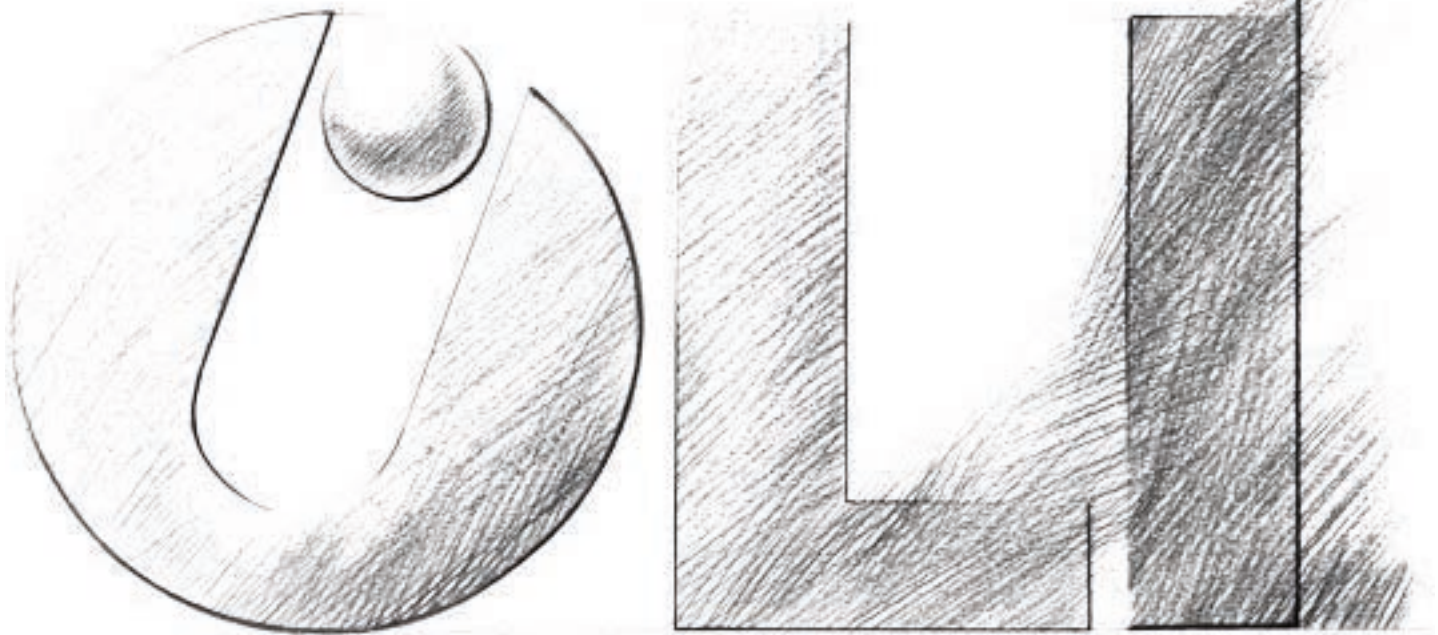


SUSTAINABILITY REPORT 2016-2017





SUSTAINABILITY
REPORT
2016-2017

Silmar Group, OLI and Sustainability	9
Who we are	11
Silmar Group. The interview with Andrea Niboli	11
OLI: between past and present	14
OLI 2017	15
OLI markets	16
OLI governance	18
Products and services	19
Awards	21
Values	22
Management system and certifications	23
Quality laboratories	24
Corporate Social Responsibility for OLI	26
Sustainability as an entrepreneurial vision and ethical commitment	26
Sustainability challenges for OLI	27
Sustainability Management and Corporate Social Responsibility in OLI, Valsir and Marvon	28
Concrete steps for developing a CSR system	30
CSR through concrete actions	31
How the Sustainability Report is born	32
OLI's contribution to the objectives of sustainable development	34
Materiality analysis	36
Environment and energy	38
Introduction	40
Energy efficiency	41
The elements of ISO 50001 and of energy management	43
Energy consumption	44
Electrical Power	45
Production of renewable energy	47
Natural gas	49
Analysis and monitoring systems	51
Emissions	52
Greenhouse gas emissions	52
Waste management	54

People and the local area	59
Introduction	60
Link with the region and continuity of employment	61
Organisational flexibility and new hires	62
OLI's workforce - 2017	64
Continuous communication with employees	66
Training and professional development	68
Employee Welfare and wellness	70
The Questionnaire: Co-construction of the Welfare Portfolio	70
The path	72
Service Portfolio	73
Worker health and safety	77
Occupational diseases and accidents in the workplace	77
Health and safety training	79
Healthy and ergonomic working conditions	80
The local area and social commitment	81
Perception of OLI's interventions on the territory	83
OLI for the new generations	84
Processes and Alliance of Values	91
Introduction	92
Communication with stakeholders	94
Supply chain transparency and traceability	96
Results of the survey	97
Communication with customers	98
Involvement through sharing experience and professionalism	100
Products and sustainability	102
Sustainability through the protection of water resources...	102
...and much more	105
Aesthetics, sustainability and wellbeing	106
GRI references	108
Glossary	119



**“FIGURES ARE IMPORTANT,
BUT VALUES ARE WHAT
MATTER MOST”.**

Silvestro Niboli

Letter to the Stakeholders

Our group has always had a very precise vision: to be a model of sustainable industrial and technical efficiency and to create products that improve the lives of the people who use them and that represent a benchmark on the market.

Every day, we commit ourselves concretely in this direction, having very clear in mind our reference values such as work, passion, tenacity, efficiency and sustainability: values that we want to share with those who work with us and for us, to ensure that our future and that of our children is increasingly focused on the idea of a world on a human scale.

For this reason, too, we considered it particularly important to continue involving the three companies, OLI, Valsir and Marvon, in order to enhance the synergies created through collaboration, to ensure maximum transferability of experiences and to develop maximum sharing.

Pursuing the continuous development of Corporate Social Responsibility is not only an investment in economic resources, but above all means investing in people and in the values that unite them.

We are firmly convinced that a successful business strategy requires a clear integration between financial soundness, responsibility towards the environment and involvement of the people who work with us: the heart of our business.

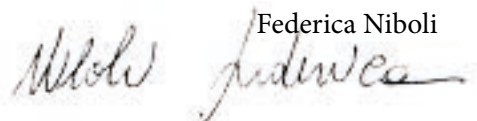
For this reason, it is with great satisfaction that we present the new Sustainability Report, now in its second edition, a testament to our ongoing commitment to Corporate Social Responsibility. In autumn 2017 we celebrated the anniversary of our three companies, OLI, Valsir and Marvon, which are 25, 30 and 50 years old respectively. For the occasion we wanted to first of all bring a special thanks to our father Silvestro, who with his commitment and his values allowed the birth and growth of the company, and to our internal and external collaborators for their daily contribution to our success.

We would also like to thank the group of collaborators who made possible not only the drafting of this Report, but also the growth of Social Responsibility within the corporate culture, through the implementation of a number of dedicated projects: we are moving forward towards an efficient and sustainable world, all together.

The Chairman
Pier Andreino Niboli

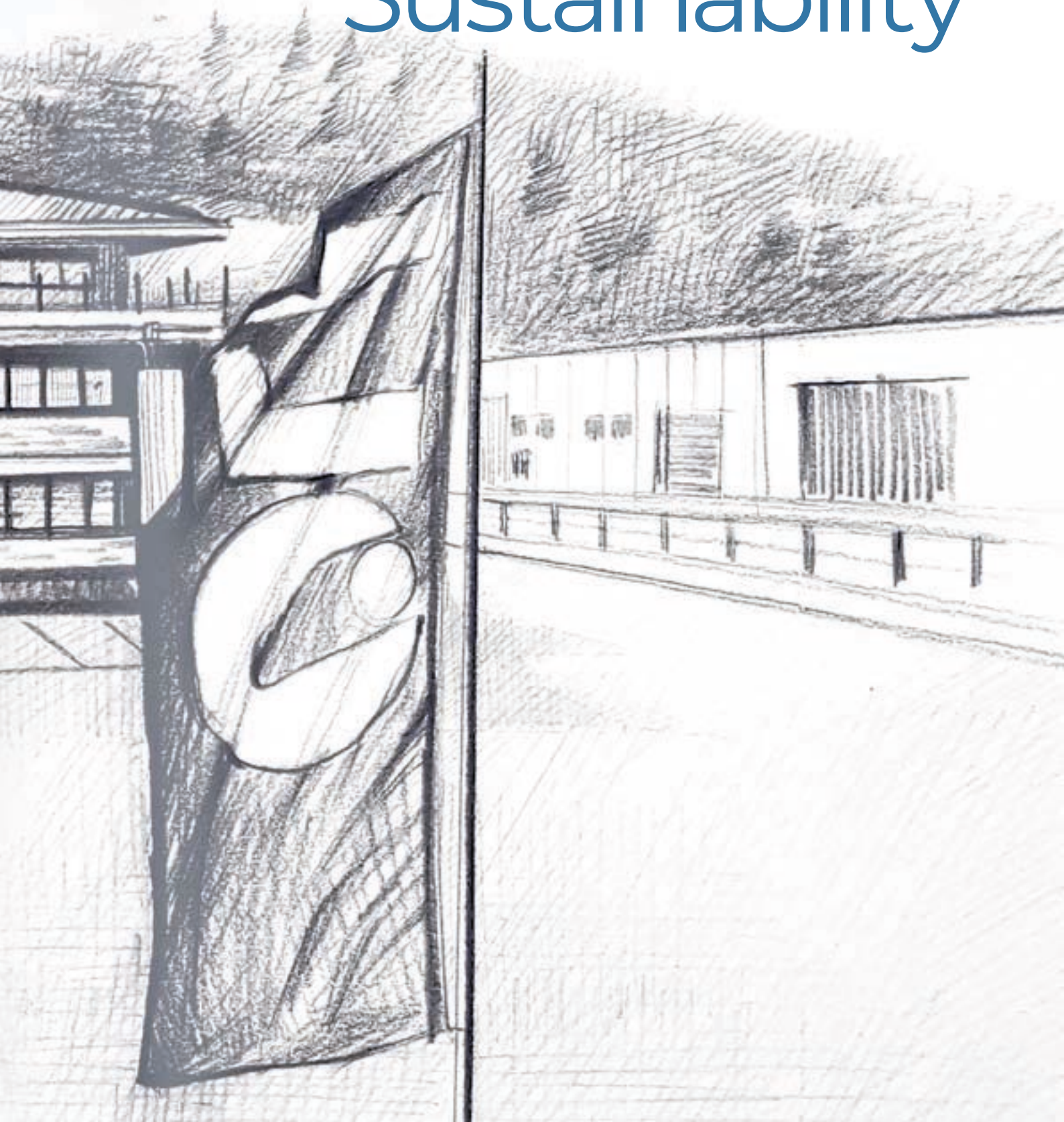


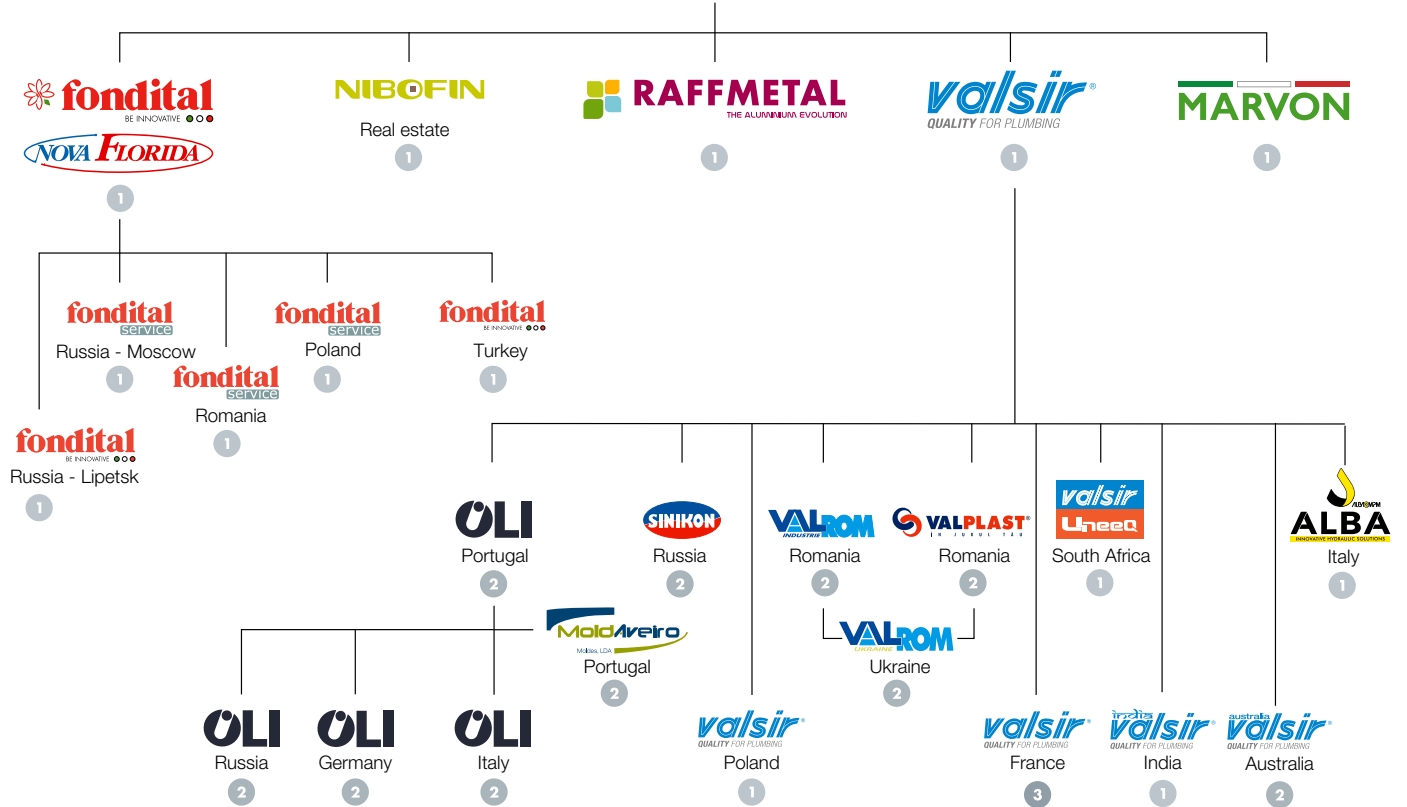
CEO
Federica Niboli





Silmar Group, OLI and Sustainability





- 1 Subsidiary
- 2 Associated company
- 3 Warehouse

Who we are

Silmar Group.

The interview with Andrea Niboli

Silmar Group: what is its origin?

Silmar Group is the evolution of what has so far been the Fondital Group, born in 1970, which has demonstrated how a strategy of diversification of production, the constant search for the highest standards of product quality and a special focus on sustainability issues have been an effective basis for its success in the fields of heating, plumbing, aluminium casting, moulding, galvanic-coating for third parties and office furniture.

What are the Group's distinguishing features?

Among other things, there are certainly our vision and our mission. In fact, our vision is to bring Made in Italy quality and innovation all over the world, allowing everyone to benefit from technological solutions that are easy to use, healthy, environmentally friendly and feature low energy consumption, while our mission is to understand and always meet the needs of our business partners, in order to ensure excellent products and services that can generate a spread and continuous growth.

What are the factors that contribute to the Group's success?

The continuous development of ideas and innovations, the optimisation of production processes and the use of resources through cutting-edge techniques and methodologies ensure lasting success and are a constant source of inspiration and drive for continuous improvement.

Currently the products are sold in more than 100 countries worldwide, while the companies of which Silmar Group is composed are located in 12 different countries (Italy, Russia, Poland, Romania, Turkey, Portugal, France, South Africa, India, Ukraine, Australia and Germany) always maintaining a "Made in Italy heart".

People often say that one of the important success factors for a company are the persons who are part of its system.

What do you think about this?

I've always thought that people are the main success factor of Silmar Group and the figures also confirm this.

The Group's direct collaborators towards whom we feel the responsibility of a continuous and strong involvement are around 3,000, of whom almost 1,700 are in Italy. Attention to the needs and requirements of collaborators, as well as stakeholders such as customers, suppliers, partners and institutions, becomes a great business opportunity and makes it possible to feel and experience sustainability as a heritage and a value shared by all.

Changing the name of a large industrial group is always a delicate and significant event. What are the reasons for this change?

The important name change occurred in 2017 and the new name derives from the union of the names of my father, the founder, Silvestro Niboli and my mother Margherita Ghidini. Thanks to them, not only has an international group of companies come into being, but also our family, made up of them and their children, all seven of whom are currently working within the Group. The change of name and image, not only communicates the generational change in the company, but also wants to be a heartfelt thanks to our parents, who have managed to build a source of prosperity for the area and local communities, always respected and supported towards an improvement in the quality of life.

There was also a big change in the logo.

What symbolism is contained in the new graphic identity?

The Group logo summarises the values of our family.

A central S, for our father Silvestro, from which flows a Margherita (daisy), taken the name of our mum, formed by 7 petals representing their 7 children and a green leaf to represent their past and present collaborators who have contributed to the Group's development. Furthermore, the colour green was chosen to depict our commitment to the environment.

The daisy pictogram will also be used to symbolise the commitment to sustainability of all Group companies that share an increasingly effective strategic vision. It also considers ecological, social and economic aspects in order to contribute to the development of a more sustainable economy to which Silmar Group continues to concretely commit.



A central S, for Silvestro, from which flows a Margherita (daisy), taken the name of his wife



7 petals representing their 7 children



A green leaf that represents collaborators

Silmar Group

2016	2017
Turnover	
823,923,000 €	904,181,000 €
Investments	
55,708,000 €	51,332,000 €
Employees	
2,841	2,978
Plants	
26	27



OLI: between past and present

OLI S.r.l., a company operating in the field of plumbing and heating, is recognised on international markets as a brand of excellence, synonymous with quality and design.

1954

The parent company, Oliveira & Irmão, is established in Aveiro

1993

Oliver International's subsidiary is established in Licciana Nardi (MS), Tuscany, Italy, to meet the demand of the Italian market. It is a warehouse that supplies direct customers, with 4 employees

1994

For logistical reasons, the headquarters was moved to Carpeneda di Vobarno, Brescia. Its structure changed with the addition of a storage area and a production area to sales, administrative, and technical and demonstration offices. The company also decided to develop a service of consulting and technical assistance, which is why the workforce increased with the hiring of highly qualified technicians

2000

Oliver International moved to the new owned headquarters, a larger area more suitable to the needs of a company in rapid expansion. After dedicating attention to the development of its sales network in Italy, Oliver International turned to foreign markets

2012

The company changed the company name from Oliver International to OLI S.r.l. to unify the brand with the parent company

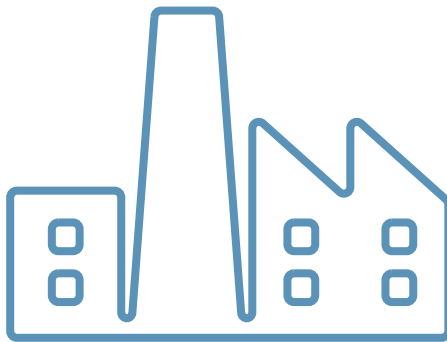
OLI 2017

17,070 m²
total surface area of which
11,130 sq. m covered

38
employees

16,526,807 €
turnover

235,000 €
investments



Opening of
production facilities
in Russia

Opening of
sales office
in Germany

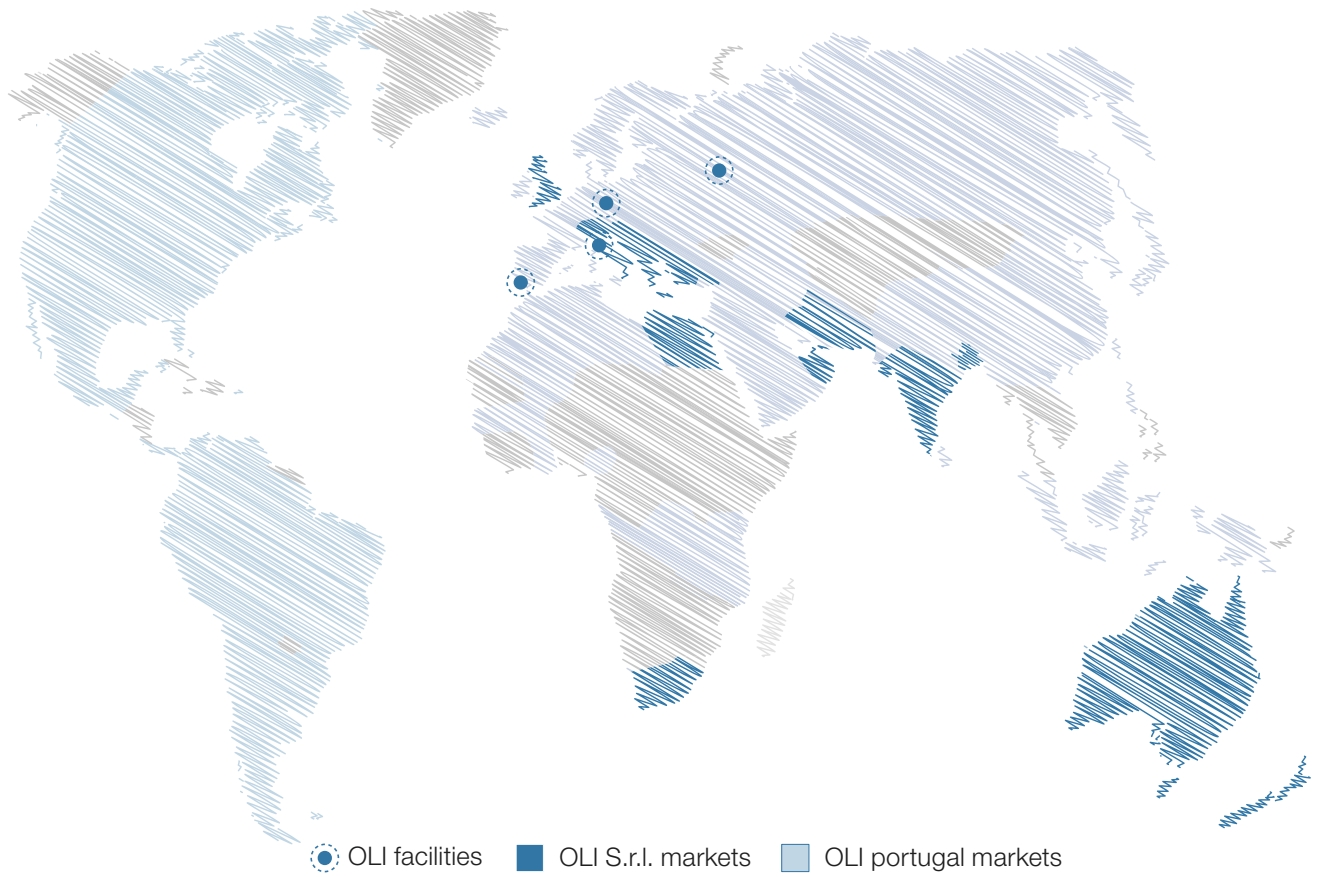
10
product lines and
800
items made in the Casto plant
1,200
items produced by the parent company and marketed by OLI S.r.l.

Market and develop products that stand out for innovation and attention to design.

Research and development to create products ensuring a water saving.

objective

OLI markets



The parent company: OLI-Sistemas Sanitários S.A.

The current OLI-Sistemas Sanitários S.A., established in 1954 in Aveiro under the name of Oliveira & Irmão, officially entered the plumbing and heating market in the 1980s with the inauguration of the first unit dedicated to the design and production of flush cisterns.

The deep growth of which it was protagonist in the following years meant that in 1993 it became part of the current Silmar Group, with which it shares, among other aspects, the great attachment for the values of the family and the company tradition. OLI-Sistemas Sanitários S.A. produces and sells its products in more than 80 countries all over the world and the entire production process takes place in its plants.

The features that characterise the company, now and at the time, are tenacity, the search for excellence, honesty and reliability. And it is precisely these features that have allowed it to reach a position of prestige and credibility in the international market.

thorough analysis

2,000,000

Flush cisterns manufactured
in one year

6,700,000

Internal mechanisms for flush
cisterns manufactured in one year

63,900,000 €

Turnover in 2017

102,200 m²

of which 44,300 sq. m covered



47

patents

157

homologations

482

employees

The figures on the side refer to the 2017 Consolidated Financial Statements.

OLI governance



Products and services

OLI creates and markets products and systems for heating and plumbing and is a reference point for flush systems and cisterns and for mechanisms and components for ceramic cisterns.

The products are manufactured according to the following criteria



Water saving is one of the main requirements according to which OLI products are designed and manufactured. Indeed, attention is focused both on reducing the consumption of water in the flush cisterns and on any micro-leaks resulting from system malfunctions.

Guaranteeing aesthetically-conscious products is one of the principles of OLI and has been implemented over the years through the development of a number of collaborations and projects with architects and designers.



Each product is designed and manufactured to the highest quality standards.

VISION

Our ambition is to be innovative in conceiving products and solutions that integrate functionality, ethics, and aesthetics.

MISSION

Our mission is excellence in realising quality plumbing products that are innovative and ecologically sustainable.



Awards

2014

Construction Innovation Award

Adjustable frame Easy Move System



2015

Construction Innovation Award

Best company in Portugal Plate

Move Hidroboost System "Bathroom, accessories and equipment"



2016

Archiproducts

Trumpet control plate



2017

Green Project Awards

Float IVC 1000 Leaksafe

Good Design
Glassy control plate



Values

Passion



Our region teaches and conveys a passion for work, which gives us the energy and motivation to meet the challenges posed by the market.

Tenacity, dedication and pragmatism are the qualities that distinguish our work ethics and have guaranteed our business continuity over time.



People



Team spirit and opportunities for growth generate a sense of belonging and involvement. Everyone's contribution is important.

Clarity, honesty and transparency are the guidelines upon which our external relations are based.



Innovation



The continuous improvement of our products and processes allows us to promptly respond to the market's demands.

We are continuously investing in waste reduction, energy efficiency, renewable energy, and resource recovery.



Dynamism



Our daily operations require flexibility, speed, versatility, and the ability to use change as an opportunity.

Management system and certifications

The OLI's R&D department activated partnerships with many universities and institutions.

This ensures that OLI products are fully reliable thanks to the exclusive use of excellent raw materials and efficient production processes, achieved through the application of the most modern methods of management, production control and a certified quality system.



ISO 9001:2015

Quality management system to guide processes by increasing the effectiveness and efficiency of products and services towards customers (in place since 2007)

ISO 50001:2011

Energy management system (obtained in early 2018)

thorough analysis

Management systems and certifications of the parent company

Apcer ISO 9001

Quality management system to guide processes by increasing the effectiveness and efficiency of products and services towards customers (in place since 2000)

OHSAS 18001

System for managing health and work safety (in place since 2013)

Apcer ISO 14001

Environmental management system (in place since 2013)

NP4457 (IDI)

System for managing innovation (in place since 2010)

Quality laboratories

In order to maintain excellent quality standards, OLI has been equipped for years with quality laboratories among the most advanced ones in the plumbing and heating market, constantly updated with the latest technologies. Every single component is subjected to tests that are much stricter than those required by the regulations.

More than
50
quality controls

371.35 m²
quality area

157
product homologations

12
staff dedicated to quality

51
machines with which
more than 80 different types
of tests are carried out

Test
Dynamometer
Fourier Transform Infrared Spectroscopy (FT - IR)
Thermogravimetric Analysis (TGA)
Test of the hydraulic characteristics
for flush-mounted/external flush cisterns
Life cycle testing for support structures
Test of the hydraulic characteristics for components

“For us, sustainability means: working, recycling and improving with respect for people and the environment, in order to safeguard our future in the most ethical and efficient manner possible, whilst at the same time generating profit in a sustainable way. We want to be seen as an example of integration between the company, people and local area.

Our aspiration is to also become a leading company on sustainability issues and to be recognised as a point of reference for the industry.”



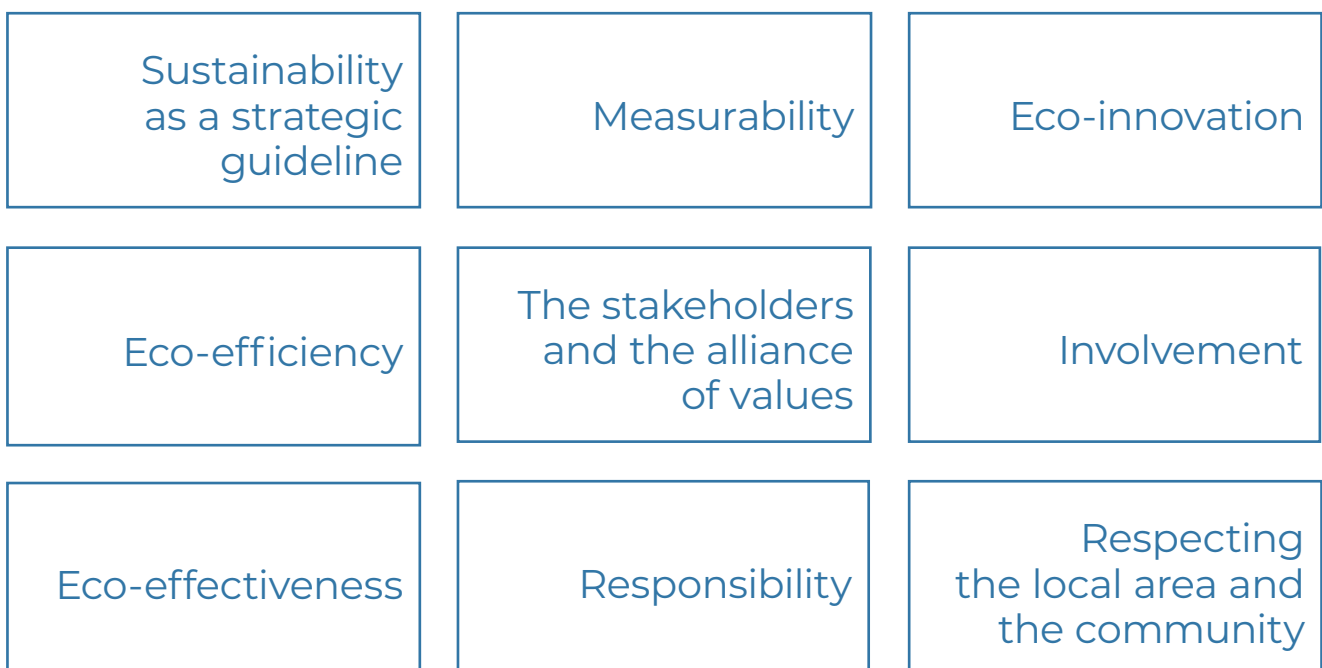
Corporate Social Responsibility for OLI

Sustainability as an entrepreneurial vision and ethical commitment

Corporate Social Responsibility, environmental protection, dialogue with stakeholders who have a relationship with the “business”, in other words the concept of sustainability in the broadest sense possible, has become an urgent need, to support future generations and protect our planet.

OLI, deeply aware of the economic, environmental and social challenges that require special attention, is also aware that this is a business and a strategic opportunity. For this reason, it embarked on an initial process of Corporate Social Responsibility (CSR) in 2015, when it decided, together with the companies Valsir and Marvon, to draw up the first edition of the Sustainability Report.

This process has led to the development of nine principles driving the strategic approach, as identified over the years by the company. These principles have become the cornerstone that guided the steps towards the creation of a Corporate Social Responsibility management system.



Sustainability challenges for OLI

Cooperation



The dialogue with the parent company is very important to study fundamental subjects like the alignment of objectives, mutual expectations, needs and vision of the future, not only with regard to company sales objectives but also to broader subjects like sustainable development, attention to and importance of relationships, and Social Responsibility.

Continuously improving collaboration and cooperation is a key challenge both to achieve and maintain high quality standards and to continue innovating, responding adequately to market demands.

What distinguishes OLI is its meticulous attention to product design.

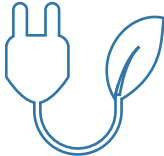
The company invested in this direction, developing an internal design office that collaborates with research institutions and designers, believing that this is the right way to go and that it should be combined with the concepts of eco-design and production circularity.

Efforts will also continue to look for solutions for end users to save water and energy through the installation and use of products.

Design



Energy



A current challenge for OLI is the management and optimisation of all activities that have an impact on the way energy is used and the quantity of resources consumed. Maintaining a systematic technological approach to the continuous improvement of energy performance, constantly reducing emissions and costs is a priority commitment for the company that aims to operate in harmony with the environment in which it is located.

The protection of the environment and natural resources is becoming increasingly important at global level, and the relevant policies consider the following to be of primary importance: the principle of circularity and reintegration of waste as a resource. Furthermore, the production of waste requires careful management, particularly in the industrial sector. For OLI, it is extremely important to achieve high efficiency and absolute effectiveness in the management of the waste cycle for which it is responsible and producer.

Waste management



Promotion of the local area



OLI has always had a close link with the territory and a responsibility towards it. The company is actively involved in many activities in the territory, among which the priority is the creation of alliances with the school world.

Almost all accidents, or near misses, which are statistically more than actual accidents, are crucial for risk assessment and should be considered as valuable risk indicators. Recognising, reporting and managing a near miss requires awareness, responsibility and involvement on the part of the worker.

Prevention



Sustainability Management and Corporate Social Responsibility in OLI, Valsir and Marvon

Areas of relevance:

- Environment and Energy
- People and the Local Area
- Processes and Alliance of Values
 - Worker Health and Safety

In the first two years of development of the CSR process, the starting point was the definition of the objectives to be pursued within the various “areas of relevance”.

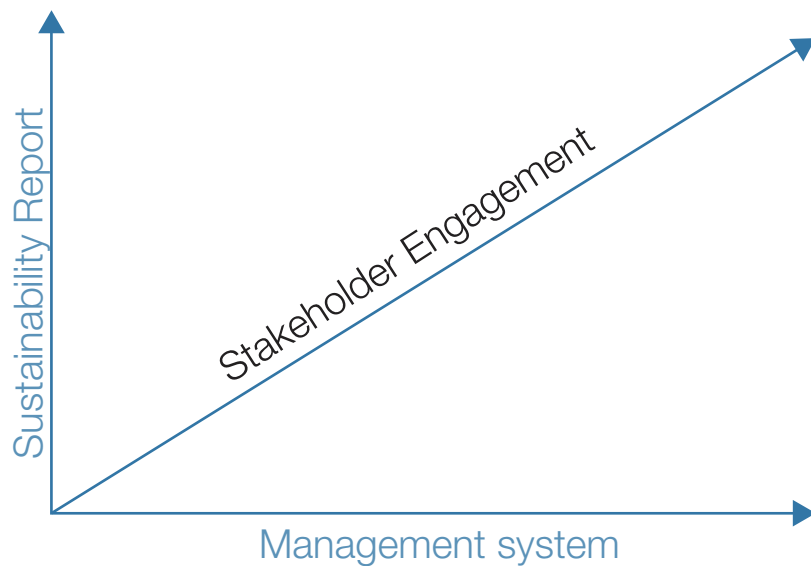
The advantage of formalising these objectives was that we could:

- Specify the results that we intended to achieve with respect to individual Social Responsibility activities that companies had already undertaken but had never formalised in measurable projects.
- Explain and consequently communicate the activities and results that would have been achieved.
- Undertake a path of continuous improvement that involved the most important stakeholders for the company (internal and external stakeholders).

At the end of the process that led to the publication of the first Sustainability Report, all the players involved were able to see that CSR is an unavoidable aspect of their way of doing business, and which consequently requires special attention in order to be integrated into business processes.

The CSR system is implemented in companies along three interconnected development lines:

- Definition of a specific CSR management system
- Preparation of the Sustainability Report
- Projects and actions involving the most important external and internal stakeholders



In time, the first step concerned the drafting of the management system, which made it possible to provide a clear structure for the involvement and responsibilities of all employees who have actively participated in the growth of CSR in companies. The structure of the management system is shown below.

It is a collegial body that involves the representatives of the three companies in a unified overall strategy.

It performs the following functions:

- Supervision of sustainability topics
- Drafting and coordination of company guidelines through CSR tools
- Promotion, supervision and approval of the plan to develop a culture of responsibility
- Drafting of the Sustainability Report
- Stakeholder engagement.

The Ethical Committee meets at least twice a year to carry out the above mentioned functions. Its function is to evaluate the development of the project areas started in the CSR strategy.

Ethical Committee

It is a dedicated function, which carries out the tasks of liaising and coordinating the “CSR development vectors” as well as the individual project lines.

CSR Manager

These four working groups are divided into the following areas:
Energy and the Environment;
Worker health and safety;
People and the Local Area;
Processes and the Alliance of Values.

Working groups

They are involved in the process of promoting the CSR culture in the company in order to involve all employees through periodic departmental meetings.

Directors and department managers

They are directly involved in all company activities, thanks to which important goals can be achieved.

Employees

Concrete steps for developing a CSR system

The path that led to the integrated CSR management system required the definition of several operational steps:

1
Definition
of the strategic
framework

2
Definition of the structure
of the management system,
the persons involved,
the tasks and functions

3
Clarification of specific
objectives and
project guidelines

4
Involving employees
and stakeholders

5
Implementation
of the specific
actions

7
Planning of communication
actions for sharing and
promoting the mutual
commitment

6
Drafting
of the Sustainability
Report

CSR through concrete actions

The development of a dedicated system, the definition of a sustainability system and the involvement of working groups have made it possible to start the following project actions:



Some of these projects already started in the three companies, others have emerged from the definition of the strategic objectives in the different areas of relevance.

The most important innovation, however, is their organisation within a single management system that allows more effective coordination of activities, the creation of synergies between the various projects and communication within a single strategic framework.

How the Sustainability Report is born

The Sustainability Report is considered an important opportunity to reflect and communicate in a transparent manner the sustainability strategies, the challenges encountered during this development process, the activities undertaken and our performance, informing our stakeholders of the successes and highlighting the areas in which we consider necessary to invest even more time, resources and passion.

These financial statements have been prepared and drafted in accordance with the GRI Standards: Core Option of the Global Reporting Initiative.

The information reported refers to the company OLI S.r.l., with registered office in Casto (BS), Italy, for the period from January 2016 to December 2017.

The scope of the business is defined by OLI S.r.l. This is the second edition of the company's Sustainability Report.

This report has been prepared and drafted on the basis of the GRI reporting principles, which have guided OLI in the definition of the contents and the presentation of the information.

In order to define the contents to be presented, we decided to promote a dialogue with all our stakeholders. First of all, we analysed the needs and expectations of our employees and used them as a basis for establishing and making available instruments to gather their actual contribution to the sustainable development of the company. We then involved critical suppliers and key customers in the analysis of some significant issues, allowing us to understand market trends and identify the relevant requests in terms of Corporate Social Responsibility. Furthermore, the interaction with the territory and the creation of common projects are fundamental to try to respond to the needs of the communities. Finally, our active participation in associations and work groups enables us to broaden our vision of sustainability and to tackle key issues that go beyond our company's borders.

Sustainable strategic development is a very intense and demanding process and it is important for OLI to talk about it in the pages of this Report.

BILAN
DI S
20

BILANCIO
DI SOSTENIBILITÀ
2014-2015



OLI's contribution to the objectives of sustainable development

In January 2016, the 17 sustainable development goals (SDGs) contained in Agenda 2030 and defined by more than 150 world leaders at the United Nations summit in New York officially came into force. Over the years leading up to 2030, with direct reference to these universal value goals, States will mobilize their strengths and resources to combat all forms of poverty, combat inequalities and address climate change, ensuring that no country or person is excluded from this global process.

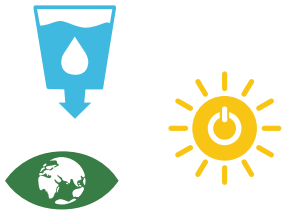


Although SDGs are not legally binding, they call on all citizens, governments, companies and organisations in the world to take specific responsibility and create the appropriate structures to ensure that these goals are not just unattainable ambitions, but can actually materialise. In OLI, these objectives are shared and we are committed to integrating them with our sustainability strategy.

Working hard to obtain an ever greater assumption of responsibility at a social and environmental level, there is the awareness of being able to improve and increase the performance of sustainability in the areas that have been identified as important for the responsible strategic development of the company and that match different topics defined by the United Nations as fundamental for the sustainable development of the planet.

OLI's work contributes to the achievement of UN sustainable development goals (SDGs)

PROTECTION OF ENVIRONMENT AND RESOURCES



SUPPORTING EMPLOYEES



ALLIANCE OF VALUES



EXTERNAL ENTITIES



Materiality analysis

During 2016-2017, the materiality matrix was updated starting from the areas of relevance defined in the CSR path and within which the strategic objectives are developed.

In order to place material issues within the matrix, we identified the influence they have on the decisions and assessment of external stakeholders on the one hand, and their social, environmental and economic importance for the company on the other. The matrix of materiality that follows was then approved by the Ethical Committee.

The topics to be considered as material in the context of the areas of relevance identified have been defined on the basis of analyses, external standards and internal assessments, such as:

The analysis of needs with respect to the offer of a corporate Welfare system.

The ideas gathered through the "Box of opportunities" and department/office meetings.

Topics emerged from personal interviews and focus groups focused on the importance of interaction between the company and the local area.

Results of supply chain analysis and remarks from suppliers concerning the interaction between the company and the local area.

The regulatory framework concerning environmental and health and safety within which the company operates.

The list of topics in the GRI Standards.

The requests and needs highlighted by means of a survey aimed at measuring customer satisfaction regarding the products and services offered.

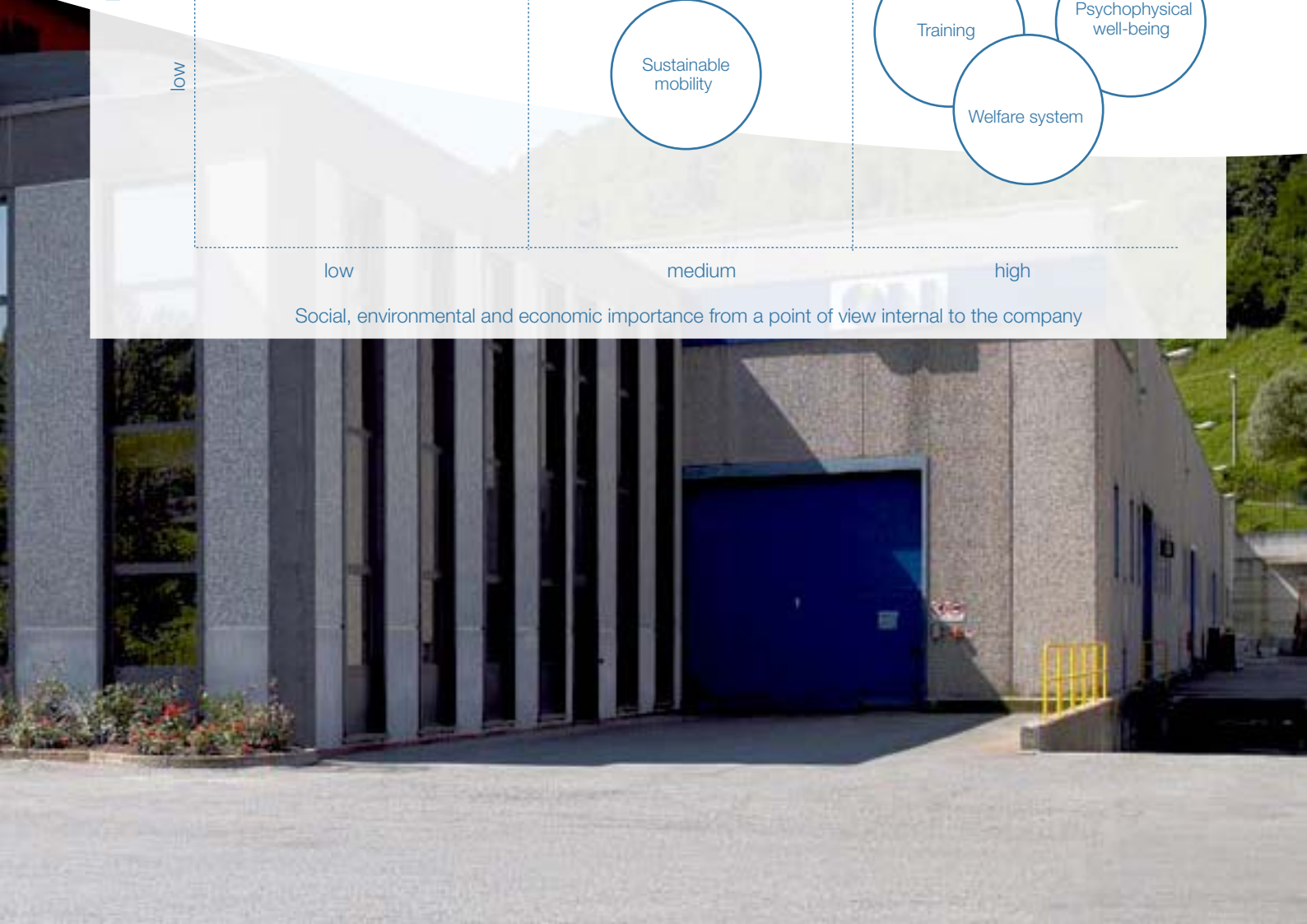
The strategic development work performed by the Ethical Committee and the working teams, which made it possible to identify the areas of critical importance for the success of the Corporate Social Responsibility process undertaken by the company.



Influence on decisions and assessments of external stakeholders



Social, environmental and economic importance from a point of view internal to the company



Environment and energy







Introduction

Developing a sustainable business management for OLI has a dual purpose: on the one hand to protect the environment by reducing dependence on natural resources destined to run out, and on the other to seize new business opportunities, offering the market products that respond to the growing ecological sensitivity of the customer.

The environmental commitment is a constant feature that distinguishes both OLI and the Portuguese parent company (see more details), this translates into concrete and specific actions that include the careful and continuous management of processes and the development of training courses and awareness of joint responsibility of all staff.

The topics identified as relevant and on which the company worked in the two-year period 2016-2017 are:

Improving
energy
efficiency

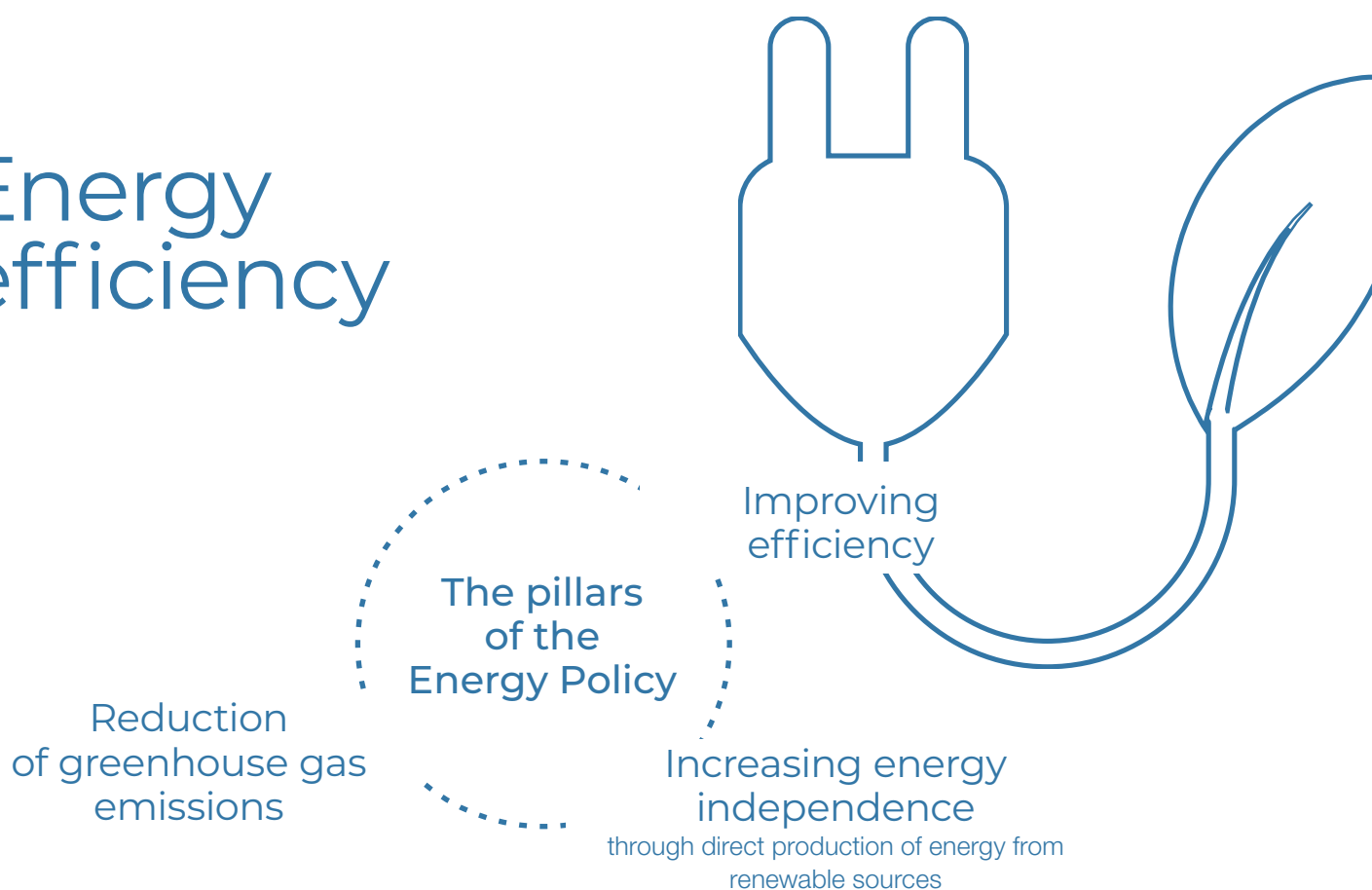
Reduction of
emissions

Correct and careful
management of
waste

During 2017, the company started the implementation phase of an Energy Management System according to the ISO 50001:2011 standard.

This project, from a management point of view, represents a useful approach for demonstrating and keeping track of improvements from year to year, as well as an internal and external communication tool for the company's energy strategy.

Energy efficiency



Improving efficiency, reducing consumption, limiting greenhouse gas emissions and using renewable sources are at the heart of OLI's energy policy.

These closely linked and interdependent aspects are supported by a clear strategy, a plan to monitor the company's significant energy uses and the involvement of the company areas at all levels. The training of the employees, in fact, is aimed at providing them with the necessary tools for an effective management of the company processes and for the implementation of the improvement activities identified thanks to the energy analysis.

The conscious and efficient use of energy, an indispensable resource within business processes, has a positive impact on economic and environmental sustainability.

With this in mind, in 2017 OLI began the process of implementing the Energy Management System according to the UNI CEI EN ISO 50001 standard with the aim of obtaining certification by the end of the first half of 2018.

UNI CEI EN ISO 50001:2011

ISO 50001 is an international standard of a voluntary nature, implemented in Italy by UNI at the end of 2011 under the name UNI CEI EN ISO 50001 “Energy management systems - Requirements with guidance for use”.

This standard provides organisations of all sizes and in all sectors with guidelines for creating, starting up, maintaining and improving an energy management system with the aim of increasing energy efficiency and reducing costs.

The ISO 50001 standard leaves ample room for adaptation to individual companies. It provides for the application of the classic PDCA cycle (Plan-Do-Check-Act) and provides general criteria through which to keep under control and monitor the Energy Performance of the organisation and the various centres of consumption, to identify new opportunities for improvement by implementing those considered sustainable, and finally to measure and verify the results obtained.

Many factors contribute to the improvement of Energy Performance, including: an effective maintenance plan, a high level of system efficiency compared to BAT (Best Available Technologies), the adoption of cost-benefit analysis criteria that take into account the entire life cycle of the systems (LCC, Life Cycle Costing), continuous training of all personnel involved and the dissemination of a culture of sustainability at all levels.

Significant use of energy

The ISO 50001 standard focuses on “significant” energy uses: an energy consumption is considered significant if it represents a substantial share of total consumption and/or if it offers significant potential for improving energy performance.

Communicate, create awareness and involve collaborators to turn them into active promoters of the process of continuous improvement, spreading the “no waste” culture through an information campaign.

The elements of ISO 50001 and of energy management

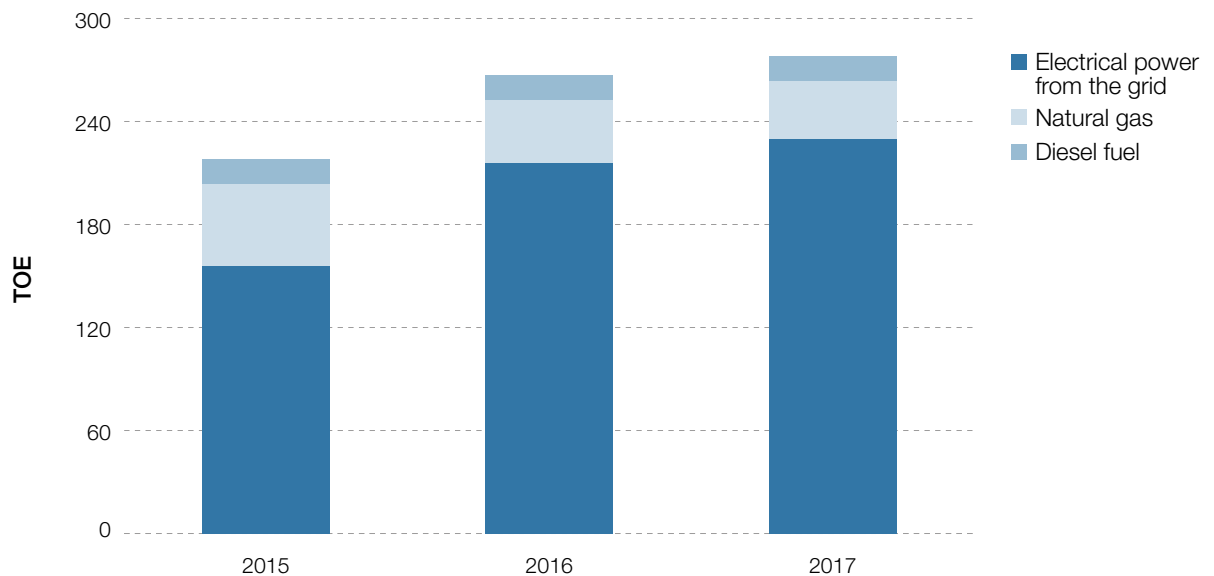


The standard requires the development of a series of tools essential to meet the requirements. Thanks to the Energy Audit (not to be confused with the Energy Diagnosis pursuant to Italian Legislative Decree 102/14) it has been possible to identify the significant energy uses (see details) and define a series of Performance Indicators (EnPIs) through which the degree of achievement of the Objectives and Goals can be continuously measured. The development process of the Management System was an opportunity to involve and make all levels of the company more responsible and to systematically spread OLI's "energy culture".

Energy consumption

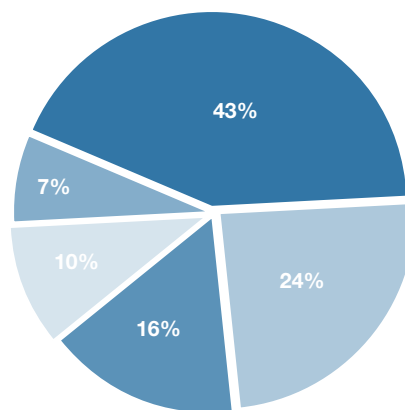
As shown in the following chart, total primary energy consumption expressed in TOE (Ton of Oil Equivalent) increased over the three-year period, but as described in the following paragraphs this increase is strictly related to an increase in the production level of the company.

Consumption of primary energy



Energy mix

- Electrical energy from traditional sources from the grid (43%)
- Electrical energy from renewable sources from the grid (24%)
- Energy produced by the company's own photovoltaic system (16%)
- Natural gas (10%)
- Diesel fuel (7%)



The chart related to the energy mix of the company shows that 40% of the primary energy used comes from renewable sources (internal and external). This percentage is composed of energy directly produced by photovoltaic and self-consumed (16% of our total consumption) and renewable energy taken from the grid (25% of our total consumption).

What are TOE?

TOE stands for Tonne of Oil Equivalent, an energy unit defined as the amount of thermal energy released by the combustion of one tonne of oil. The value of a TOE was conventionally set by the IEA (International Energy Agency) at 41.86 GJ, often rounded to 42 GJ.

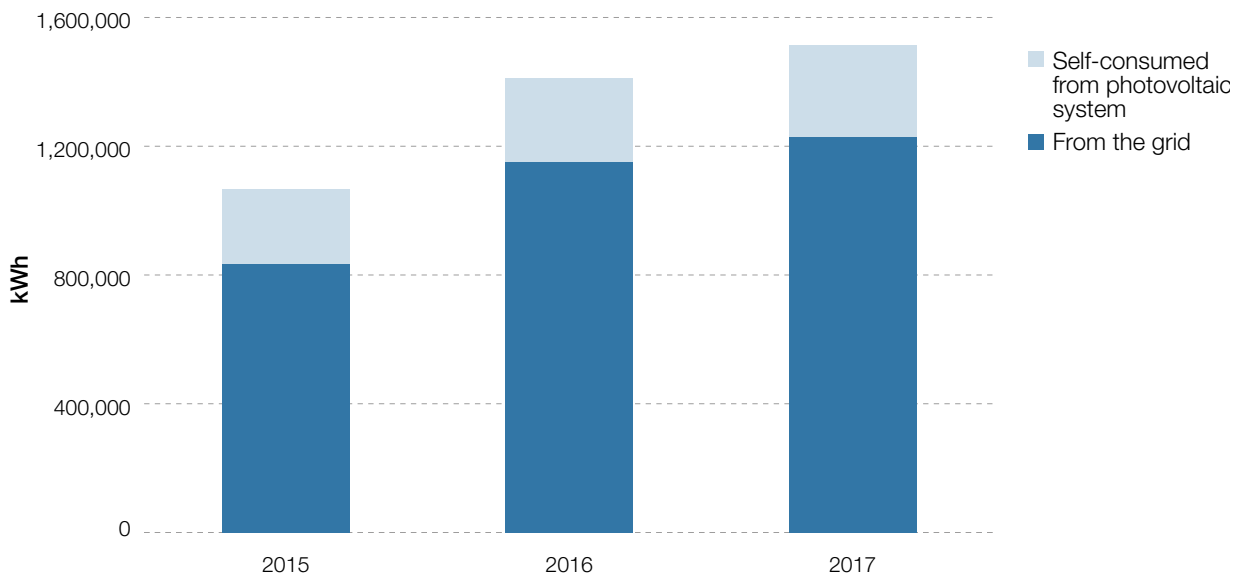
The TOE unit of measurement was introduced in order to facilitate comparison between different energy sources, as well as to make it easier to handle quantities related to large energy values. Multiples such as MTOE (one million TOE) and GTEP (one billion TOE) also apply.

thorough analysis

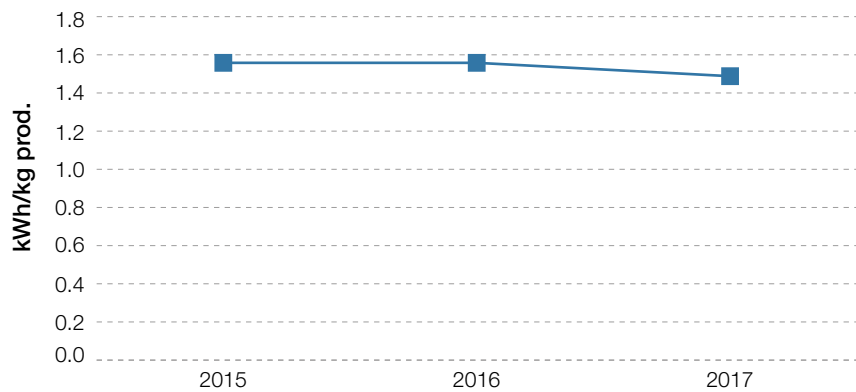
Electrical Power

In OLI, electricity is mainly used for production purposes. The increase in the quantities processed from 2015 to the present is reflected in the need for electricity, even if not directly proportional to it.

Required electrical power



Electrical Power



objective

Reduce the specific consumption of electricity by 3% by 31/12/2019, taking 2017 as the reference year. It is essential to change the base year from 2015 to 2017 because the production process, as currently configured, has undergone significant changes.

In fact, energy intensity, which represents the quantity of electricity required per unit of processed product, shows a significant decrease, thanks to the efficiency measures implemented in 2016-2017.

The consequence is that today, compared to 2015, 4.6% less electricity must be used for every kg of product.

Therefore, the objective, set in the previous edition of the financial statements, of reducing the specific consumption (kWh/kg) of electricity by 3% compared to 2015 by 31/12/2017, has been achieved.

The improvement activities that have contributed to the achievement of the goal are:

Relamping project

Replacement of all traditional technology lighting fixtures with LED lamps has been completed, thereby reducing electricity consumption for lighting by 59%.

Compressed air

Through ultrasound vibration analysis on the compressed air distribution network, 35 leaks of various sizes have been identified and repaired, which have allowed a 10% reduction in the need for air.

Inverter

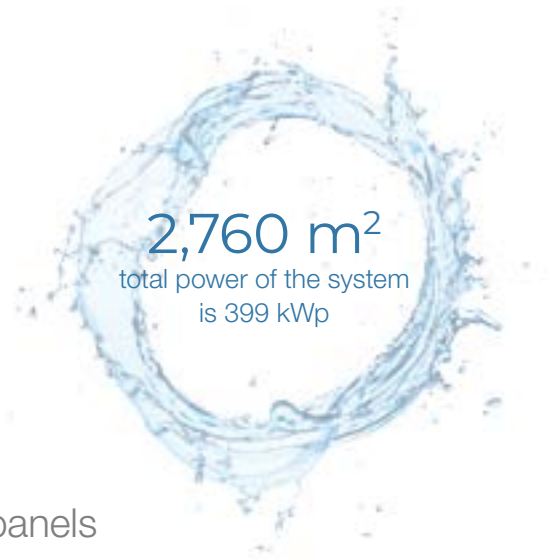
Installation of frequency regulation systems (inverters) on some injection moulding machines to improve their energy efficiency.

Internet of things

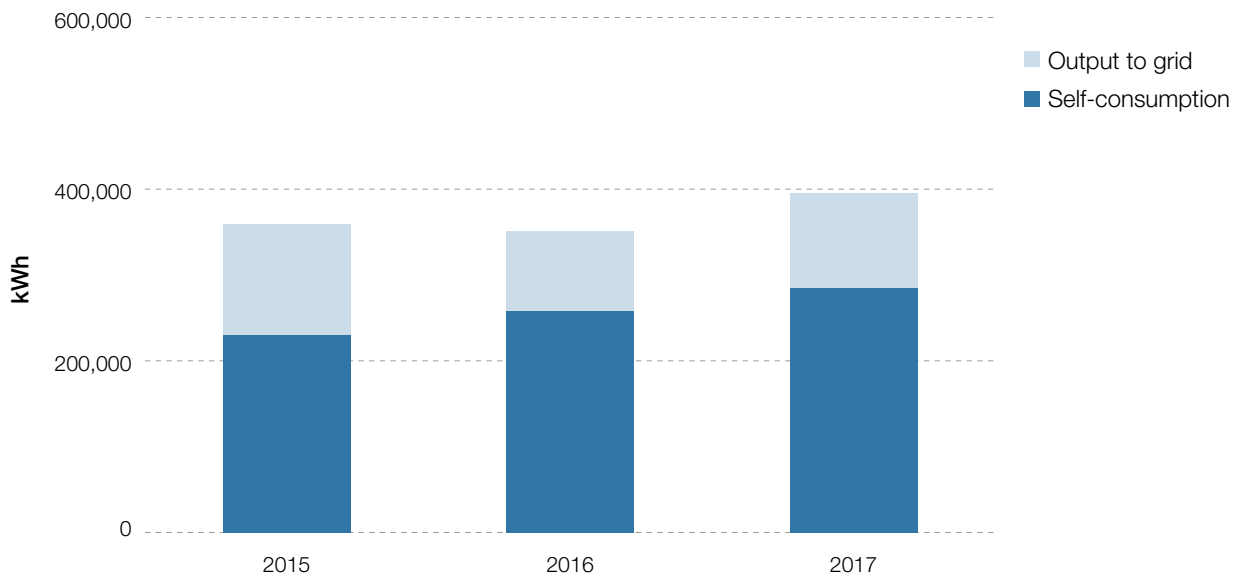
The creation of an IoT infrastructure, associated with an Energy Management system, made it possible to identify new points for improvement and at the same time to preventively identify a series of out-of-control activities that would otherwise have led to waste and inefficiencies.

Production of renewable energy

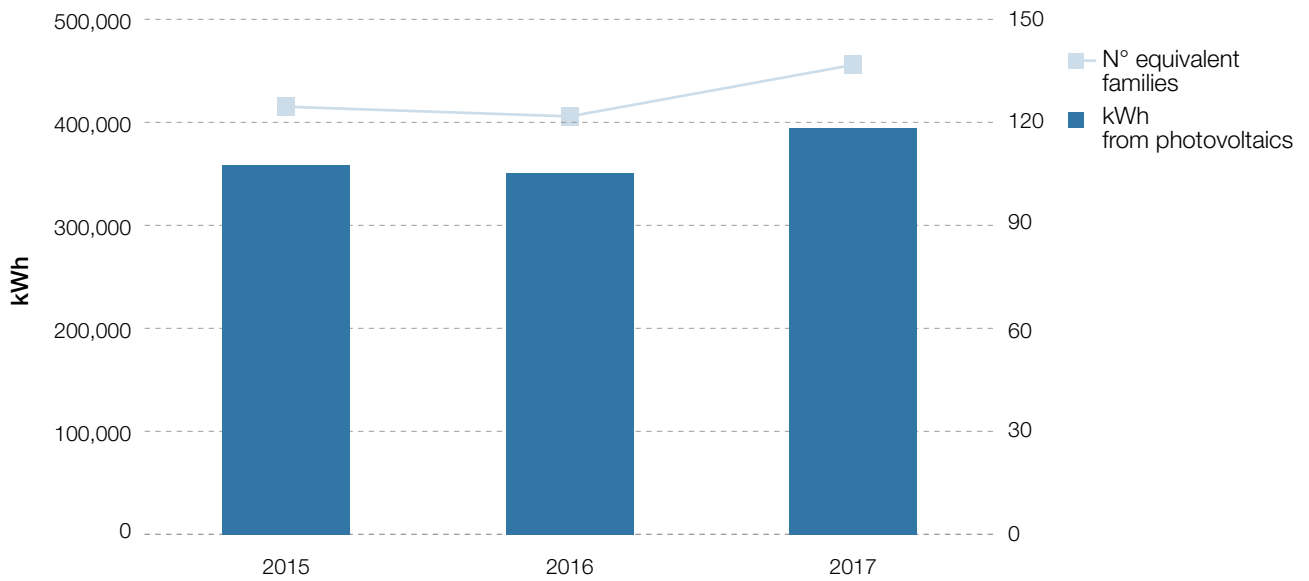
In 2011, the OLI plant underwent a major redevelopment. The existing roof has been replaced with a shed structure, ideal for ensuring that the solar panels are exposed to maximum sunlight.



Electrical energy produced by solar panels



Equivalent Photovoltaic Energy



394,672
kWh

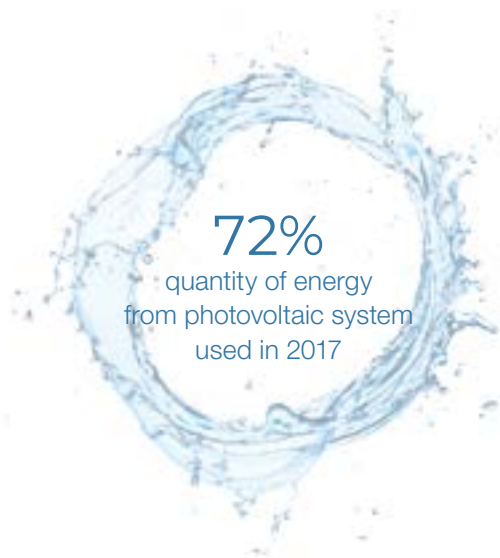
quantity of electricity
produced by the
photovoltaic system
in 2017

=

146
family
no. of households using
the same amount of
energy in one year

=

584
people



Most of the electricity produced by the photovoltaic system is self-consumed and only a residual part is fed into the grid.

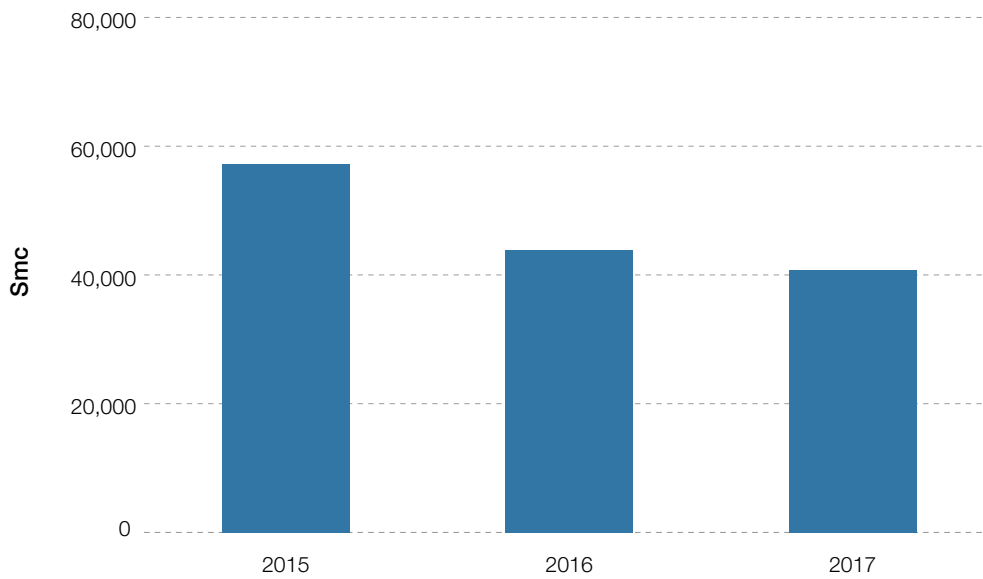
The share of energy from renewable sources in 2017 guaranteed 23.1% of total electricity requirements.

Natural gas

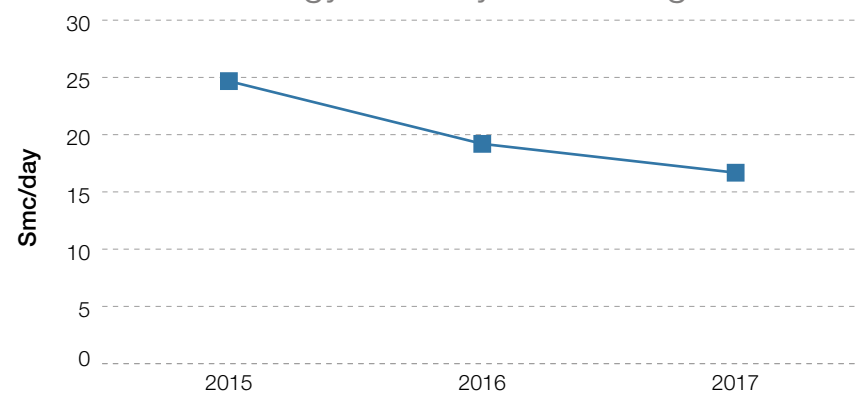
In OLI, natural gas is used solely for heating workplaces (offices and plant) and for the production of domestic hot water. The consumption is influenced by a climatic variable defined as “degree days” (see details), which is directly related to the heat requirement for a given location and influenced by the average external temperatures measured.

As shown in the chart below, the need for natural gas was substantially reduced following the reorganisation of the work areas and the disposal of some heating systems. This trend is in contrast with the more severe climatic conditions of the recent years with regard to the conventional heating period.

Natural gas requirement



Energy intensity - Natural gas



Climate zones, Degree Days and conventional heating period

The Italian territory is conventionally divided into 6 climate zones (from A to E) that have the same climate and for which it is therefore possible to imagine equal or similar conditions. To define the climate zones, the regulation introduces a fictitious unit of measure, the “Degree Day”: the Degree Days of a village is the sum, extended to every day of a conventional annual heating period, of only the positive daily differences between the internal room temperature (conventionally set at 20°C) and the daily average external temperature.

This measure defines how many degrees are required on a daily basis for the heating of interior spaces. In practice, fewer Degree Days indicates the hottest areas with the least need for heating; on the contrary, the colder areas with the higher need for heating will have higher Degree Days. Each municipality is assigned its own climate zone to which a range of Degree Days is allocated and the limits for the operation of heating plants are defined. The municipality of Casto is classified as climate zone E (number of Degree Days greater than 2,100 and not exceeding 3,000).

The conventional heating period established for the activation of the heating systems installed in zone E is from 15 October to 15 April. The maximum daily operating time for heating systems is 14 hours. The set of laws that regulate the operating limits of heating systems (including common domestic boilers) includes: Italian Presidential Decree no. 412/1993 - Italian Presidential Decree no. 74/2013 - Resolution X/3965 of the Lombardy Region.

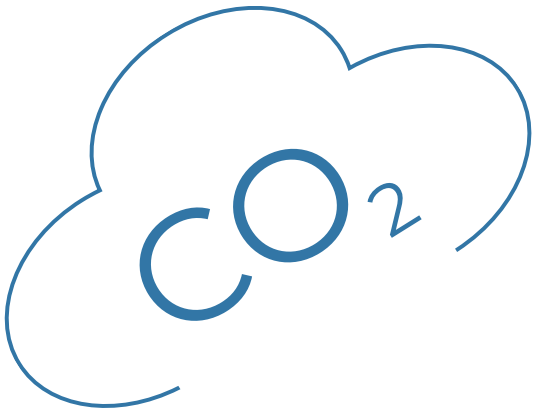
Analysis and monitoring systems

Within the context of the first edition of the Sustainability Report, an ambitious goal was defined: to increase awareness of our own consumption thanks to the installation of a series of meters on systems having a significant energy use, up to 90% of energy requirements. The analysis of the data collected by these measuring instruments when fully operational will be carried out continuously through an Energy Management software so that it will be possible to identify new opportunities for improvement.

To date, this process, which began in 2017, is still in the development phase: the energy layout has been defined, the significant energy uses to be monitored have been identified thanks to the energy audit, the Energy Management software has been implemented and a first series of meters has been installed.

Through a more in-depth and detailed analysis of significant energy uses, it was deemed appropriate to redefine the above-mentioned objective of improving consumer awareness, bringing the target to 70% of energy requirements.





Emissions

Greenhouse gas emissions

In the calculation of greenhouse gas emissions attention was paid to the direct emissions of Scope 1, i.e. those caused by the direct consumption of energy sources such as natural gas and diesel fuel used by company vehicles, and to the indirect emissions of Scope 2, which can be traced back only to the quantity of electricity taken from the grid.

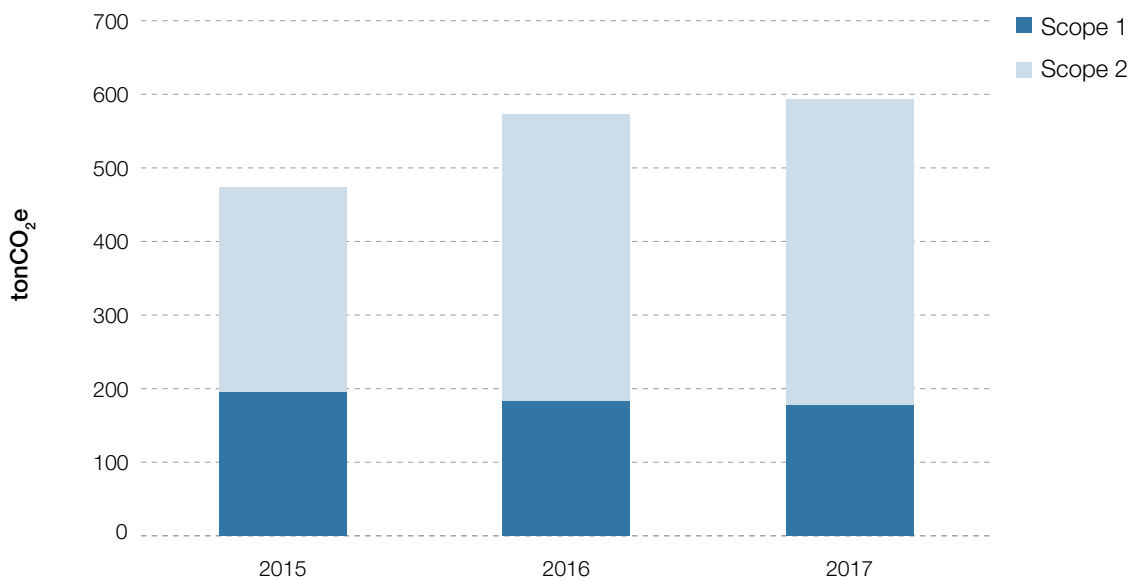
Scope 3 emissions, i.e. indirect emissions caused by flows upstream and downstream of the company's activities, are not covered by this report as they are classified as not relevant in the company's materiality matrix.

Reducing greenhouse gas emissions is directly related to increasing energy efficiency in production processes, introducing energy-efficient technologies and producing energy from renewable sources.

The positive results obtained with regard to the reduction of the specific consumption of electrical energy and natural gas are directly reflected in the emissions of greenhouse gases, thus making it possible to achieve the set result of reducing the intensity of greenhouse gases by 3% (tonCO₂e/tonne) compared to 2015 by 31/12/2017.

The decrease recorded in terms of emission intensity, as shown in the chart below, is 16.1%.

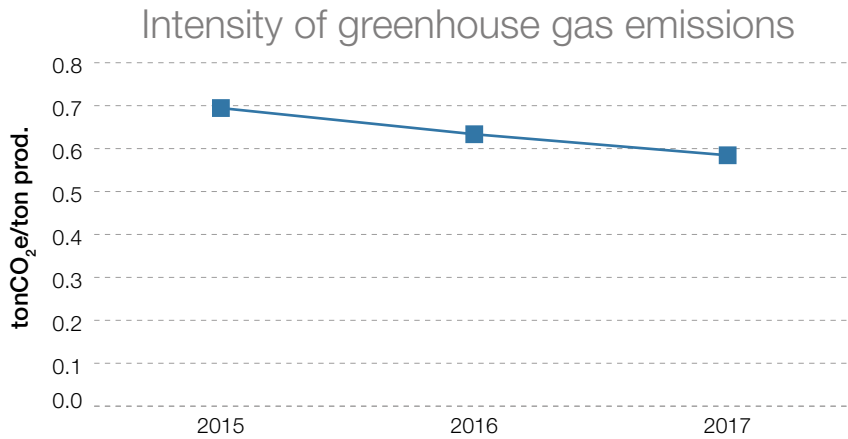
Scope 1 - Scope 2



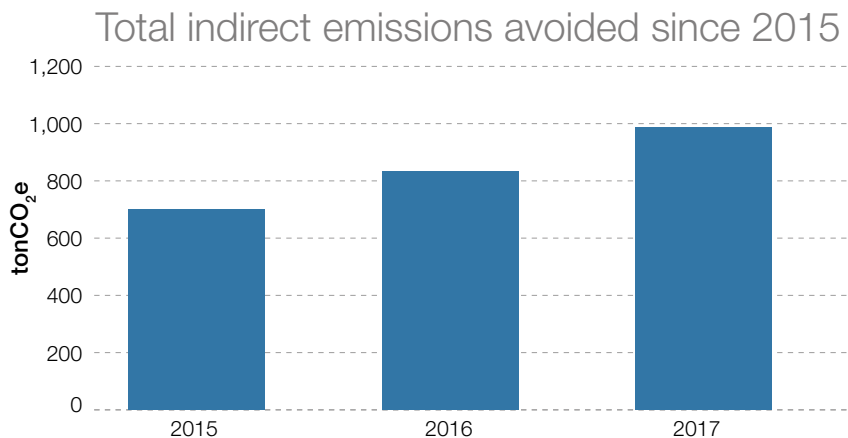
Here, too, it must be stressed that the reduction in the intensity of greenhouse gas emissions (CO₂e/tonne of material processed) should be read taking into account the increase in production (tonnes of material processed) that occurred in the past two years.

As can be seen from the charts below, the decrease in intensity took place against an increase in global emissions (tonCO₂e), caused by increased electricity demand (kWh).

This is the result of the productivity optimisation process and energy efficiency measures that have made it possible to reduce the emissions produced per tonne of processed material.

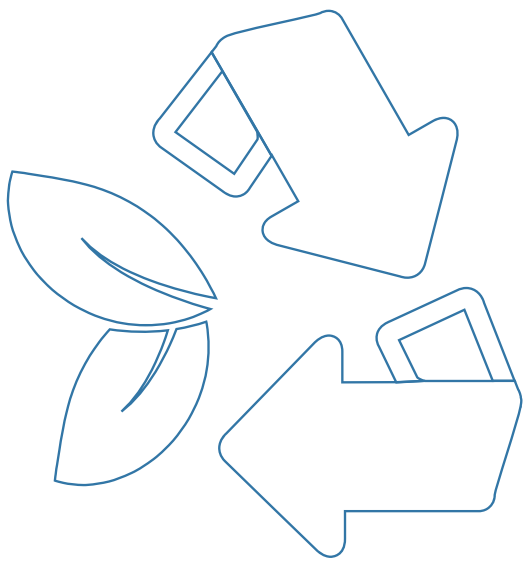


The chart below specifically shows the quantity of indirect emissions of scope 2 avoided from 2015 thanks to the production of the photovoltaic system. The use of energy from renewable sources from the OLI photovoltaic system makes it possible to avoid the withdrawal of electricity from the grid that is typically produced by traditional power plants fuelled mainly by fossil fuels.



Decrease the greenhouse gas emission intensity by 3% by 31/12/2019, taking 2017 as baseline.

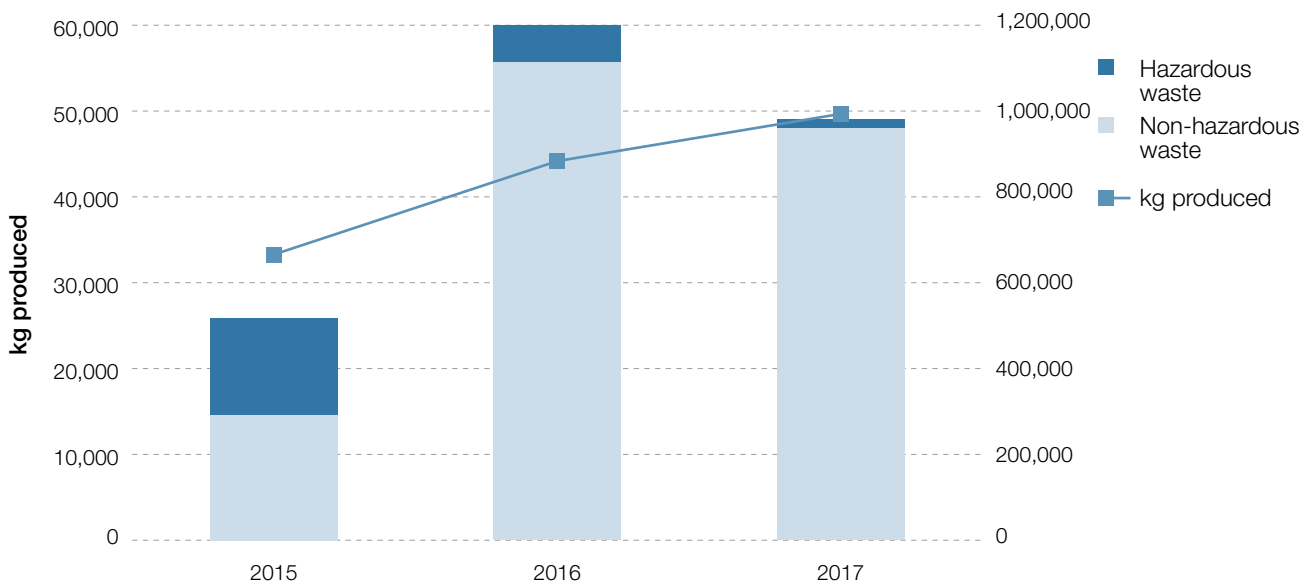
objective



Waste management

Waste management, which increased compared to 2015 following the increase in production, is carried out in special storage areas in compliance with internal procedures and current regulations. The waste produced is mainly used for material recovery within a circular economy perspective: in this way, what no longer has a function for OLI can become raw material for a subsequent life cycle. The production of hazardous waste is minimal compared to the total (7% in 2016 and 2% in 2017) and this derives from the maintenance activities of the equipment present in the production departments.

Waste produced



On the other hand packaging waste accounts for 48% of non-hazardous waste.

The following chart shows the breakdown of packaging into the fractions into which it is separated in order to facilitate its subsequent recycling.

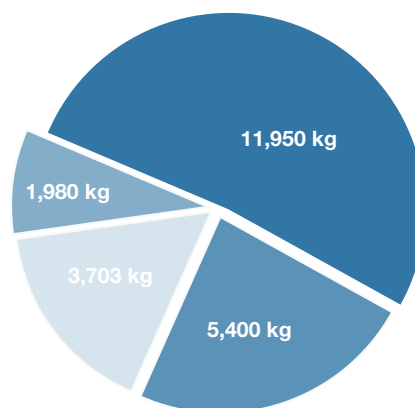
Packaging waste

Paper and cardboard (11,950 kg)

Plastic packaging (5,400 kg)

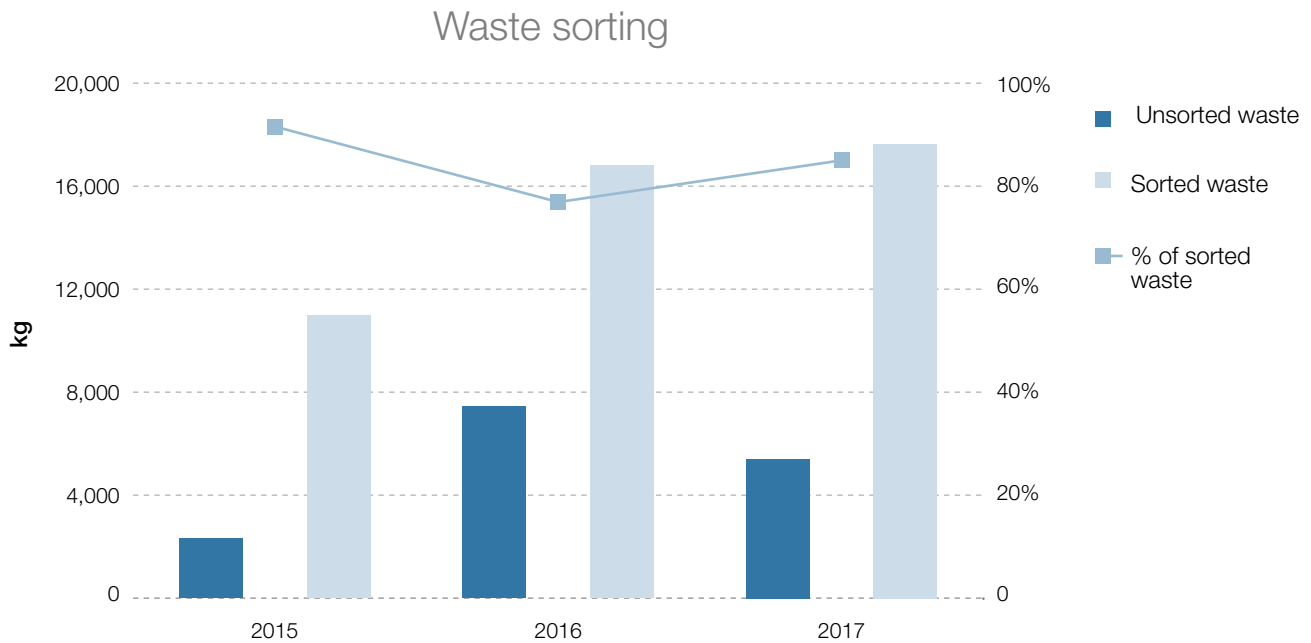
Mixed packaging (3,703 kg)

Wood (1,980 kg)



Transport and disposal activities are entrusted to specialised companies, in full compliance with the regulations applicable to waste.

OLI's focus on environmental protection and the responsible use of resources is reflected in its employees' awareness of the correct management and disposal of waste, the minimisation of waste and the reduction of waste deriving from its activities.



In the previous edition of the report, the goal was increasing the percentage of separate waste by 5 percentage points compared to 2015 by 31/12/2017. This goal was not achieved also in consideration of the fact that the levels of waste sorting, already excellent, left little room for improvement. The sorted waste value in 2017 was 76.6%.

For this reason, we have begun to think about how to improve effectiveness, i.e. how to avoid bringing into the company any components that cannot be sorted or recycled in the final phase of their life cycle.

Another fundamental point on which we continue to work is the awareness and training of employees to ensure proper management and sorting of waste produced in the company.

The parent company's commitment to environmental protection

The parent company, OLI-Sistemas Sanitários, identified five environmentally critical areas for which it has implemented a performance monitoring and reporting system and defined targets.

These areas are:

- Consumption of raw materials: in 2016, the quantity of raw materials used for product packaging decreased, both in terms of consumption of plastic packaging, which decreased by 43% compared to the previous year, and in terms of consumption of cardboard packaging, which decreased by 17%. The result was obtained thanks to a packaging standardisation process and the reorganisation of packaging standards.
- Fuel consumption: in 2016 the fuel consumption of the internal fleet decreased, despite the fact that the total number of vehicles owned by the company increased by 4 units. This improvement is the result of the continuous optimisation of the commercial routes and loading methods of the vehicles used for the transport of goods, as well as the continuous monitoring of consumption, which makes it possible to identify and correct inefficiencies.
- Water consumption: specific water consumption increased in 2016, calculated by comparing the total cu. m of water withdrawn with the quantity of finished products. This was mainly caused by the increase in the quantities of water used in the life cycle testing laboratories.
- Waste management: the creation of dedicated areas for the collection and sorting of waste led on the one hand to a reduction in the quantities generated and on the other to an increase in the rates of reuse and recovery, always ensuring the right destination
- Waste management: the creation of dedicated areas for the collection and sorting of waste led on the one hand to a reduction in the quantities generated and on the other to an increase in the rates of reuse and recovery, always ensuring the right destination

A cornerstone of the company's sustainability strategy is the creation of water-efficient products that allow the end user to use less water to operate them. The company is convinced that facilitating a change in the water consumption habits of the world's population is a huge step towards sustainable management of resources.

LI





A pencil sketch of a hand holding a pencil, with the pencil tip pointing towards the text. The background is a textured, light-colored surface.

People and the local area

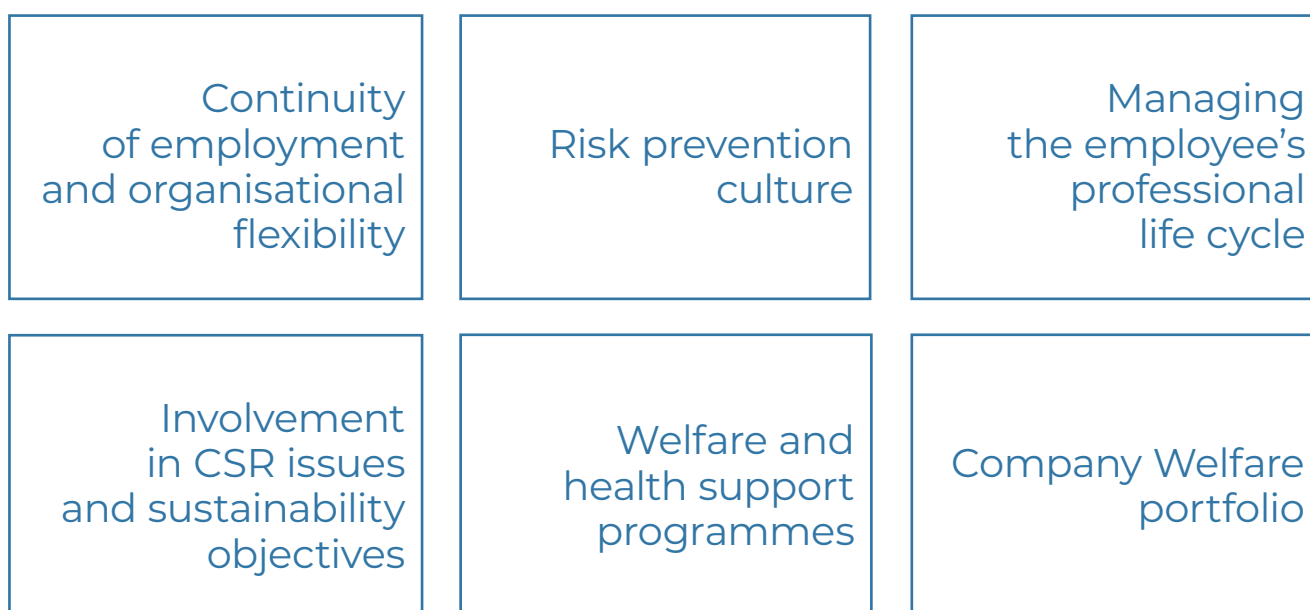
Introduction

"We believe that the people who work with us are the beating heart of the company and we would like to thank them for that."

These words, expressed by the General Management, highlight the special attention paid to all collaborators, an integral part of the approach to CSR. They are valued by the company as interlocutors with whom to hold a dialogue in order to bring out the expectations, objectives and needs of both parties.

For this reason, the three companies, OLI, Valsir and Marvon, preferred to promote a unique and well-integrated vision of people development within the three companies. This vision translates both into a unified system for the management of Human Resources and into working groups, as part of Corporate Social Responsibility projects, made up of members of the three companies. The CSR project has been developed with the direct participation of the management of the three companies: the CSR management system and all its operating groups in fact involve members of OLI, Valsir and Marvon. With particular reference to people, two unified working groups were also set up, the first dedicated to People and the local area, and the second to the Health and Safety of Workers.

These two inter-company teams work with the Human Resources department to develop dedicated projects, with particular focus on the following areas:



To promote these goals, the working groups meet periodically to verify the progress of the various projects and discuss with the Ethical Committee to plan further improvement actions.

This new approach aims to integrate CSR, the Quality Management System and the Health and Safety Management System into Human Resources Management from a single perspective. This is an ambitious and new approach which requires careful regulation and appropriate allocation of resources, time and effort to ensure that it is working properly.

Link with the region and continuity of employment

The goal to guarantee maximum employment to all employees through flexible organisational strategies, without resorting to the use of social safety nets, is one of the key features of company culture.

As the facts show, in recent years the three companies have become a benchmark in the territory for employment opportunities and job continuity.

As in the previous two-year period, also in 2016-2017 OLI, Valsir and Marvon increased their headcount, continuing the hiring policy already in place, showing an employment trend that is in positive “contrast” with the average for the local and national territory.

62.2%*

employment rate in the province of Brescia in 2015 with a decrease compared to previous year equal to 0.5%

56.3%*

Italian employment rate in 2015

To guarantee continuity of employment for collaborators through organisational flexibility and maintain its role as an employment resource in the local region through differentiation of the business strategies.

objective

Lake Idro - Idro, Brescia (Italy)



* 2016 Report prepared by AIB (Associazione Industriale Bresciana)

Organisational flexibility and new hires

The flexibility of the staff is guaranteed in order to meet both internal operational requirements and the need to ensure maximum continuity of employment.

Where possible, staff shall also be moved to similar roles and responsibilities in order to make the process as straightforward as possible.

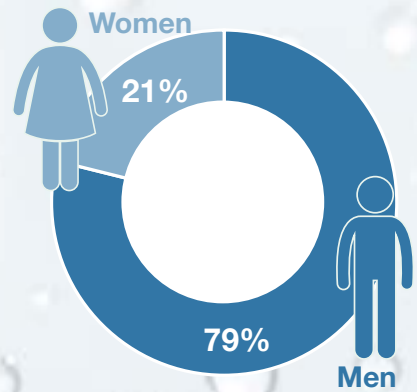
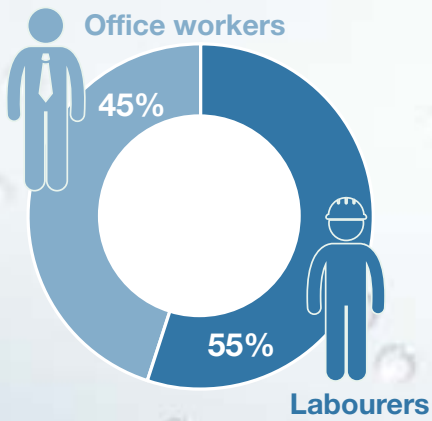
These strategies made it possible to better manage internal flexibility, guarantee consistency between operational requirements and work continuity and represent a virtuous and concrete example of dialogue between the collaborator and the company.

Thanks to the development of new divisions, investments and the expansion of the markets and the range of products, new employees were needed.

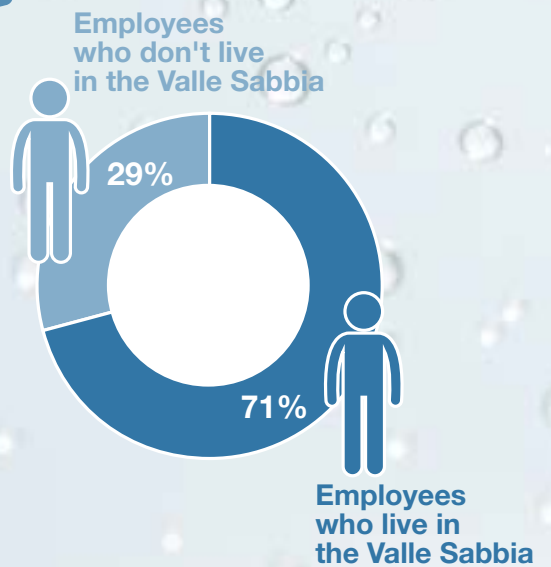
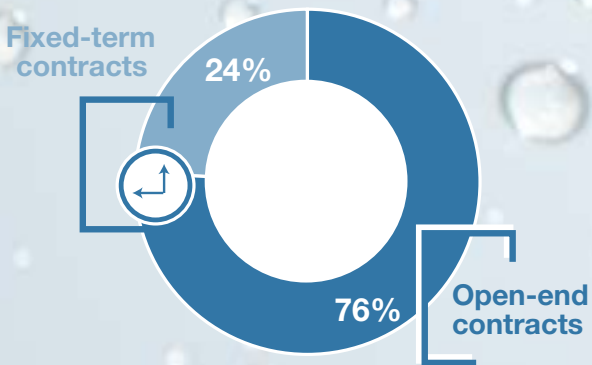




OLI's workforce - 2017

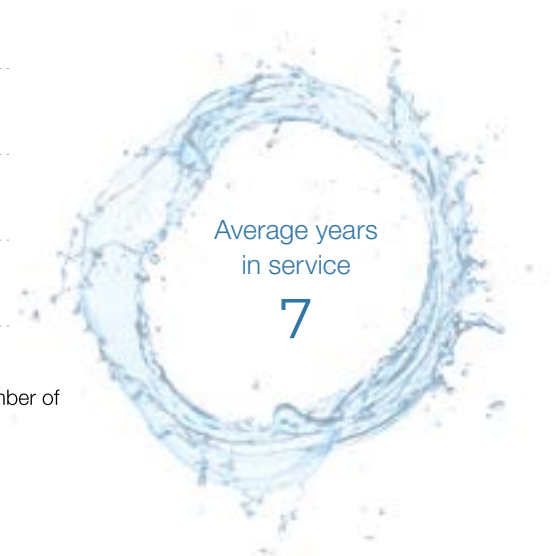
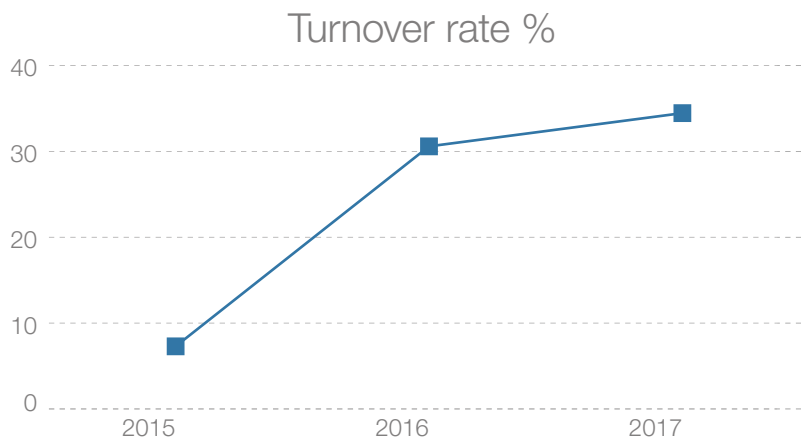


38
employees
in 2017



New hires for 2017

Age	16-20	1
	20-40	4
	40-60	2
Gender	Men	7
	Women	-
Origin	Italy	6
	Abroad	1
Live in the Valle Sabbia	Who live	5
	Who don't live	2



* The turnover rate is calculated by adding the number of incoming staff to the overall number of outgoing staff, then dividing by the average workforce for the period in question, and multiplying by 100.

Continuous communication with employees

For OLI, Valsir and Marvon, it is important to promote a culture of Corporate Social Responsibility through the involvement of all employees. In order to facilitate the achievement of this objective, three interconnected project actions were launched:

Inform

Sustainability Tips

To respond to employees' requests to be informed about initiatives concerning the company, we created the Sustainability Tips.

They are panels that provide monthly information on sustainability, ideas for improvements, personnel updates, new product communications, new certifications and references.

The information covers all three companies, so as to develop a widespread and mutual knowledge.

This information reaches all employees as the panels are displayed in all coffee break areas, in both departments and offices.

The success of this initiative is possible through team work involving the following players: Human Resources Manager, Safety and Environment Manager, Energy Manager, CSR Manager, Production Planning Manager and Marketing and Communications Office staff.

In addition, a WhatsApp messaging system has been set up to provide employees with real-time updates on initiatives, events and news for the three companies.

Involve

Departmental meetings

In OLI's strategy, departmental meetings have always been an opportunity for meeting and communicating with staff. The monthly meetings deal with the following topics: departmental performance against targets, quality and continuous improvement, and safety.

In order to spread the culture of sustainability and make it an integral part of the process, an agenda of sustainability issues was set up to be shared with all employees. Therefore, the objective set in the two-year period just ended, relating to holding at least two meetings per year for each department and office today has been largely exceeded: the periodic meetings are held in most cases monthly.

Develop a culture of participation that includes the constant and widespread involvement of collaborators with reference to targets for continuous improvement and sustainability.

Box of opportunities

To top off the two previous actions, an existing project called “Box of Opportunities” was relaunched, with the aim of encouraging continuous improvement among employees. The project envisages the possibility of indicating actions to improve business processes or other specific aspects by means of a special form, to be put in the collection boxes scattered throughout the three companies.

A well-constructed evaluation system allows to select those that will be subsequently applied and to reward the promoter.

Since the relaunch of the initiative (July 2017) the proposed opportunities have been: 58 in Valsir, 13 in OLI and 8 in Marvon, and this is a proof that employees are motivated to contribute to company improvement. This is very important for OLI as it demonstrates the actual involvement and active participation of all employees.



Training and professional development



Hours of training
in 2016

63



Hours of training
in 2017

59

The objective of providing training aimed at the professional development needs of employees, as presented in the first Sustainability Report, has been partially achieved, but the processes for implementing it are not fully operating yet. In view of the full achievement and consolidation of this objective, the new personnel management software is being implemented.

The optimisation of the survey of training needs is part of a broader framework aimed at making the management of staff career plans more efficient, complete and structured. The process of managing career plans, which makes it possible to establish the historical development of the employee over the years, consists of the following elements:

Assessment interview

Structured tool, which provides a space for dialogue between employee and manager, to be held once a year. Various objectives are intended to be achieved through its use: promoting dialogue with employees, identifying training needs based on individual preference and on broader company trends, providing the best answers to training needs, creating over time the history of the career development of the employees. In this way, a standardised and comparable representation of the growth framework of the various employees can be prepared.

Personnel management system

A management tool that performs various functions
(see more details).

This is a structured process that makes use of both the development interview with the employee and the computerised system for data management. To date, the process is still in the implementation stage and the next steps towards achieving the objective consist in fully implementing the system for determining the training requirements.

objective

Manage career plans and the identification of training needs in an increasingly integrated manner.

Personnel Management Software

From 2018, OLI will make a change in the IT management of Human Resources through a specific system, which will allow the traceability of information relating to employees and to historicise all data relating to a person's career, training and personal growth.

This has been made possible through the introduction of a software for personnel management.

The device consists of several sections that have some important advantages:

- Integrated management of a "historical log of the collaborator" for each area covered (security/safety, training, change of position).
- Management and control of all activities related to the career path.
- Computerisation of the entire process from application to termination of employment, also incorporating Health and Safety management.
- Enable centralised management of Human Resources by creating a complete profile of each employee.
- Transmit and archive payrolls and all corporate communications. This will have two important advantages: the first is to respect the environment by avoiding printing large quantities of paper, the second is to ensure that employees are in possession of the real-time history of all communications.

thorough analysis

Employee Welfare and wellness

In recent years, the three companies have made available dedicated corporate Welfare services to their employees.

Corporate Welfare is a portfolio of services that a company voluntarily chooses to make available to its employees to support their quality of life. From this point of view, OLI has been providing Welfare services for many years, strongly convinced that the company's successes also depend on the wellbeing and quality of the relationships that people experience at work. For this reason, it was decided to organise all the services that the company is already providing, integrating them into a specific and well-structured Portfolio.

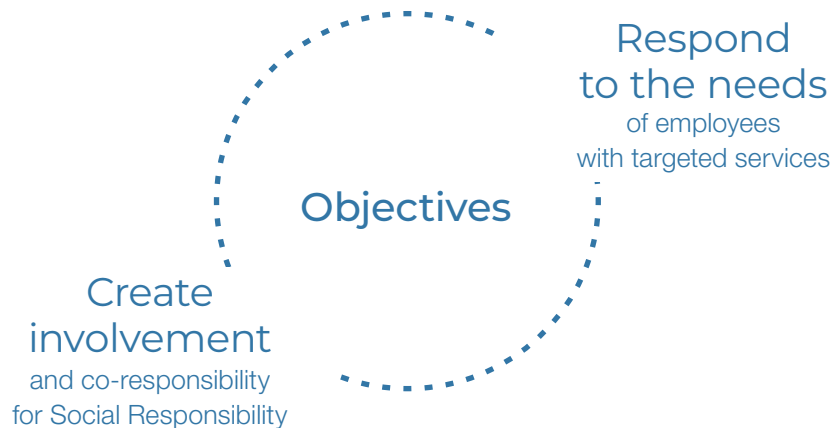
The Questionnaire: Co-construction of the Welfare Portfolio



36
questionnaires were
handed out
100%
questionnaires
were returned

To ensure that this Portfolio would meet people's real needs, it was essential to involve all staff, asking them to express their personal comments on the services already active and on a series of new proposals, leaving room for comments and new ideas.

The questionnaire was presented at departmental meetings and delivered to all employees, with an encouraging take rate.



An aspect that is proof of the growth of the culture of internal responsibility also emerges from the responses that employees have provided to the services offered: many employees consider them very useful even if they cannot use them directly (for example, the use of the kindergarten bonus for mothers, considered valid by a very high percentage of employees despite the fact that it can only be used by mothers with young children). This is an indication of a mature corporate culture focused on co-responsibility, capable of assessing and supporting the needs of others and not only of one's own desires.

Assessment of the usefulness of services

84% to 99%

The company intends to continue along the path of CSR and improvement of the Welfare services offered to the employees with a view to making them jointly responsible, by periodically reviewing and completing the offer through a joint assessment.

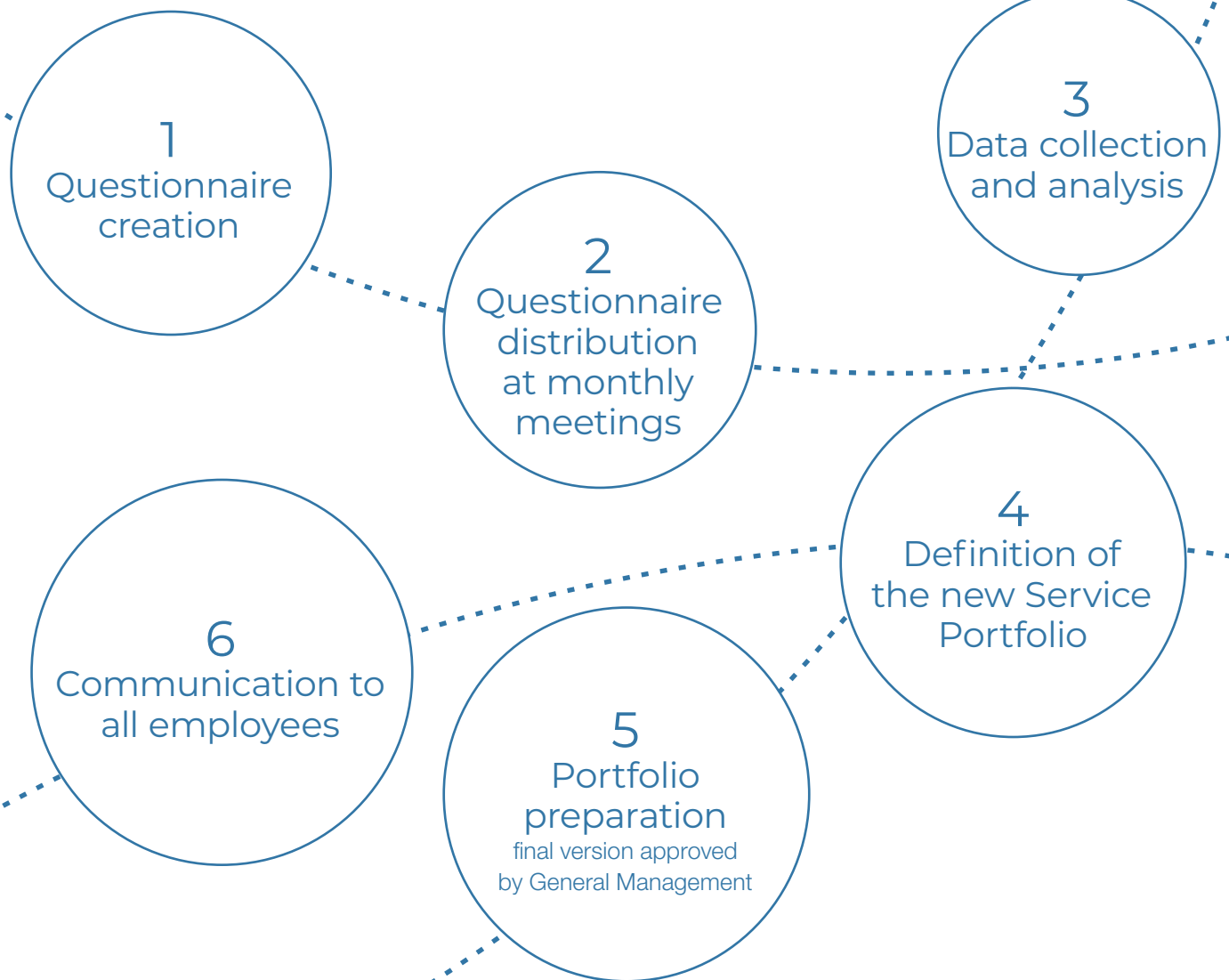
Maintain a company Welfare Service Portfolio that meets the actual needs of employees and is defined in a participatory manner.

objective



The path

The creation of the Welfare Portfolio was made possible thanks to the implementation of the following actions:



Each response received was evaluated by the People and Region working group, which identified which proposals had higher priority. The remaining ideas can be considered at a later stage, depending on the opportunities that may emerge. It is important to note that both the approved improvements and the proposals, which have not been accepted at this stage, have been communicated during the department/office meetings and the reasons for them have been given.

Some ideas received were not considered suitable because they did not relate to Welfare services. Ideas and proposals of this nature can be presented through other tools made available to the employee, including the "Box of Opportunities".

Service Portfolio

The process of investigation, and subsequent assessment of the responses, and the relevant resolution resulted in a Service Portfolio for OLI, Valsir and Marvon. The company Welfare Portfolio consists of:

Tax assistance



The company provides a free tax assistance service for the purpose of completing the tax return.

2016
132 participating collaborators

2017
144 participating collaborators

At OLI there are gym facilities available at set times. These spaces and the related equipment are also available to Valsir and Marvon employees.

Gym



Scholarships



Through a transparent selection process, the criteria of which are indicated in specific guidelines, scholarships are granted to the children of employees who attend school with merit and honours.

2016
11 award-winning students

2017
12 award-winning students



Service to provide mothers with young children with concrete help for nursery and kindergarten expenses, facilitating their return to the company in the months following the birth of the child. The service offered aims at better balancing private and working life. The bonus allows mothers to independently choose for their children the facilities closest to home or more comfortable for their family organisation.



2016
19 participating mothers

2017
19 participating mothers



The restaurant service at the company is accessible at a reduced price.

2016
71,560 meals provided

2017
76,477 meals provided

Among the initiatives to support income, as requested and appreciated by employees in the questionnaire, the issue of fuel vouchers was decided also in 2017, and took place at the beginning of 2018. For the following years, other forms of income support may be considered.



2016
407 vouchers issued

2017
461 vouchers issued



The proposals cover a wide range of skills to support the personal development of staff: foreign languages, IT (Excel), NLP.

Investment of more than
40,000 € in 2017

Workplace Health Promotion: The WHP Project

The WHP (Workplace Health Promotion) project, promoted by the Lombardy Region and the Brescia ATS, aims to encourage organisational changes in the workplace in order to make it a favourable environment for the informed adoption of healthy lifestyles. The project covers six different topics: food and nutrition, combating smoking, physical activity, safety and sustainable mobility, combating addiction, wellbeing and personal-work life balance. The Lombardy Region has prepared a “WHP Manual” which provides companies with good practices for health promotion.

On 15 December, at the AIB headquarters in Brescia, OLI stood out as a “place that promotes health” and was accredited for the second consecutive year.

With regard to the topic related to food and nutrition, many actions have been undertaken. The menu of the company canteen, which is available at Valsir premises but also accessible to OLI employees, has undergone an important transformation through the introduction of healthier and fresher products. In fact, the following were introduced: wholemeal pasta and bread, bread with a reduced salt content (1.7%), a greater selection of vegetables, products for lactose intolerants and a greater selection of pulses, so that even those who do not eat meat shall have the opportunity to receive the right amount of proteins. Another important change was the introduction of a key sheet that further details the dishes and the colour-coding so that employees will have the opportunity to create the perfect combination for their meal.

thorough analysis

2016

identifying the needs
of employees

2017

nutrition and combating addiction

2018

sustainable mobility and
promotion of physical activity



The second topic dealt with in 2017 was that of combating addiction.

The company is aware that, although this could be a tricky matter, it is a real problem of our society and we cannot remain indifferent. For this reason, it is committed to disseminating information and raising the awareness through a communication campaign and through the review of the Company Policy. To complete this process, an evening conference was organised to raise awareness among employees, their families and the community in general. The conference was organised by the Silmar Group companies and saw the collaboration with S.M.I. Gli Acrobati and Giorgia Benusiglio who shared her personal experience. The decision to combine these two realities was that of wanting to integrate a more professional knowledge and a more experiential one with a strong emotional impact. The evening was a great success with almost 300 people taking part.

The company's commitment to this topic will continue, in 2018, through the maintenance of the two topics just described and with the introduction of new ones: that relating to sustainable mobility and the promotion of physical activity.



Worker health and safety

OLI believes that the development of an active prevention culture in the company can help to minimise incidents/accidents and consequently reduce the number of injuries. In 2016-2017, specific actions were implemented to achieve the objectives presented in the previous edition of the Report and will be analysed in the chapter.

Occupational diseases and accidents in the workplace

In 2017, OLI joined the inter-company project promoted together with Valsir and Marvon and set up a working group for the development of a prevention culture in terms of health and safety of workers. The team intends to promote the collection of information regarding the so-called “near misses”, i.e. those episodes that could have turned into accidents but which, due to fortuitous causes, have not become one. The further drive for the creation of this group lies in the fact that in 2016 no useful reports were received (0 near misses reported).

In 2017, as first measure to gather this precious information, the near-miss survey was integrated into the development interviews, which thus became the first valuable monitoring tool.

In particular, in 2017, during the assessment interviews, improvements in handling and safety in the production departments were reported.

These reports give an idea of the specific information that may emerge regarding practical situations in the department and of the collaboration with respect to the resolution of potential risk situations that the interview tool allows us to activate.

Since the launch of the “Box of Opportunities” project (July 2017), two safety improvement actions have also been proposed, which have been accepted by the General Management and have become a valuable contribution to risk prevention.

The working group on near misses considered it appropriate to integrate the collection of proposals on this matter during departmental meetings. The specific objective of making employees more aware of the importance of reporting information aimed at preventing potential risks and accidents becomes part and parcel of the CSR and continuous improvement objectives that departments discuss periodically. The employees can communicate any potential risks by means of a form, which makes it possible both to report situations of potential risk and to propose possible solutions.

Developing a culture of active prevention on the health and safety of workers.

objective

Reach 0 injuries.

The objective for 2016-2017 was to reduce the accident frequency rate by 10% with respect to 2014 (baseline) by 31/12/2017.

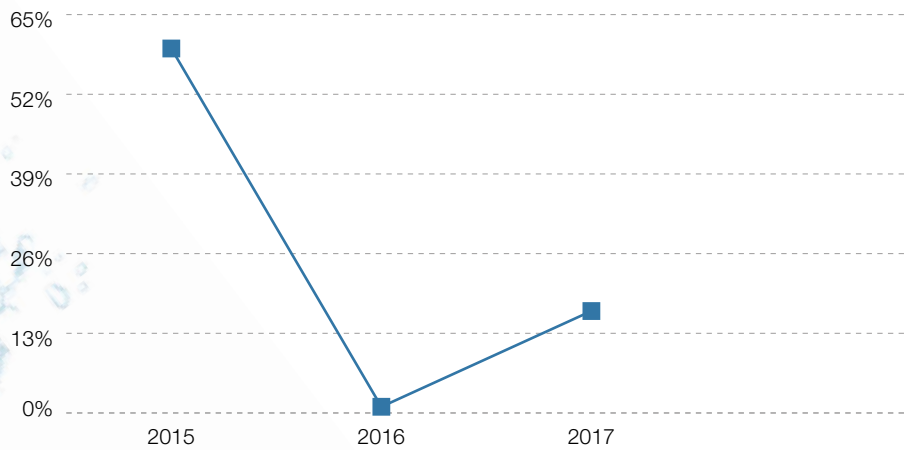
This objective was achieved in 2016, when there were no accidents, while in 2017 an accident occurred in July (manual work), so the frequency rate could not record the wished-for decrease.

Therefore, the objective has been only partially achieved.

However, it must be considered that, since OLI is a relatively small industrial company, with a low number of employees and hours worked, even a single accident can have a significant effect on the trend of the frequency rate, thus preventing the achievement of the expected result.

For this reason, and in line with the development of a prevention culture through the near-miss project, we have the ambitious goal of 0 accidents in 2018-2019, a goal already reached in 2016.

Accident frequency rate



The frequency rate is calculated according to the methods described in the UNI 7249 standard; by multiplying the number of accidents by one million and dividing this by the number of hours worked.

Health and safety training

The objective of increasing the annual number of hours of training dedicated to the health and safety of workers by 5%, taking 2015 as the baseline (80 hours), has been achieved.

The topics dealt with are related to emergency procedures, fire-fighting procedures, first aid courses, suitable behaviour and other mandatory aspects of the regulations.

In 2018-2019, the number of hours per employee will remain stable, based on the average annual training hours per employee achieved in 2017, which corresponds to 3.

It is important to note that the increase in hours in 2017 was also due to the hiring of new professionals.



Maintain, in 2018-2019, the same number of hours of safety training per employee (including refresher courses and compulsory training) as in 2017, equal to 3.

objective

Healthy and ergonomic working conditions

objective

Further improve the health conditions within the company by adapting at least one workstation per year.

The objective of adopting measures aimed at improving the ergonomic conditions of workstations, such as adopting automated handling systems and implementing aids for shifting loads has been achieved thanks to automation of the moulding line with installation of robots on almost all systems.

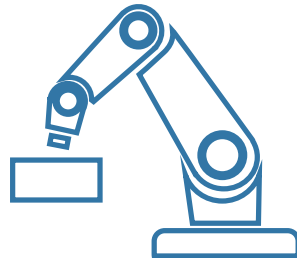
In addition, an automatic system has been designed for the assembly of swivel elbows produced in continuous duty. Other initiatives were promoted as well: the installation of an exhauster system in the moulding department (it was installed on a press) and the purchase of a third forklift for the warehouse.

A structure with tarpaulin (tunnel) is being built in the warehouse to connect the side door with the loading bay.

This guarantees operators protection from water and cold weather during loading operations. This action was defined in 2017 and implemented in 2018 and came up from an idea for improvement.

In the field of prevention, the ergonomic optimisation of workstations and workspaces is a particularly important aspect for OLI, which is why the company invested a lot of resources and ideas in this direction and will continue to do so in the future.

Automatic system for the assembly of swivel elbows produced in continuous duty



Installation of an exhauster system in the moulding department

Forklift for the warehouse

The local area and social commitment

OLI, Valsir and Marvon intend to consolidate their commitment as an employment resource in Valle Sabbia, both in the present and in the future for the new generations.

A prerequisite for this is an understanding of their needs. For this reason, in 2017, in collaboration with the Università Cattolica del Sacro Cuore of Milan, the companies undertook a territorial survey with the dual objective of gaining a deeper understanding of the needs and verifying the perception that citizens have of the impact and contribution that the three companies offer the territory, in order to be able to further improve the support actions for the Valle Sabbia.

The survey was carried out with the help of interviews and focus groups and involved local institutions, associations and public bodies as well as private citizens aged between 18 and 75.

Some significant topics emerge from the interviews, which we present below.

Sustainability

Sustainability and Social Responsibility issues of the company are well understood by institutions and private citizens who are involved in business activities, while the general public is relatively unfamiliar with them.

Sense of belonging

It emerges as a “common destiny”, where principles such as work, savings, acceptance of risk have allowed the development of industrial districts in an area otherwise lacking resources.

Values

They emerge in a clear, pervasive and transversal way: attachment to work, connection with the territory and its traditions, value of the family.

There is also a strong need to recreate a collective identity, to regenerate a social fabric that provides a new stimulus for the local territory. This drive for improvement generates a strong link between the needs that have emerged and the solutions identified by the interviewees for the redemption of the Valle Sabbia.



The survey reveals a strong identification of values between the three companies and the territory. It is also clear that the path the companies have tried for some time to support the Valle Sabbia is aligned with the needs and possible solutions developed by the respondents.

objective

Become a local reference point for job opportunities, a resource for the new generations.

Perception of OLI's interventions on the territory

From the focus groups in the territorial survey we can see a significant consistency between the commitment on the territory promoted by the company and the needs expressed by the citizens.

The perception of the company activities by the citizens of the Valle Sabbia.

- On-the-job and in-company training.
- Agreements with local kindergartens.
- Scholarships for merit.
- Support and listening to collaborators in particular phases of their lives.
- Presentation of the company at schools.
- Recruitment of weaker sections of the population.
- Partnership with NPOs (Non Profit Organisations) for the planning of themed parties.
- Agreements with commercial activities of the Valle Sabbia.
- Internal staff training.

Trip OLI 2017

Parco delle Fucine - Casto, Brescia (Italy)



OLI for the new generations

The support to employment and the renewed corporate Welfare system currently promote the territorial rooting and the support to families. Yet, the three companies have also set themselves clear objectives for the future, for young people of school age. OLI promoted various initiatives to support both material and immaterial educational resources. In particular, the contribution and commitment to the territory in recent years have been mainly implemented through the following actions:



Internships
and dual education

Scholarships
for the children of employees,
now in its third edition

Degree theses
Thesis work on CSR is under way



Over the years, the involvement of young people in dual education training and internships has grown considerably. Dual education is an important tool for identifying resources to be included in the workforce in the future. In fact, when hiring new employees, we tend to welcome students who have already had a dual education training experience at the company and who, on that occasion, demonstrated their skills and care. This aspect is advantageous both for the company, which can address young people who already know it and have shown themselves to be skilled and motivated, and for the student who, being already familiar with the company, can integrate more easily.

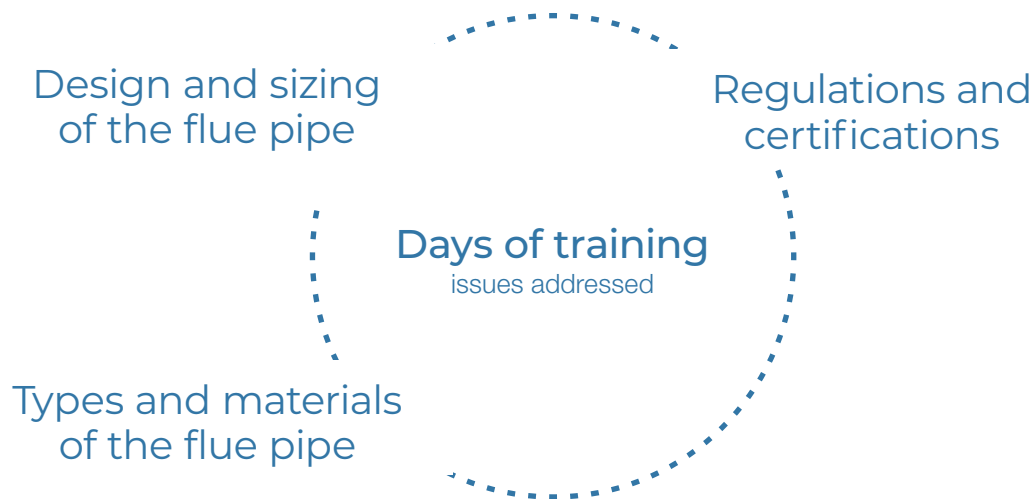
School Project

The School Project stems from the company's desire to become an active vocational guidance and a resource for new generations even in this delicate period.

The project was conceived and designed in 2017 but became operational in 2018. It is basically two-fold: the first level is developed with Silmar Group, while the second is based on the specific features of the company. As Silmar Group, a collaboration was started with the Giacomo Perlasca Institute of Higher Education in Vobarno (BS).

OLI will also collaborate with CFP Zanardelli of Villanuova sul Clisi (BS). The project provides for training days at the school premises where the issue of flue pipes will be addressed; specifically, the topics are:

thorough analysis



The collaboration between OLI and the schools aims to respond to the need to train young people so that they are qualified and ready to meet the new demands of the working world, developing common synergies and maximum mutual satisfaction.



The Anniversary

Anniversary party

As evidence of the strong link between the companies and the territory, its history and the people who live there, OLI, Valsir and Marvon chose to celebrate the anniversary of their establishment (25 years of OLI, 30 years of Valsir and 50 of Marvon) with a big event held in the Valsir factory of Vobarno, to which more than 1,500 people were invited.

Silvestro Niboli, founder, Andrea Niboli, President of OLI, Valsir and Marvon, and Federica Niboli CEO of OLI, know that, if excellent results have been achieved today, it is also thanks to the collaborators who daily contribute to the success of these great Italian industrial businesses.

The Niboli family is convinced that all this would not have been possible without the professionalism, passion and commitment of its collaborators, customers and suppliers.

Among the highlights of the evening there was also the presentation of the new name of the Group, which is now called Silmar Group. During the evening, shows were held to explain the DNA of the three companies.

Innovation and design for OLI, water for Valsir and fire for Marvon.

The shows were created in honour of collaborators, customers and suppliers, and a choreographer of international renown was asked to create something new, something that had never been seen before, to make this gift unique. Great attention has also been paid to the awards ceremony for employees who have worked in the Group for 20 and 30 years and who have always contributed to the development and growth of the companies.

Because, as Andrea Niboli says:

“There are people in our companies who have worked with us for more than 20 years. People who actively participated in the evolution of the company. We radically transformed in very few years and the real great merit is that we completed in a fast and effective way all the changes that the market demanded.

We have grown together, we have worked so much together... in short, we have gone through a piece of life together and their loyalty and professionalism must be absolutely rewarded.”

The evening was both a celebration of the past and an opportunity to remind us that we will continue to grow, transform and evolve. Celebrating the past is just as important as thinking about the future. The evening was full of magic, surprises and strong emotions for everyone.

“Ritratti”

To celebrate the important achievements of the three companies, books called “Ritratti” (portraits) have been published, dedicated to the faces of all employees, seen in their daily lives through an interpretation with a strong artistic value, which aims to convey the emotion and involvement of all.

“I had this idea a few years ago, I wanted to portray people in the workplace. Today, industry and its employees are being thought of as a distant reality. We ignore the fact that even the most advanced industrial automation is not sufficient, that still today industry depends greatly on the manual and intellectual labour of individual workers, from labourers to technicians and engineers.

The quality of product and industry is always proportional to the quality of the workforce that the business owner hires and helps develop.

Behind every gesture of work that a person performs you can see his/her awareness, as if the business was his/her own and not just that of the entrepreneur.”

(Rinaldo Capra)

The photographs were also on display in a dedicated exhibition, held in the Gallery of Contemporary Art in the centre of Brescia, to witness the significant expressive force and lend it a strong artistic value.





MOSTRA FOTOGRAFICA

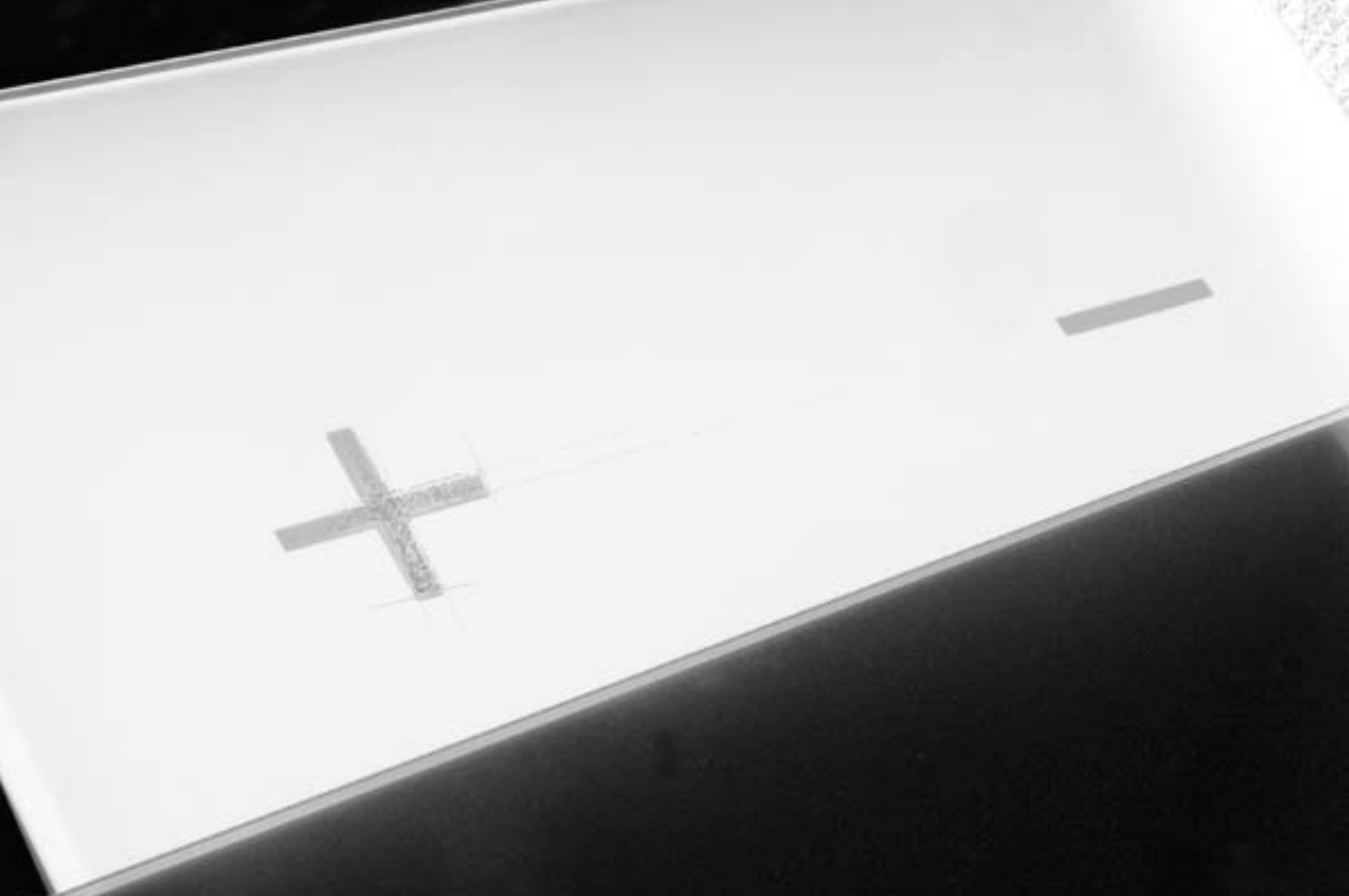
RITRATTI DI UNA STORIA

FOTOGRAFIE DI RINALDO CAPRA E DAVIDE CAPRA

MARZO 7 - GIORNATE 11 - 12.00 - 19.00 • GIORNATA CHIUSURA 11 - 12.00 • GIORNO CHIUSURA 11 - 12.00

IN COLLABORAZIONE CON **roland** **OLLI**

spazio contemporanea





Processes and Alliance of Values

Introduction

Alliance
of Values means

Building and creating

a connection with all the stakeholders of the company
in order to transform relationships limited to business
relations into valuable occasions for meeting and
exchanging shared values

The importance of this connection is not limited to the company. In fact, it goes beyond company boundaries, aspiring to create a fertile ground within the context in which action is taken and influence exercised, investigating the needs, doubts and prospects relating to the sustainable development of the system and finding, together with interest groups, answers and project bases. This implies a deepening of the knowledge of the company's production systems and of the positive and negative externalities that are present both upstream and downstream of the production units.

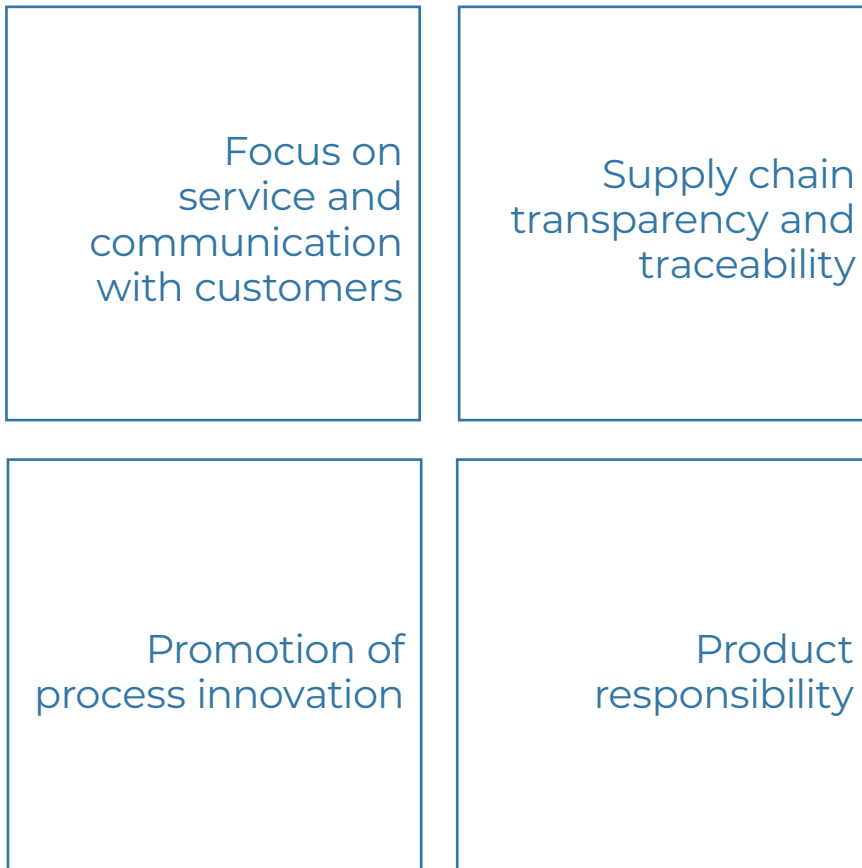
It also requires an in-depth analysis of the extent to which customers' expectations are or are not met, the proposals for collaboration to be developed together with customers, partners and suppliers and the successes and difficulties that interest groups are facing in their path to sustainability. All this is essential to create a solid basis of mutual knowledge, on which to build projects that benefit individual companies and the common good.

To ensure that the strategic aspiration is rooted in business operations, the CSR management system within the company includes a group dedicated to developing communication with stakeholders and coordinating process innovation activities, which works in close contact and in cooperation with other groups. These activities require the involvement of various figures within the company and exploit the meetings of the Ethical Committee and a process of continuous exchange with the General Management as a platform for discussion and evaluation of the future paths.

This group is the most recent addition, in this form, to the CSR management system of the three companies OLI, Valsir and Marvon.

It is carrying out an important process of identification and development of internal mechanisms, through the assignment and clear division of tasks and responsibilities as well as the determination of the issues for which it is responsible, so as to become effective and coordinate the work of the various company sectors, at the level of Social and Environmental Responsibility.

The dedicated working group shall address the following issues:



Customer satisfaction and the anticipation of market requirements are crucial for OLI. To achieve this goal, in addition to intensifying relations with customers by creating synergies and common objectives, it is necessary to make the relationship with suppliers more efficient and proactive, so as to be able to connect the R&D department with the supply chain, thus stimulating the development of ideas and economies to ensure the success of products.

As for all the other important elements that make up the general framework of Corporate Social Responsibility, the strategic and operational guidelines for creating an alliance of values with stakeholders have also been developed at the same time in the three companies OLI, Valsir and Marvon.

The following pages will describe the shared methodological approach, while the detailed results for each of the companies will be found in the corresponding Reports. The objective is to systematically define and implement a shared strategy for approach to and management of customers, suppliers and the region.

Communication with stakeholders

The commitment to building a close link with interest groups translates into a process of dialogue structured and developed according to the needs of different stakeholders.

Communication with stakeholders is the tool through which to identify needs, critical issues and all those aspects to be integrated into the CSR strategy. The instrument has been developed taking into consideration the following aspects:

External drivers

such as the complexity and constant development of the market in which OLI operates, the increase in regulatory provisions on environmental protection and product ethics and the importance of understanding customers' expectations for products and services.

Expected benefits

such as the identification of possible areas for improvement outlined starting from an insight of how we are perceived on the market, the growth of a corporate culture and improvement of the internal climate, the satisfaction of stakeholders' expectations and the creation of a relationship of trust.

Strategic objectives of involvement

such as to create an honest and transparent dialogue with the most relevant interest groups in order to develop a sense of belonging, a climate of collaboration and openness for continuous development and growth.

Risks for non-involvement

not involving could mean not being able to understand the relevant issues of the industry and its needs, establishing only instrumental and business relationships, not being able to respond to expectations and incurring problems concerning reputation and legitimacy to operate. All this could ultimately involve interference with the development and a risk to the economic sustainability of OLI.

This is because dialogue with stakeholders, for OLI, means not only informing and gathering information, but also co-planning and co-creating.

In this regard, the mapping of stakeholders was developed on the basis of the following categories:



Categories	Sub-groups	Relevance for...
Employees	Offices - production - sales man/woman	Responsibility, connection
Members, shareholders and investors	Niboli family - Oliveira family	Political and strategic purpose
Business partners and suppliers	OLI-Sistemas Sanitários, critical suppliers, Silmar Group companies, sales agents and representative offices	Influence, responsibility (suppliers), strategic intent (partners)
Actual and potential customers	Hotels, public bodies (such as hospitals), construction sector and ITS	Connection, responsibility, strategic intent
Competitors	Companies in the plumbing and heating sector	Influence, strategic intent, proximity (in market terms)
Communities	First level: Neighbouring municipalities Second level: Province of Brescia	Political intent, proximity
Representative bodies	Angaisa, Assobagno	Political and strategic purpose
Governments and regulatory bodies	Region, Province, ARPA, Mountain Community, GSE, ATS, local public administrations	Influence, responsibility, political and strategic intent
Supranational institutions	GRI, EU, certification bodies	Influence, political and strategic intent
Academia and the scientific community	University of Brescia, local professional institutes and high schools	Influenza, representation
Means of communication (national and international)	Giornale di Brescia, Brescia Oggi, magazines for engineers, social networks, portals, company website, Sustainability Report, specialist magazines in the sector, magazine for architects and plumbers, Vallesabbianews	Influence, representation, proximity

Supply chain transparency and traceability

The objective that has been pursued for years is to strengthen relations with suppliers, so that a real alliance can develop.

It is important that a mutual understanding from the point of view of commitment in the social and environmental field is at the basis of this sharing path.

To this end, a questionnaire was developed through the following aspects:



Aim of involvement

Acquire a deeper knowledge of the supply chain and start a careful and accurate evaluation of the various players involved.

The need is to update supplier selection practices and develop a procedure and a code that allows to give a higher value to those suppliers that the company considers to be virtuous from a sustainability standpoint.

This tool is intended to be a basis for the opening of a dialogue and possible collaborations.

* This category includes suppliers of important goods and services, i.e. the type of goods for which a poor quality can cause serious malfunction of the product supplied by OLI.

Results of the survey

Management system and certifications

More than 64% of the suppliers involved have an ISO 9001 certified quality management process, and more than 38% have environmental management and health and safety certifications. It emerges that the issue of certifications is one of the minimum objectives (necessary requirements but not sufficient), with respect to which it is useful to promote a control of the supply chain and, possibly, an active involvement too, at a later stage.

Respect for and protection of the environment

Most of the companies involved are aware of their impact on the environment (80%), so much so that in most cases they have set improvement objectives linked to environmental parameters (61%). The number of companies that stated to have a management system for the recovery of materials and the recycling of waste was also quite high (76%).

Health and Safety

All suppliers involved in the survey showed great attention to health and safety in the workplace. However, only a few companies have defined and reported on the specific objectives they have decided to pursue in this area.

Energy management system

Most companies said they had developed objectives and structured action plans to improve energy performance (42%), although only 23% of the companies stated that they have energy produced from renewable sources in the company's energy mix, which is a key indication that much can still be done in this area.

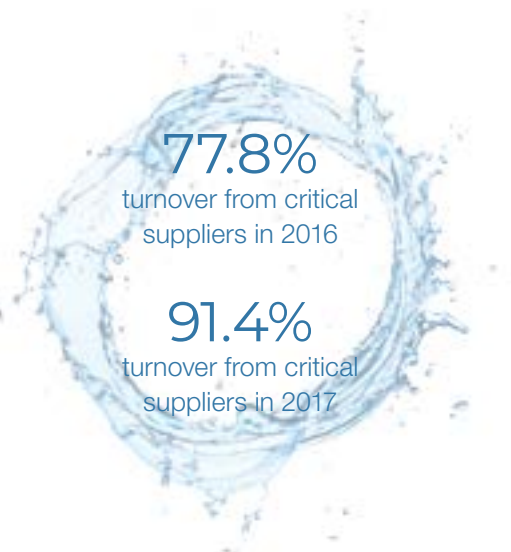
Protection and human rights

It is clear that the management of ethical and social aspects is an issue to which more and more attention is being paid at company level. Most of the suppliers involved stated that they promote activities and initiatives aimed at the wellbeing and satisfaction of their employees.

At the end of this analysis phase, a report was sent to all the suppliers involved in order to give them a general picture of market trends in terms of environmental and social commitment and to promptly respond to requests and feedback received.

Finally, for OLI it is really important to be able to assess the supply chain, first measuring the performance of critical suppliers and then investigating possible ways of collaboration and development of common projects.

The supply chain analysis tool developed during 2016-2017 and the conclusions that can be drawn from its application may become an important support in the process of selecting new suppliers in the future.



Communication with customers

Communicating with customers means laying the necessary foundations for a transparent and continuous sharing of expectations and problems that could contribute to the shared development of ideas and projects.

To this end, in 2016-2017, it was decided to review customer segmentation, the consequent definition of needs and expectations and what OLI can offer them. In addition, the survey for each segment was extended on the basis of an analysis of the needs that emerged from the individual interviews held in 2014-2015 and of the relevant sustainability issues.



Aim of involvement

Create a basis for the initiation of concrete actions of involvement and have a clear and objective insight of the idea that our customers have about our products and services.

Results

First of all, an important analysis to be made is the take rate.

In fact, although the results obtained have been satisfactory, we deem it proper to think about a way to activate a greater number of customers and involve them in order to evaluate together with them our performance and ability to satisfy their needs and expectations.

The channel used to collect customer satisfaction data is considered correct, but the way of involvement needs to be changed. It is also clear that simply measuring the degree of satisfaction should be only a part of OLI's interaction with customers.

As far as the evaluation of the results is concerned, the value of 3.5 (on a scale of 1 to 5) has been considered as the value above which the evaluations are considered satisfactory and everything above 4 is considered our strong point. The results are encouraging: retailers, installers, designers and architects have given fairly consistent ratings, almost all of them over 3.5. Customers expressed their appreciation for the price/performance ratio and for the quality and reliability of the products. The ease of installation of OLI products and the quick delivery as well as the excellent availability of spare parts were also underlined. It is rewarding to find that those who took part in the survey appreciate the bond, relationship and spirit of collaboration that has developed over the years.

Finally, it is also important that customers perceive the commitment to sustainable development and that OLI is considered a partner with whom they can discuss these issues in order to take steps for improvement together. For this reason, we want to contribute to raise awareness on sustainability issues by giving clear and precise inputs to market players regarding the actual benefits that sustainability brings in terms of economic savings, resources and protection of the common good. To this end, it is once again essential for the company to develop the necessary foundations for cultural growth that can involve all employees, who can thus become messengers and ambassadors of this message to the outside world.

Based on this assessment and the experience of the two years that have just ended, we have decided to divide our customer interaction on three levels for the 2018-2019 two-year period:

Evaluation questionnaire

to assess the degree of satisfaction with more targeted and focused questions

Creation of a training programme

for the sales force with respect to sustainability

Identification of sustainability issues

that are key for the industry.

The objective is to identify possible barriers in the market, understand trends and expectations and evaluate possible areas of collaboration

Involvement through sharing experience and professionalism

Creating alliances of values to communicate and collaborate with interest groups also means contributing to building a knowledge and sharing basis, based on the commitment and experience gathered from the application field, able to foster the development of professionalism and competence and the ability to grasp and apply the new technical and design features of the market.

This idea guides the concept with which the training activities are designed and structured for partners, trade operators and customers: there is the desire to provide a space for communication and mutual profitability, which allows those working in the field to acquire skills, and the company to evolve its products and services thanks to valuable suggestions on the product.



The training courses, available to all players in the plumbing and heating sector and held in both Italian and Portuguese facilities, also include hands-on training for installation and maintenance of our products, thus creating a synergy between functionality and in-depth knowledge of the product.

With the collaboration of professional bodies and associations, OLI also organises conferences on the most current topics of interest for the plumbing and heating sector.

OLI's commitment to providing designers with cutting-edge technical solutions also translates into the production of high quality applications and design tools.

Among these are the BIM models, developed with the user needs in mind, with the aim of making the design activity simpler but at the same time quicker and more flexible.

BIM: Building Information Modelling

Digital innovation is one of the areas to which OLI is committed and in which it wants to invest over the next few years. The evidence of this commitment is the creation of a BIM (Building Information Modelling) library open to customers, which is constantly updated and expanded. BIM is a cutting-edge standard in the construction industry and can facilitate the transfer of information between stakeholders throughout the product life cycle.

This method has been introduced in order to increase efficiency and stimulate creativity in construction projects through a platform that allows architects, engineers, customers and owners to work in a cooperative way.

Another important objective is to strengthen the commitment to continuous innovation and the creation of water saving systems that are safe and accessible to all. OLI provides BIM objects in Graphisoft ArchiCAD and Autodesk Revit® for various products of the brand, such as “OLI74 Plus”, “Expert Plus” and “OLI120 Plus”, as well as for a wide range of control plates. In 2018, the BIM library will be further expanded with the OLIflex flue pipe range.

thorough analysis



Products and sustainability

Sustainability through the protection of water resources...

1994
First in Europe
 to introduce the dual flush system in ceramics mechanisms there by allowing users to select the quantity of water necessary

2006
Extension
 of the dual flush system to all built-in cisterns

Water is as precious a resource as it is scarce.

Its scarcity is a growing cause for concern and is exacerbated by the effects that climate change is bringing with it.

It is therefore clear that any effort to rationalise its use is fundamental and indispensable. With this in mind, over the years we have dedicated a great deal of energy to research and development in this field, obtaining results that OLI is proud of and that create the conditions for doing more and more.

2012
Azor Plus
 float equipped with a delayed charging mechanism

=

9 l
 water
 per day
 saved per housing unit

=

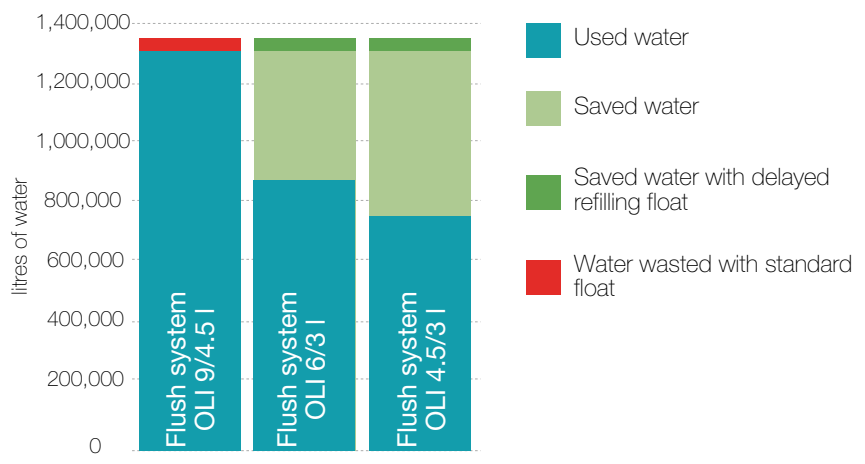
3,285 l
 water saved
 in one year
 per housing unit

30%
 water saving thanks to 6/3 l
 dual flush system

50%
 water saving thanks to 4.5/3 l
 dual flush system

This calculation is even more important if referred to a public building, or accommodation facilities, such as a hotel. As shown in the chart below, the water savings made possible by Azor Plus have been calculated.

This saving is calculated over a period of one year, taking into account a hotel with 100 rooms, each of which flushes on average four times a day. In addition, water savings can be further increased by 30% when using a 6 and 3 litre dual system and by almost 50% when using a 4.5 and 3 litre dual system.





EVOLI

The EVOLI valve is the only valve that guarantees more than 18 settings, thus making it possible to achieve considerable water savings.

IVC 1000 Leaksafe

The IVC 1000 Leaksafe valve detects any malfunctions in the system, such as micro-leaks in the flush cistern.

When a leak is detected, the valve stops the water supply and this alerts the user who shall repair the water leak and eliminate the waste.

Water-saving cisterns

Creation of high performance WC flush cisterns capable of using 4.5 litres of water for the complete flush and 3 litres for the half flush, with further water savings thanks to Azor Plus.



Green Project Award

Commitment and results achieved were awarded a prize in 2016 as part of the ninth edition of Green Project, a Portuguese initiative held in Porto for the most innovative projects in the field of sustainability. Specifically, a special mention was obtained in the category "Products and Services".

Hibroboost

The technology developed by OLI to automatically generate electrical energy useful for the operation of the plate. This technology eliminates the need for a mains connection.

Azor Silent

The side inlet valve, which still today is one of the best performing on the market, makes it possible to limit noise and vibration propagation, as it is manufactured using materials with high sound absorption capacity.

Internal components

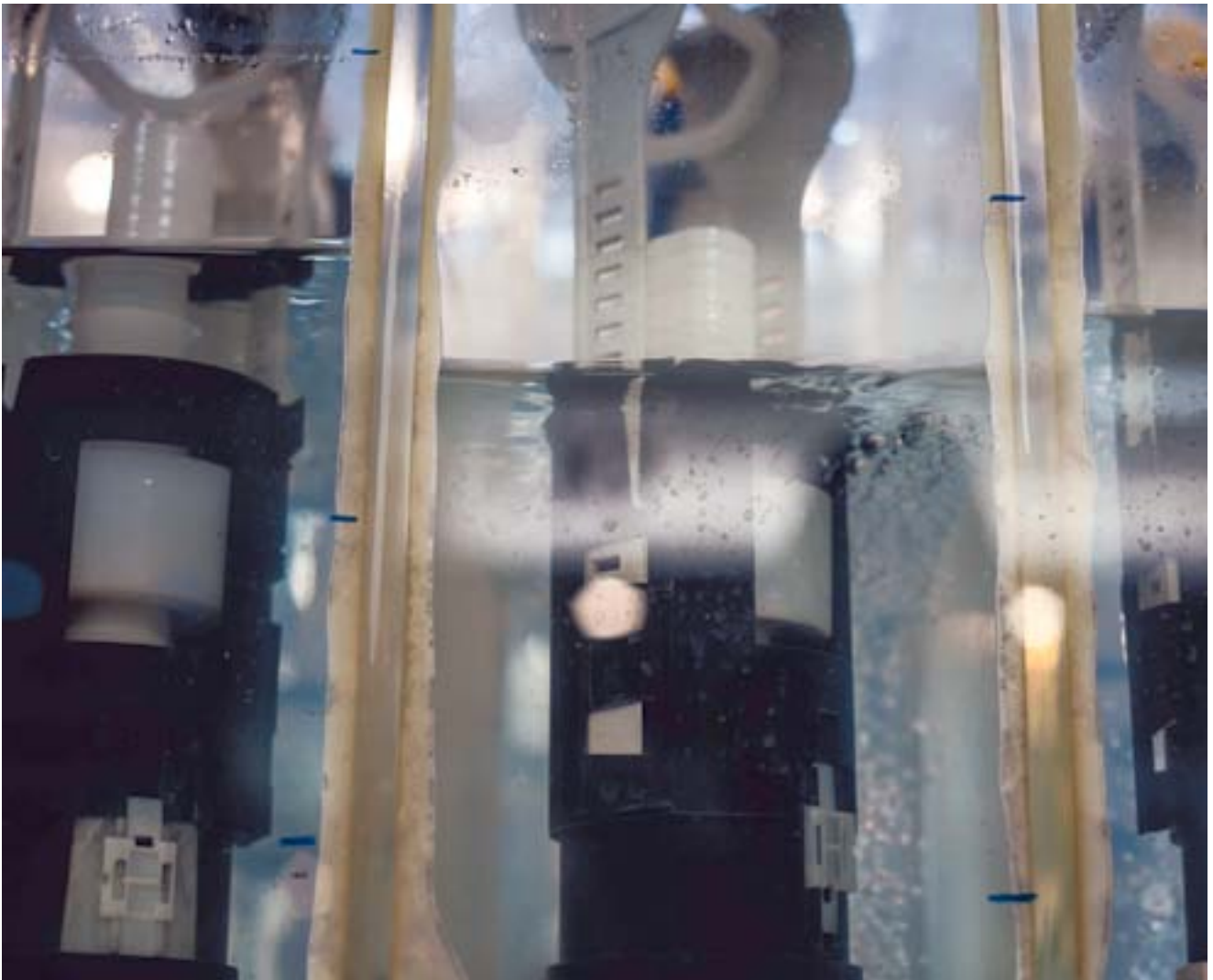
Great attention is paid to the development of components that are as common as possible to the different OLI products, thus allowing a rationalisation of production with savings in materials and energy. So that customers purchasing different flush cisterns do not have to purchase specific spare parts for each cistern, but can use the same valves on different product lines.

...and much more

Sustainability is also to be understood as product durability, i.e. the possibility of not having to destroy an object after a very short life cycle, but design and create products that last over the years.

We are well aware that the more raw materials are mixed, the more difficult it will be, at the end of their life cycle, to dispose of them and, above all, to recover them. The watchword is therefore to simplify and create objects that at the end of their life are easy to separate and to input into a new production cycle.

The durability and quality of the materials that make up the products offered on the market is constantly tested in the “Life test Laboratory” of the parent company, which evolved over the past few years, and now includes 6 test areas, for a total of 72 test stations. Three of these areas are for testing with drinking water, in line with the standards required by the market, while the other three areas go further, testing the product with salted, rainy and hard water. Finally, the laboratory is equipped with a space where the ability of OLI products to resist corrosive agents is tested. In addition to this laboratory, there is the testing and verification station of the Casto plant, consisting of a total of 6 workstations.



Aesthetics, sustainability and wellbeing



The close relationship between sustainability and design has led to the development over the years of a network of collaborations with international designers, driven by the idea of creating objects with a high aesthetic component, able to create an atmosphere of well-being within the living environments.

The collaboration with the Italian designer Romano Adolini, well known for his influence in the world of interior design, led to the creation of the Ino-x plate, simply created from a 2 mm steel sheet, and the floor drains to top off the shower systems flush with the floor.

Together with Eduardo Souto de Moura, a Portuguese designer who has received several awards for his work, the SM15 plate was developed for a network of hotels opened in Portugal.

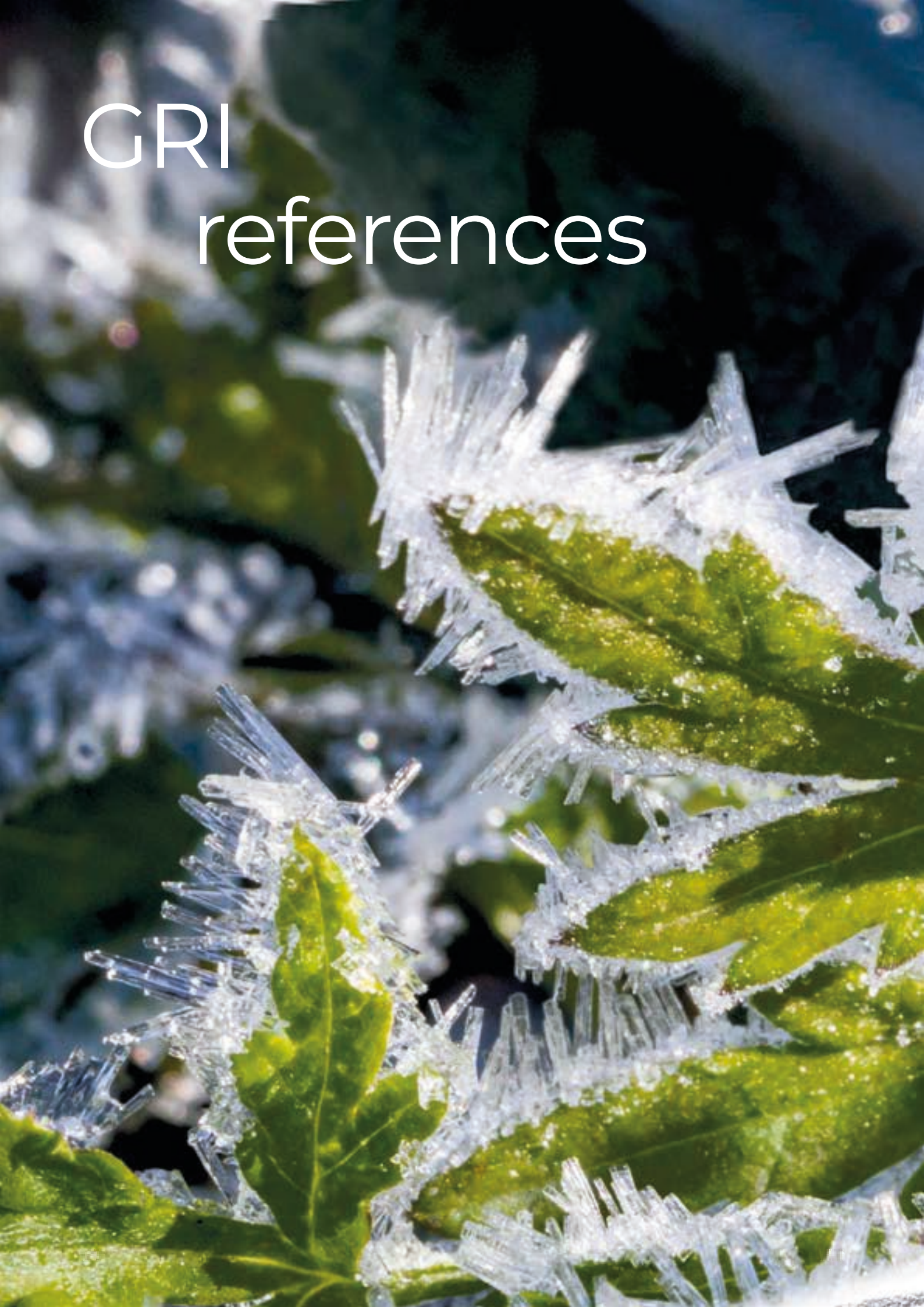
Finally, Álvaro Siza Veira created the Trumpet plate for OLI, which recalls the elegance, harmony and simplicity of the instrument of the same name, the trumpet. The project was awarded a prize in 2016, within the context of the "Archiproducts Design Award", one of the most prestigious international awards in the field of architecture and design.

Another important award came in 2016 for the Glassy plate, for which OLI was awarded the Good Design Award in 2016, the historic and prestigious international prize, established by the Museum of Modern Art in New York and the Athenaeum in Chicago.





GRI references





Disclosure	Disclosure Title	Page	Notes
General disclosure (GRI 102) and management approach (GRI 103)			
102-1	Name of the organisation	14	
102-2	Activities, brands, products and services	19	
102-3	Location of the organisation's headquarters	14	
102-4	Location of operations	16	
102-5	Ownership and legal form	18	
102-6	Markets served	16	
102-7	Scale of the organisation	15	
102-8	Information on employees and other workers	15, 64-65	
102-9	Supply chain	96	A classification of critical suppliers is provided within the context of the stakeholder engagement process
102-10	Significant changes to the organisation and its supply chain	n.a.	
102-11	Precautionary Principle or approach	23, 28-31	
102-14	Statement from senior decision-maker	7	
102-15	Key impacts, risks and opportunities	27	
102-16	Values, principles, standards and norms of behaviour	22	
102-18	Governance structure	18	
102-40	List of stakeholder groups	95	
102-41	Collective bargaining agreements	-	There are no collective bargaining agreements in the company
102-42	Identifying and selecting stakeholders	94-95	
102-43	Approach to stakeholder engagement	70-72, 94	
102-44	Key topics and concerns raised	81-82, 72, 97, 99	
102-45	Companies included in the consolidated financial statements and details of the companies included in the consolidated financial statements that are not included in the Sustainability Report	32	
102-46	Defining report content and topic Boundaries	36-37, 116-117	
102-47	List of material topics	37, 116-117	
102-48	Effects of any restatements of information provided in previous Reports	n.a.	
102-49	Restatements of information changes in reporting	n.a.	

Disclosure	Disclosure Title	Page	Notes
102-50	Reporting period	32	
102-51	Date of most recent report	32	
102-52	Reporting cycle	32	
102-53	Contact point for questions regarding the report		
102-54	Claims of reporting in accordance with the GRI Standards	32	
102-55	GRI content index	110-113	
102-56	External review	n.a.	
103-1	Explanation of the material topic and its Boundary	41, 60, 92, 116-117	At the beginning of each chapter on a topic there is an explanation of the importance of the topic, its management and the areas it covers. Within the chapters themselves, the topic of the management of the various material topics is then examined in greater depth
103-2	The management approach and its components	41, 60, 92	At the beginning of each chapter on a topic there is an explanation of the importance of the topic, its management and the areas it covers. Within the chapters themselves, the topic of the management of the various material topics is then examined in greater depth
103-3	Evaluation of the management approach	41, 60, 92	At the beginning of each chapter on a topic there is an explanation of the importance of the topic, its management and the areas it covers. Within the chapters themselves, the topic of the management of the various material topics is then examined in greater depth
Environmental disclosure			
302-1	Energy consumption within the organization	44	
302-3	Energy intensity	46, 49	
302-4	Reduction of energy consumption	46	
305-1	Direct (Scope 1) GHG emissions	52	
305-2	Energy indirect (Scope 2) GHG emissions	52	
305-4	GHG emission intensity	53	
305-5	Reduction of GHG emissions	53	
306-2	Waste by type and disposal method	54	
306-4	Hazardous waste and disposal method	54-55	
308-1	New suppliers that have been screened using environmental criteria	96	All critical suppliers to the company were asked to complete an evaluation questionnaire regarding their commitment to environmental responsibility

Social disclosure

401-1	New employee hires and employee turnover	64-65, 114	
401-2	Benefits provided to full-time employees that are not provided to part-time or temporary employees	73-74	All benefits made available to the company are provided to all employees, regardless of the type of contract
401-3	Parental leave	64	
402-1	Minimum notice period regarding operational changes	62	
403-2	Types of injury	77-78	
404-1	Average hours of training per year per employee	68, 79	
404-3	Percentage of employees receiving regular performance and career development reviews	68	
413-1	Operations with local community engagement, impact assessments, and development programmes	81-83	
414-1	New suppliers assessed according to social criteria	96	All critical suppliers to the company were asked to complete an evaluation questionnaire regarding their commitment to Social Responsibility

Integration with GRI indicators

Breakdown of OLI personnel

The workforce		2014	2015	2016	2017
Total number of employees	n°	30	31	36	38
Percentage who live in Valle Sabbia	%	70	70	78	71
Percentage of office workers	%	50	50	47	45
Percentage of labourers	%	50	50	53	55
Percentage of turnover	%	33.80	6.67	29.96	33.83
Average years in service	years	7	7	7	7
Contract distribution					
Permanent	%	73	90	78	76
Temporary	%	27	10	22	24
Dual vocational training and internships		0	2	2	2

Parental leave

Parental leave		2016	2017
Return to work after parental leave	n°	0/0	0/0

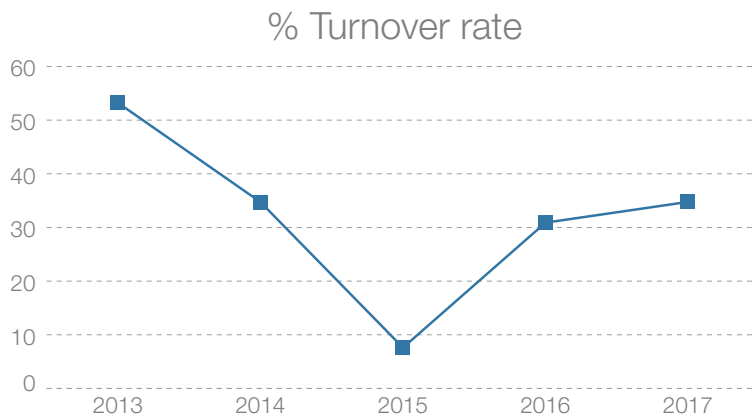
Personnel breakdown

	2016		2017	
	Number	%	Number	%
Labourers	19	52.78	21	55.26
Men	15	78.95	17	80.95
Women	4	21.05	4	19.05
Office workers	17	42.22	17	44.74
Men	12	70.59	13	76.47
Women	5	29.41	4	23.53
Total men	27	75	30	78.95
Total women	9	25	8	21.05
Total employees	36	-	38	-

New hires

New hires	2016	2017	
Age	16-20	0	1
	20-40	5	4
	40-60	3	2
Gender	Men	4	7
	women	4	0
Origin	italy	7	6
	Abroad	1	1
Employees who live in the Valle Sabbia	Who live	5	5
	Who don't live	3	2
Total new hires	8	7	

Turnover rate



*The turnover rate is calculated by adding the number of incoming staff to the overall number of outgoing staff, then dividing by the average workforce for the period in question, and multiplying by 100.

Internship, dual education and visiting students

Year	Internships and dual education	Total hours dedicated to internships
2014	-	-
2015	2	690
2016	2	80
2017	2	160

Materiality analysis

Material aspect	GRI topic	Company	Employees	Customers	Suppliers	Local area	Associations and bodies
Caring for processes and building a strong alliance of values							
Customer care and service	General disclosure (GRI 102) and complaints management (internal company indicator)	x	x	x	-	-	-
Supply chain transparency and traceability	General disclosure (GRI 102), environmental assessment of suppliers (GRI 308), social assessment of suppliers (GRI 414), assessment of human rights protection (GRI 412)	x	-	x	x	-	-
Promotion of process innovation		x	x	x	x	-	-
Product responsibility	Energy - reduction of the energy consumption of products (GRI 302), Health and safety of employees (GRI 416), Materials (GRI 301)	x	x	x	x	-	-
Protection of environment and resources							
Energy (Effectiveness and energy efficiency)	Energy (GRI 302)	x	x	x	x	x	-
Climate (Greenhouse gas emissions and atmospheric emissions)	Emissions (GRI 305)	x	x	x	x	x	x
Water (protection of water resources)	Water (GRI 303) and intensity of use of water resources (internal company indicator)	x	x	-	-	x	x
Water (waste water management)	Waste water and waste (GRI 306) and waste water quality (internal company indicator)	x	-	-	-	x	x
Waste (waste management)	Waste water and waste (GRI 306) and percentage of sorted against unsorted waste (internal company indicator)	x	x	-	-	x	x

Material aspect	GRI topic	Company	Employees	Customers	Suppliers	Local area	Associations and bodies
Caring for people and the local area							
Illness and accidents in the workplace	Corporate health and safety (GRI 403)	x	x	x	x	-	-
Healthy and ergonomic working environment	Type and number of interventions carried out to improve ergonomic and health conditions within the company (internal company indicator)	x	x	-	-	-	-
Support for employment and employability in the territory	Employment (GRI 401), workers/management ratio (GRI 402), training (GRI 404), market presence (GRI 202-2), pay gap between management and employees (internal company indicator)	x	x	-	-	x	x
Continuous communication with employees	Training (GRI 404)	x	x	-	-	-	-
Training	Training (GRI 404)	x	x	-	-	x	x
Welfare system	Employment (GRI 401), services offered as part of the Welfare package and degree of satisfaction with these services (internal company indicator)	x	x	-	-	-	-
Promoting participation in corporate sustainable development		x	x	-	-	-	-
Development of the local community	General disclosure (GRI 102), Local communities (GRI 413)	x	x	-	-	x	x



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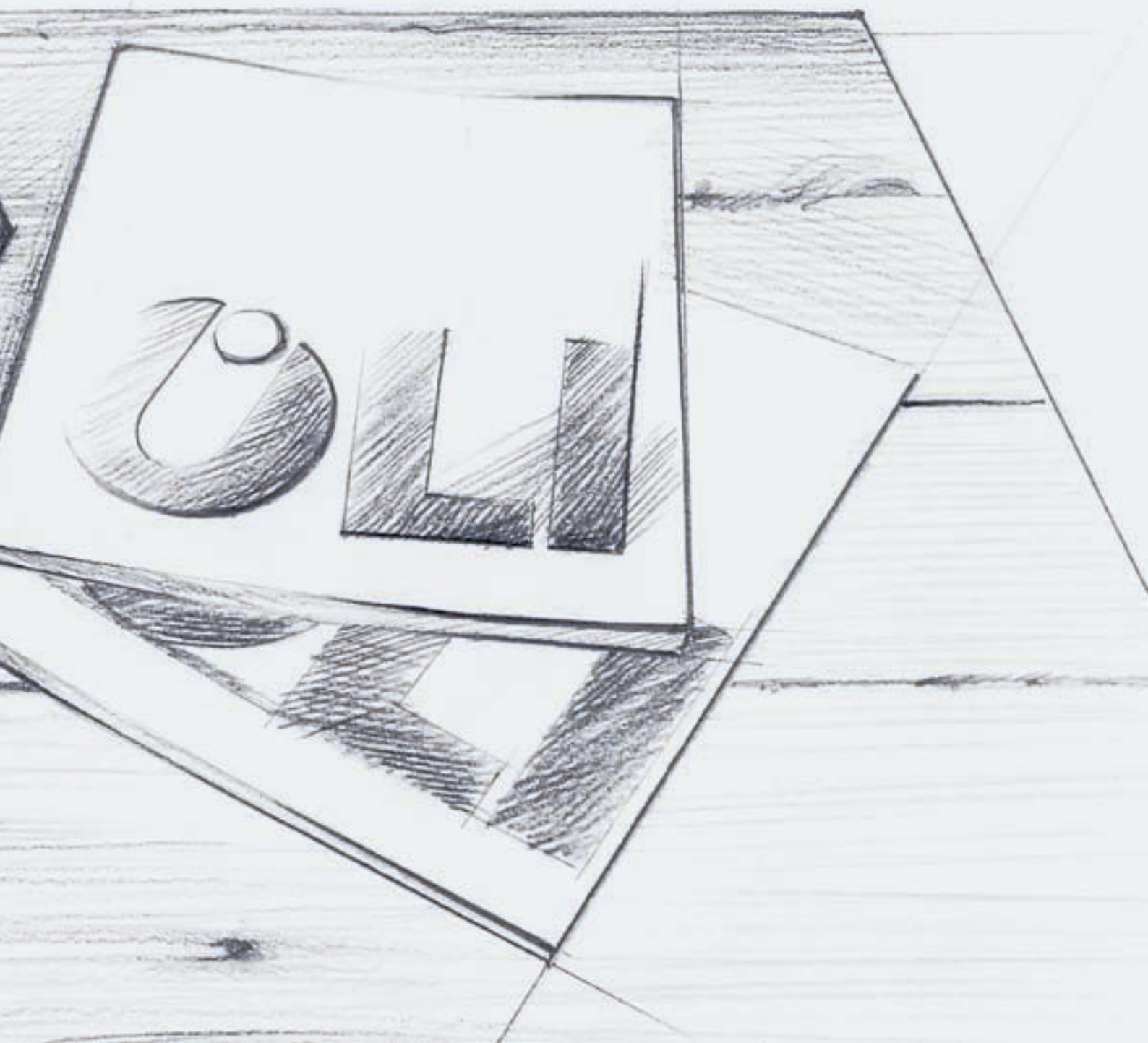
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Glossary



Word	Definition
Waste water	Any type of water discharged from buildings or installations where commercial activities or manufacturing processes are carried out
CO ₂ e	A unit of measurement used to measure the warming potential of greenhouse gases, or their GWP (Global Warming Potential). CO ₂ is the reference gas against which all the other gases are measured, and therefore the GWP of CO ₂ is 1
EWC Code	Acronym for the European Waste Catalogue
Specific consumption	Within the context of this Sustainability Report, specific consumption indicates the relationship between the consumption of a given resource (such as water, electricity, natural gas, etc.) with a unit of measure (such as the total number of finished products, the average walkable surface, sales, the number of employees, etc.). It serves to convey an accurate picture of the company's energy consumption, taking into account the indicators relevant to the company's business, by excluding any fluctuations that might be caused by extrinsic factors
CSR	Acronym for Corporate Social Responsibility. In economic and financial jargon, it is the field that concerns the implications of an ethical (environmental, social and economic) nature within the strategic vision of a business: it is a manifestation of the company's desire to effectively manage its social and ethical impact, both internally and in relation to all of its stakeholders
Energy efficiency	The energy efficiency of a system, from the performance of an engine to that of a company or of an entire country, is the ability of the system itself to exploit the energy supplied to it to satisfy its needs. Lower consumption and higher efficiency
Atmospheric emissions	Emission of air contaminants. These can be classified as either primary, released into the environment unaltered, or secondary, subsequently formed in the atmosphere as a result of chemical-physical reactions
GHG - Greenhouse gas	Acronym for greenhouse gas. The term greenhouse gas refers to the gases present in the atmosphere that are transparent to the solar radiation entering the Earth's atmosphere, but greatly retain the infrared radiation emitted by the Earth's surface, atmosphere, and clouds. Greenhouse gases can be both natural or man-made, and they are absorbed and emitted at specific wavelengths within the infrared radiation spectrum. This characteristic results in the phenomenon known as the greenhouse effect. Water vapour (H ₂ O), carbon dioxide (CO ₂), nitrous oxide (N ₂ O), methane (CH ₄) and sulphur hexafluoride (SF ₆) are the main greenhouse gases present in the Earth's atmosphere
GRI	An acronym for Global Reporting Initiative, or rather the international guidelines for preparing a Sustainability Report. They provide economic, social and environmental indicators designed to systematise how the company reports its performance
Energy intensity	A measurement designed to calculate the level of energy efficiency. Calculated as a unit of energy divided by a relevant indicator for the business activities taken into consideration, such as the quantities of finished product, the turnover, the sales volume, etc.
Inverter	An electronic device capable of converting a flow of direct current into alternating current and changing its width and frequency
Materiality	A concept introduced in the G4 version of the GRI that indicates the relevance of specific topics for the purposes of preparing the report
MWp	Unit of measurement to identify the peak MegaWatt, i.e. the maximum theoretical power that can be produced by an electric generator (e.g. photovoltaic module)
Near miss	A "near miss" or "near accident" can be understood as any work-related event that would have caused injury, illness (disease), or even death, but did not do so by mere chance. It is an event, therefore, that has the potential to cause an injury

Word	Definition
PDCA	<p>Acronym for plan-do-check-act. A four-phase management method used in business to control and ensure the continuous improvement of processes and products.</p> <ul style="list-style-type: none"> • PLAN: to establish the objectives and the processes necessary to provide the desired results (targets or objectives) • DO: means to implement the plan, to execute the process, and/or to create the product • CHECK means to analyse the actual results (measured and collected during the "DO" phase above) and to compare them with the desired results (objectives of the PLAN) in order to ascertain any differences • ACT: to request corrective actions to be carried out upon any significant differences encountered between the actual and desired results. To analyse the differences in order to determine the causes. To determine where to apply the changes in order to obtain the improvement of the process or product
Scope 1	Classification drawn up by the GHG Protocol which indicates all the direct greenhouse gas emissions, i.e. caused by sources owned or controlled by the reporting body
Scope 2	Classification drawn up by the GHG Protocol which indicates all the indirect greenhouse gas emissions resulting from energy consumption taken from the network/grid
Scope 3	Indirect emissions caused by processes upstream and downstream of the business activities
Scm	Quantity of gas contained in one cubic metre at standard temperature (15°C) and pressure (1,013.25 mbar, i.e. atmospheric pressure) conditions
Stakeholder	Groups of people and entities who hold values, needs, interests, and expectations in relation to the company
Stakeholder engagement	Engaging and listening to the company's stakeholders. The stakeholders with whom the company has initiated a dialogue in this Sustainability Report include employees, customers, the territory, public institutions and suppliers

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With the advice of:



Terra Institute operates as center of competence for the development and the implementation of innovation and sustainability strategies within companies and society. Through consulting, coaching, education and research it creates impulses for a new economic behavior.

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