



EMPOWERED PERFORMANCE

# SUSTAINABILITY REPORT

OMAL 2016



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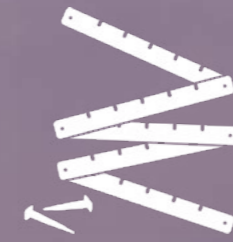


Audacity. Made in Italy

<b>1. INTRODUCTION AND METHOD</b> .....	<b>5</b>
Letter from the CEO.....	6
1.1 Method.....	7
1.2 Stakeholder Mapping.....	9
1.3 Stakeholder engagement.....	14
1.4 Materiality Matrix.....	14
<b>2. THE COMPANY</b> .....	<b>19</b>
OMAL: a history of excellence.....	20
2.1 The Company.....	21
2.2 The Values.....	23
2.3 The Products.....	24
2.4 The Staff.....	28
2.5 Suppliers and Customers.....	29
2.6 The Community.....	39
<b>3. QUALITY</b> .....	<b>45</b>
The strength to pursue continuous improvement.....	46
3.1 Quality of raw materials.....	47
3.2 Quality and safety of processes.....	49
3.3 Product Certification.....	54
<b>4. SOCIAL INNOVATION</b> .....	<b>59</b>
OMAL Walks the talk.....	60
4.1 Background.....	61
4.2 Vision.....	63
Respect for the environment.....	66
4.3 Green - IN.....	67
4.4 Green - US.....	72
4.5 ISO 14001: 2004.....	78
Respect for people.....	81
4.6 Community volunteering.....	82
4.7 Educating to value creation 'L'impresa dei Piccoli'.....	85
4.8 Partnership creation.....	86
<b>5. GROWING TOGETHER</b> .....	<b>89</b>
Being a team.....	90
5.1 Personal growth.....	91
5.2 Communication.....	92
<b>6. LOOKING AT THE BIG PICTURE</b> .....	<b>99</b>
Our perspectives.....	100
6.1 Quality in the future.....	101
6.2 Social responsibility in the future.....	102
6.3 Environmental responsibility in the future.....	103
GLOBAL COMPACT PRINCIPLES.....	107
CONCLUSIONS.....	111
GLOSSARY.....	112







# INTRODUCTION AND METHOD

1



# LETTER FROM THE CEO



OMAL is a company boasting a history that few other companies can share. It is a history of excellence, dedication and respect. Our daily operations, our latest achievements and our future goals shows how deeply involved OMAL is in representing a model of unceasing commitment, long-term vision and responsible innovation. Passion, Respect and Sense of Duty are the three key principles of OMAL's activities. They embody our corporate mission and vision, guide our operations and provide guidance for this publication.

Our key values are not based on market expectations or the fear of getting a negative feedback if these ethical issues are not addressed at corporate level. We want to openly declare our commitment because these issues are intrinsically linked to our essence. We have always been responsive to social needs and environmental issues. We have always been providing great efforts to improve our products and internal processes.

This document has only provided us with the opportunity to systematise what we have accomplished and communicate it to our stakeholders. There are many reasons to believe in ethical issues in OMAL, not as a response to the external demands but as internal management and organisational strategy that will provide a positive impact at all levels. Improved internal relations, more integrated communications, stronger relationships with our community, better positioning in the market towards customers, attracting motivated and talented people... all these features encouraged us to collect the existing information, combining and updating them to demonstrate how social innovation and sustainability are key to OMAL. We want our employees to feel proud to work for OMAL, we wish that our partners operate in synergy with us and that our community is excited to cooperate with us. Fully aware that growth is a participatory process, as well as the code of ethics and the suppliers conduct code, we continue this endeavour reporting and communicating what has been achieved in this first year of planning. This effort is also part of our way of interpreting the Made in Italy excellence: daring to provide our stakeholders with something innovative, identifying and testable. Now the choice is up to you!

**Amedeo Bonomi**  
CEO



## 1.1 METHOD

The first issue of the annual OMAL's Sustainability Report finds its origins in the need to communicate the attention and respect for individuals and material and immaterial resources. This orientation has always been key to the work of the Company.

The aim is therefore to systematise a series of data, practices, values and goals that have inspired and will continue to drive our Company in the future. This document reflects the constant efforts of dozens of people who, since 1981, have worked every day to achieve excellent results in the field of valves and actuators. Our work is based on a tradition that cannot be improvised, calling for structure and communication in order to be leveraged, year after year, as to allow both individual and corporate improvement, which has always characterised OMAL.

OMAL's Sustainability Report is a dynamic document and not just an element showing off an image. Its value lies in the fact, it outlines the choices we will make in the near future. Environmental sustainability and strategy, therefore, are the two sides of the same coin that distinguishes the most farsighted and innovative enterprises.

We chose to integrate social and environmental values throughout our Value Chain because we believe that this is the only way to highlight corporate reputation, linked to the efficiency of our products and processes. Instead of talking about Corporate Social Responsibility (CSR), OMAL chose to include the analysis reported herein within the conceptual framework of Social Innovation. The latter, in fact, provides an innovation base – in terms of innovative impact, organisation and relationships – allowing to map OMAL's activities and initiatives over the last year. Furthermore, unlike the philanthropic approach, social and corporate engagement is to OMAL an intrinsic value of the core business. Therefore, it is not separated from the Company core values, but supports them on the long term and requires efforts aimed at continuous improvement.

OMAL's long-term commitment in the field of social and corporate sustainability is proved by the creation of the 'Social Innovation' corporate function in 2016 aimed at planning, assessing and promoting Brand Reputation initiatives having a social and environmental impact and disseminate them inside and outside the Company.

Being aware of its distinctive method, proving to be more dynamic in a field that is generally insensitive to the issue and created by a medium-sized company, OMAL's Social Innovation business strategy stems from considerations on the Company's vision and mission that led to the drafting of the [code of ethics](#). It also includes an insight on the sustainable management of the Supply Chain (with the [supplier code of conduct](#) and related purchase conditions). The latter also contributes to maintain the status of supporter of the United Nations Global Compact initiative.





## THE GLOBAL COMPACT

*“I propose that you, the business leaders gathered in Davos, and we, the United Nations, initiate a global compact of shared values and principles, which will give a human face to the global market.”*  
 (Kofi Annan, Secretary General of the United Nations, World Economic Forum, 31 January 1999, Davos)

The United Nations Global Compact is the widest strategic initiative of corporate citizenship in the world. It stems from the will to promote a sustainable global economy: respectful of human and labour rights, environmental protection and the fight against corruption. It was proposed for the first time in 1999, at the World Economic Forum in Davos, by former United Nations Secretary General Kofi Annan who, on that occasion, invited the leaders of the world economy attending the meeting to sign a ‘Global Pact’ with the United Nations, in order to address the most critical aspects of globalisation with a logic of mutual support. The will to align the objectives of the international community with those of the private players in the business world had never been expressed so clearly before. Thus, starting from July 2000, the United Nations Global Compact was launched operationally by the United Nations in New York. Since then, more than 8,700 companies and organisations from more than 160 countries around the world have joined the initiative, giving rise to an innovative experience of global collaboration.



### HUMAN RIGHTS

**Principle I:** Businesses are required to promote and respect universal human rights within their respective spheres of influence; and to  
**Principle II:** make sure that they are not, although indirectly, complicit in human rights abuses.



### LABOUR

**Principle III:** Businesses are required to uphold the freedom of association of workers and the effective recognition of the right to collective bargaining;  
**Principle IV:** the elimination of all forms of forced and compulsory labour;  
**Principle V:** the effective abolition of child labour;  
**Principle VI:** the elimination of all forms of discrimination in respect of employment and occupation.



### ENVIRONMENT

**Principle VII:** Businesses are required to uphold a precautionary approach to environmental challenges; to  
**Principle VIII:** undertake initiatives to promote greater environmental and social responsibility; and to  
**Principle IX:** encourage the development and dissemination of environmentally friendly technologies.



### FIGHT AGAINST CORRUPTION

**Principle X:** Businesses are required to fight all forms of corruption, including extortion and bribery.

Data collection was entirely performed in OMAL and coordinated by the Manager for Social Innovation. This cross-sectional process involved all business units, namely: Purchase Office, Production, Quality and the Technical Office. Similarly, additional data were collected involving external stakeholders including customers, distributors, suppliers and local institutions in the areas where OMAL operates. For all parties, different methods of involvement were used. For example, employees were involved both individually and collectively, while suppliers were called to participate, only on an individual basis. In some cases, stakeholder data was collected in anonymous manner while, in other cases, ideas and insights were shared openly. The reporting period ran between January 2016 and December 2016 and it covered the activities and the impacts of the hundred OMAL's employees in the production plants of Rodengo Saiano, Villa Carcina and Passirano, in the province of Brescia. Starting from this year's issue of the Sustainability Report, OMAL will begin a path of growth and improvement which, from an initial analysis of the ‘State of the art’ will continue through a series of internal and external surveys, towards an even more large commitment to Social Innovation and corporate reputation issues, the latter being considered as a direct result of balanced relations among market, people and environment.

## 1.2 STAKEHOLDER MAPPING

OMAL stakeholders were identified based on the aims and objectives of the engagement process, seeking to tighten stronger and more fruitful relationships with stakeholders. In particular, this document defines the stakeholders, persons, groups or entities that are influenced by OMAL's activities and that may be associated with the Company.

They were selected based on an analysis of the following principles:

### Dependence

Referring to the greater or lesser proximity of stakeholders with the economic activities of the Company,

### Responsibility

Referring to legal, social, business and environmental responsibility binding the stakeholders to the Company,

### Urgency

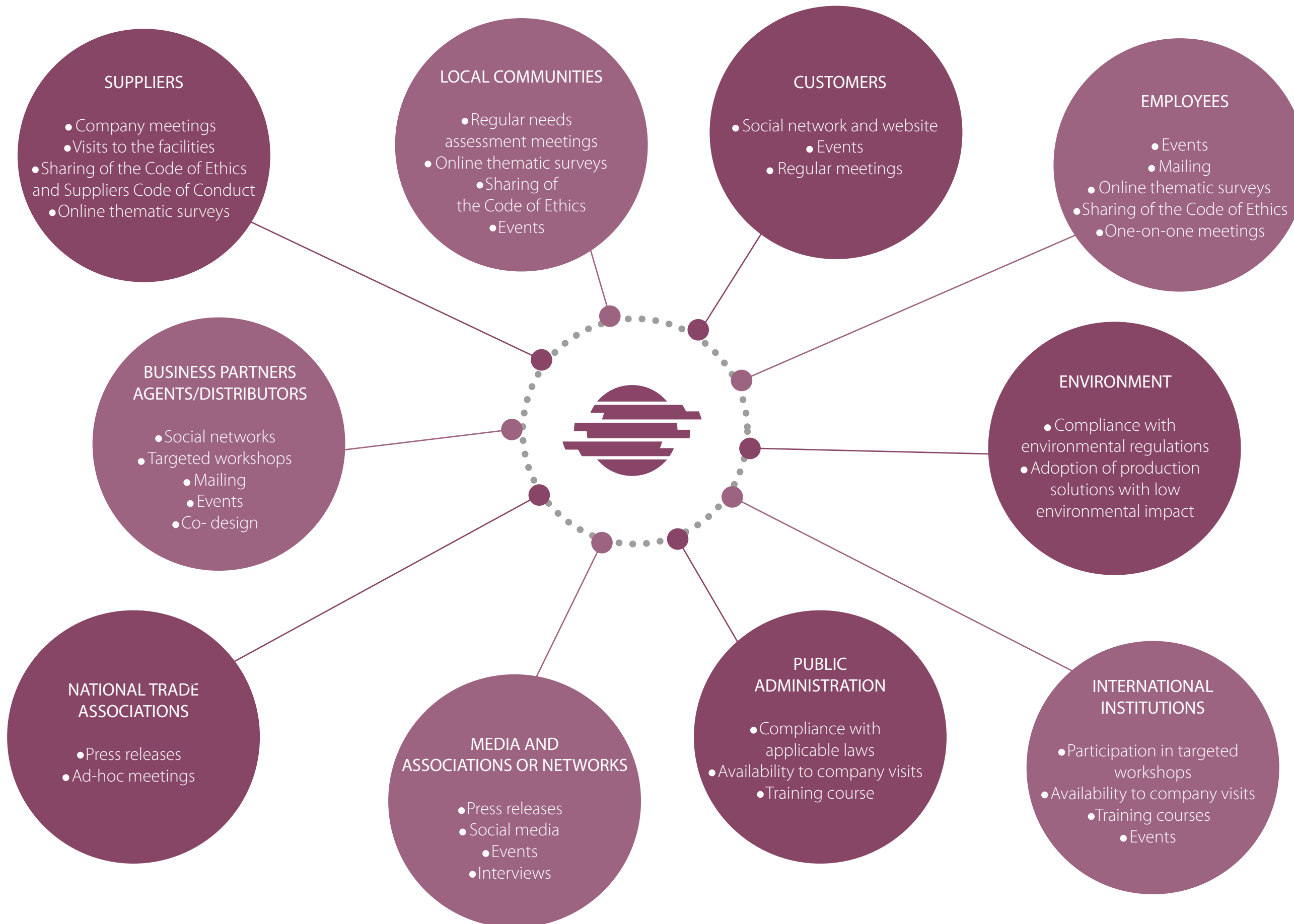
Referring to the need of taking a certain stakeholder into greater consideration because evaluated as having higher relevance.

The stakeholder identification process led to their mapping, necessary to continue the process of stakeholder engagement. The latter, in fact, requires different methods and content depending on the relevant stakeholder type. The following displays the map of stakeholders organised according to main channels of exchange and information with the Company.

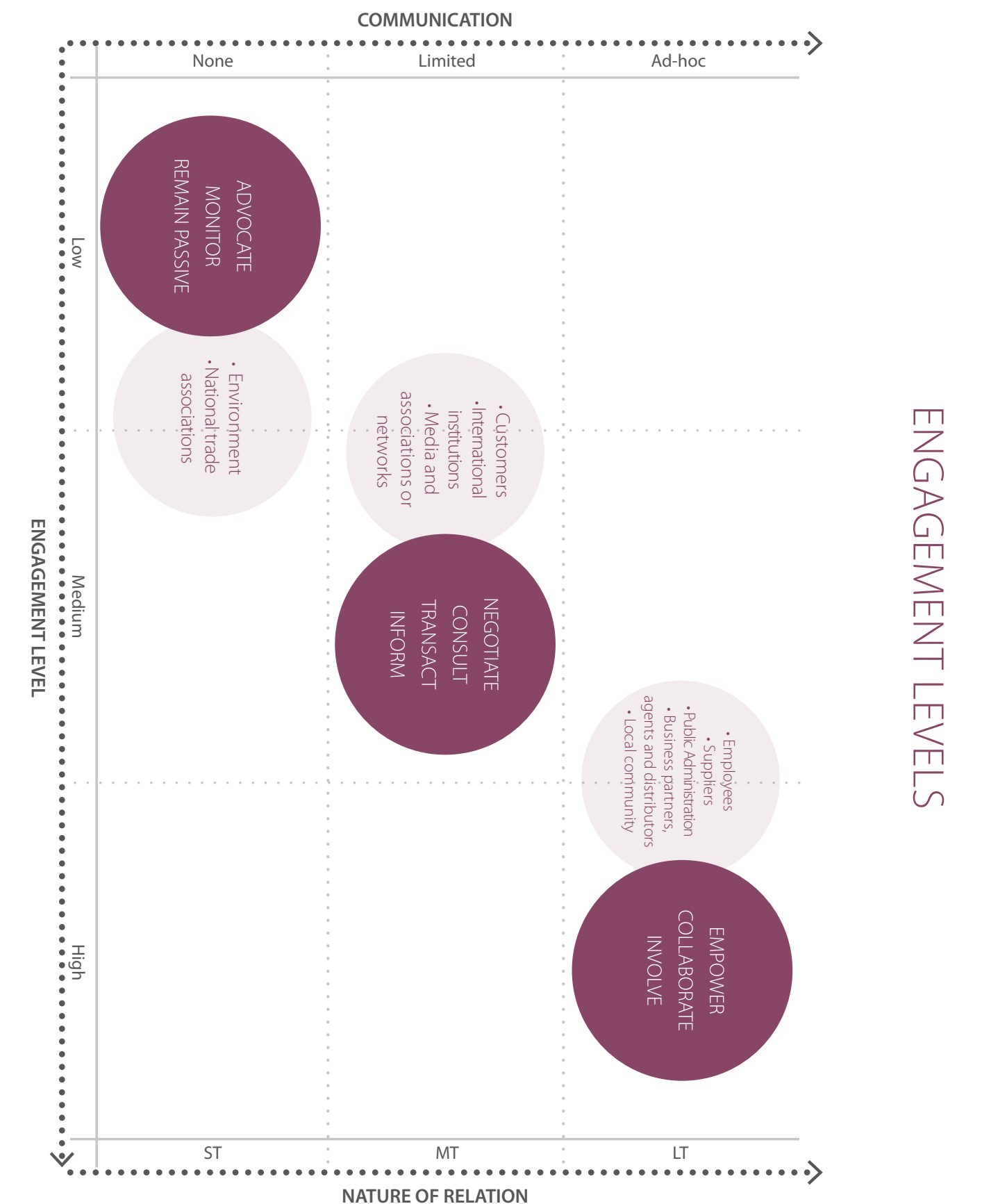
## STAKEHOLDER MAPPING



# OMAL'S STAKEHOLDERS AND THE MAIN CHANNELS OF EXCHANGE AND INFORMATION



The stakeholders identified above were subsequently organised depending on the nature of the relationship with OMAL, the depth of the engagement process and type of communication developed for each of them. They were subsequently broken down by level as shown in the next picture, developed from AA1000 standard (2015).





# 1.3 STAKEHOLDER ENGAGEMENT

For OMAL, the objective in involving stakeholders is twofold: on the one hand, to improve internal corporate strategies and, on the other, to improve the performance of certain operational processes. For this reason, daily routine activities were carried out in such a way to be integrated in the performance of all operations and be reflected within the innovation and growth paths already started. The process of stakeholder engagement took place at all levels and with different methods based on the reference stakeholder. In particular, the following channels were used:

- MEDIA
- OMAL WEBSITE
- DOCUMENTS PRODUCED BY STAKEHOLDER
- ADVOCACY
- CONCEPT PAPER
- PARTICIPATION IN EVENTS AND CONFERENCES
- PUBLIC-PRIVATE PARTNERSHIP
- WEB SURVEYS
- FOCUS-GROUP
- AD-HOC MEETINGS WITH STAKEHOLDER
- SHARED PROJECTS
- MULTI-STAKEHOLDER INITIATIVES

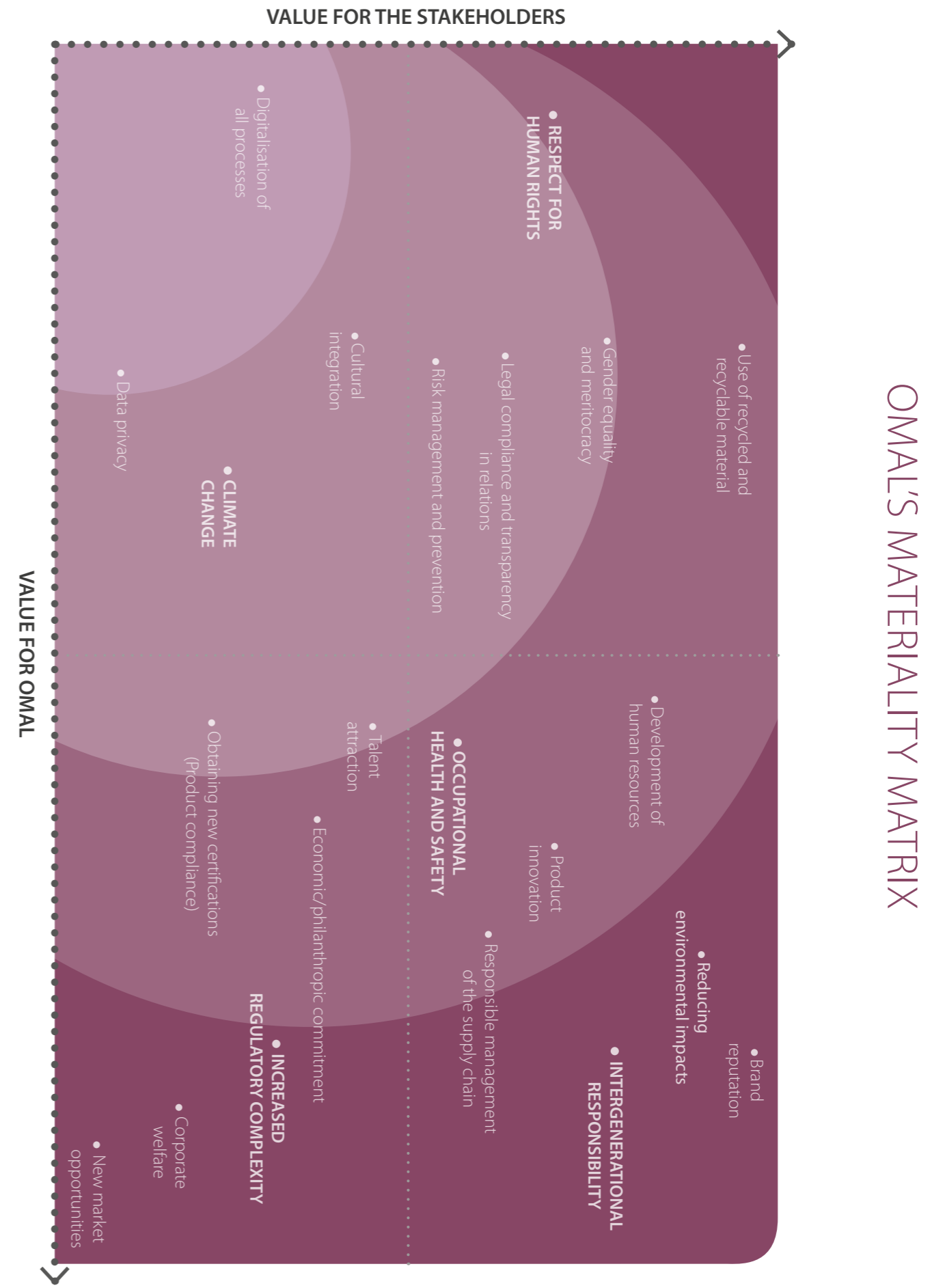
A practical example of stakeholder involvement created by OMAL was a survey carried out among OMAL's employees (internal stakeholders) and some external stakeholders (suppliers, customers and local players) who were asked to sort their preferences of action in relation to social and environmental issues suggested by OMAL. In addition, each stakeholder could suggest additional issues that he/she considered of great relevance, explaining the reasons and methods of action. The data collection, carried out through anonymous survey, aimed at aligning OMAL to the needs of the territory and of the community where it operates, through a direct exchange with those directly involved.

# 1.4 MATERIALITY MATRIX

The survey described above strongly contributed to the development of the Materiality Matrix. It is the tool showing the great emphasis placed by the Company and its stakeholders to specific issues in order to define those needing intervention. In addition to the data obtained from the matrix, analysis of the media, analysis of the documentation provided by Italian and foreign competitor companies, the OMAL ethical code and the global megatrends reported in documents including 'The future we want – Rio +20 Outcome Document' 1, were considered<sup>1</sup>.

The image below represents OMAL's Materiality Matrix. The emphasis given by the Company to issues that emerged from the stakeholder engagement are displayed in horizontal, while the emphasis placed by the stakeholders involved is shown vertically. The issues in the first, third and fourth quadrants have been covered in a less extensive manner by OMAL as they were not material, while those in the second quadrant have been thoroughly addressed by the Company, both internally and externally.

<sup>1</sup> [http://www.un.org/disabilities/documents/rio20\\_outcome\\_document\\_complete.pdf](http://www.un.org/disabilities/documents/rio20_outcome_document_complete.pdf)





The data obtained from the materiality matrix were then assessed in order to establish a set of activities of Social Innovation and CSR based on specific guiding principles, detailed below:

- **INTEGRATION OF SUSTAINABILITY IN ALL CORPORATE OPERATIONS**  
willingness to integrate elements of Environmental Sustainability in the operations of the Purchase Office, Social Communication/Innovation, Sales, Administration, Quality, IT Technical Office, Assembly and Production, with lean impacts in managing internal processes.
- **CO-CREATION**  
sharing initiatives with different stakeholders, both within OMAL and between OMAL and external players.
- **REPLICABILITY**  
scaling experiences on other territories, with other players and/or larger time frames and consequently obtaining greater impacts.
- **RELEVANCE**  
evidence of greater interest for material issues.

The activities of Social Innovation and CSR planned based on the abovementioned method were organised according to the responses provided four areas of interest (key focus-area), which contributed to define the index of this sustainability report. They are:

- **CONTINUOUS IMPROVEMENT**
- **RESPECT FOR THE ENVIRONMENT**
- **RESPECT FOR THE INDIVIDUAL**
- **COMPANY GROWTH**

Finally, where relevant, the initiatives and activities carried out by OMAL in fulfilling Global Compact principles have been marked with a golden seal that recalls the reference principle. In addition, the end of this document displays a summary table that associates OMAL 2016 projects to the Global Compact principles. The same criterion was applied with respect to Sustainable Development Goals, which provided OMAL with further inspiration to align its efforts to global development scenarios.

# GOALS

## SUSTAINABLE DEVELOPMENT GOALS

The Global Goals – also known as Sustainable Development Goals – are 17 objectives contained in a large plan of action on which the Governments of 193 UN member countries agreed. The countries commit to achieve these goals by 2030. The Global Goals are the continuation of the previous Millennium Development Goals and represent common goals on a set of important issues for development: contrasting poverty, the elimination of hunger and the fight against climate change. 'Common Goals' means that the Global Goals apply to all countries and all individuals. Setting common targets encourages everyone — governments, corporations, research centres and the society as a whole to act globally for the achievement, collecting and making a wide variety of strengths, knowledge and resources available. Finally, the Global Goals set specific targets in terms of outcomes that can be measured.

### I NUOVI OBIETTIVI E I LORO PROGRESSI

- |   |   |
|---|---|
|  <p><b>1. Poverty</b><br/>Eradicate extreme poverty, everywhere and in all its forms.</p>  |  <p><b>9. Industrialisation</b><br/>Build resilient infrastructure and promote a sustainable and inclusive industrialisation process and innovation.</p>             |
|  <p><b>2. Hunger</b><br/>End hunger, achieve food safety and ensure adequate nutrition for all, promoting sustainable agriculture.</p> |  <p><b>10. Inequality</b><br/>Reduce inequalities within nations.</p>  |
|  <p><b>3. Health</b><br/>Ensure healthy living conditions and well-being for all and all ages.</p>                                     |  <p><b>11. City</b><br/>Make cities and human settlements safe, inclusive, resilient and sustainable.</p>  |
|  <p><b>4. Education</b><br/>Ensure quality, equitable and inclusive education and lifelong learning opportunities for all.</p>         |  <p><b>12. Waste</b><br/>Ensure sustainable patterns of production and consumption.</p>  |
|  <p><b>5. Gender</b><br/>Achieving gender equality and the empowerment of all women and girls.</p>                                     |  <p><b>13. Climate change</b><br/>Take urgent action to combat climate change and its effects.</p>   |
|  <p><b>6. Water and sanitation</b><br/>Ensure availability and sustainable management of water and sanitation for all.</p>             |  <p><b>14. Oceans</b><br/>Ensure the protection and sustainable use of the oceans, seas and marine resources for sustainable development.</p>                        |
|  <p><b>7. Energy</b><br/>Ensure access to modern energy, sustainable, reliable and affordable to all.</p>                              |  <p><b>15. Biodiversity</b><br/>Protect, restore and promote sustainable use of earth ecosystems, forests and stop the loss of biodiversity.</p>                     |
|  <p><b>8. Growth</b><br/>Promote sustained economic growth, full and productive employment and decent work for all.</p>                |  <p><b>16. Peace</b><br/>Promote peaceful, inclusive societies, ensuring access to justice for all and build responsive, accountable institutions at all levels.</p> |
|   |  <p><b>17. Partnership</b><br/>Strengthen implementation tools and revitalise sustainable global partnerships.</p>   |





# THE COMPANY

2



# OMAL

## A HISTORY OF EXCELLENCE



This section of the sustainability report focuses on OMAL S.p.A.'s corporate data and identity by introducing a profile that will be subsequently detailed according to the environmental and social activities promoted by the company in 2016.

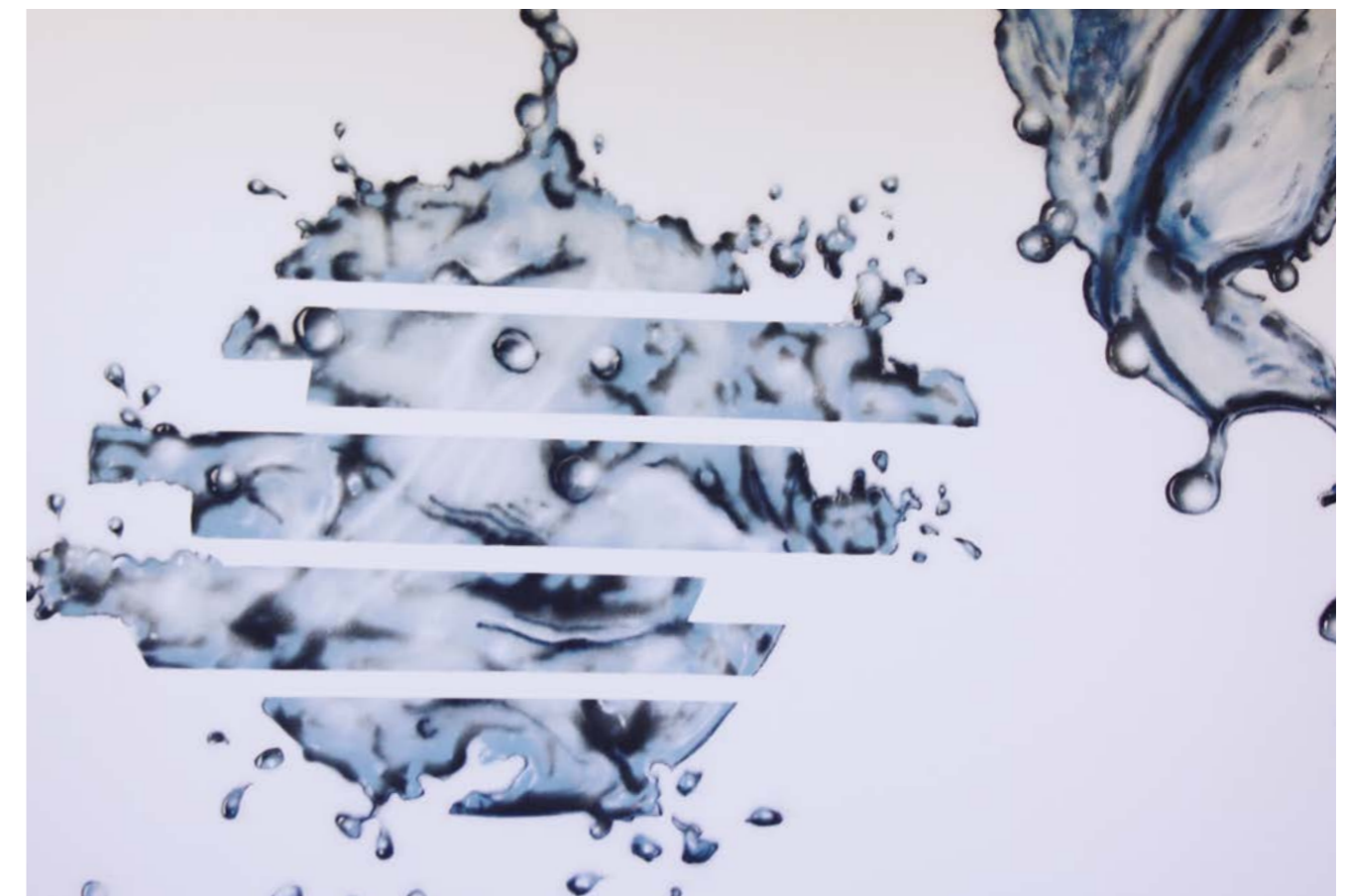


## 2.1 THE COMPANY

OMAL was founded in 1981, when Mr. Agostino Bonomi, who grew up in an entrepreneurial family producing ball valves, made a forward-looking decision: founding a new business in Polaveno in Val Trompia. Unlike other companies engaged in large-scale manufacturing, the founder focused on the importance of product automation and customisation that, although an industrial component, required a different design approach. This therefore led to invest in creating a team of skilled technicians and engineers able to design valves intended for different types of customers and applications, flexible enough to meet even the most complex and technically advanced requirements to guarantee above-average performance.

The product differentiation strategy rewards OMAL that, in just a few years, grew by increasing its turnover and gradually opening to overseas market starting from Germany. In 1987, OMAL moved its facilities to Villa Carcina, in Val Trompia, increasing the number of its employees and marketed products. In 2008 OMAL opens a new production facility in Rodengo Saiano (Franciacorta), where all operating units are currently operating with the exception of the Production and Technical offices that were transferred to the new facility of Passirano in October 2016. The Company has continued to grow for eight years, relying on 92 employees and two facilities. In 2016, the Company built a new industrial building where the valve and actuator production departments were gradually transferred, hosting at that point 99 employees in total. OMAL founder's son climbed aboard. He has been running the industrial operations as a CEO since July 2015.

Today, OMAL's productive activity is still carried out completely in Italy. This is an important characteristic as it confirms the value that OMAL has always given to the Italian skilfulness to design and process mechanical products through special attention and commitment, embodying the corporate core values and in the wake of a craftsmanship intended as attention to detail and flexibility to adapt the product to customer requirements.





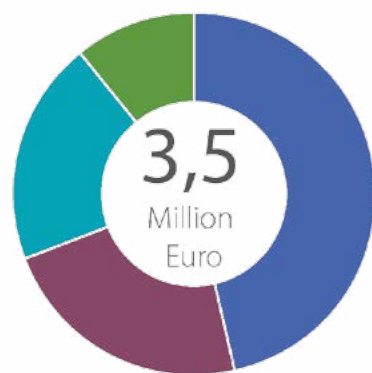
SDG OMAL currently operates on a surface of 38 thousand square meters, whose 17 thousand are covered facilities.

## FINANCIAL OUTLOOK

Amounts in thousands of €	2015	Incid.%	2014	Incid.%	2013	Incid.%
Sales revenues	28.049	100,0%	27.718	100,0%	24.698	100,0%
EBITDA	2.389	8,5%	2.314	8,3%	2.531	10,2%
EBIT	1.111	4,0%	1.230	4,4%	964	3,9%
Pre-tax Profit	1.066	3,8%	1.076	3,9%	779	3,2%
<b>Profit for the year</b>	<b>644</b>	<b>2,3%</b>	<b>646</b>	<b>2,3%</b>	<b>199</b>	<b>0,8%</b>
Current Assets	13.954		14.044		12.558	
Fixed Assets	4.480		3.269		2.707	
<b>Total Invested Capital</b>	<b>18.434</b>		<b>17.313</b>		<b>15.266</b>	
Current Liabilities	10.207		9.364		9.209	
Consolidated Liabilities	4.474		4.841		3.594	
Equity	3.753		3.109		2.462	
<b>Total Sources of Finance</b>	<b>18.434</b>		<b>17.313</b>		<b>15.266</b>	
Investments	2.303		1.610		493	
Number of employees	92		91		91	
ROS	3,96%		4,44%		3,90%	
ROI	6,03%		7,11%		6,32%	
ROE	17,16%		20,79%		8,07%	

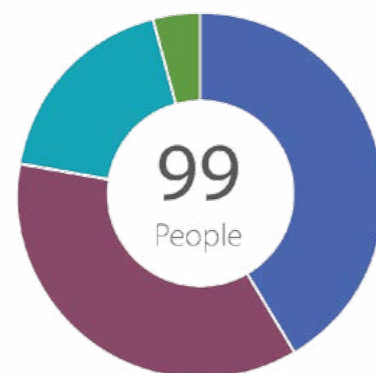
Above: the data presented above refer to the year 2015 as the economic values for the year 2016, at the time of publication of the sustainability report, were not yet consolidated.

### INVESTMENTS 2015-2016



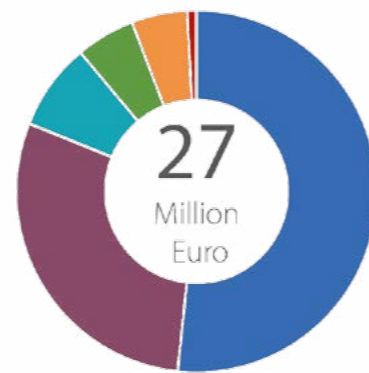
- Process > 46,4%
- Product Development > 22,9%
- Infrastructure > 19,8%
- ICT > 10,8%

### STAFF 2016



- Engineers & Technicians > 41,2%
- Workers > 37,1%
- Marketing and Accounting > 17,5%
- Social Innovation > 10,8%

### CUSTOMER SALES 2016

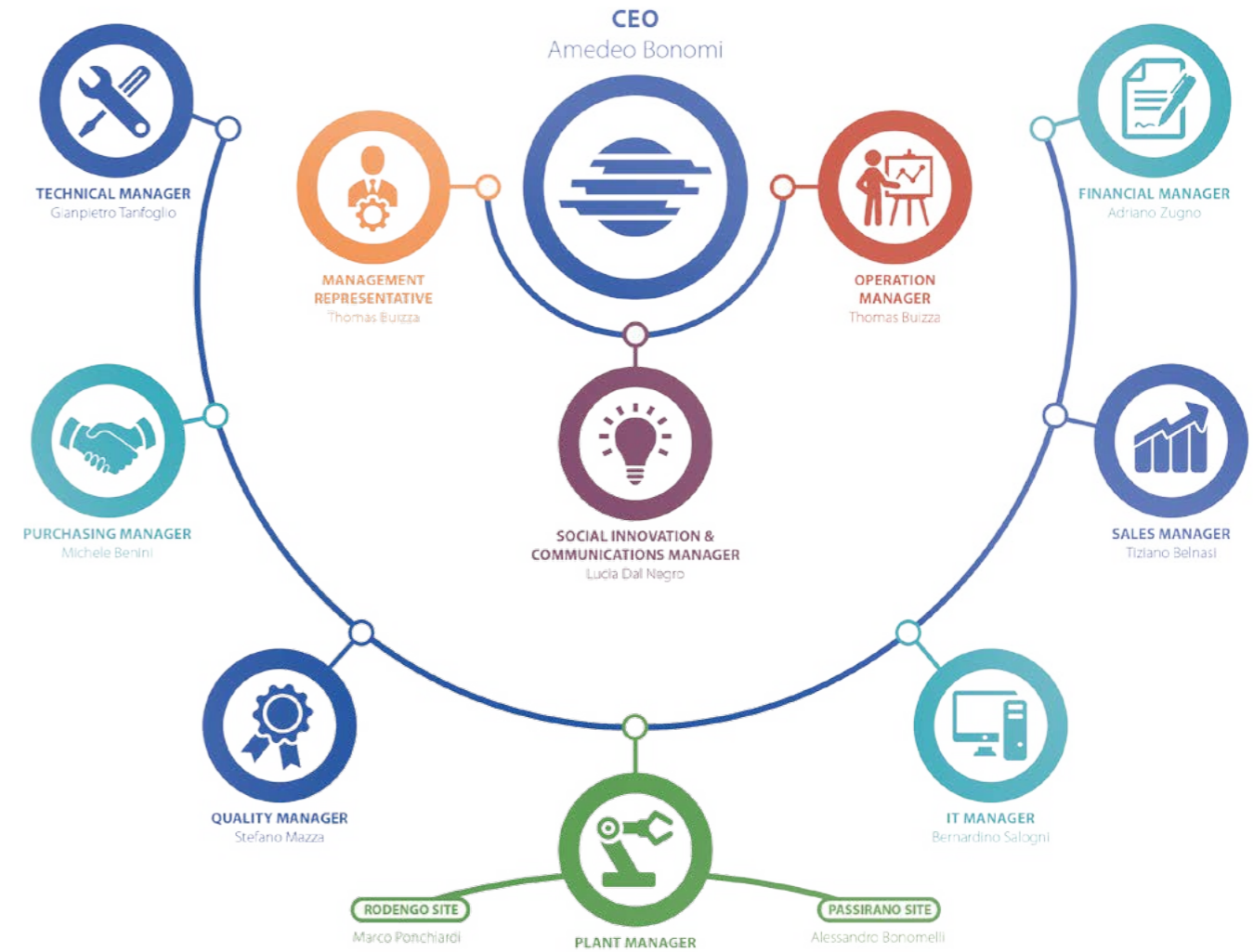


- Italy > 51,7%
- Europe > 29,5%
- Asia > 7,9%
- Americas > 5,3%
- MENA > 5%
- Oceania e SouthAfrica > 0,6%

Above: OMAL data related to investments made in 2015/2016; distribution of internal staff, sales by region.

OMAL is divided into internal organisational units and production units according to the following organisational chart reviewed in 2015 in order to optimise the internal relationships and maximise the supply of products in a quick and reliable manner. The centralisation of the offices in Rodengo Saiano, where even the executive board is located, allows managing internal processes in a more strategic and organised way.

## ORGANISATIONAL CHART



## 2.2 THE VALUES

Since its founding, OMAL has been operationally organised around three core values, embodied in the following principles: sense of duty, respect and passion. These values are the way forward, as well as the cornerstones of the Company's internal and external relations.



## Passion

For OMAL, Passion means not to settle just for the standard result but the continuous pursuit to surpass its performances to improve products and process, without compromising on human growth, that is possible in a stimulating working environment which is also open to dialogue.

*'You know you are in a magical place when you go back home in the evening and think about that piece you cannot design, to that process that challenges your patience... and you realise that you didn't bring work home, but passion'.*

## Respect

For OMAL, Respect means ability to understand the needs and differences of the players he deals with be they colleagues or business partners, respecting the needs of everybody and continuously challenging itself to find common and effective solutions.

*'We do not need internal rules to understand that in everything we do, there must be respect for our role and dignity of our work, every day, towards all'.*

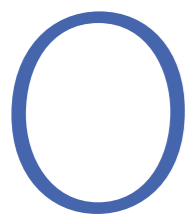
## Sense of Duty

For OMAL, Sense of Duty means promising respecting agreements, promises and ambitions keeping them within established timeframes and manners that are shared with its partners. Where necessary, the Sense of Duty requires the flexibility to think outside the box and find unconventional, brave solutions.

*'There are only a few words that explain what duty is for us: never give up'.*

These values stem from years of activity in the area and in the sector of valves and actuators, thus embodying corporate philosophy: from a taking up challenges with commitment and passion. According to the three core values, the corporate vision reflects the willingness of all OMAL's employees and owner to work pursuing 'a fair balance between man and the environment to improve the quality of life, ensuring a better world to future generations', in order to add another feature to OMAL's commitment. This culture of values is expressed in the Company's mission: 'we guarantee a better world for our children. Through our products, we protect the environment and improve the quality of life by making systems more safe and reliable', which is the essence of OMAL's work aimed at making the Company a benchmark for customers who can recognise a top quality product, appreciating its technical reliability and durability.

## 2.3 THE PRODUCTS



OMAL produces valves (pneumatic, ball and butterfly) and actuators (electric and pneumatic) for industrial use.



## THE VALVE

The valve is a mechanical component that allows shutting-off or regulating the flow of a media in a pipeline in order to ensure specific pressure or flow rate values. In most cases, such media is fluid, i.e. liquid or gas.

The valves normally consist of three core elements:

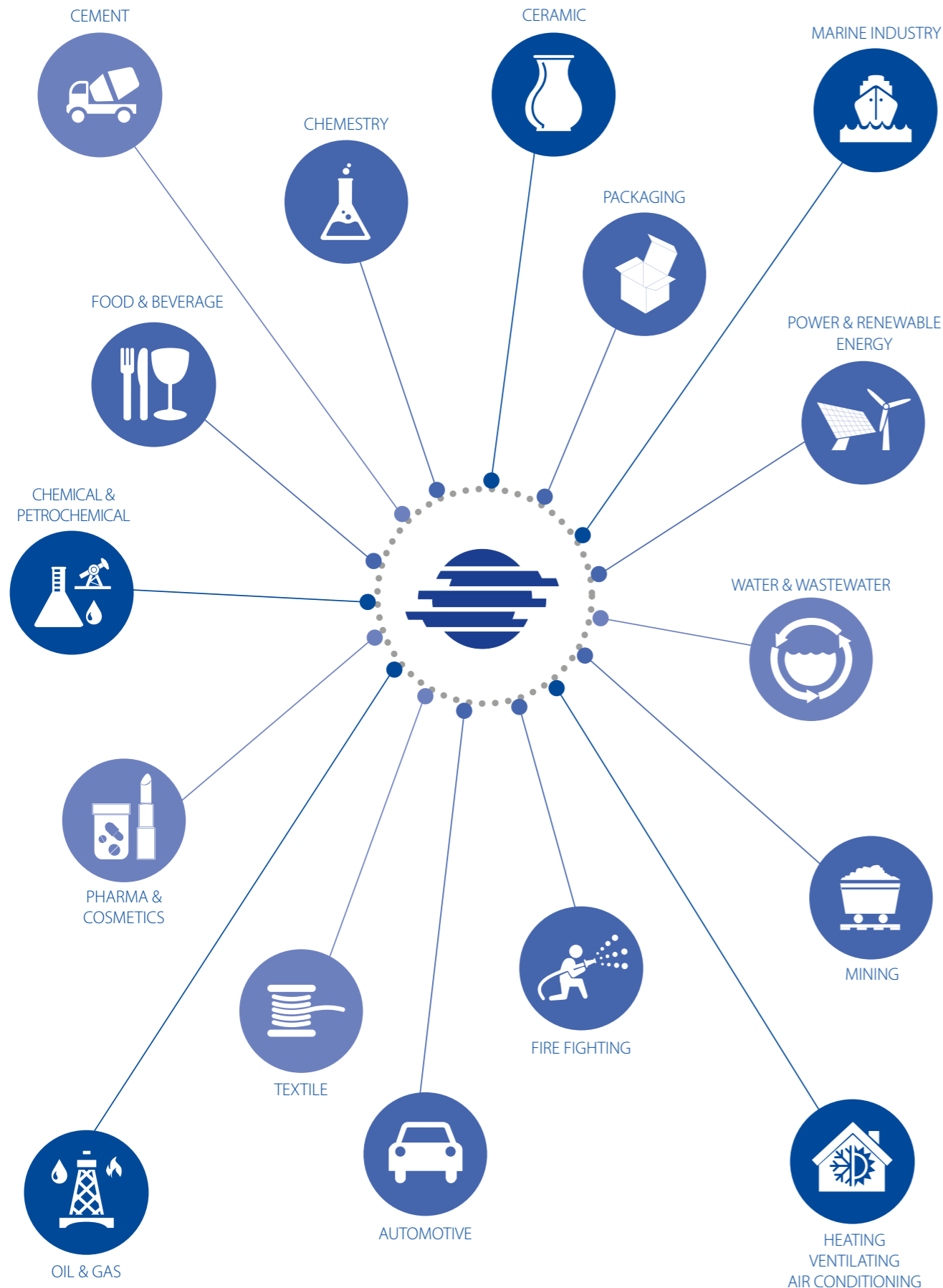
**The body**, that contains the actuator and allows both the coupling to pipelines where the fluid flows and the connection to control components;

**The valve shutter**, which is the movable member, allowing the interception of the fluid;

**The control members** that can be manual, electric or magnetic, allowing controlling the movable member.



Examples of applications of OMAL products include:



## THE IMPORTANCE OF DESIGN

OMAL is proud of its collaboration with the world of industrial design. It represents one of the most stimulating cooperation experiences ever realised in the valves sector. Since October 2015, OMAL has benefitted of the support of the design firm ITALDESIGN-GIUGIARO S.p.A. for the engineering of its new series of R&P actuators.

The design research process of the new line of actuators began with an initial brainstorming meeting where OMAL's technicians and engineers explained the product, its functions, the market demands and the technical constraints. Then, the designers presented their proposals that were discussed internally and aligned to further technical and aesthetic input. After identifying the best option, the OMAL team visited ITALDESIGN – GIUGIARO S.p.A. to analyse further drafts and choices to share. Once clarified the various pending issues, the pilot version was created in two sample sizes. Afterwards, OMAL industrialised the chosen design, optimising it and developing all the sizes of new rack /pinion series.

The experience of OMAL in the design of high-end products reflects the attention that OMAL puts into detail and refined shapes, as well as the reliability of technical performance. This philosophy embodies OMAL's commitment to its customers so that the design efforts give life to reliable and appealing solutions therefore, unique and distinguishable ... in a word: empowered.





## 2.4 THE STAFF

OMAL's staff consists of 99 members allocated to the two facilities of Rodengo Saiano and Passirano. The breakdown of staff by gender, as shown below, indicates a male predominance, typical of the industrial sector where OMAL operates.

Most of OMAL's employees are given open-ended contracts, while only 6% of are fixed-term. However, all contracts are intended to become open-ended ones in the future.

As for professional status, 2% are executives, 45.5% are employees and 52.5% are workers.

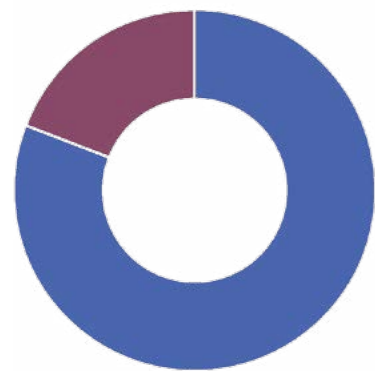
At 31st December 2016, the Company also benefitted of the collaboration of temporary staff as follows: 4 workers and 1 employee. As per the composition of the Company's staff members in 2016, 39% were under the age of 35, 14% were over 50 years old and 47% of OMAL's workforce were between 36 and 50 years old, as displayed in the chart below. The average age of OMAL's Managers is 45.

With regard to seniority, more than half of the officers have less than 10 years of seniority, as shown in the chart below, which highlights the presence of a new generation of employees. The Organisation gave them trust and responsibility to continue the path of inner growth and innovation.

SDG 10 GC GOAL 1 As part of the composition of the workforce, it is important to point out that OMAL is contributing to social inclusion of disadvantaged persons, in accordance with Law 68/1999.

SDG 10 GC GOAL 6

OMAL EMPLOYEES BY GENDER



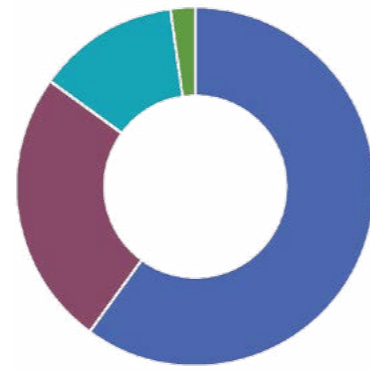
Men > 81 %  
Woman > 19 %

OMAL EMPLOYEES BY AGE GROUP



From 36 to 50 years > 47 %  
Up to 35 years > 39 %  
Over 50 years > 14 %

OMAL EMPLOYEES FOR SENIORITY



Up to 10 years > 60 %  
From 11 to 20 years > 25 %  
From 21 to 30 years > 13 %  
Over 30 years > 2 %

## 2.5 SUPPLIERS AND CUSTOMERS

With regard to relations between OMAL and its business partners, the Company implements constant interactions intended to improve relations and exchanges.

### SUPPLIERS

Considering the relations between OMAL and its suppliers, below is a representation of the revenue data for goods and services provided by Italian, European and world suppliers.

### 2016 PURCHASES

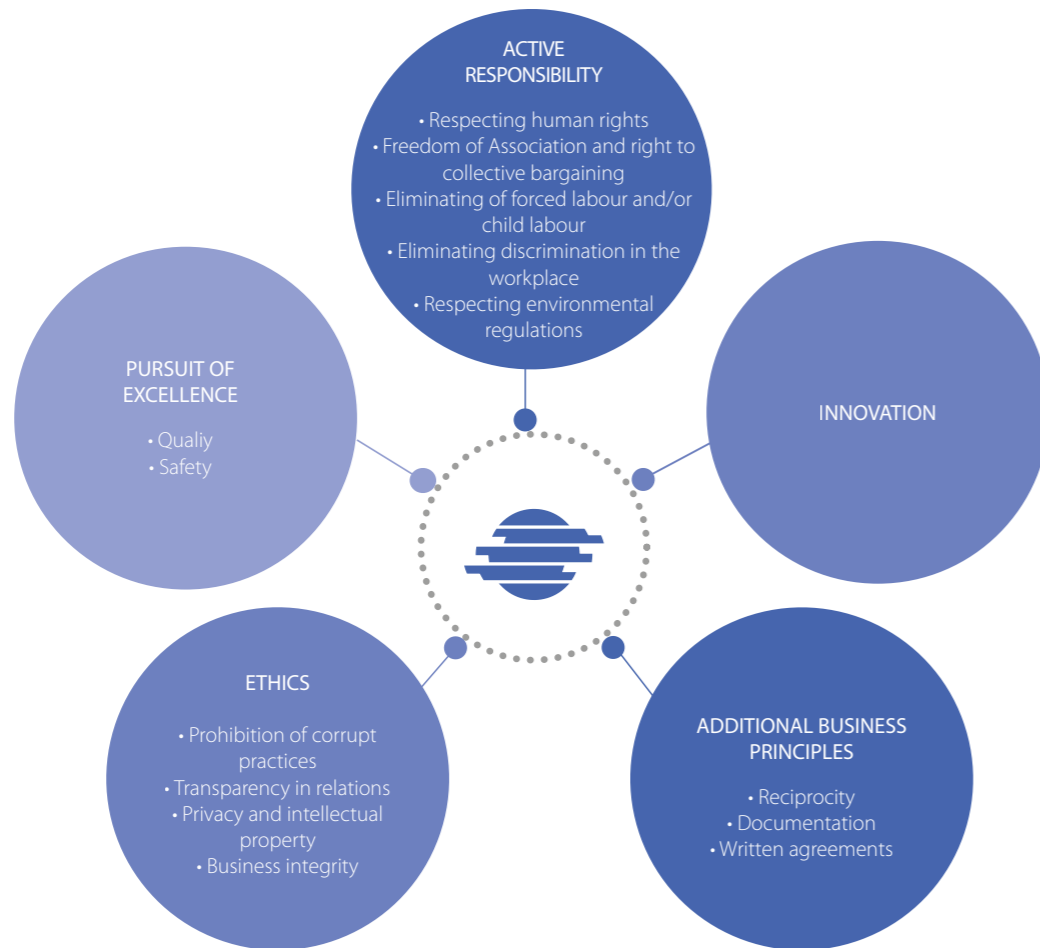
AREA	VALUE	% VALUE
Italy	€ 9.889.231,52	75,42%
Outside the EC	€ 3.020.921,00	23,04%
EC	€ 201.623,46	1,54%
<b>Total</b>	<b>€ 13.111.775,98</b>	<b>100,00%</b>

Above: absolute values and percentages of OMAL's purchases in 2016.

SDG 17 GC GOAL 8 In addition to what is shown by the quantitative data, OMAL launched a debate with its suppliers on issues related to corporate sustainability and professional ethics. This process led to the 'Supplier Code of Conduct', signed by our trading partners and based on compliance with common ethical rules and shared accountability in business operations. This activity was set up for an initial sample of 17 suppliers out of 150, meaning 22% of the purchase portfolio.



OMAL believes that compliance with ethical principles and attention towards environmental and social sustainability issue can lead to a responsible and efficient supply chain, where each exchange takes place in mutual respect and trust. The principles shared by OMAL with its suppliers are summarised in the following image:



In spring of 2016, thanks to its efforts to activate an ethical and responsible supply chain, OMAL won the 'The Procurement Awards' contest, to recognise those committed to excellence in the procurement profession. The contest focused on Purchase Office best operational practices in four categories: 'Best Negotiation Practices', 'Innovation', 'Team Procurement Process' and 'Ethics and Sustainability'. On 19th May 2016, OMAL ranked first in the 'Ethics and Sustainability' category.



Above: the three finalists companies and winner announcement in the contest 'The Procurement Awards', 2016



## THE BUTTERFLY VALVES VALEO AWARD PROJECT 2016

In the industrial automation market, where suppliers are all highly globalised and the companies are oriented consistently towards the purchase of resources in developing countries, OMAL was able to replicate its core values – respect, passion and sense of duty – in emerging markets, committing to the concept of Social Innovation that strengthened its global vision.

In the 'Ethics and Sustainability' category, OMAL presented a project carried out in China since 2013 aimed at qualitative improvement of trade relations with a local supplier of cast iron. For three years, this supplier has been supported by OMAL technicians in order to improve its product and process performance quality, primarily through training on more environmentally friendly production methods and more effective negotiation processes.

The jury awarded 'the courage to support a foreign supplier overcoming traditional buyer approaches' - focused exclusively on minimising purchasing prices - 'implementing an industrial process improvement with clear and proven social and environmental impacts'.



Concurrently with this work to define and share ethical and professional principles, OMAL has completed the GREEN-IN project, which is a process of:

- Offsetting CO2 emissions produced by its logistics partners;
- Redefining purchasing processes and procedures used in qualification, assessment and monitoring of its suppliers.

As of January 2016, OMAL has considered the possibility to participate in a CO2 offsetting project. The company is among the first 10 SMEs in Italy. The increasingly environmentally friendly vision of processes, along with the ability to share the project with one of the top three carriers in the world, allowed for reaching a prompt agreement. Once the project was launched, it was then decided to reallocate part of the market to those who presented similar projects, while offering better remuneration options. The proposal was welcomed by two other suppliers, allowing OMAL to participate in three compensation projects, achieving savings of 3% on the 2015 turnover.



Additional details of this activity are provided in the 'Green-IN' section of this Sustainability Report.

Furthermore, OMAL has integrated in its vendor list a social and an environmental indicator, result of the average of three sub-qualitative indicators broken down by target localised in Advanced (i) or Emerging Economies (ii). This allowed outlining the performance of OMAL's suppliers in light of the actual working conditions, assessing their choices as regards to the actual possibilities for action. In addition to the three sub-indicators, the presence or lack of social or environmental certifications allowed the supplier performance to obtain a higher or lower rating during qualification. Finally, new and old suppliers were monitored and audits performed on site (when possible) or remotely, and managed by the Head of the Purchase Office, based on the abovementioned criteria in the OMAL's vendor list.



The growth of OMAL's Purchase Office, like all paths of growth, constantly evolving. In this regard, improvement targets have been developed for the next two years (2017/2018) including the 'Tender1 for Improvement' project aimed at promoting a virtuous process of selection of ideas for improvement starting from our suppliers and aiming at redesigning our supply chain with a participatory, open and more efficient viewpoint.

The Tender<sup>1</sup> for Improvement will involve suppliers in a structural manner, once the carbon offsetting projects, created on a reputational basis, have also led to quantitative benefits that have resulted in cost savings. In this regard, the Tender for Improvement is intended to make a qualitative result in a quantitative one, as a direct consequence, developing precise analyses on the relationship between process optimisation of supplies (the latter proposed by suppliers themselves), reduction of environmental impacts and economic return. These are the reasons that led to the decision of applying this strategy to other product categories starting from 2017.

Another key point of future objectives concerning supply chains include the introduction of new Price analyses models<sup>2</sup>, with the aim of achieving even more consolidated partnerships, a qualitative improvement of the product and better prices. Assuming a more targeted cost breakdown, will lead to use tools shared with the technical sector, in order to normalise the dynamics of purchasing. This approach, already in the process of RFQ, will establish the cornerstones of supply, such as quality, price and service. Consequently, the perspective learning curve<sup>3</sup> will help strongly consolidate business relationships towards win-win partnerships. This is because, with the exception of variable components that affect the price, OMAL will be able to get better economic treatments guaranteed by the medium-long term approach with the supplier, which means, as a result, gaining a broader view in terms of revenue consolidation.



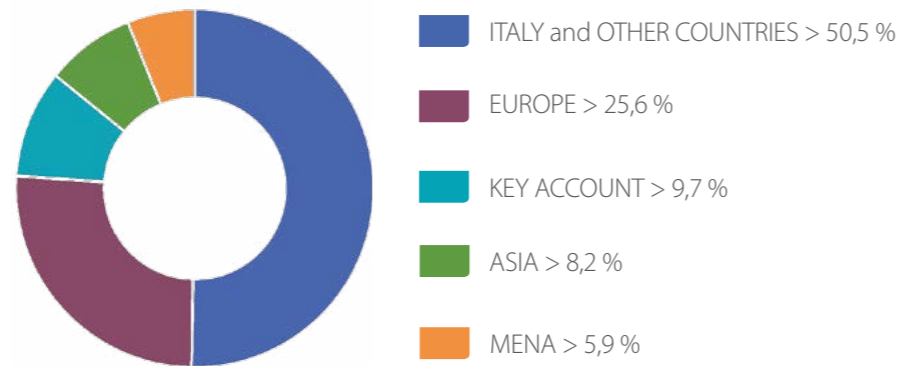
<sup>1</sup> TENDER: method to identify and qualify new suppliers within the commodity sector, in addition to assessing the competitiveness of existing suppliers on products purchased. The tender can have as a goal the creation of Framework Agreements with suppliers chosen in partnership.  
<sup>2</sup> PRICE ANALYSIS: tools and techniques that allow analysing the cost structure of the product purchased by the supplier and to define a fair and consistent negotiating target price in relation to market conditions.  
<sup>3</sup> LEARNING CURVE: experience curve representing an improvement in the supplier's production costs with regard to the product life cycle.



## THE CUSTOMERS

OMAL's customers, differentiated based on the different sectors and different products ordered, are broken down into key accounts and structural customers. OMAL organised its Sales Department to best satisfy their needs and based on the geographical areas of interest. Each of them has a dedicated Area Manager, as well as back-office, operation and coordination staff.

### OMAL CUSTOMER BREAKDOWN BY TURNOVER



To date, OMAL has a sales network covering 93 countries, able to serve fifteen different industrial sectors. In addition to products with high technical qualities, OMAL can also provide the customer with a continuous technical support service and customised assistance. The Company offers a comprehensive service, thus completing the product supply sharing the expertise earned with over 36 years of experience as a leader in the valves and actuators sector.



Above: OMAL customers in the world.

OMAL's customer lies at the core of the Company's efforts for improvement. It is also one of the key stakeholders, since they allow verifying the effectiveness of our choices and resources. We believe that an open and continuous dialogue should be initiated with all our customers, both on technical issues and on those relating to the brand and brand reputation. This is why OMAL has opened several channels of communication and business upgrade including industry trade fairs (i) and sales conferences (ii).

## 2016 TRADE FAIRS

Below is a list of the trade fairs in which OMAL was present in 2016. These events are strategic and business objectives, where OMAL's tangible contribution in terms of technical and social innovation has always been highly appreciated. Examples are product testing in real-time, personalised audio-visual contents and interactive gamification facilities dedicated to Social Innovation topics. Such actions reflect the Company's continuous efforts to submit innovative and stimulating issues to participants and potential OMAL's partners.



**Valve World >** The VALVE WORLD takes place in Dusseldorf, Germany, at the Messe Dusseldorf every two years. The 2016 edition took place from 29th Nov. 2016 to 1st Dec. 2016. The exhibition provides a showcase and meeting place from many of the leading companies in the metalworking industries. For the latest edition, OMAL's stand was inspired by the value of the company at its fullest, including exhibition spaces for products, trading areas but also spaces for gamification paths to familiarise visitors with the theme of Social Innovation. OMAL successfully achieved its goal: collecting data and information on its customers and suppliers business trends concerning brand reputation. Based on these data, OMAL will develop the annual strategies for 2017 that will involve the Marketing and Social Innovation unit.

In the oil & gas sector, OMAL participated to the ADIPEC and Kioge world fairs:



**Adipec >** Abu Dhabi International Petroleum Exhibition & Conference is the biennial oil & gas exhibition, one of the world's most important events in the industry. The event was held at the ADNEC Exhibition Centre in Abu Dhabi from 7th Nov. 2016 to 10th Nov. 2016. The fair brings together all the oil & and gas sectors and focuses on the latest machinery and equipment for the exploration, production, refining, storage and transport of gas and oil.



**Kioge >** The Kazakhstan 2016 Trade Fair was held in Kazakhstan from 5th Oct. 2016 to 7th 2016 in Almaty, in the International Exhibition Agency. The fair focused on the relations in the Oil and Gas industry concerning the emerging area of Central Asia.

In Italy, OMAL has directly taken part in the following trade fairs:



**LPG Firenze >** 9th World Congress of the LPG industry. The event, that took place from 15th to 17th November 2016, welcomed the main international agencies, politicians, media and industry leaders in the LPG industry to discuss the potential for growth and development in Italy and worldwide.





**MCT Petrolchimico** > Technologies Exhibition and Conference for the Petrochemical Industry. The ninth edition of the event took place on 30th Nov. 2016 and combined both a traditional exhibition area and training focusing on the innovations in the petrochemical sector.

## SALES CONFERENCE 2016

Since 2010, OMAL has established recurring meetings with its sales network and with its foreign international partners with the purpose of updating and disseminating organisational and product information, through formal and informal training events.

The format includes a two-day collective event, organised according to business areas in capitals that are logistically accessible for the countries in which OMAL partners operate:

- for Italian and European participants in the province of Brescia;
- for participants from the MENA region, the sales conference was held in Dubai;
- for the Asian participants, the meeting was held in Kuala Lumpur.

In 2016, the participants for each sales area were:

ITALIA : 15                      EURO AREA : 42  
 MENA REGION : 32            PACIFIC ASIA AREA : 35

The format included classroom-taught and informal training courses, i.e. tutorials and participatory project planning, also involving networking and information coding among the participants.

The topics were:

- **Sales Trend Analysis:** analysis of sales trend in the first quarter and analysis of the type of products sold;
- **Updated Qualification & Reference List:** best practice sharing for contracts and tenders relating to the Oil & Gas and water treatment sector;
- **Value Selling:** focus on the sales principles based on the Total Cost of Ownership;
- **New Corporate Development:** focus on OMAL's innovations and new structural developments;
- **Tool Box Introduction:** focus on the OMAL's strategic guidelines for 2020;
- **Social Innovation:** focus of the theme and identification of the marketing hubs in the relevant markets.



**SDG** OMAL's 2016-2020 industrial plan provides for a target of a 10% annual growth. To this, several investments in every branch of the company have been made in 2015-2016: a new facility and new machinery for mechanical processing, automatic machinery for assembling and testing, a new

logistics management, a major reorganisation of the business structure and new human capital.

These investments aim at providing the necessary organisational and production capacity to ensure company growth and to meet the challenges of the next five-year period.

The industry of valves and actuators is one big global market with about twenty thousand manufacturers, therefore it highly competitive. Large industrial groups cope with market challenges via mergers and acquisitions. Meanwhile, less structured companies respond with ever-lower prices and compromise on quality.

The target market for OMAL remains Europe, which accounts for more than 75% of total sales. The tendency to relocate larger production facilities outside Europe is now irreversible (i.e. to Africa, the Middle East or Asia) for both investment and management costs, and for a more tolerant and permissive legislation towards environmental issues and labour. In Europe, therefore, it is expected that only specialised production will remain, probably of high quality, while the production of larger volumes is shifting almost exclusively in emerging or developing countries. Consequently, to continue to grow, OMAL shall defend its market share in Europe and increase penetration in countries outside Europe. Meanwhile, considering market competitiveness, OMAL's strategy is to rank at the top end of the market, away from price dynamics, and where product performance, high level technical expertise, increasingly flexible and customised design, organisational and production skills are required.

The current evolution of production processes requires continuous product development. The percentage of automated valves compared to manual ones is also steadily increasing, as demanded by the new industry standards that require that man, from operator, becomes a simple controller.

Over the years, OMAL has always proved its willingness in pursuing product innovation and the continuous improvement of production processes to exploit a competitive advantage: for example, in 1981 the Company launched the yoke actuator, while the whole industry focused on rack and pinion actuators; or in 1992, OMAL patented the VIP valve with a new philosophy for the existing market that, even today, is often imitated; again, in 2015 with the presentation of the PRO-CHEMIE-60 valve, approved by the TUV in Frankfurt in accordance with IGR Directive, that has enabled OMAL to be the only Italian valves manufacturer capable of penetrating a market monopolised by other players in the chemical industry.

To replicate these successes, the continuous efforts in research and development are aimed to satisfy the most demanding users who ask for increasingly customised and sophisticated integrated systems, as well as a more flexible and streamlined production. Complex markets and engineered products require the external sales network (agents, distributors, retailers) to increase their level of technical and professional skills in order to propose the most appropriate solution. On the other hand, even end customers must improve their knowledge in order to appreciate and understand the technical features of the product and thus the benefits for their company.

It therefore becomes crucial for OMAL to be close to its local partners and customers to improve the effectiveness of their strategies. That relationship can be either virtual, using new IT systems (3D video, online self-diagnostics, Industry 4.0, webinars, interaction, etc.) or personal, within local communities.

Finally, in order to transform the customer from passive stakeholder (recipient) to active stakeholder (partner), OMAL began and ended in 2016 a series of debates and confrontations that led to the drafting of the 'Code of Ethics'; an official document including the guidelines of OMAL to address reputational issues, with a focus on responsible behaviour towards customers.

In this regard, OMAL seeks utmost compliance with the following points, for the benefits of its customers. Therefore, customers also are asked to comply with the following obligations:



- prohibition of corruption and other forms of bribery (milestone 1 – Code of Ethics)
- prohibition of gratuities and forms of entertainment (milestone 2 – Code of Ethics)
- compliance with for the rules of the free market and free competition (milestone 4 – Code of Ethics)
- compliance with applicable laws relating to products and processes (milestone 5 – Code of Ethics)

For more aspects covered by the Code of Ethics, the document is available on OMAL website.



## 2.6 THE COMMUNITY

OMAL is aware of the presence of many other business players in the local community in the area of Franciacorta and Val Trompia. For this reason, the Company sets its work and commitment within a network of social relations to be respected and protected.



The Company therefore pays attention to local communities and, where possible, addresses the needs of associations and local institutions in order to contribute to the public good and the protection of disadvantaged people.

Philanthropy in OMAL therefore exists but with a residual function: it is neither structural nor strategic. On the contrary, the Company provides support during local or national extraordinary emergencies, or for issues the owners are particularly sensitive to.

In 2016, OMAL's philanthropic channel has been activated for five specific initiatives, attributable to two categories:

- Sports
- National emergencies

The first category includes the donation made to the ICARO basketball team (runner-up in the Serie B Italian Championship wheelchair basketball) and to the Italian flag football under 15 team (FIDAF), which this year won on the Serbian team in the European Championships in Belgrade. In addition, OMAL supports the ASD Rugby Lumezzane with a sponsorship aimed at the implementation of two social projects: the 'Motorya' project and the 'Scuole' (Schools) project. The first one involves a path of psychomotor development for children aged 6 to 18, aimed at harmoniously developing cognitive, psychological and physical skills through the study and play of rugby. The Municipality of Lumezzane, with the participation of some teaching staff members from the Exercise and Sport Sciences programme at the University of Brescia and some local companies, set up a similar project. An initiative was created to contrast the problems of sedentary lifestyles and poor nutrition among young people within the local population. The second project aims to bring rugby in schools as a preparatory activity for the development of interpersonal relations, taking advantage of the typical interactions of team sports. To date, the schools project benefits of the collaboration of about 20 schools, mostly in Val Trompia and Valle Sabbia, with the goal of reaching 1000 hours of rugby per year within the schools, in addition to physical education hours provided for by the educational programmes.



Above: the Lumezzane rugby team supported by OMAL.

## EQUALITY AND TRANSPARENCY WITHIN OMAL

In order to avoid personal favours and unequal treatment among OMAL staff, the Management established a rule whereby any gift to colleagues in the Sales or Purchase Offices, as well as to other figures in the key areas within the Company, shall be raffled during the Company's Christmas dinner. This as a token of respect for colleagues who are not equally subject to this type of freebies and, in general, to provide all staff with behavioural guidance in the name of simplicity.





## FLAG FOOTBALL

Flag Football is a team sport springing from American football. It has a similar game modulation, type of teams on the field and some roles, basic rules of forwarding the ball, etc., and the same official ball. The notable difference, which is also the primary factor of its increasingly wide spread, is determined by the absence of physical contact as the opponent is not stopped by the tackle, but pulling a flag that is attached to the belt and therefore blocking the action. In our country, Flag Football started to become popular in the late 1990s, exclusively for males and with a slight hint of junior categories. Over the years, this sport has recorded a steady growth, leading many companies to compete internationally in tournaments and cups and the Italian National Team to achieve important results, transforming this sports trend by increasing its visibility, dissemination and popularity.

In fact, Italy is one of the countries linked to the IFAF (International Federation of American Football) which in recent years has increasingly developed all flag sectors, from the junior category (Mini-Flag, U13, U15 and U17) to the senior ones (female and open/mixed), organising over about the past 10 years the first edition of the European Beach Flag Championship (Grosseto 2014), a World Championship and four European Championships (two senior and two junior events). Italian amateurs, just as all flag football followers, have always been fascinated by the fact, this team sport is suitable for everyone: men and women, young and seniors, people with physical and/or mental disabilities (especially in the junior category, followed by tutors).

Finally, as regards the ICARO basketball project, during 2016, OMAL supported by donation the activities of the association, which, in the 2015/2016 season, attended the Italian Wheelchair Basketball Championship and ranked second place in the standings of the Serie B Championship.

The objectives supported by OMAL's contribution and carried out by the association, include:

- 1 • upgrading the 'Wheelchair basketball school' project for schools to introduce extra-curricular sport activities to disabled kids;
- 2 • organisation of Table Tennis training, in collaboration with the ASD Association in Coccaglio, awaiting the first tournament of the 2017 season in Verona.

Quantitatively speaking, OMAL's support, together with that of other donors, involved 250 primary and secondary school students in 4 institutions, 50 athletes, 20 volunteers, 3000 people involved in the awareness-raising events and the annual fundraising festival.



Above: the ICARO basketball team supported with the contribution of OMAL.



## WHEELCHAIR BASKETBALL

Wheelchair basketball, among adaptive sports, is one of the most spectacular and proved being particularly important and useful for the person's psychophysical recovery increasing autonomy and self-esteem. Both men and women with various disabilities can play (paraplegics, amputees, rare diseases). The rules are the same as those of basketball (height of the baskets, fouls, playtime), with no limits of age. As in basketball, there are mini basketball teams with rules adapted to the age of children and adult teams. Each athlete is given a score (from 1 to 4.5) according to their disability so that the five athletes on the court do not exceed 15 points and, consequently, all the various disabilities are represented. This sport is suitable for everyone, men and women, young and seniors, people with physical and/or mental disabilities (especially in the junior category, followed by tutors).



In the figure: action during a match of wheelchair basketball.

Likewise, during 2016, it was unfortunately necessary to support emergency interventions for two serious and delicate situations. The first refers to the need emerged by the Red Cross in Lumezzane to equip the local first aid centre with two vehicles for the assistance of injured persons. OMAL provided for the purchase of two rescue vehicles donated in October 2016.



Above: one of the two vehicles purchased by the White Cross of Lumezzane thanks to OMAL's contribution.

Finally, the tragedy of the earthquake in Umbria and Marche led OMAL to contribute (coordinated by the Civil Protection Department) to the purchase of essential supplies among those listed by first aid organisations. In this case, the Company has strictly followed the demands of operators in order to avoid sending unnecessary materials or already present on site.







QUALITY

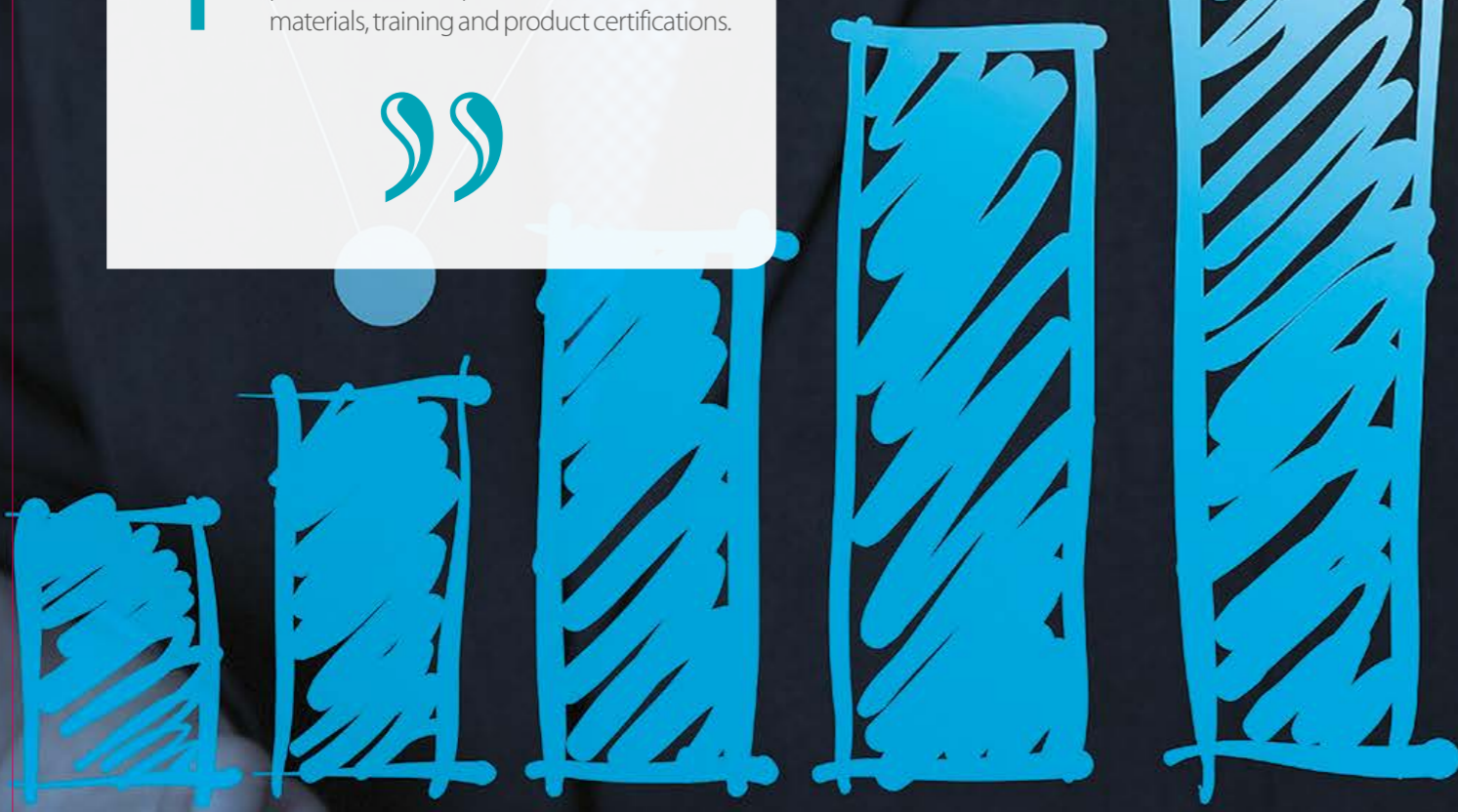
3



# THE STRENGTH TO PURSUE CONTINUOUS IMPROVEMENT



This section of the Sustainability Report focuses on the initiatives and processes promoted by OMAL in 2016 in order to improve the quality of its products and processes, with specific reference to raw materials, training and product certifications.



## 3.1 QUALITY OF RAW MATERIALS

The quality of a company can be seen from the attention given to the selection of raw materials. The selection of the materials used to manufacture valves and actuators plays a key role in maintaining high levels of performance and reliability. The definition of a structured process of input materials allows OMAL to work high-performance and controlled metals and plastics, manufactured through top quality processes. The Company also tracks each production steps thanks to open and transparent relationships with its suppliers. In addition to quality and technical specifications of the materials chosen, OMAL further checks all supplied metals and also chooses to buy them from areas not involved in armed conflicts.



In this regard, the introduction of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502 in U.S. legislation Section highlighted the need to check the area of origin of certain minerals such as gold, tantalum, tin and tungsten to the international community with the aim of promoting the humanitarian objective of putting an end to violent conflicts in the Democratic Republic of Congo (DRC) and in the surrounding countries, which were partially funded due to the exploitation and trade of such minerals.

This verification involved manufacturers and their supply chain. Some customers, interested in the American market and still sensitive to the issue, require OMAL to fill a standard report called the 'Conflict Minerals Reporting Template' (CMRT v 4.10), which is a form disclosing information concerning the use (or non-use) and origin of these minerals. In accordance with Section 1502 of the Dodd-Frank Act, OMAL is committed to comply with these provisions and, as part of this process, it collects information about the presence and use of these minerals in its supply chain. In turn, we ask our suppliers to subscribe The Conflict Minerals Declaration. This policy further confirms our commitment, to ensure a better life for our children and for those living in disadvantaged areas and subject to violence.







In addition to the above, the EC Regulation 428/09 has provided for a Community regime for the control of exports, transfer, brokering and transit of dual-use items. The use of goods and technologies in civil applications but also in the production, development and use of military assets is considered 'Dual Use'.

Their characteristic is that they differ from the armament materials, as they are not specially designed for military use. The creation of a system of export controls (EC Regulation 428/2009), common to all Member States of the Union, is necessary to ensure compliance with international commitments and the responsibilities undertaken by States in the field of non-proliferation and a prerequisite for the free movement of dual-use items.

OMAL guarantees compliance with the provisions laid down in Regulation 428/09 ensuring that the materials and products intended for export outside the European Union are not included in the list of dual-use items and/or requiring authorisations, where necessary, from the MISE (Italian Ministry of Economic Development).



Furthermore, in accordance with the provisions of Italian Legislative Decree of 17th March 1995, no. 230 'Implementation of the Euratom Directives 80/836, 84/467, 84/466, 89/618, 90/641 and 92/3 concerning ionizing radiation', the materials used in OMAL's production processes are subject to a double check on their possible radioactivity: in addition to the verifications made and declarations provided by suppliers, OMAL carries out a control on the non-radioactivity (carried out at customs in Genoa by an chartered expert of the Ministry of Labour) on the metal materials coming from destinations outside Europe in order to eliminate the even remote risk of any radioactive presence health-threatening for OMAL's employees, as well as of our customers.

Lastly, OMAL ensures compliance with the European Directive 2011/65/EC 'RoHS' (Restricting the use of Hazardous Substances in electrical and electronic equipment) establishing rules on the restriction of use of hazardous substances in electrical and electronic equipment (EEE) in order to contribute to the protection of human health and the environment, especially during the recovery and environmentally sound disposal of the same materials.



OMAL also complies with the EC Regulation no. 1907/2006 'REACH' (from the acronym 'Registration, Evaluation, Authorisation of Chemicals') concerning the registration, evaluation, authorisation and restricted use of hazardous chemicals including hexavalent chromium, cadmium and mercury. These regulations relate to the storage and use of materials (oils, solvents, glues, fats, raw materials) as well as to the management of the end of product's life cycle (recovery and disposal).



## 3.2 QUALITY AND SAFETY OF PROCESSES

The different types of OMAL valves and actuators require excellent production and organisational processes. These shall be always up to date in order to maintain standards that are appropriate to an increasingly strong and extensive global competition. OMAL concentrates the most of its efforts on:

### A STAFF TRAINING

With regard to staff training, OMAL considers the updating of its employees as an important driver of competitiveness, capable of generating market impact by improving the technical performance and working skills on the one hand, and to enhance the staff by motivating and stimulating it to learning and keeping up-to-date on the other.

The following is a complete list of the training courses provided in 2016:

N.	TITLE	TYPE	DATE	HRS.	↑ PARTICIPANTS
1	INTERNAL TRAINING: Omal Actuatch products presentation, customer returns management	QUALITY	12/01/2016	37	2
2	Omal Actuatch products presentation, customer returns management	QUALITY	18/01/2016	1,5	4
3	ASME B16.10, B16.5, EN1092-1, EN558	QUALITY	21/01/2016	4	1
4	ASME B16.34	QUALITY	22/01/2016	4	1
5	Purchase orders operating procedures	QUALITY	27/01/2016	4	1
6	PED Directive	QUALITY	29/01/2016	12	1
7	SUPPLIERS MANAGEMENT: operating procedures and strategic meeting with suppliers (Raw mat. and components)	QUALITY	01/02/2016	4	1
8	12516 STANDARD	QUALITY	02/02/2016	4	1
9	Value Selling	QUALITY	06/02/2016	8	11
10	Training on OMAL products (VL, VIP Ball Valves and components warehouse)	QUALITY	08/02/2016	3	1
11	Fire prevention attendants	SAFETY	11/02/2016	8	2
12	Presentation of the integrated management system	QUALITY	12/02/2016	2	1
13	Presentation of quality management system: the applicable standards (ISO 9001:2008, apiq1)	QUALITY	15/02/2016	2	1
14	General and specific high risk training for workers	SAFETY	17/02/2016	16	2
15	Presentation of the integrated management system	SAFETY	23/02/2016	2	1
16	Presentation of QMS, vision and mission and documentation management	QUALITY	23/02/2016	6	1
17	INTERNAL TRAINING: preliminary preparation course on OMAL products	QUALITY	24/02/2016	14	2
18	Application of controls on production processes: pq 72, 88, is 005	QUALITY	29/02/2016	8	1
19	Calibration of test and measurement instruments pq78	QUALITY	03/03/2016	8	1



20	Product traceability pq 711, pq 712 (use of the panthera management system + logistics module)	QUALITY	04/03/2016	8	1
21	Management of special orders (customer requirements, internal operating procedures, testing equipment)	QUALITY	07/03/2016	10	1
22	General and specific low risk training for workers	QUALITY	09/03/2016	8	5
23	apiq1 and ap6d specifications for ball valve manufacturing for the oil & gas industries	QUALITY	14/03/2016	8	1
24	Visit of Far East suppliers visit –(wuxi, amex, jingcheng, haitima tw and china, bolatek ...)	QUALITY	15/03/2016	4	1
25	API 6D requirements	QUALITY	01/04/2016	4	1
26	Management of non-conformities, corrective and preventive actions Pq81, pq85	QUALITY	04/04/2016	5	1
27	ASME II: Materials	QUALITY	04/04/2016	4	1
28	The seller's seven deadly sins: how to avoid them	QUALITY	05/04/2016	16	6
29	European directives (PED, ATEX, MACHINE, ROHS)	QUALITY	11/04/2016	4	1
30	Harmonised and international standards for the design of ball valves	QUALITY	13/04/2016	4	1
31	OMAL products catalogue (vip, ares, zeus, brass ball valves, att. Pneum., Att Elect.)	QUALITY	18/04/2016	2	1
32	Using spreadsheets for sizing of main parts under pressure	QUALITY	21/04/2016	4	1
33	sgp pq41 Documents management (+ access appliance)	QUALITY	27/04/2016	32	1
34	Electrode welding welder	QUALITY	07/05/2016	24	3
35	General and specific training for workers - high risk	SAFETY	17/05/2016	16	1
36	General and training for workers - high risk	SAFETY	17/05/2016	8	1
37	INTERNAL TRAINING: information note on the use of overhead cranes	SAFETY	18/05/2016	0,5	3
38	The new PED directive: what has changed regarding valves	QUALITY	24/05/2016	4	2
39	European directives and regulations: from valves designing to branding	QUALITY	27/05/2016	2	4
40	EU directives and regulations: valve designing, manufacturing, testing, branding	QUALITY	27/05/2016	2	1
41	PND METHOD: visual level 1	QUALITY	15/06/2016	16	2
42	ISO 9001:2015 Standard: context analysis and risk based thinking	QUALITY	16/06/2016	8	2
43	Valve sealing control on italcontrol s11	QUALITY	15/07/2016	4	1
44	Returns management	QUALITY	15/07/2016	24	1
45	Quality system implementation activities in compliance with the api q1 9 ed – API 6d 24 ed standards	QUALITY	18/07/2016	36	2
46	INTERNAL TRAINING: Production (PQ86), casting and moulding control	QUALITY	09/09/2016	24	1
47	Amendments to solas 74 convention	QUALITY	15/09/2016	3	2

48	Corporate social responsibility as strategic lever for companies	QUALITY	22/09/2016	3	1
49	The new Customs Code of the EU	QUALITY	27/10/2016	5	1
50	Passirano plant control and maintenance management: schedule	ENVIRONMENT	28/10/2016	2	1
51	Quality system implementation activities in compliance with the api q1 9 ed – API 6d 24 ed standards	QUALITY	02/11/2016	20	1
52	Apiq1-api6d specifications for the oil & gas industry, OMAL certification API n.6D-1007	QUALITY	22/11/2016	1	7
53	Training and information for the use of forklifts (theory training)	SAFETY	24/11/2016	8	1
54	Training and information for the use of forklifts (practical training)	SAFETY	25/11/2016	4	1
55	Environmental impact management: emissions management	QUALITY	29/11/2016	1	2
56	Proper management of special waste: hazardous and similar to urban waste to convey to the separate collection service	ENVIRONMENT	01/12/2016	0,5	24
57	Identifying environmental aspects and assessing environmental impacts: operational control management	ENVIRONMENT	13/12/2016	2	3
58	Manual handling of goods and repetitive movements	SAFETY	15/12/2016	4	1
59	Emergency response teams refresher: managing environmental impacts in emergency conditions and evacuation management	ENVIRONMENT	15/12/2016	1	3
60	Emergency response teams refresher: managing environmental impacts in emergency conditions and evacuation management	ENVIRONMENT	16/12/2016	0,5	8
TOT				484	139

### PROCCUPATIONAL HEALTH AND SAFETY

The protection of the occupational health and safety of employees is a legal obligation. For OMAL, complying with all regulations is mandatory to reflect the values declared to its employees and the community where the Company operates. OMAL implements its activities in a structured and cohesive manner to ensure that activities are carried out safely while minimising negative impacts in the workplace and to prevent accidents and injuries. In this regard, the Management undertakes to integrate a System of Occupational Health and Safety into the existing organisational systems (ISO 9001, ISO 14001), to ensure that the following objectives are met:

- 1 • Strictly observing the requirements arising from existing and future laws on occupational health and safety;
- 2 • Defining and implementing methods for the identification of hazards and for assessing the occupational health and safety risks;
- 3 • Designing appropriate measures of prevention, protection and control of impacts within the work environment;
- 4 • Ensuring that all workers are adequately informed and trained on the contents of this policy and on all health and safety issues at the time of recruitment and throughout the period of stay in the Company;
- 5 • Searching for suppliers of goods and services that share, as a principle but also in practice, health and safety protection values so as to promote mutually beneficial cooperation.



## REGULATIONS ON WORKPLACE HEALTH AND SAFETY

**C**ONSOLIDATED ACT. Italian Legislative Decree of April 9th 2008, Text coordinated with Italian Legislative Decree of 3rd August 2009 no 106, CONSOLIDATED ACT ON HEALTH AND SAFETY AT WORK

Training provided under: STATE-REGIONS AGREEMENT DATED 21st DECEMBER 2011 RELATING TO THE TRAINING IN THE FIELD OF THE PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY PURSUANT TO ARTICLES 36 AND 37 OF ITALIAN LEGISLATIVE DECREE 81/2008 AND SUBSEQUENT AMENDMENTS AND ADDITIONS.

### TRAINING IN THE FIELD OF WORKPLACE HEALTH AND SAFETY



The training courses scheduled and provided in 2016, in addition to the internal meetings held during the recruitment of new staff and internal activities including the use of cranes or relocation of facilities, were provided pursuant to articles 36 and 37 of Italian Legislative Decree 81/2008 to 9 people, including two for high risk activities, one for medium risk and six for low risk tasks.

### QUALITY MANAGEMENT SYSTEM

OMAL's Quality Management System has been certified since 1992. Implementing a quality system pursuant to the 2001 version, then to ISO 9001:2008 standard and, since 2017, to ISO 9001:2015 standard, is a strategic decision to help the organisation to improve its performance. It is also a sound basis for sustainable development initiatives. The standard allows structuring a precise and integrated system of to streamline processes and maximise the quality of internal and external production relationships.

ISO 9001:2015 standards have been recently reviewed based on a common structure called high-level structure (HLS). Among the annexes to the directive, 'Annex SL – Proposals for standards for management systems' is of particular interest as it states that all standards relating to management systems will be based on a coherent structure with common terminology and texts, as laid down in Appendix 2 – 'High level structure'. With this new structure, the scope of the ISO is to facilitate companies and organisations in integrating all, or part, of the various management systems in order to obtain a unified management system. Companies are therefore facilitated in including relevant elements of other standards into its own management system, as is the case with elements of the environmental standard ISO 14001:2015 and elements of the future ISO 45001 on occupational health and safety management.

The new ISO 9001 and 14001 standards require the organisation to consider the context where it operates and the expectations of stakeholders, in order to define the environmental, social, cultural, legal and economic factors and those related to the conditions within the organisation (personal skills, processes, policies) that impact on the context where the organisation intends to achieve its objectives, assessing the risks and opportunities to consider when setting the management system (Risk Based Thinking). Thus, quality appears a result of proper management of risks to be considered beyond the scope of the offered product or service. This integrated and systemic approach is in line with the operational criteria of OMAL. The Company has always put focus on management and organisational issues that go beyond the single division where legislation demands efforts of improvement. Being able to adapt to the demands of cross-sectoral improvement of company quality performance is crucial for OMAL and, as explained in the 'Vision' section of this Report, it is a spur leading to social innovation projects deployed within all business operations, to contextualise the qualitative progress to achieve, in every sector. Finally, OMAL believes that there is no quality if you are not able to provide the customer with a product or service in compliance with the highest international standards.





## 3.3 PRODUCT CERTIFICATION



The acquisition of product certification must be carried out jointly by the Integrated Management System Manager, Sales Manager, Head of Design and Engineering and General Management to best promote OMAL brand and values in accordance with the corporate Mission: 'We ensure a better world for our children. Through our products, we protect the environment around us and improve the quality of life making systems more secure and reliable'.

For this reason, the acquisition of certifications, also in the environmental field where possible, is one of OMAL's primary goals.

OMAL is proud of a wide range of product certifications applied to four main product categories:

### BALL VALVES



#### Certificate of compliance with Directive 2014/68/EU (PED)

Certification of the Quality System applied to the design, manufacture, final inspection and testing of industrial valves in accordance with the requirements of Directive 2014/68/EU MODULE H Full Quality Assurance.

#### Certificate of compliance with Directive 2014-34-EU (ATEX)

Declaration that the Quality System applied to the design, manufacture, final inspection and testing of industrial valves is in accordance with the requirements of the ATEX Directive 2014/34/EU for equipment intended for use in potentially explosive atmospheres.

#### API-6D Certificate

Certification of the Quality System applied to the design, manufacture, final inspection and testing of ball valves for the petroleum and natural gas industry systems pursuant to API-6D standard and authorisation for the application of the API Monogram by the American Petroleum Institute.

#### EAC TR CU 010/2011 Certificate and EAC TR CU 012/2011 Certificate and EAC TR CU 032/2013 Certificate

Certification of product compliance with the technical regulations applicable in the EurAsEC Customs Union (Russia, Kazakhstan, Belarus, Armenia).

#### UKR SEPRO Certificate

Certification of product compliance with the technical regulations applicable in Ukraine.

#### FIRE SAFE Certificate according to API607/ISO10497

Certification of the sealing ability of a pressure valve, during and after the fire resistance test in accordance with the API607/ISO 10497 standards.

#### FUGITIVE EMISSION Certificate according to EN ISO 15848

Certification of compliance with the requirements on release of toxic substances, pursuant to ISO 15848-1 standard, for volatile pollutants and hazardous fluids application.

#### TA-LUFT Certificate

Certification of compliance with the requirements of air pollutants emissions, pursuant to TA LUFT VDI 2440 standard, for volatile pollutants and hazardous fluids application.

#### SIL3 IEC 61508 Certificate

Certification of compliance with IEC 61508 standard, of the functional safety of the product, intended to be integrated into systems with safety integrity level up to SIL 3.

#### ADR Homologation according to EN 14432

Certification according to UNI EN 14432 standard of the valves as service equipment to be installed on tanks intended for the transport of liquid chemicals in compliance with the requirements of ADR Treaty.

#### IGR Homologation

Certificate no. 15623292 according to the IGR n. 12-0042-1 guidelines and datasheet no. 19021, 19022, 19023, 19043 for chemical industries.

### BUTTERFLY VALVES



#### DIN DVGW Certificate for GAS according to EN 13774

Certification of materials, design, manufacture and testing of butterfly valves for gas distribution systems according to UNI EN 13774 standard.

#### Certificate of compliance with Directive 2014/68/EU (PED)

Certification of the Quality System applied to the design, manufacture, final inspection and testing of industrial valves in accordance with the requirements of Directive 2014/68/EU MODULE H Full Quality Assurance.

#### Certificate of compliance with Directive 2014-34-EU (ATEX)

Declaration that the Quality System applied to the design, manufacture, final inspection and testing of industrial valves is in accordance with the requirements of the ATEX Directive 2014/34/EU for equipment intended for use in potentially explosive atmospheres.

#### RINA MAC242716CS Certificate

Certification of product compliance with the RINA Regulations (Registro Navale Italiano), for the installation of butterfly valves on ships classified by RINA Services.

#### EAC TR CU 012/2011 Certificate

#### EAC TR CU 032/2013 Certificate

Certification of product compliance with the technical regulations applicable in the EurAsEC Customs Union (Russia, Kazakhstan, Belarus, Armenia).



**UKR SEPRO Certificate**

Certification of product compliance with the technical regulations applicable in Ukraine.

**ADR Homologation according to EN 14432**

Certification according to UNI EN 14432 standard of the valves as service equipment to be installed on tanks intended for the transport of liquid chemicals in compliance with the requirements of ADR Treaty.

**PNEUMATIC VALVES****Certificate of compliance with Directive 2014/68/EU (PED)**

Certification of the Quality System applied to the design, manufacture, final inspection and testing of industrial valves in accordance with the requirements of Directive 2014/68/EU MODULE H Full Quality Assurance.

**Certificate of compliance with Directive 2014-34-EU (ATEX)**

Declaration that the Quality System applied to the design, manufacture, final inspection and testing of industrial valves is in accordance with the requirements of the ATEX Directive 2014/34/EU for equipment intended for use in any potentially explosive atmosphere.

**EAC TR CU 010/2011 Certificate****EAC TR CU 012/2011 Certificate****EAC TR CU 032/2013 Certificate**

Certification of product compliance with the technical regulations applicable in the EurAsEC Customs Union (Russia, Kazakhstan, Belarus, Armenia).

**UKR SEPRO Certificate**

Certification of product compliance with the technical regulations applicable in Ukraine.

**ACTUATORS****Compliance with Directive 2014-34-EU (ATEX)**

Declaration that the Quality System applied to the design, manufacture, final inspection and testing of industrial valves is in accordance with the requirements of Directive 2014/34/EU (ATEX) for equipment intended for use in potentially explosive atmospheres.

**SIL3 IEC 61508 Certificate**

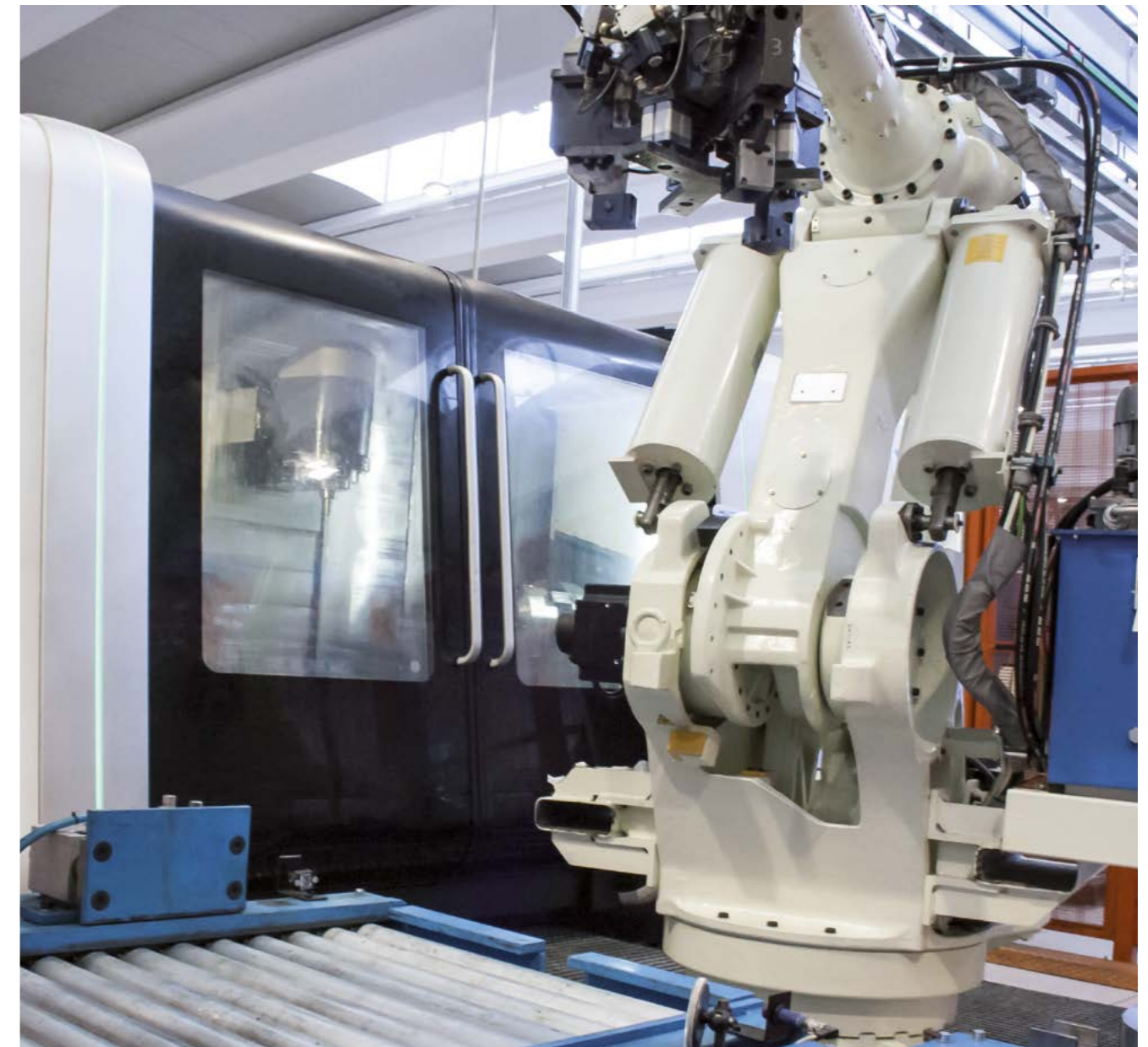
Certification of compliance with IEC 61508 standard on the functional safety of the product, intended to be integrated into systems with safety integrity level up to SIL 3.

**EAC TR CU 010/2011 Certificate****EAC TR CU 012/2011 Certificate**

Certification of product compliance with the technical regulations applicable in the EurAsEC Customs Union (Russia, Kazakhstan, Belarus, Armenia).

**UKR SEPRO Certificate**

Certification of product compliance with the technical regulations applicable in Ukraine.



Above: robotic station for machining of steel valve components.





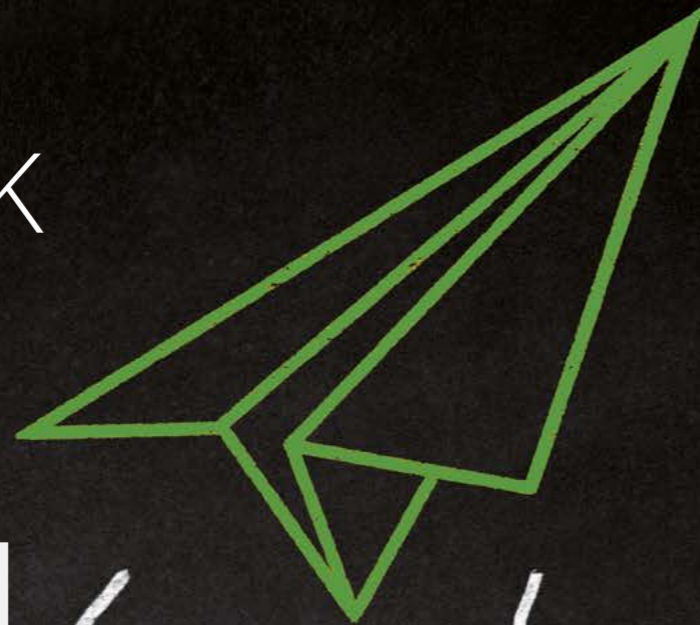
# SOCIAL INNOVATION

4



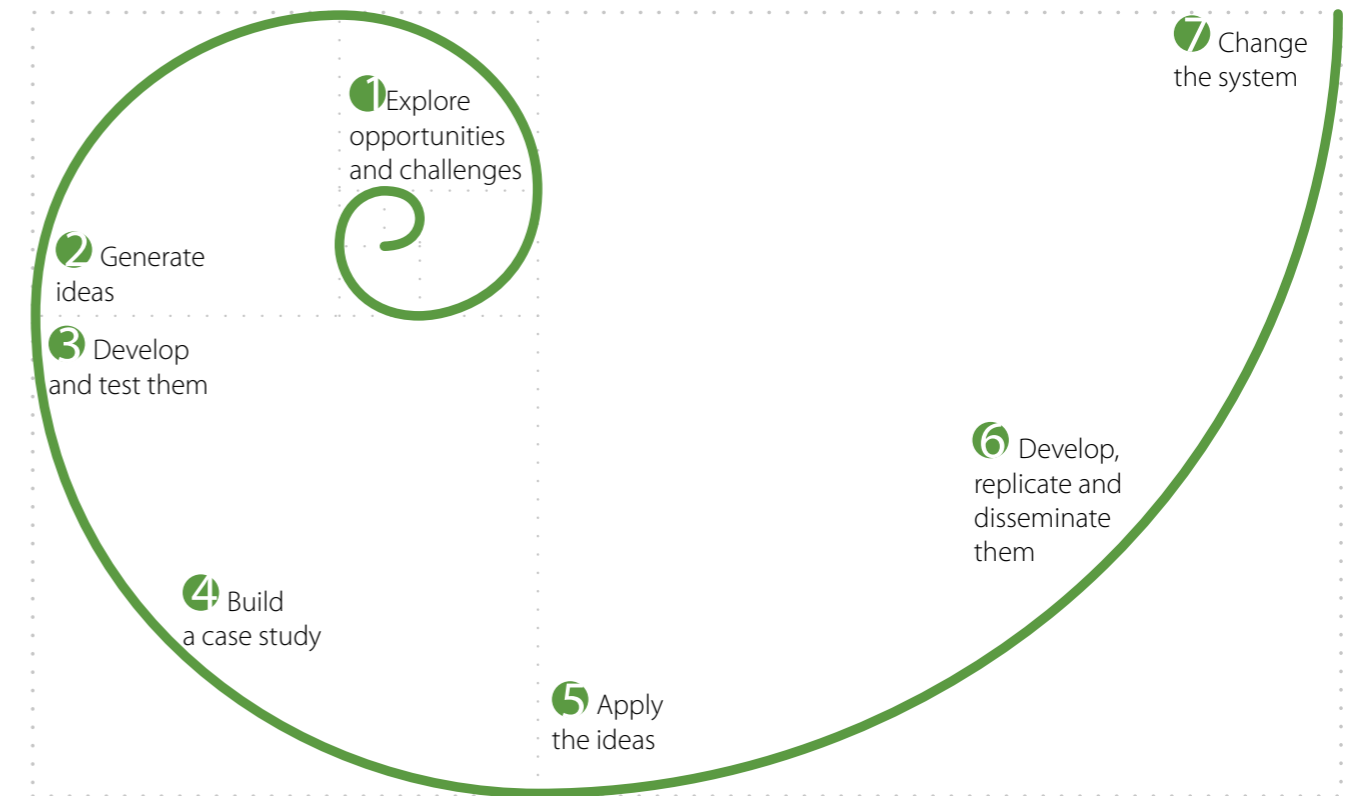
# OMAL WALKS THE TALK

“  
This section of OMAL's 2016 Sustainability Report describes the processes and projects activated in the field of Social Innovation, with specific reference to their origin and application within all the operations.  
”



## 4.1 BACKGROUND

Giving life to Social Innovation means developing new ideas applied to products, services or models that meet social needs in an innovative and more efficient manner compared to existing ones, creating new relationships and partnerships between players<sup>1</sup>. Like all forms of innovation, social innovation requires an empirical approach, ranging from the phase of the identification of opportunities for action, continuing with the hypothesis of solutions, to the testing of these hypotheses and gathering the feedback necessary to develop larger scale initiatives and subsequently achieve systemic and long-term impacts.



Above: Social Innovation: spiral model

The relationship between Social Innovation and corporate activities fits within the model of Corporate Social Responsibility (CSR) that OMAL rearticulated, renewing the concept so as to meet the needs of its territory, the challenges of the global market and the guidelines for systemic change which, in the field of valves and automation components, has already begun for some time.

The relationship between Social Innovation and CSR is therefore twofold: first, the methods of setting up activities, projects and programmes are triggered through CSR basics, and second, absolute innovative solutions, closely related to the corporate core business, are achieved thanks to Social Innovation. This way, therefore, corporate values are reflected in all the efforts of the various operations, aimed at generating a positive social and environmental impact in their external and internal interactions, according to the approach of Integrated Governance.



Finally, the perspective of Social Innovation enriches the vision of CSR as it parallels the social communications sector, namely, the strategy of enabling ad-hoc communication channels to finalise need assessment, stakeholder engagement and reputation gain.

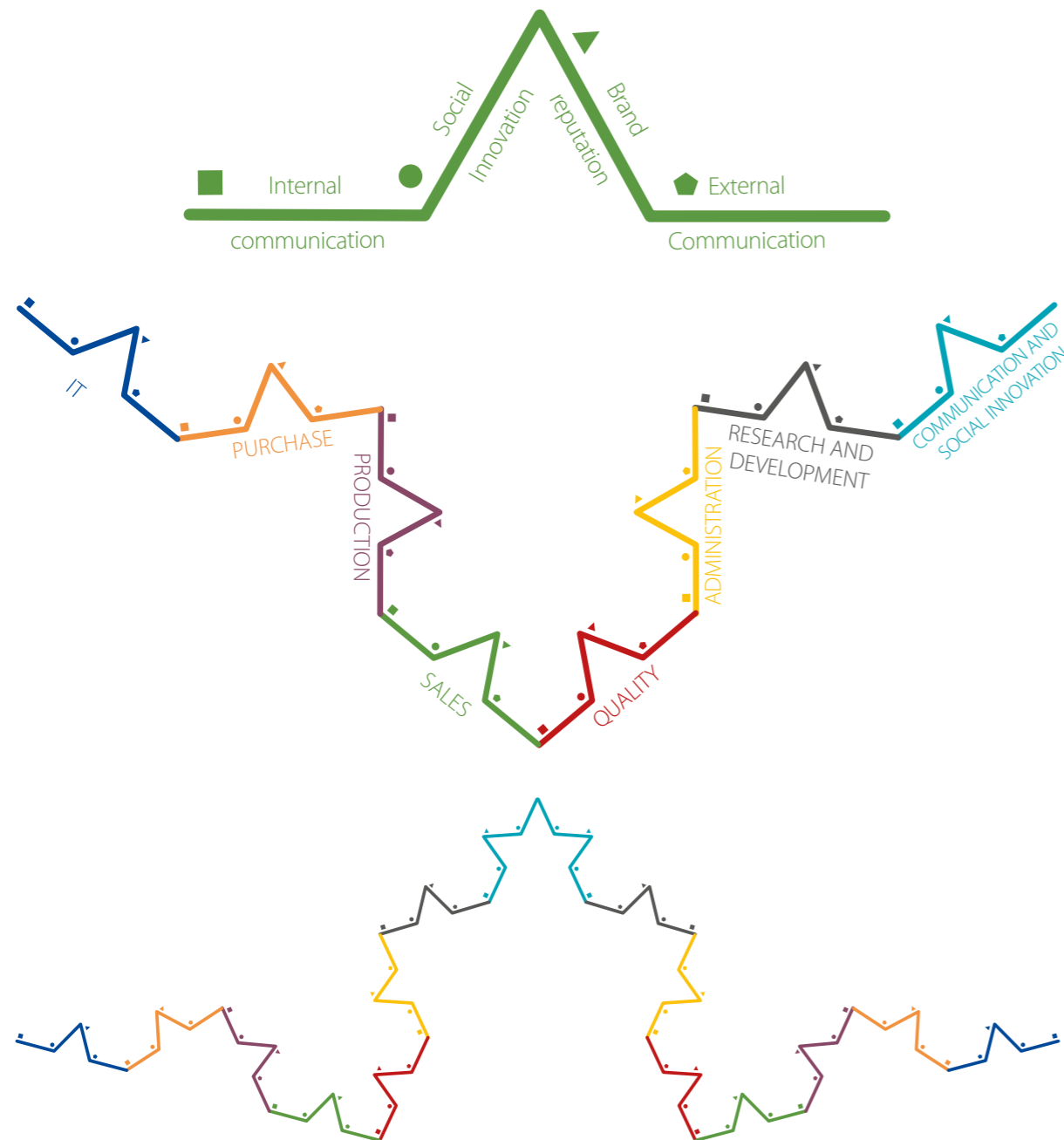
<sup>1</sup> Murray et al. (2010), *Il Libro Bianco Sull'Innovazione Sociale*, The Social Innovator Series, London, NESTA.



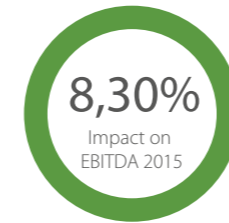
Looking ahead, OMAL has designed the path of Social Innovation as a system that can be symmetrically replicated, within MACRO (Italian and foreign trade, production chain, external communications) and MICRO processes (internal communication, relationships with suppliers), generating impacts on brand reputation and market positioning. The latter is defined intangible because it is not directly linked to an increase in production quantity: nevertheless, it is an asset that can be converted into cash, result of quantification of variables including:

- Efficient management of personnel
- Innovation
- CSR
- Quality management of all processes

Below is a visual representation of the internal and external fractal replication system of the corporate Social Innovation strategy.



Above: OMAL's Social Innovation strategy, fractal dissemination.



Quantitatively speaking, OMAL's commitment in Social Innovation has engaged the Company with an incidence of 8.3% on the 2015 EBITDA, as shown in the chart to the side. The environmental and social projects will be examined in detail at the conclusion of the relevant sections of this document.

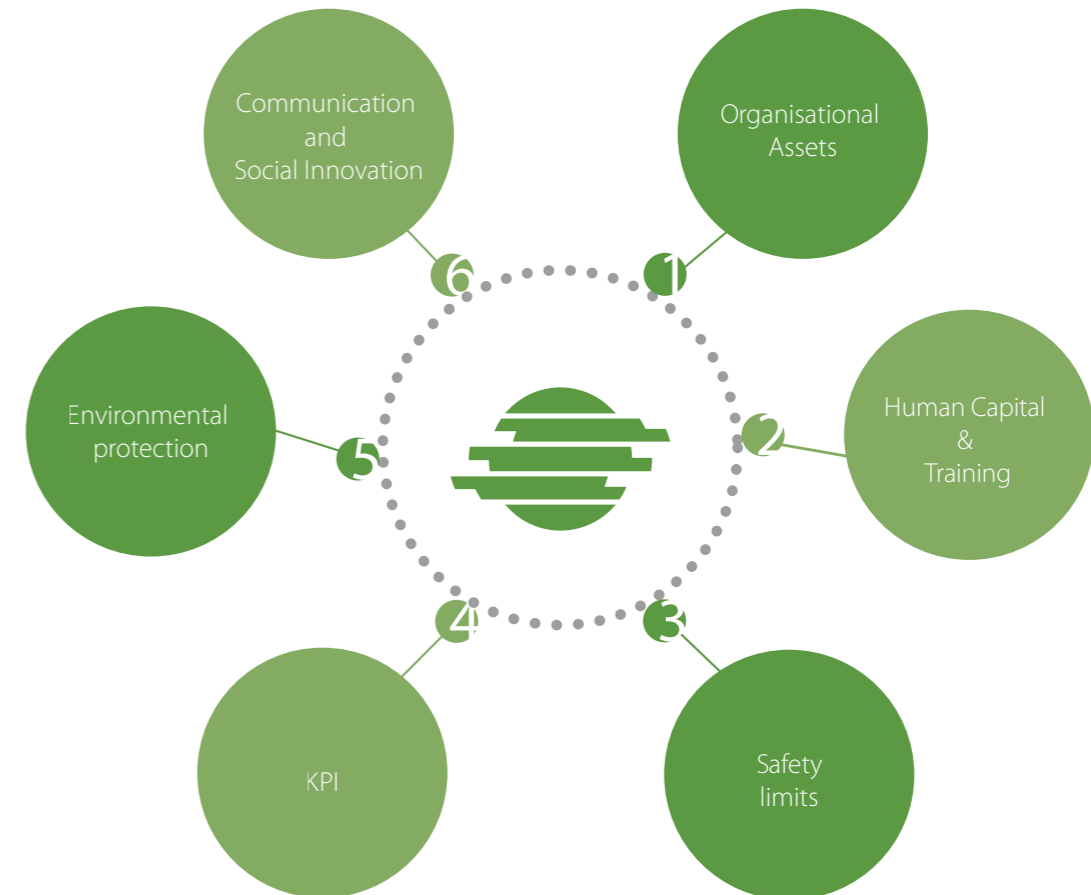
## 4.2 VISION

At the internal organisational level, OMAL is making efforts to improve its practices of cross-functional management. The shared goal is to work in a coordinated and efficient manner on the increasingly complex projects that OMAL started to follow and implement.

In this regard, all unit Managers must be able to: organise, manage, measure and improve their work based on six key points across all operations, identified as a result of the following three phases of analysis:

- 1 • **Mapping the current situation of the development of the work in the various operations** > in 2016, over 30 meetings entitled 'Guardiamo lontano (Seeing the big picture)' were held with Managers to define the current situation of the different operations, highlighting the strengths and weaknesses of organisation and personnel;
- 2 • **Data analysis for drafting the organisational proposal** > in 2016, 11 meetings with Management were held for the submission of projects to be developed within each operation, both in the short and medium term;
- 3 • **Sharing of corporate strategy** > in 2016, 4 seminars entitled 'Tutti convocati (Everyone is called)' were held where the Management priorities for the development of long-term 'OMAL 2020' project were shared among all the responsible persons, including the presentation of the data concerning the internal mapping of needs and opportunities.

The six key points of Omal 2020 Vision are shown in the image below.



Above: the six key points of the OMAL 2020 Vision project.



3. SOCIAL INNOVATION

- 1 • Organisational Assets > Definition of what to do and how to do it.
- 2 • Human Capital and Training > Definition of who does what and with what knowledge.
- 3 • Definition of Risk Situations > definition of risks associated with strategic organisational decisions.
- 4 • Key Performance Indicators > definition of KPI for single operations.
- 5 • Environmental Protection > definition of good environmental practices for each operation.
- 6 • Social Innovation & Communication > definition of the projects for social innovation associated with core business and corporate image associated with the brand reputation.

In summary, the six key points are intended to set up a method that is the same for all operations and aims at continuous improvement, supported by quantitative analysis of performance.

Looking ahead, the Company's strategic priorities for the year 2017 will be:



Concretely, starting March 2017, OMAL will proceed with:

- The scheduling of project management activities coordinated every quarter with every Manager;
- The scheduling of 10 management meetings "Tutti convocati 2017";
- The implementation of at least 4 training pathways for Managers and officers;
- The creation of a performance indicators plan for each operation;
- The scheduling of two team-building events for all Unit Managers.

## "TUTTI CONVOCATI" MEETINGS WITH MANAGERS

In the year 2016, the improvement of internal relations has led to the definition of 4 corporate seminars aimed at sharing the management priorities for the development of the 'OMAL 2020' strategy among all those responsible. During the meetings, the internal mapping data of needs and opportunities, created by the Operations Manager together with Management, have been presented. The topics developed during each training day were as follows.

### APRIL – TEAM PLAY

There are many ways to achieve the goals in a corporate decision-making chain: this meeting proposed to reach goals together. This concept makes a basic distinction between 'being a group' and 'being a team'. In this regard, some footage was shown, which contributed to the debate between Operation Managers and Senior management.

### JUNE – MANAGER ROI

Normally, we consider the Return On Investment (ROI) of the viability and economic efficiency of management. On the contrary, the workshop was the occasion to discuss the importance of efficient and fruitful management of 2 'unconventional' strategic resources: time and energies of Managers.

### SEPTEMBER – RAFTING ON RIVER ADIGE (VERONA)

Rafting allowed experiencing the concept of team building: tackling the rapids of river Adige all together required coordination, concentration and a strong target orientation. The experience of rafting was of strong emotional impact as it nurtured a sense of group belonging in arduous situations and allowed experiencing the management of risks and uncertainties.

### NOVEMBER – QUALITATIVE INDICATORS OF MEMBERSHIP

To achieve the goals, the team must have certain 'shared' qualities/characteristics'. In this regard, intangible indicators related to management qualities and individual skills were developed, necessary to feel fully part of the OMAL team.



# RESPECT FOR THE ENVIRONMENT



OMAL's environmental performance has always been an indicator of the Company commitment, both from an ethical point of view and for the ability to motivate and boost internal processes of innovation and improvement. During 2016, the urge to reduce environmental impacts has led to a number of new initiatives that have completed the corporate effort to maintain the ISO 14001 certification obtained by OMAL in 2012 and constantly renewed.



## 4.3 GREEN - IN



The first program developed in this area was the GREEN-IN, aimed at improving the business performance of our suppliers. In particular, since January 2016, awareness-raising activities were carried out on issues of environmental responsibility and sustainability in the Company among our suppliers.

The aim was to raise awareness concerning these issues involving corporate Supply Chain suppliers of products and services. Within the GREEN-IN program, OMAL has completed three projects:

- 1 Raising awareness on issues concerning corporate social responsibility and respect for environmental and social standards. This project has led to the sharing and signing of the suppliers' code of conduct by a first group-sample of 17 companies, responsible for 22% of OMAL's purchases. OMAL's objective for 2017 is to increase the number of firms who completely share the suppliers' code of conduct.

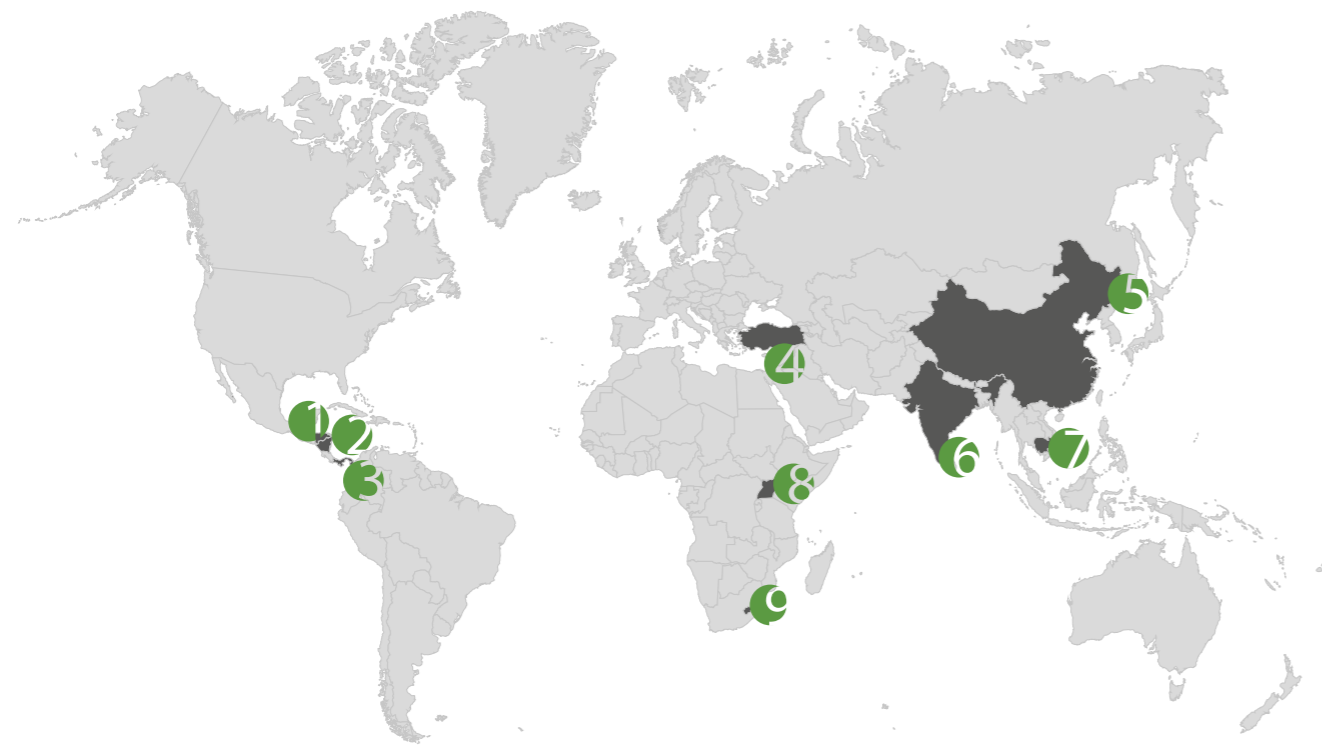
N.	PURCHASE CATEGORY	NATION	SUPPLY
1	ALUMINIUM	ITALY	Custom bars and profiles
2	STEEL	ITALY	Carbon bars and steels
3	VALVES	TAIWAN	Stainless steel ball valve manufacturer
4	ACCESSORIES	ITALY	Accessories for valves
5	CASTINGS	CHINA	Stainless steel castings with lost-wax and sand casting technology
6	TRANSPORT	ITALY	Far East naval and air transport
7	RUBBER	ITALY	Custom and commercial rubber mouldings
8	STEEL	SWEDEN	Stainless steel rolled and forged bars
9	CASTINGS	INDIA	Stainless steel and cast iron castings with lost-wax and sand casting technology
10	STEEL	ITALY	Carbon and high alloy steels
11	PACKAGING	ITALY	Packaging Materials
12	SPRINGS	GERMANY	Compression springs for actuators
13	TRANSPORT	GERMANY	Express land and air transport
14	SERVICE	ITALY	Graphic services and similar
15	ALUMINIUM	ITALY	Custom profiles
16	STATIONARY AND SUPPLIES	ITALY	Office stationary and supplies
17	BEVERAGES/FOOD	ITALY	Canteen Catering

Above: OMAL's suppliers involved in the 2016 GREEN-IN project.



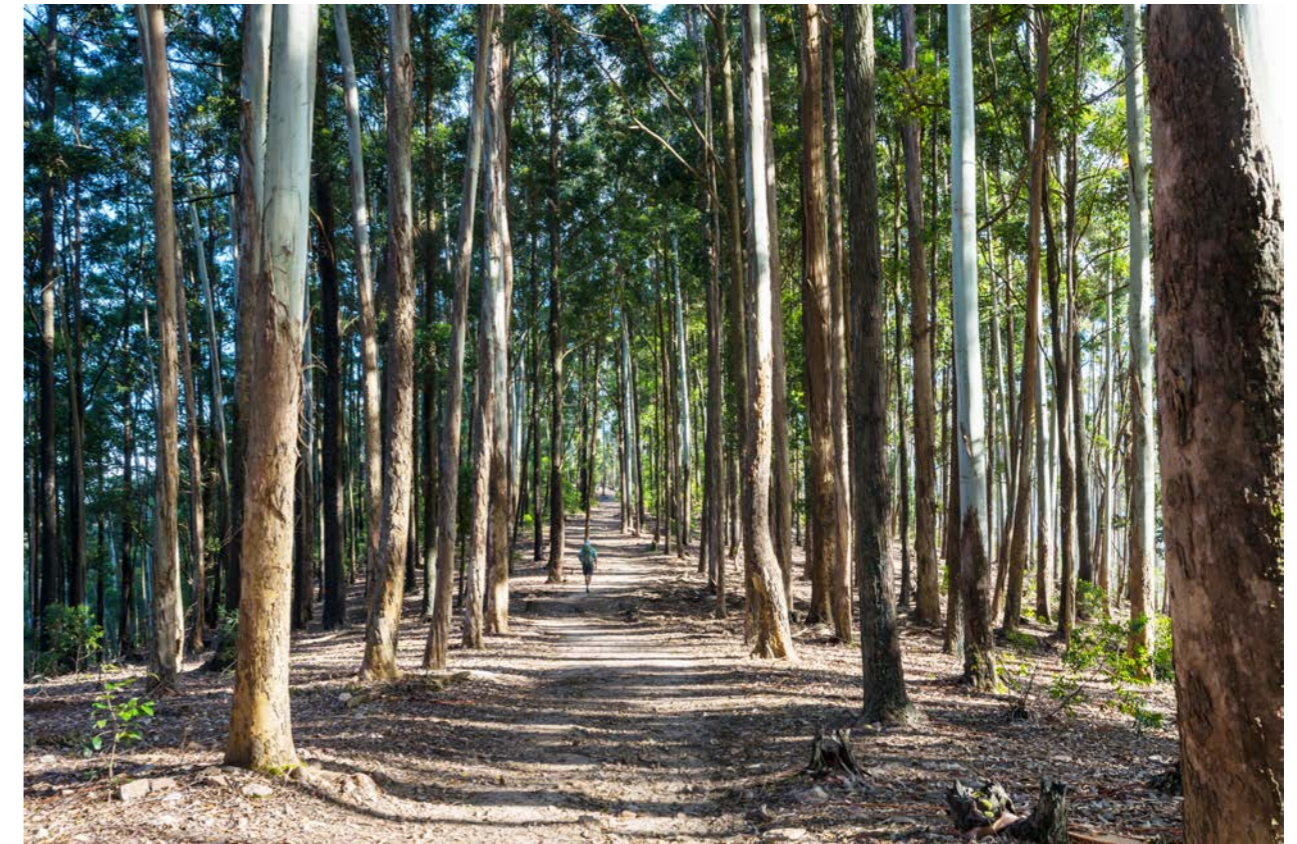
2 Calculation and compensation of CO2 and GHGs emissions by three logistic partners (Aprile, Shenker, DHL EXPRESS) in relation to the handling of 50% of the goods leaving the establishment. Quantification and its compensation made through non-homogeneous methodologies resulted in:

- 1 • With the first partner, DHL Express, 18.4 tonnes of CO2 and greenhouse gases were quantified based on 126 international shipments calculated from May 2016 to December 2016 and compensate by buying carbon credits according to the VER (Gold Standard) methodology. The photo below describes the projects supported by CO2 compensation obtained by the DHL partner.

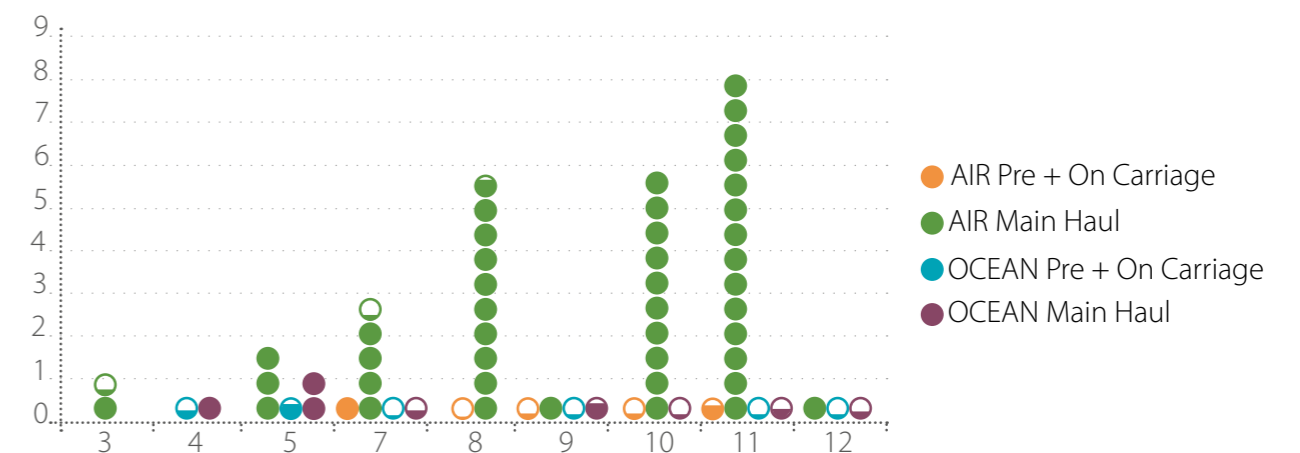


Above: DHL GoGreen protection projects.

2 • With Aprile, the second partner, Greenhouse Gas emissions from January to December 2016 have been quantified by estimating 300 tonnes of CO2 equivalent. The calculation carried out in accordance with the IPCC GWP 100° method resulted in the purchase of 300 credits on the Voluntary Emissions Reductions (VER) market from the 'Biomass production and protection of forests in Brazil' project. A Brazilian company located at the mouth of the Amazon is the company that benefits most from this project, which thanks to the use of biomass has reduced its dependence on fuel wood by 40%, generating a cost savings that has been reinvested in the hiring of 81 new employees in Brazil.



3 • With the third partner, Shenker, the emissions for the period March-December 2016 were quantified in 32 tonnes of CO2 equivalent, as shown in the table below.



Above: tonnes of CO2 equivalent emitted by OMAL regarding international well-to-wheel transport, March-December 2016.

OMAL's objective in 2017 will be the unification of the calculation methods and compensation of all international freight forwarders, including Italian partners.



## ENVIRONMENTAL COMPENSATION

Compensating means balancing the CO2 generated by any activity through reforestation interventions capable of absorbing the same amount of CO2 that was emitted into the atmosphere, or using renewable sources, which avoid to produce it. Compensation projects, if properly implemented and certified, generate carbon credits that are sold on the Voluntary Emissions Reductions market. A (VER) credit is equivalent to one tonne of CO2 equivalent.

3 Identification and application of social and environmental criteria intended for the evaluation and selection of OMAL suppliers. The third project of the GREEN-IN program allowed adding social and environmental variables within OMAL's vendor rating mechanism. In detail, to highlight the Company's environmental and social commitment, a set of environmental and social criteria was applied in relation to the geographical origin of the supplier (Advanced Economy vs. Developing Economy) and the type of effort accomplished (related to certification processes vs. other additional, voluntary activities).

The table below summarises the criteria entered into force in June 2016 within OMAL's vendor rating.

### SUPPLIER SELECTION CRITERIA BASED ON ENVIRONMENTAL PERFORMANCE

#### ENVIRONMENTAL CERTIFICATIONS

- *Not mandatory; Absent.*
- *Mandatory; Present.*
- *Not mandatory; Present.*

#### ADDITIONAL AND VOLUNTARY ENVIRONMENTAL ACTIVITIES

- *Developing economies*
  - Presence of mechanisms for the identification and standardisation of environmental risks related to manufacturing operations, to production environments, to the time of factory work (risk awareness).
  - Presence of environmental risk management procedures.
  - Presence of information and environmental risk prevention mechanisms through training, dissemination of internal and external information material.
- *Advanced economies*
  - Presence of a Life Cycle Assessment.
  - Presence of a Sustainability Report and guidelines on material and energy reduction at the workplace
  - Green investments on inputs, machinery and processes.

### SUPPLIER SELECTION CRITERIA BASED ON SOCIAL PERFORMANCE

#### CERTIFICATIONS/GUIDELINES/SOCIAL NETWORKS

- *Not mandatory; Absent.*
- *Mandatory; Present.*
- *Not mandatory; Present.*

#### ADDITIONAL SOCIAL AND VOLUNTARY ACTIVITIES

- *Developing economies*
  - Abolition of forced and child labour in all internal processes of production.
  - Respect for freedom of association in the workplace.
  - Abolition of forced labour, inhuman or degrading treatment or punishment.
- *Advanced economies*
  - Remuneration equality between men and women who have the same role.
  - Presence of CSR initiatives, including corporate welfare projects.
  - Presence of women in managerial positions.

Above: some criteria of OMAL's 2016 vendor rating.

Each of the criteria not related to certifications accounts for 33% of the total value and each internal performance, linked to the single indicator, is evaluated according to a scale ranging from non-satisfactory (black) to fully satisfying (gold), as in the example below related to developing countries.

INDICATOR	EXPLANATION	RELEVANCE
Investments on risk awareness	Identification and standardisation mechanisms of environmental risks linked to production operations, to the production environment, to the working time in the factory	33%
Score	Material sharing	ADDITIONAL NOTES
GOLD SILVER BRONZE RED BLACK	YES NO	

Above: Green-IN Environmental Indicators of developing countries.

Concretely, suppliers who will provide negative environmental and social data will lower their rating within OMAL's vendor list, with possible elimination from the suppliers list in extremely serious cases, confirmed personally by the Head of the Purchase Office.



# 4.4 GREEN - US



The second program developed in the environmental field is the GREEN-US concerning the quantification and reduction of environmental impacts generated by the Company's different manufacturing processes.

In this case, OMAL chose to assess its environmental performance by calculating, for the year 2016, its carbon footprint, an indicator expressed in tonnes of carbon dioxide equivalent (CO2 eq), which allows for measuring the impact that business operations have on the greenhouse effect. The aim of the carbon footprint is to monitor the impacts of environmental management policies already implemented in OMAL (see next paragraph) in order to improve its performance in terms of environmental sustainability.

The aims of this process of measurement of carbon dioxide equivalent (CO2 eq) emissions and quantification are:

- 1 • Improvement of company performance and reduction of environmental impact, in line with OMAL's commitment to market ethics that are virtuous and responsible;
- 2 • Market positioning, consistent with the will to stand out from other competitors by virtue of its environmental performance, which make OMAL a strategic trading partner for other companies attentive to these values and that are already working on the Responsible Supply Chain and Cross Sectoral Partnerships;
- 3 • Communication and dissemination of the corporate environmental sustainability within its communities, internal and external stakeholders, including foreign markets that, supported by OMAL, could begin a path towards these issues with positive effects at the economic and financial level.

In OMAL's case, the data used to quantify emissions relate to the establishments of Rodengo Saiano (BS), Villa Carcina (BS) and Passirano (BS) and refer to the year 2016 (January 1 to December 31).

Specifically, the ISO 14064 - 1:2012 standard provides that GHG emissions (GreenHouse Gases) shall be traced and recorded by making a distinction between direct emissions, indirect emissions from energy consumption and other indirect emissions (defined as Scope 1, Scope 2 and Scope 3 by the GHG Protocol 3), and namely:



## SCOPE 1 (GHG Protocol) / direct emissions (ISO 14064 - 1)

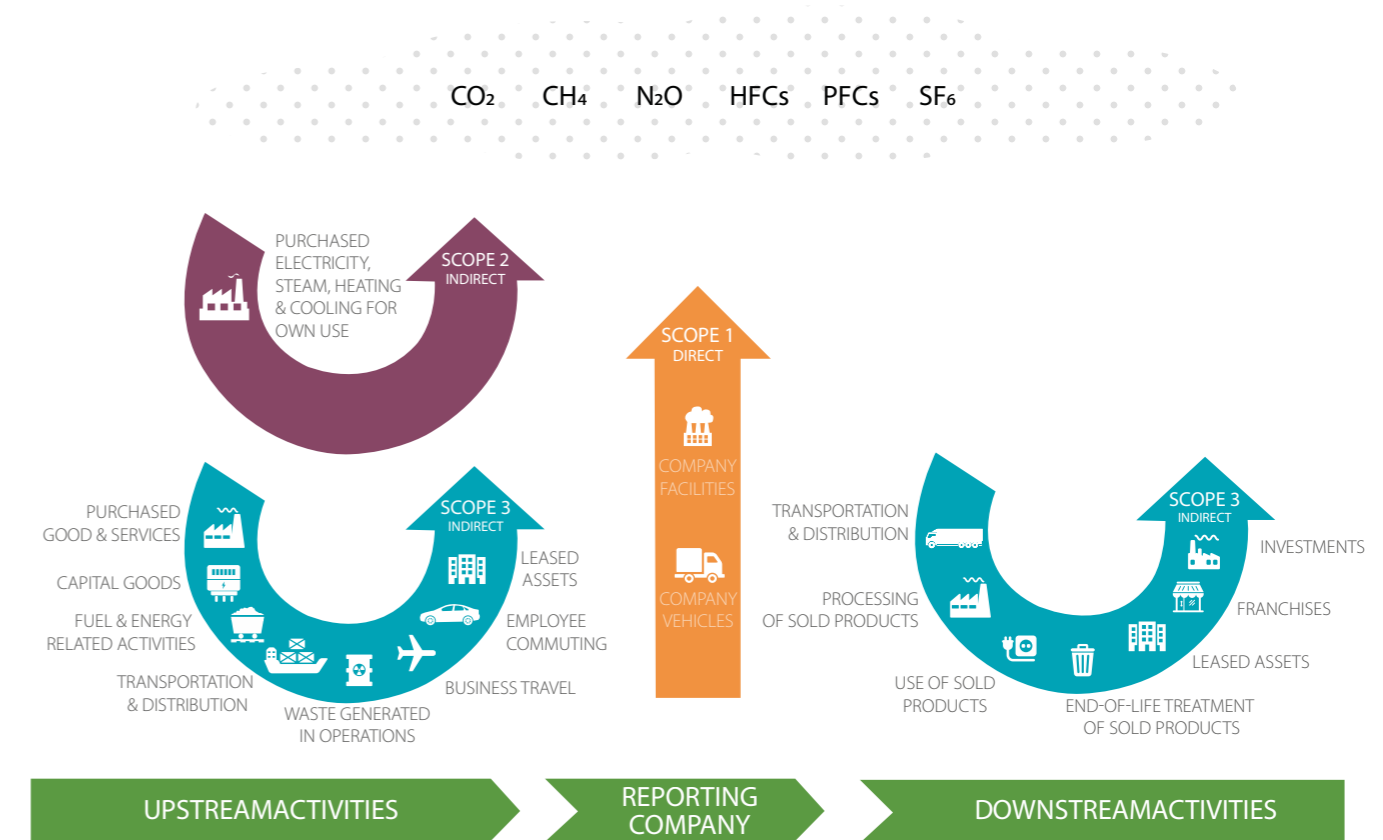
Direct GHG emissions from installations within the Organisation, such as emissions from direct combustion of fossil fuels or from consumption of fuels used for the supply of the vehicles owned by the organisation. These include losses of fluorinated greenhouse gases from refrigeration and air conditioning systems installed at company headquarters.

## SCOPE 2 (GHG Protocol) / indirect emissions from energy consumption (ISO 14064 - 1)

Indirect GHG emissions resulting from the generation of electricity, heat and steam imported and consumed by the Organisation, as the importer is indirectly responsible for the emissions generated by the supplier to produce the energy required.

## SCOPE 3 (GHG Protocol) / other indirect emissions (ISO 14064 - 1)

Emissions related to the manufacture of products and the provision of the services used by the Organisation, such as emissions from production (and transport) of raw materials, packaging and auxiliary materials, waste treatment, from the distribution of finished products and end-of-life products and their packaging. In Scope 3, GHG emissions are also related to the supply chain of fuels and emissions from transmission losses of the electricity consumed by the Organisation.



Above: classification of emissions according to the GHG protocol ([www.ghgprotocol.org](http://www.ghgprotocol.org)).

The emissions calculation carried out by OMAL and described herein was performed considering all the above mentioned emissions (direct emissions/Scope 1, indirect emissions from energy consumption Scope 2/, other indirect emissions/Scope 3) in order to get a thorough, detailed and descriptive assessment of corporate activities.

The 'organisational boundaries' considered for the analysis were defined to include GHG emissions related to OMAL's activities (core processes) in its accounting processes, including the upstream and downstream processes of production.

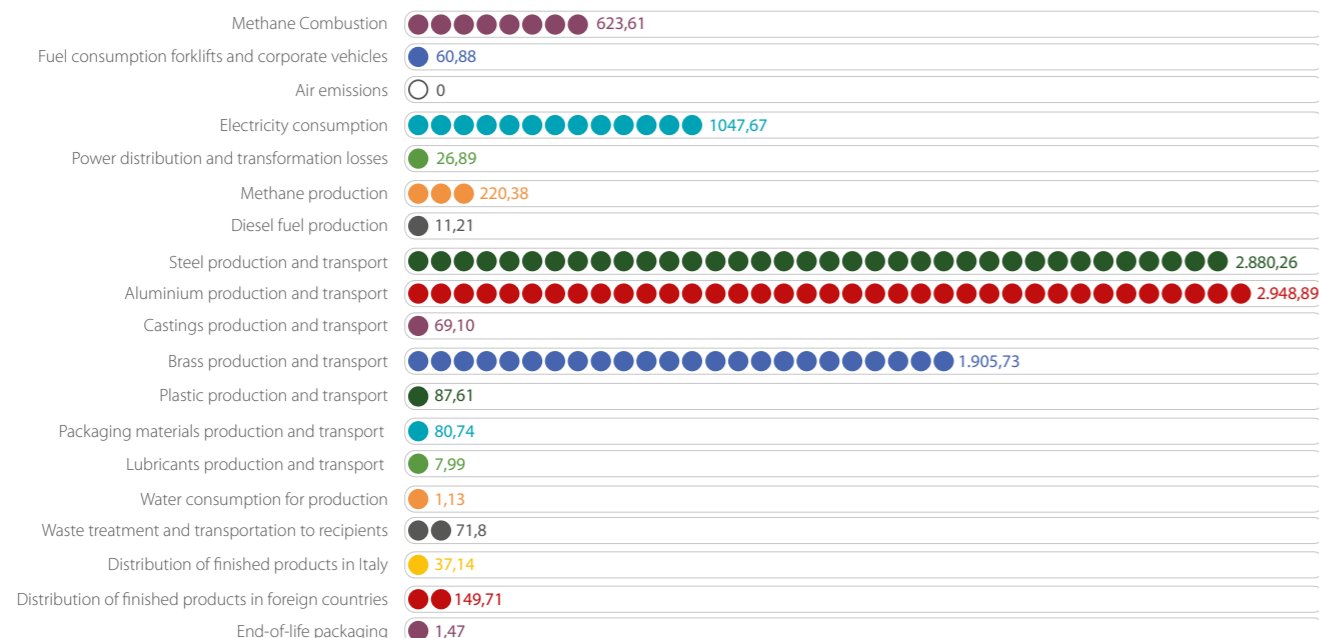


	tCO2eq	%
<b>DIRECT EMISSIONS (SCOPE 1)</b>	<b>684,49</b>	<b>6,69 %</b>
METHANE COMBUSTION	623,61	6,09 %
FUEL CONSUMPTION FOR FORKLIFT HANDLING AND CORPORATE VEHICLES	60,88	0,60 %
AIR EMISSIONS	0	0 %
<b>INDIRECT EMISSIONS DUE TO ENERGY CONSUMPTION (SCOPE 2)</b>	<b>1047,67</b>	<b>10,24 %</b>
ELECTRICITY CONSUMPTION	1047,67	10,24 %
<b>OTHER INDIRECT EMISSIONS (SCOPE 3)</b>	<b>8499,32</b>	<b>83,07 %</b>
ELECTRICITY DISTRIBUTION AND TRANSFORMATION LOSSES	26,89	0,26 %
METHANE PRODUCTION	220,38	2,15 %
DIESEL FUEL PRODUCTION	11,21	0,11 %
STEEL PRODUCTION AND TRANSPORT	2880,26	28,15 %
ALUMINIUM PRODUCTION AND TRANSPORT	2948,89	28,82 %
CASTINGS PRODUCTION AND TRANSPORT	69,10	0,68 %
BRASS PRODUCTION AND TRANSPORT	1905,73	18,63 %
PLASTIC PRODUCTION AND TRANSPORT	87,61	0,86 %
PACKAGING MATERIALS PRODUCTION AND TRANSPORT	80,74	0,79 %
LUBRICANTS PRODUCTION AND TRANSPORT	7,99	0,08 %
WATER CONSUMPTION FOR PRODUCTION	1,13	0,01 %
WASTE TREATMENT AND TRANSPORTATION TO RECIPIENTS	71,08	0,69 %
DISTRIBUTION OF FINISHED PRODUCTS IN ITALY	37,14	0,36 %
DISTRIBUTION OF FINISHED PRODUCTS IN FOREIGN COUNTRIES	149,71	1,46 %
END-OF-LIFE PACKAGING PACKAGING USED FOR THE DISTRIBUTION OF THE FINISHED PRODUCT	1,47	0,01 %
<b>TOTAL GHG EMISSIONS</b>	<b>10231,48</b>	<b>100 %</b>

Above: classification of emissions according to the GHG protocol (www.ghgprotocol.org).

More specifically, the details of the GHG emissions related to OMAL activities in 2016 are:

### OMAL SPA'S GHG EMISSIONS IN 2016 (tCO2eq)



Above: details of the GHG emissions relating to OMAL SpA's activities in 2016.

The most significant share of GHG emissions is represented by 'other indirect emissions' (83.07%). Specifically, as shown in the following table in paragraph 5.3, the most substantial contributions are given by the production and transport of aluminium (2,948.89 tCO2eq = 28.82%), of steel (2,880.26 = 28.15%) and of brass (1,905.73 = 18.63%), used as raw materials in the production process, followed by the process of production and supply of electricity (1,047.67 tCO2eq = 10.24%) consumed by the Company during the reference year.

Compared to the results reported above, in the year 2017, OMAL intends to improve on key issues concerning emissions with SCOPE 2, (production of electricity consumed by the Company), with particular reference to:

- The activation of the photovoltaic system available on the production site of Passirano, with consequent reduction of electricity purchased and consumed for business needs. With regard to OMAL's improvement of environmental impacts, a scenario of total reduction of the carbon footprint of 3% was simulated, equivalent to a 35% reduction of scope 2, meaning 774.95 tonnes of GHG EMISSIONS.
- The replacement of light bulbs existing in OMAL offices with LED lights, in the facilities of Passirano and Rodengo Saiano;

The calculation of GHG emitted by OMAL, carried out according to the ISO 14064-1 standard, has been verified by DNV-GL and the audit was performed in accordance with the ISO 14064-3 standard, as shown below.



Above: abstract of the DNV - GL report on OMAL's organisational carbon footprint measurement.

In the framework of the GREEN-US, other 6 initiatives are part of OMAL's commitment to calculate its carbon footprint. They are all related to the measurement and compensation of internal processes that impact negatively on the environment and that OMAL wants to first measure and then reduce strategically through the engagement to improve the efficiency of its processes:



- Compensation of CO2 emissions generated by access to OMAL facilities according yearly page views<sup>2</sup>. Compensation, as in the case of international shipments mentioned above, involved 200 kg of CO2 equivalent and led to reforestation in Italian territories, as well as supporting environmental education projects.

<sup>2</sup> Compensation made by Rete Clima® starting from the ENEA-MSE document using the encoding of a specific emissions coefficient in terms of CO2eq/kWh, based on the national energy mix declared by Terna for the year 2012.





- Achievement of the 'Silver' sustainability level within the EcoVadis platform, which allows participating companies to monitor their own Sustainability performance, the latter being shared online and disclosed in 150 areas and 110 countries. After passing the admission test to the platform with a score of 59/60 (Silver Level Recognition), OMAL may display this result to its customers, enhancing their awareness of being able to rely on a supplier who, in a transparent and certified manner, publicly commits to improve its corporate responsibility and quality processes.



- Launch of the 'Zero Carta' (paperless) project, which as of June 2012, has led to the replacement-activation of new tools including the digitisation of all fax equipment and tests/certifications recording, and to raise employee awareness on the topic of critical consumption, for example with the prohibition of duplication of paper files. In detail, the following activities were undertaken:

- training on the subject of reduced paper consumption and use of paper from FSC certified forests, for all business materials;
- recovery and internal recycling of waste paper and cardboard, according to figures reported below:

More specifically, paper and cardboard packaging have been reused as packaging material (packaging filler) in 2015 in all OMAL's production sites covering 100% of the material available. In 2016, following the decision to replace the packaging material with other fillers, paper and cardboard packaging were handled as non-hazardous waste with CER 15 01 01 code and sold for further recycling operations carried out by specialised companies.

### RECOVERY AND REUSE OF PAPER

TONNES PER YEAR	2016
TOTAL TONNES	3,31
RECOVERY METHODS	Recovery as raw materials CER 150101
%	100%

Above: recovery and reuse of paper activated by OMAL in 2016.

- Regarding the consumption of office paper, the final data concerning the total prints in black and white and colour are as follows:

### PAPER CONSUMPTION

YEARLY CONSUMPTION	2015	2016
Nr. of pages printed (final settlement)	17.445	4.246
Nr. of pages paid per average page	61.138	579.840
Nr. of pages printed	578.583	584.086
Nr. of pages printed/average	103,1%	100,7%

Above: annual consumption of paper for office use, data 2015 and 2016.

Throughout 2014, new areas of application of the project, including the digitisation of sales orders and assembly, invoicing and contract documentation have been identified, together with the extension of the use of the management system for sales (i.e. bid management) and archiving management of digital documents (returns and complaints, non-conformities). Finally, the implementation of a PLM has begun for distribution of technical product information, specifications of materials and components, in digital form. This decision has eliminated seven paper files that exist in the Company through the creation, distribution and storage of drawings in computerised form.



- Activation of the loBevo project, operated by the OMAL's supplier of bulk beverages. With this project, OMAL undertakes to make bulk drinks available to all employees who have lunch in the canteen. The drinks available to employees (micro-filtered still and sparkling water, carbonated soft drinks and natural juices) also include certified Fairtrade Cola, labelled to allow traceability as per regulations. The cola served in the OMAL's canteen is also free of GMO as provided for by EC regulations 1829/2003 and 1830/2003 and is not subject to ionising radiation treatment.



Above: General Beverage distributor in the OMAL's canteen in Rodengo Saiano.

In general, for a canteen serving five thousand meals per year such as in OMAL, the average reduction of environmental impacts is as follows:

- less 180 kg of waste generated
- 7,6 tonnes of goods (bottles) not transported
- 280 kg of CO2 not released into the atmosphere in relation to non-produced plastic bottles
- 240 kg of petrol not used for the transport of 76 tonnes of cargo



- Finally, the last project included in the GREEN-US program refers to the internal processes of green procurement that led to OMAL's approval of a purchase line of recycled stationary and office supplies. In particular, all pens with the OMAL logo, pencils, paper bags and canvas bags are made with certified, recycled material. This includes, in connection with the 'Zero paper' project as described above, use of recycled paper for catalogues and brochures. To date, green procurement accounts for 30% of the total internal expenditure for stationary and office supplies. OMAL's 2017 objective is to reach 40%.



On the side: OMAL's green stationary, office supplies and gadgets.



## 4.5 ISO 14001:2004

The decision to implement an Environmental Management System according to the EN ISO 14001:2004 standard stems from OMAL's will to manage processes and business activities while ensuring a high level of quality, full compliance with the laws on environmental protection and a joint benefit in terms of quality of life.

The organised management (in an Integrated Management System) of the environmental aspects relating to OMAL's organisation and its supply chain reflects the communication, awareness and shared management needs of both the legal and operational implications, in relation with the manufacturing of products, from the perspective of costs, strategic decisions and business relations. This will promote the growth and spread of an 'Environmental Responsibility' within and outside the Organisation.

In October 2016, OMAL presented a request to the certification body DNV-GL to extend the Environmental Management System certification, in force at the Rodengo Saiano facilities since 2012, to the new site of Passirano in order to increase and standardise the level of control and organisational performance regarding legal compliance and environmental protection. On 27th February 2017, the extension of this certification was granted, following the positive outcome of the audit.



## ENERGY PERFORMANCE OF PASSIRANO PRODUCTION SITE



The construction of the new production facility of Passirano (BS) has allowed OMAL to achieve environmental sustainability commitment by concentrating its efforts in the areas of:

### HEATING

The building in Via Brognolo, which is the new production facility, was built in compliance with the principles of energy efficiency in order to minimise consumption, with a reinforced concrete prefabricated structure featuring vertical thermal-cut panels for perimeter insulation, with heat transfer coefficient of 0.28 W/sqm °k. The radiant floor heating includes high efficiency heat pumps, used for heating and cooling purposes. The building/installation systems created provide the premises with a high comfort level due to low negative irradiance of the dispersant surfaces, with an expected specific consumption for heating of 6.21 kWh/m<sup>3</sup> year, reduced by approximately 40% compared to the legal requirements for similar buildings.

### PRODUCTION OF COMPRESSED AIR

The compressed air servicing the production cycle is produced by a power plant consisting of a 37 kW compressor operating at fixed speed, in addition to a variable speed compressor of the same power. A third 37 kW compressor was installed as a backup in case of failure of one of the installations mentioned above.

A specific compressor of 15 kW power was installed to allow the operation of the test laboratory during weekends, without having to resort to the use of the above compressors.

In order to optimise the power consumption absorbed, the two 37 kW compressors are managed by a control unit that allows the optimisation of their operation by turning them on according to the actual consumption of compressed air. Each 37 kW compressor is equipped with a heat recovery unit for the cooling of the machine itself. Considering a full load operation of a compressor, and operation of the second compressor with inverter at 50%, 150800 thermal kWh are recovered annually. This saved energy is used for the production of domestic hot water for the heating of the office building and the industrial building.

### METERING

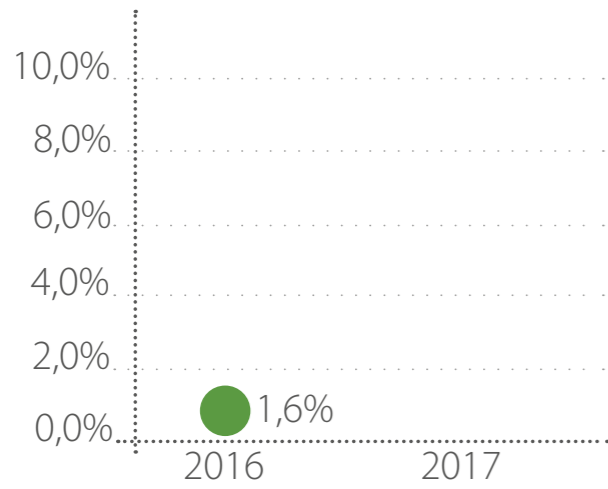
The main heating and heat recovery circuits are equipped with thermal energy meters for the control and monitoring of consumption. These systems are interfaced to a bus network monitoring system that enables controlling the electrical energy consumption of the building where production activities and office activities take place.

### PRODUCTION OF RENEWABLE ENERGY

As part of the programmes for improvement of the environmental impacts of its production facilities, OMAL has invested in renewable energy production. A photovoltaic system consisting of 400 250W panels arranged in 16 rows by 25 panels and connected to 5 inverters of 20Kw each, for 100 kwp of installed power, is currently being installed (February 2017) at the new site of Passirano (BS). This system will start operating in March 2017 and will guarantee a minimum contribution of 100,000 Kwh per year.



As you can observe from the two programmes (Green-IN and Green-US) described above, and from our commitment to improve performance evaluated each year within the ISO 14001 certification, OMAL's involvement in environmental issues is concrete and structural. In terms of percentage of the EBTDA in the year 2016, corporate spending on environmental sustainability stood at 1.6% of the total.



On the side: incidence of environmental sustainability investments of EBITDA in 2015.



Above: rendering of OMAL's new productive facility of Passirano.

# RESPECT FOR PEOPLE



4. SOCIAL INNOVATION

SDG 11  
SDG 17

GC GOAL 8

“ast, but not least, OMAL's Social Innovation focuses on social action, namely on all those projects that improve the living or working conditions of disadvantaged or needy beneficiaries in the territory where OMAL operates. In 2016, OMAL's social projects covered three areas.”



# 4.6 COMMUNITY VOLUNTEERING

The project aimed at involving employees in social value added activities able to put time, motivation and skills of OMAL's employees at the service of the community. Such an approach, particularly innovative if you consider that there are very few companies that have structured corporate volunteer activities in Italy, exceeds the traditional model of traditional philanthropy as a means to help the most in need of the area, and allows creating a social sensibility practically expressed in hours of volunteering used to respond to local needs. Based on this awareness, the process of project design followed a first phase of participatory planning between OMAL's Management and all employees, carried out during a luncheon offered by the Company to all interested parties. On this occasion, the inclinations of employees and thematic preferences were analysed in order to set the mapping of local stakeholders. The following themes have aroused most interest:

- **EARLY CHILDHOOD CARE**  
namely, a service aimed at helping professionals in the sector (teachers, educators, paediatric nurses) supporting them with entertainment, logistics and coordination activities, facilitating the implementation of activities;
- **CARE OF THE ELDERLY**  
that is a service aimed at helping professionals in the sector (doctors, nurses, social workers) supporting them with entertainment, logistics and coordination activities, facilitating the implementation of the activities.

**SDG 17** In this regard, it should be noted that the choice of activities, in which OMAL's volunteers were able to help local host associations, were shared and chosen together so as not to confuse the skills of the different players involved, but trying to define an innovative mechanism of company/non-profit support that embodied the essence of OMAL's corporate volunteer project.

Immediately after this part of the project design, the stakeholder mapping was performed allowing OMAL to understand which local entities were potentially interested in hosting corporate volunteers for their activities. This resulted in a mapping involving the following associations at various times from March to December 2016:



Each institution or association was met several times and involved in the project. OMAL provided volunteers for social missions, care of green spaces and educational co-created projects with the various partners. After these meetings focusing on the local entities, OMAL developed a yearly schedule of activities where employees could spend up to 16 hours per year, during working hours.

Below are some of the pictures of OMAL Community Volunteering in 2016.



"RUT" ASSOCIATION



"TILDE E LUIGI COLOSIO" RESIDENTIAL CARE FACILITY FOR THE ELDERLY



MUNICIPALITY OF PASSIRANO



ALPINI SAREZZO

More specifically, the activities targeted to local community include:

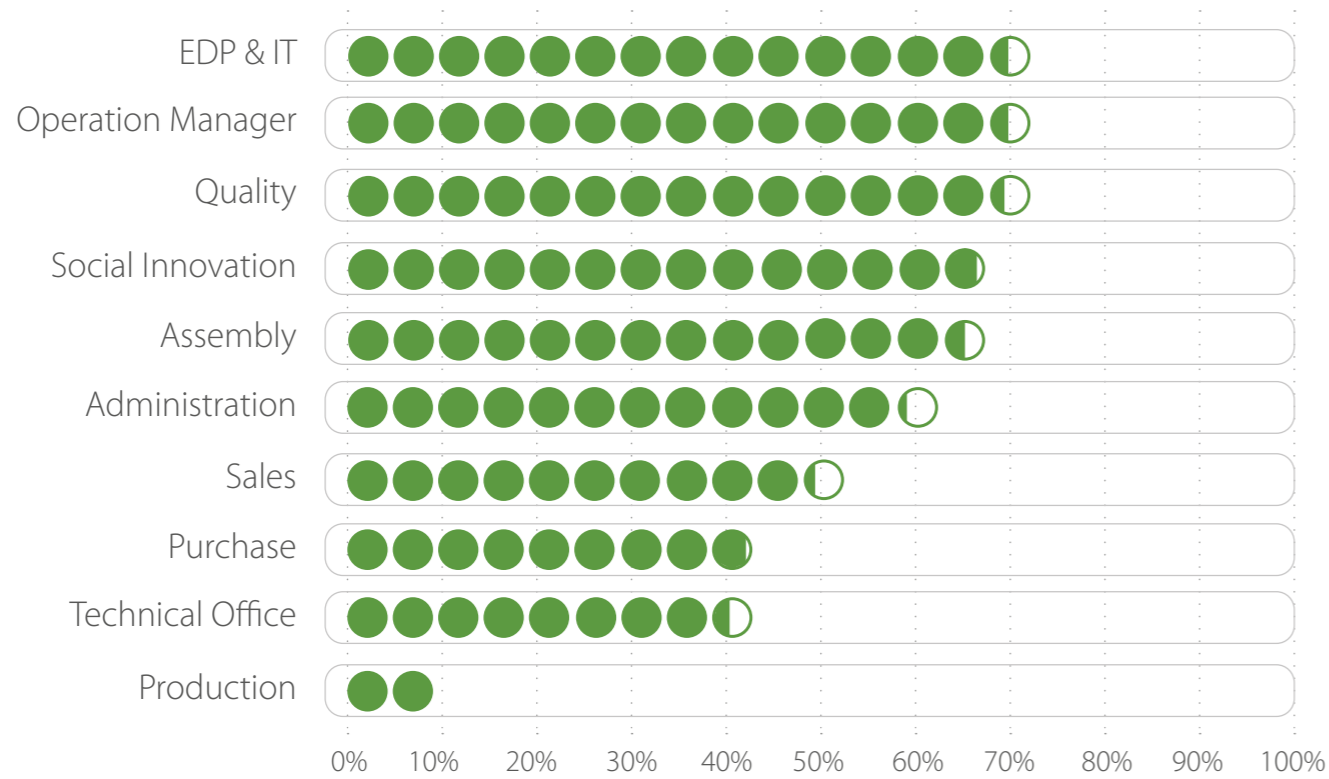
- **Dharma ONLUS** > entertainment activities and support to hospitalised kids;
- **Alpini Sarezzo** > logistical support for mounting of the stands on occasion of the Alpini Festival in Sarezzo;
- **RUT Association** > accompanying and entertainment activities together with the educators of the creche; maintenance of green spaces; accompaniment of the elderly;
- **"Ai Caduti" School district, Rodengo Saiano** > educational activities for secondary school students, computer support activities; archives reorganisation activities;
- **"Tilde e Luigi Colosio"/ GENESI Residential facility for the elders** > attività di accompagnamento e animazione assieme alle dottoresse, assistenti ed animatrici della residenza;
- **Manitese ONG** > Christmas fundraising activities in partnership with Feltrinelli;
- **Municipality of Passirano** > cleaning activities of the municipal theatre, green spaces and bike paths, painting of primary schools, collecting leaves, cleaning of the library;
- **"Madre Teresa" Nursing home** > accompanying and entertainment activities together with doctors, assistants and animators of the facility;



In terms of impact of OMAL 2016 Community Volunteering initiative, the metrics highlighted with the following results:

- participating in the initiative: 70 out of 99, meaning 71% of OMAL's employees;
- available hours actually used: 697.5 out of 1584, meaning 44% of those available;
- activities that attracted the largest number of participants in proportion to available hours were: training and assistance in favour of Dharma ONLUS (i) and training and assistance in favour of the Cooperativa GENESI for the guests of the Residential facility for the elders in Rodengo Saiano (ii);
- the most active Offices within the project were: CED Office (data processing centre) and the Quality Office 3, as shown in the table below:

### HOURS OF VOLUNTARY WORK PER DEPARTMENT



Above: participation of OMAL's various operations to the '2016 Community Volunteering' project.

- The added value conveyed from OMAL's production to social activities carried out within the various associations was 20,925, equal to 697.5 working hours transferred to serve the community, not to mention those of planning, coordination, monitoring and assessment of the various projects activated in the area.

For 2017, the goal is to maintain the same redemption, understood as an indicator of the project's efficiency and internal approval. In this regard, stabilising the project year after year will contribute massively to strengthen OMAL's brand reputation, one of the few companies that concretely implementing a positive initiative by personally involving its employees.

*"It was fun because I spent time with colleagues I didn't know doing a good deed at the same time!"*  
OMAL Volunteer 2016

*"The biggest surprise was discovering the tactful approach of all those people who made themselves available"*  
Local partner, 2016

<sup>3</sup> This data includes the subscription of the Operation Manager who, while not referring to an Office, participated in the project by dedicating all the hours available.

## 4.7 EDUCATING TO VALUE CREATION "L'IMPRESA DEI PICCOLI"



OMAL's second project on social issues involved two classes of the elementary school of Rodengo Saiano with an experimental phase. Thanks to the willingness and cooperation of the school's personnel, OMAL managed to co-create entrepreneurship education modules designed and set up by OMAL's staff for the penultimate year students who were able to attend two training days focusing on innovation.

On the first day, the topic covered in class was ingenuity (concerning objects, people and nature), a concept declined 'for boys and girls' by OMAL, involving pupils in group games and creative works with the classroom teacher.

During the second day of training about forty have visited OMAL, where creativity takes shape. In this event, the classes were engaged in group activities carried out together with the twelve OMAL's Managers, who explained their functions and then coordinated the games on the subject of natural resources, communication and design of new products born from children's imagination.

Below, some moments of the day in the Company that ended with a luncheon offered by OMAL and with a promise of meeting together again.



Above: four images related to the creative workshops within the project 'L'impresa dei piccoli' organised by OMAL.

At corporate level, 'L'impresa dei piccoli' was the first time the OMAL's executive staff practiced voluntary activities having an educational scope directly in the Company. On the one hand, this experience allowed the staff to get out of the routine and tell their stories to an audience different by age and interest, on the other, they proved that the company can be seen as a place of growth not only for employees but also for the local community, which is called upon to interact with the private sector, seeing places and people. OMAL believes, even strongly after this experience, that the meeting between institutional and private realities can be fruitful if set on respect and willingness to innovate the strategies of cooperation with new and shared projects.

*"I was impressed to see employees and the owner of the factory together, for us, and even with their mobile phones switched off!"*  
Local partner, 2016



# 4.8 PARTNERSHIP CREATION

OMAL's third social project is the replication of Social Innovation projects through the direct involvement of business partners called to repeat the same initiatives within their activities. The purpose of the latter action perspective is that of 'networking' with suppliers, customers, distributors, in order to maximise social impacts and replicating them elsewhere, i.e. in other communities, according to the same model already tested by OMAL in Franciacorta and Val Trompia. Frequently, in fact, private companies work separately, locating the positive impact of its projects only in the interests of top-level stakeholders. With this project, OMAL intends to team up with partners and assist them in the implementation of similar initiatives based on the OMAL model and capable of conveying part of the reputation dividend from the Company to all partners who will take on the challenge.

The advantages of this approach are twofold: on the one hand, the good practices of social innovation are disseminated, helping to promote a socially oriented and innovative way of doing business, on the other, the relationships between the Company and suppliers (or customers) are strengthened by improving the levels of transparency and communication. Furthermore, OMAL believes that it is interesting for its customers to know that they can rely on a supplier that transparently and consistently implements projects of brand reputation according to the model of Social Innovation. It is not likely that these virtuous activities follow bottom-up approaches, i.e. from the supplier to the buyer and without any standard to comply with. Awareness of the possibility of sharing projects already tested by OMAL is an added value that the Company distributes to its partners at the same price. Therefore it makes sense, from a strategic point of view, to trust and co-create consolidated ad-hoc solutions achieved by OMAL's in the field.



In 2016, the Social Innovation model 'Community Volunteering' was transferred to India, thanks to the availability of an OMAL's supplier who agreed to replicate the same initiative within its company. AMEX-SWELECT, manufacturer of photovoltaic panels and steel products, became familiar with the model starting from March 2016, and was trained on the methods, impact metrics and participatory planning processes.

In India, the OMAL – AMEX/SWELECT project involved employees in reforestation activities in the village of Pulikundram (lemon and mango tree planting) and food hygiene training activities related to small businesses selling street-food in the area of Chennai.

With the support of the International Justice Mission NGO, OMAL and AMEX-SWELECT managed to implement a cutting edge system focusing on social impact alongside profits, even in contexts of poverty.

From a technical standpoint, OMAL's model was adapted to the results of the needs analysis and of the stakeholder's involvement performed alongside the Indian partner in the reference area of Chennai State Tamil Nadu, India. This step was taken to avoid replicating a model designed for the Italian context and, therefore, not necessarily operational for territories in the Indian Ocean.



Above: OMAL's supplier logos and a moment of the 'India Community Volunteering' project.

SDG 2 Replication of a model of Social Innovation made by OMAL in 2016 is still in progress. The timetable of the works aims at drawing the attention of new project partners abroad and in Italy, in order to create new cross-sectoral partnerships in Social Innovation initiatives applied to the enterprise. In addition, OMAL's 2017 goal is to engage, together with AMEX-SWELECT, an Indian school to partner with the Scholastic Institute of Rodengo Saiano and co-design the scaling-up of the 'Impresa dei piccoli' project. The school has already been identified. We are awaiting the required authorisations from public authorities on school matters.







# GROWING TOGETHER

5



# BEING A TEAM



OMAL is convinced that the harmonious growth of a company starts from motivating its employees, cornerstone of the Company's production activities and progress towards a leading role in the global market. This section of the Sustainability Report 2016 illustrates OMAL's initiatives aimed at the construction and strengthening of teamwork and its internal and external communication projects that consolidate the importance of consistency and unity of purpose in terms of brand reputation.



OMAL believes that staff should be encouraged to improve individual performance and the ability to interact with colleagues, especially due to the significant generational change that took place at the beginning of 2016. Team play is paramount in this and the Company is aware that it will not be able to manage activities, including human resources, with a sectoral approach focusing on the work of each single office. It will be necessary to monitor and assess the productive activity in aggregate, i.e. from Management's design and approval phases to the last operational phase of product (or service) placement on the market. This 'biological' (systemic and integrated) vision of the various operations has led to a series of projects in the course of 2016 aimed at the internal growth of OMAL's staff (i) and at the return of a more truthful and reasoned corporate image (ii). Both objectives are outlined below.

## 5.1 PERSONAL GROWTH

Regarding internal growth, OMAL launched four projects in 2016, thus offering its employees something more than the daily organisation of their duties. Although this is obviously the preamble the Company's activities are based on, OMAL believes that the added value motivating employees to go the extra mile and being more interested in their work is found elsewhere: within the value of culture and knowledge. This is why OMAL launched three initiatives in 2016:

- **Better to be:** project dedicated to promoting participation in cultural events by all OMAL's employees in which, by presenting the receipts of tickets and a photo taken during the event, they can get a voucher worth up to 100 Euros each for attending concerts, exhibitions and theatre performances throughout Italy.
- **Bookcrossing:** this project started in May 2016. It consists of a corporate library where you can borrow books provided by the same employees of OMAL. Each month, new arrivals are communicated via email to all employees and catalogued within the library, accessible at no charge and continuously updated.
- **Shake it out:** this project stems from the awareness that the exchange of ideas and solutions at all levels is of major importance, not only according to the logic of the Company's hierarchical structure. The concept behind the project is based on the need to avoid fossilising ideas of improvement by strictly limiting them to respect standardised roles and processes. Instead, in occasion of the launch of the project called 'Shake it out', all OMAL's employees, with the exception of Managers, have the possibility to propose Management, once a year, projects to solve problems or to improve Company operations in terms of productivity, image and internal environment. The exclusion of the office Managers from the initiative's targets contributes to the bottom-up development of ideas, sometimes confined to places where these exchanges and dialogue are rare. In the opening season of the initiative, Management received 24 ideas from all Company operations. The most popular topics were internal communication, international opening, and the role of digital tools. The three projects judged best by management, based on their innovation, feasibility and presentation style, were awarded at a ceremony held on Christmas dinner 2016.

### SHAKE IT OUT A CACCIA DI TALENTI CONTEST 2016



Above: details of OMAL's 'Shake it out, hunting talents' contest 2016.



## 5.2 COMMUNICATION

OMAL believes in a correct, consistent and transparent corporate communication, capable of restoring the commitment and values the Company believes and operates with passion every day, even through the human resources development projects described above.

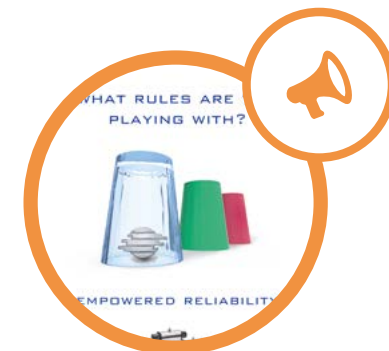
Starting from January 2016, a process of corporate image review started, which led to renovation and enrichment of many external communication materials, including:



**Website** > in 2016, some features of the website were redesigned to give a better sense of social and environmental activities the Company is engaged in. For example, a page on quality and accountability was created with official documents relating to internal policies, made available to all web users. Even the layout of the homepage and internal sections were redesigned to show photos and more functional links for a new institutional image. For example, social and environmental certifications were published on the homepage. The Company will pursue updates and renewal activities throughout 2017.



**Social media** > in 2016, a company profile on LinkedIn was opened and a Facebook business page was created, via a publishing schedule that reflects the latest news and on-going projects. OMAL periodically updates followers on the latest business and organisational events, presenting images and links that can provide an accurate track of the Company's will.



**ADV** > in February 2016, an advertising theme linked to the corporate values was developed and approved, shared by the Sales, Communications and Management units. The theme was then replicated to all national and international magazines OMAL had subscribed to during 2016, and was selected from among nine proposals, thus highlighting the importance of the rules of quality and market OMAL scrupulously complies with.

The Company wanted to communicate the importance of transparency to optimise trade relations between market partners, the latter facilitated in their operations thanks to the reliability resulting from mutual trust.

With the image on the left, OMAL intends to highlight that, by relying on producers who think and accomplish tasks in full respect of the rules, everyone can enjoy a benefit given by the efficiency and credibility of the brand.



**Marketing** > in 2016 OMAL's communication initiatives developed a new marketing concept, used in all trade shows. It presented the profession of the valve manufacturer not only as linked to reliability and robustness of products, but also as a job where fantasy and versatility allow conceiving new ideas and solutions, proposed by a group of young professionals aware of the importance of their personal contribution.

Thus this marketing concept presented OMAL's image no longer and not only through its products, but also through the ideas of its employees. In addition, in 2016, OMAL reiterated the importance of internationality, capable to provide solutions in addition to products, to the greatest player in the world market.



**Documents on Social Innovation** > all documents on Social Innovation have been conceived from images related to natural elements, preferably associated with the theme of fluids in motion, indicating the enthusiasm and the driving force of nature and of ideas.

Each image was associated with an OMAL product capable of controlling the flow, clearly indicating OMAL's ability to manage the flow of liquids but also the impetus for innovation and market.



**Gadget** > the corporate communication based on OMAL gadgets is directly and closely tied to environmental sustainability and recycling issues. In particular, zero-impact recyclable gadgets were created, capable to impress and allow pursuing a message of responsibility toward future generations.

In this regard, wooden pencils containing plant seeds were customised with the Company logo, as well as advertising postcards, containing seeds that, once watered, bloom within the postcard. Purpose of these gadgets, as well as leaving a mark on all those who have an experience with OMAL, is to demonstrate that sustainability is a concept that grows over time if taken care of.



**Catalogues and brochure** > all catalogues and sales brochures were updated in 2016. Moreover, their graphical layout was redesigned and coordinated. More than in the layout of those documents, OMAL's choices in the printing were intended to communicate its commitment on the issue of corporate social responsibility.

Catalogues and brochures were printed on recycled paper in smaller quantities than in previous years, convinced that the presentation of the products can also be done in soft format, saving paper with a lower environmental impact.

As you can see from the above, each external communication tool is the result of a reasoning related to environmental impacts of the same, and the value OMAL wishes to transfer to all stakeholders. The principles underlying OMAL's institutional communication are illustrated within OMAL's Code of Ethics, which features a chapter ad-hoc focused on the corporate image to be conveyed to the outside.

At the level of internal communication, a particularly innovative and cutting edge project concerned the reconstruction of the Company's canteen and the construction of the new OMAL's industrial building in Passirano. The aim was to develop an artistic pathway focusing on some issues particularly relevant to the Company, as the willingness to innovate the processes of design & engineering of the valves (i); the concept of the canteen space as a recreation and relaxation area, in the name of sharing and good food (ii); the desire to combine ideas to develop new projects and new initiatives (iii), the incoming of new ideas from outside to inside the Company, which has the task of receiving and re-elaborating them (iv).

In this perspective, starting from July 2016, OMAL involved a team of local writers active in the world of street art, with the purpose of conveying the above said through images. The task, which has involved the artists for three months, led to creating 'talking' corporate walls, capable of sending a message, stimulating responses and engaging employees and other stakeholders in order to make the Company ever more permeable to the inspirations from the outside world.

## THE WORD TO THE WRITERS OF FO-DECÒ

**B**elow is a brief interview with Luca Zaccaria who, along with Diego Finassi, partnered with OMAL to explain the value of the brand through a project of corporate-art.

### • WHAT DO YOU REMEMBER OF YOUR COLLABORATION WITH OMAL?

I was particularly impressed with the organisation of the work, the development of concepts and hints that made us understand the Company's wishes, along with the messages to re-elaborate. They put their trust in us as regards the development of images, they did not limit our art in any way. Everyone in OMAL treated us as professionals and not like people dragged in from the street.

### • ARE YOU SATISFIED WITH THE WORK ACCOMPLISHED FOR OMAL?

Yes, our idea was completely respected and the image quality is high. We were amazed by the choices made: the most appreciated sketches were those on which we had the most doubts... OMAL is truly an original company!

### • WHAT IS THE VALUE GIVEN TO ART IN THE COMPANY?

Art must obviously convey contents and, to us, street-art is one of the most immediate and observable language. Unlike many, however, we believe that street-art should not be self-referential, but open to the needs of institutions, private individuals and other players who want to make places spaces of stimulus and growth through the power of the image. Not many are able to glimpse this potential, especially in the industry, yet street-art is popular, sobering but accessible... and above all, it makes spaces more beautiful by preventing landscape degradation.





Above: OMAL's canteen.



Above: entrance at OMAL's production facility in Passirano.



Above: OMAL's meeting room.



Above: OMAL's technical department.

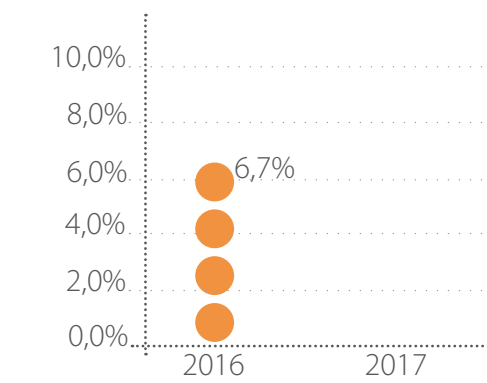
Internal communication has been further strengthened with the provision of specific email addresses to be contacted to report Social Innovation Initiatives and new ideas for projects. In this regard, a box has been made available in the Company to anonymously report one's own opinion or remark.

Finally, OMAL wants to open two communication goals for the sharing and internal participation in the renovation of the corporate website (i) and the provision of the e-commerce platform (ii).

These activities, essential in terms of brand image and reputation, were introduced within a process of co-creation in November 2016 that aims to make OMAL's employees increasingly capable to work as a team for a common project, starting from its earliest planning stages.

In 2017 OMAL will begin to implement what was methodologically defined in 2016 and will accomplish the work of co-creation of the website and the e-commerce platform within next year.

OMAL's commitment on social issues, including community volunteering and all other virtuous projects in favour of the community and its employees, clearly shows the corporate involvement on Social Innovation and Environmental Sustainability, as demonstrated by the chart below reporting the 2016 investment 2016 on these issues.



Above: incidence of investments in Social Innovation on 2015 EBITDA.







# LOOKING AT THE BIG PICTURE

6



# OUR PERSPECTIVES



**A**ware of the work accomplished together in 2016, this section of OMAL's Sustainability Report highlights the future prospects with regard to quality, social and environmental issues.



## 6.1 QUALITY IN THE FUTURE

For OMAL, 2017 will mainly represent the year of transposing the new ISO 9001:2015 standard. From an organisational perspective, one of the major changes brought about by the standard is the focus on risk management, promoting an approach that ranges from function management to process management. The task is not simple, as the Company will be required to undergo a cultural change in the definition of its internal procedures. The renewed standard will therefore provide a 'high level' structural logic, to be used as a common basis for all other standards, improving compatibility and integration. Finally, this new logic approach will require greater involvement of OMAL's Top Management.

The Company will implement the updated standard by June 2017.





## 6.2 SOCIAL RESPONSIBILITY IN THE FUTURE

The work carried out with the writers on social communication has given rise to a consideration within the Company, which will lead to invest in opportunities in 2017. These initiatives will take place under the forms of workshops, works and events, and within daily OMAL's activities. In fact, in Italy the relationship between art and business was established in the last century, with works by Guttuso, Mafai, Paladino, Guzzi furnishing the Strega coffee house in Via Veneto, birthplace of the Strega Prize, or with billboards by Cappiello and Riccobaldi for Bacardi Martini, as well as the more recent works of national and international contemporary artists.

OMAL is particularly interested in the ability to consider art within the Company, yet without patronage, which is completely detached from the Company's production. On the contrary, OMAL intends to bring the art to the workplace by virtue of marketing impacts, social responsibility and corporate communications.

Even in the case of Corporate Social Responsibility, OMAL is not practicing philanthropy or supporting art for art's sake. Art is used to spread messages of Social and management Innovation to help lead the Company towards future market challenges.

In addition to the above, OMAL will consider approaching Inclusive Business strategies in 2017, which will allow aligning product innovation to cost optimisation principles that, in low-income markets, are critical in using valves for industrial applications. Therefore, addressing to these markets will not lead OMAL to compromise on product performance, as to meet the local purchasing needs. On the contrary, the Company will strengthen product durability and solidity, thus increasing savings on maintenance and/or replacement cost and satisfying the typical needs of customers at the base of the pyramid.



## 6.3 ENVIRONMENT RESPONSIBILITY IN THE FUTURE

For OMAL in 2017, environmental issues will mark the adoption of the new ISO 14001:2015 standard, which will be implemented by January 2018.

As required by the new standard, it will be necessary to identify the factors affecting the Company's ability to obtain what has been established. The latter include environmental conditions and their variations, as well as the technological, financial, political, social context, etc. Characterisation of the context also includes the identification of 'interested parties' and their expectations. This systemic approach, already in place in the updating process of the standard relating to quality, will help OMAL achieve a systemic view on environmental issues that certainly will reduce environmental impacts in the short, medium and long term. In addition to this new logic, the Company is required to adopt a 'life-cycle perspective' — considering the possible environmental impacts of products and/or services from phases of provision of raw materials to their disposal/ultimate recovery. Finally, the organisation shall define a process, both internal and external, to communicate its achievements in environmental matters, aimed at disseminating correct and accessible information within all stakeholders.

A second area of OMAL's environmental planning development is the definition of a mechanism to collect structured environmental and social data, namely, that will lead to automate the phases of searching information within all offices, to make them more prompt and efficient.

A third area of work refers to the definition of a single method of compensation of CO<sub>2</sub> emissions from international and national freight forwarders OMAL for the year 2017, in order to compare performance and optimise the displacements in function of the environmental emissions.

Finally, in the year 2017, OMAL will consider purchasing electricity generated from totally renewable energy sources, from suppliers providing renewable energy certificates. These certificates are issued according to the energy consumed by the Company (1 certificate = 1 MWh) and allow for carbon offsetting. According to a simulation, this choice would reduce the Carbon Footprint by 11%, thereby improving the corporate environmental performance compared to the year 2016.



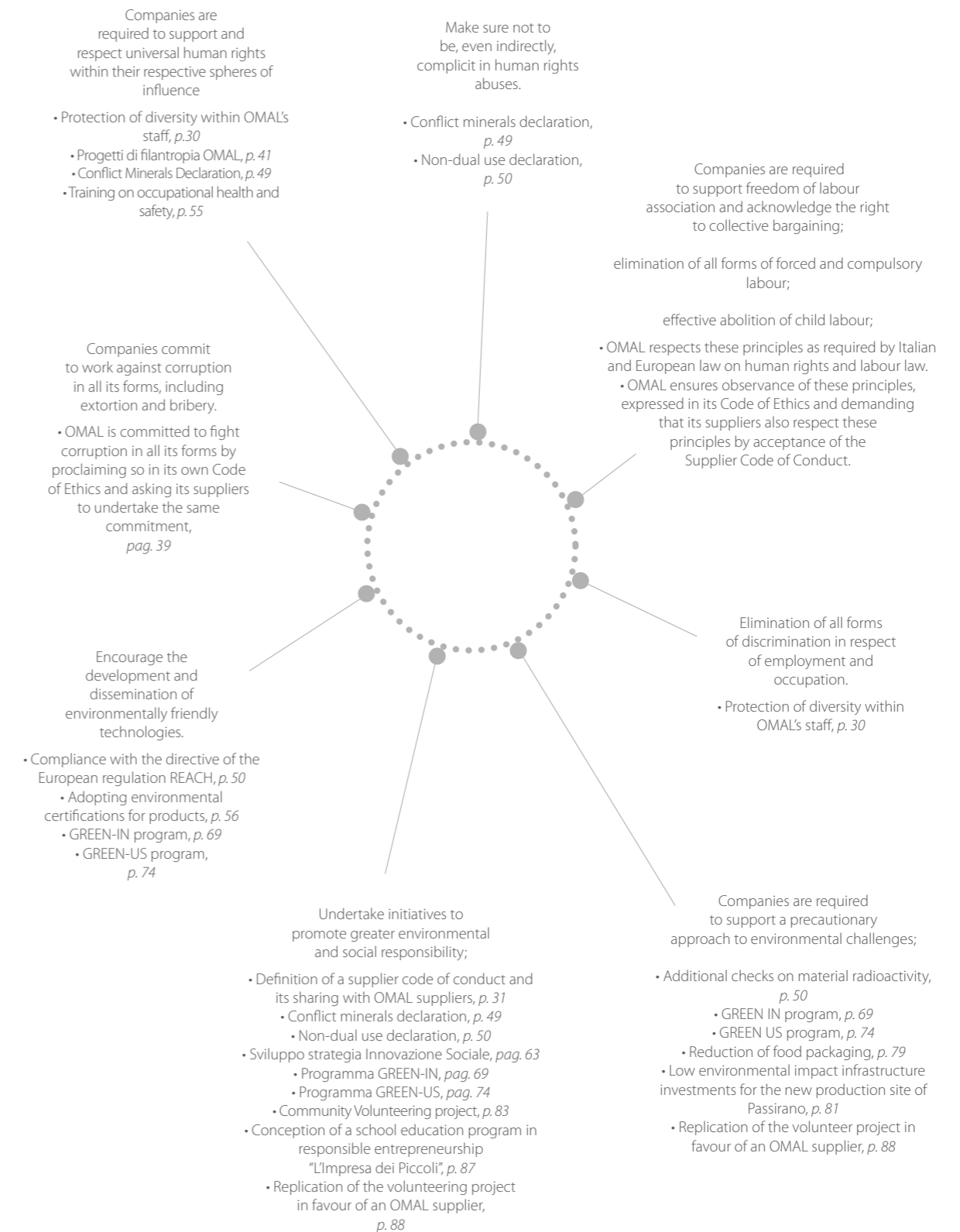




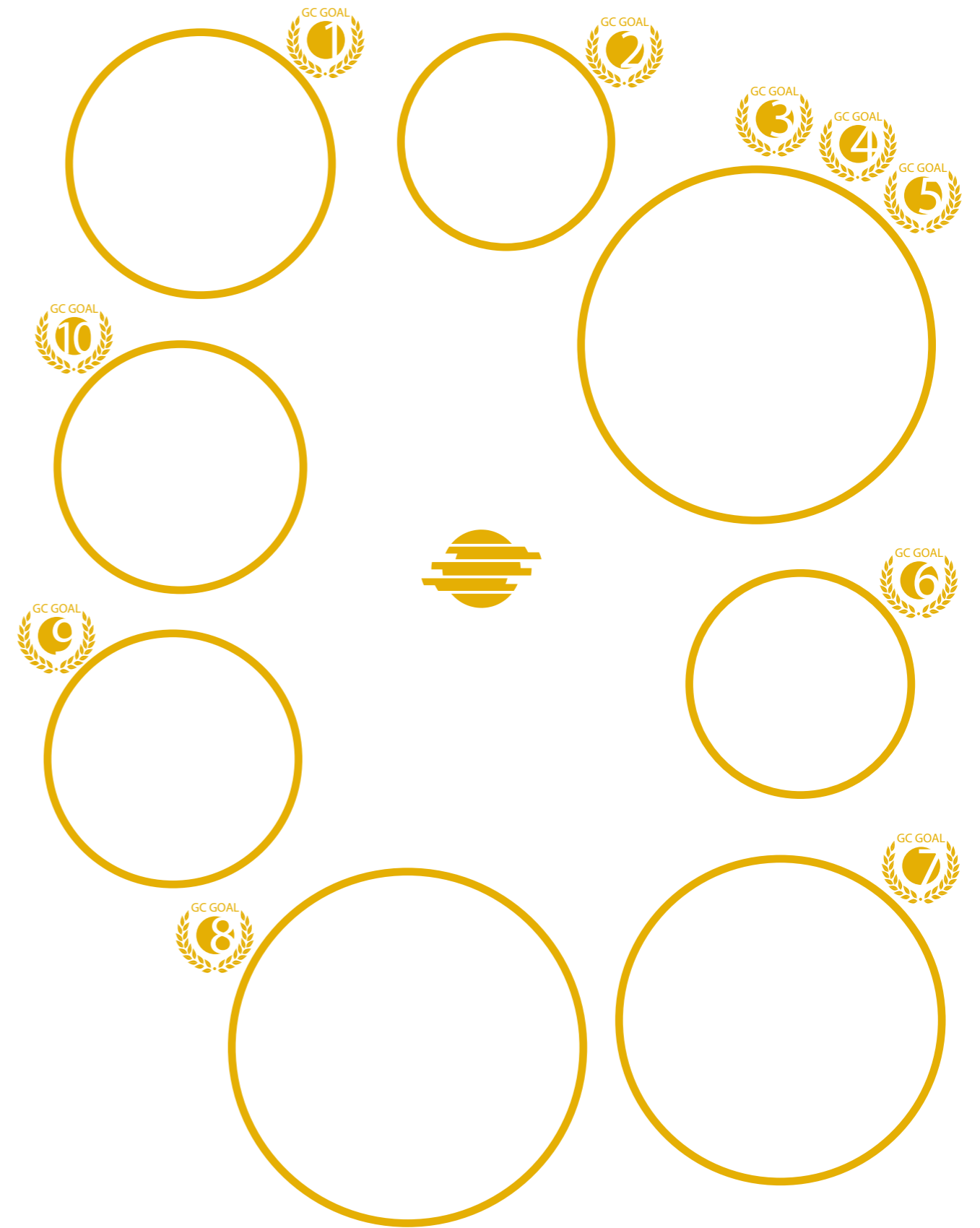
GLOBAL COMPACT PRINCIPLES  
CONCLUSIONS  
GLOSSARY



# GLOBAL COMPACT PRINCIPLES











## CONCLUSIONS

For OMAL, this document represents a starting point. The Company owners have decided to renew their identity commitments to social issues and the environment, reflecting such commitments within the international framework of UN Global Compact. In 2016, the Company measured itself through many activities requiring special coordination and greater attention to data collection and performance measurement. This frequently happens when, for the first time, you embark on a new and difficult challenge.

We believe that the efforts made will allow achieving a transparent image of the value of our work, which is not only found in our products, but also in the processes that set us apart from other players in the global market.

The 'OMAL way' of interpreting excellence stimulates far-sighted perspectives and comparing itself to different players, improving every year results in the social, environment and innovation fields.

This document marks a milestone for the Company, the awareness of its value and efforts to support it, as declared and shown through the numerous projects described. In this course of action, we are constantly willing to grow and enhance our skills.



# GLOSSARY

## AA1000

Legislation published by AccountAbility providing companies with the tools for managing sustainability.

## Environment

### (excerpt from the ISO 14001:2004 standard)

The context in which an organisation operates, including air, water, soil, natural resources, flora, fauna, humans and their interrelationships.

## Carbon Footprint

Carbon footprint (source: Ministry of Environment and Protection of Land and Sea). The carbon footprint is a measure expressed in CO<sub>2</sub> equivalent. The total greenhouse gases emissions are associated directly or indirectly to a product, an organisation or a service.

In accordance with the Kyoto Protocol, greenhouse gases are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydro fluorocarbons (HFCs), sulphur hexafluoride (SF<sub>6</sub>) and perfluorocarbons (PFCs). The tCO<sub>2</sub>e (metric tonnes of CO<sub>2</sub> equivalent) allows expressing the greenhouse effect produced by these gases with regard to greenhouse gases produced by CO<sub>2</sub>, considered equal to 1 (for example, methane has a greenhouse potential 25 times higher than CO<sub>2</sub>, and therefore one tonne of methane is accounted for as 25 tonnes of CO<sub>2</sub> equivalent).

The measurement of the carbon footprint of a product or process requires the detection and quantification of consumption of raw materials and energy in selected phases of their life cycle.

## CO<sub>2</sub> eq (carbon dioxide equivalent):

Parameter used to compare the emissions of the various greenhouse gases based on the global warming potential, referred to as Global Warming Potential (GWP). The value of CO<sub>2</sub> equivalent of a gas is obtained by multiplying its overall weight by its GWP.

## Conflict minerals

Minerals mined under conditions of armed conflict and human rights violations originating from the Democratic Republic of the Congo and neighbouring countries. Use of these minerals is regulated by the Dodd-Frank Act in the U.S.

## Direct energy consumption

Consumption associated with the use of primary sources of energy (methane, fuel, etc.) within areas owned or controlled by the organisation. An example of natural gas consumption is the operation of heating systems installed at the facilities of the organisation.

## Indirect energy consumption

Consumption associated with the use of primary energy sources (coal, natural gas, fossil fuels, etc.) outside of areas owned or controlled by the organisation. An example is the consumption of electricity purchased by a supplying company that uses the primary sources of energy at their sites for the production of electricity.

## Direct emissions

Emissions from sources owned or controlled by the organisation (i.e. emissions resulting from mobility and office heating).

## Indirect emissions

Emissions resulting from the organisation's activities but which are generated from sources belonging to or controlled by other organisations (i.e. emissions resulting from the production of consumed energy).

## FSC

Forest Stewardship Council.

This mark identifies products containing wood from forests managed correctly and responsibly according to strict environmental, social and economic standards. The FSC is an international certification through which an organisation can guarantee to the market the origin of timber or paper used for their products thereby

prove in a correct, transparent and controlled manner its own active contribution to responsible forest management.

## Green Procurement

Integration of environmental considerations in the procurement of products and services, taking into account the environmental impacts throughout their life cycle, from the extraction of raw materials to waste disposal.

Environmental impact (excerpt from the ISO 14001:2004 standard): Any change to the environment whether adverse or beneficial, wholly or partially resulting from an organization's environmental aspects.

ISO 9001 International Standard that defines the requirements for a quality management system in an organisation. This standard provides guidelines for improving the effectiveness and efficiency in delivering the product or service supply and to enhance customer satisfaction and customer loyalty.

## Environmental impact

### (excerpt from the ISO 14001:2004 standard)

Any change to the environment, whether adverse or beneficial, wholly or partially resulting from an organization's environmental aspects.

## ISO 14001

International standard that identifies the requirements of an 'environmental management system' able to identify and assess the environmental aspects of activities, products and services of an organisation, for the purposes of continuous improvement of environmental performance and the requirements of the system itself. The standard can be used for the purposes of obtaining third-party certifications, and/or for self-declaration, or simply as a guideline to establish, implement and improve an environmental management system.

## ISO 14064

Voluntary regulations published by the International Organisation for Standardisation (ISO), which defines the international best practices in management, reporting and verification of data and information related to greenhouse gas emissions (GHG).

## ISO 9001

International standard that defines the requirements for a quality management system in an organisation. This standard provides guidelines for improving the effectiveness and efficiency in delivering the product or service supply and to enhance customer satisfaction and customer loyalty.

## Employee

Individual who, pursuant to national laws or practices, is acknowledged as an employee of the organisation who prepares the report.

## LCA (Life Cycle Assessment)

Analysis methodology that assesses the set of interactions that a product/component has with the environment. It also defines direct and indirect impacts, considering its entire life cycle: from production to recycling down to its final disposal.

## Materiality

Materiality refers to the importance of a particular issue (economic, management, social or environmental) for the enterprise and its stakeholders (see the stakeholders). The aspects that reflect the significant economic, social and environmental impacts of the organisation, or that substantially influence the evaluations and decisions of stakeholders, are of material nature.

## Environmental policy

### (excerpt from the ISO 14001:2004)



**standard)**

An organisation's overall intentions and directives related to its environmental performance as formally expressed by Top Management. The environmental policy provides a framework in which it will conduct its activities and define environmental objectives and goals.

**ReACH (Registration, evaluation, Authorisation and Restriction of Chemical substances):**

European Community regulation on chemicals and their safe use.

**Stakeholders and multi-stakeholders**

Stakeholders are groups or individuals who are reasonably expected to be significantly affected by the organisation's activities, products and/or services, or whose actions may affect the organisation's ability to successfully implement its strategies and achieve its goals. According to AA1000SES standard (developed by the English organisation AccountAbility and internationally acknowledged as a reference), an organisation can prioritise its stakeholders or stakeholder groups based on the relevance of each of them. Relevance is an attribute determined by the collective assessment of the dependence, influence and urgency that each stakeholder has with the organisation, or of other aspects relating to the relationship between the stakeholder and the organisation. According to the multi-stakeholder approach, a particular issue is addressed with the participation and collaboration of players representing various interests in relation to the issue itself, and therefore having different demands. These can be, for example, the different players involved in a production chain, representatives of institutions, non-profit companies and organisations, etc.

**Sustainability and Sustainable Development**

The most common definition of the concept of sustainable development is found in the 'Brundtland Report' of the World Commission on Environment and Development (named after the President seated at the time, Gro Harlem Brundtland), drafted in 1987. Sustainable development refers to a model of development 'that meets the needs of the present without compromising the ability of future generations to meet their own needs'. Sustainability is therefore an approach (to the company, as well as to business activities) aimed at ensuring balance between present and future demands, while balancing economic-financial, social and environmental demands.

**Supply Chain**

Process of planning, implementation and control of the efficient and effective flow and storage of raw materials, semi-finished and finished products and related information from point of origin to the point of consumption with the aim of meeting customer needs.

**Well-to-wheel:**

Analysis covering the whole life cycle of an energy source.





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#### Coordinates:

Lat: 45° 35' 53" North; Lon: 10° 05' 21" East

### PRODUCTION SITE

Via Brognolo, 12 - 25050 Passirano (BS) ITALY

#### Coordinates:

Lat: 45° 35' 51" North; Lon: 10° 05' 18" East