

2023

**GREEN
REPORT**

**REPORT DI
SOSTENIBILITÀ**



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01.0

Letter to Stakeholders



Dear Stakeholders,

We are delighted to present you with our first Sustainability Report: a document that not only celebrates our achievements, but also tells the story of the journey that has led us so far, through almost 50 years of work.

What we are today is the result of what we have sown and harvested over these decades but, above all, of what we have learnt and have successfully adapted to the needs of the present. Since 1975, the year of our foundation, we at Incomac have worked with the aim of producing high quality drying systems, while building relationships of trust and collaboration with our clients. This combination of experience, expertise and vision has enabled us to become a symbol of excellence in the industry.

Each stage of our history has been characterised by a constant commitment to innovation. From the first condensation dryer in 1976 to the introduction of new technologies, we have always tried to anticipate market needs, offering solutions that go beyond expectations.

Our journey to growth and innovation has never stopped. In 2019 we started a new chapter, focusing on process and product innovation, with the aim of making our plants not only more efficient, but also more sustainable.

Today, more than ever, we want to be a partner of choice for our clients, offering them support to improve not only production but also environmental performance, through a structured process of comprehensive and effective pre- and after-sales support. We create value through our experience and specialisation, aware that our success is closely linked to that of our clients and the positive impact we can generate in the world.

Our sustainability journey began a few years ago, although the first key milestone was in March 2023 when, using the SDG Action Manager tool, we analysed our impacts with reference to the Sustainable Development Goals (SDGs). This important step enabled us to obtain an initial snapshot of our Company in the ESG area, outlining our strengths and the improvement actions to be taken. The document you have in your hands has been produced taking into account the SDGs considered most relevant to our business and tracking the actions taken by Incomac with respect to them.

We look to the future with the certainty that what we have built so far is a solid foundation for tomorrow's successes. We invite you to read this Report as a testimony to our commitment to sustainability and as a promise to continue to innovate, grow and improve.

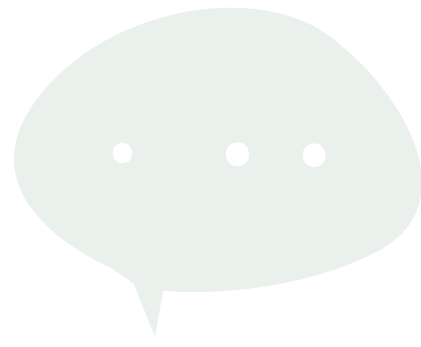
Thank you for your trust and continued support.

Happy reading,

Livio Torresan
Sole Administrator



About us



Incomac Srl is a company located in Montebelluna, in the province of Treviso, **specialising in the construction of drying systems**. The NACE activity code is 28.49 and the main activities are the production of systems for heat treatment of any wood species as well as industrial processes in other sectors such as food, packaging, plastics and textiles.

The Company has a nearly 50-year history in the design and construction of drying, steaming and heat treatment systems for wood. **Incomac's path is characterised by constant evolution, which has enabled the Company to establish itself in its sector and be recognised for quality and experience.**

Incomac is committed to being a reliable partner for its clients, offering state-of-the-art technology and tailor-made consultancy services to realise projects that meet specific market needs. The Company aims to provide comprehensive and effective pre-sales and after-sales support. This approach is underpinned by an ongoing commitment to client training, ensuring that they can make the most of the technologies on offer.

Incomac's core values include the quality and efficiency of its services, thanks to continuous technical and professional training, high specialisation and the constant search for innovative solutions. The Company stands out in the field of environmentally friendly technologies, designing systems that optimise performance and reduce energy consumption.

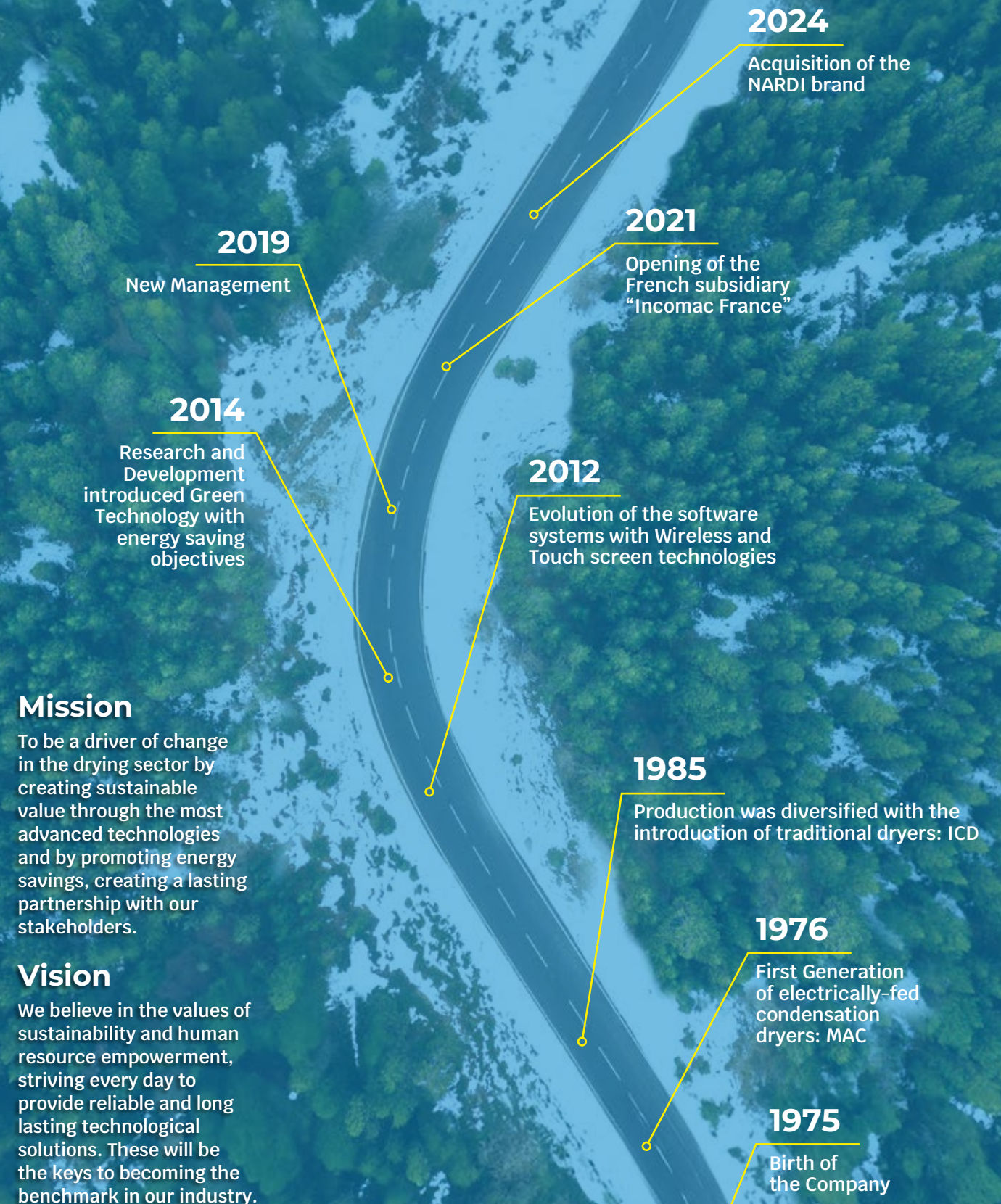
With systems installed in **95 countries**, Incomac represents an example of excellence "Made in Italy" in the world. The Company exports not only products, but also the value of technological tradition and the dynamism of Italian engineering. Its systems are designed and manufactured in Italy, combining experience and innovation to guarantee durability and high technology.

Incomac offers a wide range of solutions including:

- **Drying systems** designed for different types of wood, from conventional to condensation systems and specific heat treatments and steaming systems.
- **Boiler systems, hydraulic systems and fuel storage and transport systems**, offering turnkey projects that optimise productivity in terms of cost and performance.

With the aim of growing and getting as close to perfection every day, Incomac opened its first branch in France in 2021, and in 2023 acquired another historic brand in the Triveneto region: **Nardi** (through the subsidiary Italian Drying Group). In this way, the Company has become a group with over 25 thousand systems installed worldwide.

02.1 History



Materiality analysis



The materiality analysis is the starting point that Incomac used to understand the expectations of its stakeholders, identifying the most relevant sustainability issues through a process of research and evaluation. The Company conducted this **Materiality Analysis** following the guidelines of **GRI Standard 3: Material Topics** updated to 2021, which provides detailed guidance to companies on how to identify the material topics. An issue is defined as material when it represents a significant impact of an organisation's activities and relations on the economy, the environment and people, including human rights. In particular, the so-called impact materiality perspective, adopted for this Materiality Analysis, focuses on the identification of the main impacts (positive or negative, actual or potential) that the Company's activities have on people, the environment and society as a whole, through an approach called "inside-out".

03.1 Understanding the context of the Organisation

A key step of the Materiality Analysis involved the study of the context in which the Company operates, making it possible to collect crucial information to identify the actual and potential impacts related to Incomac's business. The context analysis was conducted by consulting international sustainability standards and through a review of industry literature. Subsequently, these results were aligned with the internal context analysis, which considered activities, business relationships, corporate sustainability strategy, and the key stakeholders.

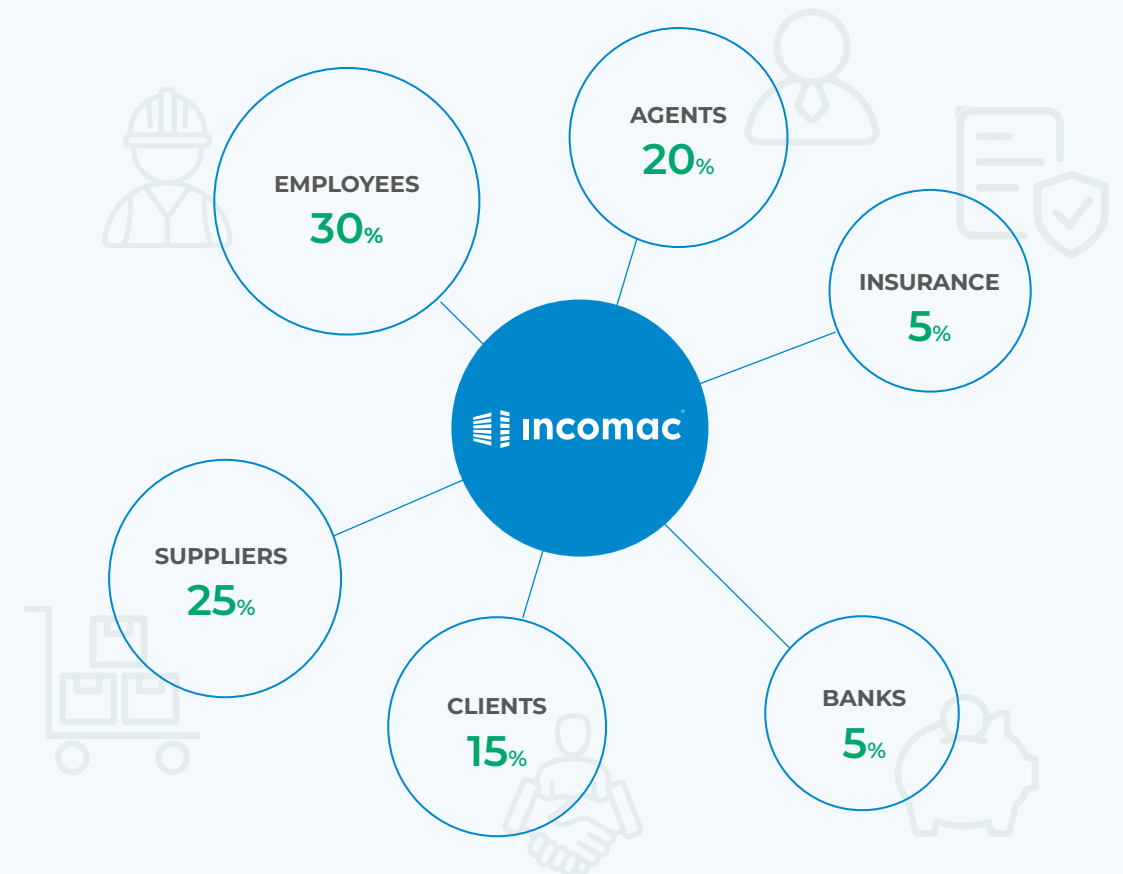
03.2 Identification of issues and impacts

A second step of the Analysis involved the identification of the material issues under analysis and the positive, negative, actual and potential impacts. To this end, we assessed the organisation's mission, together with its business model and internal sustainability strategies. This step involved the management; this participation led to the identification of 28 impacts, which were traced back to **14 material topics**.

03.3 Assessing the importance of impacts and stakeholder engagement

A third stage involved assessing the extent of impacts through the identification and involvement of key corporate stakeholders. The following Stakeholders may be affected by or influence the Company's decisions, actions and results: **employees, suppliers, clients, banks, agents, insurance companies**.

The engagement of internal and external corporate stakeholders took the form of an ESG survey which the various stakeholder categories were invited to fill out. Each participant was asked to assign a value, **on a scale of 1 to 5, to the significance of the impact of Incomac's activities in relation to each material topic**. The results of the questionnaire made it possible to prioritise sustainability issues. The graph below shows the percentage distribution of the stakeholder categories that participated in the questionnaire.



03.4 Prioritisation of impacts

A fourth step involved the prioritisation of the most significant impacts for reporting purposes. The results of the materiality process are presented below, with the issues ordered according to decreasing importance of the impact, specifying whether the impact is positive or negative and whether it is actual or potential.

Reference SDGs	Material topic	ESG area	Type of impact	Impact description	
	PRODUCT QUALITY AND SAFETY AND CLIENT SATISFACTION	Governance	Positive	Design and construction of safe, efficient and high-quality drying systems. Support and assistance for the full satisfaction of specific client needs and expectations.	Actual
			Negative	Lack of attention to the quality and safety management of the products and services offered. Growing client dissatisfaction and an increase in complaints.	Potential
	R&S E INNOVAZIONE	Governance	Positive	Design, development and implementation of innovative and technologically advanced solutions to improve the quality and production performance of drying systems with the aim of full and automated plant management.	Actual
			Negative	Reduced investment in R&D resulting in obsolescence and inefficient system performance generating waste and negative environmental impacts.	Potential
	GOVERNANCE AND BUSINESS ETHICS	Governance	Positive	Adoption of decision-making, management and conduct practices based on criteria of legality, diligence, transparency, accountability, fairness, integrity, impartiality and anti-corruption.	Actual
			Negative	Cases of corruption, unfair business practices, violations of laws and regulations, administrative sanctions and anti-competitive behaviour that may damage the reputation of the Company.	Potential
	OCCUPATIONAL HEALTH AND SAFETY	Social	Positive	Identification and application of measures aimed to protect workers in the Company from the risk of accidents and prevent it. Organisation of training activities for workers for the adoption of responsible behaviour.	Actual
			Negative	Insufficient accident prevention measures resulting in higher accident rates. Non-compliance with occupational Health and Safety regulations.	Potential
	HUMAN CAPITAL DEVELOPMENT	Social	Positive	Involvement, empowerment and growth of staff, including through the management of training and the upgrading of skills, while accelerating progress towards achieving the Organisation's objectives.	Actual
			Negative	Lack of commitment to human capital training and development. Dissatisfaction and high turnover rate among employees, failure to acquire new skills.	Potential

SDGs	Tema materiale	Area ESC	Tipologia impatto	Descrizione dell'impatto	
	TALENT ATTRACTION AND RETENTION	Social	Positive	Attraction and retention of talent, enhancing their sense of belonging and adherence to the Company's values. Implementation of strategies aimed at employee satisfaction and motivation, including the implementation of benefits and corporate welfare policies.	Actual
			Negative	Practices that alienate existing human resources and discourage the entry of new talent, creating a low sense of belonging and misaligned values, resulting in a high turnover rate.	Potential
	WORKING CONDITIONS AND PRACTICES	Social	Positive	Ensure working environments and conditions that are suitable and respectful of human dignity, informed by fairness, respect, inclusion, cooperation, promotion of equal rights and equal opportunities and free of any form of discrimination.	Actual
			Negative	Working practices that do not respect the dignity of the individual, that foster discriminatory episodes and undermine the growth and equal opportunities of individuals, with negative consequences on the well-being of people in the Company.	Potential
	ENERGY MANAGEMENT OF SYSTEMS	Environment	Positive	Development and production of drying systems aimed at energy efficiency and implementation of new technological solutions for the containment of GHG emissions.	Actual
			Negative	Absence of solutions and innovations aimed at improving the energy efficiency of plants with increased consumption and CO ₂ emissions.	Potential
	RECONDITIONING SERVICES	Environment	Positive	Reconditioning of existing equipment, with the aim of reducing resource consumption and emissions associated with the construction of new equipment.	Actual
			Negative	Failure to design revamping solutions for existing systems, resulting in frequent replacement of existing systems and increased waste generation for their disposal.	Potential
	SUPPLY CHAIN MANAGEMENT AND RESPONSIBLE PROCUREMENT	Governance	Positive	Monitoring of suppliers not only on aspects of quality, reliability and economic conditions, but also on social and environmental performance and risks.	Potential
			Negative	Generation of negative social and environmental impacts from purchasing decisions related to the Company's supply chain.	Potential

SDGs	Tema materiale	Area ESC	Tipologia impatto	Descrizione dell'impatto	
	CYBERSECURITY AND PRIVACY MANAGEMENT	Governance	Positive	Secure management of Company and stakeholder data. Implementation of solutions to mitigate the risk of data breach and loss.	Actual
			Negative	Absence of a protection system for the sensitive data and information managed by the Company, with consequent increased risk of data loss and potential legal implications and claims for compensation.	Potential
	STRATEGIC PARTNERSHIPS	Governance	Positive	Creation and activation of strategic, effective and close collaboration partnerships with the best supply chain operators, other business partners and the local community, in order to implement business initiatives also oriented towards Sustainable Development and the creation of shared value.	Actual
			Negative	Lack of attention in the creation of strategic partnerships and consequent loss of opportunities related to Sustainable Development.	Potential
	CLIMATE STRATEGY	Environment	Positive	Combating climate change by developing internal strategies, monitoring emissions and setting targets for reducing impacts related to CO ₂ production.	Actual
			Negative	Use of energy derived from non-renewable sources. Environmental impact related to CO ₂ emissions.	
	WASTE MANAGEMENT	Environment	Positive	Correct management and disposal of waste resulting from the Company's activities, also with a view to reducing waste generation and increasing the percentage of waste generated that is destined for recovery.	Actual
			Negative	Lack of an adequate waste management and disposal system leading to increased air, water and soil pollution, degradation of ecosystems and damage to local communities.	Potential

The output of the Materiality Analysis process was processed and formalised within a two-dimensional graph called the **Materiality Matrix**, whose y axis is the result of the average of the evaluations that external stakeholders and employees attributed to individual material issues, while the x axis shows the average of the evaluations attributed by corporate management.



LEGENDA:

- | | |
|-------------------------------------------------------|---------------------------------------------------------|
| 1. Product Quality and Safety and Client satisfaction | 8. Energy management of systems |
| 2. R&D and Innovation | 9. Reconditioning services |
| 3. Governance and business ethics | 10. Supply chain management and responsible procurement |
| 4. Occupational Health and Safety | 11. Cybersecurity and privacy management |
| 5. Human Capital Development | 12. Strategic partnerships |
| 6. Talent Attraction and Retention | 13. Climate strategy |
| 7. Working conditions and practices | 14. Waste management |

SDG Action Manager



The current global context requires organisations, regardless of their size or sector, to adopt sustainable business models that respect the economy, the environment, people and the territories in which they operate.

Undertakings that recognise the opportunities offered by sustainability and integrate it into their business model are able to innovate more effectively and ensure the long-term sustainability of their business.

Private undertakings play a key role in promoting these objectives, offering innovative solutions that address global challenges and create new business opportunities. Transparency and corporate responsibility are essential to align corporate operations with the aspirations of the 2030 Agenda. In addition, the Sustainable Development Goals (SDGs) represent a synthesis of the world's major environmental, social and economic issues and guide the ESG (Environmental, Social, Governance) criteria, which must be considered an integral part of investors' fiduciary duty.

In this context, Incomac measured its impacts through the SDG Action Manager tool, in order to obtain an initial assessment of the Company's contribution to the Sustainable Development Goals. This made it possible to identify areas for improvement with respect to the sustainability path undertaken, in line with the goals of the 2030 Agenda. The evaluation was carried out together with the Incomac Corporate Team in March 2023 and consisted of the following steps:

- getting to know and understand the SDGs;
- prioritising impacts to identify corporate SDGs relevant to the Company's business;
- measuring impacts through the Baseline Module, to have an overall assessment of the Company's performance with respect to human rights, labour practices, environmental management and governance;
- measuring the detailed contribution to each SDG considered as relevant

Beside, the SDGs identified as priorities for the Company are listed in order of importance.

Each chapter of this Report presents a detailed analysis of the material topics identified, linking them to the Sustainable Development Goals (SDGs) identified as relevant to Incomac's business. Each SDG serves as the main chapter, while the associated material topics are dealt with in the respective sub-chapters. The reporting process included additional SDGs to those prioritised by the SDG Action Manager and listed above, as they are closely related to the material topics relevant to Incomac.

SDGs in descending order of importance



Governance



05.1.0 SDG 16: Peace, justice and strong institutions

Sustainable Development Goal 16 (SDG 16) aims to **promote legality at national and international level, ensuring equal access to justice for all and reducing corruption**. It aims to create accountable and transparent institutions. This goal also includes ending all forms of violence and organised crime, encouraging the participation of developing countries in global decision-making, and supporting laws and policies that promote sustainable development at international level. The private sector plays a crucial role in achieving this SDG by incorporating the principles of transparency within its organisations, preventing violence in its supply chain and promoting legality in the countries where it operates.



05.1.1 Governance and business ethics

Incomac is a limited liability company incorporated in Italy at the Register of Companies of Treviso - Belluno. Incomac has adopted a form of administration, as per its Articles of Association, consisting of a Sole Administrator. It is up to the Sole Administrator to adopt the resolutions required by law, as well as to adapt the Articles of Association to regulatory provisions. The Sole Administrator is entitled to remuneration to be determined by the Shareholders' Meeting. Incomac Srl is subject to the control of Delfi Srl, which holds 100% of the Company's shares.

The Sole Administrator, in office until revocation, is a man in the 30-50 age bracket and is an executive of the Organisation. For the number of other principal offices held and commitments entered into by the Sole Administrator, please refer to the documents published in the Companies' Register.

With regard to the holders of other offices or qualifications within the Company, it should be noted that there are two special attorneys-in-fact with powers related to business activities in the search for new clients and opportunities in the market. Both special attorneys-in-fact are men over 50 years old.

In the performance of all activities, Incomac operates by avoiding situations of conflict of interest that may interfere with its ability to make impartial decisions in

the best interests of the Company. The Organisation is committed to maintaining an ethical working environment, effectively managing conflicts of interest and adopting best governance practices. No critical issues were reported to the highest governance body during the reporting period.

Regarding **Sustainability Governance**, Incomac's Sole Administrator recognises the importance of sustainability as a key element of corporate strategy. Incomac has set up a governance structure dedicated to outlining the sustainability strategy and path to pursue sustainable development. The annual Sustainability Report is prepared through a process involving multiple internal corporate departments and the Management. This process includes the collection and analysis of data on activities, business reports and internal initiatives, as well as the engagement of stakeholders to ensure an inclusive view of the impacts.

In general, the Organisation is committed to maintaining an ethical working environment, where conflicts of interest are managed effectively and in line with best governance practices. The Company recognises that acting honestly, transparently and responsibly is crucial to building and maintaining stakeholder trust and ensuring its long-term success. In order to fulfil this commitment, Incomac has set the goal of drawing up a **corporate Code of Ethics** for the year 2024. In particular, the following principles will be included in the document: the commitment to avoid all forms of discrimination, harassment, forced and/or compulsory labour, child labour and to defend the dignity of workers, encouraging diversity and providing equal opportunities for all through continuous training.

Incomac confirms full compliance with applicable laws and regulations. It should be noted that there were no instances of non-compliance with laws and regulations during 2023. The Company is constantly striving to operate in compliance with current regulations in all its activities.

Incomac has a zero-tolerance policy towards corrupt practices, illegitimate favours and collusive behaviour. It is absolutely forbidden to favour, directly or through third parties, personal advantages for oneself or others, contrary to the principles of fairness, honesty, respect and professionalism. These provisions will be better regulated within the corporate Code of Ethics to be created in the course of 2024.

During the reporting period, Incomac confirms that no corruption incidents were detected. No employees were disciplined or dismissed for reasons of corruption, and no contracts with business partners had to be terminated or not renewed due to corruption-related violations. Furthermore, no legal cases in the public domain concerning corruption were brought against the Organisation or its employees during this reporting period. Incomac recognises free competition, as long as it is fair, as a determining factor for the Company's growth and constant improvement, and also confirms that, during the reporting period, no legal action was taken regarding anti-competitive behaviour and violations of antitrust laws in which the Company was identified as a participant.



The structure of the corporate bodies as at 31 December 2023 comprises:

Sole Administrator

performs all operations necessary to achieve the corporate purpose and manages the undertaking with the diligence required by the nature of the office.

Independent Auditor

responsible for the statutory audit of the financial statements.

Special attorneys

with powers related to business activities in the search for new clients and opportunities in the market.

Special attorneys

with powers related to business activities in the search for new clients and opportunities in the market.

05.1.2 Supply chain management and responsible procurement

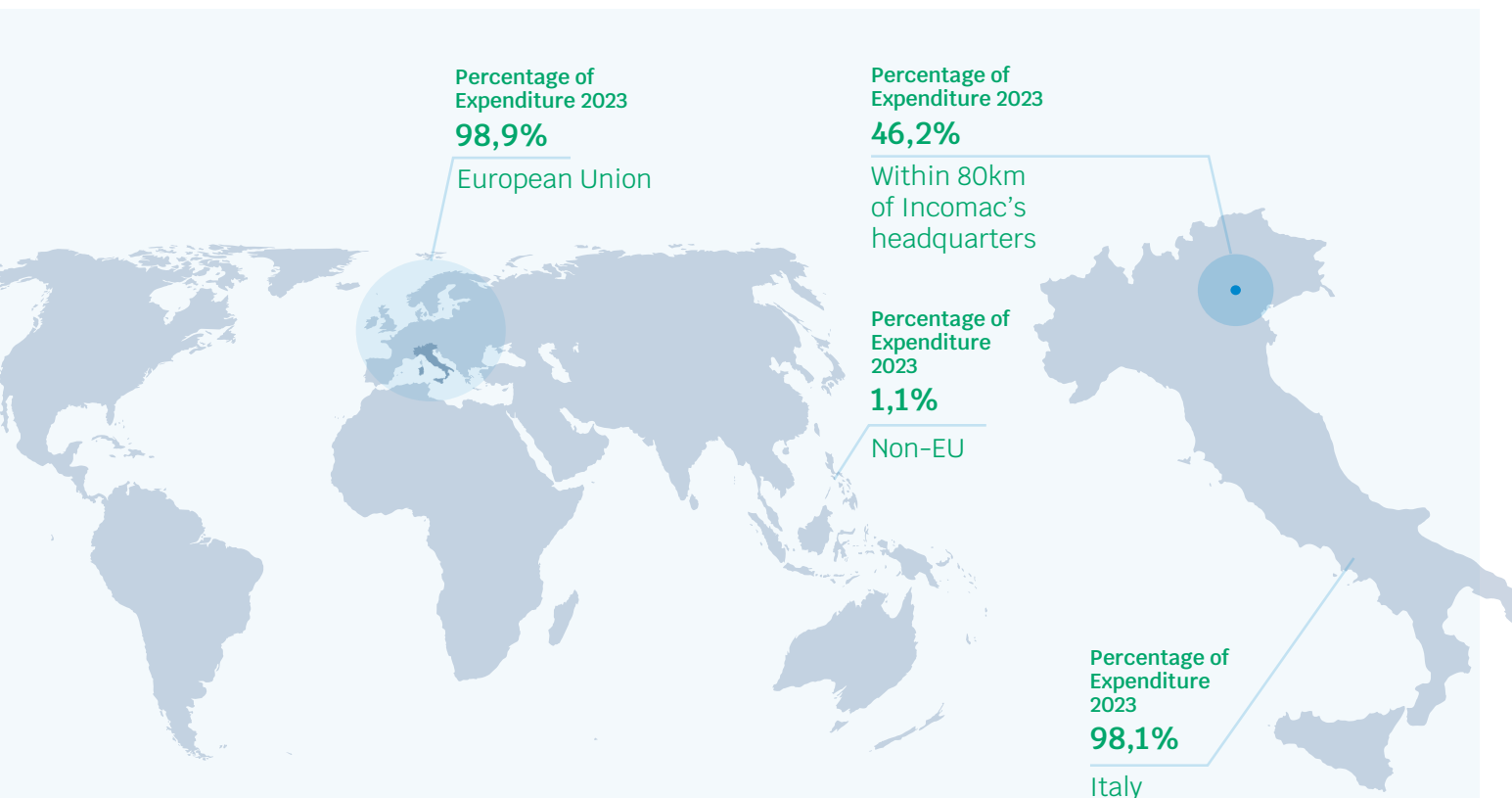
Incomac is committed to managing its supply and procurement chain responsibly, ensuring quality and transparency at every stage of the process. The Company's supply chain management is based on a proactive and strategic approach, with careful selection of suppliers based on criteria of quality, reliability and innovation. **Incomac sees its suppliers as strategic partners, promoting long-term relationships based on mutual trust and cooperation.**

Incomac's supply chain involves both direct manufacturers of components and materials and brokers/dealers. The main materials supplied include hydraulic and electronic equipment, electric motors, pipes, fans, sheet metal, insulating panels and pumps.

Whenever possible, the Company prefers to work with suppliers located in Italy and close to its headquarters in Montebelluna (TV). This strategic choice not only supports the local economy, but also reduces the environmental impact of transport.

Incomac conducted an analysis of the geographical distribution of suppliers, based on procurement expenses incurred in 2023. This analysis selected the main suppliers on the basis of supply expenditure, which accounted for 80% of the total procurement expenditure during the fiscal year 2023.

In defining the "local area", the Company decided to consider a radius of 80 km from the supplier's headquarters to Incomac's headquarters in Montebelluna (TV). The table below shows the percentages of expenditure to suppliers located within and outside the European Union, in Italy and "local", i.e. within 80 km of Incomac's headquarters. This analysis shows that almost all purchases come from companies located in Italy and that local suppliers account for about 46% of total procurement expenditure.



05.1.2.1 Conflict minerals

The term "Conflict minerals" is used for materials mined in contexts of violence and political instability, often in countries torn apart by war and human rights violations. The extraction and marketing of these minerals are often controlled by armed groups that finance their illegal and violent activities through their sale. This link between mineral extraction and the financing of armed conflicts is a serious concern for businesses and consumers globally.

Most of these minerals, commonly known as 3TG (tantalum, tin, tungsten and gold), come from the Democratic Republic of Congo and neighbouring countries, such as Rwanda, Uganda and Burundi. These areas are characterised by political instability, civil wars and systematic human rights violations. Local armed groups often exploit the illegal mines, imposing taxes and inhuman working conditions on the miners.

To address the problem of conflict minerals, several international regulations have been introduced. Among them, EU Regulation 2017/821, which came into force in 2021, aims to:

- improve the transparency of mineral supply chains by ensuring that EU importers adopt responsible sourcing practices in line with standards set by the Organisation for Economic Cooperation and Development (OECD);
- break the link between mineral extraction and the financing of armed groups in conflict areas;
- reduce the negative environmental and human rights impacts associated with the extraction and trade of 3TG.

The Regulation requires EU companies involved in the supply chain to ensure that they only import these minerals and metals from responsible and conflict-free sources. This commitment includes verifying the origin of materials and working with suppliers who comply with international human rights and environmental regulations.

Incomac complies with applicable regulations and is committed to identifying and mitigating the risks associated with conflict minerals.

05.1.3 Product quality & safety and Client satisfaction

Incomac constantly strives to ensure the highest quality and safety of its products, with the aim of fully satisfying client needs and increasing company productivity. The control systems adopted by the Company are a key element in achieving these goals.

The new technological integrations implemented by Incomac make it possible to manage and improve the quality and production performance of the systems, thanks to automatic data acquisition and remote control. The electronic control system has a weekly programme for managing and optimising consumption, which lets operators constantly monitor all functions of the production process. Key benefits include remote control, predictive maintenance, consumption verification and remote connection to client service.

The service provided by **Incotech** represents an additional added value for Incomac's clients, offering a series of exclusive pre- and after-sales offers. These services include consultancy and assistance at every stage of the project, after-sales and predictive maintenance, supply of spare parts, use of cloud-based software technologies to meet every need, remanufacturing of old systems, and ongoing training activities to improve productivity. Advanced control systems,



based on industry 4.0 technologies, complete the offer, ensuring modern and efficient system management.

Incomac also adopts the **NEED method**, a specific methodology whose primary objective is to meet clients' needs in the best possible way, producing effective, customised solutions. This methodological approach is reflected in every stage of the process, from the analysis of the client's needs to the installation of the systems, via the ongoing support provided by Incomac specialists.

The **Incotech** support service, entrusted to a team of skilled and experienced technicians, covers all phases of the systems' life cycle, from overhauls to upgrades, from repairs to maintenance, up to activities aimed at diagnosing and resolving problems or malfunctions in the system via remote connection. The latter is carried out using specific software, which allows rapid and effective intervention, minimising system downtime and the travel of company personnel to client sites.

Lastly, Incotech also offers a dedicated service for the supply of spare parts. Thanks to an extensive network of dealers and agents, Incomac is able to respond promptly to clients' needs, guaranteeing the immediate availability of the components required to keep different types of systems in perfect working order. All systems manufactured by Incomac are CE-marked to ensure compliance with EU health, safety and environmental product requirements. During the reporting period, there were no incidents of non-compliance relating to the CE marking of systems that resulted in warnings, sanctions or penalties.

Furthermore, the Company takes the strictest measures to prevent potential risks to the user, including those related to possible fires. In the three-year period 2021-2023, there were no incidents of system safety incidents and no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of the products supplied.

Looking ahead to 2024-2025, Incomac aims to obtain ISO 9001 certification, thus continuing to strengthen its commitment to quality and client satisfaction.



05.1.4 Cybersecurity and privacy management

Incomac operates in accordance with (It.) Legislative Decree of 10 August 2018, no. 101, which updated the national legislation (It. Legislative Decree no. 196/2003) in line with the General Data Protection Regulation (GDPR), Regulation (EU) no. 2016/679. The Company guarantees full compliance with the regulations on the processing of personal data and the protection of privacy. The Privacy Policy can be found and consulted on the corporate website.

At the client's request, Incomac can remotely access data from the drying systems via a PC to resolve any anomalies. These potentially sensitive data are protected by a dedicated **Privacy Policy** and stored in secure archives, accessible only by dedicated and trained personnel. The Company ensures that the personal and sensitive data of both clients and other stakeholders, such as employees, are handled in strict compliance with applicable regulations.

To reinforce data protection against potential cyber attacks, Incomac uses a firewall, multilevel backup and antivirus software to safeguard its computer systems, which can only be accessed via dedicated passwords.

In addition, the Company has taken out the **Cyber Protection Business** insurance policy to protect itself against possible damages related to cyber security, providing additional protection in interactions with third parties.

During the reporting year, there were no complaints of IT security breaches or loss of client data. This result reflects the care and effectiveness of the systems and procedures implemented by Incomac to protect client privacy and ensure the security of processed data.

05.1.5 Strategic partnerships

Incomac has built a strong network of strategic partnerships to support its growth and innovation. These collaborations extend both to the industrial level, with active partnerships in the wood industry, and to technological research and community support. Thanks to these alliances, **Incomac can offer state-of-the-art solutions, improve the efficiency of its processes and contribute positively to the social fabric.** The Company has undertaken strategic collaborations with partners around the world, aimed at mutually enhancing their respective business activities. Through collaboration with its local clients, Incomac aims to integrate innovative and customised solutions, adapting to the specific needs of each market.

In addition, in line with its philosophy of shared growth, the Company offers its clients regular training opportunities, with the aim of improving clients' understanding of existing technologies and of the latest innovations related to the systems supplied, accompanying the sale of products with high value-added services.



05.1.5.1 Industrial Partnerships

Incomac is associated with important organisations that support the transformation of the production and territorial system in line with today's major challenges. These collaborations let Incomac work in synergy with other companies to achieve common goals and face up to the challenges of the future with a shared vision. In particular, we report membership of the following associations:

- **FederlegnoArredo**, an important Italian association representing companies in the wood and furniture sector. Its main mission is to represent, protect and promote the interests of Italian companies belonging to this sector, in particular: by negotiating with institutions and participating in working tables; by providing advice on legal, tax, regulatory and market issues to member companies; by organising training courses and workshops to improve the technical and managerial skills of sector operators; by implementing marketing campaigns to promote Made in Italy; and by supporting projects for technological innovation and sustainable practices.
- **Assindustria Venetocentro**, an association representing companies located in the Veneto region, mainly works to support and promote the interests of its member companies at local, national and international level. It provides institutional representation and dialogue, consulting and training, innovation, networking and communication. The main objective is to increase the competitiveness of member companies and foster the economic growth of the region, promote innovation and the adoption of advanced technologies to keep the business fabric at the cutting edge and push towards sustainable and responsible business models.



05.1.5.2 Social commitment to the local area

Incomac is deeply committed to supporting the local community and promoting initiatives that contribute to social well-being. Aware of the importance of establishing a solid link with the local area, in 2023 Incomac implemented a number of initiatives to strengthen its presence and positive impact on the community. These include sponsoring the Palio di Montebelluna and events that enhance local traditions and strengthen the sense of belonging among citizens.

In 2023, Christmas gifts for employees were made through the non-profit “Città della Speranza” (City of Hope) Foundation, active in fundraising for scientific research to defeat paediatric diseases.

In cooperation with the “Progetti del Cuore” (Projects of the Heart) initiative, the Company donated part of the sum needed to purchase a vehicle for transporting disabled people. This vehicle, made available free of charge to citizens, is an important resource for the Italian White Cross of Montebelluna (TV) and the “Amici del Cuore” (Friends of the Heart) association. Thanks to its design, it allows one driver to carry the passenger, thus reducing the need for two operators as in traditional ambulances.



05.2 SDG 9: Industry, innovation and infrastructure

Technological developments, research and scientific innovation are key to addressing global economic and environmental challenges. Sustainable Development Goal 9 (SDG 9) of the United Nations aims to **promote the building of sustainable, high quality infrastructure accessible to all**. This goal emphasises the importance of adopting a new business model that respects the principles of sustainability, integrating clean technologies and industrial processes and promoting innovation to ensure fair and equal access to resources and information. Companies have the task of promoting industrial processes that minimise environmental impact by integrating small and medium-sized enterprises into their value chain. The private sector is called upon to be a catalyst for the expansion of sustainable infrastructure and technologies by supporting innovation and research within its own operations.



05.2.1 R&D and Innovation

Incomac is committed to promoting innovation and sustainability through strategic investments and the adoption of advanced technologies, aligning with SDG 9.

Recently, **Incomac acquired the Nardi brand through the subsidiary Italian Drying Group**. This historic symbol of quality and expertise in the wood drying sector has enriched the Company **with valuable know-how and advanced skills**. This acquisition represents a strategic opportunity to expand Incomac's range and accelerate progress in technological innovation.

Among the innovations developed by Incomac are heat recovery systems, which make it possible to re-use hot air that would otherwise be expelled into the atmosphere as steam.

The main benefits of this innovative technology include:

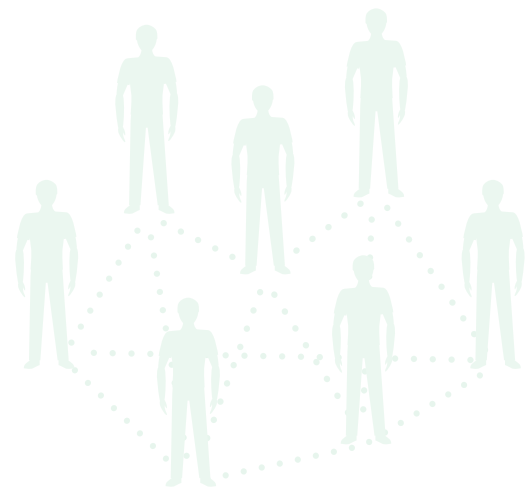
- **Up to 30% thermal energy recovery:** the air is channelled through a highly efficient air-to-air heat exchanger.
- **Optimisation of the work cycle:** the recuperator draws air from the wettest point of the kiln and continuously adjusts the speed of the extraction fan thanks to the inverter, accelerating the recreation of the desired climate and improving product quality.
- **Ecological system:** this system helps reduce consumption and the resulting heating of the atmosphere, making the process more environmentally sustainable.

In addition, the Company is investing in the development of a **new control software** program that, thanks to the integration and support of artificial intelligence, aims to optimise the relationship between consumption and production, thus reducing energy expenditure. This advanced software is designed to improve the operational efficiency of dryers and help minimise their environmental impact.

In parallel, Incomac is working on a new condensing MAC plant, which will use a low GWP (global warming potential) refrigerant gas. The ongoing engineering study foresees a significant reduction in production and post-installation running costs through the standardisation of production processes. **The target for 2024 includes the launch of this innovative system and the introduction of the new dryer software.**

Through these projects, Incomac proves its commitment to sustainable innovation and the development of solutions to reduce the environmental impact of its products, responding effectively to current challenges and future client needs.

Social

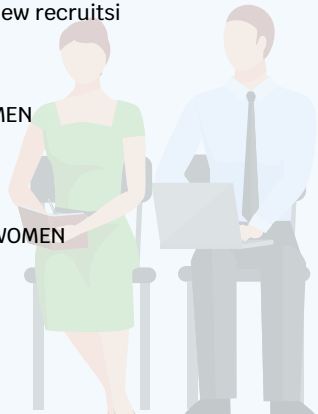
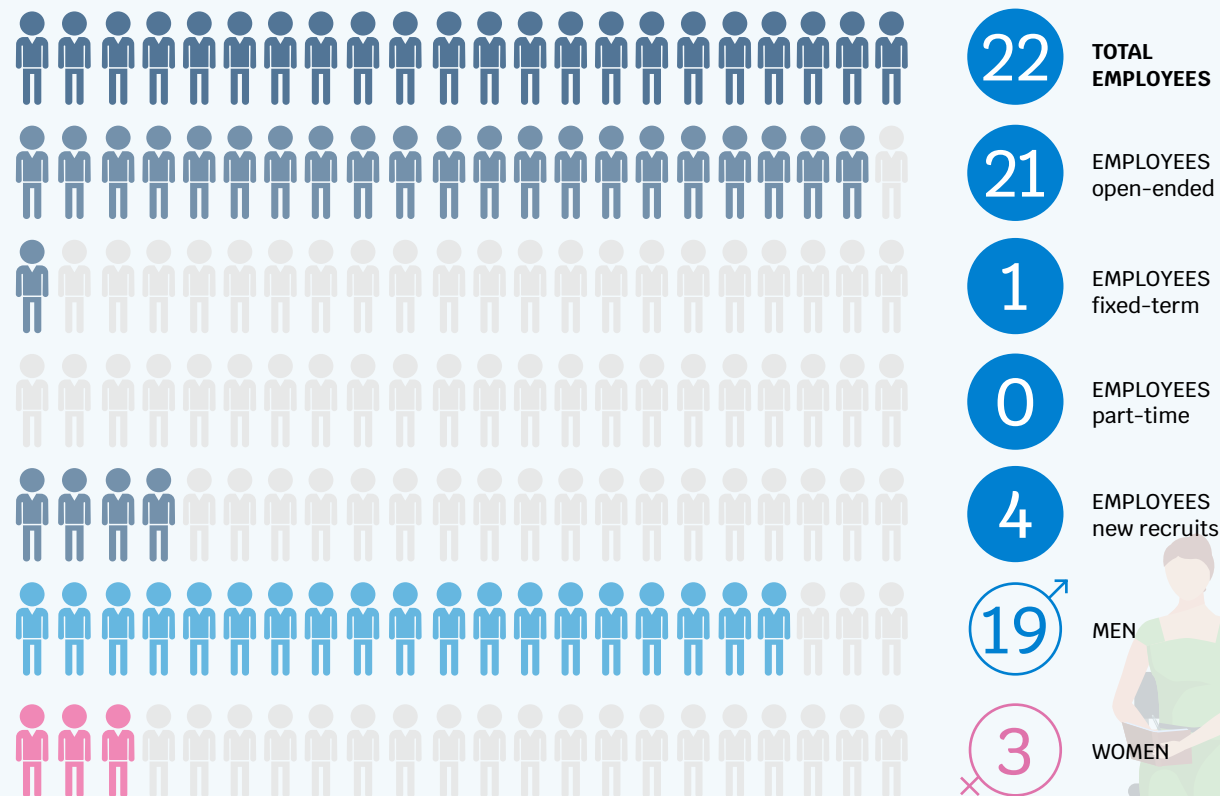


Incomac is strongly committed to supporting the local community and promoting social well-being through various initiatives, as mentioned in the previous paragraphs. The Company's commitment to the well-being of the community is also reflected in its policies to protect the people who work within it.

Incomac firmly believes in the value and valuable contribution of each of its employees, considering them essential to the Company's success.

As at 31 December, the workforce comprised 22 employees, 95.4% of whom were employed on permanent contracts. All employees were employed on full-time contracts. Average training hours: 13,1.

Pooverview of the Company's employees in the year 2023



06.1 SDG 10: Reduced inequalities

There is a broad consensus that responsible economic growth must be inclusive as well as just. Sustainable Development Goal 10 (SDG 10) aims to **reduce inequalities of income and opportunity both between and within countries by promoting the social, economic and political inclusion of all**. However, many groups, such as women, ethnic minorities and people with disabilities, still do not enjoy **equal opportunities**. Companies are called upon to ensure decent working conditions throughout the value chain, especially for disadvantaged groups, and to redistribute wages more fairly among their employees.

Incomac is committed to creating a fair and inclusive working environment, based on the respect and dignity of every individual, regardless of seniority or role within the Company. Any form of discrimination based on gender, age, ethnicity, nationality, religion, political opinion, socio-economic background, as well as any other form of discrimination involving internal and/or external stakeholders, is strongly condemned.

In line with the requirements of the GRI 406: Non-discrimination 2016 standard, Incomac records the total number of discrimination cases that occurred during the reporting period. **In 2023, there were no incidents of discrimination involving stakeholders inside and outside the organisation.**

The Company believes that a diverse and inclusive work environment is essential to enrich the corporate culture and ensure equal opportunities for professional growth and development for all. Incomac continues to constantly monitor and improve its internal processes to ensure that all practices are in line with the standards of inclusiveness and social justice.



Employees are encouraged to dialogue freely with management to report any abuse or discrimination and to make suggestions for improvement. This proactive approach enables **Incomac to maintain a positive and respectful working environment, where every voice is heard and valued.**

The following tables present the employee data for the year 2023 shown at the end of the reporting period (31 December), broken down by gender, age group, professional category, type of employment and employment contract. 100% of Incomac's employees are employed under the CCNL [National Collective Bargaining Agreement] for the metalworking sector and work at the Montebelluna site in the province of Treviso.

As at 31 December 2023, the most represented occupational category was blue-collar workers, who accounted for 50% of all employees, followed by white-collar workers, who accounted for 36.4%. The most representative age group is between 30 and 50, comprising 45.5% of employees. The under-30 age group is also well represented, accounting for 27.3% of the workforce. All employees work on full-time contracts and 95.5% have permanent contracts. Women make up 13.6% of the staff and are all employed as office workers. The presence of women in the Company is influenced by the sector they belong to and the high number of blue-collar workers in the workforce, which is currently made up exclusively of men.



Employees by category and age group

Job classification	< 30	30-50	> 50	Total
Managers	0,0%	0,0%	33,3%	9,1%
Office workers	33,3%	50,0%	16,7%	36,4%
Blue-collar Workers	50,0%	50,0%	50,0%	50,0%
Apprentices	16,7%	0,0%	0,0%	4,5%
TOTAL	27,3%	45,5%	27,3%	100,0%

Employees by gender and age group

Age group	Men	%	Women	%	Total	%
<30	5	26,3%	1	33,3%	6	27,3%
30-50	8	42,1%	2	66,7%	10	45,5%
>50	6	31,6%	0	0,0%	6	27,3%
TOTAL	19	86,4%	3	13,6%	22	100,0%

Employees by gender and category

Job classification	Men	Women	Total
Manager	10,5%	0,0%	9,1%
Office worker	26,3%	100,0%	36,4%
Blue-collar Worker	57,9%	0,0%	50,0%
Apprentice	5,3%	0,0%	4,5%
TOTAL	86,4%	13,6%	100,0%

Employees by gender and type of employment

Type of employment	Men	%	Women	%	Total	%
Full-time	19	100,0%	3	100,0%	22	100,0%
Part-time	0	0,0%	0	0,0%	0	0,0%
TOTAL	19	86,4%	3	13,6%	22	100,0%

Employees by gender and type of contract

Employment contract	Men	%	Women	%	Total	%
Open-ended	18	94,7%	3	100,0%	21	95,5%
Fixed-term	1	5,3%	0	0,0%	1	4,5%
TOTAL	19	86,4%	3	13,6%	22	100,0%

06.2 SDG 3: Good health and well-being

Sustainable Development Goal 3 (SDG 3) of the United Nations aims to ensure health and well-being for all at all ages by promoting healthy living as a fundamental right. Occupational Health and Safety are recognised as human rights and are addressed in intergovernmental instruments issued by bodies such as the International Labour Organisation (ILO), the Organisation for Economic Cooperation and Development (OECD) and the World Health Organisation (WHO).

Incomac recognises the crucial importance of these aspects and is committed to promoting health and well-being within its organisation.



06.2.1 Occupational Health and Safety

Worker health and safety are a key priority for Incomac, and an indispensable right that is at the heart of every company activity. To protect this right, the Company has implemented a Health and Safety System covering all company workers, which includes the creation of dedicated procedures and the monitoring of key indicators, such as the number of accidents.

Incomac promotes a company culture geared towards worker safety through continuous education, specific training and raising awareness of responsible behaviour. Occupational Health and Safety training is planned annually, in accordance with legislative requirements and adapted to the specifics of each employee's job.

In accordance with (It.) Legislative Decree 81/08, employees are also subject to compulsory periodic medical examinations carried out by the company doctor in order to assess their fitness for work in relation to the task performed.

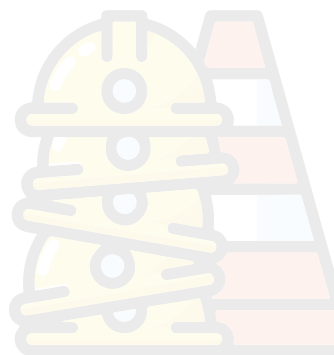
Incomac adopts and annually updates the Risk Assessment Document (RAD), drawn up in accordance with current regulations. This document identifies and assesses in detail all potential risks present in Incomac processes and establishes the preventive and corrective measures necessary to mitigate them. The RAD also enables constant monitoring of the work environment and the adoption of more appropriate prevention strategies and corrective measures, both technical and organisational.

Incomac provides workers with appropriate Personal Protective Equipment (PPE) according to their tasks and associated risks. The Company also carries out regular internal audits with the participation of an external Health and Safety Officer (RSPP).

The Company has a Single Document for the Evaluation of Interference Risks (DUVRI), which is made available to external companies contracted to carry out work at Incomac's premises. This document aims to promote cooperation and coordination between Incomac and contractors and/or self-employed workers. The DUVRI identifies interference risks, assesses their extent and lays down the measures to be taken to eliminate or minimise these risks.

The Company is also a member of the Metasalute Supplementary Health Care Fund, which employees can access to take advantage of supplementary health benefits. This fund is available to all employees covered by the National Collective Bargaining Agreement for the Mechanical Engineering Industry, regardless of the type of contract, whether it is an apprenticeship, fixed-term (lasting no less than five months from the date of enrolment), permanent, full-time or part-time.

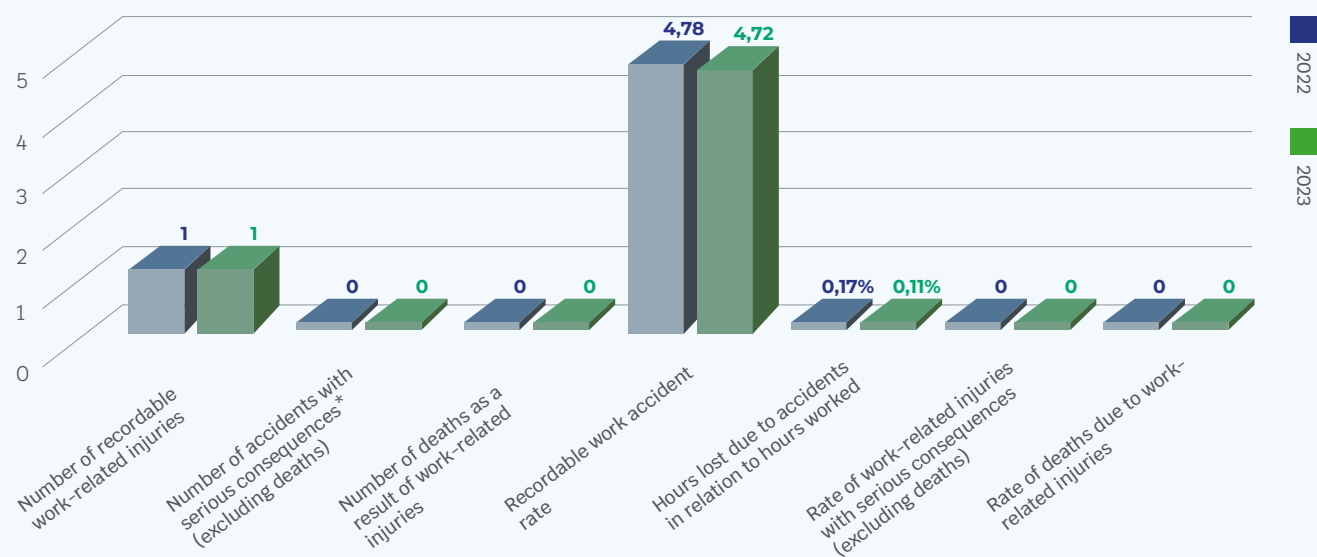
In 2023, Incomac relied on only one temporary worker, employed in the warehouse department, to support its activities. During the same year, the Company recorded only one employee injury: a sprained ankle that occurred during a maintenance



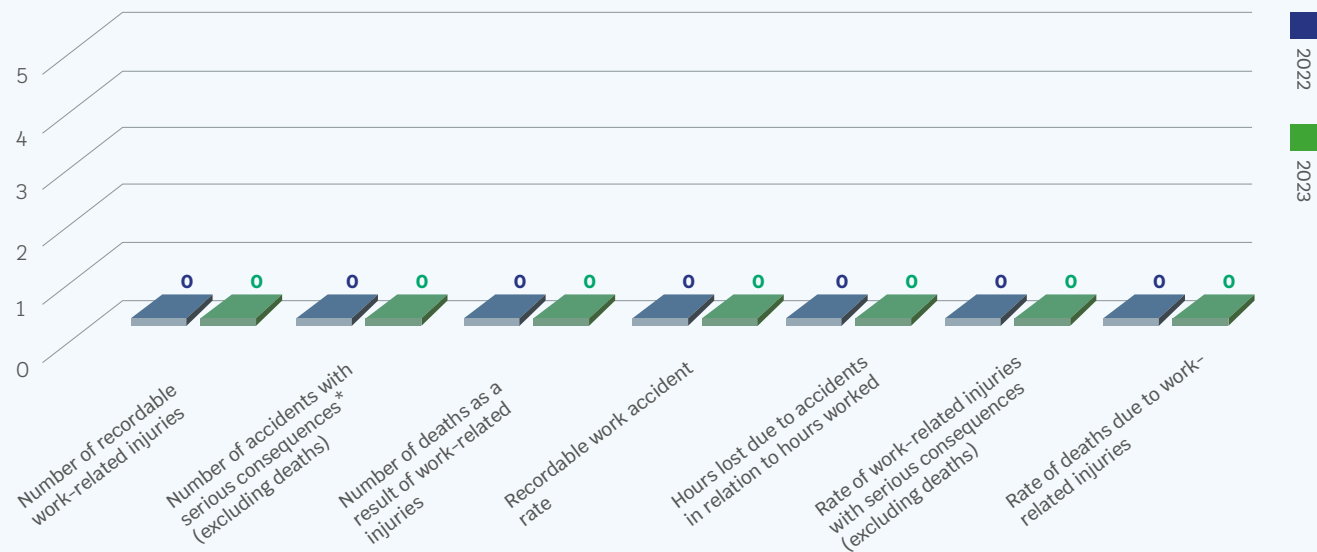
activity. This accident had no serious consequences and resulted in only a few days' absence from work. In the last two years, there have been no accidents among non-employee staff, underlining the effectiveness of the safety measures taken by the Company.

The following tables show the accident rates for employees and non-employees over the last two years. The rate of accidents at work, with or without serious consequences, is calculated as the number of accidents in relation to the total hours worked, using 200,000 as denominator and multiplication coefficient. Considering the hours lost due to accidents in relation to hours worked, 2023 showed a reduction in this index. This means that, for the same number of accidents, fewer working hours were lost overall due to accidents in 2023 than the total number of hours worked by company employees.

Accident indices Employees



Accident indices Non-employees



* Severe Consequences = A work-related injury that leads to death or harm from which the worker cannot recover, does not recover or it is unrealistic to expect that he or she will fully recover to the state of health prior to the accident within 6 months.

06.3 SDG 8: Decent work and economic growth

SDG 8 aims at **sustainable and inclusive economic growth** from which everyone can benefit and which does not harm the environment. This can only be achieved by creating decent jobs for all people, eliminating practices such as forced and child labour, and promoting technological innovation. Companies are the main instrument for job creation and they must guarantee decent working conditions, both for their direct employees and those employed in the supply chain.

Incomac, in relation to this objective, is committed to **guaranteeing decent working conditions for all its company staff, recognising the importance of a working environment that promotes both economic growth and the well-being of workers.**



06.3.1 Working conditions and practices

Incomac has detailed regulations for employees that include a clear statement of working hours, as well as policies on payments, benefits, training, and leave. This tool is essential to ensure transparency and consistency in business practices, ensuring that each employee is well informed about his or her rights and duties. To promote work-life balance, the Company offers flexible entry and exit times wherever possible. Employees can thus adapt their working hours according to their personal needs, while also taking into account company requirements, in order to ensure the proper performance of work activities.

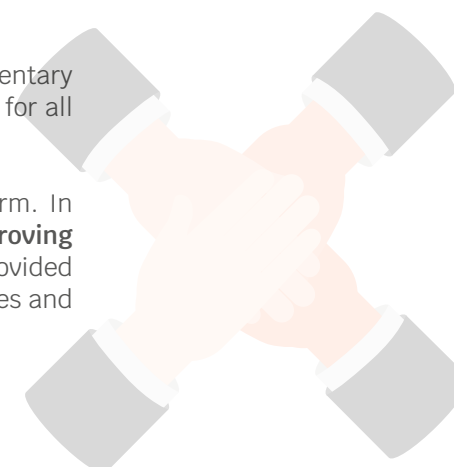
Incomac provides its employees with company clothing, which is optional and not strictly related to Personal Protective Equipment (PPE), as an element of corporate identity and as an additional service for workers. In addition, the Company offers adequate support to ensure a safe and professional working environment.

In 2023, the Company further supported its employees through a welfare programme that included the provision of **shopping vouchers**. This represented an **additional economic aid** for the workers, which helps to cover the expenses for basic necessities.

Incomac continues to monitor and improve its practices to ensure that all company policies are aligned with the principles of decent work and economic growth, thus contributing to a positive and productive work environment.

The above-mentioned benefits, as well as those inherent to the supplementary health fund Metasalute, described in the previous paragraph, are intended for all Incomac employees, whether full-time, part-time or fixed-term.

In 2024, the Company has planned to evaluate a corporate welfare platform. In addition, a further project that the Company intends to **implement is improving the computerisation of production processes**, through the use of tablets provided to workers, with the aim of better tracking information on business processes and evaluating appropriate optimisation strategies.



06.3.2 Talent Attraction and Retention

Incomac considers it essential to implement initiatives that promote the attraction and retention of resources in the Company.

In 2023, Incomac increased its workforce by hiring four new resources. Two of these new recruits belong to the age group of 30 to 50, while the other two are over 50. On the other hand, as far as terminations are concerned, 2023 saw a significant number of terminations among employees, particularly among young people under 30.

The following tables show the figures for recruitments and terminations in 2023. The first table shows the absolute numbers of workers hired and those who terminated their employment in the last year. The second table shows the percentages of new hires and terminations in relation to the total number of employees in each category.

Age group	Hires			Terminations		
	Men	Women	Total	Men	Women	Total
<30	0	0	0	3	1	4
30-50	2	0	2	1	1	2
>50	2	0	2	3	0	3
TOTAL	4	0	4	7	2	9

Age group	Hires			Terminations		
	% Men	% Women	% Total	% Men	% Women	% Total
<30	0,0%	0,0%	0,0%	60,0%	100,0%	66,7%
30-50	25,0%	0,0%	20,0%	12,5%	50,0%	20,0%
>50	33,3%	0,0%	33,3%	50,0%	0,0%	50,0%
TOTAL	21,1%	0,0%	18,2%	36,8%	66,7%	40,9%

06.4 SDG 4: Quality education

Sustainable Development Goal 4 (SDG 4) aims to invest in quality education and training as a foundation for improving people's lives and thus contributing to sustainable development. Businesses play a key role by promoting and investing in education and training. They can contribute to this both within their organisation, through training programmes for employees, and externally, through investments in educational programmes. Investment in the training of its staff increases the business opportunities for a company, creating new markets and new clients, and fostering higher qualification and productivity of workers.

Incomac demonstrates a strong commitment to the training and professional development of its employees, offering formal incentives and allocating discretionary funds to support skill growth and continuous improvement. In line with this commitment, the Company actively collaborates with universities and other local educational organisations, creating strategic partnerships that foster innovation and knowledge dissemination.

In 2023, the governing bodies participated in training events concerning the Sustainable Development Goals (SDGs), emphasising the importance of these topics at strategic level.

In addition, the Company provides specific training for clients on the use of the systems, with a focus on those designed to have a "lower environmental impact". These systems are designed to minimise the impact on the environment, measured and communicated through specific indicators. In order to ensure the effectiveness of this training, the Company first trains the personnel responsible for promoting the products to clients, thus ensuring an accurate and conscious transmission of the Company's knowledge and sustainability values.



06.4.1 Human Capital Development

In 2023, Incomac provided an average of 13 hours of training per employee. The year's main training events include:

- **A course related to the SDG Action Manager**, focusing on the Sustainable Development Goals and their integration into business practices.
- **Collaboratori vincenti** (Winning Collaborators), a course run by Open Source Management (OSM) dedicated to self-improvement and the creation of cohesive and collaborative work teams.
- **Vendita emotiva** (Emotion-based Sales), another OSM course, aimed at perfecting sales techniques through emotional and relational approaches.
- **Training on SolidWorks**, offered by Smartinnovation, to develop practical skills in the use of the design software used by Incomac.

In addition, one company employee participated in the **Operation Management course**, promoted by the Bologna Business School, which was structured over ten days and focused on production and logistics management.

In 2023, a total of 18 hours were dedicated to sustainability training. This training, in which 10.3% of the company staff participated, was preparatory to the work on the SDG Action Manager mentioned above. In particular, the training activity covered the following topics:

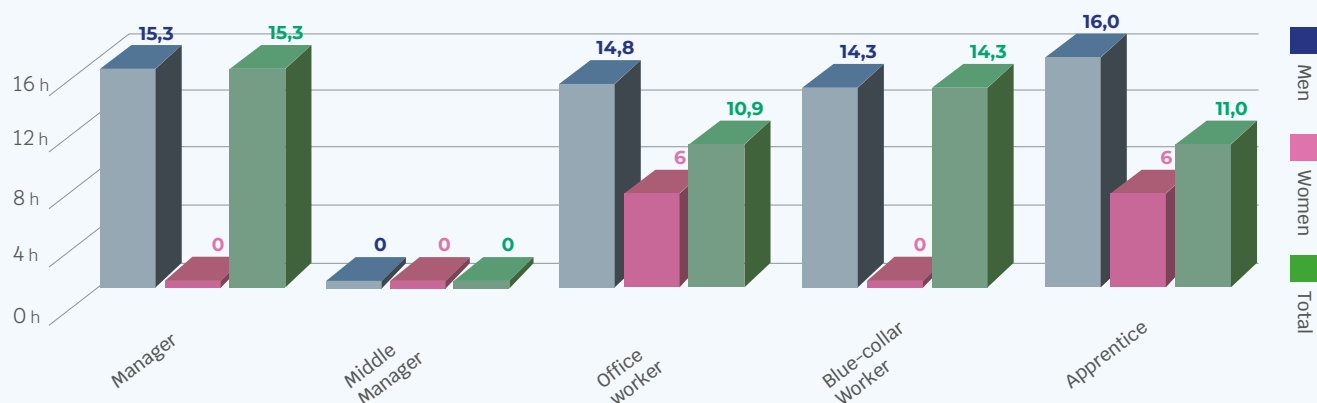


- The ESG Rating;
- The 2030 Agenda;
- The SDG Action Manager tool;
- The B Corporation Certification;
- Benefit Corporations;
- Corporate Sustainability Reporting and Communication.

By 2024, the Company plans to train staff in the use of the new business management system to ensure a smooth transition and optimisation of internal processes.

The following tables summarise the figures for training in 2023.

Average training provided



In 2023, 72.4% of employees benefited from training activities. A share of 59.5% of the total hours was devoted to compulsory training in Health and Safety, while a good portion (40.5%) concerned non-compulsory training on specific and transversal professional skills, sustainability and anti-corruption. In the last year, hours devoted to training accounted for 0.9% of total hours worked.

Training KPIs



06.4.2 Environment

Incomac has always been driven by a strong environmental awareness. Environmental sustainability is, in fact, one of the pillars guiding the Company's activities and system design.

The Company continuously monitors its consumption and is committed to identifying strategies to significantly reduce its ecological footprint. The systems themselves are designed to ensure high performance while optimising consumption and the efficiency of the production processes.

In addition, Incomac offers maintenance and reconditioning services for old systems, restoring their value and avoiding the consumption of resources needed for the production of new ones.

Impacts related to Incomac's activities mainly concern greenhouse gas emissions, resulting from the consumption of electricity and fossil fuels, and waste generation. Water is used exclusively for sanitation purposes, while the outdoor garden is irrigated through the recovery of grey water, thus reducing the withdrawal of drinking water. As a result, the Company's water consumption is negligible. In the following sections, the main environmental impacts related to the Company's activities, as well as the technologies and strategies adopted to minimise them, will be explained.

06.5 SDG 7: Affordable and clean energy

Sustainable Development Goal (SDG) 7 aims to ensure universal access to sustainable, reliable and modern energy, thereby improving the living conditions of millions of people. This goal focuses on increasing the use of renewable energy to replace fossil fuels and promoting energy efficiency in order to create a fully sustainable economy for the benefit of society and the planet. The private sector plays a key role in achieving this goal. Companies can invest in clean energy sources, such as solar, wind and geothermal energy, adopt technologies that reduce energy consumption in buildings and industries, and implement projects that provide energy to disadvantaged local communities.

With this in mind, Incomac has initiated a structured process to monitor its own energy consumption and that of the systems it manufactures and installs, in order to find solutions for a significant reduction.

In 2023, the consumption of diesel, used to power the Company's vehicles and for heating the establishment during the winter months, increased by 5% compared to the previous year. This increase is associated with the higher consumption of diesel for company vehicles (+15.8%) due to the expansion of the car fleet. In contrast, due to the particularly mild winter in 2023, heating oil consumption fell by 14.3%.

Electricity is mainly used for the operation of the Company's processes, in particular to power the automated warehouse and various systems and equipment, including the hydraulic bending machine, cutting machine, automatic and conventional welding machine, as well as other electronic devices used in the offices.

Over the years, the Company has replaced traditional lighting with LED spotlights, ensuring greater energy efficiency. In spite of this, in 2023, electricity expenditure increased by 13.8%, mainly related to the increase in hours worked by the Company. Below are the Company's energy consumption figures for the years 2022 and 2023.

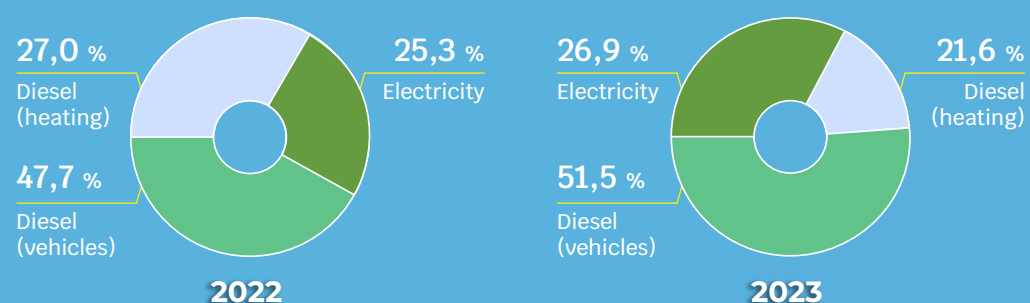


Energy consumed within the organisation (GJ)

FUEL	2022	2023	Δ% 2023 vs 2022
Diesel*	749,2	786,3	+5,0%
of which: for vehicles	478,5	554,3	+15,8%
of which: for heating	270,7	232,0	-14,3%
Total fuel consumption from non-renewable sources	749,2	786,3	+5,0%
Total fuel consumption from renewable sources	-	-	-
ELECTRICITY	2022	2023	Δ% 2023 vs 2022
Electricity purchased	253,7	288,6	+13,8%
of which: from traditional mix	253,7	288,6	+13,8%
of which: 100% certified from renewable sources	-	-	-
TOTAL ENERGY	2022	2023	Δ% 2023 vs 2022
Internal energy consumption	1.002,8	1.075,0	+7,20%
of which: renewable	-	-	-
of which: non-renewable	1.002,8	1.075,0	+7,2%

The following graph shows the breakdown of energy consumption by category in percentages. In 2022-2023, diesel was the main source of energy, while electricity accounted for about a quarter of total energy expenditure.

% breakdown of internal energy consumption



The table below shows the development of energy intensity indices over the two-year period 2022-2023. Both indicators showed an increase in the last year: energy consumed in relation to turnover rose by 9.2%, while electricity in relation to hours worked increased by 12.4%.

Energy intensity KPI

u.d.m.	u.d.m.	2022	2023	Δ% 2023 vs 2022
Energy consumed internally on turnover	GJ/Mln €	131,1	143,1	+9,2%
Electricity consumed on hours worked	GJ/h	6058,8	6811,1	+12,4%

* Source of conversion factors used for fuels: Defra UK GHG conversion factors. Fuels were converted to kWh using conversion factors based on their Gross CV and then converted to GJ.

06.5.1 Energy management of systems

Rising energy costs are encouraging companies to develop more efficient and sustainable ways to manage internal energy consumption. **Incomac recognises the urgency of energy efficiency and actively participates in the energy transition** by designing installations and acting as Energy Manager. The Company advises clients, using its expertise in energy management to provide solutions that improve the efficiency and reduce the emissions of business processes.

The international energy sector is undergoing a profound transformation and Energy Management has become an essential element in emission reduction policies and in environmental sustainability. Incomac does not just improve the energy savings of its solutions, but **aims to optimise all stages of the production process through comprehensive plant management.**

Incomac's management system is set up to capture all data relating to the electrical and thermal consumption of systems, thus providing a complete and detailed picture of their energy performance. This approach makes it possible not only to optimise energy efficiency in various contexts, but also to **reduce the environmental impact** of the production activities. In particular, Incomac's approach to energy management takes place in four main stages:

- collection of data on energy consumption and system utilisation
- analysis and measurement of the energy situation through Energy Performance Indicators (EnPIs), which provide a clear view of opportunities for improvement;
- implementation of energy efficiency measures, putting into practice advanced technological solutions customised to the client's needs;
- constant monitoring of results to ensure continuous improvement and optimisation.

Incomac makes use of its Research and Development department to develop increasingly more advanced software and technology. **The aim is to optimise consumption and speed up processes, while preserving the quality of the treated product.**

Incomac works closely with clients to design systems that adapt to specific needs and different climatic and environmental conditions, seeking a balance between performance and reduced impact on the environment.

With this in mind, Incomac has developed a wood drying system called **MAC_Hybrid**, which combines conventional and condensation drying techniques, optimising the consumption of electricity and thermal energy. This solution maximises energy efficiency, minimising the need to invest in new boilers and improving drying performance.

In addition, the **STOP&GO** drying programme represents a major step forward in terms of energy savings and treatment quality. This programme continuously monitors the condition of the wood, automatically adjusting the ventilation and pause/working cycles according to the actual condition of the product. This reduces the energy required per unit of product, optimising processes and promoting energy recovery.

Heat recovery systems are another innovative technology introduced by Incomac. These systems pre-heat the cold outside air using the hot outlet air, making it possible to recover **up to 30% of thermal energy**, reducing cycle times and improving product quality. In addition, the Company has installed variable frequency drives, also known as inverters, to optimise the management of ventilation motors in its drying systems. The integration of systems with dedicated accessories makes for a significant reduction in pollutant emissions, which becomes progressively more effective depending on the type of equipment

used. For example, a system equipped with both heat recovery and the STOP&GO software can reduce CO2 emissions by up to 34% compared to a basic system without accessories.

Also with a view to better energy management of facilities, Incomac aims to design an Energy Management software to optimise the use of resources. Also in 2024, it intends to maximise energy efficiency through the use of photovoltaic panels installed at the client's premises, scheduling the drying process on the sunniest days to make the most of the self-generated energy.

Below are the percentages of turnover from the sale of systems designed to reduce environmental impact for the same performance: in 2022 5,4%; in 2023 2,6%.

06.6 SDG 13: Climate action

Sustainable Development Goal 13 (SDG 13) aims to make climate change a priority issue on the global political agenda. This goal is meant to engage national and regional governments, businesses and civil society, promoting the integration of strategies and programmes needed to effectively address climate change problems, such as natural disasters. SDG 13 also encourages education and awareness-raising on these issues. The private sector, in particular, can contribute significantly by defining strategies to reduce its greenhouse gas emissions. One effective way to do this is to adopt renewable energy instead of fossil fuels, thus reducing the environmental impact and promoting more sustainable development.



06.6.1 Climate strategy

In line with its commitment to SDG 13, Incomac monitors greenhouse gas emissions from its activities and implements specific mitigation measures. They include design and strategic investment in research and development to improve the energy efficiency of the systems. Some systems, for example, are designed from the start to reduce the environmental impact without compromising performance. The Company is also considering replacing the refrigerant gases used in the machinery with less polluting gases.

Below is the Company's CO₂ emission trend (Scope 1 and Scope 2) for 2022-2023. Scope 1 refers to direct greenhouse gas emissions from installations within the Company's boundaries. Scope 2 refers to indirect emissions related to the generation of electricity, heat and steam imported and consumed by the organisation.

Total emissions are expressed in tonnes of CO₂ equivalent, using the conversion factors given in the "Methodological Note" section.

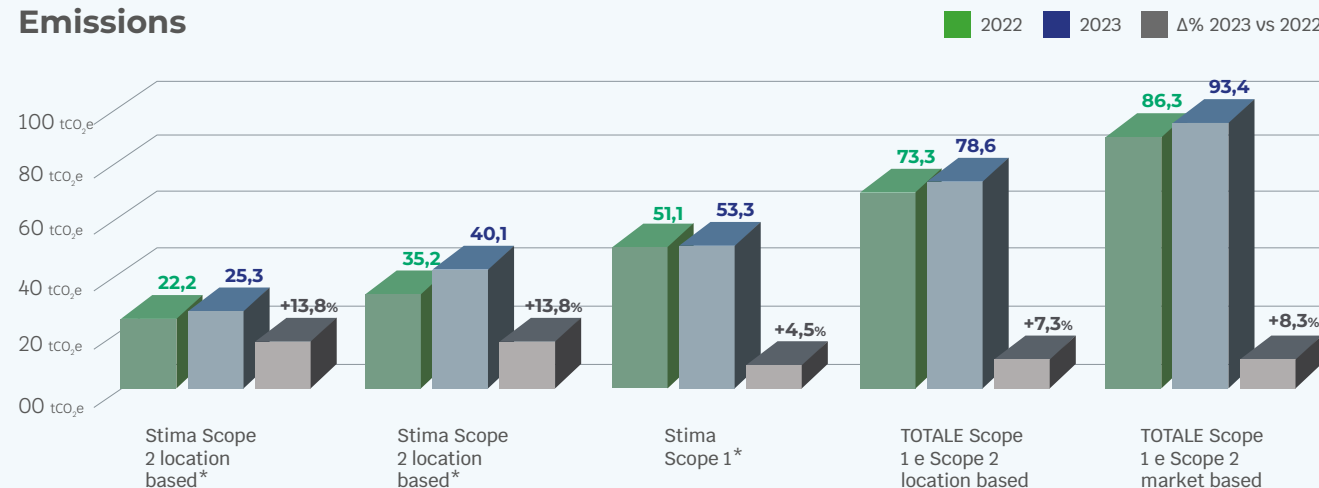
In the case of Incomac, direct emissions (Scope 1) concern the use of heating oil and company vehicles. Indirect emissions (Scope 2), on the other hand, relate to the purchase and use of electricity. They are calculated either according to the location-based method, which considers an average CO₂eq emission factor based on the national energy mix, or according to the market-based method, which assigns a zero CO₂eq emission factor for energy consumption from certified renewable sources.

As shown in the table below, both Scope 1 and Scope 2 emissions increased in 2023 compared to 2022, by 4.5% and 13.8% respectively. These increases are attributable to the increased consumption of diesel and electricity in the Company over the past year.

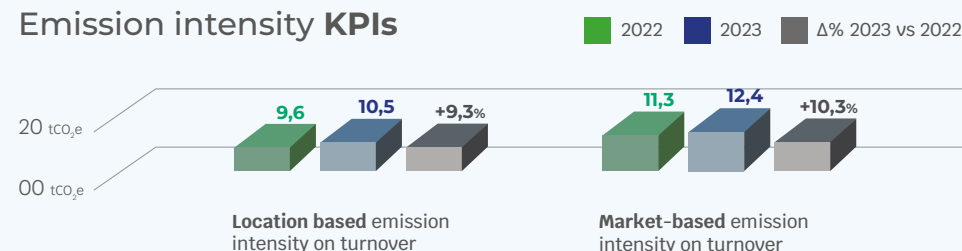


*The sources of the coefficients for the calculation of Scope 2 location based and market based are respectively Terna and the AIB European Residual Mixes report. The coefficients required for the calculation of Scope 1 are derived from the Defra UK GHG conversion factors. The Gross CV (Calorific Value) or, failing that, the Net CV was considered for the calculation of fuel emissions.

Emissions



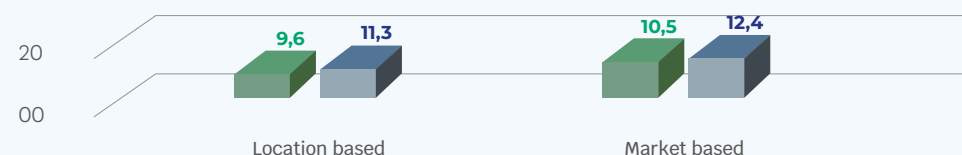
Emission intensity KPIs



The following table and graph show the emission intensity indices measured in relation to turnover.

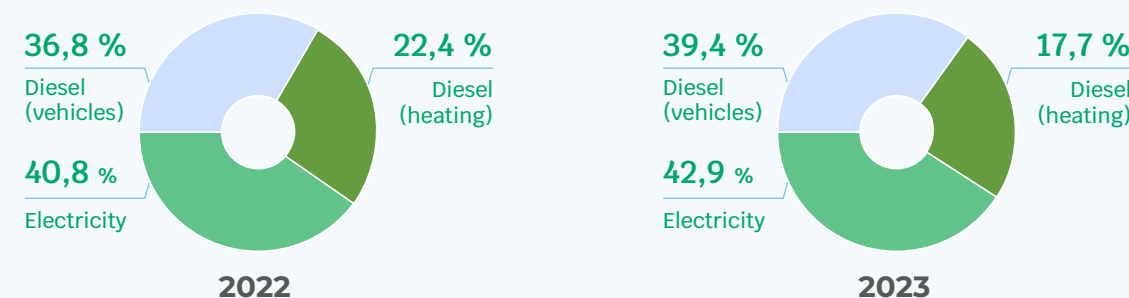
In 2023, there is an increase in both of these indicators of 9.3% according to the location-based methodology and 10.3% according to the market-based method.

Emission intensity on turnover in millions of €



The following graph, on the other hand, shows the percentage distribution of emissions calculated according to the market-based method from the different energy sources used in the Company. In 2023, about 57% of total emissions are attributable to the consumption of diesel for heating and fuelling company vehicles (Scope 1). The remaining 43% was generated by the use of electricity from a traditional energy mix. This figure suggests that purchasing electricity certified as entirely from renewable sources would result in a significant reduction in emissions, according to the market-based methodology. For the second half of 2024, Incomac has set itself the goal of purchasing 100% of its electricity from renewable sources. It is estimated that this will lead to a reduction in annual CO₂ emissions of around 15% compared to the current reporting year. In addition, the Company aims to install a photovoltaic system on its premises by the end of 2025.

Scope 1 and scope 2 market based composition



06.7 SDG 12: Responsible consumption and production

With Sustainable Development Goal 12 (SDG12), the United Nations aims to transform the current production and consumption model by **promoting a responsible and efficient approach to the use of natural resources**. This goal includes actions such as the general reduction of waste. Companies wishing to contribute to SDG 12 and gain a competitive advantage have many possibilities for action. For example, they can phase out products or services that require excessive consumption of energy and natural resources from the market, progressively favouring the use of recyclable and biodegradable materials in their production processes.



06.7.1 Waste management

Incomac has adopted a responsible approach to waste management, with the aim of reducing waste production and promoting circular economy practices. The Company has implemented a programme for the recovery and recycling of materials, such as paper, cardboard, plastic, glass and metal. In addition, it has adopted operational strategies for the reuse of the packaging used in its daily activities, further contributing to the reduction of waste.

To ensure proper waste management, Incomac has set up dedicated collection areas both inside and outside the establishment. In these areas, waste is separated according to material type, thus facilitating its treatment and disposal. The waste generated by the Company mainly consists of waste from the production process, such as metal materials, and from wood and pallets.

The Company keeps track of the amount of waste generated, recording the data in a special register so that it can be monitored by the relevant departments. All copies of the relevant forms are filed in accordance with current legislation.

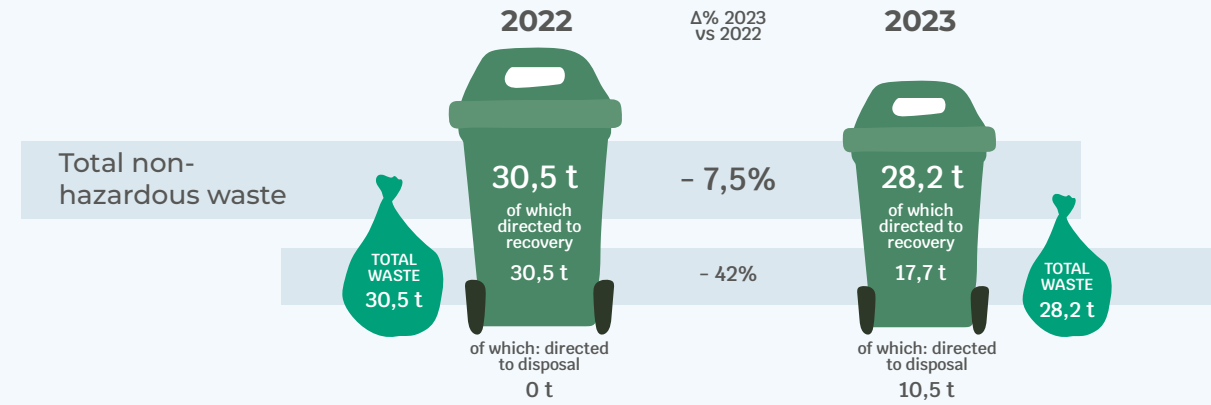
Incomac outsources waste management to qualified third parties operating at external sites. The Company ensures that these third parties comply with contractual and legal standards on waste management by adopting specific practices to annually verify compliance with these obligations. In this way, Incomac ensures that the waste is handled responsibly and in accordance with regulations.

With regard to waste management in the offices, the Company has implemented a separate waste collection system, sorting waste according to type. Waste produced in the offices is managed by the municipality, in line with local regulations.

In 2023, the amount of non-hazardous waste generated by Incomac was 28.2 tonnes, a reduction of 7.5% compared to the previous year. It is important to note

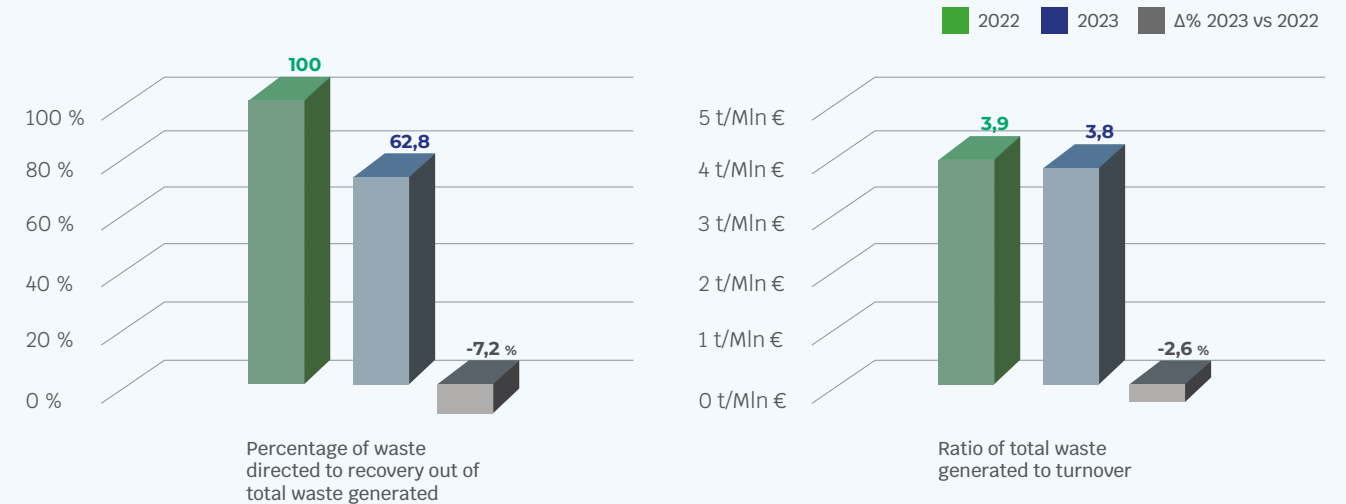


Categories of waste

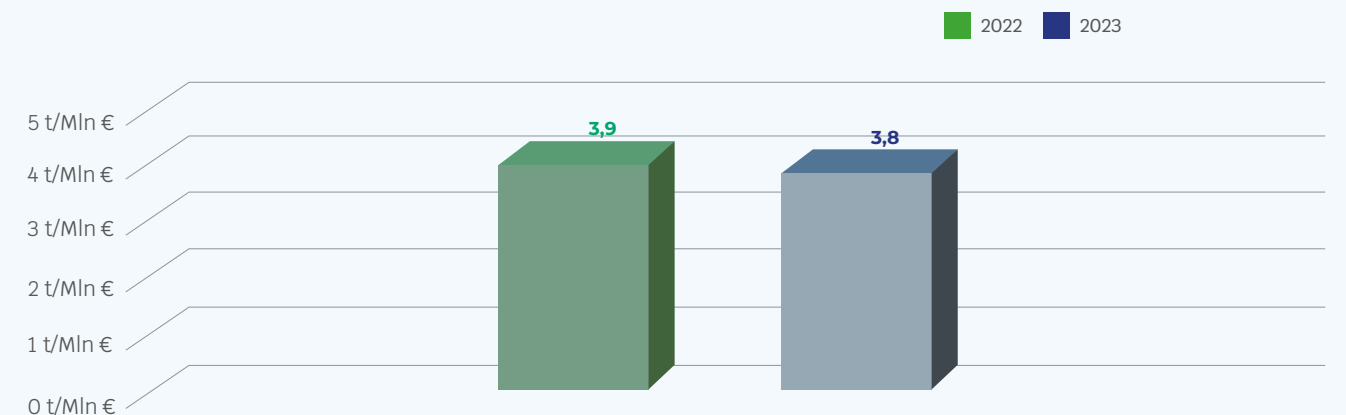


that the Company's activities have not produced any hazardous waste in the last two years. As shown in the table and graph below, waste generated in relation to turnover decreased by 2.6% in the last year, a sign of increased efficiency in waste management on the part of the Company. However, the percentage share of waste sent for recovery also decreased when compared to 2022.

Waste KPIs



Total waste in relation to turnover



06.7.2 Reconditioning services

Incomac is widely recognised for the durability of its systems, which boast an **average service life of around 20 years**. In line with SDG 12, which aims to promote sustainable consumption and production patterns, the Company has developed a range of services that not only improve the energy efficiency of its products, but also ensure their proper functioning over time through refurbishment of existing systems to extend their useful life.

Incotech represents a pillar of Incomac's offer. It includes advanced predictive maintenance solutions designed to prevent potential problems by optimising the performance of the systems installed at client sites. These interventions not only extend the operational life of the systems, prolonging their effectiveness and productivity, but also improve their overall efficiency, helping to reduce the environmental impact and energy costs associated with their use. This preventive and proactive approach is key to ensuring that the systems are always operating at full capacity, while reducing resource consumption and minimising waste.

A distinctive element of Incomac's offer is the refurbishment and **optimisation programme not only for systems manufactured by Incomac, but also for those produced by other manufacturers**. In fact, refurbishment drastically reduces the need to use new resources for the production of new systems, thus contributing to the conservation of natural resources and the reduction of carbon emissions associated with industrial production. The main reconditioning work offered includes the refurbishment of system walls and the installation of heating thermal fluid coils. This last intervention is particularly significant as it allows the conversion of previously gas- or diesel-fuelled systems to more sustainable hot water systems powered by biomass boilers. This increasingly popular solution is a step towards decarbonising the industrial sector by reducing the use of fossil fuels and promoting the use of renewable energy sources.

Through these services, Incomac not only meets the immediate needs of clients, but also actively contributes to waste reduction. Each reconditioning operation is designed to extend the life of the equipment, reducing resource consumption and minimising the environmental impact, in perfect harmony with global sustainability goals. Incomac's integrated approach to system maintenance and regeneration is a concrete example of how technological innovation can be at the service of sustainability, offering environmentally friendly solutions.

The percentage of turnover generated by revamping orders in the last two years is shown below: **in 2022 4,5 %, in 2023 6,9%**.

This indicator has been rising over the last two years.



07.0

Methodological note

This document constitutes the first edition of the Sustainability Report of Incomac Srl, drawn up with the aim of communicating in a timely, responsible and transparent manner to stakeholders the most significant social, environmental and economic impacts arising from the Company's activities, decisions, policies and practices, also with reference to its value chain. The process that led to the preparation of the Report involved the corporate management and the main departments it coordinates.

The aim of this Report is to provide stakeholders with a clear understanding of Incomac's sustainability performance in its three ESG (Environmental, Social, Governance) dimensions. The Document presents qualitative and quantitative information on the performance and impact generated with respect to the material topics identified as having the greatest impact on the Company and its stakeholders. These topics were identified through a materiality analysis carried out according to GRI Standard 3: Material topics, as outlined in the dedicated section.

The scope of the Report is the company Incomac Srl, whose registered and operational office is in via Galileo Ferraris 50 - 31044, Montebelluna (TV). The Company operates only in Italy and the reporting period to which the figures in the Report refer is **from 1 January 2023 to 31 December 2023**, coinciding with the reporting of the Financial Statements. Some of the indicators reported refer to a comparison between the results of the years 2022 and 2023, while others refer to the current reporting year only. The indicators were calculated accurately and timely on the basis of data from general accounting, integrated management systems and other available information systems. The Document, which will be published annually, has been prepared following the Global Reporting Initiative (GRI) Universal Standards in their 2021 version according to the "with reference to" option.

The document follows the basic principles for reporting according to GRI 1: Fundamental Principles defined in 2021 by the Global Reporting Initiative (GRI), such as: Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability context, Timeliness, Verifiability.

As this is the first Sustainability Report, no revisions have been made. It is also specified that this document has not been subject to assurance by external bodies.

At the end of the Document is the GRI Table of Contents, designed to make it easier to find and understand the information reported by indicating the name of the relevant paragraph. Accidents were calculated on the basis of the guidelines described in GRI 403-9 and 200,000 was used as the multiplication factor. Conversion coefficients presented by DEFRA UK were used for the calculation of the environmental parameters related to energy consumption, and data presented by Terna and the European Residual Mixes AIB Report were used for the calculation of Market Based and Location Based emissions.

For information on and further insights into Incomac's sustainability strategy and the contents of this Sustainability Report, please contact: marketing@incomac.com.



GRI Table of Contents

Declaration of use	Incomac Srl submitted a report with reference to the GRI Standards for the period from 1 January 2023 to 31 December 2023
GRI 1 used	GRI 1: Fundamental Principles 2021
Relevant GRI sector standards	To date, there are no relevant industry standards for the sector of Incomac Srl

GRI STANDARD	DISCLOSURE	LOCATION (name of paragraph)
GRI 2: General Disclosures 2021	2-1 Organisational details	Methodological note
	2-2 Entities included in the organisation's sustainability reporting	Methodological note
	2-3 Reporting period, frequency and contact point	Methodological note
	2-4 Restatements of information	Methodological note
	2-5 External assurance	Methodological note
	2-6 Activities, value chain and other business relationships	About Us. Supply chain management and responsible procurement
	2-7 Employees	SDG 10: Reduced inequalities
	2-8 Workers who are not employees	Occupational Health and Safety
	2-9 Governance structure and composition	Governance and business ethics
	2-10 Nomination and selection of the highest governance body	Governance and business ethics
	2-11 Chair of the highest governance body	Governance and business ethics

GRI STANDARD	DISCLOSURE	LOCATION (name of paragraph)	
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	Governance and business ethics	
	2-15 Conflicts of interest	Governance and business ethics	
	2-16 Communication of critical concerns	Governance and business ethics	
	2-22 Statement on sustainable development strategy	Letter to Stakeholders	
	2-27 Compliance with laws and regulations	Governance and business ethics	
	2-28 Membership associations	Strategic partnerships	
	2-29 Approach to stakeholder engagement	Assessing the importance of impacts and stakeholder engagement	
	2-30 Collective bargaining agreements	SDG 10: Reduced inequalities	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality analysis	
	3-2 List of material topics	Prioritisation of impacts	
	3-3 Management of material topics		Governance and business ethics
			Supply chain management and responsible procurement
			Product Quality and Safety and Client satisfaction
			Cybersecurity and privacy management
			Strategic partnerships
			R&D and Innovation
			Occupational Health and Safety
			Working conditions and practices
			Talent Attraction and Retention
	Human Capital Development		
	Energy management of systems		
	Climate strategy		
	Waste management		
	Reconditioning services		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Supply chain management and responsible procurement	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Governance and business ethics	

GRI STANDARD	DISCLOSURE	LOCATION (name of paragraph)
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Governance and business ethics
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	SDG 7: Affordable and Clean Energy
	302-3 Energy intensity	SDG 7: Affordable and Clean Energy
	302-4 Reductions in energy requirements of products and services	Energy management of systems
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate strategy
	305-2 Indirect (Scope 2) GHG emissions	Climate strategy
	305-4 GHG emissions intensity	Climate strategy
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste management
	306-2 Management of significant waste-related impacts	Waste management
	306-3 Waste generated	Waste management
	306-4 Waste diverted from disposal	Waste management
	306-5 Waste directed to disposal	Waste management
GRI 401: Employment 2016	401-1 Assunzioni di nuovi dipendenti e awicendamento dei dipendenti	Attraction e Retention dei talenti
	401-2 Benefici per i dipendenti a tempo pieno che non sono disponibili per i dipendenti a tempo determinato o part-time	Condizioni e pratiche di lavoro
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and accident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Occupational Health and Safety. Human capital development
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Occupational Health and Safety

GRI STANDARD	DISCLOSURE	LOCATION (name of paragraph)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee (a)	Human Capital Development
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	SDG 10: Reduced Inequalities Governance and business ethics
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	SDG 10: Reduced inequalities
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	There are no reported actual or potential negative impacts of Incomac Srl's operations on the local community
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product Quality and Safety and Client satisfaction
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality and Safety and Client satisfaction
GRI 417: Marketing and Labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	Product Quality and Safety and Client satisfaction
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Cybersecurity and privacy management

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Notes
Si ringraziano tutti i colleghi che hanno collaborato alla realizzazione del presente volume.
Pubblicazione fuori commercio.

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