



Sustainability Report

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



2017



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Letter from the Chairman

2017 was another year of excellent results, thanks to everyone's commitment to the quality of our solutions and customer service and respect for all our stakeholders. Success marked by a prudent and responsible strategy in operational management, but without sacrificing our orientation towards innovation in the search for distinctive solutions, which reflects the path chosen by the IMA Group to guarantee itself an increasingly important role in the world of industrial automation.

The more competitive European manufacturers like IMA have taken a commitment, together with their main end-users, to protect environmental quality (reduction of environmental impacts, refuse, wasted energy and materials), and to promote high social quality: respect for human rights along the supply chain, protection of work and the fight against corruption.

For this reason, in planning its strategies, our Company considers not just economic results, but also the social and environmental aspects of its work, with the aim of ensuring a fair balance between competitiveness, environmental sustainability and social responsibility. In the last few months of 2017, an internal process was developed for the definition of the Group Sustainability Policy, which was approved by the Board of Directors in February 2018. With this Group Policy, which is also based on the behavioural principles already defined in its Code of Ethics and other corporate policies and strategies, IMA reaffirms its objectives and commitments in the various areas of sustainability and Corporate Social Responsibility. IMA also strives to have them shared by all Group companies in Italy and the rest of the world, in accordance with the laws and regulations in force in the various countries where IMA operates.

If, with its sustainability policies, IMA directs the framework of its strategies to operate in a manner that is consistent with protection of the environment and people's rights, it is with this Report that the Group informs its stakeholders about the results achieved thanks to the policies and organization and management models that we have adopted; moreover, it does so being prepared for the new obligations imposed by the European and National Institutions: these are asking large listed groups, starting from 2017, also to report on Environmental, Social, Human Resources, Human Rights and the Fight against Corruption (Directive 2014/95/EU on the communication of non-financial information and information on diversity - Legislative Decree 254/16).

IMA has been publishing non-financial information since 2013: transparency is not just a requirement of ethical behaviour. In a productive situation made up of people, it is also a tool to involve, to receive consensus, advice or constructive criticism, as well as to respond to all the needs that markets and society ask us to satisfy – and not only the economic ones.

The following pages set out the various achievements and results obtained by the Group in the economic, social and environmental fields. At the reporting level, we would recall that among the major innovations introduced in 2017, there is also consolidation of the reporting perimeter and its expansion to include the companies that are consolidated in the Group's financial statements.

While respecting local specificities, the IMA Group has given a clear direction to all of its production companies throughout the world: to operate with a competitive approach in full compliance with the sustainability principles and values in a way that is consistent with the most advanced ideas expressed by civil society and the institutions.

Furthermore, this year, the non-financial report has been submitted to review by a specially appointed auditing firm.

As we know, what happens around us depends partly on our own decisions and partly on factors that we cannot influence. The desire to innovate, to stay in the market, to take care of our customers, offering the best in terms of quality and reliability: all of this depends on us and our ability to be critical of ourselves so that we can improve constantly.

IMA undertakes to develop its policy and programmes over the coming years and to implement procedures to ensure that the sustainability principles expressed by civil society and the institutions find real application in its production chain and in the markets, in a continuous process of collaboration with end-users and stakeholders.

I hope you enjoy reading this report.

The Chairman
Alberto Vacchi

IMA GROUP

RESPONSIBLE GOVERNANCE



Who we are

THE IMA GROUP IN BRIEF:

- **Consolidated sales** in 2017: **1,444.7 million euros**
- **Share capital** (fully paid-in): **20,415,200 euros**
- **Employees: more than 5,600**, of whom around 2,800 in Italy and 2,800 in the rest of the world
- **41 manufacturing plants** in Italy, Germany, France, Switzerland, Spain, UK, USA, India, Malaysia, China and Argentina
- Extensive sales network covering about **80 countries**

Established in 1961, IMA is world leader in the design and manufacture of automatic machines for the processing and packaging of pharmaceuticals, cosmetics, food, tea and coffee.

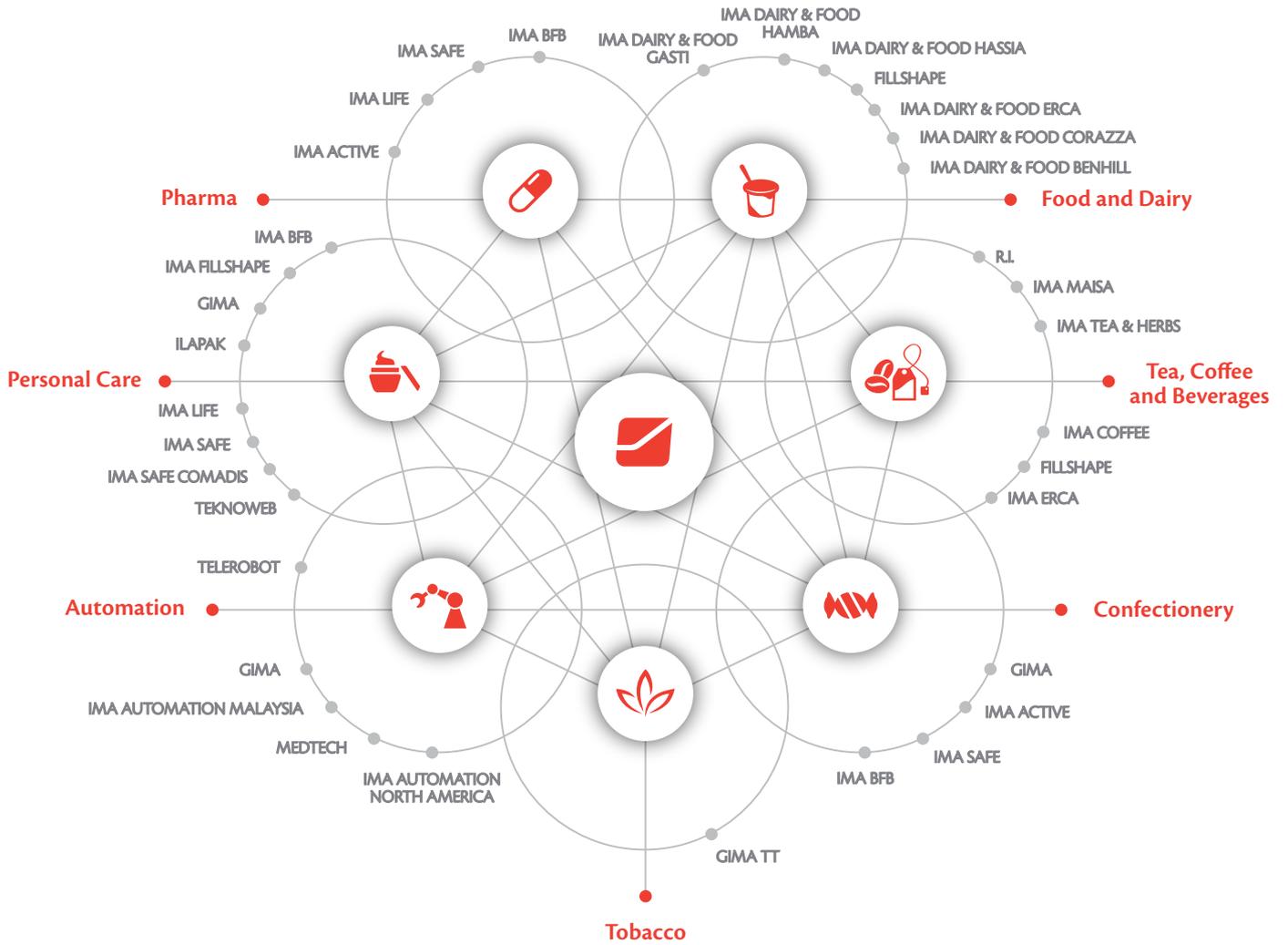
A leadership gained through significant investments in research and development, constant and constructive dialogue with end-users in the various sectors, and the Group's ability to internationalise and conquer new markets. The Group ended **2017** with **consolidated revenues** of Euro 1,444.7 million (+10.2% on 2016), of which **88% is from exports**.

The Group chaired by **Alberto Vacchi** has over **5,600 employees**, including **around 2,800 in Italy** and **2,800 abroad**, and is present in more than **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. The Group has **41 manufacturing plants in Italy, Germany, France, Switzerland, Spain, UK, USA, India, Malaysia, China and Argentina. IMA S.p.A. has been listed on the Milan Stock Exchange since 1995 and in 2001 joined the STAR segment.**

The IMA Group holds **1,700** patents and patent applications pending throughout the world; it has more than 500 engineers involved in product innovation and has launched several new models in recent years.

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

**THE IMA GROUP:
AN INTEGRATED ECOSYSTEM**



IMA Group's main business lines:

PHARMA

IMA is world leader in the design and manufacture of **automatic machines for the processing and packaging of pharmaceuticals**, thanks to **three highly specialised divisions: IMA ACTIVE** (Solid Dose Solutions), **IMA LIFE** (Aseptic Processing & Freeze Drying Solutions) and **IMA SAFE** (Packaging Solutions).

The **IMA ACTIVE** division offers a complete range of machines for processing and manufacturing solid oral products: granulation plant; tableting machines; capsule filling machines with a wide range of filling and control systems; capsule and tablet coating machines in perforated coating pan and solid wall; capsule and tablet weighing machines; product handling and washing systems.

The **IMA LIFE** division offers machines for washing and sterilizing pharmaceutical bottles, filling and closing systems for bottles, vials and syringes in aseptic environment, including complete lines in isotecnia and containment systems, filling and closing systems for the pharmaceutical and cosmetic sectors, microdosing machines for powders in aseptic environment, and freeze-drying systems, which can be combined with a wide range of loading and unloading systems. IMA LIFE also offers labelling machines, blowing/vacuuming machines, case-packing machines and tray-packing machines.

The **IMA SAFE** division, which includes the production of IMA SAFE Swiftpack, IMA SAFE Nova, IMA SAFE Co.ma. di.s. and IMA SAFE PG, 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 blistering machines, counters for capsules and tablets, tube fillers, horizontal and vertical cartoning machines, as well as complete end-of-line solutions for the pharmaceutical industry. Thanks to the collaboration with Universal Pack, IMA SAFE also offers complete lines for packaging in thermo-sealed single-dose bags and stick packs

FOOD & DAIRY

IMA DAIRY & FOOD designs, manufactures and markets single machines as well as complete packaging lines in the Food & Dairy sector.

The companies that form part of this sector are BENHIL and CORAZZA for dosing and packaging of products such as processed and fresh cheese, stock cubes, butter, margarine and yeast, HAMBAGASTI with its Fill & Seal technology, ERCA and HASSIA with their Form Fill & Seal technology for packaging products such as yoghurt, desserts, condiments, sauces, baby food and beverages, and FILLSHAPE for filling and packaging liquid and viscous products in pouches.

TEA

IMA is world leader in the design and production of **automatic machines for the packaging of tea** (a sector in which **IMA holds 70% of the world market**).

The **IMA TEA & HERBS** division offers the widest and sophisticated range of machines for the packaging of tea and herbal teas in filter bags.

COFFEE, CONFECTIONERY, PERSONAL CARE

IMA is a world leader in the design and production of automatic packaging machines for **coffee, drinks and confectionery**, and for processing and packaging of **cosmetics and toiletries**.

GIMA: has a long tradition in the design and production of solutions for the packaging of food products, confectionery, coffee in capsules and pods, drinks, pharmaceutical products and assembly.

The BFB division: offers a complete range of end-of-line machines including wrapping, bundling, case-packing and palletising machines.

Revisioni Industriali: operates in the sale of second-hand automatic machines for the packaging of tea and of machines for dispensing food and for the packaging of cheese, butter and stock cubes, once they have been restored and regenerated.

AUTOMATION

IMA AUTOMATION is the business unit of IMA made up of three leading companies in the assembly market: GIMA, MEDTECH and TELEROBOT.

IMA Automation produces advanced technological solutions for the assembly of products used in various fields of application, including **medical devices** (inhalers, syringes, contact lenses, etc.), **plastic caps** composed of two or more components (both for the food & beverage sector and for the personal & home care sector), clutches and other components for the **automotive** market.

ILAPAK, DELTA SYSTEMS AND TEKNOWEB

ILAPAK, world leader in the production of automatic packaging machines, is able to meet any packaging requirement thanks to its wide range of solutions: vacuum, vertical and horizontal packaging, sachets, product handling and even fully automated lines.

This sector also includes **DELTA SYSTEMS** (producer of lines for automatic packaging) and **TEKNOWEB** (producer of machines for the production of disposable wet wipes).

TOBACCO

GIMA TT is leader in the design and assembly of electronic automatic packaging machines for tobacco products and, in particular, new-generation reduced-risk products.

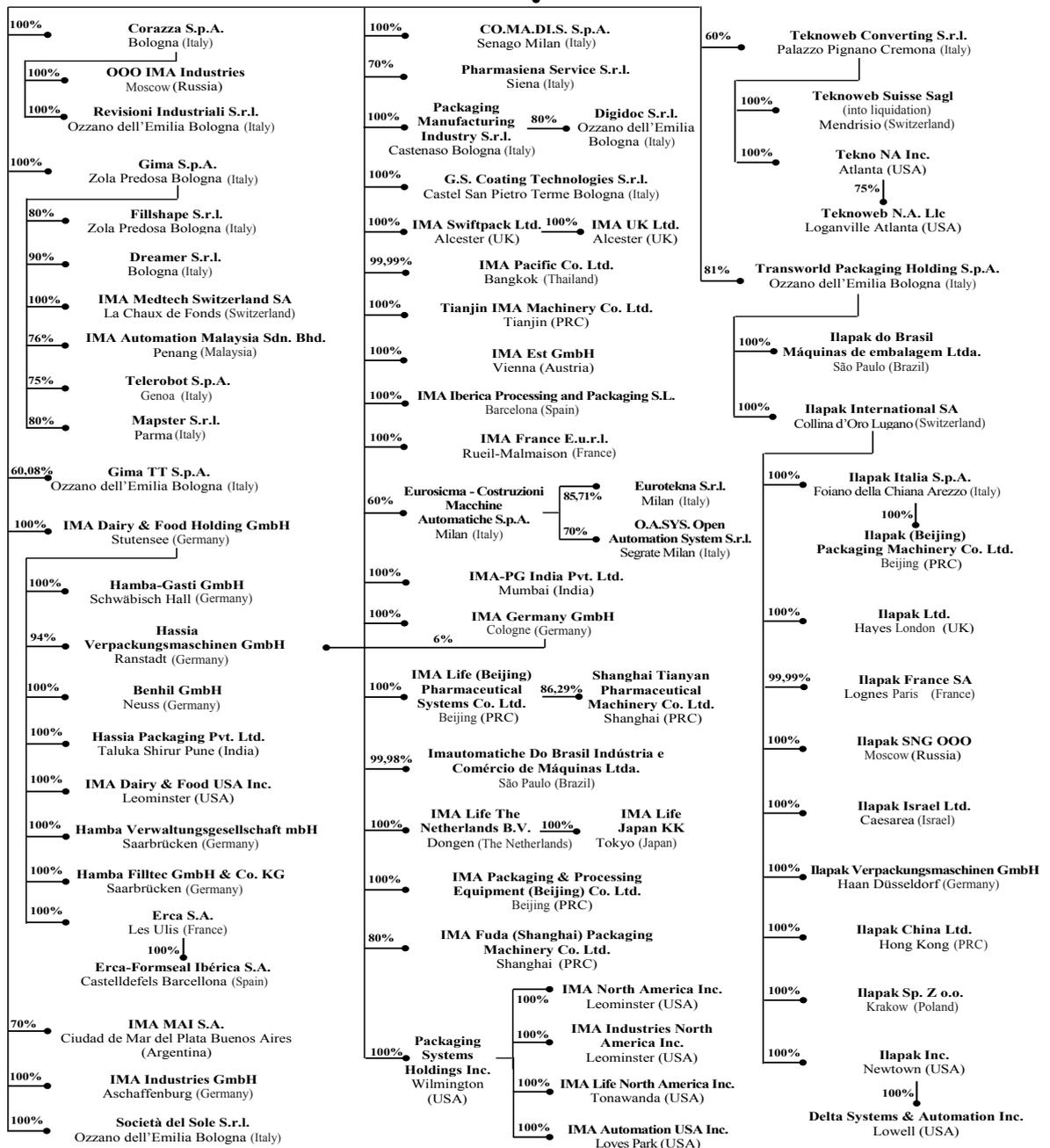
GROUP STRUCTURE

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**

I.M.A. Industria Macchine Automatiche S.p.A. Ozzano dell'Emilia Bologna (Italy)



Our values and philosophy

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

IMA'S VISION AND MISSION

IMA is well aware of its skills 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 made up of the rich network of subcontractors and manufacturers of components that the Group has managed to create in over fifty years of business.

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

Having correctly identified its true potential and developed products and services for its end-users, IMA has achieved a leading position on international markets and now intends to strengthen its leadership by invest-

ing in technologies that will improve the quality of life on the planet in the future, reducing food waste, ensuring that people around the world have greater access to increasingly effective drugs, while having more and more respect for the environment.

Through the work of its men and women, a company aims to create wealth and well-being, interacting with the social and natural environment. In other words, it cannot be oriented solely towards the pursuit of profit; instead, it has to be imbued with the values and principles inspired by corporate social responsibility and sustainability.

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

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

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

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



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

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

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

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

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 and observe its recommendations, the full 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 on the highest ethical standards.

Economic performance: value creation for our stakeholders

"We express our satisfaction with these results, exceeding the targets already announced, which outline a year of further growth compared with the previous year. Preliminary estimates show an excellent trend in revenues, margins and consolidated order book, thanks to the growing demand for automatic machines and complete lines from the reference sectors, also confirmed by the order acquisition during January. The figures also show the good result in terms of cash generation that allowed a sharp reduction in debt, despite the outlay for acquisitions completed in 2017. Results that confirm, once again, the strength of the IMA brand, the Group's solidity and its ability to pursue the objectives that we set at the start of the year, always with a view to sustainable growth based on continuous product innovation. We look forward to 2018 with confidence, also considering the high level of the Group's backlog which provides good visibility for the current year and the efforts that we are putting into innovation."

Alberto Vacchi
Chairman of IMA
Press release of 19 February 2018

The IMA Group has closed 2017 with consolidated revenues of 1,444.7 million euros, an increase of 10.2% compared with 1,310.8 million at 31 December 2016.

Gross operating profit (EBITDA) before non-recurring charges shows a significant increase to 220.6 million euros (+19.1% compared with 185.1 million at 31 December 2016), gross operating profit (EBITDA) increases to 207.3 million euros (+15.7% compared with 179.2 million at 31 December 2016) and the consolidated backlog reaches 866.8 million euros (+13.1% compared with 766.2 million at 31 December 2016).

The figure for the IMA Group's net debt at 31 December 2017 shows that it has fallen to 50.3 million euros (99.9 million at 31 December 2016).

CONSOLIDATED RESULTS AT 31 DECEMBER 2017 (AMOUNTS STATED IN MILLIONS €)

MILLIONS OF EUROS	2015	2016	2017
Revenues	1,109.5	1,310.8	1,444.7
Gross operating profit (EBITDA) before non-recurring charges	157.5	185.1	220.6
Gross operating profit (EBITDA)	148.0	179.2	207.3
Operating profit (EBIT)	115.6	141.3	165.2
Profit for the year	77.8	101.4	99.4
Group profit	69.9	93.5	85.6
Group backlog	649.9	766.2	866.8
Net financial position	(163.1)	(99.9)	(50.3)

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The economic value generated and distributed represents the ability of a company to create wealth and to share it among its stakeholders. In 2017 the IMA Group generated an economic value of **1.471 billion euros** (+9% on 2016). The economic value distributed by the Group amounted to **1.329 billion euros** (+10% on 2016). 90% of the economic value produced by the Group was distributed to stakeholders, both internal and external, and the remaining 10% was retained in the Company.

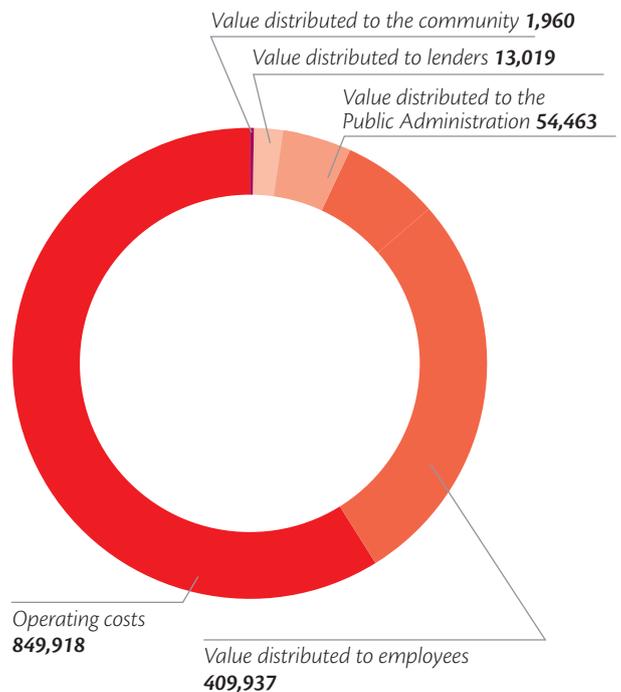
IN THOUSANDS OF EUROS	2016	2017
Economic value generated	1,355,063	1,471,438
Economic value distributed	1,211,960	1,329,297
Operating costs	772,653	849,918
Value distributed to employees	371,489	409,937
Value distributed to the Public Administration	52,514	54,463
Value distributed to the community	1,647	1,960
Value distributed to lenders	13,657	13,019
Economic value retained	143,101	142,140

The IMA Group regularly communicates and disseminates the economic and financial results through:

- publication of the **press releases** and of the **company information** on the Borsa Italiana circuit, on the Parent Company's website and subsequent dissemination to the **press** and the **financial community**;
- organization of **meetings with the financial community** and participation in **roadshows and conferences organized by brokers**;

Value Added reflects the IMA Group'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 personnel, with 31%.

ECONOMIC VALUE DISTRIBUTED (in thousands of euros)



- organization of **meetings with the press** on the occasion of significant corporate events and operations.

For further information on the Group's performance and on its financial position, reference should be made to the Group's consolidated financial statements.

Responsible Governance

GLOBAL GOVERNANCE POLICY AND BUSINESS INTEGRITY

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

Underlying IMA's sustainability policy there is the concept of transparent governance with which the Group intends to manage the impact of its decisions and activities with a sense of responsibility and gradually integrate corporate social responsibility into the entire organization and its internal and external relations. Transparency is understood with regard to all stakeholders and should inspire socially responsible conduct that leads to a sustainable development.

Through its Code of Ethics, IMA defines the ethical and social responsibilities of its members and stakeholders and the rules of conduct that have to be followed by those who work in the name and on behalf of the Group. The ability to apply the principles of the Code of Ethics is recognized by IMA as a fundamental value on which to base its corporate mission.

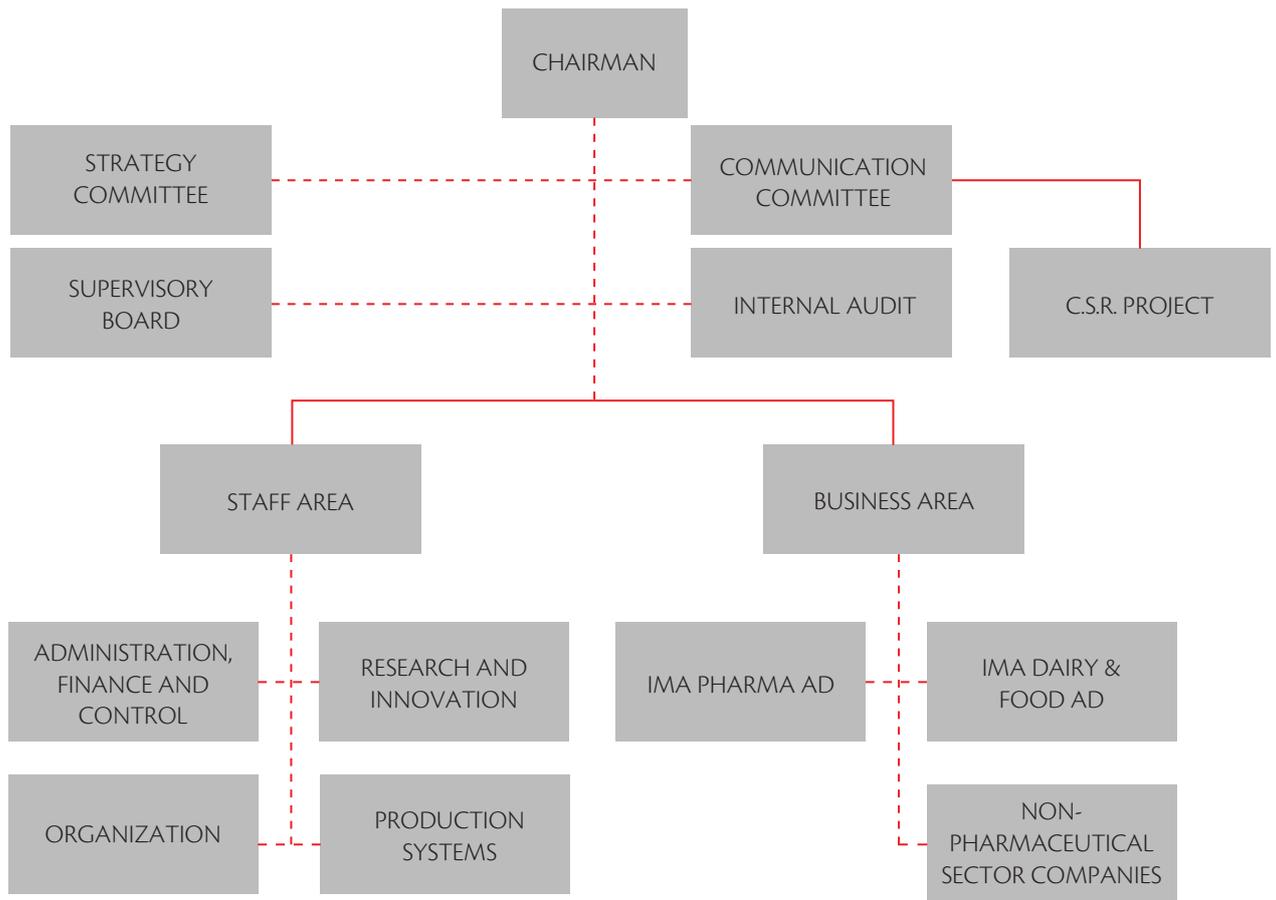
Under no circumstances the pursuit of the Company's interest or advantage at Group level can justify unethical, dishonest or unlawful conduct: for this reason IMA considers the fight against any form of active and passive corruption an indispensable commitment. It is illegal for IMA's staff, Business Partners and for anyone else who carries on activities for or on behalf of the Company and the Group to promise, offer, pay or accept, directly or indirectly, money or other benefits with a view to obtaining or maintaining a deal and securing an unfair advantage by means of conduct on the part of public and private counterparties that is contrary to the duties of their profession or office.

Management pursues this primary objective through various actions, including: identification of corruption risks and integration of IMA's broader regulatory compliance programme to combat it; maintenance and development, for companies with registered offices in Italy, of the Organization and Control Model pursuant to Legislative Decree 231/2001, which also regulates the anti-corruption issue; training for its employees and representatives on the actions to be taken to combat the risk of corruption; responsible involvement of the staff to strengthen the effectiveness and ethical reputation of IMA.

Governance of the Group

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

THE GENERAL ORGANIZATION CHART OF IMA S.P.A. IS AS FOLLOWS:

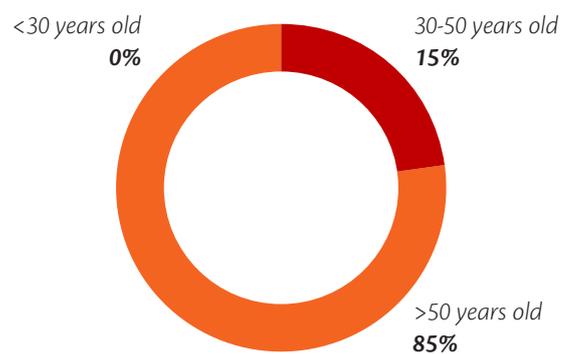


The statutory audit of the IMA Group is entrusted to an independent auditing company.

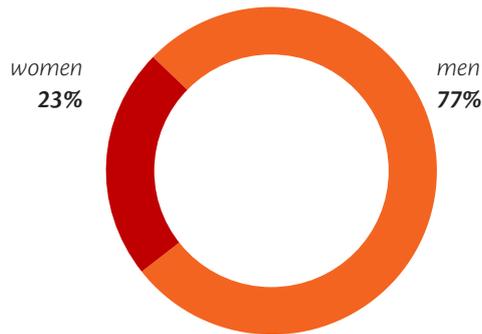
CORPORATE BOARDS OF IMA S.P.A.

The Board of Directors of IMA S.p.A., in office until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2017, consists of **13 members, of whom 3 independent and 6 non-executive directors**. The rules on **gender quotas** were applied on the occasion of the renewal of the Board of Directors: the members represented in the new Board of Directors of IMA S.p.A. meet these provisions.

COMPOSITION OF THE BOARD OF DIRECTORS BY AGE



COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER



The **Board of Statutory Auditors**, consisting of 3 Standing Auditors and 3 Alternate Auditors, will remain in office until the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2018; the rules on **gender quotas** were also applied in this case: its composition complies with the relevant provisions.

The **Committee**, which combines the functions assigned to the Nominations Committee, the Remuneration Committee and the Internal Control and Risk Committee, is made up of 2 independent Directors (including the Chairman of the Committee) and 1 non-executive Director.

The **Supervisory Board** consists of 3 members.

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

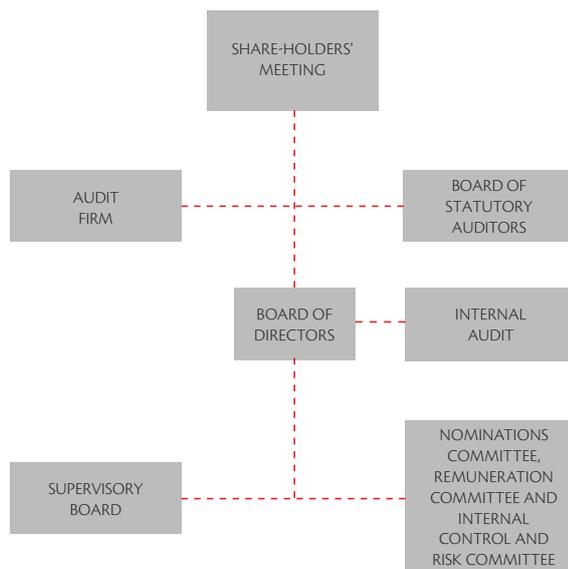
IMA S.p.A. has an **Internal Control and Risk Management System designed to ensure that the business is run in a fair and healthy manner that is consistent with its stated objectives of sustainable development through a suitable process of identification, measurement, management and monitoring of the principal risks. This control process includes within it the system for managing risks associated with financial reporting, which complies with regulations on Corporate Governance in force in Italy, including:**

- Decree 231/2001 on the "Discipline of the administrative liability of legal persons, of companies and of associations even without a legal status";
- Law 262/2005 ("Savings Law");
- the Code of Conduct prepared by the Corporate Governance Committee of Borsa Italiana S.p.A.

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

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

- The Board of Directors;
- the Committee;
- the Board of Statutory Auditors;
- the Audit firm;
- the Supervisory Board;
- the Group Internal Audit function;
- the Manager responsible for preparing financial reports as per Art. 154-bis of the CFA.



The **Supervisory Board** supervises the operation, effectiveness and compliance with the Organizational Model for corporate crime prevention, with the aim of preventing the crimes from which administrative liability for IMA S.p.A. could derive, pursuant to the provisions of **Legislative Decree 231/2001** (such as corruption, false corporate communications, exploitation of persons, etc.).

As regards Italy, the following companies of the IMA Group applied an organizational model as per Law 231 ("231 MOGC") in 2017:

- IMA SPA
- GIMA SPA
- CORAZZA SPA
- COMADIS SRL
- REVISIONI INDUSTRIALI SRL
- PHARMASIENA SRL
- GIMA TT SPA
- FILLSHAPE SRL

The Code of Ethics, which is valid for the entire Group, is also applied by the above mentioned companies to complete the 231 MOGC. It spells 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 contrary to the Code.

In 2017, the Supervisory Board received a number of reports via its e-mail address and implemented the proper procedures envisaged in the 231 Model.

During the year there were no cases of disputes opened as a result of reports relating to matters governed by the Code of Ethics and the Model 231. The "Investor Relations" section of the corporate website contains detailed information on corporate, economic and financial matters of interest to shareholders, investors, analysts and the press. An Investor Relations Manager has been identified within the corporate structure, who is responsible for handling relations with the financial community both nationally and internationally and with all of the shareholders.

TRAINING FOR THE PERSONNEL OF ITALIAN COMPANIES ON THE 231 MODEL

Starting from the early stages of adoption of the model, IMA has provided training for all of the top managers and officers that would be most involved (CEOs, senior managers, heads of department).

Subsequently, IMA distributed the content of Legislative Decree 231/2001 more widely by using e-learning methods and involving employees belonging to Human Resources, Purchases & Sales, Administration, General Service Environment and Safety, IT and Quality & Compliance.

Commencing from 2016, IMA has included specific classroom sessions on matters associated with Decree

231/01 and Law 262/05 in the training programme for new recruits, dedicating particular attention to the system of internal control.

Classroom training continued during the course of 2017 on a four-monthly basis, in which 312 employees of IMA and other Group companies participated; in 2017 training in the classroom totalled 156 hours.

In November 2016 the e-learning platform for training on the Legislative Decree 231/01 was reactivated, inviting approximately 740 employees of IMA, GIMA, CORAZZA, GIMA TT, COMADIS, FILLSHAPE, PHARMASIENA and Revisioni Industriali to access the course online for the first time. In 2017 the **online** course was attended by 40 employees for a total of 27 hours of training.

The Risk Assessment activity during the updating of the 231 MOGC was carried out by identifying the risks and the areas most exposed to the commission of the predicate offences envisaged by law 231, including the crime of corruption, according to a risk-based approach, i.e. taking into consideration the so-called "inherent risk" or "potential risk" of commission of crimes. Once this risk was defined in the context of Sensitive Activities, the Company's current "Internal Control 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. In 2017, there were no cases of corruption within the Group.

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, first and foremost the Human Resources. The aim is to interpret the needs of its own end-users by pursuing the highest possible quality standards while reducing the environmental impact to the minimum.

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.
Corazza
Ilapak International
Ilapak Italia
IMA Swiftpack Ltd
IMA Life North America, Inc
IMA-PG India Private Limited
IMA Life Beijing
Benhil GmbH

**BS OHSAS 18001 - HEALTH AND SAFETY AT WORK
MANAGEMENT SYSTEM**

IMA S.p.A.
Gima S.p.A.
Corazza
Gima TT

**ISO 14001 - ENVIRONMENTAL
MANAGEMENT SYSTEM**

IMA S.p.A.
Benhil GmbH

Lastly, IMA verifies the consistency with its own principles and subscribes to the ethical codes applied by the main multinational client companies on issues related to sustainability.

Sustainability strategy

In planning its strategies, the IMA Group 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 the commitment to create value that lasts over time. In the last few months of 2017, IMA embarked on an internal process for the definition of the Group Sustainability Policy, which was approved by the Board of Directors in February 2018. With this Policy, IMA reaffirms its objectives and commitments in the various areas of sustainability and corporate responsibility valid for all Group companies.

As the basis of its Sustainability Policy, IMA takes into consideration:

- the UN's Sustainable Development Goals, 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.

IMA's Sustainability Policy is applied together with the laws, regulations in force in all the territories and countries in which IMA operates, based on the behavioural principles already defined in its Code of Ethics approved by the Board

of Directors, and with other business policies and strategies. Commitment to a sustainable future is being transferred progressively to all Group companies and rendered public. 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 Policy is structured in 5 macro areas of engagement represented in the following picture: the following chapters contain the complete texts of the specific policies.



THE STAGES OF SUSTAINABILITY AT IMA

In recent years, IMA has begun reflecting on how the firm can move in the medium term towards a position of social responsibility that is able to boost the business

competitiveness. So far, IMA's path has gone through the following stages:

2010

- Participation in the creation of FID (Fare Impresa in Dozza or Doing Business in Dozza), a concrete programme of Solidarity Sourcing.

2011

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

2013

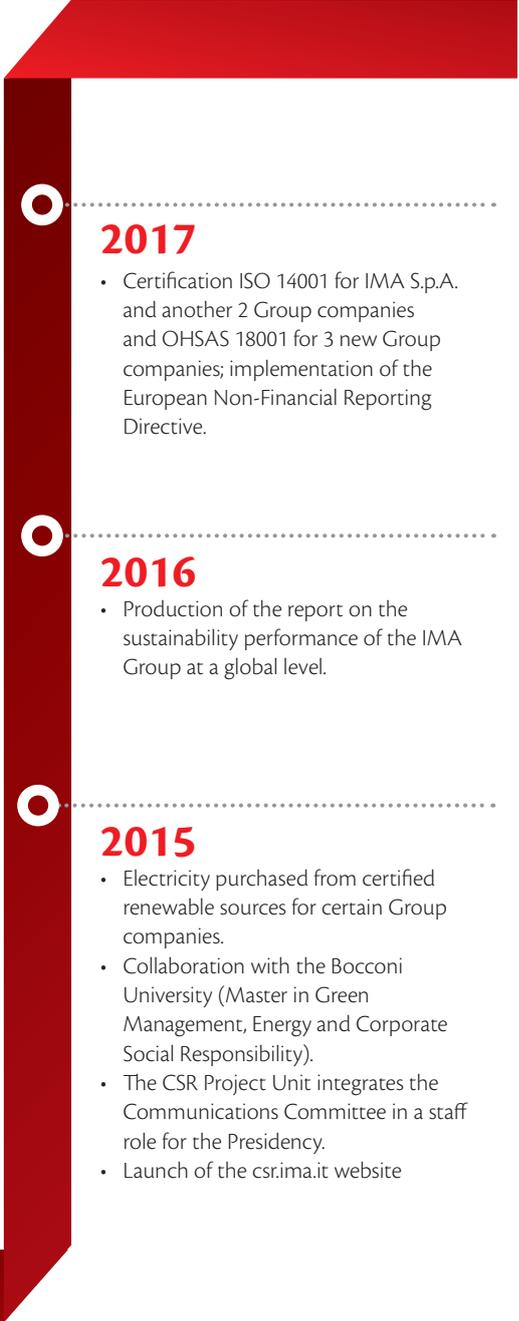
- Implementation of a common training program for employees on the issues of business ethics and the Code of Ethics (organization and control model pursuant to Legislative Decree 231/01).
- Launch of the video wall during trade exhibitions: this technology allows visitors to participate in a virtual automation experience, while reducing the environmental impact of using actual machines.

2012

- Membership of Impronta Etica.
- Membership of SAVE FOOD, a project in partnership with FAO.
- Membership of CDP and start of calculation of its own carbon footprint.
- IMA supports the areas of Emilia affected by the earthquake in May 2012.
- Publication of the first Profile of a Sustainable Company.

2014

- Membership of Industry Codes (e.g. Ecovadis and Sedex).
- Update and dissemination of the new Code of Ethics.
- Publication of the first Sustainability Report, according to the Global Reporting Initiative standards.
- Certification for the Safety Management System (OHSAS 18001) for IMA S.p.A..
- IMA is nominated Best Newcomer 2014 in the CDP Program.
- Launch of the Group's new payoff: Sustain Ability.



2017

- Certification ISO 14001 for IMA S.p.A. and another 2 Group companies and OHSAS 18001 for 3 new Group companies; implementation of the European Non-Financial Reporting Directive.

2016

- Production of the report on the sustainability performance of the IMA Group at a global level.

2015

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

To share its approach to sustainability with all of its stakeholders, the Group website www.ima.it has a section dedicated to the Corporate Social Responsibility programme. This area explains the initiatives promoted and supported by the Group in favour of the various local and international communities. The website's CSR section contains information, highlights and various materials related to IMA's social and environmental initiatives. It is also possible to read and download documents such as the Sustainability Report, the Code of Ethics and Certifications.

The non-financial issues relevant for IMA

IMA has identified the material aspects (defining as "material" all issues that influence the decisions, actions and performance of an organization and/or its stakeholders). **The materiality analysis, carried out in accordance with principles stated by GRI standards, aims at identifying the more relevant aspects for the organization and its stakeholders.**

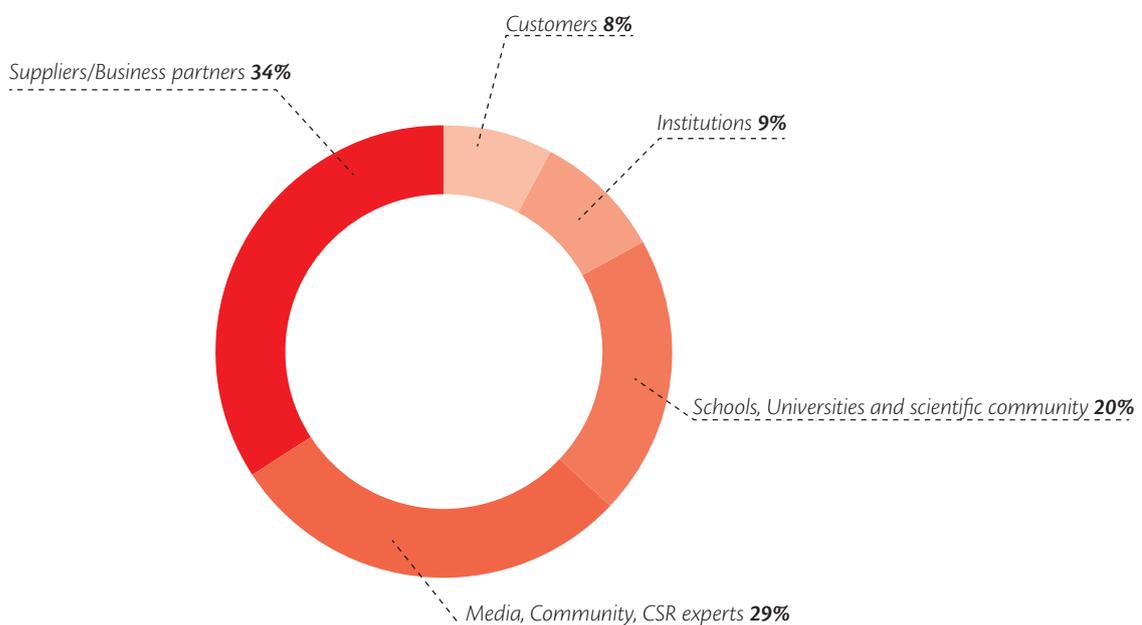
The chart "Materiality Matrix" shows a summary representation of IMA's materiality analysis. The main social responsibility issues are represented by a matrix, using as variables the significant economic, environmental and social impacts for IMA, as well as their influence on stakeholders' decisions. The materiality analysis was created starting from the assessments of various parties: the working party for the Sustainability Report, the assessments

of a panel representative of the world Group companies (14 companies) and various external stakeholders. In particular, in 2017 the materiality analysis involved, through a questionnaire, 35 external stakeholders, such as suppliers, customers, local associations, sector experts and media and press representatives.

For each sustainability issue, scores were attributed in order to assess the importance and priority that IMA should attribute to each one.

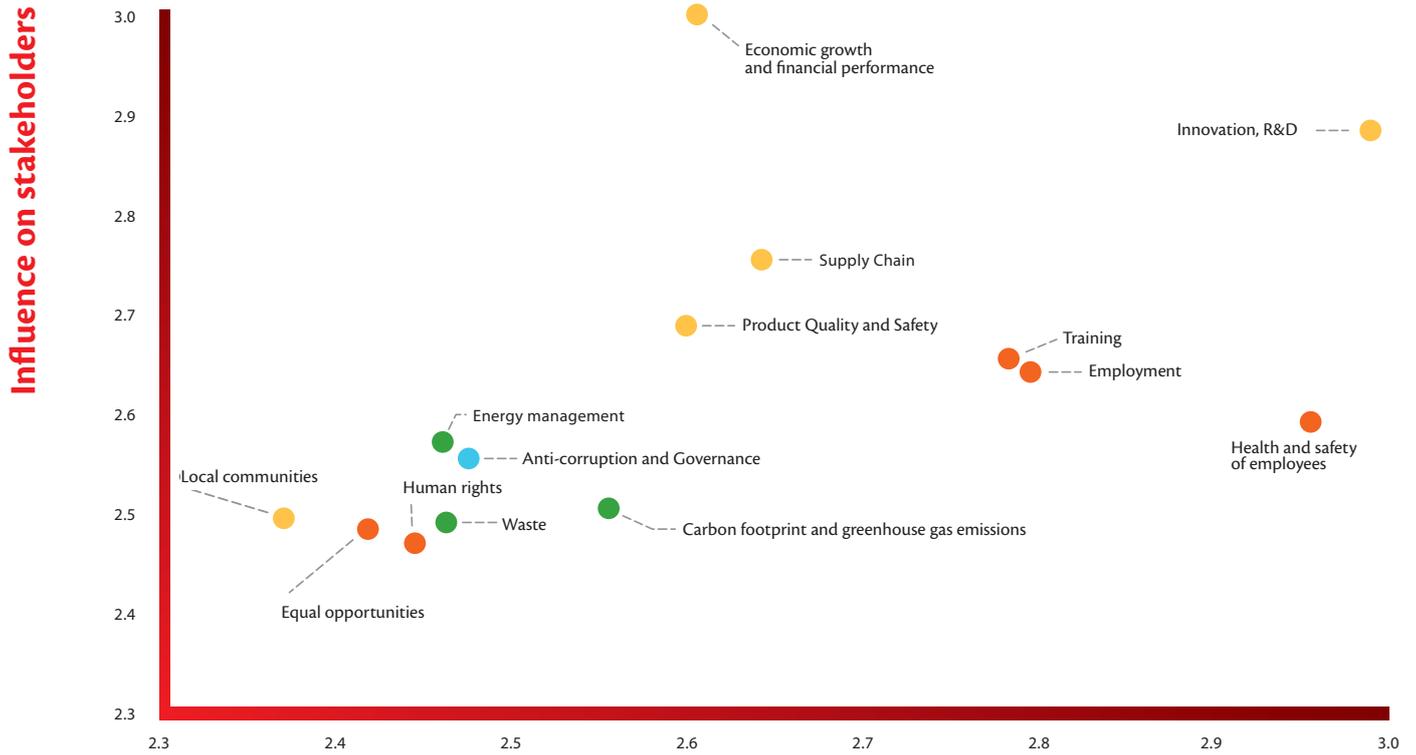
The box in the upper right corner of the materiality matrix shows the issues that got a very high ranking for both the Group and its stakeholders: these included innovation, employment and the health and safety of employees.

CATEGORY OF STAKEHOLDERS INVOLVED THROUGH THE QUESTIONNAIRE



2017 MATERIALITY MATRIX

● Human Resources and Human Rights
 ● Environment
 ● Social
 ● Anti-corruption and Governance



Impact on the IMA Group

Issues with a valuation of more than 2.4 (defined as the "materiality threshold"), on a scale of 0 to 3 on both axes, are considered material for the IMA Group, and are:

FIELD	MATERIAL ISSUES	GRI ASPECTS	GRI INDICATOR	SCOPE	
				INTERNAL	EXTERNAL
Anti-corruption	Anti-corruption and Governance	Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	IMA Group	
Personnel	Employment	Employment	401-1 New employee hires and employee turnover	IMA Group	Suppliers
	Health and safety of employees	Occupational Health and Safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	IMA Group	Suppliers
	Training	Training and education	404-1 Average hours of training per year per employee	IMA Group	Suppliers
	Equal opportunities	Diversity and Equal opportunity	405-1 Diversity of Governance bodies and employees	IMA Group	
Human rights	Human rights	Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	IMA Group	Suppliers
Social	Economic growth and financial performance	Economic Performance	201-1 Direct economic value generated and distributed	IMA Group	
	Sustainable management of the Supply Chain	Procurement practices	204-1 Proportion of spending on local suppliers	IMA Group	
	Product Quality and Safety	Approach to stakeholder engagement + Customer Health and Safety	102-43 Approach to stakeholder engagement 416-1 Assessment of the health and safety impacts of product and service categories	IMA Group	Suppliers
	Innovation, R&D*		Other disclosure: Number of patents filed and granted	IMA Group	
	Local communities	Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	IMA Group	
Environment	Carbon footprint and greenhouse gas emissions	Emissions	305-1 Direct (Scope 1) GHG emissions	IMA Group	Suppliers
			305-2 Energy indirect (Scope 2) GHG emissions	IMA Group	Suppliers
	Energy management	Energy	302-1 Energy consumption within the organization	IMA Group	
	Waste management	Effluents and waste	306-2 Waste by type and disposal method	IMA Group	Suppliers

With regard to the external reporting perimeter, it should be noted that, to date, the reporting is not extended to suppliers.

* Issue not directly related to a Topic-Specific GRI Standards: IMA reports in the document and in the GRI Content Index the adopted management approach and related indicators, as envisaged by the GRI Standards.

As required by Decree 254/16, the following table shows, for each topic, the risks associated with it, the policies and the organizational model adopted by IMA at global or local level.

With regard to the period covered by this Report (2017), note that the IMA Group did not have formalized Group policies on the areas mentioned in Decree 254/2016, even though it implemented policies on the individual areas mentioned above, as explained in greater detail in the various chapters, and also had policies in place on individual issues for some companies of the Group (in this regard, see the discussion on Management Systems) and a Code of Ethics applicable by all Group companies throughout the world.

In the last few months of 2017, IMA embarked on an internal process for the definition of the new Group Sustainability Policy, which was approved by the Board of Directors in February 2018, and which contains the Group Policies relating to the non-financial areas provided for by Decree 254/16.

The process for identifying the Group's risks was conducted starting from internal analyses of the Risk Management function and through analyses carried out for the implementation of the Sustainability Report (materiality analysis, benchmark).

The results obtained in each area and the performance indicators are reported in the following chapters.

FIELD OF LEGISLATIVE DECREE 254/2016: ANTI CORRUPTION	
<p>Main associated risks</p> <ul style="list-style-type: none"> • Commission of illegal acts and in particular acts of corruption by members of the organization • Inappropriate decisions and delegations of authority related to sustainability • Non-compliance or violation of the reference legislation or failure to obtain or losing certifications or approvals or authorisations to operate • Risks linked to corporate crimes 	<p><u>Group policy adopted in 2018</u> SUSTAINABILITY POLICY > GOVERNANCE AND BUSINESS INTEGRITY</p> <hr/> <p>Organization and Management Model</p> <ul style="list-style-type: none"> • Code of Ethics • Internal control systems • Risk management • Organization, Management and Control Model pursuant to Legislative Decree 231/2001 (ITA) • Code of Conduct of Listed Companies prepared by the Corporate Governance Committee of Borsa Italiana Spa (ITA) • Standard CoSo Report – Internal Control Integrated Framework (ITA) • 1INFO system for the storage of regulated information as envisaged by the Transparency Directive (ITA)

FIELD OF LEGISLATIVE DECREE 254/2016: HUMAN RESOURCES AND HUMAN RIGHTS

Main associated risks

- Increase in turnover and loss of capable and relevant personnel
- Increase in accidents
- Increase in work-related stress
- Risk of incompetence and negligence
- Risk of discrimination and inequality of treatment along supply chains (human rights)
- Difficulty in finding trained and capable human capital

Group policy adopted in 2018
[SUSTAINABILITY POLICY > COMMITMENTS TO PEOPLE](#)

Organization and Management Model

- Code of Ethics
- Organization, Management and Control Model pursuant to Legislative Decree 231/2001 (ITA)
- Local policies on S&S
- Local Management Systems for Safety at Work (Standard BS OHSAS18001) for certain Italian companies of the Group
- Corporate welfare initiatives for certain Group companies
- Training management (IMA Group Academy)

FIELD OF LEGISLATIVE DECREE 254/2016: SOCIAL

Main associated risks

- 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

Group policy adopted in 2018
[SUSTAINABILITY POLICY > COMMITMENT FOR COMMUNITIES AND THE DEVELOPMENT OF KNOWLEDGE](#)
[SUSTAINABILITY POLICY > PRODUCT QUALITY AND LIABILITY](#)

Organization and Management Model

- Code of Ethics
- Organization, Management and Control Model pursuant to Legislative Decree 231/2001 (ITA)
- Entry in the EU's 2017 scoreboard on investment in industrial R&D
- Certain Group companies' quality management systems certified ISO 9001
- Integrated ERP system (SAP) for the Supply Chain
- Audits at suppliers according to the quality system
- Use of the ECOVADIS platform
- CRM and electronic document management
- Internal Audit
- Checks pursuant to the Machinery Directive in force in the European Community (CE marking)
- "Disaster Recovery Plan for IT Systems" of the Company's business
- Compliance with the regulatory guidelines (FDA, EMEA, food compatibility directive and ATEX)

FIELD OF LEGISLATIVE DECREE 254/2016: ENVIRONMENT

Main associated risks

- Negative effects on activities resulting from climate change and 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

Group policy adopted in 2018
[SUSTAINABILITY POLICY > COMMITMENTS FOR THE ENVIRONMENT](#)

Organization and Management Model

- Membership of CDP
- Regulatory compliance and possession of all authorizations issued by the competent bodies
- Environmental Management System according to the ISO 14001 reference standard for certain Group Companies
- Energy audit programme (ITA)

Listening to stakeholders



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

In particular, IMA's end-users, which are often multi-national organizations that are very sensitive to issues of Corporate Social Responsibility, express a number of **recurring sustainability themes** through supplier valuation processes, requests to sign codes of conduct and contractual clauses. IMA has taken that into consideration in this Sustainability Report. These issues are:

STAKEHOLDER ENGAGEMENT

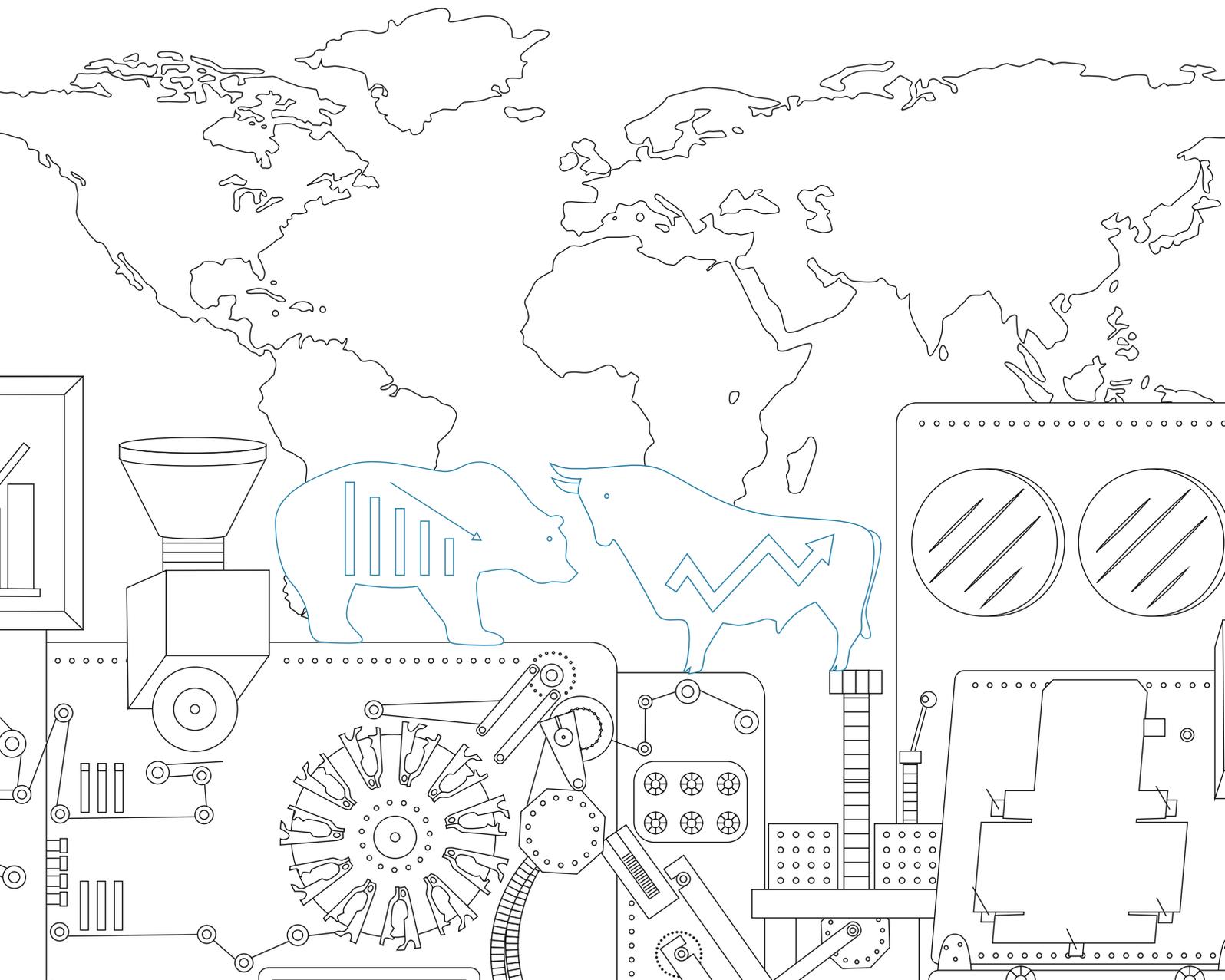
FIELD	STAKEHOLDERS	LISTENING TOOLS	ISSUES
LABOUR AND HUMAN RIGHTS	<ul style="list-style-type: none"> Human Resources Trade unions Suppliers and their workers 	<ul style="list-style-type: none"> Industrial relations Reports by employees and direct comparison Internal communication 	<ul style="list-style-type: none"> Respect for human rights (child labour; gender, religious, ethnic discrimination, etc.) Health and safety in the workplace Compliance with contract terms Protection from molestation, including sexual harassment Promotion of equal opportunities Respect for individual cultural and religious preferences Presence and dissemination of the Code of Ethics Professional development and training Promotion of merit
SUPPLIERS SUPPLY CHAIN	<ul style="list-style-type: none"> Suppliers Partners 	<ul style="list-style-type: none"> Selection process and qualification of suppliers 	<ul style="list-style-type: none"> Differentiation of suppliers: company policy that promotes the purchase of goods and services from different firms Policy of sustainability throughout the supply chain Development of the industrial cluster
COMMUNITY TERRITORY	<ul style="list-style-type: none"> Community Schools University 	<ul style="list-style-type: none"> Conventions, agreements, work tables 	<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	<ul style="list-style-type: none"> Community Institutions 	<ul style="list-style-type: none"> Continuous institutional comparisons 	<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 (carbon footprint) and dissemination of results (CDP - Climate Change) Pollution reduction Raising awareness of environmental issues

On the request of some of its customers, IMA has joined the **Ecovadis** platform which monitors sustainability along the supply chain. In June 2017, IMA was awarded by Ecovadis with a “Silver recognition level” award, improving on the score obtained in 2016. This result positions IMA among the top 30% of best performances among the companies analysed by Ecovadis for the year.



END-USERS Customers and markets

THE SUPPLY CHAIN



Global policy for product quality and liability

IMA's strategy aims to create profit to remunerate its shareholders, but also **economic value for all of its stakeholders**. This is based on the primary objective of IMA's business: **end-user satisfaction**.

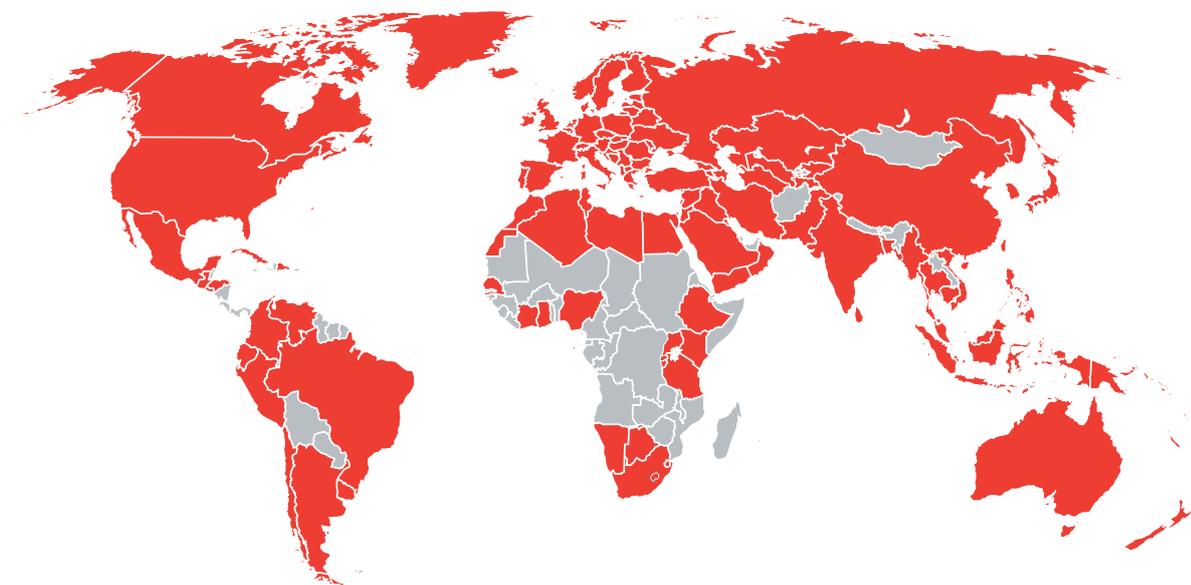
Through continuous investment in technology and constant improvement in the quality and reliability of its products, opening new foreign branches or joint ventures with other industry players and partnerships in the academic and scientific field, IMA is able to serve its end-users more and more quickly and efficiently, obtaining a competitive advantage.

Behind these characteristics lie the ability and commitment to propose to the market and to customers

solutions related to the Company's values, which are oriented towards:

- promoting a **culture of Quality** to ensure products and services of the highest possible level and safety and reliability over time of its solutions;
- investing in the **Research and Development** of programmes for innovative services, designing technologically advanced solutions with a lower environmental impact;
- implementing responsible and integrated management of the **Supply Chain** in economic, social and environmental terms;
- promoting or joining projects and initiatives for the **Development of Local Economies** in the communities in which IMA operates.

IMA IN THE WORLD



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

Consolidated revenues for 2017 reached **1,444.7 million euros**, with an overall increase of 10.2% compared to 2016. The Tea, Food & Other sector recorded an increase in revenue of 15.7%, whereas the Pharma sector grew by 2.5%.

CUSTOMERS BY SECTOR (consolidated sales - mn €)

millions of €	2017		2016		2015		% CHANGE 2017/2016
	AMOUNT	%	AMOUNT	%	AMOUNT	%	
Tea, Food & Other	878.86	60.8	759.16	57.9	590.46	53.2	15.7
Pharma	565.87	39.2	551.69	42.1	519.08	46.8	2.5
TOTAL	1,444.73	100	1,310.85	100	1,109.54	100	10.2

More than 88% of revenues has been generated outside Italy, with a particular growth in North America and in other non-European countries. About 70% of rev-

enues were generated by plant and machines, while 30% came from after-sales activities (support, spares, kits etc.).

CUSTOMERS BY GEOGRAPHICAL AREA (consolidated sales - mn €)

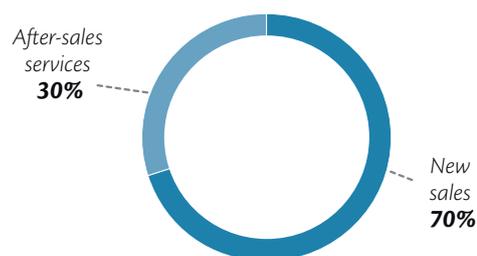
millions of €	2017		2016		2015	
	AMOUNT	%	AMOUNT	%	AMOUNT	%
European Union (excluding Italy)	449.56	31.1	395.45	30.2	352.71	31.8
Other European countries	118.81	8.2	97.33	7.4	68.89	6.2
North America	247.00	17.1	218.69	16.7	223.42	20.1
Asia & Middle East	312.30	21.6	294.65	22.5	227.77	20.5
Other countries	151.82	10.5	128.63	9.8	118.26	10.7
Total exports	1,279.49	88.5	1,134.75	86.6	991.05	89.3
Italy	165.24	11.5	176.10	13.4	118.49	10.7
Total	1,444.73	100	1,310.85	100	1,109.54	100

INFORMATION AND COMMUNICATION

Communication with end-users and operators in the reference sector (Trade Press) takes place through **media relations activities**: this includes the preparation, dissemination and follow-up of **product press releases, editorials and case histories** for industry magazines and portals. Editorial material is produced in collaboration with the Marketing Departments of the Group's main sectors. At the time of the **main trade fairs**, where the IMA Group exhibits, press releases are prepared with information and photos of the new products on display. Press packs are available to journalists visiting IMA's stand and at the trade fair's press room. IMA also organizes press tours during the Group's main events (open house events, new office inaugurations, etc.) and regularly publishes advertising pages on the main Italian and international trade publications, as well as banners and e-news, especially during major exhibitions. In 2017, no complaints were received about breaches of customer privacy.

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 Group revenue, namely **30%**, 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 recurring 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 our original spare parts, together with the very high professionalism of our technicians, provide customers with the best possible conditions for the maintenance and operation of the machines, ensuring their maximum efficiency and reliability.



Innovation, Research and Development

IMA's vocation to the pursuit of innovation reflects the 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 our Group and has resulted in a strong market leadership position.

In 2017, the IMA Group invested significant resources in Research and Development: **53.99 million euros**, equal to **3.7% of revenue**, up on 48.15 million euros in 2016. This item primarily includes the research costs incurred on the technological upgrading and normal revamping of standard products. The balance does not include the cost of development work ordered by specific clients, or the cost of customizing standard products. These expenditures are included in the cost of sales so they are invoiced to the clients concerned.

IMA forms part of the EU's 2017 scoreboard on investments in industrial R&D: a report that is published every year by the European Commission, based on a sample of 2,500 companies worldwide. It analyses the main economic and R&D indicators according to the latest published accounts (in this case 2016/2017 fiscal year).

In absolute terms, IMA is about halfway up the ranking: it is not particularly meaningful to compare the performance of companies that are very different in terms of business sector, size and target markets; however, it is worth pointing out that **IMA's R&D expenditure as a percentage of sales (4.4%)** is higher than the world average (4.1%). IMA's rate of growth in R&D investment was also higher than the world average: in fact, it grew by **18.1%** in 2017 versus 0.1% at world level.

In IMA's Italian companies, about **687** people were involved in R&D activities during 2017 (studying new process and packaging solutions, mechanical and elec-

tronic design, etc.): the total time schedule dedicated to R&D in IMA was equal to over **1,130,000** hours.

There are over 1,700 patents and patent applications pending worldwide. The purpose of IMA's constant investments in R&D is to provide end-users with an ever **wider range of products and services** with advanced solutions, sometimes revolutionary, often designed in collaboration with academic institutions and in a spirit of co-makership with the end-users.

THE ORGANIZATION OF RESEARCH AND NEW TECHNOLOGIES

The complexity of IMA's world, due to the type of markets that it faces, together with its rapid growth, requires more central and transversal skills and the creation of a critical mass that makes it possible to experiment with new emerging technologies.

Generally speaking, research and development in IMA's world is carried on in two particular directions:

- research and development of machinery and equipment in a specific market segment: carried out within the individual divisions;
- experimentation, implementation, technology scouting, new architectures studies: performed by the Innovation structure.

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

The peripheral R&D departments mainly rely on engineers, mechanical technicians, electronic engineers, computer analysts and automation experts.

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

The mechanical engineers in research and development start their own activity with specific courses in 3D modelling; then, at a later stage, their knowledge is integrated with notions and courses on kinematics, dynamics and structural analysis. The key to an innovative design office is to stimulate the interest and desire for knowledge of all those who interact on a new project. Innovation, in fact, comes not only from ideas developed internally, but also from new solutions proposed by suppliers of commercial components and the craftsmen who supply IMA. These entities, working for different companies and sectors, have a transversal vision that they put to good use when working with designers to develop unique solutions.

The designers then follow the machine development, having worked on its architecture, also in the later stages: industrialization and customization take place in the technical office of the production department, where, thanks to the contact with the younger designers, the design ideas are contaminated virtuously. Through the Innovation structure, IMA wants to strengthen the knowledge of those technologies and emerging visions that over the coming years will have a strong impact on manufacturing, supply chain and on the characteristics of packaging machines. The new production paradigm is called **Smart Manufacturing** and involves the use of **digital technologies** in manufacturing.

Some of the enabling technologies which IMA has decided to invest in are:

- Additive manufacturing;
- IoT;
- Cloud;
- Big Data;
- Collaborative robotics;
- Advanced automation.

Some examples of active collaborations in 2017 are:

- INFN (National Institute of Nuclear Physics), Trento;
- Johannes Kepler University Linz JKU;
- ELEDIA Research Center University of Trento;
- CNR Nano;
- Interdepartmental Center for Industrial Research of Advanced Mechanics and Materials of the **University of Bologna**;
- School of Engineering and Architecture, University of Bologna - Industrial Product Design Course;
- University of Parma - Degree in Chemistry and Pharmaceutical Technology;
- Project with the Ministry of **Education, University and Research**, in which IMA has participated with funding for the development and strengthening of national technology clusters. IMA is included in the O.R. "Smart Manufacturing Research Observatory";
- Project with the **Ministry of Economic Development**, co-financer of the MaXima project (Multiple Actions for Innovation in Machine Automation) to develop high-performance, intelligent and adaptive production systems that are efficient and eco-compatible, in accordance with the 4.0 Industry paradigm;
- IMA is one of the founding members of **ITS MAKER - Mechatronics Institute for Mechanical Engineering and Packaging** the heart of Emilia Romagna's mechanical and mechatronics technology hub. IMA contributes by means of in-house training courses and by hosting students in the production departments for first and second year apprenticeships;
- **University of Ferrara**: diagnostic and prognostic maintenance of automatic machines through remote monitoring of data collection;
- **VTT (Technical Research Centre of Finland Ltd): study and development of eco-compatible materials for food packaging**;
- IDM IMA Digital Manufacturing project, financed by the **Emilia-Romagna Region** for the creation of research, development and innovation centres.

IMA and CRIT

IMA is part of the historical nucleus of founder companies and members of **CRIT (Centro di Ricerca e Innovazione Tecnologica or Centre for Technological Research and Innovation)**, a private company specializing in the research and analysis of scientific and technical information and in the development of research projects. For the last 15 years, IMA and CRIT have maintained a

cooperative relationship that is reflected above all in the field of **collaborative innovation**, one of the cornerstones of CRIT's mission statement. In this context, IMA and CRIT have been able to translate the collaboration among regional companies with a high level of innovation into what have become today's best practices for innovation in the industrial and entrepreneurial world in that part of Italy.

PATENTS FILED AND GRANTED IN 2017

(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)		
	2017	2016	2015	2017	2016	2015
IMA LIFE NORTH AMERICA	19	4	5	13	1	5
GIMA S.P.A.	31	12	17 (1)	55	51	4 (1)
GIMA TT	33	20 (1)	26 (10)	55	39 (6)	18 (1)
CORAZZA S.P.A.	6 (4)	3	3	5	10	1
IMA S.P.A.	87	97 (5)	82 (1)	76 (1)	194 (9)	52 (1)

THE MAIN INNOVATIONS IN IMA IN 2017

An important breakthrough was achieved by **IMA LIFE** that launched **INJECTA** in 2017. An innovative filling machine for nested pre-filled syringes, which sets the highest standards in terms of in-process control.

Furthermore the realization of **SMART CUP**, i.e. a thermoforming / filling / sealing machine, represents a radical change in the traditional ways of packaging food products: flexibility and sustainability never seen before on the market, together with an extraordinary compactness of dimensions, for a completely innovative production process.

CROMA, the new equipment for continuous tablet coating, is the first step of **IMA Active** towards Continuous Manufacturing. Accessible, easy to inspect and modulated, Croma is designed to work in continuous mode. Equipped with accurate process controls, Croma anticipates the times and needs of the pharmaceutical world.

IMA Tea & Herbs focuses on an innovative solution for packaging long-leaf products and flower parts. A patented dosing system weighs the product automatically and distributes it in high-speed dosing cells, avoiding the use of mechanical devices and movements. The product is driven solely thanks to vibration and rotary movements that prevent the production of dust and crushing of the product. A dosing system that is adaptable to various forms of primary packaging.

NEW MATERIALS

The growing adhesion of companies to sustainability policies involves the need to find innovative ways of improving product performance and reducing environmental impact: as a consequence, this is also reflected in the use of new packaging materials, especially in the food chain.

One of the points that IMA is working on in collaboration with our customers is the use of **compostable packaging materials**. Currently, these materials, which are still being developed, are seldom used for packaging, mainly for costs reasons, but also because they are more complicated to use. It is therefore essential to involve IMA during the development of these materials to identify the most suitable packaging solution for the customer.

With regard to collaborations on this topic, IMA finances a study grant to obtain knowledge about packaging materials. The researcher with DICAM at the University of Bologna will study "Polymeric materials for eco-sustainable packaging".

As described above, IMA has a growing interest in environmental matters and in packaging solutions with a low environmental impact.

For example, the **MaXima project** includes a line of research entitled "**Use of eco-compatible materials**", which seeks to overcome the restrictions that limit the use of PLA and equivalent materials. This activity is carried out in collaboration with an important company that produces filters made from PLA.

INTEGRATED QUALITY AND REGULATORY COMPLIANCE SYSTEM

In order to ensure the highest level of service to its customers, IMA has adopted a **system of quality management that focuses on processes**: this has made it possible for IMA to offer its end-users maximum transparency in the execution of the various phases of the project. This allows us to deliver highly complex solutions on schedule, while maintaining a simple and flexible organizational structure. For this reason, various companies of the IMA Group (see § Management Systems) have the **ISO 9001** certification of their own **Quality System**, which covers the entire product life cycle, from research and development to sale, delivery and installation, all the way through to after-sales support. 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**, i.e. to have the possibility to adapt to the specific characteristics of the market and the organization of the individual divisions and companies, while retaining the general guidelines and a general unique system to the entire IMA Group.

This facilitates the inclusion in the Quality System of the new companies that become part of the IMA Group as a result of acquisition, and their harmonization with the "world of IMA". In October 2015, IMA Life North America and IMA Life Beijing, which produce machines for the pharmaceutical industry, were the first foreign companies to be included in the IMA Group's certification. In April 2017, Ilapak International (CH) and Ilapak Italia have also been integrated.

In 2017 the project to update the Group Quality System to the new edition of the ISO 9001:2015 was carried out to a large extent.

The heart of the project is a risk analysis of all the processes involved in IMA's Quality System to verify whether all of the main risks related to quality are adequately kept under control and managed. This project is an opportunity to review the entire system in the face of the changed scenarios and contexts in which IMA operates.

The transition to the 9001 new edition is scheduled for the spring of 2018.

As part of the innovation of the processes and technological systems used to support them, from 2014, the CRM project and electronic document management are active and have made it possible to create a state-of-the-art plat-

form for Customer Relationship Management available to the world of sales.

Today, this platform is used by all divisions of the Parent Company IMA S.p.A., almost all belonging to the Pharma divisions, and it is undergoing advanced adoption in the divisions of the different companies engaged in the 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. The system, integrated with the ERP, the content management platform and the document management system, makes it possible to manage efficiently document transmission and approval flows according to the requirements of national and international regulations.

The internal technical regulations are not limited to incorporating the minimum requirements of local legislation, but extend to various areas where it is important to follow **precise international standards**, starting from the mechanical and electrical design, up to the internal and external production processes and packaging of the products. The **level of training and motivation of the technicians** involved in the various stages of the work (design, manufacture, assembly, installation, support) have a major role in achieving high standards in products.

Quality assurance and compliance with procedures is ensured by a **continuous internal audit plan** which, on an annual basis, involves the companies and divisions involved in the IMA Group's Quality System. In 2017, **11 internal audits** (13 in 2016 and 14 in 2015) were carried out with the participation of auditors from various areas of the company, previously qualified by the Quality Assurance Area.

With a view to the new edition of the ISO 9001 standard, audits are planned in a risk-based perspective so as to focus the checks on the most critical areas.

"Quality" also means ensuring the best safety conditions when the machines are being used by the end-users: IMA pays particular attention to the analysis of risks related to safety, implementing it during the design phase for the 100% of the machines placed on the market, in accordance with the applicable regulations (primarily, the Machinery Directive valid for the European Community). This leads to the preparation of a technical dossier that contains an assessment of the risks involved and the measures taken to eliminate or minimize them. In addition, since 2013 non-conformities found during use, which have an impact on the safety of IMA's machines are monitored.

The resources of the Technical Compliance office provide continuous advice and support to the Group's divisions and companies on machinery safety regulations and their practical application.

INTEGRATED MANAGEMENT SYSTEM

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

- Standards such as **GMP, GAMP and food compatibility** are part of the IMA Quality System to offer end-users the highest possible level of compliance with industry best practices;
- Currently, IMA is a member of the Steering Committees of **ISPE Italia** and **GAMP Forum Italia** and takes part in the drafting of life cycle guidelines for the development and approval of machines for the pharmaceutical industry;
- **Product safety** is a key objective for IMA, and for this reason all binding regulatory aspects such as the EU Machinery Directive and related regulations are followed and monitored, in order to ensure that all IMA machines fully comply with legislative requirements.

In this area, the Quality Assurance function has developed a database for the certifications of the materials used in machines in contact with the product (for food compatibility and pharmaceutical applications). The database is usable by all companies and divisions within the Group. A second activity concerns the creation of correlation schemes between the regulations to which customers are subject (GMP, GAMP) and the IMA Quality System. The aim is to facilitate dialogue with end-users, identifying areas for improvement and development of the system.

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

The impacts on health and safety are assessed for all categories of products and services, i.e. in all cases where this is required by legislative or regulatory requirements (European Directives or directives of the countries of destination and use of the machines).

REGULATORY AND TECHNICAL KNOW-HOW

IMA's internal guidelines provide that the following information always has to be included in machine instruction manuals:

- origin of the goods;
- instructions on how to carry out correctly and safely: handling, unpacking, installation, use, maintenance;
- decommissioning and dismantling methods;
- information on possible emissions of radiation, gases, vapours and dusts.

There is no systematic verification of the manuals by bodies other than those that issue them to verify their compliance. This verification is on the responsibility of the manuals and documentation department of each company and division.

In terms of feedback, the percentage of problems reported by customers relating to documentation compared with the number of machines under warranty in 2017 was 0.9%.

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

IMA is also an active member of the Technical Committees of **UCIMA** (the Italian Association of Automatic Packing and Packaging Machine Manufacturers) and **UNI** (the Italian Regulatory Entity) where the proposals for revision of international standards for the world of automatic machines are discussed at a national level. IMA's involvement in these committees is intended to make an active contribution to the technical content, while remaining at the cutting edge on such issues.

Technical updates from an analysis of regulatory changes and innovations introduced by IMA represent information assets and know-how that the Group makes available to end-users, meticulously preparing the **documentation** supplied with the machine: on the one hand, the compulsory technical documentation, such as the Instruction Manual for the use and maintenance of machinery (with particular regard to safety warnings) and the Parts Manual; on the other hand, as regards the pharmaceutical market, supporting documentation for the validation of equipment in accordance with regulatory guidelines (FDA, EMEA). For this last aspect, IMA has laid down internal procedures for managing the life cycle of the control software of machines according to GAMP guidelines, including the risk analysis to ensure a test protocol that is optimized and focused on the critical areas. In particular, the training of IMA personnel continued during 2017 in relation to: the GMP and GAMP regulations and software validation regulations, the machinery and technical documentation directive, quality and ISO 9001, the food compatibility directive and ATEX.

For newly recruited staff, a standard insertion path has been defined that provides for internal "catalogue" courses on the regulations that govern the function to which they have been assigned.

IMA has been a member of **ISPE (International Society of Pharmaceutical Engineering)**, an association of professionals dedicated to the production of pharmaceuticals, for many years. IMA participates regularly in conferences organized by **ISPE Italy**, which are also attended by the representatives of the pharmaceutical industries.

IMA is a member of the Steering Committee of **GAMP** Italia and participates as a speaker at specialist conferences on the validation of machinery.

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

End-user satisfaction

As part of the certified quality system, there is a procedure for collecting feedback from customers with the following characteristics:

- sending a questionnaire by the Central Quality 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.

At IMA, end-user satisfaction is constantly monitored. This measurement is carried out through a monitoring system that, thanks to a number of indicators, detects the level of quality delivered over time (degree of compliance with the requirements of the products/services) and the level of quality perceived by the end-user. The tools used for these measurements are:

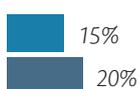
- audits carried out by the end-user as part of the qualification process of IMA as a supplier;
- managing and minimizing complaints and disputes (for example, non-payment for technical/quality issues, etc.);
- reduction of warranty costs;
- surveys carried out at end-users' premises to assess their level of satisfaction with the products and services offered. For this purpose, questionnaires are prepared following each project for the sale of machines and production lines, in order to evaluate various aspects of the supply.

The customer satisfaction questionnaires have already been used for some years.

% questionnaires sent/machines installed (2017)



% questionnaires received/questionnaires sent (2017)



The Company is well aware that a **policy for the prevention of defects** is not only a competitive advantage, but also a way of reducing internal costs. For this reason, IMA undertakes to comply with all product requirements prior to shipment: it is preferred to spot any cases of non-conformity while the machine is still at IMA's 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 customers and customer satisfaction is **fundamental for all the companies of the IMA Group**; they adopt listening and interaction systems that provide regular visits to customers to find out their degree of satisfaction. Support services and e-mail or telephone surveys are also used. It is possible for customers to **plan meetings** just before delivery of the finished product, so as to verify the status and level of satisfaction of the customer's needs and expectations. Consumers can also use various services made available to them, such as an **extended warranty**, maintenance and replacement included, **training** in how to use the products and remote assistance. Each branch has a well structured system of **claims management** by completing questionnaires and/or by e-mail.

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

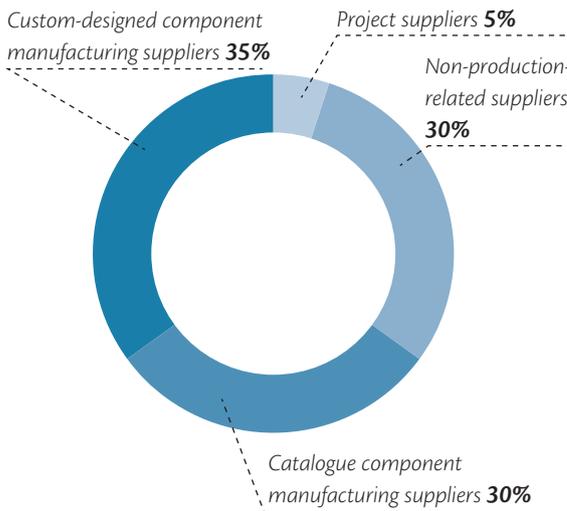


IMA's Supply Chain

IMA works with different types of suppliers.

- **Manufacturers of components** for the production of machines, which are divided in:
 - **Custom-designed component suppliers**, supplying components on the basis of drawings and projects prepared by the Group;
 - **Catalogue components** ("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 BY TYPE (% OF 2017 EXPENSES)



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 taking into account a criterion of "proximity" (partner companies in product innovation, companies operating in the local production cluster, etc.).

Each company within IMA's supply chain must guarantee a high level of quality and sustainability: to increase the added value of its offer, IMA has to use selected suppliers and partners, involving them actively in the processes of design, manufacture and assembly of machines. At the same time, the Group monitors the high quality standards requested as well as the technical and regulatory requirements throughout the supply chain. The goal is to share rigorous methods and standards and then share the successes as well.

THE IMA MODEL FOR MANAGING THE SUPPLY CHAIN

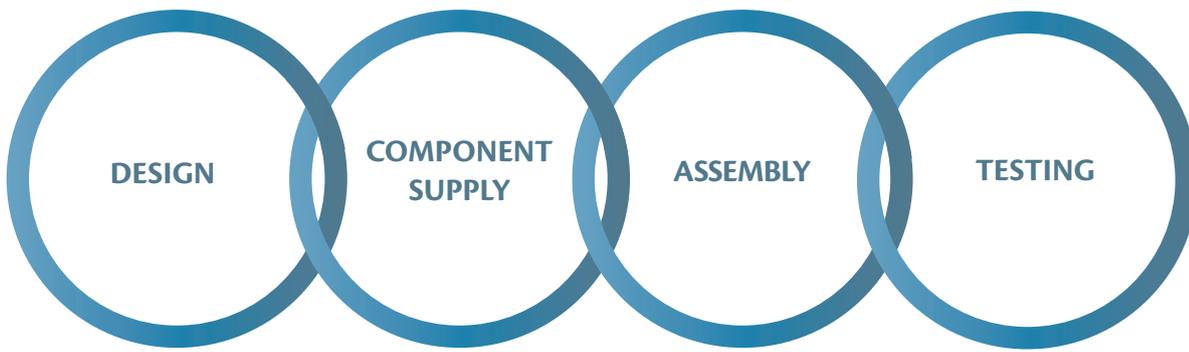
IMA's approach to the supply chain has always been innovative, developing over time an unconventional model.

The win-win partnership approach has evolved with IMA taking an equity interest in the most strategic suppliers. In this way, the company has tackled successfully the recent growth-related challenges. Thanks to this model, which is perfectly consistent with Industry 4.0 logic, the supply chain obtains support for its investment in new machinery and productive equipment, as well as for the organizational and IT development required by the new industrial revolution.

Dematerialization, control of production scheduling, 3D and Additive Manufacturing are just some of the aspects that IMA is working on together with the most important suppliers. 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 revolutionize methodologies for the design and construction of components for automated machines.

This is just the start of a road that will further facilitate the collaboration between the Group as principal and the supply chain. Given this, IMA will focus efforts over the next few years on supporting the 4.0 revolution, not just internally but also, and above all, among the artisans in the Bologna area, who are the wealth and strength of the automated machinery sector.

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



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

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 to 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.

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

IMA assists these partner-suppliers with scouting for and selecting new subcontractors, effectively applying the Group's organizational and process quality guidelines. IMA also encourages them to create **second-level aggregations** with super-specialised micro businesses which are inadequate to face the present competitive scenarios, in order to avoid dissipating know-how that represents the real value added of the Group. Physical

proximity within a cluster is still today a very significant advantage.

For the subcontractor firms, IMA's involvement results in benefits in terms of access to credit and better payment terms. The guarantee of financial solidity provided by the industrial Group helps small and medium-sized enterprises (SMEs) to: obtain credit from banks (creating the conditions for new investment, which would be hard to achieve otherwise); use factoring for the collection of trade receivables; obtain advances (paid by IMA as the customer) in the case of large contracts in terms of sales between members of the network; increase, in general, their critical mass in relations with banks.

No significant changes arose in the supply chain organization during the reporting period.

Custom designed component suppliers

The providers of custom-designed and catalogue components are clearly predominant in terms of number: 2,433 were available and 1,305 were used during the last year.

The volume of sales in the major categories is distributed in such a way as to concentrate 80% of total turnover around 14% of the pool of active suppliers. Considering the purchases made in 2017 by the Parent Company, without calculating the costs incurred for customs, employees, trucks and agents, the sales revenues paid to third parties amounted to **338.3 million euros**: of this amount 93% remained in Italy. 4% and 3% of procurement expenditure were for purchases from EU and non-EU areas, respectively. These figures demonstrate the **value created by IMA for its territory and the local production cluster**.

Similarly, about 70% of foreign suppliers operate nationwide.

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

In any case, IMA focuses on the local area for supplies, not only for reasons of logistical convenience and undoubted technical skills, but also to actively contribute to and support the social development of its territory, understood as a "nursery" of excellence to be enhanced with a view to the future: of 572 suppliers active in 2017, 551 are Italian and 303 (53% of the total) are located in the province of Bologna.

IMA has adopted and developed a data exchange tool to support the production cycle of components/groups. Currently, the direct exchange of purchase orders, order confirmations, delivery plans, non-compliance reports and transport documents takes place via this tool. The project is in continuous development and provides other important exchange features, with all Group divisions gradually getting involved in using it.

The philosophy of IMA is therefore to expand increasingly the flow of information with suppliers. The adoption of non-invasive systems architectures, designed to simplify and optimize product support activities, will be another factor that creates value added.

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

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

Catalogue-component manufacturing suppliers

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 2017 IMA has 1,228 catalogue-component suppliers, of which 803 managed by the central office.

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 total value of commercial parts bought by the Group exceeds **156 million euros** in 2017, 63% of which from **Italian suppliers**.

In order to reduce the impact on the environment of commercial components, IMA has introduced a few innovations for the central warehouse:

- The project to **centralize purchases and logistics** is being extended to Group companies located in Germany, France and Switzerland; one of the main objectives of the project is to reduce the number of shipments from suppliers to the Group. This was achieved through the optimization of individual loads and by converging the individual needs of each entity towards a central logistics hub; this therefore translates into fewer shipments. IMA also sends the optimized kits of material necessary for production to each division, recycling the cardboard containers/boxes received from the suppliers, without purchasing new packaging, with the effect of reducing CO₂ emissions.

- Transport and logistics optimization: the IMA Group is developing out a transport optimization project aimed at improving the connection between the headquarters and the other production centres, in particular Germany, Switzerland and France, through the study of an appropriate "milk run" that maximizes loads in both directions, reducing CO₂ emissions.

- RFID technology: a project is currently being tested with some pilot subsidiaries, which envisages the use of boxes that are collapsible, reusable and traceable using RFID technology. Exploiting the collapsible sides, the boxes are returned to the sender with a reduction in their volume of about 75%. Through RFID technology, it is possible to control location, ensuring accurate information on the progress of shipments.

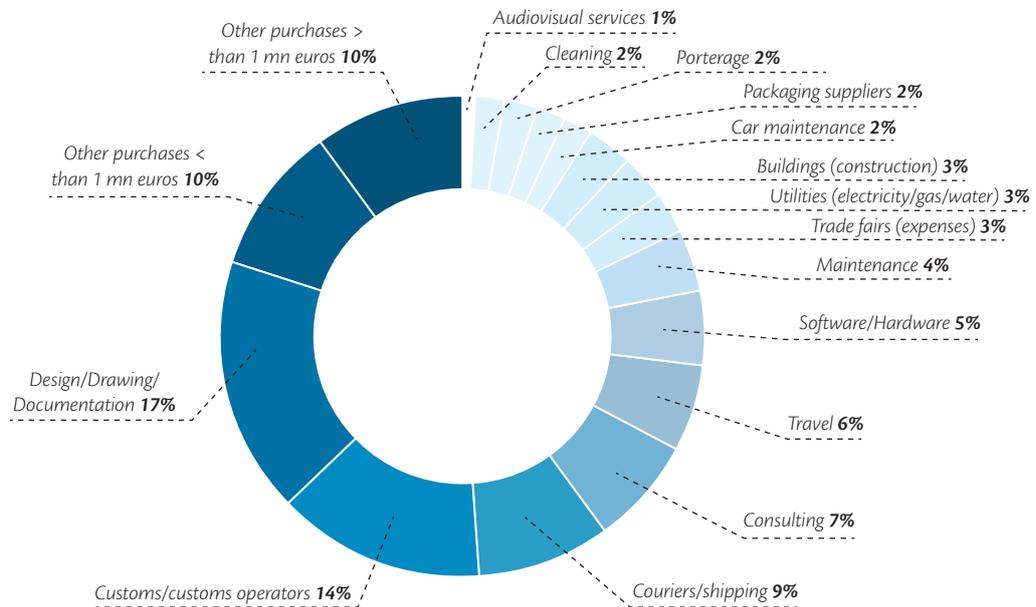
- It is a well-established procedure for the IMA Group to use certified suppliers for all materials that will have direct contact with the product. The Group's history in the pharmaceutical sector - in which certifications have been necessary for years - has meant that the same approach was used also in the Food sector.

Relationship with suppliers of goods and services

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

The number of non-production-related suppliers is 1,970. In 2017, **70% of non-manufacturing purchases** were from a **pool of 800 suppliers**. This pool of suppliers received **143 million euros** from the IMA Group in 2017.

BREAKDOWN OF NON-PRODUCTION-RELATED SUPPLIERS (% OF 2017 EXPENSES)



Over the past two years, favourable consideration has been given to the initiatives of suppliers that have pursued projects in the area of **environmental sustainability** (for example, the suppliers of automatic distributors that use recycled cups): in 2017, the use of these cups by IMA and by Group companies enabled a total saving of **4,335 kg of CO₂**.

Another project developed in 2017 with immediate environmental impact concerns the **replacement of solvent-based detergents with water-based detergents**: in the course of 2017, the Company undertook this research in order to replace the chemical products used for general degreasing and cleaning of parts and components of automatic machines in the production cycle of all IMA operating divisions. In addition to being a significant improvement in terms of safety, this step

has also made it possible to completely eliminate atmospheric emissions of VOCs (volatile organic compounds) coming from the sector mentioned above.

The expectation is to eliminate the solvents from the entire production cycle of IMA S.p.A. within the first quarter of 2018.

We also have included in the **gifts** circuit objects made with **eco-friendly** material.

In 2017, we continued various projects with a view to standardizing and unifying the needs and requests of the various Group companies, with the aim of making the purchasing process more efficient. This is the case of the **Purchase Group** project with investee companies, for the common procurement of goods and services such as canteen, electricity and gas, tools, supplying devices for personal protection, stationery.

Qualification and monitoring of suppliers

The process of qualifying suppliers envisages several stages.

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

During the relationship with the supplier, performance is measured in terms of quality, price and delivery, summarized in a **vendor rating**: it is an established methodology which allocates scores that make it possible to measure purchasing performance. Component suppliers are periodically given a vendor rating calculated on the basis of three parameters (in order of importance): quality, delivery, price.

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

RANGE OF RATINGS

Over a range of ratings from 0 to 100, where 60 is satisfactory, the average score of core suppliers was 73 for the custom-designed components in 2017 (68 in 2016) and 75 for catalogue components (78 in 2016).

At the end of 2017 the suppliers qualified through the IMA method are **200**:

- 55** of assembly and wiring
- 36** of third-party machines
- 62** of design and documentation
- 47** of technical assistance

For **custom-designed component** suppliers, IMA has developed another method of qualification with the aim of spreading the culture and level of suppliers with regard to quality issues and then transfer part of the testing of mechanical components to them.

In addition to providing a level of qualification of suppliers which ensures the quality of supplied components, this method also provides for their training by IMA's testing staff. At the end of 2017, **37** suppliers have been 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 2017, there were **26** suppliers qualified for supplying parts that come into contact with products. 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 set by law and require the Contractor to provide IMA all the guarantees required by laws on safety, health and safety, social security, insurance cover at work, regular payment of contributions, etc.

In 2017 IMA carried out a **review of existing contracts** with its suppliers in order to verify and pursue the best possible transparency and compliance with the law. In particular, this activity involved contracts with suppliers who work at Group companies: IMA intends to ensure that these suppliers are genuinely organized in terms of contracted services, with a view to a production result that intended to implement above all the aspect of the vendor's autonomy.

Third-party companies also must agree to make their workers comply with IMA procedures and regulations, including the **Code of Ethics**.

To date there are no further specific environmental or social requirements used in the qualification of a new supplier, except as provided for aspects related to safety and protection of work both during the document collection phase and during the visit at the supplier's premises, evaluating elements such as the technical-professional suitability of the company examined, the fact that they pay their employees and social contributions regularly, the existence of a structure dedicated to job security, etc.

PEOPLE

LOCAL COMMUNITY ENGAGEMENT



Global policy on responsible management of people

People represent a real capital for IMA. People are continually stimulated and accompanied towards personal and professional growth that is aligned with the culture of the Company and with its role as a producer of economic and social value. **Training** and **active involvement** are the guidelines for the development of skills and empowerment of employees and collaborators.

IMA promotes respect for work and workers, avoiding all forms of discrimination and guaranteeing full compliance with **Fundamental Human Rights**, according to the principles contained in the UN Declaration on Human Rights. IMA promotes inclusion, integration and equal opportunities, aimed at enhancing the value of **diversity**, as an element that can remove the economic and social obstacles that restrict the freedom of the individual in application of the principle of substantial equality and respect for individual dignity.

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 the compliance with current legislation. IMA's management is committed to guaranteeing them at Group level, by assessing risks to health, training, monitoring systems, prevention activities and continuous investments in preventive maintenance programs for plants and infrastructures.

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

IMA and the respect for human rights

The respect for human rights underpins the values of the Group, our way of working and doing business, our relations with employees, suppliers and other external stakeholders. In this sense, the Group has implemented specific policies to protect human rights and activated controls over the supply chain.

Almost every company within the IMA Group adopts formal measures to ensure that they do not participate in or facilitate discriminatory practices and/or forced labor.

About 70% of companies take human rights criteria into account when selecting and monitoring their suppliers, contractors and business partners.

50% of the companies require suppliers to comply with their code of ethics and/or specific human rights standards.

Specifically, moreover:

- In the **UK**, all local suppliers receive regular visits to ensure their ethics and product sustainability.
- In **China**, Group companies implement the legislation on human rights, including non-discrimination, child labour and the prevention of forced labour.
- In **North America**, most of the supply chain of the companies in the United States and Canada is located within the two countries, where there is strict compliance with laws on the environment, security and human rights.
- In **India**, a manual of "human resources policies" has been implemented, governing in detail corporate policies relating to human rights.
- Lastly, numerous companies operating in **Europe** use European suppliers that, in addition to complying with the stringent EU regulations, also receive regular inspections.

In 2017 specific training activities were carried out on respect for the Fundamental Human Rights by the companies of the IMA Group: in particular, in **India, China and North America 2,386 hours of training on human rights** have been provided, which involved **326** employees.

Based on the reporting, monitoring and control mechanisms set out in the Code of Ethics, during 2017 there were no episodes of discrimination.

Employee management model

The people who work for IMA are the Group's most strategic and by far its most important **intangible asset**, as they incorporate all of the Company's skills and knowledge. In fact, for our customers, the IMA Group is not merely a supplier of products that feature highly sophisticated technology, but rather a solver of complex problems via specially designed solutions that are custom-tailored to meet their individual requirements.

This means that all of our business processes have a very low level of repetition: from preparing bids to making the sale, from design and production to after-sales assistance, from contractual aspects to administrative matters, the proper functioning of each of these processes depends on the initiative of the individuals who work within them and on their ability to collaborate with everyone else in the organization, i.e. genuine teamwork.

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

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

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

- 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 them find their feet and absorb IMA's corporate values.

Composition and characteristics of employees

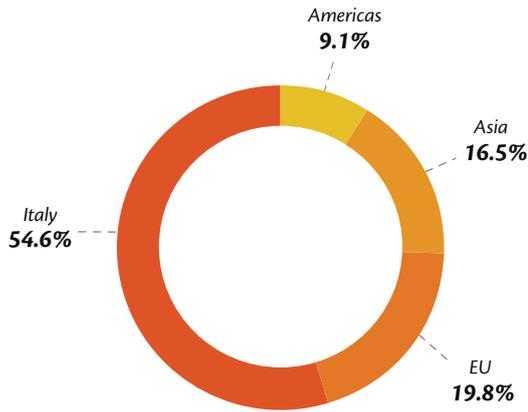
Considering the scope of this Sustainability Report/Consolidated Non-Financial Report, equal to that of the Group's production companies, at 31/12/2017 there are **5,194** employees¹ in total.

This figure refers to all the production companies of the IMA Group in Italy and abroad, owned 100% by IMA S.p.A. or controlled by it (holding of more than 50%): compared with the previous edition, there have been added the new companies acquired in 2017, Mapster S.r.l. and Eurosicma S.p.A.

The majority of the workforce is in Italy (54.6%), followed by the rest of Europe (19.8%), Asia (16.5%) and the Americas (9.1%).

¹At a consolidated level, considering all Group companies, IMA has globally employed **5,630** people, of whom 51% in Italy, 23% in the rest of Europe, 10% in the Americas and 16% in Asia.

% DISTRIBUTION OF IMA GROUP EMPLOYEES IN THE WORLD BY GEOGRAPHICAL AREA (on 31 December 2017)

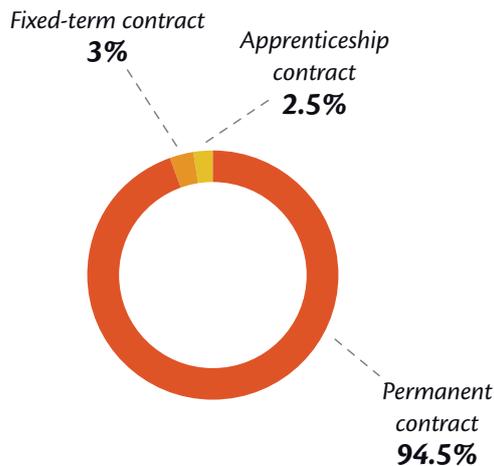


Most of the Group's employees in Italy live in Emilia: in fact, 70.58% reside in the Province of Bologna and 10.04% elsewhere in Emilia-Romagna (19.3% in other parts of Italy and 0.04% in the rest of the world). **94.5%** of the employees (4,910) is hired on **permanent contracts** (in line with the Company's policy to create stable, long-term

employment for its workers); this percentage is confirmed approximately for all the countries in which IMA operates.

95.2% of men has permanent contracts, while for women this percentage is 91.1%.

% DISTRIBUTION OF THE IMA GROUP EMPLOYEES BY CONTRACT CATEGORY (on 31 December 2017)



TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY TYPE OF CONTRACT AND GENDER OF THE IMA GROUP (on 31 December 2017)

	MEN	WOMEN	TOTAL
Permanent contract	4,155	755	4,910
Fixed-term contract	104	49	153
Apprenticeship contract	106	25	131
TOTAL	4,365	829	5,194

TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY TYPE OF CONTRACT AND GEOGRAPHICAL AREA OF THE IMA GROUP (on 31 December 2017)

	AMERICAS	ASIA	EU	ITALY	TOTAL
Permanent contract	468	811	985	2,646	4,910
Fixed-term contract	7	40	12	94	153
Apprenticeship contract	0	4	29	98	131
TOTAL	475	855	1,026	2,838	5,194

IMA gives part-time contract to employees who make a reasoned request, within the limits set by collective agreements: in 2017, out of **245** part-time contracts, **67.3%** had been requested by women. In total, **165** women are in part-time work, this being **19.9%** of the total number of women working for IMA on 31 December 2017. Part-time work has been requested by **4.7%** of employees.

TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY FULL-TIME, PART-TIME CONTRACT AND GENDER OF THE IMA GROUP (on 31 December 2017)

	MEN	WOMEN	TOTAL
Full-time	4,285	664	4,949
Part-time	80	165	245
TOTAL	4,365	829	5,194

During 2017 the companies of the IMA Group used **313** collaborators, 72.5% of whom is related to internships and agency relationships; of these, 96.5% in Italy and the remaining in other locations in the world.

At a **global level**, IMA generally hires personnel aged between **30 and 50** (47% of all recruitment) and younger than 30 (41.2%).

The **hiring rate** (calculated as the number of employees hired in the period compared with the workforce at the end of the period) comes to 11.9% for men and 13.6% for women. In the period being analysed, **636** new workers were hired by the Company (523 men and 113 women), while **435** employees left the Company (362 men and 73 women).

Similarly, most of the leavers are also aged between 30 and 50 (48.7% of all leavers); 30.8% of the people who leave are more than 50 years old.

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

RECRUITMENT RATES AND TERMINATION RATES BY GENDER AND GEOGRAPHICAL AREA OF THE IMA GROUP

RECRUITMENT RATES IN 2017 (%)

	ITALY	EU	AMERICA	ASIA	TOTAL
GENDER					
Men	10.38%	11.57%	29.2%	8.3%	11.9%
Women	12.13%	22.1%	18.9%	4.8%	13.6%
AGE					
< 30 years	40.55%	29.2%	53.7%	19.1%	35.8%
from 30 to 50 years	7.39%	12.3%	27.2%	7.2%	9.6%
> 50 years	2.21%	7.3%	18.8%	0	5.5%

TERMINATION RATES IN 2017 (%)

	ITALY	EU	AMERICA	ASIA	TOTAL
GENDER					
Men	4.47%	16.7%	7.7%	10.2%	8.3%
Women	4.48%	18.4%	10.8%	19.3%	8.8%
AGE					
< 30 years	4.79%	25.5%	14.9%	19.1%	12.2%
from 30 to 50 years	2.56%	16.1%	6.5%	10.3%	6.8%
> 50 years	8.85%	14.9%	7.8%	6.5%	9.9%

New employees generally follow training paths that involve working alongside expert personnel. This assists their professional growth and facilitates the rotation of resources among the various roles.

In agreement with local high schools and universities, several apprenticeships and internships were held in 2017, involving a total of **219** young people.

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.

At the Group level, the majority of employees fall into the "office worker" category: **55.8%** of the total, i.e. **2,898** employees.

TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY CATEGORY AND GENDER OF THE IMA GROUP (on 31 December 2017)

	MEN	WOMEN	TOTAL
Manager	416	19	435
Middle manager	320	59	379
White collars	2,173	725	2,898
Blue collars	1,456	26	1,482
Grand total	4,365	829	5,194

Most of the employees are aged between 30 and 50, or **59.8%** (**3,106** persons).

TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY CATEGORY AND AGE OF THE IMA GROUP (on 31 December 2017)

	<30 YEARS	30-50 YEARS	> 50 YEARS	TOTAL
Manager	5	260	170	435
Middle manager	12	231	135	378
White collars	396	1,794	714	2,904
Blue collars	319	821	337	1,477
Grand total	732	3,106	1,356	5,194

Furthermore, 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, **100%** of the managers in IMA at 31 December 2017 live in Italy. This situation is related partly to IMA's choice of social responsibility, which binds it particularly to its local territory, and partly to the presence of widespread, qualified skills that can be found in the advanced mechanics cluster of Bologna and Emilia-Romagna.

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

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.

63% of the IMA Group's personnel is covered by collective labour agreements.

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

For Italian employees the minimum notice period for significant operational changes within the organization (such as alterations in the organization's operational structure that have substantial positive or negative consequences on its employees such as restructuring, outsourcing, closures, expansions, new openings, acquisitions, sale of the entire organization or part of it, mergers, etc.) is **4.5 weeks**.

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 2017 there were no disputes relating to employees management.

The procedures for the search and selection of human resources have been consolidated over time and basically there is a preference for people who are part of the local community.

Health and safety

The **attention to workers' health and safety** in the workplace at IMA Group companies is constant.

In 2017, the Parent Company IMA S.p.A. and the Group companies Corazza S.p.A. and Gima TT S.p.A. confirmed the certification of their Safety at Work Management System according to the international standards: the British Standard **BS OHSAS 18001**; this result was also achieved by Gima S.p.A..

There were **158 accidents in the workplace** in 2017 (35 in Italy and 123 at other Group companies abroad) of which **15** while commuting and **none** mortal; **150** accidents involved men and **8** women. During 2017 **1,365.75** days were lost due to accidents, calculated from the first day of the accident. The **frequency ratio for the IMA Group** is equal to **17.12** (excluding first aid injuries; included in the calculation of commuting accidents. Days lost due to injuries are calculated from the day of the accident).

There were no cases of **professional diseases** in 2017, recognised in the context considered.

ACCIDENT RATES BY REGION OF THE EMPLOYEES OF THE IMA GROUP

(on 31 December 2017)

	ITALY	EU	AMERICAS	ASIA	TOTAL
ACCIDENTS AT WORK	35	104	14	5	158
<i>of which: mortal</i>	0	0	0	0	0
<i>of which: while commuting</i>	14	1	0	0	15
DAYS LOST DUE TO INJURIES	555.50	425.25	180	205	1365.70
NO. OF CASES OF OCCUPATIONAL DISEASES	0	0	0	0	0
FI - FREQUENCY INDEX	7.38	57.33	14.01	2.99	17.12
<i>No. of accidents* 1,000,000/hours worked</i>					
OCCUPATIONAL DISEASE RATE (ODR)	0	0	0	0	0
<i>No. cases occupational diseases/tot hours worked</i>					
LOST DAY RATE (LDR)	0.0001	0.0002	0.0002	0.0001	0.0001
<i>lost days/total workable hours</i>					

During 2017, there was a serious accident to a worker of an external company operating under contract on IMA's premises. Specifically, it involved the start of a fire caused by spillage of a certain quantity of used solvent.

Workers' participation at all levels is constant and high in the Italian group companies, guaranteed by specific health and safety representatives designated by the workers themselves (RLS): **in total, the Parent Company IMA S.p.A. has 17 representatives compared with**

the legal minimum of 6. A Safety Officer has also been appointed at all of the other Group companies in Italy.

The RLSs collect inputs from the workers and, in addition to **their representative role, they are also 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.

As regards work-related diseases, there are no categories of workers particularly exposed to specific risks on the basis of differences in gender, age or ethnicity. However, for the Italian group companies, IMA has undertaken other initiatives for the benefit of those employees who travel for work all over the world, also in geographical areas where certain types of infectious diseases may still be endemic. The risk conditions that technicians may encounter at their destination are verified by means of a specific questionnaire sent to the buyers and returned before the employee's departure. Further prevention and protection measures are also provided if deemed necessary.

With regard to the possible allergic reactions of technicians working offsite in environments in which pharmaceutical products and materials are produced and packaged, specific tests have been devised together with the competent physician in order to identify any allergies to the principal types of active ingredient.

At the Parent Company, in order to continuously improve skills and performance in terms of safety, IMA takes part in **meetings of the Heads of Prevention and Protection of Bologna and Imola**, which are made up of the Heads of Prevention and Protection Services of the most important manufacturing companies in the area, with the aim of sharing management methods (analysis and resolution) on issues of mutual interest in the field of occupational safety.

The entire Safety System is underpinned by the training and involvement of personnel, **with a view to creating a true and proper "culture" of safety.**

The most important measures taken in 2017 to improve the working environment include:

- **seismic risk in Italy:** following the guidelines issued by the municipalities in Emilia hit by the 2012 earthquake, IMA S.p.A. decided to make its factories earthquake resistant by eliminating their vulnerabilities, despite not having any locations subject to the mandatory requirements. During 2017, anti-seismic consolidation work continued on the buildings (including the new local units) as protection against any earthquakes that may occur in the future;
- use of detergents and degreasing products classified as **not dangerous:** see in this regard the "Relationship with suppliers of goods and services".

Persons' training and development

IMA considers continuing education a strategic resource. So IMA's investment in this area is not limited to the starter training given to new hires, but is maintained over time, with the aim of encouraging professional growth and individual motivation. Complex and constantly evolving realities such as IMA, need employees with resourcefulness and initiative, ready for continuous challenge, moved by the desire to learn and improve.

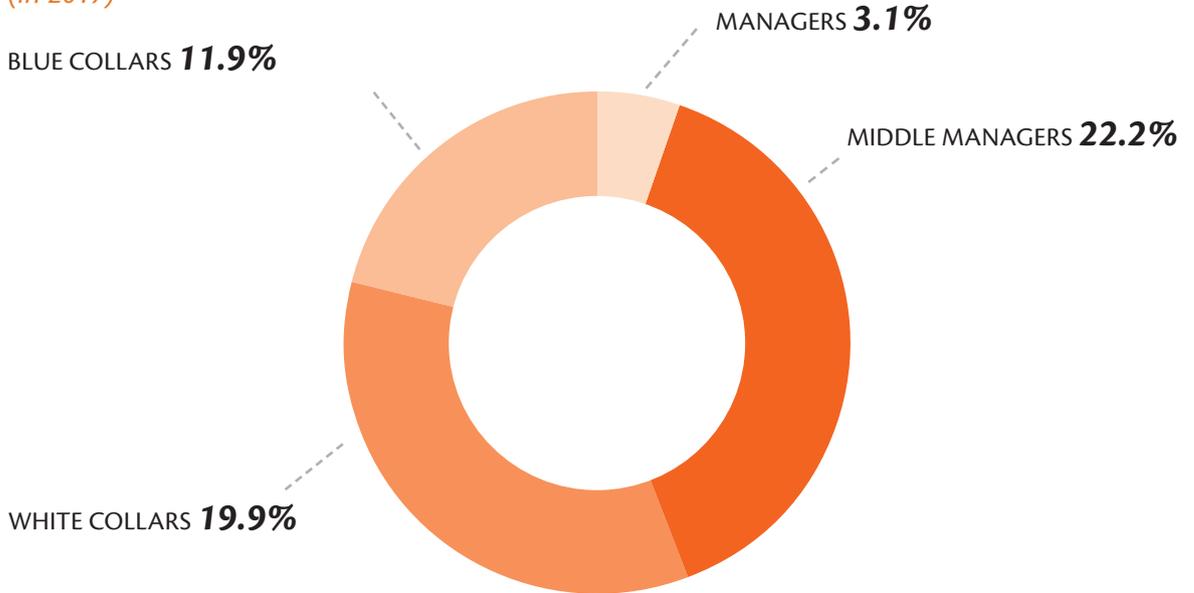
For IMA, investing in human capital also means establishing ongoing and mutually profitable relationships with **schools and universities**, in order to transfer skills and provide young people opportunities for growth and development.

The average training hours provided to each employee by the companies of the group amounted to **16.5 hours** in 2017 and concerned specialist training, professional updating, occupational safety, managerial development, foreign languages and issues related to Legislative Decree 231/2001.

AVERAGE NUMBER OF HOURS PER PERSON BY GENDER IN THE IMA GROUP (in 2017)



AVERAGE NUMBER OF HOURS PER PERSON BY PROFESSIONAL CATEGORY IN THE IMA GROUP (in 2017)



TRAINING OF GROUP EMPLOYEES IN THE WORLD

There are several initiatives to increase and improve training and professional development of the people working for the Group.

In **North America and Argentina**, training activities concerned technical and administrative skills, language courses, safety and awareness on the subject of sexual harassment.

In **Europe**, the main training sessions were on safety, technical skills and control of export processes, along with language courses.

Lastly, in **Asia**, training was focused mainly on the construction of a corporate culture of safety and security and on ISO 9001:2015.

IMA ACADEMY PROJECT

Since **research** and **constant innovation** underpin the IMA philosophy, it is necessary to develop the skills of employees in accordance with these principles.

The Academy of the IMA Group is a training ecosystem in process of formation. It was launched in 2010 in response to the need to transfer general skills into IMA skills, combining plain knowing with knowing how to be. Various tools are used to implement the road map for developing the skills of the Group's human resources:

- **job descriptions** describe the corporate roles, which do not necessarily coincide with the list of duties or the organizational position, but they are rather a schematic description of the industrial process;
- **skills mapping** started in 2010 and carried out every two years, analyses specific training gaps for each position and monitors the effectiveness of the training activity as objectively as possible;
- the **training catalogue** is another tool 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 training paths that could be

activated, comprising over 230 courses, split into seven main topics: Safety & Security, Quality & Compliance, Information and Communications Technology, Languages, Technique (Production, Engineering, Sales), Soft Skills and Cross Skills;

- **IMA masters** are a combination of classroom and on-the-job training, designed to qualify and perfect the abilities and professional skills of Group employees:
- **IMA Potential:** from 2016 it has been 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;
- **IMA Talent:** currently in preparation, it focuses on developing managerial skills to consolidate values and organizational drivers, translating them into functional behaviours, at the same time both relationship and business oriented. This is for those who, by performing well in their jobs, demonstrate significant ability to aim for vertical and/or horizontal career development.
- **Training Maintenance** - 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. This planning respects the right of individuals to follow a personalized training program.

Equal opportunities

In line with the Code of Ethics, IMA **guarantees equal opportunities, protection and enhancement of the Company's human resources**, wherever they operate, recognizing that they are a primary factor in the Company's success, and in any case entitled to fair treatment, respectful of the fact that they are all separate individuals, each with their own characteristics and to ensure the physical and mental integrity of each and every worker. Discrimination based on political or union allegiance, religion, race, nationality, age, sex, sexual orientation, health or whatever is not permitted.

The IMA Group is careful about the issue of **equal opportunities**, while operating in a production and industrial environment that, by history and tradition, tends to employ much fewer women than men. Women account for **16.1%** of the total workforce; **89.9%** 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.

In the governance bodies of the Italian Group companies there are 106 members, 12 of whom are women.

IMA's workforce includes people belonging to **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 (EMPLOYEE) (in 2017)

	NUMBER OF EMPLOYEES	% OF THE TOTAL
TOTAL	115	2%

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

With reference to its administration and control bodies, in 2018 IMA will adopt the Diversity Policy for the composition of the administrative, management and control bodies.

The Policy will aim to ensure proper functioning of the corporate bodies by regulating their composition and laying down that their members should satisfy personal and professional requirements that determine a high degree of heterogeneity and skills.

The Policy will promote corporate social responsibility insofar as **inclusion, integration** and **non-discrimination**, aimed at enhancing **diversity**, can help remove the economic and social obstacles that restrict the freedom of the individual, in application of the principle of sub-

stantial equality and respect for individual dignity.

In this sense, diversity is perceived as a strength, as it allows the formation of an administrative body and a control body with a variety of values, points of view, skills and ideas. This variety favours and enriches the debate, mitigating the risk of formulating an undifferentiated collective thought. The diversity aspects considered by IMA for the composition of the administrative and control bodies are:

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

The board of Directors, in office at 31 December 2017, consists of 13 (thirteen) members, broken down as follows:

- 8 out of 13 (61.54%) aged up to 60 years old; 5 out of 13 (38.46%) are aged over 60;
- 3 out of 13 (23.08%) are women; 10 out of 13 (76.92%) are men;
- different professions are represented, an expression of the Italian entrepreneurial, professional and academic world.

The Board of Statutory Auditors that, in its current composition, has been in office since April 2016, is composed of 6 (six) members, split as follows:

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

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

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

Founded in 2015 and 80% indirectly owned by IMA, DIGIDOC mainly provides document scanning services (invoices, shipping documents and other types of business documentation). The start-up was initiated with the collaboration (Law 68/99) of Virtual Coop, a non-prof-

it social cooperative that has provided its expertise and experience in this field, and of LIS Certified Interpreters (experts in Italian Sign Language). DIGIDOC currently has 13 employees, including 10 who are deaf, split between the locations in Castenaso and Ozzano dell'Emilia, and is supported by 2 LIS interpreters.

Local community engagement

Global policy for communities and the development of knowledge

IMA's social commitment is based on a fundamental concept: the responsibility that an industry has towards society and the world is an expression of the will of top management, as well as an element of identity for all those who work for the enterprise. That is why IMA promotes the involvement of its employees in programs and initiatives of corporate citizenship and Corporate Social Responsibility. The Group applies the same philosophy at factories located in all geographical areas, promoting educational and awareness-building projects for the personnel of newly acquired companies in order to increase their consciousness and sense of identification.

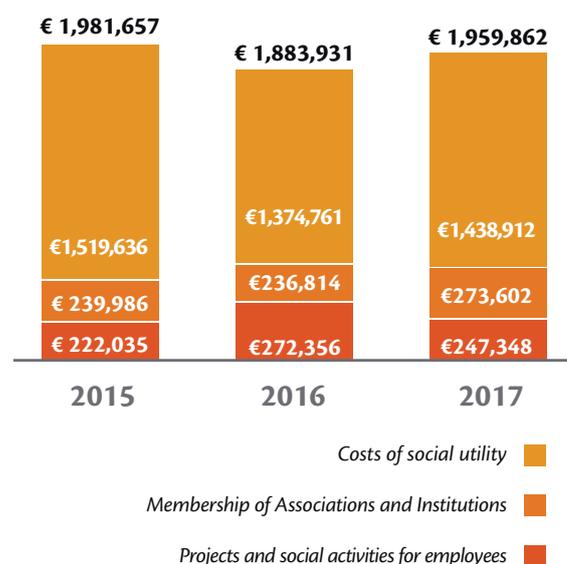
The **territory**, understood as the economic and social fabric in which IMA was born and raised, and in which it operates, is a strategic element for the Group's activities. Between territory and enterprise there is in fact a constant exchange of knowledge, experience and wealth (and not just economic wealth), that makes the relationship both inseparable and interdependent. IMA's success hinges on the welfare of the community in which it operates. This is why the Group is committed to promoting and supporting programs with a social, educational and cultural purpose, with particular attention to the technical one; IMA aims to develop solid relations with its own subcontracting network made up of small businesses and artisans, to generate economies of scale even in situations of fragmentation.

Community support initiatives

The companies of the IMA Group contribute to various cultural and social projects both in their own territories and internationally. During 2017, IMA Group companies supported numerous social, cultural and sports activities, making grants and donations for a total of **1,959,862 euros (+4% on 2016)**. This amount includes the resources allocated to the social responsibility projects, expenses incurred for the benefit of employees (such as for sports groups or other corporate initiatives), as well as the fees that the Group has paid to join representative or industry associations.

IMA makes contributions mainly to social and sports projects and education.

IMA'S SOCIAL COMMITMENT



SPORTS AND SOCIAL ACTIVITIES

IMA supports important local sports entities, such as **Bologna Football Club** and **Virtus Pallacanestro**, and devotes its attention to minor sports activities and organizations in the area, such as **the Polisportiva Ozzanese**. In the social sphere, IMA has contributed to various projects during 2017, including:

Antoniano Onlus: "Progetto Famiglie"

On Christmas 2017, IMA renewed its support for the "**Progetto Famiglia**" by Antoniano Onlus, which continues to support families in need, facing emergencies but also promoting the process of **economic and social emancipation**.

The target for 2018 is to strengthen the road to autonomy begun in 2017. Thanks to IMA's contribution, during the coming year, Antoniano Onlus will be able to help 15 families (around 55 people, including 25 children). 15 families will have access to the evening canteen and to the services of the Listening Centre; 11 families will have access to the micro-financing fund for daily needs like bill payment, rent, school supplies for children; 4 parents will carry out an internship with the company for 6 months with the aim of job placement.

www.onlus.antoniano.it

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

Within the **Dozza Prison of Bologna, the activity of a small mechanical engineering business that employs detainees** has been going on now for five years. "**Fare Impresa in Dozza**" is a project started in 2012 on the initiative of Professor Italo Giorgio Minguzzi. At present it is coordinated by Gian Guido Naldi and supported economically by G.D., IMA and Marchesini Group.

Every year, the FID structure employs between 10 and 15 people, who perform medium-sized assembly jobs on behalf of large packaging companies. This structure is coordinated by Valerio Monteventi. The tutors who supervise the workers are mainly former employees of the companies that sponsor the project, as Aldo Gori and Giancarlo Giovannini, two technicians who have been working for years in IMA.

Lions Club of Juhu

IMA-PG in India supports **the Lions Club of Juhu**, a humanitarian association engaged in projects for education, development and improvement of the conditions of life and health of the communities in which it operates.

Associazione Libera

In 2017, IMA supported two activities promoted by Libera: The "**XXII Giornata della Memoria e dell'Impegno in ricordo delle vittime innocenti delle mafie**" held on 21 March 2017 in Locri (Reggio Calabria), was characterized by an effective activation of the territory in the fight against the various types of mafia.

The "**VI Appuntamento dei Giovani di Libera**", the national appointment of young people who collaborate and are active in the network of Libera, took place in Cecina (Livorno) from 26 to 30 July 2017.

www.libera.it

RESEARCH AND HEALTH

IMA supports various scientific research projects and the work of associations that are dedicated to the care and health of people in Italy and in various parts of the world.

Bimbo Tu

Through the Bimbo Tu Association, which provides assistance to children with cancer of the central and peripheral nervous system and severe brain-marrow and cranio-vertebral diseases, IMA contributes financially to the "Histological Material Review Project". Led by Prof. Felice Giangaspero of the Neuropathology team of the Policlinico Umberto I in Rome, and Dr. Maura Massimino, Head Physician of the Oncological Pediatrics Unit at the IRCSS National Tumour Centre in Milan, the project aims to collect and preserve histological material coming from all over Italy. To date, Bimbo Tu has financed the purchase of instrumentation and materials needed for study activities (such as a fluorescence microscope and a -80° cryogenic unit) and research grants for researchers to go abroad.

www.bimbotu.it

Médecins Sans Frontières

"A hospital to give birth safely"

During the Christmas holidays, IMA gave its support to the MSF project on maternal and child health in the **Castor Hospital in the Central African Republic**. The activities implemented by MSF include prenatal obstetric care, childbirth and post-delivery. MSF offers childbirth assistance through basic obstetric care in case of physiological birth and surgical assistance for a caesarean delivery in the case of a complicated birth.

www.msf.org

In **India**, IMA-PG is actively involved in supporting local communities, through collaboration with various local NGOs.

ABHILASHA FOUNDATION - Mumbai NGO active in the field of education, health and sustainability, which also provides vocational training courses and support for women and children in need.

AKSHARA SAMAJIK PRATISHTHAN - Non-governmental non-profit association that performs voluntary activities aimed at spreading well-being in Indian communities; it also supports the growth of young people and children belonging to different social classes.

SIGHTSAVERS - It collaborates with various NGOs in the world; through donations, it offers care for vision diseases and promotes equal opportunities for those who suffer from visual impairment.

KONKAN KALA VA SHIKSHAN VIKAS SANSTHA - NGOs operating in the region of Maharashtra, India, promoting sustainable development especially in the field of health and education.

SANTOSH INSTITUTE OF MENTALLY CHALLENGED CHILDREN TRUST - Promotes education for children suffering from learning disorders.

SCHOOLS AND UNIVERSITIES, TRAINING, CULTURE, DISTRICT

Because of the historical links with the district to which it belongs and the need to face future challenges, IMA has always supported various initiatives that enhance the industrial technical culture of its territory and promote its development.

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

IMA is a member of the **Association** founded in 1997 to reinforce and promote the corporate culture and the deep bond between the world of production and the world of training.

The Association supports the **Museo del Patrimonio Industriale** (Industrial Heritage Museum) of Bologna, which traces the evolution of the state of the art in industry. The Museum supports training projects with the aim of providing young people with the tools to create their future. It also proposes activities and events that involve the new generations in order to make them more aware of the strategic value of the industrial sector.

www.amicidelmuseo.org

E.R.-AMIAT (Emilia-Romagna Advanced Mechanics and Industrial Automation Technology)

IMA participates in E.R.-AMIAT, a non-profit organization founded in 2011 by the main companies in Emilia-Romagna in the field of advanced mechanics. Its purpose is to reconcile productivity and economic, social and environmental sustainability by researching business models that companies can follow. E.R.-AMIAT aims to support the economic and industrial growth of the Emilia-Romagna region. In fact, thanks to the high concentration of mechanical and electronic skills, a network of strongly interconnected companies has developed over the years in Emilia-Romagna. The industrial district is characterized by the high specialization of the companies involved, favourable logistics (the companies are all within a few kilometres of each other) and production flexibility, due to the small/medium size of the companies.

www.eramiat.eu

IMA supports two degree courses at the University of Bologna:

University degree course in Industrial Product Design

The objective of the course in Industrial Product Design offered by the Department of Architecture at the University of Bologna is to train industrial designers who not only know how to develop design projects, but who are also able to take their ideas for industrialisation, development and production and putting them to practical use in the context of a specific business.

The purpose of the curriculum is to teach students not only how to complete a design project from a formal point of view, but also to handle the complexities of the economic, cultural, relational and communication processes that can bear on its implementation.

www.corsi.unibo.it

Bologna Business School

The training provided by Bologna Business School is cutting-edge and high-quality, accessible and open, thanks to the scholarships and honour loans offered to international students. IMA supports training activities financially through its contribution to the Bologna Business School Foundation.

www.bbs.unibo.it

Cineteca di Bologna (Bologna Film Library)

IMA supports the project for the realisation of a **new hub for the conservation and restoration of our cinematic history**. The over 11,000 sqm of the former Giuriolo multi-storey car park, abandoned more than 20 years ago, will become the nerve centre of the Bologna Cineteca (Film Library). An **innovative archive** will be established in the area, dedicated to the conservation and processing of large quantities of traditional physical media (films) and digital formats. The archive will be equipped with state-of-the-art technological infrastructures in terms of plant, safety and anti-seismic aspects, based on the lowest possible environmental impact thanks to geothermal and photovoltaic systems.

In addition to the prestigious film and photographic collections of the Cineteca, the structure will host the **film restoration workshop** "L'immagini ritrovata S.r.l.", an international point of reference in its field, with over 70% of foreign sales and two subsidiaries in Hong Kong and Paris. The project of the new archive also envisages the launch of specialized training courses in the field of cinema. In fact, the Cineteca di Bologna Foundation has recently obtained accreditation for training activities from the Region.

CULTURE: MUSIC AND ART

For a long time, **IMA has contributed various types of artistic and cultural initiatives**, encouraging the development of culture and the creation of important works of art. These are projects that have a historical and artistic value, but also a special meaning for the territory to which IMA is linked.

Fondazione Teatro Comunale di Bologna

The Fondazione is among the most important cultural institutions that IMA has supported through the Art Bonus (a legislative measure which grants a tax credit equal to 65% of the amount donated to those who make donations in support of the Italian public cultural heritage). The entity used the contribution donated by IMA to support the 2017 season of the **Teatro Comunale di Bologna**.
www.comunalebologna.it

Fondazione Manzoni Factory

IMA supports the 2017/18 season of the **Manzoni Factory**. The project, created in 2016, is supported by Maestro Giorgio Zagnoni, by IMA (represented by the Chairman Alberto Vacchi), and by other entrepreneurs. The convention programme allows employees and collaborators of the IMA Group to benefit from discounts for the purchase of tickets for the 2017/18 season of the Manzoni Factory at the Teatro Manzoni in Bologna.
www.auditoriummanzoni.it

IMA also supports the **International Piano Academy** of Imola; in particular, the training school within it.

To confirm the importance that the Group gives to art and culture, in 2017 IMA contributed to several projects, among which "**Art Déco. The roaring years in Italy**" (exhibition held at the San Domenico Museums in Forlì) and "**Memories of Serenissima**" (Italian Cultural Institute, New York).

Christmas Evening at the EuropAuditorium Theatre

Again on Christmas 2017, the Chairman of IMA considered appropriate that the evenings of pre-Christmas wishes should become an occasion of sharing the corporate identity and spirit.

So an evening was organized for the Italian employees of the Group at the EuropAuditorium Theatre in Bologna, which took place on 14 December.

The event, entitled "**È tempo di connessione. Quella tra le persone**" (It's connection time. Connection between people), saw as protagonist the comedian **Paolo Cevoli** and the imitator **Gabriella Germani**, who amused everyone with an enjoyable show.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

Symbola's ITALY 2017 Report

From 2017 IMA is now a member of **Symbola**, the **Foundation for Italian Quality** which promotes the soft economy, along with a quality-oriented development model. One of the objectives of Symbola is to network different groups of people: organizations, associations and personalities of the economic and entrepreneurial world, of active citizenship, of territorial and institutional realities and the world of culture. The Foundation promotes Italian qualities by talking to politics, economics and institutions to guide the country's development towards quality, sustainability and culture. It publishes, among others, the **GreenItaly** Report, on the national green economy.

In 2017, IMA sponsored the biennial report entitled "**ITALY – Geografie del nuovo Made in Italy**" (Geography of the new Made in Italy).

www.symbola.net

SAVE FOOD

Since March 2013, IMA joined the SAVE FOOD initiative, sharing the intentions expressed in the founding declaration. SAVE FOOD, in partnership with FAO, Messe Düsseldorf and Interpack, works with supporters, international organizations, financial institutions, private partners in the sector of the packaging industry and in other areas, in order to develop and implement programmes regarding food losses and waste.

On 8 May 2017, at the Interpack fair in Düsseldorf, President Alberto Vacchi spoke at the meeting organized by SAVE FOOD Initiative to reiterate IMA's interest in programmes aimed at reducing food waste, confirming that the packaging sector can play an important role in achieving this objective.

www.save-food.org

The FAO project for the development of food packaging in Sub-Saharan Africa

IMA supported the project for the **three years from 2015 to 2017**, in order to intervene with the appropriate technologies to reduce food waste. As part of SAVE FOOD, in 2015, the IMA's Chairman Alberto Vacchi and Laurent Thomas, FAO Assistant Director-General, signed an agreement for the execution of the project "**Improving food packaging for small and medium agro-enterprises in Sub-Saharan Africa**".

According to FAO estimates, in fact, a third of all the food produced in the world is lost. In this situation, packaging can play a strategic role in the fight against hunger and

malnutrition. The International Trade Centre (ITC) in Geneva will also participate in this project. ITC is the centre for international trade affiliated to the World Trade Organization and the United Nations Conference. On 13 June 2017 the Project Steering Committee met at FAO's headquarters in Rome, with IMA taking part as an active member.

The European Pact for Youth

The European Pact for Youth" is a commitment signed in 2015 by **CSR Europe** and the **European Commission** with a view to facilitating the entry of young people into the world of work. IMA's Chairman, Alberto Vacchi, was one of the initial signatories of the Pact, contributing to the launch of strategic partnerships between the worlds of business and education. The Pact arises from the need to modernise existing educational systems, aligning them with Digital Innovation of Industry 4.0, giving concrete opportunities to the approximately 7 million young Europeans aged 15 to 24 who are not engaged in any form of training or work (so-called NEETs: *Not engaged in Education, Employment or Training*).

www.csreurope.org/pactforyouth

Dealings with the Institutions

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

- Confindustria Emilia Central Area
- Federmeccanica
- UCIMA – Unione Costruttori Italiani Macchine Automatiche per il Confezionamento e l'Imballaggio (Italian Association of Automatic Packing and Packaging Machine Manufacturers)
- E.R.-AMIAT Emilia-Romagna: Advanced Mechanics and Industrial Automation Technology
- Associazione Amici del Museo del Patrimonio Industriale (Association of Friends of the Museum of Industrial Heritage)
- Impronta Etica
- Prometeia
- SAVE FOOD
- CRIT
- Leonardo Committee
- SYMBOLA

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

Impronta Etica

Impronta Etica is a non-profit organization for the promotion of social responsibility in business formed in 2001. The association facilitates sustainable development, creating a network of businesses and organizations that see social responsibility as part of their mission and activities. Since 2002 Impronta Etica has become a partner of the CSR Europe network with the intention of strengthening Italy's presence at a European level. IMA has been a member of Impronta Etica since 2012 and has been on the Management Committee since 2013.

www.improntaetica.org

Leonardo Committee

IMA became an active member of the Leonardo Committee from September 2016. This Committee was established in 1993 on the joint initiative of Sergio Pininfarina and Gianni Agnelli, Confindustria, Istituto Nazionale per il Commercio Estero (ICE) and a group of entrepreneurs whose objective was to promote and affirm "Italian Quality" in the world. Today, the 153 members comprise entrepreneurs, artists, scientists and men and women of culture, acting under the patronage and with the collaboration of the institutions responsible for promoting Italian firms abroad. The Leonardo Committee is not just a showcase promoting Made in Italy, but plays an active role via various initiatives, including the award of study grants to graduating students on subjects linked to internationalisation.

www.comitatoleonardo.it

Relations with trade associations and institutions in the world

The IMA Group companies around the world also belong to trade and other associations, in order to promote their relationships with local communities by organizing events to involve them or by supporting their initiatives.

North America

- Newtown Common
- PMMI (Packaging Machinery Manufacturers Institute)
- BCMA (Biscuit & Cracker Manufacturers Association)
- NACDS (National Association of Chain Drug Stores)
- SCAA (Specialty Coffee Association of America)
- SHRM (Society for Human Resource Management)
- ACCE (Association of Chamber of Commerce Executives)
- HCPC (Health and Care Professions Council)
- ISPE (International Society for Pharmaceutical Engineering)

European Union

- IHK (The Association of the German Chambers of Industry and Commerce)
- VDMA (Mechanical Engineering Industry Association)
- IVLV (Industry Association for Food Technology and Packaging).

Asia & Middle East

- The Institute of Packaging Machinery Manufacturers of India
- Maratha Chamber of Commerce, Industries & Agriculture, Pune
- Magic Bus provides education to young people and children in India and helps them develop skills and knowledge useful for their future
- Care child and old age foundation
- Vatsalya Trust, to promote healthcare
- Tata Memorial Hospital, to promote healthcare
- Vinimay Trust, an NGO that supports children in need in Mumbai
- Tamahar Trust supports children with disorders such as autism and cerebral palsy and their families
- Prime Minister National Relief Fund

ENVIRONMENTAL SUSTAINABILITY



Global environmental policy

Global awareness of threats related to climate change, the depletion of limited resources, the problems of energy supply and the loss of biodiversity makes the IMA Group recognize the importance of protecting and safeguarding the environment as part of strategic business decisions. The Company's commitment concerns the reduction of its direct impacts, investments in research and development for sustainable innovation and the promotion of responsible behaviours along the value chain.

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

- rational consumption of energy resources favouring the supply from renewable sources with a low environmental impact;
- the use of raw materials and environmentally preferable products, encouraging recycling or reuse;
- the prevention of pollution generated by atmospheric emissions, as well as the reduction of greenhouse gas (GHG) emissions, through the use of the best available

technologies and methods of calculation and monitoring (carbon footprint);

- careful management of waste and waste generated by production activities.

In terms of sustainable innovation, IMA progressively adopts solutions that reduce the energy requirements and the environmental impact of products. It also invests in research and development: promotes studies and solutions (in partnership with customers) to create innovative and environmentally friendly packaging that can reduce food loss, preserve the freshness of food and reduce the impact that plastic components have on the environment and marine ecosystems.

IMA promotes projects, also in collaboration with customers and institutions, to sensitize the correct use, reuse and recycling of packaging, according to the concept of the circular economy. More generally, it offers support for activities aimed at improving relationships between businesses and the environment according to the logic of the Green Economy.

Environmental management and risk management systems

The IMA Group has prepared programs and initiatives aimed at the **continuous reduction of environmental impacts and improving efficiency in the use of energy resources**. This line of action also includes the path initiated by the Parent Company IMA S.p.A. for the **certification of its Environmental Management System** according to **ISO 14001**, the most accredited standard in the world. IMA S.p.A. obtained certification for the Company's headquarters on 18/03/2017, while an extension of the same certification was obtained at the end of 2017 for Via I ° Maggio 14-16, including the part located in Via Libertà 1-13. The target for the future will be to extend certification to all of the plants of IMA S.p.A. and to other subsidiaries (Gima TT S.p.A., Corazza S.p.A., Gima S.p.A.).

IMA Group companies have an environmental impact essentially in three significant areas:

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

As regards these impacts, we would like to emphasize that IMA fully complies with the regulations in the way that they are handled, as each Group company has all of the required authorizations from the competent authorities, where applicable.

To a lesser extent, as potentially arising from work performed within an industrial plant, IMA also takes into consideration **acoustic** and **electromagnetic pollution**

of the surrounding environment. Following assessments and instrumental measurements conducted periodically at the Group's main plants, we can confirm that these impacts are **essentially non-existent** (i.e. not only fully complying with current legislation, but also with the quality targets set by regulations for the protection of any civilians living near industrial sites).

The main activities being financed include:

- **installation of technological systems with a lower direct or indirect environmental impact;**
- **training for staff on environmental issues;**
- **monitoring consumption of the main energy carriers.**

The foreign companies have implemented initiatives to minimize environmental impact such as separate waste collection, the use of low energy consumption machinery, the use of LED lights in offices and production laboratories, the use of sustainable packaging such as biodegradable or paper boxes.

The environmental data reported here reflect the higher production volumes that have characterised the last three years, thanks to an actual increase in orders and sales, as well as the change in the Group scope as a result of new acquisitions.

The Group does not use the precautionary approach.

Energy management

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

have the greatest impact on energy consumption and on which to implement targeted interventions (the type of consumption that has the greatest impact for IMA in terms of numbers is electricity consumed by the production plants).

HIGHER EFFICIENCY WITH ENERGY DIAGNOSIS

Pursuant to the provisions of art. 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 EScO (Energy Service Company), to carry out an **Energy diagnosis at its main production sites**.

In accordance with the Guidelines issued by ENEA, all plants of the IMA Group were taken into account (not only those included in the scope of this Report, but also the production units of companies owned by the Parent Company IMA S.p.A. with percentages ranging from 20% and 49%). From "clustering" we identified the sites for which a specific Energy Diagnosis should be implemented.

Specifically, the Diagnosis covered the two main production facilities of IMA S.p.A. (Via Emilia 428-442 and Via I° Maggio 14-16) and made it possible to identify several potential interventions to improve energy efficiency in future years.

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

- **improve energy efficiency;**
- **reduce costs for energy supplies;**
- **improve environmental sustainability in the choice and use of such sources;**
- **possibly redevelop the energy system.**

There are various ways of reducing energy consumption, ranging from the adoption of responsible behaviour on the part of personnel (employees are invited to turn off their computer screens at the end of the day), to investment in low energy lighting (concerning general lightning service, machinery, renewable energy plants), the imple-

mentation at the production plants of centralized systems for the control of technological plants, so as to plan their functioning and switching on/off to reduce waste as much as possible (for example, due to night consumption or consumption during weekends or public holidays).

The consumption of natural gas, diesel and petrol is mainly for the operations of the plants and machinery owned or under the complete management of the company, such as thermal plants (powered by natural gas), diesel-fuelled machines and the company car pool (including cars offered as fringe benefits and lorries).

In 2017, considering the Italian companies in the scope of consolidation, out of 74,078 GJ of electricity purchased, 23.8% came from renewable sources².

In addition, 2,505 GJ of photovoltaic electricity were produced and self-consumed, while 33 GJ were produced and put on the grid.

During the last year, there was a slight **increase in the electricity consumption** by the Italian companies of the IMA Group. At the same time, in line with previous years, there was a **further simultaneous expansion of the number of industrial sites** of the Group, which again in 2017 marked strong growth in terms of revenue, personnel and production area. **Comparing the consumption of electricity to the total number of employees** of the IMA Group in Italy, we can see a **decrease** (from **7,363.5 kWh_e** pro-capita of 2016 to **7,239.1 kWh_e** per capita in 2017).

Total gas consumption also increased, because of the weather conditions of the winter season.

2017 ENERGY CONSUMPTION (GJ)³

	TOTAL
Electricity	126,889
Natural gas	192,038
Diesel	35,703
Petrol	2,205
LPG (liquid propane gas)	56
TOTAL	356,891

² For the remainder of the electricity purchased by the Group, the percentage of electricity produced from renewable sources depends on the individual national electricity mixes.

³ If the figures were not available on time, an estimate was made starting from the quantities actually consumed at Group level.

INVESTMENTS IN ENERGY EFFICIENCY AND THE USE OF RENEWABLE ENERGY

The IMA Group has prepared programmes and initiatives aimed at continuous reduction of environmental impacts and improving efficiency in the use of energy resources. In particular, in pursuit of this commitment, the IMA Group has implemented the following policies in Italy:

- **since 2014, electricity for the largest factory and the headquarters of the Group at Via Emilia 428/442 has been sourced solely from certified renewable sources** (about 24% of the total electricity purchased by IMA on the open market in Italy). This source of green energy is certified by appropriate GO (Guarantee of Origin certificates) issued by the entity that supplies electricity to IMA; **in 2017, the overall consumption of electricity for the largest factory in Via Emilia 428/442, i.e. 4,905 MWh is produced from biomasses;**

- during 2017, IMA continued **to gradually replace the fluorescent lighting in the production departments of the plant at Via Emilia 428-442 and Via I Maggio 14-16 with more efficient LED lights.** Consideration is also being given to the gradual replacement of all lighting in the production departments of buildings managed by the IMA Group with new generation LED lights;

- **it uses systems for the centralized management and monitoring of plant and main energy sectors** (electricity and natural gas) at certain factories, with plans to extend this to other locations. These systems help to reduce consumption and contain environmental pollution, due to their centralized nature. As a result, the heating, air conditioning and hot water plants are managed in an optimal manner, while the principal plants for the production of electricity, steam etc. are monitored, with higher percentages than the minimum required by ENEA for the purpose of updating the Energy Diagnosis scheduled for 2019.

- **it produces renewable electricity from photovoltaic installation:**

- factory at Via Emilia 428-442: plant with capacity of 155 kWp;
- factory of G.S. Coating Technologies: capacity of 70 kWp;
- factory of Revisioni Industriali S.r.l.: 19.5 kWp;
- site at Via Piave 16: photovoltaic installation with a capacity of 310.9 kWp
- factory of Eurosicma S.p.A.: plant with capacity of 158.4 kWp;

- **it produces renewable thermal energy using solar collectors** (supporting the thermal plant at the factory in Via Emilia 428-442), with a consequent saving in the consumption of methane;

- **it implemented a programme over the past few years for the gradual replacement of:**

- old **compressors** with new models that have **inverter-controlled motors**, more efficient even with partial loads;
- **UPS** (back-up power units) with new, more efficient models;
- **conditioners** with new models that guarantee **greater efficiency and the centralization of installations.**

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

- installation of a gas-powered trigeneration plant for the production of electricity, hot water for heating and refrigerated water for cooling;
- purchase of electricity solely from certified renewable sources for the other sites of IMA S.p.A.;
- construction of a new building that is entirely energy independent for the Safe Division of IMA S.p.A.. The photovoltaic installation on the roof will have a power capacity of about 1.2 MWp. In addition, all the plant to be installed will be selected from among the most efficient available on the market today.

INITIATIVES FOR THE REDUCTION OF ENERGY CONSUMPTION OF IMA IN THE WORLD

Also with regard to energy consumption, Group companies have launched programmes for the management and reduction of their consumption.

In **Germany** new machines with reduced energy consumption are being developed.

In **North America**, the process of installing low-consumption lighting inside and outside the buildings has been completed and high efficiency motors are used.

In **Asia**, work continues on the installation of energy-efficient lighting at all locations, in addition to the implementation of procedures to control emissions of gas, waste and hazardous chemicals.

In the various foreign locations, it has become more and more widespread practice to select suppliers on the basis of environmental criteria, reaching 100% in **North America** and **Germany**.

Carbon footprint and greenhouse gas emissions

To develop its commitment with regard to direct and indirect emissions and gradually reduce them over time, from 2012 IMA joined the **Supply Chain Program of the Carbon Disclosure Project** and from 2014 the **Main program of the same project**. 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, estab-

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

In 2017, IMA S.p.A. placed itself in the "Awareness C" band, confirming levels similar to the previous year.

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

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

Direct emissions (Scope 1)

deriving from operating the plants and equipment owned or managed by the Company, such as thermal plants (natural gas consumption), plants using diesel fuel, company cars (including cars as benefits and lorries).

Indirect emissions (Scope 2)

deriving from consumption by all plants of externally supplied energy (electricity), net of production and supply from renewable source plants (photovoltaic plants and purchase of electricity of certified renewable origin).

In 2017 too, the Group's **largest facility**, which is the headquarters of the Parent Company IMA S.p.A., was supplied with **electricity coming exclusively from certified renewable sources**. In terms of Scope 2, this made it possible to save more than 2,000 tonnes of CO₂ equivalent of indirect emissions each year (using the Market-based method of calculation set out in the *"GHG Protocol Scope 2 Guidance - An amendment to the GHG Protocol Corporate Standard"* of 2015).

Thanks to the measurement of emissions, **IMA formulated an Improvement Plan** designed to hold down and then reduce emissions. Various interventions have already been implemented, while others have been programmed as part of a reduction plan.

GREENHOUSE GAS EMISSIONS

	tonnes CO ₂
DIRECT EMISSIONS - SCOPE 1	13,727
Natural gas consumption emissions	10,916
Diesel consumption emissions	2,653
Petrol consumption emissions	155
LPG consumption emissions	4
INDIRECT EMISSIONS - SCOPE 2	12,580
Electricity consumption emissions	12,580

In terms of overall emission reduction, during 2017 IMA avoided emitting about **70.7** tonnes of CO₂ into the atmosphere as a result of the energy efficiency improvements made in that and earlier years. A further saving of 2,132 tonnes of CO₂ was made by purchasing certified green electricity for the site at Via Emilia 428-442.

INITIATIVES TO REDUCE GREENHOUSE GAS EMISSIONS AND RESULTS ACHIEVED

In 2017, IMA implemented several specific initiatives to reduce greenhouse gas emissions **in Italy**:

- gradually replaced the fluorescent lighting in the production departments of the plant at Via Emilia 428-442 and Via I Maggio 14-16 with more efficient and safe **LED lights**, resulting in savings of 34.43 tonnes of CO₂ in 2017 compared with 2016;

- replaced some of the UPS (back-up power units) in the plants of Via Tolara 121/A and via Piave in Ozzano (BO), and of Via Romagnoli 2 in Bentivoglio (BO) with new, more efficient technological systems, achieving savings of 36.27 tonnes of CO₂ in 2017 on 2016;

- continued generation of electricity using the photovoltaic plant owned by the company. In particular, the total photovoltaic output of the IMA Group in 2017, net of any sale of electricity, covered the energy needs of the various factories served by the plant, saving a total of 231 tonnes of CO₂;

- continued to produce renewable thermal energy through solar collectors, with a consequent saving in the consumption of methane, supporting a thermal plant at the factory in Via Emilia.

In general, one of the primary goals over the next few years will be to apply eco-sustainable techniques during the construction of new buildings or the renovation or expansion of others (e.g. the use of double glazing, insulation in cavity walls, more efficient systems for the generation of heat and cool air etc.), in order to reduce or even eliminate their net energy requirement.

SUSTAINABLE MANAGEMENT OF LOGISTICS AND TRANSPORTATION IN THE WORLD

Just like IMA in Italy, the other IMA companies around the world also strive to plan effectively the transportation of products, goods and people, thereby minimizing the environmental impact of transportation and logistics.

In **Switzerland**, an IMA Group company has supported the "**Mobalt**" project since the end of 2016. This project was launched by the city of Lugano to promote ways of

getting to work with a lower environmental impact. As part of its participation, the company provides data and information about the routes, times and means of transport of employees, in order to establish common routes that can be served by a company shuttle. In 2017, the project was adopted and involved 7 employees.

OTHER ATMOSPHERIC EMISSIONS (POLLUTING EMISSIONS)

IMA's activities involve low emissions of NO_x (nitrogen oxides), SO₂ (sulphur dioxide), volatile organic compounds (see the discussion in the chapter "Relationship

with suppliers of goods and services") and particulate resulting from combustion in the plants' thermal power stations, only for heating and non-productive purposes. Therefore, given the low relevance of the issue at Group level, it was considered appropriate not to report on these pollutants 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 similars, cardboard and wood. In addition, the plants that carry out mechanical processes on metal surfaces with chip removal generate waste consisting of residues such as iron and aluminium filings, ferrous scrap and other metals, such as aluminium, bronze and brass.

To a lesser extent, we also have to consider the **waste resulting from the testing of the automatic machines** produced by IMA. Tests are performed with the materials and products to be packaged, sent directly by the end-users (pharmaceuticals, cosmetics, medicines, food, such as tea, coffee, stock cubes and cheese).

Lastly, with regards to **liquid waste** (which is in any case disposed of safely, so not discarded), IMA's plants produce waste in the form of oily emulsions and used mineral oils generated by maintenance activities on workshop machine tools and on automatic machines being assembled and tested. In addition to these, other types of liquid waste

produced are the water solutions that are the result of washing automatic machines after testing with the products to be packaged and with demineralized water.

Also to be considered is a small quantity of WEEE (waste electrical and electronic equipment) and electric cables (copper).

All types of waste produced by operations are collected by each factory separately by type and disposed of in compliance with the law (preferably taking them to specialist disposal facilities that treat them with a view to recycling materials and energy). **Office areas also have to separate their waste** (toner, paper, cardboard, etc.), as do for the refreshment areas and canteens (plastic, food, etc.): all employees have been trained and informed about the criteria for waste separation.

WASTE DISPOSED OF IN 2017 BY DISPOSAL METHOD

WASTE DESTINATION	Hazardous waste	Non-hazardous waste	Total
Recycling/Re-use	2.95	2,755.1	2,758.1
Energy recovery		87.9	87.9
Stocking and/or placing in reserve for recovery purposes	120.4	1,053.6	1,174.0
Incineration	11.8	181.0	192.8
Landfill	0.1	1,060.4	1,060.5
Other disposal operations (such as: purifier)	192.8	865.7	1,058.5
Stocking and/or preliminary deposit for disposal purposes	42.9	92.2	135.1
Total⁴	371.9	6,096.0	6,466.9

Only **5.7%** of the waste disposed of by IMA is classified as hazardous.

42.6% of the waste products produced by IMA in 2017 are to be **recycled and reused**.

Again in 2017, there were no spills or discharges of waste water containing chemicals, waste or fuels, reflecting successful implementation of the procedures that constitute the Company's Environmental Management System and the training and care of staff.

During 2017 there were no significant penalties or cases of non-compliance with environmental laws or regulations.

WASTE MANAGEMENT IN IMA'S PRODUCTION SITES IN THE WORLD

The companies in **North America, Germany, Switzerland, France, China, India and Spain** pay considerable attention to recycling (cardboard, paper, wood and waste oil), both in the offices and in the production facilities.

In particular, in **North America**, collection points for recyclable materials have been installed in order to discourage their disposal as waste.

In **India** the project continues for the composting of wet waste (plants and other biodegradable materials) and the use of biodegradable packaging for products and components, using recycled paper as fillers.

⁴ The totals may differ from the sums of the partials due to rounding. If the figures were not available on time, an estimate was made starting from the quantities actually consumed at Group level.

Methodological note

This is the IMA Group's sixth Sustainability Report, published annually.

From this edition, the Sustainability Report also constitutes the Consolidated Disclosure of Non-Financial Information (the "Report") envisaged by Legislative Decree 254/2016 (the "Decree") and contains information on environmental, social, personnel-related issues, respect for human rights and the fight against corruption. It should help readers understand better the activities carried on by the Group, its performance, its results and the impact that it has.

This Report is drafted in accordance with the articles 3 and 4 of Legislative Decree 254/2016 and according to the "Global Reporting Initiative Sustainability Reporting Standards" ("GRI Standards") defined in 2016 by the GRI - Global Reporting Initiative ("in accordance core option") which is today the most widespread and internationally recognized standard for non-financial reporting. In order to facilitate the reader in tracing information within this document, the GRI Content Index is shown on pages 78-81.

The non-financial information presented in this Report reflects the principle of materiality or relevance: the topics dealt with in the Report are those that, following an analysis and evaluation of materiality, described on pages 22-26 of this document, have been considered relevant as they reflect the social and environmental impacts of Group activities or influence the decisions of its stakeholders.

This Report does not mention the use of Group water resources, nor pollutant emissions into the atmosphere

(as specified in § "Other atmospheric emissions (polluting emissions)"), as they are not relevant in understanding of the Company's activity, its performance, its results and the impact that it has: the IMA Group's business is in fact characterized by offices and production sites that do not have significant water consumption or polluting emissions.

REPORTING SCOPE

The qualitative and quantitative figures and information contained in the IMA Group's consolidated non-financial report refer to the performance of the IMA Group for the year ended 31 December 2017. As required by Legislative Decree 254/2016, this Statement includes the figures of the parent company (IMA S.p.A.) and its fully consolidated subsidiaries, with the exclusions described below.

This Report does not include figures and information relating to non-productive companies, in light of the fact that these organizations are deemed to have little impact (compared with the overall Group) as regards the socio-economic and environmental impact (based on the five areas mentioned in Legislative Decree 254/2016), by reason of their impact in terms of turnover, employees and, above all, the type of activity: in fact, these are commercial or financial companies, whose activities are essentially of an administrative nature. The companies included in the perimeter are the following, grouped by macro geographical regions:

ITALY	EU	ASIA	AMERICAS
<ul style="list-style-type: none"> • IMA S.p.A. • GIMA TT S.p.A. • GIMA S.p.A. • Corazza S.p.A. • Revisioni Industriali S.r.l. • Co.ma.di.s. S.p.A. • Pharmasiena Service S.r.l. • ILAPAK Italia S.p.A. • G.S. Coating Technologies S.r.l. • Tecnoweb S.r.l. • Fillshape S.r.l. • Telerobot S.p.A. • Mapster Srl • Digidoc. S.r.l • Eurosicma Srl e sue controllate (Eurotekna S.r.l., O.A.SYS. S.r.l.) 	<ul style="list-style-type: none"> • Benhil GmbH • ERCA FORMSEAL IBERICA SA • ERCA SA • Gasti Verpackungsmaschinen GmbH • Hamba Filltec GmbH & Co. KG • Hassia Verpackungsmaschinen GmbH • Ilapak International SA • IMA Life the Netherlands • IMA MedTech Switzerland • IMA Swiftpack Ltd 	<ul style="list-style-type: none"> • Ilapak (Beijing) Packaging Machinery Co. Ltd • IMA Automation Malaysia SDN BHD • IMA Hassia Packaging Pvt Ltd • IMA Life Beijing • IMA-PG INDIA Private Limited • Shanghai Tiannynan Pharmaceutical Machinery CO LTD 	<ul style="list-style-type: none"> • Delta Systems & Automation INC • IMA Automation USA INC • IMA Life North America, Inc. • IMA NORTH AMERICA, INC • ImaMai sa.

Any limitation to this perimeter is appropriately indicated in the document. IMA's commitment is to progress in enlarging the perimeter with a view to continuous improvement.

REPORTING PROCESS

The preparation of the Consolidated Disclosure of Non-Financial Information of the IMA Group for 2017 is based on a structured reporting process that includes the steps illustrated below.

- The corporate structures and divisions responsible for each areas and for the figures and information involved in this Report have been asked to contribute to the identification and assessment of the material issues, of significant projects and initiatives to be described in this document and in the collection, analysis and consolidation of data, with the role of verifying and validating all of the information contained in the Report, each for its own area of competence. The figures and information included in this Report come from the corporate information system used for the management and accounting of the Group and from a non-financial reporting system (data collection forms) specially implemented to meet the requirements of Legislative Decree 254/2016 and GRI Standards. The figures were processed by means of precise extractions and calculations and, where specifically indicated, by means of estimates.
- It should be noted that, compared with the 2016 Sustainability Report, changes have been made to the indicators already reported due to the new scope of reporting used.
- The conversion factors used to transform the different

energy quantities into GJ are taken from the Defra database (UK Department for Environment, Food and Rural Affairs), which is updated annually.

- The emission factors used for the calculation of CO₂ emissions reported in this NFR are the following:
 - direct emissions (scope 1): emission factors taken from the Defra database (UK Department for Environment, Food and Rural Affairs), updated annually;
 - indirect emissions (scope 2): for electricity purchased from the Italian electricity grid, the Market Based calculation method envisaged in the "2015 GHG Protocol Scope 2 Guidance – An amendment to the GHG Protocol Corporate Standard" was used. For the remaining countries the Location Based calculation method was used. For all countries, Terna emission factors were used on Enerdata values, the latest publication available.
- This Statement has been approved by the IMA S.p.A.'s Board of Directors on 14/03/2018.
- This Report has been subjected to a limited examination (as part of a so-called "limited assurance engagement") by EY S.p.A. according to the "International Standard on Assurance Engagements ISAE 3000 (Revised)". This Statement is published on the Internet site of the IMA Group in order to make it available in a transparent manner to all stakeholders.

GRI Content Index

GRI Standard Title	GRI disclosure number	GRI Disclosure Title	Page numbers	Omissions
GRI 102: General Disclosures 2016 - Organizational Profile	102-1	Name of the organization	Cover	
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GRI 102: General Disclosures 2016 – Strategy	102-14	Statement from senior decision-maker	4	
GRI 102: General Disclosures 2016 - Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	11-12	
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GRI 102: General Disclosures 2016 - Reporting practice	102-45	Entities included in the consolidated financial statements	76-77	
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GRI Standard Title	GRI disclosure number	GRI Disclosure Title	Page numbers	Omissions
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	103-3	Evaluation of the management approach	13-14	
	201-1	Direct economic value generated and distributed	14	<i>na</i>
GRI 204: Procurement practices 2016	103-1	Explanation of the material topic and its Boundary	24	
	103-2	The management approach and its components	40-46	
	103-3	Evaluation of the management approach	40-46	
	204-1	Proportion of spending on local suppliers	42-44	<i>na</i>
GRI 205: Anti-corruption 2016	103-1	Explanation of the material topic and its Boundary	24	
	103-2	The management approach and its components	15, 17-18	
	103-3	Evaluation of the management approach	15, 17-18	
	205-3	Confirmed incidents of corruption and actions taken	18	<i>na</i>
GRI 302: Energy 2016	103-1	Explanation of the material topic and its Boundary	24	
	103-2	The management approach and its components	18-19, 67-70	
	103-3	Evaluation of the management approach	18-19, 67-70	
	302-1	Energy consumption within the organization	70	<i>na</i>
GRI 305: Emissions 2016	103-1	Explanation of the material topic and its Boundary	24	
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	305-1	Direct (Scope 1) GHG emissions	73	<i>Reporting not extended to emissions from refrigerant gases</i>
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GRI 306: Effluents and Waste 2016	103-1	Explanation of the material topic and its Boundary	24	<i>na</i>
	103-2	The management approach and its components	18, 67-68, 74-75	
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GRI Standard Title	GRI disclosure number	GRI Disclosure Title	Page numbers	Omissions
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	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	54	<i>Absentee rate, subdivision of the indicator by gender. Reporting not extended to third party workers.</i>
GRI 404: Training and education 2016	103-1	Explanation of the material topic and its Boundary	24	
	103-2	The management approach and its components	48-49, 55-57	
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	404-1	Average hours of training per year per employee	56	<i>na</i>
GRI 405: Diversity and equal opportunities 2016	103-1	Explanation of the material topic and its Boundary	24	
	103-2	The management approach and its components	48-49, 58-59	
	103-3	Evaluation of the management approach	48-49, 58-59	
	405-1	Diversity of governance bodies and employees	52, 58-59	<i>na</i>
GRI 406: Non-discrimination 2016	103-1	Explanation of the material topic and its Boundary	24	
	103-2	The management approach and its components	48-49	
	103-3	Evaluation of the management approach	48-49	
	406-1	Incidents of discrimination and corrective actions taken	49	<i>na</i>
GRI 413: Local communities 2016	103-1	Explanation of the material topic and its Boundary	24	
	103-2	The management approach and its components	60-65	
	103-3	Evaluation of the management approach	60-65	
	413-1	Operations with local community engagement, impact assessments, and development programs	60-65	<i>na</i>
GRI 416: Consumer Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	24	
	103-2	The management approach and its components	18, 36-38	
	103-3	Evaluation of the management approach	18, 36-38	
	416-1	Assessment of the health and safety impacts of product and service categories	37	<i>na</i>
Innovation	103-1	Explanation of the material topic and its Boundary	24	
	103-2	The management approach and its components	33-34	
	103-3	Evaluation of the management approach	33-34	
	-	Number of patents filed and granted	35	<i>na</i>



Report of the Independent Auditors



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working world

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

(Translation from the original Italian text)

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

We have performed 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, on the consolidated disclosure of non-financial information of I.M.A. Industria Macchine Automatiche S.p.A. and its subsidiaries (hereinafter the "Group") for the year ended on 31st December 2017 in accordance with article 4 of the Decree approved by the Board of Directors on 14th March 2018 (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 in 2016 by GRI - Global Reporting Initiative ("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 non-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

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

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard 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 topics 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 IMA Group's consolidated financial statements;
4. understanding of the following aspects:
 - o group's management and organization business model, with reference to the management of the topics indicated in article 3 of the Decree;
 - o policies adopted by the Group related to the matters indicated in article 3 of the Decree, results achieved and related key performance indicators;
 - o main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regards 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 **Ilapak International S.A.** and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and

transmission of non-financial data and information to the management responsible for the preparation of the DNF.

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

- at Group level
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- For the sites of Ozzano dell'Emilia of I.M.A. Industria Macchine Automatiche S.p.A. and Lugano (Switzerland) of Ilapak International S.A., that we have selected based on its activity, relevance to the consolidated performance indicators and location, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the IMA Group for the year ended on 31st December 2017 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.

Other Information

The comparative information presented in the DNF for the years ended on 31st December 2016 and 31st December 2015 has not been examined.

Bologna, 28th March 2018

EY S.p.A.

Signed by Alberto Rosa, Partner

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

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

For further information:
www.ima.it

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

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

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

Sincere thanks also go to all of our contacts and colleagues at the **production locations of the IMA Group** who helped in the preparation of the 2017 Sustainability Report/Non-financial report by providing the figures for their respective companies.

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



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