LNG Floating and Storage Regasification Unit
offshore tuscany coast

SA8000 SOCIAL RESPONSIBILITY REPORT 2017

March, 26, 2018
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

It is issued on annual base to underline the trend of the company analysed parameters.
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1. Company

The major companies that hold the shares of OLT, active in the energy market at national and international level, are:

**UNIPER Global Commodities SE (48.24%)**
One of the largest energy groups in the world with entirely private capital, listed on the Frankfurt Stock Exchange

**IREN Group (49.07%)**
IREN Group is listed on the Italian Stock Exchange and was founded in July 2010 from the merger between IRIDE and ENIA (including 2.28% shares of ASA)

**Golar LNG (2.69%)**
Golar LNG is an LNG shipping company, belonging to the Fredriksen Group, engaged in the acquisition, ownership, operation and chartering of LNG carriers and FSRUs
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 in a responsible way. As per the above mentioned mission, 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 2017 OLT offered this service for the fifth consecutive year.
Mission

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 of Regulation for Energy Grids and Environment (ARERA) 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.

In 2017 this service has been offered for the second consecutive year. Through the tender launched by OLT respectively on February 21st 2018, April, 27th 2018, 30th May, 2018, it was possible to allocate 10 slots between April and September 2017, for a total amount of around 836.5 million of standard cubic meters of LNG, coming from 5 different countries (United States, Trinidad & Tobago, Qatar, Algeria and Norway).
ALLOCATION OF REGASIFICATION CAPACITY THROUGH AUCTIONS

The National Energy Strategy (SEN - Strategia Energetica Nazionale), approved with Decree by MSE e MATTM dated November 2017, considers as essential the diversification of gas sources, through the optimization of the use of existing infrastructures, such as the regasification terminals. To reach this aim, the SEN has underlined the importance to adopt market mechanisms for the allocation of the regasification capacity.

The ARERA introduced such market mechanisms with resolution 660/2017/R/gas, which provides:

1) Ascending clock logic auctions for annual and pluri-annual capacity;

2) Pay as bid auctions for infra-annual capacity.

In 2017, OLT has implemented these regulatory developments in its Regasification Code, which has undergone a process of public consultation as provided by resolution 660/2017/R/gas.

The new Regasification Code has been approved by the ARERA with resolution 110/2018/R/gas.
Mission

➢ SMALL SCALE

As provided by recent EU Directives (such as the Directive on Alternative Fuels Infrastructures – DAFI), 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 National Energy Strategy (SEN - Strategia Energetica Nazionale), approved with Decree by MSE e MATTM dated November 2017, has confirmed what already defined in the DAFI, by introducing a proposal to realize a SECA (Sulphur Emission Control Area) pilot area for the Mediterranean in Sardinia. This will allow civil and industrial final users to be supplied by natural gas if connected to the grid or by LNG if supplied by storages.
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$^3$ and 7,500 m$^3$; (ii) length between 60 m and 110 m, (iii) loading capacity between 250 m$^3$ and 900 m$^3$; (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 **logistic and permitting studies**. The logistic study should be ready by the first quarter of 2018, while the results of the permitting studies are expected by the end of 2018.
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 BV 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:
  o **3,75 billion cubic meters** annual regasification capacity;
  o Acceptance of LNG carriers with capacity **between 65,000 cm and 155,000 cm** (“New Panamax” category);
  o LNG is unloaded directly from the LNG carrier moored **“side-by-side”** to the Terminal using traditional unloading arms.
  o **“Wobbe Index Corrector”** installed on board for a possible nitrogen injection to receive almost all the LNG present on the market.
  o 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

- Thruster
- Wobbe Index Corrector
- Regasification plant
- Blister
- Turbo generator
- Loading arms
- Single point mooring system
Terminal position

- FSRU TERMINAL
- THE TOWER OF MELORIA
- TUSCANY REGION
- LIVORNO
- COLLESALVETTI
- PISA

Distances:
- 22 km (12 nm)
- 17 km (9 nm)
5. Authorizations process

- Preliminary Safety, Project and Environment Report (Dec 2002)
- Safety Assessment (NOF ex 334/99) (Nov 2003)
- Agreement with Regione Toscana (Sep 2005)
- Strategic Assessment – VAS (Jul 2004)
- Environmental Compatibility Authorisation - VIA Decree (Dec 2004)
- Final Conferenza dei Servizi (Apr 2005)
- MSE Public Utility Decree (Nov 2006)
- MSE Authorization Decree (Feb 2006)
- Offshore Land Concession (Dec 08)
- Agreement with Regione Toscana (Sep 2005)
- Preliminary Safety, Project and Environment Report (Dec 2002)
- Safety Assessment (NOF ex 334/99) (Nov 2003)
- Environmental Compatibility Authorisation - VIA Decree (Dec 2004)
- Final Conferenza dei Servizi (Apr 2005)
- MSE Public Utility Decree (Nov 2006)
- MSE Authorization Decree (Feb 2006)
- Offshore Land Concession (Dec 08)
- The part of MSE Public Utility Decree concerning the pipeline is transferred to SRG (Nov 2009)
5. Authorizations process

- **2010**
  - Exclusion from VIA for modification of the FSRU Project (Oct 2010)
  - Variation of the Offshore Land Concession due to the variation of the sealine path (May 2010)

- **2011**
  - Final Safety Report approval (Dec 2012)

- **2012**
  - Separation of the Offshore land concession between OLT and SRG (June 2012)
  - Emission Trading Authorization (April 2013)

- **2013**
  - Exclusion of the application of the VIA for modification of the Terminal (Oct 2012)
  - Installation, Commissioning and Tests (July-December 2013)
  - Integration Environmental Authorization Decree – AIA (March 2013)

- **2014**
  - Final Authorization for Operations as per Art. 48 RCN (March 2015)
  - Final Safety Report Prescriptions: Verification of compliance (April 2014)

- **2015**
  - Exclusion of the application of the VIA for modifications of the mooring system (Oct. 2012)

- **2016**
  - Exclusion of the application of the VIA for the changes improved on the typology and number of LNG carrier approaching the Terminal (Oct. 2012)
  - The Mise Issued the final Commissioning Authorization for the operations of the Terminal as per art. 5 DM 23.02.2006 (July 2016)
  - Exclusion of the application of the VIA for the changes improved on the mooring system (Oct. 2012)
  - Ordinance for the safety of the navigation no. 137/2013 issued by the Harbour Master of Livorno (July 2013)
  - Exclusion of the application of the VIA regarding updates related to types of LNG carriers compatible with the Terminal and to the thermal gradient of seawater necessary to the LNG regasification. (Nov 2015)
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. During 2017, following the BV audit process, all certifications were renewed including the transition to the new version of standards ISO 9001:2015 and 14001:2015 (previously 9001:2008 and 14001:2004). In 2017 company also started the process to obtain EMAS registration.

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.
Social Responsibility

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 2017 the company made the following donations:

- Support to the Pediatric Department 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

- Suppliers/Outsourcers:
  - F.lli Neri
  - ECOS
  - Zerouno

- Institutions:
  - Ministries
  - Pubb. Amm.
  - Harbour office
  - Authority in charge

- Certification Bodies:
  - Bureau Veritas
  - Rina

- Shareholders:
  - IREN Group
  - Uniper
  - Golar LNG

- Employees

- Customers
8.1 Personnel

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.
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 , rev.,02 of 10/09/2015 with integration of 24/10/2017 and DUVRI rev. 01 of 10/02/2016 and DUVRI rev. 0 of 04/12/2017 for a new supplier);
➢ 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.

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>YEAR 2014</th>
<th>YEAR 2015</th>
<th>YEAR 2016</th>
<th>YEAR 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMERGENCY DRILL</td>
<td>12/23/2014</td>
<td>05/15/2015</td>
<td>07/07/2016</td>
<td>09/06/2017</td>
</tr>
<tr>
<td></td>
<td>10/29/2015</td>
<td>30/11/2016</td>
<td>06/09/2017</td>
<td></td>
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<tr>
<td>HSE PERIODICAL MEETING</td>
<td>10/29/2014</td>
<td>12/16/2015</td>
<td>06/12/2016</td>
<td>14/12/2017</td>
</tr>
<tr>
<td>MEDICAL OFFICE SURVEY</td>
<td>10/29/2014</td>
<td>11/16/2015</td>
<td>06/12/2016</td>
<td>14/12/2017</td>
</tr>
<tr>
<td>MAINTENANCE OF FIREFIGHTING EQUIPMENT</td>
<td>On a six-monthly basis</td>
<td>On a six-monthly basis</td>
<td>On a six-monthly basis</td>
<td>On a six-monthly basis</td>
</tr>
</tbody>
</table>
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 2017 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.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>OLT</td>
<td>INJURY (ongoing incident, during transfer to company)</td>
<td>INJURY</td>
<td>INJURY</td>
<td>INJURY</td>
</tr>
<tr>
<td>ECOS</td>
<td>INCIDENTS</td>
<td>INCIDENTS</td>
<td>INCIDENTS</td>
<td>INCIDENTS</td>
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<tr>
<td></td>
<td>Lost time Injuries</td>
<td>Lost time Injuries</td>
<td>Lost time Injuries</td>
<td>Lost time Injuries</td>
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<tr>
<td></td>
<td>Medical treatment cases</td>
<td>Medical treatment cases</td>
<td>Medical treatment cases</td>
<td>Medical treatment cases</td>
</tr>
<tr>
<td></td>
<td>Restricted work cases</td>
<td>Restricted work cases</td>
<td>Restricted work cases</td>
<td>Restricted work cases</td>
</tr>
</tbody>
</table>

Note: The “FSRU Toscana” Terminal started its commercial operations in December, 2013, after the initial phase of test and installation (August – December 2013)
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 are two employees joining a trade union. Company supports employees association arranging places for meeting. Furthermore, a part in the company’s notice board has been dedicated to trade union communications by the union representative.
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

- **Total employees**
  - Men
  - Women

- **Job position**
  - Senior Managers
  - Managers
  - Employees

- **Education level**
  - Diploma
  - Degree
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. In 2017 no disciplinary actions towards employees were taken.
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.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total overtime / total n. of worked hours</td>
<td>0</td>
<td>0,19 %</td>
<td>0,14 %</td>
<td>0,24 %</td>
</tr>
<tr>
<td>Total absenteeism / total worked hours</td>
<td>2,54 %</td>
<td>2,64 %</td>
<td>3,97 %</td>
<td>4,39 %</td>
</tr>
<tr>
<td>Dismissed employees / total employees*</td>
<td>13,50 %</td>
<td>0</td>
<td>5%</td>
<td>5,3 %</td>
</tr>
</tbody>
</table>

* Employee turnover rate recorded during the years is due to people’s decision to resign for other job opportunities and for maternity leave substitutions turnover.
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 unlimited 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.

<table>
<thead>
<tr>
<th>OUTSOURCER</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>F.LLI NERI**</td>
<td>1 Safety</td>
<td>1 Safety / 1 SA8000</td>
<td>1 Safety</td>
<td>1 Safety / 1 SA8000</td>
</tr>
<tr>
<td>ECOS</td>
<td>4 Safety</td>
<td>1 Safety / 1 SA8000</td>
<td>4 Safety / 1 Environmental</td>
<td>2 Safety / 2 Environmental</td>
</tr>
<tr>
<td>ZEROUNO*</td>
<td>-</td>
<td>1 SA 8000</td>
<td>-</td>
<td>1 SA 8000</td>
</tr>
</tbody>
</table>

* 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;
➢ Municipality of Collesalvetti: Sponsorship of theater season, ‘Open Opera 2017’ and support to an intervention for the elementary and junior high school to promote study of music;
➢ Livorno Half Marathon;
➢ Palio Marinaro (folkloristic event in Livorno);
➢ International Sailing Week for the Naval Academy of Livorno;
➢ Rassegna del Mare;
➢ Other sponsorships with local media (press and TV).

In 2017, in addition to the sponsorship above mentioned (slide n. 17), OLT made a donation in support of the people affected by the flood occurred in Livorno on September 2017.

OLT commits itself to make the stakeholders aware on company’s ethical / social performances through its website www.oltoffshore.it and with the update of this Social Responsibility Report.