



SARAS Sustainability Report 2023

Highlights and main KPIs

Saras Group Sustainability Report



Saras just published its seventh annual Sustainability Report (SR), which represents the main corporate tool to illustrate the Group's ESG credentials. It is also a valid reference instrument on which Green Funds can base their investment decisions, as well as the Report used to fulfil all the requirements of Italian Legislative Decree 254/2016 (pursuant to EU Directives)

Business continuity of the secure, efficient, and reliable site

- Large, complex and efficient site
- Flexibility in raw material processing and electricity production
- Continuous Optimization

Long-term industrial sustainability

Acceleration in the development of Renewable Sources

- Mainly organic development for wind power; also solar M&A
- Eligible investments(~ 60%)
- Wind pipeline in Sardinia with high load factor sites

Target of 1GW installed capacity by 2030

Preparing the Group for the Energy Transition

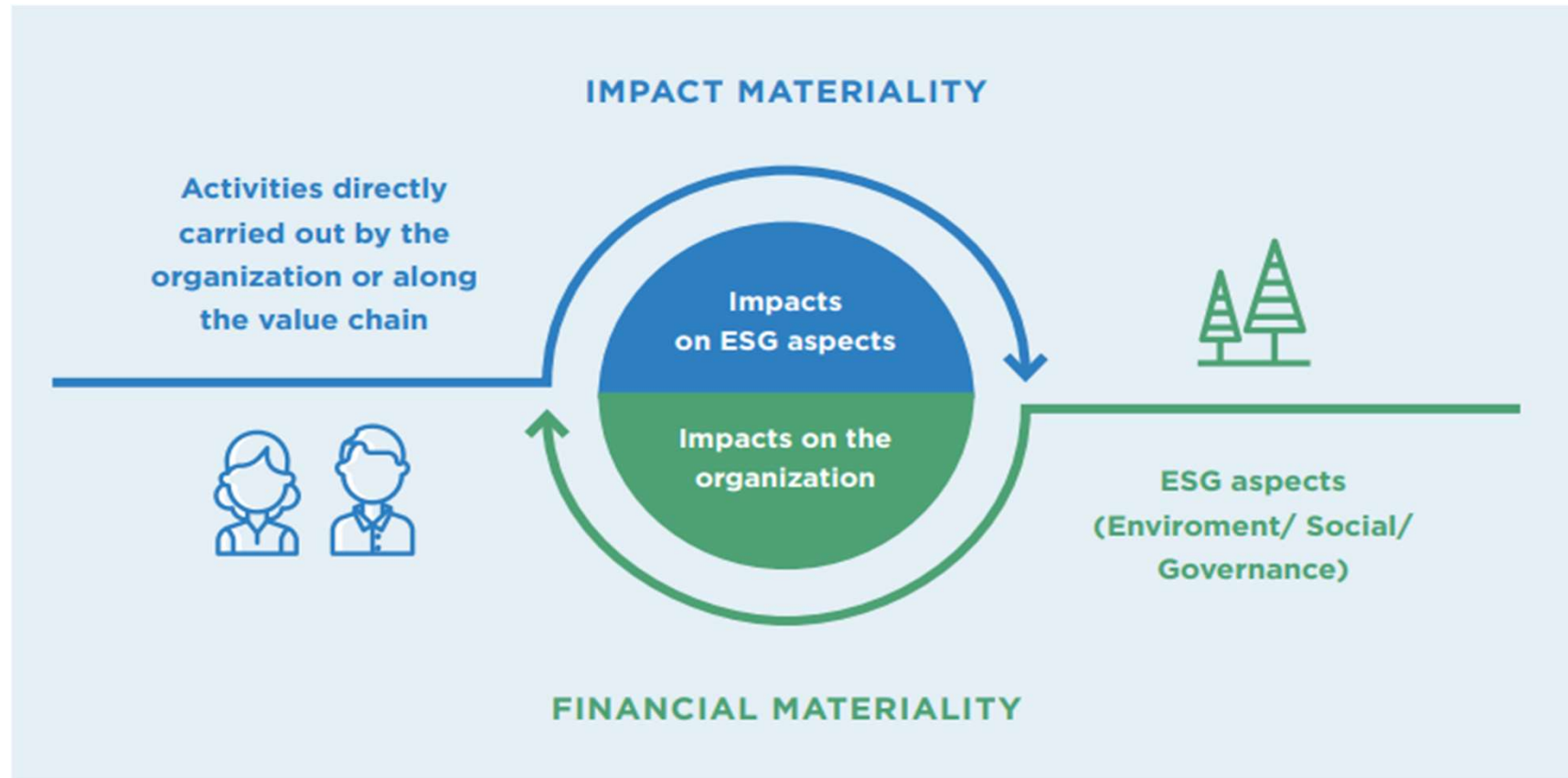
- Various technologies under development
- Regulatory environment still evolving at EU and national level
- Multi-pronged commitment

Opportunities in new decarbonized businesses



Materiality Analysis

The starting step for Sustainability reporting is the analysis of relevant ESG topics, and the subsequent determination of which are material in terms of impact, or in financial terms, or both



Additional information:
SR 2023 – pages 45 ÷ 56

As required by the GRI Standards (Ed. 2021), including the GRI 11 “Oil & Gas” sectoral standards, **an extensive list of more than 30 actual and potential impacts resulting from Saras Group's activities on the economy, the environment, and people** (including respect for human rights) **was first identified**;

Subsequently, **through a process of engagement with Stakeholders**, it was determined which among them were **material to Saras, according to severity, scope of diffusion, and irretrievable character** (for actual impacts), and also likelihood of occurrence (for potential impacts)

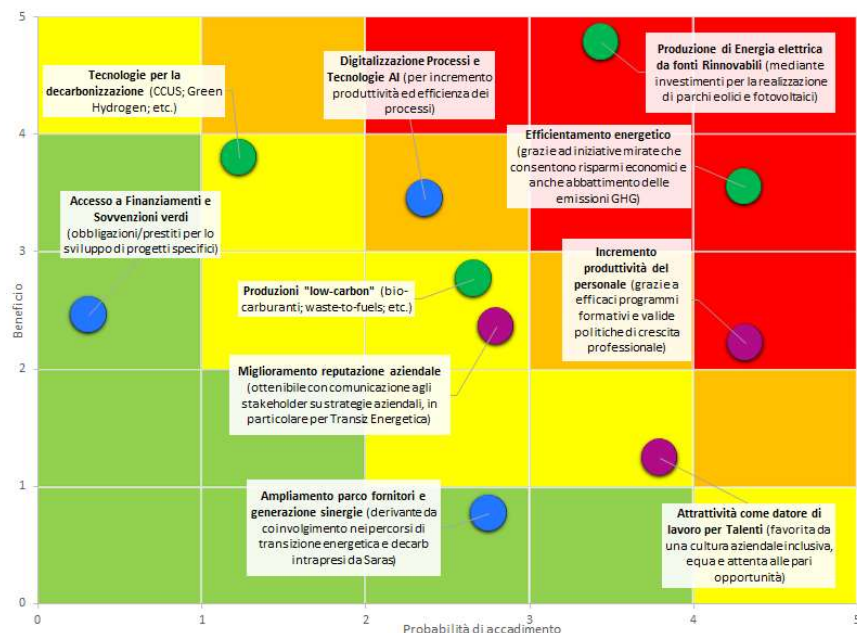
Very relevant		Relevant		Moderate	
NEGATIVE IMPACT	POSITIVE IMPACT	NEGATIVE IMPACT	POSITIVE IMPACT	NEGATIVE IMPACT	POSITIVE IMPACT
GHG emissions	Contribution to local energy security	Waste production and disposal	Contribution to energy transition	Asset integrity and major accident management	Suppliers relationship management
Workers' Health and Safety			Contribution to technological innovation	Transparency on taxes and contributions	
Atmospheric emissions			Indirect economic effects	Biodiversity	
Water consumption and water stress			Development and protection of the territory and local communities	Corruption and organised crime	
			Developing employees' competencies	Discrimination in the workplace	
				Odours	
				Noise and noise pollution	
				Soil degradation	
				Sea resources	



Additional information:
SR 2023 – pages 45 ÷ 56

In the 2023 Annual Report, for the first time, Saras voluntarily introduced a second materiality perspective, namely the **financial one**, in anticipation of what will be required by the new European directive on sustainability reporting, called CSRD (Corporate Sustainability Reporting Directive).

Specifically, **risks and opportunities associated with sustainability topics have been identified and prioritized**, which have or could have a material influence on the company's business, in terms of its results of operations, financial position, cash flows, access to financing or cost of capital in the short, medium or long term.



- First, the risks mapped by the Saras Group in the **Corporate Risk Profile (CRP)** were correlated with topics and subtopics provided by the ESRS
- Then, the main **opportunities arising from ESG topics** were identified, which the Group can exploit, with appropriate actions, initiatives and targeted investments
- Finally, risks and opportunities were **prioritized**, both in the short and medium to long term, using a **"heat-map"**, such as the one shown opposite, constructed according to **probability and economic relevance**
- Among the main risks, those related to **Climate Change** emerged from both physical and regulatory perspectives; among the most relevant opportunities, those associated with **Energy Efficiency** and **Renewable Energy Production** emerged

Health and Safety



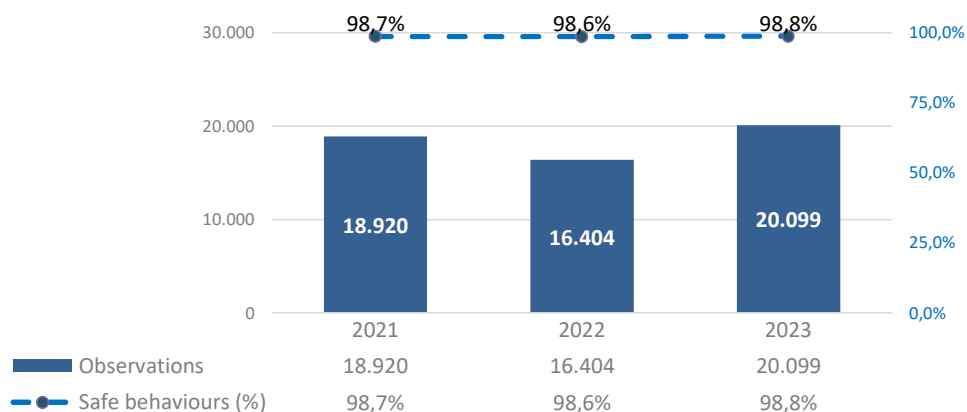
Saras always ensures compliance with the highest national and international standards for the protection of Health & Safety in the workplace. In this regard, the Group adopts an **integrated HSE management system at the Sarroch site**, certified according to standards ISO 14001 (Environment) and ISO 45001 (Health and Safety), which also includes the Prevention of Major Accidents (PIR). In addition, **Saras actively promotes a culture of safety, not only among its own personnel, but also with its suppliers and contractors**

Injuries and Injury Rates:

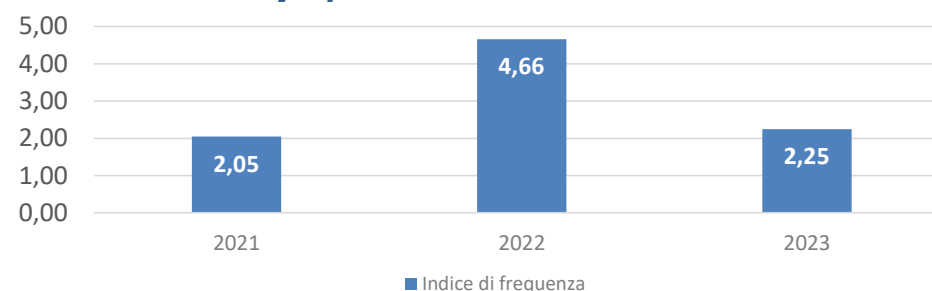
- Reporting according to GRI standards (403), on medical treatments, injuries classified according to severity, deaths and their respective frequencies
- Decrease in Frequency rate (8 Sarlux + 4 Contractors; none with "severe consequences" – i.e., causing more than 6 months of absence from work)

Behaviour Based Safety (BBS):

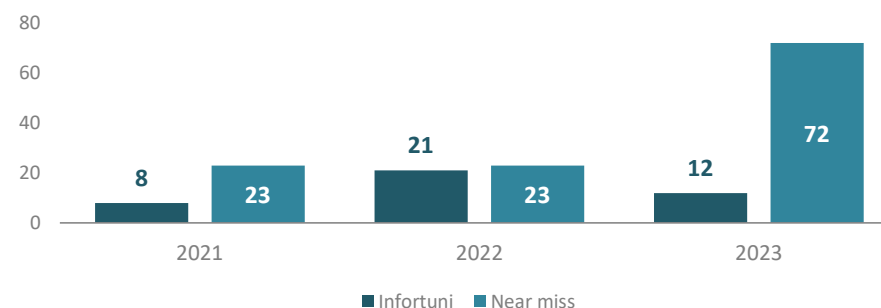
- 20,099 observations, with 98.8% of safe behaviours detected



Injury rates Sarlux + Contractor



Sarlux+Contractors – Injuries and near miss



Additional information:
SR 2023 – pages 112 ÷ 132

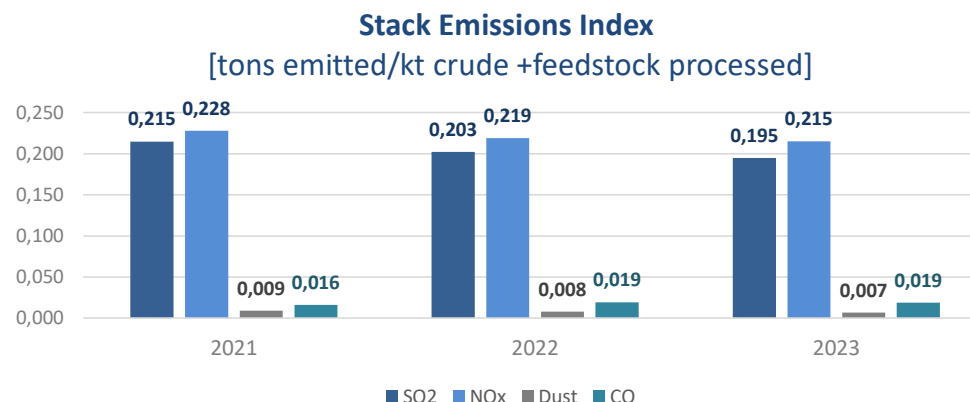
Air Pollutants and Greenhouse Gases (GHG) Emissions



Rational use of energy, investments to **increase energy efficiency**, and **specific interventions to improve combustion and reduce particulate matter**, represent the path taken by the Saras Group to control and reduce emissions from the Sarlux industrial site

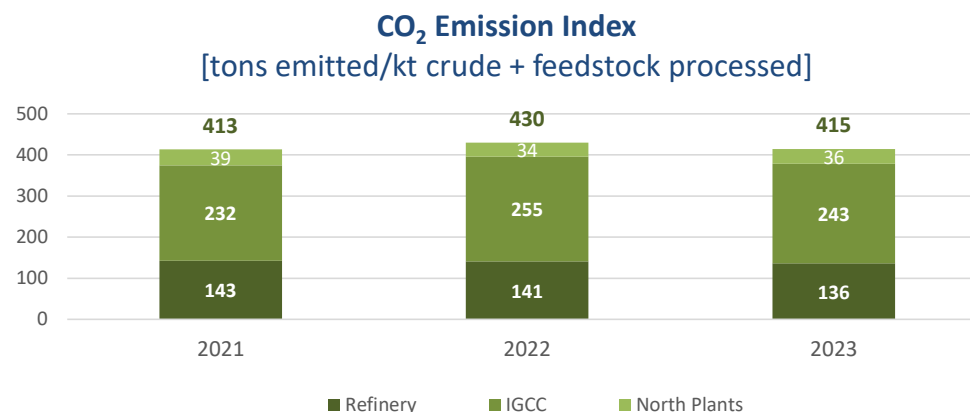
Stack Emissions:

→ Stack Emissions of pollutants into the atmosphere (SO_x, NO_x, CO and dust) in 2023 remained in line with the previous year, and are **always significantly lower than the Regulatory limits**, thanks to consolidated improvements in combustion techniques and targeted technological interventions, carried out over the years



Emissions of Greenhouse Gases (GHG):

→ Emissions of greenhouse gases (CO₂) decreased compared to 2022, due to scheduled maintenance, processing levels, and the external context (availability of raw materials, product sales, etc.)



Water Resource Management



Given the low rainfall in Sardinia, **Saras has always paid great attention to the management of water resources, also using the ISO 14001 Environmental Management System and the EMAS protocol**, with the aim of minimizing untreated water withdrawals from the industrial consortium, thus leaving more water available for the local communities (agriculture, other activities)

Water footprint:

- Raw water from industrial consortium down from previous years **(5.99 million cubic meters in 2023, down from 6.28 million in 2022)**
- **92% of the withdrawal is in fact from the sea, used as coolant, treated in the desalination plants and subsequently returned to the receiving body** (with qualitative characteristics substantially equivalent to the water withdrawn)

Water Withdrawals of Sarlux site [m³]

Parameter	2021		2022		2023	
Raw water by regional consortium	6,060,035	9%	6,277,376	9%	5,991,252	8%
Sea water	59,264,685	91%	60,371,482	91%	68,080,873	92%
Total water withdrawals of Sarlux site	65,324,720		66,648,858		74,072,125	

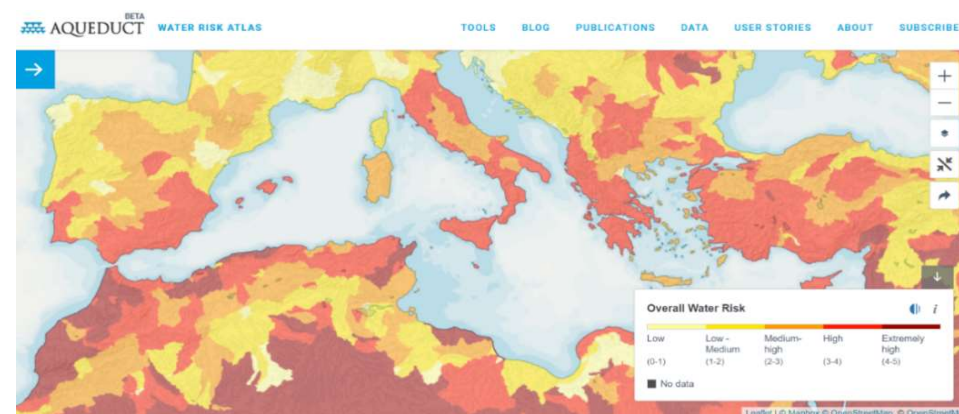


Additional information:
SR 2023 – pages 180 ÷ 188

Site water demand by source [Mm³]

	2021		2022		2023	
	Mm³	%	Mm³	%	Mm³	%
Water reuse	6.38	29.7	6.42	28.6	6.13	29.5
Internal recycle						
Raw water by regional consortium	6.06	28.2	6.28	28.0	5.99	28.9
External withdrawal						
Seawater*	9.07	42.2	9.74	43.4	8.64	41.6
External withdrawal						
Site water demand	21.4		22.4		20.8	

*Input to desalination plants



Waste Management and Spills



With reference to waste-related matters, the subsidiary Sarlux, owner of the Sarroch industrial site, generates approximately 99% of the waste (both hazardous and non-hazardous) produced by the entire Group. **All aspects relating to the management and monitoring of waste and spills produced at the Sarroch site are codified using the ISO 14001 certified Environmental Management System and the EMAS scheme**

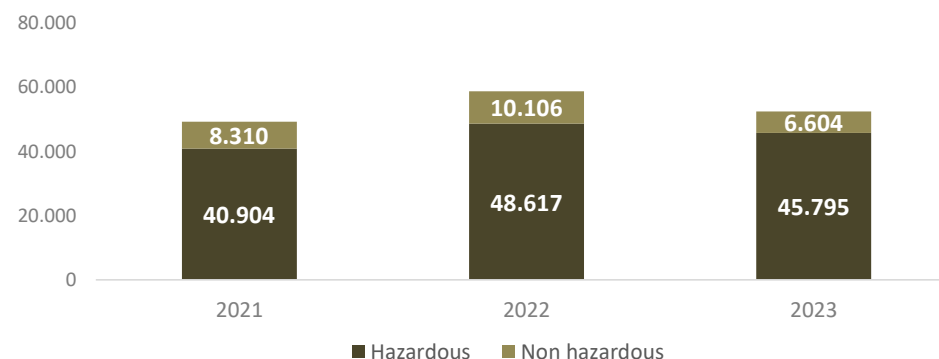
Waste management:

- Approx. **99% of the Group's waste goes to appropriate forms of treatment**, while only a minimal part is sent to landfills
- Alignment with GRI 306 (details on recycling, recovery, including energy recovery, incineration/thermal destruction, etc.)

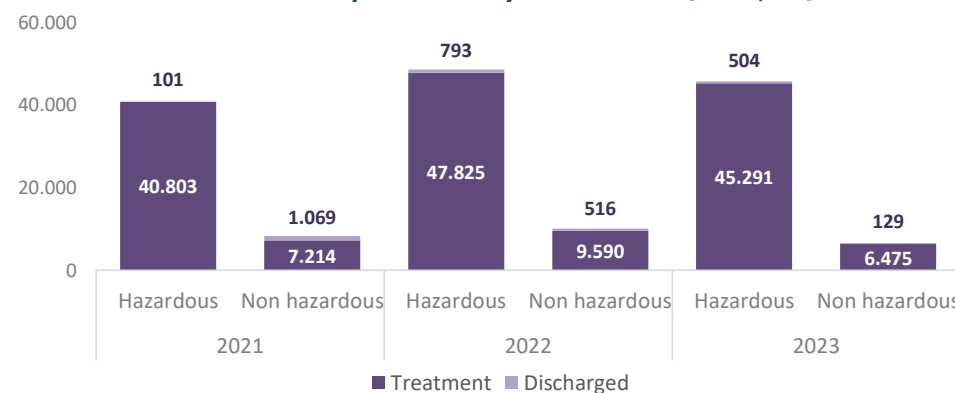
Spills:

- The Group adopts **policies and specific technical & management tools** to prevent accidental releases into water, soil and subsoil
- In 2023 there were **no significant spills**

Group - Waste produced [tons/year]



Group - Waste by destination [tons/year]



Additional information:
SR 2023 – pages 172 ÷ 179

Saras is committed to guaranteeing continuity and security of supply to the Sardinian electricity grid, in a logic of efficiency and decarbonisation

With such approach, **the Group produces approx. 4TWh/year of electricity through its combined cycle gasification plant (IGCC)** integrated with the refinery, within the Sarroch industrial site. **Furthermore, it develops in parallel the electricity production from Renewable Sources through its subsidiary Sardeolica Srl**, which currently has an installed capacity of 171MW

Sardeolica is building an **80MW photovoltaic farm in Macchiareddu**, and it has several advanced projects in its **pipeline**. Overall, Saras aims to reach an installed capacity of approximately 500MW in 2025, and 1GW in 2028 (according to the advancement of the authorization procedures)

Power generation from IGCC:



- 3,550 GWh power production from IGCC, sold to the grid
- 41.9% Sardinian power consumption¹

Power generation from Renewable sources:



- 298.1 GWh power production from Renewable Sources (wind)
- 208,000 persons, equivalent energy need per year
- 193,200 tons of avoided CO₂ emissions, thanks to production from Renewables

1.Source: Terna "Rapporto Mensile sul Sistema Elettrico" Dec 2023



Economic impact and Local value creation



The Saras Group has a "glocal" culture, as it identifies simultaneously with the global dimension of the oil markets and with the local dimension of its reference Communities, **where it plays a fundamental role in the local value creation**

The 3 macro areas of economic impact are:

Impact of Wages in Sardinia:

→ Approx. €152 million/year (one third direct and two thirds indirect impact) up by 2% compared to 2022

Impact of Tax and Duties paid in Sardinia:

→ Approx. €969 million/year (approximately 55% direct and 45% indirect impact), up by 84% compared to 2022

Impact of Goods & Services purchased from local suppliers:

→ Equal to 270 million €/year (evenly split between direct and indirect impacts), 29% higher than in 2022

Economic impact of Saras Group's activities in Sardinia (EUR million)

Parameters	Average 2017÷2019	Average 2020÷2022	Average 2021÷2023	2021	2022	2023
Group employees' wages	49	49	49	45	50	51
Taxes and Duties paid in Sardinia	424	290	378	313	289	533
Good & Services purchased from local suppliers	152	104	103	68	105	135
Total direct impact	626	443	530	426	444	719
Wages to Group employees - indirect impact	99	98	97	89	99	102
Taxes and Duties paid in Sardinia - indirect impact	347	238	310	256	237	436
Good & Services purchased from local suppliers - indirect impact	152	104	103	68	105	135
Total indirect impact	598	439	509	414	441	673
Wages impact (direct + indirect)	148	147	145	134	149	152
Taxes and Duties paid in Sardinia (direct + indirect)	772	528	688	570	526	969
Good & Services purchased from local suppliers - indirect impact (direct + indirect)	305	207	205	136	210	270



Additional information:
SR 2023 – pages 213 ÷ 214

Human Resource management and development (1/2)

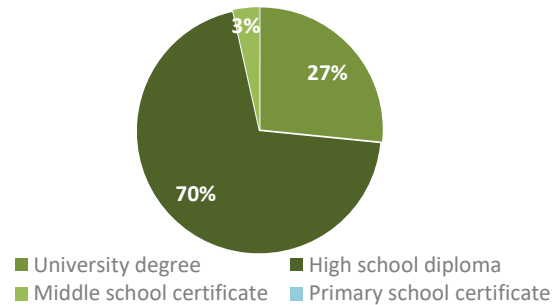


People represent the most important resource for the Saras Group. Their commitment, professionalism and dedication are essential to ensure growth and prosperity for the company's business and the communities of reference.

Workforce:

- **1591 employees** (96.1% in Italy, 86.4% in Sardinia)
- **99.9% full time**

Employees by Qualification



Diversity Equity and Inclusion:

- **Saras protects gender diversity and offers equal opportunities** to all its employees, without any discriminatory behaviour
- 87% male employees (determined by Sarlux “Blue Collar” category)
- 13% female employees (202); higher % among clerical & management categories
- **30% of women among Graduates**

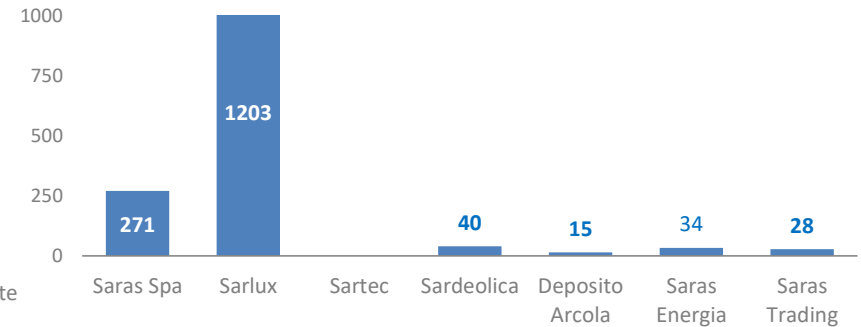
Education:

- **26.6% University degree or higher qualification** (75% technical-scientific degree; 19% Economics, Law or Political Science; 6% Human Science)
- **70.0% High school diploma**
- 3.4% lower qualifications

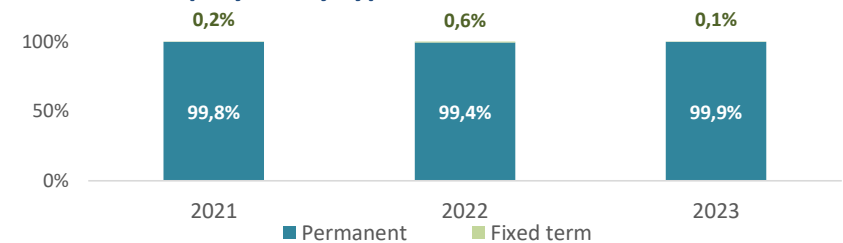


Additional information:
SR 2023 – pages 85 ÷ 102

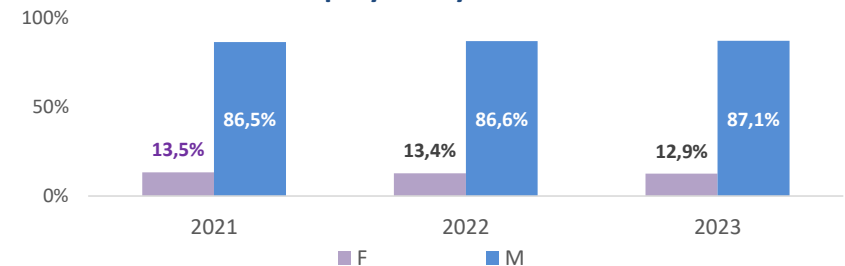
Employees by Group companies



Employees by type of Contract



Employees by Gender



Human Resource management and development (2/2)

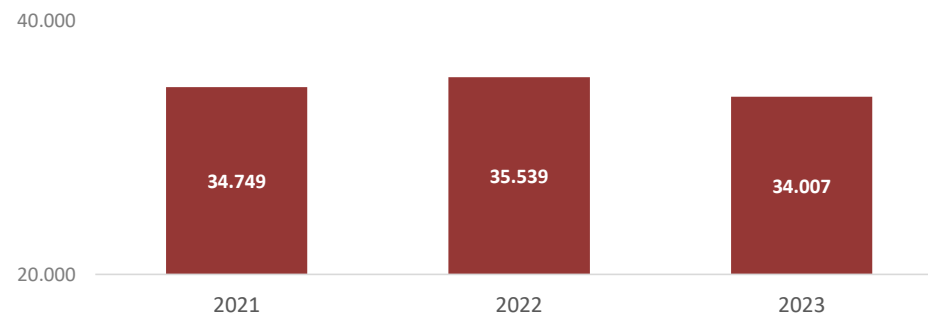


Development, training and enhancement of skills are essential levers for the creation of value, not only for the Group, but more generally, for the economic systems and the territories in which it operates.

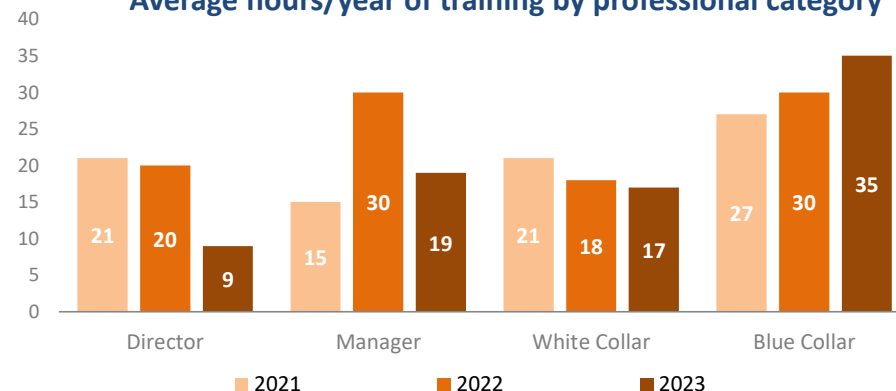
Learning and training:

- In 2023, like in previous years, **"SarasLearning" digital platform continued to be the main training environment** where content could be accessed, for the development of technical skills, language skills, managerial and soft skills, as well as Compliance training (Sustainability, Cybersecurity, Privacy, HSE and Organizational Model 231/2001)
- The methodological approach based on the **development of "Learning Agility"** increased the **effectiveness of learning and the immediate adoption of field skills**, favouring the optimization of times and the achievement of pre-set targets
- Training for operational roles has remained the main opportunity for developing specialist technical and behavioural know-how
- Training programs aimed at **developing managerial skills** (leadership, individual coaching, mentoring, etc.) **and an inclusive organizational culture continued**
- **In total, 34,007 hours of training were provided in 2023** (in line with the previous year), of which over 10,304 of the HSE type

Training hours per year



Average hours/year of training by professional category



Additional information:
SR 2023 – pages 103 ÷ 107

Regulation UE 2020/852 (so-called «Taxonomy»)



In accordance with the provisions of the **EU Regulation on Taxonomy and the Delegated Act on Climate**, since 2021 Saras has been analyzing its economic activities according to the following evaluation process:

- **Verification of the eligibility** of each activity as per the list included in the Delegated Act (it contributes directly to the achievement of one of the climate objectives, or can be classified as an enabling or transition activity: "Eligible" or "Taxonomy-aligned");
- **Verification of compliance with the technical screening criteria envisaged for each activity**, so that the contribution to achieving the climate objective takes place without causing significant harm to the other environmental objectives identified by the EU ("**DNSH**" principle);
- Verification of the adoption, in carrying out the activity, of the **minimum social safeguard measures** required by art. 17 of the Taxonomy Regulation (procedures compliant with the International Bill of Human Rights, the OECD Guidelines for multinational companies, the eight Fundamental Conventions of the International Labor Organization, and the United Nations Guiding Principles on business and human rights)

The analysis confirmed that the activities of Sardeolica Srl (production of electricity from renewable sources) are "eco-sustainable" as defined in the Taxonomy Regulation. The SR 2023 therefore provides the financial information relating to Revenues, CAPEX and OPEX, as required by EU Delegated Regulation no. 2021/2178

Classification of SARAS Group Activities according to EU Regulation 2020/852 ("Taxonomy")													
(data in k€)	Taxonomy Classification	2022						2023					
		Revenues		CAPEX		OPEX		Revenues		CAPEX		OPEX	
		k€	%	k€	%	k€	%	k€	%	k€	%	k€	%
"Renewables"	eco-sustainable (Taxonomy-aligned)	43,812	0.3%	18,912	17.9%	8,637	0.5%	31,445	0.3%	45,991	20.5%	10,261	0.9%
"Industrial Markeing"	NON-eligible	15,733,335	99.7%	86,762	82.1%	1,612,548	99.5%	11,343,160	99.7%	178,379	79.5%	1,167,281	99.1%
Total Saras Group		15,777,147		105,674		1,621,185		11,374,605		224,370		1,177,542	



Additional information:
SR 2023 – pages 19 ÷ 23

Note: the 6 climate objectives identified by EU are: 1. climate change mitigation; 2 climate change adaptation; 3. sustainable use and protection of water resources; 4. circular economy; 5. pollution prevention and control; 6. protection of biodiversity and ecosystems