



Profile of a Sustainable Company



2013
>14



Profile of a Sustainable Company

2013
>14

Technical assistance
Deloitte ERS Srl

Illustrations
Agnese Baruzzi

Graphic design
MEDIAMORPHOSIS Srl

Print
Grafiche dell'Artiere - Bentivoglio (BO)

Printed in December 2014 on 100% environmentally-friendly recycled paper FSC® certified



Index

- 5 Letter from the Chairman**
- 7 Sustainability according to IMA**

- 8 Part One - IMA's Identity**

- 11 Who we are
- 13 Mission and Values
- 16 Corporate Governance and Organization
- 20 IMA's Stakeholders
- 22 In the heart of the Cluster



- 26 Part Two - Economic Responsibility**

- 29 Economic performance and Value Added
- 34 Suppliers and production partners

- 42 Part Three - Social Responsibility**

- 45 IMA's people**

- 45 Working in IMA
- 50 Training and skills development
- 51 Health and safety
- 55 Equal opportunities
- 58 Corporate welfare

- 60 End users**

- 60 Customers and markets
- 66 Technological innovation, research and development
- 70 Quality

- 74 Community**

- 74 IMA's social commitment
- 77 Culture, education and training
- 80 Membership of associations and institutions



- 82 Part Four - Environmental Responsibility**

- 85 Environmental management and risk management systems
- 86 Carbon footprint and emissions management
- 87 Energy management
- 89 Water management
- 90 Waste management

Reading guide

This is the second edition of IMA's *Profile of a Sustainable Company*. It is a tool that serves to explain the responsible style of management of a Group that is committed to increasing its ability to generate value, while respecting the various forms of balanced sustainability (economic, social and environmental). For IMA, being a *Sustainable Company* means ensuring that its activities are environmentally sound, socially just and economically viable, meeting the expectations of all stakeholders who, directly or indirectly, are involved in its business (shareholders, investors, end users, employees and consultants, and society in general).

Compared with the first edition, the *2013-2014 Profile* introduces a number of important innovations in terms of both content and reporting process:

- the report contains more information and quantitative data compared with last year's results; we have also enhanced the qualitative aspects by focusing on particularly significant aspects of operations;
- we have included an analysis of economic value added to highlight the wealth that has been created and distributed to the stakeholders of the Group;
- we have extended the scope of reporting, i.e. the list of Italian companies whose performances are described in the *Profile*, by refining procedures for the collection and analysis of data;
- we have been even more precise in following the Guidelines of the *Global Reporting Initiative*, version G4 (2013), which is the international standard for sustainability reporting;
- we have expanded the internal working group to reflect the various corporate entities involved in drafting the *Profile*.

IMA's *Profile of a Sustainable Company* discusses the various activities carried out in Italy up to 31 December 2013. A certain amount of information about the entire Group, or about projects from previous years that are still having an impact, has also been included to help readers understand IMA's performance in terms of sustainability.

Various company departments have been involved in preparing this publication. Our heartfelt thanks go to the working group, coordinated by Corporate Communications, that made it possible to collect and process the data and information included in this report.



Letter from the Chairman

For IMA, 2014 is another year of growth and consolidation. The traditional Interpack event was an opportunity to share with many of our stakeholders the values that inspired us in this new phase of market expansion, which can be summarized in three key words: **innovation, awareness, ability**.

Three words to encapsulate IMA's philosophy and explain its orientation towards the future. A future in which, thanks to the knowledge and information society, the voice of stakeholders will get stronger and stronger.

Innovation is the mission. So no longer just a means to achieve economic and market objectives, but a value that needs to be fed constantly as a "generator of potential". Only through innovation we can achieve broader goals: the ongoing expansion of the Group, undoubtedly, but also the development of well-being on our planet, in which IMA participates by finding solutions that facilitate the distribution and storage of food throughout the world (while also reducing food waste) and the widespread dissemination of increasingly effective medicines. For us, health is the key topic, whatever the area of interest. And on this topic there is full convergence with IMA's customers, who appreciate our ability to innovate, making feasible many of their industrial projects that are oriented towards sustainability and well-being.

Awareness is the tool. Being aware of one's role in the economy and the community is crucial to recognising oneself and being recognised by others, without falling into the trap of being self-referential. Awareness of one's position on the map (the map of ethics, environmental sustainability or, more generally, of Corporate Social Responsibility) makes it easier to orientate oneself and to move in directions that are collectively considered more virtuous. Being "aware" of what we do, operating with respect for harmonious economic growth that develops in parallel with social development and environmental protection, "accredits" IMA as the partner to turn to for all those big multinationals in pharmaceuticals and food who care about the values of sustainability.

Ability is the result. This is what we deliver to customers and their end users as a result of our constant commitment. Our heritage of technological competence and territorial intelligence that we cultivate internally is in fact transferred to the outside through the excellence of all the processes that we have automated. And thanks to the Company's strategy of growth through acquisitions, we can exchange experiences, enriching our own territory as well as those of others. Without thoughts of delocalization or excessive localism, which tend to reduce the ability to be critical and competitive.

Travelling parallel to these three terms, summarizing concepts and principles which we recognise as the pillars of IMA's value architecture, there is also the new Group payoff: Sustain Ability.

Sustain Ability aims to emphasise the concepts expressed above: focus on sustainability, of course, but above all "to support our own talents" and "to support our customers' talents" as well.

The 2013-2014 Profile of a Sustainable Company continues down the road that we have been travelling for some time: it not only reaffirms our values with a certain emphasis, but also assesses their effective implementation by collecting and disseminating a range of quantitative and qualitative data. And it is on this data that we now look forward to hearing the opinions and recommendations of all those who are interested in various capacities.

This second Profile is a step - in our view an important one - towards creating a genuine Social Report, though it is also a moment of reflection to better understand what sort of IMA we want to build, together with our customers, and with the invaluable efforts of our workforce, at the service of a society that now has a much wider frame of reference.

The Chairman
Alberto Vacchi



Sustainability according to IMA

In 2010, the International Organization for Standardization - generally referred to as the International Standards Organization (ISO) - published its Guidelines on Social Responsibility. ISO 26000 defines the different standards of conduct that must be met by a company that aspires to become or remain "responsible". While not necessarily representing standards to be met, ISO 26000 contains voluntary standards that guide organizations towards sustainable development and promote common understanding in the field of social responsibility.

Based on these Guidelines, IMA has identified four major sustainability issues to which it devotes particular attention:

Human Resources

Producing high-tech goods that are quite complex and with a high level of customization requires each member of the team to make a fundamental contribution. This why developing the quality of the people working for IMA, as well as protecting their rights and safety in the workplace, are key issues for the Group's success.

Environment

Even though IMA's business is non-polluting and has a limited impact on the environment, measures to contain what impact there is and reduce energy consumption are by no means neglected. Adherence to the Carbon Disclosure Project and working methods that maximize energy savings are just some of the Group's commitments towards the environment.

Ethics and integrity

IMA was one of the first Italian companies in the sector to adopt a Code of Ethics, a sort of "Constitutional Charter" defining the ethical and social responsibilities of the stakeholders and the rules of conduct to be followed by all those who work in the name and on behalf of the Group. The ability to apply the principles of the Code of Ethics is recognized by IMA as a fundamental value on which to base its corporate mission.

Territory

Understood as the economic and social fabric in which IMA was born and raised, the territory is a strategic element for the Group's activities. Between territory and enterprise there is in fact a constant exchange of knowledge, experience and wealth (and not just economic wealth), that makes the relationship both inseparable and interdependent. For this reason, IMA is well aware that its success hinges on the welfare of the community in which it operates.

Overseeing these four issues is the more general theme of **Corporate Governance**, which has to be transparent versus all stakeholders and the inspiration of socially responsible acts that lead to sustainable development.

But in the end of the day, what is sustainability according to IMA? It is primarily an ambitious goal that is reached at the end of a long journey, step by step, through compliance with the Guidelines, constant effort over time and a great deal of attention to the four issues that IMA recognizes as strategic for sustainable growth.

IMA'S IDENTITY

In the heart of the "Packaging Valley", since 1961 IMA has been producing automatic machines for the processing and packaging of pharmaceuticals, cosmetics, food, tea and coffee.





1

WORLD LEADER

in the design and manufacture of automatic machines for the processing and packaging of pharmaceuticals, cosmetics, food, tea and coffee

1961
Year of
foundation

MAIN BRANDS

IMA INDUSTRIES

IMA PHARMA

The **CODE OF ETHICS** sets out the ethical and social responsibility of the Group

IMA
CODE OF ETHICS

IMA is part of the **advanced mechanical and industrial automation CLUSTER** of Emilia-Romagna

IMA S.p.A. has been listed on the **MILAN STOCK EXCHANGE** since 1995. In the **STAR segment** since 2001

Extensive sales network covering about

more than
3.700

employees,
including about 2,200 in Italy

80
countries

24
manufacturing
plants

in Italy, Switzerland, UK, USA,
India and China

Who we are

The IMA Group in brief

- Main brands: IMA Industries and IMA Pharma
- Consolidated sales in 2013: 760.9 million euros (export: 92%)
- Share capital (fully paid-in): 19,150,560 euros
- Employees: over 3,700, with about 2,200 in Italy
- 24 manufacturing plants in Italy, Switzerland, UK, USA, India and China
- Extensive sales network covering about 80 countries

Established in 1961, IMA is world leader in the design and manufacture of automatic machines for the processing and packaging of pharmaceuticals, cosmetics, food, tea and coffee. A leadership gained through significant investments in research and development, constant and constructive dialogue with end users in the various sectors, and the Group's ability to internationalise and conquer new markets. In fact, steady growth is one of the main features of its history. The Group ended **2013** with consolidated revenues of **760.9 million euros**, of which **92% is for export**.

The Group chaired by **Alberto Vacchi** has over **3,700 employees**, including **more than 1,500 abroad**, and is present in about 80 countries, supported by a network consisting of 27 branches offering sale and after-sale services in Italy, France, Switzerland, United Kingdom, 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. The Group has **24 manufacturing plants** in Italy, Switzerland, UK, USA, India and China.

In 2013, IMA acquired the majority holding in the **ILAPAK Group** (www.ilapak.com). The ILAPAK Group produces packaging machines for primary packaging in the food sector with the use of flexible material (horizontal and vertical flowpacks). In March 2014 IMA's interest in the ILAPAK Group rose to 81%.

IMA S.p.A. has been listed on the Milan Stock Exchange since 1995 and in 2001 joined the STAR segment.

The Company has filed about **1,200 patents around the world**, it has more than 400 designers involved in product innovation and has launched several new types of machines in recent years.

Experience and reliability, an extensive presence in the global market and a high capacity to respond to the requests of end users: these are values that the Group has built up over 50 years in the business; values that allow it to act as a partner, rather than a supplier, able to propose innovative solutions and not just high quality products.

GROWTH

I.M.A. Industria Macchine Automatiche s.a.s. was founded in Bologna in **1961**. In 1963, the Vacchi family acquired 52% and the company was transformed into a joint stock company, furthering its industrial development. It was in this period that the production of automatic tea bag packaging machines began, a sector in which IMA duly became world leader. The '70s saw IMA enter the field of pharmaceutical packaging machines with the launch of a blister packaging machine. In those years, IMA began to evolve from a small local business into a dynamic and innovative multinational Group. The goal of business growth has been constantly pursued both internally and externally through acquisitions.

The organisational structure of the Group consists of two main brands: **IMA Industries** and **IMA Pharma**.





IMA INDUSTRIES



IMA PHARMA



IMA TEA & COFFEE
Tea & Coffee Packaging Solutions



IMA GIMA
Innovative Packaging Solutions



IMA ACTIVE
Solid Dose Solutions



IMA RI
Quality Second Hand Machines



IMA GIMTT
Smart Packaging Technologies



IMA LIFE
Aseptic Processing & Freeze Drying Solutions



IMA BFB
End of Line Solutions



IMA Corazza
Dairy & Convenience Food Solutions



IMA SAFE
Packaging Solutions



IMA FillShape
Aseptic Pouch-Filling Solutions

IMA Industries (www.ima-industries.com), the non-pharmaceutical sector of the IMA Group, is a world leader in the design and manufacture of automatic machines for the packaging of tea, coffee, beverage and confectionery, and for the processing and packaging of food (dairy and convenience food), cosmetics and toiletries, all capable of rapidly meeting clients' requirements and proposing integrated and highly marketing-oriented solutions. IMA Industries includes seven companies and divisions: Tea & Coffee Division, GIMA S.p.A., GIMA TT S.r.l., Corazza S.p.A., FillShape S.r.l., BFB Division and Revisioni Industriali S.r.l.

IMA Pharma (www.ima-pharma.com) is a 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. IMA Pharma includes three highly specialised divisions: IMA Active (Solid Dose Solutions), IMA Life (Aseptic Processing & Freeze Drying Solutions) and IMA Safe (Packaging Solutions).

The whole structure of the Group is available on www.ima.it > **The Group** and **Investor Relations** sections



Mission and Values

Innovation, honesty, transparency and social and environmental responsibility are IMA's core values, derived from a cultural identity in which the Group identifies itself. This awareness, which has developed into a genuine entrepreneurial style, has over time become one of the Company's fundamental resources.

Rapid growth has led IMA to compete in many international scenarios that are in 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 the Group intends to assume both internally and externally.

IMA'S VISION AND MISSION

IMA is well aware of its ability in the multi-disciplinary design and manufacture of complex machinery and equipment, based on the skills that have been developed in its territory over the last 700 years. It is also aware of the potential for innovation and service made up of the rich network of subcontractors and manufacturers of components that the Group has managed to create in over fifty years of business.

IMA keeps in constant touch with producers in the food, pharmaceutical, cosmetics and nutraceutical industries, making their production needs its own, even developing them in advance, in order to increase the quality of production processes and products and to reduce their costs in compliance with local and international safety and environmental regulations.

Having correctly identified its potential and developed products and services for its end users, IMA 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 and having more and more respect for the environment.

Through the work of its women and men, a company aims to create wealth and well-being, interacting with the social and natural environment. This means that its activity cannot be solely the pursuit of profit; instead, it must be imbued with the values and principles inspired by corporate social responsibility and sustainability.



In particular, **IMA's values** are:

Legality: the Group complies with the laws and regulations in the countries in which it operates, also through third parties, and rejects all forms of national and transnational crime.

Integrity: honesty, fairness and transparency guide IMA's behaviour in all dealings with its stakeholders. In relations with third parties, IMA avoids providing misleading information and adopting behaviour that takes advantage of the others' weaknesses.

Dignity: respect for the individual and the rejection of any form of abuse and exploitation are core values. In hierarchical relations, authority must be exercised fairly and all types of behaviour that could favour or harm the individual worker are prohibited.

Equality: IMA promotes equal opportunities and the protection and enhancement of human resources, wherever they operate. Discrimination based on political or union allegiance, religion, race, nationality, age, sex, sexual orientation, health or whatever is not permitted.

Loyalty: entrepreneurship and proper competition to ensure a fair competitive confrontation on the market. In fact, competition stimulates efficiency, courage to invest and the ability to innovate, for the benefit of customers and end users.

Sustainability: IMA is committed to reducing the environmental impact of its production activities and of the technologies that it produces in compliance with current legislation, taking into account the latest developments in scientific research and the state of the art in its specific field.

Sociability: IMA promotes charitable activities that encourage social inclusion, health prevention, the protection of the most vulnerable, better access to culture and an overall development of the social environment in the territories where the Company operates and, when possible, outside of them as well.

THE NEW CODE OF ETHICS

IMA's Code of Ethics was updated in February 2014. It represents the Company's "Constitutional Charter", being a charter of moral rights and obligations that sets out the ethical and social responsibility of the Group's stakeholders. The main purpose of the Code is to promote the principles to which the Company aspires by stating its key values and general rules of behaviour in a way that is concise, clear and transparent, disseminating awareness of them inside and outside IMA and its subsidiaries. IMA recognizes the importance of ethical and social responsibility in business conduct, affirming how respect for individuals, laws and the environment are the basis for the Group's vision on the reference market and that the ability to apply the principles and values of the Code of Ethics is a fundamental asset in the pursuit of its corporate mission.

*The full text of the new Code of Ethics is available on www.ima.it > **Investor Relations** and **Corporate Social Responsibility** sections*



Sustainability policy

In planning its strategies, the IMA Group takes account of the economic, social and environmental impact of its operations, adhering to the principles of sustainable growth and of corporate social responsibility recognized internationally since 1987 with the Bruntland Report of the World Commission on Environment and Development (WCED) and in the EU's Europe 2020 strategy.

Economic responsibility

IMA's strategy aims to create profit to remunerate its shareholders, but also economic value for all of its stakeholders. This is based on the primary objective of IMA's business: end user satisfaction. Through continuous investment in technology and constant improvement of the quality and reliability of its products, opening new foreign branches or joint ventures with other industry players, IMA is able to serve its end users more and more quickly and efficiently, giving it a competitive advantage.

Corporate social responsibility

IMA is committed to promoting a culture of quality to ensure products and services of the highest possible level and end users satisfaction. IMA also assumes the responsibility of protecting the health and safety of the people working for the Group: welfare, professional development and quality of the work environment are values that go beyond compliance with current legislation and that IMA ensures through training, monitoring systems, prevention activities and continuous investment. The Group ensures continuous dissemination of information and the adoption of a responsible and transparent approach to Corporate Governance. IMA's social commitment is based on a fundamental concept: the responsibility that an industry has towards

society and the world is an expression of will on the part of top management, as well as an element of identity for all those who work for the enterprise. That is why IMA involves its employees directly in programmes and initiatives of corporate citizenship and promotes the principles of Corporate Social Responsibility internally.

Environmental responsibility

Lastly, the Company's commitment is to minimize any impact that the production cycle might have on the environment: energy management, carbon footprint and proper waste disposal are just some of the programmes that IMA has to safeguard environmental resources.



Corporate Governance and Organization

The Corporate Governance structure adopted by IMA S.p.A. follows the recommendations and standards contained in the Code of Conduct for Listed Companies, with a view to ensuring a higher degree of transparency and efficiency for its own system of corporate governance in order to safeguard all shareholders, investors and stakeholders. IMA has adopted the traditional system of administration and control, having as its main bodies: the Board of Directors, the Board of Statutory Auditors and the Shareholders' Meeting.

IMA is audited by a firm of independent auditors. IMA has an **Internal Control and Risk Management System** designed to ensure that the business is run in a fair and healthy manner that is consistent with its stated objectives of sustainable development through a suitable process of identification, measurement, management and monitoring of the principal risks. This control process includes within it the system for managing risks associated with financial reporting: the system has been designed and implemented taking into account the important innovations introduced into Italy in recent years on the question of Corporate Governance, including:

- **Decree 231/01** on the "Administrative liability of legal persons of companies and associations without legal personality".
- **Law 262/2005** ("Savings Law").
- The **Code of Conduct** prepared by the Corporate Governance Committee of Borsa Italiana S.p.A. IMA also made reference to international best practice and adopted the "**CoSO Report - Internal Control-Integrated Framework**".

The **Board of Directors** in charge consists of twelve members, in office until the approval of the financial statements at 31 December 2014.

Marco Vacchi, *Honorary Chairman*
Alberto Vacchi, *Chairman and CEO*
Paolo Frugoni, *Independent Director*
Marco Galliani, *Independent Director*
Andrea Malagoli, *Executive Director*
Italo Giorgio Minguzzi, *Non-Executive Director*
Luca Poggi, *Non-Executive Director*
Enrico Ricotta, *Non-Executive Director*
Pierantonio Riello, *Independent Director*
Maria Carla Schiavina, *Non-Executive Director*
Gianluca Vacchi, *Non-Executive Director*
Romano Volta, *Non-Executive Director*

The current **Board of Statutory Auditors** is in office until the approval of the financial statements at 31 December 2015 and is made up of:

Acting auditors

Giacomo Giovanardi, *Chairman - Auditor*
Roberta De Simone, *Auditor*
Riccardo Pinza, *Lawyer*



Alternate auditors

Vittorio Coraducci, *Auditor*
Giovanna Bolognese, *Auditor*
Federico Ferracini, *Auditor*

The **Committee** which combines the functions assigned to the Nominations Committee, the Remuneration Committee and the Internal Control and Risk Committee is made up of:

Marco Galliani, *Chairman - Independent Director*
Pierantonio Riello, *Independent Director*
Maria Carla Schiavina, *Non-Executive Director*

The **Supervisory Board** comprises:

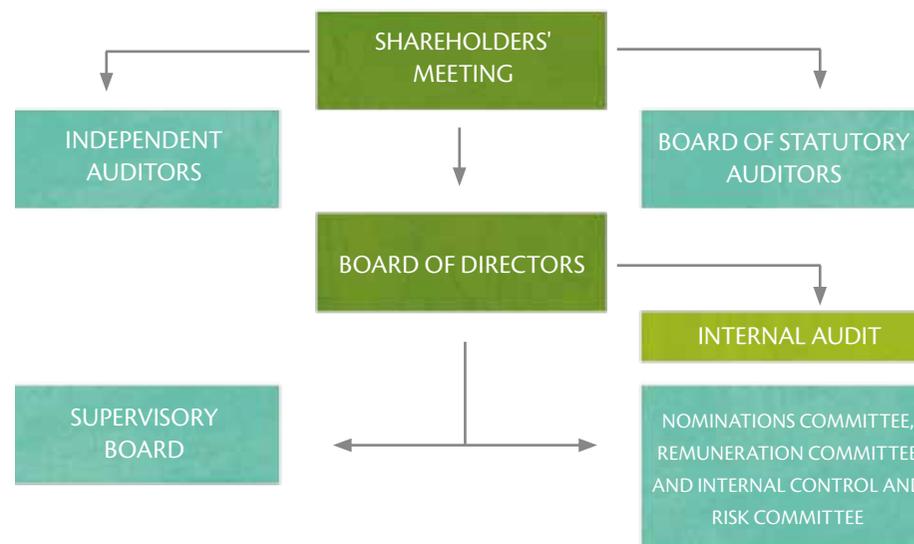
Maria Lucia Sireci, *Chairman - Lawyer*
Gerardo Diamanti, *Manager*
Mario Panzeri, *Management Consultant*

Our **Independent Auditors** are Reconta Ernst & Young S.p.A.

The **"Investor Relations"** section of our 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.

*Detailed information is available on
www.ima.it > **Investor Relations** section > Corporate Governance*

ORGANIZATIONAL CHART



COURSES IN ETHICS AND ADMINISTRATIVE RESPONSIBILITY

In the context of ethical and social responsibility, IMA S.p.A. and the most important Group companies in Italy have adopted (or are in the process of adopting) the Organization, Management and Control Model in accordance with Decree no. 231/01, appointing their own Supervisory Board, which is responsible for carrying out the specific control activity in an appropriate way to prevent the commission of the types of offences that would be considered a source of liability for the Company. Starting from the early stages of adoption of the model, IMA provided training for all of the top managers and officers that would be most involved (managing directors, senior managers, heads of department): a total of 315 people between 2008 and 2012. In 2013, IMA chose to spread the message more widely by using e-learning methods to explain the provisions of Legislative Decree 231/01: more than 120 employees of the Human Resources, General Services, Environment and Safety, Information Systems and Quality & Compliance departments took the e-learning course (and passed the test at the end of it) between September to December 2013. For 2014, the goal is to train all of the staff in the administrative, sales and purchasing offices, a total of around 500 people.

Sustainability management systems

IMA has long pursued a policy of responsible management with a view to being sustainable from an economic, social and environmental point of view. To this end, in addition to the usual mechanisms of Corporate Governance, we 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 the needs of our end users by pursuing the highest possible quality standards while reducing our environmental impact to the minimum.

In particular, IMA has achieved and maintains the following **international certifications**:

Standard	Topic	Entity	First release date
UNI EN ISO 9001	Quality management system	SGS	09/09/1997
BS OHSAS 18001	Health and Safety at work management system	SGS	30/01/2014

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

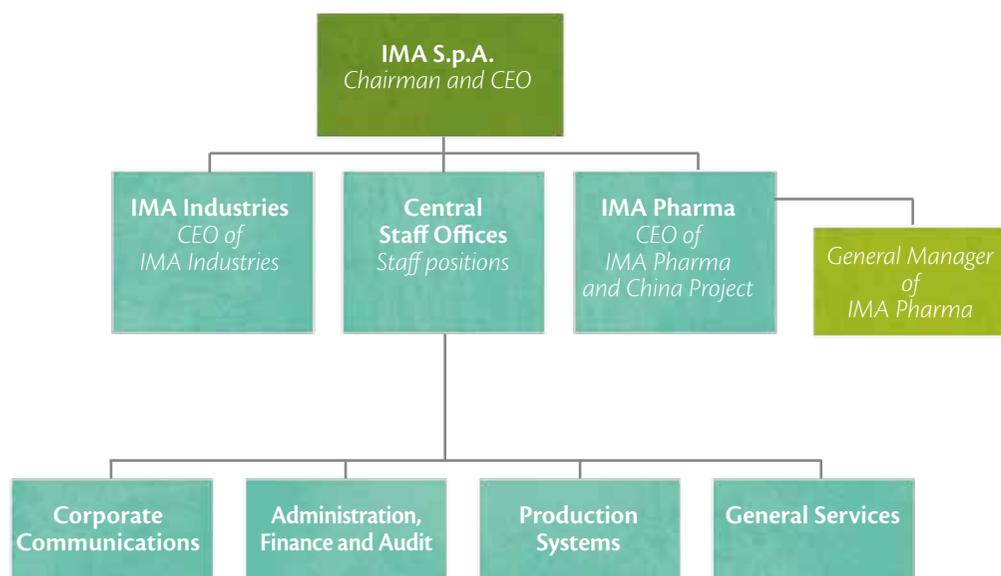


Organizational structure

The organization structure of IMA S.p.A. 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.

The general organization chart of IMA S.p.A. at 30 June 2014 is as follows:

GENERAL ORGANIZATION CHART



IMA's Stakeholders

IMA set out to meet the requests and interests of its stakeholders. **Stakeholders** are those individuals, groups and organizations that are linked to the company by economic relationships, interests of various kinds or because they are significantly affected by it. This Profile has been created to provide all stakeholders with an overview of IMA's performance in terms of sustainability, starting an interactive process of social communication. By providing useful information on the quality of its business activities, IMA is offering its stakeholders a chance to expand and improve their possibilities of evaluation and choice, also from an ethical and social point of view.

Primary stakeholders are those on which an organization depends for its very survival: for IMA, these are its shareholders, employees and consultants, suppliers and end users. Besides these, there are a number of subjects that are able to influence - or who are influenced by - IMA's activities in terms of products, work processes and policies. This broader definition includes public institutions, business associations, other operators in the market, trade unions, the media, and local and international communities.

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 sustainability. For example, on-going talks with end users, which are often multinational organizations that are very sensitive to questions of *Corporate Social Responsibility*, a number of recurring themes have emerged that IMA places at the centre of its sustainability analysis, considering them as areas for improvement in the future.

The most important sustainability issues that have emerged from our dialogue with end users and stakeholders are:

Labour and human rights

- Respect for human rights (child labour; gender, religious, ethnic discrimination, etc.).
- 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.
- Internal dissemination of the new Code of Ethics.
- Professional development and training.
- Promotion of merit.
- Optimization of processes and packaging through automation at the service of health.

Environment

- Measuring environmental impact and intervention strategies.
- Energy efficiency.
- Use of renewable energy sources.
- Water use reduction.
- Waste reduction.
- Measurement of carbon dioxide emissions (carbon footprint) and publication of results (CDP - Carbon Disclosure Project).
- Pollution reduction.
- Raising awareness of environmental issues.

Supply chain, community and territory

- Differentiation of suppliers: company policy that promotes the purchase of goods and services from different firms.
- Policy of sustainability throughout the supply chain.
- Development of the industrial cluster.
- 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.





Communication with the financial community

Economic and financial communication has to give stakeholders rapid and accurate knowledge of the Group's activities and results: through regular reporting of its critical success factors, strategic objectives and financial position, IMA helps to increase the transparency of financial data, creating a relationship of trust with the financial community.

Press releases (issued at the time of Board meetings, Shareholders' meetings, the publication of quarterly, half-yearly and annual results, corporate actions, etc.) and **corporate information** (releases on internal dealing, buy backs, etc.) are published on the SDIR-NIS (the Italian Stock Exchange's own information circuit), and then on IMA's website, in the **Investor Relations** section, which is always kept up-to-date. Since May 2014, IMA has been using the 1INFO system (www.1info.it) for the storage of regulated information. It is a centralized system required by the Transparency Directive through which issuers can deposit regulated information for disclosure in accordance with the regulations.

Press releases are then distributed to the **media** (via the Press Office) and to **financial analysts** (via the Investor Relator). The results are assessed in the **press review**, which is distributed internally (by the Press Office) and in **financial analysts' reports** (by the Investor Relator).

As regards **meetings with the financial community**, the Italian Stock Exchange organizes two annual events for the companies in the STAR segment (the **STAR Conference - Milan**, which usually takes place in March, and the **STAR Conference - London**, which is usually held in October). These involve meetings with analysts and investors. During the year, IMA also takes part in a number of **roadshows and conferences organized by brokers**.



On the release of the main economic and financial data, and in conjunction with the meetings with the financial community, the related presentation generally gets published on the SDIR-NIS circuit and on IMA's website. Storage takes place through the 1INFO system.

Press briefings are organized in Bologna and Milan whenever there are major corporate events and transactions (acquisitions, joint ventures, etc.). IMA publishes **alerts** (notices of Shareholders' meetings, dividend payments, quarterly reports, annual and interim financial statements, etc.) in national newspapers, on the SDIR-NIS and on IMA's website. In addition, the Group periodically publishes Corporate pages on the main national newspapers in the event of important initiatives.

ECONOMIC AND FINANCIAL COMMUNICATION

In 2013 IMA issued 44 press releases with an average of one every 8 days.

In the heart of the Cluster

Emilia-Romagna has always been characterized by the presence of formidable mechanical skills that have generated in the area a complex industrial system that could be called an "integrated cluster", where the definitions of "supply chain" or "district" become insufficient to represent all of the dynamics that are present. **Emilia-Romagna's advanced mechanics and industrial automation cluster** has very deep roots: the Emilia-Romagna region's enormous passion and deep culture in the field of packaging, automation and mechanical engineering in general, supported by the creation and maintenance of specialized schools to ensure the replacement of technicians, generation after generation, have given rise to a network of businesses devoted to advanced mechanics. Often they are born from one another, carving out their own specific niche and helping to forge a well defined territorial identity, thanks to the exchange of ideas and transfer of designers and technicians from one company to another.

Emilia-Romagna's advanced mechanics cluster has gradually built up a specialist network of suppliers that serve it adequately: thanks to **knowledge management** and the **conservation of skills** in this broad network of subcontractors, the cluster has the ability to customize automation according to the demands of end users all over the world (the proportion of exports by these enterprises is in fact very high). A cluster that deserves to be valued even more for its various types of excellence. IMA intends to make its contribution to this through specific projects and initiatives.



PACKAGING VALLEY: WHEN ITALIAN INDUSTRY IS A WORLD LEADER

The case of Bologna's automatic machine cluster

Europe has a long tradition of very successful geographical clusters. Throughout Europe, there are various regions where industrial entrepreneurship flourishes thanks to a concentration of rival manufacturers, expert suppliers and demanding customers. Within countries, the level of entrepreneurship varies greatly from region to region. The largest manufacturers of automatic machines for packing and packaging are Italian and German, representing 53.5% of international trade. In particular, the Italian industry has a high propensity to export (more than 83% of its turnover is billed abroad), whereas Japan and the USA produce mainly for their domestic markets.

Much of Italy's growing strength in non-electronic mechanical engineering originates from specialized local clusters. The packaging machinery sector in Italy has 300 industrial-sized companies and an equivalent number of smaller firms. The sector achieved a record turnover of 6 billion euros in 2013, an increase of 9.2% over the previous year. Not only exports grew (+9.5% in 2013), but also internal demand (+7.8% in 2013). 37.2% of these companies are based in Emilia-Romagna, home of Italy's most important production cluster for automatic packaging machines (the second being in Lombardy). The heart of the cluster is located in the province of Bologna, but it also extends about 100 km into the provinces of Modena, Reggio Emilia and Parma.

According to UCIMA (Italian Packaging Machinery Manufacturers Association – www.ucima.it), Emilia-Romagna generates 62.5% of the national turnover in this sector, representing approximately 3.7 billion euros in 2013, 52.6% of employees and 37.2% of companies.

Taking these **four provinces of Emilia-Romagna** into consideration, in 2013 there were 231 "pure" manufacturing companies of automatic packaging machines. The turnover generated by these companies in 2013 came to a total of around 3.7 billion euros. They employed approximately 14,000 people.

If we only consider the province of Bologna, there were 134 companies active in the field of automatic machines during that period, with a total turnover of approximately 2.3 billion euros and 11,000 employees.

The **province of Bologna** is a real success story: many firms located in the so-called "Packaging Valley" were founded by the testers or designers of such machines. They are technicians who usually come from a small number of incubator companies and who exploit their knowledge to start their own business. The experience accumulated in the past allowed these new entrepreneurs to operate within a complex network of personal contacts with other manufacturers, potential customers and innovative suppliers.

Bologna is also proud of its **Aldini Valeriani**, a prestigious industrial technical institute that trained most of the technicians employed in the design and management of production units, as well as the **Industrial Heritage Museum**, which traces the history of production processes, technologies, products and forms of innovation in Bolognese industry from the XVI to the XX century.

Packaging Valley's success is due to this great tradition of mechanical engineering, high technology and extreme flexibility of automatic machine manufacturers, who can count on a wide network of highly specialized suppliers, all involved in a continuous exchange of know-how. In fact, the automatic machine manufacturers are those who assemble and test the finished product, whereas the individual components are made by subcontractors who form part of the same cluster. This type of organization provides a high level of flexibility both in production and in the delivery of products to customers all over the world.



The ability to **innovate** is a priority for the development and competitiveness of any enterprise. In particular, for companies that design and manufacture automatic processing and packaging machines, innovation means undertaking and completing a complex process, which has as its starting point the research from which to draw ideas and suggestions that can make a decisive impact on its production philosophy and approach to the market. It is a process that can only succeed if carried out in close collaboration with the end user, developing a genuine strategy of co-makership.

If, in the past, machines were essentially product-oriented, they now have to be able to respond to very diverse requirements, including the need to offer a high degree of safety to the end user (for example, child-proof solutions or technologies able to show the traceability of a single dose of a drug). Research therefore plays a key role in the growth of IMA and of the other companies that form part of the Packaging Valley: research is a journey that can never be considered over, in the same way that there is no end to the ability of these companies to export Italian innovation throughout the world.

A COMPARISON BETWEEN THE EMILIA-ROMAGNA AND BADEN-WÜRTTEMBERG AUTOMATIC MACHINE CLUSTERS

Fondazione Edison (www.fondazioneedison.it) has monitored the economy, dynamics and prospects of the Emilia and Baden-Württemberg automatic machine clusters. This has resulted in a very detailed analysis by **Prof. Marco Fortis** which highlights interesting aspects that are worthy of note.

The **geographical size** of the Emilia packaging machine cluster, made up of the provinces of Bologna, Modena, Reggio Emilia and Parma, is very similar to that of the German cluster, consisting of two production areas in Schwäbisch Hall (PV - Packaging Valley) and Waiblingen (PEC - Packaging Excellence Center). Both clusters are spread over an **area about 100 km long**.

The comparison of the two districts in terms of **employees** highlights a **higher number** in the **Emilia cluster**, with more than 13,000 employees in 2010 (about 14,000 in 2013), compared with 12,825 in the German district, as calculated by the Fondazione Edison. If other smaller companies, as well as those belonging to the PV and PEC, are taken into consideration, it is thought that the German district could achieve the same size as the Emilia cluster, but that it is unlikely to exceed it. An analysis of the major groups in the sector also shows that **all of the four main Italian groups have a number of employees equal to or greater than 1 thousand, whereas only two of the seven largest German groups exceed this size**.

In terms of turnover, the principal groups in the Emilia cluster are larger than the biggest groups in the German cluster: in 2010, each of the four largest Emilia firms, all concentrated in the province of Bologna, reported a turnover specifically in the packaging sector that was higher than that of the corresponding companies in the German cluster, in order of revenues.



In that year, the aggregate turnover of the first four Bolognese companies producing automatic machines was approximately 1.9 billion euros (about 2.6 billion euros in 2013) versus a corresponding turnover of about 1.3 billion achieved by the top four companies in the Baden-Württemberg cluster.

The **Bolognese advanced mechanical engineering cluster**, which has its excellence in the automatic packaging machines, is now a top player at international level. It is essential that the institutional and economic players in the Bologna area are aware of the leading role played by this technology and production cluster and are able to identify the most appropriate strategies to promote its development and increase its potential within a scenario of globalisation and the fresh challenges that it presents.



Baden-Württemberg



Emilia-Romagna

“ITALIA CAPUT MUNDI”

The secrets of companies that are successful by using their head

“Italia Caput Mundi” is a new book by Giampiero Cito and Antonio Paolo, published by Rizzoli Etas in May 2014. The foreword is by Prof. Marco Fortis.

The two authors explain **excellence in terms of the products and manufacturers “Made in Italy” that make Italy one of the most competitive countries in the world** thanks to their creativity, innovation, research and quality. This is the Italy that made it and that, every day, exports to the world its many excellences, grouped into four macro-sectors: the so-called “4A” (in Italian: Agroalimentare, Abbigliamento, Arredo, Automazione, which could be rendered as Agribusiness, Apparel, Appointments - i.e. furnishings - and Automation).

A story that uses the metaphor of the human body to talk about the most representative products “Made in Italy”, by associating each of them with a critical part of our body. The two authors managed to sketch an original portrait of our country’s **“excellence producing body”**.

“Packaging machines” were associated with the **“cranium”**, not only for its invaluable function of protection, but also because it contains the brain and is therefore the seat of human intelligence, of Man’s willingness to innovate, experiment, find solutions and plan for the future. All values that can be transposed to the field of mechanical automation for the packaging and preservation of products. In the chapter entitled “The cranium”, **IMA** is taken as an example of an enterprise that uses its head to do things properly, representing the Italy that competes in the world, while maintaining a strong link with its territory of origin.

www.italiacaputmundi.it



ECONOMIC RESPONSIBILITY

IMA again saw growth in 2013, with net revenues up by 15.8% compared with 2012. Corporate stakeholders have been remunerated by a Value Added of more than 330 million euros.





EXPORT:
92%
of sales

220.6 million
to Personnel

54.8 million
to the Shareholders

31.9 million
to the Public Administration

19.2 million
to the Corporate System

8.9 million
to Lenders

1.7 million
to the Community

Consolidated sales
in 2013:



million euros
(+15.8% on 2012)

337.1
million
euros

of economic wealth
produced*

* according to the Value Added methodology
proposed by the Study Group for the Social Report

IMA's stock went from
14 euros in early
2013 to **28 euros**
at 31 December 2013

Economic performance and Value Added



*We are very satisfied with the results achieved in 2013. The year has closed with outstanding results in all business areas, strengthening the Group's leadership position in the pharmaceutical and food sectors, a leadership that we have gained with a strong commitment to technological innovation and close attention to the requirements of end users, also in terms of sustainability. The strategic decisions that we have implemented, which have led the Company to focus on the more profitable areas of business and development prospects, together with the optimisation of investments, have enabled us to achieve the growth targets that we set ourselves. The ILAPAK Group, which has been consolidated from August 2013, gave a positive contribution to the 2013 consolidated results, both in terms of revenues and in terms of production and commercial integration with the IMA Group. We are looking forward to the current year with confidence thanks to an order book that at the end of 2013 is 22.1% up on last year and orders taken in the first two months of 2014 that are showing a growth of over 6%. The forecasts for the current year are positive with estimated growth in both revenues and profitability, focusing on research and innovation and the strengthening of our export share, which represents a strong competitive advantage for the Group. The significant amount of cash flow generated also in 2013 allows us to make both routine and strategic investments: we will be proposing a higher dividend than last year to the next Shareholders' Meeting**, to reward shareholders that had confidence in our balanced and sustainable growth potential.*

Alberto Vacchi
Chairman of IMA

** Statement taken from the press release of 14 March 2014.*

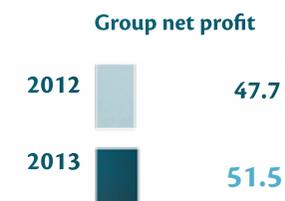
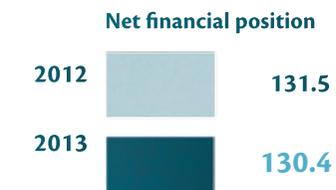
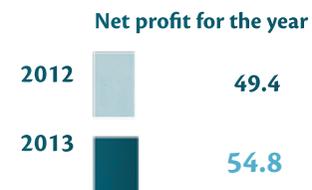
*** The Shareholders' Meeting of 29 April 2014 approved the distribution of a dividend of 1.25 euros per share, an increase over the previous year (a dividend of 1 euro per share approved by the Shareholders' Meeting of 24 April 2013).*



The IMA Group closed 2013 with positive results in all business areas, thanks to the good trend in sales of automatic machines to the Group's key sectors (pharmaceutical and food), as well as the contribution of the ILAPAK Group, which has been consolidated since August 2013.

Net revenues came in at 760.9 million euros (+15.8% compared with 656.8 million at 31 December 2012) with the **share of exports reaching about 92%**, with positive results in China, the United States and Europe.

CONSOLIDATED RESULTS AT 31 DECEMBER 2013 (in millions of euros)



The 2013 income statement and balance sheet figures include the contribution made by the recently acquired ILAPAK Group, which has been consolidated from August 2013. The 2012 figures have been restated to reflect the sale of the Stephan and Kilian businesses in 2013.



IMA'S STOCK PRICE HAS BEEN ON AN UPWARD TREND SINCE 2013

Even though stockmarket dynamics are not always linked to business performance, IMA's stock price really took off in January 2013, when it was just under 14 euros, rising throughout the last twelve months to reach a high for the year of 28 euros at 31 December 2013, more than double what it was at the start of the year. A growth that was achieved in the presence of much higher trading volumes compared with previous years. Over the last five years, the shares have in fact moved within a precise range, which saw the stock price reach 15 euros on several occasions, subsequently falling back to around 13 euros, even though there have been occasional downward slides as far as 12 euros. IMA's stock is continuing this rally in 2014, reaching 39 euros in mid-March with significant trading volumes.

According to analysts following the stock, this rally is motivated by the fact that the Company has good fundamentals and a positive trend in its core businesses (pharmaceutical and food) in almost all geographical areas, with the proportion of exports reaching 92% in 2013. The market has rewarded the growth strategy pursued by the Group, as well as the fact that earnings are highly visible thanks to an excellent order book. IMA also has a very good level of cash generation with which to reward shareholders and to strengthen a capital structure that is already strong, allowing us to pursue a policy of sustainable expansion. A series of factors that have sustained the upward trend of the stock.

On a comparative basis year to year, IMA's performance during 2013 was more marked than the trendline of the FTSE Italia STAR segment to which it belongs since 2001. This demonstrates a greater propensity for investors to buy IMA shares compared with the index.

www.ima.it > **Investor Relations** section > *Stock Performance*

IMA'S STOCK PERFORMANCE FROM 1 JANUARY 2013 TO 31 DECEMBER 2013 AND COMPARISON WITH THE STAR SEGMENT (values in euros)



Graph by VWD Italia

Direct economic value generated and distributed

Within the Profile of Sustainability, Value Added is calculated as the difference between revenues and costs of production that do not constitute remuneration for corporate stakeholders. From this point of view, the Value Added parameter adopted here differs from the purely accounting definition because it uses the methodology proposed by the Study Group for Social Reporting (GBS).

Value Added reflects the IMA Group's ability to generate wealth during the reference period, for the benefit of some of the main stakeholders, in accordance with the cost efficiency of operations and the expectations of the stakeholders: for 2013, the figure came to **337.1 million euros**.

The calculation and distribution of Value Added express, in monetary terms, the relationship between the Company and the socio-economic system with which it interacts, with particular reference to certain key stakeholders:

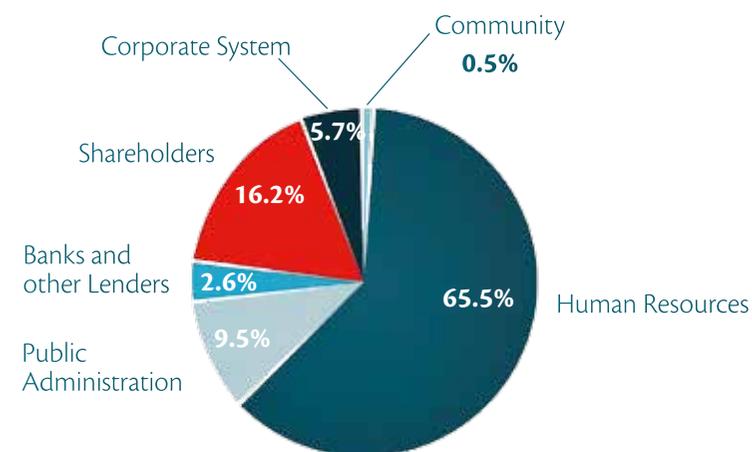
- **Personnel:** remuneration of employees
- **Public Administration:** remuneration of the public administration
- **Lenders:** remuneration of debt capital
- **Shareholders:** remuneration of risk capital
- **Corporate System:** remuneration of the Company
- **Community:** donations and sponsorships

CALCULATION OF TOTAL CONSOLIDATED GROSS VALUE ADDED <i>in millions of euros</i>	31/12/2013
A) Value of production	782.2
B) Production costs	452.2
Gross core value added (=A-B)	330.0
C) Extraordinary and other items	7.1
TOTAL GROSS VALUE ADDED	337.1

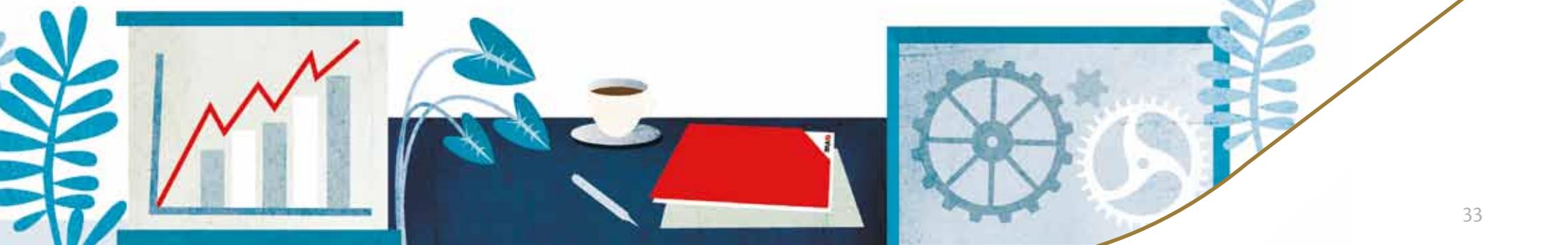


DISTRIBUTION OF VALUE ADDED <i>in millions of euros</i>	2013
A) Remuneration of Personnel	220.6
Employees (wages and salaries, severance indemnities, social security contributions)	220.0
Social activities for employees (corporate sports group, CSR projects)	0.2
Statutory Auditors and Supervisory Board	0.4
B) Remuneration of the Public Administration	31.9
Income taxes for the year	30.1
Other taxes and dues	1.8
C) Remuneration of Lenders	8.9
Interest expense	8.9
D) Remuneration of Shareholders	54.8
Profit pertaining to the Group	51.5
Profit pertaining to minority interests	3.3
E) Remuneration of the Corporate System	19.2
Retained earnings	-
Amortization and depreciation	19.2
F) Contributions to the Community	1.7
Donations to institutions and associations (social utility charges)	1.3
Membership fees	0.4
TOTAL GROSS VALUE ADDED	337.1

**DISTRIBUTION OF VALUE ADDED TO STAKEHOLDERS
(2013 - consolidated Group level)**



- The share of consolidated Value Added for the **personnel** amounted to 220.6 million euros, representing 65.5% of total Value Added.
- The remuneration of **risk capital**, 54.8 million euros (16.2% of total Value Added), is represented by the profit attributable to the Group and minority interests.
- 5.7% of Value Added created in 2013, 19.2 million euros, has been invested in the Company and reflects the amount of depreciation and amortization of capital investments made by Group companies.
- The portion distributed to the **Public Administration** came to 31.9 million euros (9.5% of the total), being the sum of taxes and dues for the period.
- 8.9 million euros are allocated to **banks and other lenders** for interest due on mortgages, loans and bonds (2.6% of Value Added).
- Lastly, 1.7 million euros was allocated to the **Community**, including 359,000 euros to trade associations and 1.3 million euros of donations.

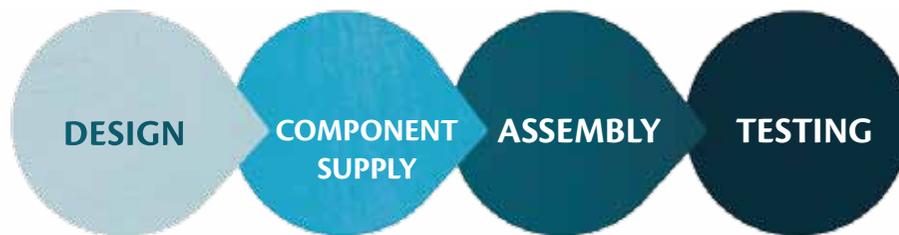


Suppliers and production partners

In IMA's supply chain, each single company involved in it also has to ensure high levels of quality and sustainability: to increase the added value of its offer, IMA has to use selected suppliers and partners, involving them actively in the processes of design, manufacture and assembly of machines. At the same time, the Group monitors the high quality standards requested and the technical and regulatory requirements throughout the supply chain. The goal is to share rigorous methods and standards so that we can then share the successes as well.

In recent years, IMA has adopted a **change of strategy** in the field of subcontracting, especially because of a competitive situation with features that tend to break with the recent past, such as the recession (which threatens above all local SMEs, and so potentially strategic suppliers in our area), the increase in competition also in niche packaging areas, the need to reduce procurement lead-times and keep down the total cost of the product to avoid losing competitiveness vis-à-vis our competitors.

MAIN STAGES IN THE PRODUCTION OF AUTOMATIC MACHINES: *the IMA model*



Many of the strong contacts established by IMA in recent years are within its own **industrial cluster**. These relationships sometimes take the form of **minority investments (up to 30% of the share capital) in certain subcontractors**. These are investments that serve to support the network of small local businesses, an active part of the process of innovation promoted by the Group: they are direct interventions, not only at a financial level, but also at a strategic level, which strengthen the cohesion of the production system and integrate the innovative potential of local players.

IMA also encourages suppliers in which it holds a participation to create **second-level aggregations** with highly-specialized micro-enterprises that risk having to close down, so as not to lose a wealth of knowledge and experience that is the real added value of the Group, where physical proximity is still a very significant plus.

R&D are core activities for us, so for the most part they are still carried out internally. However, some design work of components and, above all, of electrical circuit boards and software, may be outsourced, especially at times of peak workloads.

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.

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.

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.



IMA's supply chain is a genuine **corporate network** made up of the following affiliated companies:

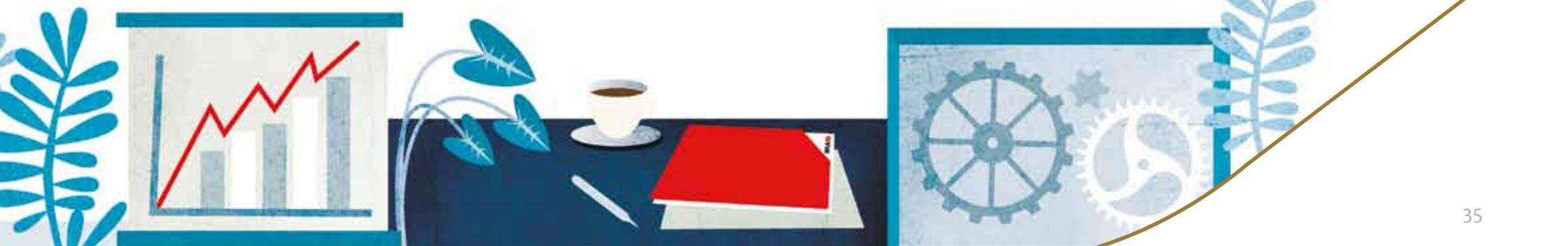
COMPANY NAME	REGISTERED OFFICE	DISTINCTIVE SKILLS
B.C. S.r.l.	Imola (BO)	Precision engineering
Bacciottini F.lli S.r.l.	Montemurlo (PO)	Sheet metal processing
Bolognesi S.r.l.	Dozza (BO)	Heavy carpentry work
GAME East	Vrsac, Serbia	Low cost mechanical engineering
I.E.M.A. S.r.l.	S. Giorgio di Piano (BO)	SW programming (e.g. PLC and motion control); Wiring and electrical panels
LA.CO. S.r.l.	Ozzano dell'Emilia (BO)	Mechanical engineering and quality control
Logimatic S.r.l.	Ozzano dell'Emilia (BO)	Management of contracts for complex machines
Masterpiece S.r.l.	Ozzano dell'Emilia (BO)	High precision mechanical engineering for camshafts
Meccanica Sarti S.r.l.	Bologna	Mechanical engineering and boring
Plasticenter S.r.l.	Cadriano (BO)	Safety guards
Powertransmission.it S.r.l.	Villanova di Castenaso (BO)	Transmission components
RO.SI. S.r.l.	Bentivoglio (BO)	Plastics
SIL.MAC. S.r.l.	Gaggio Montano (BO) San Pietro in Casale (BO)	Mechanical assembly
3 T S.r.l.*	Gaggio Montano (BO)	Precision mechanical engineering
Verniciatura Dozzese S.r.l.*	Dozza (BO)	Painting and surface treatment

*subsidiaries of companies in the supply chain

Through the development of this corporate network, IMA:

- increases its direct control of suppliers that are considered strategic for their know-how and the importance of the product/service that they offer;
- favours the development of these companies by leveraging the production and financial strength of the main customers;
- facilitates the integration of very small subcontractors through affiliated companies belonging to the network, so as to ensure continuity in critical situations of generational change, thereby contributing to their survival and development, removing the risks associated with the need to address external subcontracting markets, often the first step in risky delocalizations;
- helps each company of the network to focus on their own core business by delegating non-core activities to other entities in the network. For example, the **central warehouse of commercial components** supplies the major companies of the network, allowing them substantial savings as the Industrial Group is able to negotiate better purchasing conditions.

For the subcontractor firms, IMA's involvement results in **benefits in terms of access to credit and better payment terms**: the financial strength of the Industrial Group helps SMEs to obtain credit from banks (thus creating the conditions for new investments, otherwise difficult to achieve), to use factoring to collect trade receivables, to obtain advances (paid by IMA as the buyer) in the case of large contracts in terms of billings between members of the network, and, in general, to increase critical mass in dealings with the banks.



Supply chain and supplier qualification

IMA works with two types of suppliers:

1. **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 the Group;
- **suppliers of catalogue components** ("commercial") who provide components that are available in manufacturers' catalogues.

2. **IMA uses non-manufacturing suppliers** for goods and services not directly related to the production of the machines.

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).

After selecting new suppliers through questionnaires and plant visits to verify the minimum requirements considered indispensable by IMA, the relationship with the supplier is monitored through a series of **indicators** to be defined and measured, such as:

- Classification of the supplier base by type and technological breakdown by industrial sector (low-cost channels, third-party suppliers, IMA participated suppliers, suppliers with specific partnership agreements, etc.).
- Number of suppliers by industrial sector and distribution of turnover (e.g. average, minimum and maximum).
- Suppliers' performance in terms of quality, price and delivery, which are summarized in a ranking by vendor rating.

- Results of audits at suppliers. Depending on the results, IMA establishes corrective action or improvements, and how to pursue them (e.g. by increasing visibility of suppliers' processes and aiming for joint preventive action, or penalizing suppliers financially if they do not reach their goals).

MANUFACTURING SUPPLIERS

When choosing its manufacturing suppliers, IMA applies "**proximity criteria**" (partner companies in product innovation, companies operating in the local production cluster, etc.), identifying the following areas of strategic supply:

- Custom designed components
- Assembly and wiring
- Catalogue components (commercial)
- Third-party machines
- Design and documentation

More than 1,100 suppliers of custom designed and catalogue components were used by IMA during 2013.

The volume of purchases in the major categories is distributed in such a way as to concentrate 80% of total turnover in less than 20% of the pool of active suppliers. Considering the purchases made in 2013 by the Group's main divisions, without calculating the costs incurred for customs duty, employees, vehicles and agents, more than 90% of the amount paid to suppliers remained within Italy, and **almost half of the total (48%) within the province of Bologna**. 4% and 3% of procurement expenditure were for purchases from EU and non-EU areas, respectively. These figures demonstrate the **value created by IMA for its territory and the local production cluster**.



CUSTOM-DESIGN SUPPLIERS

IMA periodically evaluates its suppliers through a proven methodology and the attribution of scores (known as "*vendor ratings*") that make it possible to measure performance in purchasing. Component suppliers are periodically given a *vendor rating* calculated on the basis of three parameters (in order of importance): quality, delivery, price.

Over a range of ratings from 0 to 100, where 60 is satisfactory, the average score of core suppliers was 67 for the custom designed components (76 in 2012) and 66 for catalogue components (83 in 2012).

During the qualification of suppliers, depending on how critical they are, questionnaires are sent requesting information on how organize their design, manufacturing or testing processes, as applicable, to check compliance with the minimum requirements established by IMA. For highly critical suppliers, this "self-certification" is also checked on site by means of audits performed by IMA.

During the course of 2013, we developed a **new method of qualifying manufacturing suppliers**, which takes greater account of the peculiarities of the different productive sectors (design and commercial components, assembly, design, etc.) in order to make the results more effective. By the end of the year, **26 suppliers of assembly and wiring, 32 suppliers of third-party machines** and **11 suppliers of design and documentation** had been requalified under the new approach.

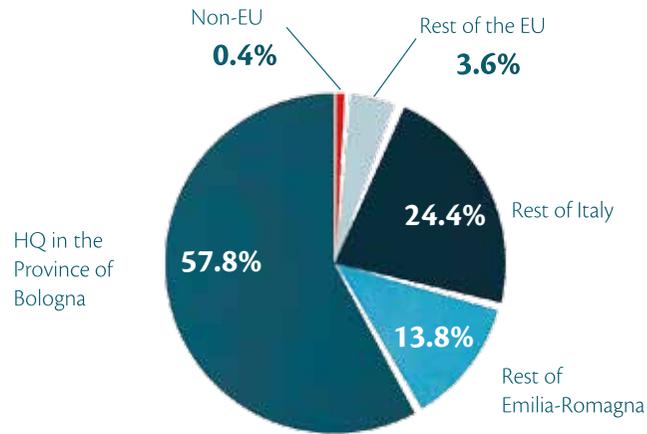
In 2014, for custom designed component suppliers, IMA develops another new method of qualification with the aim of spreading the culture and level of suppliers with regard to quality issues and then transfer part of the testing of mechanical components to them. In addition to providing a level of qualification of suppliers which ensures the quality of supplied components, this method also provides for their training by IMA's testing staff.

Over the past two years, IMA has increased the effectiveness of its control over suppliers, managing to **decrease the average rate of non-compliance by 20% compared with 2011.**

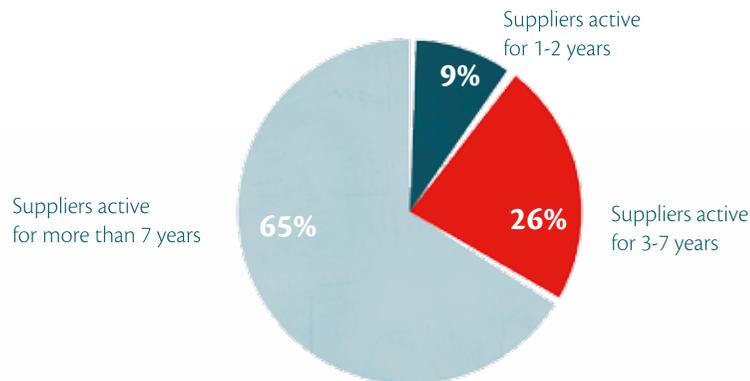
MANUFACTURING SUPPLIERS: AVERAGE RATE OF NON-COMPLIANCE



CUSTOM DESIGNED COMPONENT SUPPLIERS



DURATION OF THE RELATIONSHIP WITH CUSTOM DESIGNED COMPONENT SUPPLIERS



The best companies with which the Group 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 with its suppliers. In this way IMA establishes preferential relationships based on the duration of the collaboration and on mutual loyalty: for example, **in 65% of cases, relationships last for more than 7 years.**

They include all sorts of suppliers in terms of structure and organization, including some businesses that are almost family-run. In any case, 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, understood as a "nursery" of excellence to be enhanced with a view to the future: of **528 suppliers active in 2012, 507 are Italian and 305 (58% of the total) are located in the province of Bologna.**

In order to improve collaboration with suppliers, providing a contribution to the supply chain, IMA has adopted and developed a tool for exchanging data to help in the production cycle of components or groups of components. IMA's philosophy is to integrate information flows with suppliers more and more, looking to adopt non-invasive system architectures that involve added value in the simplification and optimization of management activities in support of production.

Currently, the direct exchange of purchase orders, order confirmations, delivery plans, non-compliance reports and transport documents takes place via this tool. The project is in continuous development and provides other important exchange features, with all Group divisions gradually getting involved in using it.

In order to help develop suppliers' skills, training courses have been organized on specific topics relating to production processes, such as welding and dimensional testing.

For affiliated suppliers only, regular meetings are obviously held to keep them in line and update them on the results achieved, on production plans and operational strategies to be pursued.



COMMERCIAL SUPPLIERS (CATALOGUE COMPONENTS)

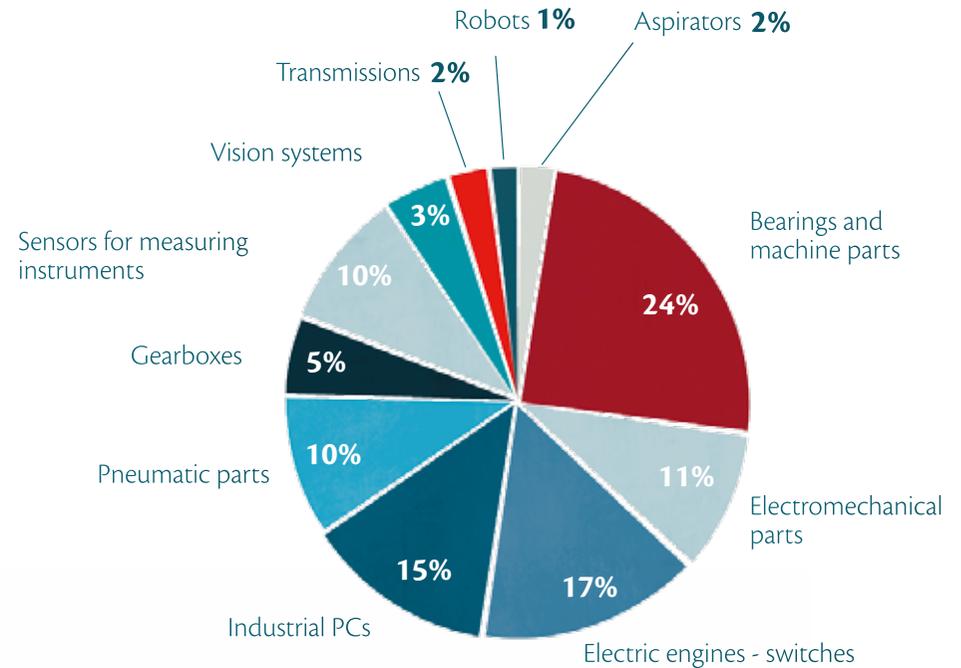
Suppliers of catalogue components (also called commercial) are all leaders in their field of competence: IMA has to have the best components (electronic, computer, mechanical, pneumatic, electromechanical, etc.) that the market can offer and, for this reason, it uses companies of the calibre of:

- ABB S.p.A.
- B&R AUTOMAZIONE INDUSTRIALE S.r.l.
- BAUMER HHS S.r.l.
- BECKER ITALIA S.r.l. Soc. Unip.
- BONFIGLIOLI RIDUTTORI S.p.A.
- CAMFIL S.p.A.
- DATALOGIC AUTOMATION S.r.l.
- FANUC ROBOTICS ITALIA S.r.l. Soc. Unip.
- FESTO S.p.A.
- KEYENCE ITALIA S.p.A.
- LENZE ITALIA S.r.l.
- NILFISK-CFM S.p.A.
- NORDSON ITALIA S.p.A.
- OMRON ELECTRONICS S.p.A.
- PHOENIX CONTACT S.p.A.
- PILZ ITALIA S.r.l.
- ROCKWELL AUTOMATION S.r.l.
- SCHAEFFLER ITALIA S.r.l.
- SICK S.p.A.
- SIEMENS S.p.A.
- SKF INDUSTRIE S.p.A.
- SMC ITALIA S.p.A.
- THK GmbH Italian Branch
- WITTENSTEIN S.p.A.

(this list includes the suppliers with the highest sales to IMA, being the most representative and well-known companies in the components market)

78% of catalogue suppliers are **manufacturers** and commercial dealings with them are either direct or through their branches or representatives. 13% of them are multi-brand dealers, while 8% are represented by importers for the Italian market.

2013 COMMERCIAL PURCHASES - main categories



The total value of commercial parts bought by the Group exceeds **67 million euros**.



COMMERCIAL WAREHOUSE PROJECT

The **warehouse of commercial components** was launched in 2009 to increase efficiency and reduce the amount of surplus goods being bought by the Group's divisions. Creation of the warehouse allowed us to reduce purchasing costs through economies of scale and to increase the level of service provided to the divisions. Soon after, these benefits were transferred to IMA's main suppliers, who were also able to take advantage of the service provided by the commercial components warehouse.



This purchasing strategy has allowed us to achieve a critical mass, making it possible to bypass certain levels of the distribution chain, such as dealers, and to obtain supplies directly from the manufacturer with substantial savings.

The results of this project have been satisfactory from 2010 onwards: the turnover of the commercial components warehouse has grown year by year thanks to the Group's acquisitions. Even though initially the total gross margin was negative because of the provision for obsolete and slow-moving inventories inherited from the various Group divisions, it has grown steadily, reflecting the opening up of services offered by the warehouse to the supplier network.

THE RELATIONSHIP WITH "NON-MANUFACTURING" SUPPLIERS

IMA also uses so-called "non-manufacturing" suppliers, i.e. companies from which we buy goods and services that are essential for our operations, but that are not strictly related to the process of manufacturing the machines.

We ask suppliers of this kind for their best possible quality/price ratio and, where possible, we tend to give preference to local firms: IMA's quality system procedures are also applied to some categories of this supplier base, namely those related to the design (mechanical, electrical and software) and packaging of 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, etc.

The total number of suppliers is high: more than 1,800. 80% of the billings of non-manufacturing purchases in 2013 were drawn from a **potential pool of 800 suppliers**, although not all of them were used during the year.

In 2013, IMA paid a total of **129.5 million euros** (90 million euros in 2012) to these suppliers. The increase in costs is mainly attributable to the expansion of the Group and of its total turnover.

The following graph shows IMA's main types of supplies, considering those for which the Group spent more than 1 million euros in 2013.

An important category of suppliers is represented by personnel of third-party companies who work directly at IMA's plants (**about 250 people each day**): these relationships are governed by contracts that meet the standards prescribed by law and require the Contractor to provide IMA all the guarantees required by laws on safety, health and safety, social security, insurance cover at work, regular payment of contributions, etc. Third-party companies also must agree to make their workers comply with IMA procedures and regulations, including the Code of Ethics.

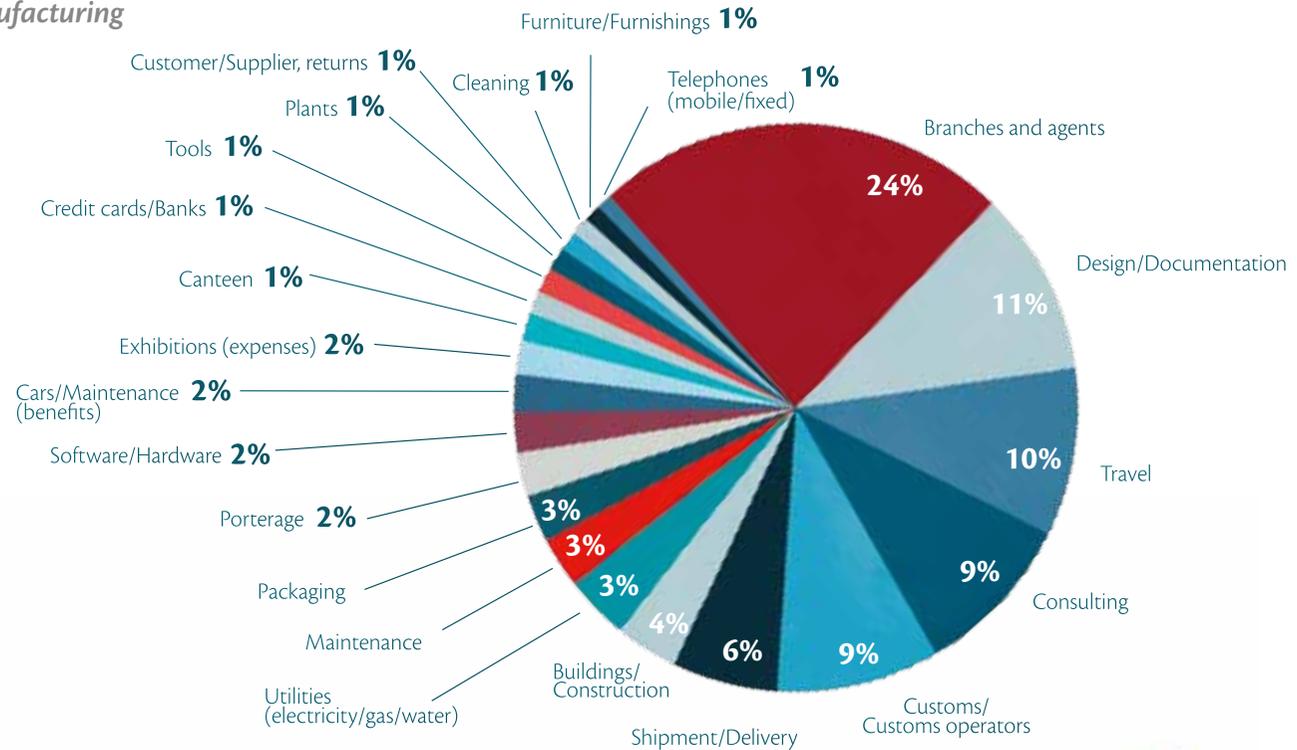


A LOCAL NETWORK OF SUPPLIERS HAS BEEN GENERATED THANKS TO IMA'S NON-MANUFACTURING PURCHASES

There are on average around 250 people who operate daily within IMA as a result of contracts for free use of assets, outsourced activities or for the provision of services. Non-manufacturing suppliers and their staff belong 90% to the area surrounding IMA's head office (about 50 km).

MAIN NON-MANUFACTURING PURCHASES IN 2013

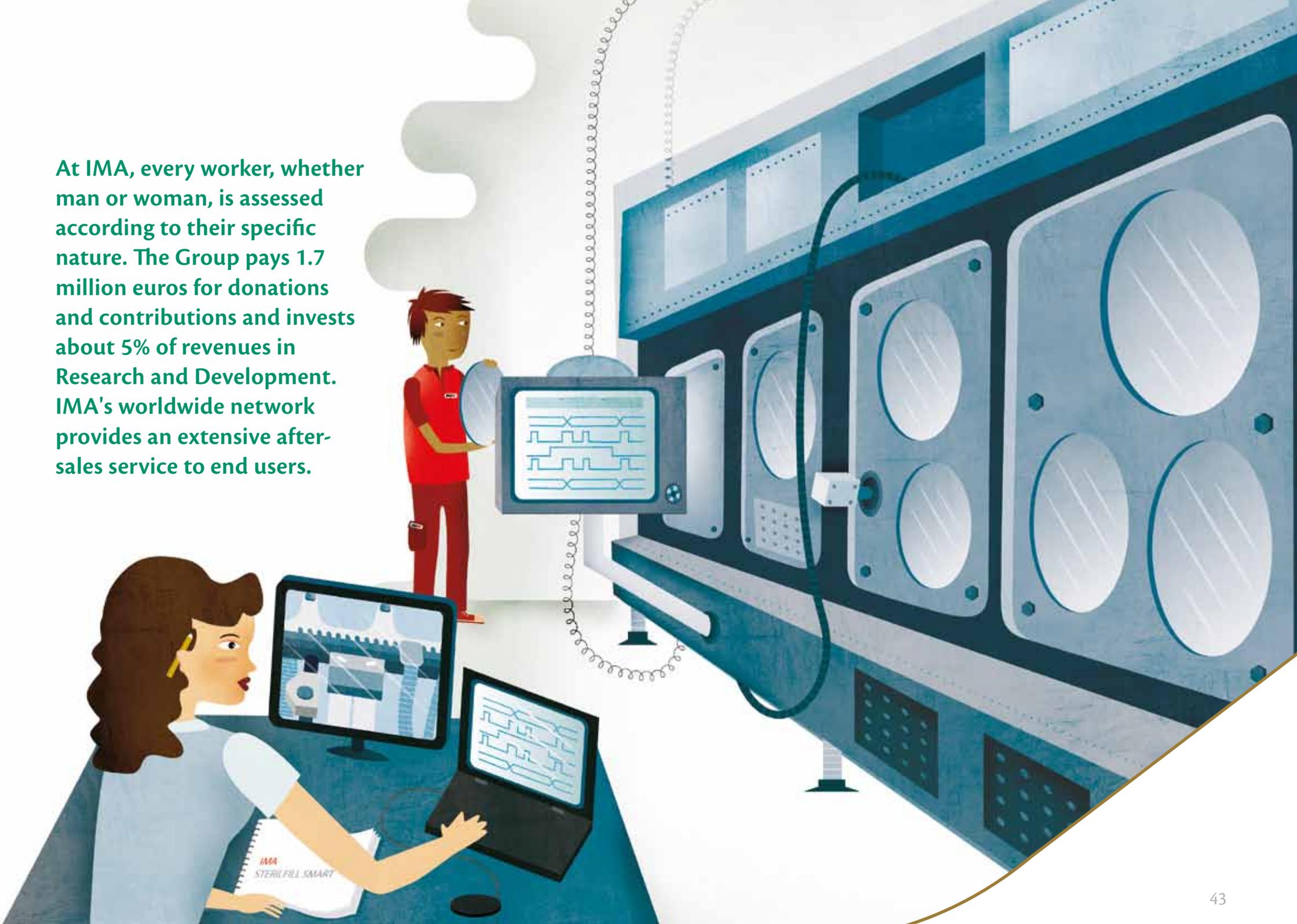
(the chart refers to items worth >1 mn € and covers about 90% of total non-manufacturing purchases of 115 mn € in 2013)



SOCIAL RESPONSIBILITY



At IMA, every worker, whether man or woman, is assessed according to their specific nature. The Group pays 1.7 million euros for donations and contributions and invests about 5% of revenues in Research and Development. IMA's worldwide network provides an extensive after-sales service to end users.



EMPLOYMENT

+4.7%

in production units in Italy



of staff are hired on a **permanent basis**

96.1%

PROJECTS supporting the **community** and the **territory**



more than **46,000**

hours of training in 2013



million euros allocated to **Research and Development**



Equal Opportunities

Mainstream activities inside the Company



The IMA Quality System is **certified ISO 9001** and integrates all sector specific regulations



IMA's **social commitment:**
1.7 million euros paid in 2013 for donations and contributions



Initiatives aimed at younger students to promote **technical training** and **scientific knowledge**



social solidarity

projects



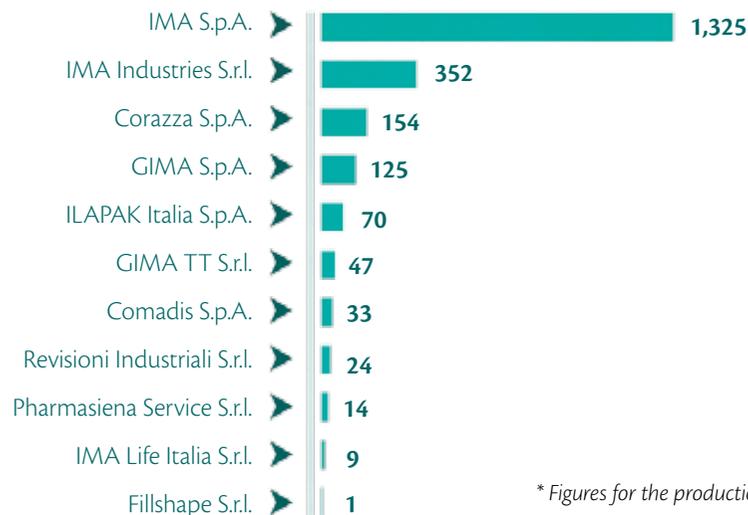
IMA's people

Working in IMA

TREND IN PERSONNEL*



NO. OF EMPLOYEES BY COMPANY (31/12/2013)*



* Figures for the production units in Italy

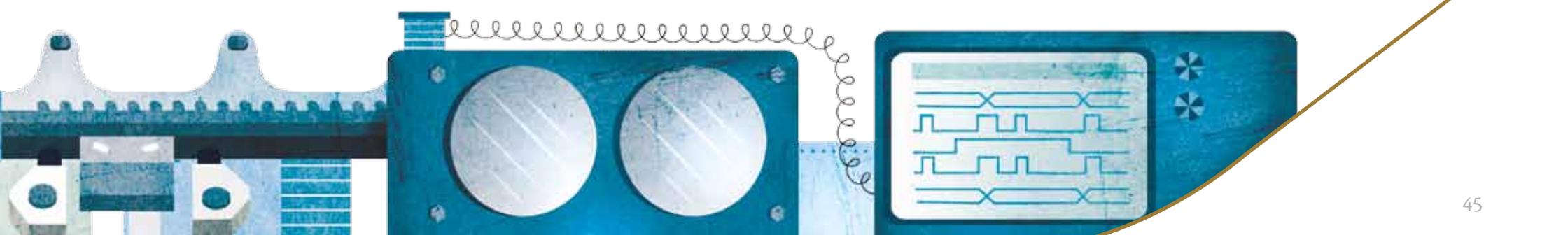
The people who work for IMA are the Group's most strategic and by far the most important **intangible asset**, as they incorporate all of the Company's skills and knowledge. In fact, for our customers, the IMA Group is not merely a supplier of products that feature highly sophisticated technology, but rather a solver of complex problems via specially designed solutions that are **custom-tailored to meet their individual requirements**. This means that all of our business processes have a very low level of repetition: from preparing bids to making the sale, from design and production to after-sales assistance, from contractual aspects to administrative matters, the proper functioning of each of these processes depends on the initiative of the individuals who work within them and on their ability to collaborate with everyone else in the organization, i.e. genuine teamwork.

Knowledge, skills and professional/human expertise are the assets that the Group intends to develop to ensure its future success. IMA therefore considers proper HR management as a matter of the highest importance and seeks to strengthen the Group's resources in a variety of ways:

- investing heavily and continuously in their professional growth;
- providing the best working environment and protecting the health and well-being of all employees;
- adopting an organizational model with a high degree of participation;
- promoting a bonus system based on the rigorous identification and assessment of each employee's merit and the skills that they have acquired;
- appreciating differences and different abilities.

Our willingness to emphasize the importance of the individual is a goal that the Company pursues from the moment that a person first joins IMA. In this regard, it should be noted that:

- for professionally strategic positions, the selection process is subject to ongoing refinement;
- the main types of contract used in recruitment are permanent contracts and apprenticeships, with certification of the training process;
- we have sought and consolidated ties with national and international universities and centres of excellence, as well as our traditional cooperation with local technical institutes;
- we offer extensive training and orientation programs for new recruits that are designed to facilitate entry and communicate the Company's values.



The contractual conditions that IMA offers to its staff are often better than those granted by the sector on average. This takes place by using tools to create favourable conditions for the expression of individual talent, based on a corporate culture that features a system of strongly shared values. Examples of these are comprehensive health and accident insurance, agreements for discounted purchases and the best market terms for numerous aspects of the employment contract (pay, maternity leave, advances against severance indemnities, use of part-time work, etc.).

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), at meetings that are attended directly by IMA's Chairman: in terms of industrial relations, there is very little unrest, and what little there is, generally, is a reflection of nation-wide disputes. This dialogue and exchange of views between the Company and Workers' Representatives take place at general meetings to provide information on the Group's performance and any specific issues, as well as through continuous discussions on topics such as:

- issues related to workers' health and safety;
- training plans to fill gaps shown up by the skills assessment;
- training proposals by the Workers' Representatives;
- enhancement of additional skills.

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

This emphasis by the Group on the individual is reflected above all in low rates of turnover and absenteeism, which are constantly at levels that can be considered physiological.

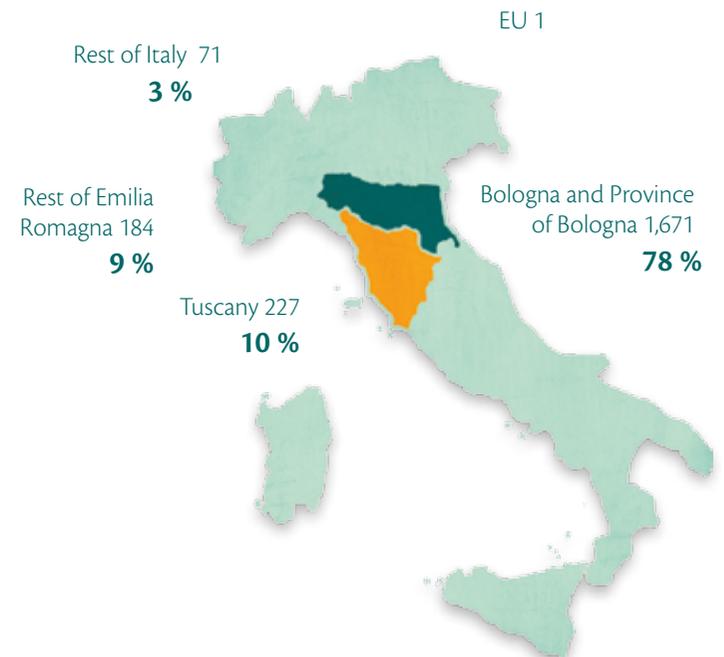
EMPLOYEES BY GENDER (31/12/2013)



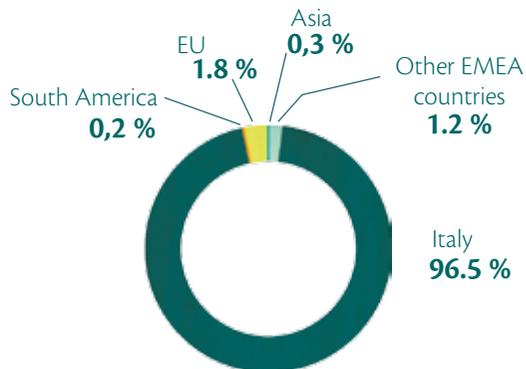
EMPLOYEES BY AGE (31/12/2013)



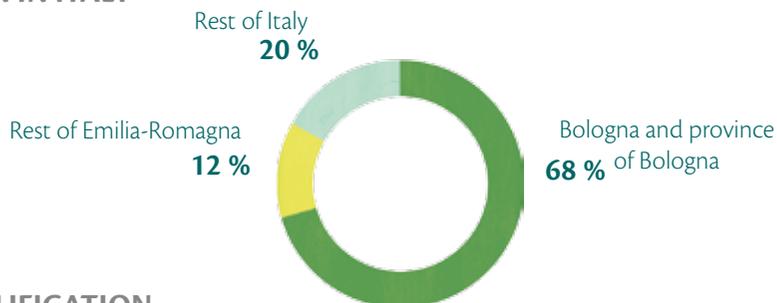
EMPLOYEES BY PLACE OF RESIDENCE



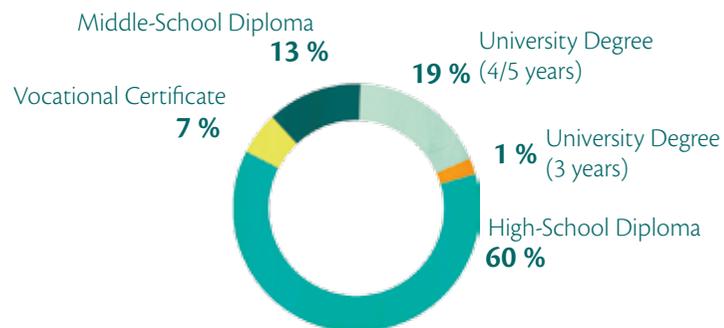
EMPLOYEES BY PLACE OF BIRTH



BORN IN ITALY



QUALIFICATION



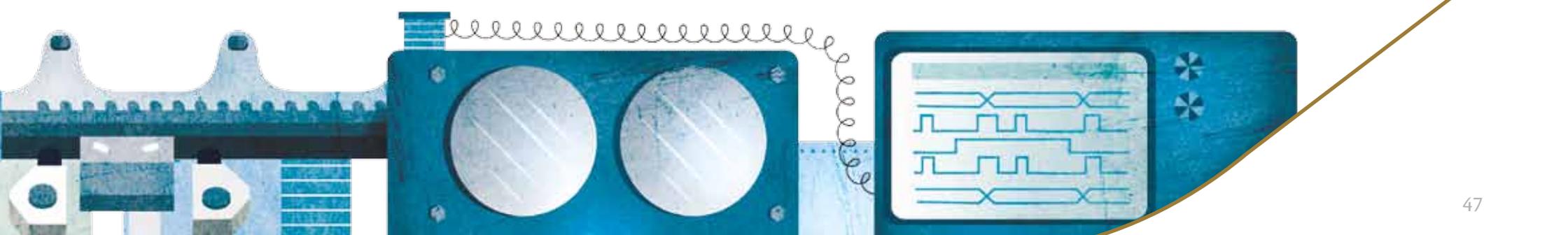
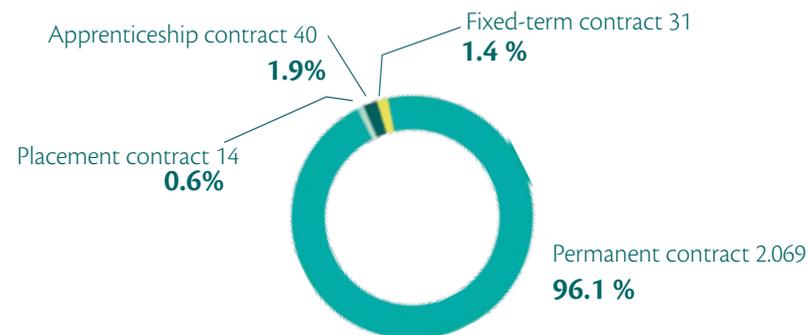
Stability and young people

96.1% of our personnel are **hired on a permanent basis** (much the same as the 97% in 2012), which is in line with the Company's policy of creating stable, long-term employment for its workers. The use of atypical forms of collaboration has been very limited, even in 2013, for all of the Italian companies in the Group (14 temps and 19 people hired on a project basis).

The stability of the employment relationship can also be seen in a **high average period of service**: over 1,320 people have worked for IMA for more than 10 years (of these, over 530 for more than 20 years).

In 2013, **27 placement contracts (30 in 2012) and 16 fixed-term contracts were transformed into permanent contracts**. This figure is extremely significant and is the result of the importance given to staff selection, the ability of in-house tutors to involve the latest generation into IMA's work logic and its procedures for checking on training programmes for new hires.

TYPE OF CONTRACT



PERIOD OF SERVICE



For **new hires**, the IMA Group mostly makes use of permanent contracts. Of **the 125 people recruited during the year** (i.e. excluding 73 intercompany transfers), about half (49%) have been hired under permanent contracts, 29% under apprenticeship contracts and 22% under fixed-term contracts.

New hires have an average age of 32.6 years, a **high level of education** (54% with a university degree and 40% with a high-school diploma) and most of them are men.

The high level of education of all Group employees (80% have a university degree or high-school diploma) also depends on the process of personnel search and selection, mainly oriented towards school leavers and graduates to be recruited for the production units: new hires attend training courses, generally accompanied by experienced members of staff who will help them in their professional growth, thereby facilitating the changeover of resources in the various positions.

In agreement with local high schools and universities, several **apprenticeships and internships were held in 2013, as in previous years, involving a total of 137 young people.**

NEW HIRES	2013
Average age (years)	32.6
Men	102
Women	23
University degree (4/5 yr)	57
University degree (3 yr)	10
High-School diploma	50
Vocational certificate	5
Middle-School diploma	3

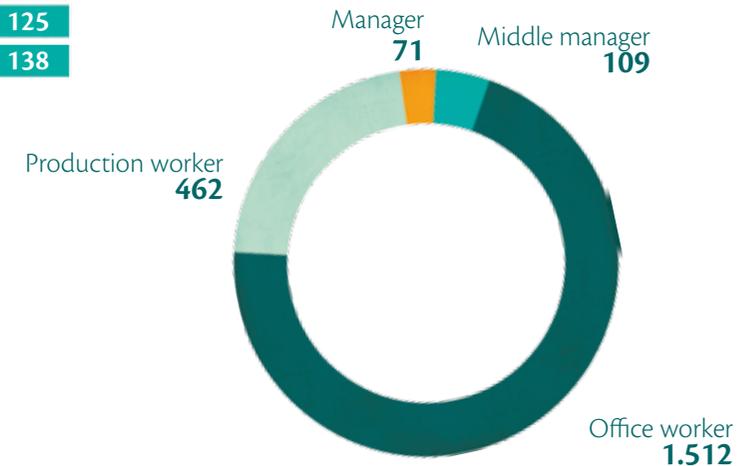
Permanent contract	61
Apprenticeship contr.	36
Fixed-term contract	28
Tot. new hires 2013	125
Tot. new hires 2012	138

Organization and contract

In the Group's **organizational structure** in Italy, 18% of employees are employed in the Commercial Area, including pre-sales and after-sales activities, 25% in R&D, 14% in Staff positions (Administration, Information Systems, Purchasing, Quality, Human Resources, Corporate Communications, Exhibitions, etc.) and 44% in Manufacturing and Logistics.

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.

EMPLOYEES BY QUALIFICATION



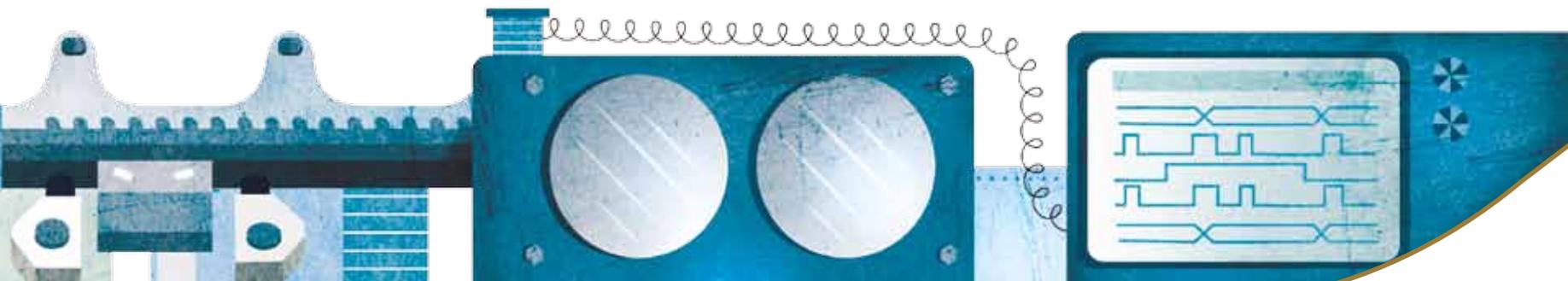
The breakdown of employees between the various **contractual levels** shows a concentration at levels 5 and 6 (74% of the total); this reflects the high level of specialization that characterizes the Group's employees.

Part-time work has been requested by 5.1% of personnel: 110 employees in total (92 of them are 30-50 years old, 103 are women).

IMA S.p.A.'s **supplementary labour contract** provides economic and regulatory conditions that are more favourable than the National Payroll Contract for Engineering Workers; for example:

- An annual performance bonus that consolidates part of the average amounts paid during the period of the contract.
- Travel expenses for administrative/commercial personnel and special conditions for travelling fitters and assemblers.
- Health and accident insurance.
- Flexible entry hours.
- Paid and unpaid leave of absence under specific circumstances such as taking care of family members, doctors' visits and therapeutic treatments.
- Extension of the conditions for granting advances on severance pay.
- Canteen.
- Psychological support by a professional and employees qualified for the role of Corporate Representatives.

Thanks in part to these conditions and the attention paid to the development and well-being of personnel, **turnover in IMA is very low: a negative turnover of 1.4%** (calculated as the number of workers who left in the period compared with the workforce at the beginning of the period * 100). Apart from this, **turnover has a positive balance:** during the period under review, 125 new employees joined the Company (138 in 2012), whereas only 28 left. This result is given by the difference between all new hires to handle the increase in business and the amount of retirements (13 people), voluntary resignations (13) and fixed-term contracts expired (3).



Training and skills development

Like all large companies having to cope with the challenges of a competitive market, IMA considers continuous training as a strategic resource. So IMA's investment in this area is not limited to the starter training given to new hires, but is maintained over time, with the aim of encouraging professional growth and individual motivation. Complex and constantly evolving realities such as IMA, need employees with resourcefulness and initiative, ready for continuous challenge, moved by the desire to learn and improve. From this point of view, IMA is also a point of reference for the district system to which it belongs, working hard to adapt its organizational and management models to the "knowledge economy", in which professional careers - that are increasingly discontinuous and multidisciplinary – require more "generalist" skills as well as the high standard of professionalism required to work in an international, high-tech context.

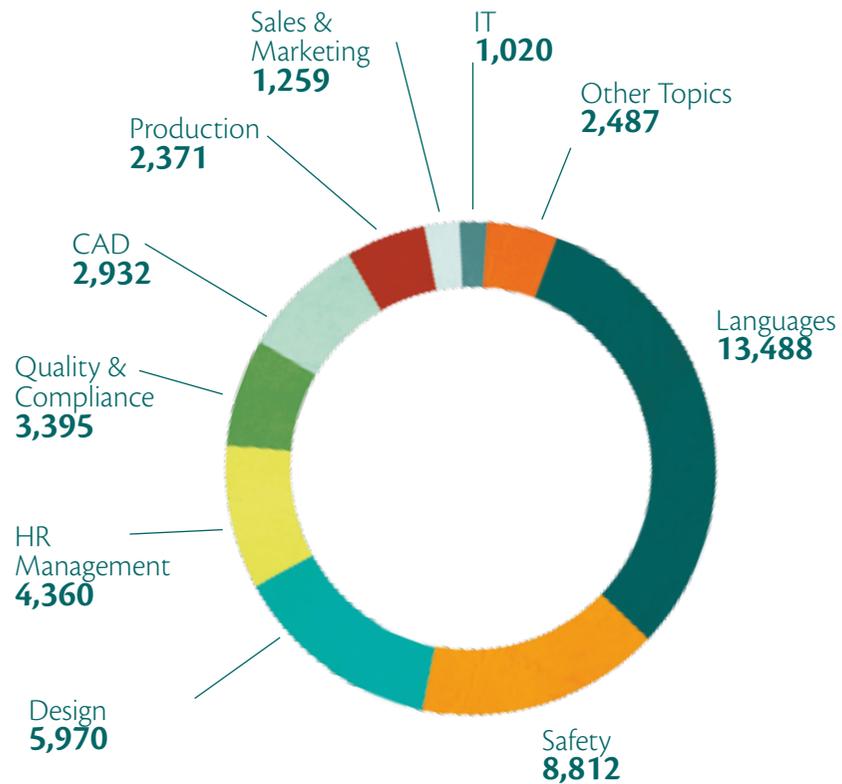
For IMA, investing in human capital also means establishing ongoing and mutually profitable relationships with schools and universities, in order to transfer skills and provide young people opportunities for growth and development.

Training activities (for a total of **46,094 hours**), geared towards improving the expertise of the Group's technical, administrative and commercial personnel, involved **1,818 employees, 84% of the total** (1,453 in 2012). Specialist training, updating professional skills, work safety, management skills development and foreign languages continue to be the main topics.

Area	No. of women being trained	Women: hours training	No. of men being trained	Men: hours training	Total no. of people being trained	Total hours training
Commercial	144	2,693	184	4,779	328	7,472
Production	32	563	738	14,295	770	14,857
Design	25	773	439	17,567	464	18,340
Staff	135	2,496	121	2,929	256	5,425
Grand total	336	6,525	1,482	39,570	1,818	46,094
% of total personnel	85%		84%		84%	



TOTAL HOURS OF TRAINING: TOPICS



Health and Safety

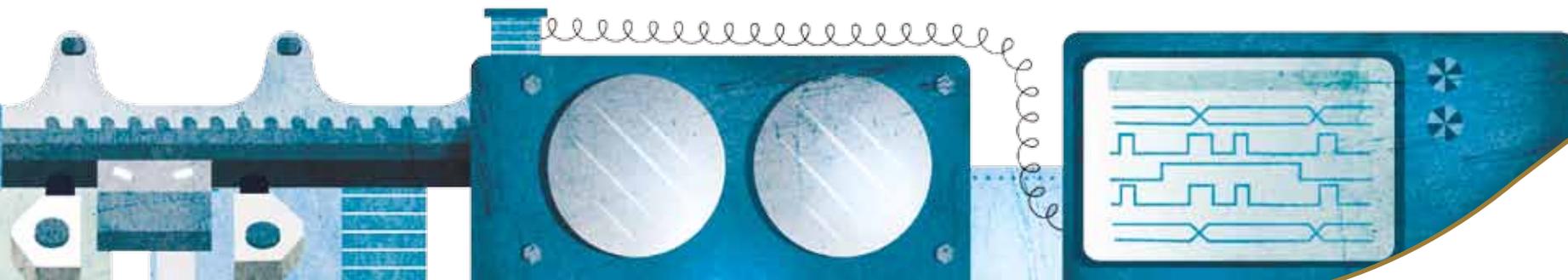
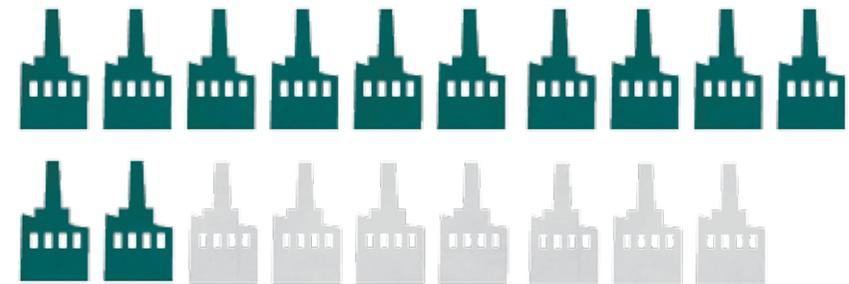
The attention to workers' health and safety in the workplace in the companies of the IMA Group is constant and is reflected in the Company's policy, which forms part of the system for the Safety at Work Management System of IMA S.p.A. and IMA Industries S.r.l., signed by the Chairman of the Board of Directors. The values being pursued are prevention, total respect for the law and agreements on this subject, the planning of a system of management of these aspects, monitoring them with appropriate indicators with a view to continuous improvement.

In January 2014, the Group achieved an important result in the field of health and safety in the workplace: IMA S.p.A. and IMA Industries S.r.l. obtained the **OHSAS 18001 certification** for 12 locations.

The other Italian Group companies will undertake the same process starting in 2015, with different timetables from company to company.

OHSAS 18001 CERTIFICATION
(IMA S.p.A. and IMA Industries S.r.l. locations)

12/19

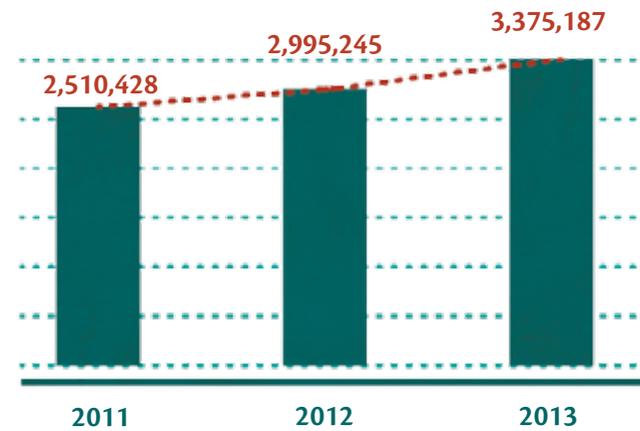


Worker participation at all levels is constantly high, guaranteed by specific health and safety representatives designated by the workers themselves: in total, **there are 21 representatives compared with the 16** that are obligatory by law. They collect comments from workers, performing **a representative role, but also making proposals**, bringing ideas and suggestions for improvement to the attention of the Prevention and Protection Unit; they also act as a **guarantee** by taking part in all of the training courses given to new hires. Special meetings are also organized periodically and attended not only by the workers' representatives, but also by the company doctors, heads/employees of the Prevention and Protection Unit, employers and managers. In order to continuously improve skills and performance in terms of safety, IMA takes part in meetings of the Heads of Prevention and Protection of Bologna and Imola: this is a working group made up of the Heads of the Prevention and Protection Units of the leading manufacturers in the area, with the purpose of sharing management methods (analysis and resolution) regarding issues of common interest in the field of safety at work.

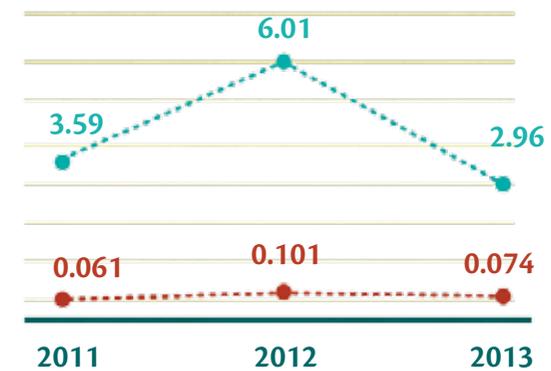
Staff training and involvement are the basis for the entire Safety at Work Management System, **with a view to creating a genuine "safety culture"**. The total number of hours training provided within Group companies in the field of safety at work **in 2013 came to more than 5,000** (more than double what it was in 2012). Thanks to this commitment and continued investment in factories, plant and equipment, the trend in accidents is steadily declining and is inversely proportional to the increase in the number of employees and, hence, in the number of hours worked.

Taking all of the companies in the Group, there were 10 accidents in 2013 out of a total of 3,375,187 hours worked.

IMA GROUP COMPANIES IN ITALY - HOURS WORKED



IMA GROUP COMPANIES IN ITALY: SEVERITY AND FREQUENCY OF ACCIDENTS



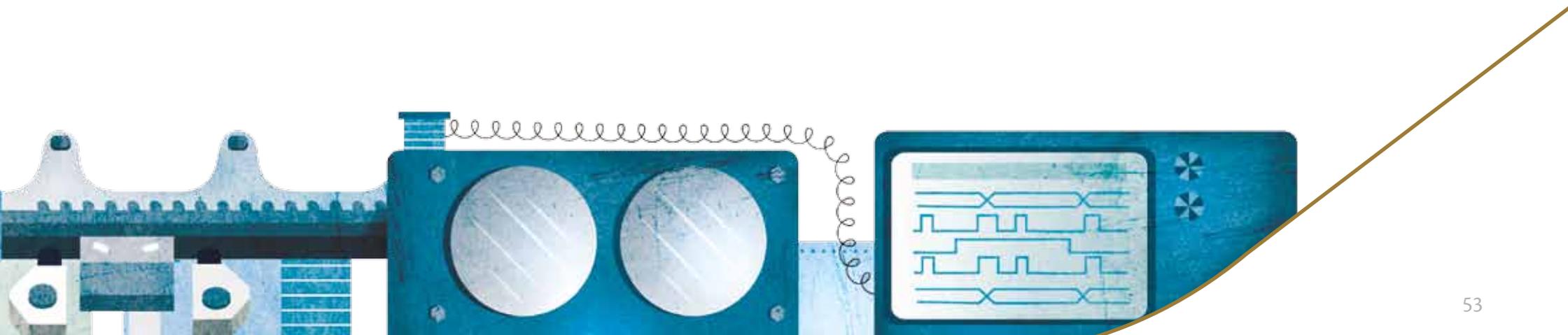
- Frequency index
- Severity Index



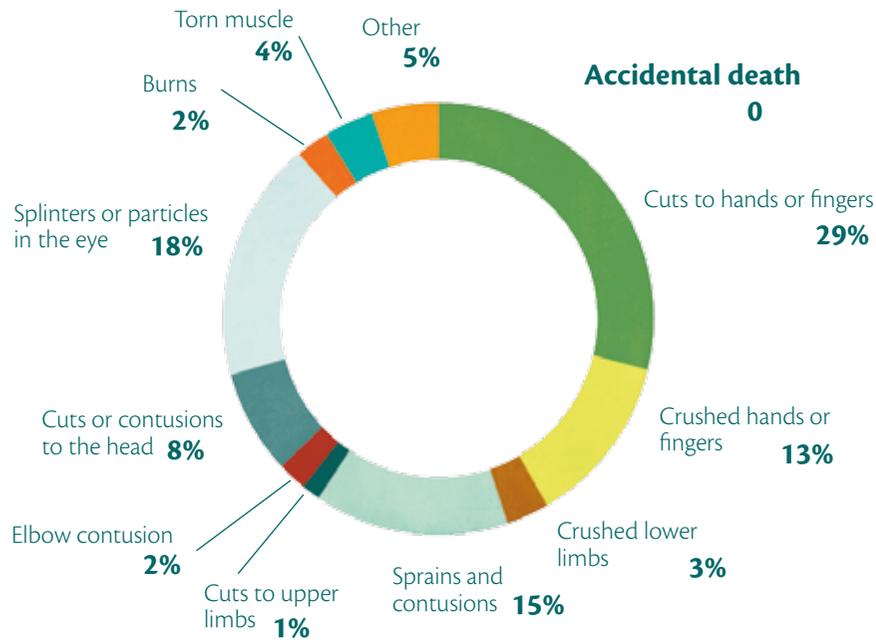
During 2013, there was also a significant increase in **reports of near misses/potential hazards**, compared with the average in previous years (in 2013 there were 20 reports, a significant increase compared with the average of 5 or 6 near misses in 2011 and 2012).

Near misses get investigated in the same way as accidents, also with a viewing to identifying appropriate improvements together with the various bodies involved.

IMA S.p.A. + IMA Industries S.r.l.
TREND IN ACCIDENTS AT WORK 1993-2013



IMA S.p.A. + IMA Industries S.r.l.
TYPE OF ACCIDENTS IN THE LAST 20 YEARS



As regards **work-related diseases**, there are no categories of workers particularly exposed to specific risks on the basis of differences in gender, age or ethnicity. However, IMA has undertaken an initiative for the benefit of those employees who travel for work all over the world, also in geographical areas where certain types of infectious diseases may still be endemic. In agreement with the company doctor, we are offering such employees a vaccination plan, on an optional basis, that allows them to broaden their range of protection.

Interventions to improve the working environment

The most important measures taken in 2013 to improve the working environment include:

- **Defibrillators** - The main production sites were provided with **semi-automatic defibrillators**, in order to increase the tools available to corporate first responders during urgent rescue operations. All members of the corporate first aid team participate annually in a specific **training session in the use of defibrillators** and for the adoption of proper **cardio-pulmonary resuscitation techniques**. The courses are organized in collaboration with the operators who answer calls to 118 for first aid.
- **Asbestos** - Almost all of the asbestos roof has been removed at the Bentivoglio plant, even though there is no obligation to do so.
- **VHP** - A major investment was made in 2013 at the plant in Via Emilia 428-442 to secure a particular manufacturing plant used in a new process being studied for the pharmaceutical sector, which forms a potentially irritating type of vapour. Safety has concerned various aspects, from the purchase and placement of sensors, connecting them to the site's alarm and evacuation system, from the purchase of special individual protective equipment to specific training for employees.
- **New vacuum and air conditioning plants** - A new central vacuum system has been installed for one of the numerically controlled machine tool departments in the Mechanical Engineering workshop. At the same time, specific authorization has been obtained from the Province of Bologna. The number of Air Treatment Units used in the Mechanical Engineering workshop of the main site has been increased to 8, installing 3 new units.



Seismic risk

Following the earthquakes of 20 and 29 May 2012, even though our facilities are located outside of the "crater" zone subject to the emergency regulations of June 2012, IMA adopted the following actions, not because they were compulsory, but to protect our people better.

Seismographs

3 automatic seismographs have been purchased (triaxial accelerators) from the same provider as the Civil Defence network. Two of these have been installed and linked to an alarm system to warn employees that they have to leave the plants to ensure timely evacuation in the event of an earthquake. This will be done when a critical threshold of alarm is exceeded, defined in collaboration with the team of designers who follow the work of upgrading the buildings, including a recommendation to check the state of the building before workers re-enter.

Buildings

Work continues on the adaptation of buildings, even though there is no obligation to do so. Management has issued an order for the buildings to be upgraded, as though they were in the earthquake zone.

The first stage of upgrading involves adopting the three basic prerequisites for prefabricated plants laid down by law, namely: a) fixing columns to support beams; b) fixing infill walls to adjacent structural elements; c) bracing shelves over a certain height.

At present, these interventions are almost finished at the Bentivoglio plant in Via Romagnoli 2 and largely completed at the Ozzano plant in Via Emilia 428-442. Design work has been completed at all of the other sites involved and consolidation measures are currently at a planning stage.

The whole planning phase was carried out by a team of professionals, led by Prof. Raffaele Poluzzi, Professor of Engineering at the University of Bologna (Construction Technique Department) and an IMA consultant.

Equal opportunities

The IMA Group is careful about the issue of equal opportunities, while operating in a production and industrial environment that, by history and tradition, tends to employ much fewer women than men. The personnel breakdown by gender has remained essentially the same as in 2012 (women are 18.4% of the entire workforce).

There is a higher presence of female staff in white-collar positions, staff services and in the commercial area.

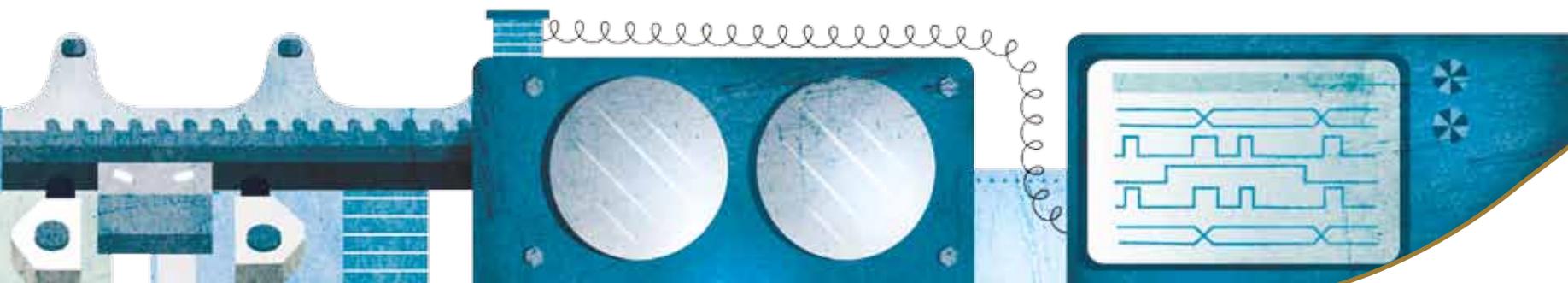
In terms of contractual status, more than half of the women are at a medium to high level (6th or higher).

One member of the Board of Directors is a woman, out of a total of 12.

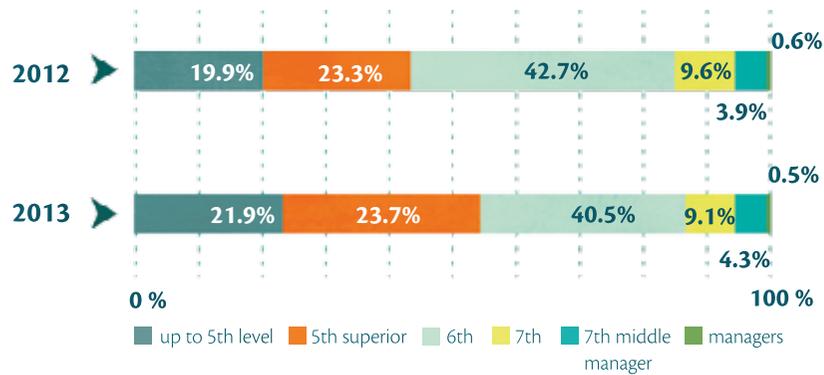
The Company's articles of association now comply with the regulatory provisions on gender equality. The plan is to add further female representation at the next renewal of the Board of Directors.

IMA gives part-time work to employees who make a reasoned request, within the limits set by collective agreements: in 2013, out of 110 part-time contracts, 95% had been requested by women. In total, 103 women are in part-time work, this being 26% of the total number of women working for IMA at 31 December 2013.

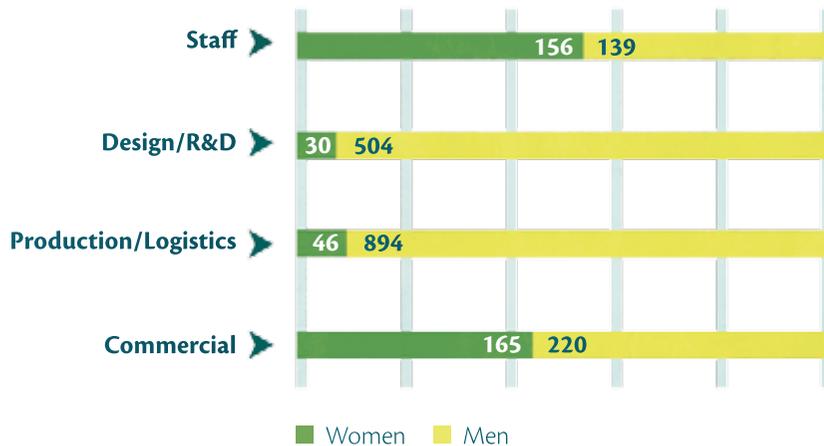
Qualification	% of women
Manager	2.8%
Middle manager	15.6%
Office worker	24.7%
Production worker	0.9%
Grand total	18.4%



DISTRIBUTION OF WOMEN BY LEVEL



DISTRIBUTION OF WOMEN BY BUSINESS AREA



MAINSTREAMING A PRIORITY FOR THE QUALITY OF WORK AND QUALITY OF LIFE

Operation approved by the Province of Bologna with managerial supervision with commitment of expenditure no. 945/2013 of 02/09/2013 - Project 2: The Company that grows - Actions with High Gender Intensity.

In 2013, IMA S.p.A. launched a transaction, included in the provincial "Law 53/2000", which aims to build and spread internally an organizational culture that respects the meanings of femininity and masculinity, without inequalities based on gender.

With this project, which continues throughout 2014, IMA will support and promote, in accordance with its own values, principles and practices already in place, the growth of a Corporate Welfare that meets the needs of employees and that is the basis for a new "organizational citizenship from a gender perspective".

The objectives are to promote gender specificity, taking complex action to combat stereotypes and cultures that force organizations into patterns and scripts that segregate both horizontally and vertically, also to make better use of talent that exists within the Company, female talent in particular, by drawing out skills, cognitive models and leadership styles that women have, to enrich IMA's management skills and increase the expression of innovation and creativity.

The operation also seeks to foster the reconciliation of personal and working life through an analysis of family friendly conditions, designed to facilitate the ongoing increase in female resources within the Company.

The investment in people is and will be significant, covering the entire female population employed in operational, management and strategic roles that numbered around 257 people at the time this project was launched.



The start-up phase, which took place in late 2013, involved a series of planning meetings of the Steering Group, made up of representatives of the Company's top management and advisors on equal opportunities. Three Working Groups were also formed, made up of thirty heads of department, who took part in Interactive Workshops designed to add detail to the contents of the project and to spread the message within the firm.

At the beginning of 2014, a training course for all the female staff of IMA S.p.A. began, with 6 modules lasting a total of 40 hours for a total of 13 editions, covering regulatory and organizational issues, with a particular focus on equal opportunities and reconciliation. In addition to this classroom training, there will also be individual coaching and the creation of a handbook relating all of the issues that emerge during the project.



WOMEN AND INNOVATION IN IMA: FROM THE PHARMACEUTICAL TECHNOLOGIST TO THE ENGINEER

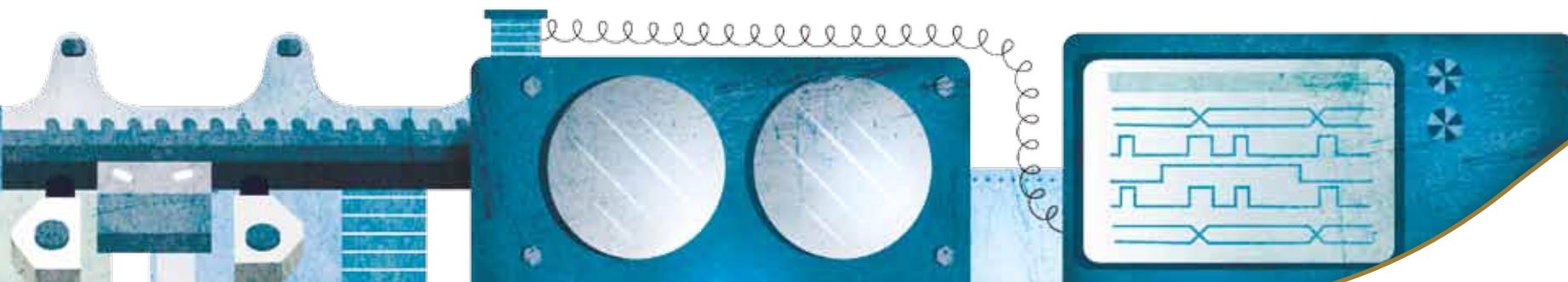
IMA promotes women's employment and gender policies, recognizing the role of women in **scientific and technical careers**, in the belief that they can make a positive contribution towards achieving the Group's growth and innovation objectives.

The number of women pursuing a technical-scientific career within the IMA Group is growing constantly: from the pharmaceutical technologist to the automation, IT, electronic and mechanical engineer. These are people with very specific skills who work with competence and efficiency.

The main objective of the **pharmaceutical technologist** is to establish a dialogue with the end user, by using an approach that is not purely to do with mechanics or engineering, but by being close to the pharmaceutical world. The technologist studies the machines not only from a construction point of view, but by considering above all the process that takes place inside them, trying to optimize the parameters so that the final product falls within the predetermined quality standards for pharmaceuticals.

There are also more and more female engineers, highly specialized figures ranging from software and hardware design, to electronics and logistics. These are professional skills that need to be updated constantly as they are strongly linked to the organization, research and development of innovative projects, both before and after sale.

For example, an engineer designs the granulator, whereas it is up to the pharmaceutical technologist to study the formulation of the granulate and adapt the granulation parameters, optimizing them to obtain a drug that complies with the standards and a process that is as efficient as possible.



The contribution of the individual is very important, as is the ability to work as a team, in close contact with the end user both in Italy and abroad.

The presence of women in scientific and technical roles within the IMA Group is very important, because gender diversity has a positive impact on business performance and on the self-realization of the people concerned.

IMA also complies with current legislation on the hiring and integration of those belonging to protected categories: to this end, the Company has entered into agreements with the relevant entities.

Corporate welfare

Working **part-time** is one of the measures introduced to help improve employees' work-life balance. Since IMA is particularly sensitive to the needs of employees, company agreements permit a higher percentage of part-time contracts than is envisaged in the national collective labour contract. We are also planning to introduce a procedure for easier access to part-time work in the event of serious family reasons.

During 2013, all applications for part-time work were accepted by the Company (93% of those who working part-time are women).

The supplementary agreement also provides for various favourable conditions related to parental leave for maternity or to take care of the family.

As regards **postpartum leave**, employees of IMA S.p.A., both men and women, are entitled to:

- a period of three months during the first year of the baby's life, in addition to the period provided by law, during which the Company pays 30% of the person's normal salary;
- for 3 of the 6 months due by law, the Company integrates the indemnity granted by INPS with an additional payment equal to 30% of the person's normal salary;
- advances on severance pay to integrate the loss of income.



As regards taking **care of the family** (relatives within the second degree), employees of IMA S.p.A. can apply for:

- 1 day of paid leave for the father when a child is born;
- 4 days of paid leave to take care of a member of the family in the event of serious illness;
- 16 hours of unpaid leave and 4 hours of paid leave to take care of the family with self-certification.

In Italy, IMA's employees can enjoy other benefits and perks, including:

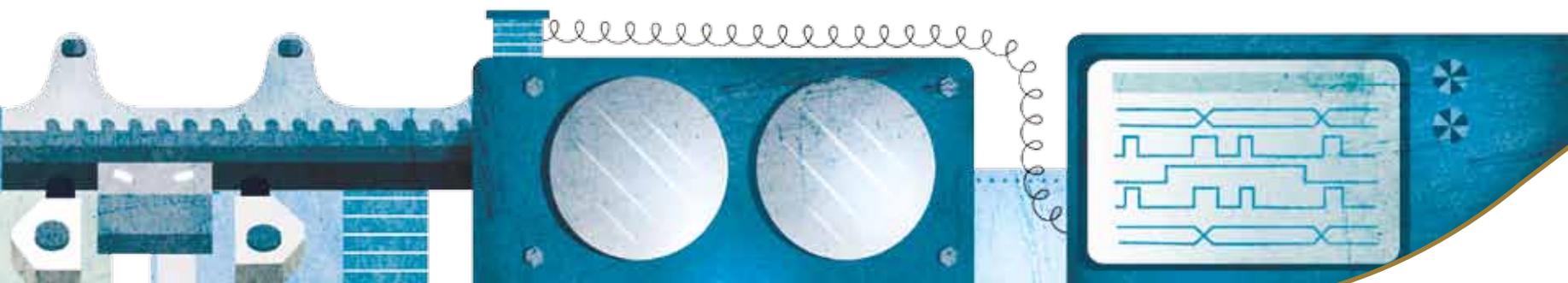
- health insurance paid for by the Company and the possibility of extending coverage to other members of the family with a contribution from the employee;
- work and non-work related accident insurance, paid for entirely by the Company;
- special agreements with banks for more favourable terms;
- psychological counselling service by a professional who carries out short support interviews during working hours;
- contribution towards groups of employees who play sports at a recreational level.

TAKE AWAY - GIMA S.p.A. PROJECT

In the last few weeks of 2013, after discussions with the trade unions, an experiment was launched at GIMA S.p.A. regarding the use of a take away service for employees' supper. This experiment is only feasible in structures that do not have a large number of employees eating in the canteen at lunch time, as a considerable amount of work has to be carried out by those running the canteen to prepare the evening meal and this work has to be done during the morning at the same time as they are preparing lunch.

With the "Easy Take Away" project, providing they book it in the morning, each employee can obtain a takeaway supper for the entire family, with the same quality standards as the canteen, which they can use immediately (served in a box that can be heated quickly, say in a microwave oven) and at a very cheap price (1 euro for a first course, 1 euro for a second course and 50 cents for a side dish). The test run was very successful, so we decided to continue the experiment in 2014.

Leave	2012			2013		
	women	men	total	women	men	total
No. of times parental maternity/paternity leave	45	41	86	45	44	89
Leave for the birth of a child	0	33	33	0	56	56
Paid leave of 3-4 days	23	80	103	32	99	131
Unpaid leave for family care (16 hours)	17	11	28	24	22	46
Paid leave for family care (4 hours)	55	102	157	58	121	179
Leave as per Law 104				26	78	104



End users

Customers and markets

To cope with a market that more and more often features sudden changes in the reference scenario and a challenging economic environment (even though 2013 showed signs of recovery in the last quarter), IMA continues to bet on the expansion policy that was launched a few years ago, focusing on the following commercial strategies:

- Developing revenues by leveraging both internal and external growth through a plan of strategic acquisitions.
- Expanding our geographical area of action, while safeguarding our leadership in the historic markets and strengthening our presence in those with greater potential, such as China.
- Seeking new business opportunities by leveraging our operational capacity, expanding the range of products and continually renewing them from a technology and functional point of view.
- Maintaining profitability by means of close oversight, safeguarding the points of excellence achieved in our production platforms.
- Focusing on excellence in customer service (technical and regulatory support, turn-key installation and start-up, after-sales service extended to the entire useful life of the product).

To achieve these objectives, IMA continues to invest in the high professionalism and strong motivation of its management team and entire human capital, and in the production of products with a high added value that lead to a higher premium price.

The Group has **24 manufacturing plants** in Italy, Switzerland, UK, USA, India and China. Again at Group level, IMA has a widespread commercial network consisting of **27 branches** offering services and after-sales assistance in Italy, France, Switzerland, UK, Germany, Austria, Spain, Poland, Israel, Russia, USA, India, China, Malaysia, Thailand and Brazil, representative offices in various central and eastern European countries and more than **50 agencies** that cover a total of about **80 countries**.



Some of the IMA Group's major end users:

Abbott
Actavis
Ahmad Tea
Amgen
Astellas
AstraZeneca
Bahlsen
Baxter
Bayer
Bel Group
Bigelow Tea
Boehringer Ingelheim
Bristol-Myers Squibb
British American Tobacco
Cadbury Adams
Chiquita
Chupa Chups
Cloverhill Bakery
ConAgra Foods
CooperVision
Delpharm
Eisai
Eli Lilly
Fabbri 1905
Gedeon Richter
General Mills
GlaxoSmithKline

Groupe Lactalis
Groupe Soporind Bongrain
Grünenthal
Grupo Bimbo
Grupo Siro
Halter
Hospira
Johnson & Johnson
JVC
Kraft
Krka
L'Oréal
Laurens Spethmann Holding
Lipton
Lotte
Mars Incorporated
Menarini
Merck & Co.
Miratorg
Mission Foodservice
Mondelez International
Nestlé
NextPharma
Nice Pak
Novartis
Novo Nordisk
Nypro

Orimi Trade
Patheon
Pepperidge Farm
Perfetti Van Melle
Pfizer
Philip Morris
Procter & Gamble
Reckitt Benckiser
Roche
Sandoz
Sanofi
Sara Lee
Seaquist Closures
Servier
Takeda
Technicolor
Tetley
Tetra Pak
Teva
The Coca Cola Company
Twinings
UCB
Unilever
Western Digital
Witor's
Wrigley
Zambon



CUSTOMERS BY SECTOR

millions of euros	2013		2012		
	amount	%	amount	%	Δ %
Tea, Food & Other	267.40	35.1	237.27	36.1	12.7
Pharma	451.73	59.4	419.58	63.9	7.7
ILAPAK	41.80	5.5	n.a.	n.a.	n.a.
TOTAL	760.93	100.0	656.85	100.0	15.8

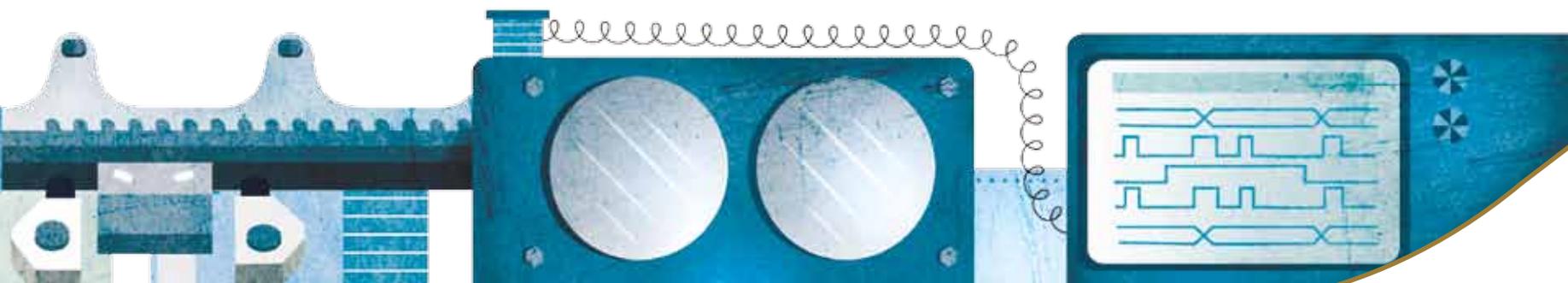
The Tea, Food & Other sector recorded an increase in revenues of 12.7%, whereas the Pharma sector grew by 7.7%, confirming the strong market positioning of both segments.

CUSTOMERS BY GEOGRAPHICAL AREA

millions of euros	2013		2012		
	amount	%	amount	%	Δ %
European Union (excluding Italy)	254.68	33.5	212.49	32.3	19.9
Other European countries	71.97	9.5	62.99	9.6	14.3
North America	140.41	18.4	88.66	13.5	58.4
Asia & Middle East	160.01	21.0	151.48	23.1	5.6
Other countries	72.00	9.5	89.92	13.7	(19.9)
TOTAL foreign markets	699.07	91.9	605.54	92.2	15.4
Italy	61.86	8.1	51.31	7.8	20.6
TOTAL	760.93	100.0	656.85	100.0	15.8

* Group figures - consolidated

Some 91.9% of revenues were generated outside of Italy, maintaining more or less unchanged the mix of foreign sales in Europe, Asia and the Middle East, with significant growth in North America. About 70% of revenues were generated by **plant and machines**, while 30% came from **after-sales activities** (support, spares, kits, etc.).



IMA's After Sales

A high level of after-sales technical support has always been the lynchpin of IMA's *customer-oriented* policy and has been made possible thanks to a global network.

IMA's after-sales service structure fosters the consolidation of relationships with customers, basing them on transparency and maximum satisfaction. The quality of our original spare parts, together with the very high professionalism of our technicians, provide customers with the best possible conditions for the maintenance and operation of the machines, ensuring their maximum efficiency and reliability.

The number of **IMA technicians** (both for the pharmaceutical sector and for the other sectors), who support end users in all aspects of installation and maintenance of the machines, has risen steadily over the last three years, reaching **650** at the end of 2013. In total, for all divisions of the Group, **2,518 technical interventions** were carried out in 2013 (+9% on 2012).

AFTER-SALES ASSISTANCE



There various after-sale services. The most important ones are listed below:

EXTENDED WARRANTY

- This programme, which operates in the pharmaceutical sector, provides greater protection to customers in terms of machine failure, repair costs and replacement parts.
- The extended warranty period begins on the expiry of the machine's standard warranty and is valid for another 12 months.

In 2013, **54** extended warranty offers were made for the pharmaceutical industry, whereas **147** were made for individual pieces of equipment.

INTEGRATED MAINTENANCE

- In addition to routine maintenance, IMA customers can request the integrated maintenance (which provides for inspections and maintenance) to keep their machines in good working conditions over time. The resulting benefits are: a decrease in machine failure, increased plant productivity and maximum safety for operators.

SPARE PARTS SERVICE

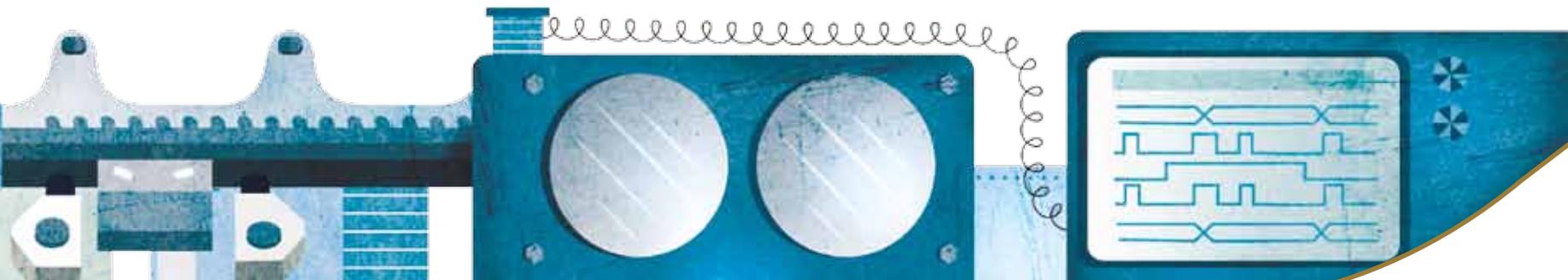
- A highly qualified team of experts systematically checks the quality of the original parts supplied by IMA, guaranteeing 100% reliability.
- IMA has a very efficient distribution network: with the help of its branches and agencies, IMA is able to deliver spare parts throughout the world in a very short time (12-24 hours in Europe, 36-48 hours outside of Europe).

MYIMA SPARE PARTS

- MyIMA Spare Parts is an online service offered by IMA to its customers in the Tea & Coffee and Pharma sectors; it provides immediate answers 24 hours a day, 7 days a week, regarding the availability of spare parts in stock, their price and their location on the machine. The main advantages for the customer are: multilingual service, simple and easy access via the Internet, speed and transparency, rapid identification of spare parts and their location, display of the prices and availability of each component, possibility of order tracking, discounts. As for the Tea & Coffee Division, in 2013 the percentage of spare part sales ordered over the Internet was 22% of the total.

TRAINING

- To let customers achieve maximum performance and maximum safety from their machines, IMA organizes technical training courses for the customer's R&D, production, process and maintenance staff. The training, which can be given at the customer's premises or at IMA's, provides for different levels of competence and is taught by experienced IMA fitters or after-sale inspectors.



Technological innovation, research and development

IMA's vocation in the pursuit of innovation reflects our strong orientation to be seen as a solution provider rather than as a product vendor. This approach has always been a distinguishing characteristic of our Group and has resulted in a strong market leadership position.

Again in 2013, the IMA Group invested significant resources in **Research and Development: 37 million euros** (an increase on 2012: 31.2 million euros), equal to **4.9% of revenues**.

The commitment to research and development results in **660,000 hours in 2013** (600.000 in 2012) **devoted** to the study of new solutions for processing and packaging, in **1,175 patents pending** throughout the world and numerous new models of machines launched in recent years. The purpose of IMA continuously investing large amounts in R&D is to provide end users with an ever **wider range of products and services** with advanced solutions, sometimes revolutionary, often designed in collaboration with academic institutions and in a spirit of co-makership with the end users.

At global level, **over 400** of its 3,700 employees are designers involved in product innovation.

The organization of Research and Development at IMA

The model adopted by IMA for the development of innovation is of a "diffuse" type: innovations can in fact come from the ideas of individuals, from input by the Marketing Department, from analysing competitors' machines, from collaborative innovation or from scouting for enabling technologies.

The peripheral R&D departments mainly make use of mechanical engineers and technicians, whereas the Corporate R&D department uses electronic engineers, computer analysts and automation experts.

Another feature of IMA that Research and Development uses is that of **versatility**: within the Group there are very important skills and know-how in two areas with very different characteristics (pharmaceutical and food), and IMA excels in all of them. When possible, IMA's R&D **exploits these cross skills** to reduce development cost and time, training people who become a vehicle for the transfer of knowledge between the various sectors.

Continuous education on technological innovation takes on a key role in IMA to ensure the dissemination of knowledge and to stimulate new ideas. For this reason, new recruits for the R&D Department are trained and updated on technology topics of interest to the department, such as real-time operating systems, on the product software (SW) framework for the use of PCs as machine controllers, on mechatronics, on the development of industrial SW for automatic machines, on the use of microwaves in measurement applications, and on ultrasonic technology in applications that involve the welding and softening of plastic materials.

The mechanical engineers in research and development start their own activity first with specific courses in 3D modelling and then, at a later stage, their knowledge is integrated with notions and courses on kinematics, dynamics and structural analysis. The key to an innovative design office is to stimulate the interest and desire for knowledge of all those who interact on a new project. Innovation, in fact, comes not only from ideas developed internally, but also from new solutions proposed by suppliers of commercial components and the craftsmen who supply IMA. These entities, working for different companies and sectors, have a transversal vision that they put to good use when working with designers to develop unique solutions. The designers then follow the machine, having worked on its architecture, also in the later stages: industrialization and customization take place at the technical office of the production department where there is a sort of contamination of design ideas when the project comes into contact with the younger designers.



IMA LAB

IMA Lab is a very innovative project of web oriented communication, through which IMA stands as a figure promoting product innovation and not only, thus affirming its attention to the changing needs and language of the society.

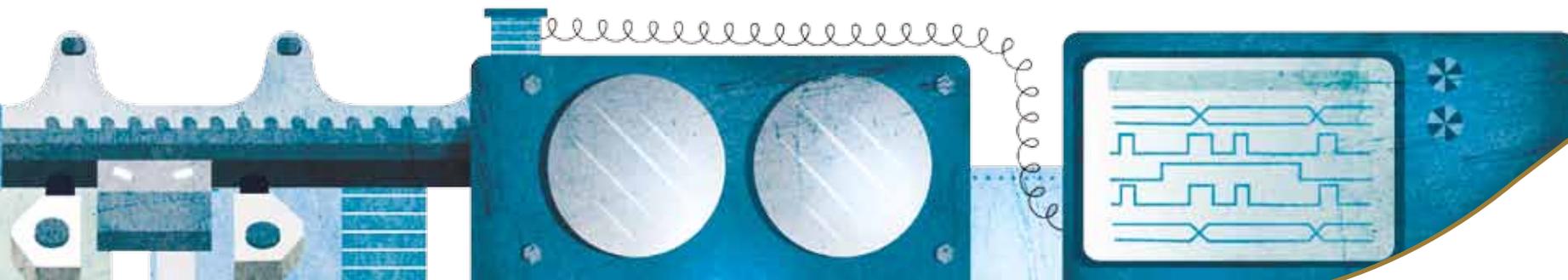
IMA Lab is expressed through a physical and virtual space where issues relating to scientific research, the latest news in the pharmaceutical world and more are proposed and discussed. Already active since 2012, the Lab participates in the most important exhibitions and major events with a structure of great attractiveness offering high-level content. It can also be a supporter of third-party events such as TED Med.

The format to which it aspires in offering speakers to its public is based on short, dynamic speeches given either at the physical structure of the Lab, or through www.imalab.net, where it is possible to watch events live and in streaming. The site also includes articles, scientific posters, videos and interviews developed by a dedicated editorial staff.

IMA Lab also wants to be a point of contact with all those important contacts that belong to Academic, Research and Experimentation environments, serving as a platform for communication and cooperation open to external contamination.

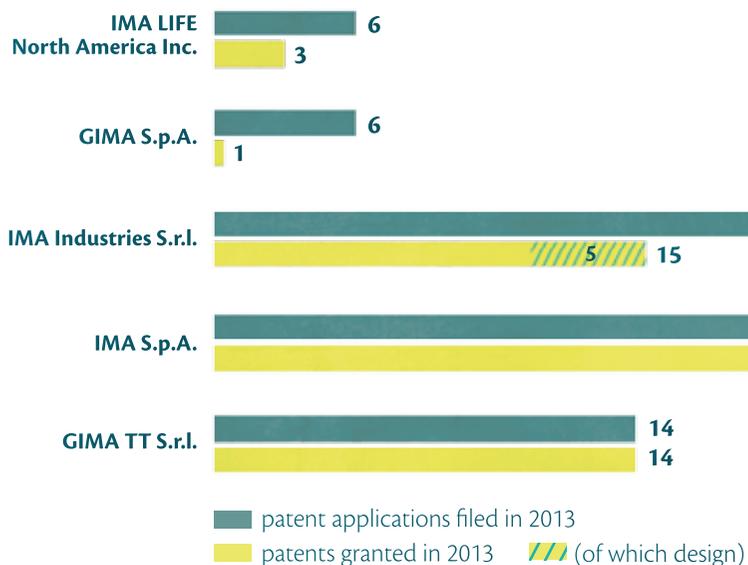
Sometimes "injections" of know-how also come from **external collaborations**, such as graduation theses developed in tandem with local universities and local, national and international institutions. These collaborations are very useful, both for the selection of young employees (electronic engineers, including specializations such as automation and computer science, management engineers, computer analysts), and for technological insights that go beyond the department's work programmes. Some examples of these active collaborations in 2013 are:

- PhD for the development of a power and signal transmission unit.
- Collaboration with the Faculty of Engineering of the University of Bologna for the technology transfer of skills for the treatment of materials.
- Collaboration with the lecturers who teach the Design of Industrial Products course.
- Collaboration with the University of Parma in the preparation of lectures in the Pharmaceutical Chemistry and Technology degree course with a view to acquainting students on the regulatory and construction issues involved in packaging in its various functions, namely as a protection of the drug and a vehicle of information, from when it is shipped from the factory to when it is used.
- Project with the Ministry of Education, University and Research, in which IMA has participated with funding for the development and strengthening of national technology clusters. The intent of the Ministry of Education is to promote the development and aggregation ("clustering") of the various technological specializations that are typical of different parts of the country. IMA joined the project by participating in the cluster that works to foster the development of the "smart factory", which makes use of digital technologies to increase the efficiency of design, production and commissioning. In particular, IMA would like to introduce and rely more heavily on these technologies to simulate the functions of the machine even prior to building prototypes, which should result in shorter development times and savings in both materials and energy. All of this to replace the usual approach based on the construction of test engines to develop the project, repeating the steps of experimentation, measurement and correction.



- IMA is one of the founding members of ITS MAKER - Istituto Superiore Meccanica Meccatronica Motoristica e Packaging, the heart of Emilia-Romagna's mechanical and mechatronics technology hub and the largest ITS (higher technology institute) in Italy. ITS MAKER's task is to promote and disseminate a technical and scientific culture, with the aim of training highly specialized figures to meet the employment offers from strategic sectors of our economy. For the "Higher level technician for automation and mechatronic systems" course that has been given in Bologna since 2011, IMA made a contribution in terms of both in-house training and hosting course students in the production departments for first and second year apprenticeships, providing students with a unique opportunity to learn about topics such as electrical design and IT for automation.

PATENT APPLICATIONS FILED IN 2013



Innovation in IMA: some success stories

Innovation at IMA is mainly incremental, but there are also cases of "breakthrough innovation", not necessarily applied to the architecture of an entire machine, but to individual elements of the machine.

In the course of 2013, for certain product families, IMA introduced completely new innovations and improvements such as:

- a new machine for the packaging of tea in a new type of filter bag;
- a new machine for the packaging of tea in double chamber filter bags;
- a new capsule filling machine;
- a new series of tablet press machines;
- a new series of linear filling machines in aseptic environments;
- a new machine in isolation technology;
- a new decartoning machine;
- a new thermoforming machine;
- new flowpack packaging machines of the ILAPAK Group, also in line with cartoning machines that interface with robot systems.

IMA's innovative capacity is based on a history of real success stories in the field of applied research for automatic packaging machines.

The **first machine** made for the tea bag market was already a minor revolution compared with the systems used at the time: it is in fact a type of automation that integrates multiple functions, leading to a lower use of space and improved ergonomics.

When, in the **second half of the 70s**, IMA entered the pharmaceutical packaging market, this principle of functional integration was applied to its first blister packaging machine, which contained in just five metres what competitors needed twenty metres to achieve. This innovation allowed IMA customers to reduce costs and use fewer operators, with considerable advantages in terms of logistics and efficiency.



Another crucial innovation took place towards the **end of the 80s**, when the C90 literally changed people's point of view on automation. This new blister packaging machine was in fact a "wall-mounted" machine, i.e. installed vertically, whereas the others that existed at that time all operated horizontally. With this development, which ensured significant production benefits, IMA traced a new path, given that since then also our competitors have conformed to this standard.

The 90s saw the arrival of Comprima 300, a tablet press machine able to produce 300,000 tablets per hour. This is an example of an "almost breakthrough" innovation, which influenced machine architecture by applying highly innovative concepts. Two completely new and important concepts were applied in creating this machine: **powder feed and dosage by centrifugal force and direct washing of the machine** possible at various levels of complexity.

In the late 90s IMA revolutionized the market for tea bags by changing the system by which the string was attached to the bag and the label, doing away with the staple. This breakthrough innovation made it possible for the filter bag to be compostable and reduced the number of packaging materials.

Around 2000 another important innovation was introduced, anticipating what is now a well-established trend: the **use of PCs**, in a version suitable for industrial environments, such as in the control electronics of processing and packaging machines.

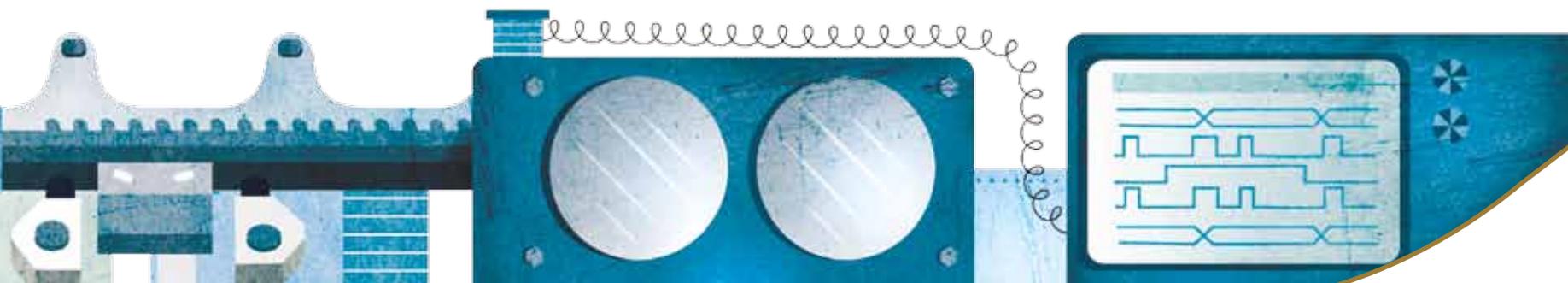
At the beginning of **2000s**, still in the field of tea bags, machines were developed that used ultrasonic technology to weld the wrapping materials together. This technology allowed the use of different types of filter materials compared with those used normally, as well as the chance to make pyramid-shaped bags.

VIDEOWALL: WHEN INNOVATION BECOMES SUSTAINABLE

The ability to virtualize the automatic machines to be exhibited at events and exhibitions, which are important "shop windows" for companies to present their products, has long been a desire of many firms in our industry. IMA has managed to achieve this goal in a very short period of time, thanks to our research, experience and expertise. This is how **videowalls** were born.

Replacing a real packaging line with a digital version of it is definitely not an easy undertaking. To start with, the sensory factor has to be taken into account: the size, depth and materials of a real object can be perceived. Then there are the technical aspects: the operations of a physical machine displayed at an exhibition and the products that it makes can be appreciated immediately. The machine apparently seems to be irreplaceable, but analyzing the topic better, there are some limitations. For example, for reasons of space and availability, it is not possible to bring to the stand all of the various types of machines that have been designed and produced by a Group like IMA, which means that customers are unable to see a full range or complete lines. In addition, some machines operate so fast that the eye cannot really appreciate all of the steps in the process. There are some types of product which cannot be packaged outside the production plants due to hygiene standards or the need for particularly complex installations.

For these and other reasons, since 2013 IMA Industries has invested in research to find a suitable technological solution. Development of this project led to the birth of the world's first virtual stand at Packology (Rimini, June 2013), where large videowalls were installed for video playback of life-size automatic machines, along with virtual shop windows with products in 3D.



After the positive experience of Packology, IMA decided to continue investing in this new technology solution, successfully exhibiting nine videowalls at its stand at **Inter-pack** (Düsseldorf, 8-14 May 2014), which is our sector's most important exhibition. More than 2,000 customers were able to appreciate the technical details of around eighty machines and complete lines presented by IMA Industries and IMA Pharma, thanks to a high degree of interactivity, zooming to full screen and showing the various production steps in slow motion.

A single videowall can contain entire packaging lines, so it is easy to imagine the energy saving and reduction of environmental consumption with respect to exhibiting the same number of machines at the exhibition: low power consumption, a smaller number of vehicles used for to transport the equipment (with a reduction in polluting emissions and traffic), smaller quantities of packing materials and consumables. If we multiply these benefits for the dozens of exhibitions in which IMA participates each year, the videowall project can guarantee a significant reduction in energy consumption and emissions, representing a small but important step towards preservation of the environment that surrounds us.

Quality

Integrated quality and regulatory compliance system

Strive for the satisfaction of end users. And improve constantly. These are objectives that the Group never loses sight of. For this, IMA has long obtained **ISO 9001** certification of its **Quality System**, which covers the entire product life cycle, from Research and Development to sale, delivery and installation, and after-sales assistance. Particular attention is paid to 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, i.e. to have the possibility to adapt to the specific characteristics of the market and the organization of the individual divisions and companies, while retaining the general guidelines and a system unique to the entire IMA Group. This facilitates inclusion in the Quality System of the new companies that become part of the IMA Group as a result of acquisition, and their harmonization with the "world of IMA".

During 2013, Corazza and the BFB Division of IMA Industries have been included in the IMA Group's certified Quality System (in 2012, GIMA was also included in the System).

A Quality System focused on processes has made it possible for IMA to offer its end users maximum transparency in the execution of the various phases of the project. This allows us to deliver highly complex solutions on schedule, while maintaining a simple and flexible organizational structure. The internal technical regulations are not limited to incorporating the minimum requirements of local legislation, but extend to various areas where it is important to follow precise international standards, starting from the mechanical and electrical design, up to the internal and external production processes and packaging of the products.



The level of training and motivation of the technicians involved in the various stages of the work (design, manufacture, assembly, installation, service) have a major role in achieving high standards in 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 the IMA Group's Quality System.

In 2013, **12 internal audits** were carried out with the participation of 17 different auditors from various areas of the company, previously qualified by the Quality Assurance Area.

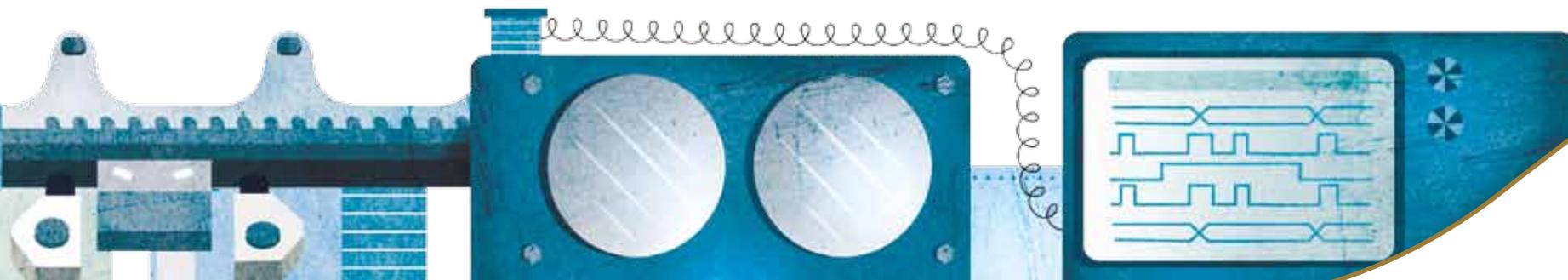
"Quality" also means ensuring the best safety conditions when the machines are being operated by the end user, even going beyond what is required by the rules: IMA pays particular attention to the analysis of risks related to safety, implementing it during the design phase for all machines on the market, in accordance with the applicable regulations (primarily, the Machinery Directive valid for the European Community). This leads to the preparation of a **technical dossier** that contains an assessment of the risks involved and the measures taken to eliminate or minimize them. In addition, 2013 saw the start of monitoring of non-conformities found during use, which have an impact on the safety of IMA's machines.

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 IMA Quality System to offer end users the highest possible level of compliance with industry best practices.
- Currently, IMA is a member of the Steering Committees of **ISPE Italia** and **GAMP Forum Italia** and takes part in the drafting of life cycle guidelines for the development and approval of machines for the pharmaceutical industry.
- **Product safety** is a key objective for IMA, and for this reason we follow and monitor 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.

To further protect end users, ensuring business continuity, IMA has adopted the "Disaster Recovery Plan for IT Systems" (updated in June 2014): it is 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

Study, updating and interpretation of technical regulations, whether binding or voluntary, above all the EU Machinery Directive: this is handled by the **Quality & Compliance** function, which develops internal procedures with guidelines for the practical application of regulatory requirements. The aim is to facilitate and standardize their application in all divisions. In addition, IMA carries out periodic cycles of internal training for all technical offices and assembly departments involved.

IMA is also an active member of the Technical Committees of **UCIMA - Italian Packaging Machinery Manufacturers Association** - where the proposals for revision of international standards for the world of automatic machines are discussed at a national level. This is to make an active contribution to the technical content and to remain at the forefront on such issues.

Technical updates from an analysis of regulatory changes and innovations introduced by IMA represent a wealth of information and know-how that the Group makes available to end users, meticulously preparing the **documentation** supplied with the machine: on the one hand, the compulsory technical documentation, such as the Instruction Manual for the use and maintenance of machinery (with particular regard to safety warnings) and the Parts Manual; on the other hand, as regards the pharmaceutical market, supporting documentation for the validation of equipment in accordance with regulatory guidelines (FDA, EMEA). 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.

For many years, IMA has been a member of ISPE Italia (Association of professionals engaged in the manufacture of pharmaceutical products) and regularly participates in conferences organized by ISPE, which are also attended by representatives of the pharmaceutical industry.

IMA is a member of the Steering Committee of GAMP Italia and participates as a speaker at conferences that specialize in the validation of machinery.



End user satisfaction

Listen to understand. Understand to give useful and sustainable answers. At IMA, end user satisfaction is always in the spotlight, a top priority. Measuring it is up to a monitoring system that detects over time through a number of indicators the level of quality delivered (degree of compliance with the requirements of the products/services) and level of quality perceived by the end user. 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.
- Management and minimization of complaints and disputes.
- Holding down the warranty costs/sales ratio.
- Surveys carried out directly at end users' premises to evaluate the level of satisfaction with the products and services offered. For this purpose, specific questionnaires are prepared on different aspects of supplies when carrying out Factory Acceptance Tests (FAT) at IMA, and Site Acceptance Tests (SAT) at the end user's premises.

The customer satisfaction questionnaires have been in use for a number of years: the 2013 figures indicate that 31% of the questionnaires were returned to IMA for the Pharma sector and 43% for the non-Pharma sector. The average of the scores received is 3.5 and 3.4 (on a scale of 1 to 5, where 3 is satisfactory) with a good level of uniformity between the divisions.

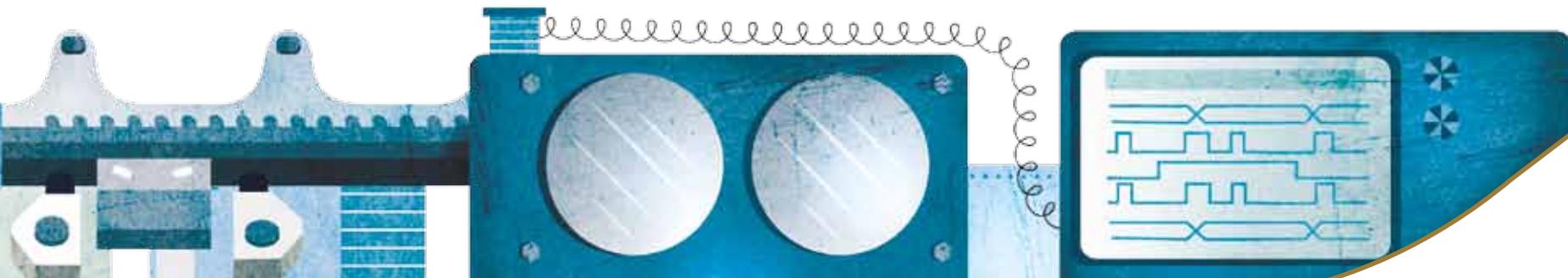
Another area of concern for IMA is the analysis of warranty costs: the Group started tracking these costs over the life cycle of the various machine models, from the first prototypes to machines already industrialized over the years.

The Company 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: we prefer to spot any cases of non-conformity while the machine is still at our premises rather than having to resolve the problem at the end user.

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 trade magazines and portals. Editorial material is produced in collaboration with the Communication and Marketing Departments of the Group's two main brands.

At the time of the **main exhibitions**, where the IMA Group exhibits, **press kits** are prepared with information and photos of the new products on display. Press kits are available to journalists visiting IMA's stand and at the exhibition's press room. IMA also organizes press tours during the Group's main events (open house events, new office inaugurations, etc.) and regularly publishes advertising pages on the main Italian and international trade publications, as well as banners and e-news, especially during major exhibitions.



Community

IMA's social commitment

For a great many years, IMA has contributed to various types of charitable, cultural and social initiatives, thanks to the attention of a Group that is sensitive to the problems of society and to cultural development.

The Company's fiftieth anniversary marked a step forwards in this practice: IMA has gone from quiet intervention, led from the top, to a more participatory and shared dimension. According to the Group's new philosophy, responsibility towards society and the world can become an element of identity for all of its employees: from this point of view, on the occasion of our fiftieth anniversary, every employee of IMA was involved in the presentation of social projects that the Company then supported, especially those expected to last some time.

Of all the projects submitted, **three were selected and funded for three years** (2012-2014) with a total of **330,000 euros** (with a final payment for all three initiatives in 2013 of 107,650 euros).

1) Auxilia: another vision

Comprehensive rehabilitation programme for people with low vision

IMA has continued its commitment in support of the **Associazione Retinite Pigmentosa e malattie rare in oftalmologia**. During 2013, an **"auxiliatheque" (aid centre) was activated in Bologna**, where **aids, including optical and electronic magnifying glasses**, were presented and assigned. On request, members of the Association delivered the **aids to users' homes**. During the year, the Association carried the following projects: **"Anche l'occhio vuole la sua parte: ci vediamo in cucina"** (the eye too wants its part: we'll see you in the kitchen), on the topics of nutrition and health, and **"Non mi vedo vecchio"** (I do not see me old), a series of meetings

on strategies, aids and technologies to improve autonomy, aimed at the elderly and caregivers. It also participated in the following events: **"Ciechi e ipovedenti: cittadini tra gli altri"** (Blind and low vision people: citizens just like others) (Piacenza), **Giornata del caregiver familiare** (Family caregiver day) (Carpi), the festival of associations **Volontassociate** (Bologna and province), the national congress **Low Vision Academy** (Rome), and the Public Investigation by the Municipality of Bologna into **"Il disagio adolescenziale e giovanile"** (The malaise of adolescence and youth).

2) With us from first to third

Project to encourage young people to study

The **Project to Encourage Studying** of the **Associazione Il Ginepro** involved boys and girls in Secondary School; after an experimental phase, the activities have been extended to high school students and children at elementary school. The various activities have given students specific support in their day-to-day study, while also teaching them a method of study to make them able to learn on their own. The Association has also developed **"The Learning Workshop"**, a project of family support and strengthening of individual skills of children with learning difficulties (dyslexia, dyscalculia, dysorthography, etc.). A second project, on the other hand, involves **school counselling** aimed at young people who have to choose a high school. The support provided to parents on **issues concerning their relationship with teenage children** was initially sporadic, but in 2013 became permanent.

3) Prevention has no colour

Project of social inclusion

"Prevention has no colour", a project created by the **Associazione Pace Adesso - Peace Now, LILT Bologna** and **Manos sin Fronteras**, had as its objective the interception of foreign women in Bologna and province, with or without a permit to stay, to encourage **preventive diagnosis of breast and cervical cancer**. Given the problems and needs that emerged during the first two years, the project has been redesigned to address two particular areas. On the one hand, it has continued to invite women to go to the LILT, following the format developed at the beginning of the project, giving priority to emergency situations and, above all, foreign women **without**



a permit to stay. On the other hand, the line of action was always to make **contact with the various entities** involved in various ways in the topics of the project (CISL, CGIL, Screening Bologna, Bologna Transcultural Psychiatric Team, Service of Forensic Medicine), in order to raise the awareness of **legally resident foreign women who do not respond to screening invitations.**

From November 2013, IMA S.p.A. also joined several territorial social projects shared with our employees' trade union representatives. The projects aim primarily at supporting vulnerable people and creating job opportunities, such as:

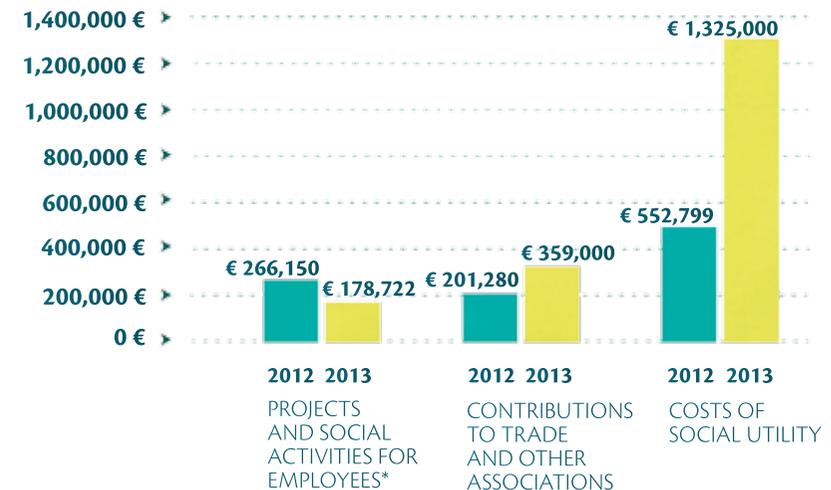
- **Micro-credit fund** established by the Tuscany Region in favour of workers in difficulty because of this particular moment of crisis, which aims to anticipate the payment of benefits for small business employees suspended from work under the state redundancy fund.
- **Ozzano and San Lazzaro Public Assistance:** recruitment of three employees to provide secondary transport (intra-hospital and inter-hospital transfers, dialysis, transport of disabled people) for the local population.
- **Start-up** of an horticultural company with a social cooperative of Budrio (Bologna), which aims to promote the employment of disadvantaged people, in particular with psycho-physical disabilities, through training and work in an agri-food firm.
- Opening of a **host community** in Ferrara for mothers with children who are in situations of serious hardship, helping their social reintegration.
- **Formation of a charitable association** by citizens of the San Lazzaro di Savena area for the purchase of magnetic resonance imaging (RSI) equipment to be used by the local health authority.
- Support to **Associazione NOVA** - Nuovi Orizzonti per Vivere l'Adozione, which is involved in the prevention of abandonment through international adoption, remote support and cooperation.

In the near future, there will also be a project aimed at **rehabilitation** in the labour environment of persons belonging to vulnerable groups, also in terms of their age, through structured training plans shared with local institutions.

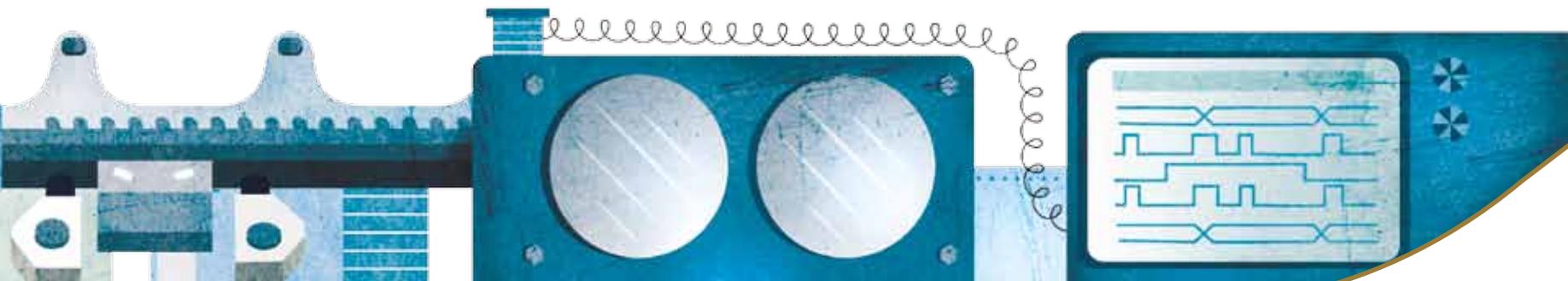
Investment in the community

During 2013, IMA supported numerous social, cultural and sports activities, making grants and donations for a total of **1,684,000 euros** (664,000 euros more than the figure of **1,020,00 euros in 2012, +65%**). This amount includes the resources allocated to the **social responsibility projects** presented by employees on the occasion of IMA's fiftieth anniversary, expenses incurred for the benefit of employees (such as for sports groups or other corporate initiatives), as well as the fees that the Group has paid to join **representative or industry associations.**

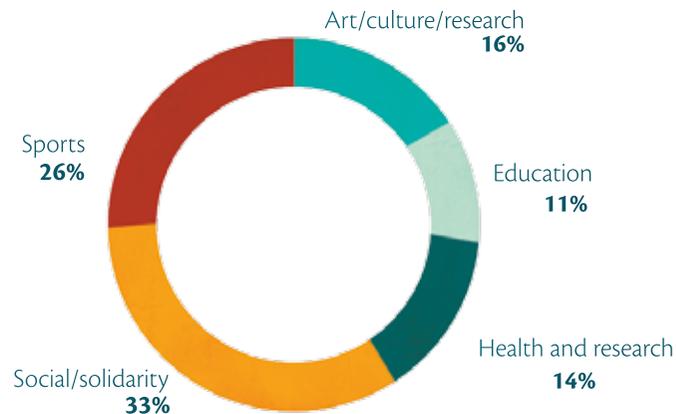
IMA'S SOCIAL COMMITMENT



*In the calculation of Value Added (page 33), projects and social activities for employees are included in remuneration of personnel.



COSTS OF SOCIAL UTILITY (1.3 million € in 2013)



The costs of social utility include contributions to local entities and associations, including support for the Bologna football team: in fact, for the three-year period 2011-June 2014 IMA qualifies as an **"institutional sponsor" of Bologna Football Club 1909**. This participation, which was in response to local request, is shared by IMA with other companies in the area.

In 2013, IMA continued to support initiatives for **the reconstruction of Emilia following the earthquake** in May 2012. Several interventions involved IMA in various ways: the economic support for the Church of S. Maria Maggiore (reconstruction works on the building damaged by the earthquake) and the renewed commitment to the "Ricostruiamo!" ("Rebuild!") project of Unindustria Bologna (for the creation of the "Casa dei Giovani" ("House of Young people") of Crevalcore, a meeting place that will host the activities of young people, taking the place of the Oratory which was destroyed by the earthquake).

FID (Fare Impresa in Dozza / Doing Business in Bologna's Dozza Prison): Solidarity Sourcing

"Fare Impresa in Dozza" is a project that has seen the creation of a genuine business within Dozza Prison in Bologna, following a course of technical training funded by the province of Bologna, managed by the Fondazione Aldini Valeriani and supported by IMA, G.D and Marchesini Group.

Over the past two years, 25 inmates have been trained (11 in the first year, 14 the second). After the training period, 16 inmates were hired by FID with a regular contract to perform carpentry work, assembly and installation of mechanical components.

Of the 7 people released from prison up to now, 4 have found jobs at subcontractors of the partner companies (including one at a subcontractor of IMA).

JUST MONDAY

The FID (Fare Impresa in Dozza) engineering workshop is to become a film produced by Tomato doc&film and directed by Filippo Vendemmiati, the director who won a David by Donatello Award in 2011 for the Best Documentary.

"Just Monday", this is the title, tells of the human and professional meeting of a group of workers, formed by former workers now retired and fifteen inmates, highlighting their stories and hopes. An unusual collaboration that led to a profound relationship, full of solidarity and based on the transmission of knowledge.

The tone is light, often ironic, almost humorous, as though it were a comedy. For workers outside prison, Monday is the worst day of the week, but for those working inside prison, it's the day they look forward to the most. The film's release is scheduled for the Autumn of 2014. The Associazione Articolo 21 and Associazione Antigone have granted their patronage.

A trailer can be seen here:

www.vimeo.com/tomatodocfilm/menomaleelunedì



Culture, education and training

The IMA Group has commenced the following partnerships with Universities, Technical Institutes, IFTS (Higher Technical Education and Training), training entities and research centres:

- n. 46 combined school/work apprenticeships;
- n. 1 post-graduation apprenticeship;
- n. 29 thesis internships;
- n. 17 post-graduate internships;
- n. 34 curricular internships;
- n. 4 apprenticeships for unemployed;
- n. 6 training apprenticeships.

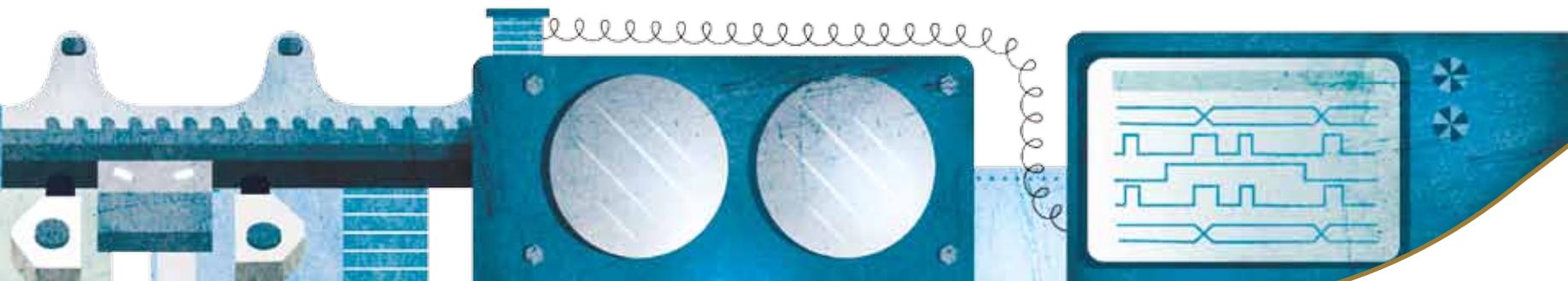
IMA S.p.A. promoted the new Master of Design of Industrial Product of the Department of Architecture of the University of Bologna, contributing to the definition of the Learning Plan and implementation of Laboratories at the University. In addition, it also hosted at its head office 25 students in the first year of the course for 40 hours of technical training.

The IMA Group also took part in the Career Day sponsored by ALMA Laurea and the FARETE convention organized by Unindustria Bologna in order to meet and counsel young graduates.

Fare Impresa a Scuola / Doing Business at School

"**Fare Impresa a Scuola**" is an educational program sponsored by the Fondazione Aldini Valeriani and addressed to the IV and V forms of the local technical institutes. The objective is to strengthen young people's entrepreneurial skills. In 2013, "Doing Business at School" took the form of 4 projects, involving many schools and partner companies.

IMA supported the **Project Vision Controls** project, through which the students of the "E. Majorana" school in San Lazzaro di Savena implemented a prototype of a vision system usable on automatic selection systems, able to monitor, check and store the various stages of the control. Specifically, IMA offered its contribution to the design and provided the electronic components needed to implement the prototype, which was then presented at the VIII Giornata dei Saperi Tecnici (**VIII Day of Technical Knowledge**).



“Discover Claterna. Archaeology of a buried city”

The studies and research carried out during 2013 on the ancient city of Claterna are part of the **three-year project "An ancient Roman residence over time: archaeological excavations for the enhancement of sector 11"**, directed by the Superintendence for the Archaeological Heritage of Emilia-Romagna and coordinated by the **"Civitas Claterna" Association**.

After the two stratigraphic excavation campaigns of 2011 and 2012, the 2013 campaign focused on **experimental archaeology**, specifically on **partial reconstruction (in scale and in situ) of some parts of the Roman and late-antique walls**, to be then proposed in a didactic way.

This activity was carried out under the scientific direction of the Superintendence by professional archaeologists, assisted by volunteers from the "Civitas Claterna" Association. During the last year of work, the relationship with the Universities of Venice (Ca 'Foscari, Department of Classical Studies), Bologna and Ferrara was also strengthened, thanks to which students experienced a technical and practical training course that will contribute towards their professional development. The entire three-year project has been possible thanks to the contribution of CRIF S.p.A. of Bologna and the support of **IMA** and CUTI.CONSAI.

www.civitasclaterna.org

Other cultural activities supported and promoted by IMA

In recent years, IMA has promoted and supported cultural initiatives and activities, often carried out in collaboration with cultural institutions in the area. Not only moments of pleasure and entertainment for the participants, but also important opportunities to strengthen our corporate identity and sense of belonging among employees, to strengthen our bond with the area and to support culture.

Scriba Festival 2013

For the second year running, the IMA Group hosted **two events of Scriba** (Bologna, 8-10 November 2013), a writing festival conceived and organized by Associazione Finzioni in collaboration with Bottega Finzioni, the storytelling laboratory of **Carlo Lucarelli**. In the preview **"Le Poesie Terapeutiche e i Bugiardini (The Therapeutic Poems and Leaflets)"** (7 November 2013) **Ermanno Cavazzoni**, writer and screenwriter of La Voce della Luna by Federico Fellini, presented the therapeutic poems, i.e. famous poems packed in fake boxes of medicines. The blogger **Martina Montague** reviewed the pharmaceutical leaflets with **Piero Di Domenico**, Director of the Festival, and **Michele Cogo**, writer and founder of Bottega Finzioni. At the second event, **"Le ingiurie (The insults)"** (8 November 2013), **Paolo Fabbri**, semiotician, and **Vito Tartamella**, editor of Focus and author of the book Parolacce (Swearwords) (Rizzoli), addressed the question of insults with authority and humour, combining anecdotes and curiosities.

www.scribafestival.it

Mind the Door!

A door that opens with the smile is an invitation to look to the future in a positive way. **Mind the Door!** is a project by the **"Antonello Ghezzi"** collective of artists (Nadia Antonello and Paolo Ghezzi), who with this installation are launching a message of optimism to the whole world. The "Smile Door" was commissioned by the **Prior Pastor Don Pierluigi Toffenetti** and in November 2013 was installed on a permanent basis at the **church of St. Mary Magdalene in Bologna**, thanks to the support of a group of individuals and companies, including **IMA**. To carry out the "Mind the Door!" project, the artists collaborated with companies specialising in automation (including Ponzi) and with researchers from the Department of IT Electronics and Systems of the Faculty of Engineering at Bologna University (D.E.I.S.). Also in November 2013, Mind The Door! was temporarily installed at the **Pinacoteca Nazionale di Bologna** and on the **IMA stand** at the **Interpack** exhibition (Düsseldorf, 8-14 May 2014) as an example of **Friendly Automation**.



Christmas Evening at the EuropAuditorium Theatre

At Christmas 2013, the Chairman of IMA considered it appropriate that the evenings of pre-Christmas wishes should become a single moment of sharing the corporate identity and spirit. So **an evening** was organized for the Italian employees of the Group at the **EuropAuditorium Theatre** in Bologna, which took place on 18 December 2013. The evening, entitled "**Understanding is a gift that unites**", was dedicated to the theme of understanding, with the participation of special guests: **Alessandro Bergonzoni**, a "word trapeze artist", and **John Peter Sloan**, the most famous English teacher in Italy, accompanied by the friendly presence of **Herbert Pacton** and **Carol Visconti**, teachers at the John Peter Sloan School and Zelig in English comedians.

Arte & Scienza in Piazza 2014 / Art & Science in the Square 2014

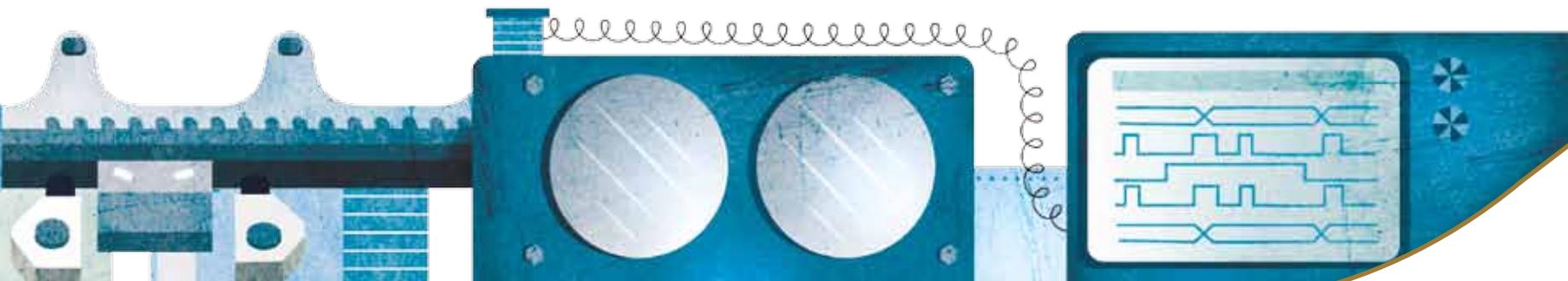
For several years now, IMA has been one of the sponsors of "**Arte & Scienza in Piazza**", an event whose purpose is to spread the culture of science, organized by the Fondazione Marino Golinelli in collaboration with the Municipality of Bologna. The 2014 edition of the Festival (28 March - 13 April) was a real "food immersion": the public was offered exhibitions, shows, meetings, screenings, games in the square and creative workshops on the theme of food. Heart of the event was the "Greedy, art and science of taste" exhibition.

www.lascienzainpiazza.it

SAVE FOOD, Solutions for a world aware of its resources

In March 2013, IMA joined **SAVE FOOD**, sharing the intentions expressed in the founding declaration. In close collaboration with FAO, UNEP and Messe Düsseldorf, SAVE FOOD aims to make people and businesses more aware about the problem of food waste. In November 2013, IMA took part in the FPPE exhibition (Food Processing & Packaging Exposyuum) in Nairobi, an exhibition dedicated to Food and Drinks Manufacturing, organized for the first time by Messe Düsseldorf. On that occasion, a number of solutions particularly suited to the African market were presented for the packaging of stock cubes. The stock cube represents an important nutrient for those who have limited resources for food. As a member of the project, IMA also participated in the initiatives promoted at the 2014 edition of Interpack, Düsseldorf.

www.save-food.org



Membership of associations and institutions

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 in general. In 2013, the main associations and institutions to which it belongs are indicated in the table below.

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 Decree no. 231/01.

INSTITUTION	IMA'S ROLE
UNINDUSTRIA BOLOGNA	IMA's Chairman Alberto Vacchi is also Chairman of Unindustria, which is Confindustria's association in Bologna
FEDERMECCANICA	member
UCIMA - Italian Packaging Machinery Manufacturers Association	management committee
ASSOCIATION OF FRIENDS OF THE INDUSTRIAL HERITAGE MUSEUM	deputy chairmanship
E.R.-AMIAT - Emilia-Romagna Advanced Mechanics and Industrial Automation Technology	secretary general
IMPRONTA ETICA	management committee
PROMETEIA	member
SAVE FOOD	member

Impronta Etica

To reaffirm and strengthen its commitment to corporate social responsibility, on 1 March 2012 IMA joined **Impronta Etica** and became a member of the association's Executive Committee in 2013.

Impronta Etica is a non-profit organization for the promotion and development of corporate social responsibility. It was set up in 2001 at the behest of a number of companies in Emilia-Romagna that were already involved on this front, bearing witness to the cooperative world's attention to CSR and sustainable development. The purpose of the association is to promote sustainable development, creating a network of businesses and organizations that consider social engagement as an essential part of their mission, becoming active in social responsibility practices.

"A socially responsible company is an enterprise that takes into consideration the interests of all its stakeholders and the impact that its activities can have at an economic, social and environmental level when deciding on its strategy, policies and approach to day-to-day management."



E.R.-AMIAT

The largest companies in advanced mechanics in the Emilia-Romagna region have joined forces and in 2011 set up **E.R.-AMIAT (Emilia-Romagna Advanced Mechanics and Industrial Automation Technology)**, an international non-profit association that aims to generate innovation and create the conditions to obtain more low-interest loans.

E.R.-AMIAT organized two important events in 2013: "**Innovation and competitiveness of industrial clusters**" at the European Parliament, during which the decision-making process of policies to stimulate innovation and competitiveness of industrial districts was discussed; a meeting on **Public-Private Partnerships (PPPs) of Horizon 2020**, which was attended by more than 800 people.

Associazione Amici del Museo del Patrimonio Industriale (Association of Friends of the Industrial Heritage Museum)

The **Associazione Amici del Museo del Patrimonio Industriale** was founded in 1997 as a non-profit organization, to reinforce the corporate culture and the deep bond between the **world of production** and the **world of training** through the promotion of the cultural project of the Industrial Heritage Museum of Bologna. In 2005 it became an association recognized by the Emilia-Romagna Region and to date brings together about 80 of the most significant entities in the territory, mainly related to the packaging and engineering sectors.

It is a highly dynamic association in constant evolution and a **club of excellence** that through collaboration between small and large businesses promotes **development and innovation** in various fields: from manufacturing to services, all the way to education, operating as a service for the local industrial fabric. In collaboration with the Museum, the Istituto Tecnico Aldini Valeriani and the Fondazione Aldini Valeriani, the Association promotes projects for the enhancement of technical culture and

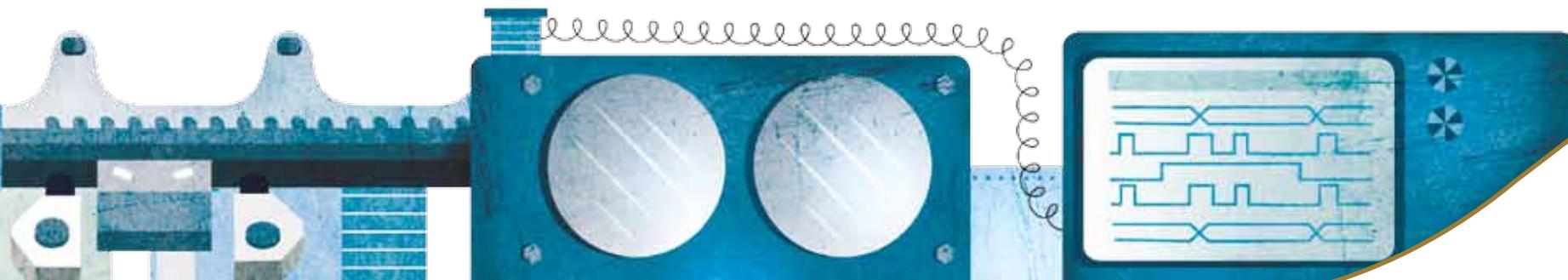
development activities related to areas such as applied research and the protection of intellectual property, with the ultimate goal of increasing the competitiveness of companies in the global market.

The main objectives of the Association are:

- Supporting the cultural offerings of the Museum, educational planning and expansion of the collections.
- Cultivating excellence in doing business and technical skills related to the production activities in our area.
- Enhancing the value of Bologna's historical industrial culture and its economic and productive development.
- Organizing projects in support of innovation and research.
- Promoting educational projects to disseminate technical culture and the revitalization of technical and scientific knowledge.

During 2013, the Association, together with Impronta Etica, organized the event "**Innovation and knowledge for sustainable and competitive development: the contribution of responsible businesses**". The contribution that businesses can make to increase the territorial capital, particularly if managed in accordance with the logic of sustainability, was analyzed during the meeting. The discussion focused on the role of businesses in the growth of intellectual capital and innovation capacity of the territory in which they operate.

The events sponsored by the Association included "**Enhancement of Industrial Heritage**", design competition for students of L.U.N.A. - Libera Università delle Arti (Free University of the Arts), "**Bruto Carpigiani, the origins of Bologna packaging**", which traced the history of one of the fathers of the Bologna packaging industry, and "**European patent with unitary effect and unified court**", which analyzed the potential of the Unitary Patent, a tool that protects the rights of industrial property.



ENVIRONMENTAL RESPONSIBILITY

Management of emissions, energy, water and waste:
IMA joins the Carbon Disclosure Project
and adopts corporate policies
to optimize energy resources.





80%
of waste are recycled



Investments in centralized control and monitoring systems to verify the efficiency of plants and **reduce consumption**



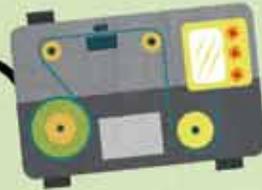
Water consumption:
+1.1%
compared with 2012
versus **+12.1%**
in the production area



IMA introduced an **EHS Area** (Environmental - Health & Safety) to manage **environmental activities**



Design of **machines** with **lower power consumption**



IMA joins the **Carbon Disclosure Project**



The process has been initiated for **ISO 14001 certification** of the Environmental Management System

** All of the figures in this chapter relate only to the production units in Italy*

Environmental management and risk management systems

The quality of our social system in the future will also depend on the extent to which we **respect and protect the environment**. Adopting sustainable and responsible behaviour will have to be the cornerstone on which to base any commercial, industrial or social initiative. IMA is fully aware of this and is committed to minimizing any impact resulting from its production cycle: the Group is well equipped with a specific area specializing in **EHS** (Environmental - Health & Safety) issues, the purpose of which, among others, is to manage all environmental activities in constant compliance with the regulations and to ensure the optimization of energy consumption.

IMA's impacts from an environmental point of view can be classed in four main areas:

- **Atmospheric emissions**
- **Waste**
- **Effluents**
- **Energy consumption**

To a lesser extent, as potentially arising from work performed within an industrial plant, IMA also takes into consideration acoustic and electromagnetic pollution of the surrounding environment. Despite having always rated these possible impacts as negligible, in 2013, checks using instrumental analysis and specific measurements were carried out at the Group's main plants: the results confirmed that these impacts are essentially non-existent (thereby complying fully with current legislation). Nevertheless, IMA has still prepared programmes and initiatives aimed at continuous reduction of environmental impacts and improving efficiency in the use of resources.

This line of action also includes the path initiated by the Group in 2013 for the certification of its Environmental Management System according to ISO 14001, the most accredited standard in the world.

Over the last year, an initial audit was carried out by an independent engineering company at the Group's main plant: the purpose of this audit, which took into consideration all of the regulatory requirements concerning the environment and how to manage the different impacts of the Group's activities, was to allow the Company to carry out a gap analysis, i.e. identify any issues or areas in which improvements could be made with a view to a better management. The outcome of the audit did not reveal any critical issues, so it allowed the Company to plan the start of the certification process, with completion expected next year for the Group's main offices.

METHODOLOGICAL NOTE

Compared with last year, when the perimeter of the data presented was limited to the main Group companies in Italy (IMA S.p.A., IMA Industries S.r.l., GIMA S.p.A., Corazza S.p.A.), this year we broadened the scope of the environmental analysis to **all IMA Group companies in Italy**, i.e. the companies **wholly-owned by IMA S.p.A.** (in addition to the companies mentioned above, GIMA TT S.r.l., Revisioni Industriali S.r.l., IMA Life Italia S.r.l., Comadis S.p.A. and Pharmasiena S.r.l.).



Carbon footprint and emissions management

All atmospheric emissions arising from corporate activities are authorized under existing legislation by the Province in which the plant concerned is located. For each plant, IMA has authorization from the authority and adheres strictly to the requirements: **self-control chemical analyses are performed annually** to verify compliance with the emission limits. The results of this self-monitoring are recorded in special stamped registers which are at the disposal of the competent control authorities (ARPA, Province).

All abatement/filtration systems are the subject of **periodic maintenance and cleaning** so that they are always in a state of efficiency.

Overall, **IMA's plant emissions produce a relatively low level of pollution** and the pollutants generally consist of particulate and oil mist (which are filtered and abated). The set limits have not been exceeded.

To develop its commitment with regard to direct and indirect emissions and reduce them gradually over time, in 2012 and 2013, IMA joined the **Supply Chain Program** of the **Carbon Disclosure Project** (see focus): this project, which is aimed at companies, consists of implementing strategies to involve the participants' partners in **reducing emissions throughout the supply chain** and managing environmental risks associated with climate change. Every year companies participating in the programme are required to report their emissions (calculated in terms of **emissions of carbon dioxide** or CO₂e) equivalent in order to monitor them and, if possible, establish a plan to reduce them over time.

IMA has begun calculating in terms of CO₂ equivalent:

- The **direct emissions (scope 1)** from operating the plant and equipment owned by the Company, such as thermal plants (natural gas consumption), plants using diesel fuel, company cars, air-conditioning systems.

- The **indirect emissions (scope 2) from energy consumption to service the plants.**
- The **indirect emissions (scope 3) not resulting from energy consumption**, i.e. the emissions attributable to the production of waste, emissions caused by employee mobility (i.e. transport to work and back) and emissions from air travel by employees.

Since 2014, IMA decided to publish its data in the "CDP" section of the website dedicated to investors, making them freely available to a wider audience.

The next step in the measurement of emissions is to draft an **Improvement Plan** with the objective of limiting and reducing emissions.

Different interventions are currently being studied with a view to a plan that develops over a five-year time scale.

CDP (Carbon Disclosure Project)

Carbon Disclosure Project is an international non-profit organization that provides businesses and the community with a comprehensive system of measurement, disclosure, monitoring and on-line publication of information on issues of environmental sustainability. CDP operates so that companies and institutions around the world implement virtuous behaviours to counteract the negative effects of climate change and to protect the natural resources of the planet. From CDP's point of view, wealth ought to be used in order to create long-term well-being rather than invested with the sole aim of producing short-term gains at the expense of the environment.

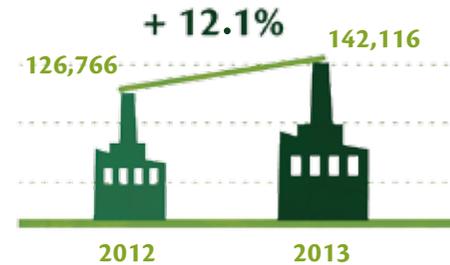


The organization targets investors, corporations, municipalities, governments and political institutions, offering them to adhere to one or more data collection projects, publication of the results and monitoring, with the aim of reducing the impact of their activities on the environment.

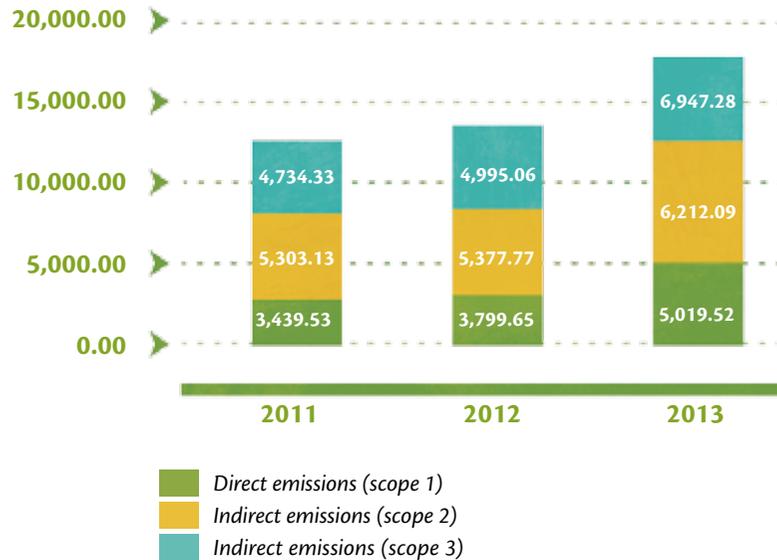
www.cdp.net

Energy management

AREA (sqm):
19 plants at 31/12/2013



TREND IN IMA'S CARBON FOOTPRINT: Direct and indirect emissions (scope 1 + scope 2 + scope 3)



Energy management is a key area to **reduce direct and indirect emissions and achieve cost savings at the same time**: which is why IMA makes particular efforts to optimize consumption. To this end, several **energy audits** have been carried out in recent years by specialist consultancies, with the aim of identifying the processes that have the greatest impact on energy consumption and on which to implement targeted interventions (the type of consumption that has the greatest impact for IMA is electricity).

There are various ways of reducing energy consumption, ranging from the adoption of appropriate behaviour on the part of personnel (for example, employees are invited to turn off their computer screens at the end of the working day or during the lunch break) to investment in low energy lighting. The energy consumed by heating and cooling devices is also monitored constantly through a central control panel (to reduce waste at night or during the weekend).



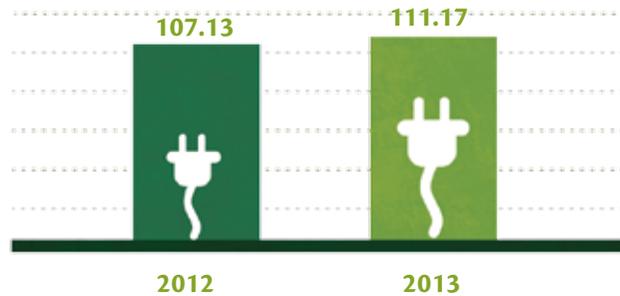
Energy consumption recorded by IMA in 2013 is shown below, compared with the previous year.

Trend in consumption	2012	2013
Electricity kwh/year	13,580,216	15,799,229
Natural gas mc/year	1,592,955	2,003,396

It is clear that there has been an increase in the consumption of electricity and natural gas over the last year. But the fact is easily explained by the significant expansion of the Group's industrial plants, which posted strong growth in 2013 in terms of revenues, personnel (+13% of hours worked in Italy) and productive surface area: in particular, at 31 December 2013, the surface area of the Group's Italian companies amounted to over 142,000 square metres (+12.1% compared with 2012).

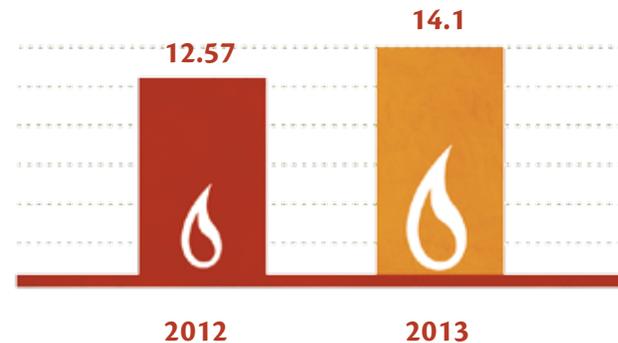
If then we take the change in consumption in proportion to the change in surface area held by IMA in Italy, the results are lower than the absolute variances calculated previously.

ELECTRICITY:
average consumption per square metre of surface area (kwh/sqm)



In 2013, reflecting the Company's commitment to efficient management of energy resources, IMA made an investment of around 20,000 euros for the implementation of **centralized control and monitoring systems**, whose purpose is to allow more effective management of all technological systems in use, with a view to greater efficiency and a reduction in the related consumption.

NATURAL GAS:
average consumption per square metre of surface area (mc/sqm)



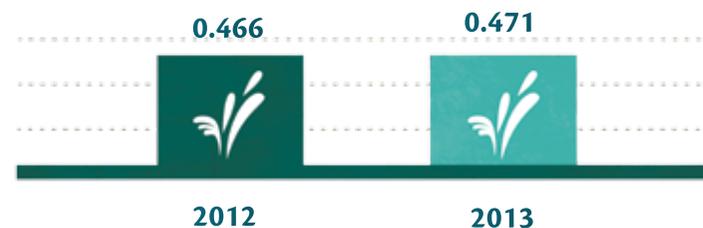
Water management

Water is sourced from the municipal water supply as regards the water used for sanitary purposes and production processes (washing automatic machines, testing the machines with demineralized water, washing them after the testing with trial products). On the other hand, water drawn from underground wells is used for watering the greenery at the plants.

The waste water discharged by IMA's plants consists exclusively of domestic-type waste from toilets, canteens and courtyards. This waste is collected by the public sewer system in accordance with local regulations. Any liquid effluent originating from the Company's production activities is collected and stored as waste and then disposed of according to the law, preferably in purification facilities.

Compared with 2012, water consumption increased in absolute terms by 13%: this figure is due to both the increase in the surface area of IMA's plants and the increase in the number of employees (up from 1,980 to 2,081). In addition, it should be noted that during the year some leaks were found in the water supply (which were repaired within a few days), the loss being estimated at around 7,000 cubic metres in total.

WATER:
average consumption per square metre of surface area (m3/sqm)



Total water consumption/ surface area	2012	2013	Δ'13/'12
Water m3/year	59,124	67,004	+13%
Water m3/sqm	0.466	0.471	+1.1%



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 processes on metal surfaces with chip removal (such as the workshops) generate waste consisting of residues such as metal and non-metal filings, ferrous and non-ferrous scrap, and pieces of metal and other materials.

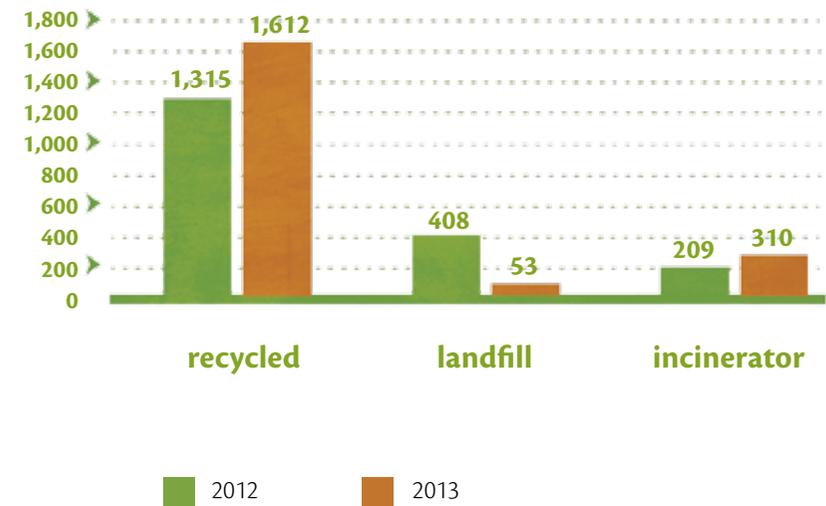
To a lesser extent, we also have to consider the **waste resulting from the testing** of the automatic machines produced by IMA; tests that are performed with the materials to be packaged, sent directly by the end users (mainly of packaged pharmaceuticals and packaged food and cosmetics).

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 mineral oils generated by maintenance activities on workshop machine tools and on automatic machines being assembled and tested. Besides these, other liquid waste products are waste water solutions from the washing of automatic machines after they have been tested with trial products.

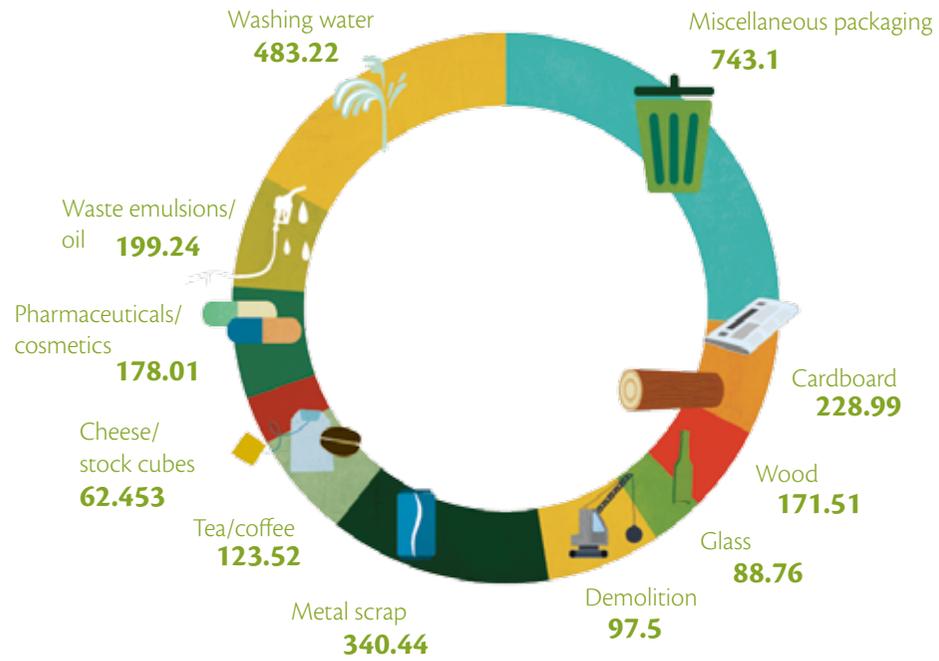
All types of waste produced by the Company are collected separately and disposed of in compliance with the law (preferably taking them to specialist disposal facilities that treat them with a view to recycling). This takes place at each plant, where the workers involved in the collection and storage of waste have to comply with specific procedures. Office areas also have to separate their refuse (toner, paper, cardboard, etc.), as do the refreshment areas and canteens: all employees have been trained and informed about the criteria for waste separation.

Over 80% of the waste products produced by IMA are recycled (miscellaneous packaging, paper/cardboard, wood, glass, demolition, mineral oil, metal and non-metal scrap), whereas only a minor portion (3%) goes into landfills (only filter bags for tea and other blends used for testing the tea-bag packaging machines). In 2013, 16% of waste was sent to an incinerator: this includes residues from testing packaging machines (for packaged drugs and cosmetics), which were sent to a storage centre that carries out a preliminary treatment on them, then sends the processed materials to an incinerator.

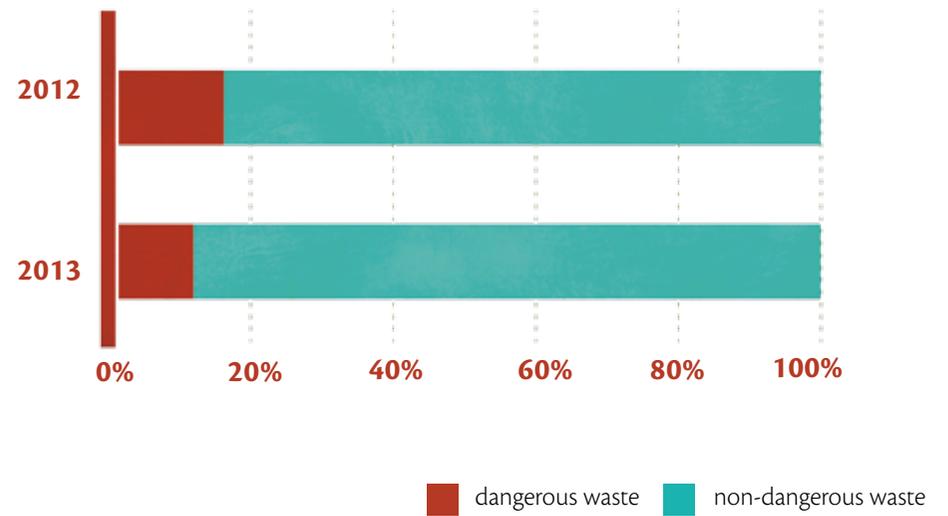
WASTE DISPOSAL (tonnes)



TYPE OF WASTE IN 2013 (tonnes)



TYPE OF WASTE



IMA S.p.A.

Via Emilia, 428/442
40064 Ozzano dell'Emilia (Bologna) - Italy
phone +39 051 6514111

Via I° Maggio, 14-16
40064 Ozzano dell'Emilia (Bologna) - Italy
phone +39 051 6514111

Via Tosarelli, 184
40055 Castenaso (Bologna) - Italy
phone +39 051 783111

For further information:
corporate.communication@ima.it
www.ima.it



www.ima.it

