



Sustainability Report

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

IMA 
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Letter from the Chairman

Entry into force of Legislative Decree 254 dated 30 December 2016 marked a new beginning for companies, which must now disclose their commitment to the environment and society in general.

Beyond discussing the voluntary commitment made to the environment and society, however worthy, the presentation of a Non-Financial Report also requires the completion of a validation process within the established regulatory framework.

Environmental matters and assessment of the role played by IMA S.p.A. in society have been central to the strategic agenda of the Group for many years.

We are profoundly aware that, as a major company and the focal point of a complex supply chain, we must make every effort to comply with all the regulations in place to protect the environment and individuals.

The new-found values and rights are agreed upon and shared by the market and by consumers in general as well.

Accordingly, investment in sustainable production processes is, in addition to being both an obligation and a virtuous behaviour, a competitive opportunity that modern companies cannot ignore. It is no longer sufficient to invent, design and produce reliable products and services of the highest quality. It is also necessary to describe transparently the production processes, the supply chains and its many actors, the impact of all this activity on the environment and, above all, the overall conditions in which the persons involved have worked.

The centrality of individuals - all those workers whose various roles are truly indispensable - and respect for the environment and sustainability, in a manner that fully encompasses the economic, social and governance (ESG) dimensions, are key pillars supporting the IMA way of doing business.

I trust that this 2020 NFR, while complying with the regulations, also highlights the extent of our commitment to topics that we believe essential for the quality of life in the territories where we operate and, more generally, for life on our planet.

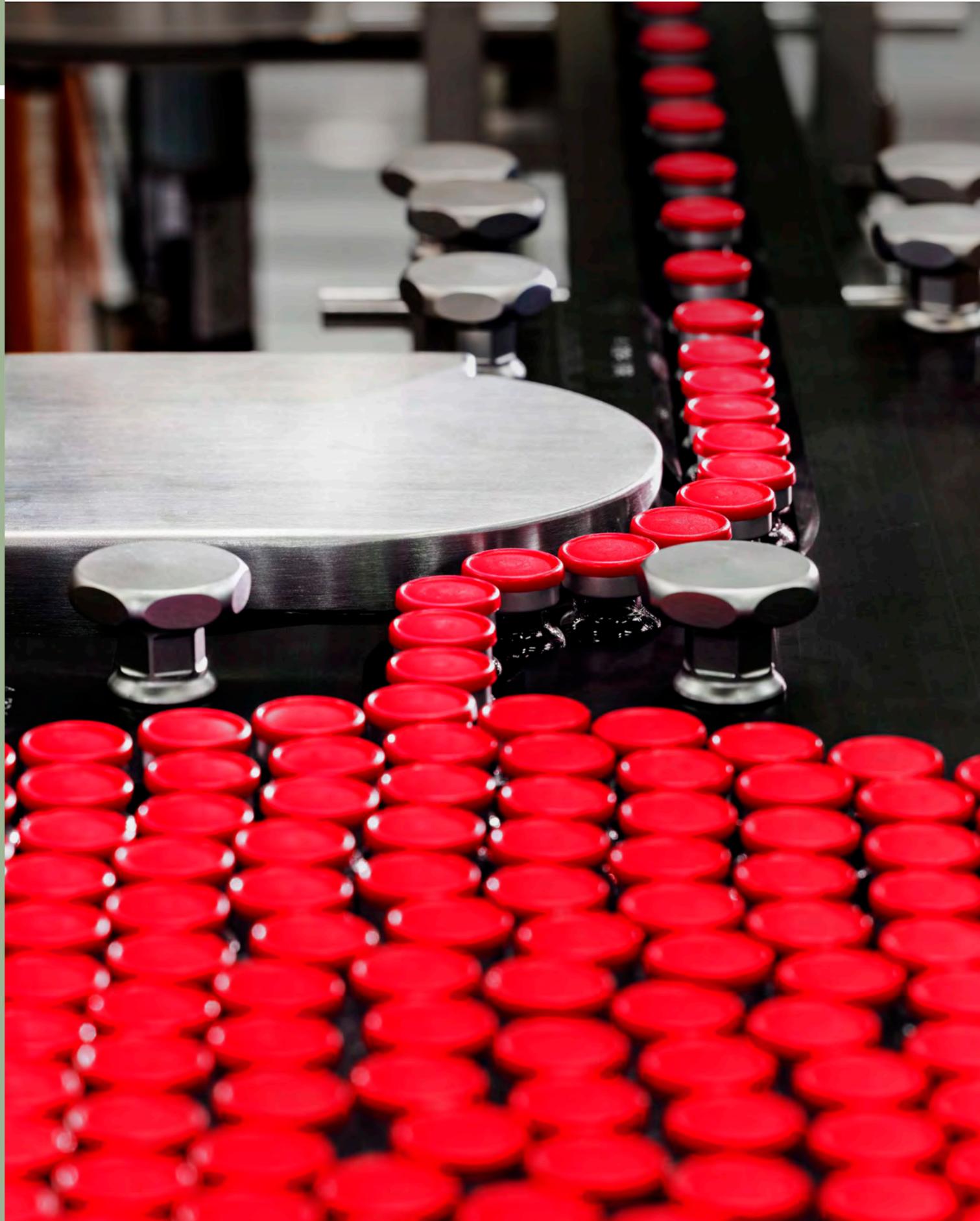
IMA works with customers and employees alike, especially in support of the pharmaceutical and food-processing industries, to make sustainable the activities essential for our quality of life. We strive to reduce energy consumption, transition rapidly towards the use of packaging materials that are recyclable and biodegradable, make the working environment ever safer and more comfortable, and ensure the absence of gender discrimination.

All this without neglecting support for those social, cultural and training initiatives that draw major companies closer to their territorial roots and local administrations.

In conclusion, I want to stress that this report represents, in my opinion, the best way to demonstrate the quality and commitment of our Group. Together with the financial statements, it helps institutions to perform their control functions and civil society to understand better the central role played by our business for all society, and not just the specific employees, collaborators and shareholders involved.



The Chairman
Alberto Vacchi



| IMA |

About us

IMA IN BRIEF

Consolidated sales in 2020: **1,490** million euros

Share capital (fully paid-in): **22,470,504.68** euros

Employees: around **6,200**, of whom around **61% in Italy** and **39% in the rest of the world**

46 manufacturing plants in **Italy, Germany, Switzerland, UK, USA,**

India, Malaysia, China and Argentina

Extensive sales network covering **about 80 countries**

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

A leadership gained through significant investments in research and development, constant and constructive dialogue with end-users in the various sectors, and IMA's ability to internationalise and conquer new markets. IMA ended 2020 with a consolidated revenue of 1,490 million euros, of which 84% from exports.

IMA, chaired by Alberto Vacchi, has about 6,200 employees, around 61% in Italy and 39% abroad, and is present in about 80 countries, supported by a network of 29 branches offering sale and post-sale services in Italy, France, Switzerland, UK, Germany, Austria, Spain, Poland, Israel, Russia, USA, India, China, Malaysia, Thailand and Brazil, representative offices in Central and Eastern Europe and more than 50 agencies. IMA has 46 manufacturing plants in Italy, Germany, Switzerland, UK, USA, India, Malaysia, China and Argentina. The production capacity of IMA is strengthened by the availability of a territorial network of small, highly specialised suppliers, typical of the Emilia region with which IMA is associated.

IMA S.p.A. was listed on the Milan stock exchange from 1995 to January 2021 (see the chapter entitled "IMA Governance" for more information). IMA has more than 1,700 patents pending and patent applications worldwide and has launched numerous new machine models in recent years.

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

IMA: an integrated ecosystem

Here are the main business lines of IMA:

PHARMA

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

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

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

IMA Safe which includes the production of IMA Safe Swiftpack, IMA North America (IMA Safe Nova), IMA Safe Co.ma.di.s., IMA Safe PG and Perfect Pack, designs and manufactures complete lines for primary and secondary packaging for the pharmaceutical, nutraceutical and cosmetic industries. In particular, IMA Safe supplies a complete range of blister packaging machines, counters for capsules and tablets, tube fillers, deep thermoforming machines, horizontal and vertical cartoning machines, as well as complete end-of-line solutions designed thanks to **IMA BFB**: from over wrapping, to case packing to palletizing. IMA Safe also offers, thanks to the acquisition of **Perfect Pack**, complete lines for packaging in thermo-sealed sachets and stick packs.

FOOD & DAIRY

The IMA Group develops, manufactures and markets automatic processing and packaging machines for the dairy, food and beverage sectors.

IMA Benhil is a world leader in the butter and margarine industries, for the production of dosing and wrapping machines. It also supplies FS machines for filling and sealing cups and tubs.

IMA Corazza, with more than 4,500 machines installed worldwide, is the world leader in the production of machines for dosing, wrapping and packaging of fresh, melted and creamy cheese and for paste stock cubes. For pressed stock cubes, Corazza produces tablet presses for different production speeds, wrapping machines, cartoners and tray packers. Thanks to years of experience, **IMA Active** has recently developed a line of tableting machines for pressed stock cubes, characterized by high performances in terms of output, compression force and flexibility, to work on the production line of Corazza's wrapping machines.

IMA Fillshape, instead manufactures and designs filling systems for flexible stand-up pouches both with and without a spout and provides innovative (FFS) thermoforming, filling and sealing platforms for the dairy, food and beverage sectors. It also produces a very innovative machine to form and fill yoghurt cups.

Ilapak, Delta Systems, Record, Eurosicma and **Tecmar** offer the widest range of solutions for the packaging of food products in flowpacks, Doypacks, sticks, etc. made with flexible film the applications of which are widely spread in the main food product sectors: from bakery to produce, to protein, IQF, etc. The range includes: vertical packaging (VFFS) and horizontal packaging (HFFS), modified atmosphere (M.A.P.), product handling and feeding and even fully automated lines. IMA, via in particular the Ilapak laboratories in Lugano and Ozzano, is working on the use of recyclable and biodegradable materials for flow packaging that will replace the user of traditional plastics.

IMA Gima, IMA BFB and **Ciemme** complete the range with the design and manufacture of secondary and end-of-line packaging.

TEA, COFFEE AND BEVERAGES

IMA holds 70% of the world market for automatic tea packaging machines. It works with the **IMA Tea & Herbs** and **IMA RI** divisions, together with **IMA Mai SA** (Argentina), offering a complete range of solutions for the packaging of tea and herbal tea filter bags.

IMA has a cluster specifically dedicated to the design and production of automatic systems and machines for processing and packaging coffee. Thanks to its experience and strong know-how, **IMA Coffee** can effectively support the coffee industry A to Z thanks to the synergies created between **IMA, Spreafico, Tecmar** and **Petroncini**, which all form part of the Coffee Division.

CONFECTIONERY

IMA Gima, IMA Active, IMA Safe, IMA BFB, Ilapak, Delta Systems, Eurosicma, Record, Tecmar and **Ciemme** are the reference for the design and production of complete customised processing and packaging lines in the Confectionery sector (chewing-gum, candies, dried fruit, bars and other confectionery products). For the process, IMA produces machines for powder handling, granulation, compression, coating and pelleting. For the Confectionery market, IMA also produces primary, secondary and end-of-line packaging machines: horizontal flow wrapping machines, vertical baggers, cartoning/filling machines, blister packers, flowpack packers, overwrapping machines, wrap around tray packers, side and top loading display packers for counter or shelf displays, and finally, case packers and palletizers.

PERSONAL AND HOME CARE

On the Personal and Home Care market, IMA works with **IMA Active, IMA Life, IMA Safe, IMA Fillshape, IMA BFB, Ilapak, Eurosicma** e **Ciemme**. The wide range of complete processing and packaging solutions includes compressing machines for detergents, effervescent cleaning tablets and salt, filling machines for creams and lotions in flexible tube, jar and bottle, sachet and stick pack filling and sealing, horizontal packaging in flowpacks and Doypacks, cartoning machines suitable for feeding extremely delicate products and irregularly shaped goods, counters, wrappers, tray-wrapping and end-of-line machines for packing and final shipment.

AUTOMATION

IMA Automation is the business unit of the Group made up of five leading companies in the assembly market. With 50 years of experience, it manufactures advanced technological solutions for the assembly and automation of products used in various fields of application. IMA Automation reference markets include

medical devices (inhalers, insulin pens, diagnostic devices), contact lenses, caps and closures, watchmaking, micro-electronic products, print cartridges, components for the automotive market (clutches) and for the e-mobility market (rotors). IMA Automation is based in Zola Predosa, Italy, which serves as the development centre for the production of complex and high-customised lines, as well as for the launch of new market segments and technological areas. IMA Automation Telerobot, located in Alessandria, Italy, is specialised in indexing and high-speed continuous motion platforms. Abroad, IMA Automation Switzerland is the high-tech hub for high precision systems and micro-assembly processes, IMA Automation North America is the point of reference to the American market, and IMA Automation Malaysia is the strategic partner for Asia. This integrated network of companies ensures global coverage, regardless of where the line is produced or requested.

TISSUE & NONWOVEN

TMC produces and supplies automatic machines for the packaging and handling of Tissue & Nonwoven products and the related after-sales assistance. With over 2,400 machines in operation and more than 20 years of experience, the company has consolidated over time an international leadership in certain market niches, such as primary and secondary packaging of kitchen and toilet paper rolls and primary and secondary packaging of Personal Care products. From the converting outfeed up to the palletizing, it provides full packaging lines of baby & adult diapers, bed underpads and light incontinence products.

Teknoweb is a world leader in the supply of complete installations for the production of wet and dry wipes, covering the entire transformation cycle from the processing of raw materials onwards. During 2020, the company specialised in the design and rapid production of machines making type 1 (FFP1) and type 2 (FFP2) face masks.

Ilapak is a world leader in the design and production of HFFS packaging lines for the wet and dry wipes industry, offering dedicated solutions that satisfy every market need, including the application of adhesive labels and plastic caps.

Ciemme offers high speed end of line solutions for the Tissue and Nonwoven market: side loading, top loading and cartoning machines for paper handkerchiefs, diapers and colour-catching sheets, as well as cartoning machines to accommodate packs of products in flow-packs.

Perfect Pack has more than 30 years of experience in the production of automatic machines and complete lines for the packaging of pharmaceuticals, nutraceuticals and cosmetics in sachets and stick packs. Thanks to the technological know-how developed, Perfect Pack solutions guarantee maximum efficiency and flexibility for the single-use wet and dry wipes industry.

T&T

IMA T&T is leader in the design and assembly of electronic automatic packaging machines for tobacco products and, in particular, new-generation reduced-risk products (Next Generation Project and Reduced-Risk Products). IMA T&T has recently developed a new line for paper straws. This line is mainly aimed at the beverage market, but thanks to its flexibility and IMA T&T's skills in various different fields, all sorts of outlets and applications are possible.

OTHER COMPANIES

ATOP is a leading company in the sector of machines and automatic lines for the production of stators and rotors for electric motors for the automotive industry, industrial, household appliances, power tools and in particular for E-traction as part of the e-mobility sector.

Group structure

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

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

- Manufacturing and service companies;
- Marketing companies;
- Holding companies;
- Other companies.

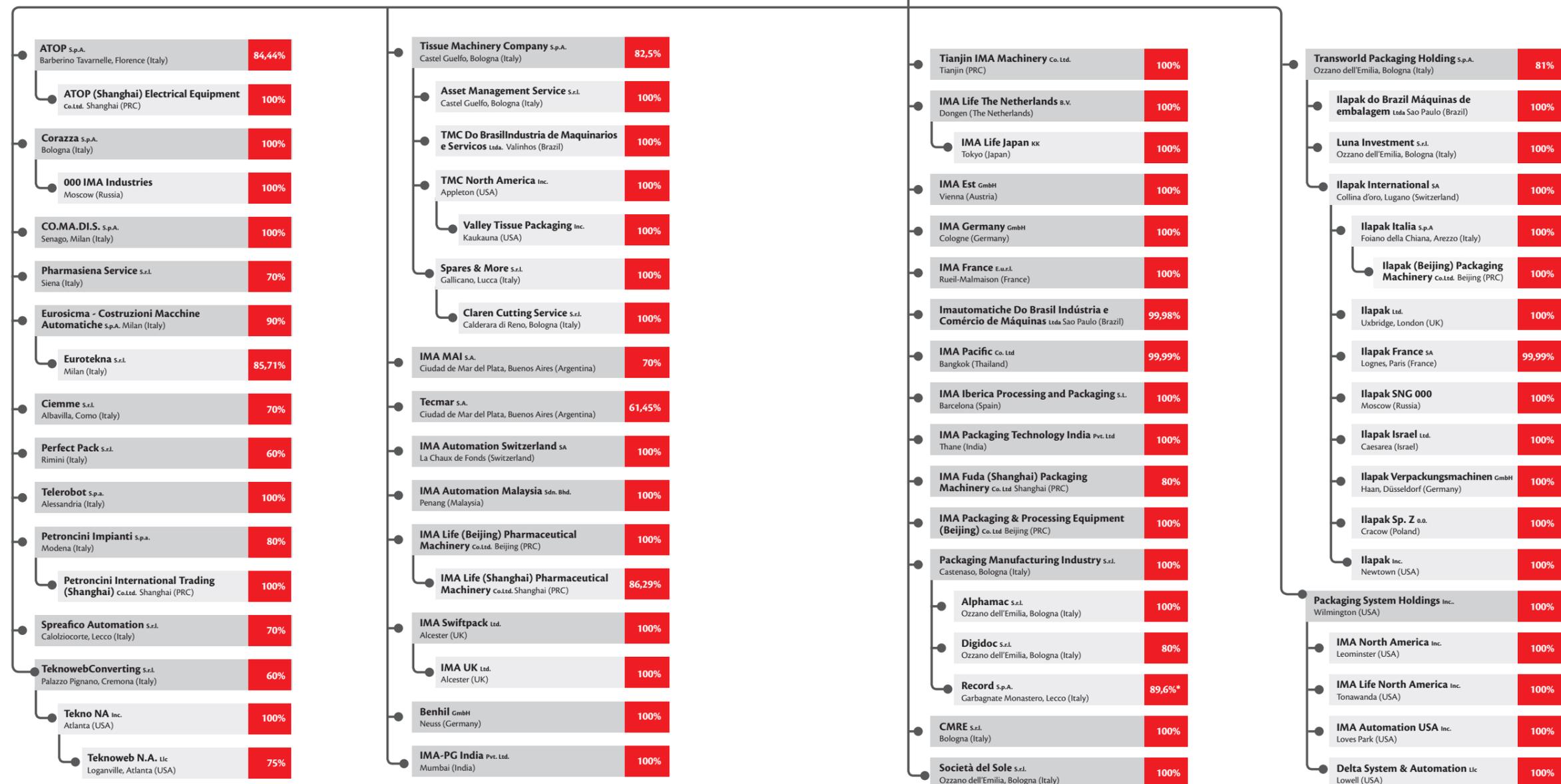


Industria Macchine Automatiche S.p.A.

Registered offices:

Via Emilia, 428/442

40060 Ozzano dell'Emilia, Bologna (Italia)



(* the percentage also includes the shares held through Transworld Packaging Holding S.p.A. (18.58%) and Luna Investment S.r.l (29.74%).

Our values and philosophy

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

IMA's vision and mission

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

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

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

In particular, IMA's values are:

- **legality;**
- **equality;**
- **sociability;**
- **integrity;**
- **loyalty;**
- **solidarity;**
- **dignity;**
- **sustainability;**
- **reciprocity.**

Code of ethics

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

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

Economic performance: value creation for stakeholders

IMA has closed 2020 with consolidated revenue of 1,490.5 million euros, a decrease of 6.6% compared with 1,595.5 million at 31 December 2019. Gross operating profit (EBITDA) before non-recurring charges shows a significant decrease to 250.3 million euros (-10.9% compared with 281 million at 31 December 2019), and gross operating profit (EBITDA) to 244.9 million euros (-10.4% compared with 273.4 million at 31 December 2019). However, the consolidated backlog increased compared with 31 December 2019 by 5.0% to 954.3 million euros. IMA's net debt at 31 December 2020 amounts to 607.7 million euros (637.1 million euros at 31 December 2019), net of the expenditure for acquisition of shareholdings for 281.9 million euros. The data at 31 December 2020 is in line with that for 2019, with a slight inflection due to the impact of the COVID-19 pandemic on business transactions and activities.

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

Million Euros	2018	2019	2020
Revenue	1,500.37	1,595.5	1,490.5
Gross operating profit (EBITDA) before non-recurring charges	259.98	281	250.3
Gross operating profit (EBITDA)	253.63	273.4	244.9
Operating profit (EBIT)	210.06	192.5	150.4
Total net profit for the year	124.59	169.6	89.8
Group backlog	941.53	909	954.3
Net debt	184.58	637.1	607.7

Economic value generated and distributed

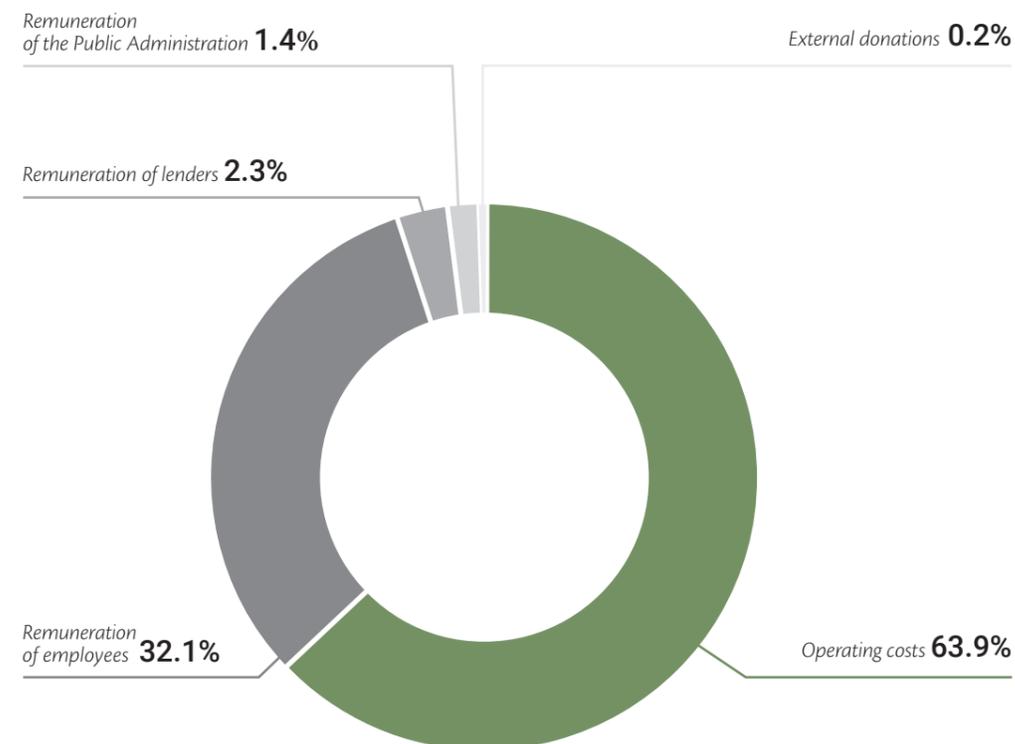
The economic value generated and distributed represents the ability of a company to create wealth and to share it among its stakeholders. IMA generated economic value totalling 1.538 billion euros in 2020, down 9% compared with 2019 due, in the main, to the effects of the global pandemic. The economic value distributed by IMA amounted to 1.331 billion euros (-7% on 2019). 87% of the economic value produced by IMA was distributed to internal and external stakeholders, and the remaining 13% was retained in the Company.

The economic value distributed reflects IMA's ability to generate wealth during the period, for the benefit of some of the main stakeholders, in accordance with the cost efficiency of operations and the expectations of the stakeholders: the two main items are represented by suppliers (operating costs), with 64% of the economic value distributed, and by IMA's employees, with 32%.

Thousands of euros	2018	2019	2020
Economic value generated	1,555,581	1,692,028	1,537,993
Economic value distributed	1,356,075	1,436,377	1,331,237
Operating costs	880,198	926,382	850,875
Value distributed to employees	394,610	428,777	427,906
Value distributed to the Public Administration	59,703	54,739	18,621
Value distributed to the community	2,067	2,061	2,627
Value distributed to lenders	19,497	24,418	31,208
Economic value retained	199,506	255,651	206,756

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

Economic value distributed in 2020



IMA regularly communicates and disseminates its financial results through:

- the publication of press releases and company information on IMA's website and the subsequent dissemination to the press and the financial community;
- the organization of meetings with the financial community and the participation in roadshows and conferences organized by brokers;
- the organization of meetings with the press on the occasion of significant corporate events and operations¹.

¹ For further information on IMA's performance and financial position, please refer to the consolidated financial statements.

IMA's tax approach

Objectives and principles

In order to safeguard net assets and protect the interests of the shareholders and other stakeholders, IMA has defined tax guidelines that seek to:

- calculate and pay the taxes due pursuant to the law, by the established deadlines and in compliance with the related procedural requirements;
- monitor and control tax risks, managing and mitigating the risk of infringing the tax regulations or abusing the principles and purposes of the taxation framework.

IMA Governance is based on the following principles:

- **Values:** apply the values of honesty and integrity in the management of tax activities, in the knowledge that the proceeds of taxation represent one for the principal sources contributing to social and economic development in the countries in which IMA operates.
- **Legality:** adopt and pursue conduct intended to comply with the tax regulations in force in the countries in which IMA operates, interpreting them in a manner that manages the related tax risks and reflects the interests of all stakeholders, having regard for their needs and requests.
- **Shareholder Value:** treat taxation as a component of business activity, to be managed efficiently and optimised in compliance with the principle of legality, the tax regulations and the Code of Ethics, with a view to safeguarding net assets and creating sustainable value over the medium-long term.
- **Transparency:** maintain collaborative relations founded on dialogue with the tax authorities in the countries in which IMA operates, so that a full understanding can be obtained of the facts underlying the application of tax regulations.
- **Tone at the top:** adopt tax guidelines, so top management can facilitate their application and encourage the development of a corporate culture that internalises the values discussed. Involve top management in the most important and complex tax matters, so that they are fully aware of them in the management of tax risks.

Guidelines for the implementation of the tax approach

In order to promote effective application of the above principles, IMA has defined the following guidelines:

- **Application of tax regulations:** in the context of careful and transparent compliance, in order to lower tax risks consistent with the above-mentioned principle of legality, IMA applies the tax rules current in the countries in which it operates and encourages advance discussions with the local authorities, especially when the local regulations appear difficult to interpret or apply.
- **Double taxation:** in order to eliminate or contain double taxation, IMA applies any related treaties, including the so-called Parent-Subsidiary Directive (on the cross-border flows of dividends) and the rules established under the relevant "International conventions for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital".
- **Aggressive tax planning:** IMA does not engage in "aggressive tax planning", namely the creation of artificial arrangements intended to eliminate or reduce the level of income taxes by transferring taxable amounts to countries with a lower tax rate, made possible by exploiting weaknesses and misalignments between different tax systems.
- **Tax incentives and relief:** IMA companies may benefit from any tax incentives and relief made available under the regulations in force at the time. Tax incentives and available relief are used in a transparent manner.
- **Country-by-Country Reporting:** consistent with the indications contained in OECD/G20 BEPS – Action 13, transposed into Italian legislation by Law 208 dated 28 December 2015, the IMA Group complies with the country-by-country tax reporting requirement by the related legal deadlines. Specifically, country-by-country reporting provides a tool for the assessment of tax risk and is transmitted by the Italian Tax Authorities to all the other Tax Authorities with which agreements have been reached for the reciprocal exchange of information.

IMA has adopted a Code of Ethics that, by demanding, promoting or forbidding certain conduct, even if not expressly governed by specific regulations, responds to the need to communicate explicitly and as widely as possible the identity of the Group, its mission and its values, in order to safeguard the interests of stakeholders and ensure efficient working practices that comply with current regulations and the ethical standards deemed appropriate within the reference markets concerned.

Specifically, the objective of the Code of Ethics is to address such essential factors as legality, integrity and respect for human rights and equal opportunities.

The tendency within the IMA Group, including the main Italian subsidiaries, is to move gradually towards implementation of OMC Models pursuant to Legislative Decree 231/01 that are autonomous, albeit coordinated with that adopted by the Parent Company.

Accordingly, in addition to the tax guidelines, the Code of Ethics formalises a set of principles and rules of conduct that have always underpinned the way in which the activities of IMA are carried out.

The data presented in the following table is drawn from the 2019 country-by-country report prepared by SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A., the parent company, for each of the jurisdictions in which the IMA Group operates via subsidiary companies.

Tax jurisdiction	Revenue				Profit/loss before taxes	Corporate income taxes paid on a cash basis	Corporate income taxes determined on an accruals basis	Number of employees ²	Tangible assets other than cash and cash equivalents
	Revenue from sales to third parties	Revenue from inter-company transactions	Total						
Argentina	12,130	307	12,437		2,059	872	839	146	1,612
Austria	68	4,125	4,193		- 301	15	64	15	183
Brazil	4,665	2,100	6,765		466	295	339	35	509
China	23,181	29,049	52,230		6,210	1,034	1,029	290	11,353
Czech Republic	-	-	-		-	10	-	4	39
France	13,664	4,047	17,711		1,254	232	284	49	1,539
Germany	45,855	6,732	52,587		4,107	147	217	210	3,662
India	26,494	1,787	28,281		3,918	971	938	549	6,204
Israel	1,693	137	1,830		113	-	-	8	162
Italy	1,161,526	185,394	1,346,920		237,673	63,278	48,674	3,752	226,113
Japan	2,870	105	2,975		123	59	27	9	158
Malaysia	5,913	1,628	7,541		- 653	17	-	61	984
The Netherlands	6,019	3,910	9,929		1,982	337	488	33	675
Poland	4,947	514	5,461		282	- 5	-	26	1,530
Russia	7,301	1,784	9,085		37	250	112	53	82
Spain	1,056	4,206	5,262		1,247	359	313	21	451
Switzerland	85,030	28,513	113,543		13,698	563	1,211	309	22,813
Thailand	14,618	5,503	20,121		310	-	-	3	53
UK	18,985	7,975	26,960		3,558	702	696	97	2,446
USA	221,385	34,738	256,123		16,940	113	1,786	489	28,255

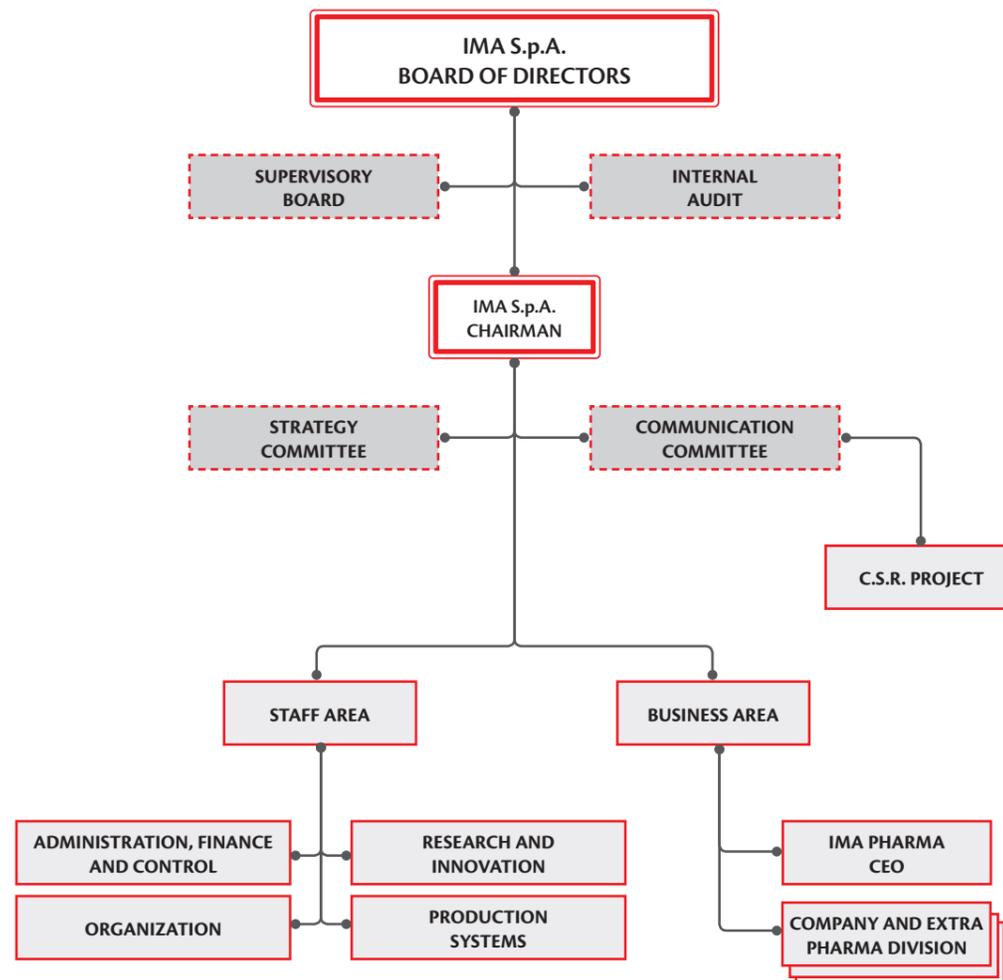
² The number of employees is consistent with that published in the 2019 NFR, being the number of persons employed at 31/12/2019 on permanent or fixed-term contracts excluding other forms of collaboration.

IMA's Governance

With a view to ensuring a better level of transparency and efficiency for its corporate governance and for the protection of shareholders, investors and all stakeholders, also in 2020 IMA S.p.A. follows the guidelines and regulations contained in the Code of Conduct published by the Corporate Governance Committee of Borsa Italiana S.p.A. (hereinafter, Code of Conduct) for the definition of its corporate governance structure. IMA S.p.A. adopts the traditional administration and control system, based on:

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

The organizational 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.



Organization chart at 31/12/2020.

IMA S.p.A. is audited by a firm of independent auditors.

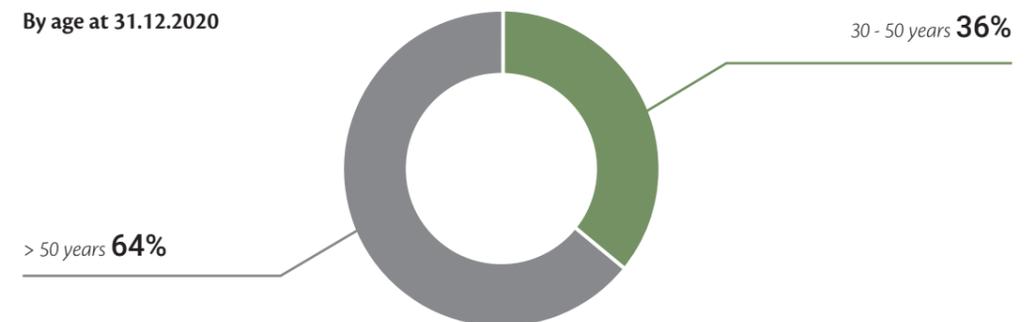
The corporate boards of IMA S.P.A.

From 10 November 2020, the composition of the IMA S.p.A. Board of Directors has been reduced from 14 members, including 2 executive directors and 4 independent directors, to 11 members, including 1 executive director and 4 independent directors. The Board will remain in office until approval of the financial statements at 31 December 2022.

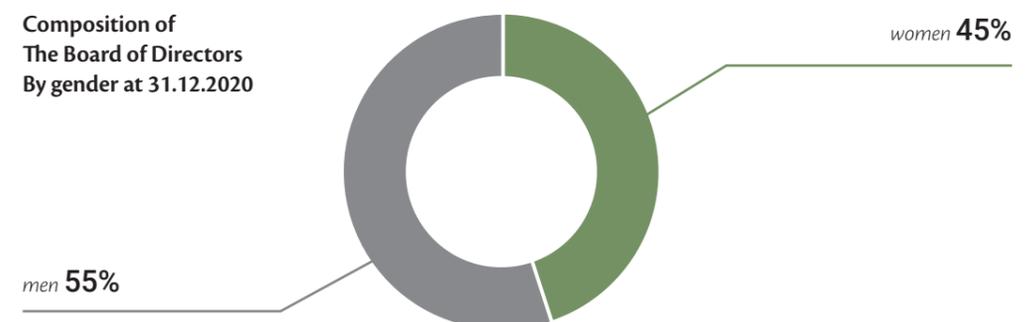
The rules on gender quotas were applied when electing the Board of Directors.

The Board of Directors comprises the Internal Control, Risk and Related-Party Transactions Committee, consisting of three Independent Directors, as well as the Nominations and Remuneration Committee, which on 30 November 2020 consisted of 3 Independent Directors

Composition of The Board of Directors By age at 31.12.2020



Composition of The Board of Directors By gender at 31.12.2020



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

The Supervisory Board consists of 3 members³.

³ For further information on IMA's management and control bodies, please refer to the website www.ima.it, "Investor Relations" section, from which it is possible, inter alia, to access the Corporate Governance Reports archive.

Significant changes since the end of the year

The following significant changes within the IMA Group have taken place subsequent to 31 December 2020:

- Corazza S.p.A. with sole shareholder was absorbed by IMA S.p.A. with effect from 1 January 2021;
- on 28 January 2021, IMA BIDCO S.p.A., the parent of IMA S.p.A., completed the formalities regarding the mandatory public offer for IMA S.p.A. shares, acquiring the entire share capital of IMA S.p.A. and triggering the simultaneous delisting of IMA shares;
- from 28 January 2021, due to the delisting, IMA S.P.A. is no longer subject to regulations for listed companies. On the same date, Cesare Conti resigned as a member of the Board of Directors of IMA S.p.A., with immediate effect as he had been elected as a director by the minority shareholders;
- on 12 February 2021, as a consequence of the delisting of IMA S.p.A., the Board of Directors of IMA S.p.A. resolved, inter alia, to disband the Remuneration and Nominations Committee and the Control, Risks and Related-Party Transactions Committee, which had been established on 11 November 2020⁴.

⁴ See the 2020 Report on operations for further information about the delisting process.

IMA's commitment to business integrity

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

Via **transparent governance**, IMA S.P.A. manages its decisions and activities responsibly, including their various impacts, and progressively integrates all aspects of social responsibility within the work the entire organisation and the business relations that are conducted. **Transparency** is understood as being towards all stakeholders and should inspire socially responsible conduct leading to sustainable development.

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

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

During 2020, there were no episodes of corruption (reports to the Supervisory Board), nor were there sanctions in this respect by the judicial authorities.

Internal control and risk management system

The Internal Control and Risk Management System adopted by IMA S.P.A. makes it possible, through an adequate process of identification, measurement, management and monitoring of the main risks, to ensure sound and fair management of the Company consistent with the objectives of sustainable development of the business. This process includes the system for managing risks associated with financial reporting, which complies with regulations on Corporate Governance in force in Italy, including:

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

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

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

- the Board of Directors;
- the Internal Control, Risk and Related-Party Transactions Committee;
- the Board of Statutory Auditors;
- the Independent Auditors;
- the Supervisory Board;
- the IMA S.P.A. Internal Audit function;
- the manager responsible for preparing financial reports as per Article 154-bis of Legislative Decree 58/98 (hereinafter, Financial Reporting Manager).

The Supervisory Board set up for the purposes of Legislative Decree no. 231/2001 monitors the operation, effectiveness and compliance with the Organization, Management and Control Model (hereinafter, 231 OMCM), with a view to preventing offences which could give rise to IMA's administrative liability, in accordance with applicable provisions (for example, on corruption, corporate disclosures, exploitation of individuals). The following IMA's Italian companies adopted the 231 OMCM together with IMA S.p.A. are as follows:

- Corazza S.p.A.;
- CO.MA.DI.S. S.p.A.;
- Pharmasiena Service S.r.l.;
- Ilapak Italia S.p.A.;
- ATOP S.p.A.;
- EUROSICMA – Costruzioni Macchine Automatiche S.p.A.;
- Tissue Machinery Company S.p.A.;
- Asset Management Service S.r.l.

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

In 2020, the Supervisory Board received, via the dedicated e-mail box, 211 whistleblowing reports in connection with the implemented organizational procedures and activated the regular procedures provided for in the 231 OMCM. No reports of improper conduct were received at the address **whistleblowing-ima@ima-group.it** during the year and no disputes arose following reports on matters governed by the Code of Ethics and the 231 OMC Model.

Training of the Italian companies' staff on the 231 OMCM

IMA has included specific classroom sessions on matters associated with Legislative Decree 231/01 and Law 262/05 in the training program for new recruits, devoting particular attention to the internal control system and to its functioning and usefulness. Training in 2020 involved 81 employees of IMA and other IMA's companies for a total of 123 hours. Due to the restrictions imposed by the COVID-19 emergency, 31 persons attended classroom sessions and a further 50 took the training by linking to an e-learning platform.

The *risk assessment* activity during the updating of the 231 OMCM was carried out by identifying the risks and the areas most exposed to the commission of the predicate offences envisaged by the former Legislative Decree 231/01, including the crime of corruption, according to a risk-based approach, i.e. taking into consideration the so-called "inherent risk" or "potential risk" of offences being committed.

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

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

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

Management systems: quality, safety, environment

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

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

UNI EN ISO 9001 - QUALITY MANAGEMENT SYSTEM:

- IMA S.p.A.;
- GIMA S.p.A. (absorbed by IMA from 01/01/2020);
- GIMA TT S.p.A. (absorbed by IMA from 05/11/2019);
- Revisioni Industriali S.r.l. (absorbed by IMA from 01/01/2020);
- Corazza S.p.A.;
- Ilapak International S.A.;
- Ilapak Italia S.p.A.;
- IMA Life North America, Inc.;
- IMA Life (Beijing) Pharmaceutical Machinery Ltd.;
- IMA Swiftpack Ltd.;
- IMA-PG India Pvt. Ltd.;
- Benhil GmbH;
- IMA Automation Switzerland SA;
- IMA Automation Malaysia Sdn. Bhd.;
- Petroncini International Trading (Shanghai) Co. Ltd.;
- Ilapak Inc.;
- IMA Automation USA Inc.;
- IMA Iberica Processing and Packaging S.L.;
- IMA MAI S.A..

UNI EN ISO 45001 - OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM:

- IMA S.p.A.;
- Gima S.p.A. (merged with IMA S.p.A. on 01/01/2020);
- Corazza S.p.A.;
- GIMA TT S.p.A. (merged with IMA S.p.A. on 05/11/2019);
- Revisioni Industriali S.r.l. (merged with IMA S.p.A. on 01/01/2020);
- Mapster S.r.l. (merged with IMA S.p.A. on 01/01/2020);
- TMC S.p.A..

UNI EN ISO 14001 - ENVIRONMENTAL MANAGEMENT SYSTEM:

- IMA S.p.A.;
- Corazza S.p.A.;
- GIMA TT S.p.A. (merged with IMA S.p.A. on 05/11/2019);
- ATOP S.p.A. (which also has the EMAS certification);
- IMA MAI S.A..

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

During 2020 a project was developed to extend the corporate Quality System to the new divisions resulting from the absorption by IMA S.p.A. of GIMA S.p.A., GIMA TT S.p.A. and Revisioni Industriali S.r.l., which led to their inclusion in the ISO 9001:2015 certification in October 2020.

Sustainability strategy

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

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

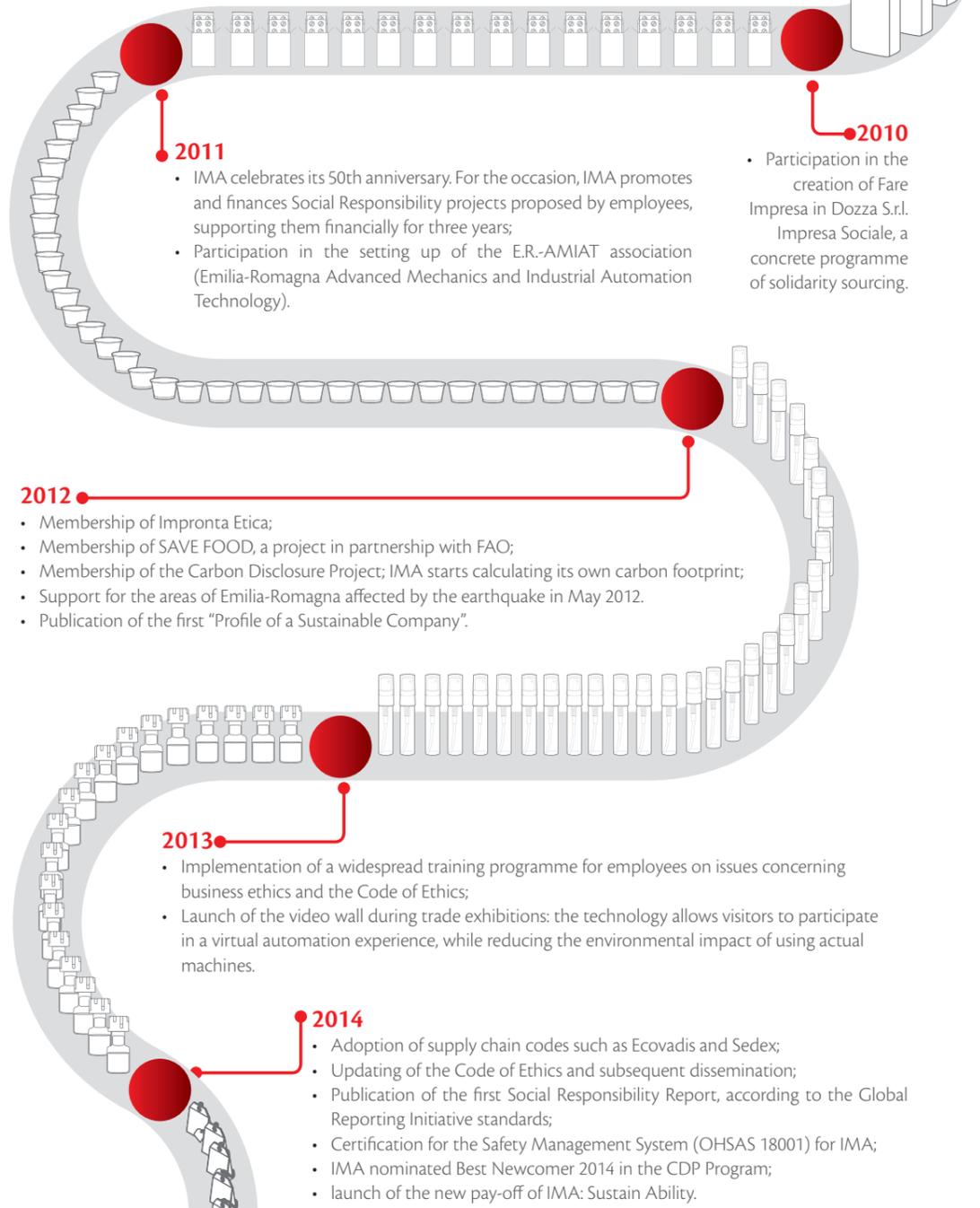
The Policy is structured in the 5 macro areas of engagement represented in the following picture and is summarized in the chapters of the consolidated non-financial report.

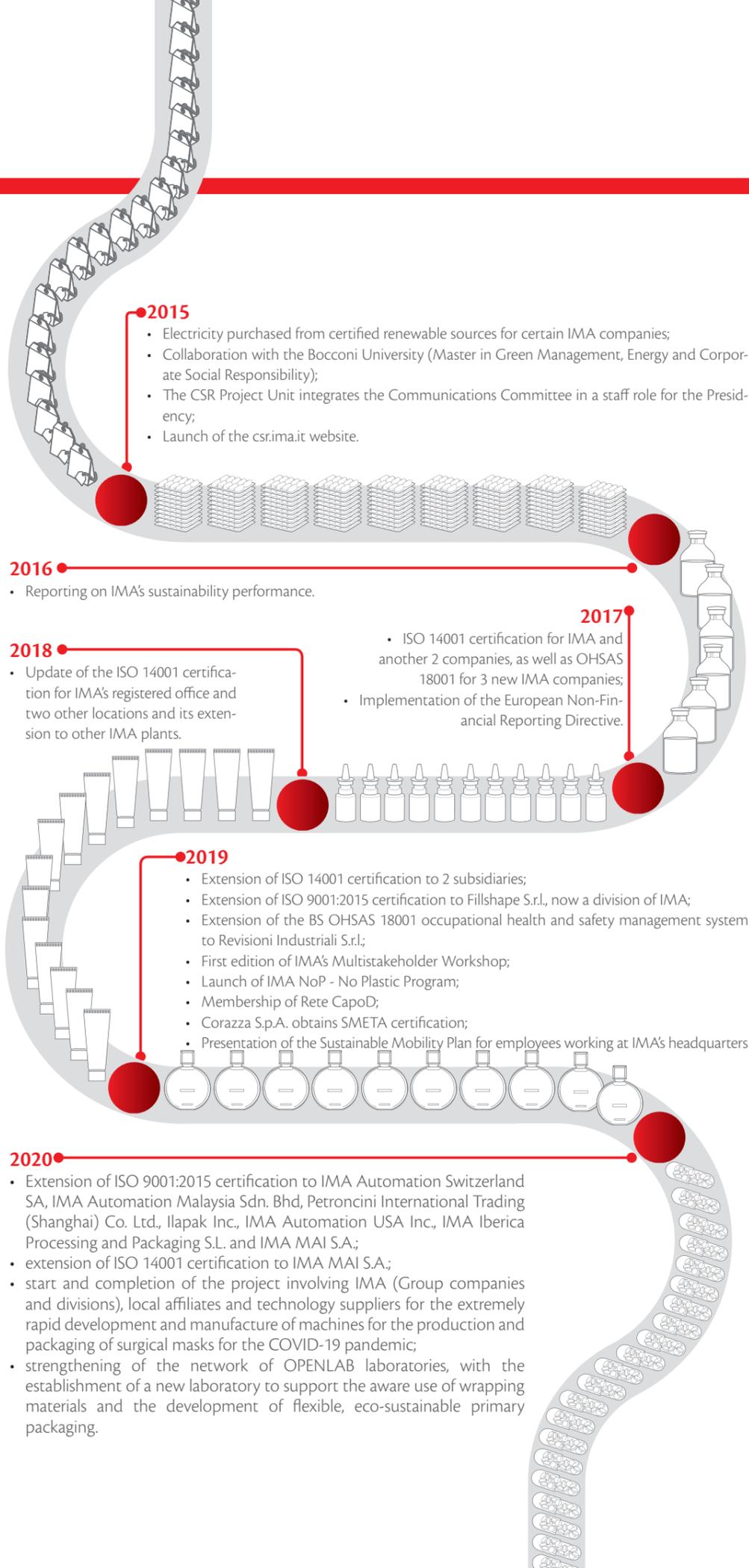


Commitment to a sustainable future is being transferred to all Group companies and rendered public. Thanks to the efforts of its employees, IMA undertakes to keep improving its Policy and its programmes and to implement procedures, rules and instructions to ensure that the principles of sustainability expressed by civil society and the institutions finds real application in the production chains and markets in an ongoing process of collaboration with IMA's end-users and consumers.

The stages of sustainability at IMA

In recent years, IMA has launched a process of reflection within the firm aimed at tracing the path the company can take in the medium term towards a position of social responsibility useful to the community and able to support its competitiveness as an enterprise. So far, IMA's path has gone through the following stages:

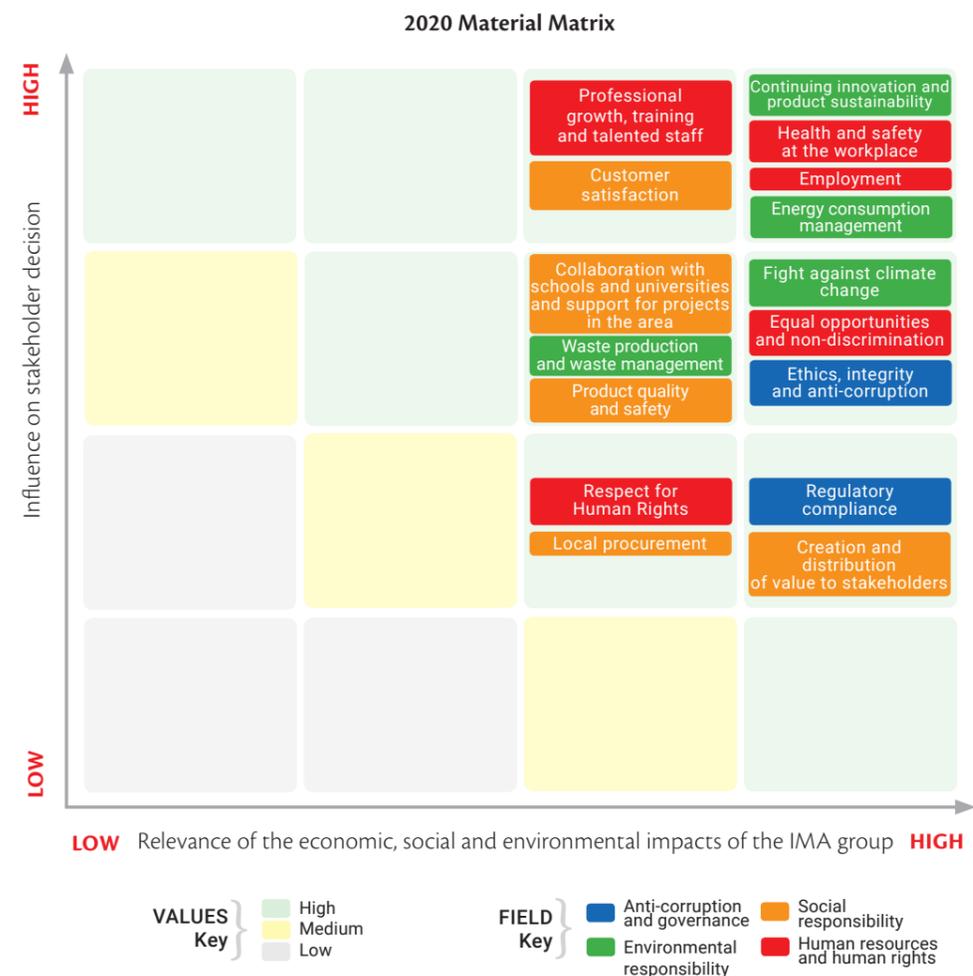




Non-financial issues relevant for IMA

In accordance with the provisions of Decree 254/16 and the GRI Standards, the disclosures provided by IMA in the NFR were selected on the basis of the principle of "materiality", to identify the most relevant and significant aspects of the organisation that could influence decisions, actions and performances of IMA and its stakeholders.

The chart or **materiality matrix** shown below summarises IMA's materiality analysis and expresses, on the x-axis, the importance for the Group of the economic, social and environmental impacts of the various topics and, on the y-axis, the significance of each topic for stakeholder decisions. The methodology used for updating the matrix and defining potentially relevant issues envisaged an internal analysis of the local and national press review, a study of the sustainability reporting published by companies operating in industrial sectors similar to those in which IMA is active, an assessment of the relevant sustainability trends at national and international level and an analysis of the sector. The relevance of the issues for the stakeholders also took into consideration the results of the Multistakeholder Workshop organized by IMA in October 2019, which was attended by qualified representatives of companies, public agencies and institutions, associations and the academic world. With regard to the significance of each topic in terms of economic, social and environmental impacts for the Group, the relevant internal documentation was analysed - including the sustainability policies and strategies - in order to determine its positioning on the x-axis.



This materiality matrix makes it possible to give a synthetic representation of the relevance of the topics being analysed: the issues that are positioned at the top right of the chart are the most significant issues, both for IMA and stakeholders.

With respect to the 2019 matrix, certain topics have been renamed in order to present them in a manner more aligned with the values of IMA and the contribution made to sustainable development over the years⁵.

Field	Material issues		GRI indicator	Scope of the impact	Type of involvement
Anti-corruption and governance	Ethics, integrity and anti-corruption		205-3 Confirmed incidents of corruption and actions taken 207-4 Country-by-country reporting	IMA	Direct
	Regulatory compliance		307-1 Non-compliance with environmental laws and regulations 419-1 Non-compliance with laws and regulations in the social and economic area	IMA	Direct
Social responsibility	Continuing innovation and product sustainability		Other disclosure: number of patents filed and granted	IMA	Direct
	Product quality and safety		102-43 Approach to stakeholder engagement 416-1 Assessment of the health and safety impacts of product and service categories	IMA	Direct
	Customer satisfaction		102-43 Approach to stakeholder engagement	IMA	Direct
	Creation and distribution of value to stakeholders		201-1 Direct economic value generated and distributed	IMA	Direct
	Local procurement		204-1 Proportion of spending on local suppliers	IMA	Direct
	Collaboration with schools and universities and support for projects in the area		Other disclosure: relations with the world of technical and higher education and the community	IMA	Direct

⁵ "Capacity for innovation" becomes "Continuing innovation and product sustainability"; "Compliance with laws and regulations" is now "Regulatory compliance"; "Energy management" becomes "Energy consumption management"; "Ethics and anti-corruption" is now "Ethics, Integrity and anti-corruption"; "GHG emissions management" is now "Fight against climate change"; "Economic performance" is now "Creation and distribution of value to stakeholder"; "Schools and Universities" becomes "Collaboration with schools and universities and support for projects in the area".

Field	Material issues		GRI indicator	Scope of the impact	Type of involvement
Human resources and human rights	Health and safety at the workplace		403-9 Work-related injuries 403-10 Work-related ill health	IMA and Suppliers whose work is carried out at IMA locations	Direct
	Professional growth, training and talented staff		404-1 Average hours of training per year per employee	IMA	Direct
	Respect for Human Rights		406-1 Incidents of discrimination and corrective actions taken	IMA	Direct
	Employment		401-1 New employee hires and employee turnover	IMA	Direct
	Equal opportunities and non-discrimination		405-1 Diversity of governance bodies and employees	IMA	Direct
Environmental responsibility	Energy consumption management		302-1 Energy consumption within the organization	IMA	Direct
	Fight against climate change		305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions	IMA	Direct
	Waste production and waste management		306-2 Waste by type and disposal method	IMA	Direct

Analysis of non-financial risks and management methods

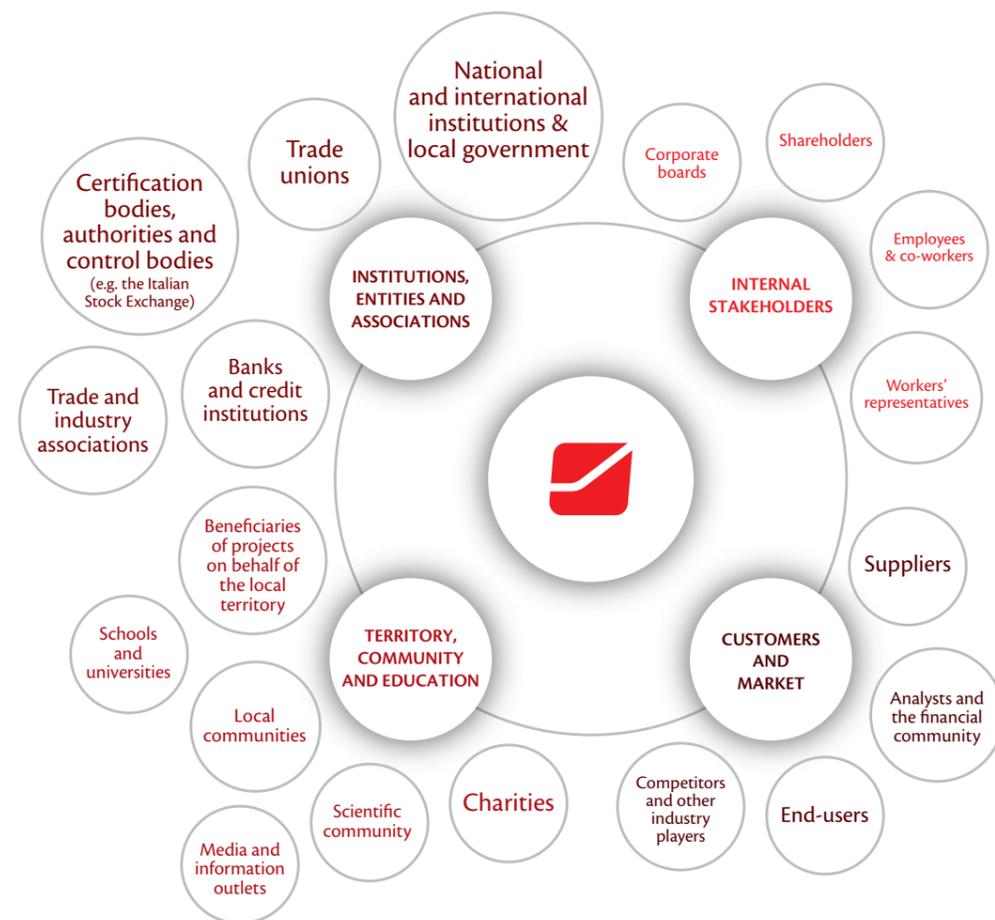
IMA launched a process for the identification and analysis of non-financial risks related to material and significant thematic areas such as anti-corruption, human resources and human rights, the environment and other social aspects. The analysis makes it possible to identify the policies and the organizational model adopted by IMA on each individual issue for certain IMA companies (reference can be made to the Management System section) and the Code of Ethics. As already mentioned, IMA adopted the Sustainability Policy, approved by the Board of Directors in February 2018, and updated in 2020, which contains the Policies relating to the non-financial areas listed previously.

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

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

Listening to stakeholders

IMA collaborates and interfaces with a close network of stakeholders with which it communicates and carries out engagement activities. IMA has selected its principal stakeholders considering its social role and close ties to the territory, grouping them into various macro-categories: internal stakeholders (including shareholders, employees and collaborators), customers and market (including end-users and suppliers), territory, community and education (including charities, schools and universities) and institutions, bodies and associations (including trade unions, banks and credit institutions).



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, IMA's end-users, which are often multi-national organizations that are very sensitive to issues of Corporate Social Responsibility, express a number of recurring sustainability themes through supplier valuation processes, requests to sign codes of conduct and contractual clauses. IMA kept them into account when preparing this NFR. These issues are listed in the next table:

Labour and human rights	
STAKEHOLDERS	<ul style="list-style-type: none"> Human Resources; trade unions; suppliers and their workers.
LISTENING TOOLS	<ul style="list-style-type: none"> Industrial Relations; reports by employees and direct comparison; internal communication.
ISSUES	<ul style="list-style-type: none"> Respect for human rights (e.g. child labour); health and safety in the workplace; compliance with contract terms; protection from molestation, including sexual harassment; promotion of equal opportunities; respect for individual cultural and religious preferences; presence and dissemination of the Code of Ethics; professional development and training; promotion of merit.
Chain suppliers	
STAKEHOLDERS	<ul style="list-style-type: none"> Partners; suppliers.
LISTENING TOOLS	<ul style="list-style-type: none"> Suppliers selection and qualification process.
ISSUES	<ul style="list-style-type: none"> Differentiation of suppliers: company policy that promotes the purchase of goods and services from different firms; sustainability policy throughout the supply chain; development of the industrial cluster.
Community, territory	
STAKEHOLDERS	<ul style="list-style-type: none"> Community; schools; university.
LISTENING TOOLS	<ul style="list-style-type: none"> Conventions; agreements; work tables.
ISSUES	<ul style="list-style-type: none"> Relationship with schools, universities and promotion of youth employment; adherence to international codes on transparency and corporate governance, such as the Sarbanes-Oxley Act in the U.S.A.
Environment	
STAKEHOLDERS	<ul style="list-style-type: none"> Community; institutions.
LISTENING TOOLS	<ul style="list-style-type: none"> Continuous institutional comparisons.
ISSUES	<ul style="list-style-type: none"> Measuring environmental impact and intervention strategies; energy efficiency; use of renewable energy sources; water use reduction; waste reduction; measurement of GHG emissions and dissemination of results; pollution reduction; raising awareness of environmental issues.



Also in 2020, IMA was successfully assessed by Ecovadis, which awarded it a "Silver Ecovadis Medal". EcoVadis is a platform for the analysis of CSR standards, based on international CSR standards including the Global Reporting Initiative, UN's Global Compact, and the ISO 26000 standard. Companies are rated in four areas: Environment, Fair Working Practices, Ethical/Fair Business Practices, Supply Chain.



| **END-USERS** |
CUSTOMERS AND
MARKETS

Global policy for product quality and liability

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

IMA aims to serve its end-users more and more quickly and efficiently, proposing to its customers and markets solutions able to:

- **Enhance constantly quality** to ensure products and services of the highest possible level, safety and reliability over time, also opening new foreign branches and creating partnerships in the academic and scientific field;
- benefit from investments in the **research and development** of services that use digital innovation, solutions that are technologically advanced and with a lower environmental impact
- integrate the know-how resulting from **partnerships with its supply chain**, managed responsibly in economic, social and environmental terms, obtaining a competitive advantage, sharing values and principles of reference with its suppliers, so that they too contribute to the **development of a sustainable production chain** and, in turn, work towards a responsible management of sub-suppliers.

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

Since 2019, IMA has adopted a new version of the Quality policy, consistent with the IMA Digital Agenda for Industry 4.0 (box: "IMA DIGITAL"), which is a constantly evolving concept focused on change and the development of digital products, virtual instruments and intelligent applications, in order to achieve full productive efficiency.

Revenue by sector	2018		2019		2020		Change
	Amount	%	Amount	%	Amount	%	
Tea, Food & Other ⁶	686.17	45.7%	743.09	46.6%	707.07	47.4%	-4.8%
Pharma ⁷	631.27	42.1%	761.08	47.7%	699.86	47.0%	-8.0%
Tobacco packaging ⁸	182.93	12.2%	91.36	5.7%	83.54	5.6%	-8.6%
TOTAL	1,500.37	100.0%	1,595.53	100.0%	1,490.47	100.0%	-6.6%

Export revenue accounts for more than 84%, with particular emphasis on Europe, North America, Asia and the Middle East. 68.4% of revenue was generated by plant and machines, while 31.6% came from after-sales activities (support, spares, kits etc.)⁹.

⁶ Tea, Food & Other segment revenue was modified following a reclassification carried out in 2020 among the Business Units.

⁷ Revenue in the Pharma segment was modified following a reclassification carried out in 2020 among the Business Units.

⁸ Original Equipment.

⁹ After sales

Revenue by sector	2018		2019		2020		Change
	Amount	%	Amount	%	Amount	%	
European Union (excluding Italy)	450.01	30.0%	451.32	28.3%	433.63	29.1%	-3.9%
Other European countries	114.97	7.7%	109.06	6.8%	145.79	9.8%	33.7%
North America	241.13	16.1%	313.67	19.7%	269.47	18.1%	-14.1%
Asia & Middle East	375.66	25.0%	354.7	22.2%	267.02	17.9%	-24.7%
Other countries	150.95	10.0%	173.95	10.9%	140.55	9.4%	-19.2%
TOTAL EXPORTS	1,332.72	88.8%	1,402.7	87.9%	1,256.46	84.3%	-10.4%
Italy	167.65	11.2%	192.83	12.1%	234.01	15.7%	21.4%
TOTAL	1,500.37	100.0%	1,595.53	100.0%	1,490.47	100.0%	-6.6%

IMA's after-sales support

A high level of after sales service, made possible by a worldwide network, has always been the focus of IMA's customer-oriented policy. A significant proportion of IMA revenue, namely 31%, is in fact generated by the after-sales services: the provision of spare parts and equipment is, in fact, a high value-added activity that is recurrent and typically with high margins. IMA's after-sales service structure fosters the consolidation of relationships with customers, basing them on transparency and maximum satisfaction. The quality of original spare parts, together with the very high professional skills of technicians, provide customers with the best possible conditions for the maintenance and operation of the machines, ensuring their maximum efficiency and reliability.



Information and communication

Communication with end-users and operators in the reference sector (Trade Press) takes place through media relations: this includes the preparation, dissemination and follow-up of product press releases, editorials and case histories for trade magazines and portals. Editorial material is produced in collaboration with the Marketing Departments of the Group's main sectors. Press releases accompanied by photographs are distributed in support of virtual events and trade fairs. IMA regularly publishes advertising pages on the main Italian and international trade publications, as well as banners and e-news. In 2020, no complaints were received about breaches of customer privacy.

Innovation, Research and Development

IMA's vocation in the pursuit of innovation reflects its strong orientation to be seen as a solution provider rather than just as a product vendor. This approach has always been a distinguishing characteristic of IMA and has resulted in a strong market leadership position. Research and development costs in 2020 amount to 60.2 million euros, higher than the 53.9 million euros spent last year, representing 4.0% of revenue. This item primarily includes the research costs incurred on the technological upgrading and normal revamping of standard products. The cost of customizing standard products and the cost of custom-made developments on the specific request of the customer are not included, as they are part of the cost of sales and, as such, invoiced directly to the clients.

The organization of research and development and innovation

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

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

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

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

These technologies are developed with a view to implementing open innovation, fostering cooperation worldwide and with research centres, and taking part in funded projects. IMA is consolidating its presence in Boston by supporting the creation of innovative start-ups and working with departments of the Massachusetts Institute of Technology on projects of mutual interest. The various activities include collaboration with Continuus Pharmaceuticals Inc. and INKBIT LLC, both spin-outs from the Massachusetts Institute of Technology (MIT) based in Boston. In particular, in 2017 IMA contributed to the establishment of INKBIT LLC, an additive manufacturing project, which is a highly innovative technology based on the integration of AI (artificial intelligence) techniques with the additive printing process.

Given that IMA is a leader in the production of machines and plants for the pharmaceutical industry, cooperating with Continuus Pharmaceuticals Inc. permits to access new integrated continuous manufacturing technologies that increase the efficiency and speed of the manufacturing process for pharmaceutical active ingredients.

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

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

The currently active projects are:

- ROSSINI (Horizon 2020): design and development of modular platforms for the integration of robotic technologies and human operators in an industrial environment;
- IDM (IMA Digital Manufacturing), co-financed by the Emilia-Romagna Regional Authorities: creation of an IMA research centre to support digitisation of the Supply Chain and the use of additive manufacturing;
- I-MECH, co-financed by the European Commission and MIUR: development of intelligent mechatronic systems;
- SENECA (Systems Enabling Efficient Cognitive Automation), financed by the **Ministry of Economic Development** and the Emilia-Romagna Regional Authorities: projects of cognitive automation, advanced sensors, autonomy, simulation and artificial intelligence;
- Seven projects managed by the BI-REX Competence Center and co-financed by the Ministry of Economic Development on the topics of additive manufacturing, big data, cyber-security and predictive maintenance.

Research, development and innovation worldwide

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

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

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

Patents filed and granted in 2020

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

	Patent applications filed (of which design)	Patents granted (of which design)
IMA Life North America, Inc.	9	18
Telerobot S.p.A.	2	0
Corazza S.p.A.	3	28
Ilapak Italia S.p.A.	1	8
IMA Medtech Switzerland SA	0	2
Ilapak International SA	1	0
IMA	114	262
Teknoweb Converting S.r.l.	1	0
Perfect Pack S.r.l.	1	0

IMA Digital

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

The concept of smart machines, and more generally related products, has led to creation of the new **Connected Machines DataOps** function, linking IT and OT and applied to data derived from manufacturing and to the related management and processing services.

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

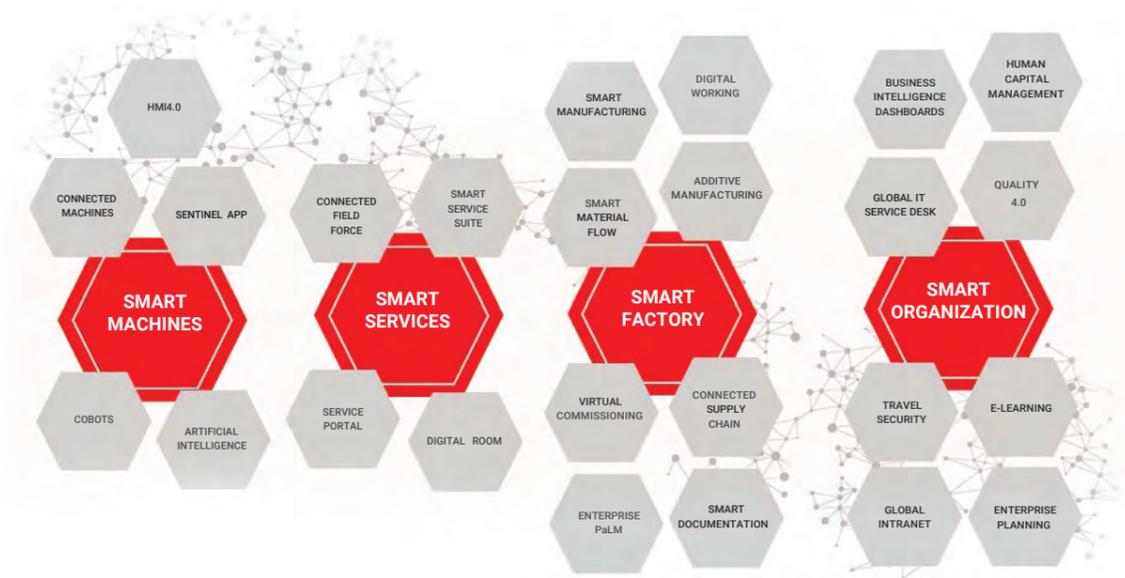
- IIOT;
- Artificial Intelligence;
- Collaborative robotics;
- Advanced automation;
- Additive manufacturing;
- Big Data.

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

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

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

Projects and partnerships



The main innovations at ima in 2020

The impact of COVID-19 extended to innovation as well. In fact, during the initial phase of the pandemic, IMA decided to focus skills and resources on the development, as quickly as possible, of a high-speed line for the production and packaging of surgical masks. In addition to the entire supply chain, this project involved various IMA businesses around the world, starting with Teknoweb Converting, which provided the ideas and the basic machine to be worked on, and Ilapak and Ciemme for the final packaging. The first line, known as FACE 400, was delivered in less than two months and was selected inter alia by the civil protection agency to produce surgical masks in order to help satisfy needs at a national level.

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

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

IMA SAFE is exploring innovative and flexible packaging systems suitable for the production of small batches and innovative sensors applicable to its systems. Various examples include:

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

IMA and product sustainability

Growing attention to environmental sustainability issues within IMA, the industry and worldwide has triggered multiple projects and initiatives. In the processing and packaging machinery industry, actions aimed at reducing impact on the environment are geared to develop new solutions and use sustainable packaging materials, while reducing the consumption of resources during production.

For some time now, IMA's development policies have generated themed projects, working side by side with high profile customers and partners. The network of OPENLAB laboratories has been strengthened by the of a new laboratory in Ozzano dell'Emilia, which will work alongside the Ilapak facilities in Lugano and Arezzo to support conscious usage of wrapping materials and the development of flexible, eco-sustainable primary packaging. The essential activities of the laboratory are:

- support the internal divisions of the business and our customers, ensuring that wrapping materials are chosen on an informed basis;
- guide the producers of packaging materials towards more sustainable choices;
- work actively on the development of recyclable and biodegradable materials with a low environmental impact;
- collaborate with research centres, for example via the Ph.D study grant made available to DICAM (Department of Civil, Chemical, Environmental and Materials Engineering) at the University of Bologna for work on "Polymeric materials for eco-sustainable packaging".

More recently, to give greater impetus to the theme and direct the production chain to a growing environmental sustainability, IMA launched IMA NoP - No Plastic Program, a company-wide project to bring about a wider and more systematic introduction of eco-sustainable materials throughout the entire supply chain. There are many projects at the development stage that involve IMA helping customers to develop sustainable wrapping solutions. These include:

- the new CT11 machine for the packaging of tea and herbs in sachets, using biodegradable packaging materials of natural origin;
- development of innovative "Parenteral Paper Packs" for use with the automated DYNAMICA cartoner.

Quality

Quality management system and regulatory compliance

The IMA QMS, highly focused on processes and intended to maximise the service level provided to customers, makes it possible to offer maximum transparency to end users when executing the various phases of each project. This leads to the delivery of very complex solutions by the agreed deadlines, while maintaining a simple and flexible organisational structure.

For this reason, various IMA companies (see § MANAGEMENT SYSTEMS: QUALITY, SAFETY, ENVIRONMENT) have the **ISO 9001:2015** certification of their own Quality management systems, which covers the **entire product life cycle**, from research and development to sale, delivery and installation, all the

way through to after-sales support (hereinafter, Quality System). Particular attention is paid to the design control, which is crucial for the quality of the end product.

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

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

Quality assurance and compliance with procedures is ensured by a continuous internal audit plan which, on an annual basis, involves the companies and divisions involved in IMA's Quality System. A total of 18 internal audits were carried out in 2020 (16 in 2019 and 14 in 2018), using remote communications tools due to the restrictions imposed by the COVID-19 pandemic. With a view to the new edition of the ISO 9001:2015 standard, audits are planned in a risk-based perspective so as to focus the checks on the most critical areas.

Regulatory and technical know-how

"Quality" also means ensuring the **safety conditions when the machines are being operated by the end-users**. Indeed, during the design phase of all of the machines placed on the market, IMA carries out an in-depth analysis of safety-related risks according to applicable regulations including, first of all, European Parliament and Council Directive 2006/42/EC dated 17 May 2006 (the Machinery Directive) related to the EU marking. The output of this process is used to draw up a technical file containing the assessment of the risks and the measures taken to eliminate or minimize them and ensure that all IMA machines fully comply with legislative requirements. In terms of feedback, the percentage of problems reported by customers relating to documentation compared with the number of machines under warranty in 2020 was 1.7%.

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

IMA has chosen to integrate ISO 9001 certification with sector-specific standards such as GMP (Good Manufacturing Practice), GAMP (Good Automated Manufacturing Practice) and food compatibility, to offer end-users the highest possible level of compliance with industry best practices.

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

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

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

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

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

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

Lastly, IMA obtained the Chairmanship of the ISO 313 Technical Committee “Safety of Packaging machines”, created in 2018 with the ambitious goal of defining a common worldwide standard for the safety regulations of packaging machines, which unifies the current regulatory differences especially between Europe and the USA, actively participating in the group’s work for the development of the new standard. In 2020 three meetings were carried out with the use of remote communication tools due to the restrictions due to the COVID-19 pandemic.

End-user satisfaction

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

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

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

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

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

As part of the innovation of the processes and technological systems used to support them, the CRM

project and electronic document management has been active since 2014, which has made a state-of-the-art platform for Customer Relationship Management available to the world of sales. Today this platform is used by almost all IMA divisions and is in the process of being adopted in the divisions of the various companies engaged in other market sectors. This tool allows the sharing of structured and classified data among all organizations, returns information on the market and indications on commercial, production and marketing strategies. Now integrated with Enterprise Resource Planning (hereinafter **ERP**), the content management platform and the **SharePoint document management system**, the system ensures efficient management of document transmission and approval flows in line with the requirements of national and international regulations.

Customer satisfaction questionnaires have been in use for a number of years. The results for Italy in 2020 are the following¹⁰:

AREA	% Questionnaires sent/Machines installed	% Questionnaires received/ Questionnaires sent	AVERAGE SCORE OF ANSWERS (from 1 to 5, where 3 is satisfactory)
PHARMA	62%	21%	3.6
EXTRA-PHARMA	56%	23%	3.6

As part of the IMA DIGITAL programme, the tool used to evaluate end-user satisfaction data was developed further during 2020 and is now part of the CRM system.

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

Listening to customers and customer satisfaction in the world

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

In a widespread way, each branch has a well-structured system of claims management which relies on completing questionnaires online and/or by e-mail, by using dedicated online platforms or a telephone assistance line. VoC, “Voice of the Customer”, are in place. Their end purpose is to improve customer satisfaction, by finalizing market, product and service strategies using customers’ opinions.

¹⁰ The following IMA S.p.A.’s divisions are involved in the end user satisfaction assessment: IMA ACTIVE, IMA LIFE OZZANO, IMA LIFE CALENZANO, IMA LIFE North America, IMA LIFE BEIJING, IMA SAFE, IMA BFB, IMA COFFEE PACKAGING, IMA AUTOMATION, IMA GIMA, IMA TEA&HERBS, IMA T&T, IMA RJ, IMA FILLSHAPE and CORAZZA.



THE
| **SUPPLY** |
CHAIN

During the course of its history in the industry, IMA has always worked to ensure that its production could be a means of generating a positive social impact on the local territory. At the same time, IMA's suppliers are required to keep a high level of quality and sustainability. To increase the added value of its offer, IMA uses selected partners and suppliers, actively involving them in the processes of designing, manufacturing and assembling the machines and monitors along the entire chain the high quality standards and technical and regulatory requirements that have to be met. The goal is to **share rigorous methods and standards** so that the successes can be shared as well.

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

The IMA model for managing the supply chain

IMA's approach to the supply chain has always been innovative, developing over time an unconventional model. Many of the close ties established by IMA over the years are found within the local **industrial district**, especially in Italy. These relationships sometimes take the form of **minority investments** (up to **30% of the share capital**) in certain subcontractors, allowing IMA to cope better with the challenges related to growth. These investments, based on the **win-win partnership logic**, serve to support the network of small local businesses, an active part of the process of innovation promoted by IMA: they are **financial and strategic interventions**, which strengthen the cohesion of the production system and integrate the innovative potential of local players. This model, which is perfectly consistent with the logic of Industry 4.0, provides support to invest in new machinery and production tools and to develop the organizational and IT typical of this new industrial revolution. In particular, IMA is working along three guidelines with its most important suppliers:

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

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

The objective in the coming years is to further increase the **collaborative logic between client and supply chain**. By way of a confirmation of this objective, in 2020 there was a further increase in strategic suppliers partially owned by IMA and a further pilot project was implemented to extend to one of them the order management IT platform, with a view to further integrating and streamlining the various levels of manufacturing processes of IMA's own Supply Chain.

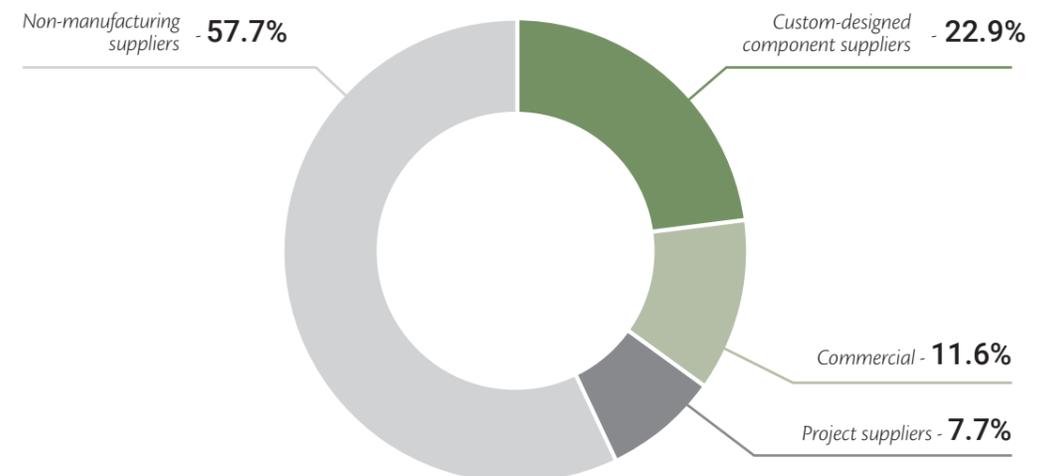
Main stages in the production of automatic machines: the IMA model

Design	Component supply	Assembly	Testing
Research & Development, a core activity for the Group, is carried out interally. However, certain design work on details, electrical circuits and software may be outsourced, especially at times of peak work.	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.	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.	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 works with different types of suppliers:

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

Breakdown of manufacturing suppliers in Italy and in the world by type in 2020 (% of expenditure)



Considering the purchases made in 2020 by IMA companies based in Italy and in the rest of the world, without calculating the costs incurred for VAT, customs, employees, vehicles and agents, the **sales revenue paid to local suppliers amounted to 92%**¹¹. At regional level, the amount for Italy was 93.3%, for Europe 89.7%, for the Americas 69.2% and for Asia 97.8%. These figures demonstrate the value created by IMA for its territory and the local production cluster.

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

Custom-designed component manufacturers

In 2020 there were **2,750** custom-designed component suppliers. Also for this type of supplier, IMA focuses on the local area for supplies, not only for reasons of logistical convenience and undoubted technical skills, but also to actively contribute to and support the social development of its territory.

In order to develop the suppliers' skills, IMA organises training courses on specific issues regarding manufacturing processes, such as welding and dimensional testing, and frequent opportunities are provided to work alongside external supplier resources in order to transfer IMA's working quality standards to them. That said, training activities were more limited during 2020 due to the pandemic, although periodic meetings were still held to align and update suppliers (whether affiliates or not) on the results obtained, the production programmes and the operational strategies pursued.

Catalogue-component manufacturers

Suppliers of catalogue components defined as “commercial suppliers” are all leaders in their field of competence: IMA in fact needs the best electronic, IT, mechanical, pneumatic and electro-mechanical components available on the market; in 2020, in Italy and worldwide, there are 7,479 suppliers in the catalogue.

In order to guarantee and certify the origin of their machines, IMA requires all suppliers of commercial parts to provide certification of the origin of individual components. In Europe, the preferential origin is Italy, followed by Germany.

The purchases of commercial components were also affected by the ongoing pandemic. The Production Purchasing Department implemented immediately the corporate instructions, by making employees “safe” and guaranteeing maximum efficiency via the adopting of smart working. Supply times were extended in the early months, due to production slowdowns within the supply chain and the impact of the pandemic on transportation, but normality was restored during the second part of the year.

¹¹“Local suppliers” refers to all the suppliers delivering to individual IMA companies in the world with registered offices in the same country.

Relationship with suppliers of goods and services

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

IMA has worked with great transparency in this area, which might create conflicts between internal collaborators and suppliers. As ever, priority is given to the development of internal personnel, on whom all the standard functions of the IMA productive model depend. The Company continues to recruit and to grow both internally and by acquisitions. In this context, suppliers perform specific functions with a high degree of specialisation and flexibility, which are called upon in order to accelerate delivery times without stressing the system.

In 2020, IMA made use of about **4,887 non-manufacturing suppliers**, in Italy and throughout the world. The policy for choosing non-manufacturing suppliers favours **local companies** as far as possible. This is also in order to have a greater control over the supplier's policies with regard to **social and environmental criteria**.

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

- verification of the supplier's solidity with the help of IMA's administration department;
- a preliminary meeting, that in 2020 took place remotely;
- filling in a codification request form prepared by the quality department that must show the name of the unit making the request;
- confirmation by the Non-manufacturing Purchases Manager.

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

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

The audit is carried out together by IMA's Purchasing Department, the Quality Department and, if necessary, the technical part of the division that is most involved in using the supplier. These audits were carried out on a remote basis during 2020. This approach made it possible to keep up with the original audit plan.

As regards **environmental aspects**, over the past years, favourable consideration has been given to the initiatives of suppliers that have pursued projects in the area of environmental sustainability (e.g. suppliers of automatic distributors that use recycled cups): in 2020, using these cups by IMA made it possible to save a total of 3,968 kg of CO₂.

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

How the Italian IMA companies handled the COVID-19 pandemic

The onset of COVID-19 in 2020 forced IMA to focus on the procurement of necessities for the containment of the virus and ensure that employees could access the workplace safely.

In Italy, IMA turned to the usual suppliers for additional sanitification, anti COVID-19 signage, disinfectant gels and dispensers. The supply of face masks was considered with reference to domestic production.

Necessary changes were made in order to contain the virus. For example, meals were consumed in the offices rather than in the canteen, with recourse to single-use materials for which a reusable shopper is being organised.

Qualification and monitoring of suppliers

The process of qualifying suppliers has been structured even further, in order to provide better assurance that the quality required by customers will be delivered, while also taking account of the willingness of individual businesses to understand the values that underpin the industrial policies adopted by IMA. These seek results of course, but also respect for the rights of future generations.

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

Supplier performance is measured in terms of:

- quality;
- price;
- delivery.

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

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

Range of ratings

Over a range of ratings from 0 to 100, where 60 is satisfactory, the average score of core suppliers was 70 for the custom-designed components in 2020 (69 in 2019) calculated on 261 assessed suppliers and 74 for catalogue components (75 in 2019) calculated on 152 assessed suppliers.

At the end of 2020, there were 438 suppliers qualified through the IMA method (assessment completed or in progress):

- 378 of mechanical components;
- 60 for assembly and wiring.

For custom-designed component suppliers, IMA has developed another method of qualification designed to raise suppliers' awareness of quality issues through training sessions by IMA testing personnel. The idea is then to transfer part of the testing of mechanical components to the suppliers. At the end of 2019, 27 suppliers qualified for self-control.

In addition, a qualification activity began in 2017 to ensure compliance with the hygiene requirements and contain the risk of contamination for parts that come into contact with the customer's food or pharmaceutical product; at the end of 2020, this activity included 32 qualified suppliers.

In 2018, an activity started with a view to focusing and better defining the requirements for the qualification of "hub" suppliers, who in turn have their own subcontracting network for the production of complex products. To this end, in 2019 a project was launched to improve the quality of the Sinermatic network, which includes all of the suppliers in which IMA has a stake. The project involves a definition of requirements on the part of IMA, an analysis and definition of possible improvement actions on the part of the Sinermatic network companies, aimed at positioning them in the high quality range of IMA suppliers. The aim is to increase the control and monitoring over strategic suppliers given the complexity of the products supplied.

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

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

Personnel of third-party companies

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



| PEOPLE |

Global policy for a responsible management of people

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

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

IMA promotes inclusion, **integration, equal opportunities and reciprocity**, as elements that can enhance the value of **diversity**, removing the economic and social obstacles that restrict the freedom of the individual in application of the principle of substantial equality and respect for individual dignity.

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

Faced with the COVID-19 pandemic, IMA promptly established a Crisis Committee composed of HR management and union representatives that even acted early, with respect to the rules and recommendations communicated by the competent administrations, in full awareness that the safety of people takes priority over earning any form of lawful profit.

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

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

IMA and respect for human rights

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

Specifically, approximately 9% of new suppliers who worked for the first time during the year for IMA companies in the world had to undergo an assessment based on social criteria (such as working conditions and respect for human rights).

Given the sensitivity of this topic in some countries, IMA companies around the world delivered a total of 535 hours of training on policies and procedures in the area of human rights, reaching 3.6% of the entire workforce or 9.5% of the IMA personnel outside of Italy.

Personnel management model

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

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

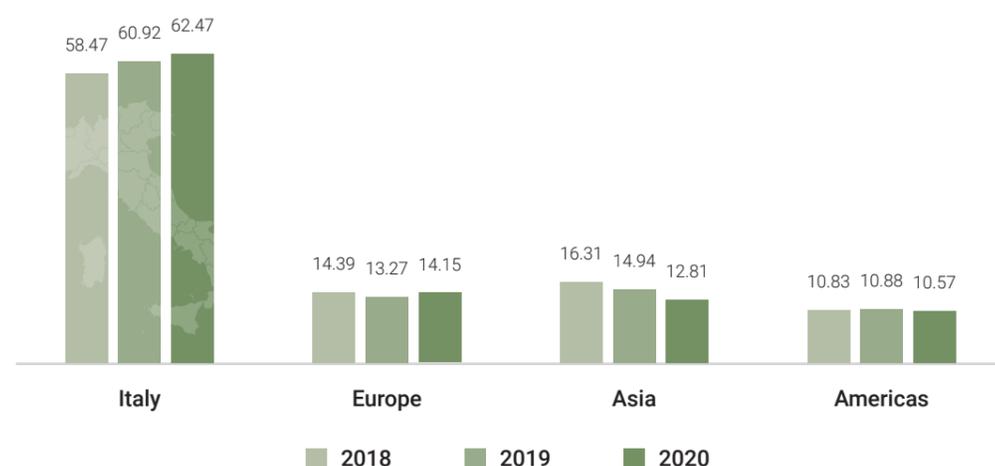
Our willingness to emphasise the importance of the individual is a goal that the Company pursues from the moment that a person first joins IMA:

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

Composition and characteristics of employees

Considering the scope of this Sustainability Report/Consolidated voluntary disclosure of non-financial information, at 31 December 2020 there were 6,112 employees in total.¹² The majority of the workforce is in Italy (62.47%), followed by the rest of Europe (14.15%), Asia (12.81%) and the Americas (10.57%).

Distribution of IMA employees in the world by geographical area (at 31 December)



98% of personnel, i.e. 6,003 employees, are hired on permanent contracts, in line with the Company's policy to create stable, long-term employment for its workers: 99% of men are employed on permanent contracts, while for women this percentage is 97%. In addition to employees, in 2020 IMA companies in Italy used the services of 32 collaborators.

Distribution of IMA employees by contract category (at 31 December)



¹² The data for recruitment and terminations during 2020 does not include the acquisition and sale of Group companies. These employees are included in the workforce at 31/12/2020 as reported below: 9 Alphamac Srl, 52 Record SpA, 42 Ima Automation Switzerland. The data for terminations excludes the 103 employees who left Hassia India Pvt. Ltd, which is no longer part of the Group at 31/12/2020.

Total number of employees broken down by type of contract and geographical area of IMA (at 31 December)

		Italy	EU	Asia	Americas	Total
2018	Permanent contract	3,199	779	904	596	5,478
	Fixed-term contract	89	30	13	13	145
	Total	3,288	809	917	609	5,623
2019	Permanent contract	3,684	790	908	662	6,044
	Fixed-term contract	68	27	12	8	115
	Total	3,752	817	920	670	6,159
2020	Permanent contract	3,764	843	754	642	6,003
	Fixed-term contract	54	22	29	4	109
	Total	3,818	865	783	646	6,112

Total number of IMA's employees broken down by type of contract and gender (at 31 December)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contract	4,556	922	5,478	5,027	1,017	6,044	4,956	1,047	6,003
Fixed-term contract	97	48	145	82	33	115	74	35	109
Total	4,653	970	5,623	5,109	1,050	6,159	5,030	1,082	6,112

Total number of IMA's employees broken down by full-time, part-time contract and gender (at 31 December)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-Time	4,595	800	5,395	5,073	862	5,935	4,985	892	5,877
Part-Time	58	170	228	36	188	224	45	190	235
Total	4,653	970	5,623	5,109	1,050	6,159	5,030	1,082	6,112

IMA gives part-time work to employees who make a reasoned request, within the limits set by collective agreements: in 2020, out of 235 part-time contracts, 81% had been requested by women. In total, 190 women are in part-time work, this being 17.6% of the total number of women working for IMA at 31 December 2020. Part-time work has been requested by 4% of personnel.

At a global level, the recruitment rate¹³ is 6.2% for men and 7.7% for women. During the period, 393 new workers entered the Company (310 men and 83 women) 397 left (338 men and 59 women). In absolute terms, IMA has predominantly recruited staff aged between 30 and 50 years, representing 49.6% of all new staff hired, while those under the age of 30 account for 30.5%. Most of the personnel who left are between 30 and 50 years of age (44.3% of the total number of employees leaving); 12.1% of the total staff who left are under the age of 30. The attention dedicated to personnel by IMA is confirmed in practical terms by the low turnover, based on physiological levels.

Number of recruitments

GENDER	Italy		EU		Americas		Asia			Group	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
2018	260	64	123	26	59	22	114	18	556	130	
2019	285	52	75	29	59	27	124	18	543	126	
2020	133	45	54	14	42	12	30	12	259	83	

AGE	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old
	2018	171	139	14	42	90	17	31	36	14	52	76	4	296	341
2019	178	140	19	23	63	18	30	38	18	54	74	14	285	315	69
2020	89	73	16	18	36	14	20	28	6	13	26	3	140	163	39

Recruitment rate

GENDER	Italy		EU		Americas		Asia			Group	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
2018	9.8%	10.2%	11.8%	12.7%	11.4%	20.4%	14.0%	16.8%	11.0%	12.4%	
2019	9.3%	7.6%	11.1%	20.6%	10.7%	22.5%	15.2%	17.6%	10.6%	12.0%	
2020	4.3%	6.3%	7.5%	9.9%	8.0%	9.8%	4.4%	12.0%	5.1%	7.7%	

AGE	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old
	2018	34.5%	7.2%	1.6%	33.9%	13.4%	3.8%	41.9%	13.0%	5.1%	32.9%	11.9%	3.3%	34.7%	9.7%
2019	29.4%	6.6%	1.9%	28.4%	15.1%	5.7%	34.9%	13.4%	6.0%	45.4%	12.0%	7.6%	32.0%	9.1%	3.8%
2020	14.1%	3.4%	1.5%	22.0%	7.8%	4.3%	23.3%	9.7%	2.2%	22.0%	4.6%	1.8%	16.4%	4.7%	2.2%

¹³ The hiring rate is calculated as the number of workers hired in the period compared to the headcount by category and gender.

Number of terminations

GENDER	Italy		EU		Americas		Asia		Group	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
2018	106	25	115	27	62	19	106	17	389	88
2019	151	26	73	22	58	13	123	18	405	79
2020	145	28	49	13	69	9	67	9	330	59

AGE	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old
	2018	35	58	38	20	92	30	16	34	31	49	68	6	120	252
2019	40	63	74	12	56	27	11	28	32	43	84	14	106	231	147
2020	22	65	86	7	32	23	15	30	33	4	53	19	48	180	161

Termination rate

GENDER	Italy		EU		Americas		Asia		Group	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
2018	4.0%	4.0%	11.0%	13.2%	11.9%	17.6%	13.0%	15.9%	7.7%	8.4%
2019	4.9%	3.8%	10.8%	15.6%	10.5%	10.8%	15.0%	17.6%	7.9%	7.5%
2020	4.7%	3.9%	6.8%	9.2%	13.2%	7.3%	9.8%	9.0%	6.6%	5.5%

AGE	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old	<30 years old	30-50 years old	>50 years old
	2018	7.1%	3.0%	4.4%	16.1%	13.7%	6.7%	21.6%	12.3%	11.2%	31.0%	10.6%	4.9%	14.1%	7.2%
2019	6.6%	3.0%	7.2%	14.8%	13.4%	8.5%	12.8%	9.9%	10.6%	36.1%	13.6%	7.6%	11.9%	6.7%	8.1%
2020	3.5%	3.0%	8.2%	8.5%	7.0%	7.1%	17.4%	10.3%	12.2%	6.8%	9.5%	11.6%	5.6%	5.2%	8.9%

How the Italian IMA companies handled the COVID-19 pandemic

In terms of the approach taken to the pandemic, IMA S.p.A. established an internal committee towards the end of February 2020 in order to apply the anti-contagion measures envisaged in the Government-Social Partners Agreements dated 14/03/20 and 24/04/20. This Committee comprises the functions with express mandates granted by the Employer, such as the Group HR Departments, the Prevention and Protection Manager, the Security Manager, the Company Doctor and the committee of Workers' Safety Representatives/ Combined Union Representatives of IMA S.p.A.

This Committee established policies for the conduct required of employees, who were informed via specific communications. Since the start of the pandemic, the Committee has met at least once each week to check on application of the measures envisaged in the COVID-19 anti-contagion protocol.

With support from the occupational medicine office, action was taken to identify and assist workers at risk or those with families at risk.

In double-quick time, the IT department responded by making more than 1,500 workstations available for smart working so that, especially during the lockdown phase, essential business services could be assured.

In addition, all the leave needed (quarantine, COVID-19 absences etc.) was organised while ensuring lockdown coverage; subsequently, together with the safety and environment office, the necessary measures were identified and implemented so that about 80% of employees could return to their normal activities.

In November, a swab-testing campaign ensured extended screening of the entire working population using rapid nose-throat swabs (antigen testing). Employee participation was very high, with an extremely low percentage of asymptomatic cases identified.

In order to tackle the market crisis generated by the pandemic and safeguard employees as much as possible, IMA allowed everyone to draw against their banked hours and use untaken leave and holidays before making recourse to government-assisted lay-offs, which were implemented pursuant to specific agreements.

Contractual matters and industrial relations

The distribution of the workforce is a good reflection of IMA's business model, which is designed to retain the activities that represent critical and distinctive skills and outsource all other activities. The majority of employees are "white collar": 65% of the total, i.e. 3,958 employees.

Total number of IMA's employees broken down by category and gender¹⁴ (at 31 December)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	249	38	287	275	38	313	257	32	289
White collars	2,839	894	3,733	2,869	975	3,844	2,940	1,018	3,958
Blue collars	1,565	38	1,603	1,965	37	2,002	1,833	32	1,865
Total	4,653	970	5,623	5,109	1,050	6,159	5,030	1,082	6,112

Total number of employees broken down by category and age of the IMA Group¹⁵ (at 31 December)

	2018				2019				2020			
	<30 years old	30-50 years old	>50 years old	TOT.	<30 years old	30-50 years old	>50 years old	TOT.	<30 years old	30-50 years old	>50 years old	TOT.
Managers	2	133	152	287	2	143	168	313	0	126	166	289
White collars	450	2,282	1,001	3,733	430	2,283	1,131	3,844	425	2,379	1,154	3,958
Blue collars	357	857	389	1,603	459	1,017	526	2,002	431	950	484	1,865
Total	809	3,272	1,542	5,623	891	3,443	1,825	6,159	859	3,452	1,804	6,112

IMA contributes to the development of human capital of the territory using a recruitment pool that is preferably local, even at senior management level: in Italy and worldwide, 98.6% of the managers working in IMA as of 31 December 2020 live in the country where they work.

The contractual conditions that IMA offers its staff are often better than those granted by the sector on average, e.g. 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.).

IMA has activated a specific health policy in relation to the contagion from COVID-19. The policy guarantees indemnity/assistance in the event of hospitalization.

The corporate insurance cover for all employees now also includes a life policy that pays out on death due to any injury or illness.

IMA S.p.A.'s supplementary labour contract provides economic and regulatory conditions that are more favourable than the National Labour Contract for Engineering Workers, without distinction between full-time, part-time and/or fixed-term employees. 75.6% of IMA's personnel are covered by collective labour agreements.

¹⁴ The figures for "middle managers" have been combined with those of "white collars" for greater consistency with the consolidated financial statements.

¹⁵ The figures for "middle managers" have been combined with those of "white collars" for greater consistency with the consolidated financial statements.

On the Industrial Relations front, labour unrest is modest for IMA Italian companies and is generally affected by national disputes. These results were obtained partly as a result of mutual listening and dialogue between the Company and the workers and their representatives (trade unions and local representatives), and partly due to the special sensitivity and skills of the Chairman and Chief Executive Officer of IMA, who monitors personally the dynamics of relations between the business and the world of work. His philosophy is that workers represents wealth and are not just a counterparty, while leaving room for sometime intense conflict during negotiations, which are held in mutual respect for the roles of each party. For Italian employees the minimum notice period for significant operational changes within the organization is 4.5 weeks. For employees of IMA companies around the world, the minimum notice period in compliance with local laws and the provisions of national contracts is 5.2 weeks on average.

Even though the level of industrial unrest is low, IMA still manages any work-related complaints or disputes through formal mechanisms agreed with the social partners or through channels expressly provided for under labour regulations. The Supervisory Board (Legislative Decree 231/2001) is informed every six months by the HR Department of any disputes resolved by agreements between the parties or by conciliation reports with the trade unions; in 2020 there were no disputes relating to personnel management.

Health and safety

The attention to workers' health and safety in the workplace at IMA Group companies is constant. In 2020 the Parent Company IMA S.p.A. and the Italian companies Corazza S.p.A. and TMC S.p.A. confirmed again the certification of their Safety at Work Management System.

A third-party audit was carried out in January 2020, in order to:

- extend the Safety at Work Management System to all Group companies absorbed by IMA S.p.A. between the end of 2019 and the beginning of 2020;
- carry out the transition from the BS OHSAS 18001 to the ISO 45001 standard.

The objective of the actions decided during each Management Review and included in the specific programme for the management system concerned is to ensure the continuous improvement of business performance on health and safety matters, as well as to reduce the injury statistics. The above management system covers the work carried out at the plants of IMA's Italian companies by direct employees and those of contractors active on IMA premises. The latter are engaged under contracts that always include an assessment of interference risks pursuant to art. 26 of Italian Legislative Decree 81/08, which is the tool used by IMA to assess the interference risks associated with contracted work and establish appropriate prevention, protection and improvement measures, in order to eliminate or mitigate the risks identified. Each of IMA's Italian companies has made a general and specific risk assessment of their activities, identifying the specific and residual hazards and how they are managed by the related prevention and protection measures taken. Whenever possible, quantitative risk assessment methodologies, using recorded data, are preferred over qualitative approaches.

The principal hazardous risks of potentially serious injuries that can occur in the workplace include mechanical processes carried out using machine tools and/or work centres; assembly and testing work performed on the automated machines manufactured by IMA, with the risk of cutting or crushing upper limbs; cabling and testing work carried out on the electrical and electronic components of machines, with the associated electrical risks; occasional work at height with the risk of falling; and the general use of work tools, lifting and handling equipment and various means of transport. The principal workplace hazards that

give rise to health risks and the possible onset of occupational illnesses include employee exposure to test materials sent to IMA by customers for trials, the occasional manual movement of loads and exposure to noise from certain machines, albeit not particularly loud, without ear protection. See standard BS 18004:2008 for the methodologies adopted to assess the occupational safety risks and document them in the general risk assessment. Health risks are preferably identified via specific investigations and the use of instruments to make measurements in the field (e.g. noise meters, environmental monitoring for the assessment of chemical risks, measures of electromagnetic fields, vibrations, artificial optical radiation). In addition, the Company also applies the risk assessment methods devised by accredited technical-scientific bodies and referenced in the relevant standards (e.g. NIOSH and OCRA for assessment of the risks associated with biomechanical fatigue).

Checks are carried out by personnel from the Prevention and Protection Office as well as by external firms, in order to eliminate hazards and minimise risks. Observations and any non-conformities found are addressed, according to a predetermined scale of priorities, by the Prevention and Protection Office and discussed with the Employer, in order to resolve any critical issues. Workers are able to report, directly or anonymously, any injuries, near misses or potential hazards encountered in their work, so that the Prevention and Protection Office - working together with the Supervisor and the Workers' Safety Representatives - can prepare an analytical report describing the dynamics and cause of the incident, as well as the related corrective actions and/or improvements, deadlines for resolution and the business functions involved and responsible for implementation. Employees and other persons working in IMA-controlled locations are also consulted in these cases. Similarly, actions to monitor the specific risks that may result in occupational illnesses are also planned and carried out.

These matters are discussed at the highest level at Periodic Meetings (art. 35 of Decree 81/08) attended by the SPP Manager, the Company Doctor, the Workers' Safety Representatives and the Employer (or delegatee). These meetings are held annually at each of IMA's Italian companies, in order to address specifically all changes to the risk assessment, training, Personal Protective Equipment (PPE) and health monitoring activities. All injuries, near misses and the related corrective actions and/or improvements are also analysed.

In IMA, worker participation regarding occupational health and safety matters is high at every level, being guaranteed by specific representatives appointed by the employees at individual union level: for example, IMA S.p.A. has 24 Workers' Safety Representatives.

All of the other IMA companies in Italy have similar workers' representatives. In addition to their representative role, they collect input from the workers and are pro-active, presenting ideas and suggestions for improvement to the Prevention and Protection Unit, and supportive, taking part in the training courses delivered to new recruits.

Precise measures are identified at each plant for the management of emergencies and all workers receive information and training in this regard; operators for the management of emergencies (first aid and fire suppression) are identified in each workplace and properly trained in the use of suitable devices, as required by the regulations.

In particular, all the functions at IMA's Italian companies identified in the safety organisation chart (Employer, Prevention Executives, Supervisors, Company Doctor, Workers' Safety Representatives, Protection and Prevention Manager and Operators and the above emergency management teams) are appointed, with specific roles and responsibilities, and duly trained in accordance with the regulations.

The Company Doctor assists with the assessment of risks, together with the Prevention and Protection Office and the Employer; considering the organisational and structural complexities and the specific

risks associated with each role, the Company Doctor monitors the overall health situation using a specific protocol devised following the outcome of the above risk assessment carried out by and agreed with the Prevention and Protection Office. The Company Doctor coordinates a team of experienced medical personnel so that the routine check-ups required by the regulations (pre-hiring, period, on termination), and any special examinations requested by workers, are carried out properly.

Having regard for their individual duties and exposure to risk, all personnel receive general and specific information, education and practical training, where necessary, on how to use work equipment safely; this training is generally provided by internal teachers, e.g. protection and prevention operators with specific knowledge and skills, with a focus on matters relevant to IMA and the related risks.

Workers are provided all necessary PPE envisaged in the safety instructions and procedures (e.g. protection against hazardous substances), which is selected by the Prevention and Protection Office with reference to the outcome of the risk assessment carried out.

All infringements of the corporate safety regulations are evaluated and, where necessary, disciplinary action is taken in accordance with the Safety at Work Management System.

Lastly in this regard, property, plant and equipment receive periodic maintenance to keep them in good operational condition, minimising all possible anomalies that might create safety problems and require special maintenance work.

With reference to the management of the pandemic, which dominated most of 2020, IMA S.p.A. established an internal committee in order to apply the anti-contagion measures envisaged in the Government-Social Partners Agreements dated 14/03/2020 and 24/04/2020. This Committee comprises the functions with express mandates granted by the Employer, such as the Group HR Departments, the Prevention and Protection Manager, the Security Manager, the Company Doctor and the Committee of Workers' Safety Representatives/Combined Union Representatives of IMA S.p.A.. This committee meets at least once each week to check on application of the measures envisaged in the Sars-CoV-2 (new Coronavirus) anti-contagion protocol. Committee decisions are translated into guidelines for all Italian companies of the IMA Group in Italy, each of which has appointed its own internal committee.

The principal anti-contagion measures contained in the above internal protocol are summarised below:

- rearrangement of workstations to avoid crowding (at least 1m separation) in recourse to smart working where considered necessary;
- installation of notices, signage and instructions at all plant access points and other strategic locations;
- installation of hand gel dispensers at all plant and canteen entry points;
- supply of CE surgical masks to all personnel, with the obligation to wear them;
- installation of plexi-glass separators between all adjoining and facing desks in all office areas;
- supply of surface disinfectants and specific products for certain shared work equipment (e.g. fork-lift trucks);
- more frequent cleaning and sanitification of toilets, corridors, changing rooms, common parts and touchable surfaces;
- measurement of the body temperature of external personnel/ visitors/ couriers on entry from outside;
- one-off rapid swab test screening of all IMA Group personnel in Italy, on a voluntary basis.

In addition, a specific travel protocol has been devised covering all the safety aspects (journey, activities at customer facilities, free time) and a PPE kit is given to all travellers prior to their departure. A quick swab test is carried out on return from each journey.

Management of Health and Safety at IMA in the world

All foreign companies managed the healthcare emergency caused by the COVID-19 pandemic with the application of social distancing and temperature measurements, the distribution of PPE and the adoption of smart working and alternating shifts, where possible, in compliance with the local regulations. In most cases, a specific COVID-19 policy addressing the health and safety of personnel was applied, covering the management of swab tests and positive results, quarantine periods and return-to-work procedures.

Additionally, two-thirds of the IMA plants in the United States have processes for the identification of workplace hazards. Companies generally guarantee the quality of these processes via the work of a Safety Committee that examines the potential risks and by the delivery of safety training to personnel. A similar approach is adopted in Europe. In addition, the plants operated by Benhil GmbH in Germany and by Ilapak Ltd. in the United Kingdom must, by law, carry out a risk assessment in each working environment. More than half the companies in Asia have established processes for the identification of workplace hazards, including periodic audits by the Health and Safety Committee and procedures based on the requirements for ISO 45001 certification, and hold annual safety training courses. Employees are also encouraged to report any workplace risks that are identified.

The principal occupational health services that contribute to the minimisation of risk comprise the Safety Committees, regular inspections and reports by external consultants, health insurance for employees and the implementation of preventive and corrective actions.

For the companies operating in North America, worker participation in the development, implementation and assessment of the occupational health and safety management system is principally guaranteed by the work of committees. For those operating on other continents, worker participation is principally guaranteed via formal participation in accordance with legal requirement and, to a lesser extent, via the involvement of formally registered workers' representatives.

Specific training is also provided on health and safety matters. Each company provides general training to all employees and additional training to those who use equipment that may be hazardous. At the plant operated by IMA MAI S.A. in Argentina, the company has provided training on risk control and prevention in the workplace, the mandatory use of PPE and the health protocol for work during the COVID-19 healthcare emergency.

In addition, in order to promote the health of employees, almost all workers at foreign companies have access to non-professional health and medical services via health insurance and, in the case of the US companies, via a financial contribution or sickness treatment programmes.

With regard to the prevention and mitigation of occupational health and safety impacts directly linked with commercial relations, suppliers carry out periodic inspections to ensure the adequacy of the occupational health and safety management system. Further with regard to the companies operating in Europe, prevention plans are issued before new work commences.

There were 49 workplace injuries during 2020 (18 in Italy and 31 at other IMA companies in the world). No fatalities occurred as a result of the injuries.

The overall IMA injury rate was 4.70 in 2020, while the rate of high consequence work-related injuries was 0.10, due to one bad case in Asia.

Injury rates¹⁶ by region of the employees of IMA (at 31 December)

2019	Italy	EU	Americas	Asia	IMA
No. of work-related injuries	31	23	3	3	60
<i>of which high consequence work-related injuries</i>	-	1	1	1	3
<i>of which fatalities</i>	-	-	-	-	-
Hours worked	6,359,172	1,444,624	1,376,620	1,853,883	11,034,299
Injury rate	4.87	15.92	2.18	1.62	5.44
High consequence work-related injuries rate	0.00	0.69	0.73	0.54	0.27
Fatality rate	0.00	0.00	0.00	0.00	0.00
Cases of recordable work-related ill health	0	0	2	0	2
<i>of which fatalities</i>	-	-	-	-	-

¹⁶ The number of injuries excludes minor events requiring first aid and those occurring as a result of commuting incidents when the transport is not organised by IMA. Injury Rate = No. of work-related injuries/hours worked*1,000,000. The high consequence work-related injuries rate is calculated as the number of high consequence work-related injuries/hours worked*1,000,000. The fatality rate is calculated as the number of work-related fatalities/hours worked*1,000,000. Compared with data reported in the 2019 NFR, the number of injuries excludes the commuting injuries (40 in 2019) in order to guarantee consistency with the new GRI indicator 403-9 (2018).

2020	Italy	EU	Americas	Asia	IMA
No. of work-related injuries	18	8	18	5	49
<i>of which high consequence work-related injuries</i>	-	-	-	1	1
<i>of which fatalities</i>	-	-	-	-	-
Hours worked	6,325,593	1,417,233	1,267,475	1,422,283	10,432,584
Injury rate	2.85	5.64	14.20	3.52	4.70
High consequence work-related injuries rate	0.00	0.00	0.00	0.70	0.10
Fatality rate	0.00	0.00	0.00	0.00	0.00
Cases of recordable work-related ill health	0	1	0	0	1
<i>of which fatalities</i>	0	0	0	0	-

Injury rates¹⁷ by region of the external workers of IMA (at 31 December)

2020 External workers ¹⁸	Italy	EU	Americas	Asia	IMA
No. of work-related injuries	11	2	-	-	13
<i>of which high consequence work-related injuries</i>	-	-	-	-	-
<i>of which fatalities</i>	-	-	-	-	-
Hours worked	1,133,798	98,432	182,790	56,242	1,471,262
Injury rate	9.70	20.32	0.00	0.00	8.84
High consequence work-related injuries rate	0.00	0.00	0.00	0.00	0.00
Fatality rate	0.00	0.00	0.00	0.00	0.00
Cases of recordable work-related ill health	0	0	0	0	-
<i>of which fatalities</i>	0	0	0	0	-

¹⁷ The number of injuries excludes minor events requiring first aid and those occurring as a result of commuting incidents when the transport is not organised by IMA. Injury Rate = No. of work-related injuries/hours worked*1,000,000. The high consequence work-related injuries rate is calculated as the number of high consequence work-related injuries/hours worked*1,000,000. The fatality rate is calculated as the number of work-related fatalities/hours worked*1,000,000.

¹⁸ The data collected on the external workers of IMA only relates to 2020, as this is the first year of disclosure adopting the new version of GRI 403 (2018).

The most important initiatives adopted in 2020 to improve occupational health and safety conditions at IMA's Italian companies are described below:

- extension to a larger number of plants of the software portal to verify the technical-professional suitability of personnel of the contractor companies who operates within the premises of IMA S.p.A.. This system, which can be connected to the points of access of the individual plant, allows the gatekeepers of the various sites to verify that the documentation required by the safety regulations for contracting companies is complete and correct, blocking any members of staff who show non-compliant or incomplete documentation;
- although no extraordinary maintenance is underway, the project to secure the roof areas of IMA's production plants against the risk of falling from a height is in progress. The technical solution adopted was to install collective protection devices; this project, which will continue in the years to come, has seen the installation in 2020 of about 673 linear metres of railings and 676 linear metres of fall arrests;
- in view of the current background conditions, the specific refresher courses delivered to employees on occupational health and safety also covered the measures envisaged in the Sars-CoV-2 (new Coronavirus) anti-contagion protocol and the risks inherent in smart working;
- assessment of the risks associated with using the new augmented reality technologies (e.g smart-glasses, visors).

Personnel training and development

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

How the Italian IMA companies handled the COVID-19 pandemic

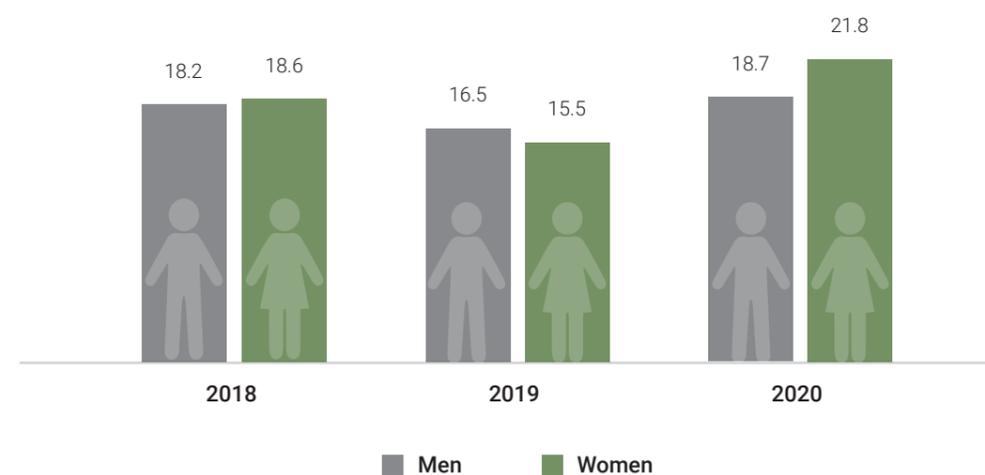
The pandemic has also affected the management of training. delivery methods have changed with innovations to manage better the unexpected situation: classroom training was mostly replaced by virtual group sessions held using various online platforms; this approach made it possible to proceed with distance learning in a safe and effective manner.

In addition, access to on-demand learning was made available with selection from a series of courses contained in the Training Catalogue. In total, 39 courses were recorded to be used in this way: 5 in the Cross area, 18 in Information Communication & Technology, 13 in Quality & Compliance, 3 in Safety & Security area.

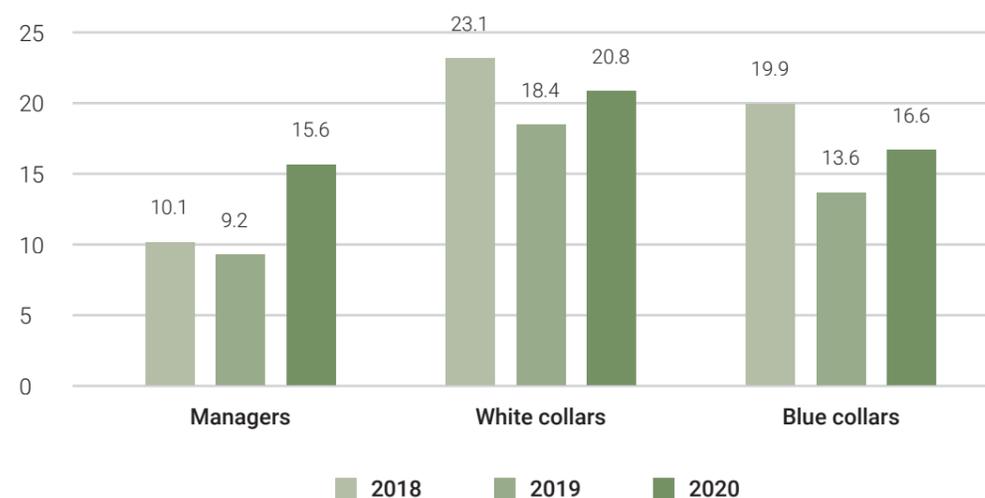
Additionally, 8 hours of cross-functional training in the area of soft skills were made available in Italy during 2020. Employees can access these e-learning sessions at any time.

Overall, in 2020, around 118,000 training hours were provided, increasing by about 20% every year since 2012. Globally, the average number of hours' training per employee was 19.28. Most of the training was dedicated to the development of soft skills (41.9% of total hours delivered), but the training catalogue also includes courses on planning (13.1%), safety (15.0%), production (7.7%), quality/standards (3.0%), ICT (5.5%) and languages (9.5%). The areas of intervention are divided into more than 230 courses in the Training Catalogue.

Average number of hours' training per person by gender in the IMA group



Average hours' training per person by professional category¹⁹



¹⁹ The figures for "middle managers" have been combined with those of "white collars" for greater consistency with the consolidated financial statements.

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

For IMA, investing in human capital also means establishing stable and mutually profitable relationships with schools and universities. In 2020 IMA welcomed over 90 trainee students and over 500 students in orientation programmes; participated in meetings of Technical and Didactic Committees for more than 60 hours; provided over 300 hours of training modules for both students and teachers, of which 107 were attended physically and the others remotely, with a view to the transfer of skills and the creation of positive synergies with local concerns.

IMA Academy project

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

- **Job Description** describe the corporate roles, which do not necessarily coincide with the list of duties or the organizational position, but they are a schematic description of the industrial process;
- **skills mapping** aims to analyse specific training gaps for each position and monitors the effectiveness of the training activity as objectively as possible;
- the **training catalogue** is available to managers, helping them to plan training that is consistent with the roles of employees and their training gaps. This is an organized compendium of possible training paths, comprising over 230 courses, split into nine main topics: Safety & Security, Quality & Compliance, Information and Communications Technology, Languages, Production, Engineering, Sales, Soft Skills, Cross;
- **"I.M.A." masters** are a combination of classroom and on-the-job training, designed to qualify and perfect the abilities and professional skills of IMA employees. The "I.M.A." Potential master is aimed at new recruits to ensure that they are properly prepared for their role, transforming the knowledge already gained into professional skills that are consistent with their level of seniority; The "I.M.A." Talent master aims at consolidating organizational values and drivers by deploying them into functional behaviours on a relational and business level. It is dedicated to resources who, having achieved consistent role-centring, demonstrate professional growth potential;
- **the long-term planning of training** needed to maintain staff skills in line with their role - involves continuous adaptation of individual skills to the evolution of the business.

In addition to these tools, the I'M An Innovator project launched in 2019 has continued, with the objective of stimulating innovation by those representing our greatest wealth: our people, helping to stimulate them with new ideas to think about and creating a high-level context for them to make their contribution.

This project is part of the broader training offered by IMA Academy, departing from the traditional training approach with seminars led by guests of national or international stature, not associated with our daily activities in any way, who invite the audience to think out of the box.

These seminars provide a chance to discuss and analyse wide-ranging topics and even cover theoretical and forward-looking matters. The topics covered range from open innovation to industrial applications, and from robotics to cognitive psychology.

IMA has also activated a series of exchanges with the trade unions, in order to assess the training opportunities available for workers, so that the digital revolution does not become a way to reduce employment.

Similar initiatives have been taken with managers, in order to get up to speed on AI topics that, in the near future, will become important in order to maintain competitiveness.

Equal opportunities

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

IMA is attentive to the issue of equal opportunities, despite operating in a production and industrial environment that, by history and tradition, tends to employ much fewer women than men: women account for 18% of the total workforce; 94% of female staff works in white-collar positions, staff services and in the commercial areas. In terms of remuneration, the provisions laid down in national contracts and current legislation in force in the countries where the company operates are applied.

CapoD

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

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

Protected categories of employees²⁰ (at 31 december)

	Number of employees	% of the total
Total 2018	99	1.76%
Total 2019	178	2.89%
Total 2020	185	3.03%

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

²⁰ The figure is representative of the Group perimeter.

DIGIDOC S.r.l.: a start-up for digitisation

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

Development of female professionalism

The "IMA - Mainstreaming Actions" training path, active since 2013, has continued with a view to highlighting within the Group the importance of equal opportunities and the professional development of women.

The issues addressed relate to the legislation on equal opportunities in its various aspects: from gender culture in organizations to ways of reconciling home-work time, from emotional management techniques to leadership. Starting with an outline of European and domestic reference legislation, moving on to time management, assertiveness and understanding of the different contexts, the purpose of the training path is to identify and implement objectives and promote networking to ensure the positive professional development of women. This training path has reached all Group employees, with classroom sessions, project work and individual coaching on such topics as equal opportunities, the culture of gender diversity in organisations, the ways of achieving work-life balance and techniques for leadership and the management of emotions.

The latest edition of the course was delivered to employees hired subsequent to the previous sessions, in order to offer them the same tools and approaches agreed with their female colleagues throughout the Group. A total of 159 women were involved this time.

Top Employer Certification

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

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

The certification body uses the Top Employers HR Best Practices Survey to analyse the working conditions at firms based on 10 topics: Talent Strategy, Workforce Planning, Talent Acquisition, On-Boarding, Learning & Development, Performance Management, Leadership Development, Career & Succession Management, Remuneration & Benefits, Culture. The selection process is guaranteed by an independent auditor that checks the business processes concerned. Following a positive assessment, the business is officially certified and recognised as a Top Employer.

Certification for 2020 confirms the positioning of the Group as an excellent employer, capable of attracting talent and maintaining high levels of productivity and competitiveness, based on policies that focus on the quality of the work performed.



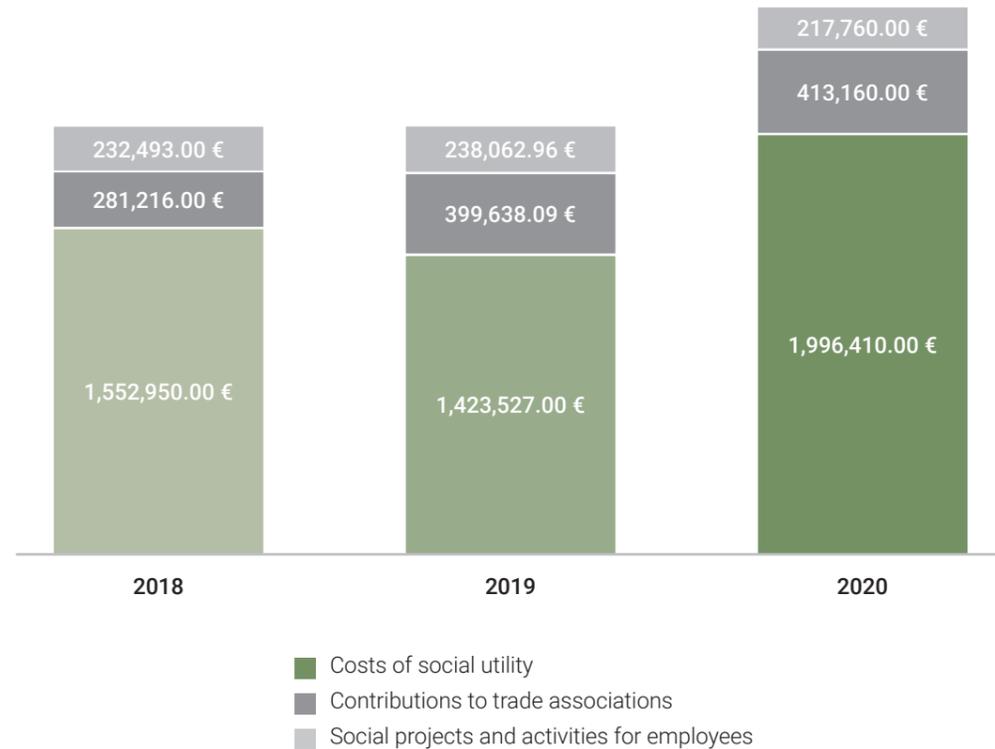
LOCAL
| **COMMUNITY** |
ENGAGEMENT

Community support initiatives



During 2020, IMA companies supported numerous social, cultural, education and sports activities, making grants and donations for a total of 2,627,330 euros (+27.5% on 2019). This amount includes the resources allocated to social responsibility projects, expenses incurred for the benefit of employees (such as for sports groups or other corporate initiatives), and fees paid by IMA to join representative or industry associations.

IMA's social commitment



The impact of the COVID-19 virus is global and its effects are being felt at many levels: economic, social, historical, institutional and scientific. All of the decisions taken by the Chairmanship of IMA during 2020 as regards support for the local community had to do with this global health emergency. The focus was on people's health, particularly the fight against contagion, the care of patients and research to defeat the virus.

The projects supported by IMA and the areas of intervention concerned, as a priority, the issues related to **people's health** by supporting the **Bologna University Hospital (Policlinico Sant'Orsola)** for treatment and research, and by funding two PhD scholarships at the **University of Bologna**.

Covid-Hospital - Bologna University Hospital (Policlinico Sant'Orsola)

Faced with the emergency caused by the pandemic, **the Policlinico Sant'Orsola** activated a **Covid-Hospital** to assist patients suffering from COVID-19. IMA's contribution helps the Polyclinic to purchase health equipment and other material necessary to improve the assistance given to patients affected by COVID-19 and to offer them the most appropriate reception and care.

Study of the human microbiota - IRCCS Policlinico Sant'Orsola, Bologna

IMA supports the research carried out at **IRCCS (Scientific Research and Care Institute) Policlinico Sant'Orsola**. In particular, IMA is continuing its **support for research in the field of microbiota knowledge** and the therapeutic applications that derive from it, including transplants of intestinal microbiota to bring scientific and welfare benefits to scientific knowledge and patient care.

Scholarships for Alma Mater Studiorum - University of Bologna (academic year 2020/21)

In the context of the three-year **PhD course in Health Sciences and Technologies** at the University of Bologna, IMA finances a scholarship for the **PhD in Research in "Health Technology"**. The scholarship is dedicated to carrying out and developing research activities in the disciplinary sectors for which the PhD course is established, with particular reference to the study of the **"Multipurpose facial mask for control of Covid Diffusion MASC2D (MASQUERADE Project)"**.

IMA also finances a scholarship for the three-year **PhD course in Civil, Chemical, Environmental and Materials Engineering** at the University of Bologna. The scholarship is dedicated to carrying out research in the field of **"Determination of microplastics in food matrices, also in relation to the influence of the packaging process"**.

IMA helps to protect the well-being of the community in which it operates, with the aim of generating a positive impact and creating shared economic and social value. It promotes and supports projects and programmes with social, educational and cultural purposes, in the technical and other fields, in Italy and all over the world.

Once again, IMA decided to celebrate Christmas by offering its support to people in need. IMA's Italian companies offered their support to **Antoniano Onlus**, for its projects of social integration and autonomy for families that have slid below the poverty line, and to **Médecins Sans Frontières**.

Together to help families in need

For the fourth year running, at Christmas time, IMA wants to support the **Families Project** run by **Antoniano** to welcome and support families in difficulty through a process of social protection, integration and autonomy. The project was revised during the Covid-19 emergency, adapting to the needs of families hit by the health and social crisis, increasing the number of families taken care of and by adapting the services to the rules of infection containment: cooked meals were replaced by food baskets and shopping vouchers, as well as listening to people and providing aid to families through the Family Fund.

Over the various years that IMA has supported this project, we have contributed to the listening, the aid and the housing for 80 families in difficulty, a contribution that proved particularly useful during the health and social emergency of 2020.

Maternity Ward, Bangui Hospital, Central African Republic

IMA is supporting **MSF for the Maternity Ward** at Castor Hospital in Bangui, Central African Republic: a project born many years ago in the wake of the violence that broke out in the country, but today more essential than ever to give **a future to mothers and children**. The country's infant mortality rate still remains, year after year, one of the highest in the world and with the new Covid-19 emergency the health system has been put under severe strain.

Bangui is considered the city most at risk in that country due to the number of cases and the density of its population. When the pandemic broke out, a COVID-19 treatment centre was quickly set up with a capacity of 40 beds and an international MSF task force today supports the local healthcare authorities with IPC (Infection Prevention Control) training and health promotion activities).

The goal is to continue providing free essential care to the population, while complying with all the new safety measures.

Relations with trade and sector associations

In Italy

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

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

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



In the world

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

Americas:

- PMMI - Packaging Machinery Manufacturers Institute
- INDA - Association of the Nonwoven Fabrics Industry
- Rockford Area Economic Development Council
- INTI - Instituto Nacional de Tecnología Industrial
- Secretaria de Industria Nacional
- Cámara de Exportadores de la Nación
- SHRM - Society for Human Resources Management
- ITALCAM - Câmara Italo Brasileira De Comercio Indústria e Agricultura
- Chamber of Commerce - Manufacturing Industry

European Union:

- IHK - The Association of the German Chambers of Industry and Commerce
- Tea Coffee Association
- WKO - Wirtschaftskammer Österreich
- FME - Dutch employers' organisation in the technology industry

Asia & Middle East:

- ISPE - International Society for Pharmaceutical Engineering
- Relief foundation for CASCADE Montessori - Narsingapuram & Odisha Location
- Bombay Chamber of Commerce and Industries
- TTC-MIDC Industries Association
- Thane Belapur Industries Association
- Institute of Packaging Machinery Manufacturers of India





ENVIRONMENTAL
| SUSTAINABILITY |

Global environmental policy

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

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

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

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

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

The IMA-Nop (IMA No Plastic) project has progressed in 2020: after the recent green light in Strasbourg by the European Parliament, the directive limiting the use of various disposable plastic items requires new automatic machines capable of lowering the use of plastic in packaging. In cooperation with major market players, IMA has already developed some extremely innovative solutions, anticipating the needs of the market.

Additionally, during 2020 IMA S.p.A. launched a project together with Valle Morosina S.p.A., a firm that generates certified carbon credits deriving from the photosynthesis of plants, the circulation of algae in fresh water and the biological farming of fish in the Morosina e Ghebo Storto valley (Venice Southern Lagoon): in particular, IMA acquired sufficient carbon credits to offset all direct emissions (due to the use of fuels and refrigerants) and indirect emissions (due to the use of electricity). As part of the same project, IMA obtained third-party certification of compliance with the BNeutral standard, which requires a commitment from IMA to steadily reduce the emissions generated by its productive processes. IMA took steps in that direction even before the project was finalised, extending the supply of electricity from certified renewal sources to cover - with retroactive effect from 01/01/2020 - a much higher percentage of emissions than that required by the above standard, namely 14.2% above the 2019 baseline. This confirms the environmental awareness demonstrated by IMA. This initiative represents an important plus for IMA, both in terms of reducing its environmental impact and when reporting and communicating with stakeholders (principally within the Carbon Disclosure Project and the EcoVadis platform). In addition, Valle Morosina S.p.A. is used to hold meetings between IMA managers, suppliers and customers in a natural environment, promoting the essential importance of biodiversity, even for an industrial company.

Consistent with the European Green Deal and the international recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), IMA has prepared the groundwork for the identification of Science Based Targets that, over time, will enable the Group to reduce its ecological footprint and edge even closer to the "carbon neutrality" goal.

Environmental management and risk management systems

IMA has prepared programs and initiatives designed to progressively reduce environmental impact and improve efficiency in the use of energy resources.

This action is included in the path undertaken by IMA S.p.A. to obtain ISO 14001 certification of its Environmental Management System (EMS). Certification was confirmed during 2020 for the headquarters of IMA S.p.A. at Via Emilia 428-442, and the locations at Via I Maggio 14-16 (including the connected satellite location at Via Libertà 1-15), Via Piave 16 and Via Tolara 121/A in Ozzano dell'Emilia (BO), as well as for the main locations in Calenzano (FI) and Bentivoglio (BO). ISO 14001 certification was also confirmed in 2020 for Corazza S.p.A. and Atop S.p.A. (which also has EMAS certification and registration).

In the context of the EMS, IMA:

- plans audit, supervisory and control activities to check proper application of its environmental protection procedures, even in possible emergency situations (e.g. spillage of hazardous substances into the soil or surface waters), for which emergency squads have been appointed and trained in much the same way as those responsible for managing health and safety emergencies;
- plans training for personnel in order to enhance their awareness of environmental issues and the need to reduce energy consumption, assigning them the related responsibilities;
- informs contractors, subcontractors and the suppliers of services about the contents of the Environmental Policy, in the context of their Corporate Social Responsibility, and about the procedures they are requested to implement.

Energy consumption is one of IMA's principal environmental impacts, with the consequent emission of greenhouse gases, while another is the generation and disposal of waste, most of which is industrial in nature, although some can be considered urban waste. In this regard, IMA strives to identify and implement actions to monitor and reduce these impacts, including via the installation of technological installations with a lower direct and/or indirect environmental impact. All these impacts, including atmospheric emissions (from the mechanical processes carried out internally, generating pollutants that are suitably captured in air ducts, filtered and cleaned prior to discharge), are managed in full compliance with the regulations. In particular, all IMA Italian companies hold all necessary authorisations issued by the competent bodies. This is confirmed by the fact that, in 2020, no fines or other penalties were levied for infringements of the environmental regulations (with specific reference to Italian Legislative Decree 152/2006). Compliance with the limits on atmospheric emissions is monitored and specific analyses are carried out with the frequency established by law. To a lesser extent, inasmuch as they potentially derive from the work performed in the workplace, IMA has carried out specific measurements at its main plants aimed at assessing and highlighting its own regulatory compliance in terms of the acoustic and electromagnetic pollution of the surrounding environment, also respecting the quality objectives set by legislation for the protection of any civilian populations living near industrial sites.

The direct and indirect impacts of water consumption are also monitored continuously, although they are not significant. The waste water generated can essentially be compared with domestic waste water. The IMA companies in the world manage environmental matters in compliance with current local regulations.

Energy management

Pursuant to the provisions of Article 8 of Legislative Decree 102/2014 (Transposition of EU Directive 27/2012, obligations for Energy Efficiency), IMA S.p.A., falling within the scope of the legislation as a "Large Company", appointed an ESCo (Energy Service Company) to carry out an Energy diagnosis at its main production sites. In accordance with the Guidelines issued by ENEA (Italian National Agency for New Technologies, Energy and Sustainable Economic Development), all IMA plants in Italy were taken into account (not only those included in the scope of this Report, but also the production units of associates of the Parent Company IMA S.p.A. held with interests of between 25% and 50%). Based on this "clustering", the sites requiring a specific Energy Diagnosis were identified: in this specific case, the Energy Diagnoses carried out during 2019 concerned three IMA S.p.A. production plants (Via Emilia 428-442 and Via I Maggio 14-16 in Ozzano (BO), previously submitted to this diagnosis in 2015, and that in Via Romagnoli 2-6 in Bentivoglio (BO)). The purpose of the Energy Diagnoses is to obtain in-depth knowledge of actual energy consumption at the location, in order to identify the most effective ways to improve energy efficiency, reduce energy procurement costs, requalify the energy system and thus enhance environmental sustainability. In this regard, a number of possible ways to improve energy efficiency and reduce consumption have been identified and their application will be considered in the coming years. These are both technical (e.g. recovery of heat from expelled air, additional insulation of buildings and the reduction of solar heating in the summer, installation of PV systems and tri-generation plants - electricity, heat and refrigeration) and operational (e.g. optimisation of the directional use of lighting, optimisation of 60 Hz electricity generation) in nature.

Various methods have been adopted by IMA to reduce energy consumption: from the adoption of responsible behaviour by personnel (for example, company regulations recommend turning off devices at the end of the working day), to investment in efficient or low-consumption installations, machinery and devices (general and auxiliary production services), including the addition of control systems to installations in order to monitor energy use constantly (principally electricity and natural gas), with the possibility of programming their operating parameters and on/off times and obtained feedback in the event of losses and/or faults. During 2021, IMA will implement an ISO 50001 management system at the above plants, subjected to energy diagnoses in 2019, which will be audited by third parties.

In 2020, the Italian companies of IMA purchased 69.3% of the 95,877 GJ of electricity purchased derives from renewal sources: compared with 2019, when the only locations to purchase electricity from certified renewable sources were Via Emilia 428-442 and Via I Maggio 14-16 in Ozzano dell'Emilia (BO) for IMA S.p.A. and Via Michelangelo Buonarroti 4-6 in Segrate (MI) for Eurosicma S.p.A., the scope of application has been extended to:

- Via Nobel 28 and 32, Ozzano dell'Emilia (BO)
- Via Piave 16, Ozzano dell'Emilia (BO)
- Via Libertà 1-15, Ozzano dell'Emilia (BO)
- Via Bertella 20-26, Ozzano dell'Emilia (BO)
- Via Romagnoli 2-6, Bentivoglio (BO)
- Via Tosarelli 184, Castenaso (BO)
- Via Petrarca 34-40, Calenzano (FI)
- Via Petrarca 35-37, Calenzano (FI)
- Via Ugo Ferrandi snc, Parma (PR)
- Via Piero della Francesca 26, Trezzano sul Naviglio (MI)
- Via Tolara di Sotto 121/a, Ozzano dell'Emilia (BO)
- Via Kennedy J.F.17, Zola Predosa (BO)
- Via Parini 1, Zola Predosa (BO)

At Group level, IMA Swiftpack Ltd. site also purchases electricity from renewable sources, and together with the Italian companies IMA covers 51.4% of the electricity obtained from certified renewable sources.

In addition, the Italian PV installations generated and self-consumed 2,333 GJ of electricity, while 660 GJ produced were sold to the grid.

The most energy-intensive installations at IMA plant are used for heating and cooling (e.g. air-conditioners, refrigeration units, heat pumps), steam generation and the treatment of process waters (e.g. reverse osmosis demineralisation), lighting, UTA (air filter units), as well as forced ventilation, compressed air, powering of back-up power and emergency units, frequency converters, production and testing machines and the technological devices typically used in offices.

Over the last year, there has been an increase in the total electricity consumption by IMA Italian companies. At the same time, in line with previous years, there was a further simultaneous expansion of the number of IMA's industrial sites, which in 2020 again marked a growth in terms of personnel and production area. Per capita energy intensity, being electricity consumption divided by the total number of IMA employees in Italy, is calculated to be 7,147.08 kWh_e. The number is 6,014.64 kWh_e at IMA Group level.

Considering the Italian perimeter of IMA, the consumption of natural gas, diesel and LPG is primarily due to the functioning of plants and machinery, also in the service of production (mainly for central heating systems and the production of hot water for non-industrial use). In particular, increase in natural gas consumption reflects the widening of the reporting perimeter. Energy intensity, calculated as the consumption of methane gas divided by the usable surface area of IMA in Italy, is 9.0 Smc/m², while the number is 5.3 Smc/m² for IMA in the world. Energy intensity, calculated as the consumption of methane gas divided by the volume of the workplaces of IMA in Italy, is 1.5 Smc/m³. The remaining fuel consumption (petrol, in addition to those mentioned above) can be attributed to refuelling of cars and trucks from the company pool.

Summary of annual energy consumption (GJ)

	Total 2018	Total 2019	Total 2020
Energy consumption from fuels			
Natural gas (used for heating work environments)	116,323.00	110,914.50	124,950.84
Methane (used in vehicles)	1.00	21.64	4.50
LPG (used for heating work environments, roasting and testing roasting machines)	57.00	314.44	184.69
LPG (used in vehicles)		59.45	58.11
Diesel (used for heating working spaces, generators, motor-driven fire-fighting units, high-pressure cleaners)	30,945.00	37,008.23	3,381.46
Diesel (used in vehicles)		32,356.85	27,216.09
Petrol (used in vehicles)	1,322.00	6,068.41	3,793.71
Total	148,648	154,386.65	159,589.40
Electricity consumption			
Electricity	129,710	128,760	129,829.13
<i>of which from certified renewable sources</i>	<i>33,175.00</i>	<i>35,945.00</i>	<i>66,948.09</i>
Self-produced and consumed electricity (from photovoltaic systems)	1,351.23	2,683.77	2,512.30
Total electricity consumption from renewable sources	34,526.23	38,628.77	69,460.40
Electricity that is self-produced and sold/fed back into the grid (by photovoltaic systems)	29.49	666.00	659.85
Self-produced electricity (from photovoltaic systems)	1,380.72	2,683.77	3,172.16
Total electricity need	131,061.23	131,443.77	132,341.43

Investments in energy efficiency and the use of renewable energy

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

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

- gradual expansion of the number of plants whose electricity drawn from the grid is certified as renewable by specific Guarantees of Origin (GO) issued by the distributor, until they all are; generation of renewable electricity by photovoltaic installations:
 - factory of IMA S.p.A. in Via Emilia 428-442, Ozzano dell'Emilia (Bologna, Italy): capacity of 155 kWp;
 - factory of IMA S.p.A. in Via Piave 16, Ozzano dell'Emilia (Bologna, Italy): capacity of 310.9 kWp;
 - factory of IMA S.p.A. in Via Nobel 34, Ozzano dell'Emilia (Bologna, Italy): capacity of 19.5 kWp;
 - factory of Ilapak Italia S.p.A., Via Lama 11-13 Foiano della Chiana (Arezzo): plant with a capacity of 55.575 kWp;
 - factory of Eurosicma S.p.A., Via Michelangelo Buonarroti 4-6, Segrate (MI): plant with a capacity of 158.4 kWp;
 - factory of Atop S.p.A. in Barberino Tavarnelle (FI), località Valcanoro: 2 plants of 93.195 and 94.32 kWp;
- construction has started on a new building for use by the Safe Division of IMA S.p.A. in Ozzano dell'Emilia (BO), which will have a photovoltaic system with a nominal power of 924 kWp installed on the roof;
- a plant has recently been leased in Via degli Artigiani in Castel San Pietro Terme (Bologna, Italy), for future use by the IMA Life Division, fitted with a 999.58 kWp photovoltaic system on the roof, which comes with surface rights; all the output of this plant is sold to the grid. The new offices to be built soon will have a second PV plant on the roof, with a nominal power of 95.76 kWp for self-consumption;
- during 2020, work continued in working environments on the replacement of fluorescent lighting with new generation LEDs; over the years to come, this is expected to take place gradually at all the plants;
- production of renewable thermal energy using solar collectors (supporting the thermal plant at the factory in Via Emilia 428-442), with a consequent saving in the consumption of methane;
- implementation of a program, over the past few years, for the gradual replacement of:
 - old compressors with new models fitted with inverter drives that are more efficient, even under partial loads, in order to optimise the production of compressed air;
 - conditioners and refrigeration units with new heat pump models, with variable levels of compression that ensure greater efficiency under partial loads and allow for the centralisation of installations;
 - traditional boilers with condensation boilers, that exploit the condensation of exhaust fumes to recover calories usable to heat water, thus delivering the same amount of heat while consuming less natural gas;
 - UPS (gruppi di continuità) con nuovi modelli più efficienti.

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

- installation of technology supporting the principal electricity substations at the most energy-intensive plants in order to reduce their consumption and improve the quality of power drawn from the grid.

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

Carbon footprint and greenhouse gas emissions

In order to carry out its commitment to the gradual reduction of direct and indirect emissions, in 2012 IMA joined the Supply Chain Program of the CDP (formerly Carbon Disclosure Project) and, starting from 2014, as an issuer listed on the MTA organized and managed from Borsa Italiana S.p.A., also to the Climate Change Program, the main program of the same project. CDP is an international non-profit organization that provides companies and the community with a global system for measuring, disseminating, monitoring and publishing information on environmental sustainability issues. The Program, which is aimed at companies, provides for the implementation of strategies designed to gradually reduce emissions, also involving partners along the supply chain, and to manage environmental risks associated with climate change. Every year companies participating in the Main program of the CDP undertake to report their emissions (calculated in terms of emissions of carbon dioxide equivalent (or CO₂e) in order to monitor them and, if possible, establish a plan to reduce them over time; the reported data are made public by the CDP, available to international investors, in order to guide their investment decisions towards companies that have a profile that is more sustainable for the environment. The EcoVadis platform, to which IMA reports, has a similar mission.

As regards CDP, in 2020, IMA was in the “Awareness C” band, a similar positioning compared to the previous year. Since 2014 IMA has been publishing its data in the “CDP” section of the website dedicated to investors, making them freely available to a wider audience.

As in previous years, IMA has been awarded a “Silver Medal” EcoVadis rating.

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

Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Indirect emissions (Scope 3)
<i>deriving from the consumption of fuels needed to power thermal plants and machinery (natural gas, diesel and LPG) and the cars of the company pool (petrol, diesel, LPG and methane)</i>	<i>from electricity consumption, net of the energy produced by the photovoltaic park, and self-consumed, and certified supplied energy from renewable sources</i>	<i>deriving from the consumption of water, the purchase of fixed assets, other assets and goods and services, losses on the extraction, distribution and transportation of fuels and electricity, the purchase of logistics, transportation and distribution services, the generation, transportation and disposal of urban and industrial waste, and travel for work and by employees travelling between work and home</i>

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

In 2020, the supply of electricity certified to derive solely from renewable sources made it possible to avoid 8,598.7 ton CO₂eq of indirect emissions (using the market-based²¹ calculation method envisaged in the 2015 “GHG Protocol Scope 2 Guidance – An amendment to the GHG Protocol Corporate Standard”). Considering the IMA Group in the world, 8,647.8 ton CO₂eq of indirect emissions were saved on the same basis.

The performance of Scope 1 emissions principally reflects lower usage of the car fleet in 2020 due, in large measure, to the travel restrictions imposed by the COVID-19 anti-contagion protocol. Similarly, the performance of Scope 2 emissions (location-based method) reflects the reduction in electricity consumption attributable to the additional recourse made to smart working. The reduction of Scope 2 emissions (market-based method) in 2020 was due to the additional purchasing of electricity certified to derive from renewable sources.

²¹ Equal to the CO₂ emissions that IMA would have reported without having purchased guarantees of origin certifying that the related electricity was generated from renewable sources.

Greenhouse gas emissions	2018 ton CO ₂ eq	2019 ton CO ₂ eq	2020 ton CO ₂ eq
Total direct emissions - Scope 1	9,015.00	13,154.44	11,032.46
Natural gas (used for heating work environments)	6,604.00	6,283.91	7,677.82
Methane (used in vehicles)	0.05	1.22	0.25
LPG (used for heating work environments, roasting and testing roasting machines)	4.00	20.12	11.81
LPG (used in vehicles)		3.80	3.72
Diesel (used for heating working spaces, generators, motor-driven fire-fighting units, high-pressure cleaners)	2,313.00	352.91	256.52
Diesel (used in vehicles)		2,332.57	1,935.84
Petrol (used in vehicles)	93.00	408.00	262.91
Total fuels for car pool	n.d.	2,745.59	2,202.73
Refrigerant gases	n.d.	3,751.91	883.58
Indirect emissions – Scope 2			
Electricity consumption emissions (Location Based Method)	14,505.00	14,153.24	13,149.75
Electricity consumption emissions (Market Based Method)	21,627	15,652	8,040.17
Total direct emissions - Scope 1 + Scope 2 (Location Based)	23,520	27,308	24,182.21
Total direct emissions - Scope 1 + Scope 2 (Market Based)	30,643	28,806	19,072.63

The intensity rates are calculated by dividing the Scope 1+2²² emissions in tonCO₂eq by the usable surface area in m², sales in euros, and the number of employees (expressed as Full-Time Equivalents (FTEs) to take account of both part-time and full-time contracts); the 2020 values for IMA in Italy are respectively 0.055 tonCO₂eq/ m² (0.057 tonCO₂eq/ m² at Group level); 0.0000143 tonCO₂eq/ € (0.0000148 tonCO₂eq/ € at Group level) and 4.65 tonCO₂eq/ FTEs (4.03 tonCO₂eq/ FTEs at Group).

²² Il calcolo è stato fatto secondo il metodo Location Based

Initiatives to reduce greenhouse gas emissions and results achieved

The total production of the Italian photovoltaic park of IMA, in 2020, net of network sales, came to 648,046 MWh, which satisfied part of the energy needs of the various plants served, helping to avoid a total of 232.65 tonnes CO₂e²³.

Other atmospheric emissions (polluting emissions)

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

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, wood and glass. In addition, the plants that carry out mechanical processes on metal surfaces with chip removal generate waste consisting of residues such as iron and aluminium filings, ferrous scrap and other metals, such as aluminium, bronze and brass. To a lesser extent, the waste resulting from the testing of the automatic machines produced also has to be considered. Tests are performed with the materials and products to be packaged, sent directly by Customers (pharmaceuticals, cosmetics, medicines, food, such as tea, coffee, stock cubes and cheese).

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

In Italy, all the waste produced from business activities at each plant is collected, separated by type and handed over to appointed waste disposal hauliers holding the necessary authorisations in compliance with the regulations. Waste is not held for longer than the maximum times established in the Italian Legislative Decree 152/2006 and preference is given to destinations where processing focuses on the recovery of materials or energy. Separate collection is also carried out in the office areas (such as for toner, paper and cardboard), as well as in the refreshment areas and in the canteen (plastic and organic): all employees have been trained and informed about the criteria for waste separation. With regard to IMA companies in the world, waste is managed in compliance with the current local regulations, using the specified recovery and disposal procedures.

²³ Il calcolo è stato fatto secondo il metodo Location Based

Only 7.3% of the waste disposed of by IMA is classified as hazardous. 32.9% of the waste products produced by IMA in 2020 are to be recycled and reused; 8.4% for energy recovery.

Again in 2020, there were no significant spills or discharges of waste water containing chemicals, waste or fuels, reflecting successful implementation of the procedures that constitute the Environmental Management System and the awareness, training and care of staff.

The trend in data relating to waste produced and disposed of reflects a continuous improvement in the quality of the monitored data.

The 5.7% reduction in total waste produced in 2020, compared with 2019, was principally due to the impact of the COVID-19 pandemic on production.

Waste disposed of by disposal method (in tonnes)

	Total 2018			Total 2019			Total 2020		
	Haz-ardous waste	Non-haz-ardous waste	Total 2018	Haz-ardous waste	Non-haz-ardous waste	Total 2019	Haz-ardous waste	Non-haz-ardous waste	Total 2020
Energy recovery	-	64.10	64.10	-	82.92	82.92	-	460.67	460.67
Recycling/ Re-use	2.52	1,769.40	1,771.92	19.27	1,914.92	1,934.19	0.44	1,797.09	1,797.53
Stocking and/ or placing in reserve for recovery purposes	113.93	1,383.42	1,497.30	181.76	1,206.31	1,388.07	153.39	1,129.92	1,283.32
Landfill	0.09	364.35	364.44	-	539.72	539.72	0.02	328.72	328.74
Incineration	3.88	135.38	139.26	27.80	134.20	162.00	11.11	34.26	45.37
Other disposal operations (such as: purifier)	260.77	1,031	1,292	200.57	1,341.77	1,542.34	223.80	1,284.89	1,508.70
Stocking or placing in reserve for disposal purposes	124.40	85.99	210.39	75.56	69.53	145.09	7.76	32.73	40.49
Total	503.07	4,833.87	5,339.41	504.96	5,289.37	5,794.33	396.53	5,068.28	5,464.81



| **METHODOLOGICAL** |
NOTE

IMA's 9th annual sustainability report

This is the ninth consecutive document prepared and published by IMA and constitutes the NFR, on a voluntary basis in 2020, referred to in the Italian Legislative Decree 254/2016 as subsequently amendments (below, Decree). This report contains information regarding environmental and social issues, personnel-related matters, respect for human rights and the fight against corruption. It serves to ensure an understanding of the activities carried on by IMA, its performance, its results and the impact of its activities.

Reference period

The qualitative and quantitative data and information contained in IMA's NFR refers to the year ended 31 December 2020. Comparisons with previous years are also provided.

Reference reporting standards

This NFR is drafted in accordance with the Legislative Decree 254/16 and in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" ("GRI Standards") defined by the GRI - Global Reporting Initiative, which is currently the most widespread and internationally recognized standard for non-financial reporting. This report has been prepared in accordance with the GRI Standards: Core option.

Data collection

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

- The corporate structures and divisions responsible for the various areas and for the figures involved in this Non-Financial Report have been asked to contribute (i) to the identification and assessment of the material topics, of significant projects and initiatives to be described in this document (ii) and in the collection, analysis and consolidation of data, in order to verify and validating all of the information contained in the NFR, each for its own area of competence. The figures and information included in this Report derive from the corporate information system used for the management and accounting of IMA and from a non-financial reporting system through data collection forms, specially implemented to meet the requirements of the Decree and GRI Standards.
- the figures have been calculated on the basis of data extracted from the company's records, whereas estimates have been made in a limited number of cases, as follows:
 - where details were not available for some environmental (waste) data, an estimate of the weight of the waste was made on the sole basis of the bills for the collection/disposal service. The final weight was obtained by dividing the total cost incurred by the company (cost variable depending on the amount of waste produced in the year) and the cost for each kg (or tons) of waste collected/disposed (fixed cost for each kg or ton of waste collected and managed). Where economic data were not available, starting from the geographical area of the various companies investigated, the quantity of waste has been estimated in proportion to their surface in square metres.

The conversion factors used to transform the different energy quantities into GJ are taken from the 2020 Defra database (UK Department for Environment, Food and Rural Affairs).

The emission factors used for the calculation of CO₂ emissions reported in NFR are the following:

- Direct emissions (scope 1): emission factors taken from the 2020 Defra database (UK Department for Environment, Food and Rural Affairs), updated annually;
- indirect emissions (scope 2): for electricity purchased from the grid, concerning the location-based method, Terna emission factors based on Enerdata values were used and taken from the latest publication

available (Table of international comparisons, 2019), while the Residual Mix conversion factors published by the Association of Issuing Bodies (AIB) was used concerning the market-based method. For countries whose residual mix factors were not publicly available from accredited sources at the time of preparing the document were applied location-based emission factors. For 2018 and 2019, the market-based method also used the Terna emission factors on Enerdata values.

Compared with prior-year reporting on disclosure GRI 403 (Occupational Health and Safety), IMA has now adopted the latest version, issued by the GRI in 2018, and the comparative data for 2019 has been aligned with the new method of calculation.

This NFR was approved by IMA S.p.A.'s Board of Directors on 22 March 2021.

Reporting scope

As provided for by the Decree, the 2020 NFR includes the data of IMA and its subsidiaries consolidated line by line, grouped by macro geographical regions:

Scope of the Sustainability Report 2020			
Italy	EU	Americas	Asia
<ul style="list-style-type: none"> I.M.A. Industria Macchine Automatiche S.p.A.* Alphamac S.r.l.* Asset Management Service S.r.l.* ATOP S.p.A.* Ciemme S.r.l.* CMRE S.r.l. Claren Cutting Service S.r.l.* CO.MA.DI.S. S.p.A.* CORAZZA S.p.A.* DIGIDOC S.r.l. Eurosicma - Costruzioni Macchine Automatiche S.p.A.* Eurotekna S.r.l.* Ilapak Italia S.p.A.* Packaging Manufacturing Industry S.r.l. Perfect Pack S.r.l.* Petroncini Impianti S.p.A.* Pharmasienna Service S.r.l.* Record S.p.A.* Società del Sole S.r.l. Spares & More S.r.l.* Spreafico Automation S.r.l.* TEKNOWEB CONVERTING S.r.l.* Telerobot S.p.A.* Tissue Machinery Company S.p.A.* Transworld Packaging Holding S.p.A. 	<ul style="list-style-type: none"> Benhil GmbH* Ilapak France S.A. Ilapak International S.A.* Ilapak Ltd. Ilapak SNG OOO Ilapak Sp. Z.o.o. Ilapak Verpackungsmaschinen GmbH IMA Automation Switzerland S.A.* IMA Est GmbH IMA France E.u.r.l. IMA Germany GmbH IMA Iberica Processing and Packaging S.L. Ima Industries OOO IMA Life The Netherlands B.V.* IMA Swiftpack Ltd.* 	<ul style="list-style-type: none"> Delta Systems & Automation Llc* Ilapak Inc. IMA Automation USA Inc.* IMA Life North America Inc.* IMA MAI S.A.* IMA North America Inc.* IMAUTOMATICHE do Brasil Industria e Comercio de Maquinas Ltda TECMAR S.A.* Tekno NA Inc. TEKNOWEB N.A. Llc TMC do BRASIL Industria de Maquinarios e Servicos Ltda* TMC NORTH AMERICA Inc. Valley Tissue Packaging Inc.* 	<ul style="list-style-type: none"> ATOP (Shanghai) Electrical Equipment Co. Ltd.* Ilapak (Beijing) Packaging Machinery Co. Ltd.* Ilapak Israel Ltd. IMA Automation Malaysia Sdn. Bhd.* IMA FUDA (Shanghai) Packaging Machinery Co. Ltd. IMA Life (Beijing) Pharmaceutical Systems Co. Ltd.* IMA Life (Shanghai) Pharmaceutical Machinery Co. Ltd.* IMA Life Japan KK IMA Pacific Co. Ltd. IMA Packaging & Processing Equipment (Beijing) Co. Ltd.* IMA Packaging Technology India Pvt. Ltd. IMA-PG India Pvt. Ltd.* Petroncini International Trading (Shanghai) Co. Ltd. Tianjin IMA Machinery Co. Ltd.

IMA Industries GmbH, Ilapak do Brasil Maquinas de embalagem Ltda. and Dreamer Srl are excluded from the perimeter because they are in liquidation.

The environmental data shown in the NFR refer to the companies indicated with an asterisk on the previous table: the companies that are not included are marketing and holding companies; considering their limited significance on environmental impacts, information relating to energy, emissions and waste is not reported as it is negligible compared with the total. The energy consumption and waste produced by Alphamac S.r.l. and Record S.p.A., acquired during 2020, reflects the situation for the full year. Any other limitations to the scope are appropriately indicated in the document.

The reporting perimeter for the **tax** information comprises the following companies:

Scope of the Sustainability Report 2020			
Italy	EU	Americas	Asia
<ul style="list-style-type: none"> Asset Management Service S.r.l. ATOP S.p.A. Ciemme S.r.l. Claren Cutting Service S.r.l. CMRE S.r.l. CO.MA.DI.S. S.p.A. Corazza S.p.A. DIGIDOC S.r.l. DREAMER S.r.l. (in liquidation) Eurosicma - Costruzioni Macchine Automatiche S.p.A. Eurotekna S.r.l. G.S. Coating Technologies S.r.l. GIMA S.p.A. I.M.A. Industria Macchine Automatiche S.p.A. Ilapak Italia S.p.A. MAPSTER S.r.l. O.A.SYS. OPEN AUTOMATION SYSTEM S.r.l. Packaging Manufacturing Industry S.r.l. Perfect Pack S.r.l. Petroncini Impianti S.p.A. Pharmasiena Service S.r.l. REVISIONI INDUSTRIALI S.r.l. Società del Sole S.r.l. SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. Spares & More S.r.l. Spreafico Automation S.r.l. Teknoweb Converting S.r.l. Telerobot S.p.A. Tissue Machinery Company S.p.A. Transworld Packaging Holding S.p.A. 	<ul style="list-style-type: none"> Benhil GmbH Ilapak France S.A. Ilapak International S.A. Ilapak Ltd. Ilapak Sp. Z.o.o. Ilapak SNG OOO Ilapak Verpackungsmaschinen GmbH IMA Automation Switzerland S.A. IMA Est GmbH²⁴ IMA France E.u.r.l. IMA Germany GmbH IMA Industries GmbH (in liquidation) IMA Iberica Processing and Packaging S.L. IMA Life The Netherlands B.V. IMA Swiftpack Ltd. IMA UK Ltd. Luna Investment S.A. OOO Ima Industries 	<ul style="list-style-type: none"> Delta Systems & Automation Llc ILAPAK DO BRASIL MAQUINAS DE EMBALAGEM LTDA. (in liquidation) Ilapak Inc. IMA Automation USA Inc. IMA Life North IMA MAI S.A. America Inc. IMA North America Inc. IMAUTOMATICHE do Brasil Industria e Comercio de Maquinas Ltda Packaging Systems Holdings Inc. TECMAR S.A. Tekno NA Inc. TEKNOWEB N.A. Llc TMC do BRASIL Industria de Maquinarios e Servicos Ltda TMC NORTH AMERICA Inc. Valley Tissue Packaging Inc. 	<ul style="list-style-type: none"> ATOP (Shanghai) Electrical Equipment Co. Ltd. Ilapak (Beijing) Packaging Machinery Co. Ltd. Ilapak Israel Ltd. IMA Automation Malaysia Sdn. Bhd. IMA FUDA (Shanghai) Packaging Machinery Co. Ltd. IMA Life (Beijing) Pharmaceutical Systems Co. Ltd. IMA Life Japan KK IMA Life (Shanghai) Pharmaceutical Machinery Co. Ltd. IMA Pacific Co. Ltd. IMA Packaging & Processing Equipment (Beijing) Co. Ltd. IMA Packaging Technology India Pvt. Ltd. IMA-PG India Pvt. Ltd. Petroncini International Trading (Shanghai) Co. Ltd. Tianjin IMA Machinery Co. Ltd HASSIA PACKGING Pvt. Ltd.

²⁴ The data for IMA Est GmbH based in Austria (corporate income taxes paid on a cash basis Number of employees and Tangible assets other than cash and cash equivalents) has been allocated in part to the Czech Republic and Russia where there are two Permanent Establishments (PE) as envisaged in the instructions from the Italian Tax Authorities dated 28 November 2017 on preparation of the Country by Country Report

Independent auditors' report

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



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INDEPENDENT
AUDITORS'
| REPORT |



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

(Translation from the original Italian text)

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

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated voluntary disclosure of non-financial information of I.M.A. Industria Macchine Automatiche S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended on December 31, 2020 in accordance with article 4 and 7 of the Decree and approved by the Board of Directors on March 22, 2021 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

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

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

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

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

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

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the *International Standard on*

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Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

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

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

In particular, we have performed the following procedures:

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

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

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF. In particular, we have conducted interviews and discussions with the management of I.M.A. Industria Macchine Automatiche S.p.A. and with the personnel of ATOP S.p.A. and IMA Automation Switzerland SA, and we have performed limited documentary evidence



procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

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

- at Group level
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidences;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the site of Barberino Tavarnelle (Italy) of ATOP S.p.A. and the site of Le Chaux-de-Fonds (Switzerland) of IMA Automation Switzerland SA, that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the I.M.A. Group for the year ended on December 31, 2020 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Bologna, April 6, 2021

EY S.p.A.
Signed by: Marco Mignani
(Auditor)

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

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