



20
19

Sustainability Report

Consolidated disclosure of non-financial information
in accordance with Italian Legislative Decree 254/2016



*The consolidate disclosure of non-financial information
has been translated from the original Italian into English
solely for the convenience of international readers.*

Summary

5 LETTER FROM THE CHAIRMAN

6 IMA

- 7 About us
- 11 Our values and philosophy
- 12 Economic performance: value creation for stakeholders
- 14 IMA Governance
- 16 IMA's commitment to business integrity
- 19 Sustainability strategy
- 22 Non-financial topics relevant for IMA
- 24 Analysis of non-financial risks and management methods
- 26 Listening to stakeholders

29 END USER - Customers and markets

- 30 Global policy for product quality and liability
- 33 Innovation, Research and Development
- 37 Quality
- 39 End-user satisfaction

40 THE SUPPLY CHAIN

- 43 Custom-designed component manufacturers
- 43 Catalogue-component manufacturers
- 44 Relationship with suppliers of goods and services
- 45 Qualification and monitoring of suppliers

46 PEOPLE

- 47 Global policy on responsible management of people
- 47 IMA and respect for human rights
- 48 Personnel management model
- 48 Composition and characteristics of employees
- 53 Contractual matters and industrial relations
- 54 Health and safety
- 57 Personnel training and development
- 59 Equal opportunities

61 LOCAL COMMUNITY ENGAGEMENT

- 62 Community support initiatives
- 66 Relations with trade and sector associations

68 ENVIRONMENTAL SUSTAINABILITY

- 69 Global environmental policy
- 70 Environmental management and risk management systems
- 70 Energy management
- 73 Carbon footprint and greenhouse gas emissions
- 76 Waste management

78 Methodological note

80 GRI Content Index

83 Independent auditors' report



Letter from the Chairman

Dear Readers,

2019 was another year of growth for IMA S.p.A., with revenue of 1,595.5 million euros and approximately 6,200 employees operating in 45 production sites in Italy and around the world. These considerations on the positive results achieved by our Group in 2019 come at a time of global emergency that sees all of us making every effort to get through it together.

Our packaging machines help in the production processes of the food and pharmaceutical industries, which are of vital importance for the population in general. IMA is required to perform activities that are an integral part of the food and pharmaceutical supply chains, guaranteeing its customers the necessary assistance and, at the same time, maximum safety for all their workers, especially those engaged in the front line of production processes.

The UN's Sustainable Development Goals (SDGs) continue to be the main point of reference for our own sustainable growth, particularly those goals that are most relevant to our value chain. Our strategy is guided by the needs of our customers and our markets - and here we are talking about the sustainability characteristics that will increasingly be a feature of packaging in the future - as well as local and global partnerships, for the development of technologies and solutions, and to foster the economic and social empowerment of the communities concerned.

In December 2019, Europe has formally adopted the Green Deal. It is a new growth strategy which, with a just and inclusive transition, aims at transforming the EU into a fairer and more prosperous society, climatically neutral by 2050, with an efficient and competitive economy. With a view to achieving the goals of the European Green Deal and maintaining a competitive advantage on the clean technology market, Europe will engage in the development of innovative value chains in all the sectors, and we want to be an active part in this process.

For this reason we are developing our laboratories, testing innovative packaging materials on the machines and backing the innovative choices of our customers.

We will soon inaugurate a new laboratory for the testing of packaging materials in Ozzano dell'Emilia (Bologna, Italy) in addition to the one we already built at Ilapak in Lugano (Switzerland). We are also launching IMA-NOP (No Plastic), which is our route and our commitment to tackle the question of plastic, making our contribution to speed up the process of using recyclable and compostable materials at the service of sustainable packaging.

It is difficult to think of a return to the past when goods were sold in bulk and in conditions of limited hygiene and control, but it is clear that all of us will have to be committed to the idea of packaging that uses eco-sustainable materials to enhance all the positive qualities of modernisation in which automatic machines have played, and still play, a very important part.

Starting from innovation, IMA Zero is our latest promise to create products, production processes and services conceived with a new logic of sustainability and with the awareness that our commitment today, combined with that of many others, will influence the world of tomorrow. The IMA Zero programme is divided into four areas of intervention: environment (Low Impact Program), materials (No Plastic Program), mobility (Sustainable Mobility) and social (Human Centric Program).

As a final thought, I would like to thank all of the people in IMA who have done an immense amount of work in preparing this document. Personally, as an entrepreneur, I will continue to believe and therefore to invest in IMA. In fact, I firmly believe that there is a lot of room to grow, within the framework of a sustainable future, helped by the fact that we have this ongoing open dialogue with all those who interact with IMA's world in various capacities.

The Chairman
Alberto Vacchi

IMA



About us

IMA IN BRIEF:

- **Consolidated sales** in 2019: **1,595.5 million euros**
- Share capital (fully paid-in): **22,470,504.68 euros**
- Employees: around **6,200**, of which 61% in Italy and 39% in the rest of the world
- **45 production plants** in Italy, Germany, Switzerland, the United Kingdom, the United States, India, Malaysia, China and Argentina
- Extensive sales network covering about **80 countries**

Founded in 1961, I.M.A. Industria Macchine Automatiche S.p.A. (hereafter **IMA S.p.A.**), the operating holding company of the IMA Group (hereafter **IMA**), is a worldwide leader in the design and manufacturing of automatic machines for the processing and packaging of pharmaceutical, cosmetic, food, tea and coffee products, among others.

A leadership gained through significant investments in research and development, constant and constructive dialogue with end-users in the various sectors, and the ability to internationalise and conquer new markets.

IMA ended 2019 with a consolidated revenue of 1,595.5 million euros (+6.3% on 2018), of which 87.9% from exports.

IMA, chaired by Alberto Vacchi, has about 6,200 employees, around 61% in Italy and 39% abroad, and is present in about 80 countries, supported by a network of 29 branches offering sale and post-sale services in Italy, France, Switzerland, UK, Germany, Austria, Spain, Poland, Israel, Russia, USA, India, China, Malaysia, Thailand and Brazil, representative offices in Central and Eastern Europe and more than 50 agencies. IMA has 45 manufacturing plants in Italy, Germany, Switzerland, UK, USA, India, Malaysia, China and Argentina.

IMA has been listed on the Milan Stock Exchange since 1995 and in 2001 it joined the STAR segment. IMA has more than 1,700 patents pending and patent applications worldwide and has launched numerous new machine models in recent years.

In almost 60 years in business, IMA has built up highly qualifying values such as experience, reliability, an extensive presence in the global market and a strong capacity to respond to the requests of end-users; which now enable it to propose innovative solutions as well as high quality products.



PHARMA

IMA is world leader in the design and manufacture of automatic machines for the processing and packaging of pharmaceutical products thanks to a high technological profile and the ability to offer tailor-made solutions to satisfy the most sophisticated requests of the market, thanks to three highly specialised divisions: IMA Active (Solid Dose Solutions), IMA Life (Aseptic Processing & Freeze Drying Solutions), IMA Safe (Packaging Solutions).

IMA Active offers a complete range of machines for processing and manufacturing solid oral products: granulation equipment, tableting machines, capsule filling machines with a wide range of filling and control systems, capsule and tablet coating machines in perforated coating pan and solid wall, capsule and tablet weighing machines, product handling and washing systems.

IMA Life which includes the production sites of IMA Life Calenzano, IMA Life Pharmasiena, IMA Life North America, IMA Life Beijing and IMA Life Shanghai, offers a comprehensive product portfolio including vial & ampoule washers and de-pyrogenating tunnels, aseptic and non-aseptic liquid filling and closing machines for vials, ampoules and Ready-To-Use components, aseptic and non-aseptic powder microdosing and macrodosing machines. Further to these, IMA Life supplies containment solutions, including Restricted Area Barrier Systems and isolators, automatic and semi-automatic vial loading & unloading systems for freeze-dryers, industrial, pilot, laboratory freeze dryers & lyophilization process developments, continuous aseptic spray freeze-drying technology. Last but not least, labellers for vials, ampoules, shaped containers and cartons. Blowing machines, depackers, external vial washers, tray loaders and other ancillary equipment are also available.

IMA Safe, which includes the production of IMA Safe **Swiftpack**, IMA North America (IMA Safe Nova), IMA Safe Co.ma.di.s., IMA Safe PG, IMA BFB and Perfect Pack, designs and manufactures complete lines for primary and secondary packaging for the pharmaceutical, nutraceutical and cosmetic industries. In particular, IMA Safe supplies a complete range of blister packaging machines, counters for capsules and tablets, tube fillers, deep thermoforming machines, horizontal and vertical cartoning

machines, as well as complete end-of-line solutions designed thanks to IMA BFB, which specialises in this area. IMA Safe also offers, thanks to the acquisition of Perfect Pack, complete lines for packaging in thermo-sealed sachets and stick packs.

FOOD & DAIRY

IMA Group develops, manufactures and sells both individual machines as well as complete packaging lines for the dairy and food industries. **IMA Benhil** is world leader in dosing, wrapping and cartoning machines for butter and margarine, as well as cup and tub filling machines. **IMA Corazza**, with more than 4,500 machines installed in the world, manufactures dosing, wrapping and packaging machines for fresh, processed and cream cheese, butter, yeast, paste and pressed bouillon cube. With many years of experience in tableting, **IMA Active** has recently developed a series of tablet presses for pressed bouillon cube, featuring high performances in terms of output, compression force and flexibility. These are designed to be installed in-line with Corazza wrapping machines. **IMA Fillshape** manufactures and designs filling systems for flexible stand-up pouches with and without spout and develops innovative form fill and seal solutions (FFS) for cups. **Hassia India** offers vertical form, fill seal solutions for flexible packaging (bags, sachets and flowpacks) and machines for cup filling. **IMA BFB** completes the production, designing end-of-line machines.

TEA, COFFEE AND BEVERAGES

IMA holds 70% of the world market of automatic machines for the packaging of tea. **IMA Tea & Herbs** and **IMA RI** divisions, together with **IMA Mai SA** (Argentina), offer the broadest and most sophisticated range of machines for the packaging of tea and herbal teas in filter bags.

IMA now has a cluster specifically dedicated to the design and production of plants and machines for the coffee processing and packaging. **IMA Coffee** is the synthesis of the experience and know-how of individual specialists such as **IMA, Spreafico, Tecmar** and **Petroncini** that make it up: a Coffee Hub able to serve the coffee industry from A to Z.

CONFECTIONERY

IMA Active, IMA Safe, IMA BFB, Ilapak and **Euro-sicma** are the reference businesses for the design and production of customised lines for processing and packaging in the Confectionery market. For the process, IMA produces machines for powder handling, granulation, compression, coating and pelleting. For the Confectionery market (chewingum, candies, dried fruit, bars and other confectionery products), it also produces machines for primary, secondary and end-of-line packaging: wrapping machines, horizontal and vertical cartoning/filling machines, blister packaging machines, flowpack packaging machines, tray packing machines, wrapping machines, packaging machines for counter or shelf displays, and lastly, case packers and palletisers.

PERSONAL AND HOME CARE

On the Personal and Home Care market, IMA operates under **IMA Active, IMA Life, IMA Safe, IMA Fillshape, Ilapak** and **IMA BFB**. The wide range of complete solutions for processing and packaging includes compacting machines for detergents, effervescent and salt cleaning tablets, filling machines for creams and lotions in flexible hoses, jars and bottles, cartoning machines suitable for the feeding of extremely delicate products and irregular shapes, counters, wrappers, tray fillers and end-of-line machines for packaging and final shipment.

AUTOMATION

IMA Automation is the division of IMA made up of six leading companies in the assembly market. The companies produce advanced technological solutions for the assembly of products used in various fields of application, including medical devices (inhalers, insulin pens, contact lenses, etc.), caps composed of two or more components, clutches and other components for the automotive market.

TISSUE & NONWOVEN

TMC manufactures and markets automatic machines for the packaging of Tissue & Nonwoven products and af-

ter-sales assistance services. With over 2,400 machines in operation and more than 20 years of experience, TMC has consolidated an international leadership in some market niches such as primary and secondary packaging of tissue rolls and primary and secondary packaging of personal care products such as baby and adult diapers and feminine care.

T&T

IMA T&T is a leader in the field of design and assembly of electronic automatic packaging machines for tobacco products and, in particular, new-generation reduced-risk products (Next Generation Project and Reduced-Risk Products).

OTHER COMPANIES

ATOP, acquired by IMA in 2019, is a leading company in the sector of automatic machines and lines for the production of electric motors for the automotive sector and, in particular, for E-traction.

Ilapak, specialized in the production of automatic packaging machines, is able to meet any packaging requirement with flexible film, thanks to its wide range of solutions: vertical and horizontal packaging, modified atmosphere, sachets, product handling and even fully automated lines. This sector also includes **Delta Systems** (producer of lines for automatic packaging composed of HFFS-type horizontal machines and product feeding systems) and **Teknoweb** (producer of machines for the production of disposable wet wipes).

GROUP STRUCTURE

The entire product range is sold and serviced by marketing companies that cover specific geographical areas, and by an extensive network of agents covering other areas.

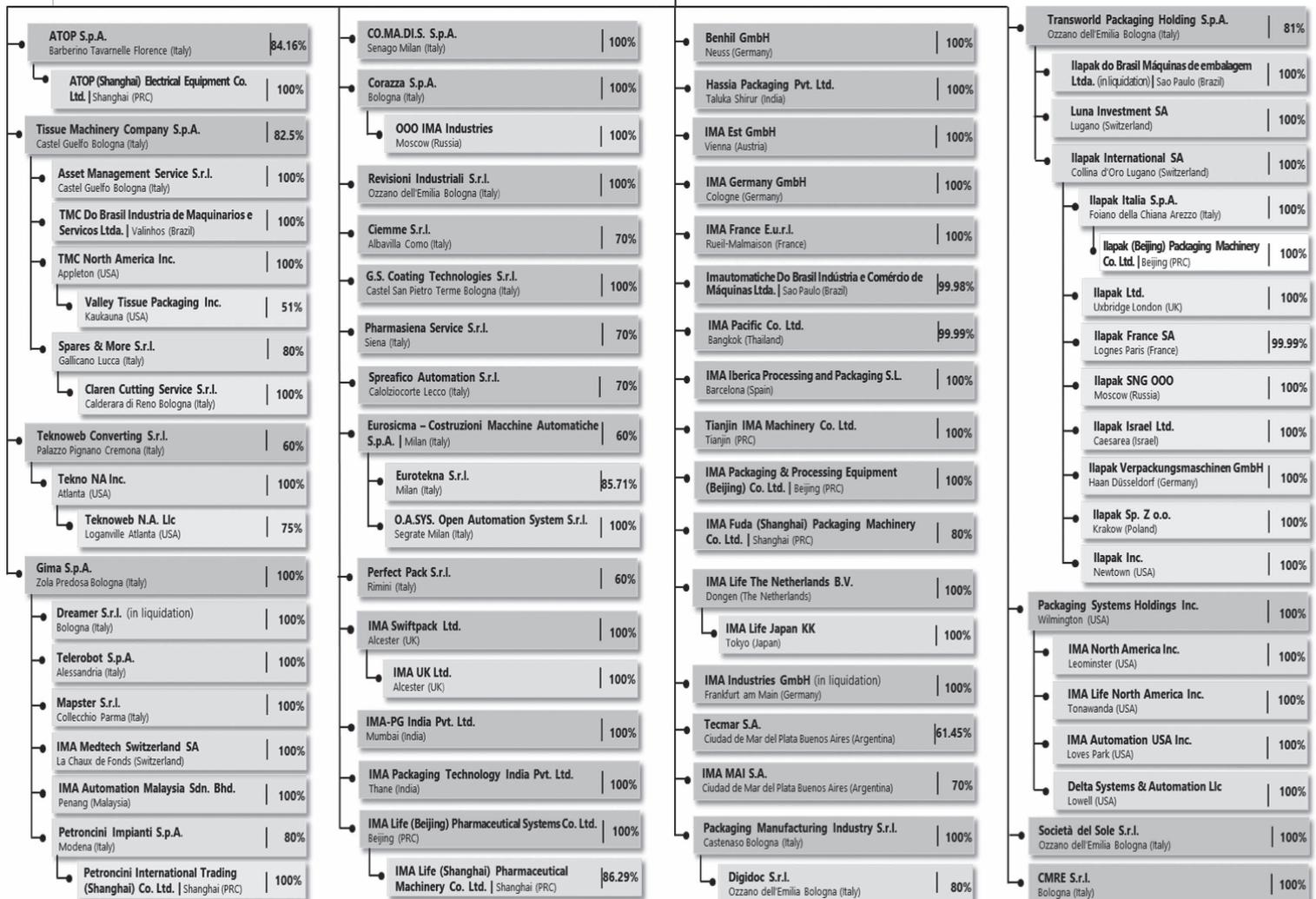
The IMA Group, which is controlled by the operating holding company IMA Industria Macchine Automatiche S.p.A., or IMA S.p.A., operates through four macro-groups of companies:

- manufacturing and service companies;
- marketing companies;
- holding companies;
- other companies.



I.M.A.
Industria Macchine Automatiche S.p.A.

Registered offices: Via Emilia, 428/442
40060 Ozzano dell'Emilia, Bologna (Italy)



Our values and philosophy

Remarkable growth has led IMA to compete in many international scenarios that are in rapid and constant evolution. The versatility of the context in which IMA works means that it has to reaffirm and implement its own culture, making explicit the values to which it aspires, together with the responsibilities that IMA intends to assume both internally and externally.

IMA'S VISION AND MISSION

IMA is well aware of its skill and ability in the multi-disciplinary design and manufacture of complex machinery and equipment. These skills have been inherited from those developed locally over the past seven centuries. It is also aware of the potential for innovation and service resting with the rich network of subcontractors and component manufacturers that IMA has managed to create in over fifty years of business.

IMA maintains constant contact with producers in the food, pharmaceuticals, cosmetics and nutraceuticals sectors, understanding their production needs and preparing for them in good time. The objective is to increase the quality of production and the products made while reducing the related costs, all in compliance with local and international standards, including those on safety and the environment.

Having correctly identified its true potential and developed products and services for its end-users, IMA has achieved a leading position on international markets and now intends to strengthen its leadership by investing in technologies that will improve the quality of life on the planet in the future, reducing food waste, ensuring that people around the world have greater access to increasingly effective drugs, while having more and more respect for the environment. Through the work of its men and women, a company aims to create wealth and well-being, interacting with the social and natural environment. In other words, it cannot be oriented solely towards the pursuit of profit; instead, it has to be imbued with the values and principles inspired by corporate social responsibility and sustainability.

In particular, IMA's values are:

- **legality**
- **integrity**
- **dignity**
- **equality**
- **loyalty**
- **sustainability**
- **sociability.**

CODE OF ETHICS

It represents the Company's "Constitutional Charter", which sets out the ethical and social responsibility of all participants in IMA's entrepreneurial organization. It is an important instrument for implementing ethics both inside the company, ensuring fair and effective management of transactions and human relations, and outside the company, maintaining its reputation.

To ensure that all employees share the ethical principles of the code (hereinafter Code of Ethics) and observe its recommendations, the Code of Ethics is handed out to all new employees along with their employment contract. IMA also sends the Code of Ethics to its suppliers with an invitation to base its trade relations to the highest ethical standards.

Economic performance: value creation for stakeholders

IMA has closed 2019 with consolidated revenue of 1,595.5 million euros, an increase of 6.3% compared with 1,500.4 million at 31 December 2018. Gross operating profit (EBITDA) before non-recurring charges shows a significant increase to 281 million euros (+8.1% compared with 260 million at 31 December 2018), while gross operating profit (EBITDA) increased to 273.4 million euros (+7.8% compared with 253.6 million at 31 December 2018). This shows an increase by 23.2 million euros as a result of the application of the newly introduced IFRS 16.

The consolidated backlog reaches 909 million euros, slightly down (-3.5%) compared with 941.5 million at 31 December 2018. IMA's net debt at 31 December 2019 amounts to 637.1 million euros (184.6 million euros at 31 December 2018), net of the expenditure for acquisition of shareholdings for 281.9 million euros. This figure shows an increase of 156 million euros as a result of the adoption of the newly introduced IFRS 16.

CONSOLIDATED RESULTS AT 31 DECEMBER (Amounts in millions of €)

MILLION EUROS	2017 ¹	2018	2019
Revenue	1,320.20	1,500.37	1,595.5
Gross operating profit (EBITDA) before recurring charges	224.14	259.98	281
Gross operating profit (EBITDA)	218.77	253.63	273.4
Operating profit (EBIT)	185.81	210.06	192.5
Total net profit for the year	99.4	124.59	169.6
Group backlog	806.75	941.53	909
Net debt	(50.05)	184.58	637.1

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The economic value generated and distributed represents the ability of a company to create wealth and to share it among its stakeholders. In 2019 IMA generated an economic value of 1.692 billion euros (+9% on 2018). The economic value distributed by IMA amounted to 1.436 billion euros (+6% on 2018). 85% of the economic value produced by IMA was distributed to internal and exter-

nal stakeholders, and the remaining 15% was retained in the Company.

The economic value distributed reflects IMA's ability to generate wealth during the period, for the benefit of some of the main stakeholders, in accordance with the cost efficiency of operations and the expectations of the stakeholders: the two main items are represented by suppliers (operating costs), with 64% of the economic value distributed, and by IMA's employees, with 30%.

¹ The figures for 2017 (published revenue of 1,444.7 million euros and EBITDA of 207.3 million euros) were restated following the sale of 60% of the investment in IMA Dairy & Food Holding GmbH in 2018.

THOUSANDS OF EUROS	2017 ²	2018	2019
Economic value generated	1,345,034	1,555,581	1,692,028
Economic value distributed	1,191,446	1,356,075	1,436,377
Operating costs	760,509	880,198	926,382
Value distributed to employees	362,022	394,610	428,777
Value distributed to the Public Administration	54,686	59,703	54,739
Value distributed to the community	1,960	2,067	2,061
Value distributed to lenders	12,269	19,497	24,418
Economic value retained	153,588	199,506	255,651

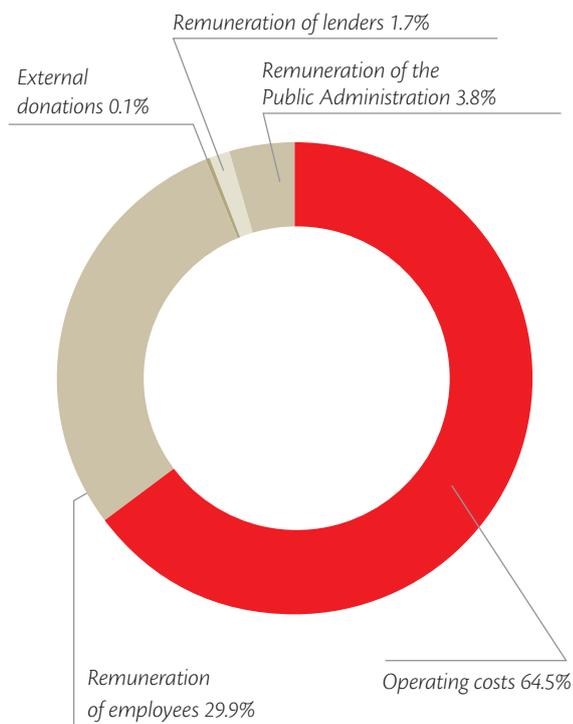
The economic value retained is calculated as the difference between the economic value generated and the amount distributed: among other items, it includes amortisation and depreciation, deferred taxes and the result for the year.

ECONOMIC VALUE DISTRIBUTED IN 2019

IMA regularly communicates and disseminates its financial results through:

- the publication of press releases and company information on the Borsa Italiana circuit, on IMA's website and the subsequent dissemination to the press and the financial community;
- the organization of meetings with the financial community and the participation in roadshows and conferences organized by brokers;
- the organization of meetings with the press on the occasion of significant corporate events and operations.

For further information on IMA's performance and financial position, please refer to the consolidated financial statements.



² The figures for 2017 (economic value generated of 1.471 billion euros, economic value distributed of 1.329 billion euros and economic value retained of 142 million euros) were restated following the sale of 60% of the investment in IMA Dairy & Food Holding GmbH in 2018.

IMA Governance

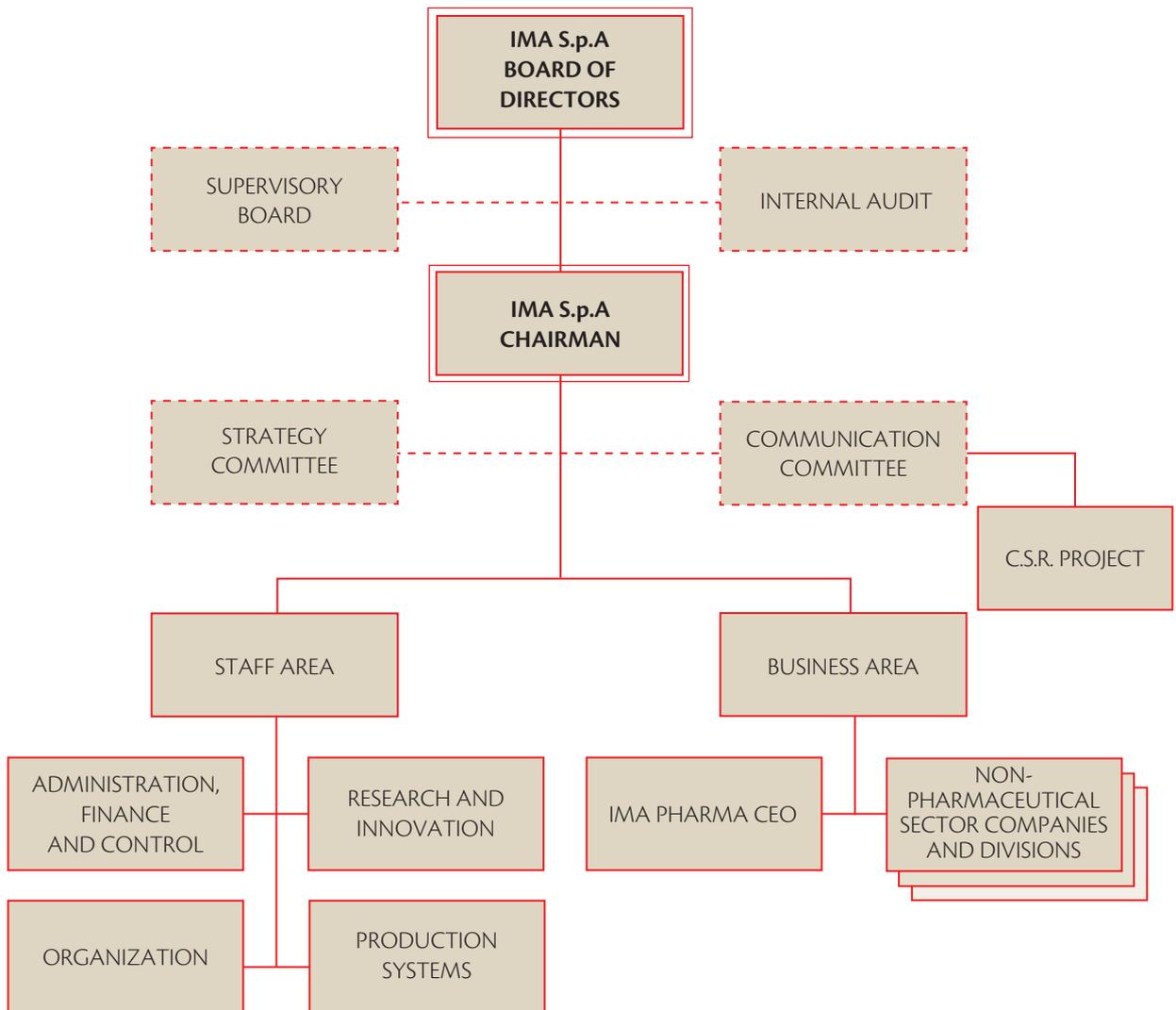
With a view to ensuring a better level of transparency and efficiency for its corporate governance and for the protection of shareholders, investors and all stakeholders, IMA follows the guidelines and regulations contained in the Code of Conduct published by the Corporate Governance Committee of Borsa Italiana S.p.A. (hereinafter, **Code of Conduct**) for the definition of its corporate governance structure.

IMA is audited by a firm of independent auditors.

IMA adopts the traditional administration and control system, based on:

- the Board of Directors;
- the Board of Statutory Auditors;
- the Shareholders' Meeting.

The organizational structure of IMA is based on the integrated management of business processes according to the rules laid down by certified management systems. The Company's organization chart is structured on the basis of the production and commercial divisions that characterise the business.

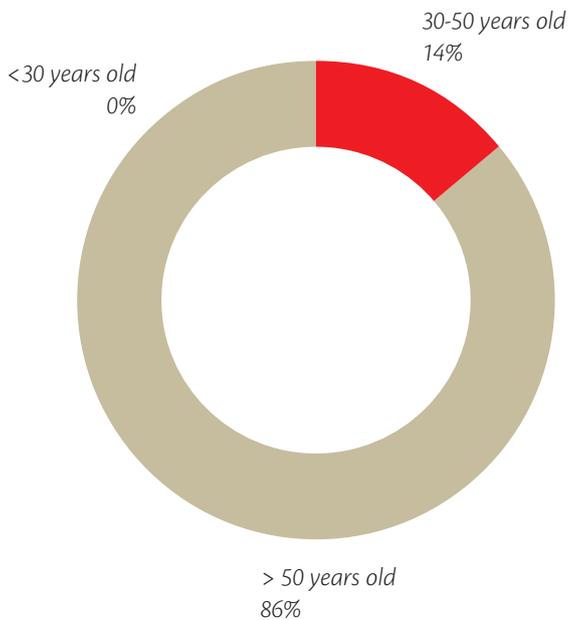


CORPORATE BOARDS OF IMA S.P.A.

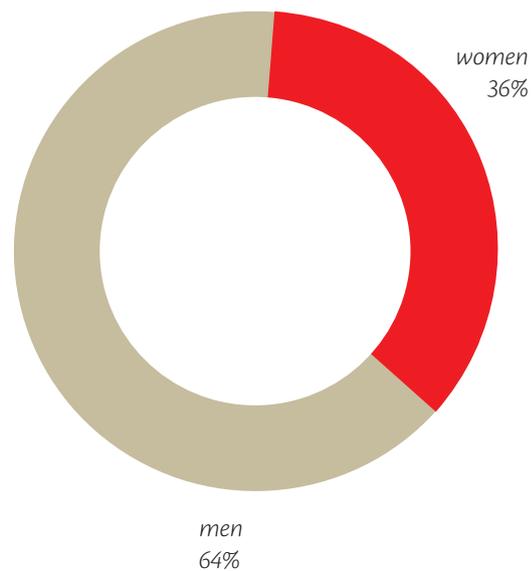
The Board of Directors of IMA, in office until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2020, consists of 14 members, 12 of which are non-executive directors, including 4 independent directors. The rules on gender quotas were applied when electing the Board.

The Board of Directors comprises the **Internal Control, Risk and Related-Party Transactions Committee**, consisting of 3 Independent Directors, as well as the **Nominations and Remuneration Committee**, consisting of two Independent Directors (including the Chairman of the Committee) and a non-executive Director.

COMPOSITION OF THE BOARD OF DIRECTORS BY AGE



COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER



The Board of Statutory Auditors, consisting of 3 Standing Auditors and 3 Alternate Auditors, will remain in office until the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2021; the rules on gender quotas were applied also for this board.

The Supervisory Board consists of 3 members.

For further information on the administration and control bodies of IMA S.p.A., please refer to the Investor Relations section of www.ima.it, where the Corporate Governance Report can be downloaded.

IMA's commitment to business integrity

IMA's reputation is based on the ability to carry on its business with integrity, transparency, legality, impartiality, prudence and in compliance with laws, regulations and guidelines on social responsibility.

Thanks to its **transparent corporate governance system**, IMA manages the impact of its decisions and activities with a sense of responsibility, gradually introducing CSR to the entire organisation and incorporating it into all of its internal and external dealings. **Transparency** is understood as being towards all stakeholders and should inspire socially responsible conduct leading to sustainable development.

Through its **Code of Ethics**, IMA defines the ethical and social responsibilities of its members and stakeholders and the rules of conduct that must be complied with by all those who work for IMA and on its behalf. IMA is actively committed to spreading the principles of the Code to all those who are part of the company or who have dealings with it, insisting that they apply them too. Under no circumstances can the pursuit of IMA's interest or advantage justify unethical, dishonest or unlawful conduct: for this reason IMA considers the fight against "active and passive corruption" (i.e. bribery and corruption) to be an indispensable commitment.

Management identifies the areas where corruption is a risk and integrates them into IMA's broader regulatory compliance programme in order to fight it. IMA promotes the dissemination of the Code of Ethics to its employees and external staff through training. For anyone coming into contact with IMA (including suppliers and customers), the Code of Ethics provides suitable communication and information to fight the risks of corruption and of illegal acts in general, in order to strengthen the effectiveness and ethical reputation of IMA.

During 2019, there were no episodes of corruption (reports to the Supervisory Board), nor were there sanctions in this respect by the judicial authorities.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system adopted by IMA (hereinafter **Internal Control and Risk Management System**) ensures, through an adequate process of identification, measurement, management and monitoring of the main risks, a sound and fair management of the Company in line with the objectives of sustainable business development. This process includes the system for managing risks associated with financial reporting, which complies with regulations on Corporate Governance in force in Italy, including:

- Legislative Decree 231/2001 on the "Administrative liability of legal entities, companies and associations with or without legal personality" (hereinafter, Legislative Decree 231/2001);
- Law 262/2005 ("Savings Law");
- the Code of Conduct.

IMA also made reference to international best practice and adopted the "CoSO Report - Internal Control-Integrated Framework".

The key players in the Internal Control and Risk Management System are:

- the Board of Directors;
- the Executive Director in charge of the internal control system
- the Internal Control, Risk and Related-Party Transactions Committee;
- the Board of Statutory Auditors;
- the Independent Auditors;
- the Supervisory Board, as defined herein;
- the IMA Internal Audit function;
- the manager responsible for preparing financial reports as per Article 154-bis of Legislative Decree 58/98 (hereinafter, Financial Reporting Manager).

The Supervisory Board set up for the purposes of Legislative Decree no. 231/2001 monitors the operation, effectiveness and compliance with the Organization, Management and Control Model (hereinafter, **231 OMCM**), with a view to preventing offences which could give rise to IMA's administrative liability, in accordance with appli-

cable provisions (for example, on corruption, corporate disclosures, exploitation of individuals). The following IMA's Italian companies adopted the 231 OMCM together with IMA:

- GIMA S.p.A. (*absorbed by IMA from 01/01/2020*);
- CORAZZA S.p.A.;
- CO.MA.DI.S. S.p.A.;
- REVISIONI INDUSTRIALI S.r.l. (*absorbed by IMA from 01/01/2020*);
- PHARMASIENA SERVICE S.r.l.;
- GIMA TT S.p.A. (*absorbed by IMA from 05/11/2019*);
- ILAPAK ITALIA S.p.A.;
- ATOP S.p.A.;
- EUROSICMA – Costruzioni Macchine Automatiche S.p.A.;
- TISSUE MACHINERY COMPANY S.p.A.;
- ASSET MANAGEMENT SERVICE S.r.l.

The **Code of Ethics**, which is valid for all IMA's companies, is also adopted by the above-mentioned companies to complete their 231 OMCM. It sets out the ethical commitments and responsibilities of directors, employees and collaborators in the conduct of business and corporate activities. It also provides a confidential channel to prevent or report any behaviour in contrast with the Code of Ethics.

In 2019, the Supervisory Board received, via the dedicated e-mail box, 244 whistleblowing reports in connection with the implemented organizational procedures and activated the regular procedures provided for in the 231 OMCM. During the year no disputes were opened as a result of whistleblowing reports regarding matters governed by the Code of Ethics and the 231 OMCM.

The "Investor Relations" section of the website contains detailed information on corporate, economic and financial matters of interest to shareholders, investors, analysts and the press. An Investor Relations Manager has been identified within the corporate structure, who is responsible for handling relations with the financial community both nationally and internationally and with all of the shareholders.

TRAINING OF THE ITALIAN COMPANIES' STAFF ON THE 231 OMCM

IMA has included specific classroom sessions on matters associated with Legislative Decree 231/01 and Law 262/05 in the training program for new recruits, devoting particular attention to the internal control system. Classroom training in 2019 involved 222 employees of IMA and other IMA's companies for a total of 230 hours. 23 employees had courses for a total of 23 hours through the e-learning platform for training on Legislative Decree 231/01.

The risk assessment activity during the updating of the 231 OMCM was carried out by identifying the risks and the areas most exposed to the commission of the predicate offences envisaged by law 231, including the crime of corruption, according to a risk-based approach, i.e. taking into consideration the so-called "inherent risk" or "potential risk" of offences being committed.

Once this risk was defined in the context of sensitive activities, the Company's current Internal Control and Risk Management System was assessed in order to establish its level of adequacy, so as to reduce the risk to an acceptable level.

In general, the outcome of the mapping activity confirmed that IMA is standardizing its procedures for monitoring the areas at risk of crime in accordance with the general principles that characterise an efficient internal control system, as indicated above. Specifically, the residual risk assessed in terms of corruption was mostly medium level.

As regards non-financial risk, reference should be made to the following chapter: "The non-financial topics relevant for IMA".

MANAGEMENT SYSTEMS: QUALITY, SAFETY, ENVIRONMENT

IMA introduced a set of management systems certified by an independent third party, designed to create value in a sustainable way, shared with all stakeholders, above all human resources. The aim is to interpret end users' needs by pursuing the best quality standards, adopting best practices for the health and safety of its workers and minimizing environmental impact. In particular, IMA has achieved and maintains the following international certifications:

Lastly, IMA subscribes to the ethical codes applied by leading multinational clients on issues relating to sustainability, after verifying that they are consistent with its own principles.

During 2019 a project was developed to extend the corporate Quality System to Fillshape (now IMA S.p.A. with registered offices in Parma, Italy), which led to its inclusion in the ISO 9001:2015 certification in October 2019.

UNI EN ISO 9001 - QUALITY MANAGEMENT SYSTEM:

- IMA;
- GIMA S.p.A.
(absorbed by IMA from 01/01/2020);
- CORAZZA S.p.A.;
- ILAPAK International S.A.;
- ILAPAK Italia S.p.A.;
- IMA Life North America, Inc.;
- IMA Life (Beijing) Pharmaceutical Machinery Ltd.;
- IMA Swiftpack Ltd.;
- IMA-PG India Pvt. Ltd.;
- BENHIL GmbH.

BS OHSAS 18001 - OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM:

- IMA;
- GIMA S.p.A.
(absorbed by IMA from 01/01/2020);
- CORAZZA S.p.A.;
- GIMA TT S.p.A.
(absorbed by IMA from 05/11/2019);
- REVISIONI INDUSTRIALI S.r.l.
(absorbed by IMA from 01/01/2020).

ISO 14001 - ENVIRONMENTAL MANAGEMENT SYSTEM:

- IMA;
- CORAZZA S.p.A.;
- GIMA TT S.p.A.
(absorbed by IMA from 05/11/2019);
- BENHIL GmbH.

Sustainability strategy

In planning its strategies, IMA takes account of the economic, social and environmental implications of its work, with the objective to guarantee a balance among competitiveness, environmental sustainability and corporate social responsibility. For IMA, sustainability is a way of working; it is a commitment to create value that lasts over time. As the basis of its Sustainability Policy (hereinafter **Sustainability Policy**), IMA takes into consideration:

- **the UN's Sustainable Development Goals (SDGs)**, identifying those that are most relevant to its value chain;
- **the needs expressed by its customers and markets**, above all with reference to the sustainability characteristics that packaging will have to have more and more in the future;
- **local and global partnerships**, for the development of technologies and solutions, and to encourage the economic and social empowerment of the communities involved.

The Policy is structured in the 5 macro areas of engagement represented in the following picture and is summarized in the chapters of the non-financial report (hereinafter **NFR**).



THE STAGES OF SUSTAINABILITY AT IMA

In recent years, IMA has launched a process of reflection within the firm aimed at tracing the path the company can take in the medium term towards a position of social

responsibility able to support its competitiveness as an enterprise. So far, IMA's path has gone through the following stages:

2010

- Participation in the creation of Fare Impresa in Dozza S.r.l. Impresa Sociale, a concrete programme of solidarity sourcing. .

2011

- IMA celebrates its 50th anniversary. For the occasion, IMA promotes and finances Social Responsibility projects proposed by employees, supporting them financially for three years;
- Participation in the setting up of the E.R.-AMIAT association (Emilia-Romagna Advanced Mechanics and Industrial Automation Technology).

2013

- Implementation of a widespread training programme for employees on issues concerning business ethics and the Code of Ethics;
- Launch of the video wall during trade exhibitions: the technology allows visitors to participate in a virtual automation experience, while reducing the environmental impact of using actual machines.

2012

- Membership of Impronta Etica;
- Membership of SAVE FOOD, a project in partnership with FAO;
- Membership of the Carbon Disclosure Project; IMA starts calculating its own carbon footprint;
- Support for the areas of Emilia-Romagna affected by the earthquake in May 2012;
- Publication of the first "Profile of a Sustainable Company".

2014

- Adoption of supply chain codes such as Ecovadis and Sedex;
- Updating of the Code of Ethics and subsequent dissemination;
- Publication of the first Social Responsibility Report, according to the Global Reporting Initiative standards;
- Certification for the Safety Management System (OHSAS 18001) for IMA;
- IMA nominated Best Newcomer 2014 in the CDP Program;
- launch of the new pay-off of IMA: Sustain Ability.

2018

- Update of the ISO 14001 certification for IMA's registered office and two other locations and its extension to other IMA plants.

2017

- ISO 14001 certification for IMA and another 2 companies, as well as OHSAS 18001 for 3 new IMA companies;
- Implementation of the European Non-Financial Reporting Directive.

2016

- Reporting on IMA's sustainability performance.

2015

- Electricity purchased from certified renewable sources for certain IMA companies;
- Collaboration with the Bocconi University (Master in Green Management, Energy and Corporate Social Responsibility);
- The CSR Project Unit integrates the Communications Committee in a staff role for the Presidency;
- Launch of the csr.ima.it website.

2019

- Extension of ISO 14001 certification to 2 subsidiaries;
- Extension of ISO 9001:2015 certification to Fillshape S.r.l., now a division of IMA;
- Extension of the BS OHSAS 18001 occupational health and safety management system to Revisioni Industriali S.r.l.;
- First edition of IMA's Multistakeholder Workshop;
- Launch of IMA NoP – No Plastic Program;
- Membership of Rete CapoD;
- Corazza S.p.A. obtains SMETA certification;
- Presentation of the Sustainable Mobility Plan for employees working at IMA's headquarters.

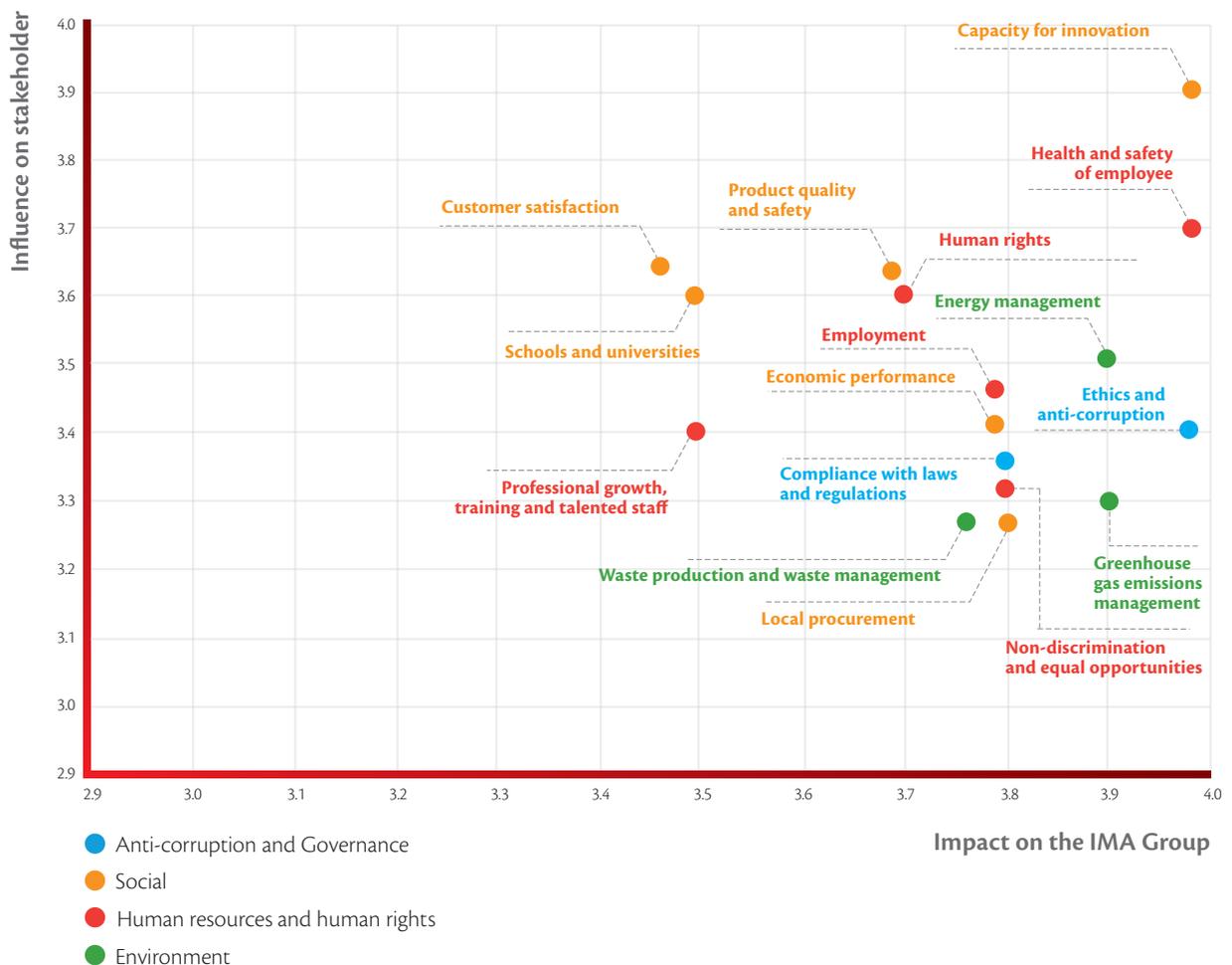
Non-financial topics relevant for IMA

In accordance with the provisions of Decree 254 and the GRI Standards, the disclosures provided by IMA in the NFR were selected on the basis of the principle of "materiality", to identify **the most relevant and significant aspects** of the organisation that could influence decisions, actions and performances of IMA and its stakeholders.

The "Materiality Matrix" chart shows a summary representation of IMA's materiality analysis; the methodology used for updating the matrix and defining potentially

relevant topics envisaged an internal analysis based on various sources, as well as **structured engagement of IMA's main stakeholders**. The Company identified and selected its stakeholders based on an awareness of their social role and strong ties to the local territory, dividing them into the categories of end-users, suppliers, institutions, university and local businesses (see § Listening to the stakeholders). In both activities, any issue concerning sustainability was evaluated according to a rating scale (from 1 to 4), stressing its relevance and priority.

2019 MATERIALITY MATRIX



The materiality matrix makes it possible to give a synthetic representation of the topics being analysed and, based on the analysis performed, they assume a specific ranking that makes it possible to define the **degree of relevance**: the topics that are positioned at the top right of the graph

are the most significant topics, both for companies and stakeholders.

Topics with a valuation of more than 3.2 (defined as the "materiality threshold"), on a scale of 0 to 4 on both axes, are considered material.

FIELD	MATERIAL TOPICS	GRI INDICATOR	SCOPE	
			INTERNAL	EXTERNAL
Anti-corruption and Governance	Ethics and anti-corruption	205-3 Confirmed incidents of corruption and actions taken	IMA	
	Compliance with laws and regulations	307-1 Non-compliance with environmental laws and regulations 419-1 Non-compliance with laws and regulations in the social and economic area	IMA	
Social responsibility	Capacity for innovation	Other disclosure: number of patents filed and granted	IMA	
	Product quality and safety	102-43 Approach to stakeholder engagement 416-1 Assessment of the health and safety impacts of product and service categories	IMA	
	Customer satisfaction	102-43 Approach to stakeholder engagement	IMA	
	Economic performance	201-1 Direct economic value generated and distributed	IMA	
	Local procurement	204-1 Proportion of spending on local suppliers	IMA	
	Schools and Universities	Other disclosure: relations with the world of technical and higher education and the community	IMA	
Human resources and human rights	Health and safety at the workplace	403-2 Types and rates of work-related injuries, occupational diseases, days lost, absenteeism and number of work-related deaths	IMA	Suppliers
	Professional growth, training and talented staff	404-1 Average hours of training per year per employee	IMA	Suppliers
	Respect for Human Rights	406-1 Incidents of discrimination and corrective actions taken	IMA	
	Employment	401-1 New employee hires and employee turnover	IMA	
	Equal opportunities and non-discrimination	405-1 Diversity of governance bodies and employees	IMA	
Environmental responsibility	Energy management	302-1 Energy consumption within the organization	IMA	
	GHG emissions management	305-1 Direct/Scope 1 GHG emissions 305-2 Energy indirect/Scope 2 GHG emissions	IMA	
	Waste production and waste management	306-2 Waste by type and disposal method	IMA	Suppliers

With regard to the scope of this report outside of the Group, suppliers have so far not been included.

Analysis of non-financial risks and management methods

IMA launched a process for the identification and analysis of non-financial risks related to material and significant thematic areas such as anti-corruption, human resources and human rights, the environment and other social aspects. The analysis makes it possible to identify the policies and the organizational model adopted by IMA on each individual issue for certain IMA companies (reference can be made to the Management System section) and the Code of Ethics. As already mentioned, IMA adopted the Sustainability Policy, approved by the Board

of Directors in February 2018, and updated in 2020, which contains the Policies relating to the non-financial areas listed previously.

The process for identifying IMA risks was carried out starting from internal analyses of the Risk Management function and through benchmark analyses carried out for the implementation of the Sustainability Report that made it possible to evaluate the typical risks of the sector.

FIELD	RISK TYPE	MONITORING/ MANAGEMENT
ANTI CORRUPTION	<ul style="list-style-type: none"> • Commission of illegal acts and in particular acts of corruption by members of the organization. • Inappropriate or ignored delegations of authority. • Non-compliance or violation of the reference legislation. • Failure to obtain or losing certifications or approvals or authorisations to operate. • Risks linked to corporate crimes. 	<p>In managing its activity, IMA has implemented a global governance and business integrity policy that allows it to carry on its business with integrity, transparency, legality, impartiality, prudence and compliance with applicable laws, regulations and reference guidelines with regard to social responsibility.</p> <p>The management and organisation tools and methods implemented:</p> <ul style="list-style-type: none"> • Code of Ethics, a tool distributed throughout the organisation; • internal control system; • risk management system; • organisation, management and control model pursuant to Legislative Decree 231/2001 for the companies that adopted it (see § IMA's commitment to business integrity); • Code of Conduct of Listed Companies prepared by the Corporate Governance Committee of Borsa Italiana S.p.A.; • Standard CoSo Report – Internal Control Integrated Framework.
HUMAN RESOURCES AND HUMAN RIGHTS	<ul style="list-style-type: none"> • Increase in turnover and loss of capable and relevant personnel. • Increase in accidents. • Increase in work-related stress. • Risk of incompetence and negligence. • Risk of discrimination and inequality of treatment along supply chains (Human Rights). • Difficulty in finding trained and capable human capital. 	<p>The IMA sustainability policy, in view of the risks connected to the issue of human resources and human rights, considers people a genuine capital resource; this policy focuses on a specific personal and professional growth path aligned with the values and culture that characterize IMA. The key elements that can be recognized in it are training, active involvement, respect for fundamental human rights, diversity, health and safety, social dialogue and work and social inclusion.</p> <p>The management and organisation tools and methods implemented:</p> <ul style="list-style-type: none"> • Code of Ethics; • Local policies on S&S; • Corporate welfare initiatives for certain IMA companies; • Training management (IMA Academy); • etc.

FIELD	RISK TYPE	MONITORING/ MANAGEMENT
SOCIAL ASPECTS	<ul style="list-style-type: none"> • Reputational risk. • Conflict due to lack of dialogue and discussion with local stakeholders. • Risks related to intellectual property. • Loss of competitiveness due to inadequate innovation development. • End-user dissatisfaction due to non-compliance with quality standards. • Non-compliance in product information. • Lack of collaboration with customers and suppliers to minimize any negative external effects generated. • Lack of control over Human Rights in the supply chains of non-EU countries. 	<p>Thanks to its global product quality and responsibility policy, IMA can create economic value not only for its shareholders, but also for its stakeholders, since the primary objective is to satisfy the end user.</p> <p>The typical values are a culture of quality, investment in research and development, responsible management of the supply chain and the promotion of projects or initiatives for the development of local economies.</p> <p>By means of its global policy in favour of communities and of the development of knowledge, based on the belief that industry must be accountable to society and the world, IMA promotes employee involvement in corporate citizenship and Corporate Social Responsibility programmes and initiatives.</p> <p>The relationship with the territory is also constantly active. Indeed, there is a continuous exchange of knowledge, experience and wealth that makes the relationship as indivisible as it is interdependent.</p> <p>Implemented instruments and management and organization methods:</p> <ul style="list-style-type: none"> • Suppliers' Code of Conduct; • ISO 9001 quality management systems certified for certain IMA companies; • Integrated ERP system (SAP) for the Supply Chain; • Audits at suppliers according to the quality system; • Ecovadis platform; • CRM system and electronic document management; • Internal Audit; • etc.
ENVIRONMENT	<ul style="list-style-type: none"> • Negative effects on activities resulting from climate change. • Negative effects on activities resulting from new or more stringent regulation. • Inability to correctly align the GHG (greenhouse gas) strategy with the business (e.g. end-user requests). • Increase in energy supply costs. • Increase in emissions due to the use of fossil energy sources. • Sanctions for non-compliance with environmental regulation. • Reputational risk. • Risks along the supply chain, related to non-compliance with applicable environmental legislation. 	<p>The global environmental policy involves multiple initiatives relating to the protection and safeguarding of the environment, which, set within the environmental management system, are considered genuinely strategic business decisions.</p> <p>What IMA intends to implement is realized through the reduction of its direct impacts, investments in Research and Development for sustainable innovation and the promotion of responsible behaviours along the value chain.</p> <p>IMA has also expanded the scope of reporting on environmental impact to all IMA companies, in Italy and abroad, in order to monitor its performance globally and implement the right corrective actions, if necessary.</p> <p>The management and organisation tools and methods implemented:</p> <ul style="list-style-type: none"> • Carbon Disclosure Project; • regulatory compliance; • having all the authorisations issued by the competent bodies; • Environmental Management System according to the ISO 14001 reference standard for certain IMA Companies; • Energy audit program.

Listening to stakeholders

Thanks to constant efforts over time, IMA has developed a complex system of information and communication through which it interacts with all stakeholders at a local, national and international level. In this way, IMA has identified the issues that its stakeholders consider most important in terms of social responsibility and sustain-

ability. For example, IMA's end-users, which are often multi-national organizations that are very sensitive to issues of Corporate Social Responsibility, express a number of **recurring sustainability themes** through supplier valuation processes, requests to sign codes of conduct and contractual clauses.



IMA has taken that into consideration in this Sustainability Report. These issues are:

LABOUR AND HUMAN RIGHTS	
STAKEHOLDERS	<ul style="list-style-type: none"> • Human Resources; • trade unions; • suppliers and their workers.
LISTENING TOOLS	<ul style="list-style-type: none"> • Industrial Relations; • reports by employees and direct comparison; • internal communication.
ISSUES	<ul style="list-style-type: none"> • Respect for human rights (e.g. child labour); • health and safety in the workplace; • compliance with contract terms; • protection from molestation, including sexual harassment; • promotion of equal opportunities; • respect for individual cultural and religious preferences; • presence and dissemination of the Code of Ethics; • professional development and training; • promotion of merit.
CHAIN SUPPLIERS	
STAKEHOLDERS	<ul style="list-style-type: none"> • Partners; • suppliers.
LISTENING TOOLS	<ul style="list-style-type: none"> • Suppliers selection and qualification process.
ISSUES	<ul style="list-style-type: none"> • Differentiation of suppliers: company policy that promotes the purchase of goods and services from different firms; • sustainability policy throughout the supply chain; • development of the industrial cluster.
COMMUNITY, TERRITORY	
STAKEHOLDERS	<ul style="list-style-type: none"> • Community; • schools; • university.
LISTENING TOOLS	<ul style="list-style-type: none"> • Conventions; • agreements; • work tables.
ISSUES	<ul style="list-style-type: none"> • Relationship with schools, universities and promotion of youth employment; • Adherence to international codes on transparency and corporate governance, such as the Sarbanes - Oxley Act in the U.S.A.

ENVIRONMENT	
STAKEHOLDERS	<ul style="list-style-type: none"> • Community; • institutions.
LISTENING TOOLS	<ul style="list-style-type: none"> • Continuous institutional comparisons.
ISSUES	<ul style="list-style-type: none"> • Measuring environmental impact and intervention strategies; • energy efficiency; • use of renewable energy sources; • water use reduction; • waste reduction; • measurement of GHG emissions and dissemination of results; • pollution reduction; • raising awareness of environmental issues.

Also in 2019, IMA was successfully assessed by **Ecovadis**, which awarded it a "Silver Recognition Level" in 2018. EcoVadis is a platform for the analysis of CSR standards, based on international CSR standards including the Global Reporting Initiative, UN's Global Compact, and the ISO 26000 standard. Companies are rated in four areas: Environment, Fair Working Practices, Ethical/Fair Business Practices, Supply Chain.



FIRST EDITION OF IMA'S MULTISTAKEHOLDER WORKSHOP

In October 2019 the first edition of the IMA Multi-stakeholder Workshop was held: the meeting was attended by qualified representatives of companies, public agencies and institutions, associations and the academic world.

Thanks to this initiative IMA intends to strengthen dialogue and discussion with all those that it interacts with, directly or indirectly, to compare opinions on the strategic guidelines in the area of sustainability and collect ideas and suggestions.

Thanks to this meeting, IMA will be able to structure future improvement paths towards increasing sustainability and co-responsibility.

For further information, please refer to the IMA web site <https://ima.it/it/workshop-multistakeholder/>



END-USERS

Customers and markets



Global policy for product quality and liability

IMA's strategy, whose primary objective is **end-user satisfaction**, aims to create profit to remunerate its shareholders, but also **economic value for all its stakeholders**.

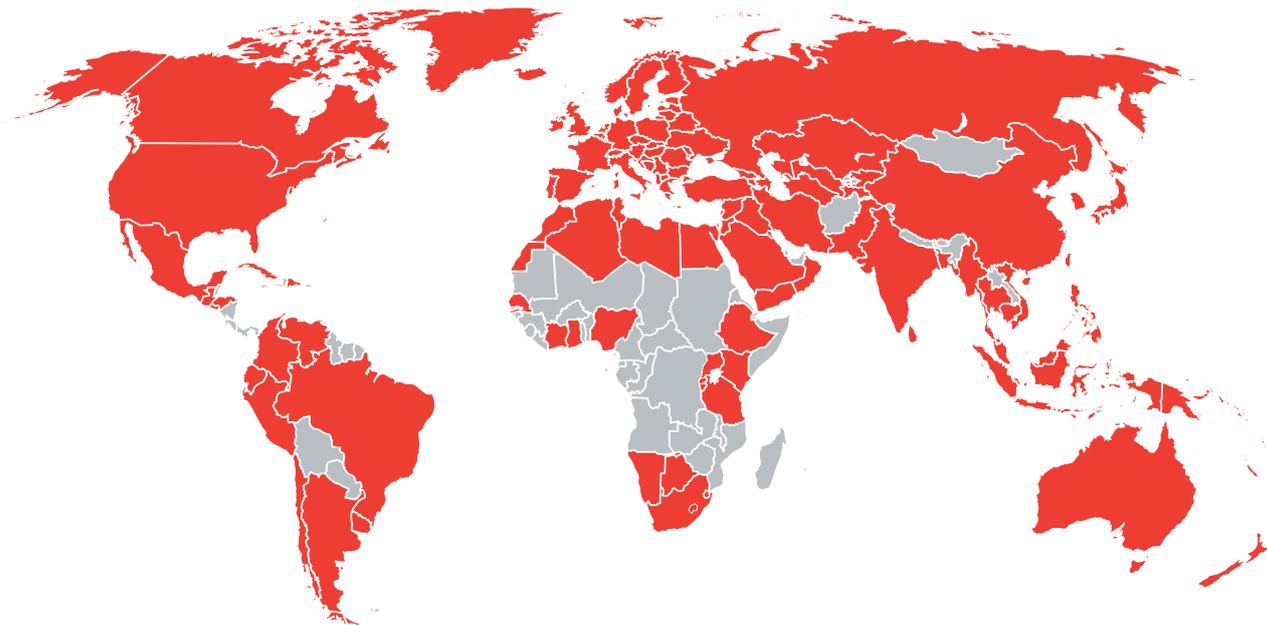
Through continuous investment in technology, constant improvement in the quality and reliability of its products, opening new foreign branches and partnerships in the academic and scientific field, IMA aims to serve its end-users more and more quickly and efficiently, thereby obtaining a competitive advantage. Through its **Suppliers' Code of Conduct**, IMA shares values and principles of reference with its suppliers, so that they too contribute to the **development of a sustainable production chain**

and, in turn, work towards responsible management of sub-suppliers.

IMA intends to propose solutions to the market and to customers that are designed to:

- **enhance quality** to ensure products and services of the highest possible level, safety and reliability over time;
- benefit from investments in the **research and development** of services that use digital innovation, solutions that are technologically advanced and with a lower environmental impact;
- integrate the know-how resulting from **partnerships with its supply chain**, managed responsibly in economic, social and environmental terms.

IMA IN THE WORLD



End-user satisfaction is the final expression, a logical consequence, of a company strategy aimed at Sustainability, in which all of the IMA's resources are involved by taking part in company processes.

In July 2019 a completely revised multimedia version of IMA's **Quality Policy** was issued, and subsequently dis-

tributed to all IMA's employees in Italy and abroad, with an introductory letter from the Chairman. The new version focuses on the alignment with the IMA Digital Agenda for Industry 4.0, which is currently being implemented.

Consolidated revenue in 2019 amounted to 1,595.53 mil-

lion euros, an overall increase of 6.34%, of which 1.2% due to the organic growth, with respect to the previous year. As regards the trend in revenue by sector, the Tea, Food &

Other sector showed an increase in revenue by 17.3%, the Pharma sector recorded a growth of 10.8%, while the Tobacco sector turned in growth of 50%.

REVENUE BY SECTOR	2017 ³ (restated)		2018		2019		
	Amount	%	Amount	%	Amount	%	% Change
Tea, Food & Other	602.57	45.6%	686.17	45.7%	804.57	50.4%	17.3%
Pharma	565.87	42.9%	631.27	42.1%	699.59	43.8%	10.8%
Tobacco packaging	151.76	11.5%	182.93	12.2%	91.36	5.7%	-50.0%
TOTAL	1,320.20	100.0%	1,500.37	100.0%	1,595.53	100.0%	6.3%

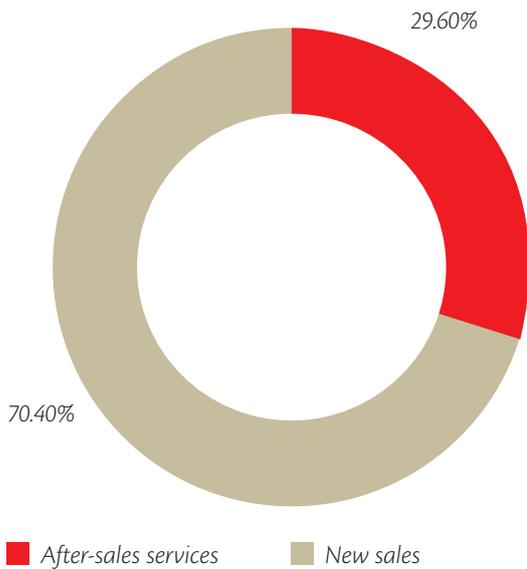
Export revenue accounts for more than 88%, with particular emphasis on Europe, North America, Asia and the Middle East. 70.4% of revenue was generated by plant and machines, while 29.6% came from after-sales activities (support, spares, kits etc.).

REVENUE BY SECTOR	2017 ⁴ (restated)		2018		2019		CHANGE
	Amount	%	Amount	%	Amount	%	%
European Union (excluding Italy)	400.87	30.40	450.01	30.00	451.32	28.29	0.3
Other European countries	17.60	8.10	114.97	7.70	109.06	6.84	-5.1
North America	225.40	17.10	241.13	16.10	313.67	19.66	30.1
Asia & Middle East	290.44	22.00	375.66	25.00	354.7	22.23	-5.6
Other countries	133.39	10.10	150.95	10.00	173.95	10.90	15.2
TOTAL EXPORTS	1,157.60	87.70	1,332.72	88.80	1,402.7	87.91	5.3
Italy	162.60	12.30	167.65	11.20	192.83	12.09	15.0
TOTAL	1,320.20	100.0	1,500.37	100.00	1,595.53	100.00	6.3

^{3,4} The figures for 2017 (total published revenue of 1,444.73 million euros) were restated following the sale of 60% of the investment in IMA Dairy & Food Holding GmbH in 2018.

IMA'S AFTER-SALES SUPPORT

A high level of after sales service, made possible by a worldwide network, has always been the focus of IMA's customer-oriented policy. A significant proportion of IMA's revenue, namely 29.6%, is in fact generated by the after-sales services: the provision of spare parts and equipment is, in fact, a high value-added activity that is recurrent and typically with high margins. IMA's after-sales service structure fosters the consolidation of relationships with customers, basing them on transparency and maximum satisfaction. The quality of original spare parts, together with the very high professional skills of technicians, provide customers with the best possible conditions for the maintenance and operation of the machines, ensuring their maximum efficiency and reliability.



INFORMATION AND COMMUNICATION

Communication with end-users and operators in the reference sector (Trade Press) takes place through media relations: this includes the preparation, dissemination and follow-up of product press releases, editorials and case histories for industry magazines and portals. Editorial material is produced in collaboration with the Marketing Departments of IMA's main sectors. On the occasion of the main trade fairs where IMA exhibits, press releases are prepared with information and photos of the new products on display. Press packs are available to journalists visiting IMA's stand and at the trade fair's press room. IMA also organizes press tours during the main events it promotes, such as open house events and new office inaugurations, and regularly publishes advertising pages on the main Italian and international trade publications, as well as banners and e-news, especially during major trade fairs. In 2019, no complaints were received about breaches of customer privacy.

Innovation, Research and Development

IMA's vocation in the pursuit of innovation reflects its strong orientation to be seen as a **solution provider** rather than just as a product vendor. This approach has always been a distinguishing characteristic of IMA and has resulted in a strong market leadership position. Research and development costs in 2019 amount to 53.9 million euros, slightly down from the 55.3 million euros last year, representing 3.4% of revenue. This item primarily includes the research costs incurred on the technological upgrading and normal revamping of standard products.

The cost of customizing standard products and the cost of custom-made developments on the specific request of the customer are not included, as they are part of the cost of sales and, as such, invoiced directly to the clients.

THE ORGANIZATION OF RESEARCH AND DEVELOPMENT AND INNOVATION

Given the complexity of the markets in which it operates and the dynamism of its growth, IMA requires a greater centrality and transversality of research and development skills, implemented by following two guidelines:

- research and development of machinery and equipment in a specific market segment: carried out within the individual divisions;
- experimentation and implementation of new technologies, technological scouting, creation of international cooperation relations, cooperation with research centres: performed by the Innovation structure.

In IMA, the development of **innovation is widespread**, that is, deriving from the ideas of individuals, from Marketing inputs, from the analysis of competitors' machines, from collaborative innovation or from scouting enabling technologies.

To ensure the dissemination of knowledge and stimulate new ideas, new hires from the Research & Development departments follow a path of continuous training on technological innovation, for example on real time operating systems, on the software framework produced for the use of Personal Computers as a machine controller, on mechatronics, on the development of industrial software for automatic machines.

These technologies are developed with a view to implementing open innovation, fostering cooperation worldwide and with research centres, and taking part in funded projects. IMA is consolidating its presence in Boston by supporting the creation of innovative start-ups and working with departments of the **Massachusetts Institute of Technology** on projects of mutual interest. These start-ups are developing technologies that, once they are part of IMA's research and development structures, will enhance its innovative capacity, as happened with **Continuus Pharmaceuticals Inc.** and **INKBIT LLC**.

Given that IMA is a leader in the production of machines and plants for the pharmaceutical industry, various projects have been initiated with Continuus Pharmaceuticals Inc., which perfected integrated continuous manufacturing technologies that increased the efficiency and speed of the manufacturing process for pharmaceutical active ingredients.

In 2017 IMA also contributed to the birth of INKBIT LLC, spin-out of the Massachusetts Institute of Technology on additive manufacturing, a totally innovative technology based on integrating artificial intelligence techniques into the additive printing process.

In Silicon Valley, IMA activated a design thinking project on collaborative robotics, in cooperation with the **Alma Mater Studiorum - University of Bologna**, which will involve a group of talented students from University of Bologna and **Stanford University** (SUGAR/ME310 project).

The smart machine and smart factory projects are being developed in cooperation with research centres and funded projects.

In 2019 the **MaXima** (Multiple Actions for Innovation in Machine Automation) project, co-financed by the Ministry of Economic Development, was completed. It dealt with adaptive, smart, high-performance, efficient and environmentally friendly production systems, in line with the Industry 4.0 paradigm.

The projects currently under way include:

- **ROSSINI** (Horizon 2020): design and development of modular platforms for the integration of robotic technologies and human operators in an industrial environment;
- **IDM** (IMA Digital Manufacturing), co-financed by the Emilia-Romagna Regional Authorities: creation of an IMA research centre to support digitisation of the Supply Chain and the use of additive manufacturing;
- **I-MECH**, co-financed by the European Commission and MIUR: intelligent mechatronic systems.

Lastly, the SENECA (Systems Enabling Efficient Cognitive Automation) project, which focuses on the use of artificial intelligence in machines and systems, is nearing approval.

RESEARCH, DEVELOPMENT AND INNOVATION WORLDWIDE

The other IMA companies around the world are also supporting various projects and cooperating on research and development with universities and research institutes.

In the **United States**, IMA companies work in cooperation with several technical schools and universities on school-work alternance and internship projects. Other research projects have been developed in cooperation with local universities, associations and research bodies.

In **Asia**, several IMA companies are members of international research and development associations, such as ISPE (International Society for Pharmaceutical Engineering) and IPEM (International Pharmaceutical Engineering Management).

PATENTS FILED AND GRANTED IN 2019

(out of a total of more than 1,700 patents and patent applications pending worldwide)

	PATENT APPLICATIONS FILED (OF WHICH DESIGN)	PATENTS GRANTED (OF WHICH DESIGN)
IMA Life North America Inc.	2	14
GIMA S.p.A. (absorbed by IMA from 01/01/2020);	14	43
Telerobot S.p.A.	9	2
Corazza S.p.A.	6	3 (2)
Ilapak Italia S.p.A.	8	4
Eurosicma - Costruzioni Macchine Automatiche S.p.A.	-	1
IMA Medtech Switzerland SA	1	-
Ilapak International SA	1	-
Delta Systems Automation LLC	3	-
IMA	141	143
Teknoweb Converting S.r.l	2	-

IMA DIGITAL

IMA continues to focus its development activities on digital innovation and the implementation of technologies linked to **Industry 4.0** and **Smart Manufacturing** formats. All the strategies for technological growth have been incorporated in IMA Digital, a global project that involves all sectors of the Company. The initiative aims to create products and services aimed at supporting partners and customers in technological advancement.

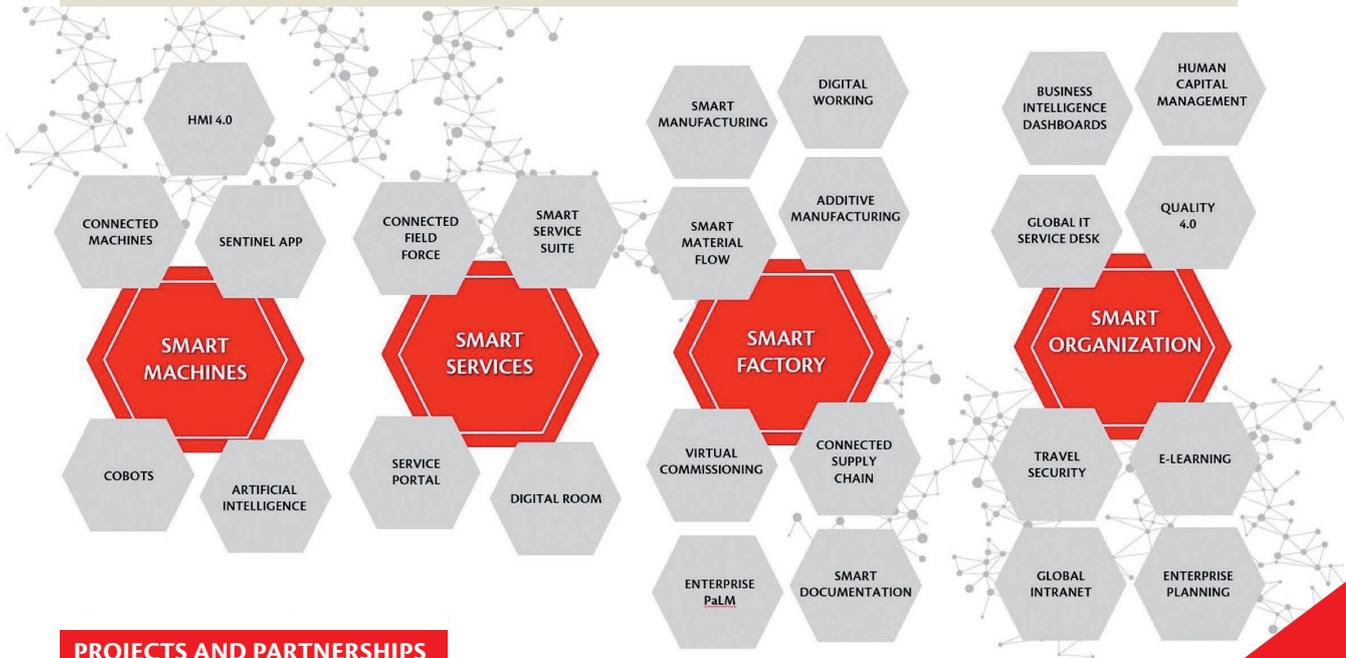
The following are some of the technologies on which IMA has focused its attention:

- IIOT;
- Artificial Intelligence;
- Collaborative Robotics;
- Advanced Automation;
- Additive Manufacturing;
- Big Data.

To give the initiative organic unity and planning, four macro-areas of reference and development have been identified.

Each area grouped together projects and activities having the same purpose:

- **Smart Machines:** an area that has seen efforts to achieve interconnection and digitisation of the plants. Related projects: Connected Machines, Sentinel App, HMI 4.0, Cobots and Artificial Intelligence.
- **Smart Services:** an area that saw the creation of services to be proposed to partners and customers. Related projects: Connected Field Force, Smart Service Suite, Digital Room, Service Portal.
- **Smart Factory:** an area dedicated to the enhancement and innovation of IMA's physical infrastructure. Related projects: Smart Manufacturing, Digital Working, Smart Material Flow, Additive Manufacturing, Virtual Commissioning, Connected Supply Chain, Enterprise PaLM, Smart Documentation.
- **Smart Organization:** an area dedicated to the development of digital solutions for the improvement of communication and the growth of skills of IMA employees. Related projects: Business Intelligence Dashboards, Human Capital Management, Global IT Service Desk, Quality 4.0, Global Intranet, E-learning, Enterprise Planning.



PROJECTS AND PARTNERSHIPS

THE MAIN INNOVATIONS AT IMA IN 2019

IMA Active went as far as exploring **Continuous Manufacturing**, the new production paradigm that combines together into series the various production technologies, ensuring an uninterrupted flow of materials, from raw materials to the finished pharmaceutical. The process is constantly monitored in real time thanks to the latest generation of PAT instruments and upstream and downstream regulation algorithms, so as to obtain a product that is invariably compliant. Recent studies on the possible increase in efficiency arising from the implementation of Continuous Manufacturing in the pharmaceutical sector show the drug cost would be lower by up to 40% than the current batch production, a reduction of up to 80% in the size of plants, with a consequent reduction in energy consumption, and a reduction in production times of up to 90%, with an increase in the quality of the drug.

CROMA, the new continuous tablet coating machine, marked IMA's first step towards Continuous Manufacturing. Scaled to work downstream of a medium speed tablet press, CROMA is designed to work on a continuous and seamless product flow through the modules. Modularity is the key feature of the project: CROMA can mount up to four modules, which can be connected either in series for increased weight tolerance, or in parallel for a greater capacity. The result is maximum flexibility in terms of machine configurations and process performance.

IMA SAFE is exploring innovative and flexible packaging systems suitable for the production of small batches and innovative sensors applicable to its systems. Below are some examples that will be presented at Interpack 2020:

- **Trit-one**: robotised cartoning island. Modular cartoning machine suitable for producing virtually any pharmaceutical package without the need for format parts;
- **New count sensor**: a sensor for counters, capable of detecting flaws in the tablets with great precision before final packaging.

IMA NOP - NO PLASTIC PROGRAM

Growing attention to environmental sustainability issues within private and public companies has triggered multiple projects and initiatives. In the processing and packaging machinery industry, actions aimed at sustainability are geared to obtaining innovative packaging materials, while reducing the consumption of resources during production.

For some time now, IMA's development policies have generated themed projects, working side by side with high profile customers and partners. Among the various initiatives, the activities of **IlaLab**, the laboratory within the Lugano production site, stand out. There, for several years IMA has supported the development of flexible eco-sustainable primary packaging.

More recently, to give greater impetus to the theme and direct the production chain to a growing environmental sustainability, IMA launched **IMA NoP - No Plastic Program**, a company-wide project to bring about a wider and more systematic introduction of eco-sustainable materials throughout the entire supply chain.

- "IMA funds a research grant **to acquire skills on packaging materials**. The research fellow of the Department of Civil, Chemical, Environmental and Materials Engineering (DICAM) of the University of Bologna will carry out his research on the topic of "Polymeric materials for an eco-sustainable packaging".
- **The MaXima project** includes a line of research entitled "Use of eco-compatible materials", which seeks to overcome the restrictions that limit the use of PLA (Polylactic Acid) and equivalent materials. This activity is carried out in collaboration with an important company that produces filters made from PLA.

Quality

INTEGRATED QUALITY AND REGULATORY COMPLIANCE SYSTEM

The system adopted by IMA, which is highly focused on processes, aims to ensure the highest level of service to its customers: this has enabled it to offer its end-users maximum transparency in the execution of the various phases of the project, leading to the delivery of highly complex solutions on schedule, while maintaining a simple and flexible organizational structure.

For this reason, various IMA companies (see § Management Systems) have the **ISO 9001** certification of their own Quality System, which covers the **entire product life cycle**, from research and development to sale, delivery and installation, all the way through to after-sales support (hereinafter, **Quality System**). Particular attention is paid to the design control, which is crucial for the quality of the end product.

The Quality System has been designed and implemented to achieve the objectives of **centrality and flexibility** and to have the possibility to adapt to the specific characteristics of the market and the organization of the individual divisions and companies. This facilitates inclusion in the Quality System of the new companies that become part of IMA as a result of acquisition, and their consequent integration.

In March 2018, the Quality System was updated to the **new edition** of **ISO 9001:2015**. The heart of the project was a **risk analysis** of all the processes involved in the Quality System, to verify whether all of the main quality-related risks are adequately kept under control and managed. This project was an opportunity to review the entire system in the face of the changed scenarios and contexts in which IMA operates.

As part of the innovation of the processes and technological systems used to support them, the **CRM project and electronic document management** has been active since 2014, which has made a state-of-the-art platform for Customer Relationship Management available to the world of sales. Today this platform is used by almost all IMA divisions and is in the process of being adopted in the divisions of the various companies engaged in other market sectors. This tool allows the sharing of structured and classified data among all organizations, returns information on the market and indications on commer-

cial, production and marketing strategies. Now integrated with Enterprise Resource Planning (hereinafter **ERP**), the content management platform and the **SharePoint document management system**, the system ensures efficient management of document transmission and approval flows in line with the requirements of national and international regulations.

In addition to incorporating the minimum requirements of local legislation, the internal technical regulations extend to various areas where it is important to follow international standards, starting from the mechanical and electrical design, up to the internal and external production processes and packaging of the products.

Quality assurance and compliance with procedures is ensured by a continuous internal audit plan which, on an annual basis, involves the companies and divisions involved in IMA's Quality System. In 2019, 16 internal audits (14 in 2018 and 13 in 2017) were carried out with the participation of auditors from various areas of the company, previously qualified by the Quality Assurance Area. With a view to the new edition of the ISO 9001 standard, audits are planned in a **risk-based** perspective so as to focus the checks on the most critical areas.

"Quality" also means ensuring the best **safety conditions when the machines are being operated by the end-users**: indeed, during the design phase of all (100%) of the machines placed on the market, IMA carries out an in-depth analysis of safety-related risks according to applicable regulations including, first of all, European Parliament and Council Directive 2006/42/EC dated 17 May 2006 (hereinafter, the **Machinery Directive**). The output of this process is used to draw up a technical file containing the assessment of the risks and the measures taken to eliminate or minimize them.

In addition, since 2013 the Group has been monitoring non-conformities found during use, which have an impact on the safety of IMA's machines. The resources of the **Technical Compliance office** provide continuous advice and support to IMA's divisions and companies on machinery safety regulations and their practical application.

INTEGRATED MANAGEMENT SYSTEM

IMA has chosen to integrate **ISO 9001** certification with **sector-specific regulations**:

- **standards** such as **GMP, GAMP** and food compatibility are part of the Quality System to offer end-users the highest possible level of compliance with industry best practices;
- **product safety** is a key objective for IMA, and for this reason it follows and monitors all binding regulatory aspects such as the EU Machinery Directive and related regulations, in order to ensure that all IMA machines fully comply with legislative requirements.

In this area, the Quality Assurance function has developed various tools that allow detailed reporting:

- a **reference database** for the certification of materials used on the machines in contact with the product (for food and pharmaceutical compatibility), which can be used by all IMA companies and divisions;
- the creation of **correlation schemes** between the regulations to which customers are subject (GMP, GAMP) and the IMA Quality System. The aim is to facilitate dialogue with end users, identifying any areas for improvement and development of the system and incorporating the regulatory requirements applicable to IMA within it.

To further protect end-users, ensuring business continuity, IMA has adopted the "**Disaster Recovery Plan for IT Systems**" (updated every year), an operational plan to prevent disasters such as accidents or natural disasters affecting computer systems, leading to loss of data, or even interruption of business.

REGULATORY AND TECHNICAL KNOW-HOW

Technical updates from an analysis of regulatory changes and innovations introduced by IMA represent a wealth of information and know-how that IMA makes available to end-users, meticulously preparing the **documentation** supplied with the machine, such as:

- the compulsory technical documentation, such as the "Parts Manual" and the "Instruction Manual for the use and maintenance of machinery" (which contains information on the origin of the goods, instructions on how to carry out handling, unpacking, installation, use and maintenance correctly and safely, methods of decommissioning and dismantling, and information on possible emissions of radiation, gases, vapours and dusts);
- supporting documentation for the validation of equipment in accordance with regulatory guidelines (FDA, EMEA) for the pharmaceutical market.

For this last aspect, IMA has laid down internal procedures for managing the life cycle of the control software of machines according to GAMP guidelines, including the risk analysis to ensure a test protocol that is optimized and focused on the critical areas.

Moreover, as regards the information provided to customers on the main categories of products, all of the machines that are sold by IMA are subject to the Machinery Directive, which lays down an obligation to provide adequate documentation of their proper installation, operation, maintenance and disposal.

In terms of feedback, the percentage of problems reported by customers relating to documentation compared with the number of machines under warranty in 2019 was 2.0%.

In 2018, the Company activated the new ISO 313 Technical Committee "**Safety of Packaging Machines**" with the ambitious goal of defining a common standard at world level for the safety regulations of packaging machines, which levels out the regulatory differences that currently exist, above all between Europe and the USA. IMA obtained the Chairmanship of the Technical Committee and actively participates in the group's proceedings for the development of the new standard: in 2019 two meetings were held, in Germany and in Italy.

End-user satisfaction

As part of the certified Quality System, there is a procedure for **collecting feedback directly from customers** with the following characteristics:

- sending a questionnaire by the Sales Body at the end of the machine/line installation at the customer's premises;
- customer evaluation by means of a questionnaire of all the main aspects of the project, from sales to installation;
- collection of feedback and its transmission to the managements of the companies / divisions involved for reviews twice a year.

In IMA, end-user satisfaction is monitored also through a **dashboard of indicators** capable of measuring the quality delivered over time (the degree of compliance with the requirements of products and services in terms of quality and timing) and the perceived quality. The tools used for these measurements are:

- audits carried out by the end-user as part of the qualification process of IMA as a supplier;
- managing and minimizing complaints and disputes, such as failure to pay for technical/quality problems;
- reduction of warranty costs;
- measurement and monitoring of quality problems and delivery times for the products and services provided.

Customer satisfaction questionnaires

have been in use for a number of years.

The results for Italy in 2019 are the following:

% Questionnaires sent / Machines installed



% Questionnaires received / Questionnaires sent



Average score of answers (from 1 to 5, where 3 is satisfactory)



During 2019, as part of the IMA Digital agenda, a project was developed to digitize the process of managing customer satisfaction questionnaires, with the dual purpose of:

- improving the efficiency of the internal management process;
- increasing the rate of feedback from customers.

The new process involves its integration within the **corporate CRM** system implemented recently in the **larger IMA companies**; this new flow started in June 2019.

IMA is well aware that a **policy for the prevention of defects** is not only a competitive advantage, but also a way of reducing internal costs: For this reason, IMA undertakes to comply with all product requirements prior to shipment: it prefers to spot any cases of non-conformity while the machine is still at its premises rather than having to resolve the problem at the end-users.

LISTENING TO CUSTOMERS AND CUSTOMER SATISFACTION IN THE WORLD

The importance of listening to and satisfying clients, which is fundamental for all IMA companies, is a process that begins in the design phase and ends at the end of the machines' life cycle: through listening and interaction systems that provide regular visits to customers, IMA companies meet their end users directly, also with a view to collaborating on product customization initiatives.

In a widespread way, each branch has a well-structured system of claims management which relies on completing questionnaires online and/or by e-mail, by using dedicated online platforms or a telephone assistance line.

VoC services, "Voice of the Customer", are in place. Their end purpose is to improve customer satisfaction, by finalizing market, product and service strategies using customers' opinions. Furthermore, almost all IMA companies around the world (83% of them), with a view to improvement, assess the impact of 100% of their key product and service categories on health and safety.

THE SUPPLY CHAIN



In the choice of suppliers, IMA guarantees absolute impartiality and undertakes to comply strictly with the agreed terms of payment (all purchases have always been regulated according to the agreements). In particular, production-related suppliers are also selected on the basis of a **criterion of "proximity"** which favours, among other things, partner companies in product innovation that operate in the local production cluster.

During the course of its history in the industry, IMA has always worked to ensure that its production could be a means of generating a positive social impact on the local territory.

IMA's suppliers have to have a **high level of quality and sustainability**: to increase the added value of its offer, IMA, on the one hand, uses selected partners and suppliers, actively involving them in the processes of designing, manufacturing and assembling the machines; and on the other, monitors along the entire chain the high quality standards and technical and regulatory requirements that have to be met. The goal is to **share rigorous methods and standards** so that the successes can be shared as well.

THE IMA MODEL FOR MANAGING THE SUPPLY CHAIN

IMA's approach to the supply chain has always been innovative, developing over time an unconventional model. The scheme based on a **win-win partnership approach** has evolved with **IMA's participation in the share**

capital of its most strategic suppliers, allowing IMA to cope better with the recent challenges related to growth: this model, which is perfectly consistent with the logic of Industry 4.0, provides support throughout the Supply Chain for investing in new machinery and production tools and in the organizational and IT development typical of this new industrial revolution. In particular, IMA is working along three guidelines with its most important suppliers:

- **dematerialization;**
- **control of production scheduling;**
- **3D and Additive Manufacturing.**

All this translates into projects that are already operational, ranging from the implementation of an integrated **ERP system that also covers the supply chain** (online tools for the receipt of purchase orders and engineering drawings), to collaboration on Additive Manufacturing projects, that will completely innovate design and construction methods for automated machine components.

The objective in the coming years is to further increase the **collaborative logic between client and supply chain**. By way of a confirmation of this objective, in 2019 there was a further increase in strategic suppliers partially owned by IMA and a further pilot project was implemented to extend the order management IT platform to one of them, with a view to integrating and streamlining the various levels of manufacturing processes of IMA's own Supply Chain.

MAIN STAGES IN THE PRODUCTION OF AUTOMATIC MACHINES: THE IMA MODEL

DESIGN

Research & Development, a core activity for the Group, is carried out internally. However, certain design work on details, electrical circuits and software may be outsourced, especially at times of peak work.

COMPONENT SUPPLY

This is the operational phase that is easiest to outsource. In the case of mechanical parts, the creation and management of a network of subcontractors able to guarantee the delivery times and quality required is of fundamental importance. As regards commercial components, the strategic decision is to combine purchasing and storage at a single central structure.

ASSEMBLY

Some parts of the assembly process (such as mechanical assembly of the basic machine, wiring of the standard electrical panel) can be outsourced to reduce production lead-times.

TESTING

Subcontractors are unlikely to bring added value in this phase because it involves the fine-tuning of mechanical movements, motion control and verifying compliance with the customers' specifications.

Many of the strong contacts established by IMA in recent years are within its own **industrial cluster**, above all in Italy. These relationships sometimes take the form of **minority investments** (up to **30% of the share capital**) in certain subcontractors. These investments serve to support the network of small local businesses, an active part of the process of innovation promoted by IMA: they are **financial and strategic interventions**, which strengthen the cohesion of the production system and integrate the innovative potential of local players.

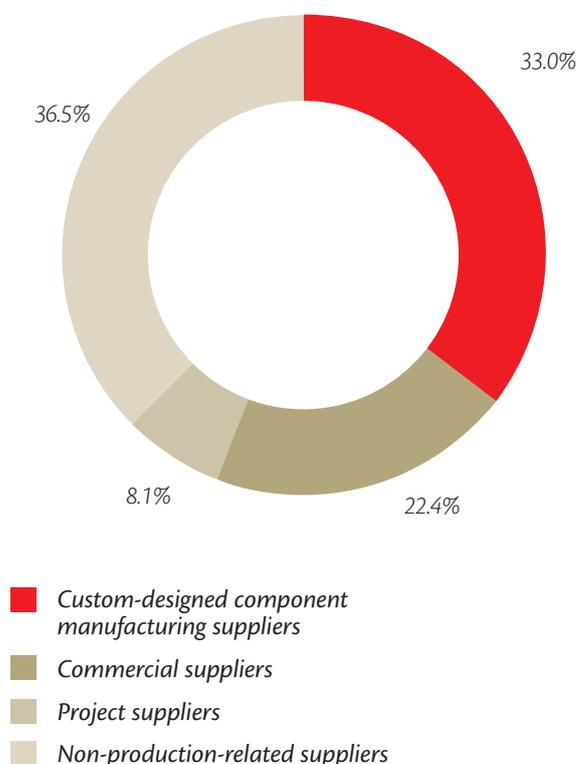
IMA works with different types of suppliers; the main ones include:

- **manufacturers of components for the production of machines**, which in turn are divided into:
 - **custom-designed component suppliers**, supplying components on the basis of drawings and projects prepared by IMA;
 - **catalogue component ("commercial") suppliers**, who provide components that are available in manufacturers' catalogues;
- **project suppliers, for goods and services closely related to customers' projects, such as assembly, design, third-party machinery;**
- **other suppliers** (so-called non-manufacturing suppliers).

Considering the purchases made in 2019 by the main IMA companies based in Italy and in the rest of the world, without calculating the costs incurred for VAT, customs, employees, vehicles and agents, the **sales revenue paid to third parties** amounted to more than **1 billion euros**: almost 90% of this amount went to local suppliers⁵. At regional level, the amount for Italy was 93.7%, for Europe 51.08%, for the Americas 85.55% and for Asia 88.53%. These figures demonstrate the value created by IMA for its territory and the local production cluster.

The best companies with which IMA works are in fact rewarded by remaining partners for several years, allowing them to capitalize on the investments they have made in production technologies. The low "rate of change/replacement" is therefore the salient feature of the relationship between IMA and its suppliers. In this way IMA establishes preferential relationships based on the duration of the collaboration and on mutual loyalty.

BREAKDOWN OF MANUFACTURING SUPPLIERS IN ITALY AND IN THE WORLD BY TYPE IN 2019
(% of expenditure)



⁵ "Local suppliers" refers to all the suppliers delivering to individual IMA companies in the world with registered offices in the same country.

Custom-designed component manufacturers

In 2019 there were **2,669** custom-designed component suppliers. Also for this type of supplier, IMA focuses on the local area for supplies, not only for reasons of logistical convenience and undoubted technical skills, but also to actively contribute to and support the social development of its territory.

In order to develop the suppliers' skills, training courses have been organized on specific issues regarding man-

ufacturing processes, such as welding and dimensional testing, and frequent opportunities are provided to work alongside external supplier resources in order to transfer IMA's working quality standards to them. In particular, periodic meetings are held with partner and non-partner suppliers to inform and update them on the results obtained, on the production programmes and on the operating strategies to be pursued.

Catalogue-component manufacturers

Suppliers of catalogue components defined as "commercial suppliers" are all leaders in their field of competence: IMA in fact needs the best electronic, IT, mechanical, pneumatic and electro-mechanical components available on the market; in 2019, in Italy and worldwide, there are **5,738 suppliers** in the catalogue.

In order to guarantee and certify the origin of their machines, IMA requires all suppliers of commercial parts to provide **certification of the origin of individual components**. In Europe, the preferential origin is Italy, followed by Germany. In order to **reduce the impact on the environment** of commercial components, IMA introduced a number of innovations to the central warehouse:

- **transport and logistics optimization:** in line with the strategy followed in previous years, IMA continues to optimize transport with a view to improving the connection between the headquarters and the other production centres, through the study of an adequate "milk run" that maximizes loads in both directions,

thereby reducing CO₂ emissions. During 2019, transport to production plants in Tuscany and Lombardy was intensified, increasingly centralizing purchases and accordingly reducing direct deliveries from suppliers to individual manufacturing plants;

- **expansion of the central warehouse:** the centralization of purchases is based on the use of the central warehouse at Ozzano dell'Emilia (Bologna, Italy) expanded in 2019, increasing the storage capacity by approximately 50% (from 24,000 to 34,000 boxes), the number of robots (from 17 to 27) and the picking (from 4 to 6) and refill (4 dedicated) bays.
- use of certified suppliers for all the materials that will have direct contact with the product; IMA's history in the **pharmaceutical sector** - in which certifications have been necessary for years - has meant that the same approach was used in the **Food sector** as well.

Relationship with suppliers of goods and services

IMA also uses so-called **"non-manufacturing" suppliers**, i.e. companies from which it buys goods and services that are essential for its operations, but that are not strictly related to the process of manufacturing the machines. This category of suppliers includes providers of energy, portorage/logistics services and cargo handling, travel, customs operations, consulting, various types of design services, canteen, corporate car pool, cleaning, rents and buildings, packaging.

In 2019, IMA made use of about **8,688 non-manufacturing suppliers**, in Italy and throughout the world.

The policy for choosing non-manufacturing suppliers favours **local companies** as far as possible. This is also in order to have a greater control over the supplier's policies with regard to **social and environmental criteria**.

In the case of suppliers of important product categories, given that they are bound to have an impact on the machines produced (e.g. logistics, design, etc.), the supplier coding process provides for:

- verification of the supplier's solidity with the help of IMA's administration department;
- a preliminary meeting;
- filling in a codification request form prepared by the quality department that must show the name of the unit making the request;
- confirmation by the Non-manufacturing Purchases Manager.

For certain categories impacting on the success of the machine sold to the customer, including design, packaging and shipping, from 2019 onwards the coding procedure required a further stringent verification with the supplier, i.e. preliminary acceptance of the following documents: general purchasing conditions, confidentiality agreement, supplier code of conduct/applicable IMA standards/ISO 9001 qualification questionnaire.

In addition, the impact that a new supplier may have in terms of erosion of the turnover of local and historical suppliers that work with IMA is taken into account. The growth of the business in recent years has allowed IMA to expand the network of suppliers without having a negative impact on the workload that IMA's partners rely on.

The supplier qualification process is carried out only for suppliers of design, drawing, documentation and translation, as is foreseen by the Company's Quality Department, as their work is considered to have an impact on the machine produced and sold to the customer.

The audit is carried out together by IMA's Purchasing Department, the Quality Department and, if necessary, the technical part of the division that is most involved in using the supplier.

As regards **environmental aspects**, over the past years, favourable consideration has been given to the initiatives of suppliers that have pursued projects in the area of environmental sustainability such as the suppliers of automatic distributors that use recycled cups: in 2019, using these cups by IMA made it possible to save a total of 2,932 kg of CO₂.

In 2019, the car policy was reviewed with the inclusion of hybrid cars in the car list: currently, in line with the environmental impact specifications provided by the manufacturers, the guidelines say that hybrid cars should only be chosen if the person drives less than 20,000 km/year, mainly in town, so as to take full advantage of their low emissions. IMA aims to follow developments in this market, updating the car list and the guidelines accordingly.

Work also continued in those activities that led to proposing objects made with **eco-friendly materials** in corporate gift circuits and cooperation with suppliers who showed great commitment to sustainability.

During 2019 IMA cooperated with Orplast S.n.c., a company from Bologna (Italy), that is very careful about the ecology and sustainability of its products; it created the "Back to Bag" concept, with a view to a circular economy, later used by IMA: they make a series of ethical bags created from scrap materials discarded by local manufacturers, with the support, among others, of Mondo Donna Onlus, a social cooperative for the protection of minors and people in conditions of social distress.

Qualification and monitoring of suppliers

The supplier qualification process was further structured to ensure the basic conditions needed to achieve the quality expected by customers.

In order to check the qualification of suppliers and their compliance with the minimum requirements laid down by IMA, questionnaires are sent concerning how they organize design, production and testing activities, as applicable. Audits and documentation are provided to prove that the supplier is actually compliant with IMA standards. Supplier performance is measured in terms of:

- quality;
- price;
- delivery.

They are summarized in a **vendor rating**: it is an established methodology that allocates scores that make it possible to measure suppliers' performance. Component suppliers are periodically given a vendor rating calculated on the basis of the following parameters, in order of importance: quality, delivery, price.

During 2019, the methodology was strengthened by integrating the procedure with audits in matters of Governance requirements, such as Legislative Decree 231/01 and Law 262/05.

RANGE OF RATINGS

Over a range of ratings from 0 to 100, where 60 is satisfactory, the average score of core suppliers was 69 for the custom-designed components in 2019 (72 in 2018) and 75 for catalogue components (71 in 2018).

At the end of 2019, there were **216** suppliers qualified through the IMA method:

- 211 (qualification and renewal of basic qualification) of mechanical components;
- 5 for assembly and wiring.

For custom-designed component suppliers, IMA has developed another method of qualification designed to raise suppliers' awareness of quality issues through training sessions by IMA testing personnel. The idea is then to transfer part of the testing of mechanical components to the suppliers. At the end of 2019, 36 suppliers qualified for self-control.

PERSONNEL OF THIRD-PARTY COMPANIES

An important category of suppliers is represented by personnel of third-party companies who work directly at IMA's plants: these relationships are governed by contracts that meet the standards prescribed by law and require the Contractor to provide IMA with all the guarantees required by regulations on workplace protection, health and safety, social security, insurance cover and regular payment of contributions.

In addition, a qualification activity began in 2017 to ensure compliance with the hygiene requirements and contain the risk of contamination for parts that come into contact with the customer's food or pharmaceutical product; at the end of 2019, this activity included 42 qualified suppliers and 26 supplies in the process of obtaining qualification.

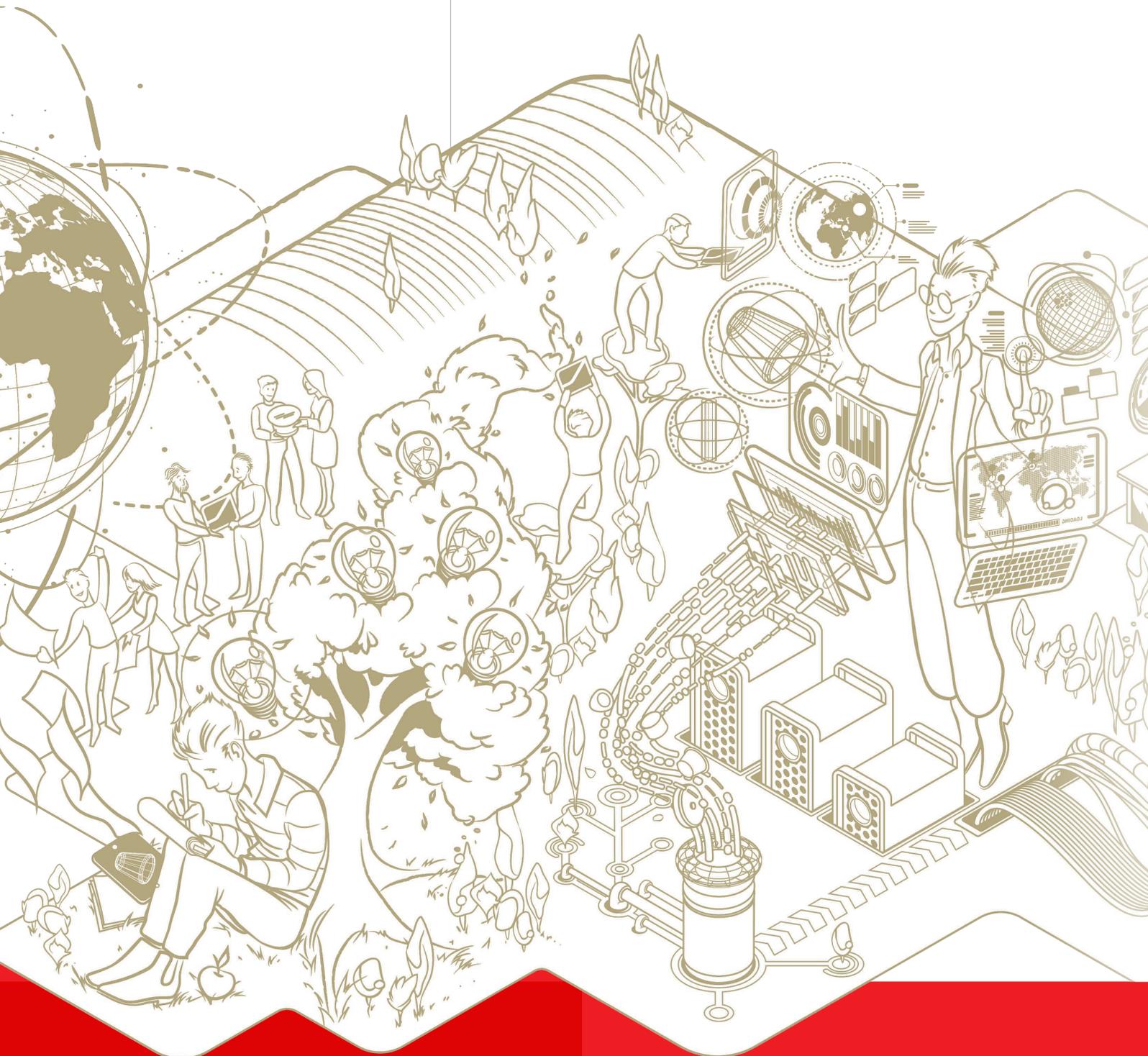
In 2018, an activity started with a view to focusing and better defining the requirements for the qualification of "hub" suppliers, who in turn have their own subcontracting network for the production of complex products.

To this end, in 2019 a project was launched to improve the quality of the **Sinermatic network**, which includes all of the suppliers in which IMA has a stake. The project involves a definition of requirements on the part of IMA, an analysis and definition of possible improvement actions on the part of the Sinermatic network companies, aimed at positioning them in the high quality range of IMA suppliers. The aim is to increase the control and monitoring over strategic suppliers given the complexity of the products supplied.

To date there are no further specific environmental or social requirements used in the qualification of a new supplier, except as provided with regard to workplace safety and protection during the document collection phase and during the visit at the supplier's premises, evaluating, among other things, their technical-professional suitability, whether wages and social contributions are paid regularly, whether they have a dedicated structure for occupational security.

In 2019 IMA drew up a **Supplier Code of Conduct** as an incentive for the Supply Chain to adopt the same rules of conduct as IMA.

PEOPLE



Global policy for a responsible management of people

People are genuinely a capital asset for IMA and they benefit from a process of **personal and professional growth** that is aligned with the culture of the Company and its role as a producer of economic and social value. **Training** and active involvement are considered the keys for the development of skills and empowerment of employees and collaborators.

IMA promotes **respect for work and workers**, fighting against all forms of discrimination and guaranteeing full compliance with fundamental human rights, according to the principles contained in the UN's Declaration on Human Rights.

IMA promotes **inclusion, integration** and **equal opportunities** for enhancing diversity, elements that can help remove the economic and social obstacles that restrict the freedom of the individual, in application of the principle of real equality and respect for individual dignity.

IMA protects the **health and safety** of the people working in IMA and in the supply chain: **the quality of the**

work environment and the well-being of people are values that go beyond compliance with current legislation. IMA's management is committed to guaranteeing the above to all IMA's companies, by assessing risks to health, training, monitoring systems, prevention activities and continuous investments in preventive maintenance programmes for plants and infrastructures.

IMA encourages the participation and responsible involvement of employees and collaborators, also through social dialogue, ensuring freedom of association; promotes confrontation with trade unions to identify and evaluate together with other operators in the sector the impacts of modern challenges related to the world of work such as, for example, the processes of digitization.

IMA takes into account the development and social cohesion needs of the communities in which it operates by fostering **employment and social inclusion**, directly or through collaborations with production companies and institutions that operate to favour the employment of weak categories of workers and youth employment.

IMA and respect for human rights

Respect for human rights underpins the values of IMA, its way of working and doing business, its relations with employees, suppliers and other external stakeholders. In this sense, IMA has implemented specific policies for the protection of human rights and activated control tools in the supply chain through its Suppliers' Code of Conduct. Almost every IMA company adopts formal measures (e.g. the Code of Ethics) to ensure that they do not participate in or facilitate discriminatory practices or forced labour.

Specifically, approximately 7% of new suppliers who worked with IMA for the first time during the year had to undergo an assessment based on social criteria (such as working conditions and respect for human rights). IMA companies around the world delivered a total of 1,108 hours of training on human rights policies or procedures, which involved 7.4% of the corporate population.

Personnel management model

The people who work for IMA are the most strategic and by far its most important **intangible asset**, as they incorporate all of the company's skills and knowledge. In fact, for its customers, IMA is a solver of complex problems via specially designed solutions that are custom-tailored to meet their individual requirements.

This means that all of its business processes have a very low level of repetition: from preparing bids to closing the sale, from design and production to after-sales assistance. Knowledge, skills as well as professional and human expertise are the assets that IMA intends to develop to ensure its future success. IMA therefore regards a fair management of HR to be a matter of the highest importance and seeks to strengthen the Group's resources in a variety of ways, for example through strong and continuous investment in professional growth.

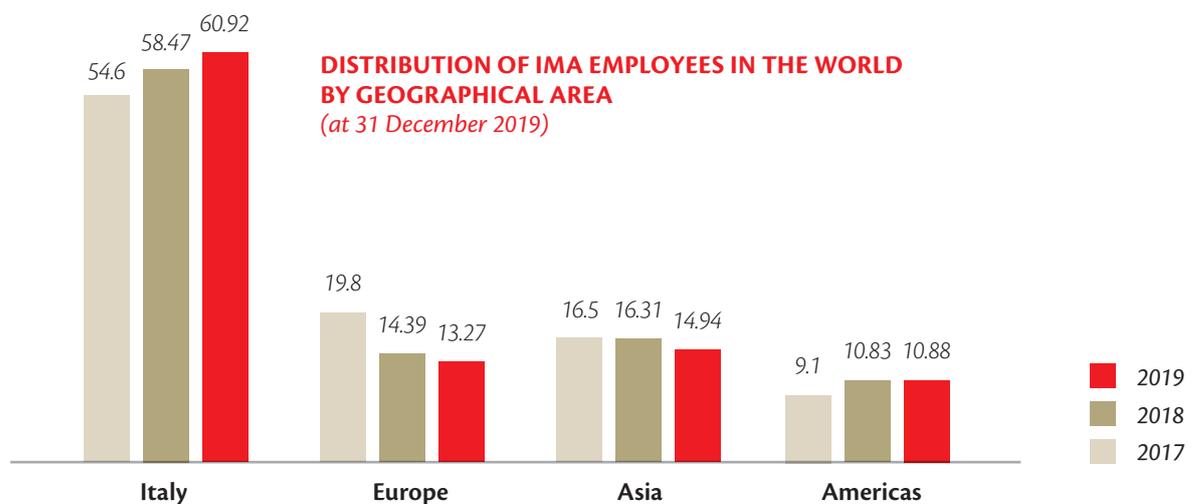
Our willingness to emphasise the importance of the individual is a goal that the Company pursues from the moment that a person first joins IMA:

- for professionally strategic positions, the selection process is being constantly improved;
- the main types of contract used in recruitment are permanent contracts and apprenticeships, with certification of the training process;
- links with universities and national and international centres of excellence are encouraged and reinforced; collaboration with local technical institutes is also developed;
- new hires are offered thorough training, information and guidance, which helps new employees find their feet and absorb IMA's corporate values.

Composition and characteristics of employees

Considering the scope of this Sustainability Report/ Consolidated Non-Financial Information, at 31 December 2019 there were **6,159 employees** in total.

The majority of the workforce is in Italy (60.92%), followed by the rest of Europe (13.27%), Asia (14.94%) and the Americas (10.88%).



98% of personnel, i.e. 6,044 employees, are hired on **permanent contracts**, in line with the Company's policy to create stable, long-term employment for its workers; 98% of men are employed on permanent contracts, while for women this percentage is 97%. In addition to employees, in 2019 IMA companies in Italy used the services of 454 collaborators, 47.8% of whom are involved in internships.

DISTRIBUTION OF IMA EMPLOYEES BY CONTRACT CATEGORY
(at 31 December 2019)



TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY TYPE OF CONTRACT AND GEOGRAPHICAL AREA OF IMA
(at 31 December 2019)

	ITALY	EUROPE	ASIA	AMERICAS	TOTAL
2017					
Permanent contract	2,646	985	811	468	4,910
Fixed-term contract	94	12	40	7	153
Total	2,740	997	851	475	5,063
2018					
Permanent contract	3,199	779	904	596	5,478
Fixed-term contract	89	30	13	13	145
Total	3,288	809	917	609	5,623
2019					
Permanent contract	3,684	790	908	662	6,044
Fixed-term contract	68	27	12	8	115
Total	3,752	817	920	670	6,159

TOTAL NUMBER OF IMA'S EMPLOYEES BROKEN DOWN BY TYPE OF CONTRACT AND GENDER
(at 31 December 2019)

	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Permanent contract	4,155	755	4,910	4,556	922	5,478	5,027	1017	6,044
Fixed-term contract	104	49	153	97	48	145	82	33	115
Total	4,259	804	5,063	4,653	970	5,623	5,109	1,050	6,159

TOTAL NUMBER OF IMA'S EMPLOYEES BROKEN DOWN BY FULL-TIME, PART-TIME CONTRACT AND GENDER
(at 31 December 2019)

	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Full time	4,285	664	4,949	4,595	800	5,395	5,073	862	5,935
Part time	80	165	245	58	170	228	36	188	224
Total	4,365	829	5,194	4,653	970	5,623	5,109	1,050	6,159

IMA gives part-time work to employees who make a reasoned request, within the limits set by collective agreements: in 2019, out of 224 part-time contracts, 84% had been requested by women. In total, 188 women are in part-time work, this being 17.9% of the total number of women working for IMA at 31 December 2019. Part-time work has been requested by 4% of personnel.

At a global level, the rate of new employee hires⁶ is 10.6% for men and 12.0% for women. During the period, **670 new workers** entered the Company (543 men and 126 women)

while 484 left the Group (405 men and 79 women). In absolute terms, IMA has predominantly recruited staff aged between 30 and 50 years, representing 47.1% of all new staff hired, while those under the age of 30 years account for 42.6%. Most of the personnel who left are between 30 and 50 years of age (47.7% of the total number of employees leaving); 21.9% of the total staff who left are under the age of 30.

The attention dedicated to personnel by IMA is confirmed in practical terms by the low turnover, based on physiological levels.

⁶ The rate of new employee hires is calculated as the number of workers hired in the period compared to the headcount by category and gender.

NUMBER OF NEW EMPLOYEE HIRES

	ITALY			EUROPE			AMERICAS			ASIA			GROUP		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
GENDER															
Men	239	260	285	103	123	75	117	59	59	64	114	124	523	556	543
Women	65	64	52	30	26	29	14	22	27	4	18	18	113	130	126
AGE															
<30 years old	161	171	178	40	42	23	36	31	30	25	52	54	262	296	285
30-50 years old	127	139	140	70	90	63	59	36	38	43	76	74	299	341	315
>50 years old	16	14	19	23	17	18	36	14	18	0	4	14	75	49	69

RATE OF NEW EMPLOYEE HIRES

	ITALY			EUROPE			AMERICAS			ASIA			GROUP		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
GENDER															
Men	10.4%	9.8%	9.3%	11.6%	11.8%	11.1%	29.2%	11.4%	10.7%	8.3%	14.0%	15.2%	11.98%	11.00%	10.60%
Women	12.1%	10.2%	7.6%	22.1%	12.7%	20.6%	18.9%	20.4%	22.5%	4.8%	16.8%	17.6%	13.63%	12.40%	12.00%
AGE															
<30 years old	40.6%	34.5%	29.4%	29.2%	33.9%	28.4%	53.7%	41.9%	34.9%	19.1%	32.9%	45.4%	35.79%	34.70%	32.00%
30-50 years old	7.4%	7.2%	6.6%	12.3%	13.4%	15.1%	27.2%	13.0%	13.4%	7.2%	11.9%	12.0%	9.63%	9.70%	9.10%
>50 years old	2.2%	1.6%	1.9%	7.3%	3.8%	5.7%	18.8%	5.1%	6.0%	0.0%	3.3%	7.6%	5.53%	2.80%	3.80%

NUMBER OF TERMINATIONS

	ITALY			EUROPE			AMERICAS			ASIA			GROUP		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
GENDER															
Men	103	106	151	149	115	73	31	62	58	79	106	123	362	389	405
Women	24	25	26	25	27	22	8	19	13	16	17	18	73	88	79
AGE															
<30 years old	19	35	40	35	20	12	10	16	11	25	49	43	89	120	106
30-50 years old	44	58	63	92	92	56	14	34	28	62	68	84	212	252	231
>50 years old	64	38	74	47	30	27	15	31	32	8	6	14	134	105	147

TERMINATION RATE

	ITALY			EUROPE			AMERICAS			ASIA			GROUP		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
GENDER															
Men	4.5%	4.0%	4.9%	16.7%	11.0%	10.8%	7.7%	11.9%	10.5%	10.2%	13.0%	15.0%	8.29%	7.70%	7.90%
Women	4.5%	4.0%	3.8%	18.4%	13.2%	15.6%	10.8%	17.6%	10.8%	19.3%	15.9%	17.6%	8.81%	8.40%	7.50%
AGE															
<30 years old	4.8%	7.1%	6.6%	25.5%	16.1%	14.8%	14.9%	21.6%	12.8%	19.1%	31.0%	36.1%	12.16%	14.10%	11.90%
30-50 years old	2.6%	3.0%	3.0%	16.1%	13.7%	13.4%	6.5%	12.3%	9.9%	10.3%	10.6%	13.6%	6.83%	7.20%	6.70%
>50 years old	8.9%	4.4%	7.2%	14.9%	6.7%	8.5%	7.8%	11.2%	10.6%	6.5%	4.9%	7.6%	9.88%	6.10%	8.10%

Contractual matters and industrial relations

The distribution of the workforce is a good reflection of IMA's business model, which is designed to retain the activities that represent critical and distinctive skills and

outsource all other activities. The majority of employees are "white collars": 62% of the total, i.e. 3,844 employees.

TOTAL NUMBER OF IMA'S EMPLOYEES BROKEN DOWN BY CATEGORY AND GENDER (at 31 December 2019)⁷

	2017			2018			2019		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Managers	416	19	435	249	38	287	275	38	313
White collars	2,493	784	3,277	2,839	894	3,733	2,869	975	3,844
Blue collars	1,456	26	1,482	1,565	38	1,603	1,965	37	2,002
Total	4,365	829	5,194	4,653	970	5,623	5,109	1,050	6,159

TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY CATEGORY AND AGE OF THE IMA GROUP (at 31 December 2019)⁸

	2017				2018				2019			
	<30 years old	30-50 years old	>50 years old	TOT.	<30 years old	30-50 years old	>50 years old	TOT.	<30 years old	30-50 years old	>50 years old	TOT.
Managers	5	260	170	435	2	133	152	287	2	143	168	313
White collars	408	2,025	849	3,282	450	2,282	1,001	3,733	430	2,283	1,131	3,844
Blue collars	319	821	337	1,477	357	857	389	1,603	459	1,017	526	2,002
Total	732	3,106	1,356	5,194	809	3,272	1,542	5,623	891	3,443	1,825	6,159

IMA contributes to the development of human capital of the territory using a recruitment pool that is preferably local, even at senior management level: in Italy and worldwide, 98.7% of the managers working in IMA as at 31 December 2019 live in the country where they work.

The contractual conditions that IMA offers its staff are often better than those averagely granted in the sector, e.g. comprehensive health and accident insurance, agreements for discounted purchases and the best market terms for numerous aspects of the employment contract

^{7,8} The figures for "middle managers" have been combined with those of "employees" for greater consistency with the consolidated financial statements.

(pay, maternity leave, advances against severance indemnities, use of part-time work, etc.).

IMA S.p.A.'s **supplementary labour contract** provides economic and regulatory conditions that are more favourable than the National Labour Contract for Engineering Workers, without distinction between full-time, part-time and/or fixed-term employees. 74% of IMA's personnel are covered by collective labour agreements.

On the **Industrial Relations** front, labour unrest is modest for IMA Italian companies and is generally affected by national disputes. These results have been achieved thanks to the activities of listening and dialogue between the Company, its employees and their representatives (Trade Union Representatives and the Workers' Representatives). For Italian employees the minimum notice

period for significant operational changes within the organization is 4.5 weeks. For employees of IMA companies around the world, the minimum notice period in compliance with local laws and the provisions of national contracts is 4 to 6 weeks on average.

Even though the level of industrial unrest is low, IMA still manages any work-related complaints or disputes through formal mechanisms agreed with the social partners or through channels expressly provided for under labour regulations. The Supervisory Board (Legislative Decree 231/2001) is informed every six months by the HR Department of any disputes resolved by agreements between the parties or by conciliation reports with the trade unions; in 2019 there were no disputes relating to personnel management.

Health and safety

The attention to the health and safety of workers at IMA companies is constant. In 2019 the Parent Company IMA S.p.A. and the Companies Corazza S.p.A., Gima TT S.p.A. (absorbed by IMA S.p.A. from 05/11/2019), Gima S.p.A. and TMC S.p.A. confirmed the certification of their Safety at Work Management System according to the British Standard BS OHSAS 18001, which is currently the most widely adopted international standard.

That same year, Revisioni Industriali S.r.l. also had its workplace safety management system certified according to the same standard.

100 accidents occurred at the workplace in 2019 (59 in Italy and 41 at other Group companies in Europe and worldwide), 40 of which while commuting. No deaths occurred as a result of injuries. Overall, 91 accidents involved men and 9 women, for a total of 1,197 days lost due to injuries.

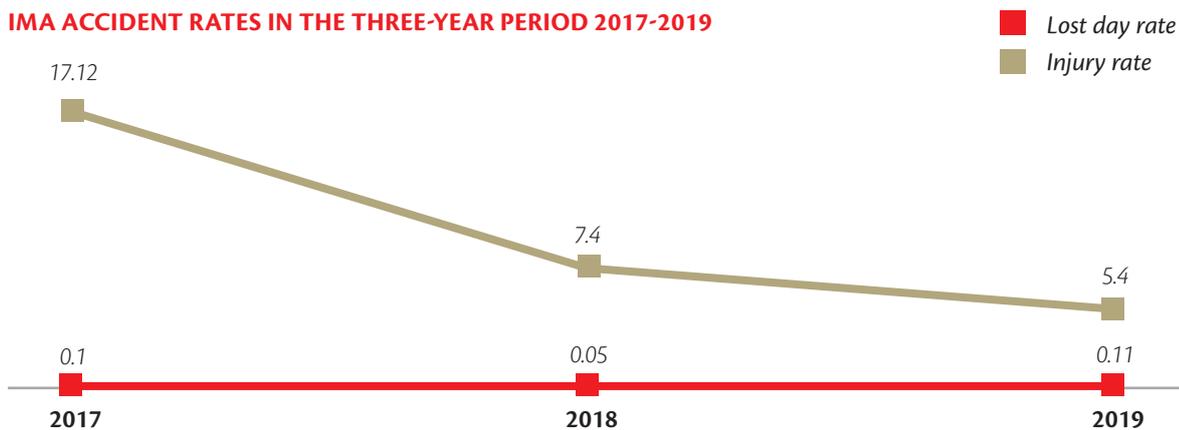
The total injury rate for IMA is 5.4, while the lost day rate is 0.11.

During 2019, the absentee rate was 0.32, while the rate of occupational diseases was 0.

Notes to the table (page 55):

- *Injury Rate = No. of injuries/hours worked*1,000,000*
- *Lost day rate: Lost days/total worked hours*1,000*
- *Absentee rate: hours of absence/workable hours*100*
- *Excluding first aid injuries and excluding accidents while commuting. Days lost due to injuries are calculated from the day of the accident*
- *The injuries considered also include recordable accidents*

IMA ACCIDENT RATES IN THE THREE-YEAR PERIOD 2017-2019



ACCIDENT RATES BY REGION OF THE EMPLOYEES OF IMA (at 31 December 2019)

	ITALY			EUROPE			AMERICAS			ASIA			GROUP		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
2018															
No. of injuries	23	5	28	17	1	18	23	1	24	28	-	28	91	7	98
<i>of which: while commuting</i>	11	2	13	5	-	5	-	-	-	-	-	-	16	2	18
Injury rate	2.6	3.1	2.7	6.4	3.0	5.9	21	5	18.6	22.4	-	15.6	8.5	2.4	7.4
Lost day rate	0.05	0.01	0.04	0.05	-	0.05	0.17	-	0.15	0.04	-	0.03	0.07	0.01	0.05
Rate of occupational diseases	-	-	-	0.53	2.98	0.90	-	-	-	-	-	-	0.11	0.49	0.18
2019															
No. of injuries	53	6	59	23	2	25	12	1	13	3	0	3	91	9	100
<i>of which: while commuting</i>	24	4	28	2	0	2	9	1	10	0	0	0	35	5	40
Injury rate	5.5	1.9	4.9	17.1	9.3	15.9	2.6	-	2.2	1.8	-	1.6	6.0	2.3	5.4
Lost day rate	0.09	0.02	0.08	0.33	0.10	0.30	0.15	0.17	0.15	0.04	-	0.03	0.12	0.05	0.11
Rate of occupational diseases	2.50	2.47	2.49	3.79	3.02	3.67	0.89	0.78	0.88	0.28	0.60	0.32	2.02	2.11	2.03

In IMA's Italian companies, the participation of workers on issues regarding occupational health and safety issues is constant and high, and is ensured through the appointment of health and safety representatives designated by the workers (RLS): in total, the Parent Company IMA S.p.A. has 18 representatives compared with the legal minimum of six, plus another 16 if the scope is extended to Corazza S.p.A., Gima S.p.A. (absorbed by IMA from 01/01/2020), GimaTT S.p.A. (absorbed by IMA from 05/11/2019), G.S. Coating Technologies S.r.l. (absorbed by IMA from 01/01/2020), Revisioni Industriali S.r.l. (absorbed by IMA from 01/01/2020), Digidoc S.r.l., Comadis S.p.A., ILAPAK Italia S.p.A., Pharmasiena S.r.l., Teknoweb Converting S.r.l., TMC S.p.A. and AMS S.r.l.

A **Safety Officer** has also been appointed at all of the other IMA companies in Italy. In addition to their representative role, they collect input from the workers and are pro-active, presenting ideas and suggestions for improvement to the Prevention and Protection Unit, and supportive, taking part in the training courses delivered to new recruits.

The most important measures taken in 2019 to improve the working environment include:

- seismic risk in Italy: following the guidelines issued by the municipalities of the Emilia region hit by the 2012 earthquake, IMA S.p.A. decided to make its factories earthquake resistant by eliminating their vulnerabilities, despite not having any locations subject to the mandatory requirements. During 2019, anti-seismic consolidation work continued on the buildings (including the new local units) as protection against any earthquakes that may occur in the future;
- extension to a larger number of plants of the software portal to verify the technical-professional suitability of personnel of the contractor companies who operates within the premises of the Parent Company IMA S.p.A. This system, which can be connected to the points of access of the individual plant, allows the gatekeepers of the various sites to verify that the documentation required by the safety regulations for contracting companies is complete and correct, blocking any members of staff who show non-compliant or incomplete documentation;
- the asbestos on the roof of the plant in via Romagnoli 6, Bentivoglio (Bologna, Italy), rented at the end of 2018 to provide IMA S.p.A.'s BFB Division with larger premises, has been removed;
- although no extraordinary maintenance is underway, the project to secure the roof areas of IMA's production plants against the risk of falling from a height was completed. The technical solution adopted by the IMA Prevention and Protection Service was to install self-supported railings, i.e. opting for a more collective protection measure than fall arrests. This project, which will continue in the years to come, has seen the installation in 2019 of about 600 linear metres of railings;
- IMA decided to include postural gymnastics as part of the refresher courses on occupational health and safety for its employees, involving skilled professionals (such as physiotherapists) as co-teachers of these courses, with a view to preventing potential accidents or occupational diseases. The courses started in 2019 and have involved about 700 workers.

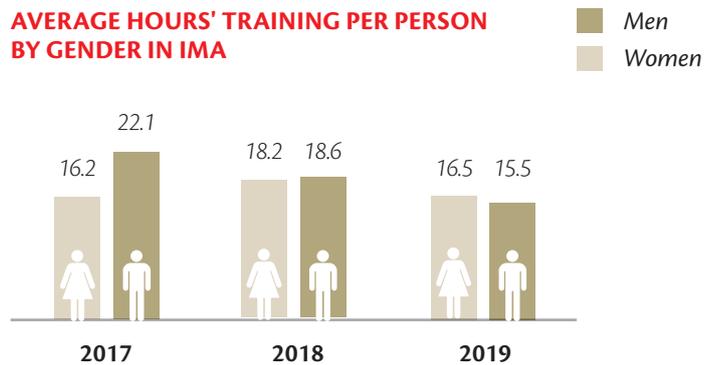
Personnel training and development

IMA considers training and skills development a strategic asset. The educational rationale does not focus only on certain categories of employees, but is based on the idea that lifelong training must involve the entire population, guaranteeing a harmonious and synergistic growth of the Company's distinctive skills. Training therefore aims to develop and maintain people's skills, while continuing to ensure support for the development and implementation of new technologies. The Training maintenance process guarantees continuous updating of employees' skills by planning the educational path over several years, in line with the evolution of the Company's business.

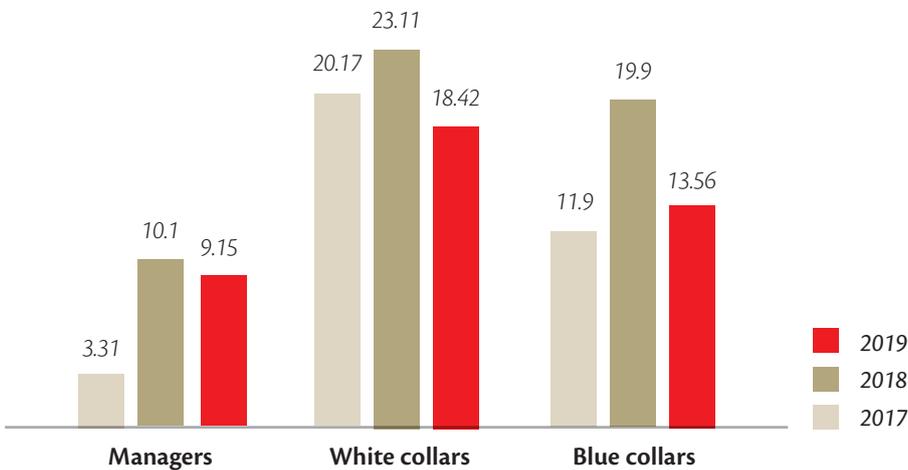
Overall, in 2019, more than 100,000 training hours were provided, increasing by about 20% every year since 2012; globally, the average number of hours' training per employee was 16.37 in 2019. Most of these hours were devoted to technical training, but soft skills and cross-

sectoral skills were also dealt with: planning covers 21% of the training, soft skills 22%, safety 14%, production 15%, quality / standardization 10%, the ICT area 9% and languages 5%. The areas of intervention are divided into more than 230 courses in the Training Catalogue.

AVERAGE HOURS' TRAINING PER PERSON BY GENDER IN IMA



AVERAGE HOURS' TRAINING PER PERSON BY PROFESSIONAL CATEGORY IN IMA⁹ (at 31 December 2019)



⁹ The figures for "middle managers" have been combined with those of "employees" for greater consistency with the consolidated financial statements.

Each year IMA also promotes the use of two Bilateral Funds, Fondimpresa and Fondirigenti, to finance part of their personnel training courses, sharing content and objectives with the trade union representatives.

For IMA, investing in human capital also means establishing stable and mutually profitable relationships with schools and universities. In 2019 IMA welcomed over 200 trainee students and over 600 students in orientation programmes; it participated in meetings of Technical and Didactic Committees for more than 140 hours; it provided over 400 hours of training modules for both students and teachers, with a view to the transfer of skills and the creation of positive synergies with local concerns.

IMA ACADEMY PROJECT

The IMA Academy is a training ecosystem aimed at developing employee skills in accordance with the corporate principles of constant research and innovation. It was inaugurated in 2017 in response to the need to transfer general skills into IMA skills, combining plain knowing with knowing how. The road map that serves as a basis and development guideline for the qualification of human resources skills includes various tools:

- **job descriptions** describe the corporate roles, which do not necessarily coincide with the list of duties or the organizational position, but they are a schematic description of the industrial process;

- **skills mapping** aims to analyse specific training gaps for each position and monitors the effectiveness of the training activity as objectively as possible;
- **the training catalogue** is available to managers, helping them to plan training that is consistent with the roles of employees and their training gaps. This is an organized compendium of possible training paths, comprising over 230 courses, split into nine main topics: Safety & Security, Quality & Compliance, Information and Communications Technology, Languages, Production, Engineering, Sales, Soft Skills, Cross Skills;
- **"I.M.A." masters** are a combination of classroom and on-the-job training, designed to qualify and perfect the abilities and professional skills of IMA employees. The "I.M.A." Potential master is aimed at new recruits to ensure that they are properly prepared for their role, transforming the knowledge already gained into professional skills that are consistent with their level of seniority; The "I.M.A." Talent master aims at consolidating organizational values and drivers by deploying them into functional behaviours on a relational and business level. It is dedicated to resources who, having achieved consistent role-centring, demonstrate professional growth potential;
- **the long-term planning of training** needed to maintain staff skills in line with their role involves continuous adaptation of individual skills to the evolution of the business.

Equal opportunities

IMA guarantees equal opportunities, protection and enhancement of the Company's human resources; discrimination based on political or union allegiance, religion, race, nationality, age, gender, sexual orientation, health or whatever is not permitted.

IMA is attentive to the issue of equal opportunities, despite operating in a production and industrial envi-

ronment that, by history and tradition, tends to employ much fewer women than men: women account for 17% of the total workforce; 93% of female staff works in white-collar positions, staff services and in the commercial areas. In terms of remuneration, the provisions laid down in national contracts and current legislation in force in the countries where the company operates are applied.

IMA's workforce includes people in protected categories as required by current legislation: to this end, for example in Italy, the Company has entered into agreements with the relevant entities.

CapoD

IMA has joined the CapoD Network, a community of firms in the Bologna area which, in close cooperation with local public institutions, pursues the strategic objectives of equal opportunities, fight against discrimination and support for welfare and conciliation issues even in traditionally more complex sectors. CapoD focuses on the dissemination of good social responsibility practices also among small and medium-sized enterprises.

PROTECTED CATEGORIES OF EMPLOYEES (in 2019)

	Number of employees	% of the total
Total 2017	115	2%
Total 2018	99	1.76%
Total 2019	178	2.89%

DIVERSITY POLICY FOR THE COMPOSITION OF THE ADMINISTRATION, MANAGEMENT AND CONTROL BODIES

With reference to its administration and control bodies, the Parent Company IMA S.p.A. adopted the Diversity Policy for the composition of the administrative, management and control bodies. The Policy aims to ensure proper functioning of the corporate bodies by regulating their composition and laying down that their members should satisfy personal and professional requirements that determine a high degree of heterogeneity and skills.

The Policy promotes corporate social responsibility insofar as inclusion, integration and non-discrimination, aimed at enhancing diversity, can help remove the economic and social obstacles that restrict the freedom of the individual, in application of the principle of substantial equality and respect for individual dignity. In this sense, diversity is perceived as a strength, as it allows the formation

of an administrative body and a control body with a variety of values, points of view, skills and ideas. This variety favours and enriches the debate, mitigating the risk of formulating an undifferentiated collective thought.

The diversity aspects considered by IMA for the composition of the administrative and control bodies are:

- age diversity, understood as belonging to different age groups;
- gender diversity, understood as a balanced representation of genders;
- professional diversity, intended as the diversification of professional knowledge (for example, in terms of financial skills, concerning sectors that are relevant to the Company, international experience, leadership, risk management, planning and implementation of business strategies).

DIGIDOC S.R.L.: A START-UP FOR DIGITISATION

Founded in 2015 and 80% indirectly owned by IMA, DIGIDOC mainly provides document scanning services (invoices, shipping documents and other types of business documentation). As part of a project of inclusion and job placement, the company mainly uses hearing impaired staff, supported by LIS Certified Interpreters (experts in Italian Sign Language). DIGIDOC currently has 19 employees, split between the locations in Castenaso (Bologna, Italy) and Ozzano dell'Emilia (Bologna, Italy), with the support of 3 LIS interpreters.

In the governance bodies of the Italian companies of IMA there are 166 members, 14 of whom are women.

The **Board of Directors**, in office up to the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020, consists of **14 members**, made up as follows:

- 10 out of 14 (71%) aged up to 60 years old; 4 out of 14 (29%) are aged over 60;
- 5 out of 14 (36%) are women; 9 out of 14 (64%) are men;
- different professions are represented, an expression of the Italian entrepreneurial, professional and academic world.

The **Board of Statutory Auditors** that, in its current composition, has been in office since April 2016, is composed of 6 members, 3 of whom are Alternate Auditors, broken down as follows:

- 5 out of 6 (83%) aged up to 60 years old; 1 out of 6 (17%) is aged over 60;
- 3 out of 6 (50%) are women; 3 out of 6 (50%) are men;
- different professional skills are represented, all of which are extremely relevant to IMA's operations.

Dialogue with the Workers' Representatives has led the Company to participate in various social projects for the territory in favour of disadvantaged people in the area and to create employment opportunities.

DEVELOPMENT OF FEMALE PROFESSIONALISM

The "**IMA - Mainstreaming Interventions in the Company**" training course was resumed in 2019, involving 200 employees hired from 2016 onwards, who will be offered the same tools and approaches shared with other IMA colleagues in the 2013-2016 three-year period. The issues addressed will be related to the legislation on equal opportunities in its various aspects: from gender culture in organizations to ways of reconciling home-work time, from emotional management techniques to leadership. Starting with an outline of European and domestic reference legislation, moving on to time management, assertiveness and understanding of the different contexts, the purpose of the course is to identify and implement objectives and networking for the positive professional development of women.

TOP EMPLOYER CERTIFICATION

Again in 2019, as already in 2018, the largest IMA companies in Italy have obtained the "**Top Employer Italia**" certification, a recognition awarded by the Top Employers Institute to companies that offer excellent working conditions to their employees, companies that identify and develop the best talents at all levels of the organization and that are constantly looking to improve their organizational processes.

In order to obtain the certification, a company must be assessed according to certain access requirements. The HR Best Practice Survey examines over 600 practices and is based on 10 topics covering key human resources issues, including numerous people-oriented practices. Potential candidates for the Certification Programme must have a formal and advanced HR policy in place.

LOCAL COMMUNITY ENGAGEMENT



Community support initiatives

IMA's social commitment is an element of identity for all IMA members. IMA encourages corporate citizenship and Corporate Social Responsibility programmes and initiatives, gradually raising awareness in all of its companies in order to increase the level of awareness and responsibility towards local communities.

During 2019, IMA companies **supported numerous social, cultural, education and sports activities**, making grants and donations for a total of **2,061,218 euros** (-0.3% on 2018). This amount includes the resources allocated to social responsibility projects, expenses incurred for the benefit of employees (such as for sports groups or other corporate initiatives), and fees paid by IMA to join representative or industry associations.

49 - SPONSORSHIPS AND DONATIONS TO THIRD PARTIES

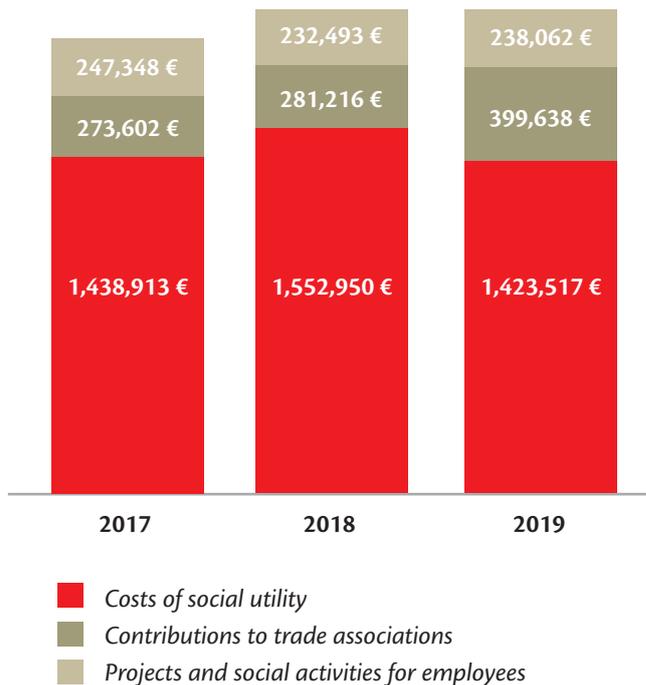
12 - SOCIAL PROJECTS AND ACTIVITIES FOR EMPLOYEES

50 - TRADE ASSOCIATIONS JOINED BY IMA

Packaging plays a crucial role in the **reduction of food loss and the fight against food waste**. Access to appropriate packaging and its proper use are essential to ensure that food is adequately preserved and kept safe for consumption. Through local and global partnerships, IMA is committed to the development of technologies and solutions that may promote the economic and social empowerment of local communities.

In its mission, **food safety** has an important role: in recent years, IMA has supported the FAO, among others, as in its opinion it is capable of promoting and implementing projects that would help spread the packaging culture in regions of the world where it is necessary to act for the reduction of waste and ensure food safety.

IMA'S SOCIAL COMMITMENT



WITH FAO TO IMPROVE PACKAGING IN SMALL AND MEDIUM-SIZED AGRO-FOOD ENTERPRISES IN SUB-SAHARAN AFRICA

In 2015 the President and CEO of IMA, Alberto Vacchi, signed an agreement with FAO, the United Nations executive agency for food and agriculture, for the realization of the project "**Improving food packaging for small and medium agro-enterprises in Sub-Saharan Africa**".

This project, which is spread over several years, has helped to improve the efficiency, competitiveness and sustainability of food chains in Africa, particularly in Ghana, Ivory Coast, Kenya, Senegal, Tanzania and Zambia.

The primary purpose of the project is the diffusion of a packaging culture, with impacts on the hygiene and conservation of food, health benefits and an incentive for the birth of local businesses.

In the initial stages of the project, a feasibility study was conducted on the potential for the creation of domestic food packaging centres in Eastern, Southern and Western Africa: the study focused on Small and Medium-sized Enterprises (SMEs) and related benefits.

Training courses were organized in Tanzania, Cameroon, Ivory Coast, Mali, Senegal, with the aim of coaching train-

ers for a sustainable food packaging business in local SMEs. The participants were able to acquire knowledge on the importance of food packaging and its significance in domestic, regional and international trade.

Thanks to this educational path, trainers were able to create, in turn, a network that included the different SMEs and encouraged the adoption of the same methods.

The project's output was a technical guide for SMEs on the selection and procurement of materials and equipment for food packaging, which provided general recommendations on how to identify, purchase, use and service food packaging machines.

Lack of packaging equipment and materials, together with a lack of knowledge of packaging technologies, represent a serious obstacle to improving the quality and competitiveness of food produced by SMEs in these countries of Sub-Saharan Africa.

For these reasons, the project has been well received in all the countries where it has been proposed and has had very positive results overall.

UCIMA BRINGS TOGETHER THE "ESTATES GENERAL" OF SUSTAINABLE PACKAGING

The first edition of "**Packaging Speaks Green**", the international forum dedicated to sustainability in the packaging industry, organized by UCIMA and the FICO Foundation, was held on 20 and 21 February 2020 in Bologna, Italy. The event was attended by 450 participants from 20 countries and saw the participation of global brand leaders, such as Amazon, Coop, Coca-Cola, Fater (JV P&G and Angelini), Massimo Zanetti Beverages. An exclusive feature of the forum was the speech made by Tim Letts, WWF's Deputy Climate and Energy Director, on the new world project to develop sustainable business models. FAO also had a part in the event, with a speech concerning sustainability in relation to waste. The future of sustainable packaging is now: at the forum a showcase of best practices and the presentation of unpublished data on trends in terms of purchasing and sustainable consumption. Surveys by Nomisma, Nielsen, McKinsey, WPO (World Packaging Organisation).

Two days to encourage meetings and discussions between institutions, industries and the academic world on the subject of B2B and sustainable development. A priority issue for consumers, companies and institutions, aware of the **need to reduce the environmental impact of the production chain**. Packaging, in particular, has become a symbol of this awareness, but it cannot be the only element to be deployed in order to reduce environmental impact. For this reason, the forum offered an exhaustive overview of the many aspects of an industrial production that is hopefully increasingly "green", complemented by a showcase of international best practices. Three main macro-themes were tackled during the event: legislation, retailer and brand owner, materials and technologies.

The forum was supported by IMA together with the most important companies in the field of packaging and packing machines, with the sponsorship of the Ministry of the Environment and the Protection of Territory and the Sea.

IMA supports the development of a culture in packaging, automation and advanced mechanics and promotes the exchange of ideas and know-how through collaboration with high schools and universities.

Since 2018, an agreement with the University of Bologna has been in place with a view to supporting the teaching costs for:

- three cycles of the three-year degree course in "**Industrial product design**" at the University of Bologna. The course aims to train designers who can combine the knowledge required for the development of the project with the ability to imagine how the product could be engineered, developed and produced within the company;

- four cycles of the Master's Degree Course in "**Advanced Design**" at the University of Bologna.

The training is organized together with companies, entities, associations and local organizations.

The territory, taken as the social and economic environment in which IMA operates, is a strategic element for its business. IMA protects the well-being of the community in which it operates, with the aim of generating a positive impact and creating shared economic and social value. It promotes and supports projects and programmes with social, educational and cultural purposes, in the technical and other fields, in Italy and all over the world.

SUSTAINABLE MOBILITY PLAN FOR IMA EMPLOYEES

Always attentive to the needs of the territory and its employees, IMA has launched a sustainable mobility plan in synergy with the Municipality of Ozzano dell'Emilia (Bologna, Italy) and the Emilia-Romagna Region, aimed at limiting the use of private cars by employees, particularly for commuting between home and work.

The project intends to develop in the Ozzano dell'Emilia area a scheduled public transport service that connects the railway station with key stops in the area, including industrial businesses such as IMA, in integration with the railway service.

The service shares objectives and strategies with the "PUMS" (Sustainable Mobility Plan for the Metropolitan City), an integrated and sustainable mobility program designed to facilitate the movement of IMA employees between Ozzano dell'Emilia and Castel San Pietro Terme (Bologna, Italy), a city in the metropolitan area of Bologna.

It is the result of a **mobility management** policy implemented thanks to cooperation between the public and private sectors: through a corporate mobility policy, the aim is to generate positive effects on the community.

The idea of a sustainable mobility in the cities that host IMA's 8 production plants, including the headquarters in Via Emilia in Ozzano dell'Emilia, comes from an initiative of union representatives and was possible thanks to an advanced system of **liaising between companies, union and local institutions**. After several planning meetings, the first of which was at the IMA headquarters, the Company decided to accept and provide concrete support for the final proposal.

The Integrated and Sustainable Mobility project will give IMA employees the opportunity to use two dedicated bus lines free of charge. The planned routes will allow maximum flexibility in travel and will consider connections, working hours and travel times.

IMA's growth path towards an increasingly sustainable company, close to the local area and its people, has acquired a new element, which consolidates a culture of sustainability, where corporate welfare and the environment are on the same track, and offer solutions that are valid and concrete to both IMA workers and local inhabitants.

FAMILY PROJECT by Antoniano Onlus

Thanks to IMA's contribution, meals, counselling, financial help and housing have been guaranteed to almost 70 families in difficulty. The **continuity of this support** has also allowed Antoniano to consolidate existing services and develop new ones, such as housing, with the aim of creating a lasting impact on the territory in terms of integration and social cohesion. Also in 2020, IMA's contribution will be allocated to canteen services, a counselling centre, a family fund and housing for families in difficulty and will guarantee around 25% of the project's annual budget.

Thanks to IMA, **11 families** will be helped (**about 42 people, including 26 children**), in particular:

- 10 families will have access to the evening canteen, a counselling centre and the family fund for one year;
- 1 family will benefit from the housing reception service in one of the Antoniano's apartments.

CINETECA DI BOLOGNA FOUNDATION: AN URBAN REGENERATION PROJECT

IMA supports the project for the construction of a conservation and restoration centre for motion picture heritage at the former Giuriolo car park. The 12,000 square metres of this abandoned area and source of degradation for over twenty years will become the head office of the **Technological Hub for the Conservation and Restoration of the Cinematographic Heritage of the Cineteca di Bologna**: in addition to the film archive, there will be a restoration laboratory, classrooms for technical training activities, a cinema, exhibition spaces and a refreshment point. In particular, the area will accommodate an open archive, a "dynamic museum" which you can walk through and visit and which will become the home of the 75,000 films now preserved by the Bologna Film Library. A multifunctional space integrated in the neighbourhood with a mix of technical spaces and free access areas which, in addition to representing an important **urban regeneration operation in the area**, will also generate **employment opportunities** for about a hundred operators and technicians.

VINIMAY TRUST, India

Vinimay Trust is involved in **childcare and youth care** facilities in education, providing supplementary nutrition and life education camps. As far as youth care is concerned, the Vinimay Trust provides a temporary hostel for kids who leave childhood facilities when they are 18. These children are basically orphans or have very unsteady family support. The goal of the hostel is to provide kids with the resources they need to integrate into society, helping them develop interpersonal relationships, get a job and learn to manage their earnings. The kids can stay at the hostel for up to three years. The Company provides financial support to the Vinimay Trust so that it can carry on these activities.

ZILIKA FOUNDATION, Airoli, India

Each year, the TATA hospital in Parel-Mumbai welcomes around 65,000 patients in need of cancer treatment. Over 50% of patients comes from outside the city and most of them are poor. Approximately 25% of those who undergo treatment leave because they are unable to bear the costs of accommodation, healthy food and transportation in Parel-Mumbai. The Zilika Foundation's **"ALL IS WELL" project** offers them free accommodation, meals and transportation. Zilika is in Airoli, Navi Mumbai, approximately 45 km from the TATA hospital. Zilika has two ambulances for the emergency transportation of patients. However, it has always been difficult to organize the daily visits to the hospital by the numerous patients and their relatives, as they would have to cover considerable distances to reach the structure, if they cannot rely on accommodation in town. Considering this great discomfort, **IMA-PG** has donated a Tempo Traveller minibus to facilitate patients' tiring travel each day between Zilika and the TATA hospital.

Following chemotherapy sessions, patients may develop fever or other side effects and need to be transported to the TATA hospital even at difficult times. In these cases, the Tempo Traveller has proved extremely useful for the sick. In addition to the minibus, IMA PG has donated funds to meet the costs of board and lodging for patients.

Relations with trade and sector associations

IN ITALY

IMA is a member of various associations and institutions at national and international level to contribute to the dissemination of quality and innovation, automation culture and sustainability. The main associations and institutions to which it belongs are.

- A.N.I.P.L.A. – Associazione Italiana per l'Automazione (Italian Association for Automation)
- A.D.A.C.I. – Associazione Italiana Acquisti e Supply Management (Italian Purchasing and Supply Management Association)
- AFI – Associazione Farmaceutici dell'Industria (Pharmaceutical Industry Association)
- Andaf – Associazione Nazionale Direttori Amministrativi e Finanziari (National Association of Administrative and Financial Managers)
- Associazione Amici del Museo del Patrimonio Industriale (Association of Friends of the Museum of Industrial Heritage)
- Associazione Italiana Internal Auditors (Italian Association of Internal Auditors)
- AssoChange (Association of Change Management)
- BFS IOA – The Pharmaceutical Blow-Fill-Seal International Operators Association
- CEI – Comitato Elettrotecnico Italiano (Italian Electrotechnical Committee)
- Comitato Leonardo, an Italian Quality Committee
- Confindustria Emilia Area Centro (Regional Italian Manufacturers' Association)
- Federazione Nazionale Cavalieri del Lavoro (National Federation of Knights of the Order of Merit for Labour)
- E.R.-AMIAT – Emilia-Romagna: Advanced Mechanics and Industrial Automation Technology
- EPSG – The Ethernet POWERLINK Standardization Group
- EPO – European Patent Office
- IEEE – Institute of Electrical and Electronics Engineers - Operations Centre
- Impronta Etica, a sustainability organization
- ISPE – International Society for Pharmaceutical Engineering Headquarters
- Istituto Aldini Valeriani Bologna
- MIT – Massachusetts Institute of Technology
- MxD-DMDII, a research and development organization
- Open Design Alliance, a non-profit technology consortium
- Ordine dei consulenti in proprietà industriale (Association of industrial property consultants)
- PMI – Project Management Institute
- Prometeia, independent institute for economic research
- SYMBOLA, Italian Quality foundation
- UCIMA – Unione Costruttori Italiani Macchine Automatiche per il Confezionamento e l'Imballaggio (Italian Association of Automatic Packing and Packaging Machine Manufacturers)
- UNI – Ente Nazionale Italiano di Unificazione (Italian standards organization)
- U.S. Pharmacopeia (pharmaceutical standards organization)
- University of Florence

All of IMA's relationships with Institutions and the Public Administration are based on the principles of honesty, fairness, transparency and full compliance with laws and regulations, in respect of the public nature of the function, as indicated in IMA's **Code of Ethics** and regulated by the **Management and Control Model** in accordance with Legislative Decree no. 231/2001.

IN THE WORLD

IMA companies around the world also join trade associations and various associations for the promotion of relations with the local communities.

NORTH AMERICA

- PMMI – Packaging Machinery Manufacturers Institute
- INDA – Association of the Nonwoven Fabrics Industry
- ABA – American Bakers' Association
- BEMA – Bakery Equipment Manufacturers & Allies
- Rockford Area Economic Development Corporation
- INTI – Instituto Nacional de Tecnología Industrial

- Secretaria de Industria Nacional
- Camara de Exportadores de la Nacion
- Camara Industrial de Mar del Plata
- Industrial Registry of La Nación
- AFFMA – Association of Manufacturers of Machines
- Walton County Chamber of Commerce
- G.E.I. – Gruppo Esponenti Italiani
- SHRM – Society for Human Resources Management

- Indo-German Chamber of Commerce
- National Safety Council
- Small Scale Enterprises Association
- Bombay Chamber of Commerce and Industries

EUROPEAN UNION

- IHK – The Association of the German Chambers of Industry and Commerce
- AEPIMIFA – Asociación Española de Profesionales de la Industria Farmacéutica, Alimentaria, Cosmética y Afines
- Entrepreneurs Association
- Chamber of Commerce Cologne
- Mercurio Associazione Economica Italo-Tedesca (German-Italian economic association)
- Deutscher Teeverband e.V
- Wirtschaftsrat der C.D.U. e.V.
- Wirtschaftskammer Österreich
- FME– Dutch employers' organisation in the technology industry
- Secimep – Syndicat des Entreprises de Commerce International de Matériels d'Emballage, de Process, de Marquage et de Contrôle

ASIA & MIDDLE EAST

- Maratha Chamber of Commerce, Industries & Agriculture, Pune
- Deccan Chamber of Commerce
- Tata Memorial Hospital
- Vinimay Trust
- CII – Confederation of Indian Industries
- Indian Institute of Packaging
- Indo-Italian Chamber of Commerce & Industry
- India Trade Promotion Organisation
- ISPE – International Society for Pharmaceutical Engineering

ENVIRONMENTAL SUSTAINABILITY



Global environmental policy

IMA acknowledges the importance of protecting and safeguarding the environment as part of strategic business decisions. The Company's commitment concerns the reduction of its direct impacts, investments in research and development for sustainable innovation and the promotion of responsible behaviours along the value chain.

In terms of **direct impacts**, IMA is committed to minimizing any possible impact deriving from the production cycle through:

- **rational consumption of energy resources** favouring the supply from renewable sources with a low environmental impact;
- **the conservation of limited natural resources** and the use of raw materials and products that are preferable because of their reduced environmental impact, encouraging recycling or reuse;
- **the prevention of pollution generated by atmospheric emissions**, through the use of the best available technologies and methods for calculation and monitoring (carbon footprint);
- **careful management of waste** generated by production activities.

IMA invests in sustainable innovation, progressively adopting solutions that reduce energy requirements and the environmental impact of its products. Carries out studies and promotes solutions (in partnership with customers) for innovative and environmentally friendly packaging that can reduce food loss and preserve the freshness of food or reduce the impact that plastic components have on the environment and marine ecosystems.

IMA promotes projects, also in cooperation with customers and institutions, to raise awareness about the correct use, reuse and recycling of packaging, in line with the concept of circular economy; more generally, it also offers support for activities aimed at improving relationships between businesses and the environment in line with the principles of Green Economy. Projects developed with high-profile customers and partners for the **development of environmentally friendly, flexible primary packaging** are an integral part of IMA's sustainable development strategy.

In 2019, the **IMA-Nop (IMA No Plastic)** project was launched: after the recent green light in Strasbourg by the European Parliament, the directive limiting the use of various disposable plastic items requires new automatic machines capable of lowering the use of plastic in packaging. In cooperation with major market players, IMA has already developed some extremely innovative solutions, anticipating the needs of the market.

The foundations were also laid for IMA S.p.A. to consider the purchase of up to 800 hectares of land in the Valle di Morosina (Venice's southern lagoon), for which it is possible to certify the quantities of CO₂ eliminated thanks to photosynthesis of the flora, circulation of the algae in fresh water and organic fish production (fish breeding and reproduction): in particular, IMA is assessing how much land would be needed to eliminate its entire carbon footprint. This initiative is an important benefit created by IMA in terms of reducing its impact on the environment and as an asset that can be reported and communicated to its stakeholders as part of the Carbon Disclosure Project.

Environmental management and risk management systems

The IMA Group has prepared programs and initiatives designed to **progressively reduce environmental impact** and **improve efficiency in the use of energy resources**. This line of action also includes the path initiated by the Parent Company IMA S.p.A. for the certification of its Environmental Management System according to **ISO 14001**, the most accredited standard in the world. During 2019 certification of the registered offices of the parent company, IMA S.p.A., in Via Emilia 428-442, and of the premises in Via I Maggio 14-16 in Ozzano dell'Emilia (Bologna, Italy) was confirmed and extended to the premises in Via Piave 16, Ozzano dell'Emilia, Calenzano (Florence, Italy) and Bentivoglio (Bologna, Italy). Again in 2019, ISO 14001 certification was confirmed for Corazza S.p.A. as well and the same result was achieved by GIMA TT S.p.A.

The environmental impact of IMA companies shows essentially in three significant areas:

- **waste management;**
- **energy consumption;**
- **greenhouse gas emissions.**

It is worth emphasizing that IMA fully complies with any regulations concerning the handling of its environmental impact in these areas, as each IMA company has obtained all the required authorizations from the competent authorities, where applicable.

To a lesser extent, inasmuch as they potentially derive from the work performed in the workplace, IMA has carried out specific measurements at its main plants aimed at assessing and highlighting its own regulatory compliance in terms of the acoustic and electromagnetic pollution of the surrounding environment, also respecting the quality objectives set by legislation for the protection of any civilian populations living near industrial sites.

The main activities carried out included:

- installation of technological systems with a lower direct or indirect environmental impact;
- monitoring of the consumption by main energy carriers.

The environmental data reported here reflect the higher production volumes typical of recent years, from 2010 onwards, thanks to an increase in orders and sales, as well as the change in the Group scope as a result of new acquisitions.

Energy management

Pursuant to the provisions of Article 8 of Legislative Decree 102/2014 (Transposition of EU Directive 27/2012, obligations for Energy Efficiency), IMA S.p.A., falling within the scope of the legislation as a "Large Company," appointed an ESCo (Energy Service Company) to carry out an **Energy Diagnosis** at its main production sites. In accordance with the Guidelines issued by ENEA (Italian National Agency for New Technologies, Energy and Sustainable Economic Development), all IMA plants in Italy were taken into account (not only those included in the scope of this Report, but also the production units of associ-

ates of the Parent Company IMA S.p.A. held with interests of between 25% and 50%). Based on this "clustering", the sites requiring a specific Energy Diagnosis were identified: in this specific case, the Energy Diagnoses carried out during 2019 concerned three IMA S.p.A. production plants - the sites in Via Emilia 428-442 and Via I° Maggio 14-16 in Ozzano dell'Emilia (Bologna, Italy) and the site in Via Romagnoli 2-6 in Bentivoglio (Bologna, Italy) - and helped identify various potential energy efficiency measures that can be considered for application in subsequent years.

The object of the Energy Diagnosis is to get in-depth knowledge of the effective energy behaviour (and consumption) of the entity under review in order to identify the most effective amendments of such behaviour to achieve the following objectives:

- **improve energy efficiency;**
- **reduce energy supply costs;**
- **redevelop the energy system;**
- **improve environmental sustainability.**

Various methods have been adopted to reduce energy consumption: from the **adoption of responsible behaviour by the personnel** (for example, company regulations recommend to turn off PCs at the end of the working day), to **investment in efficient or low energy plants, machinery and devices** (involving general and auxiliary production services), through the **implementation of supervisory systems in technological plants for their monitoring and control** (operating parameters and switch-on and switch-off times can be programmed and feedback can be received in the event of losses or faults).

In 2019, considering the Italian companies in the scope of consolidation, **out of 88,820.87 GJ of electricity purchased, 40.4% came from renewable sources**: the supply of energy from certified renewable sources was also extended, in 2019, to the sites in Via Emilia, 428/442 and Via I Maggio 14/16 Ozzano dell'Emilia (Bologna, Italy). In addition, 2,202.43 GJ of photovoltaic electricity were produced and self-consumed, while 666 GJ were produced and put on the grid.

Over the last year, there has been an increase in the total electricity consumption by IMA Italian companies. At the same time, in line with previous years, there was a further simultaneous expansion of the number of IMA's industrial sites, which in 2019 again marked a growth in terms of revenue, personnel and production area. The ratio between the electricity purchased and the total number of employees of IMA is equal to 5829.01 kWh per capita.

The consumption of natural gas, diesel and LPG is primarily due to the functioning of plants and machinery, also in the service of production (mainly for central heating systems and the production of hot water for non-industrial use). In particular, the natural gas trend, not much

different from the previous year, reflects the changes in the reporting perimeter.

The remaining fuel consumption (petrol, in addition to those mentioned above) can be attributed to refuelling of cars and trucks from the company pool: from 2019 the figures for the company car pool also include consumption by rental cars (being cars under operating or finance leases).

INVESTMENTS IN ENERGY EFFICIENCY AND THE USE OF RENEWABLE ENERGY

IMA has prepared programs and initiatives for the ongoing reduction of environmental impact and to increase efficiency in the use of energy resources.

In particular, in pursuit of this commitment, IMA has implemented the following policies in Italy:

- since 2014, in its largest facility and at IMA's head office, the Via Emilia 428/442 site in Ozzano dell'Emilia (Bologna, Italy), electricity has been supplied exclusively from certified renewable sources. In 2018, IMA extended this supply to the Via I Maggio 14-16 site in Ozzano dell'Emilia; together, the consumption of these two sites is about 40% of the electricity that IMA purchases on the Italian free market. This source of green energy is certified by appropriate GO (Guarantee of Origin certificates) issued by the entity that supplies the electricity to IMA;
- it produces renewable electricity from photovoltaic installation:
 - factory of IMA S.p.A. in Via Emilia 428-442, Ozzano dell'Emilia: capacity of 155 kWp;
 - factory of IMA S.p.A. in Via Piave 16, Ozzano dell'Emilia: capacity of 310.9 kWp;
 - factory of G.S. Coating Technologies in Via Friuli 38-40, Osteria Grande (Bologna, Italy): capacity of 70 kWp;
 - factory of Revisioni Industriali S.r.l. in via Nobel 34, Ozzano dell'Emilia: capacity of 19.5 kWp;
 - factory of ILAPAK Italia S.p.A., via Lama 11-13 Foiano della Chiana (Arezzo, Italy): plant with a capacity of 55,575 kWp;
 - factory of Eurosicma S.p.A.: plant with a capacity of 158.4 kWp;
 - factory of Atop S.p.A.: plant with a capacity of 93.2 kWp;

SUMMARY OF ANNUAL ENERGY CONSUMPTION (GJ)

	TOTAL 2017	TOTAL 2018	TOTAL 2019
ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES			
Natural gas (used for heating work environments)	192,038	116,323.00	110,914.50
Natural gas (used in vehicles)	n.d.	1.00	21.64
LPG (used for roasting and testing roasting machines and for vehicles)*	56	57.00	373.87
Diesel (used in generators, motor-driven fire-fighting units, high-pressure cleaners and in vehicles)*	35,703	30,945.00	37,008.23
Petrol (used in vehicles)*	2,205	1,322.00	6,068.41
TOTAL	230,002	148,648	154,386.65
ENERGY CONSUMPTION FROM RENEWABLE SOURCES			
Electricity purchased (tot)	126,889	129,710	128,760
of which from certified renewable sources	n.a.	33,175.00	35,945.00
Self-produced and consumed electricity (from photovoltaic systems)	2,205	1,351.23	2,683.77
Electricity that is self-produced and sold/fed back into the grid (by photovoltaic systems)	56	29,49	666,00

* From 2019 the figure also includes the consumption linked to rental cars (cars under operating and / or financial leases).

- it produces renewable thermal energy using solar collectors (supporting the thermal plant at the factory in Via Emilia 428-442), with a consequent saving in the consumption of methane;
- during 2019, it replaced fluorescent lamps with new generation LEDs in workplace lighting systems; this is expected to take place gradually at all the plants over the next few years;
- it implemented a program, over the past few years, for the gradual replacement of:
 - old compressors with new models that have inverter-controlled motors, more efficient even with partial loads;
 - UPS (back-up power units) with new, more efficient models;
 - conditioners with new models that guarantee greater efficiency and the centralization of installations;
- construction has started on a new building for use by the Safe Division of IMA S.p.A. in Ozzano dell'Emilia, which will have a photovoltaic system with a nominal power of 994 kWp installed on the roof;
- a plant has recently been leased in Via degli Artigiani in Castel San Pietro Terme (Bologna, Italy), for future use by the IMA Life Division, fitted with a 55.58 kWp photovoltaic system on the roof, which comes with surface rights.

Other energy efficiency initiatives foreseen in the future in Italy concern:

- installation of a gas-powered trigeneration plant for the production of electricity, hot water for heating and refrigerated water for cooling;
- purchase of electricity solely from certified renewal sources for the other sites of IMA.

In general, in the coming years, one of the primary objectives will be respect for the eco-sustainability of new buildings or buildings being refurbished and/or extended (for example: fitting of double glazing, insulation coating, efficient systems for heat generation or summer cooling, etc.), in order to reduce energy needs.

Carbon footprint and greenhouse gas emissions

In order to carry out its commitment to the gradual reduction of direct and indirect emissions, in 2012 IMA joined the **Supply Chain Program of the CDP** (formerly Carbon Disclosure Project) and, starting from 2014, as an issuer listed on the MTA organized and managed from Borsa Italiana S.p.A., also to the **Climate Change Program**, the main program of the same project.

CDP is an international non-profit organization that provides companies and the community with a global system for measuring, disseminating, monitoring and publishing information on environmental sustainability issues. The Program, which is aimed at companies, provides for the implementation of **strategies designed to gradually reduce emissions**, also involving partners along the supply chain, and to manage environmental risks associated with climate change.

Every year companies participating in the Main program of the CDP undertake to report their emissions (calculated in terms of emissions of carbon dioxide equivalent (or CO₂e) in order to monitor them and, if possible, establish

a plan to reduce them over time: the reported data are made public by the CDP, available to international investors, in order to guide their investment decisions towards companies that have a profile that is more sustainable for the environment.

In 2019, IMA was in the "**Awareness C**" band, a similar positioning compared to the previous year. Since 2014 IMA has been publishing its data in the "CDP" section of the website dedicated to investors, making them freely available to a wider audience.

IMA calculates its "carbon footprint" in terms of CO₂ equivalent, reporting:

Direct emissions (Scope 1)

from the consumption of fuels necessary to the supply of heating systems and machinery (natural gas, diesel and LPG), cars and trucks of the company's pool whether owned or under finance leases (petrol, diesel and methane)

Indirect emissions (Scope 2)

from electricity consumption, net of the energy produced by the photovoltaic park, and self-consumed, and certified supplied energy from renewable sources.

Indirect emissions (Scope 3)

from consumption of water, of the fuels necessary to power cars and from the trucks of the company's pool under rental/ operating lease contracts (petrol, diesel, LPG and methane), from the acquisition of capital and other assets and services, from losses due to the extraction, distribution and transport of fuels and electricity, from logistics, transport and distribution services purchased, from urban and industrial waste generated and transported, from business trips and commuting by employees.

Thanks to the monitoring of emissions, IMA has formulated a plan to contain and reduce them. Various interventions have already been implemented, while others have been programmed as part of a **reduction plan**.

In 2019, the electricity supply of the IMA plants in Ozzano dell'Emilia (Bologna, Italy), Via Emilia 428-442, IMA registered office, in Via I Maggio 14-16 and Eurosicma S.p.A, via Michelangelo Buonarroti 4- 6, Segrate (Milan, Italy), has been certified as coming exclusively from renewable sources. In terms of Scope 2, this made it possible to save more than 5,052 tonnes of CO₂ equivalent of indirect emissions in 2019 (using the Market-based¹⁰ method of calculation set out in the "GHG Protocol Scope 2 Guidance – An amendment to the GHG Protocol Corporate Standard" of 2015).

¹⁰ The value is equivalent to the CO₂ emissions that IMA would have reported if it had not acquired guarantees of origin.

The trend in direct emissions in the two-year period reflects a better quality of the data and information available at Group level regarding natural gas consumption.

GREENHOUSE GAS EMISSIONS	ton CO₂ eq 2017	ton CO₂ eq 2018	ton CO₂ eq 2019
Direct emissions - Scope 1	13,727	9,015.00	13,154.44
Natural gas consumption emissions	10,916	6,604.00	6,283.91
LPG consumption emissions*	4	4.00	23.92
Diesel consumption emissions*	2,653	2,313.00	2,685.48
Company car emissions (petrol driven)*	155	93.00	408.00
Company car emissions (gas driven)*	nd	0.05	1.22
Emissions of refrigerant gases	nd	nd	3,751.91
Indirect emissions - Scope 2			
Electricity consumption emissions (Location Based Method)	12,580	14,505.00	14,153.24
Electricity consumption emissions (Market Based Method)	nd	21,627	15,652

* From 2019 the figure also includes the consumption linked to rental cars (cars under operating and / or financial leases).

INITIATIVES TO REDUCE GREENHOUSE GAS EMISSIONS AND RESULTS ACHIEVED

The total production of the **Italian photovoltaic park** of IMA, in 2019, net of network sales, came to **611,786.9 MWh**, which satisfied part of the energy needs of the various plants served, helping to avoid a total of 220 tonnes CO₂e¹¹.

OTHER ATMOSPHERIC EMISSIONS (POLLUTING EMISSIONS)

IMA's activities involve minimum emissions of NOX (nitrogen oxides), SO₂ (sulphur dioxide), volatile organic compounds (VOCs) and atmospheric particulates, deriving from combustion in the thermal power plants, for space heating purposes and therefore non-productive. Therefore, given the **low relevance** of the issue at Group level, it was considered appropriate not to report on these pollutants in this document.

¹¹ The calculation was made according to the Location Based method.

Waste management

The type of waste generated by IMA's production activities consists mainly of mixed packaging materials, such as plastics and the like, cardboard and wood. In addition, the plants that carry out mechanical processes on metal surfaces with chip removal generate waste consisting of residues such as iron and aluminium filings, ferrous scrap and other metals, such as aluminium, bronze and brass. To a lesser extent, the waste resulting from the testing of the automatic machines produced also has to be considered. Tests are performed with the materials and products to be packaged, sent directly by customers (pharmaceuticals, cosmetics, medicines, food, such as tea, coffee, stock cubes and cheese).

Lastly, as regards liquid waste (which is in any case disposed of safely, so not discarded), IMA's plants produce waste in the form of oily emulsions and used mineral oils generated by maintenance activities on workshop machine tools and on automatic machines being assembled and tested. In addition to these, other types of liquid waste produced are the water solutions that are the result of washing automatic machines after testing with the products to be packaged and with demineralized water.

Also to be considered is a small quantity of WEEE (waste electrical and electronic equipment) and electric cables (copper). In Italy, **all types of waste produced by operations are collected by each factory separately by type** and disposed of in compliance with the law, preferably taking them to specialist disposal facilities that treat them with a view to recycling materials and energy. Separate collection is also carried out in the office areas (such as for toner, paper and cardboard), as well as in the refreshment areas and in the canteen (plastic and organic): **all employees have been trained and informed about the criteria for waste separation.**

Only 8.7% of the waste disposed of by IMA is classified as hazardous. **33.38% of the waste products produced by IMA in 2019 are to be recycled and reused.**

Again in 2019, there were no significant spills or discharges of waste water containing chemicals, waste or fuels, reflecting successful implementation of the procedures that constitute the Environmental Management System and the awareness, training and care of staff.

The trend in data relating to waste produced and disposed of over the two-year period reflects a better quality of data and information available at Group level.

WASTE DISPOSED OF BY DISPOSAL METHOD (in tonnes)

	2017			2018			2019		
	Hazardous waste	Non-hazardous waste	TOTAL 2017	Hazardous waste	Non-hazardous waste	TOTAL 2018	Hazardous waste	Non-hazardous waste	TOTAL 2019
Recycling/Re-use	2.95	2,755.10	2,758.10	2.52	1,769.40	1,771.92	19.27	1,914.92	1,934.19
Energy recovery	-	87.90	87.90	-	64.10	64.10	-	82.92	82.92
Stocking and/or placing in reserve for recovery purposes	120.40	1,053.60	1,174.00	113.93	1,383.42	1,497.30	181.76	1,206.31	1,388.07
Incineration	11.80	181.00	192.80	3.88	135.38	139.26	27.80	134.20	162.00
Landfill	0.10	1,060.40	1,060.50	0.09	364.35	364.44	-	539.72	539.72
Other disposal operations (such as: purifier)	192.80	866	1,059	260.77	1,031	1,292	200.57	1,341.77	1,542.34
Stocking or placing in reserve for disposal purposes	42.90	92.2	135.1	124.40	85.99	210.39	75.56	69.53	145.09
Total	371.90	6,096.00	6,466.90	503.07	4,833.87	5,339.41	504.96	5,289.37	5,794.33



Methodological note

IMA'S 8th ANNUAL SUSTAINABILITY REPORT

This is the eighth consecutive document prepared and published by IMA and constitutes the Consolidated disclosure of non-financial information (NFR) referred to in Legislative Decree 254/2016 and subsequent amendments (below, **Decree**). This report contains information regarding environmental and social issues that concern IMA's personnel, respect for human rights and the fight against corruption. It serves to ensure an understanding of the activities carried on by IMA, its performance, its results and the impact of its activities.

REFERENCE PERIOD

The qualitative and quantitative data and information contained in IMA's NFR refer to the year ended **31 December 2019**. Comparisons with previous years are also provided.

REFERENCE REPORTING STANDARDS

This NFR is drafted in accordance with articles 3 and 4 of Decree and in accordance with the "**Global Reporting Initiative Sustainability Reporting Standards**" ("**GRI Standards**") defined in 2016 by the GRI - Global Reporting Initiative, which is currently the most widespread and internationally recognized standard for non-financial reporting. This report has been prepared in accordance with the GRI Standards: Core option.

DATA COLLECTION

The preparation of the NFR is based on a reporting process structured as follows:

- the corporate structures and divisions responsible for the various areas and for the figures involved in this non-financial report have been asked to contribute (i) to the identification and assessment of the material topics, of significant projects and initiatives to be described in this document (ii) and in the collection, analysis and consolidation of data, in order to verify and validating all of the information contained in the NFR, each for its own area of competence. The figures and information included in this Report derive from the

corporate information system used for the management and accounting of IMA and from a non-financial reporting system through data collection forms, specially implemented to meet the requirements of Decree and GRI Standards.

- the figures have been calculated on the basis of data extracted from the company's records, whereas estimates have been made in a limited number of cases, as follows:
 - where details were not available for some environmental (waste) data, an estimate of the weight of the waste was made on the sole basis of the bills for the collection/disposal service. The final weight was obtained by dividing the total cost incurred by the company (cost based variable depending on the amount of waste produced in the year) and the cost for each kg (or tons) of waste collected/disposed of (fixed cost for each kg or ton of waste collected and managed). Where economic data were not available, starting from the geographical area of the various companies investigated, the quantity of waste has been estimated in proportion to their surface in square metres.

The conversion factors used to transform the different energy quantities into GJ are taken from the Defra 2019 database (UK Department for Environment, Food and Rural Affairs), updated annually and by the International Energy Agency (Unit converter International Energy Agency). The emission factors used for the calculation of CO₂ emissions reported in NFR are the following:

- direct emissions (scope 1): emission factors taken from the 2019 Defra database (UK Department for Environment, Food and Rural Affairs), updated annually;
- indirect emissions (scope 2): for electricity purchased from the electricity grid, the Market Based and Location Based method of calculation was used. For data referring to 2019, for all countries, the Terna emission factors on Enerdata values were used, as that is the latest publication available (Table of international comparisons, 2017).

This NFR was approved by IMA S.p.A.'s Board of Directors on 12 March 2020.

REPORTING SCOPE

As provided for by the Decree, the NFR includes the data of IMA and its subsidiaries consolidated line by line, grouped by macro geographical regions:

* Companies included in the perimeter of environmental data relating to fiscal year 2019

ITALY	EU	AMERICAS	ASIA
<ul style="list-style-type: none"> • I.M.A. Industria Macchine Automatiche S.p.A.* • ATOP S.p.A.* • Ciemme S.r.l.* • CO.MA.DI.S. S.p.A.* • CORAZZA S.P.A.* • Eurosicma - Costruzioni Macchine Automatiche S.p.A.* • Eurotekna S.r.l.* • Ilapak Italia* • Asset Management Service S.r.l.* • DIGIDOC S.R.L. • Petroncini Impianti S.p.A.* • Pharmasiena Service S.r.l.* • TEKNOWEB CONVERTING S.r.l.* • Telerobot S.p.A.* • Tissue Machinery Company S.p.A.* • Spares & More S.r.l.* • Claren Cutting Service S.r.l.* • Spreafico Automation S.r.l.* • Perfect Pack S.r.l.* • Società del Sole S.r.l. • Packaging Manufacturing Industry S.r.l. • CMRE S.r.l. • Transworld Packaging Holding S.p.A. • O.A.SYS S.r.l.* (merged with Eurosicma at 31 December 2019) • Gima S.p.A.* (absorbed by IMA at 31 December 2019) • Revisioni Industriali S.r.l.* (absorbed by IMA at 31 December 2019) • Mapster S.r.l.* (absorbed by IMA at 31 December 2019) • G.S. Coating Technologies S.r.l.* (absorbed by IMA at 31 December 2019) • Dreamer S.r.l. (in liquidation) 	<ul style="list-style-type: none"> • Benhil GmbH* • Ilapak International SA* • IMA Medtech Switzerland SA* • IMA Swiftpack Ltd.* • IMA Est GmbH • Ilapak France SA • IMA France E.u.r.l. • Ilapak Verpackungsmaschinen GmbH • IMA Germany GmbH • IMA Life the Netherlands B.V.* • Ilapak Sp. Z.o.o. • Ilapak SNG OOO • OOO Ima Industries • IMA Iberica Processing and Packaging S.L. • Ilapak Ltd. • Luna Investment SA • IMA UK Ltd. 	<ul style="list-style-type: none"> • Delta Systems & Automation LLC* • IMA Automation USA Inc.* • IMA Life North America, Inc.* • IMA MAI S.A.* • IMA North America Inc.* • TECMAR S.A.* • IMAUTOMATICHE do Brasil Industria e Comercio de Maquinas Ltda • TMC do BRASIL Industria de Maquinarios e Servicos Ltda* • Ilapak Inc. • TEKNOWEB N.A. LLC • TMC NORTH AMERICA Inc. • Valley Tissue Packaging Inc.* • Tekno NA Inc. • Packaging Systems Holdings Inc. 	<ul style="list-style-type: none"> • Hassia Packaging Pvt. Ltd.* • Ilapak (Beijing) Packaging Machinery Co. Ltd.* • IMA Automation Malaysia Sdn. Bhd.* • IMA Life (Beijing) Pharmaceutical Systems Co. Ltd.* • IMA Life (Shanghai) Pharmaceutical Machinery Co. Ltd.* • IMA-PG India Pvt. Ltd.* • IMA FUDA (Shanghai) Packaging Machinery Co. Ltd. • IMA Packaging & Processing Equipment (Beijing) Co. Ltd. • Tianjin IMA Machinery Co. Ltd.* • Petroncini International Trading (Shanghai) Co. Ltd. • IMA Life Japan KK • IMA Packaging Technology India Pvt. Ltd. • Ilapak Israel Ltd. • IMA Pacific Co. Ltd.

The environmental data shown in the NFR refer to the companies indicated with an asterisk on the previous table: the companies that are not included are commercial and financial companies; considering their limited significance for environmental impact, information relating to energy, emissions and waste is not reported as it is negligible compared with the total.

The data referring to the social sphere (human resources) starting from 2018, also include commercial companies in Europe, the Americas and Asia.

Any other limitations to the scope are appropriately indicated in the document.

INDEPENDENT AUDITORS' REPORT

This Report has been subjected to a limited examination ("limited assurance engagement") according to the "International Standard on Assurance Engagements ISAE 3000 (Revised)" by EY S.p.A.

GRI Content Index

Gri Standard Title	Gri disclosure number	Gri Disclosure Title	Page number	Omissions
GRI 102: General Disclosures 2016 – Organizational Profile	102-1	Name of the organization	Cover	
	102-2	Activities, brands, products and services	7-9	
	102-3	Location of headquarters	10	
	102-4	Location of operations	7	
	102-5	Ownership and legal form	7, 10, 14, 15	
	102-6	Markets served	30-32, 35	
	102-7	Scale of the organization	7	
	102-8	Information on employees and other workers	47-60	
	102-9	Supply chain	41-45	
	102-10	Significant changes in the organization and its supply chain	41, 79	
	102-11	Precautionary principle or approach	24-25, 69	
	102-13	Membership of associations	66	
GRI 102: General Disclosures 2016 – Strategy	102-14	Statement from senior decision-maker	5	
GRI 102: General Disclosures 2016 – Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	11	
GRI 102: General Disclosures 2016 – Governance	102-18	Governance structure	14-18	
GRI 102: General Disclosures 2016 – Stakeholder engagement	102-40	List of stakeholder groups	26-28	
	102-41	Collective bargaining agreements	53-54	
	102-42	Identifying and selecting stakeholders	26-28	
	102-43	Approach to stakeholder engagement	22-23, 26-28	
	102-44	Key topics and concerns raised	22-23, 26-28	
GRI 102: General Disclosures 2016 - Reporting practice	102-45	Entities included in the consolidated financial statements	10, 79	
	102-46	Defining report content and topic Boundaries	22-23, 78	
	102-47	List of material topics	23	
	102-48	Restatements of information	78-79	
	102-49	Changes in reporting	78-79	
	102-50	Reporting period	78-79	
	102-51	Date of most recent report	March 2019	
	102-52	Reporting cycle	78-79	
	102-53	Contact point for questions regarding the report	88	
	102-54	Claims of reporting in accordance with the GRI Standards	78-79	
	102-55	GRI content index	80-82	
	102-56	External assurance	83-85	

Gri Standard Title	Gri disclosure number	Gri Disclosure Title	Page number	Omissions
GRI 201: 2016 Economic Performance	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	12-13	
	103-3	Evaluation of the management approach	12-13	
	201-1	Direct economic value generated and distributed	12-13	
GRI 204: 2016 Procurement practices	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	41-45	
	103-3	Evaluation of the management approach	41-45	
	204-1	Proportion of spending on local suppliers	42	
GRI 205: Anti-corruption 2016	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	16-18	
	103-3	Evaluation of the management approach	16-18	
	205-3	Confirmed incidents of corruption and actions taken	16	
GRI 302: Energy 2016	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	69-71	
	103-3	Evaluation of the management approach	18, 69-73	
	302-1	Energy consumption within the organization	72	
GRI 305: Emissions 2016	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	69-70, 73-75	
	103-3	Evaluation of the management approach	69-70, 73-75	
	305-1	Direct (Scope 1) GHG emissions	75	
	305-2	Energy indirect (Scope 2) GHG emissions	75	
GRI 306: Effluents and Waste 2016	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	18, 69-70, 76	
	103-3	Evaluation of the management approach	18, 69-70, 76	
	306-2	Waste by type and disposal method	76	
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations		<i>There were no instances of non-compliance with environmental laws and regulations during 2019</i>
GRI 401: Employment 2016	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	47-52	
	103-3	Evaluation of the management approach	47-52	
	401-1	New employee hires and employee turnover	51-52	

Gri Standard Title	Gri disclosure number	Gri Disclosure Title	Page number	Omissions
GRI 403: Occupational health and safety 2016	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	18, 47, 54-56	
	103-3	Evaluation of the management approach	18, 47, 54-56	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	54-55	
GRI 404: Training and education 2016	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	47, 57-58	
	103-3	Evaluation of the management approach	47, 57-58	
	404-1	Average hours of training per year per employee	57	
GRI 405: Diversity and equal opportunity 2016	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	15, 47, 59-60	
	103-3	Evaluation of the management approach	15, 47, 59-60	
	405-1	Diversity of governance bodies and employees	15, 59-60	
GRI 406: Non-discrimination 2016	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	47	
	103-3	Evaluation of the management approach	47	
	406-1	Incidents of discrimination and corrective actions taken	No cases of discrimination occurred during 2019	
GRI 416: Consumer Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	37-38	
	103-3	Evaluation of the management approach	37-38	
	416-1	Assessment of the health and safety impacts of product and service categories	37	
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	There were no instances of non-compliance with social and economic laws and regulations during 2019	
Relations with the world of technical and higher education and the community	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	62, 64	
	103-3	Evaluation of the management approach	62, 64	
	-	Initiatives in support of technical and higher education and in support of the community	63-65	
Capacity for innovation	103-1	Explanation of the material topic and its Boundary	22-23	
	103-2	The management approach and its components	33-36	
	103-3	Evaluation of the management approach	33-36	
	-	Number of patents filed and granted	34	

Independent auditors' report



EY S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel: +39 051 278311
Fax: +39 051 236666
ey.com

Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of Consob Regulation adopted with Resolution n. 20267 of 18th January 2018

(Translation from the original Italian text)

To the Board of Directors of
I.M.A. Industria Macchine Automatiche S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30th December 2016, n. 254 (hereinafter "Decree") and article 5 of Consob Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of I.M.A. Industria Macchine Automatiche S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended on 31st December 2019 in accordance with article 4 of the Decree approved by the Board of Directors on 12th March 2020 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence,



confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the I.M.A. Group's consolidated financial statements;
4. understanding of the following aspects:
 - o Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF. In particular, we have conducted interviews and discussions with the management of I.M.A.



Industria Macchine Automatiche S.p.A. and with the personnel of IMA Life North America Inc. and GIMA S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the sites of Tonawanda (USA) of IMA Life North America Inc. and Zola Predosa (Italy) of GIMA S.p.A., that we have selected based on its activities, relevance to the consolidated performance indicators and location, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the I.M.A. Group for the year ended on 31st December 2019 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Bologna, 27th March 2020

EY S.p.A.

Signed by: Marco Mignani
(Auditor)

This report has been translated into the English language solely for the convenience of international readers.

Our heartfelt thanks go to the working group, coordinated by the **Corporate Communications Department**, that made it possible to collect and process the data and information included in this report.

The **working group** is made up of the following entities:

Administration, Finance and Control
Corporate Communications
Chairman's Office
Quality and Compliance, Internal Audit
Research and Innovation
Human Resources
General Services, Environment and Safety
Production Systems

Sincere thanks also go to all **contacts and colleagues at the IMA Group companies in Italy and the rest of the world**, who helped in the preparation of the 2019 Social Responsibility Report/Non-Financial Statement by providing the figures for their respective companies.

*Technical and methodological assistance: **BDO Italia S.p.A.***

*Independent Auditors: **EY S.p.A.***



CONTACT DETAILS

IMA S.p.A.

Registered office

Via Emilia, 428/442
40064 Ozzano dell'Emilia (Bologna)
tel. 051 6514111

Administrative office

Via Tosarelli, 184
40055 Castenaso (Bologna)
tel. 051 7831111

The Sustainability Report is available for download on the IMA website, section CSR

For further information:

www.ima.it