ISAB S.r.l.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT

G.O.I. ENERGY

Meeting people's demand for high quality energy is what we do best at G.O.I ENERGY.

Index

Message to stakeholders

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The years 2020-2022 were marked by the dual challenges of the COVID-19 pandemic and the Ukrainian war. The pandemic led to global health crises, economic disruptions, social and working restrictions. Concurrently, the Ukrainian war intensified geopolitical tensions, humanitarian issues, and displacement, compounding the world's difficulties during this period. The energy and oil and gas sector faced incredible challenges, that ISAB has faced with incredible strength.
As we continue our journey to constantly improve our operations, we have committed company efforts towards a greener and more sustainable future.
In this context, I am pleased to introduce our 2022 Annual Sustainability Report.

At ISAB, we have always been committed to not only delivering superior products and services but also to operating in a responsible and environmentally conscious manner. Our Annual Sustainability Report is a comprehensive reflection of our efforts, achievements, and goals in the realm of sustainability. This report encapsulates our commitment to reducing our carbon footprint, conserving resources, promoting the well-being of our workforce, and engaging with our communities in meaningful ways.
In our 2022 Sustainability report, we have provided **a detailed overview of our sustainability strategy and the various initiatives** we have undertaken throughout the year. We will highlight our advancements in energy efficiency, waste reduction, emissions control, and the implementation of innovative technologies that **minimize our impact on the environment.**
Equally important is our **dedication to the welfare and development of our employees.** We recognize that our success is a result of their hard work and dedication. The report will showcase our efforts in ensuring a safe and inclusive work environment, fostering professional growth, and supporting diversity and equality within our workforce, while actively fighting against each form of discrimination.

We will **share stories of our partnerships and collaborations with local communities** to create a positive and lasting impact. These partnerships reflect our belief in shared prosperity and our commitment to being a responsible corporate citizen, by contributing to the territory in which we operate.

We would like to take the opportunity to **convey our sincere gratitude to our dedicated workforce and invaluable suppliers for their unwavering commitment**, which has been instrumental in our success over the past years. We deeply appreciate their essential contributions, as well as the ongoing support of our stakeholders.
Our journey towards sustainability is an ongoing one, and we acknowledge that there is always room for improvement in our pursuit of a more sustainable future.
I encourage you to explore our Annual Sustainability Report, which will be available on our website https://www.isab.com/

Scan with
your phone:

General Manager at ISAB S.r.l
Ing. Bruno Martino

1
2022 National and International context

Over the past three years, the global economy has undergone a spike in volatility attributed to two major events: the COVID-19 pandemic in 2020 and the Russian-Ukrainian conflict in 2022. Notably, the energy sector faced substantial challenges stemming from the geopolitical and economic transformations triggered by the onset of the Russian-Ukrainian hostilities.
Prior to the Russian-Ukrainian conflict, Europe heavily relied on Russia for its provision of natural gas, crude oil, and coal products. For instance, in 2021, roughly 45% and 25% of European imports of gas and crude oil respectively, originated from Russia. Therefore, the European continent encountered significant obstacles upon the disruption of the Russian supply chain. Among these, the natural gas market faced the main impact, with prices per megawatt-hour rising to five times their pre-conflict levels.
Moreover, in 2022, the crude oil market faced a setback following the European Council's implementation of a ban on the import of Russian products. The prices of these commodities increased during the second quarter of 2022, but gradually reverted to pre-war levels in the latter half of the year.
Regarding refined products such as diesel and gasoline, prices for both witnessed dramatic increases in 2022. Diesel prices reached unprecedented levels, while gasoline experienced a less severe but still substantial impact. Overall, Europe was profoundly affected by the outbreak of the Russian-Ukrainian war, and the Oil & Gas industry faced reduced product supply and rising prices.

ISAB finds itself at the intersection of two dynamic forces: the ever-evolving geopolitical landscape and the latest trends in the energy sector, both of which significantly shaped ISAB's path towards sustainability in 2022.

Despite challenges faced, ISAB displayed remarkable strength and resilience. The collaboration with its stakeholders enabled ISAB to leverage diverse perspectives and solutions to address the complex challenges that emerged throughout the year. ISAB's commitment to its ethical principles has allowed to keep a strong position during the turmoil, further motivating the top management to work towards a sustainable future.

1.1 ISAB 2022 performance

VALUE CREATION

~11
billion euros in revenues from core business

~9
billion euros in economic value distributed

~19%
of Italian refining capacity with 320 thousand barrels per day

532 MW
power plant for electricity generation

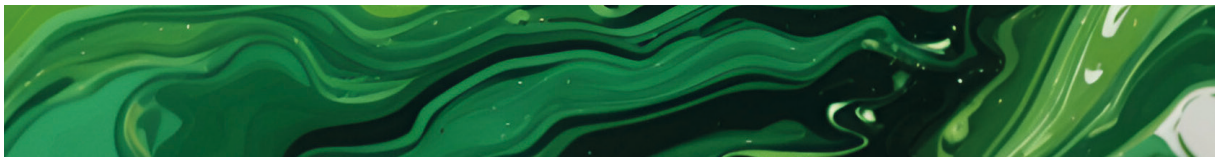
COMMITMENT TO THE WORKFORCE AND TERRITORY

994
employees as of December 2022

>5
local initiatives in health and educational sector

>5000
hours of professional training in 2022

0
work-related injuries over the past 2 years, due to complete adherence



ENVIRONMENTAL

>90%
of water needs satisfied by seawater

~-9%
of total waste generated YoY

~50%
of freshwater recycled in refining activities

2
Group at a glance

ISAB's refining, gasification and cogeneration power plants inserted in the refining and petrochemical hub of Priolo Gargallo (SR), represent one of the largest industrial sites in Europe, both in terms of size and complexity, and consist of three production sites called "Impianti Sud", "Impianti Nord", and I.G.C.C. (Integrated Gasification Combined Cycle), interconnected by a system of pipelines.

In particular, Impianti Sud, being mainly equipped with thermal conversion processes, is geared toward the production of middle distillates and, having a significant desulfurization capacity, is able to process mainly medium-heavy crude oils with high sulfur content.

The Impianti Nord, on the other hand, being equipped with catalytic conversion, are structured to produce higher yields of light distillates using medium-heavy and light crudes in a balanced manner.

The Impianti Sud and Impianti Nord represent **ISAB's two refining sites having a processing capacity of 320 thousand barrels per day** (almost 19% of the Italian refining capacity) and storage capacity of 4 million cubic meters of products and raw materials.

The I.G.C.C. Thermoelectric Power Plant generates electricity through a 532 MW power plant that uses gas from the gasification process of crude oil residues generated in the refining activities and/or natural gas. At IGCC, there are three key activities: the gasification process using residue generated by the refining plants, the power generation from the gas produced and the hydrogen production.

The gasification unit allows for one million tons of heavy residue (asphalts) produced by refining plants to be converted into synthesis gas, which can then be used to produce power. The gasification process also generates hydrogen that can be used in the refining process at Impianti Sud and Impianti Nord. The gas is then delivered to a combined-cycle turbine system to generate power and steam from the cleaned gas.
The IGCC power plant has a power generation capacity equivalent to 2% of the nation's total and up to about 20% of Sicilian typical electrical consumption, amounting to approximately 4 TWh/year.

With the Ministerial Decree (D.P.C.M.) dated Feb. 3rd, 2023, the IGCC Complex and the Impianti Nord and Sud refineries, were declared to be of national strategic interest.

2.1 Company origins and ownership changes

From the 1950s to 1970s, against the backdrop of Italy's growing energy needs and industrial development, the two original refineries currently owned by ISAB were built to play a role in the nation's energy landscape..

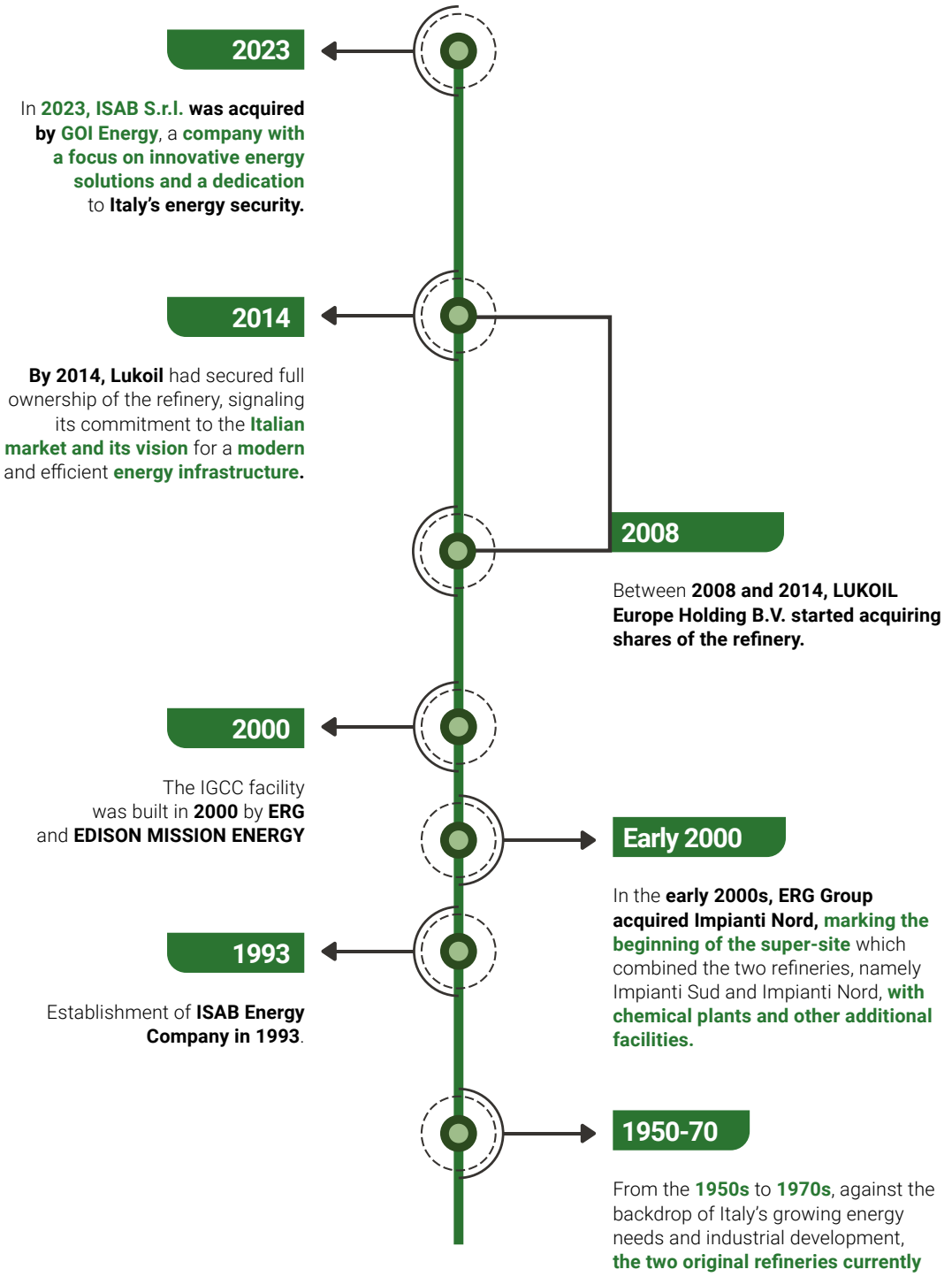
The Impianti Sud refinery was originally named ISAB (Industria Siciliana Asfalti e Bitumi) and owned by ERG while the Impianti Nord was built by SINCAT (Società Industriale Catanese), and later passed to Montedison and finally ENI (AgipPetroli). As they grew, the refineries established themselves as a reference point for the local community, providing employment opportunities and contributing to the regional economy.

In the early 2000s, ERG Group acquired Impianti Nord, marking the beginning of the super-site which combined the two refineries, namely Impianti Sud and Impianti Nord, with chemical plants and other additional facilities. Under ERG's ownership, the refineries underwent modernization efforts that expanded their capacity and improved their efficiency.

Between 2008 and 2014, LUKOIL Europe Holding B.V. started acquiring shares of the refinery. Lukoil recognized the strategic importance of the refinery's location and its potential to become a key hub for its European operations. By 2014, Lukoil had secured full ownership of the refinery, signaling its commitment to the Italian market and its vision for a modern and efficient energy infrastructure. This period saw investments in infrastructure and capacity expansion, including the acquisition of the IGCC site. The IGCC facility was built in 2000 by ERG and EDISON MISSION ENERGY, after the establishment of ISAB Energy Company in 1993.

In 2023, ISAB S.r.l. was acquired by GOI Energy, a company with a focus on innovative energy solutions and a dedication to Italy's energy security. The ISAB acquisition was facilitated by the Italian government intervention, due to its declaration of national strategic interest.

During the different periods, ISAB maintained vital connections between industry and society, providing stable employment to the area and supporting local development. This commitment to the community consolidated the refinery's role as a key point of reference both locally and nationwide.


2023
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2014
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1993
Establishment of ISAB Energy Company in 1993.
1950-70
From the 1950s to 1970s, against the backdrop of Italy's growing energy needs and industrial development, the two original refineries currently owned by ISAB were built to play a role in the nation's energy landscape

2.2 ISAB's vision, mission and identity

ISAB's core mission revolves around the efficient production of oil products and energy. By maintaining a reliable energy supply chain, the company plays a crucial role in ensuring a constant and secure supply of these critical resources for the country. This, in turn, contributes to the security and resilience of the Italian energy infrastructure. ISAB's core mission also includes the creation of employment, and promotion of the local and national economy.

ISAB's operations, including its refineries and power plants, serve as major employers in the region where they are situated. The continuity of its operations is instrumental in preserving jobs within these local communities. This not only guarantees employment opportunities for the local workforce but is also fundamental for the social and economic well-being of these regions.

ISAB's objectives promote a valuable environment to attract investments in the energy and refining sectors. The presence of a stable and secure energy supply chain encourages both domestic and foreign investments. These investments catalyze economic growth, job creation, and increased tax revenues, thereby positively impacting the national economy.
The company vision includes a strong commitment to environmental sustainability and responsible energy production, aligning with broader objectives of sustainable development and environmental stewardship. ISAB's focus on sustainable practices and technologies ensures that it makes a positive contribution to the national long-term economic and environmental well-being.

ISAB's efficient and reliable energy production also bolsters Italy's energy resilience. This resilience is of significant importance for the country's capacity to respond effectively to energy-related challenges and crises, ultimately safeguarding its economic stability.

In summary, ISAB's objectives underscore its unwavering dedication to the security and reliability of national and international energy supply chains. By adhering to its mission and vision, ISAB not only secures employment opportunities within its operations but also fosters economic growth, promotes environmental sustainability, and enhances energy resilience on a national scale.

2.3 ISAB Operations

ISAB's core business activities, classified under ATECO sector 19.20.1 and NACE code 19.2, predominantly revolve around the **conversion of crude and semi-finished products into high-value finished goods.**

To gain a more comprehensive understanding of ISAB's operations, it is beneficial to contextualize them within the broader structure of the oil and gas industry value chain, which can be delineated into three segments:

As a refinery, ISAB primarily operates in the initial step of the downstream sector, with its principal activities outlined as follows:

Crude Oil Supply and Storage:

At the start of its operations, ISAB engages in the procurement of crude oil, predominantly through maritime shipping. The company maintains robust storage facilities to effectively manage raw materials, which are essential inputs for its operations.

Refinery Processing:

Distillation: In the initial stage of the refinery process, ISAB conducts activities related to distillation, a process involving the heating of crude oil to varying boiling points, resulting in the creation of intermediate products. This process occurs within the crude distillation unit (CDU), and subsequent processing of these intermediate products takes place elsewhere within the refinery. ISAB has two CDUs, respectively at Impianti Sud and Impianti Nord, and one Vacuum Distillation Unit (VDU).

Octanizing and desulphurization: Following distillation, the light and middle distillates undergo catalytic process aimed to transform intermediates from crude distillation to components for finished gasoline and diesel.

Conversion: Subsequently, heavier intermediates undergo conversion into lighter products, primarily through a cracking process that disassembles larger molecules into smaller constituents.

- In the area of conversion, ISAB has included heavy oil gasification activities, which constitute a component of petroleum refining. This process is complemented by power generation through an Integrated Gasification Combined Cycle (IGCC) plant. This advanced facility not only generates power but also facilitates hydrogen production, sulfur extraction and vanadium production, thereby exemplifying ISAB's commitment to technological advancement and sustainable practices. The hydrogen generated by IGCC is then sent to the refineries to be used in the refining process.

Quality

ISAB's capabilities extend to the blending of diverse raw materials, resulting in the production of a wide range of finished products. These products Include mostly gasoline and diesel, with LPG, virgin naphtha, kerosene, and fuel oil representing a smaller share of total production. Adequate storage infrastructure is crucial to this facet of ISAB's operations.

Product Loading and Shipment (Output):

For logistical operations, starting from the current year, ISAB relies on Trafigura, a prominent commodity trading company renowned for its expertise in product loading and shipment. This multifaceted process includes the dispatch of refined products via both sea and land routes, ensuring punctual and efficient delivery to diverse destinations. Both sea routes and land transportation are managed by third parties.

Collectively, these facets of ISAB's business form an integrated and comprehensive operational framework that defines the company's position within the petroleum and energy sectors.

2.3.1 Value chain

ISAB has carefully designed a complete management system that supports its refinery's production activities and works seamlessly with planning and overall business operations. This holistic approach allows the company to efficiently coordinate its various functions, ensuring operational excellence across the board.

ISAB handled trading activities on procurement of crude oil destined for the refinery and the purchase of refined products with a partner that has been replaced as of May 2023 by Trafigura. This strategic partnership exemplifies ISAB's commitment to ensure the seamless execution of its business model in the ever-evolving energy landscape. Trafigura ensures a reliable flow of inputs and predictable output management.

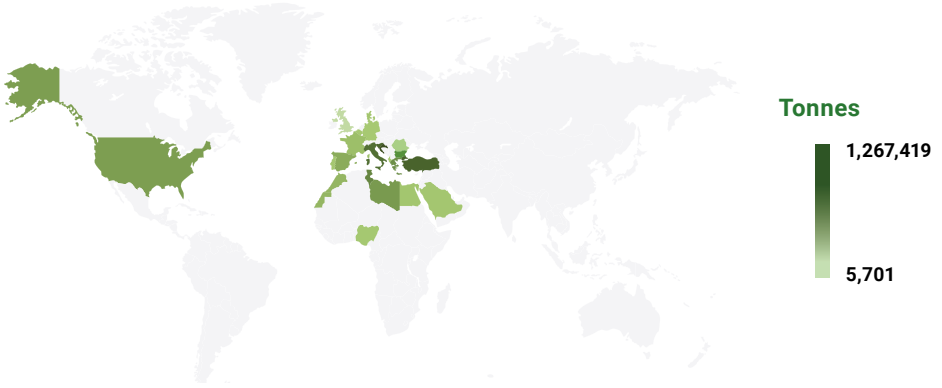
2.4 Key Markets

While ISAB proudly operates on Italian soil, its influence extends far beyond the country's borders.

The company is increasing its international presence to grow in markets with high demand and growth potential, while remaining committed to ensuring that approximately a fifth of its production continues to serve the Italian market in the years ahead. With its commercial partnership, ISAB has an optimal balance between the home market and the global presence.

ISAB caters primarily to the Mediterranean region, with European countries representing a significant portion of its total product shipments. Furthermore, the company extends its services to the Middle East and Northern Africa, with a smaller proportion of products reaching the Americas.

Figure 1 - Key markets served



ISAB's commitment to the Italian market remains stable, Italy continues to represent a significant portion of the production, and the refinery customizes products to meet the highest standard for domestic requirements.

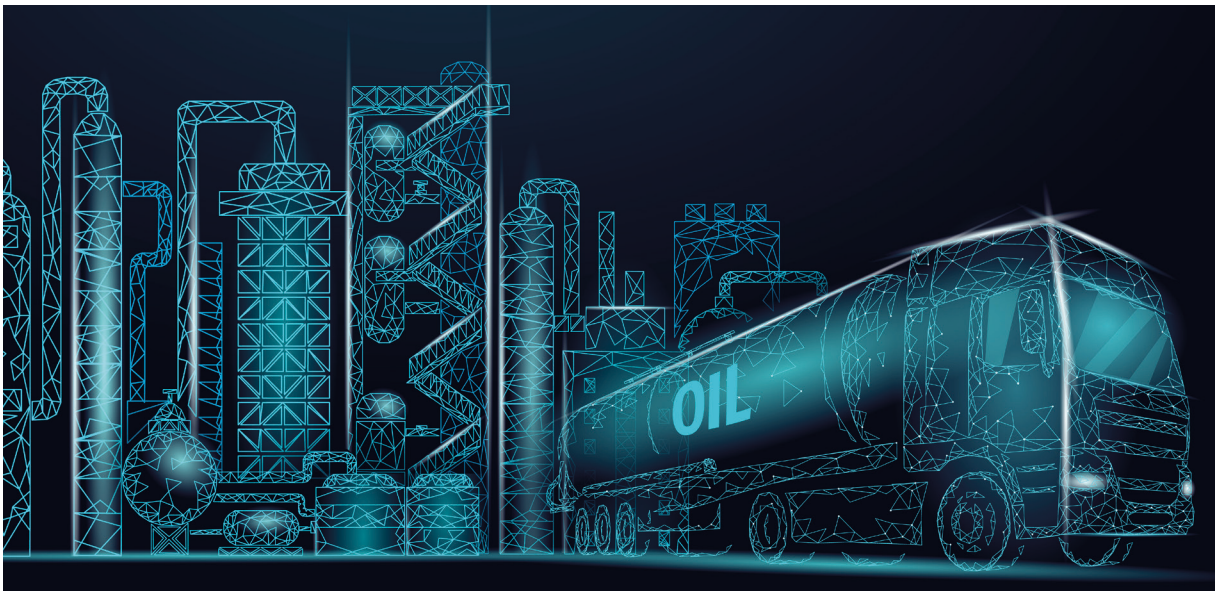
2.5 Suppliers activities and policy

Logistics is one of the core functions in ISAB's and achieving a sustainable logistic chain represents a significant undertaking that requires the implementation of innovative policies, technologies, and practices.

Furthermore, the company believes in cultivating strong and mutually advantageous relationships with suppliers of positive business reputation. This belief stands as a key factor in the commercial viability of its operations. The company places great value on its affiliations with business partners, promotes equitable competition, and adheres to all relevant competition laws within the Italian and European regulatory environments. While championing its own interests, ISAB simultaneously acknowledges and respects the legitimate and rational interests of its counterparts. The company remains open to collaborate with any business partner, provided that said partner is committed and shares ISAB values of respect, integrity, mutual benefit and rigorous mutual accountability.

ISAB prefers local enterprises, particularly those in proximity to its manufacturing facilities, when selecting its suppliers. The decision to engage local suppliers highlights a strategic commitment to strengthening local economy, mitigating risks, fostering more robust and collaborative associations in the supply chain and promote sustainability.
In line with legal requirements and AIA limits, ISAB is committed to reducing the amount of VOCs released in tank truck and ship loading operations through a vapor absorption system.

ISAB's supplier base Includes two distinct categories: a supplier that provides essential raw materials, such as crude oil and other feedstock, and suppliers offering goods and services that facilitate the execution of the company's core business activities. This approach to supplier engagement ensures a steady and reliable procurement of essential resources and the facilitation of operational excellence.



2.5.1 Raw material and products

In terms of raw material, ISAB processes mainly crude oil and other feedstock such as semi-finished products.

ISAB has built a strategic partnership with one international supplier that can provide the required volume of materials throughout the year, to guarantee a safe and uninterrupted supply of raw materials. In fact, 20 nations were used as sources for crude oil and other feedstocks in 2022. The most important geographic regions comprise the Middle East, the Caspian Sea, North Africa, America and the North Sea.

Given ISAB's crucial role in the Italian and European markets, the business is constantly looking for potential market opportunities through which it can be successful in obtaining supplies at advantageous prices, allowing it to supply finished goods and electricity to the community in a constant and secure way.

In the year 2022, ISAB achieved a significant milestone by processing almost 12,200 million tons (Mtn) of raw materials. This marked a strong increase of 26% in comparison to the previous year, during which more than 9,700 million tons were processed. However, it is important to understand these numbers by recognizing the significant impact the pandemic had on the total amount of raw materials processed in 2020 and 2021. All raw materials are processed in the refining activities while IGCC relies on residue generated by Impianti Sud and Nord, and, therefore, it does not constitute an external contribution of raw materials.

Table 1 - Raw material processed by site (Kt/year)

	2020	2021	2022
Refining (Impianto Nord + Impianto Sud)	8,467	9.723	**12,718**
Crude oil	7,306	8,708	**11,535**
Crude oil & other feeds processed and not processed	1,161	1,016	**642**
IGCC(*)	524	-	**599**
Crude oil	485	-	**480**
Crude oil & other feeds processed and not processed (*)	39	-	**119**

(*) IGCC raw materials are residue originating from Impianti Sud and Impianti Nord

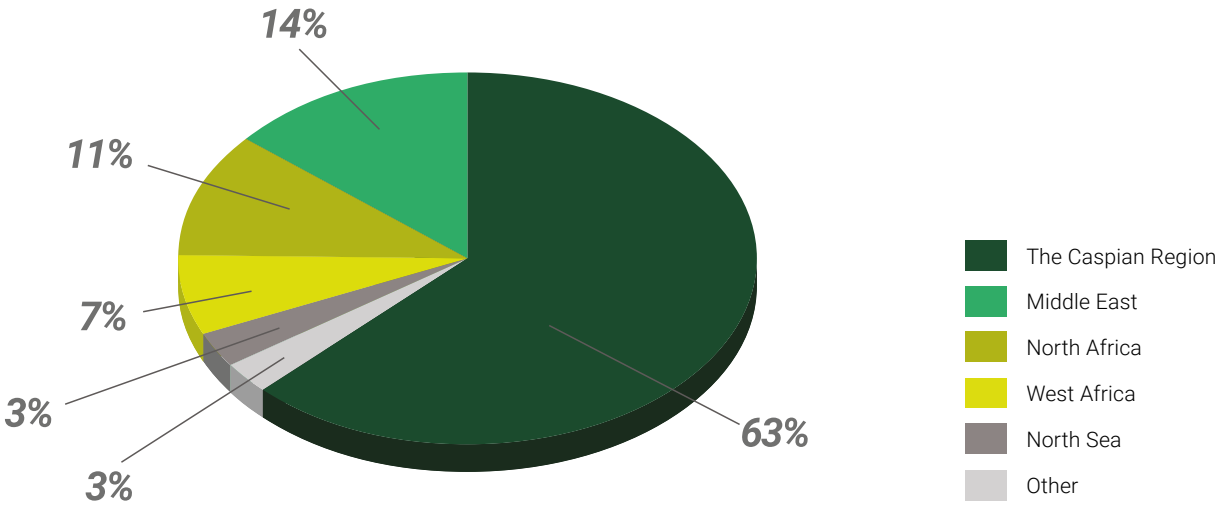
In 2022 the proportion of other feeds, including both directly processed and non-processed materials, constituted a relatively smaller share of the total annual distribution, accounting for slightly more than 1%. In 2020 and 2021 the category accounted for a more substantial share, ranging between 8% and 10%.

The geographical split in raw material supply is important to mitigate risks, ensure resource stability, and optimize ISAB's operations. The geographical distribution of its raw material supply reveals a comprehensive and well-thought-out strategy. The predominant source of crude oil, constituting 63% share, was the Caspian Sea region.

Middle East emerges as a notable contributor, providing 14% of the raw materials. The refinery's engagement with this region is aligned with the effort to diversify its sources. North and West Africa collectively contribute 18% of the raw material supply. The North Sea, while representing a relatively modest 3%, offers access to the European energy market and a source of high-quality crude. The residual 3% comes from United States, Brazil, Canada and Italy.

The geographical split in raw material supply demonstrates the company' choice to diversify sources, reduce reliance on any single region, and enhance the refinery's resilience to global market fluctuations and geopolitical shifts. It underscores the refinery's commitment to a balanced and sustainable approach to raw material procurement.

Table 2 - Raw materials processed in 2022 (% by geographical region)



2.5.2 Additional raw materials

ISAB's operational activitiy relies on a range of supplementary raw materials. In 2022, the company employed 12.2 thousand metric tons (Ktn) of these additional raw materials, nearly doubling the 2021 levels. It is important to clarify that this substantial increase finds its rationale in the operational dynamics of the IGCC power plant during 2021, which operated at a limited capacity.

Within its refining operations, ISAB consumed 3.1 Ktn of catalysts and 3.7 Ktn of additives. Over the past three years, ISAB focused on optimizing its resource management and limiting its environmental impact. A related achievement in this regard is the consistent utilization of over 40% recycled catalysts, with the year 2022 reaching 47%. This underscores ISAB's strong commitment to sustainability and responsible resource stewardship. In the year 2022, the IGCC power plant primarily relied on additives, amounting to 5.4 Ktn, with a marginal usage of catalysts, totaling 0.02 Ktn. The usage of additional raw materials in 2022 closely aligns with the levels observed in 2020. However, in 2021, this usage was reduced to 0.3 Ktn, due to lower activity levels during that period.

Table 3 - Additional raw materials split

		2020	2021	2022
Refining	tn	6,785	6,666	**6,818**
Catalysts	tn	3,459	3,276	**3,122**
Additives	tn	3,326	3,390	**3,696**
IGCC	tn	5,086	326	**5,390**
Catalysts	tn	23	23	**23**
Additives	tn	5,064	304	**5,367**
Total additional raw materials	tn	11,871	6,992	**12,208**

Table 4 - Share of recycled catalysts

	2020	2021	2022
Recycled catalysts	41.4%	42.0%	**47.0%**
Catalysts	58.6%	58.0%	**53.0%**

ISAB's comprehensive approach to raw material management includes not only the optimization of primary raw materials but also a careful consideration of supplementary materials, reflective of the company's effort to resource efficiency and environmental responsibility.

2.5.3 Supply of goods and services

Suppliers of goods and services, excluding raw materials, play an important role in the operations of ISAB. These suppliers Include a wide range of categories, including maintenance and repair services, machinery and equipment providers, safety and environmental services, and various other support functions. These suppliers are crucial as they ensure the smooth functioning of the refinery, maintain equipment, and provide essential services to uphold safety and regulatory compliance. Engaging local suppliers offers mutual advantages for ISAB and the community. Firstly, it reinforces the relationships within the local community, increasing the refinery's commitment towards the areas surrounding the premises. Secondly, it provides greater control over the supply chain, ensuring timely and efficient access to goods and services. Finally, working with local suppliers contributes to the generation of local economic value, promoting economic growth and sustainability in the province. This alignment with local suppliers aligns with the broader goals of corporate responsibility and sustainability.

Table 5 - Turnover paid to supplier by region

		2020	2021	2022
Turnover actually payed to contractors	M€	270,5	164,7	**204,8**
of which Foreign	%	5.53	5.30	**5.57**
of which Italian	%	45.35	49.60	**45.03**
of which regional	%	5.15	4.32	**9.16**
of which local (SR)	%	43.97	40.78	**40.24**
Total in Sicily	**%**	**49.12**	45.10	**49.40**

2.5.4 Supplier selection

The company's supplier assessment strategy is grounded in the principles of fairness, equity, and transparency. Its primary objective is the continuous enhancement of economic productivity through technological advancements and innovation, with a particular focus on social and environmental considerations. This strategic approach is dedicated to fostering the creation of suitable employment opportunities, promoting robust entrepreneurship, cultivating strong partnerships with local stakeholders, and ensuring responsible environmental stewardship.

Within this comprehensive strategy, the social dimension takes center stage, incorporating criteria such as a strong commitment to human rights, ethical labor practices, stakeholder rights, non-discrimination, sustainable employment practices, and the prioritization of health and safety. The primary objective is the assurance of workplace safety, extending not only to the company's employees but also to all external suppliers, contractors, and the surrounding community.

The selection of suppliers is consistently based on rigorous, objective assessments Including social, technical, and economic factors, all conducted in accordance with the principles of competition and equality. This approach prioritizes sustainable development and social responsibility, underscoring a substantial dedication to enhancing local economic development.

The screening criteria mentioned above are systematically applied to every supplier through a structured questionnaire. ISAB employs this questionnaire as a comprehensive tool to assess and evaluate potential suppliers across a spectrum of criteria and characteristics. By sending this questionnaire to each supplier, the company ensures a standardized and consistent approach in collecting crucial information.

ISAB is in the process of planning and implementing enhancements to its questionnaire to achieve a more comprehensive understanding of its suppliers' ESG performance. The objective is to create a questionnaire that goes beyond its current scope, allowing ISAB to gain a holistic view of how each supplier aligns with ESG principles. The planned improvements involve expanding the questionnaire to cover a wider range of ESG-related criteria and aspects. These may include sustainability practices, environmental impact, and gender equality.

ISAB places a strong emphasis on prioritizing local suppliers for goods and services, actively contributing to, and supporting the local economy. However, they adopt a balanced approach to ensure the sustainability of both their operations and their suppliers. To achieve this equilibrium, ISAB evaluate the exposure of each supplier, to avoid over reliance in terms of total supplier's turnover. This strategic combination promotes the growth of local businesses while safeguarding suppliers from becoming overly dependent on ISAB's operations, thereby preserving the resilience of the supplier network.

ISAB engages with an extensive pool of thousands of suppliers, which undergo a thorough process of screening and qualification. Among all suppliers screened and qualified in 2022, 30 suppliers were identified as potentially carrying negative social impacts. In 2022, only 5 suppliers were identified as having significant actual and potential negative social impacts. These potential adverse effects include various facets, including the risk of non-payment to employees or subcontractors, social liability stemming from a heavy reliance on ISAB as a primary client, concerns regarding hourly rates below minimum standards, as well as issues related to forced labor and occupational health and safety.

Table 6 - Suppliers' screening activities

		2020	2021	2022
Number of suppliers assessed for social impact	#	30	38	**30**
Number of suppliers identified as having significant actual and potential negative social impact	#	4	5	**5**
Total suppliers screened	#	**30**	**38**	**30**

Regarding suppliers identified with potential negative social impacts, ISAB has taken proactive measures to address these concerns. This includes engaging in constructive discussions with suppliers to agree on necessary improvements. In instances where such improvements were mutually agreed upon and effectively implemented, ISAB continued its partnerships. In 2022, ISAB successfully maintained its partnerships with 80% of suppliers that committed to implementing improvements, consistent with previous years.

However, if a supplier was unable to resolve the identified issues, ISAB terminated the contract. In 2022, such terminations occurred only on one over the five identified supplier.

Table 7 - Suppliers with potential or actual negative social impacts

		2020	2021	2022
Number of suppliers assessed for social impact	#	4	5	**5**
Suppliers with which improvements were agreed upon as a result of assessment	#	3	4	**4**
	%	75%	80%	**80%**
Suppliers with which relationships were terminated as a result of assessment	#	1	1	**1**
	%	25%	20%	**20%**

These actions underscore ISAB's constant commitment to its sustainability strategy, emphasizing responsible and ethical business practices.

In the context of supplier selection, it is crucial for ISAB to assess certain criteria related to environmental considerations. This includes evaluating whether the supplier provides comprehensive training for its personnel in the fields of Safety, Health, and Environmental Protection. Additionally, the presence of a Waste Load/Unload Registry, in accordance with Legislative Decree 152/06, is considered. Lastly, suppliers should possess certifications for quality, environmental, and safety management systems. These criteria play a key role in making informed decisions regarding supplier qualification in the context of environmental responsibility.
Out of the suppliers who underwent qualification in the year 2022, 18% were subjected to evaluations pertaining to their quality management systems, 8% were assessed in relation to their environmental management systems, and 7% were scrutinized for their occupational health and safety systems. This cumulative assessment encompassed a total of 24 companies, all evaluated within the framework of environmental considerations.

Table 8 – Suppliers assessed for environmental impacts

		2020		2020		2020	
Number of suppliers	#	90	100%	76	100%	**71**	**100%**
Total suppliers assessed for environmental impacts	#	71	79%	62	81%	**24**	**33%**
Suppliers assessed on quality management systems (ISO 90001)	#	43	48%	32	42%	**13**	**18%**
Suppliers assessed on environmental management systems (ISO 14001)	#	23	26%	13	17%	**6**	**8%**
Suppliers assessed on occupational health and safety systems (ISO 45001)	#	5	5%	17	22%	**5**	**7%**

3 Sustainability at ISAB

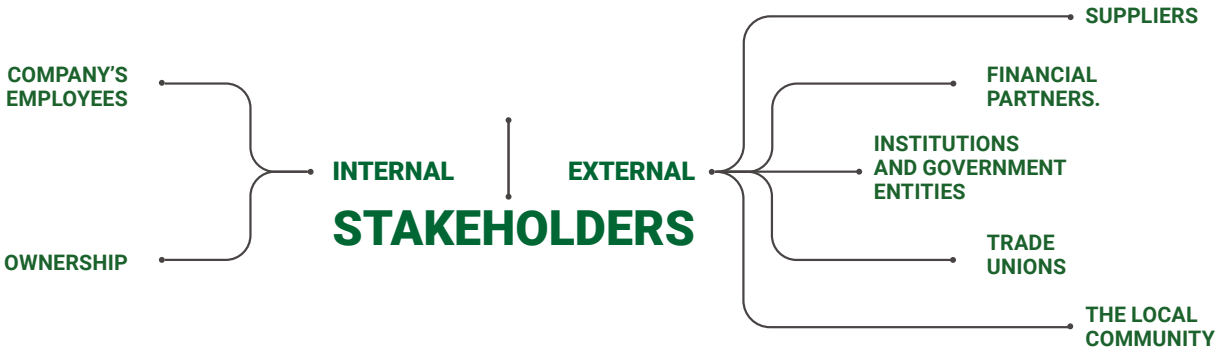
3.1 Our approach to sustainability

To address societal challenges and priorities, it has always been imperative for ISAB's to adopt a holistic perspective on sustainable development.

Shaping ISAB's approach to sustainability involves delineating the company's overarching vision, that takes into careful consideration environmental, social, and economic dimensions. **ISAB's sustainability strategy will steer the refinery's endeavors towards minimizing its environmental footprint, making a positive societal impact, and ensuring its enduring viability in the coming years.**

In ISAB's corporate values, people health & safety and environmental preservation stand as priority. They represent a significant commitment to the operations of all functional units as well as in interactions with the broader external community. ISAB believes that fully integrating its activities with the surrounding region is fundamental to realizing its developmental goals.
ISAB's strong ties to the local area position the company as a focal point for the entire community. The interdependence between the community and ISAB underscores the role the company plays within the local economic and social framework. While generating significant employment opportunities, the company aims to add value to the entire province and its territories.

Throughout its history, ISAB has consistently maintained a lasting and constructive dialogue with all stakeholders. This dialogue serves to align corporate objectives with the collective welfare. Internal stakeholders include the company's employees and ownership, while external stakeholders include suppliers, institutions and government entities, the local community, trade unions and financial partners. The dialogue with all stakeholders not only contributes to the creation of long-term value but also mitigates overall corporate risks.



The strong connection between environmental and social themes underlines the importance for ISAB to address not only environmental challenges but also to fortify its ties with the local community. In addition to contributing to the local region, ISAB is committed to safeguarding the well-being of the individuals it engages with daily, whether they are employees or not.

The company's sustainability approach takes into account several stakeholders and principles, such as the national RRP[1] mission and priorities, and the United Nations' 2030 agenda for Sustainable Development Goals (SDGs).

To better reflect how ISAB is addressing these principles, this sustainability report will highlight which SDGs have been considered in the different sections. In order to provide full transparency on the company's efforts in pursuing its goals, each year a set of Environmental, Social, and Governance Key Performance Indicators (ESG KPIs) will be monitored and shared to the public to track improvements.

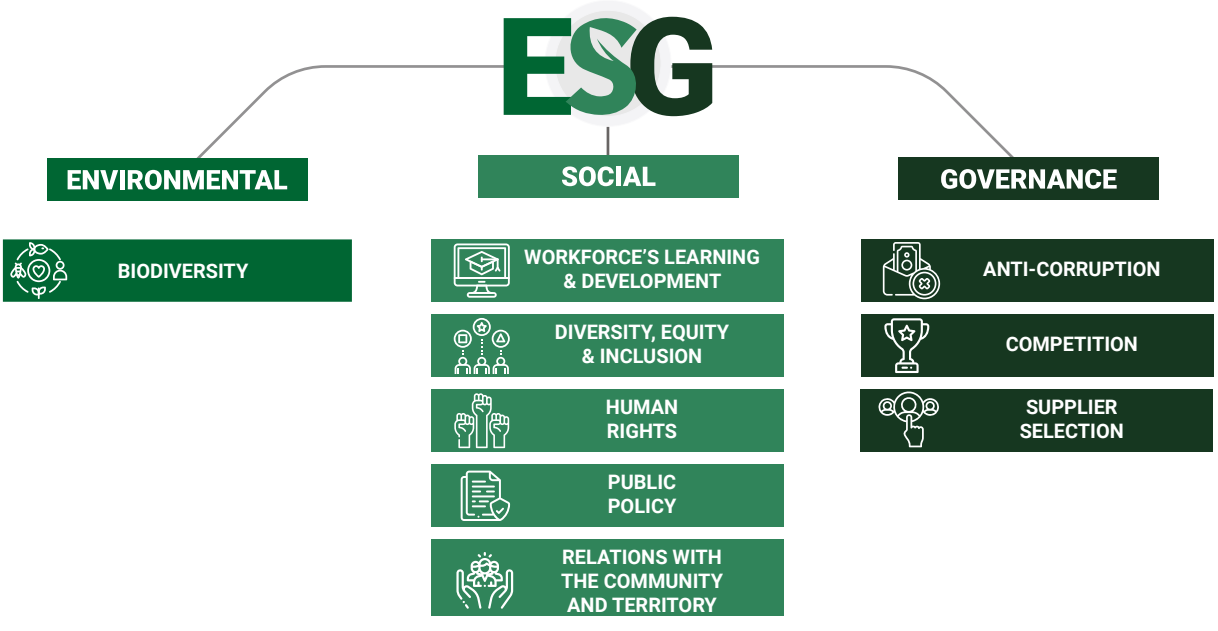
1) *National Recovery and Resilience Plan*

3.2 Sustainability Priorities and material themes

To evaluate a company's impact on the different ESG dimensions, many indicators can be analyzed and evaluated. Following the identification of a list of key topics and their potential impacts, ISAB prioritized several topics based on the industry characteristics.
In accordance with SASB standards, the material topics for Oil & Gas – Refining & Marketing (R&M) are the following:

ISAB's aspirations extend beyond the minimum standards. The company firmly holds that additional topics need to be analyzed to provide full transparency on ISAB's proactive engagement with diverse stakeholders across various ESG dimensions.

Consequently, additional factors have been examined to present a holistic view of the multiple interactions the company may have with each stakeholder within each of the ESG dimensions:



In order to analyze the priorities listed above, ISAB developed the 2022 sustainability report in reference to the GRI Standards for the period between 1 January 2022 and 31 December 2022. In particular, the report is in reference to the GRI 1: Foundation 2021 and GRI 11: Oil and Gas Sector 2021 standards, in line with market best practice.

3.3 Sustainability governance

3.3.1 Team structure and responsibilities connected to ESG themes

To comprehensively address sustainability concerns, ISAB has designated a specific person for each relevant issue. This individual bears the responsibility of reporting potential areas of concern to the management and engaging with various stakeholders. In fact, ISAB established weekly staff meetings, specific to each functional area, where operational performance and sustainability-related matters are discussed. Heads also convene every two weeks to discuss environmental, occupational safety, and compliance issues. Moreover, the top management meets monthly to track the sustainability progress on top of the operational performance. In the future, ISAB will add 'Sustainability' to the agenda of the quarterly Board meetings and will monitor progress of the sustainability report, among other sustainability aspects.

In order to underscore the significance of sustainability issues, ISAB has introduced a system of individual and group incentives aimed at reinforcing responsible conduct and motivating heightened efforts from its employees.

For directors and managers, individual incentives are anchored in a set of Key Performance Indicators (KPIs) that directly evaluate ESG tmanager's respective division. Group incentives are disbursed annually to the departments that have exhibited exemplary work practices, such as reducing workplace injuries or preventing uncontrolled spills. In this manner, ISAB incentivizes not only its top management but every member of the organization, thus fostering a workplace culture centered on sustainable behaviors.

ISAB has embarked on a journey that highlights its growing commitment to sustainability within its business model. The recent appointment of sustainability-focused individuals signals the company's acknowledgment of the pressing need to address environmental and ethical concerns. These sustainability advocates at ISAB mark the initial steps in a noteworthy shift in the company's values. Sustainability is progressively taking a more central role in ISAB's daily decision-making processes. Today, each decision, from refining practices to supply chain management, is increasingly influenced by a strong awareness of its environmental and social impacts. This evolving approach demonstrates ISAB's willingness to address the challenges of a changing world. While the journey is just beginning, the direction is unmistakable: **at ISAB, sustainability is becoming a strong commitment that shapes many aspects of its operations, guiding the company towards the creation of value in the long term, for the benefit of all company stakeholders and the needs of future generations**.

3.4 Certifications

Obtaining multiple accreditations and authorizations from regulatory authorities and subsequently having them certified by third-party entities holds significant importance for a refinery. This importance spans several critical areas, including regulatory compliance, operational excellence, environmental responsibility, and fostering trust among stakeholders. Indeed, these accreditations and authorizations serve as a guarantee that the refinery operates in full compliance with local, national, and international regulations.

Moreover, the acquisition of voluntary certifications plays a key role in enhancing ISAB's pursuit of operational excellence. These certifications encourage the adoption of best practices, the implementation of standardized processes, and the minimization of operational risks. They also underscore the refinery's commitment to environmental responsibility, thereby bolstering stakeholder trust. These certifications often incorporate stringent requirements for managing emissions, waste, and pollution, which aids the refinery in reducing its environmental impact.

In essence, accreditations, authorizations, and certifications furnish a well-structured framework for achieving and sustaining excellence across the refinery's operations. They validate the ISAB dedication to upholding standards of quality, safety, environmental consciousness, and stakeholder satisfaction.

Beyond the mandatory controls and inspections conducted by regulatory authorities, ISAB relies on independent auditors to secure the necessary authorizations, accreditations, and certifications essential for its operations. Specifically, ISAB maintains collaborative partnerships with certification bodies like RINA and, more recently, has initiated a relationship with DNV, further enhancing the involvement of third-party auditors in its processes.

ISAB holds the following Integrated Management System (IMS) Certifications

ISO 9001:2015

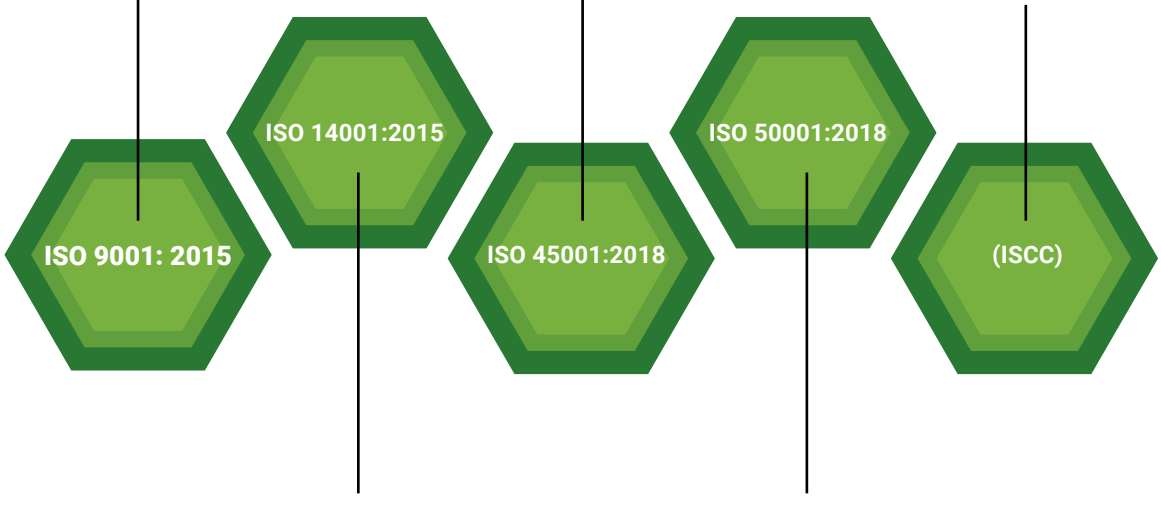
1. It is an international standard based on eight quality management principles:
   - Customer focus
   - Leadership
   - Staff involvement
   - Process approach
   - Systemic approach to management
   - Continuous improvement
   - Evidence-based decisions
   - Mutually beneficial relationships with suppliers

ISO 45001:2018

The certification concerns safety in the workplace. The standard aims to make it systematic for a company to control, know, be aware of and manage all possible risks inherent in normal and extraordinary operating situations in the workplace.

International Sustainability & Carbon Certification (ISCC)

- The ISCC is a certification scheme for sustainable materials and energy. It is granted if raw materials have complete traceability and have been demonstrated to be sustainable for all potential industries/ branches.
- The ISCC.EU certificate has been granted for the "Co-processing plant – Hydrotreating".
- Additionally, ISAB managed to get the ISCC-PLUS certificate for its plant to produce cumene.



ISO 14001:2015

It is a set of international standards covering the environmental management system. It is set on the principles of a management system that includes the phases of planning, execution, control, and improvement actions.

ISO 50001:2018

It outlines the conditions necessary to create, carry out, maintain, and enhance an energy management system (EnMS). The desired result is to make it possible for a company to adopt a methodical strategy for attaining ongoing improvement of energy performance and the EnMS.

4

Environmental sustainability at ISAB

Consistent with the company's sustainability framework, ISAB is dedicated to enhancing its environmental performance.

This commitment is reinforced by the efforts to reduce emissions into the air, water, and soil, as well as the responsible and responsible use of natural resources. ISAB has fostered an environment of constructive collaboration that emphasizes transparency, both internally within the organization and with the broader external community.

4.1 GHG Emission

All activities carried out by ISAB are compliant with regulations, both for refining activities and for the IGCC plant.

As required by national and community regulations on greenhouse gas emissions accounting, ISAB ensures that GHG emissions are controlled and verified annually by certified companies. The audit takes place between February and March of the year following the reporting period.

GHG emissions are authorized under four authorizations, each in accordance with the provisions of the European Directive on Emission Trading 2003/87/EC and subsequent amendments[2]. Namely, authorizations are as follows:

Impianti Nord: Authorization 822
Impianti Sud: Authorization 823
IGCC: Authorization 825
Power station South: Authorization 827

To determine GHG emissions released from the different production locations, the chemical-physical characteristics of burned fuels are analyzed by accredited laboratories, focusing on the carbon content and the emission factor. The quantity of the fuels burned is calculated by using measurement instruments that are periodically checked and calibrated.

Different categories of greenhouse gas (GHG) emissions connected to an organization's activities are referred to as Scope 1, Scope 2, and Scope 3 emissions. For an in-depth understanding of an organization's environmental impact, it is essential to analyze these emissions independently.

Scope 1, 2, and 3 emissions have different levels of control that may be exerted by an organization, with the former being easier to manage than the latter. Additionally, by examining each scope separately, it is possible to pinpoint emission hotspots and opportunities for emission reduction.

2) which require operators of production sites falling within the scope of the Directive to: (i) Apply for authorization for greenhouse gas (GHG) emissions, (ii) Develop a Monitoring Plan and submit it to the Competent National Authority (CNA) and (iii) Account for and report emissions to the CNA at the end of each reporting period

4.1.1 Direct GHG Emissions (Scope 1)

Direct emissions from sources that the organization controls are included in Scope 1 emissions.

This involves emissions produced when fossil fuels, including natural gas, are used on-site in boilers, generators, and other machinery.

Scope 1 emissions saw a sharp increase in 2022 compared to 2021 levels. This is due to the reduced capacity of operations at the IGCC plant, the most emissive site. In particular, there are 2 gas turbines in the IGCC complex. In 2021, the turbine in the combined cycle module has been converted to be powered by natural gas instead of syngas.

The second turbine, on the other hand, since it is not set up to be powered by natural gas, has remained non-operational. Additionally, comparing 2022 Scope 1 emissions to 2020 levels can be misleading given that the pandemic limited the 2020 volumes of crude oil refined.

Table 9 - Direct GHG Emissions (Scope 1)

		2020	2021	2022
Authorization 822 Impianto Nord	tn CO2 eq	445,376	455,339	**535,059**
Authorization 823 Impianti Sud	tn CO2 eq	1,057,340	1,115,161	**1,266,964**
Authorization 825 IGCC	tn CO2 eq	1,679,929	207,880	**1,915,412**
Authorization 827 Power station South	tn CO2 eq	164,206	106,631	**200,116**
Total	tn CO2 eq	**3,346,851**	**1,885,011**	**3,917,551**

ISAB is committed to rigorously monitor greenhouse gas (GHG) emissions levels in the coming years, with the overarching objective of diminishing the company's environmental footprint.
To realize this goal, in 2022, ISAB introduced a new monitoring system which identifies the actions necessary to enhance energy efficiency, consequently leading to emissions reduction. These actions can be categorized into three key areas: optimizing operational procedures, conducting more frequent and precise maintenance operations, and embarking on new investment projects aimed at technological upgrades.

4.1.2 Indirect GHG Emissions (Scope 2)

Scope 2 emissions include indirect emissions from the production of bought energy used by the organization. This includes emissions from the heating, cooling, and energy that the company acquires from outside sources. By analyzing Scope 2 emissions, the firm is aware of the amount of carbon emitted by the energy it uses. It promotes educated decisions regarding energy procurement ISAB's Scope 2 emissions increased in 2022 compared to the levels recorded in 2020 and 2021. This rise was primarily caused by a surge in production activity at its facilities, particularly at the "Impianti Sud," where emissions escalated from 140 ktn CO2 eq to 193 ktn CO2 eq. However, it is important to note that the absolute Scope 2 emissions are intrinsically linked to energy consumption. In 2022, energy consumption was higher due to increased production output. Nevertheless, CO2 emissions grew in line with production levels highlighting how ISAB has not emitted more than in the previous years in relative terms, as shown in Table 14. In light of this, ISAB is evaluating a potential installation of photovoltaic panels at the site to source clean energy required to fuel operations.

Table 10 - Indirect GHG emissions (Scope 2)

		2020	2021	2022
Authorization 822 Impianto Nord	tn CO2 eq	52,014	52,144	**58,078**
Authorization 823 Impianti Sud	tn CO2 eq	144,650	143,170	**192,549**
Authorization 825 IGCC	tn CO2 eq	481	0	**359**
Authorization 827 Power station South	tn CO2 eq	0	0	**0**
Total	tn CO2 eq	**197,145**	**195,314**	**250,986**

4.1.3 Other Indirect GHG Emissions (Scope 3)

Scope 3 emissions relate to all indirect emissions that occur as a result of the organization's activities but are not owned or controlled by the organization itself. These emissions can occur upstream or downstream in the value chain, including employee commuting, supply chain activities, business travel, and more.

ISAB is currently focusing on improving data quality within Scopes 1 and 2. This allows the refinery to take concrete actions to reduce its direct emissions and energy consumption, where it has more direct control and influence. Nevertheless, ISAB is already moving in the direction to map the full value chain and have a thorough picture of its Scope 3 emissions.

4.1.4 Emission intensity indicators

Emissions intensity indicators provides refineries with a more complete picture of their environmental impact. It aids in making informed decisions, establishing achievable targets, satisfying regulatory criteria, and eventually lowering emissions while maintaining or enhancing production efficiency. Additionally, intensity metrics enable refineries to compare their emissions performance with industry benchmarks and peers. The choice of variables and metrics for emission intensity calculations depends on the refinery's objectives, the specific emissions of concern, and the regulatory context. Calculating emission intensity involves considering several variables to measure emissions relative to processing level. The most common variables used for this calculation include the total absolute amount of GHG emissions and the processing level. The former refers to the emissions from various sources such as combustion, venting, and fugitive emissions while the latter includes the total quantity of refined feedstocks or energy produced by the refinery within a specific timeframe.

The formula for calculating emission intensity is:

Emission Intensity = (Total Emissions / Processing level)

Regardless of the variables used, emission intensity calculations are essential for assessing environmental performance and improving overall sustainability.

In the context of refineries and the oil and gas industry, "Complexity Weighted Tonne" (CWT) is a specialized metric used to assess the complexity and performance of a company's operations. It is a measure to assess the complexity of the crude oil processing and refining capacity. The complexity of a refinery refers to its ability to process a wide range of crude oils and other feedstocks and produce a variety of refined products efficiently. The total level of CWT increased in the last years with the exception of 2021 where ISAB's refineries and power plants worked at limited capacity. In 2022, the total Complexity Weighted Ton (CWT) levels are slightly above 90Mtn, representing a major increase compared to 2021 levels.

Table 11 - Complexity weighted ton (CWT)

		2020	2021	2022
Complexity Weighted Tonne (CWT)	t of production	69,577,190	47,598,066	**90,063,584**

Table 12 - Scope 1 emission intensity (tn CO2 eq/CWT)

		2020	2021	2022
Scope 1 emission intensity	tn CO2 eq/CWt total	0.0481	0.0396	**0.0435**

Table 13 - Scope 2 emission intensity (tn CO2 eq/CWT)

		2020	2021	2022
Scope 2 emission intensity	tn CO2 eq/CWt total	0.0028	0.0041	**0.0028**

Emission intensity for both Scope 1 and Scope 2 emissions are in line between 2022 and 2020, showing ISAB's commitment in maintaining its operational efficiency. 2021 was a special year with unusual activity levels and therefore cannot be compared to 2022 levels.

4.2 Energy Efficiency

In order to slow down climate change, there is an urgent need to pursue a process of ecological transition of industrial and civil activities. In line with key European Union (European Green Deal) and national (Piano Nazionale Energia e Clima) regulations, ecological transition means reducing carbon dioxide emissions, increasing production of innovative energy and clean fuels, and increase the percentage of biofuel in fuels.

ISAB is well-aware of the need to set up and pursue an ecological transition plan. It is therefore designing its own industrial strategy for the coming years in which the ecological and energy transition set the company on a path of innovation, taking actions on three main topics.

DECARBONIZATION AND ENERGY EFFICIENCY

Interventions are expected to modernize the production cycle with a focus on reducing CO2 emissions and processing crude oil for fuel generation. The desulfurization plants need to be upgraded while the major furnaces and compressors need to be more energy efficient.

CIRCULAR ECONOMY

Future plans aim for the progressive substitution of fossil fuels with renewable raw materials, such as the so-called biofeedstocks defined by the European Renewable Energy Directive 2 or other recycled materials, which can be converted into bio/eco fuels. In this way, ISAB will develop final products that have a low carbon footprint. The amount of CO2 released during the whole refining process will be lower than the one released during the processing of conventional fossil fuels.

HYDROGEN

Hydrogen will play a significant role in ISAB's transition strategy, in line with European directives. In fact, ISAB is looking into additional interventions aimed at the generation of hydrogen through the transformation of biogas into hydrogen. ISAB wants to intervene on existing hydrogen production facilities to boost their capacity and minimize their CO2 emissions.

Because of this, the technological plan that will be created has as its main goal the complete reconversion of the refinery's current setup, along with the gradual transition from the processing of fossil fuels—which is by no means intended to be abandoned, but rather rationalized and made increasingly efficient—to the production of energy and fuels compatible with the future of the planet, having a lower impact on the environment such as biofuels. ISAB is putting a lot of effort into rising to this challenging task.

4.2.1 Energy Consumption

The cumulative energy needs of ISAB production facilities, namely Impianti Sud and Nord, as well as IGCC, are the resultant outcome of energy consumption and energy sales.

Energy consumption holds relevant importance in the operations of ISAB, spanning its refineries and power plant. Within the reporting framework, ISAB meticulously categorizes the energy sources, which are split into distinct groups:

Fuel consumption constitutes a significant portion of its energy use. It is also used to self-generate steam and electricity needed for the refining activities and the heat required at IGCC. Fuel consumption can be further subdivided into two key components:

- Firstly, ISAB has self-generated fuels, including all fuels produced within its industrial facility. This includes self-generated fuel gas, a byproduct of the refining cycle, which is internally consumed, as well as low-sulfur content fuel oil and coke. However, in the event of significant market opportunities, fuel oil may occasionally be procured from the market if it proves to be more convenient or cost-effective than the self-generated alternative.

- Additionally, methane is typically purchased from third parties, and it is integrated into ISAB's energy mix.

Steam is also directly purchased from third parties to be used at Impianti Nord to generate energy.

The electricity procured from external sources is divided into two subcategories: electricity sourced from the national grid and electricity originating from steam-based processes. These different energy sources play a key role in powering ISAB's operations, ensuring efficiency, and aligning with their commitment to responsible energy management.

In 2022, ISAB **total energy consumption** was divided as follows:

Table 14 - Energy consumption by production site

		2020	2021	2022
Refining	GJ	28,515,570	28,144,372	**33,339,367**
IGCC	GJ	15,875,053	3,831,862	**20,405,861**
Total Energy Consumption	**GJ**	**44,390,623**	**31,976,234**	**53,745,228**

The reasons for higher energy consumption levels at ISAB in 2022 compared to 2020 and 2021 can be attributed to several factors, primarily the improvement in operational conditions and the increased capacity utilization during that year. Indeed, during the year 2021, energy consumption at IGCC was notably constrained, accounting for only one-fifth of the levels observed in 2022. This disparity arose due to the fact that the primary turbine responsible for processing syngas remained inactive for a substantial portion of the year, as the secondary turbine underwent conversion from syngas processing to natural gas processing. Subsequently, in the year 2022, both turbines were reinstated for syngas processing operations, resulting in an energy demand exceeding 20,405,000 GJ.

As previously stated, energy consumption can have various sources, specifically stemming from fuel consumption and the procurement of energy from external sources. However, energy consumption from fuel consistently remained above 90% of the total consumption.

Table 15 - Energy consumption by source type

		2020		2021		2022	
Total fuel consumption within the organization	GJ	41,192,333	93%	28,642,574	90%	**49,642,695**	**92%**
Electricity procured from external sources	GJ	576,040	1%	546,200	2%	**750,246**	**1%**
Steam-based energy	GJ	2,622,250	6%	2,787,460	8%	**3,352,287**	**7%**
Total Energy Consumption	**GJ**	**44,390,623**		**31,976,234**		**53,745,228**	

In specific terms, fuel consumption predominantly derives from non-renewable sources, primarily fossil fuels. Conversely, the energy acquired from third parties has diverse origins. Electricity is procured through specific contracts with the national grid, whereas energy originating from steam is provided by ERG to Impianti Nord.

Table 16 - Detailed energy consumption by source type and production site

			2020	2021	2022
Refining	**Total fuel consumption within the organization**	GJ	25,346,954	24,991,096	**29,395,844**
	i. from non-renewable sources	GJ	25,346,954	24,991,096	**29,395,844**
	ii. from renewable sources	GJ	-	-	**-**
	Electricity procured from external sources	GJ	3,168,616	3,153,276	**3,943,523**
	i. electricity consumption	GJ	552,906	532,066	**713,006**
	ii. heating consumption	GJ	-	-	**-**
	iii. cooling consumption	GJ	-	-	**-**
	iv. steam consumption	GJ	2,615,710	2,621,210	**3,230,517**
IGCC	**Total fuel consumption within the organization**	GJ	15,845,379	3,651,478	**20,246,851**
	i. from non-renewable sources	GJ	15,845,379	3,651,478	**20,246,851**
	ii. from renewable sources	GJ	-	-	**-**
	Electricity procured from external sources	GJ	29,674	180,384	**159,010**
	i. electricity consumption	GJ	23,134	14,134	**37,240**
	ii. heating consumption	GJ	-	-	**-**
	iii. cooling consumption	GJ	-	-	**-**
	iv. steam consumption	GJ	6,540	166,250	**121,770**
Total Energy Consumption		**GJ**	**44,390,623**	**31,976,234**	**53,745,228**

To enhance energy efficiency, ISAB implemented a new energy consumption monitoring system in 2022. This system offers varying levels of detail, allowing for precise identification of potential inefficiencies. In fact, it provides analyses for each production site, each plant, and each energy parameter.

The new system enables daily monitoring of parameters such as steam consumption, furnace activity levels, and substance levels in the processes (e.g., O2 in furnaces). This analysis facilitates the identification of corrective actions on operational procedures, maintenance operations, and invest on new projects aimed at technological upgrades. Corrective actions impact ISAB on a financial level, allowing to prioritize potential critical interventions based on their analyzed impact. Investments in said interventions are aimed at actively reducing carbon emissions following heightened energy efficiency.

4.2.2 Energy production

Of the energy consumed, any surplus energy not required for internal operations is sold back to the national grid. The predominant source of this surplus energy is the IGCC power plant, which converts the residues from the refining process into usable energy. In 2022, almost 9,700,000 GJ were sold to the national grid:

Table 17 - Energy production by site

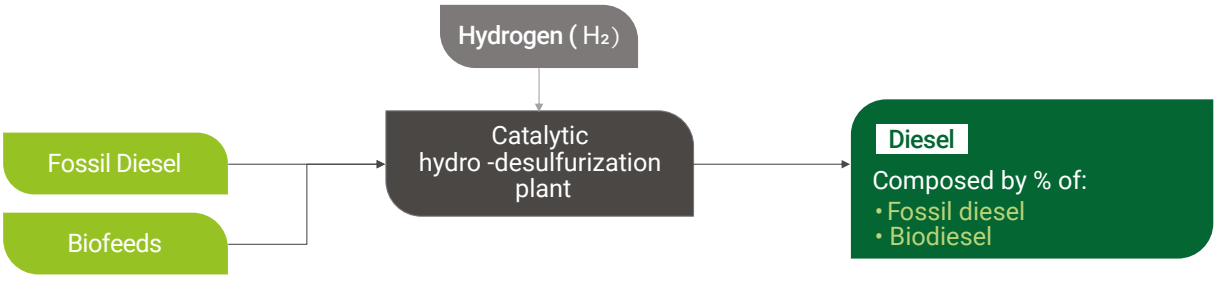
		2020	2021	2022
Refining	GJ	384,760	676,110	**180,176**
IGCC	GJ	7,120,112	1,581,164	**9,520,162**
Total Energy Consumption	**GJ**	**7,504,872**	**2,257,274**	**9,700,338**

The substantial increase in 2022 can be attributed to the IGCC power plant returning to full operational capacity following the slowdown experienced in 2021.

4.2.3 Biodiesel

In alignment with the EU decarbonization objectives and the PNIEC (Piano Nazionale Integrato per l'Energia e il Clima), the Italian government has formalized the imperative to introduce biofuels into the energy landscape. Specifically, this entails blending biofuels with conventional fossil diesel. The regulatory framework for this endeavor is overseen through the issuance of CICs (Certificates of Release for Consumption). These CICs work as instruments for monitoring and validating compliance with the blending obligations. The CICs are conferred by the GSE (Gestore dei Servizi Energetici) to entities that inject sustainable biofuels into the national distribution system.

In response to this directive, ISAB started a procedural journey in December 2021 to obtain the necessary certifications from relevant authorities. The objective was to initiate a co-processing initiative at the catalytic hydro-desulfurization plant designed for diesel production. This process involves the introduction of raw materials derived from both plant and animal sources, collectively named "Biofeeds", into the production process alongside the conventional fossil-based raw materials. The outcome of this co-processing operation is the creation of automotive biofuel known as HVO (Hydrogenated Vegetable Oil).



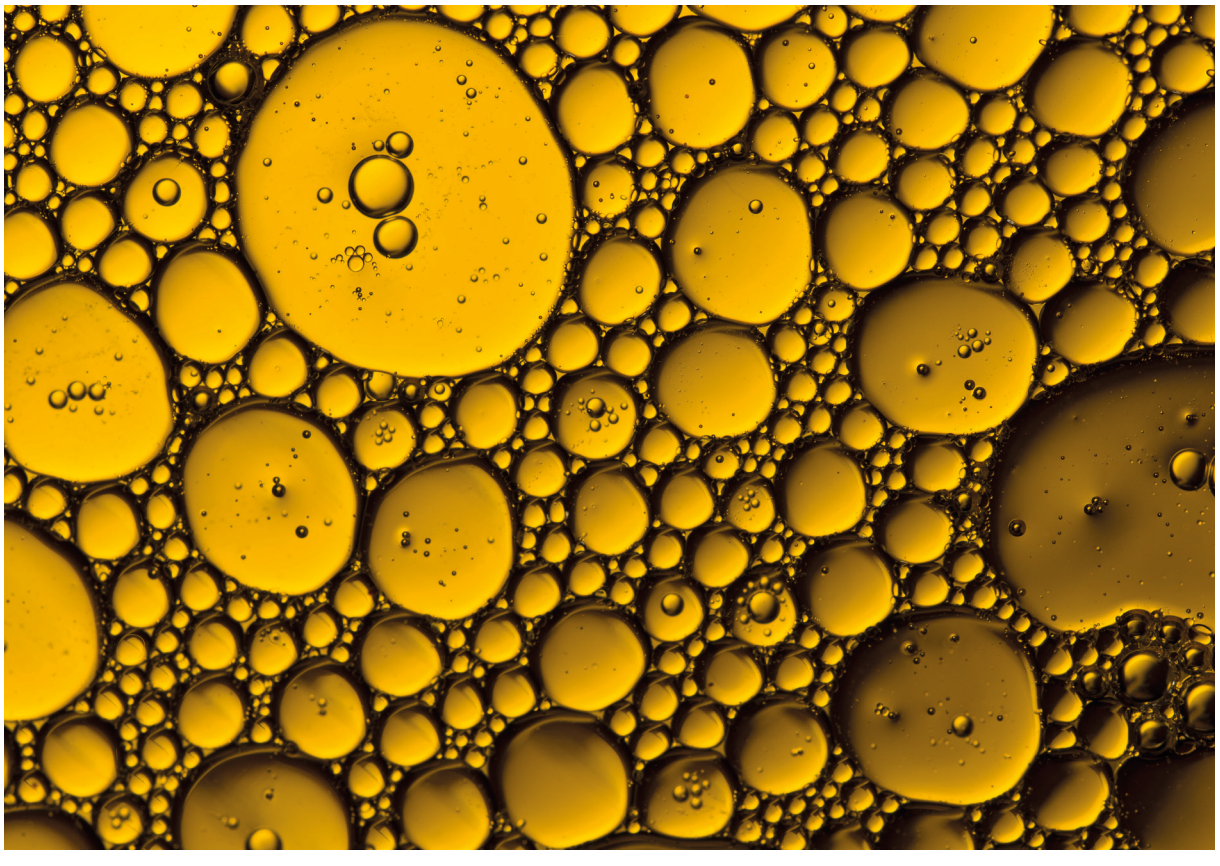
Following rigorous field audits conducted in February 2022 by independent external auditors, ISAB system showed a high degree of efficiency and conformity with established requirements. Consequently, ISAB secured the certification to incorporate biofeeds into the Co-Processing plant (Hydrotreating). This authorization attests that the biofuel production chain is in line with the European guidelines.

Biodiesel is a substa ntial contributor to GHG emission reductions in comparison to conventional fossil fuels. These emission savings from final consumption are estimated to be approximately between 60% and 90%.

In 2022, ISAB took its first step towards decarbonization by introducing approximately 11 ktons of co-processed biofeed into the refinery. While these production volumes represent a fraction of the total output, they represent ISAB's first move towards a sustainable future. ISAB holds two certifications for co-processing, one complying with the national scheme and the other with the ISCC EU (International Sustainability and Carbon Certification), which is required in Europe. The Certifications show ISAB's commitment to transparency in the calculation of the greenhouse gases emitted in the biofuel production chain. From 2020, in line with the Legislative Decree No. 66, dated March 21, 2005, operators responsible for supplying fuels and electricity intended for use in motor vehicles, non-road mobile machinery, agricultural and forestry tractors, recreational boats, and other inland waterway vessels are mandated to achieve a 6% reduction in greenhouse gas emissions from these products. This reduction target is relative to a default value established by EU regulations, set at 94.1 grams of CO2 per megajoule (gCO2/MJ).

To achieve the 6% reduction requirement, the Fuel Quality Directive (FQD) allows companies to work as a consortium of suppliers, with the consortium being regarded as a single supplier. ISAB has collaboratively formed a single supplier, alongside a group of suppliers, with ISAB serving as the designated operator.

On the quantity released for consumption in 2020, the sole supplier achieved a GHG savings rate of 5.66%, just below the set target. In contrast, for the quantities released for consumption in the years 2021 and 2022, the sole supplier exceeded the target by achieving GHG savings of 6.11% and 7.03%.



4.3 Air Quality

Protection of the air matrix and minimization of impacts on the atmosphere constitute two priority aspects for ISAB in the management of its assets.

The authorization reference for ISAB's atmospheric emissions is the AIA (Integrated Environmental Authorization) Decree. In accordance with the regulations, atmospheric emissions can be divided into:

- Emissions conveyed to stacks
- Non-conveyed emissions

Conveyed emissions are mainly represented by the combustion of flue gas from furnaces of the production plants and the vapors exiting from the truck loading and jettys. However, the latter are recovered through a recovery systems installed at ISAB North and South.
The current AIAs provide, for the macropollutants SO2, NOx, CO and dust, both mass emission limits and concentration limits (mg/Nm^3).

In relation to the monitoring systems, all atmospheric emission points are continuously monitored by analyzers installed on the stacks (EMS), in accordance with the current AIAs. The recorded data are regularly transmitted to the Authorities and Control Bodies.

Non-conveyed emissions are classified into fugitive and diffuse. The former refers to small losses from components such as valves, flanges or seals used in raw material and product handling lines. The latter refers to raw material and product storage activities and wastewater treatment.
Diffuse and fugitive emissions are not conveyed and can be contained by installation of appropriate sealing systems and by monitoring and maintenance activities. The pollutants contained in diffuse and fugitive emissions are Volatile Organic Compounds (VOCs).

Monitoring of fugitive emissions is carried out through the application of the LDAR (Leak Detection and Repair) program conducted by operations staff using specific instrumentation. A thermal imaging verification using OGI technique is also carried out every two years for physically non-accessible emission sources. Annually, the emission of VOCs is quantified on the basis of the monitoring conducted using calculation algorithms.

For the purpose of diffusive emission mitigation, ISAB covered almost all of the tanks at the TAS water treatment plant. ISAB also installed photocatalytic filters and socks on the stilling pipes, and caps on the vent points of the tanks. All these interventions led to a significant reduction in VOC emissions into the atmosphere in relation to the output generated.

In 2022, ISAB's air emissions at Impianti Nord and Sud and IGCC are the following:

Table 18 - Significant air emissions (tn/year)

			2020	2021	2022
Refining	i. NOx	tn	1,278	1,169	**1,580**
	ii. SOx	tn	3,760	3,155	**4,545**
	iii. Persistent organic pollutants (POP)	tn	-	-	**-**
	iv. Volatile organic compounds (VOC)	tn	364	402	**409**
	v. Hazardous air pollutants (HAP)	tn	-	-	**-**
	vi. Particulate matter (PM)	tn	33	31	**88**
	vii. CO	tn	344	298	**232**
IGCC	i. NOx	tn	464	129	**503**
	ii. SOx	tn	480	9	**295**
	iii. Persistent organic pollutants (POP)	tn	Na	Na	**Na**
	iv. Volatile organic compounds (VOC)	tn	12	8	**28**
	v. Hazardous air pollutants (HAP)	tn	-	-	**-**
	vi. Particulate matter (PM)	tn	6	2	**13**
	vii. CO	tn	174	21	**129**

For ISAB Impianti Nord and Sud, a monthly limit for single emission point is provided by AIA for the emissions management of the parameters SO2 and NOx ("refinery bubble" - monthly limit in mg/Nm3) and for CO and dust.

The following tables show the data for SO2 and NOx in 2022 regarding the "refinery bubble", showing compliance with AIA limits:

Table 19 - SOx and NOx concentration by month

		NO_x		SO_2	
		ISAB (Refineries)	AIA limit	ISAB (Refineries)	AIA limit
January	mg/Nm³	**148**	189	**775**	911
February	mg/Nm³	**134**	184	**637**	926
March	mg/Nm³	**127**	176	**617**	890
April	mg/Nm³	**173**	225	**671**	880
May	mg/Nm³	**161**	222	**550**	879
June	mg/Nm³	**119**	185	**545**	770
July	mg/Nm³	**134**	198	**748**	754
August	mg/Nm³	**138**	190	**646**	784
September	mg/Nm³	**140**	191	**766**	849
October	mg/Nm³	**151**	203	**620**	845
November	mg/Nm³	**131**	187	**493**	799
December	mg/Nm³	**100**	189	**305**	728

The annual quantities emitted are a function of the variability in the quantity of raw materials processed, the type and quality of fuels used, variability in the chemical and physical characteristics of the crude oils processed, and any general plant shutdowns for scheduled maintenance.

To fully grasp the evolution of air emissions, they need to be considered in relation to the total output generated by the refining and power generation activities.

Table 20 - Total production by production site

		2020	2021	2022
Refining – Crude oil processed	tn/year	8,559,435	9,685,245	**12,296,686**
IGCC – Energy produced	GWh/year	2,114	450	**2,776**

The concentration of some air pollutants improved in 2022 compared to 2020 levels, in particular, the VOC for the refining activities and SOx for the IGCC power plant.

Table 21 - Air emissions intensity by production site

			2020	2021	2022
Refining	SOx/Throughput	tn/tn crude oil	0.000439	0.000326	**0.000370**
	VOC/Throughput	tn/tn crude oil	0.000043	0.000041	**0.000033**
	PMs/Throughput	tn/tn crude oil	0.000004	0.000003	**0.000007**
IGCC	SOx/Throughput	tn/GWh	0.227021	0.019566	**0.106083**
	VOC/Throughput	tn/GWh	0.005817	0.017788	**0.010050**
	PMs/Throughput	tn/GWh	0.002838	0.004780	**0.004503**

Only two emission limit exceedances have been observed in 2022, both of which happened at the IGCC site and were promptly reported to the Control Bodies. There were no grievances regarding air quality according to the relevant procedure.

Regarding the emission abatement systems implemented by ISAB, there are the SCR systems of IGCC's Unit 4000 for NOx reduction, the electrofilter installed on the FCC plant for dust abatement, and the low-NOx burners of the process furnaces. In addition, the use of fuels such as refinery gas has been favored in recent years instead of fuel oil which combustion processes are more polluting in terms of concentration. To reduce atmospheric CO emission from ISAB Impianti Sud, two new incinerators have been installed at the sulfur recovery plant.

4.3.1 Odors

ISAB is committed to interventions and operating procedures aimed at reducing odoriferous emissions from manufacturing facilities, constituting a significant element of its environmental impact.

AIA monitoring plans provide for annual monitoring of sources that are considered potential odor emitters. According to these monitoring procedures, ISAB maps the chemical composition and odor concentration of air samples collected next to the sources. In particular, the main screening activities are the identification of odor sources and sensitive receptors, the evaluation of environmental odors and the execution of the Olfactometric-Analytic Plan. The latter is executed to determine the odorous impact along with the characteristics of the chemical composition responsible for the odors and it is carried out periodically to identify areas of improvement, in a timely manner.

To address odor issues, ISAB implemented various measures, including the use of emission control technologies, improved maintenance practices, and the development of odor management plans. These efforts aim to minimize the release of odorous compounds into the environment, enhance worker safety, and maintain positive community relations.

4.4 Water

4.4.1 Water consumption

ISAB acknowledges that, due to the nature of its operations, it engages in activities that require a substantial amount of water. **Consequently, ISAB has implemented a comprehensive approach to sourcing water in an efficient and responsible manner to meet its operational requirements**. While the primary source of water is seawater, obtained through advanced desalination processes, the refinery also relies on freshwater, primarily extracted from groundwater wells.

ISAB industrial site uses water for multiple functions, mainly being the production of steam and cooling down systems, to feed the fire-fighting network and for service uses.

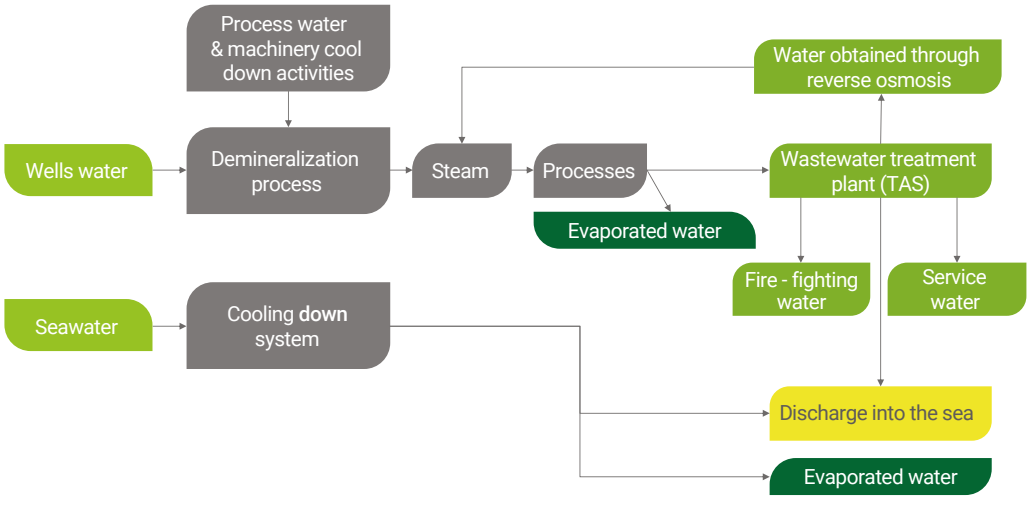
The management of water resources at ISAB differs slightly among its facilities, with distinct approaches tailored to the specific intended use. Presented below is a summarized overview of the water management processes at each facility, which will be further elaborated in subsequent sections:

Impianti Sud:

- Impianti Sud relies on its own extraction wells for freshwater. ISAB then directly treats this water, removing minerals, and utilizes it to generate steam necessary for production processes. Subsequently, it is transferred to the TAS (WasteWater treatment plant). This water is repurposed for firefighting and service water or discharged into the sea.

- Seawater is employed in the cooling circuits and is subsequently discharged into the sea.

Table 22 - Water management Impianti Sud



Impianti Nord:

- The withdrawal and treatment of freshwater used in Impianti Nord's processes are overseen by Priolo Servizi. After the water has been utilized in processes and treated, it is either reused by ISAB or subjected to final treatment and discharged into the sea by IAS, an external water treatment consortium company.

- Similar to Impianti Sud, seawater is used in the cooling circuits and subsequently discharged into the sea.

IGCC:

- Freshwater is withdrawn from an external well, it undergoes chemical-physical treatment, and is then sent to IAS for final treatment, after having served its purpose as civil use water.

- IGCC primarily fulfills its water requirements through sea-water, this water is either demineralized and directed to the production process or kept as such and directly used for cooling. Specifically, the non-contaminated cooling and other waters are discharged into the sea through the "Canale Alpina."

In the Impianti Nord, the supply of groundwater, crucial to certain processes, is facilitated through a partnership with Priolo Servizi, ensuring a dependable and sustainable water source. Despite being operated by a private entity, ISAB diligently oversees these wells by conducting monthly measurements of water levels, emitted volumes, and by analyzing water quality through sampling. ISAB's commitment to responsible water management Includes the use of these diverse sources, striking a balance between operational requirements and environmental stewardship.

By subtracting the water discharge from the water withdrawal, it is possible to determine the net effect of water usage. A positive value indicates that more water was withdrawn than discharged, representing a net consumption of water.

In 2022, ISAB's net water consumption, accounting for water withdrawal, reuse, and discharge, totaled nearly 20,000 ML. Notably, the IGCC power plant emerged as the most water-intensive facility, accounting for the consumption of 10,580 ML, representing nearly 28% of the total water withdrawn by IGCC. In contrast, Impianti Nord and Impianti Sud consumed a combined total of 8,996 ML, comprising only 5% of the total water withdrawn from both facilities during that year.
The higher consumption of water in IGCC can mostly be attributed to the larger cooling towers causing more evaporation, hence part of the water renters the water cycle as vapor into the atmosphere.

Table 23 - Water consumption

		2020	2021	2022
Refining	ML	8,925	9,076	**8,996**
Water withdrawal	ML	162,943	185,285	**190,215**
Water reuse	ML	1,559	2,213	**1,697**
Water discharge	ML	(155,578)	(178,422)	**(182,916)**
IGCC	ML	6,496	2,496	**10,580**
Water withdrawal	ML	31,467	15,561	**37,632**
Water reuse	ML	176	100	**269**
Water discharge	ML	(25,147)	(13,165)	**(27,321)**
Total additional raw materials	**ML**	**15,421**	**11,572**	**19,576**

4.4.2 Water withdrawal

In 2022, water withdrawal amounted to nearly 228,000 ML mostly driven by the refining activities (190,000 ML) with the IGCC power plant only accounting for 38,000 ML.

Table 24 - Water withdrawal by source

		2020	2021	2022
Refining	ML	162,939	185,285	**190,215**
i. Surface water;	ML	-	-	**-**
ii. Groundwater;	ML	2,550	2,351	**2,045**
iii. Seawater;	ML	159,192	181,728	**186,815**
Total seawater withdrawn	ML	159,009	181,590	**186,607**
Demineralized seawater received from IGCC	ML	183	138	**208**
v. Third-party water.	ML	1,197	1,206	**1,355**
IGCC	ML	31,471	15,561	**37,632**
i. Surface water;	ML	-	-	**-**
ii. Groundwater;	ML	115	114	**114**
iii. Seawater;	ML	31,356	15,446	**37,518**
Total seawater withdrawn	ML	31,539	15,584	**37,726**
Demineralized seawater sent to Impianti Sud	ML	(183)	(138)	**(208)**
v. Third-party water.	ML	-	-	**-**
Total Water Withdrawal	**ML**	**194,410**	**200,846**	**227,847**

With about 224 million liters withdrawn, saltwater accounts for 98% of all the water used at ISAB. Due to its location on coastal areas, ISAB has easy access to seawater that is mostly used for cooling purposes in its refineries. Seawater is circulated through cooling towers or heat exchangers and then, after the required treatments in line with regulatory and environmental standard, discharged back into the sea. Additionally, at IGCC, seawater can go through a desalinization process to produce freshwater for various uses, including cooling and boiler feedwater.

Impianti Sud is equipped with cooling towers, meaning the seawater extraction goes to replenish evaporated previously withdrawn cooling water and maintain the desired salinity values. Impianti Sud obtains most of its freshwater from ISAB-Sud wells (Marotta's wells), demineralizes it, and uses it to generate steam to fuel processes. However, they also receive a part of IGCC's desalinated seawater (208 ML in 2022) to add to the process water.

Impianti Nord uses withdrawn seawater to feed its cooling circuit, which is different to the cooling towers of Impianti Sud. In terms of freshwater, Impianti Nord follows an analogous procedure with respect to Impianti Sud. However, freshwater is drawn by a third-party provider, Priolo Servizi, to be demineralized and used to generate steam to fuel processes.

The IGCC plant almost entirely meets its water needs with seawater, which represents 99.7% of IGCC's total water withdrawal, implying a modest water withdrawal from wells. Withdrawn seawater is either fed into the cooling towers, or desalinated. The freshwater produced by the desalination plant is mainly used for the energy production process on-site, however, as mentioned, part of the desalinated water (208 ML in 2022) is transferred to Impianti Sud.

Regarding the source type, water can be categorized as freshwater when its Total Dissolved Solids (TDS) concentration is less than 1,000 mg/L. Conversely, water is classified as 'Other' when its TDS concentration exceeds 1,000 mg/L. Given that ISAB primarily sources its water from the sea, the majority of the collected water exhibits a high concentration of dissolved solids.

Table 25 - Water withdrawal by source type

		2020	2021	2022
Refining		162,939	185,285	**190,215**
i. Freshwater (≤1,000 mg/L Total Dissolved Solids)	ML	3,747	3,557	**3,400**
ii. Other water (>1,000 mg/L Total Dissolved Solids)	ML	159,192	181,728	**186,815**
IGCC		31,471	15,561	**37,632**
i. Freshwater (≤1,000 mg/L Total Dissolved Solids)	ML	115	114	**114**
ii. Other water (>1,000 mg/L Total Dissolved Solids)	ML	31,356	15,446	**37,518**
Total additional raw materials	**ML**	**194,410**	**200,846**	**227,847**

Of the freshwater consumed at Impianti Sud and Nord, where it is possible to directly recycle water, ISAB manages to reuse around 47% of the process water used, this includes freshwater withdrawn and the demi water from IGCC. At Impianti Sud, after treatment, these waters are not only discharged but are also repurposed for various internal uses within ISAB. For example, they serve as antifire waters, which are crucial for firefighting and ensuring safety at the facility, as well as for general use within ISAB's operations.

Table 26 - Recycled and reused water in the refining activities

		2020	2021	2022
Water recycled & reused	ML	1,579	2,213	**1,697**
Percentage of water recycled & reused	%	40%	60%	**47%**
Total process water withdrawal	**ML**	**3,930**	**3,695**	**3,608**

In line with its commitment to sustainable energy supply and in recognition of the scarcity of water resources in the region, ISAB has taken measures to minimize the reliance on external water sources and maximize water reuse within the plant. To achieve this, ISAB started to expand the existing demineralization plant that produces demineralized water using wastewater from the TAS plant at Impianti Sud. This innovative approach reduces the need to draw from external water resources.

Additionally, the condensate circuit and the recovery system have been upgraded to mitigate losses. The introduction of a new compressor and the integration of a reboiler will enable the retrieval of larger water volumes at Impianti Sud, resulting in a substantial reduction in withdrawals. Future goals include identifying strategies to integrate treated wastewater from the off-site IGCC plant into the operations, further contributing to reducing withdrawals.

To properly interpret the portion of recycled water at IGCC, it must be underlined that the vast majority of the process water input comes from the sea, a virtually non-finite resource. Hence, IGCC focuses its effort of reducing environmental impact through sustainable water sourcing. Recycled water at IGCC is the product of the condensation system employed.

Table 27 -Recycled and reused water in IGCC

		2020	2021	2022
Water recycled & reused	ML	176	100	**269**
Percentage of water recycled & reused	%	6%	11%	**8%**
Total process water withdrawal	**ML**	**3,187**	**902**	**3,486**

4.4.3 Water discharge and treatment

At ISAB, the water treatment process involves two distinct systems for ensuring the safe and responsible management of water resources. This approach allows ISAB to comply with environmental regulations and maintaining operational safety.

Impianti Sud has its independent purification system for treating water. This process is designed to purify water to a level where it can be safely discharged back into the sea without harming the environment. Before it is released back into the sea, the water is routinely monitored to confirm its compliance with regulatory and environmental standards, following the protocols specified in the Monitoring and Control Plan (PMC) as stipulated by the Integrated Environmental Permit (AIA). Adherence to environmental regulations is of great importance to safeguard marine ecosystems and ensure that discharged water does not pose a threat to aquatic life or disrupt the local environment. Furthermore, at Impianti Sud, ISAB is evaluating the potential implementation of an additional section of the Wastewater Treatment Plant. The objective is to treat contaminated process water to allow ISAB to reuse it for subsequent processing in a closed circuit, drastically reducing freshwater withdrawals.

Impianti Nord, in contrast, relies on Priolo Servizi for water provision, treatment, and discharge. Priolo Servizi is responsible for managing the wastewater collection and discharge. In particular, wastewater is initially treated in API tanks to remove oil traces. Physically treated water can either be reused in the production process or sent to IAS for higher level purification to then be safely discharged.

At IGCC, water initially undergoes pre-treatment before being sent to IAS. The outlet of the stream coming from IGCC and directed to IAS is subject to analyses daily with current laws and the PMC provided by the AIA.
In 2023, ISAB has planned to revamp the TAS water treatment plants at Impianti Sud so that wastewater originating from IGCC can also be treated there. This means that such wastewater will no longer be sent to IAS but will instead be redirected to the Impianti Sud for internal treatment. Until the new plant is operational, the wastewater will continue to be sent to IAS. The AIA authorization amendment process for the TAS plant expansion has already been initiated.
Regarding the Impianti Nord, there are also plans to revamp the multi-company water treatment plant to ensure compliance with the discharge limits into the sewer system. The cost of expanding this plant will be shared among all consortium members.

The trigger for these revamping activities was a change in the wastewater discharge limits imposed by the authorities[3] .
In 2022, the cumulative volume of discharged water amounted to 210 million liters (ML), primarily attributed to discharges into the sea, due to seawater being the predominant source of water. In addition, water employed for cooling systems generally only requires minimal treatment prior to its discharge at sea.

Table 28 - Water discharge (ML/year)

		2020	2021	2022
Refining		155,578	178,422	**182,916**
i. Surface water;	ML	-	-	**-**
ii. Groundwater;	ML	-	-	**-**
iii. Seawater;	ML	154,177	176,772	**181,789**
v. Third-party water.	ML	1,401	1,650	**1,127**
IGCC	ML	25,147	13,165	**27,321**
i. Surface water;	ML	-	-	**-**
ii. Groundwater;	ML	-	-	**-**
iii. Seawater;	ML	23,868	13,034	**26,201**
v. Third-party water.	ML	1,278	131	**1,121**
Total Water Discharge	**ML**	**180,724**	**191,587**	**210,238**

Prior to discharging process water, the water is treated, either internally or externally, to ensure the removal of potential substances or impurities that may have become present during its use. These treatment processes are designed with the objective of reducing impurities to levels that meet the criteria for safe discharge or potential reuse.

The presence of substances in treated water is a result of the complexity of feedstocks, chemical reactions during refining, recirculation practices, treatment efficiency, regulatory requirements, and operational considerations. Although ISAB meets environmental standards, they continuously strive to improve their water treatment processes to further minimize the presence of substances in its discharged or reused water.

3) *As per ministerial decree "Stabilimenti ISAB. Contenimento rischi danni ambientali e continuità produttiva", dated September 12, 2023 of the Ministry of Enterprises and Made in Italy. [https://www.mimit.gov.it/it/normativa/decreti-ministeriali/decreto-ministeriale-12-settembre-2023-stabilimenti-isab-contenimento-rischi-danni-ambientali-e-continuita-produttiva]*

In 2022, the water discharged to the sea by Impianti Sud and IGCC through Canale Alpina was deemed safe and recorded levels of priority substances below the acceptable threshold. In particular, the annual average concentrations of substances such as lead, cadmium, nickel, mercury, and benzene are:

Table 29 - Annual average concentration of priority substances at Impianti Sud and IGCC (mg/L)

Refining		2020	2021	2022
Lead	Annual average mg/L	<0.0025	0.038	**0.031**
Cadmium	Annual average mg/L	0.0007	<0.015	**<0.0025**
Nickel	Annual average mg/L	<0.0025	<0.015	**<0.015**
Mercury	Annual average mg/L	<0.001	<0.0005	**<0.0005**
Benzene	Annual average mg/L	<0.1	<0.01	**<0.01**
IGCC				
Lead	Annual average mg/L	0.0380	0.0290	**0.0330**
Cadmium	Annual average mg/L	<0.0010	<0.0025	**<0.0025**
Nickel	Annual average mg/L	<0.0010	<0.0010	**<0.015**
Mercury	Annual average mg/L	<0.0010	<0.0005	**<0.0005**
Benzene	Annual average mg/L	<0.0100	<0.0100	**0.0100**

Over the past three years, there has been a single instance of non-compliance with discharge limits, occurring in 2022 at Impianti Sud, where the reported selenium concentration exceeded established limits. Nevertheless, ISAB acted promptly to address the issue and successfully reduced the water's concentration, subsequently bringing it below the regulatory threshold.

4.5 Waste

Reducing waste is a multifaceted endeavor for ISAB. It aligns with environmental protection, ensures regulatory compliance, fosters safety and health, and bolsters the refinery's competitiveness. **As a result, waste reduction is an integral part of responsible and efficient refinery operations, being in line with ISAB objective to support a circular economy**.

Before it is sent off for disposal or recovery activities, ISAB main operational steps in the management of special waste can be listed as follows:

- Waste production and delivery to the dedicated temporary storage areas listed in the existing permits.
- Labeling, sampling, and chemical analysis of the waste for the purpose of its characterization in accredited laboratories.
- Assignment of EER (European Waste List) and ADR code (if applicable) and scheduling off-site disposal and recovery activities.

ISAB has developed mechanisms throughout the years to improve the monitoring of waste produced, as well as to make the supporting tools more efficient and effective. In particular, ISAB has invested in specialized software to record waste production, the compilation of loading/unloading registers and the issuance of transport forms. Beginning in 2022, all waste management documentation has been digitized, with emphasis on the initial stages of manufacturing and transportation to storage facilities.

The predominant portion of waste generated is categorized as hazardous, a consequence of the inherent nature of refining activities. Specifically, in 2022, nearly 83% of the waste was designated as hazardous, showing an increase compared to previous years, which stood at approximately 73%.

Table 30 - Hazardous and Non-hazardous waste

		2020		2021		2022	
Hazardous	tn	27,061	73%	24,903	73%	**25,764**	**83%**
Non-Hazardous	tn	9,881	27%	9,205	27%	**5,432**	**17%**
Total Waste	tn	36,942	100%	34,108	100%	**31,196**	**100%**

Table 31 - Waste generated (tn/year)

		2020			2021			2022		
		Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Refining	tn	26,093	9,219	35,312	24,174	7,394	31,568	**25,251**	**4,823**	**30,074**
IGCC	tn	968	662	1,630	729	1,811	2,540	**513**	**609**	**1,122**
Total Waste	tn	**27,061**	**9,881**	**36,942**	**24,903**	**9,205**	**34,108**	**25,764**	**5,432**	**31,196**

With the exception of 2020, liquid waste consistently accounts for the largest proportion of waste generated by ISAB. It is important to note that hazardous waste is primarily characterized by liquid waste, while solid waste is evenly split between hazardous and non-hazardous

Table 32 - Waste generated by matter state

		2020			2021			2022		
		Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Solid	tn	8,230	8,925	17,155	5,880	6,552	12,432	**3,823**	**4,918**	**8,741**
Liquid	tn	18,831	955	19,786	19,023	2,653	21,676	**21,940**	**513**	**22,453**
Total Waste	tn	**27,061**	**9,881**	**36,942**	**24,903**	**9,205**	**34,108**	**25,764**	**5,432**	**31,196**

Table 33 - Waste generated by matter state and production site

		2020			2021			2022		
		Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Refining	tn	26,093	9,219	35,312	24,174	7,394	31,568	**25,251**	**4,823**	**30,074**
Solid	tn	7,418	8,281	15,699	5,248	5,738	10,986	**3,479**	**4,338**	**7,817**
Liquid	tn	18,676	938	19,614	18,926	1,656	20,582	**21,771**	**485**	**22,256**
IGCC	tn	968	662	1,630	729	1,811	2,540	**513**	**609**	**1,122**
Solid	tn	812	645	1,457	632	814	1,446	**344**	**580**	**924**
Liquid	tn	155	18	173	97	996	1,093	**169**	**29**	**198**
Total Waste	tn	**27,061**	**9,881**	**36,942**	**24,903**	**9,205**	**34,108**	**25,764**	**5,432**	**31,196**

4.5.1 Recovery or disposal operations

Based on the type and its classification, waste is shipped to disposal/treatment or recycling facilities outside ISAB production sites. ISAB favors waste management plants which are closer to the production sites to reduce the environmental impact of waste transport. Where waste is to be disposed of over a long distance, ISAB manages waste transport through intermodal logistics which optimizes the collective transport of waste.

For off-site waste management activities, ISAB uses qualified suppliers and an Intermediary (registered in the Italian "Albo Gestori Ambientali"), with the exception of certain types of waste that are directly treated in the final destination facilities such as catalysts containing precious and transition metals, off sulfuric acid, FCC plant catalyst, non-hazardous metal scrap.

Waste management offers two primary options: recovery, involving recycling and reusing, or as a last resort, disposal. In this context, legislation provides a comprehensive framework, utilizing specific codes (R1-R13) to outline various recovery methods. Among these, the most relevant to ISAB are R3 (Recycling/recovery of organic substances not used as solvents) and R13 (storage of waste for subsequent recovery operations). It is important to note that R3 waste pertains to free product extracted from remediation activities at North site that is recovered directly by ISAB, in contrast to other recycled or reused waste, which are sent to external companies. These codes serve as regulatory guidelines for how waste can be effectively repurposed and reclaimed.

On the other hand, the legislation assigns distinct codes for disposal (D1-D15) to delineate the different destinations for waste. In the case of ISAB, the noteworthy codes include:

- D1 (disposal to landfill): This signifies the ultimate disposal of waste in landfills.
- D10 (disposal by incineration): This code pertains to the controlled incineration of waste

Additionally, D9 and D15 fall under the category of "other forms of disposal". D9 involves chemical and physical treatment of waste, while D15 refers to preliminary storage of waste before it undergoes any disposal operations. These codes serve to classify and regulate the various paths that waste can take in the disposal process, ensuring adherence to environmental and safety standards in waste management practices.

Over the past three years, ISAB has successfully reduced the overall volume of waste generated, while witnessing a gradual increase in the proportion of recycled waste, which reached 81% in 2022. The predominant focus of recovery efforts is directed toward hazardous waste, primarily liquid waste, as illustrated in Table 22.

Table 34 - Waste destination

		2020			2021			2022		
		Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Recycling and Reuse	tn	19,161	6,311	25,472	20,454	4,843	25,297	**22,315**	**3,000**	**25,315**
Disposal	tn	7,900	3,570	11,470	4,449	4,361	8,810	**3,448**	**2,432**	**5,880**
Total Waste	tn	**27,061**	**9,881**	**36,942**	**24,903**	**9,205**	**34,108**	**25,764**	**5,432**	**31,196**

In 2022, the volume of waste that was directed towards recovery amounted to 25,315 tons. This figure, when assessed in relation to the total volume of waste generated, demonstrates that the percentage of waste recovery in 2022 (81%) increased compared to that of 2020 and 2021, respectively at 69% and 74%. However, it's important to note that the amount of total waste decreased while the recycled waste volumes stayed constant.

Table 35 - Waste destination by production site

		2020			2021			2022		
		Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Refining	tn	26,093	9,219	35,312	24,174	7,394	31,568	**25,251**	**4,823**	**30,074**
Recycling and Reuse	tn	18,892	5,836	24,728	20,259	4,153	24,412	**22,205**	**2,481**	**24,686**
Disposal	tn	7,201	3,383	10,584	3,915	3,241	7,156	**3,045**	**2,342**	**5,387**
IGCC	tn	968	662	1,630	729	1,811	2,540	**513**	**609**	**1,122**
Recycling and Reuse	tn	269	475	744	195	690	885	**110**	**519**	**629**
Disposal	tn	699	187	886	534	1,120	1,654	**403**	**90**	**493**
Total Waste	tn	**27,061**	**9,881**	**36,942**	**24,903**	**9,205**	**34,108**	**25,764**	**5,432**	**31,196**

Concerning waste that was designated for disposal activities in 2022, the quantity reached 5,880 tons, as detailed in the following table.
A minor portion of this quantity was directly sent to landfill disposal, while the predominant share, denoted as "Other forms of disposal", refers to waste that was directed to preliminary storage or subjected to physical-chemical treatment.

Table 36 - Waste by disposal method

		2020			2021			2022		
		Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Refining	tn	7,201	3,383	10,584	3,915	3,241	7,156	**3,045**	**2,342**	**5,387**
Landfill	tn	165	1,832	1,997	83	1,166	1,249	**52**	**1,390**	**1,442**
Incineration	tn	1,862	-	1,862	563	1	564	**80**	**16**	**96**
Other forms of disposal	tn	5,174	1,551	6,725	3,269	2,074	5,343	**2,913**	**936**	**3,849**
IGCC	tn	699	187	886	534	1,120	1,654	**403**	**90**	**493**
Landfill	tn	33	144	177	41	7	48	**10**	**38**	**48**
Incineration	tn	-	-	-	1	-	1	**78**	**8**	**86**
Other forms of disposal	tn	666	43	709	492	1,113	1,605	**315**	**44**	**359**
Total Waste	tn	**7,900**	**3,570**	**11,470**	**4,449**	**4,361**	**8,810**	**3,448**	**2,432**	**5,880**

Urban waste

The generation of special waste similar to urban waste primarily emanates from the activities conducted within ISAB's offices and warehouses. The main categories include paper, plastic, and undifferentiated waste. ISAB has engaged the services of a specialized company in this domain to facilitate in-house waste collection.

In recent years, ISAB has undertaken significant initiatives aimed at fostering a greater emphasis on recyclable waste, thereby reducing the volume of undifferentiated one. An awareness campaign was launched, targeting all personnel within the organization. This campaign employed informative materials, training sessions, and messages conveyed through monitors. Small canvas bags were distributed for the collection of paper and plastic within office spaces. Additionally, there was a rationalization of the number of street bins allocated for undifferentiated waste collection, accompanied by an increase in those designated for paper and plastic collection.

These concerted efforts have yielded tangible results. Starting in 2021, there was a remarkable 50% reduction by weight in undifferentiated waste directed to waste bins and subsequently to landfills. This progress is in strong contrast to the increasing volumes of undifferentiated waste that happened until 2021.

4.5.2 Spills

Spills prevention is of relevant importance for ISAB, as it directly impacts its environmental responsibility, public image, and the health and safety of all stakeholders. ISAB is deeply committed to operating as a responsible and sustainable refinery.

Any oil or chemical spill can have severe environmental consequences, causing contamination of local ecosystems and water bodies. Furthermore, they pose immediate risks to the health and safety of workforce and neighboring communities.

A strong emphasis on prevention measures and procedures is thus crucial to safeguarding ISAB's environmental impact, preserving its positive public image, and ensuring the well-being of all those associated with its operations. These measures not only align with ISAB's ethical values but also demonstrate the dedication to maintaining a safe, clean, and responsible presence in the communities where it operates.

ISAB's procedural framework is designed to effectively manage events with a potential impact on water, air, and soil, in compliance with the current regulatory standards. In the context of safeguarding marine environments, comprehensive precautions are meticulously observed to prevent the discharge of hazardous substances into the sea during the loading and unloading processes of petroleum products at ISAB's docks. The established procedures entail thorough documentation checks on vessels destined for the berths, continuous monitoring by operational staff and authorized inspectors throughout product transfer operations. Moreover, a specialized firm is retained to promptly respond to and mitigate sea pollution in the event of accidental spills.

Concerning the preservation of soil and subsoil integrity, ISAB conducts routine verification activities on transfer lines and storage tanks to prevent release incidents. In cases of accidental

ground-level releases, contingency plans are activated to swiftly engage a specialized environmental intervention company. This ensures the immediate containment and removal of the sources, followed by necessary safety measures within the affected area. In full compliance with Part IV of D.Lgs. 152/06 (art. 242), ISAB diligently reports such incidents to the relevant Control Authorities.

In terms of recorded significant spills, there have been 8 incidents in the last three years out of which 5 in 2021 and 3 in 2022. The area affected by the spills was 2362 m2 in 2021 and 310 m2 in 2022. The most affected production site was the Impianti Nord with 6 significant spills in the last years, while the IGCC power plant never registered one.

Table 37 - Significant spills by production site

		2020	2021	2022
Impianto Nord	#	0	3	**3**
Impianto Sud	#	0	2	**0**
IGCC	#	0	0	**0**
Total significant spills	**#**	**0**	**5**	**3**

Table 38 - Impacted area by production site

		2020	2021	2022
Impianto Nord	m^2	0	2,002	**310**
Impianto Sud	m^2	0	360	**0**
IGCC	m^2	0	0	**0**
Total significant spills	**m^2**	**0**	**2,362**	**310**

Table 39 - Significant spill by event type

		2020	2021	2022
Oil Spill	#	0	3	**2**
Free products in groundwater wells	#	0	1	**0**
Water overflow with mixed hydrocarbons	#	0	1	**0**
Contamination on surface soil	#	0	0	**1**
Total significant spills	**#**	**0**	**5**	**3**

For a majority of the above listed events, the affected areas and quantities released can be deemed inconsequential. In nearly all instances, the effectiveness of the remediation efforts has already been validated through legal proceedings involving the locally competent ARPA authorities.

4.6 Biodiversity

ISAB recognizes the significant environmental risks associated with the potential toxicity and resulting hazards posed by the substances it handles. These risks have the potential to affect both the local wildlife and surrounding ecosystems.

To safeguard the environment and swiftly address any pollution-related incidents, ISAB has consistently invested in minimizing these risks. Over the past decade, ISAB has undertaken a series of initiatives that underscore its commitment to environmental responsibility.

In accordance with the provisions set forth in the Ministry of Environment's prescription 'DEC/VI Al2l22 of 02.05.1995,' subsequently amended and supplemented by the decree 'DEC/VI A12226 of 15.09.1995,' ISAB conducts an annual monitoring initiative of the marine environment within the Bay of Santa Panagia. This monitoring is carried out with specific focus on the area situated in proximity to the discharge point. The analytical investigation includes the examination of samples collected from seawater, marine sediments, bio accumulators, and biocenosis.

The analysis and evaluation process conducted on samples of seawater, marine sediments, and mussels, showed that the majority of values fall below the limit of quantification. The examination of the biocenosis reveals the presence of diverse fish and plant species, including Posidonia oceanica, which serves as an indicator of the high quality of the ecosystem under investigation. The presence of various fish species further underscores the suitability of the marine habitat, both in terms of nutrient availability and environmental conditions, fostering their proliferation and growth.

Furthermore, since the construction of the IGCC plant in the late 90's, ISAB has been carrying out annual testing to verify the health of the vegetation to identify potential morphological changes in the vegetation. These tests evaluate possible impacts of IGCC's and the Impianti Sud's activity on the plants' stress. Leaves are placed under chemical investigation, through which biometric data is collected, and processed in the context of climatic conditions, including rain and temperatures, over the relevant period. Analyses have consistently shown that their industrial activity has not affected the regular development and general health of the pre-existing natural vegetation.

Through these measures, ISAB strives to mitigate potential environmental hazards and maintain the integrity of the ecosystems in the surrounding areas.

5 The Social Factor in ISAB

5.1 Our people centric organization and our strong relation with the territory

ISAB is characterized by a people centric culture. People are at the center of the business, and the company has a strong commitment to foster a more engaged and productive environment, while including all internal and external stakeholders populating the company's ecosystem in its activities.

People are at the core of ISAB's operations, and the company values everyone's contribution as fundamental for its business success. Human resources are managed in accordance with legal and contractual regulations. Furthermore, employability, retention, and job creation, in particular by offering opportunities to people that live in the area surrounding the premises, are strategic priorities for the company, that offers wide opportunities for growth and development, and performance evaluation.

The company further promotes initiatives aimed at enhancing personal and familial well-being, fostering a balance between their private and professional commitments. To this end, employees can leverage a digital welfare platform encompassing a range of services, goods, and utilities. These include educational support, public transportation, mobility solutions, babysitting services, healthcare provisions, and in-home assistance, collectively known as reimbursement services. Additionally, offerings extend to travel opportunities, wellness programs, sports activities, leisure pursuits, cultural enrichment, training opportunities, and supplementary pension schemes, termed as direct provision services.

Within the above framework, each employee can construct their unique welfare plan, deciding between the non-conversion or the conversion of a percentage of the prize. As a gesture of appreciation for those who opt for conversion, the Company also provides an additional "welfare on top" amount, equivalent to 16% of the converted sum.

Furthermore, ISAB has implemented a robust benefit policy that offers substantial assistance to employees and their families. Basic benefits are provided by standard treatment uniformly to all employees. These benefits include health care plan and a death, disability, and invalidity coverage.

ISAB has consistently promoted initiatives towards employees, such as the "Health Prevention Plan", which allows all employees to voluntarily undergo permanent screening for the prevention of oncological diseases. The Health Prevention Plan is carried out at the ISAB Health Centre, under the direction of the company's Competent Doctors and with the collaboration of specialists from the National Health Service.

To support the workforce and the balance between work and private life, following the commitment made in 2021, ISAB successfully implemented the regulation of agile work throughout 2022. This commitment was based on compliance with Law No. 81/2017 and the National Protocol on Agile Work of December 7, 2021, considering the experience gained during the pandemic. Agile work was introduced by the company to add flexibility to the employment relationship, allowing employees to tailor their work environment to their individual needs. This initiative contributed to improving employee well-being, fostering a positive corporate environment, boosting motivation, and strengthening the trust between the company and its workforce.

To further support this balance, the company started the program "Summer Recreational Centre for employees' children", active every working day from June to August. This program has been active for the past 18 years, offering employees' children entertaining and educational activities during the summer school break.

5.2 Workforce composition

As of yearend 2022, ISAB had 994 employees, with 989 with national origins. Out of these, over 90% of the workforce has Sicilian origin and 70% from the city of Syracuse. The strong connection with the territory is further underlined by the fact that 87,5% of senior management positions are filled by individuals from the local community.

Table 40 - Total employee by origin

		2020		2021		2022	
Employees with Italian origins	#	1045	99.6%	994	99.6%	**989**	**99.5%**
Employees with non-Italian origins	#	4	0.4%	4	0.4%	**5**	**0.5%**
Total	**#**	**1049**	**100%**	**998**	**100%**	**994**	**100%**

Table 41 - Lead position hired from local community

		2020	2021	2022
Senior management hired from local community	%	80	89	**88%**

The average age in ISAB is 47 years of age, with 46 being the average of the last three years. In 2022, there were 21 new hires, and most of these new hires (67%) fell into the under-30 category. In terms of gender, 19% of new hired were women, while the remaining 81% men as specified in table 42.

Table 42 - New Hires by gender and age

		2020		2021		2022	
		F	**M**	**F**	**M**	**F**	**M**
Under 30	#	0	7	0	0	**2**	**12**
Between 30-50	#	2	18	0	0	**2**	**5**
Over 50	#	0	0	0	0	**0**	**0**
Totale		**27**		**0**		**21**	

In 2022, the company experienced 25 exits, the majority of which among employees aged between 30 and 50. This resulted on a turnover rate of 2.5% (% ceased relative to total employees at the end of the year).

Table 43 - Employee turnover by gender and age

		2020		2021		2022	
		F	M	F	M	F	M
Under 30	#	0	1	0	2	**0**	**1**
Between 30-50	#	1	6	2	6	**0**	**15**
Over 50	#	2	21	1	21	**0**	**9**
Totale		**31**		**32**		**25**	

Table 44 - Employees by gender and age

		2020		2021		2022	
		F	M	F	M	F	M
Under 30	#	0	33	0	22	**2**	**28**
Between 30-50	#	32	626	11	595	**26**	**562**
Over 50	#	11	347	29	341	**15**	**361**
Totale		**1049**		**998**		**994**	

In 2022, 8% of directors and top-middle management positions were held by women, while 7% of white collars positions were occupied by females. The percentage of woman among middle management positions was 3%. The oil and gas industry attracts less women compared to other industries, but ISAB top management is committed to put in place additional actions in the coming years to increase the presence of women among the workforce, especially in the more senior roles.

Table 45 - Employees by category and gender

		2020		2021		2022	
		F	M	F	M	F	M
Directors and top-middle management	#	2	36	2	39	**3**	**36**
Middle Management	#	4	130	3	119	**4**	**115**
White collars	#	37	502	35	482	**36**	**487**
Blue collars	#	0	338	0	318	**0**	**313**
		43	**1006**	**40**	**958**	**43**	**951**
Totale		**1049**		**998**		**994**	

Performance and career development at ISAB are integral aspects of the HR efforts for a fair and inclusive working environment. From 2020 to 2022, there has been a significant increase in the share of employees who underwent regular performance and career development reviews compared to the previous years as indicated in Table 46.

Table 46 - Total employees receiving performance and career development review

		2020	2021	2022
Female Employee	%	19	16	**35**
Male Employee	%	12	10	**33**

In terms of education, 28% of ISAB's employees hold a university degree, in line with industry levels.

Table 47 - Employees by qualification

		2020	2021	2022
Employees with a University Degree	#	288	276	**274**
	%	27%	28%	**28%**

Additionally, 100% of the employees of the company that took parental leave returned to work at ISAB and were still employed after 12 months.

Table 48 - Parental leave at ISAB

		2020		2021		2022	
		F	M	F	M	F	M
Employees that took parental leave	#	4	15	2	1	**3**	**5**
Employees that returned to work in the reporting period after parental leave ended	#	4	15	2	1	**3**	**5**
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work	#	4	15	2	1	**3**	**5**
Return to work and retention rates of employees that took parental leave	**%**	**100**	**100**	**100**	**100**	**100**	**100**

All employees are covered by collective bargain agreements (CCNL – “Contratto collettivo nazionale di lavoro”) and their right to exercise freedom of association or collective bargaining is strongly supported.

The standard entry-level salary is determined by the National Collective Contract. ISAB’s compensation policy is not governed by minimum wage regulations. Employees’ overall compensation is defined by second-level negotiations carried out at the company level by the HR Department and the RSU (Unified Union Representation), especially for the Performance Bonus granted to employees upon achieving specific performance indicators. Other compensation policies are related to the performance appraisal system carried out by the Heads of Department for senior employees and middle managers on a yearly basis. This system is linked to the achievement of individual qualitative and quantitative goals.
Finally, additional incentive systems and career paths are managed by the HR Department to motivate and encourage the professional growth of junior specialist and new graduates.

Regarding voluntary pension provision, employees, pursuant to the applicable Collective Bargaining Agreement (Energy and Petroleum sector), can participate in a sector-specific Supplementary Pension Fund, i.e., Fondenergia.

5.3 Health and safety

For ISAB, the health of people – workers, families, and communities – is a fundamental human right to be protected and supported.
Ensuring the health and safety of employees is among its most important priorities and a core business value that applies across its entire spectrum of activities. The well-being of individuals is a guiding principle for the company.

In this context, the company commits to:

- Enhance levels of personnel and plant safety, health, and environmental protection by ensuring the reliability and integrity of plant and equipment, as well as the adoption of new technologies and appropriate accident prevention systems.
- Assess in advance the safety, health, environmental, energy and quality risks associated with its operations. E.g., Continuous risk evaluation in terms of health and safety at work and the prevention of work-related accidents.
- Put in place significant preventive measures on top of protective action.
- Continuously monitor safety, environmental, energy and quality performance.
- Promote initiatives aimed at minimizing the likelihood and consequences of accidents.
- Mandate full compliance with safety, environmental protection, energy efficiency, and emergency preparedness regulations, as well as quality service management, for both its employees and the staff of companies working for ISAB.
- Ensure the full effectiveness of emergency management systems. E.g., Through emergency drills for all employees.
- Report to stakeholders and employees on all activities conducted in the areas of safety, fire prevention, environmental protection, health protection and quality and energy management.

ISAB promotes a strong compliance with the highest national and international workplace safety standards and best practices throughout all levels of the company. The company has established an organizational and management system for workplace health and safety that aligns with the requirements of UNI ISO 45001:2018, maintaining a risk-free work environment and providing adequate training and resources to safeguard the health and safety of its employees. Furthermore, it adheres to a safety management system for the prevention of major accidents, in compliance to the relevant laws and regulation, e.g., ex D. Lgs 105/2015, in line with the European directive 2012/18/EU. All activities and employees of ISAB are covered by the health and safety management system.

The identification of work-related hazards and evaluate risks, both in routine and non-routine situations, is regulated by the PR-ASE-31-01 procedure, "Management of Risk Assessment Activities for Workers' Health and Safety". The risk analysis is consistently updated, employing the 'undesirable events' tool. Any occurrence that deviates from standard operations and places workers at risk is investigated to pinpoint causes and establish enhancement measures. The criteria employed for risk assessment align with the principles outlined in UNI ISO 45001:2018, specifically "Occupational health and safety management systems". These risk assessment criteria take into consideration the company's specific circumstances and the characteristics of the production process.

These criteria can be delineated through the following initial stages: the segmentation of areas, a comprehensive inventory of hazards within each area and the identification of job roles that may be exposed to risks. ISAB identifies then the expected levels of damage in conjunction with their respective probabilities of exposure. These elements are combined in a matrix format, facilitating the determination of risk levels.

The execution of these processes is assigned to the heads of the relevant functions, mainly Production and Maintenance, and the Prevention and Protection service, staffed by individuals holding the RSPP/ASPP designation.

The processes for workers to report work-related hazards and hazardous situations are facilitated through the 'undesirable events' system, governed by procedure PR-QASE-53-02, *"Undesirable Event,*

Non-Conformity, and Corrective Action Reporting, Analysis, and Reporting in Safety, Environment, Energy, and Quality."
This system serves as a key communication mean for all employees to bring forward potential dangers or risky situations. Robust safeguards are put in place by ISAB to protect workers against any form of potential problems for their reporting. These safeguards are designed to ensure that employees can report hazards without fear of adverse consequences.

The policies and procedures allowing employees to disengage from work scenarios they perceive as potentially hazardous to their well-being have been developed by the company. These plans comprise comprehensive guidelines for workers regarding appropriate actions to take in the event of danger or emergencies. They are disclosed in the form of general on-site emergency plans, department-specific emergency plans, and building emergency plans.

The process employed to investigate work-related incidents, including the steps taken to identify hazards and assess risks associated with these incidents, define corrective measures in accordance with the hierarchy of controls, and identify enhancements needed in the occupational health and safety management system is defined within Procedure PR-QASE-53-02.

This procedure establishes operational methods and responsibilities for managing undesired events (such as accidents, injuries, and near-misses) in accordance with applicable regulations, including technical standards, and company policies related to Environment, Health and Safety of individuals, and the Prevention of Significant Incidents. The aim is to collect all relevant information necessary to reconstruct the sequence of events, identify appropriate precautionary measures, and minimize the likelihood of such events recurring. Reports of incidental or near-incidental events can also be initiated by third-party workers, specifically contractors working on behalf of ISAB. Additionally, within this procedure, methods are outlined for addressing non-conformities within the Integrated Management System, including Safety, Environment, Energy, and Quality. This includes measures for mitigating the impacts associated with safety, environment, energy, or quality. It also involves identifying steps to prevent the recurrence of non-conformities, even in areas unrelated to the specific context under examination. The procedure highlights the importance of documenting the outcomes resulting from the corrective actions taken and any preventive measures initiated. Ultimately, this procedure aims to establish a comprehensive understanding of the company's interconnected processes within the framework of the improvement process.

For the company, prevention includes workplace safety, health, and environmental protection. Prevention is strongly pursued with the aim of reducing accidents to zero. ISAB actively promotes preventive measures that Include adherence to ergonomic principles, regular health assessments, and initiatives, all designed to enhance the overall well-being of its workforce. In 2022, there were no fatalities due to work-related activities among the company's employees. Preventing certain damage from occurring is a corporate value: prevention represents a cultural policy upon which ISAB is founded and is shown through various initiatives in the area.

Table 49 - Work-related injuries for employees

		2020	2021	2022
Work-related injuries	#	1	0	**0**
High-consequence work-related injuries	#	0	0	**0**
Fatalities as result of work-related injuries	#	0	0	**0**
Rate of recordable work-related injuries	%	0.10	0	**0**
Hours worked	#	1,848,024	1,466,250	**1,668,155**

The injury recorded in 2020, resulting from "exposure to falls from height", underwent analysis to identify root causes and improvement measures; all improvement actions identified have been implemented.

For all workers who are not employees but whose work and/or workplace is controlled by the organization, two incidents have been reported, with burns as main cause of incident.

Table 50 - Work-related injuries for non - employees

		2020	2021	2022
Work-related injuries	#	0	0	**0**
High-consequence work-related injuries	#	0	0	**2**
Fatalities as result of work-related injuries	#	0	0	**0**
Rate of recordable work-related injuries	%	0	0	**0**
Hours worked	#	4,446,036	2,754,355	**2,698,611**

There were no recorded injuries among female employees. Between 2020 and 2021, there was a notable reduction in the count of work-related injuries that resulted in the injured individual being absent from work for at least one full shift, decreasing from 70 to 35. However, in 2022, there was a slight uptick in this figure, with the number rising to 48. Data is reported also for the contractor's category.

Table 51 - Hazard Identification for employees

		2020	2021	2022
All Injury Frequency Index (AIF)	#	37.84	23.18	**28.76**
Lost Workday Injuries Severity Index (LWIS)	#	1.64	1.38	**1.54**
Lost Workday Injuries (LWI)	#	70	34	**48**
Total Days Lost	#	115	47	**74**
Total man-hours worked	h	1,849,731	1,466,250	**1,668,440**

Table 52 - Hazard identification for contractors

		2020	2021	2022
All Injury Frequency Index (AIF)	#	0	0	**45.57**
Lost Workday Injuries Severity Index (LWIS)	#	0	0	**1.39**
Lost Workday Injuries (LWI)	#	0	0	**123**
Total Days Lost	#	0	0	**171**
Total man-hours worked	h	4,446,036	2,754,355	**2,698,611**

The overall rate of absenteeism – calculated as the ratio between days of absence and the total days scheduled to work in a year - is minimal over the course of three years. Absenteeism is, in all cases, involuntary and due to injuries. In 2020, it stood at 0.04%, decreasing to 0.02% in 2021, and experiencing a non-significant increase to 0.03% in 2022. These figures indicate that the organization maintained a high level of attendance and effectively managed absenteeism. Monitoring these rates over time is crucial in maintaining a healthy workforce.

Table 53 - Absenteeism rate

		2020	2021	2022
Total days lost	#	115	47	**74**
Total days scheduled to work in a year	#	263,299	250,498	**249,494**
Absenteeism rate	%	0.04	0.02	**0.03**

As the company places a great emphasis on strengthening its safety culture, it consistently carries out training initiatives for its entire workforce. In the year 2022, a total of 1,000 employees underwent comprehensive training, resulting in a total of 30,275 man-hours dedicated to Health and Safety training. These training sessions played a key role in not only reinforcing but also embedding the culture of safety throughout the entire organization, thanks to the involvement and dedication of ISAB employees.

Table 54 - Total Health, Safety and Environmental Training

		2020	2021	2022
Female employees	#	36	35	**44**
Male employees	#	956	929	**956**
Total employees trained	#	992	964	**1000**

Table 54 - Total Health, Safety and Environmental Training

		2020	2021	2022
Female employees	h	179	239	**510**
Male employees	h	35,434	28,194	**29,765**
Total man-hours HSE Training	h	35,613	28,433	**30,275**

In 2022, the company has invested over 730 thousand € to strengthen safety at its facility and is committed to invest several million euros from 2023 to 2027. This reflects their dedication to upholding high safety standards.

As mentioned, the well-being and safety of its employees hold a central position within ISAB. For several years now, activities related to the health of workers at ISAB have been key factors in shaping the company's decision-making and overall culture.

The company consistently monitors the health status of its workforce through an Occupational Medicine Service. All employees undergo periodic medical examinations and assessments based on their occupational risks and job roles. This proactive approach aims to prevent the occurrence of occupational illnesses. The Health Surveillance program, as mandated by Italian Legislative Decree 81/08, has been successfully executed for the year 2022, encompassing:

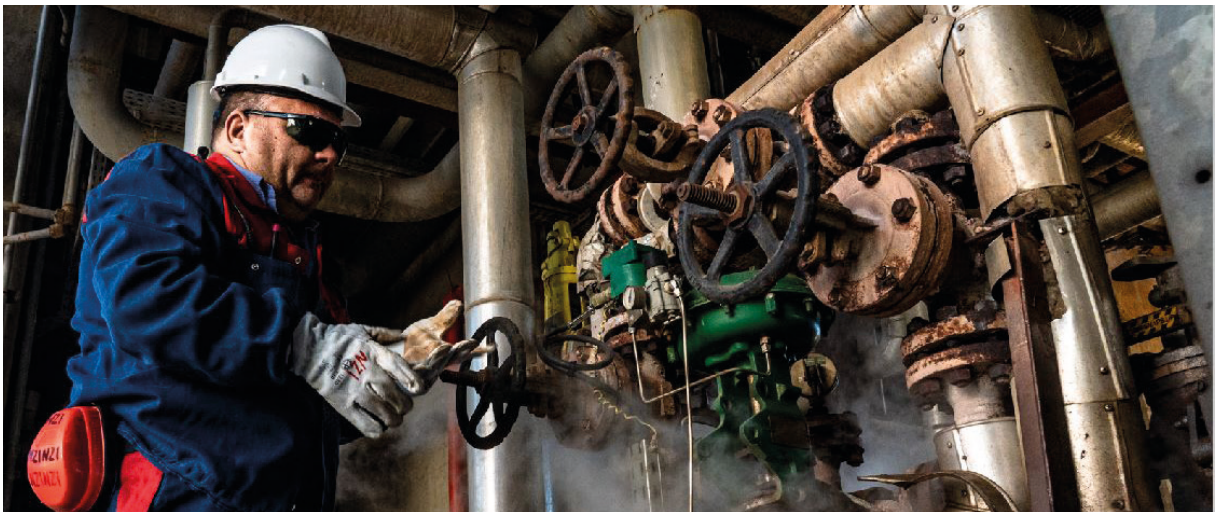


Table 56 - Health surveillance activities

		2022
Hiring medical examinations	#	57
Periodical medical examinations	#	995
Audiometry	#	430
Spirometry	#	450
Blood chemistry tests	#	150

The focus on the health of both employees and contractors is further reinforced by the presence of two medical clinics operating 24 hours a day, staffed by a doctor—one located at the North site and the other at the South site. In 2022, in collaboration with other companies, the North clinic conducted 2,555 examinations, while the South clinic conducted 1,825.

ISAB instituted a health promotion program known as the Health Prevention Plan, allowing each employee the voluntary opportunity to participate every two years. This program, conducted in partnership with healthcare professionals from the Siracusa Hospital, encompasses blood chemistry analyses, an internal medicine assessment, as well as abdominal and thyroid ultrasounds. Any further examinations recommended by the internal medicine specialist are subsequently conducted at the Siracusa Hospital facility. In 2022, the following examinations were performed:

Table 57 - Health Prevention Plan

		2022
Internal medicine examinations	#	297
Abdominal and thyroid ultrasounds	#	364
CT scans (TAC)	#	7
MRI Scans(RMN)	#	3
Dermatological examinations	#	158
Mammograms	#	10
Gynecological examinations	#	9
Endocrinological examinations	#	102
Ophthalmic examinations	#	139

In recent years, the advent of the COVID-19 pandemic compelled the organization to proactively institute a comprehensive surveillance system, aimed at not only safeguarding the well-being of its workforce but also limiting the virus's transmission within the company. This strategic approach underscored the company's commitment to the health and safety of its employees and partners.

Moreover, in collaboration with the Siracusa Health Authority and with the regional business association, Confindustria Siracusa, the company established an on-site vaccination center within the after-work facilities of ISAB Refinery. This vaccination center served as a critical component of the organization's holistic response to the pandemic, ensuring the rapid and widespread immunization of not only its dedicated employees but also extending it to contractors.

By proactively implementing these measures, the company not only fortified its corporate culture's dedication to health and safety but also demonstrated its resilience in the face of unprecedented challenges. This multifaceted response exemplifies the organization's strong commitment to maintaining a secure and thriving workplace environment, even in the most challenging of circumstances.

5.4 Learning and development (L&D)

The Learning & Development process of ISAB promotes learning initiatives that foster the growth and development of the company's employees.

The goal is to help them acquire knowledge and skills, not only by deepening their expertise in their respective fields and responsibilities, but also by providing cross-functional education that helps them grasp the company's objectives and understand their unique roles and contributions toward achieving them.

Training and development at ISAB aim to provide professional technical knowledge but also transfer values and behaviors that contribute to people's personal and professional growth.

The organization releases every year the "Annual General Plan for Information, Training, and Development" with a primary objective of guiding and overseeing the various training initiatives scheduled for the upcoming year. This comprehensive plan is designed as a tool to manage all training activities and ensure the continuous growth and development of ISAB employees.

The overarching goal of this plan is two-fold. On one side, it aims to equip employees with a wide spectrum of knowledge and skills, including both technical-professional expertise and management skills. On the other side, it strives to keep the workforce well-prepared and updated in various domains, such as work processes, effective employee management, ability to handle external relationships, and adaptability to changes and innovations in general management, technical advancements, new materials, and innovative working methodologies.

The annual training plan is a cornerstone in ISAB commitment to support a culture of professional excellence within the organization. It ensures that personnel hold the required qualifications and competencies necessary to be excellent in their roles. The training plan highlights the company effort to keep an agile and capable workforce, in the evolving business landscape of the oil sector.

In 2022, the company conducted more than 5,000 hours of training to enhance specific professional skills.

Table 58 - Training

		2020	2021	2022
Training for professional skills	h	>5700	>5000	**>5000**

The company provides training specifically tailored to Security Guards, focusing on skills such as the use of force, restraint techniques, identification procedures, and data recording. This training is essential for addressing situations involving attempted theft, threats, or aggression from external parties.

5.5 Diversity, Equity and Inclusion

Diversity, equity, and inclusion are important values for ISAB S.r.l. The company has a strong commitment to ensure equal opportunities, an inclusive working environment and playing an active role in combating all forms of discrimination, while implementing all internationally recognized principles. ISAB recognizes that embracing diversity, promoting equity and supporting inclusion are not only moral imperatives but also essential elements for a well-functioning organization. In its Code of Ethics and Business Conduct, ISAB states its commitment to create a work environment that values and respects individuals regardless of their category.
For the company, the concept of equal treatment serves as the foundation for interactions between employees and ISAB. Consequently, each employee is evaluated solely based on qualifications, performance, and demonstrated potential, without any discrimination across employees.

The Code of Ethics and Business Conduct prohibits any form of discrimination or harassment based on origin, color, religion, sex, sexual orientation, age, disability, or membership of any other protected category. The common belief is that every individual has the right to be treated with dignity, respect and fairness and all members of the organization are expected to respect these principles. Discrimination in any form, direct or indirect, undermines the principles of equality and fairness advocated by the company. To ensure a workplace free from discrimination, harassment, and bullying, ISAB encourages open communication, active listening, and prompt reporting of any violation of the Code of Ethics. Moreover, clear mechanisms and procedures for reporting to the Supervisory Body are in place. In the last three years, there have been no reported incidents of discrimination.

Women currently account for 4.33% of employees, which is partially due to the industry in which ISAB operates, which tends to attract less women compared to other industry. However, the company is committed to put in place in the coming years effective measures to increase women representation across all levels, with particular attention for the managerial roles.

Table 59 - Employees by gender

		2020	2021	2022
Employees	Female (%)	4.10	4.01	**4.33**
	Male (%)	95.90	95.99	**95.67**

5.6 Human rights

The company fully complies with national collective agreements and international conventions, and all the relevant labor legislation that covers matters related to the protection of human rights as well as working conditions.

Furthermore, the Italian national laws in force provide full guarantees of compliance with the principles contained in the International Charter of Human Rights, the OECD Guidelines for Multinational Enterprises, and the Fundamental Conventions of the International Labor.

ISAB Code of Ethics and Business Conduct underlines zero tolerance approach towards slavery, human trafficking and child labor and it strives to create a working environment in which human rights are respected, working conditions are fair and individuals are not subject to exploitation or forced labor.

Additionally, ISAB conducts due diligence to its business partners to ensure that they share its commitment to human rights and ethical labor practices. The company engages in risk assessments, audits, and inspections to monitor and assess its supply chain, with the aim of identifying and addressing any warning signs or vulnerabilities. Furthermore, ISAB maintains open channels of communication with its employees and stakeholders and promotes a culture of transparency and accountability, by encouraging the reporting of any concerns or suspicions through designated reporting channels, ensuring confidentiality and protection from retaliation.

In the last three years, no operations or suppliers have been at significant risk for incidents of child labor or forced or compulsory labor.

5.7 Relations with associations

ISAB carries out several initiatives to actively contribute to the territories surrounding its premises. The company annually provides investments to support local communities, with several fields of application. From 2009 to 2022, ISAB donated more than four million euro to support social responsibility projects.

As an integral component of its sustainable development strategy, ISAB cooperates with several stakeholders and participates in organizations to better operate and implement its local responsibility activities.

The main non-profit organizations (NPOs) ISAB is a member of are listed below:

- IOPCF: The International Oil Pollution Compensation Funds (IOPC Funds) provides financial compensation for oil pollution damage that occurs in Member States, resulting from spills of persistent oil from tankers.
- CONCAWE: Conservation of Clean Air and Water in Europe is an organization funded by the European oil industry to monitor the health, safety, and environmental performance of the oil refining industry. Established in 1963 by a small group of companies, it now includes most EU oil companies (including ISAB). Its research focus has gradually expanded in line with societal concerns over the same issues. CONCAWE's studies cover areas such as fuel quality and emissions, air quality, water quality, soil contamination, waste, occupational health and safety, petroleum product stewardship and cross-country pipeline performance.
- UNEM: association that represents the main companies operating in Italy in the refining, storage and distribution of petroleum products and low carbon energy products.
- CONFINDUSTRIA ENERGIA (through UNEM): It promotes the protection of the energy industry and initiatives. It coordinates actions on subjects or issues that concern the members of association and carries out, directly or indirectly, research and studies and other initiatives on issues of common interest. Moreover, it maintains constructive relationships with trade union representatives, above all signing Labor National Collective Agreements.
- CONFINDUSTRIA SIRACUSA: regulatory update and association activities with various stakeholders for various topics.
- ASSONIME: regulatory update and association activities with various stakeholders for various topics.
- ELETTRICITÀ FUTURA (National Association of electrical companies): regulatory update and association activities with various stakeholders for various topics
- AGCM (Competition and Market Authority).
- INNOVHUB (Experimental Station on fuel).
- ACCREDIA (National Accreditation Body).
- UNICHIM (Association for the unification in the chemical industry sector).
- UNICHIM (Interlaboratory circuit for liquid petroleum products).
- SIAD (Interlaboratory circuit for gaseous petroleum products).
- CIPA (Industrial Consortium for environmental protection): CIPA is a consortium that monitors air quality in the industrial area, through a network of control units distributed in the industrial area. It has the function of alerting companies in case of bad air quality, in compliance with a regional decree.

In its Code of Ethics, ISAB includes participation in local impact and prohibits contributions to political parties, individuals or bodies, by maintaining a strict position of political neutrality, while respecting the rights of employees to engage in political activities outside of work, as long as these activities do not conflict with their professional responsibilities or the work of the interests of the company.

ISAB's relationship with labor organizations has always been characterized by a spirit of honest collaboration. A dedicated structure within the establishment maintains stable relations with both the provincial union secretariats and the Unified Union Representatives. The union is specifically involved through timely information during significant moments of interest to the company, such as crises, corporate changes, and scenarios. Most recently, the renewal of the company's collective agreement, extended for several years, marked the culmination of a relationship that has been consistently and faithfully nurtured over time.

5.8 ISAB commitment to the territory

ISAB has been operating in the territory for more than 40 years. The company has always promoted an active open dialogue with local communities, to fully understand the community's needs and address their concerns, if any.

ISAB has been recognized as having a significant positive impact in the territory where it operates due to its strong commitment. Social responsibility actions are in line with ISAB's focus on the territory and its components, in collaboration with institutions, local authorities, professional categories and schools in the territory. Hence, throughout the years, many local territory improvement projects and socially responsible investments have been made.
Furthermore, the company's dedication is consistently focused on gaining a comprehensive understanding of the economic consequences of its operations, also regarding the stakeholders in Sicily who are most closely associated with the company's endeavors. Consequently, ISAB has undertaken several studies in recent years to assess the economic impact of its operations on the local community and its contributions to growth, Including direct and indirect economic, social, and environmental aspects. More specifically, the economic value distributed is calculated as the sum of operating costs, employees wage, payments to providers of capital, payments to the region Sicily and payments to the municipality.

In the healthcare sector, the company contributed to several initiatives, among which, the provision of health screening for citizens of local communities (Priolo Gargallo and Melilli). This is part of a commitment that the firm has carried out for 11 consecutive years. The contribution made by the company allows people of Priolo and ISAB employees, who are also beneficiaries of the initiative, to undergo important diagnostic examinations free of charge: gynecological, abdominal ultrasound, breast, and dermatological examinations. The agreement involves the ASP (Azienda Sanitaria Provinciale) Siracusa, ISAB and the Municipality of Priolo Gargallo, with differentiated tasks. While the ASP provides its specialists, the Municipality of Priolo provides the facilities where the screening is carried out and participates in the financing of the project, which has been guaranteed by ISAB. This initiative resulted in more than 11,000 free screenings over the years. Commitment to such long-lived and important initiatives shows the depth of determination to responsibly act within the region, in line with ISAB culture and values.

ISAB is also actively engaged in educational and University initiatives, among which meetings and presentations, visits to the refinery plant, organization of conferences with university students to brainstorm together on innovation and more.

"Progetto Legalità - Un casco vale una vita" (Legality Project - A helmet is worth a life): this project reached the 14th edition in 2022, it promotes virtuous and safe behavior particularly towards young people, both in the field of road safety and alcohol and drug ad-

diction, but also in the correct use of social media and against bullying among young people. The project, devised by Carabinieri and carried out in cooperation with the Ministry of Education, University and Research (MIUR), engages around 4,000 students each year. In the first phase, lessons are held at individual schools on road safety, regarding the mandatory helmet use. ISAB Safety Specialists, on the other hand, explain how to work safely in the factory. Afterwards, in each of the 200 eighth-grade classes in the province of Syracuse, the students develop a drawing on the theme of safety. The class council chooses the winners, and a ceremony is held to hand out 200 helmets to the winning students.
The company also provides financial help to non-governmental organizations (NGOs) in favor of disadvantaged people, orphans, homelessness, etc.

ISAB actively participates in environmental, cultural, and archaeological initiatives, senior and solidarity projects, physical education, and sport institutions with several grants made to support amateur sports associations for the initiation of minors into sport.

The company, in the name of tradition and continuity, also for 2020-2022 supported a series of social responsibility initiatives in cooperation with institutions and NGOs, among which the financial support for the *"Santuario della Madonna delle Lacrime di Siracusa"*. Over the years, indeed, ISAB has contributed to the running and modernization of the "Santuario". Among the most important interventions were the creation of a museum of sacred vestments, the creation of the external lighting system, the creation of external toilets for the faithful, and the creation of the video surveillance system. Additionally, ISAB contributed to the initiative of "*Banca del latte umano*" - Human Milk Bank. This project focused on a dedicated area on the first floor of the Umberto I Hospital and the premises have been upgraded, furnished, and equipped with the necessary machinery to be ready to welcome mothers eligible to donate, with the objective of helping other mothers.
In the last years, ISAB allocated hundreds of thousands of euros for the enhancement of substantial infrastructure and initiatives aimed at benefiting the local community and the territory.
ISAB's contributions to the local economy underscore its vital role in generating value for the region. In 2022, the company generated a value-added of 2,759 million euros, showcasing its significant economic impact and confirms its significance as a driver of economic growth and prosperity in the region.

Furthermore, the company encourages and supports charitable initiatives that align with ISAB values and contributes to social welfare. Employees are indeed encouraged to engage in charitable activities, volunteering, and community service, both individually and as part of Company-sponsored initiatives.

Likewise, the company highly values participation in volunteer activities and encourages employees to actively engage in such endeavors. ISAB recognizes that volunteering not only benefits the communities in which operates, but also contributes to the personal and professional growth among its employees. Consequently, ISAB provides support and facilitates volunteer opportunities, whether individual or organized by the company. These opportunities address critical social issues, promote sustainability, and enhance the

well-being of those in need. ISAB firmly believes that by mobilizing the collective skills, resources, and passion of its employees, the company can create meaningful change and inspire others to do the same.

Table 60 - Direct economic value generated and distributed (EVG&D)

		2020	2021	2022
Direct Economic Value generated	M€	3,262	3,094	**10,962**
- Revenues	M€	3,007	3,061	**10,871**
- Other revenues & income	M€	254	32	**92**
Economic Value distributed	M€	4,196	3,685	**9,406**
- Operating costs	M€	3,597	3,133	**8,926**
- Employees wages	M€	84	72	**89**
- Payments to providers of capital	M€	15	2	**5**
- Tax payments (region Sicily)	M€	496	474	**382**
- Tax payments (municipality)	M€	4	4	**4**
Economic Value retained	M€	-934	-591	**1,557**

6 Governance at ISAB

6.1 Board composition

The composition of a company's board is a crucial element that influences ISAB's commitment to sustainability and responsible governance.

The Company is currently controlled by the shareholder GOI Energy S.r.l., which holds 100% of ISAB corporate capital. ISAB is in turn indirectly controlled by the Cypriot company G.O.I. Energy Ltd, which holds 100% of the corporate capital of G.O.I. Energy Italy S.r.l. In addition, GOI Energy S.r.l. is subject to the exercise of guidance and coordination activities pursuant to the applicable law.

Following the acquisition by GOI Energy in May 2023, the corporate governance framework of ISAB includes a Board of Directors with four members serving during the period until the approval of the 2023 financial statement. The current composition of the Board of Directors includes: (i) Massimo Nicolazzi, who serves as the Chairman, (ii) Michael Bobrov, - CEO at GOI Energy LTD (the parent company) - who serves as the Vice Chairman., (iii) Bruno Martino, who concurrently serves as the General Manager at ISAB and has certain delegated powers, and (iv) Yoannis Psychogyios, a surveying engineer at Amorgos Architects construction company.

In terms of the nomination and selection process, all board members are appointed by the Shareholder, G.O.I. Energy S.r.l.. The key criteria for selecting and appointing the Board of Directors members and the General Manager are their independence and competencies relevant to the organization's impacts.

Apart from the powers specified by both the law and the bylaws, the Chairman is not vested with operational powers. Nevertheless, the Chairman does function as the company's legal representative. On 1 September 2023, the Board of Directors of ISAB granted to the Chairman the following powers: firstly, the preparation of proposals concerning the corporate governance system, including the introduction and integration of sustainable success and ESG criteria; secondly, overseeing the Company's Audit and Compliance Department; and lastly, managing communication and initiatives to enhance the Company's brand.

Additionally, the following powers are granted to the General Manager Bruno Martino: (i) Manage ISAB's entire operational structure, (ii) supervise business processes, ensuring compliance with timelines and quality standards, (iii) lead personnel management (iv) coordinate the quality control system, (v) manage ISAB's institutional and external relations and (vi) represent ISAB in legal proceedings and in dealings with national and international institutions.

The Board of Directors plays a key role in guiding ISAB's strategy and supervising overall

business activities, exercising authority over the administration as a whole and intervening directly in decisions necessary or beneficial to achieving the corporate purpose.

Regarding sustainability reporting, the Board of Directors has the authority to deliberate on all matters delegated to it by law and the Articles of Association. It holds extensive powers in ordinary and extraordinary administration, subject to legal limitations. It is also responsible for reviewing and approving reported information and the organization of the company.

In terms of delegation of authority to manage the organization's economic impacts, the Board of Directors retains the discretion to grant special proxies and operational delegations within the scope of their powers. The General Manager reports to the Board of Directors members on significant matters as they arise. In addition, is also vested with the authority to grant powers, at its discretion, through Notarial powers of attorney, delegation forms, or specific internal appointments, as deemed necessary for engaging with government agencies, authorities, or public officials in the execution of activities. Board of Directors meetings occurred quarterly to address agenda items as specified in the Board's rules. Starting from May 2023, these meetings are convened on a monthly basis, highlighting ISAB's dedication to have a better understanding of the company's performance and progress.

To ensure prevention and mitigation of conflicts of interest, the governance body follows Corporate Procedure PR Q 55-05, "Management of Conflicts of Interest." This procedure establishes requirements for identifying and managing actual or potential conflicts of interest, designates responsibilities for conflict management, and outlines the procedures for addressing conflicts of interest. The Supervisory Board of ISAB, pursuant to 231/01 law and regulation, plays a crucial role in managing conflicts of interest, working in collaboration with the Human Resources Department to advise on and implement necessary actions.

The Supervisory board is a collegial entity composed of three members, appointed by the Board of Directors for a three-year term (2023-2026), with proven expertise in legal matters, especially pertaining to Legislative Decree 231/01, and corporate affairs. Specifically, it consists of two external members (one President and one member) and one internal member who is also the head of the Audit department and reports directly to the BoD President. This composition is designed to ensure the independence and impartiality of the body's operations, which reports directly to the Board of Directors on a semi-annual basis during board meetings, regarding the activities it carries out.

Regarding the communication of critical concerns, a Secretary of the Board of Directors is appointed within the Company, Avv. Giancarlo Metastasio, who heads the General Affairs and External Relations Department. The Secretary supports the Chairman in preparing board meetings, resolutions, and ensuring the adequacy, completeness, and clarity of information directed to the Board. Additionally, the Secretary assists the General Manager in relations with the Board and coordinates the corporate secretariat. Furthermore, the Secretary executes the Board's resolutions, including filings with the appropriate Company Register, often in collaboration with corporate functions. In 2022, there were no significant criticalities, so that the Board of Directors effectively managed routine matters.
Board members' remuneration is determined by the shareholder. In terms of remuneration ratios, the highest-paid individual within the company earns 14.46 times the median employee.

6.2 Digital Innovation

The company has committed substantial investment, nearly 9 million euros spanning from 2019 to 2026, to bolster its digital capabilities. As of 2022, ISAB has already invested around 2.5 million euros, with a significant focus on operations, technology, and maintenance. These investments are poised to revolutionize the company's processes, streamlining operations, reducing inefficiencies, and ensuring the continuity of production levels and supplies.

Moreover, ISAB is undertaking digital innovation projects that will have a holistic impact on the organization. These projects are set to modernize the company's infrastructure, fortify data security and protection measures.

ISAB has proactively charted a cybersecurity program as part of its strategic initiatives. This program is designed to rigorously assess the security posture of the organization, identify potential vulnerabilities, and develop effective strategies for handling potential intrusions. To support this, ISAB has established comprehensive training programs for all its employees focused on data protection and security to ensure compliance with current legislations and prevent data breaches. By implementing these structured training programs, ISAB equips its workforce with the knowledge and skills needed to protect sensitive data, comply with regulations, and respond effectively to potential security incidents.

In this context, ISAB has also implemented the "Tutela della Privacy" (Privacy Protection Procedure) which provides the necessary guidelines for compliance with Legislative Decree No. 196/2003, commonly referred to as the "Codice in materia di protezione dei dati personali" (Personal Data Protection Code) and its subsequent amendments (Privacy Code). This code has been revised and amended in alignment with EU Regulation 2016/679 dated April 27, 2016, concerning the safeguarding of individuals in terms of processing of personal data, known as the "GDPR". This procedure also encompasses the management of potential Data Breaches should they occur.

By embracing digital innovation, ISAB is not only safeguarding its operational prowess but also charting a path towards sustained growth and excellence in the evolving landscape of the energy sector.

6.3 Anti-corruption

ISAB, in every facet of its business operations, maintains an unwavering commitment to upholding the highest standards of ethics, transparency, and integrity. As a fundamental pillar of its corporate culture, ISAB unequivocally prohibits all forms of corruption and any activities that may constitute crimes against the public administration. The company understands that corruption undermines the very principles upon which our firm is built, erodes the foundations of justice, corrodes trust, and distorts the foundations of fair competition.

The adherence to anti-corruption laws is resolute and extends across all the regions where ISAB conducts business. This zero-tolerance stance applies uniformly to the company's employees, business partners, and interactions with public figures. At no point does ISAB endorse or tolerate any form of corruption, including the offering or acceptance of improper gifts, money, favors, or any inducements that may compromise the company's integrity and its business operations.

ISAB has implemented a comprehensive framework of internal controls, policies, and procedures designed to prevent and detect corruption. This Includes due diligence in all its business transactions, rigorous financial reporting and auditing processes, and ongoing employee training aimed at educating our workforce about the risks and consequences associated with engaging in corrupt practices. Each member of the team, as well as subcontractors and business partners, is expected to uphold ISAB's unequivocal zero-tolerance policy toward corruption. Specifically, the Ethical Code of Professional Conduct, the document concerning Sustainability, Integrity with respect to Relationships with Suppliers (S.I.R.F.), and the Organizational and Management Model, in line with 231/01 (ed. July 2023) are just a few examples. The Organizational and management Model has been updated on 31 July 2023 following the acquisition by GOI Energy S.r.l. of the entire corporate capital of ISAB in order to ensure that the model is aligned with the new regulatory framework.

ISAB actively encourages individuals to utilize its established reporting mechanisms to bring forward any suspicions, concerns, or potential infractions, assuring that such reports will be handled confidentially and without the fear of retaliation. To foster a culture of transparency and accountability, ISAB has established a dedicated whistleblowing platform accessible to all individuals involved in ISAB's activities. This platform serves as a conduit for reporting potential corruption-related situations. Reports of such nature are diligently examined by the "Surveillance Body" (Organismo di Vigilanza), which is tasked with monitoring violations in accordance with d. lgs 231/01.

Within ISAB, the operational footprint extends across four significant locations: three plants situated in the Siracusa province, which include the North and South refineries, and the IGCC power plant, along with

procurement offices in Rome. Routine activities aimed at preventing corruption between private entities, including audits and self-audits, are conducted as part of the company's stringent compliance and contractor performance initiatives. Throughout the years 2020, 2021, and 2022, ISAB has engaged in four compliance and contractor performance activities each year.
Furthermore, ISAB has instituted a specific procedure entitled "Management of Relations with Public Administration and Legal Authority". Under this procedure, employees who engage with public administration entities are required to prepare detailed reports, providing a comprehensive list of the activities undertaken in their interactions with these entities. When encountering public authorities for important meetings, the protocol is to provide advance notice and have at least 2 individuals present. Moreover, a report should be drafted and sent to the directors, the audit function, and the supervisory board. This diligent approach underscores ISAB's unwavering commitment to ethical business practices, accountability, and the protection of the company's reputation and values. Starting from 2023, the Audit function has taken on the responsibility for anti-corruption checks across all functions, including the procurement office in Rome. The Audit body also examines potential corruption situations involving private entities, not just interactions with public authorities.
In terms of procedures related to External Relations, ISAB maintained internal activity reports in 2020. Subsequently, in 2021 and 2022, the same activities continued, albeit without formalization requests. As for Health, Safety, and Environment (HSE), comprehensive yearly reports are available for each of the company's sites. Detailed evidence of these reports is housed within the respective departments and can be provided upon request. ISAB is currently engaged in a thorough review of these procedures, with plans to revitalize and enhance their effectiveness.

In the last three years, there have been no confirmed incidents of corruption.

6.4 Competition

ISAB believes in the principles of fair and open competition, viewing them as the bedrock of a healthy marketplace. ISAB's approach to conducting business is rooted in the promotion of fair competition, strict compliance with all relevant laws and regulations, and unwavering adherence to the highest ethical standards.

ISAB is unwaveringly dedicated to upholding the principles of fair competition, valuing the merit of their products and the ethical standards that underpin their business operations. ISAB categorically rejects any form of collusion, market manipulation, or other anti-competitive actions that could disrupt the free and proper functioning of the market. They recognize that a thriving atmosphere of healthy competition serves as a catalyst for innovation, provides consumers with a broader array of choices, and enhances overall market efficiency. This, in turn, benefits not only our company but also the broader business community. There have been no legal actions pending or completed against ISAB in the last three years.

6.5 Tax regime

Tax management at ISAB is a responsibility overseen by the Tax department. This department is tasked with formulating tax policies, monitoring regulatory developments, ensuring regular compliance, and offering valuable assistance and guidance. Within the company, there are well-defined procedures dedicated to tax-related matters. These procedures delineate roles, responsibilities, operational methodologies, and outline the various stages of processes concerning taxation and customs. In cases involving particularly complex or critical issues, ISAB may engage external consultants to optimize adherence to tax regulations.

ISAB has also implemented a range of tax simplifications and optimizations. For instance, the utilization of the 'tax consolidation' regime aids in optimizing direct taxes, while the establishment of the 'VAT Group' mechanism enhances efficiency with respect to indirect taxes.

During the fiscal year 2017, the company entered an Advanced Pricing Agreement (APA) with tax authorities. This agreement comprehensively covers all transactions involving the acquisition of crude oil and the subsequent resale of finished products, as well as loans involving the parent company. ISAB has also subscribed to the transfer pricing documentation requirements in accordance with the OECD Guidelines, adopting the 'three-tiered approach', which includes the Master File, Country File, and Country-by-Country Report. These measures collectively reflect ISAB's commitment to transparent and compliant tax practices.

In adherence to the principle of 'Corporate Responsibility,' ISAB operates in accordance with the fundamental values of honesty and integrity when managing tax-related matters. This approach is aimed at safeguarding the interests of all stakeholders, recognizing that tax revenues represent a significant source of contribution to the economic and social development of both the Region of Sicily and the national treasury.
ISAB is contemplating the adoption of the "Collaborative Compliance Regime" (Cooperative Compliance) as a governance and control mechanism in the coming years. This regime entails a novel approach to engagement with tax authorities, with the primary objective of diminishing the level of uncertainty in tax management and mitigating the potential for tax disputes.

ISAB benefited from the methane and electricity tax credit in FY 2022 for an amount of €65 million. Companies with high electricity and natural gas consumption were granted a tax credit equal to a percentage of the expenses incurred in 2022. The values were determined by comparing the averages of the quarters in FY 2022 with the same quarters in FY 2019.

7
GRI and international framework

7 GRI and international framework

GRI standard	Location
The organization and its reporting practices	
2.1 – Organizational details	2. Group at a glance
2.2 – Entities included in the organization's sustainability reporting	2. Group at a glance
2.3 - Reporting period, frequency and contact point	3.2 Sustainability Priorities (key considerations) and material themes
2.4 - Restatements of information	Not applicable
2.5 – External assurance	3.4 Certifications
2.6 - Activities, value chain and other business relationships	2.3 ISAB Operations
2.7 – Employees	5.2 Workforce composition
Governance	
2.9 - Governance structure and composition	6.1 Board composition
2.10 - Nomination and selection of the highest governance body	6.1 Board composition
2.11 - Chair of the highest governance body	6.1 Board composition
2.12 - Role of the highest governance body in overseeing the management of impacts	6.1 Board composition
2.13 - Delegation of responsibility for managing impacts	6.1 Board composition
2.14 - Role of the highest governance body in sustainability reporting	6.1 Board composition
2.15 - Conflicts of interest	6.1 Board composition
2.16 - Communication of critical concerns	6.1 Board composition
2.17 - Collective knowledge of the highest governance body	6.1 Board composition
2.18 - Evaluation of the performance of the highest governance body	6.1 Board composition
2.19 - Remuneration policies	6.1 Board composition
2.20 - Process to determine remuneration	6.1 Board composition
2.21 - Annual total compensation ratio	6.1 Board composition
Strategy, policies and practices	
2.22 - Statement on sustainable development strategy	3.1 Out approach to sustainability
2.23 – Policy commitments	5.6 Human rights
2.24 - Embedding policy commitments	3.3.1 Team structure and responsibilities connected to ESG themes
2.25 - Processes to remediate negative impacts	No data available
2.26 - Mechanisms for seeking advice and raising concerns	No data available
2.27 - Compliance with laws and regulations	4.2.3 Biodisel & 4.3 Air quality
2.28 - Membership associations	5.7 Relations with associations
Stakeholder engagement	
2.29 - Approach to stakeholder engagement	3.1 Our approach to sustainability
2.30 - Collective bargaining agreements	5.2 Workforce composition
Materials	
301-1 - Materials used by weight or volume	2.5.1 Raw material & 2.5.2 Additional raw materials
Energy	
302-1 - Energy consumption within the organization	4.2.1 Energy consumption
302-2 - Energy consumption outside of the organization	No data available
302-3 – Energy intensity	No data available
302-4 - Reduction of energy consumption	4.2.1 Energy consumption
Water & effluents	
303-1 - Interactions with water as a shared resource	4.4 Water
303-2 - Management of water discharge related impacts	4.4.3 Water discharge and treatment
303-3 - Water withdrawal	4.4.2 Water withdrawal
303-4 - Water discharge	4.4.3 Water discharge and treatment
303-5 - Water consumption	4.4.1 Water consumption

GRI standard	Location
Emissions	
305-1 - Direct (Scope 1) GHG emissions	4.1.1 Direct GHG Emissions (Scope 1)
305-2 - Energy indirect (Scope 2) GHG emissions	4.1.2 Indirect GHG Emissions (Scope 2)
305-3 - Other indirect (Scope 3) GHG emissions	4.1.3 Other Indirect GHG Emissions (Scope 3)
305-4 - GHG emissions intensity	4.1.4 Emission intensity indicators
305-5 - Reduction of GHG emissions	4.1.1 Direct GHG Emissions (Scope 1)
305-6 - Emissions of ozone-depleting substances (ODS)	No data available
305-7 - Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	4.3 Air quality
Waste	
306-1 - Waste generation and significant waste-related impacts	4.5 Waste
306-2 - Management of significant waste-related impacts	4.5 Waste
306-3 – Waste generated	4.5 Waste
306-4 - Waste diverted from disposal	4.5.1 Recovery or disposal operations
306-5 - Waste directed to disposal	4.5.1 Recovery or disposal operations
Supplier Environmental Assessment	
308-1 - New suppliers that were screened using environmental criteria	2.5.4 Supplier selection
308-2 - Negative environmental impacts in the supply chain and actions taken	2.5.4 Supplier selection
Employment	
401-1 - New employee hires and employee turnover	5.2 Workforce composition
401-2 - Benefits provided to full-time employees that are not provided to temporary or parttime employees	5.1 Our people centric organization and our strong relation with the territory
401-3 - Parental leave	5.2 Workforce composition
Labor/Management relations	
402-1 - Minimum notice periods regarding operational changes	Not applicable
Occupational Health & Safety	
403-1 - Occupational health and safety management system	5.3 Health and safety
403-2 - Hazard identification, risk assessment, and incident investigation	5.3 Health and safety
403-3 - Occupational health services	5.3 Health and safety
403-4 - Worker participation, consultation, and communication on occupational health and safety	5.3 Health and safety
403-5 - Worker training on occupational health and safety	5.3 Health and safety
403-6 - Promotion of worker health	5.3 Health and safety
403-7 - Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	& 5.1 Our people centric organization and our strong relation with the territory
403-8 - Workers covered by an occupational health and safety management system	5.3 Health and safety
403-9 - Work-related injuries	5.3 Health and safety
403-10 - Work-related ill health	No data available
Training and Education	
404-1 - Average hours of training per year per employee	5.3 Health and safety
404-2 - Programs for upgrading employee skills and transition assistance programs	5.4 Learning and development (L&D)
404-3 - Percentage of employees receiving regular performance and career development reviews	5.2 Workforce composition
Non-discrimination	
406-1 - Incidents of discrimination and corrective actions taken	5.5 Diversity, Equity and Inclusion
Freedom of Association and Collective Bargaining	
407-1 - Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.2 Workforce composition

GRI standard	Location
Child Labor	
408-1 - Operations and suppliers at significant risk for incidents of child labor	5.6 Human rights
Forced or Compulsory Labor	
409-1 - Operations and suppliers at significant risk for incidents of forced or compulsory Labor	5.6 Human rights
Local Communities	
413-1 - Operations with local community engagement, impact assessments, and development programs	No data available
413-2 - Operations with significant actual and potential negative impacts on local communities	No data available
Supplier Social Assessment	
414-1 - New suppliers that were screened using social criteria	2.5.4 Supplier selection
414-2 - Negative social impacts in the supply chain and actions taken	2.5.4 Supplier selection
Public Policy	
415-1 - Political contributions	5.8 ISAB commitment to the territory
Economic performance	
201-1 - Direct economic value generated and distributed	5.8 Our commitment to the territory
201-2 - Financial implications and other risks and opportunities due to climate change	No data available
201-3 - Defined benefit plan obligations and other retirement plans	5.1 Our people centric organization and our strong relation with the territory
201-4 - Financial assistance received from government	6.5 Tax regime
Market Presence	
202-1 - Ratios of standard entry level wage by gender compared to local minimum wage	5.2 Workforce composition
202-2 - Proportion of senior management hired from the local community	5.2 Workforce composition
Indirect Economic Impacts	
203-1 - Infrastructure investments and services supported	5.8 ISAB commitment to the territory
203-2 - Significant indirect economic impact	5.8 ISAB commitment to the territory
Procurement Practices	
204-1 - Proportion of spending on local suppliers	2.5.3 Supply of goods and services
Anti-Corruption	
205-1 - Operations assessed for risks related to corruption	6.3 Anti-corruption
205-3 - Confirmed incidents of corruption and actions taken	6.3 Anti-corruption
Anti-Competitive Behaviour	
206-1 - Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	6.4 Competition
Tax	
207-1 - Approach to tax	6.5 Tax regime
207-2 - Tax governance, control, and risk management	6.5 Tax regime
207-3 - Stakeholder engagement and management of concerns related to tax	6.5 Tax regime
207-4 - Country-by-country reporting	6.5 Tax regime

ISAB S.r.l.

SUSTAINABILITY AND CORPORATE RESPONSIBILITY REPORT

G.O.I. ENERGY

Meeting people's demand for high quality energy is what we do best at G.O.I ENERGY.