



Sustainability Report 2022



LETTER TO STAKEHOLDERS

Dear Stakeholders,

the year 2022 will be reminded as the turning point after a long period of uncertainty caused by the well-known pandemic and sociopolitical events. Not only have earnings and economic outcome been definitely higher than the previous years, but also has Smape's awareness grown and vision become clearer.

Once again, the reactivity and dinamism of the entire organization and of a great part of you Stakeholders, have allowed us to be resilient to market variations and grab the best opportunities.

We are preparing, along with you, our strategic medium-short term plan, with the awareness that the oil&gas sector will be of fundamental importance and support to the energy transition which will be taking place in the next decades. Guided by the 2030 Agenda for sustainable development we will do our best to meet our goal in a cleaner world, supported by the most respectful and fair way for all the people we know.

Our sense of responsibility for you, which every day drives us in our job, is not a concern for us, but a reason to be proud of. We are constantly working to improve the sharing of information with you and reach the best synergy.

Smape Srl Board of Direction and Managers

TOGETHER FOR RESTART



CORPORATE IDENTITY

SMAPE was born in 1989 as a business diversification by entrepreneurs who were already operating in the services supplied to the Italian oil&gas industry, positioning itself as an “outsider” among the international renowned players.

The strong inclination and dynamism to face challenges have supported its rapid development and a growing competitiveness, leading to an ongoing increase of the share market.

In the very first years of our existence, we accepted and mainly won all the challenges which were submitted to us.

Together with our stakeholders we have continuously fostered our ambition to reach new goals, we gained the leadership in the domestic market while expanding our geographical horizon towards new customers, attitude, technical challenges in Egypt, Albania, Azerbaijan, Kazakhstan, Croatia, Georgia, Russia, Congo and Equatorial Guinea.

Currently Smape, with its 15 Coiled Tubing operating units and 150 staff members distributed among headquarters in Italy and 5 branches in 4 countries, can be included within the major continental players.

We are working or we 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 worldwide appreciated for understanding and adjusting its to customer's needs and for its problem-solving ability. Thanks to our integrity and honesty, translated into an Ethical Code, we have been able us to establish with our stakeholders a solid and trust-based relationship.

We propose ourselves as the company that can accept the challenges that others have declined with an eye to the future and to a constant improvement.

WHATEVER THE CHALLENGE WE'LL FIND THE SOLUTION

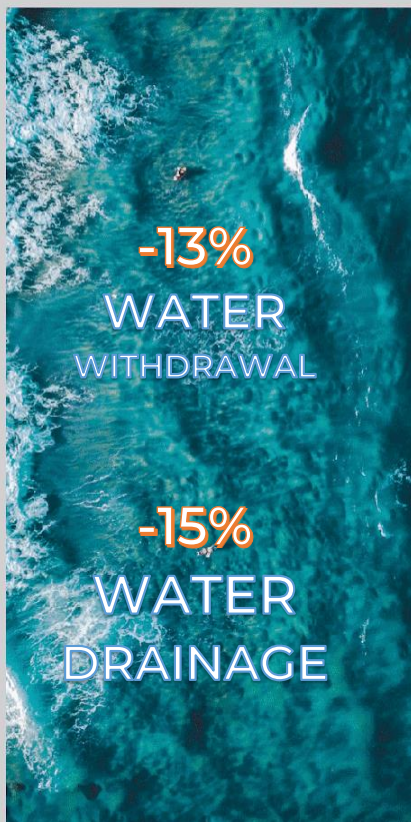
REPORT HIGHLIGHTS

GHG emissions
from 2022
based on
SMAPE GROUP'



SUSTAINABILITY
SCORING

83/100



Environmental non-conformances

ZERO

workplace
injuries
and
occupational
diseases

almost

4000

hours

of

training





ENHANCE **PEOPLE**



PEOPLE

People are definitively crucial for our organization: we refer to employees, workers, customers, suppliers, distributors, sellers, investors, ... and their growth – in terms of knowledge, prosperity and wellbeing – is of the utmost importance for everybody's success.



Our company has therefore decided to invest in their value, considering the two sides of both human (i.e. individual knowledge, abilities, skills, ...) and social capital (i.e. sharing values, regulations ...).

Focusing on employees, a fundamental pillar on which the company builds its own activities, we offer them safe environment, stimulating and meritocratic work conditions which are respectful of their rights and non-discriminants. Furthermore, the company promotes, stimulates and encourages their professional growth and fosters their wellbeing.

The company has created, inside its ESG Committee, a specific role to manage all the material subjects at societal level.

Accountancy and the reports relative to social sustainability are compiled by using the GRI Sustainability Reporting Standard (GRI Standards) notices.

DIGNITY AND EQUALITY

The company has a commitment and a clear strategy regarding the managing policies and rules of topics related to diversity, inclusion and equal opportunities for the different categories of its employees. A strategy is also openly communicated outside to all our main stakeholders.

Indeed, the safeguard of equal opportunities for all employees in terms of hiring, training, growth and promotion, despite their gender, race, age, is a fundamental pillar on which we want to commit ourselves to improve the overall integration in the labour market.

The following data show how the company policies promote a fair remuneration which contributes to the economic welfare of its employee.

The data contained in the table refer to Smape srl balance sheet, subsidiaries included.

PE-T1	2022
Medium salary ratio between men and women	100%
Medium salary ratio between entry salary and local minimum salary (men)	1,50
Medium salary ratio between entry salary and local minimum salary (women)	1,50
Ratio between the annual total remuneration salary of the managing director and the median values of employees' annual total remuneration salary	8,10

The following data regarding the corporate staff show the distribution of the employees by gender (including the percentage of female managers compared to the overall managing staff).

PE-T2	Male	Female
Staff by gender	90,00%	10,00%
% of female manager compared to the overall managerial roles	-	29,00%

HUMAN RIGHTS

The company has a commitment and a clear strategy towards the policies and managing rules of human rights. A strategy which is openly communicated outside to our main stakeholders.

As a company we know how important it is to find a way to monitor and prevent any violation of human rights.

On this purpose, a materiality analysis has been carried out to find the right stakeholders whose opinion has been taken into account in order to define the policy or the guidelines for human rights violation.

In the table below we supply the information relative to the total number of risks, regarding the respect of human rights, deriving from the activities performed.

PE-T4	2022
Number of risks concerning the respect of human rights	0

With regard to preventive and mitigation measures of any risks related to human rights, the company

- Has developed measures to prevent the rising of the aforementioned risks
- Is in the condition to promptly adopt mitigation measures and corrective actions to stop the rising of the aforementioned risks

In order to demonstrate its commitment on human rights, the company:

verifies the minimum age limits of the applicants

refrains from of any form of forced labor i.e., holding personnel ID cards, holding part of the personnel salary, limiting personnel's liberty to leave the workplace at the end of their working hours

carries out checks to monitor and/or verify the fairness of the personnel's compensation

encourages its workers to be Unions members

Finally, the company, considering the importance of the subject, is working to adopt instruments and /or claim channels to collect reports of human rights violation.

HEALTH AND WELLNESS

The company has a clear commitment and strategy towards policy and managing rules regarding health and occupational safety, both for employees and non-employed personnel whose job and/or workplace is under the control of the organization. A strategy which is openly communicated outside to the main stakeholders.

One of our main priorities is to ensure health, safety and wellness (both physical, mental and social) to all the people involved in the company's activities.

The company applies an Integrated Managing System on quality, health, safety and environment the operation of which is also supported by all the main stakeholders.

PE-T7	Average of the last 3 years
Number of recordable occupational accidents	0.0
Number of deaths following accidents at work	0.0
Number of accidents at work with serious consequences (excluding deaths)	0.0
Hours worked	209186.0
Recordable work-related injury rate	0.0%
Rate of deaths due to accidents at work	0.0%
Serious Injury Rate at Work	0.0%

In 2022 any on-the-job injuries occurred.

SKILLS FOR THE FUTURE

The company has a clear commitment and strategy towards policy and managing rules regarding personnel's training. A strategy which is openly communicated outside to the main stakeholders.

Training requests are shared with the functional managers. They include sector-specific mandatory training, clients' specific requests, essential training concerning the specific roles.

Smape is always ready to understand the needs coming from the market, new ways or opportunities or new ways which can stimulates sharing and participation.

In order to demonstrate the company's commitment to invest in personnel's training and education, we indicate herein the average training hours attended by each staff member and the average training and development costs the company spends on personnel.

PE-T9	2022
Average training hours per employee	15,60
Average training/development costs for employees	149.000,00 €

EMPLOYEES WELLNESS AND WELFARE

The company has a clear commitment and strategy towards policy and managing rules regarding staff wellness. A strategy which is openly communicated outside to the main stakeholders.

One of the company's goals is to provide a healthy and safe environment in which the staff can grow professionally and personally, by adopting strategies that combine company's growth and profitability with employment safeguard and development.

In order to demonstrate the importance given to the staff wellness, we show below the related parameters.

PE-T11	2022
Number of actions for work-related diseases, employees only	0,00
Number of registrable work-related diseases, employees only	0,00
Percentage of employees involved in health and wellness programs	100,00%
Employees' absenteeism*	3,00%

** To calculate the absenteeism rate the following formula has been applied:*

(number of hours lost/number of the total hours worked)x100



RESPECT **PLANET**



PLANET

Our company, as all the other companies, creates impacts on the environment in which operates, due to both the nature of its business and the activities connected to our supply chain.



The impact on environment shall therefore be handled efficiently to ensure the continuity of the business while preventing important damages to the ecosystem and to those who live in it. The company's responsibility covers the whole value chain, crossing the three macro areas of sustainability, environmental responsibility (E), social responsibility (S) and governance (G), in order to show its commitment in finding an answer to social and environmental impacts.

As a company we have decided to introduce guidelines addressed to both our staff and external stakeholders which aim to raise awareness on sustainability issues and metrics we consider more significant.

As a matter of facts, acting according to a sustainable business model which can create long term values means to work hard for the safeguard of the environment, mainly focusing on the resources employed and infrastructure management to possibly create new solutions to minimize the impacts generated (direct or indirect).

Our main environmental goals are the following:

- Gradual reduction of greenhouse gas emissions to achieve full decarbonization in 2050
- Energy efficiency improvement and renewable energy increase
- Water efficiency improvement
- Negative impact reduction in terms of biodiversity
- Waste reduction and promotion of circular economy

Reporting related to environmental sustainability topics is prepared according to GRI Sustainability Reporting Standards (GRI Standards) notices.

CLIMATE CHANGE

During this year, our company has committed to constantly monitoring all the activities generating criticalities for the environment (CO₂ emissions, overexploitation of the resources, etc..). The strategy has been clearly defined for each specific performing role and openly communicated to stakeholder.

Smape has appointed, within its own ESG Committee, a person in charge of monitoring the greenhouse emissions and related activities.

Starting from 2022 Smape has enlarged its organization with regard to the GHG emissions, including its subsidiaries.

The company is also engaged in determining medium-long term achievable targets (and related KPI) to reduce the overall GHG emissions (Scope 1, 2, e 3):

- Overall GHG emissions reduction: 30% in 2030, net zero in 2050 (with respect to base year 2022)

Smape has also focused on more specific targets and further KPI (related to the annual revenue and/or to the volume of the hours worked) to be more effectiveness during the transition period:

- Scope 1 GHG emissions reduction: 30% in 2030, 100% in 2050
- Scope 2 GHG emissions reduction: 100% in 2030

The company has also started to monitor part of the indirect emissions related to the value chain (GHG Scope 3: supply of high energy consumption products and services, business trips, home/work/employees' travels), defining reduction targets.

- Scope 2 GHG emissions reduction: 30% in 2030, 100% in 2050

To monitor all types of emissions (Scope 1, 2, 3) we have adopted methodologies and used specific instruments (spreadsheets) in compliance with the GreenHouse Gas Protocol.

The emission factors used for calculations are in compliance with the IPCC guidelines (Intergovernmental Panel on Climate Change) (2006 IPCC Guidelines for National Greenhouse Gas Inventories).

PL-TI	Tot tCO ₂ eq 2022
GHG Scope 1 total emissions	1.360,04 tCO ₂ eq
GHG Scope 2 total emissions	224,25 tCO ₂ eq
GHG Scope 3 total emissions	41.568,33 tCO ₂ eq

BIODIVERSITY

Among the environmental challenges to face to create a sustainable developing pattern, as well as emissions reduction, a consistent role is also played by the territory and biodiversity protection.

Our company has established, inside its ESG Committee, a function dedicated to managing biodiversity protection.

A present Smape has no properties close to or inside protected areas, however during the activities by its bases and oil sites it is adopting procedures which meets compelling analyses on environmental compatibility and safety which guarantee the highest respect of the natural environment and of biodiversity.

In our performances we endeavour to using and investing in mitigating solutions and products, in the respect of both territory and biodiversity.

In this regard we have developed a range of chemical products (and related usage procedures and methods) named "Smape Green" with reduced environmental impact (biodegradability, ecotoxicity, bioaccumulation).

Smape has adopted a strategy for biodiversity protection, constantly monitoring all the related activities by defining KPI and short and medium-long term targets.

WATER RESOURCES USAGE

Water is a primary asset and as such it is necessary to strive to restrict its consumption and reduce environmental impacts on territory.

Smape has selected the usage of water resources as its material issue remarkable both for the company and its stakeholders. The company has introduced, inside its ESG Committee, a function in charge of managing and protecting water resources.

The company constantly monitors the water used at the corporate headquarters, owned or rented, in the whole Italian territory. Starting from this year, it also intends to expand its organizational perimeter to all its foreign branches.

From 2021, Smape has focused on further water usage classification in the areas subject to hydric stress. The table below will drive attention and efforts mainly to places considered of major risk.

Following, the principal data referring to 2022 monitoring; a more detailed analysis can be found in the specific document "Water Report 2022".

PL-T4	2022
Amount of extracted water (ML)	1,86
% "water stress" extracted water	100,00%
Amount of extracted water for the entire value chain (ML)	
Amount of used water (ML)	0,17
% "water stress" used water	100,00%
Amount of used water for the entire value chain (ML)	
Amount of reclaimed water (ML)	0,00

We are engaged with our clients in reducing their water use. Since the water used in the oil sites for the service's performance (stimulations, cementations, etc.) is generally supplied and controlled by the client, it cannot be included in the report. However, we have developed new chemical products and technologies which allow us to minimize the pumped volumes while assuring the effectiveness of the treatment.

ENERGY EFFICIENCY

Our culture promotes a rational use of energy used to supply products and services to our clients. We have worked hard to reduce energy consumption and minimize the environmental impact, implementing innovative solutions and using renewable energy sources for its production.

During this year, we have been engaged in developing a strategy to monitor all the activities to improve energy efficiency for offices and production sites. The strategy has been clearly defined for each business function and openly disclosed to all the main stakeholders.

The company has outlined an approach to become more energy efficient, by using tools and proprietary methodologies.

The company has appointed a person in charge of monitoring the activities affecting the use of energy.

The results relative to the use of energy resources are regularly reported and available at all corporate levels, top management included, to ensure transparency.

Below the main data referring to 2021 monitoring; for a more detailed analysis see the specific document "Green-House Gas & Energy Report 2022".

PL-T5	2022
Total energy consumption from non-renewable sources (MWh)	376,81
Total energy consumption from renewable sources (MWh)	56,32
Energy production from non-renewable sources (MWh)	0,00
Energy production from renewable sources (MWh)	57,83
Reduction of the total energy consumption compared to the previous year (MJ)	200.285,00

CIRCULAR ECONOMY AND WASTE

We need to review the production according to an eco-design approach, aimed at extending product life, improve its recycling and postpone as much as possible its final disposal. However, the issue needs further policy efforts to be efficiently addressed.

We must admit that the rational use of raw materials along with an accurate waste management contribute to reduce the environmental impact of the production process. In addition, innovative solutions and advanced technical processes minimize waste and the environmental impacts.

In 2022 our company has worked hard to determine a strategy which could introduce and reinforce the concept of Circular Economy in the production process.

Furthermore, the company pursues a policy to encourage waste recovery and discourage disposal: agreements have been undertaken with strategic suppliers to reduce the disposal of plastic packaging material (return, recover, recycle).

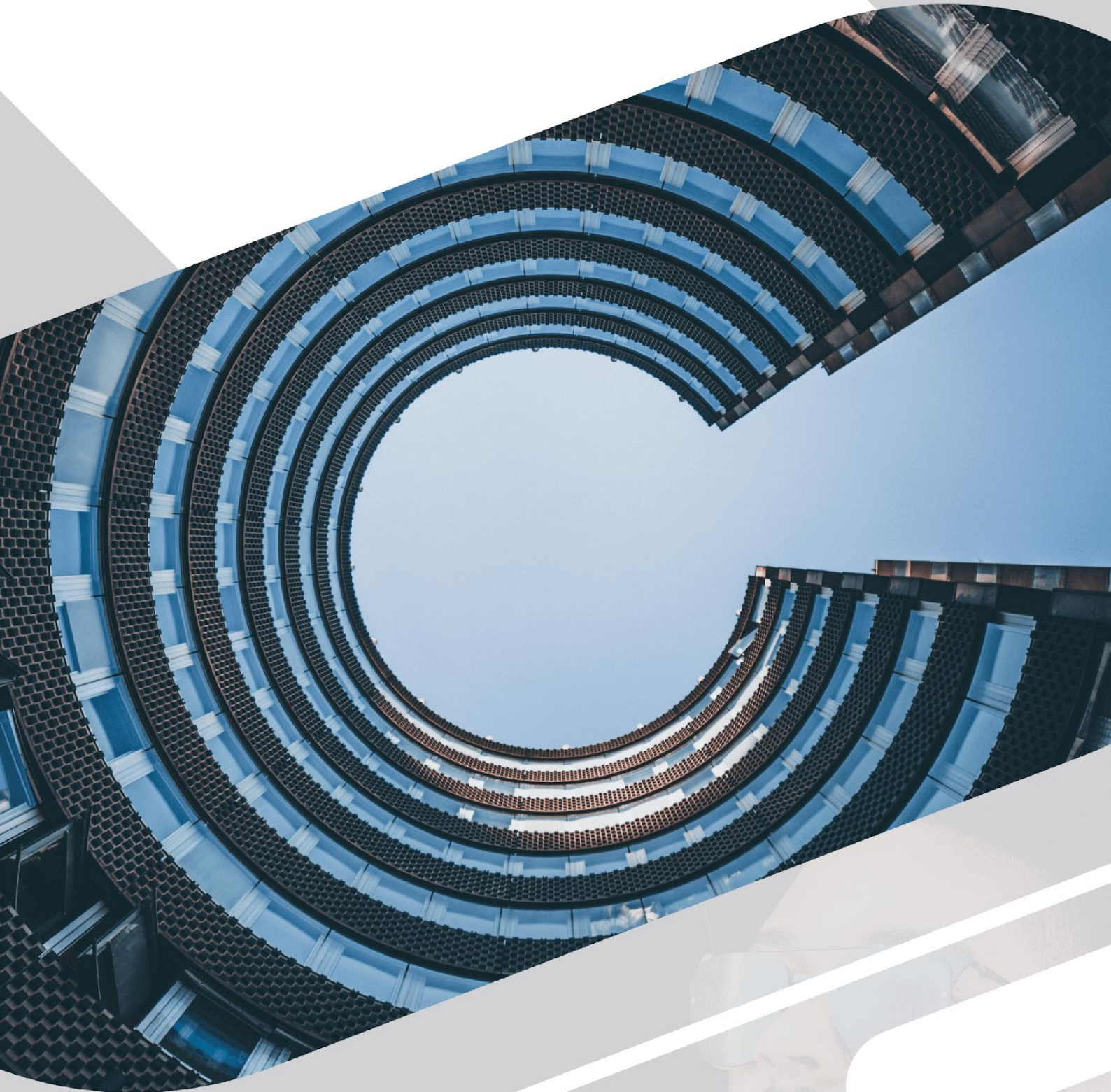
The table below shows the quantity of waste divided into type and destination.

PL-T6	2022
Total waste (Kg)	103.793,00
Type	
Hazardous waste (Kg)	53.964,00
Non-hazardous waste (Kg)	49.829,00
Destination	
Total waste to be recycled (Kg)	29.664,00
Total waste to be reused (Kg)	0,00
Total waste for further operations (Kg)	74.129,00



SUSTAIN

PROSPERITY



PROSPERITY

Our company, as all the companies, works to grant all human beings a prosperous and fulfilling life and to guarantee that the technological, social and economic progress takes place in harmony with nature.

Prosperity means fighting to put an end to poverty and inequalities, we can describe it in terms of:

- Economic growth – based on decent employment, sustainable livelihood, increased income, social protection e access to financial services for everyone
- Innovation and transformation of the business models - to create share values, including investments in sustainable infrastructures, settlements, industrialization, SMEs, energy and technology
- Shared prosperity and growth – based on sustainable production and consumption in the short and long period.



Employment and job creation are key elements for economic growth and prosperity and supply a basic indication of the company's ability to attract talents, who are fundamental for innovation and creation of new products and services.

EMPLOYMENT

As already highlighted in the People chapter, they are the core of our company. For this reason, we monitor and persistently develop our working conditions, encouraging growth opportunities. Considering the changes due to COVID-19 pandemic, our company has decided to renew our working environment and improve our employee satisfaction, providing equal opportunities and social integration, by offering the best possible combination of both job demand and offer and granting fair assignment of activities and spaces related to paid work, spare time, social work, etc.

Hence, we monitor employment and turnover trends of our employees.

Every year we regularly calculate and analyze recruitment metrics through relevant features subdivision such as gender, age groups, geographical areas, background, etc.

The following table collects the number of personnel employed and the turnover in the reference year, divided into age groups and gender.

PR-TI	2022			
	Men employed	Men Turnover	Women employed	Women Turnover
Under the age of 30	13,00	12,00	1,00	0,00
Aged 30-50	13,00	6,00	1,00	9,00
Aged over 50	0,00	2,00	0,00	0,00

PRODUCTS INNOVATION AND IMPROVED SERVICES

Smape's core business is represented by an extremely specialized activity addressed to oil producers; the projects carried on by Smape in the field of Research & Development and Innovation are destined to have positive effects not only in Smape's economy but also in the efficiency or economy or sustainability of the whole supply chain of which Smape is part of; hence the impact of such innovation does not reach the community directly, but through the supply chain .

In this regard Smape provides for constant improvement and innovation in all its processes, promoting research and development activities in all technical and operating fields inspired and motivated by the real necessities of its business.

In particular, starting from 2019 we have developed a range of chemical products (and relative procedures and use directions) called "SMAPE Green" with reduced environmental impact (biodegradability, eco-toxicity, bioaccumulation).

In 2021-2022 Smape has developed a new instrument for collecting data inside oil wells, with innovative performances and reduced sizes to be introduced in smaller inner diameter wells.

A new software for the remote collection of operational data has been developed. In this way the parameters of the operation will be visible to clients/supervisors/technicians wherever located.

WEALTH GENERATOR

The field in which Smape operates, services supporting natural resources extraction and production, plays a highly important role for energy production and generally speaking for the economic system.

This is the reason why we commit ourselves to clearly communicate the economic value directly generated and distributed according to the GRI disclosures of reference, namely:

- The direct economic value generated by earnings
- The distributed economic value generated by operating cost, employee salaries and benefits, payments to providers of capital

The table below shows the main items of the economic value generated and distributed (EVG&D) for the reference period and the total taxes globally paid by the company, including: corporate income taxes, property taxes, non-refundable VAT, payroll taxes and further taxes which determine a cost for the company.

PR-T3	2022
Total Earnings	54.316.768,00 €
Operating Costs	25.588.835,00 €
Distributed Value	11.988.157,00 €
Providers of capital	0,00 €
Public Administration	2.738.291,00 €
Investments	0,00 €
Total taxes paid	1.372.342,00 €



PRINCIPLES OF **GOVERNANCE**



PRINCIPLE OF GOVERNANCE

In addition to the principles for a responsible Governance, essential to guarantee their respectful and conscious performing, companies need to focus on long term value, developing strategies able to assimilate the economic, environmental and social impacts generated or indirectly endured, in their own business.

As a company, we have understood the significant role of the Governance in achieving the above mentioned results; a guide for a responsible choice regarding financial, economic, social and environmental topics which helps us to build our legitimacy towards our stakeholders.

In that sense, we intend to address our corporate inspirations to clear awareness and respect for economic, environmental and social impacts, monitoring the risks and protecting the interests of our stakeholders.

Purpose of the GOVERNANCE

Smape's governance determines the goals the company wants to achieve and how to achieve them; this includes the results asked by its partners and the values to be shared with all its stakeholders.

It provides inspirations, motivation and guidelines to the entire management who is focused on pursuing the results and decides the way in which such results have to be pursued; the sustainability goals are totally included into corporate strategies and policy.

The corporate Management's performance is measured by achievement of the result which includes sustainability goals, particularly referring to the safety and quality of the environment while the variable remuneration mechanism is the parameter for the performance.

QUALITY OF THE GOVERNING BODY

Regarding the quality of the governing body, it is increasingly necessary to monitor the level at which the entire organization, including the highest management bodies, are aligned to create long term value.

In this regard, the company has implemented an internal information flow-based system to measure and report the goals set for sustainability.

We have openly disclosed the non-financial result achievements.

As evidence of our attention to sustainability issues, we wish to emphasize the presence of a sustainability officer within our corporate organization.

In the table below you can find the sustainability strategic milestones the company has accomplished in this last year and intend to pursue in the next coming year.

PG-TI	Present	Future
Governance Principles	- Assimilation of the governance body with the ESG Committee - Preparation and Publication of the Governance Principles	- In-depth analysis of the Governance Principles and distribution to all our stakeholders - Materiality analysis enhancement - Stakeholders involvement increase (in materiality analysis, ESG reporting, performance sharing)
Prosperity	- Attribution of specific powers, in the ESG Committee, for material issues management - Corporate processes enhancement for medium long term profit stability	- Corporate processes digitalization - Processes enhancement, including all stakeholders as a resource to preserve the efficiency in the supply chain
People	- Attribution of specific powers, in the ESG Committee, for material issues management - KPI settlement and goals for “social” material issues - In-house training enhancement - Support to employees’ profitability	- Extension of the organizational scope, including all the monitored material issues. - Productivity bonus definition on ESG sustainability targets - Support continuation to employees’ profitability - Flexible working arrangements based on contingent and/or personal situations
Planet	- Attribution of specific powers, in the ESG Committee, for material issues management - Extension of the organizational scope to the branches (energy and GHG emissions) - KPI settlement and goals for “environmental” material issues (waste, water, circular economy) - Implementation of energy efficiency actions (“Winter contest”) - Stakeholders’ environmental issues reports (GHG emissions)	- Extension of the organizational scope, including all the monitored material issues - Possible addition of new KPI and goals - Internal controls review and procedures evaluation to include sustainability issues and set-out goals - Extension of the organizational scope to include energy efficiency actions

ENGAGEMENT OF THE STAKEHOLDERS

Over the years Smape has developed and enhanced its integrated management system, promptly notifying its strategic guidelines on sustainability and sharing goals and principles with the aim to create value for all its stakeholders.

The company has identified and mapped out the principal groups of stakeholders on the basis of ESG perceived risks and potential:

- Employees
- Clients
- Suppliers
- Financing banks
- Public institutions (local and national bodies)

The company has also carried out a materiality analysis by adopting a risks/benefits evaluation method and undertakes to update it periodically according to the current necessities and to the strategic guidelines agreed upon by the corporate governance.

RISKS AND OPPORTUNITIES MONITORING

Smape has been monitoring the specific risks connected to its core business, guaranteeing the compliance with safety, health and environmental regulation and promoting tangible efficiency policies regarding its own employees, suppliers and clients.

The company has already set up inside its managing system an integration process of the ESG risks. In particular, we refer to the main risk factors the company has to face: climate change, rare resources consumption, liabilities for contaminated lands, safety and health conditions, loss of sensitive data/information and fight against corruption.

Smape, through its organizational structure (by areas of expertise) monitors the specific risks associated to the sustainability issues of its business activities.

ETHICAL BEHAVIOUR

From its very beginning Smape has acknowledged how an ethic behaviour, in compliance with applicable laws and shared regulations for the corporate behaviour was a critical and fundamental part to create long term value.

The company has adopted anti-corruption procedures through an ethical code and a structured management process, disseminating at all in-house and external levels the awareness of a transparent, ethical, fair approach and culture of legality.

To monitor and measure the level of risk corruption and the anti-corruption initiatives developed, the company has provided itself with specific instruments and procedures.

- An Organizational, Monitoring and Management Model in compliance with the requirements set forth by the Legislative Decree 8th June 2001, no 231,
- the “Code of General Ethical Principles”, in cooperation with Transparency International Italy and its participation to the Business Integrity Forum.

VALUE CHAIN MANAGEMENT

SMAPE acknowledged the importance to guarantee a transparent sourcing process and regulate the social and environmental impacts to safeguard its stakeholders.

On this purpose Smape commits itself to select certified suppliers who operate in compliance with the highest standards of quality, professionalism, integrity, reliability while respecting human rights, work conditions, ethic and environment protection. The sourcing process is regulated by the in-house monitoring system, assigning roles and responsibilities, criteria and operational procedures to safeguard the supply chain management.

Smape has started an integration process, within the evaluation procedures of assets and services offers, of sustainability parameters which will be gradually expanded to the evaluation practice of partners/suppliers.