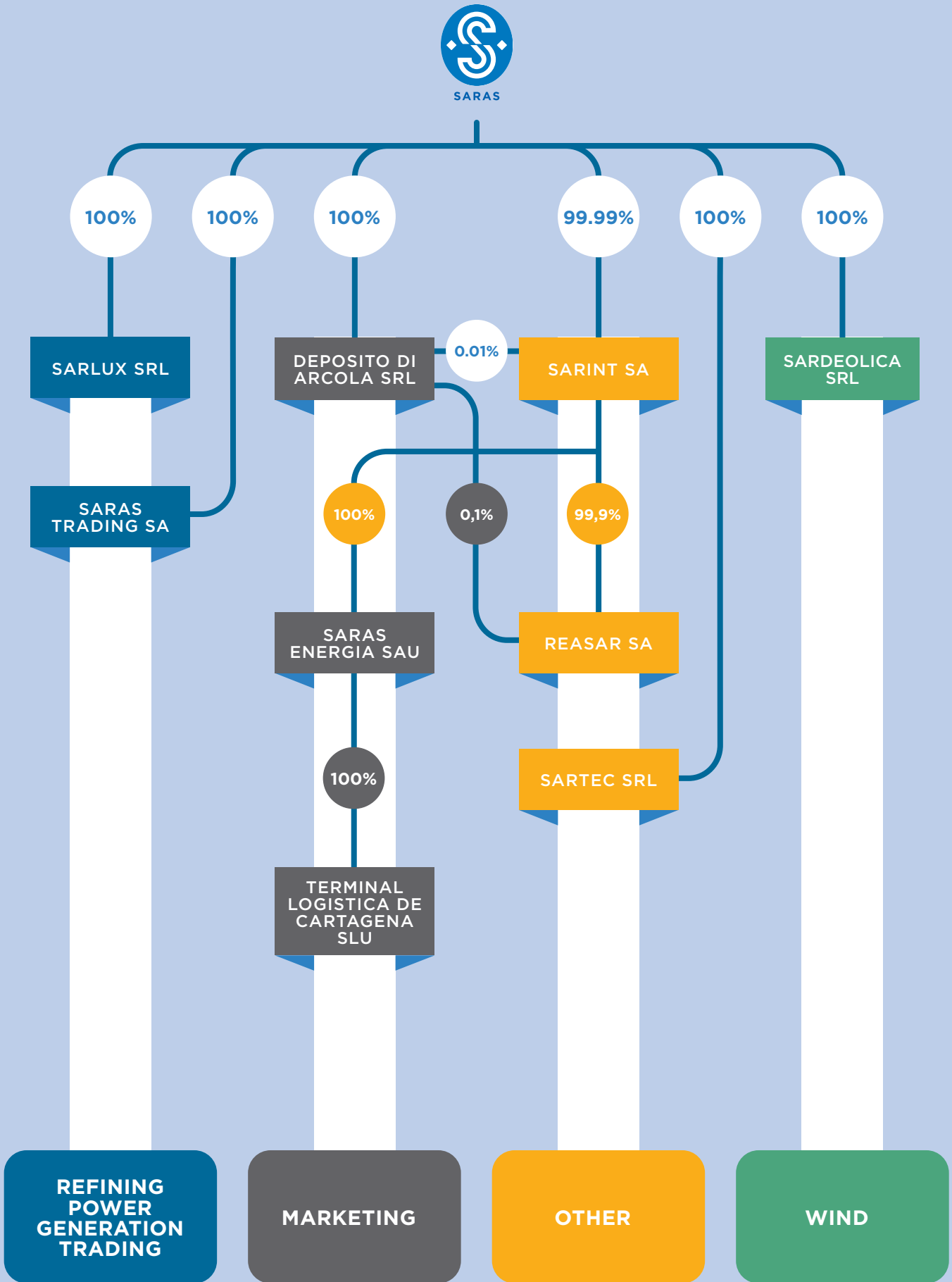
The Group sells and distributes oil products directly and through its subsidiaries, such as diesel, gasoline, gasoil for heating purposes, liquefied petroleum gas (LPG), virgin naphtha, fuel for aviation and marine bunkering, mainly on the Italian and Spanish markets, but also in various other European and non-European countries. In particular, in 2020 approximately 1.91 million tonnes of petroleum products were sold in Italy on the wholesale market, and a further 1.05 million tonnes were sold on the Spanish market through the subsidiary **Saras Energia SAU**.

Since 2005, Saras has also been active in the production and sale of electricity from renewable sources, through its subsidiary **Sardeolica Srl**, which owns a wind farm in Ulassai (Sardinia) with an installed capacity of 126MW. The wind farm maintains the same principles and policies as the Group: since its constitution, local community relations have been dictated by transparency, open dialogue and productive collaboration, aimed at mutual development.

Finally, **Sartec Srl** is the company which, through its offer of industrial and technological services for the oil, energy and environment sectors, develops targeted solutions to ensure energy efficiency and industrial reliability. Moreover, it also provides solutions for environmental efficiency, through engineering services, monitoring, environmental analysis, measuring systems and analytical services.









## Key markets

The Group's key markets are the oil market, international by nature (both with regards to suppliers of raw materials and also to the main customers for the sale of the refined products), and the electricity market, in which the Group operates by selling exclusively within the national context.

The following table shows revenues from Group's operations, split by geographical area and net of *intercompany* eliminations. The revenue changes during the three-year period in question are mainly due to price fluctuations, which occur in the oil markets (raw materials and refined products) and, to a lesser extent, also to the production levels achieved by the Group in the various years (as a function of specific scheduled maintenance cycles).

As can be observed, in 2020, the revenues from ordinary operations (along with the costs of raw materials) decreased by approximately 45% compared to the previous year. This is in line with the trend in gasoline and diesel prices (down -35% and -38% respectively compared to 2019 prices) and also with the reduction of the refining runs (-17% compared to 2019).

From a sales distribution prospective by geographical area, in 2020, more than 26% of revenues were generated in Italy, whilst this percentage rises to 46% when considering the entire European Economic Community (EEC).

### REVENUE FROM OPERATIONS (THOUSAND OF EURO)

Parameter	2018	2019	2020
<i>Italy</i>	2,346,980	2,596,126	1,367,135
<i>Spain</i>	963,848	811,279	125,191
<i>Other EEC countries</i>	2,993,022	1,154,799	908,456
<i>Non-EEC countries</i>	3,576,177	4,391,196	2,544,746
<i>USA</i>	387,840	536,851	239,473
<i>Total</i>	10,267,867	9,490,251	5,185,001

## SARAS ENERGIA

Saras Energia was created through the merger of Saroil (founded in 1990) and Continental Oil (founded in 1992). For many years it was active in the sale of petroleum products in the Spanish market, both in the “retail channel” (which are the service stations, selling to final consumers, i.e. the automobile drivers) and also in the “wholesale channel” (which are the sales to wholesale operators, industrial companies, public institutions, truck companies, condominiums, agriculture and fishing companies, etc.) However, as of July 2019, Saras Energia sold to Kuwait Petroleum Espana SA its retails business, made of service stations positioned on the Spanish territory, directly owned or operated, the ancillary services and the associated personnel. This sale to a primary operator within the sector, has allowed Saras Energia to focus its resources and activities on the wholesale channel, leveraging and exploiting also the long-standing experience of the parent company and the synergies with the other Group’s subsidiaries, Saras Trading in particular.

As of 31<sup>st</sup> December 2020, Saras Energia employs 35 people, and it continues to be one of the most relevant Spanish operators, with more than 1 million tons of petroleum products sold in 2020 across the entire Iberian Peninsula.

To conduct its business activities, Saras Energia uses storage facilities owned by third parties, (mainly Decal and CLH), as well as its wholly owned subsidiary Terminal Logistica de Cartagena SLU, which owns a tank farm with 114,000 cubic metres of total capacity, fully used (in part directly for the needs of the Group, and in part leased to third-party operators).

It is important to underline that, during the past years, Saras Energia has accomplished a profound diversification of its supply channels, with the aim to reposition itself, finding a new equilibrium between being a pure importer and a customer of the local refineries.

The cornerstones regarding the management and operations of the company are summarised in the Policy on Health, Safety, Environmental Protection and the Prevention of Significant Accidents. This important document sets out the ways in which Saras Energia operates; however, it also applies to the many suppliers of goods and services, clients as well as every other stakeholders interacting with Saras Energia’s operational sites.

Compliance with regulations and industry best practices is always considered a fundamental investment to guarantee the future of the company and its most important resources: its people and its company image and reputation in the oil industry and society as a whole.

To this end, Saras Energia has launched training programmes concerning the company’s Code of Ethics and the prevention of criminal offences; moreover, since July 2020, Saras Energia achieved the ISO 9001:2015 certification of its Quality Management System, confirming the excellent management of its operational and commercial processes. Such certification is a key requirement in order to participate in tenders for the supply of petroleum products, both to Public Institutions and large private Organizations; however, it is also a fundamental instrument to improve customer satisfaction, and to create a continuous improvement culture.

Along with caring for its Customers, Saras Energia also gives great importance to its own employees, offering various kind of benefits and running a range of different initiatives designed to facilitate - as far as possible - a balance between work and family life. Among the main initiatives and benefits, it is worth mentioning: Flexible working hours; Complementary health insurance for spouses and children; Life insurance; Meal vouchers; Internal and external training programmes (including cooperation with schools); Awards and Grants towards extra-curricular training activities (Master’s courses, etc.).



Finally, with the aim to protect the health and safety of its employees, following the 2020 pandemic, the company activated all necessary measures to reduce the contagion. Among those, also the RT-PCR test (Reverse Transcrip-

tion Polymerase Chain Reaction) for its employees, and smart-working which eliminates the possibility to contract the infection during the journey from home to office and viceversa.



## Membership

The oil and electricity sectors in which the Saras Group is active are influenced by national, European and international standards and regulations. The Group therefore performs continuous monitoring of the new measures adopted, as well as those in the process of discussion. The Group also maintains a dialogue with institutions and the main operators in the sector, as well as actively participating in relevant associations (UNEM - formerly known as Unione Petrolifera, Fuels Europe, Concawe, ANEV, Elettricità Futura, World Energy Council, etc.), with expert representation in governing bodies, specific commissions and technical workshops.

The main national and international associations and bodies to which Saras Group belongs to at 31 December 2020, are listed below.

ASSOCIATION	DESCRIPTION	MEMBER COMPANY
<i>Italian Electrotechnical and Electronic Association (AEIT)</i>	Association that aims to promote and encourage the study of electrics, electronics, automation, informatics and telecommunications along with the development of related technologies and applications.	SARAS
<i>Asociacion Espanola de Operadores de Productos Petroliferos (AOP)</i>	Spanish association that brings together the main companies operating on the Iberian Peninsula with activities of exploration, extraction and processing of oil, and distribution of refined oil products, with the aim of defending the general interests of the associated companies.	SARAS ENERGIA
<i>Italian Chemical Engineering Association (AIDIC)</i>	Association aiming to disseminate technical and scientific knowledge and the results of technological and engineering development in the following industries: chemical, petrochemical, food, pharmaceutical, biotechnology, materials, safety and the environment.	SARLUX
<i>Italian Association of Energy Economists (AIEE)</i>	Non-profit organisation that brings together all those who study, debate and promote awareness on the energy sector in Italy. The association also represent an independent landmark for Italian energy policy matters, within the national and international bodies.	SARAS

ASSOCIATION	DESCRIPTION	MEMBER COMPANY
<i>National Wind Energy Association (ANEV)</i>	Association that promotes technological research and development aimed at using the wind resource and the sensible use of energy, as well as the dissemination of correct information.	SARDEOLICA
<i>FuelsEurope and Concawe</i>	Divisions of the European Petroleum Refiners Association whose members are the companies which manage the oil refineries operating in the European Union. In particular, Concawe conducts research on environmental and health and safety issues relevant to the oil industry.	SARAS
<i>Elettricità Futura [Future Electricity]</i>	The main Italian association for the electricity industry with over 700 operators with plants throughout Italy and one of the most relevant association at the European level.	SARAS
<i>European Fuel Oxygenates Association (EFOA)</i>	EFOA is dedicated to promoting ethers as components of fuels for a cleaner and more sustainable future.	SARAS
<i>Federchimica [National Federation of the Chemical Industry]</i>	One of the main objectives of the National Federation of the Chemical Industry is the promotion of the chemistry development in Italy and the elaboration of the guidelines for economic, industrial and trade union policies, as well as in the fields of ecology and environment, development and innovation, and energy policy.	SARLUX
<i>International Oil Pollution Compensation Fund (IOPC Fund)</i>	International fund set up to provide financial compensation for the oil pollution damage that occurs among Member States.	SARAS
<i>Oil Companies International Marine Forum (OCIMF)</i>	Association of oil companies that aims to become the leading authority in ensuring safe and ecologically responsible management of operations involving oil tankers, terminals and offshore support vessels, promoting ongoing improvements in design and operating standards. In 2010 Saras became a chartered member of OCIMF and acquired the rights to operate within SIRE vetting programme <sup>4</sup> , which is a risk evaluation instrument for oil tankers.	SARLUX
<i>UNione Energie per la Mobilità (UNEM), the Italian Oil Industry Union, formerly called UP</i>	Association that brings together the main Italian companies operating in the context of oil processing and distribution of oil products.	SARAS
<i>World Energy Council (WEC)</i>	International forum that collects industrial, institutional and academic subjects belonging to the energy sector, sharing the results of studies, reports and research in the field of energy.	SARAS

4. Vetting means a compliance survey of a ship, aimed at obtaining precise information on the safety and quality conditions of the inspected ship.

Moreover, in order to rationalise its commitments, some terminations of the above-mentioned existing association relationships were decided at the end of October 2020, with the following effective dates: 1 January 2021 for WEC and Italian Association of Energy Economists (AIEE); 1 November 2021 for Elettricità Futura; and finally, 30 September 2022 for Federchimica.

### Relations with the Financial Community

The parent company Saras SpA has been listed on the Italian Stock Exchange since 2006, and since then it has been actively engaged in communication with the financial community, comprising national and international analysts, institutional investors and retail shareholders.

Saras has always prioritized transparency, regularity, and completeness of its financial reporting, considering it a regulatory obligation and a fundamental cornerstone to meet stakeholders' information needs, generating trust and value, and ensuring the sustainability of the business.

For this purpose, the Company has always maintained a continuous dialogue with investors and analysts, which, in addition to the provisions of the law and Borsa Italiana's Corporate Governance Code, is linked to investor and analyst engagement strategies: Saras constantly participates in Investor Conferences organised by the most important fund management companies, organises roadshows in the leading international financial hubs, and one-to-one meetings. Amongst the investors Saras meets, several funds incorporate Environmental, Social, and Governance (ESG) criteria into their investment strategies, in addition to return expectations criteria.

Moreover, every quarter, in order to reach all interested parties, Saras broadcasts live and publicly on its website the conference calls with analysts during which the financial results are presented and subsequently makes the full transcripts of these events, the webcasts, and the presentation documents available on its website.

In 2020, the emergency caused by Covid-19 made it necessary the massive use of virtual and digital technologies, replacing in-person meetings with online meetings, conferences, presentations and also the AGM was held online. It was also necessary to intensify the frequency of such online interactions with investors and analysts, in order to update them with the evolution of the relevant market conditions and the Group's consequent strategies.

In addition to those mentioned above, Saras' main financial communication tools include the company's website ([www.saras.it](http://www.saras.it)), where up-to-date information of interest to the financial community is available, from press releases to periodic analytical presentations. An investor relations mailbox dedicated to institutional investors and retail shareholders is also available. The Saras corporate website was updated in 2019 with a new architecture focused on greater interactivity and simplified navigation, with the possibility of downloading data to analyse the Group's main performance indicators.

The website contains also a Sustainability section, where ESG topics are given high visibility. As a matter of fact, also this Sustainability Report should be considered as an important tool for a qualified disclosure and communication of the Group's ESG strategy and responsibilities.



## Governance

The governance of the Saras Group is structured according to the traditional administration and control model, including:

- a **Board of Directors (BoD)** responsible for ensuring the proper management of the company, within which **three Committees** have been established (a Remuneration and Appointments Committee, a Control, Risk and Sustainability Committee and a Steering and Strategy Committee); however, it should be noted that at the Board meeting that took place on 06 February 2020, the activities of the "Control and Risk Committee" were supplemented with supervisory, assessment and monitoring activities in relation to sustainability profiles connected with the company's activities, with the result that the aforementioned Committee took on the new name "Control, Risk and Sustainability Committee".
- a **Board of Statutory Auditors** called on, amongst other things, monitoring observance of the law and of the Articles of Association, and checking the adequacy of the organisational structure of

the company's internal control system and administrative and accounting system;

- the **Shareholders' Meeting**.

The Company complies with the Corporate Governance Code approved in July 2018 and prepared by the Corporate Governance Committee, whose the first version was published by Borsa Italiana S.p.A. in March 2006, and also with the new Corporate Governance Code, published in January 2020 (the "New Corporate Governance Code"), which will come into force from FY 2021.

### Board of Directors

The Board in office as of 31st December 2020 included 12 directors in total, 2 of whom executive directors and 10 non-executive directors and, amongst the latter, 6 are independent directors.

During the 2020 financial year, the Board held 7 meetings, which were regularly attended by the various directors as well as members of the Board of Statutory Auditors.

BOARD OF DIRECTOR 2020								
Members	Position	Year of birth	List*	Executive/ Non-executive	Independent	Control, Risk and Sustainability Committee	Remuneration and Nomination Committee	Guidance and Strategy Committee
<i>Moratti Massimo</i>	Chairman	1945	M	Executive				X
<i>Scaffardi Dario</i>	CEO	1958	M	Executive				X
<i>Moratti Angelo</i>	Director	1963	M	Non-executive				Chairman
<i>Callera Gilberto</i>	Lead Independent Director	1939	M	Non-executive	X	Chairman	Chairman	
<i>Moratti Angelomario</i>	Director	1973	M	Non-executive				X
<i>Moratti Gabriele</i>	Director	1978	M	Non-executive				X
<i>Moratti Giovanni Emanuele</i>	Director	1984	M	Non-executive				X
<i>Fidanza Laura</i>	Director	1973	M	Non-executive	X	Member	Member	
<i>Harvie-Watt Isabelle</i>	Director	1967	M	Non-executive	X	Member		
<i>Cerretelli Adriana</i>	Director	1948	M	Non-executive	X	Member		
<i>Senni Leonardo</i>	Director	1967	m	Non-executive	X	Member		
<i>Luchi Francesca</i>	Director	1961	M	Non-executive	X		Member	

\* M = mayor list, m = minority list

### PERCENTAGE OF MEMBERS OF GOVERNING BODIES BY GENDER 2020

	Board of Directors				Board of Statutory Auditors				Supervisory Board			
	F	M	Tot	%F	F	M	Tot	%F	F	M	Tot	%F
<i>Saras Spa</i>	4	8	12	33%	3	2	5	60%	2	2	4	50%
<i>Sarlux Srl*</i>	2	3	5	40%	3	2	5	60%	1	2	3	33%
<i>Sartec Srl</i>	0	4	4	0%	0	1	1	0%	1	2	3	33%
<i>Sardeolica Srl**</i>	1	2	3	33%	1	0	1	100%	2	1	3	67%
<i>Deposito di Arcola Srl</i>	0	3	3	0%	0	1	1	0%	1	2	3	33%
<i>Saras Energia SAU***</i>	0	3	3	0%	0	0	0	0%	1	2	3	33%
<i>Saras Trading SA****</i>	0	4	4	0%	0	0	0	0%	0	1	1	0%

### PERCENTAGE OF MEMBERS OF GOVERNING BODIES BY AGE 2020

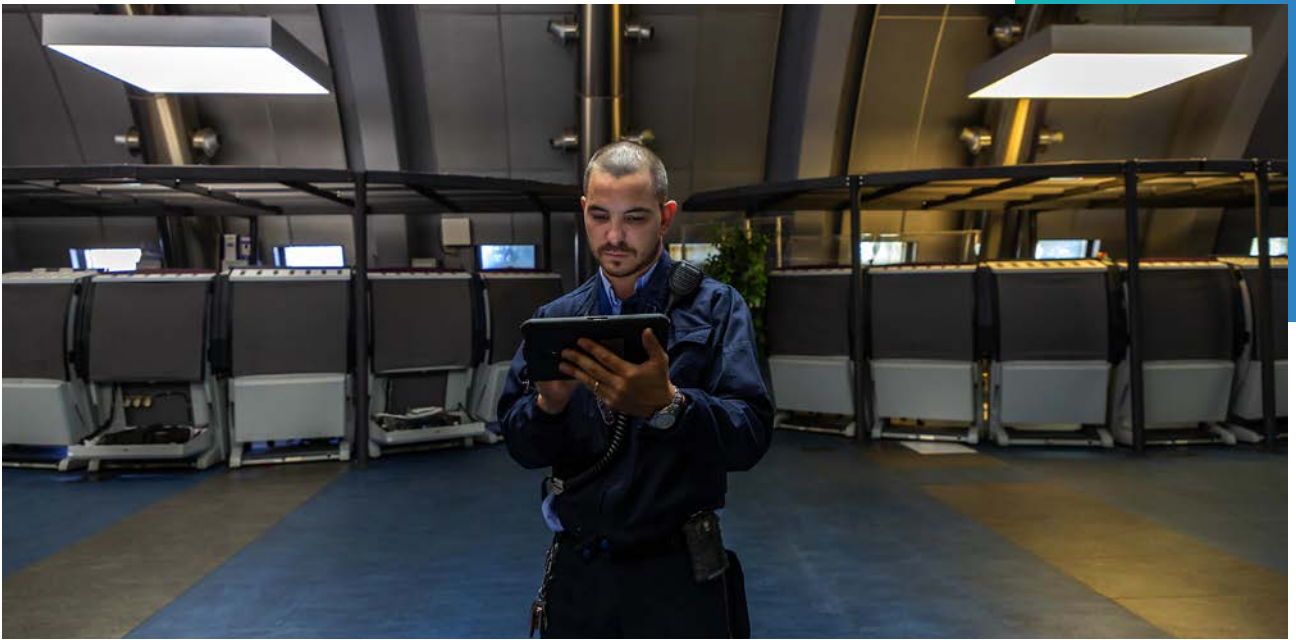
	Board of Directors					Board of Statutory Auditors					Supervisory Board				
	30-50	>50	Tot	% 30-50	% >50	30-50	>50	Tot	% 30-50	% >50	30-50	>50	Tot	% 30-50	% >50
<i>Saras Spa</i>	4	8	12	33%	67%	0	5	5	0%	100%	0	4	4	0%	100%
<i>Sarlux Srl*</i>	0	5	5	0%	100%	2	3	5	40%	60%	0	3	3	0%	100%
<i>Sartec Srl</i>	0	4	4	0%	100%	0	1	1	0%	100%	0	3	3	0%	100%
<i>Sardeolica Srl**</i>	0	3	3	0%	100%	0	1	1	0%	100%	0	3	3	0%	100%
<i>Deposito di Arcola Srl</i>	0	3	3	0%	100%	0	1	1	0%	100%	0	3	3	0%	100%
<i>Saras Energia SAU***</i>	1	2	3	33%	67%	0	0	0	0%	100%	0	3	3	0%	100%
<i>Saras Trading SA****</i>	0	4	4	0%	100%	0	0	0	0%	100%	0	1	1	0%	100%

\* In Sarlux Srl, the Board of Directors was made up of 6 members until 5 August 2020, and then 5 members; the Supervisory Board was made up of 4 members until 15 April 2020, and then 3 members.

\*\* In Sardeolica Srl, the Supervisory Board has changed the composition of its Members, whilst remaining unchanged in terms of numbers.

\*\*\* In Saras Energia SAU, the Board of Directors was made up of 4 directors until 28 July 2020 and then 3 members; the Ethics Committee (a body equivalent to the SB) was increased from 2 to 3 members, appointed on 28 July 2020.

\*\*\*\* Saras Trading SA has a Supervisory Department.



Female members account for 20.6% of the Board of Directors, 53.8% of the Boards of Statutory Auditors of the companies belonging to the Group and 40.0% of the Supervisory Bodies. The parent company maintains a women quota in line with the legal requirements (a third of members) in all bodies.

The majority of the members of the Group's bodies are over 50 years old. Such members account for 85.3% of the Board of Directors of the companies belonging to the Group, 84.6% of the Boards of Statutory Auditors of the companies belonging to the Group and 100% of the Supervisory Bodies.

### Board Committees

The tasks of the **Remuneration and Nomination Committee** include consulting and expressing proposals in respect of the Board and has, amongst other things, the duty of:

- formulating proposals for defining the remuneration policy;
- periodically assessing the adequacy, overall consistency and the practical application of the remuneration policy.

The Control and Risk Committee has also been assigned the specific activities of the Related Parties Committee to be carried out whenever necessary in accordance with the provisions of the relevant Procedure adopted by the Company pursuant to Article 2391-bis of the Italian Civil Code as implemented by the Consob Regulation adopted by resolution no. 17221 of 12 March 2010. In addition, during

the Board meeting that took place on 06 February 2020, the activities of the Committee were supplemented with those of supervision, assessment and monitoring with regard to the sustainability profiles associated with the Company's business, with the result that the Committee was renamed "**Control, Risk and Sustainability Committee**".

The **Control, Risk and Sustainability Committee** is responsible for providing advice and making proposals to the Board of Directors. In particular, it:

- provides opinions to the Board in relation to:
  - setting out the direction of the internal control and risk management system, to ensure that the main risks which the Group is exposed to are correctly identified, measured, managed and monitored;
  - determining the level of compatibility of those risks with a business approach that is aligned with the strategic objectives;
  - evaluating, at least annually, the adequacy of the internal control and risk management system with respect to the company's nature and the risk profile assumed, as well as its effectiveness;
  - approving, at least annually, the work plan prepared by the Internal Audit Department manager;
- assess, after consulting the Board of Statutory Auditors, the results presented by the independent auditors;
- assess the correct use of accounting standards and

the consistency of such standards for the purposes of preparing the Consolidated Financial Statements, in conjunction with the designated Executive responsible for drafting company accounting documents and in consultation with the independent auditors and the Board of Statutory Auditors.

In addition, the Control, Risk and Sustainability Committee is responsible for the following with regard to sustainability topics:

- examine the implementation of sustainability guidelines and plans and the resulting processes;
- assess sustainability topics related to the interaction between business activities and stakeholders and make proposals for environmental and social initiatives, monitoring their implementation over time;
- examine the Sustainability Report submitted annually to the Board of Directors, with particular reference to its general layout and structure of its contents, along with the completeness and transparency of the information provided through the Report;
- monitor international sustainability initiatives and the Company's participation in them, in order to consolidate the Company's reputation on the international front;
- express, at the request of the Board of Directors, an opinion on other sustainability topics.

Every six months the Committee shall report to the Board on its activity and on the adequacy of the internal control and risk management system.

The **Steering and Strategies Committee**, established at the Board of Directors' meeting that took place on 03 May 2018, pursuant to Article 21 of the Articles of Association and Article 4 of the Corporate Governance Code, has advisory, proactive and support activities for the Board of Directors in defining strategic business, finance and sustainability guidelines, and is chaired by Angelo Moratti.

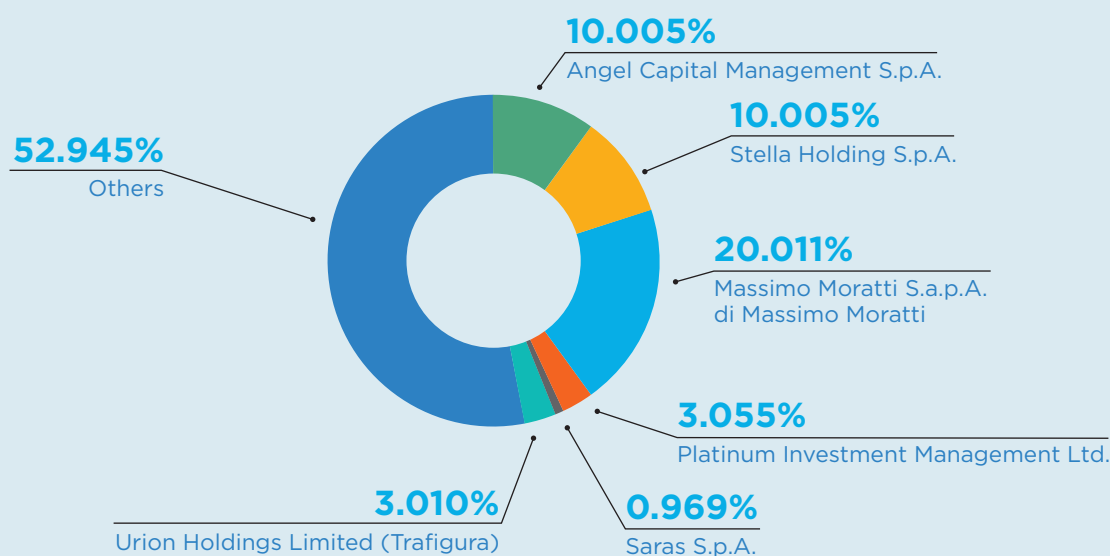
### Shareholding structure

Saras is a company listed on the FTSE Italia Mid Cap Index of Borsa Italiana.

The company's shareholder structure is mainly composed of the Moratti family (Massimo Moratti S.a.p.a., Angel Capital Management S.p.a. and Stella Holding S.p.a., which are run by Angelo Moratti and Gabriele Moratti respectively). As 31 December 2020, the family held 40.022% of the total share capital.

At the same date, Saras S.p.A. held treasury shares for 0.97% of the share capital; Platinum Investment Management LTD held 3.055% of the share capital; and finally, a substantial holding, equal to 3.01% of the share capital, was held by the Trafigura Group, based in Singapore and operating internationally in the trading of crude oil and oil products, through its subsidiary Urion Holdings Limited.

## SHAREHOLDING STRUCTURE



# COMPANY BODIES AND BOARD COMMITTEES



## SHAREHOLDERS' MEETING



### BOARD OF DIRECTORS

It sets out strategic direction and ensures correct company management through optimum organisation of the system of company governance and the entire group organisational structure. Three committees have been set up within the Board of Directors.



### BOARD OF STATUTORY AUDITORS

Among other things, it monitors observance of the law and of the Articles of Association, and checks the adequacy of the organisational structure of the company's internal control system and administrative and accounting system.



### REMUNERATION AND NOMINATION COMMITTEE

It formulates proposals for defining the remuneration policy and periodically evaluates the adequacy, overall coherence and actual application of the remuneration policy.



### CONTROL, RISK AND SUSTAINABILITY COMMITTEE

It supports the Board of Directors in setting out the general company direction, undertaking an annual evaluation of the internal control and risk management system, in accordance with strategic objectives, and approving and evaluating financial relations. Moreover, as of 06 February 2020, the Committee supervises, assesses and monitors the sustainability profiles associated with the Company's business.



### STEERING AND STRATEGY COMMITTEE

It supports the Board of Directors in setting the strategic guidelines for business, finance, as well as sustainability.



## Internal Control and Risk Management System

In all the Group's activities, Saras pays the utmost attention to comply with the laws, promote ethical and correct behaviour and prevent corruption.

The Board of Directors is responsible for setting the guidelines for the internal control and risk management system, and periodically checks operational adequacy and effectiveness. To perform this task, the Board of Directors relies on the support:

- of the director responsible for the establishment and maintaining of an effective internal control and risk management system ("Director responsible for the internal control and risk management system");
- of the Control, Risk and Sustainability Committee, with the aim of supporting, with appropriate preliminary activities, the Board's assessments and decisions relating to the internal control and risk management system, along with the powers relating to sustainability, conferred by the BoD on 06 February 2020;
- of the Internal Audit Department, which is responsible for checking that the internal control and risk management system is adequate and functional.

The internal control and risk management system is formalised within the Group's regulatory system and has been further strengthened with the adoption of an Organisational, Management and Control Model (the "Model"), according to Legislative Decree 231/2001. Each company of the Group has in fact adopted its own Model, which aims to prevent the potential risk of committing those crimes to which the company is indeed exposed, stating management responsibilities as well as the controls in place so that crimes cannot be committed.

In 2020, intending to continually review and update the Model in order to bring it into line with regulatory and organisational changes, an analysis

of the areas considered "sensitive" (as potentially more exposed to the risk of commission of offences) was carried out for Saras' and Sarlux's Models, involving various corporate departments to the extent applicable, and examining the risks and control measures implemented at process level, in order to prevent the following:

- organised crime offences;
- transnational offences;
- inducement not to make statements or make false statements to legal authorities;
- offences against industry and trade;
- offences against the individual personality;
- employment of third-country nationals with irregular migration status.

The organisational, management and control models of Saras and Sarlux were approved by their respective Boards of Directors on 14 May and 11 May 2020.

Moreover, in 2020, analysis activities were carried out to update the Saras and Sarlux Model to include the Tax Crimes introduced with the Legislative Decree 231/2001 by Decree-Law 124/2019 (converted into Law on 24 December 2019) and the Smuggling Offences, introduced by Legislative Decree no. 75 of 14 July 2020, implementing EU Directive 2017/1371, with entry into force on 30 July 2020. As a result of this analysis, a proposal to revise the Model is currently being drafted, with the updating of the General Section and the drafting of the new Special Sections, which will be completed by the end of the first half of 2021, and will then be submitted to the Supervisory Board for assessment and subsequent approval by the Board of Directors.

In addition, Saras has represented its values, principles and standards of conduct in the Group's Code of Ethics, to which Saras and its subsidiaries shall comply when conducting their business. The values shown in the Code of Ethics are also the basis of the relations that the Group establishes with its counterparts.

The Code of Ethics, the Model, the Articles of Association, and the "Purpose" (the aforementioned corporate vision and mission document), represent the reference framework within which all the Governance documents relating to the Group's internal regulatory system, organisational system, and powers system are developed and approved.

The activities and initiatives aimed at verifying the implementation and improvement of the control and risk management system of Group companies are carried out, in addition to the operational departments and the Quality, Safety and Environmental Management Systems, by the Internal Audit Department, and defined through an annual Audit Plan (running from the beginning of March, after approval by the Saras Board of Directors, to the end of February of the following year) to be prepared from:

- Corporate Risk Profile, a document that identifies the significant risks for the Group, monitored every six months by the Risk Owner;
- indications coming from top management and the supervisory boards of each company in the Group;
- audits carried out during previous years and their results.

Therefore, also in 2020, the Internal Audit Department prepared the Audit Plan on the System of Internal Control and Risk Management (SCIGR), which was partly revised during the year as a result of the Covid-19 pandemic. In fact, the Covid-19 regulations and the subsequent company measures taken to comply with them have severely limited the mobility of people between sites, along with their presence on site (replaced by smart-working). This meant that verification activities were carried out "remotely", and a strong limitation of "field" presence.

## INTERNAL REGULATORY SYSTEM

The internal regulatory system is split into four hierarchical levels, each of which has its own regulatory tool:

**1 POLICY**  
Policies systematically collate the general principles and rules that inspire all of the Group's activities. Saras uses this regulatory instrument to manage people, operations integrity, operational excellence, relations with stakeholders, information security, global compliance and corporate governance;

**2 GUIDELINE**  
Guidelines are the tools through which the Group fulfils its role in terms of guiding and coordinating its departments and organisational units and its subsidiary companies. Saras has produced two types of guidelines: the Governance/Compliance Guidelines and the Process Guidelines;

**3 PROCEDURE**  
Internal Procedures set out the operational methods according to which the Group's activities must be carried out;

**4 OPERATING INSTRUCTION**  
Operating Instructions are detailed documents on the operating methods described in the Procedures, split and detailed for each specific department, organisational unit, position and professional area involved.

The Procedures and Operating Instructions are regulatory tools specific to the individual companies of the Group, which incorporate, in their operating methods the principles, instructions and control mechanisms set out in the relevant Policies and Guidelines.

As a result, 40 audits were carried out in 2020 (out of 50 planned), and the remaining 10 were postponed and included in the "2021 Audit Plan".

The results of the audits carried out with the limitations reported, did not reveal specific critical points regarding the adequacy and implementation of the control measures taken by the Companies. Audits on the state of implementation of the Model (38 audits out of 40 completed) also found compliance with the provisions of the Model. For the areas of improvement identified, corrective actions were determined in agreement with the managers responsible for the departments concerned, in order to improve the effectiveness of the control management and the existing mitigation instruments. Furthermore, adequate action plans have been defined. Implementation by the deadlines defined for the improvement actions by the competent departments is monitored by the Internal Audit Department.

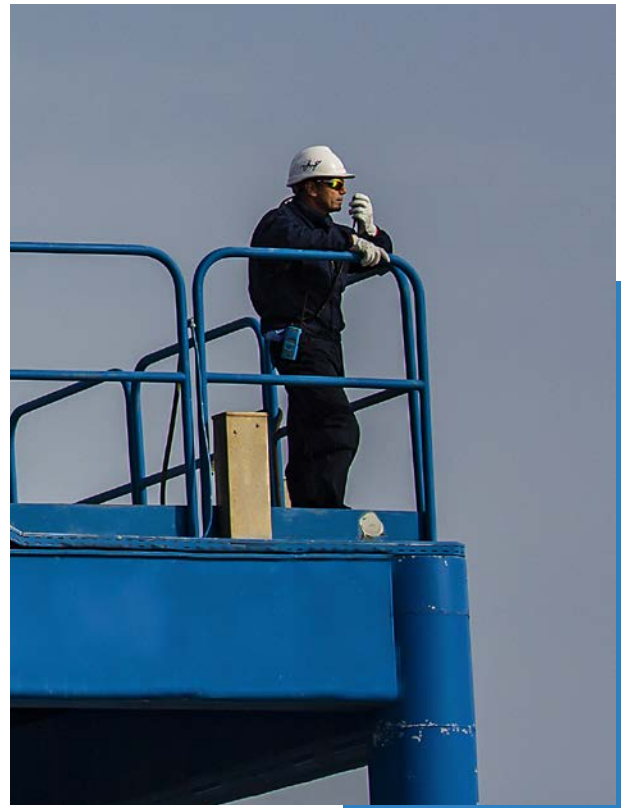
In 2020, the company also operated in accordance with current environmental regulations, and there were no instances of non-compliance with regulations and laws on socio-economic matters, or on the impact on the health and safety of customers purchasing products sold by the Saras Group.

### Risk Management and Corporate Risk Profile

Saras' risk management policy, whose guidelines are defined by the Board of Directors and implemented by the Chief Executive Officer, is based on the constant identification, assessment, and management (reduction, elimination, or acceptance) of the main risks relating to the Group's objectives, concerning the strategic, operational and financial areas.

The Top management is responsible for the periodical assessment of the management of the company's significant risks, by identifying the most efficient and effective control system and management programmes to ensure the correctness of the company's operations, whereas the risk itself is operationally managed by the manager responsible for the related process, based on the indications of the top management.

The *Corporate Risk Profile* is the document within which the Company identifies the complete picture of the significant risks to which it is exposed (both oper-



ational and compliance risks), and the Risk Officer is responsible for monitoring and updating it, based on the information on risk assessment and management collected from the *Group's Risk Owners*.

The results of the six-monthly *Risk Assessment* monitoring and annual update of the Group's *Corporate Risk Profile* are shared with the Senior Management and submitted to the Control, Risk and Sustainability Committee and the Board of Directors of the Parent Company.

In 2020, the assessments made by the *Risk Owners* on the risk portfolio took into account the direct and indirect effects of the pandemic event and the complex scenario that emerged during the year, thus assessing not only the impacts but also the suitability of the risk management measures adopted by the Company.

### Saras Group risks

The types of risk that the Saras Group has to manage are both financial - such as exchange rate, interest rate, credit and liquidity risk - and operational and compliance risks. The main risks with an impact on sustainability topics (environmental, social, governance & business), and the main mitigation measures, are outlined below:

Event / Potential risk	Cause	Management methods and mitigating factors
<b>CLIMATE CHANGE</b>		
<ul style="list-style-type: none"> <li>Scenario changes that can generate business risks related to energy transition (regulatory, technological, market, reputational)</li> </ul>	<ul style="list-style-type: none"> <li>Changed market/competitive scenario.</li> <li>Incorrect/delayed reaction to scenario evolutions linked to climate change and energy transition issues</li> </ul>	<ul style="list-style-type: none"> <li>Governance: central role of the Board of Directors and identification of specific support Committees, establishment of the "Energy Transition" department.</li> <li>Study and development of new technological solutions to reduce the environmental impact of fossil fuels; development of renewables and green businesses.</li> <li>Participation within institutional bodies in activities on the topic of energy transition to help form rational policies at national and international levels.</li> </ul>
<b>COUNTRY/COUNTERPARTY</b>		
<ul style="list-style-type: none"> <li>Country risk, political instability: unavailability of the Raw Material best suited to the characteristics of the establishment. Increase in the prices of other raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>Political instability of supplier countries. Oil Embargo.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing research for new markets and different production mixes, establishing relationships with new potential counterparties.</li> <li>Continuous monitoring of the situation. Optimal geographic plant positioning with reference to the European market. Plants with excellent production flexibility that are able to adapt to various raw material mix situations. Specific supply chain optimisation initiatives. Assessment of counterparties.</li> </ul>
<b>REGULATORY DEVELOPMENTS</b>		
<ul style="list-style-type: none"> <li>Inadequate monitoring of the risk of legislative developments</li> <li>Incorrect/delayed reaction to adverse developments in the applicable legislation</li> </ul>	<ul style="list-style-type: none"> <li>Evolution of legislation at an EU and national level. Continually increasing attention of regulators on Environment Social Government aspects</li> </ul>	<ul style="list-style-type: none"> <li>Formalised organised monitoring and an external audit company dedicated to the checking of compliance with legislation. Presence of policies and procedures formalised and defined at the organisational level. Presence of training and communication plans. Monitoring of the channels responsible for reporting changes in legislation. Participation of the Group in industry associations. Review of production structures and planning of necessary investments.</li> <li>Structured monitoring system regarding legislative amendments and developments and on the possible effects and presence of a management and the company leadership reporting system and externally, where required.</li> </ul>
<b>PRODUCTION INTERRUPTION</b>		
<ul style="list-style-type: none"> <li>Significant breakdowns or damage to plants during the production process</li> <li>Inadequate management of maintenance on plants and machinery</li> <li>Damage to the Sarroch docks rendering them unusable for a significant period of time.</li> <li>Natural disaster (tidal wave, inundation, flooding and overflowing of the streams surrounding the production site) and consequent damage to the site.</li> </ul>	<ul style="list-style-type: none"> <li>Inadequate maintenance planning. Incorrect plant maintenance. Inability to assess the failure history of the plant.</li> <li>Severe weather of particular intensity. Incorrect manoeuvring of a ship.</li> <li>Natural event.</li> </ul>	<ul style="list-style-type: none"> <li>Integrated Management System, dissemination of a reliability culture, continuous training and information activities, process monitoring (internal/external audits), presence and application of a Sanctioning System and system automatisms (process automation and instrumentation of the process monitoring and control system).</li> <li>Implementation of three categories of maintenance interventions: preventive, predictive and "breakdown maintenance". Preparation of intervention sheets and periodic inspection. Complete revisions of some critical plants with the collaboration of the manufacturer. Existence of a maintenance personnel selection process. Enhanced predictive monitoring.</li> <li>Design and construction characteristics of the dock such as to compensate for its partial unavailability. Port regulation for the approach and unloading of ships. Stipulation of insurance that is limited to specific categories of events. Application of Minimum Safety Criteria and vetting procedures. Organisational choices (appointment of anti-pollution/PFSO manager).</li> <li>Securing of embankments and rainwater discharges; operational procedures for the securing of plants.</li> <li>Stipulation of insurance policies.</li> </ul>

Event / Potential risk	Cause	Management methods and mitigating factors
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
<ul style="list-style-type: none"> <li>• Serious or potentially serious accidents to persons during the production process.</li> <li>• Serious or potentially serious accidents to persons directly or indirectly involving contractors.</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate training on safety issues. Inadequacy of safety rules. Violation of safety rules and/or procedures (e.g.: "forcing" of blocks) and/or operational error.</li> <li>• Insufficient monitoring of contractor or on-site personnel. Interference among the personnel of the different companies.</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption of a Health and Safety in the Workplace management system, and obtainment of ISO 45001 certification (previously OHSAS 18001). Diffusion of a culture of safety through training activities and constant sharing of information. Enhanced operational planning. Activity monitoring (internal/external audits). Presence and application of a Sanctioning System. Safety Management Process and system automatisms (safety and integrity of plants). Use BBS (Behaviour Based Safety). Enhancement of predictive monitoring (e.g., "digital" monitoring, definition of analytical monitoring sets).</li> <li>• Preparation of a set of procedures aimed at defining the detailed rules for the identification and management of risks arising from the production process and operational changes (risks to health, safety, and major accidents).</li> <li>• Improvement of the DUVRI (for the management of interference risks). Point rating system for all contractors.</li> </ul>
<b>ENVIRONMENT</b>		
<ul style="list-style-type: none"> <li>• Exceeding legal emission limits for discharges/emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Operational error; accident; violation of operating procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption of an Environmental Management System conforming to ISO 14001:2015 and the EMAS-Eco-Management and Audit Scheme (that periodically requires an in-depth environmental analysis of the activities carried out on the site and the identification of significant direct and indirect environmental aspects). Diffusion of a culture of environmental sustainability through training activities and constant sharing of information. Enhanced operational planning. Activity monitoring (internal/external audits). Presence and application of a sanctioning system.</li> <li>• Preparation of a set of procedures aimed at defining the modalities for the identification and management of risks arising from the production process and operational changes.</li> </ul>
<b>PERSONNEL MANAGEMENT</b>		
<ul style="list-style-type: none"> <li>• Resistance from personnel to accept changes of strategy, organisational or operating methods.</li> </ul>	<ul style="list-style-type: none"> <li>• Stiffening of organisational culture. Inability to follow the evolution of the competitive environment</li> </ul>	<ul style="list-style-type: none"> <li>• Involvement of personnel to optimise management of organisational changes, along with any possible repositioning. Revisiting the procedural system. Structural interventions to improve organisational flexibility. Progress of the #digitalSaras project.</li> <li>• More detailed meetings with the trade unions on the organisation of work and the tools that can be used to create greater efficiency and productivity (including needs and opportunities that "welfare" can assist with).</li> </ul>
<ul style="list-style-type: none"> <li>• Organisational structure unable to support the outlined strategy.</li> <li>• Key managerial positions vacant.</li> <li>• Loss of personnel with key skills or specific expertise.</li> </ul>	<ul style="list-style-type: none"> <li>• Misalignment of roles and responsibilities with respect to strategic objectives. Oversized and static organisation.</li> <li>• Absence of an adequate succession plan.</li> <li>• Internal/external conditions that influence the retention of personnel with higher professional content; ageing of the company population.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of processes and programming and control activities for a more efficient use of resources. Review and updating of roles and responsibilities. Recovery of operational capacity.</li> <li>• Knowledge and monitoring of the skills of internal personnel (potential substitutes able to fill the position). External mapping of professionalism with particular reference to the oil sector.</li> <li>• Continuous monitoring of the evolution of existing scenarios and resources: external (labour market) and internal (recruitment planning, handover, retirement). Personnel turnover management.</li> </ul>

Event / Potential risk	Cause	Management methods and mitigating factors
<b>CYBERSECURITY</b>		
<ul style="list-style-type: none"> <li>• Cyber-attack that compromises the integrity, availability and/or confidentiality of the information present in the system</li> </ul>	<ul style="list-style-type: none"> <li>• Insufficient security systems levels</li> </ul>	<ul style="list-style-type: none"> <li>• Centralised management of Cybersecurity and dedicated support departments on the ICT side as well as on the ICS (Industrial Control System of the refinery plants) side, with the aim of addressing the cybersecurity threats, supporting the business in the choice of the more appropriate remedies, increasing the awareness of the importance of monitoring and control of activities and the spreading of available techniques and technologies to support Information Security.</li> <li>• Ongoing Cybersecurity project aimed at improving the positioning of the Saras Group towards the potential risks of cybersecurity attacks (Cybersecurity Posture) in accordance with the Maturity and Security Level objectives defined in the corporate programme.</li> <li>• Risk Assessment Activities to identify the main areas of cyber risk, allowing the allocation of resources and the prioritisation of activities on the areas identified as most critical.</li> <li>• Training and awareness-raising activities for personnel. Monitoring of legislative developments in this area.</li> </ul>
<b>PRIVACY</b>		
<ul style="list-style-type: none"> <li>• Breach of Privacy legislation</li> </ul>	<ul style="list-style-type: none"> <li>• Constant evolution of the reference legislation and increased attention of regulators in the area of privacy</li> <li>• Inadequate awareness and internal and external training on privacy management issues</li> </ul>	<ul style="list-style-type: none"> <li>• Definition of roles and responsibilities of organisational monitoring (Data Protection Officer, Data Processing Managers, appointment of external System Administrators). Preparation and formalisation of DPIA (Data Protection Impact Assessment) with two-year periodicity. Presence of a guideline in the Privacy area in accordance with the provisions of the GDPR (General Regulation on Data Protection), definition of controls over computer systems in the area of Cybersecurity. Constant coordination between Data Protection Officer and Federprivacy.</li> <li>• Audit activities for the purposes of ISO 27001 and indicators in the area of breach management.</li> <li>• Presence of a six-monthly cybersecurity reporting system towards the corporate leadership and, in case of a data breach, with the Italian Data Protection Authority. Definition of information flows with the Postal Police on relevant aspects.</li> <li>• Training and awareness-raising activities for personnel. Monitoring of legislative developments in this area.</li> </ul>



## Analysis of the effects of the Covid-19 scenario and pandemic on the Corporate Risk Profile

The top management confirmed that the pandemic event and the related crisis led to significant changes in the “Scenario Assumptions” in Saras, which had a significant impact on the Company’s economics.

This scenario also had an impact on the Group’s Corporate Risk Profile (which includes a total portfolio of 92 risks) with an increase in the assessment, in terms of probability and impact, of 13 risk events (of which 10 top risks, i.e. with medium and medium-high ratings) and with the introduction of two new risks: ‘Biological/pandemic risk’ and ‘Risk related to inadequate formalisation and management of the Crisis Management Model’.

With reference to those risks having an impact on sustainability topics (environment, social, governance & business), it should be noted that risks in the following areas have increased in terms of probability and/or impact assessment:

- Cyber Security: availability, confidentiality and integrity of ICT systems;
- Management of supplies and procurement works (in relation to the Sarlux and Sardeolica production sites);
- Privacy and labour law compliance;
- Staff with key skills or specific know-how.

In-depth discussions with the *Risk Owners* revealed a substantial resilience of the risk management and mitigation measures in place, even in the face of the global Covid-19 effects. Indeed, out of 44 Covid-Related risks (i.e. potentially impacted by the new scenario in terms of risk assessment and change in the reference operating environment), only 12 risks have seen the introduction of new and/or extraordinary mitigation actions. In particular, with reference to risks with an impact on sustainability topics, it should be noted that new risk management measures have been introduced in the following areas:

- **Health and safety at work:** new anti-contagion measures have been introduced, such as mapping of geographical origin, body temperature detection, management of internal spaces in production sites and offices to ensure interpersonal distance, management of worker flows (e.g. monitoring by indices of contemporaneity on the site, shifts, staggered access to the site). In addition, specific monitoring was introduced on compliance with behaviours for the containment of Covid-19, along with the implementation of smart-working, the use of specific PPE, the dissemination of information and communications, the sharing of protocols with the entire company population (employees and contractors), the establishment of a joint committee between the Employer, their operational reports, HSE and RLSA (Workers’ Health and Environment Representatives), with the participation of trade union representatives.
- **Personnel management:** activation of a policy for the reimbursement of medical expenses in case of Covid-19 infection.
- **Production interruption risk:** extensive cooperation with suppliers/contractors in establishing synergistic plans of anti-contagion measures in compliance with deliverables, agreed work schedules and contractual and legal obligations.

### Human rights risks

The screening of the risks relating to the respect of Human Rights conducted by Saras did not reveal any critical issues for the Group. Moreover, also the materiality analysis confirmed that respecting Human Rights is not a material topic for the Group.

### Corruption risks

The Saras Group undertook an analysis of the corruption risks to which the Group may be exposed and identified the departments/areas where this could be a possibility, the responsibilities, and the control mechanisms to prevent acts of corruption. The company, therefore, has implemented an Organisational Model covering corruption offences as specified in Legislative Decree 231/2001.

## Corruption prevention

Saras condemns corruption in all its forms and engages in promoting business legality and ethics.

The Group has a Code of Ethics and a Regulatory System set on Policies and Guidelines that guide and describe behaviours and processes also in relation to the prevention of corruption and fraud.

The purpose of the **Anti-corruption Compliance Guidelines** is to provide a systematic reference framework in the field of fighting corruption, designed and implemented to prevent corruption phenomena in relations with public or private subjects, besides guaranteeing compliance with the anti-corruption laws in force in the individual countries in which the Group's companies operate. It indicates the rules of conduct and the general control principles, it identifies the main risks, sensitive areas and the specific control principles in these areas.

The **Compliance Guidelines on Fraud Prevention** completes the policy framework for ethical issues, framing the concept of 'fraud' in the business context by providing the general control principles, indicating the prevention, identification and management actions of fraudulent conduct, sensitive areas and specific control principles in these areas.

Also, for these issues, a channel of **communication and management reports** has been activated relating to potential irregularities (alleged breaches of the laws, of the Group's Code of Ethics, of the Organisational Model and of what is provided for in the company's Regulatory System) defined in an appropriate procedural document.

The audit work carried out in 2020 also covered themes related to the prevention of corruption, especially in areas considered to be most sensitive.

In 2020, no corruption incidents were identified.

### Key Risk Indicators (KRIs)

The Group has undertaken a programme aimed at optimising and strengthening the company's internal control system through a fraud prevention project.

Between 2015 and 2019, analysis were performed on the processes of Procurement, Wholesale marketing activities, Maintenance, Materials Warehouse and oil logistics management. The analysis assessed anti-fraud measures used by the company, in order to identify any points of weakness and define *remediation* actions.

In some of the processes examined, the implementation of risk indicators (Key Risk Indicators - KRI) was suggested. This would serve to ensure continuous and automated monitoring, by department managers, of certain phenomena to intercept any anomalies or potential cases of fraudulent conduct. The KRIs are monitored by department managers and during internal audits, conducted by the Internal Audit department.

In 2020, the analysis of the indicators by department managers did not reveal any critical issues.



## INVESTIGATIONS LEAD BY CAGLIARI'S PROSECUTOR'S OFFICE

At the end of September 2020, Saras offices in Milan and Sarroch, as well as the office of the subsidiary Saras Trading in Geneva, have been searched by the Cagliari's Prosecutor's Office, while conducting an investigation which concerns also three managers of the Group.

Such investigation, which does not involve the Company, concerns the purchases of crude oil from the Autonomous Region of Kurdistan, through the trading company called Petraco Oil. According to the Prosecutors, such crude oil could have illegitimate origin, because it does not have the certification from SOMO (the Iraqi national oil company); furthermore, the Prosecutors believe there has been also an attempt to avoid taxation, deriving from the high profits achieved with the purchase of such

crude oil.

Preliminary investigations have begun following newsflow from a television reportage, which Saras has immediately disputed, obtaining the authors' acknowledgment of no wrongdoings. Saras already gave the Prosecutors its full cooperation, and it will continue to do so, because the company is certain that the investigation will demonstrate that the three managers always acted correctly and that nothing illegal has ever been done.

In the meanwhile, Saras will take all possible actions to protect its strong reputation, widely recognised across international markets, as a serious and honest operator, respectful of Laws and Regulations, and ethically flawless.

## Human rights

Saras operations have always been respectful of the human rights. The Group expresses its commitment to respecting human rights within its Code of Ethics and promotes it in all its subsidiaries.



Furthermore, the Group protects human rights along the supply chain of goods and services necessary for the activities of each of its subsidiaries, through careful assessments of the suitability of suppliers and contractors.

In particular, in addition to ascertaining the existence of technical and financial capabilities, suppliers and contractors must comply with all the existing regulations in the areas of health, safety and environmental protection; furthermore, they all must sign for acceptance the Saras Code of Ethics, thereby assuming the same commitments taken by the Group, with regard to the protection of human rights.

# OUR PEOPLE



## Health and safety

### Safety is our energy.

*“We want to see ourselves, and be seen, as an industrial group made up of people who live and promote a culture of safety through our daily actions.”*

Saras has always been passionately committed to promoting and encouraging a culture of safety at all levels of the company through a raft of initiatives, ongoing training activities and checks designed to ensure optimum performance, compliance with principles, respect for best practices and adherence to the highest national and international standards for safety in the workplace. The Group also cooperates with Confindustria Energia (the General Confederation of Italian Energy industries), INAIL (the National Institute for insurance against injuries at the workplace) and trade unions in order to promote this culture in the local area and amongst people with whom it interacts, particularly suppliers.

With the aim of protecting health and safety of its employees, staff of contracting firms, as well as anyone else who has access to the Sarroch industrial site, the Group issued and adopted H&S Policies that manage every aspect of health and safety, from the upgrade of the safety requirements of the plants according to regulatory developments, to the regular risk assessments, training, promotion and other awareness-raising activities, both internally and locally.

In particular, the subsidiary Sarlux, which owns the operationally relevant site, has an HSE Management System for handling all aspects relating to the Prevention of Major Accidents, Occupational Health and Safety and Environmental Protection, which complies with the Seveso Directive and is certified under international standards: ISO 14001, ISO 45001, and EMAS Regulation.

### Safety management in relations with Trade Unions

The Legislative Decree 81/2008 establishes, amongst other things, that for certain industrial sites<sup>5</sup> a Workplace Health and Safety Representative (SHE Rep or, in Italian, *RLSA Rappresentante dei Lavoratori per la Sicurezza e l'Ambiente*) shall be appointed, and the SHE rep is legally responsible for protecting the workers' rights in occupational safety matters. At Sarlux, this figure is elected by the workers through the company's Trade Unions' representatives, and is also included in the National Collective Labour Agreement for Energy and Oil sectors, which the Saras Group applies to some of its subsidiaries, including Sarlux.

In the collective agreement adopted by Sarlux, as a result of the continuous and open dialogue with Trade Unions and Confindustria, a specific section dedicated entirely to HSE-related regulations has been introduced, in order to describe the strategies, objectives, responsibilities, activities and the industrial relations system built to manage HSE topics.

In particular, provision has been made for the establishment of a Joint National Body - comprising Confindustria Energia, workers' and Trade Union representatives - intended to support and monitor any actions related to health, safety and the environment, including training and information activities.

5. Identified in Article 49 of the same Decree

## Injury rates

The Saras Group promotes a culture of safety at all corporate levels through training staff, sharing information and checking the degree of effectiveness of the activities pursued. Disseminating the culture of safety translates into continuous training and the creation of working conditions aimed at gradually reducing emergencies and accidents involving Saras Group staff and the employees of contractor companies, with the aim of achieving "zero accidents", partly through the BBS (Behaviour Based Safety) protocol, which is divided into three phases:

1. All workers, in rotation:
  - observe the behaviour of colleagues whilst performing their duties;
  - record their observations about the behaviour in a dedicated sheet;
  - give feedback to the colleagues observed;
  - note and insert data and comments in the system.
  
2. The HSE Implementation Committee (composed of Operation Managers, Operation Supervisors and HSE Analysts) once a month:
  - analyses the report on the department's events;
  - analyses the graphs on observations and behaviour;
  - defines priorities for HSE maintenance activities;
  - defines behaviour improvement targets;
  - establishes the outline for the meetings between the Head of Shift and the Operators.

3. After the analysis of the HSE Implementation Committee, a team meeting is convened to communicate the findings of the analysis and define improvement targets.

The BBS protocol at the Sarlux site started in 2015 with a pilot project in some industrial site areas (Energy, Utilities, Movement, and Assets) and was quickly extended to the entire plant and all operational departments. From 2018 onwards, more than 20,000 observations have been made annually, with safe behaviour rates of over 98%, a sign that the safety culture has deeply penetrated all areas of the company.

Moreover, it is helpful to point out that in 2020, because of the pandemic event, changes were made to the BBS protocol, integrating the observation forms with specific checks on behaviour aimed at preventing the spread of Covid-19 (e.g. knowledge of the hygiene rules recommended by the Ministry of Health, avoiding crowded places, maintaining social distancing, using masks, applying room ventilation, etc.). This protocol update has also proved to be particularly effective in the field, to minimise the chances of infection.

The table below shows the development of the protocol over the last three years.

BEHAVIOR BASED SAFETY			
Parameter	2018	2019	2020
Observations carried out [No.]	21,925	24,100	22,336
Safe behaviour [%]	98%	98.1%	98.4%
Plant areas involved	Entire industrial site - all operating functions	Entire industrial site - all operating functions	Entire industrial site - all operating functions

The Group's commitment to Occupational Health and Safety is reflected in 2020 by the consolidation of injury rates at levels consistently lower than the industry benchmarks (CONCAWE).

In particular, the injury frequency index for the entire Group fell to 2.17, an improvement on the 2.30 recorded in 2019, despite a decrease in the number of hours worked, which is the denominator of the ratio used to calculate the frequency index. In fact,

the total number of hours worked for the Group amounted to approximately 2.8 million hours in 2020 (compared to approximately 3 million hours in 2019), mainly due to the reduction in the workforce resulting from the sale of the Saras Energia service station business (which took place in July 2019).

It is essential to mention that, amongst the Group's subsidiaries, Sardeolica's result stands out: in October 2020, it reached the milestone of 10 straight years without an accident (since October 2010, when it started its direct management of the maintenance activities), and the count of successive days without accidents is still ongoing to this day; remarkable is also the result of the subsidiary Deposito di Arcola Srl, which has also been accident-free since June 2016 (when there was a minor accident, with a worker suffering from an ankle sprain). This performance is the result of a safety culture that is deeply rooted in people and constantly reinforced through special training programmes and daily and periodic control and inspection activities.

There was also an increase in the frequency rate of the subsidiary Sarlux: 6 injury events in 2020 compared to 4 events in 2019, none of which were classified as high consequences (i.e. resulting in more than 6 months' absence from work as a consequence of the injury).

Specifically, out of the 6 accidents that occurred to Sarlux staff in 2020, only 2 can be considered a work-related risk (for which the employer has put in place all the necessary mitigation measures from the Risk Assessment Document), whilst the causes of the other 4 accidents were related to carelessness (3) and action not included in the job description (1). With regard to the gender breakdown, it can be seen that the 6 employees of the subsidiary Sarlux are all men.

The aforementioned 6 injury lead to a Group Lost Day rate of 0.09 in 2020, which is substantially in line with the value of 0.08 recorded in the previous year.

Finally, the field supervision activities carried out in 2020 made it possible to detect 27 near misses (i.e. events that, by modality and type, could have caused an injury).

With the intention of providing an even more in-depth representation, and in line with the requirements of the 2018 update for the GRI-403 indicator, the following table is also being introduced from this financial year, which breaks down injuries by type of seriousness, including so-called "first aid", i.e., medical treatment that occurred during the working day, which was resolved without any particular consequences and did not result in a single day's absence.

INJURY RATES - SARAS GROUP												
Parameter	2018				2019				2020			
	Injuries	IF <sup>6</sup>	IG <sup>7</sup>	Near misses	Injuries	IF	IG	Near misses	Injuries	IF	IG	Near misses
<i>Saras Spa</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>Sarlux Srl</i>	3	1.60	0.07	31	4	2.05	0.08	46	6	3.13	0.12	16
<i>Sartec Srl</i>	0	0	0	0	0	0	0	2	0	0	0	1
<i>Sardeolica Srl</i>	0	0	0	0	0	0	0	0	0	0	0	1
<i>Deposito di Arcola Srl</i>	0	0	0	0	0	0	0	0	0	0	0	9
<i>Saras Energia SAU</i>	3	4.76	0.15	0	3	11.14	0.32	4	0	0	0	0
<i>Saras Trading SA</i>	0	0	0	0	0	0.00	0.00	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>1.81</b>	<b>0.07</b>	<b>31</b>	<b>7</b>	<b>2.30</b>	<b>0.08</b>	<b>52</b>	<b>6</b>	<b>2.17</b>	<b>0.09</b>	<b>27</b>

6. Employees Injury Frequency Index: (No. injuries x 1,000,000/total No. worked hours).

7. Employees Lost Day Rate: (No. days lost due to injury x 1,000/total No. hours scheduled to be worked).

## INJURIES CLASSIFICATION FOR SARAS GROUP - 2020

Parameter	Total injuries recorded on the workplace			Injuries with serious consequences (excluding fatalities)	Injuries leading to fatalities	Total Frequency Index	Injury Frequency Index	First Aid Frequency Index	Frequency index for serious consequences	Frequency index for fatalities	Near miss
	Total	Injuries	First Aid								
<i>Saras Spa</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Sarlux Srl</i>	8	6	2	0	0	4.17	3.13	1.04	0	0	16
<i>Sartec Srl</i>	0	0	0	0	0	0	0	0	0	0	1
<i>Sardeolica Srl</i>	0	0	0	0	0	0	0	0	0	0	1
<i>Deposito di Arcola Srl</i>	0	0	0	0	0	0	0	0	0	0	9
<i>Saras Energia SAU</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Saras Trading SA</i>	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>6</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2.90</b>	<b>2.17</b>	<b>0.72</b>	<b>0</b>	<b>0</b>	<b>27</b>

With regard to the injury rates for contractors (which actually operate mainly at the Sarroch site), the figures are shown in the corresponding tables, and show a decreasing frequency index for contractors across the Group of 1.31 (compared with 1.65 in 2019).

Specifically, all 6 accidents happened to companies working inside the Sarlux plant. Of these, 3 were due to incorrect management of the job's risks, which is the sole responsibility of the contractor's employer. The remaining 3 can be traced

back to inattention. No accidents are attributable to Sarlux's failure to properly manage interference risks. As far as the gender breakdown is concerned, it can be seen that the 6 injured contractors are all men.

During 2020, 48 near misses were reported, resulting from continued awareness amongst contractors of the importance of immediate reporting of dangerous situations. These events are studied and analysed, allowing preventive measures to be put in place where deemed necessary.

## INJURY RATES - CONTRACTORS

Parameter	2018				2019				2020			
	Injuries	IF <sup>8</sup>	IG <sup>9</sup>	Near misses	Injuries	IF	IG	Near misses	Injuries	IF	IG	Near misses
<i>Saras Spa</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>Sarlux Srl</i>	6	1.43	0.08	10	9	1.67	0.05	48	6	1.32	0.08	47
<i>Sartec Srl</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>Sardeolica Srl</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>Deposito di Arcola Srl</i>	0	0	0	0	0	0	0	0	0	0	0	1
<i>Saras Energia SAU</i>	0	0	0	0	0	0	0	0	0	0	0	0
<i>Saras Trading SA</i>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>1.37</b>	<b>0.07</b>	<b>10</b>	<b>9</b>	<b>1.65</b>	<b>0.05</b>	<b>48</b>	<b>6</b>	<b>1.31</b>	<b>0.08</b>	<b>48</b>

8. Contractors Injury Frequency Index: (No. injuries x 1,000,000/total No. worked hours).

9. Contractors Lost Day Rate: (No. days lost due to injury x 1,000/total No. hours worked). Index calculated using hours worked, because only the actual hours worked by contractors are known.

Similarly to what has been reported for the Group's employees, the following table is introduced for FY 2020, which breaks down the injuries to employees

of contracting companies according to the type of severity.

### INJURIES CLASSIFICATION FOR CONTRACTORS - 2020

Parameter	Total injuries recorded on the workplace			Injuries with serious consequences (excluding fatalities)	Injuries leading to fatalities	Total Frequency Index	Injury Frequency Index	First Aid Frequency Index	Frequency index for serious consequences	Frequency index for fatalities	Near miss
	Total	Injuries	First Aid								
<i>Saras Spa</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Sarlux Srl</i>	15	6	9	0	0	3.31	1.32	1.98	0	0	47
<i>Sartec Srl</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Sardeolica Srl</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Deposito di Arcola Srl</i>	0	0	0	0	0	0	0	0	0	0	1
<i>Saras Energia SAU</i>	0	0	0	0	0	0	0	0	0	0	0
<i>Saras Trading SA</i>	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>15</b>	<b>6</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>3.27</b>	<b>1.31</b>	<b>1.96</b>	<b>0</b>	<b>0</b>	<b>48</b>

### HAZARDS AT WORK

The Saras Group adopts a precise methodology for identifying hazards in the workplace, so that residual risks can be carefully assessed, mitigated and managed. In particular, hazard identification takes place within the risk analysis and assessment process.

The methodology involves dividing workplaces into homogeneous areas to make the hazard analysis and subsequent risk assessment more precise, accurate, and targeted. For each of the areas thus identified, an inventory of hazards and their sources is made. In this phase, both hazards due to the working environment and those associated with the work methods are identified (task hazards).

The census takes into account those potential hazards that the analysis of the authors, the experience of the workers, historical data and the plant examination indicate as credible. For ease of classification and codification, the haz-

ards that exist within any industrial activity are grouped into five categories.

- Ordinary (sharp and/or injurious objects, working at high altitude, etc.)
- Ergonomic (manual handling of loads, incongruous working postures, etc.)
- Specific (physical agents, microclimate, ionising radiation)
- Process (Fire, explosion, etc.)
- Particulars (work-related stress, gender and age differences, etc.)

Finally, as part of the hazard census, depending on the type of working environment, a census is also carried out of any chemical, carcinogenic and mutagenic agents that may be present.

More details can be found in the DVR (Risk Assessment Document) and DUVRI (Single Document for the Assessment of Interference Risks), which are regularly prepared and updated.

## Employee health

For Saras Group, employees' health management is a highly relevant topic and is mainly carried out via three activities:

- managing emergencies, via the emergency services;
- mandatory health monitoring;
- the provision of benefits in the form of additional medical services, which are not required by legal obligations.

At the Sarroch site, mandatory health monitoring activities are carried out by the two competent doctors (ref. Article 41 of Legislative Decree no. 81/2008), together with a number of specialists who provide additional health care services, not required Legislative obligations. In particular, cardiologists, ophthalmologists and dentists are available to Sarlux and Sartec employees.

The health monitoring activities for employees of Saras (Milan headquarter), Deposito di Arcola (La Spezia) and Saras Energia (Spain) are under the care of specialists working at the respective relevant sites.

### *Mandatory health monitoring*

Mandatory health monitoring includes medical visits, blood chemistry checks, urinary metabolites check, spirometries to check lung function, eye exams, audiometry tests, and electrocardiograms.

Specifically, about 5,600 healthcare services were provided in 2020, of which 90% were provided at the subsidiary Sarlux, about 7% at the subsidiary Sartec, and the remainder divided between Saras (for employees based in Sarroch) and Sardeolica. It must be noted that the fluctuations in the number of activities between one reporting period to the next is due to the legal requirements around mandatory health monitoring. For some positions, monitoring is required every two years, whilst for others it is annual.

In accordance with the regulations in force on the occupational health and safety protection, and in particular with paragraph 1 of Article 243 of the Legislative Decree no. 81/08, workers exposed to carcinogens and mutagens shall be entered in a special register in which the activity carried out, the carcinogen or mutagen used and, where known, the level of exposure to that agent shall be recorded for each of them. This register, called the "Register of Exposed Persons", set up by the Employer, is periodically updated through the competent doctor.

### *Additional health services (benefits)*

The Group provides to its employees also numerous additional health services free of charge, in addition to those that are legally required. About 3,500 additional health services were provided in 2020, of which about 56% were dental care, 43% blood tests (PSA and/or lipid balance), and the remaining 1% was divided between cardiological and mammography services.





## PANDEMIA DA COVID-19 E AZIONI DEL GRUPPO SARAS

### The Covid-19 emergency

The virus originated in China and it began to spread in the fourth quarter of 2019; the first official case of contagion in Italy has been recorded on 20 February 2020 and, afterwards, it rapidly expanded to the entire planet, forcing the World Health Organization to declare the “pandemic” state on 11 March 2020.

Due to the virus’ high rate of contagiousness and death, all countries across the world were forced to implement extreme measures of confinement for large parts of their populations, including “lockdown” and closure of non-essential productive activities, commercial activities, recreational activities, restaurants, sport centres, etc.

The world economy was hardly struck, almost reaching a “stalemate”; people’s movements were reduced to the bare minimum, and global consumption of oil products shrank by more than 10% on a yearly basis, with a peak of more than 30% in the most severe moments of the emergency.

The consequence has been a triple-crisis: sanitary, economic, and social. Still nowadays, the outcome is quite uncertain. Indeed, thanks to the start of mass vaccination at the end of 2020, the defeat of the Covid-19 virus starts to appear possible; However, the timing is still unknown and highly dependent on various factors including, first and foremost, the production capabilities of the vaccine and the continuity in its distribution. Additionally, the actual effectiveness of the vaccination process and the duration of the immunisation window are still being studied.

### Saras measures in the Sarroch industrial site

During the entire health emergency, the Saras Group, with a deep sense of social responsibility, continued to play its fundamental role of strategic producer of fuels, refined oil products and electricity. Even in the most dramatic moments of the crisis, the Group managed to maintain in operations its industrial site in Sarroch, thus supporting the entire Country and

Sardinia in particular.

More precisely, Saras was capable of enacting rigorous prevention and risk management measures, as well as careful sanitary protocols, which allowed to keep the plants running. At the same time, operations were conducted while always safeguarding the health and safety of all the workers: both Saras personnel, and those belonging to third-party contractors working inside the Sarroch industrial site. Indirectly, those sanitary protocols were useful to also protect the inhabitants of the neighbouring towns.

In fact, during the large maintenance turnarounds (like the ones taking place between March and June 2020, while the pandemic was hitting the hardest), there is a significant increase in the number of third-party contractors, coming from all over Italy and abroad. Consequently, there is a surge in the number of workers accessing the Sarroch industrial site.

These workers find accommodation in the hotels of the neighbouring towns. They use local bars, restaurants, laundries, shops, etc. Therefore, avoiding contagion inside the industrial site, has been instrumental to protect all the local communities.

Additionally, keeping our plants in operation allowed to produce the essential electricity and fuels, which were badly needed to maintain the Country “switched-on”; in this way, Saras supported all critical sectors, such as agriculture, industry and services, as well as domestic consumption and the needs of the National Health Service, whose activities are crucial in the current situation.

Just like many other strategic Italian companies, Saras is very proud to have demonstrated, once again, the absolute importance to preserve a healthy national industry, which is capable of guaranteeing security and continuity of supply for energy and oil products, and to reduce dangerous dependencies from international imports.



### Measures undertaken in the other headquarters of the Group

Obviously, besides keeping in safe operations the Sarroch industrial site, Saras also guaranteed health and safety of its personnel in all other offices and headquarters, national and international, of the Group: Milan, Rome, Macchiareddu (Cagliari), Arcola, Ulassai, Geneva, Madrid and Cartagena.

Since the initial stages of the pandemic, the same sanitary protocols and behavioural norms have been adopted in all the offices and headquarters of the Group. More precisely, temperature measurements at arrival, free distribution of FFP2 masks, social distancing (by keeping empty desks in between used ones), hygiene and sanitary rules, disinfection of tools, desks and offices, positioning of sanitizing gel-dispensers in various common areas. Also, smart

working has been made available for approx. 40% of the Group's employees (i.e. almost the entire personnel with standard daytime working hours), thanks to the use of IT tools, which have been given to a vast majority of the workers. Furthermore, training activities have been rearranged to take place on a digital learning platform; meetings have been held online; all national and international business trips have been cancelled; and finally, access to the offices has been restricted to the Group's personnel only - no third-party visitors allowed.

Such sanitary measures are currently being used, and they shall remain in place until the virus will be finally defeated. The coming months will still be challenging, and Saras will continue to maintain high attention and commitment, with passion, responsibility, and resilience.





### Employees Welfare, Engagement, and Training

A health insurance policy has been activated in favour of all employees of the Italian subsidiaries of the Group, in order to cover medical expenses due to hospitalization, which could become necessary as a consequence of Covid-19 contagion. Such measure is particularly meaningful in the current context, because many insurance companies excluded Covid-19 from the health services under coverage.

Concerning training activities, the Group made a very timely switch from classic methodologies to “distant learning”; therefore, it was possible to continue the activities planned in the Learning & Development programme, concerning HSE training, technical-specialistic training and also leadership training, albeit in a limited manner.

Finally, great care has been given to communication activities towards the employees, using both emails and activities’ updates, posted on the company’s intranet.

### Social Responsibility and Solidarity

Saras supported various initiatives in favour of the National Health System, with the aim to contrast the Covid-19 emergency. Sizeable donations have been made to Lombardy Region, and also to Niguarda and Sacco Hospitals in Milan, and to Brotzu and SS Trinità Hospitals in Cagliari.

With its subsidiary Sarlux Srl, the Group provided the free supply of automotive fuel needed to ensure mobility and to cope with the emergency in the Metropolitan City of Cagliari.

In addition, during the period when there was a shortage on the market, the company donated a large number of face masks to the municipalities in the Sarroch industrial area, the Police department, and the Civil Protection Agency.

Group employees donated part of their salaries towards the purchase of essential diagnostic and treatment equipment, which has been donated to SS Trinità Hospital in Cagliari.

Finally, Saras gave its technological contribution to support education, by donating personal computers for online teaching to some middle schools in Milan and Sarroch.



## Human resources management

Commitment, professionalism, dedication and the honesty of its people are fundamental elements for the Saras Group to ensure the growth and prosperity of its business and of the local community.

Investing in people, including through initiatives that facilitate continuous learning and the ability to contribute to change, continues, therefore, to be crucial for ensuring the sustainability of our business and “undertaking together a Transformation that fundamentally drives improved value.”

To this end, Saras bases relations with people on transparency, integrity and mutual trust, commending the professionalism and merit of its employees, ensuring – without any discrimination – the possibility of professional growth and development, whilst respecting the principle of recognising contributions, through remuneration systems that are fair and suitable for the responsibilities assigned.

The Group is also constantly committed to promoting a work environment that feeds the sense of belonging to an organisation capable of increasing the value perceived by the community it belongs to.

Staff is selected based on the profiles of candidates matching the company’s needs, in accordance with the principles of transparency, fairness and equal opportunities.

Also for this matter, the reference documents are the Code of Ethics, the Policies and, in particular, the “Human Resources Process Guidelines”: this document, valid for all Group companies, aims to regulate the activities and processes related to the management of human resources, and the organisational system and internal communication. It also aims to identify the roles and responsibilities of the various actors involved in the Human Resources process.

Throughout 2020, human resources management was inevitably affected by the effects of the crisis induced by the Covid-19 pandemic, as detailed in the following paragraphs.

In particular, since the start of implementing the measures to contain the pandemic, introduced at the regional and national level, the Saras Group has made extensive use of smart working and the digital communication and collaboration tools already available. In this manner, employees at all Group locations could continue their work, hold meetings and participate in training activities from their homes.

Faced with the very challenging social, economic, and health situation, the refining industry was particularly penalised by the double effect of the drop in oil products’ consumption and the crude oil production cuts by OPEC+Russia countries. Therefore, the contraction of refining margins was the catalyst that led to the start of a profound transformation for the Saras Group, aimed at seeking operational and cost efficiency gains, which could then be put to good use when the company started up again.

In order to give maximum impetus to the transformation, a new Group organisation has been defined, capable of strengthening the business model, seizing the best opportunities in a strongly changing market, and achieving performance levels that guarantee value and sustainability.

In particular, the management of industrial operations at the Sarroch site, engineering services, and industrial technology activities have been centralised in the “Industrial” organisation, under a single coordination that enhances the skills spread across the Group, fuelling new and more effective synergies between work teams.

The management of the oil supply chain has been integrated into the “Commercial” organisation, to maximise the economic return on optimising the entire value chain by exploiting market opportunities and asset potential.

Finally, activities related to the energy transition have been incorporated into the "Energy & Sustainability" organisation, where they are integrated with the coordination of the subsidiary Sardeolica, the monitoring of strategic guidelines on refining and energy production, and planning, benchmarking, innovation, and development activities, to ensure the sustainability of the business.

A programme has also been designed and launched, which will continue into 2021, with reductions in operating costs, including through extraordinary measures, and anticipating rigorous choices to ensure the company's long-term sustainability.

As part of this programme, the temporary redundancy fund for Covid-19 was used, adopted in part from the end of October 2020 following a socially sustainable phasing-in approach. The temporary redundancy fund involves all Italian companies' employees in an equitable and distributed manner, consistent with the need to maintain work performance and appropriate asset management, which is essential to the continuity of operations and business.

Also, a plan was implemented that allowed for the recognition of significant incentives to accompany employees towards retirement and support those

who wanted to undertake a different professional or business activity. A total of 54 employees who ended their activity in the Group voluntarily joined it at the end of 2020.

Both actions were carried out in agreement with the trade union representatives who, fully aware of the extremely challenging environment, actively supported the programme, sharing its objectives and validity. The following figures and considerations illustrate the main aspects of human resources management in FY 2020.

It is important to note that, mainly due to the implementation of the termination plan with redundancy incentive, which took place during the last months of 2020, immediately after the year-end, a further 61 terminations were recorded on 1/1/2021. Thus, as of 1/1/2021, there were 1626 employees. A total of 144 employee terminations occurred between 1/1/2020 and 1/1/2021.

All the tables in the following paragraphs contain data referring to the situation as at 31 December 2020. For completeness, the commentary paragraphs also provide some comments on the development following the terminations of 1 January 2021.

## Workforce

At the end of 2020, the Group workforce totalled 1,687 employees, most of whom were based in Italy (95.9% of the total) and, in particular, in Sardinia (86.3%). Moreover, if reference is made to the situation following the 61 terminations on 1/1/2021, the Group's workforce amounts to 1,626 employees, of which 95.8% work in Italy and, in particular, 86% in Sardinia.

The Group company with the highest concentration of personnel is Sarlux Srl, which has a workforce of 1,144 employees at the end of 2020 (67.8% of the total), followed by the parent company Saras SpA with 279 employees (16.5%).

With reference to the situation following the 61 terminations as at 1/1/2021, Sarlux hired 1,100 employees (or 67.7% of the total), followed by the parent company Saras with 270 employees (or 16.6%).



## EMPLOYEES BY COUNTRY

Country	2018	2019	2020
<i>Italy:</i>	1,624	1,653	1,618
<i>Lombardy</i>	156	145	136
<i>Sardinia</i>	1,454	1,482	1,456
<i>Liguria</i>	14	15	15
<i>Lazio</i>	-	11	11
<i>Spain</i>	297	56	35
<i>Switzerland</i>	25	36	34
<b>Total</b>	<b>1,946</b>	<b>1,745</b>	<b>1,687</b>

## EMPLOYEES BY COMPANY

Company	2018	2019	2020
<i>Saras Spa</i>	263	266	279
<i>Sarlux Srl</i>	1,163	1,184	1,144
<i>Sartec Srl</i>	160	158	153
<i>Sardeolica Srl</i>	24	30	27
<i>Deposito di Arcola Srl</i>	14	15	15
<i>Saras Energia SAU</i>	297	56	35
<i>Saras Trading SA</i>	25	36	34
<b>Total</b>	<b>1,946</b>	<b>1,745</b>	<b>1,687</b>

Saras Group companies pay great attention to ensuring the development of professional skills that meet their production and organisational needs, intending to ensure that each employee's "employability" is sustainable over time. This also explains how 99.6% of the Group's workforce has a permanent employment contract.

At the end of the year, there were 228 female employees (13.5% of the total), of whom 225 (99%) had a permanent agreement, in line with the male percentage.

Following the 61 terminations as at 1/1/2021, there were 220 women (13.5% of the total workforce), of whom 218 (99%) had a permanent agreement, the same percentage as men.

## EMPLOYEES BY TYPE OF CONTRACT AND GENDER

Parameter	2018			2019			2020		
	F	M	Total	F	M	Total	F	M	Total
<i>Permanent</i>	350	1,534	1,884	236	1,490	1,726	225	1,455	1,680
<i>Fixed term</i>	30	32	62	3	16	19	3	4	7
<b>Total</b>	<b>380</b>	<b>1,566</b>	<b>1,946</b>	<b>239</b>	<b>1,506</b>	<b>1,745</b>	<b>228</b>	<b>1,459</b>	<b>1,687</b>

## EMPLOYEES BY TYPE OF CONTRACT AND REGION

Parameter	2018			2019			2020		
	Perma- nent	Fixed term	Total	Perma- nent	Fixed term	Total	Perma- nent	Fixed term	Total
<i>Italy:</i>	1,597	27	1,624	1,636	17	1,653	1,611	7	1,618
<i>Lombardy</i>	152	4	156	143	2	145	134	2	136
<i>Sardinia</i>	1,431	23	1,454	1,467	15	1,482	1,451	5	1,456
<i>Liguria</i>	14	0	14	15	0	15	15	0	15
<i>Lazio</i>	-	-	-	11	0	11	11	0	11
<i>Spain</i>	262	35	297	55	1	56	35	0	35
<i>Switzerland</i>	25	0	25	35	1	36	34	0	34
<b>Total</b>	<b>1,884</b>	<b>62</b>	<b>1,946</b>	<b>1,726</b>	<b>19</b>	<b>1,745</b>	<b>1,680</b>	<b>7</b>	<b>1,687</b>

Also, from the point of view of the type of employment contract, the Group shows a certain homogeneity: 93% of women and virtually all men have a full-time working contract. Furthermore, where the conditions are right, the Group is committed to meeting requests for part-time employment.

With regard to the situation following the 61 terminations as at 1/1/2021, the distribution between full-time and part-time employees remained unchanged compared to the end of 2020.

## EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER

Parameter	2018			2019			2020		
	F	M	Total	F	M	Total	F	M	Total
<i>Full time</i>	354	1,565	1,919	217	1,505	1,722	211	1,457	1,668
<i>Part time</i>	26	1	27	22	1	23	17	2	19
<b>Total</b>	<b>380</b>	<b>1,566</b>	<b>1,946</b>	<b>239</b>	<b>1,506</b>	<b>1,745</b>	<b>228</b>	<b>1,459</b>	<b>1,687</b>

## Diversity and equal opportunities

**The Saras Group respects the principle of equal opportunities and is committed to avoiding any kind of discrimination**

An analysis of the breakdown by category and gender shows that the largest proportion of the Group's workforce is male (86.5%), which remained constant as at 1/1/2021. This figure is influenced by

the "Blue Collar" category, which is almost entirely employed in the Sarroch industrial site. On the other hand, the data on the clerical and managerial components ("Middle Managers", "Directors and Managers") show a higher presence of women, especially in the segment of employees with a university degree, whose trend has been increasing in recent years.

### PERCENTAGE OF EMPLOYEES DIVIDED BY CATEGORY AND GENDER 2020

Parameter	Italy + Switzerland		Spain		Total		%	
	F	M	F	M	F	M	F	M
<i>Directors and managers</i>	10	47	1	2	11	49	18%	82%
<i>Middle managers</i>	59	222	0	0	59	222	21%	79%
<i>White collars</i>	136	807	19	5	155	812	16%	84%
<i>Blue collars</i>	2	369	1	7	3	376	1%	99%
<b>Total</b>	207	1,445	21	14	228	1,459	14%	86%
	1,652		35		1,687		100%	

### FEMALES WITH UNIVERSITY DEGREE IN ITALY + SWITZERLAND

Parameter	2018	2019	2020
% of females holding Uni. Degree vs. Total employees holding Uni. Degree	28.9%	29.7%	30.8%

### PERCENTAGE OF EMPLOYEES DIVIDED BY CATEGORY AND AGE 2020

Parameter	Italy + Switzerland			Spain			Total			Total %		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
<i>Directors and managers</i>	0	22	35	0	3	0	0	25	35	0%	42%	58%
<i>Middle managers</i>	0	131	150	0	0	0	0	131	150	0%	47%	53%
<i>White collars</i>	30	643	270	1	20	3	31	663	273	3%	69%	28%
<i>Blue collars</i>	55	280	36	1	4	3	56	284	39	15%	75%	10%
<b>Total</b>	85	1,076	491	2	27	6	87	1,103	497	6%	65%	29%
	1,652			35			1,687			100%		



From the point of view of age groups, at the end of FY 2020, employees between 30 and 50 years of age represented the largest component of the Group (65.4% of the total). In the 'White Collar' and 'Blue Collar' categories, the majority of employees fall into the 30-50 age bracket, whilst there are 53.4% and 58.3% of employees over 50 years of age in the 'Middle Management' and 'Directors and Managers' categories, respectively. In general, the average age of the Group is 45.4 years old.

With reference to the situation following the 61 terminations as at 1/1/2021, employees between 30 and 50 years of age continue to represent the largest component of the Group (67.2% of the total). In the 'White Collar' and 'Blue Collar' categories, the majority of employees are in the 30-50 age bracket, whilst there are 51.7% and 56.1% of employees over 50 years of age in the 'Middle Management' and 'Directors and Managers' categories, respectively. In general, the average age of the Group is 44.9 years old.

No incidents of discrimination were identified in 2020.

## Turnover

In 2020, there were 25 new hires (1.48% of the to-

tal number of employees); amongst the new hires, 60% were under 30 years of age. From a gender point of view, 76% of the hires were men and the remaining 24% were women, a distribution resulting from the fact that the main reason for hiring during the year was to fill operational positions.

In 2020, there were 83 exits<sup>10</sup> from the Group (of which 56 in the Italian companies), mainly due to retirements and terminations with accompanying retirement and the finalisation of the sale of the network of service stations of the subsidiary Saras Energia, which started in 2019 and continued during 2020.

The turnover rate as at 31 December 2020 (% terminations vs. total workforce at year-end) in Italy and Switzerland stood at 3.5%, with most terminations occurring in the over-50 age bracket. In Spain, the turnover rate was 1.4%, mainly due to the aforementioned finalisation of the sale of service stations.

In particular, in the operationally significant location<sup>11</sup> for the Group, the percentage of senior management<sup>12</sup> belonging to the local community identified (i.e. born or living most of the time in Sardinia), is 90%.

### NUMBER AND PERCENTAGE OF NEW HIRES BY AGE

Parameter	2018				2019				2020			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
<i>Italy + Switzerland</i>	22	26	9	57	57	37	3	97	15	7	0	22
<i>Spain</i>	42	78	14	134	12	31	6	49	0	2	1	3
<b>Total</b>	<b>64</b>	<b>104</b>	<b>23</b>	<b>191</b>	<b>69</b>	<b>68</b>	<b>9</b>	<b>146</b>	<b>15</b>	<b>9</b>	<b>1</b>	<b>25</b>
<b>% vs. total workforce</b>	<b>3.29%</b>	<b>5.34%</b>	<b>1.18%</b>	<b>9.82%</b>	<b>3.95%</b>	<b>3.90%</b>	<b>0.52%</b>	<b>8.37%</b>	<b>0.89%</b>	<b>0.53%</b>	<b>0.06%</b>	<b>1.48%</b>

10. The 2020 figure includes a termination that occurred in December 2019 and was recorded in the company's systems during 2020.

11. For the Group, the industrial site of Sarroch, belonging to the wholly-owned subsidiary Sarlux, was considered an "operationally significant location", as it is the heart of all production activity with the largest number of employees located in the same workplace.

12. Senior management refers to managers or other senior positions in the organisation, the Chief Executive Officer and their first and second reports.

## NUMBER AND PERCENTAGE OF NEW HIRES BY GENDER

Parameter	2018			2019			2020		
	F	M	Total	F	M	Total	F	M	Total
<i>Italy + Switzerland</i>	17	40	57	18	79	97	5	17	22
<i>Spain</i>	77	57	134	31	18	49	1	2	3
<b>Total</b>	<b>94</b>	<b>97</b>	<b>191</b>	<b>49</b>	<b>97</b>	<b>146</b>	<b>6</b>	<b>19</b>	<b>25</b>
% vs. total workforce	4.83%	4.98%	9.82%	2.81%	5.56%	8.37%	0.36%	1.13%	1.48%

## TURNOVER BY AGE

Parameter	2018				2019				2020			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
<i>Italy + Switzerland</i>	5	18	20	43	7	12	38	57	4	12	43	59
<i>Spain</i>	40	88	18	146	20	190	80	290	1	20	3	24
<b>Total</b>	<b>45</b>	<b>106</b>	<b>38</b>	<b>189</b>	<b>27</b>	<b>202</b>	<b>118</b>	<b>347</b>	<b>5</b>	<b>32</b>	<b>46</b>	<b>83</b>
% total workforce Italy + Switzerland	0.26%	0.92%	1.03%	2.21%	0.40%	0.69%	2.18%	3.27%	0.24%	0.71%	2.55%	3.50%
% total workforce Spain	2.06%	4.52%	0.92%	7.50%	1.15%	10.89%	4.58%	16.62%	0.06%	1.19%	0.18%	1.42%
% total workforce	2.31%	5.45%	1.95%	9.71%	1.55%	11.58%	6.76%	19.89%	0.30%	1.90%	2.73%	4.92%

% terminated vs. total workforce at year end

## TURNOVER BY GENDER

Parameter	2018			2019			2020		
	F	M	Total	F	M	Total	F	M	Total
<i>Italy + Switzerland</i>	5	38	43	6	51	57	6	53	59
<i>Spain</i>	84	62	146	178	112	290	12	12	24
<b>Total</b>	<b>89</b>	<b>100</b>	<b>189</b>	<b>184</b>	<b>163</b>	<b>347</b>	<b>18</b>	<b>65</b>	<b>83</b>
% total workforce Italy + Switzerland	0.26%	1.95%	2.21%	0.34%	2.92%	3.27%	0.36%	3.14%	3.50%
% total workforce Spain	4.32%	3.19%	7.50%	10.20%	6.42%	16.62%	0.71%	0.71%	1.42%
% total workforce	4.57%	5.14%	9.71%	10.54%	9.34%	19.89%	1.07%	3.85%	4.92%

% terminated vs. total workforce at year end

## TOTAL AND PERCENTAGE OF NEW HIRES AND DEPARTURES BY REGION 2020

Parameter	Hires		Departures	
	n.	%	n.	%
<i>Sardinia</i>	14	0.83%	46	2.73%
<i>Lombardy</i>	5	0.30%	9	0.53%
<i>Liguria</i>	1	0.06%	1	0.06%
<i>Lazio</i>	1	0.06%	0	0.00%
<i>Switzerland</i>	1	0.06%	3	0.18%
<i>Spain</i>	3	0.17%	24	1.42%
<b>Total</b>	<b>25</b>	<b>1.48%</b>	<b>83</b>	<b>4.92%</b>



### Absenteeism

Concerning the company's absenteeism rate, it was calculated as the ratio between days of absence and the total number of theoretical workable days, also taking into account the differences in the total number of theoretical workable days amongst daily staff and shift staff (251 and 219 in Italy respectively).

The calculation excludes justifications of absence such as holidays, recovery of unpaid overtime hours, service reasons, business trips, and generally all types of compulsory abstention from work; on the other hand, all other justifications are included in calculating the absenteeism rate.

As seen in the following table, with regards to the financial year 2020, absenteeism rates ranging between 2.6% and 5.4% were recorded in the various companies of the Saras Group.

Sarlux's daily personnel absenteeism rate is higher in 2020 than in 2019 due to the use of paid leave, granted during the lockdown for the period needed to enable employees to use smart working.

### ABSENTEEISM RATE BY COMPANY 2020

Company	Daily / Shift Workers	Days of Absence	Theoretical Workable days	Average Annual Number of Employees	Absenteeism Rate (%)	Weighted Average by Company (%)
Saras Spa	D	1,996.96	251	237	3.36	3.33
	S	0.00	219	2	0.00	
Sarlux Srl	D	7,163.47	251	464	6.15	5.44
	S	7,485.64	219	688	4.97	
Sartec Srl	D	1,568.19	251	154	4.06	
Sardeolica Srl	D	322.77	251	29	4.43	
Deposito di Arcola Srl	D	0.00	251	2	0.00	2.59
	S	85.12	219	13	2.99	
Saras Energia SAU	D	459.00	251	26	7.03	4.62
	S	17.00	252	15	0.45	
Saras Trading SA	D	59.00	251	27	0.87	

### Workforce education level

Concerning the education level of the Group's employees, the data in the table below show that 28.7% have a qualification equal to or higher than the University degree, 67.0% have at least a high school diploma and only 4.3% have a qualification below a diploma.

Focusing on the types of university degrees, the table shows the breakdown by area of study: as expected, the data show that the majority of degrees (75.8%) are technical-scientific, 18.6% are economic, legal, or political, and 5.6% humanistic.

### EMPLOYEES BY QUALIFICATION 2020

Parameter	University degree		High school diploma		Middle school certificate		Primary school certificate		Total
	n.	%	n.	%	n.	%	n.	%	n.
Saras Spa	156	56%	114	41%	9	3%	0	0%	279
Sarlux Srl	170	14.9%	919	80%	54	5%	1	0.1%	1,144
Sartec Srl	94	61.3%	55	36%	3	2%	1	0.7%	153
Sardeolica Srl	6	22%	21	78%	0	0%	0	0%	27
Deposito di Arcola Srl	0	0%	13	87%	2	13%	0	0%	15
Saras Energia SAU	27	77%	6	17%	2	6%	0	0%	35
Saras Trading SA	32	94%	2	6%	0	0%	0	0%	34
<b>Total</b>	<b>485</b>	<b>28.7%</b>	<b>1,130</b>	<b>67.0%</b>	<b>70</b>	<b>4.2%</b>	<b>2</b>	<b>0.1%</b>	<b>1,687</b>

## EMPLOYEES BY TYPE OF UNIVERSITY DEGREE 2020

Parameter	Law/Politics/ Economics		Engineering/ Architecture		Sciences		Humanities		Total
	n.	%	n.	%	n.	%	n.	%	n.
<i>Saras Spa + Sarlux Srl</i>	63	19%	193	59%	52	16%	18	6%	326
<i>Sartec Srl</i>	2	2%	66	70%	25	27%	1	1%	94
<i>Sardeolica Srl</i>	0	0%	4	67%	2	33%	0	0%	6
<i>Deposito di Arcola Srl</i>	0	0%	0	0%	0	0%	0	0%	0
<i>Saras Energia SAU</i>	12	44%	6	22%	7	26%	2	7%	27
<i>Saras Trading SA</i>	13	41%	13	41%	0	0%	6	19%	32
<b>Total</b>	<b>90</b>	<b>18.6%</b>	<b>282</b>	<b>58.1%</b>	<b>86</b>	<b>17.7%</b>	<b>27</b>	<b>5.6%</b>	<b>485</b>

### Remuneration systems

Considering the high level of education, skills and professionalism required to the staff working in the Oil & Gas sector, the Energy and Oil National Collective Labour Agreement (NCLA) and the subsequent second-level negotiation agreements, also typical of this agreement, places the Group's wage levels to which this NCLA applies at the high end of the market, at values comparable with those of other national competitors, periodically checked through benchmarks made by external companies specialised in such kind of comparisons. Contractual wage levels are applied indifferently to all staff, strictly following the contractual arrangements, without any form of discrimination.

For staff employed in Italy, remuneration at first entry in the Group is higher than a value that ranges from a minimum of 14% to a maximum of 19% as defined by the reference NCLA, as a result of

the second-level negotiation with Trade Union Parties, which takes into account the different factors linked to the Group's overall productivity, including the achievement of particular operational objectives that the organisation intends to pursue (both operational and ESG), and, on the other, the individual contribution of each employee, connected to the continuity of the service provided and presence at the workplace.

As far as the subsidiary Sartec is concerned, the Metal and Mechanical NCLA ("Metalmeccanici") applies, supplemented by second-level company bargaining.

Finally, the Spanish company also complies with national regulations establishing minimum wage levels, which are updated annually for Spain's personnel.



## Welfare

Attention to our people's wellbeing is an element that has always characterised the management of the Group, and the range of welfare services offered by the Group companies has been enriched and made increasingly articulated over time.

Because of the second-level negotiations, in particular, there is a structured welfare services plan able to meet key needs of Saras and Sarlux employees and their families. The main areas of such services are:

- health and social assistance through a fund, financed by the company and workers, which makes contributions and reimbursements for medical expenses or specialist visits;
- a contribution to the legitimate heirs or executors in the event of the employee's death, even when they are away from their place of work;
- medical assistance and health prevention services additional to mandatory health monitoring (see section "Health and Safety");
- social assistance service guaranteed by qualified personnel;
- occupational and non-occupational accident insurance;
- subscriptions to public transport systems (consortium in Sardinia, public transport companies in Milan);
- canteen at the Sarroch industrial site, with meals provided also on continuous and rotating shifts and meal vouchers at other sites;
- merit scholarships, holiday camps and study trips, including abroad, for employees' children.

In 2020, the use of the platform provided by a leading company in the industry was confirmed to be used to benefit from welfare goods and services by all Saras and Sarlux employees who decided to transform all or part of their performance bonus into welfare services and by all Sartec employees who receive the welfare portion included in the NCLA Metalmeccanici (for workers of the Metal and Mechanical industry).

In the middle of the year, as part of a gradual extension of the Group's choice already implemented for the Milan, Rome, Geneva, and Madrid sites, the new flexible work management system was also

introduced at the Sartec and Sardeolica sites in Macchiareddu, based on empowering people and designed to encourage a better balance between professional and personal life.

During 2020, the migration from the paper meal voucher and ticket system to the electronic meal voucher system was carried out. In this way, the company passed on to its employees all the benefits deriving from the legislation that came into force on 1 January 2020, which facilitates the use of electronic "meal vouchers". The nominal value of the voucher was consequently increased by about 20%.

In line with our Company's constant focus on the health of our employees, insurance coverage has been taken out for employees of the Group's Italian companies for any cases of hospitalisation following a positive test for Covid-19. This insurance, renewed in 2021, includes the payment of a hospitalisation allowance, a post-hospitalisation daily allowance and a post-hospitalisation telephone helpline.

Due to the ongoing pandemic, the usual Kinderheim stays and study trips for employees' children could not be carried out.

Finally, the company welfare system includes a wide range of other institutions to facilitate employees' work-life balance, such as the possibility of taking advantage of subsidised loans and agreements with insurance companies and banks and the personal parcel collection service in some offices. In particular, the latter service, already present at the Milan office, was extended in 2020 to the Sartec offices in Macchiareddu.

## Voluntary Social Security

In all companies of the Saras Group the most used supplementary pension fund is Fondenergia. In 2020, 1,228 Saras and Sarlux employees (excluding directors) were enrolled in Fondenergia out of a total of 1,377 employees, representing 89% of the population of the two companies. For all those who joined Fondenergia after 1 January 2017, 100% of their vested severance indemnity (TFR) is bestowed to the fund.



## NON-WORK ACTIVITIES FOR THE BENEFIT OF EMPLOYEES AND THE LOCAL COMMUNITY

Active since 1974, the Company Staff Recreation Group (CRAL) involves all Saras Group companies, and it aims to promote recreational, cultural, tourist and sports activities for employees and their families, as well as a huge number of social and charitable initiatives.

The initiatives are funded by individual registration fees and company contributions, which are decided each year based on the quality of the initiatives proposed. Public and private donations are also used to fund programmes on occasion.

In accordance with the traditional activities carried out by most of the recreational clubs, the Saras CRAL also provides registered members with a varied range of discounts on goods and services (holiday discounts, discounted tickets and subscriptions to theatre and cinema, etc.)

In 2020, the CRAL had 1,024 registered mem-

bers, of which almost half of them are supporters of individual specialist sports sections (sailing, canoeing, running, soccer, tennis, cycling, boxing, windsurfing, go-karting) and sections encompassing music, food, travel and tourism, bridge, photography and volunteering.

After the first 2 months of regular activity, the programme of entertainment initiatives offered by the CRAL had to be suspended on various occasions during the year, and some adjustments had to be done, in order to fully comply with the new laws and regulations issued to prevent the spread of Covid-19 contagion.

During summer it was again possible to organize some outdoor events (music and theatre) in dedicated areas of the CRAL premises, with all the precautionary measures in place, to protect health of the participants. These events allowed the registered members of the CRAL to meet again, and spend some pleasant time together, after the previous periods of lockdown.

## Training and development

The Saras Group companies firmly believe that development, training and improving the skills and capabilities of their employees is a lever to create value, not only for the individuals and for the Group, but more generally for the economic systems and the communities in which they operate.

Strengthened by this belief, the Group proposes training, improvement and development plans for human resources, capable of fostering internal growth in line with the policies, company reference values and the personal and professional characteristics specific to its people.

The **Learning & Development** process is described in the Policy section "**Our people**" and within the "**Human Resources Process Guideline**". The annual knowledge and skills development activities, represented in the Learning & Development Training Plan, include actions and programmes available to all people and create the conditions to promote "learning by doing" (i.e. learning whilst working concretely) as a powerful tool for preparation and growth.

The approach is always based on the development of "**Learning Agility**", i.e., the ability to undertake autonomous learning pathways and acquire knowledge and skills, raising awareness of the importance of being authors of one's development.

The main macro-areas of activities are:

- **development of specialised technical skills:** training activities aimed at specific professional figures, to develop specialised technical skills;
- **development of "soft skills" and managerial skills:** training activities intended to develop cross-disciplinary skills for several corporate roles, linked to the approaches and behaviours that accompany the exercise of managerial skills in line with corporate strategies and values.
- **compliance training:** training and guidance activities on topics governed by legal requirements/external bodies (e.g. HSE training, training, training deriving from certification requirements, etc.).

2020 represented the year of the digital learning platform testing and created the foundations for the launch of the Saras Academy, in perfect timing with the need to reshape how training is delivered, triggered by the Covid-19 pandemic and the sudden lockdown that followed.

At the same time, the digital learning platform "SarasLearning" became the training environment in which the Group's personnel could access all the content for the development of technical, managerial and soft skills.

Saras and its consultants have made a significant effort to convert and reorient, in digital logic, to conduct and manage the classroom and the development of teaching materials and tools.

This allowed continuity to be provided for the main projects underway, particularly concerning the technical-specialist training needed to put the investment measures into operation and the training for the position of young operators hired by the subsidiary Sarlux Srl at the beginning of 2020.

Also, in terms of digitisation of learning environments, the personnel made a distinctive contribution by taking the opportunity to capitalise on their own expertise and experience and transform it into learning content through digital learning tools.

Mention should be made of the "Learning Cards" project through which a shared methodology has been developed within the Group, which allows the creation of micro-learning content to design paths that can be used autonomously on SarasLearning.



TOTAL TRAINING HOURS			
Parameter	2018	2019	2020
<i>Saras Spa</i>	3,150	2,848	3,120
<i>Sarlux Srl</i>	38,300	44,980	46,850
<i>Sartec Srl</i>	5,204	7,315	4,049
<i>Sardeolica Srl</i>	2,085	3,037	1,819
<i>Deposito di Arcola Srl</i>	304	970	273
<i>Saras Energia SAU</i>	938	615	1,129
<i>Saras Trading SA</i>	324	586	154
<b>Total</b>	<b>50,305</b>	<b>60,351</b>	<b>57,394</b>

In 2020, for the first time, all Group employees were offered the opportunity to learn and update their foreign language skills, with the main focus on English, through free full-time access to a language learning platform.

At the beginning of the year, project work was held on the development of Project Management Skills, launched in 2019, and carried out in collaboration with the Polytechnic University of Milan.

The Group, even more so in the pandemic environment, has continued to invest in its leaders' managerial skills through paths aimed at leadership development, individual coaching, and the path for People Managers.

Again as part of the Learning Agility approach, people were invited to learn more about the content available on SarasLearning or redirected to other platforms to acquire tools and valuable information for tackling and managing the life and work issues triggered by the pandemic (working safely, working and managing people in smart-working and, more generally, the whole world of soft skills).

In order to make it easier to keep up to date and constantly compare political, economic, and financial trends, Saras' managers were able to participate in the calendar of Ambrosetti meetings, which in 2020 were held as live webinars.

Compliance training in Privacy (following the entry into force of the GDPR) and the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 is always available to everyone on SarasLearning, and is also an integral part of the on-boarding course on SarasLearning attended by all new employees.

In summary, it can be said that the timeliness with which the training management and methodology delivery was reviewed made it possible to follow up on a selection of initiatives foreseen in the Learning & Development Plan, postponing others to more favourable seasons.

## HOURS OF HSE TRAINING

Parameter	2018	2019	2020
<i>Environment</i>	3,946	3,387	2,472
<i>Health and safety</i>	23,816	19,986	9,996
<b>Total</b>	<b>27,762</b>	<b>23,373</b>	<b>12,468</b>

## AVERAGE HOURS OF TRAINING BY GENDER

Parameter	2018			2019			2020		
	F	M	Total	F	M	Total	F	M	Total
<i>Saras SpA</i>	11	13	12	10	11	11	7	14	11
<i>Sarlux Srl</i>	26	33	33	26	39	38	21	41	40
<i>Sartec Srl</i>	39	30	33	51	45	46	26	26	26
<i>Sardeolica Srl</i>	26	99	87	177	102	115	62	64	63
<i>Deposito di Arcola Srl</i>	4	23	22	24	71	67	0	20	18
<i>Saras Energia SAU</i>	2	4	3	4	5	4	31	19	26
<i>Saras Trading SA</i>	7	16	13	41	7	19	11	1	4
<b>Total</b>	<b>12</b>	<b>29</b>	<b>26</b>	<b>21</b>	<b>36</b>	<b>33</b>	<b>17</b>	<b>36</b>	<b>33</b>

## AVERAGE HOURS OF TRAINING BY PROFESSIONAL CATEGORY

Parameter	2018				2019				2020			
	Director	Manager	White collar	Blue collar	Director	Manager	White collar	Blue collar	Director	Manager	White collar	Blue collar
<i>Saras SpA</i>	18	18	7	-	10	14	9	-	26	15	6	
<i>Sarlux Srl</i>	48	34	30	37	20	20	30	63	9	28	28	69
<i>Sartec Srl</i>	12	23	36	11	98	49	46	28	14	29	26	5
<i>Sardeolica Srl</i>	-	57	43	123	-	72	44	168	-	48	32	82
<i>Deposito di Arcola Srl</i>	-	-	25	10	-	-	49	127	-	-	1	54
<i>Saras Energia SAU</i>	26	29	4	1	8	-	15	-	34	-	30	5
<i>Saras Trading SA</i>	6	27	-	-	13	-	21	-	16	-	1	-
<b>Total</b>	<b>22</b>	<b>28</b>	<b>25</b>	<b>27</b>	<b>14</b>	<b>21</b>	<b>28</b>	<b>55</b>	<b>21</b>	<b>25</b>	<b>23</b>	<b>66</b>

Finally, **in the area of HSE training**, training hours in 2020 were practically halved compared to previous years, which were characterised by the expiry of legal training obligations and courses for personnel coming from the acquisition of the Versalis business unit, and were also affected by the limitations on classroom time imposed by the Covid-19 pandemic. Specifically, occupational health and safety training activities in FY 2020 concerned:

- general training for the recruitment of new personnel (both first-time employees and from other companies);
- specific training and special additional training for those who require it (signing of work permits, additional special training for supervisors, emergency team, tower crane operating personnel, electrical operating personnel, etc.) both for initial appointments made necessary by job changes and new additions and for periodic updates as required by the State-Regions Agreement (ASR) or other applicable regulations;
- training of all personnel involved in the Emergency Plan;
- simulation of incidental scenarios from the Safety Report;
- specific training for workers who may work in a potentially polluted or confined environment;
- and finally, information on Major Accident Hazards (Legislative Decree 105/15) via 4 online forms distributed to all personnel.

Finally, in FY 2020 around 15,000 hours of training (entry courses, work permit qualification, access to confined spaces and shut-downs) were provided to contractors who operate at the Sarlux site.

The drop in hours in 2020 (compared to around 22,000 in 2019) is mainly due to the Covid-19 pandemic. In fact, due to restrictions, since March, classroom sessions have been replaced by recorded video courses, which can also be used remotely but are shorter in duration. In addition, the number of people involved was limited, as fewer people from contractors were involved in maintenance activities during planned maintenance turnarounds.

## Employee engagement and internal communication

In the first months of 2020, two initiatives launched in the previous year were continued, also to increase employee engagement:

- the **Induction programme**, with the presentation of the "Learning by moving and experimenting" project, designed to offer the young colleagues involved an opportunity to learn on the job in areas of the Group other than their own, whilst keeping the spirit of the Group alive;
- the **Job Posting**, which was already well received in 2019 and made it possible to make use of the experience and skills present in the Group to meet organisational needs, offering employees new opportunities for professional development and growth.

Both projects were suspended in view of the situation related to the Covid-19 pandemic and its impact on the organisation. Subsequently, Job Posting was reactivated in December 2020, in a way that could be more suitable for the changed environment, to respond to the need to fill the most critical vacancies.

Since the onset of the emergency, internal communication has focused on informing employees, keeping them involved and upholding the value of the organisation's unity. Regular communication activities were carried out to inform about the new working methods and measures to counter the spread of the virus, for which mainly e-mail was used, given the need to reach all colleagues via any device and at any time. At the same time, an area of the intranet was set up to collect all communications for easy retrieval and consultation.

With more than 600 of the Group's employees in smart-working mode, the "People Managers" role was crucial in developing employees' autonomy and accountability, keeping teams cohesive, motivated, and aligned towards objectives, in a wholly new and unexpected environment for everyone.

In several meetings with the Group's management, the Chief Executive Officer wanted to convey confidence and appreciation for how people had been able to cope with the change imposed by the emergency and share the main elements of the scenario and the guidelines for the following months.

Several activities were promoted to support "People Managers", which strengthened and increased the skills needed to manage employees in a complex and articulated environment and deal in the best possible way with the intense contradictions of the period whilst maintaining a high level of motivational involvement of everyone.

In early June, the video 'Ready to change' was released, highlighting each employee's ability and the organisation as a whole to change, which is undoubtedly essential for the future. This initiated the communication accompanying the return to the premises after the lockdown, aimed above all at preparing those who had worked from home, returning to the headquarters, and ensuring that everyone was kept up to date on the evolution of health protection rules.

During the year, thanks to the availability of effective communication technologies, several initiatives were also carried out, mainly aimed at supporting the transformation through the dissemination and sharing of strategies and objectives, values, culture, and, more generally, valuable information for involving employees in the achievement of corporate objectives.

The introduction of the new system of work flexibility at the Sartec sites in Macchiareddu was accompanied by a meeting open to all employees involved, in which the main innovations, and the reasons behind them, were explained.

With the launch of the newsletter called "Digital-News", the Digital Saras website was published. This is a new space for information on innovation and digitalisation, online and accessible to Group employees, where progress, news, and links to the innovative applications developed are periodically reported so that everyone can be updated and participate in the change process.

At the end of July, an online meeting was held with the Group's top-level People Managers. The CEO presented the new organisation, designed to implement the transformation needed to face future challenges, taking into account recent market developments and the energy scenario's outlook.

Following the decision to use the temporary redundancy fund, employees were invited to attend a meeting with the CEO and the Executive Committee, broadcasted online, during which the market scenario and the crisis in the sector were described, and the cost reduction programme and the justification for the adoption of the temporary redundancy fund were presented, with plenty of time dedicated to answer questions from the participants.



## Trade Union Relations

Saras Group maintains an open, transparent and continuous dialogue with trade union organisations, in order to promote a constructive climate and one of mutual responsibility.



The correct management of relations with trade union organisations is assured by promoting regular information, consultation and negotiation activities in line with the company's policies, the Code of Ethics and the national reference legislative framework.

In the wider context of industrial relations, the Group constantly strives to maintain an open dialogue with business associations and institutional stakeholders on matters regarding benefits, welfare and employment in the countries where it is present.

The principles that drive these relations are further specified in the chapter dedicated to Human Resources, in particular in the sections "**Our people**" and "Our stakeholders". The process of managing industrial relations is described and formalised in the section "Our people" of the Policies and in the "**Human Resources Process Guidelines**".

Relations with trade unions (both at local and regional level) are developed by the company's departments responsible for ensuring the uniqueness and consistency of messages with business strategies and objectives, not discriminating any stakeholder, so long as they are expressed through processes involving the constitution of democratic representation and in line with the rules in force. Relations that enable mutual interests and positions to be presented in a transparent, thorough and consistent manner, avoiding all forms of collusion.

In **Italy** - in particular, at the industrial site in Sarroch - the trade union negotiations, which have a significant impact on the organisation of work, normally involve discussions with the Unitary Trade Union Representative (RSU) and, when required by the nature of the topic, the activation of the appropriate mixed trade union and company technical committees.



Also, in **Spain**, the chosen model of relations with the trade unions resulted in each significant operational or organisational change falling under “*Modificaciones sustanciales de las condiciones de trabajo*”, as defined by the labour legislation.

In the first few months of 2020, activities with the trade unions focused on reorganising the Shipping and Utilities areas of the Impianti Sud at the Sarroch site, in order to meet the new operating requirements associated with bunkering activities, and to continue with the efficiency recovery initiatives. At the same time, the company shared with the trade unions all organisational and management procedures to be adopted during the major turnarounds that affected the site during the year (FCC, ALKY, BD, T1, MHC, TARGAS plants).

The management of the pandemic crisis strongly influenced labour relations in the remainder of 2020. First of all, a joint committee was established between company management and RSU/RLSA to define all measures to contain the spread of the virus.

At the same time, several management actions were implemented during the year through the signing of specific trade union agreements relating to:

- scheduling of collective holidays and use of residual holidays accrued in previous years;
- use of the temporary redundancy fund (CIG Covid-19), for limited periods of suspension from work;

- consensual terminations with redundancy incentives and the possibility of using the NASPI allowance;
- internalisation of management activities for the sulphur pastille production units.

These actions were carried out for practically all the Italian companies of the Group, in agreement with the trade union representatives who, aware of the exceptionally challenging situation, shared the purpose and supported the completion.

In particular, the temporary redundancy fund for Covid-19 was introduced gradually (in terms of days) starting from the end of October 2020, with a socially sustainable approach: in fact, the suspension of work affected the employees of all Italian companies in a fair and distributed manner, consistent with the need to preserve work performance and the appropriate management of assets, essential for the continuity of operations and business.

Despite the difficult environment, in July the 2020 productivity and profitability KPIs for the Result Bonus were defined and agreed with the trade unions.

As part of the gradual implementation of an agile organisation and to make technical coordination of the Sarroch site assets more effective, an agreement was signed in December defining the new role of Site Technician within Industrial Operations, combining the positions of Service Technician and Shift Technician.



# SUSTAINABLE ENERGY

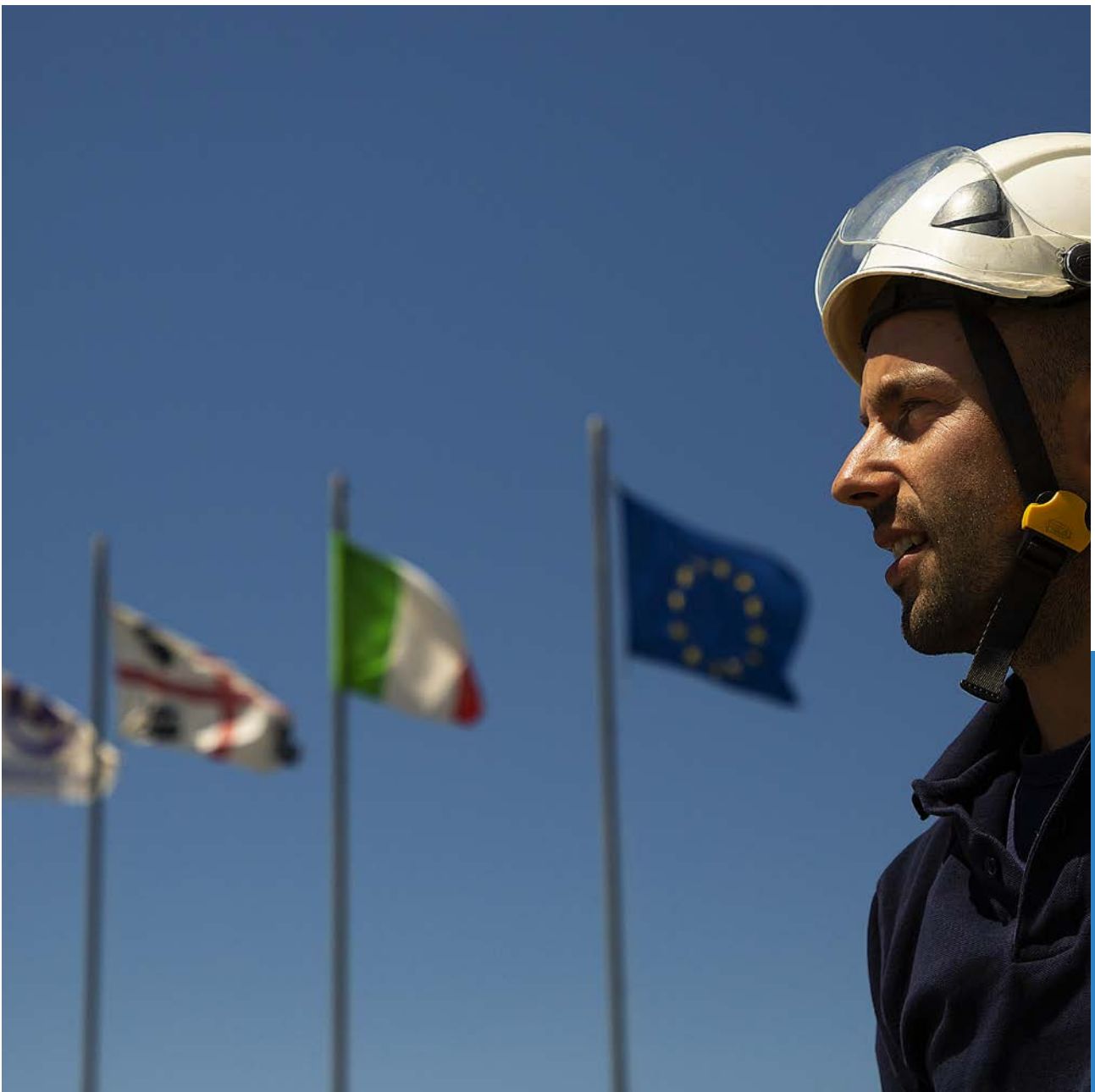




Respecting the environment during our business operations is essential for our productivity, market competitiveness and long-term sustainability.

Being a responsible and sustainable company means combining business development with the preservation of the natural environment and supporting the social context in which the company itself is located and carries out its activities. Since its foundation, the Saras Group pursued this objective on a daily basis, in all its operating areas.

The economic results of the Group are pursued taking always into account the preservation of the natural environment in which we operate. Saras works in harmony with the environment and the local area through an industrial development model based on the most modern and effective management standards, inspired by the principles of precaution, prevention, protection and constant improvement.



## Energy efficiency and consumption

Energy consumption not only represents a high operating cost, but also an environmental aspect which the Saras Group pays particular attention to, especially with regards to the activity of the industrial site of Sarroch, whose “energy footprint” matches almost entirely the Group’s one.

The subsidiary company Sarlux, which runs one of the largest integrated industrial sites in the Mediterranean Basin, has for many years followed a precise

Energy Policy and, since 2018, it achieved ISO 50001 certification for its Energy Management System.

Using these tools, and a meticulous analysis of its activities, Sarlux defines energy objectives and targets, performance and monitoring indicators and action points and plans required to boost efficiency, keep reducing energy consumption and protect environmental resources and the surrounding eco-system.



CISQ is a member of



IONet, the association of the world's first class certification bodies, is the largest provider of management System Certification in the world. IONet is composed of more than 20 bodies and counts over 100 subsidiaries all over the globe.

**CERTIFICATO N. EnergyMS-155**  
**CERTIFICATE No.**

SI CERTIFICA CHE IL SISTEMA DI GESTIONE PER L'ENERGIA DI  
*IT IS HEREBY CERTIFIED THAT THE ENERGY MANAGEMENT SYSTEM OF*

**SARLUX S.R.L.**

STRADA STATALE SULCITANA 195, KM. 19° 09018 SARROCH (CA) ITALIA  
NELLE SEGUENTI UNITÀ OPERATIVE / *IN THE FOLLOWING OPERATIONAL UNITS*

STRADA STATALE SULCITANA 195, KM. 19° 09018 Sarroch (CA) ITALIA

È CONFORME ALLA NORMA / *IS IN COMPLIANCE WITH THE STANDARD*  
**ISO 50001:2011**  
PER I SEGUENTI CAMPI DI ATTIVITÀ / *FOR THE FOLLOWING FIELD(S) OF ACTIVITIES*

Ricezione materie prime e spedizioni prodotti tramite il terminale marittimo, produzione di prodotti petroliferi, produzione di energia elettrica, tramite CTE Nord e Sud e IGCC, stoccaggio materie prime, prodotti liquidi e gas liquefatti, spedizioni prodotti via oleodotto.

*Receipt of raw materials and shipments produced by the maritime terminal, production of petroleum products, production of electricity, through CTE Nord and SUD and IGCC, raw materials storage, liquid and liquefied gas products, product shipments via oil pipeline.*

La validità del presente certificato è subordinata a sorveglianza periodica annuale / semestrale ed al riesame completo del sistema di gestione con periodicità triennale  
*The validity of this certificate is dependent on an annual/six monthly audit and on a complete review, every three years, of the management system*  
L'uso e la validità del presente certificato sono soggetti al rispetto del documento RINA: Regolamento per la Certificazione di Sistemi di Gestione dell'Energia  
*The use and validity of this certificate are subject to compliance with the RINA document: Rules for the Certification of Energy Management Systems*

Prima emissione <i>First Issue</i>	21.05.2018	
Data scadenza <i>Expiry Date</i>	20.05.2021	Data revisione <i>Revision date</i> 21.05.2018



SGE N° 008 M  
Membro degli Accordi di Mutuo Riconoscimento EA, IAF e ILAC  
*Signatory of EA, IAF and ILAC Mutual Recognition Agreements*

Antonio Paoletta  
Naples Management System Certification, Head



**RINA Services S.p.A.**  
Via Corsica 12 - 16128 Genova Italy



www.cisq.com

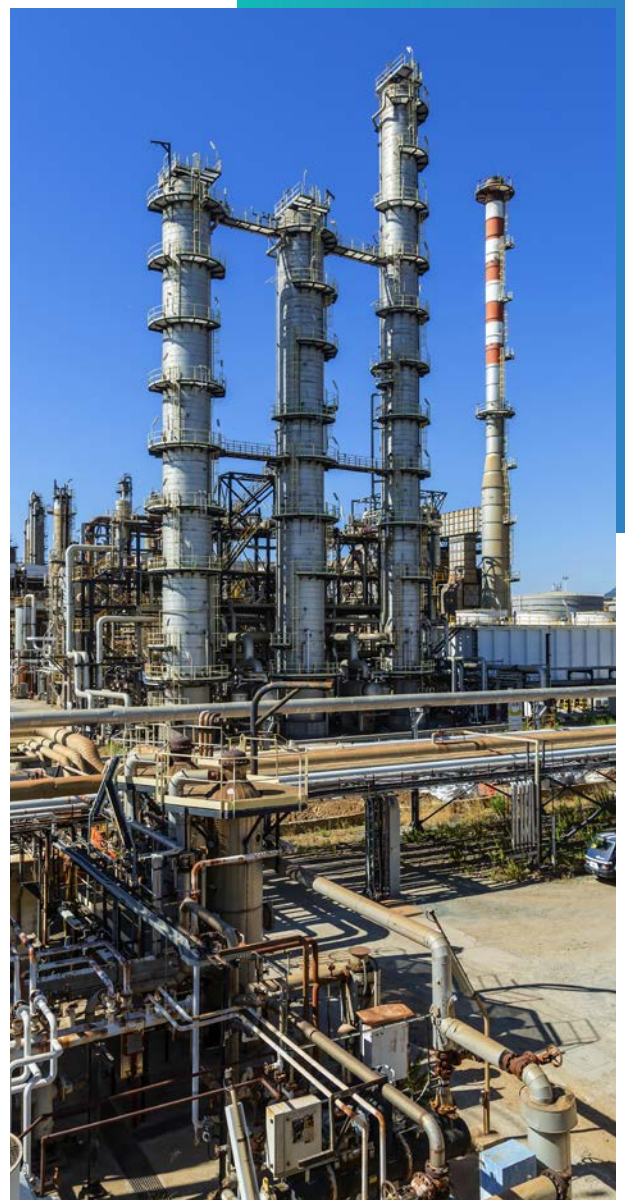
CISQ è la Federazione Italiana di Organismi di Certificazione dei sistemi di gestione aziendale  
*CISQ is the Italian Federation of management system Certification Bodies*

## Consumption

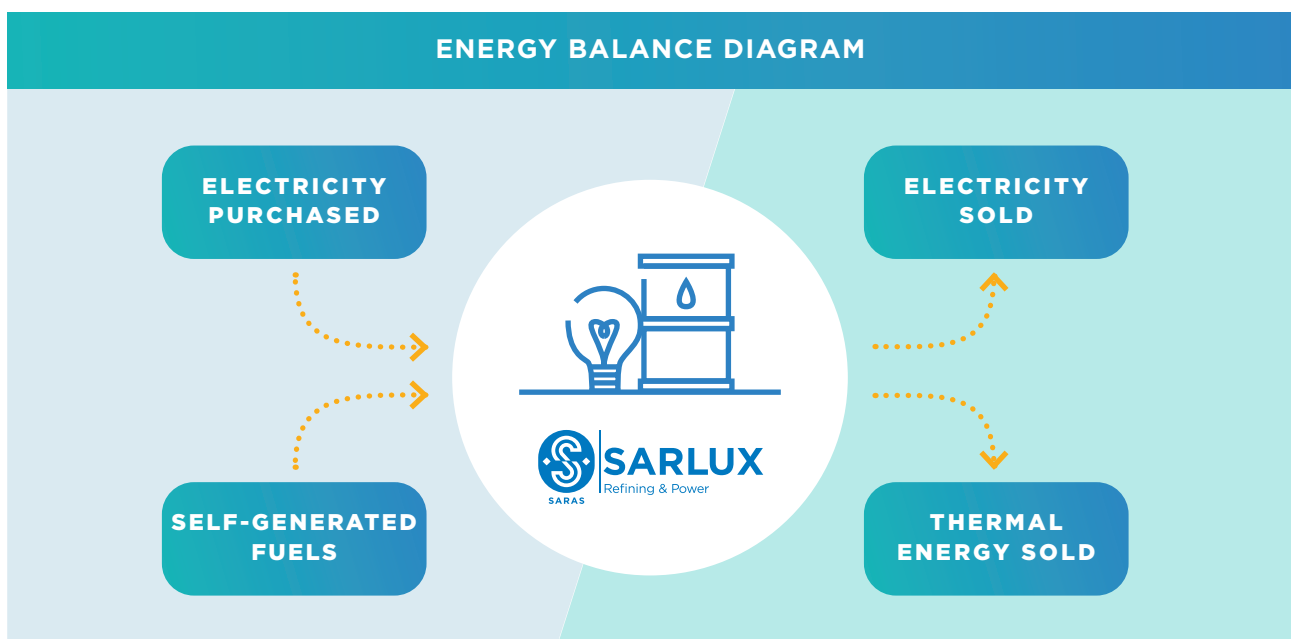
Energy consumption is a significant environmental aspect of the Sarlux subsidiary's industrial site, with a significant economic impact. In terms of reporting, the classification adopted since the first Sustainability Report divides consumption into two broad categories:

- **Self-generated fuels:** i.e. all fuels generated at the industrial site. This category includes:
  - **fuel gas:** self-generated gas from the refining cycle and which cannot be sold because of its very difficult condensation;
  - **fuel oil** with low-sulphur content;
  - **coke:** carbon residue with a high calorific value, produced and consumed within the FCC (Fluid Catalytic Cracking) unit;
  - **syngas:** fuel produced from the gasifiers that, after appropriate treatment, is used in the combined cycle turbines, in order to generate electricity, steam and hydrogen;
  - **gasoil:** used exclusively for starting the gas turbines.
- **Energy purchased externally:** the only energy carrier purchased externally is the electricity, sourced from the National power grid.

The figure below shows the simplified diagram of the site's energy balance.



## ENERGY BALANCE DIAGRAM



The following table presents the data for the three-year period 2018-2020 on energy input at the Sarlux site in Sarroch, split by self-generated fuels and electricity purchased from the grid.

In addition to finished oil products, there are two other energy carriers which represent the energy output from the Sarlux site:

- **Electricity:** produced both by IGCC combined cycle plant and by the cogeneration thermoelectric power plant of the Northern Plants, and sent mainly to the National power grid (except for a minimal part which is sold to companies located within the same industrial complex);
- **Thermal energy:** produced by the cogeneration thermo-electric power plant of the Northern Plants and sold to companies located within the same industrial complex.

The energy output values from Sarlux site, separated into electricity and thermal energy (steam), for the same three-year period considered are shown in the table on the next page.

The Specific Consumption Index (ICS), calculated as the ratio between net energy (i.e. the difference between the total energy input and the total energy output) and the total amount of crude and



complementary feedstock processed in the year, shows an increase in the year just ended (4.17GJ/t compared to 3.95GJ/t on average in the previous two years). This change is mainly due to lower refinery runs in 2020, given significant planned maintenance turnarounds and, subsequently, economic run cuts made in order to cope with the drop in oil demand, due to the Covid-19 pandemic.

#### ENERGY INPUT TO SARLUX SITE (GJ)

Parameter	2018	2019	2020
<i>Energy from non-renewable fuels</i>	<b>72,041,594</b>	<b>66,639,217</b>	<b>61,386,091</b>
<i>Fuel gas</i>	23,051,903	21,080,543	19,755,033
<i>Fuel oil</i>	6,029,905	6,166,160	6,105,625
<i>Coke</i>	8,661,579	8,915,942	5,170,576
<i>Syngas</i>	34,251,799	30,318,343	30,175,795
<i>Gasoil</i>	46,408	158,229	179,063
<i>Energy from renewable sources</i>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Electricity from the grid</i>	<b>4,243,797</b>	<b>4,016,422</b>	<b>3,960,672</b>
<b>Total energy input</b>	<b>76,285,392</b>	<b>70,655,639</b>	<b>65,346,764</b>

## ENERGY OUTPUT FROM SARLUX SITE (GJ)

Parameter	2018	2019	2020
<i>Total electricity output</i>	16,065,606	14,997,867	15,011,527
<i>To the grid</i>	15,950,620	14,861,832	14,875,401
<i>To companies located in the same industrial complex</i>	114,986	136,035	136,127
<i>Thermal energy output</i>	95,478	47,811	49,147
<b>Total energy output</b>	<b>16,161,084</b>	<b>15,045,678</b>	<b>15,060,675</b>

## SPECIFIC CONSUMPTION INDEX "ICS"

Parameter	Unit of measurement	2018	2019	2020
<i>Total energy input</i>	GJ	76,285,392	70,655,639	65,346,764
<i>Total energy output</i>	GJ	16,161,084	15,045,678	15,060,675
<i>Total Net Energy consumed</i>	GJ	60,124,308	55,609,961	50,286,089
<i>Crude oil and complementary feedstock processed</i>	Kt	14,833	14,449	12,072
<b>Specific consumption Index</b>	<b>GJ/t</b>	<b>4.05</b>	<b>3.85</b>	<b>4.17</b>

### Energy efficiency

The high cost of energy and the ever-growing attention towards environmental topics have made energy efficiency increasingly central for Saras.

A further step to improve the company's energy efficiency performance is the achievement of full knowledge of the industrial site's energy consumption, in order to better identify all the potential areas of improvement in the short, medium and long term.

For this reason, the *Energy Management Dashboard* was created. It is a system for monitoring energy consumption which, using data directly from the field and processed according to logics related to the type of unit or to the type of energy carrier, allows to perform either detailed or overall energy analysis.

## ULASSAI WIND FARM

Since 2005, the Saras Group is also active in generating electricity from renewable sources, through the subsidiary Sardeolica S.r.l., which owns the Ulassai Wind Farm, located in central-eastern Sardinia.

The Group considers this activity important both in terms of business, and from the point of view of the commitment and value creation for the territory and the local communities involved. Indeed, the latter can benefit from the generation of renewable energy, and also from the economic value created through both direct and indirect employment.

The mentality with which the Ulassai farm is managed is the same that characterises every activity of the Saras Group. Maximum productivity levels are ensured, and the best industry solutions are adopted, in order to guarantee always the protection of health and safety in the workplace, and of the environment.

In 2006, Sardeolica achieved certification of its Environmental Management System, according to the international standard ISO 14001. In 2012, the Management System certification was extended to cover Safety (OHSAS 18001) and Quality (ISO 9001). In 2017, the company obtained certification for its Energy Management System (ISO 50001), and in 2018 it also achieved EMAS certification. In 2020, the Safety Management System was certified according to the international standard ISO 45001:2018

One of the fundamental elements which characterised the Ulassai wind farm since its design phases is the attention to the territory within which it is located. Every aspect of the design of the farm was devised with a central focus on the interests and needs of local inhabitants and the environment. Indeed, the wind farm itself created new revenue streams for the local community.

Since October 2010, Sardeolica has taken on directly the management and maintenance of the wind farm: to do this, its maintenance technicians and administrative staff have been trained to develop specialist know-how and skills.

Just like with the internalisation of maintenance activities, Sardeolica always tries to favour, wherever possible, local contractors and suppliers for the procurement of goods and services. Moreover, Sardeolica maintains excellent relations also with local authorities and communities.

In addition to the employment and economic return created, Sardeolica forged important links with the Perdasdefogu professional & technical school, where most of the farm's maintenance technicians come from, as shown with the 2019 training course, involving 12 people and delivering more than 9,000 hours of training.

Moreover, Sardeolica contributed to the Ulassai "Art Station" Foundation, which collects works by the artist Maria Lai, and is fully part of the local cultural and tourist circuits.

### Health and Safety

As for all Group companies, every aspect related to safety is fundamental also for Sardeolica. As such, it is of great importance the achievement of 10 continuous years without injuries (from the start of direct management of the farm in October 2010). As of 31 december 2020, the number of continuous days without injuries stood at 3,720, and this positive trend is still ongoing.

This excellent result stems from a culture of safety deeply rooted in the employees and constantly reinforced with dedicated training programmes, as well as with daily and periodic control and inspection activities. Indeed, also in 2020, notwithstanding the difficulties

and limitations due to the pandemic, the hours dedicated to training on health and safety on the workplace (SSL) were approximately 1,150.

Finally, Sardeolica continued SSL monitoring activities even if the BBS protocol, introduced in 2019, had to be suspended, due to the adjustments required in order to deal with the Covid-19 emergency (such as the reduction of the maintenance teams, with the consequent decision to focus on “Near Miss” analysis). More specifically, in 2020 2 Near Miss were recorded, in line with the provisions of the Safety Management System (ISO 45001:2018).

### Initiatives for the Environment and the local areas

In compliance with requirements established during the authorisation procedures, Sardeolica regularly performs targeted monitoring campaigns, to ascertain the status of the main environmental components, with particular focus on vegetation, birdlife, noise and electromagnetic fields.

The main results of the aforementioned inspection activities carried out before the construction process, during the construction of the wind farm, and also afterwards, during the normal course of the operations, confirm the integration of the plant with the surrounding ecosystems. With regards to birdlife, no situations of incompatibility between the wind farm and the species, present or nesting in the area, have been reported. From the monitoring, carried out on sample areas, there are no cases of birds or bats collisions with the blades of the wind turbines. Monitoring activities also confirmed the presence of at least one pair of golden eagles nesting in the area.

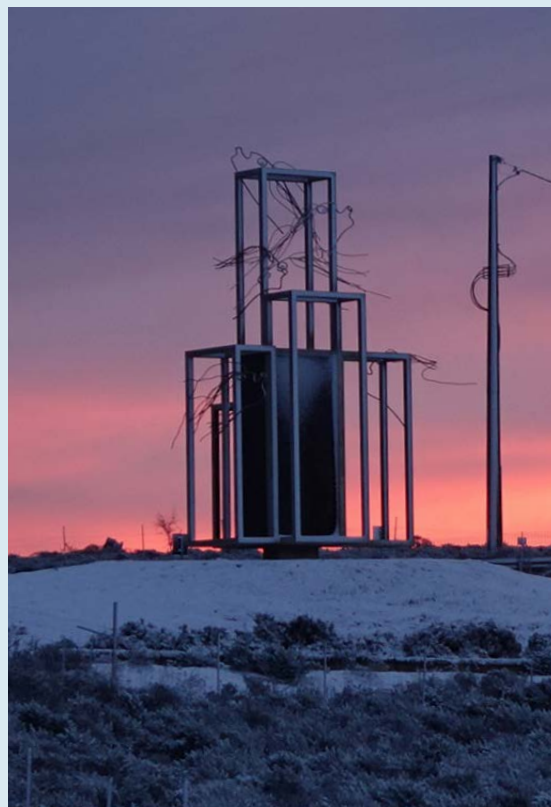
Also regarding the vegetation, no negative impact was recorded by the University of Cagliari (which conducts the monitoring programme). Moreover, the presence of Sardeolica personnel in the area has also served as a deterrent to forest wildfires.

The monitoring of the noise component allowed to confirm negligible impacts, fully compliant with the Municipal Acoustic Zoning Plan: in particular, the detectable noise at the base of the wind towers is, in conditions of strong winds, comparable with standard office noise.

The monitoring of electromagnetic fields confirmed full compliance with the regulations, with no impact on people or the environment.

In 2018, a photovoltaic plant with capacity of around 60 kW was installed above the office roof, and the annual electricity production stands at approx. 120 MWh, thus allowing the powering of the offices entirely with solar energy produced from the roof plant.

Finally, the wind farm has become a local attraction, together with the caves of “Su Marmuri” and the “Art Station” of Ulassai, and it is often one of the destinations to visit as an example of sustainable industrial facility.



Sculpture named “La cattura delle ali del Vento” (capture of the wings of the wind) from artist Mrs. Maria Lai

## Digitalisation Projects

With the aim of optimising predictive maintenance and maximising production, Sardeolica is currently implementing some digitalisation projects. Indeed, in addition to the implementation of the Vestas Power Plus modules, aimed at achieving a more efficient power curve, and the installation of the Condition Monitoring System (CMS) to enable the early prediction of failures, in 2020 there was also an innovative project of “Predictive Maintenance” conducted with the company Aspentech, global leader in industrial process controls.

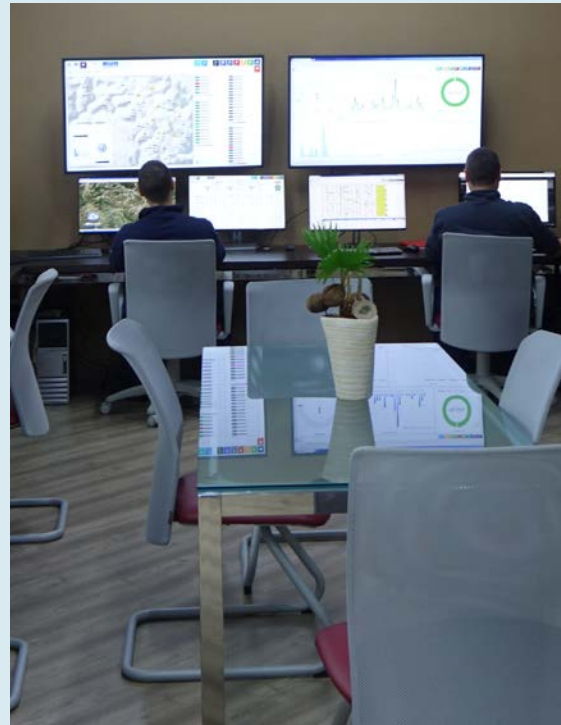
The project, denominated “Ulatech” aims at identifying early signals of failure, through Mtell technology, on 48 of the 57 aerogenerators. The study provided strongly encouraging results, and it represents an added value to the company’s maintenance culture and approach.

Finally, it is important to mention that this project was developed with Sardeolica personnel; they all achieved “Aspen Mtell Certified User” qualification, and now represent a core group which can be the foundation for further development of a digital maintenance culture.

### Project “Maistu” and “Reblading”

In order to increase renewable energy production, at the end of 2019 Sardeolica completed the expansion project of the Ulassai wind farm, denominated the “Maistu” project, with the installation of further 9 turbines in the municipalities of Ulassai and Perdasdefogu (for an incremental installed capacity of 30 MW) – the new turbines started operations in September 2019.

Moreover, in July 2019, it has been approved the project of blade replacement (so called “reblading”) for the original 48 aerogenerators, with new generation blades, together with further upgrading of the main components. The production increase expected with the reblading is approx. 33GWh/year. Work began at the end of 2019 and they should be completed during 2021, due to the delays and limitations coming from Covid-19 pandemic. When fully upgraded, the wind farm shall



Sardeolica’s Control Room

produce approx. 300 GWh/year. Such renewable power production will avoid emission of CO<sub>2</sub> for approx. 194,000 tons/year, and it will satisfy the yearly electricity needs of approx. 220,000 people.

The above initiatives are coherent with the current trends towards decarbonisation and energy transition across all industrialised countries, and they aim to achieve a constantly greater industrial sustainability, according also to the National Integrated Plan for Energy and Climate (PNIEC). Indeed, the PNIEC writes: *“For the achievement of 2030 renewable targets it will be necessary not only to stimulate the construction of new renewable production plants, but also to preserve the existing ones and, actually, to increase the latter, wherever possible, by means of promoting investments for their revamping and repowering. In particular, supporting the revamping and repowering projects for the existing wind farms, by installing more modern, technologically advanced and efficient aerogenerators, will allow to exploit good wind conditions across well-known and already used locations, and it will also limit further use of public land”.*



## KEY FIGURES AT ULASSAI WIND FARM

	Standard pre-upgrade + improvements (*)	“Maistu” Project (completed in Sep. 2019)	“Reblading” Project (under construction)		Standard upon completion (from 2 <sup>nd</sup> semester 2021)
Wind turbines	48 (Vestas V80)	+9 (Vestas V117)	-	→	57
Installed capacity	96 MW	+ 30 MW	-	→	126 MW
Power production	circa 187 GWh/year	+ 80 GWh/year	+ 33 GWh/year	→	300 GWh/ year
Employees	25	+5	-	→	30
People equivalent annual energy demand <sup>l</sup>	137,000	+ 59,000	+ 24,000	→	220,000
CO <sub>2</sub> emissions avoided	121,000 t	+ 52,000 t	+ 21,000 t	→	194,000 t



(\*) The improvements were achieved in 2019, thanks to upgrading of predictive maintenance activities, production optimisation and digitalisation.

13. Energy consumption per capita in Sardinia for domestic use, 2019: 1.362 kWh/inhabitant/year (Terna, 2019 Statistical Data Consumption [https://download.terna.it/terna/6-Sez\\_CONSUMI\\_22dic20\\_8d8a68f47f6827c.pdf](https://download.terna.it/terna/6-Sez_CONSUMI_22dic20_8d8a68f47f6827c.pdf))

14. Source: Sardinia Regional Environmental Energy Plan. “Verso un economia condivisa dell’energia” (i.e. Towards a shared energy economy). Adoption of the technical proposal and start of the strategic environmental assessment procedure, p. 114 ([http://www.regione.sardegna.it/documenti/1\\_274\\_20160129120346.pdf](http://www.regione.sardegna.it/documenti/1_274_20160129120346.pdf))



*Local workers were employed in the expansion and reblading works, and this has certainly given a positive boost to our activities, especially in these difficult times we are all experiencing.*

*Gian Luigi Serra, Mayor of Ulassai*

### **Further Initiatives for the development of Renewable Energy Sources**

The Saras Group plans to make, in the coming years, some specific investments to develop energy production from renewable sources, both photovoltaic and wind (more details are available in the chapter dedicated to Energy Transition).

To support in the best possible manner those activities, the Group will exploit Sardeolica's technical and operational know-how (achieved in 15 years of management and development of the Ulassai wind farm), and also its own "core" industrial competences.

In terms of geographical location, Sardinian projects will be prioritised, in order to take advantage of the regional high potential in terms of development and favourable locations for photovoltaic and wind farms. Moreover, Saras and Sardeolica created a long-standing and solid cooperation with the local communities.





*It is with great satisfaction that the Administration announces the presentation, by Sardeolica Srl to the Ministry of the Environment, of the project for the construction of a wind park in our region, within a short time-frame.*

*A few weeks after we took office, we began discussions to involve a reliable company such as Sardeolica Srl, owner of one of the leading renewable energy production companies in Italy, in what we immediately thought could be an extraordinary opportunity for Jerzu”.*

*It will be a new-generation wind park with 10 "Vestas V162" wind turbines of 6 Megawatts each. An estimated 186 million kilowatt-hours/year will be produced, which correspond to the electricity needs of*

*approximately 141,000 inhabitants.*

*The average temporary employment, during the construction phase of the plant, will be of 35 workers for about 10 months; afterwards, the employment for the activities related to the ordinary management of the Park during the operational phase, will be of 5 permanent employees; there will be technical training for the employees to be hired, in order to meet the employment needs of the wind farm, and the training will be delivered to a higher number of resources than strictly required, and those will be directed to other employment opportunities; finally, the road network will be improved thanks to a number of road repair activities.*

*Carlo Lai, Mayor of Jerzu*



## Air pollutants and Greenhouse gases emissions

Poor air quality is one potential risk factor for health. The development of human activity caused a significant increase, over the years, in air emissions (both pollutants and climate-changing agents), with direct and indirect harmful effects for human beings and for the various environmental media. The rational and efficient use of energy mitigates these effects and contributes to achieving a more sustainable life.

However, it is necessary to distinguish between emissions of pollutants, which have negative effects predominantly at local level, and emissions of climate-changing agents (the so called “greenhouse gases”), whose impact, on the contrary, can be felt on a global scale.

With regard to emissions of pollutants, the European Union includes emissions of sulphur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO), non-methane volatile organic compounds (NMVOC), ammonia (NH<sub>3</sub>), dust and fine particles. More specifically, pollutants such as NO<sub>x</sub> and SO<sub>x</sub> have adverse effects on ecosystems, air quality, agriculture, and even human and animal health. The deterioration of air quality, acidification, forest degradation, and the need to protect public health have led, over time, to local and international regulations to control emissions of these pollutants, which are particularly stringent in developed countries, primarily in Europe. Moreover, these regulations have set in motion a positive trend to reduce the emissions of regulated pollutants, achieve significant improvements in health conditions for workers and local communities, and improve relations with the stakeholders involved.

As far as anthropogenic climate-changing agents are concerned, the main type is carbon dioxide (CO<sub>2</sub>) from combustion processes. It leads to the so-called “greenhouse” effect, i.e. a global phenomenon that consists of an increase in the capacity of the Earth’s atmosphere to retain, under the form of heat, a part of the energy that comes from solar radiations. In turn, the heat retained leads to rising temperatures, with numerous environmental, social and economic implications.

In this regard, the European Union has developed a system for trading greenhouse gas emission allowances (European Union Emissions Trading Scheme - EU ETS), intending to reduce emissions from industrial sectors with the most significant impact on climate change. Directive 2003/87/EC, as last amended by EU Directive 2018/410, is commonly referred to as the ‘EU Emission Trading System’ and provides that, from 1 January 2005, large emitters in the EU cannot operate without a greenhouse gas emissions permit.

Each company that owns a licensed plant receives free of charge a certain amount of emission allowances (called “European Union Allowances” - EUAs, equivalent to 1 tonne of CO<sub>2</sub>eq) free of charge, based on its level of activity and reference standards drawn up by the European Commission. This free allocation is reduced over the years, creating an incentive to become more efficient and reduce emissions. In fact, at the end of each year, companies have to file with the Regulators a sufficient number of emission allowances to cover their actual emissions. Therefore, if the company will emit, in the course of its production activity, more CO<sub>2</sub> than the allocation of emission allowances received for free, they will have to buy the missing allowances on the market or in European public auctions. If, on the other hand, they have emitted less CO<sub>2</sub> than its free allocation, they can sell the surplus allowances to other operators or keep the unused allowances to cover future needs.

As a result, a market for emission allowances has been created that provides incentives to reduce emissions and encourages investment in clean, low-carbon technologies. To date, the EU ETS has entered its fourth application phase, valid for the period from 2021 to 2030, and during its application has resulted in significant reductions in emissions from European companies. More specifically, in 2020, emissions from sectors covered by the system are 21% lower than in 2005. More details are available on the European Commission’s website, in the section dedicated to “Energy, climate change, environment” at the following link: [https://ec.europa.eu/clima/policies/ets\\_en](https://ec.europa.eu/clima/policies/ets_en).

**In consideration of the local and global importance of the aforementioned phenomena, the Saras Group believes it is essential to carry out its activities as efficiently as possible, in order to minimise all types of emissions, be they pollutants or greenhouse gases.**

Nonetheless, the refining and power generation sectors are amongst those that, due to their specific configuration, have a non-negligible impact in terms of emissions. Therefore, with this awareness, Saras implemented best practice systems and tools for the management, monitoring and continuous improvement of its emissions performance, including the ISO 14001 certified Environmental Management System and voluntary EMAS certification.

In concrete terms, the quality of the air outside the Sarroch site is controlled in real-time by two monitoring networks of detection units (one owned by Sarlux and the other owned by ARPAS – the regional agency for the environmental protection); as a result of this monitoring system, it is possible to identify changes to significant parameters for air quality, and to check that the concentration values of pollutants are always below the legal limits, being also able to intervene immediately, should there be any anomaly.

The regulatory reference for Sarlux industrial site's emissions into the atmosphere is the AIA Decree (Autorizzazione Integrata Ambientale – the Integrated Environmental Authorisation), renewed in October 2017, as already illustrated in the chapter dedicated to “Group certifications”.

## Stack emissions

The Group's total emissions come from the operationally significant industrial site in Sarroch, and refer to:

- combustion processes that take place in the furnaces, to produce the thermal energy required for the operations;
- combustion processes necessary to generate electricity and steam (thermoelectric power plant of the Northern Plants, of the Southern Plants, and IGCC power plant).

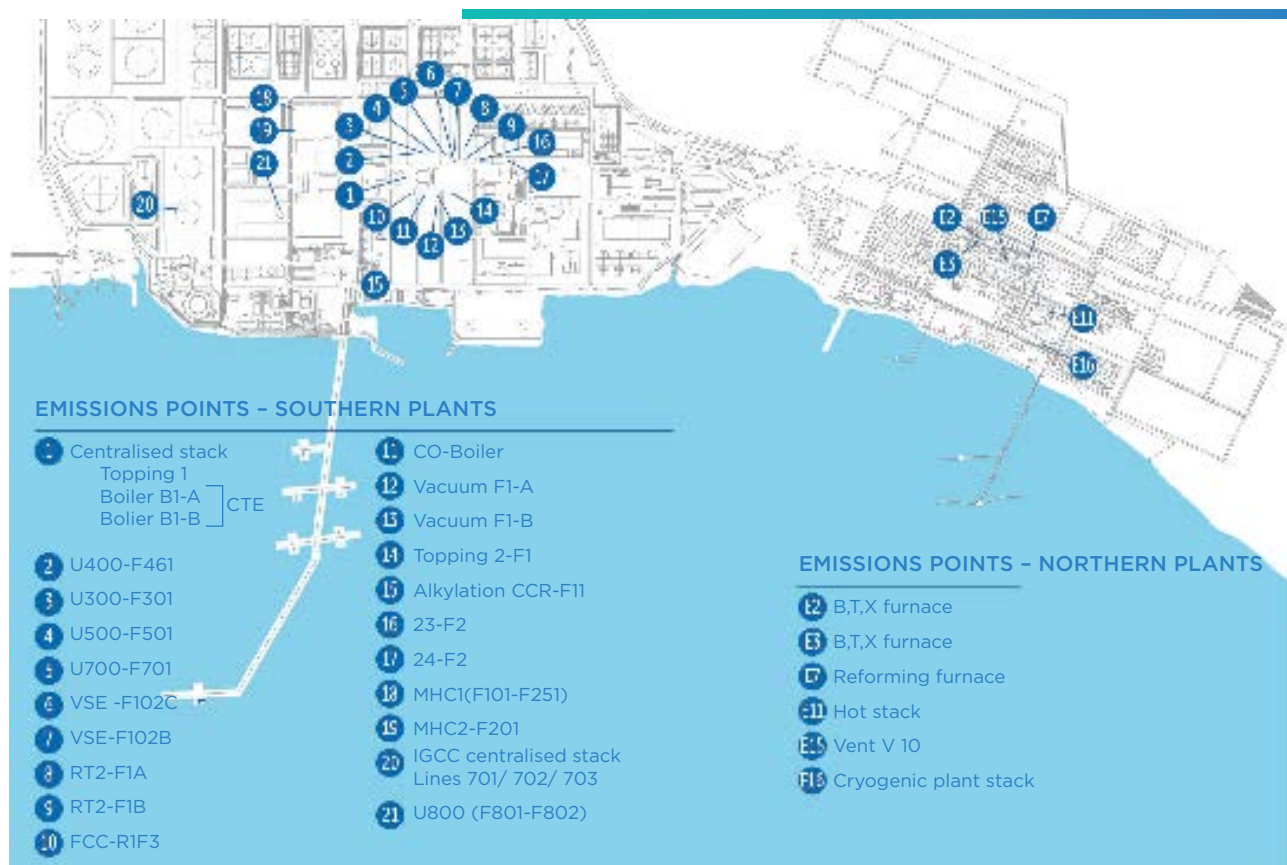
The introduction of the new AIA Decree of October 2017 changed both emissions limits and the ways in which these are managed. More specifically:

- the “Refinery Bubble” concept remains valid (now known as the “Integrated Emissions Management” system), with the introduction of two further emissions point at Reforming North and CTE North;
- the integrated Emissions Management only sets out limits for SO<sub>2</sub> and NO<sub>x</sub> which, with the aim of reducing harmful gases in the atmosphere, have been lowered down to the average monthly values of 400 mg/Nm<sup>3</sup> for SO<sub>2</sub> (previously was 600 mg/Nm<sup>3</sup>) and 280 mg/Nm<sup>3</sup> for NO<sub>x</sub> (previously was 300 mg/Nm<sup>3</sup>);
- CO and dust particulate do not fall under the Integrated Emissions Management system but have limits as individual emissions points;
- all limits set by the previous AIA for Large Combustion Plants remain valid;
- the IGCC and BTX plants have their own limits.

The following figure shows the location of the stack emission points for the Southern Plants, the IGCC power plant and the Northern Plants.

The main pollutants present in the conveyed emissions are SO<sub>2</sub>, NO<sub>x</sub>, CO, and dust, whilst the main climate-changing agent is CO<sub>2</sub>.

The absolute emission values are primarily affected by the variability in the amount of raw materials processed at the plant (according to the various maintenance interventions carried out each year on the plant units) and also, to a lesser extent, by the variability in the chemical and physical characteristics of the feedstock (such as for example the



### STACK EMISSIONS (T/YEAR)

Parameter	2018	2019	2020
SO <sub>2</sub>	3,392	3,514	2,256
NO <sub>x</sub>	3,372	3,257	2,762
Dust	135	131	77
CO	175	225	226

sulphur content of the various types of crude processed). In particular, in 2020, the scheduled maintenance turnarounds of a significant part of the units within the industrial site during the first part of the year, and subsequently the operational decision to reduce refinery runs, resulted in a significant reduction in the quantity of crude oil and complementary feedstock processed at the site. Consequently, there was a reduction also in the absolute quantities of emissions of SO<sub>2</sub>, NO<sub>x</sub>, and Dust.

On the other hand, CO emissions did not follow the same logic, because this pollutant is more signifi-

cantly influenced by operational parameters. Thus, in the context of low and sub-optimal runs, such as in 2020, CO emissions were broadly stable in absolute terms compared to the previous year.

Consequently, as already mentioned in previous years, in order to express a more qualified commentary on historical trends, emissions indexes per unit of material processed should be introduced. They can be calculated by dividing the total amount of pollutant emitted by total annual quantity of crude and complementary feedstock processed, as shown in the appropriate table.

STACK EMISSIONS INDEX PER FEEDSTOCK PROCESSED			
Parameter	2018	2019	2020
Crude oil and complementary feedstock processed (kt)	14,833	14,449	12,072
SO <sub>2</sub> emissions index (t/kt)	0.229	0.243	0.187
NOx emissions index (t/kt)	0.227	0.225	0.229
Dust emissions index (t/kt)	0.009	0.009	0.006
CO emissions index (t/kt)	0.012	0.016	0.019

NOx emissions depend on the combustion technique, as well as other technological factors (such as the type of burners installed with low NOx production), which, over the years, have enabled this parameter to be optimised for the Sarroch industrial site, resulting in substantial stability in the NOx emission index.

The containment of dust emissions is the direct consequence of specific treatments and the use of external specialised technologies to improve combustion and reduce dust particulates, along with optimising the reliability and effectiveness of instrumental monitoring. Therefore, positive results for the dust emission index have already been achieved since 2017, and they have been further improved in 2020.

An analysis of the SO<sub>2</sub> emission index for the 2020 financial year shows a significant reduction (ap-

proximately -25% compared to previous years), thus requiring further detailed explanations. Specifically, as mentioned above, 2020 was characterised by an important cycle of planned maintenance turnarounds during the first part of the year, which also involved the FCC plant; the latter, due to its specific characteristics, accounts for about 45-50% of the site's total emissions. Considering that the FCC was shut down for about four months and, afterwards, it ran at minimum load due to production choices linked to the challenging market conditions (which made it unprofitable), the SO<sub>2</sub> emission index recorded a significant reduction.

Finally, for the CO emission index, the same considerations made above apply, concerning low and sub-optimal runs; as such, its value in 2020 worsened when compared to previous years.





## GHG Emissions

All the activities carried out at the Sarroch site fall within the scope of the aforementioned EU “Emissions Trading System” directive, which in 2020 marked the last year of the so-called third phase (covering the period 2013-2020).

From 2021, the fourth phase (covering the period 2021-2030) will start with a further revision of the emission mechanisms to achieve the EU emission reduction targets for 2030. Specifically, the revision of the fourth phase focuses on the following aspects:

- strengthen the EU ETS as a stimulus for investment by increasing the pace of annual allowance reductions to 2.2% from 2021 and strengthen the market stabilisation reserve (the mechanism established by the EU in 2015 to reduce the surplus of emission allowances in the CO<sub>2</sub> market and improve the resilience of the ETS to future shocks);
- continue with free allocation to ensure the international competitiveness of industrial sectors exposed to the risk of carbon leakage whilst ensuring that the rules for determining free allocation are targeted and reflect technological progress;
- help the industry and the energy sector meet the innovation and investment challenges of the transition to a low-carbon economy through multiple funding mechanisms.

The Group therefore updated its authorisation to emit greenhouse gases, as well as the “Detection, calculation and control protocol”, also taking into consideration the change in the perimeter of application, necessary to include the Northern Plants

(acquired from Versalis at the end of 2014).

The rational use of energy and the adoption of efficient production systems represent the road chosen by the Group to control and reduce CO<sub>2</sub> emissions, which represent the main component of Saras Group’s GHG emissions (other gases are not significant).

A detailed analysis of CO<sub>2</sub> emissions from the Sarroch industrial site directly correlates with the total amount of raw materials processed at the refinery and the amount of electricity produced by the IGCC plant.

More precisely, in 2020, the total quantity of crude oil and complementary feedstock processed at Sarroch amounted to 12,072 kton, down 16.5% compared to FY 2019, due to the aforementioned planned maintenance turnarounds and to the subsequent decision to run at reduced rate in order to cope with the drop in oil demand due to the Covid-19 pandemic. This decrease, therefore, explains the decrease in absolute CO<sub>2</sub> emissions of the Refinery plus Impianti Nord complex.

On the other hand, the IGCC plant’s power generation in 2020 was substantially in line with the previous year (4,071 GWh compared to 4,075 GWh in 2019) as the IGCC’s power proved indispensable in keeping Sardinia “lit-up”, supporting essential production activities, domestic consumption and the National Health Service, whose work was fundamental during the most acute phases of the pandemic emergency. The equivalent levels of power generation in 2020 vs. 2019, thus explain the stability in the absolute value of the IGCC’s CO<sub>2</sub> emissions.

Looking then at the CO<sub>2</sub> emission index per thousand tonnes processed, there is a worsening in 2020 compared to previous years, which can be explained by the sub-optimal refining runs, with de-optimised feedstock, with clear effects in terms of higher specific consumption.

GHG EMISSIONS (T OF CO <sub>2</sub> /YEAR)			
Parameter	2018	2019	2020
Refinery	2,151,940	2,090,400	1,665,743
IGCC	3,741,260	3,603,401	3,577,617
Northern Plants	455,393	450,336	528,984
<b>Total</b>	<b>6,348,594</b>	<b>6,144,137</b>	<b>5,772,344</b>

GHG EMISSIONS INDEX PER FEEDSTOCK PROCESSED (T OF CO <sub>2</sub> EMITTED/KT RAW MATERIALS PROCESSED IN THE YEAR)			
Parameter	2018	2019	2020
Crude oil and complementary feedstock processed (kt)	14,833	14,449	12,072
CO <sub>2</sub> emissions index (t/kt)	428	425	478

### Investment roadmap to increase energy efficiency and consequently reduce emissions

The Saras Group's commitment to cut emissions of greenhouse gases and pollutants is outlined in short and medium term investment plans, aimed at improving units and processes, in order to ensure higher performances, not only in terms of emissions reduction, but also from an economic and energy efficiency perspective.

The main energy efficiency measures that became operational in the three-year period 2018 – 2020 are the following:

- **Energy recovery for the compressors MHC2 C-203/C-203S:** installation of a new system for continuously adjusting the flow rate, instead of the old system of step adjustments, with the result of eliminating the need to recycle the gas and the amount of gas unnecessarily processed by the compressors, thus reducing electricity consumption;
- **Technological improvements to air coolers (1<sup>st</sup> and 2<sup>nd</sup> step):** thanks to the optimisation of the

blades/distribution system, a greater overall efficiency has been achieved, thus allowing to make electricity savings under the same load conditions, across many of the refinery's air coolers;

- **Use of Low Pressure (LP) steam instead of Medium Pressure (MP) steam in column S3C1 - SWS3:** replacement of medium pressure steam previously used on column S3C1 of stripper SWS3, with low pressure steam;
- **New advanced control at IGCC plant:** the multi-variable controller works in two main ways: firstly, by minimising Blow Down purges between transitory periods of operations, with a consequent fuel saving for gas turbines, and secondly, by optimising steam during the syngas washing process.
- **K1F3 inverter installation:** insertion of inverters on K1F3 furnace fans. The installation of the inverter reduces electricity consumption.
- **Installation of T2 turbulators:** fitting of turbulators (helical rotating inserts) inside the piping of the feedstock preheating exchangers, which

allow an improvement of the thermal exchange and therefore less need to burn fuel in the furnace;

- **Energy recovery for the compressors C109A/B:** installation of a new system for continuously adjusting the flow rate, instead of the old system of step adjustments, with the result of eliminating the need to recycle the gas and the amount of gas unnecessarily processed by the compressors, thus reducing electricity consumption;
- **New advanced DEE control:** this multi-variable controller allows optimisation of steam to the fuel gas cleaning section;
- Lastly, in July 2020, the **fluid catalytic cracking (FCC) plant's wet-gas compressors were electrified**, i.e., the replacement of the FCC plant's two wet-gas compressors driven by steam turbines with two new, more efficient compressors powered by electric motors. This has resulted in energy consumption efficiency and a reduction

in the plant's high-pressure steam consumption (with a consequent reduction in CO<sub>2</sub> emissions).

Lastly, it should be considered that the implementation of energy efficiency measures generally follows an asymptotic trend: after the first few years in which the measures with the most significant and easily achievable benefits are implemented, the following years allow for measures with decreasing benefits, and with greater complexity and implementation costs.

A mature, technologically advanced industrial site such as Sarroch, owned and managed by the subsidiary Sarlux, has been pursuing energy efficiency for several years now and has already implemented all the most effective measures. This, therefore, explains the only implementation in 2020 and the decreasing residual investment opportunities in the following years.

#### SUMMARY OF ENERGY EFFICIENCY MEASURES IMPLEMENTED IN 2018-2020

Parameter	Year of entry into service	Energy saving (GJ/year)	CO <sub>2</sub> equivalent (t/year)
<i>Energy recovery for compressors MHC2 C-203/C-203S</i>	apr-18	26,438	2,035
<i>Technological improvements to air cooler (MAF) Southern Plants - 1<sup>st</sup> step</i>	mar-18	161,161	12,407
<i>Technological improvements to air cooler (MAF) Southern Plants - 2<sup>nd</sup> step</i>	nov-18	92,092	7,089
<i>Use of low pressure steam in S3C1 - SWS3 column</i>	nov-18	16,737	1,288
<i>New advanced control at IGCC Plant</i>	jul-18	93,015	7,161
<i>Inverter installation for K1F3</i>	jan-19	7,537	580
<i>Turbolators installation at T2</i>	mar-19	40,814	3,140
<i>Energy recovery for compressors C109 A/B</i>	jul-19	34,881	2,683
<i>New advanced control at DEE Unit</i>	set-19	82,953	6,381
<i>Electrification of the Air Compressor of the Catalytic Cracking Unit (FCC)</i>	jul-20	32,957	2,535

## Odours

Even before the Integrated Environmental Authorisation (AIA) came into force in April 2009, the Saras Group expressed its sensitivity and commitment to managing unpleasant odour emissions that, although they do not have adverse health implications for people, they do however have a negative impact on the perception of the plant by the community.

The assessments that led to the definition of the AIA included preliminary studies aimed at understanding the odour emissions associated with the Sarlux plant's activities. Therefore, when the AIA came into force in 2008, a monitoring methodology had already been defined, based on a conceptual model that began with the identification of potential sources within the Sarlux plant and defined the sensitive receptors in the neighbouring inhabited areas, potentially affected by the odour impact induced by the activities of the industrial site.

Mathematical simulation models were used, fed by measurements taken in the field using monitoring and analytical techniques, which are still state-of-the-art today. Combined with weather and climate data from both the ARPAS environmental monitoring network and the Group's network.

Therefore, the Odour Monitoring Plan required by the AIA was drawn up based on the need to understand a phenomenon that could be perceived as an environmental problem, thus potentially damaging the community's perception of the plant.

The implementation of the Odour Monitoring Plan, which was gradually applied first to the South plants (2009), and then also to the North plants (2015), both under normal operating conditions and under transitory conditions (plant shutdowns and restarts - as from 2018), has demonstrated no toxicological impact on sensitive receptors, and no significant odour emission events not even during transitory conditions.

Starting from the results of the implementation of the Odour Monitoring Plan, the Group has therefore launched detailed studies that have enabled it to plan and make effective investments to minimise the impact of odours, and the resulting discomfort for the local communities.

The main interventions include fitting sealed covering to the API<sup>15</sup> tanks, fitting a double-seal between the cladding and the roof for all tanks with a floating roof, as well as further activities on tanks, currently under study.



15. API (American Petroleum Institute, the Institute that first established the design standard) tanks are devices for treating oily water, such as, for example, refinery discharges.

## Sealing of API tanks

This activity derived from the “gap analysis” carried out in 2014 on the Sarroch site in comparison with the BAT (“Best Available Techniques”), which showed that it would have been possible to further contain fugitive emissions from these oily water treatment tanks.

The following year, an upgrading study was carried out, with the aim of using floating aluminium panels with double-seal gaskets to cover over 1,200 square metres of the tanks’ surface area. This huge investment was then started in 2016 and it was finally completed in 2017.

In order to completely assess the effects of this investment, monitoring was performed before the start of the work, during the execution phase and after installation of the floating panels. The measurement results available to date, confirm a significant reduction in emissions of Volatile Organic Compounds (VOC), in line with the levels expected as per the project design.

Currently, the feasibility is being assessed of further extending the tanks’ coverage, up to their upper limits.

## Interventions and studies on tanks

Over the years, investments have been made to equip the floating roof tanks with double seals installed between the shell and the roof. Also, ST99, ST26, ST27, ST29, and ST98 tanks have been equipped with an odour mitigation/abatement system, realised with non-automated tools, consisting of specifically sized fogging nozzles, which allow the nebulization of neutralising chemicals/chelants.

These systems achieved a reduction in odour concentration of more than 80%, thanks to the following significant reductions in emitted osmogenic compounds:

- greater than 95% for hydrogen sulphide;
- greater than 85 % for organic sulphur compounds;
- 95% for volatile organic compounds.

The installation of this abatement system on other fixed and floating roof tanks is currently being studied. In addition, a number of emission prevention activities are also being studied, and various abatement/mitigation systems are under consideration.

It should be noted that the significant results achieved in understanding the phenomenon of odour production and dispersion are the result of significant investments made by the Group in the field of research, equipping itself with an accredited olfactometric laboratory, in compliance with the international reference standard (UNI-EN 13725:2004), consisting of an olfactometric chamber and analytical instrumentation capable of detecting the olfactory thresholds of osmogenic compounds, which are known to be very low.

Finally, it is essential to mention that it is currently being assessed the feasibility of a network of “electronic noses”, properly called IOMS (“Instrumental Odour Monitoring Systems”), which can be integrated with the Odour Monitoring Plan currently in place.

The subsidiary Sartec, in cooperation with Sponge (a spin-off of the University of Salerno), is completing the development of an innovative IOMS model that has reached the testing phase. The network of “electronic noses” will consist of several IOMS installed near the emission sources characteristic of the Sarlux plant, and also near selected sensitive receptors located outside the industrial site.

The objective is the continuous measurement of odour emissions (odour concentration and odour quality) from sources within the Sarlux industrial site, and the assessment of the odour impact induced outside the site. The IOMS network will be integrated with a Sarlux meteorological monitoring network, which will be upgraded from the current one by installing six new stations. This will allow further optimisation of the weather models used to predict the spread of fugitive emissions.

## FUGITIVE EMISSIONS OF VOLATILE ORGANIC COMPOUNDS

Since 2008, the industrial site of Sarroch, in collaboration with the subsidiary Sartec Srl, has implemented a methodological, unitary and integrated approach (“Mixed Smart LDAR” procedure) for the implementation of the fugitive emissions of volatile organic compounds (VOCs) monitoring programme, commonly referred to as the LDAR (Leak Detection and Repair) Protocol. It is aimed at the detection and repair of process components that accidentally release VOCs into the environment.

The Mixed Smart LDAR procedure provides, in summary, for the investigation of all the monitored process components using a special infra-red thermal camera (FLIR series GasFind-IRTM thermal camera), the quantification of the losses detected by the portable samplers provided for in the EPA Method 21- “Determination of Volatile Organic Compound Leaks” protocol, the sampling and the subsequent statistical inference of accessible components found not to have leaks during the investigation with the camera, the statistical analysis of the data collected during the monitoring, the estimate of the flow of the total mass of the gases emitted, the recording of all related monitoring data in a dedicated information system and the execution of the repair of pro-

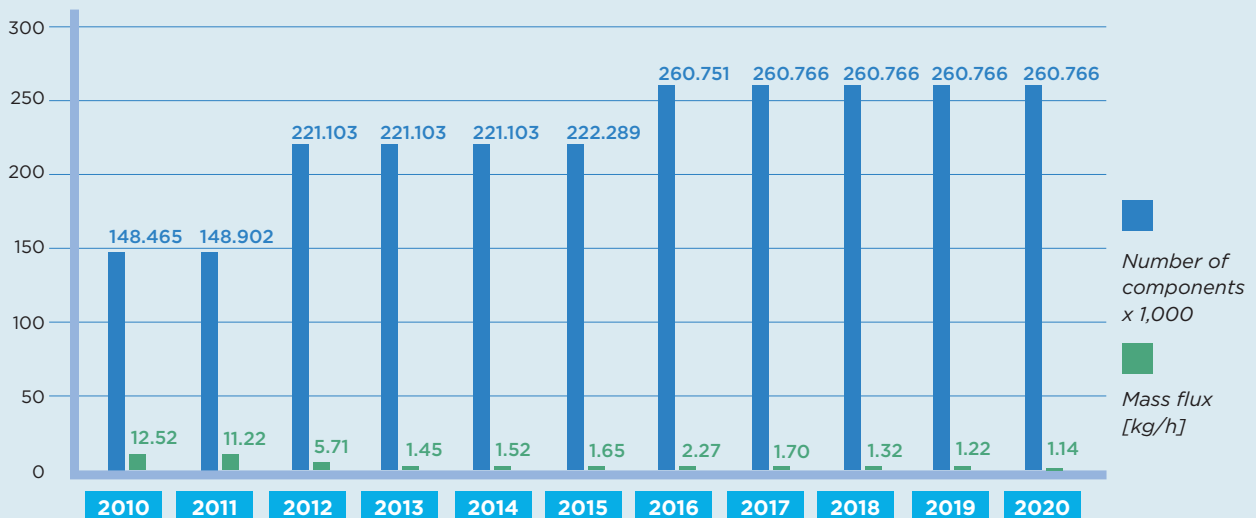
cess components found to have leaks.

The estimation of the mass flow of the emitted gas is conducted on the basis of the method of correlation equations reported in the EPA-453/R-95-017 protocol - “Protocol for Equipment Leak Emission Estimates” (Nov. 1995) with updated emission factors to February 1999.

The overall result of the Mixed Smart LDAR application at the plants of the Sarlux industrial site in Sarroch indicates that, from 2010 to the present, the percentage reduction of VOC emissions due to fugitive emissions has been greater than 90%.

In the AIA decree DEC-MIN-263 of October 2017, the Control Bodies requested the application of the LDAR Protocol not only in the normal operating conditions of the plants, but also in the most severe operating conditions, i.e., during the plant transitory operations (such as plant shutdowns and restarts). This activity, already planned and carried out by Sarlux (as a useful tool for emission prevention), did not highlight significant emission events of VOCs from fugitive emissions during transitory operations in the three-years period 2018-2020.

**EFFECT OF THE APPLICATION OF MIXED SMART LDAR PROCEDURE TO SARLUX INDUSTRIAL SITE**



## Waste

The Saras Group constantly monitors and controls its activities with the aim of respecting regulations on environmental matters.

In particular, with reference to waste management, the subsidiary Sarlux, owner of Sarroch industrial site, is responsible for the production of approx. 97% of the total waste (hazardous and not) produced by the entire Group. For this reason, the

Group codified and formalised all aspects concerning waste management and monitoring in its operationally relevant site, within the already mentioned Environmental Management System ISO:14001 certified, and the EMAS scheme.

### WASTE GENERATED (T/YEAR)

Parameter	2018			2019			2020		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
<i>Saras Spa</i>	0	0	0	1	1	2	0	0	0
<i>Sarlux Srl</i>	42,963	21,614	64,577	45,001	27,610	72,611	37,350	19,396	56,746
<i>Sartec Srl</i>	10	10	19	9	12	21	2	11	13
<i>Sardeolica Srl</i>	5	112	117	4	104	108	5	82	87
<i>Deposito di Arcola Srl</i>	371	4	375	933	9	942	1,095	496	1,590
<i>Saras Energia SAU</i>	179	0	179	64	0	64	119	7	126
<i>Saras Trading SA</i>	0	0	0	0	0	0	0	0	0
<b>Total*</b>	<b>43,528</b>	<b>21,740</b>	<b>65,268</b>	<b>46,013</b>	<b>27,736</b>	<b>73,749</b>	<b>38,571</b>	<b>19,992</b>	<b>58,563</b>



It should be noted that the high variability of waste production over the years is related to the performance of the maintenance activities on units and tanks. These activities in fact generate different quantities of waste in relation to the specific kind of units and tanks involved.

As regards the types of waste produced, 66% of the total in 2020 was classified as “hazardous”, since it came almost entirely from industrial processes.

A breakdown of waste by destination shows that around 98% of the Group’s waste goes to appropriate forms of treatment, with only a small proportion going to landfill. This treatment rate has been steadily increasing in recent years.

WASTE BY DESTINATION (T/YEAR)												
Parameter	2018				2019				2020			
	H	NH	Total		H	NH	Total		H	NH	Total	
Treatment	42,956	18,694	61,650	94%	45,405	24,976	70,381	95%	38,375	19,020	57,395	98%
Landfill	572	3,046	3,618	6%	608	2,760	3,368	5%	196	973	1,168	2%
<b>Total</b>	<b>43,528</b>	<b>21,740</b>	<b>65,268</b>		<b>46,013</b>	<b>27,736</b>	<b>73,749</b>		<b>38,571</b>	<b>19,992</b>	<b>58,563</b>	

H: hazardous

NH: non-hazardous

As regards the national legislation on waste management, Italy applies the Legislative Decree no. 152/06 of 03/04/2006, which lays down guidelines for proper waste management. This management must be aimed at preventing waste production wherever possible and, if this is not possible, it must give priority to sending the waste produced to recycling and/or recovery activities (classified with alphanumeric codes from R1 to R13), including:

- R1: use for energy generation
- R4: raw material recovery
- R13: storage of waste for submission to any of the R1 to R12 operations

and, only as a last choice, sending it to disposal activities (classified with alphanumeric codes from D1 to D15), including for example:

- D1: direct landfill disposal
- D9: chemical and physical treatment
- D10: disposal by incineration
- D15: preliminary storage before any of the D1 to D14 operations

In addition to the national legislation for the Sarlux industrial site, the AIA Decree issued to the company (DEC-MIN-000263 of 11/10/2017 - Review of the Integrated Environmental Authorisation issued to Sarlux Srl for the operation of the "Refinery, Combined Cycle Gasification Plant (IGCC) and North Plants" complex in Sarroch) reiterates the requirements arising from Legislative Decree no. 152/06 and also prescribes a specialised monitoring system.

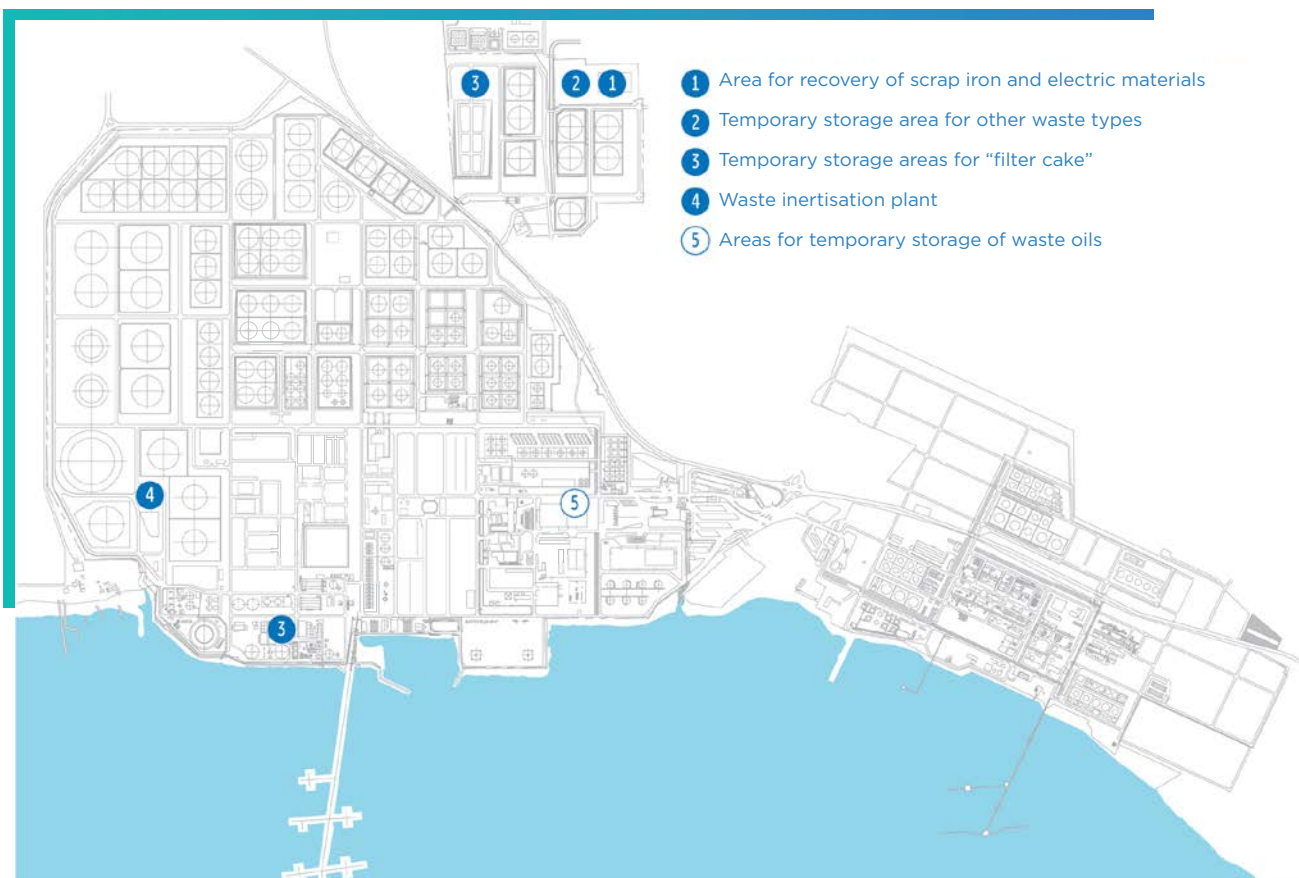




## Sarlux: in-depth analysis

With reference to the figure below, the main waste management operating phases at the Sarlux plant, before being sent outside of the site for further disposal or recovery activities, are described below:

- waste generated, properly divided into homogeneous categories, is sent to temporary storage areas (point 2);
  - with regards to the *filter cake* from the IGCC unit, it can be stored in the dedicated temporary storage areas (point 3), before being sent outside for the recovery of the metals contained therein;
  - in the case of scrap iron, a recovery operation is performed in an appropriate area (point 1), managed by a third-party authorised firm, which performs a selection and reduction of volumes, without however any alteration in type and quantity of the scrap;
  - waste oils are stored in special containers (point 5) and are taken directly from the equipment wherever possible;
  - waste consisting of plastic, glass, aluminium and paper is separately collected and conferred to a dedicated area, which is managed and operated by the Municipality of Sarroch;
- the majority of the waste generated, mainly comprising waste polluted by hydrocarbons, is sent to a plant located inside the Sarlux site (point 4), which performs operations of separating the solid phase from the liquid phase (oily phase and aqueous phase); afterwards, the liquid phase recovered is conveyed to the wastewater treatment plant (TAS), whilst the solid phase is subject to a subsequent inertisation treatment and/or, from the end of 2019, thermal-dryer treatment (TDS). This last treatment, in particular, delivers environmental improvements for the refinery on several fronts, including the reduction of waste leaving the site (with a reduction in the overall environmental impact), the reduction of waste transport vehicle traffic (with a reduction in road use), and the reduction in the use of chemicals in the waste treatment process (and therefore a relative reduction in vehicle traffic to transport the chemicals).





The treatments carried out by the inertisation plant significantly reduce the amount of waste in mass and change its type, by mixing it with an inert matrix. The management of the plant in question is entrusted to a specially authorised third-party firm.

With the aim of further reducing the amount of waste leaving the site, the installation of a thermal-dryer unit (TDS) was completed at the end of 2019. The new unit, also operated by an authorised third party company, treats most of the process sludge from the TAS plants, replacing the treatment at the inertisation unit. Specifically, in the 2020 financial year, 93% of the sludge from the TAS plant was treated in the thermal-dryer unit, with an estimated reduction in the amount of waste of 80% compared to the amount of waste that would have been produced using the inertisation unit.

Two firms manage the waste collected within the site and they report, in their annual declaration forms, the precise quantities of waste that they send outside, after the treatments carried out. These authorised companies have been selected and are subject to periodical verifications, by means of specific audit activities.

Finally, with regards to the solid waste resulting from the filter-presses of the IGCC plant (named “filter cake” because of its physical consistency), it contains a high percentage of metals such as iron, vanadium and nickel, and it is sent to Germany for their recovery and subsequent use as a raw materials for the steel industry. For this operation, a permit for the transboundary movement of waste is required annually, in accordance with EU Regulation 1013/2006 of 14 June 2006 on shipments of waste.

Finally, Sarlux is authorised to receive and treat waste comprising bilge waters, slop and ballast waters from ships. This activity is carried out as a completely free service for both ships that berth at Sarroch maritime terminal and also for ships that confer the above mentioned waste types to Sarlux by tank lorries from other regional ports. The treatment of these types of liquid waste is performed at the ballast water treatment plant. The same plant treats the water discharged from the system of wells (piezometers) used to monitor the ground waters underneath the industrial site.

The following table shows the quantities of output/treated waste at the Sarlux site, split by type.

#### OUTPUT WASTE/TREATED WASTE AT SARLUX SITE (T/YEAR AND %)

Parameter	2018		2019		2020	
<i>Waste treated at internal inertisation unit / thermal-dryer unit</i>	38,139	59.06%	38,985	53.69%	32,229	56.80%
<i>Groundwaters from hydraulic barrier wells treated at waste water treatment plant</i>	4	0.01%	7	0.01%	16	0.03%
<i>Filter cake sent for external recovery</i>	1,619	2.51%	1,802	2.48%	1,441	2.54%
<i>Other types of waste</i>	24,815	38.43%	31,817	43.82%	23,060	40.64%
<b>Total</b>	<b>64,577</b>		<b>72,611</b>		<b>56,746</b>	

As can be seen, in 2020, the total waste production of the Sarlux site was significantly reduced compared to the production recorded in recent years, mainly due to the rescheduling of investment and maintenance activities.

According to the data recorded, the total waste delivered to the in-house inertisation/thermal drying units is about 6,000 tonnes less than in the previous two years. This reduction, along with being a consequence of the pandemic (which has led to lower investment activities, e.g. for tank maintenance), is closely linked to the continuous search for better solutions, which in the field of waste management means seeking, where possible, solutions to reduce the quantity of waste produced, and favouring the submission of waste to recycling/recovery plants for disposal.

In this respect, during 2020, thanks to the cooperation of all the departments involved, a number of previously identified actions were activated, such as:

- new management approaches for some plants producing process sludge (Reactivator), which has led to a reduction in quantities;
- alternative management for certain types of waste, which are no longer sent to the third-party company's plant on the Sarlux site (e.g. refractory materials now managed at a plant outside the refinery, and refractory materials classified as

non-hazardous, which are now sent for recovery, also improving environmental performance).

In addition, in the continuous search for solutions to improve and reduce the environmental impact of waste disposal, the following improvements have been implemented in recent years:

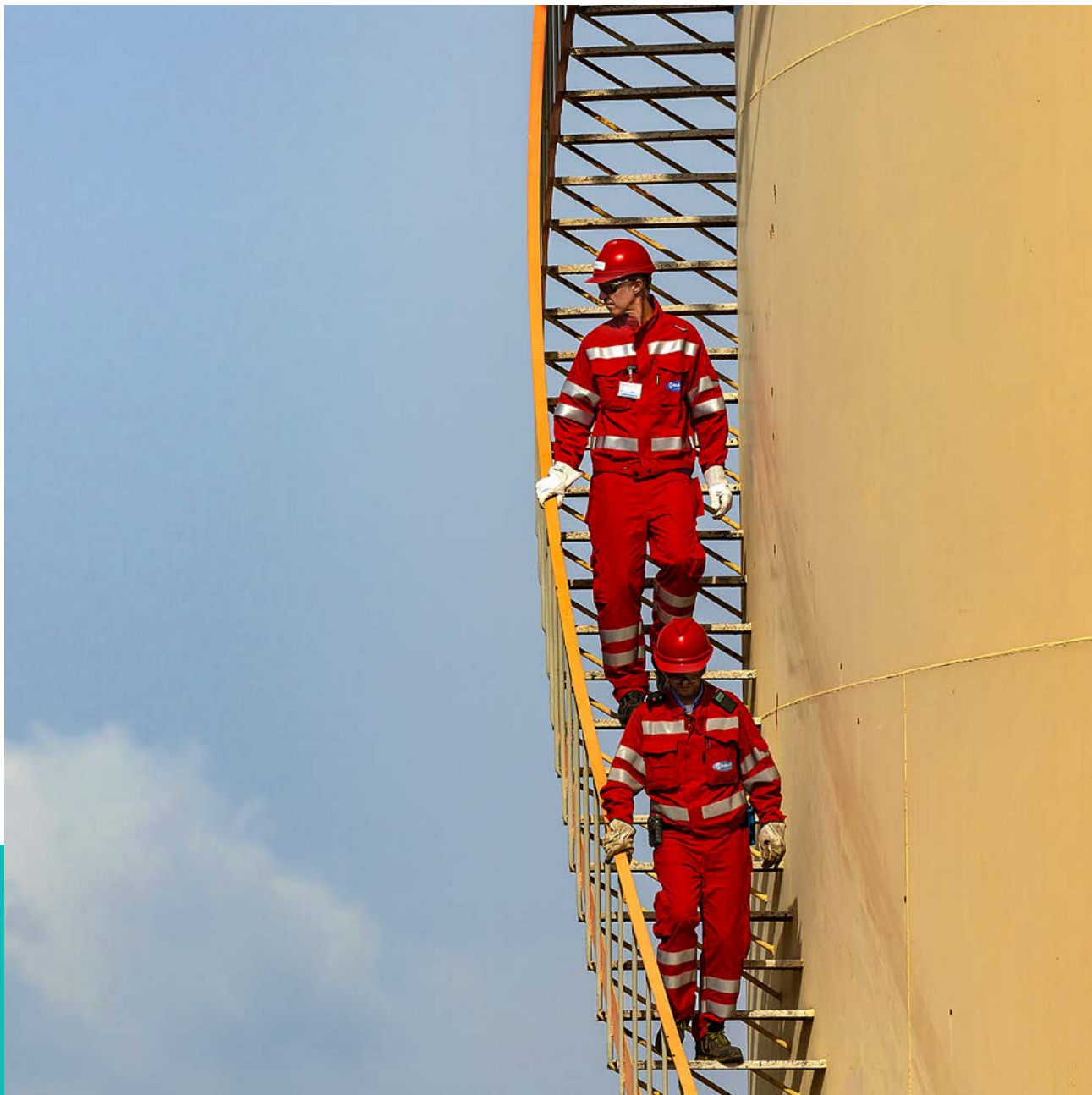
- from 2017, Saras started sending wood packaging to recycling, in order to achieve a better reuse of this resource, as compared with the recovery only for energy production purposes.
- since 2018, a channel for managing concrete for recovery at an authorised plant in Sardinia has been activated, as an option to sending it to landfill;
- from 2019, a channel for managing bitumen for recovery at an authorised plant in Sardinia has been activated, as an option to sending it to landfill;
- since December 2019, a channel for managing industrial plastics for recovery at an authorised plant in Sardinia has been activated, as an option to landfill;
- since 2020, a channel for the management of certain types of waste from recovered refractory material has been activated.

Broken down by category, in 2020, a total of 56,746 tonnes of waste were managed at the Sarroch site of the subsidiary Sarlux, divided as shown in the table on the following page.



**WASTE GENERATED AT SARLUX SITE (T/YEAR AND %)**

Parameter	2018		2019		2020	
	T	%	T	%	T	%
Non-hazardous waste [t]	21,614	33%	27,610	38%	19,396	34%
Hazardous waste, of which:	42,963	67%	45,001	62%	37,350	66%
Water from remediation activities [t]	4	0.01%	7	0.01%	16	0.04%
Soil from remediation activities [t]	1,154	2.69%	0	0.00%	0	0.00%
Hazardous waste from ordinary and extraordinary activities [t]	41,806	97.31%	44,994	99.99%	37,334	99.96%
<b>Total [t]</b>	<b>64,577</b>		<b>72,611</b>		<b>56,746</b>	



The share of waste sent for recovery or recycling is 21,578 tonnes. The percentage of recovery or recycling concerning the total amount of waste produced is in line with previous years (38% in 2020 vs. 40% in 2019 and 35% in 2018).

In order to represent in more detail the various destinations of the waste sent for recovery, the table below shows the quantities managed onsite, at the authorised internal plants (Onsite), and those managed at treatment plants Offsite.

<b>SARLUX: TOTAL WASTE RECOVERED (INTERNAL AND EXTERNAL TO SITE) (T/YEAR)</b>			
Parameter	2018	2019	2020
<i>Waste sent to recovery [t]</i>	21,020	27,860	20,137
<i>Filter cake [t]</i>	1,619	1,802	1,441
<b>Total waste recovered [t]</b>	<b>22,639</b>	<b>29,662</b>	<b>21,578</b>

<b>SARLUX: DETAILS ON WASTE RECOVERY / RECYCLING (T/YEAR)</b>									
Parameter	2018			2019			2020		
	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total
<b>Hazardous waste</b>									
<i>Reuse</i>	0	0	0	0	0	0	0	0	0
<i>Recycling</i>	0	150	150	0	1,177	1,177	0	504	504
<i>Other forms of recovery</i>	66	3,879	3,945	72	3,588	3,660	78	2,647	2,725
<b>Total [t]</b>	<b>66</b>	<b>4,029</b>	<b>4,095</b>	<b>72</b>	<b>4,765</b>	<b>4,837</b>	<b>78</b>	<b>3,151</b>	<b>3,229</b>
<b>Non-hazardous waste</b>									
<i>Reuse</i>	0	0	0	0	0	0	0	0	0
<i>Recycling</i>	3,274	15,202	18,476	3,149	21,476	24,625	2,085	15,932	18,017
<i>Other forms of recovery</i>	0	68	68	0	200	200	0	332	332
<b>Total [t]</b>	<b>3,274</b>	<b>15,270</b>	<b>18,544</b>	<b>3,149</b>	<b>21,676</b>	<b>24,825</b>	<b>2,085</b>	<b>16,264</b>	<b>18,349</b>
<b>Total waste recovered [t]</b>			<b>22,639</b>			<b>29,662</b>			<b>21,578</b>

In particular:

- the portion indicated as "Onsite Recycling" refers to materials recovered from disused equipment, ferrous materials, and certain types of contaminated packaging recovered by the two third-party companies that manage the two authorised treatment units located onsite; this portion also includes the amount of water recovered from remediation activity from the groundwater monitoring system relating to Impianti Sud;

- the quantities of wood, concrete, bitumen, refractory materials, excavated soil, and packaging are reported in the portion indicated as "to Off-site Recycling".

Finally, as regards waste sent for Disposal (D1:D15) in 2020, the value stands at 35,168 tonnes, of which a portion is sent directly for disposal in landfills/incineration, as indicated in the table detailing the destination.

SARLUX: DETAILS ON WASTE DISPOSAL (T/YEAR)									
Parameter	2018			2019			2020		
	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total
<b>Hazardous waste</b>									
<i>Incineration (with energy recovery)</i>	0	0	0	0	0	0	0	0	0
<i>Incineration (without energy recovery)</i>	0	0	0	0	0	0	0	0	0
<i>Landfill</i>	0	304	304	0	281	281	0	195	195
<i>Other forms of disposal</i>	38,160	404	38,564	38,319	1,564	39,883	32,167	1,759	33,926
<b>Total [t]</b>	<b>0</b>	<b>304</b>	<b>38,868</b>	<b>38,319</b>	<b>1,845</b>	<b>40,164</b>	<b>32,167</b>	<b>1,954</b>	<b>34,121</b>
<b>Non-hazardous waste</b>									
<i>Incineration (with energy recovery)</i>	0	0	0	0	0	0	0	0	0
<i>Incineration (without energy recovery)</i>	0	0	0	0	0	0	0	0	0
<i>Landfill</i>	0	182	182	0	2,756	2,756	0	971	971
<i>Other forms of disposal</i>	0	2,888	2,888	0	29	29	0	76	76
<b>Total [t]</b>	<b>0</b>	<b>3,070</b>	<b>3,070</b>	<b>0</b>	<b>2,785</b>	<b>2,785</b>	<b>0</b>	<b>1,047</b>	<b>1,047</b>
<b>total waste sent to disposal (t)</b>			<b>41,938</b>			<b>42,949</b>			<b>35,168</b>

## ENVIRONMENTAL AND WASTE TECHNOLOGY

In 2020, within the Group's reorganization activities, the "Environmental and Waste Technology" Team was established within the Industrial Technology department of the Sartec Srl subsidiary.

The general targets of the new Team, which fall within the directives of the European Green Deal and the circular economy with a new approach towards the local communities, are the following:

- through the constant scouting of the Best Available Techniques (BAT), identify, evaluate and suggest innovative technological solutions to improve environmental performances;
  - define environmental and waste management directives and policies, aimed at continuous improvement, and in compliance with best practices;
  - support the definition of strategic targets for the authorisation process, with specific regards to the adoption of BAT, the identification of operational assets which can allow adequate flexibility and cost-effectiveness, and the constant innovation of the monitoring plans;
  - produce and deliver studies, opinion letters, performance analysis, hypothesis and models, as well as functional specifications for the definition of investments and the procurement of goods and services required to manage and optimise environmental performances;
  - coordinate the realization of research projects and the development of innovative solutions for remediation activities, improvement of environmental performances and monitoring techniques, also with the use of an "open innovation" system, which constantly monitors the technological evolution related to environmental topics.
- More precisely, the targets of the short-term activity plan are the following:
- optimisation in waste management: reduction of the volume of waste produced, recovery of waste within the industrial site, and recovery of waste in / for the regional territories;
  - Waste to fuel/chemicals: search for waste and innovative recovery technologies for the production of second generation bio-fuels and/or chemicals, also considering the new targets set by the Energy Transition;
  - Remediations and decommissioning technologies: study and experiments of remediation technologies "on site", and definition of decommissioning specifications for dismissed industrial plants;
  - Water management optimisation: study and experiments on the optimal operational frameworks, new technologies for treatment of polluted streams, and network management;
  - Emission reduction: study of the operational frameworks with the aim to reduce atmospheric emissions, technologies for the reduction and abatement of VOC emissions and odours, modelling of the emissions and their fallout;
  - Monitoring techniques: electronic nose for odour monitoring, new monitoring instrumentation using optical technology, drones, satellites and robots.

### Separate waste collection for recycling

Separate waste collection was introduced at the Sarroch industrial site already in 2006 (as an indicator to be monitored in order to achieve EMAS certification), and was later extended to the whole Group. It has the purpose of optimising the collection of assimilable urban waste, and of reducing unsorted waste.

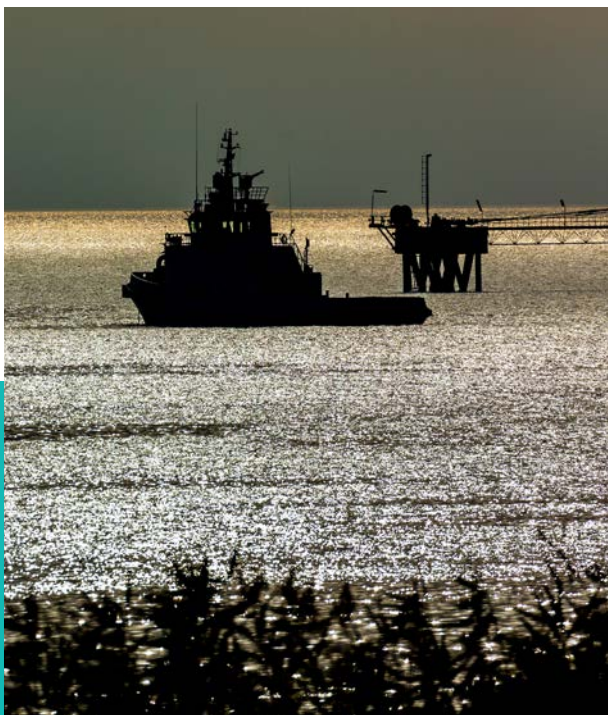
At Group level, a total of 333 tonnes of sorted waste was collected in 2020, of which 57% was paper, 22% wet waste, 12% plastic and the remaining 9% glass and cans.

97% (by weight) of the Group’s total separate waste collection in 2020 was performed at the Sarroch site, confirming the initiatives implemented to

drive appropriate behaviour of the people working at the site.

Indeed, over the years several initiatives have been launched to raise awareness that, by acting correctly, people can really make a difference: for example, a training module on separate waste collection was added in the induction training for contractors’ employees. Finally, a HSE statement was released several years ago, setting out the main behavioural rules to be applied at the Sarroch site. Ongoing awareness activities around these issues involving all site workers has enabled the excellent results achieved in 2020, as previously described.

SEPARATED WASTE COLLECTION (T/YEAR)			
Parameter	2018	2019	2020
Paper	93	230	190
Plastic	21	48	41
Glass and cans	19	36	29
Decomposable	42	63	72
<b>Total</b>	<b>175</b>	<b>377</b>	<b>333</b>



### Spills

In FY 2020, with the exception of the 20 April event at the Arcola storage facilities (see dedicated box for more information), no significant spills occurred neither at sea nor on land.

This came as a result of a serious and constant commitment by the Group to ensure the reliability of both its own manufacturing processes, its assets (in particular pipelines and tanks for crude and oil products, for which a multi-year plan is currently underway to realise floorings and containment basins), as well as the ships used for the transport of oil (which, since many years are all double-hulled and subject to a strict vetting policy, as detailed in the chapter below).



## EVENT OCCURRED ON 20 APRIL 2020 AT ARCOLA STORAGE FACILITIES

On 20 April 2020 there was a small leakage from a piping no longer in use, connecting the Coastal Storage facility in Pianazze (Arcola) with the Maritime Terminal in La Spezia.

The leakage was quickly identified and remediation activities were immediately performed, in order to secure the area affected by the spill and send the communication to the relevant Authorities, according to the provisions of Legislative Decree 152/2006.

Considering the small area affected by the potential contamination (less than 100 square metres), and the readiness of the remediation activities, it was possible to communicate to the Authorities, on 15 May, the completion of the remediation and the return of the area in the same conditions as before the spill.

### Sea

Concerning transport of crude and oil products by sea, given the large number of ships that carry out loading and unloading operations at the Sarroch site (around 800-900 ships a year), since 2009, the Group has had a Vetting policy (i.e., those criteria for selecting and checking ships, aimed at obtaining precise information on the safety and quality conditions of the inspected ship, in order to establish its suitability for docking at the jetties of the Sarroch industrial site), intending to prevent accidents and the release of hazardous substances into the sea.

In particular, the procedure requires that all the ships must be fitted with “double-hull”, a requirement that is enforced through monitoring both incoming and outgoing oil tankers headed for Sarroch’s terminals, and also through regular inspection activities conducted by Saras staff (also at other ports), according to international criteria, and “Pre-mooring” inspections on a spot basis, carried out in the harbour before mooring.

Ship inspections are carried out according to the “Minimum Safety Criteria” specification document, adopted initially by Saras, and now by Sarlux, in line with the protocols for inspecting ships established by the OCIMF (Oil Companies International Marine Forum), an organisation that promotes the improvement of safety, responsible environmental management in the transport of oil and its derivatives, and in the management of maritime terminals.

### Soil and subsoil

With regard to soil protection at the Sarroch industrial site, the Group continues to implement a multi-year programme of prevention activities, aimed at avoiding any problem related to accidental spills into soil and subsoil.

In particular, numerous impermeable pavements were built in recent years, with more set to be constructed in the future, in the containment basins of storage tanks and in the pipeways, along which the transfer lines of oil products stretch, connecting together the various tanks and the refinery plants. These operations avoid any percolation of oil products in the soil and subsoil (in the case of accidental spills).

Similarly, the fitting of double bottoms in the storage tanks allows to avoid the above-mentioned percolation phenomenon in soil and subsoil, in case any problem would occur to the bottom of the tanks. During the transitory period until all tanks will be fitted with double bottoms, an inspection process for integrity check continuously takes place with ultrasonic techniques, which allows the early detection of anomalies on the bottom of the tanks.

## ARCOLA STORAGE FACILITY

Activities at the Arcola site began in the 1960s, with the construction of an oil refinery by the Società Petrolifera Italiana (SPI) and the subsequent production of refined products such as gasoline, gasoils and fuel oils.

In 1986, SPI sold the refinery to Arcola Petroliera, who continued to run it until 1996, when the refining activities were discontinued in favour of developing storage activities. In 2011, the Deposito di Arcola S.r.l. company was established, and it undertook all storage activities.

Currently, the storage facility, which occupies a total surface of about 160,000 m<sup>2</sup> and employs 15 people, is exclusively involved in the storage of oil products (gasoline and diesel) using 26 above-ground atmospheric tanks, with a total nameplate storage capacity of around 181,600 m<sup>3</sup>.

The storage activity consists in the receipt of oil products via sea, mainly coming from the Sarlux refinery in Sarroch. The products arrive by sea to the Multi Buoy Mooring (MBM) terminal,

located in La Spezia harbour. From there, they are sent to the Arcola storage facility for storage in the destination tanks.

As shown in the illustration below, the storage facility is connected to the MBM terminal by a pipeline stretching around 10 km in total. The pipeline features two booster-pumping stations located one in Battigia and the other in Pianazze. These assets (jetty, pipeline and the Pianazze and Battigia bases) historically belonged to Eni SpA, but were purchased by Deposito di Arcola Srl in 2018. Finally, inland transfer takes place through pumps which convey the oil products to the tanker-trucks loading shelters.

The Arcola storage facility operates with great attention to Health, Safety and Environmental aspects. As such, it obtained the following certifications:

- Single Environmental Authorisation, in accordance with Presidential Decree 59/2013 and Legislative Decree 152/2006, as regards wastewater and atmospheric emissions, ob-

### DEPOSITO DI ARCOLA ACTIVITIES



## HANDLING OF GASOIL AND GASOLINE (TONNES)

Parameter	2018	2019	2020
<i>Deliveries via tanker-trucks</i>	141,458	132,814	127,806

tained on 17-Feb-2016;

- Fire prevention certificate, issued by La Spezia Provincial Command of the Fire Brigade on 30-Mar-2016;
- MISP certification (showing that the industrial site has been made permanently safe), following the construction of a 400 m physical barrier and the strengthening of the hydraulic barrier, obtained on 26-Sep-2016.

It should be however noted that, in April 2020, there was a small leakage from a piping no longer in use, which has been readily contained and remediated (detailed description in the chapter dedicated to Waste and Spills).

As part of the efforts to further improve management of Health, Safety and Environment, in 2018 the subsidiary Deposito di Arcola launched a project designed to move the docking point for ships from the “Auriga” jetty to the dock currently used by ENEL.

In 2020, the company progressed with the authorisation process with the relevant authorities and, due to delays that cannot be attributed to the company, it is now expected that the works for the construction of the new docking point will be completed only in 2022. When completed, the project will result in significant improvements to operational conditions during loading and discharge activities of the vessels.

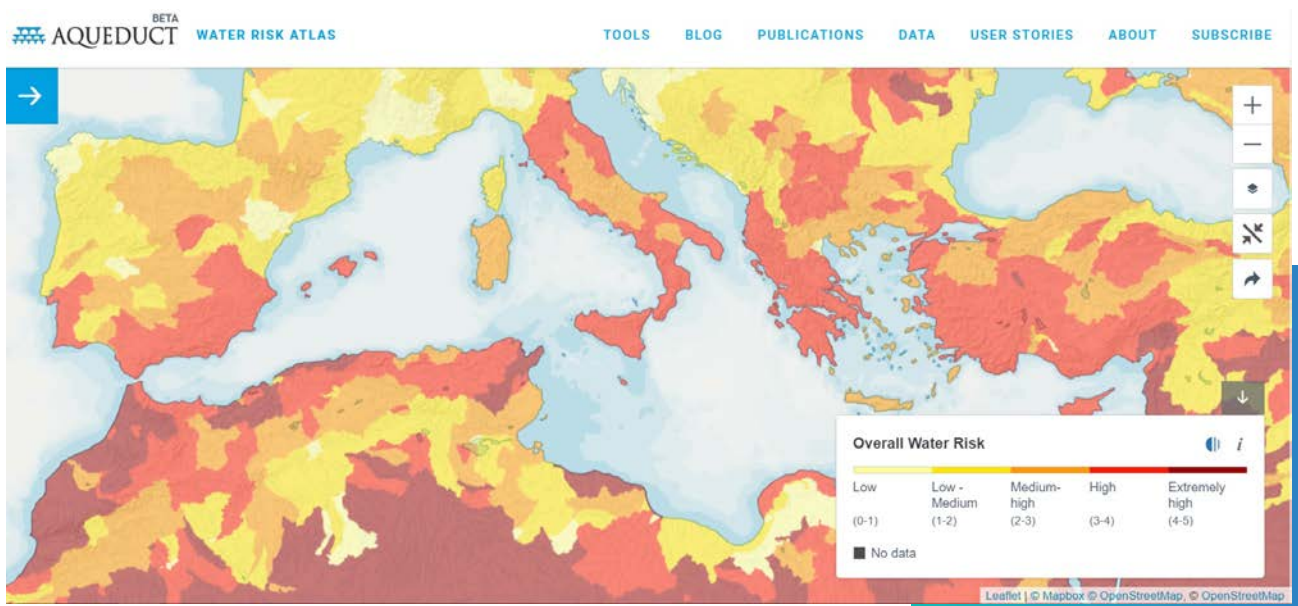
Finally, still aiming at increasing safety levels, during 2020 works began to install state of the art automated radar-levels on all tanks of the Storage Facility, and to connect them to a remote terminal in the Control Room, using Wi-Fi technology.

The quantity of petroleum product inventories in the tanks will be managed with a software (Rosemount TankMaster Inventory Management), which will collect real-time signals (such as levels and temperatures) from the field, to automatically calculate mass and volumes of the inventories, and to provide precious information to the operators.



## Water Resource Management

Managing water resources has always been a topic of great attention and commitment for the Saras Group, which carries out its main business activities in Sardinia, a region characterised by little rainfall and frequent droughts, as can be seen in the international Aqueduct 3.0 Water Risk Atlas database prepared by the World Resource Institute.



The Sarroch industrial site, located on the southern coast of Sardinia, uses water for several purposes, the main one being the production of steam for technological uses (transport of thermal energy, steam stripping, and power generation). Furthermore, water is used to supply the cooling circuits of the industrial site, the fire protection water network, and also for other civilian uses.

Aware of the scarcity of water resource in the local area, the Group has adopted policies at its Sarroch site designed to reduce the use of regional primary water sources. It continues to regularly monitor, manage and optimise the water footprint of the industrial site, thanks to its Environmental Management System and the EMAS Regulation protocol.

More specifically, the site's water consumption is defined as the amount of water required to guarantee operation of the plant and services linked to production. It is given by the sum of the following addends:

- untreated water from the industrial consortium;
- internal recovery water from sewage treatment units (*water reuse*);
- seawater (only for the quantity taken and not sent back into the sea).

In order to reduce usage of primary water, thus leaving a higher amount of untreated water available to the local communities, over the years numerous interventions have been carried out, both in the form of investments and in the form of process improvements, all aiming at gradually reducing the water requirements. In parallel, but for the same purposes, the internal recovery of water, which would otherwise be discharged into the sea, has been maximised; finally, also the installed capacity of desalination systems has been maximised over the years.

Amongst the main measures implemented in the past years to maximise the recovery of internal water (*water reuse*) the following can be recalled:

- in 2017, start-up activities began for a 140 m<sup>3</sup>/h unit, capable of recovering water suitable for re-use in the cooling circuits, starting from process waters;
- in 2018, a new seawater desalination plant capable of producing 500 m<sup>3</sup>/h of demineralised water for use in the high-pressure boiler systems became operative. The launch was gradual, with production progressively increasing before stabilising at around 360 m<sup>3</sup>/h;
- in 2019, in April, the insertion of all sections of the new seawater desalination plant was completed, up to the unit's maximum capacity. Following achievement of full capacity, since May, the old desalination units built in the 1990s, which are no longer energy efficient, have been shut down.

The following table summarises water use at the site over the last three years.

ONSITE WATER USE (m <sup>3</sup> )			
Parameter	2018	2019	2020
<i>Water use onsite</i>	22,440,380	22,148,791	21,303,724

The following table shows water consumption divided by supply source. The column with the percentages represents, year by year, the incidence of each type of supply on total consumption.

ONSITE WATER USE SPLIT BY THREE TYPES OF SUPPLY (Mm <sup>3</sup> )						
Parameter	2018		2019		2020	
	Mm <sup>3</sup>	%	Mm <sup>3</sup>	%	Mm <sup>3</sup>	%
<i>Internal recovery water (water reuse)</i>	5.1	22.8%	5.7	25.8%	5.9	27.6%
<i>Untreated water from the industrial consortium</i>	8.7	38.8%	6.7	30.5%	6.0	28.2%
<i>Seawater</i>	8.6	38.4%	9.7	43.7%	9.4	44.3%
<b>Total</b>	<b>22.4</b>		<b>22.1</b>		<b>21.3</b>	

The new desalination plant, which became fully operational in April 2019, and the ongoing efforts to increase water reuse have allowed for a further reduction in raw water withdrawals from the industrial consortium in 2020. Moreover, as mentioned in the past, the new desalination plant's output yield is higher than the one of the previous plants, which are no longer in operation, which makes it possible to produce the same quantity of demineralised water with less withdrawal of seawater.

From the point of view of water storage, two raw water tanks are used at the Sarroch site, continuously operated at full capacity. There is, therefore, no significant variation between the volume of total water stored at the end of the reporting period compared to the volume of total water stored at the beginning of the reporting period.

Turning then to the analysis of the industrial site's needs, i.e., the total water withdrawal, this value is given by the sum of the raw water coming from the

industrial consortium and the water taken from the sea. Furthermore, it should also be considered that most of the seawater is returned to the sea with

practically the same qualitative characteristics of the water withdrawn, with just minor changes in its temperature and/or salt concentration.

### WATER WITHDRAWN BY THE SITE (m<sup>3</sup>)

Parameter	2018	2019	2020
<i>Untreated water from the industrial consortium</i>	8,745,684	6,749,917	5,997,790
<i>Seawater</i>	59,334,145	60,554,562	58,832,422
<b>Total water withdrawn by site</b>	<b>68,079,829</b>	<b>67,304,479</b>	<b>64,830,212</b>

Finally, to provide an even more in-depth representation and in line with the requirements of the 2018 update for the GRI-303 indicator, starting with this exercise, an analysis was prepared with regards to the quality of the water resource withdrawn for industrial use in the so-called "water stress areas": i.e., those regions where it is not possible to fully meet human and ecological water needs in terms of availability, quality and/or accessibility.

In order to provide this analysis, the Group first verified that, amongst its business activities, the only one with a significant water withdrawal for process use is the Sarroch industrial site. There is no water consumption for industrial or process use at the other sites, but only for civilian uses.

Subsequently, as mentioned in the previous paragraphs, the Group consulted the public database called "Aqueduct 3.0 Water Risk Atlas" of the World Resources Institute and confirmed that Sardinia does indeed fall within the medium-high water stress areas.

Subsequently, as mentioned in the previous paragraphs, the Group consulted the public database called "Aqueduct 3.0 Water Risk Atlas" of the World Resources Institute and confirmed that Sardinia does indeed fall within the medium-high water stress areas.

Finally, a breakdown of water withdrawals from the Sarroch industrial site was prepared according to

### WATER WITHDRAWN IN AREAS SUBJECT TO "WATER STRESS" - SARLUX

Parameter	2018		2019		2020	
	m <sup>3</sup>	%	m <sup>3</sup>	%	m <sup>3</sup>	%
<b>Raw water from industrial consortium</b>	<b>8,745,684</b>		<b>6,749,917</b>		<b>5,997,790</b>	
<i>Of which, fresh water (TDS ≤ 1,000 mg/L)</i>	8,745,684	100%	6,749,917	100%	5,997,790	100%
<i>Of which, other qualities of water (TDS &gt; 1,000 mg/L)</i>	0	0%	0	0%	0	0%
<b>Seawater</b>	<b>59,334,145</b>		<b>60,554,562</b>		<b>58,832,422</b>	
<i>Of which, fresh water (TDS ≤ 1,000 mg/L)</i>	0	0%	0	0%	0	0%
<i>Of which, other qualities of water (TDS &gt; 1,000 mg/L)</i>	59,334,145	100%	60,554,562	100%	58,832,422	100%
<b>Total</b>	<b>68,079,829</b>		<b>67,304,479</b>		<b>64,830,212</b>	



the level of concentration of total dissolved solids (TDS). In particular, laboratory analyses carried out on samples of raw water fed into the industrial distribution network by the Tecnocasic consortium show that the water taken by Sarlux from the industrial network has an average TDS of around 250 mg/L in 2020, with a maximum value of 303 mg/L.

Total Dissolved Solids (TDS) is an important parameter to characterise water quality and the types of use for which it is suitable, as it indicates the number of minerals and saline impurities dissolved in the water. In particular, water suitable for domestic sanitation applications should preferably have a TDS of less than 500 mg/L; water used for agriculture should have a TDS of less than 1200 ppm not to damage sensitive crops.

Usually, the TDS of water is calculated indirectly from the electrical conductivity. In fact, pure water is a poor conductor of electricity, whereas water with high amounts of dissolved solids (typically salts) conducts electricity better, as the dissolved salts dissociate, forming ions that carry electrical charges (positive or negative).

The formula used is:

$$\text{TDS (mg/L)} = \text{Ke} * \text{EC } (\mu\text{S/cm})$$

where 'EC' is the electrical conductivity of the liquid, measured in microSiemens per centimetre, and 'Ke' is the conversion factor, which depends on the chemical composition of the dissolved solids and can vary widely (range 0.54-0.96), with 0.67 being the most commonly used value.

## Discharges

The Sarlux industrial site, located in a medium-high water stress area (as previously verified through the World Resources Institute's public database "Aqueduct 3.0 Water Risk Atlas"), is responsible for almost all discharges of the Group (which are all duly authorised).

More specifically, discharges into the sea from the Sarroch site, are divided between those from the process following biological and neutralisation systems, and those coming from desalination and cooling systems. Whilst process discharges are properly connected to the production activities, desalination and cooling discharges are related to production utilities.

Also in 2020, it was possible to appreciate the effects on discharges of the full operations of the new desalination plant. Indeed, given its higher efficiency, it can withdraw (and thus discharge) less seawater whilst maintaining the same level of desalinated water production.

**All discharges from the Sarroch industrial site have TDS above 1,000 mg/L.** In fact, desalination and cooling discharges originate from seawater. The discharges from the process then derive from the water withdrawn from the industrial consortium, which undergoes a concentration process, raising the TDS from the initial values (on average 250 mg/L, as mentioned in the previous chapter) to above the threshold of 1,000 mg/L. In fact, in terms of conductivity, discharges from the process have values close to 2,000 microSiemens per centimetre, translating into TDS values of around 1,350 mg/L.

Finally, extending the analysis of water discharges to the entire Group, the table below shows the complete breakdown by destination (sea, river, sewer), for each company.



### DISCHARGES INTO THE SEA (m<sup>3</sup>/YEAR)

Parameter	2018	2019	2020
Discharges from desalination	16,448,893	17,086,633	16,383,320
Discharges from process	7,084,804	5,908,502	4,231,966
Discharges from cooling systems	34,291,504	33,789,110	33,019,805
<b>Total discharges (TDS &gt; 1,000 mg/L)</b>	<b>57,825,201</b>	<b>56,784,245</b>	<b>53,635,091</b>

### WATER DISCHARGES BY DESTINATION (m<sup>3</sup>)

Parameter	2018				2019				2020			
	Sea	River	Sewer	Total	Sea	River	Sewer	Total	Sea	River	Sewer	Total
Saras Spa	0	0	0	0	0	0	0	0	0	0	0	0
Sarlux Srl	57,825,201	0	0	57,825,201	56,784,245	0	0	56,784,245	53,635,091	0	0	53,635,091
Sartec Srl	0	0	3,317	3,317	0	0	7,093	7,093	0	0	3,963	3,963
Sardeolica Srl	0	0	0	0	0	0	0	0	0	0	0	0
Deposito di Arcola Srl*	0	1,980,800	0	1,980,800	0	1,980,800	0	1,980,800	0	1,980,800	0	1,980,800
Saras Energia SAU	540	0	0	540	501	0	0	501	409	0	0	409
Saras Trading SA	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>57,825,741</b>	<b>1,980,800</b>	<b>3,317</b>	<b>59,809,858</b>	<b>56,784,746</b>	<b>1,980,800</b>	<b>7,093</b>	<b>58,772,639</b>	<b>53,635,500</b>	<b>1,980,800</b>	<b>3,963</b>	<b>55,620,263</b>

\* Water discharges to rivers are calculated from the flow rates of the suction pumps in the hydraulic barrier wells with the following formula: "pump nameplate flow rate" x "No. of hours in operation"



## Biodiversity

The major impacts from the Group's activities, products and services on the biodiversity of the protected areas, or on areas with high level of biodiversity outside the protected areas, relate to Sarlux, whose Sarroch industrial site is located on the coast, in proximity of protected terrestrial areas and it is therefore responsible for preserving marine flora and fauna.

### Land areas

The natural land areas surrounding the Sarroch industrial site are:

- "Gutturu Mannu" Regional Natural Park, located approximately 3 km west of the refinery;
- Cagliari Pond, located approximately 6.7 km east;
- Monte Arcosu Forest, located approximately 11 km west.

Good quality status of the air is the main prerequisite for land biodiversity preservation activity, and it can be monitored, besides using chemical indicators, also with the observation of specific biomarkers (biomonitoring) as, for instance, the abundance

or shortage of different species of moss.

Since several years, the Botanical Science Department of the Mathematical, Physical and Natural Sciences Faculty of the University of Cagliari performs, on behalf of Sarlux, in a wide area of the Sarroch hinterland, a vegetation state of health inspection campaign.

The picture that emerges from the analysis with the bioindicators, shows a quality status that fits in an intermediate position within the range of IAP (Index of Atmospheric Purity) index assessment. Indeed, the results of the monitoring carried out at 10 control stations fall primarily into "class 3" and, only in few cases, into "class 4".

In the same area, another monitoring campaign is also carried out periodically on the state of health of the vegetation (visual inspection and check of bioaccumulation of pollutants). From this monitoring it can be observed that the bioaccumulation of these substances is lower than the annual averages across Italy and Europe.

IAP classes	IAP values	Air quality assessment	Naturalness/alteration
7	IAP = 0	Very poor	Very high alteration
6	1 < IAP < 10	Poor	High alteration
5	11 < IAP < 20	Low	Medium alteration
<b>4</b>	<b>21 &lt; IAP &lt; 30</b>	<b>Mediocre</b>	<b>Low naturalness/ low alteration</b>
<b>3</b>	<b>31 &lt; IAP &lt; 40</b>	<b>Medium</b>	<b>Medium naturalness</b>
2	41 < IAP < 50	Moderate	High naturalness
1	IAP > 50	Good	Very high naturalness

### Water

Since many years now, marine biologists carry out a regular quality status monitoring survey, of the seawaters in front of the Sarlux site area.

Monitoring of the Trophic Index (TRIX), an indicator that allows the quality status of seawater to be expressed in summary form, is used for the description of the seawater quality status.

In the entire period 2018-2020, the seawater quality status has been on the high end of the classification range (high-good), thus testifying to the excellent results achieved by the Group, thanks to its commitment to protect the sea.

In addition to the Trophic Index, also the CAM Index (Seawater Classification) was introduced several years ago, based on specific algorithms for the Sardinian Sea, which are capable of transforming the measured values into a summary rating of the seawater quality status.

In line with the TRIX Index results, in the three years under consideration, the CAM Index also showed a “medium-high” quality for the seawater in all the surveyed areas.

### TROPHIC INDEX (TRIX) - WATER QUALITY AND CONDITION

	Quality level - Surface water	Quality level - Bottom water
January 2018	high	high
July 2018	high	high
January 2019	high	good
July 2019	high	high
January 2020	high	high
July 2020	high	high

### CAM INDEX (SPECIFIC FOR THE SARDINIAN SEA)

	Quality level - Surface water	Quality level - Bottom water
January 2018	high	high
July 2018	high	high
January 2019	medium	medium
July 2019	high	high
January 2020	high	high
July 2020	high	high

## Technological innovation

Saras believes that technological innovation is one of the most important strategic levers for playing a leading role in the country's energy scene, remaining competitive on the international stage, and pursuing the goals of the Energy Transition.

The oil refining and power generation sectors, in which the Group operates, are extremely important for the regional, national and international economic systems. Technological innovation is a crucial element in the search for appropriate solutions designed to increase operational efficiency, reduce consumption and losses and increase the quality of the refined products.

As such, Saras carries out industrial development and technological innovation activities aimed at achieving operational excellence and maximising value creation, in the interests of all shareholders

and in compliance with the highest safety standards for employees, the community and the region.

The Sarroch industrial site managed by Sarlux is one of the most evolved at European level, with regards to integrated refining plants. It has technologically cutting-edge, flexible, versatile and high-conversion units. It's integrated, since 2001, with an Integrated Gasification Combined Cycle (IGCC) plant that produces electricity and also provides the refinery with large quantities of hydrogen and steam. And finally, since the end of 2014, the Group became the owner of the neighbouring petrochemi-



cal plants previously owned by Versalis, achieving a further integration along the value chain.

Finally, there are other interconnected industrial sites such as Sasol, Air Liquide, Versalis and Liquigas, which developed over the years in symbiosis with the Saras Group, and they now represent important components of the Sardinian industrial landscape.

### Industrial plan

The Group's Industrial Plan is focused on the development strategies of the Sarroch site, in a medium/long term perspective. It aims to ensure continuity and sustainability for the business and it includes the necessary initiatives to adapt to future evolutions in both the reference markets and the regulatory context.

In summary, the Plan identifies the most appropriate improvement and investment activities in the areas of energy efficiency, hydrogen production, long term management of the IGCC cycle, logistics structure, exploitation of the petrochemical units, as well as every other initiative required to optimise the production cycle and ensure the full compliance with all environmental regulations.

Consistent with the above, and having already implemented energy efficiency activities in past years (such as, for example, the electrification of main equipments to reduce its fuel oil consumption), in

the future, the Group will focus on the following technological improvements to optimise the production cycles at the Sarroch site:

- **Maximisation of yields and conversion capacity of the plants** by implementing technologies aimed at reducing constraints and limitations, such as the revamping of the propylene splitter unit, with a 20% increase in 'polymer-grade' propylene production capacity.
- **Full exploitation of the petrochemical section**, upgrading oil blendstocks into products and intermediates for the petrochemical sector, thanks to interventions aimed at increasing the recovery of specific molecules, such as for example pseudocumene and orthoxylene, through the implementation of a new plant configuration, different from the existing one.
- **Production of biofuels** through the so-called "co-processing" of raw vegetable oils, sent to the gasoil desulphurisation plants, exploiting the plants' existing potential (without the need for technological activities), the availability of hydrogen and rationalising the logistics.

The cooperation with the various business functions, in the refinery and the headquarter, for the definition and development of the projects, is key for the successful accomplishment of the established targets.



## Saras Group Roadmap for Energy Transition and Decarbonisation

Traditionally, Saras has pursued an industrial philosophy geared towards change and continuous evolution, in order to be always prepared and capable to cope with changing market requirements, social expectations, and environmental sustainability.

The ongoing health emergency caused by the Covid-19 epidemic has exacerbated the structural difficulties that the European refining industry has been facing for more than a decade now, squeezed between the proverbial "anvil and hammer".

In fact, on the one hand, the European refining industry has to cope with the progressive contraction of European oil consumption. On the other hand, it has to deal with increasingly fierce international competition, which benefits from subsidies and local support in various forms, has lower operating costs and less onerous and binding regulatory frameworks, both for health and safety and also for environmental and authorisation aspects.

Nevertheless, during the Covid-19 pandemic, companies in the national oil and energy industry, such as Saras, were able to organise themselves quickly, implementing rigorous risk prevention and management measures, along with precise and careful health protocols, and remained fully operational, even at the most critical times.

This confirmed the industry's strategic role in guaranteeing continuity and security of energy and oil products supply, while at the same time reducing dangerous dependence on imports. Such important role of the national oil & energy sector was also reiterated in the vision of the Integrated National Energy and Climate Plan (PNIEC).

For this reason, Saras believes it is essential to develop a medium-long term programme that strengthens and protects the national energy infrastructure, and which can also represent a clear opportunity for economic recovery post-Covid-19, along with an essential tool for achieving the decarbonisation and energy efficiency goals estab-

lished by the European Green Deal and the PNIEC.

Therefore, the Saras Group's Roadmap for Energy Transition and Decarbonisation envisages a structured multi-year plan, with a view to efficiency and decarbonisation, that can always guarantee the security and continuity of oil supplies and the stability of the Sardinian electricity grid.

### The Saras Group and the European Green Deal

The Group is strongly convinced that the energy sector will undergo epochal changes in the coming decades, and only those companies that know how to best adapt to this evolution will be able to continue to generate sustainable economic and social value.

For this reason, since more than 10 years, Saras has been pursuing a strategy and a Roadmap 2010-2050, in order to align its business with the goals of the European Green Deal, as follows:

- 2010-20 Period:** In the decade just ended, Saras was one of Italy's first companies to believe in the energy transition and to introduce targeted activities aimed at increasing its energy efficiency and reducing its carbon footprint. This is evidenced by the development of renewable energy sources (RES) and, in particular, the Ulassai wind farm. The latter, built as early as 2006, has been further developed over the decade and is now one of Italy's largest in terms of installed capacity. Moreover, the initiatives and investments made in energy saving at the Sarroch refinery were very significant, one of the main ones being the electrification of the Fluid Catalytic Cracking (FCC) plant. Finally, towards the end of the decade, co-pro-



cessing of vegetable oils began at some of the desulphurisation and conversion plants of the refinery.

- **The period 2020-30:** will be dominated by a path of growth of green initiatives under the European Renewable Energy Directive – RED II, whose targets are currently being updated. In line with such programmes and targets, the Saras Roadmap foresees further developments in environmentally sustainable biofuels, produced either from vegetable oils and/or from waste materials collected with the circular economy. These include, for example, bio-etherified gasolie and bio-addictivated diesel, which will be produced using hydrotreating, fractioning, and additive processes, available at the Sarroch industrial site, which will therefore remain an important and indispensable production site with regards to this aspect of the energy transition. Also, in the same decade, the Group will further develop the renewable electricity generation (as foreseen by the PNIEC, which aims for a growth of the RES share in electricity consumption up to 55% in 2030, compared to 34% in 2017), and is also studying investments in electrochem-

ical storage and green hydrogen production. Finally, an effective decarbonisation programme for the Sarroch industrial site, capable of halving greenhouse gas emissions, is also at an advanced stage of the study. The project is based on the capture and permanent storage of the CO<sub>2</sub> produced (so-called 'CCS', or Carbon Capture & Storage) and is perfectly aligned with the best technologies suggested by the International Energy Agency (IEA).

- **2030-50 period:** even though the initiatives envisaged by the European Green Deal have not yet been outlined in detail in specific directives, the programmes that can be targeted today for the energy sector allow to envisage the continuation of development programmes with ever greater opportunities in the renewable electricity generation, optimised energy management (storage, smart grids, etc.) and ever growing push for decarbonisation and diversification of energy supply, in order to make it increasingly eco-sustainable. Mobility fuels themselves will still retain a significant market share beyond 2050 in terms of, for example, jet fuel for aviation and bunker fuel for shipping. Furthermore, it's expected that also

significant quantities of mineral and/or partially organic chemicals will still continue to be used in the future.

### Saras and its commitment to renewable energy sources

In order to fully accompany the Energy Transition process, Saras is committed to all the pillars identified by the PNIEC: decarbonisation, energy efficiency, renewables, and biofuels. Moreover, Saras has consistently confirmed that it is a credible and capable industrial partner, with which the country can therefore reasonably plan a smooth transition process in the interests of all parties.

Indeed, with particular reference to the development of electricity generation from renewable sources (RES), Saras' Business Plan conceives significant investments to expand its installed capacity up to 400MW, starting from the existing 126MW of the Ulassai wind farm, managed by its subsidiary Sardeolica.

It will leverage the technical and operational skills acquired in almost 15 years of managing and developing the Ulassai wind farm and the Group's core industrial know-how. Priority will also be given to Sardinia, one of the Italian regions with the most significant development potential and favourable locations for wind farms and photovoltaic plants, and also the region where Saras has a solid reputation and strong ties of cooperation with the local communities.

Saras' initiatives currently being studied also include investments in electrochemical storage, with equipment capable of using surplus electricity to produce valuable and completely renewable chemical components (e.g., green hydrogen, a fundamental energy vector needed for achieving the targets outlined in the Paris Agreement).

This type of process is instrumental in shifting current production towards new developments, which are compatible with a sustainable refining industry that, even beyond 2050, will have to guarantee the supply of chemicals, biofuels, jet-fuel, and marine fuels.

### Saras and biofuel development

The 'Renewable Energy Directive' (RED II), also transposed in the Italian PNIEC, currently targets using biofuels up to 14% in energy content of total liquid fuels for road transport by 2030. However, this target is currently under review and is likely to be raised to 24%. These levels will require the introduction of biofuels in both diesel and gasoline. Therefore, Saras will focus on the following processes:

- **Co-production of HVO (Hydrogenated Vegetable Oil):** this biofuel, used in the diesel pool, is considered 'premium drop-in' as it can effectively replace mineral diesel without changes to the vehicle engine and combustion system. HVO is obtained by 'hydrotreating' various kind of lipids (vegetable oils, used and residual oils, animal fats). Saras already produces HVO in co-processing at certain desulphurisation plants of the Sarroch refinery (MHC1 and U700) and currently has a total production potential of 100 to 150 kton/year of HVO, which can be further increased with some minor investments.
- **Production of Ethers (TAEE):** The bio-additivation of gasoline by simple blending of bio-ethanol has certain limitations and disadvantages: it is only feasible at the point of consumption (due to hygroscopicity and tendency to demix). It also worsens the TVR characteristics of the blend and increases VOC emissions. More effective, instead, is the formulation of bio-ethered gasoline (where bio-ethanol is chemically bonded to LCN to form TAEE, an ether with better blending characteristics than pure ethanol in terms of TVR and energy content). The Sarroch refinery is capable of producing a mixture of ethers, including TAEE, with minor activities at the TAME plant and its logistics, with the potential use of 50 kton/year of bio-ethanol.
- **Waste to Fuels:** again in the area of biofuels and for the development of the circular economy, Saras has launched studies to create a local supply chain in Sardinia for the reuse of plastics that can be converted into fuels (plasmix, carfluff, and used tyres) through thermal processes (known as "waste to fuels" processes). The production potential is currently estimated at around 20 kton/year.

## EXPERIMENTAL WORK ON THE SARTEC PILOT UNIT FOR HVO CO-PROCESSING

Saras started to be involved in HVO co-processing since 2015, when this technology was still being studied. The first operational experiments were conducted in the Sartec pilot unit, with various kinds of sustainable feedstock. Initially, first generation raw vegetable oils were used; more recently, trials were made with second generation feedstock, such as Used Cooking Oil (UCO) and Palm Oil Mill Effluent (POME), which is a waste by-product obtained during palm oil processing.

Following the first promising results on the pilot unit, in 2016 an industrial test-run with raw vegetable oil was made on the U700 desulphurisation unit of the Sarlux refinery, and the results were presented at ERTC (European Refining Technology Conference) – an international conference for the operators in the refining industry.

In 2019 a new campaign of industrial test-runs began on the MildHydrocracking Unit 1 (MHCI) of the Sarlux site, and it became possible to hold a continuous and stable HVO production in co-processing.

Consequently, HVO production has been integrated with the traditional blending process of bio-diesel or FAME (Fatty Acid Methyl Ester), which has been used for more than 10 years.

A milestone towards the HVO production in co-processing, has been the achievement of the sustainability certifications for the production of biofuels and bioliquids under co-processing conditions. Saras achieved two different certifications: the first concerns the Italian National standards, while the second refers to the ISCC EU scheme (International Sustainability and Carbon Certification), and it is required for European use.

The improvement activities currently underway, and those planned for the near future, consist in further upgrading the HVO production capacity and, even more importantly, increasing the flexibility with the various feedstock which can be processed.

Among the main goals, there is the capability to process, as soon as possible, the so called “advanced” feedstock, characterised by lower CO<sub>2</sub> emissions than the traditional raw vegetable oils.

Finally, in the context of the circular economy and with the purpose of achieving synergies with the local communities, Saras is studying the availability of UCO and animal fats, and it is also activating some contacts with the main operators in their collection and pre-treatment, both in Sardinia and in the whole Italian territory, in order to establish the possibility to use such feedstock for the production of HVO in co-processing.

### Saras and hydrogen development

A further initiative of Saras Group concerns the production of green and/or blue hydrogen, which is a sustainable enabler of the energy transition, strongly supported by the European Commission, and for which there are also economic incentives within the Green Deal.

The Group possesses technological capabilities and know-how in the management of this energy vector, the use of which does not produce CO<sub>2</sub>. In fact, Saras already produces about 120 kNm<sup>3</sup>/hour of grey hydrogen (from IGCC and Reforming units) at the Sarroch refinery.

Therefore, evaluations have started in order to explore the feasibility of producing:

- Green hydrogen (from water electrolysis), using electricity from renewable sources (with simultaneous co-production of oxygen, to be used in the IGCC plant, the Sulphur plants, and the FCC unit of the Sarroch refinery), and helping to compensate for the surplus production and volatility of renewables, and thus acting as an ideal process for energy storage;
- Blue hydrogen (from the IGCC plant), with the application of CCS to reduce CO<sub>2</sub> emissions.





The hydrogen produced would then have a variety of uses:

- Desulphurisation/hydrogenation of liquid fuels at the Sarroch refinery;
- Fuel Cells for transport (although in competition with electric cars);
- Contribution to the Sardinian gas network (reducing its carbon content).

After the end of FY 2020, on 16 February 2021, Enel Green Power and Saras signed a memorandum of understanding to develop a green hydrogen project in Sardinia. The solution being studied involves building a 20 MW electrolyser powered by locally produced renewable energy to provide green hydrogen for use as feedstock in the Saras refinery at the Sarroch industrial site. The expected production will be approximately 5kNmc/hour of green hydrogen, and an additional 2.5kNmc/hour of oxygen for use in the refinery's plants.

### Saras and the perspectives of the LNG in Sardinia

LNG is a low-cost energy resource with lower CO<sub>2</sub> emissions than other fossil fuels. Moreover, Sardinia is the only region not connected to the natural gas network in Italy. For this reason, some operators have started to develop projects to build LNG terminals. For example, the first 'small scale' LNG terminal is already under construction in Oristano.

Saras has also taken action on this issue, developing a feasibility study for a small-scale LNG terminal to be located on the Sarroch industrial site, in order to exploit also some logistical and operational synergies. The study includes facilities and the Northern Plant peer, a 10kmc storage facility, a regasifier for LNG use in the refinery gas network, and a series of tanker loading shelters.

This would meet the potential consumption of southern Sardinia, the internal consumption needs of the Sarroch refinery, and possibly also develop a bunkering service for LNG-powered ships.

### Saras and the decarbonisation of the Sarroch industrial site through CCS

Saras already studied and is currently updating a CCS project (capture and permanent storage of CO<sub>2</sub> produced) to achieve a "Long-Term" sustainable configuration of the Sarroch industrial site, which would be capable of meeting regional and national electricity and oil needs and, at the same time, it would be aligned with international decarbonisation targets (reducing the site's CO<sub>2</sub> emissions by more than 50%). The study involves CO<sub>2</sub> capture from IGCC plant, and possibly also from the refinery's FCC plant.

In such configuration, the IGCC plant would operate with 3 lines (max. power generation, about 4.3TWh/year), and the refinery crude slate would consist of over 5 Mton/year of heavy crude (about 40% of processing). This plant configuration currently results in CO<sub>2</sub> emissions of more than 6.3 Mton/year. The addition of a CCS plant would maintain high electricity supplies to the Sardinian grid (around 3TWh/year) whilst reducing the site's CO<sub>2</sub> emissions down to around 3Mton/year.

## Digitalisation

In 2020, despite the increased workplace complexities linked to the global pandemic and the discouraging and uncertain economic scenario, Saras continued with vigour and commitment to develop innovative projects for the digital transformation and the transition to “Industry 4.0”.

Through a hybrid approach, based on the application of technologies combined with new and more efficient working methods, new tools are developed to increase sustainability (environmental, economic, and financial) whilst optimising processes and resources.

The main initiatives focused on are:

- in-house development of effective applications to support business processes, in order to create new synergies and reduce costs;
- monitoring and improvement of applications developed in previous years;
- continuation and sharing of innovation programmes already launched.

Although the contraction in investment has led to a review of the benefits generated by the digital programme, support for the continued use of the applications developed has made it possible to estimate a benefit for 2020 in the order of magnitude of approx. €5.5 million (keeping the economic scenario as a fixed element), of which the results achieved by predictive maintenance, through innovative artificial intelligence and machine learning algorithms, make up for an essential contribution.

### *In-house development of effective applications to support business processes*

In business process optimisation support, particular attention was paid to the supply chain process, where some new short ROI tools for scheduling, planning, and multi-variable predictive control were evaluated and tested through pilot projects.

New RPA (Robotic Process Automation) tools were implemented for the automatic extraction and reorganisation of databases to support decision-making processes, reducing processing time, manual effort, and eliminating the possibility of imputation errors. Amongst other things, these developments enable greater integration of

information between users and act as a multiplier of potential in terms of sensitivity analyses and simulable scenarios.

Also, several collaborative software platforms have been evaluated that allows the correlation and sharing of information from different sources to the benefit of further process automation and improvement in the real-time definition of optimisation choices in compliance with contingent constraints.

Another point of attention was the software sensors. By applying innovative machine learning models, Sara's data scientists have developed new algorithms that estimate the production process's specific critical properties, which cannot be obtained with traditional online analysers. These tools, combined with new ways of working and collecting data through intelligent tools in the plant, make it possible to expand the concept of 'Connected Refinery' and multiply the value of information derived from manual operations performed in the plants.

Process simulation, reworked with new hybrid modelling techniques, has also shown interesting initial results and is thought to have a successful application as a dynamic 'digital twin' and programming models.

A new analytical tool has also been created in the HSE area to support the environment to further forecast and promptly reduce or eliminate any anomalies with potential environmental impact. Using a dynamic web application interface, the tool provides a better understanding of the contributors that record overflow phenomena so that, where possible, action can be taken to reduce or eliminate them in the shortest technical time possible. The next step, which will be tested in the future, is to develop forecasting models capable of detecting, through comparison with historical data, the initial phase of potential anomaly scenarios so that action can be taken in advance before they occur.



### **Monitoring and improvement of previously developed applications**

The applications developed have a high utilisation rate, which has made it possible to maintain, for most of them, the technical benefits estimated in the past years, where performance reductions have been found, targeted support, and reinforcement actions have been taken.

During the year, SARAS optimised the architecture of the Analytics and Machine Learning applications already developed, aiming to move them to the cloud and aligning them with cybersecurity best practices.

Improvements have been operated on several applications through the timely collection of user feedback, standardisation of content, and the development of summary and sharing dashboards aimed at optimising asset management.

Predictive maintenance using tools that combine artificial intelligence and machine learning and coordinated by the new Digital Predictive Maintenance Centre has made it possible to identify beforehand some crucial machines' precursor signs of failure. This has made it possible to prevent unscheduled shutdowns and planned activities, avoiding the additional costs of unscheduled maintenance and minimising the impact on production. The estimated benefit valuation was higher than in 2019, and Saras has already extended the methodologies and tools to additional assets such as the Sardeolica wind farm machines. Wireless IoT sensing of specific critical machines shows particular interest on the same subject, which will allow the development of increasingly advanced and sound failure agents.



In order to support these developments and enable countless optimisation solutions, testing the first batch of the Connectivity project for the Sarroch site was successfully completed in synergy with the ICT department. A cutting-edge project that sees SARAS amongst the first refineries worldwide has a pervasive infrastructure to support digitalisation and IoT. A new digital wireless network through which it will be possible not only to disseminate and receive information on mobile devices in the plant (through traditional Wi-Fi protocols) but also to collect data from wireless instruments to support predictive maintenance diagnostics and reliability using, in full cybersecurity, the most widespread industrial protocols on the market (WirelessHart and ISA100).

### *Continuation and sharing of innovation programmes*

The digitisation of Product Movement activities started in 2019 with the replacement and relocation of the operational control centre. It continued in 2020 with the completion of another important step: the definition of Front End engineering that will enable the technological evolution of the management and supervision systems for operations. In the future, the new tools will be designed to increase the level of automation and integration between the control room and the operators in the plant, which will lead to greater precision in operations, shorter product preparation times, and, ultimately, greater customer satisfaction.

The Data Platform project also continued on data management, which is crucial for data-driven optimisation of decision-making processes. With the development of new governance processes, the implementation of the most modern management technologies is underway, through Data Lake developed on the most modern Cloud technologies, integrated with Data Ingestion and Data Quality systems and equipped with innovative user interfaces.

The continuous improvement of safety and testing of innovative devices to support them were applied and tested during the critical 2020 plant shutdown cycle. In particular, through the use of the latest generation of portable personal detectors, capable of monitoring environmental conditions and biometric parameters and geolocation

in case of emergency, it was possible to complete the complex maintenance activities safely and without incident.

In addition, ongoing health and environmental testing of a new APP are being carried out, currently available on the mobile devices used by the personnel in the vast logistics area for product handling; the tool is currently aimed at identifying, mapping, and reporting odour emissions through the use of a highly sophisticated tool such as the human nose. In the future, by combining new weather stations located around the perimeter of the industrial site, forecasting models integrated with weather data can be developed with the increasingly challenging aim of detecting and intervening promptly on any anomalies before they can create any discomfort, even if only olfactory, to the population outside the industrial site.

Significant projects have been carried out in App development for the management of field activities, such as environmental sampling and integrated solutions for so-called "Remote collaboration," with mobile instruments such as tablets, and the use of innovative tools such as digital mixed reality glasses.

In predictive maintenance, projects were developed related to the prognostics of industrial assets in the event of limited availability of run-to-failure data, whilst in the field of reliability engineering, digital RBI projects were developed (Risk Based Inspection).

Developments in the OT (Operation Technology) cybersecurity area continued with the creation of a laboratory dedicated to the configuration and testing of industrial cybersecurity technological solutions and with the completion and introduction of the IDMZ (the "Industrial Demilitarised Zone", a portion of the buffer network which, by using particular firewalls and dividing it into segregated and controlled zones, separating the industrial OT control networks from the corporate IT (Information Technology) network, mediating and managing services and communications under cybersecurity best practices and reference standards). The progressive integration of the OT control networks on the IDMZ has also been initiated.

Lastly, in addition to project design activities, a new stimulus was given to the dissemination of digital culture both internally, through newsletters and a dedicated website, and externally, through networking aimed at the public and private sectors, with particular reference to universities and research centres, university spin-offs, and start-ups, along with leading technology providers. With this in mind, participation in regional and national calls for tender for 'Open Innovation' projects was initiated.

## Cybersecurity

As mentioned in various other sections of this document, 2020 was a year of great uncertainties, which continue to weigh heavily today. Such circumstances were immediately exploited by the cybercrime world. Indeed, at the height of the pandemic, cybercrime around the world quadrupled in an attempt to maximise the sense of urgency, the instability of the new reality, and the lowering of psychological defences. Looking at the Italian situation, during the year various important Italian companies received cyberattacks.

Indeed, cyber risk is one of the main risks for all international organisations, as highlighted by the World Economic Forum's Global Risks Report.

To that end, the Group's Cyber Security strategy defines several guidelines to minimize cyber risk, protecting Saras' customers, people, and brand internationally. The following can be mentioned:

- Approach data security in an integrated, coherent, and harmonious manner, through a programme of common security standards and services at the network level;
- Extend the most advanced data security tools consistently to the entire Saras Group network;
- Implement a security-by-design approach for all adopted technologies;
- Centralise security services at the Security Operation Centre (SOC), which has adequate resources and expertise to serve all the Saras Group's legal entities.

The Cyber Security Programme, which began in 2018, created the basis for managing digital technologies' risk by developing defences that keep pace with the evolution of threat scenarios. The programme consists of five basic steps:

1. Improvement of data protection;
2. Standardisation and protection of critical IT infrastructure;
3. Visibility on cyber threats;
4. Effective governance of cyber risks;
5. Execution through the Security Operation Centre (SOC).

New solutions have been introduced at Group's level, to protect from remote access to the corporate network, Cloud services, portals exposed on the Internet, and administrative access. Saras has integrated advanced systems to protect PCs, and these solutions are being extended to smartphones and tablets.

Significant steps have also been taken in the industrial control systems environment, where it is essential to complete the initiatives undertaken in the various areas and which are strategic for the protection of the company's business. Finally, the company has a specialised operations centre, the Security Operation Centre (SOC), which provides proactive support in identifying and responding to threats that hide and exploit weaknesses in technological complexity.

What has been achieved is the result of many hands-on work, in which constant alignment and coordination between the different groups involved have been substantial. The imminent future now presents new challenges to consolidate day-to-day operations and extend protection to new measures. This will require a continuous search for new ways to deal with evolving threats unstoppable in intensity and sophistication. This is a prerequisite to allowing a company like Saras to operate in an increasingly dynamic, integrated, and interconnected environment and cope with the unexpected changes that the "New Normal" will bring, after the conclusion of the pandemic.



## Privacy

The Saras Group adopted a model of continuous improvement of the data protection system, in order to meet customers' demands and new regulatory requirements. In this context, Saras has taken steps to identify and implement appropriate technical and organisational measures to strengthen the protection of the personal data processed in compliance with the *accountability* Principle.

The purpose of the privacy programme is to define the structure, basic expectations, objectives, plans, and processes of corporate initiatives related to the protection of customers' and employees' data confidentiality. It also defines the key components to ensure the safeguarding of information in order to pursue the following principles:

- Protect and enhance the brand by enhancing the ability to proactively identify, assess and mitigate significant risks inherent in the handling and use of confidential information;
- Foster greater customer confidence in the ability of Saras to safeguard their confidential information effectively;
- Encourage a cultural change, whereby safeguarding confidential information is a prerequisite for all activities.

## SARTEC



### Le attività

Sartec S.r.l. is a Saras Group company that provides engineering, services, consultancy and solutions designed to improve industrial and environmental performance, with a comprehensive offering targeted at oil, petrochemical and energy companies as well as public administrations and the local community. The company employs approx. 155 people, around 60% of which hold university degrees, and some of the Sartec's employees also had significant training experiences abroad.

The recent restructuring of the “Industrial” organization, aimed at improving industrial and environmental performance and to guarantee value and sustainability to the core business, allowed the integration of the vast expertise and know-how which is present in various areas of the Group. As a result, the new divisions of “Industrial Technology” and “Industrial Engineering and Services” were created within Sartec.

Such organizational change contributed to strengthen the role of the company within the Group and towards the market, allowing to reinforce in particular the competences and synergies needed for the development of technologies, within the new framework of the European Green Deal, as well as the digitalisation of processes, the engineering and industrial automation.

In particular, the “**Industrial Technology**” division, whose goals are the development of process improvement activities, with short and mid-term focus towards the optimisation of the production settings, is articulated in the following main activities:

- Project Masterplanning & Appraisal: drawing and monitoring investments' master plan;
- Power Technology: study and development of power process improvements, as well as the optimisation of production settings;
- Oil Technology: process and quality optimisation for oil products, bio-components, catalyst management, process studies, oil laboratory and pilot units;
- Digital Technology: development of solutions based on Machine Learning, AI, Robotic process automation, Business Intelligence, process simulation and data steward;
- Environmental and Waste Technology: performance optimisation for environmental and waste management, development of new environmental monitoring technologies, soil and groundwater remediation activities, collection, treatment and valorisation of waste.





The **“Industrial Engineering and Services”** division is responsible for environmental protection services, and for the multi-disciplinary design both for automation and process control activities, as well as for industrial operations services, and it is articulated in the following main activities:

- Environmental Services: services of environmental engineering, supply and maintenance (also in global service) of measurement systems for the environment, and also environmental monitoring and analytical services;
- Engineering: multidisciplinary industrial engineering, plant engineering solutions, and energy saving measures;
- Industrial Control Systems: automation engineering, process control, cyber-security OT, IOT connectivity and solutions;
- Industrial supplies and services: supply of package systems, proprietary products and analysis systems, and also the associated maintenance systems.

Moreover, Sartec has its certified chemical laboratory, with state of the art instrumentation and technologies, where it can perform analysis and studies for the environmental sector as well as the oil sector. The laboratory is Accredia certified, and it performs analysis of air, water, soil, waste, emissions, and occupational hygiene, including also olfactometric analysis and QAL2 [Quality Assurance Level 2].

As part of its business activity, Sartec constantly develops technological innovation across both products and processes, directly and also through the acquisition of patents, know-how and commercial distribution licences from third parties.

Many study and innovation initiatives, over the years, have been oriented to environmental issues (for example, the previously mentioned activities for the monitoring and management of odorous and fugitive emissions, the development of the electronic “nose”, the construction of an optical pyrometer for monitoring “torch” temperatures, waste management, and the contaminated soils and groundwater remediation processes with “in situ” techniques, etc.).

The strong research and innovation orientation is constantly fuelled by the relationship with universities and research bodies, with particular reference to the University of Cagliari, the Polytechnic University of Milan and the University of Salerno, and also with universities’ start-up and spin-off companies, and technological providers.



# IMPACT ON THE LOCAL COMMUNITY



## Local community relations

All companies are born and grown in a clearly identifiable local community, and it is the relationship established with that region that characterises the future development not only of the company, but of the region itself.

Currently a solid international enterprise, Saras was set up and developed in Sardinia, an island with a strong and proud identity, always deeply respected by the Group.

For this reason, for almost 60 years now, Saras has been actively engaged in initiatives and projects to support the social fabric, history and local traditions, always paying great attention to the needs of the community and, in particular, of the young people.

In recent years, Saras has adopted a policy called “**Our Stakeholders**”, which sets out the Group’s management approach for relations with local communities and recognises local groups and communities as stakeholders of primary importance.

Saras promotes social projects capable of generating value for the community. After an initial assessment of all the projects according to both the economic aspects and the degree of alignment with the guidelines provided by the corporate Purpose, the choice of which projects will be sponsored, falls on those of greater impact and value for the local communities.

The Group, particularly in recent years, established precise guidelines in relation to the areas of activities based upon two main directives: the social context, i.e. the people deserving to be supported – especially young people, the elderly and the less well-off – and the physical territory, i.e. the geographical reach that the Group wants to achieve.

One of the goals Saras focuses on with strong commitment is spreading the company’s culture and making people understand that it is still possible

to “do business” in Sardinia. To achieve this, Saras promotes training activities for young people in schools, and it maintains continuous relations with universities, aimed at promoting social development, embracing topics such as work, sustainability and economic growth, in a region weakened by emigration, especially of the younger generations.

### Saras in support of the Covid-19 emergency

In a challenging year like 2020, marked by the Covid-19 pandemic, the company has decided to support various initiatives consistent with its values, in favour of institutions and communities most affected.

In particular, with the aim to contrast the health emergency, Saras made donations to the Lombardy Region, the Niguarda and Sacco hospitals in Milan, and the Brotzu and SS Trinità hospitals in Cagliari.

Also, the Group provided the free supply of automotive fuel needed to ensure safety and cope with the emergency in the Metropolitan City of Cagliari.

In addition, during the period when there was a shortage on the market, the company donated a large number of masks to the municipalities in the Sarroch industrial area, the Police department, and the Civil Protection Agency.

The Group has also supported education by donating personal computers for online teaching to some middle schools in Milan and Sarroch.

Lastly, Saras Group employees’ solidarity allowed to purchase essential diagnostic and treatment equipment, which has been donated to SS Trinità Hospital in Cagliari.



*We thank Saras for the interest and support shown to our hospital during the emergency. Thank you again on behalf of all the professionals at the hospital.*

*Communication and External Relations,  
Niguarda Hospital, Milan*

---



*The Saras Group, whose industrial activities directly involve around 2000 families in Sardinia, has decided to donate EUR 200,000 to Azienda Ospedaliera G. Brotzu, which will be used to purchase equipment needed to set up a critical care area, to contrast the Covid-19 emergency. At this time of serious health emergency, we are grateful to the Saras Group for the support it is giving to our hospitals. With solidarity, general commitment and great sense of responsibility, we will overcome this challenge. Thank you!*

*Brotzu Hospital, Cagliari*

---



*Sincere thanks on my behalf and on behalf of the children and families of the City of Sarroch for your generous initiative, which will find the immediate application and use in distance learning, which has been in place for several weeks in our institute.*

*Headmaster of State Comprehensive School of Sarroch*

---



*How beautiful! Thank you very much on behalf of the 'Scuole Aperte' (Open Schools) Office of the City of Milan.*

*Open Schools Office of Milan,  
School and Education Services Area*

---



*On behalf of the entire school community, I would like to thank SARAS for the donation to support distance learning and the City of Milan for making it possible. The training of the future citizen of the world is a priority objective for all of us, and every contribution is greatly appreciated: it makes us feel everyday part of a more extensive network of solidarity and the beating heart of a vital, active, and always profoundly interconnected territory".*

*Headmaster of Sottocorno Comprehensive  
School of Milan*

---



## Saras for schools

Saras Group companies are involved in a number of schemes designed to satisfy requests from schools and contribute to more innovative, effective learning. Before the pandemic broke out in the early months of the year, alternating school-work projects began, and some classes in three institutes started the traditional “Programme for Transversal Skills and Vocational Guidance” (PCTO for short, in Italian language). Since March, the pandemic caused the programmes to be re-adapted for on-line broadcasting.

Over the past five years, more than 1000 students have participated in PCTO courses, which has enabled them to have a hands-on experience of the working world and in particular to observe the complex system of skills and technological innovation that develops in an industrial Group. This has definitely contributed to increasing interaction with the community and consolidating a model of social responsibility within the Company that is ongoing.

Ad hoc lessons were organised for each course, in which technicians and managers of the company addressed industrial topics such as safety, the environment, production processes, ICT, corporate structure and various others, often also with simulations to represent the Group’s way of working and convey key concepts and tips to help them do well in the working world. As part of this, in-depth sessions were organised on how to prepare a CV and how to conduct a job interview.

Before the lockdown, some students visited the Group’s laboratories and plant control rooms, where they could experiment some practical applications in the field, and they could attend sessions on Industry 4.0 and how innovation can be implemented in the refining sector (within Sarlux subsidiary, at Sarroch) and in the sector of renewable electricity production (at the Group’s wind farm at Ulassai). Some students also had the opportunity to build on this experience, through an internship at the company.

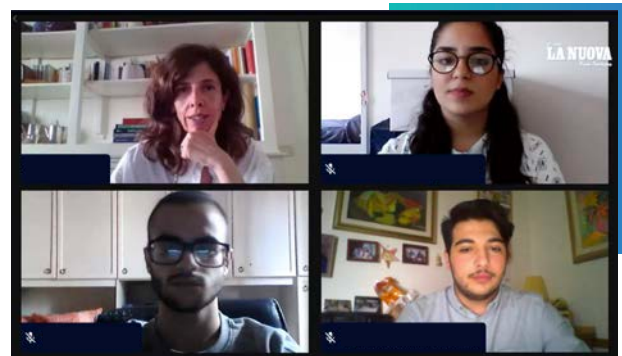
At primary school level, Saras continued to offer support to the cultural development of students in the Sarroch state school, as it has done for over 20 years. As well as providing the children with text books, which - in accordance with the culture of sustainability - are then passed on to other schools where

they are still relevant to the educational programmes in place, Saras also donates tablets and IT rooms to ensure young people are ready for the digital future.



*An on-going evaluation of the activities reveals considerable satisfaction of the students involved and the school teams, who are recognising the great value of the activities in terms of their ability to orientate the students towards the working world and to foster the development of an all-round professionalism, which takes particular account of the organisational behaviour expected in the business world.*

*Head of IT Sardinia Anpal Services*



*We are a school linked to the needs of the local community: meetings, such as this one with Saras, provide valuable input and further motivation for studying.*

*Luciano Sanna, Principal of the Angioy Industrial Technical Institute*

*I would like to express my personal thanks for Saras important initiatives, and through me, also the families of the students would like to thank Saras for its commitment to supporting the students’ education.*

*Headmaster State Comprehensive School of Sarroch*

### Saras for universities

As part of the Memorandum of Understanding with the University of Cagliari, regular seminars of technical nature are regularly organised, as part of the training for future engineers and projects in collaboration with the various faculties, aimed at the development of scientific and technological innovation.

In early 2020, before the pandemic broke out, a series of seminars were held to promote knowledge of the organisational structure and management of production processes in modern industrial systems. The course, aimed mainly at students of the three-year degree and master's degree in Mechanical Engineering, was also open to 50 newly enrolled members of the Order of Engineers, who follow these seminars as preparatory courses for entry into the working world. Since March, following restrictions due to the lockdown, all activities have been rescheduled in agreement with the University of Cagliari.

Saras hosted 6 trainees from different disciplines, in its Group companies. The activities were carried out in mixed mode: in person, as far as possible, and online, after the restrictive measure issued by the Government during the year.

Finally, in 2020 Saras also offered scholarships for the best Chemical Engineering graduates under a project conceived by the Italian Chemical Engineering Society.



### Saras for the community and sport

Saras also supports the community by sponsoring amateur and professional sports associations. In 2020, the pandemic forced the government to implement measures that led to the suspension of many sporting activities.

However, the Saras Group has supported "Sarroch Polisportiva Volley", an important expression of the local community, which the company is proud to help grow, so that it can continue to represent genuine training centres for young sportsmen and sportswomen.

Saras is also amongst the partners of the Cagliari Football Academy. This Academy was established with the aim of becoming a reference point for young Sardinian footballers, to stimulate personal growth as well as technical skills, on a virtuous journey that allows sport to accelerate individual learning.



## Creation of Local value

The Saras Group has a "glocal" culture, as it identifies with both the global size of the oil markets and the local size of its communities.

The Group is constantly engaged in fully understanding the economic repercussions of its activities on a national and international scale, and also on the stakeholders located in Sardinia, who are those with the greatest influence on the Group's activities and strategies and who, at the same time, are themselves most affected and influenced by them.

For this reason, Saras has commissioned various industry studies, in recent years, to analyse the economic impact of the Group's activities on the local community and the ways in which it influences its growth, from the cognitive, direct and indirect economic, social and environmental point of view. More precisely, in 2017, these studies were commissioned to the company "Smart Lab" (a spin-off of the University of Cagliari that operates in the field of Business Intelligence), and in 2018 to the company "The European House Ambrosetti" (a management consultancy and think-tank, specialized in analyses and forecasts on socio-economic scenarios, scientific and technological developments and their effects on the future of institutions, enterprises and, more generally, civil society).

Overall, "Smart Lab" classified and quantified the Group's impacts in terms of:

- **remuneration to employees** (direct impact, i.e., the salaries paid by Group companies – Saras, Sardeolica, Sarlux and Sartec – to their employees who work and live in Sardinia; and indirect impact, i.e. the multiplier effect produced by what each employee in turn spends and consumes in the local community);
- **tax revenues** (direct impact, i.e., the amount of tax revenues collected from the State and local authorities by the Group; and indirect impact, i.e. in this case, the multiplier effect produced by the expenditure of the Region and local authorities in the local community);

- **productive activities** (direct impact, i.e., through the expenses and investments made by the Group's companies towards suppliers of goods and services based in Sardinia; and indirect impact, i.e. the multiplier effect produced by the expenses and investments that suppliers, in turn, make on the production system).

On average, in the three years 2014-16, "Smart Lab" measured that the impact of salaries to Group employees working and residing in Sardinia amounted to about €150 million/year (one-third direct and two thirds indirect fallout), the impact of tax revenues amounted to about €830 million/year (about 55% direct and 45% indirect fallout), and the impact of productive activities amounted to about €200 million/year (equally divided between direct and indirect fallout).

For the three years 2017-19, measurements carried out internally by the Group, using the same "Smart Lab" methodology, led to quantifying the impact of salaries to employees based in Sardinia at an average of approximately €150 million/year (one-third direct and two-thirds indirect fallout), the impact of tax revenues at an average of approximately €770 million/year (approximately 55% direct and 45% indirect fallout) and, finally, the impact of productive activities at an average of approximately €300 million/year (equally divided between direct and indirect fallout).

Finally, in 2020, adopting again the same methodology, the impact of employee salaries was approximately €158 million/year (one-third direct and two-thirds indirect fallout), up 7% compared to the three-year average 2017-19.

### ECONOMIC IMPACT OF SARAS GROUP'S ACTIVITIES IN SARDINIA (MILLION EURO)

Parameter	Avg. 2014-16	2017	2018	2019	Avg. 2017-19	2020
<i>Remuneration to Group's employees</i>	46	48	50	50	49	53
<i>Tax Revenue generated in Sardinia by the Group</i>	455	456	442	375	424	269
<i>Productive Activities (Goods &amp; Services purchased from local suppliers)</i>	101	143	146	168	152	138
<b>Total of direct impact</b>	<b>601</b>	<b>647</b>	<b>638</b>	<b>594</b>	<b>626</b>	<b>460</b>
<i>Indirect impact of Remuneration</i>	110	97	99	100	99	106
<i>Indirect impact of Tax Revenue</i>	378	373	362	307	347	220
<i>Indirect impact of Productive Activities</i>	100	143	146	168	152	138
<b>Total indirect impact</b>	<b>588</b>	<b>612</b>	<b>607</b>	<b>576</b>	<b>598</b>	<b>463</b>
<b>Impact of Remuneration (direct + indirect)</b>	<b>155</b>	<b>145</b>	<b>149</b>	<b>151</b>	<b>148</b>	<b>158</b>
<b>Impact Tax Revenue (direct + indirect)</b>	<b>833</b>	<b>829</b>	<b>804</b>	<b>683</b>	<b>772</b>	<b>489</b>
<b>Impact Productive Activities (direct + indirect)</b>	<b>201</b>	<b>286</b>	<b>293</b>	<b>336</b>	<b>305</b>	<b>276</b>



On the other hand, the effect of the Covid-19 pandemic on oil consumption caused a significant reduction in the Group's revenues from ordinary operations (as reported in the chapter on "The Saras Group: Key Markets"). Obviously, the lower revenues caused a reduction in taxes, and thus in 2020, the impact of tax revenues stood at around €489 million/year (around 55% direct and 45% indirect fallout), down by more than 36% compared to the the three-year average 2017-19.

Finally, again due to the difficulties associated with the Covid-19 pandemic, in 2020, the Group also launched several cost containment initiatives, including the rescheduling of expenditure for the purchase of products and services, in order to safeguard the company's financial solidity and economic and financial balances (more details are available in the chapter dedicated to "Supplier and Procurement Management: Goods and Services"). Therefore, the impact of productive activities amounted to €276 million/year (equally divided between direct and indirect fallout), down by about 10% compared to the the three-year average 2017-19.



## MARITIME BUNKERING ACTIVITIES NEAR SARROCH AND CAGLIARI



As of 1 September 2019, Saras' operations for the direct marketing of naval fuels (the so-called marine "bunkering") have begun near certain precise areas, specifically identified by the harbour master's office and the Port Authority, in the Sarroch Harbour, in Porto Canale and in the Port of Cagliari.

The Group offers, in addition to gasoil fuel for marine engines called MGO (Marine Gasoil), the new fuel oil called VLSFO (Very Low Sulphur Fuel Oil, with sulphur content of 0.5% by weight, as required by the IMO 2020 specifications), which it manufactures locally at the Sarlux refinery of Sarroch.

The service has been set up to satisfy the needs of ships arriving and departing from the above indicated ports and to offer additional refuelling options to the numerous ships that transit along the Straits of Sicily and the Tyrrhenian Sea.

The refuelling is carried out with two modern barges, equipped with the most advanced safety equipment and a crew specially trained to ensure operation in full compliance with environmental, health and safety laws. The first barge, called "M/T Atlantic", has been chartered by Saras since the start of the bunkering operations. The second barge, called "M/T CPTN Kostas" started operations in september 2020, in order to tackle the increase in bunkering demand, and to give more flexibility to the services offered by Saras to its customers.

In terms of environmental impact, the new VLSFO fuel oil (mandated by Law as of 1 January 2020) can produce a significant reduction in sulphur dioxide and other sulphur oxides (SOx) emissions from marine engines; in fact, it has a sulphur content of less than 0.5% compared to the bunker that was previously in use, called HSFO (High Sulphur Fuel Oil with sulphur content of 3.5% by weight). It is esti-

mated that, for every 10,000 tons of VLSFO sold, Saras will reduce the SOx emissions of its customers' marine engines by about 600 tons. This important result confirms, once again, the Group's commitment to the production of high-quality fuels with a low environmental impact, for an increasingly sustainable future.

Considering the economic aspects of the bunkering service in terms of local value creation, since the start of operations in september 2019 and up until 31 december 2020, Saras sold bunker to more than 800 ships in the ports of Sarroch and Cagliari. Of those, approx. 500 ships purposely changed their routes, to meet with the Saras barges and re-fuel in the Cagliari Harbour.

Therefore, Saras bunkering operations are generating remarkable impacts on the local economy (especially on those activities linked with maritime services), which are even more valuable in the current difficult context created by the Covid-19 pandemic.

Indeed, the ships choosing to use Saras bunkering services, must also use local Shipping Agents, independent inspectors to measure the quality and quantity of the refuelled bunker, pilot assistance, firefighters and boatmen for mooring operations, waste disposal and collection services: moreover, they must pay local port rights and duties to the Harbour Master's Office. It appears therefore evident the direct and indirect economic impact generated by the bunkering service, on the many actors involved in this business.



## Supplier and procurement management

In the growth of the Saras Group, suppliers were always a fundamental partner with which to cultivate a relationship based on respect, loyalty, impartiality, equal opportunities, and the achievement of the maximum competitive advantage.

To meet this commitment “Procurement Process Guidelines” were issued, codifying for all the companies of the Group, the various phases and activities of the procurement process for both goods & materials, and for contracts, services & consultancies. The Guidelines also codify the qualification process of the suppliers, and their regular monitoring. Moreover, the guidelines also provide precise rules and identify the roles and responsibilities of the main parties involved in the procurement process.

In compliance with the above guidelines, the Group issued also the “Qualification Procedure”, with the aim of formalising the criteria and procedures for qualifying suppliers, and the “operating instructions”, that describe in detail each operating steps relating to the qualification process of goods and services suppliers.

As of the last quarter of 2019, the SAP Ariba platform for Tenders’ management for Goods and Services and Supplier Qualifications and the contracts’ certified electronic signature process became operational. The latter allowed the total dematerialisation of the process and increased the transparency and traceability of the activities involved.

The Group regularly distributes its Code of Ethics to all its suppliers, business partners and external collaborators, and calls for its compliance when carrying out supply activities.

The Saras supply chain comprises two types of procurement:

- raw materials (mainly crude oil and also other complementary feedstock or semi-finished products);
- goods and services needed to conduct, in complete safety and regularity, all the activities of the various business segments in which the Group operates.



## Raw materials

The raw materials entering the production cycle consist mainly of crude oil purchased from many countries worldwide. On average, over the last three years, there have been about 30 countries of origin, including mainly countries in the Middle East, the Caspian Sea, and former Soviet Union, North Africa, and West Africa. Of course, when buying these raw materials, the Group respects all national and international laws concerning oil trades.

From an operational point of view, the Group continuously performs a fundamental scouting activity of the market, looking for those raw materials which, from time to time, have the most favourable economic terms. This activity is carried out by the subsidiary Saras Trading SA, based in Geneva (Switzerland), which carries out the purchases of crude oil and other raw materials for the Sarroch refinery on behalf of Saras and sells the finished products obtained from the refining processes.

Thanks to its positioning in one of the main hubs for oil commodities trading, Saras Trading develops intense commercial relations with numerous counterparts, and successfully manages to seize the opportunities offered by the market.

In 2020, the Sarroch refinery processed a quantity of crude oil of approximately 11.37 million tons (Mton), divided into about 20 grades, which differ in their chemical and physical composition, thus confirming the great flexibility of its refinery units. In addition to crude oil, approximately 0.7 Mton of complementary feedstock were also processed. These quantities are lower than those processed in previous years because, in the first half of the year, the Sarroch refinery was affected by a significant cycle of scheduled maintenance turnaround; subsequently, the plants operated at reduced load due to economic choices linked to the contraction in oil consumption, induced by Covid-19.

### RAW MATERIALS PROCESSED BY ORIGIN (KT/YEAR)

Parameter	2018	2019	2020
North Africa	26%	25%	22%
North Sea	4%	6%	6%
Middle East	34%	29%	31%
Russia and the Caspian Sea	23%	26%	27%
West Africa	13%	14%	13%
Other	0%	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### RAW MATERIALS PROCESSED (KT/YEAR)

Parameter	2018	2019	2020
Crude oil	13.512	13.172	11.369
Complementary feedstock (semi-finished products)	1.321	1.277	702
<b>Total refinery runs</b>	<b>14.833</b>	<b>14.449</b>	<b>12.072</b>



## Goods and Services

Plant maintenance and new construction activities are the main items contributing to the Group's expenditure on goods and services each year.

The activities carried out by contractors range from the simplest maintenance operations on parts of the plant, maintenance on large machines (such as compressors and turbines), on continuous analysis tools and on process control systems.

As regards the construction activities of new units or part of the existing units, these consist in the commissioning of metal and/or reinforced concrete structures, and in the prefabrication and installation of large mechanical, electrical, instrumental equipment, etc.

In all the above cases, the skills offered by the contractors cover all specialities needed by large industrial oil and petrochemical plants, ranging from civil and metal framing, to mechanical, electrical and instrumental specialities.

Contracting firms started-up their operations the local community of Sarroch, and worked along with the site, whilst it progressively grew in size and complexity; most of them have been under contract with the Group since when the refinery was built, in the early 1960s.

Over the years some have grown considerably, spe-

cialised and acquired skills and know-how which allowed them to expand their activities, first to other industrial sites in Sardinia, and then also nationally and internationally.

As it can be seen from the table, the vast majority of the Group's procurement refers to the subsidiary Sarlux, which manages the industrial site of Sarroch and that, right from the outset, assigned contracts to third-party companies for almost all plant maintenance and new construction activities.

In 2020, due to the difficulties associated with the Covid-19 pandemic, which has been already mentioned several times, the Group also launched cost containment initiatives to safeguard the company's financial solidity and economic equilibrium. Overall, the number of suppliers used has been reduced, and expenditure for the procurement of goods and services has also been partly reduced.

More precisely, in 2020, Sarlux had 303 suppliers of goods and 289 suppliers of services, for a total procurements of €364 million (down from €456 million in procurements compared to the previous year).

However, it can be noted that, concerning local impact, procurement from suppliers with registered offices in Sardinia has remained substantially stable in absolute terms of procurements, as a further sign

of the attention paid by the company to the local community. Procurement from material suppliers based in Sardinia amounted to €16 million (vs. €19 million in 2019), corresponding to 24% of the total (vs. 17% in 2019). Similarly, procurement from service providers based in Sardinia amounted to €122 million (vs. €149 million in 2019), corresponding to 41% of the total (vs. 43% in 2019).

Regarding the subsidiary Saras Energia SAU, which is registered in Spain, the procurement share from suppliers based in Spain was 85% of the total in 2020. In particular, almost 50% of the supplier expenditure was made in the provinces of Madrid (€2.2 million), where the company's headquarters are located, and Murcia (more than €1.1 million), which is the location of the hydrocarbon storage facility of Terminal Logistics de Cartagena SLU, a wholly owned subsidiary of Saras Energia.

### SUPPLIERS OF GOODS AND SERVICES

Parameter	2018		2019		2020	
	n.	€mln	n.	€mln	N.	€mln
<i>Saras Spa</i>	110	19	108	21	94	22
<i>Sarlux Srl</i>	615	414	667	456	592	364
<i>Sartec Srl</i>	380	9	334	8	303	7
<i>Sardeolica Srl</i>	109	28	139	21	112	3
<i>Deposito di Arcola Srl</i>	112	3	99	3	85	2
<i>Saras Energia SAU</i>	399	17	430	13	286	7
<i>Saras Trading SA</i>	85	2	85	2	35	1
<b>Total</b>	<b>1,810</b>	<b>492</b>	<b>1,862</b>	<b>524</b>	<b>1,507</b>	<b>406</b>

### SARLUX LOCAL SUPPLIERS

Parameter	2019									2020								
	Materials			Services			Total			Materials			Services			Total		
	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**
<i>Local suppliers*</i>	43	19	17%	108	149	43%	151	168	37%	41	16	24%	98	122	41%	139	138	38%
<i>Other</i>	308	92	83%	208	196	57%	516	288	63%	262	52	76%	191	174	59%	453	226	62%
<b>Total</b>	<b>351</b>	<b>111</b>		<b>316</b>	<b>345</b>		<b>667</b>	<b>456</b>		<b>303</b>	<b>68</b>		<b>289</b>	<b>296</b>		<b>592</b>	<b>364</b>	

\* Local refers to firms with registered offices in Sardinia.

\*\* Percentage calculated on the total amount purchased, expressed in million Euro.



### Suppliers assessment

The assessment that the Group performs on current and potential suppliers takes many factors into account, the main ones being the quality of products, respect for the applicable regulations, and the sustainability aspects (environmental protection and compliance with Occupational Health and Safety regulations).

Sarlux implemented adequate procedures to formalize the relations with the third parties which interact with the industrial site's activities, in order to ensure that the personnel working for the third-party companies complies with the Group's policies in the field of health, safety and environment.

In particular, Sarlux highly values the commitment of third-party companies in the achievement and

maintaining of quality, environment and safety management system certifications. In 2020, 60.9% of suppliers were ISO 9001 certified, 26.4% ISO 14001 certified, and 26.4% OHSAS 18001 certified.

Each supplier during the qualification procedure requested in order to be admitted to the Group's "vendors' list", is analysed and assessed for the typical activities of its category; moreover, the suppliers shall demonstrate that they satisfy the basic legislative requirements regarding administrative, contributory and insurance regularity, and that they operate in a manner which guarantees protection of health and safety, and respect for the environment, both inside and outside of the Sarroch industrial site.

Suppliers are constantly monitored, even during the stages of renewal and maintenance of their supply contract, and even more so, when approaching the expiry date of the documents and certifications which they provided to Saras.

Before entering the industrial site, the staff of third-party companies, in addition to operating in compliance with their own company's safety plan, receive further basic information on interferential risks regarding the areas of the site in which they shall carry out their activities.

Finally, the Group also performs continuous monitoring of the contributory regularity of its contractors ("DURC, *Documento Unico di Regolarità Contributiva*", i.e. the Single Insurance Contribution Payment Certificate). This periodic activity, looking for "signs of weakness" that normally come before company defaults and identifying actions to be taken each time to minimise the impact of these possible criticalities, has the ultimate goal of keeping high, both the economic competitiveness of the region and the level of local economic development.

CERTIFIED SUPPLIERS (%)			
Parameter	2018	2019	2020
ISO 9001 certified suppliers	66.5	67	60.9
ISO 14001 certified suppliers	26	26.5	26.4
OHSAS 18001 certified suppliers	26.2	25.6	26.4

## Economic value generated and distributed

The Saras Group has an international focus, resulting from its operations in global oil markets and the large geographical spread of its shareholders.

Moreover, the Group also has a strong link with its reference territory, as it is a fundamental driver of Sardinia's economy, generating and distributing economic value to the various categories of stakeholders.

More specifically, in order to obtain the net economic value generated by the Group, it must be looked initially at total revenues generated plus the Excise duties collected on behalf of the Public Administration; from that, it must be deducted the cost of raw materials, the changes in value of the in-

ventory, the cost for services and use of third-party goods, other operating costs, and the net value of financial charges/income.

The large majority of the value generated is paid to the Public Administration in the form of Excise duties and taxes. Usually, between 10% and 15% of the value generated is retained by the company (of which most of it goes to depreciation and amortisation), and the remaining part is distributed to personnel, shareholders, capital providers, and the community.

### ECONOMIC VALUE (THOUSANDS OF EURO)

		2018	2019	2020
<b>Total revenue</b>		<b>10,396,912</b>	<b>9,638,854</b>	<b>5,342,284</b>
<i>Costs for raw materials and inventory changes</i>		-9,093,028	-8,532,443	-4,745,491
<i>Costs for services and use of third-party goods</i>		-746,650	-684,607	-491,838
<i>Other operating expenses</i>		-71,985	-14,716	-22,245
<i>Net financial charges/income</i>		68,388	-541	2,546
<i>Excise duties collected</i>		1,655,855	1,664,290	1,399,041
<b>Net economic value generated</b>	<b>A</b>	<b>2,209,492</b>	<b>2,070,838</b>	<b>1,484,298</b>
<b>Economic value retained / (released)</b>	<b>B</b>	<b>215,200</b>	<b>157,249</b>	<b>-23,959</b>
<i>of which depreciation and amortisation</i>		178,839	198,698	254,032
<b>Economic value distributed</b>	<b>C=(A-B)</b>	<b>1,994,293</b>	<b>1,913,589</b>	<b>1,508,257</b>
<i>of which to PA for Excise duties paid</i>		1,651,271	1,660,116	1,394,428
<i>of which to PA for taxes</i>		44,645	9,435	-68,879
<i>of which to Personnel</i>		156,613	148,653	163,498
<i>of which to Shareholders</i>		112,321	75,310	0
<i>of which to Capital Providers</i>		27,665	18,237	16,364
<i>of which to the Community</i>		1,779	1,839	2,845



As shown in the table, the 2020 financial year differs significantly from past years, because it was heavily influenced by the Covid-19 pandemic. More precisely, total revenues in 2020, and in particular those from ordinary operations, decreased by approximately 45% compared to the previous year, as a result of the trend in gasoline and diesel quotations (down by -35% and -38% respectively compared to 2019 quotations) and lower refinery runs (equal to -17% compared to 2019 refinery runs). Nonetheless, oil commodity costs (crude and complementary feedstock) also declined, albeit more modestly than product selling prices (Brent crude averaged \$41.8/barrel in 2020 vs. \$64.3/barrel in 2019), leading to a squeeze in refining margins.

To cope with the margin-reduction mentioned above, the company implemented a cost reduction policy, despite the very large maintenance programme carried out in 2020. As a result, it was possible to reduce costs for services and for the use of third-party assets by approximately €50 million compared to FY 2019, mainly due to lower expenses for the purchase of electricity, lower expenses for oil, commercial and administrative services, and higher capitalisation of turnaround maintenance expenses. The residual difference of approximately €143 million is due to income from derivative instruments on crude oil, oil products, and CO<sub>2</sub>, which in FY 2020 was classified under this item (whilst in 2019, the result of derivative instruments was included in revenues).

In addition, there was a reduction of approximately €265 million in the amount of excise duties, both collected and paid, compared to the previous year, due to the lower quantities of oil products released for consumption on the Italian market.

The Economic Value Retained by the company is negative this year, according to the above analysis. This can be interpreted as a transfer of economic value from the company to the outside world, mainly due to the significant losses accrued in FY 2020 (amounting to approximately €275 million, as a result of the aforementioned situation of negative margins due to the economic and health crisis caused by the pandemic) and depreciation and amortisation which is approximately €55 million higher than in FY 2019. Moreover, it should be not-

ed that in 2020, it was decided not to proceed with the distribution of dividends (accrued on the result of FY 2019) in order to preserve the company's capital solidity in the challenging environment.

Finally, from the analysis of the various items that comprise the Economic Value Distributed, it can be observed that in the year 2020:

- €1,394 million was paid to the Public Administration, in the form of Excise duties;
- Regarding the payment of taxes and duties to the Public Administration, the company continued to pay direct and indirect taxes in 2020, despite the possibility of suspending them during the various emergency periods. On the other hand, no income tax was paid due to the accumulated operating loss in 2020. In addition, at the end of the financial year, the company made a factoring operation for a tax credit accrued on previous years, worth approximately €70 million: this explains the negative sign of this item, for FY 2020;
- €163.5 million was distributed to Personnel in the form of salaries, social security contributions, severance payment provisions and other Personnel costs. This amount translates directly into the spending power of the families, thus contributing to generating additional value for the region; Moreover, as mentioned above, in 2020 Saras put in place various mechanisms to contain operating expenses. These included a voluntary redundancy and retirement plan, which had an impact on labour costs of around €15 million, combining voluntary exits already paid in 2020, and those planned for 2021;
- nothing was allocated to Shareholders' remuneration, due to the above-mentioned decision to forego the distribution of dividends;
- €16.4 million was allocated to Capital Providers, to remunerate interest on loans received;
- Finally, about €2.8 million was allocated to the Community in the form of donations, sponsorships, contributions and membership fees. This distribution is significantly higher than in previous years, mainly due to donations to the institutions, hospitals, and to the most affected communities, in order to cope with the Covid-19 health emergency (more details in the chapter "Impact on the Local Community - Local Community Relations").

# METHODOLOGICAL NOTE



Saras' Sustainability Report for the financial year 2020 constitutes the Consolidated Disclosure of Non-financial Information for 2020 (DNF) in accordance with the Legislative Decree No. 254/2016, and represents the fourth document reporting the Group's non-financial impacts. More precisely:

- it has been drafted in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" (in short GRI Standards), made available by the Global Sustainability Standards Board (GSSB), according to the option "In accordance - Core";
- Its purpose is to describe, in relation to their economic, social and environmental aspects, the activities carried out by the Group, the goals pursued, the performance achieved, and the related risks.

### Reporting process and scope

The issues reported in this document are the result of various analysis and stakeholder engagement activities carried out by the Group during the three years 2017-19, which have confirmed substantial stability of material issues over time, and an excellent alignment between the priorities set internally within the company and those perceived externally (for more details, see the chapter "Saras Priorities: The Matrix of Materiality").

The Sustainability Report will continue to be published annually and will be distributed via the communication tools regularly used by the company. The publication timing is the same as the one of the Financial Statements of Saras SpA and the Group's Consolidated Financial Statements. Furthermore:

- all data, initiatives and projects refer to the period between 01/01/2020 and 31/12/2020 and include companies that are fully consolidated in the Group's Consolidated Financial Statements, as required by Legislative Decree 254, except where otherwise indicated below or in the text. Where possible, equivalent data for the previous two reporting periods is shown for comparison, in order to give greater detail and highlight the main trends and changes that have occurred;
- the economic data come from Saras SpA's Financial Statements and the Group's Consolidated Financial Statements and therefore include the

seven leading companies of the Group (Saras, Sarlux, Sartec, Sardeolica, Deposito di Arcola, Saras Energia, and Saras Trading);

- the social data include the seven main companies of the Group consolidated in the Consolidated Financial Statements;
- the percentage of the Group's local suppliers, calculated based on procurement data, is provided only for the subsidiary Sarlux (which represents the most significant players in the Sardinian territory) and for the subsidiary Saras Energia;
- the environmental data, except where explicitly stated, refer to Sarlux because its environmental footprint almost entirely matches the one of the Group;
- the calculation of CO<sub>2</sub> emissions from the Sarroch site is performed based on a suitable Monitoring Plan, defined in accordance with the specific European and Italian guidelines, which is based on the evaluation, by means of instrumentation that is constantly subject to checks and calibrations, of fuel consumption and on the application of specific emission factors for each type of fuel. The Monitoring Plan was approved by the Ministry of the Environment with Decision No. 47/2016-DEC ETS-REG with protocol No. 0000051 CLE dated 22/12/2016. The laboratory within Sarlux is one of the leading Italian laboratories operating in a refinery and the third in Italy to obtain accreditation necessary to carry out checks on certain fuels used.
- The supplier data for Sarlux and Saras consider that some companies are suppliers of both materials and services.
- Concerning the calculation of the economic value generated and distributed by the Saras Group in FY 2020, as 2019, the following two changes occurred compared to FY 2018 and previous years: 1.) Reclassification in the item 'Total Revenues', following a change in the Group's 'Accounting Policy', which now includes all oil commodities derivatives used to hedge physical cargoes bought and sold by the Group. This reclassification also affects the item "Net financial income/charges", which no longer includes the derivatives' effect as mentioned above; 2.) Reclassification in the item 'Costs of services and leases of third-party assets', due to the effect of IFRS 16 becoming effective in 2019.

The Sustainability Report, being the Consolidated Disclosure of Non-financial Information, is subjected to limited assurance by the independent company EY. The audit report describing the details of the

principles adopted, the activities carried out and their conclusions is shown in the Appendix. Finally, this document (DNF) was approved by the Board of Directors of Saras S.p.A. on 18/3/2021.

## Scope

MATERIAL TOPICS	GRI STANDARD TOPICS	PERIMETER	
		Internal	External
<i>Health and safety</i>	Occupational health and safety	Group	Supply chain
<i>Air pollutants and greenhouse gases emissions</i>	Emissions	Sarlux	Supply chain
<i>Waste and discharge management</i>	Effluents and waste Water	Group/Sarlux	Supply chain
<i>Energy efficiency</i>	Energy Emissions	Sarlux	Supply chain
<i>Employment and creation of local value</i>	Employment Management relations Market presence	Group	
<i>Technological innovation</i>		Group	
<i>Local community relations</i>	Local communities Indirect economic impacts	Group	
<i>Training and development of human resources</i>	Training and education	Group	
<i>Water resource management</i>	Water	Sarlux	Supply chain
<i>Human resources management</i>	Employment Management relations	Group	
<i>Odours</i>	Local communities	Group	

Below are other topics that - whilst not material according to the analysis undertaken - are nonetheless deemed relevant by Saras and therefore appear in this Sustainability Report, also in order to fully comply with the requirements of Legislative Decree. 254.

OTHER RELEVANT TOPICS	GRI STANDARD TOPICS	PERIMETER	
		Internal	External
<i>Compliance with regulations</i>	Environmental compliance Socio-economic compliance Customer health and safety	Group	Supply chain
<i>Supplier and procurement management</i>	Supply Chain Procurement practices Raw Materials	Group	
<i>Anti-corruption</i>	Anti-corruption	Group	
<i>Human rights</i>	Anti-discrimination	Group	Supply chain
<i>Equal opportunities</i>	Diversity and equal opportunities	Group	
<i>Biodiversity</i>	Biodiversity	Sarlux Sardegolica	

**Note:**

With the exception of the topic linked to occupational health and safety, reporting is not extended to the supply chain.

# GRI CONTENT INDEX



GENERAL STANDARD DISCLOSURES			
Standard Disclosure		Section / Page number	
<b>ORGANISATIONAL PROFILE</b>			
102-1	Name of organisation	Group identity – The Saras Group	25
102-2	Activities, brands, products and services	Group identity – The Saras Group	25-27
102-3	Location of headquarters	The Saras Group has registered offices in Sarroch (CA)	
102-4	Location of operation	Group identity – The Saras Group	26-27
102-5	Ownership and legal form	Group identity – Governance	37
102-6	Markets served	Group identity – The Saras Group	29
102-7	Scale of the organization	Group identity – The Saras Group Our people – Human resources management	25-27 59
102-8	Information on employees and other workers	Our people – Human resources management	59-61
102-9	Supply chain	Impact on the local community – Supplier and procurement management	145-148
102-10	Significant changes to the organisation and supply chain	Methodological note	153-154
102-11	Precautionary Principle	Group identity – The internal control and risk management system	39-41, 43
102-12	External initiatives	Group identity – The Saras Group	31-32
102-13	Membership of associations	Group identity – The Saras Group	31-32
<b>STRATEGY</b>			
102-14	Statement from senior decision-maker	Letter to stakeholders	5
<b>ETHICS AND INTEGRITY</b>			
102-16	Values, principles, standards and norms of behavior	Sustainability at Saras – Strategic approach Group identity – The internal control and risk management system	15-17 39-41
<b>GOVERNANCE</b>			
102-18	Governance structure	Group identity – Governance	34-37
<b>STAKEHOLDER ENGAGEMENT</b>			
102-40	List of stakeholders groups	Sustainability at Saras – Saras priorities	21
102-41	Collective bargaining agreements	Our people – Relations with social partners	75-76
102-42	Identifying and selecting stakeholders	Sustainability at Saras – Saras priorities	21
102-43	Approach to stakeholder engagement	Sustainability at Saras – Saras priorities	21
102-44	Key topics and concerns raised	Sustainability at Saras – Saras priorities	22

## GENERAL STANDARD DISCLOSURES

Standard Disclosure		Section / Page number	
<b>REPORTING PRACTICE</b>			
102-45	Entities included in the Consolidated Financial Statement	Methodological note	153-154
102-46	Defining report content and topic Boundaries	Sustainability at Saras – Saras priorities Methodological note	20-22 153-154
102-47	List of material aspects	Sustainability at Saras – Saras priorities	22
102-48	Restatements of information	Methodological note	153-154
102-49	Changes in reporting	Methodological note	153-154
102-50	Reporting period	Methodological note	153-154
102-51	Date of most recent report	Methodological note	153-154
102-52	Reporting cycle	Methodological note	153-154
102-53	Contact point for questions regarding the report	Back cover	
102-54	Claims of reporting in accordance with the GRI Standards	Methodological note	153-154
102-55	GRI Content Index	GRI Content Index	157-162
102-56	External assurance	Report by the independent audit firm on the Sustainability Report	165-167



## SPECIFIC STANDARD DISCLOSURE - MATERIAL ASPECTS

DMAs and performance indicators	Section / Page number	Omissions		
<b>ECONOMY</b>				
<b>MARKET PRESENCE (2016)</b>				
103-1 103-2 103-3	Management approach	Our people - Human resources management	58-59	None
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Our people - Human resources management	67	None
<b>INDIRECT ECONOMIC IMPACTS (2016)</b>				
103-1 103-2 103-3	Management approach	Impact on the local community - Local community relations	137	None
203-2	Significant indirect economic impacts	Impact on the local community - Employment and creation of local value	141-142	None
<b>ENVIRONMENT</b>				
<b>ENERGY (2016)</b>				
103-1 103-2 103-3	Management approach	Sustainable energy Sustainable energy - Energy consumption and efficiency	79, 80	None
302-1	Energy consumption within the organisation	Sustainable energy - Energy consumption and efficiency	81-82	None
302-3	Energy intensity	Sustainable energy - Energy consumption and efficiency	83	None
<b>WATER (2018)</b>				
103-1 103-2 103-3	Management approach	Sustainable energy Sustainable energy - Management of water	79, 114	None
303-1	Interactions with water as a shared resource	Sustainable energy Sustainable energy - Management of water	79, 114	None
303-2	Management of water discharge-related impacts	Sustainable energy Sustainable energy - Management of water	79, 114, 117	None
303-3	Water withdrawal	Sustainable energy - Management of water	116-117	None
303-4	Water discharge	Sustainable energy - Management of water	117-118	None
303-5	Water consumption	Sustainable energy - Management of water	115	None
<b>EMISSIONS (2016)</b>				
103-1 103-2 103-3	Management approach	Sustainable energy Sustainable energy - Saras Group Roadmap for energy transition and decarbonisation Sustainable energy - Greenhouse gases and air pollutant emissions	79, 123, 91-92	None
305-1	Direct (Scope 1) GHG emissions	Sustainable energy - Greenhouse gases and air pollutant emissions	95-96	None
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Sustainable energy - Greenhouse gases and air pollutant emissions	92-94	None

## SPECIFIC STANDARD DISCLOSURE - MATERIAL ASPECTS

DMAs and performance indicators		Section / Page number	Omissions	
<b>WASTE (2016)</b>				
103-1 103-2 103-3	Management approach	Sustainable energy Sustainable energy - Management of water Sustainable energy - Waste and spills	79, 114, 101	None
306-2	Waste by type and disposal method	Sustainable energy - Waste and spills	101-110	None
306-3	Significant spills	Sustainable energy - Waste and spills	110-111	None
306-4	Transport of hazardous waste	Sustainable energy - Waste and spills	104	None
<b>SOCIAL</b>				
<b>EMPLOYMENT (2016)</b>				
103-1 103-2 103-3	Management approach	Our people - Human resources management	58-59	None
401-1	New employee hires and employee turnover	Our people - Human resources management	63-65	None
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our people - Health and safety, Human resources management	54, 68-69	None
<b>MANAGEMENT RELATIONS (2016)</b>				
103-1 103-2 103-3	Management approach	Our people - Human resources management	58-59	None
402-1	Minimum notice period regarding operational changes	Our people - Relations with social partners	75-76	None
<b>OCCUPATIONAL HEALTH AND SAFETY (2018)</b>				
103-1 103-2 103-3	Management approach	Our people - Health and safety	49	None
403-1	Occupational health and safety management system	Group certifications Our people - Health and safety	11, 50	None
403-2	Hazard identification, risk assessment, and incident investigation	Our people - Health and safety	50	None
403-3	Occupational health services	Our people - Health and safety	54	None
403-4	Worker participation, consultation, and communication on occupational health and safety	Our people - Health and safety	49	None
403-5	Worker training on occupational health and safety	Our people - Training and development	73	None
403-6	Promotion of worker health	Our people - Health and safety	54	None
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Group identity - Internal Control and Risk Management System Our people - Health and safety	43, 53	None
403-8	Workers covered by an occupational health and safety management system	Group certifications Our people - Health and safety	11, 50	None

## SPECIFIC STANDARD DISCLOSURE - MATERIAL ASPECTS

DMAs and performance indicators		Section / Page number		Omissions
403-9	Work-related injuries	Our people - Health and safety	50-53	None
<b>TRAINING AND EDUCATION (2016)</b>				
103-1 103-2 103-3	Management approach	Our people - Training and development	70	None
404-1	Average hours of training per year per employee	Our people - Training and development	71-73	None
<b>LOCAL COMMUNITY (2016)</b>				
103-1 103-2 103-3	Management approach	Impact on the local community - Local community relations	137	None
413-1	Operations with local community engagement, impact assessments and development programmes	Impact on the local community - Local community relations	139-140	None
<b>TECHNOLOGICAL INNOVATION</b>				
103-1 103-2 103-3	Management approach	Sustainable energy - Technological innovation	121-122	None

SPECIFIC STANDARD DISCLOSURE – OTHER RELEVANT ASPECTS				
DMAs and performance indicators		Section / Page number		Omissions
<b>ECONOMY</b>				
<b>PROCUREMENT PRACTICES (2016)</b>				
103-1 103-2 103-3	Management approach	Impact on the local community – Supplier and procurement management	145	None
204-1	Percentage of spending on local suppliers	Impact on the local community – Supplier and procurement management	147-148	None
<b>ANTI-CORRUPTION (2016)</b>				
103-1 103-2 103-3	Management approach	Group identity – Corruption prevention	46	None
205-2	Communication and training about anticorruption policies and procedures	Group identity – Corruption prevention	46	None
205-3	Confirmed incidents of corruption and action taken	Group identity – Corruption prevention	46	None
<b>ENVIRONMENT</b>				
<b>MATERIALS (2016)</b>				
103-1 103-2 103-3	Management approach	Impact on the local community – Supplier and procurement management	145	None
301-1	Materials used by weight or volume	Impact on the local community – Supplier and procurement management	146	None
<b>BIODIVERSITY (2016)</b>				
103-1 103-2 103-3	Management approach	Sustainable energy	79	None
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside of protected areas	Sustainable energy – Biodiversity	119-120	None
<b>ENVIRONMENTAL COMPLIANCE (2016)</b>				
103-1 103-2 103-3	Management approach	Group identity – The internal control and risk management system	39-41	None
307-1	Non-compliance with environmental laws and regulations	Group identity – The internal control and risk management system	41	None
<b>SOCIAL</b>				
<b>DIVERSITY AND EQUAL OPPORTUNITIES (2016)</b>				
103-1 103-2 103-3	Management approach	Our people – Human resources management	58-59	None
405-1	Diversity of governance bodies and employees	Group identity – Governance Our people – Human resources management	34-35 62-63	None
<b>NON-DISCRIMINATION (2016)</b>				
103-1 103-2 103-3	Management approach	Saras priorities Our people – Human resources management	58-59	None
406-1	Incidents of discrimination and corrective action taken	Our people – Human resources management	63	None

SPECIFIC STANDARD DISCLOSURE - OTHER RELEVANT ASPECTS				
DMAs and performance indicators		Section / Page number		Omissions
<b>CUSTOMERS HEALTH AND SAFETY (2016)</b>				
103-1 103-2 103-3	Management approach	Group identity - The internal control and risk management system	39-41	None
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Group identity - The internal control and risk management system	41	None
<b>SOCIO-ECONOMIC COMPLIANCE (2016)</b>				
103-1 103-2 103-3	Management approach	Group identity - The internal control and risk management system	39-41	None
419-1	Non-compliance with laws and regulations in the social and economic area	Group identity - The internal control and risk management system	41	None



REPORT BY THE  
INDEPENDENT  
AUDIT FIRM  
IN THE  
SUSTAINABILITY  
REPORT



EY S.p.A.  
Via Meravigli, 12  
20123 Milano

Tel: +39 02 722121  
Fax: +39 02 722122037  
ey.com

## Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 2018 (Translation from the original Italian text)

To the Board of Directors of  
Saras S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Saras S.p.A. and its subsidiaries (hereinafter the "Group" or "Saras Group") for the year ended on December 31<sup>st</sup>, 2020 in accordance with article 4 of the Decree and approved by the Board of Directors on March 30<sup>th</sup>, 2021 (hereinafter "DNF").

### Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

EY S.p.A.  
Sede Legale: Via Lombardia, 31 - 00187 Roma  
Capitale Sociale Euro 2.525.000,00 i.v.  
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma  
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904  
P.IVA 00891231003  
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998  
Iscritta all'Albo Speciale delle società di revisione  
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited



EY S.p.A.  
Via Meravigli, 12  
20123 Milano

Tel: +39 02 722121  
Fax: +39 02 722122037  
ey.com

### Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Saras Group's consolidated financial statements;
4. understanding of the following aspects:
  - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
  - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
  - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below;

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.

In particular, we have conducted interviews and discussions with the management and the personnel of Saras S.p.A. and with the personnel of Sarlux S.r.l. and Deposito di Arcola S.r.l. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.





EY S.p.A.  
Via Meravigli, 12  
20123 Milano

Tel: +39 02 722121  
Fax: +39 02 722122037  
ey.com

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level
  - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for Sarroch refinery of the subsidiary Sarlux S.r.l. and for the fuel storage facility of the subsidiary Deposito di Arcola S.r.l., that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

### Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Saras Group for the year ended on December 31<sup>st</sup>, 2020 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Milan, April 20<sup>th</sup>, 2021

EY S.p.A.  
Signed by: Alberto Romeo (Auditor)

*This report has been translated into the English language solely for the convenience of international readers.*



## **SARAS SPA**

### ***Registered office:***

S.S. Sulcitana 195 - Km. 19  
I-09018, Sarroch (Cagliari)  
Tel +39 070 90911  
Fax +39 070 900209

### ***General Management and Administrative headquarters:***

Galleria Passarella, 2  
I-20121, Milano  
Tel +39 02 77371  
Fax +39 02 76020640

### ***Created by:***

Chief Energy & Sustainability Officer  
Tel +39 02 77371  
[www.saras.it](http://www.saras.it)

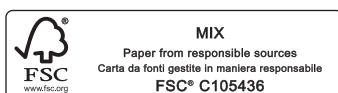
### ***Consultancy:***

Lundquist srl  
Via Privata Maria Teresa, 8  
I-20123, Milano  
[www.lundquist.it](http://www.lundquist.it)

### ***Graphic design:***

Yvat&Klerb  
Via Giuseppe Giusti, 26  
I-20154, Milano  
[www.y-k.it](http://www.y-k.it)

*We would like to thank all the colleagues of the Saras Group  
who have contributed to the production of this Report.*



In order to protect and respect the environment, this report has been printed on paper made from sustainably managed forests, from certified forests in accordance to FSC® (Forest Stewardship Council®) criteria, and from other controlled sources.

