

# **SA8000**

## **SOCIAL RESPONSIBILITY REPORT 2019**



**LNG Floating and Storage Regasification Unit  
offshore Tuscany coast**

April, 13, 2020



- ❖ The 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.
- ❖ The Social Responsibility Report is provided to the SA8000 Workers' Representative and is made available on the company intranet and on the company website [www.oltoffshore.it](http://www.oltoffshore.it).
- ❖ Other data concerning company's responsible behaviour are available in the Integrated Report Safety, Environment and Territory, published on the company website <https://www.oltoffshore.it/en/sustainability/rapporto-sicurezza-ambiente-territorio-2/>.
- ❖ The Social Responsibility Report is issued yearly in order to underline the trend of the company benchmarks analysed.



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# 1. Shareholders

The major companies that hold the company's shares, active in the energy market at national and international level, are:



## **First State Investments (48.24%)**

First State Investments is an experienced global asset manager and owner of utilities in Estonia, Finland, France, Germany, Portugal, Sweden and the United Kingdom.



## **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.

\*On 26<sup>th</sup> February 2020 the shareholder Iren Group sold the entirety of the shareholding held in OLT to Snam.



## 2. Mission



OLT's mission is the regasification service; OLT works to provide a contribution to the security of the energy supply in the country and aims to responsibly manage its own business. Within this mission, OLT is offering the following services:

1. Allocation of the regasification capacity: the allocation processes of regasification capacity take place on multi-year, annual and infra-annual terms, according to the timing and conditions set forth in the Regasification Code and In line with the deadline provided for by law and with the allocation procedures of the other Italian terminals. In 2018, in order to implement the auction-based mechanisms introduced by ARERA with resolution 660/2017/R/gas, OLT changed its Regasification Code, approved with the resolution 110/2018/R/gas of March 1<sup>st</sup>, 2018. During 2019 the Regasification Code was amended to meet new market needs.

The allocation of capacity by auction takes place through the following mechanisms:

1. Ascending clock logic auction for pluri-annual and annual capacity;
2. Pay as bid for infra-annual, monthly spot and FCFS (First Come First Served) capacity.

OLT offers the regasification capacity via auctions on the Platform for the Allocation of Regasification Capacity (PAR) managed by Gestore dei Mercati Energetici (GME).

2. The emergency services established by the Ministry of Economic Development: “Peak Shaving Service” and “Integrated Regasification and Storage Service”: the “Peak Shaving Service” and the “Integrated Regasification and Storage Service” are two of the emergency measures established by the Ministry of Economic Development in the “Emergency Plan” to tackle particularly unfavorable situations for the National Gas System. In case of emergency during the winter, “the Peak Shaving service” operates, while during the summer it is possible to contribute to the supply security using regasification if necessary to replenish the storages that supply the National System during winter (“Integrated Regasification and Storage Service”). These two services thus guarantee the security of the Italian Gas System.



# Mission



## Small Scale LNG

The European policies (Directive 2014/94/EU on Alternative Fuels Infrastructure), foresee that EU countries have to use cleaner fuels, in order to drastically reduce the polluting emissions caused by transport.

The LNG has been identified as one of the fuels to be used, for its environmental performance that it can guarantee. The increasingly high safety standards, the ever-increasing attention to the environment and, not least, its economic affordability lead to prefer the LNG to other alternative fuels.

In Italy, the “National Strategic Framework” adopted by Legislative Decree 257/2016, implements the “European Directive 2014/94/EU”, providing the basic implementation of the infrastructures for the use of alternative fuels. The Integrated National Plan for Energy and Climate, finalized in Italy in December 2019, confirmed the fundamental role of LNG and Italian terminals for the security of energy supply of the Country until at least 2050, with an estimated gas need of 49Mtoe in 2030, that will give impulse to a more transparent and liquid market of LNG.

From 2016, many operators have developed studies and projects for the construction of the infrastructures needed for the distribution of LNG in Italy. At the end of 2018, two coastal deposits have already received the necessary authorizations for the construction, while the network of terrestrial distributors has grown from 6 to about 30 in only two years. The distributors on the national territory are, currently, supplied via trucks, from abroad regasification terminals where this service is already available, while the SSLNG service is not yet available at any Italian terminal.

OLT, as the primary link for the distribution of LNG, could provide the future service of loading the LNG directly on Small LNG carriers, that will supply the coastal deposits under construction.

Finally, in 2019, the Company began the formal authorization process to offer the new service. The necessary modifications to the plant should be completed by 2021 with the subsequent start of SSLNG activities.

### 3. Operation Management

The Terminal operation management is carried out by two main outsourcers:

- ECOS – a joint venture company founded in 2010 by Fratelli Cosulich (40%) and EXMAR Ship Management (60%) responsible for the operative management and fitting-out of the Terminal.



- Fratelli Neri provides the support vessel services:
  - Terminal surveillance by the ad hoc vessel “LNG Guardian”;
  - Support to StS operations to LNG Terminal with 2/3 deep-sea tugboat;
  - Crew boat service from the Port of Livorno to the Terminal with the vessel “LNG Express”.



## 4. Technical – Commercial aspects

The infrastructure is the result of the conversion of an LNG carrier 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:

- Maximum authorized capacity per year: **3,75 billion Sm<sup>3</sup>**;
- Receivable LNG carriers with capacity **between 65,000 m<sup>3</sup> and 180,000 m<sup>3</sup>** (“New Panamax” category);
- Total gross storage capacity: **137,100 m<sup>3</sup>**;
- Loading of LNG, using offshore loading arms, from the LNG carrier moored “**side-by-side**” to the Terminal;
- “**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 Sm<sup>3</sup>** maximum per day regasification capacity), which allows users to catch a trading and balancing opportunity through a daily process nomination.

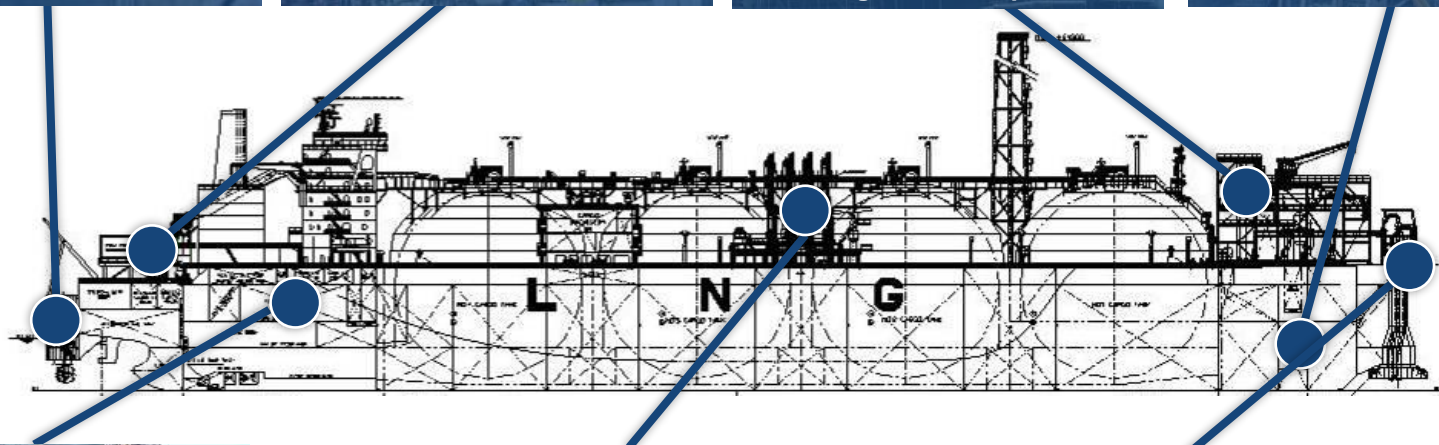
Regasification capacity offered to third parties access, contracts, operation and commercial documents are available on OLT’s website: [www.oltoffshore.it](http://www.oltoffshore.it)





# Technical – Commercial aspects

## Infrastructure



# Technical – Commercial aspects

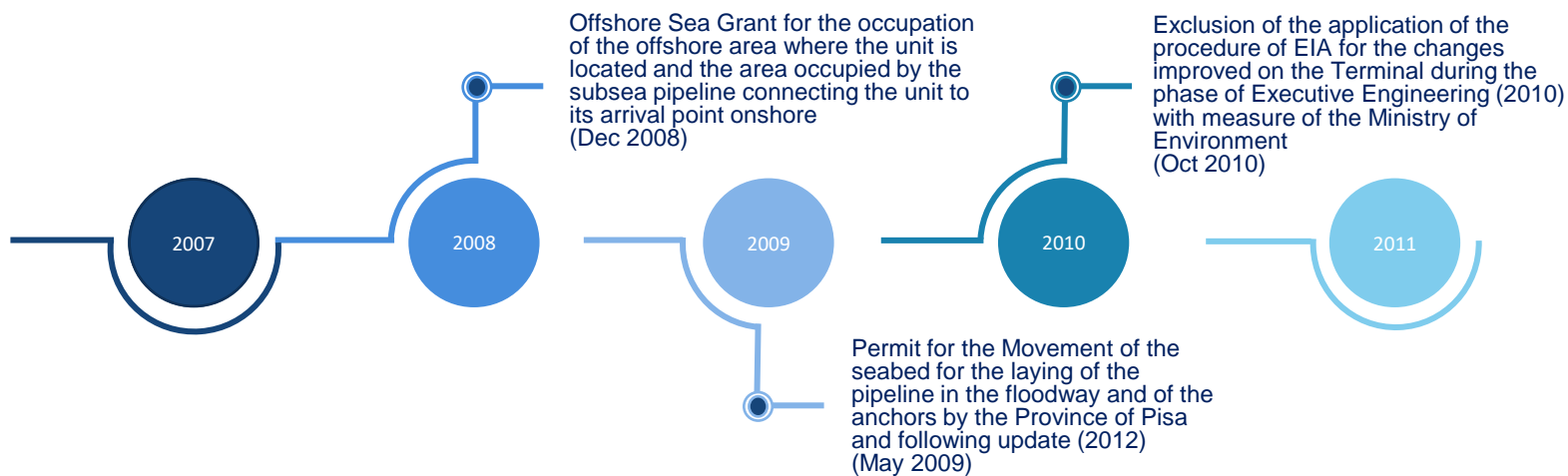
## Terminal position



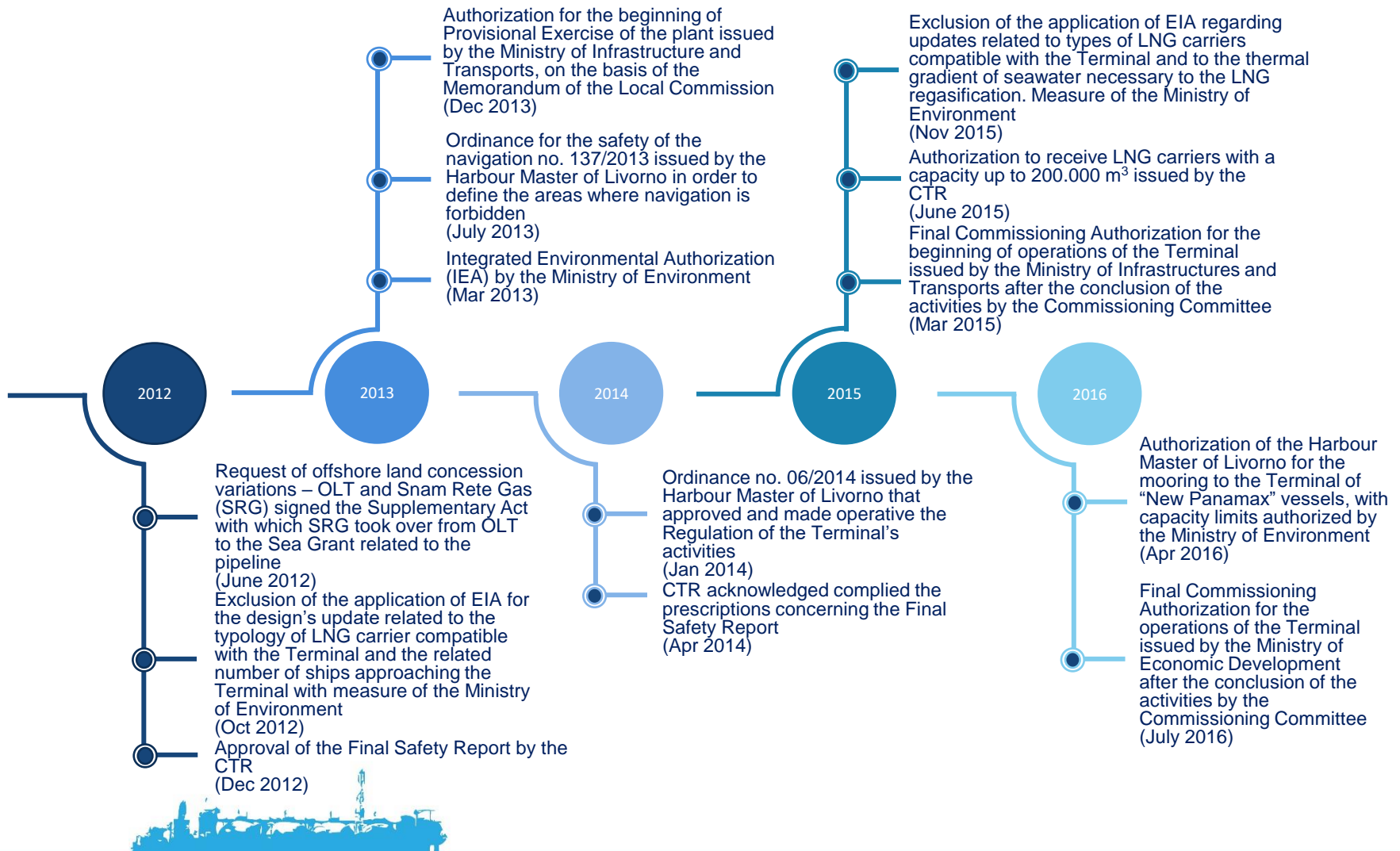
# 5. Authorizations process



# Authorizations process



# Authorizations process



# Authorization process - SSLNG

**Authorization for the Small Scale service**, art. 10, D.Lgs. n. 257/2016, submitted to MiSE and MIT on 12th March 2019.

First meeting of Presentation of the project on 17th May.  
Conferenza dei Servizi on 9th July – The procedure was suspended waiting the conclusion of the Verifica di assoggettabilità VIA.

«**Exclusion from EIA procedure**», art. 19 of D. Lgs.152/2006, submitted on 25<sup>th</sup> March 2019 to MATTM, which announced the start of the procedure on 4<sup>th</sup> April 2019. Regione Toscana requested integration with note Prot n. 0208730 on 22<sup>th</sup> May. OLT provided the requested additions on 5<sup>th</sup> July. The procedure is ongoing.

**SEVESO – «No increasead risk declaration»**, art. 18 and annex d of D. Lgs. 105/15, submitted to CTR on 21<sup>th</sup> March 2019; Procedure closed with note n. U.0011767. on 17<sup>th</sup> May. Finalized May 2019.

«**Intesa**» Regione Toscana issued on 8<sup>th</sup> July with **positive opinion with two prescription:**

1. Acquisition of integration required with note Prot. 0208730 on 22 May 2019 – Provided on 5th July
2. If case an adequate LNG storage infrastructures will be realized in the Tuscany area in time, OLT should ensure a quantity of LNG to supply the LNG storage.

**AIA Non substancial modification**, art. 5, comma 1, lettera l-bis) del D.Lgs. 152/06 e s.m.i., submitted to MATTM on 25th March 2019, which announced the start of the procedure on 9th April 2019. The authorization is ready and will be issued at the conclusion of the VIA procedure.

**Fiscal and custom authorization**, submitted to the Custom Agency, on 9<sup>th</sup> April 2019. Procedure closed with positive opinion with note Prot. 69577/RU on July 3rd.

**Navigational safety**, submitted to Maritime Authority of Livorno (cc to MIT) on 25<sup>th</sup> March 2019; Procedure closed with positive opinion with note Prot.U.0028461 on July 2nd.





## 6. Certifications

OLT has four important certifications: UNI EN ISO 9001 (Quality), UNI EN ISO 14001 (Environment), BS OHSAS 18001 (Health and Safety), SA 8000 (Corporate Social Responsibility), issued by Bureau Veritas, which is one of the independent international certification body, and also obtained the EMAS Registration.



OLT, through its Integrated Management System, verifies that all the standard requirements are respected to perform a 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. It is also possible to send reports through OLT's website at the following link: <https://www.oltoffshore.it/en/sustainability/social-initiatives/social-responsibility-report/>
- 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 targets to continuously improve its "social impact" committing itself towards company collaborators, customers, suppliers and to community interested in the 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 with some associations in favor of childhood, supporting them economically.**

In 2019, the company made the following donations:

- ❑ Pediatric Department of the Hospital of Livorno;
- ❑ “Il Porto dei Piccoli”, ONLUS association which, through its activities, approaches the hospitalized children and their families to sea culture;
- ❑ Unicef, the ONU subsidiary organ, which protects and promotes children rights;
- ❑ Association «Cuore Matto» Onlus: contribution to a fund-raising campaign for the purchase of an electrosurgical scalpel for the Neurosurgery department at the Hospital of Livorno;
- ❑ Assonautica Livorno: contribution to support the Sailing School of the association devoted to young disabled people who love sailing;
- ❑ On the occasion of the flood that struck Livorno in 2017, OLT supported the Concert whose takings were devolved to flood victims.



# 8. Stakeholders



# 8.1 Personnel

## OLT's commitment to its 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 employee;
- Correct use of personal data and respect of privacy.





## FREEDOM AND DIGNITY

**OLT does not resort to the use of forced labour, nor does it support it. Company ensures that the work performed by staff is absolutely voluntary and is independent of any form of constraint or threat.**

**OLT has chosen to commit itself to supporting free and transparent relationships and to guarantee freedom in the workplace.**

- OLT promotes the growth of employees and collaborators by supporting a work environment without constraints or limitations;
- Each employee is always informed about terms and conditions of work and updated on any news on the matter;
- The company has made available to its employees the National Collective Labour Agreement on the company Intranet to allow free consultation.





## HEALTH AND SAFETY

**OLT is committed to maintaining adequate health and safety conditions in the workplace.**

The Company in its operating headquarters 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.

MEASURE	YEAR 2015	YEAR 2016	YEAR 2017	YEAR 2018	YEAR 2019
EMERGENCY DRILL	05/15/2015 10/29/2015	07/07/2016 30/11/2016	09/06/2017 06/09/2017	22/01/2018 29/11/2018	28/01/2019 17/09/2019
HSE PERIODICAL MEETING	12/16/2015	06/12/2016	14/12/2017	04/12/2018	03/12/2019
MEDICAL OFFICE SURVEY	11/16/2015	06/12/2016	14/12/2017	04/12/20018	03/12/2019
MAINTENANCE OF FIREFIGHTING EQUIPMENT	On a six-monthly basis	On a six-monthly basis	On a six-monthly basis	On a six-monthly basis	On a six-monthly basis



OLT, given the naval characterization of the Terminal and given the presence of a Terminal Operator (outsourcer), who is responsible for the operative management of the Terminal, constantly monitors the management system applied by the Terminal Operator, with the main objective of preventing major accident hazards and safeguarding people and environment.

**The main objectives that OLT shares with its outsourcers 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 and EMAS Registration;
- Prevention of dangerous situations or accidents by eliminating, when possible, any dangerous situation;
- 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 form of pollution by constantly keeping environmental responsibility active.



# Personnel

The company's objectives for 2019, with reference to maintaining the certifications, reviewing the emergency procedures and the number of accidents occurred both in the operative offices (OLT) and onboard the Terminal (Ecos), were achieved.

In particular, it is noted that the company achieved the “Zero Injury” goal in 2019.

The reference data are shown in the table below:

YEAR	2015	2016	2017	2018	2019
<b>OLT</b>	INJURY 1	INJURY 0	INJURY 0	INJURY 0	INJURY 0
<b>ECOS</b>	INCIDENTS 0	INCIDENTS 0	INCIDENTS 0	INCIDENTS 0	INCIDENTS 0
	Lost time Injuries 1	Lost time Injuries 2	Lost time Injuries 1	Lost time Injuries 0	Lost time injuries 0
	Medical treatment 2	Medical treatment 0	Medical treatment 1	Medical treatment 1	Medical treatment 0
	Restricted work cases 0	Restricted work cases 0	Restricted work cases 0	Restricted work cases 3	Restricted work case 0

Note: “FSRU Toscana” entered commercial operations in December 2013 following an initial installation and testing phase of the Terminal (August - December 2013).





## FREEDOM OF ASSOCIATION

**OLT has chosen collaboration:** commitment beyond freedom of assembly and bargaining.

**OLT defends the workers' right to free association and to bargaining,** guaranteeing the diffusion and promotion of the spirit of collaboration.

The company currently has a member of trade union associations. The company supports the association between employees by making spaces available for any meetings. Furthermore, a part in the company's notice board has been dedicated to trade union communications by the union Representative.







## DISCRIMINATION

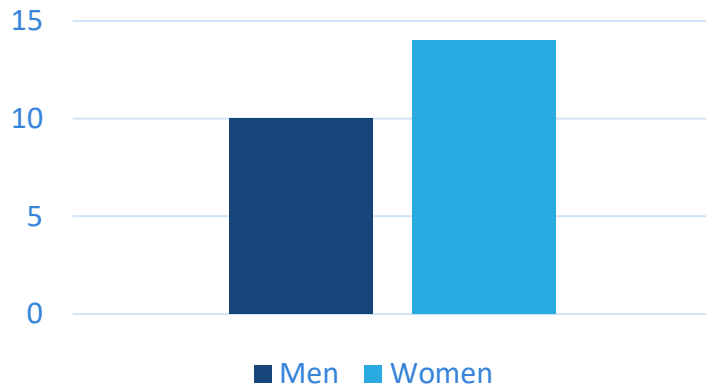
**The company issued a Code of Ethics and Behaviour which states precise rules of conduct and represents an important tool for the prevention of possible discrimination between colleagues.**

- Fairness and respect of individual - including respect of people basic rights, protecting their moral integrity and ensuring equal opportunities. OLT avoids any discrimination based on age, sex, sexual orientation, health status, race, nationality, political opinions and religious beliefs even in the selection phase, avoiding the creation of situations in which people may find themselves in an uncomfortable condition;
- OLT commits itself to increase the value of human resources as key element for company's existence and development.

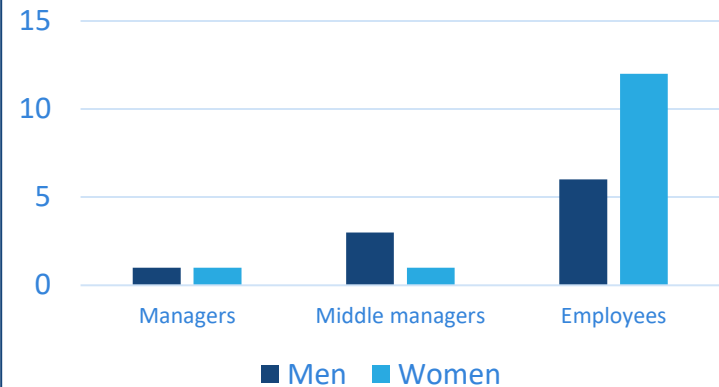


# Personnel

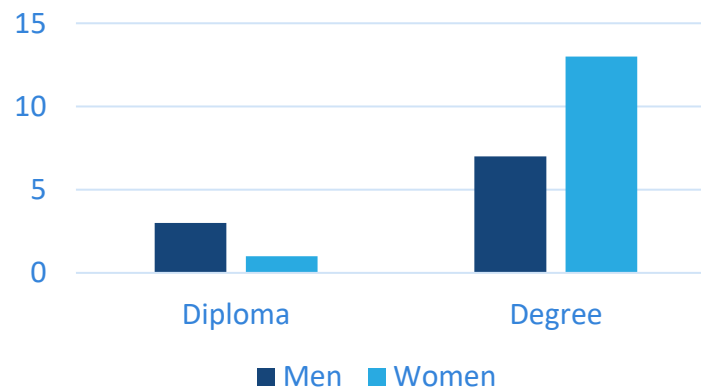
Composition by gender



Job Position



Education Level





## DISCIPLINARY PRACTICES

**OLT promotes respect for workers while carrying out the work.**

**OLT promotes conflict prevention and provides effective and non-arbitrary procedures for the evaluation of the work and for any disciplinary procedures.**

**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 2019, no disciplinary actions towards employees were applied.**





## WORKING TIME

**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	2015	2016	2017	2018	2019
Total overtime / total n. of worked hours	0,19 %	0,14 %	0,24 %	0,17%	0,53%
Total absenteeism / total worked hours	2,64 %	3,97 %	4,39 %	4,30%	2,5%
Dismissed employees / total employees*	0	5%	5,3 %	9,8%	4,27%

\* Employee turnover rate recorded during the years is due to people's decision to resign for other job opportunities, for maternity leave substitutions and for one disciplinary practice.





## REMUNERATION

- OLT recognizes workers a fair basic remuneration, established according to the parameters established 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 is hired on full-time permanent contracts.



## 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 and Behaviour asking them to comply with these documents for the part of their concern.

OLT informed its suppliers and sub-suppliers about company's Social Responsibility 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 the company's main outsourcers.

OUTSOURCER	2015	2016	2017	2018	2019
F.LLI NERI**	1 Safety / 1 SA8000	1 Safety	1 Safety / 1 SA8000	1 SA8000	1 SA8000
ECOS	1 Safety / 1 SA8000	4 Safety /1 Environmental	2 Safety / 2 Environmental	1 Safety/ 1 Environmental 1 SA8000	1 Safety/ 1 Environmental 1 SA8000
ZEROUNO*	1 SA 8000	-	1 SA 8000	1 SA 8000	1 SA8000

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

\*\* **FRATELLI NERI – ECOS:** see slide Operation Management



## 8.3 Territory and Local Community

**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:

- Municipality of Livorno: Sponsorship of the event “Effetto Venezia” – summer event of music and entertainment – and of the art exhibition “Modigliani e l'avventura di Montparnasse”;
- Municipality of Collesalvetti: Sponsorship of theater season, ‘Open Opera 2019’ and support to an intervention for the elementary and junior high school to promote study of music;
- Municipality of Pisa: inauguration of Canale Incile;
- Sport events in Livorno: Livorno Half Marathon, the rowing competitions, including Palio Marinaro, the International Sailing Week for the Naval Academy of Livorno;
- The 50<sup>th</sup> Congress of the Italian Society of Marine Biology, held in Livorno;
- Other sponsorships with local media (press and TV).

OLT commits itself to make the stakeholders aware on company's ethical and social performance 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)

