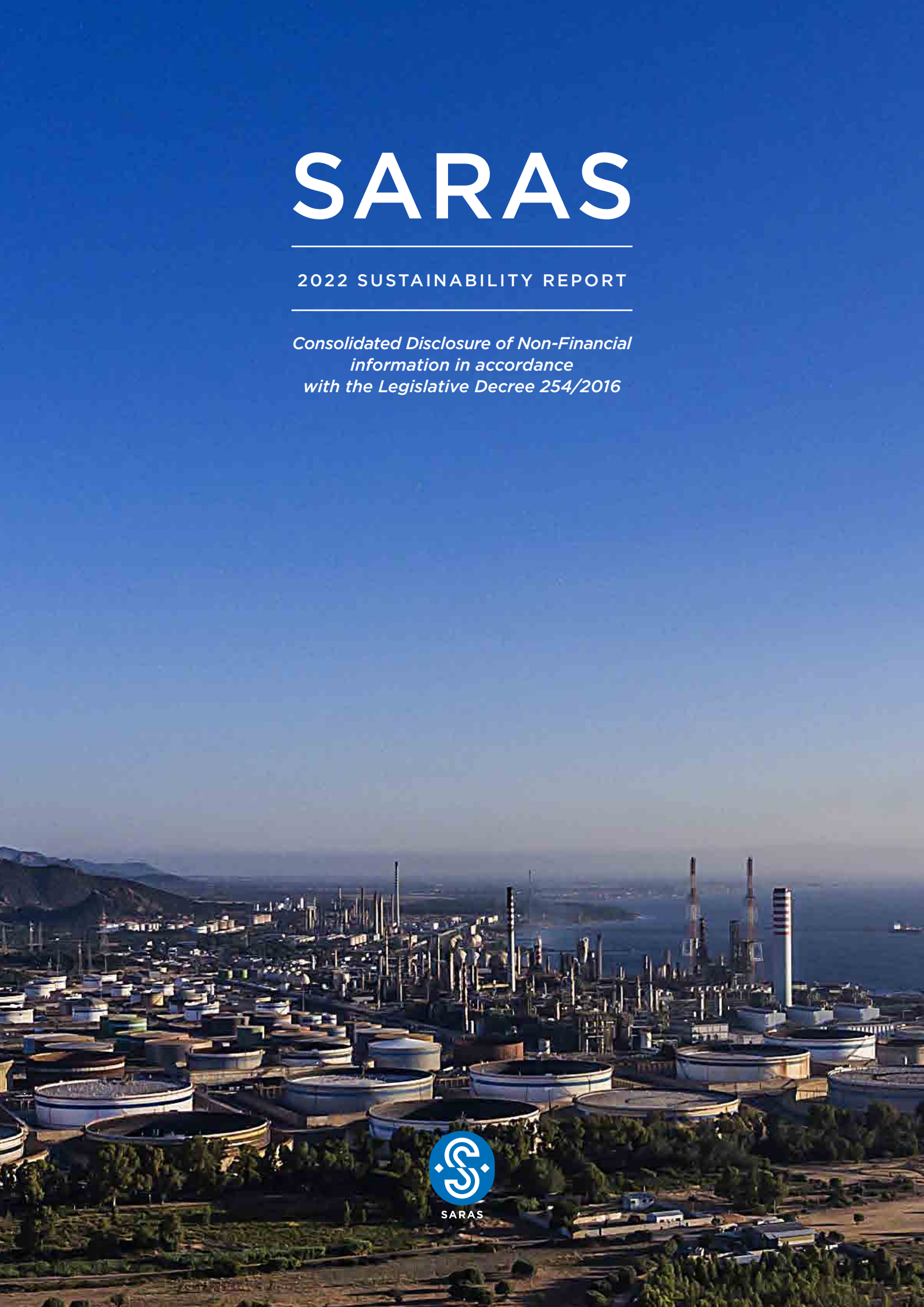
SARAS

2022 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

Regrettably, the year 2022 was characterized by the dramatic Russian-Ukrainian conflict and the tragic consequences it triggered. An unexpected war in the heart of Europe, more than seventy years after the end of the Second World War, has awakened almost forgotten fears and questioned aspects of daily life considered now acquired, such as the right to peace and safety – including energy security.

Europe, which has long been accustomed to meeting a large part of its energy needs through imports from Russia (especially natural gas via pipeline and, to a lesser extent, also crude oil and diesel), has realized the dangers deriving from excessive dependence on imports. Many countries of the Union have therefore begun to support the strategic importance of preserving an efficient and reliable European energy industry, which can guarantee supply even in the current geopolitical circumstances, of extraordinary complexity.

Obviously, this new approach is not intended to diminish the commitment to fight climate change. On the contrary, the European energy sector will be a precious resource, by virtue of the great technical and management skills it possess, and which can be dedicated to achieve a sustainable and fair transformation, maintaining competitiveness on the international scene and continuing to guarantee continuity and security of energy supplies.

Hopefully, the new European path for decarbonisation will be based on the principles of technological neutrality, evaluating each initiative on the basis of its entire life cycle, and synergistically combining new renewable sources with traditional solutions, progressively decarbonized.

In this context, Saras will continue to make available its wealth of values and skills to design a sustainable future, creating value for all its Stakeholders. The Group's commitment, in the years to come, will remain aimed at optimizing the performance and efficiency of the Sarroch industrial site, increasing the development of Renewable Sources and biofuels, producing green hydrogen and designing possible applications of carbon capture (CCS).

Through the 2022 Sustainability Report, prepared pursuant to Legislative Decree 254/2016 and according to the recent 2021 edition of the GRI (Global Reporting Initiative) standards, including those specific to the "Oil & Gas" sector (GRI 11), we continue to communicate in a clear and transparent manner our values, commitments to responsible and sustainable business conduct, as well as the ways in which we manage the impacts generated directly and indirectly by the Group's activities, in the economic, environmental and social fields.

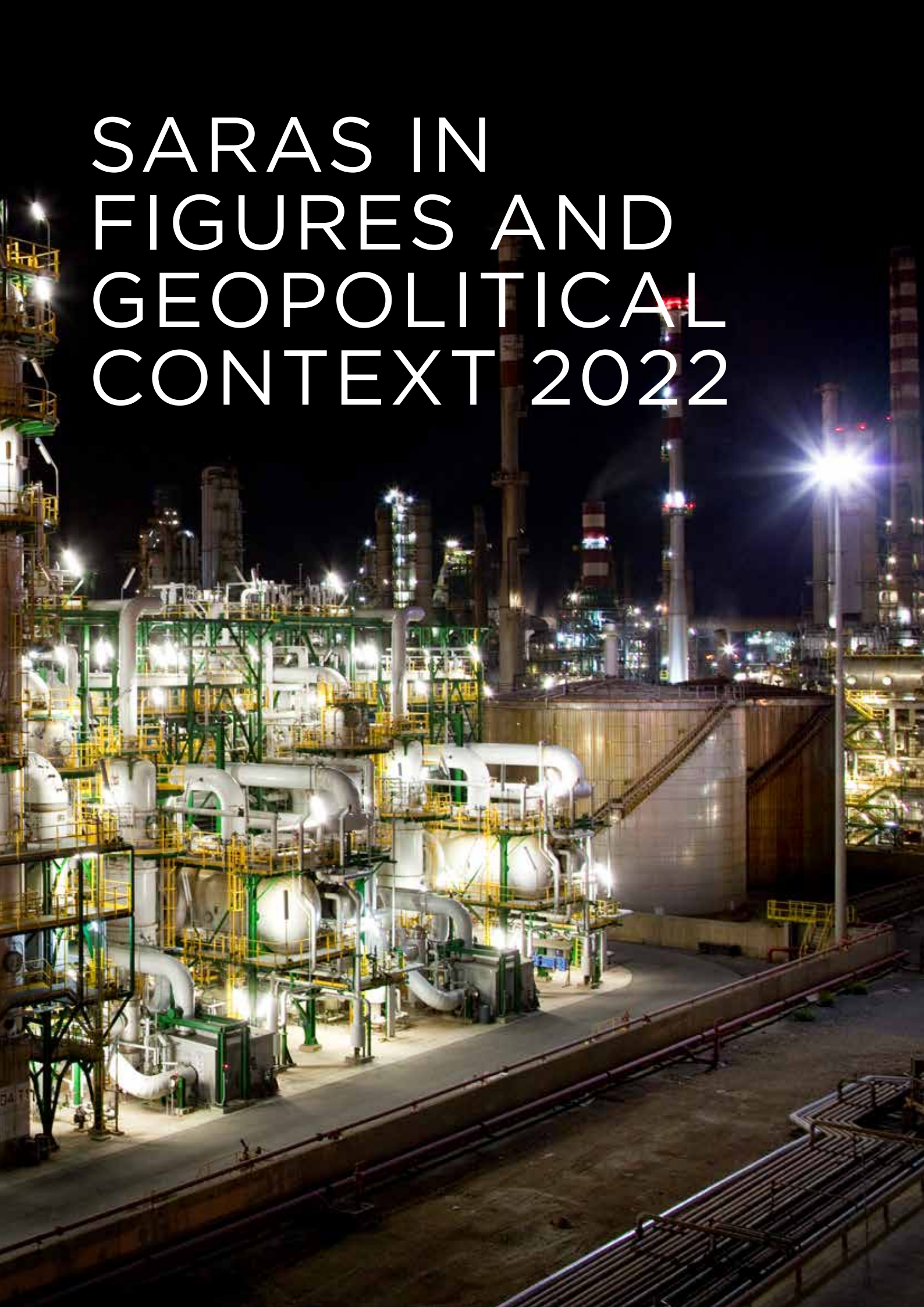
In this period of significative changes, the Group's people have proven decisive in ensuring the operational continuity of the plants and respecting careful Health, Safety and Environmental protection protocols. The synergistic relationship with companies and local communities has also been fundamental.

Working together, with enthusiasm and determination, we will continue to evolve towards an increasingly more sustainable business model, which still considers refining as our core and strategic activity, but with a growing integration with development opportunities linked to the energy transition.

I would therefore like to thank all the workers in Saras, at every level, for their professionalism, fairness and strong determination; these qualities allow us to confidently strive towards the new goals we have set ourselves.

The Chairman
Massimo Moratti

SARAS IN FIGURES AND GEOPOLITICAL CONTEXT 2022



Following a highly difficult two-year period marked by the pandemic, 2022 began with a macroeconomic recovering trend on a global scale. On February 24, however, the start of the dramatic Russian-Ukrainian conflict produced incalculable suffering for the civilian population, as well as sudden changes in geopolitical, economic, and especially energy scenarios.

In Europe, quotations of natural gas, electricity, and oil commodities suffered from high dependence on Russian-origin imports. Moreover, sharp upward swings resulted from the halt in Russian supplies and fears of failure to replace them with alternative sources.

Specifically, the natural gas market suffered the most. In fact, before the conflict, Europe relied for about 40 % of its needs on Russian imports through various pipelines. The disruption of Russian supplies thus pushed gas prices from around 40€/MWh average in 2021, to peaks of over 230€/MWh average in August 2022, averaging around 125€/MWh in 2022. This trend obviously spread to electricity prices, which in Europe is generated also with gas-fired power plants. This inevitably led to worrying increases in energy costs, for all energy-intensive sectors.

Oil markets have also been deeply shaken. In fact, Western companies stopped imports from Russia, initially on a voluntary basis, and later also out of compliance with the introduction of progressive sanctions packages: among the most incisive, there was the sixth package mandated at the end of May by the European Council, which introduces a ban on the purchase, import or transfer of crude oil and petroleum products from Russia to the EU.

The restrictions, applied gradually to mitigate the impact on prices, became effective as of December 5th, 2022, for crude oil, and as of February 5th, 2023, for Russian petroleum products, with certain temporary exceptions for EU countries that, due to their geographical situation, do not have accessible alternatives in the short term.

Against a backdrop of oil consumption recovering toward pre-Covid levels, reduced crude availability pushed up prices. Europe's benchmark crude, Brent Dated, rose from $87/bl pre-Covid, to an average of about $115/bl in the months between March and July. Subsequently, high quotations cooled demand and Brent returned toward $90/bl in the second half of the year.

As for refined products, the structural shortage of middle distillates in Europe before the conflict was compensated for by Russian imports amounting to about 15% of requirements. The embargo following the conflict caused stocks to fall below alert levels, and the diesel crack spread reached historically unprecedented levels. From about $12/bl before the conflict, diesel crack averaged a record high of more than $56/bl in October and overall, it set an annual average of more than $37/bl. Similar trends, though less extreme, were also seen for gasoline crack spread, especially in the summer in conjunction with the American "driving season."

In the general criticality, Europe has noted the strategic importance of having an efficient and reliable energy industry that can secure energy supplies even in extraordinarily complex geopolitical circumstances, such as those arising from the Russian-Ukrainian conflict. This need, of course, does not diminish Europe's commitment to contrast climate change; rather, the European oil sector is an important pool of technical and managerial expertise that can be deployed to implement sustainable transformation, both in industry and in transportation.

Indeed, refineries, in an ultra-decade-long transition context, can produce "Low Carbon Fuels," employing multiple types of bio-based or carbon neutral feedstocks, integrated with circular economy technologies (e.g., Waste to Oil, Waste to Chemicals). They can also operate for the benefit of other industrial and civil sectors, providing low-carbon energy and products (petrochemicals, district heating, etc.), and finally, they can act as energy hubs to support the development and production of clean hydrogen, and CO_2 emission management technologies (CCUS, also in common with other industries in the area).

Below, the key figures that characterized the Group's activities in 2022:

VALUE CREATION

15.8 billion euros in revenues from ordinary operations

2.6 billion euros in total economic value generated

105.7 million euros investment

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

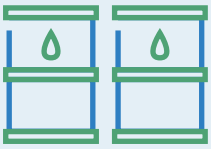
HUMAN RESOURCES

1,576 employees on 31st December 2022

87% of the workforce based in Sardinia

35,539 hours of total training, of which 13,484 hours allocated to HSE topics

REFINING



13.17 million tonnes of crude oil processed

1.04 million tonnes of complementary feedstock processed

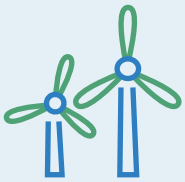
20.4% of the total of Italian refining capacity[1]

ENERGY ELECTRICITY GENERATION

4,100 GWh of electricity produced by IGCC and sold to the power grid

45.9% of Sardinia's electricity consumption[2]

RENEWABLE ENERGY



273.4 GWh of renewable electricity produced (wind)

197,100 people, equivalent annual energy consumption

177,200 tons of CO_2 emissions avoided, thanks to electricity production from renewable sources

1. Source: UNEM - Feb. 2023
2. Source: Terna "Monthly Report on the Electricity System" Dec. 2022

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, profession-al 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 500m3/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 numerous 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, the Group continues to develop Renewable Sources. Specifically, it currently owns and operates wind farms in Sardinia for a total capacity of 171 MW; in 2022, it also obtained the necessary authorisation to build a 79 MW photovoltaic park in the industrial area of Macchiareddu (Sardinia), whose construction work will begin in 2023.

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.

In terms of social responsibility and occupational health and safety issues, Saras is continuously committed to protecting its own employees and external workers, through the rigorous application of the ISO 45001 Management System within the Sarroch industrial site. Moreover, during the difficult period of the Covid-19 pandemic, the Group was able to implement an extremely effective set of prevention and countermeasures at all sites, thereby managing to minimise the impact of the pandemic and maintain business continuity.

Finally, in February 2022, the Board of Directors of the parent company Saras SpA approved a detailed "Sustainability Policy", which is published on its website and easily accessible to all stakeholders, to formally demonstrate its values and commitments in this area.

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

SOCIAL ISSUES, FOCUS ON 3 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 Management Systems, Accreditations and Authorisations

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, having defined its own reference context in consideration of the needs and expectations of its stakeholders, identified with reference to the industrial, environmental, legislative, social, scientific-technological and economic spheres, adopted appropriate management systems, which are certified in accordance with the best international standards, according to the specific characteristics of the business segment presided over.

The criteria and methods required to ensure the effective operation and control of the processes involved are described in the documented information of the Regulatory System (Policies, Guidelines, Manual, Procedures, Operating Instructions, etc.).

Audit

In addition to the audits prepared by the parent company's Internal Audit function on the entire organisation and the audits of control bodies on existing authorisations and mandatory management systems, each subsidiary is audited by the chosen independent certification body and prepares its own internal audit plan in relation to the management systems implemented.

Saras SpA

Since the early 2000s, the parent company 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.

Sarlux Srl

The subsidiary Sarlux 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.

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.

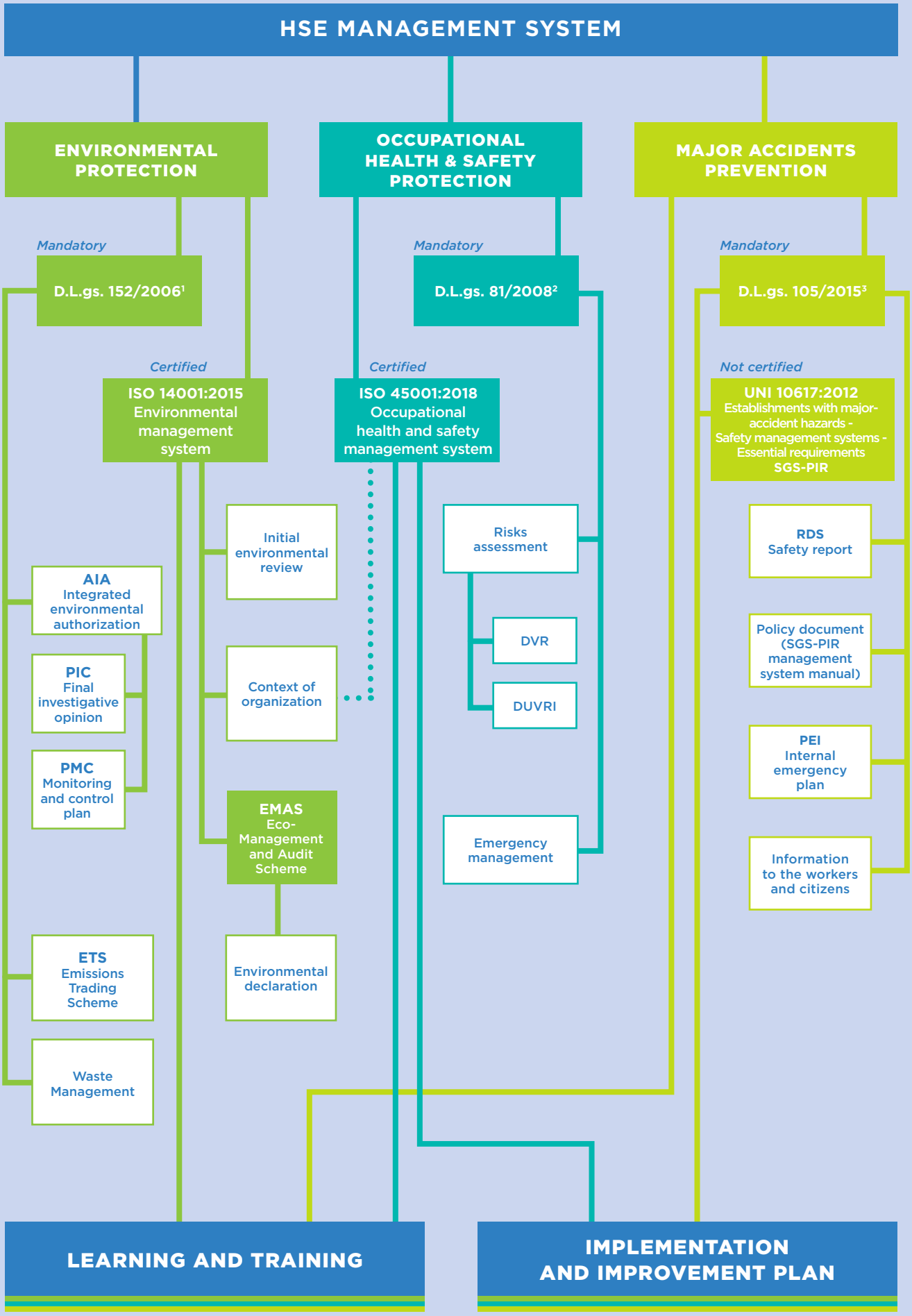
The document is one of the main tools for ongoing dialogue with stakeholders inside and outside the company. It aims to establish a transparent relationship, particularly with the population, local authorities, and workers, who play an active part in the proper management of the activities carried out.

Following the certification visit, the document is publicly available on the company website.

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).



1. *Italian law on environmentel issues*
2. *Italian law on occupational health and safety*
3. *Italian law on the control of major-accident hazards involving dangerous substances*

Sardeolica SrL

The subsidiary 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

The subsidiaty Sartec, 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.

Deposito di Arcola SrL

Deposito di Arcola 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. Subsequently, 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. In compliance with the Seveso Directive (ref. Legislative Decree 105/2015), it has implemented the Management System for the Prevention of Major Accidents (SGS-PIR). Furthermore, at the end of 2022 it obtained ISO 14001 certification for its Environmental Management System and ISO 45001 for its Safety Management System.

Saras Energia SAU

With regard to activities in Spain, the subsidiary Saras Energia owns the aforementioned ISO 9001 Quality Management System certification; in addition, since October 2021 it has also achieved ISO 14001 certification of the Environmental Management System of the Cartagena depot (owned and managed by the subsidiary Terminal Logistica de Cartagena SLU - TERLOCAR for short).

Group Management Systems, Accreditations and Authorisations

Perimeter	Standard / Norm	Scope and Typology
SARAS	**ISO 9001:2015**	**Quality management system**
	Voluntary management system - certified by a third party	
SARLUX Refining & Power	**ISO 45001:2018**	**Occupational health and safety management system**
	Voluntary management system - certified by a third party	
	D.Lgs. 105/2015	**Safety Management System for Major Accident Prevention (SGS-PIR)**
	Voluntary management system - certified by a third party	
	UNI 10617:2019	**Establishments with major-accident hazards - Safety management systems - Essential requirements**
	Voluntary management system - not certified by a third party	
	DEC-MIN 263/2017	**Integrated environmental authorization (AIA)**
	ISO 14001:2015	**Environmental management system**
	Voluntary management system - certified by a third party	
	Regulation (EC) n. 1221/2009 (EC) n. 1505/2017 (EC) n. 2026/2018	**EU Eco-Management and Audit Schemet - EMAS**
	Voluntary registration - data certified by a third party, Environmental Declaration approved by ISPRA	
	ISO 50001:2018	**Energy management system**
	Voluntary management system - certified by a third party	
	Directive 2003/87/EC	**EU Emission Trading System - ETS**
	Emissions data certification - third party in accordance with EU regulation n. 2067/2018 (AVR)	
	ISO/IEC 17025:2018	**Testing and calibration laboratories**
SARTEC Industrial Services & Technologies	**ISO 9001:2015**	**Quality management system**
	Voluntary management system - certified by a third party	
	ISO 45001:2018	**Occupational health and safety management system**
	Voluntary management system - certified by a third party	
	ISO 14001:2015	**Environmental management system**
	Voluntary management system - certified by a third party	
	ISO/IEC 17025:2018	**Testing and calibration laboratories**
	IEC 61508:2010 IEC 61511:2016	**Functional safety**

SARDEOLICA Renewable Energy	**ISO 9001:2015**	**Quality management system**
	Voluntary management system - certified by a third party	
	ISO 45001:2018	**Occupational health and safety management system**
	Voluntary management system - certified by a third party	
	ISO 14001:2015	**Environmental management system**
	Voluntary management system - certified by a third party	
	ISO 50001:2018	**Energy management system**
	Voluntary management system - certified by a third party	
	Regulation (EC) n. 1221/2009 (EC) n. 1505/2017 (EC) n. 2026/2018	**EU Eco-Management and Audit Scheme - EMAS**
	Voluntary registration - data certified by a third party, Environmental Declaration approved by ISPRA	
DEPOSITO DI ARCOLA Storage Activity	**D.Lgs. 105/2015**	**Safety Management System for Major Accident Prevention (SGS-PIR)**
	Mandatory management system - verified by control bodies	
	D.Lgs. 152/2006 DPR 59/2013	**Environmental Authorization**
	ISO 45001:2018	**Occupational health and safety management system**
	Voluntary management system - certified by a third party	
	ISO 14001:2015	**Environmental management system**
	Voluntary management system - certified by a third party	
SARAS ENERGIA Marketing	**ISO 9001:2015**	**Quality management system**
	Voluntary management system - certified by a third party	
	ISO 14001:2015	**Environmental management system** (subsidiary TERLOCAR)
	Voluntary management system - certified by a third party	

It becomes clear that 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.

In detail, workers covered by the Health and Safety Management System represent 87.6% of the entire Group population; those covered by the Environmental Management System are 88.3%; 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, 78.8% 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 of the subsidiary TERLOCAR (Cartagena depot, Spain) are covered by the ISO 14001 Environmental Management System.

Saras Group Management Systems - Coverage

		2020	2021	2022
Total Group Employees	no.	1,687	1,572	1,576
Safety Management System - ISO 45001	no.	1,459	1,357	1,380
Employees covered by the management system	%	86.5	86.3	87.6
Environmental Management System - ISO 14001	no.	1,459	1,369	1,392
Employees covered by the management system	%	86.5	87.1	88.3
Community eco-management and audit scheme - EMAS	no.	1,306	1,220	1,242
Employees covered by the management system	%	77.4	77.6	78.8
Energy Management System - ISO 50001	no.	1,306	1,220	1,242
Employees covered by the management system	%	77.4	77.6	78.8
Quality Management System - ISO 9001	no.	494	450	442
Employees covered by the management system	%	29.3	28.6	28.1

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 and engaging constructively with its stakeholders to create shared value.

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 (first with investments in the development of the Ulassai wind farm, then with the acquisition of the Macchiareddu wind farm, and now with the construction activities of the Macchiareddu photovoltaic park, in the areas surrounding the wind farm).

People's fundamental role is underlined by the continuity of direction, sense of belonging and contribution to socio-economic growth. These specific factors, inherent to the company's history, are continually reinforced and evolved, thanks to multiple initiatives for the development of know-how and synergies with the territory.

In particular, the ESTI (Sustainable Energy for an Inclusive Transition) programme was launched at the end of 2021 with multiple objectives, including improving industrial performance, creating sustainable and shared value with the local area, growing strategic professional skills, and increasing site safety, partly through projects that will be implemented together with contractors.

With such a consolidated vision, Saras faces the current context of ecological transition and decarbonisation (exacerbated by the Covid-19 pandemic), and of strong geopolitical instability (arising from the Russian-Ukrainian conflict).

In light of the European Union's difficulties in energy supplies, today more than ever the Group considers it essential to guarantee, through its operations and efficiency, the availability of oil products and electricity, which are essential for the country's energy continuity and security.

With this approach in mind, for some years Saras has included in its industrial and strategic vision a medium-long term path aimed at optimising the performance and efficiency of its plants, developing Renewable Energy Sources, launching green hydrogen production, studying the possible applications of carbon capture (CCS) at its industrial site and, more generally, supporting the circular economy. 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 strong collaboration with the local population and companies.

ESTI Programme

The ESTI programme (Sustainable Energy for an Inclusive Transition) is a key tool in the transformation path undertaken by the Saras Group. It is organised into project streams, defined in line with ESG principles, each of which includes several projects that contribute in an integrated manner to achieving a common goal: production, efficiency, unification of the industrial site, digitalisation, synergies with the local area.

Fundamental elements of the Programme are the development of an inclusive organisational culture functional to sustain future challenges and an organisation capable of improving the overall effectiveness and efficiency of processes, the use of innovative process and digital technologies, and the enhancement of synergies with other players in the territorial system.

In order to maximise the benefits of the Programme, the positive impacts on ESG areas resulting from the projects of the different streams have been identified and the relevant targets and KPIs have been defined.

The programme is also supported by a communication plan to inform and involve stakeholders and in particular employees, whose skills and commitment are a key factor in the success of the initiatives.

An overview of the five project streams follows:

1. Production
Improving industrial performance through process optimisation and the development of an organisational culture focused on change and capable of meeting the proposed efficiency targets and challenges

2. Efficiency
Create sustainable value by acting on operational efficiency and asset reliability in the medium term

3. Industrial Site Unification
Increase organisational efficiency by completing the unification of the Sarroch site

4. Synergies with the Territory
Participate in the development of a sustainable and innovative industrial model in synergy with other actors in the territorial system

5. Digitisation
Increasing the value of industrial performance through digital technologies

**SUSTAINABLE ENERGY
FOR AN INCLUSIVE TRANSITION**

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. Professional skills, combined with process innovation throughout the supply chain, allow the Saras Group to be a benchmark in the Italian and European 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 significance in the difficult context outlined in 2020-21 by the pandemic and then, more recently, by the Russian-Ukrainian conflict that began in February 2022. In fact, these epoch-making events, in addition to the many dramatic implications in terms of protecting life and human rights, have triggered complex reasoning on how to succeed in safeguarding international energy security, without giving up defending the Planet's health, through the ecological transition and the reduction of the carbon footprint of industrial, civil and residential origin.

To address this challenge, implementing the commitments made in 2015 with the Paris Agreement, the European Union adopted the ambitious 'New Green Deal' strategy in 2019, 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.

From July 2021 onwards, the European regulatory framework was further developed, with the adoption of 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.

At this stage, the greatest complexity lies in the homogeneous adoption of these European climate regulations in each of the 27 Member States. In fact, the starting conditions are not uniform, and the geopolitical upheavals resulting from the Russian-Ukrainian conflict have raised doubts, especially in those countries with the greatest dependence on Russian hydrocarbon supplies (gas, crude oil and refined products).

Considering the significant role of fossil fuels in the international energy mix, Europe could adopt a holistic approach that, in line with the principles of technological neutrality, envisages the development of renewable sources and the simultaneous adoption of synergetic and complementary low-carbon solutions, evaluating each initiative on the basis of its entire life cycle (Life Cycle Assessment), and thus ensuring the achievement of decarbonisation targets in the most effective way possible, without risking relocating or damaging its production and industrial activities.

In this context of major political, economic and social challenges, the Saras Group is pursuing its own roadmap of initiatives and projects for Ecological Transition and Decarbonisation that, with the appropriate regulatory and financial support, can be implemented in the medium and long term, and 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' perfor-

mance 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 2022 reporting year are shown, as well as the average figures resulting for the three-year period 2019-21, the results of 2022, 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 2020-22	Target 2022	Actual Results 2022	Comments
E	Emissions of CO_2 per unit of (crude + complementary feedstock) processed	ton/kton	440	Stable vs. Target 2021 (414)	429.6	Indicator influenced by maintenance performance, operations and external environment (raw availability, product sales, etc.).
E	Avoided CO_2 emissions (thanks to Energy Efficiency and Renewable power production)	kton	299	+10% vs. Target 2021 (> 330kton avoided)	308	Result below Target (well-established energy efficiency and reduced production from renewables due to low wind speed)
E	Emissions of SO_2 per unit of (crude + complementary feedstock) processed	ton/kton	0.202	Stable vs. Average 2019-21 (circa 0.22)	0.203	FY result better than Target (optimised plant layouts)
E	Emissions of NO_x per unit of (crude + complementary feedstock) processed	ton/kton	0.225	Stable vs. Average 2019-21 (circa 0.23)	0.219	Better than Target result (consolidated combustion technology improvements and targeted technological interventions)
E	Avoided SO_x emissions by Group customers purchasing VLSFO (vs. HSFO 3.5%S)	kton/year	37.0	> 35kton SO_x avoided (Circa 600kt VLSFO)	43	FY result better than target, due to significant VLSFO business development
E	Refinery C&L, vs (crude + complementary feedstock) processed	%	5.98%	-1% vs. Average 2019-21 (6.14%)	5.65%	FY result better than Target (optimised plant layouts)
E	Raw water consumed from regional provider vs. total water consumption	%	28.1%	Stable vs. Average 2019-21 (< 30%)	28.0%	Better-than-target result for maximising water reuse and smooth operation of seawater desalinators
E	% of outgoing waste from Ecotec vs. total waste produced by Sarlux	%	14.8%	Stable vs. Average 2019-21 (< 25%)	11.3%	FY result better than Target, due to good performance of the Thermo-Dryer
E	Co-processing of vegetable oils at Sarroch desulfurization plants	kton/year	41.7	+25% vs. Average 2019-21 (> 30kton)	64.6	FY result better than Target, co-processing vegetable oils above Budget
E	Energy production from renewable sources (wind/solar)	GWh	252.4	+30% vs. Average 2019-21 (> 300GWh)	273.4	Production from renewable sources influenced by low windiness
S	Increase the number of people within Sarroch industrial site, equipped with wearable DSAs	# of device	120	150	150	1step: 100 BlackLine devices for 100 people; 2step: a further 50 devices used by a further 130 people
S	Reduce the Injury Frequency rate at Sarlux site, for Group personnel	#injuries*Mln / #hours_worked	2.90	1.9	2.49	In 2022 there were 4 accidents to Sarlux staff (not serious)
S	Increase the number of safety observations (BBS), to drive safe behaviours in Sarroch industrial site	# of BBS observations	19,220	Stable vs. Average 2019-21 (circa 22,000)	16,404	Reduced BBS for increased smartworking (prevention measure Covid-19), and reduced number of verifiers in the field
S	Direct impact of (Wages to employees in Sardinia + Goods & Services from local suppliers + Taxes&duties paid in Sardinia)	EUR Mln	443	circa 450	444	In line with Target due to slight recovery in investment and wages; local tax revenues essentially stable (IRAP increase, but reduction in excise payments)
S	Increase Gender Diversity (% of Female University Graduates vs. Total Graduates)	%female	30.7%	Stable vs. Target 2021 (28% - 31%)	30.2%	In line with Target

ESG	Key Performance Indicators - KPIs	Unit of Measure	Average 2020-22	Target 2022	Actual Results 2022	Comments
S	Increase the yearly number of training hours for total Group employees	Hours/ year	42,544	Stable vs. Target 2021 (circa 25,000)	35,539	Result above target, thanks to the training initiatives implemented, and the effectiveness of the "Saras Learning" platform
S	Welfare (work-life balance) - introduce agile work in the appropriate locations of the Group	Yes/No	n/a	Yes	Yes	During 2022, agile working was introduced at Saras, Sarlux, Sartec, Sardeolica, Deposito Arcola and Saras Trading
G	Group employees with "Oil national contract" whose Productivity bonus is linked to ESG targets	%	99%	>95%	100%	Achieved total coverage of the Group's personnel; in fact, ESG targets were introduced at the renewal of the Profitability Bonus for Sardeolica and Deposito di Arcola
G	Internal Audits performed by "Quality Mgmt System" and "Internal Audit" functions	# of audits	52	Stable vs. Average 2019-21 (53)	54	FY result above Target: 43 audits carried out by IA, and a further 11 audits carried out by QMS
G	Questionnaires on 'Climate Change' and 'Water Security' organised by the CDP on an annual basis	Yes/No	Yes	Yes	Yes	Saras participated in the 2 questionnaires in July; CDP results in December rated B on "Water Security", and C on "Climate Change".
G	Review and feedback "ESG Ratings" attributed to the Saras Group by leading international agencies	Yes/No	Yes	2 review/year	Yes	Moody's Vigeo Eiris Revision (August), with rating improvement from 37 to 44; S&P Global CSA review (October), with rating improvement from 27 to 44; ISPRA RSAI survey (May)
G	New Stakeholders engaged in company ESG strategy and targets	# of people	n/a	>20	n/a	Metric not applicable, in view of the changes made by the new GRI to the process of determining material topics and associated impacts
G	Existence of a Sustainability Committee	# of meetings where sustainability issues are discussed	4	4	4	In line with target. Sustainability issues were discussed at the following meetings: 14/02 - Saras Group Sustainability Policy; 09/03 - Assessment of draft Sustainability Report and ESG indicator system; 12/05 - Sustainability update and authorisation of "Helianto" PV plant; 25/07 - Progress on ESG rating. PV "Helianto"; 25/07 - Progress on ESG rating activities

As shown in the table, the Saras Group continued on the path of continuous improvement, achieving significant progress in reducing environmental impacts (direct emissions of SO_2 and NO_x pollutants, waste and water resource management, co-processing of vegetable oils, reduction of SO_x scope 3 emissions through low-carbon products), in optimising operating performance (reduction of consumption and losses), in social aspects (creation of local value through salaries, investments and purchase of goods and services) in aspects related to respect and development of people (training, gender equality, diversity, welfare/agile working), in aspects of prevention (distribution of DSA wearable safety devices to Sarlux site personnel), and also in corporate governance issues (participation in ESG ratings, incentivisation of employees with bonuses linked to ESG performance, regular monitoring by the Control, Risk and Sustainability Committee, internal monitoring of compliance and corporate performance through the Quality Management System and Internal Audit).

Conversely, some indicators were affected by unfavourable weather conditions. For example, the lack of windiness reduced electricity production from Renewable Sources and, consequently, also avoided CO_2 emissions; furthermore, the continued implementation of preventive measures against the Covid-19 pandemic (home working) reduced the number of safety observations with the BBS protocol. It should also be noted that the accident index of Sarlux staff was worse than the target. During the financial year 2022, four accidents occurred (none of them serious). And finally, direct CO_2 emissions increased to values higher than the target, as a result of the trend in maintenance, operations and the external environment (raw materials availability, product sales, etc.).

ESG Ratings and rankings

Discussions on climate change, the use of natural resources, respect for people and their rights, and corporate governance issues continues to grow in relevance, involving an increasingly active multiplicity of stakeholders, including primarily institutions, civil society and international investors.

In this context, companies operating in all sectors (industry and services) are intensifying their efforts to offer greater transparency and insight into their sustainability credentials.

Today, several international rating agencies are active, producing analyses and assessments of environmental, social and governance performance for a vast number of companies on a global scale. These studies culminate in the attribution of an ESG rating to each company, which is then used by international investors to guide their investment choices.

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 company "investibility" in the eyes of international investors.

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

The table below provides a summary of the ratings assigned to the Saras Group by the agencies with which it collaborated in the two-year period 2021-22, and for comparison also the ratings obtained in previous years, when Saras had not yet provided clarifications and/or additional information to that publicly available on its corporate website.

JUL-SEP 2021	NOV-DEC 2021	APR-MAY 2022	JUN-DEC 2022
Extensive review and feedback of the Sustainalytics rating, followed by a marked improvement in the rating given to Saras	Extensive review and feedback to MSCI, and implementation of the feedback in a timeframe congruent with the introduction of the new evaluation methodology	Extended participation in the ISPRA RSAI survey (on the "Environmental Sustainability of Italian Industry"), for analysis of performance and prospects	Extensive review and feedback to Vigeo Eiris - Moody's and S&P CSA Global, resulting in significant ratings improvements

	SARAS			SECTOR AVERAGE		COMMENTS
	Pre – feedback	Post – feedback	Variation	Value	Comparison	
Sustainalytics	41.3	31.8	+++	36.9		ESG risk management optimally recognised
MSCI	4.6	4.9	+	5.4		Methodology gives CO_2 emissions a preponderant weight (21%)
Moody's Vigeo Eiris	37	44	++	47		Governance section shows the biggest gap; by contrast, HSE is better
S&P Global CSA	27	44	+++	32		Saras vastly outperforms the industry average in all 3 ESG dimensions
CDP Climate Change	B-	C	-	B		"Transition Plan" with Mid-Term goals
CDP Water Security	B	B	=	B		Good water risk management, aligned with industry averages

A substantial improvement can be seen in the ESG Risk Rating Assessment of the Saras Group assessed by the international agency Morningstar Sustainalytics, which went from a value of 41.3 (acute risk) in 2019, prior to the feedback provided by Saras, to a value of 31.8 (high risk) in 2022, after two successive iterations of analysis and feedback provided by Saras. This new rating value corresponds to lower risk values than the average for companies operating in the "Oil & Gas - Refining and Marketing" sector. For this sector, in fact, Morningstar Sustainalytics estimates an average rating of 36.9 and a 'high' risk level in 2022.

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 Saras Group's achievements in the rating developed by MSCI (Morgan Stanley Composite Index), which is among the world's leading providers of ESG indices, with more than 1,500 equity and bond ESG indices designed to help institutional investors more effectively compare the ESG performance of the companies in which they intend to invest, and to incorporate climate risks and opportunities into their investment process.

MSCI's ESG Rating assigns a Grade that distinguishes companies into three classes: the so-called 'leaders' (AAA, AA), the 'averages' (A, BBB, BB) and the 'laggards' (B, CCC). Each sector, whether in industry or services, has its own specific risks and opportunities, and companies receive the MSCI Grade based on their ability to manage the typical risks of their sector.

Obviously, the leading companies are those that, within a given sector, demonstrate the best management capabilities. In addition to the Grade, the MSCI ESG Rating also assigns a Score, which is a numerical score that quantifies performance within the sector.

Specifically, thanks to the feedback provided between November and December 2021 and then again during 2022, the new ESG Rating issued by MSCI in November 2022 reports a marked improvement in the Saras Score, which rises from 4.6 to 4.9, while the Grade remains BBB - average - unchanged from previous years.

This improvement is mainly attributable to Saras' rating, which is significantly higher than the sector average in the management of risks belonging to the Social dimension (7.9 vs. 6.4) and those relating to Governance, and in particular the company's policies on Sustainability, the Code of Ethics and the fight against corruption. On the other hand, the Saras Group's environmental dimension was penalised, as the MSCI methodology gives preponderant weight to the management of CO_2 emissions (21% of the score). However, the oil refining segment (in which the Saras Group operates) has a typically higher carbon intensity than the entire value chain of the integrated oil industry. The latter, in fact, in addition to refining activities, also encompasses the exploration, extraction and production of hydrocarbons, their transportation, and marketing activities in network and off-network channels.

Another agency with which Saras interacted and provided feedback during 2022 is Moody's Vigeo Eiris (V.E.). This agency provides ESG scores and ratings for more than 5 000 large-capitalisation companies, analysing hundreds of ESG data, and measuring the degree to which companies manage their exposure to factors considered important by their stakeholders, and for good business performance.

Moody's V.E. ratings are based on a dual materiality approach, which considers both the impact of ESG factors on Enterprise Value, and also the social and environmental impact of the company's activities. The assessment uses a scale from 0 to 100 where the best performers achieve the highest scores.

Moody's V.E. methodology also examines physical climate-related risks, IT and technology risks, and responsible taxation. For the 'Oil & Gas' sector, there are 51 information frameworks that are analysed, so that ESG factors can be weighted and analysed appropriately.

In Italy, a MIB® ESG index was established in 2022 dedicated to Italian blue chips with the best ESG practices, and based on ESG ratings formulated by Moody's V.E.. This index also combines the measurement of economic performance with ESG ratings in line with the principles of the UN Global Compact.

Thanks to the feedback provided by Saras in July 2022, Moody's V.E. was able to analyse Saras' ESG Performance and Strategy more accurately, and this led to a 19% increase in the ESG rating, which rose from 37 to 44, broadly in line with the industry average (of 47).

In the months between June and October, Saras then devoted itself to an intense review and subsequent feedback (provided on 10 October) of the S&P Global Corporate Sustainability Assessment (CSA), covering a reporting interval covering not only the year 2021, but also the previous three years.

Thanks to this commitment, the Saras Group achieved a significant improvement in its overall score, which reached 44/100 (compared with a score of 27/100 in the two-year period prior to the feedback) and was therefore higher than the industry average (of 32/100).

Saras achieved scores well above the sector average in all three dimensions E, S, G, while also highlighting further opportunities for improvement, to be pursued in the coming years, mainly in the areas of "Supply Chain Management", "Climate Strategy & Biodiversity", "Human Capital Development", "Talent Attraction & Retention", and "Occupational Health & Safety".

In order to contextualise the significance of this result, it should be mentioned that the S&P Global CSA was established in 1999 and has become the basis for numerous ESG indices over the past two decades. Today, it is one of the most extensive corporate sustainability databases in the world, with over 5000 companies participating in the assessment.

Based on their performance in the S&P Global CSA, companies are then selected for inclusion in the Dow Jones Sustainability Indices (DJSI), the S&P 500 ESG and many other indices that compare the sustainability credentials of competing companies.

The CSA applies a best-in-class sectoral approach (no sector is excluded from the assessment) and compares companies from 61 sectors using questionnaires that assess a mix of cross-sectoral and 'sector-specific' questions. On the basis of their performance, companies receive scores ranging from 0 (worst) to 100 (best) on around 20 sustainability criteria, financially relevant in all economic, environmental, and social dimensions. The ratings and sector rankings, for all rated companies, are published on the Bloomberg platform, thus becoming publicly available and accessible to the entire financial community.

Finally, as it has done since 2020, Saras participated in the CDP 2022 questionnaires on "Climate Change" and "Water Security". Saras' rating for "Climate Change" was C, indicating "awareness", i.e. knowledge of the impacts associated with climate change (in line with the global average, but lower than the European and Oil & Gas sector averages, which are both "B"). However, this assessment should be put into context, with similar considerations to those mentioned earlier, relating to the different carbon intensity of the integrated oil industry, compared to the refining segment alone.

On the other hand, Saras' rating for "Water Security" was a "B", denoting "management", i.e. the ability to take coordinated action on water resource management (in line with the global average, the European average and the Oil & Gas sector average).

CDP is an independent non-profit organization, supported by more than 680 institutional investors who manage a total portfolio of 130 trillion USD, and offers companies a methodology to measure, manage and share global information about their environmental impact and mitigation actions.

Almost 18,700 companies that participated in the CDP questionnaires in 2022, 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 50% of the total in global markets).

By voluntarily participating in the CDP initiative, Saras reaffirms each year its commitment, transparency and focus on the issues of climate change, rational management of natural resources and decarbonisation.

Saras Priorities

Group Stakeholders and Dialogue on Sustainability

For decades, Saras has maintained an intensive, often informal and sometimes structured with interviews and questionnaires, 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.

Among its Stakeholders, the Group has identified some internal categories (employees at various levels, middle managers, executives and top management) and others external (suppliers of goods and services, local communities, media, schools and universities, trade unions, institutions and members of the international financial community).

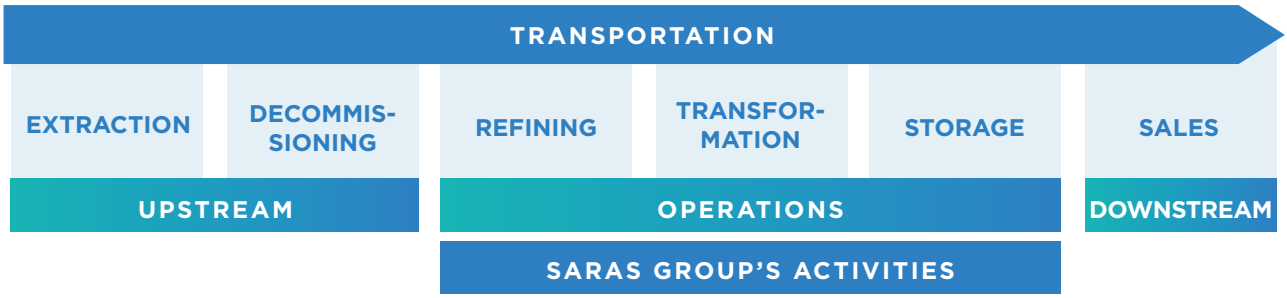
This broad representation ensures a plurality of views, which are fundamental to establishing in an impartial manner the topics that are actually "material" for the Group, analysing the actual and potential impacts associated with each topic, and also exploring stakeholders' perceptions of how Saras manages the resulting risks and opportunities.

According to the reporting standards "GRI 3: Material Topics 2021", material topics are those that represent the most significant actual and/or potential impacts that the organisation generates (directly or indirectly) on the economy, the environment and people, including impacts on human rights.

Issue and impact definition

To initiate the 2022 materiality analysis, the entire value chain of the hydrocarbon (oil and gas) industry was considered, as identified within the specific Standard "GRI 11: Oil and Gas Sector 2021".

Seven distinct phases were identified, including the transportation of hydrocarbons, which are schematically represented in the figure. Moreover, it should be noted from the outset that the Saras Group is only active in a subset of these phases and, more specifically, in the refining, processing and storage of oil products.



In order to identify and analyse the main ESG issues from the new perspective of the impacts generated by the company and its value chain, also identifying the ways in which they can be limited, Saras considered various sources (internal and external to the company) and carried out assessments that were then shared and validated by the company's top management.

In addition to the "GRI 11" industry standards mentioned above, the materiality analysis took into account the main national and international legislation in force (e.g. the European Green New Deal, Legislative Decree 254/2016), the issues addressed by international sustainability reporting and rating agencies (S&P Global, MSCI, Moody's V.E., CDP, etc.), Benchmarking studies with comparable Italian and foreign companies (ENI, API Group, Neste Oil, Shell, BP, Equinor, etc.), a survey of articles referring to the Saras Group and published in the media in 2022 (Ansa, Unione Sarda, Nuova Sardegna, etc.), the company's strategic orientation and internal documentation (Sustainability Policy, Code of Ethics, Annual Report, EMAS Declaration, AIA, etc.), as well as recommendations from experts inside and outside the organisation. The issues that emerged from the above analysis were compiled into a preliminary list of current and potential impacts, divided into three categories: Environment, People, Economy (see relevant graphic representation).

ENVIRONMENT	PEOPLE	ECONOMY
− GHG emissions	− Workers' Health and Safety	+ Indirect economic effects
− Atmospheric emissions	− Workers' human rights (child labour, forced labour)	+ Contribution to technological innovation
− Biodiversity	+ Developing employees' competencies	− Corruption and organised crime
− Soil degradation	+ Development and protection of the territory and local communities	− Privacy and Sensitive Data
− Water consumption and water stress	− Discrimination in the workplace	− Asset integrity and major accident management
− Waste production and disposal	− Relations with local communities and management of land ownership rights along the Value Chain	− Conflict and security management along the Value Chain
+ Contribution to the development of a circular economy	− Collective bargaining rights and freedom of association	− Anti-competitive behaviour
− Sites dismantling	− Odours	− Transparency on taxes and contributions
+ Contribution to energy transition	− Noise and noise pollution	− Lobbying on Governments
	+ Contribution to local energy security	

+ Positive impact − Negative impact

Prioritisation and materiality

After identifying the list of relevant topics and their respective impacts, the prioritisation was then carried out, according to the materiality of the impacts related to each topic and generated by the company and its value chain. As envisaged by the GRI 2021 standards, for actual impacts materiality is determined by Severity (scale, scope, and irremediable character); for potential impacts materiality is determined by Severity and also by Likelihood of occurrence.

SEVERITY

Relevance assessment

The **severity** of an impact is determined by:

1. **Scale:** how grave the impact is and which is the external context in which it happens, including geography.
2. **Scope:** how widespread the impact is and it can be measured by the happenings in the value chain,
3. **Irremediable character:** how hard it is to counteract or make good the resulting harm

LIKELIHOOD

Priority assessment

The **likelihood** of an impact refers to the chance of the impact happening

- The likelihood of an impact can be **measured or determined qualitatively or quantitatively**
- The likelihood considers the mitigation measures adopted by the Company.

The type of contribution made by the company to the impact was then taken into account: that is, the impact may be caused directly by the company, or the company may contribute to the impact, or the impact may be related to the company's activity (in one or more elements of the value chain).

On the basis of Severity and Likelihood, each impact was then classified according to 5 degrees of significance (very significant, significant, moderate, not very significant, insignificant) and the materiality threshold was established starting with impacts that have moderate significance.

Below is the outcome of the **prioritisation for all impacts (negative and positive, actual, and potential):**

ENVIRONMENT

Impact	Materiality	Correlation	Type	SDG United Nations
GHG Emissions	⊖ ⊖ ⊖	Direct and Connected Value Chain	Actual	
The oil and gas industry produces and processes hydrocarbons. Greenhouse gas emissions are generated by activities connected to the value chain, and also by activities carried out directly by the Group. In particular, by the subsidiary Sarlux during refining and power generation (Scope 1 and Scope 2), and by customers who purchase and consume the fuels produced (Scope 3).				
Atmospheric emissions	⊖ ⊖ ⊖	Direct and Connected Value Chain	Actual	
The Group's pollutant emissions mainly derive from the combustion plants required for refining processes, power generation and steam production. Pollutant emissions are, by their very nature, influenced by the extent of processing and the types of raw materials used. Atmospheric emissions have a negative impact on air quality, human and animal health and ecosystems. Saras monitors this issue with the ISO14001 environmental management system and complies with the limits imposed by the AIA				
Biodiversity	⊖	Direct and Connected Value Chain	Potential	
The Group carries out its refining activities in coastal areas, with potential negative impacts on the surrounding flora and fauna. Any loss of biodiversity negatively impacts ecosystems and alters natural balances. The Group, through the University of Cagliari, carries out monitoring campaigns on the state of vegetation and marine waters, and has measures in place to prevent and protect biodiversity. As part of the value chain, the extraction of crude oil can have a significant negative impact on local biodiversity.				
Soil degradation	⊖	Direct and Connected Value Chain	Potential	
The Group's core business activities can have a negative impact on soil pollution due to oil spill. In order to avoid/minimise any problems related to accidental releases on soil and subsoil, the Group has been carrying out a multi-year programme of preventive measures (e.g. storage tank containment basins and pipeline paving) for a long time.				
Water consumption and water stress	⊖ ⊖ ⊖	Direct and Connected Value Chain	Actual	
In Sardegna, where the Group carries out its industrial activities, there is low rainfall and 'medium-high' water risk in the Aqueduct 3.0 Water Risk Atlas database. Water is used by the Group for multiple functions, the main one being steam production, as well as for plant cooling circuits, to feed the fire-fighting network, and for civil use. To minimise regional water stress, the Group increases water-reuse and desalination of seawater, and minimises the withdrawal of raw water from the industrial consortium.				
Waste production and disposal	⊖ ⊖	Direct and Connected Value Chain	Actual	
The oil and gas sector is characterised by activities that produce waste, both hazardous and non-hazardous. The largest volumes derive from crude extraction and, if not properly managed, can generate negative impacts on the environment and human health. Directly through its refining processes, Saras generates waste (approximately 83% categorised as "hazardous") and has put in place appropriate processes to manage this waste, minimising the amount sent to landfills.				
Contribution to energy transition	⊕ ⊕	Direct	Actual	
In 2021, Saras increased its presence in the generation of electricity from renewable sources; it currently owns wind farms with a total installed capacity of 176MW in Sardinia, and construction activities are underway for a 79MW photovoltaic plant. In addition, the company is engaged in the production of biofuels and the development of a plant for the production of green hydrogen, as well as the study of possible applications of carbon capture (CCS) at its industrial site in Sarroch.				

With regard to impacts on the environmental matrix, the following 2 were "Non-Material": "Contribution to the development of a circular economy" (Saras promotes circular economy practices within its business processes, to optimise the management of available material and energy resources, promoting recycling, reuse, etc. wherever possible. However, these practices are currently limited in scale); and "Sites dismantling" (" With regard to the possible dismantling of plants located on the Saras Group's industrial site, Italian law requires the state of the sites to be restored to their pre-industrial conditions).

PEOPLE

Impact	Materiality	Correlation	Type	SDG United Nations
Workers' Health and Safety	− − −	Direct and Connected Value Chain	Actual	
Both along the value chain and in the Group's direct operations there are health and safety risks for workers (direct and contractors). The Group has ISO 45001 certified management systems, and Policies, Guidelines, Procedures and Operating Instructions, constantly updated to the highest international standards, to regulate health and safety aspects.				
Developing employees' competencies	+ +	Direct	Actual	
Developing employees' skills through appropriate training enhances people's value and also increases retention and the ability to attract new talent. In addition, adequate HSE training also has a positive impact on workers' health and safety. The Group promotes training initiatives that foster internal growth in line with the company's policies and values.				
Development and protection of the territory and local communities	+ +	Direct	Actual	
Saras contributes to the economic and social development of the region, particularly Sardinia, by generating jobs and actively participating in the creation and development of ancillary industries. The Group is also committed to creating sustainable value by promoting social projects. The relationship established with the territory that hosts the company's main activities is characterised by a common development path with local communities, where territory and company benefit symbiotically from each other.				
Discrimination in the workplace	−	Direct	Potential	
The conditions, locations, required skills and types of work associated with the oil and gas sector can be a barrier to entry, hinder employee diversity and prevent work from being carried out in a fair and respectful environment. Selection processes may be influenced by gender and ethnic favouritism. The Saras Group has expressed its commitment to equal opportunities in its Sustainability Policy and Code of Ethics.				
Odours	−	Direct	Actual	
Odorous emissions have a negative impact on the quality of life of the local community. Even before the entry into force of the Integrated Environmental Authorisation (AIA), the Saras Group concretely expressed its sensitivity and commitment to managing the issue of odorous emissions (Odour Monitoring Plan) and made various investments to minimise these impacts (such as covering the API tanks).				
Noise and noise pollution	−	Direct	Actual	
The Saras Group, through the noise pollution that characterises part of its operations, could have a negative impact on local human health, causing a lower quality of life, and in extreme cases the migration of certain species to other areas. The Group, aware of this potential impact, has put in place systems to monitor and manage the noise component.				
Contribution to local energy security	+ + +	Direct	Actual	
The energy transition aims to gradually reduce dependence on fossil fuels. To date, renewable sources do not guarantee coverage of the country's energy needs, despite the push of national and EU regulations. In this transitional phase, Saras safely and efficiently manages its refining operations (helping to reduce the country's dependence on imports of refined products) and power generation (essential for the continuity and security of the Sardinian electricity grid).				

With regard to impacts on the social matrix (people), the following 3 were found to be 'Not Material "Workers' human rights (child labour, forced labour)" (The Group always respects human and workers' rights, in accordance with the principles set out in its Code of Ethics, in the Sustainability Policy and the laws in force); "Relations with local communities and management of land ownership rights along the Value Chain" (Saras, in its more than 60 years of activity in Sardinia, has not negatively impacted cultural and economic ties with local populations; on the contrary, the Group has always supported local communities, creating sustainable value, promoting projects of a social nature and giving preference to local suppliers, on equal terms in terms of skills and technical and economic conditions); and "Collective bargaining rights and freedom of association" (the Saras Group operates in Italy, Spain and Switzerland and always respects the collective bargaining rights and freedom of association of its employees).

ECONOMIC

Impact	Materiality	Correlation	Type	SDG United Nations
Indirect economic effects	⊕ ⊕	Direct and Connected Value Chain	Actual	
Investments in infrastructure, purchases of goods and services from local suppliers, and services provided by the Group also have an impact on the long-term welfare and development of local communities. Oil & Gas activities along the entire value chain can be an important source of investment and income for local communities and host countries. The Saras Group contributes significantly to the economic and social development of the Sardinian territory, fostering employment and generating local economic growth.				
Contribution to technological innovation	⊕ ⊕	Direct	Actual	
Saras considers technological innovation one of the most important strategic levers for remaining competitive in the international context and pursuing the objectives of the ecological transition. The Group carries out industrial development and digitalisation activities aimed at operational excellence and maximising value creation, in the interests of shareholders and in compliance with the best safety standards for employees, the community and the local area.				
Corruption and organised crime	⊖	Direct and Connected Value Chain	Potential	
In the oil and gas sector, corruption can occur throughout the value chain (particularly in upstream activities, in countries with high levels of poverty). Saras has implemented an Organisation, Control and Management Model in compliance with Legislative Decree 231/01 as a safeguard for the commitments made in this regard in the Code of Ethics and the Sustainability Policy.				
Asset integrity and major accident management	⊖	Direct	Potential	
Accidents in the oil industry can have significant consequences for workers, local communities, ecosystems, and cause damage to the organisation's assets. The Group's industrial site is built and operated in accordance with legal requirements and industry best practices, including systematic monitoring and controls to protect Asset Integrity, and Asset Management Policies to ensure business continuity. In addition, the Group has implemented and maintains a Safety Management System for the Prevention of Major Accidents (SGS-PIR) pursuant to Legislative Decree 105/2015.				
Transparency on taxes and contributions	⊖	Direct and Connected Value Chain	Potential	
Taxes and levies are important sources of income for local communities (especially in developing countries or regions with less industrial presence). Lack of transparency or tax non-compliance can reduce tax revenues in some countries. The Saras Group manages its taxation transparently and, with regard to all subsidiaries based in Italy, follows the principles of tax consolidation.				

As regards impacts on the economic matrix, the following 4 were found to be 'Non-Material": "Privacy and Sensitive Data" (The Group is committed to the management of cyber security and the prevention of cyber-attacks to protect the proper functioning of the Group's industrial and operational assets, and to protect its stakeholders from disruption or exposure of sensitive data. The Cyber Security Programme, which started in 2018, manages the risk related to digital technologies employed by the Group.

In addition, the Group manages sensitive data in accordance with GDPR regulations, and no breaches have been recorded); "Conflict and security management along the Value Chain" (Saras carries out its industrial operations in Italy and Spain and therefore this type of impact is not material, as there are no conflict zones and/or characterised by high political and social instability in these countries); "Anti-competitive behaviour" (Situations of market concentration and anti-competitive behaviour in the oil and gas sector may occur particularly in the "Upstream" and/or "Retail" service station segments, where cases of cartels, monopolistic practices and market abuse have been documented, with price increases.

On the other hand, this impact is not relevant for Saras, whose activities are carried out exclusively in the refining segment, with sales mainly in the cargo market, and the Group does not own retail service stations); and "Lobbying on Governments" (The Saras Group does not engage in lobbying and/or advocacy activities, and does not exert any influence on government activities, nor does it hinder in any way environmental policies or the achievement of the SDGs).

The findings of the aforementioned materiality analysis of impacts were shared and approved by the Saras Board of Directors, through the "Control, Risk and Sustainability" end committee, to which they were presented by the manager in charge, the "Chief Energy and Sustainability Officer" (CESO).

Finally, with regard to reporting on the above issues and for all Group companies, in continuity with previous years, the methods indicated by the "GRI Topic Specific Disclosures", identified in the "Global Reporting Initiative Sustainability Reporting Standards" (GRI Standard - Edition 2021), were adopted.

GROUP IDENTITY

[2.1; 2.2; 2.3; 2.6]
The Saras Group is one of the leading Mediterranean operators in the oil refining sector. Moreover, it produces and sells electricity, which is essential for the stability and security of the Sardinian grid, using both the IGCC combined-cycle gasification plant and renewable sources.

Alongside the global nature of its oil operations, the Group has solid local roots, particularly in Sardinia, where its activities generate significant contributions to the development of the local socioeconomic fabric, in a logic of long-term sustainability.

The Group Sustainability Report is published annually. This edition contains data, initiatives and projects referring to the period between 01/01/2022 and 31/12/2022 for the seven companies fully consolidated within the Consolidated Financial Statements (Saras, Sarlux, Sartec, Sardeolica, Deposito di Arcola, Saras Energia and Saras Trading), as required by Legislative Decree 254/2016.

The dissemination and archiving of the Sustainability Report takes place according to timelines aligned with those of the Annual Report of Saras SpA and the Group's Consolidated Financial Statements, in accordance with the procedures established by Borsa Italiana for regulated information. Specifically, dissemination is done via SDIR (System for Dissemination of Regulated Information) as well as by posting on the company website (www.saras.it), while storage is done in the MSA (Authorized Storage Mechanism).

Business Activities and Corporate Structure

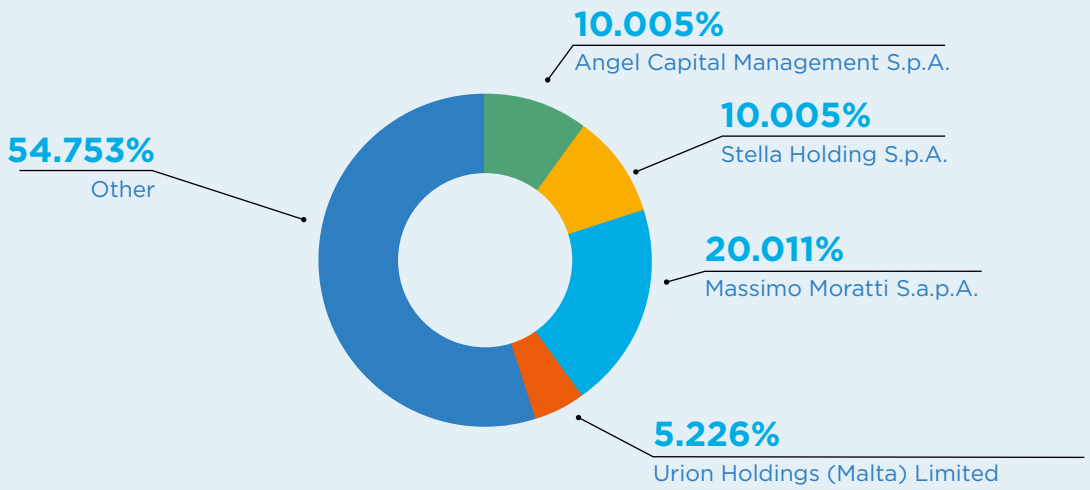
The parent company **Saras SpA** is an Italian joint-stock company, incorporated in 1962 with its registered office at SS 195 Sulcitana Km19, 09018 Sarroch (Cagliari), General Management and Administrative Office at Galleria Passarella 2, 20122 Milan, and Local Unit at Via Barberini 47, 00187 Rome.

It has been listed on the FTSE Italia Mid Cap index of the Italian Stock Exchange since May 2006. There are 951 million ordinary shares in circulation, and the shareholding 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, as of December 31, 2022, held a total of 40.022% of the share capital.

As of the same date, 5.226% of the share capital was held by the Singapore-based Trafigura Group, which operates internationally in crude oil and petroleum products trading, through its subsidiary Urion Holdings (Malta) Limited.

Saras SpA performs coordination and control functions for all Group companies and is directly active in the oil market in Italy and internationally. Specifically, Saras sells and distributes petroleum products such as gasoline, diesel, aviation fuel, marine fuels, and heating oil. Specifically, in 2022, sales of petroleum products in the cargo market channel totaled more than 10 million tons, while an additional 2.4 million tons were sold in Italy in the extra-network channel.

SHAREHOLDING STRUCTURE AS OF DECEMBER 31, 2022



SARLUX Refining & Power
SARAS

The Group's industrial center 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).

Sarlux ensures industrial operations aimed at the production of fuels, biofuels, basic chemicals, and electricity, focusing on the execution of plans and programs and overseeing the activities that enable in the day-by-day operation of the Sarroch Site asset.

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 2022, it produced and sent to the grid 4,1TWh, which agriproducts about 46% 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.

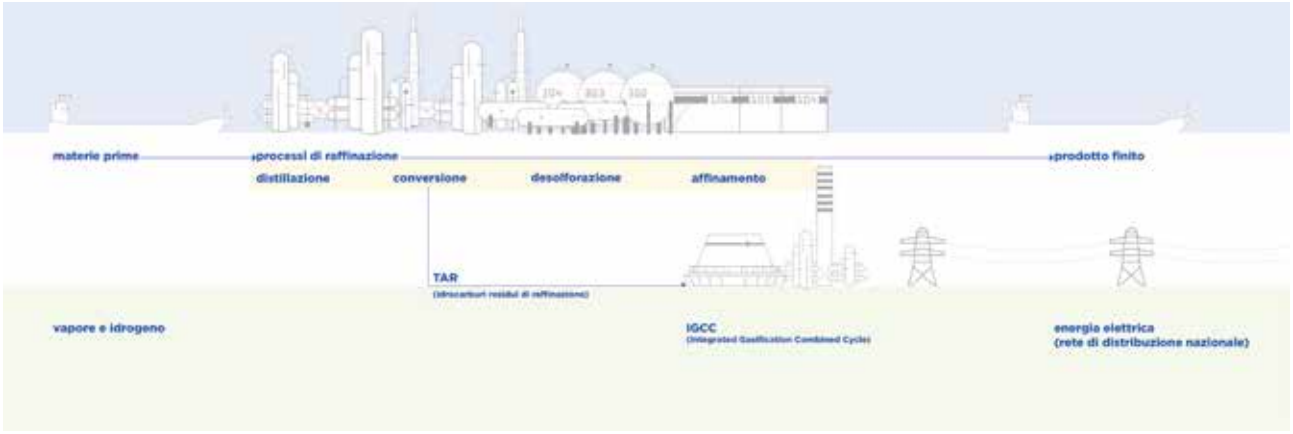
Overall, the Sarlux integrated site is therefore composed by the following:

- atmospheric (Topping) and vacuum (Vacuum) distillation plants of raw materials for the production of primary fractions (fuel gas, propane, butane, isopentane, virgin naphtha, heavy naphtha, kerosene, diesel fuel, atmospheric residue);
- conversion plants (Visbreaker; Mild Hydrocracking 1 and 2 - MHC; and Fluid Catalytic Cracking - FCC) where hydrocarbons and heavy distillates are converted into medium-light fractions. From the Visbreaker plant, hydrocarbons (TAR) are sent to the IGCC plant;
- catalytic reforming plant (CCR) in which the processing of light distillates (naphtha) into high-octane components takes place, with simultaneous production of hydrogen, which is used in desulfurization treatments;
- plants for improving the quality characteristics (alkylation) and performance of gasoline (TAME);
- U800 plant for the production of low-sulfur gas-

oline;
- PSA plants for purification of hydrogen used for desulfurization of gasol (destined for the automotive market) with very low sulfur content;
- northern plants (Reforming, BTX, Formex, Pseudocumene, Propylene Splitter) where the production of fine aromatics from virgin naphtha takes place;
- the Integrated Gasification Combined Cycle (IGCC) gasification plant produces electricity, hydrogen and steam from the heavy hydrocarbons from the refining process (a bitumen-like substance called TAR)

Environmental impact mitigation facilities:

- desulfurization plants in which middle distillates (kerosene and gasoil) be subject to catalytic hydrogenation processes for sulfur removal and product quality improvement;
- DEA 1, 2, 3, and 4 plants to process incondensable fuel gas (fuel gas) for the removal of sulfur compounds (H2S) and its subsequent reuse for internal use;
- Tail Gas Treatment Unit (TGTU) plants for tail gas treatment, which enables increased sulfur recovery resulting in reduced sulfur dioxide (SO2) emissions to the atmosphere, lowered by more than 45 percent since 2009;
- vapor abatement plant, North Plant, in which by cryogenic condensation, the condensates of nitrogen and hydrocarbon vapor mixtures from covered water treatment equipment, some tanks and ship cargo are extracted and recovered;
- Vapour Recovery Unit (VRU) plant, completed in 2020, which provides for the recovery of vapors produced during ship loading operations at the Southern Plants marine terminal using an activated carbon adsorption unit.



SARAS TRADING
SARAS Supply & Trading

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, chartering of the tankers used to transport the above raw materials and refined products, and then, benefiting from being located in one of the world's major hubs for oil commodities trading, Saras Trading also conducts independent trading in oil commodities.

Saras Energia was born from the merger of Saroil (formed in 1990) and Continental Oil (formed in 1992) and for many years it has been active in the sale of petroleum products in the Spanish market both in the "network" channel (i.e., service stations selling to end consumers, motorists) and in the "extra-network" channel (i.e., wholesale sales to retailers, industrial companies, public entities, trucking companies, condominiums, agricultural and fishing operators, etc.). Then, for the past few years, it has been focusing on the "extra-network" channel, benefiting in this area from the Group's long experience, as well as from synergies with its subsidiary Saras Trading.

As of December 31, 2022, Saras Energia directly employs 20 people and an additional 12 at its wholly owned subsidiary Terminal Logistica de Cartagena SLU (TERLOCAR), located in Cartagena, Spain. It is confirmed as one of the significant players in the Iberian market, with about 1.2 million tons of oil products sold in FY 2022.

To carry out its commercial activities, Saras Energia uses storage facilities owned by third-party operators (including mainly Decal and CLH), and also makes use of TERLOCAR, which has a total storage capacity of 114 thousand cubic meters, fully utilized (partly directly for the Group's needs, and partly through lease agreements signed with third-party operators).

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, the subsidiary Sardeolica has adopted 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.

With the aim of increasing energy production from renewable sources, in 2019 Sardeolica carried out the Ulassai wind farm expansion project, called the "Maistu" project, with the installation of an additional 9 turbines in the municipalities of Ulassai and Perdasdefogu (for an incremental capacity of 30MW). In June 2021, a wind farm was acquired in Macchiareddu, called "Amalteja," which has been in operation partly since 2008 and partly since 2012 with a total capacity of 45MW, and production of about 56GWh/year. In addition, in November 2021, work was completed on replacing the blades of the original 48 wind turbines of the Ulassai wind farm (so-called "Reblading"), with new generation blades, along with further modernization of the main components.

Sardeolica obtained, in March 2022, the Authorization (Autorizzazione Unica) for a 79MW Photovoltaic plant project, located in the Industrial Zone of Macchiareddu (South Sardinia), christened "Helianto," with estimated production of about 150GWh/year.

In pursuit of the Group's strategy, Sardeolica aims to make further investments in the coming years to develop power generation from renewable sources, both wind and photovoltaic (more details can be found in the chapter on Ecological Transition).

Sartec Srl is the Group's subsidiary that encompasses two key competence centers for the purpose of improving industrial and environmental performance to ensure value and sustainability for the core business:

- "Industrial Technology," responsible for defining short and medium-term strategies to direct the improvement of production processes and the increase of asset availability, and also ensuring related short-term planning and programming, consistent with the Group's long-term strategies and plans;

- "Industrial Engineering & Services," responsible for ensuring project management of the investment plan, engineering supply chain activities and ICS management, digital transformation of the Industrial area, and industrial technical services.

Specifically, the Industrial Technology function is divided into the following main lines of activity:

- Environmental and waste technology: optimization of environmental performance and waste management, development of new technologies for environmental monitoring; implementation of remediation of contaminated soils and aquifers; and waste treatment, recovery, and valorization;
- Power & Utilities Technology: development and study of the improvement of power processes and addresses optimization of production set-ups, as well as the oversight of technologies related to Utilities;
- Oil Technology: process optimization and oil quality, bio-components, catalyst management, process studies, oil laboratory and pilot installations;
- Short-term Planning & Scheduling: definition and development of the short-term production schedule;
- Asset Technology & Masterplanning: increasing asset availability by overseeing integrity and reliability technologies and planning and scheduling activities, while also ensuring project masterplanning of improvement initiatives for the industrial site.

The Industrial Engineering and Services function is divided into the following main lines of activities:

- Environmental services: environmental engineering services, supply, and maintenance, including global service, of analysis and measurement systems for the environment, analytical services. and environmental monitoring;
- Investments Project Management: coordinates the activities necessary for the implementation of industrial investments;
- Engineering and Technical Archive: multidisciplinary industrial engineering, process engineering, and plant engineering solutions;
- Industrial Control Systems: automation and safety engineering (according to IEC61508/IEC61511), process control and alarm management, cyber security OT, connectivity and IIoT solutions;
- Systems and safety engineering and industrial services: safety and package systems engineering, systems analysis and systems maintenance services;
- Digital Transformation: developing solutions based on Machine Learning, Artificial Intelligence, Robotic process automation, Business Intelligence, process simulation.

Finally, Sartec has its own chemical laboratory with state-of-the-art instrumentation and technology for the development of analytical services and studies in the environmental and petroleum fields. The environmental laboratory is Accredia accredited and performs analysis of air, water, soil, waste, emissions, and occupational hygiene, including olfactometric and QAL2 analysis.

DEPOSITO DI ARCOLA
SARAS Storage Activity

Activities at the Arcola site began in the 1960s, with the construction of a refining plant by Società Petrolifera Italiana (SPI) and the consequent start of production of refined products such as gasoline, diesel, and fuel oils.

In 1986, SPI sold the facilities to the Arcola Petrolifera company, which continued to operate them until 1996, when refining activities were suspended and storage activities were developed instead. Finally, in 2011, the company Deposito di Arcola S.r.l. was established within which the activities of the depot are brought together.

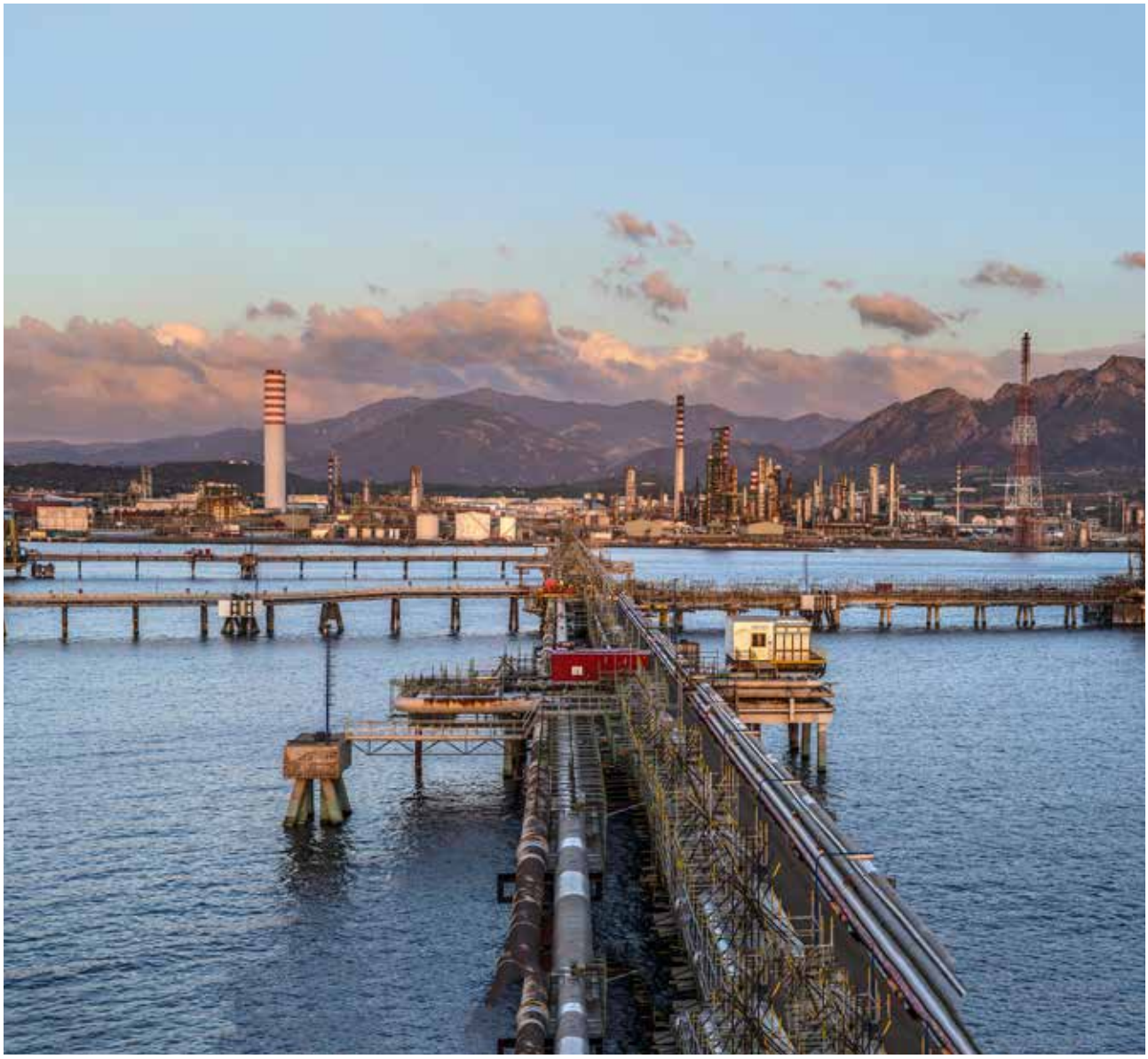
Currently, the Depot, which covers an area of about 160,000 m2 and employs 15 Group employees, exclusively conducts the business of storing petroleum products (gasoline and diesel) in 26 aboveground atmospheric tanks, whose total nominal capacity is about 181,600 m^3.

The Depot's activity consists of receiving by sea finished products, mainly from the Sarlux refinery in Sarroch. The products arrive by ship to the buoy field, located in the La Spezia roadstead.

The Arcola Depot, where storage takes place, is


MARKETING
Madrid, Spain
STORAGE FACILITY
Cartagena, Spain

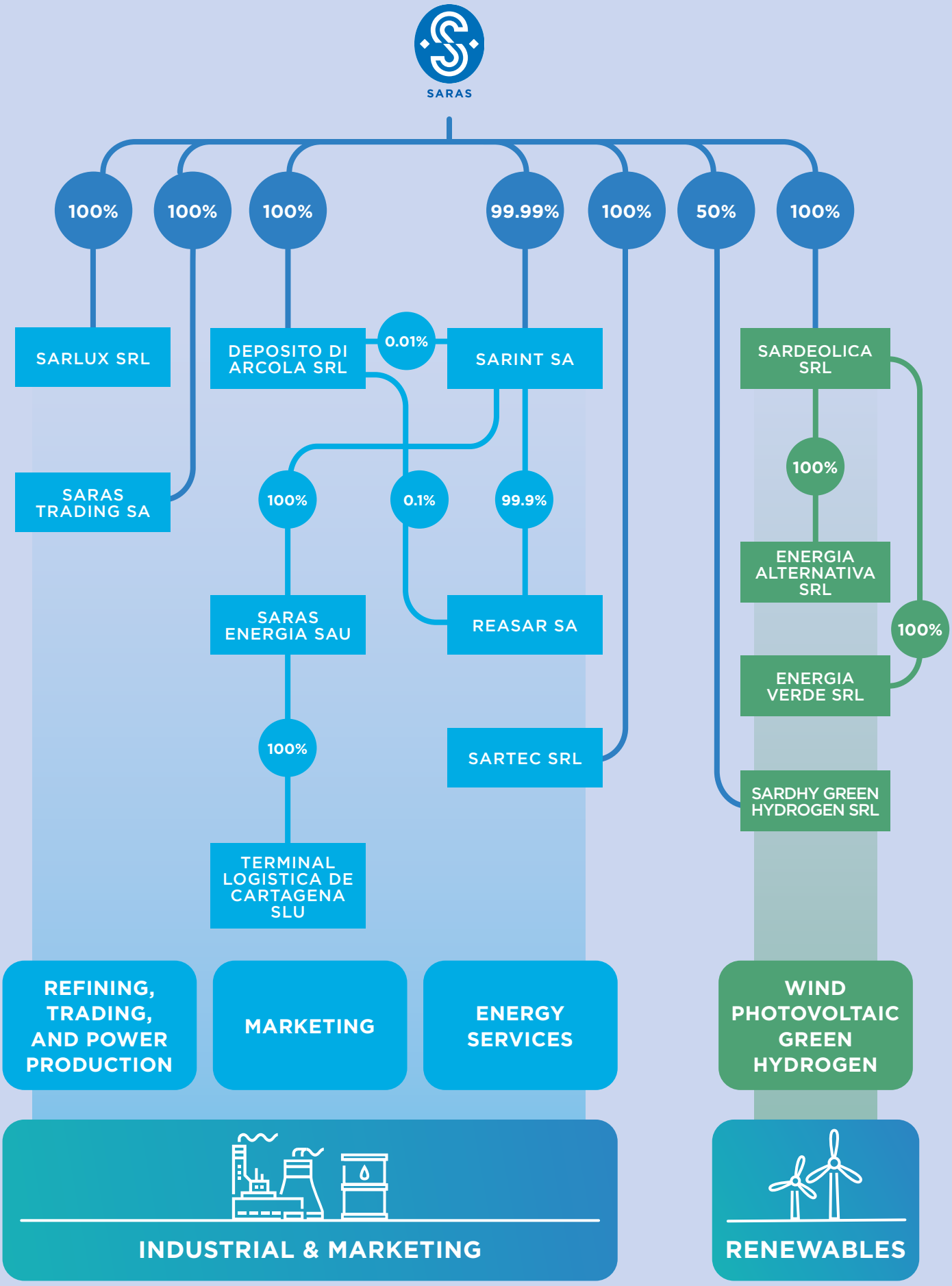

TRADING
Genève, Switzerland
HEADQUARTERS
Milan, Italy
STORAGE FACILITY
Arcola, Italy
MARKETING
Rome, Italy
WIND FARM
Ulassai, Italy
WIND FARM
Macchiareddu, Italy
INDUSTRIAL SERVICE
Macchiareddu, Italy
INDUSTRIAL SITE
Sarroch, Italy



connected to the buoy field by a pipeline with a total length of about 10 km, equipped with two pumping stations with a booster function, located at the Battigia and Pianazze bases, respectively. Finally, overland transfer takes place by means of special pumps that convey the petroleum products to the loading shelters of tanker trucks.

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 2022, the revenues from ordinary operations (along with the costs of raw materials) increased further than 80% compared to the previous year. This is in line with the trend in gasoline and diesel prices (+50% e +80% compared to 2021 prices respectively) and with the increase of the refining runs (+3% compared to the 2021 runs) as well.

In terms of distribution by geographical area, in FY2022 about 27% of the Group's revenues were generated in Italy, and this percentage rises to 54% when considering the entire European Economic Community (EEC).

Revenues from ordinary operations - Saras Group (Thousands of euros)

	2020	2021	2022
Italy	1,367,009	4,321,903 *	4,198,978
Spain	125,191	271,759	1,716,590
Other EEC	908,456	1,675,005	2,617,123
Extra EEC	2,544,746	2,273,937	7,085,788
USA	239,473	93,846	217,306
Total	**5,184,876**	**8,636,450**	**15,835,785**

* It should be noted that, in the 2021 Sustainability Report, an incorrect data has been published, regarding the revenues realized in Italy (4,246,777). Here is reported the corrected figure.

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:

I. Climate change mitigation
II. Climate change adaptation
III. The sustainable use and protection of water and marine resources
IV. The transition to a circular economy
V. Pollution prevention and control The protection and restoration of biodiversity and ecosystems.

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

- 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 (***International Bill of Human Rights***), in the OECD Guidelines for Multinational Enterprises, in the eight Conventions Fundamentals of the International Labor Organization (***ILO Fundamental Principles and Rights at Work***), and in the UN Guiding Principles on Business and Human Rights (***UNGPs***);
- 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, (DNSH Principle) 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, also making use of the IT tool made available by the European Commission, called "EU Taxonomy Compass" (https://ec.europa.eu/sustainable-finance-taxonomy/home):

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. 3 and 18 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 environmentally sustainable, in accordance with the Taxonomy Regulation

In particular, the **eligibility of Sardeolica**'s activities was verified by also scrutinizing the Articles of Association (The company's object is the following activities: + the production of electricity; + the performance of public and private civil and industrial electrification works; + the construction and management of wind power plants of all kinds. The company's object also includes the construction of industrial centers for the production of electricity and related service centers), and it was found that these activities are specifically included in the Articles of Association with the following number and nomenclature: "4.3 - Electricity generation from wind power," NACE codes D35.11, F42.22.

Regarding the **assessment of compliance with the technical screening criteria for Sardeolica's activity**, as stipulated in Art. 19, it was taken into account that the production of electricity from wind renewable sources is consistent with a pathway aimed at limiting the global temperature increase to 1.5°C compared to pre-industrial levels, and therefore environmentally sustainable. It contributes substantially to the achievement of the first environmental goal (climate change mitigation).

With regard to the **assessment of the DNSH criteria for Sardeolica's activities**, as stipulated in Art. 17, the environmental impact of the activities themselves and the environmental impact of the products they supply (i.e., electricity) during their full life-cycle (full life-cycle assessment) were taken into account, in particular by considering energy production and use.

Specifically, it was indeed verified that Sardeolica does not cause significant harm:

a) to climate change mitigation, as it does not produce greenhouse gas emissions;

b) to climate change adaptation, as it does not worsen the adverse effects of current climate and projected future climate on people, nature, or assets;

c) to the sustainable use and protection of marine waters and resources, in that it does not harm (i) the good ecological status or potential of water bodies, including surface waters and groundwater; or (ii) the good ecological status of marine waters;

d) to the circular economy, including waste prevention and recycling, in that: (i) the activity does not lead to significant inefficiencies in the use of materials or in the direct or indirect use of natural resources such as nonrenewable energy sources, raw materials, water resources, and land, at one or more stages of the life cycle of products, including in terms of the durability, reparability, upgradeability, reusability, or recyclability of products; (ii) the activity does not result in a significant increase in waste generation, incineration, or disposal, except for the incineration of non-recyclable hazardous waste; or (iii) no long-term disposal of waste is done, which may cause significant and long-term damage to the environment;

e) to the prevention and reduction of pollution, in that Sardeolica's activity does not result in a significant increase in emissions of pollutants into the air, water, or soil compared to the situation existing prior to its commencement; or

f) to the protection and restoration of biodiversity and ecosystems, as the activity: (i) does not significantly harm the good condition and resilience of ecosystems; or (ii) does not harm the conservation status of habitats and species, including those of Union interest.

Finally, with regard to the adoption of minimum social safeguards, as required by Art. 3 and 18 of the Taxonomy Regulations and also by the "Final report on Minimum Safeguards" published in October 2022 by the experts of the "European Platform on Sustainable Finance," Sardeolica adopts a Management and Control Organizational Model Legislative Decree. 231/2001 and all Policies of the parent company (including the Sustainability Policy); moreover, in carrying out its activities it follows procedures that comply with the International Charter of Human Rights, the OECD Guidelines for Multinational Enterprises, the eight Fundamental Conventions of the International Labor Organization, and the United Nations Guiding Principles on Business and Human Rights.

Through a six-step "Human Rights Due Diligence" process, the four "Substantive Topics," i.e., key issues identified by the platform on sustainable finance, with which compliance with minimum safeguards is associated, were verified: Human Rights

(including workers' and consumers' rights); Corruption; Taxation; and Competition. The first phase involved verifying the adoption of commitments to respect Human Rights within corporate policies and procedures; the second phase consists of the identification and assessment of current and potential negative impacts, including through the involvement of stakeholders (stakeholder engagement) in the manner provided by the EMAS certification that Sardeolica has; the third phase analyzes the actions/initiatives taken to interrupt, prevent, mitigate and remedy the negative impacts; the fourth phase involves monitoring the implementation of the above actions/initiatives and the results achieved; the fifth stage involves public communication of the approach to respecting Human Rights (through the Group's Sustainability Policy) and the results of actions taken to address, mitigate and, where possible, avoid current and potential negative impacts; finally, the sixth and final stage of the process is to establish appropriate grievance mechanisms where individuals and groups can raise concerns about negative impacts (through the use of the Group's Whistleblowing system).

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 DNF, 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.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities (Regulation EU 2020/852)

Economic activities	Code	Absolute turnover	Proportion of turnover	Substantial contribution criteria						"Does Not Significantly Harm" criteria (DNSH)						Taxonomy-aligned proportion of turnover [Year 2022]	Taxonomy-aligned proportion of turnover [Year 2021]	Category (E = Enabling Activity; T = Transition activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
		kEuro	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	E/T
A. Taxonomy eligible activities																		
A.1 - Environmentally sustainable activities (Taxonomy-aligned)																		
Electricity generation from Wind Power (segment "Renewables")*	**4.3**	**43,812**	**0.28%**	100%	0%	0%	0%	0%	0%	Si	Si	Si	Si	Si	Si	**0.28%**	**0.38%**	**E**
A.2 - Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
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Total (A.1 + A.2)	**4.3**	**43,812**	**0.28%**													**0.28%**	**0.38%**	**E**
B. Taxonomy-NON-eligible activities																		
Segment "Industrial & Marketing"		**15,733,335**	**99.72%**													**99.72%**	**99.62%**	
C. Total Activities (A+B)																		
Total (A + B)		**15,777,147**	**100.00%**															

* for Saras called the "Renewables" segment

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities (Regulation EU 2020/852)

Economic activities	Code	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria						"Does Not Significantly Harm" criteria (DNSH)						Taxonomy-aligned proportion of CapEx [Year 2022]	Taxonomy-aligned proportion of CapEx [Year 2021]	"Category (E = Enabling Activity; T = Transition activity)"
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
		kEuro	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	E/T
A. Taxonomy eligible activities																		
A.1 - Environmentally sustainable activities (Taxonomy-aligned)																		
Electricity generation from Wind Power (segment "Renewables")*	**4.3**	**18,912**	**17.90%**	100%	0%	0%	0%	0%	0%	Si	Si	Si	Si	Si	Si	**17.90%**	**30.67%**	**E**
A.2 - Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
---	---	---	---															
Total (A.1 + A.2)	**4.3**	**18,912**	**17.90%**													**17.90%**	**30.67%**	**E**
B. Taxonomy-NON-eligible activities																		
Segment "Industrial & Marketing"		**86,762**	**82.10%**													**82.10%**	**69.33%**	
C. Total Activities (A+B)																		
Total (A + B)		**105,674**	**100.00%**															

* for Saras called the "Renewables" segment

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities (Regulation EU 2020/852)

Economic activities	Code	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria						"Does Not Significantly Harm" criteria (DNSH)						Taxonomy-aligned proportion of CapEx [Year 2022]	Taxonomy-aligned proportion of CapEx [Year 2021]	"Category (E = Enabling Activity; T = Transition activity)"
					Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems			
		kEuro	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	E/T
A. Taxonomy eligible activities																		
A.1 - Environmentally sustainable activities (Taxonomy-aligned)																		
Electricity generation from Wind Power (segment "Renewables")*	**4.3**	**8,637**	**0.53%**	100%	0%	0%	0%	0%	0%	Si	Si	Si	Si	Si	Si	**0.53%**	**0.65%**	**E**
A.2 - Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
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Total (A.1 + A.2)	**4.3**	**8,637**	**0.53%**													**0.53%**	**0.65%**	**E**
B. Taxonomy-NON-eligible activities																		
Segment "Industrial & Marketing"		**1,612,548**	**99.47%**													**99.47%**	**99.35%**	
C. Total Activities (A+B)																		
Total (A + B)		**1,621,185**	**100.00%**															

* for Saras called the "Renewables" segment

Membership

[2.28]

The oil and electricity sectors in which the Saras Group is active are influenced by national, Europe 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, 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 2022 are listed below.

Association	Description	Member Company
Italian Electrotechnical and Electronic association (AEIT)	Association to promote and foster the study of electrical, electronic, automation, computer and telecommunications sciences 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 in the Iberian territory in oil exploration, extraction and processing, and distribution of petroleum products, with the aim of defending the general interests of member companies.	SARAS ENERGIA
Italian Chemical Engineering Association (AIDIC)	Association aimed at disseminating technical and scientific knowledge and results of technological and engineering development in the chemical, petrochemical, food, pharmaceutical, biotechnology, materials, safety and environmental fields.	SARTEC
Italian Association of Internal Auditors (AIIA)	Non-profit association and recognized as the Italian affiliate of the I.I.A. - Institute of Internal Auditors - the world leader in standards, certification and training for the Internal Auditing profession.	SARAS
National Association of Risk Managers and Corporate Insurance Managers (ANRA)	Association of risk managers and corporate 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, due to the great impact it has on plant availability, work safety, product quality and cost	SARLUX
ASSOLOMBARDA	Association of enterprises operating in the Metropolitan City of Milan and the provinces of Lodi, Monza and Brianza, Pavia. The association protects the interests of member companies in their relationship with institutional interlocutors and Stakeholders in the area active in various fields: education, environment, culture, economy, labor, civil society. It also offers specialized consulting services in all areas of business interest.	SARAS

Association	Description	Member Company
ASSONIME	Focuses on the study and treatment of problems affecting the interests and development of the Italian economy.	SARAS
National Wind Energy Association (ANEV)	Promotes research and technological development aimed at the utilization of the wind resource and the rational use of energy, as well as the dissemination of correct information.	SARDEOLICA
Confindustria Sardegna Meridionale Cagliari, Carbonia-Iglesias e Medio Campidano	Represents and assists member businesses at public institutions and administrations and in relations with political, economic, trade union and social organizations. Protects the economic and moral interests of local business.	SARAS SARLUX SARTEC
Confindustria Sardegna Centrale	Represents and assists member businesses at public institutions and administrations and in relations with political, economic, trade union and social organizations. Protects the economic and moral interests of local business.	SARDEOLICA
CONFINDUSTRIA ENERGIA Federation of Energy Sector Associations of Confindustria)	Its purpose is to help shape 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	It is the leading association in the Italian electrical world with more than 700 operators with installations throughout the country, and is among the most important industry associations in Europe.	SARAS
Sustainable Fuels (in precedenza chiamata EFOA - European Fuel Oxygenates Association)	Dedicated to promoting ether as a component of fuels for a cleaner and more sustainable future.	SARAS
Fuels Europe e Concawe	Divisions of the European Fuels Manufacturers Association, whose members are the companies that operate oil refineries operating in the European Union. In particular, Concawe conducts research on environmental, health and safety issues relevant to the oil industry.	SARAS
INNOVHUB – Experimental Stations for Industry (formerly the Experimental Station for Fuels)	Institutional point of reference for the evaluation and monitoring of fuel characteristics. Has specific expertise in the comprehensive assessment of issues related to energy, environmental and safety performance related to fossil fuels and alternative energy sources. Mandatory contributions (ex Art. 8 Legislative Decree 540/1999 and Art. 4 c. 4 Ministerial Decree April 1, 2011) due by companies operating in the Fuels sector.	SARAS
International Oil Pollution Compensation Fund (IOPC Fund)	International fund established for the purpose of providing financial compensation for oil pollution damage occurring in member states.	SARAS

Association	Description	Member Company
Oil Companies International Marine Forum (OCIMF)	Association of oil companies that aims to be the leading authority for ensuring the safe and environmentally responsible management of tanker, terminal and offshore support vessel operations by promoting continuous improvement in design and operating standards. In 2010 Saras, by becoming an accredited member of OCIMF, acquired the right to operate under "Vetting " within the SIRE program, a risk assessment tool for tankers.	SARLUX
Unione Energie per la Mobilità (UNEM), [the Italian Oil Industry Union]	Association that brings together leading Italian companies involved in oil processing and distribution of petroleum products.	SARAS
Ente nazionale italiano di unificazione (UNI)	Association whose purpose is to develop, publish and disseminate standards	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

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 maintained a continuous and transparent dialogue with investors, both shareholders and non-members, and with all other stakeholders.

In particular, in 2022 after the emergency from Covid-19 made it necessary to virtual meetings with telematic tools (telephone, videoconference, website), it was possible to restart doing some in-person meetings. Moreover, especially in the first half of the year, the majority of interactions, were conducted through virtual meetings, while still ensuring the to financial community valuable periodic updates on reference market conditions and the resulting strategies of the Group.

During the year, the Company (CEO, CFO and Head of Investor Relations) participated in 5 Investor Conferences dedicated to investors specializing in the "Energy" and "Oil & Gas" sectors - in presence (in Milan and London) and virtual. Management also participated during the year in 7 meetings with investors, in groups or "one to one" meetings, promoted by the Company or requested by investors. In addition, ongoing dialogue with shareholders and other stakeholders continued, through the Investor Relations function, via phone calls, emails, and virtual meetings.

In 2022, 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.

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

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 web-casting/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

[2.9]

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 through the organization of the corporate governance system and the entire organizational structure of the Group, within which three committees were established:
  - a **Remuneration and Appointments Committee**, which has also been given the primary functions of the Related Parties Committee to be carried out whenever necessary, in accordance with the provisions of the relevant Procedure adopted by the Company pursuant to Article 2391-bis of the Civil Code as implemented by Consob Regulation adopted by Resolution No. 17221 of March 12, 2010, as amended;
  - a **Control, Risk and Sustainability Committee**, which until the board meeting of February 6, 2020, was referred to as the "Audit and Risk Committee" and which at that time had its supervisory functions integrated with its own functions saw its functions integrated with those of supervision, assessment and monitoring regarding sustainability profiles related to the business activity,
  - a **Steering and Strategy Committee** which supports the BoD in defining strategic business, finance, as well as sustainability guidelines
- 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

[2.10; 2.11]

The Board in office as of 31st December 2022 included 12 directors in total, 2 of whom are executive directors and 10 non-executive directors and, amongst the latter, 5 are independent.

It should be noted that the Chairman of the Board of Directors does not hold any position within the corporate organization.

Regarding the nomination and selection procedures, the Articles of Association provide that the Board is elected by the Shareholders' Meeting through a list voting mechanism designed to allow the list that obtained the second best result, and is not in any way connected to the majority list, to express a Director.

In order to ensure the election of at least one minority Director, the Company provides that in addition to the candidates from the list that obtained the highest number of votes (excluding the last one), the first candidate drawn from the list that obtained the second best result and is not connected in any way, not even indirectly, with the shareholders who submitted or voted for the list that came first in terms of number of votes is also elected.

In determining the composition of the Board of Directors and in compliance with the suggestions of the Corporate Governance Code, the company applies diversity criteria, including gender criteria, in compliance with the overriding objective of ensuring the adequate competence and professionalism of the members.

In particular, lists for election that present a number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that a share of candidates (rounded up) at least equal to that prescribed by current regulations on gender balance belongs to the less represented gender.

In addition, if this does not ensure, in practice, a composition of the Board of Directors that complies with the current regulations on gender balance, the candidate of the most represented gender elected as the last in numerical order in the list that received the highest number of votes shall be replaced by the first candidate of the least represented gender not elected from the same list, according to the numerical order. If even this procedure does not ensure a Board of Directors that complies with the rules on gender balance, the Shareholders' Meeting, by relative majority, shall make the replacement, subject to the submission of the nominations of the persons belonging to the less represented gender.

The Company's decision to adhere to the Corporate Governance Code means that it must be ensured that at least one-third of the Board of Directors is composed of independent directors: compliance

with this recommendation is verified annually by also noting it in the corporate governance report. Key information regarding the composition of the Saras Board of Directors as of December 31, 2022 is provided in the appropriate table.

During FY2022, the Board held 8 meetings, which were regularly attended by the various directors as well as members of the Board of Auditors.

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.

Board of Directors as of December 31, 2022

Member	Positions	Birth Year	List*	Executive/ Non executive	Indipendent	Control, Risk and Sustainability Committee	Remuneration and Nomination Committee	Guidance and Strategy Committe
Moratti Massimo	Chairman	1945	M	Executive				Member
Codazzi Pier Matteo	Chief Executive Officer e General Director	1967	M	Executive				Member
Moratti Angelo	Director	1963	M	Non executive				Member
Mancini Giovanni	Director	1965	M	Non executive	X			Chairman
Moratti Angelomario	Director	1973	M	Non executive				Member
Moratti Gabriele	Director	1978	M	Non executive				Member
Moratti Giovanni Emanuele	Director	1984	M	Non executive				Member
Fidanza Laura	Director	1973	M	Non executive	X	Member	Member	
Harvie-Watt Isabelle	Director	1967	M	Non executive	X	Member		
Cerretelli Adriana	Lead Independent Director	1948	M	Non executive	X	Chairman	Membro	
Radice Patrizia	Director	1964	M	Non executive				
Luchi Francesca	Director	1961	M	Non executive	X		Chairman	

* M = majority list, m = minority list. Moreover, it is acknowledged that the current composition of the board of directors is the one resulting from the April 27, 2022 Appointment Meeting, for which no minority lists were submitted.

It is hereby acknowledged that in view of the termination of the positions held by Eng. Dario Scaffardi, former Chief Executive Officer and General Manager, the Board of Directors of Saras on October 28, 2022 co-opted as a new non-independent Director of the Company, effective October 31, 2022, Dr. Pier Matteo Codazzi. Pier Matteo Codazzi, also appointing him as the new Chief Executive Officer and General Manager and conferring on him, in line with the previous structure, all powers for the ordinary administration of the Company with the exclusion, in addition to those that cannot be delegated by law and the bylaws, of specific powers already reserved by the Board to its competence. For further details, please refer to what is published in the "Investors" section of the website www.saras.it.

Percentage of members of governing bodies by gender 2022

	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	3	3	0%	0	0	0	0%	0	1	1	0%

Percentage of members of governing bodies by age 2022

	Board of Directors					Board of Statutory Auditors					Supervisory Board				
	30-50	>50	Tot	% 30-50	% >50	30-50	>50	Tot	% 30-50	% >50	30-50	>50	Tot	% 30-50	% >50
*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	3	3	0%	100%	0	0	0	n/a	n/a	0	1	1	0%	100%

* In Saras, the Board of Directors changed the composition of its Members, while remaining unchanged in terms of number and gender. The Shareholders' Meeting of April 27, 2022 appointed Patrizia Radice and Giovanni Mancini as Directors to replace Monica de Virgiliis and Gilberto Callera. Please refer to the previous note for more details regarding the appointment of Director Pier Matteo Codazzi, Chief Executive Officer and General Manager of the Company

** In Saras Energia SAU the Ethics Committee is the body equivalent to the SB.

*** The Chairman of the Board of Directors of Saras Trading SA, Eng. Dario Scaffardi, has ceased to hold his office with effect from 30/10/2022.

Board Committee

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 2 May 2022, 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 Consob Regulation adopted by Resolution No. 17221 of March 12, 2010, as amended;

The **Control, Risk and Sustainability Comittee** [2.13]
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, with regard to sustainability-related responsibilities, the Audit, Risk and Sustainability Committee ensures:

- 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 Sustainability report 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 has advisory, proactive and support activities for the Board of Directors in defining strategic business, finance and sustainability guidelines, and is chaired by Giovanni Mancini.

Internal control and management system

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 Chief Executive Officer, who implements the guidelines set by the governing body, overseeing the design, implementation, and management of the internal control and risk management system and constantly monitoring its adequacy and effectiveness
- 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;
- of the Internal Audit Department and the Risk Officer, 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 2022, intending to continually review and update the Model to bring it into line with regulatory and organisational changes, Saras' and Sarlux's Models, involving various corporate departments to the extent applicable, have been updated following the amendments affecting Legislative Decree 231/01; the Special Sections "crimes against the Public Administration," "corporate crimes and bribery among private individuals," and "tax crimes" have also been updated following the inclusion of the process of managing the IGCC plant's Essentiality Regime among the "sensitive" areas as being potentially exposed to the risk of commission of crimes cited above.

The organisational, management and control models of Saras and Sarlux were approved, respectively by the Boards of Directors of Saras on 29 July, and by the Sarlux Board of Directors on 27 July 2022.

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

The Code of Ethics, the Model, the Articles of As-

sociation, 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 Manage 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.

In 2022, the Internal Audit function conducted 43 audits on the system of internal control risk management (SCIGR) and compliance areas of the Organizational Models.

The results of the audits performed 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 2022, no violations of environmental rules, reg-

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.

ulations and laws relating to socioeconomic or impact on health and safety of customers who purchase products sold by the Saras Group were found, except as specified below:

1. On June 22, 2022, notification of NOE Minutes No.6/11-16 of prot 2021 dated June 07, 2022, to the CEO of Sarlux srl and the IPPC Contact Person of Sarlux srl. They are charged with the offence hypothesis ex art 29 quattordecies c.3 lett. B) of Legislative Decree 152/2006 for not having complied with the requirements contained in A.I.A. as per Ministerial Decree No. 63 of 11.10.2017 of Mi.T.E. and ss.mm.ii., regarding the management of temporary waste deposits. Following compliance with the requirements, the two violators were allowed to pay a fine pursuant to Article 318 quater, paragraph 2 of Legislative Decree 152/06 in the amount of 6,500 euros each. With reference to the same report, a warning notice was issued by the MASE to Sarlux pursuant to Article 29-decies of Legislative Decree 152/06 dated 15.12.2022 requesting the transmission of a procedure/instruction for the verification of temporary waste deposits, which was responded to on 13.01.2023.
2. In August 2022, Saras received an administrative sanction in the amount of €500,000 (referring to the year 2021) pursuant to Article 9, paragraph 9 of Legislative Decree 66 of 2005, as amended and supplemented, for failing to achieve the target of reducing the carbon intensity of fuels released for consumption by at least 6% compared to a standard value identified by EU regulations of 94.1 g CO_2/MJ. This failure to meet the target is due to operational difficulties resulting from the impossibility of exploiting a blending of biofuels beyond the legal limits (due to the 5% limitation of transfer from one year to the next) and the impossibility of using Upstream Emissions Reduction certificates, as they are not yet adequately regulated by national and EU regulations in this regard.
3. On September 20, 2022, a MITE Diffida was received against Sarlux pursuant to Art. 29-decies of Legislative Decree 152/06, following NOE report no. 6/11-17 of prot. 2021 of June 7, 2022: For the period 2018-2021, following exceedances of gas flow rate limits sent to flare, delays were contested about sending the first communication on individual events, beyond 8 hours from the event and the related report beyond 16 hours from the event. Sarlux responded to the warning by producing a new operational instruction and procedure aimed at internal audits to ensure compliance with the requirement and No. 28 letter c) of the Concluding Investigative Opinion (PIC) integral part of the authorization act D.M. 263 of 11/10/2017.
4. On September 29, 2022, following the historical contamination detected in September 2021 at the Arcola Depot (of origin not directly attributable to the activities of the Arcola Depot), the Region of Liguria, through Proceedings ex art. 242 of Legislative Decree 152/06, approved the risk analysis related to the site, and prescribed a multi-year monitoring plan, to be carried out in contradiction with ARPAL, to verify the maintenance of the good state of the existing pavements and ensure their impermeability.
5. On November 3, following the Verbale prot. no. 17744 of 11.07.2022 of the Cagliari Fire Department Command, Sarlux was notified of certain requirements under Article 20 of Legislative Decree 19.12.1994 no. 758 in relation to Legislative Decree 105/2015. Sarlux is complying.

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 peri-

1. Analog similar administrative penalty, again in the amount of 500 thousand euros, had also been imposed on Saras in 2021 (referring to the year 2020) for failure to achieve the same carbon intensity reduction target. On that occasion, the failure was due to operational difficulties resulting from the pandemic emergency and its impact on energy consumption.

odical 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.

During 2022, the assessments carried out by the Risk Owners on the risk portfolio took into account the direct and indirect effects of the complex geo-political scenario, consequently 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 may generate risks on the business related to the energy transition (regulatory, technological, market, reputational)	• Changed market/competitive scenario. • Erroneous/delayed reaction to scenario evolutions related to climate change and energy transition issues	• Governance: central role of the BoD and identification of specific committees to support and corporate functions ("Energy Transition," "Innovation & Development," "Partnership Development"). • Study and development of new technological solutions to reduce the environmental impact of fossil fuels; development of renewables and green businesses. • Participation in institutional venues in activities on Energy Transition to help form rational policies at national and international levels.
Country/counterpart		
• Country risk, political instability: unavailability of raw materials best suited to the plant's characteristics. Rising prices of other raw materials. • Risk of inadequate oversight in the area of International Sanctions.	• Political instability in supplier countries. Oil Embargoes. • Continued changes in international scenarios in the area of Duties, Sanctions and Bans.	• Continuous search for new markets and different mixes for production, establishing relationships with new potential counterparts. Plants with excellent production flexibility that can adapt to various raw material mix situations. Specific supply chain optimization initiatives. • Continuous monitoring of the situation. Structured counterparty evaluation process. Level I and II control system.

Event / Potential risk	Cause	Management methods and mitigating factors
Normative evolution		
• Inadequate oversight of the risk of regulatory evolution. • Error/delayed reaction to an unfavorable evolution of the applicable regulations	• Evolution of EU and national legislation. Increasing attention of Regulators on Environment Social & Governance (ESG) aspects	• Formalized organizational oversight and external auditing firm dedicated to monitoring regulatory compliance. Presence of formalized and organizationally defined policies and procedures. Presence of training and communication plans. Monitoring of channels in charge of communicating regulatory news. Group participation in industry associations. Review of production assets and planning of necessary investments. • Structured system for monitoring regulatory changes and developments and their possible impacts, and presence of a reporting system to management and top management and, where required, to the outside world.
Interruption of production		
• Major breakage or damage of equipment during the production process • Inadequate management of maintenance work on plant and machinery • Damage to Sarroch docks such that they are unusable for a significant period of time. • Natural disaster (tidal wave, flooding, and overflowing of streams surrounding the production site) and subsequent damage to the site.	• Inadequate scheduling of maintenance work. Inadequate maintenance of the plant. Failure to evaluate the plant's failure history. • Particularly bad weather. Incorrect maneuvering of a vessel. • Natural event.	• Integrated Management System, dissemination of a culture of reliability, ongoing training and information activities, process monitoring (Internal/External Audits), presence and implementation of a Penalty System and system automatisms (process automation and process monitoring and control system instrumentation). • Implementation of three categories of maintenance interventions: preventive, predictive and "breakthrough". Preparation of intervention sheets and periodic inspection. Complete overhauls of some critical facilities with the cooperation of the manufacturer. Existence of a selection process for maintenance workers. Strengthening of predictive monitoring. • Design and construction features of the wharf such as to make up for its partial unavailability. Port regulations for approaching and discharging ships. Stipulation of insurance limited to specific categories of events. Application of Minimum Safety Criteria and procedures for "Vetting" ships. Organizational choices (appointment of anti-pollution/PFSO resp.). Securing levees and stormwater drains; operational procedures for securing facilities. • Stipulation of insurance policies.
Health and Safety at work		
• Serious incidents, or potentially so, to persons in the course of the production process. • Serious incidents, or potentially such, to persons directly or indirectly involving contractors.	• Inadequate training on safety issues. Inadequacy of safety rules. Violation of safety rules and/or procedures (e.g., "forcing" locks) and/or operational error. • Inadequate monitoring of contractor or on-site personnel. Interference between personnel from different firms.	• Adoption of an Occupational Health and Safety management system and related obtainment of EN ISO 45001 certification. Dissemination of safety culture through ongoing training and information activities. Enhancement of operational planning. Monitoring of activities (internal/external audits). Presence and application of a Sanctions System. Process Safety Management and system automation (plant safety and integrity). Use of BBS (Behavior Based Safety). Enhancement of predictive monitoring (e.g., "digital" monitoring, definition of analytical monitoring sets). • Preparation of sets of procedures aimed at defining how to identify and manage risks arising from the production process and operational changes (health, safety and major accident hazards). • Improvement of the DUVRI (for the management of interference risks). Point rating system for all contractors.

Event / Potential risk	Cause	Management methods and mitigating factors
Environment		
• Exceeding statutory emission limits for discharges/emissions	• Operational error; accident; violation of operating procedures	• Adoption of an Environmental Management System in accordance with ISO 14001:2015 and the EU Eco-Management and Audit Scheme - EMAS (which periodically requires in-depth environmental analysis of the activities conducted at the site and identification of significant direct and indirect environmental aspects). Dissemination of the culture of environmental sustainability through ongoing training and information activities. Enhancement of operational planning. Monitoring of activities (internal/external audits). Presence and application of a Sanctions System. • Preparation of sets of procedures aimed at defining how to identify and manage risks arising from the production process and operational changes.
Staff management		
• Staff resistance to accepting changes in strategy, organization or mode of operation.	• Rigidity of organizational culture. Inability to follow the changing competitive environment	• Involvement of staff to better manage organizational changes with related possible repositioning. Revisiting the procedural framework. Structural interventions to improve organizational flexibility. • More nuanced discussions with social partners on work organization and tools that can be used for the purpose of creating greater efficiency and productivity (including needs and opportunities that "welfare" will be able to nurture).
• Organizational structure unable to support the outlined strategy. • Key managerial positions vacant. • Loss of personnel repository of key skills or specific know-how.	• Misalignment of roles and responsibilities with respect to strategic goals. Oversizing and static organization. • Absence of an adequate succession plan. Internal/external conditions affecting retention of higher professional content resources; aging of the corporate population.	• Improvement of planning and control processes and activities for more efficient use of resources. Review and updating of roles and responsibilities. Recovery of operational capacity. • Knowledge and oversight of internal staff competencies (potential replacements capable of filling the position). External mapping of professionalism with particular reference to the oil sector. • Continuous monitoring of evolving scenarios and present resources: external (labor market) and internal (recruitment planning, handovers, retirements). Management of turnover.
Cybersecurity		
• Cyber attack that compromises the integrity, availability and/or confidentiality of information in the system	• Weak level of system security	• Centralized management of Cyber Security and dedicated support functions on both the ICT and ICS (Industrial Control System side of refinery plants), with the objective of addressing cyber security threats, supporting the business in choosing the most appropriate safeguards, increasing awareness of the importance of monitoring and control of activities, and disseminating techniques and technologies available to support Information Security. • Ongoing Cyber Security project aimed at improving the Saras Group's posture towards the potential risks of cyber attacks (Cyber Security Posture) in accordance with the Maturity and Security Level objectives defined in the corporate program. • Risk Assessment activities in order to identify the main areas of cyber risk, enabling the allocation of resources and prioritization of activities on the areas identified as most critical. • Staff training and awareness actions. Monitoring of regulatory developments in this area.

Event / Potential risk	Cause	Management methods and mitigating factors
Privacy		
• Violation of Privacy Law	• Continuing evolution of relevant legislation and increased attention of privacy regulators • Inadequate internal and external awareness and training on privacy management issues	• Definition of organizational oversight roles and responsibilities (Privacy Officer, Data Processing Officers, appointment of external System Administrators). Preparation and formalization of DPIA (Data Protection Impact Assessment) every two years. Presence of guidelines in the area of Privacy in accordance with the provisions of the GDPR (General Data Protection Regulation), definition of computer systems' garrisons in the area of Cyber Security. Periodic coordination of the Resp. Privacy with trade associations and Authority Guarantor of Privacy. • Audit activities for ISO 27001 purposes and indicators in the area of breach management. • Periodic coordination of the Resp. Privacy with trade associations and Authority Garante della Privacy. Monitoring of regulatory developments in the field.

Analysis of geopolitics scenario on the Corporate Risk Profile

The year 2022 was marked by a combination of events, including interrelated ones, that destabilized the global macroeconomic environment and the energy and financial markets. See in this regard the chapter "Geopolitical Context 2022 and Saras in Figures."

Accordingly, the assessments made by risk owners on the risk portfolio took into account the direct and indirect effects of the complex geo-political scenario, assessing not only the impacts but also the suitability of the risk management measures adopted by the Company.

From the in-depth discussions with risk owners, a substantial adequacy of the safeguards put in place for risk management and mitigation emerged. Particular attention was paid to market, tax and international sanctions risks; for the latter area, an in-depth analysis of the control system in place was carried out and additional measures were identified to strengthen its effectiveness.

In fact, top management has confirmed that the Russian-Ukrainian conflict and the resulting geo-political scenario have had a significant impact on the top risks in the Group's Corporate Risk Profile (which includes a total portfolio of 93 risks) resulting in an increase in the assessment, in terms of probability and impact, between the first and second half of the year, of 11 risk events among the top risks (i.e., those with medium and medium-high ratings).

With reference to risks with impacts on sustainability issues (environmental, social, governance & business), it should be noted that risks in the following areas had an increase in assessment:

- - Cyber Security: availability, confidentiality and integrity of ICT systems and ICS (Industrial Control System);
- Risk of inadequate oversight in the area of International Sanctions;
- Risk of loss of personnel with key skills or specific know-how.

Human Rights Respect

Saras operations have always been respectful of human rights. The Group expresses its commitment to respect for human rights within its Code of Ethics and Policies, particularly the Sustainability Policy, and works to promote them in all subsidiaries.

The Group also safeguards human rights along the supply chain of goods and services needed for the activities of each of its subsidiaries thorough suitability assessments of (non-oil) supplier companies. In fact, in addition to verifying the existence of technical and economic capabilities, supplier companies must comply with applicable regulations in the areas of health, safety and environment.

The Saras Group shares its Code of Ethics and Sustainability Policy with companies, requiring compliance with the values contained in these documents, and thereby also promoting the protection of human rights. Specifically, no incidents of discrimination were detected during FY2022.

Regarding the screening of risks related to respect for Human Rights, Saras has not shown any critical issues internally, and this result was also confirmed by the 2022 materiality analysis, which showed that the issue related to respect for Human Rights is not material for the Group.

Specifically, with regard to respect and protection of Workers Human Rights (child labor, forced labor, etc.), in addition to the principles of the Code of Ethics and the Sustainability Policy, full guarantees are also provided by the laws in force in the countries in which the Group carries out its activities - namely Italy, Spain and Switzerland. Indeed, these laws comply with the principles contained in the International Charter of Human Rights, the OECD Guidelines for Multinational Enterprises, the Fundamental Conventions of the International Labor Organization, and the United Nations Guiding Principles on Business and Human Rights.

On the other hand, the Group is aware that there could be cases of failure to respect the Human Rights of workers, in certain areas of the value chain: in particular, this could occur in the "Upstream" segment, which carries out hydrocarbon exploration and production activities, including in countries characterized by inadequate conditions of protection of human rights. In this regard, the Group does not have trade relations with countries included, for various reasons, on international "Black Lists" or subject to embargo measures.

Similar considerations apply to respect for Collective Bargaining Rights and Freedom of Association, which the Group protects with respect to all its workers. This leads to the conclusion that these types of risks and impacts are also not material to Saras.

However, the observation remains valid that Collective Bargaining Rights and Freedom of Association may not be respected in certain companies in the oil and gas value chain, again operating predominantly in the "Upstream" sphere, in countries where such rights are sometimes neglected or denied. Again, in compliance with the principles contained in the Code of Ethics and the Corporate Sustainability Policy, the Saras Group does not conduct business with such counterparties.

Privacy and Sensitive Data

[418-1]

The Saras Group has adopted a model of continuous improvement of the personal data protection system in order to cope with regulatory changes and to ensure the Group's full Data Protection compliance. In this context, Saras has taken steps to identify and adopt appropriate technical and organizational measures to strengthen the protection of personal data processed, in compliance with the principle of accountability.

The purpose of the privacy program is to define the structure, basic expectations, objectives, plans and processes of business initiatives involving the processing of personal information. It also defines the key components to ensure the safeguarding of information in order to pursue the following principles:

- Protect and enhance the brand by strengthening the ability to proactively identify, assess, and mitigate significant risks inherent in the processing of personal data and the use of confidential information;
- Foster greater confidence on the part of data subjects, in the ability to effectively safeguard their confidential information;
- Encourage a cultural change, in which safeguarding confidential information and protecting personal data is a prerequisite for all business activities.

To this end, the Group has equipped itself with a solid Data Governance model, which has also been implemented through the adoption of a Data Protection Organizational Model, aimed at the clear and effective distribution of roles and responsibilities, within the Group, in relation to the personal data processing operations carried out. In fact, Saras' Data Protection Organizational Model is based on the identification, in line with the corporate organization, of the specific structures and roles assigned to the performance of tasks related, on the one hand, to Governance and Surveillance and, on the other, to the Implementation and Management of the Data Protection System, establishing to this end mechanisms for the distribution and division of tasks.

It should also be noted that, with a view to continuous improvement, the Group is constantly engaged in the activity of updating the mapping of the processing operations carried out, as well as in monitoring data flows both inside and outside the Organization, using for this purpose only partners and suppliers that present guarantees of reliability and a high degree of compliance with Data Protection regulations and applicable information security standards.

The Group is also committed to providing transparent information regarding the processing operations carried out and to ensuring timely response to all requests received from stakeholders, through the provision of a dedicated e-mail address for receiving reports (privacy@saras.it) as well as through the adoption of appropriate internal processes for their timely handling in accordance with regulatory standards.

During 2022, there were no complaints, reports, allegations, and/or litigation regarding privacy violations from data subjects or from regulatory authorities or bodies. The total number of detected data leaks, thefts or losses was also zero.

Prevention of corruption

Saras condemns corruption in all its forms and is committed to the promotion of legality and ethics in business.

The Saras Group has carried out an analysis of the corruption risks to which it may be subject, identified the functions/areas that are potentially most exposed to such risks, the responsibilities and the control measures envisaged and adopted to prevent acts of corruption. The Group has long had a Code of Ethics and a Regulatory System consistent with it; it has included in its Organizational Model as early as 2015, the corruption offenses set forth in Legislative Decree 231/2001 and has formalized since 2014 a Group Anti-Corruption Guideline, which also directs and describes behaviors and processes in the area of corruption and fraud prevention.

The Anti-Corruption Compliance Guideline aims to provide a systematic framework on anti-corruption, designed and implemented to prevent corruption phenomena in relations with public or private entities, as well as to ensure compliance with current anti-corruption laws in the individual countries in which Group companies operate. It indicates the rules of conduct, general control principles, identifies the main risks, sensitive areas and specific control principles for these areas.

The Compliance Guideline on Fraud Prevention completes the framework of ethical issues by framing the concept of "fraud" in the business context,

providing general control principles, indicating actions for preventing, detecting, and managing fraudulent conduct, sensitive areas, and specific control principles for these areas.

Related also to these issues is an active channel of communication and management of reports concerning potential irregularities (alleged violations of laws, the Group Code of Ethics, the Organizational Model, and the provisions of the Corporate Regulatory System) defined in a specific procedural document.

The audit activities carried out in 2022 also covered issues related to the prevention of corruption, especially in the areas considered most sensitive, concluding that, in 2022 no incidents of corruption were detected.

Key Risk Indicator (KRI)

The Group has undertaken a program aimed at optimizing 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, Key Risk Indicators (KRIs) have been implemented aimed at continuous and automated monitoring by function managers, of certain phenomena to intercept any anomalies or potential cases of fraudulent conduct. KRIs are monitored by function managers and, during audits, by Internal Audit.

In 2022, 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 December 24, 2021, the Public Prosecutor's Office at the Court of Cagliari notified the Company of the closure of the investigation, of which the Company had given information since September 2020 in relation to 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 lacks SOMO (Iraqi National Hydrocarbon Company) certification and therefore unlawfully misappropriated from the Iraqi state" and concern the offenses referred to in Art. 479 and 648 ter of the Criminal Code as well as, with reference to the Company, the administrative offence referred to in Article 25 octies of Legislative Decree 231/2001 in relation to Article 648 ter of the Criminal Code.

The Cagliari Preliminary Hearings Judge (GUP), accepting the defense requests in full, at the hearing on November 29, 2022, pronounced a verdict of non-suit against the Company and all the executives under investigation because the fact does not exist. Within the legal deadlines, the Public Prosecutor's Office appealed the ruling in relation to the position of the individuals while the ruling against Saras SpA became final.

Mechanisms for requesting clarification and raising concerns

The Saras Group has equipped itself with a reporting management system for all Group companies in Italy and abroad.

[2.26]

As required by the Group's Code of Ethics, the Organization, Management and Control Model pursuant to Legislative Decree no. 231 of 2001 and the EU Directive on Whistleblowing 2019/1937, the Saras Group has adopted a whistleblowing management system that enables it to receive and manage reports, including anonymous ones, received by Saras and its subsidiaries in Italy and abroad.

Reports can be made by anyone, whether employees, suppliers, customers, partners, or other external stakeholders, even anonymously, and are handled in such a way as to ensure the confidentiality of the identity of the reporter and to protect the reporters against any form of retaliation, discrimination or penalization for reasons related, directly or indirectly, to the report.

Reports of potential irregularities may concern conduct by Saras Group persons in breach of the law, the Group Code of Ethics, the 231 Model and serious violations of the provisions of the Company's Regulatory System.

The results of the investigation conducted by Internal Audit on the reported cases are submitted to the Risk and Sustainability Control Committee, as well as, for reports under their respective jurisdiction, to the Supervisory Board and the senior management of each Subsidiary concerned.

Classification of potential irregularities

Corruption - in violation of laws and/or internal regulations, accepting money, favors or benefits from public or private persons or companies or giving money or other benefits to public or private persons or companies in order to obtain an advantage for oneself and/or the company.

Conflict of Interest - accepting or granting illegitimate favors, soliciting personal and career advantages for oneself or others, improperly using one's position in the Company or information acquired in one's work in dealings with suppliers, customers, or other third parties for personal interests.

Competition - anticompetitive practices designed to alter free market competition.

Financial Crime - falsification, alteration of information or data in corporate books, reports, forms, or other documents used internally or externally.

Fraud - misappropriation of company money, property, equipment; events of shortage or unjustified loss of materials, products, equipment, money, and valuables; misuse of company materials or assets.

Harassment and Discrimination - physical, verbal, sexual and/or psychological harassment and abuse; discriminatory behavior based on race, gender, nationality, political opinion, sexual orientation, social status, age and religious beliefs.

International Trade Controls - violation of rules or regulations that restrict or prohibit the transfer of goods to specific countries or counterparts.

Human Rights and Health of Individuals - violation of workplace safety and/or human rights laws, guidelines, regulations, or procedures.

Serious damage to the environment - violation of environmental laws, guidelines, regulations or procedures.

Other violations of the Code of Ethics or laws and regulations - violations of Laws, Code of Ethics, Model, Policies, Regulations; serious misconduct committed as a result of violation of company guidelines, procedures; disclosure of information covered by secrecy or privileged information.

GROUP WHISTLEBLOWING PROJECT

Following the entry into force of the EU Directive on Whistleblowing 2019/1937, which aims to ensure a high standard of protection towards all those who report violations of EU law, the "Whistleblowing Project" of Saras Group's adoption of a platform for reporting potential wrongdoing (so-called whistleblowing) was launched.

Within the framework of the system of reporting potential violations of laws, Group Code of Ethics and Model ex D. Lgs. 231/01, already adopted by the Group for some time, the Project therefore aimed to respond to the most stringent requirements of European legislation mediate the adoption of a whistleblowing platform, accessible to employees, suppliers, customers, partners, or other external stakeholders, that would ensure maximum protection of the reporter and full compliance with the European Directive on Whistleblowing 2019/1937.

As a result of this project, as of December 28, 2022, to the channels already present (e-mail and mail), a whistleblowing platform has been added (produced by a company specializing in managing protected systems for whistleblowing) accessible from the Saras website and the websites of subsidiaries.

The Whistleblowing platform is accessible h24 and 7 days a week. It is available in all languages used at the Group level (Italian, English and Spanish).

With the use of the platform, reporting is done via an encrypted connection, plus the IP address and geolocation are not stored at any time. Reporting parties are provided access to a confidential Inbox so that they can receive updates on the status of the report and can communicate any additional information (even while remaining anonymous).

The data provided by whistleblowers is stored in a database of an independent company that ensures maximum protection of the information; all data stored in the database is encrypted using state-of-the-art technology.

Access to the data contained in the Whistleblowing platform is allowed only to personnel authorized to handle reports.

Communication of Critical Issues and Reports

[2.16]

Reports of potential irregularities, sent by employees/collaborators or external third parties, may concern conduct by Saras Group people in violation of laws, the Group Code of Ethics, Model 231 and serious violations of the provisions of the Company's Regulatory System.

Reports are handled by the Internal Audit function in line with internal procedures and according to the requirements of the EU Whistleblowing Directive 2019/1937. All reports received are reported, at the Group level, to the Risk and Sustainability Control Committee. In the case of reports of violations of the Code of Ethics or the "Organization, Management and Control Model," the reports are reported to the Supervisory Board of the company concerned ("SB"), as indicated in the respective Organization, Management and Control Models.

In 2022, 2 reports were received, anonymously, concerning:

- potential violation of company regulations in the sphere of issuing orders from framework contracts;
- potential violation of corporate regulations in the area of order allocation.

In both cases, the preliminary investigation activity was carried out by the head of Internal Audit as a result of which no irregularities were found; in both cases the reporter was given a return regarding the outcome of the audit.

Conflict of Interests

[2.15]

Transparency regarding situations that may generate conflicts of interest is first and foremost ensured by the information that in the area of related party transactions must be provided in accordance with IAS 24, paragraph 9 ("Related Party Disclosures") in the Company's published Annual Financial Statements, as well as by the annual publication of the Corporate Governance Report where, in particular, the composition of the company's shareholder base is reported as well as the main content of any shareholder agreements.

The Company adopted a Procedure for Related Party Transactions amended in 2021 to take into account the new regulatory regime applicable following the enactment of Legislative Decree 49/2019 implementing Directive (EU) 2017/828 (so-called "Shareholder II" or SHRD2") and, consequently, Consob Regulation No. 17221 of March 12, 2010, as amended.

This Procedure sets out the procedures for the approval and execution of transactions entered into by the issuer, or its subsidiaries, with related parties, defining, in particular, the specific transactions (i.e., the criteria for their identification) that must be approved by the Board of Directors after obtaining the opinion of a special Committee for Related Party Transactions, consisting of independent directors.

On a quarterly basis, the Company's directors, auditors, and strategic managers are required to disclose all entities in which they (or their close family members) exercise control, joint control, or significant influence or of which they (or their close family members) hold, directly or indirectly, a significant stake of not less than 20 percent of the voting rights in order to prevent possible conflicts of interest.

Material Impacts Management and Sustainability Reporting

[2.12; 2.13; 2.14]

The Board of Directors oversees the due diligence and other key processes to identify and manage the Group's material impacts on the economy, the environment, and people, both directly through the special endoconsiliar committees of "Guidance and Strategies" and "Control, Risk and Sustainability," and indirectly through a specially established management role called the "Chief Energy and Sustainability Officer" (CESO), reporting directly to the Chief Executive Officer and General Manager.

Among various tasks of CESO is the preparation of the Consolidated Statement of Non-Financial Information in accordance with Legislative Decree 254/2016 and according to GRI standards (so-called Sustainability Report), also including verification activities by the auditing company and the production of special summary documents with internal and external communication purposes within the Group.

CESO reports periodically to the Board of Directors, particularly when identifying and reporting on ESG targets and approving the Sustainability Report. Specifically, CESO presents the draft Sustainability Report to the Audit, Risk and Sustainability Committee, which, after making changes/additions as deemed appropriate and always with CESO's cooperation, proposes it for discussion and approval to the BoD.

CESO also oversees the development of ESG initiatives (such as, for example, analysis of alignment between Corporate Sustainability Strategy and UN Sustainable Development Goals, engagement activities with stakeholders, and activities related to ESG ratings management), and more generally promotes a culture of sustainability at all levels of the organization.

Collective knowledge of the highest governing body

Regarding the measures taken to develop the collective knowledge, skills and experience of the highest governing body with regard to sustainable development, as mentioned earlier, Saras' Board of Directors has established an internal Control and Risk and Sustainability Committee, which has advisory and propositional functions to the Board, including with regard to sustainability issues.

Specifically, during 2022, the Committee received briefings from CESO and the head of Planning & Sustainability on the following topics:

- review and evaluation of the Group's Sustainability Policy, which was subsequently submitted to the parent company's Board of Directors for approval at its meeting on February 16;
- review and evaluation of the draft Sustainability Report for the year 2021;
- review and evaluation of the system of Key Performance Indicators in Environment Social and Governance (ESG KPIs): summary of 2021 results, definition of indicators for the year 2022 and related target values;
- insights into the new photovoltaic plant located in Macchiareddu (Sardinia);
- disclosure of ongoing activities regarding the review of ESG Ratings.

Evaluation of the performance of the highest governance body

[2.18]

In the run-up to its renewal, the Board of Directors conducts an assessment of the size, composition, and functioning of the Board itself and the committees within it, as well as the role the BoD has played in setting strategies and monitoring management performance and the adequacy of the internal control and risk management system.

The self-assessment process, with the support of the Remuneration and Nominations Committee, is coordinated by the Chairman, who is responsible for monitoring the implementation of any improvement actions defined as a result of this assessment. This process, implemented through an independent third-parties company, involves the sharing with the Directors of a detailed questionnaire with the possibility, where requested by the Directors, also of specific interview sessions on issues they consider relevant to the assessment. In addition, each committee reports periodically to the BoD on its activities.

The self-assessment process as well as the activity of the endo-committees is accounted for within the Corporate Governance Report, which is published on the Company's website and made available to shareholders at the Shareholders' Meeting to approve the annual financial statements.

Remuneration policies

[2.19; 2.20]

All information required sub-disclosure GRI 2-19 and 2-20 is available in the Report on Remuneration Policy and Compensation Paid (the "Report") of Saras SpA, approved by the Shareholders' Meeting on April 27, 2022 and published on the company's corporate website.

The Report includes, among the others:

I. the procedure used to draft, review, and implement the Remuneration Policy adopted by the Company (the "Policy");
II. the Remuneration Policy with reference to:
    - to members of the governing bodies;
    - to the most senior managers;
    - to members of the Controlling bodies;

III. the ways in which the Policy contributes to corporate strategy, the pursuit of long-term interests and the sustainability of the Company;

IV. how the Company has taken into account the vote cast at the previous year's Shareholders' Meeting.

Risks and Opportunities from Climate Change

[201-2]

Saras pays close attention to the environment and climate change. Since it began operations at the Sarroch industrial site on the southwestern coast of Sardinia, Saras has analyzed the impacts generated on the environment through its operations.

More recently, partly as a result of the recommendations of the Task Force on Climate-Related Financial Disclosure, Saras has also begun to analyze the possible financial impacts the company may experience as a result of climate change.

In addition, as mentioned earlier, as part of broader discussions related to the Group's Sustainability Strategy and related goals, the Board of Directors is regularly involved (through its endoconsiliar "Steering and Strategies" and "Control, Risk and Sustainability" committees) in internal discussions that also address issues related to climate change, and the related implications they have on the operational and strategic management of the industrial site.

As part of its commitment to climate change mitigation, the Group has also set two specific targets for fiscal year 2022: the first, related to the reduction of greenhouse gas emissions directly related to the operations of the Sarroch industrial site (Scope 1); and the second, related to greenhouse gas emissions avoided through energy efficiency measures and power generation from renewable sources (for more details, see the chapter "Strategic Approach and ESG Targets").

Climate-related scenario analysis

Saras is aware that climate change can have significant direct and indirect impacts on its business activities. Due to the nature of these impacts, the effect can be analyzed over both the short and medium/long term, using various social, climatic, energy and economic scenarios, which determine the supply/demand balances for the different energy sources involved in the Saras Group's business (oil, gas, electricity).

At this early stage, Saras has chosen to focus on a single central scenario (consistent with the "+2°C reference scenario") that was presented to the Board of Directors along with the 2023 Budget. It is believed that despite intensified media and regulatory pressure for decarbonization, hydrocarbons will continue to play an important role in the global energy mix in the medium term. Their decline will occur gradually, over the long term, with timing likely to be faster for coal, and less abrupt for oil, but especially for natural gas.

Against this backdrop, large-scale investments in hydrocarbons, particularly gas infrastructure, will remain necessary in the medium to long term and are expected to be made mainly in regions such as the Middle East, Asia, Africa, and Latin America. In addition, the growth in consumption of refined products (especially gasoline and gasoil) in Asian, African, and Latin American countries is also expected to continue well beyond 2050, with demand for supply also having to be met by European refineries.

Cutting-edge technological solutions with lower environmental impacts will be adopted during this predictably long phase of energy transition. For example, we may see an increasing role for some technologies, such as carbon dioxide capture and storage (CCUS), that will make hydrocarbon use more climate-friendly. In addition, there may also

be "hybrid" solutions involving the integrated use of fossil fuels and renewable sources, including biofuels.

Climate-related risks and opportunities

[201-2]

The company's activities are inherently exposed to risks and opportunities related to climate change. These risks and opportunities, included in the company's Corporate Risk Management model, can be both physical and regulatory, i.e., arising from policies being implemented to accompany the ecological transition and limit climate change.

The following is a representation of the main risks identified, and for which an assessment of financial magnitude could be made. Also shown for each risk are: the description and explanation of the causes that gave rise to it (physical, regulatory, other origin); the assessment in terms of the time horizon in which the risk is expected to generate financial implications, and the probability of occurrence; the financial impact that the risk may entail (in terms of Capex, Opex, operability availability, demand for products/services, margins, etc.); and the mitigation measures used (or yet to be implemented) to manage the risk.

Type of Risk	Description	Evaluation	Financial Impact	Mitigation Measures
Physical Risk	Significant incidents to assets due to adverse weather events (e.g., torrential rain; lightning; sea level rise; high temperature; drought; etc.)	Time Horizon -> medium/long term; Probability -> medium/low	Lower asset availability; operating costs; lost production; repair capex	Insurance coverage; Inclusion of contractual clauses related to weather events (force majeure); HSE management system; interventions for rainfall management; water supply optimization; specialized staff training on technical and HSE topics
Regulatory risk	Further unfavorable evolution in European/National legislation on Decarbonization and Ecological/Energy Transition	Time Horizon -> medium term; Probability -> high/medium	Increased operating costs and margin erosion; Reduced consumption of petroleum products; Capex of plant upgrades	European Regulatory Monitoring (ETS, RED II, etc.); initiatives to increase energy efficiency; asset maintenance/upgrade to improve environmental performance and adapt production (biofuels)
Reputational risk	Negative evaluation of sustainable business strategy and sustainability/ ESG performance by financial stakeholders	Time Horizon -> short/medium term; Probability -> medium	Increased cost of capital; difficulty accessing credit; loss of value in share prices	Engagement activities with financial stakeholders; Materiality analysis to identify material issues/ impacts; drafting of Sustainability Report to document corporate ESG credentials; review and control process of ESG ratings to guarantee reliable information to external stakeholders; at country level, balancing with strategic “security of supply” needs

Below there is a similar representation of climate change-related opportunities, considered in terms of business development/adaptation, and competitive positioning within the refining sector, in the national and European context:

Type of Opportunity	Description	Evaluation	Financial impact	Management method
Production of electricity from renewable sources	Business development of renewables (wind, solar, etc.)	Time Horizon -> short/medium term; Probability -> high	Increase in revenues; Partnerships, JVs and/or acquisitions of companies engaged in these fields	Strategic focus on the development of Renewable Sources; Targeted investments for new plants and/or revamping of existing assets; collaborations with local institutions (e.g.: promotion of renewable energy communities); Acquisition of companies active in the sector
"Low-carbon" productions (biofuels; waste-to-fuels; etc.)	Development of products for decarbonisation and the circular economy	Time Horizon -> short/medium term; Probability -> high/medium	Increase in revenues; Partnerships, JVs and/or acquisitions of companies engaged in these fields	Increased production of biofuels; strategic focus on products with a lower carbon footprint and projects to develop the circular economy; targeted investments for new plants and/or technological upgrading of existing assets; collaborations with institutions and leading companies in the sector
Technologies for decarbonization (CCUS, Green Hydrogen, etc.)	Adoption of technologies for decarbonization	Time Horizon -> medium term; Probability -> medium	Reduction of operating costs (due to lower purchase of CO_2 quotas); Partnerships and/or JVs with companies engaged in these fields	Production of green hydrogen; strategic focus on decarbonisation technologies; targeted investments for new plants and/or technological upgrading of existing assets; collaborations with institutions and leading companies in the sector
Energy efficiency	Further efficiency and energy optimization of the Sarroch industrial site	Time Horizon -> short/medium term; Probability -> high	Reduction of operating costs (internal consumption of fuels and electricity); Cost reduction associated with climate-changing gas emissions (CO_2)	Energy assessments to identify suitable solutions and maximize savings (also through ISO 50001); implementation of ESTI projects to increase performance and operational efficiency; Reduction of consumption and losses and CO_2 emissions

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."

Safety culture

[SHS-1 C1]

Saras, aware that safe work is one of the basic human rights, has always been strongly 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, UNEM, INAIL and trade unions to promote this culture in the local area and amongst people with whom it interacts, particularly suppliers.

Health and safety management

[403-1; 403-8; SHS-2 C2]

In addition to promoting and developing an appropriate cultural approach to safety, proper operating methods must be established, and the necessary investments to make the workplace safe must also be made. Finally, an appropriate monitoring and surveillance system should be applied to verify that people's behaviors are consistent with the established procedures.

More specifically, in order to best protect the health and safety of employees, contractor personnel as well as any person who has access to production sites, the Group has developed and adopted Policies, Guidelines, Procedures, Operating Instructions and good practices that regulate every aspect of health and safety, from updating plant safety requirements in accordance with regulatory developments, to periodic risk assessment, training, and promotion and awareness-raising activities both internally and in local communities.

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, minimize 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 behaviors at all organizational 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 organizational 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 organizational point of view, each Group company, in line with the Code of Ethics and the Sustainability Policy, organizes its safety system, adopts policies and procedures, and implements management systems where necessary, based on its own operational and business needs.

As can be seen in the chapter "Group Certifications, Authorizations and Accreditations", all Group activities with significant impact in terms of health, safety (Sarroch production site, generation of electricity from renewable sources, technological services), are ISO 45001 certified.

In detail, the workers covered by Health and Safety Protection Management System represent 87.6% of the entire population of the Group; on the other hand, it should be mentioned that these workers constitute 100% of the workers engaged in activities with significant health and safety impacts.

In particular, subsidiary Sarlux, the owner of the operationally relevant site, in accordance with the Group's Sustainability Policy, has defined its own Policy and implemented an integrated HSE Management System for aspects related to Major Accident Prevention, Workers' Health and Safety Protection, and Environmental Protection, which complies with the requirements of standards (national and international):

- UNI ISO 45001:2018 "Occupational health and safety management systems"; (Voluntary safety management system-certified);
- Legislative Decree no. 105/2015 "Implementation of Directive 2012/18/EU on the control of major accident hazards involving dangerous substances"; (Mandatory safety management system);
- NI 10617:2019 "Establishments with major-accident hazards - Safety management systems - Essential requirements"; (Voluntary safety management system-not certified).

ISO 45001 Safety Management System – Saras Group – Coverage

		2020	2021	2022
Employees covered by the management system	%	86.5	86.3	87.6

Work Hazard Identification Process and Risk Assessment

[403-2; SHS-2 C1]

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 analyze 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 classifi-

1. https://www.sarlux.saras.it/wp-content/uploads/2021/09/Politica-PIR-SSA_14052021.pdf
2. https://www.sarlux.saras.it/it/sicurezza-sistema-hse/

cation and codification, existing hazards within any industrial activity are reduced to five macro-categories:

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

In addition, as part of the hazard census, depending on the type of work environment, a census of any chemical, carcinogenic, and mutagenic agents that may be present is also conducted.

Our Group also engages in a systematic process of identifying and assessing work-related stress risks. Preventing, identifying, and managing stress in work situations helps promote the culture of organizational well-being toward which Saras strives.

As for the assessment, the methodology developed by INAL "Assessment and Management of Work-Related Stress Risk - Manual for use by companies in implementation of Legislative Decree 81/08 as amended" was applied, which provides:

- **Creation of the Assessment Management Group** - The Assessment Management Group, among other things, identifies the Homogenous Groups of Workers (GOLs);
- **Preliminary Assessment - Preliminary Assessment** - This phase involves the adoption of checklists divided into the three families indicated by the Standing Advisory Committee such as, Sentinel Events (Company Indicators), Job Content Factors and Job Context Factors. Each indicator is associated with a score that contributes to the overall score for the area. The scores of the 3 areas are added together. The sum of the scores given to the 3 areas makes it possible to identify the ranking in the "risk level table," expressing the score obtained as a percentage value, compared to the maximum score.
- **In-depth Assessment** - If the preliminary assessment reveals elements of risk, i.e., "such that corrective action is required, appropriate corrective action shall be planned and taken..."; if these are found to be "ineffective," the "in-depth assessment" shall be carried out, which involves assessment of workers' subjective perceptions.

More details are available in the Company Risk Assessment Documents (DVRs) that are regularly prepared and periodically updated by individual Group companies in accordance with Articles 17,26,28 of Legislative Decree 81/2008.

The Risk Assessment Document (DVR) contains:

- The assessment of all safety and health risks during the work activity, in which the criteria adopted for the assessment are specified;
- An indication of the preventive and protective measures implemented and the personal protective equipment adopted, as a result of the assessment;
- The program of measures deemed appropriate to ensure the improvement of safety levels over time;
- The identification of the procedures for implementing the measures to be carried out, as well as the roles in the company organization that must provide them, to which only individuals with appropriate skills and powers should be assigned;
- The identification of tasks that, if any, expose workers to specific risks that require recognized professional skills, specific experience, and adequate training and instruction.

Participation, worker consultation and communication

[403-4; SHS-1 C3]

Consistent with what is expressed in its Policies, the Saras Group respects the right of workers to have adequate representation and the freedom to form and/or join workers' organizations or trade union representatives without fear of retaliation or intimidation and promotes the consultation of workers, including through the social partners, in the definition of policies, processes and procedures aimed at improving the work environment and protecting health and safety.

The involvement of all workers is ensured through:

- consultation with Workers' Safety and Environmental Representatives;
- meetings with relevant personnel;
- communications/communication to employees via intranet site, regulatory system, certified e-mail and otherwise.

In addition, in accordance 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, pursuant to Article 20, paragraph 5, of Legislative Decree No. 105 of June 26, 2015;

the Manager/Employer seeks the opinions, before making decisions, of the Sarlux Safety and Environmental Workers' Representatives (RLSAs) and Third-Party Firms (RLSs) operating at the site in the long-term.

Workers' Safety and Environmental Representatives (RLSAs) are charged by law with protecting workers' rights in the area of occupational safety, and they are elected by workers through the intermediary of company union representatives. Moreover, the figure of the RLSA is also provided for in the Energy and Petroleum CCNL, applied to Group companies active in those sectors; these include Sarlux, in whose plant six RLSAs have been elected.

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, 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 organization of the meeting.

Workers participation and consultation

		2022	
		Target	Result
Periodic Safety Meeting (1) – Saras Group	no.	5	5
Health, Safety and Environment Committees - Sarlux	no.	≥4	6
Health, Safety and Environment Committees - Sardeolica	no.	-	11
Joint committees for the prevention of Covid-19 infections	no.	-	2
"Industrial Operations" workers' meeting - Sarlux	no.	-	2
Sarlux Periodic Meeting - Contractors	no.	≥4	4

1. Pursuant to Art.35 Legislative Decree 81/2008 "Consolidated Act on the Protection of Health and Safety in the Workplace" of 9 April 2008.

Technological innovation in health and safety

The Saras Group recognizes 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 2020-21 the distribution of DSAs was temporarily suspended due to pandemic. In 2022 the planned distribution resumed, currently the DSA device is being used by 230 workers at the Sarroch operating site.

KPI ESG - Digital Safety Advice

		2020		2021		2022	
		Target	Result	Target	Result	Target	Result
DSA distribution[1]	*no.*	150	105	150	105	150	150

1. The balance is intended to be a progressive total of distributed devices. Specifically, in 2022, the following were distributed 45 additional devices.

Worker Information, Education, and Training

[403-5; SHS-1 C2; ENV-6 C4]

The Saras Group ensures that all workers have access to key health and safety information through various channels, including:

- Corporate Intranet - HSE and Regulatory System Section;
- Dedicated posters, newsletters, emails, and communication campaigns;
- Informational meetings in the classroom and online via the Saras Learning platform.

All Health and Safety training delivered within the Group is designed and delivered by Trainers qualified according to current standards and with years of experience.

Downstream of each training intervention, both classroom and online, a test is conducted to verify the learners' actual learning.

With regard to HSE compliance training (education and training on issues regulated by law/external bodies), these activities can be attributed to:

- Specific training and additional special training for those figures that require it (signing of work permits, additional special training for supervisors, emergency team, tower crane operation, electrical maneuvering personnel, etc.) both for initial appointments made necessary as a result of job changes and new insertions, and for periodic updates required by the ASR (State-Regions Agreement) or other applicable regulations;
- Training of all personnel involved in the Emergency Plan;
- Simulation of accident scenarios from Safety Report;
- Specific training for workers who may work in suspected polluted or confined environments;
- Information on Major Accident Hazards (Legislative Decree 105/15) through four online forms disseminated to all staff.

The following table details some of the information, education and training activities pertaining to worker health and safety and environmental protection.

Information, Training and Education - Health, Safety and Environment - Saras Group

		2020	2021	2022
Health and Safety	h	9,996	6,210	9,726
Types of courses such as: *Hazard identification and risk assessment-Training use of protective equipment; Safety organization and management; Training on special hazards (covid-19 prevention and protection, radiation protection-confined environments); Emergency prevention and management measures (accidental releases, firefighting, first aid-BLSD); Worker training on prevention of major accidents related to hazardous substances-part health and safety*				
Environment	h	2,472	2,837	3,758
Types of courses such as: *Waste management and waste collection; Atmospheric discharge control; Water effluent control; Odorigenic substance detection; Noise pollution prevention; Worker training on major accident prevention related to the use of hazardous substances - environmental part; Marine pollution prevention - spill management.*				
Total HSE Training	**h**	12,468	9,047	13,484

Reporting, Analysis, and Event Management

[403-2; 403-4; SHS-1 C1; SHS-1 A1; SHS-3 C3]

Individual empowerment and active participation in worker prevention are fundamental pillars for Saras on which to build a "culture of safety." To this end, the Group:

- promotes the importance of reporting for safety improvement;
- promotes the importance of detecting near misses and hazardous conditions;
- recognizes the "value of error" as an opportunity for improvement;
- promotes an organizational culture capable of moving beyond "blame culture";
- protects and supports workers who report accidental events and dangerous situations;
- provides feedback and communicates any actions taken as a result of the report.

Reported Near miss

		2020	2021	2022
Near miss [1]	*no.*	75	35	30
- Saras Group employees	*no.*	27	30	18
- Contractors	*no.*	48	5	12

1. This term is used to denote unforeseen and sudden deviations from the normal ordinariness of work in the presence of situations that did not allow the occurrence of negative consequences. Near misses are potentially harmful events as they are related to the presence of situations or agents that have the inherent characteristic of "dangerousness" that, however, did not result in harm to persons or property.

Anyone who becomes aware, or is present when an incident occurs, is required to report it immediately. Building on this general rule, it seems clear that Near Miss reporting represents a fundamental element in safety management at the site. In fact, through the knowledge and subsequent analysis of incidents that could have evolved into negative consequences (without later occurring in the reported case) it provides a powerful preventive tool that allows the root causes to be anticipated and eliminated before they are factors in an accidental event.

A total of 30 incidents were reported during 2022, including 18 by Group personnel and 12 by Contractors.

Comparing the trend over the three-year period, while there is a decrease in internal reports (balanced, however, by the improvement in Health and Safety performance), there is an increase in them coming from Contractors, demonstrating an increased awareness of the issue, but which is to be further stimulated due to the downward trend in their HSE performance, as will be better explained in the section "Contractors' Health and Safety performance."

Each accidental event is analyzed for the specific purpose of learning both the direct and indirect causes of an accidental event and taking the necessary measures to prevent the recurrence of the event itself or similar events, as well as its effects and collateral circumstances to its development and taking measures to contain the consequences of any future similar events.

The process is developed through the following steps:

1. assessment of the severity of the event;
2. determination of the level of analysis;
3. analysis;
4. report writing;
5. follow-up management of actions derived from analysis.

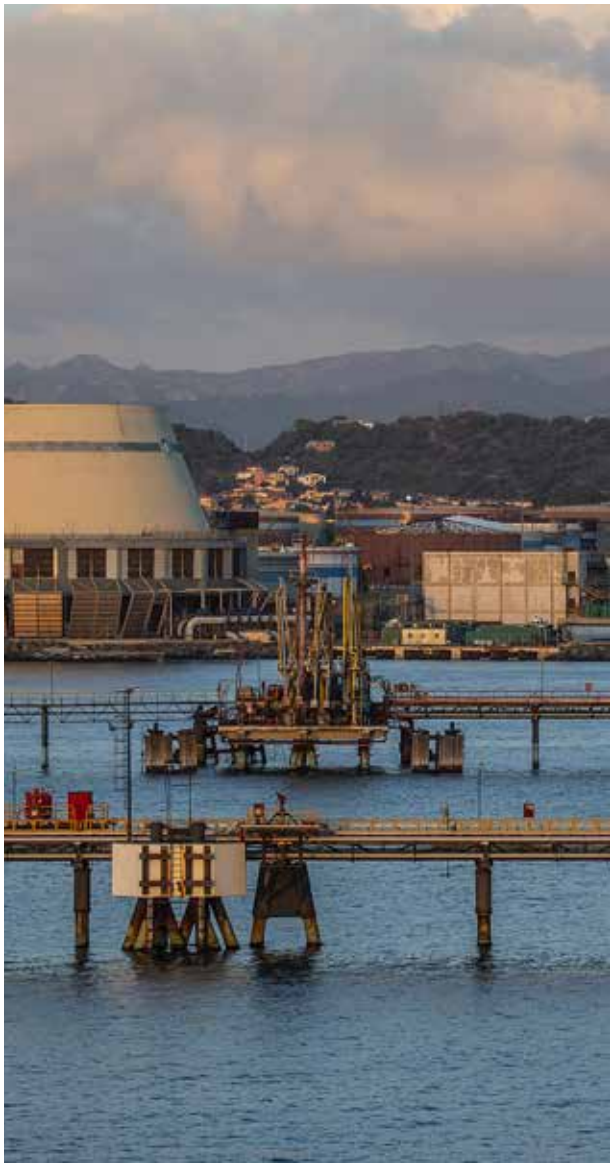
The analysis is divided into two different moments:

First-level analysis

- Organization of accident information downstream of fact gathering;
- Description of accident causality and development of hypotheses for possible specialized investigation;
- Restoration and safety actions (corrections) and any corrective actions to be taken immediately.

Second-level analysis

- Analysis of the causes that produced the accidental event, development of a consequent action plan aimed at the identification and formulation of corrective and preventive actions.



Development of safety culture: the BBS protocol

[403-2; SHS-1 C1; SHS-3 C3]

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 behaviors (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 behaviors considered "at-risk" or otherwise wrong. This is the background to the implementation of the behavior-based Safety (BBS) protocol at the Sarroch site.

More precisely, according to behavioral theories, from which BBS derives, behaviors are the result of learning through negative reinforcements (punishments) and, above all, positive reinforcements (rewards), in a sequence of "antecedents" (or activators) that induce "behaviors", 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 behavior;
- Observation and data collection;
- Feedback and address of behaviors 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 behaviors of co-workers while performing duties;

- record observations of behaviors on appropriate forms;
- give feedback to observed colleagues
- notes and enters 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 behavior;
- defines priorities for HSE maintenance activities;
- defines behavioral 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 a few plant areas (Energy, Utilities, Movement, and Assets), and quickly expanded to the entire plant and all operational functions. By now, from 2018 onward, safe behavior rates of more than 98 percent are being reported, which emerged from the analysis of checklists compiled in significant numbers (up to even 22 thousand "all workers" observations in a single year), a sign that the culture of safety has deeply penetrated all areas of business.

Since 2020, in view of the pandemic event, changes have been made to the BBS protocol, supplementing the observation forms with specific checks on behaviors aimed at preventing the spread of Covid-19 (e.g., knowledge of the hygiene rules recommended by the Ministry of Health, avoiding crowded places, maintaining social distancing, using masks, applying room ventilation, etc.). This protocol update also proved particularly effective in planting areas to minimize the chances of infection.

Finally, as a further demonstration of the attention that the company's management pays to this tool, it should be noted that as of 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 progress of the protocol over the past three years.

In 2022 against more than 16,000 observations made, about 9,200 feedbacks were disbursed, also recording a very high percentage of safe behavior, 98.6%.

KPI ESG - Behavioural based safety

		2020		2021		2022	
		Target	Result	Target	Result	Target	Result
Observations carried out	*no.*	24,135	22,336	22,000	18,920	22,000	16,404
Feedback	*no.*	-	8,632	-	9,207	-	9,159
Safe behaviour	*%*	-	98.4	-	98.7	-	98.6

In October 2022, a project was launched to update the Protocol that is currently applied, with the aim of maintaining and increasing the results achieved over the years and reducing the behaviors identified among the contributors to the accident events that have occurred over the past three years. In parallel, it is planned to involve Contractors, to whom the Protocol will be presented, with the aim of raising awareness of a model that if applied can lead to benefits for the entire territorial industrial system.

Worker Health Promotion

[403-3; 403-6; SHS2-C3]

For the Saras Group, health promotion and management are extremely relevant issues, and are carried out mainly through three activities:

- The management of emergencies, through first aid services;
- mandatory health surveillance;
- the provision of benefits in the form of medical services not required by law.

At the Sarroch site, compulsory health surveillance activities are carried out by the two competent physicians, one of whom is a coordinator (ref.art.41 of Legislative Decree 81/2008), who are flanked by a number of specialists who provide additional health services, not provided for by legislative constraints. In particular, physicians specialized in cardiology, ophthalmology and dentistry are available to Sarlux and Sartec employees.

Health surveillance activities for the staff of Saras (Milan/Rome site), Arcola Depot (La Spezia) and Saras Energia (Spain) are carried out by specialists working at their respective sites. Finally, for Sardeolica (Ulassai and Macchiareddu sites), health surveillance activities are carried out by the competent doctor present at the Sarroch industrial site, in collaboration with a medical office for the specialist examinations required for the task. In addition, an agreement has been made with a specialist in Ulassai for dental care.

Mandatory health surveillance

Mandatory health surveillance includes medical examinations, blood chemistry tests, urinary metabolite testing, spirometry for respiratory function testing, eye examinations, audiometric tests and electrocardiograms.

Specifically, about 4,800 health care services were provided for Group workers in 2022. Of these, 82.6 % involved the staff of the Sarlux subsidiary and Saras workers based in Sarroch. The remaining health benefits are divided between: Sartec (about 8.5 %); Saras offices in Milan and Rome (about 1.3 percent); Saras Energia (about 3.3 %); Sardeolica (about 2.8 %); and finally, Deposito di Arcola (about 1.4 percent). It should be borne in mind that the variability of the numbers, from one fiscal year to the next, is a function of the legal cadence of visits for mandatory surveillance, which for some job positions is biennial, while for other roles it is annual.

In accordance with current regulations on the protection of the Health and Safety of Workers, and in particular paragraph 1 art. 243 of Legislative Decree 81/08, workers exposed to carcinogens and mutagens, are entered in a special register in which is reported, for each of them, the activity carried out, the carcinogen or mutagen used and, where known, the value of exposure to that agent. This register, called the "Register of Exposures," established by the Employer, is periodically updated through the competent physician.

Additional health benefits (Benefits)

The Group also allows its employees to take advantage of numerous additional health care services free of charge, in addition to their legal obligations. Approximately 3,150 additional health services were provided during 2022, of which about 53 percent were dental care, 43 percent blood tests (PSA and/or lipid balance), and the remaining 4 percent were divided between cardiology services and mammograms.

On a voluntary basis, the Saras Group has been promoting the flu vaccination campaign since October 2022 for the Milan office and subsidiaries based in Sardinia.

Occupational health services - Saras Group

		2020	2021	2022
Mandatory health surveillance	*no.*	5,600	5,600	4,833
Additional health benefits	*no.*	3,500	3,550	3,150

Saras Group's Performance in Health and Safety

[403-9; 403-10; SHS-2 C3; SHS-3 C1; SHS-3 A1]

The Saras Group is committed to the creation of working conditions aimed at progressively reducing emergency and accident cases for Saras Group and contractor workers, this commitment is best made explicit with the company management's decision to include a specific ESG KPI with the objective of improving the accident index of the operationally relevant site.

Specifically, the accident frequency index for the entire Group was 1.98, down from 2.85 recorded in 2021. The performance was driven by a decrease in the number of events recorded (5 in 2022 vs. 7 in 2021) against a nearly constant total hours worked, which is the denominator of the ratio by which the frequency index is calculated. In contrast, days of absence due to injury increased (243 in 2022 vs 155 in 2021) bringing the severity index from 0.06 to 0.10.

It is important to mention that, among the Group's subsidiaries, Sardeolica's performance stands out; as of Dec. 31, 2021, it has clocked 4,450 days without an accident, crossing the milestone of 12 continuous years without an accident (since October 2010, the beginning of direct management).

Such performance is the consequence of a safety culture that is strongly ingrained in people and constantly reinforced through special training programs and daily and periodic monitoring and inspection activities.

The Sarlux subsidiary records a reduction in the number of accidents (4 in 2022 versus 5 in 2021), which is reflected in the reduction of the frequency index from 3.08 reported in 2021 to 2.49 in 2022.

Health and safety - Saras Group performance

		2020	2021	2022
Work-related injuries	no.	6	7	5
• *of which high-consequence work-related injuries*	no.	0	0	0
• *of which fatalities*	no.	0	0	0
First-aid	no.	2	3	1
Rate of work-related injuries (LTIFR)[1]		2.17	2.85	1.98
Rate of high-consequence work-related injuries[2]		0	0	0
Rate of fatalities		0	0	0
Rate of recordable work-related injuries (TRIFR)		2.90	4.07	2.37
Hours worked	h	2,758,837	2,457,303	2,530,485
Lost days	no.	239	155	243
Severity Index[3]		0.09	0.06	0.10
Work-related ill health	no.	0	0	0
Rate of work-related ill healths[4]		0	0	0

1. This is the number of accidents recorded and reported to the relevant social security agency, divided by the hours worked in the year, multiplied by 1,000,000, in accordance with UNI 7249:2007
2. This is the number of injuries from which the worker cannot recover, does not recover, or is not realistically expected to recover fully by returning to pre-injury health within 6 months, divided by the hours worked in the year, multiplied by 1,000,000
3. This is the number of days lost due to injury, divided by the hours worked in the year, multiplied by 1,000, in accordance with UNI 7249:2007
4. This is the total number of occupational disease cases divided by the hours worked in the year, multiplied by 1,000,000

Injury Rates – Saras Group

	2020				2021				2022			
	Injuries	IF[1]	IG[2]	Near miss	Injuries	IF	IG	Injuries	Injuries	IF	IG	Near miss
Saras Spa	0	0	0	0	0	0	0	0	0	0	0	0
Sarlux Srl	6	3.13	0.12	16	5	3.08	0.09	21	4	2.49	0.14	12
Sartec Srl	0	0	0	1	1	4	0.02	0	0	0	0	4
Sardeolica Srl	0	0	0	1	0	0	0	1	0	0	0	0
Deposito di Arcola Srl	0	0	0	9	1	39	0.32	7	1	35.6	0.39	2
Saras Energia SAU	0	0	0	0	0	0	0	1	0	0	0	0
Saras Trading SA	0	0	0	0	0	0	0	0	0	0	0	0
Total	**6**	**2.17**	**0.09**	**27**	**7**	**2.85**	**0.06**	**30**	**5**	**1.98**	**0.10**	**18**

1. This is the number of accidents recorded and reported to the relevant social security agency, divided by the hours worked in the year, multiplied by 1,000,000, in accordance with UNI 7249:2007
2. This is the number of days lost due to injury, divided by the hours worked in the year, multiplied by 1,000, in accordance with UNI 7249:2007

Injuries classification for Saras Group 2022

	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	4	4	0	0	0	2.49	2.49	0	0	0	12
Sartec Srl	0	0	0	0	0	0	0	0	0	0	4
Sardeolica Srl	0	0	0	0	0	0	0	0	0	0	0
Deposito di Arcola Srl	2	1	1	0	0	35.06	35.06	35.06	0	0	2
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	**6**	**5**	**1**	**0**	**0**	**1.98**	**2.37**	**0.40**	**0**	**0**	**18**

Specifically, the 4 injuries that occurred to Sarlux personnel in 2022 were mainly caused by unsafe conditions for materials and equipment (1), inattention in the use of equipment (1), inattention in the use of means (1), and finally by careless act of the injured person (1). A minor event also occurred can also in the Arcola subsidiary, also classifiable as inattention and resulted in 11 days of absence.

Regarding the gender breakdown, it can be showed that the injured are all men.

Injuries type – Saras Group

		2020	2021	2022
Fall on level ground, slip	no.	3	5	2
Fall from height	no.	0	0	0
Impact, crushing, cutting	no.	1	1	3
Manual handling of loads	no.	0	0	0
Projection of solid fragments and/or liquid substances	no.	0	0	0
Burns	no.	2	1	0
Electrocution	no.	0	0	0
Traffic accident injury	no.	0	0	0
Other	no.	0	0	0

Injuries causes[1] - Saras Group

		2020	2021	2022
B7. Inattention	no.	2	5	3
B6. Neglected instructions or standards	no.	1	1	0
C4. Defective tools	no.	0	1	0
D8. Slippery floors or other places	no.	2	0	0
C7. Inadequate or faulty design	no.	1	0	0
C. Unsafe conditions for materials or equipment	no.	0	0	1
B9. Physical or mental condition of the employee	no.	0	0	1
Other	no.	0	0	0

1. as per the INAIL classification system

Product and substance management

[403-7; SHS-5]

The Saras Group also wants to pursue continuous improvement through the adoption of less hazardous substances for Occupational Health and Safety (Legislative Decree 81/2008), on the Hazard of Major Accidents related to hazardous substances (Legislative Decree 105/2015) and interactions with the environment (Legislative Decree 152/2006) when technically and economically suitable alternatives exist. The principles of Intrinsic Safety[1] apply to hazardous substances, such as:

- Intensification, by using smaller amounts of hazardous substances in storage or in the process;
- Substitution, by replacing hazardous substances with less hazardous ones;
- Hazard mitigation, using a physical form of the substance or conditions of use less hazardous;
- Limitation of effects, by designing facilities so as to minimize the consequences of any release of hazardous substances or energies;
- Simplification, through the design of simplified-run facilities in order to reduce the likelihood of operational errors.

A substance (chemical element and/or its compounds) or preparation (mixture or solution composed of two or more substances), liquid, gas or solid, that poses a hazard to the health or safety of workers and/or the environment within the meaning of EC Regulations 1907/2006 REACH and 1272/2008 CLP, is defined as "hazardous."

The hazardousness of the substances received, used in the processes and/or produced and stored, is reported in the relevant Safety Data Sheets (SDS), which are available on the company intranet and periodically checked and reviewed.

The SDSs make it possible to assess any risks to human health and safety and environmental protection from the use and handling of substances.

Safety management and environmental protection in procurement processes

[SHS-1 C2]

Suppliers represent indispensable counterparts in achieving the Group's sustainability goals.

Specifically, during the evaluation phase of potential and current suppliers (including any subcontractors), Saras requires:

- compliance with the Laws;
- the promotion of Ethical and Proper behavior and the prevention of Corruption;
- compliance with the principles set forth in its Code of Ethics and Sustainability Policy;
- compliance with the Policies on Health Protection, Environment, Safety and Prevention of Major Accidents.

Health and safety aspects of environmental protection of contractors are monitored both in advance (supplier qualification) and during contract execution, through numerous control processes (dedicated audits and inspection activities at operational sites) and tools such as the SAP Ariba platform.

Of particular interest in the HSE area are the activities of contractors within the operationally relevant site of Sarroch, in this area, worksite inspection activities of third-party firms continued in 2022 with the aim of verifying compliance with procedures and provisions in terms of health, safety and the environment. The inspection activities were carried out in accordance with the annual schedule according to a schedule that includes meeting with all companies on the site at least once a year.

Specifically, 136 inspections were conducted in 2022, covering 40 firms with a total of 686 workers involved.

In order to achieve the objectives and targets recalled in the HSE Policy and promote the effective involvement of contractors, the Group organizes and delivers information activities to third-parties companies regarding: risks and hazards of production processes, management rules and procedures in the field of environment and safety.

1. Safety of facilities based on the approach of avoiding hazards and/or limiting risks rather than controlling them (UNI 10617:2019)

HSE Inspections Construction Sites Contractors - Sarlux

	2020		2021		2022	
	Target	Result	Target	Result	Target	Result
no.	133	129	90	93	67	136

Contractor worksite inspection activities for the purpose of verifying compliance with health, safety and environmental procedures and regulations

Information on HSE Issues - Contractors

		2020	2021	2022
Information provided to contractors	h	14,609	2,481	4,992

HSE pre-access plant information; Safety and environmental protection in maintenance activities, Information on risks of interference with the production process

Mainly contractors are employed in maintenance activities (planned and plant shutdown) carried out at the production site, Sarlux also promotes co-operation and coordination by organizing, at least quarterly, a periodic meeting between the Sarlux Manager[1]/Employer (4 held in 2022) and representatives of the companies operating at the Plant (Employers, Operations and Safety Managers, Workers' Representatives).

Contractors' performance in health and safety

[403-9; 403-10; SHS-3 C1]

As for the injuries rates related to the contracting firms (which in fact operate mainly at the Sarroch site), the data are shown in the appropriate tables, and they show, for the contractors of the entire Group, an increasing frequency index of 6.15 (compared to 1.29 in 2021), attributable mainly to the contractors operating in the Sarlux subsidiary, which close the year 2022 with 17 events (including one with a fatal outcome). Consequently, the severity index also worsens, rising from 0.04 in 2021 to 2.81 in 2022 in view of the sharp increase in days lost due to accidents, which stand at 8,224 compared to 92 in 2021 (by definition, according to UNI 7249, an event with a fatal outcome is associated with 7,500 days lost due to injury).

An event that resulted in a 10-day period of absence also occurred at the Arcola Depot.

Specifically, the fatality related to the fall of a worker from a third-parties company during work on the dismantling of a cantilevered scaffold on the ship docking pier (the causes are currently being investigated by the Judicial Authority; Saras Group companies are not involved); in five events, regulations and/or instructions in force or given were disregarded, and in as many cases the activity setup phase was found to be deficient.

Work equipment in poor condition or defective caused three additional events while the prescribed PPE was not used or the worker underestimated his or her physical condition before performing the work activity in two additional cases. In a final case, which resulted in an injury, the causes are being investigated by judicial authorities.

Injury-rate performances were the subject of careful reflections with the Contractors themselves, who were stimulated to promote initiatives and define the best strategies for performance improvement. Sarlux has, in addition, analysed all events and verified what actions could lead to the reduction of their frequency and magnitude.

1. Any natural or legal person who operates or owns an establishment or facility, or to whom decisive economic and decision-making power has been delegated for the technical operation of the establishment or facility (UNI 10617:2019).

Health and safety - Contractors

		2020	2021	2022
Work-related injuries	no.	6	3	18
• *of which high-consequence work-related injuries*	no.	0	0	0
• *of which fatalities*	no.	0	0	1
First-aid	no.	9	0	6
Rate of work-related injuries (LTIFR)[1]		1.31	1.29	6.15
Rate of high-consequence work-related injuries[2]		0	0	0
Rate of fatalities		0	0	0.34
Rate of recordable work-related injuries (TRIFR)		3.27	1.29	8.19
Hours worked	h	4,590,631	2,332,981	2,928,775
Lost days	no.	380	92	8,224
Severity Index[3]		0.08	0.04	2.81

1. This is the number of accidents recorded and reported to the relevant social security agency, divided by the hours worked in the year, multiplied by 1,000,000, in accordance with UNI 7249:2007
2. This is the number of injuries from which the worker cannot recover, does not recover, or is not realistically expected to recover fully by returning to pre-injury health within 6 months, divided by the hours worked in the year, multiplied by 1,000,000
3. This is the number of days lost due to injury, divided by the hours worked in the year, multiplied by 1,000, in accordance with UNI 7249:2007

In this regard, as already indicated, it is planned to present the B-BS methodology and its protocols to the Contractors, with the aim of familiarizing them with a model that, if properly applied, can lead to significant benefits on HSE performance.

Injury Rates - Contractors

	2020				2021				2022			
	Injuries	IF[1]	IG[2]	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	6	1.32	0.08	47	3	1.32	0.04	2	17	5.86	2.83	11
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	1	0	0	0	3	1	79.30	0.79	1
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	**6**	**1.3**	**0.08**	**48**	**3**	**1.29**	**0.04**	**5**	**18**	**6.15**	**2.81**	**12**

1. This is the number of accidents recorded and reported to the relevant social security agency, divided by the hours worked in the year, multiplied by 1,000,000, in accordance with UNI 7249:2007
2. This is the number of days lost due to injury, divided by the hours worked in the year, multiplied by 1,000, in accordance with UNI 7249:2007

Injuries classification for Contractors 2022

	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	22	17	5	0	1	7.59	5.86	1.72	0	0.34	11
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	2	1	1	0	0	158.59	79.30	79.30	0	0	1
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	**24**	**18**	**6**	**0**	**1**	**8.19**	**6.15**	**2.05**	**0**	**0**	**12**

Injuries type - Contractors

		2020	2021	2022
Fall on level ground, slip	no.	0	0	0
Fall from height	no.	0	0	1
Impact, crushing, cutting	no.	3	2	7
Manual handling of loads	no.	0	0	0
Projection of solid fragments and/or liquid substances	no.	0	0	0
Burns	no.	1	1	2
Electrocution	no.	0	0	0
Traffic accident injury	no.	2	0	1
Contact with hazardous substances	no.	0	0	6
Other	no.	0	0	1

Injuries causes[1] - Contractors

		2020	2021	2022
B7. Inattention	no.	2	0	1
B6. Neglected instructions or standards	no.	4	0	5
D9. Hazardous conditions caused by the contractor	no.	0	1	0
C1. Insufficiently protected equipment	no.	0	1	0
C7. Inadequate or incorrect design	no.	0	1	0
A8. Shortcomings in the design of the work	no.	0	0	5
A6. Assignment of tools, utensils or means of protection unsuitable for the work or in poor condition	no.	0	0	2
B3. PPE provided but not used	no.	0	0	1
B9. Physical or mental condition of the employee	no.	0	0	1
C5. Defective equipment (excluding motor vehicles)	no.	0	0	1
Other	no.	0	0	2

1. as per the INAIL classification system

Safety of Processes, Local Communities, Asset integrity and Major Accident Management

[11.8; 403-2; 403-8; SHS-6; ENV-5 C1; ENV-5 C4]

Asset Integrity

The production facilities of the Saras Group in the area are built and operated in compliance with the provisions of the law and considering the best practices of the sector.

Plant, machines, equipment, and facilities are subject to:

- **Systematic monitoring and controls to protect Asset Integrity**

Maintenance strategies are defined in compliance with the objectives of health, safety, environment, quality, plant reliability: effective asset management must first comply with safety and environmental protection standards.

The technical functions define the most appropriate maintenance strategy of the equipment, adopting, where technically applicable, preventive maintenance policies (aimed at anticipating the failure with analytical maintenance approaches) and / or the use, when available and effective, of diagnostic technologies and predictive control systems.

- **Asset Management policies to ensure regular business continuity**

The reference maintenance policies are cyclical maintenance, predictive maintenance, inspection maintenance and fault maintenance.

Based on the maintenance policies adopted, Maintenance Plans are drawn up, i.e. all the interventions that must be carried out over time to allow the correct functionality of the equipment and regular operational continuity.

The plans are updated periodically on the basis of the evidence deriving from the diagnostic tests carried out and receiving any feedback coming in particular from HSE, Production, Processes and Maintenance.

For updates, corrective actions and improvement proposals arising from performance monitoring activities, from unforeseen events analyzed, from any revisions of maintenance and inspection strategies, from RCA (Root Cause Analysis) and FA (Failure Analysis), from operational reports are also incorporated.

Major accident prevention and management

In order to guarantee the health and safety of the community and mitigate the environmental impact due to the typical activities of the company's production process, specific emergency management procedures (e.g. unplanned or uncontrolled release of hazardous material) have been implemented calibrated on credible risk scenarios.

Aspects of environmental relevance are also monitored, such as:

- Air quality and management of emissions into the atmosphere;
- Water quality and discharge management;
- Impacts on soil, subsoil, and biodiversity.

In particular, the Sarlux plant falls within the scope of Legislative Decree 105/2015 (Seveso Directive) and is classified as a major accident risk due to the presence of dangerous substances.

Pursuant to the aforementioned Legislative Decree no. 105 of 2015, Sarlux has:

- Prepared the Safety Report;
- Defined a Major Accident Prevention Policy;
- Implemented, implemented, and maintained a Safety Management System for Major Accident Prevention (SGS-PIR);
- Defined an Internal Emergency Plan (PEI);
- Considered, in the evaluation of possible incidental events, the domino effect;
- Transmitted to the Prefecture of Cagliari the information useful for the elaboration of the External Emergency Plan (PEE).

- **The Safety Report**

The Safety Report (pursuant to Article 15 of Legislative Decree 105/2015) is a technical document that serves to identify within a plant what are any possible major accidents, in order to implement prevention and protection systems regarding deviations from normal operation of significant entity.

The first Safety Report (RdS) was drawn up following the entry into force of the Italian legislation that implemented the first European directive on establishments "at risk of major accident", dating back to 1989.

The activities carried out in the Sarlux plant involve, in fact, the presence and use of substances which are associated with different characteristics and levels of danger. The purpose of the RDS is precisely to study the possible risks to prevent and mitigate them.

The analysis of the conceivable accident scenarios led to the exclusion that events of this type could have significant consequences outside the perimeter of the plant. The possible involvement of external areas is confined to limited areas, in the direction of the state road 195 and the access road to Porto Foxi, where there are, however, no residential settlements.

The document was drawn up after a careful and in-depth analysis of its activities in relation to the risk associated with them, deriving from the manufacturing processes and the substances used.

Starting from the first edition, it has been constantly updated in accordance with the applicable legislation and in order to incorporate all the plant changes made over time. The last update was in May 2021.

All types of hazardous substances characterized by a low flash point (e.g. crudes, gasoline, liquefied petroleum gas), toxicity (e.g. hydrogen sulphide), danger to the environment (e.g. diesel, kerosene) are being studied in the RDS. Based on the quantity and types of substances present and the processes in which they are used, possible events and incident scenarios have been identified, such as fires, explosions, clouds of toxic gases, releases of hazardous substances on land or at sea.

The potential consequences of the identified accident scenarios were studied, in terms of impact on the safety of people, inside and outside the site, and on the environment.

The relevant internal emergency plans of South Plants and North Plants and the specific emergency plans are aligned with the updates of the Safety Report, as well as the information transmitted to the Prefecture for the planning of the external emergency of the industrial plants at risk of major accident of the industrial agglomeration of Sarroch.

Throughout 2022, activities aimed at meeting the requirements currently in force continued, the progress of which is periodically communicated to the supervisory authorities (Regional Technical Committee - CTR).

The Internal Emergency Plan (PEI)

Having defined the risk scenario for the entire plant (South and North plants), through the preparation of internal emergency plans (PEI), the company has identified procedures to be adopted and behaviors to be followed so that a hypothetical accident is managed with maximum effectiveness and minimum consequences, thanks to a coordinated intervention of men and means, in order to prevent and limit damage to people, the environment and company assets, help any injured persons, keep accidental events under control, limiting the size of the effects. Furthermore, for a timely and effective intervention, alarm and emergency signaling procedures are of fundamental importance to alert, in relation to the type of event, all the company figures involved. Within the Plan, the information system for rescue forces, local authorities and communities is also of great importance. Communication and signaling tools (push-button fire detectors, telephones, fixed and portable two-way radios supplied to key structures or company figures, internal and external intercoms, closed circuit video cameras) are widely distributed throughout the plant area, which allow the real-time activation of men and structures. The fire-fighting water distribution system consists of a capillary network that covers the entire area of the plant. All storage tanks are protected by fire cooling systems; of these, those with the highest criticality have an automatic activation system that intervene in the event of an excessive increase in the temperature of the struc-

tures. Similar systems are installed on all pressure tanks, LPG storage and loading facilities and any other structure for which the rise in temperature can be a critical element for safety. The plant is also equipped with twelve fire-fighting vehicles (eight in South Plants and four in North Plants) with dust and foam accumulators, fast and easy to handle, which allow timely intervention in emergency situations and constitute a further support to fixed systems. Equipment and safety systems are, in any case, subject to periodic checks and regular and accurate maintenance interventions.

Emergency management personnel carry out regular education and training. Emergency and evacuation simulations are periodically carried out involving all the people present on site (internal and external).

The Marine Anti-Pollution Plan

The Marine Anti-Pollution Plan is the document prepared to deal with any emergencies deriving from the presence of hydrocarbons at sea in the mirror facing the Sarlux site in Sarroch. Emergency situations that may affect the sea result from the accidental release of hydrocarbons from the maritime terminal. In such cases, a series of equipment and means are available that allow you to quickly cope with the event, according to the indications prepared by the Plan.

The plant has four boats, operating 24 hours a day, and an articulated system of equipment (skimmers, floating breakdowns, etc.) that guarantee the full and prompt response capacity of the plant. Still with regard to the prevention of releases to the sea, scheduled inspections are carried out on board ships during the loading of products and unloading raw materials, with a high percentage of controlled ships and exercises to verify that the structure is always perfectly capable of reacting.

Marine pollution plan personnel shall carry out regular training and training.

Management of torrential rains

A specific operating instruction is in force in the plant called "Management of torrential rains" which has as its purpose the management of the actions to be performed previously, if foreseeable, and following exceptional meteoric events, coordinated with those provided for by the marine anti-pollution operational plan.

The different departments operate to exploit the full storage capacity of the tanks to which rainwater flows and of the dedicated crude tanks, in order to prevent emergency situations that may require the opening of the drains towards the sea.

Torrential rain management personnel carry out regular training and training.

In order to ensure the health and safety of the Local Community, closely connected to the internal emergency plans is

The External Emergency Plan (PEE),

A document drawn up by the Prefecture of Cagliari through an investigative process involving numerous local authorities, representatives of law enforcement and emergency services, including the Region, the Metropolitan City of Cagliari, the municipalities of Sarroch, Capoterra, Villa San Pietro and Pula, Fire Brigade, ASL and Port Authority. The Plan covers the industrial area of Sarroch as a whole and takes into consideration the hypothesis of accidents affecting one of the sites in the area, belonging to the various companies present (Sarlux, Sasol Italy, Costiero Gas Livorno, Air Liquide, Versalis) and from which harmful consequences may derive 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 hypothesized accident scenarios, then the analysis of the territory, considering the urban settlements and the infrastructures present, to predict the best ways to manage an accident in order to guarantee the safety of the population.

The document is available and downloadable in digital format by accessing the website of the Prefecture - Territorial Office of the Government of Cagliari - section "Activities - Civil Protection" - "Provincial Civil Protection Plans".

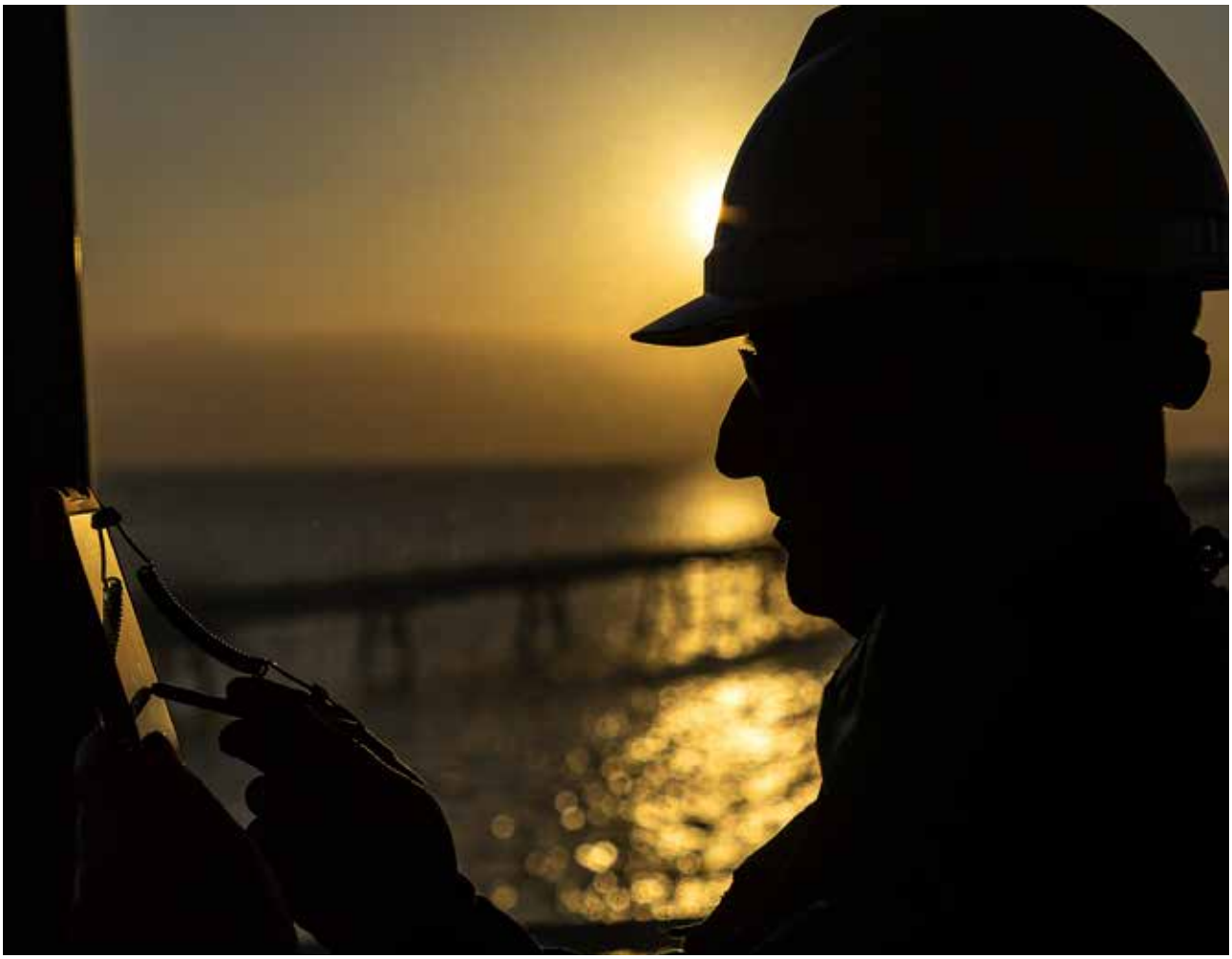
Process Safety Events (PSE)

Process safety is a primary commitment for Saras. With the aim of safeguarding the safety of people, the environment, assets and corporate reputation, the Safety Management System described above was implemented, monitored through dedicated audits, with the aim of preventing and mitigating, through the application of high management and technical standards, the risks associated with uncontrolled releases of dangerous substances that can evolve into major accidents. The application of the Safety Management System results in the correct and safe management of assets throughout their life cycle, from design to construction, from operation to decommissioning, from maintenance to change management.

Process Safety Events[1] – Sarlux

		2020	2021	2022
Events tier 1 -PSE$_1$		0	2	0
Events tier 2 - PSE$_2$	no.	3	1	2
Tier 1 event frequency rate - PSER$_1$	no.	0.00	1.23	0.00
Tier 2 event frequency rate - PSER$_2$		1.56	0.62	1.24

1. as defined by API RP 754;
2. defined as the total number of level 1 events per million hours worked, similarly for level 2 events;
3. Note: Tiers 1 and 2 indicate the severity of the consequences of the accident (from most severe to least severe) in terms of quantities released of hazardous substances and damage caused to persons or assets.



The commitment to the prevention of major accidents also translates into the transparent disclosure of events related to process safety on the basis of performance indicators.

These indicators are defined by API Recommended Practice 754 – Process Safety Performance Indicators for the Refining and Petrochemical Industries.

The events to be reported are defined as: unplanned or uncontrolled releases of primary containment loss (LOPC) that determine one or more of the consequences indicated in the standard.

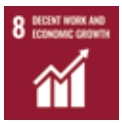
In 2022, no level 1 events occurred ($PSER_1$ = 0.00), while 2 level 2 events were recorded, which normalized with respect to hours worked determines a rate ($PSER_2$) equal to 1.24.

Prevention of major accidents in the Arcola Depot

The Arcola Deposit also falls within the scope of Legislative Decree 105/2015 (Seveso Directive) and is classified as a major accident risk due to the presence of dangerous substances.

Pursuant to the aforementioned Legislative Decree no. 105 of 2015, the Deposito has:

- Prepared the Safety Report;
- Defined a Major Accident Prevention Policy;
- Implemented, implemented, and maintained a Safety Management System for Major Accident Prevention (SGS-PIR);
- Defined an Internal Emergency Plan (PEI);
- Considered, in the evaluation of possible incidental events, the domino effect;
- Transmitted to the Prefecture of La Spezia the information useful for the elaboration of the External Emergency Plan (PEE).



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.

During 2022, the most critical phase of the pandemic was gradually overcome, after which the Group seized the opportunity to transform emergency smart working into a structured mode of agile working, activated for all companies starting from April.

The refining sector experienced an unprecedented market situation in 2022, unfortunately mainly caused by the war in Ukraine, which highlighted the essential role of "traditional" energies in ensuring energy security and the need for diversification of sources.

Faced with this scenario, the Group has continued to transform its way of working, with a view to business sustainability.

As part of the ESTI Program, a specific project was launched with the aim of defining an organization capable of improving the effectiveness and overall efficiency of the processes and structures of the Industrial area, to enable the achievement of the objectives of the same Program. In the first half of the year, the project involved numerous inter-functional working groups in an in-depth analysis of organizational processes, representing a successful experience of internal collaboration that allowed to identify some innovative solutions.

In continuity with the organization defined in 2020, the new "Industrial" organization consolidates the focus of responsibilities on the execution of operations (Industrial Operations) and competence centers (Industrial Technology and Industrial Engineering & Services), in order to achieve the objectives of improving industrial performance and creating sustainable value. The Industrial Regulatory Advisor function was also set up to support the various structures across the board in monitoring regulatory developments and managing relations with institutional stakeholders relevant to the Industrial area.

This organization is based on more agile and streamlined industrial processes, ensuring continuous optimization of performance, availability of skills and adequate organizational sizing, and on

the unification of processes by specialty and purpose. It is characterized by a strong interdependence between the areas, by the presence of identified liaison roles to maximize collaboration and dialogue between functions, by the reduction of hierarchical levels in order to optimize and simplify processes and by the empowerment of roles, which require greater specialization, greater relationship capacity and greater decision-making autonomy.

Finally, in the aforementioned market context, in the second half of the year the Group was committed to managing a significant change at the top of the organization.

Workforce

At 31/12/2022, the Group had 1,576 employees, most of whom were based in Italy (96% of the total) and, in particular, in Sardinia (87%).

The Group company with the highest concentration of personnel is Sarlux Srl, which at the end of 2022 had a workforce of 1,087 people (equal to 69% of the total), followed by the parent company Saras SpA, with 251 people (16%).

The companies of the Saras Group pay great attention to ensuring the development of professionalism appropriate to their production and organizational needs, with a logic of sustainability over time of the "employability" of each employee. This also explains that 99.4% of the Group's workforce has a permanent contract.

Also from the point of view of the type of employment, the Group shows a certain homogeneity: 97% of women and almost all men work full-time. Moreover, where the conditions are met, the Group undertakes to meet requests for part-time employment.

The Group does not use employees with non-guaranteed or on-call employment contracts.

In particular, the operationally significant location for the Group, the Sarroch industrial site, the percentage of senior management belonging to the local community identified (i.e. born or living most of the time in Sardinia) is equal to 89%. [202-2]

Total employees by country

Country	2020	2021	2022
Italy	**1,618**	**1,504**	**1,512**
Lombardia	136	121	120
Sardegna	1,456	1,355	1,364
Liguria	15	15	15
Lazio	11	13	13
Spain	**35**	**34**	**32**
Switzerland	**34**	**34**	**32**
Total	**1,687**	**1,572**	**1,576**

1. For the Group, the Sarroch industrial site, belonging to the wholly owned subsidiary Sarlux, the heart of the production activity with the largest number of employees located in the same workplace, was considered an "operationally significant location".
2. Senior management referes to managers or other senior positions in the organisation, the Chief Executive Officer and their first and second reports.

Workforce for Group companies

Society	2020	2021	2022
Saras Spa	279	250	251
Sarlux Srl	1,144	1,073	1,087
Sartec Srl	153	137	123
Sardeolica Srl	27	29	36
Deposito di Arcola Srl	15	15	15
Saras Energia SAU	35	34	32
Saras Trading SA	34	34	32
Total	**1,687**	**1,572**	**1,576**

Employees divided by type of contract and gender

	2020			2021			2022		
	F	M	Total	F	M	Total	F	M	Total
Permanent	225	1,455	1,680	209	1,360	1,569	201	1,366	1,567
Fixedterm	3	4	7	2	1	3	2	7	9
Total	**228**	**1,459**	**1,687**	**211**	**1,361**	**1,572**	**203**	**1,373**	**1,576**

Employees divided by type of contract and region

	2020			2021			2022		
	Permanent	Fixedterm	Total	Permanent	Fixedterm	Total	Permanent	Fixedterm	Total
Italy, of which:	**1,611**	**7**	**1,618**	**1,501**	**3**	**1,504**	**1,503**	**9**	**1,512**
Lombardia	134	2	136	120	1	121	118	2	120
Sardegna	1,451	5	1,456	1,355	0	1,355	1,357	7	1,364
Liguria	15	0	15	15	0	15	15	0	15
Lazio	11	0	11	11	2	13	13	0	13
Spain	**35**	**0**	**35**	**34**	**0**	**34**	**32**	**0**	**32**
Switzerland	**34**	**0**	**34**	**34**	**0**	**34**	**32**	**0**	**32**
Total	**1,680**	**7**	**1,687**	**1,569**	**3**	**1,572**	**1,567**	**9**	**1,576**

Employees by type of employment and gender

	2020			2021			2022		
	F	M	Total	F	M	Total	F	M	Total
Full time	211	1,457	1,668	201	1,360	1,561	196	1,372	1,568
Part time	17	2	19	10	1	11	7	1	8
Total	**228**	**1,459**	**1,687**	**211**	**1,361**	**1,572**	**203**	**1,373**	**1,576**

Workers who are not employees

[2.8]

As for workers who are non-employees, they can be identified with the workers and technicians who work under a contract in ordinary and extraordinary maintenance activities, which take place at the industrially relevant site of Sarroch.

The number of these workers is significantly influenced by the activities underway at various times of the year. For this reason, this figure can only be evaluated in terms of "average daily presence" which, for 2022, is 1,094 people.

Diversity and equal opportunities

[405-1]

The Saras Group respects the principle of equal opportunities and undertakes to avoid any kind of discrimination.

An analysis of the breakdown by category and gender shows that the female component is higher in managerial categories (22% of middle managers and 18% of executives and managers).

The percentage of women among employees is lower (15%), decidedly conditioned by the number of employees who hold plant operational roles at the Sarroch site. Net of these roles, in fact, the female component rises to 24%.

Finally, the "blue-collar" category, almost entirely attributable to the aforementioned operational roles, shows a clear prevalence of the male component.

Overall, women account for more than 30% of graduate employees.

From the point of view of age groups, at the end of 2022 employees between 30 and 50 years of age represent the largest component of the Group (61% of the total). In the "Employees" and "Blue-collar" categories, the majority of employees fall into the 30-50 age group, while for the "Executives" and "Executives and Managers" categories, 63% of employees over 50 years of age are registered. In general, the average age of the Group is 46 years.

[406-1] No incidents were reported in 2022 of discrimination.

Percentage of employees by category and gender 2022

	Italy+ Switzerland		Spain		Total		%	
	F	M	F	M	F	M	F	M
Directors and managers	10	49	1	2	11	51	18%	82%
Middle managers	54	193	0	0	54	193	22%	78%
White collars	118	760	18	3	136	763	15%	85%
Blue collars	2	358	0	8	2	366	1%	99%
Total	184	1,360	19	13	203	1,373	13%	87%
	1,544		**32**		**1,576**		**100%**	

Females with university degree in Italy + Switzerland

	2020	2021	2022
% of females holding Uni. Degree vs. Total employees holding Uni. Degree	30.8%	31.0%	30.2%

Percentage of employees by category and age 2022

	Italy+ Switzerland			Spain			Total			%		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Directors and managers	0	20	39	0	3	0	0	23	39	0%	37%	63%
Middle managers	0	91	156	0	0	0	0	91	156	0%	37%	63%
White collars	17	562	299	0	18	3	17	580	302	2%	65%	34%
Blue collars	54	262	44	1	4	3	55	266	47	15%	72%	13%
Total	71	935	538	1	25	6	72	960	544	5%	61%	35%
		1,544			**32**			**1,576**			**100%**	

Turnover

[401-1]

In 2022, there were 31 hires, mainly stemming from the need to fill operational positions that were vacant in production organizational units. The distribution of new hires by age group shows that 65% are under 30, while from a gender point of view 81% of hires are men and the remaining 19% are women.

In 2022, there were 27 exits from the Group (of which 19 from Italian companies), equal to a turnover of 1.7% (% ceased vs. total staff at the end of the year), mainly due to voluntary resignations during the year. Most of the exits were recorded in the 30-50 age group.

Number and percentage of new hires by age

	2020				2021				2022			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Italy+ Switzerland	15	7	0	22	4	8	0	12	20	8	1	29
Spain	0	2	1	3	0	1	0	1	0	1	1	2
Total	**15**	**9**	**1**	**25**	**4**	**9**	**0**	**13**	**20**	**9**	**2**	**31**
% vs. Total headcount	**0.89%**	**0.53%**	**0.06%**	**1.48%**	**0.25%**	**0.57%**	**0.00%**	**0.83%**	**1.27%**	**0.57%**	**0.13%**	**1.97%**

Number and percentage of new hires by gender

	2020			2021			2022		
	F	M	Total	F	M	Total	F	M	Total
Italy+ Switzerland	5	17	22	3	9	12	5	24	29
Spain	1	2	3	0	1	1	1	1	2
Total	**6**	**19**	**25**	**3**	**10**	**13**	**6**	**25**	**31**
% vs. Total headcount	**0.36%**	**1.13%**	**1.48%**	**0.19%**	**0.64%**	**0.83%**	**0.38%**	**1.59%**	**1.97%**

Turnover by age

	2020				2021				2022			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Italy+ Switzerland	4	12	43	59	7	35	84	126	2	11	10	23
Spain	1	20	3	24	0	2	0	2	0	3	1	4
Total	**5**	**32**	**46**	**83**	**7**	**37**	**84**	**128**	**2**	**14**	**11**	**27**
% Employees Italy + Switzerland	**0.24%**	**0.71%**	**2.55%**	**3.50%**	**0.45%**	**2.23%**	**5.34%**	**8.02%**	**0.13%**	**0.70%**	**0.63%**	**1.46%**
% Employees Spain	**0.06%**	**1.19%**	**0.18%**	**1.42%**	**0.00%**	**0.13%**	**0.00%**	**0.13%**	**0.00%**	**0.19%**	**0.06%**	**0.25%**
% Employees Total	**0.30%**	**1.90%**	**2.73%**	**4.92%**	**0.45%**	**2.35%**	**5.34%**	**8.14%**	**0.13%**	**0.89%**	**0.70%**	**1.71%**

% discontinued vs. total headcount at year-end

Turnover by gender

	2020			2021			2022		
	F	M	Total	F	M	Total	F	M	Total
Italy+ Switzerland	6	53	59	20	106	126	11	12	23
Spain	12	12	24	1	1	2	3	1	4
Total	**18**	**65**	**83**	**21**	**107**	[128]	**14**	**13**	**27**
% Employees Italy + Switzerland	**0.36%**	**3.14%**	**3.50%**	**1.27%**	**6.74%**	**8.02%**	**0.70%**	**0.76%**	**1.46%**
% Employees Spain	**0.71%**	**0.71%**	**1.42%**	**0.06%**	**0.06%**	**0.13%**	**0.19%**	**0.06%**	**0.25%**
% Employees Total	**1.07%**	**3.85%**	**4.92%**	**1.34%**	**6.81%**	**8.14%**	**0.89%**	**0.82%**	**1.71%**

% cessati vs. organico totale a fine anno

Total number and rate hired and outgoing by region 2022

	Hires		Departures	
	n.	%	n.	%
Sardegna	20	1.27%	9	0.57%
Lombardia	7	0.44%	9	0.57%
Liguria	0	0.00%	0	0.00%
Lazio	1	0.06%	1	0.06%
Switzerland	1	0.06%	4	0.25%
Spain	2	0.13%	4	0.25%
Total	**31**	**1.97%**	**27**	**1.71%**

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 can be seen in the following table, relating to 2022, in the various Group companies there are values between 0.8% and 6.7%, which are mainly affected by the increase in absences due to illness.

Absenteeism rate by company 2022

	Daily / Shift Workers	Days of Absence	Theoretical Workable days	Average Annual Number of Employees	Absenteeism Rate (%)	Weighted Average by Company (%)
Saras Spa	D	2,319.7	251	213	4.35	4.34
	S	44.1	219	5	3.80	
Sarlux Srl	D	6,837.9	251	410	6.64	6.36
	S	8,855.4	219	655	6.18	
Sartec Srl	D	2,069.4	251	123	6.69	
Sardeolica Srl	D	363.9	251	34	4.29	
Deposito di Arcola Srl	D	13.8	251	4	1.38	3.87
	S	115.0	219	11	4.77	
Saras Energia SAU	D	12.0	249	22	0.22	0.83
	S	50.0	249	8	2.45	
Saras Trading SA	D	51.0	254	25	0.82	

Workforce education level

Concerning the level of education of employees, the data shown in the table below show that 27% of them have a degree equal to or higher than the degree and 69% have a secondary school diploma.

Focusing on the types of degrees, the table shows the breakdown by area of study: in line with the nature of the Group's business, the data show that the majority of degree titles (75.4%) are of a technical-scientific nature, 18.8% are of an economic, legal, or political nature, and 5.8% are humanistic.

Employees by qualification 2022

	University degree		High school diploma		Middle school certificate		Primary school certificate		Total
	n.	%	n.	%	n.	%	n.	%	n.
Saras Spa	142	57%	103	41%	6	2%	0	0%	251
Sarlux Srl	152	14%	893	82%	42	4%	0	0%	1,087
Sartec Srl	72	59%	47	38%	3	2%	1	0.8%	123
Sardeolica Srl	10	28%	26	72%	0	0%	0	0%	36
Deposito di Arcola Srl	2	13%	12	80%	1	7%	0	0%	15
Saras Energia SAU	24	75%	6	19%	2	6%	0	0%	32
Saras Trading SA	29	91%	3	9%	0	0%	0	0%	32
Total	**431**	**27.3%**	**1,090**	**69.2%**	**54**	**3.4%**	**1**	**0.1%**	**1,576**

Employees by type of university degree 2022

	Law/Politics/ Economics		Engineering/ Architecture		Science		Humanities		Total
	n.	%	n.	%	n.	%	n.	%	n.
Saras Spa + Sarlux Srl	59	20%	180	61%	37	13%	18	6%	294
Sartec Srl	1	1%	48	67%	22	31%	1	1%	72
Sardeolica Srl	0	0%	7	70%	3	30%	0	0%	10
Deposito di Arcola Srl	1	50%	0	0%	1	50%	0	0%	2
Saras Energia SAU	9	38%	6	25%	7	29%	2	8%	24
Saras Trading SA	11	38%	13	45%	1	3%	4	14%	29
Total	**81**	**18.8%**	**254**	**58.9%**	**71**	**16.5%**	**25**	**5.8%**	**431**

Remuneration systems

[2.21; 2.30; 202-1; 405-2]

The main contract applied by the Italian companies of the Group is the CCNL Energy and Petroleum.

In consideration of the high level of education, skills and professionalism necessary for personnel operating in the Oil & Gas industrial sector, this Contract and the subsequent second-level bargaining, also typical of this contract, place the salary levels of the Group companies to which this CCNL applies at the high end of the market, at values comparable with those of other national companies, periodically verified through benchmarks with external companies specialized in such comparisons. The contractual salary levels are applied indifferently to all staff, strictly and without discrimination following the contractual provisions. For personnel employed in Italy, the remuneration for first entry into the Group is higher by a value ranging from a minimum of 14% to a maximum of 18% than provided for in the reference National Collective Bargaining Agreement, as a result of second-level negotiation with the Trade Unions, which takes into account various factors linked, on the one hand, to the overall productivity of the Group, including the achievement of particular objectives that the organization intends to pursue (both operational and ESG), and on the other hand to the individual contribution of each one, connected to the continuity of performance and presence in the workplace.

Under no circumstances does the salary of new hires differ on the basis of gender. As for the ratio between the total annual remuneration of the highest paid person in the organization (CEO and General Manager) and the median total annual remuneration of all employees, it is worth 52.1. As required by the GRI standard 2-21.a, this ratio is calculated considering the remuneration total annualised target of the current CEO and General Manager in office from 31 October 2022 (which includes the fixed and variable short-term target remuneration component - MBO, as well as the annualised target long-term variable component), and the median total remuneration of the rest of the Group's entire population (which includes the fixed and variable short-term remuneration component - performance bonuses, MBO and one-off, as well as the annualised target long-term variable component where recognised). For the extra-calculation of the median, FTE remunerations, converted into euros in the case of remuneration paid in Swiss francs, were taken into account. In addition, the previous outgoing CEO and General Manager was excluded from the count. Finally, it should be noted that the ratio between the percentage increase in the total annual remuneration of the highest paid employee in the organization (CEO and General Manager) and the median percentage increase in the total annual remuneration of all employees is equal to 0%.

As far as the subsidiary Sartec is concerned, the Metalworking National Collective Bargaining Agreement applies, supplemented by second-level company bargaining.

Ratio of basic salary to pay of women to men[1]

Remuneration report		2020	2021	2022
Directors and managers	%	65.33%	76.20%	85.49%
Middle managers	%	96.62%	95.02%	95.94%
White collars	%	75.16%	79.45%	82.73%
Blue collars	%	---	---	---
Basic salary ratio		**2020**	**2021**	**2022**
Directors and managers	%	100.00%	100.00%	100.00%
Middle managers	%	100.00%	100.00%	100.00%
White collars	%	100.00%	100.00%	100.00%
Blue collars	%	---	---	---

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

Overall, 100% of the employees of Italian companies have an employment relationship governed by a National Collective Labour Agreement.

Finally, national contracts and regulations also apply to personnel employed in the Group's foreign companies. In particular, Spanish contractual legislation establishes minimum wage levels, which are updated annually.

Welfare

[401-2]

Attention to the "well-being" of our people is an element that has always characterized the management of the Group and the offer of welfare services has been enriched over time and made increasingly articulated. All welfare services are offered to both full-time employees and part-time or fixed-term employees.

In particular, following second-level bargaining, there is a structured plan of welfare services in Saras and Sarlux that can meet the important needs of employees and their families. The main areas in which these services fall are:

- health and social assistance through a fund, financed by the company and workers, which provides contributions and reimbursements for medical expenses or specialist visits;
- a contribution to the legal or testamentary heirs in the event of the death of the employee even outside the workplace;
- medical care and preventive health services additional to mandatory health surveillance (see chapter "Health and Safety");
- social assistance service guaranteed by qualified personnel;
- occupational and non-professional accident insurance;
- subscriptions to public transport systems (consortiums in Sardinia, public transport companies in Milan);
- company canteen in the Sarroch plant, with the supply of meals also on continuous and alternating shifts, and provision of "ticket restaurants" in the other locations;
- merit scholarships, holidays camps, and study trips abroad for employees' children.

Following the issuance of the Group Policy, defined in agreement with the Trade Unions, starting from April 2022, agile working was activated for all employees who hold a role compatible with this working mode. With appreciable benefits in terms of balancing work and personal life, the adoption of agile work contributes to the increasing diffusion of a work model based on responsibility for results, trust, and autonomy.

A particularly significant and appreciated initiative was the implementation of the 2022-2023 Welfare Plan, defined in order to support employees and their families in the current difficult economic context. This Plan provides for the provision of a welfare credit for the use of goods and services, giving priority to the use of fringe benefits for the reimbursement of domestic users (Law 142/2022 amended by Legislative Decree 176/2022). More information on the implementation of the Plan is available in the dedicated box.

In 2022 there were also several welfare initiatives in which the Group's constant attention to the health of its people was implemented.

The package of health services for employees in Milan and Rome has been updated through the review of the two-year check-up proposal, carried out by a leading health group and available on several medical centers located in different areas of the reference territory. The check-up is a service in agreement for employees and is also extended to their family members, who can take advantage of the discounted rate.

At the same time, a brochure was published summarizing the entire range of services dedicated to the prevention of the most common diseases and the monitoring of one's state of health. This communication initiative was designed to raise employee awareness of the importance of prevention and regular check-ups.

For workers working within the Sarroch Site, the rapid antigenic swab service at a discounted price continued to be available for the entire period in which the obligation to possess green passes for access to the workplace was in force. A temporary station has been specially set up in the premises of the Training Center located in the square in front of the plant.

For all Group employees, insurance coverage has been renewed for cases of medical needs and emergencies occurring abroad during business trips.

In October, the voluntary flu vaccination campaign for the 2022-2023 season was launched, carried out at the Sarroch and Milan offices.

In 2022, the use of the platform provided by a leading company in the sector continued, used to take advantage of welfare goods and services by all Saras and Sarlux employees who have decided to transform all or part of their performance bonus into welfare services and by all Sartec employees who receive the welfare quota provided for by the Metalmechanics National Collective Bargaining Agreement.

To offer Group employees the opportunity to make significant savings on personal and family expenses, the online service has been renewed that allows you to purchase different types of products and services at advantageous prices compared to the market.

Finally, the corporate welfare system includes an articulated offer of other institutions aimed at facilitating the work-life balance of employees, such as the possibility of taking advantage of subsidized loans and agreements with insurance companies and banks, and the personal parcel collection service in some of the Group's offices. For many years, employees of Italian companies have also been offered tax assistance for the compilation and presentation of the tax return, in recent years made available online.

In summer 2022, stays at Kinderheim and study trips abroad for employees' children resumed.

WELFARE PLAN 2022-2023

The 2022-2023 Welfare Plan was defined by the Company and agreed with the RSU in specific trade union agreements, in order to recognize all employees of the Group's Italian companies a per capita welfare credit useful to support them and their families in the current difficult economic context.

In particular, the credit could be used by 2022 for the reimbursement of electricity, water, and natural gas expenses, incurred by the employee himself or by a family member (Law 142/2022 amended by Legislative Decree 176/2022). Any remaining sums will be allocated in 2023 to the purchase of goods and services present in the corporate welfare platform (articles 51 and 100 of the TUIR).

The Plan has received excellent feedback, well beyond the best expectations that led to the definition of the initiative. In fact, 97% of beneficiaries have used their credit by 2022 to benefit from the reimbursement of household expenses. Less than 3% of employees did not use the credit in 2022, mainly due to lack of the conditions necessary to obtain reimbursement.

As required by law, the Plan made it possible to disburse the amounts to beneficiaries without any taxation and contributions, with an additional benefit for employees.

EXTRA-WORK ACTIVITIES FOR THE BENEFIT OF WORKERS AND THE COMMUNITY TO WHICH THEY BELONG

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 supported economically through membership by individuals and the company contribution, allocated annually on the basis of the quality of the proposed projects and, occasionally, also through donations from public or private bodies. In the wake of the more traditional aims of business circles, CRAL also provides members with a varied range of agreements for access to the market to goods and services at favorable conditions (discounts on tourist packages, tickets and subscriptions to theatrical initiatives and cinema, etc.).

In 2022 the CRAL registered 980 members, of which about half supported by the individual specialized sports sections (sailing, canoeing, running, tennis, cycling, windsurfing, trekking, padel, sup) and the food and wine and travel and tourism sections. The first period of the year was still affected by the limitations due to the Covid-19 pandemic. Subsequently, the activities resumed gradually, such as, for example, the organization of the colonies and study trips for the children of employees, the summer theme evenings at the headquarters and various voluntary initiatives.

Voluntary pension provision

In the companies of the Saras Group, the supplementary pension fund used mainly is Fondenergia. In 2022, the Group employees (excluding managers) registered with Fondenergia were 1,228 out of a total of 1,340 employees to whom the Energy and Oil National Collective Bargaining Agreement applies, equal to 92% of the population. For all those who registered with Fondenergia after 1 January 2017, the contribution of severance pay accruing is equal to 100%.

Based on the provisions of the contract, currently-the fees established in 2019 are paid, equal to 2% of the salary for the employee and equal to 2.725% or 2.775% on the corporate side, respectively for employees hired before and after 31.12.1995. Consequentially, the annual company contribution for the 2022 is estimated at around €2,000,000. The employees of Sartec join the supplementary pension fund Cometa, reserved for workers in the Metalworking.

Parental leave

[401-3]

All Group employees are entitled to parental leave. In the following table the data for the last three years.

Parental leave - Saras Group

		2020			2021			2022		
		M	F	Tot	M	F	Tot	M	F	Tot
Total number of employees taking parental leave by gender	*no.*	47	11	58	14	4	18	36	7	43
Total number of employees who returned to work during the reporting period after taking parental leave, by gender	*no.*	47	11	58	14	4	18	36	7	43
Total number of employees who returned to work after taking parental leave and who are still employees of the organisation in the 12 months following return, by gender	*no.*	47	11	58	14	4	18	n/a	n/a	n/a
Return-to-work rate of employees taking parental leave, by gender	*%*	100	100	100	100	100	100	100	100	100
Retention rate in the company of employees who have taken parental leave, by gender	*%*	100	100	100	100	100	100	n/a	n/a	n/a

Employee engagement and internal communication

Several initiatives were carried out during the year as part of the human resources management processes, aimed at increasing employee engagement, that is their level of emotional involvement in the company and in the work they do.

In addition to the training, valorisation and development activities already described, in 2022 the Mentoring programme addressed to the Group's young talents continued, launched to increase the motivation of the people involved and their bond with the organisation, also for 'retention' purposes (meaning keeping the resources in their position), through the involvement and active support of management.

Internal Job Posting is another important tool with which the Group intends to strengthen the recruitment of people. For the third consecutive year, employees were offered new opportunities for professional development and growth, enhancing the Group's experience and skills to meet organisational needs and ensuring 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 itself over time as an effective way to increase involvement and retention, especially of 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 continuity with the previous year, during 2022 internal communication activities were aimed at supporting the transformation underway and enhancing the fundamental role of people in this process, while also promoting the spread of a way of working increasingly based on empowerment, trust, autonomy and the ability to deal with change.

As part of the 'Sustainable Energy for an Inclusive Transition' (ESTI) Programme, the process of sharing and developing the organisational culture continued, and a communication plan was implemented in order to inform and periodically update stakeholders, involve, and motivate them in the transformation designed by the Programme, and support the achievement of objectives.

Worthy of particular note is the programme of meetings held between November and December 2022, which is part of an integrated change management plan designed in partnership with the Line Managers to accompany the change of the Industrial organisation. (See box)

In 2022, the "Our Transformation" employee survey was carried out, an online survey aimed at finding out how people experience their role in the company and their interactions with colleagues, and how they interpret the evolution of the organisation.

The initiative involved the entire Saras Group workforce, with a participation and response rate ("response rate") that highlights the Group's willingness to contribute to the company's transformation process and allows it to gather insights and define actions according to certain priorities.

Overall, there was widespread agreement with the proposed statements, with a high degree of satisfaction for issues relating to the working environment, trust in the company and the company's potential. The answers relating to the themes of welfare and leadership, which are also globally positive, indicate the need to define specific actions and to continue the path already started to support people management processes.

The evaluations expressed show an appreciable improvement over the previous survey, confirming a growing pride and strong sense of belonging to the Group, which have always characterised the corporate culture.

Consistent with the feedback received, an action plan is currently being designed, which will be primarily dedicated to continuing to support people

management processes in our organisation and to further strengthen and enhance the welfare offer, improving its communication.

Finally, 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.

CHANGE MANAGEMENT PLAN FOR INDUSTRIAL ORGANISATION

In September 2022, the Industrial department was redesigned to increase the overall effectiveness and efficiency of processes and structures in order to enable the achievement of the sustainability goals of the ESTI Programme.

To support this organisational change, an integrated change management plan was defined, inspired by the values of an inclusive organisational culture, within which the programme of communication meetings is a key pillar.

Between November and December 2022, 18 sessions were held, each involving a total of more than 500 people among the daily staff of the Industrial department and the shift leaders of the production units.

The meetings made it possible to frame the reorganisation in the broader context of the ESTI Programme, whose objectives and structure were recalled and the impact in terms of sustainability presented through an overview of the ESG footprint. An organic vision of the organisational processes and the reading of the main innovations through the drivers of change were shared. Much space was also dedicated to a discussion on the interpretation of roles according to the inclusive organisational culture model.

Finally, the opportunity was taken to inform about the review activities of organisational processes and documents related to organisational change, which represent another important pillar of the change management plan and in which the involvement and contribution of colleagues directly involved in the processes is essential.

Diversity & Inclusion within Saras Group

The Saras Group is constantly working to spread and consolidate a corporate culture based on inclusion and belonging to a single organisation, through a common approach to all people management initiatives that aims to raise awareness and value diversity.

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 fifth 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 particular, in 2022, the group was in-

volved in an initiative focused on sharing approaches to work functional to the interpretation of roles, enhancing the distinctive characteristics of each.

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.

The Mentoring Programme aimed at the Group's young talents is now active, to support the development of their potential through discussions with senior colleagues, who will accompany them in acquiring self-awareness and in a process of empowerment. In addition to seizing opportunities for intergenerational integration with this initiative, mentoring also aims to enhance the specificities of the professional profiles involved, thanks to the pairing of Mentors and Mentees from different areas and locations in the organisation.

Official internal communications are regularly made in both Italian and English, so that all Group employees are kept up-to-date on organisational developments, the regulatory system, HR projects and policies, and major initiatives of interest to the Group.

To encourage internal mobility between organisations and locations, including internationally, the Group applies 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, flexible working arrangements and agile working have been introduced in the last two years. Both initiatives represent tools for enhancing work-life balance, both for those who are parents or have a role in caring for family members, and more generally for all employees, who can benefit in terms of well-being.

THE MENTORING PROGRAMME

Objective: to develop key skills to meet the challenges of the future and for the sustainability of the Group (inclusion, critical thinking, self-development, and conscious networking).

November 2021- September 2022: First edition of the Saras Group's Corporate Mentoring programme with 22 colleagues from different organisations and locations:

- 11 Mentors, 7 men and 4 women aged between 44 and 61, identified from among the Group's managers
- 11 Mentees, 6 men and 5 women aged between 28 and 34

October 2022: launch Second edition.

THE MENTEES' COMMENTS

"I became aware of my strengths and learned to value my positive qualities. At the same time, the course allowed me to reflect on my limitations, learning to use them as a springboard for change and improvement."

"The skills of the mentors and their insights can certainly open us up to new ways of thinking."

"I believe that the success of this path depends mostly on the transparency and mutual trust between mentor and mentee."

MENTORS' COMMENTS

"I had the opportunity to confront a point of view different from my own that was able to provide me with interesting insights."

"I learnt the valuable value of listening and conscious and effective shared experience."

It was an important opportunity to listen to the mentee's professional and personal point of view and to engage with a generation with whom I have little opportunity for contact."

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 constitution of democratic representation and in line with the rules in force. Relations that enable mutual interests and positions to be presented in a transparent, thorough and consistent manner, avoiding all forms of collusion.

[402-1] 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 2022, activities with the social partners focused on sharing the organisational and management methods of the five clusters of stoppages that affected the Sarroch industrial site throughout the year.

Fortunately, the return of the pandemic crisis made it possible to renew the agreement to fund study trips and holiday camps for employees' children for the three-year period 2022-2024.

As usual, the new performance bonus platform for the three-year period 2022-2024 containing the new productivity and profitability indicators (KPIs) for the year 2022 was also defined with the trade unions.

In September, a plant operator recruitment plan was shared with the RSU aimed at filling part of the shift vacancies present at the refinery.

During the course of the year, elections were held to renew the RSU at Saras/Sarlux, Sartec and the Arcola depot, which saw changes in union composition within the RSU.

With regard to the Sarroch site, in anticipation of the national CGIL strike on 16 December, minutes of a meeting were signed on the need to reconcile the exercise of the right to strike with the need to ensure the safety of people, the safeguarding of production facilities and the protection of the environment.

For all the Group's Italian companies, in December, specific agreements were signed relating to the Welfare Plan for the period 2022-2023 with the disbursement of a welfare credit for the use of goods and services, giving priority to the use of fringe benefits for the reimbursement of household utilities.

Finally, on the occasion of the renewal of the national collective bargaining agreement for energy and oil, Saras participated as a member of the Confindustria Energia Strategic Committee.

Competence development

[404-1; SOC-7 C1, C2]

Learning & Development

The Learning & Development process is guided by the principles expressed in the 'Our People' Policy and is described in the 'Human Resources Process Guideline'.

During the year, the Group promoted learning initiatives capable of fostering the growth and development of people in line with policies, reference corporate values and the specific personal and professional characteristics of our people, with the aim of always maintaining the sustainability of its business in the current context of energy transition.

Significant, and of great impact, were the initiatives aimed at accompanying the development of the organisational culture and promoting management and managerial approaches defined and shared among the leaders of our Group companies.

Even in light of the results achieved over the past few years, the conviction is confirmed that the experiential approach is the most effective way of developing skills. For this reason, the initiatives undertaken during 2022 continue to be based on a methodology that has given a lot of space to moments of reworking and consolidation of experiences and skills, using digital learning for in-depth theoretical self-study.

The methodological approach, based on the development of "Learning Agility", has led to more effective learning and the immediate adoption and practical exercise of skills in the field, favouring the optimisation of training time and the achievement of the set targets.

The main macro-areas of intervention concern:

- the development of specialised technical skills: training activities aimed at specific professional figures;
- the development of "soft skills" and managerial skills: training activities aimed at developing transversal skills for several corporate roles;
- awareness-raising on sustainability issues with a focus on the main projects and initiatives undertaken by the Group in the field of energy transition;
- compliance training: education and training activities on issues regulated by law/external bodies (e.g. HSE training etc.).

The "SarasLearning" digital learning platform continues to be the training environment within which all content for the development of technical and managerial skills and soft skills can be used.

Total training hours

	2020	2021	2022
Saras Spa	3,120	3,076	4,154
Sarlux Srl	46,850	25,325	26,117
Sartec Srl	4,049	3,889	2,894
Sardeolica Srl	1,819	1,445	1,762
Deposito di Arcola Srl	273	97	100
Saras Energia SAU	1,129	757	407
Saras Trading SA	154	160	105
Total	**57,394**	**34,749**	**35,539**

Position training for operational roles continues to be an important opportunity to develop know-how, both technical and behavioural, as well as being an opportunity to transfer knowledge and skills to new generations. Following the new recruitments for operational roles, the one-month training course for 'Plant Operators' was activated, within which particular attention was paid to the theme of role interpretation and the importance of 'Soft Skills', in addition to the specialised technical content.

In 2022 an important course on Energy Management was launched, with the aim of increasing skills and offering a system vision of the energy market with an international horizon, thanks to the comparison with professionals and expert consultants alternated with the constant declination in our Group context. The course represents an opportunity for both insiders and colleagues, including those not directly involved in the process, to share a forward-looking vision, strengthen skills, and seize ideas for improvement.

During the year, the process of developing a shared inclusive organisational culture, inspired by our values, continued, which since its inception has involved more than a hundred colleagues between people managers and key roles in the organisation in the transition process. (see box)

As part of the path involving the most recently hired colleagues, a project was launched to engage

Average hours of training by gender

	2020			2021			2022		
	W	M	Tot	M	W	Tot	W	M	Tot
Saras Spa	7	14	11	14	10	12	14	18	17
Sarlux Srl	21	41	40	21	23	23	25	24	24
Sartec Srl	26	26	26	31	25	27	28	22	23
Sardeolica Srl	62	64	63	66	48	51	120	35	49
Deposito di Arcola Srl	0	20	18	7	7	7	3	7	7
Saras Energia SAU	31	19	26	1	10	5	13	12	13
Saras Trading SA	11	1	4	40	12	22	3	3	3
Total	**17**	**36**	**33**	**20**	**22**	**22**	**21**	**23**	**23**

Average hours of training per professional category

	2020				2021				2022			
	Dir	Mm	Wm	Bc	Dir	Mm	Wm	Bc	Dir	Mm	Wm	Bc
Saras Spa	26	15	6	-	19	14	8	-	14	34	5	
Sarlux Srl	9	28	28	69	27	14	23	26	43	29	19	31
Sartec Srl	14	29	26	5	9	15	32	[7]	37	17	25	13
Sardeolica Srl	-	48	32	82	-	69	38	56		26	83	40
Deposito di Arcola Srl	-	-	1	54	-	-	8	5		59	4	2
Saras Energia SAU	34	-	30	5	42	-	21	18	20		11	14
Saras Trading SA	16	-	1	-	18	-	1	-	1		4	
Total	**21**	**25**	**23**	**66**	**21**	**15**	**21**	**27**	**20**	**30**	**18**	**30**

young people in a work of analysis and development of 'behavioural' skills considered fundamental, entitled 'Personal Effectiveness'.

The Group also continued to invest in the managerial skills of its leaders through paths aimed at leadership development, individual coaching, and the People Manager path, involving an increasingly large number of people.

Always in line with the strong focus on management issues, a programme was launched for maintenance personnel with the aim of consolidating skills for an effective and efficient 'Work Management', sharing and strengthening methods and approaches in line with our values and culture.

After the first edition of the Mentoring programme, which included preparatory training for mentors and the implementation of individual paths, the second edition was launched in autumn 2022.

All Group employees continued to have full-time free access to the language learning platform to update their foreign language skills, with the main focus on English. Furthermore, in order to stimulate the development and growth of certain profiles, in addition to self-study training, targeted English language consolidation courses were integrated.

Training continues on:

- Privacy
- Organisation, Management and Control Model pursuant to Legislative Decree 231/2001
- Code of Ethics
- Anti-corruption

which, in addition to being available to everyone on SarasLearning, is an integral part of the onboarding course attended by all new employees. It is therefore confirmed that 100% of employees in force as at 2022 have received training on the Group's main anti-corruption policies and procedures. [205-2] [205-2]

INCLUSIVE ORGANISATIONAL CULTURE

The 'Inclusive Organisational Culture' path aims to develop and share a culture based on inclusion, critical thinking, and knowledge sharing, in the conviction that to continue to promote the sustainability of our business it is essential to invest in people.

The intervention is characterised by the concretisation of the culture in projects and behaviours functional to promoting and supporting the transition, through the adoption and dissemination of an approach that recognises and values people, their skills and professionalism, creating a climate of trust.

The managers involved took an active part in defining and sharing a sustainable organisational approach, identifying actions to be implemented, then translated into behavioural indicators on which to experiment and measure themselves. In the meetings, participants acted and saw inclusion act, freely and responsibly expressing their point of view to help build a common vision. Each manager then engaged in a process of self- and hetero-observation aimed at adopting the behaviours that enable an inclusive organisational culture, while facilitating their own personal development.

Guided by the values of our Group and a shared vision of the energy business, colleagues also identified projects and initiatives for corporate sustainability, contributing to the design and evolution of the ESTI Programme.

From a methodological point of view, this is, in short, an organisational development intervention to support company leaders, made possible thanks to their strong commitment and the adoption of consequent behaviour:

- 104 people involved in the last two years
- Course comprising 8 weekly meetings, each lasting 3 hours

ENERGY TRANSITION INITIATIVES

During the year, several initiatives on energy transition were implemented.

In line with one of the cardinal principles of our organisational culture, the sharing of knowledge, a cycle of meetings was launched at which colleagues pooled projects, studies, knowledge and skills functional to the sustainability of our business.

In particular, the following meetings were held:

- Carbon Capture & Storage (CCS)
- CO_2 Site Management
- Green H2
- Sarlux in the electricity market

The meetings involved a total of 206 colleagues, for a total commitment of 446 hours of training.

Recordings of the meetings were also made available on SarasLearning to all Group employees for maximum dissemination, with over 405 colleagues having taken them to date.

At the same time, an important Energy Management project was launched, with the aim of increasing the company's skills and offering a system view of the energy market with an international horizon.

The project was developed together with the function responsible for the energy management process and is being implemented with the collaboration of the MIP (Politecnico di Milano Graduate School of Business). Fundamental is the declination of the contents treated in the context of our Group thanks to the contribution of Energy & Sustainability colleagues.

The initiative is aimed at both insiders and other colleagues involved in the energy management process, and represents an opportunity to share a forward-looking vision, strengthen skills and seize ideas for improvement.

Below are the objectives of the course divided into 5 modules:

1. Energy policies and decarbonization
-> understand and interpret energy scenarios, with particular attention to the role played by traditional energy sources
2. Regulation and evolution of the electricity market
-> understand the basic principles of electricity system operation and market articulation (market structure and operators)
3. Emission Trading
-> analyse ways and means to reduce the environmental impact of energy use with a focus on the national context and on planning and strategic documents in the field of energy efficiency, renewable sources, and climate protection
4. Physical and virtual "Aggregations": the expected role
-> understand the regulatory framework, pilot projects on virtual units and business models of aggregators, energy communities and market prospects
5. Regulatory developments and incentive mechanisms
-> know the current situation and expected developments, EU and national legislation and technical regulations, main legislative obligations and obligations for companies

In 2022, the first 2 modules were implemented, with the participation of 39 people for a total of 156 training hours.

Performance evaluation

[404-3]

As part of the performance management process, the Saras Group carries out annual appraisals of all executives and managers, middle managers and graduates and numerous other employees identified on the basis of their role, using the Performance & Potential matrix, which maps people's current performance and future potential.

This assessment supports the transformation processes and the acquisition of new skills in teams, intervenes in the development of human capital within the organisation, supports the professional growth of employees and improves their motivation, and contributes to the management and enhancement of people's skills and merits.

In 2022, 540 employees were involved in the performance appraisal, representing more than 60% of the Group's employees, net of those in plant operational roles at the Sarroch site.

Employees involved in performance evaluation[1]

	F	M	TOT
Directors and managers	100%	100%	100%
Middle managers	100%	100%	100%
White collars	49%	25%	29%
Blue collars	-	-	-
Total	**63%**	**30%**	**34%**

1. excluding members of the Executive Committee, direct reports of the Chief Executive Officer, and employees terminated between 01/01/2022 and the conclusion of the evaluation process

SUSTAINABLE ENERGY

Respecting the environment in 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 sup-porting the social context in which the com-pany it-self 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 tak-ing always into account the preservation of the nat-ural 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 management and rational use of energy

[302-1; 302-2; 302-3; 302-4]

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.

As for the subsidiary Sarlux, which operates one of the largest integrated industrial sites in the Mediterranean, the commitment to improving energy efficiency has been in place since the late Seventies and early Eighties, and has continued steadily over the years, with the strategic objective of always improving the plant's overall environmental footprint. In particular, in recent times, various investments have been made in energy efficiency and electrification of large machines, which have enabled the decommissioning of some steam boilers. In addition, important heat recovery interventions have also been undertaken, which, together with management activities, have made it possible to reduce consumption.

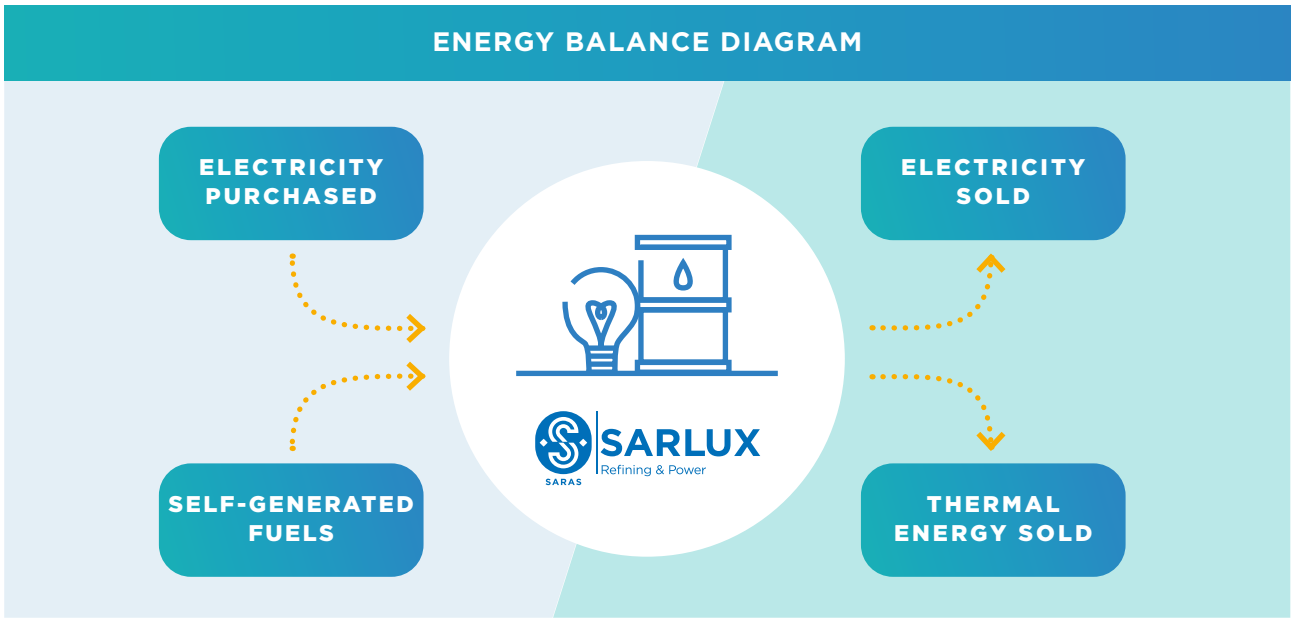
As evidence of its constant commitment to energy efficiency, Sarlux has decided to adopt an Energy Management System (EMS), which was certified as a first issue in 2018 and complies with the UNI CEI EN ISO 50001:2018 standard. Based on an accurate analysis of the activities carried out, the energy objectives and targets, performance and monitoring indicators, and energy improvement actions and plans converge in order to constantly reduce energy consumption and to safeguard environmental resources and the ecosystem.

Energy 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 self-consumed in the internal network;
  - **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 predominantly for starting the gas turbines.
- **Electricity from the national transmission grid:** the only power carrier exchanged with the public electricity grid.

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



The following table presents the data for the three years 2020-2022 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:** transferred to the co-located companies via steam produced within the plant.

The energy output values from the Sarlux site, separated into electricity and thermal energy, for the same three-year period considered are shown in the table below.

Energy input at the site (GJ)

	2020	2021	2022
Fuel Energy from Non-Renewable Sources	**61,386,091**	**62,794,852**	**66,562,548**
Fuel Gas	19,755,033	21,257,795	22,407,647
Fuel Oil	6,105,625	6,123,506	5,018,291
Coke	5,170,576	8,594,754	8,518,270
Syngas	30,175,795	25,671,137	30,506,134
Gasoil	179,063	1,147,660	112,207
Energy from Renewable Sources	**0**	**0**	**0**
Electricity from the national grid	**3,960,672**	**3,994,962**	**3,920,196**
Total gross input energy	**65,346,764**	**66,789,813**	**70,482,745**

Energy output from the site (GJ)			
	2020	2021	2022
Electrical Energy	15,011,527	12,984,590	15,126,005
exchanged with the national electricity grid	14,875,401	12,839,300	14,971,129
distributed to co-located companies	136,127	145,290	154,876
Thermal energy distributed to co-located companies	49,147	48,992	38,826
Total output energy	**15,060,675**	**13,033,582**	**15,164,831**

Energy consumed outside the organisation

Indirect energy consumption' and related emissions are impacts generated by third parties, upstream and downstream of its production process, such as customers and suppliers, and also attributable to the group's operations.

These impacts constitute a fundamental aspect because through their management, as far as possible, the Group has the opportunity to contribute to the diffusion of virtuous processes and behaviour from an energy and environmental point of view.

Therefore, the Group, and in particular, its subsidiary Sarlux, which manages the industrial site, undertakes to

- Promote its Energy Policy to third-party companies operating at the site;
- Propose service supply contracts indexed to energy consumption, through the identification of suitable consumption specifications.

Aware of the emissive contribution of indirect energy consumption, the Group has embarked on an assessment path, even in the absence of direct information.

In an initial phase, this path led to the reporting of consumption by companies located within the industrial site that carry out activities directly related to the production process and outsourced to third party companies.

Upstream activities:

- Desalination for the production of demineralised water;
- Purification for internal reuse of process water.

Downstream activities:

- Pre-treatment with volume reduction of sewage sludge.

The following tables present data for the three-year period 2020-2022 on the energy used by third-party companies to carry out activities within the industrial site.

Energy consumed outside the organisation divided by energy source (GJ)				
		2020	2021	2022
Fuel Energy (Non-Renewable Sources)	GJ	0	0	0
Energy from Renewable Sources	GJ	0	0	0
Electricity from the grid	GJ	77,657	78,038	82,265

Energy consumed outside the organisation divided by activity (GJ)				
		2020	2021	2022
Desalination for demineralised water production	GJ	48,605	52,809	54,994
Purification for internal reuse of process water	GJ	16,159	12,387	14,009
Pre-treatment with sewage sludge volume reduction	GJ	12,893	12,841	13,262

Energy intensity

The plant's energy performance is monitored through the Specific Consumption Index (ICS), calculated as the ratio of net energy (i.e. the difference between total energy input and total energy output) to the total processing of crude oil and complementary fillers carried out in the year, confirms the significant reduction recorded in the year 2021 compared to the year 2020, and shows a further slight improvement. It is recalled, in fact, that the 2020 ICS was negatively impacted by substantial planned maintenance shutdowns, and processing reductions due to the severe consequences of the pandemic (Covid-19) globally.

Specific Consumption Index "ICS"				
		2020	2021	2022
Total gross input energy	GJ	65,346,764	66,789,813	70,482,745
Total output energy	GJ	15,060,675	13,082,574	15,164,831
Total net energy	GJ	50,286,089	53,707,239	55,317,914
Rough machining and complementary fillers	Kt	12,072	13,786	14,208
Specific Consumption Index	GJ/t	4.17	3.90	3.89

Rational use of energy and energy efficiency

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

A fundamental 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 System implemented by the company is based is staff training on energy issues and the rational use of energy.

At Saras, improving its energy performance, and not only this, is an ongoing process that is implemented year by year through initiatives ranging from optimising the use of existing assets to the introduction of the most modern tools provided by digitalisation.

Lastly, with the aim of reducing specific CO_2 emissions, alongside the initiatives to reduce consumption, accurate evaluations are underway on the optimisation of the mix of fuels used, which will lead increasingly towards the use of fuels with low climate emissions.

Contribution to Local Energy Security

Electricity Production

With its production, the Saras Group makes a decisive contribution to meeting the electricity needs and security of the Sardinian grid. In particular, the IGCC plant has been included in the list of essential plants drawn up by TERNA, the operator of the national transmission grid, as of 2021, making it fundamental to ensuring the adequacy of the island's electricity system.

In addition to mere load-supply, the IGCC power plant makes a significant contribution in terms of voltage regulation and grid support during fault transients, thanks to its high short-circuit power. These characteristics will become increasingly important as the penetration of renewable sources into the electricity system increases, since RES, by their physical nature, have limited regulation capacity.

In addition, the IGCC plant is also fundamental for the re-ignition of the national electricity system: in the event of a blackout, in fact, the plant is able to remain in operation by autonomously supporting the load of the industrial users of the Sarroch site, which are subtended by the TERNA station in Cagliari Sud, forming a so-called "re-ignition nucleus", from which it is possible to re-energize voltage towards other nodes of the grid, in order to obtain its gradual re-ignition.

Electricity Production

From non-renewable sources		2020	2021	2022
IGCC plant (Combined Cycle with Integrated Gasification) Installed power	MW	575	575	575
Production	GWh	4,071	3,524	4,099
From renewable sources				
Wind Power Plants Installed power	MW	126	171	171
Production	GWh	226	259	273
Total electricity production				
Total installed power	MW	701	746	746
Total EE production	GWh	4,297	3,783	4,372

Greenhouse Gas Emissions (GHG)

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 e"ect', 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, including all subsequent modifications, commonly referred to as the "EU Emissions Trading System" provides that, from 1 January 2005, large emitters in the EU cannot operate without a greenhouse gas emissions authorization.

Each authorised plant exposed to a significant risk of transferring its activities outside the European Union (Carbon Leakage), as in the case of Sarlux, receives a certain amount of emission allowances (called 'European Union Allowances' - EUAs, equivalent to 1 tonne of CO_2eq) free of charge in advance, based on its historical activity level (plant load/production data) and reference standards developed by the European Commission (benchmarks) through a process covering all industries in the union. 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.

In the course of its implementation, the ETS Directive has resulted in significant reductions in emissions from European companies: more precisely, in 2020, emissions from sectors covered by the scheme 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.

The year 2022 has been the second of the fourth application phase of the ETS, valid for the period from 2021 to 2030.

The activities carried out at the Sarroch site (refining, electricity generation and manufacture of organic base chemicals) fall within the scope of the ETS Directive.

Sarlux guarantees, as required by national and EU regulations on greenhouse gas emissions accounting, the application of a data collection and management system in order to report by 31 March each year the greenhouse gas emissions released into the atmosphere monitored in accordance with the provisions of EU Regulation no. 2018/2066 of the commission of 19 December 2018.

Regardless of the allocation method, the total amount of allowances available to operators decreases over time, effectively requiring a reduction in GHG emissions in the ETS sectors (manufacturing industry): in particular, by 2030, the mechanism will guarantee a 43% decrease (the Fit for 55 package envisages a 63% decrease) compared to 2005 levels.

All of the Group's GHG emissions are attributable to the Sarroch site and the CO_2 component, the other climate-changing substances (CH_4, N_2O, HFCs, PFCs, SF_6, NF_3) are negligible.

Direct GHG emissions

[305-1]

A detailed analysis of the Sarroch industrial site's CO_2 emissions shows a direct correlation with the total amount of raw materials processed at the refinery, and with the amount of electricity produced by the IGCC plant.

More precisely, in 2022, the total processing of crude and complementary feedstock at the refinery amounted to 14,208 ktonne, an increase of about 3% compared to 2021.

Also for 2022, the IGCC (Integrated Gasification Combined Cycle) plant was admitted by ARERA (Autorità di Regolazione per Energia Reti e Ambiente - Energy) to the Essentiality Regime, consequently, electricity production followed the profile of TERNA's requests and, overall in 2022, was equal to 4,099 GWh, an increase of about 16% compared to 2021.

As a function of the aforementioned production set-ups, the absolute value of CO_2 emissions of the IGCC plant was 3.6 million tonnes in 2022, an increase of 13% compared to 2021.

Direct GHG emissions (Scope 1)

		2020	2021	2022
Refinery	tCO_2eq/year	1,665,743	1,967,804	2,002,247
IGCC	tCO_2eq/year	3,577,617	3,193,972	3,623,257
Northern Plants	tCO_2eq/year	528,984	537,127	479,391
Total Entire Site	tCO_2eq/year	5,772,344	5,698,903	6,104,895

Indirect GHG emissions

[305-2]

Scope 2 emissions concern emissions arising from the generation of electricity purchased and consumed by Saras Group companies.

The calculation of Scope 2 CO_2 emissions, as required by the GRI Sustainability Reporting Standards, was performed using two distinct methodologies: the "Location-based method" and the "Market-based method".

The Location-based method is based on average emission factors relating to regional, sub-national or national power generation: for the purposes of these calculations, the emission factors (gCO_2/kWh) made available by ISPRA were used.

Market-based, on the other hand, is based on the CO_2 emissions emitted by the energy suppliers from which the organisation purchases electricity under contract, or on factors relating to the reference market: for the Saras Group, emission factors (gCO2/kWh) relating to the European Residual Mix were used.

Analysing in detail the indirect GHG emissions, known as Scope 2 emissions, determined using the two different methodologies, we can see that the increase over the years is mainly due to the upturn in global oil consumption, which was followed by an increase in refinery processing.

Indirect GHG emissions from energy consumption (Scope 2)				
		2020	2021	2022
Location based	tCO_2eq/year	308,232	289,714	284,128
Market based	tCO_2eq/ year	517,421	511,850	499,794

Other indirect GHG emissions

[305-3]

The other indirect GHG emissions, the so-called Scope 3 emissions, are generated as a consequence of the company's activity, but come from sources that are not owned or controlled by the organisation, but occur within its value chain: i.e. they include all emissions related to the company's activity that do not fall under either Scope 1 or Scope 2 (e.g. emissions related to the supply chain, use of goods produced, transport of products, employee mobility, etc.).

The GHG Protocol Corporate Value Chain Standard groups Scope 3 emissions into 15 specific categories that include business activities common to many organisations.

Below are the categories relevant to the activities carried out by the Saras Group and the related methodology used to calculate emissions.

Category (Scope 3)		Definitions	Applied Methodology	Factors Sources
1	Purchased goods and services	Extraction, production and transport of goods and performance of services purchased by the organisation (e.g. raw materials, crude oil, printer toner, IT support)	Average data method	Ecoinvent 3.8, IPCC 2021: GWP 100
2	Capital goods	Cradle-to-gate[1] life cycle of useful assets (e.g. owned equipment, machinery, buildings and vehicles)	Spend-based method	Environmentally-Extended Input-Output (EEIO)
3	Fuel and energy related activities	Extraction, production and transport of energy and fuels used by the company (e.g. extraction and transport of natural gas, diesel, electricity grid losses)	Average-data method	DEFRA 2022
4[2]	Upstream transportation and distribution	Transport and distribution of products and services purchased by the organisation (e.g. raw materials, crude oil)	Distance-based method	Ecoinvent 3.8, IPCC 2021: GWP 100
5	Waste generated in operations	Disposal and treatment of waste generated by the organisation	Waste type specific method	Ecoinvent 3.8, IPCC 2021: GWP 100

1. "from cradle to gate", indicates an LCA analysis of a product from the raw material extraction phase to the exit from the plant

2. The data for this category has been estimated

6[2]	Business travel	Business trips by means not owned by the organisation (e.g. by train)	Distance-based method	Ecoinvent 3.8, IPCC 2021: GWP 100
7	Employee commuting	Home-work journeys of employees in vehicles not owned by the organisation	Distance-based method	Ecoinvent 3.8, IPCC 2021: GWP 100
9[2]	Downstream transportation and distribution	Transport and distribution of refined products and services sold by the organisation (e.g. transport of product from the warehouse to the customer)	Distance-based method	Ecoinvent 3.8, IPCC 2021: GWP 100
11	Use of sold products	End use of goods and services (e.g. energy consumption of a machine)	Fuel-based method	DEFRA 2022

Indirect GHG emissions from energy consumption (Scope 2)

		2020	2021	2022
	tCO_2eq/year	34,015,628	39,583,005	41,904,255

Analysing indirect GHG emissions, known as Scope 3, in detail, we can see that the increase over the years is due to the increased processing of crude product at the Sarlux plant; in fact, categories 1 (Purchase of goods and services), 9 (Transport and distribution of refined products) and 11 (End use of goods and services) account for almost all emissions (99%). The increase in processing is due to the recovery in consumption; indeed, in a logic of "security of supply", the Saras Group has made its plants available to ensure the reliable supply of oil products.

Intensity of GHG emissions

[305-4]

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 2022, there is a 4% deterioration compared to 2021, as a consequence of the development of maintenance, operations and the external environment (raw availability, product sales, etc.).

KPI ESG – Intensity of GHG emissions (Scope 1)

		2020		2021		2022	
		Target	Result	Target	Result	Target	Result
CO_2 emissions / processing	t/kt	<414	478	<414	413	<414	430
Rough machining and complementary fillers	kt	-	12,072	-	13,786	-	14,208

Reducing GHG emissions

[305-5]

In the first quarter of 2022, a programme of interventions aimed at improving the energy efficiency of refining processes was issued, with an implementation timeframe that saw the benefits already reaped within the same financial year.

Most of the intervention points identified were related to the reduction of fuel consumption obtained through action on the levers of increasing the efficiency of furnaces, boilers and pre-heating trains, maximising energy recovery, optimising fuel consumption obtained through the introduction of new automatic control logics, maximising direct hot flows between plants, maintaining the efficiency of the steam network, and reducing the emission factor of the fuel mix by maximising the consumption of fuel-gas produced by the plants.

The action plan continues and is consolidated in 2023. In addition to the various initiatives undertaken in 2022, the blow-down gas recovery system will be upgraded.

KPI ESG – Avoided CO_2 emissions

		2020		2021		2022	
		Target	Result	Target	Result	Target	Result
Avoided CO_2 emissions (Energy Efficiency + Renewables)	kt	298	284	298	306	330	308

Air pollutant emissions

One of the potential risk factors for human health is related to air quality. Over the years, the development of anthropic activities has led to a significant increase in atmospheric emissions (of both pollutants and climate-altering substances), causing direct and indirect effects that are harmful to humans and the various environmental matrices. A large part of the emissions derive from the production, in the broadest sense, of energy, so the rational 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 on a local scale, and emissions of greenhouse gases (so-called climate-changing gases), whose impact can be observed on a global scale.

As far as emissions of pollutants are concerned, the European Union includes emissions of sulphur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), non-methane volatile organic compounds (NMVOCs), ammonia (NH_3), dust and fine particulate matter (PM). 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, degradation of forests and the need to protect public health have led, over time, to local and international regulations to control emissions of these pollutants, which are particularly stringent in developed countries, and first and foremost in Europe. Moreover, these regulations have started a positive trend of reducing emissions of regulated pollutants, resulting in appreciable improvements in the air quality of local communities, as well as improving relations with the stakeholders involved.

Management of air pollutant emissions

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

Moreover, the sectors in which the group operates (crude oil refining, electricity generation and production of organic base chemicals) are among those that, due to their specific production technology, have a non-negligible impact in terms of emissions. With this in mind, Saras has therefore put in place cutting-edge measures for the management, monitoring and control in order to continually improve - and reduce - its emissions, including the ISO 14001-certified Environmental Management System and EMAS Registration - Regulation 1221/2009 - a voluntary instrument created by the European Community.

Specifically, air quality outside the Sarroch site is monitored in real time by two monitoring networks (one owned by Sarlux, whose data is only read in real time by site personnel, and the other owned by ARPAS), which make it possible to identify variations in significant air quality parameters and check that the concentration values of pollutants are always below the limits set by law, so that immediate action can be taken in the event of anomalies.

The authorisation reference for atmospheric emissions from the Sarlux plant is the AIA (Integrated Environmental Authorisation) Decree.

In accordance with the regulations, atmospheric emissions can be divided into

- ducted emissions to smokestacks
- non-ducted emissions.

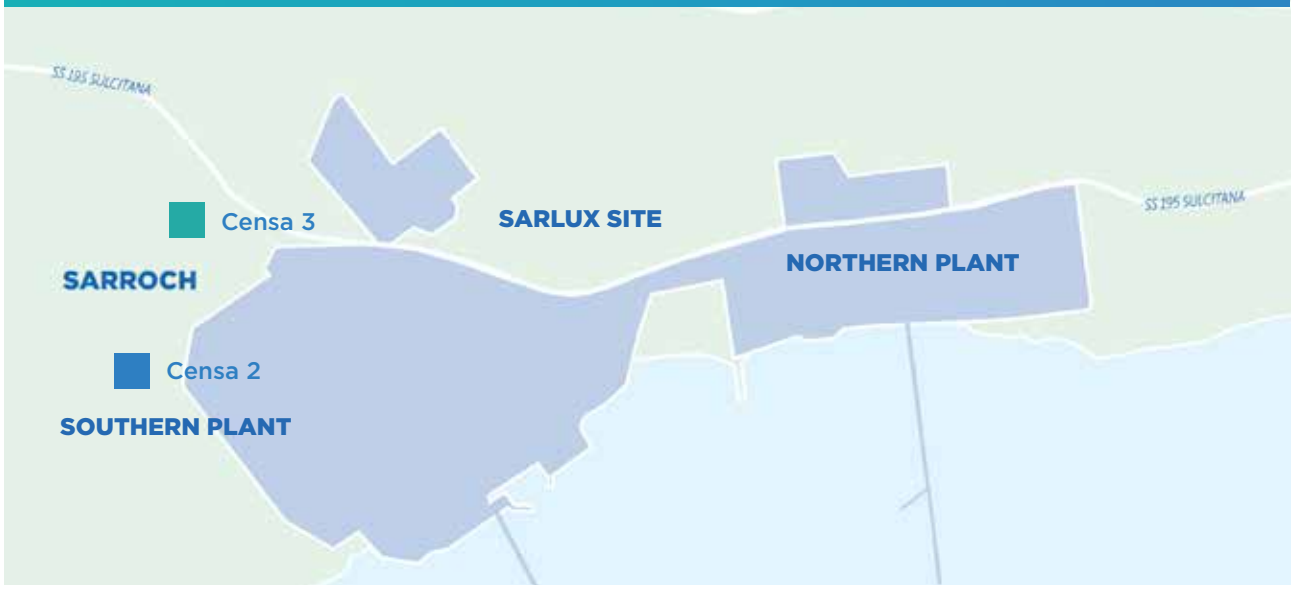
Stack emissions

All of the Group's emissions come from the operationally relevant Sarroch site, and represent a significant environmental aspect for the activities carried out at the Sarlux site, under normal and specific abnormal or emergency conditions.

On 4 November 2017, the new AIA decree DEC-MIN-0000263 of 11 October 2017 came into force, which introduced the following changes for atmospheric emissions:

- the concept of "refinery bubble" - now Integrated Emission Management - remains valid with the inclusion of the two additional emission

LOCATION OF PUBLIC NETWORK (ARPAS) MONITORING UNITS



points, Reforming NORD and CTE NORD
- Integrated Emission Management provides limits, both in terms of mass flow and concentration, only for SO_2 and NO_x
- CO and dust do not fall under Integrated Emission Management but have limits only in terms of concentration and referring to individual emission points
- among the plants that have their own limits, the IGCC plant as well as BTX NORD have been updated.

The emission limits introduced in 2016, related to the point concentrations on a monthly basis of the Large Combustion Plants (GIC), remain in place.

In addition, in 2021, a request was filed for an amendment to the AIA decree aimed at increasing the use of gaseous fuel (Fuel Gas, self-produced fuel) in multi-fuel plants (which use both Fuel Gas and Fuel Oil for heat production), in order to improve environmental performance. The procedure was concluded with the issuance of Ministerial Decree 95 of 22/02/2022.

The main pollutants present in the ducted emissions are SO_2, NO_x, CO, and dust.

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

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 quantity of pollutant emitted and the total annual processing.

Sulphur dioxide (SO_2)

[305-7; ENV 5 C1; ENV 5 C2]

SO_2 emissions are due exclusively to the presence of sulphur in the fuels used to generate heat for the processes of refining, power generation (IGCC) and manufacture of organic-based chemicals (Impianti Nord).

For environmental mitigation purposes, there are:

- desulphurisation plants where middle distillates (paraffin and gasoils) undergo catalytic hydrogenation processes for sulphur removal and product quality improvement;
- DEA non-condensable fuel gas processing plants (Fuel Gas) for the removal of sulphur compounds
- SRU (Sulphur Recovery Unit) plant consisting of Claus plants with an annexed TGTU (Tail Gas Treatment Unit) section for the treatment of tail gas, which allow an overall recovery of sulphur contained in the gas of over 99% to transform it

into elemental sulphur with a consequent reduction in sulphur dioxide (SO_2) emissions into the atmosphere.

In recent years, the mass flow values (t/year) have always been well below the authorised limit value.

Sulphur Oxide Emissions (SO_2)

		2020		2021		2022	
			Limit AIA[1]		Limit AIA[1]		Limit AIA[1]
Mass flow - entire site	t	2,256	-	2,970	-	2,878	-
Mass flow - integrated emission management	t	2,084	4,300	2,785	4,300	2,584	4,300
SO_2 emission index per processing unit	t/kt	0.187	-	0.215	-	0.203	-
Rough machining and complementary fillers	kt	12,072	-	13,786	-	14,208	-

1. Annual mass flow limit value - integrated emission management

The specific emissions expressed in tonnes of SO_2 in relation to kt of raw material processed confirm a stable trend in recent years, with a reduction in 2022 compared to 2021. It must be remembered that 2020 was a very special year, influenced by the Covid-19 pandemic and the consequent drop in demand, which is why it is difficult to compare over the three-year period.

KPI ESG - Emissions SO_2

		2020		2021		2022	
		Target	Result	Target	Result	Target	Result
SO_2 emission index per processing unit	t/kt	0.238	0.187	0.220	0.215	0.220	0.203

Furthermore, thanks to sales of VLSFO (0.5 per cent sulphur) instead of HSFO (3.5 per cent sulphur), SO_x emissions of 43,000 t were avoided in 2022 by our customers. In terms of concentration, there are limit values for individual emission points, all of which have been met by 2022.

KPI ESG - Avoided SO_x emissions (scope 3)

		2020		2021		2022	
		Target	Result	Target	Result	Target	Result
Avoided SOx Scope 3 emissions (customers purchasing VLSFO 0.5%S vs. HSFO 3.5%S)	t/kt	>36	23.4	>40	44.7	> 35	43

SO_2 emissions - IGCC concentration values

		2020		2021		2022	
			Limit AIA[1]		Limit AIA[1]		Limit AIA[1]
SO_2 concentration - integrated emission management	mg/Nm^3	235	400	266	400	246	400

1. Monthly average limit value - integrated emission management

SO_2 emissions - IGCC concentration values

		2020		2021		2022	
			Limit AIA[1]		Limit AIA[1]		Limit AIA[1]
SO_2 concentration - IGCC	mg/Nm³	7	35	8	35	11	35

1. Monthly average limit value - IGCC

SO_2 emissions - concentration values Northern Plants

		2020		2021		2022	
			Limit AIA[1]		Limit AIA[1]		Limit AIA[1]
Concentration SO_2 - BTX E2	mg/Nm³	10.9	35	10.2	35	9.3	35
Concentration SO_2 - BTX E3	mg/Nm³	10.9	35	10.2	35	9.3	35

1. Monthly average limit value

Actions and targets for improvement (2022-2024)

Reduction of Fuel Oil combustion at the northern CTE boilers

The objective of the investment, scheduled for completion in 2023, is to upgrade the Fuel Gas lines at the north boilers to maximise the combustion of Fuel Gas up to 100 % with the aim of NO_x and SO_x reduction. Engineering and material procurement completed.

Nitrogen oxides (NO_x)

[305-7; ENV 5 C1; ENV 5 C2]

NO_x emissions are only marginally affected by the quality of the fuels used, but are highly dependent on combustion technology and technique.

The installation of low-NO_x burners in the plant's furnaces over time, coupled with the training of operating personnel, have led to a significant reduction in emissions from the refinery.

In recent years, mass flow values (t/year) have always been well below the authorised limit value.

Nitrogen Oxide Emissions (NO_x)

		2020		2021		2022	
			Limit AIA[1]		Limit AIA[1]		Limit AIA[1]
Mass flow - entire site	t	2,762	-	3,148	-	3,111	-
Mass flow - integrated emission management	t	1,999	2,500	2,181	2,500	2,295	2,500
NO_x emission index per processing unit	t/kt	0.229	-	0.228	-	0.219	-
Rough machining and complementary fillers	kt	12,072	-	13,786	-	14,208	-

1. Annual mass flow limit value - integrated emission management

KPI ESG - NO_x Emissions

		2020		2021		2022	
		Target	Result	Target	Result	Target	Result
NO_x emission index per processing unit	t/kt	0.220	0.229	0.230	0.228	0.230	0.219

The concentration values are below the applicable limits.

NO_x Emissions - concentration values integrated emission management

		2020		2021		2022	
			Limit AIA[1]		Limit AIA[1]		Limit AIA[1]
NO_x concentration - integrated emission management	mg/Nm³	241	280	222	280	228	280

1. Monthly average limit value - integrated emission management

During 2022, no exceedances of the monthly average limit value were recorded.

NO_x Emissions - IGCC concentration values

		2020		2021		2022	
			Limit AIA[1]		Limit AIA[1]		Limit AIA[1]
NO_x concentration - IGCC	mg/Nm³	28	50	31	50	30	50

1. Monthly average limit value - IGCC

During 2022, no exceedances of the monthly average limit value were recorded.

In the three-year period under consideration, the values were below the emission limits for all chimneys.

NO_x Emissions - concentration values Northern Plants

		2020		2021		2022	
			Limit AIA[1]		Limit AIA[1]		Limit AIA[1]
Concentration NO_x - BTX E2	mg/Nm³	133.1	200	132.1	200	133	200
Concentration NO_x - BTX E3	mg/Nm³	131.1	200	130.2	200	131	200

1. Monthly average limit value

Carbon monoxide (CO)

[ENV 5 A1]

No mass flow limits are prescribed for CO, the emission values are given for representational purposes. For smokestacks covered by Integrated Emission Management, limit values are prescribed in CO.

Carbon Monoxide Emissions (CO)[1]

		2020	2021	2022
Mass flow - entire site	t	226	214	275
CO emission index per unit of processing	t/kt	0.019	0.016	0.019
Rough machining and complementary fillers	kt	12,072	13,786	14,208

1. There are no mass flow limits for CO

Limit values in terms of concentration are set for individual emission points, all of which were met in 2022.

Emissions CO - IGCC concentration values

		2020		2021		2022	
			Limit AIA[1]		Limit AIA[1]		Limit AIA[1]
Concentration CO - IGCC	mg/Nm^3	2.90	25	2.80	25	4.8	25

1. Monthly average limit value - IGCC

Dust emissions

[305-7; ENV 5 A1]

There are no mass flow limits for Dust, in terms of concentration, there are limit values for individual emission points, all of which were met during 2022.

Dust emissions[1]

		2020	2021	2022
Mass flow – entire plant	t	77	126	113
Dust emissions index	t/kt	0.006	0.009	0.008
Crude oil and complementary feedstock processed	kt	12,072	13,786	14,208

1. There are no mass flow limits for dust.

Dust emissions – concentrations in IGCC

		2020		2021		2022	
			Limit AIA[1]		Limit AIA[1]		Limit AIA[1]
Dust emissions concentration – IGCC	mg/Nm^3	0.16	5	0.17	5	0.06	5

1. Monthly average limit value - IGCC

Non ducted emissions

[305-7; ENV 5 C1; ENV 5 C2]

Non ducted emissions are mainly due to:

- raw material and product storage activities and from water treatment wastewater treatment (diffuse emissions)
- small "physiological" emissions from sealing components such as valves and flanges (fugitive emissions) from raw material and product handling lines.

Diffuse and fugitive emissions are not technically conveyable. They can be contained by installation of appropriate sealing systems and by monitoring and maintenance activities.

The substances present in diffuse and fugitive emissions are Volatile Organic Compounds (VOCs), consisting of light hydrocarbons, which are capable of evaporating under the environmental and process conditions present. The areas from which diffuse sources originate are those dedicated to storage, shipping, production processes and wastewater treatment.

Fugitive emissions are controlled through the implementation at the Sarlux plant of a Smart LDAR program.

The Leak Detection and Repair (LDAR) program consists of the monitoring and containment of fugitive emissions-quantification and reduction- within process plants, in accordance with EPA's definition (Protocol for Equipment Leak Emission Estimates, EPA-453/R-95-017).

Non ducted emissions of volatile organic compounds (VOC)

		2020	2021	2022
Total mass flow (diffuse + fugitive emissions) – entire plant	t	477	480	445

Blow Down System Management - Gas flares

The Blow Down Torches system is a technical device subservient to plant safety, arranged to receive any discharges of gaseous and liquid products from plant equipment as a result of anomalies occurring during operation, or generated during emergency, transient, plant shutdown or start-up situations.

More precisely, such a system is present to protect all sections or circuits of both plants and services on which properly calibrated safety valves are installed. The Sarlux site is equipped with two Blow Down - Emergency Flares systems, one related to the Southern Plants (refinery and the IGCC plant), consisting of two flares and related equipment, and one related to the Northern Plants, consisting of a single flare.

The optimized management of the Blow Down Torches System in 2022 also resulted in a substantial reduction in the amount emitted compared to the historical record.

Below is the amount of gas conveyed to the Blow Down - Torches system expressed in kt/year and t/day.

Combustion gases in flare system

		2020		2021		2022[2]	
			Limit AIA[1]		Limit AIA[1]		Limit AIA[1]
Mass flow – entire plant	kt/ year	79.6	-	42.9	-	36.9	-
Daily mass flow[1]	t/ day	218	295	118	285	101	275

1. Limit value daily quantity sent to flare (t/g), In the table, the limit is compared with the daily average on an annual basis.
2. The total value for the year 2022 includes the contribution of the Acid Gas flares, measured starting from 01/01/2022 (of which the contribution was equal to 2.21 Kt/year).

Actions and goals for improvement (2022-2024)

Continuation of technological, managerial and control interventions aimed at minimizing the combustion of flare gas resulting in a reduction in terms of CO_2 emitted.

The implementation of an ejector system for the recovery of flare-aligned gases is being studied.

Odours

The Saras Group, even before the Integrated Environmental Authorization (AIA) came into force in April 2009, has already concretely expressed its sensitivity and commitment to managing the issue of odrorigens emissions that, although they do not have harmful implications on people's health, are unpleasant and annoying for local communities.

In fact, refining activities can result in the presence of odrorigens emissions that sometimes lead to negative community perceptions of the plant.

An initial instrumental survey was carried out in 2004 with the aim of identifying the sources of the odors perceived externally; in the following years, in-depth and analytical sessions followed until the year 2008 when an experimental phase began, which allowed the development of a monitoring methodology using combinations of analytical techniques, modeling and olfactometric evaluations.

In 2009, several sampling and analysis activities were carried out inside the plant (sources) and at sensitive points in Sarroch (receptors) necessary for the validation of the methodology and the definition of the Odrorigens Emissions Monitoring and Control Plan. With reference to the requirements stated in the Integrated Environmental Authorization (Preliminary Opinion of 12/01/2009), the Monitoring and Control Plan (PMC) was communicated to the Ministry of Environment in October 2009. This is a document that describes the methodology, timing, and manner of reporting the results obtained. The methodology is based on an integrated approach that, through the study of emissive sources, the identification of the compounds responsible for the odor (tracers) using instrumental and sensory techniques, together with modeling for the study of the dispersion of odrorigens compounds in the atmosphere, allows an accurate assessment of the olfactory impact induced by the emissive source on sensitive receptors.

The AIA Monitoring and Control Plan includes two semi-annual monitoring campaigns: a summer campaign in the spring/summer period (June-July) and a winter campaign in the fall/winter period (November-December). For each campaign, surveys are carried out both inside the plant and at sensitive points in Sarroch. The first monitoring campaign was carried out in June 2010. In the monitoring campaigns carried out in subsequent years, the odor concentration mapping of air samples collected near the emission sources and sensitive receptors was performed, as well as the mapping of chemical compounds in the same samples. It also emerged that the use of the analytical methodology for the control and management of the problem of odrorigens emissions from the site needed to be consolidated over time by increasing the statistical sample (number of analytical measurements) in order to further study the possible correlations between the odor impact and the analytical concentrations found. The results to date have not revealed a clear and consistent correlation at sensitive receptors between measured odor concentration and detected chemical compounds. The chemical compounds detected in the air samples collected at the emissive sources, internal to the site, are present in the air samples collected at the sensitive receptors in concentrations below the respective Odour Threshold value, except for a few very rare cases that cannot have scientific relevance.

The results of the campaigns carried out in recent years confirm that, in sensitive receptors, only some compounds exceed the respective odor thresholds without, however, the possibility of identifying a clear correlation with the emissive odor sources of the Sarlux plant in Sarroch.

In particular, it is evident that the measurement of high odor concentrations in air samples that exhibit such chemical speciation that individual chemical compounds cannot be identified as responsible for this impact, may have two explanations: synergistic effect of compounds present in the air sample taken and presence of compounds that escape the current chemical analysis.

Although a cause and effect relationship has not been established between individual compounds emitted from the site sources and the olfactory impact found at sensitive receptors, starting from the results of the application of the Monitoring Plan, detailed studies have been initiated that have enabled the planning and implementation of investments useful for minimizing the olfactory impact.

Over the years, technological investments have been made on the floating roof tanks, as further described below.

Investigation and in-depth work continued during 2022 to identify additional mitigation measures that also consider monitoring for the past few years.

Major interventions include the covering of API tanks, the construction and maintenance of double seals between the shell and roof of floating roof tanks, and further activities on the tanks, which are currently under study.

API Tank sealing[1]

This intervention has its roots in the gap analysis carried out in 2014 on the Sarroch plant with respect to BAT ("Best Available Techniques"), from which it was found that it would be possible to further contain fugitive emissions from these oily water treatment tanks.

A plant upgrading study was then carried out the following year, which included the use of floating aluminum panels with double-seal gaskets to cover the more than 1,200 square meters of pool area. This substantial investment was then initiated in 2016 and was completed in 2017.

To assess its effects in a timely manner, monitoring was carried out before the start of the work, during execution, and after the installation was completed. The data available to date confirm a significant reduction in Volatile Organic Compound (VOC) emissions, in line with the project design predictions.

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

At the present time, work is underway to further extend the coverage to the "head" areas of the tanks themselves.

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 roof. In addition, tanks ST99, ST26, ST27, ST29 and ST98 have been equipped with an odor mitigation/abatement system, implemented through non-automated systems consisting of specifically sized misting nozzles. These systems have achieved a reduction in odor concentration of more than 80%.

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

It should be emphasized that the important results achieved in understanding the phenomenon of odor production and dispersion are the result of major investments made by the Group in the field of research, equipping itself at Sartec 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 that the feasibility of a network of "electronic noses," properly called IOMS ("Instrumental Odour Monitoring Systems") that can be integrated with the Odour Monitoring Plan currently in place, is currently being evaluated.

Currently, subsidiary Sartec is proceeding in the process of CE Marking of the IOMS device, which is a prerequisite for its use.

Actions and targets for improvement (2022-2024)

Odorigens emissions reduction

- An odor mitigation/abatement system has been installed on tank ST25; on tank ST24, which is currently out of service for maintenance, an odor mitigation/abatement system is planned to be installed before returning to service.
- Extension of API tank coverage to the "head" areas of tanks already covered.
- Study of a mitigation system consisting of a Scrubber with nanoparticle micro-sponges.

Noise and Noise Pollution

The issue of noise immissions into the external environment is confined to the Sarroch production site. The Monitoring and Control Plan provides for systematic checks on an annual basis aimed at characterizing the noise impact in the surrounding environment through phonometric measurements.

Measurements are repeated over the years at certain measurement points, some of which are located within and on roads adjacent to the site boundary, others on access roads and within the built-up area of Sarroch.

The monitoring network includes six indoor locations, three of which are at the plant boundaries, and ten outdoor locations (characterizing noise emissions), six of which are at the built-up area (characterizing noise immissions); their locations can be seen in the plan below.

The limits to be complied with at the measurement points are contained in the Municipal Acoustic Classification Plan, which, by dividing the territory into homogeneous acoustic zones to which specific limits pertain, defines the values of the emission (TABLE A) and immission (TABLE B) limits to be complied with at the points subject to sampling.

During the annual monitoring and control activity, only continuous measurements capable of detecting two full 24-hour periods are carried out, so that the acoustic phenomenon can be analyzed continuously and consistently referenced with the plant's emissions that have been continuously monitored during the same time periods.

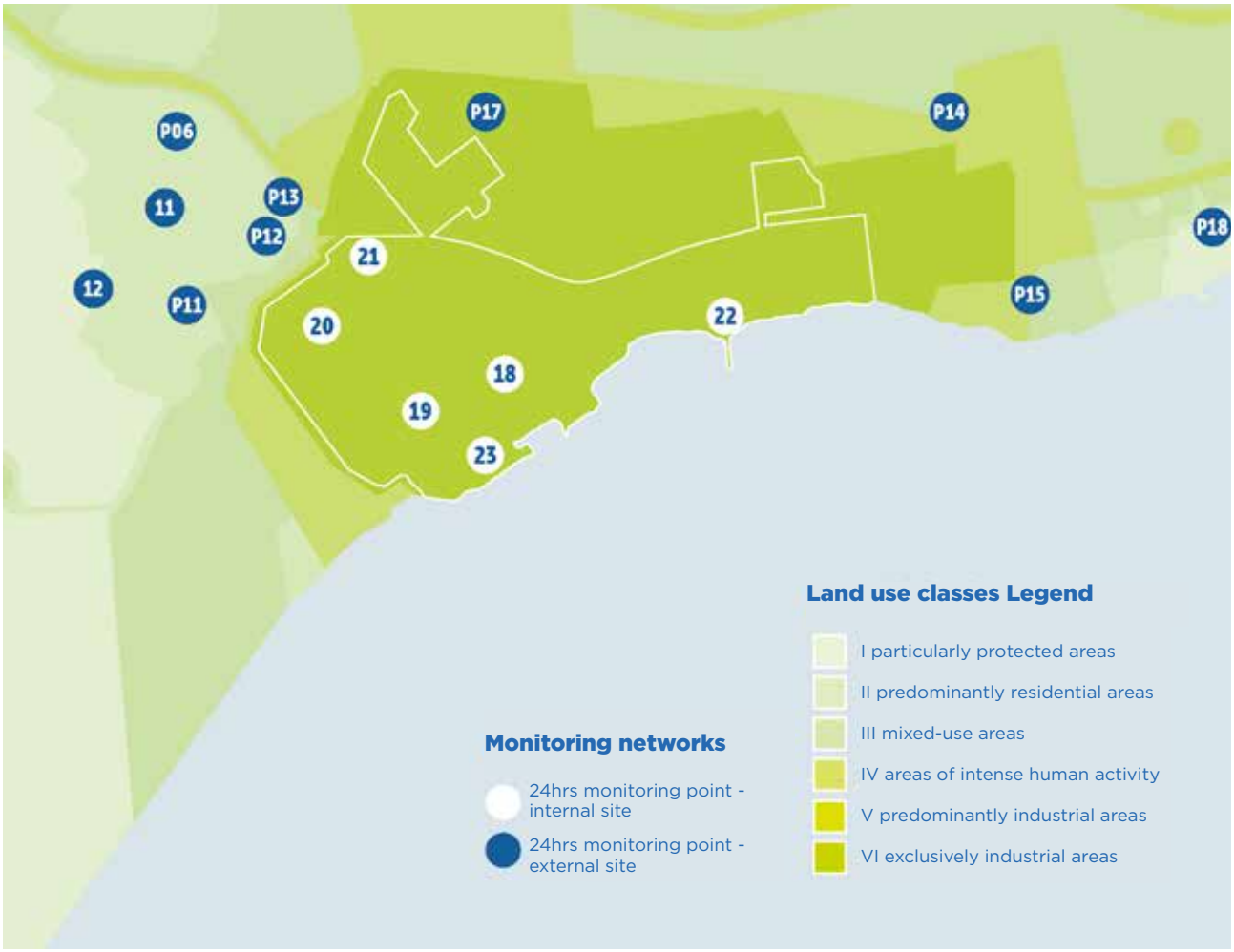


TABLE A - Municipal noise classification - Emission limit values

Land use classes	Leq	Limits day period (06:00 -22:00)	Limits night period (22:00 -06:00)
I particularly protected areas	dB(A)	45	35
II predominantly residential areas	dB(A)	50	40
III mixed-use areas	dB(A)	55	45
IV areas of intense human activity	dB(A)	60	50
V predominantly industrial areas	dB(A)	65	55
VI exclusively industrial areas	dB(A)	65	65

The table below (TABLE A1) shows the emission values measured over the three-year period 2020-2022 at some of the monitored locations within the production site (No. 19 and No. 21), which allow the values to be noted to be compared with the emission limit values (TABLE A) provided for the industrial zone, with the consideration that the presence of compliance at the indoor areas will be a guarantee of compliance at the outdoor areas.

Regarding the applicable immission limits, the following are those stipulated in the Municipal Noise Classification for the land class in which the points fall.

We report, TABLE B1, the immission values for the last three years measured in the outdoor environment, in three locations located in the built-up area of Sarroch, close to the boundaries of the industrial site, No. 11, No. P12 and No. P06, which allow us to detect the immission value referable to the Sarlux production site in comparison with the limits provided by the Municipal Acoustic Classification.

TABLE A1 - Noise emission values at representative points near the Sarlux site boundaries

Acustic classification	Point of measurement	Measured values [dB(A)] (L90 values)			Emissions limit (applicable near emission sources)	
		Year	Day	Night	Day	Night
VI	19	2020	64.5	64.0	65	65
		2021	62.5	64.0		
		2022	62.5	58.0		
	21	2020	54.5	56.5		
		2021	56.0	54.5		
		2022	58.5	52.5		

TABLE B - Municipal noise classification - immission limit values

Land use classes	Leq	Limits day period (06:00 -22:00)	Limits night period (22:00 -06:00)
I particularly protected areas	dB(A)	50	40
II predominantly residential areas	dB(A)	55	45
III mixed-use areas	dB(A)	60	50
IV areas of intense human activity	dB(A)	65	55
V predominantly industrial areas	dB(A)	70	60
VI exclusively industrial areas	dB(A)	70	70

TABLE B1 - Noise immission values at representative points located in the center of Sarroch

Acustic classification	Point of measurement	Measured values [dB(A)] (L90 values)			Emissions limit (applicable near emission sources)	
		Year	Day	Night	Day	Night
III	11	2020	50.5	46.0	65	65
		2021	50.0	47.5		
		2022	51.0	46.5		
II	P12	2020	49.5	44.5	55	45
		2021	49.5	42.5		
		2022	51.0	44.5		
	P06	2020	46.0	43.0		
		2021	44.0	39.5		
		2022	43.5	40.0		

We observe that measurement points No. P12 and P06 are located in "Class II - predominantly residential areas," while point 11 is located in "Class III - mixed-type areas."

In such a complex situation as the Sarlux facilities, statistical analysis allows for more reliable results, and the most representative indicator proves to be the L90 index. This percentile level represents the noise level for 90 percent of the measurement time.

This parameter can be considered inclusive of industrial noise that is of a continuous type and essentially stationary over time, in the sense that the measured value excludes accidental acoustic events and includes noise generated by the Sarlux production site, other industrial sites, and acoustic events of significant duration that cannot be attributed to the activities taking place at the production site (e.g., noise from vehicular traffic). It is therefore the parameter that can characterize the specific contribution of the plant.

Waste management

The Saras Group maintains constant monitoring and control of its activities with the aim of complying with environmental regulations.

98% of waste (hazardous and non-hazardous) is produced by the Sarlux subsidiary at the Sarroch industrial site. For this reason, Sarlux has codified and formalized this through the previously mentioned ISO 14001-certified Environmental Management System and by adhering to the EMAS Regulation.

Saras Group: Waste generated (t/year)

	2020			2021			2022		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Saras Spa	0	0	0	0	0	0	0	0	0
Sarlux Srl	37,350	19,396	56,746	40,236	8,001	48,237	47,894	9,437	57,331
Sartec Srl	2	11	13	4	18	22	6	11	17
Sardeolica Srl	5	82	87	4	130	134	4	66	70
Deposito di Arcola Srl	1,095	496	1,590	555	151	706	613	583	1195
Saras Energia SAU	119	7	126	105	10	115	101	9	110
Saras Trading SA	0	0	0	0	0	0	0	0	0
Total*	**38,571**	**19,992**	**58,563**	**40,904**	**8,310**	**49,213**	**48,617**	**10,106**	**58723**

The high variability in terms of quantity and quality of waste over the years is mainly due to the trend of Sarlux site maintenance activities on plants and tanks.

In terms of the types of waste produced, about 83% of the total in 2022 was classified as "hazardous," since it was almost entirely from industrial processes.

Then analyzing the waste by destination, we find that about 98% of the Group's waste is destined for the appropriate forms of treatment, while only a small portion is destined for landfill disposal.

Saras Group: Waste destination (t/year)

	2020				2021				2022			
	H	NH	Total		H	NH	Total		H	NH	Total	
Treatment	38,375	19,020	57,395	98%	40,803	7,241	48,044	98%	47,825	9,590	57,414	98%
Landfill	196	973	1,168	2%	101	1,069	1,170	2%	793	516	1309	2%
Total	**38,571**	**19,992**	**58,563**		**40,904**	**8,310**	**49,213**		**48,617**	**10,106**	**58,723**	

H: Hazardous

NH: Non-hazardous

Regarding the national reference legislation for waste management, in Italy Legislative Decree 152/06 of 03/04/2006 applies, which dictates the guidelines for proper waste management. Such management must be aimed at the prevention of waste production wherever possible and, if this is not possible, must give priority first and foremost, to sending the waste produced towards recycling and/or recovery activities (classified by alphanumeric codes R1 to R13), including:

- R1: use for energy production
- R4: raw material recovery
- R13: Storage of waste for submission to one of the operations R1 to R12

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

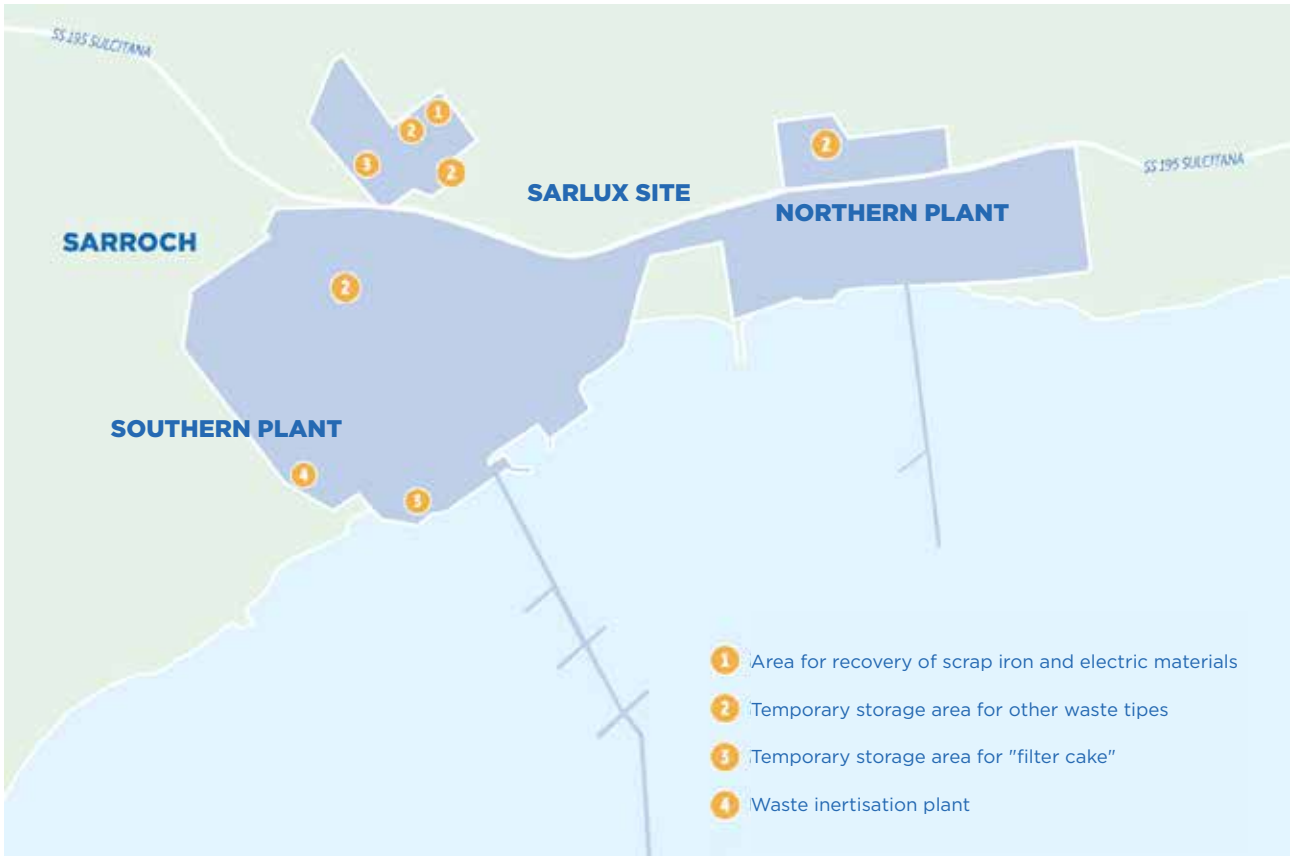
- D1: Direct disposal to landfill
- D9: Chemical and physical treatment
- D10: disposal by incineration
- D15: preliminary storage prior to any of the operations from D1 to D14

In addition to the national regulations, for the Sarlux industrial plant, the AIA Decree issued to the company (DEC-MIN-000263 of 11/10/2017 - Re-examination of the Integrated Environmental Authorization issued to Sarlux Srl for the operation of the complex "Refinery, Combined Cycle Gasification Plant (IGCC) and Impianti Nord" in Sarroch), reiterates the cogencies arising from D. Lgs. 152/06 and also prescribes a particularized monitoring system.

Sarlux: in-depth analysis

With reference to the figure below, the main operational steps of waste management at the Sarlux plant, before it is sent off-site for disposal or recovery activities, are described below:

- waste generated, properly divided into homogeneous categories, is generally sent to temporary storage areas (item no. 2);
- in the case of filter cake arising from the IGCC plant, storage may be carried out in the dedicated temporary storage areas before being sent outside for recovery of the contained metals (item no. 3);
- in the case of ferrous scrap, a recovery operation is carried out in a dedicated area, entrusted to an authorized third-party company, which carries out a selection and reduction of the volumes, without, however, altering the type and quantity by mass (point no. 1);
- used oils are taken directly from the equipment wherever possible
- waste consisting of plastic, glass, aluminum and paper is collected separately and delivered to the dedicated area under the responsibility of the municipality of Sarroch;
- the majority of the waste generated, mainly consisting of hydrocarbon-contaminated waste, is sent to an on-site facility (item no. 4), which performs operations to separate the solid phase from the liquid phase (oily phase and aqueous phase); the recovered liquid phase is conveyed to the wastewater treatment plant (TAS), the solid phase undergoes a subsequent inerting treatment and/or, starting at the end of 2019, a thermo-drying treatment (TDS). The latter treatment, in particular, results in environmental improvements for the Refinery on several fronts, including reduction in waste leaving the site (with reduction in overall environmental impact), reduction in waste transport vehicle traffic (with alleviation of road use), and reduction in the use of chemicals in the waste treatment process. Specifically, in FY 2022, 95% of the sludge from the TAS plant was treated in the thermo-dryer plant, with an estimated reduction in the amount of waste of 89% compared to the amount of waste that would have been produced using only the inerting plant.



The treatments carried out by the inerting plant make it possible to significantly reduce the bulk quantity of waste and change its type by mixing it with an inert matrix. The management of the plant in question is entrusted to a specially licensed third-party company.

The two firms that take charge of the waste delivered inside the site account in their annual declaration for the waste they send outside, downstream of the treatments carried out. These licensed firms, have been selected and are verified over time, including through specific audit activities.

As for the solid waste from the IGCC plant's filter presses (referred to as "filter cake" due to its physical consistency), it contains high percentages of metals such as iron, vanadium, and nickel, and is sent to Germany for recovery and use as raw material for the steel industry.

For this operation, annually the notifying party must acquire appropriate authorization for the transboundary movement of the waste, in accordance with the EEC/EU Regulation No. 1013/2006 dated 14/06/2006, concerning precisely waste shipments, in 2022 Sarlux and 2 other suppliers took on the role of notifiers for the shipment of "filter cake". For transportation, all ADR directions were followed scrupulously even with the help of an ADR consultant.

Finally, Sarlux is authorized to receive and treat waste consisting of bilge water, slop and ballast water from ships. This activity is carried out as a completely free service both for ships that moor at the marine terminal and for ships that deliver the above types of waste to Sarlux by tanker truck from regional ports. The treatment of these types of aqueous waste is carried out in the ballast water treatment plant. Aqueous liquid waste from groundwater remediation operations is treated at the same plant.

The following table shows the quantities of waste leaving/treated at the Sarlux site, broken down by type.

As can be seen, total waste generation at the Sarlux site in 2022 has returned to values comparable to those in 2020, due to the remodeling of investment and maintenance activities and the production of groundwater to be treated as waste.

From the recorded data, the total waste delivered to in-house inerting/thermal drying plants is in line with what was reported in the year 2021.

Output waste/treated waste at sarlux site (t/year and %)

	2020		2021		2022	
Waste treated at internal inertisation unit / thermal-dryer unit	32,229	56.80%	33,568	69.59%	31,063	54.18%
Groundwaters from hydraulic barrier wells treated at waste water treatment plant	16	0.03%	2,008	4.16%	11,556	20.16%
Filter cake sent for external recovery	1,441	2.54%	1,823	3.78%	1,673	2.92%
Other types of waste	23,060	40.64%	10,838	22.47%	13,038	22.74%
Total	**56,746**		**48,237**		**57,331**	

Over the past few years, in order to seek improved solutions to ensure a reduction in the amount of waste produced and through the collaboration of all functions involved, a number of previously identified actions have been activated, such as:

- new management approaches for some plants that produce process sludge as waste (Reactivator), which has led to a reduction in quantities;
- alternative management for some types of waste, no longer sent to the third-party company's plant located within the Sarlux site;
- optimization of catalyst life cycles;
- use of new, better performing adsorbent materials with a longer useful life in treatment plants (quartzite as a replacement for activated carbon), thus reducing the amount of waste generated.

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

- since 2017, wood packaging has also been destined for recycling, for better reuse of the resource, as opposed to only recovery for energy production purposes;
- since 2018, a concrete management channel has been activated for recovery at a licensed plant in Sardinia, optional to sending to landfill;
- since 2019, a channel for managing bitumen for recovery at a licensed plant in Sardinia, optional to sending to landfill, has been activated;
- since December 2019, a channel for managing industrial plastics for recovery at a licensed plant in Sardinia, optional to sending to landfill, has been activated;
- from 2020, a channel was activated for the management of certain types of waste from refractory material for recovery.

Delving into categories, it appears that in 2022, a total of 57,331 tons of waste was handled at the Sarroch site of subsidiary Sarlux, broken down as shown in the appropriate table.

The share of waste sent for recovery or recycling is 10,752 tons. The percentage of recovery or recycling in relation to the total amount of waste generated is for 2022 in line with 2021 but lower than in previous years (19% 2022, 21% 2021 vs 38% 2020), 2022 was characterized by a sharp decrease in waste generated from activities such as new construction due to remodeling of investments and an increase in waste generation due to groundwater going to disposal.

With the aim of representing in more detail the various destinations of waste sent for recovery, the quantities managed within the site, at licensed in-house facilities (Onsite) and those managed at off-site treatment facilities (Offsite) are shown in the appropriate table.

Specifically:

- in the portion indicated "at Onsite Recycling" refers to materials recovered from discarded equipment, ferrous materials, and certain types of contaminated packaging recovered by the two third-party companies operating the two authorized treatment plants located within the site; this portion also includes the amount of aqueous liquid waste from groundwater remediation operations.
- In the portion reported to "to Recycling Offsite" are the quantities of wood, plastics, concrete, bitumen, lead batteries, excavated soil and rocks, and packaging;

Finally, about waste sent to Disposal activities (D1:D15) in 2022, the value stands at 44,930 tons, as shown in the special table detailing by destination. This quantity is in small part sent directly to landfill disposal, while the main part (indicated as "Other disposal operations") concerns waste sent to preliminary storage or physical-chemical treatment.

Waste generated at Sarlux site (t/year and %)

	2020		2021		2022	
Non-hazardous waste, of which:	**19,396**	**34%**	**8,001**	**20%**	**9,437**	**16.46%**
Land from reclamation activities					5,157	9.00%
Non-hazardous waste from ordinary and extraordinary activities					3,765	6.57%
Hazardous waste, of which:	**37,350**	**66%**	**40,236**	**80%**	**47,894**	**83.54%**
Water from remediation activities	16	0.04%	2,008	4.99%	11,556	24.13%
Soil from remediation activities	0	0.00%	359	0.89%	194	0.40%
Hazardous waste from ordinary and extraordinary activities	37,334	99.96%	37,869	94.12%	36,144	75.47%
Total	**56,746**		**48,237**		**57,331**	**100.00%**

Sarlux: Details on waste recovery / recycling (t/year)

	2020			2021			2022		
	Onsite	**Offsite**	**Total**	**Onsite**	**Offsite**	**Total**	**Onsite**	**Offsite**	**Total**
Hazardous waste									
Reuse	0	0	0	0	0	0	0	0	0
Recycling	0	504	504	0	423	423	0	111	111
Other forms of recovery	78	2,647	2,725	21	2,192	2,213	15	2,657	2,672
Total	**78**	**3,151**	**3,229**	**21**	**2,615**	**2,636**	**15**	**2,768**	**2,783**
Non-hazardous waste									
Reuse	0	0	0	0	0	0	0	0	0
Recycling	2,085	15,932	18,017	726	6,208	6,934	1,538	6,431	7,969
Other forms of recovery	0	332	332	0	0	0	0	0	0
Total	**2,085**	**16,264**	**18,349**	**726**	**6,208**	**6,934**	**1,538**	**6,431**	**7,969**
Total waste recovered			**21,578**	**747**	**8,823**	**9,569**	**1,553**	**9,199**	**10,752**

Sarlux: total waste recovered (internal and external to site) (t/year)

	2020	2021	2022
Waste sent to recovery	20,137	7,746	9,079
Filter cake	1,441	1,823	1,673
Total waste recovered	**21,578**	**9,569**	**10,752**

Sarlux: Details on waste disposal (t/year)

	2020			2021			2022		
	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	195	195	0	99	99	0	181	181
Other forms of disposal	32,167	1,759	33,926	33,555	3,946	37,501	31,063	13,867	44,930
Total	**32,167**	**1,954**	**34,121**	**33,555**	**4,045**	**37,600**	**31,063**	**14,048**	**45,111**
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	971	971	0	1,067	1,067	0	514	514
Other forms of disposal	0	76	76	0	0	0	0	954	954
Total	**0**	**1,047**	**1,047**	**0**	**1,067**	**1,067**	**0**	**1,468**	**1,468**
Total waste sent to disposal			**35,168**	**33,555**	**5,112**	**38,668**	**31,063**	**15,516**	**46,579**

Separate waste collection for recycling

Commitment to the sorting of waste assimilable to municipal waste begins at the Sarroch plant as early as 2006 (as a performance indicator of the Environmental Management System 14001 and EMAS), then collection is extended to all Group companies, with the aim of reducing the share of undifferentiated waste.

At the Group level, a total of 154 tons of sorted waste was collected in 2022, 47 percent of which was paper, 28 percent from wet waste collection, 15 percent from plastic collection, and the remaining 10 percent from glass and cans collection.

Approximately 91 percent (by weight) of the Group's total separate waste collection, in FY 2022, was carried out at the Sarroch site, confirming the effectiveness of the initiatives put in place to direct the behavior of those who work at the site in the most correct way.

The results are the result of the initiatives, constantly carried out over the years, to raise awareness that by acting responsibly and correctly, one can really make a difference.

Separated waste collection (t/year)

	2020	2021	2022
Paper	190	84	72
Plastic	41	21	23
Glass and cans	29	22	15
Decomposable	72	48	44
Total	**333**	**175**	**154**

Spills

[306-3; ENV-6]

The Saras Group has adopted specific policies and implemented technical and management tools to prevent accidental releases to water, soil, and subsoil.

Prevention of water contamination

As far as sea transport is concerned, given the large number of ships carrying out loading or unloading operations at the Sarroch site (approximately 800-900 ships per year), the Group has had a "Vetting" policy since 2009 (i.e., those criteria for selecting and monitoring ships, aimed at acquiring precise information on the safety and quality conditions of the inspected ship, in order to establish its suitability for docking at the jetties of the Sarroch industrial site), with the aim of preventing accidents and releases of hazardous substances at sea.

In particular, the procedure stipulates that the ships used must be of the "double hull" type, a requirement that is reinforced through the monitoring of both incoming and outgoing oil tankers destined for the Sarroch terminals and regular inspection activities conducted by Saras personnel (also in other ports), according to international criteria and "Pre-mooring inspections" on a spot basis, carried out in roadstead before the mooring maneuver.

The reference inspection specification is the "Minimum Safety Criteria" document, adopted by Saras first and Sarlux today in accordance with the ship inspection protocols established by the Oil Companies International Marine Forum (OCIMF), an organization dedicated to promoting the improvement of safety, responsible environmental management in the transportation of oil, its derivatives, and the management of marine terminals.

Soil and subsoil contamination prevention

Regarding soil and subsoil defense at the Sarroch industrial site, the Group continues to carry out a multi-year program of contamination prevention measures to avoid any issues related to accidental releases to the soil and subsoil.

In particular, in addition to adopting appropriate process control systems, numerous impermeable pavements have already been constructed, and others will be constructed over the next few years, in the storage tank containment basins and in the "pipe-ways," i.e., the pipe tracks, along which the oil product transfer lines run, connecting the various tanks and facilities. Such interventions make it possible to protect soil and subsoil in case of accidental spills.

Similarly, work continues on the installation of double bottoms in storage tanks also aimed at protecting the soil and subsoil in case they allow to avoid the same phenomenon in the soil and subsoil, in case of any problems on the bottoms of the tanks.

During the period of transition to double bottoms, a verification process was implemented using the "acoustic emission" technique, which allows for early detection of any anomalies on the bottoms of the tanks.

Spills

There were no spills at sea and no significant spills on the ground during 2022. However, a spillage of heavy hydrocarbon product was observed at Sarlux - Southern Plants.

On June 22, 2022, Sarlux notified the proposed entities, as required by the AIA Decree and Legislative Decree 152/2006, that during routine verification and control activities within the containment basin of tank ST-42, it had detected the presence of a heavy hydrocarbon product leaking from a flanged coupling of a service line.

All actions aimed at securing the area were immediately implemented by Sarlux personnel and initiated the removal of the product the related removal of the surface layer of soil affected. Subsequent checks on the affected matrices did not reveal any deviations from the findings of previous monitoring conducted.

Spills

		2020	2021	2022
Events	no.	1	1	1
Location		Deposito di Arcola	Sarlux - Northern Plant	Sarlux - Southern Plant
Impact		sea	soil	soil
Volume	m^3	8	33	42
	bbl	50	207	264

Water resource management

[11.6; 303-1; 303-2; 303-3; 303-4; 303-5; ENV 1; ENV 2]

Water resource management has always been a central issue, to which the Saras Group has devoted great commitment and investment, in the knowledge that Sardinia is a water-stressed region1, characterized by low rainfall and frequent droughts.

Interaction with water as a shared resource

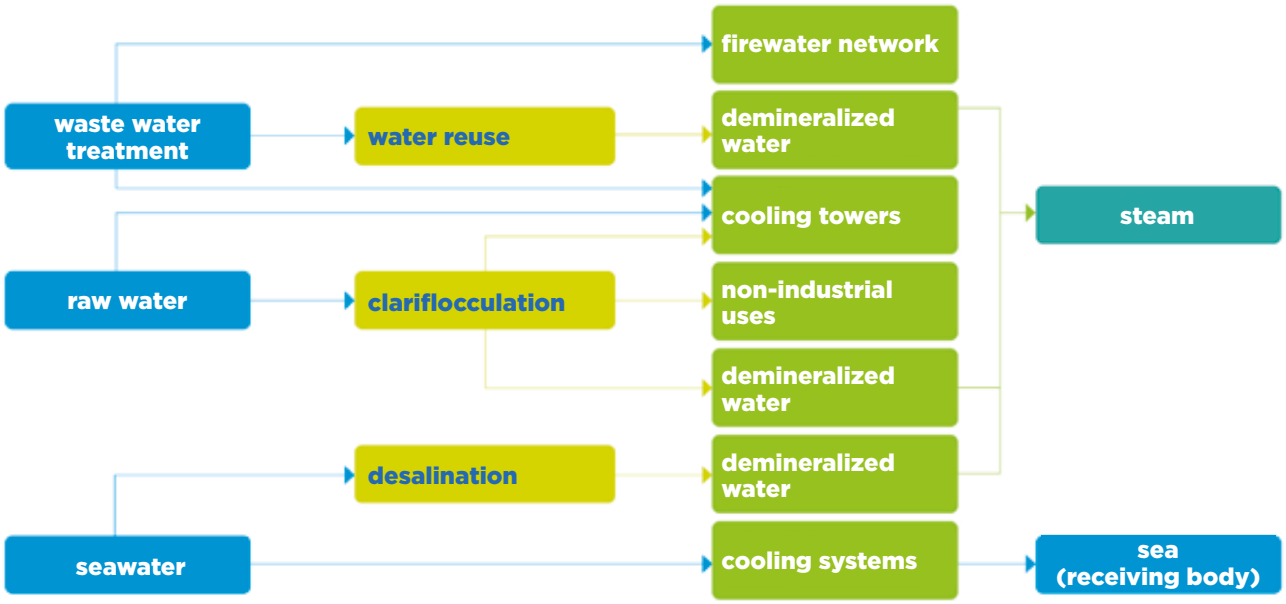
The Sarroch industrial site on the southern coast of Sardinia uses water for multiple functions, the main one being the production of steam for technological uses (transport of thermal energy, steam stripping, and power generation). Water is also used for plant cooling circuits, to feed the fire-fighting network and for civil uses.

Aware of the scarcity of Sardinian water resources, the Group has adopted policies at the Sarroch site to reduce its reliance on regionally sourced primary water sources, and it regularly continues to monitor, manage and optimize the plant's water footprint through the Environmental Management System and EMAS Regulation.

More specifically, site water consumption is defined as the amount of water required to ensure the operation of facilities and production-related services. It is given by the sum of the following factors:

- raw water from industrial consortium;
- internal reclaimed water from sewage treatment plants (water reuse);
- seawater (for only the amount withdrawn and not re-injected to the receiving body).

In the simplified diagram of the site's water cycle, where the three factors just described are present, of which two are from external sources (raw water and seawater) and one is from internal sources, the site's wastewater treatment system.



1. ref: database Aqueduct Water Risk Atlas, prepared by the World Resource Institute (https://www.wri.org/applications/aqueduct/water-risk-atlas)

In order to reduce the withdrawal of primary water sources and thus make an increasing amount of raw water available to the territory, for uses other than industrial ones, numerous interventions have been carried out over the years, both in investment and in processes, aimed at progressively reducing their water requirements. At the same time, but with the same objective, the recovery of inland water that would otherwise be discharged to the receiving body has been maximized, and the installed capacity of desalination systems has been maximized over the years.

Among the main interventions carried out in recent years to maximize inland water recovery (water reuse) are the following:

- in 2017, start-up activities began on a 140 m^3/h plant capable of recovering process water in order to produce water suitable for reuse in cooling circuits;
- in 2018, the new seawater desalination plant for the production of 500 m^3/h of demineralized water for use in high-pressure boiler circuits was commissioned. The startup was gradual, and the insertion of all sections of the new plant took place in April 2019. Having then reached maximum capacity, starting in May of the same year, the old desalination units built in the 1990s, which were no longer energy efficient, were stopped.

The table below shows the summary of the last three years of site consumption.

Onsite water use (m^3)

	2020	2021	2022
Water use onsite	21,303,724	21,511,015	22,434,927

The following table shows the breakdown of water consumption by source of supply. The percentage column represents, year by year, the impact of supply type on total consumption.

Onsite water use split by three types of supply (Mm^3)

	2020		2021		2022	
	Mm^3	%	Mm^3	%	Mm^3	%
Internal recovery water (water reuse)	5.9	27.6%	6.4	29.7%	6.4	28.6%
Untreated water from the industrial consortium	6.0	28.2%	6.1	28.2%	6.3	28.0%
Seawater	9.4	44.3%	9.1	42.2%	9.7	43.4%
Total	**21.3**		**21.5**		**22.4**	

The new desalination plant (operational at full capacity since April 2019) and ongoing efforts to increase reclaimed water ("Water Reuse") have resulted in a significant percentage reduction in raw water withdrawal from the industrial consortium, which stood at 28 percent of total site water consumption in 2022. What's more, as 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, making it possible to produce the same amount of demi-water with less withdrawal of seawater.

It is also appreciated that as of 2021, the use of raw water from consortia is the smallest item among the 3 types (whereas, just in 2015 it was the main source of supply). In fact, the fiscal year just ended also witnessed the overtaking by the "Water Reuse" type, thanks to the numerous interventions made over the years to optimize operational management, and increase the volumes reused in internal processes.

From the perspective of water storage, two raw water tanks are used at the Sarroch site, which are always operated on full. Thus, there is 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, that is, the total water withdrawal, this value is given by the sum of the raw water from the industrial consortium and the water withdrawn from the sea. Moreover, keep in mind that most of the sea water is returned to the receiving body with quality characteristics practically equivalent to the withdrawn water, with only minor variations in temperature and/or saline concentration.

Water withdrawn by the site (m^3)

	2020	2021	2022
Untreated water from the industrial consortium	5,997,790	6,060,035	6,277,376
Seawater	58,832,422	59,264,685	60,371,482
Total water withdrawn by site	**64,830,212**	**65,324,720**	**66,648,858**

With the intention of providing an even more in-depth representation and in line with the requirements of the 2018 update for the GRI-303 indicator, an analysis of the quality of the water resource withdrawn for industrial use in so-called "water stress areas" has been introduced starting in FY 2020: i.e., those regions where water needs, both human and ecological, cannot be fully met in terms of availability, quality and/or accessibility.

To provide this analysis, the Group first determined that, among its operations, the only one with significant water withdrawal for process uses is the Sarroch industrial site. At the other sites, there is no water consumption for industrial or process uses, only for civil uses.

Then, as anticipated in the previous paragraphs, the Group consulted the public database called "Aqueduct 3.0 Water Risk Atlas" of the World Resources Institute, and was able to confirm that Sardinia indeed falls in the medium to high water stress areas.

Finally, a breakdown of water withdrawals from the Sarroch industrial site was prepared according to the level of total dissolved solids (TDS) concentration. Specifically, based on laboratory analysis performed on raw water samples fed into the industrial distribution network by the Tecnocasic consortium, said industrial network has an average TDS of about 202 mg/L in FY 2022, and a maximum value of 215 mg/L.

Water withdrawn in areas subject to "water stress" - Sarlux

	2020		2021		2022	
	m³	%	m³	%	m³	%
Raw water from industrial consortium	**5,997,790**		**6,060,035**		**6,277,376**	
Of which, fresh water (TDS ≤ 1,000 mg/L)	5,997,790	100%	6,060,035	100%	6,277,376	100%
Of which, other qualities of water (TDS > 1,000 mg/L)	0	0%	0	0%		0%
Seawater	**58,832,422**		**59,264,685**		**60,371,482**	
Of which, fresh water (TDS ≤ 1,000 mg/L)	0	0%	0	0%		0%
Of which, other qualities of water (TDS > 1,000 mg/L)	58,832,422	100%	59,264,685	100%	60,371,482	100%
Total	**64,830,212**		**65,324,720**		**66,648,858**	

Total dissolved solids (TDS) is an important parameter for characterizing water quality and the types of uses for which it is suitable, as it indicates the amount of minerals and saline impurities dissolved in the water. Specifically, water suitable for domestic sanitary applications should preferably have a TDS of less than 500 mg/L; water used for agriculture should have TDS of less than 1200 ppm, so as not to damage sensitive crops.

Usually, the TDS of water is calculated indirectly from electrical conductivity. In fact, pure water is a poor conductor of electricity, while 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:

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

where "EC" is the electrical conductivity of the liquid, measured in microSiemens per centimeter, 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 used value.

Management of impacts related to water discharge

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

More precisely, the discharges to the sea at the Sarroch site are divided between process discharges downstream of the biological and neutralization plants, and those related to desalination and cooling. While process discharges are related properly to production activities, desalination and cooling discharges are related to production services.

Even in 2022, it is possible to appreciate the benefits of the full operation of the new desalination plant, which, being more efficient, allows for less withdrawals and thus less discharges for the same amount of desalinated water produced.

All discharges from the Sarroch industrial site have TDS above 1,000 mg/L. In fact, desalination and cooling discharges originate from seawater. The process discharges then come from water withdrawn from the industrial consortium, which, in use undergoes concentration, and the TDS increases from the starting value (averaging 250 mg/L, as

cited in the previous chapter) to levels above the 1,000 mg/L threshold. In fact, in terms of conductivity, process discharges have values close to 2,000 microSiemens per centimeter, which translates to TDS values 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, sewage), for each company.

Finally, as already expressed in the chapter dedicated to ESG Ratings, the Saras Group's ability to manage the water resource is confirmed by the positive rating expressed by the CDP with regard to the issue of "Water Security"; in fact, Saras received a score of "B" indicating the ability of the company's management to "take coordinated actions" on the management of the water resource.

Discharges into the sea - Sarlux (m^3/anno)

	2020	2021	2022
Discharges from desalination	16,383,320	17,819,767	15,869,087
Discharges from process	4,231,966	6,301,103	6,344,377
Discharges from cooling systems	33,019,805	32,373,833	34,767,232
Total	**53,635,091**	**56,494,703**	**56,980,696**

Water discharges by destination (m^3)

	2020				2021				2022			
	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	53,635,091	0	0	**53,635,091**	56,494,703	0	0	**56,494,703**	56,980,696	0	0	**56,980,696**
Sartec Srl	0	0	3,963	**3,963**	0	0	2,716	**2,716**	0	0	1,345	**1,345**
Sardeolica Srl	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**
*Deposito di Arcola Srl**	0	1,980,800		**1,980,800**	0	1,980,800		**1,980,800**	0	1,980,800	0	**1,980,800**
Saras Energia SAU	409	0	0	**409**	473	0	0	**473**	511	0	0	**511**
Saras Trading SA	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**
Total	**53,635,500**	**1,980,800**	**3,963**	**55,620,263**	**56,495,176**	**1,980,800**	**2,716**	**58,478,692**	**56,981,207**	**1,980,800**	**1,345**	**58,963,352**

* Water discharges to the river are derived from the flow rates of the pumps from the water barrier wells, and are calculated as "nominal pump flow rate" x "no. of hours in operation"

Management of impacts related to water discharge

Discharges to water

The Sarlux plant in accordance with the Integrated Environmental Authorization has a series of discharges to the sea used in normal operation, and exceptionally, in case of emergency events; for each of the discharges to the sea there is monitoring of the quantities discharged into the receptor body and its chemical and physical characteristics with monthly sampling and analysis by an accredited external laboratory and daily sampling and analysis performed by the in-house laboratory at the site.

Process-related discharges

The significant parameters in terms of quantity that characterize the emissions in the water conveyed to the main discharge are as follows:

- COD (Chemical Oxygen Demand)
- total hydrocarbons
- total nitrogen.

Biodiversity

[11.4; 304-1; 304-2; 304-3; ENV 3; ENV 4]

Operating with respect for the environment is essential for long-term sustainability, as well as for productivity and competitiveness in markets. therefore, the group conducts its business by minimizing its environmental footprint and considering the preservation of ecosystems and biodiversity in the development of its projects.

The greatest impacts from the Group's activities, products, and services on the biodiversity of protected areas or areas of high biodiversity outside protected areas relate to its subsidiary Sarlux, whose Sarroch industrial site is located along the coast, close to protected land areas, and thus has a responsibility to preserve marine fauna and flora.

Land areas

The natural land areas surrounding the Sarroch plant are:

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

The state of air quality represents the main activity of preserving terrestrial biodiversity, and can be monitored not only by chemical indicators but also by biological indicators (biomonitoring), such as, for example, the abundance/shortage of different musk species (mosses).

For more than 20 years, on behalf of Sarlux, the Department of Life and Environmental Sciences of the University of Cagliari has been conducting a vegetation health monitoring campaign in a large area of the Sarroch hinterland.

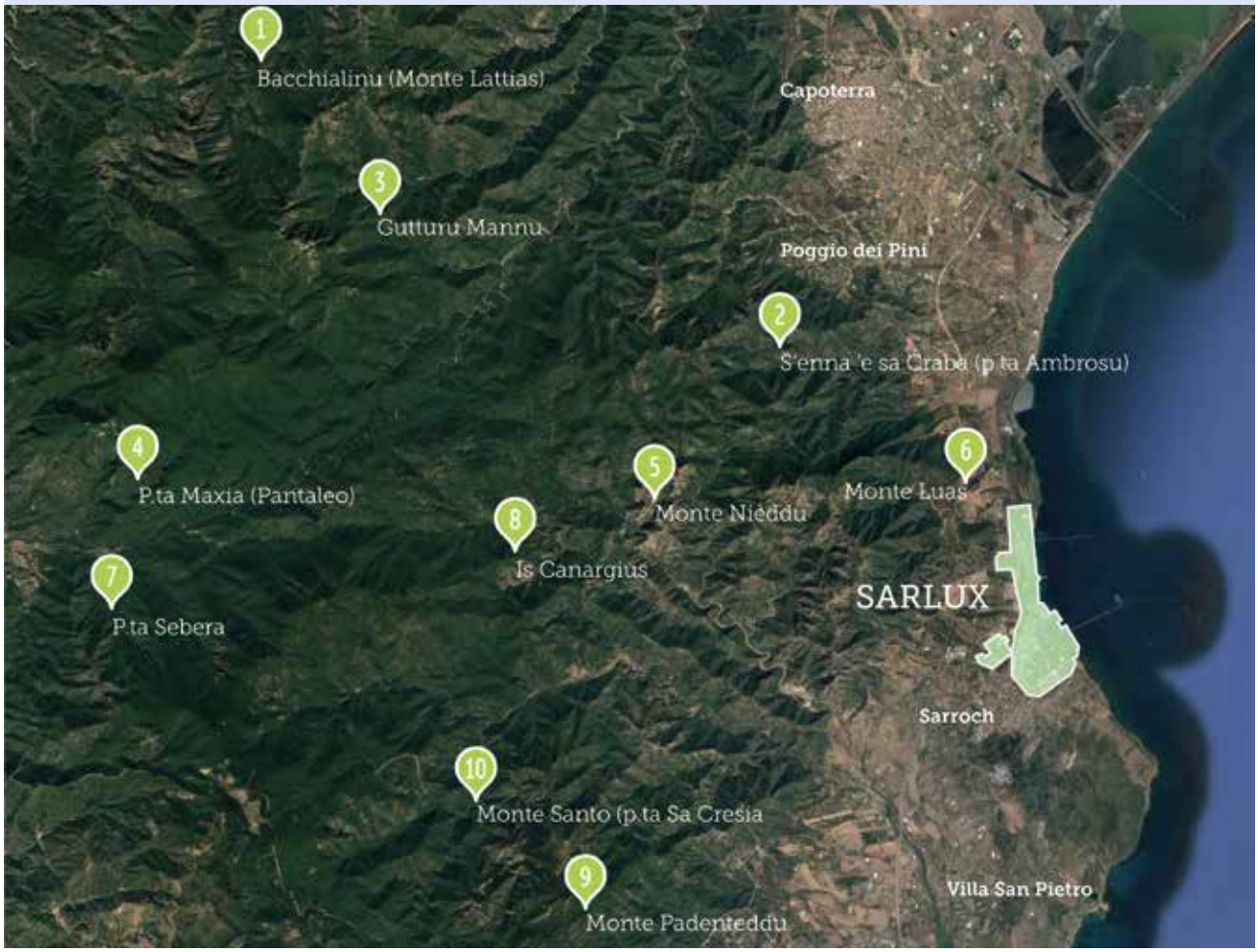
As of 2022, it was deemed appropriate to add a new monitoring station, within the area under consideration, meeting the needs of the survey and also deemed suitable for studies related to moss-bags exposure (i.e., special bags containing aquatic mosses, used for monitoring heavy metals and other trace elements, being able to be easily transplanted from a clean source to the study site, where they remain for the desired time).

IAP classes	IAP values	Air quality assessment	Naturalness/alteration
7	IAP = 0	*Very poor*	*Very high alteration*
6	1 < IAP < 10	*Pooi*	*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*

The picture that emerges, even in 2022, from the analyses carried out by means of the bio-indicators shows a state of quality that is in the intermediate range with respect to the extremes of the IAP[1] (Index of Atmospheric Purity) index rating scale; in fact, the monitoring results carried out at the 11 monitoring stations fall mostly in class 3 and minimally in class 4.

A monitoring campaign on the state of health of the vegetation is also carried out in the examination area. The examination is carried out by visual inspection of different plant species and by checking the bioaccumulation of pollutants. The results of the field surveys show that the bioaccumulation of these substances in the survey area is confirmed to be lower than the annual Italian and European averages.

LOCATION OF AIR QUALITY BIOMONITORING STATIONS



1. The IAP index was proposed by P.L.Nimis, "Guidelines for Bioindication of Pollution Effects by Biodiversity of Epiphytic Lichens," Department of Biology, University of Trieste, 1999, and has been adopted in several air quality studies also by regional environmental protection agencies.

Green Barrier

During 2022, the planting activities envisaged by the landscape and environmental mitigation intervention, called "Green Barrier" for brevity, continued, with the completion of about 85% of the total areas covered by the executive project.

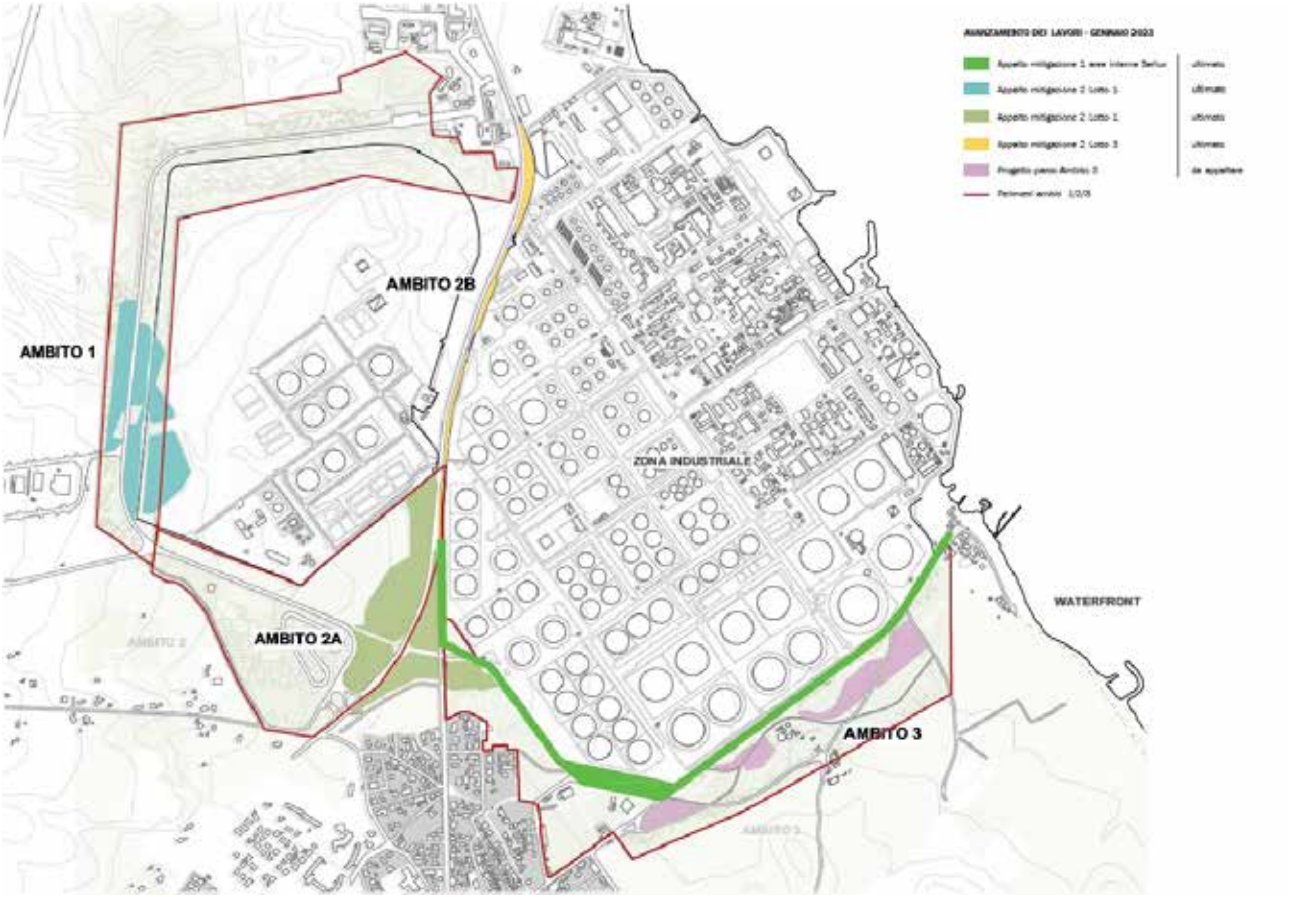
The only areas envisaged by the executive project yet to be completed are related to private properties (shown in pink in the plan below) that are not available for execution of the work to date.

From interlocutions with the Municipal Administration at the time of the executive project submission, an amendment to the Municipal Urban Plan (PUC) and subsequent expropriation acts for the affected land had initially been considered for these areas, in timeframes compatible with the project schedule.

Subsequent conversations with the same Administration, however, revealed the impossibility of having the PUC amendment and expropriations necessary to complete the works within a reasonable and certain timeframe.

With the desire to still complete the landscape mitigation works in the aforementioned areas owned by third parties, Sarlux is currently negotiating the acquisition of the land with the respective private owners. Following the eventual acquisitions, which will in any case involve an increase in construction costs as well, the executive project will be updated and submitted to the City Administration.

In light of the above, Sarlux communicated the inevitable slippages and submitted a non-substantial amendment application in January 2023 to reschedule the construction schedule of the executive project for the constrained areas only, with completion of the works scheduled for June 2024.



Marine waters

In the stretch of sea in front of the Sarlux site area, a periodic monitoring survey of the sea water quality status has been carried out by marine biology experts for more than 20 years. Monitoring of the Trophic Status Index (TRIX), an indicator that allows a judgment to be made in summary form, is used to describe the quality status of sea water. This indicator is calculated on the basis of a mathematical formula that takes into account chemical (percentage of dissolved oxygen, phosphorus and nitrogen concentrations) and biological (chlorophyll "a") quantities detected in marine waters.

Throughout the three-year period 2020-2022, the found quality status of marine waters is in the highest range of the classification (high-good), reflecting the excellent results from the Group's commitment to marine protection.

In addition, in supplement to the Trophic Indicator, the CAM1 (Classification of Marine Waters) index, based on algorithms specific to the Sardinian Sea, has been introduced for several years now, transforming the measured values into a synthetic judgment of the sea's quality status.

Trophic index (TRIX) – water quality and condition

Trophic index	Trophic state	Water conditions
2-4	High	Good water transparency, absence of abnormal water colors; absence of undersaturation of dissolved oxygen in benthic waters.
4-5	Good	Occasional clouding of the waters; occasional coloration of the waters; occasional hypoxia in benthic waters.
5-6	Mediocre	Poor water transparency; abnormal water colors; hypoxia and occasional anoxia of benthic waters; states of suffering at the benthic ecosystem level.
6-8	Low	High turbidity of the water; widespread and persistent anomalies in the color of the waters; widespread and persistent hypoxia/anoxia in benthic waters; die-off of benthic organisms; alteration/simplification of benthic communities; economic damage in the sectors of tourism, fishing and agriculture.

Trophic index (TRIX) – 2020 - 2022

	Quality level – Surface water	Quality level – Bottom water
January 2020	high	high
July 2020	high	high
January 2021	good	good
July 2021	high	high
January 2022	high	high
July 2022	high	high

In line with the findings of the TRIX index, in the three-year period under review, the CAM index also showed "medium-high" water quality in all survey areas, with the exception of the winter 2021 period when water quality was attributable to the particularly rainy period that resulted in the transport of nutrients and sedimentable substances from some of the waterways that flow into the Gulf of Cagliari. Overall, considering average annualized values, the analysis allows us to conclude that water quality for the year 2022 was "medium to high" for both surface and bottom waters.

The analyzed sea-water is also affected by thermal discharges, i.e., sewage with higher temperatures than the ambient water. The applicable regulations stipulate that the temperature increase in the receiving body should not exceed 3°C beyond 1,000 meters from the point of discharge. Every six months, a check is carried out, in accordance with the IRSA method (Manual of Analytical Methods for Water), on the temperature differences found at 1,000 meters from the point of discharge from the seawater cooling circuit of the IGCC and the Northern Plants, along a semi-circular line with center at the point of discharge itself. The results of the checks carried out in the last three years are within the range of variability of coastal marine waters.

CAM index (specific for the Sardinian Sea)

	Quality level – Surface water	Quality level – Bottom water
January 2020	high	high
July 2020	high	high
January 2021	low	medium
July 2021	high	high
January 2022	medium	medium
July 2022	high	high

The CAM (Marine Water Classification) index is the index used in monitoring the coastal marine environment that transforms measured values into a summary judgment of the sea quality status.

Ulassai Wind Farm

One of the fundamental elements that has characterized the Ulassai park from the earliest stages of its design is its focus on the territory in which it is located. Every aspect of it has been thought out keeping the interests and needs of the inhabitants and the environment at the center, and, in fact, the creation of the park itself has resulted in new forms of income for the area.

In compliance with permit requirements, Sardeolica systematically conducts targeted monitoring campaigns to ascertain the status of key environmental components, with particular reference to vegetation, birdlife, noise and electromagnetic fields.

The main results of the aforementioned monitoring activities, implemented prior to the construction process, during the construction of the plant and during the operation phase, confirmed the integration of the plant with the affected ecosystems: as for the avifauna, no situations of incompatibility between the plant and the species, present or nesting, in the area were found. From monitoring on sample areas, no incidents of collision of birds or bats with the turbines were found. Monitoring also attested to the presence of at least one pair of nesting golden eagles in the area, which are still present today.

In terms of flora, too, no negative impact has been recorded by the University of Cagliari, which has been monitoring. Moreover, the presence of personnel in the area has acted as a deterrent to forest fires.

The wind farm has also become an attraction of the area, along with the Su Marmuri Caves and the Ulassai Art Station, as it is often included among destinations to visit as an example of a sustainable industrial installation. It was also included in Legambiente's Tourist Guide to Italian Wind Farms ed. 2022, available at https://parchidelvento.it/.

Technology 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 stakeholders 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 petrochimical 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 for Energy Transition

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.

Therefore, in the coming decades, the energy sector will undergo epochal changes, 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 developed a strategy and a path to achieve the decarbonisation and energy efficiency targets set by the European Green Deal and the National Integrated Energy and Climate Plan (PNIEC). Structured multi-year actions are envisaged to always ensure greater 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 Energy 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.

Electricity production from renewable sources

Saras considers production from renewable sources to be a key lever to contribute to decarbonization, exploiting established technologies that are also sustainable from an economic point of view (wind and solar), thus able to create value not only for the company, but also for the territory and local communities involved, which can benefit both from the renewable energy produced and in terms of employment and economic induced activities.

Saras' Business Plan conceives significant investments to expand its installed capacity up to 500MW, starting from the existing 126MW of the Ulassai wind farm, (located in east-central Sardinia), and the additional 45MW of the Macchiareddu wind farm, (located in the southern Sardinia), managed by its subsidiary Sardeolica.

It will leverage the technical and operational skills acquired from Sardeolica in almost 15 years of managing and developing the Ulassai wind farm and the Group's core industrial know-how.

Geographically, the Group will give priority to projects located in Sardinia, where strong cooperation with local communities has long been established, and where there are several locations with high development potential, both for wind farms and photovoltaic parks.

In particular, after obtaining the Unique Authorization in April 2022, the subsidiary Sardeolica started construction work on a 79MW photovoltaic plant

located in the Macchiareddu Industrial Zone, which will take advantage of important synergies with the neighboring Macchiareddu wind farm (e.g., sharing the electrical substation for connection to the national grid). The total area of the photovoltaic park is about 100 hectares, and it is expected to produce about 145GWh/year of electricity due to excellent insolation conditions.

Finally, Sardeolica has ongoing Environmental Impact Assessment proceedings for 4 wind projects in Sardinia with a total capacity of more than 200MW.

Biofuel development

In the European context, the development of biofuels is regulated by the Renewable Energy Directive II (RED II), which was developed as a continuation of the previous RED I and the 2015 Paris Agreements, with the goal of containing the global average temperature increase to within +2°C compared to pre-industrial values, and with the ambitious target of +1.5°C. More specifically, in the transport sector, RED II stipulates the achievement of a minimum quantity of biofuels in fuels of 14 percent in 2030.

Italy transposed the Directive in the PNIEC and made explicit, first, the obligation to release biofuels for consumption in blends, with the introduction of CICs (Certificates of Release for Consumption) as a tool to manage the obligation; then, starting in 2023, it was proposed to introduce an obligation to release biofuels for consumption in purity (HVO).

To date in Italy, for the purpose of fulfilling the regulatory obligation, the focus has been on the following bio-components for the diesel market:

1. Vegetable oils co-processed with diesel fuel of fossil origin;
2. FAME (Fatty Acid Methyl Esters), to be mixed with diesel in a maximum percentage of 7%;
3. HVO (Hydrotreated Vegetable Oil)

Vegetable oil co-processing, FAME blending and HVO production processes are closely linked to "Sustainability Certifications for Biofuels and Bioliquids Production." The goal of the Certifications is to document and ensure the calculation of the amount of greenhouse gases emitted throughout the biofuel production chain.

Saras holds two different certifications. The first complies with the National Scheme and is used in Italy; the second, complies with the ISCC EU (International Sustainability and Carbon Certification) Scheme, and is indispensable in Europe.

Regarding Saras' path to biofuel development, the first production activities date back to 2008 with a FAME plant (later sold at the end of 2014), which used the trans-esterification process, treating triglycerides sent in charge to the plant with methanol.

Subsequently, the first test of co-processing vegetable oil with fossil-derived diesel fuel was conducted in 2016, thus replacing trans-esterification with a different chemical process consisting of hydrogenation and isomerization.

This processing is now well-established and continuous as of 2019 and consists of feeding traditional hydrogenation plants with a mixture of vegetable oils and mineral-derived diesel fuel. The product obtained has the same qualities as traditional diesel, but with the advantage of being a fuel with better characteristics in terms of environmental impact, since the CO_2 emissions associated with the entire life cycle of the fuel are reduced compared to those of the corresponding product of fossil origin.

Saras to date has a co-processing vegetable oil processing capacity of about 90kton/year, which can be increased up to 230kton/year thanks to ongoing investments on logistics. Investments underway in 2022 include the construction of new infrastructure to supply vegetable oils via tanker trucks, which will also allow local oils to be processed, promoting the development of a circular economy.

In parallel to the activities described above, Saras has started from 2021 a series of studies and in-depth studies aimed at the production of pure HVO by revamping some existing production units. In particular, a production test of pure HVO from vegetable oils was carried out on the MHC1 mild hydrocracking unit. This processing was preliminarily evaluated on a pilot scale, then simulated with specific software (Hysys), and finally implemented on an industrial scale. The test was carried out with existing industrial equipment and allowed the collection of fundamental data for further development

of this technology, which differs from co-processing mainly because the vegetable oil is processed pure and thus yields a 100% sustainable biofuel.

In addition, in-depth investigations and studies are currently underway for the production of gasoline and jet fuel containing biofuels. In particular, with regard to bioadditive gasoline, the production of bio-heterified gasoline is being studied at the Sarroch industrial site, where bio-ethanol is chemically bonded to LCN, forming TAEE, (Tertiary Amyl Ethyl Ether), an ether with better blending characteristics than pure ethanol in terms of TVR, energy content and lower CO_2 emissions. With some minor interventions to the existing TAME plant at the Sarroch site and associated logistics, the Saras Group could in fact produce a blend of ethers, including TAEE, using about 50kton/year of bio-ethanol.

Finally, 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, carfluff, 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 means proposed by the European Commission for the energy transition and is also capable of integrating with the the electricity grid, compensating the volatility and possible excesses of production from renewable sources.

The Group possesses technological capabilities and know-how in the management of this energy vector, since already produces about 140 kNmc/hour of hydrogen (from IGCC and Reforming units) at the Sarroch refinery.

With the aforementioned wealth of experience and after careful evaluations, on Dec. 29, 2021, Saras formed the new company SardHy Green Hydrogen Srl in partnership with Enel Green Power, with the aim of building a plant for the production of green hydrogen from water electrolysis at the Sarroch Refinery, seizing funding opportunities under IPCEI (Important Projects of Common Interest).

The project involves the use of a 20MW electrolyzer powered by renewable energy. The expected production will be up to about 4kNmc/hour of green hydrogen and up to about the 2kNmc/hour of oxygen. Both products will be used in the facilities at the Sarroch site in order to reduce its carbon footprint ("carbon footprint").

At the end of September 2022 SardHy Green Hydrogen was among the Italian beneficiaries of public grants, approved by the European Commission, under IPCEI "Hy2Use," to support the first industrial applications in the hydrogen value chain.

As of today, the first authorization processes are underway, and preliminary engineering and procurement activities have begun. Pending the finalization of financing arrangements with entities, the possible start-up of the plant is assumed to be in late 2025.

TYPES OF VEGETABLE OILS PROCESSED IN SARAS

Vegetable oils are qualitatively divided into 1st, 2nd and 3rd generation oils: the first are edible vegetable oils, those belonging to the second group are non-edible vegetable oils, and the last are oils derived from waste.

Since vegetable oils are not the only source of sustainable fuels, the RED II Directive goes beyond this qualitative distinction and divides oils into two macro-classes-traditional and advanced oils-also introducing the concept of "single counting" and "double counting" oils.

"Single counting" oils by presenting a contribution in terms of sustainability proportional to their energy content, while "double counting" oils are conventionally associated with a double contribution to recognize the fact that these oils are derived from waste. In the RED II Directive and the corresponding Italian transposition decree, all materials belonging to each category are listed.

The first vegetable oils processed in Saras were the so-called traditional 1st generation oils, which are edible vegetable oils, e.g., rapeseed, soybean, sunflower and palm. These oils have the advantage of having low concentrations of impurities that are harmful to the catalysts of hydrogenation plants and were indispensable for acquiring the necessary skills to carry out more complex processing.

As of 2021, the first processing of POME oil (Palm Oil Mill Effluent), a product recovered from the wastewater of the palm oil production process, has been carried out at Saras. Such oil is defined as "double contingent" and advanced, and its processing has been consolidated in 2022. Compared to conventional oils, POME and generally all "double counting" oils are more complex to process and for this reason the amount that can be processed in co-processing is typically less than that of conventional oils.

In order to further expand flexibility on the charges that can be processed, a specialized study has been carried out for the construction of a vegetable oil pretreatment plant, which could in the future also be used to recover waste edible oils and animal fats from the local supply chain. Within the general framework of the circular economy, an assessment of the availability of these oils and fats was also carried out with the aim of activating contacts with the main operators of the collection supply chains in Sardinia and Italy, checking opportunities for use in the production of HVO.

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, aimed 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 target.

In particular, 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, to capture about 1.5 Mton/year of carbon dioxide. This development would substantially reduce the carbon footprint of the industrial site, in line with the commitments made by the European Community on climate issues.

An initial feasibility study has been completed regarding both the process part of capturing CO_2 from the IGCC plant and the industrial site via cryogenic process, which stands as an alternative to traditional solvent adsorption processes due to its smaller footprint and environmental impact. The

plant scheme also provides for a strong integration and optimization with the refinery's existing facilities in addition to a rearrangement and reconfiguration of the site's electrical scheme.As part of the aforementioned feasibility study, the issue of temporary storage and logistics of liquid CO_2 management was also developed, to send, via ship, to possible permanent CO_2 storage sites in the Mediterranean.

The preparatory activities of searching for possible funding, necessary to be able to carry out the further in-depth design activities, have been started, in order to be able to better define the integration of the new units with the existing ones in the industrial site and to start the first stages of a detailed engineering.

Digitalisation

In 2022, the activities of the Digital group were merged into the "Engineering & Services" function under the new name of "Digital Transformation" to facilitate and progressive digitalization of the industrial site.

In continuity with the activities developed in previous years and in line with the strategic goals of progressive ecological transition and decarbonization, initiatives aimed at improving Industrial Sustainability were launched. In particular, initiatives aimed at improving production efficiency have been launched, with a specific focus on identifying existing opportunities in "Planning and Operations" to achieve major reductions in the production of CO_2 at the Sarroch site.

In this sense, through the implementation of a dedicated acquisition and calculation system, during 2023 it will be possible to monitor in a "near-real time" mode, on a daily basis, CO_2 emissions based on the actual fuels used for each plant, and compare them with the emissions forecasted in the economic-production plans. The information will be analyzable through a set of interactive dashboards available on company systems.

Another related goal, which the company has set out to achieve, concerns the improvement in the management of the hydrogen network for services, with the implementation of a dynamic optimizer that, through the coordination of advanced controls of consumer and producer plants, will enable optimal distribution and consumption. It will also bring no small benefit generated by minimizing discharges from hydrogen network to fuel gas network.

Also on network management several initiatives aimed at improving decision support systems have been developed, from the study of new graphical solutions to the installation of analyzers useful for optimizing combustion processes.

In parallel, the overhaul of multi-variable plant control systems continues, with a redesign of control strategies for greater energy efficiency and an acquisition of the latest technologies available on the market ("best in class"), equipped with adaptive capabilities and superior performance.

Through careful technology scouting operations, aiming to improve monitoring activities in the marine area surrounding the plant, a pilot project was completed to test innovative instruments capable of early detection of the presence of hydrocarbons on the sea surface. Further technological tests are being evaluated, which will then possibly be followed by a specific investment for the establishment of an initial monitoring network.

Related to the continuous and careful monitoring of emissions, the development of predictive systems based on machine learning, which can be integrated with traditional analytical measurement systems, is continuing. As of today, in fact, three different PEMS (Predictive Emissions Monitoring Systems) for smokestacks belonging to the Large Combustion Plant (GIC) category have been implemented, and thus are already being acquired and predicted. The work team involved included the participation of specialized external companies and various internal company functions in order to make the best and synergistic use of the high level of expertise on these sensitive issues. The development of predictive systems for the remaining EMSs, installed at the Sarlux Refinery, will continue in 2023.

The year 2022 also saw Digital projects evolve synergistically within the important ESTI program by presiding over the "modern" scope. Within it, with a view to improving maintenance and safety

management processes, a new tool for optimizing maintenance scheduling (Weekly Maintenance Target) is being implemented, which aims to foster accessibility and sharing of information (such as maintenance requests, priorities, scheduling, progress and task completion).

Contributing to the same end is the development of an integrated software system for managing plant access and attendance, which aims to extract value from data in order to provide decision support in the management and distribution of personnel dedicated to maintenance activities.

With the same aim of providing support in the different work activities to the business lines, aiming at technological transformation and process efficiency, the development of a new software platform for the management of "digital twins" (DTwin), based on 3D virtual modeling and interconnected to the business systems, was then completed with regard to the strategic asset of the South Wharf site. Activities are currently underway to evaluate how to transfer the modeling conducted on other operational areas in the past, as well as to test the potential of the adopted platform within the Maintenance, Investment and Engineering processes (use of 3D models, streamlining of classical processes, decision support driven by related data). In the current 2023 a further extension of other facilities in DTwin will be carried out in order to complete the transition to a fully digitized Asset Management within the necessary technical timeframe.

In the same area, the development of a new technological solution, based on "artificial intelligence & analytics," for Production Scheduling is nearing completion. This will enable faster analysis of multiple scenarios, sortable on the basis of specific business drivers, and thus reduce the natural differences between Planning and Scheduling.

Then, during 2022, the program of developing simulations and testing Hybrid Models, which combine classical, first-principles-based simulations (Hysys simulator) with artificial intelligence techniques, was continued. Hybrid modeling makes it possible to obtain models that perform better than traditional ones, but at the same time are simpler.

In the first half of the year, a pilot project applied to modeling the FCC facility was completed. In the second half of 2022, however, the implementation of Neural Networks (First Principle Driven Hyb Model) was continued. The ultimate goal is to obtain a model that performs better than the current one so that it can be used in the field of production planning, and for plant monitoring activities. The project will be completed in 2023.

In parallel with the development activity, business support work has also been carried out with the use of simulations on cross-cutting initiatives. In particular, simulation of the U700 biodiesel plant and troubleshooting on the FCC plant.

The year 2022 also saw the continuation of the process of spreading the "simulation culture" through the administration of simulator training aimed primarily at induction into the role. At the same time, the training course created on Saras Learning was extended to staff in the advanced controls area.

In the area of data science, 2022 saw the consolidation of the cloud operating model of Digital applications and the start of a path to review and update machine learning models and app functionality to ensure adaptation to current production scenarios (in particular, Blow Down, Crude Compatibility, Inferential and Visbreaking). Among the new initiatives, a new project using Artificial Intelligence in image analysis has been initiated, with the refinery flare monitoring project being launched at the conclusion of 2022. Parallel to development and maintenance activities, training was conducted with respect to Digital tools to update users on new features and accompany new additions to the organization.

With a view to systemically integrating AI into processes, the MLOps platform was designed to develop and deploy machine learning models toward a Low Code/No Code solution. The platform, to be implemented in 2023, will enable Machine Learning and AI initiatives to be brought into production in a controlled manner and is a key step in enabling their large-scale adoption and digitization process.

Cybersecurity

Cyber risk is confirmed as a major risk for all international organizations, as highlighted by the World Economic Forum's "The Global Risks Report 2022 17th edition."

Growing digital dependence, intensified in 2020 by Covid-19, has profoundly altered organizations: industries have undergone rapid digitization, workers have shifted to remote work wherever possible, and platforms and devices enabling this change have proliferated, leading to an exponential increase in systems exposure.

At the same time, cybersecurity threats have grown; 2022 saw a worldwide increase, over 2020, of 435 percent in ransomware and 358 percent in malware.

At the same time, we are witnessing an increasing ease of access to malicious technologies for criminals (e.g., ransomware as a service), the spread of attack methods that are not only more accessible but also more aggressive, and a shortage of cybersecurity professionals (about 3 million cybersecurity professionals missing worldwide - WEF estimate): the concomitance of all these phenomena has led to a worsening of cybersecurity risk.

In Italy, 2022 was characterized by an extraordinary increase in cyber attacks, both quantitatively and qualitatively in terms of the severity of their impact.

As also indicated by CLUSIT (Italian Association for Information Security) in its report "2022 Report on ICT Security in Italy and October 2022," 1,141 attacks were recorded in the first half of 2022, a number that represents a growth of + 53% compared to the same period of the previous year.

A significant role in the escalation recorded in the year can undoubtedly be attributed to the impact of the Russian-Ukrainian war, with a peak of attacks recorded in fact in March 2022.

In addition to the increased frequency, the average Severity rating of these attacks (an index of the severity of the attacks analyzed) has drastically worsened, acting as a significant multiplier of the damage.

Saras' blocked attack attempts on its exposed sites totaled 6,300 in the year 2022.

All the phenomena described above have led to the very evolution of cybersecurity from a technical approach limited to insiders (so-called cybersecurity) to a more comprehensive and strategic approach, certainly characterized by an important technical component but also by an organizational, business and risk management vision.

The Group's technological evolution has shifted the perimeter toward virtualized and cloud infrastructures, with the presence of outsourcing, a geographically distributed perimeter of systems, and with an increasing pervasiveness of technologies in industrial and non-industrial processes.

Cybersecurity management in the Saras Group has experienced an evolutionary path consistent with the business transformation undertaken and the evolution of threats in the new ICT (Information Communication & Technology) and ICS (Industrial Control Systems) technological context.

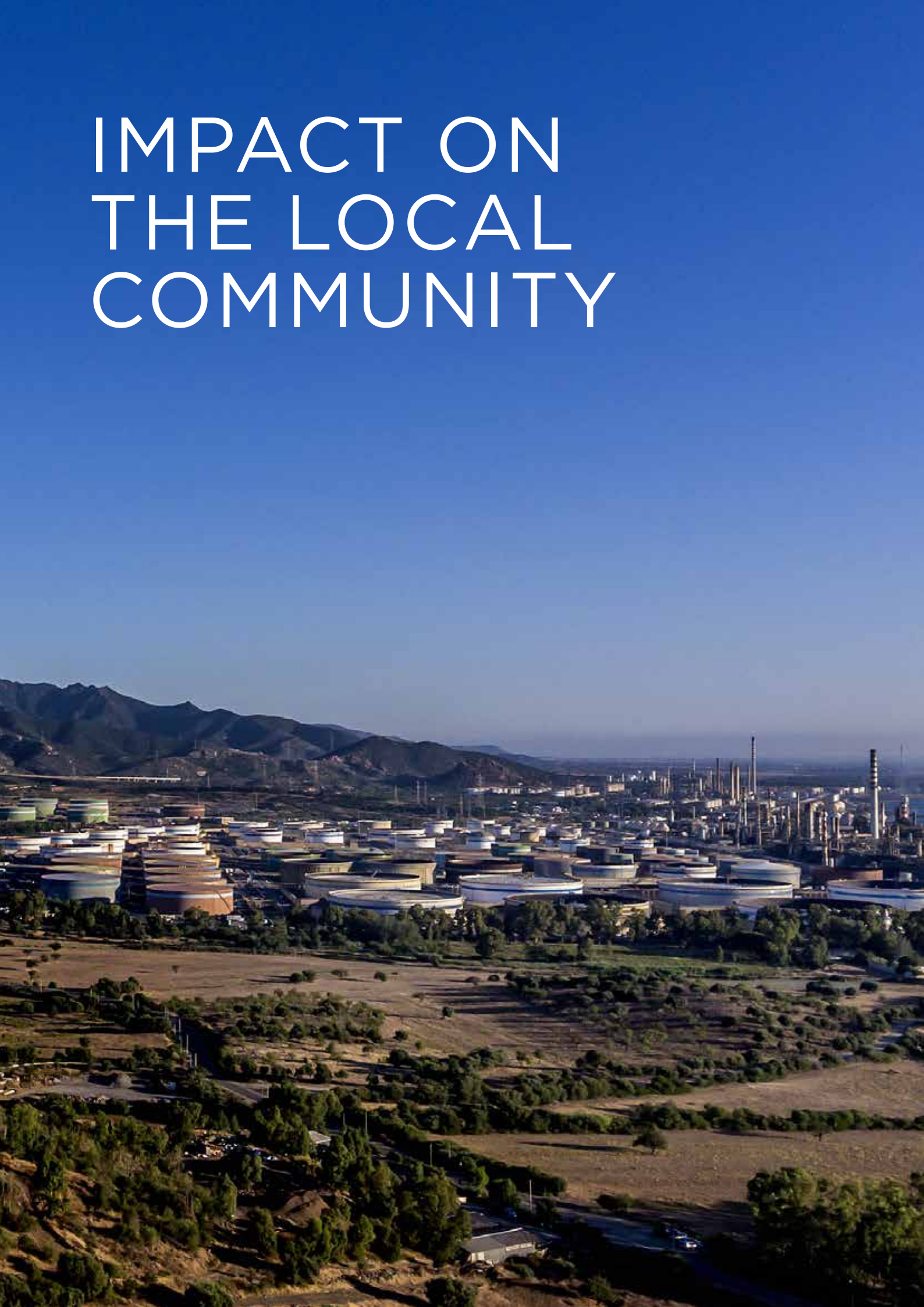
To prevent and contain impacts in the face of cyber attacks, the Group has equipped itself with a Cybersecurity structure that combines the technical approach, based on protecting systems in a predominantly centralized, physical, internal, and static context (i.e., with substantially known and stable levels of risk exposure) with the governance approach based more on analyzing the operating environment, adapting prevention and protection tools according to risk, providing ongoing training and awareness to people (who have proven over time to be the weakest link in the chain of defense), and continuously monitoring cybersecurity posture.

Defense measures to prevent and contain impacts in the face of cyber attacks

- **Cyber security defense:** the strengthening of cyber security defense infrastructure and services, made it possible in 2022 to block about 6,300 attacks (including automated attacks) on applications and services exposed on the internet, and about 65,000 malicious requests;
- **Strengthening of security guards:** in particular, technology and governance security guards for the parent company, foreign subsidiaries and industrial sites were strengthened through the execution of specific technology assessment and endorsment programs;
- **Countermeasures to mitigate cyber risk:** the set of countermeasures to mitigate cyber risk was updated, consistent with industry-specific regulatory obligations.
- **Cyber Security Awareness" training course:** aimed at developing greater attention to cyber security and the consequent adoption of essential safe behaviors. The training program, starting in February 2023, consists of 12 training modules activated on SarasLearning on a monthly basis, available to all Group personnel.

Finally, during the second half of 2022 Saras carried out an internal third-party assessment to measure its overall Cybersecurity maturity level and its technology security levels in order to identify new "security posture" targets for 2023.

IMPACT ON THE LOCAL COMMUNITY



Development and protection of land and local communities

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. The Group's constant dialogue with the local area fosters environmental protection and the development of initiatives for the social, economic and cultural development of the community from which the company and the local area mutually benefit.

Local community relations

[11.5; 413-1; SOC-13 A5]

The Group's policy called "Our Stakeholders," outlines the approach in managing relations with local communities, recognizing them as strategically important stakeholders. In fact, the territory in which the Sarlux industrial site operates includes communities that are tied to their traditions, active and proactive in cultural and sports areas, and attentive to the environment and social needs.

With these communities, the Group establishes an interaction characterized by shared values and goals, and supports their projects with the greatest impact and value for the territory, useful for supporting the social fabric and enhancing history and traditions.

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.

With this in mind, the privileged relationship with the specific territory that hosts the Sarroch industrial site is extended-when it comes to cross-curricular paths for students' skills and orientation-to the whole of Sardinia. In sharing skills and knowledge, the Saras Group adopts an inclusive model for school realities throughout the island.

Dialogue with the community

In November, a meeting was held at the Council Chamber of the Municipality of Sarroch (where the Sarlux plant is located), aimed at illustrating the Group's Sustainability Report and The Environmental Declaration of the subsidiary Sarlux to the Environment Commission. This meeting is part of the ongoing dialogue that, for more than 50 years, has linked the Group to the Local Communities.

Saras 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 fulfill 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.

Over the past years, more than 1000 students have participated in "Transversal Skills and Orientation" ministerial courses, which has enabled them to have a hands-on experience of the working world and in particular to observe the complex system of skills and technological innovation that develops in an industrial Group. This has definitely contributed to increasing interaction with the community and consolidating a model of social responsibility within the Company that is ongoing.

In particular, in 2022, projects related to the PCTO program were organized for two High Technical

I was interested in the company's commitment, through the many investments dedicated to sustainable development, without giving up on remaining competitive in the global European and world markets. And I was impressed to observe the collaboration of all the people working at Saras to arrive united to one goal.
DYLAN, ISTITUTO BUCCARI MARCONI CAGLIARI

I believe that giving students the opportunity to see up close work realities related to their chosen course of study is a very useful piece to start building their post-study future.
FEDERICO, BUCCARI INSTITUTE MARCONI CAGLIARI

The day at Saras was the one that interested me the most because it was closest to my field of study.
GIULIA, GIUA INSTITUTE CAGLIARI

The PCTO with Saras was definitely useful because I had the opportunity to touch a work reality inherent to my course of study.
LUCA, GIUA INSTITUTE CAGLIARI

We had the opportunity to see with our own eyes the working reality of one of the most important Sardinian companies. The morning started with a safety course at the entrance, then we moved to a conference room inside the plant where we covered the following topics: environmental sustainability and production processes.
PROFESSOR FRANCESCA CASULA,
ASPRONI FERMI IGLESIAS INSTITUTE

The experience at Saras/Sarlux was very valuable in the growth of our students' skills and abilities and contributed significantly to orienting their future career choices. In particular, some students successfully and satisfactorily passed the State Examination also reporting on the PCTO experience carried out thanks to your contribution.
REBECCA,
ASPRONI FERMI IGLESIAS INSTITUTE

Institutes, with lessons designed specifically for each pathway, where some experts and managers from the Saras Group covered topics of an industrial nature (such as safety, environment, energy efficiency, production processes, maintenance processes, ICT and sustainability), often using simulations to represent the Group's way of working, and convey what is useful for entering the world of work.

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 School" educational paths, the Group, as every year, donated textbooks and in the name of sustainability and circular economy, the books are provided on loan for use, so that at the end of the year, the same books can be passed on to new students to come, except in cases where new editions are to be adopted. Over the years, Saras has supported the school by providing tablets, computers, and printers to support distance education.

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 synergy between the Saras Group, associations and local primary and secondary schools has fostered awareness of environmental education, promoted at summer events designed, for about 60 very young students, to illustrate actions to protect the sea.

In addition to the municipalities bordering the Sarroch industrial site, the Group also pays attention to the communities near the other sites where it carries out its activities. For example, in the area where the Ulassai wind farm is located, from the earliest stages of its planning, the Group has interacted strongly with the local area. Every aspect, in the construction and subsequent operation of the park, was designed with the interests and needs of the inhabitants and the environment at the center. In fact, in addition to the creation of direct and indirect local jobs, and the payment of municipal taxes, Sardeolica has forged important ties with the Professional Institute for Industry and Crafts in Perdasdefogu, from which most of the park's maintenance technicians come.

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 University-Industry link***
> ***is fundamental:***
> ***for the university it is the only real way***
> ***to have contact with the territory***
> ***and thus remain truly linked***
> ***to the production needs***
> ***for which it trains students;***
> ***for industry it is important in order to be able***
> ***to direct training toward its needs***
> ***and thus ensure greater employment.***
>
> PROFESSOR ALBERTO CINCOTTI,
> PROFESSOR IN THE DEPARTMENT
> OF MECHANICAL CHEMICAL
> AND MATERIALS ENGINEERING
> AT THE UNIVERSITY OF CAGLIARI

Finally, also in 2022 Saras joined projects organized by the Italian Association of Chemical Engineering (AIDIC) and the Italian Thermotechnical Association (ATI) and contributed together with AIDIC and other Sardinian companies to offer scholarships to the best graduates in Chemical Engineering.

Saras for the community and sport

Saras also supports the area through sponsorships to amateur and professional sports associations. In particular, in 2022 Saras again supported cultural events, artists' concerts and music courses.

Support then continued for various sports associations, including: the "Sarroch Polisportiva Volley," an important expression of the area; the "Amatori Rugby Capoterra," which competes in national championships; the "ASD Gioventù Sarroch," composed of young people from Sarroch and registered in the third category soccer league; and the "Accademia Pugilistica Sarroch," which participates in national-level tournaments and organizes numerous activities for the youngest members as well.

These sports associations involve youth sectors and implement, in compulsory schools, projects that combine sports and education. Therefore, the Group is proud to help their growth, and keep alive valuable educational hubs for young sportsmen and women.

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

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 involved in the group's activities.

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 direct and indirect economic, social and environmental perspectives. More precisely, according to the methodology developed by the company "Smart Lab" (a spin-o" 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-year period 2014-16 had been 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 appropriate table, the pandemic in 2020-21 had mainly caused a reduction in tax revenues, due to the decline in revenues from core operations; in 2022, the increase in revenues due to the aforementioned circumstances attributable to the Russo-Ukrainian conflict increased IRAP (Regional Tax on Productive Activities), but the tax revenues paid in Sardinia remained substantially in line with the average for the three-year period as a result of a reduction in Excise Tax.

As for spending on purchases of goods and services from local suppliers, the cost containment measures initiated in the two-year pandemic period to safeguard the company's capital soundness and healthy financial equilibrium also resulted in lower spending for 2022 than in pre-pandemic years, although recovering from 2021 (more details can be found in the chapter on "Suppliers and Procurement Management: Goods and Services").

Finally, the total amount of remuneration to Group employees based in Sardinia rose again in 2022, compared to the very low value recorded in 2021, as a result of the reduction in headcount resulting from the corporate reorganization implemented to cope with the pandemic.

Overall, an employee compensation impact of approximately 149 million euros/year (one-third direct and two-thirds indirect spillovers) was recorded for 2022, up 11 percent from 2021, and substantially realigning with pre-pandemic values. The impact of government revenue was about 526 million euros/year (about 55 percent direct and 45 percent indirect spillovers), down 7 percent from 2021, but perfectly in line with the 2020-22 three-year period.

And finally, the impact of production activities was 210 million euros/year (equally divided between direct and indirect spillovers), 54% higher than in 2021 (the year when cost containment measures had the greatest impact) and recovering from pre-pandemic levels, although still lower. No significant infrastructure investments wer made during 2022. [203-1]

Economic impact of Saras Group's activities in Sardinia (million euro)

	Avg. 2014-16	Avg. 2017-19	Avg. 2020-22	2021	2022
Remuneration to Group's employees	46	49	49	45	50
Tax Revenue generated in Sardinia by the Group	455	424	290	313	289
Productive Activities (Goods & Services purchased from local suppliers)	101	152	104	68	105
Total of direct impact	**601**	**626**	**443**	**426**	**444**
Indirect impact of Remuneration	110	99	98	89	99
Indirect impact of Tax Revenue	378	347	238	256	237
Indirect impact of Productive Activities	100	152	104	68	105
Total indirect impact	**588**	**598**	**439**	**414**	**441**
Impact of Remuneration (direct + indirect)	**155**	**148**	**147**	**134**	**149**
Impact Tax Revenue (direct + indirect)	**833**	**772**	**528**	**570**	**526**
Impact Productive Activities (direct + indirect)	**201**	**305**	**207**	**136**	**210**

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 o"ers, 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 Seall.

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 (SO_x) 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 2000 ships in the ports of Sarroch and Cagliari. Of those, more than half 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).

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 and its Sustainability policy to all its suppliers, business partners and external collaborators, and requires the compliance with the values contained, while 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 numerous producing 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.

Naturally, in the process of purchasing raw materials, the Group complies with all national and international laws on trade in petroleum products. In particular, in 2022 following the dramatic Russian-Ukrainian conflict, the Saras Group promptly stopped all purchases of crude and/or semi-finished oil products of Russian origin. Instead, purchases of U.S. origin crude oil began, which are included in the "Other" category in the table of raw materials by origin.

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 2022, the Sarroch refinery processed a quantity of crude oil of approximately 13,2 million tons (Mton), divided into 30 types differing from each other in chemical and physical composition, confirming the great flexibility of its plants. To them then were added about 1 Mton of semi-finished products. These quantities are realigning with pre-pandemic levels, after the downturn that had affected the 2020-21 biennium (due to the contraction of oil consumption due to the lockdown, and the consequent impact on refining margins).

Raw materials processed by origin (%)

	2020	2021	2022
North Africa	22%	14%	18%
North Sea	6%	11%	3%
Middle East	31%	26%	18%
Russia and the Caspian Sea	27%	32%	20%
West Africa	13%	15%	34%
Other	0%	0%	7%
Total	**100%**	**100%**	**100%**

Raw materials processed (Kt/year)

	2020	2021	2022
Crude oil	11,369	12,978	13,168
Complementary feedstock (semi-finished products	702	809	1,040
Total refinery runs	**12,072**	**13,786**	**14,208**

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.

Group figures in 2022 show an increase in supplies (355 million vs 230 million in 2021) with a largely stable number of suppliers used (1,278 suppliers vs 1,265 in 2021), as shown in the table. This amount of spending, while recovering from the previous year, still remains at lower levels than pre-pandemic levels due to the cost containment measures initiated during the pandemic, which were key to rationalizing spending and safeguarding the company's balance sheet strength and healthy financial viability.

Suppliers of goods and services - Saras Group

	2020		2021		2022	
	no.	€mln	no.	€mln	no.	€mln
Saras Spa	94	22	96	19	100	21
Sarlux Srl	592	364	507	189	535	299
Sartec Srl	303	7	208	4	200	8
*Sardeolica Srl**	112	7	118	8	126	19
Deposito di Arcola Srl	85	2	74	2	81	1
Saras Energia SAU	286	7	223	6	182	5
Saras Trading SA	35	1	39	1	54	2
Total	**1,507**	**411**	**1,265**	**230**	**1,278**	**355**

* It should be noted that, in the 2021 Sustainability Report, an incorrect figure was published, relating to the amount of the subsidiary's supplies. Sardeolica for the years 2020 and 2021. The correct data is shown below.

More specifically, in 2022, Sarlux used a total of 535 suppliers (including 276 for goods and 259 for services), for a total supply of 299 million euros, up from 189 million euros in the previous year.

In terms of local spillover, the amount of supplies from suppliers based in Sardinia also increased. More precisely, it amounted to 18 million euros (vs. 11 million euros in 2021) for materials. Similarly, it was 87 million euros (vs. 57 million in 2021) for services.

As for the Spanish-registered subsidiary Saras Energia SAU, the share related to suppliers based in Spain was about 90 percent of the total in 2022. Specifically, more than 73 percent of the expenditure to suppliers was made in the provinces of Madrid (EUR 2.2 million), where the company's headquarters are located, and Murcia (EUR 2 million) where the hydrocarbon depot of the wholly owned subsidiary Terminal Logistica de Cartagena SLU is located.

Local suppliers Sarlux

	2021									2022								
	Material			Services			Total			Materials			Services			Total		
	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**	n.	€ mln	%**
*Local suppliers**	34	11	20%	91	57	43%	125	68	36%	37	18	16%	93	87	46%	130	105	35%
Other	210	45	80%	172	76	57%	382	121	64%	239	92	84%	166	102	54%	405	194	65%
Total	**244**	**56**		**263**	**133**		**507**	**189**		**276**	**110**		**259**	**189**		**535**	**299**	

* Local refers to firms with registered offices in Sardinia

** Percentage calculated on the total amount purchased

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 2022, 64.4 percent of the 587 companies currently on the "vendor list" were found to have ISO 9001 certification, 28.1 percent ISO 14001 certification, and 28.6 percent ISO 45001 certification.

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). 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.

Considering that suppliers represent indispensable partners for the achievement of the Group's sustainability objectives, and that Saras cultivates business relationships with them based on respect, fairness, impartiality and equal opportunities, at the end of 2022 it was decided to launch a new procedure intended to monitor the ESG credentials of the supply chain.

Specifically, a specific questionnaire was developed, measuring key issues in the ESG area, and delivered to suppliers starting in early 2023, at the time of new qualification and/or qualification update.

This monitoring, initially limited to "core" suppliers only (thus excluding consulting firms, professional firms, and one-person companies), is aimed at the subsequent implementation of an additional ESG assessment area in the current "vendor rating" mechanism.

The responses to the questionnaire return the situation of vendors with regard to the adoption of policies and procedures on Environmental issues (air emissions and GHG; water resource and waste management; biodiversity; efficient energy management, etc.), on Social issues (employee welfare and well-being; respect for diversity, inclusion and equal opportunities; protection of human rights, etc.) and also on Governance issues (anti-corruption regulations; existence of the function dedicated to Sustainability/Corporate Social Responsibility; establishment of corporate objectives in the ESG area).

As for the indicators:

- 414-1 New suppliers that were screened using social criteria;
- 308-1 New suppliers that were screened using environmental criteria.

The figure for 2022 is zero. As explained above monitoring starts from the beginning of 2023 and then the data will be available starting from the next Sustainability Report.

Certified suppliers (%)

	2020	2021	2022
ISO 9001 certified suppliers	60.9	62.0	64.4
ISO 14001 certified suppliers	26.4	26.8	28.1
ISO 45001 certified suppliers	26.4	26.6	28.6

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 20% 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 can be seen in the table, Net Economic Generated Value rebounded in FY2021 (from the very depressed values due to the pandemic in FY2020), and experienced a further significant increase in FY2022.

More specifically, total revenues in FY 2022 rebounded more than 84 percent from the previous fiscal year due to favorable trends in sales prices and quantities sold. In fact, the prices of all petroleum products significantly increased (in particular, diesel and gasoline marked +79% and +48%, respectively, compared to 2021 prices), and also the sale prices of IGCC-generated electricity; at the same time, refinery processing increased (+3% compared to 2021), and IGCC electricity production also increased (+16% compared to 2021). Moreover, oil feedstock costs (crude and complementary feedstocks) also increased significantly, and the benchmark Brent crude filed 2022 averaging $101.5/barrel (+43% compared to $70.9/barrel in 2021). Similar sharply rising trends were also seen in energy costs, with the single national electricity price rising from €125/MWh in 2021 to €303/MWh in 2022, an increase of more than 140%.

As for the change in costs for services and use of third-party assets, there is a marked increase from about €1,000 million in 2021 to over €1,557 million in 2022.

Specifically, the main changes include an increase in expenses for the purchase of electricity (€342 million in 2022 vs. €211 million in 2021), expenses for the purchase of allowances related to CO_2 emissions (€359 million in 2022 vs. €290 million in 2021), and expenses for oil and industrial services (€548 million in 2022 vs. €295 million in 2021).

In addition, there was a decrease of about 250 million euros in the amount of excise taxes, both collected and paid, compared to FY 2021, reflecting changes in the quantity and volume of oil products released for consumption in the Italian market, and the cut in the unit amount of excise taxes.

Proceeding with the analysis, it is found that the Economic Value Retained by the company is about 623 million euros, of which depreciation and amortization is about 205 in form, and operating profit is about 420 million euros. It is also noteworthy that no dividends were distributed in 2022, due to the profit of only 9 million euros reported in fiscal year 2021.

Finally, from the analysis of the various items that make up the Distributed Economic Value, it can be seen that in FY2022:

- 1,287 million Euros were paid to the Public Administration in the form of Excise Taxes;
- 484 million Euros were paid in fees and taxes to the Public Administration;
- 174.5 million was paid to Personnel in the form of salaries, social security charges, provisions for severance pay, and other personnel costs (and this amount directly translates into household spending power, thus helping to generate additional value for the territory);
- nothing was allocated to Shareholders' remuneration, due to the aforementioned FY2021 result, and in line with the company's dividend distribution policy;
- 30 million euros were allocated to Capital Providers, for the remuneration of loans received;
- Finally, about 1.9 million euros were allocated to the Community, in the form of donations, sponsorships, contributions and membership fees.

Economic value (thousands of Euro)

		2020	2021	2022
Total revenue		**5,342,284**	**8,636,448**	**15,835,784**
Costs for raw materials and inventory changes		-4,745,491	-7,183,640	-12,866,976
Costs for services and use of third-party goods		-491,838	-1,000,254	-1,557,373
Other operating expenses		-22,245	-18,656	-52,151
Net financial charges/income		2,546	-26,751	-45,228
Excise duties collected		1,399,041	1,537,490	1,286,954
Net economic value generated	**A**	**1,484,298**	**1,944,637**	**2,601,009**
Economic value retained / (released)	**B**	**-23,959**	**205,954**	**623,450**
of which depreciation and amortisation		254,032	198,525	204,715
Economic value distributed	**C=(A-B)**	**1,508,257**	**1,738,683**	**1,977,559**
of which to PA for Excise duties paid		1,394,428	1,534,088	1,287,021
of which to PA for taxes		-68,879	40,991	484,070
of which to Personnel		163,498	142,570	174,543
of which to Shareholders		0	0	0
of which to Capital Providers		16,364	19,538	30,004
of which to the Community		2,845	1,496	1,923

Tax System

The Saras Group has in place constant monitoring of tax regulations in the countries in which it operates and applies tax legislation in a timely and responsible manner, ensuring adequate oversight.

The management of taxation is coordinated by the parent company's tax function in addition to local garrisons in all Group companies. The Group in addition employs tax consultants to optimally comply with the tax legislation of each individual state in which it operates.

The Group has procedures and guidelines dedicated to tax matters that define roles, responsibilities, operating methods and describe the stages of processes related to tax, tax and customs.

In addition, the Group has long activated a series of tax simplifications and optimizations, such as the "tax consolidation" regime for companies operating domestically, in order to optimize direct taxes, and the "VAT Group" institution in order to optimize indirect taxes.

Currently, the Group has several risk control processes in place, including the process required by Law 262/2005 and the Corporate Risk Profile process, where tax-related risks are an integral part.

At the same time, the Saras Group is considering implementing an even stricter tax risk management and monitoring system (Tax Control Framework) in the coming years as an effective governance and control tool.

Regarding the taxable income of the foreign subsidiaries in Spain and Switzerland, it is specified that the percentage of their contribution to the consolidated value is not significant; from this it follows that the company does not include the "country-by-country" reporting required by GRI indicator 207-4, as it is deemed not material.

Finally, the Group acts in accordance with the values of honesty, transparency and fairness in the management of its tax activities. These values are applied towards Tax Authorities using an approach of full cooperation and transparency.

Financial assistance received from the government

Regarding GRI 201-4 (Financial Assistance Received from the Government) reporting:

- The so-called "Supports Bis" Decree allowed large Italian companies to be able to access government-guaranteed financing. As a result, the Group in 2022 signed a €312 million loan, 70 percent of which was backed by guarantees issued by SACE.
- The SardhyGreenHydrogen society, a joint venture between Saras Spa and Enel Green Power Spa established to develop green hydrogen production in Sardinia, was recognized in 2022 among the Italian beneficiaries of the €5.2 billion public grant approved by the European Commission under IPCEI Hy2USE, to support research and innovation in hydrogen green in Europe.

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" 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, integrates additional KPIs on certain specific issues, considering the recommendations of "Sustainability reporting guidance for the Oil & Gas Industry" issued by the International Petroleum Industry Environmental Conservation Association (IPIECA). These indicators are clearly identified within the text with the appropriate reference code 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 and associated impacts that are reported in this document are the result of the analysis and engagement activities with stakeholders and expert consultants in the field, which the Group conducted between December 2022 and January 2023 (for more details, see the chapter "Priorities for Saras").

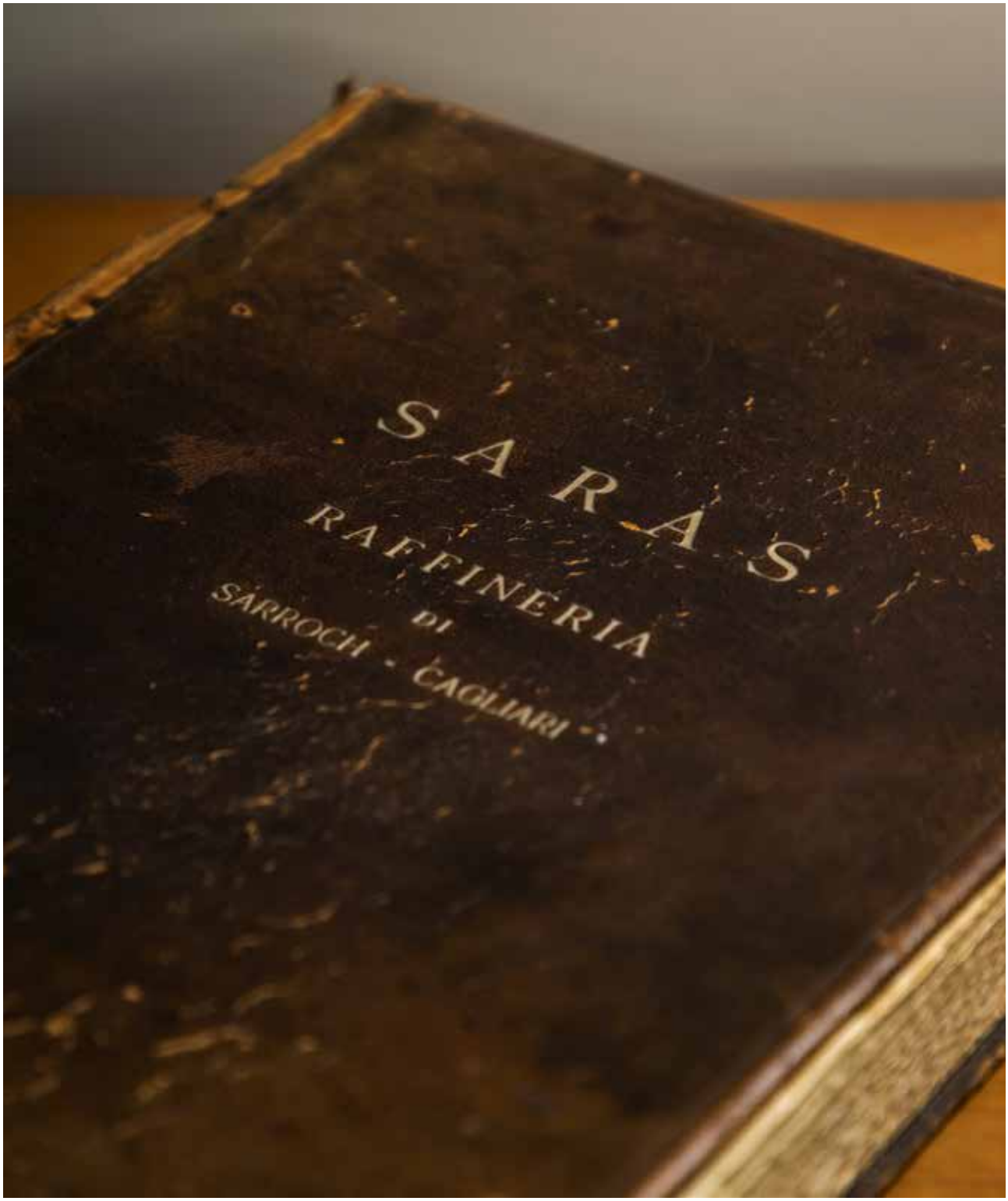
The Sustainability Report will continue to be published annually and will be distributed via the communication tools regularly used by the company. The publication timing is the same as the one of the Financial Statements of Saras SpA and the Group's Consolidated Financial Statements. Furthermore:

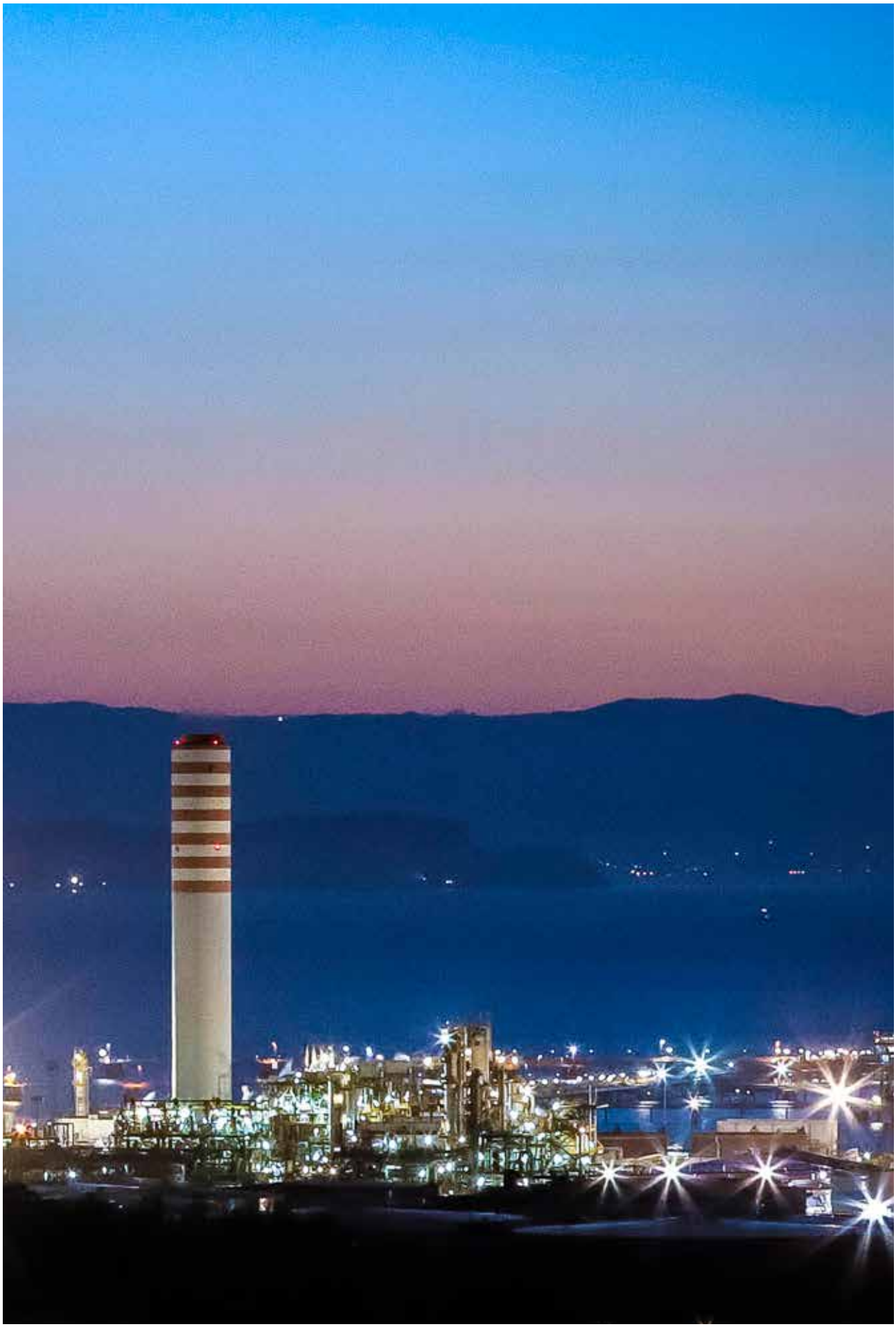
- all data, initiatives, and projects refer to the period between 01/01/2022 and 31/12/2022 and companies that are fully consolidated in the Group's Consolidated Financial Statements, as required by Legislative Decree 254, except where otherwise indicated below or in the text. Where possible, equivalent 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 CO2 emissions "Scope 1" 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. Regarding "Scope 2" and "Scope 3" CO2 emission calculations, the methodology adopted is explained in the specific dedicated chapter.
- The supplier data for Sarlux and Saras consider that some companies are suppliers of both materials and services
- Quantitative indicators not referring to any general or topic-specific disclosures of the GRI Standards, shown at the pages indicated in the

Content Index, are not subject to limited examination by EY S.p.A.

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 15/03/2022.





GRI CONTENT INDEX

"Statement of use"	Saras Group has reported in accordance with the GRI Standards for the period between 1 January 2022 and 31 December 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 11: Oil and Gas Sector 2021

Gri standard/ other source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Require-ment(s) omitted	Reason	Explana-tion	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	Business Activities and Corporate Structure - pp.39-47	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	Business Activities and Corporate Structure - pp. 39-47				
	2-3 Reporting period, frequency and contact point	Business Activities and Corporate Structure - pp. 39-47				
	2-4 Restatements of information	Key Markets - p.48 Goods and Services - p.197				
	2-5 External assurance					
	2-6 Activities, value chain and other business relationships	Business Activities and Corporate Structure - pp.39-47				
	2-7 Employees	Human resources management - pp.104-111				
	2-8 Workers who are not employees	Workers who are not employees - p.107				
	2-9 Governance structure and composition	Governance - pp.57				
	2-10 Nomination and selection of the highest governance body	Board of directors - pp.58-60				
	2-11 Chair of the highest governance body	Board of directors - pp.58-60				
	2-12 Role of the highest governance body in overseeing the management of impacts	Material Impacts Management and Sustainability Reporting - p.74 Risks and Opportunities from Climate Change - p.76				
	2-13 Delegation of responsibility for managing impacts	The Control, Risk and Sustainability Comittee - pp.62-63 Material Impacts Management and Sustainability Reporting - p.74				
	2-14 Role of the highest governance body in sustainability reporting	Material Impacts Management and Sustainability Reporting - p.74				
	2-15 Conflicts of interest	Conflict of Interests - p.74				
	2-16 Communication of critical concerns	Communication of Critical Issues and Reports - p.74				
	2-17 Collective knowledge of the highest governance body	Collective knowledge of the highest governing body - p.75				
	2-18 Evaluation of the performance of the highest governance body	Collective knowledge of the highest governing body - p.75				
	2-19 Remuneration policies	Remuneration policies - pp.75-76				
	2-20 Process to determine remuneration	Remuneration policies - pp.75-76				
	2-21 Annual total compensation ratio	Remuneration systems - p.112				
	2-22 Statement on sustainable development strategy	Letter to stakeholder - p.5				

Gri standard/ other source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(s) omitted	Reason	Explanation	
	2-23 Policy commitments	Letter to stakeholder - p.5				
	2-24 Embedding policy commitments	Letter to stakeholder - p.5				
	2-25 Processes to remediate negative impacts	Prioritisation and materiality - pp.33-37				
	2-26 Mechanisms for seeking advice and raising concerns	Mechanisms for requesting clarification and raising concerns - pp.72-73				
	2-27 Compliance with laws and regulations	Risk management and Corporate Risk Profile - p.64				
	2-28 Membership associations	Membership - pp.54-56				
	2-29 Approach to stakeholder engagement	Group Stakeholders and Dialogue on Sustainability - p.31				
	2-30 Collective bargaining agreements	Remuneration systems -p.112				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Topics and impacts definition - p.31	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	Prioritisation and materiality - pp.33-37				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Economic value generated and distributed - pp.200-201				11.14.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic value generated and distributed - pp.200-201				11.14.2 11.21.2
	201-2 Financial implications and other risks and opportunities due to climate change	Risks and Opportunities from Climate Change - pp.76-78				11.14.3
	201-4 Financial assistance received from government	Financial assistance received from the government - p.202				11.21.3
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human resources management - pp.104-124				11.14.1
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	Workforce - p.105				11.14.3
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	Creation of Local value - pp.191-192				11.14.1
GRI 202: Market Presence 2016	203-1 Infrastructure investments and services supported	Creation of Local value - pp.191-192				11.14.4
	203-2 Significant indirect economic impacts	Creation of Local value - pp.191-192				11.14.5
Procurement practices						
GRI 3: Material Topics 2021	3-3 Gestione dei temi materiali	Supplier and procurement management - pp.195-199				11.14.1
GRI 204: Procurement Practices 2016	204-1 Proporzione della spesa effettuata a favore di fornitori locali	Goods and Services - pp.197-198				11.14.6
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	Prevention of corruption - pp.70-71				11.20.1
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Prevention of corruption - pp.70-71				11.20.2
	205-2 Communication and training about anti-corruption policies and procedures	Competence development - p.123				11.20.3
	205-3 Confirmed incidents of corruption and actions taken	Prevention of corruption - pp.70-71				11.20.4

Gri standard/ other source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(s) omitted	Reason	Explanation	
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	Tax System - p.202				11.21.1
GRI 207: Tax 2019	207-1 Approach to tax	Tax System - p.202				11.21.4
	207-2 Tax governance, control, and risk management	Tax System - p.202				11.21.5
	207-3 Stakeholder engagement and management of concerns related to tax	Tax System - p.202				11.21.6
	207-4 Country-by-country reporting	Tax System - p.202				11.21.7
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable energy - p.127				11.1.1
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy management and rational use of energy - pp.128-133				11.1.2
	302-2 Energy consumption outside of the organization	Energy management and rational use of energy - pp.128-133				11.1.3
	302-3 Energy intensity	Energy management and rational use of energy - pp.128-133				11.1.4
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	Water resource management - pp.163-168				11.6.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water resource management - pp.163-168				11.6.2
	303-2 Management of water discharge-related impacts	Water resource management - pp.163-168				11.6.3
	303-3 Water withdrawal	Water resource management - pp.163-168				11.6.4
	303-4 Water discharge	Water resource management - pp.163-168				11.6.5
	303-5 Water consumption	Water resource management - pp.163-168				11.6.6
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Biodiversity - pp.169-174				11.4.1
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity - pp.169-174				11.4.2
	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity - pp.169-174				11.4.3
	304-3 Habitats protected or restored	Biodiversity - pp.169-174				11.4.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		All indicator	Information unavailable/ incomplete	Information not available as Saras does not currently have data collection systems for the information concerned	11.4.5

Gri standard/ other source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(s) omitted	Reason	Explanation	
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	Greenhouse Gas Emissions (GHG) - pp.134-138				11.1.1
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions (GHG) - pp.134-138				11.1.5
	305-2 Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions (GHG) - pp.134-138				11.1.6
	305-3 Other indirect (Scope 3) GHG emissions	Greenhouse Gas Emissions (GHG) - pp.134-138				11.1.7
	305-4 GHG emissions intensity	Greenhouse Gas Emissions (GHG) - pp.134-138				11.1.8
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Air pollutant emissions - pp.140-147				11.3.2
Effluents and Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Spills - pp.161-162				
GRI 306: Effluents and Waste	306-3 Significant spills	Spills - pp.161-162				
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Waste management - pp.154-161				11.5.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste management - pp.154-161				11.5.2
	306-2 Management of significant waste-related impacts	Waste management - pp.154-161				11.5.3
	306-3 Waste generated	Waste management - pp.154-161				11.5.4
	306-4 Waste diverted from disposal	Waste management - pp.154-161				11.5.5
	306-5 Waste directed to disposal	Waste management - pp.154-161				11.5.6
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human resources management - pp.104-124				11.10.1
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Turnover - p.108				11.10.2
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Welfare - pp.113-114				11.10.3
	401-3 Parental leave	Parental leave - p.115				11.10.4 11.11.3
Labor/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human resources management - pp.104-124				11.10.1
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Trade Union Relations - pp.119-120				11.10.5

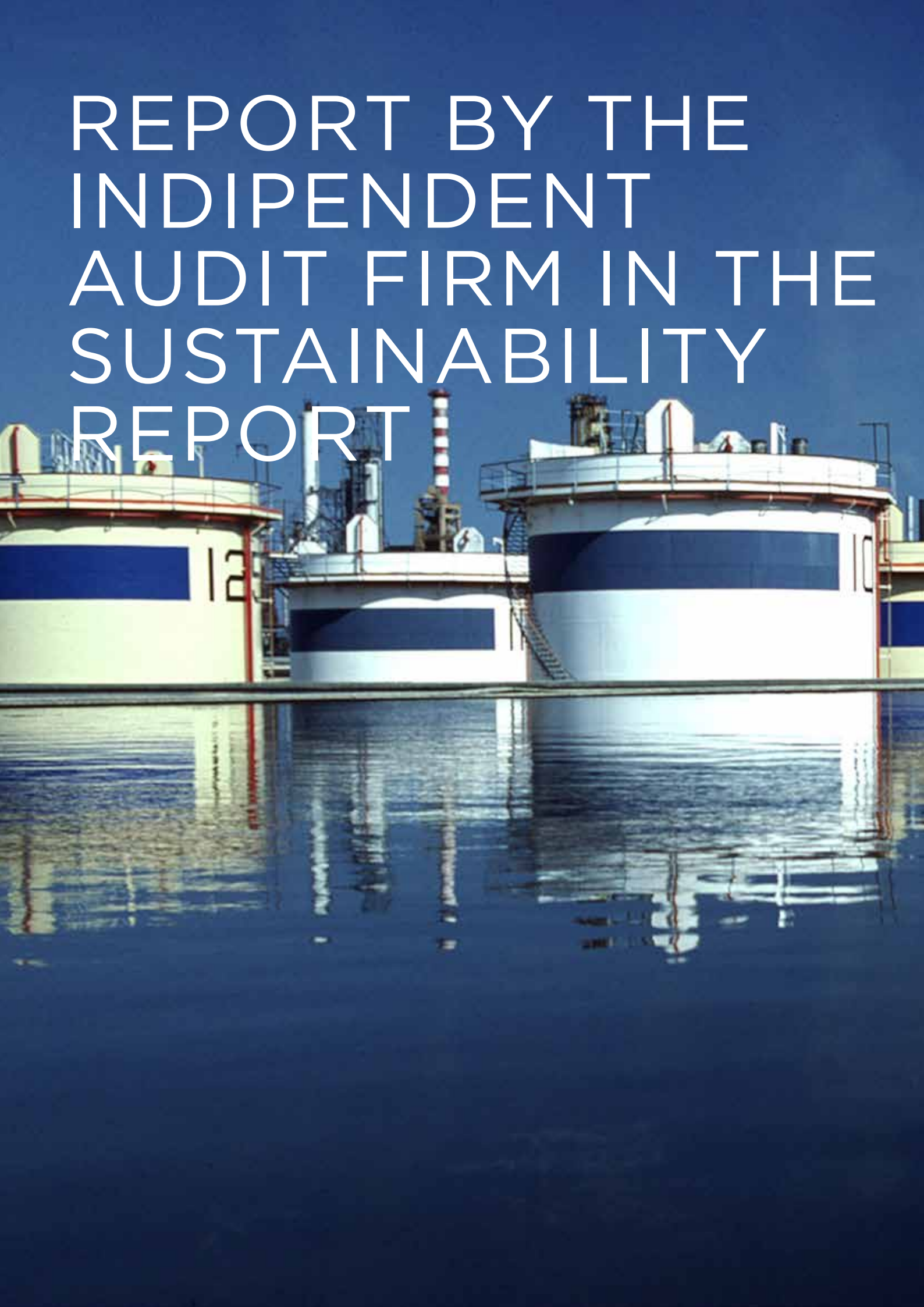
Gri standard/ other source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(s) omitted	Reason	Explanation	
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Health and Safety - pp.81-98				11.9.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Group Management Systems, Accreditations and Authorisations - pp.14-19 Health and safety management - p.81				11.9.2
	403-2 Hazard identification, risk assessment, and incident investigation	Work Hazard Identification Process and Risk Assessment - pp.82-83 Reporting, Analysis, and Event Management - pp.87-88 Development of safety culture: the BBS protocol - pp.88-89 Safety of Processes, Local Communities, Asset integrity and Major Accident Management - pp.99-103				11.9.3
	403-3 Occupational health services	Worker Health Promotion - p.90				11.9.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	Participation, worker consultation and communication - pp.84-85; Reporting, Analysis, and Event Management - pp.87-88				11.9.5
	403-5 Worker training on occupational health and safety	Worker Information, Education, and Training - p.86				11.9.6
	403-6 Promotion of worker health	Worker Health Promotion - p.90				11.9.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Product and substance management -p.94				11.9.8
	403-8 Workers covered by an occupational health and safety management system	Group Management Systems, Accreditations and Authorisations - pp.14-19 Health and safety management - p.81 Safety of Processes, Local Communities, Asset integrity and Major Accident Management - pp.99-103				11.9.9
	403-9 Work-related injuries	Saras Group's Performance in Health and Safety - pp.91-93 Contractors' performance in health and safety - pp.95-98				11.9.10
	403-10 Work-related ill health	Saras Group's Performance in Health and Safety - pp.91-93				11.9.11
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Competence development - pp.120-124				11.10.1
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Competence development - pp.120-124				11.10.6 11.11.4
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity & Inclusion within Saras Group - pp.117-119				11.11.1
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity and equal opportunities - pp.107-108				11.11.5
	405-2 Ratio of basic salary and remuneration of women to men	Remuneration systems - pp.112-113				11.11.6

Gri standard/ other source	Disclosure	Location	Omission			Gri Sector Standard Ref. No.
			Requirement(s) omitted	Reason	Explanation	
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	Diversity & Inclusion within Saras Group - pp.117-119				11.11.1
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Diversity and equal opportunities - pp.107-108 Human Rights Respect -p.69				11.11.7
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	Development and protection of land and local communities - pp.185-190				11.15.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Development and protection of land and local communities - pp.185-190				11.15.2
	413-2 Operations with significant actual and potential negative impacts on local communities	Prioritisation and materiality - pp.33-37				11.15.3
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Suppliers assessment - pp.198-199				11.10.1
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Suppliers assessment - pp.198-199				11.10.8
	414-2 Negative social impacts in the supply chain and actions taken		All indicator	Information unavailable/ incomplete	Information not available as Saras does not currently have data collection systems for the information concerned	11.10.9
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Risk management and Corporate Risk Profile - p.64				11.3.1
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories					11.3.3

Topics in the applicable GRI Sector Standards determined as not material	
Topic	**Explanation**
11.7 Closure and rehabilitation	The issue is not relevant to Saras' business since, as far as the refinery activities are concerned, the Italian legislation provides for the restoration of the state of the places to the pre-industrial settlement conditions
11.12 Forced labor and modern slavery	The topic was not material for the Saras Group as it does not operate in territories with a significant probability of forced labor and modern slavery.
11.13 Freedom of association and collective bargaining	The Saras Group operates in Italy, Spain and Switzerland and respects the collective bargaining rights and freedom of association of its employees, therefore this type of impact is not material.
11.16 Land and resource rights	The topic is not material for Saras given the company's limited geographical expansion. In fact, Saras has always operated mainly in Sardinia, without limiting the resources of local communities or incurring their involuntary transfer.
11.17 Rights of indigenous peoples	The issue is not material as Saras carries out its industrial operations in Italy and Spain, territories not in the vicinity of indigenous communities.
11.18 Conflict and security	The issue is not material as Saras carries out its industrial operations in Italy and Spain, territories in which there are no situations of conflict.
11.19 Anti-competitive behavior	Given the limited type of activities carried out by Saras compared to operators in the Oil & Gas sector, this issue is not relevant.
11.22 Public policy	Since the Group does not directly carry out lobbying activities, the impact is not material.

Gri standard/ other source	Disclosure	Location
Other relevant aspects		
Economic performance		
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	Voluntary pension provision - p.115
Market presence		
GRI 202: Market Presence 2016	201-1 Direct economic value generated and distributed	Remuneration systems - p.112
Materials		
GRI 3: Material Topics 2021	3-3 Management of material topics	Raw Materials - p.196
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Raw Materials - p.196
Supplier environmental assessment		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Suppliers assessment - pp.198-199
Training and education		
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Competence development - pp.120-124
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance evaluation - p.125
Customer health and safety		
GRI 416: Customer Health and Safety 2016	416-2 Episodi di non conformità relativamente agli impatti su salute e sicurezza di prodotti e servizi	Risk management and Corporate Risk Profile - p.64
Customer privacy		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy and Sensitive Data - pp.69-70

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 2022 in accordance with article 4 of the Decree and approved by the Board of Directors on 15th March 2023 (hereinafter "DNF").
Our limited assurance engagement does not cover the information included 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 professional behavior. Our audit firm applies the International Standard on

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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 reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Saras Group's consolidated financial statements;
4. understanding of the following aspects:
   - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
   - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
   - main risks generated or suffered related to the matters indicated in the article 3 of the Decree.

   With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below;
5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
   In particular, we have conducted interviews and discussions with the management of Saras S.p.A. and with the personnel of Sarlux S.p.A. and of Deposito di Arcola S.r.l. and we have

performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level
  a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the Sarroch refinery of the subsidiary Sarlux S.r.l. and for the fuel storage facility of the subsidiary Deposito di Arcola S.r.l., that we have selected based on their activities, relevance to the consolidated performance indicators and location, we performed respectively a site visits and remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of Saras Group for the year ended on 31st December 2022 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 conclusion on the DNF of the Group does not refer to the information included in the paragraph "European Taxonomy" of the DNF, that are required by art.8 of the European Regulation 2020/852.

Milan, 5th April 2023

EY S.p.A.
Signed by: Marco Malaguti
Auditor

This report has been translated into the English language solely for the convenience of international readers.

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of the Saras Group who have contributed
to the production of this Report.