

olip
CALZATURIFICIO

**SOCIAL REPORT
MANAGEMENT REVIEW**

SA 8000:2014

SPT & DG
Date: October 10th, 2017

The Olip Italia Management, in collaboration with the Social Performance Team, met on today's date for a company review related to the SA 8000 standard in view of the next maintenance checking by a third-party body.

The main topic of the meeting was the commitment to meet all the requirements envisaged by the new SA 8000 standard and by the Italian laws in force, as well as closing and management of Remarks opened during the last checking for re-certification at the end of May 2017.

All documents are available to those who ask for them.

The SA 8000 information booklet, the Code of Ethics and the corporate policy besides the system procedures are posted in the bulletin board and visible to all of the workers.

The SA 8000 Report can be consulted directly at the headquarters and on the company website.

The Review is drawn up and signed by the Social Performance Team and approved by the company Management.

All documents are available to those who ask for them at the offices.

For the purpose of involving more all of the parties involved the following review is available both in the offices and on the company website.

TABLE OF CONTENTS

1. Analysis of SA 8000 system activities and results with respect to preset goals	4
a. The corporate policy of ethics	4
b. Status of sa 8000:2014 system documents	4
c. Notice from workers	4
b. Analysis of social accountability requirements	5
b.1 Child labor	5
b.2 Forced labor	8
b.3 Health and safety	9
b.4 Freedom of association and right to collective bargaining	12
b.5 Discrimination	13
b.6 Disciplinary practices	16
b.7 Working hours	16
b.8 Remuneration	17
b.9 Management system	18
b.10 Communications	21
2. MANAGEMENT OF NON-CONFORMITIES	21
3. Goals set out for 2017-2018	21

1. ANALYSIS OF SA 8000 SYSTEM ACTIVITIES AND RESULTS WITH RESPECT TO PRESET GOALS.

a. The corporate policy of ethics

The goal of the company is to implement, disseminate and make all parties involved aware of its own system for ethical and responsible management by means of its own in-house policy consisting of informative meetings, communications and publications in bulletin boards and by giving booklets and informative notes to workers along with their pay slip.

b. Status of sa 8000:2014 system documents

Company documents comply with the international standard.

Company procedures for managing the corporate Social Accountability System are compliant with and appropriate to the specifications in the SA 8000:2014 standard and to corporate goals in this regard.

c. Notice from workers

Notices and claims from workers concerning ethics are notified by various means including circulars to suppliers and customers, company bulletin boards and unions. Workers may also submit anonymous complaints both by telephone, written document, by mail or fax and/or through the RLSA8000 workers' representative for safety. Moreover, "SA 8000 notice and claim boxes" have been introduced at the company headquarters and in the shops in Peschiera and Verona where anonymous notices in this regard can be placed.

We point out that no claims were received from workers during the year 2017¹.

¹ Up to October 10th, 2017

b. Analysis of social accountability requirements

b.1 Child labor

Olip Italia spa and the shops in Verona and Peschiera do not employ nor do they intend in any way to support use of child labor. Laborers, when they are hired, are asked to provide a copy of an identity document so as to check their age with precision.

This company practice makes it absolutely impossible for underage persons to be employed by the company.

Olip, as required by the SA 8000 standard, has drawn up a procedure for safeguarding young workers. The procedure has as its goal the safeguarding of any young workers (16-18 years of age) employed in the company through internships, apprenticeships or training contracts.

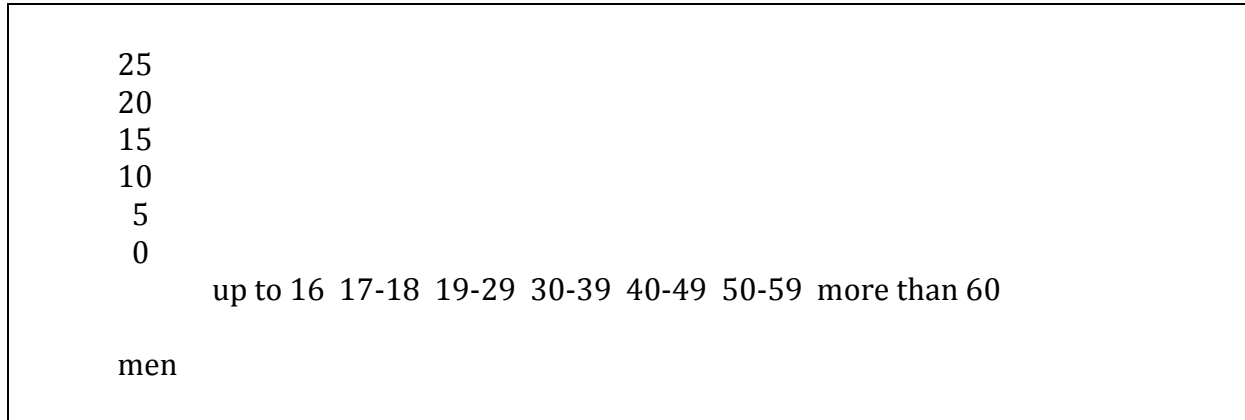
As a matter of fact Olip recognizes the importance of work as a means of personal and professional development and offers young people, in accordance with existing regulations on the matter, the possibility of participating in internships and training sessions as part of its activities.

The presence of young workers at Olip's headquarters and in its suppliers' premises shall be monitored as provided for by the monitoring plan.

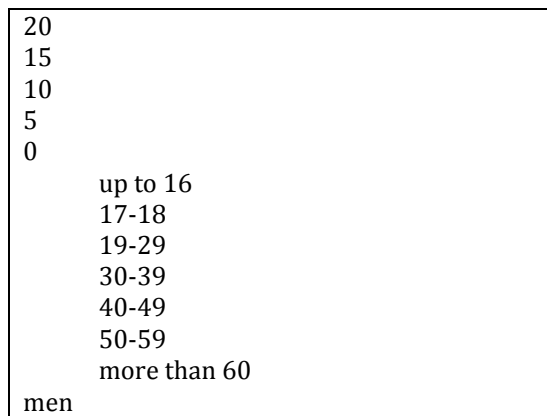
- **As the graph shows the highest age bracket is comprised between 40-49 years**

☐ Breakdown of staff by age brackets - OLIP headquarters and Shops

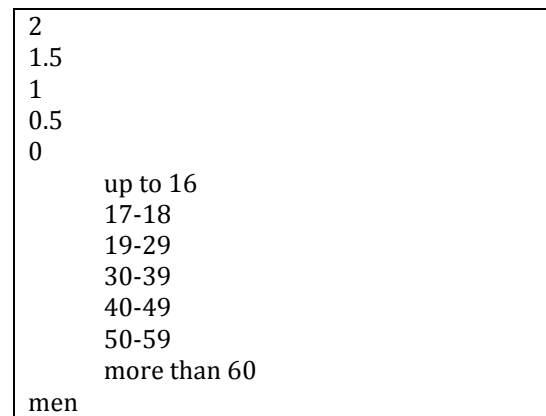
age bracket	men	women	% on the total
<i>up to 16</i>	0	0	0%
<i>17-18</i>	0	0	0%
<i>19-29</i>	16	10	18.3%
<i>30-39</i>	11	18	20.4%
<i>40-49</i>	19	22	28.8%
<i>50-59</i>	15	13	19.7%
<i>more than 60</i>	15	3	12.6%
total	76	66	142
-----	142		



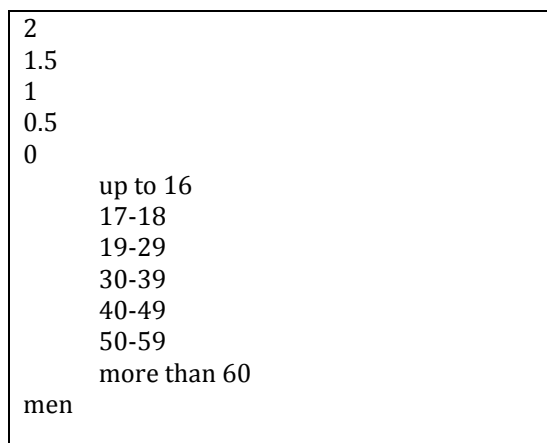
Hereinafter we point out the graphs broken down by different factories:



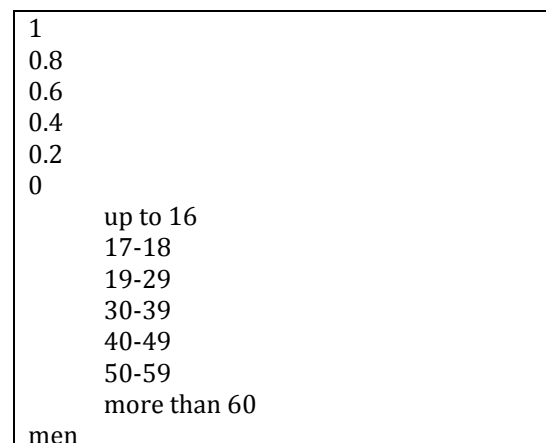
**Factory at the « headquarters »
of Colà di Lazise (VR)**



**Shop at the « headquarters » of
Lazise (VR)**



Shop of Peschiera del Garda (VR)



Shop of Verona

□ -company seniority

gender	<i>seniority brackets</i>				total
	< 5 years	6-10 years	11-20 years	> 21 years	
men	45	5	10	16	76
women	25	11	14	16	66
total	70	16	24	32	142

<i>< 5 years</i>	<i>6-10 years</i>	<i>11-20 years</i>	<i>> 21 years</i>
	men	women	

INDICATOR

Goal: absence of underage workers

Action: hiring of staff of age

Resources: corporate policy

Time: permanent goal

Entity in charge: Management/Human Resource Manager

Indicator: age of the youngest worker

Outcome: 0 underage workers in the company

b.2. Forced labor

Labor performed by all the staff of Olip Italia Spa and by all the subsidiaries in the Group is absolutely voluntary. No one is subject to threats or other intimidations forcing them in any way to work for the company.

Olip Italia spa staff never leave sums of money or original personal documents in deposit with the company.

The company, to ensure the fully voluntary nature of all services, undertakes to make sure that all workers are fully aware of the rights and duties stemming from their employment contract. Olip makes it possible for all staff to ask for information and clarifications regarding their contract, their remuneration, their pay slips, etc. directly from the administration department or, where necessary, by turning to the company's labor advisor.

All workers receive their recruitment letter and sign it for acceptance.

Olip Italia spa has never granted loans to its employees since this is not part of the corporate mission.

No claims regarding forced labor have been reported up to October 2017.

INDICATOR

Goal: absence of forced labor

Action: to monitor the absence of forced labor

Resources: RLS8000

Time: permanent goal

Entity in charge: Management/RGSE

Indicator: No. 1 notice for reporting the presence of forced labor in the company

Outcome: 0 notices

b.3. Health and safety

Olip strives to provide all of its workers with a safe and healthy workplace and to take all appropriate measures to prevent and avoid accidents and harm to health which could take place in the factory or in the shops.

Year	total worked hours	total number of injuries at work	number of commuting injuries	number of injuries at work 1÷3 days	number of injuries at work > 3 days	Σ disability degree	number of mortal injuries at work	total days of disability
2005	182807	0	1	0	0	0	0	0
2006	182852	1	1	0	1	0	0	22
2007	176130	1	0	0	1	0	0	8
2008	163208	0	0	0	0	0	0	0
2009	140361	0	1	0	0	0	0	0
2010	149462	3	0	0	3	0	0	91
2011	153492	3	0	0	3	0	0	16
2012	153068	2	0	0	2	0	0	11
2013	177271	1	1	0	1	0	0	11
2014	191183	1	0	0	1	0	0	9
2015	211013	1	0	1	0	0	0	3
2016	116161	1	0	0	1	0	0	5
2017	72713*	2	2	1	1	0	0	92

Injury Progress

number of injuries at work
1 ÷ 3 days

number of injuries at work
> 3 days

Indexes	
Frequency Index	Seriousness Index
Frequency index	Seriousness index

For the purpose of minimizing these workplace risks insofar as is reasonably possible, Olip Italia spa has implemented the following actions:

- Appointment of the Health and Safety Prevention and Protection Service Manager who is responsible for correct application of the regulations on the matter;
- Appointment of firefighters and first aid workers;
- Election of the Workers' Representative for Safety with the task of representing workers as far as occupational health and safety issues are concerned;
- Appointment of the occupational health Physician who is responsible for implementing workers' health surveillance;
- Drawing up of the risk assessment document pursuant to Legislative Decree 81/08 as amended, which identifies all the risks involved in Olip Italia spa activities and the actions that the company undertook to put in place in order to prevent them.
- Appointment of a Health and Safety Committee with the task of performing periodic and formal checks for the purpose of assessing risks and identifying and coping with real and potential health and safety risks.

Olip Italia spa also ensures that its staff receive regular and documented training on safety and health matters and that this training is repeated for new and reassigned staff.

<i>hours</i>				
	2014	2015	2016	2017
safety training	574	743	376	0*
SA 8000 training	72	30	6	4*

<i>Persons</i>				
	2014	2015	2016	2017
safety training	58	91	83	0*
SA 8000 training	72	30	6	5*

Training hours				
	safety training			SA 8000 training
	<input type="checkbox"/> 2014	<input type="checkbox"/> 2015	<input type="checkbox"/> 2016	<input type="checkbox"/> 2017

Trained/informed persons				
	safety training			SA 8000 training
	<input type="checkbox"/> 2014	<input type="checkbox"/> 2015	<input type="checkbox"/> 2016	<input type="checkbox"/> 2017

* training, both regarding safety and the new management system has been scheduled for year 2017 (refer to the company training program) and as to date is under way.

INDICATOR

Goal: 0 injuries or to go on monitoring injury level and causes.

Action: to keep under constant control the company activities so as to ensure a proper, safe and healthy workplace.

Resources: copy of the register of injuries

Time: permanent goal

Entity in charge: Health and Safety Committee

Indicator: number of injuries/year/total number of prognosis days, number of persons involved

Outcome: 2 total injuries in 2017 with a total number of 90 prognosis days.

b.4. Freedom of association and right to collective bargaining

The company respects the right of all staff to form and join the unions they choose and the workers' collective bargaining right. The National Collective Labor Agreement for industrial shoe factories is complied with and in-house regulations exist.

Union representatives elected by the workers exist and are not subject to any type of discrimination and communicate freely with the workers at the workplaces.

Currently there are 15 workers enrolled in unions.

Special company spaces have been also allocated for union communications and used for the union meetings that the workers' representatives convene at least once a year.

Attention to dialogue with union organizations, with full respect of their single responsibilities, has encouraged the emergence of a mentality that aims at solving problems by involving the parties.

No claims in this regard were filed during 2017 nor were any hours lost due to strikes.

Union meetings		
2011	5	hours
2012	9	hours
2013	7	hours
2014	7	hours
2015	6	hours
2016	7	hours
2017	6	hours

union meetings							
hours							
	2011	2012	2013	2014	2015	2016	2017

INDICATOR

Goal: to go on allowing exercise of freedom of association and right to collective bargaining

Action: to monitor the absence of limitations to freedom of association and right to collective bargaining

Resources: RGSE, RLSA8000, meeting minutes

Time: permanent goal

Entity in charge: SPT

Indicator: No. 1 notice or report of limitations and failure to exercise freedom of association and right to collective bargaining.

Outcome: 0 notices.

b.5. Discrimination

Olip in no way intends to bring about or support discrimination in hiring, remuneration, access to training, promotion, firing or retirement based on race, class, national or social origin, age, family responsibilities, religion, invalidity, gender, sexual orientation, union membership, political affiliation or any other aspect that can generate discrimination.

Olip does not intend to interfere with the exercise of the rights of staff to follow their principles or practices or to meet needs connected to race, class, national or social origin, family responsibilities, religion, invalidity, gender, sexual orientation, union membership, political opinion or any other aspect which could generate discrimination.

Olip does not intend to allow discriminatory behavior of any kind including gestures, language, physical contact or other contacts at the workplace and with its own customers.

Olip, to prevent discriminatory events, has created an anonymous notice system that permits workers to express any discrimination they have suffered and lets the company take all the measures necessary to prevent the event from being repeated.

Breakdown of staff

Year	Women	Men	total
2011	75	45	120
2012	80	48	128
2013	64	58	122
2014	70	52	122
2015	65	71	136
2016	66	72	138
2017	66	76	142



a.1.1. Non-EU workers

Year	workers (M)	workers (F)	total workers
2011	2	12	136
2012	1	14	150
2013	4	15	172
2014	2	9	122
2015	3	9	136
2016	7	6	138
2017	5	8	142

2012	2013	2014	2015	2016	2017
workers (M)	workers (F)	total workers			

Company work climate monitoring analysis - YEAR 2017

In order to improve understanding of workers' awareness of the voluntary nature of their actions, an investigation was carried out regarding the company work climate. In April of this year questionnaires for monitoring the company work climate were filled out.

According to these questionnaires and the sample interviews with the staff there is a good climate both among workers and between Management and workers. It was decided with the new year to carry out this analysis through sample interviews with the Workers' Representative for Safety and staff subdivided by department so as to make the activity easier.

Number of questionnaires delivered: 138*

Number of questionnaires received: 110*

- Datum up to April 28th, 2017

INDICATOR

Goal: to monitor the company work climate and personal and professional relationships

Action: dissemination of questionnaires for monitoring the company work climate

Resources: RGSE

Time: permanent goal

Entity in charge: SPT

Indicator: number of notices reporting discrimination

Outcome: 0 notices

b.6 Disciplinary practices

Neither Olip Italia Spa nor any of the subsidiaries in the group implement or support use of corporal punishment or mental or physical coercion. Disciplinary measures taken are governed by the National Collective Labor Agreement for the industry, applied and provided to all workers.

Olip Italia spa makes limited use of disciplinary measures which are mostly verbal or written warnings with a limited use of fines and when these measures are taken they have no negative effect on the mental, emotional or physical integrity of the workers.

No disciplinary measures were taken up to October 10th, 2017

INDICATOR

Goal: no issue of disciplinary practices

Action: analysis of warnings present

Resources: Management

Time: permanent goal

Entity in charge: RGSE/Management

Indicator: Number of measures issued

Outcome: 0 measures

b.7. Working hours

The company complies with the working hours envisaged by current law: 40 hours per week as foreseen in the national agreement. Normal working hours are 8 hours per day from Monday to Friday with the following schedule:

- office workers: 8 a.m. to 12.10 p.m. - 1:50 p.m. to 6 p.m.

- production workers: 7.25 a.m. to 12.05 p.m. - 1:25 p.m. to 5.05 p.m.

The company is closed on Saturday and Sunday. The factory outlet and the shops in Peschiera and Verona are open with the following hours: 9 a.m. to 12.30 p.m. - 3:00 p.m. to 7:30 p.m.

Scheduling of holidays, leaves and permits for absence is agreed upon by the workers with their managers. As a matter of fact, the holiday schedule is always scheduled by mutual agreement and well ahead of time to permit effective management of substitutes. Any use of overtime must be authorized in advance by the worker's supervisor and is remunerated according to the provisions of the National Collective Labor Agreement and by laws in force. Permits are granted depending on the needs of the workers.

Overtime is done only in exceptional and short-term circumstances and is spontaneously and voluntarily accepted by the workers and authorized in advance by company management. Up to this time there has never been any claim regarding company imposition of overtime. Forms of part-time work are also present. Part-time is set out during hiring phases or when requested by the worker based on the National Collective Labor Agreement.

The ratio between overtime hours and number of employees is recorded on a specific system file in excel (OVERTIME SUMMARY Release 01 dated Sept. 10th, 2017) which is

constantly updated month by month and monitored according to procedure PE 11 “OVERTIME MONITORING”.

This file is attached to this review.

INDICATOR

Goal: to keep overtime within legal limits

Action: to monitor overtime monthly, to apply overtime only if need be

Resources: Management

Time: permanent goal

Entity in charge: RGSE/management

Indicator: Number of critical situations due to overtime beyond the limit

Outcome: 2 cases out of 142

b.8. Remuneration

Olip pays its employees remuneration in accordance with the collective bargaining agreement being applied. All Olip workers are paid on an hourly basis with reference to the contractual tables in the supplementary territorial contract. Other additional economic allowances are also foreseen as set forth in the in-house regulations. Remuneration is paid on a monthly basis. The remuneration paid by the company to its workers on average is greater than the minimum levels set forth in the collective bargaining agreement for the industry.

Remuneration so paid is able to meet the basic needs of the workers. Remuneration is paid by bank transfer to the bank current account specified by the worker at the time of hire.

	Women	Men	% on the total
Open-end time	48	54	71.8%
Fixed term	4	5	6.3%
Apprentices	4	1	3.5%
Job Act	4	9	9.1%
Targeted employment	1	5	4.2%
Part-time	5	2	4.9%
	66	76	142

	0	10	20	30	40	50	60
Open-end time							
Fixed term							
Apprentices							
Job Act							
Targeted employment							
Part-time							
		Women		Men			

INDICATOR

Goal: to keep 0 notices related to contract and pay slip

Action: correct application of the National Collective Labor Agreement

Resources: Human Resource Manager

Time: upon each updating of the reference National Collective Labor Agreement

Entity in charge: Human Resource Manager

Indicator: Number of notices present

Outcome: 0 notices

b.9. Management system

Olip has implemented a social accountability management system that complies with the new SA 8000:2014 standard by involving workers and the other parties involved and that is managed using the following documentation:

- A Manual of social accountability* which describes the system, the activities put in place to implement the corporate policy and the subdivision of roles and responsibilities in accordance with the requirements of the benchmark regulations.
- A Policy of social Accountability*, the document published on the company website and posted in the company main bulletin board encompasses the Company's commitment to comply with all of the requirements of the standard, national laws and the international documents going on monitoring activities and performance in view of ongoing improvement.
- The procedures*, drawn up to provide a detailed and documented description of the procedures for the activities to be carried out in order to comply with SA 8000:2014 standard.
- The records* that provide evidence that the system is operational and properly managed.

The following summary lists the main activities that were put in place to implement and operate the management system:

- ✓ Staff training and involvement
Staff training on the subject of social accountability began in 2014, was scheduled for the year 2017 and is presently taking place.
- ✓ Dialogue with the parties involved
Olip has identified all the main parties involved, sending them a notice regarding the ethical path taken by the company. The company website includes a specific area where documents regarding management of the social accountability system are published.

Olip has identified its stakeholders as follows:

internal stakeholders:

shareholders
employees

external stakeholders:

customers
suppliers
industrial associations
Union organizations

- ✓ Social Performance Team
The Social Performance Team (SPT) was set up to apply all elements of the standard.
The Team encompasses a well-balanced representation of:
 - Workers' representative SA 8000
 - management
 - RSGESPT's roles and responsibilities are described in Procedure PE08.
- ✓ Control of suppliers
Olip, as required by the standard, has started supplier and subcontractor qualification regarding the requirements of the standard, sending them a letter of commitment by which the legal representative of the supplier must formally commit itself to comply with the requirements of the standard. It was also sent an informative questionnaire regarding topics in the new SA 8000:2014

standard, used by the company to collect data and information and identify any critical issues.

In the process of adapting to the SA 8000 standard suppliers and subcontractors were considered based on their ability to meet the requirements of the standard, not merely because required by the standard but on their real ability to extend their compliance to mainstay and internationally recognized principles.

All suppliers have been asked to agree to SA 8000 requirements and to accept the SA 8000 principles.

✓ Audits

The social accountability management system is kept under control through internal audits performed by the Ecoprogramm srl consulting firm.

b.10. Communications

In-house communication

One of the company's permanent goals is in-house communication with existing staff for disclosure of ethical principles and of the tools and practices existing to ensure their compliance and execution. Bulletin boards are present where it is possible to find the company's ethical policy, both at the main headquarters and in the shops.

External communication

Various forms are used to communicate to the outside world the company's ethical principles of the management system:

- mail
- circulars
- website
- disclosure of informative documentation to customers and suppliers.

INDICATOR

Goal: to perform training sessions on SA 8000

Action: training schedule

Resources: consulting firm

Time: continuously

Entity in charge: RGSE/SPT

Indicator: Number of staff trained on SA 8000 standard times out of the total number of employees

Outcome: training courses in progress

2. MANAGEMENT OF NON-CONFORMITIES

Since the last review by the Management, following the internal audit some Non-Conformities have been opened, revealing a sufficient attention by the in-house staff in the management of Non-Conformities through system tools.

All of the non-conformities have been taken into account and appropriate processing actions have been put forward and scheduled for an effective closing of the Non-Conformities.

3. GOALS SET OUT FOR 2017-2018

A single program for improvements/goals for the year 2017-18 has been drawn up and shared according to the concepts expressed above and to company strategies.