

**SUSTAINABILITY REPORT**  
**2023**





**SMAPE S.r.l.**

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# LETTER TO OUR STAKEHOLDER



Dear Stakeholders,

in the 2023 fiscal year, SMAPE has consolidated both its results and the awareness of its role, as well as its vision for the future.

Significant actions have been taken in the ESG sphere noticeably increasing your involvement, our Stakeholders, whether you belong to our Supply Chain or have any relationship with SMAPE in support of our business.

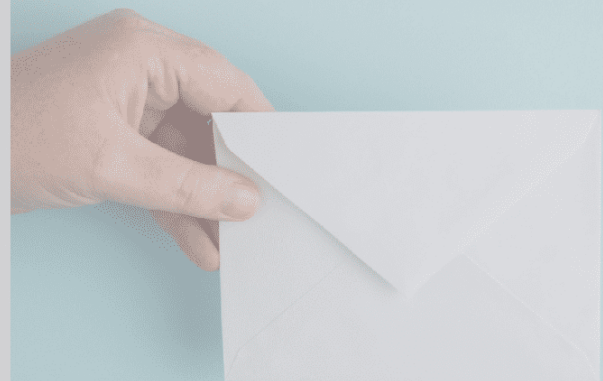
SMAPE believes strategic its positioning, characterized by high qualitative and organizational level, combined with the high responsiveness and dynamism of the whole organization. In this extremely proactive approach, we seek to involve all of you, our Stakeholders, with the awareness of how supportive and important you are in achieving our targets.

SMAPE's Core Business is represented by a strategic service for energy, whether carried out in the Oil & Gas industry, where initiatives and investments aimed at the transition are multiplying, or in the renewable energy sphere, such as Geothermal energy, a field in which we have given a significant technical boost in 2023. Guided by the 2030 Agenda for Sustainable Development, we will continue to do our best to achieve our goal of a cleaner planet in the most fair and respectful way for the people who inhabit it.

We are driven by a strong sense of responsibility towards all of you, and this is a source of pride for us and motivates us daily in our work. We will continue to improve the sharing of information with you in order to create a "system" that can achieve the best synergy.

The Administrative Body and the Managers of  
SMAPE srl

ONE SYSTEM  
ONE SCOPE  
TOGETHER



# CORPORATE IDENTITY



SMAPE was founded in 1989 as a business diversification by entrepreneurs already operating in the services offered to the Italian Oil & Gas industry, initially positioning itself as an "outsider" among internationally renowned players.

Strong dynamism and inclination to face challenges supported rapid development and growing competitiveness, leading to a continuous increase in market share.

In the early years of our existence, we accepted and mostly won all the challenges that were presented to us.

Together with our stakeholders, we have continuously cultivated our aspiration to achieve new milestones. In addition to attaining leadership in the domestic market, we have expanded our geographical horizon towards new clients, mindsets, and technical challenges in Egypt, Albania, Azerbaijan, Kazakhstan, Croazia, Georgia, Russia, Congo and Equatorial Guinea.

As of today, SMAPE, with 15 operational Coiled Tubing units and over 200 employees distributed across 7 operational units and 3 subsidiaries in Italy and abroad, can be considered one of the major continental players.

We work with or have worked with ENI, Shell, British Petroleum, ConocoPhillips, Total, SNAM/Stogit, OMV Petrom, Karachaganak Petroleum Operating Co., Enagas, Edison, INA, Petromanas, Petrobel, Agiba and many others.

SMAPE is appreciated worldwide for its understanding and adaptation to customer needs, and for its problem-solving capabilities. Our natural loyalty and honesty have been translated into a Code of Ethics, allowing us to establish relationships with our stakeholders characterized by trust and solidity.

We position ourselves as the company that can take on challenges others have declined and that constantly looks to the future and continuous improvement.

WHATEVER  
THE CHALLENGE

WE WILL FIND  
THE SOLUTION



# REPORT HIGHLIGHTS



85/100

SUSTAINABILITY  
SCORING



55,25 MWh

Total energy production  
from  
renewable sources

76 %

Permanent  
employees

Implemented  
a water source  
consumption  
monitoring  
system in the  
value chain

- 74 %

Reduction of total GHG emissions (Scope 1, 2, 3)

< 1 %

Employee  
absenteeism

Adopted a new  
procedure for  
procurement and  
supplier qualification

Optimization  
of the  
materiality  
analysis  
process  
according to  
the new  
standards

PRINCIPLE OF  
**GOVERNANCE**





# GOVERNANCE

In addition to the principles of responsible Governance, which are essential for ensuring conscious and respectful actions, it is increasingly crucial for companies to focus on creating long-term value and defining goals that integrate the economic, environmental, and social impacts generated or indirectly experienced within their business. Furthermore, the field in which SMAPE operates, which provides services supporting the extraction and production of natural resources and fossil fuels, plays a fundamental role in energy production and, more broadly, in the economic system.



For these reasons, the company has understood from the outset the importance of Governance in achieving these goals, serving as a guide towards responsible choices not only in economic and financial terms but also in social and environmental terms, thereby building legitimacy with stakeholders.

In this context, it is crucial to direct the company's aspirations towards greater awareness and respect for environmental and social impacts alongside economic ones, assessing the risks and protecting stakeholder interests while carefully calculating the financial effects of related decisions.

## Objectives achieved in the reference year

- Adoption of the new whistleblowing channel
- Optimization of the materiality analysis process according to the new ESRS standards
- Increased stakeholder engagement (for materiality analysis, ESG reporting, performance sharing)
- Digitalization and optimization of business processes
- Adoption of the new procedure for procurement and supplier qualification

0 Corruption incidents in the last 3 years	100 % Members of the executive body have received anti- corruption training
30 days Average time taken to pay suppliers	0 Legal proceedings due to payment delays



### Objectives for the next year

- Updating the Environmental Policy
- Updating and disseminating the document on the Organizational, Management, and Control Model (in accordance with Legislative Decree 231/2001), including whistleblowing policies and the code of ethics
- Defining the new company procedure regarding the materiality analysis process
- Annual update of the materiality analysis
- ESG information and awareness for employees
- Identifying new strategic suppliers in the ESG field, in accordance with the new procedure adopted
- Determining the resilience of the company's strategy and business model
- Extending the organizational scope to cover all monitored material issues

## RELEVANT SUSTAINABILITY TOPICS

Sustainability topics are of crucial importance for any company committed to operating responsibly and in the long term. Considering these topics allows companies to address global challenges such as climate change, resource scarcity, and social inequalities, while also creating opportunities for innovation, growth, and competitiveness.

SMAPE has undertaken a meticulous process to identify relevant sustainability topics. This process began with multiple sources and methodologies and has been refined in accordance with the upcoming European ESRS standards, including due diligence assessments, stakeholders engagement, and comparison with industry best practices.

### Stakeholders

Stakeholders' engagement is crucial for guiding and holding the company's management accountable for prioritizing sustainability issues in the long term. To achieve effective engagement with all stakeholders, the company has identified the main stakeholder groups based on perceived risks and potential benefits in the ESG field. Below these groups and their methods of engagement are indicated.

#### Employees

- Company newsletters
- Information, training, and engagement courses
- Dialogue with trade unions
- Internal reporting system "SmaPersCare"
- Periodic meetings

#### Clients

- Work assessment sheets
- Periodic meeting

#### Suppliers

- Procurement process management system
- Periodic meetings and on-site visits

#### Banks

- Periodic meetings

#### Local Bodies

- Periodic meetings and on-site visits



SMAPE adopts a proactive approach in engaging those interested in material sustainability topics. This approach allows for building strong and lasting relationships with stakeholders and fostering a shared commitment to corporate sustainability.

### Materiality analysis

The company has conducted a materiality analysis to assess the impact and importance of different ESG aspects for the business and for key stakeholders. This process has allowed for the identification and prioritization of key issues, enabling the development of targeted strategies and concrete commitments to address challenges and seize opportunities related to sustainability.

Double Materiality analysis is the methodology applied. It considers a sustainability issue as important (i.e. "material") if it meets the criteria for either impact relevance or financial relevance (or both). Specifically, a sustainability issue is relevant from an impact perspective if it generates significant real or potential, negative or positive, impacts on people or the environment, whether short-term, medium-term, or long-term, for SMAPE or for the upstream and downstream value chain. A sustainability issue is relevant from a financial perspective if it creates risks or opportunities that have or could have a significant influence on the company's development, its financial position, cash flows, access to financing, or the cost of capital, whether short-term, medium-term, or long-term.

The following are the issues that have been identified as most relevant for SMAPE:

- Climate change and energy efficiency have been identified as significantly relevant issues. This increases awareness of the environmental impact that SMAPE and the value chain can have, the need to reduce carbon dioxide equivalent emissions, and to improve energy efficiency.
- Pollution is a highly relevant issue, as we recognize the importance of reducing negative impacts on the environment and human health.
- Water and marine resources have been identified as critical issues, highlighting the importance of sustainable water resource management and the protection of marine ecosystems by SMAPE and the value chain.
- Biodiversity and ecosystem preservation are priority issues, reflecting the commitment to nature conservation and the responsible management of natural resources.
- Employee-related issues, such as employment, health and safety, and work-life balance, have proved to be fundamental, demonstrating the company's commitment to the well-being and development of its staff.
- Worker-related issues in the value chain, including employment, health and safety, and fair wages, have been identified as crucial, highlighting SMAPE's responsibility to ensure decent working conditions throughout the entire supply chain.
- The company's commercial conduct is of great importance for creating long-term value. This reflects the efforts the company makes every day to act conscientiously and respectfully towards everyone, and particularly towards stakeholders.

The following table shows the relevant ESG aspects, and the categories of the involved stakeholders.

G-T1	Relevant ESG aspects	Involved Stakeholders
Climate change	Climate change mitigation	Clients, Suppliers, Banks
Climate change	Greenhouse gas (GHG) emissions	Clients, Suppliers, Banks
Climate change	Climate change adaptation, resilience, and transition	Clients, Suppliers, Banks
Climate change	Energy	Clients, Suppliers, Banks
Pollution	Air pollution	Employees, Clients, Suppliers, Local communities
Pollution	Water pollution	Clients, Suppliers, Local communities
Pollution	Living organisms and food resources pollution	Clients, Suppliers, Local communities
Pollution	Soil pollution	Clients, Suppliers, Local communities
Water and marine resources	Discharges into water bodies and oceans	Clients, Institutions
Biodiversity and ecosystems	Loss of biodiversity due to climate change	Clients, Suppliers
Biodiversity and ecosystems	Loss of biodiversity due to changes in soil use	Clients, Suppliers
Biodiversity and ecosystems	Loss of biodiversity due to pollution	Clients
Biodiversity and ecosystems	Soil erosion	Clients, Suppliers, Local communities
Own workforce	Health and safety	Employees, Clients
Own workforce	Job security	Employees, Clients
Own workforce	Work-life balance	Employees, Clients
Workers in the value chain	Health and safety	Clients, Suppliers
Workers in the value chain	Job security	Supplier



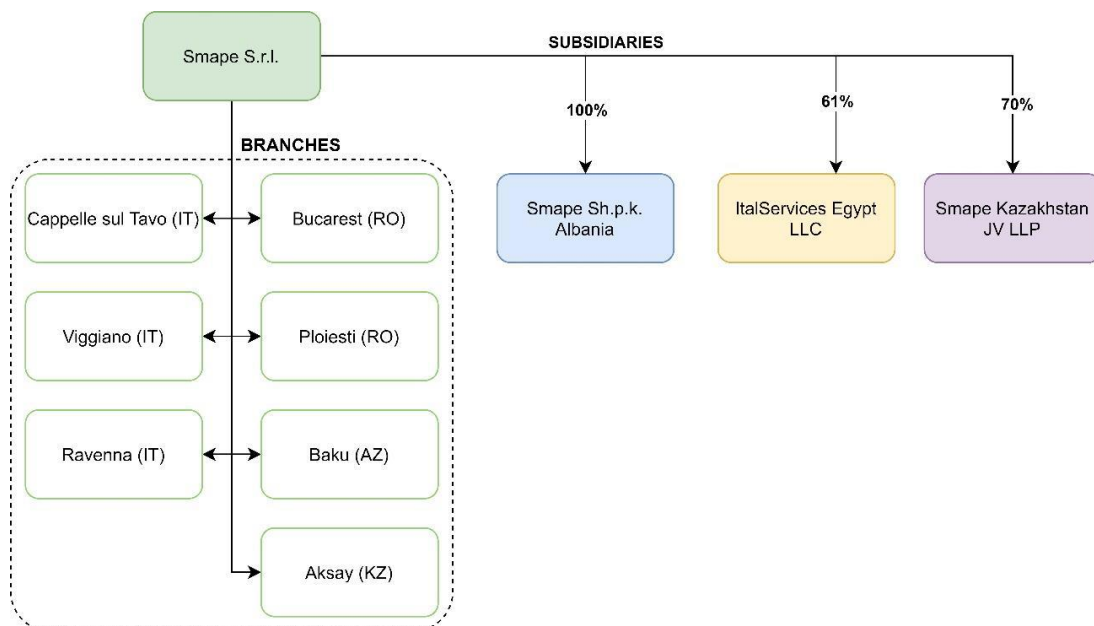
G-T1	Relevant ESG aspects	Involved Stakeholders
Workers in the value chain	Fair wages	Suppliers
Business conduct	Corporate culture	Employees, Clients, Suppliers
Business conduct	Prevention and detection of corruption and bribery, including training	Employees, Clients, Suppliers, Banks, Institutions

## BUSINESS STRATEGY AND MODEL

In the current context, the focus on ESG issues has become crucial for companies eager to demonstrate a concrete commitment to sustainability and social responsibility, especially for a company like SMAPE, operating in the field of services supporting the extraction and production of natural resources. In particular, the main activities carried out by the company are:

- Maintenance and intervention in hydrocarbon and geothermal wells
- Coiled Tubing services
- Fluid and nitrogen pumping
- Enhanced Oil Recovery
- Industrial and pipeline services
- Chemical injection

As of today, SMAPE directly manages 7 different operational units, 3 in Italy (Cappelle sul Tavo, Viggiano, and Ravenna) and 4 abroad (Bucharest-RO, Ploiești-RO, Baku-AZ, Aksay-KZ). Additionally, it holds the majority of shares in 3 different legal entities located in Albania, Egypt, and Kazakhstan.



### Corporate Governance and ESG Committee

SMAPE can provide details on the composition and organization of its administrative, management, and control bodies. This includes information on the key members of these bodies, their roles, and their specific responsibilities within the corporate structure.



In the context of the internal control system, the main bodies and/or functions involved are:

### **Sole Director**

- Independent powers of initiative and control, responsible for monitoring the functioning and efficiency of the Organization, Management, and Control Model pursuant to Legislative Decree No. 231 of June 8, 2001

### **Auditor**

- Responsible for monitoring compliance with laws and adherence to the principles of proper administration by the Board of Directors

Corporate sustainability is an increasingly important priority for many organizations, which seek to integrate sustainable practices into their goals and strategies. In this perspective, SMAPE established an ESG Committee in 2021 with the specific purpose of:

- Identifying its material topics and their impacts, risks, and opportunities for the company and its stakeholders
- Identifying KPIs and setting objectives in the ESG area
- Annually monitoring ESG data and verifying the achievement of objectives
- Annually communicating to the corporate leadership and stakeholders the results of the materiality analysis (including the outcomes of risk assessment) and sustainability data, as well as the results and effectiveness of the policies, actions, metrics, and objectives adopted
- Defining measures or projects to progressively limit and reduce its environmental impact
- Maintaining constant awareness-raising actions within the company and throughout the value chain on sustainability issues

Within the committee, composed of company figures competent overall on ESG topics, specific delegations have been assigned for each material topic. Additionally, the development of sustainability skills and competencies is planned through the use of specific training courses.

### **Decision-Making Process and Strategic Milestones**

SMAPE's strategy and decision-making process adequately take into account the results of the materiality analysis and have defined objectives that include measurable Key Performance Indicators (KPIs), enabling effective monitoring of the progress achieved or still to be pursued in environmental, social, and governance areas. The following table provides an overview of the strategic milestones in the ESG area that SMAPE has achieved so far and intends to pursue for the next year.

G-T 2	Objectives achieved in the past year	Objectives to pursue for the coming year
Environmental	<ul style="list-style-type: none"> <li>• Digitalization and optimization of business processes</li> <li>• Initiation of significant projects and investments related to energy efficiency</li> <li>• Transition to electricity from renewable sources for the Italian office in Cappelle sul Tavo</li> <li>• Implemented a system for monitoring water resource consumption in the value chain</li> </ul>	<ul style="list-style-type: none"> <li>• Updating the Environmental Policy</li> <li>• Definition and drafting of the corporate transition plan</li> <li>• Setting specific targets with assurance from the Science Based Targets Initiative (SBTi)</li> <li>• Continuation of significant projects and investments related to energy efficiency</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Continuing support for employee profitability</li> <li>• Flexible working arrangements based on contingent and personal situations</li> </ul>	<ul style="list-style-type: none"> <li>• Engage branches and subsidiaries regarding specific actions to be taken on human rights issues</li> <li>• ESG information and awareness for employees</li> <li>• Extension of the organizational scope to cover all monitored material topics</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Adoption of the new whistleblowing channel</li> <li>• Optimization of the materiality analysis process according to the new ESRS standards</li> <li>• Increased stakeholders' engagement (for materiality analysis, ESG reporting, performance sharing)</li> <li>• Digitalization and optimization of business processes</li> <li>• Adopted the new procedure for procurement and supplier qualification</li> </ul>	<ul style="list-style-type: none"> <li>• Updating the Environmental Policy</li> <li>• Updating and disseminating the document on the Organization, Management, and Control Model (in accordance with Legislative Decree No. 231 of 2001), including whistleblowing policies and code of ethics</li> <li>• Defining the new corporate procedure for the materiality analysis process</li> <li>• Annual update of the materiality analysis</li> </ul>

G-T 2	Objectives achieved in the past year	Objectives to pursue for the coming year
		<ul style="list-style-type: none"> <li>• ESG information and awareness for employees</li> <li>• Definition of new strategic suppliers in the ESG area, in accordance with the newly adopted procedure</li> <li>• Determination of the resilience of the company's strategy and business model</li> <li>• Extension of the organizational scope to cover all monitored material topics</li> </ul>

Data and KPIs are collected from branch and subsidiary managers and periodically sent to the ESG Committee. These values are also analyzed by the highest ranks of the company to check if the set targets have been achieved and whether any adjustments or modifications need to be made to the corporate strategy to improve performance. This ensures adequate transparency and accountability in addressing challenges and implementing sustainability initiatives within the company.

ESG performance is published annually in the Sustainability Report, presenting consolidated information. This approach provides a comprehensive and unified view of performance and commitment to sustainability, considering the entire company and its operations. It should be noted that the Sustainability Report is not subject to review by a third party; however, the company is committed to providing accurate and transparent information on its actions and performance.

### Performance-Linked Compensation Mechanisms

In internal performance measurements, SMAPE includes sustainability metrics that impact the compensation mechanisms. Performance is assessed against non-financial objectives, with particular attention to safety and environmental quality. For all employees, in addition to a fixed salary, there is a variable bonus awarded based on achieved sustainability performance. The parameters tied to the Productivity Bonus are as follows:

- R.O.S. (Return On Sale): represents 40% of the bonus value;
- HSE (linked to the absence of workplace accidents): represents 30% of the bonus value;
- Attendance (linked to the absenteeism rate): represents 20% of the bonus value;
- Sustainability: represents 10% of the bonus value.



In particular, the sustainability-related parameter is assigned based on three relevant corporate KPIs that personnel can act on. These KPIs are:

- Reduction in GHG emissions;
- Total waste / Annual revenue;
- Water consumed / Annual revenue.

The value of the Productivity Bonus varies depending on the level and the number of days spent on-site during the calendar year.

### **Product and service innovation**

In the current global economic context, an increasing number of companies are directing their investments toward green and socially responsible initiatives. This transition reflects not only a commitment to the environment and society but also an acknowledgment of the importance of a sustainable approach to ensure long-term stability and success for businesses.

In this perspective, SMAPE anticipates continuous improvement and innovation across all its processes, as well as research and development activities in all technical and operational fields, driven by genuine business needs.

Specifically, since 2019, a line of chemical products (and related procedures and application methods) named "SMAPE Green" has been developed, characterized by a reduced environmental impact (biodegradability, eco-toxicity, bioaccumulation). Additionally, in 2023, significant projects and investments have been launched to seize opportunities arising from the availability of new technologies capable of rapidly reducing CO2 emissions and improving the efficiency and use of energy in its activities.

# IMPACTS, RISKS AND OPPORTUNITIES

The analysis of impacts, risks, and opportunities in the ESG area is essential to guide business decisions, promote transparency and accountability, and foster sustainability and long-term success for the company.

The applied methodology is the Double Materiality analysis, which considers a sustainability issue to be "material" if it meets the criteria for impact relevance or financial relevance (or both). Specifically, a sustainability issue is considered relevant from an impact perspective if it generates significant real or potential, negative or positive, impacts on people or the environment, in the short, medium, or long term, for SMAPE or the upstream and downstream value chain. Conversely, a sustainability issue is relevant from a financial perspective if it generates risks or opportunities that have, or could have, a significant influence on the company's development, financial condition, cash flows, access to financing, or cost of capital in the short, medium, or long term.

In 2023, SMAPE optimized the implemented procedure to identify and assess impacts, risks, and opportunities. Over the next year, the company plans to formalize the entire process by preparing and defining a new corporate procedure.

SMAPE is in the condition to illustrate its impacts and detail the main sustainability risks and opportunities it faces in its sector, thus providing a comprehensive understanding of the environmental, social, and governance dynamics affecting it.

G-T 3	Relevant ESG aspects	Negative impacts	Positive impacts
Climate change	Greenhouse gas (GHG) emissions	Greenhouse gas emissions	Reduction of emissions through technological development and awareness-raising
Climate change	Climate change adaptation, resilience, and transition	Lack of adaptation, no transition	Adaptation of activities to overcome environmental challenges
Climate change	Climate change mitigation	Greenhouse gas emissions	Reduction of emissions through technological development and awareness-raising
Climate change	Energy	High energy consumption	Reduction of energy consumption

G-T 3	Relevant ESG aspects	Negative impacts	Positive impacts
Pollution	Air pollution	Emissions of pollutants	Reduction of emissions through technological development and awareness-raising
Pollution	Water pollution	Emissions of pollutants	/
Pollution	Soil pollution	Emissions of pollutants, oil spill events	/
Pollution	Living organisms and food resources pollution	Emissions of pollutants or harmful substances	/
Water and marine resources	Discharges into water bodies and oceans	Excessive water discharges or unsustainable substances	Reduction of water discharges and/or sustainable substances
Biodiversity and ecosystems	Biodiversity loss due to climate changes	Climate change, risk of species extinction	Mitigation of climate change to protect endangered species
Biodiversity and ecosystems	Biodiversity loss due to changes in land use	Land exploitation, risk of species extinction	Land use containment, reuse of previously utilized spaces, and creation of new natural habitats
Biodiversity and ecosystems	Biodiversity loss due to pollution	Increased pollution, risk of species extinction	Reduction of pollution, protection of endangered species
Biodiversity and ecosystems	Soil erosion	Land exploitation, compromise of ecosystems	Land use containment, reuse of previously utilized spaces
Own workforce	Job security	Precarious employment, work-related stress, unsuitable work environment	Employee well-being, improved work environment



G-T 3	Relevant ESG aspects	Negative impacts	Positive impacts
Own workforce	Work-life balance	Employee dissatisfaction, work-related stress, unsuitable work environment, lack of focus	Employee well-being, improved work environment, increased concentration and productivity, enhanced employee wellness
Own workforce	Health and safety	Workplace accidents, occupational diseases, work-related stress, unsuitable work environment, lack of concentration	Employee well-being, improved work environment, increased concentration and productivity, enhanced employee awareness
Workers in the value chain	Job security	Precarious employment, work-related stress, unsuitable work environment	Employee tranquility, improved work environment
Workers in the value chain	Fair wages	Employee dissatisfaction, work-related stress, unsuitable work environment	Employee tranquility, improved work environment, increased employee well-being
Workers in the value chain	Health and safety	Workplace accidents, occupational diseases, work-related stress, unsuitable work environment, lack of concentration	Employee well-being, improved work environment, increased concentration and productivity, enhanced employee awareness
Business conduct	Corporate culture	Loss of credibility	Countering the spread of illegal practices
Business conduct	Prevention and detection of corruption and bribery, including training	Spread of illegal practices, corruption events	Countering the spread of illegal practices

G-T 4	Relevant aspects	ESG	Risks	Opportunities
Climate change	Greenhouse gas (GHG) emissions		Decrease in cash inflows, reduction in expected results, fewer funding opportunities	Increase in cash inflows, improvement in expected results
Climate change	Climate change adaptation, resilience, and transition		Decrease in cash inflows, increase in the cost of capital, reduced access to financing	Increase in cash inflows, decrease in the cost of capital
Climate change	Climate change mitigation		Decrease in cash inflows, increase in the cost of capital, reduced access to financing	Increase in cash inflows, decrease in the cost of capital
Climate change	Energy		Increase in cash outflows, stalled development, reduced access to financing	Decrease in cash outflows, business development
Pollution	Air pollution		Decrease in cash inflows, reduction in expected results, fewer access to financing	Increase in cash inflows, improvement in expected results
Pollution	Water pollution		Increase in cash outflows, failure to develop new substances, decline in company position	Decrease in cash outflows, development of new eco-friendly substances, improvement in company position
Pollution	Soil pollution		Increase in cash outflows, failure to develop new substances, decline in company position	Decrease in cash outflows, development of new eco-friendly substances, improvement in company position

G-T 4	Relevant aspects	ESG	Risks	Opportunities
Pollution	Living organisms and food resources pollution		Increase in cash outflows, failure to develop new substances, decline in company position	Decrease in cash outflows, development of new eco-friendly substances, improvement in company position
Water and marine resources	Discharges into water bodies and oceans		Increase in cash outflows, decline in company position	Development of recycling systems for used water
Biodiversity and ecosystems	Biodiversity loss due to climate changes		Decrease in cash inflows, reduced access to financing	Increase in cash inflows, improvement in expected results
Biodiversity and ecosystems	Biodiversity loss due to changes in land use		Decrease in cash inflows, reduction in expected results	/
Biodiversity and ecosystems	Biodiversity loss due to pollution		Decrease in cash inflows, reduction in expected results	Increase in cash inflows, improvement in expected results
Biodiversity and ecosystems	Soil erosion		Decrease in cash inflows, reduction in expected results, decline in the company position with respect to clients	Increase in cash inflows, improvement in expected results
Own workforce	Job security		Stalled business development, decline in the company position with respect to the value chain	Business development, enhancement of the company position with respect to the value chain
Own workforce	Work-life balance		Improper use or quality deficit of the workforce	/

G-T 4	Relevant aspects	ESG	Risks	Opportunities
Own workforce	Health and safety		Excessive increase in cash outflows, decrease in cash inflows, stalled business development, decline in the company position within the value chain, reduced access to financing	Increase in cash inflows, business development, enhancement of the company position within the value chain
Workers in the value chain	Job security		Stalled business development, decline in the company position	Business development, enhancement of the company position
Workers in the value chain	Fair wages		Stalled business development, excessive increase in cash outflows	Business development, enhancement of employee skills and qualities
Workers in the value chain	Health and safety		Excessive increase in cash outflows, decrease in cash inflows, stalled business development, decline in the company position, reduced access to financing	Increase in cash inflows, business development, enhancement of the company position
Business conduct	Corporate culture		Stalled development, decline in the company position	Business development, enhancement of the company position
Business conduct	Prevention and detection of corruption and bribery, including training		Excessive increase in cash outflows, stalled development	Business development

The company monitors how risks related to sustainability issues change over time, including in relation to the prevention and mitigation objectives set by the company itself.



## ETHICS AND INTEGRITY

Ethics and integrity are fundamental to any company, as they impact every aspect of its operations and relationships with stakeholders. They define how a company behaves, makes decisions, and manages its relationships with employees, customers, suppliers, and investors.

Since its inception, SMAPE has regarded ethical behavior as a critical and indispensable component to create long-term value, in line with applicable laws and shared regulations for the business conduct.

The company has established anti-corruption procedures through an ethical code and a structured management process, promoting a transparent, ethical, fair, and legal approach at all internal levels and towards all external directions.

SMAPE can describe its internal and external mechanisms to ensure ethical and legal behavior by its employees and track illegal, unethical conduct or lack of integrity. To monitor and measure corruption risk and anti-corruption initiatives, SMAPE has implemented dedicated tools and processes.

- It is equipped with an Organizational, Management, and Control Model compliant with the requirements of Legislative Decree No. 231, 8<sup>th</sup> June, 2001
- It has defined and published the “Charter of General Ethical Principles,” collaborating with Transparency International Italy and participating in the Business Integrity Forum

### Anti-corruption training

The company has implemented an anti-corruption training program designed to raise awareness and educate employees about the risks associated with corruption and the procedures to effectively prevent and manage these risks.

Below are the percentages of executive board members and employees who have received training on anti-corruption policies and procedures.

G-T 5	Percentage %
Executive board	100,00
Employees	20,00

### Corruption incidents

In 2023, as in previous years, there have been no incidents of corruption, and there have been no legal actions against the company for anticompetitive practices or antitrust laws and monopoly violation.

G-T 6	2023	2022	2021
Number of corruption incidents	0,00	0,00	0,00

SMAPE adopts initiatives, carried out through internal direct interactions, to develop and promote its corporate culture, with specially organized events within the company, and currently via a private group on social media platforms.

The company ensures maximum transparency regarding payment methods and timelines with its business partners. These details are clearly outlined in contracts, ensuring clear and transparent management of the commercial transactions.

## VALUE CHAIN MANAGEMENT

The value chain encompasses the entire lifecycle of the products and services offered, from design and production to distribution and end-of-life.

SMAPE acknowledges the importance of ensuring a transparent procurement process and regulating its social and environmental impacts to protect its stakeholders.

The company is positioned at the center of the value chain. While it does not interface directly with consumers or end-users, it engages with clients in the Oil & Gas sector, such as ENI, Shell, British Petroleum, ConocoPhillips, Total, SNAM, OMV Petrom, Karachaganak Petroleum Operating Co., Enagas, Edison, INA, Petromanas, Petrobel, Agiba, and many others. The suppliers involved by SMAPE are those at the first level of the value chain, primarily related to its business model, the raw material suppliers, producers of fluid pumping units and nitrogen units or Coiled Tubing units, and service companies supporting business activities.

To ensure proper management of the value chain both upstream and downstream, the company involves, shares, and monitors issues and data related to sustainability. The company is committed to selecting certified suppliers who operate according to the highest standards of quality, professionalism, integrity, reliability, and respect for human rights, labor conditions, ethics, and environmental protection. The procurement and supplier qualification process is governed by a specific internal procedure updated in 2023. This procedure assigns roles and responsibilities, criteria, and operational methods to ensure oversight and management of the supply chain.

The company has initiated the involvement of its value chain through the “Open-Es” platform to collect and monitor ESG performance. Additionally, it has begun an information exchange within the procurement process for goods and services to collect, process, and monitor sustainability parameters that integrate and complement the evaluation process for partners/suppliers.

SMAPE informs its clients about the impact of its products and services through dedicated questionnaires and IT tools, as well as by preparing this Sustainability Report, with a particular focus on managing environmental impacts (emissions) and energy efficiency.

ENHANCE  
**SOCIAL**





# SOCIAL

People are doubtlessly crucial for SMAPE: they are employees, workers, customers, suppliers, distributors, vendors, investors, and more. Their growth— in knowledge, prosperity, and well-being— is central to the success of everyone involved.

Social issues also impact the company's reputation and trust, directly affecting its ability to attract and retain talent, promote a safe and inclusive work environment, and contribute positively to local communities.

The decision has been made to invest in the value of people, both in terms of human capital (e.g., individual knowledge, skills, competencies) and social capital (e.g., shared regulations, values...).

By focusing on employees—who are a fundamental pillar of the company's activities—SMAPE provides them with a safe environment with stimulating, meritocratic working conditions that respect rights and are non-discriminatory. Furthermore, SMAPE promotes and encourages their professional growth and well-being.

A strong social commitment is not only ethically right and necessary but also represents a source of competitive advantage and long-term value for the company.



## Reference year achievements

223 (20 women)  
Total employees

170 (76 %)  
Permanent  
employees

56 (5 women)  
Hires

3 %  
Overtime hours /  
total working  
hours

0,91 %  
Employees'  
absenteeism

86 (4 women)  
Turnover

- Continued support to employees' profitability
- Flexible working arrangements based on current circumstances, including personal situations

#### Next year objectives

- Engage branches and subsidiaries in specific actions related to human rights issues
- Provide information and raise awareness about ESG among employees
- Extend the organizational scope to cover all material topics being monitored

## DIVERSITY AND INCLUSION

Diversity and inclusion play a crucial role in sustainability for those companies aiming at creating long-term value. Promoting an inclusive corporate culture that embraces and values differences in gender, age, race, abilities, and backgrounds not only reflects corporate ethics but also enhances productivity, innovation, and corporate reputation.

Ensuring equal opportunities for all employees in terms of hiring, training, growth, and career - regardless of gender, race, or age - is fundamental to improving integration within the labor market. Because of this, SMAPE is actively committed to promoting diversity, inclusion, and equal opportunities. A clear policy has been adopted in this regard, communicated both internally and externally through public documents such as the corporate website and other communication channels.

### Organizational structure

The following table shows the total number of employees across the group and their distribution by the countries in which SMAPE operates.

<i>S-T 1</i>	<i>Employees</i>
TOTAL EMPLOYEES	223
Italy	111
Romania	31
Azerbaijan	13
Kazakhstan	37
Albania	13
Egypt	18

The data referred to the distribution of the company's workforce by gender, expressed as a percentage, is shown in the following table.

<i>S-T 2</i>	Men %	Women %
Workforce by gender	91,04	8,96
Managers	74,00	26,00
Representatives in Administrative, Executive, and Control Bodies	0,00	100,00

These values are influenced by the prevalence of on-site operator roles (which are predominant within the group), and both in Italy and abroad, the availability of female candidates for these roles is low in the labor market. When calculating the percentage of female managers relative to the total number of managerial positions within the company, this ratio increases to approximately 26%. Lastly, considering representatives in administrative, executive, and control bodies, there is only one female representative, resulting in a 100% ratio in this case.

The following table shows data relative to the distribution of the company's workforce by type of contract. The numbers represent the percentage of men and women employed on a permanent, fixed-term, and variable-hour basis within the company.

S-T 3	Men %	Women %
Permanent workforce by gender	69,07	7,17
Fixed-term workforce by gender	21,97	1,79
Variable working hours workforce by gender	0,00	0,00

SMAPE continuously monitors the trends in new hires and employee turnover. This allows for a thorough evaluation of human resource management strategies and the implementation of corrective measures to ensure a stable flow of personnel. Additionally, each year, recruiting metrics are calculated and analyzed, broken down by relevant characteristics such as gender, age groups, geographic area, background, etc.

The following table shows data on employee hires and turnover, categorized by gender and age groups. Specifically, it includes the number of employees hired and the turnover rate percentage for men and women, divided into the age groups under 30, between 30 and 50, and over 50.

S-T 4	Male hires	Male turnover %	Female hires	Female turnover %
Age < 30 years old	12	8,07	1	0,45
30 years old < age > 50 years old	30	17,94	2	1,35
Age > 50 years old	9	10,76	2	0,00

Additionally, SMAPE monitors and is in the conditions to report on other diversity factors.



S-T 5	2023
<b>Workforce by categories</b>	
Workers	64,13 %
Employees	25,56 % (6,28 % women)
Executives / Managers	10,31 % (2,69 % women)
<b>Workforce by age group</b>	
Under 30 years old	13,90 %
Between 30 and 50 years old	68,16 %
Over 50 years old	17,94 %

It is specified that SMAPE does not have non-employee workers as part of its workforce, meaning there are no individuals with labor contracts, such as freelancers, or workers provided by agencies involved in recruitment or staffing activities.

Below, the percentage of employees with disabilities, broken down by gender, within the company. These data are crucial for assessing inclusion and equity in the workplace.

S-T 6	Male	Female
Workforce with Disabilities by Gender (%)	0,50	0,00

SMAPE also collects data on the percentage of employees entitled to family leave and the percentage who have utilized this right, broken down by gender. This data is essential for assessing the company's support for work-life balance.

S-T 7	Male	Female
Employees entitled to leave (%)	8,90	3,00
Employees who have taken leave (%)	25,00	15,00

## Salaries

An important figure is the ratio of the average salary of women to that of men. This figure reflects the commitment to ensuring pay equity and promoting an inclusive corporate culture. This value in SMAPE ranges between 0.9 and 1.1 and remains consistent across all company's locations. This indicates a neutral salary balance between genders within the company.

SMAPE also assesses the ratio between the guaranteed minimum starting salary and the local minimum wage, broken down by gender. This information helps evaluate entry-level pay equity for both genders and the commitment to ensuring appropriate compensation conditions relative to the local context. Below, the values of the entry-level salary ratio to the local minimum wage for men and women.

S-T 8	2023
Starting salary / local minimum wage ratio (male)	1,70
Starting salary / to local minimum wage ratio (female)	1,70

SMAPE adheres to National Collective Labor Agreements where applicable, and in no case is the starting salary below the local minimum wage or differentiated by gender, ethnicity, worker category, or other factors.

Regarding the ratio between the annual compensation of the CEO and the median total compensation of all employees, this value is approximately 5.2. When evaluating this data, it is important to consider that the calculation includes salaries from subsidiaries in Egypt, Albania, and Kazakhstan, where average salaries may be lower compared to the Italian average.

# HUMAN RIGHTS

Respect for human rights is of fundamental importance for any company committed to operating ethically and responsibly. It is not only a moral obligation but also a crucial aspect of maintaining corporate trust and reputation.

SMAPE has adopted a policy to manage human rights issues and associated risks. This policy has also been communicated externally, demonstrating its commitment to transparency and respect for human rights.

During the creation of the policy and the management rules regarding human rights issues, stakeholders' opinion was taken into consideration. A materiality analysis was conducted to identify relevant stakeholders, and their opinions were considered in structuring the policy. This commitment shows the desire to ensure that business decisions include perspectives and needs of all interested parties.

The human rights policy encompasses various categories of stakeholders, allowing for an adequate assessment of the impact of business practices and ensuring that human rights are respected throughout the value chain.

- The document includes specific provisions for employees, thus guaranteeing the respect of their fundamental rights at workplace and promoting a safe, fair, and respectful working environment.
- The policy is extended to workers along the value chain, ensuring that they also enjoy fair working conditions, respectful for their fundamental human rights.
- The company is committed to respecting the communities involved in its activities, striving to minimize negative impacts and promoting a collaborative and sustainable relationship.

## Risks, objectives and actions

SMAPE has identified, through a materiality analysis, human rights related risks arising from the company's activities or its value chain. For the current year, the identified risk areas are:

- Health and Safety
- Job Security
- Work-Life Balance
- Adequate Salaries

These issues have been identified as risks in all countries where SMAPE operates, namely Italy, Romania, Azerbaijan, Kazakhstan, Albania, and Egypt.

Following the materiality analysis, the company has established clear objectives to reduce the potential risks related to human rights and to ensure a safe, fair, and respectful working environment, in line with the principles of sustainability and corporate responsibility. The objectives set for all branches and subsidiaries of the SMAPE group, as well as for each of the identified risk areas, are as follows:

## HEALTH AND SAFETY

Workplace injuries	= 0
LTI (Lost Time Injury) and LTIR (Lost Time Injury Rate)	= 0
TRIR (Total Recordable Injury Rate)	= 0
HSE certifications (namely ISO, OSHAS, ...)	Certificate

## JOB SECURITY

Ratio of permanent contracts to total number of employees	> 80 %
Ratio of average salary to local minimum wage	> 1

## WORK-LIFE BALANCE

Ratio of overtime hours to total hours worked	< 10 %
Ratio of used leave to accrued leave	>= 100 %

## ADEQUATE SALARIES

Ratio of starting salary to local minimum wage	>= 1
Ratio of average salary to local minimum wage	> 1

SMAPE has adopted precautionary measures to prevent the arising of human rights risks. Additionally, the company is in the condition to promptly implement mitigation and corrective measures to address any negative impacts on human rights. These measures include application of laws and contracts, management systems, including those with oversight structures (e.g., 231 Model), monitoring rules, training and awareness, value chain qualification.

Thanks to this ability there is a swift response to critical situations and minimizes harmful effects on the individuals involved, thereby contributing to ensuring an ethical work environment that respects human rights.

SMAPE has established an internal channel to report cases of discrimination or human rights violations, breaches of company rules, and suggestions for improving



quality and safety at work. Furthermore, whistleblowers' protection and safeguard against any retaliatory actions are assured. This process is clearly defined within the company procedures and in 231 Model.

This channel provides employees with a secure and confidential means to report any issues or concerns, demonstrating a commitment to ensuring a safe and inclusive work environment where employees feel free to raise problems or violations without fear of negative consequences.

For the year 2023, no complaints were received related to these issues.

### Workers' rights

In the conducted materiality analysis, no operational activities or suppliers were identified as being at risk of incidents related to child labor, forced, or compulsory labor. This thorough analysis enhances the understanding of potential risks along the value chain and ensures that suppliers also operate in compliance with human rights.

SMAPE carefully checks the minimum age limits for job candidates. This process is crucial for ensuring compliance with child labor regulations and guaranteeing that all hires are made in full adherence to current laws.

Moreover, SMAPE rejects and condemns all forms of forced labor, firmly committing to uphold the fundamental rights of its own workers and those within its value chain, and to avoid any practices that could be considered coercive or abusive. This commitment is reflected in the continuous monitoring of working conditions and the adoption of policies that promote a safe, fair, and respectful work environment.

In countries where applicable, all employees are covered by collective agreements. Additionally, the company regularly conducts audits to monitor and ensure the adequacy of staff salaries, striving to maintain competitive salary standards while respecting workers' rights and relevant regulations. This process is crucial for ensuring that employees receive fair and appropriate compensation for their roles and responsibilities.

SMAPE also utilizes overtime due to the "on-call" nature of the service, with timing that is not always predictable or scheduled by clients, but it monitors the amount of overtime hours used. This allows the company to assess the impact of business practices on employee well-being and working conditions. For the year 2023, the average number of overtime hours per week is equal to approximately 284, which, considering all branches and subsidiaries of the group, represents about 3% of the total worked hours.

Overtime hours are compensated with a premium over the standard hourly wage, in accordance with the applicable collective agreements. Additionally, second-level bargaining agreements provide for additional benefits for overtime work. This commitment reflects the importance SMAPE places on fair and adequate treatment of employees.

SMAPE ensures and facilitates union membership, in accordance with applicable legislation and collective bargaining agreements in each country where the company operates. The company actively supports employees' right to join unions to protect their work-related interests and negotiate fairer working conditions.

## EMPLOYMENT

Promoting decent, fair, and inclusive employment not only enhances the quality of life for employees but also contributes to social cohesion and economic progress. For this reason, SMAPE provides social protection systems in all the countries where it operates, as mandated by public programs and state laws.

### Training

Among the documents provided by SMAPE Integrated Management System there is the “Training, Information, and Development Plan,” which lists the courses to be scheduled and delivered to employees. This document is publicly communicated to all key stakeholders.

The “Training, Information, and Development Plan” is periodically reviewed and updated, taking into account inputs from function managers, mandatory training related to specific sectors or roles, and requests from clients.

When speaking about corporate sustainability, investing in training and development expenses is crucial. This value represents the total amount invested by the company to enhance employees' skills and knowledge on relevant industry topics or to develop leadership capabilities

The table below presents information on the average number of training hours provided and utilized by each employee, as well as the total amount spent on training hours.

S-T 9	2023
Average training hours per employee	40 ore
Average training/development expenses per employee	54.358 €

### Employee well-being

The company acts as a responsible employer committed to achieving high standards of health, well-being, and safety, firmly believing that there is a strong correlation between employee well-being and high performance and satisfaction.

For this reason, SMAPE has a clear commitment and strategy regarding employee well-being policies. This policy has been publicly communicated to all key stakeholders.

Smape has defined specific parameters to measure and monitor employee well-being annually through data collection. These parameters and their related objectives are:

## EMPLOYEES WELL-BEING

Employees' absenteeism rate  
(Number of hours not worked / Total number of hours worked x 100)

< 5 %

Participation rate in health and wellness programs

= 100 %

These indicators are important for personnel management and organizational well-being, reflecting the commitment to promoting a healthy and sustainable work environment. Below, the data for 2023.

S-T 10	2023
Percentage of employees participating in health and wellness programs	100 %
Employee absenteeism rate	0,91 %

## HEALTH

Health and safety at work are crucial topics for all companies, regardless of their sector of activity. These cannot be neglected, not only because it is a legal obligation, but also because a safe and healthy work environment fosters employee trust and commitment, reduces absenteeism and the costs associated with workplace injuries, and contributes to building a positive reputation among the stakeholders with whom the company operates.

SMAPE has a clear commitment and strategy regarding the system of policies and management rules on health and safety at work, both for employees and non-employees whose work or workplace is controlled by the organization. This strategy is also publicly communicated to all key stakeholders.

With a view to promoting workers' health, in addition to providing support to staff during the enrollment phase in the supplementary healthcare assistance fund (FASIE) provided for by the National Collective Labor Agreement (known as CCNL in Italy), SMAPE has entered into agreements with clinics, pharmacies, and nursing homes to facilitate its employees' access to non-work-related medical and healthcare services.

### HSE

SMAPE monitors and measures workers' health and safety. On one hand, qualitative approaches are used to assess and improve their well-being in the workplace. On the other hand, key performance indicators (KPIs) are used to track progress and improvement. These parameters, along with the related objectives, are:

HSE	
Number of fatalities	= 0
Number of serious workplace injuries	= 0
Number of recordable workplace injuries	= 0
Number of claims resulting from occupational diseases	= 0
Number of recordable cases of occupational diseases	= 0

The following table provides a detailed analysis of the number of workplace injuries for the year 2023, recorded across the entire SMAPE group, divided into employees and non-employees, and classified according to different types of injuries: temporary, permanent, and fatal.

S-T 11	Employees	Non - employees
Temporary injuries	1	0
Permanent injuries	0	0
Fatal injuries	0	0

The following table provides an overview of workplace safety data within the group for the past three years. The data pertains to fatalities resulting from workplace injuries, serious workplace injuries (excluding fatalities), and recordable workplace injuries. It also indicates the average hours worked per year over the past three years.

S-T 12	Number
Fatalities	0
Serious workplace injuries	0
Recordable workplace injuries	3
Total hours worked	483,915

Finally, the numbers related to occupational disease claims and recordable cases of occupational diseases are provided specifically for the company's employees. Occupational disease claims represent reported cases of illnesses recognized as work-related. Other cases include illnesses recognized as work-related and officially recorded, which require proper documentation and reporting to the relevant authorities.

S-T 13	2023
Number of occupational disease claims	0
Number of recordable cases of occupational diseases	0



RESPECT

# ENVIRONMENT



# ENVIRONMENT

SMAPE, like all companies, has an impact on the environment in which it operates, both due to the nature of its business and the activities related to its supply chain. Issues such as climate change, pollution, overexploitation of natural resources, ecosystem destruction, and biodiversity loss have become critical and must be managed effectively to ensure business continuity while avoiding significant harm to the ecosystem and the people who inhabit it. Corporate responsibility must extend throughout the entire value chain to be truly fulfilled.



All companies need to commit firmly for the integration of sustainable practices into all aspects of their operations. For example, this includes implementing policies and procedures aimed at reducing environmental impact, adopting measures to improve energy efficiency, reducing greenhouse gas emissions, minimizing the use of non-renewable natural resources, and establishing circular economy models.

Only through concrete and ongoing commitment to environmental issues significant contributions can be made to mitigate climate change, preserve natural resources, and promote sustainable production and consumption practices, thus preserving the planet for the future generations.

## Objectives achieved in the reporting year

11056 tCO <sub>2</sub> eq Total GHG emissions (Scope 1, 2, 3)	- 74 % Reduction in total GHG emissions
55,25 MWh Total energy production from renewable sources	1664 (210) m <sup>3</sup> Water withdrawn (consumed)

- Digitalization and optimization of business processes
- Launch of significant projects and investments related to energy efficiency
- Transition to electricity from renewable sources for the Italian headquarters in Cappelle sul Tavo
- Implementation of a water consumption monitoring system in the value chain

#### Objectives for the next year

- Update the Environmental Policy
- Define and draft the corporate transition plan
- Set specific targets with assurance from the Science Based Targets initiative (SBTi)
- Continue significant projects and investments related to energy efficiency

# CLIMATE CHANGES

Recent scientific reports highlight unprecedented changes in the global climate. Global warming is causing alterations across all regions of the world, some of which may even be irreversible. Additionally, higher temperatures and extreme weather events result in significant economic costs.

To help mitigate these effects, SMAPE has adopted an environmental policy that addresses climate change-related issues. The strategy has been clearly defined for each business function and publicly communicated outside the company.

## GHG Emissions

Since 2019, SMAPE has been measuring and monitoring its GHG emissions, including direct emissions of Scope 1, indirect emissions related to purchased energy of Scope 2, and indirect emissions of Scope 3 that do not fall under Scope 1 or Scope 2. Additionally, since 2021, the organizational scope for GHG emissions has been expanded to include branches and subsidiaries abroad, and in 2022, a comprehensive assessment of Scope 3 emissions was conducted. For this reason, 2022 is considered the baseline year for emissions reduction.

The company, aiming to diligently pursue climate impact reduction and achieve climate action goals, has established clear and targeted objectives for reducing greenhouse gas emissions.

REDUCTION IN GHG EMISSIONS (COMPARED TO THE BASELINE YEAR 2022)	
Total emissions	30% in 2030 net zero in 2050
Scope 1 emissions	30% in 2030 100% in 2050
Scope 2 emissions	100% in 2030
Scope 3 emissions	30% in 2030 100% in 2050

Additionally, SMAPE intends to obtain validation of its GHG emissions reduction targets through the Science Based Targets initiative (SBTi) platform as soon as it is possible to commit for Oil & Gas companies.

The data on greenhouse gas emissions for Scope 1, Scope 2, and Scope 3 categories according to the Greenhouse Gas Protocol (measured in tons of CO<sub>2</sub> equivalent) and the emission intensity values for these categories relative to the 2023 revenue (measured in grams of CO<sub>2</sub> equivalent per Euro) are shown in the following table:

<i>E-T 1</i>	2023 emissions (tCO <sub>2</sub> eq)
Scope 1 GHG emissions	1.620
Scope 2 GHG emissions	119
Scope 3 GHG emissions	9.317
Total GHG emissions	11.056

<i>E-T 2</i>	2023 emissions (gCO <sub>2</sub> eq/€)
Scope 1 GHG emissions intensity	44
Scope 2 GHG emissions intensity	3
Scope 3 GHG emissions intensity	255
Total GHG emissions intensity	303

Detailed data on emissions from the various significant Scope 3 categories and Scope 1, 2 and 3 emissions in the various countries in which SMAPE operates are also reported.

<i>E-T 3</i>	2023 Emissions (tCO <sub>2</sub> eq) disaggregated by significant Scope 3 categories
Purchased goods and services	3.178
Capital goods	680
Fuel- and energy-related activities	422
Upstream transportation and distribution	1.619
Waste generated in operations	48
Business travel	277
Employee commuting	218
Upstream leased assets	0
Downstream transportation and distribution	0



<i>E-T 3</i>	2023 Emissions (tCO2eq) disaggregated by significant Scope 3 categories
Processing of sold products	0
Use of sold products	2.875
End-of-life treatment of sold products	0
Downstream leased assets	0
Franchising	0
Investments	0

<i>E-T 4</i>	Scope 1	Scope 2	Scope 3
Italy	822	13	5.108
Romania	189	6	486
Azerbaijan	54	2	117
Kazakhstan	480	86	488
Albania	37	1	31
Egypt	38	11	3.087

The following table shows the comparison with the baseline year, 2022.

<i>E-T 5</i>	2023	2022	Variation (%)
Scope 1 GHG emissions (tCO2eq)	1.620	1.319	+ 23 %
Scope 2 GHG emissions (tCO2eq)	119	140	- 15 %
Scope 3 GHG emissions (tCO2eq)	9.317	41.282	- 77 %
Total GHG emissions (tCO2eq)	11.056	42.742	- 74 %

Among the factors contributing to the variations observed in the previous table there are:

- The variability of SMAPE's activities (not only in terms of the number and location of projects but also in the intensity of emissions associated with these projects)
- Increases/decreases in activity data (e.g., changes in fuel consumption, amount of products purchased, amount of electricity used)
- Increases/decreases in emission factors associated with activity data (e.g., emission factor for kWh of electricity consumed)
- Increases/decreases in the coverage of primary data collected (e.g., expanding the analysis to include previously ignored primary data)

For a more detailed analysis, please refer to the specific report “Greenhouse Gas Emissions Inventory – Reference year 2023”.

### Physical and Transition Risks

The potential impacts arising from climate change and the decarbonization process, especially if not managed systematically, could impose burdens on the entire economic system and result in significant financial losses. Proper monitoring and prudent management of climate risks are therefore crucial to reduce vulnerabilities in the financial system. In this regard, SMAPE:

- analyzes and identifies physical risks (associated with extreme natural events) and transition risks (arising from the shift to new energy production and consumption systems that reduce greenhouse gas emissions) relevant to climate change.
- analyzes the main financial effects related to physical and transition risks associated with climate change.

The TCFD (Task Force on Climate-related Financial Disclosures) recommendations have been carefully reviewed and endorsed by the ESG Committee. Adopting these recommendations is crucial for improving the management of climate-related risks and aligning strategies and business models with global sustainability goals. Currently, SMAPE plans to develop a detailed transition plan for climate change mitigation in 2024 and integrate an analysis of its strategy and business model with a resilience assessment. This approach aims to implement TCFD recommendations through a thoughtful and inclusive process involving various departments and business functions.

## ENERGY EFFICIENCY

SMAPE corporate culture embraces a rational use of energy to provide products and services to customers. The commitment is constant in striving to reduce energy consumption and minimizing environmental impact.

The company has adopted an environmental policy that addresses energy efficiency and includes measures related to the promotion and use of renewable energy sources. This strategy has been clearly defined for each business function and publicly communicated outside the company.

### Energy consumption

SMAPE is actively committed to measuring and monitoring its energy consumption, demonstrating strong dedication and positive awareness toward environmental sustainability.

Below, the consumption and production data in megawatt-hours (MWh) from both renewable and non-renewable sources.

<i>E-T 6</i>	<i>Values (MWh)</i>
Total energy consumption from fossil fuels (including all Scope 1 and Scope 2 contributions)	6.660,72
Total energy consumption from renewable sources	72,08
Total energy production from renewable sources	55,25
Total energy production from non-renewable sources	0,00

Since 2014, SMAPE has installed a 45 kWp photovoltaic system at Cappelle sul Tavo (PE) facility, which produces over 55 MWh annually (more than 200,000 MJ), resulting in a GHG emissions savings of approximately 40 tons of CO<sub>2</sub>eq per year. Furthermore, starting in 2023, the electricity purchased at Cappelle sul Tavo (PE) facility is covered by Guarantees of Origin (GO), meaning it is entirely sourced from renewable sources.

As a direct result of these energy efficiency and savings initiatives, SMAPE achieved a reduction in energy consumption of 72.08 MWh in 2023.

# BIODIVERSITY AND ECOSYSTEMS

Among the environmental challenges to address, protecting biodiversity and ecosystems plays a critical role. Biodiversity is fundamental because it supports life on Earth: a healthy biodiversity means healthy people and ensures food and water security. Moreover, biodiversity contributes to the resilience of ecosystems, becoming a valuable ally in tackling the climate crisis.

The company has adopted an environmental policy that considers the management of aspects related to biodiversity and ecosystems. This policy has been clearly defined for each business function and publicly communicated outside the company as well.

## Actions

To assess in detail how business operations may impact surrounding ecosystems and to adopt appropriate measures to ensure their protection and conservation, the company has implemented a monitoring system for the impacts of its activities and value chain on biodiversity. This process considers various factors, including:

- for its own activities: land use, the number and extent of owned areas, both within and near protected areas or areas of significant biodiversity
- for value chain activities: SMAPE continuously monitors the actions taken by clients regarding these issues

In carrying out its services, the company uses suitable products and invests in research for mitigating solutions that respect the land and biodiversity. To this end, the company has developed a line of chemical products (along with related procedures and application methods) called "SMAPE Green," which have a reduced environmental impact, including factors such as biodegradability, eco-toxicity, and bioaccumulation).

## Areas and Sites of Ownership

MAPE does not own, lease, or manage sites located within or adjacent to protected areas and/or significant biodiversity areas (KBAs).

It is emphasized that the company is not involved in operations that could negatively impact threatened species. This means that the company's activities do not pose direct risks to the survival or well-being of vulnerable species. However, during its operations, whether at its facilities or oil sites, SMAPE adopts techniques, materials, and procedures that meet stringent environmental and safety assessments, ensuring maximum respect for the natural environment and biodiversity.

The table below shows land use (in hectares) according to various purposes.

E-T 7	Areas (in hectares)
Total land use	2,57
Total impermeable surface area	2,57
Total nature-oriented surface area on-site	0,00
Total nature-oriented surface area off-site	0,00

SMAPE has the tools and expertise to identify significant negative impacts, both current and potential, related to soil degradation, desertification, and soil waterproofing. This means the company is in the condition to carefully assess its activities and their consequences on the land as well as implementing targeted preventive and corrective measures to reduce or mitigate negative effects on the soil and its surrounding environment.



## WATER AND MARINE RESOURCES

Water is a primary resource that must be preserved, and it is essential to commit to limiting consumption and reducing environmental impacts on the land.

To this end, the company has adopted an environmental policy that addresses the management of water resources for offices and production sites. This strategy has been clearly defined for each business function and publicly communicated outside the company.

### Water resources

SMAPE is not only actively committed to measuring but also to monitoring water resource use, focusing on further classification of water usage in areas subject to water stress. This allows for precise identification of resource usage levels and related trends over time.

Additionally, starting in 2023, the company has implemented targeted monitoring and reporting processes regarding water resource consumption throughout its value chain. On this purpose, direct involvement of customers and suppliers is sought to obtain data on water withdrawal and consumption in their activities. In the absence of direct responses, values are obtained through research in documentation or sustainability reports. From the overall data, estimates are made of the quantities attributable to SMAPE.

The objectives related to water resource management are:

### WATER RESOURCES

Water Consumption Intensity  
(water consumed / annual revenue)

< 5 l / 1000€

The tables below show the quantities of water withdrawn, recovered, stored, and consumed (in cubic meters) during the company's activities. Additionally, the values for water withdrawn and consumed are specified for geographic areas classified as high or extremely high in "water stress," along with the estimated water withdrawn and consumed for the entire value chain. Finally, the water intensity value is considered and represents the total water consumption in the company's operations (in liters per €1,000 of net revenue)

<i>E-T 8</i>	<i>In company activities (m3)</i>	<i>In areas with high Water Stress (m3)</i>	<i>Entire Value Chain estimate (m3)</i>
Drawn	1.664	1.470	156.248
Consumed	210	186	21.712
Recovered	0	0	-
Stored	0	0	-

E-T 9	Values (in l / 1000€)
Water Consumption Intensity	5,75

It should be noted that the reported values pertain to the entire SMAPE group, and the estimated values for the value chain cover approximately 95% of customers and about 35% of suppliers.

For a more detailed analysis, please refer to the specific report "Water Report 2023".

## POLLUTION

Environmental pollution is one of the most urgent and complex challenges of our time, with significant impacts on human health, biodiversity, and climate change. It is crucial for companies to understand and address their environmental footprint to mitigate negative effects on the ecosystem and contribute to a sustainable future.

In this context, SMAPE has adopted an environmental policy to manage air, water, and soil pollution. This strategy has been clearly defined for each business function and publicly communicated outside the company.

### Actions

It is emphasized that the company is not subject to legal obligations regarding the precise measurement of pollutant emissions related to air, water, and soil. Indeed, the only emissions are due to internal combustion engine discharges. However, during its operations, whether at its facilities or oil sites, the company adopts techniques, materials, and procedures that adhere to stringent environmental and safety assessments, ensuring the highest respect for the natural environment.

To assess in detail how business operations may impact pollution and to adopt appropriate measures to eliminate or reduce such actions, the company has implemented a monitoring system for the impacts of its own activities and the value chain.

This process considers several factors:

- own activities: monitoring any incidents on site, reviewing and updating Key Performance Indicators (KPIs) related to CO<sub>2</sub> emissions, and consequently the main pollutants associated with hydrocarbon combustion. This also includes verifying and updating operational practices
- value chain activities: SMAPE constantly monitors the actions taken by customers and suppliers regarding pollution management.

In delivering its services, the company uses appropriate products and invests in research to find mitigating solutions that respect both the territory and biodiversity. On this purpose, the company has developed a line of chemical products (along with associated procedures and application methods) called "SMAPE Green," which has a reduced environmental impact in terms of biodegradability, eco-toxicity, and bioaccumulation.

## USE OF RESOURCES AND CIRCULAR ECONOMY

We need to rethink production through the lens of eco-design, aimed at extending the product lifespan, facilitating recycling, and delaying the moment of final disposal as much as possible. However, this issue requires further policy efforts to be addressed effectively. It is important to recognize that rational use of raw materials, combined with careful waste management, helps reduce the environmental impact of the production process.

In this regard, SMAPE has adopted an environmental policy that considers waste management and the circular economy and has also communicated it publicly.

### Incoming resources and waste

The company owns tools to measure the flows of the resources entering the production process and business operations. These tools provide a comprehensive and accurate picture of the company's procurement, supporting responsible resource management and promoting environmental sustainability within business operations.

Additionally, SMAPE has implemented methodologies to measure and monitor the amount of waste produced. This allows the company to identify potential areas for improvement and adopt targeted strategies to reduce waste accumulation. The quantities (in kg) of waste categorized by type and destination, as well as the percentage of waste sent for recycling compared to the total waste produced by the company, are shown in the table below.

<i>E-T 10</i>	2023
<b>Total waste (KG)</b>	198.120
<b>Total by type</b>	
Hazardous waste (KG)	98.738
Non-hazardous waste (KG)	99.382
<b>Total by destination</b>	
Waste destined for recovery (KG)	67.754
Waste destined for disposal (KG)	130.366
<b>Percentage of waste destined for recycling / total waste produced by the company</b>	34 %

Following the quantities (in kg) of hazardous and non-hazardous waste divided by destination.

E-T 11	Quantities (KG)
<b>Non-hazardous waste divided by destination</b>	
Total non-hazardous waste destined for preparation for reuse:	0
Total non-hazardous waste destined for recycling	0
Total non-hazardous waste destined for other recovery operations	57.717
Total non-hazardous waste destined for incineration	0
Total non-hazardous waste destined for landfill disposal	0
Total non-hazardous waste destined for other disposal operations	41.665
<b>Hazardous waste divided by destination</b>	
Total hazardous waste destined for preparation for reuse	0
Total hazardous waste destined for recycling	0
Total hazardous waste destined for other recovery operations	10.037
Total hazardous waste destined for incineration	0
Total hazardous waste destined for landfill disposal	0
Total hazardous waste destined for other disposal operations	88.701



