



S U S T A I N A B I L I T Y

REPORT 2021

road to carbon neutrality



S U S T A I N A B I L I T Y

R E P O R T 2 0 2 1

INDEX

	Letter to stakeholders	6
	At a glance	7
01	OUR IDENTITY/WHO WE ARE	8
	1.1 Mission, vision and brand values	10
	1.2 A story began in 1956	12
	1.3 Olimpia Splendid today	14
02	OUR PATH TO A NEW CLIMATE	16
	2.1 Industry and market challenges / Our reference context	18
	2.1.1 The main sustainability steps	18
	2.1.2 The evolution of our industry	18
	2.2 Our commitment to the future	19
	2.3 The management of risks and opportunities related to climate change	24
	2.4 Our stakeholders	28
	2.5 The materiality analysis	33
03	THE WAY WE DO BUSINESS / RESPONSIBLE GOVERNANCE	36
	3.1 Corporate governance / The corporate governance structure	38
	3.2 Ethical principles	39
	3.3 Tax Approach	40
	3.4 The value generated and distributed / Financial transparency	41
	3.5 Business commitments and targets for next years	43

04	SUSTAINABLE COMFORT / PRODUCTS FOR SUSTAINABLE COMFORT	44
	4.1 Our products	47
	4.2 Passion for quality and design / The pursuit of excellence	49
	4.3 Innovation-oriented design / From design to innovation	50
	4.4 Product energy efficiency	52
	4.5 Sustainable materials	53
	4.6 Product circularity	56
	4.7 Customer satisfaction	57
	4.8 Product commitments and targets for next years	59
 05	 A SUSTAINABLE PRODUCTION PROCESS	 60
	5.1 Responsible supply chain / Careful selection of suppliers	63
	5.2 Energy resources management and emissions monitoring	65
	5.2.1 The energy consumed by Olimpia Splendid	65
	5.2.2 Emissions produced by Olimpia Splendid	69
	5.3 Waste management and monitoring	70
	5.4 Environmental commitments and targets for the next years	71
 06	 THE VALUE OF PEOPLE AND TERRITORY	 72
	6.1 People first	74
	6.1.1 Workforce composition	75
	6.1.2 Recruitment and turnover	79
	6.1.3 Relations with trade unions	81
	6.1.4 The importance of responsibilities	82
	6.1.5 Well-being, sense of belonging and dialogue with employees	83
	6.2 Employee training and development	84
	6.3 Existing security measures / Promoting safety at work	86
	6.4 Relations with the territory	90
	6.5 People and territory commitments and targets for next years	92
	Methodological note	93
	GRI Content Index and other indicators	95
	Independent auditor's report on sustainability reporting	98

[GRI 102-14]

LETTER TO STAKEHOLDERS

“The success of a company; of a community; is the result of the values that inspire it. Seriousness, competence, commitment, respect and responsibility are the prerequisites for growth. For my part and that of my family; I add a spirit of service. Ownership requires an extra degree of responsibility which is represented by the obligation to consider oneself at the service of the Company. That is why we have never considered it as an instrument, but as a way to realize our and your abilities, our and your aspirations.”

Acting sustainably, respecting the environment and people, is Olimpia Splendid’s guiding principle. Commitment, respect and responsibility are the fundamental values to keep us on track in today’s context, which is increasingly characterized by instability and precariousness both in the markets and in the natural environment.

The company’s management, aware of the effects and threats that climate change is posing to mankind and the impact that industry has on it, has identified sustainability as one of the pillars on which its long-term strategy is based.

Today the Company has decided to make an official commitment to a challenging goal: achieving climate neutrality by 2040.

In the coming years Olimpia Splendid will invest its energies and resources to reduce greenhouse gas emissions from its production activities and adopt effective strategies to offset those produced in order to neutralize its impact on the environment.

This important objective is part of a broader strategic plan to promote innovation, make its business sector more sustainable and resilient, and create a knowledge-based community.

To do so, Olimpia Splendid has decided to contribute actively to the fight against climate change, to protect the planet and to ensure people’s well-being by pursuing five of the seventeen Sustainable Development Goals promoted by the United Nations in 2015 within the 2030 Agenda: an action program for people, planet and prosperity.

Through this first Sustainability Report, Olimpia Splendid intends to tell all its stakeholders about the journey so far and to announce the next steps that will be taken to achieve the objectives set.

Roberto Saccone
Olimpia Splendid Chairman



Product.

- 12 ACTIVE PATENTS
- WINNING THE **GOOD DESIGN AWARD 2021** FOR THE NEW AIR CONDITIONER UNICO ART AND THE AQUARIA S1 DEHUMIDIFIERS
- 1.2% CAPITAL INVESTED IN R&D
- 17.8 PEOPLE DEDICATED TO R&D ACTIVITIES (EXPRESSED IN FTE) (+11% VS 2020)
- 7,419 KG RECLAIMED REFRIGERANT (+217% VS 2020)
- 52.3% OF RENEWABLE, RECYCLABLE AND RECYCLED MATERIALS USED
- COLLABORATION WITH **CONSORTIA** FOR MANAGEMENT OF END-OF-LIFE PRODUCTS



Corporate.

- 107,698,908€ VALUE DISTRIBUTED (+32% VS 2020)
- 0 LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTITRUST, AND MONOPOLY PRACTICES
- 0 NON-COMPLIANCE WITH LAWS AND REGULATIONS
- UPDATE OF **MODEL 231**
- SHARING OF THE PRINCIPLES AND VALUES CONTAINED IN THE **CODE OF ETHICS** THROUGH THE SIGNING OF THE DOCUMENT BY ALL EMPLOYEES AND SUPPLIERS
- RESPONSIBILITY FOR ESG TOPICS IS ASSIGNED TO THE BOARD OF DIRECTORS
- OPENING OF OS USA OFFICE IN DALLAS AND THE NEW BRANCH IN GERMANY



People.

- 152 EMPLOYEES (+5% VS 2020)
 - 94% full time
 - 93% with permanent contract
 - 35% of female employees
 - 49% belonging in office staff category
- 74% OF EMPLOYEES LIVE IN THE SAME PROVINCE WHERE THE COMPANY'S SITES ARE LOCATED
- 27 RECRUITMENTS (+29% VS 2020)
- 40% EMPLOYEES RECEIVED A REGULAR PERFORMANCE REVIEW (+39% VS 2020)
- 0.77 EMPLOYEES RATE OF WORK-RELATED INJURIES (VS 1.71 IN 2020)
- 3 LOCAL COMMUNITY ORGANISATIONS SUPPORTED (FIGHT CANCER FOUNDATION, BRESCIA MUSEUMS FOUNDATION AND MAGNA CARTA FOUNDATION)



Process.

- 43% OF SPENDING ON LOCAL SUPPLIERS (+12% VS 2020)
- +177,389 KWH (+638,60 GJ) OF GREEN ELECTRICITY PRODUCED BY THE PHOTOVOLTAIC SYSTEM
- - 27% REDUCTION IN NATURAL GAS CONSUMPTION

AT A GLANCE

OUR IDENTITY WHO WE ARE

01

[GRI 102-1; GRI 102-3; GRI 102-4; GRI 102-5]

Olimpia Splendid S.p.A. (hereafter also “Olimpia Italia” or “OS Italia”) is an Italian company that has stood out in the design, production and marketing of air conditioning, heating and air treatment products since 1956. Today, OS is the parent company of 6 other companies, located on 4 different continents.

The production site, as well as the Group’s headquarters, is located in Cellatica (Brescia), while the logistics hub is in Gualtieri (Reggio Emilia). OS also has subsidiaries around the world: Spain, France, Brazil, USA, China and Australia, to better serve the national markets of the more than 45 countries worldwide where it is present.

Olimpia Splendid offers its customers the technological and design skills, as well as the flexibility and dynamism, that are typical of specialised companies. OS combines these with the solidity of an organisation that has grown and matured over time.





1.1 [GRI 102-16]

MISSION, VISION AND BRAND VALUES

All Olimpia Splendid strategic decisions and daily actions are guided by the Group's mission "Comfort all around. To design and construct products with the finest aesthetic, the best technology and respect for the environment." and are aimed at achieving the desired "COMFORT AT HOME".

Olimpia Splendid is committed to offering everyone, in Italy and abroad, products and systems capable of satisfying every need in every season, ensuring the benefits of complete comfort in both residential and commercial settings.

Olimpia Splendid has built its history on seven key values:



Innovation.

INNOVATION FOR OLIMPIA SPLENDID MEANS PRODUCING ENGINEERING SOLUTIONS WITH CUTTING-EDGE TECHNOLOGY AND INTEGRATING THEM WITH THE MOST SOPHISTICATED DESIGN. THE COMPANY INNOVATES BY RELYING ON THE STRICTEST PRODUCT PROTOCOLS, INVESTING ECONOMIC AND HUMAN RESOURCES EVERY YEAR IN RESEARCH AND DEVELOPMENT ACTIVITIES, WITH THE AIM OF CREATING UNIQUE PATENTS.



Design.

AT OLIMPIA SPLENDID, DESIGN DOES NOT ONLY MEAN APPEARANCE. IT MEANS MORE TO US. SHAPES, COLORS AND MATERIALS ARE THE KEY ELEMENTS TO MAKE OUR PRODUCTS PERFECTLY BLEND INTO ANY INDOOR SPACE. A COMPLETE COMFORT EXPERIENCE, IN ALL RESPECTS.



Technology.

OLIMPIA SPLENDID CUTTING-EDGE TECHNOLOGY AIMS TO FIND NEW SOLUTIONS TO REDUCE THE ENVIRONMENTAL IMPACT OF ITS INDOOR PRODUCTS. A CONSTANT AND CONCRETE COMMITMENT TO A SUSTAINABLE FUTURE.



Circular.

INNOVATION MUST COINCIDE WITH RESPECT FOR NATURAL RESOURCES. OLIMPIA SPLENDID IS COMMITTED TO REDUCING ITS ENVIRONMENTAL IMPACT BY SELECTING THE GREENEST MATERIALS AND TECHNOLOGIES, CONTINUOUSLY IMPROVING THE EFFICIENCY OF ITS PRODUCTS AND PROCESSES AND IMPLEMENTING THE PRINCIPLES OF CIRCULAR ECONOMY.



Made in Italy.

WE ARE PROUD OF OUR ROOTS, WHICH INSPIRE OUR WORK AND WILL CONTINUE TO DO SO. TO GENERATE PROGRESS, VALUE FOR OUR STAKEHOLDERS AND GROWTH FOR THE COMMUNITY WE LIVE IN. AND TO BE WORTHY AMBASSADORS OF MADE IN ITALY IN THE WORLD.



Global.

OLIMPIA SPLENDID PRIDES ITSELF ON BEING A COMPANY WITH A STRONG PRESENCE IN INTERNATIONAL MARKETS. OUR AIM IS TO GET CLOSER TO OUR CUSTOMERS WORLDWIDE AND MEET THEIR NEEDS IN A PROMPT AND EFFICIENT MANNER.



People.

OLIMPIA HAS ALWAYS BASED ITS BUSINESS ON THE CORE VALUE OF PEOPLE. FOR THIS REASON, IT INVESTS IN PEOPLE THAT REFLECT THE GROUP, SO THAT EFFICIENCY AND QUALITY ARE THE RESULT OF WHAT IS EXPERIENCED WITHIN THE COMPANY.

1.2

A STORY BEGAN IN 1956



Olimpia Splendid was founded in 1956 in Gualtieri as a family business from the intuition of Evilio Marchesi, who used the experience developed in years of work as metal sheet worker, to set up a company specialised in the construction of metal sheet products.

The **sixties** saw the small artisan company turn into an industrial-scale manufacturer. Thanks to an ever-increasing technological expertise and a solid propensity for innovation, the company became a leader in the production of wood, gas stoves and paraffin heating units.

The **Seventies** saw a decisive thrust in the company's growth: the oil crisis and the resulting general climate of austerity led to a dramatic increase in the demand for wood burners and for gas and paraffin range cookers. This set the groundwork for Olimpia's leap forward in sales from 2,500 units in 1975 to more than 40,000 in 1980.

In the **Eighties**, as the crisis came to an end, the market for wood-burning stoves witnessed a downright collapse, also aggravated by the downward economic trend.

Nevertheless, Olimpia Splendid was able to continue on its growth path, also thanks to a solid, deep-rooted and profound focus on innovation, applied both to product development and communication. During these years, the company also took the opportunity to develop its range of air conditioners, becoming the second largest seller of portable air conditioners in Italy in the '90s and one of the top three companies in Europe. In 1995, the Olimpia Splendid Group set up with a new corporate organisation to better coordinate production and more effectively respond to market demand.

Thanks to the intuition and launch of the first air conditioner without an external unit, the UNICO, the company prospered from 2000 onwards. The success of Unico® was immediate and has grown steadily each year, becoming the company's flagship product.

Once again, product innovation demonstrates the company's ability to present cutting-edge solutions that are also "user-friendly". For this reason, Olimpia Splendid has systematically invested in R&D and has established stable collaborative relationships with leading design studios.

Starting in **2005**, Olimpia Splendid entered the Hydronic sector, introducing a new fancoil terminal unit, which integrates a patented technology in the finnest dimension available on the market, which later became a new standard called Ultraslim fancoil, and a new product line of air-to-water heat pump, differentiated by its top performance thanks to a patented technology.

In the same year, Olimpia launched an internationalisation strategy, which led to a large increase in the Group's turnover, thanks to the opening of its first commercial branches.

The first branche was established in Madrid, **Spain**, in 2005, and was followed by the opening of the commercial and production branch in Shanghai, **China**, in the same year which was dedicated to the assembly of products developed and conceived with the know-how of the parent company.



In 2011, the commercial branch in Paris, **France** was established as a second strategic point for the European market.

The year 2016, which coincided with the Company's 60th anniversary, began with the presentation of the best UNICO® ever: Unico® Air Inverter, which added the performance and energy savings of inverter technology to the elegant and slim design and silence of Unico® Air.

Pursuing the internationalisation process, a new sales branch was opened in 2017 in Sao Paulo (**Brazil**), to better monitor the Latin American market and its specific needs. In the same year, production in the Shanghai branch was discontinued, and since then the branch has only acted a trading company and supports the outsourced production of the parent company.

In 2018, Olimpia Splendid began to have a local presence in the **United States**, opening a small sales subsidiary.

On the other side of the world, in July 2019, Olimpia acquired the company Noirot Australia and New Zealand Pty based in Melbourne (**Australia**), one of the main Australian distributors of air conditioning and heating products. Through this acquisition, Olimpia Splendid seeks to reach two high-potential markets, such as Australia and New Zealand.

In May 2019, **Alto partners Sgr**, a private equity investment fund, acquired a 30% stake in the share capital of Olimpia Splendid SpA, becoming the minority shareholder. This agreement aimed to financially support the trajectory of growth and internationalisation the company is set to follow.

Finally, due to good market response, in 2021 the US sales subsidiary was expanded and an office was established in Dallas with a larger team of people. Moreover, in July a new branch opened in Germany.

1.3 [GRI 102-6 E GRI 102-7]

OLIMPIA SPLENDID TODAY

Today, 65 years after its foundation, Olimpia Splendid Group has:



152
EMPLOYEES



6
BRANCHES DISTRIBUTED OVER 4
DIFFERENT CONTINENTS



93
MILLION EUROS
NET REVENUES

The table below shows some useful data to represent and understand the size of the company:

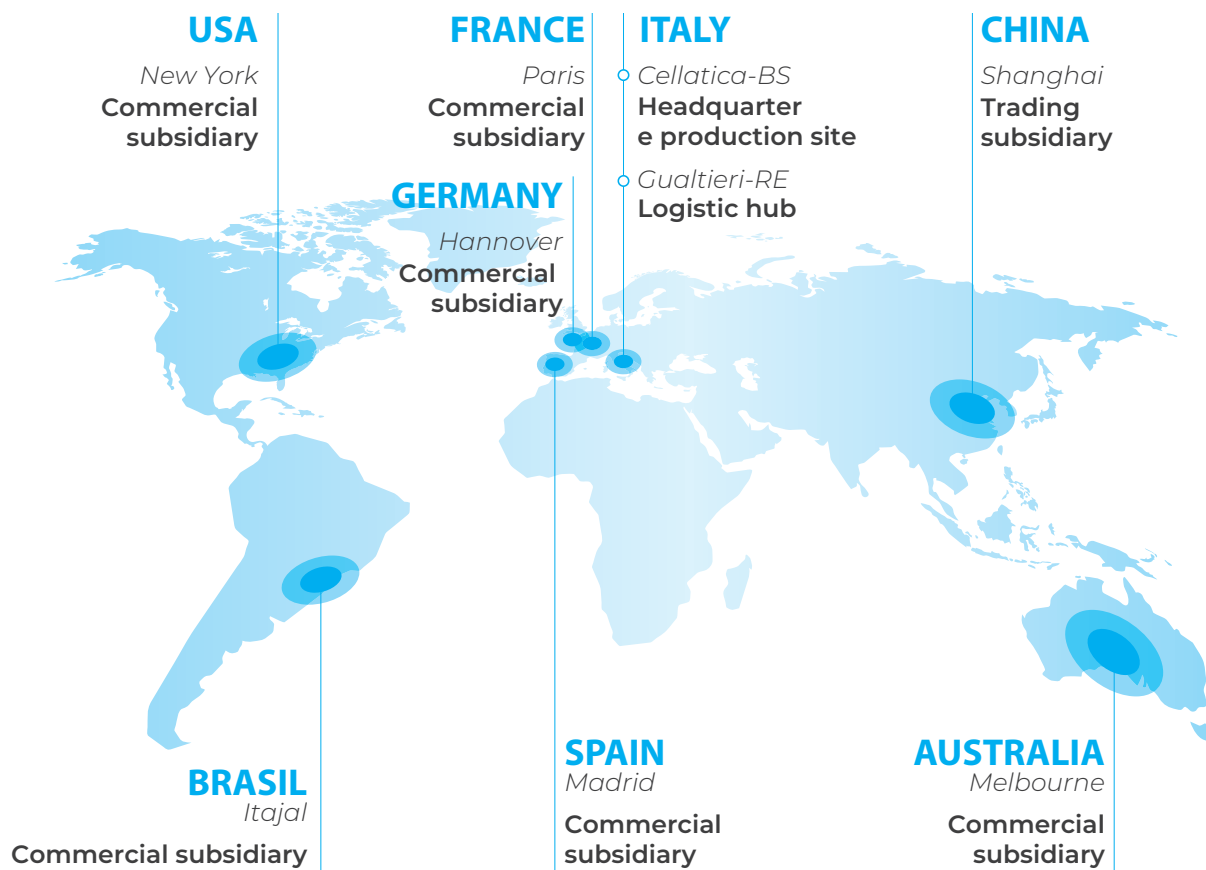
SCALE OF THE ORGANISATION		UoM	2021	2020	2019
Number of employees	n		152	145	139
Number of operations	n		9	8	8
Net sales	€		93,098,992	84,319,932	81,858,722
Total capitalization	€		86,913,410	90,644,874	60,991,551
of which debit	€		30,790,247	37,324,068	22,867,732
of which equity	€		56,123,163	53,320,806	38,123,819
Quantity of products sold*	n		598,377	561,517	541,533

*The quantity of products sold includes manufactured products, commercialised products and spare parts

In recent years, Olimpia Splendid revenues have followed a positive trend. From 2020 to 2021, there was an increase of 10%. This result was driven by the professional sector, with hydronic systems and heat pumps, pushed in Italy by tax incentives that have given a strong boost to the building industry. Due to the new centrality of the home, even in the retail channel the results were encouraging.

The same trend can be seen in foreign sales, which accounted for more than 50% of Group' turnover in 2021.

Indeed, OS products are sold all over the world, especially in areas where we have commercial subsidiaries. In particular, the areas covered include Europe, North and South Africa, Australia and New Zealand, North and South America.



The development of commercial branches around the world has allowed OS to increase its proximity to the local markets and diversify its presence, providing a more efficient service on the spot and capturing trends in various markets.

The OS Group currently does not sell its products directly to the final user but has a close collaboration with **B2B** (Business to Business) partners through two different distribution channels. The first one, the **retail channel**, includes technical hypermarkets, mass merchandisers and DIY players; the second one is the **professional channel**, which includes electrical and hydronic distributors, installers and contractors/builders.

OS aims to differentiate its product offers between the two channels in order to meet the needs of final consumers that purchase from the available channels.

OUR PATH TO A NEW CLIMATE

02

“The scientific evidence is unequivocal: climate change is a threat to human wellbeing and the health of the planet. Any further delay in concerted global action will miss a brief and rapidly closing window to secure a liveable future”

HANS-OTTO PÖRTNER
CO-CHAIR, WORKING GROUP II IPCC

“Growing demand for air conditioners is one of the most critical blind spots in today’s energy debate. Setting higher efficiency standards for cooling is one of the easiest steps governments can take to reduce the need for new power plants, cut emissions and reduce costs at the same time.”

FATIH BIROL
IEA EXECUTIVE DIRECTOR





2.1

INDUSTRY AND MARKET CHALLENGES / OUR REFERENCE CONTEXT

2.1.1 THE MAIN SUSTAINABILITY STEPS

In **2015**, Italy, together with 192 other United Nations countries, signed the **2030 Agenda for Sustainable Development**, an action plan composed of 17 Sustainable Development Goals (SDGs) to share a commitment to ensure a better present and future for our planet and the people who inhabit it.

Subsequently, the European Union's commitment was renewed in 2019 with the signing of the **"European Green Deal"**, a roadmap with actions to drive sustainable economic growth with the challenging target of achieving **Carbon Neutrality by 2050**. To achieve this goal and the previous target of at least a 55% reduction in emissions by 2030, the cooperation of all European citizens and businesses is essential.

The commitment to a green and inclusive transition was confirmed at both European and national levels when the measures for economic recovery after the Covid-19 crisis were approved. In particular, 30% of **Next Generation EU** funds are earmarked for the implementation of the European Green Deal programme¹; and the **Italian National Recovery and Resilience Plan (PNRR)** provides for more than 40% of investments to be allocated to green projects and social inclusion and cohesion programmes².

2.1.2 THE EVOLUTION OF OUR INDUSTRY

As indicated in the January 2022 issue of the REHVA Journal (Federation of European Heating, Ventilation and Air Conditioning associations), the construction sector is called upon to make its contribution to this transformation by cutting energy consumption and introducing technological innovations that increase the energy efficiency of buildings.

Looking at the data, **heating and cooling in buildings and industry accounts for half of the EU's energy consumption**, making it **the largest energy end-use sector** ahead of transport and electricity³. The HVAC⁴ sector therefore plays an essential role in the EU's ambition to transition into a clean and carbon-neutral economy: efficient and high-quality products can drive the sustainable transition of the building sector.

¹ Official website of European Commission, Finance and the Green Deal.

https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/finance-and-green-deal_en

² Piano Nazionale di Ripresa e Resilienza, Italia domani <https://www.governo.it/sites/governo.it/files/PNRR.pdf>.

³ Official website of European Commission, Heating and cooling: https://energy.ec.europa.eu/topics/energy-efficiency/heating-and-cooling_en.

⁴ HVAC: Heating, Ventilation, and Air Conditioning.

Moreover, adopting a global vision, due to rising temperatures, the International Energy Agency estimates a sharp **increase in sales of air conditioning equipment**, especially in emerging economies, which will generate a further increase in energy demand and consumption. Without action to address energy efficiency, **energy demand for space cooling will more than triple by 2050**⁵.

However, according to the International Energy Agency, investing in more efficient air conditioning equipment can almost halve energy demand (-45% by 2050 compared to the 2016 baseline)⁶.

2.2 [GRI 102-12]

OUR COMMITMENT TO THE FUTURE

Always sensitive to these issues and stimulated by the context in which it operates, Olimpia Splendid has embarked on a **path of sustainability**, which in 2022 led to the publication of its first **Sustainability Report** covering the years 2019-2021. This report aims to describe the company's current situation and initiatives and seeks to identify strategies to make the business increasingly sustainable.

The most ambitious goal that the company has set is to achieve **carbon neutrality by 2040**. This objective represents the company's long-term vision and acquires a particularly challenging value when considering the sector in which Olimpia Splendid operates.

Achieving carbon neutrality is not only a strategic goal for Olimpia Splendid but also a way to contribute positively to the well-being of the planet. The benefits of achieving this goal will in fact go beyond the creation of value and the strategic positioning of the company. OS is aware of the effects and threats that climate change is posing to mankind and is aware of the impact that industry has in terms of emissions, consumption, global warming and waste production. Conscious of these issues, Olimpia Splendid is determined to use its knowledge and intelligence to drive innovation and make its industry more sustainable and resilient. The challenge is to make **Olimpia Splendid responsible and sustainable** in order to make an effective contribution to combating climate change and creating a more resilient and knowledge-based community.

The strategy to achieve this challenging goal was built around the history and culture of OS. The Board of Directors has identified 3 drivers functional to achieve the Group's long-term goal:

- Innovation
- Sustainability
- Diversification

⁵ International Energy Agency: <https://www.iea.org/reports/the-future-of-cooling>

⁶ International Energy Agency: <https://www.iea.org/reports/the-future-of-cooling>

These are the pillars around which the Group has built its competitive advantage in its recent history and has decided to reinforce its commitment by aligning these strategic pillars with the Sustainable Development Goals (hereafter “SDGs”).

There are five goals that Olimpia Splendid is committed to pursuing:



SDG 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Olimpia aims to promote inclusive and sustainable economic growth with a focus on increasing market and product diversification, technological upgrading and innovation. In particular, the objective defined in SDG target 8.2, “Achieve higher levels of economic productivity through diversification, technological upgrading and innovation” represents a competitive advantage that Olimpia seeks to pursue. Innovation and growth are two essential elements for attaining this advantage and involve all the Group’s stakeholders.



SDG 9

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

Olimpia intends to contribute to this goal through the enhancement of the production cycle and the adoption of environmentally friendly technologies and industrial processes. In particular, Olimpia is committed to pursuing target 9.4, which seeks to “Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes”. Olimpia’s goal is to make its industrial processes increasingly innovative and sustainable and to be able to source completely from renewable energy by 2040.



SDG 11

Make cities and human settlements inclusive, safe, resilient and sustainable.

Olimpia aims to contribute to the development of innovative solutions for air treatment, promoting aesthetics, sustainability and air quality in urban settlements. In particular, given the high number of premature deaths caused by urban air pollution⁷ and the increasing rate of urbanisation⁸, Olimpia aims to contribute to achieving target 11.6, which seeks to *“Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management”*.

An example of Olimpia's contribution to this target is the sale of the electric heat pump, which, compared to traditional boilers burning fossil fuels, reduces local emissions and does not emit fine particles. In addition, to power the heat pump, only 1/4 of the electrical energy is sourced while 3/4 of the energy required to power the pump comes from renewable energy from the surrounding environment (air, water, soil). Therefore, it is an optimal system to reduce CO2 emissions in urban environments.⁹

Moreover, thanks to the partnership with different waste consortia, Olimpia Splendid actively contributes to the correct disposal and recovery of electrical equipment.



SDG 12

Ensure sustainable consumption and production patterns.

Sustainable Development Goal 12 is the key to Olimpia's strategy: to ensure a sustainable consumption and production pattern by redesigning its product to fit the best practices of the circular economy, and to promote the use of materials and chemicals with a lower environmental impact. In accordance with Target 12.4 *“Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment”*, the ability to recycle products at the end of their life cycle is crucial. To this end, the product design phase plays a key role in minimising waste and increasing the recyclability of the materials that make up the product.

⁷ Official website of World Health Organization (WHO): <https://www.who.int/news-room/articles-detail/call-for-expression-of-interest-communications-support-for-who-s-health-energy-access-activities>.

⁸ Official website of United Nation: <https://unric.org/it/un-75-i-grandi-temi-una-demografia-che-cambia/>.

⁹ Source: *“Libro Bianco sulle pompe di calore”*, Assoclimate, luglio 2020 https://www.assoclimate.it/media/files/1699_assoclimate_libroBIANCO_11_2020.pdf and *“Pompa di Calore: funzionamento e risparmio”*, All Energy & Architecture, <https://www.allenergya.com/news/pompa-di-calore-funzionamento-e-risparmio/>.



SDG 13

Take urgent action to combat climate change and its impacts.

A cornerstone of Olimpia's carbon neutrality strategy is the reduction of fossil fuels used in cooling and heating technologies. Therefore, OS is constantly engaged in research and product innovation in order to produce machines with a low environmental impact. Furthermore, in accordance with target 13.3 *"Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning"*, it is crucial for Olimpia Splendid to act, such as through its communication campaigns, in order to promote sustainable behaviour in the use of products and to inform the final consumer about the real impacts of products and technologies.

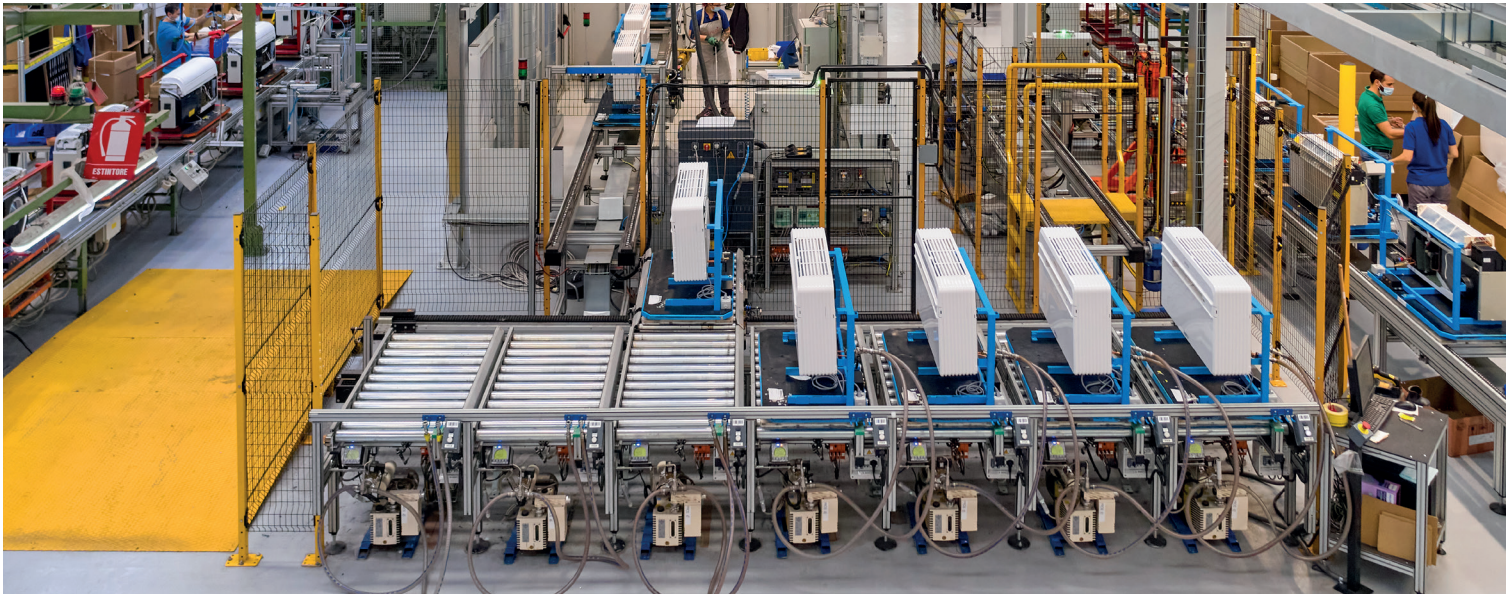
Conscious of the fact that the path to carbon neutrality is neither immediate nor linear, OS has adopted a vision that envisages a **gradual commitment to emission reduction targets** that are increasingly ambitious and challenging.

With 2019 as a baseline, OS plans to reduce the company's carbon footprint by 15% by 2023, reducing it further to 30% in 2026, and reaching its mid-term goal of **halving its actual carbon footprint by 2030**.

The reduction process will be achieved by taking all necessary actions to improve performance in the KPIs related to CO₂ emissions by acting on industrial processes, energy consumption, product efficiency, end-of-life policies and adoption of circular principles in engineering processes and distribution models.

The **monitoring and review process** envisaged by OS takes place over a three-year period and has become an **integral part of the three-year economic and financial plan** that the Group uses for strategic planning. At the end of each three-year period, Olimpia will assess the results achieved, as well as the congruence and timeliness of the sustainability KPIs reported and will make any necessary revisions, in the light of new contextual conditions. This process is continuous, since the three-year Business Plan is approved on an annual basis. The current three-year plan is valid for the three-year period 2021-2023.

The Business Plan will be the key to aligning the organisational structure and stakeholders with the Group's objectives and needs, as it is the result of a bottom-up process that includes all levels of company personnel (employees and managers), strategic partners, suppliers, customers, as well as the Board of Directors and shareholders.



In fact, in order to achieve this challenging target, Olimpia Splendid will involve all its stakeholders, including shareholders. Suppliers and business partners will be asked to comply with specific KPIs in terms of sustainability and quality standards. Employees will be asked to comply with existing environmental policies in production and waste management and specific company functions will be asked to make an extra engineering commitment to sustainability, innovation and quality.





OS believes that the **decarbonisation process** will have a **significant positive impact** on the company's profitability, the community and the environment.

By promoting innovation for sustainability, the Group expects changes to occur on various fronts. Among these, a significant role is played by the expected increase in OS's **competitive advantage in the marketplace**. Furthermore, Olimpia Splendid expects to manage its network of suppliers and business partners more effectively and sustainably. Moreover, always relating to the sphere of business organisation, a direct consequence of this process will be an increase in high-profile professional positions that will contribute to the creation of a **highly qualified and resilient business community**.

As for the positive impacts on the environment, these will result from OS's commitment to reduce its environmental impact both through the gradual adoption of **cleaner industrial processes** and by offering a range of **energy-efficient products** that take into account the design principles of the circular economy. These actions will be further enhanced through initiatives within the company to spread a culture of sustainability.

2.3 [GRI 201-2]

THE MANAGEMENT OF RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

 RISKS IDENTIFIED	 RISK TYPE	 DESCRIPTION OF THE RISK	 IMPACTS ASSOCIATED WITH THE RISK
Electricity network capacity	Transition (Technology)	As the demand of electrical cooling and heating will keep on growing, the actual electrical network may be not strong enough to support the demand of electricity	Inability to sell new devices because the electricity grid cannot support their operation
Restrictive legislations	Transition (Policy and Legal)	The challenge of reaching carbon neutrality for the EU and some other developed markets will put limits on the efficiency targets that are too high, stressing the BAT (Best Available Technology) and imposing technological shifts to lower impact components and refrigerants (best available technology). This will put the whole industry in crisis in terms of efficiency, productivity and safety	New regulations generate the need to innovate the products offered on the market in order to meet the standards imposed by new legislations. However, if the regulator requires industry to implement new products in a too short timeframe, companies may not have the required products on time. In addition, timeframes that are too tight do not allow products to be tested effectively to ensure quality, durability and safety, and do not allow technical installers to be trained
Increased cost of raw materials	Transition (Market)	The shift to a greener economy could drive up the prices of raw materials required to address the business activity and technology change	Increased production costs due to changing input prices can affect the ability of the company to thrive in the market
Damage to production sites (owned and of suppliers)	Physical (Chronic)	Extreme weather events could cause plants to shut down or stop the supply due to the shutdown of supplier's plants	Stops or slowdowns in production and component procurement

Nowadays, climate change is a challenge that everyone should face; it poses risks for companies, but at the same time it can create new opportunities.

The ability to respond to climate change is increasingly a real competitive factor. Being able to adapt one's business model, seeking to adapt to the impacts and mitigate the effects, is essential to ensure the continuity of activities and anticipate market demands.

In order to develop strategies able to respond to fundamental changes, it is recommended to start with a **risk and opportunity analysis**. Olimpia Splendid has undertaken a risk analysis and the findings are reported below.



FINANCIAL IMPLICATIONS OF THE RISK

Less sales opportunities
and market crunch



MANAGEMENT OF THE RISK

Innovation to increase energy efficiency of the
aircon and heat pump to lower the demand of
primary electricity



COSTS OF MANAGEMENT

Cost of R&D might
become very
challenging

Reduction in sales
and installers activity

Innovation to increase the applicability and the
efficiency of the heat pump and cooling solutions.
Multiple platform development to reduce the risk
of the market

Cost of R&D might
become very
challenging

Eventual shrink of market share
and reshuffled mix of revenues

Monitoring the trends of the raw materials'
market to predict moves in prices.
Planning of needs and advanced insurance/
hedging strategy.
Quest for alternative raw materials' sources

Cost for market analysis
and insurance/hedging.
Cost for R&D.

Less sales opportunities
and market crunch

Diversification of production sites and
components suppliers in areas with low risk of
extreme weather events

Cost of investments in
new production sites
Cost of research of new
suppliers

OPPORTUNITY IDENTIFIED	OPPORTUNITY TYPE	DESCRIPTION OF THE OPPORTUNITY	IMPACTS ASSOCIATED WITH THE OPPORTUNITY
Rising mean temperature	Physical (Chronic)	Increasing temperature will increase the demand for cooling solutions	Many cool countries will gradually need to equip buildings with solution for cooling
Increasing demand of customers for carbon free solution for cooling & heating	Transition (Market)	The international regulators and policymakers are gradually imposing restrictive regulations on the local emissions of the comfort appliances and the cutting-edge clean technology to make a sustainable heating and cooling is the heat pump	Many of the existing households are going to be renovated to switch to the newest heat pump solutions to regulate the annual comfort. All the new buildings will be equipped with zero emission environmentally clean tech to manage all year around comfort
EU energy policy toward renewables	Transition (Policy and Market)	The policymakers are sustaining the development of electricity production through renewable technologies like wind power or PV. This will be an accelerator to the adoption of comfort appliances powered by electricity	The adoption of renewables in electricity production will boost the adoption of appliances powered by electricity for cooling and heating, being this technology one of the most effective, efficient and environmentally friendly solutions
Development of a consistent and effective smart grid	Transition (Technology) Transition (Policy and Market)	One of the most advanced experiments to lower the impact of electricity consumption is the smart grid development which has been already tested in some countries. The Italian Recovery Plan includes investments to strengthen the smart grid	Once the smart grid regulations, protocols and market will be established, accepted and regulated, the efficiency of a destructured and peer-to-peer market will boost the demand for electricity-based solutions like the heat pump or the air con based on the refrigerant cycle
Italian Recovery Plan	Transition (Policy and Market)	The European Union and the Italian government have allocated funds to finance projects in three main areas: digitisation and innovation, green transition, and social inclusion	Possibility to carry out energy efficiency investments in headquarters and production facilities with favourable conditions. Increased demand as a result of replacement of appliances in the buildings where interventions financed through the Recovery Plan are carried out

FINANCIAL IMPLICATIONS OF THE OPPORTUNITY	MANAGEMENT OF THE OPPORTUNITY	COSTS OF MANAGEMENT
Market will expand	<ul style="list-style-type: none"> ■ Investments to increase the production capacity 	Acquisition of new production sites Expansion of current production sites Investments in sales and service structures, and educational programs abroad
Market for heat pump will develop strongly	<ul style="list-style-type: none"> ■ Investments into new solutions on heat pump technology to be designed practically for the new buildings and the retrofit of the existing ones. ■ Increase the education of the installers and designers' network to strongly support the adoption of this technology. ■ Study a climate adaptive technology based on the effective climate zone in which the installation is installed. 	Cost of R&D Cost of advertising and sales activities Cost of education and training
Market of electricity appliances for cooling and heating will expand	<ul style="list-style-type: none"> ■ Investments into new solutions on heat pump technology to be design practically for the new buildings and the retrofit of the existing ones ■ Increase the education of the installers and designers' network to strongly support the adoption of this technology ■ Study a climate adaptive technology based on the effective climate zone in which the installation is dedicated to ■ Investments to increase the production capacity 	Cost of R&D Cost of advertising and sales activities Cost of education and training Acquisition of new production sites Expansion of current production sites
Demand for heat pump-based solution will rise	<ul style="list-style-type: none"> ■ Investments into new solutions on heat pump technology to be design practically for the new buildings and the retrofit of the existing ones ■ Increase the education of the installers and designers' network to strongly support the adoption of this technology ■ Study a climate adaptive technology based on the effective climate zone in which the installation is dedicated to ■ Investments to increase the production capacity 	Cost of R&D Cost of advertising and sales activities Cost of education and training Acquisition of new production sites Expansion of current production sites
Realisation of investments with favourable conditions Market will expand	<ul style="list-style-type: none"> ■ Implementation of energy efficiency investments in production facilities and plants ■ Investments to increase the production capacity 	Cost of investments Expansion of current production sites

Taking into consideration the risks and opportunities identified in the table above, Olimpia Splendid implements business strategies in order to protect itself from risks that could undermine the company's activities and tries to take advantage of the opportunities identified. This matrix is constantly updated (annually) to map how climate change may impact the company's business activity.

2.4 [GRI 102-13; GRI 102-40; GRI 102-42; GRI 102-43]

OUR STAKEHOLDERS

As mentioned in the letter to stakeholders, this sustainability report is addressed to all Olimpia Splendid stakeholders.

For GRI Standards¹⁰ a **stakeholder** is “Entity or individual that can reasonably be expected to be significantly affected by the organisation’s activities, products and services or whose actions can reasonably be expected to affect the organisation’s ability to successfully implement its strategies and achieve its objectives.”

In order to prepare a sustainability report that complies with GRI principles, including in particular the principle of inclusiveness¹¹ Olimpia has carried out an analysis that has enabled it to obtain a structured mapping of its most important internal and external stakeholders. Below are the categories identified and their descriptions:

- **Employees:** people working in Olimpia Splendid;
- **Customers:** corporate customers such as distributors, retailers and traders;
- **Business Partners:** companies with which Olimpia collaborates (e.g. Technical Assistance Centres (CAT), agents, RAEE consortium);
- **Logistics suppliers:** companies that provide Olimpia with logistics services;
- **Other suppliers:** companies with which Olimpia collaborates for the procurement of materials and services;
- **Future generations:** people who will enter the HVAC market demanding greater efficiency, innovation and low environmental impact solutions;
- **Consumers:** users of the cooling, heating and air treatment systems offered by Olimpia;
- **Shareholders and investors:** providers of capital invested in Olimpia’s activities;
- **Universities and Research Centres:** organisations operating in the field of research and development of sustainability policies and practices in the HVAC market;
- **Local communities:** citizens living in the area where Olimpia Splendid carries out its production activities, employees’ families and organisations operating in the same area;
- **Institutions and industry associations:** public administration, national and international authorities, including HVAC regulators and industry associations, i.e. associations that represent and protect the interests of the production category to which OS belongs;
- **Media:** newspapers, social networks, radio and television.

¹⁰ The Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) are the reporting standards chosen by Olimpia Splendid for the drafting of its sustainability report. These standards were defined in 2016, and updated to 2020, by GRI - Global Reporting Initiative.

¹¹ The reporting organisation shall identify its stakeholders and explain how it has responded to their reasonable expectations and interests (GRI 101 - Foundation).

Olimpia has always been in active dialogue with its stakeholders, communicating the initiatives it has carried out and listening to the opinions and needs of all stakeholders. To cultivate this relationship of mutual exchange it uses various methods and channels.





STAKEHOLDER



COMMUNICATION AND ENGAGEMENT CHANNELS

Employees	■ Annual performance appraisal process (multi-level MBO programme)
	■ Weekly meetings for alignment and discussion with Top management
	■ On-demand interviews with HR and individual meetings with owners and CEOs
	■ Training and individual growth paths
	■ Internal newsletter
	■ Suggestion box
Consumers	■ Company events twice a year
	■ Daily relations through the Technical Assistance Centre network and CRM platform
	■ Interaction via sector and general media (radio, posters, web, etc.)
Future generations	■ Daily relationship via telephone and e-mail
	■ Provision of educational content on sustainability issues via social media
Customers	■ Training activities at OS headquarters and in the field
	■ Ongoing relationship for collecting and processing orders
	■ Organisation of territorial advertising and setting up of points of sale
	■ Education activities on renewable technologies and the correct use of equipment including energy saving functions
	■ Direct relationship with sales representatives and agents
Business Partner	■ Training activities at OS headquarters and in the field (for CAT and agents)
	■ Ongoing relationship for collecting and processing orders
	■ Organisation of territorial advertising and setting up of points of sale
	■ Direct participation in consortia of which Olimpia Splendid is a partner
Logistics suppliers	■ Continuous reporting via email, telephone and information systems to coordinate inbound and outbound activities ¹²
Other suppliers	■ Daily relationship via telephone, e-mail and information systems with the purchasing function
Shareholders and investors	■ Annual General Meeting and Board of Directors operating on a bimonthly/quarterly basis
Universities and Research Centres	■ Ongoing collaborations for study and research projects
Local communities	■ Initiatives relating to the environment, health, culture and sport
Institutions and industry associations	■ Continuous participation in working groups and/or the board of trade associations
Media	■ Half-yearly launch of new marketing campaigns and organisation of events
	■ Daily social media activities

¹² *Inbound* refers to all those activities aimed at attracting customers, in order to be found, while *outbound* refers to promotions that aim to find customers.

Aware of the importance of interacting with its stakeholders, in 2022 Olimpia Splendid Italia will launch a structured **stakeholder engagement process**. The aim of these engagement activities will be to create an increasingly consolidated dialogue with its stakeholders in order to identify their needs and expectations to be considered in the company's strategy.

Moreover, Olimpia Splendid believes in sharing the values and best business practices with which it identifies. For this reason, it actively participates in several **business associations** related to its sector as well as in some **cultural associations** promoting corporate social responsibility. The main associations Olimpia Splendid companies have joined are listed below:

OLIMPIA SPLENDID **ITALIA**

ISVI (Istituto Italiano Valori d'Impresa)

Olimpia Splendid Italia is part of ISVI, a non-profit organisation operating in the Italian business community with the aim of promoting sustainable and socially responsible management practices and corporate behaviour.

Assoclimate

The association of HVAC manufacturers in Italy in which Olimpia Splendid Italia plays an active role as vice-president of the executive committee.

Applia Italia

Italian association of manufacturers of household appliances and professional equipment for the catering and hospitality industry, of which Olimpia Splendid Italia is a member.

Eurovent

Since February 2020, Olimpia Splendid Italia has become a Corresponding Member of Eurovent, the European industry association that brings together more than 1,000 companies in the HVAC, Process Cooling, and Food Cold Chain Technologies sectors. The partnership will lead Olimpia Splendid to participate directly in the activities of the association, contributing to the definition of standards and future legislation and to the development of new industry guidelines.

OLIMPIA SPLENDID **AUSTRALIA**

NARTA Group

OS Australia is a member of NARTA Group, National Associated Retail Traders of Australia, that is the Australasia's largest retail service group, focused on providing sustainability for retailers, efficiencies for all partners and promoting product & technology and increasing choice for consumers.

OLIMPIA SPLENDID **USA**

AHRI

OS USA is a member of AHRI, Air-conditioning, Heating & Refrigeration Institute, a trade association representing manufacturers of cooling, heating, water heating, and commercial refrigeration equipment. AHRI is an internationally recognized advocate for the industry and develops standards and certifies the performance of many products.

IHACI

The Institute for Heating & Air Conditioning Industries is a trade association of the HVAC sector in which OS USA is associated. This association is mainly dedicated to the education, promotion and growth of the HVAC industry.

HRAI

OS USA is also a member of Heating, Refrigeration and Air Conditioning Institute (HRAI), a non-profit trade association that represents more than 1,150 member companies in the HVAC industry of the Canada market.

OLIMPIA SPLENDID **FRANCE**

AFPAC

OS France is member of AFPAC (Association Française pour la Pompe à Chaleur), an association that promotes the heat pump industry among professionals and the general public.

FNAS

OS France is member of FNAS (Fédération Française des Négociants d'Appareils Sanitaires, Chauffage, Climatisation et Canalisations), born in 1929 as a trade association. Today it represents nearly 90% of the sales of sanitary, heating and air conditioning equipment in France and is perceived as one of the main representative bodies for the sector.

ACIM

OS France is member of ACIM (Association des Constructions Industrialisées et Modulaires) a representative body in charge of defining common standards (quality standards) and promoting the activity to public or private partners who intervene in urban planning policies, invest in the construction market or define fiscal rules.

2.5 [GRI 102-44; GRI 102-47]

THE MATERIALITY ANALYSIS

For the preparation of its first Sustainability Report, Olimpia Splendid has chosen to follow the guidelines of the “Global Reporting Initiative Sustainability Reporting Standards” defined by the GRI - Global Reporting Initiative (hereinafter “GRI Standards”).

In order to prepare a report in accordance with the GRI Standards, an organisation is required to include information on its material issues. The GRI Standards define a **material issue** as “an issue that reflects the organisation’s significant economic, environmental and social impact or that profoundly influences the assessments and decisions of stakeholders”.

With the aim of identifying relevant and material issues for the company to be reported in the Sustainability Report, several activities were undertaken:

- Stakeholder mapping (see paragraph 2.4 Our Stakeholders);
- Desk analysis of Olimpia Splendid internal documentation;
- Analysis of global and European sustainability trends;
- Benchmark analysis with national and international peers and competitors;
- Analysis of the context in which Olimpia Splendid operates;
- Direct involvement of some employees.

As a result of the above activities, Olimpia identified 24 sustainability issues relevant to its business and stakeholders.

In order to identify material issues, Olimpia decided to involve 15 employees of different ages and roles in the materiality process, thus trying to give a meaningful and diagonal representation of the company. In fact, both ownership and executives, managers and employees with different ages and genders were involved in the activity.

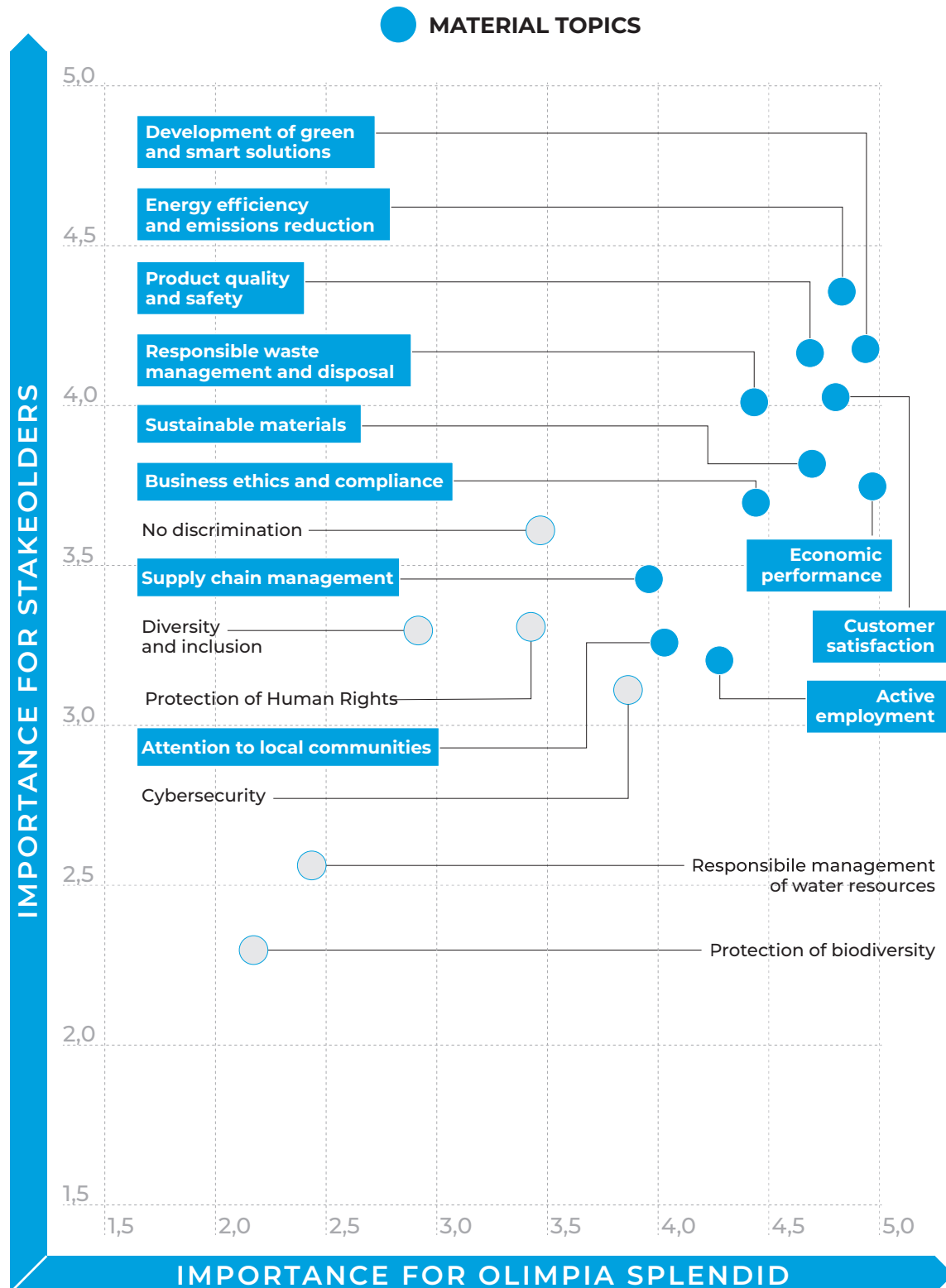
For this first year, employees involved in the materiality process were asked to identify with their stakeholders and express the importance of the issues from their point of view. Stakeholders were assigned on the basis of the role the employees have within the company and the main stakeholders with whom they usually interact. They then expressed the importance of the relevant issues identified, assigning a score from 0 to 5, both from Olimpia’s point of view and from the point of view of the reference stakeholders assigned to them. A progressive, direct involvement of stakeholders is planned for the coming years when the materiality analysis will be updated.

After scoring, a data analysis was carried out that made it possible to identify 18 material themes and 6 non-material themes. Among the 18 material themes, it was subsequently decided to merge some themes as they referred to similar topics and had obtained similar scores.

The process of combining the themes eventually resulted in the following **11 material themes**:

01**Energy efficiency and emissions reduction****02****Development of green and smart solutions****03****Product quality and safety****04****Customer satisfaction****05****Economic performance****06****Sustainable materials****07****Responsible waste management and disposal****08****Business ethics and compliance****09****Active employment****10****Supply chain management****11****Attention to local communities**

OLIMPIA SPLENDID MATERIALITY MATRIX



THE WAY WE DO BUSINESS / RESPONSIBLE GOVERNANCE

03

Being ethical is part of our culture, coming from a family environment. OS shareholders see the company not only as a business, but as a way to contribute to the development of the community. There is no value creation without good behaviour. And good behaviour is born out of habits, led by example and left as a legacy.



0
Non-compliance
with laws and
regulations

0
Legal actions for
anti-competitive
behaviour, antitrust,
and monopoly
practices

Update
of Model
231

Responsibility
for ESG topics
is assigned to
the Board of
Directors

107,698,908€
(+32% vs 2020)
Value
distributed

CHAPTER HIGHLIGHTS

Sharing of the
principles and
values contained in
the Code of Ethics
through the signing
of the document by
all employees and
suppliers



MATERIAL THEMES EXPLORED IN THE CHAPTER

Business ethics and compliance

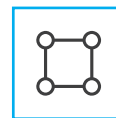
Coming from a family environment, adopting ethical behaviour is part of Olimpia's culture. OS shareholders see the company not just as a business, but as a way to contribute to community development. There is no value creation without good behaviour, and good behaviour comes from habits and is inspired by example



WHY IS IT IMPORTANT FOR OLIMPIA?

Economic performance

Economic and financial performance is critical to long-term value creation, supporting the growth of the community and stakeholders with whom there is a valuable relationship



IMPACT PERIMETER

The impacts of ethical and transparent conduct occur both internally and externally. Ethical conduct generates internal benefits for shareholders and employees. It also represents a key element of value for all external stakeholders with whom Olimpia Splendid deals, such as suppliers, business partners, customers and communities

Good economic performance creates an advantage for Olimpia itself and its investors, as well as for a variety of stakeholders such as employees, suppliers, partners and customers

3.1 [GRI 102-11; GRI 102-18]

CORPORATE GOVERNANCE / THE CORPORATE GOVERNANCE STRUCTURE

This family DNA is still present within the Company, but it has never been an obstacle to the company's growth. Indeed, with a far-sighted vision, since 2015 Olimpia has started an important path of managerialization of the various lines that has also determined the hiring of an external CEO. The entry into the company of a person with a different perspective has favoured the evolution of the entire company organisation, leading employees to take on roles of increasing responsibility and to enjoy important decision-making autonomy.

Olimpia Splendid Italia corporate governance system is based on the "traditional" organisational model and is developed in accordance with current regulations applicable to the sector. The company's main governance bodies are represented by:

- **The Board of Directors**, made up of nine members, including an operating chairman, an operating managing director with responsibility for administrative and management control of the group's subsidiaries, and a managing director with responsibility for general management. The Board of Directors is vested with all powers for ordinary and extraordinary administration;

- **The Board of Statutory Auditors**, consisting of three auditors, has the task of supervising compliance with regulatory obligations, the Articles of Association and the principles of proper administration of the Company.

As a complement to the general governance system, each subsidiary in the group has a monocratic body or board made up of a majority of members of the Board of Directors. The purpose of the monocratic bodies is to provide strategic direction, economic and financial control, commercial policy coordination, project management and human resource management, in coordination with the parent company.

The Board of Directors has delegated an external professional to act as the **Supervisory Board**, which is responsible for supervising the operation of and compliance with the organisational model and for keeping it updated.

The overall governance of the company is based on long-term growth, development and value creation, that are centred on the community, thus recovering a precautionary approach in everyday business decisions at every level of management, including the ones related to environment and social aspects. Responsibility for **ESG topics** is assigned to the **Board of Directors**, which plays a key role in the definition of sustainability strategies, policies and objectives and in the verification of the related results.

3.2 [GRI 102-16; GRI 206-1; GRI 307-1; GRI 419-1]

ETHICAL PRINCIPLES

Olimpia Splendid activities have always been guided by the highest ethical principles. The commitment to such conduct was formalised in 2019, with the approval by the Board of Directors of a **Code of Ethics**, which expresses the responsibilities undertaken towards all stakeholders in the belief that ethics in the conduct of business affairs is an essential prerequisite for Olimpia Splendid success.

The Code is based on an ideal of cooperation in mutual respect and to the advantage of the parties involved and is binding on all those who collaborate with Olimpia Splendid directly or indirectly, whether permanently or temporarily.

In order to disseminate as widely as possible the values and principles expressed in the Code of Ethics, **the Holding has distributed a copy of the Code to all its employees in all branches and suppliers** and has requested their commitment to comply with its contents. Each new employee is asked to sign a letter of awareness, acceptance and commitment to the contents of the code. The document is also available in English and French, in order to facilitate its consultation and application by foreign subsidiaries.

The company's fundamental ethical principles are listed in the document and include legality, loyalty, transparency, impartiality, diligence and professionalism, fairness and conflict of interest. Furthermore, the foundations on which cooperation with staff, customers and suppliers is based are seriousness, reliability, a sense of responsibility, common sense and commitment.

Moral integrity is a duty for all those who work with the company and characterises the behaviour of the entire organisation. For this reason, OS has carried out a risk assessment, covering the main operating sites worldwide, in order to identify any risks, including corruption risks.

Following this work, the Company identified potential corruption risks and outlined the measures and controls necessary to prevent and limit the impact of the potential risks identified.

In September 2020, Olimpia Splendid Italia Board of Directors approved the **Organisational and Management Model** pursuant to the former Legislative Decree 231 of 2001 and appointed a Supervisory Body to oversee the functioning of and compliance with the model and to update it. The document was updated in March 2021 both in the general and in the special part, with the introduction of the crime of smuggling.

For Olimpia Splendid, Model 231 is not only a system of protection but also a tool through which to raise awareness and guide all those who work in the name and on behalf of the Company, so that they follow, in the performance of their activities, correct, honest and clear conduct.

Both the parent company and foreign subsidiaries share with employees the policy by which the company conducts its business in compliance with the laws of the states in which they operate with integrity, not supporting monopolistic or corrupt activities.

Employees who violate the Code of ethics or other applicable laws and regulations may be subject to disciplinary action, which, depending on the severity, may even result in termination of employment.

During the last three years, the Company has not been subject to legal action for anti-competitive behaviour, antitrust and monopolistic practices, and there have been no cases of non-compliance in social and economic matters. On the other hand, with regard to environmental compliance, no irregularities were found in 2019 and in 2021, while in 2020 there was one case of non-compliance relating to the fire certificate of a warehouse in Italy. Following the expansion of the structure, the present certificate was no longer compliant and therefore the company took steps to organise the appropriate verification activities and update the document.

3.3 [GRI 207-1]

TAX APPROACH

The tax strategy adopted by the Company is based on compliance with the tax legislation in force, avoiding any tax-avoidance behaviour.

However, a distinction must be made between tax avoidance and situations where the law itself allows a choice between different solutions made available by the tax system (e.g. opting to set up a company according to a certain form, as it is tax-advantaged compared to other forms): in these cases the strategy is to achieve a lawful tax saving, resulting from the choice of the least onerous among alternative tax instruments and models specifically proposed by the legislator within a system that recognizes the principles of contractual autonomy and free economic initiative.

Moreover, since Olimpia carries out economic activities in various States, including outside of Europe, often characterised by tax regimes more favourable than that of Italy, in order to avoid giving rise to transactions that could appear to be aimed at unduly evading the tax authorities of income taxable in Italy, the Company applies the anti-avoidance rule of the so-called "transfer pricing", aimed at establishing the value to be attributed to the income components arising from transactions with associated companies not resident in the territory of the State. In the application of this rule, the Company relies on the advice of a leading tax consultancy firm.

The Company's tax strategy also envisages the use of the benefits and incentives that the tax authorities have made and continue to make available to taxpayers over time: from the patent box to Industry 4.0. The Company monitors tax news with the support of external consultants who constantly inform the Company of all emerging tax news. Periodically, the Company's management meets to assess which benefits can be used specifically.

The tax strategy also provides for compliance with the tax deadlines dictated by the regulations in force in the countries in which it operates.

3.4 [GRI 201-1]

THE VALUE GENERATED AND DISTRIBUTED / FINANCIAL TRANSPARENCY

Good economic and financial performance at Olimpia Splendid is not considered a short-term goal, but rather the means by which to generate value and development over the long term.

The composition of Olimpia Splendid capital providers, comprising a majority of family shareholders and a residual private equity investor, ensures a mix of skills and perspectives that has generated a strong long-term focus.

However, a good annual economic and financial performance is crucial, as it is the way to drive innovation, wealth and health: it is the only way a company can actively contribute to the development of its community.

Encouraging economic results allow Olimpia Splendid to constantly invest part of its turnover in Research & Development with the aim of increasing the level of innovation, efficiency, durability and sustainability of its products, reducing their impact once installed and during their entire life cycle. Investment in Research & Development has a huge impact on the life of the company and its stakeholders. On the one hand they lead to the professional growth of employees, on the other hand they positively impact suppliers and partners, who take part in the innovative project with OS, and furthermore they offer users the possibility to install more efficient, effective and durable products.

The positive result trend recorded by Olimpia has allowed it, starting in 2014, to expand its business boundaries internationally, creating a "still small but global community" and increasing its employees by about 50% in just 7 years.

Finally, in 2019, thanks to steady economic performance and an efficient allocation of capital, the Company decided to renew its industrial operations by setting 5 important objectives:

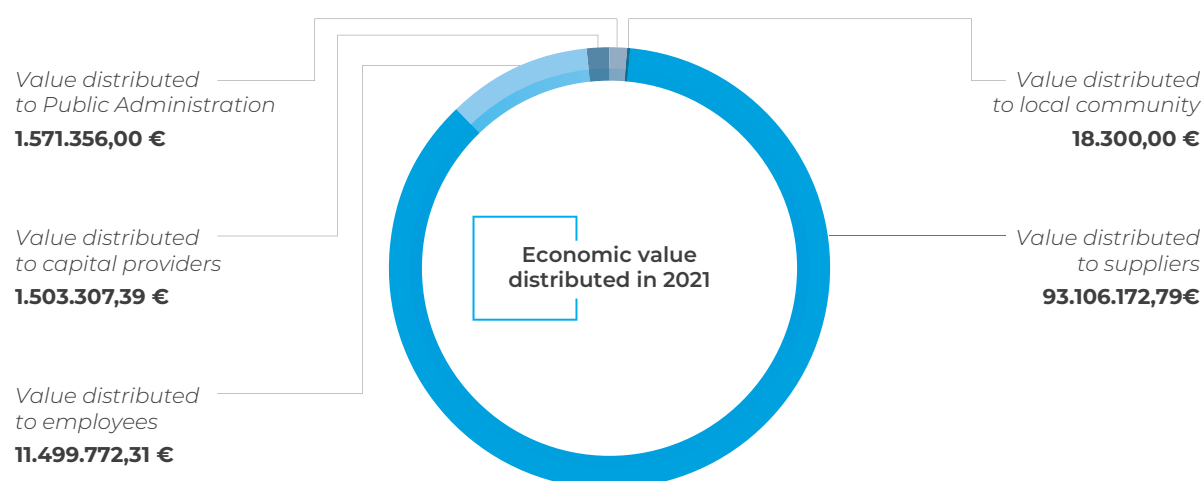
- achieve a higher level of logistical and production efficiency;
- digitise the industrial flow;
- compact warehouses and free up space for more efficient allocation;
- reduce the environmental impact of its operations;
- increase the level of health and joy of its employees with a new design for offices and recreational spaces.

The pursuit of these objectives is generating a strong impact on the supplier network, on the quality of employees' work and their digital and professional skills, and on the local community, thanks to lower emissions and reduced waste production.

Achieving good business results is therefore crucial for all Olimpia Splendid stakeholders, to whom part of the value generated is distributed.

	2021	2020	2019
Direct economic value generated	96,602,297.95 €	86,778,820.93 €	83,353.390 €
Economic value distributed	107,698,908.49 €	81,335,232.08 €	81,346,426.28 €
<i>Value distributed to suppliers</i>	<i>93,106,172.79 €</i>	<i>69,692,613.85 €</i>	<i>70,914,730.01 €</i>
<i>Value distributed to employees</i>	<i>11,499,772.31 €</i>	<i>9,443,822.10 €</i>	<i>9,080,626.27 €</i>
<i>Value distributed to providers of capital</i>	<i>1,503,307.39 €</i>	<i>548,614.13 €</i>	<i>718,468.00 €</i>
<i>Value distributed to government</i>	<i>1,571,356.00 €</i>	<i>1,647,682.00 €</i>	<i>608,142.00 €</i>
<i>Value distributed to local community</i>	<i>18,300.00 €</i>	<i>22,500.00 €</i>	<i>24,460.00 €</i>
Economic value retained	- 11,096,610.54 €	5,423,588.84 €	2,006,963.72 €

During 2021, the value generated by Olimpia Splendid increased and with it the value distributed to its stakeholders. The increase in the value distributed to employees and suppliers is linked to the rise in business activity, which involved hiring new employees, paying more hours worked, and purchasing more materials to realise the products requested by the market. The value distributed to capital providers also increased due to the distribution of €1,000,000 in dividends.



The Chief Financial Officer (CFO) of the Group is primarily responsible for financial aspects, acting as a contact point for the CFOs of the individual subsidiaries and reporting directly to the Board of Directors on financial aspects.

Financial management is based on three-year rolling plans that are reviewed annually and annual budgets for the income statement, balance sheet and cash flow.

Consolidated income statements and balance sheets are prepared monthly, and consolidated forecasts are made quarterly.

Annually, all information is audited by a leading certified auditing company.

Each economic indicator, such as sales performance, margins, turnover, order management and all logistics KPIs, is managed by Olimpia through the ERP (Enterprise resource planning) system, which allows data to be analysed also by article, country or branch.

The system is structured to support Olimpia in all business decisions, whether it is high-level management or analysis of specific KPIs.

3.5

BUSINESS COMMITMENTS AND TARGETS FOR NEXT YEARS

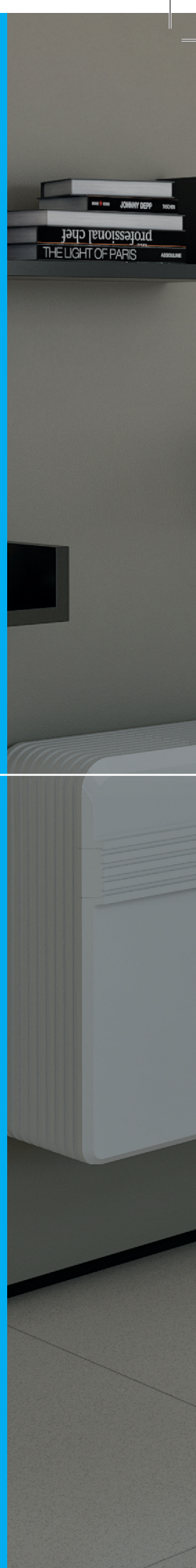
- Ensure continuous updating of the Organisational and Management Model and the Code of Ethics;
- Timely renewal of Governance Body members and employees training following updates to the Organisational and Management Model and the Code of Ethics;
- Extension of the Organisational and Management Model and the Code of Ethics to all sites;
- Ensure clear and long-term oriented governance to address the challenges of carbon neutralization process and ensuring long term value creation for the shareholders and stakeholders;
- Commit to the valorisation of the community of stakeholders that belongs or engage with the Company;
- A clear commitment to innovate for the climate and energy efficiency.

SUSTAINABLE COMFORT / PRODUCTS FOR SUSTAINABLE COMFORT

04

We are constantly working to ensure excellence and sustainability in all the products we make to offer a unique experience to our customers.

Reducing energy consumption and environmental impact without sacrificing comfort is a challenge that Olimpia Splendid has placed at the heart of its strategy.



CHAPTER HIGHLIGHTS

12

active
patents

17.8

people dedicated
to R&D activities
(expressed in FTE)

1.2%

capital
invested
in R&D

7,419

kg reclaimed
refrigerant
(+217% vs 2020)

52.3%

of renewable,
recyclable and
recycled materials
used

Collaboration
with **consortia**
for management
of end-of-life
products



MATERIAL THEMES EXPLORED IN THE CHAPTER



WHY IS IT IMPORTANT FOR OLIMPIA?



IMPACT PERIMETER

Product quality and safety	The safety and quality of the product are important aspects for OS and are strictly linked to the satisfaction of the end user	Product quality and safety must be guaranteed for each product throughout its life, safeguarding the end user
Development of green and smart solutions	Innovation has always been an important factor for OS and is strictly linked to sustainability and the reduction of environmental impact. This combination constitutes for Olimpia Splendid a distinctive feature and a competitive factor recognized by the market	The impact of this material theme occurs primarily in the development and implementation phase of new products, in the design and implementation of new services, and in ad hoc projects to digitise data and business processes
Energy efficiency and emissions reduction	Olimpia Splendid has always designed, manufactured and marketed increasingly efficient products, in order to be able to respond to market request: on the one hand, the consumer is increasingly sensitive to costs and to environment impacts, on the other hand, the EU regulation on energy labels is more and more demanding	The demand for efficient and low-emission products has a direct impact on R&D department, which is always striving for continuous improvement. Moreover, end-users and the world's population are positively impacted by efficient products, as they generate fewer emissions and require less energy to be used
Sustainable materials	The selection of materials is always a key activity to ensure the quality of products and compliance with regulations. Growing consumer awareness has increased the need to design products with sustainable materials that have less impact on the environment	The transition to sustainable materials requires the company to make significant initial efforts to convert processes, find resources and meet customers' demands. R&D, purchases and administration departments are constantly involved in the research of the desired materials
Responsible waste management and disposal	Waste management is an issue of fundamental importance throughout the home appliances industry. The way in which products are designed can indeed influence the disposal and recovery of materials at the end of their life. For this reason, OS is committed to design appliances according to the principles of circular economy	An easy disassembly of the product has a positive impact both internally, during and after the production process, and externally, when the end user has to dispose the packaging and the product itself at the end of its life
Customer satisfaction	Customer and end-user satisfaction are core values at Olimpia Splendid. OS is constantly committed to offering cutting-edge, efficient and reliable solutions to consumer comfort all year round	This theme is across all corporate entities and also reaches the sales network: Technical Assistance Centers (CAT), designers, who use our products in their projects, customers and wholesalers who resell products to installers

4.1 [GRI 102-2]

OUR PRODUCTS

Olimpia Splendid specialises in the manufacture and marketing of air conditioning, heating and air treatment products. The Group's latest area of investment is the "Integrated System", among which there are heat pumps. All OS products are united by a commitment to the design of appliances that guarantee the highest level of consumer comfort in both domestic and commercial applications.

Within the wide range of products, the cutting edge is UNICO: the UNICO product family represents the first fixed air conditioner without an external unit, patented by Olimpia Splendid in 1998. Another relevant product family is DOLCECLIMA, which includes portable air conditioners, introduced to the market in 2013.

Currently, Olimpia Splendid boasts 12 active patents and 4 best-seller products in the catalogue that incorporate some of these patents:

- Bi2° fancoils
- Unico° twin
- Sherpa Aquadue°

The Bi2° fancoils was patented in 2006 and is an ultra-slim plant terminal with radiant technology. A beautiful and energy efficient product and major breakthrough, which allows the Group to establish itself in the residential installations sector.

Sherpa Aquadue°, the first multi-purpose heat pump able to simultaneously supply two temperature sets (domestic hot water up to 75° C), was patented in 2014. It is a high-tech patent, which allows Olimpia to offer a complete residential system for annual cycle comfort and domestic hot water with exclusive use of renewable sources.

The main product categories offered by the company are:

Integrated systems

HEAT PUMPS, FANCOIL TERMINAL UNITS,
CONTROLLED MECHANICAL VENTILATION,
BUILDING MANAGEMENT SYSTEM AND
HOME AUTOMATION



Air conditioning

THIS CATEGORY CONSISTS OF WALL
SPLIT AIR CONDITIONERS, PORTABLE
AIR CONDITIONERS, AIR CONDITIONERS
WITHOUT OUTDOOR UNIT, AIR COOLERS



Heating

THIS CATEGORY CONSISTS OF PELLET
STOVES, FAN HEATERS, CONVECTORS,
RADIATORS, CERAMIC FAN HEATERS, GAS
HEATING, INFRARED HEATING



Air treatment

AIR PURIFIERS, AROMA DIFFUSERS,
HUMIDIFIERS, DEHUMIDIFIERS



4.2

PASSION FOR QUALITY AND DESIGN / THE PURSUIT OF EXCELLENCE

Olimpia Splendid has always focused on **design** and **Made in Italy**, offering original, elegant and high-quality products, internationally recognized and awarded by prestigious design competitions, such as GOOD DESIGN (OS won 14 Good Design Awards in the last ten years), iF Industrie Forum Design, Red Dot Design and ADI Design Index.¹³

In December 2021, Olimpia Splendid was recognized with two Good Design Awards. The products awarded are Unico Art, the new air conditioner without external unit, signed Ercoli + Garlandini, and the new range of Aquaria S1 dehumidifiers, designed by the Skyrunner studio.

OS products move away from the traditional concept of equipment-and home appliance to that of a furnishing accessory that furnishes rooms while guaranteeing its functionality. In fact, the design for Olimpia Splendid is not only aesthetic, but has a broader perspective: all the Company projects are conceived as the best integration of engineering, form and aesthetic. The passion and attention that OS puts into the design and manufacture of its products are the result of harmonious work in which the R&D, strategic marketing and designers work in close collaboration to create products of all-Italian quality.

In its collaboration with designers and architectural firms, OS pays particular attention to the “aesthetic pollution” that comfort appliances often cause. The company works with designers to integrate the machines into the house architecture, camouflaging the elements and minimising the aesthetic impact on forms and enclosures.

Alongside design, Olimpia's products guarantee **quality and safety** for the end user. Quality, on one hand, represents compliance with the functional, constructional and aesthetic requirements of the products. Safety, on the other hand, refers to the aspects of electrical safety and its consequent implications.

Over the years, Olimpia Splendid has been committed to obtaining international certifications and auditing its production process.

In September 2013, Olimpia obtained the ISO 9001 “**Quality Management Systems**” certification aimed at pursuing improvements in terms of effectiveness and efficiency of internal processes and satisfaction of the main stakeholders, ensuring the maintenance and improvement of product quality over time.

In addition, Olimpia has decided to adopt the “**certify everything**” policy on production, a path started in 2015 and being gradually extended to all product ranges. The final objective of OS is to subject the product and its production process to an external audit, by a highly qualified third party, not only with reference to its safety, but also to its performance and energy class.

¹³ GOOD DESIGN is the oldest and most internationally recognized competition for design excellence, founded in Chicago in 1950, while iF Industrie Forum Design and Red Dot Design are German competitions for product design. Finally, ADI Design Index is a selection of ADI “Associazione per il Disegno Industriale” that collects the best design put into production, selected by the permanent Observatory of Design ADI.

As for product and process quality management and monitoring activities, these are supervised by company dedicated figures. In particular, the continuous improvement of product quality is managed by specialised designers who are part of the R&D department.

High standards of product safety are ensured through careful engineering design and thorough risk assessment, resulting in a robust, industrialised and repeatable production process. All production processes are carefully designed, machines are tested and proven to ensure maximum reliability, and all line operators receive regular training.

During the development of new products, all components are tested for reliability. Moreover, products are tested in environments similar to those in which they will later be used by end users to test the machines under real conditions. Their safety is then certified by third parties during the development phase of the new product and verified with periodic audits by the certification body, in order to ensure the full compliance with the specific safety standards of the country in which each product is sold. For example products sold in Europe are TUV certified as well as all products sold in North America have UL certification.

The Bi2 ultraslim fancoils, on the other hand, are Eurovent certified, a certification that guarantees the performance of devices, increasing the confidence of end-users, who can thus be certain that their devices comply with the latest design standards and specifications.

[GRI 416-2]

During the reporting period, there were two incidents of non-compliance concerning the health and safety impacts of products and services. Both incidents were related to Olimpia Splendid Italy and occurred in London with two different kinds of products. The first incident happened in 2019 and after a period of investigation and confrontation the dispute was concluded in January 2022 with the payment of the agreed amount through the insurance company. While the second one, registered in 2021, is now under investigation.

4.3 [NON GRI 1; NON GRI 2]

INNOVATION-ORIENTED DESIGN / FROM DESIGN TO INNOVATION

The company is constantly developing new products to sustain its presence in existing markets and growth in new ones.

Alongside the strengthening of its commercial presence and the affirmation of its brand on the markets, Olimpia Splendid is focusing on the development of new technologies for more efficient and sustainable home comfort. To achieve this goal, OS constantly invests in both product and process innovation.

In Italy, Olimpia Splendid has a **Research & Development centre** where innovative solutions are developed and cutting-edge technologies are tested.

In the OS laboratories, numerous tests and trials are carried out to simulate real and extreme applications of products and components.

To study and test new solutions, the lab technicians use a model workshop dedicated to prototyping, as well as various calorimeters and instrumentation. In addition, OS is equipped with an anechoic chamber, where the acoustic impact of the products can also be tested¹⁴.

In the plant located in Cellatica, high added-value machines are produced, while simpler technologies are manufactured abroad. This mix of innovation and international projection has allowed the company to grow significantly in the last years.

For Olimpia Splendid, end-user comfort is in fact a 360° objective. It aims to offer efficient and high-quality products, with innovative and reliable technologies, high aesthetic finish and silent operation.

To achieve this important goal, OS devotes significant resources, both human and financial, to R&D activities each year.

In terms of financial resources, the percentage of capital invested in R&D in relation to revenues was 1.2% in 2021, 1.4% in 2020 and 1.5% in 2019.

In 2021, investments in R&D are equally divided between equipment (e.g. moulds, enhancement of hardware and software systems for simulation and advanced prototyping) and intellectual activity (e.g. staff time devoted to research and consultancy activities).

In addition to economic resources, R&D activities require the presence of experienced and competent technicians and designers, whose main skills lie in the thermodynamic, mechanical and electronic fields.

The number of employees and the time devoted to research and development activities is constantly increasing: compared to 2019, when employees dedicated to R&D were 12.3 (expressed in FTE - Full Time Equivalent), during 2020 the number increased to 16 and 17,8 in 2021 (an increase of 45% compared to 2019 and 11% compared to 2020).

One of the main changes over the years has been the introduction in 2020 of a figure within the R&D department dedicated to innovation (**Innovation Manager**), who was given the task of building and consolidating partnerships with research centres and the best Italian universities for expertise in the HVAC sector, as well as setting up a more structured and agile new product development management process, in order to get closer to the increasingly dynamic demands of the market.

OS currently holds **12 active patents**, relating for example to heat pumps with innovative solutions for achieving high domestic hot water temperatures or fan coils that combine the thermal comfort of the radiant effect with the typical advantages of fan coils.

Olimpia Splendid experiments with innovative technologies and takes into account the environmental impact of its products right from the product design stage: increasingly efficient solutions are studied to reduce consumption during the products' life and designers follow the **ECO-DESIGN** procedure for all new products developed.



Product digitalisation

THE ENTIRE PRODUCT RANGE IS BEING GRADUALLY INTRODUCED WITH A REMOTE-CONTROL SYSTEM USING APPS (FOR THE SIMPLEST PRODUCTS) OR INTEGRATED IN THE OLIMPIA SPLENDID BMS (BUILDING MANAGEMENT SYSTEM, FOR MORE COMPLEX SYSTEMS) CALLED SIOS CONTROL THAT ALSO ALLOW REMOTE MONITORING OF THE MAIN OPERATING VARIABLES.

¹⁴ Research laboratory, which is used to perform tests in an environment designed to be echo-free.

4.4 [GRI 302-2; GRI 302-3]

PRODUCT ENERGY EFFICIENCY

Olimpia has recently carried out an LCA (Life Cycle Assessment) analysis on its best-selling products to measure their impact in terms of CO₂ emissions. From the analysis, it emerged that energy efficiency is a decisive objective as it represents more than half of the emissions generated by the product.

In line with this analysis, Olimpia Splendid R&D department has always been committed to increasing the efficiency of its products through the continuous improvement of existing products and the development of new projects, integrating the best technologies available in the HVAC sector. Having a highly efficient product is a strong competitive factor for OS in the market and it is essential to ensure that end users can cool and heat their homes without generating excessive negative impacts on the planet we live in.

During the design phase, technologies and materials are selected that ensure high levels of energy efficiency in the use phase and minimum environmental impact in the disposal phase. In addition, each product is always designed with an ECO operating mode, which combines maximum energy saving with maximum comfort. The inverter with which the units are equipped makes it possible to modulate the speeds, guaranteeing savings of up to 30% compared to traditional technologies.

Olimpia Splendid is engaged in a technological effort on many product categories, with the aim of contributing immediately and concretely to improve energy efficiency. Concrete examples are the top range of splits that are in class A+++, a segment present for only 4% of the market; the top models of Unico reach class A+, and in the portables all the categories, including the entry level, boast at least one A+ model, up to A++; In addition, OS has long offered only 'full electric' heat pumps, excluding models that use fossil fuel, developing an entire product line of heat pumps all in class A++ The company will continue to invest in the next few years to increase energy efficiency.

In addition, all products sold abroad comply with the regulations and energy labels of the specific countries. For example, in the **Australian market**, the energy efficiency standards to which OS products have aligned have been increased in recent years. In particular, the new Greenhouse and Energy Minimum Standards (GEMS)¹⁵ Determination, which came into effect in April 2020, establishes updated minimum energy performance standards (MEPS) and new energy labelling requirements.¹⁶

¹⁵ The Greenhouse and Energy Minimum Standards (GEMS) Act established a consistent, national program for appliance energy efficiency in Australia. Its purpose is to improve the energy efficiency of appliances covered by the legislation and reduce greenhouse gas emissions.

¹⁶ Source: *Greenhouse and Energy Minimum Standards (Air Conditioners up to 65kW) Determination 2019*, IEA, 3 June 2020. <https://www.iea.org/policies/8516-greenhouse-and-energy-minimum-standards-air-conditioners-up-to-65kw-determination-2019>

In order to estimate the energy used by the products sold, the energy consumed during the entire life cycle of the best-selling product was calculated for each product family with a sales volume of more than 10,000 pieces per year. The average life of a household appliance was considered to be 12 years and for the hours of use per year the indications included in regulations or directives, where available, were used. Alternatively, the hours indicated in standards or directives for similar products were used.

The ratio of energy used by sold products to sold products in the year shows a positive trend over the years (27.41 in 2021 vs 27.52 in 2020). Variations are mainly related to differences in the composition of products sold in the year due to consumer purchasing choices.

ENERGY USED BY SOLD PRODUCTS			
	2021	2020	2019
Energy used by sold products (GJ)	11,974,443.76	10,998,169.38	10,952,291.44
Energy used by sold products (GJ) / Sold products during the year (n)	27.41	27.52	27.75

4.5 [GRI 301-1; GRI 301-2; GRI 305-6]

SUSTAINABLE MATERIALS

In 2015, the European Commission adopted an action plan to help accelerate Europe's transition to a **circular economy**, boost global competitiveness, promote sustainable economic growth and create new jobs. Later, in March 2020, in line with the EU's Green Deal goal of climate neutrality by 2050, the European Commission proposed a new action plan for the Circular Economy. This new plan announces initiatives along the entire life cycle of products. It targets how products are designed, promotes circular economy processes, encourages **sustainable consumption**, and aims to ensure that waste is prevented.

In order to ensure sustainable comfort and achieve carbon neutrality by 2040, sustainability and circular economy must be among the criteria used by Olimpia in product design and in the selection of materials.

In OS, the process of selecting materials starts with the definition of the desired product or component specifications by the R&D designers and must be carried out in compliance with existing European regulations, which encourage companies to take responsibility for selecting the materials in their products (EU REACH regulation). The definition of these specifications is fundamental in order to later identify the supplier capable of guaranteeing what is required and to guide quality control during the subsequent phase of acceptance of the supply.

In recent years, Olimpia Splendid has been paying increasing attention to the environmental

impact of its products, which is leading to an increasing share of renewable, recyclable and recycled input materials used.

In 2020, OS introduced Unico, the first residential air conditioner with fully regenerated R410A gas. Through an innovative process it is possible to restore exhausted refrigerant gas, obtaining chemical and physical characteristics identical to virgin gas. This avoids the need for thermal disposal of the gas, a process with a significant environmental impact. Moreover in the last years Olimpia Splendid is gradually converting all its product range to refrigerant gas with lower GWP (Global Warming Potential). In facts, lower GWP gases are flammable (A3) or slightly flammable (A2L), which means an high effort in R&D in order to put on the market new products with adequate safety and reliability standard, as well as adapting actual process to such requirements. Therefore a lot of investments were carried out during the last years building new production lines, new R&D laboratories and equipments. , Overall, OS is working to replace the complete range of its products with low environmental impact gases: to date, about 80% have already switched to these refrigerants. For example portable air conditioners and dehumidifiers are equipped with the latest generation technology that allows the use of R290 gas, which is totally natural and with an extremely low GWP. Moreover Unico and Sherpa hydronic heat pumps are being converted to R32 which has a GWP coefficient equal to one third of the previous ones. Compared to 2020, in 2021 the consumption of **recycled¹⁷ refrigerant gas** has increased by more than 217%, against a 15% increase in virgin refrigerant gas, demonstrating the company's strong commitment to using this material. For Olimpia, the decision to introduce this regenerated gas serves a dual purpose. On the one hand, it reduces the environmental impact of the product, avoiding the disposal of exhausted refrigerant gas and the production of new gas. On the other, it aids in Olimpia's desire to raise public awareness about circular economy virtuous practices.

In 2021, the consumption of raw materials increased by over 3% compared to 2020, in line with the increase in production volume, and **renewable materials¹⁸**, i.e. paper and cardboard (used mainly for packaging), consistently account for more than 6% of the materials used. Moreover, more than 50% of the materials used, such as ferrous materials, aluminium, copper, paper and cardboard, are **recyclable** at the end of their life.

OS Italy uses only paper certified FSC (Forest Stewardship Council) for printing and for internal documentation. This label attests that products come from forests managed in a correct and responsible way, according to strict environmental, social and economic standards.

¹⁷ A **recycled input material** is a material that replaces virgin materials, which are purchased or obtained from internal or external sources, and that are not by-products and non-product outputs (NPO) produced by the organisation (GRI Standards definition).

¹⁸ A **renewable material is material** that is derived from plentiful resources that are quickly replenished by ecological cycles or agricultural processes, so that the services provided by these and other linked resources are not endangered and remain available for the next generation (GRI Standards definition).

MATERIALS USED* (KG)	20 21	20 20	20 19
Plastic	2,306,924	2,249,796	2,343,670
Ferrous Metal	2,429,380	2,484,499	2,624,417
Electric/Electronic materials	895,378	825,143	849,622
Other Metals (Cu, Al)	909,096	889,449	926,694
Refrigerant	67,545	58,963	63,225
Reclaimed refrigerant	7,419	2,342	0
Other materials	23,104	206,469	210,054
Paper and cardboard	493,145	458,630	473,592
Total materials used	7,340,990	7,175,291	7,491,275
% of renewable materials used	6.72%	6.39%	6.32%
% of recyclable materials used	52.19%	53.41%	53.73%
% of recycled materials used	0.10%	0.03%	0.00%
% of reclaimed refrigerants used on total refrigerants	10.98%	3.97%	0.00%
% of renewable, recyclable and recycled materials used	52.30%	53.45%	53.73%

* The consumption of materials was estimated by considering the composition of the best-selling product of each product family. For the calculation, only product families with a sales volume of more than 10,000 pieces per year were considered, which contribute to more than 90% of the sales volume (both in terms of quantity and revenue). For the selected products, each individual component was weighed and classified within the different categories, resulting in a % for each material type. This ratio was then applied to all other products belonging to the same product family.



Partnership with local LOGISTIC suppliers

FOR SEVERAL YEARS, OLIMPIA SPLENDID HAS BEEN ORGANISING A SYSTEM WITH LOCAL SUPPLIERS TO REUSE PALLETS AND PACKAGING FOR TRANSPORTING MATERIALS. IN DETAIL, THE COMPANY USES "RETURNABLE" PACKAGING, SUCH AS IRON AND PLASTIC BASKETS AND REUSABLE CARDBOARD CONTAINERS.



No ozone-depleting refrigerant gases

AS INDICATED BY EUROVENT, THE EUROPE'S INDUSTRY ASSOCIATION FOR INDOOR CLIMATE, PROCESS COOLING, AND FOOD COLD CHAIN TECHNOLOGIES, WITHIN THE "STATEMENT OF PRINCIPLES" (2016), THE "EU F-GAS REGULATION" HAS SET THE TARGET TO CUT EU'S F-GASES EMISSIONS TO ONE-FIFTH OF 2014 SALES LEVELS BY 2030. THIS WILL BE THE MAIN DRIVER OF THE MOVE TOWARDS MORE CLIMATE-FRIENDLY TECHNOLOGIES. LOOKING AT THE EMISSIONS OF INTEREST TO THE HVAC SECTOR, OVER THE LAST 3 YEARS, OLIMPIA SPLENDID HAS NOT EMITTED ANY OZONE-DEPLETING SUBSTANCES (ODS). IN FACT, THE COMPANY DOES NOT USE OZONE-DEPLETING REFRIGERANT GASES BUT USES THE MOST MODERN AND LOWEST GWP (GLOBAL WARMING POTENTIAL) REFRIGERANT GASES AVAILABLE. IN ADDITION, THE COMPANY USES HERMETICALLY SEALED REFRIGERATION CIRCUITS FOR MOST OF ITS PRODUCTS, WHICH ALLOWS ZERO REFRIGERANT GAS LEAKAGE INTO THE ENVIRONMENT DURING THE LIFE AND USE OF THE PRODUCT.

4.6

PRODUCT CIRCULARITY

Olimpia Splendid commitment to the circular economy can be seen in the sustainable selection of materials, but not only. In fact, the company dedicates particular attention to the design phase, in order to facilitate product disassembly and repairability, and actively collaborates with organisations that deal with the disposal of end-of-life products.

During the product design phase, a specific assessment is carried out to check the **“dis-assemblability” and accessibility of components**. Both of these features facilitate the recovery of individual components and the repair of machines, extending their useful life, reducing their obsolescence and reducing the waste generated in the long term. Moreover Olimpia preserves spare-parts for at least for 15 years after product phase-out in order to promote units' repair, in accordance with circular economy principle.

Regarding the management of end-of-life products, Olimpia Splendid Italia has contributed to the foundation of two different **consortia**.

In 2006, Olimpia Splendid Italia, together with other members, set up the **Ridomus consortium**, which deals with the correct end-of-life treatment of air conditioners, ensuring proper waste disposal, recycling of the main materials and components to minimise environmental impact.

In the same year, OS Italia was also one of the founding members of the **Ecoped consortium**. This consortium deals with the correct end-of-life treatment of household appliances - in particular the management of Waste Electrical and Electronic Equipment (WEEE), batteries and accumulators (Ri.P.A.) - ensuring the correct recycling of the main materials and components and in order to reduce environmental impact and stimulate the use of secondary raw materials. Both consortia belong to the SAFE Group, the Italian hub of consortia for circular economies, which relies on prevention and control models to ensure the protection of the ecosystem and the efficient re-use of natural resources.

According to the consortia Environmental Report in 2021 85% of materials of the air conditioning WEEE group are recovered putting on the market new secondary raw-materials and less than 2% are collected in rubbish dump.

Olimpia Splendid Spain also cooperates continuously and actively with two different local consortia: ECOEMBES and ECOLEC. **ECOEMBES** deals with the disposal of packaging, while **ECOLEC** is specialised in the disposal of end-of-life products.

In order to guarantee the correct management of end-of-life products, in addition to maintaining active collaboration with the consortia, Olimpia Splendid also organises **dedicated training activities for installers**, so that they can **guide the end user towards the correct disposal of the appliance**.

4.7 [NON GRI 3; NON GRI 4]

CUSTOMER SATISFACTION

Having satisfied end users is a key issue for the whole group. Only if there is positive confirmation from the market and interest in the products sold, the Group can continue to prosper. Therefore Olimpia Splendid pays particular attention to all relations and all moments of interaction between the various parties.

In order to ensure the highest level of satisfaction of its end users, every year OS organises dedicated **training and information activities for all the market operators**, including Technical Assistance Centres, Agencies, Dealers, Architects and Designers, enabling them to have a complete and deep knowledge of the characteristics of OS products, to better advise end users and to better design solutions using OS products.

With the aim of ensuring **quality “in the field”** and guarantee that end users deal with specialised and competent figures, OS relies on a network of more than 300 **Technical Assistance Centres (CAT)**, distributed throughout Italy and the main international markets, served directly or through branches. They can directly or indirectly manage repair, replacement or maintenance work, and they are required to attend centrally scheduled courses. The aim of OS is to enable operators to better understand the products they have to work with and to ensure that all customers receive a service that meets minimum requirements.

In 2019, Olimpia Splendid Italia conducted training per external operators who deal with customers in the classroom, while during 2020 it was mainly delivered online and in 2021 both online and in the classroom. Hours for agents grew significantly in 2020 driven by webinar training implemented in 2019, and going full steam ahead in their use in 2020, also driven by the pandemic, and stabilised in 2021.

For designers and dealers, training hours are steady over the years.

The only category that saw a decrease in training hours in 2020 was Technical Assistance Centres. Given their specific training needs, the webinar mode is unfortunately an ineffective tool for their training.

AVERAGE HOURS OF TRAINING PER EXTERNAL OPERATORS*	2021	2020	2019
Average hours of training per agency	13.45	17.51	14.14
Average hours of training per designer	3.24	3.58	3.22
Average hours of training per dealer	3.08	3.08	3.19
Average hours of training per CAT operator	2.68	2.06	5.07

* The data of OS Spain and OS Germany are not available, while the data of OS Australia and OS USA are estimated as there is no tool in place to track this data.

To ensure customer satisfaction, Olimpia Splendid has also created **channels to directly listen to the voice of end users**.

Within **Olimpia Splendid Italy**, there is a Service department, which directly manages the Technical Assistance Centres network and operates through a telephone switchboard that takes customer calls and manages customer assistance and schedules interventions for any repairs or replacements of the machines. In addition, the department manages spare parts for the machines as well as providing extended warranties of up to four years. In 2021, the company registered more than 40.000 interactions (both calls and mails). The main topics are: 1°level technical information (basic assistance for solving customer simple requests), shop locations, CAT location, warranty repairs, claims and sales agents contact.

In **Spain, France, Australia** and the **United States**, customers are provided with a telephone number and an email address, with which they can get in direct contact with the branch staff for any need, such as to receive advice in the design phase, to get explanations for the configuration of the products or to plan assistance interventions. In **Brazil**, instead, in view of the small number of employees in the subsidiary, the customer care service is outsourced and has been entrusted to the external company with which OS Brazil has entered into a cooperation agreement for technical support services.

During 2021, the total number of complaints received increased compared to 2020, as visible in the table below. The main reason is related to the significant upturn in sales following the covid period. In fact, looking at the ratio of complaints to the number of products sold, the ratio in 2021 is in line with 2020. In the years reported, the main type of complaint is related to repairs of products under warranty, for which Olimpia regularly offers extensions of one or two years.

COMPLAINTS RECEIVED*	20 21	20 20	20 19
Number of complaints received	10,485	9,667	10,701
Warranty repairs	6,061	5,427	6,168
Not in warranty repairs	2,725	2,473	2,917
Remainders	598	487	672
Claims	1,101	1,280	944
Number of products sold (thousands of pieces)**	598.38	561.52	541.53
Number of complaints received/Number of products sold	17.52	17.22	19.76

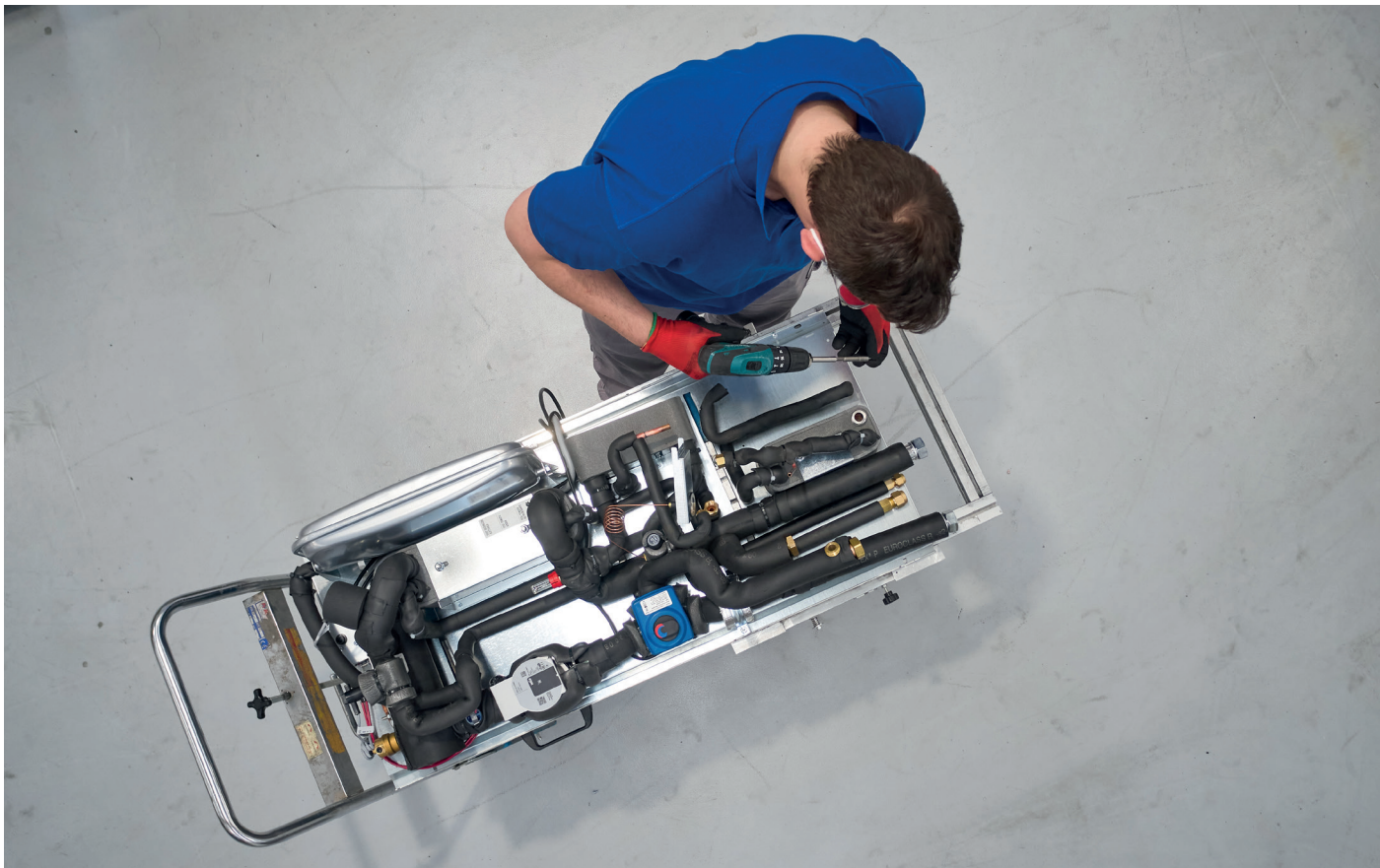
* The data of OS Spain and OS Germany are not available. The 2021 data of OS USA are estimated as there is no tool in place to track this data, while the data for 2020 and 2019 are not available. Finally, for OS Australia and OS Brasil the remainders and claims are an estimation, while the warranty repairs are monitored by an internal database.

** The number of products sold includes manufactured products, commercialised products and spare parts.

4.8

PRODUCT COMMITMENTS AND TARGETS FOR NEXT YEARS

- Expanding product and process innovation through constant investment in research and development;
- Strengthening the remote monitoring system equipping products with IoT devices;
- Completing the switch to refrigerant gases with reduced GWP (Global Warming Potential);
- Thanks to the conversion of our products to natural or reclaimed refrigerants;
- Introduction of design logics that facilitate the maintainability of products by extending their useful life and reducing their environmental impact;
- Expand the product range based on renewable sources (air and water heat pumps);
- Improving energy efficiency class of products;
- Continuing the process of third-party certification of products' performances;
- Launch a specific project to reduce impact of packaging;
- Implementing a stable and continuous monitoring of the customer satisfaction.



A SUSTAINABLE PRODUCTION PROCESS

05

Olimpia Splendid acts in a sustainable way by carefully selecting its suppliers and minimising its impact on the environment, through the improvement of its business performance, the reduction of CO₂ emissions and a virtuous waste management.



43%

of spending
on local suppliers
(+12% vs 2020)



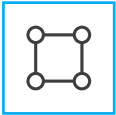
CHAPTER HIGHLIGHTS

+177,389

kwh (+638,61 GJ)
of green electricity
produced by the
photovoltaic system

-27%

reduction
in natural gas
consumption

		
MATERIAL THEMES EXPLORED IN THE CHAPTER	WHY IS IT IMPORTANT FOR OLIMPIA?	IMPACT PERIMETER
Supply chain management	<p>The selection of suppliers has always been one of the most important company's activities in order to guarantee the quality of the products and the respect of market times. For Olimpia Splendid it is fundamental that suppliers are reliable and compliant with current regulations</p>	<p>Olimpia Splendid designs, manufactures and markets products for the domestic and international markets. To carry out these activities, the organisation purchases many components and products from mainly Italian, European and Chinese suppliers</p>
Energy efficiency and emissions reduction	<p>Reducing energy consumption is part of the company's business and fundamental to reach the challenging objective of Carbon Neutrality by 2040</p>	<p>Olimpia Splendid monitors consumptions and emissions generated by the two sites in Italy, a headquarter with production and a logistics hub, and by the international branches. At the moment, it excludes from these analyses the consumption and emissions of upstream and downstream phases of its chain</p>
Responsible waste management and disposal	<p>Waste management is an issue of fundamental importance throughout the home appliances industry because the way in which products are designed influences the disposal and recovery of materials at the end of their life. At the same time, it is important for OS carefully manage waste generated during production processes and within offices and subsidiaries</p>	<p>Impacts occur internally as OS has to manage waste generated during the production process (defective components/products) and waste related to office and branches activities</p>

5.1 [GRI 102-9; GRI 102-10; GRI 204-1; GRI 308-1; GRI 414-1]

RESPONSIBLE SUPPLY CHAIN / CAREFUL SELECTION OF SUPPLIERS

The increasing competition in the global markets and the desire for internationalisation have led OS to entertain relationships not only with Italian suppliers, but also with European and Chinese suppliers. Currently, the most important suppliers for Olimpia Splendid are the ones who provide components and finished products.

In 2021, after the full recovery of the post-pandemic market, Olimpia Splendid found some production problems related to sourcing and transport for those product categories made in the Far East, while for Italian productions - heat pumps, system terminals and air conditioning - difficulties were encountered in sourcing some components such as electronics. This situation has driven many companies to resettle production in Italy and look for more local suppliers. One example is electronic components: on the eastern market, these components are now available with very long lead times, whereas before they only took a few months. In this context, the management of production and product stock is particularly crucial, so OS has activated a dedicated task force to maximise production efficiency.

Moreover, due to the global uncertainty of retail, companies are refraining from making longer, linear and long-term plans, as in the past, and orders are managed with great concern to avoid large stocks. In order to manage this situation and to ensure a prompt response during periods of high seasonality, Olimpia Splendid has acquired a good level of flexibility, managing production flows in such a way as to be able to respond as effectively. In this complexity, a good management of orders and purchases is essential to have the resources to answer market requests.

In selecting all suppliers, the Group pays particular attention to the reliability of suppliers and the quality of the products and services they provide. In particular, the Group has adopted a specific sourcing procedure, composed of specific phases.

First, the planning department, which uses Material Requirements Planning (MRP) - a production planning, scheduling, and inventory control system used to manage manufacturing processes - analyses the factory's needs for materials and issues the purchase requisition to the purchasing department. This department, after identifying the materials that meet the required design specifications and the relevant suppliers, proceeds with the selection of the supplier, taking into consideration various elements such as quality, cost, compliance with standards, certifications and regulations, and also financial stability.

A number of drivers are used when selecting suppliers, including the technical capabilities of the supplier, the quality of the service offered and the price. However, in the last period the ability of the supplier to maintain a stable and functioning supply has become one of the most important factors in supplier selection. Currently, no assessment of environmental or social aspects is carried out in the selection of suppliers (even new ones). However, OS intends to include them in the near future.

The logistics department is also responsible for organising incoming logistics, both with regard to local and foreign suppliers.

Specific negotiation and agreements with contractors, subcontractors, consultants and general service providers are the responsibility of the specific department involved. For example, the finance department is responsible for negotiating with financial consultants and the research and development department is responsible for all services related to the development of the project.

In addition, the purchasing department has been increasingly involved in logistics operations and technical project discussions in the last period due to the extreme complexity of the raw material situation (cost and availability) and transportation.

SUPPLIERS ENGAGED* (N)			
	20 21	20 20	20 19
Total number of suppliers engaged during the reporting year	642	593	600
Raw materials suppliers	124	101	109
General services suppliers	464	444	441
Contractors and subcontractors who are entrusted with the transport services	25	24	24
Finished Good suppliers	29	24	26

* Due to Covid 19 restrictions implemented during the drafting of the document, it was not possible to collect supplier data for Olimpia Splendid China.

As can also be seen from the data, the Covid-19 pandemic had no significant effect on the Group's procurement and supply chain.

In 2021, the percentage of spending on local suppliers (suppliers in the same country as that of the branch) is 43%, while in 2020 and 2019 it was 39%¹⁹. This increase is due, on the one hand, to the addition of the USA branch data, for which data for 2019 and 2020 were not available because the office in Dallas (Texas) started to operate in September 2021. On the other hand, to the choice of the parent company to favour Italian suppliers.

A particular case is OS Australia, which in 2021 significantly reduced the procurement budget used for suppliers (-29% vs 2020), while procurement from local suppliers reduced in a smaller percentage (-12% vs 2020). This has led to an increase in the percentage of purchases destined for local suppliers, such as office supplies, furniture, printing, store displays. The reduction in overseas procurement deals with products is due to a mild summer that has led to a reduction in sales and an increase in stock.

Overall, the volumes of materials and services purchased by OS Italy in 2021 increased significantly compared to 2020, partly due to a sharp increase in the cost of raw materials (average of +30%) and transportation (average ocean freight +300%), as well as in terms of the amount of product required for the increased production needs. The difficulty in finding available material has also led to an increase in inventory levels.

¹⁹ Due to Covid 19 restrictions implemented during the drafting of the document, the percentage does not consider the OS China's procurement budget spent to local suppliers.

In all commercial branches, finished goods are purchased mainly from OS Italy and/or OS China, which are not counted among the suppliers as they are part of company operations. On the other hand, logistics suppliers, consortia for end-of-life management and the various consulting services (financial, accounting and commercial) are often local.

5.2

ENERGY RESOURCES MANAGEMENT AND EMISSIONS MONITORING

Since the beginning of its production history, the organisation has had the goal of improving its energy performance, not only at the product level, but also within its sites. In particular, in 2020 the production site in Cellatica (Brescia) was totally innovated with the aim of becoming a centre of excellence for the production of air conditioning solutions and hydronic systems. In particular, the investments focused on making the whole process more sustainable, the production more flexible and responsive to the market, cutting time to market and increasing efficiency through logistic automation.

Moreover, during 2021 Olimpia Splendid started on the path to obtaining the ISO 14001 certification, which will attest the adoption of an environmental management system in line with the international standard. Thanks to the path to certification, OS has had the opportunity to intensify the process of assessing the life cycle of its products and expand stakeholder involvement in value creation, including suppliers and industrial partners. The company aims to obtain the certification by the end of 2022.

5.2.1 THE ENERGY CONSUMED BY OLIMPIA SPLENDID

[GRI 302-1; GRI 302-3]

In line with the United Nations Goal 12 “Ensure sustainable patterns of production and consumption” and the precautionary principle adopted by the Board of Directors in managing the environmental impacts of its business activities, Olimpia Splendid has been committed for years to researching solutions and production processes aimed at reducing energy use, increasing its efficiency and limiting the related CO₂ emissions into the atmosphere.

Over the years, the main activities carried out have been aimed at reducing the energy consumption of the plants, through, for example, the replacement of all lighting bodies with a LED lighting system in the main plant in Cellatica (BS). It is planned to proceed with this activity also for the logistics plant in Gualtieri (RE) with an expected impact of 40% reduction in consumption when fully operational.

All commercial subsidiaries, in addition to making employees aware of turning off lights when not needed and using energy-saving features on devices, take specific actions. For example, OS France uses heat pump systems for heating and has hybrid cars. OS USA has installed lights that turn on based on motion and a thermostat with a power reduction program, which saves energy. OS Australia has installed LED lights in the office and warehouse.

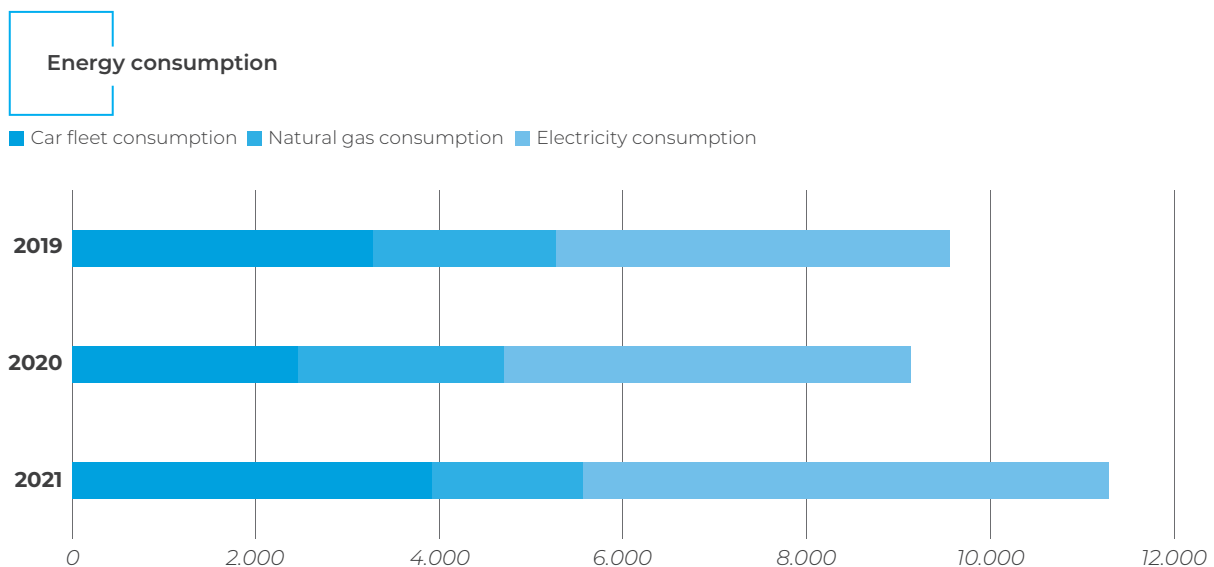
With regard to electricity consumption, the Cellatica headquarters has a photovoltaic system that has been increasing the volume of self-produced energy over the years and aims to pursue this trend.

In 2016, an initial 17 kW photovoltaic system was installed. Then, in 2020, a second photovoltaic system with a nominal power of 182kW was installed and it became operational in February 2021. The production of energy from the photovoltaic system and the consumption of the plant are not always aligned, so OS feeds part of the electricity produced into the grid.

Thanks to the electricity produced internally, Olimpia Splendid satisfies more than 11% of its electricity needs through electricity from renewable sources, reducing the environmental impact of its sites in terms of emissions.

Moreover, at the end of 2021, OS Italy signed an agreement with a supplier for the purchase of electricity totally produced from renewable sources.

Looking at the data, in 2021, there was an increase in energy consumption (+23%) compared to 2020, mainly related to the recovery of the post-pandemic market and the full return of business activities.



Electricity consumption increased due to the rise in production activities and the start-up of the OS Italy laboratories where product life tests were carried out.

In 2019, OS Italy started to expand the production area while maintaining the volume of the existing plant, optimizing space and processes in order not to consume land expanding the plant; this had an impact in 2020 on the increased consumption of natural gas for heating this new area, which has stabilised in 2021.

During 2021, business travel also restarted for both OS Italy and the commercial branches. Therefore, there was an increase in the consumption of diesel and gasoline for the company car fleet (+60%). The gasoline consumption is linked to OS France, which in 2021 has changed some diesel cars into gasoline cars.

ENERGY PRODUCED, CONSUMED AND SOLD (GJ)*	20 21	20 20	20 19
Gasoline for car fleet	252.57	0.00	0.00
Diesel for car fleet**	3,665.66	2,444.26	3,282.16
Natural gas for heating	1,647.49	2,248.89	1,999.64
Electricity purchased from non-renewable sources	5,104.22	4,408.03	4,254.51
Electricity produced by photovoltaic system	678.63	40.02	33.78
Electricity produced by photovoltaic system consumed	599.35	24.01	20.26
Electricity produced by photovoltaic system sold	79.28	16.01	13.52
Total energy consumed	11,269.28	9,125.20	9,556.57

* Electricity consumption data for OS Brazil and OS China are estimated based on the percentage of condo fees allocated to the office. For OS Spain, diesel consumption is estimated, while electricity data is not available. For OS USA, consumption for 2019 and 2020 are not available as the office was not active. Finally, for OS China, OS Brazil, and OS USA, only the electricity consumption is available.

** The diesel consumption for OS Italy is estimated on the basis of the budgeted car consumption cost divided by the annual diesel cost.

In 2021, Olimpia Splendid production processes returned to the efficiency levels of 2019, after an anomalous 2020. In the year just ended, while the number of products manufactured increased by 20%, there was a 10% increase in the consumption of natural gas and electricity at the Italian sites, which allowed the energy intensity index to decrease compared to 2020.

ENERGY INTENSITY	20 21	20 20	20 19
Energy consumed within Olimpia Splendid Italy (Natural Gas and Electricity) / Products manufactured within Olimpia Splendid Italy plant	GJ/n 0,097	0,106	0,095



Process digitalisation

OVER THE YEARS, OLIMPIA SPLENDID HAS MANAGED THE DIGITALISATION OF DATA AND BUSINESS PROCESSES BY CARRYING OUT AD HOC PROJECTS TO GRADUALLY INTRODUCE IT IN EACH OF THE MAIN AREAS OF THE COMPANY. THANKS TO THE INDUSTRY 4.0 PLAN, OLIMPIA SPLENDID WAS ABLE TO TAKE ADVANTAGE OF THE FUNDS AVAILABLE FOR SMES TO UPGRADE TO 4.0 TECHNOLOGY AND MAKE A QUANTUM LEAP IN INDUSTRIAL AND LOGISTICS ORGANISATION. THE UPGRADE CONCERNED IN PARTICULAR THE INCREASE OF THE PRODUCTION CAPACITY AND THE REDUCTION OF WASTE THANKS TO THE DIGITALIZATION OF THE PRODUCTION LINES AND PART OF THE WAREHOUSES. LOGISTIC-PRODUCTION PROCESSES HAVE BEEN ONE OF THE MAIN AREAS OF WORK FOR OLIMPIA SPLENDID: HERE VARIOUS PROCESSES HAVE BEEN AUTOMATED THANKS TO THE INTRODUCTION OF THE INDUSTRY 4.0 LOGICS ON MODERN ASSEMBLY LINES. IN ADDITION, INVESTMENTS IN AUTOMATED WAREHOUSES ARE ALSO MAKING IT POSSIBLE TO DIGITISE FACTORY LOGISTICS PROCESSES. FINALLY, OLIMPIA SPLENDID HAS INVESTED IN A NEW AUTOMATED AND DIGITISED PRODUCTION LINE TO IMPROVE THE PRODUCTION PROCESS. THIS NEW LINE, IN ADDITION TO INCORPORATING THE PRINCIPLES OF 4.0 TECHNOLOGY, ALSO COMPLIES WITH THE REQUIREMENTS OF THE ATEX DIRECTIVE (ATMOSPHERE EXPLOSIVES - DIRECTIVE 2014/34/EU) AND CAN THEREFORE WORK WITH LOW-GWP FLAMMABLE REFRIGERANTS.



ANTI-SEISMIC plant

DURING 2019 AND 2020, A PROJECT WAS CARRIED OUT TO RENOVATE THE INDUSTRIAL INFRASTRUCTURE OF THE HEAD OFFICE AIMED AT IMPLEMENTING THE BEST ANTI-SEISMIC MEASURES, USEFUL TO DEAL WITH THE HIGH TO MODERATE SEISMIC RISK THAT CHARACTERISES THE BRESCIA AREA AND TO MAKE THE STRUCTURES SAFE AND RESILIENT IN THE LONG TERM FOR THE BENEFIT OF EMPLOYEES, THEIR FAMILIES AND BUSINESS CONTINUITY.



5.2.2 EMISSIONS PRODUCED BY OLIMPIA SPLENDID

[GRI 305-1; GRI 305-2; GRI 305-4; GRI 305-7]

In addition to ensuring sustainable production patterns, Olimpia Splendid is committed to “Take urgent action to combat climate change and its impacts” (SDG 13) and to reach Carbon Neutrality by 2040. As reminded almost daily by the media and supported by the most important institutions, such as for example the European Commission or WWF, reducing greenhouse gases in the atmosphere is now essential to fight the climate crisis.

Olimpia Splendid shares the need to act to mitigate the impacts of climate change and constantly and carefully monitors the emissions produced at the corporate level by its offices and production plants.

In particular, Olimpia Splendid monitors both Scope 1 and Scope 2 emissions. Scope 1 emissions are direct greenhouse (GHG) emissions, generated by sources that are controlled or owned by an organisation (e.g., emissions associated with fuel combustion in boilers or vehicles). Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. At the moment, Olimpia Splendid calculates Scope 2 emissions following the Location Based (LB) method which reflects the average emissions intensity of the local national grid area where the electricity usage occurs.

Olimpia Splendid monitors also NOx and SOx emissions, which are connected to the operation of the boiler for heating, present only in the Cellatica (Italy) plant.

Despite the decline in natural gas consumption, Scope 1 emissions have increased compared to 2020 (+ 24%), due to the revival of travel by company car. Scope 2 emissions, which depend on electricity consumed, increased (+ 16%) in line with the increase in energy consumption.

ENERGY PRODUCED		UoM	2021	2020	2019
Emissions related to gasoline consumption	t CO _{2eq}		16.12	0.00	0.00
Emissions related to diesel consumption	t CO _{2eq}		241.18	160.82	215.94
Emissions related to natural gas consumption for heating	t CO _{2eq}		83.85	114.46	101.77
Total Emissions Scope 1	t CO _{2eq}		341.15	275.28	317.72
Emissions related to total electricity purchased	t CO _{2eq}		465.61	402.31	385.75
Total Emissions Scope 2 (LB)	t CO _{2eq}		465.61	402.31	385.75
Total Emissions (Scope 1 + Scope 2 LB)	t CO _{2eq}		806.76	677.59	703.47
NOx emissions	t		0.122	0.166	0.148
SOx emissions	t		0.001	0.002	0.001

5.3 [GRI 306-1; GRI 306-2; GRI 306-3]

WASTE MANAGEMENT AND MONITORING

The founding value of sustainability, which guides Olimpia's actions, requires commitment and attention even in the generation and management of its own waste.

For this reason, OS is committed on several fronts to reduce the amount of waste produced and to adopt the best management methods, with the lowest environmental impact. Several initiatives have been undertaken over the years.

The monitoring of waste produced by OS Italy takes place annually when filling in the MUD (Modello Unico di Dichiarazione Ambientale), a form to be filled in and transmitted by Italian companies to report the waste produced and/or managed by their economic activities. The company has implemented in agreement with the supplier a monthly monitoring plan for 2021. The main waste generated directly by OS Italy is related to discarded components or defective products, component packaging and waste from office activities, while the main waste produced by commercial branches is related to office activities. All waste generated by the organisation is managed through collection in dedicated containers according to the type of waste, in accordance with the regulations of the country where the company is located (e.g. European List of Waste, LOW). Through agreements with local administrations or specialised operators, waste is then collected and taken to the appropriate collection and disposal centres.

Olimpia Splendid generated approximately 503 tons of waste in 2021, up to 23% from 2020. Also the ratio of waste generated to products sold increased slightly in 2021 compared to previous years. This is mainly due to the increase in production activities and to the activation of Italian laboratories for product testing.

WASTE GENERATED (TON)*	20 21	20 20	20 19
Total non-hazardous waste	474.36	397.45	372.42
Paper	175.88	164.65	157.90
Plastic	17.26	13.15	13.46
Wood	150.77	98.51	105.01
Metal and metal packaging	38.15	35.54	34.27
Electrical and electronic equipment	28.01	12.78	13.60
Wastewater	2.86	0.65	4.60
Mixed packaging	44.10	11.55	26.73
Bulky waste	16.30	59.63	15.86
General waste	1.04	1.00	1.00
Total hazardous waste	28.68	10.97	37.52
Electrical and electronic equipment	7.57	8.85	37.52
HCFC, HFC	21.11	2.12	0.00
Total waste	503.05	408.42	409.95
Number of products sold (thousands of pieces)**	598.38	561.52	541.53
Waste generated Number of products sold	0.84	0.73	0.76

* The data of OS Australia, OS France and OS USA are estimated. For OS USA the data for 2019 and 2020 are not available because the office was not active. For OS France only data of paper waste is available. The data for OS Brasil are not available. Also the data on waste managed by the municipal service of the Gualtieri logistic hub (OS Italy) were excluded.

** The number of products sold includes manufactured products, commercialised products and spare parts.

5.4

ENVIRONMENTAL COMMITMENTS AND TARGETS FOR THE NEXT YEARS

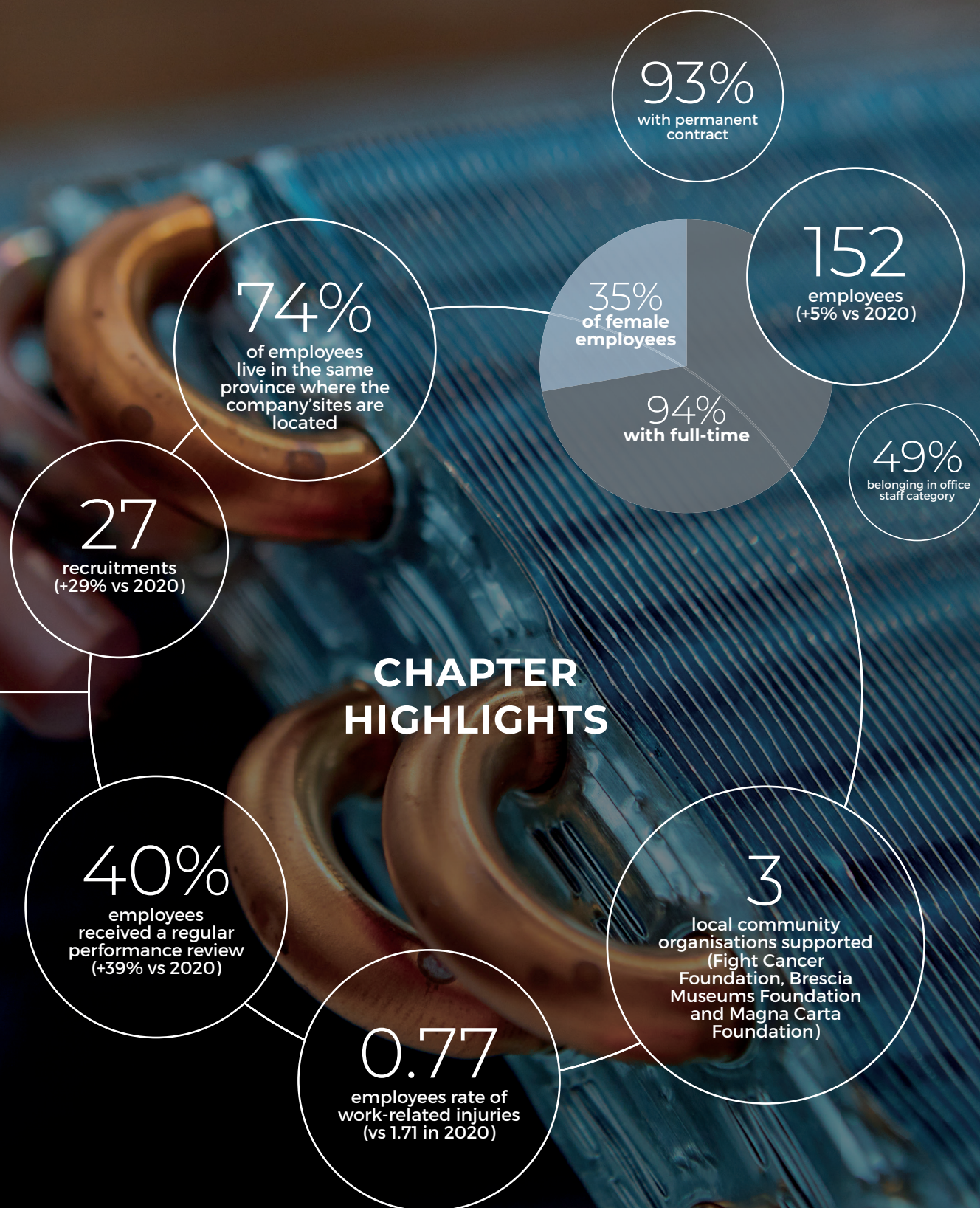
- Introduction of environmental and social criteria into the supplier selection and evaluation process;
- Obtain ISO 14001 certification by the end of 2022;
- Use of electricity from 100% renewable sources for Olimpia Splendid Italia;
- Launch of a more sustainable mobility project;
- Reduce the Group carbon footprint by 15% by the end of 2023 and by 50% by 2030;
- Reduce the presence of non-recoverable or difficult to recover end-of-life materials in products.




THE VALUE OF PEOPLE AND TERRITORY

06

*People and territory are at the centre of our attention.
Olimpia Splendid's strength lies in promoting diversity
and stimulating the growth and motivation
of the people who contribute to our success.*





 MATERIAL THEMES EXPLORED IN THE CHAPTER	 WHY IS IT IMPORTANT FOR OLIMPIA?	 IMPACT PERIMETER
Active employment	<p>Human capital is a key component of Olimpia Splendid Group's success. It is the company's ability to attract and retain talent and to enhance personal growth that forms the basis of the company's capacity for innovation as well as its ability to provide an excellent level of customer service</p>	<p>The main impact of this material issue is within the company boundaries. However, the responsibility, the sense of belonging and the vocation for innovation are to some extent impacting also the supplier network and the business partners who have long been in business with the Group</p>
Attention to local communities	<p>Caring about our communities is important to Olimpia as an employer and as a manufacturing company with an environmental and social impact. A significant portion of the employees at the headquarters reside in the province of Brescia and therefore OS has a significant impact on the economic stability of local families. In addition, OS carefully manages waste, CO₂ emissions and logistics flows in a way that reduces the environmental impact on the local community and integrates the company into the urban context</p>	<p>Olimpia Splendid's local community of reference is made up of the employees' families and the inhabitants of the towns surrounding the company's sites. It is therefore on them that the impacts of the activities promoted by Olimpia manifest themselves</p>

6.1

PEOPLE FIRST

Olimpia Splendid, being a company with a significant family component in management roles and shareholding, has always been run with a strong focus on staff development and a desire to create a safe and pleasant place to work for its employees.

The company is investing resources and energy in projects covering four main areas:

- enhancing the skills and capabilities of human capital through dedicated educational programmes;
- building clear and fair relationships with trade unions and workers;
- ensuring a safer and healthier workplace;
- strengthening team spirit and a sense of belonging to society.

Actions in the above areas are led directly by the CEO (Chief Executive Officer) and the company's human resources department, through a series of projects dedicated to each department, which are discussed and approved every year with the manager and included in the annual budget; as well as through a series of projects involving teams of several people.

All projects carried out are monitored on a six-monthly basis and are reviewed directly by the CEO together with each division manager who is given responsibility for managing the project.

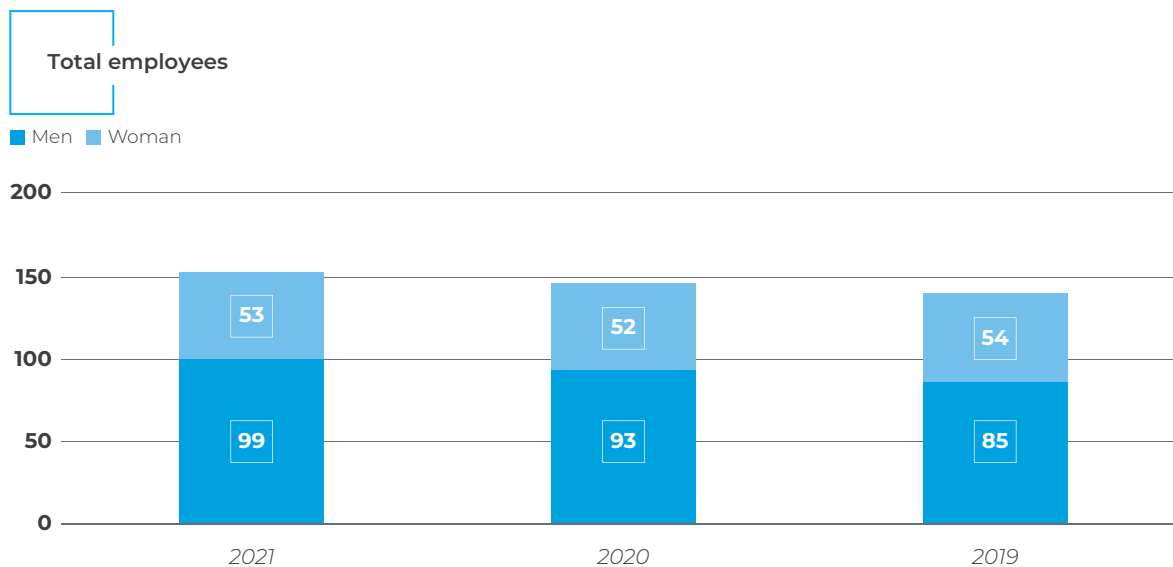
6.1.1 WORKFORCE COMPOSITION

[GRI 102-8]

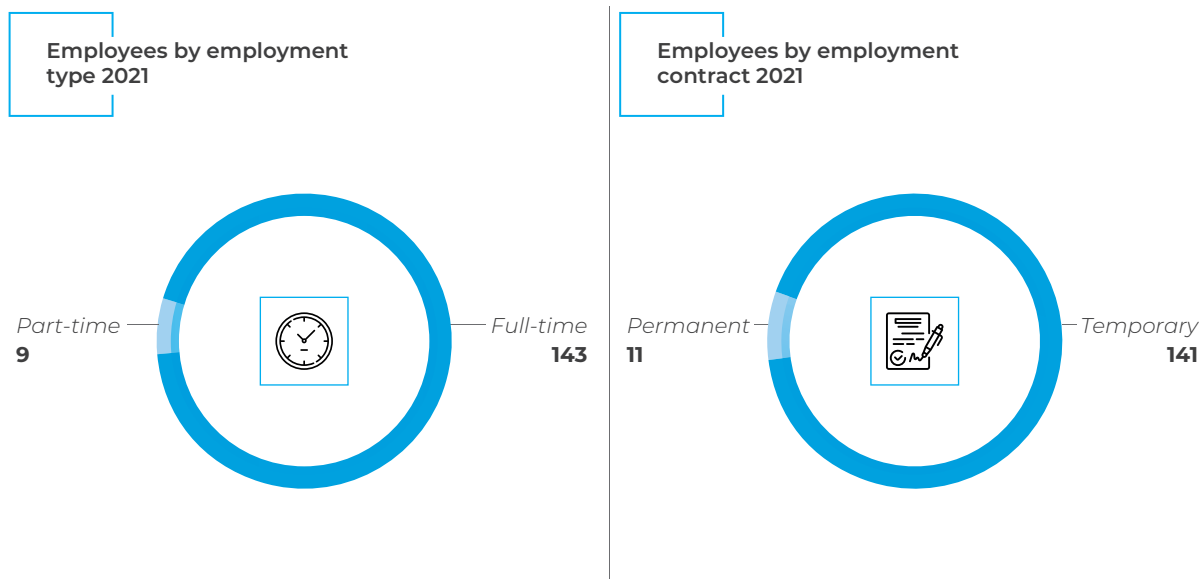
Over the past ten years, the company has constantly expanded its boundaries internationally creating a “still small but global community”. This strategy has led to a significant increase in its employees by about 50% in 6 years, generating a positive impact on employment in the communities where it operates, extending even to the families of employees, since OS employment can contribute to their wealth and opportunities for growth, especially for existing employees who find themselves now working in a larger, more diverse and international environment.

The number of employees at Olimpia Splendid Group at 31.12.2021 was **152²⁰**, up from 2020 (+5%). Most employees (**over 70%**) live in the same province where the company's sites are located. This underlines the Group's contribution to the employment of local resources.

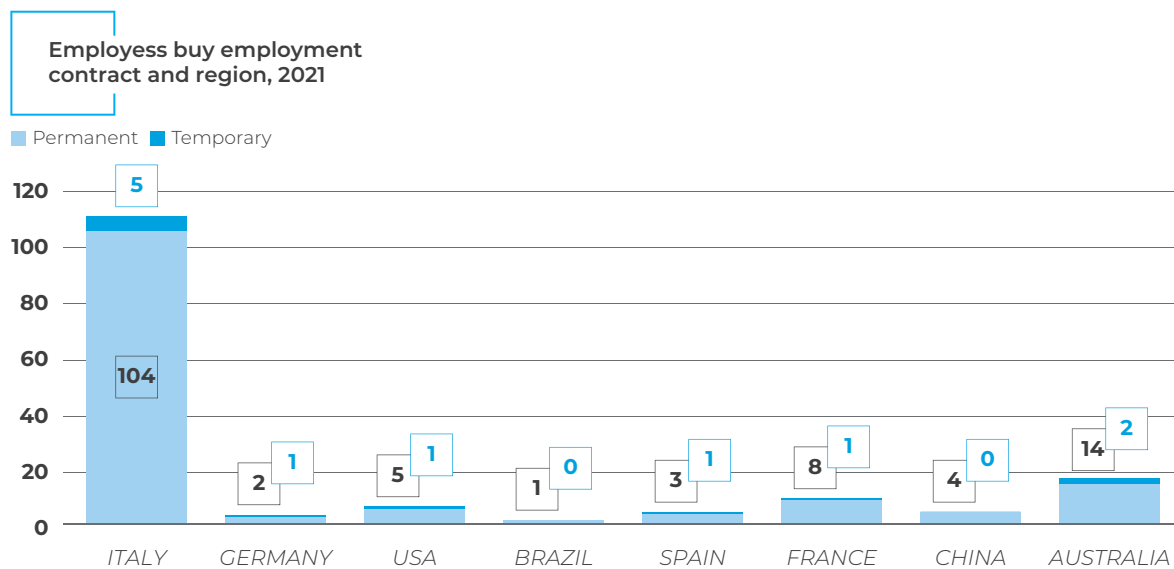
The majority of employees are on permanent contracts (at a constant percentage over the reporting years of over 90%) and full-time contracts (94% in all three years reported). However, should employees express the need to change their contractual obligations for balance between work and private commitments, the Company provides for the option of reducing the weekly workload. Currently, part-time work has been requested mainly by female employees (6 out of 9 in 2021).



²⁰ To express employee numbers, the company chose the head count approach.



The increase in the number of employees from 2020 to 2021 was sparked by the increase in production for OS Italy, the opening of the new office in Dallas (Texas) of OS USA and of a new branch in Germany. The other commercial branches have constant values in the number of employees, with the exception of OS France which had a slight decrease in 2021.



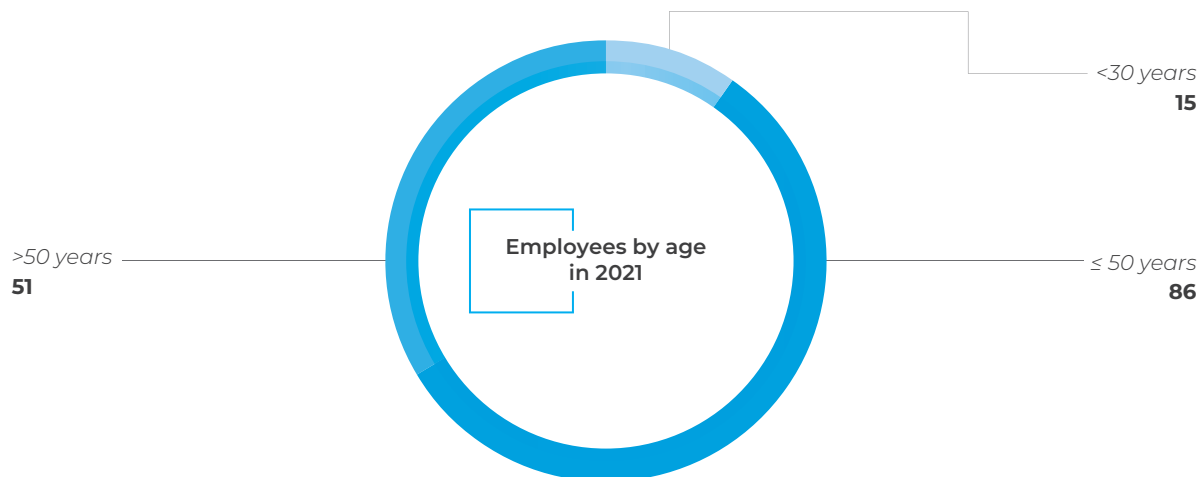
At the Group level, women employees represent 35% of employees in 2021, especially in OS Italy the presence of women is increasing not only in areas such as marketing and customer relations, where they have been present for years, but also in technical areas. This trend varies greatly in the commercial subsidiaries, in fact in Brazil the female quota is a majority, while in Spain, France and China there is a balance between male and female employees.

EMPLOYMENT TYPE	GENDER	2021	2020	2019	EMPLOYMENT CONTRACT	GENDER	2021	2020	2019
Full-time	Men	96	91	83	Permanent	Men	92	87	81
	Women	47	45	47		Women	49	49	51
	Total	143	136	130		Total	141	136	132
Part-time	Men	3	2	2	Temporary	Men	7	6	4
	Women	6	7	7		Women	4	3	3
	Total	9	9	9		Total	11	9	7
Total per Gender	Men	99	93	85	Total per Gender	Men	99	93	85
	Women	53	52	54		Women	53	52	54
	Total	152	145	139		Total	152	145	139

OS aims to have young employees and younger engineers in product development and design because they are open-minded and curious, key characteristics to innovate. This result was recorded in 2020, when the number of under-30s reached a peak of 19% of total number of employees.

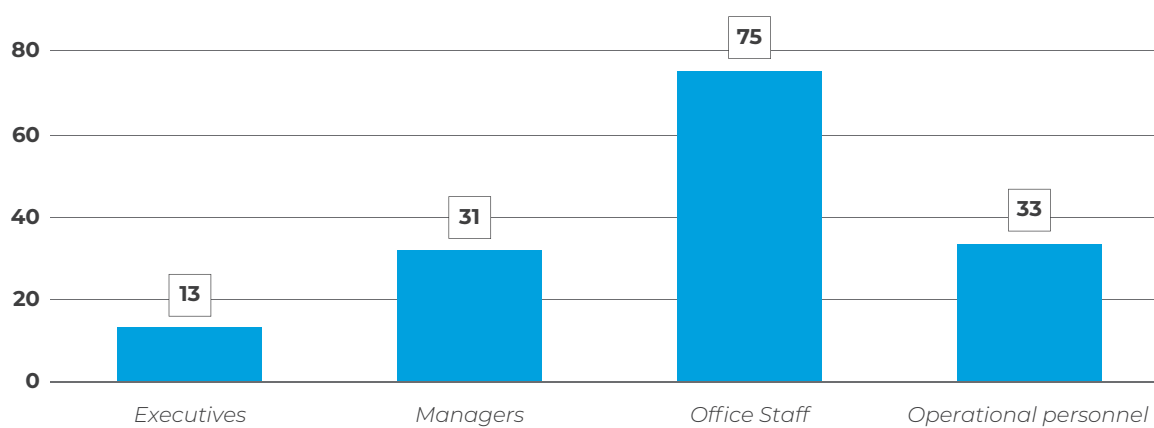
An interesting example is OS France where the percentage of under-30s in 2019 and 2020 represented the majority share (over 55%), while in 2021 attests to 45%.

EMPLOYMENT AGE	2019	2020	2021
< 30 years	15	27	22
30 ≤ x ≤ 50 years	86	73	78
> 50 years	51	45	39
Total	152	145	139



EMPLOYEE CATEGORY	2021	2020	2019
Executives	13	11	11
Managers	31	29	27
Office Staff	75	70	62
Operational personnel	33	35	39
Total	152	145	139

Employees by category
in 2021



As a medium-sized group in a market run by multinationals, OS does not aim to compete on quantity. Olimpia aims to have responsible people at all levels of the organisation ready to invest their energy in business activities.

Looking at the composition of the staff, in 2021, executives represented 9% of total employees and are supported in coordinating activities by managers, a category that represents 20% of total employees; both percentages are fairly constant over the three years reported.

Office staff represented the most significant category (49%) and has shown a positive trend over the years, while operative personnel, who carry out the productive and operational activities, have decreased from 2020 to 2021 (-6%).

During 2021, the involvement of **external workers (workers who are not employees)** has increased (+100%) compared to 2020, moving from 18 external workers to 36. This increase is related to the greater production activities and the double production shifts organised in OS Italy. The decision to recruit external workers is to provide the company with more flexibility.

Of these workers almost 58% have a permanent contract and 97% have a full-time contract.

Compared to 2019 and 2020 when there was parity between male and female presence, in 2021 male workers are double the number of female workers. This is due to the more requests in the production lines, that is mainly performed by male workers.

6.1.2 RECRUITMENT AND TURNOVER

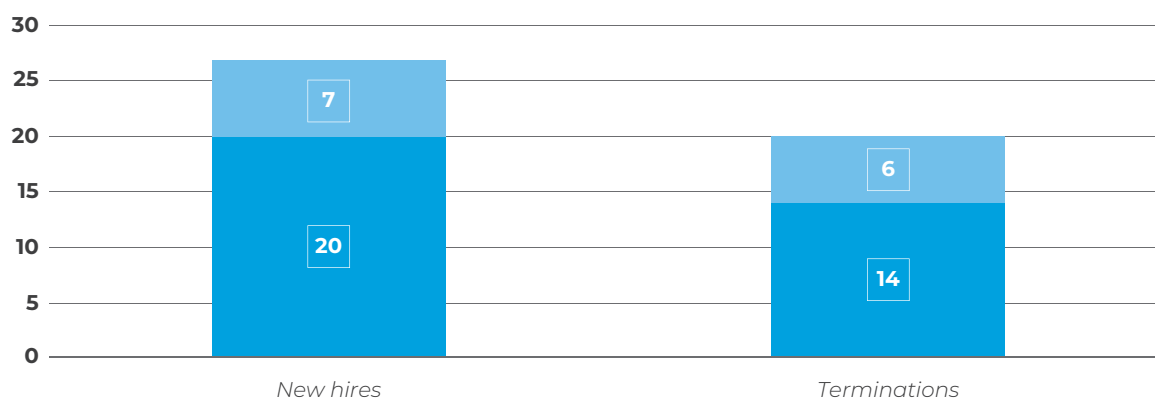
[GRI 401-1]

The Group is on a path of continuous development and the trend of positive growth has been confirmed again this year. In particular, in 2021 there were 27 new hires and 20 terminations, resulting in an increase of 7 employees in the overall workforce.

Compared to 2020, recruitment increased by 29% as a result of the significant post-pandemic market recovery. This trend is also driven by new hires from the OS USA that opened a new office in Dallas (Texas) in September 2021 and the new branch opened in Germany. On the other hand, terminations also increased by 33% over 2020 due to increases in retirement and a recovery of labour market dynamism after a stabilisation during 2020.

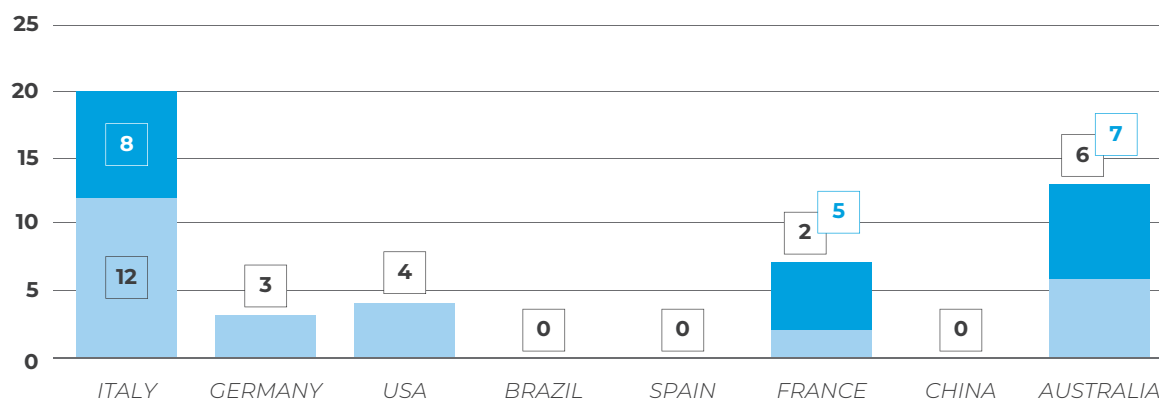
New hires and terminations by gender in 2021

■ Men ■ Woman



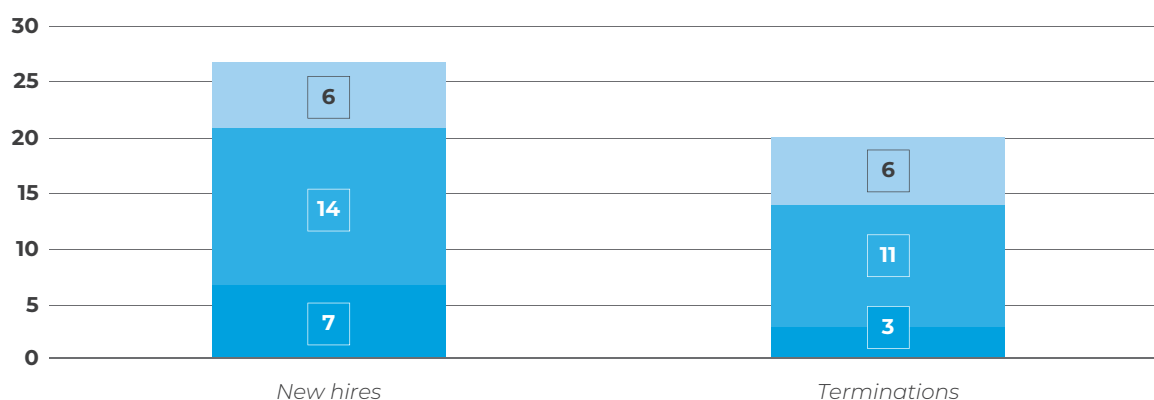
New hires and terminations by region in 2021

■ Total New Hires ■ Total Terminations



New hires and termination by age in 2021

■ <30 years ■ 30 ≤ x ≤ 50 years ■ >50 years



Olimpia Splendid's main strategy has always been to differentiate its offer through functional and application innovation, creating innovative and distinctive solutions and services. This kind of strategy requires highly qualified and open-minded people who are not afraid to challenge the "status quo". For this reason, the company is constantly committed to **attracting and retaining talent** and to **hiring young people** and in particular young engineers in product development and design departments, where an inclination for innovation and curiosity is fundamental. In 2021, new hires of under-30s made up 5% of the total employees (26% of the total new hires).

Despite the national context that records a difficulty in hiring qualified people Olimpia Splendid, thanks to the support of the main head-hunters operating in the territory, does not have problems in finding qualified candidates.

	NEW HIRES		2021		2020		2019	
	n	%*	n	%	n	%	n	%
Total employees at 31.12	152		145		139			
Total New Hires	27	18%	21	14%	17	12%		
Men	20	13%	16	11%	10	7%		
Woman	7	5%	5	3%	7	5%		
< 30 years	7	5%	6	4%	11	8%		
30 ≤ x ≤ 50 years	14	9%	9	6%	5	4%		
> 50 years	6	4%	6	4%	1	1%		

* For the calculation of the rate, new employees hired are compared to the total employees at 31 December of each year

TERMINATIONS	2021		2020		2019	
	n	%*	n	%	n	
Total employees at 31.12	152		145		139	
Total Terminations	20	13%	15	10%	12	9%
Men	14	9%	8	6%	9	6%
Woman	6	4%	7	5%	3	2%
< 30 years	3	2%	6	4%	4	3%
30 ≤ x ≤ 50 years	11	7%	5	3%	6	4%
> 50 years	6	4%	4	3%	2	1%

* For the calculation of the rate, turnover is compared to the total employees at 31 December of each year

6.1.3 RELATIONS WITH TRADE UNIONS

[GRI 102-41]

At the Group level, more than 80% of employees are covered by collective bargaining agreements (80% in 2021). In particular, 100% of the contracts of OS Italy, OS France, OS Spain and OS Germany are stipulated in accordance with collective bargaining agreements, while the other branches adopt contracts in line with local legislation. For example, OS Australia adopts contracts in line with Australia Fair Work, an Australia's employment legislation that applies to employers and employees covered by the national workplace relations system. The Act provides a safety net of minimum entitlements such as a national minimum wage, and the National Employment Standards (the NES). It also enables flexible working arrangements, provides protection from unfair dismissal and contains general protections provisions which ensure that employees are treated fairly and protected from discrimination and health and safety.

Analysing the contracts of Olimpia Splendid Italia employees, which account for 72% of total contracts of the Group, they are drawn up on the basis of the National Collective Labour Agreement - CCNL for the rubber and plastics industry, which incorporates the conventions and protocols promoted by the International Labour Organisation (ILO).

As mentioned above, one area in which the parent company works in a structured manner is the relationship with trade unions. In fact, there is an ongoing dialogue with them and there is a recurring involvement in the definition of the supplementary collective agreement offered to all employees (excluding Managers), in which the general rules of work organisation and management are defined in terms of flexibility, shifts and the rules for accessing the welfare programme are established. The current supplementary contract is characterised by the presence of KPIs (Key Performance Indicators) based on efficiency objectives, such as production quality and productivity, which are combined with specific rewards and has a duration of four years.

6.1.4 THE IMPORTANCE OF RESPONSIBILITIES

[GRI 404-3]

As a small to medium-sized company, the members of the Board of Directors are in daily contact with the management, not only at the top line, but also at the third and fourth line. This applies to all divisions as well as to commercial branches managed directly by a director.

Olimpia's top and middle management are required to be responsible and all individuals are made accountable through an MBO (Management by Objectives) plan based on KPIs, some specific to each division, others valid company-wide.

Each manager has two different sets of objectives: 'hard' objectives that are based on numerical KPIs (e.g. sales and margins) and 'soft' objectives that are generally based on qualitative KPIs (e.g. governance, soft skills development and team development). These KPIs are stable on an annual basis and are reviewed quarterly with the CEO.

Olimpia Splendid Italy implemented regular performance reviews for managers based on the achievement of targets assigned. These evaluations are used to maintain high motivation, performance levels and increase growth and career development within the company.

This activity is carried out also in some commercial branches, such as OS USA, where the Director carries out performance reviews every 6 months for all employees, and OS France, where the performance evaluations are primarily based on the achievement of sales targets.

The table shows that in 2021, over 80% of executives and managers are subjected to performance reviews in line with the previous statement. On the other hand, operational personnel were not subject to a formal assessment.

However, all Olimpia Splendid companies organised periodic meetings for employees who do not receive MBO assessment in order to review work performance, make recommendations and gather suggestions for improving company performance.

EMPLOYEES WHO RECEIVED A REGULAR PERFORMANCE REVIEW	2021		2020		2019	
	n	%*	n	%	n	%
Total employees reviewed	61	40%	44	30%	40	29%
Men	53	54%	37	40%	33	39%
Women	8	15%	7	13%	7	13%
Executives	11	85%	8	73%	8	73%
Managers	26	84%	16	55%	18	67%
Office staff	24	32%	20	29%	14	23%
Operational personnel	0	0%	0	0%	0	0%

* For the calculation of the rate, the employees subject to performance evaluation are compared to the specific category (gender or professional category) of employees at 31 December of each year

6.1.5 WELL-BEING, SENSE OF BELONGING AND DIALOGUE WITH EMPLOYEES

Olimpia Spendid has always paid strong attention to the people's development, with the desire to create a safe and pleasant workplace for its employees. The shareholders allocate resources and projects in strengthening team spirit and sense of belonging.

In order to help employees with their daily expenses, Olimpia Splendid Italy adopts individual **welfare plans** and part of the MBO-related rewards are offered to employees in the form of welfare services (8.5% in 2021).

The company regulations define that the welfare plans are provided to function managers and employees in the sales and marketing area. The individual welfare package includes refunds related to the following aspects:

- education for family members: reimbursement of expenses for nursery school, kindergarten, school fees, school canteen, school textbooks.
- education, recreation and social assistance: subscriptions to gyms, sports centres, health centres, travel, etc.
- fuel or shopping vouchers: possibility of applying for fuel or shopping vouchers to be used in affiliated establishments
- care for elderly or dependent family members: repayments of expenses incurred for care services for elderly or dependent family members.

In 2016, OS Italy has introduced a welfare package for the protection of assets and insurance for employees and their families, with the aim of reducing the cost of managing family health. Among the various services, the insurance includes a medical screening for breast cancer for all employees and their wives. The screening activity is organised in collaboration with the local (Brescia) non-profit organisation Active Health Education (ESA).

Wanting to positively affect the wealth of employees and offer them healthy meals, starting from 2020, Olimpia Splendid has also started a **canteen with an internal kitchen**, which serves employees healthy and fresh food at an affordable price. The result of the introduction of this service has been very positive - since it was launched, the food portions served have tripled (14,600 meals served in 2021).

Since 2019, Olimpia Splendid offers office staff the possibility of **working from home** in order to better reconcile work and personal commitments. This working method was used significantly during 2020 due to the pandemic situation and it was also confirmed after the end of the lockdown period.

Starting in April 2021, OS Italy has launched a remote working pilot project involving about twenty employees identified among those who had already experimented the remote working and who have a function that best suited to this mode of work (e.g. legal area for after-sales service, purchasing service, information systems, customer relations, administrative services, credit recovery). For the implementation of this project, the company adopted company regulations that detailed this working mode. After the end of the pilot project (30 April 2023), OS will decide whether to extend the plan to more people.

Since 2016, Olimpia Splendid Italy, with the support of a highly experienced specialist consultancy firm, has provided an educational programme aimed at **developing soft skills**, developing a stronger **sense of belonging** to the company and stimulating team spirit. The programme was launched starting with top management and focused on enhancing leadership and developing the ability to manage complex groups of people. Subsequently, the programme was gradually extended to all employees. The methodology used is action learning, which is based on experiential training and includes a wide variety of workshops, laboratories and sports activities organized.

The results of this activity have been important: increased cooperation in groups and within departments, a greater sense of mutual trust, the acquisition of a toolkit of soft skills useful for managing complexities, and the perception of a wider sense of common purpose in the organisation. In 2021, training activities continued with courses also dedicated to employees of the production area (e.g. "LAB 150" and "EvolutionLab" training courses).



Employee engagement channels

IN ORDER TO MAINTAIN A CLIMATE OF WELL-BEING, OLIMPIA SPLENDID CONSTANTLY MONITORS EMPLOYEE SATISFACTION TO IDENTIFY AND MANAGE IN ADVANCE UNPLEASANT WORK ENVIRONMENTS.

IN PARTICULAR, OS ITALY HAS IMPLEMENTED A "SUGGESTION MAILBOX" IN WHICH EMPLOYEES CAN ENTER ANY KIND OF SUGGESTIONS AND OBSERVATIONS TO IMPROVE THE COMPANY MANAGEMENT.

IN OS FRANCE, IN ACCORDANCE WITH CONTRACT REGULATIONS, EVERY TWO YEARS FROM THE DATE OF HIRING, **PERSONAL INTERVIEWS** ARE HELD WITH EMPLOYEES TO CHECK THEIR SATISFACTION AND EXPECTATIONS; IN OS CHINA, **SURVEYS** ARE CONDUCTED TO OBTAIN THE STAFF OPINIONS AND MAKE CHANGES WHERE REQUIRED. MOREOVER, ALL OS COMPANIES ORGANISE PERIODIC **MEETINGS** WITH EMPLOYEES TO COLLECT SUGGESTIONS ON HOW TO IMPROVE COMPANY MANAGEMENT AND PERFORMANCE, TO DISCUSS IF THERE ARE CRITICAL ISSUES TO BE SOLVED, AND TO TALK ABOUT FUTURE PLANS AND PROJECTS.

6.2 [GRI 404-1]

EMPLOYEE TRAINING AND DEVELOPMENT

Olimpia Splendid's key strategy has always been to differentiate its offer through functional and application innovation, creating innovative and distinctive solutions and services. This kind of strategy requires highly qualified and open-minded people who are not afraid to challenge the "status quo".

In order to have people qualified and ready to deal with innovative and cutting-edge solutions, Olimpia Splendid first pays attention to the recruitment phase, and then grows selected talents through a programme of training courses. These courses aim both to comply with legal requirements and to develop the professional and soft skills of workers.

For OS Italy this programme includes both **compulsory training courses**, such as safety courses, and **specific training courses**, such as job training for operational personnel that works in the production plants (provided for both employees and workers who are not employees): LAB100, LAB150, "EvolutionLab", Advancing and Supporting, English and Gualtieri area courses.

AVERAGE HOURS OF TRAINING*		2021		2020		2019	
		Total	Average	Total	Average	Total	Average
Total hours of training		1,055	6.94	1,297	8.94	1,420	10.22
Men		585	5.91	917	9.86	921	10.84
Women		470	8.87	380	7.31	499	9.24
Executives		70	5.38	107	9.73	308	28.00
Managers		143	4.61	109	3.76	368	13.63
Office staff		256	3.41	883	12.61	476	7.56
Operational personnel		586	17.76	198	5.66	268	6.87

* The training hours of OS France are estimated according to the number of employees; while for OS Italy only the training hours provided to "Operational personnel" are estimated according to an estimation of hours provided per person

In particular "LAB 100", "LAB 150" and "EvolutionLab" courses are dedicated to the process of improving people management and creating a climate in which individuals can operate in an optimal work environment. The most recent course is "EvolutionLab", which focuses on the operations division composed of four target groups (front line, production triad, factory team and operations team). The English courses, on the other hand, are one-to-one courses or dedicated to small groups of 2/3 people organised to improve English language skills.

The total training hours provided during 2021 (1,055) decreased (-19%) compared to those provided during 2020 (1,297). This is due to the fact that in 2020, following the partial slowdowns in production and business activity related to the pandemic situation, a significant period was dedicated to training courses.

Looking at the beneficiaries of the training, it is possible to see that most of average training hours divided by employee category followed a decreasing trend in 2021, with the exception of managers, who maintained a similar value to 2020, while operational personnel recorded a significant increase in average training hours due to the specific training course dedicated to this professional category.

With regard to 2020, a high average amount of hours of training of office staff was registered, as the LAB150 programme focused on specific training on organisational aspects and collaboration between the employees of the various offices.

Considering the subsidiaries, in addition to the training courses required by law and the commercial courses on products, other types of courses are freely organised by each company. For example, in 2021 OS USA organised a course on the system for processing orders and OS Spain provided H&S training about first aid every two years, in order to educate staff on fire safety and emergency procedures. Moreover, OS France provided specific courses on the use of various software. Finally, both OS Spain and OS France provide English language courses.

In addition to employee training, Olimpia Splendid also pays particular attention to the training of temporary staff working at its sites. During 2021, a total of 191 hours of training were provided to personnel hired under staff leasing contracts (-58% compared to 2020).

On average, temporary employees received 5.31 hours of training in 2021, while the average was 25 in 2020 and 21.43 in 2019. This significant decrease is due to the sudden post covid recovery of the markets, which has required the company to organise double production shifts with consequently less time to dedicate to training courses.

6.3 [GRI 403-1; GRI 403-2; GRI 403-3; GRI 403-4; GRI 403-5; GRI 403-6; GRI 403-7; GRI 403-9]

EXISTING SECURITY MEASURES / PROMOTING SAFETY AT WORK

Olimpia Splendid ensures that the health and safety of its staff is always guaranteed. In fact, the physical and mental health of its employees and temporary workers is a priority for the company, and this is the reason why several measures are implemented to guarantee healthy and safe workplaces.

For this purpose, Olimpia Splendid Italy is implementing the system to achieve ISO 45001 (Occupational health and safety management systems) certification.

The company currently has a management system for health and safety in the workplace in line with the provisions of the Consolidated Safety Act (Legislative Decree 81/2008), which covers both employees and external workers. In particular, the company has provided for an employer/manager for safety and has appointed an RSPP ("Responsabile Sistema di Prevenzione e Protezione" - Prevention and Protection System Manager), an RLS ("Rappresentante dei Lavoratori per la Sicurezza" - Workers' Safety Representative), a competent doctor, a first aid team and an emergency team. In addition, the company carries out the risk assessment process and has a system for monitoring and controlling health and safety risks.

The company has a health and safety prevention and protection service, one of whose main tasks is to prepare and update the Risk Assessment Document (DVR). Through this analysis, the company detects and assesses all the safety risks present in the company and, following this work, defines the corrective actions to be implemented in order to reduce the risks detected.

With the aim of mitigating the risks present, in Olimpia the work environment is constantly monitored, the healthiness of the environment is analysed, the collective prevention and safety devices are regularly maintained and the production process is periodically analysed with the aim of improving the ergonomics of the workplaces.

The constant health surveillance in place makes it possible to promptly intercept any situations that could damage workers' health in the long term and implement appropriate corrective actions as soon as possible.

NUMBER OF EMPLOYEE INJURIES	2021		2020		2019	
	n	Rate*	n	Rate	n	Rate
Recordable work-related injuries at 31.12	1	0.77	2	1.71	2	1.65
of which fatalities	0	0.00	0	0.00	0	0.00
of which with high consequence	0	0.00	0	0.00	0	0.00
Hours worked**	259,036		233,851		242,100	

* In the calculation of work-related injury rates the coefficient "200,000" has been used

** Hours worked by OS Australia, OS Brazil, OS Spain, OS France, OS China, and OS USA employees are estimated by considering hours worked under a full-time or part-time contract net of vacations

NUMBER OF WORKERS WHO ARE NOT EMPLOYEES' INJURIES	2021		2020		2019	
	n	Rate*	n	Rate	n	Rate
Recordable work-related injuries at 31.12	5	15.04	1	5.80	0	0.00
of which fatalities	0	0.00	0	0.00	0	0.00
of which with high consequence	0	0.00	0	0.00	0	0.00
Hours worked	66,488		34,509		24,386	

As a result of the periodic monitoring and analysis activities carried out, in 2020, OS Italy identified the need to carry out investments in some premises of the main production site and allocated the necessary resources for the works. These improvements mainly concerned the following working environments: changing rooms, canteen, toilets and the production environment.

In order to prevent the occurrence of any accidents, Olimpia Splendid regularly organises dedicated training activities, complying with the provisions of compulsory training and relevant updates. A training programme is established for each employee in order to enable him/her to carry out the intended task.

During the drafting and updating of the DVR, the workers' safety representative is called upon to participate and take on board the workers' requests. The RLS also takes part in the annual safety meeting. Individual workers can also report any dangerous situations, work procedures considered dangerous or risky behaviour on an individual basis by sending an email to whistleblowing@olimpiaspplendid.eu.

Should an accident occur, Olimpia Splendid Italy has adopted a specific procedure that regulates the recording of the event and the subsequent investigation activity aimed at investigating the causes that generated it and at identifying the actions that can help eliminate or mitigate the possible recurrence of the accident.

In commercial branches, as there is no production, the risk of an accident is lower. In the event that it occurs, Olimpia Splendid involves on-site consultants.

To date, the accidents are mainly minor events such as burns, abrasions, cuts and bruises. Other accidents, such as collisions and fractures, have also occurred.

Looking at the data in the table, regarding employees, the number of incidents is low and none have led to serious health consequences. In particular, in 2021 the rate of work-related injuries dropped to 0.77 (in 2020 it was 1.71) both because only one injury was recorded and because of the increase in hours worked due to the post-pandemic recovery.

Olimpia Splendid also monitors injuries among workers who are not employees. There were 5 injuries in 2021, while there was only one injury in 2020. Accordingly, the work-related injury rate increased from 5.80 in 2020 to 15.04 in 2021. None of the incidents had serious consequences for the workers involved. This increase is mainly related to the increase in production shifts.

All branches ensure that all health and safety requirements of the applicable national regulations are respected within the company's spaces.

A virtuous example in the management of health and safety aspects is OS Australia, that has an internally audited H&S system. The company carries out monthly checks on the injury register and on the document where all Covid cases are reported. This system is aligned with national regulations and is updated with the latest government procedures and laws. In addition, OS Australia adopts risk improvement reports. The company organises weekly meetings to update the health and safety plans and then notify staff. The occupational health and safety file is available to all staff, and there is a team that actively monitors and manages this system. Finally, OS Australia adopts health and safety hazard signage throughout the company space, there is an occupational health service available to employees, and all employees are covered by compensation insurance in case of injury.





COVID 19 PANDEMIC MANAGEMENT

Following the outbreak of the Covid-19 pandemic, in order to limit the spread of the virus, Olimpia Splendid Italia immediately activated a specific safety protocol, the *"Protocol for regulating measures to combat and contain the spread of the Covid-19 virus in the workplace"*, which has been promptly updated over 2020 and 2021 in accordance with the new legislative provisions issued. Similar measures to the ones required by the parent company protocol were applied in the commercial branches, which had to align themselves with the regulations adopted by local governments. In order to improve the health protocols adopted, OS Australia and China have also required the government consultant to visit the office to obtain suggestions and confirmation about the proper respect of Covid-19 measures.

Some of the measures adopted by Group companies include:

- sanitising the premises;
- monitoring at the entrance of the body temperature (if it exceeds 37.5°, access to the workplace is not allowed), where required;
- use of filtering masks.

In 2021, following the introduction of the "green pass" in Italy to access workplaces, an entry control system has been structured, valid for all persons entering the company, whether employees or visitors.

With regard to the carrying out of work activities, the use of remote working was maintained, where possible, even though most activities were carried out in presence. The possibility to work remotely was provided also to subsidiaries employees. OS Spain, for example, provided its employees with computers so they could work from home.

As a guarantee for workers, in all company locations, all necessary measures have been taken to respect the minimum safety distances, including in canteens and areas equipped for breaks.

6.4 [NON GRI 5]

RELATIONS WITH THE TERRITORY

The care and the attention for local communities that characterise Olimpia are, on one hand, driven by the desire to be an active and proactive player for the territory in which the company lives in and, on the other hand, represent a way to take care of its current and future employees in a broad way.

The skills, competencies and work ethic sought by OS come from these territories and it is therefore considered our duty to return what we have received from the local community.

Furthermore, OS Group takes great care of all its local stakeholders: not only employees and their families, but also its suppliers and local business partners and institutions (municipalities, energy companies and waste companies) and it is committed to contributing to the growth and development of this community with its long-term value creation approach.

In the last 5 years, OS Group has opened 7 branches in foreign countries and through the adoption of our code of ethics and business procedures is gradually extending its approach to the business community to its subsidiaries or associated companies as well.



In recent years, the Group has supported several initiatives for citizens of local communities. In particular, in 2021, the initiatives financed were 3, 5 in 2020 and 1 in 2019²¹. Initiatives towards local communities are promoted by Olimpia Splendid Italy, for the most part, and by Olimpia Splendid Australia, which are the companies with the higher number of employees and a more deeply rooted presence in the territory. Before any support is granted, all initiatives are individually assessed with the management for consistency and correspondence with the company's values.

Below you can find a description of the organisations supported during the last three years:

- In 2019, 2020 and 2021, Olimpia Splendid Australia funded the **Fight Cancer Foundation**, a national charity dedicated to providing care, treatment and support to cancer patients and their families and to funding vital research into cancer treatment and care;
- In 2020 and 2021, Olimpia Splendid Italy offered financial support to **Brescia Museums Foundation**, which is entrusted with the management and enhancement of the artistic and monumental heritage of six different organisations: Santa Giulia Museo della Città, Brixia - the archaeological park of Roman Brescia, Pinacoteca Tosio Martinengo, Museo delle Armi "Luigi Marzoli", Museo del Risorgimento and Cinema Nuovo Eden;
- In 2020 and 2021, Olimpia Splendid Italy offered financial support to **Magna Carta Foundation**, dedicated to scientific research, cultural reflection and the elaboration of reform proposals on the major themes of political debate, within which there is a Scientific Committee with the task of supervising the elaboration of the Foundation's papers and publications, establishing guidelines for analysis within specific areas of study: foreign policy; institutional reform; justice reform; welfare and the market; school, university, innovation and research; identity, personal freedom and science;
- In 2020, Olimpia Splendid Italy provided funding for the renovation of the **football facilities** in the town of **Gussago**, located in the same province as the Headquarters. What brings Olimpia Splendid closer to this reality is the desire to promote a healthy lifestyle and a sport where collaboration is essential to achieve a common goal;
- In 2020, Olimpia Splendid Italy sponsored the **women's volleyball team of the city of Brescia**, in order to support a promising local team of a sport with a lower economic viability and attractiveness than others and to promote education in sports and wellness.

²¹ For OS Italy the data for 2019 are not available.

6.5

PEOPLE AND TERRITORY COMMITMENTS AND TARGETS FOR NEXT YEARS

- Development of a system to plan the initiatives carried out towards the reference community;
- Development of an internal monitoring and communication system for all investments, donations and initiatives carried out for the reference community;
- Health and safety management system certified according to iso 45001.

[GRI 102-45; GRI 102-46; GRI 102-48; GRI 102-49; GRI 102-50; GRI 102-51; GRI 102-52; GRI 102-53; GRI 102-54]

METHODOLOGICAL NOTE

This document represents Olimpia Splendid's first Sustainability Report and is the document with which the company has decided to communicate to its internal and external Stakeholders the commitments, the strategy, the management methods and the results of the company's activities, declined in their triple environmental, social and economic aspects.

The data and information reported within the document refer to the fiscal years 2019, 2020 and 2021 (01 January - 31 December). Although this is the first year of reporting, the company has decided to report data from three years in order to provide comparability of information and represent data trends.

The reporting perimeter of this document includes all the companies of the group and in particular Olimpia Splendid Spa (Olimpia Splendid Italy), including the head office, the production plant in Cellatina (BS - Italy) and the logistic hub in Gualtieri (RE - Italy), Olimpia Splendid France sarl, Olimpia Splendid Iberica sl (Olimpia Splendid Spain), Olimpia Splendid Australia Pty Ltd, Olimpia Splendid Air Conditioning Ltd (Olimpia Splendid China), Olimpia Splendid USA Inc., Olimpia Splendid Brazil Ltda and Olimpia Splendid Deutschland GmbH (Olimpia Splendid Germany). With regard to environmental data, the company Olimpia Splendid Germany was excluded from the consolidation as it only became part of the group as of July 2021. Any other exclusions are reported in the notes along the document.

The Sustainability Report has been prepared according to the GRI Sustainability Reporting Standards published in 2016 by the Global Reporting Initiative (GRI), under the "Core" option. With reference to the Occupational health and safety (GRI 403), Tax (GRI 207) and Waste (GRI 306), the 2018, 2019 and 2020 updated versions were adopted respectively. The principles of materiality, inclusiveness, sustainability context, completeness, accuracy, balance, clarity, comparability, and timeliness have been adopted in the preparation of the document.

For the purposes of a fair representation of performance and to ensure the reliability of the data, the use of estimates has been limited as much as possible and, if present, they are based on the best available methodologies and appropriately reported.

Where no suitable GRI Standards topic-specific indicators were available to represent performance in relation to a material issue, appropriate indicators called NON-GRIs were developed:

■ Non GRI 1: Number of employees dedicated to research and development (expressed in FTE)

The indicator relates to the number of employees including internships dedicated to research and development activities during the year expressed in Full-Time Equivalent.

The figure was calculated by considering the total number of hours devoted to research and development activities by the people in the R&D department, expressed in FTE. One FTE was calculated by considering 8 hours of work per day for the 220 working days. In the case of partial collaboration in R&D (newcomers other than 1 January and/or exits), FTEs are calculated for the period worked in proportion to 365 days/year.

- **Non GRI 2: Amount and percentage (of revenues) of investments in research and development**

The indicator represents the percentage of investments in research and development incurred in the reference year in relation to total revenues (sales of goods and services). Within the category of investments in research and development, two macro-categories of investments have been included: equipment (e.g. moulds, enhancement of hardware and software systems for simulation and advanced prototyping) and intellectual activity (e.g. staff time devoted to research and consultancy activities).

- **Non GRI 3: Number of complaints received**

The indicator relates to the total number of cases handled by the Service department (after-sales service) determined as the sum of the number of requests for repairs under warranty, the number of requests for out-of-warranty repairs (i.e. requests made during the warranty period but, after technical verification, have been closed out of warranty, i.e. the problem reported by the customer is resolved but at the expense of the customer and not at the expense of the company), the number of reminders (reminders from customers for a response from customer service, for the completion of the repair of the product or for carrying out the service) and the number of claims (general reports of dissatisfaction with a product, a service or something that is not in line with customer expectations).

- **Non GRI 4: Average hours of training per external operators who deal with customers**

The indicator relates to the average training hours provided to key players in the OS value chain who have a direct impact on customer satisfaction. The average training hours were obtained by comparing the training hours provided during the year and the number of people trained during the year. Training hours were represented by agency operators, designers, dealers and Technical Assistance Centre operators.

- **Non GRI 5: Initiatives for citizens of local communities**

The indicator shows the number of initiatives in favour of citizens of local communities carried out and or financed during the reference fiscal year.

ENERGY AND EMISSION CONVERSION FACTORS

To represent energy consumption in GJ, as required by GRI Standards, and calculate CO₂ eq emissions (Scope 1), the UK Department for Environment, Food and Rural Affairs (DEFRA) 2021 conversion and emission factors were used. In addition, for the determination of indirect CO₂ eq emissions (Scope 2), the electricity emission factors used differ from Country to Country and two different sources have been used. For Italy, Spain and France, the emissions factors 2021 of the Association of Issuing Bodies have been selected. While for USA, Brazil, China and Australia, the emissions factors have been taken from the Climate Transparency (2021 Report) - Emissions intensity of the power sector of each Country. Finally, for the calculation of NO_x and SO_x emissions, the factors published by the European Environment Agency within the Report EMEP/EEA air pollutant emission inventory guidebook 2019 - Small Combustion were used.

For any need of clarification or desire to deepen the contents of this document, please contact Francesco Saccone, Innovation Manager of Olimpia Splendid, at the following email address: f.saccone@olimpiasplendid.it
[GRI 102-55]

GRI CONTENT INDEX AND OTHER INDICATORS

GRI STANDARD

DISCLOSURE

PAG. NOTE/
OMISSION

GRI 101: Foundation 2016



GENERAL DISCLOSURE

[GRI 102:](#)
General
Disclosure
2016

GRI 102-1	Name of the organization		
GRI 102-2	Activities, brands, products, and services		
GRI 102-3	Location of headquarters		
GRI 102-4	Location of operations		
GRI 102-5	Ownership and legal form		
GRI 102-6	Markets served		
GRI 102-7	Scale of the organization		
GRI 102-8	Information on employees and other workers		
GRI 102-9	Supply chain		
GRI 102-10	Significant changes to the organization and its supply chain		
GRI 102-11	Precautionary Principle or approach		
GRI 102-12	External initiatives		
GRI 102-13	Membership of associations		
GRI 102-14	Statement from senior decision-maker		
GRI 102-16	Values, principles, standards, and norms of behavior		
GRI 102-18	Governance structure		
GRI 102-40	List of stakeholder groups		
GRI 102-41	Collective bargaining agreements		
GRI 102-42	Identifying and selecting stakeholders		
GRI 102-43	Approach to stakeholder engagement		
GRI 102-44	Key topics and concerns raised		
GRI 102-45	Entities included in the consolidated financial statements		
GRI 102-46	Defining report content and topic Boundaries		
GRI 102-47	List of material topics		
GRI 102-48	Restatements of information	N/A	This is the first reporting year
GRI 102-49	Changes in reporting	N/A	This is the first reporting year
GRI 102-50	Reporting period		
GRI 102-51	Date of most recent report		
GRI 102-52	Reporting cycle		
GRI 102-53	Contact point for questions regarding the report		
GRI 102-54	Claims of reporting in accordance with the GRI Standards		
GRI 102-55	GRI content index		
GRI 102-56	External assurance		



BUSINESS ETHICS AND COMPLIANCE

GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary		
	GRI 103-2	The management approach and its components		
	GRI 103-3	Evaluation of the management approach		
GRI 206: Anti-competitive Behavior 2016	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		
GRI 307: Environmental Compliance 2016	GRI 307-1	Non-compliance with environmental laws and regulations		
GRI 419: Socioeconomic Compliance 2016	GRI 419-1	Non-compliance with laws and regulations in the social and economic area		



ECONOMIC PERFORMANCE

GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary		
	GRI 103-2	The management approach and its components		
	GRI 103-3	Evaluation of the management approach		
GRI 201: Economic Performance 2016	GRI 201-1	Direct economic value generated and distributed		
	GRI 201-2	Financial implications and other risks and opportunities due to climate change		
GRI 207: Tax 2019	GRI 207-1	Approach to tax		



DEVELOPMENT OF GREEN AND SMART SOLUTIONS

GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary		
	GRI 103-2	The management approach and its components		
	GRI 103-3	Evaluation of the management approach		
	Non GRI 1	Number of employees dedicated to research and development (expressed in FTE)		
	Non GRI 2	Amount and percentage (of revenues) of investments in research and development		







PRODUCT QUALITY AND SAFETY


GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary		
	GRI 103-2	The management approach and its components		
	GRI 103-3	Evaluation of the management approach		
GRI 416: Customer Health and Safety 2016	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		



CUSTOMER SATISFACTION

GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary		
	GRI 103-2	The management approach and its components		
	GRI 103-3	Evaluation of the management approach		
	Non GRI 3	Number of complaints received		
	Non GRI 4	Average hours of training per external operators who deal with customers		

 SUSTAINABLE MATERIALS		Non GRI 2	
GRI 103:	GRI 103-1	Explanation of the material topic and its Boundary	
Management	GRI 103-2	The management approach and its components	
Approach 2016	GRI 103-3	Evaluation of the management approach	
GRI 301:	GRI 301-1	Materials used by weight or volume	
Materials 2016	GRI 301-2	Recycled input materials used	
 SUPPLY CHAIN MANAGEMENT			
GRI 103:	GRI 103-1	Explanation of the material topic and its Boundary	
Management	GRI 103-2	The management approach and its components	
Approach 2016	GRI 103-3	Evaluation of the management approach	
GRI 204:	GRI 204-1	Proportion of spending on local suppliers	
Procurement Practices 2016			
GRI 308: Supplier Environmental Assessment 2016	GRI 308-1	New suppliers that were screened using environmental criteria	
GRI 414: Supplier Social Assessment 2016	GRI 414-1	New suppliers that were screened using social criteria	
 ENERGY EFFICIENCY AND EMISSIONS REDUCTION			
GRI 103:	GRI 103-1	Explanation of the material topic and its Boundary	
Management	GRI 103-2	The management approach and its components	
Approach 2016	GRI 103-3	Evaluation of the management approach	
GRI 302:	GRI 302-1	Energy consumption within the organization	
Energy 2016	GRI 302-2	Energy consumption outside of the organization	
	GRI 302-3	Energy intensity	
	GRI 305-1	Direct (Scope 1) GHG emissions	
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	
GRI 305:	GRI 305-6	Emissions of ozone-depleting substances (ODS)	
Emissions 2016	GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	
 RESPONSIBLE WASTE MANAGEMENT AND DISPOSAL			
GRI 103:	GRI 103-1	Explanation of the material topic and its Boundary	
Management	GRI 103-2	The management approach and its components	
Approach 2016	GRI 103-3	Evaluation of the management approach	
GRI 306:	GRI 306-1	Waste generation and significant waste-related impacts	
Waste 2020	GRI 306-2	Management of significant waste-related impacts	
	GRI 306-3	Waste generated	
 ACTIVE EMPLOYMENT			
GRI 103:	GRI 103-1	Explanation of the material topic and its Boundary	
Management	GRI 103-2	The management approach and its components	
Approach 2016	GRI 103-3	Evaluation of the management approach	

GRI 401: Employment 2016	GRI 401-1	New employee hires and employee turnover		
	GRI 403-1	Occupational health and safety management system		
	GRI 403-2	Hazard identification, risk assessment, and incident investigation		
	GRI 403-3	Occupational health services		
GRI 403: Occupational Health and Safety 2018	GRI 403-4	Worker participation, consultation, and communication on occupational health and safety		
	GRI 403-5	Worker training on occupational health and safety		
	GRI 403-6	Promotion of worker health		
	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	GRI 403-9	Work-related injuries		
GRI 404: Training and Education 2016	GRI 404-1	Average hours of training per year per employee		
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews		
 ATTENTION TO LOCAL COMMUNITIES				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary		
	GRI 103-2	The management approach and its components		
	GRI 103-3	Evaluation of the management approach		
	NON GRI 5	Initiatives for citizens of local communities		

INDEPENDENT AUDITOR'S REPORT ON SUSTAINABILITY REPORTING

To the Board of Directors of Olimpia Splendid SpA

We have been engaged to undertake a limited assurance engagement on the Sustainability Report of Olimpia Splendid Group (hereinafter also the "Group") for the year ended 31 December 2021.

Responsibilities of the Directors for the Sustainability Report

The Directors of Olimpia Splendid SpA are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI

- Global Reporting Initiative (the "GRI Standards") in 2016 and updated to 2020, as illustrated in the "Methodological note" section of the Sustainability Report.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for defining the sustainability performance targets of Olimpia Splendid Group, as well as for identifying its stakeholders and material topics to be reported on.

Auditor's Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC Italia 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to express a conclusion, based on the procedures performed, on whether the Sustainability Report complies with the requirements of the GRI Standards. We conducted our work in accordance with "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Information" (hereinafter also "ISAE 3000 Revised") issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the Sustainability Report is free from material misstatement.

The work performed was less in scope than in a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, we did not obtain assurance that we became aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgement and included inquiries, primarily of personnel of the Company responsible for the preparation of the information presented in the Sustainability Report, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

- 1) We analysed the process of definition of the material topics reported on in the Sustainability Report, with reference to the method of their identification in terms of priority for the various categories of stakeholders and to the internal validation of the results of the process;
- 2) We compared the financial information reported in the Sustainability Report with the information included in the Group's annual consolidated financial statements;
- 3) We obtained an understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the Sustainability Report.

In detail, we inquired of and discussed with management personnel of Olimpia Splendid SpA and we carried out limited analyses of documentary evidence, in order to obtain information about the processes and procedures supporting the collection, aggregation, processing and submission of non-financial information to the corporate function in charge of the preparation of the Sustainability Report.

Furthermore, for significant information, taking into account the activities and characteristics of the Group:

- at the Parent Company's level
 - a) with reference to the qualitative information presented in the Sustainability Report, we carried out interviews and obtained supporting documents to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed both analytical procedures and limited tests to verify, on a sample basis, the accuracy of data aggregation.
- for Olimpia Splendid SpA, which we selected based on its activities its contribution to performance indicators at a consolidated level and location, we met the persons responsible and obtained documentary evidence, on a sample basis, about the correct application of the procedures and calculation methods applied for the indicators.

Conclusion


Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Olimpia Splendid Group for the year ended 31 December 2021 is not prepared, in all material respects, in accordance with the requirements of the GRI Standards as illustrated in the “Methodological note” section of the Sustainability Report.

Other Matters

No assurance procedures were performed on the comparative information presented in the Sustainability Report in relation to the years ended 31 December 2020 and 31 December 2019.

Torino, 5 luglio 2022

PricewaterhouseCoopers Business Services Srl


Paolo Bersani
(Partner)

Progetto grafico
Hub Editoriale, Milano-Verona

© Sustainability Report 2021 Olimpia Splendid





OLIMPIA SPLENDID GROUP

HEADQUARTERS: VIA INDUSTRIALE, 1/3, 25060 CELLATICA (BS), ITALY - MAPS

LOGISTIC HUB: VIA XXV APRILE, 46, 42044 GUALTIERI (RE), ITALY - MAPS

