



Health, safety and environment.

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LETTER FROM THE CHIEF EXECUTIVE OFFICER

With the presentation of our seventh HSE Report, ERG carries on the now consolidated tradition of updating our stakeholders on the results achieved and our initiatives in the area of environmental protection and safeguarding of people's health and safety.

The Report has been enhanced with new information, comparisons and statistics, with a view to providing an up-to-date picture of the Group as a whole, and today aims to accomplish targets that are more significant and ambitious.

A comparison of the HSE key performance indicators shows that continuous and substantial improvements have been achieved, not only as a result of the major investments to improve the reliability of the plant engineering structures, but above all due to the culture - increasingly widespread and adhered to by all employees - centred around the company's "responsible management".

Certain steps have particularly marked our improvement path during recent years:

- The evolution of our industrial activities called for the availability of permanent tools for standardisation and coordinated growth in HSE management. This requirement was handled by the Group Guidelines which, being constantly reviewed and adapted to effective needs, represented the first step in the development of the project for integrated HSE management.
- After just three years from the launch of the project and in keeping with our plans, all of our industrial sites have achieved ISO 14001 certification and most of them have obtained OHSAS 18001 safety certification. This result becomes even more significant if we consider the organisational effort required to successfully





complete the integration of our refineries in the Priolo area.

- The number of equivalent persons employed in HSE-related activities has continued to increase (from 7% in 1999 to 11% in 2005) and more and more attention has been given to developing awareness and specific skills through appropriate training programmes.

- Responsible management of HSE issues has led us to increase the attention given to quality control as regards the services provided by suppliers and in particular by the companies handling the treatment and disposal of our waste material and by the companies operating within our sites.

- The raising of the level of prevention adopted by ERG for sea transport operations led to an improvement of the quality of the vessels used by our terminals and a consequent minimisation of risks.

- The traditional safety management tools have been integrated with the monitoring and analysis of episodes that could have led to detrimental events (near accidents). The accident indices show a significant improvement trend.

I believe that the above elements successfully pinpoint what we mean by “responsible management”. A concept which aims to reconcile risk management and social commitment, economic development and the engagement of our stakeholders.

And it is precisely with this in mind that I renew the invitation to readers to participate, with their suggestions, comments and observations, using the addresses indicated at the end of this document, in the “life” of the HSE Report; a document which, having been created as a management control tool, is becoming increasingly important also as an effective channel and instrument of corporate communication and business culture.

A handwritten signature in black ink, appearing to read 'Alessandro Garrone'. The signature is fluid and cursive, written over a light grey background.

ALESSANDRO GARRONE
Chief Executive Officer





**The ERG
Group.**

THE ERG GROUP

ERG is the leading Italian independent Group operating in the energy and petroleum sectors and has been listed on the Stock Exchange since October 1997.

At the end of 2005 ERG's share was included in the MIBEX index, within the Blue-Chips segment. The move from the STAR to the Blue-Chips segment followed the share's significant increase in market capitalisation.

ERG is an industrial organisation created from a successful entrepreneurial story, founded on technological innovation, operational excellence, the value of its human resources and its capacity for integration with the local environment.

Since it was established, ERG's growth has passed through various stages of development and consolidation, to become a multi-energy group operating in the sector of refining and distribution of petroleum products, in the production of electricity also from alternative sources. Today it represents approximately 22% of total domestic refining capacity and is the second largest sector operator in Italy. ERG sales on the domestic market account for 9% of the national consumption of petroleum products.

ERG Group activities are divided into three business areas.

COASTAL REFINING

Through its subsidiary ERG Raffinerie Mediterranee (ERG Med; 100% ERG), it owns the ISAB Sud and ISAB Nord refineries, both located in Priolo Gargallo (Syracuse).

ERG manages one of the largest and most efficient refining complexes in Europe (with a processing capacity of approximately 380 thousand barrels/day) and is the largest Italian exporter of petroleum products (mainly diesel and gasoline). ERG Med also supplies products to other oil companies operating in Italy.

INTEGRATED DOWNSTREAM

Through its subsidiary ERG Petroli (100% ERG), ERG manages the marketing and logistics divisions; furthermore, ERG Petroli owns important shareholdings in two refineries: one in Trecate, near Milan, and one near Rome (with an overall capacity of 60,000 barrels/day). The ERG logistics system is one of the largest in Italy and is strategically positioned to allow the distribution of petroleum products throughout the country. The distribution of transport petroleum products in Italy is carried out via a network of some 2,000 service stations, which account for around 7% of the domestic market.

ERG Petroli sells gasoline, diesel, fuel oil, bitumen and LPG on the wholesale market, via a network of retailers in Italy and Switzerland.

The ERG Group forms part of the Index set up by Kempen Capital Management and SNS Asset Management, grouping together the companies which, at European level, stand out for their implementation of sustainability policies on matters connected with ethics, the environment and human resource management.



ERG Petroli also sells petroleum products to other domestic and international market operators.

Via its subsidiary ERG Petroleos (100% ERG Petroli), ERG Petroli also operates in the retail and wholesale markets in Spain.

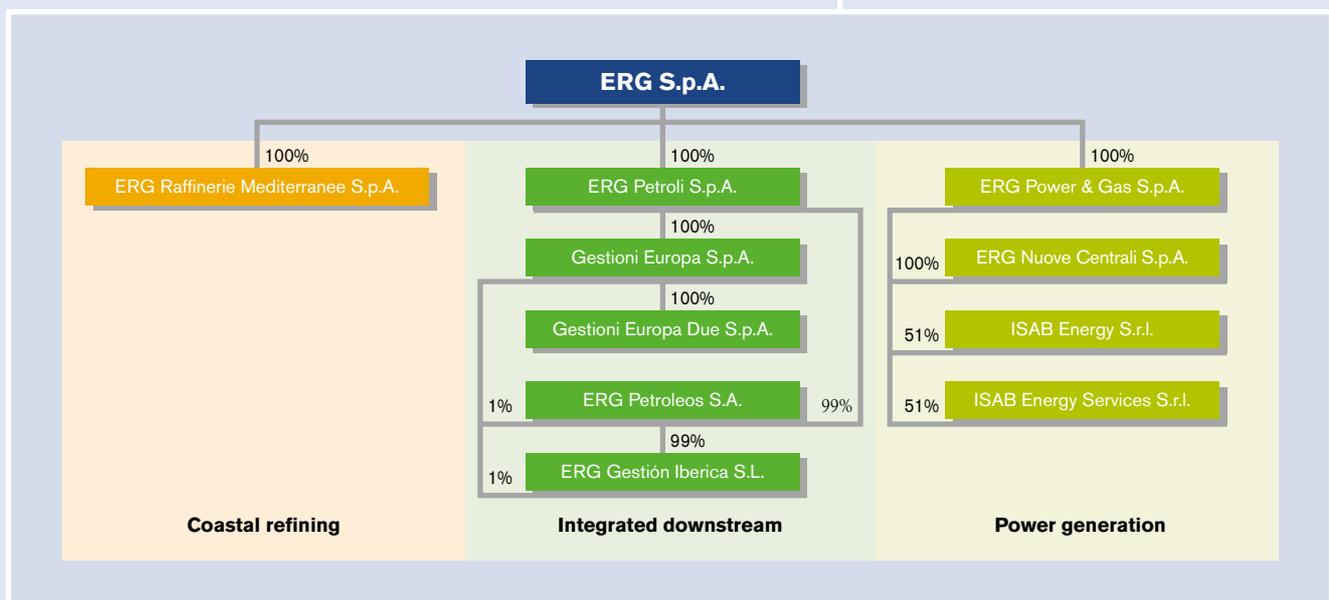
POWER GENERATION

Through its subsidiary ERG Power & Gas (100% ERG), ERG manages and develops the production and marketing of electrical power, steam and gas. In particular, ISAB Energy (51% ERG Power & Gas) produces electricity via a power station with a capacity of 528 MW, which uses as its fuel syngas deriving from the gasification of residues from crude oil processing at the nearby ISAB Sud refinery. The power station is operationally managed by ISAB Energy Services, another affiliated company of ERG Power & Gas.

Projects are already underway for the repowering of the two power plants inside the ERG Med refineries, with capacities of 99 MW and 450 MW respectively, which will be fuelled mainly by natural gas. These power plants come under the company ERG Nuove Centrali (ERG NuCe), another ERG Power & Gas affiliated company.

Furthermore, ERG Power & Gas has entered into a 50:50 joint venture with Shell Energy Italia (Ionio Gas) for the development of a liquid natural gas regasification plant within the Syracuse industrial complex.

ERG CESA Eolica (50% ERG Power & Gas), active in the development of wind farms, has 31 MW in operation and 120 MW already authorised.



The Consolidated Financial Statements as at 31 December 2005 represent the first ERG annual document drawn up in accordance with the International Accounting Standards promulgated by the International Accounting Standard Board (IASB) and approved by the European Union, which also include all the international standards subject to interpretation (International Accounting Standards – IAS) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and the earlier Standing Interpretations Committee (SIC).

In order to allow an homogenous comparison, the income data for 2004 and those of the balance sheet as at 31 December 2004 have been adjusted to reflect such accounting principles, where applicable.

MAIN ECONOMIC AND FINANCIAL DATA

(ERG 2005 CONSOLIDATED FINANCIAL STATEMENTS)

| (Million Euro) | 2004 | 2005 |
|---|--------------|--------------|
| TOTAL REVENUES ⁽¹⁾ | 6,380 | 9,029 |
| EBITDA | 583 | 869 |
| EBITDA AT REPLACEMENT COST ⁽²⁾ | 503 | 633 |
| EBIT | 433 | 712 |
| EBIT AT REPLACEMENT COST ⁽²⁾ | 354 | 477 |
| NET INCOME | 224 | 421 |
| OF WHICH NET GROUP INCOME | 194 | 385 |
| OF WHICH NET GROUP INCOME AT REPLACEMENT COST ⁽³⁾ | 144 | 230 |
| CASH FLOW FROM OPERATIONS | 610 | 469 |
| INVESTMENTS/DIVESTMENTS | (144) | (288) |
| CHANGES IN SHAREHOLDERS' EQUITY | (51) | (66) |
| CHANGE IN SCOPE OF CONSOLIDATION | 2 | – |
| CHANGE IN NET FINANCIAL DEBT | 417 | 114 |
| NET INVESTED CAPITAL | 1,783 | 1,977 |
| SHAREHOLDERS' EQUITY | 900 | 1,209 |
| NET FINANCIAL DEBT (EXCLUDING PROJECT FINANCING) | 535 | 415 |
| NON-RECOURSE PROJECT FINANCING ⁽⁴⁾ | 348 | 354 |
| ROACE ⁽⁵⁾ | 12% | 16% |
| ROE ⁽⁵⁾ | 22% | 25% |
| FINANCIAL LEVERAGE | 50% | 39% |

⁽¹⁾ not including excise duties, swaps and forward dealings on crude oil and products

⁽²⁾ EBITDA and EBIT at replacement cost do not include gains (losses) on inventory or non-recurring items

⁽³⁾ net Group income at replacement cost does not include gains (losses) on inventory, non-recurring items or their related theoretical taxes

⁽⁴⁾ net of cash and cash equivalents

⁽⁵⁾ calculated based on results at replacement cost

OPERATIONAL DATA

(ERG 2005 CONSOLIDATED FINANCIAL STATEMENTS)

| | | 2004 | 2005 |
|--|--|---------------|---------------|
| INVESTMENTS ⁽¹⁾ | <i>MILLION EURO</i> | 152 | 274 |
| EMPLOYEES AT CLOSE OF PERIOD | | 2,643 | 2,679 |
| AVERAGE NUMBER OF EMPLOYEES | | 2,683 | 2,670 |
| PROCESSING AT THE REFINERIES | <i>THOUSAND TONNES</i> | 21,095 | 21,163 |
| PROCESSING AT THE REFINERIES | <i>THOUSAND BARRELS/DAY</i> | 424 | 426 |
| ELECTRICAL POWER PRODUCTION | <i>MILLION KWH</i> | 5,516 | 5,266 |
| SALE OF ELECTRICITY | <i>MILLION KWH</i> | 5,107 | 4,797 |
| EXPORT OF PETROLEUM PRODUCTS | <i>THOUSAND TONNES</i> | 8,305 | 9,190 |
| DOMESTIC RETAIL SALES | <i>THOUSAND TONNES</i> | 2,113 | 2,082 |
| DOMESTIC RETAIL MARKET SHARE ⁽²⁾ | <i>GASOLINE + DIESEL</i> | 7.08% | 7.13% |
| DOMESTIC RETAIL OUTLETS AT CLOSE OF PERIOD | <i>NUMBER OF OUTLETS</i> | 1,969 | 1,967 |
| AVERAGE THROUGHPUT ⁽³⁾ | <i>M³/OUTLET AT THE END OF THE YEAR</i> | 1,341 | 1,326 |
| INVENTORY OF RAW MATERIALS AND PRODUCTS | <i>THOUSAND TONNES</i> | 2,094 | 2,736 |

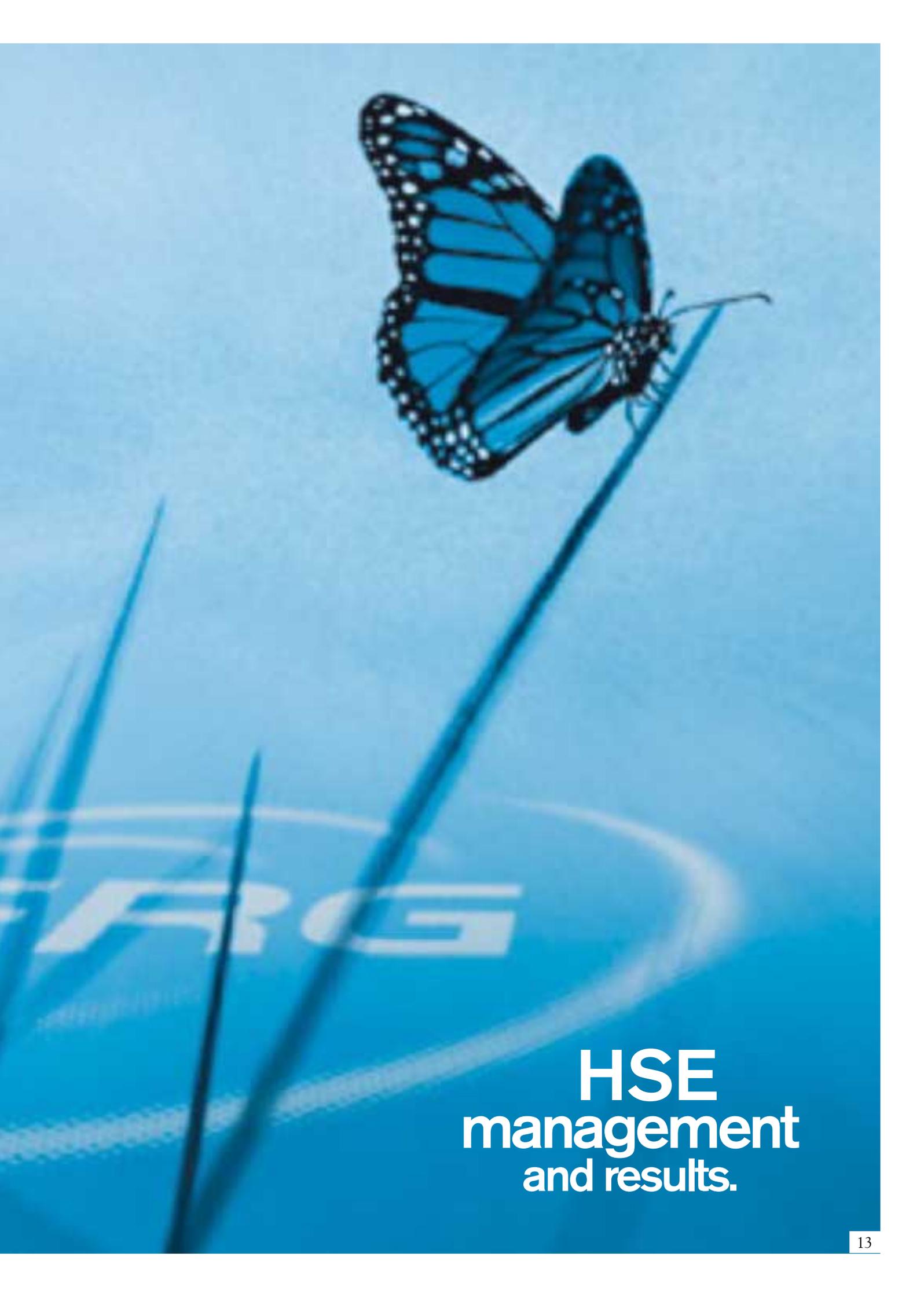
⁽¹⁾ investments in tangible and intangible assets recorded during the period

⁽²⁾ 2005 figures estimated

⁽³⁾ calculated on the basis of number of retail outlets at the end of the period







HSE
management
and results.

HSE MANAGEMENT AND RESULTS

GROUP POLICY

People's Health and Safety and Environmental Protection are primary values within the ERG Group business culture and therefore represent an important commitment as regards the operations of the various ERG functional divisions and in relationships with the external community.

ERG firmly believes that the complete integration of its activities with the local environment is the most important condition for the achievement of its development objectives.

In accordance with such principles, ERG endeavours:

- to promote and put into practice all reasonable initiatives intended to minimise risks and remove the causes that can endanger the safety and health of both its employees and the local people in its operational areas;
- to guarantee constant attention and commitment in order to improve its environmental performance, by reducing air, water and soil emissions, as well as through a responsible and conscious use of natural resources;
- to evaluate beforehand the environmental impact of all new activities, processes and products;
- to develop a relationship of constructive cooperation, based on transparency and trust, both within the Group itself and vis-à-vis the external community and the Institutions in the management of environmental, health and safety issues;
- to maintain high safety and environmental standards through the implementation of efficient management systems.

ERG, conscious of the fact that the aforesaid objectives cannot be achieved without the active contribution of all personnel, plans to develop an ongoing action of targeted education, awareness and training.

The adoption of behaviours coherent with corporate policies is considered a factor for evaluating individual performance, since compliance with legal provisions must be constantly guaranteed by the Company and by all personnel, at any level of responsibility.

ERG encourages adoption of the policy on the part of its suppliers and customers, particularly vis-à-vis contractors working inside ERG's production sites.

Appropriate reviews and verifications are periodically carried out to evaluate the results, according to the system of reference indicators identified by the Company, and to define any necessary corrective actions.

ERG'S HSE GUIDING PRINCIPLES

- Commitment of management
- Motivation and participation of all employees
- Responsibility
- Risk analysis and assessment
- Objectives and plans for constant enhancement
- Anticipation and control of emergencies
- Periodic effectiveness and efficiency verifications and controls
- Information and training
- Communication
- Recording and analysis of each event
- Relationship with external institutions and the community
- Selection of suppliers
- Documentability and traceability of each action

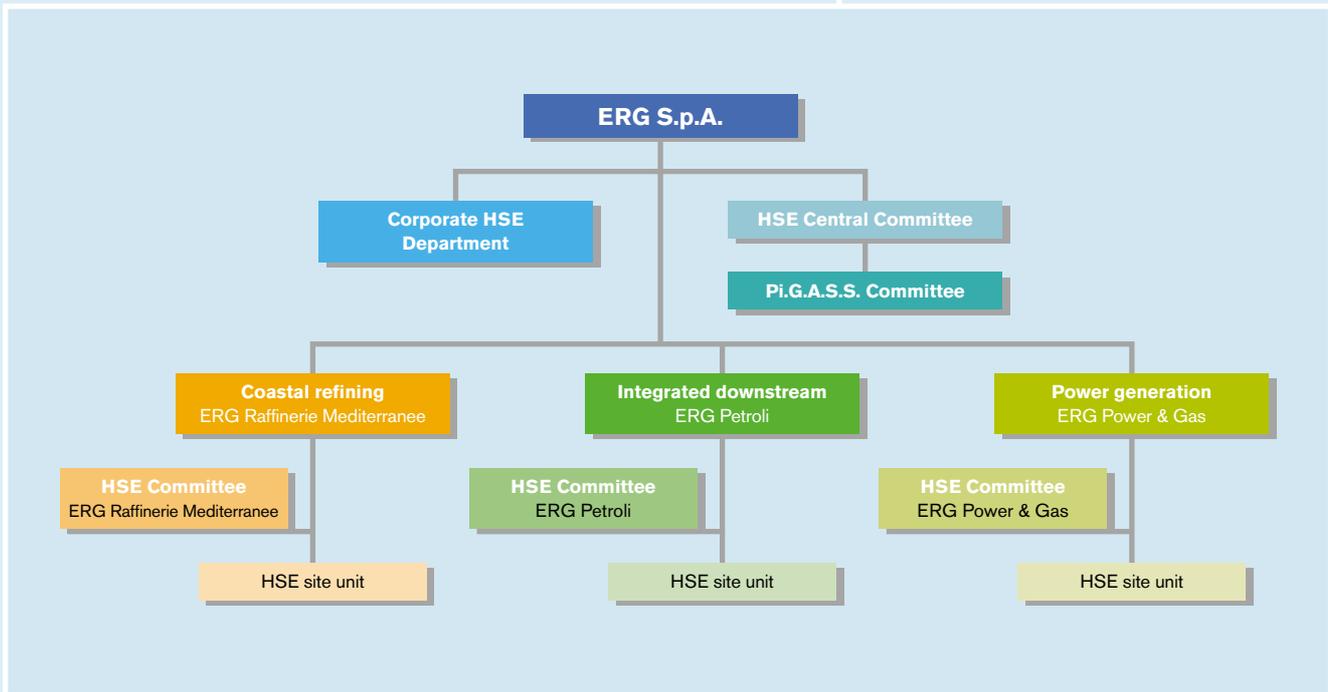


ORGANISATION

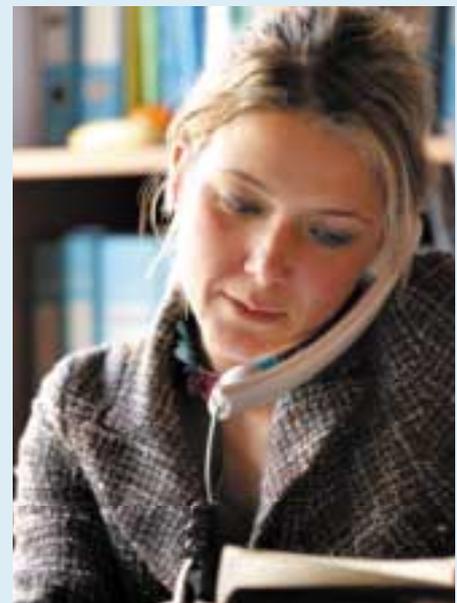
The HSE management developed by ERG is designed to ensure, on a coordinated basis, the widest participation and maximum involvement of all personnel. One of the fundamental elements of the system concerns its committee structure.

The Group's main management bodies are:

- the HSE Central Committee;
- the Pi.G.A.S.S. (*Pianificazione e Gestione Ambiente, Salute e Sicurezza*) Committee;
- the Corporate HSE Department.



The HSE Central Committee determines policies and strategies at Group level for the continuous enhancement of relevant performances. It also sets general and specific targets, systematically checking the achievement of same, while respecting a wide autonomy in the individual Group companies' management. The Committee comprises its chairman, in the person of ERG's Chief Executive Officer, the Chairmen and Managing Directors of the subsidiary companies, ERG staff functions and the Corporate HSE Department. The Committee is constantly and technically supported by the Pi.G.A.S.S. Committee, which carries out checks, investigations and studies focused on various issues arising from the HSE management of the industrial sites, thereby facilitating the liaison and cooperation between all the structures involved. Chaired by the Corporate HSE Department, the Committee comprises all the people responsible for HSE from each site, the people in charge of the Prevention and Protection Service (RSPP - *Responsabili Servizio Prevenzione e Protezione*), the Health Supervisor and the Legal Department.



Alongside the Group management bodies, similar HSE Committees have been set up by the operating Companies ERG Petroli, ERG Raffinerie Mediterranee and ERG Power & Gas, in order to guarantee the homogenised and shared application the HSE Policies and Guidelines.

The human resources assigned to HSE management aim to implement ERG's strategy focused on the prevention and optimal management of risks. With regard to safety, the RSPPs ensure the correct application of regulations and perform all relevant formalities, consulting union representatives as appropriate.

Management of Health related topics is entrusted to a group of Competent Doctors, specialists in occupational medicine, who perform continuous monitoring of the working population, taking appropriate action to prevent specific pathologies.

During the last few years, the HSE structure has mirrored the development of the company's organisation. Due to this fact the need arose for a revision of roles and responsibilities and of the documents regulating same within the Management Systems for each production site.

The high level of participation on the part of the company's staff is shown by the continuous rise recorded in recent years in the full-time equivalents employed in the area of HSE. In 2005, 11% of the Group's overall headcount was assigned to such issues (248 employees)⁽¹⁾.

Most of the resources are assigned to the areas of Coastal Refining and Power Generation. The operational integration between the Priolo industrial structures (refineries and power plants for the production of electricity) has also led to an operational synergy in terms of personnel, particularly as regards the fire fighting service.

INFORMATION AND TRAINING

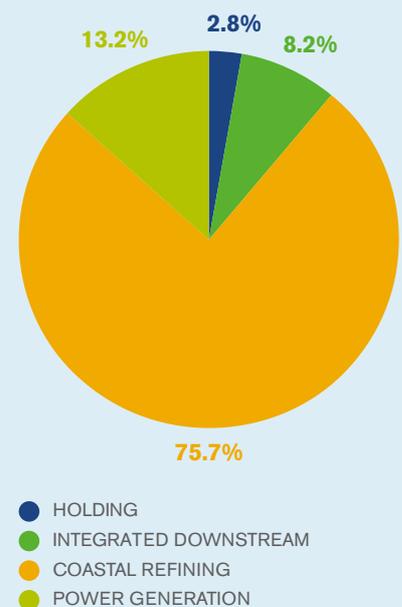
HSE information and training is a fundamental tool for both the valorisation of human resources and the implementation of Management Systems, intended to minimise the risks associated with operational activities.

The training is designed to also transmit and share ERG's guiding values, involving in the training programmes also the external operators who for various reasons are present at the industrial sites.

The activities are structured so as to respond to the needs of all professional roles and take into consideration new hires, personnel transferred or who have changed their position and staff concerned with legislative, organisational and/or technological developments.



PERSONNEL DEDICATED TO HSE ACTIVITIES PER BUSINESS AREA
total: 248 full time equivalents



(1) This figure does not include the staff of the companies directly managing the sales outlets, for which a precise study is underway. These elements will be included as from the next Report with recalculation of contributions for previous years.

The training initiatives also include those addressed to particular groups of employees, such as:

- first aid and rescue team officers;
- prevention and protection service personnel;
- the Workers' Representatives for Safety and Environment (*Rappresentanti dei Lavoratori per la Sicurezza e l'Ambiente - RLSA*);
- personnel qualified to perform specific activities (boiler operators, people handling toxic gases, etc.);
- in-company trainers.

Occasional visitors to the plants also receive specific information concerning general risks, the main regulations and the procedure to be followed in case of emergency.

During 2005 ERG further enhanced the involvement of employees. Alongside the development of the Management Systems, mostly certified according to the most qualified international standards, intense training sessions were held for newly-hired personnel and for the staff involved in role changes especially following the Group's reorganisation.

The total hours dedicated to ERG staff HSE training and information in 2005 amounted to 37,003, up by 25.5% with respect to the previous year (the specific index increased from 11.0 hours per employee in 2004 to 13.9 in 2005).

The topics involved were above all those pertaining to the management and minimisation of risks and emergencies, particularly important as regards the industrial sites.

+25.5%

HOURS OF HSE
INFORMATION AND TRAINING

HSE TRAINING AND INFORMATION

| (total number of hours) | 2003 | 2004 | 2005 |
|-------------------------|---------------|---------------|---------------|
| INTEGRATED DOWNSTREAM | 1,443 | 2,437 | 1,605 |
| COASTAL REFINING | 20,827 | 21,024 | 28,889 |
| POWER GENERATION | 7,168 | 6,012 | 6,509 |
| TOTAL | 29,438 | 29,473 | 37,003 |

HSE TRAINING AND INFORMATION INDEX

| (total no. of hours/average no. of employees) | 2003 | 2004 | 2005 |
|---|------|------|------|
| | 11.5 | 11.0 | 13.9 |

HSE COMMUNICATION AND SOCIAL COMMITMENT

Solidarity, social commitment and communication form an integral part of ERG's system of values. In this spirit the Group is committed to supporting a series of initiatives in favour of the social realities in which it operates and to comparing its own fundamental HSE guidelines and management activities with the national and international community.

HEALTH PLAN

By the term "health plan" ERG is referring not only to the activities performed to prevent the occurrence of illnesses, but also to the promotion of health culture and social involvement. To this effect, the Group Companies operating mostly in the area of Syracuse, have jointly launched the "Prevention" project. The initiative is addressed to all staff who voluntarily agree to undergo complete cancer screening every two years.

The project provides for the use of company internal structures in association with the local public structures, giving rise to synergies with the local health institutions with a view to implementing an innovative prevention model of general interest.

Completing the programme are activities directed towards health information and education, such as the publication of the periodical "Prevenzione Sanitaria News" (Health and Prevention News).

In 2005, almost 1,200 people subscribed to the project. There were 520 medical check-ups carried out, while the specialist visits were 1,375.

Other projects that have arisen from the synergy with the local health structures include the signing of a memorandum of agreement with the Syracuse Local Health Unit (ASL 8) to create a Breast Cancer Diagnostic Centre in Priolo Gargallo.

LA STRADA SIAMO NOI

Since 1997 ERG supports and organises "La Strada Siamo Noi" (literally: "We are the Road"), a road user education project created for Secondary Schools in collaboration with the Walden Studio in Genoa, which handles planning and coordination. The project aims to teach young people how to live the road as conscious users.

The various didactic phases of the project provide for: planning meetings together with the teachers alternated with remote training sessions, periods of research for appropriate local synergies in order to implement the course in a public and educational sense, road safety competitions.

EDOARDO GARRONE FOUNDATION

The Edoardo Garrone Foundation, set up in 2004 and dedicated to the founder of ERG, was a natural development of the Garrone and Mondini families' involvement, together with that of the ERG Group companies, in social and cultural spheres. The purpose of the Foundation is to promote cultural and social events, carry out studies and research, and organise seminars and conferences, with the aim of contributing to the propagation, enjoyment and understanding of culture, art, science and respect for the environment, as well as to actively cooperate in ethical and solidarity-inspired projects.



FONDAZIONE EDOARDO GARRONE



MOPAMBIENTE

ERG contributed to creating the MOPAmbiente “*Monitoraggio degli Orientamenti e delle Politiche per l’Ambiente*” (Monitoring Orientation and Policies for the Environment) Project, sponsored by the Ministry of the Environment and Territorial Protection.

The project was the result of a collaboration with ISPO (*Istituto per gli Studi sulla Pubblica Opinione* – Institute for Public Opinion Studies), which, by way of precise quantitative and qualitative surveys, describes and traces the evolution of the Italian people’s expectations as regards environmental matters. Through its permanent office a dialogue was launched on environmental issues between the central and local institutions, the citizens and the companies.

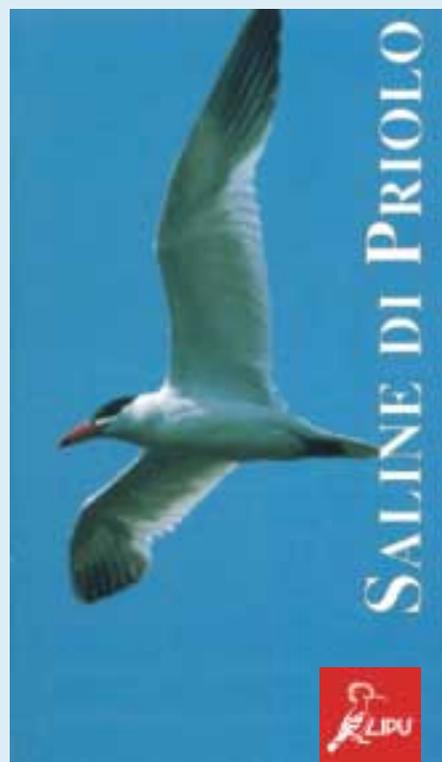
PLEMMIRIO CONSORTIUM

ERG promotes environmental sustainability projects and enhances the value of both natural resources and historical-archaeological assets. In this context, it signed a memorandum of understanding with the Plemmirio Consortium to set up an interactive aquarium that reproduces the marine habitat and the biological diversity of the protected area of Plemmirio (Syracuse). In particular, ERG plans to increase and enhance the social aims of the Plemmirio Marine Protected Area, with particular reference to children, adolescents and the disabled.

LIPU

ERG participates in the protection and development of the *Riserva Naturale Orientata delle Saline di Priolo* (a bird sanctuary in Syracuse, Sicily), set up in 2000 and managed by LIPU (Italian Society for the Protection of Birds).

The Reserve, which covers an area of approximately 50 hectares, includes a large coastal pond corresponding to the ancient seawater catchment basins and forms part of the system of humid brackish areas in South-East Sicily. The Reserve’s faunal richness is due to the presence of over 200 bird species, showing the effective balance in the ecosystem, which make it, especially during the autumn, a favourite destination for bird-watching enthusiasts.



ECONOMIC RESOURCES

ERG's investment plans, evermore in keeping with the vision of a multi-energy reference Group, view the environmental and safety component as strategic in order to guarantee the sustainability of its business activities.

ERG is in fact pursuing a series of objectives intended to reconcile value creation with total environmental compatibility, from the standpoint of a socially responsible enterprise.

The main projects concern all business areas. In particular the expansion of desulphurisation and sulphur recovery capacity in coastal refining; the improvement of the distribution systems and enhancement of the range of more eco-compatible products in the Integrated Downstream division, expansion of the capacity for producing electricity from natural gas and from wind in the area of Power Generation.

Added to this is a policy aiming at excellence in the application of its HSE management systems, homogeneously implemented, coordinated and such as to fully meet the standards recognised at international level. These development plans also provide for the maintaining of commitments undertaken as regards the characterisation and reclamation of the industrial sites.

The most significant expenditure during the last two years in fact concerns environmental monitoring and recovery activities.

In 2005, investment expenses amounted to 38.8 million Euro, with an increase of 36.8% compared to the previous year.

The trend in recent years shows how activities for the protection of the soil and groundwater (structures for the containment of pollution and reclamation) have been intensified. As regards safety, the structures for the control of risks and emergencies were the main expense items. Current expenditure, amounting to 83.7 million Euro, showed an increase of 8.5% with respect to 2004, consolidating the substantial growth trend of the last three years.

Activities for the disposal of waste deriving from reclamation operations and the management of emissions treatment constituted the main areas of environmental intervention. Fire and accident prevention represented 54.3% of safety expenditures.

Insurance costs, estimated on the basis of the particular types of policy and the relative weight in reference to HSE, represented 3.1% of the total (3.8% in 2004).

The item "Other expenses", up by 7.3% compared to 2004, reflects the increase in the cost of HSE human resources, which rose from 13.8 to 15.0 million Euro in keeping with the growth in equivalent personnel, and the increased training and information initiatives related to the development and integration of the Management Systems.



+36.8%

HSE INVESTMENTS

+8.5%

HSE CURRENT EXPENDITURES

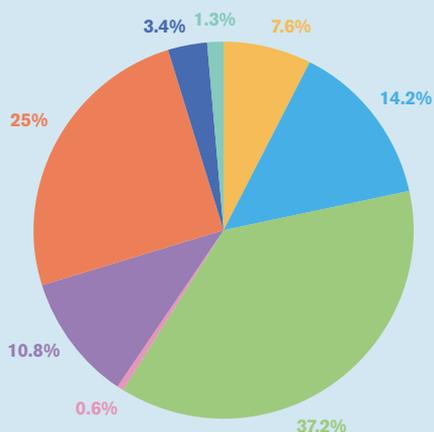
HSE INVESTMENTS

| (Thousand Euro) | 2003 | 2004 | 2005 |
|--------------------------|---------------|---------------|---------------|
| ENVIRONMENT | 11,687 | 17,398 | 23,159 |
| HEALTH AND SAFETY | 9,380 | 10,986 | 15,675 |
| TOTAL | 21,067 | 28,385 | 38,834 |

HSE CURRENT EXPENDITURES

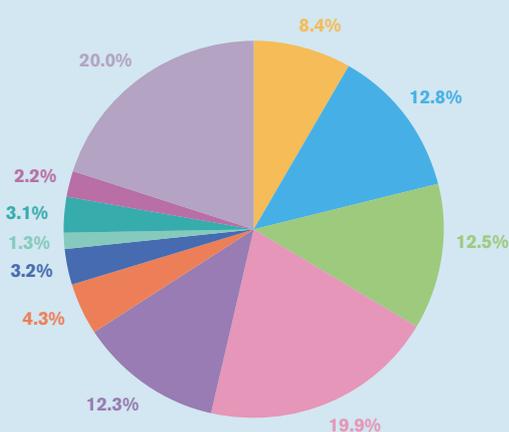
| (Thousand Euro) | 2003 | 2004 | 2005 |
|--|---------------|---------------|---------------|
| ENVIRONMENT | 32,716 | 39,044 | 44,858 |
| AIR PROTECTION (AIR EMISSIONS) | 9,637 | 6,610 | 7,011 |
| SURFACE WATER PROTECTION (WATER DISCHARGE) | 8,744 | 9,459 | 10,724 |
| SOIL AND GROUNDWATER PROTECTION | 5,934 | 7,868 | 10,436 |
| WASTES | 8,340 | 15,107 | 16,687 |
| HEALTH AND SAFETY | 17,698 | 17,953 | 17,679 |
| HSE INSURANCE | 3,216 | 2,959 | 2,607 |
| ENVIRONMENTAL TAXES | 1,815 | 1,646 | 1,870 |
| OTHER EXPENSES | 12,896 | 15,593 | 16,730 |
| TOTAL | 69,558 | 77,195 | 83,744 |

HSE ECONOMIC RESOURCES
investments - 2005



- AIR PROTECTION
- SURFACE WATER PROTECTION
- SOIL AND GROUNDWATER PROTECTION
- WASTES
- FIRE PREVENTION
- CONTROL OF RISKS AND EMERGENCIES
- ACCIDENT PREVENTION
- EXPOSURE PREVENTION

HSE ECONOMIC RESOURCES
current expenditure - 2005



- AIR PROTECTION
- SURFACE WATER PROTECTION
- SOIL AND GROUNDWATER PROTECTION
- WASTES
- FIRE AND ACCIDENT PREVENTION
- INSPECTION AND TESTING
- SAFETY AT WORK
- HEALTH CHECKS
- HSE INSURANCE
- ENVIRONMENTAL TAXES
- OTHER EXPENSES

ENVIRONMENTAL DATA

The three-year period 2003-2005 was the first with a stable structure in terms of refining capacity and energy production following the latest corporate changes (for example, the operational launch of ERG Raffinerie Mediterranee's activities and the acquisition of the ISAB Impianti Nord refinery from ENI took place at the end of 2002).

The trend in the main environmental impact data is therefore on the one hand justified by the changes in the processing/production activities and on the other takes into account the new installations and more deep processes, especially as regards the production of more eco-compatible fuels.

During the course of 2005, ERG focused its attention in particular on enhancing process efficiency and minimising emissions (maximising the use of fuel gas).

The waste produced reflected the intense characterisation and reclamation activities, carried out above all within the Syracuse industrial complex. In particular, much of the water polluted by hydrocarbons, extracted from the subsoil and considered waste, was treated inside the Group's industrial facilities.

The activities relating to the construction of new facilities, the revamping of existing facilities and the scheduled shutdowns for plant maintenance, all operations carried out in 2005, gave rise to an increase in corresponding waste.



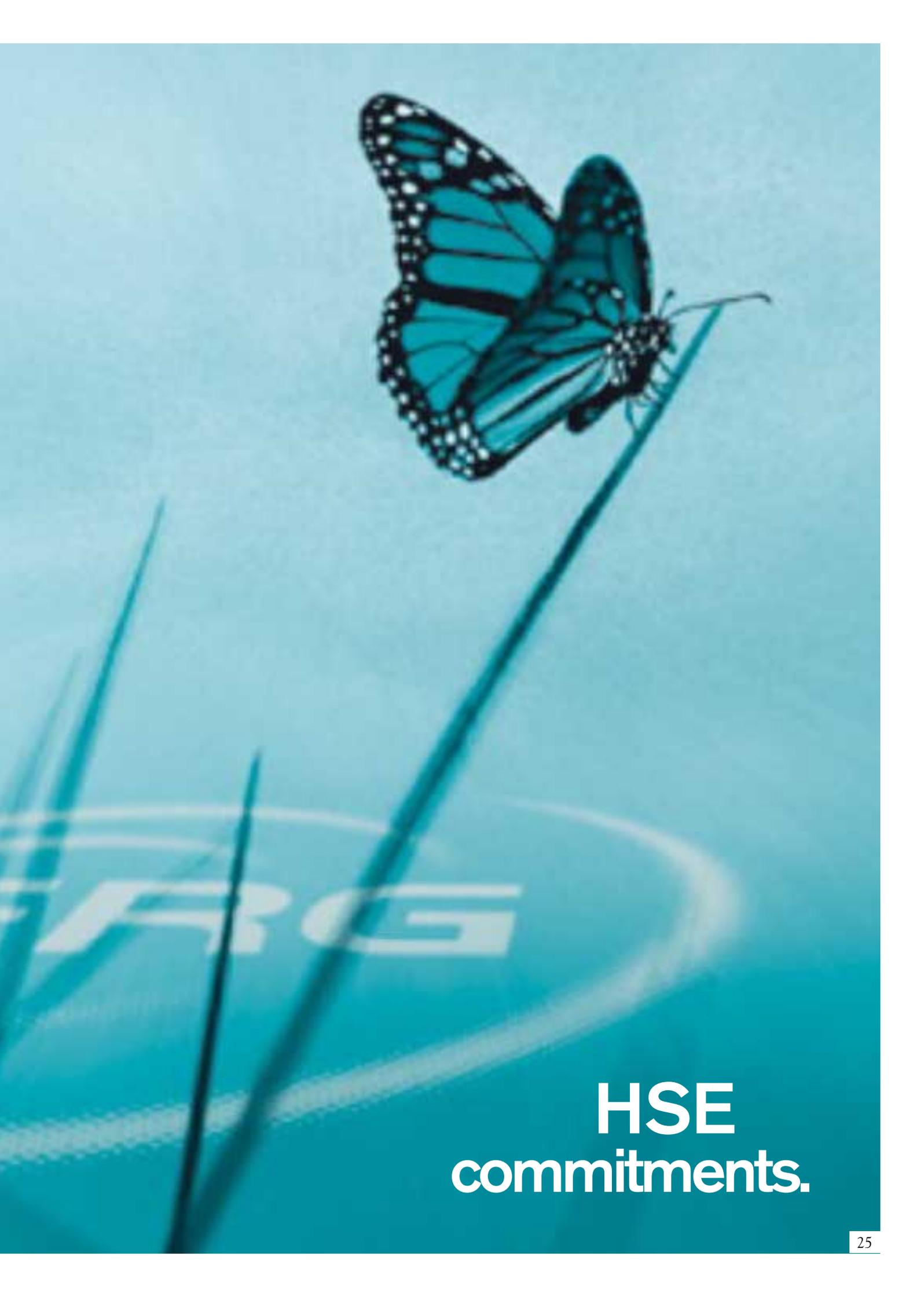
ENVIRONMENTAL IMPACT DATA

| | 2003 | 2004 | 2005 |
|--|----------------|----------------|----------------|
| ENERGY CONSUMPTION (million toe) | 2.1 | 2.6 | 2.5 |
| WATER WITHDRAWALS (million m ³) | 575 | 563 | 503 |
| DRINKING WATER | 0.5 | 0.5 | 0.6 |
| INDUSTRIAL WATER | 13.1 | 13.4 | 12.9 |
| SEAWATER | 561 | 549 | 489 |
| WATER DISCHARGE (million di m ³) ⁽¹⁾ | 538 | 536 | 473 |
| OILS (ton) | 12 | 29 | 49 |
| WASTES (ton) | 186,855 | 333,445 | 326,234 |
| OF WHICH FROM RECLAMATION ACTIVITIES ⁽²⁾ | 134,436 | 276,103 | 248,232 |
| HAZARDOUS | 134,436 | 276,103 | 232,761 |
| NON HAZARDOUS | – | – | 15,471 |
| DISPOSED | 131,468 | 272,554 | 233,002 |
| RECYCLED | 2,968 | 3,549 | 15,230 |
| OF WHICH FROM ROUTINE AND MAINTENANCE OPERATIONS | 52,419 | 57,342 | 78,002 |
| HAZARDOUS | 11,030 | 20,698 | 29,884 |
| NON HAZARDOUS | 41,390 | 36,643 | 48,118 |
| DISPOSED | 43,118 | 44,633 | 62,207 |
| RECYCLED | 9,301 | 12,709 | 15,794 |
| AIR EMISSIONS (ton) | | | |
| NO _x | 5,673 | 5,256 | 6,258 |
| SO ₂ | 25,395 | 25,386 | 24,358 |
| PARTICULATE | 959 | 1,017 | 1,038 |
| CO ₂ | 7,310,077 | 7,535,648 | 7,253,326 |
| VOCs | 5,170 | 5,728 | 5,573 |

⁽¹⁾ do not consider the quantities transferred to off-site wastewater treatment plants

⁽²⁾ with respect to the 2004 HSE Report, the quantities treated for third parties with whom ERG shares environmental recovery programmes have been excluded



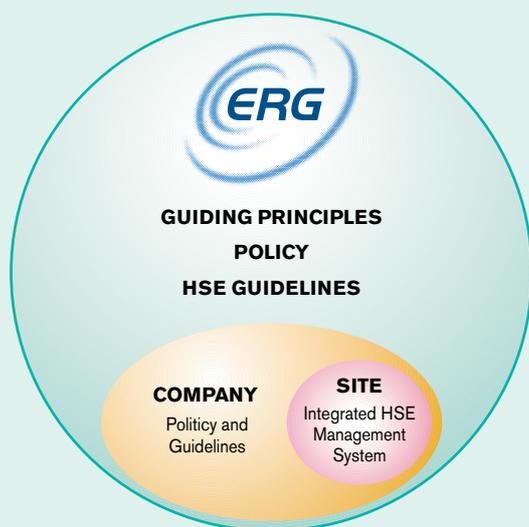


HSE commitments.

HSE COMMITMENTS

MANAGEMENT SYSTEMS AND CERTIFICATIONS

The year 2005 represented for ERG a year during which the validity of the HSE management project, launched in 2003, was confirmed, with the issuing of the Group Guidelines for Integrated Health, Safety and Environmental Management.



ERG's decision to gradually integrate, at the production sites, the existing Management Systems within a single Integrated System, site specific, whilst conforming to international standards and the minimum requirements established by the holding company, was substantiated, again in 2005, by the results achieved on the part of the operating Companies in terms of certification.

- ERG Raffinerie Mediterranee, according to schedule, with the certification of the ISAB Nord refinery in 2005, completed the course leading to ISO 14001 certification for both refineries. This result is particularly significant since, following the acquisition of the refinery from ENI at the end of 2002, the need arose to enhance the value of and adapt the existing Management Systems to ERG standards. In parallel with the process to interconnect the two refineries, the process of realising a single Integrated HSE Management System continues and will materialise also via the implementation of a Health and Safety Management System compliant with the OHSAS 18001 standard.
- ERG Petroli, following the results previously achieved by the Savona depot, which already in 2004 had obtained ISO 14001 and OHSAS 18001 certification for its Integrated HSE Management System, continued along the road of improving the management of its industrial sites, which led to the OHSAS 18001 certification of the Trecate storage facility. The assessment by qualified third

ERG GUIDELINES INTEGRATED HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT SYSTEM

The Group Guidelines, issued by ERG S.p.A., represent the organisational and methodological reference required for the realisation and implementation of Integrated Health, Safety and Environmental Management.

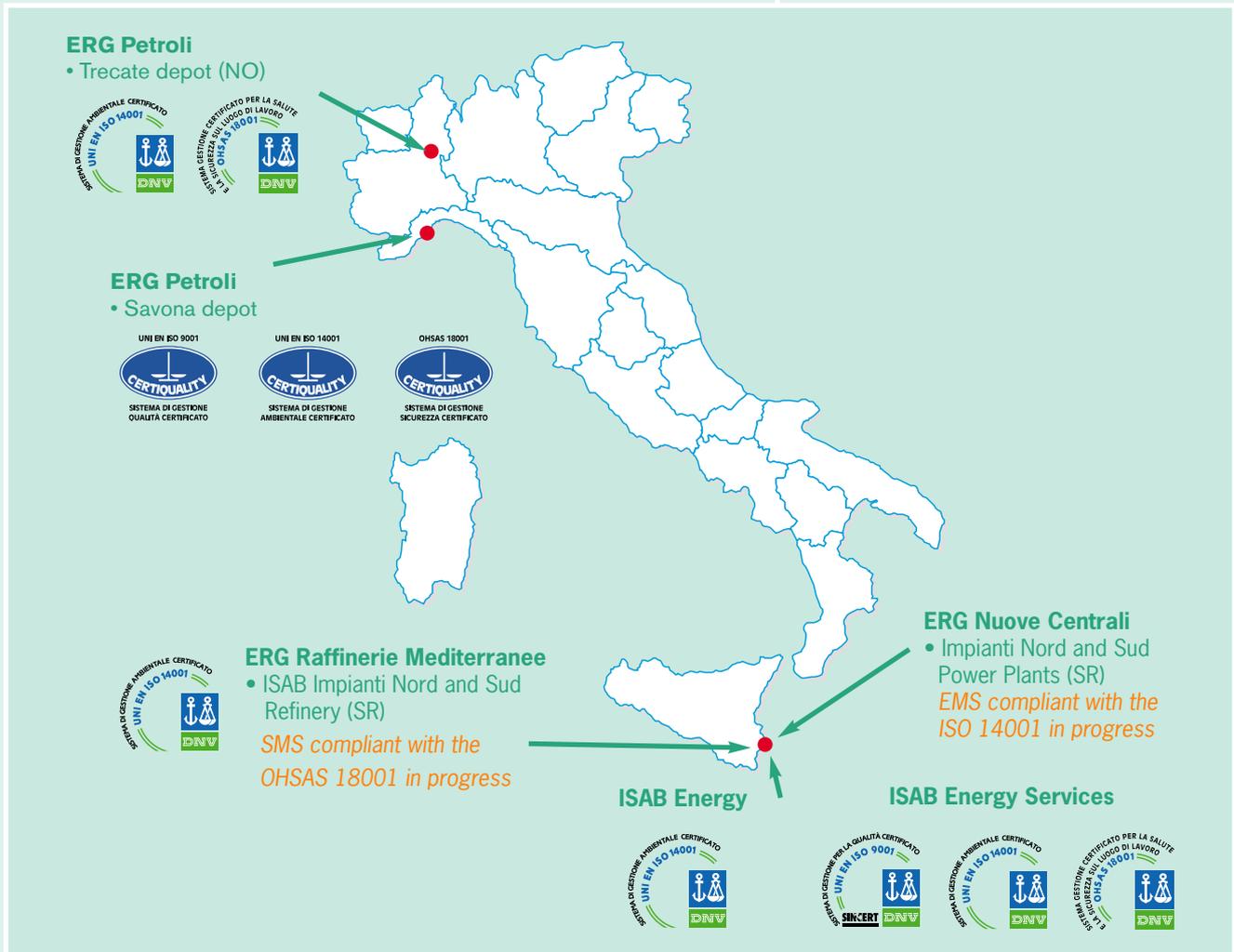
The HSE Guidelines are basically structured as follows:

- definition and adoption, at Group level, of an organisation, tools and methods for integrated, coordinated and shared management of Health, Safety and Environment;
- gradual adoption at each Group production site of an Integrated Health, Safety and Environmental Management System (HSE Management System), individually certifiable in accordance with recognised international standards, but implemented in an homogeneous and coordinated manner.

In conforming to the Group Policy and Guidelines, by way of the necessary adaptations and modulations to respective activities and operational realities, each Company develops the HSE Management System at every production site with a view to obtaining external validation thereof, via an individual certification procedure.

Implementation of the Guidelines at the same time allows the fulfilment of the entire Group's harmonious and coordinated growth expectations. The Guidelines are addressed to the Group Companies in respect of which ERG exercises operational control and is in a position to influence HSE performances; more particularly, ERG Petroli, ERG Raffinerie Mediterranee, ERG Power & Gas and their respective subsidiaries.

The Guidelines appear as a dynamic instrument for a concerted management of the main HSE aspects. They are periodically updated and enhanced based on the needs that arise from the various operational realities. During 2005 they were improved and implemented with regard to certain important aspects such as: maritime emergencies in hydrocarbon transportation, the relationships with companies performing services pertaining to waste treatment and disposal; the evaluation of HSE performances as regards the companies working at risk sites.



party Entities of the conformity of its Management System with the most advanced international standards, represents an important confirmation of the quality of management and the commitment of employees especially as regards risk prevention activities. The Trecate depot was thus able to achieve, for the ninth year running, the challenging “zero accidents” objective.

- ERG Power & Gas, which on the one hand continued to pursue the constant enhancement of its own performances, also through the OHSAS 18001 and ISO 9001 certifications of ISAB Energy Services (the company which manages the IGCC facility), on the other is heavily committed to implementing ERG Nuove Centrali’s HSE management, in accordance with ERG requirements and international standards. The Impianti Sud power plant’s objective for 2006 is to achieve ISO 14001 certification. The certification of the Impianti Nord power plant is scheduled for the following year.

KYOTO PROTOCOL AND GREENHOUSE GAS EMISSIONS

The control, monitoring and reporting of greenhouse gas emissions, CO₂ in particular, during 2005 took on particular importance for

ERG's operating companies coming within the sphere of application of the Emissions Trading Directive.

The ERG Raffinerie Mediterranee facilities and those of the two ERG Power & Gas companies, ERG Nuove Centrali and ISAB Energy, at the end of 2004 obtained the necessary authorisations for greenhouse gas emission and, during the first few months of 2006, the respective emission quotas for the three years 2005-2007. By the end of April each year the facilities must return a number of allowances equal to the CO₂ emissions in the atmosphere.

The year 2005 was anomalous since, although the Directive was already in force in Europe, Italy was notably late in adopting it and the Companies were unable to operate on the market in order to correct any imbalances between available quotas and emissions generated.

The sites involved acted in accordance with the instructions laid down by the competent Authority for emissions monitoring and submitted to the Environment Ministry the site specific Protocols best representing the complex industrial reality for the purpose of emissions calculation. The CO₂ emissions and the trend of same were also included in the customary ERG management and planning tools. For ERG, the generation and consequent management of greenhouse gas emissions are in fact a strategic element which, apart from conditioning the routine operation of the plants, is included in the variables for investment planning.

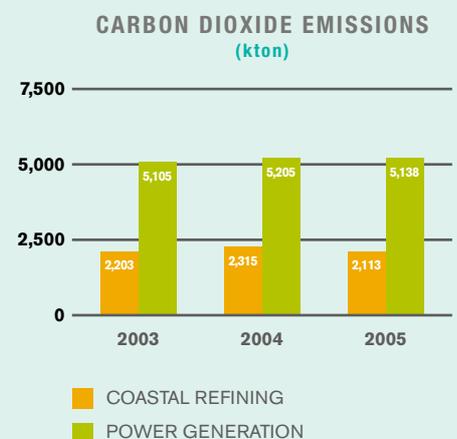
CO₂ EMISSIONS

The site emissions were calculated based on the site Protocols in accordance with the criteria set forth by the reference national legislation.

In particular, the emissions of carbon dioxide (CO₂) generated by the ERG facilities take into consideration the components originating from the combustion plants, the torches and the emissions generated directly by the industrial processes (for example, catalytic cracking plants, hydrogen production facilities).

In implementing the emissions monitoring systems, maximum attention was given to minimising the levels of uncertainty associated with the method for measuring the quantity and quality of the fuels used, which are included for the purpose of determining total emissions.

In particular, the fuels used are periodically subjected (on at least a daily basis) to chemical laboratory analysis to ascertain the composition and consequent emission factors, which thus best represent the operating conditions of the facilities. Moreover, in keeping with the continuous enhancement policy, improvement interventions have been scheduled over the coming years as regards



both the fuel measuring systems, and the process emissions.

The emissions during 2005, together with those of the previous years, were subjected to audit on the party of an accredited third party Entity by the Emissions Trading Authority.

The trend in emissions substantially reflects the trend as regards plant production and the scheduled shutdowns for maintenance activities.

FUTURE GOALS

ERG continues to valorise carbon dioxide emissions as a strategic element in its growth projects.

ERG is in fact consolidating its position in the field of energy production according to criteria of high environmental sustainability through the investment projects of ERG Power & Gas. Examples are the increased efficiency of the thermoelectric power stations (combined cycle repowering and greater use of natural gas) and the development of the wind sector.

With regard to the latter, following the acquisition of the 31 MW “Cocullo Wind Farm”, ERG CESA Eolica has obtained authorisation to construct a 120 MW farm in Calabria.

ERG plans to develop up to 300 MW of capacity by 2008. It currently has over 1,000 MW at evaluation stage.

POLLUTION PREVENTION AND RECLAMATION ACTIVITIES

Prevention of subsoil pollution and activities to remedy past pollutions now represents one of the environmental areas to which the greatest amount of resources are allocated in both technical-organisational and economic terms.

Particularly in the Priolo industrial area, declared “Site of national interest” and subject to the authority of the Environment Ministry as regards reclamation and remediation plans, ERG Raffinerie Mediterranee and ISAB Energy, having completed the first phase of environmental characterisation, are at an advanced stage of managing safety enhancement interventions with a view to avoiding any and all risks for the environment and the local population.

Upon the specific request of the Ministry, new characterisation programmes for further subsoil investigations were also submitted, in addition to those already carried out. On completion of such investigations it will be possible to confirm or remodulate, where necessary, the reclamation projects already identified for both the groundwaters and the land.

The major investment programme planned by ERG in the Priolo area also gave rise to an acceleration of the characterisation and

FLEXIBLE MECHANISMS ENVISAGED IN THE KYOTO PROTOCOL

The ERG Group is evaluating the appropriateness of subscribing to the Italian Carbon Fund. The Fund, in line with the mechanisms set forth by the Kyoto Protocol and the European Union, supports, by way of Carbon Finance operations, initiatives able to reduce greenhouse gas emissions. The Italian Carbon Fund originated from an agreement concluded between the Environment Ministry and the World Bank, and provides for the possibility to acquire emissions reductions by investing in projects that benefit the environment and use sustainable technologies in developing countries or transition economies.

reclamation activities as regards the industrial sites that will accommodate the new refining and electricity production facilities.

ERG Petroli on the one hand is going ahead with its multi-year prevention programme regarding the retail network by replacing the single wall tanks with new double wall tanks, and on the other is continuing reclamation activities wherever in the past pollution episodes have occurred. In particular, in view of the specific context of the service stations, often located within urban areas, reclamation technologies are preferred, such as for example removal and treatment of the contaminated area surrounding the site.

This ensures that the times for achieving the established reclamation objectives remain quite short.

HEALTH PROTECTION AND SAFETY

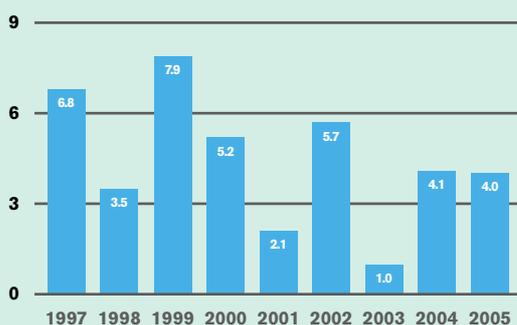
Workers' safety is considered one of ERG's permanent objectives. The monitoring and control of relevant performances takes place in a continuous and proactive manner. There were 18 injuries recorded in 2005 (19 in 2004) and the extent of same was limited. In most cases, the events were ascribable to the non-oil commercial activities of the directly managed retail outlets.

With a view to expanding and constantly enhancing the efficiency of prevention activities, the study of accidents and injuries has for several years been integrated with that concerning the monitoring and analysis of the episodes which could have led to detrimental events (near accidents). Within this context, the periods of production shutdown for maintenance and the activities relating to the construction of new facilities, which notably characterised 2005, were construed as awareness opportunities. The results were particularly good; the reports of near accidents increased more than fourfold with respect to 2004. These activities together with the onsite assessments (audit and safety walk) which in 2005 concerned 517 interventions, and the specific prize contests, are giving rise to tangible improvements in the spreading and interiorisation of the "way of living ERG's activities in safety".

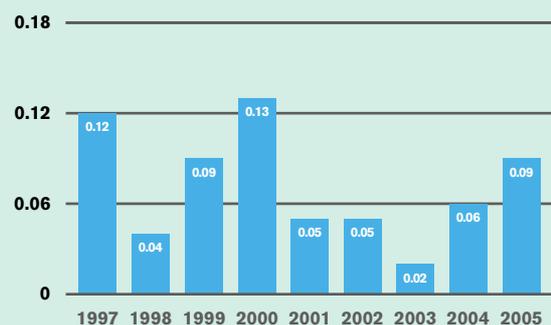


The Trecate depot and the IGCC facility confirmed the total absence of injuries, a target achieved respectively for the past 9 and 6 years.

FREQUENCY INDEX
no. accidents x 10⁶ / hours worked



SEVERITY INDEX
days lost x 10³ / hours worked



NEAR ACCIDENTS

| (Number) | 2003 | 2004 | 2005 |
|----------|------|------|------|
| | 107 | 90 | 381 |

Alongside the development of an effective “safety culture”, ERG has aimed to infuse a “health culture”, intended as both application of specific protocols and enhancement of voluntary awareness initiatives.

Health activities in 2005 gave rise to 2,000 medical examinations and as many blood chemistry analyses, which did not show any profession-related pathologies. A careful analysis was also carried out of risks pertaining to exposure to chemical agents and noise. In particular, for the latter ERG has acquired sophisticated diagnostics instruments which enable an objective evaluation of both the characteristic dynamics of the tympanum-ossicular system and the activity of the inner ear.

SAFETY IN SEA TRANSPORT

Renewal of the fleets operating at the terminals. This was possible also due to the adoption of a guideline designed to favour, for the transportation of crude oil, only double hulled and, therefore, particularly recent ships. Of the vessels assigned to such transportation, 82% are in fact less than 10 years old.

The increase in screening, performed based on strict safety criteria for all ships chartered directly and for those nominated by third parties and accepted at ERG’s terminals, confirms the preference more and more oriented towards recent vessels. The number of on-site structural controls and inspections also saw a substantial increase, fostering both the dialogue with Harbour Authorities and the involvement of shipowners in achieving the objective of improved performances and quality of the vessels in question.

The activities, completed also with the support of internationally accredited inspectors, are performed in two different moments:

- prior to acceptance, via the application of ERG specific minimum requirements concerning structural and operational aspects, in line with the main relevant standards (OCIMF, Oil Companies International Marine Forum) - Vetting;
- following acceptance, in the course of operations at the terminals to verify the quality of performances in terms of safety and environment both during transport and once the vessel has docked - Safety Inspection.

ERG has implemented a voluntary health information and diagnostics project called “Prevention” (see section “HSE communication and social commitment”).



ADOPTED METHODOLOGY

The methodology used to develop the HSE Report is based on the most important national and international guidelines, which make reference to the policies defined within the scope of the “Environmental Reports” (“*Rapporti Ambientali*”) Forum, promoted by ENI’s Enrico Mattei Foundation, and the Global Reporting Initiative.

The 2005 HSE Report considers all the main activities in respect of which ERG exercises operational control and is in a position to influence HSE performances. The grouping of data is shown both at consolidated level and for each business area. To this effect, the terms of reference of the Report include the following businesses:

- **Coastal refining;**
- **Integrated downstream;**
- **Power generation.**

For each of these areas the HSE results and activities of the individual production sites are presented. More particularly:

Coastal refining

- ERG Raffinerie Mediterranee’s ISAB Impianti Nord refinery
- ERG Raffinerie Mediterranee’s ISAB Impianti Sud refinery

Integrated downstream

- ERG Petroli’s network of service stations in Italy
- ERG Petroleos ‘s network of service stations in Spain
- ERG Petroli’s storage facilities in Savona and Treiate

Power generation

- ISAB Energy’s IGCC facility
- ERG Nuove Centrali’s thermoelectric power stations (Impianti Sud and Impianti Nord)

Consideration has been given to aspects concerning: employee health and safety, consumption of natural resources, wastewater, waste and air emissions.

As regards the recording of quantitative data, the methodology adopted integrates the estimation methods and identification and quantification criteria set by various national and international organisations such as Eurostat, FEE, CONCAWE, CORINAIR, EPA, Unione Petrolifera.

The main air emissions are determined through continuous measuring at the emission points and, where necessary, by estimates based on emission coefficients which take into account both the combustion systems and the quality of the fuels used. In particular, for the purpose of reporting CO₂ emissions, reference has been made to the national and European Guidelines setting forth specific procedures for determining the quantity and quality of fuels.

Specifications with regard to identification, quantification, management, gathering and transmission activities are defined within the scope of the ERG HSE Accounting System and form an integral part of the Group HSE Guidelines.

Economic information is broken down between investment and operating expenditures (current expenditures). Attention should be drawn to the fact that for the recording of operating expenditures, it is necessary to reclassify some so that they can be shown “by use” and not “by origin”, as on the other hand is required for general company accounting purposes.

In the area of economic accounting, the most interesting prospects concern the integration of HSE expenditure recording activities within SAP environment.

SAP is the integrated management information system, now widely used in most process-based companies, implementation of which in an HSE economic context currently involves about 80% of ERG’s production structures).

As regards employees’ health and safety, the data shown consider issues concerning the frequency of events as well as their seriousness (INAIL indices), in accordance with the relevant legislation. Together with prevention activities, the Report also describes the monitoring of near accidents, i.e. the episodes that could have led to injuries and/or accidents.

As far as the aspects relating to HSE training and information are concerned, the data reported at consolidated level incorporate the activities of each single business area.



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Milan, April 10th 2006

Re.: Verification of Health, Safety and Environment Report 2005

URS Italia has received from ERG the assignment to verify the Health, Safety and Environment Report of the year 2005.

This letter of verification is the document in which URS Italia confirms that the verification activities have been performed and in which it summarizes its findings related to the quality of the Report as well as its verifiability.

The objective of the assignment was to evaluate the structure and contents of the Report, the applied accounting and reporting processes, as well as the suitability of the Report as an effective communication tool regarding the subject of Health, Safety and Environment (HSE).

Reference standards utilized derive from the "*Linee guida per il rapporto ambientale d'impresa*" as proposed by the "*Fondazione Enrico Mattei*" and the indications for drafting sustainability reports as proposed by the Global Reporting Initiative. In line with the above mentioned standards, URS evaluated the following:

- completeness of data and information included in the Report;
- ease with which the Report is understood and the transparency in the presentation of data and information reported;
- reliability and adequacy of the accounting and reporting processes;
- adequacy of identified qualitative and quantitative indicators;
- openness in communications with stakeholders on the subject of Health, Safety and Environment.

The verification activities were performed at the corporate unit ASSQ, which is responsible for the collection and aggregation of the data from the various businesses, and at two operating sites located in Priolo:

- the ISAB Energy IGCC plant;
- the north site of the ISAB Refinery.



From an operative point of view, URS applied its own procedures and protocols which included data sampling verifications, document analysis, interviews with personnel and visual evidence. In particular, URS examined procedures for obtaining, gathering, elaborating, aggregating and consolidating the data and information presented in the HSE Report 2005.

The verification highlighted that data reporting and data management procedures are well defined and are adequate to the scale of ERG operations. The verification also established that the level of the information systems supporting the collection, management and aggregation of physical data is sufficient with regard to business volume and data consolidation boundaries. Furthermore, the consistency of most of the data is enhanced by its validation within cost accounting and financial accounting.

URS, therefore, deems that the data and information presented in the Report are reliable and the performance indicators identified are adequate with respect to the impact generated. The appreciation of achievements is facilitated by means of comments to data changes and by the specific notes which can be found at the beginning of each business section. Also worth mentioning is the effort made to include specific targets to be achieved in 2006.

In order to achieve more effective reporting, URS has suggested that ERG modify the positioning of some contents in the Report. ERG has adopted this indication and succeeded, in our opinion, to better position the chapters about HSE commitment and HSE management and achievements, compared to the previous Report.

URS Italia considers the Report complete and reliable, well-balanced and easily legible. Furthermore, in our opinion, the quality achieved in reporting and planned business development will require more structured stakeholder engagement activities.

Paolo Bendotti

Amministratore Delegato

Laura Tomasi

Senior Consultant
Corporate Sustainability Services

GLOSSARY

CO

Carbon monoxide. A highly toxic gas which originates from the incomplete combustion of fuels and fossil fuels.

CO₂

Carbon dioxide. Gas formed by all processes relating to combustion, respiration, decomposition of organic material, due to complete oxidation of the carbon. Carbon dioxide emissions represent approximately 80% of greenhouse gas emissions produced in the European Union. Changes in the concentration of carbon dioxide in the atmosphere, essentially due to anthropic activities (combustion, deforestation, etc.), are the cause of climate changes.

COD
(Chemical Oxygen Demand)

This expresses the degree of water pollution in terms of oxygen consumption (in mg/l) required to completely oxidise the organic substance of waste, including that which is biodegradable.

CONCAWE

European organisation of petroleum companies with recognised competencies on questions of Health, Safety and Environment. Specifically, its studies are focused on the technical and economic implications of the refining, distribution and marketing of petroleum products in Europe.

CORINAIR
(COoRdination - INformation - AIR)

Polluting air emissions inventory project promoted by the European Union (Bouscaren, 1989).

DESULPHURISATION

Petroleum fraction treatment process designed to reduce the sulphur content in end products.

DIESEL

A mixture of hydrocarbons principally obtained from the primary distillation of crude oil.

DISTILLATION

Gradual separation of crude oil components in the distillation column, at the base of which crude oil is injected, via the countercurrent flow of a liquid or steam which are, respectively, enriched with the heaviest or lightest components.

EPA
(Environmental Protection Agency)

United States Agency for the Protection of the Environment.

EUROSTAT

The European Union Statistics Institute is one of the European Commission Directorates-General. It provides reliable official statistical data on member states and their regions, information concerning Switzerland and other countries of the European Economic Space and, for certain sectors, also statistical data regarding the United States and Japan. EUROSTAT does not directly handle the gathering of such statistical data, but receives same from Member States. Statistics are diffused by way of printed and electronic publications.

ENRICO MATTEI FOUNDATION
(Fondazione Enrico Mattei)

International non-profit research institute, set up to carry out innovative research in the field of sustainable development. The institute was recognised by the President of the Italian Republic in 1989.

ENVIRONMENTAL IMPACT

Any positive or negative, total or partial, alteration of the environment as a result of an organisation's activities, products or services.

FREQUENCY INDEX

Combined with the severity index, this is one of the typical indicators of workplace health and safety performance: with respect to a given period of time, it expresses the relationship between the number of accidents and the number of hours worked.

FEE

European Federation of Expert Accountants.

FUEL OIL

Heavy fraction obtained by refining petroleum, used as fuel, more and more often in the low sulphur content quality in order to limit the negative environmental impact in terms of air emissions (mainly SO₂ and particulate).

FULL TIME EQUIVALENTS

Estimate of the number of people dedicated to a specific activity, obtained from the ratio between the total number of hours spent annually on the activity and the number of annual hours worked by one person.

GASOLINE

A mixture of hydrocarbons comprising fractions of various refinery processing units. In ambient temperature and pressure it appears in a liquid state.

HSE AUDIT

A set of activities performed for the purpose of a systematic and objective review and evaluation of the performances achieved in terms of Health, Safety and Environment.

HSE
(Health, Safety, Environment)

Internationally recognised English abbreviation for Health, Safety and Environment.

HSE POLICY

Statement of a firm's intentions and principles in relation to its overall performance as regards matters pertaining to Health, Safety and Environment, which provides a standard of reference for the business and for the definition of objectives and goals in such field.

IGCC
(Integrated Gasification
Combined Cycle)

A plant for producing syngas from refinery residues and subsequent combined cycle generation of electricity and heat.

ISO 14000

Series of international standards setting out principles, requirements and provisions with regard to environmental management.

ISO 9000

Series of international standards setting out principles, requirements and provisions with regard to quality management.

LPG
(Liquified Petroleum Gas)

A mixture of hydrocarbons, mostly butane and propane, which has a gaseous form in ambient temperature and pressure conditions and changes to liquid state if subjected to different temperature and pressure conditions.

MANAGEMENT SYSTEM

The organisation, planning, responsibilities, procedures, operating practices, processes and resources to elaborate, implement, achieve, reassess and maintain active control over all internal and external variables.

NON RECOURSE PROJECT
FINANCING

Financing for a project which does not require guarantees from the shareholders of the company receiving the loan.

NO_x

Nitrogen oxides (in particular NO and NO₂). Gases mainly produced by the photochemical oxidation of nitrogen in the atmosphere and as a secondary reaction in the high-temperature combustion of fossil fuels. Together with sulphur dioxide (SO₂), they are the cause of acid rain.

OHSAS 18000

Series of international standards setting out principles, requirements and provisions with regard to the management of safety issues.

PARTICULATES

Chemical compounds of diverse origin, the particles of which measure between 10-3 µm and a few hundred µm.

RECLAMATION

A set of physical, chemical or biological actions to remediate situations of degradation or remove plants that are no longer in use in order to eliminate or reduce risks to human health and/or the environment.

REFINING

The combination of operations for the conversion of crude oil into derivatives of different quality (mostly LPG, light gasoline, naphtha, kerosene, diesel and residues).

REVAMPING

Interventions on industrial plants to improve or increase the processing capacity.

ROACE

$$\text{Return on average capital employed} = \frac{(\text{EBIT} - \text{notional taxes}) + \text{expenses and income from investments}}{\text{average net invested capital}}$$

ROE

$$\text{Return on equity} = \frac{\text{net profit}}{\text{average shareholders' equity}}$$

SEVERITY INDEX

With respect to a given period of time, it expresses the relationship between the number of days of temporary invalidity associated with the accidents occurred and the number of hours worked.

SO_x

Sulphur oxides (in particular SO₂ and SO₃). Their production is mostly tied to the sulphur content of the fuels used, as well as to the weather conditions in which combustion occurs. They constitute the main cause of acid rain.

SULPHUR

Chemical element contained in crude oil as sulphate compounds. The sulphur recovered from the desulphurisation process is then sold for use by the chemical industry.

TOE
(tons of oil equivalent)

A conventional unit of measure, equal to 10 million kcal, used to express the quantity of any energy source, comparing its calorific power to that of crude oil.

UP (Unione Petrolifera)

Italian association of oil companies.

VOCs
(Volatile Organic Compounds)

These comprise the volatile fraction of the hydrocarbons in fuels and essentially include substances with between 4 and 8 carbon atoms.

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