



Sustainability Report



2016
>17



Contents

- 4 Introduction**
 - Letter from the Chairman
 - Reading guide

Identity

- 10 Who we are**
- 12 Mission and values**
- 14 Corporate governance and organization**
 - Organizational structure
- 18 Sustainability strategy**
 - Our vision
 - Risk management and Management systems
 - Materiality analysis
 - Listening to stakeholders
- 26 In the heart of the Cluster**

Economic Sustainability

- 30 Economic and financial results**
 - Communication with the financial community
 - Direct economic value generated and distributed
- 37 End-users - Customers and markets**
- 41 Technological innovation, Research and Development**
- 46 Quality**
- 50 Supply Chain**
 - Manufacturers of components
 - Supplier management system
 - Relationship with suppliers of goods and services

Social Sustainability

- 60 People**
 - Composition and characteristics
 - Contractual matters and industrial relations
 - Health and safety
 - Personnel training and development
 - Equal opportunities
 - Corporate welfare
- 78 Involvement in the community**
 - Local community projects
 - International projects
 - Membership of Associations and Institutions

Environmental Sustainability

- 92 Environmental management and risk management systems**
 - 94 Carbon footprint and emissions management**
 - 98 Energy management**
 - 102 Water procurement and discharges**
 - 104 Waste management**
- 108 Appendix: GRI table of contents**



Letter from the Chairman



Dear Readers,

In addition to profitability, the responsibilities of those who manage modern firms include a series of functions that the business must carry out in relation to its employees and society as a whole. This is why I am presenting our 2016/17 Sustainability Report, which describes the commitment of the IMA Group to all our stakeholders.

The report summarises the growing sustainability of the activities of the IMA Group, whose continued expansion during 2016 confirms the validity of the strategic decisions made in recent years.

Once again, the economic data for 2016 highlights growth founded on the improvement of internal performance, as well as the targeted acquisition of highly specialised businesses already positioned for the future.

However you look at it, technological innovation and the quality and reliability of the products and services supplied by IMA remain the principal growth drivers, in a market characterized by strong global demand.

When describing the strategies of the IMA Group, it is natural to consider the economic aspects and the complete satisfaction of those who invest in IMA. However, in practice, our Group also dedicates considerable attention to the social and environmental aspects, complying with the principles of sustainable development and Corporate Social Responsibility by attaching paramount importance to all matters linked to the Environment, Health, Safety and Human Rights.

For example, IMA defined the majority of the projects underpinning the IMA Digital system during 2016, which will lead to full implementation of the Industry 4.0 model.

In response to the demand for innovation from our customers, the projects presented at Interpack 2017 reflected the commitment of IMA to evolve towards the Smart Factory and Smart Products, via services and organizational activities that are also increasingly Smart.

At the same time, we commenced a constructive debate with the world of work in order to understand better the forces in play during the fourth industrial revolution, considering for example the effects on employment that may be mitigated by improving the skills of workers.

Over the past several years, IMA has made progress in reporting the sustainability performance of the Group, well ahead of the

mandatory regulations introduced at European level. In particular, at the end of 2016, Italy transposed into national legislation the European Directive that requires large undertakings and public interest entities to disclose non-financial information from January 2018.

The following pages set out the various achievements and results obtained by the Group in the economic, social and environmental fields.

With respect to previous editions, the 2016 report includes a number of innovations:

- the scope of reporting has been expanded to all productive companies within the IMA Group throughout the world;
- as part of listening and talking to our stakeholders, we also carried out a survey involving them, in order to identify the most significant sustainability issues;
- based on this effort, the materiality analysis was updated: the picture that emerged confirms the constant attention paid by IMA to the creation of shared values, managing the Group's reputation and the responsibilities associated with constantly offering excellent, innovative and high value-added products and services. The focus on our human capital, in terms of health, safety and professional growth, and the development of our communities represent the most significant social aspects. Further: other key aspects addressed include energy efficiency and the reduction of environmental impact, the adoption of sustainability criteria for every process and throughout the entire value chain, and business integrity.

Our commitment over the coming years will be to grow the Group in a socially and environmentally sustainable manner. This choice confirms that the principles and logic behind Sustainable Development are not in conflict with our objectives for profitability; in fact, if viewed as a value opportunity for the business and our stakeholders, they may represent an important driver of growth.

We look forward to receiving all your advice and constructive criticism.

Please enjoy reading our report

Chairman
Alberto Vacchi



Reading guide



The 2016 Sustainability Report of the IMA Group is the fifth to be published in sequence and has been prepared in accordance with the principles and requirements of the Global Reporting Initiative (GRI) standard, version G4, Core approach. With this Sustainability Report IMA intends to account for responsible management of the Company, aimed at increasing the capacity to generate value while respecting the various types of equilibrium (economic, social and environmental sustainability) paying due attention to the expectations of all stakeholders that, directly or indirectly, give value and are influenced by IMA's decisions and activities. The Report also addresses the need to communicate a responsible path, made of sustainable conduct, practices and products, which the Company initiated several years ago.

The established commitment of IMA to reporting its non-financial performance anticipates future regulatory requirements: in fact, commencing from 1 January 2018, European Directive 2014/95 on the "disclosure of non-financial and diversity information", transposed into Italian law by Decree 254/2016, will require large undertakings and public interest entities to communicate their sustainability information.

Reporting scope

In confirmation of the objective to extend the reporting of sustainability performance to all Group companies, the scope of reporting includes information on all production companies within the IMA Group, updated to 31 December 2016.

Methodology

In accordance with the principles of the GRI, this Report includes activities that are considered material, i.e. key topics that are significant enough to be accounted for as they reflect the economic, environmental and social impacts of the IMA Group or because they influence the decisions made by stakeholders.

The analysis of key topics was updated this year with reference to an online survey of the Group's stakeholders, including customers, suppliers, sector associations and sustainability experts (see the section on "Listening to Stakeholders").

In preparing the Sustainability Report, we ensured widespread participation that saw the active involvement of the various corporate areas operating within IMA. To prepare this Report, we made use of the information systems already in place at the Company (management accounting, financial accounting, quality, environment, internal audit, security, personnel management, etc.), supplemented by specific tools for collecting and analysing data: the information was processed and checked by the various department heads. The section on economic performance has been drawn up using figures taken directly from the consolidated financial statements, as audited by the Company's independent auditors.



1

WORLD LEADER

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

1961
Year of
Foundation

MISSION

To invest in technologies that will improve the **quality of life** on the planet, **reduce food waste**, increase access to **more effective drugs** and allow greater **respect for the environment**

IMA is in the heart of **Packaging Valley**, the **advanced mechanics and industrial automation** cluster in Emilia-Romagna

About
5,500

employees,
(about **2,700** in Italy
and **2,800** worldwide)

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

Extensive sales network covering
about 80 countries

41

manufacturing
plants

in Italy, Germany, France, Switzerland, Spain, the UK, the USA, India, Malaysia, China and Argentina

80
countries

Identity



Who we are

The IMA Group in brief

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.

Its position of leadership is the result of significant investments in R&D, regular and constructive dialogue with the end-users in its sectors and the Group's ability to expand internationally, conquering new markets. Its history features a constant growth that has enabled the Group to close **the year 2016 with consolidated revenues of 1,310.8 million euros**, an increase of 18.1% over the previous year. **Exports** accounted for more than **86%**.

The Group, whose Chairman is **Alberto Vacchi**, has about **5,500 employees**, of whom approximately **2,700 in Italy** and **2,800 overseas**, and is present in about **80 countries**, supported by a sales network made up of **29 branches** (Italy, France, Switzerland, the United Kingdom, Germany, Austria, Spain, Poland, Israel, Russia, the United States, India, China, Malaysia, Thailand and Brazil), representative offices in central-eastern Europe and more than 50 agencies.

The Group has **41 production plants in Italy, Germany, France, Switzerland, Spain, the UK, the USA, India, Malaysia, China and Argentina.**

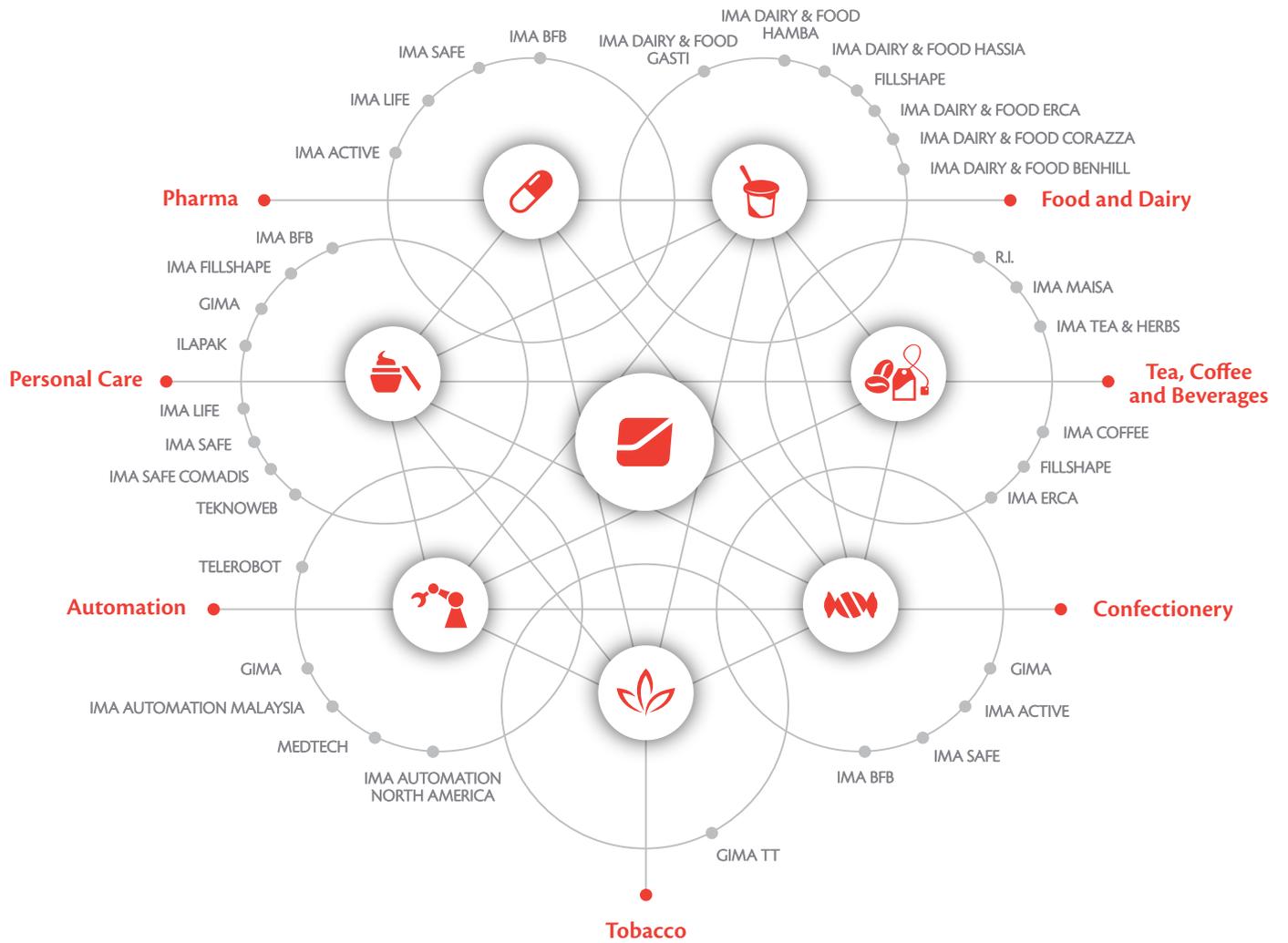
IMA S.p.A. has been listed on the Milan Stock Exchange since 1995 and in 2001 joined the STAR segment.

The IMA Group owns more than **1,600 patents and patent applications in the world**; over 500 designers are committed to product innovation. IMA has launched many new machine models over the last 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



Mission and values

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

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 ability in the multidisciplinary design and manufacture of complex machinery and equipment. These skills have been inherited from those developed locally over the past seven centuries. The Group is also aware of the potential for innovation and service made up of the rich network of sub-contractors and manufacturers of components that it 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 potential and developed products and services for its end users, IMA achieved a leading position on international markets and now intends to strengthen its leadership by investing in technologies that will improve the quality of life on the planet in the future, reducing food waste, ensuring that people around the world have greater access to increasingly effective drugs and having more and more respect for the environment.

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

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

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

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

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



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

Loyalty: entrepreneurship and proper competition 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 technologies 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 to the highest ethical standards.

IMA AND RESPECT FOR HUMAN RIGHTS IN THE WORLD

The IMA Group places respect for human rights at the center of its business strategy: this topic underpins the values of the Group, our way of working and doing business, our relations with employees, suppliers and other parties outside of the Company. In this sense, the Group has implemented specific policies to safeguard human rights and activated controls over the supply chain.

In the **UK**, all local suppliers receive regular visits to ensure their ethical 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 for 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.

All companies within the Group allow their employees freedom of association and collective bargaining and implement systems to prevent discriminatory practices.

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% require suppliers to comply with their Code of Ethics and/or specific human rights standards.



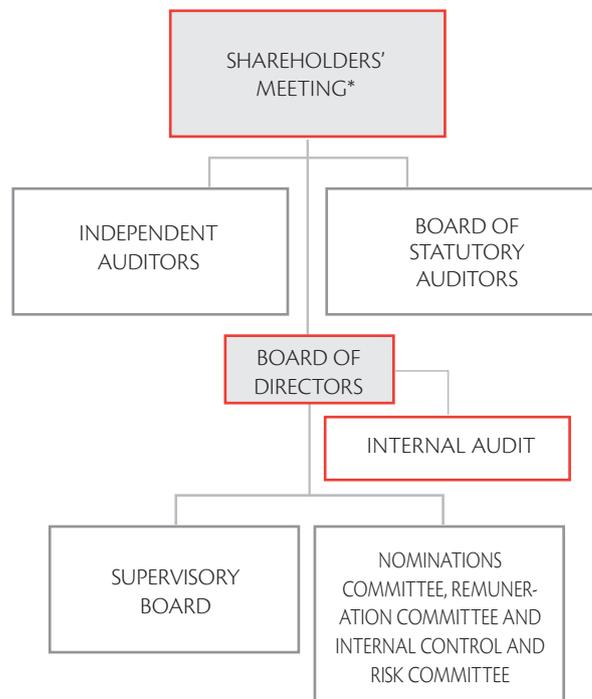
Corporate Governance and organization

The Corporate Governance structure adopted by IMA S.p.A. follows the recommendations and standards contained in the Code of Conduct for Listed Companies, with a view to ensuring a higher degree of transparency and efficiency for its own system of corporate governance in order to safeguard all shareholders, investors and 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.

IMA Group is audited by a firm of independent auditors. 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: the system was designed and implemented with reference to the regulatory requirements for corporate governance applicable in Italy, including:

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

In view of the issue of Decree 254/2016 on the reporting of non-financial information, the IMA Group has taken active steps to guarantee, from the next financial year,



full compliance with the legislation on the reporting of that information, consistent with the sustainability policy adopted over the past several years.

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

*Significant shareholdings: SO.FI.M.A. Società Finanziaria Macchine Automatiche S.p.A. (57% of the share capital).



The Board of Directors of IMA S.p.A.

On April 28, the AGM appointed the new **Board of Directors of IMA S.p.A.**, which will remain in office up to the AGM called to approve the financial statements at 31 December 2017; the Meeting also decided that the Board should consist of **13 members (12 on the previous Board), including 3 independent directors.**

The rules on **gender quotas** were applied for the renewal of the Board: the members represented in the new Board of Directors of IMA S.p.A. meet these provisions.

The current **Board of Directors** consists of:

- Marco Vacchi, *Honorary Chairman*
- Alberto Vacchi, *Chairman and CEO*
- Stefano Cataudella, *Non-Executive Director*
- Paolo Frugoni, *Independent Director (Lead Independent Director)*
- Marco Galliani, *Non-Executive Director*
- Andrea Malagoli, *Executive Director*
- Giovanni Pecchioli, *Executive Director*
- Luca Poggi, *Non-Executive Director*
- Pierantonio Riello, *Independent Director*
- Rita Rolli, *Independent Director*
- Maria Carla Schiavina, *Non-Executive Director*
- Gianluca Vacchi, *Non-Executive Director*
- Valentina Volta, *Non-Executive Director*

The Directors' CVs are available in the Investor Relations section (directors and officers) of the Company's website (www.ima.it).

The new **Board of Statutory Auditors**, appointed by the IMA's Shareholders' Meeting of 27 April 2016, will remain in office until approval of the financial statements as of 31 December 2018.

The rules on **gender quotas** were applied for the renewal of the Board of Statutory Auditors: the members represented in the new Board of Statutory Auditors of IMA S.p.A. meet these provisions.

The present **Board of Statutory Auditors** consists of:

Acting Auditors

- Francesco Schiavone Panni, *Chairman - Auditor*
- Roberta De Simone, *Auditor*
- Riccardo Pinza, *Lawyer*

Alternate Auditors

- Elena Spagnol, *Auditor*
- Giovanna Bolognese, *Auditor*
- Federico Ferracini, *Auditor*

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

- Paolo Frugoni, *Chairman - Independent Director*
- Pierantonio Riello, *Independent Director*
- Maria Carla Schiavina, *Non-executive Director*

Head of Internal Audit

Claudio Rizzi

Manager responsible for preparing financial reports

Sergio Marzo

The **Supervisory Board** comprises:

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



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

To complete the Model, IMA S.p.A. foresees a **Code of Ethics**, which contains the commitments and ethical responsibilities of the directors, employees and consultants in conducting business and corporate activities and a specific channel reserved to prevent or report any behaviour contrary to the Code of Ethics.

In 2016, 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 **Independent Auditors' firm** is EY S.p.A.

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

COURSES IN ETHICS AND ADMINISTRATIVE RESPONSIBILITY

In the context of ethical and social responsibility, IMA S.p.A. and the other Group companies have adopted (or are in the process of adopting) the **Organization, Management and Control Model** in accordance with **Decree no. 231/2001**, appointing their own Supervisory Board, which is responsible for carrying out the specific control activity in an appropriate way to prevent the commission of the types of offences that would be considered a source of liability for the Company. Starting from the early stages of adoption of the model, IMA provided training for all of the top managers and officers that would be most involved (Managing Directors, Senior Managers, Heads of Department): a total of 315 people between 2008 and 2012.

Subsequently, IMA chose to spread the content of Legislative Decree 231/2001 more widely by using e-learning methods and, from September 2013 to June 2015, involving around 1,100 employees belonging to Human Resources, Purchases & Sales, Administration, General Environment and Safety, IT and Quality & Compliance.

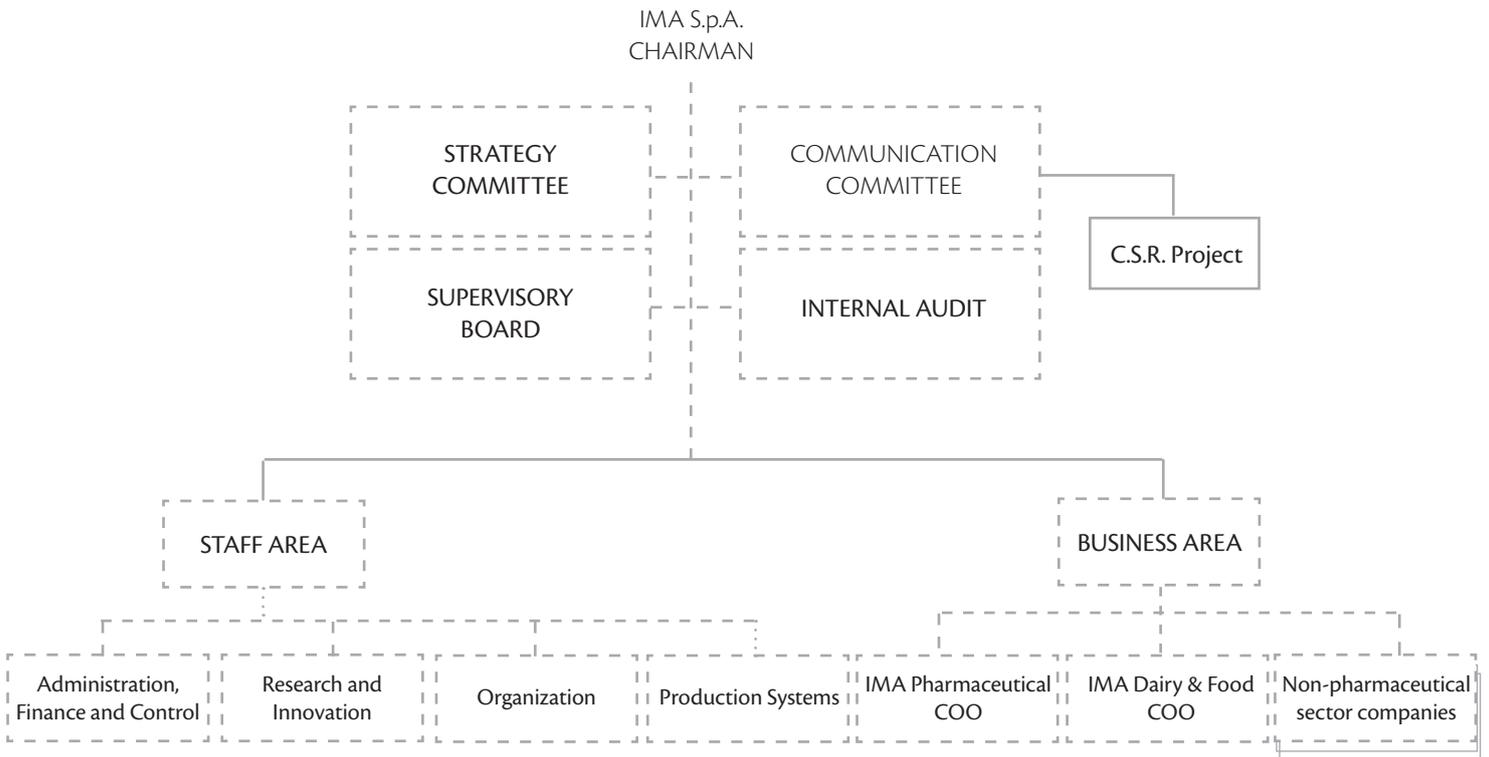
Commencing from 2016, IMA has included specific classroom sessions on matters associated with Decree 231/01 and Law 262/05 in the training program for new recruits, dedicating particular attention to the system of internal control. In future, this type of training will be progressively extended to the entire workforce.



Organizational structure

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::



Sustainability strategy

Our vision

In planning its strategies, the IMA Group takes account of the economic, social and environmental implications of its work: the objective is to guarantee a balance among competitiveness, environmental sustainability and Corporate Social Responsibility. For IMA, sustainability is a way of working and a commitment to create value that lasts over time.

The commitment of the Group to increasingly sustainable and responsible development is expressed in a desire to incorporate sustainability in the way the Company operates. This means disseminating a culture of sustainability, based on a system of clear and precise rules, the promotion of a responsible supply chain, the reduction of environmental impact, the involvement of employees, the constant improvement of health and safety in the workplace, support for technological innovation, the maintenance of customer satisfaction and confidence levels and support for the community.

Inspired by these principles, IMA outlines its commitment to sustainability as follows:

Governance and Business Ethics

Underlying IMA's approach to sustainability 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, gradually introducing CSR to the entire organization and incorporating it into all of its dealings. Transparency is understood as being towards all stakeholders and should inspire socially responsible conduct that leads to **sustainable development**.

IMA was one of the first Italian companies in the industry to have a **Code of Ethics**. It defines the ethical and social responsibilities of stakeholders and the rules of conduct that those who work for the Group and on its behalf have to comply with. 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.



Economic sustainability

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

Social sustainability

IMA is committed to promoting a **culture of quality** to ensure products and services of the highest possible level and end-users' satisfaction. IMA also assumes the responsibility of protecting the health and safety of the people working for the Group, in collaboration with the requests of labour organizations. **Welfare, professional development and quality of the work environment** are values that go beyond compliance with current legislation and that IMA ensures through training, monitoring systems, prevention activities and continuous investment. The Group ensures continuous dissemination of information and the adoption of a responsible and transparent approach to Corporate Governance.

IMA's social commitment is based on a fundamental concept: the responsibility that an industry has towards society and the world is an expression of will on the part of top management, as well as an element of identity for all those who work for the enterprise. That is why IMA involves its employees directly in programs and initiatives of corporate citizenship and promotes the principles of Corporate Social Responsibility internally.

The territory, understood as the economic and social fabric in which IMA was born and raised, 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.

The Group applies the same philosophy in the factories located in other geographical areas, promoting educational projects and awareness among the personnel of acquired companies. The level of awareness at the new companies must rise to that already consolidated at the factories founded by IMA.

Environmental sustainability

Even though IMA's business is non-polluting and has a limited impact on the environment, every effort is made to minimise any impact on the environment that may derive from the production cycle: **energy management, carbon footprint and proper waste disposal** are just some of the programs that exist to safeguard environmental resources. Membership of the **Carbon Disclosure Project** and working methods that maximize energy savings are just some of the Group's commitments to the environment.



THE STAGES OF SUSTAINABILITY AT IMA

In recent years, IMA has launched an internal process of reflection aimed at tracing a path that the Company can take in the medium term towards a position of social

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

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

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).

2010

2011

2013

2012

Implementation of a common employees training program for our employees on the issues of business ethics and the Code of Ethics (organisation and control model pursuant to Italian Legislative Decree 231/01).

Launch of the video walls during trade exhibitions: technology allows visitors to participate in a virtual automation experience, while reducing the environmental impact of using actual machines.

Membership of Impronta Etica.

Membership of SAVE FOOD, a project in partnership with FAO.

Membership of CDP (the Carbon Disclosure Project); IMA starts calculating 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.



Risk management and Management systems

2016



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



2015



Electricity purchased from certified renewable sources.

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

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.



2014



Membership of Industry Codes (e.g. Ecovadis and Sedex).

Update and dissemination of the new Code of Ethics.

Publication of the first Social Responsibility Report, according to the Global Reporting Initiative standard.

Obtaining certification for the Safety Management System (OHSAS 18001).

IMA is nominated Best Newcomer 2014 in the CDP Italy Program.

Launch of the Group's new payoff: Sustain Ability

IMA defined an internal control and risk management system, considered as a set of rules, procedures and organizational structures designed to ensure that the business is run in a fair and healthy manner that is consistent with its stated objectives, through a suitable process of identification, measurement, management and monitoring of the principal risks. The Board of Directors has laid down the main guidelines for the internal control and risk management system.

In addition, IMA introduced a set of management systems certified by an independent third party, designed to create value in a sustainable way, shared with all stakeholders, above all human resources. The aim is to interpret the needs of our end-users by pursuing the highest possible quality standards while reducing our environmental impact to the minimum.

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

STANDARD	TOPIC	CERTIFICATION BODY	FIRST RELEASE DATE
UNI EN ISO 9001	Quality management system	SGS	09/09/1997
BS OHSAS 18001	Health and Safety at work management system	SGS	30/01/2014



In addition, work is in progress to obtain ISO 14001 certification for IMA S.p.A. in the 2017-2018 time frame. Consistent with the objectives set for the two-year period 2016-2017, Gima and Corazza have obtained OHSAS 18001 certification and Ilapak has obtained ISO 9001 certification.

Elsewhere around the world, other Group companies have obtained and maintain their ISO 9001: 15 certification. They are IMA Swiftpack Ltd, IMA Life North America, Inc., IMA-PG India Private Limited, IMA Life Beijing and

Benhil GmbH. The latter also obtained the ISO 14001 certification.

IMA-PG India Private Limited is working towards ISO 9001:15 certification, which should be obtained by the end of 2017.

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

Materiality analysis

IMA has identified the most relevant and material topics (defining as "material" all issues that influence the decisions, actions and performance of an organization and/or its stakeholders) and the ongoing activities of listening and dialogue. **The materiality analysis** aims at identifying relevant issues and specific aspects pertaining to the social responsibility of the organization and defining the most important issues for all stakeholders.

The following chart 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 based on the assessments of various parties: the working party for the

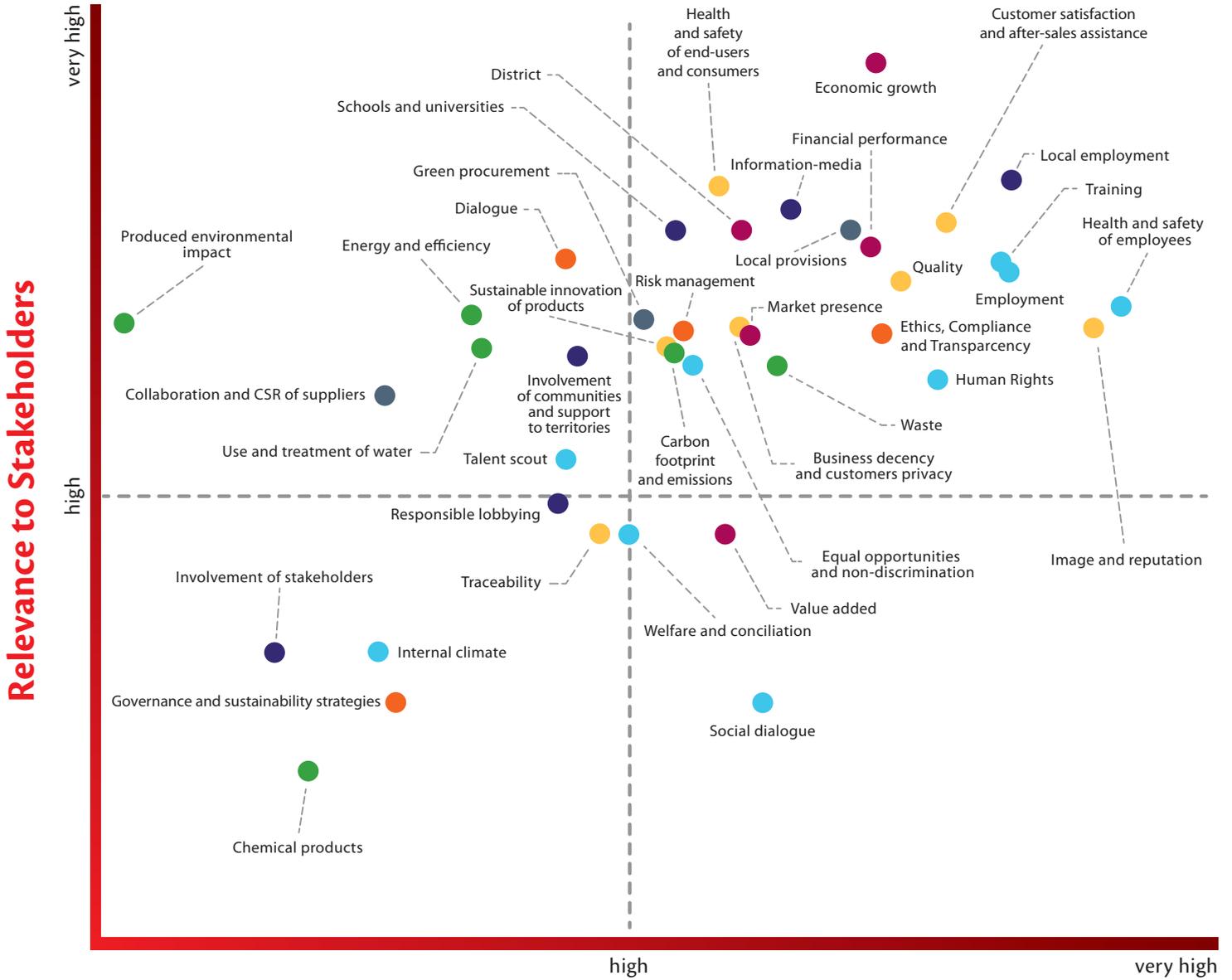
Sustainability Report, a panel representative of the foreign companies within the Group and various external stakeholders. In particular, work on the latest materiality analysis included the compilation of a questionnaire by various external stakeholders, such as suppliers, customers, local associations, 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 on the following page shows the issues that got very high ranking for both internal and external stakeholders: these included local employment, customer satisfaction, after-sales support and the health and safety of employees.

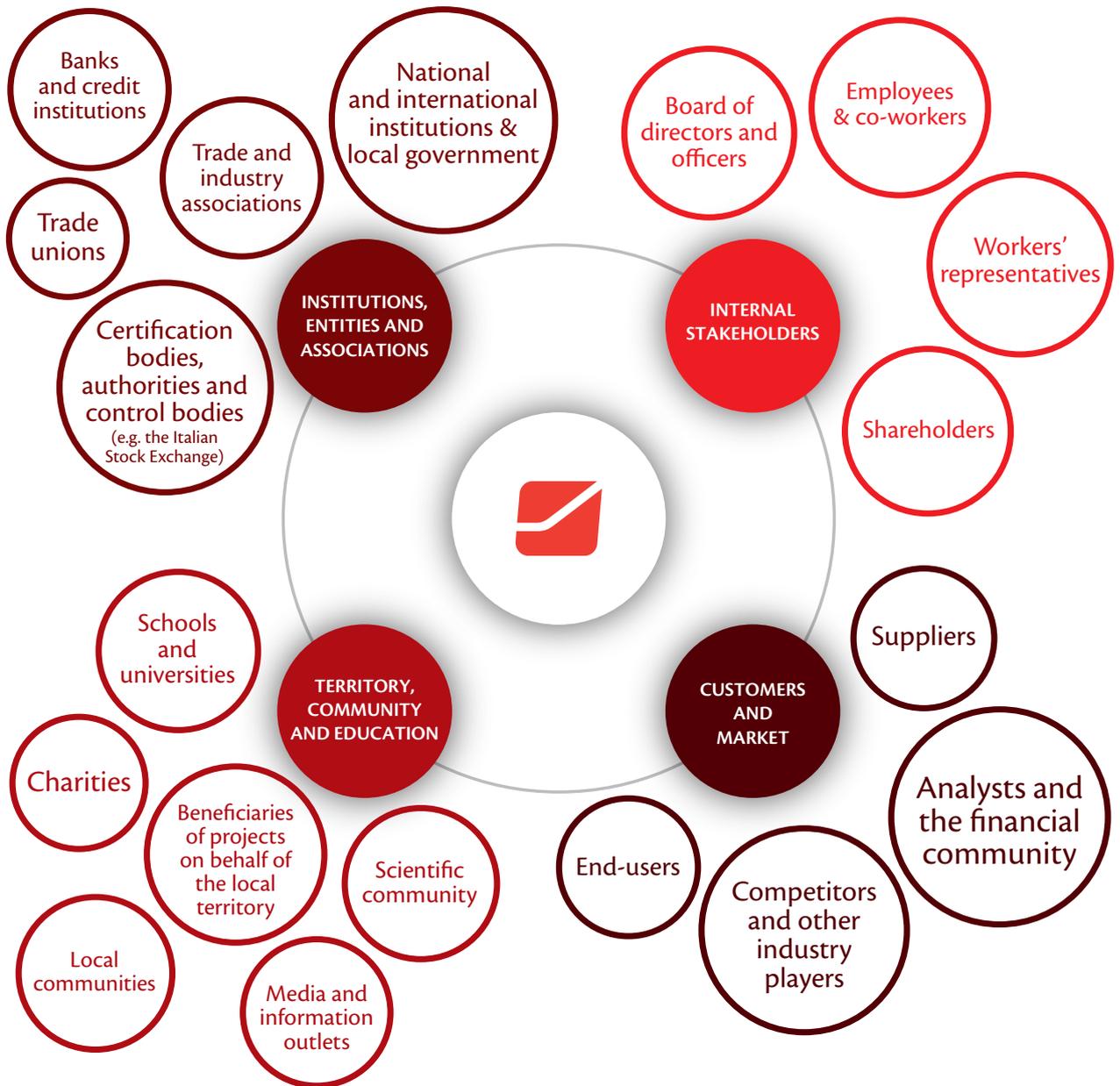


THE MATERIALITY ANALYSIS

- Governance
- Economic
- Product sustainability
- Working practices
- Environment
- Supply Chain
- Institutions and community



Listening to stakeholders



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

Primary stakeholders are those on which an organization depends for its very survival: for IMA, these are its shareholders, employees and consultants, suppliers and end-users. IMA's focus on sustainability issues reflects on its customers, who are in direct contact with the end-users, and creates a good reputation for our shareholders who have invested in a responsible company.

Besides these, there are a number of subjects that are able to influence, or who are influenced by, IMA's activities in terms of products, work processes and policies.

This broader definition includes public institutions, business associations, other operators in the market, trade unions, the media, and local and international communities.

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

For example, 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 CSR 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	STAKEHOLDER	LISTENING TOOLS	ISSUES
LABOUR AND HUMAN RIGHTS	Human Resources Trade unions Suppliers and their workers	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



COMMUNITY TERRITORY

Community Schools
University

Conventions, agreements, work tables

- 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

Community Institutions

Continuous institutional comparisons

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

ECOVADIS: A PLATFORM THAT MONITORS SUSTAINABILITY ALONG THE SUPPLY CHAIN

On the request of some of its customers, IMA has joined the **Ecovadis** platform which monitors sustainability

along the supply chain. In 2016, IMA was recognised by Ecovadis with a “Silver recognition level” award, improving on the score obtained in 2015. This result positions IMA among the top 30% of best performances among the companies analysed by Ecovadis for the year.

In the heart of the Cluster

Emilia-Romagna has always boasted formidable engineering skills that, over time, have generated a complex industrial system that may be defined as a series of integrated clusters.

engineers from one company to another. The existence of many specialized schools in the area also facilitates the generational renewal of technicians, assuring the continuity of skills.

The **advanced mechanics and industrial automation cluster of Emilia-Romagna** has strong roots: great passion and an in-depth understanding of packaging, automation and engineering in general has given rise in Emilia-Romagna to a network of companies dedicated to advanced engineering. Often they are born from one another, carving out their own specific niche and helping to forge a well-defined **territorial identity**, thanks to the exchange of ideas and transfer of draftsmen and

The advanced mechanics and industrial automation cluster of Emilia-Romagna has therefore created a specialist pool of skills capable of appropriately meeting its needs: thanks to **knowledge management and the conservation of skills** in this broad network of subcontractors, the cluster has the ability to customize automation according to the demands of end-users all over the world (the proportion of exports by these enterprises is in fact very high).



A cluster that deserves to be valued even more for its various types of excellence. IMA intends to make its contribution to this through specific projects and initiatives.

Packaging Valley: when Italian industry is a world leader - The case of Bologna's automatic machine cluster

Europe has a long tradition of very successful geographical clusters. Throughout Europe, there are various regions where industrial entrepreneurship flourishes thanks to a concentration of rival manufacturers, expert suppliers and demanding customers. Within countries, the level of entrepreneurship varies greatly from region to region.

The largest manufacturers of automatic machines for packing and packaging are Italian and German, representing around 54% of international trade. In particular, the Italian industry has a **high propensity to export** (more than 80.7% of its turnover is billed abroad), whereas Japan and the USA produce mainly for their domestic markets.

Much of Italy's growing strength in non-electronic mechanical engineering originates from specialized local clusters. The packaging machinery sector in Italy has 300 industrial-sized companies and an equivalent number of smaller firms.

36.9% of these companies are based in Emilia-Romagna, home of **Italy's most important production cluster for automatic packaging machines** (the second being in Lombardy). The heart of the cluster is located in the province of Bologna, but it also extends about 100 km into the provinces of Modena, Reggio Emilia and Parma.

According to **UCIMA** (Italian Packaging Machinery Manufacturers Association) data, **Emilia-Romagna** generates **62.1% of domestic sales** in the sector, amounting to about 4.1 billion euros in 2016, with 52.7% of the personnel and 36.9% of the companies. Taking these four provinces of Emilia-Romagna into consideration, in 2016 there

were 222 "pure" manufacturing companies of automatic packaging machines. The turnover generated by these companies came to a total of around 4.1 billion euros and they employed 15,624 people. If we only consider the province of Bologna, there were 68 companies active in the field of automatic machines during that period, with a total turnover of approximately 2.3 billion euros and 9,500 employees.

The **province of Bologna** is a real success story: many firms located in "**Packaging Valley**" were founded by the testers or designers of such machines, who became entrepreneurs thanks to their experience. Bologna's business community is also proud of its **Aldini Valeriani School**, a prestigious industrial technical institute that trained most of the technicians employed in this sector, as well as the **Industrial Heritage Museum**, which traces the history of production processes, technologies, products and forms of innovation in Bolognese industry from the XVI to the XX century.

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

In this context, to remain competitive the priority is the **ability to create innovation**. This innovation comes above all from research, but also from close cooperation with the end-users, according to a philosophy of co-makership, in order to respond to very diverse needs, including the need to offer the consumer a high degree of safety and machines that are more and more ergonomic and easy to use.



101.4
mn €

Group's net profit for the year: +30.3% on 2015



SHARE CAPITAL
(fully paid-in)

20.4 mn €

Consolidated sales for 2016:



mn €
(+18.1% with respect to 2015)

30%

of sales comes from
AFTER MARKET SALES



Order book at the end of 2016:
+17.9% with respect to 2015



invested in R&D
at Group level

EXPORT:

86.6%
of sales



Over 1,600 patents and
patent applications
pending throughout the world

575.8
mn €

of economic wealth
produced*

IMA's Quality System is
certified
ISO 9001 and
integrates all sector
specific regulations



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

Economic Sustainability



Economic and financial results



"We have completed another excellent year, achieving strong growth in revenues and profitability: for us it is a source of great satisfaction, as well as evidence of IMA's ability to keep on growing, creating innovation and value. A good performance on the part of the Group order book and the positive trend in the first three months, with order acquisition higher than in the same period last year, allow us to look forward with confidence to the current year. Steady and significant cash generation, which permitted a considerable reduction in debt at the end of 2016, has induced us to reward shareholders with a higher dividend than last year. During 2017 our efforts will be aimed at strengthening all business areas and consolidating our recent investments. IMA will have a leading role in the next edition of Interpack (Düsseldorf, 4-10 May 2017), with the launch of new solutions for all reference sectors and of the IMA Digital program, which represents the Group's commitment to digital innovation, a top priority to increase IMA's competitiveness throughout the world."

Alberto Vacchi

Chairman of IMA

Press release of 21 April 2017

The Meeting of 21 April 2017 approved the distribution of a **dividend of 1.60 euros per share**, an increase over the previous year (a dividend of 1.40 euro per share approved by the Shareholders' Meeting of 27 April 2016).

The IMA Group closed 2016 with **net revenue** of 1,310.8 million euros, showing an increase of 18.1% compared with 1,109.5 million at 31 December 2015. **Exports** accounted for more than 86%, with excellent results in Asia,

China and Middle East. The Italian market also showed positive figures.

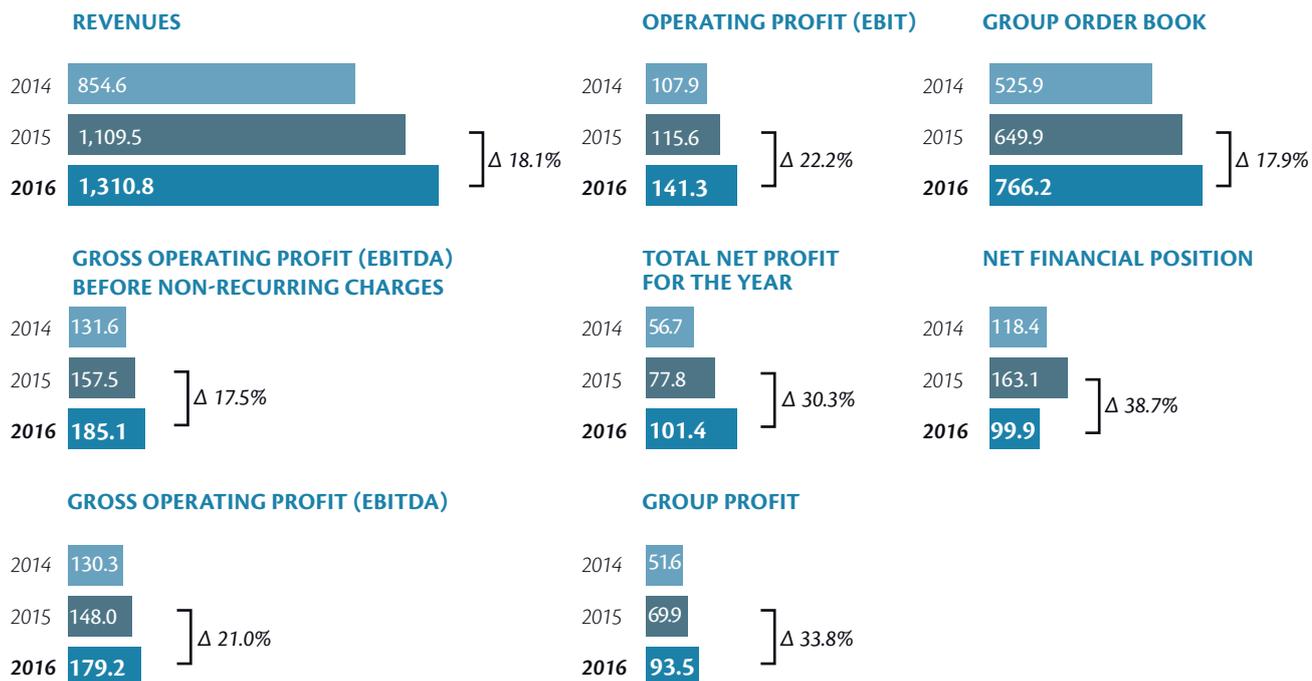
There has been significant growth in **gross operating profit (EBITDA) before non-recurring charges**, which rose to 185.1 million euros (+17.5% compared with 157.5 million at 31 December 2015), and in **gross operating profit (EBITDA)**, which rose to 179.2 million euros (+21% compared with 148 million at 31 December 2015). **Operating profit (EBIT)** also rose to 141.3 million euros (+22.2% compared with 115.6 million in 2015), the **net profit for the year** went up to 101.4 million euros (+30.3% compared with 77.8 million in 2015) and the **Group net profit** reached 93.5 million euros (+33.8% compared with 69.9 million in 2015). The **Group order book** at 31 December 2016 comes to 766.2 million euros, an increase of 17.9% compared with 649.9 million at 31 December 2015.

The IMA Group has closed 2016 with better results in all business areas, thanks to the positive trend in sales of automatic machines to the Group's key sectors (**pharmaceutical** and **food**) and to the contribution of the newly acquired **Medtech** business and **Telerobot**, which have been consolidated from April and May 2016 respectively.

The **figure for the IMA Group's net debt** at 31 December 2016 shows that it has fallen to 99.9 million euros (163.1 million at 31 December 2015). This figure includes a total outlay of 24.5 million euros for the acquisition of the Medtech business and Telerobot, as well as the minority shareholdings of GIMA S.p.A. and GIMA TT S.p.A. for 35.6 million euros, net of the increase in capital of about 91 million euros.



CONSOLIDATED RESULTS AT 31 DECEMBER 2016 (amounts stated in millions of €)



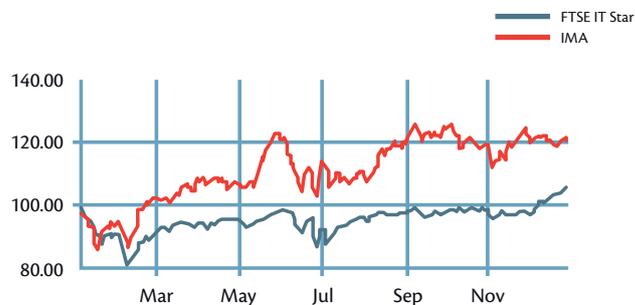
THE UPWARD TREND IN IMA' STOCK CONTINUES

IMA's stock ended 2016 with a **30.5% increase**, from around Euro 47 at the beginning of the year to around Euro 58 at 31 December 2016. The market has shown appreciation for the Company's external growth strategy. During the year, the Group consolidated its acquisition of Medtech business and Telerobot. In 2016 IMA's holding in the Dairy & Food Group rose to 100%. 2016 also saw the acquisition of minority interests in GIMA S.p.A. and GIMA TT S.p.A. In 2016, the IMA stock turned in a rise with significant trading volumes, continuing the rally that started in 2013.

According to analysts following the stock, this rally is motivated by the fact that the Company has good fundamentals and a positive trend in its core businesses (pharmaceuticals and food) in almost all geographical areas, with the proportion of exports of more than 86% in 2016. The market has rewarded the Group's visibility thanks to an excellent order book. IMA also has a very good level of cash generation with which to reward shareholders and to strengthen a capital structure that is already strong, allowing the Group to pursue a **policy of sustainable expansion**. A series of factors that have supported the share's growth that is continuing this year as well.



IMA STOCK PERFORMANCE FROM 1 JANUARY 2016 TO 31 DECEMBER 2016 AND COMPARISON WITH THE STAR SEGMENT (amounts stated in €)



Graph by VWD Italy

IMA: A HISTORY OF INTERNAL AND EXTERNAL GROWTH

Group acquisitions continued in 2016

I.M.A. Industria Macchine Automatiche s.a.s. was founded in Bologna in 1961. In 1963, the Vacchi family acquired 52% of IMA, and transformed it into a joint stock company, thus furthering its industrial development. It was in this period that the production of automatic **tea bag packaging** machines began, a sector in which IMA duly became world leader.

The '70s saw IMA enter the field of packaging machines for **pharmaceutical products**, with the launch of a machine for production process of blister. In those years, IMA began to evolve from a small business into a dynamic and innovative multinational Group. The goal of business growth was constantly pursued both internally and externally through acquisitions and alliances.

Listing on the Milan Stock Exchange in 1995 triggered off a number of operations in Italy and abroad. The acquisitions made over the last ten years have involved the pharmaceutical sector and, in particular, the **food** industry. From 1 January 2016 the acquisition by Revisioni Industriali S.r.l. of the TEAMAC business came into effect. This is a company dedicated to the design, manufacture and marketing of automatic systems and machines for the packaging of tea products.

On 15 April 2016, through its subsidiary GIMA S.p.A., IMA completed the acquisition from Komax Holding AG of the entire share capital of Komax Systems LCF SA and Komax Systems Rockford Inc., together with 76% of Komax Systems Malaysia. The three companies are leaders in the design, production and commercialisation of

machines for assembling medical products for self-medication (**Medtech business**).

On 28 April 2016, IMA and Lin Vermögensverwaltung GmbH, a company controlled by the Odewald & Compagnie private equity fund, signed an investment agreement for the acquisition of 20% interest in **IMA Dairy&Food Group**. The Group is leader in the design, manufacture and marketing of machines, lines and systems for packaging for food industry products, especially the dairy segment, with production facilities in Germany, France, Spain and India.

On 20 May 2016, through its subsidiary GIMA S.p.A., IMA completed the acquisition from the Xenon fund of 75% of **Telerobot S.p.A.**, with operations based in Alessandria. Telerobot is market leader in machines for assembling plastics in the field of caps and closures. These acquisitions represent a significant strengthening of the IMA Group in the **Automation** industry understood as automatic assembly platforms, in a market that is expected to see strong growth over the coming years. This in addition to the commercial and manufacturing synergies expected from integrating these companies into the commercial network and subcontracting system of the IMA Group.

On 22 December 2016 IMA, through its subsidiary GIMA S.p.A., signed an agreement to buy 80% of **Mapster S.r.l.** The company, which is based in Parma and owned by Messrs. Roller and Renda, is a major player in the design, manufacture and marketing of **automatic machines for the filling and packaging of capsules for the "single serve" coffee sector**. The closing of the deal took place on 20 April 2017. On 22 December 2016, IMA also signed an agreement through GIMA S.p.A. with the Giberti family for the acquisition of 49% of **Petroncini Impianti S.p.A.**, based in Ferrara, a point of reference in the field of **machinery for**



the production of coffee. These acquisitions represent a significant strengthening of the IMA Group in the coffee sector, a market that is expected to see strong growth over the coming years. This in addition to the commercial and manufacturing synergies expected from integrating these companies into the commercial network and subcontracting system of the IMA Group.

On 28 December 2016, IMA has signed with Mr. Guillermo MAI an agreement to become a shareholder of **MAI S.A.**, located in Mar del Plata, Argentine, a company that manufactures and markets **machines for packaging tea and herbs in filter bags.** At the closing (4 January 2017), IMA acquired 70% of the shares of this company.

In support of **internal organic growth**, IMA has continued to invest in Research & Development to meet the growing needs of a clientele made up of sector leaders that require machines and production systems that are increasingly intelligent and more and more customised. To offer the best, IMA does not look for low costs in the global market, but it has created a network for its suppliers, implementing decisions based on the quality and reliability of all players in the supply chain. In an increasingly competitive global market, IMA is proceeding in its policy of sustainable growth based on the enhancement of leading market brands.

Communication with the financial community

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

The easily identifiable and accessible "**Investor Relations**" section of the Company's website contains detailed information of interest to the shareholders, allowing them to exercise their rights on an informed basis. IMA publishes on its website press releases and notices with regard to the exercise of rights pertaining to the securities that it has issued, documentation about Shareholders' Meetings and any other documentation generally made available to the public in such circumstances.

A member of staff has been appointed **Investor Relations Manager** to handle all dealings with the Italian and international financial community and with the shareholders.

Press releases (issued at the time of board meetings, ordinary and extraordinary Shareholders Meetings, the publication of quarterly, half-yearly and annual results, corporate

actions, etc.) and **corporate information** (releases on internal dealing, buy backs, etc.) are published on the eMarket SDIR (the Italian Stock Exchange's own information circuit), and then on IMA's website. IMA has been using the 1INFO system (www.1info.it) for the storage of regulated information. It is a centralized system required by the Transparency Directive through which issuers can deposit Regulated Information for disclosure in accordance with the regulations.

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

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



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

on the eMarket SDIR and on the IMA website. In addition, the Group periodically publishes corporate pages on the main national newspapers in the event of important initiatives.

Press briefings are organized in Bologna and Milan whenever there are major corporate events and transactions (acquisitions, joint ventures, etc.). IMA publishes alerts (notices of Shareholders Meetings, dividend payments, annual and interim financial statements, etc.) on national newspapers,

ECONOMIC AND FINANCIAL COMMUNICATION

In 2016, IMA issued 33 press releases with an average of one every 11 days.

Direct economic value generated and distributed

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

Value Added reflects the IMA Group's ability to generate wealth during the reference period, for the benefit of some of the main stakeholders, in accordance with the cost efficiency of operations and the expectations of the stakeholders: in 2016, this value was **575.8 million euros** (+16.4% compared with 2015).

DETERMINATION OF VALUE ADDED (in thousands of € at consolidated level)	2014	2015	2016
A) Value of production (Sales revenue, Change in inventories of products and raw materials, Other revenues)	871,925	1,124,032	1,372,380
B) Production costs (Costs for raw materials, Services, Leaseholds, Other operating costs, Writedowns, Other provisions)	-483,116	-641,343	-816,486
Gross core value added (=A-B)	388,809	482,689	555,894
C) Net result of financial management (Financial income and expense)	-4,605	12,174	19,925
E) TOTAL GROSS VALUE ADDED (=A-B+C)	384,204	494,863	575,819



DISTRIBUTION OF TOTAL GROSS VALUE ADDED (in thousands of € at consolidated level)	2014	2015	2016
A) Remuneration of Personnel	254,652	329,859	371,935
<i>Personnel costs</i>	254,207	329,452	371,489
<i>Fees for Statutory Auditors and Supervisory Board</i>	445	407	446
B) Remuneration of the Public Administration	36,090	40,145	50,844
<i>Income taxes for the year</i>	34,044	37,256	47,761
<i>Other taxes and dues</i>	2,046	2,889	3,083
C) Remuneration of Lenders	12,515	12,700	12,113
<i>Interest expense on bank payables</i>	12,515	12,700	12,113
D) Remuneration of Shareholders	56,748	77,836	101,391
<i>Net profit pertaining to the Group</i>	51,562	69,915	93,535
<i>Net profit pertaining to minority interests</i>	5,186	7,921	7,856
E) Remuneration of the Corporate System	22,414	32,438	37,815
<i>Amortization & depreciation</i>	22,414	32,438	37,815
F) Contributions to the Community	1,783	1,885	1,719
<i>Donations to institutions and associations (social utility charges)</i>	1,414	1,521	1,374
<i>Membership fees for trade and other associations</i>	369	364	345
TOTAL GROSS VALUE ADDED	384,202	494,863	575,817

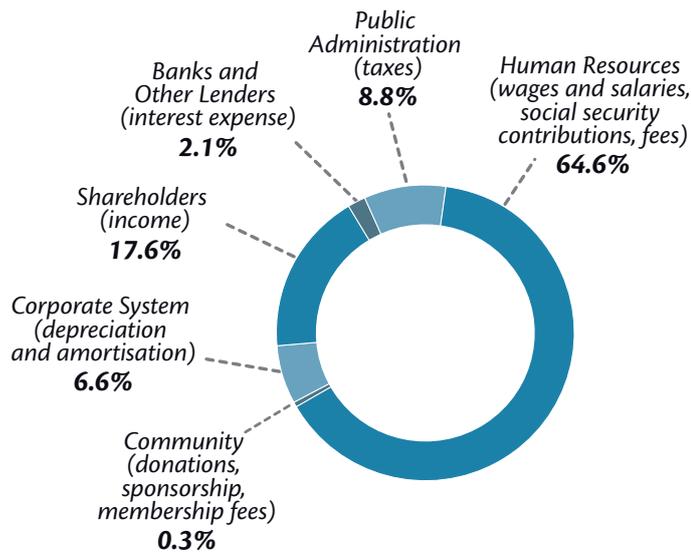
The calculation and distribution of Value Added express, in monetary terms, the relationship between the Company and the socio-economic system with which it interacts, with particular reference to certain key stakeholders:

- **Personnel:** remuneration of employees
- **Public Administration:** remuneration of the Public Administration

- **Lenders:** remuneration of debt capital
- **Shareholders:** remuneration of risk capital
- **Corporate System:** remuneration of the Company
- **Community:** donations and sponsorships



DISTRIBUTION OF VALUE ADDED TO STAKEHOLDERS (575,817 mn € in 2016 – Group consolidated level)



Value added = Value of production - Production costs (e.g. raw materials, materials, goods and services, operating costs): for details about the calculation, please refer to the table "Determination of Value Added" (page 34).

- The share of consolidated Value Added that went to the **personnel** amounted to 371.9 million euros (+12.8% on 2015), representing 64.6% of Total Value Added. This amount consists of the costs incurred for wages and salaries, social charges, benefits, directors' fees, pension defined-benefit plans and pension defined-contribution plans, social activities for employees, other costs.
- The remuneration of **risk capital**, 101.4 million euros (+30.3% on 2015) represents 17.6% of total Value Added and corresponds to the profit attributable to the Group and minority interests.
- 6.6% of Value Added created in 2016, 37.8 million euros, has been invested in the IMA Group and reflects the amount of **depreciation and amortization** of capital investments made by Group companies.
- The portion distributed to the **Public Administration** came to 50.8 million euros (8.8% of the total), being the sum of taxes and dues for the period.
- 12.1 million euros has been allocated to **banks and other lenders** for interest due on mortgages, loans and bonds (2.1% of Value Added).
- Lastly, 1.7 million euros has been allocated to the **Community** for trade associations, donations, sponsorship and charity.



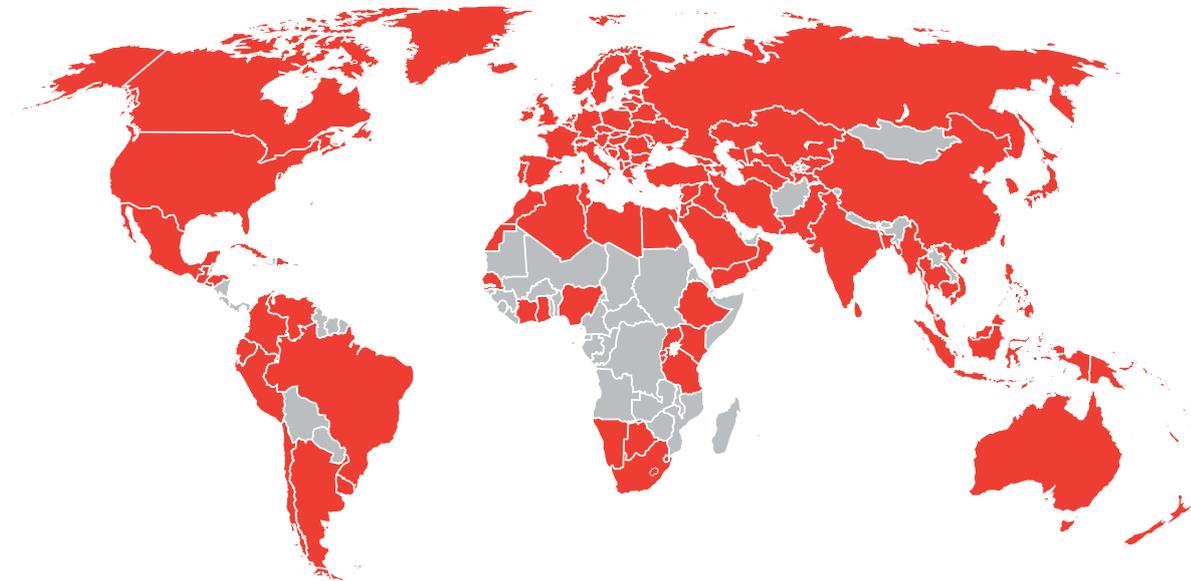
End user

Customers and markets

To cope with a market that is increasingly characterized by sudden changes in the scenario and a difficult economic climate, IMA continues to focus on the expansionist policies launched in recent years, focusing on the following **commercial strategies**:

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

IMA IN THE WORLD



41 manufacturing plants in Italy, Germany, France, Switzerland, Spain, the UK, the USA, India, Malaysia, China and Argentina.

Again at Group level, IMA has a **widespread commercial network** covering about **80 countries**, with headquarters

in Italy and branches in Europe, the Middle East, North America, South America, Asia, representative offices in various central and eastern European countries and over **50 agencies**.



SOME OF THE IMA GROUP'S MAJOR END-USERS

Abbott	Friesland	Patheon
Ahmad Tea	Gedeon Richter	Pepperidge Farm
Almarai	General Mills	Pepsico
Alpura	GlaxoSmithKline	Perfetti Van Melle
Amgen	Groupe Lactalis	Pfizer
Andros	Grünenthal	Philip Morris
Arla Foods	Grupo Bimbo	Procter & Gamble
Astellas	Grupo Siro	Reckitt Benckiser
AstraZeneca	Halter	Roche
Bahlsen	Johnson & Johnson	Sanofi
Baxter	JVC	Sara Lee
Bayer	Kraft	Savencia
Bel Group	Krka	Schreiber Foods
Bigelow Tea	Lala	Seaquist Closures
Boehringer Ingelheim	Land O'Lakes	Senagral
Bristol-Myers Squibb	Lakeland	Senoble
British American Tobacco	L'Oréal	Servier
Cadbury Adams	Laurens Spethmann Holding	Takeda
Charles & Alice	Lipton	Technicolor
Chiquita	Lotte	Tetley
Chupa Chups	Mars Incorporated	Tetra Pak
Cloverhill Bakery	Menarini	Teva
Colgate	Merck & Co.	The Coca Cola Company
ConAgra Foods	Miratorg	Tnuva
CooperVision	Mission Foodservice	Twinings
Daisybrand	Mondelez International	UCB
Danone	Morinaga	Unilever
Delpharm	Müller	Valio
Develey	Nestlé	Western Digital
Eisai	NextPharma	Witor's
Eli Lilly	Nice Pak	Wrigley
Ehrmann	Novartis	Yoplait
Fabbri 1905	Novo Nordisk	Zambon
Fage	Nypro	Zoetis
Ferrero	Orimi Trade	

Consolidated revenues in 2016 amounted to 1,310.8 million euros, an overall increase of 18.1%, of which 12% due to organic growth, with respect to 2015.

The Tea, Food & Other sector recorded an increase in revenue of 28.3%, whereas the Pharma sector grew by 6.6%.



CUSTOMERS BY SECTOR (consolidated sales - mn €)

€ millions	2016		2015		% VARIATION
	AMOUNTS	%	AMOUNTS	%	
Tea, Food & Other	757.42	57.8	590.46	53.2	28.3
Pharma	553.43	42.2	519.08	46.8	6.6
TOTAL	1,310.85	100.00	1,109.54	100.00	18.1

More than 86% of revenues came from outside Italy, with growth particularly in Asia, China and the Middle East.

About 70% of revenues 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	2016		2015		% VARIATION
	AMOUNTS	%	AMOUNTS	%	
European Union (excluding Italy)	395.45	30.2	352.71	31.8	12.1
Other European countries	97.33	7.4	68.89	6.2	41.3
North America	218.69	16.7	223.42	20.1	(2.1)
Asia & Middle East	294.65	22.5	227.77	20.5	29.4
Other countries	128.63	9.8	118.26	10.7	8.8
Total - foreign markets	1,134.75	86.6	991.05	89.3	14.5
Italy	176.10	13.4	118.49	10.7	48.6
Total	1,310.85	100.00	1,109.54	100.00	18.1

Information and communication

Communication with end-users and operators in the reference sector (Trade Press) takes place through **media relations**: this includes the preparation, dissemination and follow-up of **product press releases, editorials and case histories** for industry magazines and portals. Editorial material is produced in collaboration with the Marketing Departments of 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 kits 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.

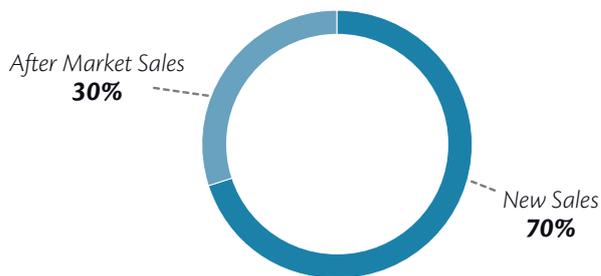


IMA's after-sales support

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 revenues, 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 both 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.

REVENUES BY TYPE 2015



After-sales services proposed by IMA are of various types. These are the most relevant.

Extended warranty

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

Integrated maintenance

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

Spare parts service

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

MyIMA SPARE PARTS

MyIMA Spare Parts is an on-line service offered by IMA to its customers in the Tea & Herbs and Pharma sectors. This service provides immediate answers 24 hours a day, 7 days a week, regarding the availability of spare parts in stock, their price and their location on the machine. The main advantages for the customer are: multilingual service, simple and easy access via the Internet, speed and transparency, rapid identification of spare parts and their location, display of the prices and availability of each component, possibility of order tracking, discounts.

Training

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

Remote assistance service

IMA's remote support service enables effective communication, quick response and monetary savings for the customer. Using a secure connection, which is possible through a router located inside the customer's machine, IMA's engineers are able to work directly from the headquarters on machines installed at the customer's plant. Each intervention is agreed in advance with the customer and data transfer is 100% safe. Furthermore, the package already includes a start-up of four hours. Any further intervention has to be agreed with the relevant after-sales department and will be carried out after the purchase of one or more 4-hour connection packages. This service allows IMA's technicians to resolve problems quickly, to access the machine system, check the data stored in it and install system updates.



Technological innovation, Research and Development

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

Again in 2016, the IMA Group invested significant resources in **Research and Development: 48.15 million** euros, equal to 3.7% of revenue, up on 40.05 million in 2015. This item primarily includes the research costs incurred on the technological upgrading and normal re-vamping of standard products. The balance does not include the cost of development work ordered by specific clients, or the cost of customizing standard products. This expenditure is included in the cost of sales so it is invoiced to the clients concerned.

INVESTMENTS IN RESEARCH AND DEVELOPMENT

IMA forms part of the EU's 2016 scoreboard on investments in industrial R&D: this is 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 2015/2016 fiscal year). In absolute terms, IMA comes in about the middle of 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 (4.7%)** is higher than the world average (3.8%) and than the European Union average (3.2%). IMA's rate of growth in R&D investment was also higher than the world average: it grew by 18.7% in 2016 and 12.8% in the last three years, 6.6% and 8.1% respectively worldwide.

In IMA's Italian companies, about 554 people were involved in R&D during 2016 (studying new process and packaging solutions, mechanical and electronic design, etc.): R&D worked a total of **950,000** hours for IMA.

There are over 1,600 patents and patent applications pending worldwide. The purpose of IMA continuously investing large amounts in R&D is to provide end-users with an ever **wider range of products and services** with advanced solutions, sometimes revolutionary, often designed in collaboration with academic institutions and in a spirit of co-makership with the end-users.

The organisation of Research and Innovation

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, R&D 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, studying new architectures: performed by the Innovation structure.

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



The peripheral R&D departments mainly make use of mechanical engineers and technicians, 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 who have worked on the architecture of the machine, follow the machine in its later stages as well: industrialization and customization takes place at the technical office of the production department where project ideas are virtuously contaminated by coming into contact with younger designers.

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, the 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 these active collaborations in 2016 are:

- INFN (National Institute of Nuclear Physics), Trento;
- Johannes Kepler University Linz, Austria;
- ELEDIA Research Center University of Trento;
- CNR Nano, Pisa;
- Faculty of Engineering of the **University of Bologna**;
- Department of Architecture and 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 "Smart Manufacturing Research Observatory";
- Project with the **Ministry of Economic Development**, cofinancer 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 Industry 4.0 paradigm.
- IMA is one of the founding members of **ITS MAKER** - Higher Institute of Mechanics, Mechatronics, Motoristics 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.



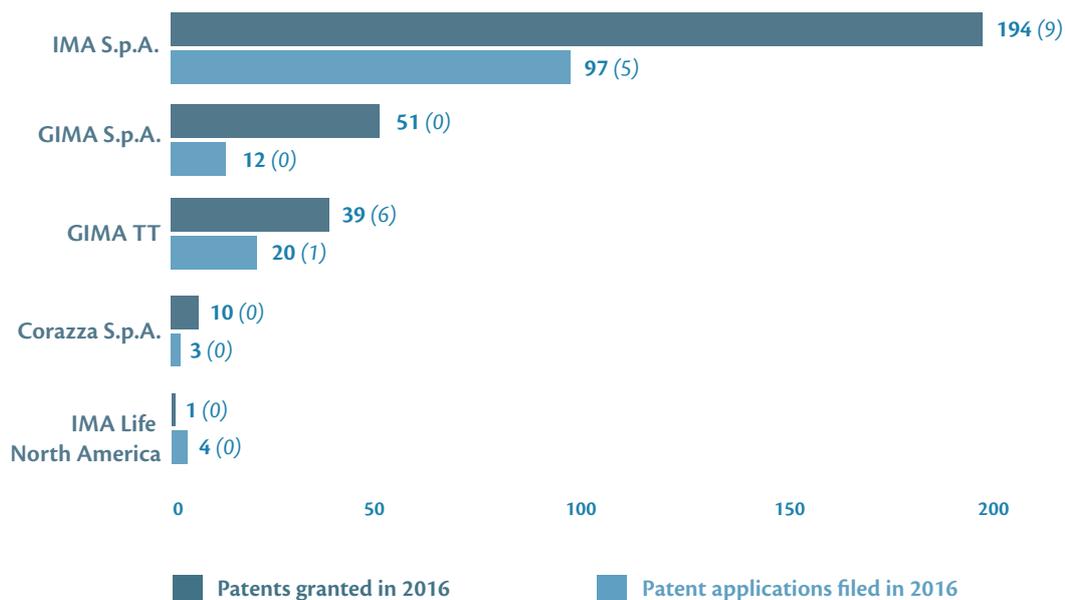
IMA AND CRIT

IMA forms part of the historical nucleus of founder companies and members of **CRIT (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 2016

(out of a total of 1,600 of patents and patent applications pending worldwide)



The costs capitalised during the year in relation to the projects for the **Tea&Food and Pharmaceuticals segments amounted to 10.1 million euros** (11.8 million euros in 2015) and will be amortized once the products are available for sale.

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



'60

IMA made the first tea-bagging machine in the 60s; it was already a minor revolution compared with the systems used at the time: it was a type of automation that integrated various functions, ensuring a lower use of space and better ergonomics.

'70

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

'90

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

'80

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



late '90

'90/00

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

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

2000

2000>

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

In the last few years, IMA has invested more and more in flexibility, modularity, multiple doses, a wide range of formulations and efficiency. This is the case of Adapta, Xtrema and Giant for the pharmaceutical industry. In the area of food, IMA completed its presence in the coffee sector thanks to a multi-line, medium-speed, pod-filling machine with improved accessibility and ergonomics compared with its competitors. Some of these solutions have been extended to the Dairy sector.



NEW MATERIALS

The growing acceptance of sustainability policies by companies means having 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 reasons of cost, 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 collaboration 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”*.

IMA also presented a project as part of the *Horizon 2020* program called *“PACKSt”* (head up by VTT, Finland), with a view to developing environmentally-friendly food packaging materials and their use in automatic packing machines. The project is currently being evaluated by the European Commission.

As described above, IMA has a growing interest in environmental matters and in packaging solutions with a lower 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 Ahlstrom, a company that produces filters made from PLA.

Recently, IMA also launched the *“IMA Digital”* project, in an effort that involves the entire Group. The objective is to focus, coordinate and organize the development activities of IMA, drawing on the availability of new technologies, new services, new organisations and new systems of governance, in order to transition towards the digital economy in the engineering sector.

Quality

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, IMA has long obtained **ISO 9001** certification of its **Quality System**, which covers the entire product life cycle, from research and development to sale, delivery and installation, 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 system unique to the entire IMA Group. This facilitates inclusion in the Quality System of the new companies that become part of the IMA Group as a result of acquisition, and their harmonization with the “world of IMA”. 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 as part of the IMA Group’s certification. In April 2017, Ilapak International (CH) and Ilapak Italia have also been integrated.

As part of the innovation of processes and of the technological systems used to support them, **the customer relationship management (CRM) and electronic document management project** was launched in 2014.



It will make it possible to adopt a **sophisticated CRM platform** that is used by the sales and branch network and integrated with the Company's Enterprise Resource Planning (ERP) system. This platform will also make it possible to acquire and monitor more structured and detailed information, which is fundamental for IMA to measure the quality delivered to its customers. The first flows managed by the new information system were released during 2015. This meant training up the entities involved and using the system to handle customers' dossiers. CRM is used by almost all divisions of IMA S.p.A., in both the Sales and After-Sales areas. Some flows (e.g. sales quotations) are still being developed and implemented.

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 2016, **16 internal audits** (14 in 2015 and 11 in 2014) were carried out with the participation of auditors from various areas of the company, previously qualified by the Quality Assurance Area.

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

Integrated Management System

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

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

In this area, the Quality Assurance function is developing a database for material certifications used in machines in contact with the product (for food compatibility and pharmaceutical applications). The database will be usable by all companies and divisions within the Group. A second activity currently underway 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.



Regulatory and technical know-how

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

IMA is also an active member of the Technical Committees of **UCIMA - the Italian Association of Automatic Packing and Packaging Machine Manufacturers** and **UNI - the Italian Standardization Office**, 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 actively contribute 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 a wealth of information and know-how that the Group makes available to end-users, meticulously preparing the documentation supplied with the machine: on the one hand, the compulsory technical **documentation**, such as the Instruction Manual for the use and maintenance of machinery (with particular regard to safety warnings) and the Parts Manual; on the other hand, as regards the pharmaceutical market, supporting documentation for the validation of equipment in accordance with regulatory guidelines (FDA, EMEA). For this last aspect, IMA has laid down internal procedures for managing the life cycle of the control software of machines according to GAMP guidelines, including the risk analysis to ensure a test protocol that is optimized and focused on the critical areas.

In particular, the training of IMA personnel continued during 2016 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.

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 (Good Automated Manufacturing Practice) 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

Listen to understand. Understand to act. At IMA, end-user satisfaction is constantly monitored. Measuring it is up to a monitoring system that detects over time through a number of indicators the level of quality delivered (degree of compliance with the requirements of the products/services) and level of quality perceived by the end-user. The tools used for these measurements are:

- audits carried out by the end-user as part of the qualification process of IMA as a supplier;
- 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 been in use for a number of years. In the Pharma sector, IMA customers returned 28% of the questionnaires issued to them during 2016. The percentage for the Non-Pharma sector was 25%. The average of the scores received is 3.5 in the Pharmaceutical sector and 3.4 in the non-Pharmaceutical one (on a scale of 1 to 5, where 3 is satisfactory).

Another area of concern for IMA is the **analysis of warranty costs**: the Group started tracking these costs over the life cycle of the various machine models, from the first prototypes to machines already industrialized over the years. The analysis made it possible to focus on machine models needing improvements. The indicator is therefore a long-term one by its very nature: the results for the past three years, expressed as a rating between 1 and 100 (60 being the IMA target), report an average rating of 69 for both the Pharmaceutical and non-Pharmaceutical sectors.

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

IMA's commitment to ensuring high quality and high customer satisfaction is reflected in the average number of cases of non-compliance with regulations and voluntary codes: in 2016 this figure came to 1.6% for the Group, calculated as the ratio of non-compliance detected in a given year and the number of machines with a guarantee pending in the same period.

LISTENING TO CUSTOMERS AND CUSTOMER SATISFACTION IN THE WORLD

Listening to customers is important for all Group companies in the world, where there are appropriate systems for listening to customers and carrying out surveys of their satisfaction.

In **Germany**, personal meetings with end consumers are organised in addition to e-mail and telephone communications. Moreover, specialized personnel visit customers regularly to investigate their satisfaction with the products and services offered.

In **Switzerland**, specialized personnel made 255 visits during 2016. In addition, an online satisfaction survey has been developed on the SurveyMonkey platform in order to assess the effectiveness of technical support work.

A Customer Relationship Management system for listening to customers has been set up in **India**; a satisfaction questionnaire is also sent out at three separate moments of the project, from development to start-up of the machine.

Customer satisfaction is also of primary importance for the companies in **North America**. The Customer Care Managers are responsible for directing the requests of end consumers to the appropriate central department.

Lastly, specific listening channels also exist in the UK and China.

Handling complaints

The systems for receiving and resolving complaints are carefully designed and managed.

In one company in **North America**, for example, 100% of the complaints received (50) were identified and resolved during 2016.

As another example, one company in **Germany** dealt with 92% of the complaints received in 2016 (24).

In **Russia**, for example, 17 complaints were received in 2016, of which 15 were resolved by the end of the year.

In the **UK**, the after-sales department is responsible for addressing complaints and organizes monthly meetings to review all reports.

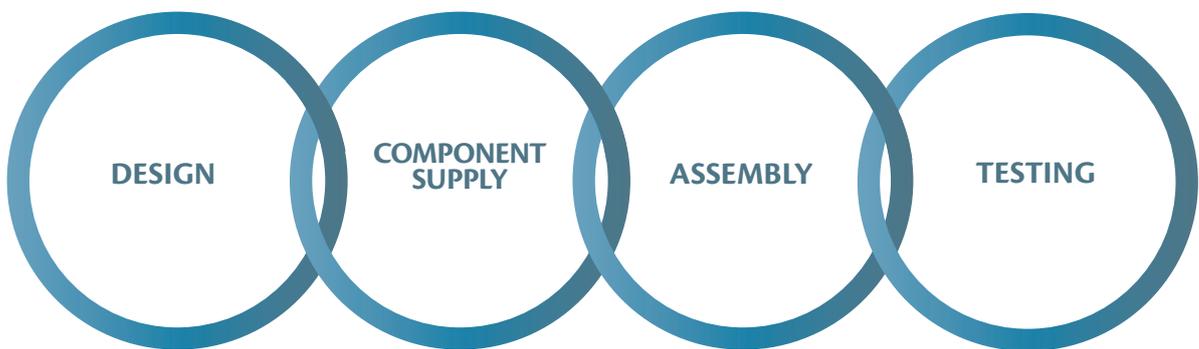


IMA's Supply Chain

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

Over the last few years, IMA has adopted a **change of strategy** in subcontracting, mainly because of a competitive environment with various aspects of discontinuity compared with the recent past: the adverse economic situation (which threatens local SMEs more than most, potentially including some strategic suppliers); the increase in competition also in "niche" sectors; the need to reduce procurement lead-times; the need to hold down the overall cost of the product so as not to lose competitiveness.

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 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**. 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: direct interventions, not only at a financial level, but also at a strategic one, 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 organisational and process quality guidelines. IMA also encourages them to create **second-level aggregations** with highly-specialised micro businesses threatened with closure, to avoid dissipating know-how that represents the real value added by the Group. Physical proximity within a cluster is still today a very significant advantage.

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

COMPANY NAME	HEAD OFFICE	DISTINCTIVE SKILLS
B.C. S.r.l.	Imola (Bologna)	Precision engineering
Bacciottini F.lli S.r.l.	Montemurlo (PO)	Sheet metal processing
Bolognesi S.r.l.	Dozza (Bologna)	Heavy carpentry work
DIGIDOC S.r.l.	Ozzano dell'Emilia (Bologna)	Document digitisation processes
GAME East	Vrsac, Serbia	Low cost mechanical engineering
I.E.M.A. S.r.l.	San Giorgio di Piano (Bologna)	SW programming (e.g. PLC and motion control); Wiring and electrical panels
LA.CO. S.r.l.	Ozzano dell'Emilia (Bologna)	Mechanical engineering and quality control
Logimatic S.r.l.	Ozzano dell'Emilia (Bologna)	Management of contracts for complex machines
Masterpiece S.r.l.	Ozzano dell'Emilia (Bologna)	High precision mechanical engineering for camshafts
Meccanica Sarti S.r.l.	Bologna	Mechanical engineering and boring
Morc2	Castel Bolognese (RA)	Transportation systems and industrial automation
Plasticenter S.r.l.	Cadriano (Bologna)	Safety guards
Powertransmission.it S.r.l.	Villanova di Castenaso (Bologna)	Transmission components
RO.SI. S.r.l.	Bentivoglio (Bologna)	Plastics
SIL.MAC. S.r.l.	Gaggio Montano (Bologna) San Pietro in Casale (Bologna)	Mechanical assembly
S.I.Me S.r.l.	Ozzano dell'Emilia (Bologna)	Supply of metal raw material
STA.MA S.r.l.	Ozzano dell'Emilia (Bologna)	Mechanical assembly
Talea S.r.l.	Castel Guelfo di Bologna (BO)	Integrated IT services
3 T S.r.l.*	Gaggio Montano (Bologna)	Precision mechanical engineering
Verniciatura Ozzanese S.r.l.	Ozzano dell'Emilia (Bologna)	Painting and surface treatment

*Subsidiaries of companies in the supply chain



Through the development of this corporate network, IMA:

- increases its direct control of suppliers that are considered strategic for their know-how and the importance of the product/service that they offer;
- favours the development of these companies by leveraging the production and financial strength of the main customers;
- facilitates the integration of very small subcontractors through affiliated companies belonging to the network, so as to ensure continuity in critical situations of generational change, thereby contributing to their survival and development.
- helps each company of the network to focus on their own core business by delegating non-core activities to other entities in the network. For example, **the central warehouse of commercial components** supplies the major companies of the network, allowing them substantial savings as the Industrial Group is able to negotiate better purchasing conditions. The fledgling company S.I.Me S.r.l. provides raw materials to the contractors who have been entrusted with supplying components according to certain design specifications, ensuring rigorous traceability of material certificates and a high level of service in the supply of materials already cut to size.

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 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.

THE SUPPLY CHAIN: THE IMA MODEL

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. Due to this model, which is perfectly consistent with the **Industry 4.0** logic, the supply chain obtains support for its investment in new machinery and productive equipment, as well as for the organisational 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 (SAP) 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.



Suppliers

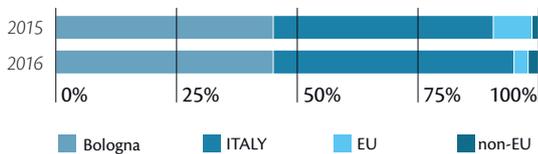
IMA works with different types of suppliers:

- 1. Manufacturers of components** for the production of machines, which in turn are divided into:
 - **Custom-designed component** suppliers, supplying components on the basis of drawings and projects prepared by the Group;
 - **Catalogue components** (“commercial”) suppliers, who provide components that are available in manufacturers’ catalogues.
- 2. Project suppliers**, for goods and services closely related to customers’ projects, such as assembly, design, third-party machinery.
- 3. Other suppliers (so-called non-manufacturing suppliers).**

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, manufacturing suppliers are selected taking into account a **critereon of “proximity”** (partner companies in product innovation, companies operating in the local production district, etc.), identifying the following areas of strategic supply:

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

PURCHASES BY GEOGRAPHICAL LOCATION



Manufacturers of components

The providers of custom-designed and catalogue components are clearly predominant in terms of number: **2,012** were available and **1,289** were used in 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 2016 by the Parent Company, without calculating the costs incurred for customs, employees, trucks and agents, the sales revenues paid to third parties amounted to **297.5 million euros** (+8.4% with respect to 2015): of this amount, 91% remained within Italy, and **40.9% within the province of Bologna**. 4.7% and 3.5% of procurement expenditure was allocated to purchases from the EU and non-EU areas, respectively. These figures demonstrate the **value created by IMA for its territory and the local production cluster**.

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 70% of cases, the relationships with suppliers of custom-designed components last for more than 7 years**.

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 497 suppliers active in 2016, 483 are Italian and 259 (52% of the total) are located in the province of Bologna**.



In order to improve collaboration with suppliers, providing a contribution to the supply chain, **IMA has adopted and developed a tool for exchanging data to help in the production cycle of components or groups of components.** 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.

IMA's philosophy is to increasingly expand the flow of information with suppliers. The adoption of non-invasive systems architectures, designed to simplify and optimise 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.

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.

70% of catalogue suppliers are manufacturers and commercial dealings with them are either direct or through their branches or representatives.

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. Based on an analysis of the volume of purchases, commercial components have the following geographical origin:

- Europe: 76.19%
- Asia: 19.66%
- Americas: 4.15%

The total value of commercial parts bought by the Group exceeds 73 million euros (2016).

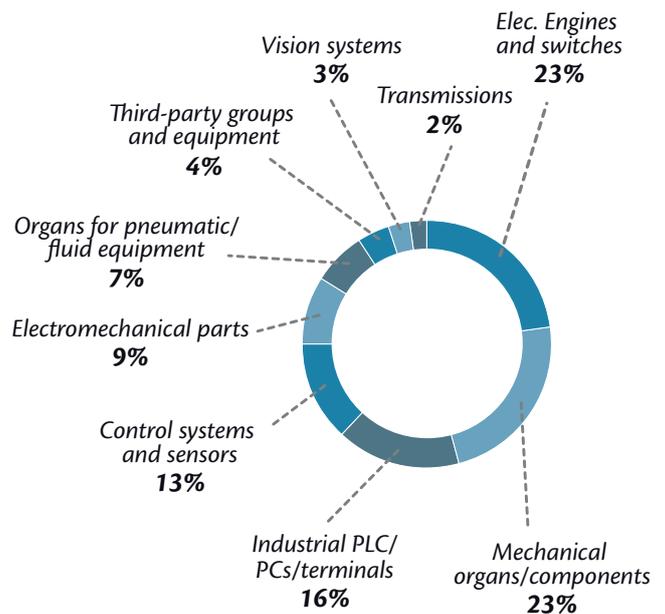
INNOVATIVE COMMERCIAL WAREHOUSE PROJECT

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

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

To cope with the rising volumes of stock, in 2014 IMA decided to make a major investment in an innovative automated warehouse: **AutoStore**. It is a system of **storage** and **picking** of individual articles and small packages that takes place by means of a control system of the on-board robots. Considering the results obtained in 2015 and 2016, as well as the results forecast for 2017, it is estimated that handling costs have been **reduced by about 10%** with respect to the pre-autostore situation.

TYPE OF PURCHASES OF CATALOGUE COMPONENTS



Supplier management system

The process of qualifying suppliers in 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).

During the course of 2013, a **new method of qualifying manufacturing suppliers** was developed, which takes greater account of the peculiarities of the different productive sectors (design and commercial components, assembly, design, etc.) in order to make the results more effective. At the end of 2016, there were 157 suppliers qualified with this method:

- 47 of assembly and wiring
- 22 of third-party machines
- 41 of design and documentation
- 47 of technical assistance

For **custom-designed component** suppliers, IMA has developed another new method of qualification with the aim of spreading the culture and level of suppliers with regard to quality issues and then transfer part of the testing of mechanical components to them. In addition to providing a level of qualification of suppliers which ensures the quality of supplied components, this method also provides for their training by IMA’s testing staff. By the end of 2016, 39 suppliers have been qualified for auto-control.

RANGE OF RATINGS

Over a range of ratings from 0 to 100, where 60 is satisfactory, the average score of core suppliers was **68** for the custom-designed components in 2016 (68 in 2015) and **78** for catalogue components (69 in 2015).



Relationship with suppliers of goods and services

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

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

The number of non-production-related suppliers is 1,880. In 2016, 70% of non-manufacturing purchases were from a **pool of 750 suppliers**. Together, all of these suppliers received **129 million euros** from the IMA Group in 2016.

There is a constant exchange of information between IMA and these suppliers, establishing a dialogue that builds win-win commercial relations. Day-to-day difficulties are discussed and resolved, limiting the negative impacts for both; indeed, trying to create long-standing partnership relations to our mutual satisfaction. In fact, the termination of relationships is rare.

In 2016 The Group started several projects to standardize and merge the needs/requirements of the various Group companies, with the aim of increasing the critical mass of the IMA Group toward suppliers, making the purchasing process more efficient.

IMA has also involved its subsidiaries in a **Purchasing Group** by mapping the indirect costs of all these companies. Shared suppliers have been combined for the main cost items (canteen, electricity and gas). The increase in the critical mass of purchases, together with the request to extend IMA's conditions to subsidiaries, has fostered significant savings for companies in the Purchasing Group. This project has also been proposed for other categories (tools, PPE suppliers, stationery).

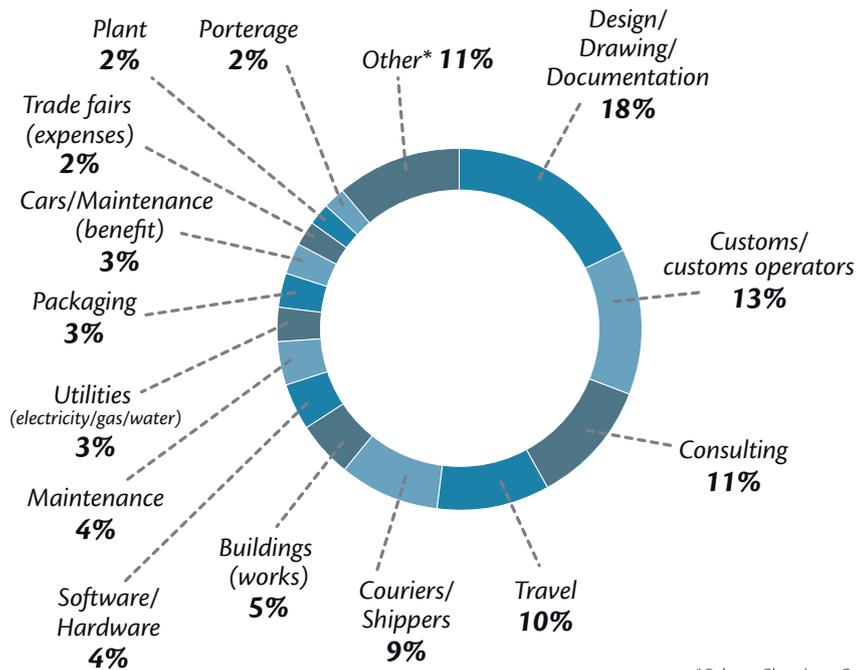
It is important to point out that, beyond the economic results that have already been achieved, this initiative has enhanced **synergy between the various realities**, conveying the notion that thinking and acting as a group can lead to exponential improvements compared with individual action.

The following graph shows the main categories of non-manufacturing goods purchased by the IMA Group in 2016, worth a total of more than one million euros.



MAIN NON-MANUFACTURING PURCHASES DURING 2016

(The graph refers to items > 1 mn € and covers about 90% of total non-manufacturing purchases during 2016)



*Other: Cleaning, Canteen, Tool Supply, Patents, Security (Plants), Credit Cards/Banks, Staff Training, Telephones.

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

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

Non-manufacturing suppliers and their staff belong 90% to the area surrounding IMA's head office (about 50 km). To build long-term relationships with local suppliers is a historic choice that IMA seeks to preserve over time, with the aim of boosting local entrepreneurship and the benefits that result from that. IMA broad coverage clearly provides an opportunity to deal with even larger entities in other geographical areas; however, the intent is to understand the areas for improvement and discuss them with suppliers, to stimulate development and growth.



More than



of IMA Group personnel is hired on a permanent basis



More than **57%**

of employees have worked for IMA for at least 10 years (Italy)

Various measures taken to help to improve employees' **worklife balance**



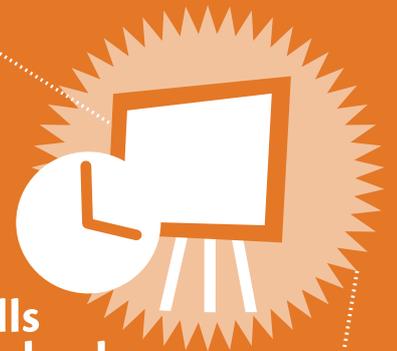
The average **workforce** used around the world has exceeded **5,000 people** (+12% compared with 2015)



IMA's **social commitment**



paid in 2016 for donations and contributions



70,185 hours of **skills** training **involved** **96% of employees** (Italy)

20,056 hours of **safety** training (Italy)

OHSAS 18001 certification of the Health and Safety System: extended to two other Italian companies

IMA ACADEMY: the Group's new training ecosystem



Social Sustainability



People

Composition and characteristics

The people who work for IMA are the Group's most strategic and by far 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 - in a nutshell, a true representation of 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 Human Resources 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 wellbeing 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 that they have acquired;
- appreciating differences and different abilities.

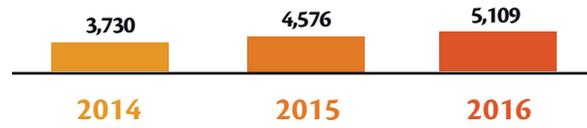
The willingness to emphasize the importance of the individual is a goal that the Company pursues from the moment that a person first joins IMA. In fact:

- 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 new employees orient themselves and absorb IMA's corporate values.

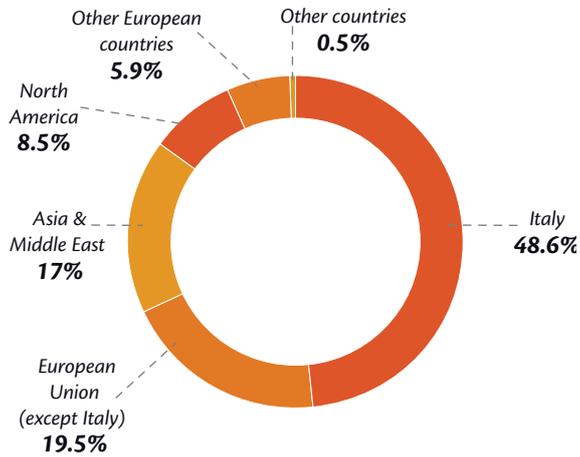


TOTAL WORKFORCE IN THE WORLD (at 31 December 2016)

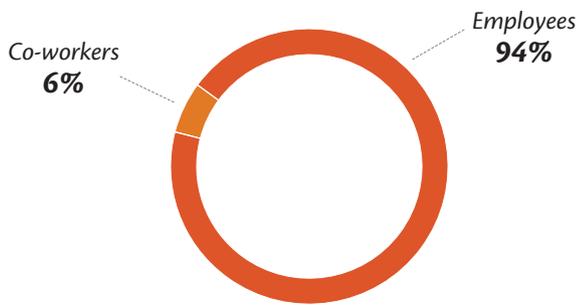
The IMA Group employed an average of 5,109 people during 2016. At 31/12/2016, the Group had a total of 5,246 employees.



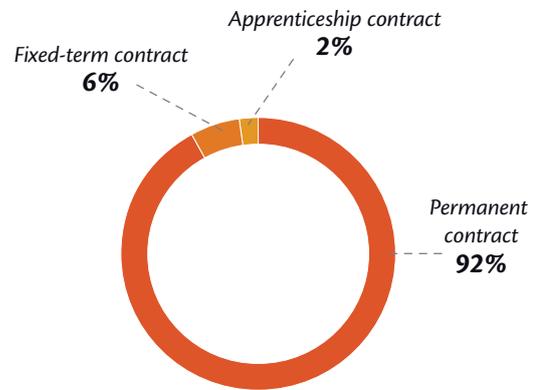
WORKFORCE IN THE WORLD BY GEOGRAPHICAL AREA



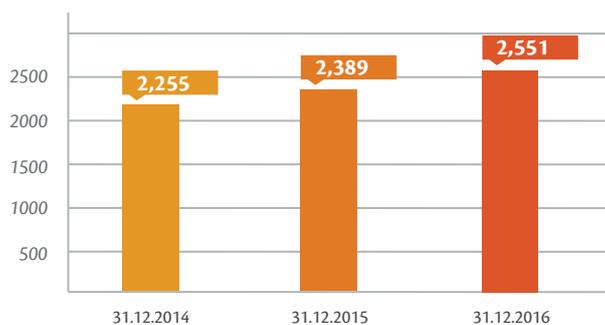
PERSONNEL BY TYPE OF RELATIONSHIP



CONTRACT CATEGORY



TOTAL WORKFORCE IN ITALY (at 31 December 2016)



EMPLOYEES 2016	Men			Women			TOTAL
	Full time	Part time	Tot.	Full time	Part time	Tot.	
Permanent contract	1,960	13	1,973	326	113	439	2,412
Fixed-term contract	37	0	37	30	3	33	70
Apprenticeship contract	60	0	60	9	0	9	69
Total employees	2,057	13	2,070	365	116	481	2,551

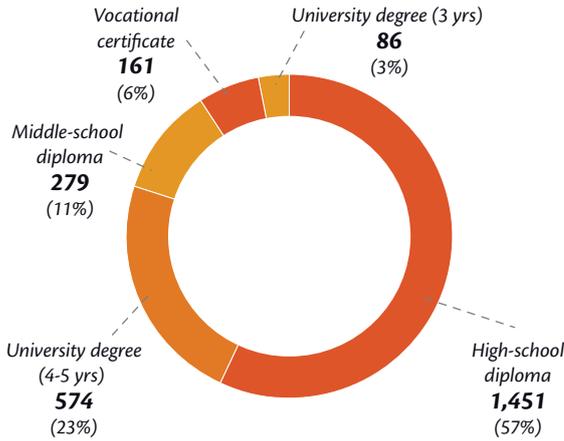
CO-WORKERS 2016	Men			Women			TOTAL
	Full time	Part time	Tot.	Full time	Part time	Tot.	
Temping contracts	9	0	9	2	0	2	11
Project contracts	3	0	3	0	0	0	3
Internships and similar relationships with the company	202	0	202	28	0	28	230
Total co-workers	214	0	214	30	0	30	244

Most of the Group's employees in Italy **come from the Emilia-Romagna region**: in fact, 60% were born in the Province of Bologna and 12% elsewhere in the

Emilia-Romagna region (24% in other parts of Italy and 4% in the rest of the world). Furthermore, 74.5% live in the Municipality and Province of Bologna.



QUALIFICATIONS OF EMPLOYEES IN ITALY



94.6% of the staff is hired on a permanent basis (in line with 2015: 94.9%), which is in line with the Company's policy of creating stable, long-term employment for its workers. The use of atypical forms of collaboration has been very limited, also in 2016, for all of the Italian companies (11 temps and 3 people hired on a project basis).

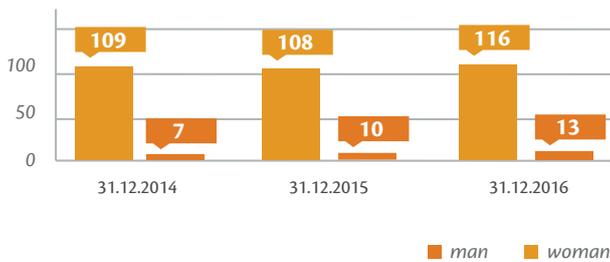
The stability of the employment relationship can also be seen in a **high average period of service: 1,459 people have worked for IMA for more than 10 years** (and of these, over 627 for more than 20 years).

In 2016, **40 temporary contracts and 38 apprenticeship contracts were converted into permanent contracts**. This figure is extremely significant and is the result of the importance given to staff selection, the ability of in-house tutors to involve the latest generation into IMA's work logic and its procedures for checking on training programs for new hires.

In Italy, 5.1% of personnel work part time. Of these 129 workers, 97 are aged between 30 and 50 and 116 are women. The worldwide figures are in line with the Italian ones: 5% of workers have a part-time contract.

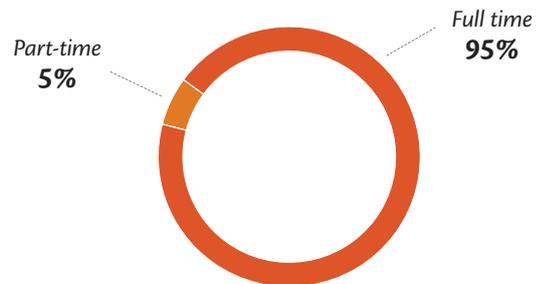
NUMBER OF PART-TIME EMPLOYEES IN ITALY

(figures updated to 31 December 2016)

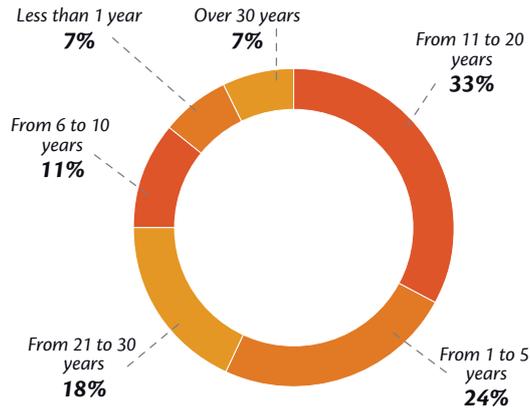


NUMBER OF PART-TIME EMPLOYEES IN THE WORLD

(figures updated to 31 December 2016)



PERIOD OF SERVICE IN ITALY
(figures updated to 31 December 2016)



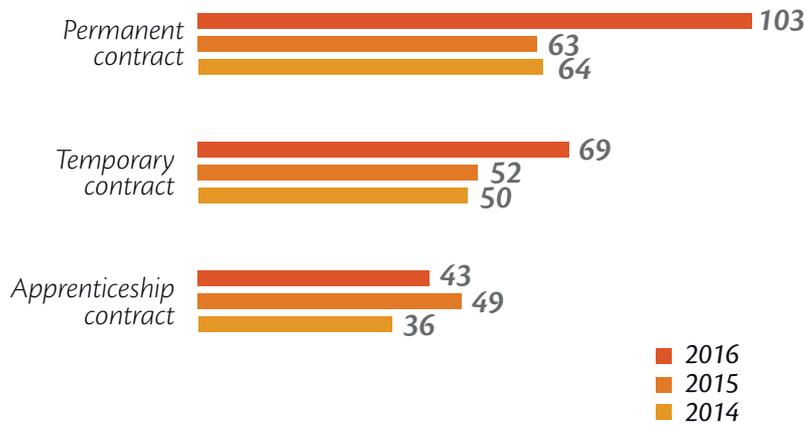
For **new hires**, the IMA Group mostly makes use of permanent contracts.

Of the **215 people recruited during the year in Italy** (i.e. excluding 6 intercompany transfers), about 47.9% have been hired under permanent contracts, 20% under apprenticeship contracts and 32.1% under temporary contracts. New hires have an average age of 33, a high level of education (49.8% with a university degree and 41.9% with a high-school diploma) and 23.7% of them are women.

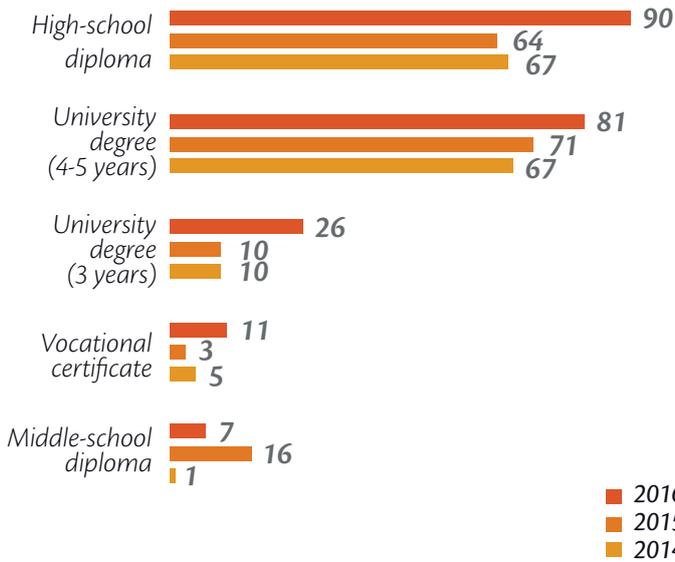
The **high level of education** of all employees in Italy (82.8% have a university degree or high-school diploma) is the result of the personnel search and selection process, mainly oriented towards school leavers and graduates to be recruited for the production units.

New hires 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.

NEW HIRES BY TYPE OF CONTRACT IN ITALY



NEW HIRES BY QUALIFICATION IN ITALY



Negative turnover (calculated as the number of leavers during the period compared with the headcount at the beginning of the period multiplied by 100) **is equal to 4.1%.** **Net turnover has a positive balance:** during the period under review, 215 new employees (of which 164 men and 51 women) joined the Company, compared with 164 in 2015,

whereas only 100 left (net of intercompany transfers). This result is given by the difference between all new hires to handle the increase in business and the amount of retirements (37 people), voluntary resignations (54) and fixed-term contracts expired (9).

EMPLOYEES TURNOVER

	2014 Hiring rate	2015 Hiring rate	2016 Hiring rate	Staff turnover 2014	Staff turnover 2015	Staff turnover 2016
MEN	5.48%	5.62%	6.73%	1.44%	2.85%	3.12%
WOMEN	1.49%	1.58%	2.09%	0.56%	0.66%	0.99%
Total	6.97%	7.20%	8.82%	2.00%	3.51%	4.11%

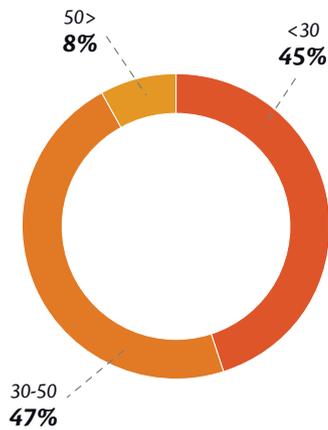


	2014 New hires	2015 New hires	2016 New hires	2014 Leavers	2015 Leavers	2016 Leavers
Workplace						
Bologna and Province of Bologna	136	127	180	36	71	78
Rest of Italy	14	37	35	7	9	22
Age						
< 30 years	77	79	97	9	9	16
From 30 to 50 years	68	73	107	19	18	40
> 50 years	5	12	11	15	53	44

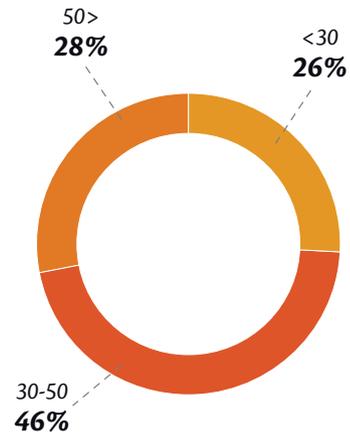
In agreement with local high schools and universities, several apprenticeships and internships were held in 2016, as in previous years, involving a total of 230 young people.

At a **global level**, IMA generally hires personnel aged between 30 and 50 (47% of all recruitment). Similarly, most of the leavers are also aged between 30 and 50 (46% of all leavers).

NEW HIRES AT A GLOBAL LEVEL (2016)



LEAVERS AT A GLOBAL LEVEL (2016)



Contractual matters and industrial relations

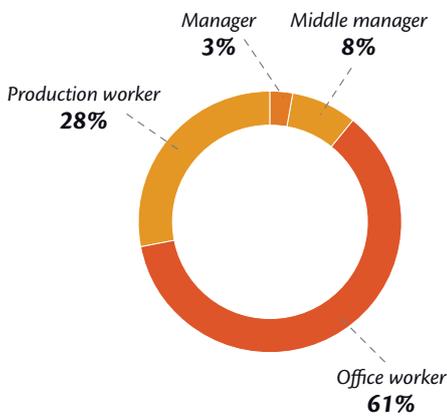
In the **organizational structure** of the Group in Italy, 17.6% of employees are employed in the Commercial Area, including pre-sales and after-sales activities; 26.5% in R&D; 13.3% in the staff functions (Administration, Information Systems, Purchasing, Quality, Human Resources, Corporate Communications, Fairs, etc.); 42.6% in Manufacturing/Logistics.

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

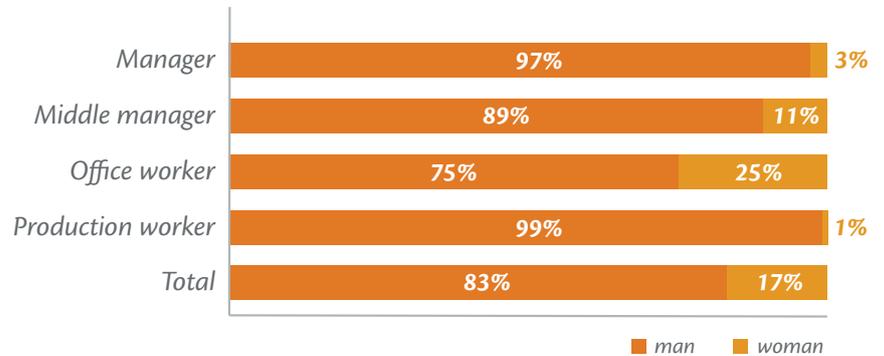
EMPLOYEES BY QUALIFICATION

	2014		2015		2016	
	Women	Men	Women	Men	Women	Men
Manager	2	71	2	63	2	66
Middle manager	19	100	22	102	21	116
Office worker	397	1,208	420	1,260	449	1,353
Production worker	4	478	4	516	9	535
Grand total	422	1,857	448	1,941	481	2,070

EMPLOYEES BY QUALIFICATION IN THE WORLD (2016)



EMPLOYEES BY QUALIFICATION AND GENDER IN THE WORLD (2016)



In Italy, the breakdown of employees between the various **contractual levels** shows a **concentration at levels 5 and 6** (71.5% of the total); this reflects the high level of specialization that characterizes the Group's employees. Globally, most IMA employees fall into the category of "office workers" (61% of the total).

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 Payroll Contract for Engineering Workers, without distinction between full-time, part-time and/or fixed-term employees; for example:

- an annual performance bonus which provides for the consolidation of a part of the average amounts paid during the period of the contract;
- travel expenses for administrative/commercial personnel and special conditions for travelling fitters and assemblers;
- health and accident insurance;
- flexible entry hours;
- paid and unpaid leave of absence under specific circumstances such as taking care of family members, medical examinations and therapeutic treatments;
- extension of the conditions for granting advances on severance pay;
- canteen;
- psychological support by a professional and by employees qualified for the role of Corporate Representatives.

At IMA, Human Resources are managed in an integrated and consistent manner at the various Italian companies:

however, it should be noted that the companies in the IMA Group have a number of differences regarding the economic and non-economic contractual conditions offered to their employees, as they joined the Group at different times (some very recently), bringing different styles of industrial relations and in-house labour contracts.

In terms of industrial relations, there is very little unrest, and what little there is, generally, is a reflection of nation-wide 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).

The dialogue between the company and the workers' representatives consists of general meetings to discuss the performance of the Group or to cover specific topics and regular discussion about:

- issues related to workers' health and safety;
- training plans designed to fill knowledge gaps identified by the analysis of skills;
- training proposals by the Workers' Representatives;
- enhancement of additional skills.

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

This attention dedicated to personnel by the Group is confirmed in practical terms by the **low turnover** and absenteeism at physiological levels. 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: 75% of IMA's managers at 31 December 2016 were born in Emilia Romagna. 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.



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. For example, any administrative complaints are usually brought by employees directly to the personnel office or to the Head of HR, who gives feedback and makes any adjustment in the first available pay packet. Any disputes are referred, either directly or with the support of the Workers' Representatives, to the HR Department, which handles them directly through personal interviews. Disputes of greater importance may come directly through external lawyers; in this case, the Company also makes use of law firms specialising in labour law.

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.

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.

SELECTION OF LOCAL PERSONNEL IN THE WORLD

The numerous Group companies around the world adopt procedures that facilitate the selection of personnel from their local community.

In **North America**, for example, 80% of the senior managers come from the local community.

In **China**, the Human Resources department searches for the required talents through the Internet and within the company: in one of the Chinese companies, about 50% of senior management comes from the local community.

In **India**, the selection of personnel is directed exclusively to the local community with a view to creating and distributing value within the same area.

Lastly, in **Germany**, once the budget for hiring a new resource has been approved, the personnel selection process looks both internally and externally.



Health and safety

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

In 2016, the Parent Company IMA S.p.A. confirmed the certification of its Safety at Work Management System according to the most prestigious international standard: the British Standard **BS OHSAS 18001**, through a specific audit carried out by a specialized company.

In 2016, other IMA Group companies achieved the same result for the first time (Corazza S.p.A. and Gima TT S.p.A.), or are currently close to obtaining certification (Gima S.p.A.).

Workers participation at all levels is constantly high, 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 RLS collect input from the workers and, in addition to their representative **role, 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.

Special meetings are also organized periodically and attended not only by the workers' representatives, but also by the company doctors, heads/employees of the Prevention and Protection Unit, employers and managers.

In order to continuously improve skills and performance in terms of safety, IMA takes part in **meetings of the Heads of Prevention and Protection of Bologna and Imola**: this is a working group made up of the Heads of the Prevention and Protection Units of the leading manufacturers in the area, with the purpose of sharing management methods (analysis and resolution) regarding issues of common interest in the field of safety at work.

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 **total number of hours of training** provided within Group companies in the field of **safety at work** in 2016 came to **20,056** (compared with about 12,015 in 2015). Thanks to this commitment and continued investment in factories, plant and equipment, the trend in accidents within the IMA Group has been declining steadily over the last 10 years and is inversely proportional to the increase in the number of employees and, hence, in the number of hours worked.

There were **17 accidents in the workplace in 2016 (except while commuting)** - 10 at IMA S.p.A. and 7 at other Group companies in Italy - compared with 28 in 2015 (18+10) out of a total of 4,160,241 hours worked (+7% on a total of 3,883,976 worked in 2015, 3% more than in 2014, which in turn was +10% more than 2013). Aside from noting that the accident record was better in 2016 than in 2015, it is also important to note that the majority of injuries were slight. Please note that working days lost are calculated from the day the event occurs.

With regard to the Group's production companies outside Italy, in 2016 a frequency index of 11.2 and a severity index of 0.2 were recorded.



ACCIDENTS AT WORK

Italy 2016				
Hours worked	Days off due to accidents*	Number of accidents	Frequency index	Severity index
4,160,241	368	17	6.49	0.088

*except while commuting

Confirming the established trend and remembering that the total number of accidents is low, the majority of accidents are crush injuries and cuts to the upper limbs, which are typical risks faced by operators who test automated machines or carry out related mechanical processing. For this reason, most of the training planned and delivered by IMA is dedicated to these workers.

There were no cases of professional diseases in 2016, within the context considered. During the year, 4 slight injuries were suffered by the workers of sub-contract firms operating within the working environments of the IMA Group.

Also in 2016, the increasing sensitivity of the IMA Group staff was confirmed in reporting **near accidents and potential hazards**, with a number of **36 events reported** among all Group companies, again higher than the 2015 figure (33 events reported) and in any case significantly higher than in 2014 (14). Potential accidents/dangers get investigated in the same way as accidents, also with a view to identifying appropriate improvements together with the various bodies involved.

As regards work-related diseases, there are no categories of workers particularly exposed to specific risks on the basis of differences in gender, age or ethnicity. However, IMA has undertaken an initiative for the benefit of those **employees who travel for work** all over the world, also in geographical areas where certain types of infectious diseases may still be endemic. 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. By the end of 2016, about 45% of the technicians working away in this field had been tested for allergies.

Lastly, all employees of IMA S.p.A. are automatically covered by the company's **insurance policy**, which under a specific IMA plan, guarantees coverage to all employees in the event of serious illnesses. The plan allows employees to pay an extra premium to extend this coverage to close members of the family. The insurance policy is also present in all of the Group's major production companies in Italy (with policies that sometimes differ from company to company); the only ones not currently included are GS Coating Technologies S.r.l., Digidoc S.r.l., ILAPAK Italia S.p.A. and Teknoweb S.r.l.

The most important measures taken in 2016 to improve the working environment include:

- installation at Corazza S.p.A. and GS Coating Technologies S.r.l. of **automated PPE** (personal protective equipment) **distributors** in the production environment;
- purchase of **equipment for lifting mechanical components from above** for the Life and BFB Divisions of IMA S.p.A.;
- purchase of man-aboard **forklift** with a capacity of 8 tonnes by Corazza S.p.A.
- 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 2016, anti-seismic consolidation work continued on the buildings (including the new local units) as protection against any earthquakes that may occur in the future.



Personnel training and development

Like all large companies having to cope with the challenges of a competitive market, **IMA considers continuous training as a strategic resource**. As a consequence IMA's investment in this area is not limited to the starter training given to new hires, but is maintained over time, with the aim of encouraging professional growth and individual motivation. Complex and constantly evolving realities such as IMA, need employees with resourcefulness and initiative, ready for continuous challenge, moved by the desire to learn and improve.

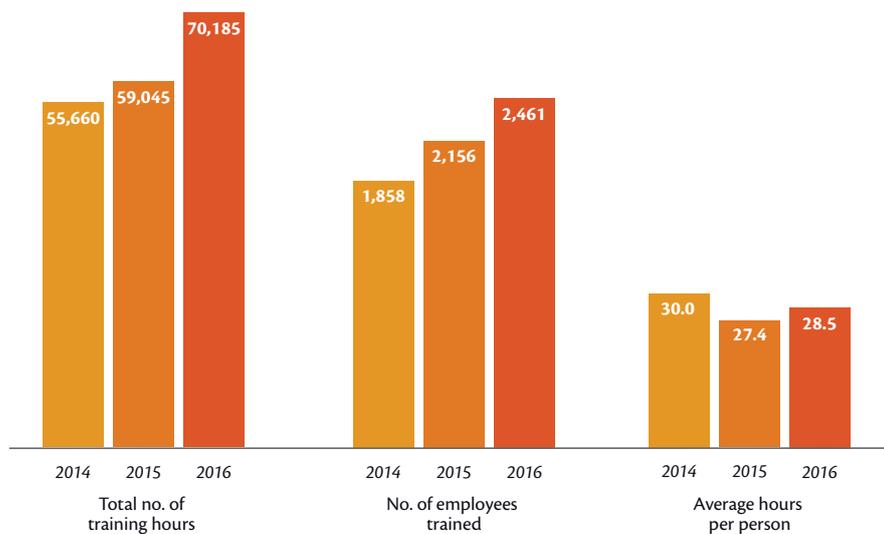
From this point of view, IMA is also a point of reference for the district system to which it belongs, working hard to adapt its organisational and management models to the "knowledge economy". Professional careers, which are increasingly discontinuous and multidisciplinary and require "generalist" skills that accompany the high standard

of professionalism required to work in an international and highly technological contest.

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

Training activities (for a total of **70,185 hours**), geared towards improving the expertise of the Group's technical, administrative and commercial personnel, involved **2,461 employees, 96% of the total** (2,156 in 2015). Specialist training, updating professional skills, work safety, management skills development and foreign languages and matters mentioned in Legislative Decree 231/2001 continue to be the main topics.

TRAINING IN ITALY



AVERAGE TRAINING HOURS PER PERSON BY CATEGORY AND GENDER

	WOMEN			MEN			TOTAL		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
MANAGERS									
number	2	2	2	55	55	53	57	57	55
average hours per person	77.0	70.5	55.5	17.5	31.8	24.8	19.6	33.1	25.9
MIDDLE MANAGERS									
number	20	22	21	90	100	112	110	122	133
average hours per person	45.2	36.0	27.5	24.7	27.0	31.1	28.4	28.6	30.5
OFFICE WORKERS									
number	347	391	444	981	1,201	1,341	1,328	1,592	1,785
average hours per person	44.0	28.4	21.3	30.1	26.1	31.9	33.7	26.7	29.3
PRODUCTION WORKERS									
number	2	1	2	361	384	486	363	385	488
average hours per person	39.5	21.0	12.5	18.2	29.1	25.5	18.3	29.1	25.4
TOTAL									
number	371	416	469	1,487	1,740	1,992	1,858	2,156	2,461
average hours per person	44.2	29.0	21.7	26.4	27.0	30.1	30.0	27.4	28.5

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 **India**, the most important training initiatives relate to good practices for automated manufacturing and the ISO 9000:2015 quality certification.

In **Germany**, some of the many training activities focused on the topic of leadership, corporate culture and training in technical, product and sales force skills.

In **China**, training has concentrated on leadership and the Standard Operating Practices (SOP).

In the **UK**, employees were involved in team building and introduction to SAP activities.

Lastly, in **North America**, training focused on the technical area, good practices for production and sales, training in the use of SAP and new software.



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 currently in progress, initiated in 2010 in response to the need to transfer general skills into **IMA skills**, combining knowing how with skills awareness. 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 are 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 in accordance 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 six main topics: Safety & Security, Quality & Compliance, Information and Communications Technology, Languages, Technique (Production, Engineering, Sales), Soft 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:
 - **I'MA 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, consistently with their level of seniority;
 - **I'MA 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 each and every worker's peculiarities as an individual, in order to ensure physical and mental integrity. Discrimination based on political or union allegiance, religion, race, nationality, age, sex, sexual orientation, health status 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. The personnel breakdown by gender has remained essentially the same as in 2015 (women are 18.9% of the entire workforce). There is a higher presence of female staff in white-collar positions, staff services and in the commercial area.

In terms of remuneration, the provisions laid down in national contracts and current legislation in force in the countries where the company operates are applied. In terms of contractual status, 47.4% of the women are at a medium to high level (6th or higher).

The current Board of Directors is made up of 13 members, including 3 women.

IMA gives part-time work to employees who make a reasoned request, within the limits set by collective agreements: in 2016, out of 129 part-time contracts, 89.9% had been requested by women. In total, 116 women are in part-time work, this being 24.1% of the total number of women working for IMA at 31 December 2016.



WOMEN BY QUALIFICATION

% of women by qualification	2014	2015	2016
Manager	2.7%	3.1%	2.9%
Middle manager	16.0%	17.7%	15.3%
Office worker	24.7%	25.0%	24.9%
Production worker	0.8%	0.8%	1.7%
Grand total	18.5%	18.8%	18.9%

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

The following table summarizes the membership of the Boards of Directors and Boards of Statutory Auditors of the various Italian companies.

COMPARISON OF AVERAGE GROSS ANNUAL REMUNERATION (GAR): BY GENDER

The pay gap between women and men is analysed below, comparing the average GAR by grade and gender of the persons employed by the Italian companies. The remuneration of female staff is represented by the value of 100; that of male staff with a proportional value with respect to that base.

At 31 December 2016

Professional category	average GAR of women	average GAR of men
Manager	100	111.10
Middle manager	100	115.82
Office worker	100	114.73
Production worker and apprentice	100	130.56

BOARD AND AUDITORS

2016	Board of Directors	Acting Auditors
Man	65	19
Woman	4	5
<hr/>		
< 30 years	0	0
30-50 years	9	6
> 50 years	60	18



Corporate welfare

Working **part-time** is one of the measures introduced to help improve employees' work-life balance. IMA's in-house labour agreements permit a higher percentage of part-time contracts than is envisaged in the national collective labour contract. Also, a procedure for easier access to part-time work in the event of serious family reasons has been planned.

During 2016, all applications for part-time work were again accepted by the Company (89.9% of those who work part-time are women). The supplementary agreement also provides for various favourable conditions related to parental leave for maternity or to take care of the family.

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

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

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

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

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

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

In addition, all of IMA's employees, as required by Italian law, can take advantage of periods of absence or leave depending on their needs (e.g. care of family members). Out of 89 parental leaves for maternity/paternity requested and granted in 2016, all of them returned to work at the end of their leave and are still on the books at 31 December 2016.



CORPORATE WELFARE

	2014			2015			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
No. of times parental maternity/paternity leave	44	33	77	45	38	83	47	42	89
Leave for the birth of a child		42	42		55	55		76	76
Paid leave of 3-4 days	22	95	117	36	127	163	35	107	142
Unpaid leave for family care (16 hours)	18	15	33	23	13	36	11	15	26
Paid leave for family care (4 hours)	55	113	168	80	117	197	70	140	210
Leave as per Law 104	27	84	111	37	88	125	35	87	122

IMA'S EMPLOYEE BENEFITS IN THE WORLD

In line with Corporate policies, IMA also provide several benefits for its employees worldwide.

In **India**, there is a shuttle service from the train station to the factory; loans are offered to support the education of employees' children; fruit and other products grown on company land are sold at reasonable prices; lastly, career planning days are organised for employees' children.

Also in **China**, a shuttle service has been activated; furthermore, additional pay is guaranteed for festivities, ticket restaurant, and an annual health check-up.

In **North America**, the principal benefits offered to employees incentivize their sporting activities. In particular, employees can reclaim the cost of gym membership if they agree to go twice every week for at least one year.

In **Germany**, importance has been given to initiatives promoting sports such as table tennis and running among employees of the company.



Involvement in the community

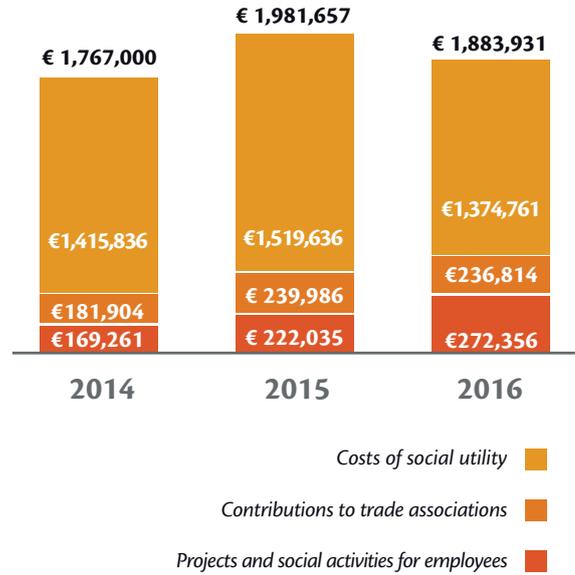
Thanks to a management team that is sensitive to the problems of **society** and the development of **culture**, IMA has always contributed to various charity, cultural and social initiatives.

During 2016, IMA supported numerous **social, cultural and sports activities**, making grants and donations for a total of **1,883,931 euros** (-4.9% on 2015). 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 also supports important **local sports entities**, such as the **Bologna Football Club** and devotes its attention to minor sports activities and organisations in the area.

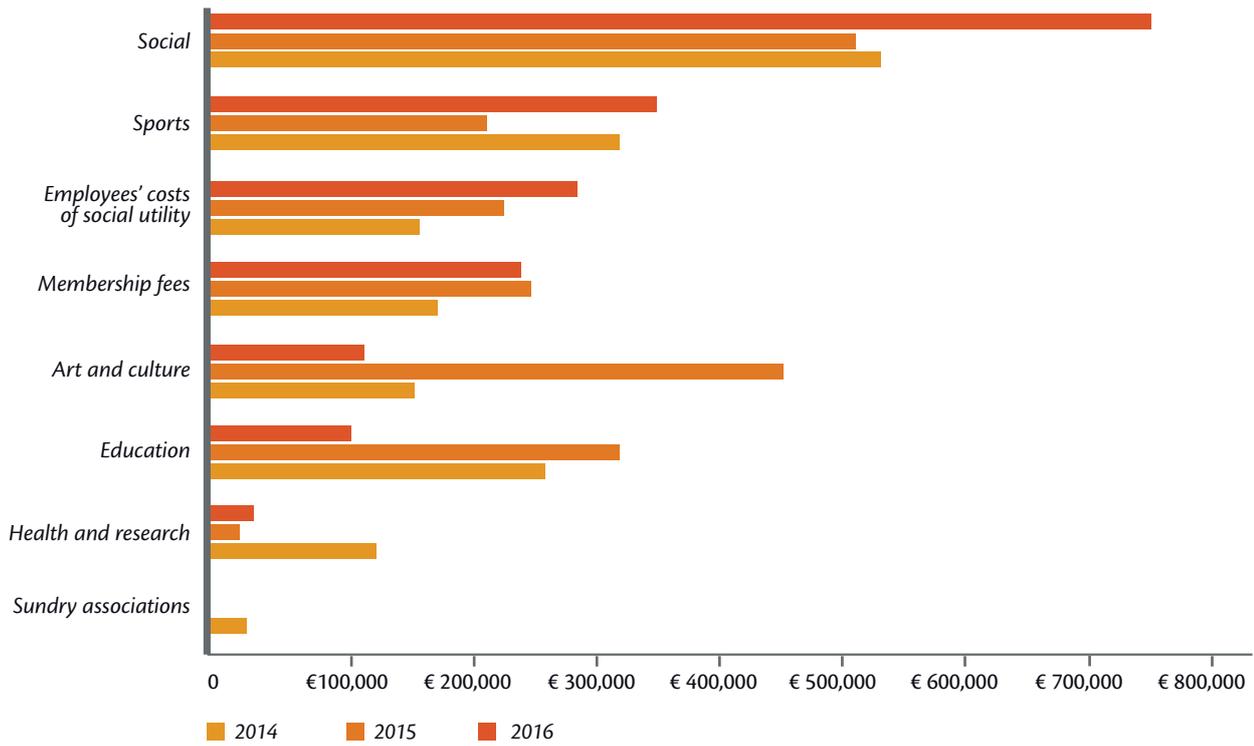
IMA'S SOCIAL COMMITMENT



Note: unlike the calculation of Value Added in the chapter entitled "Direct economic value generated and distributed" in the "Economic Sustainability" section under "Community", the graph relates only to IMA S.p.A. and also takes into consideration the projects and social activities for employees.



CONTRIBUTIONS TO THE COMMUNITY AND THE TERRITORY



Note: in 2015 and 2016, the "sundry associations" category shows a zero balance because all of the organisations being financed fall into other categories.



Local community projects

Emergency – “Progetto Bologna”

In 2016, IMA supported for the second year the Emergency’s “Progetto Bologna” **Info-Point, a mobile social and health guidance unit** in the Bologna area. This project, started in 2015, is aimed at the more vulnerable sectors of the population: migrants with or without residence permits, homeless or needy persons. The mobile unit of “Progetto Bologna” carries a cultural mediator (i.e. a translator) and a nurse, and through the analysis of the health and legal status of persons requesting the service, it directs and accompanies the user through the procedure to access the right type of healthcare.

www.emergency.it

Antoniano Onlus – “Progetto Famiglie”

At Christmas 2016 IMA became a partner of the Progetto Famiglie of Antoniano Onlus with a donation towards the creation of **47 welcome and support paths**, accounting for one third of the project’s overall objective. This project was started in 2016 in response to new forms of poverty in the Bologna area, implementing long-term action to support the economic autonomy of families in need.

The following services have been strengthened in 2017: an evening canteen for families open every Monday; training workshops and job placement internships; micro-loans to cover small daily expenditures.

IMA’s contribution will help Antoniano Onlus to ensure for a year:

- welcome for 20 persons (access to the evening canteen and the advice center);
- training for 23 persons (participation in lab work and micro-lending);
- work for 4 persons (activation of apprenticeships in the company).

www.onlus.antoniano.it

DIGIDOC: A START-UP FOR DIGITIZATION

Founded in 2015 and 80% indirectly owned by IMA, DIGIDOC S.r.l. mainly provides document scanning services (invoices, shipping documents and other types of business documentation).

The start-up (according to Law 68/99) was initiated with the collaboration of Virtual Coop, a non-profit 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 (Italy), and is supported by 2 LIS interpreters.

As for IMA’s commitment in the field of **“Health and Research”**, the **contributions to entities, associations and non-profit organisations working in science or healthcare** have been put in this category.



Bimbo Tu - Research Project

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 has contributed 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 Cancer 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

Nuovi Orizzonti Community

The **Nuovi Orizzonti** Community aims to intervene in various spheres of social problems, creating **solidarity actions in support of those who live in situations of serious difficulty**. It carries on its activities especially in all situations of social exclusion, with particular attention to young people. It also promotes the values of sharing, spirituality and cooperation.

Nuovi Orizzonti is present at local level in the form of reception, training and orientation centres, residential care and social reintegration centres, listening and prevention centres.

www.nuoviorizzonti.org

FID (Fare Impresa in Dozza/Doing Business in Bologna's Dozza Prison) – A process of social inclusion

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 GD, IMA and Marchesini Group.

Detainees start production work after receiving suitable technical training, which is financed by the Emilia-Romagna Region and managed by Fondazione Aldini Valeriani. The training path **"Business in prison: developing the skills of operators of mechanical systems – 4th edition"** commenced in May 2015 and was completed in July 2016. Training activities involved **12 inmates** for a total of 376 hours. A final exam awarded two skills units for the qualification of mechanical systems operator.

Next, the FID project group will present a new training project to the Emilia-Romagna Region with a view to obtaining additional funding and starting work, if the application is successful, in January/February 2018.

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.



IMA'S COMMITMENT TO COMMUNITIES IN THE WORLD

The IMA Group companies around the world also promote **relations with their local communities**, either by organising activities that involve them or by supporting various initiatives.

In **India**, in 2016 around 40,000 US dollars were donated to various non-profit organisations involved in the promotion of children and health. In particular, the initiatives financed included education for children with learning difficulties, the management of orphanages and support for various hospitals. In addition, support was given to the Prime Minister's National Relief Fund and vehicles were purchased to transport cancer patients to the Tata Memorial Cancer Hospital.

The IMA Group companies in **North America** contributed to the development of their local communities by making donations totaling 6,500 USD. Efforts in 2016 concentrated on the improvement of living conditions in economic and healthcare terms. On the economic front, the Company helped poor families to purchase Christmas gifts and supported the local City Mission by donating food and clothing. With regard to healthcare, the company participated in the "Ride for Roswell", a fund-raising marathon for cancer research, and made donations to various associations for the cure of cancer and other diseases, some of which were suggested by employees.

In **Germany**, special attention was given to initiatives in support of persons with disabilities. In particular, an IMA Group company in Germany purchased kitchen towels and brooms made by blind people in the "Blind workshops". In addition, cooperation projects were developed with local schools for the recruitment of apprentices.

FID is a **complete process of social inclusion**, which continues outside the prison, offering detainees a genuine chance of rehabilitation. The experience gained in FID has turned out to be **very useful for reintegrating detainees into the workforce**. Furthermore, none of the persons who have worked at FID has gone back to jail. With regard to **culture, education and teaching**, during 2016 IMA made donations to technical institutes, foundations, training institutes, research centres and universities including, in particular, the University di Bologna.

University degree course in Industrial Product Design

The objective of the University degree course in Industrial Product Design, offered by the Department of Architecture at the University di Bologna, is to train industrial designers who know how to develop designs of practical use to companies and guide them through industrialisation and development to the production stage. The purpose of the curriculum is to enable to control culturally not only the final act of formalisation of the project, but also the complexity of the economic, cultural, relational and communication processes that influence its achievement.

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



The ancient Roman town of Claterna

Between 24 June 2016 and 30 June 2017, Palazzo di Varignana, in the province of Bologna hosted the exhibition entitled **“Claterna, pictures of a buried town”**. The exhibition was curated by the Emilia-Romagna Superintendency of Archaeology and by CRIF, with collaboration from Associazione Culturale Civitas Claterna and from IMA. The municipalities of Castel San Pietro Terme and Ozzano dell’Emilia gave their patronage to the event.

This exhibition, which followed completion of the three-year project entitled **“An ancient Roman residence seen over time: archaeological excavations in sector 11”**, addressed the history of the Roman town of Claterna, as narrated by an expert witness: a magnificent multi-colored mosaic, almost never seen by the public, from an imperial-age dwelling.

The **“Claterna revealed”** guided tours continued in 2016: on the weekends in June and July, archaeologists and volunteers guided visitors through the ancient Roman town. Special visits to the exhibition-museum and to the excavations were organized to mark special events, such as the anniversary of the local public library in Ozzano dell’Emilia (8 March 2016), **“Assaggi e passaggi”** (15 May 2016), **“Volontassociate”** (2 October 2016) and **“Festival of History”** (22 October 2016).

Moreover, during the inauguration of the gardens at Palazzo di Varignana (September 2016), children had the chance to participate in an “ancient treasure hunt”.

Lastly, the activity carried on at Claterna was presented by archaeologists during two study meetings: **“From balloons to drones: Aerial Images in Archaeology”** (Academia Belgica, Rome, 3-5 February 2016) and **“Living in the Mediterranean in the Late Roman Empire”** (Department of History, Cultures and Civilisation of the University of Bologna, 2-5 March 2016).

THE CINETECA OF BOLOGNA FOUNDATION: A NEW HUB FOR THE CONSERVATION AND RESTORATION OF OUR CINEMATIC HISTORY

After a major effort of urban renewal, a former multi-storey car park in Bologna, extending over more than 11,000 sqm, will become the nerve center of the Bologna Cineteca (Film Library).

While awaiting the confirmation of State funds from the **“Suburbs Tender”** (essential for the economic coverage of the work), Cineteca – backed by private sponsors, including IMA – has financed and essentially completed the design work for the new hub for the conservation and restoration of the cinematic heritage of the Foundation. This will be an innovative archive, equipped with the latest technology, at the forefront in terms of installations and security; its environmental impact will be reduced by resource to both geothermal and photovoltaic energy.

In addition to the collections of the Cineteca, the structure will house **“L’immagine ritrovata”**, the most famous film restoration and conservation laboratory in the world. Further, the project envisages that the structure will also be used for training activities, given the recent accreditation of the Foundation by the Emilia-Romagna Region for the provision of specialist training in the area of cinematography.

This urban regeneration work will also include renovation of the area in which the new hub will be located: the structure, an important resource for the city and the quarter, will benefit from green areas open to the public, a food court, classrooms for schools and cinemas.



International Piano Academy

The International Piano Academy of Imola (Bologna) is a non-profit organisation that operates **a worldwide-famous training school for musicians**. IMA's contribution in 2016-2017 supported the school's **educational activities** and **chamber orchestra directed by Maestro Vladimir Ashkenazy**.

www.accademiapianistica.org

Manzoni Factory

Renovation of Teatro Manzoni in Bologna has given form to Manzoni Factory, the new company that manages the theatre. The project united those who have always supported this important cultural institution and the most successful Bologna entrepreneurs on the world stage.

In June 2016, Alberto Vacchi became a member of Manzoni Factory, lending his support to the efforts of Maestro Giorgio Zagnoni and those of the other entrepreneurs and associations in the area.

The program for 2016-17 was a refined combination of languages and expressions. Classical and modern lived side by side in different artistic expressions, from dance to recitals, from literature to music, this last being the real star of the season.

Piero della Francesca: Exploring a legend

IMA offered its support for the exhibition which was held from 13 February to 26 June 2016 at the **San Domenico Museums of Forlì**.

One of the purposes of the exhibition was to investigate the rebirth of modern interest in Piero, after centuries of oblivion. The influence of his works can in fact be found in the Macchiaioli, in such European artists as Anton Ramboux and Charles Loyeux, and the protagonists of early 20th century England: Roger Fry, Duncan Grant and the Bloomsbury Group.

Christmas Evening at the EuropAuditorium Theatre

Again at Christmas 2016, the Chairman of IMA considered it appropriate that the evenings of pre-Christmas wishes should become an occasion of sharing the corporate identity and spirit.

For this reason, an evening was organized for the Group's Italian employees, which took place at Bologna's EuropAuditorium Theatre, on the evening of 12 December.

The event, entitled **"For something to happen, first you have to imagine it"**, featured actor, comedian, director and television presenter Enrico Brignano playing the leading role in a highly-enjoyable and very much appreciated performance.



International projects

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 programs 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 programs 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

As part of SAVE FOOD, on 7 October 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**". For this project, which will last for three years, IMA has allocated a total contribution of 450,000 euros, of which about 50,000 euros of ancillary costs, in order to intervene on food waste with appropriate technologies. According to FAO estimates, in fact, one 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 Organisation and to 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. As regards the project activities, visits have been made to Côte d'Ivoire, Ghana, Senegal, Tanzania and Zambia, and meetings have been held with stakeholders, who confirmed the importance of developing food packaging centers in support of small and medium-sized enterprises.

A study has been carried out to identify the main specific packaging requirements in these various countries. The following work phases were then established: a comprehensive survey of the needs in the chosen sub-Saharan countries and an inventory of necessary food packaging equipment.

In addition, two regional training programs on food packaging systems have been analysed and a workshop has been planned for 2018 with a view to drawing up an action plan to improve food packaging.



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).

Implementation of the Pact – guided by Marianne Thyssen, European Commissioner for Employment, and by Etienne Davignon, Chairman of CSR Europe – can count on leadership and support from European parliamentarians, business leaders and the representatives of major companies.

The objectives of the project are to establish, throughout Europe, **10,000 high quality School-Enterprise partnerships** by the end of 2017 and to create at least **100,000 new opportunities for employment**, training or apprenticeships. In addition, each EU country will have to devise **an action plan for both competitiveness and employability**.

The **Italian Action Plan** is coordinated by Fondazione Sodalitas and Impronta Etica, in collaboration with MIUR (Ministry of Education) and the Ministry of Labour, and counts on support from a network of promoters comprising public organisations and private companies, including IMA. The Pact will be implemented thanks to the efforts of three working parties that, during 2017, drafted the programming documents presented at the first European Enterprise-School Summit.

These three proposals cover:

- **Learning and working training:** models have been identified for education and industry to communicate with each other, structuring approaches that will lead to the development of skills and access to the world of work by young people. IMA’s proposal was to create brokerage agencies to look after the placement of students, working as a link between education and enterprise;
- **Apprenticeship and vocational training:** drawing on the opportunities introduced by the apprenticeship reforms, the emphasis is on promoting youth mobility in Europe and the learning of new vocational skills;
- **Teaching entrepreneurship:** through the spread of virtuous models for teaching entrepreneurship, the goal is to introduce entrepreneurial skills into formal and informal education. Companies such as IMA participate in this discussion, helping to develop the entrepreneurial instincts of the new generations.

www.csreurope.org/pactforyouth



Médecins Sans Frontières in South Sudan

South Sudan is devastated by civil war, with tens of thousand of victims and more than two million refugees. MSF is striving to provide healthcare support in the Doro refugee camp (in Upper Nile State in the north of the country). Since 2011, MSF has been offering basic care to the refugee population by providing first-aid obstetrics, maternal health, malnutrition, outpatient visits, vaccinations, hospitalisations and ways of fighting malaria. This work compensates for the total lack of infrastructure and basic services in the refugee camps, which have been abandoned by a fragile national health service essentially defeated by the war.

IMA supported the work of MSF with a donation at Christmas 2016. With the help of IMA's contribution, MSF has been able to:

- vaccinate more than 70,600 children for measles;
- ensure safe birth delivery for 1,200 women, saving the lives of their children;
- provide complete treatments to take care of 560 malnourished children.

To date, South Sudan represents one of the largest missions of MSF: almost 3,000 South Sudanese operators and about 300 international operators are dedicated to tackling the medical emergencies; they provide high quality healthcare, free of charge.

www.medicisenzafrontiere.it - www.msf.org

Membership of Associations and Institutions

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

Confindustria Emilia Central Area
IMA is a member and the Chairman Alberto Vacchi is President of the Association
Federmecanica
Member
UCIMA – Italian Association of Automatic Packing and Packaging Machine Manufacturers
Vice Chairman
Association of Friends of the Museum of Industrial Heritage
Vice Chairman
E.R.-AMIAT Emilia-Romagna: Advanced Mechanics and Industrial Automation Technology
Secretary General
Impronta Etica
Management Committee
Prometeia
Member
SAVE FOOD
Member
CRIT
Technical/Management Committee
Leonardo Committee
IMA is an active partner and is represented by the Chairman Alberto Vacchi

■ Institution □ The role of IMA or of its Representatives



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 in 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 shop window 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

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

E.R.-AMIAT is a non-profit organisation founded in 2011 by the main companies in Emilia-Romagna in the **field of advanced mechanics**, including IMA.. Its purpose is to **reconcile productivity and economic, social and environmental sustainability** by researching business models that companies can follow.

On 25 October 2016, in collaboration with the Friends of the Museum of Industrial Heritage, the Association organised an event entitled "**The Future of Automation: Work and Social Innovation in the Digital Revolution**". Discussion during this event highlighted that the competitiveness of an industrial system is not automatically enhanced by the the digitization process of manufacturing, but rather by proper introduction of the new technologies: the objective is to ensure that larger enterprises and their sub-contractors grow together, avoiding the risk that new models of digital business developed in the more collaborative districts might damage the competitive position of our companies. The Emilia business model, founded on integrated subcontractors, will therefore have to be transformed over the next few years, to reflect the business models required by the new digital technologies.

To develop in the district the opportunities offered by the proper use of technology, the **Competence Center ERA 4.0** project was born, shared by the ER-AMIAT firms, Confindustria Emilia and the University of Bologna (the last mentioned was already involved in a similar project, given a Ministerial tender that will finance Competence Centers), with a view to leveraging territorial skills.

The management, use and analysis of Big Data, as well as development of the ability to work with additive manufacturing, are the focus of attention of all the parties involved, including the competent Ministry and the Emilia-Romagna Region.

www.eramiat.eu



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

The Associazione Amici del Museo del Patrimonio Industriale includes around 80 of the most important organizations in the area, mainly related to the packaging and mechanics sector. Its mission is to **strengthen the corporate culture and the deep bond between productive reality and the world of education.**

Also in 2016, 23 middle school classes in Bologna and its province took part in a project entitled **“Conscious Orientation”, which aimed to introduce new generations to the technical culture and the business world.**

The event entitled **“Industrial automation in Bologna and subcontracting”** was held on 14 January 2016 at the Industrial Heritage Museum. Starting from the article on subcontracting by Andrea Cinotti and Roberto Curti, published in a special issue of **“ScuolaOfficina 2015”**, participants discussed the topic by comparing the point of view of large enterprises with that of subcontractors. Participants analysed the development of the relationship and the ability of these small firms to become suppliers of complete machines. The debate focused on the networks of firms, training and the growing need to be competitive and innovative. Spotlighting the relationships and strategies adopted over the years, participants sought to understand the problems to be tackled by subcontractors in the near future.

As every year, the Association also sponsored a discussion on patents by organizing the conference entitled **“IP disputes in Italy and before the EPO: the preparation of documents and hearings”**.

On 25 October it also collaborated with E.R.-AMIAT on the organization of the event entitled **“The future of automation: work and social innovation in the digital revolution”**.

www.amicidelmuseo.org

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
- HPCE
- ISPE (International Society for Pharmaceutical Engineering)

Asia & Middle East

- The Institute of Packaging Machinery Manufacturers of India
- Maratha Chamber of Commerce, Industries & Agriculture, Pune

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)



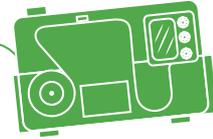


25%

of the electricity consumed in Italy comes from certified renewable resources

2,045

tonnes of CO₂ avoided through clean energy and energy efficiency initiatives in Italy



-3.8%

CO₂e emissions per m² compared with 2015 in Italy (Scope 1 + Scope 2)

ISO 14001:

IMA S.p.A.'s Environmental Management System has been certified in June 2016



593,000 €

of environmental expenditure and investment in 2016



Carbon Disclosure Project:

in 2016, IMA again took part in the disclosure of emissions, reconfirming its membership of the CDP

-0.3%

water consumption in Italy



90%

of the waste products generated by IMA in the world are **not dangerous**

Surface areas owned in Italy in 2016: **+9%**

(compared with 2015)

Environmental Sustainability



Environmental management and risk management systems

IMA is fully aware that sustainable and responsible behaviour must provide the cornerstone for all commercial, industrial and social initiatives: that is why it is committed to minimizing any impact resulting from its production cycle. IMA has a specific **area dedicated to EHS (Environmental - Health & Safety) matters**, whose objectives include the management of all environmental activities, in constant compliance with the current regulations, and the optimisation of energy consumption.

Under the principle of continuous improvement of an environmental management system, and despite already fully complying with the rules, IMA has prepared programs and initiatives aimed at **gradual reduction of environmental impacts and improvement of efficiency in the use of 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 headquarters of the company at the end of 2016. Similar certification will be obtained for the Via I Maggio site located in Ozzano dell'Emilia by the end of 2017, followed by extension to all the factories of IMA S.p.A.

IMA Group companies have an environmental impact essentially in four areas:

- atmospheric emissions
- waste production
- effluents
- energy consumption

As regards these impacts, 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, it has been confirmed 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).

Lastly, another type of environmental impact that IMA monitors is that relating to **transport** and **logistics**, estimating the direct and indirect emissions of CO₂e (a total of 4,485.4 tonnes in 2016) derived from:

- use of company cars (Scope 1 emissions);
- employee mobility to and from work (Scope 3).

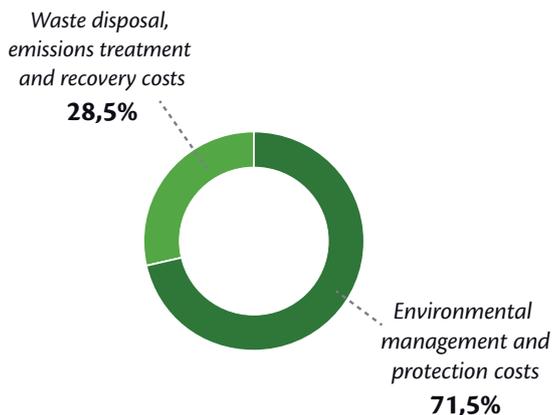
The main activities being financed include:

- 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.

IMA continued to make **significant environmental investments** in 2016 as well.



ENVIRONMENTAL EXPENDITURE AND INVESTMENT (€ 593,000 in 2016)



Methodological note: IMA's growth and consumption reduction in Italy

The scope of the data presented refers to all Italian companies of the IMA Group, which are either wholly-owned by IMA S.p.A. or controlled by it (over 50% holding): compared with the previous edition, new companies acquired or set up in 2016 (Telerobot S.p.A.) have been added, as have the new production units opened by IMA S.p.A. during the year. The number of **locations and production sites** has risen to a total of **36**.

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 main trends are shown in the following graphs: to make business performances comparable, the consumption and use of environmental resources are shown in proportion to the surface areas of offices and plants, in order to obtain "intensity" indicators.

In the 12 months to 31/12/2016, the surface area increased by approximately 8.95%, coming close to 184,746 square metres.

Company	No. of offices and plants
IMA S.p.A.	17
GIMA TT S.p.A.	2
GIMA S.p.A.	3
Corazza S.p.A.	2
Revisioni Industriali S.r.l.	1
Co.ma.di.s. S.p.A.	1
Pharmasiena Service S.r.l.	1
ILAPAK Italia S.p.A.	4
G.S. Coating Technologies S.r.l.	1
Tecnoweb S.r.l.	1
Fillshape S.r.l.	1
Telerobot S.p.A.	2
Total	36

IMA's growth trend

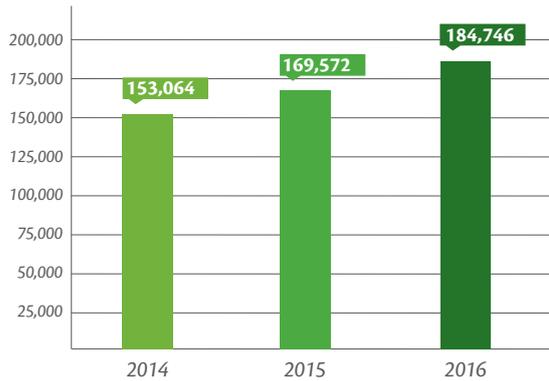
% Change

	2016-15	2015-14	2016-14
Area of Italian sites (sqm)	+9%	+11%	+21%
Sales IMA Group (mln €)	+16%	+30%	+25%
Employees in Italy (at 31/12/2016)	+7%	+6%	+13%

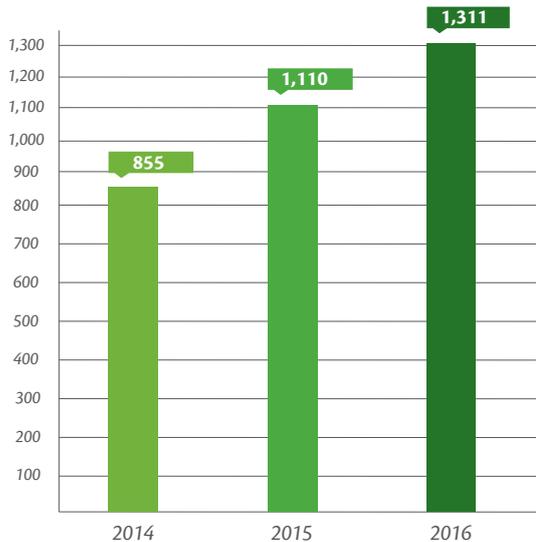


IMA'S GROWTH

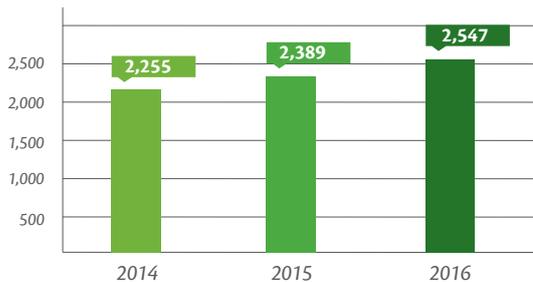
AREA IN ITALY (sqm)



SALES IMA GROUP (mln €)



EMPLOYEES IN ITALY (at 31/12)



Carbon footprint and emissions management

All atmospheric emissions arising from plants within the production sites of the IMA Group are authorized under existing legislation. **Self-control chemical analyses** are performed annually by independent external laboratories to verify compliance with the emission limits. The results of this self-monitoring are recorded in special stamped registers which are at the disposal of the competent control authorities (ARPAE - Regional Environmental Protection Agency). All emission abatement/filtration systems at the service of these plants are the subject of periodic maintenance and cleaning, so that they are always in a state of efficiency.

It can be considered that IMA Group's plant emissions produce a **low level of pollution**: the pollutants generally consist of particulate and oil mist (which are filtered and abated several times before emission). The limits set by the current regulations and authorizations have never been exceeded.

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 **Climate Change Program**. 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 Climate Change Program of the CDP undertake to **report their emissions** (calculated in terms of emissions of carbon dioxide equivalent



(or CO₂e) in order to monitor them and, if possible, establish a **plan to reduce them over time**: the reported data **are made public by the CDP**, available to international investors, in order to guide their investment decisions towards companies that have a profile that is more sustainable for the environment.

In 2016, year in which the assessment method was changed, IMA S.p.A. was classified in the "Awareness C" band in line with the classifications in prior years. In 2015, IMA S.p.A. improved its rating from 61 (2014) to 90 (2015), out of a maximum CDP score of 100 points. IMA S.p.A. has already won a prize as the "Best Newcomer", in 2014: of the Italian listed companies that joined the Climate Change Program of the CDP for the first time, IMA got the highest score in terms of transparency and commitment to reducing its emissions.

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.

CDP (CARBON DISCLOSURE PROJECT)

CDP is an international non-profit organization that provides a global system for environmental measurement and reporting to businesses, governments and investors. CDP encourages businesses to make information available about the impact of their activities on the environment and to take action to mitigate the effects.

There are thousands of organizations in high development countries that recognize their emissions of greenhouse gases and analyse the risks and opportunities related to climate change through CDP. Again in 2016, IMA joined **two important initiatives** promoted by CDP.

- CDP's Supply Chain Program;
- CDP's Climate Change Program.

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

The direct emissions (Scope 1)

from operating the plant and equipment owned or managed by the Company, such as thermal plants (natural gas consumption), plants using diesel fuel, company cars, air-conditioning systems.

The indirect emissions (Scope 2)

from consumption by all plants of externally supplied energy (electricity).

The indirect emissions (Scope 3)

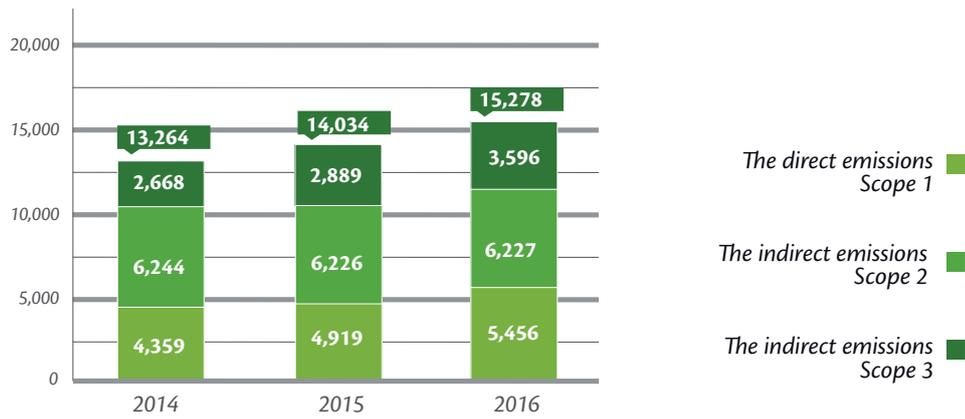
not resulting from energy consumption, but attributable, for example, to the production of waste and employees' mobility (i.e. transport to and from work).

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.

Again in 2016, the **largest plant** which alone occupies 20% of the total surface area and which is also the registered office of the Parent Company IMA S.p.A., was supplied with **electricity derived 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 location-based method of calculation set out in the "GHG Protocol Scope 2 Guidance - An amendment to the GHG Protocol Corporate Standard" of 2015).



TREND IN IMA'S CARBON FOOTPRINT IN ITALY (tonnes CO₂e)



Note: in 2015, the calculation criteria and conversion factors used have been updated, so the prior-year figures have been restated on the same basis. In particular, Scope 2 emissions were calculated in accordance with the location-based method envisaged in the "GHG Protocol Scope 2 Guidance – An amendment to the GHG Protocol Corporate Standard" (2015).

	2014	2015	2016
DIRECT EMISSIONS - SCOPE 1			
Natural gas consumption emissions	3,089	3,500	4,075
Diesel consumption emissions	2	1	1
Company car petrol consumption emissions	994	1,108	1,025
Air conditioning/refrigeration emissions	274	310	355
TOTAL SCOPE 1	4,359	4,919	5,456
INDIRECT EMISSIONS - SCOPE 2			
Electricity consumption emissions	6,244	6,226	6,227
TOTAL SCOPE 2	6,244	6,226	6,227
SCOPE 1-2 EMISSIONS tonnes of CO₂e	10,603	11,145	11,683
INDIRECT EMISSIONS - SCOPE 3			
Company car petrol consumption emissions	2,592	2,772	3,460
Waste production and disposal emissions	75	117	136
TOTAL SCOPE 3	2,668	2,889	3,596
TOTAL EMISSIONS tonnes CO₂e	13,264	14,034	15,278

Note: the indirect emissions data – Scope 3 relating to 2015 and 2014 has been restated following revision of the method of calculation. In particular, the "employee air travel emissions" category has been eliminated from the calculation, since the company plans to improve the way this is monitored in the near future.



Total emissions have increased by 9% in absolute terms in 2016 compared with 2015; and Scope 1 + Scope 2 emissions by 4.8%. Despite this, Scope 1 + Scope 2 emissions per usable sqm have decreased by 3.8%.

This trend is also confirmed by considering the Scope 1 + Scope 2 emissions using other parameters (sales, number of employees, number of days worked).

In terms of overall emission reduction, during 2016 IMA avoided emitting about 20.42 tonnes of CO₂ into the atmosphere as a result of the energy efficiency improvements made in that and earlier years. A further saving of 2,025 tonnes of CO₂ was made by purchasing certified green electricity for the site at Via Emilia 428-442 - Ozzano dell'Emilia (Italy).

Emission in proportion to the floor areas of IMA's offices/plants in Italy - Tonnes CO ₂ e/sqm	2014	2015	2016	% Change 2016-15
DIRECT EMISSIONS - SCOPE 1	0.0284	0.0290	0.0295	+1.8%
INDIRECT EMISSIONS - SCOPE 2	0.0408	0.0367	0.0337	-9.8%
INDIRECT EMISSIONS - SCOPE 3	0.017	0.017	0.0194	+12.7%
TOTAL EMISSIONS (tonnes of CO₂e/sqm)	0.0867	0.0828	0.0827	-0.1%

Initiatives to reduce greenhouse gas emissions and results achieved

In 2016, IMA implemented several specific initiatives to reduce greenhouse gas emissions in Italy:

- gradual replacement of the fluorescent lighting in the production departments of the plant at Via Emilia 428-442, Ozzano dell'Emilia, Italy, with more efficient **LED lights**, with annual savings estimated of 75.7 tonnes of CO₂;
- continued generation of electricity using the **photo-voltaic plant** owned by the company. In particular, the total photovoltaic output of the IMA Group in 2016 covered the energy needs of the various factories served by the plant, saving a total of 129.2 tonnes of CO₂e;
- production of green heat energy using **solar collectors**, with a consequent saving in the consumption of methane by a boiler at the Via Emilia factory of 1.8 tonnes of CO₂e.

In general, one of the primary objectives 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.

Other emissions

IMA's activities involve low emissions of NO_x (nitrogen oxides), SO₂ (sulphur dioxide), volatile organic compounds and particulate resulting from combustion in the plants' thermal power stations, only for heating and non-productive purposes. The related CO₂ emissions are already included in the previous calculations of natural gas consumption.



SUSTAINABLE MANAGEMENT OF LOGISTICS AND TRANSPORTATION IN THE WORLD

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

Car pooling schemes are used in **North America**.

Energy management

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

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

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), UNI CEI 11352 certified, to carry out an **Energy diagnosis at the main production sites** through its E.G.E. (Expert in Energy Management, UNI CEI 11339 certified) qualified technicians.

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 l° Maggio 14-16 - Ozzano dell’Emilia, Italy) 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.



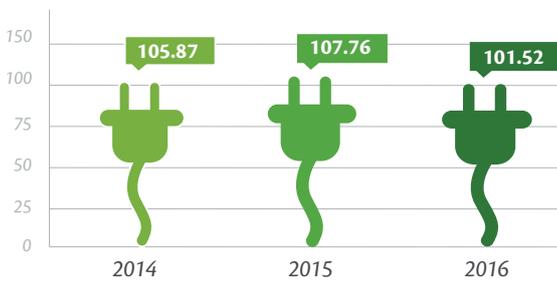
low energy lighting (concerning general lightning service, machinery, renewable energy plants), the implementation at the production plants of centralized systems for the control of technological plants, so as to plan their

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).

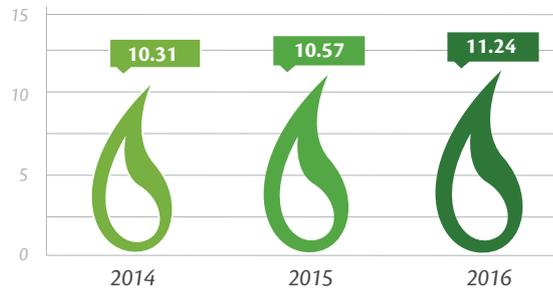
SUMMARY OF THE THREE-YEAR TREND IN CONSUMPTION

	2014	2015	2016	% Change 2016-2015
Electricity kWh/year	16,204,976	18,273,279	18,754,670	+2.63%
Natural gas m ³ /year	1,578,523	1,792,032	2,076,944	+15.9%

ELECTRICITY CONSUMPTION IN ITALY /tot sqm (kWh/year per sqm)



CONSUMPTION OF NATURAL GAS IN ITALY /tot sqm (cm/year per sqm)



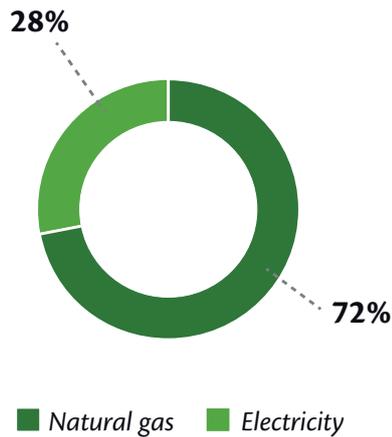
During the last year, there was an **increase in the electricity consumption** by the Italian companies of the IMA Group (+2.63%). The figure still represents a positive indicator of the results achieved in terms of reducing electricity consumption, given that, **at the same time, there was a further expansion in the number of industrial plants** of the Group, which in 2016 also recorded a sharp increase in terms of revenues, personnel and production areas. **Comparing IMA's electricity consumption to the surface area** that it has in Italy, it can be seen that in fact there was a decrease on 107 kWh/sqm of 2015, falling to 101.5 kWh/sqm in 2016.

It should also be noted that about **25% of the total electricity consumed** comes from certified renewables, which confirms the attention that the company has for environmental issues.

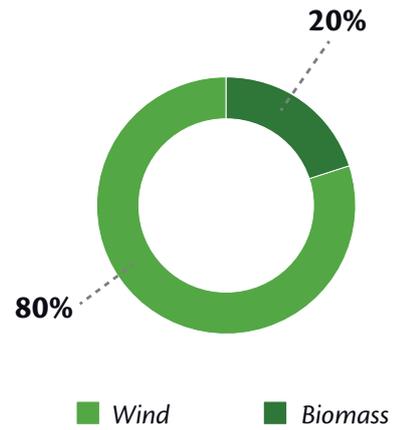
Total gas consumption also increased (+15.9%), because of the weather conditions of the winter season.



TYPE OF ENERGY CONSUMPTION OF IMA IN THE WORLD



BREAKDOWN OF ENERGY SUPPLY BY TYPE OF RENEWABLE SOURCE



At a global level, most energy usage derives from the consumption of natural gas (about 72%); the remainder relates to the use of electricity (28%).

INVESTMENTS IN ENERGY EFFICIENCY AND THE USE OF CLEAN ENERGY

The IMA Group has prepared programs 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 - Ozzano dell'Emilia, Italy has been sourced solely from certified renewable sources** (about 25% of the total electricity purchased by IMA on the open market). This source of green energy is certified by appropriate GO (Guarantee of Origin certificates) issued by the entity that supplies electricity to IMA;
- In 2016, out of a total of over 4,652 MWh, renewable sources of energy were split between wind (80%) and biomasses (20%);

- During 2015 and 2016, **IMA gradually replaced the fluorescent lighting in the production departments of the plant at Via Emilia 428-442 - Ozzano dell'Emilia, Italy with more efficient LED lights.** Other initiatives have been planned for 2017. 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;
- **Use of systems for the centralized management and monitoring of plants 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;
- **Use of photovoltaic installation to produce green electricity:**
 - factory at Via Emilia 428-442 - Ozzano dell'Emilia, Italy: 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 - Ozzano dell'Emilia, Italy: photovoltaic installation with a capacity of 310.9 kWp for the cooling and heating plant;



- **Production of green thermal energy for the boiler at the factory in Via Emilia using solar collectors**, with a consequent saving in the consumption of methane;
- **More efficient thermal insulation of an industrial building at Via Emilia 428/442 - Ozzano dell'Emilia, Italy**;
- **Starting from three years ago, implementation of a program for the replacement of old compressors with new ones that have inverter-controlled motors**;
- **Legislative compliance with the minimum limit for the reactive power factor** using the installation of power factor correction capacitors, starting with the main utilities. This makes it possible to reduce cable dispersion and hence consumption.

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

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

In **France and China**, initiatives are underway to reduce various types of consumption, including the energy usage of the various factories and offices.

In **North America**, a program is being implemented to install low-consumption lighting.

In **India**, work continues on the installation of energy-efficient lighting at all locations; in addition, new, highly energy efficient conditioners have been purchased.

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

- Steady replacement of UPS (back-up power units) with new, more efficient models;
- Steady replacement of conditioners with new models that guarantee greater efficiency and the centralization of installations;
- Installation of a gas-powered trigeneration plant for the production of electricity, hot water for heating and refrigerated water for cooling;
- Purchase of electricity solely from certified renewal sources for the other sites of IMA 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 plants to be installed will be selected from among the most efficient available on the market today.



Water procurement and discharges

In addition to normal consumption for sanitary use, IMA's production cycle requires water for technological purposes for testing assembled automatic machines (including subsequent washing cycles). It is therefore of interest for the Company to develop strategies for the re-use and recovery of such water in the future, which would result in lower consumption and costs, as part of the Environmental Management System that is currently being implemented for the plant in Via Emilia 428-442 - Ozzano dell'Emilia, Italy and is being implemented in other Group factories.

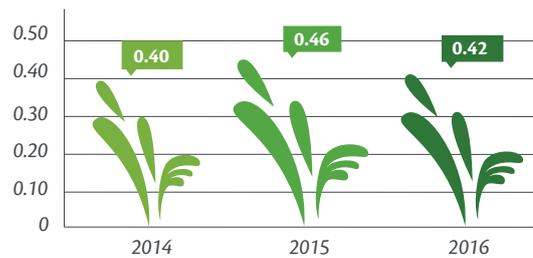
Water is sourced from the municipal water supply (used for over 99% of the requirement) as regards the water used for sanitary purposes and production processes (washing automatic machines, testing the machines with demineralized water, washing them after testing with trial products). On the other hand, water drawn from underground wells, if available, is used for watering greenery at the plants.

Compared with 2015, water consumption remained the same (-0.3%) in 2016, despite the increase in the surface area of the plants (+9%) and the number of employees (+7%). In relative terms, **per capita consumption per employee is around 31 m³/year**, 1 m³ less than in the previous year and in line with the past. **Water consumption per usable sqm** has however decreased slightly, returning to the 2014 level (more precisely, **0.42 m³/sqm per annum**).

Effluents from IMA's plants (toilets and canteens) are similar to domestic ones. Other effluents derive from rainwater washing the courtyards of the production facilities.

These effluents are **collected mainly in public sewers or drains** for the drainage of rainwater into surface water bodies, in accordance with local regulations. Any **liquid effluent** originating from the Company's production activities is **collected and stored as waste** before being disposed of according to the law, preferably in purification facilities.

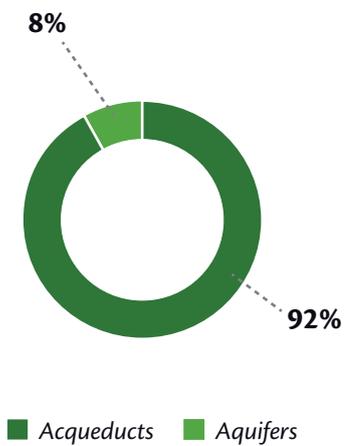
WATER CONSUMPTION IN ITALY
(cm/year per sqm)



SUMMARY OF THE THREE-YEAR TREND IN CONSUMPTION IN ITALY

	2014	2015	2016	% Change 2016-2015
Water m ³ /year	61,081	78,392	78,184	-0.3%
M ³ /year per m ²	0.40	0.46	0.42	-8.7%

SOURCES OF WATER WITHDRAWAL IN THE WORLD



Most of the water that IMA consumes around the world comes from **aqueducts**, with a limited portion (approx. 8%) taken from aquifers.

WATER RESOURCES

Numerous Group companies throughout the world apply systems for the reduction or recycling of water.

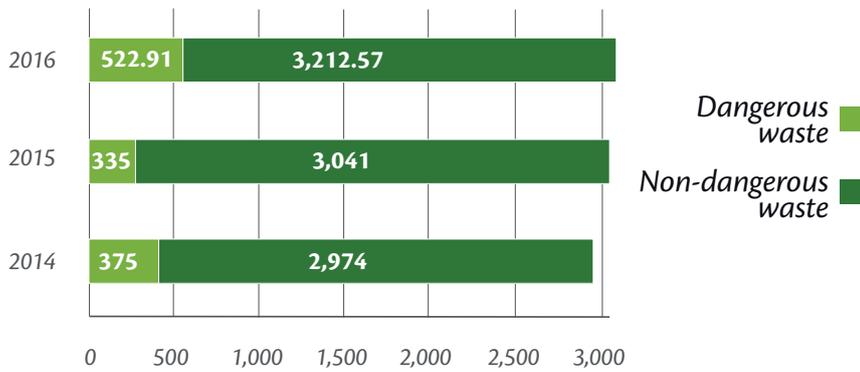
In **China**, after updating all programs for the management of water consumption and discharges, the objective is to minimise the water used to maintain green areas.

In **North America**, the reduction of water consumption has included the implementation of a system for the low power discharge of sanitary facilities.



Waste management

TOTAL WASTE PRODUCED IN ITALY (tonnes)



The **type of waste** generated by IMA's production activities consists mainly of **mixed packaging materials**, such as plastics and the like, cardboard and wood. In addition, 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 to be packaged, sent directly by the end users (pharmaceuticals, food, such as tea, coffee, stock cubes and cheese; cosmetics that are already wrapped in primary packaging).

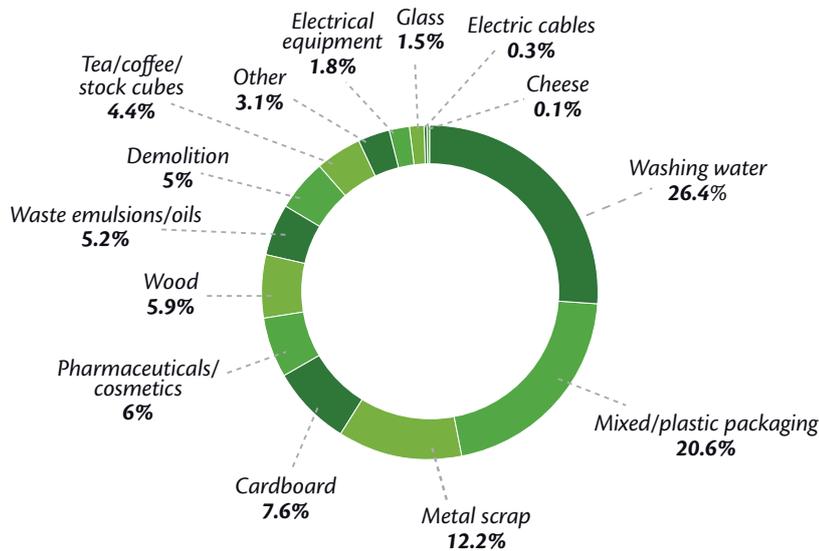
Lastly, as regards **liquid waste** (which is in any case disposed of safely, so not discarded), IMA's plants produce waste in the form of oily emulsions and used mineral

oils generated by maintenance activities on workshop machine tools and on automatic machines being assembled and tested. In addition to these, other types of liquid waste produced are the water solutions that are the result of washing automatic machines after testing with the products to be packaged and with demineralized water.

All types of waste produced by the Company are collected 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). This takes place at each plant, where the workers involved in the collection and storage of waste have to comply with specific procedures of the environmental management system currently in force. **Office areas also have to separate their refuse** (toner, paper, cardboard, etc.), as do the refreshment areas and canteens: all employees have been trained and informed about the criteria for waste separation.



TYPE OF WASTE PRODUCED IN ITALY (% tonnes)



Against an overall 11% increase in the volume of waste generated in 2016 compared with 2015, the production of waste in relation to surface area decreased by +2% despite the 9% increase in surface area (20.22 tonnes/sqm).

With regard to disposal methods, in Italy IMA prefers the use of purifiers (33%) and sends more than 50% of total waste production for recycling, reuse and energy recovery.

2016	Dangerous waste	Non-dangerous waste	Total	% Total
Recycled/Re-use	1.88	1,012.89	1,014.76	27%
Energy Recovery*	18.85	1,088.62	1,107.48	30%
Incineration	223.32	2.46	225.78	6%
Landfill	0	163.23	163.23	4%
Purifier	279.07	945.37	1,224.44	33%
Composting	0	0	0	0%
Other	0	0	0	0%
Total	522.91	3,212.57	3,753.5	100%

*Assumed that 50% of the waste to be recycled is sent to waste-to-energy plants or similar processing and energy recovery plant.



SUMMARY OF THE THREE-YEAR TREND IN WASTE IN ITALY

	2014	2015	2016	Δ 2016/2015
Tonnes/year	3,348	3,376	3,735	+11%
Kg/year per sqm	21.88	19.91	20.22	+2%

Only 14% of the waste disposed of by IMA is classified as dangerous. 60% of the waste products produced by IMA in 2016 are recycled (mixed packaging, paper/cardboard, wood, glass, mineral oil, metal scrap, obsolete electrical equipment), to be reused, recycled or to produce energy. Only a minor portion (4%) goes into landfills (only filter bags for tea and other herbal blends used for testing the tea-bag packaging machines).

In 2016, about 6% of waste was sent to an incinerator: this comprises residues from testing packaging machines (for packaged drugs and cosmetics).

A minimal part (2% of waste of various kinds) is sent to a storage center for preliminary processing and subsequent incineration (with the recovery of energy via combustion),

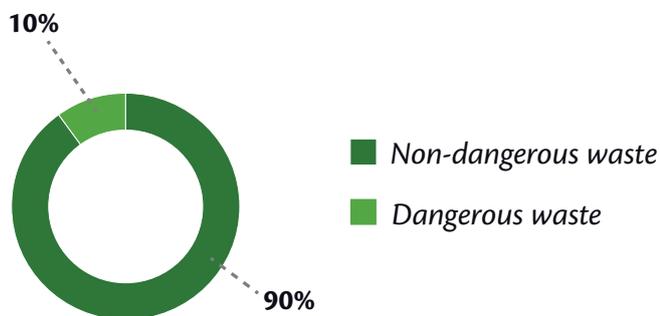
which is additional to the part sent directly to waste-to-energy plants.

Again in 2016, 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.

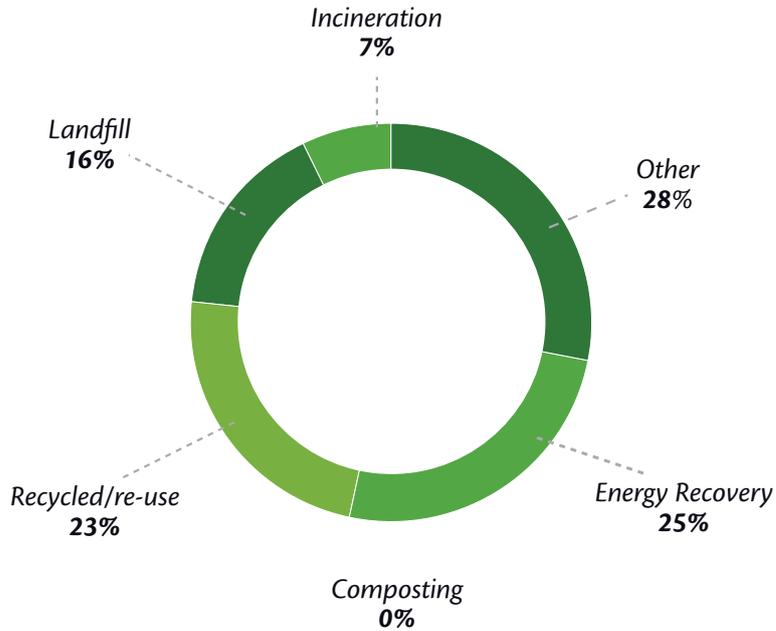
Consistently with the data for the Italian factories, the chart shows that most of the waste produced by IMA factories in the world is not dangerous (90%).

To confirm IMA's commitment to waste management around the world, almost 50% of the waste is destined for recycling, re-use and energy recovery.

WASTE PRODUCED IN THE WORLD



WASTE IN THE WORLD BY DISPOSAL METHOD



With regard to the waste produced in Italy, it is assumed that 50% of the waste to be recycled is sent to waste-to-energy plants or similar processing and energy recovery plants.

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**, a project has been launched for the composting of organic waste (plants and other biodegradables) and new biodegradable packaging has been developed for products and components.



Tables of the GRI standard G-4

Limits of aspects of sustainability

The following table shows the scope of each material aspect that has been identified: the concept of scope refers to the limits within which each relevant issue has an impact, whether they occur **inside or outside IMA**.

MATERIAL ASPECTS		LIMITS (WHERE THE ISSUE HAS AN IMPACT)	
Category	Issues	Internal limits	External limits
GOVERNANCE	Ethics and Integrity Corporate Governance Regulatory compliance Risk management Anti-corruption and fair competition Transparency Mechanisms for reporting irregularities	IMA Group IMA Group IMA Group IMA Group IMA Group IMA Group IMA Group	
ECONOMIC	Economic growth Market presence Technological innovation, research and development Indirect economic impacts Procurement practices	IMA Group IMA Group IMA Group IMA Group IMA Group	Local community Supply chain
ENVIRONMENT	Energy Emissions and efficiency (Carbon footprint) Materials Waste Products and services Compliance with environmental regulations Water Environmental investments	IMA Group IMA Group IMA Group IMA Group IMA Group IMA Group IMA Group IMA Group	Local community
SOCIAL	Employment Diversity, Equal Opportunities and Non-discrimination Training and education Employees well-being Health and safety in the workplace Development of resources and skills Remuneration policies Industrial relations Local communities and territory (School, University and District) Human rights Health and safety of consumers Consumer privacy Quality and customer satisfaction	IMA Group IMA Group	Supply chain Local community Supply chain End-users & consumers End-users End-users



GRI correlation table

The following table identifies the location of the information required by the GRI G4 guidelines, CORE level, indicating the page number where the subject is discussed.

Any notes placed under the GRI indicator indicate an additional comment or the fact that no information is available. Please note that the Social Responsibility Report has not been subjected to external verification.

CODE	DESCRIPTION OF THE INDICATOR	PAGE
Strategy and analysis		
G4-1	Statement of the Managing Director and the Chairman on the importance of sustainability for the organization and its strategy	Letter from the Chairman
Organizational profile		
G4-3	Name of the organization	10
G4-4	Main trademarks, products and/or services	11
G4-5	Location of the organization's head office <i>Registered offices: Via Emilia, 428/442, 40064 Ozzano dell'Emilia (Bologna)</i>	-
G4-6	Number of countries where the organization operates	10
G4-7	Ownership structure and legal form	14-17
G4-8	Markets served	10-11, 37-38
G4-9	Size of the organization	8, 29-31, 61
G4-10	Number of employees by type of contract, region and gender	61-64
G4-11	Percentage of employees covered by collective bargaining agreements <i>Comment: all personnel are covered by national collective bargaining agreements</i>	-
G4-12	Description of the supply chain	51-57
G4-13	Significant changes during the reporting period <i>Comment: there are no significant changes</i>	-
G4-14	Explanation of the application of the prudent approach <i>Comment: the prudent approach is adopted by IMA as a result of risk management and the various management systems (Quality, Environment, Safety)</i>	Risk management + certifications
G4-15	Acceptance of codes of conduct	13
G4-16	Membership of associations	87
Material aspects and scope of reporting		
G4-17	List of companies included in the consolidated financial statements and indication of the companies not included in the report	Reading guide
G4-18	Process of defining the content of the report	22-23
G4-19	List of issues identified as material	22-23
G4-20	Indication of the scope of consolidation for each material aspect (within the organization)	108



G4-21	Scope of consolidation for each material aspect (outside the organization)	108
G4-22	Explanation of the effect of changes in the calculations <i>Comment: no changes</i>	-
G4-23	Significant changes compared with the previous reporting period <i>Comment: there are no significant changes</i>	-

Involvement of stakeholders

G4-24	List of stakeholder groups the organization tries to involve	24-26
G4-25	Basis for identification and selection of the main stakeholders to try to get involved	24-26
G4-26	Approach to stakeholder involvement, including frequency by type of activity and stakeholder group	24-26
G4-27	Key topics and concerns raised from stakeholders' involvement	-

Profile of the report

G4-28	Reporting period	7
G4-29	Date of publication of the most recent report	7
G4-30	Reporting frequency	7
G4-31	Contact information for questions regarding the report and their contents	118
G4-32	Indication of the "In accordance" option and GRI table of contents	7
G4-33	External assurance of the report <i>Comment: the report has not been subjected to external verification</i>	-

Governance

G4-34	Governance structure of the organization	14-16
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Ethics and integrity

G4-56	Mission, values, codes of conduct and principles	12-13
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CATEGORY: ECONOMIC

Economic performance

DMA		30-36
G4-EC 1	Direct economic value generated and distributed	34-36

Market presence

DMA		67
G4-EC 6	Proportion of senior managers recruited from the local community	68

Indirect economic impacts

DMA		26-27
G4-EC 8	Analysis and description of significant indirect economic impacts considering externalities generated	26-27



Procurement practices		
DMA		53
G4-EC 9	Proportion of spending concentrated on local suppliers in relation to key locations of operations	53
CATEGORY: ENVIRONMENT		
Materials		
DMA		56-57
G4-EN 1	Materials used by weight and volume <i>Comment: the figure is not yet available</i>	-
Energy		
DMA		98-101
G4-EN3	Energy consumption within the organization	98-101
G4-EN5	Energy intensity ratio	98-101
G4-EN6	Reduction of energy consumption	98-101
Water		
DMA		102-103
G4-EN8	Total water withdrawal by source	102-103
G4-EN9	Withdrawal sources significantly affected by water withdrawals	102-103
Biodiversity: non-material aspect		
Emissions		
DMA		
G4-EN15	Direct greenhouse gas emissions	94-97
G4-EN16	Indirect greenhouse gas emissions	94-97
G4-EN17	Other indirect greenhouse gas emissions	94-97
G4-EN18	GHG intensity ratio	94-97
G4-EN19	Reduction of greenhouse gas emissions	94-97
Waste		
DMA		103-107
G4-EN23	Total weight of waste by type and disposal method	103-107
G4-EN24	Total number and volume of significant accidental losses <i>Comment: none</i>	103-107
G4-EN25	Dangerous waste	103-107



Product and services		
DMA		92-93
G4-EN27	Size of reduction of the environmental impacts of products and services	92-93
Compliance		
DMA		92-93
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations <i>Comment: no sanctions, whether monetary or non-monetary</i>	-
Transport		
DMA		94-98
G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's activities, and impact of employee mobility	-
General		
DMA		
G4-EN31	Total environmental expenditures and investments by type	93
Environmental assessment of suppliers		
DMA		50-52
G4-EN32	Percentage of new suppliers evaluated based on environmental criteria <i>Comment: IMA monitors strategic suppliers (where it has a shareholding) also on regulatory issues (e.g. health and safety). For other suppliers it has not yet initiated such programs. In 2016 no specific assessments concerning the environment were carried out for new suppliers</i>	-
Mechanisms for handling complaints about environmental issues		
DMA		92-93
G4-EN34	Number of complaints about environmental impacts received, addressed and resolved through formal mechanisms for handling complaints. <i>Comment: none</i>	-

CATEGORY: SOCIAL

LABOUR PRACTICES AND DECENT WORKING CONDITIONS

Employment		
DMA		60
G4-LA1	Total number of hires and turnover rate by group of age, gender and region	64-66
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by main activity	76
G4-LA3	Return to work and rate of return as a result of parental leave	77



Work/industrial relations		
DMA		67-68
G4-LA4	Minimum notice period for operational changes, including whether the notice period is specified in national labour contracts <i>Comment: IMA adopts the provisions of the national labour contract that contains the definition of a minimum period of notice to personnel in the event of operational or organizational changes</i>	-
Health and safety at work		
DMA		70-71
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees	70-71
G4-LA6	Type of accident, accident rate, occupational diseases, lost work days and absenteeism and number of work-related fatalities by region and gender	70-71
G4-LA7	Workers with a high incidence or high risk of injury or occupational disease	70-71
Training and education		
DMA		72-73
G4-LA9	Average hours of training per employee per year, by gender and by category	72-73
G4-LA10	Programmes for skills management and continuous learning that support the ongoing employability of personnel and assist them in managing the end of their career	72-73
Diversity and equal opportunities		
DMA		74-75
G4-LA12	Composition of governance bodies and breakdown of employees by category according to gender, age groups, membership in minority groups and other diversity indicators	74-75
Equal remuneration for men and women		
DMA		74-75
G4-LA13	Ratio between men and women's basic salary by grade and qualification	75
Evaluation of suppliers on the basis of working policy and conditions		
DMA		50-52
G4-LA14	Percentage of new suppliers evaluated on the basis of work-related criteria <i>Comment: IMA monitors strategic suppliers (where it has a shareholding) also on regulatory issues (e.g. health and safety). For other suppliers it has not yet initiated such programs. In 2016, no specific work-related assessments were carried out on new suppliers</i>	-
Mechanisms for complaints about working conditions		
DMA		66-67
G4-LA16	Number of complaints relating to the impacts on work received, addressed and resolved through formal mechanisms for handling complaints. <i>Comment: none</i>	-



HUMAN RIGHTS

Capital expenditure		
DMA		12-13
G4-HR2	Total hours of employee training on policies and procedures concerning aspects of human rights relevant to operations, and percentage of workers trained <i>Comment: training on the Code of Ethics</i>	16
Fundamental human rights		
DMA		13
G4-HR3	Total number of episodes involving discriminatory practices and action taken <i>Comment: no episodes</i>	13
G4-HR4	Freedom of association and collective bargaining	13
G4-HR5	Child labour	13
G4-HR6	Forced labour	13
G4-HR7	Safety practices	13
G4-HR8	Rights of indigenous populations	13
Evaluation		
DMA		12-13
G4-HR9	Number and percentage of areas of operations subject to inspections concerning human rights <i>Comment: IMA S.p.A. has committed to comply with all local laws and obligations under the contract of employment or trade union agreements signed or any other commitments made by the company with regard to respect for human rights. In this regard, checks have never shown evidence of violation</i>	-
Evaluation of suppliers on the basis of human rights		
DMA		50-52
G4-HR10	Percentage of new suppliers evaluated on the basis of criteria relating to human rights <i>Comment: IMA monitors strategic suppliers (where it has an equity interest) based on its Model 231. For other suppliers it has not yet initiated such programs. In 2016 no specific assessments concerning human rights were carried out for new suppliers</i>	-
Mechanisms for resolving complaints		
DMA		12-13
G4-HR12	Number of complaints about human rights received, addressed and resolved through formal mechanisms for handling complaints <i>Comment: no complaints received</i>	-



COMPANY

Local communities		
DMA		75-85
G4-SO1	Percentage of operational areas with implementation of programmes involving the local community, impact assessment and development	78-86
G4-SO2	Areas of operation with current and potential significant negative impacts on local communities <i>Comment: none</i>	-
Anti-corruption		
DMA		15-16
G4-SO3	Percentage and total number of operational areas analysed for risks relating to corruption and related risks identified <i>Comment: this type of risk is monitored by the Supervisory Board for the entire organization (100%)</i>	-
G4-SO4	Communication and training on anti-corruption policies and procedures <i>Comment: through Model 231 training</i>	-
Public policy		
DMA		
G4-SO6	Total value of political contributions, by country and recipient <i>Comment: IMA S.p.A. has not paid any contributions for political purposes</i>	-
Unfair competition		
DMA		15-16
G4-SO7	Total number of law suits for anti-competitive behaviour, anti-trust and monopoly practices and their results. <i>Comment: none</i>	-
Compliance		
DMA		15-16
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws or regulations. <i>Comment: no sanctions</i>	-
Evaluation of suppliers based on impact on the society		
DMA		50-52
G4-SO9	Percentage of new suppliers assessed on the basis of criteria that address the impact on the company <i>Comment: IMA monitors strategic suppliers (where it has an equity interest) based on its Model 231. For other suppliers it has not yet initiated such programs. In 2016 no specific assessments concerning such impacts were carried out for new suppliers</i>	-
Mechanisms for complaints relating to impact on the society		
DMA		14-16
G4-SO11	Number of complaints relating to impact on the Company received, addressed and resolved through formal mechanisms for handling complaints. <i>Comment: none</i>	-



PRODUCT LIABILITY

Health and safety of consumers		
DMA		46-49
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle <i>Comment: there were no reports or cases of non-compliance in 2016</i>	-
Labelling of products and services		
DMA		46-49
G4-PR3	Type of information about products and services required by procedures and percentage of products and services subject to such information requirements	46-49
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning information and labelling of products/services. <i>Comment: none</i>	46-49
G4-PR5	Results of surveys of customer satisfaction	46-49
Marketing activity		
DMA		37
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship. <i>Comment: none</i>	-
Consumer privacy		
DMA	<i>Comment: IMA complies with the legislation on the processing of personal data</i>	-
G4-PR8	Number of complaints regarding breaches of customer privacy and loss of customer data <i>Comment: no complaints received</i>	-
Compliance		
DMA		37
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products or services. <i>Comment: no sanctions</i>	-





CONTACT DETAILS

IMA S.p.A.

Registered offices
Via Emilia, 428-442
40064 Ozzano dell'Emilia (Bologna) - Italy
tel. +39 051 6514111

Administrative headquarters
Via Tosarelli, 184
40055 Castenaso (Bologna) - Italy
tel. +39 051 7831111

The Sustainability Report is available on the website: ima.it/csr

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



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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

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