



Offshore  
LNG Toscana

## LNG Floating and Storage Regasification Unit offshore tuscan coast

**SA8000 SOCIAL RESPONSIBILITY REPORT 2016**

March, 23, 2017



- Social Responsibility Report is the document used by OLT Offshore LNG Toscana S.p.A. to inform its stakeholders and anyone who is interested in the company, about company's responsible commitment in compliance with standard SA8000:2014.
- ❖ Social Responsibility Report is submitted to SA8000 Worker Representative and it is uploaded in company's intranet and web site [www.oltoffshore.it](http://www.oltoffshore.it)
- ❖ It is issued on annual base to underline the trend of company parameters analysed.



# TABLE OF CONTENTS

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- 1. Company**
- 2. Mission**
- 3. Operation management**
- 4. Technical–Commercial aspects**
- 5. Authorizations process**
- 6. Certifications**
- 7. Social responsibility**
- 8. Stakeholders**
  - 8.1 Personnel**
  - 8.2 Suppliers**
  - 8.3 Institutions**



# 1. Company



OLT shareholders playing a national and international role in the energetic sector, are the following:



- **IREN Group – 49,07%** Multiutility listed on the Italian Stock Market, it was founded in July 2010 from the merging of IRIDE and ENIA (it includes the 2,28% shares of ASA )



- **Uniper Global Commodities SE – 48,24** Leading international energy company with operations in more than 40 countries.



- **Golar LNG –2,69%** Shipping company specialized in the management of LPG carrier and FSRU.



## 2. Mission



- OLT's mission is to supply a regasification service to offer a contribution to the country energy supply. OLT's firm intention is to manage its business activity responsibly.
- The Ministry of Economic Development (MISE) defined OLT's Terminal “**essential and absolutely necessary for the safety of national gas system**”. Consequently, the plant is at National Gas System disposal to guarantee **a safety gas supply and a diversification in the sources of energy supply**.

As per the above mentioned role, OLT supplies the following services:

- **PEAK SHAVING**

The **Peak Shaving** service is one of the emergency measures established by the Decree of the Ministry of the Economic Development within the "Emergency Plan" to face unfavourable events for the national gas system, which may happen during the winter period of the Thermal Year 2016/2017, and to guarantee the security of the **Italian Gas System**. In case of emergency this service would allow to redeliver gas in the network - previously unloaded and stocked into the tanks of the Terminal - at short notice with the aim to face peak requests of the gas system for a limited period of time. In 2016, for the fourth consecutive year, OLT offered this service receiving **the first Italian LNG cargo from USA**.



## ➤ REGASIFICATION AND STORAGE BUNDLED SERVICE

In accordance with the European Commission's Communication of February, 16 2016 about the EU strategy on the use of LNG and natural gas storage and in order to contribute to the security and the diversification of energy supply of the Italian Gas system, MISE and the Authority for Energy since 2016 have introduced the **"Regasification and Storage Bundled Service"**. This service provides the offer of LNG regasification and storage by the regasification companies and the major storage company STOGIT, giving priority in the assignment of the service to the gas coming from countries from which importations of equal or superior duration to one year are not in progress.

With the tender launched by OLT on April, 21 2016 it was possible to allocate 5 slots, for a total quantity of LNG received of approximately 700,000 cubic meters of liquefied natural gas, equivalent to over 450 million cubic meters of natural gas, regasified and injected into the storage system of Stogit (Italian Gas Storage). The LNG cargoes were received from 4 different countries - Norway, Nigeria, Qatar, Peru - and injected into the storage system through the operational coordination between OLT and Stogit. The LNG carriers involved in the service had a capacity between 145,000 and 155,000 cubic meters of LNG. Among the expected loads in the context of this service, **the first Italian cargo from Peru** has arrived, and this represented a contribution to the diversification of the sources for the Italian gas supply system.



## Small scale

As provided by recent EU Directives, it will be necessary to start using cleaner fuels to dramatically reduce air pollution emissions mainly caused by naval transportation.

➤ The LNG, for its environmental performances, has been identified by the European Commission as the future «leading fuel». LNG seems to be the best choice compared to other alternative fuels for many factors: higher safety standards, the increasing attention to the environment and its economic advantage.

➤ Following the positive experiences of other countries (like Norway, Netherland, Spain and United Kingdom) and the remarkable environmental advantage in using LNG with respect to traditional fuels, Italy is now setting up its logistic supply chain. Indeed, there are many projects and studies that are being carried out by operators to realize SSLNG infrastructures.

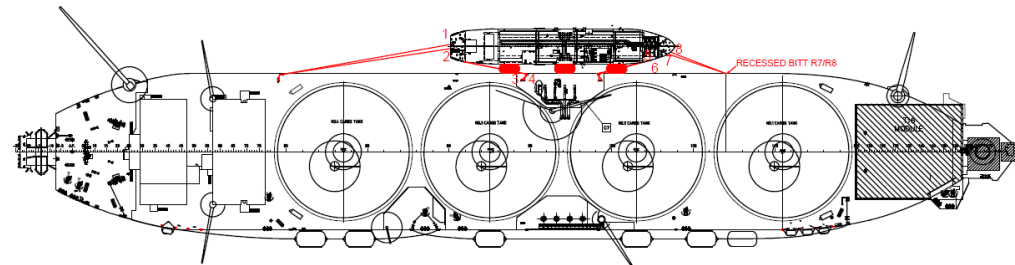
➤ The Ministry of Economic Development started in June, 2015, a public consultation on LNG National Strategy to identify and analyse in details goals, subjects and measures that have to be implemented. Following this consultation, the Ministry issued the National Plan for the use of LNG in Italy, which is an integrant part of Leg. Decree n.257, approved on 16th December 2016, which transposes the Directive on the deployment of alternative fuels infrastructures (DAFI).



# Mission

During 2015, OLT carried out a **preliminary study** to verify the opportunity to unload liquefied natural gas from the Terminal to small LNG carriers and to check the possible modifications to do on the plant to supply this service. This study was co-financed by European Community being included in the «SEA Terminal» project coordinated by Valencia Foundation, Livorno Port Authority and monitored by Minister of Transportation.

This study confirmed the opportunity to unload LNG from the Terminal to small LNG carriers giving technical specifications: (i) LNG carriers with cargo capacity between 1.000 m<sup>3</sup> and 7.500 m<sup>3</sup>; (ii) length between 60 m and 110 m, (iii) loading capacity between 250 m<sup>3</sup> and 900 m<sup>3</sup>; (iv) “manifold” hooking systems in compliance with OCIMF international standards; (v) Security Systems (ESD) in compliance with SIGTTO international standards.



Following these preliminary study positive results, OLT started carrying out a **detail study**. OLT asked through its participation to “Connecting Europe Facilities - CEF” announcement for a co-financing on **operating and logistic analysis as for another analysis focusing on the necessary authorizations to obtain**. The announcement was organized by the European Commission to develop trans European connections and infrastructures on transportation, telecommunications and energy. The study and the analysis will be finished within end of 2019.





### 3. Operation Management

Terminal operation management is carried out by two main outsourcers:

- ECOS Srl – a joint venture company founded in 2010 by Fratelli Cosulich SpA 40% and EXMAR 60% which manages the offshore staff and oversees the plant maintenance. ECOS is the Terminal operator.



- Fratelli Neri SpA provides the whole naval support service:
  - Terminal surveillance with the specialized vessel “LNG Guardian”
  - Support to berth to LNG Terminal with 2/3 deep-sea tugs
  - Shuttle service from the Port of Livorno to the Terminal with the vessel "LNG Express"



## 4. Technical – Commercial aspects

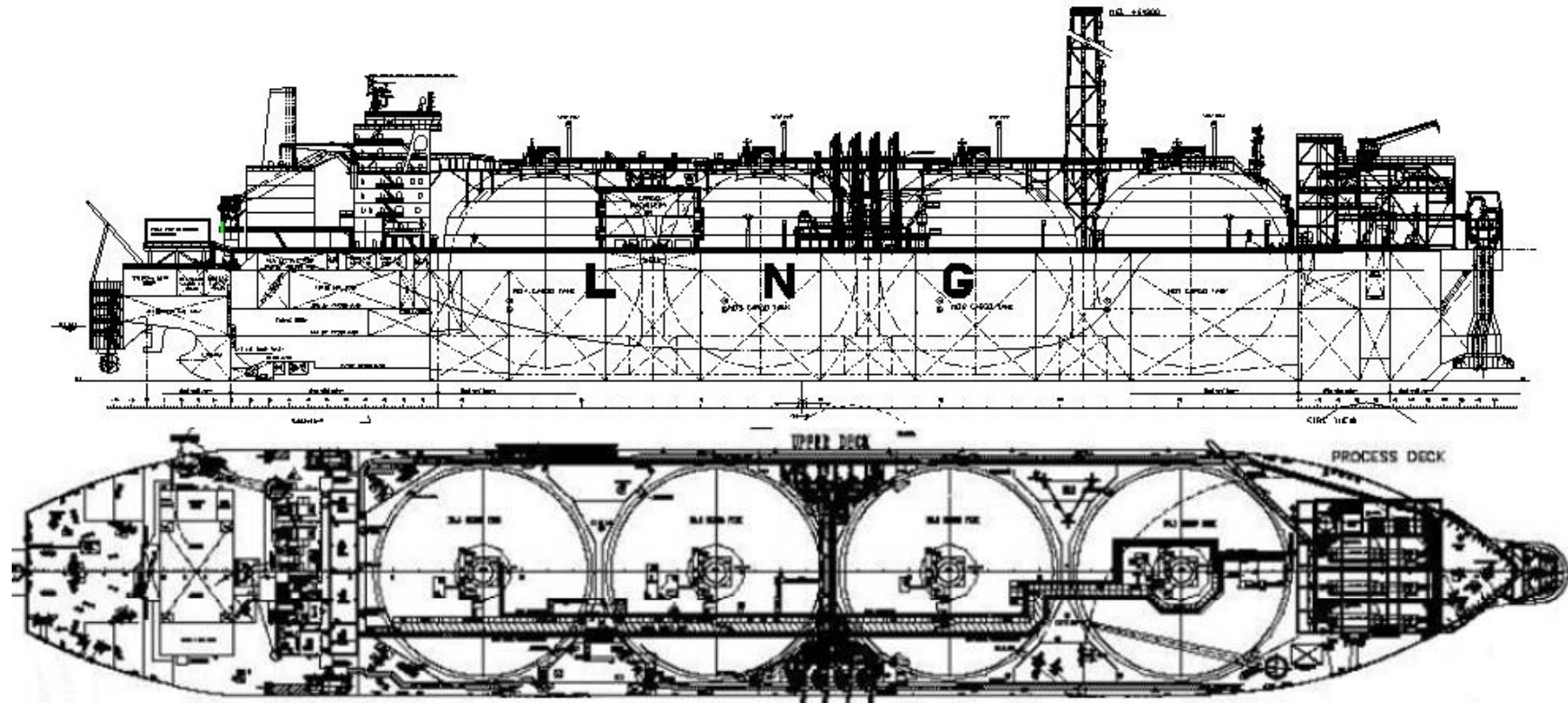


- The infrastructure is a 137.500 cm capacity LNG carrier converted into a floating regasification Terminal.
- The Terminal is permanently moored to the seabed 12 miles off the Tuscany coast between Livorno and Pisa, at 110 meters depth with a single point mooring on the bow.
- Terminal specifications are:
  - **3,75 billion cubic meters** annual regasification capacity;
  - Acceptance of LNG carriers with capacity **between 65.000 cm and 155.000 cm** (“New Panamax” category);
  - LNG is unloaded directly from the LNG carrier moored “**side-by-side**” to the Terminal using traditional unloading arms.
  - “**Wobbe Index Corrector**” installed on board for a possible nitrogen injection to receive almost all the LNG present on the market.
  - High send out flexibility (with a **15 million standard cubic meters** maximum daily regasification capacity), which allows users to catch a trading and balancing opportunity through a daily process nomination.

Regasification capacity offered to third parties access, contracts, operation and commercial documents are available on OLT’s website: [www.oltoffshore.it](http://www.oltoffshore.it)



# Infrastructure



**Loading  
arms**



**Regasification  
plant**



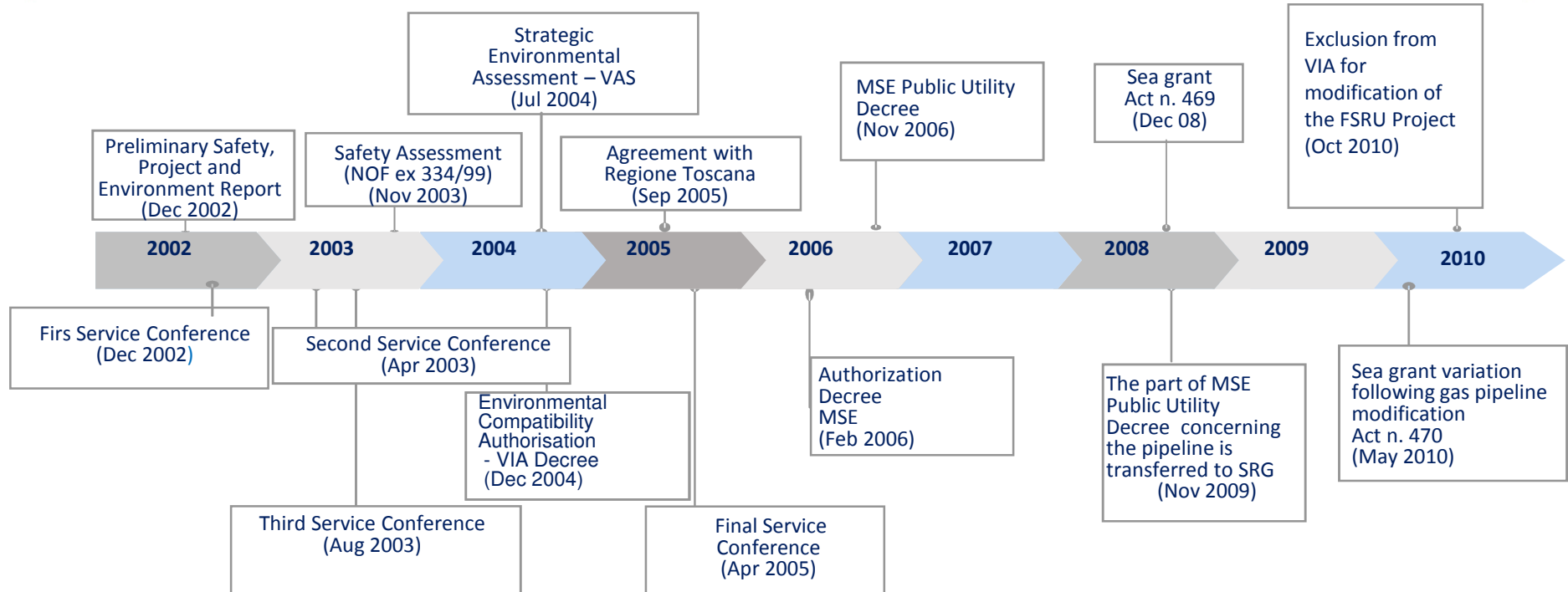
**One mooring  
point only**



# Terminal position

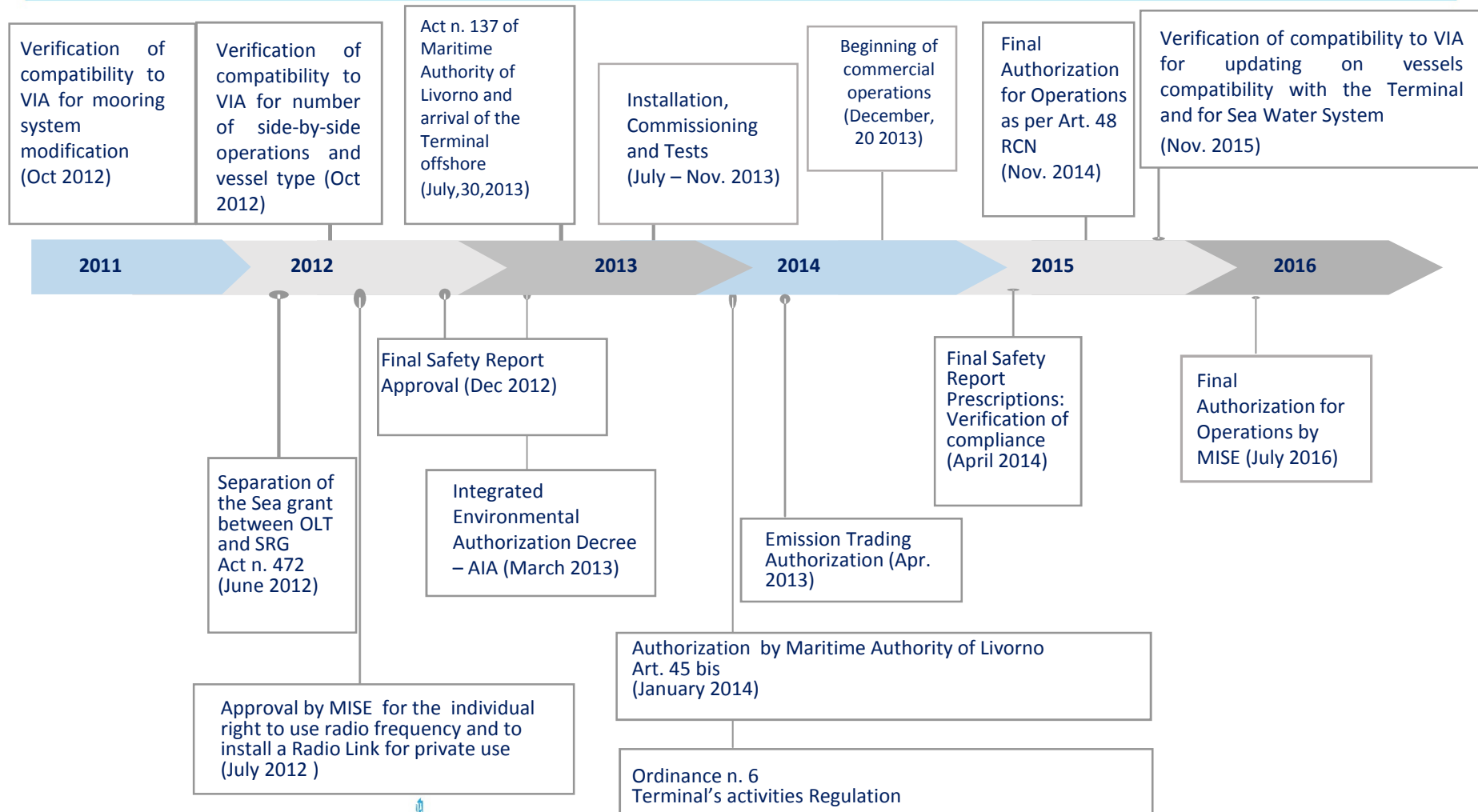


## 5. Authorizations process





# Authorizations process



## 6. Certifications

OLT in 2011 got four major and important certifications issued by Bureau Veritas, one of the most influential and independent international certification body. These certifications were renewed in 2016 after the audits carried out by BV which included the transition audit to the new version of the standard SA8000:2014 (previously SA8000:2008) which OLT passed successfully.



OLT through its integrated management system monitors that all the standard requirements are respected for a company continuous improvement.



# 7. Social Responsibility



- OLT expresses its commitment to adopt socially and responsible behaviors in respect of individual and community interests without distinction of class, origin, sex and religion.
- OLT commits itself to comply with SA8000 requirements, with human rights conventions and with national and international laws. Company's management reviews once a year the effectiveness and efficacy of the social responsibility and sustainability policy and procedures in compliance with the above requirements.
- In addition to the traditional management of non conformity, there is a box at personnel disposal through which employees can anonymously propose their suggestions, observations and claims as per what concern SA8000 application. These inputs will be examined and faced through action plans.
- According to Standard SA8000, company set up two committees: Safety Committee (formed by RLS, RSPP and the SA8000 Worker's Representative) which verifies the Health and Safety requirements as per Leg. Decree 81/08 and the Social Performance Team, that evaluates and monitors the company performances, updates the integrated risk assessment document and set up an improving and action plan. SPT members (IMS Representative, SA8000 Worker's Representative and Quality Assistant) actively participate to Management Review.
- OLT carried out a major risks assessment document to understand company internal and external processes, suppliers, sub-suppliers, etc. These risks identify and give priority to those real or potential area of non conformity to the Standard.
- OLT sets objectives to continuously improve its "social impact" committing itself towards company collaborators, customers, suppliers and to community interested in company and in its business. Furthermore, OLT monitors the "internal work environment" to gather any possible suggestions for improving company. This monitoring is also done through the work-related stress subjective analysis.







## CHILD LABOUR

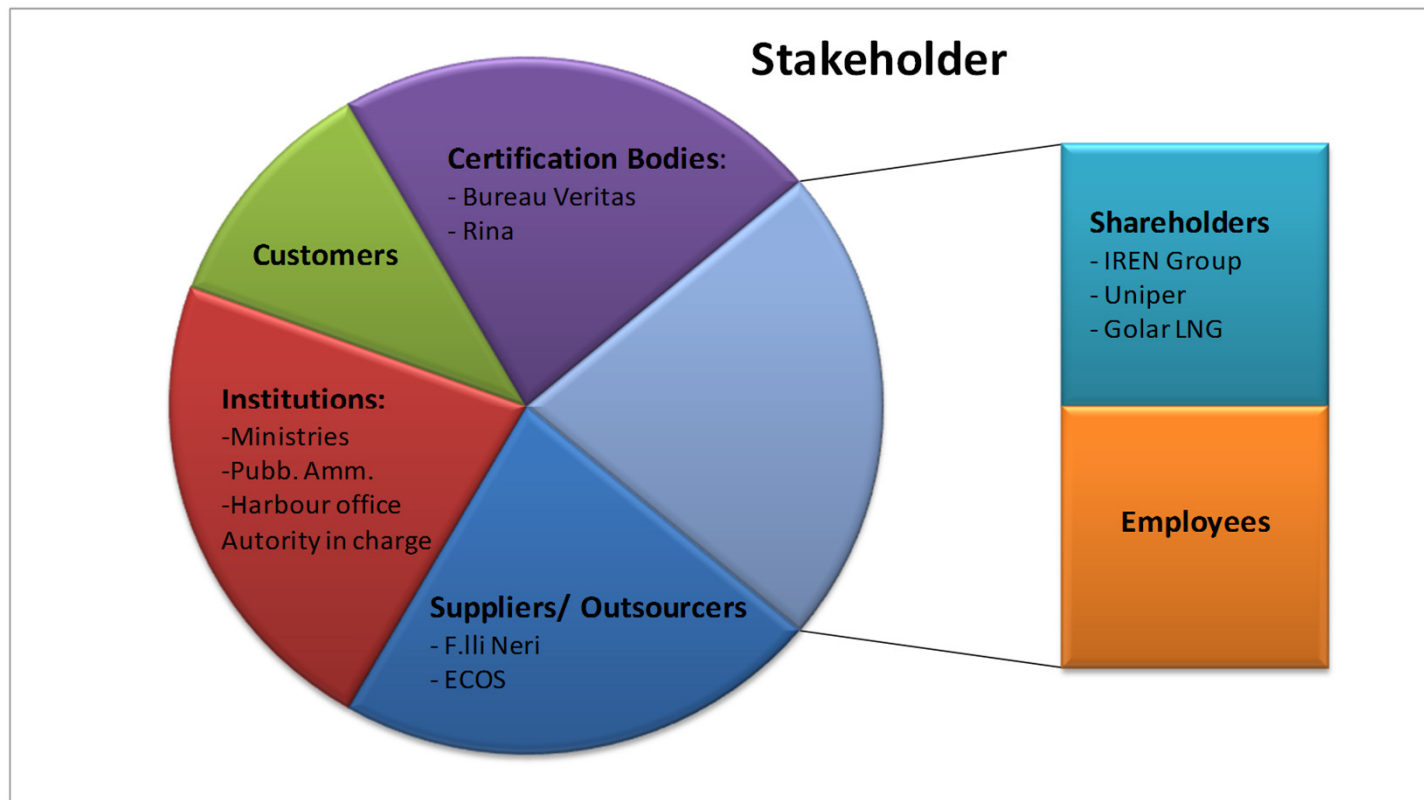
- ▶ OLT has chosen the right to play and to education, it commits itself towards children, the future adults.
- ▶ OLT rejects child labour in all forms.
- ▶ OLT supports initiatives and programs towards younger protection, health and training.
- ▶ OLT commits itself to awaken its suppliers to child sweated labour subjects.

**OLT cooperates in favour of childhood with organizations giving its economic support.** In 2016 company made the following donations:

- ☐ OLT supports the Paediatric Ward of Livorno Hospital
- ☐ Contribution to “Il Porto dei Piccoli”; ONLUS Association which, through its activities, approaches the hospitalized children and their families to sea culture
- ☐ Contribution to Assonautica to support its sailing school dedicated to youngers with disabilities loving sport
- ☐ Contribution to Unicef, the ONU subsidiary organ, which protects and promotes children rights.



## 8. Stakeholder



# 8.1 Personnel

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## OLT commitment towards employees

In addition to standards and principles provided by the labour rights applicable laws, OLT first interest is to encourage the empowerment and the professional development of every single resource through:

- Respect of everyone's dignity and personality;
- Healthy and safe workplaces;
- Prevention of any discriminatory abuse and behaviours;
- Suitable training for every single employee;
- Correct use of personal data and respect of privacy.





## FREEDOM AND DIGNITY

**OLT doesn't use or support forced labour. Company assures that personnel is free from any form of coercion and threats and that employees work absolutely on voluntary basis.**

**OLT has chosen free and transparent relationships and to ensure freedom to work.**

- OLT promotes the employees growth supporting a work environment without constraints and limitations;
- Each employee is always informed on work terms and conditions as on any news about it;
- Company made at employees disposal the National Collective Bargaining (CCNL), which is uploaded it in the OLT's intranet for free consultation.





## HEALTH AND SAFETY

### OLT commits itself to ensure health and safety in workplaces.

Company in its operating headquarter of Livorno and Rome provides to:

- Carefully respect the legislative prescriptions to protect personnel's health and safety assuring the workers' rights safeguard. (Risk Assessment Document – DVR approved on 10/09/2015 – Rev., 02 and DUVRI approved on 10/02/2016, Rev. 01);
- Ensure a safe and healthy work environment. OLT adopted a “Management system for health and safety” in compliance with the International Standard OHSAS 18001:2007 requirements;
- Assure the adoption of appropriate measures to prevent, minimize and avoid accidents and damages to health during the work or related to it.

MEASURE	YEAR 2014	YEAR 2015	YEAR 2016
EMERGENCY DRILL	12/23/2014	05/15/2015 10/29/2015	07/07/2016 30/11/2016
HSE PERIODICAL MEETING	10/29/2014	12/16/2015	06/12/2016
MEDICAL OFFICE SURVEY	10/29/2014	11/16/2015	06/12/2016
MAINTENANCE OF FIREFIGHTING EQUIPMENT	On a six-monthly basis	On a six-monthly basis	On a six-monthly basis



Considering the naval characteristic of the Terminal and the presence of an “ARMATORE” (outsourcer) to whom the Terminal operation management is assigned, **OLT** continuously controls the management system applied by the “Armatore” with the main objective of preventing major accident hazards and safeguarding people and environment.

**The main objectives that OLT shares with its outsourcer are:**

- Compliance of the Terminal Management System with applicable laws and objectives as well as the conformity to standards UNI EN ISO 9001, UNI EN ISO 14001, BS OHSAS 18001;
- Prevention of dangerous situations or accidents by eliminating, when possible, any dangerous situations;
- Minimize the impacts caused by a major accident hazard by an opportune and correct application of the protection measures provided;
- Protection of the surrounding environment from any type of pollution with a continuous sense of environmental responsibility.



# Personnel



The 2016 company objectives were achieved. With reference to: certification maintenance, revision of the emergency procedures and total number of incidents occurred in OLT office as on board the Terminal (ECOS).

Results are reported in the here below table.

ANNO	2013	2014	2015	2016
OLT	INJURY 1 (ongoing incident, during the transfer to company)	INJURY 0	INJURY 1	INJURY 0
ECOS	INCIDENTS 0	INCIDENTS 0	INCIDENTS 0	INCIDENTS 0
	Lost time Injuries 0	Lost time Injuries 0	Lost time Injuries 1	Lost time Injuries 2
	Medical treatment cases 0	Medical treatment cases 0	Medical treatment cases 2	Medical treatment cases 0
	Restricted work cases 0	Restricted work cases 0	Restricted work cases 0	Restricted work cases 0

Note: The “FSRU Toscana” Terminal started its commercial operations in December, 2013, after the initial phase of test and installation (August – December 2013)





## FREEDOM OF ASSOCIATION

**OLT has chosen collaboration:** its commitment beyond the freedom of association and collective bargaining.

**OLT** defends the workers right to free association and collective bargaining assuring and promoting collaboration.

Currently there isn't any employee joining a trade union. In case of future association by company's employee / collaborator, OLT will arrange places for meeting, notice board and any other necessary thing to support and facilitate the personnel association.







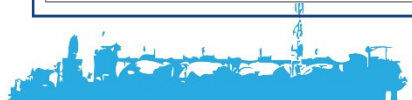
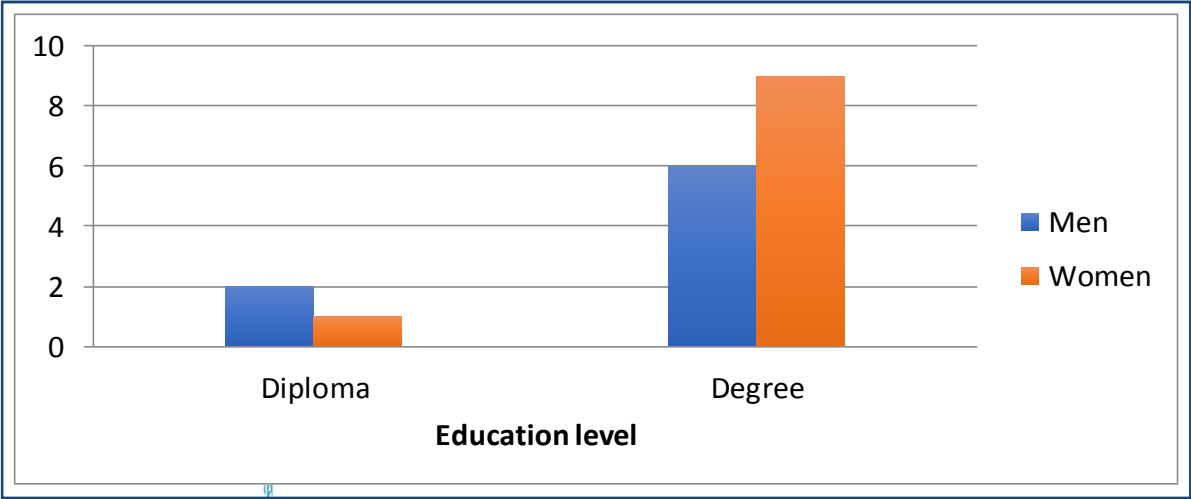
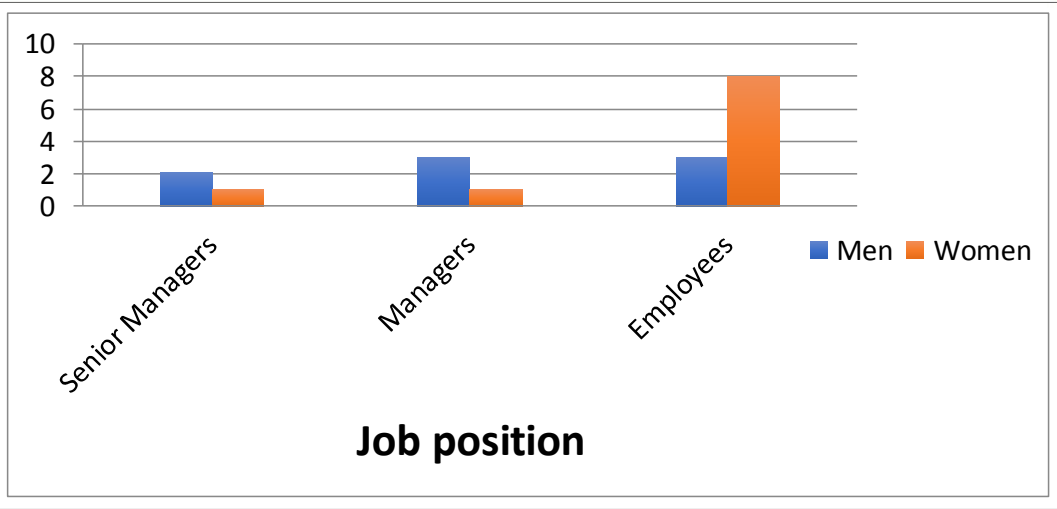
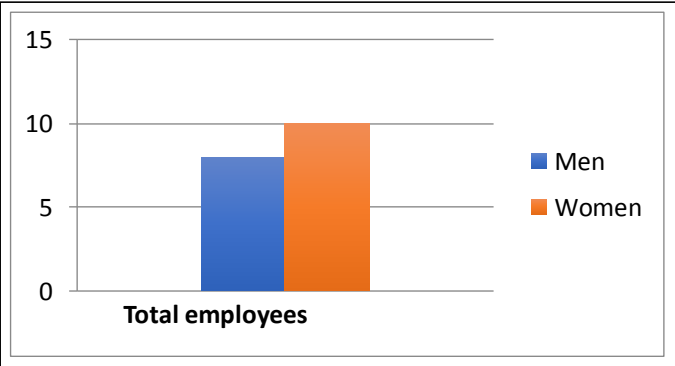
## DISCRIMINATION

**Company issued a Code of Ethics which states specific behavioural rules representing a very important document to prevent any possible discriminations among colleagues.**

- Fairness and respect of individual - including respect of people basic rights, protection of their moral integrity and guarantee to have equal opportunities. OLT avoids any discrimination without distinction of age, gender, sexual orientation, health status, nationality, political opinions, and religion even during personnel recruitment avoiding situations of uneasiness.
- OLT commits itself to increase the value of human resources as key element for company's existence and development.



# Personnel





## DISCIPLINARY PRACTICES

**OLT promotes the respect of workers during their working activities.**

**OLT prevents conflicts applying effective but not arbitrary procedures to evaluate the job and the possible disciplinary practice.**

**OLT commits itself to evaluate the personnel performances based on objective criteria.**

Worker has the right to be supported by the SA8000 Worker's Representative.

Company in the two-year period 2015-2016 didn't take any disciplinary actions towards employees.





## WORKING HOURS

**OLT has chosen efficiency: the commitment for a correct work organization.**

- OLT asks its employees to respect working hours and company objectives but, at the same time, it defends the right to rest and to individual freedom. Company applies the working hours provided by the national contract of reference (GAS and WATER).
- Overtime is allowed only upon an advanced agreement between employee and management. However, it cannot exceed 8 hours per week as provided by law.

YEAR	2014	2015	2016
Total overtime / total n. of worked hours	0	0,19 %	0,14 %
Total absenteeism / total worked hours	2,54 %	2,64 %	3,97 %
Dismissed employees / total employees*	13,50 %	0	5%

\* In 2014, 2 people resigned for other job opportunities while 1 person left for end of temporary contract. 2016 rate refers to one maternity leave





## REMUNERATION

- OLT grants to its employees a fair basic wage set in accordance to what is provided by the National Collective Contract of reference.
- OLT's commitment is to provide a support to its employees which is more than the basic salary integrating a second level wage negotiation.

Most of OLT personnel has a full time open-ended contract.



## 8.2 Suppliers



OLT issued a procedure to qualify suppliers and sub-suppliers based on their skill to comply with company requirements including SA8000.

OLT, during the contractual phase, submits to its suppliers the HSEQ policy and the Code of Ethics asking them to comply with these documents for the part of their concern.

OLT informed its suppliers and sub-suppliers about company's Social Accountability commitment. Consequently, it asks them the evidence of their compliance by filling in a self-assessment and questionnaire which is also a commitment statement.

OLT checks the supplier and sub-suppliers qualification yearly through the Department Managers involved. Company doesn't preclude the opportunity to offer products / services to any supplier that is in compliance with company basic requirements.

OLT checks the compliance with SA8000 requirements of its main outsourcers through audits. The here below table shows the audits carried out to company main outsourcers.

OUTSOURCER	2014	2015	2016
F.LLI NERI*	1 Safety	1 Safety / 1 SA8000	1 Safety
ECOS	4 Safety	1 Safety / 1 SA8000	4 Safety /1 Environm.
ZEROUNO*	-	1 SA 8000	-

\* **ZEROUNO:** provides Helpdesk and IT general support service, safety is checked through SA8000 audit.

\* **F.LLI NERI – ECOS:** see slide n.6



## 8.3 Institutions



**OLT supports a series of initiatives to increase the value of local community. Company's intent is to integrate itself with the territory and the community that host the infrastructure.**

Here below, some of the social initiatives supported by OLT:

- Sponsorship of the event “Effetto Venezia” in Livorno;
- Sponsorship of ‘Open Opera 2016’, a project with the Municipality of Collesalvetti;
- Livorno Marathon;
- Palio Marinaro (folkloristic event in Livorno);
- Other sponsorships with local media (press and TV).

OLT commits itself to make the stakeholders aware on company's ethical / social performances through its website [www.oltoffshore.it](http://www.oltoffshore.it) and with the update of this Social Responsibility Report.





[www.oltoffshore.it](http://www.oltoffshore.it)

