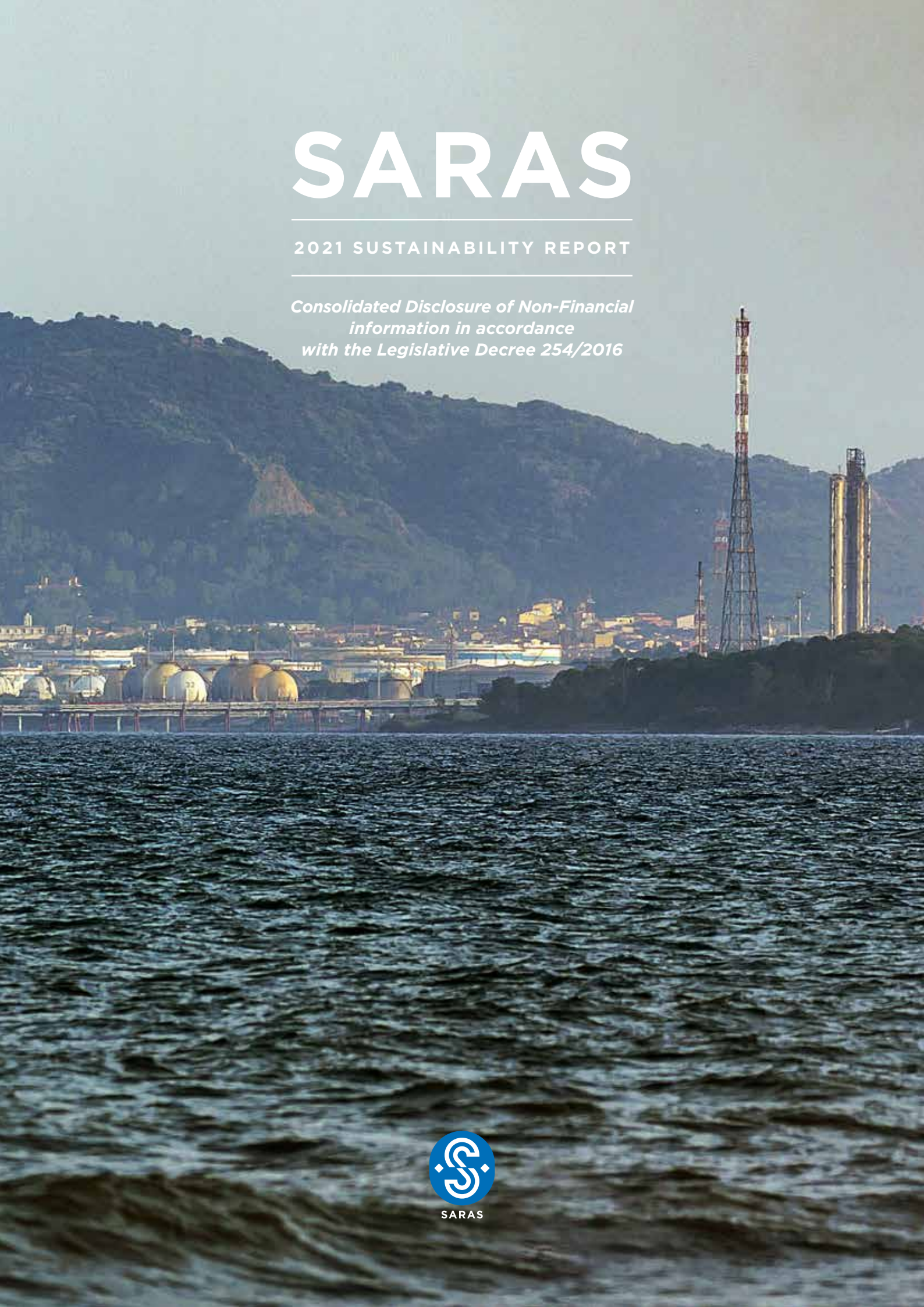

SARAS

2021 SUSTAINABILITY REPORT

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

SARAS

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SARAS

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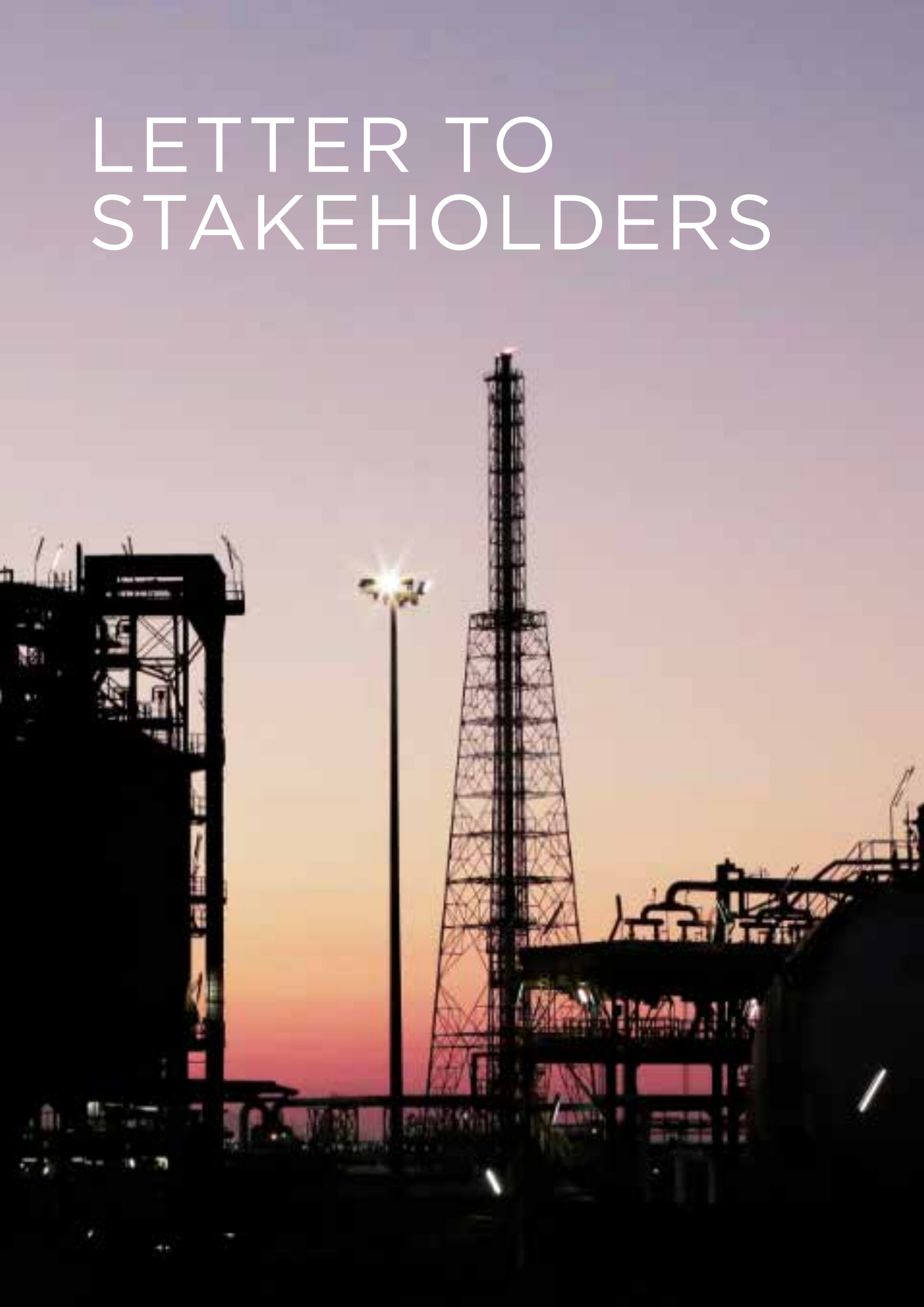
LETTER TO STAKEHOLDERS



Despite the significant improvement on the health front, achieved thanks to large-scale vaccination campaigns, 2021 was still a difficult year. Nonetheless, new pandemic variants forced governments to adopt, on several occasions, restrictive measures to limit contagion. The global economy suffered inevitable setbacks, and the oil refining sector - once again - has been among the most penalized sectors.

At the time of writing this letter, the dramatic conflict in Ukraine is placing the world ahead of a new and unexpected emergency, and there are strong calls from many sides for an immediate "end to war". There is in fact a real risk of very serious consequences, both in terms of intolerable loss of human lives, and of energy crisis and associated economic costs.

Even in these profoundly uncertain circumstances, Saras Group is making its values and skills available to our Country, to design a sustainable future and find solutions in line with the path of Ecological Transition undertaken by Europe, while at the same time protecting employment, the creation of local value, and the continuity of oil and energy supplies.

The constantly evolving scenario in which we operate still requires the utmost commitment and determination - qualities that our people have never lacked, and that they will generously put back into the field. This comes with the certainty that, together, we will succeed in making the dream set out in the corporate purpose, namely "to be innovative, sustainable and a point of reference among energy suppliers", come true.

With this spirit, Saras Group increased its presence in the sector of electricity generation from renewable sources, by purchasing a 45MW wind farm in Macchiareddu (Cagliari); also, the Group obtained the authorization to build an 80MW photovoltaic plant on the land bordering the aforementioned wind farm. This is a clear sign that our Group believes in Decarbonisation, and that it is ready to continue developing further initiatives, in order to install in the next 4 years a further 400MW of renewable capacity in Sardinia, compatibly with the timing of the necessary authorization processes.

The 2021 Sustainability Report, prepared pursuant to Legislative Decree 254/2016 and according to GRI (Global Reporting Initiative) standards, continues to be our main tool for communicating Saras Group's social, environmental, health and safety, and governance achievements in a clear and transparent manner. Precisely, in order to develop a dialogue that is increasingly participatory and attentive to the needs of our stakeholders, Saras Group carried out between December 2021 and January 2022 a massive engagement program with 75 external Stakeholders and about 290 employees, thus coming to identify ESG issues relevant to the Group and establish shared priorities. In addition, given the growing and growing interest of the community, we have also used this Report as a valuable tool to give visibility to our medium-term programs, which focus on increasing energy efficiency, the development of "low carbon fuels" and operational optimization, in order to keep our business model competitive and sustainable.

I believe it is important to underline that, in these difficult years, all Saras Group People have done their utmost to achieve sustainability objectives, respecting careful health and safety protocols, and managing to guarantee operational continuity to the plants - something certainly not trivial, in the circumstances of the two-year pandemic that has just passed. Our People are the real protagonists of this Report. Without their passion, commitment, and sense of responsibility we would not have been able to go through this dramatic period.

My personal gratitude, therefore, goes to them, as they were able to draw inspiration from the emergency to adapt the organization and management of the business and keep building sustainable value for all our Stakeholders.

I don't know whether 2022 will finally be the decisive year for recovery or not; I do know, however, that Saras Group will continue with commitment and awareness on its path made up of development and transformation, with the right attitude towards the epoch-making goals of the Ecological Transition, which the world cannot afford to fail.

The Chairman
Massimo Moratti

SARAS IN FIGURES AND COVID-19 IMPACT

While 2020 went down in history as the "Annus Horribilis", characterized by serious health, economic and social crisis, 2021 will be remembered for the major vaccination campaigns that helped to reduce the medical emergency, for the first signs of improvement in the economic framework and for the launch of an ambitious European "Recovery Plan".

With this last instrument, the European Union hopes to revive the industrial and economic activities of Member States, while providing regulatory and implementation guidelines, unequivocally directed toward economic, social and environmental sustainability.

Despite this improvement, the last 12 months have certainly not been easy. In fact, the new pandemic variants (first Delta, then Omicron) have repeatedly undermined the confidence of consumers and investors. The periodic recurrences of the cases forced governments to adopt new restrictive measures, and the economic recovery suffered the subsequent brakes. Among the sectors most affected were, once again, transport (especially air transport), accommodation and entertainment services, and the tourism economy.

The consequences for the oil refining sector are also inevitable. In fact, the consumption of refined products in Italy has risen again to about 55.3 million tons, an increase of 9.8% (+4.9 million tons) compared to 2020, but still largely below the pre-pandemic volumes (60.2 million tons in 2019). The difference on a global scale is less pronounced, where in fact consumption at the end of 2021 has returned to levels almost in line with 2019. Moreover, it should be noted that in addition to the uncertainties related to the pandemic, the rise in energy costs has also negatively affected consumption.

The general picture, therefore, offers a twofold interpretation: on the one hand, it should be noted that the situation is still in deficit compared with the pre-Covid period; on the other hand, however, it is possible to appreciate the start of a multi-year recovery process (for example, in its Economic Bulletin no. 8 of January 2022 the Bank of Italy estimates annual growth in Italian GDP of 5.1% in 2021, followed by 4.2% in 2022, 2.9% in 2023 and 1.6% in 2024).

These growth prospects are supported by the continuation of measures to support the economy and budgetary measures favourable to growth, which should continue to flank monetary policy. All of this will enable European countries to adapt to the structural changes underway, including Ecological Transition, and achieve a fair and sustainable recovery.

Europe is, in fact, on the front line in the fight against climate change and, through the "New Green Deal" strategy, aims to transform industries and the transport sector according to the paradigm of sustainability; this is the context of the recent plan "Fit for 55", which proposes an articulated set of initiatives to reduce, by 2030, greenhouse gas emissions by 55% compared to 1990 levels, and achieve "carbon neutrality" by 2050.

In the complex scenario of 2021, the Saras Group continued its activities, always with great determination and attention to health and safety. Strict risk prevention and management measures and precise health protocols have been applied. In this way, the operativity of the Sarroch industrial site was guaranteed, providing electricity and fuels essential to sustain domestic consumption and the agricultural, industrial, and service sectors, both at a regional and national level. Finally, again in 2021, the Group also continued its program to develop the production of electricity from Renewable Sources, completing the acquisition of a wind farm in Macchiareddu (Sardinia) with an installed capacity of 45MW, and thus taking important steps in the direction of Ecological Transition.

Below, the key figures that characterized the Group's activities in 2021:

VALUE CREATION

8.6 billion euros in revenues from ordinary operations

1.9 billion euros in total economic value generated

100 million euros investment

68 million euros spent by Sarlux to purchase goods and services from local suppliers

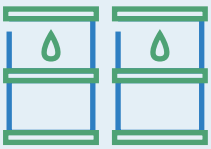
HUMAN RESOURCES

1,572 employees on 31 December 2021

86.2% of the workforce based in Sardinia

34,749 hours of total training, of which 9,047 hours were allocated to HSE

REFINING



12.98 million tonnes of crude oil processed

0.81 million tonnes of complementary feedstock processed

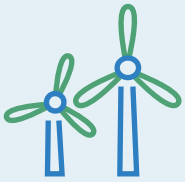
21.6% of the total of Italian refining capacity[1]

ENERGY ELECTRICITY GENERATION

3,524 GWh of electricity produced by IGCC and sold to the power grid

38.8% of Sardinia's electricity consumption[2]

RENEWABLE ENERGY

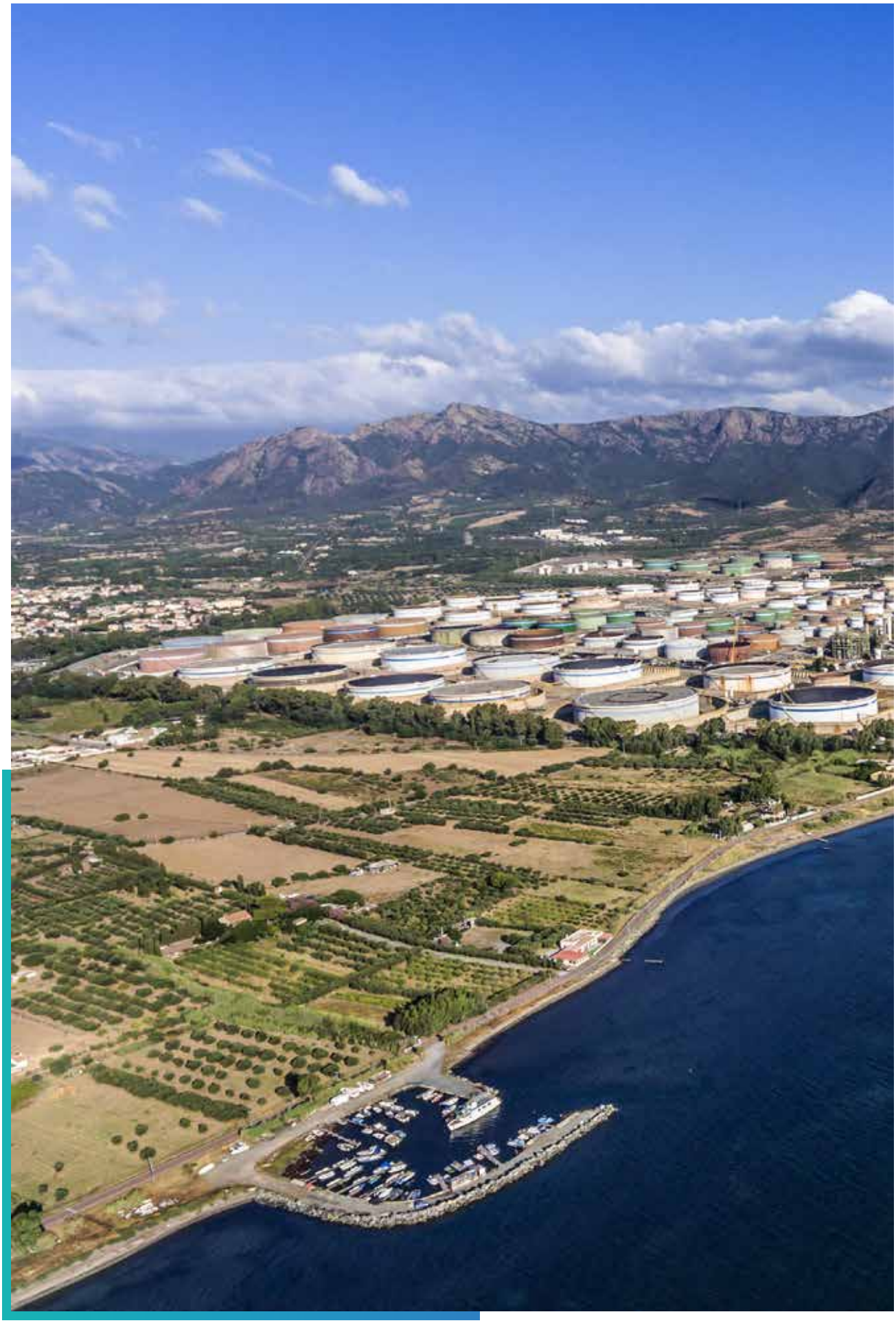


258.5 GWh of renewable electricity produced (wind)

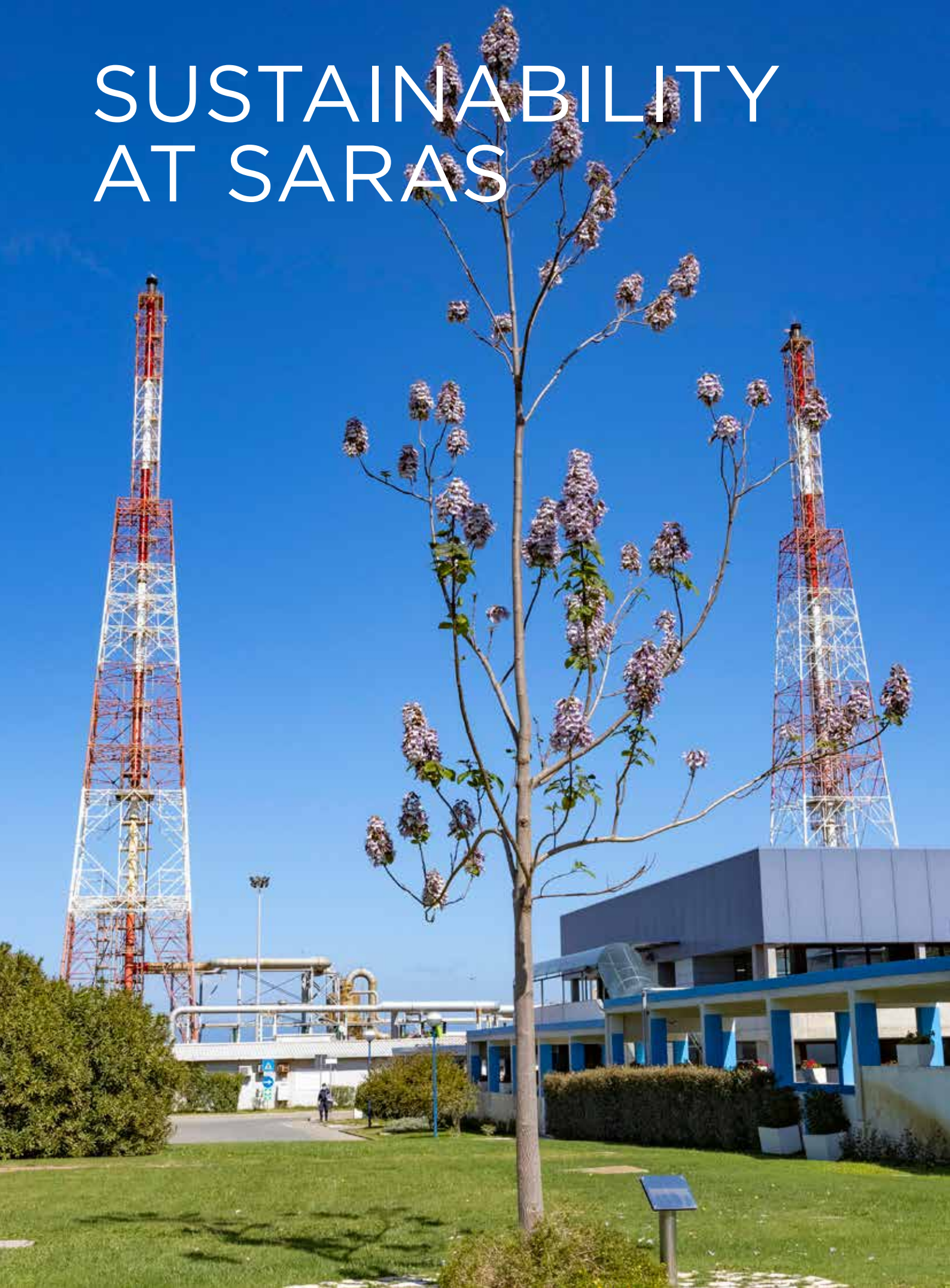
186,300 people, equivalent annual energy consumption

167,500 tons of CO_2 emissions avoided, thanks to electricity production from renewable sources

1. Source: UNEM - Dec. 2021
2. Source: Terna "Monthly Report on the Electricity System" Dec. 2021



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, which is then 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 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, Saras 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^3/h of demineralised water for use in high-pressure boiler circuits.

For what concerns waste management, the efforts made over many years have been intensified starting from 2020, with initiatives that have led to a reduction in total waste production and also a significant 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_2 emissions.

Concerning greenhouse gas emissions, in 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_2 emissions and also increasing economic performance. Furthermore, in June 2021, the Group increased its commitment towards renewable sources by purchasing a 45 MW powered wind farm capable to produce up to 56 GWh/year, which allows avoiding about 36,000 tons/year of CO_2, providing electricity to 40,000 people per year.

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 in the early 1990s, followed by a second one at the beginning of 2000, and both were upgraded in 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.

On the social responsibility front, in 2021 Saras confirmed its commitment to protecting people's health and safety. In addition to the rigorous application of the ISO 45001 Management System for Occupational Health and Safety issues, this has been achieved by maintaining effective measures in place to prevent and combat the Covid-19 pandemic at the Sarroch industrial site and all other company sites.

Finally, at the end of 2021, the Saras Group drew up a detailed Sustainability Policy, which is public and easily accessible to all stakeholders, to formally demonstrate its values and commitments in this area. The document, which was first reviewed by the Control, Risk and Sustainability Committee, was subsequently approved by the Board of Directors of the parent company Saras S.p.A. in February 2022.

Saras' Sustainability Policy is based on the United Nations Sustainable Development Goals (SDGs), as well as on the Group's own values, as expressed in the Code of Ethics and the Company's Purpose. It formalises the company's strategies, objectives, models of behaviour and commitments, which are aimed at improving its sustainability performance, optimising the management of the "ESG" issues in which the company is involved, and creating value shared with its stakeholders.

SARAS GROUP SUSTAINABILITY POLICY

Saras Sustainability Policy, which applies to all Group companies, is publicly available on the company website **www.saras.it**, in the Sustainability section. Below is a short extract, in order to provide a brief overview of the areas covered:

1 PROMOTION OF ETHICAL AND CORRECT BEHAVIOURS, AND CORRUPTION PREVENTION

In carrying out its activities, Saras pays the utmost attention and is committed to complying with the law, promoting ethical and correct behaviour, and preventing all forms of corruption

2 PEOPLE-RELATED TOPICS, HUMAN RIGHTS PROTECTION, DIVERSITY, AND INCLUSION

Dignity and respect for People are at the core of our corporate culture and are essential elements of the Group's sustainability. Respect for Human Rights, Equal Opportunities, Diversity and Inclusion, and the commitment against all forms of Discrimination have always characterised the way Saras operates, that recognises and implements all the internationally recognised principles

3 SOCIAL ISSUES, FOCUS ON LOCAL COMMUNITIES AND DIALOGUE WITH STAKEHOLDERS

Saras Group acknowledges that maintaining and enhancing long-term relations with its stakeholders and local communities is the cornerstone of business success and joint creation of value

4 ENVIRONMENTAL PROTECTION

Managing operations and safeguarding the environment is essential for long-term sustainability, as well as for productivity and market competitiveness. Therefore, the Group carries out its activities by minimising its environmental footprint and considering, in the development of its projects, the protection of ecosystems and biodiversity

5 ECOLOGICAL TRANSITION TOPICS

Technological innovation is one of the fundamental levers for pursuing the objectives of ecological transition in a sector that plays a strategic role in the national, European and international economic system

6 RELATIONS WITH GOODS AND SERVICES SUPPLIERS

Suppliers are essential partners in achieving the Group's sustainability objectives, and Saras cultivates a relationship with them which is based on respect, fairness, impartiality and equal opportunities.

Group Certifications

Saras has always promoted the continuous improvement of its processes and the transparent disclosure of its sustainability performances. For these reasons, in line with the Group's Code of Ethics and Sustainability Policy, each company adopted appropriate management systems, which are certified in accordance with the best international standards, according to the specific characteristics of each business segment.

Since the early 2000s, Saras SpA has certified its quality processes with the ISO 9001 Management System. This certification is constantly verified and renewed on an annual basis by independent auditors, In July 2020, the multi-location approach under the parent company's scheme.

The subsidiary Sarlux Srl operates in the Industrial & Marketing segment, which specifically includes oil refining and electricity generation activities, carried out at the industrial site in Sarroch (Sardinia). These activities are certified since 2004 according to ISO 14001 standard (Environmental Management System). In addition, the Sarroch plant voluntarily adheres, since 2008, to 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 https://www.sarlux.saras.it/wp-content/uploads/2021/09/Sarlux-Dichiarazione-Ambientale-2021.pdf.

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 main 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).

Furthermore, since April 9th, 2009 all the environmental authorisations have been merged and substituted by the Ministerial Decree DSA-DEC-2009-0000230 of 24/03/2009 of the Integrated Environmental Authorisation (*AIA, Autorizzazione Integrata Ambientale*). Sarroch plant was the first one in Italy to obtain it, in 2009.

Following the acquisition of Northern Plants (formerly Versalis, Eni Group), the process of integrating the two authorisations has been started. For the year 2017, the Plant's operations took place under the new decree, which partially maintained the two AIA decrees active. While the decree that de facto unified the two pre-existing AIAs introduced, in the field of atmospheric emissions, new limits concerning Large Combustion Plants (GIC), combustion plants with a nominal thermal power of not less than 50 MW, which utilises mixed fuels (fuel gas and fuel oil), while the limits of the Consolidated Environmental Act remain valid for single-fuel plants. The Comprehensive Review of the Sarlux In-

tegrated Environmental Authorisation (DEC- MIN-0000263 of 11 October 2017) was published on the website of the Ministry of the Environment was issued on 27 October 2017.

The review investigation, which became necessary for all refineries following the publication of the new Best Available Techniques (BAT) in October 2014, was successfully concluded at the Services Conference on 20 July 2017, in the presence of all the competent bodies (MATTM, the Region, the Cagliari Metropolitan City, the Municipality of Sarroch, ISPRA and ARPAS), following a process that began on 28 July 2016 with the submission of the required documentation.

The current AIA is valid for 16 years, due to the fact that the Sarroch plant is endowed with ISO 14001 certification and EMAS registration (extended in 2016 also to the Northern Plants), and authorises the operator to carry out the three activities it performs, namely:

- Refinery - (Manufacture of refined petroleum products);
- IGCC Plant - (Electric energy production);
- Northern Plants - (Manufacture of basic organic chemicals).

In 2018 and 2019, the planned improvement activities such as the installation of double tank bottoms, the paving of tank basins and pipe ways were carried out. In addition, during 2020, all activities related to the Monitoring and Control Plan (MCP) were completed.

Subsequently, in 2021, several AIA review procedures were initiated relating to the management of the blow-down systems, rainwater, the preliminary storage of filter cake, the timing of construction of the “Green Barrier” between the perimeter of the Sarlux industrial site and the town of Sarroch, and a change in the authorisation structure relating to multi-fuel operational management for GIC (Large Combustion Plant) units.

For the re-examination procedure concerning the management of the "Blow-Down", stormwater and preliminary "filter-cake" systems, in view of the documentation produced, the Competent Authority initiated the asynchronous simplified Services Conference, which is currently still in progress.

With regard to the application for landscape and environmental mitigation measures, known as the "Green Barrier", the simplified asynchronous Services Conference has already been concluded with a favourable opinion in accordance with the Final Investigative Opinion, and the publication of the final measure is awaited.

Finally, the Competent Authority already approved the request for the variation of the authorised multi-fuel operational management of the GIC units, and the publication of the final measure is pending. The approval of this application will allow the use in the GIC units of a mix of fuels with a prevalence of gaseous mixture, variable according to availability. This new arrangement will lead to an improvement in environmental performance, particularly in terms of emissions.

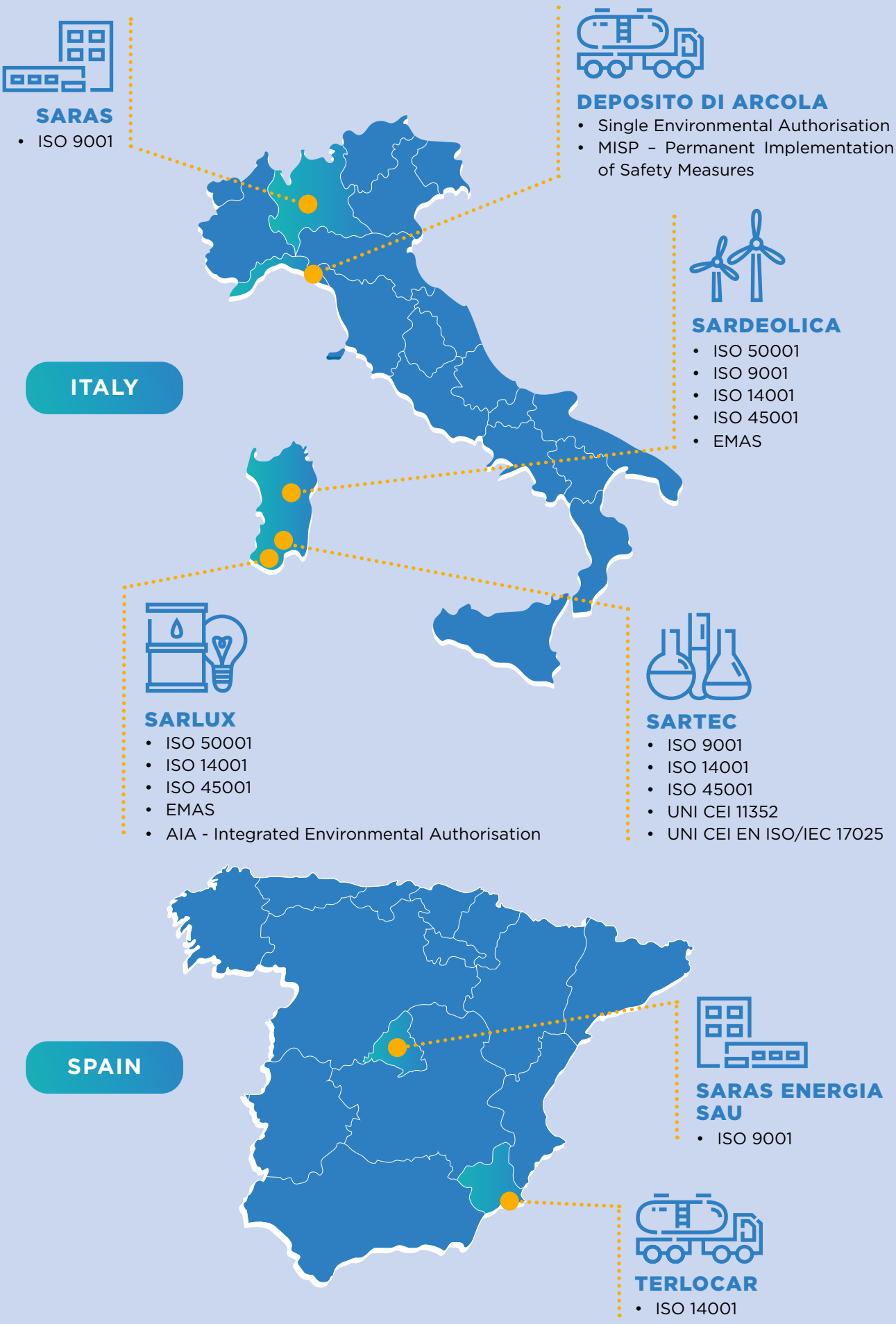
Sardeolica, operating in renewable electricity production, achieved certification of its EMS – Environmental Management System, according to the international standard ISO 14001, in 2006. Subsequently, in 2012 it certified its Quality Management System according to the ISO 9001 standard (later updated 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, operating in the industrial and technological services sector 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.

Concerning the activities in Spain, the subsidiary Saras Energia adopted the ISO 9001 Quality Management System certification mentioned above; in addition, from October 2021, the Environmental Management System of the Cartagena depot (owned and managed by the subsidiary Terminal Logistica de Cartagena SLU - TERLOCAR for short)

was also certified in accordance with the ISO 14001 standard.

Deposito di Arcola S.r.l. obtained for its three different bases (Arcola, Pianazze and San Bartolomeo) the Single Environmental Authorisation (*AUA, Autorizzazione Unica Ambientale*) in accordance with 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
ITALY
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
SPAIN
SARAS ENERGIA SAU
• ISO 9001
TERLOCAR
• ISO 14001

Workers covered by a Health and Safety Management system

As shown in the previous chapter, all the Group's activities with a significant impact on health, safety and the environment (Sarroch production site, generation of electricity from renewable sources, technological services) are certified ISO 45001 and ISO 14001.

The table below shows the number and percentage of workers covered by Occupational Health and Safety Management Systems, as required by GRI 403-8, and also by other Management Systems applied, for what concerns the last three years.

In detail, workers covered by the Health and Safety Management System represent 86.3% of the entire Group population; those covered by the Environmental Management System are 87.1%; on the other hand, it must be remembered that these workers constitute 100% of the workers engaged in activities with significant impacts in terms of health and environment.

Furthermore, with a view to certifying and publicising its performance in the field of sustainability, 77.6% of the Group's employees are covered by an energy management system and EMAS registration.

Saras workers based at the Sarroch site are covered by the management systems implemented by its subsidiary Sarlux.

WORKERS COVERED BY A MANAGEMENT SYSTEM

	ISO 9001			ISO 45001			ISO 14001			EMAS			ISO 50001		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Saras Spa	266	279	250	266	279	250	266	279	250	266	279	250	266	279	250
of which on Sarroch site	113	135	118	113	135	118	113	135	118	113	135	118	113	135	118
Sarlux Srl	1184	1144	1073	1184	1144	1073	1184	1144	1073	1184	1144	1073	1184	1144	1073
Sartec Srl	158	153	137	158	153	137	158	153	137	158	153	137	158	153	137
Sardeolica Srl	30	27	29	30	27	29	30	27	29	30	27	29	30	27	29
Deposito di Arcola Srl	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
*Saras Energia SAU **	56	35	34	56	35	34	56	35	34	56	35	34	56	35	34
Saras Trading SA	36	34	34	36	34	34	36	34	34	36	34	34	36	34	34
Total employees Group	1745	1687	1572	1745	1687	1572	1745	1687	1572	1745	1687	1572	1745	1687	1572
Total employees covered by management system	510	494	450	1485	1459	1357	1485	1459	1369	1327	1306	1220	1327	1306	1220
% employees covered by management system	29.2%	29.3%	28.6%	85.1%	86.5%	86.3%	85.1%	86.5%	87.1%	76.0%	77.4%	77.6%	76.0%	77.4%	77.6%

** Employees of the subsidiary TERLOCAR (Cartagena depot, Spain) are covered by the ISO 14001 Environmental Management System.*

Industrial Vision

Saras has always been 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 community.

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 energy 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 (with proper investments regarding the development of Ulassai wind farm and the acquisition of Macchiareddu 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 #digitalSaras, technological development and mindset programme launched at the end of 2016.

With such a consolidated vision, Saras tackled the Covid-19 pandemic, and it observed 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.

Purpose and Core Business focus

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

Strenght 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, everyday 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 as many varieties of raw materials are transformed by Saras into a myriad of finished products, greatly increasing 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).

The European Union has, in fact, been at the forefront of the fight against climate change, whose frequency and intensity is constantly increasing. To meet this challenge, the EU has therefore adopted an ambitious strategy, called the "New Green Deal", aimed at making the European continent climate neutral by 2050 ("net-zero").

This goal, achievable through the relaunch of the economy with green technologies and by transforming industries and the trucking sector according to the paradigm of sustainability, must happen in a fair and inclusive way (the so-called "Just Transition Mechanism towards climate neutrality"). Therefore, the EU has set up dedicated funds and allocated substantial funding including, for example, what is known as the "Next Generation EU" package, of which the "Recovery Fund" is part.

On July 14, then, the European Commission launched one of the most important proposals in the field of environmental policies since the 2015 Paris agreement. This is the "Fit for 55" plan, which aims to reduce greenhouse gas emissions by 55% by 2030 compared to 1990 levels, in order to achieve "carbon neutrality" by 2050.

France will hold the Presidency of the European Council throughout the first six months of year 2022. Among its main tasks, there will be the promotion of the Plan "Fit for 55" among all Member States. In fact, the 27 States will have to transpose the guidelines of the Plan and give way to the reforms and investments necessary to achieve its goals in the field of energy, transport, decarbonization of industry, circular economy, water management and biodiversity.

It will not be an easy task to manage this major political, economic, and social challenge, especially in view of the different starting conditions in each country. Just as an example, consider the severe energy crisis that is affecting most of Europe, and the voices that from various parts call into question the European decisions on the supply policies of natural gas and the management of the prices for CO_2 emissions.

At the heart of the issue is the fact that Europe cannot base its energy security on imports: today the problem is recognized as being gas; tomorrow it could recur, with even greater severity, with petroleum products.

In this context, the Saras Group has introduced a Roadmap of initiatives and projects for the Ecological Transition and Decarbonisation that, with the appropriate regulatory and financial support, can be implemented in the medium and long term. This will make significant contributions to European and National climate goals. At the same time, the Group continues to keep the "core business" of Refining up to date, bearing the relevant role that oil will continue to hold beyond 2040 in the international energy mix. More details on Saras Roadmap are available in the dedicated chapter.

Strategic Approach and ESG Targets

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 center 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.

In order 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.

Below the indicators (KPIs) selected for 2021 reporting year are shown, as well as the average figures resulting for the three-year period 2018-20, the results of 2021, together with a synthetic commentary, explaining the result compared with the target defined at the beginning of the year.

ESG	Key Performance Indicators - KPIs	Unit of Measure	Average 2018-20	Actual Results 2021	Targets 2021	Comments
E	Emissions of CO_2 per unit of (crude + complementary feedstock) processed	ton/ kton	443.7	413	Aligned with 2020 Target (< 414)	Target achieved, in line with site operating conditions (refinery + IGCC)
E	Avoided CO_2 emissions (thanks to Energy Efficiency and Renewable power production)	kton	258.9	306	Aligned with 2020 Target (> 298)	Target achieved thanks to electricity production from renewables and energy efficiency measures
E	Emissions of SO_2 per unit of (crude + complementary feedstock) processed	ton/ kton	0.220	0.215	Stable vs. Average 2018-20 (approx. 0.22)	Target achieved with largely stable values
E	Emissions of NO_x per unit of (crude + complementary feedstock) processed	ton/ kton	0.227	0.228	Stable vs. Average 2018-20 (approx. 0.23)	Target achieved with largely stable values
E	Avoided SO_x emissions by Group customers purchasing VLSFO (vs. HSFO 3.5%S)	kton/ year	16.3	44.7	> 40kt SO_x avoided (approx. 690kt VLSFO)	Target achieved, thanks to the good quality of the Saras VLSFO, which attracted customers
E	Refinery C&L, as a % of (crude + complementary feedstock) processed	%	6.31%	6.07%	-2.5% vs. Average 2018-20 (< 6.15%)	Target achieved, continuing the positive reduction trend
E	Raw water consumed from regional provider vs. total water consumption	%	32.5%	28.1%	< 30%	Target achieved with increased water reuse and sea water desalination (ACCIONA)
E	% of outgoing waste from Ecotec vs. total waste produced by Sarlux	%	40.8%	10.0%	-25% vs. Average 2018-20 (< 30.5%)	Target satisfied with Thermal dryer (TDS)
E	Co-processing of vegetable oils at Sarroch desulfurization plants	kton/ year	22.6	25.3	Aligned with 2020 Target (> 50kt)	Unfavourable Veg-oil vs. Gasoil economics
E	Energy production from renewable sources (wind/solar)	GWh	205.3	258.4	Aligned with 2020 Target (> 270)	Windiness below historical trends
S	Increase the number of people within Sarroch industrial site, equipped with wearable DSAs	# of people	65	105	150	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	2.26	3.08	< 1.90	5 injuries (none serious), with reduction of days lost due to injury (despite IF > Target)
S	Increase the number of safety observations (BBS), to drive safe behaviours in Sarroch industrial site	# of BBS observations	22,787	18,920	Stable vs. Average 2018-20 (Approx. 22,000)	BBS reduction for increased smartworking as a measure to prevent Covid-19 infection
S	Existence of a Group Corporate Citizenship Policy	Yes/No	Draft	Yes	Yes	Group Sustainability Policy (also includes social policy and territorial relations aspects)
S	Direct impact of (Wages to employees in Sardinia + Goods & Services from local suppliers + Taxes&duties paid in Sardinia)	EUR Mln	564	426	Approx. 400	Target in line with expectations (lower purchases of goods and services from local suppliers, reduction in Group staff, but increase in tax revenues)
S	Increase Gender Diversity (% of Female University Graduates vs. Total Graduates)	% female	29.8%	31.0%	28 - 31%	Gender diversity target achieved

ESG	Key Performance Indicators - KPIs	Unit of Measure	Average 2018-20	Actual Results 2021	Targets 2021	Comments
S	Increase the yearly number of training hours for total Group employees	hours/ year	56,017	34,749	Approx. 25,000	Target largely exceeded thanks to "Distant Learning" and Position Training
S	Welfare (work-life balance) - introduce flexibility in the appropriate locations of the Group	Yes/No	n/a	Yes	Yes	Flexibility introduced at the main sites (Saras MI/Sarroch, Sartec, Sarlux and Sardeolica Macchiareddu)
G	% of Group employees with "Oil national contract" whose Productivity bonus is linked to ESG targets	%	100%	97%	> 95%	Target achieved
G	Internal Audits performed by "Quality Mgmt System" and "Internal Audit" functions	# of Audits	56	51	Stable (59)	Internal audits slowed down by Covid-19 emergency and related restrictions (limited on-site presence, smart-working, travel restrictions)
G	New Stakeholders engaged in company ESG strategy and targets	# of people	15	50	> 20/year	New engagement with internal (>300) and external (50) stakeholders, and production of new Materiality Matrix
G	Existence of a Sustainability Committee	Yes/No	n/a	4	4 meetings/year	Control & Risk Committee met 7 times in 2021, and addressed sustainability issues in 4 meetings

As can be seen, in a context still penalized by reduced oil consumption and weak refining margins throughout the first part of the year, with signs of recovery that began to materialize only in the second half of the year, Saras Group has been able to continue its ongoing improvement path, being focused on reducing environmental impacts (emissions, waste management and water resources), optimizing operational performance (reduction of consumption and losses, energy efficiency), on social aspects and related to the respect and enhancement of people (gender equality, diversity, welfare, training), and also on corporate governance issues (Sustainability Policy, regular monitoring by the Control, Risk and Sustainability Committee, engagement and collaborative comparison with Stakeholders).

On the other hand, some indicators have inevitably been influenced by the external pandemic environment, such as those related to profitability (creation of local value through investment and purchase of goods and services, and processing of vegetable oils). The prevention measures of Covid-19 (smart working) have also reduced the number of security observations with the BBS protocol, and the verification audits carried out by the Internal Audit function; In addition, it was necessary to temporarily suspend the distribution of wearable DSA for the staff of the Sarlux site. Moreover, a worsening of the accident index (5 accidents) is to be reported, even if none of these were serious, as confirmed by the lower number of "days lost" due to injury.

ESG Ratings and Rankings

Discussions on climate change, the use of environmental resources, and social and governance issues has rapidly accelerated in recent years. At the same time, requests have intensified for companies in all industrial and service sectors to offer greater transparency and insight into their Sustainability credentials and reports.

A number of International Rating Agencies were born, whose primary purpose is to analyse and produce specific ESG assessments, attributed to a wide range of companies on a global scale.

Specifically, there are two main types of Rating Agencies: active evaluators (requiring data via questionnaire or survey), and passive evaluators (extracting ESG information from reports/business sites).

The involvement of companies towards the activities carried out by the Rating Agencies has therefore become an important commitment to ensure the accurate and truthful attribution of the rating, and the consequent "investibility" in the eyes of international investors

Therefore, from the beginning of 2021, Saras Group has started a process of critical analysis and review, essential to fully exploit its performance, of some of the main ESG ratings, selected on the basis of criteria of relevance to international investors.

Below are the ratings attributed to the Saras Group by the Agencies, with which a collaboration was activated in 2021. For comparison purposes, ratings obtained in previous years are also displayed below, when Saras had not cooperated and provided information, in addition to those publicly available on their corporate website.

Il MorningstA substantial improvement can be deduced in Saras Group's "ESG Risk Rating Assessment" evaluated by the international agency Morningstar Sustainalytics, which went from 41.3 (acute risk) in 2019 to 32.7 (high risk) in 2021, resulting in lower risk values than the average of companies operating in the "Oil & Gas - Refining and Marketing" sector. Morningstar Sustainalytics estimates an "acute" risk level in 2021 (the highest in their classification system).

SARAS GROUP MAIN ESG RATINGS

Agency	Rating	Rating	Rating	Sector Average trend	Sector Scale
	2019	2020	2021		
SUSTAINALYTICS a Morningstar company	41.3 *Severe Risk*	36.3 *High Risk*	32.7 *High Risk*	Severe Risk *Oil & Gas Refining and Marketing*	100 → 0 *(Severe → Negligible)*
CDP DISCLOSURE INSIGHT ACTION	Climate Change				
	F	D	B-	B *Oil & Gas processing*	D → A *(Worse → Better)*
	Water Security				
	F	F	B	B *Oil & Gas processing*	D → A *(Worse → Better)*

The Morningstar Sustainalytics ESG Risk Rating Assessment is a tool of growing importance and interest to the international financial community, enabling investors to measure a company's exposure to industry-specific ESG risks and to assess the way in which the company manages those risks. In fact, it combines the concept of exposure to an intrinsic risk of the sector, with the concept of managing the risk by the corporate management directly. To date, it is available for all industries, finance, and services, and it covers more than 13,000 companies.

The ESG Risk Rating Assessment works on a scale from one to five: negligible risk (score 0 - 9.99); low risk (10 - 19.99); medium risk (20 - 29.99); high risk (30 - 39.99); and severe risk (40 or higher).

"Investors want to be supported in managing their sustainable investment choices and understand material ESG risks. The Morningstar platform sheds light on the risks and opportunities arising from ESG issues and different approaches to Sustainability to help investors make informed decisions," said Michael Jantzi, CEO of Sustainalytics recently.

Equally important are the results obtained by the Saras Group in the CDP rankings in the field of "Climate Change" and "Water Security", respectively. In fact, as the table shows, in the second year of participation in the questionnaire "Climate Change", Saras has achieved a marked improvement, reaching the B-rating, which corresponds to a recognized ability to "take coordinated action" on climate issues, and it is in line with the comparative assessments both at the level of the European regional average (B) and the average of the Oil & Gas sector (B).

Just as much positive must be considered the result obtained in the first participation in the questionnaire "Water Security", where Saras has received the evaluation B, which indicates the ability of the Company Management to "undertake coordinated actions" on water resource management. Again, Saras assessment is in line with the European regional average and the average for the Oil & Gas sector.

For reference, CDP is an independent non-profit organization, supported by more than 590 institutional investors who manage a total portfolio of 110 trillion USD, and offers companies a methodology to measure, manage and share global information about their environmental impact and mitigation actions.

More than 13,000 companies participated in the CDP questionnaires in 2021, providing visibility to their greenhouse gas emissions and water resource management, and analysing their risks and opportunities, worldwide (with a market capitalisation of more than 64% of the total in global markets).

As companies' participation grows year by year, CDP has created the world's largest database of information on the risks associated with climate change and natural resource management. At the same time, the availability of such a vast and comprehensive database allows institutional investors to make informed investment decisions, including also the environmental and social sustainability of companies, and no longer just the economic aspects, financial and patrimonial.

To point out the relevance of the CDP, former UN Secretary-General Mr. Ban Ki-moon said: "CDP's work is critical to the success of global business in the 21st century... in helping to persuade companies around the world to measure, manage, disclose and ultimately reduce their greenhouse gas emissions. No other organisation collects this type of business data on climate change and provides it to the market".

For Saras, therefore, the voluntary participation in the CDP initiative is a confirmation of the commitment, transparency, and attention that the Group places on the issues of climate change, rational management of natural resources, and decarbonisation.

Saras Priorities

Dialogue on sustainability and identification of material topics

For decades, Saras has maintained an intensive, often informal, participatory dialogue with stakeholders who are linked to or share the company's interests, in an effort to identify priority issues on which to act and strengthen collaboration with the local community.

With the preparation of its first Sustainability Report in 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 screening local and national media reviews to identify a long list of significant sustainability topics. These are then subjected to a benchmark analysis, i.e. compared with the topics chosen by leading Italian and international companies operating in industrial sectors similar to those in which the Saras Group operates. Finally, with the involvement of top management, and also taking into account the elements of the scenario and the topics that are potentially most important in terms of environmental, social, health and safety and reputational impacts, a "shortlist of significant topics" is drawn up.

For the 2021 financial year, the process was completely renewed and led to the identification of the following 15 relevant topics:

"ENVIRONMENTAL" AREA

1 ENERGY EFFICIENCY

Implementation of specific actions and programmes aimed at a responsible use of energy resources, aiming at reducing consumption and increasing energy efficiency

NEW

2 AIR POLLUTANTS

Commitment to the reduction of pollutants emissions in the atmosphere, in order to protect surrounding communities, even beyond the legal thresholds (AIA requirements), and attention to odorous impacts as well

NEW

3 GREENHOUSE GAS EMISSIONS

Commitment to limit GHG emissions related to the Group's activities through direct action (e.g. energy efficiency and/or technological developments such as CCS at the Sarroch site), and also through offsetting initiatives (e.g. renewable energy - wind and solar power; "nature-based solutions", reforestation initiatives, etc.)

4 WATER MANAGEMENT

Optimisation of Sarroch's water footprint, with the aim of safeguarding environmental resources and the reference ecosystem and reducing the use of primary water sources that eventually benefit the greater water availability of water for the local area

5 BIODIVERSITY CONSERVATION

Protection and preservation of animal and plant species biodiversity in the areas where the Saras Group carries out its activities

6 WASTE AND DISCHARGES MANAGEMENT

Minimising and responsibly managing waste production and discharges, ensuring compliance with legal regulations, and enhancing, where possible, recycling/reuse practices

NEW

New topics that were introduced for the 2021 materiality analysis (e.g. obtained by splitting or merging the 2021 topics; or emerged as a result of the assessment described above).

"SOCIAL" AREA

NEW

7 HUMAN RESOURCES MANAGEMENT, DEVELOPMENT AND EMPOWERMENT

Enhancement and protection of Human Resources, to ensure a working environment characterised by safe conditions, an inclusive and non-discriminatory atmosphere, capable of recognising everyone's contribution in a fair and rewarding manner. Promotion of training activities to strengthen continuous learning, also as an enabler of change. Commitment to the implementation of welfare and work-life balance

8 SHARED VALUE CREATION AND STAKEHOLDER PARTICIPATIVE RELATIONS

NEW

Commitment to the creation of shared value at the local level (direct and indirect effects produced by the Group's activities in the reference territory) and collaborative relationships with all the Group's Stakeholders, in order to consider their expectations and build fruitful cooperation capable of generating value and shared benefits

9 HEALTH AND SAFETY PROTECTION

Commitment to ensuring that work activities are carried out in healthy and safe conditions. Promotion and dissemination of a culture of safety (both at all company levels and at third-party companies working at Group sites), through specific training/information initiatives. Adoption of Management practices and systems that are constantly updated to the highest international standards and best practices, with the involvement of direct employees and collaborators of third-party companies

"GOVERNANCE AND BUSINESS" AREA

10 SUPPLIER RELATIONSHIPS MANAGEMENT

Commitment to supplier management, selecting responsible companies that share the same values as the Saras Group's (e.g. Code of Ethics, Sustainability Policy)

11 TECHNOLOGICAL INNOVATION

Commitment to technological innovation as a strategic lever for international competitiveness and to support the ecological transition (e.g. optimisation of processes, increasing the quality of products/services)

12 GOVERNANCE, ETHICS, ANTI-CORRUPTION AND HUMAN RIGHTS

Adoption of good Corporate Governance, combating all forms of discrimination, corruption and unfair practices that could harm market dynamics or human rights, always maintaining high standards of ethics and integrity

13 PRIVACY AND CYBER SECURITY

Commitment to managing information security and preventing cyberattacks to protect the proper functioning of the Group's industrial and operational assets, and to also preserve sensitive data/information managed by the Group, protecting the various Stakeholders from disruptions and loss of sensitive data

NEW

14 ELECTRIC ENERGY SUPPLY

Commitment to guaranteeing continuity and security of supply to the Sardinian electricity grid, in a logic of efficiency and decarbonisation, also through production from Renewable Sources (Wind and Solar)

NEW

15 CIRCULAR ECONOMY IN BUSINESS OPERATIONS INTEGRATION

Promotion of and commitment to the application of circular economy practices within business processes to optimise the management of available resources (material and energy), favouring recycling solutions, reuse, eco-design, sharing, etc.

NEW *New topics that were introduced for the 2021 materiality analysis (e.g. obtained by splitting or merging the 2021 topics; or emerged as a result of the assessment described above).*

Our stakeholders

After identifying the short-list of the relevant sustainability topics, between December 2021 and January 2022, an engagement process was carried out with either 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, Administrative bodies, institutions and representatives of the international financial community), with the aim of establishing which of these topics had to be considered effectively "material" for the Group, and understanding the reasons for this choice, by also exploring the perception of stakeholders as to how Saras manages (or does not manage) these topics.

The following table shows the categories of stakeholders involved in engagement:

In order to engage employees, middle managers and executives, and given the large number of people in the sample (280 people), it was decided to use an online questionnaire, which could also be filled in anonymously. The percentage of participation was particularly high (208 respondents, which is equal to 74% of the total sample), thus confirming the high index of sensitivity of employees towards sustainability aspects and their desire to actively participate in determining the priority topics for the company.

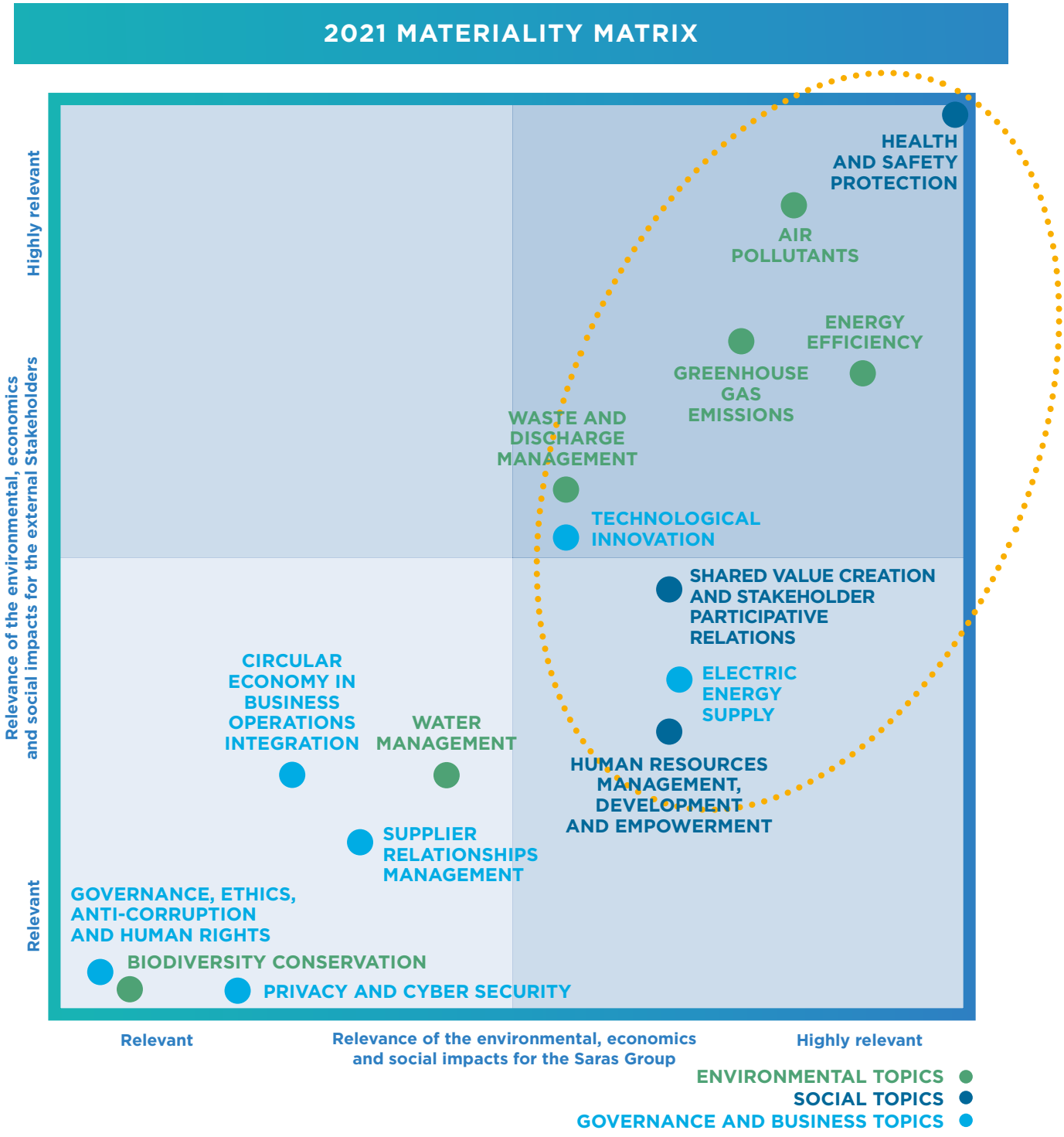
With the aim of collecting the opinions of top management and most external stakeholders, it was decided to conduct face-to-face interviews instead. For the 2021 financial year, despite the difficulties and limitations to social interactions due to the pandemic, 75 external stakeholders were contacted. Among these, 50 actively participated in the process, providing valuable perspectives (varying for each category, depending on the type of relationship with the Saras Group) and generous feedback, not only in terms of prioritisation but also in terms of suggestions for improvement and perceptions of Saras' management capacity in relation to the individual topics.

Materiality Matrix

The discussion and the feedback provided by the stakeholders involved in the engagement process described above led to the creation of the Saras Group's new "Materiality Matrix" for 2021.

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 2021, 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).



Priority topics

A detailed analysis of the Matrix shows that, in general, the Group's internal vision is in line the external one, with regard to the priority of the 15 sustainability topics. This can be seen by noting that most of the topics 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 six topics in the top right-hand quadrant ("Health and Safety protection", "Air Pollutants", "Greenhouse Gas Emissions", "Energy Efficiency", "Waste and Discharge Management", and "Technological Innovation") are those considered extremely important and therefore material by both the company and the local community.

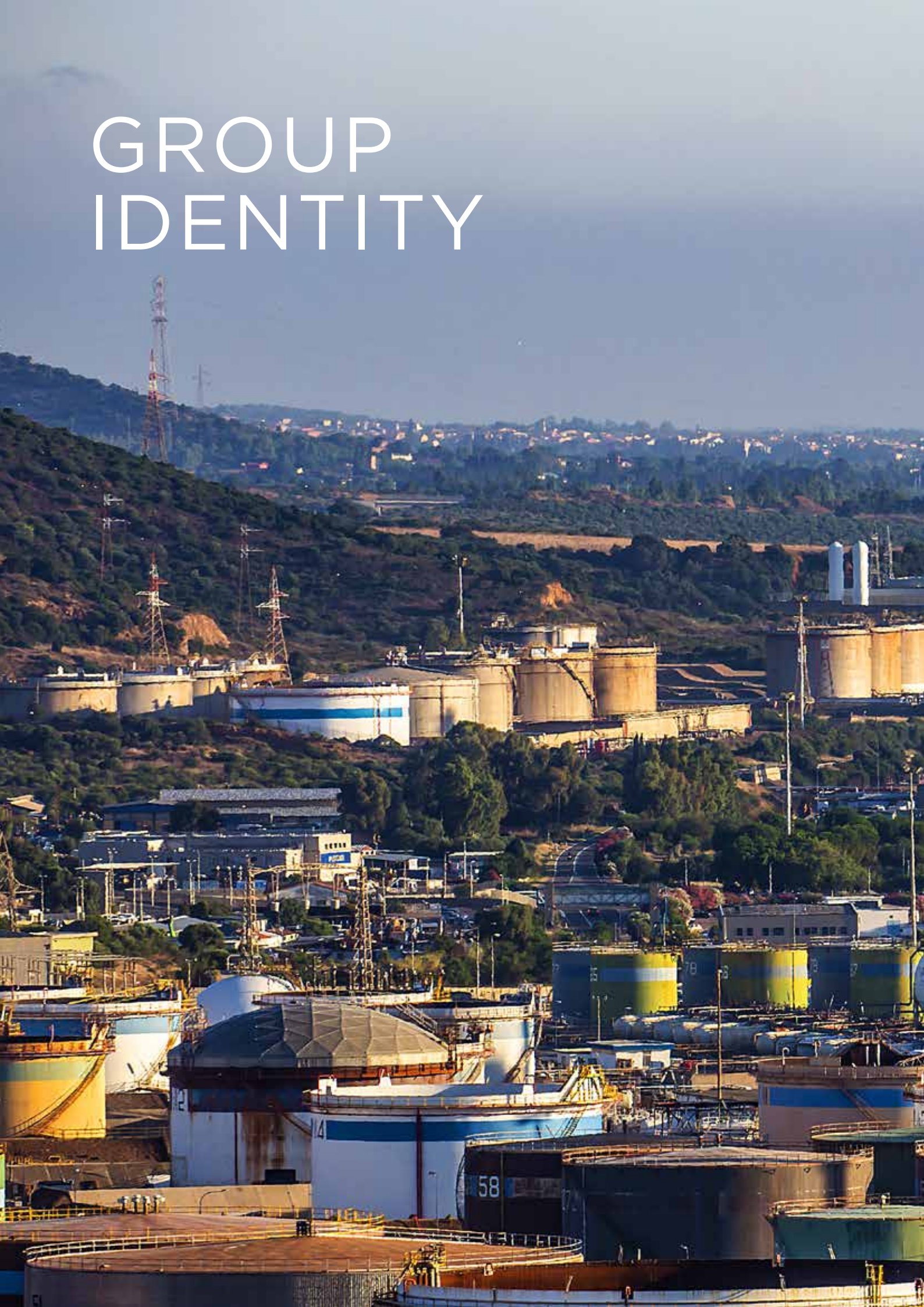
Three other topics ("Shared value creation and stakeholder participative relations", "Electric Energy Supply" and "Human Resources management, development and empowerment"), instead, are positioned in quadrants of the matrix characterised by high relevance only for one of the two groups of stakeholders – the one reflecting the relevance for Saras Group.

For these topics, considered relevant but not material by the stakeholders, 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.

Finally, the last six topics in the bottom left-hand quadrant ("Water management", "Supplier relationships management", "Circular economy in business operations integration", "Privacy and cyber security", "Governance, Ethics, Anti-corruption and Human Rights" and "Biodiversity conservation") are considered non-material for the Group per il Gruppo, given that Saras is recognised as having a high degree of commitment and effectiveness in the management of such topics. The related disclosure on this Report is done according to Italian Law.

These topics are in fact seen as absolutely under control by the Group, which 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



Business Activities and Corporate Structure

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 by 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, perfectly integrated with the refinery, managed by Sarlux as well. The IGCC plant is crucial for the Sardinian grid safety and stability, and in 2021, it produced and sent to the grid 3,5TWh, which agriproducts about 39% of Sardinia's electricity demand.

Finally, in early 2015, Sarlux acquired the neighbouring petrochemical plants, owned by Versalis (ENI Group), expanding its product 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 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, acting under an agency contract on behalf of the parent company, and is focused on purchasing crude oils and other raw materials required for 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, gas oil for heating purposes, liquefied petroleum gas (LPG), virgin naphtha, fuel for aviation and marine bunkering, mainly in the Italian and Spanish markets, but also in various other European and non-European countries. In particular, in 2021 approximately 2.2 million tonnes of petroleum products were sold in Italy on the wholesale market, and a further 1.2 million tonnes were sold in 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, and a second find farm in Macchiareddu (Sardinia) with an installed capacity of 45MW, purchased during 2021. Since its establishment, Sardeolica has been operating with the same principles and policies as the Group, and maintains solid relations with the territory, based on transparency, dialogue and pro-active cooperation, with the objective of mutual development.

Finally, **Sartec Srl** is the company that, through its offer of industrial and technological services for

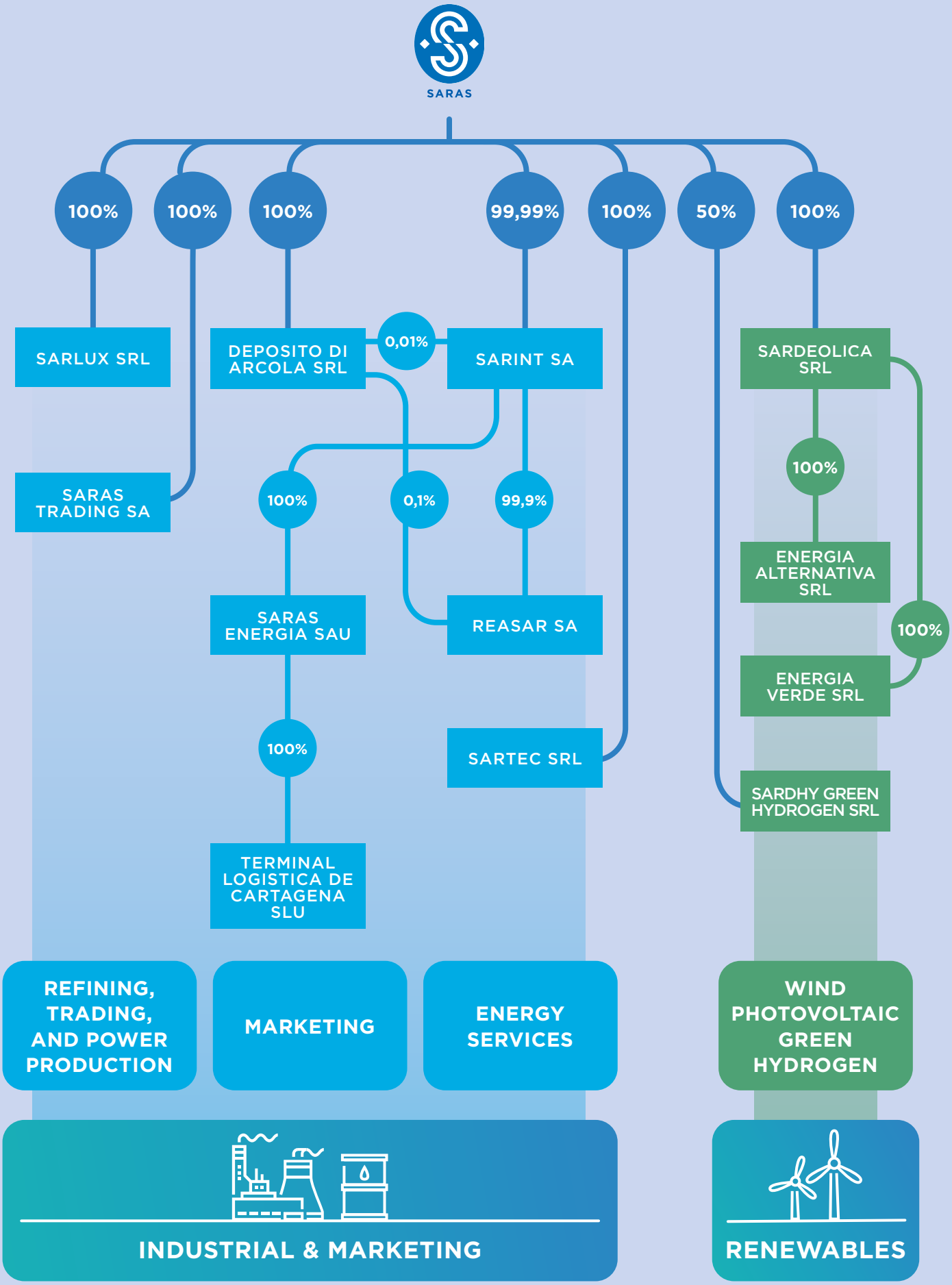

MARKETING
Madrid, Spain
STORAGE FACILITY
Cartagena, Spain


TRADING
Genève, Switzerland
HEADQUARTERS
Milan, Italy
STORAGE FACILITY
Arcola, Italy
MARKETING
Rome, Italy
WIND FARM
Ulassai, Italy
WIND FARM
Macchiareddu, Italy
INDUSTRIAL SERVICE
Macchiareddu, Italy
INDUSTRIAL SITE
Sarroch, Italy

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 and measuring systems and analytical services.

As regards the corporate structure, as of 1 January 2021 the Group has reorganised its business lines, creating a segment called "Industrial & Marketing", which includes all activities related to refining, power generation, and the sale of petroleum products in non-network channels (so-called "Marketing" activities).

The segment that includes the activities previously belonging to the "Wind" segment was renamed "Renewables", to include future potential developments in the photovoltaic and green hydrogen production sectors. In particular, on 29 December 2021, Saras SpA and Enel Green Power Italia Srl set up a new company called "SardHy Green Hydrogen Srl", the purpose of which is to design, develop, build, connect to the national grid, commission and manage electrolysis plants powered by renewable energy for the production of green hydrogen for sale.


SARAS
100%
100%
100%
99,99%
100%
50%
100%
SARLUX SRL
SARAS TRADING SA
DEPOSITO DI ARCOLA SRL
0,01%
SARINT SA
SARDEOLICA SRL
100%
0,1%
99,9%
100%
SARAS ENERGIA SAU
REASAR SA
ENERGIA ALTERNATIVA SRL
100%
ENERGIA VERDE SRL
100%
SARTEC SRL
SARDHY GREEN HYDROGEN SRL
TERMINAL LOGISTICA DE CARTAGENA SLU
REFINING, TRADING, AND POWER PRODUCTION
MARKETING
ENERGY SERVICES
WIND PHOTOVOLTAIC GREEN HYDROGEN
INDUSTRIAL & MARKETING
RENEWABLES

Key markets

The Group's key markets are the oil market, international by nature (both with regards to suppliers of raw materials and 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 the Group's operations, split by geographical area and net of *intercompany* eliminations. The revenue changes during the three years 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 specifically scheduled maintenance cycles).

As can be seen, in 2021, the revenues from ordinary operations (along with the costs of raw materials) increased further than 65% compared to the previous year. This is in line with the trend in gasoline and diesel prices (+76% e +60% compared to 2020 prices respectively) and with the increase of the refining runs (+14% compared to the 2020 runs) as well.

From the point of view of the distribution of sales by geographical area, in 2021, more than 50% of revenues were generated in Italy, whilst this percentage rises to 72% when considering the entire European Economic Community (EEC).

REVENUE FROM OPERATIONS – SARAS GROUP (THOUSAND EURO)

Parameter	2019	2020	2021
Italy	2,596,126	1,367,009	4,246,777
Spain	811,279	125,191	271,759
Other EEC countries	1,154,799	908,456	1,675,005
Non-EEC countries	4,391,196	2,544,746	2,273,937
USA	536,851	239,473	93,846
Total	**9,490,251**	**5,184,876**	**8,561,323**

European Taxonomy

The European Taxonomy Regulation

In recent years, the European Union has conceived a strategy for sustainable development and Ecological Transition inspired by the contents of the 2015 Paris Climate Agreement (COP21) and the 17 Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda. The European Commission aspires to become the first "net-zero" climate impact continent by 2050 and to reduce greenhouse gas emissions by at least 55% by 2030 (compared to 1990 levels).

In this context, on 18 June 2020, the **EU Regulation 2020/852 (the so-called Taxonomy Regulation)** came into force, consisting of a classification system for economic activities. This system applied harmoniously in all EU countries as an enabler of the Green Deal defines the criteria for determining whether an activity can be considered environmentally sustainable (i.e. "green").

It is accompanied by a compulsory disclosure regime, covering both financial and non-financial companies. Indeed, the Commission hopes that thanks to the detailed information that companies must provide about their activities, it will be possible to strengthen the transparency of communication towards investors, defeat the phenomenon of "greenwashing" and support planning for the Ecological Transition.

Specifically, the European Taxonomy defines the criteria for determining whether an economic activity can be considered environmentally sustainable, starting with the identification of six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems.

Thus, an economic activity is defined as environmentally sustainable when it jointly fulfils the following conditions:

- substantially contributes to the achievement of one or more of the six environmental objectives;
- does not cause significant harm to any of the other environmental objectives (DNSH principle "Do No Significant Harm");
- is carried out in compliance with the minimum guarantees for the protection of human rights (as defined in the International Charter of Human Rights, the OECD Guidelines and the eight fundamental Conventions identified in the declaration of the ILO, International Labour Organisation);
- respects the technical screening criteria adopted by the European Commission.

Concerning the aspect of "technical screening criteria", it should be noted that the regulatory framework places the Taxonomy Regulation at the top, and is then completed by a series of Delegated Acts specifying the application methods.

At the time of publishing this Sustainability Report, the European Commission has only adopted the Delegated Acts identifying the technical screening criteria for the first two environmental objectives (climate change mitigation and climate change adaptation), through **Delegated Regulation (EU) 2021/2139 of 4 June 2021 (the so-called Climate Delegated Act)**. On the other hand, work on the definition and adoption of the technical screening criteria for the other four environmental objectives is still in progress.

Alongside the Delegated Acts relating to the technical screening criteria, there is another Delegated Act, aimed at specifying the disclosure requirements provided for by the Taxonomy Regulation, which specifies in particular the content and methods of presentation of the information to be provided by companies subject to the obligation to publish the Non-Financial Statement (DNF). This is **Delegated Regulation (EU) No. 2021/2178 of 6 July 2021**.

Climate delegated Act

The Climate Delegated Act builds on the work of the TEG (Technical Expert Group), the group of experts mandated by the European Commission, which developed the technical screening criteria for the first two environmental objectives set by the Taxonomy Regulation (climate change mitigation, and climate change adaptation).

The technical screening criteria differ for the two climate objectives.

Concerning the objective of climate change mitigation, only a few economic sectors were considered, and activities related to them were classified into three categories:

I. Aligned activities, which are already "low carbon" because, for example, they are linked to the production, transmission, distribution or use of renewable energy, to improving energy efficiency or to carbon capture and storage;
II. Transition activities, for which there are currently no technologically and economically feasible low-carbon alternatives, but which support the transition to a climate-neutral economy;
III. Enabling activities, i.e. those that directly enable other activities to make a substantial contribution to one or more environmental objectives.

For each of these activities, specific technical screening criteria, set out in Annex 1 of the Climate Act, have been provided to assess the extent to which they contribute to the reduction or stabilisation of greenhouse gas emissions by acting both on the production of emissions (avoiding or reducing them) and on the absorption of the greenhouse gases produced (capture and storage).

Concerning the objective of adaptation to climate change, a wide range of economic sectors was considered. Climate change was considered to potentially affect all economic activities. Thus, almost all economic sectors will have to adapt to the negative effects of the current and projected future climate. Economic activities, as listed in Annex 2 of the Climate Act, can contribute to adaptation in two ways:

I. by adopting measures in their operations that reduce all physical risks related to climate change and become more resilient;
II. helping other economic activities to reduce these risks and become more resilient (enabling activities).

The screening criteria set out in Annex 2 of the Climate Act ensure that the economic activities considered pursuing the objective of adapting to climate change, without causing significant damage to other environmental objectives, and by reducing the adverse effects, or risks of adverse effects, of current or future climate change on economic activities, people, nature and assets.

The climate risks considered refer to four macro-categories: temperature, winds, water, and landmass.

How Saras applied the Taxonomy Regulation

By the provisions of the Taxonomy Regulation and the Climate Act, Saras has analysed its economic activities according to the following eco-sustainability assessment process:

1. the eligibility of each activity was verified, checking whether it fell within the list included in the Delegated Act (either because it contributed directly in its own right to the achievement of one of the climate objectives, or because it was classifiable as an enabling or transitional activity: "eligible activity";
2. it was verified that the technical screening criteria foreseen for each activity were met so that it could substantially contribute to the achievement of the climate objective without causing significant damage to the other environmental objectives (DNSH);
3. finally, the adoption of the minimum social safeguard measures required by art. 17 of the Taxonomy Regulation was verified when carrying out the activity.

This process established that the subsidiary Sardeolica Srl, which operates in the sector of electricity production from renewable sources, carries out economic activities that are Aligned with the Taxonomy Regulation and therefore environmentally sustainable.

KPIs for sustainable activities carried out by non-financial companies

By the provisions of Delegated Regulation (EU), 2021/2178, disclosure requirements on the eco-sustainable activities of non-financial companies revolve around three KPIs: the proportion of turnover, the proportion of capital expenditure (CAPEX), and the proportion of operating expenditure (OPEX) associated with eco-sustainable activities.

This NDF, therefore, contains the following tables (on turnover, capital expenditure and operating expenditure respectively), which show the absolute numerical values and percentage shares of the Saras Group's economic activities that are aligned with the Taxonomy.

CLASSIFICATION OF SARAS GROUP ASSETS ACCORDING TO EU REGULATION 2020/852 (SO-CALLED TAXONOMY)

	Taxonomy Classification	2020						2021					
		Revenue		CAPEX		OPEX		Revenue		CAPEX		OPEX	
		k€	%	k€	%	k€	%	k€	%	k€	%	k€	%
"Renewables"	*Eco-sustainable*	9,961	0.2%	7,491	3%	4,006	0.8%	32,113	0.4%	30,683	31%	6,724	1%
"Industrial & Marketing"	*Not covered*	5,174,915	99.8%	248,223	97%	516,369	99.2%	8,529,210	99.6%	69,369	69%	1,026,493	99%
Total Group		**5,184,876**		**255,714**		**520,376**		**8,561,323**		**100,052**		**1,033,218**	

SARAS ENERGIA

Saras Energia was born 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, agricultural and fishing companies, etc.)

As of July 2019, Saras Energia sold to Kuwait Petroleum Espana SA retail business, made of service stations, ancillary services and the associated personnel, focusing its 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 31st December 2021, Saras Energia directly employs 22 people and other 12 in the subsidiary Terminal Logistica de Cartagena SLU (TERLOCAR), site in Cartagena, Spain. it continues to be one of the most relevant Spanish operators, with more than 1.2 million tons of petroleum products sold in 2021 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 the one owned by TERLOCAR, a tank farm with 114,000 cubic metres of total capacity, fully used (in part directly for the needs of the Group, and 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, to reposition itself, finding a new equilibrium between being a pure importer and a customer of the local refineries.

The cornerstones of 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 how Saras Energia operates; however, it also applies to the many suppliers of goods and services, clients as well as every other stakeholder 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.

Furthermore, in October 2021, the Cartagena storage facility owned by TERLOCAR, obtained the certification of its Environmental Management System according to ISO 14001:2015, confirming the excellent environmental management within its operations.

Such certification is a key requirement to participate in tenders for the supply of petroleum products, both to Public Institutions and to large private Organizations; however, it is also a fundamental instrument to improve customer satisfaction and create a continuous improvement culture.

Along with caring for its Customers, Saras Energia also gives great importance to its employees, offering various kinds 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 vouch-

ers; Internal and external training programmes (including cooperation with schools); Awards and Grants towards extra-curricular training activities (Master's courses, etc.).

Finally, to protect as well as possible the health and safety of its employees, following the Covid-19 pandemic, the company activated all necessary measures to minimise contagion.

Among those, also the RT-PCR test (Reverse Transcription Polymerase Chain Reaction) for its employees, the smart-working (which eliminates the possibility to contract the infection during the journey from home to the office and vice versa, and also in the workplace) and other measures in the workplace.

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 and finalisation.

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 the Saras Group belongs to on 31 December 2021 are listed below.

Moreover, intending to rationalise its commitments, starting from September 30th, 2022, Saras will end its membership with Federchimica.

ASSOCIATION	DESCRIPTION	MEMBER COMPANY
Italian Electrotechnical and Electronic association (AEIT)	An association that aims to promote and encourage the study of electrics, electronics, automation, informatics and telecommunications and the development of related technologies and applications.	**SARAS**
Asociación Española de Operadores de Productos Petroliferos (AOP)	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**
Italian Chemical Engineering Association (AIDIC)	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.	**SARTEC**
Italian Association of Internal Auditors (AIIA)	A non-profit association recognised as the Italian affiliate of the I.I.A. - Institute of Internal Auditors - world leader in standards, certification and training for the profession of Internal Auditor.	**SARAS**

ASSOCIATION	DESCRIPTION	MEMBER COMPANY
National Association of Risk Managers and Corporate Insurance Managers (ANRA)	Association of risk managers and company insurance managers.	SARAS
Italian Maintenance Association (AIMAN)	Scientific/cultural and non-profit association, aimed at the dissemination and development of culture and professionalism in the field of Maintenance in Italy: an activity that plays a role of primary importance in industries and services, for the great impact it has on plant availability, work safety, product quality and cost.	SARLUX
ASSOLOMBARDA	Association of companies operating in the Metropolitan City of Milan and the provinces of Lodi, Monza and Brianza, Pavia. The association safeguards the interests of its member companies in their relations with institutional interlocutors and local stakeholders active in various fields: training, environment, culture, economy, work, civil society. It also offers specialist consultancy services in all sectors of business interest.	SARAS
ASSONIME	Association that studies and deals with problems affecting the interests and development of the Italian economy.	SARAS
National Wind Energy Association (ANEV)	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
Confindustria Sardegna Meridionale Cagliari, Carbonia-Iglesias e Medio Campidano	It represents and assists member companies in dealings with public institutions and administrations and relations with political, economic, trade unions and social organisations. It protects the economic and moral interests of local businesses.	SARAS SARLUX SARTEC
Confindustria Sardegna Centrale	Association that represents and assists member companies in dealings with public institutions and administrations and relations with political, economic, trade union and social organisations. It protects the economic and moral interests of local businesses.	SARDEOLICA
CONFINDUSTRIA ENERGIA (Federation of Energy Sector Associations of Confindustria)	An association that aims to contribute to defining industrial policy for the entire energy sector in close liaison with European and national institutions and to protect the common interests of the Associations of Energy Producers and Distributors.	SARAS
Elettricità Futura	The main Italian association for the electricity industry, with over 700 operators with plants throughout Italy and is one of the most important associations in the industry at European level.	SARAS
European Fuel Oxygenates Association (EFOA)	EFOA is dedicated to promoting ethers as components of fuels for a cleaner and more sustainable future.	SARAS

ASSOCIATION	DESCRIPTION	MEMBER COMPANY
Fuels Europe and Concawe	A division of the European Petroleum Refiners Association, whose members are the companies that operate oil refineries in the European Union. In particular, Concawe carries out research on environmental, health and safety issues relevant to the oil industry.	SARAS
Federchimica (National Federation of the Chemical Industry)	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, energy policy.	SARLUX
INNOVHUB - Experimental Stations for Industry (formerly the Experimental Station for Fuels)	Institutional point of reference for the assessment and control of fuel characteristics. It has specific expertise in the global assessment of issues related to energy, environmental and safety performance of fossil fuels and alternative energy sources. Compulsory contributions (ex art. 8 D. Legislative Decree No. 540/1999 and art. 4 c. 4 D.M. 1 April 2011) due by companies operating in the fuel sector.	SARAS
International Oil Pollution Compensation Fund (IOPC Fund)	An international fund set up to provide financially compensation for oil pollution damage occurring in the Member States.	SARAS
Oil Companies International Marine Forum (OCIMF)	Association of oil companies that aims to be 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 the SIRE vetting programme[3], which is a risk evaluation instrument for oil tankers.	SARLUX
Unione Energie per la Mobilità (UNEM), [the Italian Oil Industry Union]	Association that brings together the main Italian companies operating in the context of oil processing and distribution of oil products.	SARAS
Ente nazionale italiano di unificazione (UNI)	Association whose purpose is to draw up, publish and disseminate norms	SARLUX
UNICHIM	An organisation federated to UNI that deals with the unification and standardisation of graphic symbols used in chemical engineering to describe a chemical plant through technical drawings. On behalf of UNI, it participates in ISO commissions and the European Committee for Standardisation.	SARLUX

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

Relations with the Financial Community

Since its listing on the Stock Exchange, Saras has always attributed communication with the financial community to a central role in encouraging the long-term commitment of shareholders. With this in mind, it has established and always maintained a continuous and transparent dialogue with investors, both shareholders and non-members, and with all other stakeholders.

In particular, in 2021 as in the previous year, the emergency from Covid-19 made it necessary to use telematic tools (telephone, videoconference, website), which have completely replaced the meetings in presence. Moreover, it was necessary to increase the frequency of interactions to ensure that the financial community (investors and analysts in particular) regularly updated the reference market conditions and the resulting strategies of the Group.

In 2021, to further promote the dissemination of financial information, and in compliance with the recommendations of the new Corporate Governance Code (to which the company adheres), the Board of Directors of Saras S.p.A. approved the so-called "Policy for managing dialogue with shareholders and other stakeholders" - where for "other stakeholders" refers to institutional, professional and retail investors, financial analysts and proxy advisors.

This Policy (available in full length on www.saras.it in the "Governance" section), aims to explain the general principles, management methods and content of the dialogue between Saras, its shareholders and other stakeholders, also taking into account the engagement policies adopted by institutional investors and active managers. It describes how Saras ensures constant interaction with the whole financial community through instruments that encompass both the ordinary channels of communication (e.g. publications and updates on the Company's website, continuous dialogue with the market via the Investor Relations function, the Shareholders' Meeting, the use of tools such as webcasting/conference calls, etc.) and also the dialogue between the Board of Directors and stakeholders.

Finally, it should be noted that even in the exercise just concluded, the website www.saras.it had an important informative role, with the wide availability of up-to-date and relevant information for stakeholders. Among the areas of interest, there has been a growth in visits to the "Sustainability" section, where wide visibility is given to ESG issues and the approach with which they are managed by the Group.

Governance

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

- 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 of 6 February 2020, the activities of the "Control and Risk Committee" were supplemented with supervisory, assessment and monitoring activities about 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 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, published in January 2020 (the "Nuovo Codice di Autodisciplina"), and entered into force starting from FY 2021.

Board of Directors

The Board in office as of 31st December 2021 included 12 directors in total, 2 of whom are executive directors and 10 non-executive directors and, amongst the latter, 6 are independent.

During the 2021 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 2021								
Members	Positions	Year of birth	List*	Executive/ Non-executive	Independent	Control, Risk and Sustainability Committee	Remuneration and Nomination Committee	Guidance and Strategy Committee
Moratti Massimo	Chairman	1945	M	Executive				X
Scaffardi Dario	CEO	1958	M	Executive				X
Moratti Angelo	Director	1963	M	Non-executive				Chairman
Callera Gilberto	Lead Independent Director	1939	M	Non-executive	X	Chairman	Chairman	
Moratti Angelomario	Director	1973	M	Non-executive				X
Moratti Gabriele	Director	1978	M	Non-executive				X
Moratti Giovanni Emanuele	Director	1984	M	Non-executive				X
Fidanza Laura	Director	1973	M	Non-executive	X	Member	Member	
Harvie-Watt Isabelle	Director	1967	M	Non-executive	X	Member		
Cerretelli Adriana	Director	1948	M	Non-executive	X	Member		
Monica de Virgiliis	Director	1967	m	Non-executive	X	Member		
Luchi Francesca	Director	1961	M	Non-executive	X		Member	

* M = mayor list, m = minority list

Female members account for 23,5%, 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's 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, 92.3% of the Boards of Statutory Auditors of the companies belonging to the Group and 100% of the Supervisory Bodies.

PERCENTAGE OF MEMBERS OF GOVERNING BODIES BY GENDER 2021

	Board of Directors				Board of Statutory Auditors				Supervisory Board			
	F	M	Tot	%F	F	M	Tot	%F	F	M	Tot	%F
*Saras Spa**	5	7	12	42%	3	2	5	60%	2	2	4	50%
Sarlux Srl	2	3	5	40%	3	2	5	60%	1	2	3	33%
Sartec Srl	0	4	4	0%	0	1	1	0%	1	2	3	33%
Sardeolica Srl	1	2	3	33%	1	0	1	100%	2	1	3	67%
Deposito di Arcola Srl	0	3	3	0%	0	1	1	0%	1	2	3	33%
*Saras Energia SAU***	0	3	3	0%	0	0	0	0%	1	2	3	33%
*Saras Trading SA****	0	4	4	0%	0	0	0	0%	0	1	1	0%

PERCENTAGE OF MEMBERS OF GOVERNING BODIES BY AGE 2021

	Board of Directors					Board of Statutory Auditors					Od Supervisory Board				
	30-50	>50	Tot	% 30-50	% >50	30-50	>50	Tot	% 30-50	% >50	30-50	>50	Tot	% 30-50	% >50
*Saras Spa**	4	8	12	33%	67%	0	5	5	0%	100%	0	4	4	0%	100%
Sarlux Srl	0	5	5	0%	100%	1	4	5	20%	80%	0	3	3	0%	100%
Sartec Srl	0	4	4	0%	100%	0	1	1	0%	100%	0	3	3	0%	100%
Sardeolica Srl	0	3	3	0%	100%	0	1	1	0%	100%	0	3	3	0%	100%
Deposito di Arcola Srl	0	3	3	0%	100%	0	1	1	0%	100%	0	3	3	0%	100%
*Saras Energia SAU***	1	2	3	33%	67%	0	0	0	n/a	n/a	0	3	3	0%	100%
*Saras Trading SA****	0	4	4	0%	100%	0	0	0	n/a	n/a	0	1	1	0%	100%

* In Saras the Board of Directors has changed the composition of the Members while remaining unchanged in terms of number. The Assembly appointed Counsellor Monica de Virgiliis who replaced the outgoing Counsellor, Ing. Leonardo Senni.

** In Saras Energia SAU the Comitè Etico is the equivalent body to the ODV.

*** Saras Trading SA has a Supervisory Function.

Board Committees

The Committees set up within the Council shall have the task of instructing, proposing and/or consulting about the matters where there is a particular need for further study, to ensure that, also on these matters, an effective and informed exchange of views is guaranteed. The Committees are appointed by the Board of Directors and last for the entire term of office of the Board, meeting whenever the President deems it appropriate or is requested by at least one member, by the Chairman of the Board of Directors or by the Chief Executive Officer and in any case with adequate frequency for the proper execution of their duties. In particular:

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

- formulating proposals for defining the remuneration policy;
- periodically assessing the adequacy, overall consistency and practical application of the remuneration policy;
- carry out investigations and make proposals for share-based remuneration plans.

During the Board meeting on 19 May 2021, specific functions of the Related Parties Committee have been appointed to the Remuneration and Appointments Committee. These functions are to be carried out whenever necessary by the provisions of the relevant Procedure adopted by the Company under art. 2391-bis of the Civil Code as implemented by the Consob Regulation adopted by Resolution No. 17221 of 10 March 2010 and subsequent amendments.

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

- provides opinions to the Board about:
  - setting out the direction of the internal control and risk management system, to ensure that the main risks to which the Group is exposed are correctly identified, measured, managed and monitored;
  - determining the level of compatibility of those risks with a business approach that tallies with the strategic objectives;
  - evaluating the adequacy of the internal control and risk management system concerning the company's nature and the risk profile assumed, as well as its effectiveness, at least once per year;
  - approving the work plan prepared by the Internal Audit Department manager, at least once per year;
- 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 to prepare 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 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;
- examining 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, to consolidate the Company's reputation on the international front;
- to 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 the adequacy of the internal control and risk management system.

The **Steering and Strategies Committee**, established at the Board of Directors' meeting of 3 May 2018, under 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.

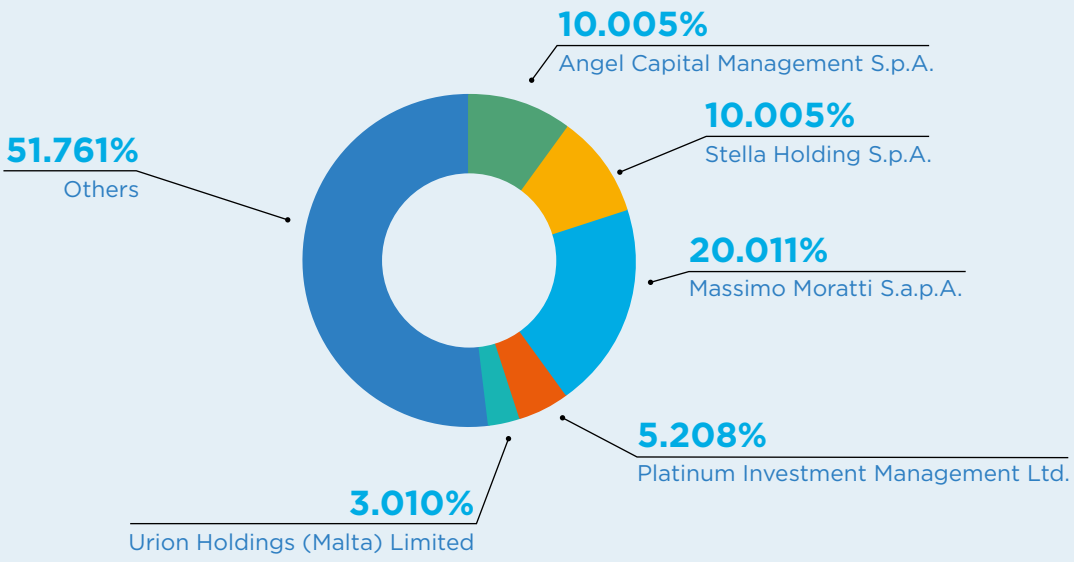
Shareholding structure

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 of 31 December 2020, the family held 40.022% of the total share capital.

On 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 NOMINATIONA 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 complying with the laws, promoting ethical and correct behaviour and preventing 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 effective internal control and risk management system ("Director responsible for the internal control and risk management system");
- of the Control, Risk and Sustainability Committee, to support, 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 6 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 adopted its 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 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 the process level, to prevent the following:

- the Tax Offences, introduced in Legislative Decree No. 231/2001 by Decree-Law 124/2019 (enacted into law on 24 December 2019);
- Offences of smuggling, introduced by Legislative Decree of 14 July 2020 n. 75, in implementation of EU Directive 2017/1371;
- Computer crimes and illegal processing of data: in compliance with organisational changes occurred.

The organisational, management and control models of Saras and Sarlux were approved by the Boards of Directors of Saras on 2 August 2021, and by the Sarlux Board of Directors on 29 July and 8 November 2021.

Saras has also represented its values, principles and standards of conduct in the Group's Code of Ethics, with 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,

REGULATORY INTERNAL SYSTEM

The regulatory system consists of four hierarchical levels, each of which corresponds to a regulatory instrument:

1 **POLICIES**
which represent a systematic compilation of the general principles and rules that guide all the activities carried out within the Group. Saras has adopted this regulatory tool to manage people, the integrity of operations, operational excellence, stakeholders, information security, global compliance, sustainability and corporate governance;

2 **GUIDELINES**
which are the instruments through which the Group exercises its role of guidance and coordination about its functions and organisational units and its subsidiaries. There are two types of guidelines issued by Saras, the Governance/Compliance Guidelines and the Process Guidelines;

3 **PROCEDURES**
that define the operating procedures by which the Group's activities must be carried out;

4 **OPERATING INSTRUCTIONS**
which are the documents detailing the operating methods described in the procedures for the specific functions/organisational units/professional areas involved.

The Procedures and Operating Instructions are specific regulatory instruments of the individual Group Companies which translate the principles, indications and controls defined by the reference Policies and Guidelines into their operating procedures.

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.

As a result of the persisting Covid-19 emergency and the related restrictions (limited presence, use of smart-working, business trips and travel restrictions), a total of 40 audits have been carried out in 2021 within the planned deadlines. This number is in line with the number of audits carried out in 2020.

As in previous years, the results of the 2021 audits did not reveal any critical issues regarding the adequacy and implementation of the control measures adopted by the Companies. Also, concerning the verifications on the state of performance of the Model, compliance with the Model itself has been detected. For the areas of improvement identified, in agreement with the heads of the functions concerned, corrective actions have been determined to improve the effectiveness of the management of controls and risk mitigation tools in place. Appropriate action plans have been established. The implementation of the improvement actions within the defined timeframe, by the responsible functions, is monitored by Internal Auditing.

In 2021, no violations of environmental rules, regulations and laws relating to the socio-economic or impact on health and safety of customers who purchase products sold by the Saras Group were found, except as specified below:

- In September 2021, historical contamination was detected at the Arcola Depot, whose origin is not directly attributable to the Arcola Depot activities, which then initiated the administrative procedure under art. 242 of D.Lgs. 152/06;

- On November 2, 2021, the Harbour office of Marina di Carrara has disputed to Saras the violation of art. 295, paragraph 1 of Legislative Decree no. 152 of 2006 for having placed on the market marine fuel (VLSFO) with a Sulphur content by mass exceeding 0.5%. Saras presented defensive writings ex art. 18 L. 689/81 since the analytical reports of the product being loaded from the refinery showed a Sulphur content below 0.5% and therefore in compliance with the legal limit;

- On November 13, 2021, a note was notified to Sarlux by the Customs Agency that, following a sample check on the gasoline product, found non-compliance with the specifications set out in Annex V of Legislative Decree No. 66 of 2005 s.m.i.;

- In December 2021, Saras received an administrative sanction (referred to as the year 2020) under art. 9, paragraph 9 of Legislative Decree. 66 of 2005 s.m.i. for not having reached the goal of reducing the carbon intensity of fuels released in consumption of at least 6% compared to a standard value identified by EU legislation of 94.1 gCO2/MJ. This failure to reach the target is due to operational difficulties resulting from the pandemic emergency and the impact that it has had on energy consumption.

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 operational 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
CLIMATE CHANGE		
• Scenario changes that can generate business risks related to energy transition (regulatory, technological, market, reputational)	• Changed market/competitive scenario. • Incorrect/delayed reaction to scenario evolutions linked to climate change and energy transition issues	• Governance: central role of the Board of Directors and identification of specific support Committees, establishment of the "Energy Transition" department. • Study and development of new technological solutions to reduce the environmental impact of fossil fuels; development of renewables and green businesses. • Participation within institutional bodies in activities on the topic of energy transition to help form rational policies at national and international levels.
COUNTRY/COUNTERPARTY		
• 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.	• Political instability of supplier countries. Oil Embargo.	• Ongoing research for new markets and different production mixes, establishing relationships with new potential counterparties. • 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.
REGULATORY DEVELOPMENTS		
• Inadequate monitoring of the risk of legislative developments • Incorrect/delayed reaction to adverse developments in the applicable legislation	• Evolution of legislation at an EU and national level. Continually increasing attention of regulators on Environment Social Government aspects	• 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. • 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.
PRODUCTION INTERRUPTION		
• Significant breakdowns or damage to plants during the production process • Inadequate management of maintenance on plants and machinery • Damage to the Sarroch docks rendering them unusable for a significant period of time. • Natural disaster (tidal wave, inundation, flooding and overflowing of the streams surrounding the production site) and consequent damage to the site.	• Inadequate maintenance planning. Incorrect plant maintenance. Inability to assess the failure history of the plant. • Severe weather of particular intensity. Incorrect manoeuvring of a ship. • Natural event.	• 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). • 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. • 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). • Securing of embankments and rainwater discharges; operational procedures for the securing of plants. • Stipulation of insurance policies.

Event / Potential risk	Cause	Management methods and mitigating factors
OCCUPATIONAL HEALTH AND SAFETY		
• Serious or potentially serious accidents to persons during the production process. • Serious or potentially serious accidents to persons directly or indirectly involving contractors.	• Inadequate training on safety issues. Inadequacy of safety rules. Violation of safety rules and/or proce- dures (e.g.: "forcing" of blocks) and/or operational error. • Insufficient monitoring of contractor or on-site personnel. Interference among the personnel of the different companies.	• 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 informa- tion. 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). • 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). • Improvement of the DUVRI (for the management of interference risks). Point rating system for all contractors.
ENVIRONMENT		
• Exceeding legal emission limits for discharges/emissions	• Operational error; accident; violation of operating procedures	• 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. • 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.
PERSONNEL MANAGEMENT		
• Resistance from personnel to accept changes of strategy, organisational or operating methods.	• Stiffening of organisational culture. Inability to follow the evolution of the competitive environment.	• 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. • 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).
• Organisational structure unable to support the outlined strategy. • Key managerial positions vacant. • Loss of personnel with key skills or specific expertise.	• Misalignment of roles and responsibilities with respect to strategic objectives. Oversized and static organisation. • Absence of an adequate succession plan. • Internal/external conditions that influence the retention of personnel with higher professional content; ageing of the company population.	• 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. • 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. • Continuous monitoring of the evolution of existing scenarios and resources: external (labour market) and internal (recruitment planning, handover, retirement). Personnel turnover management.

Event / Potential risk	Cause	Management methods and mitigating factors
CYBERSECURITY		
• Cyber-attack that compromises the integrity, availability and/or confidentiality of the information present in the system.	• Insufficient security systems levels.	• 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. • 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. • 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. • Training and awareness-raising activities for personnel. Monitoring of legislative developments in this area.
PRIVACY		
• Breach of Privacy legislation.	• Constant evolution of the reference legislation and increased attention of regulators in the area of privacy • Inadequate awareness and internal and external training on privacy management issues.	• 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. • Audit activities for the purposes of ISO 27001 and indicators in the area of breach management. • 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. • Training and awareness-raising activities for personnel. Monitoring of legislative developments in this area.

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 9 top risks, i.e. with medium and medium-high ratings) and with the introduction of three new risks: 'Biological/pandemic risk' and 'Risk related to inadequate formalisation and management of the Crisis Management Model" and " Risk of impact in the relationship with financial and economic institutions" linked to ongoing proceeds.

Concerning 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 (about 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, concerning 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 on 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 2015 an Organisational Model covering corruption offences as specified in Legislative Decree 231/2001 and has formalized a Group Anti-corruption Guideline.


3M
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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 consistent with it, set on Policies and Guidelines that guide and describe behaviours and processes also about 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, the Group's Code of Ethics, the Organisational Model and 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, concluding that during 2021 no incident of corruption has been noted.

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, analyses 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, 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 2021, the analysis of the indicators by department managers did not reveal any critical issues.

INVESTIGATIONS LEAD BY CAGLIARI'S PROSECUTOR'S OFFICE

It is reported that on 24 December 2021, the Public Prosecutor's Office at the Court of Cagliari notified the Company of the closure of the investigations, of which the Company had provided information since September 2020 about the involvement, at the time, of only some of its managers.

These investigations relate to purchases from the Autonomous Region of Kurdistan, through the trading company Petraco Oil Company, of crude oil allegedly "of criminal origin in that it does not have SOMO (Iraqi National Hydrocarbons Company) certification and was therefore unlawfully removed from the Iraqi State" and concern the offences set out in articles 479 and 648 ter of the Italian Criminal Code 479 and 648 ter of the Criminal Code and, about the Company, the administrative offence referred to in article 25 octies of Legislative Decree 231/2001 about article 648 ter of the Criminal Code.

Saras will continue to provide all cooperation in the investigation of the facts, which, we are certain, were conducted without any irregularities on the part of the parties involved: in any event, Saras reiterates the correctness of the conduct of its representatives, and trusts that this will be the conclusion reached by the competent authorities. In the meantime, Saras will leave no stone unturned in defending its reputation - consolidated over time and internationally recognised - as a serious, ethically impeccable operator that respects the law and the rules of the market.

Human rights

Saras operations have always been respectful of human rights. The Group expresses its commitment to respecting human rights within its Code of Ethics and promotes it in all of 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 of the Saras Code of Ethics, thereby assuming the same commitments taken by the Group, with regards to the protection of human rights.

No discrimination incidents have been noted in 2021.

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 to promote this culture in the local area and amongst people with whom it interacts, particularly suppliers.

Health and safety management

To best protect the health and safety of employees, the contracting company's staff, any person with access to production sites and the Group has drawn up and adopted Policies, Guidelines, Procedures, Operating Instructions and good practices that govern every aspect of health and safety, from updating plant safety requirements in line with regulatory developments to periodic risk assessment, training, and promotion and awareness-raising activities both internally and in local communities.

More specifically, the Saras Group's commitment is based on the following fundamental principles/actions:

- Compliance with mandatory and voluntary regulations, implementation of the best international standards, sharing and comparison with industry peers;
- Design of workplaces/facilities as well as provision of equipment and tools suitable for carrying out work activities that ensure the best and safest conditions;
- Assessment of all health and safety risks and adoption of a systematic approach to eliminating them at source or, when not possible, minimise them while ensuring maximum protection for all workers (internal and external)
- Reducing incidents (accidents, emergencies and near misses) and occupational illnesses through appropriate prevention measures, the effectiveness and adequacy which are periodically reviewed;
- Adoption of safe and responsible behaviours at all organisational levels, as well as the direct commitment of managers who must be safety leaders;
- Promotion and dissemination of a culture of health and safety and, in general, of organisational wellbeing, also shared with local communities;
- Information, education and training programs aimed at effectively combining technical and health and safety aspects;
- Definition of specific and measurable objectives, periodically monitored, verified and possibly updated, including through the involvement of top management;
- Selection of suppliers of goods and services, also based on health and safety criteria and their involvement in performance improvement programs;
- Selection of suppliers of goods and services, also based on health and safety criteria.
- Implementation of health and safety management systems.

From an organisational point of view, each Group company, in line with the Code of Ethics and the Sustainability Policy, organises its safety system, adopts policies and procedures, and implements management systems where necessary, based on its own operational and business needs.

In particular, the subsidiary Sarlux, which owns the operationally relevant site, has defined its Policy (available on the company website at: https://

www.sarlux.saras.it/wp-content/uploads/2021/09/Politica-PIR-SSA_14052021.pdf) and has an integrated HSE Management System (https://www.sarlux.saras.it/it/sicurezza-sistema-hse/) for aspects relating to the Prevention of Major Accidents, the protection of Workers' Health and Safety and the Protection of the Environment, which complies with the requirements of standards (national and international):

- UNI ISO 45001:2018 "Occupational health and safety management systems";
- Legislative Decree no. 105/2015 "Implementation of Directive 2012/18/EU on the control of major accident hazards involving dangerous substances";
- UNI 10617:2019 "Establishments with major-accident hazards - Safety management systems - Essential requirements";
- EC Regulation No. 1221/2009, EC No. 1505/2017 and EC No. 2026/2018 - Community Eco-Management and Audit Scheme (EMAS);
- EEC/ECEA/EC Directive No 87 of 13 October 2003 - ETS (EU Emission Trading System).

Hazard identification process and risk assessment

At its industrial site in Sarroch, the Saras Group adopts a precise methodology for identifying hazards in the workplace to assess, mitigate, and manage residual risks carefully. In particular, the identification of hazards is carried out as part of the risk analysis and assessment process.

The methodology foresees the subdivision of the workplaces into homogeneous areas to analyse the dangers and the subsequent evaluation of the risks more precisely, punctual and focused. For each of the areas thus identified, an inventory of the risks and their sources is carried out. Both the hazards due to the working environment and those associated with the operating methods adopted are identified in this phase.

The census considers those potential hazards that the authors' analysis, the experience of the employees, the historical data, and the plant examination indicate as credible. For the convenience of classification and codification, existing hazards within any industrial activity are reduced to five categories:

- Ordinary (Sharp and/or injurious objects, working at heights, etc.);
- Ergonomic (Manual handling of loads, incongruous working postures, etc.);
- Specific (physical agents, microclimate, ionising radiation);
- Process (Fire, explosion, etc.);
- Specific (Work-related stress, gender and age differences, etc.).

Finally, as part of the census of hazards, a census is also carried out of any chemical agents, carcinogens, and mutagens that may be present, depending on the type of work environment.

More details are available in the DVR (Document for Risk Evaluation) and in the DUVRI (singol integrated document to evalute risks generated by interference between activities conducted simultaneously in the same workplace), which are regularly prepared and periodically updated.

Emergency Management and Community Safety

Saras Group companies adopt specific emergency management procedures calibrated to credible risk scenarios. In particular, for the Sarroch site, managed by the subsidiary Sarlux, the following have been drawn up

· THE INTERNAL EMERGENCY PLAN (PEI)

Having defined the risk scenario for the entire site (southern and northern plants), the company has drawn up Internal Emergency Plans (PEI) to identify the procedures to be adopted and the behaviour to be followed to ensure that a hypothetical accident is managed as effectively as possible with minimal consequences, thanks to the coordinated intervention of staff and equipment, to prevent and limit damage to people, the environment and company assets, rescue any injured persons and keep accidents under control, limiting the extent of their effects. For a timely and effective intervention, the procedures for alerting and reporting emergencies are of fundamental importance to alert all the company figures involved concerning the type of event. The Plan also includes an important information system for the rescue forces, authorities and the public. Communication and signalling devices (push-button fire alarms, telephones, fixed and portable radio transmitters in the facilities or key

company figures, internal and external intercoms, closed-circuit video cameras) allow real-time activation of personnel and facilities widespread throughout the plant. The fire-fighting water distribution system consists of a capillary network that covers the entire area of the plant. Fire-fighting cooling systems protect all the storage tanks; those with the most significant criticality have automatic activation systems that intervene in the event of an excessive increase in the temperature of the structures. Similar systems are installed on all the pressure tanks, the LPG storage and loading facilities, and any other structure for which a temperature rise could represent a critical element for safety purposes. The plant is also equipped with twelve fire-fighting vehicles (eight in the Southern Plants and four in the Northern Plants) with powder and foam accumulators, fast and easy to handle, allowing prompt intervention in emergency situations and providing further support to fixed systems. Safety equipment and systems are, in any case, subject to periodic checks and regular and accurate maintenance.

Emergency management personnel undergo regular education and training. Periodically, emergency and evacuation simulations are carried out involving all the persons present on site (internal and external).

· THE MARINE POLLUTION PREVENTION PLAN

The Marine Pollution Prevention Plan is the document prepared to deal with emergencies arising from spills at sea or critical events that may occur at the site's marine facilities. It is a single document covering the Northern Plants and Southern Plants marine terminals: emergency situations that may affect the sea result from the accidental release of hydrocarbons from the marine terminal. In such cases, a series of equipment and means are available to quickly deal with the event, according to the indications set out in the Plan. The plant has 4 vessels operating 24 hours a day and an articulated equipment system (skimmers, floating benches, etc.) that guarantees the plant's full and prompt response capacity. Also, concerning the prevention of discharges at sea, scheduled inspections are carried out on board ships during product loading and raw material unloading operations, with a high percentage of ships inspected and drills to check that the facility is always fully capable of responding.

To ensure the health and safety of the local community, closely related to the Internal Emergency Plans is

- **THE EXTERNAL EMERGENCY PLAN (PEE),**

A document was drawn up by the Prefecture of Cagliari through a preliminary process involving numerous local authorities, representatives of the police and emergency services, including the Region, the metropolitan city of Cagliari, the municipalities of Sarroch, Capoterra, Villa San Pietro and Pula, the Fire Brigade, the local health authority and the Port Authority. The plan covers the Sarroch industrial area as a whole. It considers the possibility of accidents affecting one of the sites in the area belonging to the various companies present (Sarlux, Versalis, Sasol Italy, Eni r&m, Liquigas and Air Liquide), which could have harmful consequences for the outside of the plants. Also, in this case, the starting point was the Safety Reports of the various production sites and the analysis of the hypothesised accident scenarios, then the analysis of the territory, considering the urban settlements and infrastructures present, to foresee the best way to manage an accident to guarantee the safety of the population.

The document is available in Civil Protection - Provincial Civil Protection Plans section of the Prefecture's website.

Safeguarding the security of the local community requires the synergetic commitment of several organisations. To this end, in December, the facilities and staff of the Sarlux site were the protagonists of the "Bentu estu", an exercise organised by the Sardinian Army Military Command and the Prefecture of Cagliari, which involved various bodies such as the Fire Brigade, the Regional Environmental Protection Agency, the Civil Protection, the Forestry Corps, the Red Cross, the municipalities of Capoterra and Sarroch and the Port Authority.

The scenario initially envisaged a "flood type" emergency, with subsequent evolution into a "Conventional NBCR" (Nuclear Biological Chemical Radiological Risk) accidental scenario, within a Major Accident Hazard (RIR) activity in which a fire, caused by meteoric events, was simulated at the Sarlux plant in Sarroch.

Health and safety protection in contracting activities

Health and safety protection is integrated into contracting processes and the performance of third party companies is monitored both in the preventive phase, through the qualification system, and during the execution of the contract, through numerous control processes (dedicated audits and inspection activities at operational sites) and tools such as the SAP Ariba platform. Suppliers of goods and services and their sub-contractors must comply with environmental protection and health and safety regulations.

Site inspections of third-party companies continued in 2021 to verify compliance with procedures and regulations in terms of health, safety, and the environment. Inspection activities were conducted according to the annual schedule that includes meeting with all businesses on the site at least once a year. Specifically, 93 inspections were carried out in 2021, involving 40 companies with 370 workers involved.

To achieve the objectives and targets mentioned in the HSE Policy and to promote effective cooperation and coordination of the activities carried out in the production site, Sarlux organises, at least quarterly, a periodic meeting between the Sarlux Manager / Employer and the representatives of the companies operating in the Plant (Employers, Operational and Safety Managers).

CONTRACTING ACTIVITIES INSPECTIONS (SARLUX SITE)

Parameter	2019	2020	2021
Inspections carried out [No.]	133	129	93
Scheduled inspections [No.]	116	133	90
Make / Schedule [%]	115%	97%	100%

Industrial relations concerning Health & Safety: Relations with Labour Unions

In line with its policies, the Saras Group promotes social dialogue and the active participation of workers. Moreover, in compliance with the following regulations:

- Legislative Decree no. 81 of April 9, 2008, as amended - Consolidated Occupational Health and Safety Act;
- Legislative Decree no. 105 of June 26, 2015 - Implementation of Directive 2012/18/EU on the control of major accident hazards involving dangerous substances;
- Legislative Decree No. 138 of June 6, 2016 - Regulations governing the forms of consultation, on internal emergency plans (IEPs), of personnel working in the establishment, according to Article 20, paragraph 5, of Legislative Decree No. 105 of June 26, 2015;

seeks the opinions, before making decisions, of the Workers' Representatives for Safety and Environment (RLSA) Sarlux and Contractors (RLS) working in the Plant on a long-term basis.

The Workers' Representatives for Safety and the Environment (RLSA) are charged by law with protecting workers' rights in the field of safety at work and are elected by the workers through the intermediary of the company Trade Union Representatives. Moreover, the role of the RLSA is also provided in the Energy and Oil Collective Bargaining Agreement, which applies to Group companies operating in these sectors.

The aforementioned collective agreement adopted at Sarlux, which is the result of ongoing and open discussions with the trade unions and Confindustria, includes a specific section entirely dedicated to the regulation of HSE issues, in which the strategies, objectives, responsibilities, activities and industrial relations system set up to manage HSE issues are described.

In particular, provision has been made for the establishment of a National Joint Committee - involving representatives of Confindustria Energia, the trade unions, UNEM (Union of Energies for Mobility) and several companies representing the sector, including Saras - to support and monitor all actions relating to health, safety and the environment, including training and information activities.

From an operational point of view, to ensure the consultation process with workers at the Sarroch site, a "Health, Safety, Environment and Major Accidents Prevention Committee" has been set up, which meets at least four times a year.

Sarlux periodically consults the Workers' Safety Representatives of contracted companies. Sarlux also promoted an inter-company meeting between the RLS of companies operating in the Sarroch industrial area, providing the necessary logistical support for the organisation of the meeting.

Technological innovation in health and safety

The Saras Group recognises technological innovation as a strategic lever capable of improving the processes to protect people's health and safety. To this end, in 2019, a technical solution to improve the safety conditions of plant operators, called Digital Safety Advice (DSA), was studied and is currently in an advanced stage of implementation.

The project is based on a personal safety monitoring device with constant connection, and intrinsic safety supplied to the operating personnel of the industrial site. Through a remote control panel, it is possible to know the safety status of people in the plants in real-time. The provision of DSA to operating personnel constitutes a specific ESG KPI (as seen in the relevant chapter).

It was also pointed out that, in the two years 2020-21, the distribution of DSAs was temporarily suspended due to the pandemic. However, in 2022 it is expected to resume with the planned distribution. Moreover, as part of the technological upgrade of the fire-fighting equipment at the Sarroch site, in 2021 a latest-generation vehicle designed according to the specific needs of poly-rescue and fire-fighting at the plant was added.

Analysis of events and accident indices

The Saras Group is committed to creating working conditions to progressively reduce the number of emergencies and accidents for Saras Group and contractor workers. This commitment is best illustrated by the decision of the company's management to include a specific ESG KPI to improve the accident rate at the operationally relevant site.

In particular, the accident frequency index for the entire Group was 2.85, up from the 2.17 recorded in 2020. The performance was influenced by the number of events recorded (7 in 2021 vs 6 in 2020) and the decrease in total hours worked, which is the denominator of the ratio with which the frequency index is calculated. The total number of hours worked for the Group amounted to approximately 2.5 million hours in 2021 (compared with approximately 2.8 million hours in 2020), mainly due to the reduction in activity resulting from the continuation of the Covid-19 pandemic.

It is essential to mention that, among the Group's subsidiaries, the result of Sardeolica stands out, which, on December 31, 2021, recorded 4,085 days without an accident, thus reaching the milestone of 11 continuous years without an accident (since October 2010, the beginning of direct management).

These performances result from a safety culture firmly rooted in people and constantly reinforced through special training programs and daily and periodic control and inspection activities.

Moreover, due to the reduction in hours worked, the frequency index of the subsidiary Sarlux is almost stable, despite the decrease in recorded events: 5 accident events in 2021 compared to 6 events recorded in 2020, none of which can be classified as "high consequences" (i.e. such as to result in more than 6 months' absence from work as a consequence of the accident).

Specifically, of the 5 accidents that occurred to Sarlux staff in 2021, only 1, due to faulty equipment, is to be considered related to the job risk (for which, starting from the Risk Assessment Document, the Employer has put in place all the necessary mitigation measures); while the causes of the other 4 accidents are related to inattention (3), and failure to comply with instructions or standards (1). Concerning the gender breakdown, it should be noted that the 5 employees of the Sarlux subsidiary were all men.

Slight events also occurred in the subsidiaries Sartec and Arcola, which can also be classified as inattention and led to absences for 5 and 7 days, respectively.

Despite the 7 injury events, the days lost due to injury decreased from 239 in 2020 to 143 in 2021. Consequently, the Group's severity index dropped to 0.06 compared to 0.09 recorded in the previous year.

Finally, the field supervision activities implemented in 2021 made it possible to detect 30 "near misses" (i.e., events that, by mode and type, could have caused an accident). This type of report demonstrates the growing awareness of all Group personnel that safety is also built on the analysis of dangerous situations. In this way, preventive measures can be put in place where deemed necessary.

INJURY RATES – SARAS GROUP												
Parameter	2019				2020				2021			
	Injuries	IF[4]	IG[5]	Near miss	Injuries	IF	IG	Near miss	Injuries	IF	IG	Near miss
Saras Spa	0	0	0	0	0	0	0	0	0	0	0	0
Sarlux Srl	4	2.05	0.08	46	6	3.13	0.12	16	5	3.08	0.09	21
Sartec Srl	0	0	0	2	0	0	0	1	1	4.00	0.02	0
Sardeolica Srl	0	0	0	0	0	0	0	1	0	0	0	1
Deposito di Arcola Srl	0	0	0	0	0	0	0	9	1	39.00	0.32	7
Saras Energia SAU	3	11.14	0.32	4	0	0	0	0	0	0	0	1
Saras Trading SA	0	0	0	0	0	0	0	0	0	0	0	0
Total	**7**	**2.30**	**0.08**	**52**	**6**	**2.17**	**0.09**	**27**	**7**	**2.85**	**0.06**	**30**

To provide an even more in-depth representation, in line with the requirements of the 2018 update for the GRI-403 indicator, the following table is also provided, which breaks down injuries by type of severity, including so-called "first aid" injuries, i.e., medical treatment that occurred during the workday, resolved without any particular consequences and did not result in even a single day of absence.

As regards the accident indices relating to contracting companies (which operate mainly at the Sarroch site), the data are shown in the appropriate tables. They show, for the contractors of the entire Group, a slightly lower frequency index of 1.29 (compared with 1.31 in 2021), despite the halving of accident events (3 in 2021 vs. 6 in 2020), due to the halving of the number of hours worked, around 2.3 million in 2021 and around 4.6 million in 2020.

The severity index improved significantly, going from 0.08 in 2020 to 0.04 in 2021, given the decrease in days lost due to accidents, which stood at 92 compared to 380 in 2020.

INJURIES CLASSIFICATION FOR SARAS GROUP – 2021											
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								
Saras Spa	0	0	0	0	0	0	0	0	0	0	0
Sarlux Srl	8	5	3	0	0	4.93	3.08	1.85	0	0	21
Sartec Srl	1	1	0	0	0	4.00	4.00	0	0	0	0
Sardeolica Srl	0	0	0	0	0	0	0	0	0	0	1
Deposito di Arcola Srl	1	1	0	0	0	39.00	39.00	0	0	0	7
Saras Energia SAU	0	0	0	0	0	0	0	0	0	0	1
Saras Trading SA	0	0	0	0	0	0	0	0	0	0	0
Total	**10**	**7**	**3**	**0**	**0**	**4.07**	**2.85**	**1.22**	**0**	**0**	**30**

4. Contractor Frequency Index: (no. of accidents x 1,000,000/total hours worked).
5. Contractor Severity Index: (no. days lost due to injuries x 1,000/total hours worked).

Specifically, all 3 accidents happened to companies working inside the Sarlux plant. Of these, 2 were due to non-compliance with standards or instructions by the company, while only 1 was due to the typical risks of industrial work.

As far as the gender breakdown is concerned, it can be seen that the 3 injuries among contractors are all men.

In 2021, 5 near misses were reported among the staff of contracting firms. This shows that the safety culture is growing at third-party companies as well.

Similarly to what has been reported for the Group's

INJURY RATES – CONTRACTORS

Parameter	2019				2020				2021			
	Injuries	IF[6]	IG[7]	Near miss	Injuries	IF	IG	Near miss	Injuries	IF	IG	Near miss
Saras Spa	0	0	0	0	0	0	0	0	0	0	0	0
Sarlux Srl	9	1.67	0.05	48	6	1.32	0.08	47	3	1.32	0.04	2
Sartec Srl	0	0	0	0	0	0	0	0	0	0	0	0
Sardeolica Srl	0	0	0	0	0	0	0	0	0	0	0	0
Deposito di Arcola Srl	0	0	0	0	0	0	0	1	0	0	0	3
Saras Energia SAU	0	0	0	0	0	0	0	0	0	0	0	0
Saras Trading SA	0	0	0	0	0	0	0	0	0	0	0	0
Total	**9**	**1.65**	**0.05**	**48**	**6**	**1.31**	**0.08**	**48**	**3**	**1.29**	**0.04**	**5**

INJURIES CLASSIFICATION FOR CONTRACTORS - 2021

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								
Saras Spa	0	0	0	0	0	0	0	0	0	0	0
Sarlux Srl	3	3	0	0	0	1.32	1.32	0.00	0	0	2
Sartec Srl	0	0	0	0	0	0	0	0	0	0	0
Sardeolica Srl	0	0	0	0	0	0	0	0	0	0	0
Deposito di Arcola Srl	0	0	0	0	0	0	0	0	0	0	3
Saras Energia SAU	0	0	0	0	0	0	0	0	0	0	0
Saras Trading SA	0	0	0	0	0	0	0	0	0	0	0
Total	**3**	**3**	**0**	**0**	**0**	**1.29**	**1.29**	**0.00**	**0**	**0**	**5**

6. Contractor Frequency Index: (no. of accidents x 1,000,000/total hours worked).

7. Contractor Severity Index: (no. days lost due to injuries x 1,000/total hours worked).

employees, the following table is introduced for the fiscal year 2021, which breaks down injuries to employees of contracting firms by type of severity.

Employees' health

Employee health management is an extremely relevant issue to Saras Group, and is carried out mainly through three activities:

- Emergency management, by emergency service;
- Compulsory health surveillance;
- The provision of benefits in the form of medical services not provided for by law.

At Sarroch plant, the activities of compulsory health surveillance are carried out by two competent doctors (ref. art. 41 of Legislative Decree. 81/2008), alongside specialists who provide additional health services, not provided for by legal constraints. Medical specialists in cardiology, ophthalmology and dentistry are available to Sarlux and Sartec employees.

Health surveillance activities for Saras staff (headquarters in Milan/Rome), Deposito di Arcola (La Spezia) and Saras Energia (Spain) are carried out by specialists operating in their respective locations. Finally, for Sardeolica (Ulassai and Macchiareddu plants), health surveillance activities are carried out by the competent doctor in the industrial site of Sarroch, in collaboration with a medical office for job-specific specialistic checks. Moreover, an agreement was concluded with a dental care specialist located in Ulassai.

Compulsory health surveillance

Compulsory health surveillance includes medical examinations, blood chemistry, urinary metabolite control, spirometry to verify respiratory function, eye examinations, audiometric examinations, and electrocardiograms.

In 2021, some 5,600 healthcare services were provided for the Group's workers. Of these, about 84% involved staff of the subsidiary company Sarlux and Saras workers based in Sarroch. The remaining health care services are divided between: Sartec (about 8%); Saras offices in Milan and Rome (about 2.5%); Saras Energia (about 2.5%); Sardeolica (about 2%) and finally the Arcola Depot (about 1%).

It must be taken into account that the variability of numbers, from one exercise to another, is related to the statutory frequency of visits for compulsory surveillance, which is two years for some jobs, while annual for other roles.

By current laws on the protection of workers health and safety, particularly paragraph 1 art. 243 of D. Lgs. 81/08, workers exposed to carcinogens and mutagens shall be entered in a register in which the activity, the carcinogen or mutagen used and, where known, the exposure value to this agent shall be recorded for each of them. This register, called "Register of Exposed Persons", established by the Employer, is periodically updated by the competent doctor.

Additional health services (benefits)

In addition to the provisions of legal obligations, the Group also offers its employees benefits free of charge from numerous additional health services. In 2021, some 3,550 additional health services were provided, of which about 55% dental care, and 44% were blood tests (PSA and/or lipid structure). The remaining 1% is divided between cardiological checks and mammography.

Saras Group offers, voluntarily, flu vaccine campaigns that took place in December 2021 for the Milan office, and in early January 2022 for subsidiaries based in Sardinia.

BEHAVIOUR-BASED SAFETY (BBS)

Saras Group promotes a safety culture at all levels through training, sharing and verification of the effectiveness of its activities. Spreading a culture of safety is, in fact, a continuous action of research, training and creation of working conditions aimed at progressively reducing cases of emergency and accident for workers and contractors towards "zero incidental events".

In a mature and technologically advanced reality like that of Saras Group, the "human factor" becomes a key component of the occupational safety management system. It is, therefore, necessary to reduce risk behaviours (often the main cause of accidents and injuries), focusing on what people do and understanding why they do it, then identifying intervention strategies aimed at changing and modifying behaviours considered "at-risk" or otherwise wrong.

This is the background to the implementation of the behaviour-based Safety (BBS) protocol at the Sarroch site. More precisely, according to behavioural theories, from which BBS derives, behaviours are the result of learning through negative reinforcements (punishments) and, above all, positive reinforcements (rewards), in a sequence of "antecedents" (or activators) that induce "behaviours", which in turn then lead to "consequences" (these three phases make up the "three contingency model: A-B-C").

In general, the BBS protocol involves the following steps:

- Definition of expected observable behaviour;
- Observation and data collection;
- Feedback and address of behaviours towards those expected;
- Measurement of the results obtained.

Operationally, the BBS protocol, implemented at the Sarroch site, consists of three phases:

1. All workers, on a rotating basis:
   - observe the behaviours of co-workers while performing duties;
   - record observations of behaviours on appropriate forms;
   - give feedback to observed colleagues
   - make notes and enter data and comments into the system.

2. HSE Implementation Committee (consisting of Operations Managers, Operations Supervisors, HSE Analysis) once a month:
   - analyze the reports on the events of the department;
   - analyze graphs of observations and behaviour;
   - defines priorities for HSE maintenance activities;
   - defines behavioural improvement targets;
   - elaborates the outline for Capiturno - Operatori meetings.

3. Following the HSE Implementation Committee's analysis activities, a team meeting is convened to communicate the findings of the analysis and set improvement goals.

The application of the BBS protocol at the Sarlux site started in 2015 with a pilot project in some areas of the plant (Energy, Utilities, Movement and Assets), and was quickly extended to the entire plant and all operational functions. By now, from 2018 onwards, about 20 thousand observations have been made on an annual basis, with percentages of safe behaviour exceeding 98%, a sign that the safety culture has deeply penetrated all areas of the company.

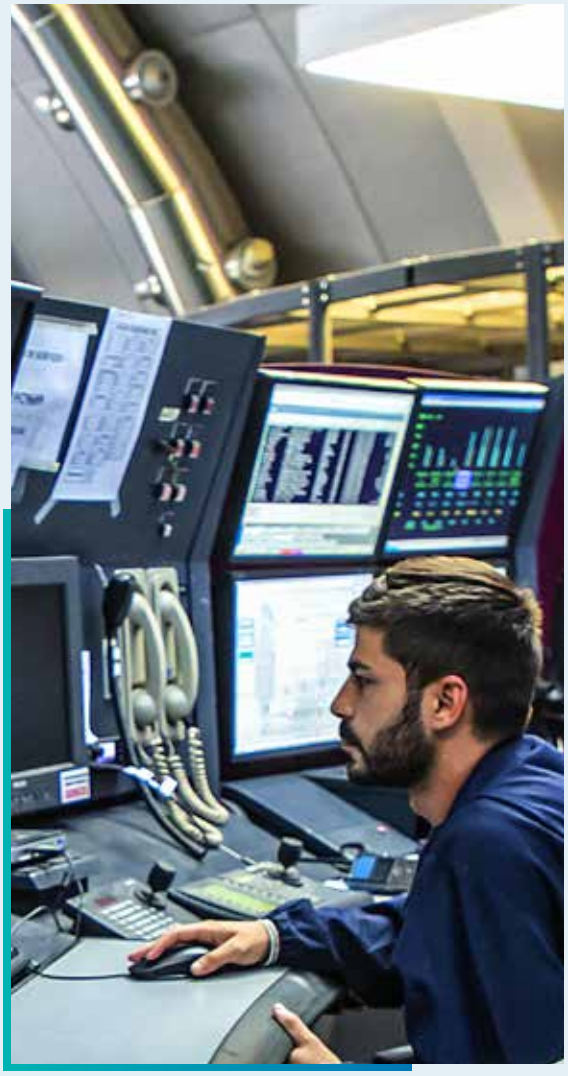
Since 2020, given the pandemic outbreak, changes have been made to the BBS protocol, integrating the observation forms with specific checks on behaviours aimed at preventing the spread of Covid-19 (e.g., knowledge of the hygiene rules recommended by the Ministry of Health, avoiding crowded places, maintain social

distancing, use masks, apply room ventilation, etc.). This protocol update also proved to be particularly effective in plant areas to minimize contagion.

Finally, as a further demonstration of the attention that company management pays to this tool, it should be noted that from 2019 a specific ESG KPI of the Saras Group has been included, which refers to the total number of observations made during the application of the BBS protocol, at the Sarlux industrial site.

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

BEHAVIOUR BASED SAFETY			
Parameter	**2019**	**2020**	**2021**
Observations carried out [No.]	24,100	22,336	18,920
Safe behaviour [%]	98.1%	98.4%	98.7%
Feedback [No.]	7,732	8,623	9,207



In 2021, due to reduced attendance at the industrial site due to the Covid-19 pandemic, A decrease in the number of observations made has been reported. However, more feedback was provided, which is a key lever for the success of the protocol. In addition, there was a further increased (98.7%) in observed behaviour Just as in 2020, in the exercise just completed, observation checklists took into account behaviours necessary to prevent coronavirus infection.

A review of the protocol is then planned for 2022, to maintain the results achieved and reduce behaviours identified as contributing to the injury events that occurred in the past three years.

COVID 19 PANDEMIC AND SARAS GROUP COUNTERACTIONS

Two years of Covid-19 pandemic

After 2020 was heavily impacted by the pandemic on health, economic and social levels, 2021 saw the start of large-scale vaccination campaigns and the consequent return of confidence and positivity about prospects.

The world economies, which had suffered very hard losses in 2020, showed significant signs of improvement in 2021, thanks also to the important international support programs.

In Europe, in particular, the EU launched the "Recovery Plan" with a generous endowment of funds to revive the industrial, financial and service activities of member countries, within a regulatory framework geared towards Ecological Transition and economic, social and environmental sustainability.

Despite the context of recovery, 2021 was however characterized by high volatility and sudden changes in "sentiment". The emergence of new pandemic variants (first Delta, then Omicron) has repeatedly undermined consumer and investor confidence. Periodic recurrences of the pandemic have forced governments to adopt new restrictive measures, and the economic recovery has suffered as a result.

Among the hardest-hit sectors were once again transportation (especially air travel), accommodation and entertainment services, and the tourism economy. Inevitably, the oil refining sector also experienced periods of particularly depressed margins.

Group's operations

Saras has not been discouraged by the difficulties of the period and, aware of its importance for the country's economy, has guaranteed the continued operation of the Sarroch industrial site in 2021, supplying electricity and essential fuels. Strict risk prevention and management measures continued to be applied, always taking care to safeguard people's health and safety.

Health protocols for access to Sarroch industrial site, therefore, continued in 2021, to protect both the Group's staff and that of contractors and, indirectly, the inhabitants of the towns and cities near the site.

Indeed, it should be borne in mind that, especially during periods when the main maintenance shutdowns are underway, there is an increase in several contractor staff who come from various parts of Italy and the world to work at the Sarroch site and then, at the end of the day, stay in hotels neighbouring towns and use bars, restaurants, stores and other services.

Management of Group's other sites

Obviously, in addition to keeping Sarroch industrial site operational, Saras also ensured the safety of its people in all the Group's national and international offices and branches: Milan, Rome, Macchiareddu (Cagliari), Arcola, Ulassai, Geneva, Madrid and Cartagena.

The same protocols and standards of conduct adopted at the Sarroch site were therefore continued and in particular temperature measurement and the control of "Green Pass" on arrival, the provision of FFP2 masks, the spacing between workstations, the application of hygiene and health rules, the sanitization of rooms and vehicles, the provision of sanitizing gels, smart-working, and the possibility to carry out periodic antigenic swabs.

Similarly, thanks to the use of suitable IT tools, it has been possible to continue to carry out

online training activities and meetings on digital platforms, and travel between the Group's various offices, as well as to national and international clients and suppliers, has continued to be limited.

These security measures are still in place and will continue to be implemented as long as the virus continues to show high contagiousness and danger of hospitalization. Saras does not intend to drop the guard and will continue to maintain a high level of commitment, with passion, responsibility and resilience.

Welfare, engagement and training

In 2021 a health insurance policy remained active for all employees of the Italian companies of the Group, which covers medical expenses for hospitalization following infection by Covid-19. This is particularly appreciable in a context in which various insurances have instead excluded Covid-19 from their guaranteed benefits.

As far as training is concerned, thanks to the "distant learning" tools, it was possible to give continuity to the activities by guaranteeing both the initiatives planned in the HSE field and those aimed at developing technical-specialist and managerial skills.

Finally, special attention was paid to regular communication with employees, both via email and through updates on the company's intranet.

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 with 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, by 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.

As in the previous year, human resource management policies in 2021 were affected by the effects of the pandemic-induced crisis. Indeed, as articulated in previous chapters, 2021 was a year of alternating speeds, characterized by high volatility and sudden changes in market mood. New pandemic variants gave rise to periodic resurgences of the pandemic, and the economic recovery suffered the resulting setbacks. In 2021, oil refining was among the sectors most affected by the contingent situation.

Saras Group, therefore, continued its internal reorganisation programme, launched in 2020 and aimed at ensuring the long-term sustainability of the company, also through increases in operating efficiency and the rationalisation of operating costs. As part of this program, recourse continued to be made to the Redundancy Fund, the use of which was partially reduced in the second half of the year, ending at the end of the year.

The redundancy fund involved employees of Italian companies, with very few exceptions linked to the need to continue operations and business.

Moreover, the plan that, by allowing for the recognition of substantial incentives to accompany retirement and support for undertaking a different professional or business activity, had already led to the exit of 58 employees as of January 1, 2021, has been replicated. Following the implementation of this new plan, a further 41 employees left the Group at the end of 2021. These leavers are mainly the result of agreements signed with the social partners who, fully aware of the extremely difficult context, have actively supported the programs from the outset, sharing their objectives and validity.

Workforce

At the end of 2021, the Group workforce totalled 1,572 employees, most of whom were based in Italy (96% of the total) and, in particular, in Sardinia (86%).

The Group company with the highest concentration of personnel is Sarlux Srl, which has a workforce of 1.073 employees at the end of 2021 (68% of the total), followed by the parent company Saras SpA, with 250 people (16%).

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 99.8% of the Group's workforce has a permanent employment contract.

At the end of 2021, the female share within the Group was 211 employees (13% of the total), of whom 209 (99%) had a permanent contract, in line with the male percentage.

Also, from the point of view of the type of employment contract, the Group shows a certain homogeneity: 95% of women and quite 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.

In particular, in the operationally significant location for the Group, the percentage of senior management belonging to the local community identified (i.e. born or living most of the time in Sardinia), is 89%.

EMPLOYEES BY COUNTRY			
Country	**2019**	**2020**	**2021**
Italy:	**1,653**	**1,618**	**1,504**
Lombardy	145	136	121
Sardinia	1,482	1,456	1,355
Liguria	15	15	15
Lazio	11	11	13
Spain	**56**	**35**	**34**
Switzerland	**36**	**34**	**34**
Total	**1,745**	**1,687**	**1,572**

8. 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.

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

EMPLOYEES BY COMPANY			
Company	2019	2020	2021
Saras Spa	266	279	250
Sarlux Srl	1,184	1,144	1,073
Sartec Srl	158	153	137
Sardeolica Srl	30	27	29
Deposito di Arcola Srl	15	15	15
Saras Energia SAU	56	35	34
Saras Trading SA	36	34	34
Total	**1,745**	**1,687**	**1,572**

EMPLOYEES BY TYPE OF CONTRACT AND GENDER									
Parameter	2019			2020			2021		
	F	M	Total	F	M	Total	F	M	Total
Permanent	236	1,490	1,726	225	1,455	1,680	209	1,360	1,569
Fixedterm	3	16	19	3	4	7	2	1	3
Total	**239**	**1,506**	**1,745**	**228**	**1,459**	**1,687**	**211**	**1,361**	**1,572**

EMPLOYEES BY TYPE OF CONTRACT AND REGION									
Parameter	2019			2020			2021		
	Perma-nent	Fixed term	Total	Perma-nent	Fixed term	Total	Perma-nent	Fixed term	Total
Italy:	**1,636**	**17**	**1,653**	**1,611**	**7**	**1,618**	**1,501**	**3**	**1,504**
Lombardy	143	2	145	134	2	136	120	1	121
Sardinia	1,467	15	1,482	1,451	5	1,456	1,355	0	1,355
Liguria	15	0	15	15	0	15	15	0	15
Lazio	11	0	11	11	0	11	11	2	13
Spain	**55**	**1**	**56**	**35**	**0**	**35**	**34**	**0**	**34**
Switzerland	**35**	**1**	**36**	**34**	**0**	**34**	**34**	**0**	**34**
Total	**1,726**	**19**	**1,745**	**1,680**	**7**	**1,687**	**1,569**	**3**	**1,572**

EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER									
Parameter	2019			2020			2021		
	F	M	Total	F	M	Total	F	M	Total
Full time	217	1,505	1,722	211	1,457	1,668	201	1,360	1,561
Part time	22	1	23	17	2	19	10	1	11
Total	**239**	**1,506**	**1,745**	**228**	**1,459**	**1,687**	**211**	**1,361**	**1,572**

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 (87%), which remained constant as of 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.

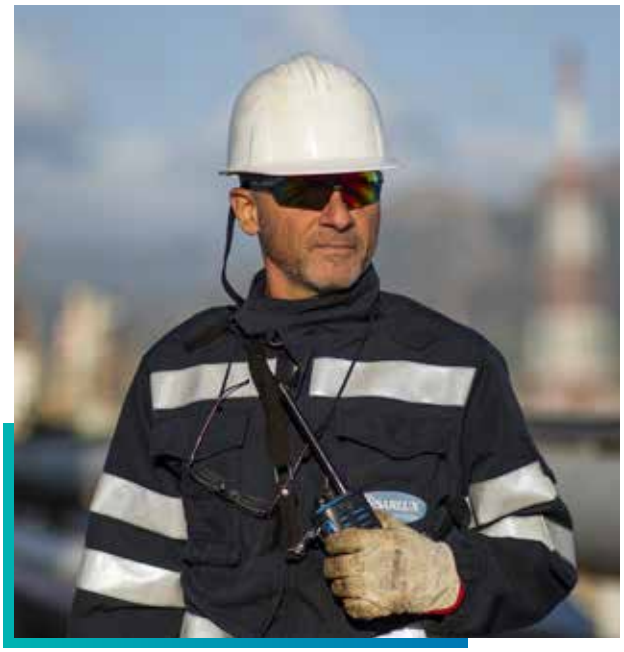
From the point of view of age groups, at the end of FY 2021, employees between 30 and 50 years of age represented the largest component of the Group (66% of the total). In the 'White Collar' and 'Blue Collar' categories, the majority of employees fall into the 30-50 age bracket, whilst there are 56% and 58% 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 45.7 years old.

No incidents of discrimination were identified in 2021.

PERCENTAGE OF EMPLOYEES DIVIDED BY CATEGORY AND GENDER 2021								
Parameter	Italy + Switzerland		Spain		Total		%	
	F	M	F	M	F	M	F	M
Directors and managers	11	45	1	2	12	47	20%	80%
Middle managers	54	192	0	0	54	192	22%	78%
White collars	123	764	20	3	143	767	16%	84%
Blue collars	2	347	0	8	2	355	1%	99%
Total	190	1,348	21	13	211	1,362	13%	87%
	1,538		**34**		**1,572**		**100%**	

FEMALES WITH UNIVERSITY DEGREE IN ITALY + SWITZERLAND			
Parameter	**2019**	**2020**	**2021**
% of females holding Uni. Degree vs. Total employees holding Uni. Degree	**29,7%**	**30,8%**	**31,0%**

PERCENTAGE OF EMPLOYEES DIVIDED BY CATEGORY AND AGE 2021												
Parameter	Italy + Switzerland			Spain			Total			%		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Directors and managers	0	22	34	0	3	0	0	25	34	0%	42%	58%
Middle managers	0	109	137	0	0	0	0	109	137	0%	44%	56%
White collars	20	614	253	0	20	3	20	634	256	2%	70%	28%
Blue collars	46	264	39	1	4	3	47	268	42	13%	75%	12%
Total	66	1,009	463	1	27	6	67	1,036	469	4%	66%	30%
	1,538			**34**			**1,572**			**100%**		



Turnover

In 2021, there were 13 new hires, resulting mainly from the need to fill vacant positions. The distribution of new hires by age group shows that 31% are under 30 years old, while from a gender perspective 77% of hires are men and the remaining 23% are women.

In 2021, there were 128 exits from the Group (of which 122 in the Italian companies), representing a turnover of 8% (% terminations vs. total workforce at year-end), mainly due to retirements and terminations with accompanying retirement occurred during the year. Most of the terminations involved employees comprised within the over-50 age bracket.

NUMBER AND PERCENTAGE OF NEW HIRES BY AGE												
Parameter	2019				2020				2021			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Italy + Switzerland	57	37	3	97	15	7	0	22	4	8	0	12
Spain	12	31	6	49	0	2	1	3	0	1	0	1
Total	**69**	**68**	**9**	**146**	**15**	**9**	**1**	**25**	**4**	**9**	**0**	**13**
% vs. total workforce	**3.95%**	**3.90%**	**0.52%**	**8.37%**	**0.89%**	**0.53%**	**0.06%**	**1.48%**	**0.25%**	**0.57%**	**0.00%**	**0.83%**

NUMBER AND PERCENTAGE OF NEW HIRES BY GENDER									
Parameter	2019			2020			2021		
	F	M	Total	F	M	Total	F	M	Total
Italy + Switzerland	18	79	97	5	17	22	3	9	12
Spain	31	18	49	1	2	3	0	1	1
Total	**49**	**97**	**146**	**6**	**19**	**25**	**3**	**10**	**13**
% vs. total workforce	**2.81%**	**5.56%**	**8.37%**	**0.36%**	**1.13%**	**1.48%**	**0.19%**	**0.64%**	**0.83%**

TURNOVER BY AGE												
Parameter	2019				2020				2021			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Italy + Switzerland	7	12	38	57	4	12	43	59	7	35	84	126
Spain	20	190	80	290	1	20	3	24	0	2	0	2
Total	**27**	**202**	**118**	**347**	**5**	**32**	**46**	**83**	**7**	**37**	**84**	**128**
% total workforce Italy + Switzerland	**0.40%**	**0.69%**	**2.18%**	**3.27%**	**0.24%**	**0.71%**	**2.55%**	**3.50%**	**0.45%**	**2.23%**	**5.34%**	**8.02%**
% total workforce Spain	**1.15%**	**10.89%**	**4.58%**	**16.62%**	**0.06%**	**1.19%**	**0.18%**	**1.42%**	**0.00%**	**0.13%**	**0.00%**	**0.13%**
% total workforce	**1.55%**	**11.58%**	**6.76%**	**19.89%**	**0.30%**	**1.90%**	**2.73%**	**4.92%**	**0.45%**	**2.35%**	**5.34%**	**8.14%**

% terminated vs. total workforce at year end

TURNOVER BY GENDER									
Parameter	2019			2020			2021		
	F	M	Total	F	M	Total	F	M	Total
Italy + Switzerland	6	51	57	6	53	59	20	106	126
Spain	178	112	290	12	12	24	1	1	2
Total	**184**	**163**	**347**	**18**	**65**	**83**	**21**	**107**	**128**
% total workforce Italy + Switzerland	**0.34%**	**2.92%**	**3.27%**	**0.36%**	**3.14%**	**3.50%**	**1.27%**	**6.74%**	**8.02%**
% total workforce Spain	**10.20%**	**6.42%**	**16.62%**	**0.71%**	**0.71%**	**1.42%**	**0.06%**	**0.06%**	**0.13%**
% total workforce	**10.54%**	**9.34%**	**19.89%**	**1.07%**	**3.85%**	**4.92%**	**1.34%**	**6.81%**	**8.14%**

% terminated vs. total workforce at year end

TOTAL AND PERCENTAGE OF NEW HIRES AND DEPARTURES BY REGION 2021				
Parameter	Hires		Departures	
	n.	%	n.	%
Lombardy	1	0.06%	104	6.62%
Sardinia	4	0.25%	14	0.89%
Liguria	3	0.19%	3	0.19%
Lazio	2	0.13%	1	0.06%
Spain	2	0.13%	4	0.25%
Switzerland	1	0.06%	2	0.13%
Total	**13**	**0.83%**	**128**	**8.14%**

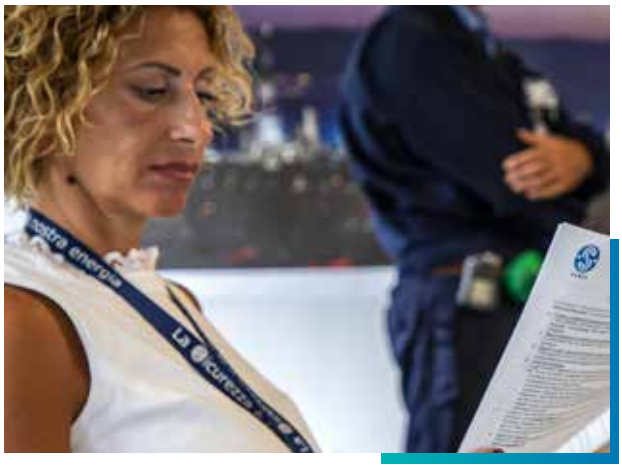
Absenteeism

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 (254 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, for the financial year 2021, absenteeism rates ranging between 1.3% and 4.2% were recorded in the various companies of the Saras Group.

ABSENTEEISM RATE BY COMPANY 2021						
Company	Daily / Shift Workers	Days of Absence	Theoretical Workable days	Average Annual Number of Employees	Absenteeism Rate (%)	Weighted Average by Company (%)
Saras Spa	G	1,123.72	254	225	1.97	1.93
	T	2,00	219	5	0.18	
Sarlux Srl	G	5,415.20	254	421	5.06	4.17
	T	5,200.20	219	659	3.61	
Sartec Srl	G	1,192.43	254	141	3.33	
Sardeolica Srl	G	200.24	254	28	2.79	
Deposito di Arcola Srl	G	1.50	254	3	0.20	2.49
	T	79.00	219	12	3.08	
Saras Energia SAU	G	57.00	247	23	1.00	1.32
	T	44.00	248	8	2.22	
Saras Trading SA	G	39.50	252	27	0.58	



Workforce education level

Concerning the education level of the Group's employees, the data in the table below show that 28% qualify equal to or higher than a University degree, and 68% have at least a high school 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%) are technical-scientific, 19% are economic, legal, or political, and 6% humanistic.

EMPLOYEES BY QUALIFICATION 2021

Parameter	University degree		High school diploma		Middle school certificate		Primary school certificate		Total
	n.	%	n.	%	n.	%	n.	%	n.
Saras Spa	143	57%	100	40%	7	3%	0	0%	250
Sarlux Srl	149	14%	880	82%	44	4%	0	0%	1,073
Sartec Srl	82	60%	51	37%	3	2%	1	0,7%	137
Sardeolica Srl	6	21%	23	79%	0	0%	0	0%	29
Deposito di Arcola Srl	2	13%	12	80%	1	7%	0	0%	15
Saras Energia SAU	26	76%	6	18%	2	6%	0	0%	34
Saras Trading SA	31	91%	3	9%	0	0%	0	0%	34
Total	**439**	**27.9%**	**1,075**	**68.4%**	**57**	**3.6%**	**1**	**0.1%**	**1,572**

EMPLOYEES BY TYPE OF UNIVERSITY DEGREE 2021

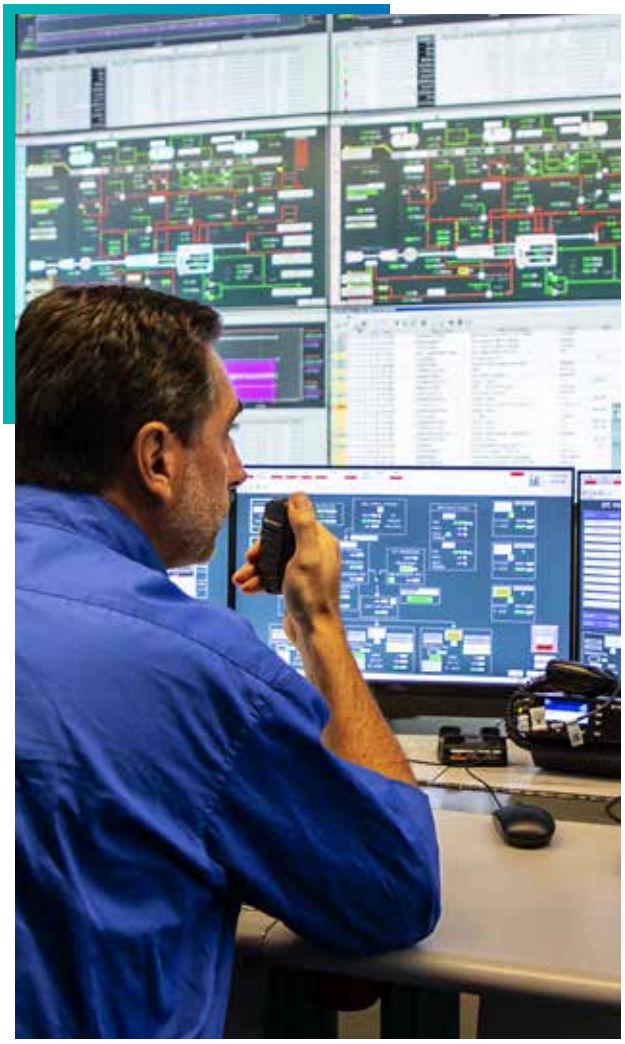
Parameter	Law/Politics/ Economics		Engineering/ Architecture		Sciences		Humanities		Total
	n.	%	n.	%	n.	%	n.	%	n.
Saras Spa + Sarlux Srl	60	21%	174	60%	40	14%	18	6%	292
Sartec Srl	2	2%	56	68%	23	28%	1	1%	82
Sardeolica Srl	0	0%	4	67%	2	33%	0	0%	6
Deposito di Arcola Srl	1	50%	0	0%	1	50%	0	0%	2
Saras Energia SAU	11	42%	6	23%	7	27%	2	8%	26
Saras Trading SA	11	35%	14	45%	0	0%	6	19%	31
Total	**85**	**19.4%**	**254**	**57.9%**	**73**	**16.6%**	**27**	**6.2%**	**439**

Remuneration systems

The main contractual agreement applied to the Italian companies of the Group is the Energy and Oil National Collective Labour Agreement (NCLA).

Considering the high level of education, skills and professionalism required of the staff working in the Oil & Gas sector, such Contract and the subsequent second-level negotiation agreements, also typical of this agreement, place 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 the first entry into 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 the 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 in addition 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.

Starting in April 2021, in line with the gradual extension of the Group's choice already made for all the other sites, the new flexible work management system was introduced at the Sarroch site, which employees can join voluntarily if their flexible working hours are compatible with technical, production and organisational requirements.

To further promote the balance between work and personal life, in December a Group Policy was issued to regulate agile work, defined according to an agreement with the trade unions. The adoption of agile working will allow the organisation to continue to spread a working method based on responsibility, trust and autonomy, in continuity with the use of smart working during the Covid-19 pandemic.

The Group's constant attention to the health of its employees has been reflected in various welfare initiatives.

At the beginning of the year, insurance cover was renewed for employees of the Group's Italian companies for specific cases of hospitalisation following a positive test for Covid-19, which includes the payment of an allowance for hospitalisation, a per diem after hospitalisation and a telephone assistance service after hospitalisation. During a period of particular intensification of infections in Lombardy, employees of the Milan office were able to take advantage of a free rapid antigen swab service at the offices of the same office.

In addition, from mid-October, following the entry into force of the requirement to hold a green pass for access to workplaces, a rapid antigen Covid-test service was made available to workers working at the Sarroch site at an agreed price, at a temporary location specifically set up on the premises of the Training Centre in the square in front of the site.

For all Group employees, insurance cover was renewed for cases of medical necessity and emergencies occurring abroad during business trips.

In November, the voluntary flu vaccination campaign for the 2021-2022 season was launched at the Milan and Sarroch offices.

In 2021, the use of the platform provided by a leading company in the sector continued, to provide welfare goods and services to all Saras and Sarlux employees who decided to transform all or part of their performance bonuses into welfare services, and to all Sartec employees who receive the welfare portion of the National Collective Labour Agreement (CCNL) for Metalworkers.

To offer Group employees the opportunity to make significant savings on their personal and family expenses, a new online service was launched that enables them to purchase various types of products and services at advantageous prices compared with the market.

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. Due to the still ongoing pandemic, the usual Kinderheim visits and study trips for employees' children could not be organised in 2021 either.

Voluntary Social Security

In all companies of the Saras Group, the most used supplementary pension fund is Fondenergia. In 2021, 1,157 Saras and Sarlux employees (excluding directors) were enrolled in Fondenergia out of a total of 1,278 employees, representing 91% 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.

EXTRA-OCCUPATIONAL ACTIVITIES FOR THE BENEFIT OF WORKERS AND THE 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.

By the traditional activities carried out by most 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 2021, CRAL registered 930 subscribers, around half of whom were supporters of the individual specialised sports sections (sailing, canoeing, running, football, tennis, cycling, boxing, windsurfing, karting) and the music, food and wine, travel and tourism, bridge, photography and volunteer sections.

As in the previous year, the programme of entertainment and sporting events was heavily influenced y the ongoing pandemic and was limited to what could be achieved in full compliance with the provisions for preventing and combating the spread of Covid-19.

In the spring, elections were held for the renewal of the CRAL Board, which will remain in office for the next three years.

SUSTAINABLE MOBILITY

The operationally relevant site owned by Sarlux is located in the Sarroch industrial area, in the metropolitan city of Cagliari, around 20 km from the capital. As a result, the flow of vehicles, both residential and for home-work journeys, is high. In line with its Sustainability Policy, the Saras Group promotes sustainable mobility with a reduced impact on the community.

Over the years, the Facilities Service function has developed and continues to implement an internal and external mobility system to meet the needs of employees, which can create greater integration with the surrounding area, greater safety by reducing the number of cars on the road, and lower environmental impact in terms of emissions and consumption.

A dedicated public transport service has always been available from the main towns in southern Sardinia to the Sarroch industrial area, which is used by Saras and Sarlux employees, as well as those of co-located companies (Eni, Versalis, Sasol, Air Liquide, etc.) and the numerous contractors that work on the site. In addition to the benefits in terms of costs and impact of mobility on the territory, with aspects of efficiency and environmental care, this also has a positive impact on people. In fact, by reducing the use of private cars, the frustrations of "lost time" due to traffic congestion typical of "commuting" are avoided.

As a tool for evaluating the effectiveness of the solutions adopted, the parameter "places available" in the car parks serving the site is used, the number of which has increased substantially thanks to the proposed solutions.

In addition to the collective transport service mentioned above, to change the corporate culture, shared mobility solutions such as "Car Sharing" have also been chosen for internal site movements. This solution can be used through a dedicated App and through the on-call shuttle, which responds to the logic of "move only when needed" and "consume only what is needed when I need it". At the same time, the internal shuttle bus remains in operation, running between the Southern Plants and Northern Plants at set times (when there is a large influx of people).

Finally, to make mobility progressively more efficient and sustainable, future objectives include the experimentation of "Bike Sharing" within the site and the experimentation of "Car Pooling". There are also plans to set up a directly managed shared mobility link between the Sarroch site and its subsidiary Sartec, located in the Macchiareddu industrial area, about 20 km away.

Training and development

The Saras Group companies firmly believe that the 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..

During the year, the Group promoted learning initiatives capable of supporting internal growth in line with the policies, company reference values, and the specific personal and professional characteristics specific to its people, to keep our business sustainable and create the necessary conditions to face the challenges determined by the Ecological Transition.

The focus was particularly on initiatives to accompany the development of the organizational culture and promote management and managerial approaches defined and shared among the leaders of the Companies of our Group.

The **Learning & Development** process is described in the Policy section **"Our people"** and within the **"Human Resources Process Guideline"**. Believing that the experiential approach is the most effective way of developing skills, the initiatives undertaken in 2021 were characterized by the adoption of a methodology that gave much space to moments of re-elaboration and consolidation of experiences and skills, using digital learning for theoretical insights through self-learning.

These initiatives have represented important opportunities for participants to share and integrate the skills developed in the various areas and companies they belong to and to create a new common knowledge among the Group's colleagues.

The methodological approach, based on the development of **"Learning Agility"**, led to greater effectiveness of learning and the immediate adoption and practical exercise of skills on the field, favouring the optimization of training times and the achievement of set targets.

The main macro-areas of intervention concern:

- **development of specialised technical skills:** training activities aimed at specific professional figures;
- **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.).

The "SarasLearning" digital learning platform continues to be the training environment in which Group employees can benefit from all content for the development of technical, managerial and soft skills.

Still, for what concerns digitalisation of learning contexts, the "Learning Cards" project stood out for the contribution of people, who were able to take the opportunity to capitalise on their skills and experience and turn them into learning content.

Thanks to this project, in 2021 the SarasLearning platform was enriched with new material, collected in "learning paths"; these paths, developed independently by experienced colleagues and with the support of HR, represent the foundation for building a corporate wealth of skills that can be freely used by all employees.

TOTAL TRAINING HOURS			
Parameter	**2019**	**2020**	**2021**
Saras Spa	2,848	3,120	3,076
Sarlux Srl	44,980	46,850	25,325
Sartec Srl	7,315	4,049	3,889
Sardeolica Srl	3,037	1,819	1,445
Deposito di Arcola Srl	970	273	97
Saras Energia SAU	615	1,129	757
Saras Trading SA	586	154	160
Total	**60,351**	**57,394**	**34,749**

The Group's employees continued to have free full-time access to the language learning platform to update their knowledge of foreign languages, with a focus on English.

Training for operating roles continues to be an important opportunity for the development of know-how, both technical and behavioural, as well as an opportunity to transfer knowledge and skills to new generations.

In 2021, an important path was launched to develop a shared organisational culture inspired by our Purpose. The initiative aims to involve people in the definition of shared approaches to identify behaviours and take concrete actions to promote and tackle transformation.

The Group continued to invest in the managerial skills of its leaders through paths aimed at developing leadership, individual coaching and the People Manager path.

As part of the Mentoring programme, Mentors participated in a preparatory training course, specifically designed to support and structure mentoring projects with common methodologies and tools, focusing on skills considered fundamental for the sustainability of our Group.

Compliance training on privacy and the Organisation, Management and Control Model according to Legislative Decree 231/2001 is always available to everyone on SarasLearning and is also an integral part of the onboarding course on SarasLearning attended by all new employees.

In short, during 2021, we continued to invest in the growth of our people, focusing on developing the skills and approaches required to drive and promote the sustainability of our Group.

Finally, **in the area of HSE training**, training hours in 2021 decreased compared to previous years, because Group employees diminished, and no new hires have been carried out 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 2021 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 ini-

HOURS OF HSE TRAINING			
Parameter	**2019**	**2020**	**2021**
Environment	3,387	2,472	2,837
Health and safety	19,986	9,996	6,210
Total	**23,373**	**12,468**	**9,047**

AVERAGE HOURS OF TRAINING BY GENDER									
Parameter	**2019**			**2020**			**2021**		
	F	**M**	**Tot**	**M**	**F**	**Tot**	**F**	**M**	**Tot**
Saras SpA	10	11	10	7	14	11	14	10	12
Sarlux Srl	26	39	26	21	41	40	21	23	23
Sartec Srl	51	45	51	26	26	26	32	25	27
Sardeolica Srl	177	102	177	62	64	63	66	48	51
Deposito di Arcola Srl	24	71	24	0	20	18	7	7	7
Saras Energia SAU	4	5	4	31	19	26	1	10	5
Saras Trading SA	41	7	41	11	1	4	40	12	22
Total	**21**	**36**	**21**	**17**	**36**	**33**	**20**	**22**	**22**

AVERAGE HOURS OF TRAINING BY PROFESSIONAL CATEGORY												
Parameter	**2019**				**2020**				**2021**			
	Director	**Manager**	**White collar**	**Blue collar**	**Director**	**Manager**	**White collar**	**Blue collar**	**Director**	**Manager**	**White collar**	**Blue collar**
Saras SpA	10	14	9	-	26	15	6		19	14	8	-
Sarlux Srl	20	20	30	63	9	28	28	69	27	14	23	26
Sartec Srl	98	49	46	28	14	29	26	5	9	15	32	7
Sardeolica Srl	-	72	44	168	-	48	32	82	-	69	38	56
Deposito di Arcola Srl	-	-	49	127	-	-	1	54	-	-	8	5
Saras Energia SAU	8	-	15	-	34	-	30	5	42	-	21	18
Saras Trading SA	13	-	21	-	16	-	1	-	18	-	1	-
Total	**14**	**21**	**28**	**55**	**21**	**25**	**23**	**66**	**21**	**15**	**21**	**27**

tial 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 2021 around 2,500 hours of training (entry courses, work permit qualification, access to confined spaces and shutdowns) were provided to contractors who operate at the Sarlux site.

The drop-in hours in 2021 (compared to around 15,000 in 2020) is mainly due to the Covid-19 pandemic. In fact, due to restrictions, since March 2020, 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 e internal communication

Several initiatives were carried out during the year as part of the human resources management processes, aimed at increasing employee engagement.

In addition to the aforementioned training, enhancement and development activities, in 2021 a Mentoring programme was launched for the Group's young talents, which aims to increase the motivation of people involved and their bond with the organisation, also for retention purposes, through the involvement and active support of management. The programme aims to strengthen leadership for business sustainability by enhancing experience, skills and knowledge sharing. To carry out the role of mentor in an effective way, managers were accompanied in a specially designed training course for sharing the method.

Another tool on which we have continued to focus to strengthen people's engagement is an internal job posting, which for the past two years has made it possible to enhance the Group's experience and skills to meet organisational needs, offering employees new opportunities for professional development and growth and guaranteeing transparency and fairness in the selection process. During the period of application, job posting made it possible to fill more than half of the vacant positions with internal resources, confirming over time that it is an effective way of increasing the involvement and retention of resources, especially younger employees.

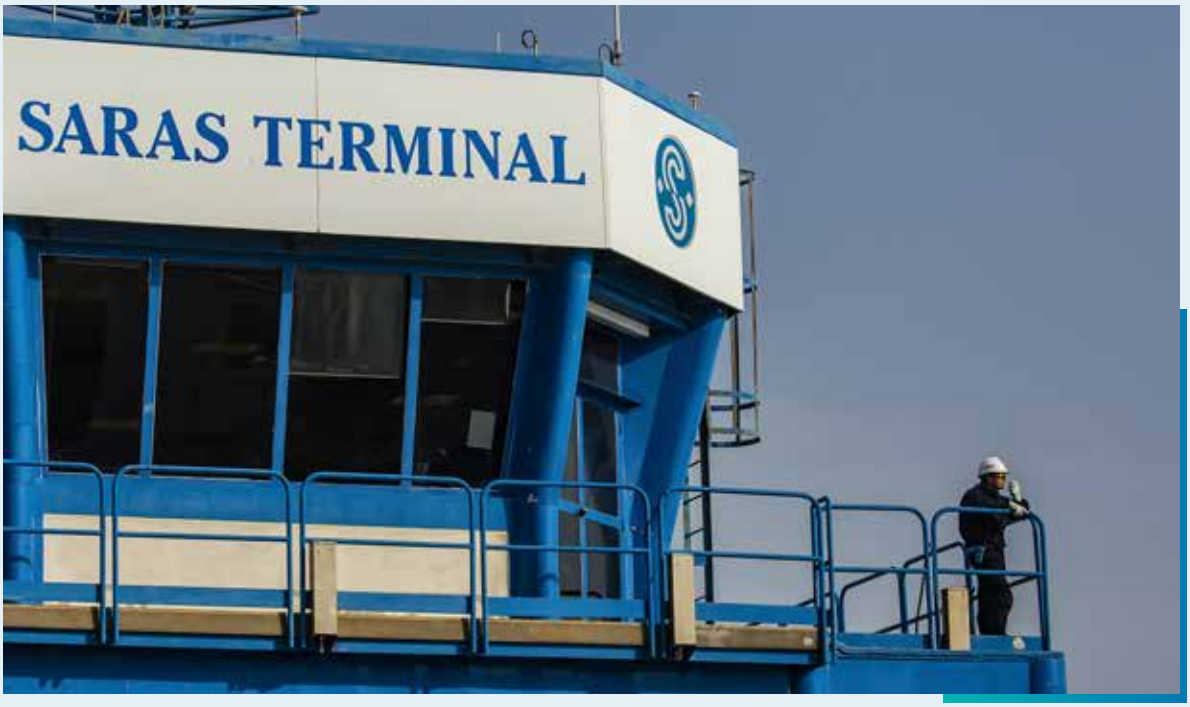
A further positive impact on engagement derives from the Performance Management Process, which represents the starting point for the correct and fair management of people and for the activation of development actions capable of generating motivation and connection with the organisation and improving productivity.

In 2021, internal communication activities were aimed at supporting the transformation underway and enhancing the fundamental role that people play in the transformation process, also promoting the spread of a way of working increasingly based on responsibility, trust, autonomy and the ability to deal with change. Supporting the transformation was launched a program aimed at sharing and developing the organisational culture considered necessary to face corporate challenges and prepare for and follow the transition.

Internal communication was also used to share the objectives and innovations deriving from revisions of processes and organisational structures and the introduction of new IT and digital tools, to promptly direct people's behaviour towards the expectations and needs of the organisation.

Finally, in continuity with the previous year, communication on issues related to the Covid-19 pandemic went on, aimed above all at providing information on working methods and measures to prevent and counter the spread of the virus in the workplace.

DIVERSITY & INCLUSION WITHIN SARAS GROUP



In recent years, the Saras Group has worked to strengthen and spread a corporate culture based on inclusion and on belonging to a single organisation, through a common approach to all people management initiatives that aim to raise awareness and value diversity.

First of all, a single Group Purpose was defined to share the mission and common values among everyone and strengthen the sense of belonging to a single organisation. Colleagues from different Groups companies, organisations and generations worked on the project, comparing perspectives to represent identity values with an eye to the future.

There are numerous learning & development initiatives aimed at developing an organisational culture and leadership centred on inclusion, aimed at colleagues from the whole Group.

The activated programs are based on and stimulate the development of a common and shared approach, capitalising on the distinctive experiences and skills developed in their own geographical and business areas. In the composition of the groups of colleagues called upon to take part in these initiatives, particular attention is paid to ensuring heterogeneity in terms of gender as well as organisational and geographical origin.

In particular, the focus of "people manager training" (a training and development path for Group people managers, now in its fourth year) is on "valuing" employees, through the study of "perceptual bias" and the adoption of inclusive behaviour.

The Induction path involves young recruits from all Group companies, promoting integration and exchange between cultures and the comparison between generations through meetings with senior managers.

In general, everyone has access to a single digital learning platform and is involved, depending on their role and professional profile, in the same learning initiatives, whether in presence, synchronous/asynchronous distance learning or e-learning.

A structured mentoring programme was set up for the Group's young talents, to support the development of their potential through discussion with senior colleagues, who will accompany them in acquiring self-awareness and in a process of empowerment. In addition to seizing the opportunities for intergenerational integration with this initiative, mentoring also aims to enhance the specific features of the professional profiles involved, thanks to the combination of Mentors and Mentees from different areas of the organisation.

About three years ago we introduced the use of dual language (Italian and English) in official internal communications, to allow all Group employees to be constantly updated on organisational changes, the regulatory system, HR projects and policies and the main initiatives of interest to the Group.

To encourage internal mobility between organisations and locations, including internationally, the Group has adopted a job posting system, which gives visibility to the opportunities for professional development and growth available in the organisation and allows employees of all companies to propose their candidacy, in a work environment that values the plurality of different characteristics, skills and experience.

To facilitate a better balance between professional and personal life, allowing everyone to fully express their contribution to achieving business results, flexibility in the management of work activities has been introduced. Today, flexibility represents a support element for work-life balance not only for those who are parents or have a role in caring for and assisting family members, but more generally for all employees, who can benefit from it in terms of well-being.

Trade Union Relations

Saras Group maintains an open, transparent and continuous dialogue with trade union organisations, 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 the **"Human Resources Process Guidelines"**.

Relations with trade unions (both at the 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 against any stakeholder, so long as they are expressed through processes involving the constitu-

tion 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 2021, activities with the trade unions focused on reorganising the Sarroch plant Southern Plants infirmary. 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 (T2, V2, Reforming, IGCC, CTE Nord plants).

The management of the pandemic crisis strongly influenced labour relations in the remainder of 2021. 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:

- use of the temporary redundancy fund (CIG Covid-19 for the first six months and CIGO for the rest of the year), for limited periods of suspension from work;
- consensual terminations with redundancy incentives and the possibility of using the NASPI allowance;
- internalisation of DWS plant.

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.

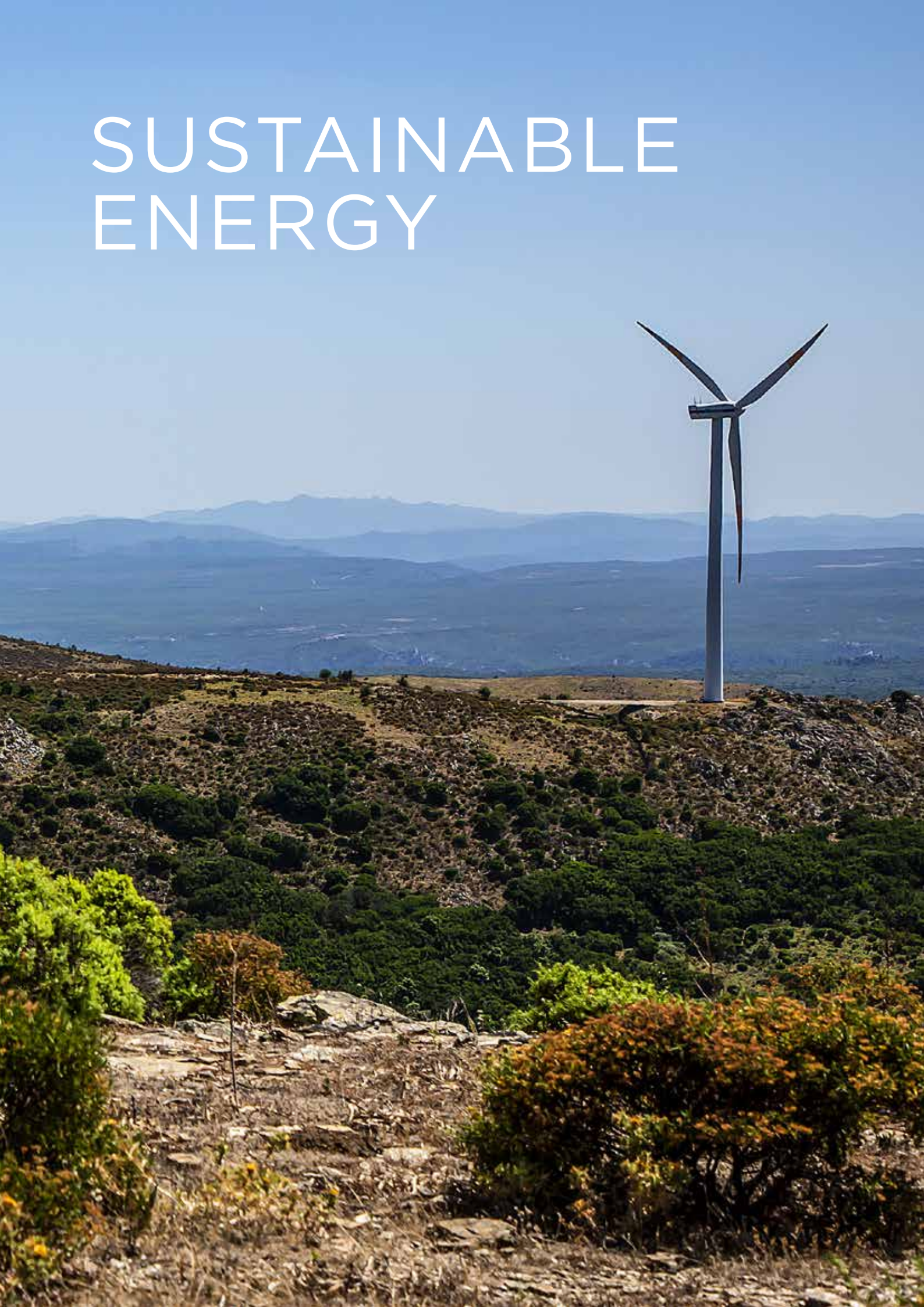
In particular, the temporary redundancy fund for Covid-19 has been applied up to June. Subsequently, following the termination of this particular social safety net, recourse was made to the ordinary redundancy fund (CIGO), always following a socially sustainable approach: in fact, the suspension of the working activities concerned the employees of all the Italian companies in a fair and distributed manner, compatible with the need to preserve the work performance and the appropriate management of the assets essential for the continuity of operations and business. A further note to be highlighted is that the Chairman of the Board of Directors made the emolument for the year 2021 available to be used to offset the income effects caused by the redundancy fund to the Group's employees in the fourth quarter of 2021.

In mid-year, the Company and the Trade Unions defined the rules for the implementation of agile work as a structural working method post-Covid-19 pandemic emergency, oriented towards the flexibility of work activities, the search for a new and constant balance between work and private life, between organisational needs and the needs of people, to maximise productivity and provide more and more professional autonomy. With these intentions, the Company has consequently communicated the relevant company policy.

In addition, as usual, by the end of May, the productivity and profitability indicators (KPIs) associated with the Result Bonus for the year 2021 were defined with the Trade Unions.

Finally, concerning the Sarroch Site, an agreement was signed on the occasion of the national strike on 16 December, setting out the layout of the plants and the relevant security teams.

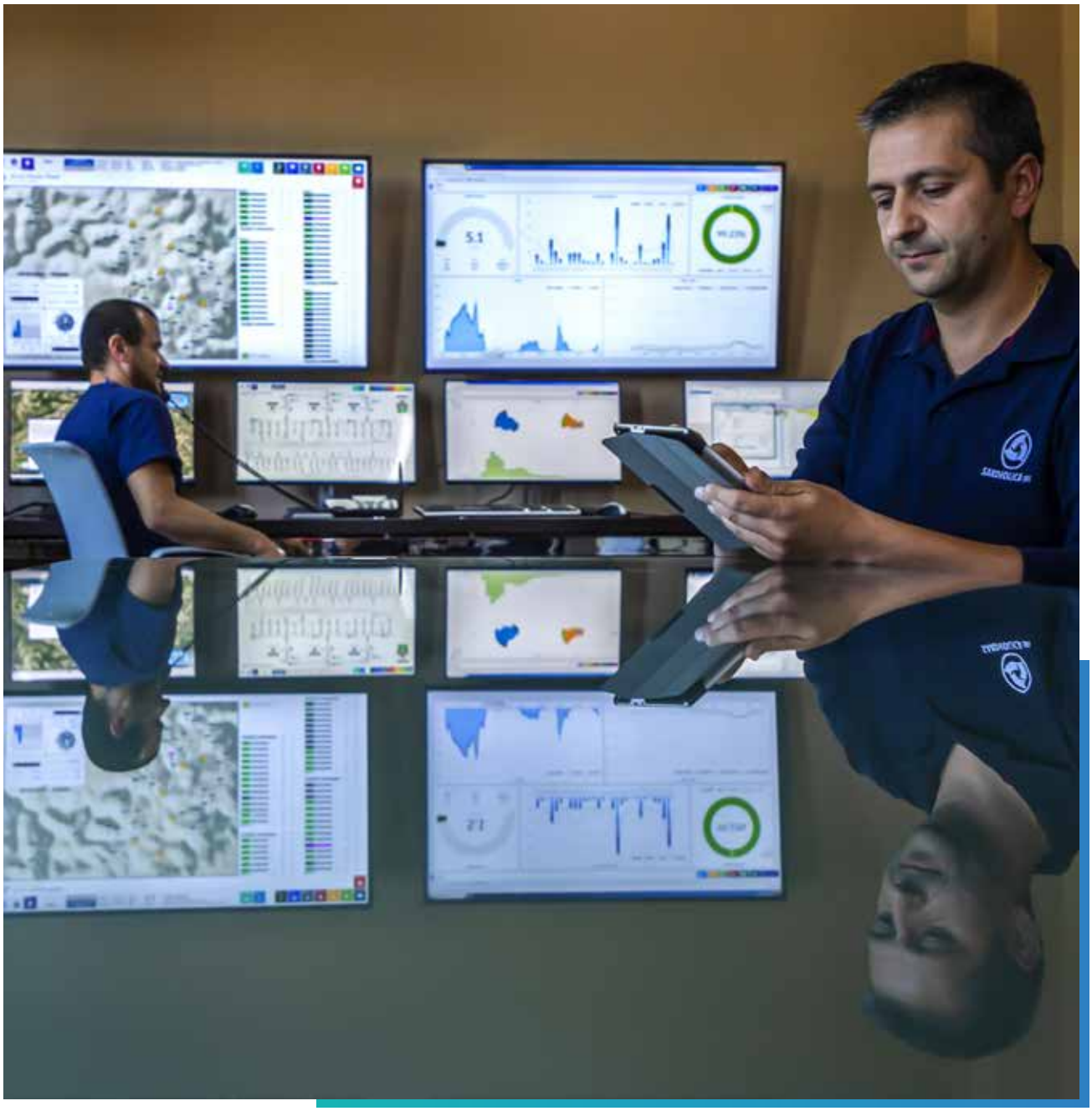
SUSTAINABLE ENERGY



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 daily, 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 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.

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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 / *First Issue* 21.05.2018

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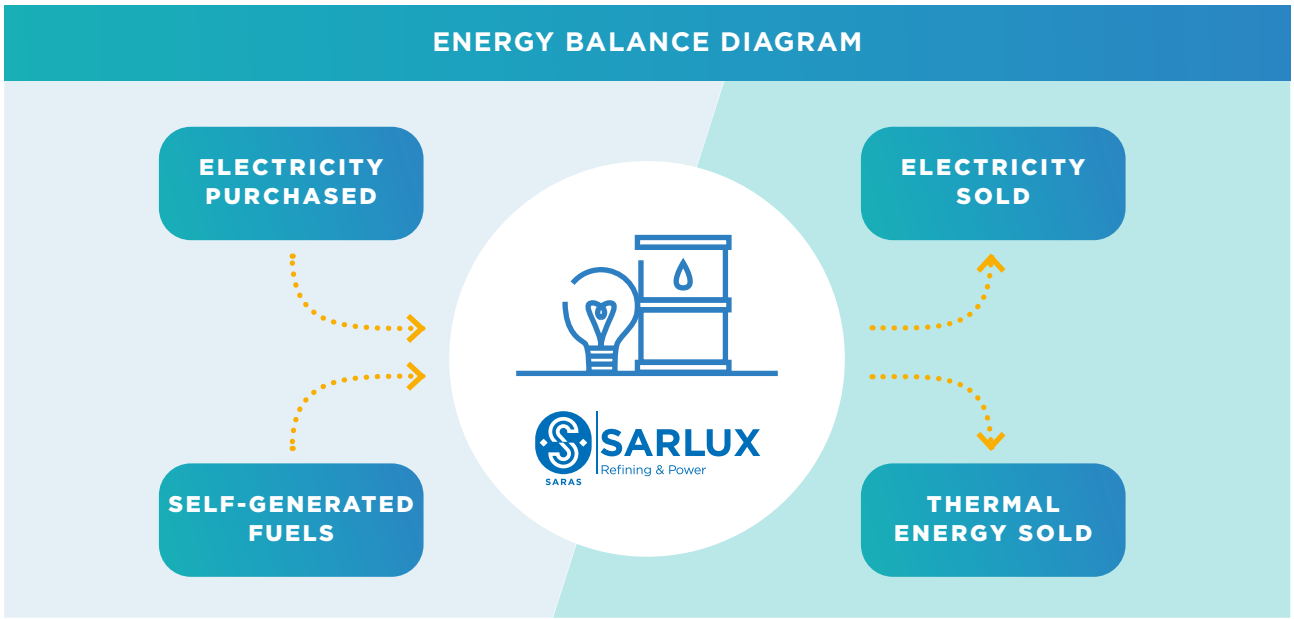
Consumption

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, 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.



The following table presents the data for the three years 2019-2021 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, two other energy carriers 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:** duced 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 the Sarlux site, separated into electricity and thermal energy (steam), for the same three-year period considered are shown in the table below.

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 a decrease compared to 2020, coming back aligned with previous years. It has to be noted that during 2020, ICS was negatively affected given significant planned maintenance turnarounds and,

ENERGY INPUT TO SARLUX SITE (GJ)			
Parameter	**2019**	**2020**	**2021**
Energy from non-renewable fuels	**66,639,217**	**61,386,091**	**62,794,852**
Fuel gas	21,080,543	19,755,033	21,257,795
Fuel oil	6,166,160	6,105,625	6,123,506
Coke	8,915,942	5,170,576	8,594,754
Syngas	30,318,343	30,175,795	25,671,137
Gasoil	158,229	179,063	1,147,660
Energy from renewable sources	**0**	**0**	**0**
Electricity from the grid	**4,016,422**	**3,960,672**	**3,994,962**
Total energy input	**70,655,639**	**65,346,764**	**66,789,813**

ENERGY OUTPUT FROM SARLUX SITE (GJ)			
Parameter	**2019**	**2020**	**2021**
Total electricity output	14,997,867	15,011,527	12,984,590
To the grid	14,861,832	14,875,401	12,839,300
To companies located in the same industrial complex	136,035	136,127	145,290
Thermal energy output	47,811	49,147	48,992
Total energy output	**15,045,678**	**15,060,675**	**13,033,582**

SPECIFIC CONSUMPTION INDEX "ICS"				
Parameter	**Unit of measurement**	**2019**	**2020**	**2021**
Total energy input	GJ	70,655,639	65,346,764	66,789,813
Total energy output	GJ	15,045,678	15,060,675	13,082,574
Total Net Energy consumed	GJ	55,609,961	50,286,089	53,707,239
Crude oil and complementary feedstock processed	Kt	14,449	12,072	13,786
Specific consumption Index	**GJ/t**	**3.85**	**4.17**	**3.90**

subsequently, economic run cuts made in order to cope with the drop in oil demand, due to the Covid-19 pandemic.

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, to better identify all the potential areas of improvement in the short, medium and long term.

For this reason, one of the pillars on which the Energy Management Dashboard is implemented by the company is based on the training and information of all internal and external personnel on energy issues and the rational use of energy.

A new impulse to energy efficiency activities will be given during 2022, with initiatives ranging from optimising the use of existing assets to the introduction of the most modern means provided by digitalisation. It is expected that the interventions that will be introduced in terms of the use of various energy sources will bring significant benefits, also in consideration of the current context of high energy costs.

Finally, to reduce specific CO_2 emissions, careful assessments are being carried out on three fronts: fuel consumption, coke and flare. On each front, several specific areas of intervention have been identified.

SARDEOLICA

The Saras Group generates electricity from renewable sources through its subsidiary Sardeolica S.r.l., which has owned the Ulassai wind farm in central-eastern Sardinia since 2005 and the Macchiareddu wind farm in southern Sardinia since 2021.

The Group considers the production from renewable sources as an important activity in its Ecological Transition path and recognises its importance also from the point of view of the commitment and the value created for the territory and the local communities involved, which can benefit from the renewable energy produced, as well as in terms of employment and economic induced activities.

Looking ahead, the Group's business plan foresees growth in renewable energy capacity of a further 400 MW, to be developed by Sardeolica, with priority given to projects located in Sardinia.

ULASSAI WIND FARM

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, to guarantee always the protection of health and safety in the workplace, and 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 are 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 by 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 culture 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 2021, the number of continuous days without injuries stood at 4.085.

This excellent result stems from a culture of safety deeply rooted in the employees and constantly reinforced with dedicated training programs, as well as 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 in the workplace (SSL) were approximately 1.100.

Finally, in 2021, Sardeolica continued SSL monitoring activities, focusing on Near Miss e Unsafe Conditions During the year 1 Near Miss and 3 Unsafe Conditions 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 con-

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

Sardeolica's Control Room

struction 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 a 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 a sustainable industrial facility.

Digitalisation Projects

Digitisation projects have been implemented to enhance predictive maintenance and optimising production. In addition to the implementation of "Vestas Power Plus" modules to achieve a more efficient power curve and the installation of the CMS (Condition Monitoring System) for early fault diagnosis, and in the 2020-2021 period, an innovative 'Predictive Maintenance' project was implemented with Aspentech, a world leader in industrial process control.

The project, named “Ulatech” through the Mtell application, allows the early identification of failure signals on 48 of the 57 aerogenerators. It has been developed through the employment of Sardeolica staff, who have been certified as "Aspen Certified Users" in Aspen Mtell. So far, highly encouraging results are being achieved and, at the same time, a cutting-edge digital maintenance culture is being developed.

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 it should be completed during 2021, due to the delays and limitations coming from the Covid-19 pandemic. When fully upgraded, the wind farm shall produce approx. 300 GWh/year. Such renewable power production will avoid the emission of CO_2 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 to 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 to increase the latter, wherever possible, using 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 exploiting good wind conditions across well-known and already used locations, and it will also limit further use of public land*".

Macchiareddu wind farm - "Amalteja"

June 2021 saw the completion of the acquisition of the Macchiareddu wind farm, named "Amalteja", through the formalisation of the purchase by Sardeolica of the two companies that own it, Energia Verde S.r.l. and Energia Alternativa S.r.l.

The "Amalteja" wind farm has a total capacity of 45 MW and is divided into two plants: Energia Verde 21 MW (14 turbines), operating since 2008, and Energia Alternativa 24 MW (16 turbines), operating since 2012.

The production of the two wind farms amounts to about 56 GWh/year and avoids CO_2 emissions of about 36,000 tons/year, providing the annual electricity needs of about 40,000 people.

Further initiatives for FER development

Over the next few years, the Saras Group plans to make specific investments to develop the production of electricity from renewable sources, both wind farms and photovoltaic plants (more details are provided in the chapter on the Ecological Transition), leveraging the technical and operational skills acquired by the subsidiary Sardeolica in more than 15 years of managing and developing the Ulassai wind farm, as well as the Group's core industrial skills.

Geographically, priority is given to projects located in Sardinia, where the Group has established solid and long-standing cooperation with local communities, and where there are several locations with high development potential, both for wind farms and photovoltaic plants. In particular, Sardeolica has recently obtained the Single European Authorisation for a photovoltaic plant project of approximately 80 MW, located in the Industrial Area of Macchiareddu (South Sardinia). In addition, the Company is currently carrying out Environmental Impact Assessment procedures for 4 wind power projects in Sardinia for a total capacity of approximately 200 MW.

Greenhouse gas and air pollutant emissions

Air quality is one potential risk factor for health. Over the years, the development of human activities has led to a significant increase in atmospheric emissions (of both pollutants and climate-changing agents), causing direct and indirect effects that are harmful to humans and the various environmental media. The rational and efficient use of energy mitigates these effects and contributes to achieving a more sustainable life.

However, a distinction must be made between emissions of pollutants, which have negative effects mainly at the local level, and emissions of greenhouse gases (so-called climate-changing gases), whose impact can be observed on a global scale.

In terms of pollutant emissions, the European Union includes emissions of sulphur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), and non-methane volatile organic compounds ($NMVOC_s$), ammonia (NH3), dust and fine particulate matter. More specifically, pollutants such as NO_x and SO_x have negative 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 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 enabled a positive trend to be set in motion to reduce emissions of regulated pollutants, achieving significant improvements in health conditions for workers and local communities, as well as improving relationships with the stakeholders involved.

The main type of anthropogenic climate-altering substance is carbon dioxide (CO_2), which results from combustion processes. It leads to the so-called 'greenhouse effect', which is a global phenomenon consisting of an increase in the ability of the earth's atmosphere to retain part of the energy coming from the sun in the form of heat. In turn, this retained heat leads to rising temperatures, with numerous environmental, social and economic implications.

Therefore, the European Union has developed a European Union Emissions Trading Scheme (EU ETS) to reduce emissions from industrial sectors with the greatest impact on climate change. Directive 2003/87/EC, as last amended by EU Directive 2018/410, is commonly referred to as the "EU Emissions Trading System" and provides that, from 1 January 2005, large emitters in the EU cannot operate without a greenhouse gas emissions authorisation.

Each company owning an authorised plant receives a certain amount of free preliminary allocation of emission allowances (called "European Union Allowances" - EUAs, equivalent to 1 tonne of CO_2eq), based on its historical activity level (plant production data) and reference standards drawn up by the European Commission. This free allocation is updated annually and, based on the same preliminary allocation mechanisms, may be subject to change. In fact, at the end of each year, companies have to surrender a sufficient number of emission allowances to cover the emissions they have achieved. Therefore, if in the course of its production activity, the company emits more CO_2 than the allocation of emission allowances it received for free, it will have to buy the missing allowances on the market or in European public auctions. If, on the other hand, the company emits less CO_2 than the free allocation, it can sell the surplus allowances to other operators, or keep the unused allowances to cover future needs.

This creates a market for emission allowances that incentivises emission reductions and encourages investment in clean and 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 precisely, 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.

In consideration of the local and global importance of these phenomena, the Saras Group believes it is essential to work as efficiently as possible, to minimise all types of emissions, whether of pollutants or climate-changing gases.

Moreover, the refining and power generation sectors are amongst those that, due to their specific configuration, have a significant impact on emissions. Therefore, with this awareness, Saras has put in place cutting-edge measures to manage, monitor and continuously improve its emissions performance, including the ISO 14001 certified Environmental Management System and voluntary EMAS registration.

Specifically, air quality outside the Sarroch site is monitored in real-time by two monitoring networks (one owned by Sarlux and the other by ARPAS), which make it possible to identify changes in significant air quality parameters and check that pollutant concentration values are always below the legal limits so that immediate action can be taken in the event of anomalies.

The regulatory reference for atmospheric emissions from the Sarlux plant is the AIA Decree, renewed in October 2017, as already reported 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 (the thermoelectric power plant of the Northern Plants).

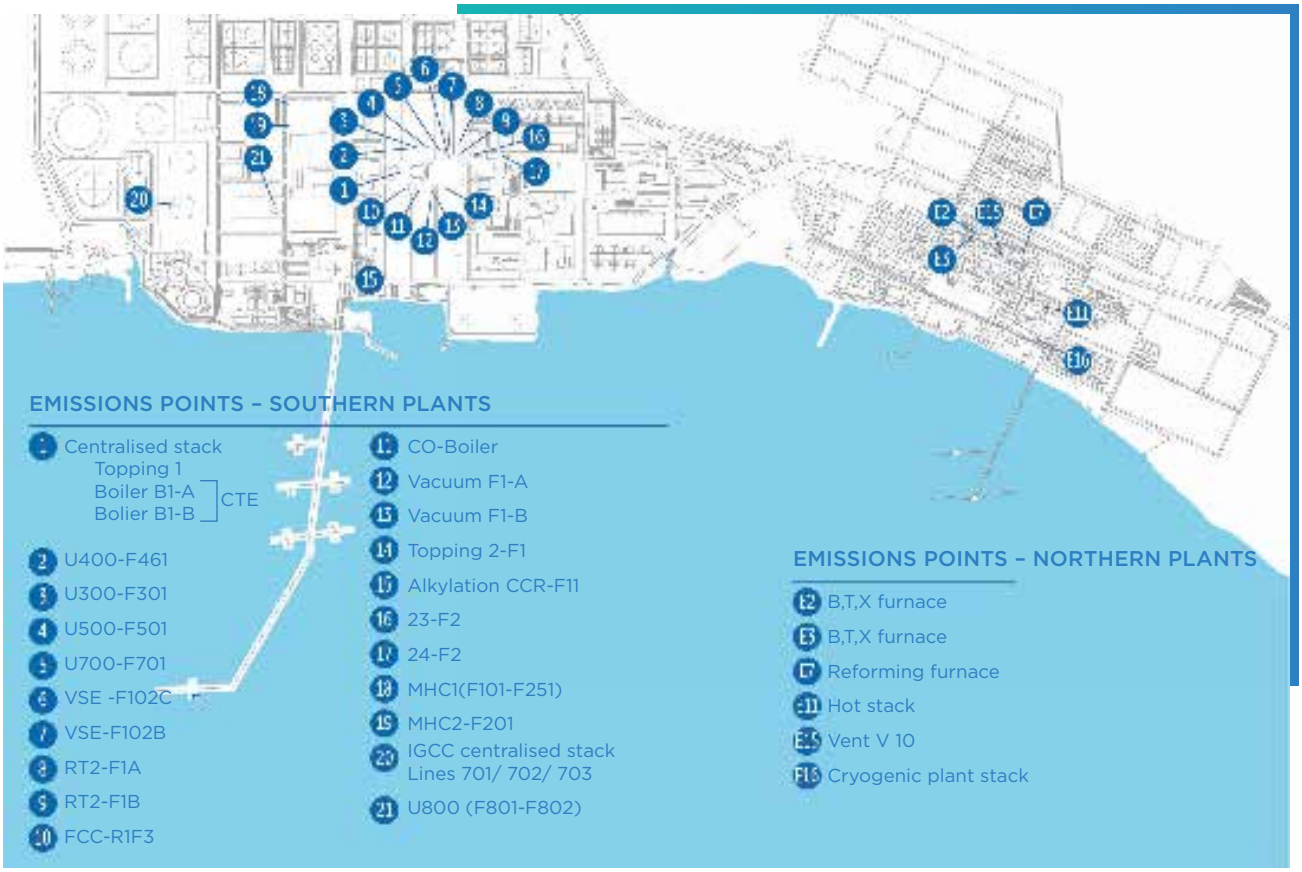
The introduction of the new AIA Decree of October 2017 changed both emission limits and how these are managed. More specifically:

- the concept of Refinery Bubble - now known as the Integrated Emissions Management concept - remains valid with the introduction of two further emission points at Reforming North and CTE North;
- Integrated Emissions Management only sets out limits for SO_2 and NO_x which, to reduce atmospheric pollutants, have been lowered down to the average monthly values of 400 mg/Nm^3 for SO_2 (previously 600 mg/Nm^3) and 280 mg/Nm^3 for NO_x (previously 300 mg/Nm^3), respectively;
- CO and Dust particulate do not fall under Integrated Emission Management but have limits only as individual emission points;
- all the limits set by the previous AIA for Large Combustion Plants remain valid;
- the IGCC Plant and the BTX Plant have their limits.

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

The main pollutants present in convoyed emissions are SO_2, NO_x, CO, and dust, while the main climate-changing agent is CO_2.

In general, the absolute emission values are a function of the variability in the number of raw materials processed at the plant (as a result of the various maintenance operations carried out on the plant units from year to year), and also of the variability in the chemical-physical characteristics of these materials (such as, for example, the sulphur content of the various types of crude oils processed).



STACK EMISSIONS (T/YEAR)			
Parameter	**2019**	**2020**	**2021**
SO_2	3,514	2,256	2,970
NO_x	3,257	2,762	3,148
Dust	131	77	126
CO	225	226	214

In particular, in FY 2021, the absolute values of emissions returned to levels similar to those of 2019, based on processing at levels close to the historical average. As explained elsewhere in this document, 2020 cannot be considered a base year, as it is significantly affected by de-optimised gears, for reasons related to the pandemic.

As already mentioned in previous years, the most significant comments on emission trends refer to the analysis of emission indices, i.e. the ratios between the total amount of pollutants emitted and the total annual processing, as shown in the relevant table.

The table shows for 2021 a return of the SO2 emission index towards values similar to 2019, although approximately 10% lower. The significant reduction in 2020 (approximately -25% compared to previous years) was related to the reduced operation of the FCC plant, which, due to its type, accounts for approximately 45-50% of the site's total emissions, and which, in 2020, had been shut down for approximately 4 months for scheduled maintenance and, subsequently, after restarting, had run at minimum load due to production decisions related to the pandemic.

STACK EMISSIONS INDEX PER FEEDSTOCK PROCESSED			
Parameter	**2019**	**2020**	**2021**
Crude oil and complementary feedstock processed (kt)	14,449	12,072	13,786
SO_2 emissions index (t/kt)	0.243	0.187	0.215
NOx emissions index (t/kt)	0.225	0.229	0.228
Dust emissions index (t/kt)	0.009	0.006	0.009
CO emissions index (t/kt)	0.016	0.019	0.016

The NO_x emission index in 2021 remained in line with previous years, as it had already been optimised at the Sarroch site in previous years, through improvements in combustion techniques and targeted technological interventions (such as, for example, the installation of a type of burner with low NO_x production).

As regards the containment of dust emissions, there has also been substantial stability over the years, achieved through specific treatments, specialised technologies aimed at improving combustion and reducing particulate matter, and optimisation of the reliability and effectiveness of instrumental monitoring.

Lastly, the CO emission index in 2021 also realigned with historical averages, improving on the disoptimised values of 2020 (due to the previously mentioned low load running set-ups).

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 2021 marked the first year of the so-called fourth phase (covering the period 2021-2030).

From 2021, the fourth phase started, characterised by 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 an investment stimulus by increasing the pace of annual allowance reductions to 2.2% from 2021 and strengthen the market stabiliser reserve (the mechanism established by the EU in 2015 to reduce the surplus of emission allowances in the CO_2 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 required by the transition to a low-carbon economy through various funding mechanisms.

The Group, therefore, updated its authorization to emit greenhouse gases, as well as the "Detection, calculation and control protocol", also taking into account the change in the perimeter of application, necessary to include the Northern Plants (acquired at the end of 2014 from Versalis).

The rational use of energy and the adoption of efficient production systems represent the road chosen by the Group to control and reduce CO_2 emissions, which represent the main component of the Saras Group's GHG emissions (other gases are negligible).

A detailed analysis of CO_2 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 2021, the total processing of crude oil and complementary feedstock at the refinery was 13,786 kton, an increase of around 14% compared to FY 2020, which, as mentioned several times, was a year of minimal processing, due to the pandemic. However, processing in 2021 was in any case about 5% lower than in 2019 (i.e. the pre-pandemic period) and therefore, the absolute value of the refinery's CO_2 emissions in 2021 was also about 6% lower than in 2019, although higher than in 2020.

On the other hand, as regards the electricity production of the IGCC (Integrated Gasification Combined Cycle) plant, it should be specified that on 20 April 2021 the CIP6/92 Contract ended. Subsequently, for the period from 21 April to 31 December 2021, the IGCC plant was admitted by ARERA (Energy, Networks and Environment Regulatory Authority) to the Essentiality Regime, by way of Resolution no. 152/2021/R/EEL. As a result, electricity production followed the profile of TERNA's requests and, overall, in 2021 was equal to 3,524 GWh (about 15% lower than the average production levels of previous years, when the CIP6/92 Contract was in force).

As a result of the aforementioned production arrangements, the absolute value of CO_2 emissions from the IGCC plant was 3.2 million tonnes in 2021, down 12% compared to the two years 2019-20. Only for reference, it is worth mentioning that in 2020, the IGCC's energy production remained at the same level as in 2019, as it is essential to keep Sardinia 'on', supporting industrial production activities and domestic consumption.

As explained for pollutant emissions, also for CO_2 it is significant to analyse the emission index, i.e. the tonnes of CO_2 emitted per thousand tonnes of crude oil and complementary feedstock processed in the refinery. In 2021, there is an improvement not only compared to 2020 (a year with de-optimised feedstock plants and higher specific consumption, due to the pandemic) but also compared to previous years. This structural improvement can be explained by the energy efficiency gains made at the Sarroch plant over the years.

GHG EMISSIONS (T OF CO_2/YEAR)			
Parameter	**2019**	**2020**	**2021**
Refinery	2,090,400	1,665,743	1,967,804
IGCC	3,603,401	3,577,617	3,193,972
Northern Plants	450,336	528,984	537,127
Total	**6,144,137**	**5,772,344**	**5,698,903**

GHG EMISSIONS INDEX PER FEEDSTOCK PROCESSED (T OF CO_2 EMITTED/KT RAW MATERIALS PROCESSED IN THE YEAR)			
Parameter	**2019**	**2020**	**2021**
Crude oil and complementary feedstock processed (kt)	14,449	12,072	13,786
CO_2 emissions index (t/kt)	425	478	413

Indeed, the Saras Group is now reaping the benefits of its commitment to reducing greenhouse gas emissions and pollutants through numerous energy efficiency measures at its plants and processes, carried out over the five years 2016-2020.

However, the pandemic and the resulting crisis have caused a temporary halt to these measures in 2021. A new impulse to energy efficiency activities could arrive as early as 2022, whose economic return has become particularly significant in the current context of high energy costs.

As mentioned in the previous chapter, initiatives will range from optimising the use of existing assets to the introduction of tools provided by digitisation. The reduction of specific CO_2 emissions will be achieved through specific initiatives related to fuel consumption; coke and flare optimisation.

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, 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 tanks[10], 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.

10. 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, to use 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.

To completely assess the effects of this investment, monitoring was performed before the start of the work, during the execution phase and after the 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. In addition, tanks ST99, ST26, ST27, ST29 and ST98 have been equipped with an odour mitigation/abatement system, implemented through non-automated systems, consisting of specially sized atomising nozzles. These systems achieved a reduction in odour concentration of over 80%.

A mitigation system consisting of a Scrubber with micro-sponges of nanoparticles is at an advanced stage of the study.

It should be noted that the important results achieved in understanding the phenomenon of odour production and dispersion are the fruit 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 important to mention 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, is currently being assessed.

Subsidiary Sartec is currently proceeding with the CE marking process for the IOMS device, which is a prerequisite for its use.

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.

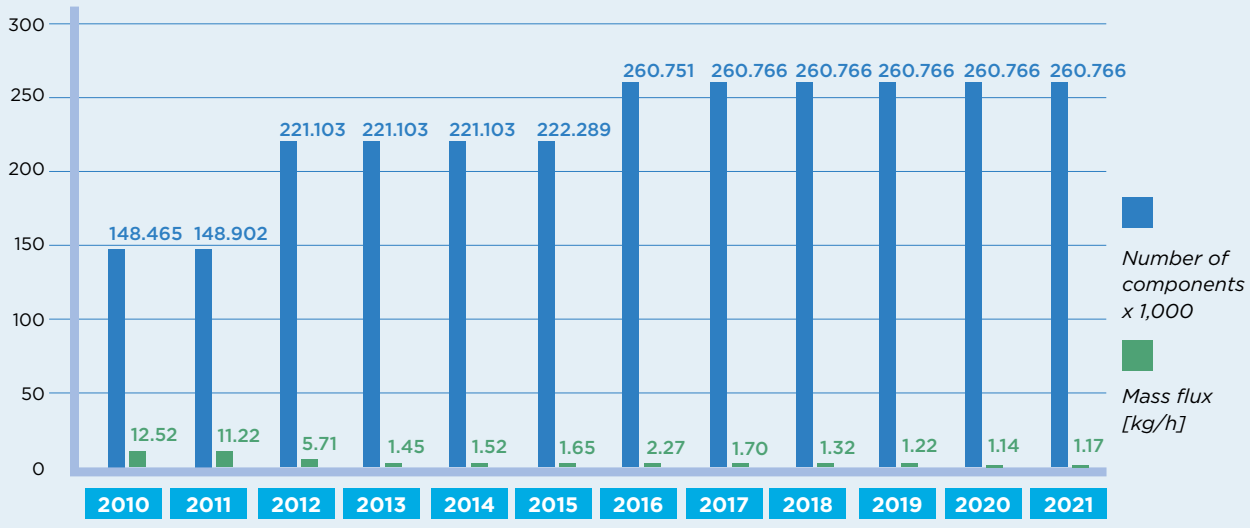
The Mixed Smart LDAR procedure provides, in summary, for the investigation of all the monitored process components using a special infra-red thermal camera (FLIR series GasFind-IRTM thermal camera), the quantification of the losses detected by the portable samplers provided in the Method 21- "Determination 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 process components found to have leaks.

The estimation of the mass flow of the emitted gas is conducted based on 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 four years 2018-2021.

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



Waste

The Saras Group constantly monitors and controls its activities to respect regulations on environmental matters.

In particular, concerning waste management, the subsidiary Sarlux, owner of the Sarroch industrial site, is responsible for the production of approx. 98% of the total waste (hazardous and not) is 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	2019			2020			2021		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Saras Spa	1	1	2	0	0	0	0	0	0
Sarlux Srl	45,001	27,610	72,611	37,350	19,396	56,746	40,236	8,001	48,237
Sartec Srl	9	12	21	2	11	13	4	18	22
Sardeolica Srl	4	104	108	5	82	87	4	130	134
Deposito di Arcola Srl	933	9	942	1,095	496	1,590	555	151	706
Saras Energia SAU	64	0	64	119	7	126	105	10	115
Saras Trading SA	0	0	0	0	0	0	0	0	0
Total*	**46,013**	**27,736**	**73,749**	**38,571**	**19,992**	**58,563**	**40,904**	**8,310**	**49,213**

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 generate different quantities of waste from the specific kind of units and tanks involved.

As regards the types of waste produced, 83% of the total in 2021 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 the appropriate forms of treatment, with only a small proportion going to landfills. This treatment percentage has been steadily increasing in recent years.

WASTE BY DESTINATION (T/YEAR)												
Parameter	2019				2020				2021			
	H	NH	Total		H	NH	Total		H	NH	Total	
Treatment	45,405	24,976	70,381	95%	38,375	19,020	57,395	98%	40,803	7,241	48,044	98%
Landfill	608	2,760	3,368	5%	196	973	1,168	2%	101	1,069	1,170	2%
Total	**46,013**	**27,736**	**73,749**		**38,571**	**19,992**	**58,563**		**40,904**	**8,310**	**49,213**	

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:

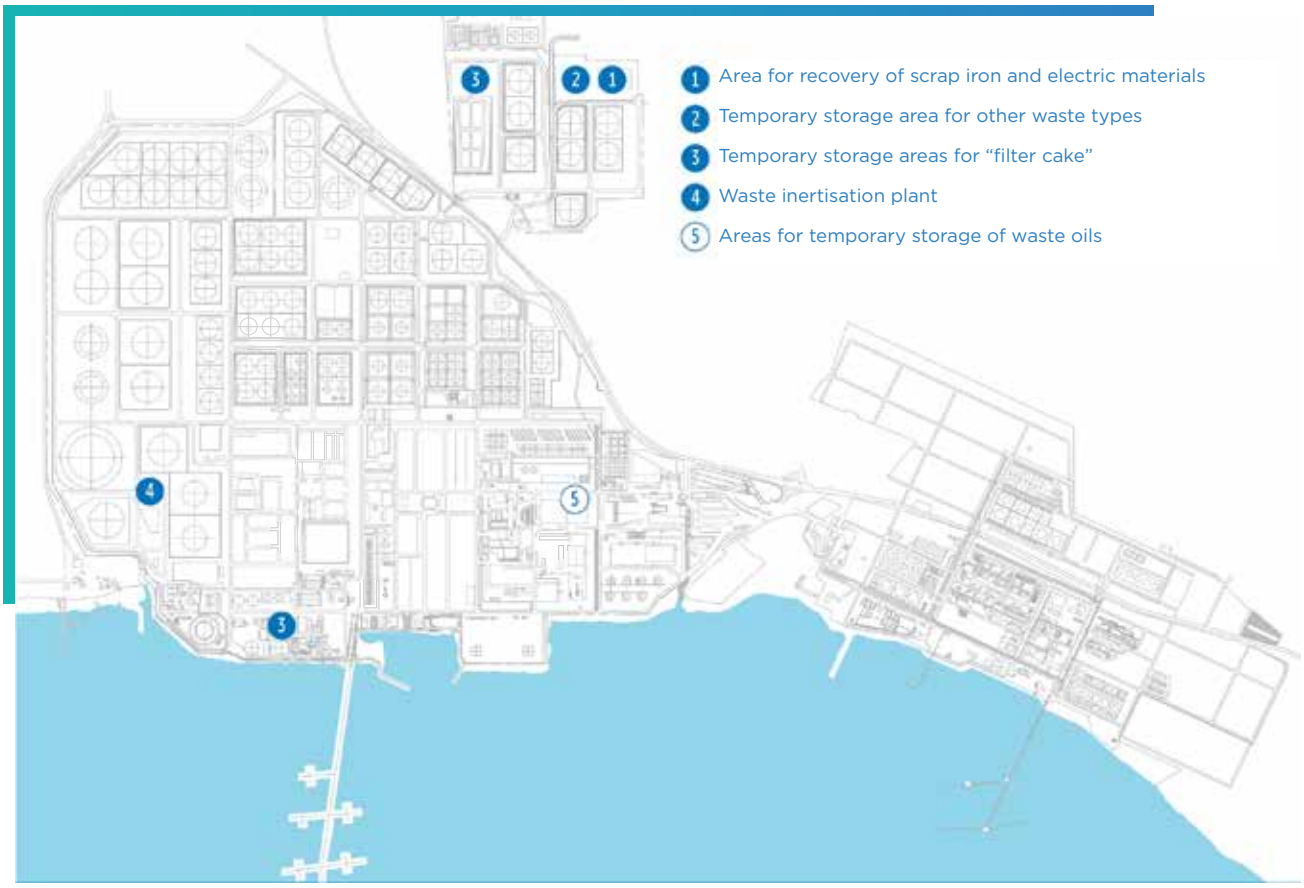
- D1: direct landfill disposal
- D9: chemical and physical treatment
- D10: disposal by incineration
- D15: preliminary storage before any of the D1 to D14 operations

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 prescribes a specialised monitoring system.

Sarlux: in-depth analysis

Concerning 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 2021 financial year, 89% 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 are carried out. These authorised companies have been selected and are subject to periodical verifications, using 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 material for the steel industry. For this operation, a permit for the transboundary movement of waste is required annually, by 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 groundwaters 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	2019		2020		2021	
Waste treated at internal inertisation unit / thermal-dryer unit	38,985	53.69%	32,229	56.80%	33,568	69.59%
Groundwaters from hydraulic barrier wells treated at waste water treatment plant	7	0.01%	16	0.03%	2,008	4.16%
Filter cake sent for external recovery	1,802	2.48%	1,441	2.54%	1,823	3.78%
Other types of waste	31,817	43.82%	23,060	40.64%	10,838	22.47%
Total	**72,611**		**56,746**		**48,237**	

As can be seen, in 2021, 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 is in line with what was recorded in 2020 and is lower than the average of previous years.

Over the last few years, to look for improved solutions to ensure a reduction in the amount of waste produced, and thanks to the collaboration of all the functions involved, several actions previously identified have been implemented, 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);
- optimisation of catalyst life cycles;
- use of new, better-performing adsorbent materials with a longer service life in treatment plants (quartzite instead of activated carbon), thus reducing the amount of waste generated.

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, to achieve 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 2021, a total of 48.237 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	**2019**		**2020**		**2021**	
Non-hazardous waste	27,610	38%	19,396	34%	8,001	20%
Hazardous waste, of which:	45,001	62%	37,350	66%	40,236	80%
Water from remediation activities	7	0.01%	16	0.04%	2,008	4.99%
Soil from remediation activities	0	0.00%	0	0.00%	359	0.89%
Hazardous waste from ordinary and extraordinary activities	44,994	99.99%	37,334	99.96%	37,869	94.12%
Total	**72,611**		**56,746**		**48,237**	

The share of waste sent for recovery or recycling is 9,569 tonnes of waste. The percentage of recovery or recycling of the total amount of waste produced is lower in 2021 than in previous years (21% 2021 vs. 38% 2020 vs. 40% in 2019, 2021 was characterised by a strong reduction in waste produced by activities such as new builds due to the remodelling of investments.

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.

SARLUX: TOTAL WASTE RECOVERED (INTERNAL AND EXTERNAL TO SITE) (T/YEAR)

Parameter	2019	2020	2021
Waste sent to recovery	27,860	20,137	7,746
Filter cake	1,802	1,441	1,823
Total waste recovered	**29,662**	**21,578**	**9,569**

SARLUX: DETAILS ON WASTE RECOVERY / RECYCLING (T/YEAR)

Parameter	2019			2020			2021		
	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total
Hazardous waste									
Reuse	0	0	0	0	0	0	0	0	0
Recycling	0	1,177	1,177	0	504	504	0	423	423
Other forms of recovery	72	3,588	3,660	78	2,647	2,725	21	2,192	2,213
Total	**72**	**4,765**	**4,837**	**78**	**3,151**	**3,229**	**21**	**2,615**	**2,636**
Non-hazardous waste									
Reuse	0	0	0	0	0	0	0	0	0
Recycling	3,149	21,476	24,625	2,085	15,932	18,017	726	6,208	6,934
Other forms of recovery	0	200	200	0	332	332	0	0	0
Total	**3,149**	**21,676**	**24,825**	**2,085**	**16,264**	**18,349**	**726**	**6,208**	**6,934**
Total waste recovered			**29,662**			**21,578**	**747**	**8,823**	**9,569**

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 Southern Plants;
- the quantities of wood, concrete, bitumen, refractory materials, excavated soil, and packaging is reported in the portion indicated as "Offsite Recycling".

Finally, about waste sent for Disposal (D1:D15) in 2021, the value stands at 38,668 tonnes, as indicated in the table detailing the destination. A small part of this quantity is sent directly to landfill, while the main part (indicated as "Other disposal operations") concerns waste sent for preliminary storage or physical-chemical treatment.

SARLUX: DETAILS ON WASTE DISPOSAL (T/YEAR)

Parameter	2019			2020			2021		
	Onsite	Offsite	Total	Onsite	Offsite	Total	Onsite	Offsite	Total
Hazardous waste									
Incineration (with energy recovery)	0	0	0	0	0	0	0	0	0
Incineration (without energy recovery)	0	0	0	0	0	0	0	0	0
Landfill	0	281	281	0	195	195	0	99	99
Other forms of disposal	38319	1564	39,883	32,167	1,759	33,926	33,555	3,946	37,501
Total	**38,319**	**1,845**	**40,164**	**32,167**	**1,954**	**34,121**	**33,555**	**4,045**	**37,600**
Non-hazardous waste									
Incineration (with energy recovery)	0	0	0	0	0	0	0	0	0
Incineration (without energy recovery)	0	0	0	0	0	0	0	0	0
Landfill	0	2,756	2,756	0	971	971	0	1,067	1,067
Other forms of disposal	0	29	29	0	76	76	0	0	0
Total	**0**	**2,785**	**2,785**	**0**	**1,047**	**1,047**	**0**	**1,067**	**1,067**
total waste sent to disposal			**42,949**			**35,168**	**33,555**	**5,112**	**38,668**

Separate waste collection for recycling

The 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 the Group level, in 2021 a total of 175 tonnes of sorted waste was collected, of which 48% was paper, 27% wet waste, 12% plastic and the remaining 12% glass and cans.

Around 88% (by weight) of the Group's total separate waste collection in 2021 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 make a difference: for example, a training module on separate waste collection was added to the induction training for contractors' employees. Finally, an 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 have enabled the excellent results achieved in 2021 as well, as previously described.

SEPARATED WASTE COLLECTION (T/YEAR)			
Parameter	**2019**	**2020**	**2021**
Paper	230	190	84
Plastic	48	41	21
Glass and cans	36	29	22
Decomposable	63	72	48
Total	**377**	**333**	**175**

Spills

In FY 2021, except for the 30 July event at the Sarlux site – Northern Plants (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 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 OCCURED ON 30 JULY 2021, AT THE NORTHERN PLANTS OF THE SARLUX SITE

On 30 July 2021, during the insertion of a connection line to the Northern Plants, a valve leaked with hydrocarbons, affecting a small section of pipe-way.

Immediately after the event, Sarlux personnel took all steps to eliminate the leak and protect the area. Communications were also sent to the relevant authorities, as required by the AIA Decree and Legislative Decree 152/2006.

The small area affected by the potential contamination was then subjected to all safety measures.

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, 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 a “double-hull”, a requirement that is enforced through monitoring both incoming and outcoming 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 the management of maritime terminals.

Soil and subsoil

Regarding 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 the pipeways, along which the transfer lines of oil products stretch, connecting 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 at 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.

DEPOSITO DI ARCOLA

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, gas oil and fuel oils.

In 1986, SPI sold the refinery to Arcola Petrolifera, which continued to run 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 m2 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^3.

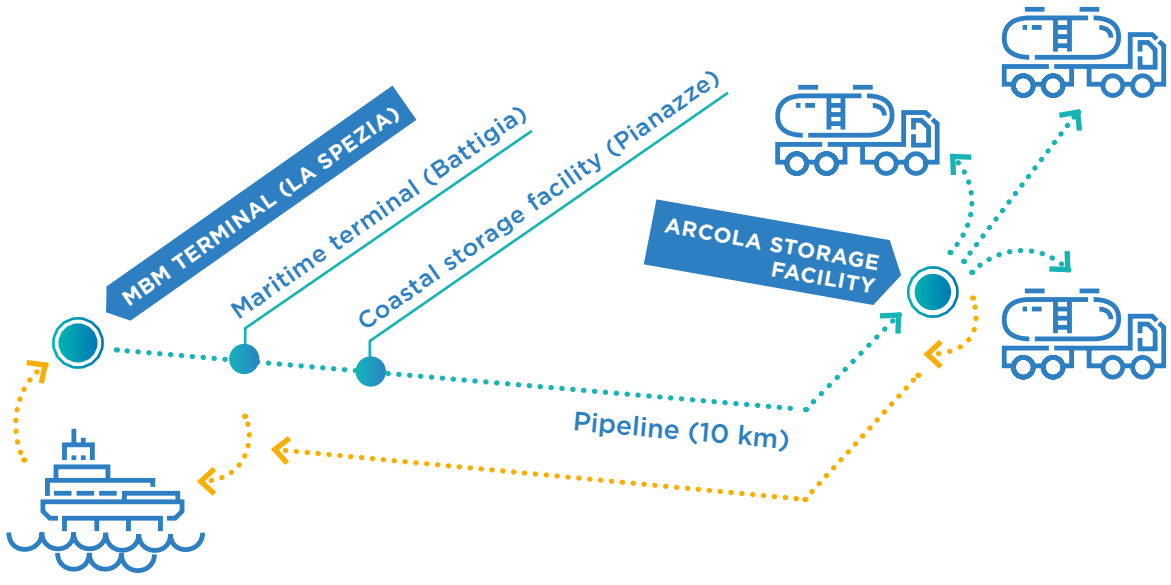
The storage activity consists of the receipt of oil products via sea, mainly coming from the Sarlux refinery in Sarroch. The products arrive by sea at the Multi Buoy Mooring (MBM) terminal, located in La Spezia harbour. From there, they are sent to the Arcola storage facility for storage in the destination 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, the inland transfer takes place through pumps that 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, by Presidential Decree 59/2013 and Legislative Decree 152/2006, as regards wastewater and atmospheric emissions, obtained on 17-Feb-2016;

DEPOSITO DI ARCOLA ACTIVITIES



HANDLING OF GASOIL AND GASOLINE (TONNES)			
Parameter	**2019**	**2020**	**2021**
Deliveries via tanker-trucks	132,814	127,806	154,755

- 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.

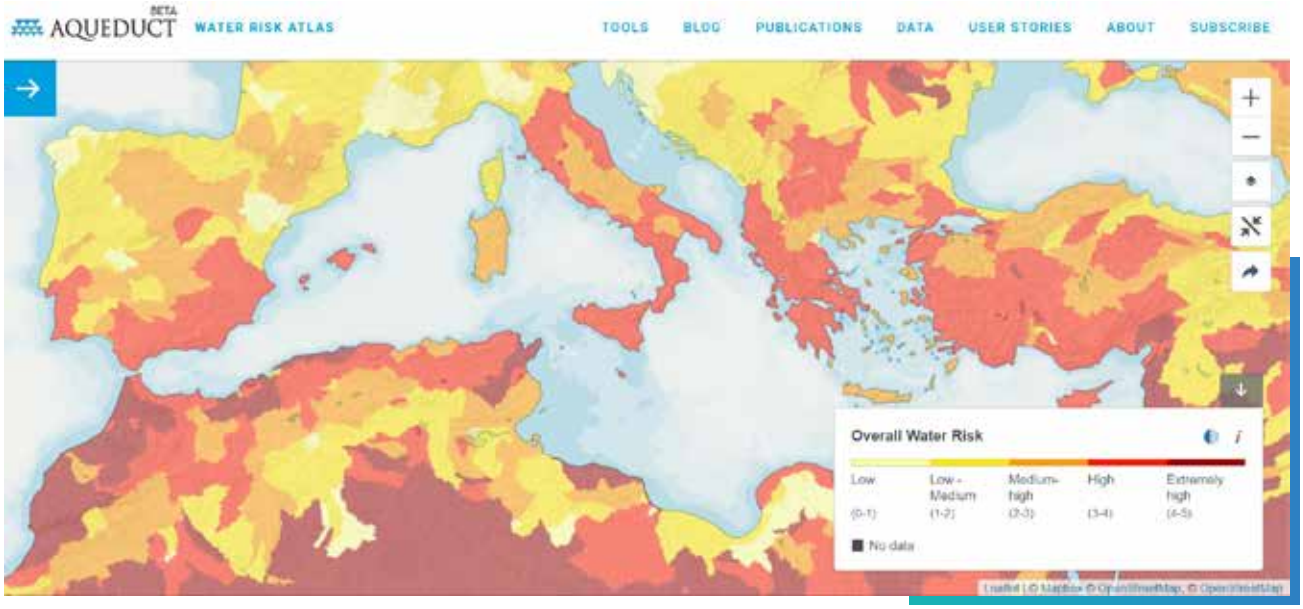
As part of the efforts to further improve the management of Health, Safety and Environment, in 2018 the subsidiary Deposito di Arcola launched a project designed to move the docking point for ships from the "Auriga" jetty to the dock currently used by ENEL.

By Saras's renewable energy objectives, the first phase of the Arcola Storage Facility conversion project was approved in 2021, relating to the preparation of the documentation required to apply for authorisation to decommission the topping area and the subsequent construction of a ground-mounted photovoltaic park with a capacity of around 3MW, located on land inside the storage facility. The project is currently expected to be completed by the end of 2023, subject to obtaining the necessary authorisations.

Finally, to increase safety levels, in 2021 work was completed on the installation of the latest generation of automatic radar levels on all the tanks in the storage facility, and their connection to a terminal located in the Control Room using Wi-Fi technology. As a result, the management of the oil inventories stored in the tanks is now carried out through software (Rosemount TankMaster Inventory Management) that collects real-time signals (such as levels and temperatures) from the field, to automatically calculate inventory masses and volumes and provides valuable information to the operators. Currently, the project to transfer the Tank Master to tablets (laptops) has started.

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 resources 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 the 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).

To reduce the 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 m³/h unit, capable of recovering water suitable for re-use in the cooling circuits, starting from process waters;
- 2018 saw the commissioning of the new sea-water desalination plant to produce 500 m³/h of demineralised water for use in high-pressure boiler circuits. The start-up was gradual, with all sections of the new plant coming on stream in April 2019. Once maximum capacity had been reached, the old desalination units built in the 1990s, which were no longer energy efficient, were shut down in May of the same year.

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

ONSITE WATER USE (m³)			
Parameter	**2019**	**2020**	**2021**
Water use onsite	22,148,791	21,303,724	21,511,015

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 (Mm³)						
Parameter	**2019**		**2020**		**2021**	
	Mm³	**%**	**Mm³**	**%**	**Mm³**	**%**
Internal recovery water (water reuse)	5.7	25.8%	5.9	27.6%	6.4	29.7%
Untreated water from the industrial consortium	6.7	30.5%	6.0	28.2%	6.1	28.2%
Seawater	9.7	43.7%	9.4	44.3%	9.1	42.2%
Total	**22.1**		**21.3**		**21.5**	

The new desalination plant (operating at full capacity since April 2019) and the constant efforts to increase the amount of reclaimed water ("Water Reuse") have made it possible to significantly reduce the withdrawal of raw water from the industrial consortium, which remained stable at 28.2% of the total site water consumption in the biennium 2020-21. Moreover, as already mentioned in the past, the yield of the new desalination plant is higher than that of the previous plants, which are no longer in operation, and this allows the same amount of demi water to be produced with less seawater withdrawal.

It is also worth noting that in 2021, for the first time in the history of the Sarroch site, the use of raw water from the consortium was the smallest item among the three types (whereas in 2015 it was the main source of supply). In the year just ended, the "Water Reuse" category was also overtaken by the "Water Reuse" category, thanks to numerous measures taken over the years to optimise operational management and increase the volumes reused in internal processes.

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 as the water withdrawn, with just minor changes in its temperature and/or salt concentration.

WATER WITHDRAWN BY THE SITE (m^3)			
Parameter	**2019**	**2020**	**2021**
Untreated water from the industrial consortium	6,749,917	5,997,790	6,060,035
Seawater	60,554,562	58,832,422	59,264,685
Total water withdrawn by site	**67,304,479**	**64,830,212**	**65,324,720**

Finally, to provide an even more in-depth representation and in line with the requirements of the 2018 update for the GRI-303 indicator, which was introduced in the 2020 financial year, an analysis was prepared about 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.

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.

Finally, a breakdown of water withdrawals from the Sarroch industrial site was prepared according to 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 2021, with a maximum value of 288 mg/L.

WATER WITHDRAWN IN AREAS SUBJECT TO "WATER STRESS" - SARLUX						
Parameter	2019		2020		2021	
	m³	%	m³	%	m³	%
Raw water from industrial consortium	**6,749,917**		**6,749,917**		**6,060,035**	
Of which, fresh water (TDS ≤ 1,000 mg/L)	6,749,917	100%	6,749,917	100%	6,060,035	100%
Of which, other qualities of water (TDS > 1,000 mg/L)	0	0%	0	0%	0	0%
Seawater	**60,554,562**		**60,554,562**		**59,264,685**	
Of which, fresh water (TDS ≤ 1,000 mg/L)	0	0%	0	0%	0	0%
Of which, other qualities of water (TDS > 1,000 mg/L)	60,554,562	100%	60,554,562	100%	59,264,685	100%
Total	**67,304,479**		**67,304,479**		**65,324,720**	

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. 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:

TDS (mg/L) = Ke * EC (µS/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 2021, 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. 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.

Finally, as already stated in the chapter on ESG Ratings, the Saras Group's ability to manage water resources is confirmed by the positive rating given by the CDP on the subject of "Water Security"; Saras received a score of "B", which indicates the ability of the company's management to "undertake coordinated action" on water resource management.

DISCHARGES INTO THE SEA (m^3/YEAR)

Parameter	2019	2020	2021
Discharges from desalination	17,086,633	16,383,320	17,819,767
Discharges from process	5,908,502	4,231,966	6,301,103
Discharges from cooling systems	33,789,110	33,019,805	32,373,833
Total discharges (TDS > 1,000 mg/L)	**56,784,245**	**53,635,091**	**56,494,703**

WATER DISCHARGES BY DESTINATION (m^3)

Parameter	2019				2020				2021			
	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	56,784,245	0	0	**56,784,245**	53,635,091	0	0	**53,635,091**	56,494,703	0	0	**56,494,703**
Sartec Srl	0	0	7,093	**7,093**	0	0	3,963	**3,963**	0	0	2,716	**2,716**
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		**1,980,800**	0	1,980,800		**1,980,800**
Saras Energia SAU	501	0	0	**501**	409	0	0	**409**	473	0	0	**473**
Saras Trading SA	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**
Total	**56,784,746**	**1,980,800**	**7,093**	**58,772,639**	**53,635,500**	**1,980,800**	**3,963**	**55,620,263**	**56,495,176**	**1,980,800**	**2,716**	**58,478,692**

* 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”

Biodiversiy

The major impacts of the Group's activities, products and services on the biodiversity of the protected areas, or areas with a high level of biodiversity outside the protected areas, relate to Sarlux, whose Sarroch industrial site is located on the coast, in the 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.

For 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 in 2021 from the analysis with the bioindicators, shows a quality status that fits in an intermediate position within the range of the 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 a 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
4	**21 < IAP < 30**	**Mediocre**	**Low naturalness/ low alteration**
3	**31 < IAP < 40**	**Medium**	**Medium naturalness**
2	41 < IAP < 50	Moderate	High naturalness
1	IAP > 50	Good	Very high naturalness

GREEN BARRIER

In 2021, despite the operational and production difficulties caused by the continuing pandemic emergency, Sarlux began work on the landscape and environmental mitigation project, known for brevity as the "Green Barrier", engaging in constructive discussions with the Sarroch municipal authorities.

During the summer of 2021, in the most critical areas between the industrial plant and the residential area, the first worksites were opened for planting the tree species envisaged in the project, which will immediately contribute to mitigating the environmental impact of the site on the residential areas of the municipality of Sarroch.

Subject to the necessary administrative authorisations, the entire project is expected to be completed by 2022.

Water

For 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 2019-2021, 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 protecting 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, except the winter of 2021, a period in which the water quality is due to the particularly rainy period that resulted in the transport of nutrients and sedimentable substances from some watercourses flowing into the Gulf of Cagliari. Overall, considering average annual values, the analysis allows us to conclude that the water quality for the year 2021 was "average" for surface waters and "medium-high" for bottom waters.

TROPHIC INDEX (TRIX) – WATER QUALITY AND CONDITION

	Quality level – Surface water	Quality level – Bottom water
January 2019	high	good
July 2019	high	high
January 2020	high	high
July 2020	high	high
January 2021	good	good
July 2021	high	high

CAM INDEX (SPECIFIC FOR THE SARDINIAN SEA)

	Quality level – Surface water	Quality level – Bottom water
January 2019	medium	medium
July 2019	high	high
January 2020	high	high
July 2020	high	high
January 2021	low	medium
July 2021	high	high

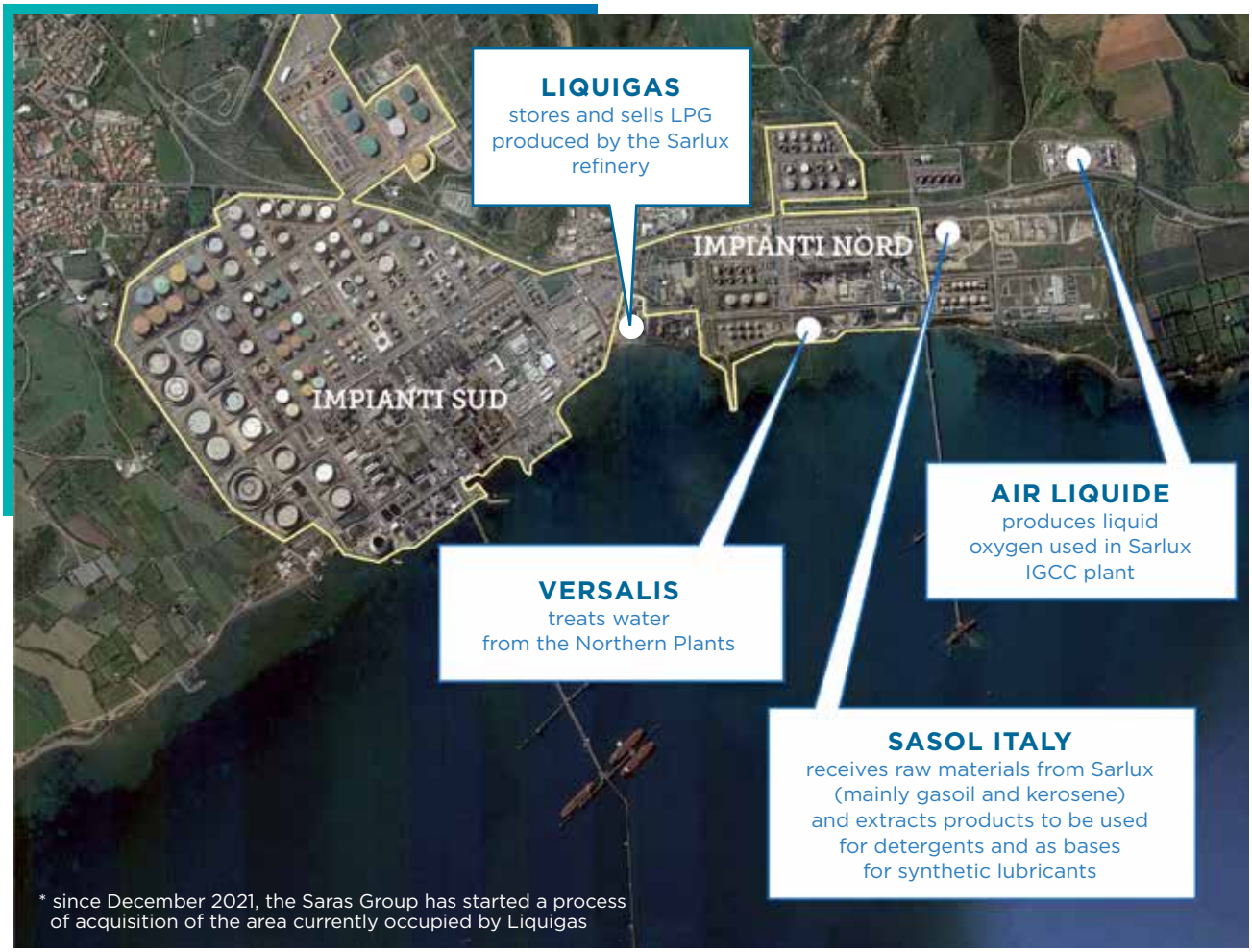
Technological innovation

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 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 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 the European level, about 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 petrochem-



ical plants previously owned by Versalis, achieving 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.

In terms of outlook, the Group's Industrial Plan focuses on strategies to develop and maintain the full efficiency of the Sarroch industrial site over the medium/long term, to ensure business continuity and sustainability, while also considering the necessary adjustments to market developments and relevant regulations.

In summary, the plan identifies options for improvement and optimal investment guidelines in the areas of energy efficiency, hydrogen production, long-term management of the IGCC cycle, logistics structure and enhancement of the petrochemical units, as well as, of course, optimising the production cycle and ensuring the full compliance with environmental regulations.

Saras Group Roadmap for Energy Transition and Decarbonisation

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

The Group is convinced that the energy sector will undergo epochal changes in the coming decades, and only companies that can adapt to this evolution will be able to continue generating sustainable economic and social value.

For this reason, Saras has undertaken for several years now a strategy and a roadmap to achieve the decarbonisation and energy efficiency targets set by the European Green Deal and the National Integrated Energy and Climate Plan (PNIEC). This roadmap envisages structured multi-year actions to always ensure efficiency and operational safety, as well as the continuity of oil supplies to the country and the stability of the Sardinian electricity grid.

In concrete terms, the Group's main areas of commitment in the Ecological Transition path are fully aligned with the pillars identified by the PNIEC: electricity production from Renewable Sources, development of biofuels, energy efficiency, and decarbonisation.

This consistency is backed up by the guarantees that Saras can offer as a credible and capable industrial operator, with which the country can plan a “smooth transition” process, in the interests of all parties.

Renewable energy sources

Saras' Business Plan conceives significant investments to expand its installed capacity up to 400MW, starting from the existing 126MW of the Ulassai wind farm, and a further 45MW from the Macchiareddu 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 the region where Saras has a solid reputation and strong ties of cooperation with the local communities.

Biofuel development

The 'Renewable Energy Directive' (RED II), also transposed in the Italian PNIEC, aims to increase the use of biofuels in liquid fuels for road transport (both diesel and petrol) by 2030. Saras will therefore 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 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 the 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 can produce 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:** still 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, car-fluff, and used tyres) through thermal processes (known as "waste to fuels" processes). The production potential is currently estimated at around 12 kton/year.

Hydrogen development

A further Group initiative regards the production of green hydrogen, which represents one of the sustainable means proposed by the European Commission for the ecological transition and is also able to contribute to the regulation of the electricity grid, as it compensates for the volatility and possible excesses of production and renewable sources.

The Group possesses technological capabilities and know-how in the management of this energy vector, and already produces about 120 kNmc/hour of hydrogen (from IGCC and Reforming units) at the Sarroch refinery.

Therefore, with the aforementioned wealth of experience and after careful analysis and assessment, on 29 December 2021, Saras set up a new company together with Enel Green Power to build a plant to produce green hydrogen (from water electrolysis) at the Sarroch refinery, according to the IPCEI financing opportunities.

The project will use a 20 MW electrolyser powered by renewable energy produced on-site. Expected production will be about 4 kNmc/hour of green hydrogen and a further 2 kNmc/hour of oxygen, to be used in the Sarroch site facilities.

Decarbonisation of the Sarroch industrial site through CCS

Saras is currently studying a capture and permanent storage (CCS) of CO_2 produced by the IGCC plant, intending 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 European Union decarbonisation targets

In this respect, on 15 September 2021, Saras signed a Memorandum of Understanding (MoU) with Air Liquide, with the initial objective of exploring the applicability at the Sarroch site of the "CryocapTM" technology, designed and patented by Air Liquide for carbon capture. Later on, a more in-depth feasibility study is planned, which will also include CO_2 transport and storage solutions, to achieve a significant reduction in the carbon footprint of the Sarroch industrial site and continue to supply over 3 TWh/year of electricity to Sardinia, but with significantly reduced greenhouse gas emissions.

Digitalisation

In 2021, the activities of the Digital group migrated within the Saras Tecnologie - SARTEC structure, a provider of industrial engineering and technology services, thus assuming a new organisational structure that is synergistic with the group's skills and focused on supporting production activities.

Activities were focused on improving production efficiency, operations, maintenance, and asset management, and supporting the growth of digital and technologically innovative culture and skills. At the same time, transversal support was provided to the various corporate structures in the areas of digital competence, developed in previous years, with a view to an integrated vision of common objectives.

The main areas on which attention was focused are

- development of new improvement programmes on cross-cutting strategic issues;
- development of new innovative technological solutions to support the business;
- technical support and technological development on previously implemented projects;
- support for the development of digitalisation;
- initiatives to support sustainability

Development of new improvement programmes on cross-cutting strategic issues

During the first half of the year, the main point of attention, modulated to reflect the general downsizing of investments due to a slower-than-expected economic recovery, was on improving operations and asset management processes, with a special focus on improving sustainability and environmental impacts.

In particular, a series of synergistic intra-group technology scouting and development initiatives were launched on various issues at the Sarroch production site, such as:

- decision support and optimisation of gas networks and atmospheric emissions
- improving monitoring of the marine environment around the plant
- optimisation of maintenance management

The various issues were addressed by providing a common PMO approach based on "Design Thinking" and "Agile" methodologies for identifying needs, and project strands and assessing priorities.

Several initiatives have been proposed, which can be modulated according to the available resources and with a multi-year development horizon, addressing aspects such as the improvement of data visualisation tools for faster action in case of anomalies, plant simulation systems to support operational decisions and the assessment of potential scenarios, the development of new advanced multi-variable controls and inferential analysers for process optimisation.

To improve the monitoring of the marine area surrounding the plant, the best technologies were researched to promptly identify any anomalies and leaks at sea. Technological scouting activities and pilot projects have been carried out to test innovative detectors, and automated solutions based on appropriately instrumented aerial and marine drones are being evaluated with external partners and academics.

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

Saras started to be involved in HVO co-processing in 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 an international conference, organised by ERTC, (European Refining Technology Conference).

In 2019 a new campaign of industrial test runs began on the MildHydrocracking Unit 1 (MHC1) of the Sarlux site, and it became possible to hold a continuous and stable HVO production in co-processing. HVO production is integrated with the traditional blending process of bio-diesel or FAME (Fatty Acid Methyl Ester).

While up to 2020 the vegetable feedstocks processed had been of the traditional type, from 2021 onwards the processing of "advanced bio-feedstock", in particular POME oil, was also undertaken.

In addition, in 2021 a test of pure HVO production on MHC1 by hydrogenation of the palm oil/POME mix was also carried out. This process was first evaluated on a pilot scale, then simulated with specific software (Hysys), and finally carried out on an industrial scale.

This test, unique in its kind, was carried out with existing industrial equipment and allowed the collection of fundamental data for any further development of this technology.

The production of HVO is strictly linked to "Sustainability certification for the production of biofuels and bioliquids". Saras has two different certifications, the first conforming to the National Scheme, used in Italy, and the second conforming to the EU ISCC (International Sustainability and Carbon Certification) scheme, which is essential in Europe.

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.

Finally, in the context of the circular economy and to achieve 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, to establish the possibility to use such feedstock for the production of HVO in co-processing.

For the improvement of emission control, work is proceeding on the development of predictive systems based on machine learning, which can be integrated with traditional analytical measurement systems.

Finally, for the improvement of maintenance management and safety processes, integrated software systems are being developed to correlate external personnel access to the plant, maintenance activities and authorised work permits, with interesting applications on the ability to monitor and evaluate the productivity of external suppliers.

Development of new innovative technological solutions to support the business

In the second half of the year, three new high-tech strategic initiatives were launched, which will be completed in 2022, defined for:

- the development of a new software platform for the management of the "digital twin", based on 3D virtual modelling and interconnected to the company systems, relating to the strategic asset of the South Wharf site;
- the development of a new software solution, based on "artificial intelligence & analytics", for production scheduling;
- testing on the Fluid Catalytic Cracking (FCC) plant of a new advanced plant control solution, based on the latest generation of 'adaptive deep learning' technologies.

The digital twin platform, currently being developed at the South Wharf and later extended to other assets, will provide a virtual replica of the asset with which to increase the value of the associated investment, construction, and maintenance processes, reducing development time and improving control capacity.

The evolution of tools to support Supply Chain Management, through a new Scheduling management software developed using machine learning and artificial intelligence techniques, will allow the rapid evaluation of numerous end-to-end schedules, economically prioritised. It will also make it possible to rapidly assess unexpected events and scenario changes and identify the optimal response.

For the FCC plant, new adaptive controllers are being evaluated and developed using machine learning and artificial intelligence methods, which can automatically recognise the operating set-up of the plant and select the most appropriate dynamic response model. These optimisation systems have an economic objective function and allow simultaneous optimisation of several plants in synergy with traditional advanced multivariable controls, where present.

Technical support and technological development on previously implemented projects

During the year, development activities also continued in the area of process simulation at the service of the plants, which made it possible to improve skills in the use of simulation software. In particular, new simulation models were developed to support process optimisation of catalytic cracking, reforming, and biofuel production plants.

Active participation in the Innovation Clubs of the world's leading players in the field of process simulation also made it possible to experiment with the latest-generation development environments based on hybrid digital twins.

During the year, work also continued on monitoring and maintaining the digital applications developed in-house in previous years, remodelling, and outsourcing certain activities in the data science area and planning the migration to the cloud of these applications to optimise operating costs.

New tools were also developed to support the automatic processing and sharing of reports and the display of data on dynamic dashboards. In particular, important work has been developed internally to standardise, from a data-driven perspective, the digitised checklists for the routine operational control of the plants.

Among the industrialised projects launched in previous years, it is worth mentioning the completion and testing of the connectivity project, which now provides complete wireless coverage of the production site, to the benefit of the currently connected work tools available to operators, but above all of the IoT tools for diagnostic analysis and reliability that will be used in the coming years.

Supporting digitisation development

Attention to the development and dissemination of digital culture and innovative processes was focused on several areas such as: in-house training, the application of alternative design methodologies, and the dissemination and sharing of information.

The in-house training programme started in 2020 has continued, aimed at improving knowledge of basic and advanced process simulation software. A dedicated course was set up, based on online lessons, and guided exercises, which directly involved about 20 participants. In collaboration with the HR function, the use of a new online tool for the creation of short courses that can be used autonomously online, including on smartphones, was tested.

In the development of the multidisciplinary initiatives for which support was requested, a project path was designed based on the Agile and Design Thinking methodology, starting from the collection, analysis, and prioritisation of needs, up to the prototyping of new ideas through a synergic, integrated vision oriented to the enhancement of individual skills.

The pursuit of engagement, stimulation of curiosity and new ideas, through the widespread dissemination of activities and news in the Digital area, were carried out both through the periodic newsletter and on the company intranet. The latter registered a direct engagement of about one-third of the company population and over 2700 views.

A new software platform was also created, already tested as a pilot tool in the past, for transversal communication and the sharing of project progress actively and flexibly.

Initiatives aimed at supporting sustainability

The year 2021 was also a year of support for the development of integrated sustainability initiatives. In particular, in line with the strategic objectives of progressive ecological transition and decarbonisation, several workshops were conducted, both internal and external, aimed at optimising CO_2 management and improving production efficiency.

Finally, given the recent increase in CO_2 costs, particular attention was paid to identifying existing opportunities in the Planning and Operations area. With the support of established technology partners, several investments aimed at optimizing processes were identified, which could be developed over the next few years to achieve significant reductions in CO_2 production at the Sarroch site.

Cybersecurity

The year 2021 was characterised by an extraordinary increase in cyber-attacks, both quantitatively and qualitatively, due to the severity of their impact. In fact, as also indicated by Clusit in its report "Rapporto 2021 sulla Sicurezza ICT in Italia" (2021 Report on ICT Security in Italy), in 2021 attacks against the "Energy / Utilities" categories increased by 46.2% compared to 2020.

Correspondingly, the percentage of severe attacks has also increased significantly: considering the impacts of types "Critical" and "High" it went from 49% in 2020 to 74% in 2021.

It can therefore be said that, if 2020 was the worst year ever in terms of the evolution of cyber threats (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), this negative trend was largely confirmed in 2021.

Concerning the types of attacks, the categories 'Cybercrime', 'Cyber Espionage' and 'Information Warfare' recorded the highest number of attacks in the last 10 years. As a result, there were also some major 'victims' among Italian companies during the year.

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;

- Approaching data security integrated, coherent, and harmonious, 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 and will be concluded in 2022, 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:

- Improvement of data protection;
- Standardisation and protection of critical IT infrastructure;
- Visibility of cyber threats;
- Effective governance of cyber risks;
- Execution through the Security Operation Centre (SOC).

As part of the ongoing Cyber Security Programme, technologies have been introduced to protect remote access to the corporate network, Cloud services, portals exposed on the Internet and administrative access. In addition to protecting servers and PCs, Saras has also extended protection 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 which are strategic for the protection of the company's business.

Lastly, for the rapid response to attempted attacks, the company has set up a specialised operational centre, the Security Operation Centre (SOC), which is active 24 hours a day, to provide proactive identification support and concrete responses to threats that exploit weaknesses in technological complexity.

Awareness programmes are planned for the coming year, targeting the entire corporate population.

The imminent future presents new challenges to consolidate day-to-day operations and extend protection to new measures. This will require finding new ways to deal with the evolution of threats, which is unstoppable in terms of intensity and sophistication.

This is a complex context, where companies and public administrations have to adapt rapidly to increasing and more severe cyber threats while rationalising costs and investments.

Privacy

The Saras Group adopted a model of continuous improvement of the data protection system, 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 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.

In 2021, Saras did not receive any complaints about violations of customer privacy, either from external parties or from regulators. The total number of detected leaks, thefts or losses of customer data is therefore zero.

SARTEC

Activities

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. 137 people, around 60% of which hold university degrees, and some of the Sartec's employees also had significant training experiences abroad.

The Sartec organisation, fully integrated into the "Industrial" one, is divided into the "Industrial Technology" and "Industrial Engineering and Services" structures to improve industrial and environmental performance to guarantee value and sustainability to the core business.

Such organizational change contributed to strengthening the role of the company within the Group and towards the market, allowing to reinforce in particular the competencies 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 a short and mid-term focus on 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.

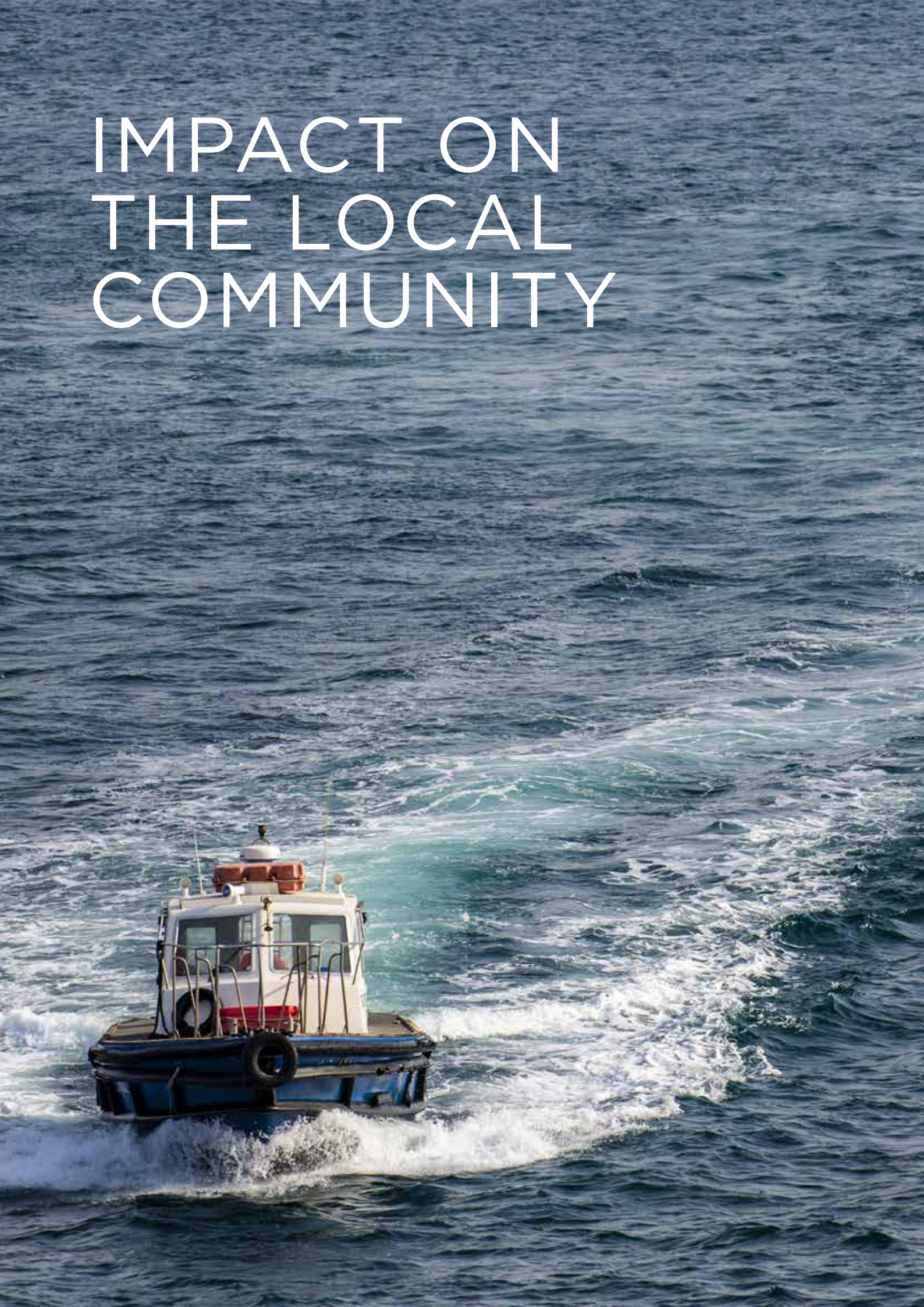
The **"Industrial Engineering and Services" division** is responsible for environmental protection services, and the multi-disciplinary design both for automation and process control activities, as well as for industrial operations services, and it is articulated in the following main activities:

- 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 and security engineering (according to IEC61508/IEC61511), 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

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.

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.

IMPACT ON THE LOCAL COMMUNITY



Local community relations

The Saras Group, which is now a solid international player, was founded almost 60 years ago in Sardinia, and immediately became involved with local communities, committing itself to creating sustainable value and promoting social projects. For decades, the relationship established has characterised a path of joint development, where the company and the region benefit symbiotically.

The Group's policy called "Our Stakeholders", sets out the Group's management approach for relations with local communities and recognises local groups and communities as stakeholders of strategic importance. The choice of projects, after an evaluation that covers both economic aspects and congruity with the values of the Group's Purpose, focuses on those considered to have the greatest impact and value for the territory, useful for supporting the social fabric, in particular following precise guidelines on the areas of intervention based on two main guidelines: the social context, i.e. the people who deserve support - especially the young, the elderly and the less well-off - and the territory, which refers to the range of interventions to be implemented to enhance the history and traditions of the territory with particular attention to the needs of the community.

One of the goals Saras focuses on with a strong commitment to 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.

Sars for schools

The right to study is a value that leads to cultural growth, development, and wellbeing: it means giving everyone the chance to have the tools to fulfil themselves. For this reason, Saras, through its Group companies, has set up various paths to meet the demands of schools and contribute to innovative and more effective education.

In 2021, projects linked to the 'Programme for Transversal Skills and Vocational Guidance (PCTO)' ministerial programme continued, online and, where possible, in person, for eight classes at three technical high schools. Ad hoc lessons were organised for each course, in which technicians and managers from the company dealt with industrial topics such as safety, the environment, energy efficiency, production processes, maintenance processes, ICT and various others, often using simulations to represent the Group's way of working and convey what is useful for entering the world of work.

Over the past 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 respon-

The initiatives and activities with Saras fit in perfectly and are complementary to the activities we plan every year; this is also thanks to the great and constant commitment of the teachers, who seize these very useful opportunities for young students.

Head teacher
of the Istituto Comprensivo Sarroch

sibility within the Company that is ongoing.

For more than 20 years, Saras has been supporting the cultural development of students at the state secondary school in Sarroch and Villa San Pietro, towns around the Sarlux industrial site.

As part of the "Saras for Schools" educational programme, the Group has, as every year, donated textbooks to the school's 120 or so students and, during the acute phase of the pandemic, in addition to the tablets offered in previous years, has supported the school by supplying new computers and printers to support distance learning.

In the name of sustainability and circular economy, the books are given on loan for use and handed over at the end of the year to the students to come, except in cases where new editions are to be adopted.

The Group's commitment to the right to education, which began in the early years of Saras' presence in the area, has over time enabled it to create a chemistry laboratory, and sports facilities (also equipped with defibrillators), themed seminars, workshops, and financial literacy activities.

The effectiveness of teaching is certainly linked to the professional skills of the teachers, but it also requires concrete support such as laboratories, textbooks, digital media appropriate to the times we live in, sharing experiences with external professionals, and, above all, the feeling of closeness, understanding and availability that we have always perceived in the Group.

Sarroch Comprehensive Institute teacher

Saras for universities

As part of the Memorandum of Understanding with the University of Cagliari, Saras continued its corporate social responsibility activities in 2021, pursuing the exchange of know-how with the university.

Regular seminars of a technical nature were 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.

A particularly interesting partner, given the training and educational objectives, is the Department of Mechanical, Chemical and Materials Engineering of the Faculty of Engineering, with which the Saras Group regularly organises seminars, meetings, workshops, and internships.

During the meetings, Saras Group managers and engineers present the company: as an industrial site that is fully integrated between refining, energy production and petrochemicals, and which represents a value for the region in terms of economic and social growth.

An important aspect was the presentation of the innovations underway on energy saving and environmental sustainability, by the guidelines of the European Green Deal and the national PNIEC.

The seminars were held online, given the impossibility of organising face-to-face meetings in 2021 and represent an important interaction between Saras and the university that creates added value for the students, the local area, the world of work and the entire community.

Finally, Saras has also joined a project devised by the Italian Association of Chemical Engineering (AIDIC) in 2021 and, together with other Sardinian companies, has helped to offer scholarships to the best engineering graduates. The award ceremony took place as an online event and was streamed live at the graduation session.

First of all, I found the meeting extremely interesting; in particular, one of the moments that struck me the most was the one concerning the policies adopted in terms of environmental sustainability, together with the research projects underway and the results achieved so far. Seeing how a company that apparently only deals with refining crude oil, actually focuses on so much more was really enjoyable.
Another very interesting aspect was to see how versatile the chemical engineer is and how he or she does not have a specific role but can aspire to different roles within a company.
Finally, I would like to reiterate how stimulating the meeting was. At the moment, in fact, because of the whole situation, I think I'm not the only one who has lost a bit of motivation and realises that the academic path and everything we are studying will lead us to a dynamic reality in which we can put ourselves on the line, like the one you showed us, was a great help!

Nicola, Engineering student
University of Cagliari

The meeting was in my opinion very constructive because it allowed us, students, to see for ourselves what our future could be. In addition, the decision to include illustrative films made the presentation very interesting, as at least personally I was able to see for the first time the working environment of a chemical engineer.
Finally, the added value of this meeting was certainly their ability to clarify doubts and inform us in a clear and simple, yet concise manner.

Silvia, Engineering student
University of Cagliari

I believe that this initiative has been of fundamental importance in terms of the educational path of us students and in spurring us to always give our best. Personally, it was very motivating to talk about my thesis (production of hydrogen from renewable sources) about the interests of the company. Furthermore, I am extremely honoured to have received an award from a company of Sartec's calibre.
Finally, I would like to thank Sartec and the other companies that provide this opportunity to reward the hard work of us, students.

Laura, Chemical Engineering graduate
University of Cagliari

"I find this initiative very interesting and important for our training.
We had the opportunity to get to know one of the working areas in which the figure of the engineer is particularly important.
The engineers were all very thorough, and very interesting in their description of the company's various skills and roles within it.
In my opinion, it was a very positive experience.

Marco, Engineering student
University of Cagliari

"The presentation was very interesting.
The speakers were engaging and I would love to have the opportunity to take part in more and also visit the factory.

Sonia, Engineering student
University of Cagliari

Saras for the community and sport

Saras also supports the community by sponsoring amateur and professional sports associations. The pandemic forced the government to implement measures that led to the suspension of many sporting activities; as a result, it had to redraw the plan for sports activities.

However, the Saras Group has supported "Sarroch Polisportiva Volley", an important expression of the local community. Saras is proud to help grow this type of sports club, which is a real training centre for young sportsmen and women.

Creation of Local value

The Saras Group has a "glocal" culture, as it identifies with both the global dimension of the oil markets and the local dimension of its communities.

The Group's commitment is constantly aimed at fully understanding the economic impact of its activities, both nationally and internationally, and about the stakeholders located in Sardinia, who are the most able to influence the Group's activities and strategies and who, in turn, are 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 how it influences its growth, from the cognitive, direct, and indirect economic, social, and environmental point of view. More precisely, according to the methodology developed by the company "Smart Lab" (a spin-off of the University of Cagliari that operates in the field of Business Intelligence) the Group's impacts can be traced to three types:

- **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).

The data for the three years 2014-16 were measured directly by Smart Lab, while those for subsequent years were calculated internally by Saras, using the same methodology. As can be seen in the table, the pandemic in 2020 mainly led to a reduction in tax revenues, due to the decline in revenues from ordinary operations (-45% vs. 2019); however, in 2021, revenues returned to levels closer to the pre-pandemic period (-10% vs. 2019) and tax revenues rose accordingly. On the other hand, the cost containment measures launched in 2020 to safeguard the company's capital soundness and healthy financial balance, resulted in 2021 in particular in the rescheduling of expenditure for the purchase of products and services (more details are available in the chapter dedicated to "Suppliers and Procurement Management: Goods and Services"). In addition, the reduction in staff resulting from the corporate reorganisation programme resulted in a decrease in the overall amount of remuneration paid to the Group's employees based in Sardinia.

Overall, this resulted in an impact on employee compensation of approximately €134 million per year in 2021 (one-third direct and two-thirds indirect spillover), down 15% from 2020. The impact of tax revenues was approximately €570 million/year (approximately 55% direct and 45% indirect spillover), up more than 16% from 2020. And finally, the impact of productive activities amounted to €136 million/year (equally divided between direct and indirect spillovers), down by about 50% compared to 2020.

ECONOMIC IMPACT OF SARAS GROUP'S ACTIVITIES IN SARDINIA (MILLION EURO)				
Parameter	**Avg. 2014-16**	**Avg. 2017-19**	**2020**	**2021**
Remuneration to Group's employees	46	49	53	45
Tax Revenue generated in Sardinia by the Group	455	424	269	313
Productive Activities (Goods & Services purchased from local suppliers)	101	152	138	68
Total of direct impact	**601**	**626**	**460**	**426**
Indirect impact of Remuneration	110	99	106	89
Indirect impact of Tax Revenue	378	347	220	256
Indirect impact of Productive Activities	100	152	138	68
Total indirect impact	**588**	**598**	**463**	**414**
Impact of Remuneration (direct + indirect)	**155**	**148**	**158**	**134**
Impact Tax Revenue (direct + indirect)	**833**	**772**	**489**	**570**
Impact Productive Activities (direct + indirect)	**201**	**305**	**276**	**136**

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 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 a 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.

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 85% compared to the bunker that was previously in use, called HSFO (High Sulphur Fuel Oil with a sulphur content of 3.5% by weight). It is estimated 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 today, Saras sold bunkers to more than 1500 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.

Considering that the Port of Cagliari did not previously have a bunkering service with barges, the activity launched by Saras represents a substantial contribution to the local supply chain (especially the maritime economy), which is 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 companies, in addition to paying port charges 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

Suppliers have always been an essential partner in the growth of the Saras Group, with whom it has been possible to cultivate a relationship based on respect, loyalty, impartiality, equal opportunities, and the pursuit of 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 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", to formalise the criteria and procedures for qualifying suppliers, and the "operating instructions", which describe in detail each operating step relating to the qualification process of goods and services suppliers.

By the end 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 2021, the Sarroch refinery processed a quantity of crude oil of approximately 13 million tons (Mton), divided into about 30 grades, which differ in their chemical and physical composition, thus confirming the great flexibility of its refinery units. In addition to crude oil, approximately 0.8 Mton of complementary feedstock was also processed. These quantities are around 5% lower than those processed in the period before the pandemic (e.g., in 2019) due to economic choices; however, a strong recovery can be appreciated compared to the minimum values reached in 2020, when there was a heavy contraction of oil consumption induced by Covid-19.

RAW MATERIALS PROCESSED BY ORIGIN (KT/YEAR)

Parameter	2019	2020	2021
North Africa	25%	22%	14%
North Sea	6%	6%	11%
Middle East	29%	31%	26%
Russia and the Caspian Sea	26%	27%	32%
West Africa	14%	13%	15%
Other	0%	0%	0%
Total	**100%**	**100%**	**100%**

RAW MATERIALS PROCESSED (KT/YEAR)

Parameter	2019	2020	2021
Crude oil	13,172	11,369	12,978
Complementary feedstock (semi-finished products)	1,277	702	809
Total refinery runs	**14,449**	**12,072**	**13,786**

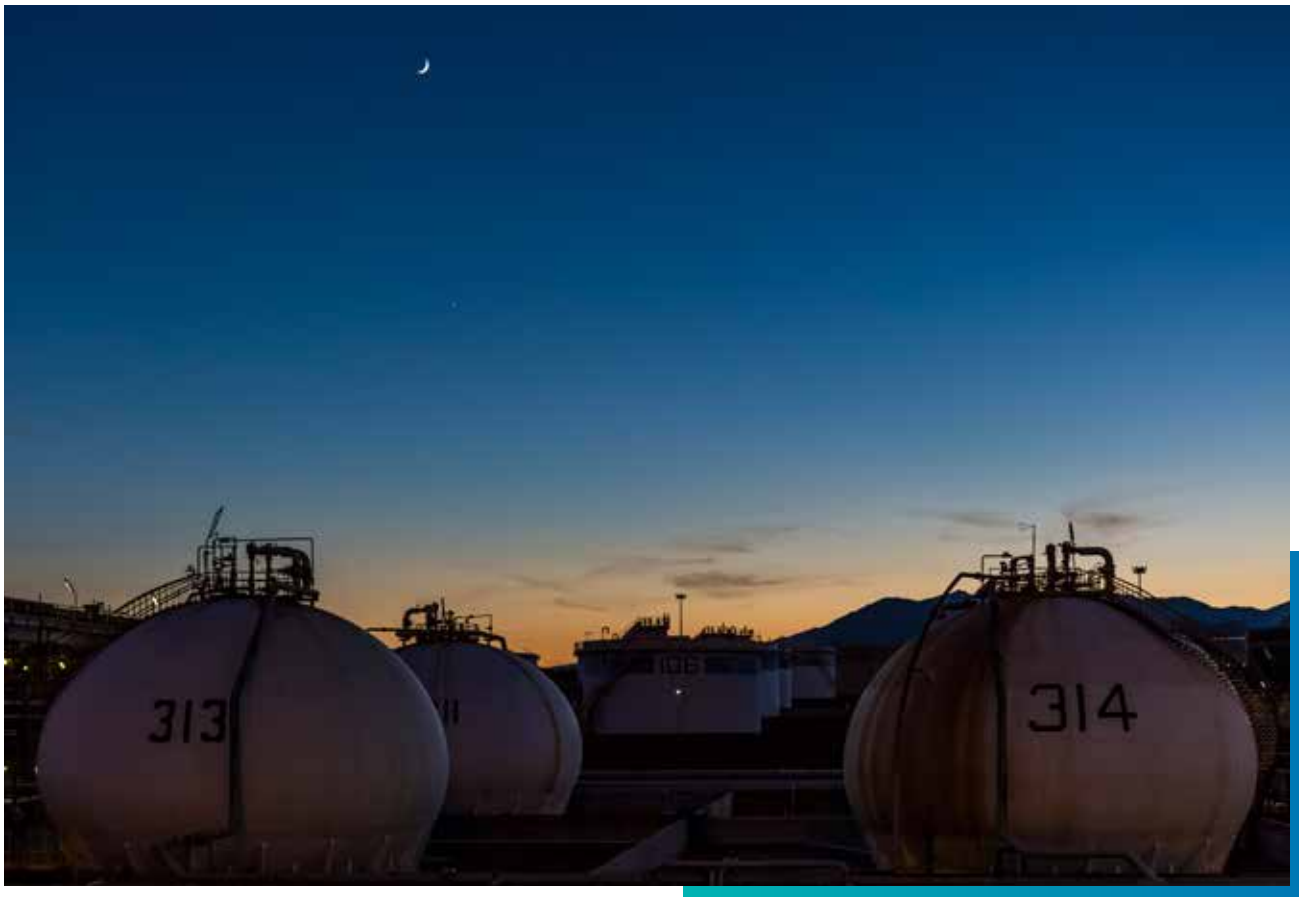
SARAS ACQUIRES THE WORLD'S FIRST CERTIFIED CARBON NEUTRAL CRUDE OIL CARGO

In April 2021, the Saras Group acquired from the Swedish Group Lundin Energy AB, the world's first cargo of crude oil, produced with fully offset CO_2 emissions, as certified by independent inspectors (Intertek Group plc) according to the "CarbonClear Zero Standard" methodology.

In this specific case, Lundin Energy started the production of the "Edvard Grieg" crude oil from an offshore field in the Norwegian Sea, using cutting-edge technologies that allow emissions to be limited to just 3.8 kg of CO_2 per barrel produced (assessed in terms of "full life cycle assessment", which therefore also includes the exploration and development phases, as well as the extraction phase). This value is around five times lower than the world average for oilfield emissions.

Saras added environmental considerations to the usual economic assessments, and therefore decided to purchase 600,000 barrels of Edvard Grieg crude. The residual CO_2 emissions associated with this cargo (around 2,300 tonnes) were offset by Lundin through a carbon capture project based on natural solutions, certified according to the "Verified Carbon Standard".

For the record, the Edvard Grieg field produces around 100,000 barrels of crude per day, which are transported through the Grane pipeline to the Sture terminal for subsequent export. Saras believes that this type of field can grow in terms of volumes produced over the next few years, and will remain vigilant in assessing its economic viability, as well as the associated environmental benefits.



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), continuous analysis tools and process control systems.

As regards the construction activities of new units or part of the existing units, these consist of the commissioning of metal and/or reinforced concrete structures, and the prefabrication and installation of large mechanical, electrical, instrumental equipment, etc.

In all the above cases, the skills offered by the contractors cover all specialties needed by large industrial oil and petrochemical plants, ranging from civil and metal framing to mechanical, electrical, and instrumental specialties.

Contracting firms started up their operations in 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, specialised, 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.

It should also be noted that, due to the difficulties linked to the pandemic, the Group had already launched cost containment initiatives during the 2020 financial year, to better safeguard the company's financial solidity and healthy economic balance. Among these, in 2021, there was a reorganisation of expenditure for the purchase of products and services: total procurement dropped by 48% and the total number of suppliers used was reduced by about 15%, as shown in the table.

SUPPLIERS OF GOODS AND SERVICES

Parameter	2019		2020		2021	
	N.	€mln	N.	€mln	N.	€mln
Saras Spa	108	21	94	22	96	19
Sarlux Srl	667	456	592	364	507	189
Sartec Srl	334	8	303	7	208	4
Sardeolica Srl	139	21	112	3	118	3
Deposito di Arcola Srl	99	3	85	2	74	2
Saras Energia SAU	430	13	286	7	223	6
Saras Trading SA	85	2	35	1	39	1
Total	**1,862**	**524**	**1,507**	**406**	**1,265**	**224**

More precisely, in 2021, Sarlux had 244 suppliers of goods and 263 suppliers of services, for a total procurement of €189 million, down from €364 million in procurements compared to the previous year.

Also, in terms of local impact, procurement from suppliers with registered offices in Sardinia has inevitably undergone a drop in percentage terms similar to that recorded on the total. More specifically, procurement from suppliers of materials with registered offices in Sardinia amounted to €11 million (vs. €16 million in 2020), corresponding to 20% of the total (vs. 24% in 2020). Similarly, procurement from service providers with registered offices in Sardinia amounted to €57 million (vs. €122 million in 2020), corresponding to 43% of the total (vs. 41% in 2020).

Regarding the subsidiary Saras Energia SAU, which is registered in Spain, the procurement share from suppliers based in Spain was around 92% of the total in 2021. In particular, almost 70% 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 €2 million), which is the location of the hydrocarbon storage facility of the wholly-owned subsidiary Terminal Logistics de Cartagena SLU.

SARLUX LOCAL SUPPLIERS

Parameter	2020									2021								
	Materials			Services			Total			Materials			Services			Total		
	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**
*Local suppliers**	41	16	24%	98	122	41%	139	138	38%	34	11	20%	91	57	43%	125	68	36%
Other	262	52	76%	191	174	59%	453	226	62%	210	45	80%	172	76	57%	382	121	64%
Total	**303**	**68**		**289**	**296**		**592**	**364**		**244**	**56**		**263**	**133**		**507**	**189**	

* 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, 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 to the achievement and maintenance of quality, environment, and safety management system certifications. In 2021, 62% of suppliers were ISO 9001 certified, 26.8% ISO 14001 certified, and 26.6% OHSAS 18001 / ISO 45001 certified.

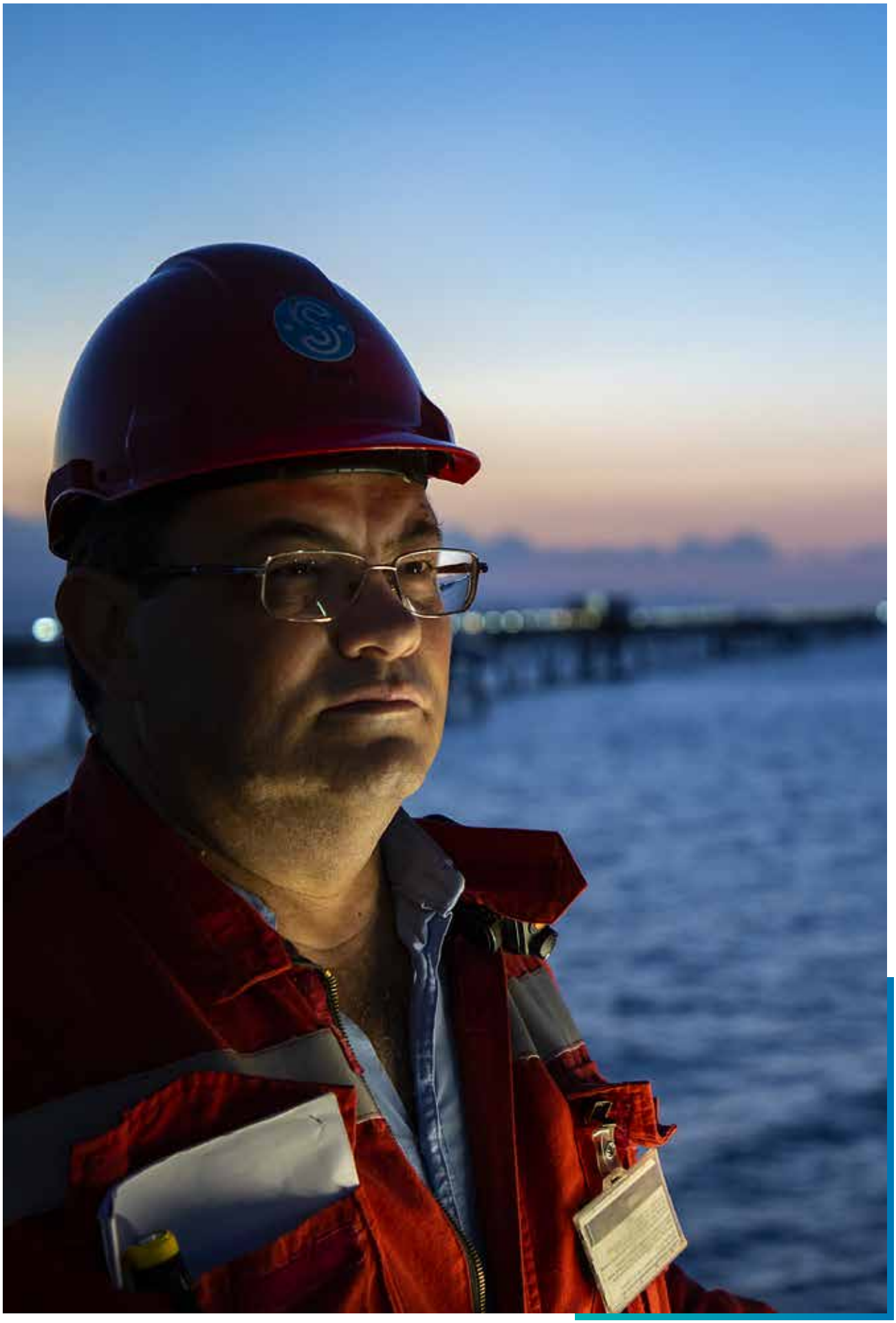
Each supplier during the qualification procedure requested to be admitted to the Group's "vendors' list", is analysed and assessed for the typical activities of its category; moreover, the suppliers shall demonstrate that they satisfy the basic legislative requirements regarding administrative, contributory 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 also constantly monitored during the renewal and maintenance of the supply contract, especially when the documents provided are about to expire.

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	**2019**	**2020**	**2021**
ISO 9001 certified suppliers	67.0	60.9	62.0
ISO 14001 certified suppliers	26.5	26.4	26.8
OHSAS 18001 certified suppliers	25.6	26.4	26.6



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, to obtain the net economic value generated by the Group, it must be looked initially at the 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 the value of the inventory, 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.

As shown in the table, the 2021 financial year shows a return to values before the start of the pandemic crisis, recovering from 2020, which had been abnormal and strongly affected by the Covid-19 pandemic. More specifically, total revenues in 2021, and in particular those from core operations, rebounded by more than 60% compared to the previous year, in line with the increase in gasoline and diesel prices (respectively +76% and +60% compared to 2020 prices) and higher refinery processing (equal to +14% compared to 2020 processing). On the other hand, oil feedstock costs (crude and complementary feedstocks) also increased, and the Brent benchmark crude oil ended 2021 with an average of $70.9/barrel (vs. $41.8/barrel in 2020), which kept refining margins even lower than in the pre-pandemic period.

As regards the change in costs for services and use of third-party assets, there was a marked increase in expenses for the purchase of electricity (€211 million in 2021 vs. €87 million in 2020) and expenses for the purchase of CO2 emission allowances (€290 million in 2021 vs. €120 million in 2020); furthermore, the result of derivative instruments on crude oil, products and CO2 was negative by approximately €42 million, while in 2020 it had been positive by €142 million. On the other hand, partially offsetting the above items, there were lower expenses for oil services, and industrial services and lower capitalisation of turnaround maintenance expenses in 2021.

In addition, there was an increase of approximately €138 million in the amount of excise duties, both collected and paid, compared to the previous year, due to the higher quantities of oil products released for consumption on the Italian market.

The economic value retained by the company is approximately €206 million (of which approximately €198 million in the form of depreciation, amortisation, and write-downs). It should also be noted that no dividends were distributed in 2021, due to the negative result recorded in 2020.

Finally, from the analysis of the various items that comprise the Economic Value Distributed, it can be observed that in the year 2021:

- €1,534 million was paid to the Public Administration, in the form of Excise duties;
- €41 million was paid for taxes and duties to the Public Administration;
- €142.6 million was paid to employees in the form of salaries, social security contributions, provisions for severance indemnities and other per-

sonnel costs (and this amount translates directly into household spending power, thus contributing to generating additional value for the territory);
- Nothing was allocated to Shareholders' remuneration, due to the already mentioned negative result for the year 2020, and in line with the company's policy on dividend distribution;
- €19.4 million was allocated to Capital Providers, to remunerate interest on loans received;
- Finally, about €1.5 million was allocated to the Community in the form of donations, sponsorships, contributions, and membership fees.

ECONOMIC VALUE (THOUSANDS OF EURO)				
		2019	**2020**	**2021**
Total revenue		**9,638,854**	**5,342,284**	**8,636,448**
Costs for raw materials and inventory changes		-8,532,443	-4,745,491	-7,183,640
Costs for services and use of third-party goods		-684,607	-491,838	-1,000,254
Other operating expenses		-14,716	-22,245	-18,656
Net financial charges/income		-541	2,546	-26,751
Excise duties collected		1,664,290	1,399,041	1,537,490
Net economic value generated	**A**	**2,070,838**	**1,484,298**	**1,944,637**
Economic value retained / (released)	**B**	**157,249**	**-23,959**	**205,954**
of which depreciation and amortisation		198,698	254,032	198,525
Economic value distributed	**C=(A-B)**	**1,913,589**	**1,508,257**	**1,738,683**
of which to PA for Excise duties paid		1,660,116	1,394,428	1,534,088
of which to PA for taxes		9,435	-68,879	40,991
of which to Personnel		148,653	163,498	142,570
of which to Shareholders		75,310	0	0
of which to Capital Providers		18,237	16,364	19,538
of which to the Community		1,839	2,845	1,496

METHODOLOGICAL NOTE

Saras' Sustainability Report for the financial year 2021 constitutes the Consolidated Disclosure of Non-financial Information for 2021 (DNF) in accordance with the Legislative Decree No. 254/2016 and represents the fifth 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" and according to the various editions and updates specified in the GRI Content Index;
- its purpose is to describe, as regards economic, social, and environmental aspects, the activities carried out by the Group, the goals pursued, the performance achieved, and the related risks;
- for other purposes than complying with the requirements of Legislative Decree 254/2016, incorporates additional KPIs specific to the sectors in which the Saras Group operates, considering the recommendations of the Sustainability Accounting Standards Board (SASB). These indicators are clearly identified within the text with the appropriate reference code [SASB TC-TL n° disclosure] and are to be considered additional to the disclosures prepared in accordance with GRI Standards in order to meet the requirements of articles 3 and 4 of Legislative Decree 254/16.

Reporting process and scope

The issues reported in this document are the result of various analyses and stakeholder engagement activities carried out by the Group between December 2021 and January 2022, and it shows an excellent alignment between the priorities established internally within the company and those perceived externally (for more details, see the chapter "Saras Priorities: Materiality Matrix").

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 01/01/2021 and 31/12/2021 and 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 are 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 that of the Group;
- The calculation of CO_2 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.
- It should be noted that the Saras Group manages its taxation in a transparent manner and, as regards all the Group's subsidiaries based in Italy, subject to Italian jurisdiction, in accordance with the principles of tax consolidation. Regarding the taxable income of the foreign subsidiaries in Spain and Switzerland, it should be noted

that the percentage of their contribution to the consolidated value is not significant; it follows that the company does not include the country-by-country reporting and the disclosures required by the recent GRI 207 TAX (2019) issue, as it is deemed not material. However, it should be noted that in the Sustainability Report, for several years now, the Group has been reporting on the value of tax revenues paid in Sardinia, considering it an important lever for the creation of local value; for details of this discussion, please refer to the paragraph "Creation of local value" within the chapter "Impact on the territory".

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 are shown in the Appendix. Finally, this document (DNF) was approved by the Board of Directors of Saras S.p.A. on 14/03/2022.

Scope

Below are shown 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 to fully comply with the requirements of the Legislative Decree. 254.

MATERIAL TOPICS	GRI STANDARD TOPICS	PERIMETER	
		Internal	**External**
Health and Safety protection	Occupational health and safety	Group	Supply chain
Air pollutants	Emissions	Sarlux	
Greenhouse gas emissions	Emissions	Sarlux	Supply chain
Waste and discharge management	Water discharges and Waste	Group	
Energy efficiency	Energy Emissions	Sarlux	Supply chain
Shared value creation and stakeholder participative relations	Employment Labour/Management Relations Market presence Local communities Indirect Economic Impacts	Group	
Technological innovation		Group	
Electric energy supply	Energy	Sarlux Sardeolica	
Human Resources management, development, and empowerment	Employment Trade Union Relations Training and education	Group	

MATERIAL TOPICS	GRI STANDARD TOPICS	PERIMETER	
		Internal	**External**
Water management	Water and Effluents	Group	Supply chain
Suppliers relationships management	Supply chain Procurement Practices Materials	Group	
Circular economy in business operations integration	Water discharges and waste	Group	
Privacy and cyber security	Customer Privacy	Group	Supply chain
Governance, Ethics, anti-corruption, and Human Rights	Anti-corruption Non-discrimination Diversity and Equal Opportunity Environmental Compliance Socioeconomic Compliance Customer Health and Safety	Group	Supply chain
Biodiversity conservation	Biodiversity	Sarlux Sardeolica	

Note:

With the exception of the theme related to "Health and Safety Protection", reporting is not extended to the supply chain.

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ETHICS AND INTEGRITY			
102-16	Values, principles, standards and norms of behavior	Sustainability at Saras – Saras Group Sustainability Policy Sustainability at Saras – Strategic Approach and ESG Targets Group Identity - Internal control and risk management system	13 24-26 54-56
GOVERNANCE			
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STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholders groups	Sustainability at Saras – Saras priorities	31
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SPECIFIC STANDARD DISCLOSURE – MATERIAL ASPECTS				
DMAs and performance indicators		**Section / Page number**		**Omissions**
ECONOMY				
MARKET PRESENCE				
103-1 103-2 103-3	Management approach	Our people – Human resources management	78	None
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Our people – Human resources management	86	None
INDIRECT ECONOMIC IMPACTS				
103-1 103-2 103-3	Management approach	Impact on the local community – Local community relations	153	None
203-2	Significant indirect economic impacts	Impact on the local community – Economic value generated and distributed	157-158	None
ENVIRONMENT				
ENERGY				
103-1 103-2 103-3	Management approach	Sustainable energy Sustainable energy - Energy efficiency and consumption	99-100	None
302-1	Energy consumption within the organization	Sustainable energy - Energy efficiency and consumption	101-102	None
302-3	Energy intensity	Sustainable energy - Energy efficiency and consumption	103	None
EMISSIONS				
103-1 103-2 103-3	Management approach	Sustainable energy Sustainable energy - Greenhouse gas and air pollutant emissions	99, 141 110-111	None
305-1	Direct (Scope 1) GHG emissions	Sustainable energy - Greenhouse gas and air pollutant emissions	114-115	None
305-7	Nitrogen oxides (NO_x), (SO_x) and other significant air emissions	Sustainable energy - Greenhouse gas and air pollutant emissions	111-113	None
WASTE				
103-1 103-2 103-3	Management approach	Sustainable energy Sustainable energy – Water Resource Management Sustainable energy - Waste and spills	99, 131, 119	None
306-2	Waste by type and disposal method	Sustainable energy - Waste and spills	119-127	None
306-3	Significant spills	Sustainable energy - Waste and spills	128	None
306-4	Transport of hazardous waste	Sustainable energy - Waste and spills	122	None
306-1 (2020)	Waste generation and significant waste-related impacts	Sustainable energy - Waste and spills	121-123	None
306-2 (2020)	Management of significant waste-related impacts	Sustainable energy - Waste and spills	101-102	None
306-3 (2020)	Waste generated	Sustainable energy - Waste and spills	124	None
306-4 (2020)	Waste diverted from disposal	Sustainable energy - Waste and spills	125	None
306-5 (2020)	Waste directed to disposal	Sustainable energy - Waste and spills	126	None

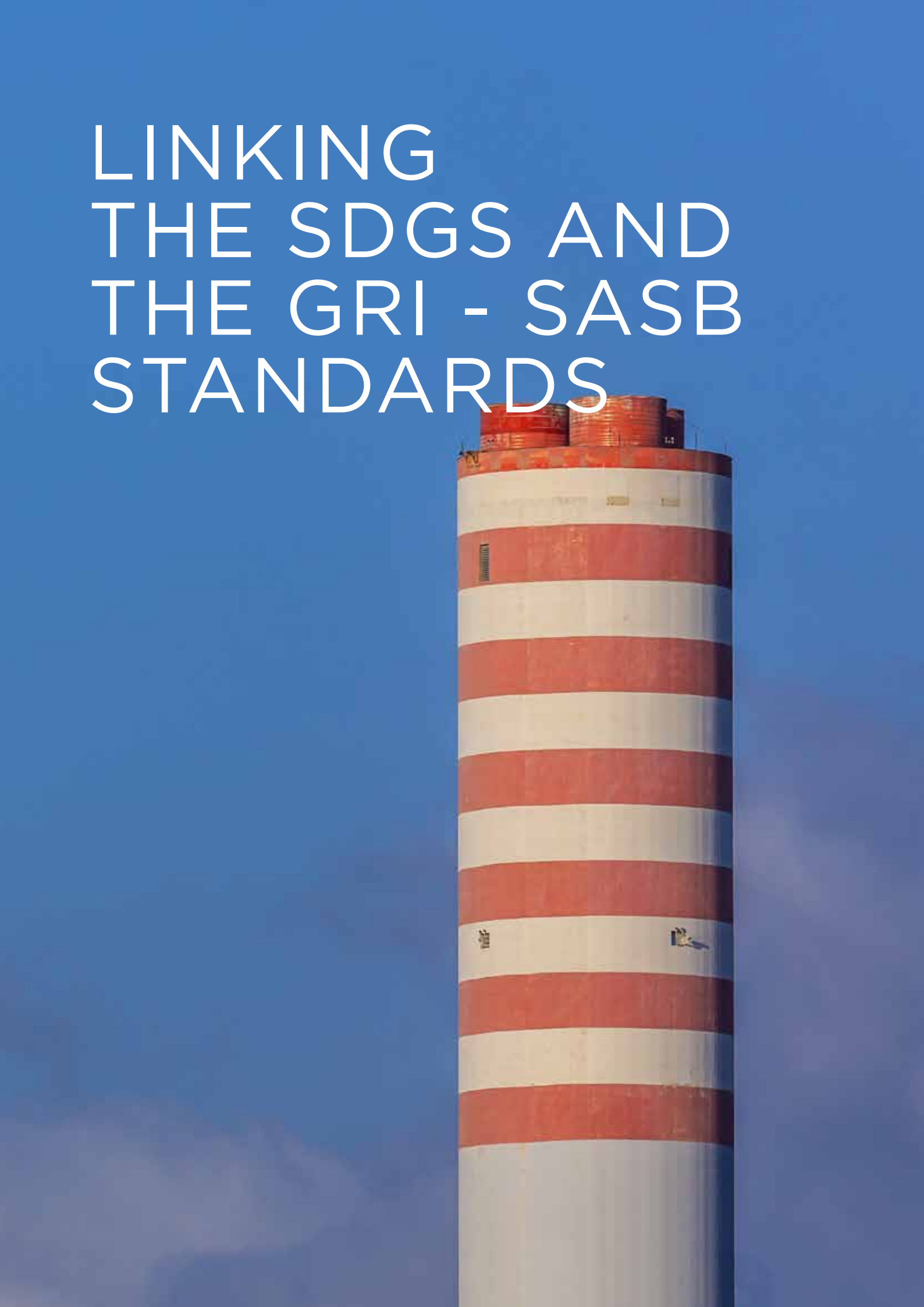
SPECIFIC STANDARD DISCLOSURE – MATERIAL ASPECTS				
DMAs and performance indicators		**Section / Page number**		**Omissions**
SOCIAL				
EMPLOYMENT (2016)				
103-1 103-2 103-3	Management approach	Our people - Human resources management	78-79	None
401-1	New employee hires and employee turnover	Our people - Human resources management	82-84	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	73, 86-87	None
LABOUR/MANAGEMENT RELATIONS (2016)				
103-1 103-2 103-3	Management approach	Our people - Human resources management	78-79	None
402-1	Minimum notice periods regarding operational changes	Our people - Trade Union Relations	96-97	None
OCCUPATIONAL HEALTH AND SAFETY (2018)				
103-1 103-2 103-3	Management approach	Our people – Health and safety	65-66	None
403-1	Occupational health and safety management system	Group Certifications Our people - Health and safety	14-148 65-66	None
403-2	Hazard identification, risk assessment, and incident investigation	Our people - Health and safety	66 70-72	None
403-3	Occupational health services	Our people - Health and safety	73	None
403-4	Worker participation, consultation, and communication on occupational health and safety	Our people - Health and safety	69	None
403-5	Worker training on occupational health and safety	Our people – Training and development	91-92	None
403-6	Promotion of worker health	Our people - Health and safety	73	None
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Group identity – The internal control and risk management system Our people - Health and safety	58, 66	None
403-8	Workers covered by an occupational health and safety management system	Group Certifications Our people - Health and safety	19 65-66	None
403-9	Work-related injuries	Our people - Health and safety	70-72	None
TRAINING AND EDUCATION				
103-1 103-2 103-3	Management approach	Our people - Training and development	90	None
404-1	Average hours of training per year per employee	Our people - Training and development	92-93	None

SPECIFIC STANDARD DISCLOSURE – MATERIAL ASPECTS				
DMAs and performance indicators		**Section / Page number**		**Omissions**
LOCAL COMMUNITIES				
103-1 103-2 103-3	Management approach	Impact on the local community - Local community relations	153	None
413-1	Operations with local community engagement, impact assessments, and development programs	Impact on the local community - Local community relations	153-156	None
TECHNOLOGICAL INNOVATION				
103-1 103-2 103-3	Management approach	Sustainable energy – Technological innovation	139-140	None

SPECIFIC STANDARD DISCLOSURE – OTHER RELEVANT ASPECTS				
DMAs and performance indicators		**Section / Page number**		**Omissions**
ECONOMY				
PROCUREMENT PRACTICES				
103-1 103-2 103-3	Management approach	Impact on the local community - Supplier and procurement management	161	None
204-1	Proportion of spending on local suppliers	Impact on the local community - Supplier and procurement management	164-165	None
ANTI-CORRUPTION				
103-1 103-2 103-3	Management approach	Group Identity – Corruption prevention	62	None
205-2	Communication and training about anti-corruption policies and procedures	Group Identity – Corruption prevention	62	None
205-3	Confirmed incidents of corruption and actions taken	Group Identity – Corruption prevention	62	None
ENVIRONMENT				
MATERIALS				
103-1 103-2 103-3	Management approach	Impact on the local community - Supplier and procurement management	161	None
301-1	Materials used by weight or volume	Impact on the local community - Supplier and procurement management	162	None
WATER				
103-1 103-2 103-3	Management approach	Sustainable energy Sustainable energy - Water Resource Management	99, 131	None
303-1	Interactions with water as a shared resource	Sustainable energy Sustainable energy - Water Resource Management	99, 131	None
303-2	Management of water discharge-related impacts	Sustainable energy Sustainable energy - Water Resource Management	99, 131, 134	None
303-3	Water withdrawal	Sustainable energy - Water Resource Management	133-134	None
303-4	Water discharge	Sustainable energy - Water Resource Management	134-135	None
303-5	Water consumption	Sustainable energy - Water Resource Management	132	None
BIODIVERSITY				
103-1 103-2 103-3	Management approach	Sustainable energy	99	None
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sustainable energy - Biodiversity	136-138	None
ENVIRONMENTAL COMPLIANCE				
103-1 103-2 103-3	Management approach	Group identity - The internal control and risk management system	54-56	None
307-1	Non-compliance with environmental laws and regulations	Group identity - The internal control and risk management system	56	None

SPECIFIC STANDARD DISCLOSURE – OTHER RELEVANT ASPECTS				
DMAs and performance indicators		**Section / Page number**		**Omissions**
SOCIAL				
DIVERSITY AND EQUAL OPPORTUNITY				
103-1 103-2 103-3	Management approach	Our people - Human resources management	78	None
405-1	Diversity of governance bodies and employees	Group identity - Governance Our people - Human resources management	49-50 81-82	None
NON-DISCRIMINATION				
103-1 103-2 103-3	Management approach	Our people - Human resources management	78	None
406-1	Incidents of discrimination and corrective actions taken	Our people - Human resources management	81	None
CUSTOMER HEALTH AND SAFETY				
103-1 103-2 103-3	Management approach	Group identity - The internal control and risk management system	54-56	None
416-2	Incidents of non-compliance concerning the health and safety impacts of products	Group identity - The internal control and risk management system	56	None
CUSTOMER PRIVACY				
103-1 103-2 103-3	Management approach	Group identity - The internal control and risk management system	54-56	None
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainable energy - Privacy	149	None
SOCIOECONOMIC COMPLIANCE				
103-1 103-2 103-3	Management approach	Group identity - The internal control and risk management system	54-56	None
419-1	Non-compliance with laws and regulations in the social and economic area	Group identity - The internal control and risk management system	56	None

LINKING THE SDGS AND THE GRI - SASB STANDARDS



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STRATEGY					
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ETHICS AND INTEGRITY					
16.3		102-16	Values, principles, standards and norms of behavior	Sustainability at Saras – Saras Group Sustainability Policy Sustainability at Saras – Strategic Approach and ESG Targets Group Identity - Internal control and risk management system	13 24-26 54-56
GOVERNANCE					
		102-18	Governance structure	Group identity - Governance	49-53
STAKEHOLDER ENGAGEMENT					
		102-40	List of stakeholders groups	Sustainability at Saras – Saras priorities	31
8.8		102-41	Collective bargaining agreements	Our people – Trade Union Relations	96-97
		102-42	Identifying and selecting stakeholders	Sustainability at Saras – Saras priorities	31
		102-43	Approach to stakeholder engagement	Sustainability at Saras – Saras priorities	31
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SPECIFIC STANDARD DISCLOSURE – MATERIAL ASPECTS						
SDG	SASB	DMAs and performance indicators		Section / Page number		Omis-sions
ECONOMY						
MARKET PRESENCE						
12		103-1 103-2 103-3	Management approach	Our people – Human resources management	78	None
1.2 5.1 8.5		202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Our people – Human resources management	86	None
INDIRECT ECONOMIC IMPACTS						
12		103-1 103-2 103-3	Management approach	Impact on the local community – Local community relations	153	None
1.2 1.4 5.1 3.8 8.2 8.3 8.5		203-2	Significant indirect economic impacts	Impact on the local community – Economic value generated and distributed	157-158	None
SOCIAL						
EMPLOYEMENT (2016)						
12		103-1 103-2 103-3	Management approach	Our people - Human resources management	78-79	None
5.1 8.5 8.6 10.3		401-1	New employee hires and employee turnover	Our people - Human resources management	82-84	None
3.2 5.4 8.5		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	73, 86-87	None
LABOUR/MANAGEMENT RELATIONS (2016)						
12		103-1 103-2 103-3	Management approach	Our people - Human resources management	78-79	None
8.8		402-1	Minimum notice periods regarding operational changes	Our people - Trade Union Relations	96-97	None
OCCUPATIONAL HEALTH AND SAFETY (2018)						
12		103-1 103-2 103-3	Management approach	Our people – Health and safety	65-66	None
8.8		403-1	Occupational health and safety management system	Group Certifications Our people - Health and safety	14-148 65-66	None
8.8	EM-EP-320a.1 EM-MM-320a.1	403-2	Hazard identification, risk assessment, and incident investigation	Our people - Health and safety	66 70-72	None
8.8		403-3	Occupational health services	Our people - Health and safety	73	None

SPECIFIC STANDARD DISCLOSURE – MATERIAL ASPECTS						
SDG	SASB	DMAs and performance indicators		Section / Page number		Omissions
8.8 16.7		403-4	Worker participation, consultation, and communication on occupational health and safety	Our people - Health and safety	69	None
8.8		403-5	Worker training on occupational health and safety	Our people – Training and development	91-92	None
3.3 3.5 3.7 3.8		403-6	Promotion of worker health	Our people - Health and safety	73	None
8.8		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Group identity – The internal control and risk management system Our people - Health and safety	58, 66	None
8.8		403-8	Workers covered by an occupational health and safety management system	Group Certifications Our people - Health and safety	19 65-66	None
3.6 3.9 8.8 16.1		403-9	Work-related injuries	Our people - Health and safety	70-72	None
TRAINING AND EDUCATION						
12		103-1 103-2 103-3	Management approach	Our people - Training and development	90	None
4.3 4.4 4.5 5.1 8.2 8.5 10.3		404-1	Average hours of training per year per employee	Our people - Training and development	92-93	None
LOCAL COMMUNITIES						
12		103-1 103-2 103-3	Management approach	Impact on the local community - Local community relations	153	None
		413-1	Operations with local community engagement, impact assessments, and development programs	Impact on the local community - Local community relations	153-156	None
TECHNOLOGICAL INNOVATION						
12		103-1 103-2 103-3	Management approach	Sustainable energy – Technological innovation	139- 140	None

SPECIFIC STANDARD DISCLOSURE – OTHER RELEVANT ASPECTS						
SDG	SASB	DMAs and performance indicators		Section / Page number		Omissions
ECONOMY						
PROCUREMENT PRACTICES						
12		103-1 103-2 103-3	Management approach	Impact on the local community - Supplier and procurement management	161	None
8.3		204-1	Proportion of spending on local suppliers	Impact on the local community - Supplier and procurement management	164-165	None
ANTI-CORRUPTION						
12		103-1 103-2 103-3	Management approach	Group Identity – Corruption prevention	62	None
16.5		205-2	Communication and training about anti-corruption policies and procedures	Group Identity – Corruption prevention	62	None
16.5		205-3	Confirmed incidents of corruption and actions taken	Group Identity – Corruption prevention	62	None
ENVIRONMENT						
MATERIALS						
12		103-1 103-2 103-3	Management approach	Impact on the local community - Supplier and procurement management	161	None
8.4 12.2		301-1	Materials used by weight or volume	Impact on the local community - Supplier and procurement management	162	None
WATER						
12		103-1 103-2 103-3	Management approach	Sustainable energy Sustainable energy - Water Resource Management	99, 131	None
6.3 6.4 6.A 6.B 12.4		303-1	Interactions with water as a shared resource	Sustainable energy Sustainable energy - Water Resource Management	99, 131	None
6.3		303-2	Management of water discharge-related impacts	Sustainable energy Sustainable energy - Water Resource Management	99, 131, 134	None
6.4	EM-EP-140a.1 EM-MM-140a.1 EM-EP-140a.2	303-3	Water withdrawal	Sustainable energy - Water Resource Management	133-134	None
6.3	EM-EP-140a.2	303-4	Water discharge	Sustainable energy - Water Resource Management	134-135	None
6.4	EM-EP-140a.1 EM-MM-140a.1	303-5	Water consumption	Sustainable energy - Water Resource Management	132	None

SPECIFIC STANDARD DISCLOSURE – OTHER RELEVANT ASPECTS						
SDG	SASB	DMAs and performance indicators		Section / Page number		Omissions
BIODIVERSITY						
12		103-1 103-2 103-3	Management approach	Sustainable energy	99	None
6.6 14.1 15.1 15.5		304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sustainable energy - Biodiversity	136-138	None
ENVIRONMENTAL COMPLIANCE						
12		103-1 103-2 103-3	Management approach	Group identity - The internal control and risk management system	54-56	None
16.3	EM-MM-140a.2	307-1	Non-compliance with environmental laws and regulations	Group identity - The internal control and risk management system	56	None
SOCIAL						
DIVERSITY AND EQUAL OPPORTUNITY						
12		103-1 103-2 103-3	Management approach	Our people - Human resources management	78	None
5.1 5.5 8.5		405-1	Diversity of governance bodies and employees	Group identity - Governance Our people - Human resources management	49-50 81-82	None
NON DISCRIMINATION						
12		103-1 103-2 103-3	Management approach	Our people - Human resources management	78	None
5.1 8.8		406-1	Incidents of discrimination and corrective actions taken	Our people - Human resources management	81	None
CUSTOMER HEALTH AND SAFETY						
12		103-1 103-2 103-3	Management approach	Group identity - The internal control and risk management system	54-56	None
16.3		416-2	Incidents of non-compliance concerning the health and safety impacts of products	Group identity - The internal control and risk management system	56	None
CUSTOMER PRIVACY						
12		103-1 103-2 103-3	Management approach	Group identity - The internal control and risk management system	54-56	None
16.3		418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainable energy - Privacy	149	None
SOCIOECONOMIC COMPLIANCE						
12		103-1 103-2 103-3	Management approach	Group identity - The internal control and risk management system	54-56	None
16.3		419-1	Non-compliance with laws and regulations in the social and economic area	Group identity - The internal control and risk management system	56	None

REPORT BY THE INDIPENDENT AUDIT FIRM IN THE SUSTAINABILITY REPORT

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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 18th January 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 30th 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 31st December 2021 in accordance with article 4 of the Decree and approved by the Board of Directors on 14th March 2022 (hereinafter "DNF").
Our limited assurance engagement is not extended the information reported in the paragraph "European Taxonomy" of the DNF, that are required by art.8 of the European Regulation 2020/852.

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 International Code of Ethics for Professional Accountants (*including International Independence Standards*) (*IESBA Code*) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and

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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.

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 applied reporting standard;
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 of Saras S.p.A. and with the personnel of Sarlux S.p.A. and of Sardeolica 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.

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, implemented policies and main risks, we carried out inquiries and obtained supporting documentation to verify its consistency with the available evidence;
  b) with reference to quantitative information, we have performed both analytical procedures and other limited assurance procedures to ascertain on a sample basis the appropriate aggregation of data.
- in connection to the Sarroch refinery of the subsidiary Sarlux S.r.l. and for the Macchiareddu wind farm of the subsidiary Sardeolica S.r.l., that we have selected based on their activities, their relevance to the consolidated performance indicators and their location, we performed site visits during which we have had discussions with management and obtained evidence of the application of the stated 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 Saras Group for the year ended on 31st December 2021 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.
Our conclusions on the DNF of the Group do not refer to the information reported in the paragraph "European Taxonomy" of the DNF, that are required by art.8 of the European Regulation 2020/852.

Milan, 5th April 2022

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.

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We would like to thank all the colleagues of the Saras Group who have contributed to the production of this Report.