

2023 Sustainability Report

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Letter to the stakeholders

Dear Stakeholders,

It is with immense pride and satisfaction that we present the IMALPAL GROUP 2023 Sustainability Report, a document that represents our progress and constant commitment to building a future in which innovation, sustainability, and responsibility are central to every decision. This report reflects our determination to reconcile the demands of a complex global market with the need to adopt business practices that respect the environment, empower people, and create shared value. In 2023, we confirmed our significant presence in the sector, pursuing concrete results at the economic, social, and environmental levels, proving that sustainable progress is possible and necessary to address the challenges of a rapidly changing world. Our vision remains clear: to build solid, resilient, and inclusive growth that delivers benefits for all stakeholders and for the community.

During 2023, we initiated a structured process to adapt to the European Sustainability Reporting Standards (ESRS). This is not just a regulatory requirement, but also a tremendous opportunity to strengthen transparency and our contribution to the industry. Aligning with the ESRS enables us to implement a long-term strategic vision that integrates ESG principles into all our operations and decision-making.

By adopting innovative tools, such as advanced digital platforms for data collection and analysis, we have been able to optimise the traceability of information and generate more accurate and timely reports. Furthermore, we have intensified active stakeholder engagement through regular consultation processes and crowd-checking tools, which let us accurately identify the priorities and expectations of all stakeholders.

Our innovative approach enhances our ability to monitor and manage the most relevant material topics and also helps strengthen investor and community trust, cementing our reputation for responsible innovation. 2023 was a positive year for our Group. We recorded an increase in overall revenue, from EUR 196,912,961 in 2022 to EUR 197,598,202 in 2023, a result that serves to prove the solidity of our strategies and the resilience of our business model in an ever-evolving global economic context. The number of customers served increased from 793 to 815, a tangible sign of the trust the market places in our work. On the customer side, we have seen growing demand from non-EU markets, which now represent a significant share of our portfolio, in contrast to the slowdown in some European

economies. This geographical diversification has proven to be of strategic importance, enabling us to mitigate the risks associated with geopolitical tensions, including the ongoing conflict between Russia and Ukraine, which has had significant repercussions on the international markets.

Our commitment to sustainability has also made significant progress. In 2023, total spending on suppliers increased to EUR 139,263,925 compared to EUR 134,520,000 in 2022, reflecting support for local suppliers, with a specific focus on Italy, which remains our primary geographical focus. This increase is proof of our ability to stimulate the local economy and of our commitment to adopting responsible procurement practices.

The growth in the number of suppliers, from 1,891 to 1,994, represents a strategic expansion that lets us improve the diversification of our resources, increasing the resilience of our supply chain against global challenges, such as logistical disruptions or rising raw material costs. Thanks to this expansion, we were able to onboard new partners aligned with our sustainability values, favouring suppliers who provide proof of compliance with high environmental and ethical standards. This approach enables us to ensure greater operational continuity and significantly contribute to building a more equitable, transparent, and sustainable supply chain, benefiting local communities and the environment.

On the human resources front, our team has further expanded, going from a total of 461 employees in 2022 to 483 in 2023, of whom 450 are permanent (+12 compared to the previous year). The increase reflects not only the company's growth, but also its commitment to creating stable, quality job opportunities. To support this, we have increased our investments in skills development, providing 6,315 hours of training, a significant increase from the 5,819 hours of the previous year. This training focused on strategic areas, such as technological innovation, sustainability, and inclusive leadership, equipping employees with the tools to address the challenges of an ever-evolving market.

People are the beating heart of IMALPAL GROUP, which is why we have invested heavily in inclusivity and equal opportunities, achieving an increase in the presence of women, from 49 in 2022 to 54 in 2023. This result represents an important step towards greater gender equality and demonstrates our concrete commitment to building a diverse and inclusive work environment.

Attention to employee well-being has been confirmed through initiatives aimed at promoting a better work-life balance. The average working distance of 18 km highlights our care in creating favourable conditions for our workers.

The environmental impact of our activities is a central issue for the Group. Overall energy consumption remained stable, going from 19,454.65 GJ in 2022 to 19,610.82 GJ in 2023, proof of the prudent and responsible management of resources. Furthermore, we have significantly reduced total CO₂ emissions, which dropped from 2,775,227 kg in 2022 to 2,030,136 kg in 2023, thanks to greater efficiency in production processes and the use of more sustainable energy sources. However, we are aware that the total waste produced increased from 819,960 kg to 1,390,218 kg due to a major IMAL project, and we are already working on innovative solutions to further contain the impact, contributing with our machinery to circular economy practices.

At the same time, we will promote an awareness-raising programme aimed at employees and suppliers to adopt practices that strengthen the culture of sustainability at every level of the supply chain. These steps will enable us to concretely contribute to global climate change mitigation goals, consolidating our role as a responsible leader in the sector.

We have continued to innovate our products, introducing solutions that significantly contribute to the circularity of wood. Using advanced technologies, we have developed systems that maximise the reuse of processing waste and promote a low-emission production cycle to reduce environmental impact and position our products as concrete examples of innovation, with direct benefits for the industry and the environment. Our focus on sustainability is also reflected in the projects and social initiatives we support. By directly supporting local communities, we have contributed to the creation of infrastructure, educational programmes, and cultural activities aimed at improving quality of life and creating opportunities for economic development. This commitment underscores our active role in building a synergistic and lasting relationship with the communities in which we operate, generating shared value for all stakeholders.

We look to the future with ambition and responsibility. Global challenges drive us to grow, innovate, and actively contribute to building a better tomorrow for future generations: the 2023 Sustainability Report is a testament to our journey and our renewed commitment to all of you, our Group's stakeholders and society at large.

We sincerely thank you for your continued support and trust in us. It is thanks to this synergy that we can confidently face the challenges of the future and build an increasingly solid, responsible, and common-wealth-focused industrial group.

With esteem and gratitude,

For IMALPAL Group,

Paolo Benedetti, Antonio Dal Ben, Fabio Paron, Loris Zanasi



Methodological note

Guide to reading

This 2023 Sustainability Report covers the environmental, social and governance information relating to the year 2023 for the main companies of IMALPAL Group: IMAL, PAL and GLOBUS.

The document was prepared in compliance with the requirements of the "GRI Sustainability Reporting Standards" following the 2021 update, laid down by the GRI – Global Reporting Initiative and in accordance with the new European standards for sustainability reporting (ESRS). The content reported was selected based on the materiality analysis – updated in 2023 – which made it possible for us to identify the most significant aspects for the Group and its stakeholders.

The materiality matrix, the result of a detailed analysis conducted both internally and externally to the Group, is presented in the section "Stakeholders and materiality analysis". In line with the commitment to a more sustainable business, it has undergone a thorough review, which includes additional topics relating to the environmental, social, and governance areas.

In 2023, we undertook a materiality analysis in line with the future provisions of Directive (EU) 2022/2464, i.e. the concept of double materiality which involves the analysis of sustainability issues from two distinct perspectives: "inside-out" (Impact materiality) and "outside-in" (Financial materiality).

To ensure impartial and transparent measurement of the relevance of material topics as perceived by the stakeholders, once more this year we used an Artificial Intelligence-based tool, provided by Doyle, a local partner specialising in innovative solutions for ESG process management.

This Sustainability Report is available on IMALPAL's official website and has been reviewed and evaluated by the dedicated reporting working group, known as the "ESG Committee", confirming our ongoing commitment to transparency and accountability.

Furthermore, IMALPAL GROUP is preparing for the entry into force of the Corporate Sustainability Reporting Directive (CSRD), approved and published in the Official Journal of the European Union in December 2022. We took the first steps to comply with the new requirements as early as 2023, including conducting a gap analysis with respect to the European Sustainability Reporting Standards (ESRS) and launching a preliminary double materiality exercise to ensure an effective and seamless transition to the new standards. This document includes the disclosure requirements set out in ESRS 2 which serve as a general framework and must be integrated with other specific ESRS standards (e.g. ESRS E1 for climate, ESRS S1 for workers and ESRS G1 for governance).

Thanks to these efforts, IMALPAL GROUP confirms its leading role in its sector, committing to building an increasingly sustainable future.

Sustainability and risk management

Within the risk management process adopted by IMALPAL GROUP, particular

attention has been paid to the integration of environmental, social, and governance risks. This perspective broadens the traditional assessment, including elements crucial to the Group's sustainability and resilience.

The risk management model was designed to provide an integrated and systemic view of company activities, an approach that makes it possible to identify and mitigate traditional risks and to identify improvement opportunities, with the aim of increasing the efficiency, effectiveness, and cost-effectiveness of processes.

Considering the existing certifications, integrating ESG risks into the risk management system ensures greater awareness of long-term impacts, promoting more informed and responsible strategic decisions. This cutting-edge approach underscores the commitment of the Group's companies to pursuing management practices that support the company's sustainable success, strengthening stakeholder trust and generating value for all.

Environment

IMALPAL Group has made important steps forwards in the field of environmental sustainability by installing photovoltaic systems. The investment aims to increase energy self-sufficiency and significantly reduce the direct CO₂ emissions linked to the production processes.

Furthermore, the commitment to sustainable mobility has been strengthened, with the introduction of several electric vehicles into the company fleet.

Of the Group's companies, PAL stands out in terms of certifications, which remain a strategic priority, reflecting the company's commitment to ensuring high standards in terms of quality, safety, and environmental compliance.

The people

This year, IMALPAL Group has paid particular attention to staff training, recognising it as a crucial element in supporting the ongoing transformation process.

The programmes focused on topics that are fundamental for the future, including sustainability, engagement, corporate identity, and change management. The topics were chosen with the aim of strengthening employee skills, promoting a shared culture, and preparing the team to successfully face the challenges and opportunities of an ever-changing environment.

Thanks to these initiatives, IMALPAL confirms its commitment to investing in its people, enhancing their central role.

Supply chain

Although the supplier control system has not yet been fully implemented, the establishment of this procedure represents an important step towards a more responsible and sustainable approach to supply chain management. The Group is committed to continuing along this path, aware that the active involvement of suppliers will be essential to ensuring compliance with ethical and environmental standards along the entire value chain.

Fighting corruption

To further strengthen existing measures to combat bribery and corruption, IMALPAL Group has adopted a structured plan to control activities at risk of crime, in compliance with (It.) Legislative Decree no. 231/01, which envisages the implementation of periodic audit cycles, designed to conduct specific control tests on the areas considered most sensitive.

Through this initiative, the Group aims to ensure regulatory compliance and promote a corporate culture based on ethics and transparency. The ongoing management of these activities represents a constant commitment to adopting solid anti-corruption measures, strengthening stakeholder trust and the Group's reputation.

Ethics and responsibility in every choice. With targeted audits and a culture of transparency, IMALPAL Group defends its integrity and reputation.

The background of the page is a close-up, slightly out-of-focus photograph of a person wearing a light-colored, possibly white, suit jacket over a dark shirt. The person's arm is visible, showing the sleeve of the jacket. The lighting is soft and natural, creating a professional and clean aesthetic.

The roots and future of IMALPAL GROUP

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“Growing with **you**”

The profile of IMALPAL GROUP

2023 highlights

Turnover EUR	197,598,202
No. of customers	815
No. of suppliers	1,994
Number of employees	483
Commuting km (average)	18
Energy consumption in GJ	19,610,82
Co2 ₂ emissions in kg	2,030,136



The profile of IMALPAL GROUP

With over 50 years of history and a tradition of excellence, it is now a leading player in the design and production of advanced technological solutions for the wood industry and related sectors. Founded in the 1970s, the Group has transformed and grown, becoming a benchmark for innovation, sustainability, and reliability.

With a total turnover of 197,598,202 million euros and a workforce of 483, IMALPAL GROUP stands for technical expertise and a future-oriented business model. The synergy between the various companies of the Group – IMAL, PAL, GLOBUS and PSP, Italsort and Unibelt – enables us to offer a complete range of solutions, responding to the needs of an ever-evolving market.

Specialisation areas

IMALPAL GROUP operates in four main industrial sectors, developing machinery, technologies and integrated

production lines:

1. Wood-based panels: solutions for the production of particleboard, MDF, OSB, and other innovative wood products, with technologies that improve production efficiency and reduce the environmental impact.
2. Pressed wood packaging products: lines dedicated to the production of sustainable pallets and packaging, in accordance with the needs of a circular economy.
3. Pellets and energy production: pellet production plants and biomass energy systems, designed for efficiency and sustainability.
4. Recycled wood and waste treatment: cutting-edge technologies for wood recovery and the treatment of industrial and municipal waste, helping minimise landfill waste and promoting reuse.

Vision and innovation

IMALPAL GROUP stands out for its constant commitment to technological innovation and product sustainability. Through significant investments in Research and Development, it creates solutions that respond to the global challenges of the wood industry and circular economy, positioning itself as a strategic partner for its customers.

A responsible corporate culture

Sustainability is not just a goal, but a daily practice. The Group operates with a long-term vision, integrating environmental and social principles into every strategic decision; this has enabled it to create an inclusive working environment for its employees, strengthen ties with local communities, and contribute to a more responsible future.

Investments in research
to generate lasting value,
promoting responsible
and inclusive business.

Vision

The IMALPAL GROUP vision for 2023 is evolving as a benchmark in the sector, where sustainability and innovation are the founding pillars of every activity. The Group aims to stand out not only as a key industry player, but as a catalyst for significant change, contributing to the implementation of the circular and regenerative business model in wood processing through its solutions.

IMALPAL GROUP aspires to be recognised as a leading player that integrates sustainability into every aspect of its operations: from the responsible management of natural resources to the optimisation of the value chain, from the design of innovative products with a low environmental impact to the creation of solutions for energy recovery and waste management. It is committed to exceeding customer expectations by promoting a culture of environmental protection and social well-being throughout the entire value chain. To achieve this vision, the Group focuses on:

Constant innovation: developing advanced tools that promote decarbonisation, energy efficiency, and waste reduction, proving that technological progress can drive sustainability.

Strategic collaboration: building alliances with partners, customers, and suppliers to create a sustainable industrial ecosystem based on knowledge sharing and the optimal use of resources.

Responsible corporate culture: strengthening an internal culture that views sustainability not as an obligation, but as an ethical responsibility and an opportunity to innovate and grow.

The Group serves as a role model for other industrial companies: it aims to prove that it is possible to combine economic success with respect for the environment and communities, guaranteeing better opportunities for future generations.

Mission

In 2023, IMALPAL GROUP refined and expanded its mission, building on what was established in 2022 and addressing new challenges with an even more integrated and forward-looking vision. The Group's mission has focused on consolidating its sustainable approach to the design and production of woodworking plants and machinery, with a renewed commitment to industrial practices that combine technological innovation and environmental responsibility.

2023 was the year in which the Group began to think from a comprehensive sustainability perspective, such as the circular economy and decarbonisation. These two aspects will be developed in the coming years together with waste reduction, in order to ensure a greater impact through continuous improvement.

Breaking down the mission into the 2023 objectives also underscores the importance of collaborating with stakeholders, combining a global

strategic vision with targeted local initiatives. The Group has increased its investments in research and development, consolidating the role of its "Research and Development" centre in developing technological solutions that anticipate future sustainability needs. Furthermore, attention was paid to training new generations of workers, ensuring an effective generational transition and the enhancement of skills.

With a holistic approach, IMALPAL GROUP is committed to transforming sustainability from a simple corporate objective to a strategic pillar, supplementing the quality of its products and services with a deep dedication to social and environmental well-being. This path not only strengthens the Group's competitive position, but also makes it a reference model in the global industrial sector.

The values of IMALPAL Group

The values that guide the Group's activities

Reliability, trust, innovation, sustainability, and collaboration are not just values for IMALPAL GROUP, but real commitments that guide its daily activities. The Group is constantly committed to building a more

sustainable, efficient, and inclusive future, where industrial progress and social responsibility meet to generate shared value.

Reliability

Reliability is and will continue to be the cornerstone of our operations. Being reliable means consistently guaranteeing quality and safety through advanced production processes and by adopting cutting-edge technologies to meet customer needs with increasingly effective solutions.

Reliability is also manifested in the ethical and transparent relationships that companies maintain with their stakeholders: customers, suppliers, partners, and communities. Listening to needs and openly sharing ideas are the foundation for continuous improvement, fuel growth, and contribute to value creation.

Trust

Trust is the beating heart of the Group's relationships: every project and every collaboration is built on this value. When it comes to its customers, the Group is committed to exceeding their expectations by offering efficient, innovative, and safe solutions. With suppliers, it promotes open dialogue and mutual respect, ensuring timely

agreements and quality materials.

Our connection to the local area is rooted in sustainable practices and a commitment to the development of local communities. Operating today with a focus on future generations is a priority, aiming to preserve the environment and contribute to social well-being.

Innovation

Innovation is the driving force that propels IMALPAL GROUP forward, enabling us to anticipate the challenges of tomorrow and develop solutions that transform the way the industry operates. Our commitment to Research and Development has led to the design of technologies capable of optimising the use of natural

resources, improving energy efficiency, and promoting circular economy.

Innovation means combining sustainability and technology, offering products and processes that reduce the environmental impact and create added value for customers and stakeholders.

Sustainability

Sustainability is the common thread that unites all the Group's activities: not just an objective, therefore, but a guiding principle that permeates every phase of operations.

IMALPAL GROUP invests in projects that promote decarbonisation, adopts systems that foster the reuse of

resources, and is committed to reducing waste at all levels.

Aware of its social and environmental responsibility, the Group is dedicated to protecting the planet and creating an inclusive and stimulating work environment for its employees.

Collaboration

The success of IMALPAL GROUP would not be possible without collaboration. Teamwork and sharing skills are valued and nurtured within the company, promoting a culture that places collective innovation at its core.

Externally, the Group firmly believes in strategic alliances: collaborating with

partners and stakeholders allows us to amplify our positive impact and jointly address sustainability and innovation challenges. Collaboration is the bridge that connects IMALPAL GROUP to the future, making its vision possible.

The history of IMALPAL GROUP

1970

The story of IMALPAL GROUP is a journey through decades of innovation, vision, and unity. It all began in 1970, when IMAL, a company that since the beginning has set itself apart for its specialisation in dosing and mixing systems, was incorporated. In an era when the

industrial sector was undergoing rapid transformation, it stood out for its ability to design and produce cutting-edge quality control machines and laboratory testing equipment, the fruit of the ingenuity and dedication of a cohesive and determined team of engineers.

1978

PAL, a pioneer in incoming material selection, classification and cleaning systems, entered the scene in 1978. With its innovative approach, it has redefined

the way raw materials are prepared, charting new paths in the industry.

1981

Shortly thereafter, in 1981, GLOBUS was founded, with a clear mission from the outset: to specialise in debarking and chipping systems and timber stock management. With its ability to transform raw wood into perfectly prepared materials for processing, it became an essential link in the production chain.

At first glance, IMAL, PAL and GLOBUS

appeared to be separate entities, each focused on a specific segment of the industry. However, their paths began to converge, united by a shared ambition for excellence. Over time, the skills of each company became intertwined: the know-how of one became essential to the other, and vice versa, creating a web of collaboration that transcended the boundaries of each company.

1998

In 1998, IMAL and PAL gave this collaboration a name: they called it "synergy." This is more than just a word: it is a vision of how two companies can

become greater than the sum of their parts.

2008

Ten years later, in 2008, the synergy turned into a more defined structure with the birth of IMALPAL GROUP, an

entity that joined forces with the two companies in a common mission.

2012

The family expanded further in 2012 with the addition of GLOBUS, completing a perfect mosaic of skills. PMI joined them shortly thereafter, enriching the Group with new skills and prospects.

the design and construction of biomass energy plants, drying systems and energy production.

Over the last ten years, the Group has remained committed to evolving and adapting to the new challenges of the market. It has applied its skills and experience to innovative solutions that have allowed it to enter new markets in the wood industry. They notably include

The Group has broadened its horizons by developing new systems for the treatment of industrial and municipal waste. These systems aim to optimise the recovery of materials useful for energy production, minimising waste destined for landfill.

2023

Today, IMALPAL GROUP is much more than the sum of its parts. It is a symbol of how innovation, integration, and strategic vision can bring different companies together to form a single cohesive force. From dosing and mixing systems to wood management plants and energy recovery systems, the Group has built a value chain that not only meets the needs of the industry, but anticipates its future. In 2023, it expanded its vision

thanks to the acquisition of the majority of the share capital of Unibelt Srl, a company operating in the transport and industrial automation sector. The history of IMALPAL GROUP is not just a chronicle of successes, but a testament to how collaboration, innovation, and shared vision can redefine the very concept of industrial excellence.

Structure of the Group

IMALPAL GROUP, with the holding company IMPAFIN Srl as its parent company, represents an organisational model based on structured governance and a clear division of responsibilities among subsidiaries (ESRS G1), which translates into a precise definition of roles and responsibilities for each decision-making level. Each company benefits from strategic plans laid down by the holding company, which align corporate objectives with operational specificities, while ensuring management autonomy to address the specific challenges of their respective markets. Each company operates independently, maintaining its own corporate name but benefiting from the Group's overall synergies. These synergies are developed by sharing advanced technologies, cooperating on intercompany projects, and using shared resources to optimise processes. The companies can

share specific engineering expertise to improve products, integrate procurement strategies to reduce costs, and collaborate to develop innovative solutions for new markets. This approach delivers tangible benefits, such as increased operational efficiency, accelerated time-to-market, and increased overall competitiveness.

IMALPAL GROUP consolidates its position as a leading player in the industrial technologies sector for wood and composite materials, pursuing objectives of sustainability and technological innovation.

IMPAFIN Srl exercises strategic and financial control over the operating companies.



100% control

It manufactures machines and systems for the production and implementation of particleboard (PB/ SPB), MDF/HDF, OSB/LSB/FOSB, insulation panels, pellets, pallet blocks, and pressed wood products in general.

It is a leading supplier of new and fully reconditioned production lines, as well as dosing and gluing systems. IMAL is also a supplier of innovative (laboratory and in-line) quality control machines.

Revenue for 2023 is approximately EUR 74 million with 228 employees: the company has recorded annual growth compared to 2022, thanks to the introduction of innovative technologies

for in-line quality control and the growing demand for advanced gluing systems, and has invested in Research and Development, focusing on industrial automation solutions to improve production efficiency.



100% control

It is a leader in the construction of wood treatment machines. Revenues for 2023 are EUR 107.5 million, with 187 employees. The company stands out for its production of turnkey machinery for the selection, classification, and processing of recycled wood, with a focus on waste reduction and industrial process optimisation. In 2023 it invested in Research and Development

projects, focusing on solutions for material recovery and energy efficiency. Thanks to strategic partnerships, it has expanded its sales network in many countries.

It controls a 51% stake in Italsort Srl, a company specialising in the classification and separation of materials.

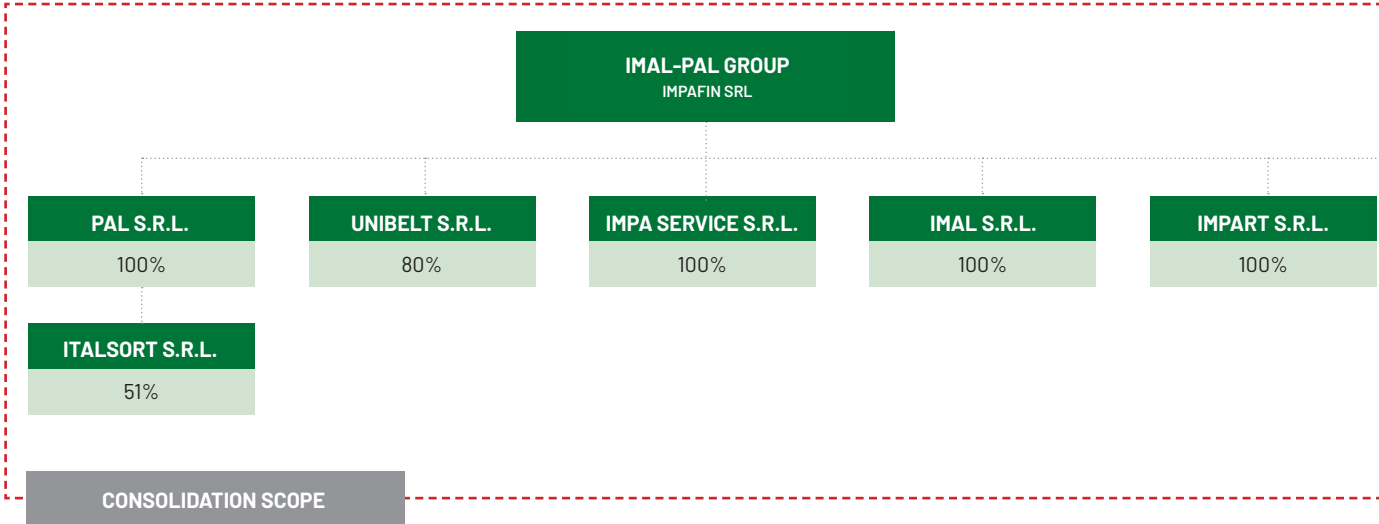


80% control

Specialising in wood stock management, GLOBUS offers drum debarking lines, chippers, knife mills, and refiners, managing various production capacities. It has expanded its range to include chain mills, hammer mills and integrated sharpening systems, as well as the overhaul and production of spare parts for various pieces of machinery.

preparation of incoming material. Revenues for 2023 increased to EUR 15.6 million, with 68 employees. The increase in turnover, compared to 2022, was driven by expansion into emerging markets and the implementation of new energy-efficient chipping and debarking systems. Furthermore, the company has benefited from strategic collaborations with local suppliers and investments in automation technologies to optimise production.

It focuses on solutions for the





80% control

Since 1978, UNIBELT has been designing, manufacturing and supplying bulk material handling systems and units in the transportation and industrial automation sectors. It operates in various industrial

sectors, developing reliable, high-quality machinery, offering consulting and assistance, with customised solutions based on the materials being handled.



IMPART

100% control

They complete the Group's technical and logistics support system.

IMAL PAL
GROUP SERVICE
NA CORP.

60%

GLOBUS S.R.L.

80%

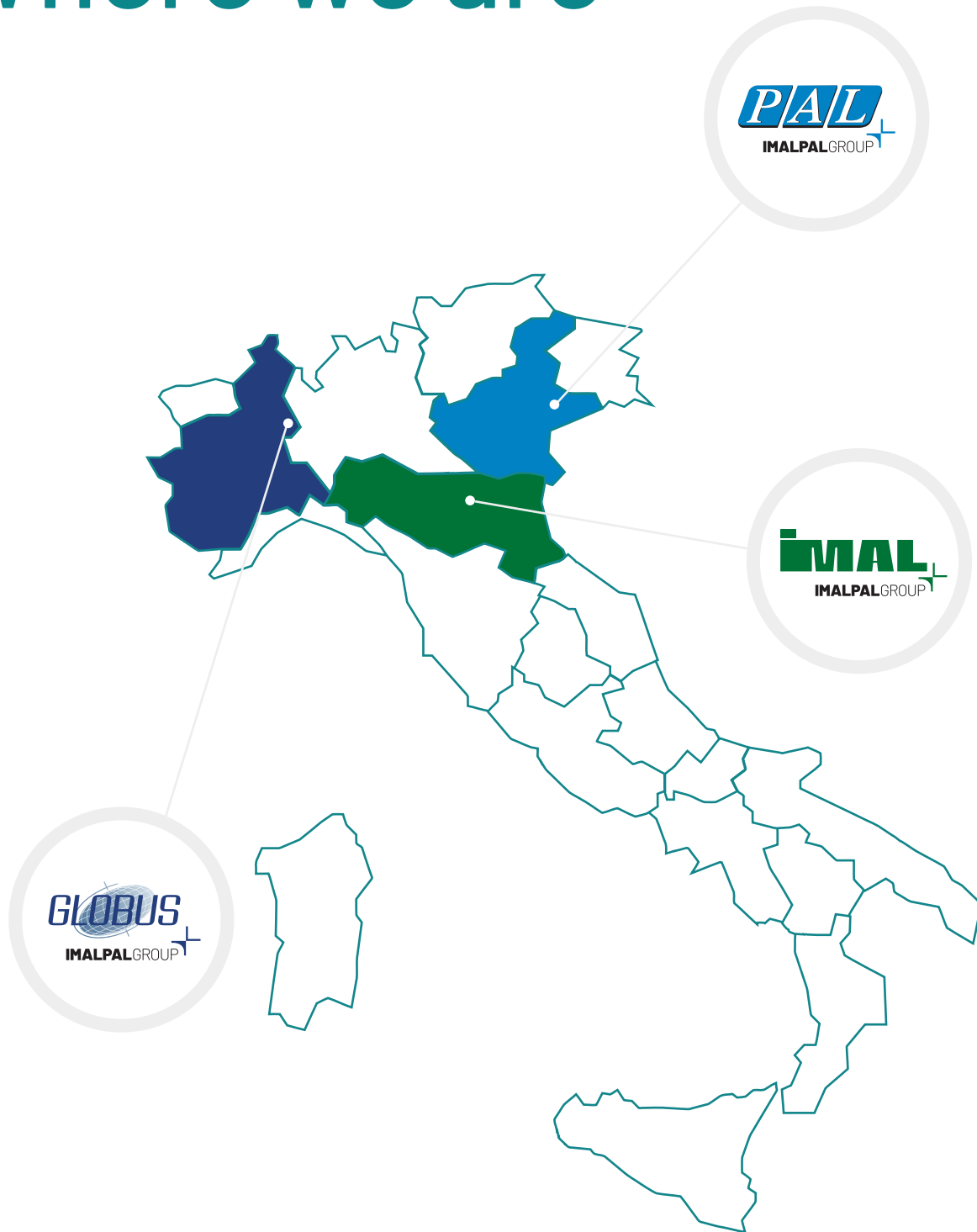
IMAL PAL
GROUP INC

100%

PSP
MACHINERY S.R.L.

30%

Where we are



GLOBUS

Galliate (Novara)

PAL

Ponte di Piave (Treviso)

IMAL

San Damaso (Modena)

Management and control model

IMALPAL GROUP, led by the holding company IMPAFIN Srl, represents a solid and well-structured organisational structure. The governance approach is characterised by the adoption of an Organisation, Management and Control model in compliance with (It.) Legislative Decree 231/2001, with the aim of ensuring transparency, accountability, and compliance with the applicable regulations. The Group's focus is on sustainability, a central element of the 2023 reporting according to the ESRS G1 standard, and is carried out on the data of the three main companies: IMAL, PAL and GLOBUS.

The Group's governance model is designed to ensure transparency, accountability, and compliance with national and international regulations. This model is strongly influenced by the family structure of the founding companies, which have maintained a central role in defining strategies and promoting the values pursued. The founding families actively contribute to governance, ensuring continuity and a long-term vision.

The Board of Directors

It is the central decision-making body of the Group. It is responsible for laying down corporate strategies, approving management policies, and monitoring overall performance. Furthermore, it directly coordinates the activities of internal managers.

IMPAFIN

Paolo Benedetti, Chairman
Loris Zanasi, Vice Chairman
Antonio Dal Ben, Director

IMAL

Paolo Benedetti, Chairman
Loris Zanasi, Vice Chairman
Maria Alessandra Benedetti, Director
Antonio Dal Ben, Director
Laura Zanasi, Director

PAL

Loris Zanasi, Director and Chairman
Antonio Dal Ben, Director and Vice Chairman
Stefano Benedetti, Director
Andrea Dal Ben, Director
Marco Zanasi, Director

GLOBUS

Stefano Benedetti, Director and Chairman
Andrea Dal Ben, Director
Fabio Paron, Director
Salvatore Valvola, Director
Marco Zanasi, Director

Management and staff

The success of IMALPAL Group is based on a close synergy between management, which defines and coordinates corporate strategies, and the staff, which implements them operationally.

- Management: it is responsible for strategic planning, overseeing, and promoting innovation, ensures compliance with company policies, and provides guidance in achieving long-term objectives, in line with the Group's values of sustainability and innovation.
- Staff: operationally applies the strategies identified, managing production processes, contributing to the development of innovative solutions, and actively collaborating with management to improve efficiency and quality.

The collaboration between management and staff is based on transparency and ongoing training, ensuring strategic coherence and operational excellence.

IMAL

Alessandro Balboni, Attorney-in-fact
Stefano Benedetti, Special attorney-in-fact

Sara Bicocchi, Attorney-in-fact
Luca Nicoli, Attorney-in-fact
Marco Zanasi, Special attorney-in-fact

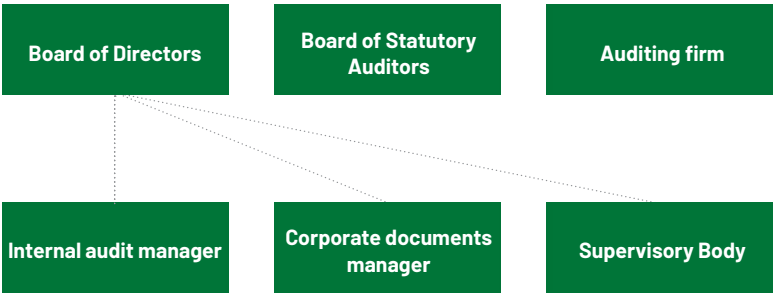
PAL

Antonio Dal Ben, CEO

Angelo Ceolin, Attorney-in-fact
Andrea Dal Ben, Special attorney-in-fact
Michele Libralato, Special attorney-in-fact, responsible for technical management pursuant to (It.) Ministerial Decree 37/2008

GLOBUS

Stefano Benedetti, Chairman of the Board of Directors
Fabio Paron, CEO
Valeria Paron, Special attorney-in-fact



Board of Statutory Auditors

The Board of Statutory Auditors supervises the directors' actions, verifying the compliance of company activities with current regulations and the company's articles of association, and ensuring the proper functioning of internal controls and transparency in financial management.

IMPAFIN

Stefano Ruini, Chairman

Luca Gianaroli, Standing Statutory Auditor

Manfred Parolin, Standing Statutory Auditor

Elena Parenti, Alternate Statutory Auditor

Francesca Petrin, Alternate Statutory Auditor

IMAL

Dino Canavese, Chairman

Luca Gianaroli, Alternate Statutory Auditor

Elena Parenti, Standing Statutory Auditor

Manfred Parolin, Alternate Statutory Auditor

Stefano Ruini, Standing Statutory Auditor

PAL

Ciro Blasi, Chairman

Manfred Parolin, Standing Statutory Auditor

Stefano Ruini, Standing Statutory Auditor

Luca Gianaroli, Alternate Statutory Auditor

Francesca Petrin, Alternate Statutory Auditor

Supervisory Body

In compliance with (It.) Legislative Decree 231/2001, the Group has established a Supervisory Body (SB) with the task of monitoring the effectiveness of and compliance with the Organisation, Management and Control model.

IMAL

Enrico Sala: Head of the planning office.

Sergio Casolari: expert in risk prevention and protection, with specific expertise in workplace safety.

Att. Malavolta: specialist in corporate criminal law, corporate criminal liability, and organisational models.

PAL

Marco Zanon (Chairman of the SB): responsible for calling meetings, setting topics to be discussed, and managing board meetings. The role of chairman ensures organisational effectiveness and compliance with supervisory procedures.

Federico Cal: member with characteristics of professionalism, competence and functional autonomy.

Auditing Firm

The statutory audit is performed by KPMG S.p.A., an internationally recognised auditing firm, which guarantees transparency and reliability in financial reporting.

Organisation chart

The three companies covered by the report, IMAL, PAL, and GLOBUS, operate with a significant degree of management autonomy. Each one has its own organisational structure and a specific organisation chart, which reflects the operational and strategic peculiarities of the sector in which they operate.

Autonomous organisational structures allow companies to effectively manage their activities, ensuring a clear distribution of responsibilities and optimal management of internal processes. At the same time, they make for targeted and consistent ESG reporting activities, ensuring the transparency and quality of the data collected.

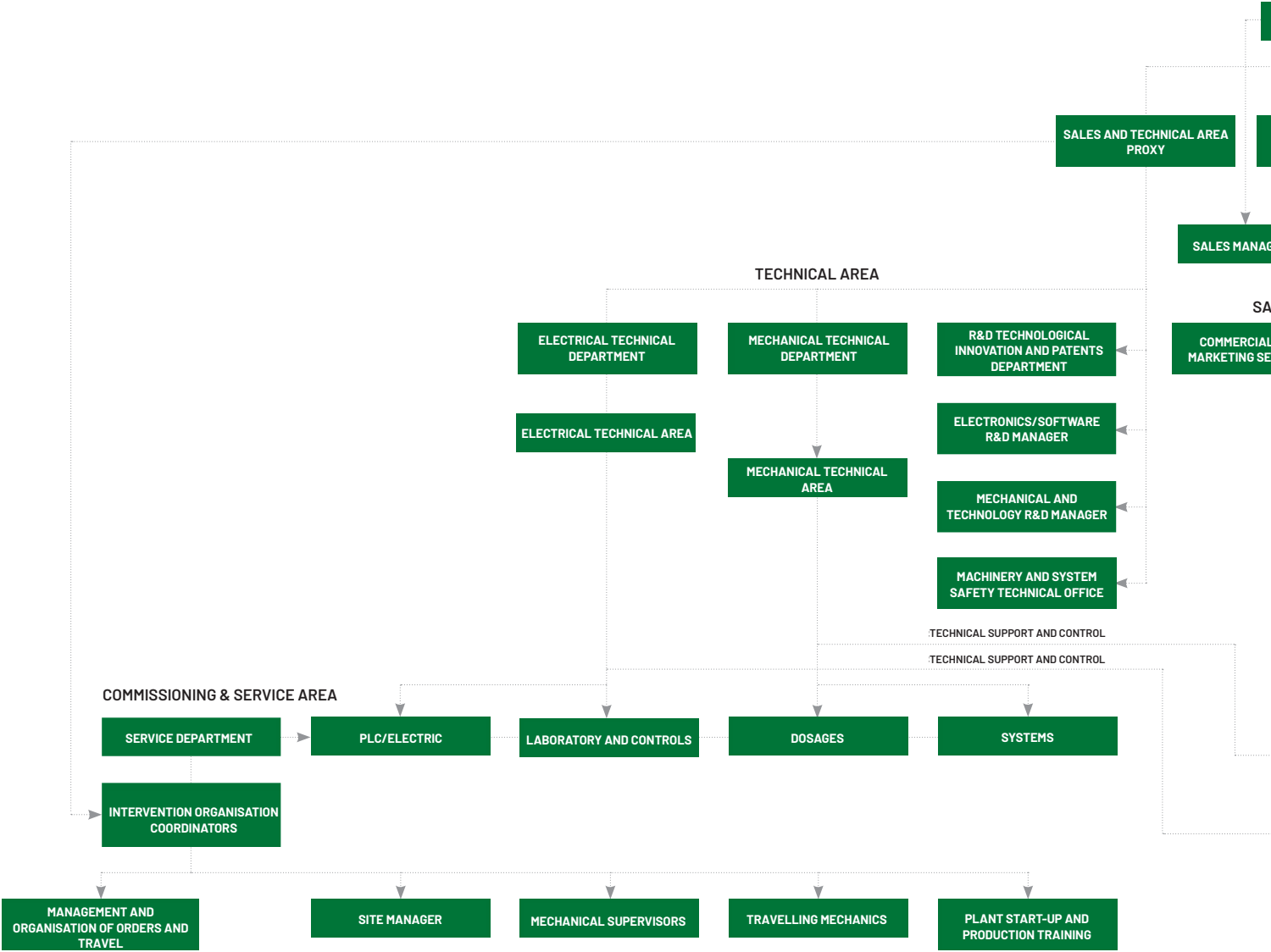
The organisation charts of IMAL, PAL, and GLOBUS will be presented to highlight the specificities of each entity and the central role their organisational structures play in supporting reporting processes and the integration of sustainability objectives. This approach values not only the autonomy of the individual companies, but also their ability to contribute in concert to the strategic

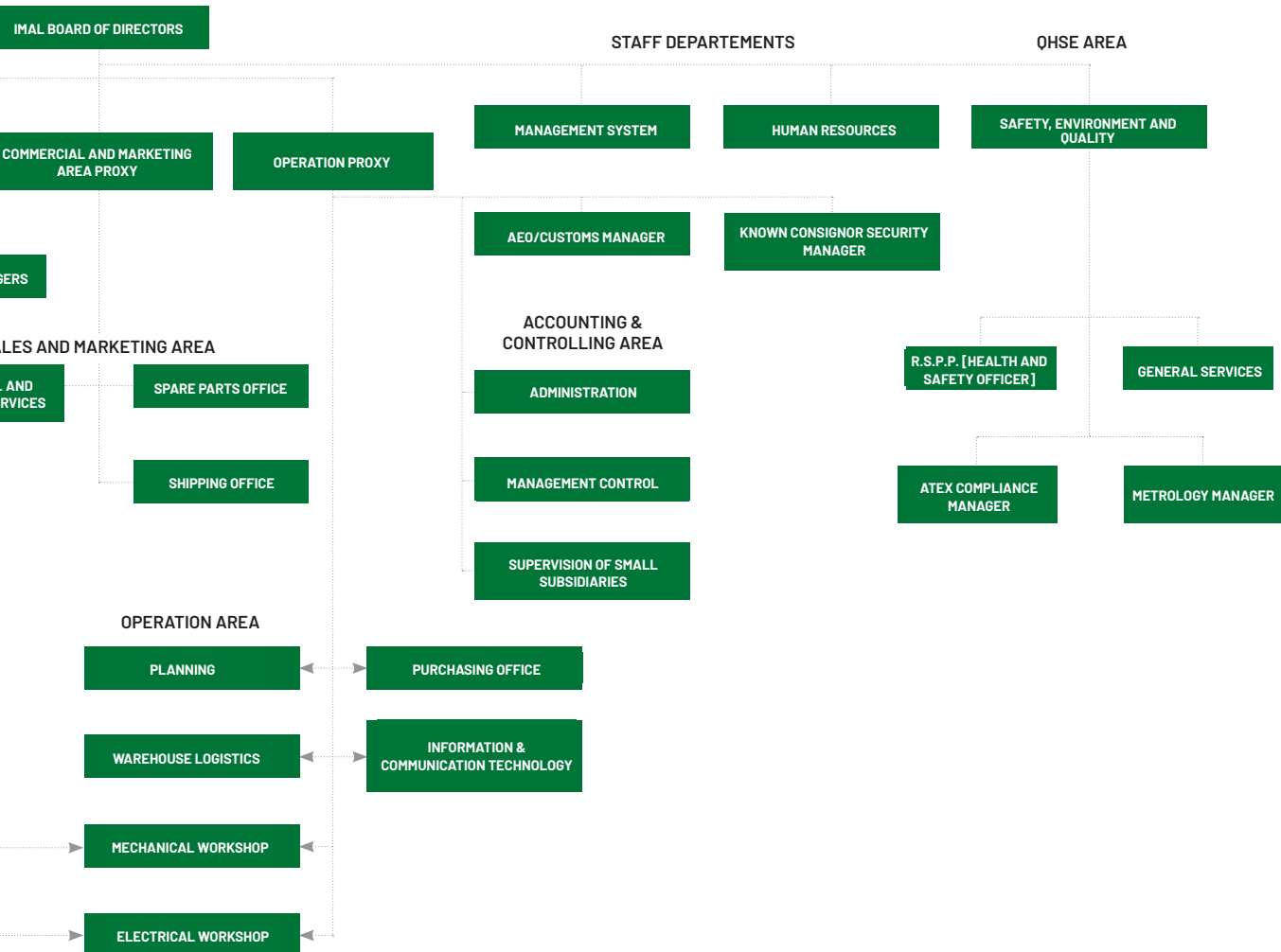
objectives of IMALPAL GROUP.

Thanks to this approach, the ESG reporting process becomes an opportunity to strengthen each company's identity and the Group's overall positioning in the reference market.

Each company contributes its own identity to a collective and transparent ESG journey.



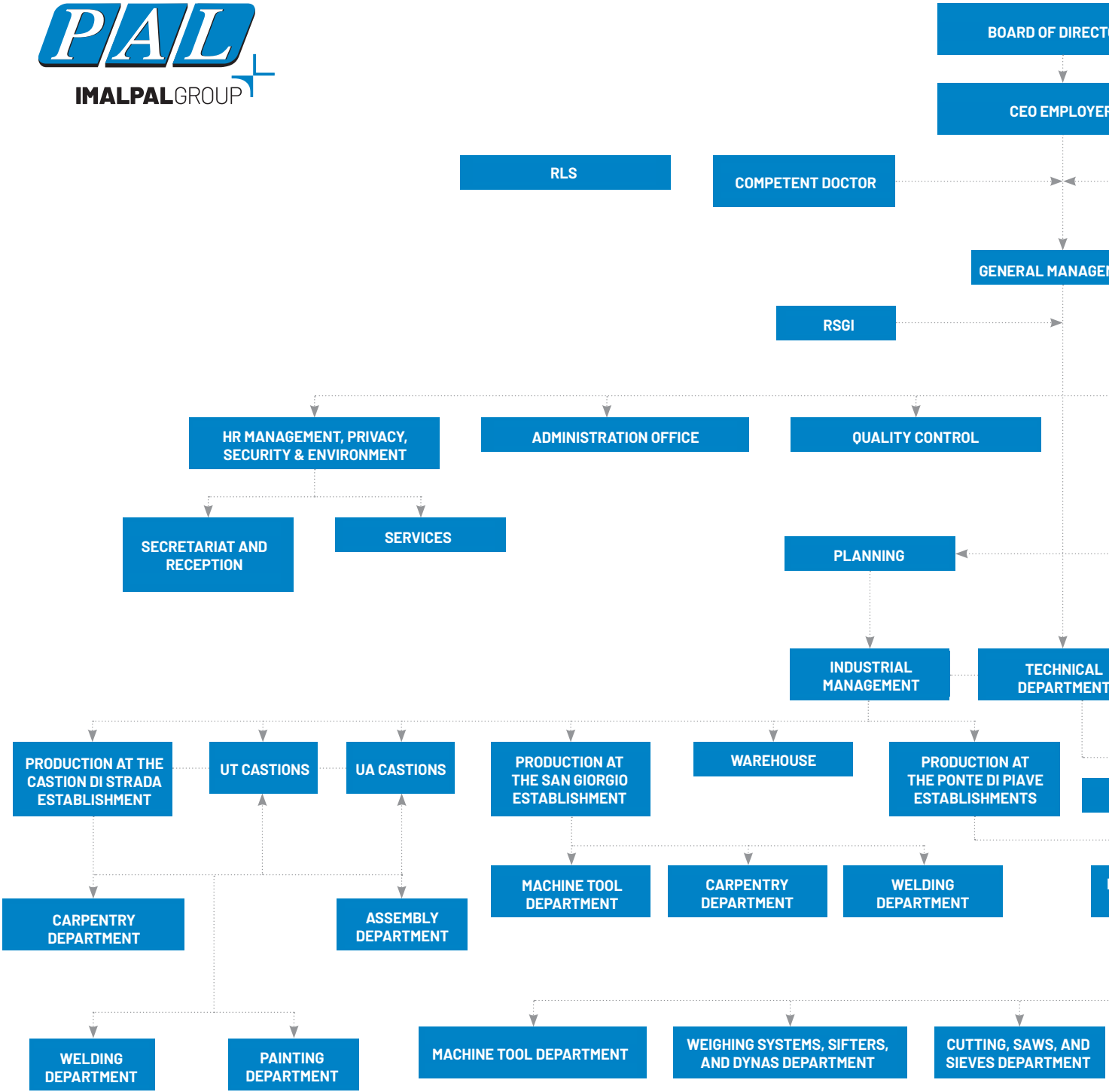


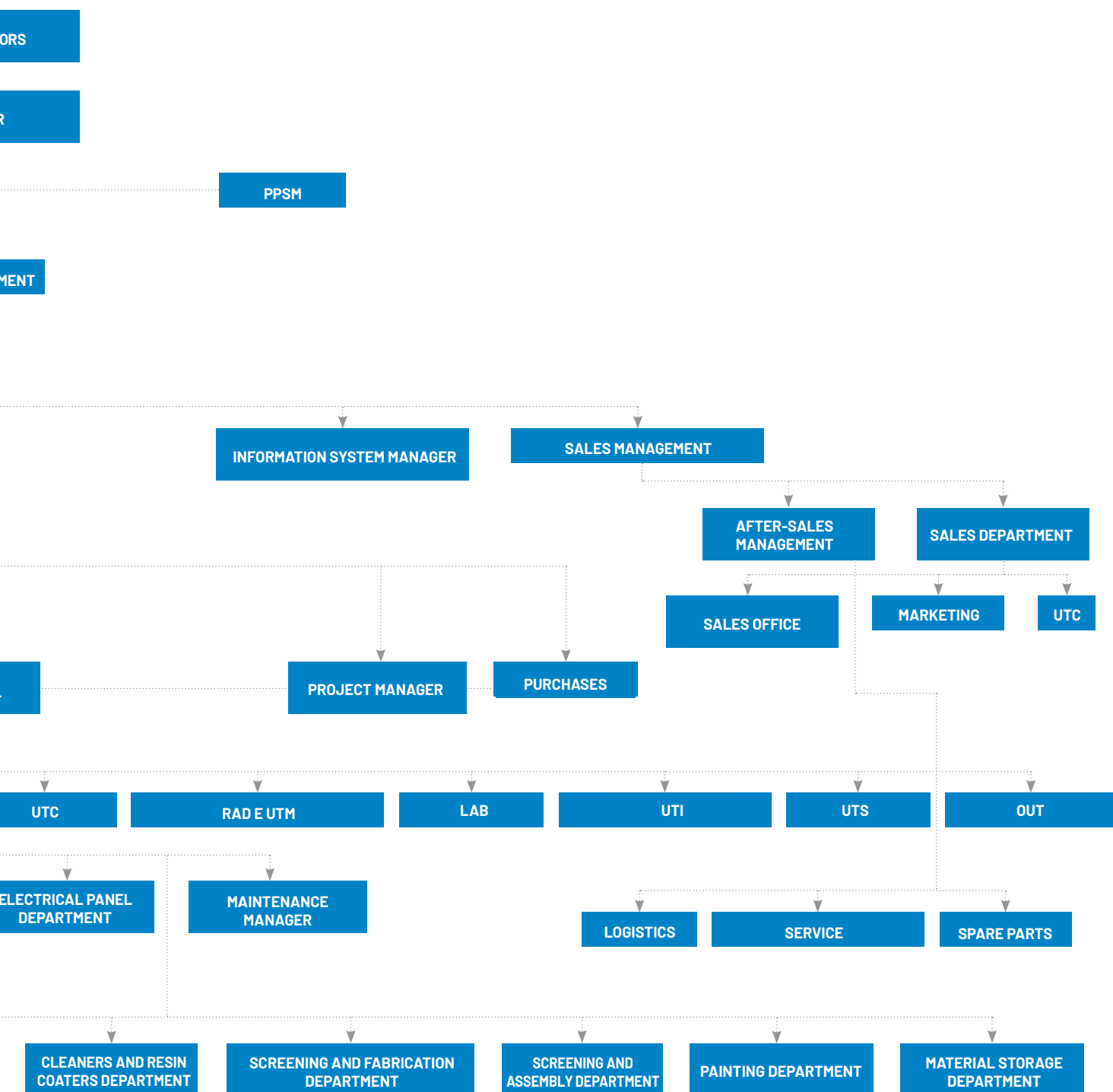


IMAL's organisation chart highlights a hierarchical structure, with the Board of Directors at the top, coordinating the main General Departments, each dedicated to specific functions such as technical, marketing, and operations. The functional areas are clearly organised, including divisions such as the Technical Area, responsible for managing technical resources and innovative projects, the Sales & Marketing Area, focused on commercial and communication activities, and the Operations Area, which oversees production and maintenance.

A distinctive element of the organisation chart is the attention given to cross-functional support departments, such as Human Resources and Management Systems, which ensure the coordination and consistency of operations. Furthermore, significant focus is placed on safety and sustainability, with a specific area dedicated to health, safety and environment (QHSE Area), which underscores the company's commitment to regulatory compliance and environmental responsibility.

The division into subgroups and specific roles ensures a clear distribution of responsibilities. Overall, this organisation reflects a complex but well-structured management, capable of effectively integrating the various company functions.

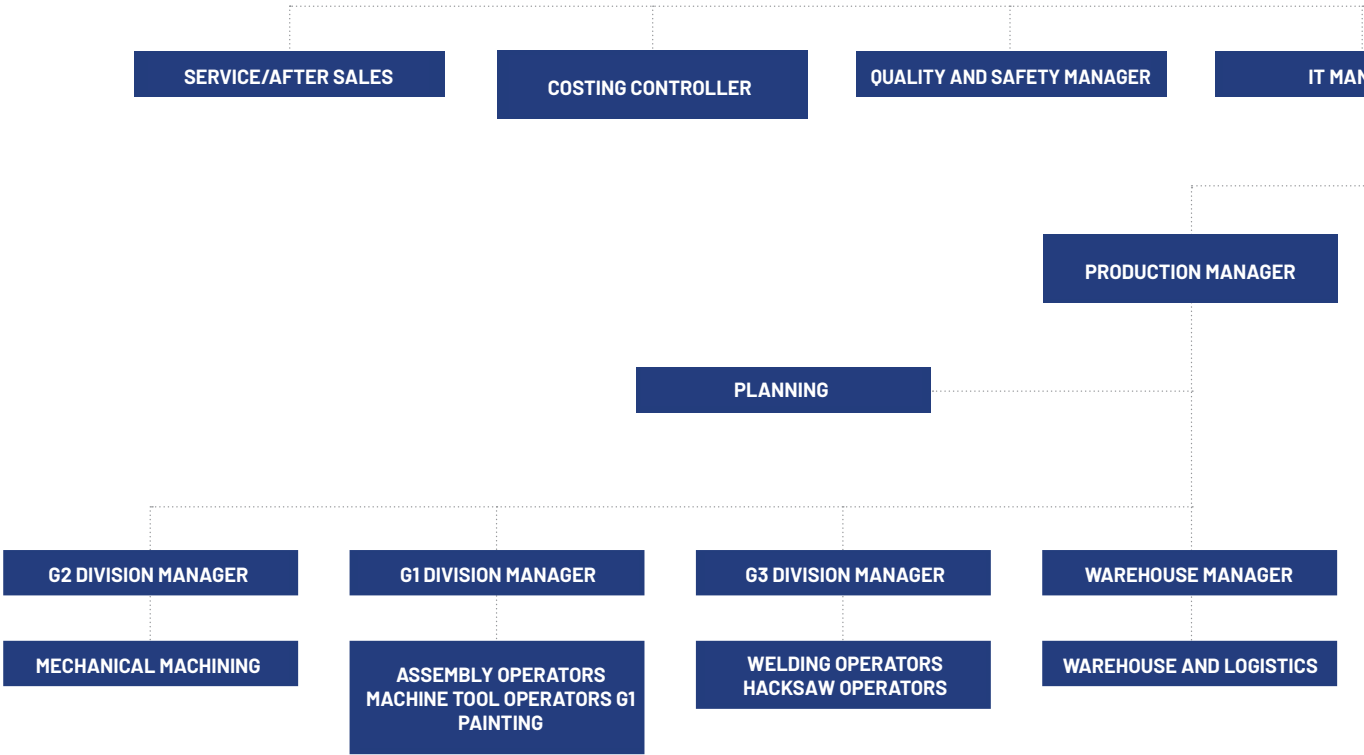


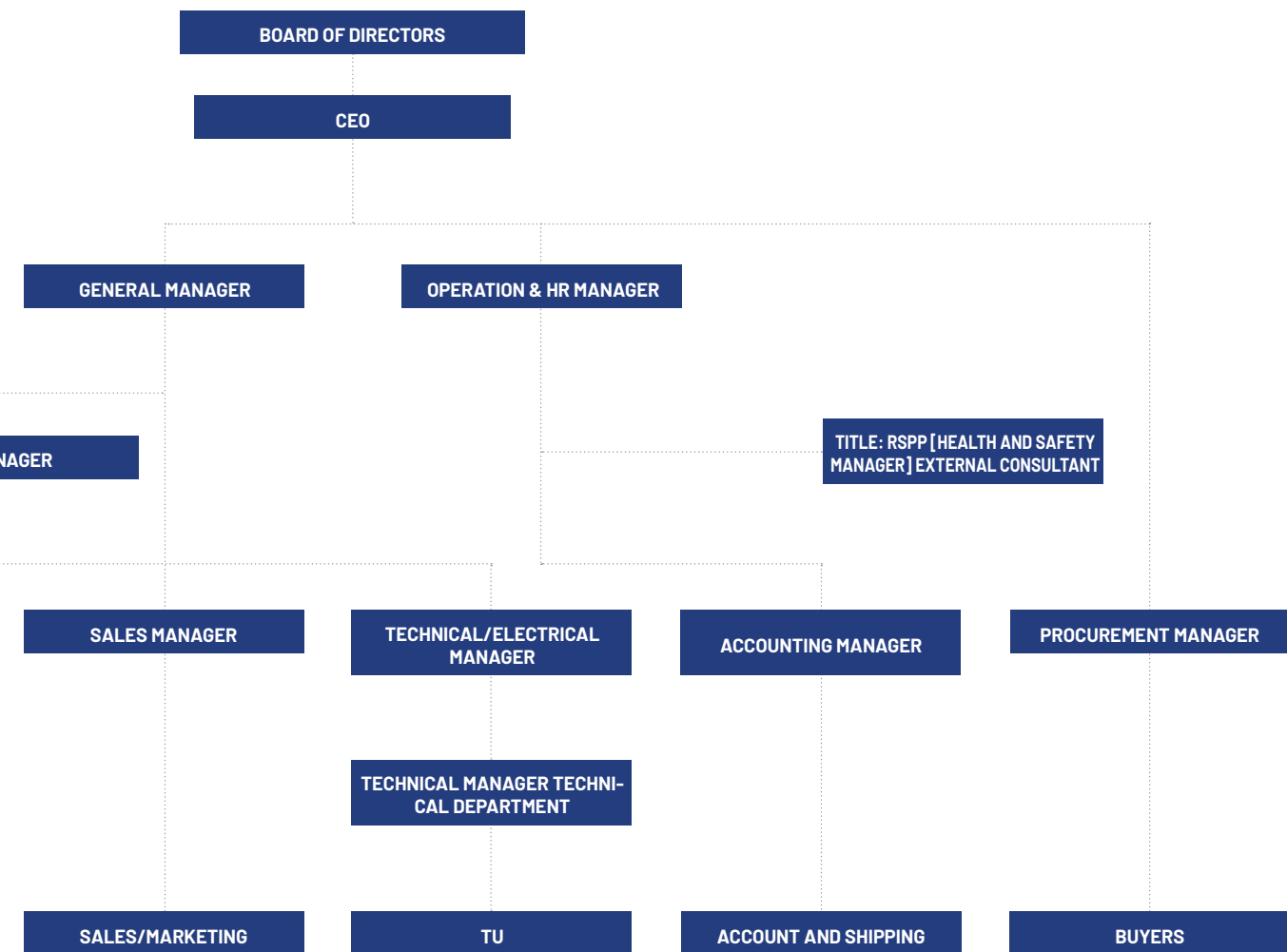


PAL's organisation chart highlights a well-defined and structured structure, with the General Management at the top, coordinating the main company functions through a clear hierarchy. The operational areas, such as Production, Maintenance, Sales & Marketing and Technical Area, are supported by transversal departments such as Human Resources, Administration and Management Control, ensuring integrated and efficient management.

Each function is assigned to specific managers, with an organisation that aims for transparency and clarity in decision-making processes. The presence of a table dedicated to the managers of the various roles underscores the attention to internal reporting and the precise definition of responsibilities.

The structure is also characterised by a quality-oriented and regulatory compliance approach, with integrated control processes that support the optimisation of operations.





The GLOBUS organisation chart highlights an organisational structure, with the Board of Directors and the CEO at the top, coordinating the various operational and support areas. General Management, led by the General Manager, plays a central role in overseeing key activities, such as production, technical management, and commercial operations.

The Production and Planning area focuses on the efficient management of production processes, with a clear division into specialised departments, while the Technical Area deals with innovation and technical development. The Sales and Marketing Area is responsible for the company's commercial positioning and supports sales and promotional strategies.

Great attention is also paid to Quality and Safety, with figures dedicated to managing regulatory standards and corporate compliance. Human Resources and Administration management supports internal activities, from staff selection to accounting management, while Purchasing ensures efficiency in procurement processes.

The structure is distinguished by the high specialisation of roles, which ensures a clear distribution of responsibilities and effective coordination.

Business management

Organisation, management and control model pursuant to (It.) Leg. Decree 231/2001

In 2023, IMALPAL GROUP continued to promote responsible corporate conduct, with each Group company maintaining operational autonomy and adopting its own Organisation, Management, and Control model, in line with the provisions of (It.) Legislative Decree no. 231/2001, where applicable. This structure allows each company to effectively respond to the specific needs of its sector, while sharing the common goal of excellence and integrity.

The Board of Directors of each company that adopts the model is responsible for its adoption and effective implementation, with the support of the internally appointed Supervisory Body (SB). The task of supervising the functioning of and compliance with the indications of the Model, as well as ensuring that it is kept up-to-date, is entrusted to the SB, which is vested with autonomous powers of control over activities at risk of offences. In carrying out its duties, the SB receives the support of all the corporate

Departments concerned and has free access to all documentation deemed useful.

During 2023, the Supervisory Bodies of IMALPAL GROUP companies continuously carried out their tasks, which included:

- Communicating and providing information on the adoption of the model within the company and to third parties, through direct communications to employees and the creation of dedicated sections on the company websites.
- Developing the training plan on the subject of Administrative Liability of Entities pursuant to (It.) Legislative Decree 231/2001, with training sessions for members of senior management and monitoring of the completion of the training activities by all staff.
- Establishing periodic and occasional reporting channels, ensuring the confidentiality of the whistleblower, and monitor them.

- Drafting 231 contractual clauses to be included in contracts with third parties in relation to the adoption of the Organisation, Management and Control Model by the Company and verification of the correct implementation/transmission to customers and suppliers.
- Drafting and updating three-year audit plans for the purpose of monitoring the areas of risk of committing offences under (It.) Leg. Decree 231/2001, to which the Company is exposed by virtue of its business.
- Monitoring the development of relevant legislation and assessing potential impacts on the existing organisational model.
- Meeting with the Board of Statutory Auditors for mutual updates in relation to the Company's Internal Control System.
- Preparing periodic reports to the respective Boards of Directors.

During 2023, there were no cases of non-compliance or fines against IMALPAL Group for the following areas:

- Environmental laws and regulations.
- Impact of the products and services offered on health and safety.
- Social and economic laws and regulations.

This approach, consistent with ESRS G1, demonstrates the Group's commitment to maintaining high standards of compliance and social responsibility, ensuring that each company operates ethically and in line with current regulations, while maintaining its autonomy.

Report handling (Whistleblowing)

In 2023, IMALPAL GROUP implemented a whistleblowing management procedure (ESRS G1) in compliance with (It.) Legislative Decree no. 24/2023, which transposes Directive (EU) 2019/1937. This initiative aims to protect employees and third parties, such as suppliers, customers and other stakeholders who, in the exercise of their activities, detect unlawful conduct. It is possible to report violations of EU law or of national regulatory provisions through confidential and protected communication channels. No reports of wrongdoing were received during the year. However, the Group con-

siders the existence of such tools to be fundamental to promoting a transparent and responsible working environment. The whistleblowing procedure is considered essential to employee growth and satisfaction, as it offers a safe means to express concerns and contributes to the continuous improvement of company practices.

Anti-corruption

During 2023, the three companies intensified their commitment to preventing corruption and complying with current regulations, consolidating a corporate culture based on integrity and compliance (ESRS G1). Companies that have established the Organisational Model have an internal Supervisory Body (SB), in line with the provisions of (It.)

Legislative Decree 231/2001, responsible for ensuring the adoption and effective implementation of the Organisation, Management and Control Models. These bodies operate autonomously and independently, constantly monitoring company activities to prevent illegal behaviour and ensure compliance with the law.

Tax management and transparency

At the same time, the company safety managers, in the various functions, have been entrusted with the task of verifying, within the scope of their responsibilities, compliance with the regulations and procedures relating to the environment

In 2023, IMALPAL GROUP further strengthened its commitment to transparency and accountability in tax management, recognising the crucial importance of these principles in maintaining the trust of its partners.

The Group adopts a rigorous and transparent approach to taxation, ensuring full compliance with the laws in the relevant jurisdiction. This commitment goes beyond simple regulatory compliance, embracing responsible practices that aim for the well-being of the community and the surrounding environment (ESRS G1).

Transparency is a key element of tax policy. Aware of the importance of clear and open communication, the Group provides

and to occupational health and safety. These professionals carefully monitor the implementation of the provisions within the company, promoting a safe and legally compliant work environment.

detailed information on its practices by sharing the necessary data, ensuring that all activities are understood and transparently evaluated by stakeholders, including customers, employees, investors, tax authorities, and local communities.

Furthermore, the Group promotes the generation and distribution of economic value, also included in the Sustainability Report, through fiscal transparency that goes beyond compliance with the law. It is committed to contributing positively to its communities by actively participating in social and economic projects and initiatives that foster sustainable development and inclusion.

Cybersecurity

In a world where technology evolves rapidly and information flows constantly, cybersecurity is no longer just a necessity, but a responsibility. The Group's companies are aware that every piece of data, every transaction, and every communication represents a fundamental component of their digital ecosystem and, as such, deserves the utmost attention.

Protecting information means ensuring reliability, integrity, and business continuity. For this reason, the company has adopted an approach that aims to prevent vulnerabilities, reduce risks, and protect its digital assets. This attention translates into constant monitoring of activities, raising staff awareness, and in the care with which company systems are managed (ESRS 2).

Every access is carefully regulated, every information exchange is conducted with awareness, every technological decision is made with an eye to security. For the company, data protection is a technical measure and a value that permeates corporate culture, because, in an interconnected world, trust is also built through the ability to responsibly safe-

guard what truly matters.

Commitment to cybersecurity is evident in daily work, in those small choices that make a difference: awareness among those who use a company device, prudence in information management, and attention to every possible sign of risk. Because safety is never an end point, but a journey of attention, learning, and shared responsibility.

Employee training is a priority for all Group companies. In this regard, an important training activity has been set up and planned for all employees, which will be implemented in 2024: CYBERGURU.

No cases of privacy breaches or data leaks regarding customers or employees were detected during the year, proof of the effectiveness of the measures adopted.

```

14244 .      if(network.get(index).getName().equals(current))
24077 .          pos = index;
24081 .      }
241 .      // If not in the network, no partners
24191 .      if( pos == - 1)
24192 .          return false;
24193 .      // loop through partners
24194 .      times = 0;
24195 .      string[] partners = network.get(pos).getPartners();
24196 .      boolean foundPath = false;
24197 .      while( !foundPath && times < partners.length){
24198 .          foundPath = canDiscover(partners[index], goal, pathFromWiles, airlinevisited, network);
24199 .          times++;
24200 .      }
24201 .      if( !foundPath )
24202 .          pathFromWiles.remove( pathFromWiles.size() - 1);
24203 .      return foundPath;
24204 .    }
24205 .
24206 .    private static class Airline{
24207 .        private String name;
24208 .        private ArrayList<String> partners;
24209 .
24210 .        //pre: data != null, data.length > 0
24211 .        public Airline(String data){
24212 .            assert data != null && data.length > 0 : "failed precondition";
24213 .            name = data[0];
24214 .            partners = new ArrayList<String>();
24215 .            for(int i = 1; i < data.length; i++){
24216 .                partners.add(data[i]);
24217 .            }
24218 .        }
24219 .
24220 .        public string[] getPartners(){
24221 .            return partners.toArray(new String[partners.size()]);
24222 .        }
24223 .
24224 .        public boolean isPartner(String name){
24225 .            return partners.contains(name);
24226 .        }
24227 .
24228 .        public string getName(){
24229 .            return name;
24230 .        }
24231 .
24232 .        public string toString(){
24233 .            return name + ", partners: " + partners;
24234 .        }
24235 .    }

```

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8787 .      8788 .      8789 .      8790 .      8791 .      8792 .      8793 .      8794 .      8795 .      8796 .      8797 .      8798 .      8799 .      8800 .      8801 .      8802 .      8803 .      8804 .      8805 .      8806 .      8807 .      8808 .      8809 .      8810 .      8811 .      8812 .      8813 .      8814 .      8815 .      8816 .      8817 .      8818 .      8819 .      8820 .      8821 .      8822 .      8823 .      8824 .      8825 .      8826 .      8827 .      8828 .      8829 .      8830 .      8831 .      8832 .      8833 .      8834 .      8835 .      8836 .      8837 .      8838 .      8839 .      8840 .      8841 .      8842 .      8843 .      8844 .      8845 .      8846 .      8847 .      8848 .      8849 .      8850 .      8851 .      8852 .      8853 .      8854 .      8855 .      8856 .      8857 .      8858 .      8859 .      8860 .      8861 .      8862 .      8863 .      8864 .      8865 .      8866 .      8867 .      8868 .      8869 .      8870 .      8871 .      8872 .      8873 .      8874 .      8875 .      8876 .      8877 .      8878 .      8879 .      8880 .      8881 .      8882 .      8883 .      8884 .      8885 .      8886 .      8887 .      8888 .      8889 .      8890 .      8891 .      8892 .      8893 .      8894 .      8895 .      8896 .      8897 .      8898 .      8899 .      8900 .      8901 .      8902 .      8903 .      8904 .      8905 .      8906 .      8907 .      8908 .      8909 .      8910 .      8911 .      8912 .      8913 .      8914 .      8915 .      8916 .      8917 .      8918 .      8919 .      8920 .      8921 .      8922 .      8923 .      8924 .      8925 .      8926 .      8927 .      8928 .      8929 .      8930 .      8931 .      8932 .      8933 .      8934 .      8935 .      8936 .      8937 .      8938 .      8939 .      8940 .      8941 .      8942 .      8943 .      8944 .      8945 .      8946 .      8947 .      8948 .      8949 .      8950 .      8951 .      8952 .      8953 .      8954 .      8955 .      8956 .      8957 .      8958 .      8959 .      8960 .      8961 .      8962 .      8963 .      8964 .      8965 .      8966 .      8967 .      8968 .      8969 .      8970 .      8971 .      8972 .      8973 .      8974 .      8975 .      8976 .      8977 .      8978 .      8979 .      8980 .      8981 .      8982 .      8983 .      8984 .      8985 .      8986 .      8987 .      8988 .      8989 .      8990 .      8991 .      8992 .      8993 .      8994 .      8995 .      8996 .      8997 .      8998 .      8999 .

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Risk management

IMALPAL GROUP has implemented a structured approach to risk management, in line with current regulations, including Directive (EU) 2022/2464 on Corporate Sustainability Reporting (ESRS 2), which has allowed it to identify and mitigate risks in several key areas:

Governance and ethical business conduct

IMALPAL GROUP addresses governance and ethical conduct risks by ensuring transparency in decision-making processes, effective control structures, and a strong commitment to corporate integrity. It promotes a culture of fairness and compliance through a Code of Ethics, training, and ongoing monitoring.

Cyber risk

Data protection and cybersecurity are key priorities. The Group has adopted preventive measures, including targeted staff training, with a dedicated project planned for 2024, to prevent cyber threats and ensure business continuity. In this regard, PAL mainly plans to approach ISO 27001 tools starting next year.

Systemic risk management and business resilience

IMALPAL GROUP has not currently established a corporate Business Continuity Plan - which it will consider implementing in the future to have the necessary tools to maintain operational continuity in the event of a downtime - but there is a Contingency Plan related to the risk analysis present in the integrated management system. This way it ensures the resilience of the business.

Worker health and well-being

Workplace safety and employee well-being have been at the heart of company policies. Training programmes and initiatives have been implemented to promote a healthy and safe work environment.

Talent attraction and human capital development

To mitigate the risk of losing key personnel, Group companies have mapped individual growth paths where possible; financial and non-financial interventions have been evaluated to increase staff engagement and reduce turnover.

Diversity and inclusion

The Group believes that introducing policies aimed at diversity and inclusion is essential for the empowerment of its resources, recognising the importance of a diverse work environment for innovation and sustainable growth.

Responsible procurement

IMALPAL GROUP has set rigorous criteria for selecting suppliers, ensuring they meet high standards in terms of quality and sustainability.

Relations with the local area and local development

The Group's companies have maintained an open dialogue with local communities, participating in initiatives that promote the economic and social development of the area.

Product safety

Processes have been adopted to improve quality, through audits and surveys of after-sales customer feedback, in order to prevent product safety risks.

These initiatives are proof of a concrete commitment to risk management, promoting a corporate culture oriented to-

wards sustainability and social responsibility.

Emission management

The Group is committed to reducing emissions of CO₂ and other greenhouse gases both during production and during the use of machinery. To achieve this goal, during the year it launched the assessment and evaluation process for the implementation of some strategies:

- Reduction of direct and indirect emissions: monitoring and reducing direct GHG emissions from production processes and indirect emissions related to energy consumption.
- Use of renewable energy: some Group companies adopt renewable energy sources to power their production processes, contributing to the fight against climate change.
- Energy efficiency: the companies support the use of technologies and practices aimed at optimising energy consumption, reducing the overall ecological footprint.

Waste management and environmental certifications

To ensure responsible waste management, IMALPAL GROUP is implementing decluttering, reuse and *end of waste actions*, so as to implement them in the coming years. It is also implementing some measures:

- Responsible waste management. Implementation of systems for waste collection, treatment, and disposal in compliance with current regulations, promoting recycling and reuse where possible.
- Environmental certifications. By securing internationally recognised certifications like ISO 14001, PAL demonstrates its commitment to environmental management and to the continuous improvement of its ecological performance.

Risk reduction process.

Risk management is an important element for IMALPAL GROUP, which adopts a resilience-oriented approach. This model makes it possible to balance cen-

trally set guidelines and the managerial autonomy of individual companies, thus ensuring operational flexibility and strategic coherence.

Role of the Board of Directors in risk management

The Board of Directors plays a crucial role in defining and supervising the Internal Control and Risk Management System (SCIGR), laying down the strategic guidelines for mitigating threats that could compromise the achievement of the corporate objectives.

The guidelines are developed centrally and shared with the individual companies of the Group, which adapt them to their own specific operational needs.

Each company in the Group manages its own risks independently, based on the specific characteristics of its own activities.

Autonomy lets each company respond quickly and flexibly to operational challenges, while the Group promotes strate-

gic coordination to ensure a uniform approach to the most relevant issues, such as ESG and climate risks, classified as:

- Transition risks: linked to regulatory (e.g., environmental policies) and technological developments, and to changes in consumer behaviour towards a more sustainable economy.
- Physical risks: they include extreme weather events (e.g., floods, hurricanes) and chronic climate change.

To further improve coordination and effectiveness in risk management, the Group is evaluating the introduction of a dedicated Enterprise Risk Management (ERM) coordinator, who would be responsible for harmonising risk management activities, promoting the sharing of best practices and common methodologies, and of an internal risk committee which would ensure a proactive and integrated approach, tasked with monitoring emerging risks, evaluating mitigation actions, and fostering dialogue between companies.

Flexible and strategic risk management guides the Group towards a safer and more sustainable future.

Approach to sustainability

Contribution to the 2030 Agenda SDGs

IMALPAL GROUP is committed to integrating the principles of the 2030 Agenda into its operating model, recognising the United Nations Sustainable Development Goals (SDGs) as a strategic compass for navigating a complex and rapidly evolving global context. Corporate

risk analysis is closely linked to specific SDGs, which represent a fundamental framework for promoting the Group's sustainability, resilience, and competitiveness.

SDG 5



Gender equality

The Group sees gender equality as an essential pillar for attracting and retaining talent, promoting an inclusive and diverse environment. This approach is aligned with the progress recorded in the ASviS 2023 report, which highlights

a slight improvement in the SDGs relating to gender equality. For the Group, ensuring equal opportunities means not only respecting ethical principles, but also increasing innovation and internal productivity.

SDG 6



Clean water and sanitation

Attention to the responsible management of water resources is a strategic priority for the Group. IMALPAL GROUP, specifically PAL with the highest water impact in its production processes, is

committed to reducing consumption and minimising environmental impacts, contributing to the achievement of long-term sustainability.

SDG 8



Decent work and economic growth

The Group, as proof of its sensitivity to this issue, continuously monitors various indicators, which are used to identify preventative and corrective actions following accident risk assessments.

Furthermore, with initiatives aimed at employee well-being, it promotes safe working conditions, continuous training, and an inclusive culture, in line with the goal of sustainable economic growth.

SDG 9



Industry, innovation and infrastructure

Technological innovation and the creation of resilient infrastructure are essential to maintaining global competitiveness. As highlighted by the ASviS report, Italy is showing improvement in

SDG 9, and the Group contributes directly to this goal by investing in research and development and by collaborating with strategic partners to implement innovative solutions.

SDG 10



Reduced inequalities

By adopting inclusive policies aimed at reducing internal and external inequalities, IMALPAL addresses one of the central challenges of the current socio-economic context. ASviS indicators show stability in the goal of reducing inequalities, but the Group is committed to

promoting further progress through programmes supporting local communities and disadvantaged groups.

The 2030 Agenda inspires the Group's choices, with a positive impact on people, the local area, and innovation.

SDG 13



Climate action

IMALPAL GROUP recognises the urgency of taking action against climate change. In line with the COP28 commitments. The company adopts strategies to reduce CO2 emissions, aiming at a shift

from fossil fuels to renewable sources. However, the lack of concrete intermediate steps represents a challenge that the Group is addressing with a proactive and innovative approach.

SDG 16



Peace, justice and strong institutions

Commitment to transparent and responsible governance is central to IMALPAL GROUP. In a context of geopolitical tensions and economic instability, as high-

lighted in the ASviS report, the company adopts rigorous compliance practices to strengthen institutions and prevent legal and reputational risks.

The context outlined by the ASviS 2023 report highlights the difficulties in achieving the SDGs, amplified by global crises, pandemics, and conflicts. To face the challenges of the coming years, companies must combine sustainability objectives, economic competitiveness, and social security in an integrated strategy.

The ability to adapt rapidly, combining innovation and resilience, will be crucial

to addressing the great challenges: the ecological transition and the achievement of the 2030 Agenda Goals. In this scenario, IMALPAL GROUP intends to position itself as a leader of change, embracing a transformation path that not only strengthens the company's competitiveness but actively contributes to a more sustainable and inclusive future.



Economic sustainability

The sustainability initiatives undertaken by IMALPAL GROUP are based on a synergy between consolidated best practices and a constant approach to innovation. Every action is driven by the desire to actively engage stakeholders, promoting solutions that not only simplify processes but also inspire new visions for customers.

The main goal is to create a positive im-

pact that transcends the corporate context, contributing to improve people's daily lives.

By adopting advanced technologies and constructive collaboration with partners, the Group's companies intend to foster a transformation that meets the needs of today and those of future generations.

Social sustainability

IMALPAL aims to promote the personal and professional development of its people, recognising their central role in the company's success. This goal is pursued by stimulating curiosity, promoting an environment that encourages innovation and values the uniqueness of each individual.

The Group is dedicated to respecting and protecting the rights of its employees, creating a culture based on shared

values that foster inclusiveness, collaboration, and continuous growth. Through this approach, IMALPAL GROUP not only supports the development of its people but also strengthens its commitment to a responsible business model.

IMALPAL GROUP
invests in people for
a more equitable and
inclusive future, inside
and outside the company.

Environmental sustainability

IMALPAL GROUP is committed to protecting the surrounding environment by adopting a conscious approach to the management of resources and materials. This objective translates into the optimisation of production processes, the adoption of circular economy practices, and the promotion of innovative solutions with a low environmental impact.

The Group extends these principles to the entire supply chain, collaborating with partners and suppliers to foster a culture of sustainability. Through these actions, it strengthens its commitment to helping safeguard resources for future generations.



Stakeholders and materiality analysis

In 2023, IMALPAL GROUP further fine-tuned the stakeholder identification and engagement process as required by ESRS 2, implementing the following actions:

Stakeholder mapping:

The Group conducted a detailed analysis to identify all the stakeholders with whom it interacts, ensuring the correct identification of the categories to engage.

Identification of key stakeholders:

Key stakeholders were selected to foster ongoing dialogue, taking into account the external context and the Group's internal evolution.

Stakeholder engagement:

A differentiated engagement of stakeholders has been implemented to identify and assess the positive and negative impacts, actual and potential, generated by the organisation on the environment, the economy and people, including any impacts on human rights.

Communication:

The results and planned activities were communicated through the publication

of the Sustainability Report and other dedicated channels, ensuring transparency and continuous updates for stakeholders.

The Group also continued to recognise the strategic importance of its stakeholders, consolidating and expanding relationships with the following categories:

Employees:

Considered the operational heart of the company, their involvement and well-being have been further promoted through continuous training programmes, corporate welfare initiatives, and policies aimed at fostering an inclusive and motivating work environment.

Means of engagement:

- Continuing training programmes on technical and transversal skills.
- Regulated feedback systems.
- Corporate welfare initiatives, such as non-monetary benefits and flexible working hours.
- Transparent internal communication through digital platforms and meetings with management.

Expectations:

- Inclusive, safe, and motivating work environment.
- Opportunities for professional growth and skills development.
- Work-life balance.

Customers:

Customers are at the heart of IMAL-PAL GROUP's business. Understanding their needs and expectations enables the company to offer high-quality products and services, strengthening loyalty and building lasting relationships. Their feedback is invaluable for innovation and continuous process improvement.

Means of engagement:

- Periodic satisfaction surveys to understand the level of satisfaction with products and services.
- Regular meetings with account managers to anticipate needs and gather suggestions.
- Involvement in co-design processes to develop innovative solutions.

Expectations:

- High-quality, innovative, and sustainable products and services.
- On-time delivery and effective af-

ter-sales assistance.

- Transparency in commercial communications.

Suppliers:

The Group has intensified collaboration with its suppliers, adopting responsible sourcing practices and promoting sustainability throughout the value chain, in line with international standards.

Means of engagement:

- Periodic assessment of supply sustainability, with audits and alignment meetings.
- Strategic partnerships to develop sustainable practices along the value chain.
- Creation of a supplier code of conduct, complemented by training programmes.

Expectations:

- Collaborative and stable relationships.
- Timely payments and fair business negotiations.
- Support to improve sustainability practices.

Trade unions:

The inclusion of trade unions as strategic stakeholders improves the Group's overall approach to internal relations and human resources management, promoting a more equitable and collaborative working environment.

Means of engagement:

- Regular participation in company roundtables to discuss safety, workplace well-being, and contractual conditions.
- Preventive consultations in the event of corporate restructuring, organisational changes, or the introduction of new labour policies.
- Involvement in the development of welfare initiatives and ongoing staff training.

Expectations:

- Transparency in communications and access to relevant information.
- Safeguarding employees' rights and working conditions.
- Respect for contractual agreements and principles of fairness.

Third sector associations and organisations:

Among the IMALPAL GROUP companies, IMAL is the one that has expanded its partnerships with non-profit organisations, supporting social and environmental projects that reflect its commitment to corporate social responsibility and the creation of shared value.

Means of engagement:

- Sponsorship of social and environmental initiatives.
- Collaborations for projects with a local impact (e.g., environmental redevelopment, support for vulnerable communities).
- Involvement in awareness-raising and social responsibility events.

Expectations:

- Financial and logistical support for activities.
- Long-term strategic partnerships.
- Visibility and promotion of the supported initiatives.

Financial institutions:

Relationships with banks and insurance companies have been consolidated through prudent and transparent financial management, ensuring the necessary support for business operations and risk mitigation.

Means of engagement:

- Participation in working groups and consultations on sector-specific issues.
- Collaboration to comply with regulations and tax incentives.
- Involvement in pilot and innovative projects supported by public funds.

Expectations:

- Regulatory and tax compliance.
- Constructive contributions for the development of sectoral policies.

- Commitment to shared sustainability and innovation goals.

Regulatory and legislative oversight bodies:

These bodies ensure that the company operates in compliance with the applicable laws and regulations. IMALPAL GROUP maintains proactive collaboration with these entities, facilitating audits and inspections, and promptly implementing any recommendations to improve compliance and operational efficiency.

Means of engagement:

- Timely response to audit or inspection requests.
- Provision of accurate and up-to-date documentation.
- Implementation of the recommendations received.

Expectations:

- Full compliance with rules and regulations.
- Transparency in company procedures.
- Commitment to continuously improve governance.

Local communities:

The Group recognises the value of local communities as an integral part of its ecosystem, supporting initiatives that promote social well-being, economic growth, and environmental sustainability. IMAL, in particular, stands out for its active contribution to projects that promote social cohesion and territorial redevelopment, strengthening the bond between the com-

pany and the local communities.

Means of engagement:

- Collaboration with local communities and associations to promote cultural, educational, and social activities.
- Financial support for local and cultural events, and urban and environmental redevelopment projects.
- Promoting training initiatives for young people and workers, with the aim of encouraging job placement and increasing skills in the local area.
- Participation in awareness campaigns and interventions to protect and improve the local environment.

Expectations:

- Relationships based on trust and respect for local needs.
- Implementation of projects that concretely improve the quality of life in the communities involved.
- Maintaining ongoing dialogue with community representatives to identify priorities and opportunities for shared development.
- Contribution to the resilience and sustainability of communities, aligning with the Group's objectives.

Detailed mapping and engagement empower the Group's stakeholders.

Materiality

The methodological approach

In 2023, IMALPAL GROUP undertook a materiality analysis in line with the future provisions of Directive (EU) 2022/2464, known as the Corporate Sustainability Reporting Directive (CSRD). This process integrated the “inside-out” perspective (Impact materiality), as outlined by the GRI Universal Standards 2021 (GRI 3 – Material Topics), with the “outside-in” perspective (Financial materiality), according to the EFRAG European Sustainability Reporting Standards (ESRS), in particular ESRS 1 General Disclosure.

The concept of double materiality implies analysing sustainability issues from two distinct perspectives.

- **“Inside-out” perspective (Impact materiality):** this vision, promoted by the GRI Universal Standards 2021 (in particular GRI 3 – Material Topics), focuses on how the company's activities influence the environment, society, and the economy. In other words, it evaluates the impact the organisation has on the outside world.

- **“Outside-in” perspective (Financial materiality):** this perspective, outlined in the ESRSs, particularly in ESRS 1 General Disclosure, examines how external environmental, social and governance (ESG) issues can influence a company's financial and operational performance. It is about evaluating the impact that the external context has on the organisation.

This approach has made it possible for IMALPAL GROUP to identify and thoroughly assess the most relevant sustainability issues, both in terms of the company's impact on the environment and society, and in terms of external influences on its performance. This exercise strengthened the Group's commitment to transparent reporting and responsible management of ESG issues, preparing it for next year's reporting with the adoption of the ESRS standards.

Materiality

Double perspective

The process of setting up and studying the material topics under two different dimensions was divided into several stages. An internal analysis of the organisational and operational context came first, which enabled the Group to identify the aspects relevant to the organisation, considering the activities carried out, commercial relationships, the sustainability context in which it operates, and stakeholder expectations. Subsequently, the topics proposed by ESRS 1 General Requirements were examined. This made it possible to explore the positive and negative, actual and potential impacts generated by IMALPAL in relation to each relevant aspect that emerged.

The next stage consisted in identifying sustainability risks and opportunities by analysing the topics present in the new ESRS standards. All impacts were validated or integrated thanks to the involvement of the relevant company functions: the resulting list was then evaluated by the IMALPAL GROUP management.

Particular attention was paid to environmental risks, with an in-depth assessment

of the likelihood and magnitude of each one, considering climate change scenarios to project future greenhouse gas concentrations, as formally adopted by the IPCC (Intergovernmental Panel on Climate Change), the main international body dedicated to the assessment of climate change.

Once completed, the impacts and risks/opportunities were prioritised, obtaining a meaningful list for management.

For 2023, the Group has decided to engage external stakeholders to measure the impact of material topics, using an innovative tool powered by Artificial Intelligence developed by Doyle, a local company specialising in sustainability tools. This tool has made it possible to impartially and spontaneously translate stakeholder perceptions, providing a reference level of impact from zero to 100, where zero indicates a negative impact and 100 a positive impact. This made it possible to monitor the trend of stakeholder perceptions on material topics throughout the year.

The results obtained were shared and approved by the working group dedicated to drafting the Sustainability Report, and highlight IMALPAL GROUP's commitment to pursuing a sustainable and responsible strategy.

In the tables relating to the impact of material topics, the latter are divided into environment, social and governance and in turn classified in sequence based on the result emerged from the survey, from highest to lowest. The first table evaluates the "inside out" approach, focusing on the stakeholder perspective; the second table represents the "outside in" results, considering the impact of material topics on company activities.

The concept of double materiality involves analysing sustainability issues from two distinct perspectives: impact materiality and financial materiality.



Inside - out impact materiality

	Material topics	General description of the impact (inside-out perspective)	Type of impact
E	Reputational aspect	Strengthening corporate trust and reputation among stakeholders through accountability processes.	Positive - actual
E	Energy efficiency	Adoption of technologies and practices to improve energy efficiency.	Positive - actual
E	Emission management	No significant reduction in emissions to address climate change.	Negative - potential
E	Waste management	Suboptimal waste management to minimise the environmental impact.	Negative - potential
E	Use of plastic	Significant reduction in use of plastic in favour of sustainable materials.	Negative - potential
E	Certifications	Implementation of quality standards and key certifications for sustainability.	Positive - potential
S	Customer experience	Optimising customer experience through innovative solutions.	Positive - actual
S	Occupational health and safety	Implementation of programmes to improve occupational safety and well-being.	Positive - actual
S	Product liability	Ensure product quality and safety throughout the value chain.	Positive - actual
S	Working conditions and workers' rights	Improved working conditions and respect for fundamental rights.	Positive - actual
S	Inclusion and respect for human rights	Promoting policies for respect and inclusion of human rights.	Positive - actual
S	Professional growth and talent management	Attracting and developing new talent through professional growth paths.	Positive - actual
G	Innovation and sustainability	Promoting innovation for sustainable and competitive solutions.	Positive - actual
G	Business ethics and transparency	Reinforcing transparency and ethics in business operations.	Positive - actual
G	Organisation management	Optimising organisational structure to maximise efficiency.	Positive - actual
G	Risk management	Proactive identification and management of operational and strategic risks.	Positive - potential
G	Cybersecurity	Insufficient protection of corporate infrastructure.	Negative - potential
G	Customer loyalty	Building long-term, trust-based customer relationships.	Positive - actual

Prospective analysis

Inside - out

The table provides a clear overview of IMALPAL GROUP's material topics, showing both the description of the impacts (inside-out perspective) and the type of impact (positive, negative or potential).

The topics and relevance were identified from each individual company. The impact result was obtained by applying the average of the evaluations; the criterion for assessing stakeholder impact was first applied to each individual company and then averaged using tools equipped with Artificial Intelligence.

Table structure

- Material topics: they identify the main aspects on which the company has an impact.
- Impact overview: identifies the impact of each topic, considering the external stakeholders.

- Impact type: it specifies whether it is positive or negative, with reference to the current situation.

Analysis of the impact of the material topics on the external context

The assessment of the impact of the material topics of the Group's companies highlights a strategic approach that integrates sustainability into multiple operational and decision-making dimensions. The average performance of the three companies involved in the reporting – IMAL, PAL and GLOBUS – shows an overall positive picture, with significant strengths, but also some areas for improvement and potential challenges to be addressed with targeted interventions.

Environment

The analysis of material environmental topics highlights IMALPAL GROUP's commitment to addressing key sustainability challenges through conscious and strategic management of its impacts on the outside world.

The breakdown by company (IMAL, PAL and GLOBUS) offers a useful insight into understanding the priorities and areas of improvement, differentiated according to the operational peculiarities of each reality.

Reputational aspect

Impact: Positive – Actual.

A solid corporate reputation generates trust among stakeholders and inspires imitation in competitors and supply chain partners. Transparency and consistency in sustainability actions enhance dialogue with local communities

and investors, strengthening the Group's role as an example of responsible leadership.

However, there are opportunities to further enhance relationships with key stakeholders, such as developing a targeted communications plan that highlights environmental progress with clear metrics and narratives that directly engage them.

Energy efficiency

Impact: Positive – Actual

Optimising consumption and energy efficiency through advanced technologies is a central aspect of the Group's environmental strategy and reduces pressure on natural resources, decreasing the demand for energy from fossil fuels. This reduces its contribution to air pollution and strengthens the resilience of its

operations in the face of potential energy crises.

The Group's three companies, primarily IMAL, have invested differently in systems and solutions capable of significantly reducing consumption while simultaneously improving operational competitiveness. The photovoltaic system represents a major step towards energy efficiency. These interventions not only generate environmental benefits but also guarantee long-term economic savings.

Looking ahead, it is important to strengthen the integration of energy certifications (e.g., ISO 50001) and expand the use of renewable energy to further reduce dependence on fossil fuels.

Emission management

Impact: Negative – Potential

Reducing emissions is a strategic priority when it comes to contributing to the fight against climate change. The Group's companies have implemented practices and technologies that aim to significantly reduce their carbon footprint.

The decline in emissions must be con-

stantly monitored and reported to allow stakeholders to evaluate climate change mitigation and to verify the achievement of the Sustainable Development Goals (SDGs), in particular Goals 7 (Affordable and clean energy) and 13 (Climate action).

Waste management

Impact: Negative – Potential

Suboptimal waste management could increase the risk of materials leaking into the environment and inefficiencies in the recycling chain. This can have a negative impact on both an ecological and social level, affecting the quality of life of local communities.

This topic represents an area of improvement for all Group companies, primarily for IMAL and GLOBUS, due to a high volume of projects in 2023. PAL shows greater attention and this makes for greater perception also towards stakeholders.

We must commit to developing an integrated system for the separate collection, recycling, and reuse of waste. Designing a waste management plan that includes collaboration with specialised partners, perhaps local ones, and the adoption of waste treatment technologies would represent a step towards greater awareness of the issue.

Use of plastic

Impact: Negative - Potential

Reducing use of plastic in favour of more sustainable materials is a relevant issue in many sectors, but less significant for the Group, as use of the material in production processes is limited.

Although the topic is not considered relevant to production activities and has no impact on stakeholders, the use of this material, even marginal, contributes to the global problem of the dispersion of non-biodegradable materials into the environment. Targeted actions are being evaluated, especially for non-production activities, to strengthen the perception of the company's commitment.

Certifications

Impact: Positive - Potential

Certifications represent a distinctive element to ensure compliance with environmental regulations and improve corporate credibility.

Adopting internationally recognised certifications (e.g., ISO 14001) guarantees high environmental management standards, promoting trust among stakeholders and customers. This approach also encourages other companies in the sector to follow similar paths, generating a positive systemic impact.

PAL shows greater sensitivity towards environmental certifications (14001), considering them a strategic factor for competing on international markets. IMAL and GLOBUS, however, still need to strengthen their models to fully align with the best practices of the sector.

The analysis of material environmental topics highlights a strong ability to generate positive impacts in the areas of emissions management, energy efficiency, and corporate reputation.

Social

Customer experience

Impact: Positive – Actual

Focusing on optimising the customer experience has a direct impact on satisfaction and loyalty, fostering long-term relationships with business partners. The innovative solutions developed by IMALPAL GROUP not only improve the products and services offered, but also contribute to raising quality standards in the sector, indirectly benefiting the entire production ecosystem.

IMAL, PAL, and GLOBUS have a customer-centric approach, which manifests itself in continuous product and process innovation to improve customer satisfaction, resulting in greater loyalty and competitiveness.

In the future, we will evaluate the integration of Artificial Intelligence tools into customer service processes to further customise the user experience.

Occupational health and safety

Impact: Positive – Actual

The implementation of programmes to improve occupational safety and well-being, ensuring safe and healthy working conditions, sets a benchmark for the industry, reducing the risk of work-related injuries and improving the overall well-being of employees. These interventions, in addition to ensuring regulatory compliance, help spread a culture of safety that extends beyond the workplace, positively impacting workers' families and communities.

Product liability

Impact: Positive – Actual

Product quality and safety along the entire value chain are fundamental to market positioning. Through rigorous controls and high production standards, IMALPAL GROUP minimises the risks for end customers and promotes responsible consumption, helping to strength-

en stakeholder trust and stimulate the adoption of sustainable practices in the sector.

Working conditions and workers' rights

Impact: Positive – Actual

The commitment to improving working conditions and respecting fundamental rights strengthens the Group's role as a responsible employer. IMAL, PAL, and GLOBUS care about the well-being of their people and promote a fair and respectful working environment. They generate a positive impact not only on employees but also on local communities, contributing to the construction of a more cohesive and resilient social fabric. To achieve greater external awareness, all Group companies are evaluating the implementation of shared welfare programs.

Inclusion and respect for human rights

Impact: Positive – Actual

The human rights inclusion and respect policies adopted have a positive impact on a global scale. By promoting diversity and combating all forms of discrim-

ination, IMALPAL GROUP improves the internal climate and aims to become an example for other industrial companies. This commitment helps raise awareness among partners and suppliers of the need to adopt high ethical standards, generating a multiplier effect throughout the entire supply chain.

Professional growth and talent management

Impact: Positive – Actual

Promoting professional growth paths and developing internal talent has a dual effect. On the one hand, they guarantee staff access to development and skills improvement opportunities; on the other, they strengthen the Group's competitiveness, improving its ability to attract new qualified resources. This has a positive impact on society, contributing to the formation of a more competent and resilient workforce, in line with the needs of an ever-changing labour market.

All Group companies consider it a priority to invest in training and developing their personnel's skills, including ESG topics and digital skills.

The analysis of social material topics demonstrates a strong alignment with sustainability goals, highlighting a tangi-

ble positive impact on the external world.

The adoption of inclusive policies, attention to workers, and continuous innovation are strategic pillars for the future, making the Group an example of responsible leadership in its sector.

Governance

Innovation and Sustainability

Impact: Positive - Actual

Promoting innovative and sustainable solutions is central to the Group's competitiveness and growth and helps position it as an industry leader, positively influencing customers and business partners. This enables it to respond effectively to market needs, strengthening its competitive advantage.

Business ethics and transparency

Impact: Positive - Actual

Strengthening transparency and ethics in corporate operations is a central topic, considered a strategic priority by both stakeholders and companies.

This focus has positively impacted the

Group's positioning as a responsible and reliable player in its sector, fostering stronger relationships with the supply chain and the market.

All Group companies demonstrate a significant commitment in this area, adopting codes of ethics and governance tools to ensure alignment between the declared values and the operating practices.

Organisation management

Impact: Positive - Actual

Optimising organisational structure to maximise efficiency is considered highly relevant by both companies and stakeholders and translates into a greater capacity to respond to the needs of the latter.

IMAL, PAL, and GLOBUS demonstrate a strong commitment to optimising management models that improve operational and decision-making efficiency.

Stakeholders see this topic as being of primary importance and it reflects the importance of a solid structure to ensure business sustainability.

Risk management

Impact: Positive – Potential

The proactive identification and management of operational and strategic risks is a key lever for ensuring business resilience and increasing stakeholder trust, demonstrating the organisation's long-term solidity.

The Group has launched initiatives to strengthen its risk management, but these strategies are still in their early stages. This topic has significant potential to mitigate vulnerabilities and improve the ability to respond to unforeseen scenarios.

It will be important to implement integrated risk management systems, with a focus on ESG risks.

Cybersecurity

Impact: Negative – Potential

Insufficient protection of corporate infrastructure through advanced cybersecurity strategies has a potential negative impact that, however, is not perceived as a priority by stakeholders.

This limits the recognition of the value of the actions undertaken by the Group in this area. It is essential to integrate cybersecurity into stakeholder dialogue, raising awareness of the importance of this risk among all stakeholders.

Customer loyalty

Impact: Positive – Actual

Building long-term relationships with customers is perceived as less relevant by stakeholders, despite PAL having a consolidated structure in this area.

The latter stands out for its highly structured customer loyalty processes, but stakeholder perception of these efforts is limited; IMAL and GLOBUS, however, can further improve their strategies in this area.

require targeted interventions to improve their perception and external recognition.

In conclusion, IMALPAL Group's material governance topics reflect a holistic and strategic approach to sustainability, with a significant impact on the external world. Corporate ethics, transparency, and organisational management emerge as central elements, positively perceived by stakeholders and fundamental to building trust. However, issues such as cybersecurity and customer loyalty

Outside – in financial materiality

	Material topics	General description of the impact (outside-in perspective)	Type of impact
E	Reputational aspect	Reputational risk arising from negative stakeholder perceptions in the event of inadequate performance.	Risk
E	Energy efficiency	Opportunities to reduce operating costs by adopting more efficient energy practices.	Opportunity
E	Emission management	Risks associated with the need to implement emission reduction strategies and comply with regulations.	Risk - Opportunity
E	Waste management	Risk of inefficiencies related to suboptimal waste management.	Risk
E	Use of plastic	Opportunities arising from the adoption of sustainable materials to reduce plastic use.	Opportunity
E	Certifications	Opportunity to strengthen corporate credibility through key certifications.	Opportunity
S	Customer experience	Opportunity for loyalty and customer growth through improved experiences.	Opportunity
S	Occupational health and safety	Risks arising from accidents or failure to comply with safety regulations.	Risk
S	Product liability	Risks arising from non-compliance with product and quality regulations.	Risk
S	Working conditions and workers' rights	Risks associated with inadequate working conditions that could affect productivity.	Risk
S	Inclusion and respect for human rights	Opportunity to strengthen the corporate image by promoting inclusion and respect for human rights.	Opportunity
S	Professional growth and talent management	Risk of high turnover and difficulty retaining talent.	Risk
G	Innovation and sustainability	Opportunity for the Group to stand out in the market through sustainable innovations.	Opportunity
G	Business ethics and transparency	Reputational risks related to insufficient transparency in business processes.	Risk
G	Organisation management	Opportunity to improve organisational and operational efficiency through optimised processes.	Opportunity
G	Risk management	Operational risk arising from the failure to identify and manage critical risks.	Risk
G	Cybersecurity	Risk of cyber security breaches that could compromise company data.	Risk
G	Customer loyalty	Opportunity to increase business value by building strong customer relationships.	Opportunity

Prospective analysis

Outside - in

The table analyses IMALPAL GROUP's material topics from an outside-in perspective, assessing how the external context – including stakeholders, the market, regulations, and socio-environmental trends – influences the com-

pany's activities. This vision highlights the risks and opportunities arising from external dynamics, making it possible to understand areas of vulnerability and the strategic levers for improvement.

Environment

The environmental dimension presents a combination of risks and opportunities that reflect the growing weight of regulations and social expectations regarding sustainability.

Reputational aspect

Risk arising from negative stakeholder perceptions of inadequate environmental performance, underlining the importance of effective communication and transparency.

Energy efficiency and emissions management

Opportunity to reduce operating costs through strategies to improve efficien-

cy and reduce emissions, while aligning with regulations.

Waste management and use of plastic

Failure to optimise these sectors poses a significant risk, but can be transformed into opportunities by adopting sustainable materials and circular solutions.

Certifications

Opportunity to strengthen corporate credibility by obtaining key certifications, which promote compliance and improve competitiveness.

Social

Environmental topics, such as emissions management and energy efficiency, represent an important strategic lever for the Group. The adoption of sustainable practices, in fact, not only makes it possible to reduce operating costs but also responds to growing regulatory and social pressure. However, aspects such as emissions management, waste manage-

ment, and use of plastic highlight risks of inefficiency that, if not adequately addressed, could impact performance. Strengthening the environmental certification programme offers an opportunity to consolidate corporate credibility and improve competitiveness in sustainability-sensitive markets.

The social dimension emphasises the centrality of relationships with workers, customers, and society, highlighting both risks related to the failure to respect rights and opportunities to strengthen the human capital and relationships with customers.

Occupational health and safety

Risk of incidents or non-compliance that could undermine internal and external trust.

Working conditions and workers' rights

Risks related to inadequate conditions,

with negative effects on productivity and the corporate climate.

Customer experience

Opportunities to build loyalty and expand the customer base through innovative and targeted solutions.

Inclusion and respect for human rights

Opportunity to strengthen the company's image through inclusive policies, fostering a competitive advantage.

Governance

Professional growth and talent management

The risk of high turnover is a challenge, but investing in training and development can turn it into a strategic opportunity.

The centrality of human capital clearly emerges from the analysis of social material topics. Worker well-being, guaranteed through health, safety, and respect for fundamental rights, not only reduces

the risk of accidents and conflicts, but also contributes to an inclusive and productive work environment. Furthermore, investing in talent management is a strategic response to the risk of turnover, transforming it into an opportunity to attract and retain the best resources. At the same time, customer experience and social inclusion strengthen relationships with external stakeholders, engendering long-term trust and loyalty.

The governance dimension highlights the importance of solid structures and transparent processes to mitigate operational and strategic risks and seize opportunities related to innovation and efficiency.

Business ethics and transparency

Reputational risks arising from insufficient transparency, which can negatively impact relationships with stakeholders.

Organisation management

Opportunity to improve efficiency by optimising the organisational structure, increasing resilience.

Risk management and cybersecurity

Both issues are characterised by significant risks for the operations and protection of corporate data. Through proactive management, this vulnerability can be transformed into competitive advantages.

Customer loyalty

Opportunity to strengthen strong, long-term relationships, increasing customer loyalty and value.

Innovation and sustainability

Opportunity for the Group to stand out by introducing solutions that strengthen its competitive advantage.

Corporate governance is an essential pillar for the Group's resilience. Issues such as corporate ethics, transparency, and organisational management are key to building strong relationships with stakeholders and optimising decision-making processes. However, the growing importance of cybersecurity and risk management emphasises the need for a proactive approach to protecting corporate infrastructure and addressing operational vulnerabilities. Lastly, sustainable innovation is an opportunity for the Group to stand out on the market by integrating solutions that improve effi-

ciency and create shared value.

IMALPAL GROUP has demonstrated a mature and integrated approach to managing Sustainability topics, as evidenced by the inside-out and outside-in perspectives of double materiality. The inside-out perspective highlights the positive impact generated by corporate activities on the environment, society, and stakeholders. Issues such as emissions management, energy efficiency, and employee professional growth highlight the Group's proactive role in creating tangible value for the community.

The commitment to innovation and transparency clearly emerges as a strategic pillar for strengthening competitiveness and ESG performance. Attention to employees and customers, reflected in material topics such as occupational health and safety and customer experience, underlines the importance placed on human capital and the

relationships of trust built with external partners.

At the same time, the outside-in perspective highlights the risks and opportunities that the external context poses. Topics such as climate change, risk management, and cybersecurity represent critical areas, with potential strategic implications for corporate resilience. However, significant opportunities are also emerging, such as those related to energy efficiency and sustainable innovation, which offer the Group the opportunity to consolidate its leadership while reducing operating costs and improving its reputation.

The two perspectives complement each other perfectly, offering a holistic framework that highlights the importance of conscious and responsible management of ESG topics.

IMALPAL GROUP confirms its position as a conscious and proactive player in

the sustainability context, capable of responding to current needs without losing sight of future challenges.



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// Growing with *innovation* //

The Group's growth

2023 highlights

Total economic value distributed in EUR	56,067,397
Total revenue in EUR	197,598,202
Purchases from local suppliers	93.7%



WXY



Economic results

Since January 2022, the escalation of tensions between Russia and Ukraine, culminating in the invasion of Ukrainian territory by the Russian army on 24 February 2022, has had significant repercussions on international markets. This event influenced both the performance of financial markets and commodity prices, generating a climate of uncertainty that continued into 2023.

Added to this are recent developments in the Middle East, which have introduced further variables of instability. These developments have not only had repercussions at the regional level but have also impacted business dynamics globally, creating challenges for companies navigating an increasingly complex and unpredictable economic environment.

IMALPAL GROUP addresses this situa-

tion through a strategy based on resilience, flexibility, and innovation. Aware of the challenges arising from geopolitical and economic events, it has implemented a series of actions aimed at ensuring operational continuity and business sustainability (ESRS 2).

Diversification of markets and supply chains

The Group has strengthened the geographical diversification of its markets and supply chain to reduce its dependence on areas subject to greater uncertainty, an approach that helps mitigate risks related to commodity fluctuations and supply chain disruptions.

Strategic planning and risk monitoring

A monitoring system that constantly assesses global risks and their potential business implications makes it possible to anticipate critical issues and take preventative measures to protect business operations.

Energy efficiency and autonomy

To counter rising energy commodity prices, the Group intends to accelerate the adoption of renewable sources, such as photovoltaic systems, to reduce dependence on fossil fuels and contain costs.

Innovation and development of sustainable products

The Group invests in innovation and the development of sustainable products, strengthening its competitiveness in international markets. Advanced technological solutions and optimised production processes make it possible to adapt rapidly to market changes.

Communication and stakeholder engagement

The Group maintains constant dialogue with key stakeholders, including customers, suppliers, and institutions, to address global challenges with transparency and collaboration, thus strengthening trust and building strong relationships even in times of uncertainty.

Adaptability

IMALPAL GROUP stands out for its resilient governance and flexible organisational structure, which enable it to address crises with a pragmatic and solution-oriented approach.

Through their joint contribution, the Group's companies offer an integrated view of sustainability performance, providing relevant data that make it possible to assess the economic, social, and environmental impact of their activities.



IMAL's financial position for 2023 reflects the historical context in which the company operates, characterised by significant market transformations, which emerge from a comparison with 2022.

In 2023, its overall turnover amounted to approximately EUR 74 million, a decrease compared to EUR 107 million in 2022. This 30% reduction highlights the impact of a complex market context, influenced by global geopolitical and macroeconomic dynamics. Despite the decline in revenues, IMAL maintained a positive net profit of EUR 844,483, demonstrating effective financial management capabilities.

The company has optimised operating costs by adopting cost containment measures and improving the efficiency of production processes; these interventions have enabled it to mitigate the economic impact of the decline in sales, safeguarding operating margins and ensuring a solid foundation to face future challenges.

On the investment front, 2023 saw significant growth in initiatives related to sustainability and innovation.

Since the construction of the new head-

quarters in 2021, the installation of photovoltaic systems has contributed not only to reducing the company's environmental footprint but also to improving energy cost efficiency. Given the importance of the plant, the company is considering expanding its capacity this year. Furthermore, implementing advanced technologies in production processes aims to increase product quality and optimise resources.

From a human capital perspective, IMAL recorded a slight downsizing in 2023, reaching a total of 228 employees.

The comparison with 2022 reveals a transitional picture, in which IMAL has managed to maintain operational resilience despite facing a contraction in turnover.

Looking ahead, the 2023 experience stimulates reflection on the evolution of the business model, aimed at further improving market diversification and integrating ESG principles into corporate strategies, empowering human resources.



In 2023, PAL offers a clear overview of the growth and challenges faced compared to 2022: the main economic and financial indicators reveal a year characterised by a significant increase in revenues and profitability.

During 2023, the company recorded a 31.9% increase in revenue, going from EUR 81,534,700 in 2022 to EUR 107,556,158. This increase reflects an effective commercial strategy and a greater ability to respond to market needs, supported by innovative products and solid management of the customer base. At the same time, net profit showed considerable growth, reaching EUR 7,023,904, compared to EUR 3,369,308 in 2022, highlighting a significant improvement in cost planning and production efficiency.

A key performance indicator for 2023 is EBITDA, which reported extraordinary growth of over 300%, going from EUR 2,701,364 in 2022 to EUR 11,339,821. This figure underlines the ability to generate operating profitability, improving financial performance despite an increase in operating costs, which grew by 9.2%, from EUR 91,974,314 in 2022 to EUR 100,476,783.

2023 saw PAL strengthen its commitment to ESG initiatives, with targeted investments in sustainable infrastructure and structural improvements. The connection between financial performance and ESG topics is clear: investments in energy efficiency, for example, not only help reduce environmental impact, but also offer long-term economic benefits by containing energy costs.

Looking at multi-year trends, the comparison between 2022 and 2023 reveals a path of growth and consolidation: increasing revenues and strong growth in operating profitability prove that the company is progressing towards a resilient and sustainable business model, despite the challenges associated with rising costs.

The 2023 financial results show an evolving company that, through greater integration of ESG practices and a continued focus on operational efficiency, has the opportunity to further strengthen its competitive position.



GLOBUS's 2023 financial results represent a year of significant consolidation, with a clear improvement in economic performance compared to 2022. The main indicators show significant progress.

In 2023, sales revenues grew significantly, reaching EUR 15.6 million, approximately double the EUR 7.95 million in 2022 (+96%). This reflects a successful business strategy and a greater ability to respond to market demands. Supporting this growth, EBITDA recorded a substantial increase, from EUR 660 thousand in 2022 to EUR 2.41 million in 2023 (+265%), demonstrating significantly improved operating efficiency.

Net profit also appears to have increased significantly, reaching EUR 1.46 million compared to EUR 314 thousand in 2022 (+365%). The result highlights the company's financial strength and its ability to generate value while expanding.

Despite these successes, total operating costs were EUR 14.26 million, compared to EUR 9.09 million in the previous year

(+57%). While the upturn is partly due to increased activity, the commitment is to further optimise processes to improve margins. Return on sales (ROS) increased from 5.55% to 13.26%, still demonstrating that the company is maximising efficiency.

The number of employees has increased from 53 to 68, a figure which attests to the attention paid to inclusion and the empowerment of human capital.

The numbers from the last two years show a positive trend across all key indicators. The reduction in the debt-to-EBITDA ratio underscores healthier financial management, while improvements in ROS indicate an increasing ability to translate revenues into net profits. GLOBUS's 2023 financial report tells a story of economic growth.






Creation and distribution of economic value

Added value: an indicator of economic and social sustainability

The distribution of added value among stakeholders represents a balanced strategy, aimed at satisfying internal needs, such as financial consolidation and innovation, and external ones, such as social and environmental impact. It reflects a sustainable and inclusive vision, in which economic benefits are strategically allocated to strengthen business resilience and community well-being (ESRS 2). Thanks to careful management, IMALPAL GROUP has taken on a leading role as a responsible actor in promoting economic progress through investment in human capital, support for public institutions, and the development of its own infrastructure and technologies.

During the year, the Group's companies generated a total added value of EUR 56,067,397, calculated by considering the main components of the financial statements, such as operating revenue, personnel costs, depreciation and amortisation, taxes, and financial interest. It was distributed primarily among employees, company reserves, public administration bodies, lenders, and other strategic interventions, reflecting the commitment to supporting staff, who remain the primary recipients of the resources generated, through competitive wages, benefits, and ongoing investment in their well-being and development.

	 IMAL IMALPAL GROUP	 PAL IMALPAL GROUP	 GLOBUS IMALPAL GROUP	
	EUR	EUR	EUR	Total Group EUR
Employees	17.527.221	13.355.221	2.785.976	33.668.418
Company	5.229.525	1.686.100	497.585	7.413.210
Lenders	1.248.394	295.994	52.831	1.597.219
Public Administration	346.533	3.132.720	579.701	4.058.954
Group	844.483	7.023.904	1.461.209	9.329.596
Added Value	25.196.156	25.493.939	5.377.302	56.067.397

The Group dedicates the most significant portion of added value to its employees, recognizing their crucial role. With EUR 33,668,418, split between IMAL (EUR 17,527,221), PAL (EUR 13,355,221), and GLOBUS (EUR 2,785,976), staff receive the largest contribution: this figure includes not only competitive salaries and wages, but also benefits. Furthermore, IMALPAL GROUP constantly invests in professional training, with customised programs to increase skills and improve workplace safety.

A significant portion of the added value, equal to EUR 7,413,210, was reinvested within the companies to support growth and ensure continuity. These funds, divided between IMAL (EUR 5,229,525),

PAL (EUR 1,686,100), and GLOBUS (EUR 497,585), are intended to develop new solutions, improve infrastructure, adopt innovative technologies, and strengthen financial resilience.

The contribution to the Public Administration, equal to EUR 4,058,954, includes taxes and duties, divided between IMAL (EUR 346,533), PAL (EUR 3,132,720) and GLOBUS (EUR 579,701). This fiscal commitment reflects compliance with current regulations and highlights an active role in supporting essential public services, such as education, healthcare, and local infrastructure. Thanks to this contribution,

the Group directly supports the socio-economic development of the communities in which it operates, demonstrating social responsibility and a strong connection with the local areas. The importance placed on fair and transparent tax payments represents a strategic choice for strengthening the relationship of trust with institutions and citizens.

Part of the added value is allocated to lenders, for a total of EUR 1,597,219, with IMAL (EUR 1,248,394), PAL (EUR 295,994) and GLOBUS (EUR 52,831). This ensures prudent financial management that lets the Group maintain a low level of debt, strengthening its financial solidity and ensuring long-term stability.

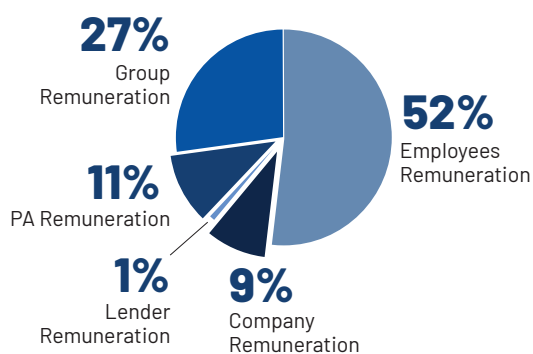
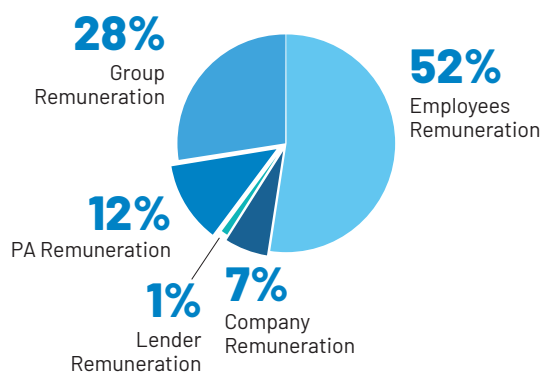
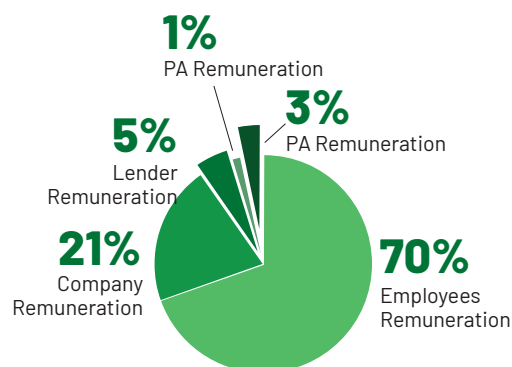
Lastly, a portion of the added value, equal to EUR 9,329,596, is represented by the relevant profits, divided between IMAL (EUR 844,483), PAL (EUR 7,023,904) and GLOBUS (EUR 1,461,209). This figure underlines the importance of internal synergies in strengthening the Group's overall performance. Profit generation reflects each company's ability to significantly contribute to financial strength

and reinvestment capacity, ensuring operational continuity and a positive impact on long-term strategies. This result demonstrates how integration between companies maximises the value generated and strategically redistributes it.

To calculate these items, we took into account the data of the individual companies' financial statements, including the main components of operating revenue, personnel costs, depreciation, taxes, financial interest, and internal transfers. The methodology is based on economic and financial reporting standards consistent with the ESRS guidelines, to ensure data transparency and consistency.

The results reported demonstrate the Group's financial strength and also highlight a clear strategy: to create sustainable value and redistribute it in a balanced way to support internal development, contribute to the local social fabric, and meet obligations to public and private entities.

Distributed added value



Innovation in products and processes

In 2022, the main projects have underlined the Group's commitment to sustainability, combining technological innovation and attention to environmental impact to promote more efficient and responsible solutions.

Plastic Killer

The aim is to replace X-ray-based systems with optical and infra-red detectors to improve the cleanliness of recycled wood, helping to generate sustainable MDF panels and reducing deforestation.

I-PAN

Innovative Poplar Low-Density Structural Panel

Project focused on the development of lightweight wooden panels, using recycled wood and underutilised poplar wood, with reduced energy consumption and resin optimisation.



In 2023, IMAL, PAL, and GLOBUS, in pursuit of a vision of innovation, undertook several initiatives focusing on environmental sustainability, production efficiency, and advanced research.

IMAL

IMAL has inaugurated a new research and development laboratory, called UP-CYCLE IMALPALAB, which makes it possible to test new raw materials and production processes, enabling customers to develop innovative products without interfering with existing production lines.

PAL

PAL Green Division: PAL has established the Green Division, a department dedicated to the production and development of technologies for the environmental sector, which aims to transform production waste into new resources, reducing the environmental impact and operating

costs. Investment in research and development is central, with a team of engineers focused on optimising production processes to maximise efficiency.

GLOBUS

GLOBUS has participated in national and international events and presentations, which have enabled the company to showcase its solutions in the fields of wood processing and recycling, as well as foster international collaborations.

These initiatives reflect the commitment of IMAL, PAL and GLOBUS to promoting innovation and sustainability in their sector, through investments in research, development and active participation in international platforms.

IMALPAL GROUP customers

In 2023, IMALPAL GROUP recorded an overall growth in the number of customers, which went from 793 to 815 (+2.8%), confirming an improvement compared to the previous year, albeit with differentiated performances between geographical markets. This increase was driven in particular by expansion in non-EU markets, which recorded a 17.1% increase, from 293 customers in 2022 to 343 in 2023, and is attributable to targeted internationalisation strategies and strengthened local partnerships.

In contrast, EU markets saw a significant contraction of 11%, from 327 customers in 2022 to 291 in 2023. This decline highlights competitive pressures and potential inefficiencies. The negative trend requires specific interventions to recover lost market shares and improve the

competitive positioning of the Group's companies through targeted strategies and investments in innovation.

On the domestic front, the Italian market showed a more moderate growth of 4.6%, going from 173 customers in 2022 to 181 customers in 2023, mainly attributable to the excellent performance of PAL, which saw an increase from 39 to 88 customers (+125.6%), and GLOBUS, which grew from 16 to 22 customers (+37.5%). Conversely, IMAL recorded a contraction from 118 to 71 customers (-39.8%). These figures underline the need for a strategic repositioning for IMAL in Italy.



Customer segmentation							TOTAL	
Customer segmentation	2023	2022	2023	2022	2023	2022	2023	2022
Total number of customers	434	438	312	277	69	78	815	793
Revenue from customers EUR	74.441.408	107.424.934	107.556.158	81.534.700	15.600.635	7.953.327	197.598.202	196.912.961
Breakdown by geographical area							TOTAL	
of which ITALY	71	118	88	39	22	16	181	173
of which EU	152	149	120	141	19	37	291	327
of which non-EU	211	171	104	97	28	25	343	293

IMAL's customers

2023 was a year of great challenges for IMAL, profoundly affected by geopolitical tensions and the prolongation of the war in Ukraine, which had tangible repercussions on the company's overall turnover compared to 2022.

Geographical distribution

The war in Ukraine has resulted in political instability, disruptions in supply chains, and a surge in energy costs, undermining companies' ability to invest, particularly in the manufacturing sector. This had a direct impact on the Italian market, which saw a reduction in the number of customers from 118 to 71, and a consequent contraction in revenue.

Even in the European Union, despite a slight growth in the number of customers (+2%), the economic context did not foster a marked expansion. Companies, caught between rising raw material prices and economic uncertainty, have often postponed strategic investments in machinery and equipment, fundamental pillars of IMAL's business.

The decrease in overall turnover in 2023 reflects:

- Disruptions in the supply of key raw materials (e.g., steel and aluminium), exacerbated by economic sanctions against Russia.

- Rising gas and electricity prices, partly linked to the conflict, which have reduced the competitiveness of European manufacturing companies, the Group's main customers.
- The reduction in the number of Italian customers (-39.8%), associated with the reduction in industrial investments in a context of economic instability.

IMAL demonstrated a proactive ability to address material risks arising from the geopolitical crisis by implementing actions that impacted its business and governance strategy (ESRS G1 – Governance), such as geographical diversification and business model adaptation. In particular, such actions resulted:

- in the increase in revenue in the non-EU area (+23.4%), which demonstrates a risk mitigation strategy concentrated on European markets, expanding into more stable emerging markets (Asia, Middle East, South America).
- in strengthening international trade relations, which made it possible to maintain a stable overall customer base, with a slight decrease (-1%) in the total number compared to 2022.

Turnover by product or service category (ESRS 2)

In 2023, IMAL showed a strong concentration of revenue in certain product and service categories, confirming the central role of machinery sales and the strategic importance of after-sales activities.

Machinery sales remain the company's primary source of revenue, generating EUR 45,120,639.04, equivalent to approximately 60.6% of total revenue. This figure underscores the solidity of the company's product portfolio and its ability to meet consistent global demand, with particular success in international markets. Likewise, spare parts sales contributed significantly with EUR 12,654,406.82, consolidating their position as the second most important area, with a 17% share. This category represents an essential component for ensuring recurring revenue and long-lasting customer loyalty.

Sales of equipment generated EUR 12,278,890.33, corresponding to 16.5% of the total. This result highlights the company's ability to position itself as a provider of integrated solutions, meeting the needs of customers requiring complex and customised industrial systems.

Of the service-related activities, consultancy, design, and testing stand out, generating revenue of EUR 1,838,642.60. Although they represent 2.5% of the total, they are a strategic opportunity for the future, given the increasing demand for tailor-made technical services with a high added value.

Other categories, such as assembly and service (EUR 2,178,130.13) and repairs (EUR 316,037.82), although with a smaller impact on the total, play a crucial role in strengthening customer relationships and ensuring the operational continuity of the equipment sold. Remote assistance, with a revenue of EUR 45,761.77, still represents a marginal segment, but with great potential, considering the growing digitalisation of industrial processes. Lastly, machinery rental, at EUR 8,900.00, is considered a residual activity, but one that could be leveraged in specific markets.

Despite the overall decline in revenue, the stability of the European market and international growth suggest that IMAL is on a positive trajectory for the future: the ability to adapt to changing environments and seize opportunities in emerging markets is a strong point that could further capitalised on in the coming years.

It will be essential to continue on this path, diversifying the market into different geographical areas, investing in innovative and sustainable solutions to meet customer needs, especially in an economic context marked by tighter budgets. Furthermore, offering greater financial flexibility, such as leasing options or customised payment plans, will help stimulate demand even in traditionally more stable, but currently struggling, markets.

Geographical distribution of turnover

- **Italy:** contributes 25.2% of global turnover, but reflects the need for new strategies to improve domestic competitiveness.
- **European Union:** 28.6% of global turnover comes from the EU, which continues to represent a key market. Stability is positive, but it needs to be strengthened to recover lost customers.
- **Non-EU:** generates almost half of the total turnover (46.2%), proof of the effectiveness of international

expansion strategies. The increase in customers compared to 2022 is a positive sign of confidence in emerging markets.

Positive impacts and future opportunities (ESRS G1, ESRS 2)

Positive impacts:

- Consolidation of the Italian market: the importance of revenue in Italy reflects a targeted strategy that responds to local needs, in line with ESRS S4, albeit with the awareness of setting future strategies.
- International expansion: positive results in non-EU markets demonstrate proactive risk management and effective geographical diversification, as expected by ESRS 2.

Focus on high-value categories: the sale of machinery and spare parts represents an economic and strategic pillar, consistent with the Economic Sustainability principles of ESRS G1.

Future prospects

IMAL aims to consolidate its positioning by:

- Expanding into non-EU markets: strengthening local presence to mitigate logistics costs and reduce the associated CO₂ emissions.
- Innovation and Sustainability: investing in technologies with a low environmental impact and developing new digital services.
- Integration of solutions: continuing to offer turnkey systems that combine machinery, systems, and technical support.

IMALPAL GROUP
consolidates its
positioning by
investing in global
markets, sustainable
technologies, and
integrated solutions.

PAL's customers

In 2023, PAL showed significant growth, both in terms of customer base and revenue, addressing the challenges of an increasingly complex global market. It was not just a financial result, but rather a reflection of targeted corporate strategies that focused on sustainability and innovation.

PAL recorded an increase in the number of customers, going from 277 in 2022 to 312 in 2023 (+12.6%). This figures is proof of the effectiveness of acquisition and loyalty strategies, in line with ESRS S4, which promote the creation of sustainable value for consumers and end users.

Geographical distribution

In 2023, PAL's number of Italian customers increased from 39 to 88, recording an exceptional growth of 125.6%. This result is a concrete response to the policies aimed at strengthening the internal market, in line with the principles of ESRS S4, which promote the diversification of the customer base as a tool to mitigate the risks of geographical concentration.

The expansion in Italy was supported by targeted strategies that focused on placed local needs, such as improving the quality of services and introducing tailor-made offers. This approach has helped strengthen PAL's perception as a reliable and innovative partner, further

consolidating the company's position in the domestic market.

Despite a slight decrease in the number of EU customers, from 141 to 120 (-14.9%), stable revenues are proof of a focus on high-value strategic relationships: this result is in line with the principles of ESRS S4, which emphasise the importance of sustainable growth based on quality rather than quantity.

The company has adopted an approach that prioritises the creation of long-term relationships with European customers, introducing tailor-made solutions and improving after-sales support. This has made it possible to maintain the trust of existing customers and position the company as a key supplier in European markets.

In the non-EU market, the number of customers increased from 97 to 104 (+7.2%), consolidating PAL's role as a global player. The increase reflects a proactive approach to international expansion, in line with the principles of ESRS 2, which promote geographical diversification and the mitigation of risks associated with global dynamics.

Total turnover increased from EUR 81,534,700 in 2022 to EUR 107,556,158 in 2023 (+31.9%), a result that underlines the effectiveness of the company's strategies and compliance with the sustainable value creation objectives indicated by ESRS G1.

Geographical distribution of turnover

- **Italy:** Italian turnover reached EUR 24,311,201.35 (+135.8% compared to 2022), thanks to the increase in customers and the adoption of targeted solutions. This finding is consistent with ESRS S4, which emphasises the importance of responding to local needs.
- **European Union:** with EUR 35,283,198.35 (32.8% of the total), the EU market continues to be a fundamental pillar. Despite the decline in customer numbers, revenue stability reflects a sustainable approach to business relationships, in line with ESRS G1.
- **Non-EU:** international turnover reached EUR 47,961,758.77 (+26.4%), representing 44.6% of the total. This growth demonstrates PAL's alignment with the principles of sustainable internationalisation defined by ESRS 2.

Turnover by product or service category (ESRS 2)

The sale of machinery and systems generated EUR 74,250,632.29, equal to 69% of total turnover, confirming PAL's position in the industrial sector. This segment not only represents the heart of the company's business model, but also embodies its commitment to sustainability and technological innovation, in line with the ESRS E1 objectives.

The products offered in this category are designed to be highly energy efficient, helping to reduce the environmental impact of customers' industrial operations. Furthermore, constant innovation in production processes ensures that the machines and systems are able to adapt to the needs of a rapidly evolving market, while offering solutions that improve productivity and reduce operating costs.

With EUR 12,535,835.48, the sale of

spare parts represents a key element for loyalty, in line with the consumer satisfaction objectives promoted by ESRS S4.

The tenders generated EUR 10,513,393.88, highlighting PAL's competitiveness in the public sector.

Lastly, technical and complementary services, such as shipping (EUR 4,103,244.87), engineering (EUR 2,378,073.40), and repairs (EUR 176,916), strengthen the company's integrated offering, responding to customer needs with comprehensive solutions.

Positive impacts and future opportunities (ESRS G1, ESRS 2)

Positive impacts:

- Consolidation of the Italian market: customer and revenue growth in Italy reflects a targeted strategy that responds to local needs, in line with ESRS S4.
- International expansion: positive results in non-EU markets are proof of proactive risk management and effective geographical diversification, as required by ESRS 2.
- Focus on high-value categories: the sale of machinery and spare parts represents an economic and strategic

pillar, consistent with the principles of Economic Sustainability of ESRS G1.

Future prospects:

- Sustainable innovation: PAL is committed to investing in efficient technological solutions, in line with ESRS E1, to strengthen its market position.
- Targeted expansion: growth in emerging markets offers significant opportunities to increase business resilience and further diversify the customer base.
- After-sales services: enhancing customer service through an expanded after-sales offering will ensure greater loyalty and recurring revenue.

GLOBUS

customers

In 2023, GLOBUS showed an extraordinary capacity for adaptation and growth, achieving significant financial results despite a complex global environment. This analysis follows the methodological framework of the ESRS, with particular attention to ESRS 2, ESRS G1, ESRS E1 and ESRS S4. The ESRS standards have significantly influenced corporate strategies, guiding choices towards greater sustainability and resilience.

Furthermore, the application of ESRS S4 has strengthened the focus on the customer, leading to a diversification of the geographical areas served and an enhancement of after-sales services, creating added value for both customers and the company. This integrated and coherent approach demonstrates the commitment to pursuing economic, environmental and social sustainability objectives, while ensuring concrete and measurable results.

Despite a reduction in the total number of customers from 78 to 69 (-11.5%), GLOBUS has shown a significant strengthening of its business model through an increase in the economic value generated per customer. This result underlines a strategy focused on the selection of high-value trade partners and on the loyalty of key customers.

In line with the sustainable value objectives set by ESRS S4, it has made it possible to improve the efficiency of commercial relationships and consolidate the customer portfolio in a more resilient way. The company has adopted targeted initiatives, such as the development of customised offerings to better meet specific individual needs, while at the same time promoting greater economic and environmental sustainability.

Geographical distribution

In 2023, the number of GLOBUS Italian customers increased from 16 to 22, marking a significant increase of 37.5%. This result is the fruit of a strategy aimed at strengthening the domestic market.

The company has adopted a customised approach, offering dedicated solutions to meet the specific needs of the Italian market. The strategy has consolidated local relationships, creating added value and strengthening the company's position in the national market.

The reduction in the number of customers in the European Union, from 37 to 19 (-48.6%), represents an important change.

The company has chosen to optimise its resources by identifying strategic opportunities in high-potential clients and minimising exposure to European market volatility. Despite the numerical decline, the strategy has strengthened the stability of the customer portfolio.

With an increase from 25 to 28 (+12%) and a significant contribution to total turnover, the non-EU area confirms itself as a strategic axis for international expansion. The dynamic reflects the ESRS 2 guidelines, which promote transparent disclosure and strategic geographic diversification to mitigate risks and capitalise on global opportunities.

GLOBUS has implemented continuous performance monitoring practices in non-EU markets, using specific data to identify emerging risks and adapt its strategies (ESRS 2). Expansion in these areas was accompanied by in-depth analysis of market dynamics and initiatives aimed at strengthening operational resilience, such as supplier diversification.

This integrated approach not only reduced exposure to economic and geopolitical fluctuations, but it has also promoted sustainable and responsible growth. Consolidation in non-EU markets is a tangible example of how GLOBUS is leverag-

ing its expertise to build new strategies, responding to global challenges with innovative and targeted solutions.

Geographical distribution of turnover

Total revenue increased from EUR 7.95 million in 2022 to EUR 15.85 million in 2023 (+99.3%), demonstrating sustainable growth (ESRS G1).

Geographical distribution:

- **Italy:** with EUR 10,467,548.09, the domestic market contributed 66.3% of the total. Local revenue has grown thanks to solid and structured collaborations with companies belonging to the Group, through which projects aimed at non-EU areas have been implemented. This result is closely related to the increase in machinery sales, consistent with consumer satisfaction objectives (ESRS S4).
- **European Union:** the EU turnover, equal to EUR 1,098,880.81 (8% of the total), reflects a stable presence, despite the decline in customers, a performance which proves the importance of long-term commercial relationships (ESRS G1).
- **Non-EU:** the non-EU area generated EUR 4,034,205.07 (25.6% of the total), consolidating GLOBUS's ability to grow in emerging markets (ESRS 2).

Turnover by product or service category (ESRS 2)

1. Machinery: this category, with EUR 12,547,202.07 (80% of the total), remains the cornerstone of GLOBUS's business. The strong demand, particularly in the Italian market, reflects the commitment to sustainable technological solutions (ESRS E1).
2. Spare parts: they generated EUR 2,957,977.08 (19.6%), representing a key element for customer loyalty. This result underlines the importance of after-sales service to ensure business continuity and consumer satisfaction (ESRS S4).
3. Service: although service revenue was limited to EUR 95,455.66, this category represents an area for further development in the future. Strengthening the technical and support offering would make it possible to better respond to customer needs, creating further economic and social value (ESRS S4).

strate GLOBUS's ability to establish itself as a key partner. This positions the company to broaden its offerings and expand its business internationally. By following this direction, it enhances customer relationships and creates a positive impact on the community, in line with ESRS S4.

- International expansion: results in non-EU markets highlight proactive risk management and a strategic use of resources, consistently with ESRS 2.
- Technological innovation: leadership in machinery demonstrates the commitment to sustainable solutions, in compliance with ESRS E1.

Positive impacts and future opportunities (ESRS G1, ESRS 2)

Positive impacts:

- Consolidation of the Italian market: the increase in revenue in Italy, and the sources of that growth, demon-

Future prospects:

- Expansion into emerging markets: strengthen the company's presence in high-potential areas, such as Asia and South America, to capitalise on new growth opportunities.
- Strengthening after-sales services: increase the technical support offer to improve customer loyalty and generate recurring revenue.
- Developing sustainable solutions: continue to innovate in machinery, developing more efficient and ecological products to respond to environmental regulations and growing

demands for sustainability.

Evolving perspectives:
internationalisation,
loyalty, and green
innovation guide the
Group's future.



Supply chain management and sustainability

In the last year the Group used 1,994 main industrial suppliers; in 2023 they represented an expenditure of EUR 139,263,925.38 million in purchases (compared to EUR 134,520,000.00 in 2022 with 1,891 total suppliers).

Approximately 95% of the total value of purchases is concentrated in the local area (ESRS 2). This strategic choice is not only driven by the logistical benefits and high technical skills offered by local suppliers, but also represents a concrete commitment to supporting and developing the surrounding communities and reflects the Group's desire to strengthen its local roots, creating a direct and indirect positive impact. In the last year the Group used 1,994 main industrial suppliers; in 2023 they represented an expenditure of

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Manufacturing suppliers are those directly involved in the supply of production-related materials, components, and services, such as commercial and design components, assembly partners, wiring, technical support, and design, as well as plant and machinery. Their contribution is essential to guarantee the quality, efficiency, and continuity of production processes.

Non-production suppliers, on the other hand, include those partners who provide goods and services not directly related to production, but essential to the overall functioning of the Group. This category includes telephony, energy, transportation, design, building maintenance, company fleets, cleaning, consulting, mar-

keting, advertising agencies, and IT projects. Their management is based on an evaluation model that takes into account both merits and costs, with particular attention to areas with a high economic impact.

In 2023, purchases from IMAL's production suppliers alone amounted to EUR 63,181,361, in line with the values recorded in 2022. It is important to note that most of them belong to the domestic market; this highlights the decision to support the local economy and enhance the region's resources and expertise.


Description	2023	2022
Total no. of suppliers IMALPAL GROUP	1.994	1.891
Total expenditure in EUR	139.263.925,38	134.520.000,00

Characteristics of the IMALPAL GROUP supply chain

Type 2023	N°	Expenditure in EUR
Manufacturing suppliers	1.704	134.084.023,00
Non-manufacturing suppliers	290	5.179.902,00
Total expenditure in EUR	1.994	139.263.925,38

Manufacturing suppliers	Non-productive suppliers
Commercial components	Conveyors
Customised components	Rentals
Design and documentation	Setups and fairs
Assembly - Technical support	Administrative consultancy
Wiring	Utility
Technical assistance	Communication and marketing
Third-party plants and machinery	

Characteristics of the IMAL supply chain

			
Type 2023	N°	Total expenditure in EUR	%
Manufacturing suppliers	603	63.181.361,00	97,74%
Non-manufacturing suppliers	136	1.462.847,26	2,26%
Total suppliers	739	64.644.208,26	100%

Manufacturing suppliers	No.	Annual expenditure EUR thousands	% of total expenditure	% country of supplier
Commercial components	455	50,412,137,23	80,87	ITA
Customised components	58	4,237,390,02	7,50	ITA
Design and documentation	23	1,235,147,64	2,97	ITA
Assembly - Technical support	42	4,652,808,39	5,43	ITA
Wiring	13	1,449,178,12	1,68	ITA
Technical assistance	12	1,194,699,60	1,55	ITA
TOTAL	603	63.181.361,00	100%	

Non-manufacturing suppliers	No.	Annual expenditure EUR thousands	% of total expenditure	% country of supplier
Conveyors	19	66,497,92	4,54	ITA
Rentals	10	29,623,00	2,02	ITA
Setups and fairs	22	503,768,70	34,44	ITA
Administrative consultancy	67	455,313,24	31,12	ITA
Utility	2	296,800,00	20,29	ITA
Communication and marketing	16	110,844,40	7,58	ITA
TOTAL	136	1.462.847,26	100%	

IMAL's supply chain in 2023 highlights a consolidated management model that favours Italian suppliers and maintains a particular focus on economic and operational efficiency. The total expenditure of EUR 64,644,208.26 is distributed between 603 manufacturing suppliers (97.74% of total expenditure) and 136 non-manufacturing suppliers (2.26%). Italy remains the hub of operations, with a significant concentration of suppliers and spending allocated to strategic sectors.

Manufacturing suppliers

With a total of 603 and a total expenditure of EUR 63,181,361.00 (97.74% of total expenditure), manufacturing suppliers represent the heart of IMAL's supply chain. Italy plays a leading role thanks to its geographical proximity and the presence of highly specialised suppliers. The main categories include:

- **Commercial components:** 455 suppliers, EUR 50,412,137.23. This item represents the largest expense, which focuses on economic efficiency and quality.
- **Customised components:** 58 suppliers, EUR 4,237,390.02. Technical specialisation is essential to obtain customised solutions.
- **Assembly and technical support:** 42 suppliers, EUR 4,652,808.39. This category ensures optimal integration of parts and systems.
- **Design and documentation:** 23 suppliers, EUR 1,235,147.64. The focus is on regulatory compliance and process innovation.
- **Wiring:** 13 suppliers, EUR 1,449,178.12. The simplified logistics of Italian suppliers reduces time and costs.
- **Technical support:** 12 suppliers, EUR 1,194,699.60. Local support ensures rapid and efficient interventions.

Non-manufacturing suppliers

Non-manufacturing suppliers represent a strategic segment for support activities, with a total number of 136 and a total expenditure of EUR 1,462,847.26 (2.26% of total expenditure). Italy also dominates this category, guaranteeing low costs and simplified logistics. The main expenditure items are:

- **Exhibitions and events:** 22 suppliers, EUR 503,768.70 (34.44%). This category is crucial for promotion and branding. Focusing on Italian suppliers makes for optimised costs and time frames.
- **Administrative consulting:** 67 suppliers, EUR 455,313.24 (31.12%). These services ensure continuous and qualified support in business management.
- **Utilities:** 2 suppliers, EUR 296,800.00 (20.29%). This item, with spending concentrated on a few, guarantees operational continuity.

- **Communication and marketing:** 16 suppliers, EUR 110,844.40 (7.58%). Focused on Italian origins, this category has made it possible to maintain high quality standards.
- **Transport:** 19 suppliers, EUR 66,497.92 (4.54%). The optimisation of logistics routes has contained costs.
- **Rentals:** 10 suppliers, EUR 29,623.00 (2.02%). Operational flexibility has been ensured through advantageous local contracts.

Italy confirms its central role in IMAL's supply chain, accounting for 100% of supplies, thanks to simplified logistics and competitive costs. The choice to maintain exclusively Italian suppliers guarantees:

- Reduced transportation costs.
- Fast delivery times.
- Continuity and reliability in the quality of supplies.

Comparing 2023 and 2022, it emerges that overall spending remained stable. In 2022, annual spending amounted to approximately EUR 65,000,000, distributed among 698 suppliers, all Italian. In 2023, the network grew to 739 total providers, with a total spend of EUR 64,644,208.26, almost unchanged compared to the previous year.

IMAL's strategy has maintained a significant focus on Italian suppliers, but has diversified the categories and increased the overall number of collaborations. Specifically:

- The number of manufacturing suppliers grew to 603, maintaining an Italian predominance.
- Non-manufacturing suppliers have expanded to 136, representing an additional component in the supply chain structure.

This evolution demonstrates a transition towards greater complexity and sophistication in the supply chain, without compromising the strategic focus on economic and logistical efficiency.

Opening up to new categories has made it possible to optimise costs and ensure greater supply chain resilience, while preserving the benefits of geographical proximity and the quality guaranteed by Italian suppliers.

Local suppliers, global efficiency. IMAL strengthens its supply chain with Italian suppliers, optimising costs and delivery times.

Characteristics of the PAL supply chain



Type 2023	N°	Total expenditure in EUR	%
Manufacturing suppliers	933	62.464.512,00	95,16
Non-manufacturing suppliers	94	3.181.321,00	4,84
Total expenditure in EUR	1.027	65.645.833,00	100%

Manufacturing suppliers	No.	Annual expenditure EUR thousands	% of total expenditure	% country of supplier
Commercial components	526	13,337,313,00	21,36	AUT, BEL, DEU, FIN, FRA, ITA, SWE
Customised components	210	18,788,190,00	30,08	AUT, DEU, FRA, ITA
Design and documentation	43	1,702,723,00	2,73	CAN, DEU, ITA
Assembly and wiring	38	2,642,268,00	4,23	AUT, BEL, CHI, DEU, FRA, ITA, KAZ, PRT, SVN, USA
Technical assistance	80	217,819,00	0,35	ITA
Third-party plants and machinery	36	25,776,199,00	41,25	AUT, DEU, ESP, ITA, POL, ROU
TOTAL	933	62.464.512,00	100%	

Non-manufacturing suppliers	No.	Annual expenditure EUR thousands	% of total expenditure	% country of supplier
Transport	40	2,557,070,00	80,38	DEU, ITA, POL, SLO
Rentals	12	113,661,00	3,57	DEU, IRL, ITA
Setups and fairs	22	369,134,00	11,60	BEL, DEU, GBR, HKG, IND, ITA
Communication and marketing	20	141,456,00	4,45	BEL, ITA, SWE, USA
TOTAL	94	3.181.321,00	100%	

PAL's supply chain in 2023 reflects a significant transformation compared to the previous year, confirming the company's commitment to sustainable and strategic management of its operations, in line with the ESRS S2 standard. Italy, the main procurement country, offers significant economic and logistical advantages thanks to its geographical proximity, which reduces transportation costs, and the availability of high-quality suppliers who guarantee continuity and reliability. Germany and Austria contribute to diversification, but higher costs and logistical distance strengthen Italy's strategic role as a point of reference in the supply chain. The growth in the number of suppliers, the increase in overall spending, and the openness to international markets demonstrate PAL's ability to balance innovation and local roots.

In 2023, PAL partnered with a total of 1,027 suppliers, a 14% increase from 900 in 2022. This network expansion resulted in a total expenditure of EUR 65,645,833, an increase of 6% compared to the EUR 62,000,000 of the previous year.

Manufacturing suppliers

Manufacturing suppliers represent 90.8% of the total, with 933 collaborators and an annual expenditure of EUR 62,484,512 (95.2% of total expenditure). The breakdown by service type highlights a diver-

sified strategy that maximises efficiency in different areas. For example, leased plants and machinery and custom-designed components contribute significantly to optimising production costs thanks to targeted contracts and the concentration of high specialisation. This makes it possible to maintain competitiveness while integrating international suppliers, such as those from Germany and Austria, who offer innovative solutions but with a greater impact on costs.

- **Customised components:** 210 suppliers, EUR 18,788,190 (30.08%). This category stands out for the high level of specialisation required, which makes it possible to obtain products tailored to specific production needs. Compared to 2022, there is an increase in spending due to both inflation and greater project complexity.
- **Leased plants and machinery:** 36 suppliers, EUR 25,776,199 (41.25%). This category represents the largest expenditure, underlining the strategic importance of this type for business operations. Choosing qualified suppliers makes it possible to access technologically advanced solutions that improve operational efficiency and support innovation in production processes.
- **Design and documentation:** 43 suppliers, EUR 1,702,723 (2.73%). This

category supports the design essential for operational management and innovation. Compared to 2022, there has been a greater focus on services related to documentation, which is essential for ensuring regulatory compliance and optimising production processes.

- **Assembly and wiring:** 38 suppliers, EUR 2,642,268 (4.23%). This category represents a crucial component for the assembly phase, ensuring the optimal integration of parts and systems.
- **Technical support:** 80 suppliers, EUR 217,819 (0.35%). This category represents a critical support for the maintenance and continuous operation of operational activities. Compared to 2022, spending remained stable, indicating efficient management of resources allocated to technical assistance.

Geographically, Italy stands out as the main manufacturing supplier country, with 874 suppliers out of 933, equal to 93.7% of the total. Germany (21 suppliers, equal to 2.3%) and Austria (14 suppliers, equal to 1.5%) offer opportunities for diversification and advanced technological solutions, albeit with a high logistics impact.

Non-manufacturing suppliers

Non-manufacturing suppliers, although representing a smaller share (9.2% of the total), play a strategic role for ancillary activities. With 94 suppliers and an annual expenditure of EUR 3,181,321 (4.8% of total expenditure), these supplies cover essential needs for the company's operational support. Their importance is accentuated by the focus on cost optimisation and the choice of predominantly Italian suppliers, which guarantee rapid response times and reduce logistical complexity. The main categories include:


- **Transport:** 40 suppliers, EUR 2,557,070 (80.38%). This category represents the largest share of non-manufacturing spending, but is optimised thanks to contracts with local suppliers. Compared to 2022, there has been a streamlining of logistics routes, which has helped contain the impact of transportation costs, despite the increase in overall spending.
- **Exhibitions and events:** 22 suppliers, EUR 369,134 (11.60%). This category represents a crucial element for corporate promotion and visibility, with a particular focus on events that strengthen the brand and relationships with customers and partners. Choosing Italian suppliers for most orders makes for quality services with direct control over time and costs.

- **Communication and marketing:** 20 suppliers, EUR 141,456 (4.45%). This category focuses on promotional and branding initiatives, which are essential for maintaining competitiveness in the market. Compared to 2022, there is a greater focus on targeted contracts for specific campaigns.
- **Rentals:** 12 suppliers, EUR 113,661 (3.57%). This category includes supplies that support the company's operational flexibility, allowing for reduced initial investments and maintaining a good balance between costs and benefits.

In 2022, the suppliers were exclusively Italian, with a total expenditure of EUR 62,000,000. In 2023, the expansion to 16 countries expanded sourcing opportunities, and Italy, with 78 suppliers, continues to represent the core of the supply chain, demonstrating a balance between innovation and local roots.

The breakdown by service type highlights a diversified strategy that maximises efficiency in different areas. This makes it possible to maintain competitiveness while integrating international suppliers who offer innovative solutions.

Characteristics of the GLOBUS supply chain

			
Type 2023	N°	Total expenditure in EUR	%
Manufacturing suppliers	168	8.438.150,00	94,03
Non-manufacturing suppliers	60	535.734,12	5,97
Total suppliers	228	8.973.884,12	100%

Manufacturing suppliers	No.	Annual expenditure EUR thousands	% of total expenditure	% country of supplier
Commercial components	86	2,026,918,00	24,03	ITA, DEU
Customised components	72	6,225,222,00	73,77	ITA, CZ
Design and documentation	5	88,988,00	1,05	ITA
Assembly and wiring	4	77,724,00	0,92	ITA
Technical assistance	1	19,298,00	0,23	ITA
TOTAL	168	8.438.150,00	100%	

Non-manufacturing suppliers	No.	Annual expenditure EUR thousands	% of total expenditure	% country of supplier
Transport	13	146,233,00	27,30	ITA
Rentals	5	13,904,00	2,59	ITA
Setups and fairs	6	136,903,00	25,56	ITA, BEL, DEU, HKG
Administrative consultancy	29	211,134,00	39,41	ITA
Communication and marketing	7	27,560,12	5,14	ITA
TOTAL	60	535.734,12	100%	

In 2023, GLOBUS consolidated and diversified its supplier network, recording a significant increase in annual supply chain spending. With 228 active suppliers and a total expenditure of EUR 8,973,884.12, the company has seen a slight reduction in numbers compared to 2022, when there were 252 suppliers for a lower total expenditure of EUR 7,520,000. This 19.3% increase in spending reflects strengthening trade relationships and greater investment in quality components and strategic services.

Manufacturing suppliers

In 2023, annual spending on the 168 manufacturing suppliers reached EUR 8,438,150.00, demonstrating a significant focus on supplies essential to business operations. Of these, design components represent the most significant category, with an expenditure of EUR 6,225,222, equal to over 71% of the total production, followed by commercial components, with a total expenditure of EUR 2,026,918.00 split between Italy and abroad. The focus on design components represents a strategic investment in product customisation and quality.

The year saw a strong preference for Italian suppliers, who represent almost all production supplies, with the exception of collaborations with Germany and the Czech Republic. This choice underlines a commitment to supporting the local

economy and reducing the logistical impact.

Non-manufacturing suppliers

For the 60 non-manufacturing suppliers, annual spending reached EUR 535,734.12, a figure that, while lower than the manufacturing segment, is crucial to supporting company operations and strategic initiatives. The most significant categories include transportation, with an expenditure of EUR 146,233.00, and administrative consultancy, which amounted to EUR 211,134.00. Even in this segment, Italian suppliers are predominant, although there are collaborations with international partners in Germany, Belgium, and Hong Kong for activities related to exhibitions and trade fairs.

Compared to 2022, there was a slight reduction in the number of suppliers (from 252 to 228), accompanied however by a 19.3% increase in total spending. This suggests a strategy aimed at strengthening relationships with key suppliers and selecting partners with greater added value, in line with the principles of quality and sustainability.

Future prospects for the IMALPAL GROUP supply chain

The configuration of IMALPAL's supply chain in 2023 serves as proof of a forward-looking and sustainable vision. The increase in the number of suppliers, the international expansion, and the focus on quality and price were managed with particular attention to cost optimisation and diversification.

The Group is considering setting up a process to calculate SCOPE 3 emissions, to quantify the environmental impact of the supply chain in the coming years. This crucial step will strengthen ESG performance monitoring, enabling even more detailed and transparent reporting, in line with the ESRS S2 guidelines. The calculation of SCOPE 3 emissions will be able to identify inefficiencies in international transport, highlighting opportunities to

optimise logistics routes or favour local suppliers to reduce environmental impact. Furthermore, this analysis will enable greater integration with suppliers who share the same ESG objectives.

A more transparent and sustainable supply chain is the key to a future with a lower environmental impact.





Social sustainability

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“ Growing with *us* ”

The relationship with people

2023 highlights

Total number of employees	483
Total no. of women	54
Employees recruited on a permanent basis	90%
Training hours	6.315
Total no. of work-related injuries	16



The people of IMALPAL GROUP


Subdivision by gender

	 IMALPAL GROUP		 IMALPAL GROUP		 IMALPAL GROUP		TOTAL	
TYPE	2023	2022	2023	2022	2023	2022	2023	2022
MALE	186	199	184	169	59	44	429	412
FEMALE	42	38	3	2	9	9	54	49
TOTAL	228	237	187	171	68	53	483	461




Subdivision by role

	 IMALPAL GROUP		 IMALPAL GROUP		 IMALPAL GROUP		TOTAL	
TYPE	2023	2022	2023	2022	2023	2022	2023	2022
MANAGER	6	6	4	4	0	0	10	10
MIDDLE MANAGERS	2	3	4	4	3	4	9	11
CLERK	155	158	74	76	24	20	253	254
MANUAL WORKER	65	70	105	87	41	29	211	186
TOTAL	228	237	187	171	68	53	483	461

Subdivision by educational qualification

	 IMAL IMALPAL GROUP		 PAL IMALPAL GROUP		 GLOBUS IMALPAL GROUP		TOTAL	
TYPE	2023	2022	2023	2022	2023	2022	2023	2022
DIPLOMA	150	146	106	78	33	25	289	249
DEGREE	52	60	29	36	12	10	93	106
MIDDLE SCHOOL DIPLOMA	26	30	22	33	23	8	71	71
ELEMENTARY SCHOOL DIPLOMA	0	1	0	0	0	0	0	1
PROFESSIONAL	0	0	30	24	0	10	30	34
TOTAL	228	237	187	171	68	53	483	461




Subdivision by type of contract

	 IMAL IMALPAL GROUP		 PAL IMALPAL GROUP		 GLOBUS IMALPAL GROUP		TOTAL	
TYPE	2023	2022	2023	2022	2023	2022	2023	2022
FIXED-TERM	12	9	3	3	7	5	22	17
INDEFINITE TERM	215	228	184	168	51	42	450	438
TEMPORARY STAFF	1	0	0	0	10	6	11	6
TOTAL	228	237	187	171	68	53	483	461

Subdivision by age group

<div><div></div><div></div><div></div></div>							TOTAL	
TYPE	2023	2022	2023	2022	2023	2022	2023	2022
<30	52	59	33	15	15	10	100	84
30-50	96	103	136	85	39	31	271	219
>50	80	75	18	71	14	12	112	158
TOTAL	228	237	187	171	68	53	483	461

Employee mobility

				
Average commute to work per employee		15 Km	18 km	20 km
Most commonly used means of transport to get to work		Car	Car	Car

Resource development, growth and professional training

IMAL

IMAL employs a total of 247 workers, divided between 228 employees, 6 external collaborators and 13 trainees/interns (ESRS S1). The representation of women (18%) provides a solid foundation for further promoting gender diversity and inclusion. The percentage of interns and trainees highlights the company's strong commitment to developing young talent and generational turnover. Through this approach, IMAL is committed to promoting partnerships with universities, mentorship programmes, and customised training courses to foster the personal and professional growth of its employees. Furthermore, the presence of women at all organisational levels represents an important lever for enhancing diverse perspectives and stimulating discussion.

Employee qualifications and breakdown by gender

- Executives: 6 (1 woman, 17%).
- Middle managers: 2 (both men).
- Clerks: 155 (40 women, 26%).
- Manual workers: 65 (1 woman, 2%).

The distribution highlights a strong concentration of women in administrative roles and their limited representation in managerial and technical roles: this

scenario offers an important opportunity to develop empowerment policies and mentorship programmes aimed at supporting their professional growth. IMAL is committed to encouraging the increase in women in strategic roles by offering training courses dedicated to female leadership and initiatives such as corporate diversity networks. Furthermore, gender equity within the company brings together new generations of employees, fostering a more inclusive organisational culture. These interventions not only improve internal diversity, but also have a positive impact on the organisation's overall performance, helping to position IMAL as a diversity-conscious company.

Education

- University graduates: 52 (23% women).
- High school graduates: 150 (19% women).
- Middle school diploma: 26 (8% women).

The numbers highlight a good base of University graduates, who represent 23% of the workforce, demonstrating a significant level of technical and theoretical skills. This achievement is reinforced

through the implementation of advanced training programmes and internationally recognised technical certifications, aimed at meeting the specific needs of the sector. The company offers customised training programmes, including specialisation courses, refresher courses on emerging technologies, and leadership programmes to prepare staff for roles of greater responsibility. It also encourages employees to participate in conferences, workshops, and collaborations with research institutions, promoting skills development and innovation capacity. These initiatives enhance internal expertise and position IMAL as a leader in the industry, attracting new talent and increasing competitiveness in the global market.

Contract type

- Indefinite term: 215 (18% women).
- Fixed-term: 12 (25% women).
- Apprenticeship: 1 woman.
- Temporary staff: 1 man.

With 94% of employees under permanent contracts, IMAL demonstrates a concrete commitment to job security and job stability, which represent a distinctive element of its corporate culture. This choice not only offers certainty to employees,

but also promotes the creation of a cohesive and productive work environment, in line with the principles of social sustainability set out in the ESRS S1 standard. Contractual stability is a key strength for attracting and retaining talent, but it also represents a solid foundation on which to build further improvements.

Agile working practices, supported by digital technologies, such as collaborative tools and task management platforms, significantly increase operational efficiency. These initiatives integrate seamlessly with the ESRS S2 standard, strengthening the company's ability to respond to employee needs and address market challenges.

Age range

- Under 30: 52 employees (13% women).
- Between 30 and 50: 96 employees (22% women).
- Over 50: 80 employees (18% women).

IMAL represents a balanced mix of consolidated experience and innovative potential. This composition lets the company benefit from the experience of its most senior employees, who contribute their know-how

and strategic vision, while offering opportunities for growth and innovation through the inclusion of young talent. Through structured collaborations with technical schools, universities, and professional institutes, it strengthens its role as a point of reference in the sector, attracts qualified resources, and ensures effective generational turnover. These relationships include well-structured internship and apprenticeship programmes, supported by targeted training plans to develop technical and transversal skills. Furthermore, creating mentorship paths between senior employees and young hires encourages knowledge transfer and fosters a culture of collaboration and innovation. This strategy, aligned with the ESRS S1 standards, strengthens the company's ability to sustainably respond to future challenges, ensuring a motivated, skilled and diverse workforce.

Terminations and new hires

- Terminations: 36 (11% women).
- New hires: 29 (31% women).
- The turnover shows a termination rate higher than new hires, which provides the opportunity to implement proactive strategies to improve staff retention and value new hires.

To combat the higher termination rate compared to new hires, IMAL is committed to implementing a targeted strategy that includes the introduction of personalised mentorship programmes designed to facilitate the integration of new employees, who learn quickly from more experienced colleagues, and build a strong support network. At the same time, the company develops clear and progressive career plans, which represent a long-term incentive, promoting both professional and personal growth, and leverages existing advantages, such as technical and professional training and benefits, to reinforce the perception of a modern, skills-oriented work environment. These initiatives are in line with the ESRS S1 standards.

Training provided

IMAL has invested in 3,821 hours of training, broken down as follows:

- Mandatory: 2,528 hours.
- Technical-professional: 605.5 hours.
- Managerial: 106 hours.

The company demonstrates a strong commitment to technical and professional training, as evidenced by the 2,528 hours dedicated in 2023. This figure un-

derlines the importance placed on operational skills and the continuous improvement of employees' technical capabilities. However, 2023 also highlighted the opportunity to expand the training offering to include structured courses on soft skills, leadership, and sustainability, key areas for addressing the challenges of the modern market.

For 2024, IMAL is committed to developing innovative projects on topics such as effective communication, interdisciplinary collaboration, and emerging technologies. For example, courses aimed at digitalisation and environmental sustainability, such as the integration of ESG practices into business operations, would provide a significant competitive advantage. Creating personalised training courses, supported by digital learning platforms, could also meet the specific needs of each employee, strengthening their sense of belonging and engagement.

Benefits provided

IMAL currently provides company cars for heads of department and a company canteen, but has the opportunity to expand its welfare system to better meet the diverse needs of employees. The introduction of a structured programme based on an in-depth analysis of workers' expectations and well-being could generate significant benefits. Targeted welfare, in line with the ESRS S1 standards, increases the company's competitiveness and promotes an inclusive culture.

Commuting

Average distance: 15 km.

Main means of transport: car.

Employee commuting reflects a deep connection with the local area. With an average commute of around 15 km, many workers live close to the company headquarters, demonstrating how deeply rooted IMAL is in the local community.

This aspect, in fact, is not just a statistical fact, but an element that tells a story of closeness, participation and connection between the company and the territory that hosts it. The distance travelled each day translates into concrete benefits for staff: less time

spent in traffic, more time with family, and a better quality of life. At the same time, this closeness fosters a strong sense of belonging, making workers feel part of a company that values their contribution and the context in which they operate.

PAL

PAL represents a stable picture of its workforce, with a total of 187 employees, of which 98% are men and 2% are women, and 3 external collaborators (all men). This figure reflects a consolidated structure, but also an opportunity to grow towards greater inclusion and gender diversity. The company is committed to embarking on a new path by focusing on improving gender balance as a key element for sustainable growth, enhancing the potential of each individual and building an increasingly inclusive work environment.

Employee qualifications and breakdown by gender

- Manual workers: 105 (all men).
- Clerks: 74 (3 women, 5%).
- Middle managers: 4 (all men).
- Executives: 4 (all men).

The operational staff represents the ma-

jority of the workforce: in fact the company employs 105 manual workers, all male. This figure reflects the typical trend in the metalworking manufacturing sector, where activities with a strong technical-executive content are still predominantly performed by men.

The clerks category, which represents approximately 40% of the total (74 people), counts 3 women, equal to a share of 5%. While the female presence is still limited, their skills represent an added value that strengthens the company's ability to efficiently address daily challenges, particularly in the administrative, commercial, and management areas.

The middle management component is made up of 4 middle managers, also all men, as is the executive group, composed

of 4 top male senior managers. The total presence of men is a legacy of the sector to which they belong, from which resources who began working in operational sectors then assumed strategic positions of responsibility.

Education

- University graduates: 29 (all men).
- High school graduates: 106 (3% women).
- Professional qualification: 30 (all men).
- Lower secondary school: 22 (all men).

This figure highlights a good level of technical qualification, but also highlights a path for PAL to become a place of personal and professional growth for its employees. Promoting targeted training programmes, encouraging the pursuit of higher academic qualifications, represents not only an investment in human capital but also a strategic lever for enriching a company's skills base, fuelling a virtuous cycle of innovation and shared success.

Contract type

- Indefinite term: 182 (2% women).
- Fixed-term: 3 (all men).
- Apprenticeship: 2 (all men).
- Full-time: all contracts are full-time;

there are no part-time contracts.

Contractual stability is a strong point for PAL, and demonstrates a commitment to job security and continuity that strengthens the sense of trust among employees. This positive aspect creates a solid foundation on which to build further initiatives aimed at improving the company's attractiveness.

Age range

- Under 30: 33 (all men).
- 30-50: 136 (1% women).
- Over 50: 18 (6% women).

The limited presence of young people under 30 highlights the potential for adopting targeted strategies to attract new generations of talent, thus strengthening the company's innovation capacity. In this regard, PAL is committed to evaluating tailored training programmes, well-structured career paths and employer branding initiatives, as well as actively promoting partnerships with schools, universities and technical institutes to expand the pool of qualified young people and ensure constant generational turnover, in order to build a diverse, dynamic and future-oriented team and strengthen its reputation as a stimulating and innovative workplace.

Terminations and new hires

- Terminations: 9 (all men).
- New hires: 13 employees (15% women).

The turnover reflects a balance between new hires and terminations, with a positive trend in the addition of a good number of young talents who enrich the workforce, proving the company's commitment to this direction. Generational renewal offers the opportunity to bring new ideas and renewed energy to the workplace. The terminations, which were predominantly concentrated among experienced workers, highlight an area where it is appropriate to implement targeted strategies to retain and enhance employee expertise, while ensuring an effective generational transition. The company is evaluating the development of skill transfer pathways that could strengthen the bond between different generations of workers, fostering a corporate culture based on collaboration and continuity.

Training provided

- Total hours: 800, dedicated to mandatory topics.
- Of these, 100 hours were dedicated to technical-professional training.

The numbers reflect the predominantly mandatory training, which can be supplemented with structured courses on soft skills, managerial development, and advanced technical skills. The company intends to invest in diversified training to bring significant benefits, both for the company itself and for its employees. Leadership courses, including hands-on workshops and modules on change management, team motivation, and effective communication, help develop leaders capable of guiding the company into the future. Interdisciplinary collaboration is encouraged through teamwork simulations and cross-disciplinary projects, fostering a climate of sharing.

Furthermore, integrating digital training programmes, such as courses on emerging technologies, data analytics, and automation tools, would strengthen company competitiveness and prepare employees for the challenges of an increasingly technological market.

Sustainability topics will be addressed through specific programmes on responsible resource management and ESG practices, increasing awareness and PAL's positive impact on the local community.

The implementation of personalised training programmes fuels a virtuous cycle of innovation, growth, and organisational well-being.

Commuting

- Average distance: 18 km.
- Main means of transport: car.

PAL is committed to reducing dependence on private transport through sustainable mobility. The company is evaluating the introduction of innovative projects or systems, such as corporate car sharing, to promote efficient transportation sharing among employees, contributing to the reduction of traffic and emissions. At the same time, it considers incentives for the purchase of public transport passes, to encourage the use of mass transport options. Additionally, it will explore solutions such as partnerships with local transport operators to make commuting easier. These initiatives can not only reduce the overall environmental impact, but improve the quality of life for employees.

Company benefits

PAL does not currently provide any specific welfare programs or structured company benefits, with the exception of access to affiliated canteens. However, it does make use of company cars for heads of department, a starting point that can be expanded with additional measures to strengthen employee well-being and engagement, as mentioned above.

The value placed on people by the Group's companies translates into a concrete commitment to professional growth and ongoing training.

GLOBUS

GLOBUS has an efficient structure made up of 68 workers. While the lack of interns or trainees may initially appear to be a gap, it actually represents an opportunity for the creation of structured youth inclusion programmes. In this direction, the company aims to collaborate with technical schools, universities, and vocational training institutes to offer work placements and apprenticeships that not only support the growth of young talent but also prepare highly specialised professionals in line with the specific needs of the sector.

Employee qualifications and breakdown by gender

- Middle managers: 3, of whom 1 woman (33%).
- Clerks: 24, of whom 8 women (33%).
- Manual workers: 41 (all men).

In the heavy metalworking sector, the presence of women is generally limited to administrative roles, particularly in accounting. At GLOBUS, however, women cover 33% of office roles, excluding blue-collar staff, with a presence that extends beyond administration to strategic managerial roles such as Operation Manager, Quality Manager, Controller and Marketing Manager, positions that in sim-

ilar industrial contexts are often occupied by men.

Additionally, women are also present in other key departments, such as purchasing, helping to make the team more diverse and balanced.

This distribution reflects GLOBUS's desire to enhance skills and professionalism without distinction of gender, fostering a more inclusive and dynamic work environment.

Education

- University graduates: 12 (25% women).
- High school graduates: 33 (18% women).
- Middle school diploma: 23 (all men).

At GLOBUS, the distribution of staff by educational qualification reflects not only the variety of skills required in the industrial mechanics sector, but also a significant fact: the presence of women is more marked among profiles with a higher level of education, a sign of a constant commitment to accessing quality training courses.

Of the graduates, who represent a key component for the innovation and strategic development of the company,

women make up 25% of the total. This is a significant achievement, highlighting the growing presence of women in technical and engineering fields, bringing specialised skills with a diversified and complementary vision.

Even among graduates, who constitute the largest segment of the staff with 33 units, the female presence, although a minority (18%), testifies to a path of openness and growth. Women with technical or professional degrees represent a valuable resource, contributing significantly to company operations.

Contract type

- Indefinite term: 51 (18% women).
- Fixed-term: 7 (all men).
- Temporary staff: 10 (all men).

With 75% of employees having permanent contracts, GLOBUS demonstrates a strong focus on job stability, a key element in creating a peaceful and motivating work environment. The figure reflects the company's desire to invest in its employees over the long term, strengthening their sense of belonging and internal cohesion. The situation for fixed-term contracts and agency workers, where the female presence is still absent is different. The seven employees on fixed-term

contracts and the ten agency workers are all men, a circumstance that could arise from the specificity of the roles they cover.

GLOBUS is committed to taking concrete actions, such as the progressive conversion of temporary contracts into permanent ones, ensuring equal opportunities for all employees. Furthermore, strengthening retention policies through personalised professional development programmes, performance incentives, and structured growth paths is a further commitment to improving workplace well-being and engagement.

Age range

- Under 30: 15 (all men).
- 30-50: 39 (18% women).
- Over 50: 14 (86% women).

The distribution by age group reflects some interesting peculiarities and significant strengths within GLOBUS. The presence of young people in operational roles underscores a dynamic of energy and innovative potential, capable of supporting the company's future development. At the same time, the concentration of women over 50 in clerical roles represents a strategic asset, as these figures bring with them consolidated experience and a deep

knowledge of business processes. This balance between "junior and senior" represents an opportunity for the implementation of mentorship programmes that foster a mutual exchange of skills.

Terminations and new hires

- Terminations: 6 (1 woman, 5 men).
- New hires: 17 (1 woman, 16 men).

Employment dynamics at GLOBUS highlight a significant growth phase, with a significant number of new hires strengthening the company's potential and consolidating its development path. Over the last period, there have been 6 terminations of employment relationships, of which 5 men and 1 woman. This figure suggests overall stability in the workforce, with low turnover and staff rotation in line with business needs.

At the same time, the company welcomed 17 new employees, a positive sign, which confirms its willingness to invest in human capital and strengthen its team.

Looking to the future, the goal is to build an increasingly diverse and balanced team, where talent and skills are the true selection criteria, thus contributing to increasingly sustainable and inclusive company growth.

Training provided

With 1,694 hours, training represents a fundamental pillar for the company's success and the continuous improvement of staff skills. In 2023, GLOBUS provided mandatory courses for all company lines, proof of its commitment to regulatory compliance and workplace safety. These interventions ensured a uniform knowledge base among employees, strengthening awareness of crucial sustainability and compliance issues.

Looking to the future, the company is considering expanding its training offering with courses dedicated to professional and managerial growth, in line with the ESRS S1 standards. The introduction of courses on leadership, innovation and transversal skills could foster

greater competitiveness and prepare staff for the challenges of the global market. Furthermore, specific programmes on sustainability issues, such as the integration of ESG practices into daily activities, would help position GLOBUS as a reference model for corporate social responsibility. Investing in training will not only improve individual and corporate performance, but will also strengthen the sense of belonging and value among employees.

Commuting

- Average distance from home to work: 20 km.
- Main means of transport: car.

The average commute distance of 20 km, combined with the prevalent use of cars and the fact that employees live relatively close to the company, reduces the time and stress associated with travel, improving the work-life balance. This benefit helps maintain a peaceful working environment and supports staff productivity

Company benefits

In 2023, GLOBUS strengthened its commitment to enhancing human capital, recognising the central role its employees play in achieving corporate objectives and in implementing the sustainability

strategy. In a context where organisational well-being represents a key factor for growth and competitiveness, the company has identified specific areas of intervention aimed at improving the quality of the work environment and the level of staff satisfaction.

Although no structured benefit packages have been formalised, GLOBUS has introduced concrete measures to facilitate the daily lives of its employees. Another benefit offered by the company is the partnership with external catering services, which lets employees take advantage of refreshment options, thus contributing to improved well-being during the workday. This initiative facilitates meal planning and also promotes opportunities for socialisation, essential elements for a positive and collaborative company climate. The company is committed to improving the well-being of its employees and to creating a more sustainable and productive work environment. For this reason, in the new "GLOBUS G3" plant, dedicated to the welding department, the company is installing a cooling system to improve worker comfort and safety, ensuring a working environment with a constant and appropriate temperature.

Welding is a particularly demanding ac-

tivity, not only because of the high temperatures generated by the process itself, but also because personnel must wear flame-retardant protective equipment. These garments, while being essential for safety, further increase the perception of heat, making the work even more demanding, especially in the summer months, when temperatures inside the department can exceed 40°C.

STATUTORY OBLIGATIONS FOR THE EMPLOYMENT OF PEOPLE WITH DISABILITIES UNDER (IT.) LAW 68/1999

For the year 2023, all three companies - IMAL, PAL, and GLOBUS - are compliant with (It.) Law no. 68 of 12 March 1999, which aims to promote the inclusion and integration of disabled people in the workforce. Compliance with this regulatory obligation, which is not easy to achieve given the type of business and company activities, is a further indicator of IMALPAL Group's commitment to inclusiveness and the support of local communities, as well as attention to regulatory compliance.

The Group remains firmly committed to equal opportunities during personnel selection and evaluation processes and un-

With the installation of the cooling system, which will be completed by the end of 2023 and operational from summer 2024, GLOBUS will ensure significantly improved working conditions. The plant will maintain a more stable and comfortable temperature, reducing thermal stress and allowing welders to operate more efficiently and safely.

dertakes not to discriminate on the basis of trade union, political, religious, racial, language, or gender affiliation.

Health and safety

An ongoing commitment for IMALPAL GROUP

For IMALPAL GROUP, employee health and safety are not only an operational priority, but a core value on which corporate strategies are based. Every day, the Group is committed to creating a working environment that protects the life, physical, and psychological health of its workers, while ensuring compliance with current regulations and the highest standards, as required by ESRS S1.

In a world where social sustainability is becoming increasingly central, IMALPAL GROUP considers workplace safety a key element of its identity, integrating it into every strategic and operational decision. Business activities are conducted in accordance with current occupational health and safety regulations, as well as with the provisions of the Code of Conduct and of the Safety Policy. The Group is committed to safeguarding the physical and psychological well-being and the personal dignity of its employees. This is achieved by implementing safety standards, as well as organisational and management measures tailored to the use of new technologies.

The companies also make personal pro-

TECTIVE equipment available and ensure adequate training, information, and instruction for all employees.

The safety management system ensures that all activities are carried out in full compliance with current regulations. Health and Safety Managers (RSPP), Health and Safety Officers (ASPP), and company doctors have been appointed at each site.

The Workers' Safety Representatives (RLS), elected by employees, the emergency teams appointed by the employer, and the workers themselves, within the scope of their functions, complement and contribute to defining the guidelines of the prevention system.

The Group's companies have also put in place a specific workplace safety organisation that envisages for a series of proxies by the employer, with related coordination pursuant to Art. 16 of (It.) Leg. Decree 81/2008, as well as managers, in order to supervise and monitor all company areas.

Employees are subjected to health surveillance in line with applicable regulatory provisions.

As evidence of the Group staff's commitment to workplace safety, we highlight the continuous monitoring of various indicators, which are useful for identifying preventative and corrective actions following accident risk assessments.

In 2023, a total of 16 workplace accidents were recorded for the three companies (compared to 12 recorded in 2022). No injuries were serious or fatal.


Through its Health and Safety Policy, the Group encourages informed practices and virtuous behaviour, directly involving people in daily prevention and protection.





Work-related injuries 2023:

DESCRIPTION	2023	2022
Number of work-related injuries	16	12

Accident detail

			
Number	Injury days	Frequency index rate	Severity Index
6	160	14,95	0,399

			
Number	Injury days	Frequency index rate	Severity Index
9	202	62,80	0,614

			
Number	Injury days	Frequency index rate	Severity Index
1	15	8,36	0,125

For IMAL, safety is a journey of collective awareness. With 6 work-related injuries recorded in 2023 (unchanged from 2022) and a total of 160 days of absence, the company achieved a frequency rate of 14.95 and a severity rate of 0.399. These numbers, while indicating a good level of control, also represent a call to action to continue on the path of improvement. Through intensive training programmes and the introduction of innovative risk monitoring technologies, IMAL aims to create a culture of prevention, where every employee is responsible for their own safety.

PAL, certified ISO 45001, shows how structured and advanced management can make a difference. With 9 work-related injuries (up from 4 in 2022) and 202 days of absence, the company recorded an accident frequency rate of 62.80 and a severity rate of 0.614, numbers that reflect the impact of a constantly evolving system.

The presence of ISO 45001 is not just a recognition, but a starting point for innovation. Periodic audits, predictive risk analysis and specific training programmes are the tools with which PAL guarantees its workers not only protection, but a real

opportunity for growth in a safe environment.

GLOBUS, with only one work-related injury (an improvement compared to the 2 in 2022) and 15 days of absence, stands out for a frequency index of 8.36 and a severity index of 0.125, demonstrating a targeted attention to safety. The company, with its 68 employees, aims to consolidate a management model that puts prevention at its core.

By adopting cutting-edge technologies and open dialogue with employees, it promotes a culture that sees safety as an opportunity for improvement.

Every person is a safety star. The Group promotes a culture of prevention that begins with the active involvement of workers and continuous innovation.

Relationship with the communities

Key community value actions

Description	2023	2022
PARROCCHIA SAN DAMASO	€ 5.000,00	16
PARROCCHIA CASTELVETRO	€ 3.000,00	16
MODENA ARTS FOUNDATION	€ 21.300,00	16
CONCRESCO COOPERATIVA SOCIALE	€ 350,00	16
PAG ARTS FOUNDATION	€ 0	16
TOTAL	€ 29.650,00	€ 13.200,00

In the context of ESG reporting according to the ESRS S3 standards, IMALPAL GROUP demonstrates its commitment to local communities through significant donations and support for the territory. As highlighted in the table, the overall contribution to communities has grown significantly from EUR 13,200 in 2022 to EUR 29,650 in 2023. This increase reflects the increased focus on organisations such as the Modena Arts Foundation, with an increase from EUR 600 to

EUR 21,300, and the continued attention to parishes and social cooperatives. In addition to direct contributions, the Group supports local economic development by using suppliers and employees from the surrounding area, a practice that not only fosters the creation of shared value but also helps strengthen ties with the community.

Of the Group's three companies, IMAL stands out for its distinctive approach, characterised by a higher percentage of direct donations than the others: this underscores its desire to take an active role as a community partner, going beyond simple financial investment to create a positive and lasting impact on the local community.

These elements represent a practice consistent with the ESRS S3 standards, which emphasise the importance of generating value for stakeholders and promoting the well-being of local communities through responsible governance practices and concrete commitments to social sustainability.



Environmental sustainability

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// Growing with *nature* //

The impact on the environment

2023 highlights

Self-generated renewable electricity consumed by IMAL	428 GJ
Reduction of CO ₂ emissions compared to 2022	-26%
PAL certified environmental management system	ISO 14001
Total kg of non-hazardous waste	1.329.034

Responsible environmental management

The current global context underscores the gravity of our planet's condition. The alarming loss of biodiversity and the growing impacts of climate change remind us of the need for transformative action: there is an urgent need for concrete measures to protect nature and preserve the future for future generations.

IMALPAL GROUP integrates environmental sustainability into its processes through targeted certifications and continuous improvement strategies. Each Group company stands out for its specific, certified commitment, highlighting its attention to quality, environmental management, and operational safety throughout the entire supply chain.

A shared commitment to a sustainable future

The certifications obtained by the companies of IMALPAL Group are not only the testimony of a recognised commit-

ment, but also concrete tools for implementing and monitoring environmental sustainability initiatives. By adopting internationally recognised standards, the Group strengthens its ability to innovate, reducing impacts and creating value for customers, partners and communities.

IMALPAL GROUP's main environmental improvement activities

The Group is committed to a sustainability journey that takes shape through targeted actions on three strategic fronts: conserving natural resources, reducing the impact of production processes, and fully complying with environmental regulations. These objectives translate into specific and measurable projects, which encompass the Group's three companies (ESRS 2).

Saving natural resources and reducing the impact of production processes

(ESRS E1, E2, E3, E4, E5)

IMALPAL GROUP is committed to optimising the use of natural resources through advanced technologies and innovative production processes, implementing initiatives aimed at reducing waste of materials, energy, and water, while ensuring operational efficiency.

To achieve high sustainability standards, the Group has invested in low-energy production systems, integrating cutting-edge machinery powered by renewable sources. Monitoring systems have been implemented in the main plants to identify and correct energy inefficiencies.

The design of production activities uses advanced software, capable of maximising the use of raw materials and minimising waste, contributing to the transition towards circular economy. Furthermore,

the Group uses recyclable and low-impact materials, thus contributing to the creation of a virtuous production cycle.

Attention to the environment is a constant priority. IMALPAL GROUP has adopted innovative solutions to reduce emissions in its production processes. At the same time, it manages industrial waste through integrated systems that promote recycling and waste recovery, safely disposing of non-recyclable materials.

The Group promotes the development of higher-performance, low-impact machinery, which helps customers reduce energy consumption and emissions during use. This approach, focused on the entire product life cycle, translates into solutions that enhance circular economy from a supply chain perspective.

Compliance with environmental regulations is perceived not only as an obligation, but as a strategic value. IMALPAL GROUP is committed to ensuring compliance through periodic audits, ISO 14001 certifications, and awareness-raising on various topics. Furthermore, it collaborates with institutions and sector associations to contribute to the achievement of the sustainable development goals established by the 2030 Agenda.

Aware of the importance of communication, the Group periodically publishes detailed reports on its environmental performance, in line with ESG criteria, which represent an essential channel for strengthening dialogue with stakeholders and demonstrating progress towards a responsible business model.

Thanks to this integrated vision, the

Group consolidates the best practices in sustainable innovation achieved by its companies, undertaking to build a future balanced between economic development and respect for the environment at all levels.

IMAL: process quality and reliability

IMAL has achieved important milestones with the ISO 9001:2015, SOA, and AEO certifications, which demonstrate quality throughout the entire design and production process of woodworking machines and lines. The ISO 9001:2015 certification confirms the excellence of the quality management system, oriented towards continuous improvement and operational efficiency. The SOA accreditation makes it possible for the company to participate in public procurement, certifying compliance with required standards and high technical expertise. Lastly, the AEO (Authorized Economic Operator) certification guarantees a high level of security and reliability in customs operations, contributing to the smooth and sustainable management of the global supply chain. Thanks to these standards, IMAL has promoted responsible use of resources, reduced energy consumption, and minimised environmental impact, with tangible benefits for all stakeholders.

PAL: a certified environmental vision

PAL distinguished itself by achieving ISO 14001 certification in 2020, testimony to its commitment to responsible environmental management and reflection of the adoption of a system aimed at reducing the impact of production processes, in compliance with current regulations. The company has implemented policies aimed at reducing emissions, improving efficiency in the use of natural resources

and promoting a culture focused on sustainability. This not only contributes to environmental protection, but also strengthens the company's competitiveness, demonstrating a clear focus on customer and community expectations and a concrete contribution to sustainable development goals.


A further distinctive feature is the ISO 9001 certification which guarantees an efficient quality management system (QMS) oriented towards continuous improvement. The key benefits include increased operational efficiency, increased competitiveness, customer trust, access to new markets, and the adoption of a continuous improvement approach. This standard is more than just a certification: it is a true strategic tool for consolidating quality and corporate reputation.

GLOBUS: quality and innovation at the service of the environment

GLOBUS, ISO 9001:2015 certified since 2009, stands out for its quality management system that fully complies with international requirements. This recognition, in the field of design and production of wood grinding and refining machinery and lines, highlights the company's ability to guarantee innovative and reliable products, in compliance with best industrial practices, and its focus on continuous improvement and process optimisation.

Emission reduction strategies

Global energy consumption (ESRS E1)

								TOTAL	
TYPE	Units of measurement	2023	2022	2023	2022	2023	2022	2023	2022
Electricity	GJ	8.654,85	9.329,55	8.716,22	8.122,51	2.239,75	2.002,59	19.610,82	19.454,65
Diesel									
Methane gas									

2023 was a crucial year for the Group, which continued to work towards more sustainable energy management. The comparison with 2022 highlights both significant progress and areas for improvement, reflecting the ongoing commitment to balancing production expansion with a reduced environmental impact.

The results are particularly encouraging for IMAL. The decrease in total energy consumption by approximately 7.2%, equal to 8,654.85 GJ in 2023 compared to 9,329.55 GJ in 2022, proves the effectiveness of the strategies adopted. One of the most significant initiatives is the installation of a photovoltaic system at the San Damaso buildings, which has led to a significant reduction in fossil fuel consumption. This result demonstrates the efficiency of the interventions implemented and represents a point of reference for the other Group companies.

In PAL, however, total consumption increased by 7.3%, from 8,122.51 GJ in 2022 to 8,716.22 GJ in 2023. This increase is mainly linked to the expansion of production activities which led to an increased




demand for energy. This notwithstanding, the company has made sustainable progress in integrating renewable sources and increasing the efficiency of its production processes.

GLOBUS also recorded an increase in total consumption, rising to 2,239.75 GJ in 2023 from 2,002.59 GJ in the previous year (+11.8%). The increase reflects an expansion of operational activities, but also signals the urgent need to implement further energy efficiency measures and greater use of renewable sources.

Looking at the Group as a whole, total consumption increased slightly, from 19,454.65 GJ in 2022 to 19,610.82 GJ in 2023 (+0.8%). Although the increase is limited, the figure highlights the challenge of maintaining stable consumption in a context of production expansion. IMAL has contributed significantly to overall stability, demonstrating how targeted interventions can balance operational growth with reduced environmental impact.

The detail of energy consumption:

Electricity consumption

							
TYPE	Units of measurement	2023	2022	2023	2022	2023	2022
Consumption of purchased electricity	kWh	743.327	916.836	1.215,797	990.882	272.010	210.755
	GJ	2.675,98	3.300,61	4.376,87	3.567,18	979,24	758,72
Of which from renewable sources	kWh	318.162	133.809				
	GJ	1.145,38	481,71				
On-site renewable energy consumption	kWh	118.889	122.518				
	GJ	428,00	441,06				
Self-generated electricity sold to the grid	kWh	132.907	11.287				
	GJ	478,47	40,23				
Electricity for motor vehicle traction	kWh	2.500					
	GJ	9,00					

The gigajoule (GJ) is a unit of energy, equal to one billion joules. To put this quantity into perspective, 1 GJ is equivalent to:

- Approximately 277.78 kWh (kilowatt-hour), the unit commonly used to measure electrical energy.
- The energy contained in approximately 25 litres of diesel.

Electricity consumption of IMAL, PAL and GLOBUS (ESRS E1)

Energy consumption for IMALPAL Group companies in 2023, measured in gigajoules (GJ), shows significant variations compared to 2022. The use of the gigajoule (GJ) as the unit of measurement is driven by the need to express various types of energy consumption (electricity, gas, fuel) in a single, standard unit, enabling direct and consistent compar-

- The combustion of 26 cubic meters of methane gas, considering the average calorific value.

It is used for consistency and comparability across multiple sources, transparency, environmental impact monitoring, compliance with reporting standards, and energy efficiency assessment.

isons. Following the guidelines of the ESRS E1 standard, consumption was categorised by type: purchased electricity, self-generated renewable energy consumption on-site, energy sold to the grid and specific uses, such as vehicle traction. The ESRS E1 standard requires detailed reporting to assess the overall energy impact, promoting greater transparency and sustainability.

Consumption of purchased electricity

IMAL

In 2023, total consumption was 2,675.98 GJ, a 19% reduction from 3,300.61 GJ in 2022. This result reflects a targeted energy efficiency strategy, which included the installation of advanced monitoring systems to optimise consumption and reduce waste. Furthermore, a significant investment has been made in increasing the share of self-generated energy from renewable sources, which has reduced dependence on external sources and contributed substantially to the overall reduction of emissions.

PAL

Consumption increased in 2023, reaching 4,376.87 GJ, an increase of 23% compared to 3,567.18 GJ in 2022. The increase is attributable to the expansion of the company's production capacity, which led to a greater energy demand for the operation of the plants. This figure highlights the importance of adopting further energy efficiency measures, such as the optimisation of production cycles and the integration of lower consumption technologies. At the same

time, greater use of energy from sustainable sources represents a fundamental strategy to balance increasing consumption and reduce the overall environmental impact.

GLOBUS

Total consumption in 2023 was 979.24 GJ, up 29% from 758.72 GJ in 2022. The increase is mainly linked to an expansion of operational and production activities, which has led to a greater dependence on purchased energy. The figure highlights the need to develop a more targeted strategy to improve energy efficiency, for example by implementing real-time consumption monitoring systems and investing in less energy-intensive production technologies. The solution the company is focusing on is the installation of devices that produce renewable energy, making GLOBUS more resilient to sustainability challenges.

Consumption of energy from renewable sources



In 2023, energy from renewable sources totalled 1,145.38 GJ, compared to 481.71 GJ in 2022, marking an increase of 138%. This result reflects significant investments, such as the installation of IMAL photovoltaic systems at strategic sites, including the San Damaso buildings, designed to optimise renewable energy generation. These interventions have made it possible to reduce dependence on traditional energy sources, improve the environmental impact, and contain operating costs, strengthening the commitment to the energy transition and the Sustainability standards defined by ESRs E1. Furthermore, energy consumption for motor vehicle traction was contained to 9.00 GJ in 2023, compared to 2022 where there were no electric vehicles, thanks to efficient management of the company fleet. To further reduce emissions, the Group is evaluating adding other low-emission or electric vehicles.

On-site renewable energy consumption

IMAL, a Group company that stands out for its use of renewable sources thanks to its photovoltaic system, achieved 428 GJ of self-generated and consumed energy in 2023, compared to 441.06 GJ in 2022. For self-generated electricity sold to the grid, consumption in 2023 was 478.47 GJ compared to 40.63 GJ in 2022. Data that lead to significant savings on bills.

As for PAL and GLOBUS, no specific values emerge for the consumption of self-generated renewable energy; this indicates an area for potential improvement.

Other consumption: Diesel, gas and LPG

							
TYPE	Units of measurement	2023	2022	2023	2022	2023	2022
Diesel for directly controlled vehicle traction	liters	69.235	47.458	52.400	53.563	7.960	6.400
	GJ	2.478,61	1.689,99	1.875,92	1.917,56	284,97	229,12
Heating oil	liters	0	0	0	0	0	0
	GJ	0	0	0	0	0	0
Methane gas for heating	mc	92.112	113.946	64.827	69.415	25.672	26.704
	GJ	3.500,26	4.329,95	2.463,43	2.637,77	975,54	1.014,75
LPG	mc	0	0	7.050	13.067	0	0
	GJ	0	0	267,90	496,55	0	0

Following the criteria of the ESRS E1 standard, the analysis of energy consumption of diesel and natural gas for heating in the Group's three operators aims to promote transparent and sustainable management of energy resources, highlighting the importance of reducing dependence on fossil fuels through efficiency strategies and the transition to renewable sources.

Diesel for road transport

IMAL

In 2023, IMAL consumed 2,478.61 GJ of diesel for road transport, a significant increase compared to 1,698.99 GJ in 2022 (46%). This increase is attributable to greater use of the company fleet, linked in part to an expansion of operational activities. To improve energy efficiency,

IMAL will introduce low-emission vehicles into its fleet.

PAL

Diesel consumption for road transport decreased slightly in 2023, with 1,875.92 GJ compared to 1,917.56 GJ in 2022 (-2%). This trend reflects improved operational efficiency, despite production expansion.

GLOBUS

Diesel consumption increased in 2023, reaching 284.97 GJ compared to 229.12 GJ in 2022 (24%). This accelerates the implementation of interventions promoted to improve company fleet management and consider more sustainable alternatives.

Methane gas for heating

IMAL

Natural gas consumption for heating decreased in 2023, going from 4,329.95 GJ in 2022 to 3,500.26 GJ (-19%). The reduction is the result of interventions to optimise the heating systems, which have improved the energy efficiency of buildings. IMAL is committed to further reducing consumption by integrating innovative solutions, such as heat pumps powered by renewable sources.

PAL

Natural gas consumption for heating decreased from 2,637.77 GJ in 2022 to 2,463.43 GJ in 2023 (-7%). This decrease reflects an improvement in the management of heating demand.

GLOBUS

GLOBUS also recorded a reduction in methane gas consumption, going from 1,014.75 GJ in 2022 to 975.54 GJ in 2023 (-4%). This result highlights a more careful management of consumption, and confirms the importance of identifying further solutions to reduce dependence on natural gas.

LPG for heating (PAL only)

LPG consumption decreased significantly in 2023, from 496.55 GJ in 2022 to 267.90 GJ (-46%). The figure shows a reduced use of this energy source, partly replaced by more efficient and less expensive solutions. The result confirms the importance of the progressive abandonment of LPG in favour of more sustainable technologies.

CO₂ emissions

(ESRS E1, E2)

This paragraph describes how greenhouse gas (GHG) emissions generated by the companies IMAL, PAL and GLOBUS are calculated according to the Greenhouse Gas Protocol. The calculation is based on Scope 1 and Scope 2 emissions, also compared with the DEFRA (Department for Environment, Food & Rural Affairs) Greenhouse Gas Conversion Factors method for greater accuracy of the result.

The Group is preparing for a comprehensive assessment of its Carbon Footprint starting in the 2025 reporting year, when not only Scope 1 and Scope 2, but also Scope 3 emissions will be taken into account. Based on this information, no specific quantitative reduction targets have been set for the overall reduction of emissions at present, but these targets will be set from 2025.

Methodology used

The Greenhouse Gas Protocol (GHG Protocol) is the most widely used international standard for accounting and reporting greenhouse gas emissions. The protocol divides emissions into three categories (Scopes):

- Scope 1: Direct emissions from sources owned or controlled by the company.

- Scope 2: indirect emissions from generation of electricity, heat or steam purchased and consumed by the company.
- Scope 3: Other indirect emissions occurring in the company's value chain (for example, associated with business travel, the transportation of goods, the use of products sold).

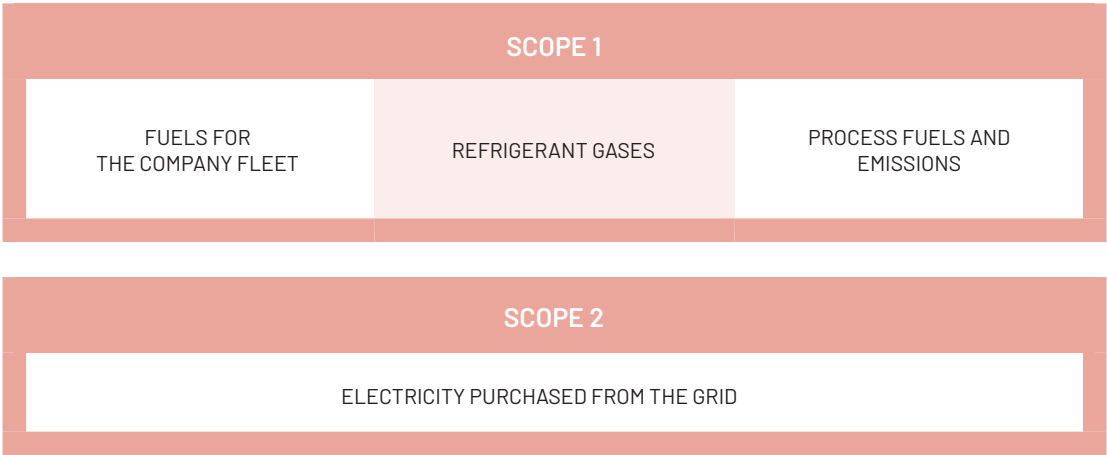
According to the application of the DEFRA Greenhouse Gas Conversion Factors method, indirect emissions (Scope 2), associated with the electricity supply, are quantified by adopting two different approaches: the location-based one and the market-based one. The location-based approach is based on statistical data relating to the national energy mix in which the organisation operates; in contrast, the market-based approach focuses on CO₂ emissions attributable to the suppliers from which the company purchases electricity through specific contracts, or, in the absence of such information, on reference market parameters.

The choice of the most appropriate method depends on the specific needs of the company and the objectives of the CO₂ emissions calculation. If the goal is to obtain a more accurate estimate of actual emissions, the market-based approach may be more appropriate; if, however, the goal is to compare the company's emissions with those of others in the same location, the location-based approach may be more useful. The Greenhouse Gas Protocol, as a widely recognised international standard, offers greater comparability and credibility globally. The DEFRA method, on the other hand, could be more suitable for making a comparison between companies operating in the same territory thanks to its simplicity of application and the availability of data specific to the national

context.

The data used to calculate emissions were collected from the documentation and registers of the individual companies. Specific emission factors were applied to convert energy and fuel consumption into equivalent greenhouse gas emissions.

The results of the Group's CO₂ emissions calculation, obtained through the application of the Greenhouse Gas Protocol and the DEFRA method and their comparison, show a significant convergence between the two approaches, which strengthens the validity of the estimates obtained and offers a reliable view of the companies' carbon footprint.



Scope 1: Scope 1 emissions, relating to direct emission sources, show a slight discrepancy between the two methods, which can mainly be attributed to the variability of the emission factors used for diesel and natural gas. It is important to note that they may vary depending on the source and calculation methodology adopted.

Scope 2: Scope 2 emissions, related to purchased electricity, are identical in the two methods, as both use the same emission factor.

The results obtained provide a solid basis for understanding the environmental impact of the Group's companies and for implementing strategies to reduce CO₂ emissions. The analysis of these data is used to identify the main emission sources, define reduction targets and monitor progress over time. Choosing a proactive

approach to managing CO₂ emissions will contribute to improving environmental sustainability and strengthening its commitment to stakeholders.

Calculating emissions ^[1]




The results obtained with the two methods are very similar. Both provide a reasonable estimate of the company's greenhouse gas emissions.

Below are the results of the CO₂ emissions calculations based on the data provided, divided into Scope 1 and Scope 2 according to the Greenhouse Gas Protocol:

^[1] Emissions, according to the location-based approach, are calculated by multiplying the amount of electricity purchased from third parties by the emission factor of the national electricity generation in which the company operates.

Italy: Emission factors were calculated using the "Efficiency and decarbonisation indicators of the national energy system and the electricity sector 308/2023 - ISPRA" as a source.

Conversely, emissions according to the market-based approach were calculated by multiplying the quantity of electricity purchased from non-renewable sources by an emission factor referring to the national residual mix in which the company operates (for Italy using: European Residual Mixes - AIB).

TYPE	Units of measurement	 IMALPAL GROUP	 IMALPAL GROUP	 IMALPAL GROUP
Scope 1 <ul style="list-style-type: none"> • of which for methane gas • of which for diesel for power generation • of which LPG for power generation • of which for diesel for road transport • of which for petrol for road transport • of which for LPG 	Kg	385.283	559.266	26.023
Scope 2 <ul style="list-style-type: none"> • Total indirect emissions (Scope 2) (location-based) • Total indirect emissions (Scope 2) (market-based) 	Kg	341.930	592.510	125.124
Total CO₂ emissions	Kg	727.213	1.151.776	151.147

Most emissions come from electricity consumption (Scope 2); Scope 1 emissions are mainly due to diesel fuel for road transport and methane gas for heating.

Electricity generation from photovoltaic systems

During 2023, the photovoltaic system at IMAL's San Damaso plant was operational throughout the year. The overall production of self-generated energy was equal to 132,907 kWh, or approximately 44,258.03 kg CO₂ avoided.

Purchase of energy from renewable sources

In 2023, the Modena plant purchased 118,889 kWh of 100% renewable energy, which made it possible for the Group to avoid the emission of approximately 39,596 kg CO₂.

TOTAL IMALPAL GROUP EMISSIONS		Units of mea- surement	2023	2022
Total CO2 emissions		Kg	2.030.136	2.775.227

While the management of the Group companies' carbon dioxide emissions showed a positive overall trend in 2023 compared to 2022, there are still specific areas that require targeted action. The analysis was conducted following the ESRS E1 standard, which provides for detailed reporting divided into specific areas.

The categorisation follows the ESRS guidelines in Scope 1, which represents direct emissions from company activities, such as the combustion of fuels in industrial processes and company vehicles, and Scope 2, which includes indirect emissions from purchased energy, such as use of electricity. The approach adopted, compliant with the European standards, has made it possible to more clearly identify areas for improvement and define targeted strategies to reduce the overall environmental impact. Furthermore, the use of the key performance indicators specified by the ESRS makes it possible to monitor the evolution of emissions over time and compare the results with respect to sustainability objectives. With the 2024 reporting, the Group plans to extend the analysis to include Scope 3, which comprises all other indirect emissions along the value chain, such as those arising from transportation, suppliers and use of products by

customers. This inclusion will allow for an even more complete and detailed view of the overall environmental impact.

IMAL

The substantial reduction of CO₂ emissions for IMAL in 2023 compared to the previous year was the result of a combination of targeted technological and strategic interventions. In 2023, total recorded emissions were 727,213 kg of CO₂, divided into 385,283 kg of Scope 1 and 341,930 kg of Scope 2, compared to the 2022 total of 1,664,461 kg of CO₂. The adoption of a photovoltaic system since the construction of the new headquarters, with an installed capacity of 99.4 kW, has significantly reduced dependence on energy from non-renewable sources and contributes to the reduction of emissions. Furthermore, the replacement of obsolete compressors with high-efficiency models and the adoption of LED lighting technologies have further improved the overall energy efficiency of the facilities. These interventions not only contributed to the reduction of direct emissions (Scope 1), but also had a positive impact on indirect emissions linked to purchased energy (Scope 2), highlighting the importance of an integrated approach to corporate sustainability management.

PAL

PAL CO₂ emissions in 2023 amounted to 1,151,776 kg, recording an increase compared to 2022 (781,754 kg) attributable to an increase in production capacity, which led to an intensive use of non-renewable energy resources and a low use of the energy mix.

To address this challenge, it is essential to continue implementing strategies that envisage the addition of renewable energy sources, such as the installation of photovoltaic systems and the purchase of certified green energy.

Another crucial element could be raising awareness and training among staff to promote virtuous behaviour in the use of resources and greater awareness of sustainability objectives. Lastly, continuous monitoring and benchmarking against Group standards help keep emissions under control and rapidly implement new solutions.

GLOBUS




Reducing the total CO₂ emissions recorded for GLOBUS in 2023 - equal to 151,147 kg, compared to 309,012 kg in 2022 - was made possible thanks to a strategic and targeted approach to energy and production process management.

Of the key initiatives, the optimisation of production lines has contributed to the reduction of energy consumption, while the adoption of advanced systems for monitoring consumption has enabled more efficient management of resources. The use of machinery designed to maximise efficiency and reduce waste has further contributed to this success.

Furthermore, strategies aimed at reducing production waste have been implemented, with a particular focus on minimising direct emissions (Scope 1). The actions undertaken, complemented by constant monitoring of environmental performance, have enabled GLOBUS to improve its overall impact, proving that careful resource management can generate tangible results in terms of both sustainability and operational efficiency.



Responsible management of water resources and waste

		 IMALPAL GROUP		 IMALPAL GROUP		 IMALPAL GROUP	
TYPE	Units of measurement	2023	2022	2023	2022	2023	2022
Third-party water resources (mains)	m3	3.352	2.890	32.560	37.020	2.447	2.720
Groundwater	m3			69.769	69.032		

IMALPAL GROUP's responsible water management (ESRS E3)

Water represents an essential resource, not only for the Group's production operations, but also for a broader concrete commitment to environmental sustainability. The Group's companies highlight their contribution and growing attention to this topic through the lens of the European ESRS E3 standard, which invites companies to monitor, manage, and optimise the use of water resources.

In 2023, consumption reflects significant progress mainly from PAL and GLOBUS. IMAL, on the other hand, used 3,352 m³ of water from third parties (mains), recording an increase compared to the 2,890 m³ in 2022.

The figure, although representing an increase, highlights the company's ability to balance increased activity with a limited use of resources, in line with the efficiency objectives promoted by the ESRS.

In 2022, PAL recorded a mains water consumption of 37,020 m³. In 2023, this value decreased significantly, reach-

ing 32,560 m³. This decrease, equal to approximately 12%, can be interpreted as a first sign of greater attention to the efficient use of water resources and as a consequence of a partial rebalancing between the various supply sources.

Concurrently, groundwater withdrawal totalled 69,769 m³ in 2023, compared to 69,032 m³ in the previous year. While this figure remained relatively stable, it still affected the year's overall water balance. The adoption of this alternative source suggests a reorganisation of supply methods, which, if not carefully managed, could lead to significant impacts on local ecosystems and on the future availability of the resource.

The reduction in mains consumption, accompanied by the intensification of groundwater withdrawals, makes it necessary to develop integrated water management strategies capable of balancing production needs, environmental protection, and compliance with emerging European standards, particularly those required by ESRS E3.

On the other hand, GLOBUS stands out for a reduction in third-party water consumption, going from 2,720 m³ to 2,447 m³ (-10%). This result reflects a more careful and conscious approach, in line with the ESRS guidelines, which encourage companies to reduce their use of water resources through the adoption of innovative practices.

A more in-depth analysis highlights relevant choices. IMAL, for example, allocates 90% of its water (3,000 m³) to municipal uses, while only 10% (352 m³) is used in the production cycle. This figure could indicate efficiency in the production lines or a limited dependence of the company on water-intensive processes. For GLOBUS, the ratio between use in production and municipal use follows a similar dynamic, with 82% of water destined for civil uses and 18% (437 m³) used in production operations. However, this proportion opens the way to potential optimisation interventions, in line with the

best water sustainability practices laid down by the ESRS standards.

PAL's significant use of groundwater represents both a challenge and an opportunity. The withdrawal of nearly 70,000 m³ of water underscores the importance of monitoring and protecting these resources through sustainable management that respects local ecosystems.

Following the principles of the ESRS, IMALPAL GROUP intends to strengthen its strategic approach to water resource management. Measurement, transparency, and the adoption of innovative solutions will be key to reducing environmental impact well into the future.

By optimising water consumption and promoting responsible use of resources, IMAL, PAL and GLOBUS prove that industrial production processes can also be protagonists of positive change.

Waste management (ESRS E5, ESRS E1)

						
TYPE	2023 Kg	2022 Kg	2023 Kg	2022 Kg	2023 Kg	2022 Kg
NON-hazardous product waste	538.178	130.157	703.536	607.706	87.320	64.900
Recovery and disposal	143.629		703.536		87.320	
Recycling	35.309	130.157		310.966		
Incineration				296.740		
Landfill						
Storage	359.240					64.900
Other					3.500	
Hazardous product waste	34.920	1.833	15.917	13.015	6.847	2.349
Recovery and disposal	5.460		15.917		6.847	
Recycling		1.674		7.815		
Incineration		159		5.200		
Landfill						
Storage	29.460					2.349
Other						
TOTAL PER COMPANY	573.098	131.990	719.453	620.721	94.167	67.249

Total waste

COMPANY	2023 Total Kg	2022 Total Kg	Difference Kg
IMAL	573.098	131.990	+ 441.108
PAL	719.453	620.721	+ 98.732
GLOBUS	94.167	67.249	+ 26.918
TOTAL PER COMPANY	1.386.718	819.960	+ 570.258

Waste management is a crucial issue for the Group, which is committed to respecting and implementing the requirements of the ESRS E5 and ESRS E1 standards. The key aspects are the production, management, and disposal of hazardous and non-hazardous waste, considering both direct and indirect environmental impacts.

Non-hazardous waste

In 2023, IMALPAL GROUP recorded a total production of 1,329,034 kg of non-hazardous waste, a significant increase compared to 2022 (802,763 kg), which can be attributed to several factors, including the intensification of production activities at the Group's three main plants and a change in the composition of the materials used in the production processes.

Another significant factor is the increase in the volume of waste generated during processing, due both to the greater complexity of the finished products and to the greater use of raw materials with a lower recovery performance. Moreover, changes in material sourcing, with suppliers introducing components with higher residual waste, further contributed to the increase.

The analysis of the causes suggests the need to improve internal management

processes and adopt technologies to reduce waste at source, in line with the objectives of the ESRS standards.

IMAL: recorded a significant increase from 130,157 kg to 538,178 kg, reflecting increased production intensity and a change in industrial processes. A key factor in this discrepancy are the deliveries from the Italian shipyard to ASM Vercelli, which in 2023 reached 439,680 kg compared to just 12,000 kg in 2022. When it comes to waste management, it could indicate a redefinition of company policies regarding disposal.

PAL: 2023 saw a moderate growth in production to 703,536 kg from 607,706 kg in 2022, accompanied by an appreciable improvement in the percentage of recycled waste (+4.8%). This reflects the effectiveness of the management policies adopted, which seem to favour more advanced recovery processes and greater attention to the separation of materials in production sites and demonstrates a growing sensitivity towards circular economy practices, a fundamental step to reduce environmental impacts and optimise available resources.

GLOBUS: recorded an increase of approximately 40%, demonstrating virtuous and sustainability-oriented management. This improvement is attributable to the optimisation of internal processes and greater efficiency in material separation. The increase in recycling, from 64,900 kg to 87,320 kg, reflects the commitment to reducing environmental impact and promoting the circular economy, positioning itself as a positive example within the Group.

Hazardous waste

Hazardous waste production in 2023 was 57,684 kg, marking a significant increase compared to 2022 which recorded a production of 17,197 kg. This figure highlights several dynamics that deserve strategic reflection.

IMAL: the significant increase in stored waste, equal to 29,460 kg, reflects a change in company disposal policies and is attributable to an increased use of chemicals in production processes and a review of operational practices. The need for extended storage signals an area for improvement in waste logistics management.

PAL: stability in hazardous waste management, with highly efficient recovery

and disposal, indicates the effectiveness of the implemented management strategies. The result achieved represents an example of best practice, and demonstrates how process standardisation can help reduce environmental impact.

GLOBUS: the significant increase in hazardous waste prompted the company to conduct an in-depth investigation to analyse the causes and carefully monitor the progress of the production process. This increase is closely linked to the growth in production, which has led to a greater use of materials such as oils and paints, thus contributing to the increase in the quantity of hazardous waste generated.

Despite this, waste management, primarily oriented towards recovery and controlled disposal, represents a positive sign of attention to sustainability.

Recycling and circularity metrics

Overall recycling for the Group decreased compared to 2022, mainly due to the performance of IMAL, which recorded a significant reduction in the percentage of recovered materials. This highlights the need for a strategic review to understand the factors that contributed to the decrease.

The ESRS E5 standards underline the importance of increasing the use of recovered and reintegrated materials in production cycles, while promoting a corporate culture oriented towards circularity and waste reduction. The Group plays an active role in the transition to a circular economy thanks to its advanced machinery, designed to efficiently recover, process, and transform waste wood into new products or materials. These processes not only reduce the consumption of virgin resources, but also minimise waste sent to the landfill, thus improving the overall environmental performance. Furthermore, the Group supports awareness-raising initiatives on circularity and collaborates with supply chain partners to promote the adoption of sustainable practices, actively contributing to the

objectives defined by the European standards.

Improvement objectives and future performance

According to the ESRS, companies must set concrete targets to improve waste management, with the aim of reducing the environmental impact and promoting the transition to a circular economy model. For IMALPAL GROUP, these ambitions translate into strategic objectives that involve several coordinated actions.

The Group is committed to improving waste management and promoting sustainability by adopting advanced technologies and targeted policies. One of the priority actions is the installation of innovative systems, such as automated systems for material separation and chemical processes for the recovery of complex components, in order to significantly increase recovery rates.

In parallel, the use of recycled materials in production is set to increase, thereby reducing dependency on virgin resources and improving the environmental profile of the products.

IMALPAL GROUP also intends to strengthen corporate policies aimed at minimising waste generation by optimising product design, streamlining processes, and introducing real-time monitoring systems to quickly identify and correct inefficiencies. The creation of strategic partnerships with suppliers and stakeholders will be a further pillar of this commitment, enabling the exchange of best practices and the development of joint solutions for sustainable waste management, thus contributing to a more efficient circular economy.

IMAL, PAL and GLOBUS have taken different paths, but they share a common challenge: to transform the increase in waste into an opportunity for sustainable growth. By adopting more circular processes, investing in recycling and reducing hazardous waste, these companies can not only respond to regulatory needs, but become the stars of a more responsible industrial future.

Waste as a resource. From collection to recycling, the Group promotes a sustainable model that aims to minimise waste and improve environmental performance. It reduces waste and uses resources in the best possible manner through advanced processes and efficient materials management.

IMALPAL GROUP goals

Scope	Objectives	Indicators	SDG	Achievement from (low) to 5 (high)	IMAL	PAL	GLOBUS
Economic improvement	a - Consolidation of the company's positive performance.	a - Financial economic indices	8	a	3	5	4
	b - Increase in market shares.	b - Increase in machinery sold,	12	b	2	1	4
	c - Risk management assessment.	c-Risk management		c	3	4	3
Environmental improvement	a - Energy consumption, air quality and mitigation of the impacts of climate change.	a - Energy savings. b- Plastic free. c-Reduction of H2O consumption.	6	a	5	4	4
	b - Reduction of plastic consumption.	d - waste recovery.	7	b	4	4	3
	c - Water resource management			c	5	3	4
	d - Waste management			d	4	5	3
Social improvement	a - Implementation of benefits for employees.	a - Number and quality of retained and new partners.					
	b - Measuring employee well-being	b - Happiness Index					
	c - Consultation on the company's ESG issues with the employees.	c- Number of employees participating in the survey.	8	a	3	4	3
	d - Cultural training on sustainability for employees and management.	d - Hours of sustainability training.	4	b	3	1	3
	e - Increase visibility through cultural initiatives.	e - Number of views and participants.	11	c	2	1	2
	f - Increase the financial support for local activities	f - Number of initiatives and euros donated		d and f	2	2	3
Service quality improvement	a - Health and safety	a - Reduction of accidents.					
	b - Privacy and data security.	b - Implementation of processes to protect sensitive data.	8	a	4	5	4
	c - technological and digital innovation.	c - Number of innovative projects	9	b	3	5	4
	d - Privacy and cybersecurity	d - Increase security against cyber attacks		c and d	5	3	4

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