2012

Sustainability Report SOL Group

SOLGROUP
a breath of life

Contents

SOL Spa

Registred office
Via Borgazzi, 27
20900 Monza

Share Capital
Euro 47,164,000.00 fully paid up.

C.F and company register of Monza e Brianza
n° 04127270157
R.E.A. n° 991655
C.C.I.A.A. Monza e Brianza

CONFINDUSTRIA
PER LA SOSTENIBILITÀ

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

Our commitment

The 2012 Sustainability Report presented here covers the activities carried out by the SOL Group relating to Health, Safety and the Environment, together with matters of more Social concern.
Compared to last year, the Report is further enriched with data from the Group's foreign companies which today operate production and distribution plants in no less than 22 European countries, in Turkey and in India.
In all these countries we focus on increasing the awareness over the importance of collecting data, abiding by procedures and working consistently to achieve ever more higher quality standards either with a view to minimising the risk of accidents and to effectively conforming to the company's social role which acts as a guiding beacon for everyone in SOL.
For SOL, sustainable development means applying the same standards and observing the same values, with the same attention to resources, energy efficiency, service quality and safety, whatever country we are operating in.
During 2012, the Group achieved new important objectives. In Italy, Vivisol started procedures for OHSAS 18001 certification which was successfully completed in February 2013. Furthermore, SOL was the first company in Italy to implement ISO 27001:2005 certification regarding Information Security, particularly important for its home healthcare activities. The certification was obtained at the end of 2012.
Another important step taken in 2012 regarded verification of the "environmental compliance" of the Group's Italian Units, performed by Marsh with the aim to update the Organization, Management and Control Model pursuant to Italian Legislative Decree no. 231/01.
Finally, we would like to emphasise our true commitment towards safety training, especially in Italy. During 2012, deeper and more complex actions were taken, also in relation to the obligations deriving from an agreement between State and Regions. Moreover, in implementing the activities under this scope, the SOL Group went well beyond the minimum requirements, certain of the strategic value of this commitment.
Europe is experiencing very difficult times, from both an economic and social viewpoint. After the deep crisis of 2008-2009, there was hope for a recovery in 2010 and 2011 which could have been rather weak but possibly stable in the long run. Instead, 2012 was a year of great hardships for many European companies, trapped in the midst of a most needed public budget consolidation, a dropping public and private demand, payment difficulties and a slowing down economy in almost all European countries. The crisis is still going on well into 2013 too. In this difficult environment, the SOL Group has been able to grow, maintaining good margins and a solid financial structure. The decisions made with regard to significant investments have always taken into account the values and principles of sustainable and long-term development.
For this reasons we are convinced that, despite the hardships of today's difficult economic context, our Group possesses what it takes to carry on growing, by taking advantage of the significant investments which were made and will continue to be made for a better and prosperous future.

Aldo Fumagalli Romario
Chairman, SOL Group

Marco Annoni
Vice Chairman, SOL Group

Teamwork

In presenting the 2011 Sustainability Report, we had highlighted the daily commitment undertaken by all of us to achieve the common objective of developing our activities pursuant to some shared ethical principles, which may be summarised as respect for human resources, protection and ongoing improvement of the workplace health and safety, and environmental safeguarding.

In preparing the 2012 Report, the common factor, which was confirmed while collecting and processing the data, was teamwork: a value which distinguishes our organisation and our way of doing business.

All projects, activities, services and technological solutions we offer our customers are the offspring of our teamwork, usually based on an interdisciplinary and transversal approach cutting across all departments and countries.

Therefore all results we deliver are achieved thanks to the united strong commitment of the Top Management and of the women and men involved at all Group levels.

Project sharing, exchange on solutions and streamlined decision-making are steps that if followed well allow the previously set objectives to be achieved and become common heritage.

The economic, environmental and social performances that the sustainability report covers are the result of this working method and of a shared Integrated Management System that the companies of the Group must not only be familiar with but must consistently apply.

From the traditional sector of technical gases to that of medicinal gases and medical devices, from the home-care sector to the most recent challenges in the field of biotechnologies and the production of energy from renewable sources: each of these activities is carried on in compliance with the same inspiring principles and using the operating tools made available by the Parent Company.

The 2012 Sustainability Report, therefore, is aimed to deliver a picture of the Company's teamwork: a close, cohesive, loyal and winning team.

"Our" team, wearing SOL's colours.

Alessandro Castelli
Quality, Safety, Environment and Regulatory Affairs Manager, SOL Group

Roberto Mariotti
Personnel and Legal Affairs Manager, SOL Group

Vincenzo Camparada
Industrial Risk and Insurance Manager, SOL Group

Introduction

This edition of the "Sustainability Report" is enriched compared to the previous edition, especially thanks to the greater amount of data and information from the SOL Group companies operating outside Italy.
New procedures for the collection of data were also implemented, in order to guarantee increasing completeness and accuracy and to take a further step towards compliance with the principles established by the GRI standard.

Methodological note

Reference guidelines

In drafting the Report, reference was made to the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), as part of the gradual transition to full compliance.
The relative reference code is reported alongside the tables illustrating the valid indicators for the GRI system.

Accounting scope

The data reported generally refer to all Group Companies.
The data relative only to some of the Group Companies are highlighted in the comments to the individual sections.

In these cases, a preventive analysis was then carried out to verify that this approach did not impinge on the need to portray reality in an accurate manner.

All data refers to the period 01.01.12 - 31.12.12

Data collection

Data was collected using a common form sent and used by all managers in the companies involved.

Balance

The parameters utilised reflect performance trends, independently of improvements or downturns compared with the past, and are objectively and systematically illustrated.

Accuracy

The data are checked by the offices responsible.
For economic data and data relating to Group figures, reference is made to the Group Consolidated Financial Statements.

Structure

The Report is divided into seven parts:

1. **Group Profile**
   The structure of the Group, the activities carried out and the products dealt with by the various sectors making up the Group are described here.

2. **The System of governance**
   Here the guiding principles behind the Group's sustainable management and the relative operating tools are described.

3. Relations with the Stakeholders

4. Economic performance
   The main economic indicators are reported here

5. Environmental performance
   Information regarding the Group's commitment to safeguarding the environment and the most significant environmental parameters regarding the Group's primary production plants is provided.

6. Social performance
   Information relating to the management of internal and external relations and the Group's commitment to guaranteeing health and safety in the workplace is provided here.

7. **Glossary**

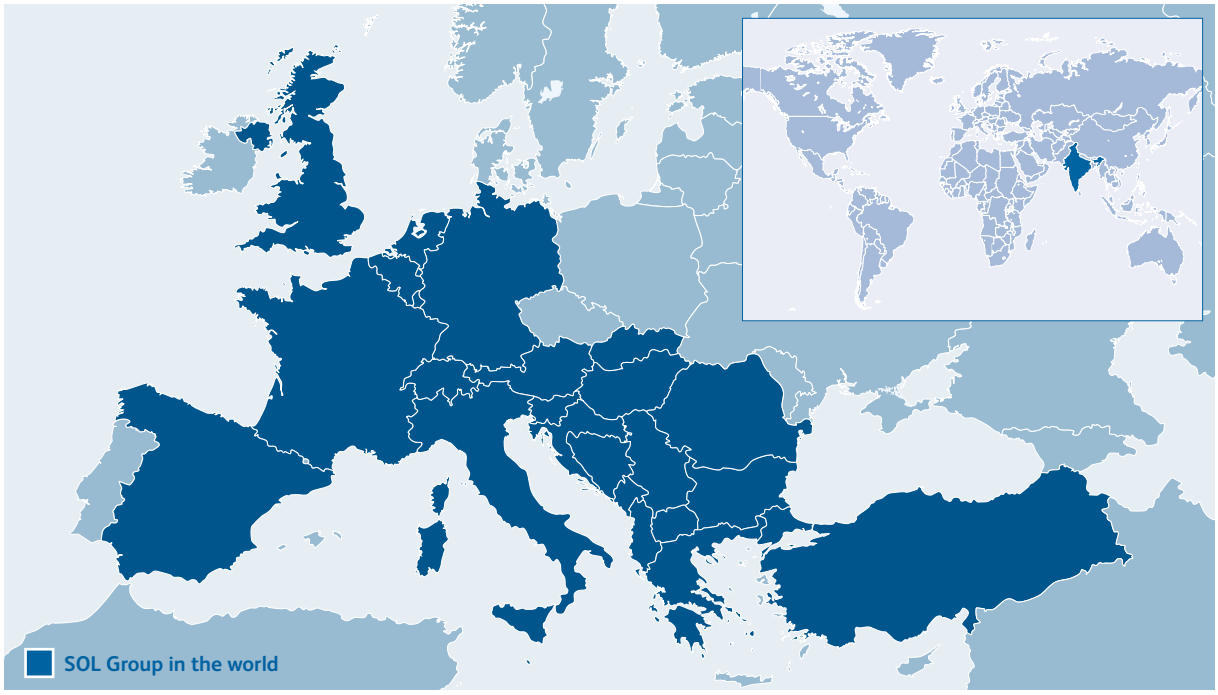
Group Profile

The origins of the SOL Group date to 1927, when the first company was formed in Monza, Italy. Rapid expansion started in the early Sixties, which resulted in the Group operating today in 23 countries with 55 Companies.

Alongside its territorial expansion, the SOL Group has sought to diversify the activities it carries out in the sectors of:

- technical, pure and high purity gases
- medicinal gases and medical devices
- home care
- biotechnologies
- production of energy from renewable sources

The activities carried out in each of the sectors listed above will be examined in detail below.
Parent Company SOL S.p.A. has been listed on the Milan Stock Exchange since 1998 with a capitalisation of 363 million euro, as of 31.12.2012.
The Group continued its internationalisation activities during 2012, thanks to the establishment of Vivisol TK in Turkey, a company operating in the home care sector.
Vivicare GmbH was established in Germany, a company which operates in the field of nursing services for sick and elderly people.
In Italy, the biotechnologies sector acquired a controlling interest in Diatheva, a company operating in the development, production and sale of diagnostic systems for clinical, diagnostic and analytical applications.
The Group's production activities in Europe take place in about one hundred plants, divided into primary production plants, units that produce gas using raw materials (electricity, atmospheric air, natural gas, calcium carbide and ammonium nitrate) and secondary production plants, units that deal with the filling of gas cylinders, their storage and distribution (mainly using gases deriving from primary processing plants), and the production of high purity gas, as well as high precision mixtures.



Technical gases sector

The figures of the technical gases sector:

- 32 companies
- 21 countries
- 1,353 employees
- more than 40,000 customers

Activities carried out:

Production and sale of industrial, medicinal, pure and high purity technical gases.
Design, construction and management of on-site gas production plants, of storage and distribution plants, of apparatus and systems for gas utilization such as, for example, apparatus for cryogenic applications, freezing tunnels, oxy-fuel burners, ozonisers, and welding machines and apparatus.
Administration of services connected with the use of the gases produced.

Gases produced and distributed:

Oxygen, Nitrogen, Argon, Hydrogen, Carbon dioxide, Acetylene, Nitrous oxide, Gas Mixtures, Very high-purity gases, Medical gases, Food gases and gaseous Helium.

Main gases sold:

Liquid Helium, Gas for electronics, Ammonia and combustible gases for industrial use.

Commitment towards the environment and safety

SOL's focus on environmental and safety problems is not limited to the realm of its production activities, but for over thirty years has also been concentrated on the development of technologies and services for its clientele.

As a result, numerous gas applications and plant solutions have been designed whose strengths include the safety of the user and the safeguarding and protection of the environment.

Oxygen

Used in the following processes, among others:

- oxy-fuel combustion in industrial furnaces: energy requirements are reduced, increasing efficiency and reducing the emission of particulates and NO_x
- water treatment: the use of oxygen makes it possible to reduce the volume of sludge and VOC emissions, increasing, at the same time, treatment capacity; technologies based on ozone increase the level of purification and eliminate undesirable by-products
- incineration of solid waste: a safer approach is possible, with the destruction of pollutants
- environmental remediation: oxygen, transformed into ozone, makes it possible to rapidly remediate contaminated soils and ground water

Nitrogen

Used in the following processes, among others:

- freezing: Nitrogen is an alternative to the use of refrigerants, such as fluorine derivatives, responsible for the greenhouse effect
- inertization: the chemical inertia of nitrogen is exploited to avoid contact with the oxidising substances of chemical products, oil and gas products etc., reducing both the risk of contamination and of explosion

Hydrogen

The use of hydrogen as a combustible in internal combustion engines makes it possible to reduce greenhouse gas emissions to practically zero. SOL actively participates in a range of projects for the development of technologies for the distribution, storage and use of hydrogen as a clean energy carrier in various sectors, including the automotive sector.

On-site plants

Another significant contribution to the protection of the environment comes from the onsite realisation of gas-producing plants at client premises. These "onsite systems" contribute to the achievement of two important goals:

- reduction of atmospheric pollution thanks to the fewer kilometres travelled, as they represent an alternative to traditional road deliveries with cylinders or in bulk
- a reduction in energy consumption as the production process, specialised in the production of a single gas with specific qualities, has lower energy consumption levels than a traditional centralised plant.

It is possible to calculate the environmental impact of these reductions in terms of lower amounts of CO_2 emitted into the atmosphere by applying the "Life Cycle Assessment" method.
In 2012 production using on-site plants in place of equal quantities produced with traditional plants led to a lower emission of CO_2, totalling 16,274 tonnes.

STOP to arsenic in drinking water

The technological applications of food gases promoted by SOL in the field of drinking water have for some years contributed to helping the operators of water purification systems comply with the severe qualitative limits imposed by the new European directives on tap water. Today, thanks to the technologies promoted by SOL, a process has been implemented and perfected for the removal of arsenic and boron, which are in some cases naturally present in ground water.
This process uses a special filtering material supported by the action of food grade CO_2 which makes it possible to suitably control the pH levels of water and allows the filters to function effectively.

The inhabitants of the provinces of Viterbo and Livorno, areas in which the water purification systems have been implemented with CO_2 application, may finally go back to using home tap water, after the alarm during the past months as a result of a resolution by the European Commission obliging water service operators to reduce the levels of concentration of arsenic and boron within the legal limits laid down in Directive 98/83/EC regarding the quality of water.
SOL has provided its technologies, know-how and food grade CO_2 in no less than 35 water purification systems, with a view to constantly improving the qualitative standard of the services and products offered and to continuing to grow alongside its customers.

Medicinal gases and medical devices sector

The figures of the medical gases sector:

- 21 countries in which the Companies of the Technical Gases Sector operate
- more than 500 customers
- 39 pharmaceutical manufacturing sites, of which 20 in Italy and 19 in the rest of Europe

Activities carried out:

Production, distribution and marketing of gases and gas mixtures classified both as Medicinal and as Medical Devices and pharmaceutical Active Ingredients.
Design, construction, management and maintenance of Medical Devices such as centralized medical gas distribution plants and vacuum plants, anaesthetic gas evacuation plants.
Design, development and integrated management of biobanks for the long-term storage of biological samples intended for transplants or clinical research studies.
Design and management of hospital services such as Total Gas Management, Cryomanagement, Cellmanagement, management of drug distribution at healthcare structures, operating theatre environmental monitoring, domestic water disinfection.
Design and management of ECM accredited training services.

Gases produced and distributed:

Oxygen, Nitrous oxide, Synthetic and Compressed air, Nitrogen, Carbon dioxide, Gas Mixtures for breathing purposes, Gas Mixtures for diagnostic-instrumental use
On-site plants for producing synthetic and compressed medical air, endocavitary aspiration plants.

Commitment towards the environment and safety

The SOL Group activities in the field of design and management of the supply of medical products and hospital services have always been focused on improving the safety conditions in which the medical gases are managed, distributed and administered inside hospital and nursing facilities.

The safety of the patient, the medical staff and, more generally, all personnel in hospital facilities is a primary goal for the SOL Group, and is addressed through the activities listed below.

Management services

Through the planning and delivery of medical gas management services it is possible to minimise the risks connected with the handling and supply of medical gas containers, considerably improving safety figures as a result.
A Disaster Recovery service is available as part of the biological sample management services, which aims at securing the biological material normally stored at hospital facilities in cases of emergency.

Training services

Training for the use of medical gases and their packaging in total safety is essential in order to correctly manipulate and administer the products.
Training is provided via ECM courses, which consist of theoretical and practical sessions, and testing.

Plants and accessories for using gases

Medical gas distribution plants are designed in compliance with the essential requirements of the Medical Devices Directive precisely because, being made up of kilometres of pipes that convey the gas throughout the hospital facility, their main objective must be safety: the right gas must reach every patient that needs it in the right quality and in the right amount.
The utilization accessories (pressure reduction units, reducing valves, delivery devices) are researched and designed to ensure the gas is safely delivered and administered to the patient.

On-site plants

The on-site plants are also part of the products handled by the medical gases sector with the same objectives for reducing atmospheric pollution and energy consumption already seen in the technical gases sector.

Homecare sector

The figures of the homecare sector:

- 16 Companies
- 11 countries
- 1,153 employees
- more than 200,000 customers
- 13 pharmaceutical manufacturing sites, of which 6 in Italy and 7 in the rest of Europe

Activities carried out:

Supply of services, apparatus and products for home oxygen therapy with liquid oxygen, gaseous oxygen and concentrators
Supply of services and apparatus for mechanical home ventilation
Home treatment of obstructive sleep apnea syndrome (OSAS)
Supply of products and apparatus for artificial home nutrition
Supply of integrated homecare (IHC)
Supply of apparatus and services for homecare of bedsores

Commitment towards the environment and safety

Vivisol carries out its activities in full awareness of the need to maintain and further develop a management policy for quality oriented towards continuous improvement in the field of homecare services and in the context of the overall management of its activities.
As a result, numerous home solutions and services have been designed whose strengths include the safety of the user and the safeguarding and protection of the environment. The main examples of these are listed below:

- a logistics system able to optimize the routes of vans used for deliveries with reduced atmospheric pollution because fewer kilometres are travelled.
- the gradual replacement of the vehicles used for deliveries with the introduction of euro 4 and euro 5 approved vehicles
- a system able to optimize the external use of nursing and medical personnel and the routes of their cars when making home visits to patients
- an emergency phone assistance system to be used by patients in the event of technical problems with the apparatus
- a technical assistance service with a wide range of available interventions

Production of energy from renewable sources sector

The figures of the energy production sector:

- 3 Companies:
- Energetika doo, with 6 hydroelectric power plants in operation;
- Hydroenergy Sh.p.k, with 2 hydroelectric power plants fuelled by reservoirs, currently under construction and set to be operational during the second half of 2013;
- SOL Hydropower (since January 2012) d.o.o.e.i., with 4 hydroelectric power plants, under construction.
- 3 countries: Slovenia, Albania and Macedonia
- 8 employees

Activities carried out:

Production of electricity by hydroelectric power plants.

Exploration and identification, design, construction and management of hydroelectric power plants connected to the national high voltage electricity distribution grid with distribution of energy for the Group's production plants.

Commitment towards the environment and safety

The production of technical gases heavily depends on the electricity mostly produced from fossil fuels such as gas, coal and oil, which have a highly negative impact on the environment.

One of the goals that the SOL Group set for itself some time ago is to cover part of its energy needs with the self-production of electricity from renewable sources so as to reduce its dependence on fossil fuels to the full benefit of the environment.

Several projects have been launched as a result, some of them at the development stage, which have led to the construction of a number of hydroelectric power plants in recent years that are already able to cover some of the Group's energy requirements.

We can estimate that the amount of CO_2 emitted into the atmosphere is reduced by over 35,000 t/year thanks to the generation of electricity in the Group's plants.

Biotechnologies sector

The figures of the biotechnologies sector:

- two companies in Italy: Biotechsol and the subsidiary Diatheva
- 16 employees
- more than 300 customers

Activities carried out:

Biological sample conservation services
Neonatal diagnostics services
Bioshipping services
Scientific research development activities
Activities to plan and develop cell and tissue processing and conservation centres
Production and sale of diagnostic systems
GMP production of monoclonal antibodies and recombinant proteins
Scientific research, pre-clinical and clinical studies for new biological drugs

Commitment towards the environment and safety

The service for planning and developing structures for the minimal and extensive manipulation of cells and tissues is targeted at all public and private institutes that carry out scientific research and cell and tissue manipulation activities for transplant reasons.
The service includes the design of Cell Factory laboratories and biological sample conservation centres according to the highest technological standards and in compliance with all relevant regulations in force.

The metabolic screening diagnostic service is one more element for the safety of correct development of the infant as it provides an early diagnosis on certain diseases that if diagnosed in time can be treated to ensure the healthy growth of the infant.
The bioshipping service makes it possible to transfer frozen biological samples from one health structure to another in a safe and traceable way. This is a particularly relevant service for assisted reproductive technology centres.
Through Diatheva srl, the SOL Group has started activities in the field of the development, production and sale of diagnostic systems for clinical, diagnostic and analytical applications.
Diatheva diagnostic systems are particularly innovative since they use molecular biology DNA amplification techniques to identify and quantify food pathogens and legionella in water. These systems, therefore, reduce the waiting time of the results from 5-6 days to a few hours and primarily address the food analysis and environmental sector.

The System of governance

UNDERLYING PRINCIPLES

SOL Group Code of Ethics

The Code of Ethics defines the values underpinning the activities of the SOL Group, to which SOL employees and suppliers adhere.
The SOL Board of Directors confirmed, in its meeting of 19 February 2009, the validity of the Code of Ethics, which entered into force on 1 January 2006 and which is being progressively adopted by all Group Companies.
More specifically, the document:

- expresses the values that shape the activities of the SOL Group, in other words: fair and honest conduct, the circulation of information, willingness to listen, acknowledgement of customers' problems as our own, and awareness that the economic process cannot exist independently of a system of values
- outlines the code of conduct to which all employees and collaborators must adhere
- outlines the code of conduct that shapes the SOL Group's business management approach, as regards both internal and external activities
- identifies the Group's stakeholders and describes the approach taken with each one
- expresses the underlying principles of the "Employee Policies" and activities aimed at "Protecting safety, health and the environment"
- outlines the prudent and responsible use of resources and information
- describes the sanctions in the event of the failure to respect the Code

The full Code of Ethics can be found on the company website www.solworld.com.

Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001

SOL Spa and Vivisol Srl have each adopted an Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231 of 8/06/2001 that, among other things, integrates the offences relating to health and safety in the workplace included in Italian Legislative Decree no. 81/08.
The first versions of the two models date to 2006 and were later updated to take account of the management experience acquired, the introduction of new crimes and the law in this area.

In particular, following introduction (among the predicate offences set forth in Italian Legislative Decree no. 231) of the offences envisaged by the Directives of the European Community regarding the protection of the environment through criminal law (no. 2008/99/EC and no. 2009/123/EC) and the extension of administrative liability to companies regarding certain environmental offences, by way of Article 25-undiecies of Italian Legislative Decree no. 231, Marsh Consulting was assigned with the task to conduct a mapping of the Group's environmentally sensitive activities.

Following completion of the mapping activities, the Models were updated: the Model of Vivisol s.r.l. was approved by the Board of Directors on 13 December 2012 and the Model of SOL Spa was approved by the Board of Directors on 29 March 2013.

Quality Policy

The "SOL Group companies' quality management policy" is a Quality, Safety and Environment integrated management system document published for the first time in 1993. Its most recent version was undersigned by the Chairman of the Group in April 2009.
The document is disseminated to the entire Group through its publication on the corporate intranet.
The Policy expresses the concept that the SOL Group companies carry out their activities in full awareness of the need to maintain and further develop a management policy for quality oriented towards continuous improvement, in the context of the overall management of its activities, in the belief that quality is a value that is constructed together, day by day, through dialogue, participation, support and involvement.

The Safety and Environment Policy

The "SOL Group companies' Safety and Environment policy" is a Quality, Safety and Environment integrated management system document published for the first time in 1993. Its most recent version was undersigned by the Chairman of the Group in April 2009.

The underlying commitments and principles outlined in the Policy are:

- respect for health, safety and environment norms, laws and regulations.
- to carry out activities with the aim of preventing all accidents and injuries
- to review performances in a bid to guarantee ongoing improvement
- to identify, eliminate or control potentially dangerous situations connected with our activities
- continuous improvement in the areas of personnel training at all levels, the technical updating of plants and the sharing of best practices with partners and in the area of trade associations.

Because, as the Policy states:

- safety and respect for the environment are knowledge and understanding
- safety and respect for the environment requires teamwork
- safety and respect for the environment is a sense of responsibility
- safety and respect for the environment are professional skills

The safety and environment policy document is published on the Group website and is distributed internally, at all levels, and to suppliers.
The periodical revision of the document ensures that any necessary updates to the objectives can be integrated.
The Units subject to the field of application of the "Seveso Directive" or that are certified in agreement with the BS OHSAS 18001 or ISO 14001 standard also issue their own environmental and safety policy documents that after adopting the policy principles of the Group, integrate them with the specific objectives of the site.

Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

The Responsible Care Policy

In 1995, SOL Spa was one of the first companies in Italy to adhere to the Responsible Care programme, the chemical industry's global voluntary initiative, endorsed in Italy by Federchimica. The company plays an active role in the programme and has a representative on the management committee.
Each year the programme collects various environmental and work safety performance indicators, also used when drafting this report.

THE OPERATING TOOLS

Corporate Governance

Parent Company SOL Spa has adopted its own corporate governance model which it believes to be largely in line with its structure and characteristics (size and capitalisation in particular) and which will enable it to continue to guarantee, in its current form, the necessary market transparency, in line with market practice, as well as a balanced and effective system of controls.

Internal control system

The Board of Directors of Parent Company SOL Spa set up an internal control department with the role of verifying compliance with both operational and administrative internal procedures, established to guarantee a healthy and efficient management process and to identify, prevent and manage financial and operational risks and fraudulent behaviour that could damage the company.
Hierarchically, the people in charge of the internal Control Department do not report to any managers in the operations area, instead reporting directly to the Board of Directors.

Processing of privileged information

The Board of Directors of Parent Company SOL Spa has adopted a special procedure that regulates the processing and communication, both internally and externally to the company, of documents and information regarding SOL Spa and the companies it controls.

Regulating Internal Dealing

The Board of Directors of Parent Company SOL Spa has adopted an Internal Dealing procedure that regulates operations regarding information obligations.
These obligations are binding on relevant parties with regard to the company's financial instrument operations.

Organising structure

The governance of sustainability is entrusted to the following company departments:

Issues related to health and safety in the workplace and environmental protection:

Quality, Safety and Environment Head Office (DIQS).
The Office makes an annual report to the "Quality, Safety and Environment Management System Steering Committee" (QSSC), which is made up of the Executive Directors, the General Managers and the Central Directors, and which has the task of reviewing the management system to guarantee its efficacy and suitability over time.

- examines the performance of the QSE Management System;
- evaluates and defines strategic operations;
- verifies and, where necessary, updates quality, safety and environmental management policies;
- decides on goals and plans of action relating to quality, safety and environmental management, whose necessity is established during discussions in the Committee.

The progress report and any updates are presented by DIQS to top management during the quarterly report meetings and the investments summit.

Issues related to organisation, work and industrial relations:

Personnel and Legal Affairs Head Office
The Head Office reports the figures regarding personnel management to the Executive Directors and the General Managers.
On such occasions:

- the main indicators relative to human resources and related costs are represented and illustrated
- data on staff turnover, absences, overtime, working hours and holidays is examined
- the types of contracts used are examined
- the state of industrial relations with union representatives and any lawsuits are examined
- the main training projects are illustrated together with the investments made to improve the management of human resources

Management systems

The SOL Group has designed and adopted an integrated Quality, Safety and Environmental management system to guarantee coverage of all its activities, eliminating pointless duplications and emphasising synergies.

Through the application of the Management System the Group plans to improve the quality, efficiency and efficacy of its various company processes, thus pursuing the continued reduction of the impact on the health of its employees, workplace safety conditions and on the external environment.

ISO 9001

Beginning with the certification of the first Units attained in 1994, the Group has gradually extended its scope which now covers 79 Units in various European countries, equal to 70% of total, of which: 45 are in Italy, 5 in Germany, 5 in the Republic of Macedonia, 4 in Greece, 3 in the Netherlands, 3 in Spain, 2 in Belgium, 2 in Austria, 2 in Croatia, 1 in France, 1 in Slovenia, 1 in the United Kingdom, 1 in Serbia, 1 in Albania and 1 in Bosnia-Herzegovina.

BS OHSAS 18001

With the entry into effect in Italy of Legislative Decree no. 81/2008 which foresees, as a necessary condition to avoid the eventual application of sanctions outlined in Decree no. 231/01, the adoption of a management system in line with the OHSAS 18001 standard, this Certification is even more relevant as it acts as a guarantee of the Top Management.
SOL Spa has proceeded to obtain Safety Management System Certification on behalf of all its Units, in accordance with the OHSAS 18001 standard.
The certification activity came to a close in July 2010 with the attainment of Certificate no. 8511, and regarded 100% of the Units.
In addition to the thirty SOL Spa units, the SPG Jesenice plant has also attained Certification.
During 2012, the certification procedure was launched for all Vivisol Srl units, which was concluded in February 2013, with the attainment of the Certificate.

ISO 14001 and EMAS

The important emphasis on the respect for environmental issues, albeit in the context of a production activity with a fairly limited direct impact on the environment, continued with the verification of the correct adoption of the Group Management System through the certification of a number of particularly significant Units.
12 Units were certified: 6 in Italy, 3 in Spain and 1 in Belgium, Slovenia and Bosnia-Herzegovina.
Two Italian Units also complied with the EMAS standard.

Environmental sustainability principles charter

SOL has adopted the "Environmental sustainability principles charter" drafted by Confindustria and distributed, at the start of 2012, to participating companies.
In line with the Group's commitment to environmental sustainability issues, SOL contributed by playing a leading role, thanks to the participation of some of its Directors in the working group set up by Confindustria, in the drafting of the Principles Charter and the associated operating guide.

Responsible Care

The implementation of the "Responsible Care" model in SOL Spa was successfully subject to an "Audit of the testing model established by Federchimica" during 2011.

ISO 50001

The Frankfurt plant of SOL Spa's Branch Deutschland obtained ISO 50001 certification. ISO 50001 is an international standard whose adoption helps organisations to improve their performances in the energy sector, increasing efficiency and reducing the impact on the climate and on the environment.

ISO 27001

ISO 27001 is a standard that defines the requirements for establishing and managing an Information Security Management System (logical, physical and organisational security), with the aim to protect data and information from any kind of threats, including integrity, confidentiality and availability.
During 2012, Certification was obtained in compliance with the Standard for the main offices of SOL Spa, Vivisol Srl and Biotechsol Srl, regarding two different sectors: IT service management and monitoring, and development of application programmes in support of business processes.

The situation as at 31 December 2012 regarding the certification obtained by the SOL Group is illustrated in the following table, divided according to country and company.

Company	Country	ISO 9001	OHSAS 18001	ISO 14001	EMAS	ISO 50001	ISO 13485	FSSC 27001	FSSC 22000
Technical gases sector									
SOL Spa	Italy	22	29	4	2	-	2	1	1
ICOA Srl	Italy	1	-	1	-	-	-		-
SOL Spa Belgium	Belgium	1	-	1	-	-	-		-
SOL Spa Deutschland	Germany	-				1			1
BTG BVBA	Belgium	1							
NTG BV	Netherlands	2							2
TGS AD	Republic of Macedonia	3	-	-		-			3
SOL SEE doo	Republic of Macedonia	2							2
SOL TG GmbH	Austria	1	-	-			1		
UTP doo	Croatia	2							
SOL France SA	France	1					1		
SPG doo	Slovenia	1	1	1					
TPJ	Slovenia	1							
SOL Hellas	Greece	2					1		2
IMG	Serbia	1							
GTS	Albania	1							
TGP	Bosnia-Herzegovina	1		1					1
Homecare sector									
Vivisol Srl	Italy	18		1				1	
Vivisol Napoli Srl	Italy	1							
Vivisol Silarus Srl	Italy	1							
Vivisol Calabria Srl	Italy	1							
Vivisol Deutschland GmbH	Germany	4					3		
Vivisol Nederland	Netherlands	1							
Vivisol Austria	Austria	1							
Vivisol Hellas	Greece	2							
Dolby Vivisol	United Kingdom	1							
Vivisol Iberica	Spain	3		3					
Bosch GmbH	Germany	1					1		
Biotechnologies sector									
Biotechsol Srl	Italy	1					1		

CONFINDUSTRIA

CONFINDUSTRIA
PER LA SOSTENIBILITÀ

Charter of Environmental Sustainability Principles

Companies are called to operate in an increasingly globalised market. As they grow, they are faced with the internationalisation of the economy, which they strongly support.
In their path towards development and economic growth, companies pursue a strategy for generating wealth, while ensuring the combination of competitiveness, environmental sustainability and social responsibility, as crucial criteria for success and core elements of a genuine enterprise culture.
Companies are aware that the protection of the natural and social environment is a primary community interest. Therefore, their aim is to achieve development goals while improving their environmental performance.
Environmental sustainability is one of the pillars of development.
It should be pursued through a synergy between the industrial system, the institutions and the social partners, with the aim to promote a shared pro-active and responsible commitment, which will drive a virtuous cycle of "mutual emulation".

In this effort, companies hope to be increasingly supported by a smooth and consistent regulatory framework which will be clear and enforceable both at national and international level, to respond quickly and effectively to emerging challenges and opportunities. For this purpose, promoting rewarding instruments for voluntary initiatives is useful.
In line with the above principles, Confindustria has decided to adopt a Charter of Environmental Sustainability Principles. The Charter is meant as a signpost to direct member companies and has taken stock of their differences in size and in the activities they conduct. The Charter sets out shared principles and indicates the actions needed for a uniform and gradual progress towards greater environmental sustainability by outlining realistic and achievable goals for Italian companies.
Therefore, member companies and organizations that voluntarily adhere to the Charter commit themselves to integrate these principles and commitments in their activity and their growth paths.

10 "Principles" for 10 "Commitments"

1. Achievement of short, medium and long term environmental sustainability objectives

Set environmental protection as an integral part of company activity and growth path.

2. Adoption of a precautionary approach

Assess the impact of activities, products and services to manage the environmental aspects according to a preventive approach and promote the use of best available technologies.

3. Efficient use of natural resources

Promote the efficient use of natural resources, with particular attention to the rational management of water and energy resources.

4. Control and Reduction of environmental impacts

Control and, where possible, reduce emissions into air, water and soil; achieve further reductions of waste production and more efficient waste management by privileging recovery and reuse against disposal; take steps to limit the effects of industrial activities on climate change; promote the protection of biodiversity and ecosystems.

5. The central role of innovative technologies

Invest in research, development and innovation to develop processes, products and services which have increasingly reduced environmental impacts.

6. Responsible product management

Promote responsible management of products or services throughout the entire life cycle to improve performance and reduce environmental impact, including information to customers on product "end-life" management.

7. Responsible management of the supply chain

Promote the preservation of the environment in the management of the supply chain by involving suppliers, customers and stakeholders as primary actors in their own sustainability policy.

8. Awareness and training

Promote activities of information, awareness and training to involve the company and its organisation in implementing their own environmental policy.

9. Transparency in relations with stakeholders

Foster relationships with stakeholders based on transparency to promote a shared approach in environmental policies.

10. Consistency with international activities

Act consistently with the principles endorsed in this Charter in all the Countries where the company carries out its activities.

Chairman

General Menager

General Menager

HSE Manager

March 2013

Relations with the stakeholders

To pursue its objectives and quickly identify all possible areas for improvement, the SOL Group makes sure its channels of communication are open at all times with all social stakeholders at local, national and international level: employees, shareholders, customers, suppliers, the authorities and the general public.

Employees

SOL attributes maximum importance to those that work for the Group, directly contributing to the development of the company.
Code of Ethics, art. 4 - Employee Policies

To work in a responsible manner, respecting the environment and protecting health and safety, it is crucial to involve all personnel.
For this, the SOL Group encourages open communication at all levels, regardless of company role.
The frequent meetings between Head Quarter Management and operations staff, the maintenance and continual improvement of the company Intranet, and the publication of the company newspaper "SOL News" are all designed to share information and knowledge, the goals of such activities including that of raising ecological awareness and acting with greater responsibility.

Shareholders

The strategic success of a company is also pursued by maximising value for shareholders.
Code of Ethics, art. 2 - Business activity management conduct

The main tool used to communicate with the shareholders is the Financial Statement, which is published in the "Financial info" section of the corporate website www.sol.it.
For this reason, the company has sought to go beyond mere compliance with legal obligations and enrich the report, particularly in the "Notes to the Financial Statements" and the "Directors' Report", with useful information that sheds further light on company activities.
Communications with shareholders and investors also take place through:

- the periodic publication of press releases on the company website and their dissemination to institutional investors
- participation in conferences promoted by financial institutions
- meetings and conference calls with investors and analysts
- roadshows

SOL's commitment and results in the field of Sustainability have seen Sol Spa listed on the Kempen "Social Responsible Investment" Index (SRI) since 2005.
Being part of the SRI universe means that the company has gained recognition for going beyond the mere application of legislative requirements in the way it interacts with the communities in which it operates and in its commitment to its collaborators and the environment.

Suppliers

SOL Group companies make increasing use of external resources for activities such as transportation, maintenance, installations or home healthcare.
According to internal procedures, critical operations involving safety, quality and the environment are only entrusted to companies that have been previously approved following a qualification process involving the filling out of questionnaires and, where deemed necessary, the carrying out of audits.
Of particular relevance, among these continuously monitored requisites, are technical and organisation suitability and the emphasis on environmental issues, and health and safety in the workplace.
SOL is committed to promoting the growing awareness of safety and environmental protection issues among companies that operate at the Group's units, which are involved, where deemed appropriate, in periodical training meetings.

Customers

The ability to comprehend that the problems of our customer are our problems, complete satisfaction of their needs, a commitment to working together on single goals to obtain the most advanced results: these are the objectives that SOL pursues when managing customer relations.
Code of Ethics, art. 2 - Business activity management conduct

The ultimate goal of Group SOL's operations in all sectors is customer satisfaction, not only through the punctual supply of specific products but also, and above all, by helping to identify the best usage conditions and methods for the gases and equipment supplied.
With customers showing an increasing interest in environmental and safety issues, SOL has invested in the identification and development of technologies that, using the products supplied, make it possible to improve usage conditions, reducing, for example, atmospheric emissions or making water purification processes more efficient.
Our customers also increasingly frequently ask us for evidence of a Management System, particularly for Quality and the Environment, through the presentation of questionnaires and the carrying out of audits at our production units.
SOL's rapid response to such requests represents further qualification of the company in the eyes of our customers.

Authorities and Public Administration

The relations of every employee and/or external collaborator with Public Administration must always be inspired by the principles of loyalty, fairness and transparency.
Code of Ethics, art. 2 - Business activity management conduct

The Group's activities involve frequent contact with the Authorities and with Public Administration in terms of both the management of authorisation processes and periodic checks on compliance with legislation.
As regards to the second of these aspects, in 2012 the Group Units were subjected to 59 days of auditing by the Authorities over safety, environmental and pharmaceutical GMPs.
In the management of relations with both local and national authorities, the SOL Group seeks to instil on the basis of objective data and technical and scientific evidence, and with due respect for the roles of the parties involved, constructive dialogue aimed at continual improvement.

General Public

GRI: EC8

GRI: SO1

The characteristics of the production processes and the majority of processed products mean that, generally speaking, no problems are created as regards the management of relationships with local communities.

The SOL Group is nonetheless committed to open and frank dialogue, and seeks to understand the requirements and requests of the communities in the vicinity of its production units in order to achieve maximum acceptance. The active participation in the External Emergency Plans (where applicable) is further evidence of the strong awareness of the general public's needs.
The "Fabbriche aperte" events are an important initiative, promoted in Italy by Federchimica, which periodically allows the public (whether the general public, students, authorities, clients, or suppliers) to visit a production plant and get a first-hand view of how a complex industrial business is managed.

The SOL Group supports bodies, institutions, associations and sports clubs that operate in accordance with its values, both through economic contributions and by making their expertise available.

In 2012 total donations came to approximately €300,000.

Projects worthy of mention include:

Italy: Both **SOL Spa** and **Vivisol Srl** make donations to various non-profit organisations in Italy.

Once again in 2012 both companies supported the Piccolidiavoli3ruote non-profit organisation, organiser of the second "Gran Premio HANDBIKE" event, which was held at Parco di Monza and involved 60 differently-abled athletes.

SOL also supported the initiatives organised in Piombino during the "Giornata della memoria delle vittime della Shoah" ("Holocaust memorial day") by assigning 3 scholarships to young students.

Belgium: **Vivisol Belgio** supports the "Pinokkio" non-profit organisation that looks after children that have suffered burns, and the "Sleeponline" non-profit organisation, which carries out sleep research.

Germany: **Vivisol D** supports Deutsche Sauerstoffliga LOT eV (Association of patients receiving HOT) and QVH (Association for the quality of home respiratory treatment sector)

Austria: **Vivisol Austria** supports the ÖGP (Austrian pneumology association) "Chary Care Award", which helps patients with economic problems.

The Netherlands: **NTG** supports Stichting NGO, which provides medical support during sporting events. **Vivisol Nederland** supports the "EOLUS" research project of the Medical Centre of the University of Groningen which, by remotely monitoring a sample of patients undergoing pulmonary ventilation, will make it possible to evaluate the possibility of domestic treatment, and Semmy Foundation which collects funds for research on brainstem tumours in children.

Spain: **Vivisol I** sponsors the Spanish Society of Pneumology (SEPAR)

Slovenia: **SPG** contributes annually to the upkeep of a children's play area in the historic park of the city of Jesenice and in 2012 it supported the initiatives coordinated by the Embassy of Italy in Ljubljana.

Macedonia: **TGS** participates in research projects with the Faculty of Mechanics of the University of St. Cyril and Metody in Skopje.

Associations

The SOL Group actively participates in the work of the associations which group together companies from the technical and medical gas sector in Italy and in various European countries.
SOL Group experts sit on various working groups within these associations, contributing to the sharing of technical knowledge and the formulation and updating of sector standards.

International Oxygen Manufacturers Association (IOMA)

SOL Spa is a member of IOMA, which gathers together the world's leading operators in the technical and medical gas sector.

European Industrial Gases Association (EIGA)

As well as SOL S.p.A., other Group companies – NTG, BTG, TMG and Vivisol Austria – are members of the EIGA, which gathers Europe's leading operators in the technical and medical gas sector.
During 2012, the SOL Group increased its membership commitment and today has representatives on the Board of EIGA, in 4 Councils, 7 Working Groups and 9 Adhoc Groups, contributing to the definition of standards and best practices in the sector.

National associations

Group companies are members of various national associations, including:

- chemical and pharmaceutical industry associations: Federchimica (Italy), UIC (France), Essenscia (Belgium), VCI and BVMW (Germany), HACI (Greece) and Pharma.be (Belgium)
- technical gas industry associations: Assogastecnici (Italy - SOL Spa), IGV (Germany - TMG), ÖIGV (Austria - SOLTG), VFIG (The Netherlands - NTG), BIMGA (Belgium - BTG), AFGC and APHARGAZ (France - SOL France), HAIMG (Greece - SOL Hellas), GIZTP (Slovenia – TPJ) and BCGA (United Kingdom – Dolby Vivisol).
- associations for the development of biotechnologies: Assobiotec (Italy - Biotechsol)
- homecare sector operator associations: HCP (Austria - Vivisol A); ZVSA (Germany - Vivisol D); FHI (The Netherlands – Vivisol Nederland); SYNALAM (France – Vivisol F)
- other associations: Unamec "Association of producers, importers and distributors of medical devices" (Belgium - Vivisol Belgio); ARTP "Association of Respiratory Technology and Physiology" (United Kingdom – Dolby Vivisol)

Economic performance

The economic slowdown continued in Europe during 2012 leading various countries to recession, especially Italy, with falls in industrial production, investments and consumption.

The economic slowdown continued in Europe during 2012 leading various countries to recession, especially Italy, with falls in industrial production, investments and consumption.

Given this particularly difficult economic context, we believe the results achieved by the SOL Group in 2012 are positive.

Net sales in 2012 improved amounting to 583.0 million euro (+ 4.9 % compared to 2011).
More specifically, during 2012, the technical, special and medical gas sector recorded a growth in sales compared to the previous year (+1.3 %, reaching a turnover of 344.9 million euro).

A drop in sales was however recorded in Italy and in a number of European countries following the contraction in industrial production.

The most positive customer sector was the health sector, while the food and environmental sectors were stable and the steel and mechanical industries showed declining trends.

Home care activities enjoyed a healthy growth both in Italy and abroad (+10.9 % reaching a turnover of 264.9 million euro) thanks to the ongoing commitment to developing new products and services, which support and integrate oxygen therapy, and to increased activities in the United Kingdom.

The growth however was less robust compared to previous years also as a result of the containment policies regarding public health expenditure implemented across Europe.

The cash-flow amounted to 98.5 million euro (16.9 % of sales) up by 1.5 million euro compared to 2011 (97.0 million euro).

Investments accounted for reached 85.4 million euro (84.7 million in 2011).

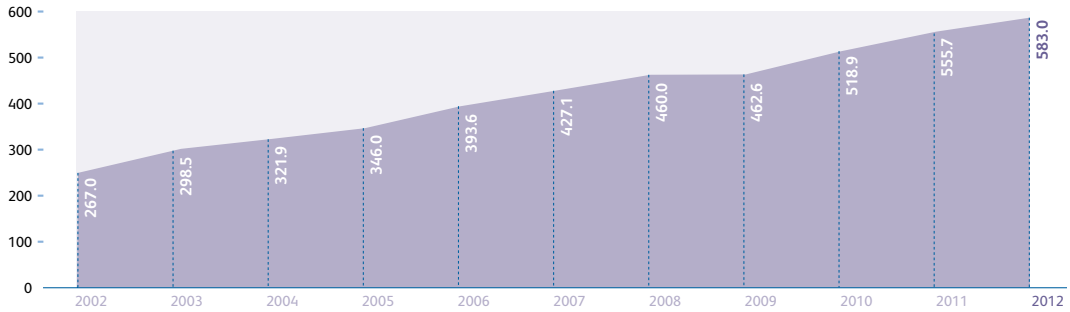
For further information on the Group's financial performance please refer to the Consolidated Financial Statements, published at www.sol.it.

Data refers to the SOL Group

GRI: EC1

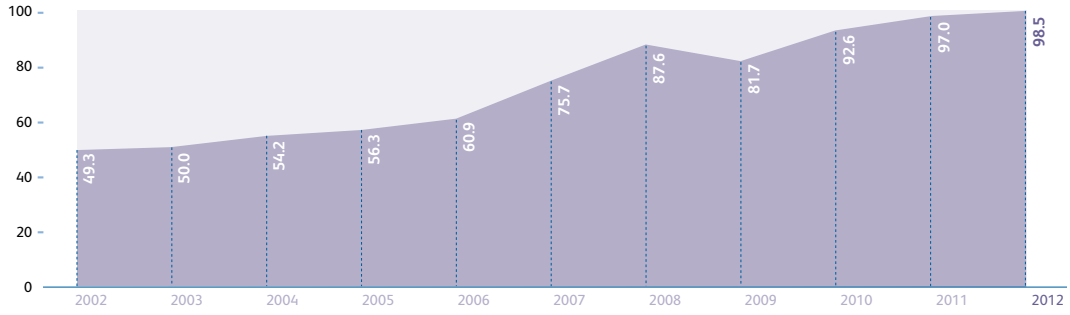
Revenue (CAGR 8.1%)

(milion euro)



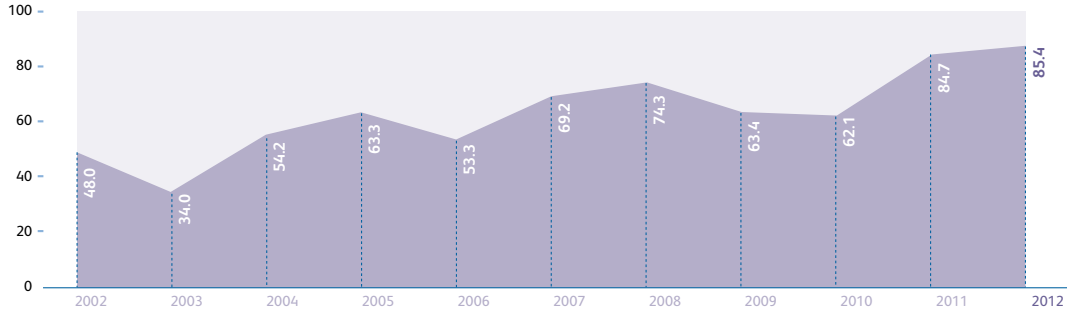
Cash Flow (CAGR 7.2%)

(milion euro)



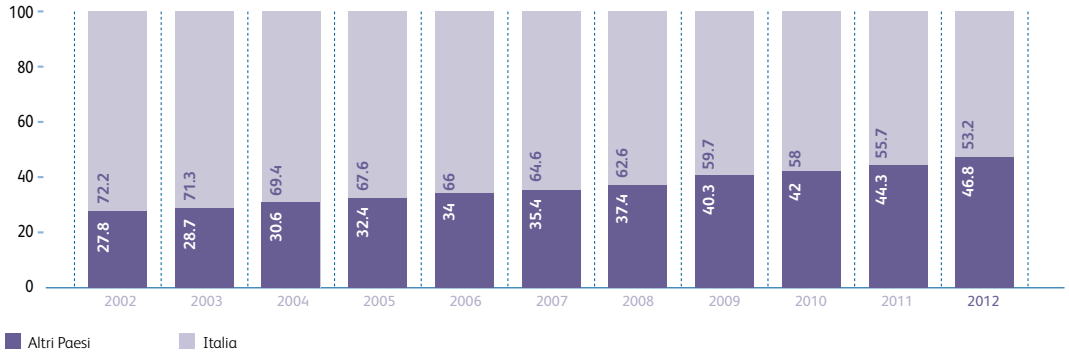
Investments at 31.12

(milion euro)



Revenue Italy/Rest of world

(%)



The distribution of added value makes it possible to express in monetary terms the relationship between the SOL Group and the main stakeholders.

Added Value distribution

(%)

(1) Includes depreciations and amortisations and retained earnings

Environmental performance

When addressing environmental issues, the SOL Group adheres to the principles expressed in the Code of Ethics and the commitments undertaken in the "SOL Group Companies' Safety and Environment Policy" (see the contents of the "System of Governance" section).

In general, SOL's production activities have a modest impact on the environment in terms of the amount of atmospheric and water emissions, and become marginal with regard to activities that differ from those carried out by technical gases sector companies in their primary production plants.

Given these considerations, the Sustainability Report only includes data on emissions related to the Group's primary production units.

More significant however, in terms of global impact and again with reference to the primary production Units, is the level of electric energy consumption as well as the level of fuel consumption of gas transportation vehicles.

Starting from this report, data were also collected on the waste produced in all the Group's Italian units, whilst for the other countries, data only refer to the primary production units.

The plants

The environmental indexes provided herein (with the exception of waste) concern the primary production plants of the technical gases sector, which are listed in the table below.
As far as Italy is concerned, these data are also sent to Federchimica every year and are used when drawing up the Responsible Care Report.
The table provides some information on the primary processing units, whose environmental parameters are summarised in this Report.
As well as the gases produced, the following information is also provided:

IEA [(1)]

The plant has Integrated Environmental Authorisation, falling within the I.P.P.C. field of application.

Certifications [(2)]

If it has a logo, the site is certified as being compliant with one or more of the following standards: ISO 9001, ISO 14001, OHSAS 18001 or EMAS Registration.

Seveso Directive [(3)]

The plant falls within the Directive 96/82/EC ("Seveso Directive") field of application.

Company	Country	Unit	Plant type	AIA[1]	ISO 14001[2]	EMAS[2]	OHSAS 18001[2]	Seveso Directive[3]
SOL Spa	Italy	Mantova	Air separation (ASU)					X
		Verona	Air separation (ASU)					X
		Cuneo	Air separation (ASU)					X
		Piombino	Air separation (ASU)					X
		Salerno	Air separation (ASU); Hydrogen production	X				X
		Ravenna	Hydrogen production	X				
		Cremona	Nitrous oxide production	X				X
		Ancona	Acetylene production	X				X
		Caserta	Nitrous oxide production	X				X
		Pisa	Gas cylinder filling unit					X
SPG	Slovenia	Jesenice	Air separation (ASU)					X
SOL France	France	Cergy Pontoise	Gas cylinder filling unit					X
		Saint Savin	Gas cylinder filling unit					X
SOL Spa Branch	Belgium	Feluy	Air separation (ASU)					X
SOL Spa Branch	Germany	Francoforte	Liquefaction of gases from air separation					X
NTG	Netherlands	Tilburg	Nitrous oxide production					X
UTP	Croatia	Pola	Acetylene production					
Kisikana	Croatia	Sisak	Air separation (ASU)					
SOL SEE	Republic of Macedonia	Kavadarci	Air separation (ASU)					
TGS	Republic of Macedonia	Bitola	Carbon dioxide production					
		Volkovo	Carbon dioxide production					
		Lotepro	Air separation (ASU)					
		George Petrov	Acetylene production					
TGP	Bosnia-Herzegovina	Petrovo	Carbon dioxide production					

Air separation unit

The process of separating air to produce oxygen, nitrogen and argon is a natural physics process. These processes involve high electricity consumption, as illustrated in detail below.

Environmental aspects: For the above reason, air separation plants emit negligible quantities of CO_2, sulphur oxides (SO_x) and nitrogen oxides (NO_x) and can be regarded as particularly compatible with the environment.

Hydrogen production units

These Units use natural gas and water in a chemical reaction that produces hydrogen.

Environmental aspects: The hydrogen production plants emit CO_2 and nitrogen oxides (NO_x).

Nitrous oxide production units

These units produce nitrous oxide through the dissociation of the ammonium nitrate, solid or in a water solution.

Environmental aspects: Not significant.

Acetylene production units

Acetylene is produced through the decomposition of a solid (calcium carbide) using water.

Environmental aspects: The process produces hydrated lime, which is normally recycled for use in industry or agriculture.

Carbon dioxide production units

Carbon dioxide is a sub product of chemical plants or derives from natural underground deposits, and is purified and liquefied with the use of energy.

Environmental aspects: Carbon dioxide obtained in this way is reused in industrial applications rather than being emitted into the atmosphere.

Units subject to i.P.P.C. and Integrated Environmental Authorisation

Some SOL Spa units are subject to Italian Legislative Decree no. 59 of 18/02/2005 on Integrated Pollution Prevention and Control (I.P.P.C.), which regulates the issuance, renewal and review of Integrated Environmental Authorisation.

The company attained this authorisation for its hydrogen production (Ravenna and Salerno), nitrous oxide production (Cremona and Caserta), and acetylene production (Ancona).

Compared to 2011, the Cuneo plant no longer falls within application of the I.P.P.C., since it has terminated the production of hydrogen.

Energy resources

GRI: EN3

GRI: EN5

Electricity consumption is key to the air separation process for the production of cryogenic gases as both the compression of the gases and their liquefaction are operations that involve significant energy consumption.

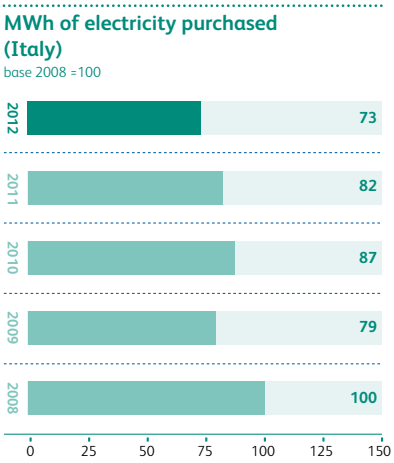
The company is particularly attentive to monitoring energy consumption, not only for economic reasons, but also to fulfil the sustainability criteria that underpin the SOL Group culture.
Activities to contain energy consumption are not just limited to optimising processes and the careful management of plants, but extend to the design and choice of plant solutions and the updating of plant machinery, areas in which there is significant investment every year.

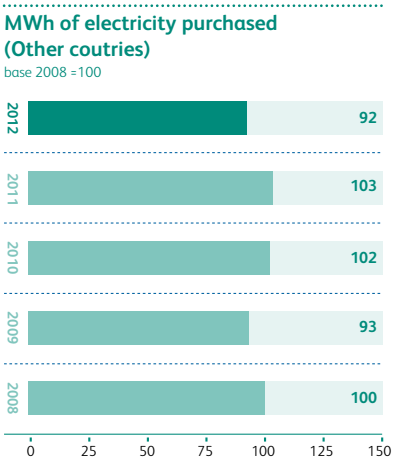
An important investment was made in 2012 at the Salerno plant, consisting of the replacement of the liquefaction plant and air compressor, which led to an approximately 10% reduction in energy consumption. The activities carried out in the sector of energy production from renewable sources are further proof of the Group's commitment to protecting the environment.

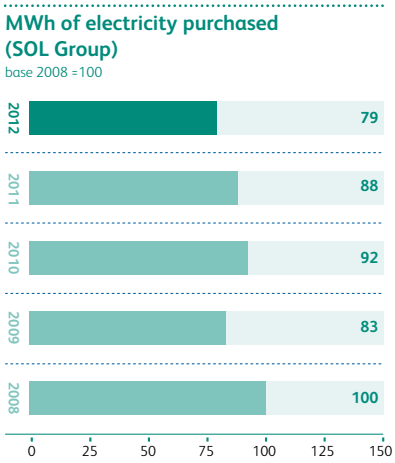
The graphic outlines the trends as regards the quantities (Mwh) of electricity purchased, taking 2008 = 100 as a basis.

The lower quantities purchased are a result of the inferior quantities produced, which is connected to the performance of the market and a number of plant engineering interventions aimed at improving energy efficiency.

Also in 2012 it was possible to concentrate production at plants with lower specific consumption, thus encouraging a reduction in energy purchases.







Transport

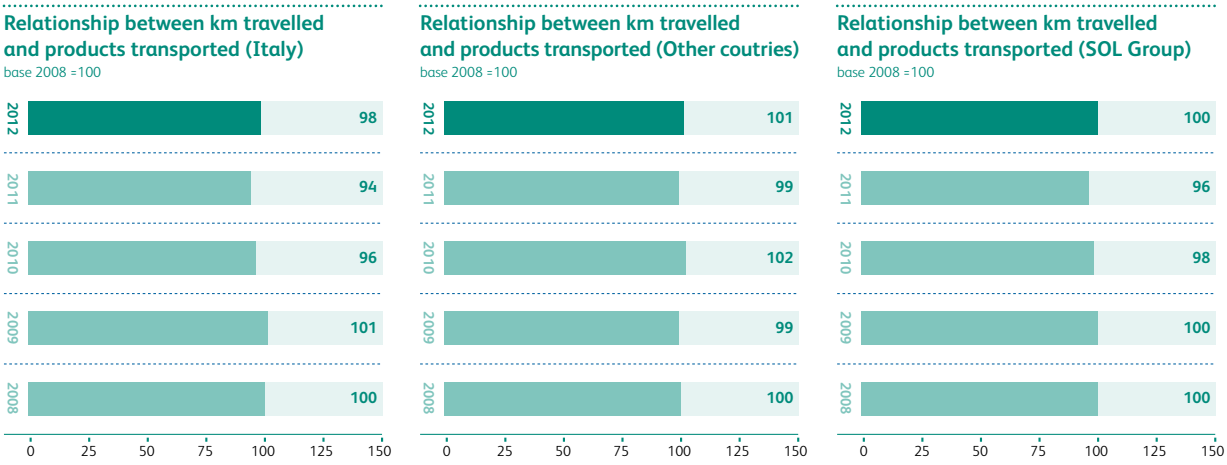
GRI: EN29

Transportation is another key topic when it comes to environmental and safety issues.
In fact, products are mainly distributed to the widespread customer base by road.
The characteristics of the main products are such that special vehicles (heavily insulated tankers for cryogenic liquids) or containers (cylinders for compressed gases) are often required whose basic characteristics result in low efficiency as for consumption of fuel per unit of product transported.
SOL's activities to reduce fuel consumption and, therefore, environmental impact, take the form of:

- developing production units that are as widespread as possible in order to reduce the distances travelled by vehicles
- investments in next generation super insulated tankers, with a better relationship between the weight of the product being transported and overall weight
- the adoption of logistics management methodologies designed to optimise routes.

With a view to ongoing improvement, the "Rainbow" project was launched which involved the replacement of the existing software used for planning the distribution of liquid products with one that offers superior performances.
The project was completed in Italy in 2012 and will be extended to all the other countries during 2013.

The graphic outlines the trend in the ratio between kilometres covered and units of transported product (m^3/kg), taking 2008 = 100 as a basis.
The negative index trend is a result of the persistence of the overall negative economic climate, which caused several customers with high consumption levels to close, i.e., customers with which it was usually possible to achieve the highest transport efficiency levels.
The "Rainbow" project was only able to partially mitigate the consequences.



Starting from 2012, we also started to keep the mobility of technical and sales personnel under control.

For over ten years, the corporate policy in Italy has been to provide company cars acquired with long-term lease contracts, giving significant importance to CO_2 emmissions when choosing the vehicles.

As may be seen in the graphic, over 80% of the vehicle fleet is included in the band ranging from 81 to 140 g/km and 70% is included in the 101/120 g/km band.

Acoustic emissions

Noise pollution mainly came from compressors, turbines, tank loading operations and the functioning of the cooling towers used to cool industrial water.
To reduce emission levels, which were already limited in the plant design phase with the adoption of a number of technical features (such as the encapsulation of the compressors), over the years a number of other steps have been taken, such as the installation of silencers at tank loading lines and the soundproofing of evaporating towers.
Thanks above all to these operations, the daytime noise levels at the perimeter walls of all of the plants were found to be below 70 dB(A), and therefore within the legal limit for industrial areas.
The company is nonetheless committed to continuously monitoring noise pollution levels and, where possible, reducing them further with new plant operations.

Atmospheric emissions

GRI: EN20

Because of the types of production processes used there is no significant generation of nitrogen (NO_x) or sulphur (SO_x) based atmospheric emissions.
The emission values are nonetheless monitored periodically and are always well below the legal limits.

Greenhouse gases

GRI: EN16

The emission of greenhouse gases consists of:

- carbon dioxide, a by-product in the plants producing hydrogen via steam reforming of natural gas and release in the plants producing CO_2 from wells
- nitrous oxide, released in the plants producing N_2O from ammonium nitrate
- HFC (Hydrofluorocarbons), used in the plant refrigeration circuits.

Emissions of greenhouse gases

(tCO_2 equivalent/year)

	2012	2011	2010	2009	2008
Italy	11,618	11,765	13,840	15,926	16,184
Other Countries	8,361	7,289	7,575		

The table shows the quantity of greenhouse gases emitted by the production units, expressed in tonnes of carbon dioxide equivalent.

The emissions in Italy remained at the same level of 2011, which must be considered the minimum level technically achievable, considering the characteristics of the production processes involved and following investments in and maintenance work on the refrigeration plants, especially of the Salerno and Piombino Units.

Waste (tonnes/year)

GRI: EN22

The production processes used in the Group's units do not directly produce waste.
The only significant exception is the acetylene production process; this process generates calcium hydrate which, in the acetylene production plant in Croatia, is sent for disposal in contrast with what happens in Italy where it is sold as a by-product.
In the primary production plants, the production of waste consists of:

- non-dangerous waste deriving from maintenance activities: mainly iron scraps, packaging and insulating materials
- dangerous waste deriving from maintenance activities: mainly exhaust oils previously used to lubricate machines
- calcium hydrate, a by-product of acetylene production, and ammonia solution, a by-product of ammonia conditioning, both considered dangerous waste.

Starting from this edition of the Report, we extended the collection of data regarding produced waste to the following categories:

- dangerous and non-dangerous waste deriving from the testing of cylinders and cryogenic recipients
- dangerous and non-dangerous waste deriving from the repair of electric and electronic equipment

and to the activities carried out at customers sites;

- dangerous waste deriving from maintenance activities: mainly exhaust oils previously used to lubricate machines and plant filtering systems
- sanitary waste deriving from homecare activities

In order to make a comparison with the previous Reports possible, the following graphics also include the 2012 figure related to the same scope of measurement up to year 2011, marked with (*).
Given the origin of the waste produced, the type and quantity of waste vary over the years depending on the number and type of maintenance interventions carried out.

Waste
(tonnes/year)

		2012	2012(*)	2011	2010	2009	2008
Italy	*Non-dangerous*	329.5	184.8	79.8	197.7	90.0	226.0
	Dangerous	184.0	56.6	61.2	87.5	123.4	77.9
Other Countries	*Non-dangerous*	14.4		15.1	242.0		
	Dangerous	2,025.0(1)		2,668.7	1,319.6		

(1)Calcium hydrate from the production of acetylene accounts for 99 %

The waste produced is separated as follows:

Landfill
(tonnes/year)

		2012	2012(*)	2011	2010	2009	2008
Italy	*Non-dangerous*	5.0	5.0	0.0	0.0	1.7	5.5
	Dangerous	5.3	5.3	0.0	1.0	0.7	2.4
Other Countries	*Non-dangerous*	3.5		10.6	24.8		
	Dangerous	2,019.0		2,566.9	1,306.9		

Treatment
(tonnes/year)

		2012	2012(*)	2011	2010	2009	2008
Italy	*Non-dangerous*	85,3	83,3	16,6	159,4	14,1	32,8
	Dangerous	44,3	44,3	54,4	26,5	40,9	5,4
Other Countries	*Non-dangerous*	1,2		0,0	2,1		
	Dangerous	5,6		100,1	0,4		

Recycled
(tonnes/year)

		2012	2012(*)	2011	2010	2009	2008
Italy	*Non-dangerous*	239.2	96.5	64.2	38.3	63.4	135.0
	Dangerous	134.4	7.0	6.8	60.0	76.0	52.8
Other Countries	*Non-dangerous*	9.7		4.5	215.1		
	Dangerous	0.6		0.8	12.3		

Water withdrawals ($m^3 \times 10^3$)

GRI: EN8

Water is mainly used in the refrigeration circuits of production plant machines.
In most plants the water is recycled, so consumption is mostly associated with replenishing the evaporated quantities.
The reduction in withdrawals in "Other countries" is the result both of the suspension of the Sisak plant in Croatia during 2012 (a plant that normally has high water consumption since it is not provided with a system for recycling the cooling water) and of completion of the water circuit closure at the Skopje plant (Republic of Macedonia) during the course of the year.

Water withdrawals
($m^3 \times 10^3$)

	2012	2011	2010	2009	2008
Italy	1,094	1,215	1,199	1,174	1,279
Other Countries	1,616	5,560	7,253	7,255	8,179

Water drainage (tonnes/year)

GRI: EN21

The plants carry out water drainage monitoring and quality control programmes.
For the first time, in addition to the data of the Italian primary production plants, data were also collected regarding the other countries in which the Group operates.
In both cases, the analyses carried out show that, as well as the absolute values of the pollution quantities outlined in the following table, the concentration of pollutants is well below the limits established by law.

Water drainage
(tonnes/year)

		2012	2011	2010	2009	2008
Italy	*COD*	24.61	22.15	10.45	10.62	6.50
	Total nitrogen	4.27	6.64	3.83	4.32	2.62
	Suspended solids	4.88	4.24	7.69	5.16	3.97
	Total phosphorus	0.37	0.46	0.88	3.08	0.78
	Heavy metals	0.09	0.11	0.10	0.10	0.29
Other Countries	*COD*	2.77				
	Total nitrogen	0.65				
	Suspended solids	0.76				
	Total phosphorus	0.41				
	Heavy metals	1.50				

Soils and aquifers

GRI: EN23

The production of oxygen, nitrogen and argon is carried out using a typically physical process (air separation) that excludes the possible presence of substances that can provoke the contamination of the soil or the groundwater.

The hydrogen production process from steam reforming does not involve harmful chemical substances either. The nitrous oxide production process uses ammonium nitrate, in liquid concentrate or solid form, as a raw material, and this is stored in such a way as to prevent it from being dispersed into the soil or groundwater.

In the acetylene production process, the reaction produces calcium hydrate as a by-product, which is stored in special tanks before being sold to users in different product sectors, or sent for disposal.
A number of SOL Units were set up in areas with soil and groundwater contamination problems, although these problems are exogenous and pre-existed the arrival of SOL in the area.

Mantua

A section of the SOL plant in Mantua, set up as part of the chemical industry park, is included in the "Sito di interesse nazionale Laghi di Mantova e Polo chimico".
SOL took part in the annual "Established underground water monitoring campaign" promoted by the Mantua Regional Environmental Protection Agency (ARPA) also in 2012.

Ravenna

The SOL plant is located in the Ravenna Chemical Industry Park, where the groundwater has been found to be polluted.
As requested by the Ravenna ARPA, SOL set up a piezometer on its land, and takes part in periodical monitoring campaigns.

Social performance

Human resources

The SOL Group attributes maximum importance to those that work for it, directly and significantly contributing to the development of the company.

It is thanks above all to human resources that the SOL Group is able to develop and improve on its performances.

Transparency, loyalty, impartiality, honesty, integrity, the continuous commitment to quality, the ongoing improvement of safety and respect for the environment are the key values that the SOL Group hopes to find and continually encourage in all its personnel.

Every SOL Group employee, whatever job they do and whatever kind of contract they have, is responsible for the tasks they have been assigned and must therefore be able, within the limits of their remit and in respect of the organisation, to take decisions and to work with a good level of independence in a strong and trusting relationship with the company.

In this respect the SOL Group pledges to:

- develop the skills and expertise of their employees so that the efforts and creativity of each one can be maximised in order that they may be able to fulfil their potential, in accordance with the needs of the organisation;
- maintain a strong bond between the holding company and the various subsidiaries, in the guise of a partnership;
- encourage the exchange of information using increasingly widespread internal communications tools, thanks also to the use of modern IT technologies;
- enhance human capital by sharing the main values that underpin the identity of the Group and integrating the diversities and best practices present within;
- guarantee the psycho-physical integrity of all its collaborators, in line with their morals. In this respect the SOL Group is constantly committed to complying with national labour laws as well as international conventions and recommendations, including the resolutions of international organisations such as the ILO (International Labour Organization) and the United Nations.

SOL Group Employees

With regard to the personnel at the SOL Group, below is some general data on the situation at 31 December 2012.
The few cases in which the data refer solely to the companies that operate in Italy are duly signposted.

Employment trends

Despite the crisis situation in the market, workforces continued to grow in 2012 both in Italy and in the other countries in which the Group operates.
The overall growth on 2011 amounted to 238 resources, equal to 10.5%.
Of the 238 resources, 201 (+14.65%) were related to foreign countries while the remaining 27 (+3.07%) to resources in Italy. These data include entries following acquisition transactions.

The turnover calculated on the average figure dropped by one percentage point only compared to the previous year, attaining satisfactory levels.

Diversity management and population trends

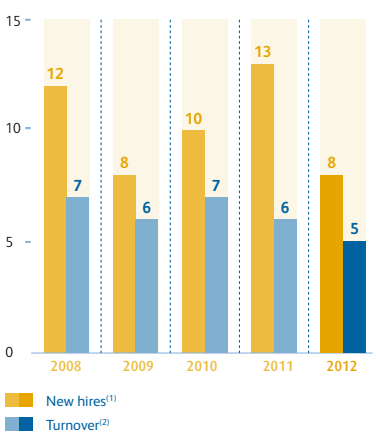
The graphics show Group staff divided by gender, years with the company and age range.
The percentage of women has increased since 2008 reaching 27% of the entire workforce in 2012.
Compared to the previous year, the number of women grew by 57 units in 2012.

Absenteeism

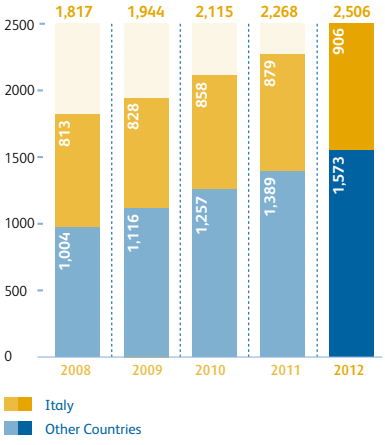
GRI: LA7

For years now the SOL Group has recorded levels of absenteeism in Italy that are far below both the national averages for the sector and for the industry.
The 2012 figure for the Italian companies in the Group came to 3.42%.
This phenomenon is nonetheless also under control in the overseas companies and does not represent a critical factor.

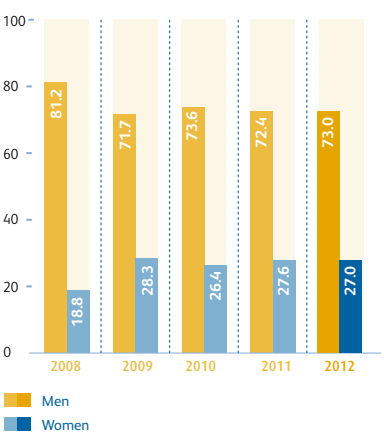
Employment trends (%) — **GRI: LA2**



Geographical location (no.employees) — **GRI: LA1**



By gender (%) — **GRI: LA13**



(1) Calculated as the relationship between annual new hires and the average staff size that year.
(2) Calculated as the relationship between annual staff departures and the average staff size that year.

Human resource management policies

As part of its human resource management policy, the SOL Group operates with the goal of constantly developing the optimal management of its personnel through the combined use of a series of tools.

Compensation policies

In its companies in Italy and abroad, the SOL Group focuses great attention on the use of the lever of compensated development both at a collective level (guaranteeing the increases established by the collective contracts where applied and/or negotiating additional contracts that may involve, as in Italy, production/ participation bonuses related to corporate productivity and profitability parameter trends) and at an individual level (merit policy and/or bonuses related to individual performances).

Supplementary pension plans

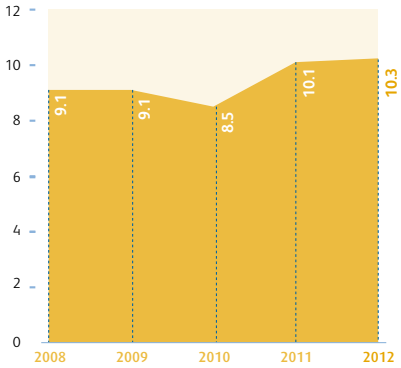
GRI: EC1

The SOL group applies the National Collective Labour Agreement (CCNL) for employees in the Chemical and Chemical-Pharmaceutical Industry to its Italian personnel involved in activities relating to technical gases and homecare.

This CCNL includes the "FONCHIM" pension fund (in which SOL participated immediately) which, with the joint contributions of employees and company, seeks to develop supplementary individual pension plans to the state pension. The number of employees in the Italian companies of the Group that have subscribed to the fund is quite high both because of the validity of the initiative and the promotional and information-related activities carried out by the company during the hire phase and thereafter.

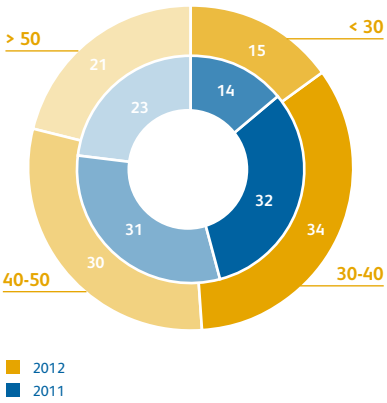
Years with company GRI: LA13

Av. time with company (years)



Age ranges GRI: LA13

(%)



In line with the various different practices in other European countries, many of the Group's subsidiaries make contributions to similar plans.

FONCHIM	Average no. subscribers	%	Company contribution
2012	**567**	**77 %**	**414,000**
2011	569	77 %	378,000
2010	570	77 %	315,000
2009	572	80 %	286,000
2008	569	81 %	273,000

Supplementary health plans

GRI: EC1

The supplementary health fund for the Chemical industry in Italy, "FASCHIM", also stems from the CCNL and was established more recently.
The chemical industry was one of the first to introduce such coverage, fully aware that the public health service will increasingly struggle to cover the healthcare needs of the people.
The contributions are largely footed by the company. Employees can also register their families in the plan.
The fund has certainly been a great success with subscription levels of around 80 %.

FASCHIM	Average no. subscribers	%	Company contribution
2012	**574**	**79 %**	**157,000**
2011	572	79 %	156,000
2010	578	83 %	153,000
2009	524	74 %	159,000
2008[1]	629	90 %	134,000

[1] The Chemical Industry CCNL of 6 December 2007 established that all employees that had not yet subscribed to Faschim would be subscribed automatically and free of charge from 1 July 2008 to 30 June 2009, with the companies responsible for making all contributions.

Similar initiatives in this field have also been launched by the Group's main overseas companies.

Work-life balance

In line with technical and production organisational requirements, the SOL Group is sensitive to the needs of employees to balance their working lives with personal and family commitments, even if of a temporary nature.

Indeed, the SOL Group has introduced flexible working hours, is favourable to the concession of sabbaticals on request, even if they go beyond the provisions of the law or collective agreements, has successfully introduced telecommuting, has formalised its willingness to grant loans with favourable conditions and, above all, can boast part-time contracts that account for almost 6 % of the group's average workforce.

Selection and talent attraction activities

In order to create a team of qualified and highly skilled professional people, the company places great importance on recruitment and selection activities.
In addition to the direct involvement of the central and local HR department, contact is often made with the biggest universities, training centres, schools and professional associations, also participating in special recruitment events ("career fairs") and publishing its profile in some of the biggest "career directories".

Training and development activities

GRI: LA8

Learning and training, in their widest sense, are an integral part of the SOL Group culture.
For this reason the SOL Group companies place great emphasis on the training and personnel development activities organised at both technical training and managerial level.
At the SOL Group we believe that the drive that enables us to improve our professional skills must come from within: it must stem from our curiosity, from the determination with which we take on new challenges, from our desire to learn and embrace the new.
In this context, in our Group priority is given to training "in the field" with constant job shadowing provided by more expert colleagues.
Aside from technical training and security-related training, every year Human Resources Head Office organises or coordinates special training programmes, with an international profile, dedicated to understanding the company and its culture.

The most significant training events in 2012 were:

- Orientation Meetings: meetings attended by new hires from all Group companies, during which the Group and its activities are presented. In 2012 a meeting was held in Belgium at the Feluy plant, attended by 56 participants
- Study of foreign languages, especially English, the language used in communications between the Group companies
- Development of young talents: international "Fly High" programme involving 25 participants
- Funding of a number of Master's courses for employees

Particular attention is also focused on management training programmes dedicated to figures that have a degree of responsibility in terms of managing resources in the Group companies.

Below is a summary of the figures relating to some of the training activities carried out in Italy in 2012 and directly coordinated by the HR Head Office.

	Hours of training	Participants	Outside Italy
Training of new hires	2.850	38	n.a.
New hire meetings (Orientation Meetings)	448	56	51
"Fly High" Programme (talent)	400	25	9
Management training	256	8	7
Coaching	96	6	n.a.
Languages	260	24	n.a.

Industrial relations

The Personnel and Legal Affairs Head Office directly guarantees the management of Industrial Relations for all Italian companies and coordinates those of the overseas companies, intervening where necessary.
SOL is an active member of the sector employees' federation (Federchimica) and participates in the negotiations for the renewal of the National Collective Labour Agreement (CCNL) and in other common initiatives regarding the social stakeholders.
At a corporate level, it has periodic relations with its SOL union representatives, which are geared towards maximum collaboration and transparency, and it negotiates a company contract which, as established at national level, seeks to reward objective improvements in productivity and profitability.

Health and safety in the workplace

Compliance with the law is a priority for SOL and for all its collaborators and employees.
SOL is firmly committed to protecting the environment, health and safety of the workplace.
Code of Ethics, art. 5 - Health, safety and environmental protection

The protection of the health and safety of its human resources are basic and inalienable values for the SOL Group. They are based on the ethical vision of the workplace that guides day-to-day activities within the SOL Group and all the Group's companies.

Organisation

The relevance of this issue led to the creation in 2005, as part of the Quality, Safety and Environment Head Office, of a specific Head Office for all Group companies that have the task of managing activities to protect:

- people: health, injury prevention and workplace hygiene;
- company assets: fire prevention, safety of plants and environmental hygiene;
- the administrative responsibility of the company pursuant to Leg. Decree no. 213/01: corporate management system for health and safety issues, compliant with BS OHSAS 18001.

This Office defines action areas, checking their application and coordinating the actions of the Units and the other Head Offices.
In every Group company one or more members of staff in each Unit are also trained in order to acquire specific skills in the areas of safety and the environment, enabling them to enact company directives and monitor their correct application.

Already in the course of 2011, a "Safety and Environment Reference Person (SERP)" was unequivocally identified for every company in the Technical Gases Sector. This person:

- is the main contact person for all communications related to safety and the environment
- is responsible for their dissemination in each individual company and subsequent training activities
- participates in periodic training and experience sharing meetings

Seveso directive

Because of the types of gas they produce and the amounts they have in storage, seventeen of the Group Units are subject to the 96/82/EC Directive ("Seveso Directive"), implemented in Italy with Italian Legislative Decree no. 334/01.
It affects the Italian plants in Piombino and Mantua (art. 8) and in Cremona, Cuneo, Salerno, Ancona, Marcianise, Verona and Pisa (art. 6), as well as those in Feluy (Belgium), Frankfurt, Gersthofen and Krefeld (Germany), Cergy Pontoise and Saint Savin (France), Tillburg (The Netherlands) and Jesenice (Slovenia).

Directive 96/82/EC imposes the adoption of a specific safety management system (which has many similarities with the contents of OHSAS 18001) and this further strengthens the commitment of the plants involved, which are periodically subject to controls by the Authorities (two in 2012 - in Germany and the Netherlands -, all of which have concluded with a positive outcome).

Training and awareness

GRI: LA10

The training of employees is key for the correct application of the corporate management system.
As such, all employees are involved in ongoing awareness raising and training activities aimed at eliminating or at least minimising the possible environmental impact of our activities, and guaranteeing high levels of safety.
The training requirements of each individual Unit are established on an annual basis by the respective Managers, and implemented in personalised training programmes aimed at employees of all levels.
The training and updating of managers is also crucial.
To this end, periodical meetings are organised, also involving the participation of external specialists, to improve the skills of managers, but also to stimulate collaboration between the Units and to share management methods.

Further attention is focused on safety issues through the periodical publication (in Italian and English) of:

- the "Safety Alerts", documents which, taking events that have occurred in the sector as a starting point, encourage respect for correct codes of conduct;
- the "Quarterly Accident Reports", which illustrate and analyse the most serious accidents to have occurred during the period in the Group and in other companies in the sector that form part of Assogastecnici and EIGA.

Training on safety topics

The Italian Group companies held 700 training meetings during 2012, with 3,764 people attending for a total of 7,248 hours.

Training on environmental topics

The Italian Group companies held 196 training meetings during 2012, with 1,143 people attending for a total of 2,108 hours.

Auditing

Audits are the main tools used to monitor the correct functioning of the health, safety and environmental management system, and to identify and subsequently implement eventual corrective measures.
Audits can be "internal", i.e. carried out by SOL Group personnel, or "external", i.e. entrusted to third party organisations, normally for the renewal or attainment of new certification.
The aim of internal audits is:

- to verify that activities are carried out in compliance with company procedures and regulations, and to determine the corrective measures to take in the event of non compliance;
- to support the Unit subjected to the audit in their efforts to improve, contributing the experiences of other Units and strengthening company culture in terms of health, safety and the environment.

In 2012, a total of 44 days of internal audits were carried out in the areas of safety and the environment.

External audits are carried out by the certification body in the same way as internal audits, and are aimed at verifying the correct application of the management system as per the reference regulations (ISO 9001, ISO 14001, OHSAS 18001, EMAS etc.).

In 2012, the Units' operation of SOL Group were subject to 22 days of external auditing by certification body Certiquality.

Injury indexes

GRI: LA7

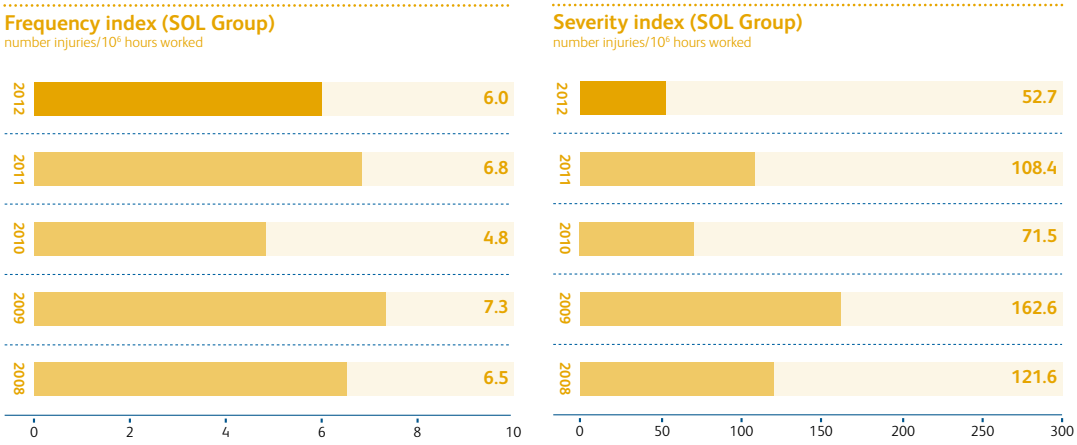
The trend in terms of accident statistics as outlined below shows that the entire organisation is fully committed to respecting good company practices, as established by the Management System.

In 2012 the injury frequency (IF) and severity indexes (IG) for the Group (injuries that resulted in absence from the workplace for at least a day, excluding the day of the accident itself) came to 6.0 and 52.7 respectively, both falling compared to the previous year.

The value of the frequency index concerning Italy is equal to around 80 % of that of the chemical industry (as reported by INAIL, which however considers injuries that result in over 3 days of absence of work, as opposed to SOL, which counts injuries leading to more than one single day off work) which, in turn, is equal to around 50 % of the average value recorded in the manufacturing industry.

In the table have been included the indexes relating to countries where at least 100 employees operate.

The indexes for all the countries taken into account show a generally positive trend and are related to non-serious injuries that can be attributed to misfortune or lack of attention on the part of operators.



Frequency index

number injuries/10^6 hours worked

	Italy	France	Germany	Netherlands	Belgium	Republic of Macedonia
2012	**6.0**	**0.0**	**8.3**	**4.0**	**14.6**	**0.0**
2011	6.8	4.0	6.2	4.0	29.8	0.0
2010	4.5	6.7	2.5	0.0	0.0	0.0
2009	6.9	10.5	3.0	0.0	0.0	6.5
2008	3.7	12.0	7.3	0.0	0.0	6.5

Severity index

number injuries/10^6 hours worked

	Italy	France	Germany	Netherlands	Belgium	Republic of Macedonia
2012	**46.5**	**0.0**	**108.8**	**8.0**	**114.4**	**0.0**
2011	80.3	57.8	141.7	87.7	268.5	0.0
2010	82.3	64.8	24.7	0.0	0.0	0.0
2009	41.9	425.2	71.9	0.0	0.0	502.3
2008	32.2	444.0	25.4	0.0	0.0	165.5

”Zero accidents” goal

Achieving a “Zero accidents” goal is the challenge set by each SOL Group Unit on an annual basis and which is usually always attained thanks to the commitment of all the workers.

The success is strictly connected to the awareness that workplace safety is foremost an ethical issue since it involves the quality of life of the persons working in our Group.
This results in the capability to create and maintain a shared culture over time which places safety at the basis of every activity carried out.

During 2012, the “Zero accidents” goal was reached by 61 Group Units which represent 85 % of the Group’s production units.

Many Units have been able to maintain results over time, as reflected by the fact that over the past three years:

- **9** Units have achieved **five consecutive years** without injuries
- **2** Units have achieved **ten consecutive years** without injuries
- **1** Unit have achieved **fifteen consecutive years** without injuries
- **4** Units have achieved **twenty consecutive years** without injuries

Employee health

All employees potentially exposed to health risks undergo medical check-ups, in compliance with the requirements of the laws of the various Countries and at a frequency established by the company Occupational Health Doctor.
In order to maximise the quality of the check-ups, in complex companies such as SOL Spa and Vivisol Srl, a head company OHD has been appointed who establishes guidelines and monitors the health protocols adopted by local OHDs.

In 2012, monitoring of health surveillance was extended to all the Group's companies (the percentage of employees subject to health monitoring with respect to the total number of employees is shown in brackets)

	Italy	Other Countrie
Medical check-ups (no. employees)	**372 (41.1%)**	**315 (20.0%)**
Clinical analysis (no. employees)	292 (32.1%)	170 (10.8%)
Supplementary examinations (no. employees) [1]	339 (37.4%)	328 (20.9%)

[1] ECGs, spirometry, audiometry, etc.

The lower values of the percentage of employees subject to health monitoring in "Other countries" is mainly due to the different rules existing in these countries and, to a lesser extent, to the need to better develop standardised data collection criteria.
The results of the check-ups revealed 21 cases of pathologies connected with the company's activities, mainly the manual movement of loads.
No positive cases of the use of psychotropic substances and drugs were found.
Furthermore, there is no evidence of any cases of professional illness.

Product safety

The activities started in 2010 to review the safety data sheets of all substances for all companies operating in the European Union were completed.
The review became necessary after the Classification, Labelling and Packaging (CLP) regulations regarding the European standardisation of the classification and labelling of substances and dangerous preparations, came into effect.
The labels put on mobile containers were likewise reviewed.
With regard to REACh, the only substance registered to date is lime (by-product in the production of acetylene).

The registration envisaged for the other substances subject to pre-registration (acetylene, nitrous oxide and calcium carbide) has been postponed to 2018, following verification that the amounts produced or imported are lower than the limit of 100 t/year.
The SOL Group participates in working groups at national and international level on these issues with the aim of keeping constantly up to date with the evolution of regulations, and to work in harmony with the other companies in the sector.
As part of an Assogastecnici working group set up in Italy, a "Guideline for the compilation of Labels and Safety Data Sheets for the main categories of Mixtures" was drawn up, which will be used as reference for fulfilling the further obligations laid down by the CLP, due in 2015.

Glossary

Accident: event due to a chance event that has the potential of leading to an incident or of causing damages to objects.

Air separation: process of separating gases making up the air by distillation, obtaining both liquid and gas products.

Audit: systematic, independent and documented process for objectively assessing to which extent the management criteria taken as reference have been met.

BS OHSAS 18001: international standard issued by the British Standard Institute that establishes the requirements that a health and safety management system must have. It allows an organisation to know the risks resulting from operations in normal and extraordinary conditions and keep them under control, and to improve its safety performance.

Cylinder: container made of steel or light alloy suitable for containing compressed, liquefied or dissolved gases.

Cylinder basket: steel structure that contains several vertical cylinders, normally from 8 to 16 cylinders, to facilitate the simultaneous handling of the cylinders using normal forklift trucks.

Cylinder bundle: set of cylinders connected to each other and supported by a metal structure. A single manifold contains the individual outlets of the cylinders.

Cold converter: container with insulated vacuum air space for containing highly refrigerated liquefied cryogenic gases complete with interception, measurement and safety instruments.

Conditioning: production activity consisting in withdrawing the gas from a secondary storage tank and compressing it in the gaseous or liquid state and putting it into mobile containers. Conditioning also includes the sequence of operations that are carried out on the containers from the time they arrive at the centre until the storage of the containers that are full and ready for delivery.

Eco-Management and Audit Scheme (EMAS): EU regulation 761/2001. It is a voluntary tool for implementing the EU Environmental Policy aimed at the continued improvement of the environmental performances by the companies and enterprises that adopt them.

Food safety: is the concept for which food must not cause injuries to the consumer if prepared according to its intended use.

Frequency index: relationship between number of injuries and hours worked, multiplied by 1,000,000. It is the measurement of the frequency of accidents occurring.

Global Reporting Initiative (GRI): a multi-stakeholder network, set up in 1997 and made up of businesses, NGOs, expert accountancy firms, enterprises and other international stakeholders active in the areas relating to Corporate Social Responsibility. The mission of the GRI is to develop, supply and promote global guidelines for the drafting of Social Reports that describe the economic, environmental and social impacts that businesses and organisations generate through their activities.

Injury: undesired event that leads to body lesions or diseases objectively verifiable during work.

Integrated Pollution Prevention and Control (I.P.P.C.): strategy established with Directive 96/61/EC for the purpose of minimising the pollution caused by the various sources located throughout the EU. It envisages the need to obtain integrated authorisations from the authorities of the various countries for all types of plants listed in Annex 1 of the Directive. It is founded on the assumption that failure to adopt a common approach for controlling emissions into the atmosphere, water and soil may transfer pollution from one sector to another rather than lead to its reduction.

ISO 50001 standard (Energy Management): an international standard designed to help organisations to improve their performances in the energy sector, increasing energy efficiency and reducing the impact on the climate and on the environment.

Major accident: event such as an emission, fire or explosion of grave extent due to uncontrolled developments that occur during activities with the presence of dangerous substances, which give rise to a grave danger for human health or for the environment.

Means of sale: technical and technological products purchased by third parties and granted to the Client for use within the sphere of a service, but intended to remain the property of SOL such as, for example, mobile containers, cold converters, etc.

Medical device (MD): any instrument, apparatus, equipment, machine, device, system, in vitro or calibration reagent, computer software, material or other similar or correlated product to be used alone or in combination in man for one or more specific diagnosis, prevention, control, treatment or attenuation of a disease purposes; for diagnosis, control, treatment, attenuation or compensation of an injury or handicap purposes; for study, replacement or modification of the anatomy or physiological process purposes; for intervening on conception and whose main desired action in or on the human body is not achieved with pharmacological or immunological means or through metabolism, but whose function can be assisted by these means.

Medical gas: every medication made up of one or more active gas substances mixed or not mixed with excipient gases.

Mobile container: container for compressed, liquefied, melted and cryogenic gases used for handling products. Mobile containers are: cylinders, drums, gas cylinders, cylinder bundles, dewars, base units and portable units.

Policy (Quality, Safety, Environment): general principles guidelines of an organisation, expressed in a formal manner by top management.

Primary production units: units where there are plants that produce gases starting with raw materials.

Primary storage: tank of liquefied cryogenic gas supplied directly by the production plant.

REACh: EC regulations no. 1907/2006 (Registration, Evaluation, Authorization and Restriction of Chemicals). Its main purpose is to improve the awareness of dangers and risks caused by chemical substances, with the aim of reaching a high level of protection of human health and of the environment.

Quality, Safety and Environment Management System (QSE/MS): the part of the overall management system that includes the organisational structure, planning activities, responsibilities, procedures, processes and resources for drawing up, implementing and keeping active the defined quality, safety and/or environment policies.

Raw materials - Primary production units: atmospheric air, for the production of oxygen, nitrogen and argon; natural gas, for the production of hydrogen and carbon dioxide; calcium carbide for the production of acetylene, and ammonium nitrate for the production of nitrous oxide.

Responsible Care: voluntary programme of the international Chemical Industry based on the implementation of principles and behaviours regarding the Health and Safety of Employees and Environmental Protection, and the commitment to report the results attained towards a continuous, significant and tangible improvement.

Secondary storage: tank of liquefied cryogenic gas supplied by tankers and normally installed at the conditioning centres.

Seveso Directive (EEC/82/501 and subsequent amendments): European standard for preventing and controlling risks of major accidents occurring. It regulates the industrial activities that contemplate holding and/or using given quantities of dangerous substances.

Sustainability (see sustainable development)

Stakeholder: indicates all categories of private or public, individual or collective, inside or outside parties that can affect the success of an enterprise or that have an interest involved in the enterprise's decisions: clients, suppliers, investors, local communities, employees, trade unions, public administration, future generations, etc.

Steam reforming: process in which natural gas reacts with steam when there is a catalyst to produce hydrogen and CO_2.

Sustainable development: is that which allows current economic, environmental and social needs to be met without jeopardising the possibilities for future generations to meet their own.

Secondary production units: units where the gases are conditioned by usually using the gases coming from the primary production units in the physical state (which can be compressed gas or cryogenic liquid) and in the containers (tankers, tanker bundles, drums or tanks) best suited for their distribution to the end users. Mixtures of pure and high purity gases are also produced in some units.

Severity index: relationship between number of days of absence due to injury and hours worked, multiplied by 1,000,000. It is the measurement of the gravity of injuries.

UNI EN ISO 14001 standard (Environmental Management): international standard that establishes the requirements that an environmental management system must have. It allows an organisation to know the activities that have a significant environmental impact and to keep them under control, and to improve its environmental performance.

UNI EN ISO 22000 standard (Food Safety Management Systems): international standard that defines the requirements of a safety and food hygiene management system.

UNI EN ISO 13485 standard (Medical devices - Quality management systems): international standard that aims to maximise the probability that organisations that work in the medical devices sector satisfy international legal requirements regarding quality management and that they therefore supply safe and effective medical devices.

UNI EN ISO 27001 standard (Information security): international standard that defines the requirements for establishing and managing an Information Security Management System (logical, physical and organisational security), with the aim to protect the data and information from any kind of threats, including integrity, confidentiality and availability

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