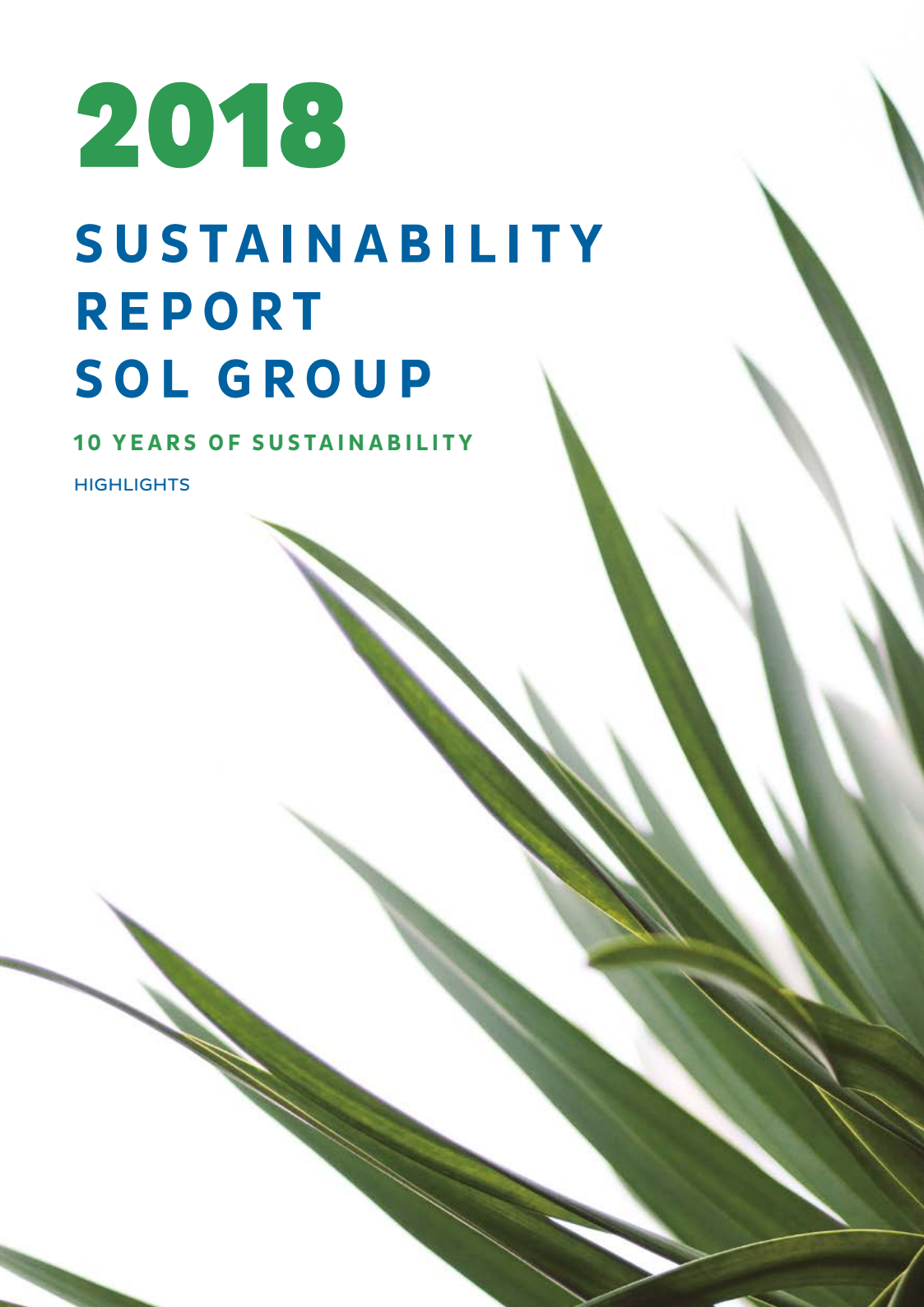


2018

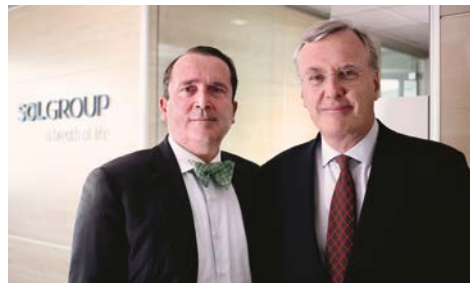
SUSTAINABILITY REPORT SOL GROUP

10 YEARS OF SUSTAINABILITY

HIGHLIGHTS



LETTER TO STAKEHOLDERS



Ten years ago, long before it became a law requirement, we decided to publish the SOL Group's **first Sustainability Report** (originally the Health, Safety and Environment Report). The report was easy and natural to draw up. Moreover, it was a way to communicate clearly with stakeholders, providing information on our vision, **our relationship** with the environment, with natural resources, with our employees, customers and business partners. An easy exercise, given that the values that have guided us day by day have always been the same for over 90 years: the values imparted to us by the Group's founders, Giovanni Annoni and Aldo Fumagalli, by their children and by the managers who have shaped these values over time and made them what they are today.

2018 was another **positive year for SOL**. Net sales grew by 10.1% to 833.5 million Euro, while maintaining excellent profitability. **Investments** remained high, reaching 99.8 million Euro.

Particular **attention** was dedicated **to our employees**: today the SOL Group employs near 4,000 people, a considerable growth compared to last year, in 29 countries on 4 continents. These people represent a wealth of experience, passion and expertise, and SOL offers them professional development opportunities with a wide range of training options and a challenging and rewarding work environment.

The Group has continued to devote great attention to the **health and safety** of its employees and the **environmental impact** of its activities: the number of OHSAS 18001 and ISO 14001 certified units has increased, respectively to 75 and 23. In addition, the "zero accidents" goal was reached by 77% of the Group's companies. Our commitment has been recognised by the European Association of Industrial Gases (EIGA), which awarded to SOL Nederland a prize for the best results in terms of reducing its injury rate over the past five years.



Aldo Fumagalli Romario
Chairman SOL Group



Marco Annoni
Vice Chairman SOL Group

THE 2018 KEY NUMBERS

2014 2015 2016 2017 **2018**

THE ECONOMIC DIMENSION (million euro)

Group's net sales	636.4	674.2	703.4	756.8	833.5
Technical gas area net sales	351.7	363.6	373.1	369.2	403.2
Home care area net sales	312.8	339.8	360.0	387.6	430.3
Gross operating margin	142.9	148.4	167.6	167.2	186.9
Operating result	61.9	65.6	80.9	76.2	89.7
Investments	98.0	89.8	103.7	99.3	99.8

THE ENVIRONMENTAL DIMENSION

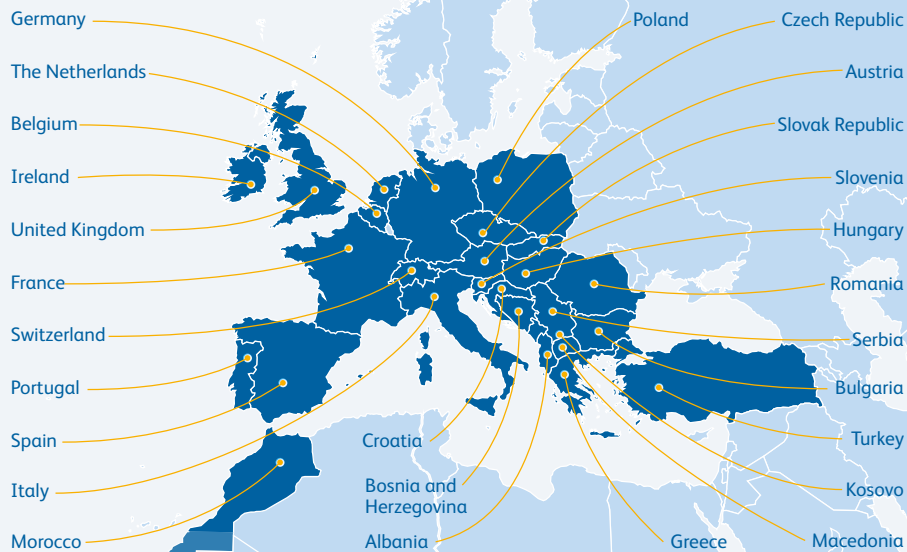
Specific consumption of electrical energy (ASU; base 2014=100)	100	108	106	103	106
Electrical energy produced (GWh)	83	77	108	77	101
Greenhouses gas emissions (tonnes CO ₂ equivalent)					
- Direct GHG emissions	27,932	29,426	26,383	39,765	45,372
- Indirect emissions	ND	240,159	239,357	256,467	270,539
- GHG emissions for products transportation	ND	31,000	50,611	48,951	52,175

LE PERSONE

Number of employees as of December 31 st	2,806	2,995	3,127	3,556	3,958
- Italy	955	986	995	1,136	1,194
- Other countries	1,851	2,009	2,132	2,420	2,764
Training hours	ND	30,000	38,700	50,501	64,739
Injuries at work					
- Injury rate	4,5	3,6	4,0	2,9	4,6

THE SOL GROUP WORLDWIDE

EMEA



SOUTH AMERICA

Brazil

ASIA

India

ABOUT US

Established in Italy in 1927, the SOL Group operates in the sectors of the production, applied research and marketing of **technical and medical gases, home care services, biotechnology and energy production from renewable sources**.

In the **technical gases sector** (industrial and medical, pure and specialty gases), in addition to compressed and liquefied gases, the SOL Group provides equipment, facilities and services and is therefore recognised as a qualified partner by customers in many industries: steel, chemicals and pharmaceuticals, food, oil and environmental services.

It is present in the **healthcare sector**, where it supports public and private hospitals, providing medical gases and gases classified as medical devices, equipment, systems and services.

In the **home care sector**, the Group delivers comprehensive services to patients who receive medical care and assistance at home: oxygen therapy, ventilation therapy, treatment of sleep apnea, artificial nutrition, integrated home care, palliative cares and telemedicine.

These have been supplemented by the **biotechnology sector** (diagnostics, services for the conservation and transportation of biological samples, research and development of biopharmaceuticals, genomics, etc.) and the **production sector of energy from renewable sources** (hydroelectric power stations).

Parent company SOL Spa has been listed on the Borsa Italiana since July 1998.



29

countries in 4
continents



833,5

million Euro net sale



3.958

employees



MISSION AND ETHICAL PRINCIPLES

The Group's mission is **to provide its customers with innovative and technologically advanced** solutions at all times and to offer patients the best possible home care services, contributing to **improving the quality of life on the planet**.

The values in which the SOL Group believes and from which it takes daily inspiration are:

- **Ethical behaviour;**
- **Safety;**
- **Customer satisfaction;**
- **Balanced development;**
- **Environmental protection;**
- **Development of human resources.**

The SOL Group adopted its own **Code of Ethics** in 2006, which is a tool for the implementation of good behavioural practices.

During 2018, also in light of the entry of the new European Directive on the **general data protection** (the so-called "GDPR") into force, the SOL Group completely reviewed its policy on the subject.

125 certified units ISO 9001
75 certified units OHSAS 18001
25 certified units ISO 22000
23 certified units ISO 14001
15 certified units ISO 13485

THE GROUP'S CONTRIBUTION TO THE UNITED NATIONS GOALS



Technologies for the conservation of food products



Medical Gases for diagnostic exams

Home care services in order to avoid hospitalization

Genomic diagnostic tests to prevent some illnesses

Commitment to guaranteeing the health and wellbeing of all internal and external workers



Commitment to overcoming all gender differences, particularly between its employees



Development of processes for the purification of water using technical gases

Commitment to reducing water consumption at our sites



Production of energy from renewable sources, through hydroelectric power plants



Promotion of more sustainable transport through projects that promote the use of fuels like hydrogen, biofuels and liquefied natural gas (LNG)



Development of integrated healthcare services

Development of products, services and technologies that help industrial customers carry out their activities in a safer, more economical and more environmentally friendly way



GROUP DEVELOPMENT

THE ACQUISITIONS

In the **technical gases sector**, Cryos was acquired in Italy, a company that produces and distributes technical gases, in particular dry ice. Cryos has developed a technology for industrial cleaning with dry ice that replaces the use of chemicals.

In the **home care sector**, the following companies joined the Group:

- in Italy Fisio Med Service (incorporated in Vivisol Srl);
- in Poland Pallmed and Medseven;
- in Germany Medtek.

MAIN INVESTMENTS

Pure gases and mixture production (SGPM)

The Italian SGPM plant is specialised in the production of pure, specialty and medical gases. **New innovative departments** were created for the production of gas and high-end gas mixtures both for the **medical sector** and the **environmental sector**.

SOL Test Center

Innovative Italian plant was completed in Pignataro (CE) for testing and maintenance of cylinders and cylinder packs with the aim of further improving the **quality of the containers** to better guarantee the health and **safety of patients and customers**.

Sulfur dioxide production plant

New **analysis laboratory** was created in Albania, dedicated to the new plant for the production and packaging of sulfur dioxide in cylinders, for which **accreditation was obtained according to ISO 17025** in the first quarter of 2019.



99,8

million Euro invested



SOL

52%

invested in the
technical gas sector



VIVISOL

43%

invested in the
home care sector



5%

invested in
the development of
information systems

Technical and Medical Gases



SOLGROUP

SOL

SOLGROUP

1007951

CUSTOMERS AND PATIENTS

THE TECHNICAL GASES SECTOR

The development plan of the SOL Group focuses on continual research into innovative **technological solutions** which, through the use of the technical gases it produces in its plants and markets, enable its customers to pursue goals in the area of **energy and production efficiency**, the improvement of environmental compatibility and the **protection of the health** of their employees.

To achieve these objectives the proposed solutions not only concern the supply of technical gases but also the development of **applied technologies**, the construction of the plants and the provision of the services necessary for using the gases.

THE MEDICAL GASES SECTOR

The new health and therapeutic protocols require scientifically and technologically updated products, services and devices which allow obtaining the best performance and the best possible therapeutic result. The SOL Group therefore acts as a **partner** for the **supply of products, services and equipment**, allowing the healthcare system to focus on its core business of delivering the “health” to the patient.

Design and development of **medical devices**, **Total Gas Management** services, preparation and distribution of **antineoplastic drugs**, **electromedical equipment management** service, sanitising services and **ambulance management** service: these are just some of the services provided to the hospital sector.



The main gases produced and distributed by SOL are: oxygen, nitrogen, argon, hydrogen, carbon dioxide, sulfur dioxide, acetylene, nitrous oxide, gas mixtures, very high purity gas, food gases, gaseous and liquid helium, ammonia, gas fuels for industrial use and Liquefied Natural Gas (LNG).



57

pharmaceutical
manufacturing sites



HOME CARE SECTOR

Vivisol has established itself in Italy and the main European countries in the field of home care and relative care and support services.

Vivisol provides **respiratory therapies** (Oxygen therapy, Home Mechanical Ventilation, aerosol therapy, Treatment of sleep breathing disorders), **infusion therapies** (home artificial nutrition and home dialysis).

Vivisol offers **palliative cares** for people with chronic and evolutionary medical conditions for which there is no treatment or, if it does exist, is inadequate or ineffective in stabilising the disease. These benefits can be provided at the patient's home or at designated residential structures such as hospices.

THE BIOTECHNOLOGY SECTOR

The SOL Group designs and creates **cryo-biological rooms** to preserve biological samples for long periods of time in liquid nitrogen. The Group guarantees a **disaster recovery service**, which is the transfer, in emergency situations, of biological samples to cryo-biological rooms owned by the SOL Group.

Personal Genomics laborator makes **Next Generation Sequencing technologies** and advanced bioinformatic tools available to **preventive and precision medicine**.

Diatheva is focused on the research, development, production and marketing of new and innovative products (such as **monoclonal antibodies, recombinant proteins, molecular kits**) for research, diagnosis and clinical application in the **hospital, environmental, veterinary and food sectors**.



more than

410.000

patients served



3

laboratories authorised by the Ministry of Health pursuant to Italian Legislative Decree no. 191/2007

1

medical genetics laboratory certified according to the SIGUCERT standard



ENVIRONMENT

The most important environmental aspects for the constructed in locations that have soil and ground- SOL Group relate to the use of **electricity in its production plants** and the **distribution of its products**.

The activities of the SOL Group have a very limited impact on biodiversity. Furthermore, the substances produced and handled do not create a risk of soil and subsoil contamination.

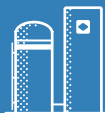
On-site oxygen production: new VSA unit in Slovenia

In 2018 in Jesenice, Slovenia, a **new plant** was inaugurated **for the production of gaseous oxygen** at the premises of a major customer in the **metal industry**.

The oxygen produced, which is around 93% pure, is stored in a buffer tank for the subsequent compression and sending via a gas pipeline to the customer's production process.

CO₂ recovery: an example of circular economy

In Ihtiman, Bulgaria, SOL has built a new plant that has been in operation since the second half of 2018 for the **recovery of carbon dioxide from a cereal masses fermentation process for the production of bioethanol**. The fermentation process produces carbon dioxide as a by-product that in the past was emitted into the atmosphere. Thanks to SOL, this gas is instead recovered.



47.663t

CO₂ equivalent avoided thanks to the of on-site plants



35.091t

CO₂ equivalent avoided thanks to the production of renewable energy



23

certified units
ISO 14001



OUR PEOPLE

Training and skill development

People have always been a strategic asset for the achievement of SOL's corporate objectives. Training interventions are structured to respond to the training needs of the entire company, ensuring a differentiated and inclusive offer that is oriented to involve all profiles at all levels.

Meetings continued in the **SOL Academy** dedicated to different "job families" to transfer knowledge and share best practices.

SOL Youth Academy was also launched in 2018, with the aim of developing 8 different skills related to Project Management and Business Presentation.

Protecting diversity

SOL believes that diversity, in all its meanings, is a strength and value for safeguarding and promoting the company and in all relationships with stakeholders.

Internal communication

SOL News, the Group's digital newspaper, and the intranet are the bases of communication dedicated to the employees.

In order to improve the company's internal communication and efficiency in daily work, the SOL Group has taken a decisive step in the adoption of the **Google Operating System Suite**.

Health and safety

The promotion and spread of the **health and safety culture** is guaranteed by the health, safety and environment department (HSE), which serves all Group companies, and supported by the Safety and Environment Reference Person (SERP) appointed for each Group company.



over

64.500

training hours
(16h per employee)



+6%

increase in the number
of people compared
to 2017 (excluding
acquisitions)



91%

employees with
permanent contracts



77%

of the Group companies
achieved the "zero
accidents" goal

This document is a summary of the 2018 Sustainability Report.

The whole document drawn up according to the GRI Standards and subjected to a limited review by Deloitte & Touche SpA, is available in PDF format on the website www.solgroup.com/it.

SOL Spa

Registered Office and Central Management

Via Borgazzi, 27

20900 Monza - Italy

July 2019

SOL Group

Via Borgazzi, 27

20900 Monza · Italy

t +39 039 23961

sustainability@solgroup.com

www.solgroup.com