



# El.En. Group

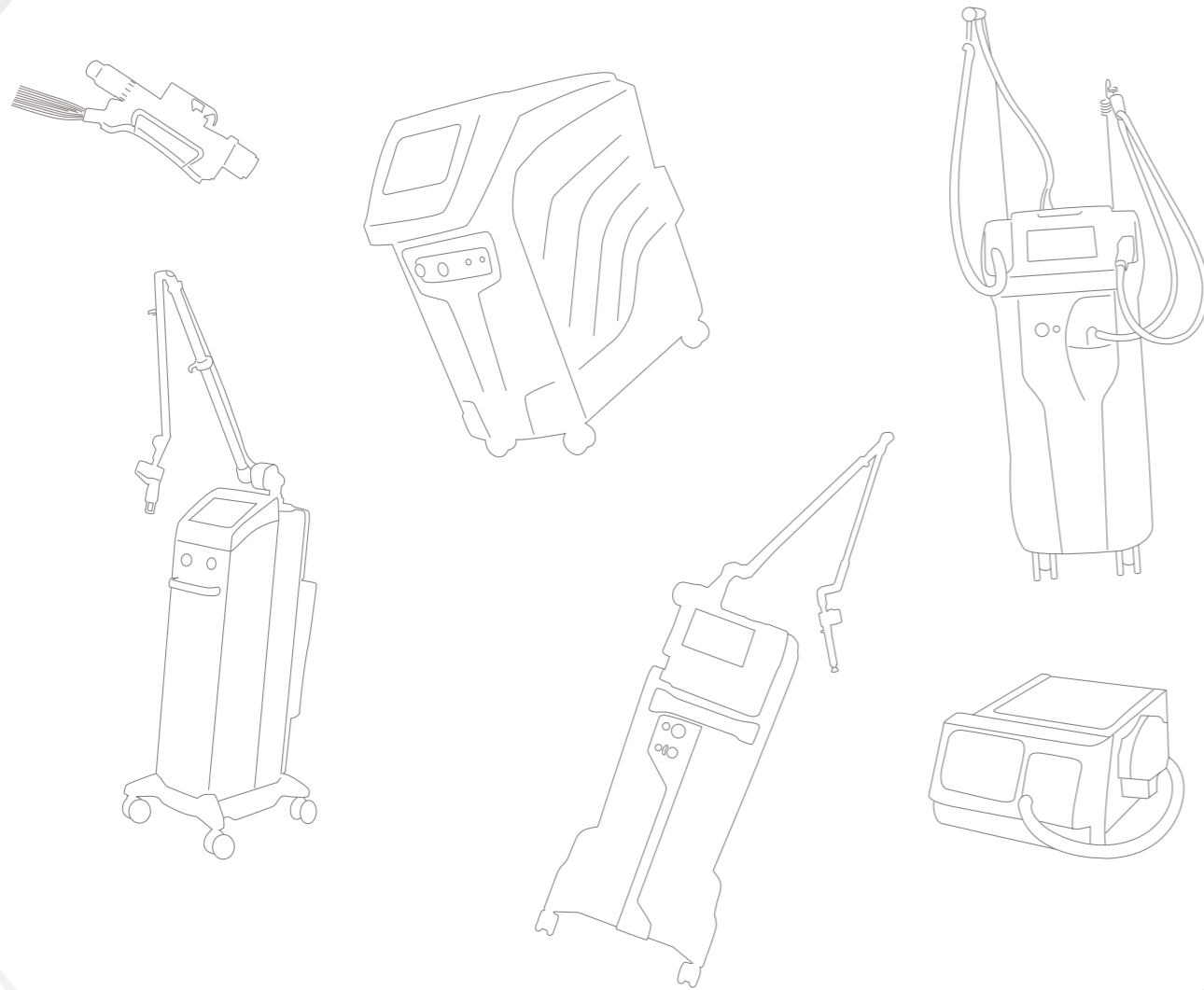
## Sustainability Report 2023

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Consolidated non-financial statement  
pursuant to Italian Legislative Decree n. 254 of 2016



The English language version of this document is a courtesy translation of the original Italian document. Where possible differences in interpretation or errors in translation exist, the Italian text takes precedence



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## LETTER TO STAKEHOLDERS

Dear stakeholders,

We present our Sustainability Report here to give everyone the opportunity to assess our commitment, objectives and actions undertaken during the year. The numbers, results and projects you will see recounted in this document are the fruit of constant work and give a sense of how much the El.En. Group's commitment generates concrete actions that benefit people, communities and the environment.

In a historically and economically complicated period, with market conditions made less favourable by the uncertainty induced by the wars in Ukraine and Palestine and the high level of interest rates which does not facilitate investment in capital goods, we would like to express great satisfaction with the Group's results in 2023.

The excellent performance, especially in the last quarter, confirmed a very positive development in most markets and an operational difficulty of the industrial sector's activities in China. The Chinese market showed a contraction during the year due to the failure to revive its economy, hindered by the crisis in the real estate sector and the difficult international relations that led to a decisive reduction in investments, particularly in the manufacturing sector. The medium-term outlook on the development of our target markets remains positive and encourages us to continue investing, aimed at creating the conditions to benefit from the expected growth.

The Group has once again demonstrated that it has the organisational and technical means to meet customer needs and to innovate its products. Over the years we have created the conditions for progressive, sustainable and far-reaching growth, and we have the right organisation and technology to meet market demands and to seize the opportunities that arise.

An essential element and the core of our strategy remains research and development for the constant increase in the technological innovation of our products: the demand on the markets grows in the presence of innovative solutions that meet customers' needs more and more effectively and stimulate new ones, opening up new scenarios. Research and development involves a commitment both from a technical point of view, aimed at the launch of new products, and from a documental and clinical point of view, in order to obtain the necessary certifications to sell medical systems worldwide. We have been working constantly both on clinical trials with medical centres and hospitals, and with facilities dedicated to the Regulatory, a rather complex but indispensable process to launch our systems on the market.

Our ability to innovate and the attractiveness of our product range, which we have continued to expand, confirm the Group's solid competitive positioning and its great ability to differentiate itself in the markets with technical and application innovations. The first few months of the year were characterised by intense activity aimed at the market release of a whole new range of products at the 25th World Congress of Dermatology (WCD), held in Singapore from 3 to 8 July 2023: on this occasion we presented the new Again PRO, RedTouch PRO and Onda PRO platforms, which represent a remarkable innovation in the field of high-end Energy Based Devices in the segments of hair removal, facial rejuvenation and body treatment, respectively. In the second half of the year, activities focused on the market release of further new products at the IMCAS 2024 (World Congress on Dermatology and Aesthetic and Plastic Surgery), held in Paris from 1 to 3 February 2024: the new Motus PRO, Tetra PRO, SmartXide PRO and TORO platforms complement the range launched at

the previous Congress in Singapore and represent significant innovation in the segments of hair removal, facial rejuvenation and treatment of benign pigmented lesions and tattoo removal, respectively.

In this year, once again the main architects of our development were the people: we continued to create jobs in the Group's Italian and European offices, increasing the number of people working with us by 10%. On the other hand, the number of employees in the Chinese companies that experienced unfavourable market conditions decreased: overall, the number of Group employees at the consolidated level is in line with the previous year. To each employee goes our commitment to provide a workplace not only where talent is fostered but also where the values of responsibility, respect, diversity and inclusion remain at the heart of working together.

This was a record year in terms of training: over 43,800 hours of training were delivered with an average of over 21 hours per employee. We continued to promote the dissemination and consolidation of the Group's ethics and values in all subsidiaries and increased the number of hours of technical and educational training, to promote the personal and professional growth of all employees, with targeted projects for specific managerial training in various companies.

During the year, the new five-year Sustainability Plan 2023 – 2027 was drafted, approved by the Board of Directors in November. The new plan identifies specific and measurable sustainability activities and objectives, on sensitive topics such as combating climate change, the circular economy, promoting a responsible supply chain, valuing people and contributing to the community. The new Plan confirms the Group's commitment to sustainable development in which environmental and social responsibility become an increasingly integral part of our business model.

Scope 2 GHG emission reduction targets have been included in the Plan, which are expected to decrease due to increased shares of renewable energy production and purchase. Our goal is to reduce GHG emissions by 30% by 2027 compared to the 2022 baseline under the Market-Based methodology and to reduce GHG emissions by 5% by 2027 compared to the 2022 baseline under the Location-Based methodology. We expect to reach the targets set by increasing the share of electricity purchased by the Group (out of total purchased electricity) to at least 30%, in order to achieve an estimated reduction of Scope 2 GHG emissions by about 30%, according to the Market-Based methodology. In addition, we plan to increase the electricity generated by our photovoltaic plants to cover at least 20% of the Group's electricity needs and reduce Scope 2 GHG emissions (Location-Based methodology) by about 11%, exceeding thus the initial objectives we set ourselves.

The targets set have already almost been achieved: in 2023, the El.En. Group achieved a reduction in Scope 2 GHG emissions according to the Market-based methodology of 26% compared to 2022 (the year identified as the baseline because the Group had not yet adopted strategies to reduce its carbon footprint).

For this reason, it plans to periodically monitor its performance and, if necessary, set more challenging targets before 2027.

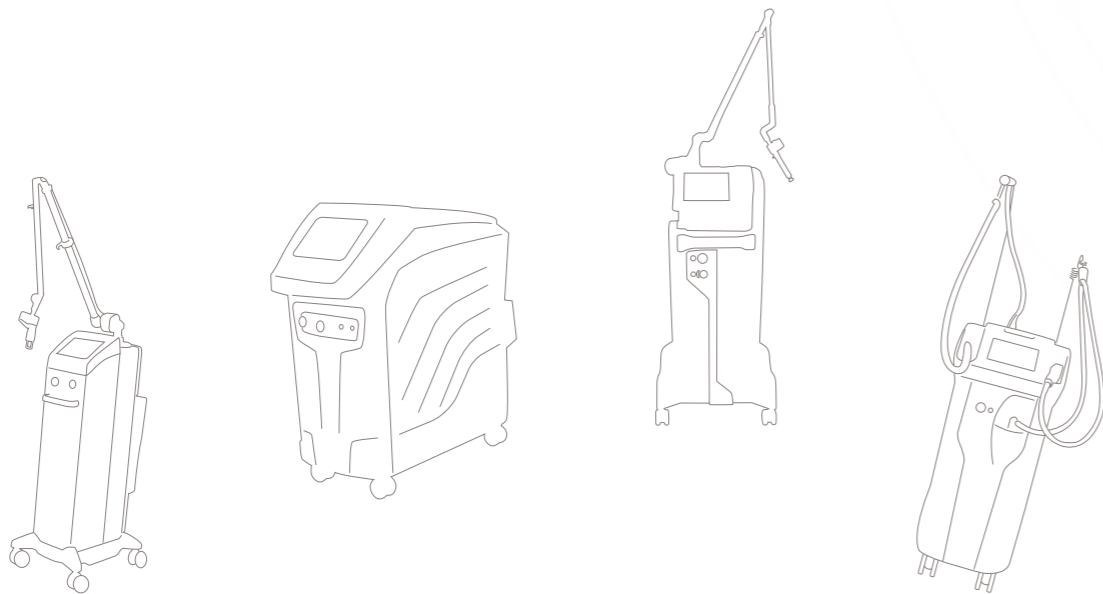
During 2023, the companies El.En, Deka and Quanta System activated a project to obtain ISO 14064 – Carbon footprint of organisation (covering data for the financial year 2022) that they have obtained in early months of 2024. By obtaining this certification, the El.En. Group

once again demonstrates its commitment to meeting the demands of its stakeholders, who are increasingly attentive to these issues: in fact, the certification fully meets the need to outline a working methodology based on a scientific and systematic approach and aimed at quantifying, accounting for and verifying the reduction of GHG emissions. Our commitment to doing business has also continued to be expressed through initiatives in favour of the community: every day we work to make a positive impact in people's lives and, with some targeted projects, we donate our skills and tools to non-profit organisations, foundations or cutting-edge scientific laboratories, at the service of patient health as well as in the preservation and restoration of cultural heritage. The Group's companies are also very closely linked to the territories in which they operate and, as always, are committed to participating in solidarity initiatives and through supporting cultural, social and educational initiatives with sponsorships, participation in associations and the promotion of alternating school-work projects, internships and apprenticeships.

The most significant change that the Group is facing in the area of sustainability reporting concerns the transposition of the new European CSRD (Corporate Sustainability Reporting Directive) in force as of the financial statements as at 31 December 2024. The new European Directive has in fact introduced new reporting obligations in line with the new European Sustainability Reporting Standards (ESRS), including in the reporting obligation also the preparation of information on activities identified as eligible with respect to the environmental objectives defined by EU Taxonomy 2020/852. In order to best implement the new requirements, the El.En. Group has set up specific projects during 2023 that will allow any gaps to be filled and documentation to be aligned with the new CSRD regulatory requirements for the financial statements as at 31 December 2024.

I am proud to say that the results achieved once again confirm our ability to continue along the path of sustainable development, combining economic growth and financial solidity with the principles of social and environmental sustainability. These elements have been part of our way of doing business for over forty years and we intend to enhance them more and more.

The Chairman  
Gabriele Clementi



## HIGHLIGHTS 2023

### SUSTAINABILITY



**1**

New Sustainability Plan 2023-2027



**12**

Objectives approved by the Board of Directors



**40**

Actions to be taken to achieve the stated objectives by 2027

### THE GROUP



**10**

Countries with El.En. Group Offices



**14**

Production sites



**8**

Research and development centres

### THE ORGANIZATION OF THE COMPANY



**489**

Number of people trained on the Code of Ethics in 2023



**43%**

The percentage of women on the Board of Directors



**5**

Meetings held in 2023 by the Risk and Control Committee related party-transactions and sustainability

### THE PRODUCTION PROCESS



**328**

Active patents and **83** patents pending



**228**

People employed in research and development activities



**63**

People in the Quality and Regulatory function

## HIGHLIGHTS 2023

### THE SUPPLY CHAIN



**507**

Million Euro Value of deliveries



Implemented one checklist for new supplier evaluation including also ESG issues for most subsidiaries

### THE COMMUNITY



**712**

Million Euro economic value generated



**2**

donated laser systems

### THE PEOPLE



**50%**

of employees have a Bachelor's or Master's degree



Approximately **43.900**

hours of training provided in 2023 +11% by 2022



**21%**

Under 30

### ENVIRONMENT



**6**

Active photovoltaic systems of which **4** came into operation during 2023



**10%**

Self-produced electricity compared to the total electrical energy demand in 2023



**28%**

Electricity purchased from renewable sources out of the total purchased energy in 2023

# **SUSTAINABILITY**

**OUR STRATEGY FOR A  
SUSTAINABLE FUTURE**



# 1. SUSTAINABILITY

## 1.1 SUSTAINABILITY FOR THE EL.EN. GROUP

**Being sustainable means creating value over time and being ready to accept and successfully face the challenges of tomorrow. Continuing our development path, combining economic growth and financial solidity with the principles of social and environmental sustainability is the only way to be an innovative, sustainable and successful company.**

The principles of sustainability for the El.En. Group have always been the pillars underpinning the development and growth that has characterised the Group over the years and are proof that value is created through responsible management that respects economic, social and environmental balances.

The Group embarked on this path in a structured manner and in a short time it has gained awareness, managing to define the activities to be carried out in a timely manner: this is because the issues addressed and the aspects reported on have always been part of its cultural baggage and the drafting of this document is proof that in addition to economic results, the Group's performance has always been excellent on environmental, social and governance issues.

This financial year has once again confirmed the Group's commitment to ESG issues: the concrete goals we had set ourselves within the first Sustainability Plan, which was completed at the end of 2022, were achieved and the Five-year plan was completed<sup>1</sup>. The Board of Directors of El.En. then approved a new 2023 - 2027 Group Sustainability Plan in 2023.

The new Plan presents more challenging objectives than in the past, concerning the fight against climate change, the circular economy, the promotion of a responsible supply chain, valuing people and contributing to the community, confirming the Group's greater commitment to contribute to sustainable development and a greater awareness of how environmental and social responsibility are increasingly an integral part of the business model.

During this past year, we increased our initiatives to raise awareness of the impact and importance of sustainability issues, both through the dissemination to key stakeholders of the documents drawn up

and through the disclosure of the new objectives contained in the Plan and the actions to be taken to achieve them for all Group companies.

In 2018, the Board of Directors of the parent company El.En. S.p.A. entrusted the Control and Risk Committee with the review of the company's sustainability policies and goals and the supervision of the related Plan; in 2021, this body changed its name to Control and Risk, Related Party Transactions and Sustainability Committee. Also in 2021, the desire to operate in a more responsible and integrated manner led to the decision to entrust the Executive Director in charge of the internal control system with the definition of the strategic sustainability guidelines, the Sustainability Plan and the review of the Consolidated Non-Financial Statement, in order to even more strongly guarantee an adequate oversight and monitoring of processes. From the outset, there is a Global Sustainability Manager who plays a coordinating role in the entire process of defining preliminary activities, preparing the Sustainability Report and carrying out related activities. The Sustainability Manager proposes the Group-wide sustainability strategy by sharing it with the Executive Director in charge of Internal Control and then with the Top Management and sets the Sustainability Plan, defining its goals and coordinating all activities to fulfil the commitments, identifying areas and projects for improvement at Group level and monitoring the progress of existing projects.

The function supports the function managers identified in each subsidiary in the compilation of the data collection forms, verifies the consistency of the information and prepares the draft Sustainability Report by drawing up the outlines to be published, writing and/or updating the texts of this document and coordinating and managing relations with the external auditors.

<sup>1</sup> All goals have been completed with the exception of one point within GOAL 6 "Promoting a sustainable procurement culture and policies", which envisaged the drafting of a Group-wide "Supplier Code of Conduct"; this action has been repeated in the 2023-2027 Sustainability Plan. The reasons for the non-achievement were mainly due to the procurement difficulties of the past few years, that kept the purchase departments of all subsidiaries, the main owners involved in this action, very busy. The timing of the target in the new Sustainability Plan has been revised: the Code of Conduct will be drafted after the monitoring analysis of the sustainable supply chain.

## 1.2 OUR STAKEHOLDERS

The process of listening to one's stakeholders is a priority in order to understand the extent to which their interests and expectations are being met and to identify issues on which to increase one's efforts, with a view to continually improving the impact of the company's activities on the environment and society.



For many years, we have implemented a process of mapping and identifying our stakeholders, which has enabled the identification of the Group's stakeholders, both internal and external, summarised in the chart above.

Also during this financial year, in order to collect and assess the expectations and issues of greatest interest to stakeholders, we continued to carry out stakeholder engagement activities by submitting questionnaires to a selected sample of internal stakeholders (employees of some Group companies) and external stakeholders (main suppliers of some subsidiaries).

Already last year, we started an initial ESG monitoring of the supply chain: the project, carried out by the parent company El.En. and some of its main subsidiaries, involved new suppliers and suppliers of critical components by administering a questionnaire to assess their social commitment, environmental protection and enhancement, good corporate governance and respect for human rights. In the course of 2023, we started to set up a model for sustainable supply chain management, which will be proposed at the consolidated level, and which will

enable the players in the supply chain to be more involved in achieving common sustainability goals. The sustainable supply chain theme is divided into three main sections: decarbonisation and reduction of direct and indirect emissions, respect for human and labour rights, and management of the circular economy. (For further details, see paragraph 4.4 - The supply chain, of this document).

The process of listening to customers and distributors took place mainly through Customer Satisfaction surveys by monitoring appropriate company indicators, administering questionnaires relating to the surveys carried out rather than through the analysis of deficiencies. The measurement of the customer experience is done through feedback obtained during dialogues with customers in which opinions, comments, expressions of interest in a product or service, or in interactions with both internal and external sales representatives are collected. Already since last year, the Parent company and some subsidiaries have included questions related to sustainability issues in the Customer Satisfaction process. (For further details, see paragraph 4.5 - Our Customers, of this document).



In order to intensify the process of listening to employees and to collect anonymous suggestions, opinions and evaluations on the corporate climate, some Group subsidiaries carried out surveys on part or all of the company population. During the coming year, this activity will also be offered to other subsidiaries. (For further details, see Chapter 6 - People, of this document).

During the year, numerous initiatives were carried out to increase the process of listening to communities and local authorities, both through participation in events promoted by these institutions where we spoke about our current projects and the main sustainability initiatives carried out in the area, and by responding positively to requests for discussion and collaboration to develop concrete sustainability activities together with the territory. The dialogue with local communities is also expressed through the numerous school-to-work projects promoted and through participation in career day events (For further details, see paragraph 5.4 - Our contribution to the community, of this document).

In 2023, we also received important national sustainability awards and, at the request of shareholders and investors, obtained sustainability ratings<sup>2</sup> from leading independent agencies. The policy of dialogue with shareholders is ensured through the publication on the company website of regulated information, with the publication of press releases and documents, through the Shareholders'

Meeting, in direct contact between the Company and investors through the organisation of events, roadshows, meetings (one-to-one or collective) and conference calls with institutional investors, shareholders and financial analysts rather than through presentations of the main performance drivers and the main messages conveyed to the market and the financial community (for more details see "Policy of dialogue with shareholders of El.En. S.p.A. at <https://elengroup.com/uploads/pdfshareholder/POLITICA-DI-DIALOGO-DI-EL.EN.-S.P.A..pdf>).

Establishing and maintaining partnerships with universities and research centres is crucial to maintaining a constant dialogue, both nationally and internationally. All Group companies consider these exchanges to be crucial both in research and development and for their own success in the talent search and selection process. Maintaining these channels is essential to increase opportunities to get to know people and to promote the development of technical and scientific skills in the areas where companies and societies operate, including through curricular and extracurricular university internships. (For further discussion see paragraph 4.1 Research and Development as a tool for Innovation and paragraph 5.4 - Our contribution to the community, of this document).

Below are our main channels of communication and dialogue with the Group's stakeholders:

<sup>2</sup> In 2023, the El.En. Group achieved: the A rating for MSCI ESG rating (last year we were in the BBB range, improving performance in both the Governance and Social sections), a score of 20.7 for the Sustainalytics ESG Risk rating Report (a clear improvement on the 2022 score of 23.8. The result obtained is close to the "Low" risk threshold of 10 to 20). We achieved a B score for the CDP climate change rating, a very important result that places us in the "management" bracket of responsible environmental management.



## Human Resources



### Topic

- Growth and training • Health and safety in the workplace • Identity and values
- Human rights and working conditions • Quality of work • Ethics, integrity and compliance
- Diversity, equal opportunity and non-discrimination • Industrial relations

### Main dialogue instruments

- Internet portal • Training and refresher courses • *Company mailing list*
- Communications from top management • Collective bargaining • Questionnaires materiality analysis

## Universities and Research Centers



### Topic

- Research, development and innovation • Transparency

### Main dialogue instruments

- Financial reports • Scientific publications • Tenders and competition
- Experimentation and research projects • Communications from top management

## Clients (B2B)



### Topic

- Product quality and safety • Anticipation and acknowledgement of the expectations of the clients
- Trust and satisfaction of the clients

### Main dialogue instruments

- Company website • Evaluation of client satisfaction
- Management of complaints • After-sales service • Advertising

## Consumers (B2C)



### Topic

- Trust and satisfaction of the consumers • Product quality and safety

### Main dialogue instruments

- Company website • Management of complaints
- After-sales service • Advertising

## Institutions and regulatory bodies



### Topic

- *Corporate Governance* • Transparency • Legality
- *Economic and financial performance* • Indirect social impact

### Main dialogue instruments

- Company website • Disclosures required • Financial reports • Shareholders meetings
- Dissemination of regulatory information • *Investor conference* • Press releases

## Local Communities



### Topic

- Indirect social impact • Respect of the territory
- Support of employment • Legality • Support of social initiatives

### Main dialogue instruments

- Company website • Local meetings and events • Press releases
- Collaboration and support of the artistic and cultural heritage in sites of public interest
- National and regional research projects

## Suppliers



### Topic

- Transparency • Ethic responsibility • Human rights and working conditions
- Continuity of business relations • Negotiating conditions • Development of partnerships
- Qualification and evaluation

### Main dialogue instruments

- Company website • Participation in initiatives and events • Negotiating relations
- Technical qualification meetings • *Periodical auditing* • Questionnaires materiality analysis

## Shareholders and investors



### Topic

- *Corporate Governance* • Transparency • *Economic and financial performance*
- Ethics, integrity and compliance

### Main dialogue instruments

- Company web site • Financial reports • Shareholders' meetings
- Dissemination of regulatory information • *Investor conference* • Press releases

## Agents and Distributors



### Topic

- Transparency • Ethics, integrity and compliance • Human rights and working conditions
- Continuity of relations • Negotiating conditions • Development of partnerships

### Main dialogue instruments

- Company web site • Participation in initiatives and events
- Negotiating conditions • Training and refresher courses

Our companies also interact and communicate with various associations to which they belong, related to their sector or to the area in which the Group companies operate. Below is a breakdown of the associations:

Companies	Associations
El.En. S.p.A.; Deka Mela S.r.l.; Of-las S.r.l.; Esthelogue S.r.l.; ASA S.r.l.; Cutlite Penta S.r.l..	Confindustria
El.En. S.p.A.; Deka Mela S.r.l.; Esthelogue S.r.l.; Pharmonia S.r.l..	IBC - Consumer Goods Association
El.En.; Deka Mela	Confcommercio
Quanta System S.p.A.	CONFAPI
Quanta System S.p.A.	ADACI - Italian Association for Purchasing and Supply Management
Quanta System S.p.A.	AIDP - Italian Association of Personnel Management
Cutlite Penta S.r.l.	ESU-EDA
Cutlite Penta S.r.l.	IADD - International Association of diecutting and diemaking
El.En. S.p.A.	Italian Electronic Committee
El.En. S.p.A.	ISTA - International Safe Transit Association
El.En. S.p.A.	CEF - Consorzio Energia Firenze
El.En. S.p.A.	Assorestauo
El.En. S.p.A.	AlIA - Italian Association of Internal Auditors
El.En. S.p.A.	ACSI - associazione per la cultura e lo sviluppo industriale
Of-las	ACIMIT
Esthelogue	FAPIB - National Association of Manufacturers and Suppliers of Beauty and Well-being Technologies
ASA	Veneto Tech 4 life consortium
ASA	CUOA - University Centre for Business Organisation
ASA	Confindustria Medical Devices
Asclepion	German Chamber of Commerce and Industry
Asclepion	Optonet Jena e V.
Asclepion	Verband Cosmetic Professional
Cutlite do Brasil	ACIB - Industrial and Commercial Association of Blumenau
Cutlite do Brasil	ABIMAQ (National Association of Machine Industries)

Companies	Associations
Penta Laser Zhejiang Co Ltd	Wenzhou Laser Industry Association
Penta Laser Zhejiang Co Ltd	Laser Processing Committee of the Chinese Optical Society
Penta Laser Zhejiang Co Ltd	Laser processing committee of Zhejiang Machinery Industry Federation
Penta Laser Zhejiang Co Ltd	Wenzhou association of high-tech enterprises
Penta Laser Zhejiang Co Ltd	Zhejiang association of high-tech enterprises
Penta Laser Zhejiang Co Ltd	China Machine Tool Industry Association
Penta Laser Zhejiang Co Ltd	China Machinery Industry Federation
Penta Laser Zhejiang Co Ltd	Wenzhou packaging Federation
Penta Laser Zhejiang Co Ltd	Intelligent manufacturing Branch of China Machinery Industry Federation
Penta Laser Zhejiang Co Ltd	Zhejiang Optical Society
Penta Laser Zhejiang Co Ltd	Zhejiang Machinery Industry Federation
Penta Laser Zhejiang Co Ltd	Special Processing Tools Branch of China Machine Tool Association
Penta Laser Technology (Shangdong) Co. Ltd	National association of high-tech enterprises
Penta Laser Technology (Shangdong) Co. Ltd	Linyi Industrial Design Association
Penta-Chutlian Laser (Wuhan) Co Ltd	Hubei Laser Industry Association
Penta-Chutlian Laser (Wuhan) Co Ltd	Wuhan Optics Valley Laser Industry Association
KBF	Shenzhen Laser Intelligent Manufacturing Industry Association
KBF	Guangdong Laser Industry Association
KBF	Guangdong Semiconductor Industry Association
KBF	China Optical Engineering Society
With Us	Japan Esthetic Management Association
With Us	Japan Esthetic Industrial Association
With Us	Beauty Equipment Safety Promotion Association
With Us	Japan Home-Health Apparatus Industrial Association

### 1.3 MATERIALITY ANALYSIS

The initial material issues assessment process was carried out through a materiality analysis performed internally by Top Management, which identified the relevant economic, social and environmental aspects for the El.En. Group and its stakeholders; the assessment is reviewed and approved annually. In 2022, taking into account the guidelines of the latest GRI international standards publications, the materiality process was revised through an analysis of the impacts generated by the organisation and conducted in several stages:

- Initially, we carried out an analysis of the context in which the Group operates in order to identify both the actual and potential as well as the positive and negative impacts generated by the organisation's activities and its business relations on the economy, the environment and people (including human rights), along the entire value chain;
- We then proceeded to assess the significance of impacts according to two variables: severity or magnitude of the impact generated and likelihood of the impact occurring. We assigned each variable a score from 1 to 5 (where 1 means minimum severity and low probability that the impact will occur and 5 means maximum severity and very high probability or certainty that the event will occur or has already occurred). The product of the two variables yielded the impact generated by the company in ESG terms. For impact assessment, we decided to adopt the same methodology and criteria used by the Group for risk rating assessment as part of the risk analysis process, which is based on specific RCM (risk control matrix), in line with international best practices such as the COSO framework and Confindustria guidelines;

We then associated each impact with its material theme and thanks to the scoring it was possible to define a relevance threshold for each theme: the result obtained shows an alignment between the priority themes defined through the impact assessment and those identified in previous years.

In the course of 2023, we revised, as we do every year, the material issues. From the analysis performed, the El.En. Group confirmed that the significant issues had already been identified and divided them into the four macro-areas listed in the 2023-2027 Sustainability Plan: Environment, People and Community, Innovation and Governance. In particular, in order to make the information provided more user-friendly, the material issue "Climate Change" was added, already present within the material issue "Environmental Performance" but separated from it in light of the increasing importance and attention being paid to these issues.

As in previous years, the materiality analysis was brought to the attention of the Control, Risk, Sustainability and Related Parties Committee, which, after endorsing the assessment methods, approved it. The Committee subsequently brought the materiality analysis to the attention of the Board of Directors, which approved it at its meeting on 14 March 2024.

In the course of 2024, the analysis to identify dual materiality will be set up and finalised, to be published in the next sustainability report, as required by the new European CSRD regulation.

The result of the analysis, which we report below, supported the identification and definition of goals included in the Strategic Plan and the Sustainability Plan 2023 - 2027:



ENVIRONMENT						
Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
Environmental performance	Group activities and end-of-life products generate waste that, if not properly disposed of, can generate pollution.	Actual	Negative	2	5	10
	The Group's water consumption, which is solely related to the use of sanitary facilities in buildings, may contribute only a small part to the reduction of the quantity of available water resources.	Actual	Negative	1	5	5
Climate Change	Failure to implement initiatives to mitigate damage due to extreme weather events could, if they occur, lead to the curtailment or interruption of some of the Group's and/or some strategic business partners' activities due to infrastructure damage. Such a reduction or interruption, if protracted, could also have a negative impact on employees, suppliers and customers.	Potential	Negative	4	4	16
	The El.En. Group's activities cause energy consumption and therefore contribute to CO <sub>2</sub> emissions into the atmosphere. If energy-saving and emission reduction initiatives are not developed, the Group's activities could increasingly contribute to the effects of climate change on our planet.	Actual	Negative	4	5	20



<b>GOVERNANCE</b>						
Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
<b>Ethics, integrity and compliance</b>	The sub-optimal handling of disputes and potential corruption events may lead to a lack of socio-economic development in the communities in which the Group operates.	Potential	Negative	4	2	8
<b>Procurement practices</b>	Increased social and environmental impacts due to both the failure of its supply chain to adopt environmental management policies and the failure of its supply chain to monitor the sourcing of raw materials and components, environmental policies, governance policies, health and safety and human rights and working conditions.	Potential	Negative	4	3	12
	Social and economic development of the territories in which Group companies operate thanks to the support of suppliers promoting sustainable development principles, preferably local or regional.	Potential	Positive	4	2	8




<b>PEOPLE AND COMMUNITY</b>						
Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
<b>Health and safety of workers</b>	Increased accident rate due to the lack of dissemination of health and safety culture within the Group's companies and failure to use the required PPE.	Actual	Negative	5	5	25
	The Group's business activities involve the creation of jobs along the entire value chain, generating a positive impact for the communities in which it operates and contributing to their economic and social development.	Actual	Positive	4	5	20
<b>Employee growth and training</b>	The El.En. Group guarantees its employees personal and professional growth at all levels through continuous training to respond to the technological progress of the systems produced and the evolution of the Group's business.	Actual	Positive	5	5	25
	The nature of El.En. Group's business requires the presence in the company of highly specialised professionals who are always up-to-date on the latest regulations. Failure to develop the skills of employees may have negative consequences for the business, the health and safety of workers and the quality of its products. Furthermore, a lack of training and professional development of workers could reduce retention and the ability to attract new talent.	Potential	Negative	5	3	15
<b>Diversity, equal opportunity and non-discrimination</b>	The geographical location of some Group companies and the skills required to perform certain types of work mean that the company strives to create an inclusive environment that values employee diversity. Staff recruitment and management procedures may disadvantage certain categories of people, generating a negative impact in terms of inclusion and equal opportunities.	Actual	Negative	4	5	20
<b>Human rights and working conditions</b>	The Group's activities involve a large number of suppliers and operations globally. Poor supply chain supervision may lead to a lack of protection of the human rights of the workers concerned along the value chain.	Potential	Negative	4	2	8

<b>PEOPLE AND COMMUNITY</b>						
Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
<b>Commitment to the community and territory</b>	Contribution to the social and economic development of the community through the management of relations with public institutions, sponsorship of social and cultural events and through the donation of equipment and know-how.	Actual	Positive	4	5	20
	Contribution to the social and economic development of the community through collaboration with scientific and university research centres and with schools and technical institutes in the area where Group companies operate.	Actual	Positive	4	5	20
	In the medical sector, our daily commitment to research and development of new or improved applications of our medical and aesthetic lasers provides the market with tools and solutions that improve people's state of well-being and patients' quality of life, reducing both physical and aesthetic health problems and the relevant psychological ones. In the surgery sector, our minimally invasive technology systems minimise pain, side effects, surgical procedure risks and hospitalisation days. In the aesthetics sector, our systems meet the growing desire of people to improve their appearance, while also reducing pathological or painful imperfections.	Actual	Positive	5	5	25

<b>PEOPLE AND COMMUNITY</b>						
Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
<b>Commitment to the community and territory</b>	In the industrial sector, work performed with our laser systems is highly significant in terms of reducing environmental impact due to a series of features that allow minimising waste, not generating fumes containing chemical additives and eliminating the use of glues, inks or solvents within the production processes. Machining performed with our cutting systems instantly vaporise the material on which they act, making clean cuts in the material without producing swarf or other processing waste, while the marking systems allow for perforations or selective removal of thickness, reducing waste. We are proud to have contributed in this market to developing and fine-tuning more environmentally friendly processes, aware that the entire industry must become even more sustainable.	Actual	Positive	5	5	25
	In the field of conservation for the restoration of works of art, lasers enable effective conservation processes that respect artistic artefacts and reduce the use of chemicals.	Actual	Positive	5	5	25



 <b>INNOVATION</b>						
Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
<b>Research, development and innovation</b>	Contribution to the scientific development of the community through constant research and development to place innovative, efficient and circular economy-friendly products on the market.	Actual	Positive	5	5	25
<b>Customer satisfaction</b>	Unclear and non-transparent communication on product information provided to customers, including sustainability information, may negatively affect customer satisfaction and the quality of the service provided, leading to a reduction in market share and consequently in turnover.	Potential	Negative	3	2	6
<b>Product quality and security</b>	Decreased quality and safety of products and services provided to the market may generate negative impacts on people and the environment.	Potential	Negative	5	3	15
	Lack of digitisation and process innovation may result in negative impacts on product traceability, quality and safety.	Potential	Negative	4	4	16





## 1.4 THE SUSTAINABILITY PLAN

**The Sustainability Plan represents the Group's strategic vision on ESG issues and is an indispensable tool for setting its goals and the actions and projects to be implemented to achieve them.**

The Sustainability Plan for the five-year period 2023-2027, with the explication of the policies aimed at generating and distributing resources to all stakeholders, represents the Group's strategic vision in the medium to long term and the means of communicating the goals and the actions to be taken to achieve them.

By combining the Sustainability Plan with the company's mission, the El.En. Group is able to manage the response to the challenges posed by the market, proposing sustainable and long-lasting development.

The five-year Sustainability Plan, in relation to the 12 material issues identified and represented in the materiality matrix published in the previous paragraph, set 12 sustainability goals and 40 concrete actions to be taken to achieve them.

Each of the objectives was linked to a specific macro-area (Governance, Innovation, People and Community, Environment) and the related material issues of the area.

The Sustainability Manager submitted the Plan to the Control, Risk and Sustainability Committee, which examined its content and feasibility and verified its consistency with the Group's strategy.

The Sustainability Plan was then proposed and approved by El.En.'s Board of Directors and disclosed to all subsidiaries: the Plan includes new objectives concerning the fight against climate change, the circular economy, the promotion of a responsible supply chain, valuing people and contributing to the community and, through the setting of concrete and measurable goals, confirms the Group's commitment to promoting sustainable development and how environmental and social responsibility are an integral part of its business model for the El.En. Group. During the year, the Sustainability Manager illustrated the new Plan to all Group companies, identifying, in

each company and in cooperation with the various contact persons, the areas for improvement and the relevant projects to be implemented on the basis of the objectives set.

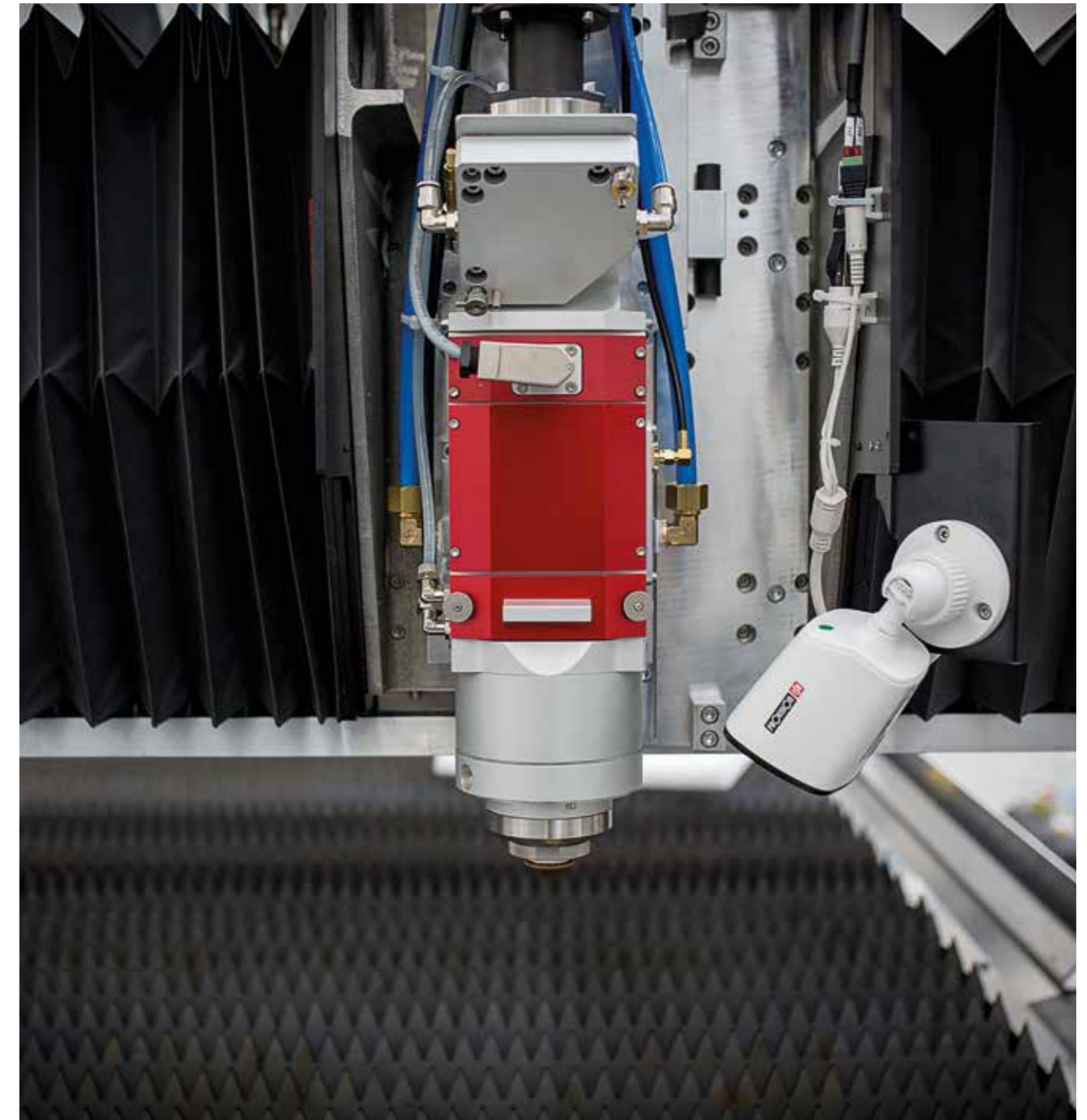
Within the Sustainability Plan, we have included specific and measurable targets for the reduction of Scope 2 GHG emissions, which are expected to decrease due to increased shares of renewable energy production and purchase. Our goal is to reduce GHG emissions by 30% by 2027 compared to the 2022 baseline under the Market-Based methodology and to reduce GHG emissions by 5% by 2027 compared to the 2022 baseline under the Location-Based methodology. We expect to reach the targets set by increasing the share of electricity purchased by the Group (out of total purchased electricity) to at least 30%, in order to achieve an estimated reduction of Scope 2 GHG emissions by about 30%, according to the Market-Based methodology. In addition, we plan to increase the electricity generated by our photovoltaic plants to cover at least 20% of the Group's electricity needs and reduce Scope 2 GHG emissions (Location-Based methodology) by about 11%, thus exceeding the initial objective we set ourselves.

Also in the process of defining the current Sustainability Plan, the 17 Sustainable Development Goals (SDGs), goals promoted by the United Nations and published in the 2030 Agenda for Sustainable Development were taken into account, and the SDGs that we will contribute to achieving through the Plan's goals were identified.

An update on the progress of the Sustainability Plan takes place at least every six months, in order to keep the Board up-to-date on the status of project implementation and achievements; this frequency gives the opportunity to set new goals with a view to improvement, in the knowledge that sustainability is not an end point but a process of continuous growth.

The Group's ongoing commitment is also reflected in its improved ESG ratings from leading independent agencies. Sustainable and responsible development can only be expressed through governance dedicated to the supervision and management of sustainability issues, through the growth and

involvement of employees, through improving the working environment, supporting technological innovation, maintaining high levels of Customer satisfaction, dialoguing with and supporting local communities and contributing to the reduction of environmental impacts.



Below are the objectives contained in the new plan and the expected progress and timing for achieving the results over the next five years:

<b>ENVIRONMENT</b>			
A) SUPPORT THE ENERGY TRANSITION AND REDUCE CO2 EMISSIONS			
Goal	Target	Deadline	Results 2023
<b>A.1 RENEWABLE ENERGY</b> <ul style="list-style-type: none"> <li>Increase the purchase of energy from renewable sources;</li> <li>Install new plants for renewable energy production;</li> </ul>	<b>A.1</b> <ul style="list-style-type: none"> <li>Reduction of Scope 2 GHG emissions according to market-based methodology by 30% by 2027 compared to the 2022 baseline. We expect to reach the targets set by increasing the share of electricity purchased by the Group (out of total purchased electricity) to at least 30%;</li> </ul>	2027	<b>A.1</b> Obtained a 26% Scope 2 GHG emissions reduction according to the marked based methodology.
<b>A.2 EMISSIONS</b> <ul style="list-style-type: none"> <li>Implement SCOPE3 indirect emissions reporting;</li> <li>Implement internal activities aimed at obtaining ISO 14064 certification for El.En., Dekka and Quanta;</li> <li>Identify energy efficiency and reduction plans.</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of Scope 2 GHG emissions according to location-based methodology by 5% by 2027 compared to the 2022 baseline. We expect to increase the electricity produced by our photovoltaic systems, in order to cover at least 20% of the Group's electrical energy needs.</li> <li>Installation of a further three photovoltaic systems by 2027.</li> </ul>	2027	In 2023 we installed four photovoltaic systems and we started working on the activation of two more implants, to be completed in 2024.
<b>A.3 CLIMATE CHANGE</b> <ul style="list-style-type: none"> <li>Improve the analysis and management of risks associated with climate change.</li> </ul>	<b>A.2</b> <ul style="list-style-type: none"> <li>Set up how indirect emissions are calculated for all subsidiaries;</li> <li>Obtain ISO 14064 certification for El.En., Dekka and Quanta;</li> <li>Five emission reduction project initiatives (one per year) including calculation of CO<sub>2</sub> avoided;</li> </ul>	2024	The subsidiaries Asclepion GmbH, Lasit Iberica, Quanta System and, from July 1 <sup>st</sup> 2023, the companies located in Calenzano, purchased energy from suppliers who in turn declared that they purchased it from renewable sources.
<b>A.4 EUROPEAN TAXONOMY</b> <ul style="list-style-type: none"> <li>Carry out the analysis of the Group's activities for the environmental objectives of the European Taxonomy - Regulation 852/2020 and prepare the necessary actions to declare these activities taxonomy aligned.</li> </ul>	<ul style="list-style-type: none"> <li>Obtain ISO 14064 certifications for 2022 for El.En., Dekka and Quanta</li> </ul>	2023	<b>A.2</b> Obtained ISO 14064 certifications for 2022 for El.En., Dekka and Quanta
	<b>A.3</b> <ul style="list-style-type: none"> <li>Define climate change risk analysis based on TCFD best practises and obtain an improved score in the CDP rating compared to the 2022 rating;</li> </ul>	2027	<b>A.3</b> Achieved the "B" score for the 2023 for CDP rating.
	<b>A.4</b> <ul style="list-style-type: none"> <li>Carry out the analysis of the Group's activities for the six environmental objectives of the European Taxonomy - Regulation 852/2020 and prepare the necessary actions to declare these activities taxonomy aligned.</li> </ul>	2024	<b>A.4</b> Implemented and completed the analysis for the definition of the Group's activities, aligned to the six article Environmental Objectives of the European Taxonomy - Regulation 852/2020.

B) PROTECT THE ENVIRONMENT			
Goal	Target	Deadline	Results 2023
<b>B.1 REDUCE PAPER AND PLASTIC USE</b> <ul style="list-style-type: none"> <li>Identify initiatives and projects to reduce the use of paper and plastic;</li> <li>Report on digitisation and collaboration projects with third parties.</li> </ul>	<b>B.1</b> <ul style="list-style-type: none"> <li>Monitor at least one project implemented each year;</li> <li>Annual monitoring and reporting of all digitisation projects implemented by the Group's companies.</li> </ul>	2023 - 2027	<b>B.1</b> El.En. S.p.A has started a project to create plastic-free spare parts packaging; it has therefore adopted two machines to produce recycled paper padding and a cardboard shredding machine to reuse secondary packaging.
<b>B.2 WASTE</b> <ul style="list-style-type: none"> <li>Improve the treatment and recovery process of collected waste;</li> <li>Increase information on the correct disposal of laser devices and device packaging.</li> </ul>	<b>B.2</b> <ul style="list-style-type: none"> <li>Maintain the share of waste sent for recovery between 80% and 95% each year;</li> <li>Increase the share of waste sent for recycling to at least 35% of the total waste sent for recovery;</li> <li>Inclusion of more detailed information on the composition of packaging and systems in the manuals to facilitate proper disposal by customers. By the end of the plan review of manuals for at least 60% of the systems sold.</li> </ul>	2003-2027	<b>B.2</b> El.En. S.p.A has started a project related to the environmental labeling of packaging and has begun updating the information about the composition of the packaging within the system manuals.





## PEOPLE AND COMMUNITY

### C) INCREASE PEOPLE'S WELL-BEING

Goal	Target	Deadline	Results 2023
<b>C.1 WELFARE, DIVERSITY AND EQUAL OPPORTUNITIES</b> <ul style="list-style-type: none"> <li>Develop innovative welfare policies;</li> <li>Promote equal opportunities by developing an inclusive culture through training and awareness-raising initiatives on diversity and inclusion.</li> </ul>	<b>C.1</b> <ul style="list-style-type: none"> <li>Continue to implement innovative solutions compared to traditional ones and monitor each year at least one project implemented;</li> <li>Promote a training programme on diversity and equal opportunities. By the end of the Plan train at least 75% of the company population;</li> <li>Improve monitoring of spontaneous applications received, interviews and recruitment by gender.</li> </ul>	2023 - 2027  2027  2027	<b>C.1</b> Lasit S.p.A. has completed the canteen inside the building, creating a space for the lunch break for all employees.  Quanta System has inaugurated the new company gym, open to all employees.  Two theatre plays were held for the employees at the Calenzano buildings: "1927 - Quantum Monologue" and "Article Female".
<b>C.2 HEALTH AND SAFETY</b> <ul style="list-style-type: none"> <li>Improve occupational health and safety performance with a view to reduce and eliminate accidents to protect the health of workers and the working environment;</li> <li>Consolidate the plan of training and prevention activities, the updating of risk detection procedures and the use of protective PPE;</li> <li>Continuous improvement of health and safety conditions for workers through the development of new initiatives.</li> </ul>	<b>C.2</b> <ul style="list-style-type: none"> <li>Carry out the annual training and prevention plan on occupational health and safety;</li> <li>Installation of 'man-down' devices at El.En. S.p.A. to improve the protection of isolated workers by transmitting manual and automatic alarms;</li> <li>Report each year at least one project implemented to improve people's health and safety.</li> </ul>	2023 - 2027  2023  2023 - 2027	<b>C.2</b> 5,719 hours of health and safety training provided during 2023.  El.En. has activated the "Mydasoli" system, installing devices for the prompt alert of emergency services to protect every lone employee.  In Quanta System an awareness campaign for the prevention of prostate cancer was carried out among employees. The company also held meetings on emotional education without taboos and beyond gender stereotypes.

### D) PROMOTE THE GROWTH, TRAINING AND VALORIZATION OF PEOPLE

Goal	Target	Deadline	Risultati 2023
<b>D.1 TRAINING</b> <ul style="list-style-type: none"> <li>Promote growth, training and enhance human capital;</li> <li>Promote awareness of relevant sustainability parameters and responsible sourcing principles for the supply chain.</li> </ul>	<b>D.1</b> <ul style="list-style-type: none"> <li>Promote and implement annual training projects for the growth of people and the advancement of certain key figures within the organisation;</li> <li>Within the annual training sessions, provide specific courses on: leadership, team management, El.En. Group policy, sustainability issues;</li> <li>Training on the principles of responsible sourcing and monitoring of your Supply Chain.</li> </ul>	2023 - 2027  2023 - 2027  2025	<b>D.1</b> Provided 43,891 hours of technical, linguistic, health and safety, quality, managerial, commercial and sustainability-related training.
<b>D.2 SURVEY AND COMMUNICATION</b> <ul style="list-style-type: none"> <li>Develop a working environment where people feel involved and motivated to build their professional future through the use of annual surveys.</li> </ul>	<b>D.2</b> <ul style="list-style-type: none"> <li>Ensure at the end of the Plan at least 70% participation in the Surveys with at least 80% of stakeholders expressing an overall positive opinion;</li> </ul>	2023 - 2027	
<b>D.3 VARIABLE REMUNERATION MbO</b> <ul style="list-style-type: none"> <li>Assignment of sustainability targets within the corporate variable remuneration system.</li> </ul>	<b>D.3</b> <ul style="list-style-type: none"> <li>Allocation to at least 50% of staff (middle managers and executives) of a percentage of variable remuneration linked to sustainability targets;</li> <li>Allocation to the top management of subsidiaries of a percentage of variable remuneration linked to sustainability targets.</li> </ul>	2025  2025 - 2027	<b>D.3</b> Assignment to the top management of the subsidiaries of a percentage of variable remuneration linked to sustainability objectives.

E) STRENGTHEN THE RELATIONSHIP WITH THE TERRITORY			
Goal	Target	Deadline	Results 2023
<b>E.1 SUPPORT FOR THE DEVELOPMENT OF THE TERRITORY</b> <ul style="list-style-type: none"> <li>• Collaboration with governments, national and international associations in defining pathways and strategies to contribute to a healthy, inclusive, resilient and sustainable society for all people.</li> </ul>	<b>E.1</b> <ul style="list-style-type: none"> <li>• Five meetings or institutional events, annually;</li> <li>• Enter into agreements and collaborations for the development of the territory and contribute to the achievement of social and environmental sustainability goals for the community.</li> </ul>	2023 - 2027	<b>E.1</b> Participation during 2023 in events promoted by local institutions to discuss about the main sustainability topics and initiatives of the area and participation in meetings with local and national authorities to promote the sharing of sustainability projects.
		2023 - 2027	Support, through cash donations, to non-profit organizations and foundations.
		2023-2027	<b>E.2</b> During the year we worked to obtain sustainability ratings from the main independent agencies and increased the scores obtained in previous years: achieved score A for the MSCI ESG rating, score 20.7 for the Sustainalytics ESG Risk rating Report and score B for the CDP 2023 rating.
<b>E.2 SOCIAL SUPPORT AND DIALOGUE POLICIES</b> <ul style="list-style-type: none"> <li>• Dialogue and support of local communities through social, cultural and educational initiatives;</li> <li>• Communication campaigns to disseminate the Group's mission and strategy on sustainability issues to all stakeholders in order to play an active role in building a supportive and inclusive community;</li> <li>• Listen to the needs and expectations of all stakeholders to avoid loss of image and reputation.</li> </ul>	<b>E.2</b> <ul style="list-style-type: none"> <li>• Promotion of initiatives to support the local area and local communities through social, cultural and educational initiatives. Monitor at least one project implemented each year;</li> <li>• New Corporate Website (www.elengroup.com) responding to the increased communication and transparency needs of stakeholders;</li> <li>• Definition of the communication plan for the dissemination of the Group's corporate purpose and mission in the creation of sustainable medium to long-term value;</li> <li>• Support brand reputation management by implementing and adopting by the end of the Plan a shared and customised Group communication strategy for the various stakeholder categories.</li> </ul>	2024	<b>E.2</b> Obtained for the third consecutive year the "Leader of Sustainability 2023"* recognition which rewards the top 150 Italian companies;
		2024	Obtained for the second consecutive year the "The most climate-conscious companies 2023"* * recognition which rewards the top 100 Italian companies;
		2023 - 2027	Obtained for the third consecutive year the "Sustainability Awards Italia 2023 - top 100 performance"*** recognition which rewards the top 100 Italian companies.
<b>E.3 YOUTH EMPLOYMENT</b> <ul style="list-style-type: none"> <li>• Promote youth employment through partnerships with colleges and universities. Promote activities aimed at guiding young people's choices in study paths in line with the demands of the labour market.</li> </ul>	<b>E.3</b> <ul style="list-style-type: none"> <li>• Activation of at least two annual school-to-work alternation projects and reporting on collaborations for secondary, university and post-graduate training projects;</li> <li>• Annual activation of scholarships/ internships and traineeships.</li> </ul>	2023 - 2027	<b>E.3</b> Several Group's companies activated work-school projects, scholarships and internships.


\* For more informations see the link: <https://lab24.ilsolo24ore.com/leader-sostenibilita/#>

\*\* For more informations see the link: [https://www.corriere.it/pianeta2030/23\\_gennaio\\_26/classifica-130-aziende-piu-attente-clima-pianeta-2030-statista-9c208974-99cd-11ed-9f5b-170f65a9ffc2.shtml](https://www.corriere.it/pianeta2030/23_gennaio_26/classifica-130-aziende-piu-attente-clima-pianeta-2030-statista-9c208974-99cd-11ed-9f5b-170f65a9ffc2.shtml)

\*\*\* For more informations see the link: <https://sustainabilityaward.it/terza-edizione/>



F) EXTEND POSITIVE SOCIAL IMPACTS			
Goal	Target	Deadline	Results 2023
<b>F.1 IMPROVING THE QUALITY OF LIFE</b> Place tools and solutions on the market to improve patients' quality of life and well-being and to facilitate accessibility to care;	<b>F.1</b> <ul style="list-style-type: none"> <li>At least one system per year donated and/or loaned free of charge;</li> <li>Activation of projects where skills and experience are given away for free;</li> <li>Implement monitoring of the utilisation of donated systems in terms of the number of patients treated/treatments performed.</li> </ul>	2023 - 2027	<b>F.1</b> Donation of a gynecological laser device to the "Mamanonmama" association.
		2024	Donation of a dermatological laser device to Beirut hospital.
<b>F.2 REDUCE THE IMPACT OF INDUSTRIAL PROCESSING</b> <ul style="list-style-type: none"> <li>Bring industrial technologies to the market, which reduce environmental impacts and consumption by improving industrial processes, quality and labour productivity;</li> </ul>	<b>F.2</b> <ul style="list-style-type: none"> <li>Setting up and reporting on projects where systems, skills and experience are put at the service of the community;</li> </ul>	2023 - 2027	<b>F.2</b> Activation of the "R-R challenge - Waste Reduction, Waste Recovery" project, promoted by the subsidiary Ot-las in collaboration with the Accademia Italiana - Art, Fashion & Design of Florence.
		2023 - 2027	<b>F.3</b> Support through free-loans of laser systems for conservation and restoration, both for extended periods of time and for specific projects.
<b>F.3 PRESERVE THE ARTISTIC HERITAGE</b> <ul style="list-style-type: none"> <li>Contribute to the preservation of the world's artistic heritage</li> </ul>	<b>F.3</b> <ul style="list-style-type: none"> <li>At least one system per year donated and/or loaned free of charge;</li> <li>Activation of projects where skills and experience are given away for free;</li> <li>Implement monitoring of the use of donated systems in terms of the number of treatments performed.</li> </ul>	2023 - 2027	The protection of the world's artistic heritage continued to preserve the beauty of art works for future generations.
		2024	

 <b>INNOVATION</b>			
G) INVEST IN INNOVATION, RESEARCH AND DEVELOPMENT			
Goal	Target	Deadline	Results 2023
<b>G.1 RESEARCH AND DEVELOPMENT</b> <ul style="list-style-type: none"> <li>Investments are made in research and development in order to develop products and processes that are in line with customer needs and requirements, maximising customer satisfaction to improve performance, efficiency and sustainability.</li> </ul>	<b>G.1</b> <ul style="list-style-type: none"> <li>Invest annually in research and development to advance scientific knowledge and improve the performance of its products, both from the perspective of technological improvement and reduction of environmental impact;</li> <li>Annually monitor patents filed and those awaiting approval;</li> <li>Report on projects to reduce the environmental impact and/or improve the performance of systems.</li> </ul>	2023 - 2027	<b>G.1</b> Approximately 3% of the Group's turnover invested in research and development;  8 active research centers;  83 patents awaiting approvals.
		2025	<b>G.2</b> <ul style="list-style-type: none"> <li>Completion of IT security and management assessments, infrastructural investments to improve perimeter security and adequate training of El.En. S.p.A. resources by the end of 2025;</li> </ul>
<b>G.2 CYBER SECURITY</b> <ul style="list-style-type: none"> <li>Ensure the protection of IT systems and data through security and vulnerability analyses of corporate infrastructures;</li> <li>Raise awareness among top management and employees about cyber risks and train them to recognise them.</li> </ul>	<b>G.2</b> <ul style="list-style-type: none"> <li>Increase the protection of the Group's IT data and minimise the risks of network breaches, data corruption or sensitive processes. By the end of the Plan to have carried out this assessment for all Group companies. Report annually the projects carried out;</li> <li>Increase employees' knowledge of these issues and associated risks through training sessions, to promote appropriate behaviour to prevent such risks. By the end of the plan to have reached 100% of the corporate population interested in this issue, in companies where cyber security projects have been carried out.</li> </ul>	2023 - 2027	<b>G.2</b> An initial mapping of the activities carried out by the subsidiaries on cyber security.
		2023 - 2027	

**H. ENSURE PRODUCT QUALITY AND SAFETY**

Goal	Target	Deadline	Results 2023
<b>H.1 PRODUCT QUALITY AND SAFETY</b> <ul style="list-style-type: none"> <li>Continuous improvement of the quality and safety of products and services in compliance with technical regulations, at every stage of the production process to meet the high standards required by the business;</li> <li>Digital transformation by introducing technologies and equipment to optimise quality control processes and make them greener.</li> </ul>	<b>H.1</b> <ul style="list-style-type: none"> <li>Maintain all existing ISO certifications and envisage obtaining further certifications for Group companies;</li> <li>Report the projects to introduce new tools and applications used in product quality and safety verification processes for the parent company El.En. S.p.A.;</li> <li>Report the projects to introduce new tools and applications used in product quality and safety verification processes for the subsidiary Quanta System.</li> </ul>	2023 - 2027 2023 - 2024 2023 - 2024 2023 2025	<b>H.1</b> Maintenance of all the relevant certifications considered important for all subsidiaries;  Compliance with process quality requirements ensured in an efficient and integrated way, in line with market expectations;  Constantly check that company products and processes comply with current laws and safety standards and that environmental protection and energy saving are pursued.
<b>H.2 CUSTOMER SATISFACTION</b> <ul style="list-style-type: none"> <li>Listen to customer needs and expectations to maximise satisfaction on issues related to product sustainability.</li> </ul>	<b>H.2</b> <ul style="list-style-type: none"> <li>Extend the customer satisfaction measurement model to ESG issues for El.En. S.p.A.;</li> <li>Expand the customer satisfaction measurement model to ESG issues for subsidiaries Quanta System, Asclepion, ASA;</li> <li>Expand the customer satisfaction measurement model to ESG issues for the remaining relevant subsidiaries.</li> </ul>	2027	<b>H.2</b> Questions related to ESG themes are now included in the customer satisfaction survey.

**I) PROMOTE CIRCULAR ECONOMY**

Goal	Target	Deadline	Results 2023
<b>I.1 CIRCULAR ECONOMY</b> <ul style="list-style-type: none"> <li>Promote circular economy studies and initiatives to identify possible initiatives to reduce the organisation's environmental impact or design initiatives to implement new systems and components with a low environmental impact.</li> </ul>	<b>I.1</b> <ul style="list-style-type: none"> <li>Identify activities eligible for the fourth objective of the European Taxonomy and implement the necessary actions for these activities to be considered aligned;</li> <li>Monitor at least three circular economy projects during the duration of the Plan;</li> <li>Ensure the use of more sustainable packaging in all Group companies by the end of the Plan.</li> </ul>	2024 2023 - 2027 2023 - 2027	<b>I.1</b> The analysis for the definition of the Group's eligible activities for the fourth "Circular Economy" objective of the European Taxonomy has been implemented and completed.

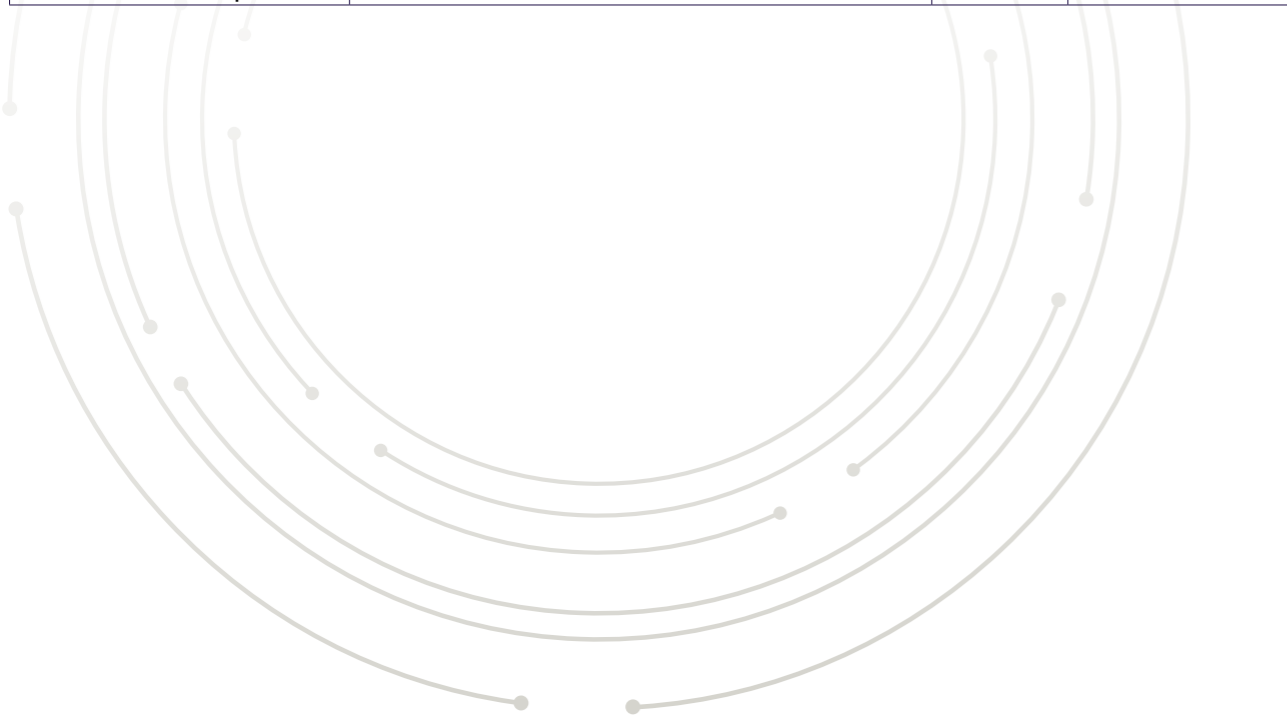

**GOVERNANCE**
**L) IMPLEMENT ETHICAL BEHAVIOUR AND STANDARDS OF CONDUCT**

Goal	Target	Deadline	Results 2023
<b>L.1 FIGHT AGAINST CORRUPTION</b> <ul style="list-style-type: none"> <li>Adopt preventive measures, policies and training geared towards the prevention of corruption from all relevant aspects</li> </ul>	<b>L.1</b> <ul style="list-style-type: none"> <li>Every two years, carry out specific anti-corruption training for all persons in the Group whose job also requires this training.</li> </ul>	2024 2026	<b>L.1</b> Continuation of the training on Model 231 in ASA and Quanta, which reached 86 employees.
<b>L.2 HUMAN RIGHTS</b> <ul style="list-style-type: none"> <li>Targeted training to disseminate a broad understanding of human rights principles and how they are universally applied.</li> </ul>	<b>L.2</b> <ul style="list-style-type: none"> <li>Every two years carry out specific training on Respect for Human Rights for all the Group's companies;</li> <li>Dissemination of the Code of Ethics for all new employees.</li> </ul>	2024 2026 2023 2027	<b>L.2</b> Dissemination of the Code of Ethics for all new employees.

**M) SUSTAINABILITY REPORTING CSRD AND ERS ACCOUNTING STANDARDS COMPLIANT**

Goal	Target	Deadline	Results 2023
<b>M.1 SUSTAINABILITY REPORTING</b> Align with EU reporting requirements on environmental and social impact activities and European accounting standards.	<b>M.1</b> <ul style="list-style-type: none"> <li>Prepare a GAP analysis between GRI accounting standards and the new European accounting standards ERS to identify KPIs not yet reported to be prepared for the financial statements as at 31 December 2024.</li> <li>Prepare the consolidated financial statements on non-financial reporting as an annex to the CSRD-compliant Management Report.</li> </ul>	2024 2024	<b>M.1</b> Develop a model for sustainable supply chain management.

N) ENSURE A RESPONSIBLE SUPPLY CHAIN			
Goal	Target	Deadline	Results 2023
<b>N.1 SUPPLY CHAIN</b> <ul style="list-style-type: none"> <li>Integrate sustainability criteria into the supplier qualification system for responsible supply chain management and to ensure adequate risk control;</li> </ul>	<b>N.1</b> <ul style="list-style-type: none"> <li>Define the ESG assessment model of the Supply Chain (definition of questionnaire distribution logics such as: % turnover, country risk, etc.) and of the actors involved in the monitoring of the Supply Chain.</li> <li>Monitor the responses received from suppliers, input of responses into a management system that can monitor them and return aggregated results;</li> <li>Define an internal procedure defining the criteria for which the El.En. Group considers supplier responses to be acceptable, acceptable with adequate supporting documentation received, acceptable with reservations if improvement actions are implemented and not acceptable;</li> <li>Possible inclusion of some activities and/or extension of audit plans to suppliers.</li> </ul>	2024  2025  2025	<b>N.1</b> Carried out stakeholder engagement for some of the subsidiaries suppliers.  Implementation of an ESG model for the sustainable management of the Group' supply Chain
<b>N.2 SUPPLIER CODE OF CONDUCT</b> <ul style="list-style-type: none"> <li>Implement a Supplier Code of Conduct for the El.En. Group</li> </ul>	<b>N.2</b> <ul style="list-style-type: none"> <li>Approval of the El.En Group Supplier Code of Conduct by all companies.</li> </ul>	2026	



# THE GROUP

A STORY OF CONCRETE  
AND SHARED VALUES



## 2. THE GROUP

El.En. Group is distinguished by its continuous capacity for innovation, which enables it to dynamically meet market needs and constantly generate new challenges. This concrete commitment is reflected in the vast range of technologies we have developed and produced. Research and development, focus on the customer, and an emphasis on the environmental sustainability of our products are qualities that have established El.En. Group as a benchmark in the fields of lasers for medicine, industry, and restoration.

### The strategy of El.En. Group

#### Creating value for people

Innovation and technological/scientific updating are the main sources of inspiration for El.En. Group. Our state-of-the-art solutions, designed to integrate seamlessly into the medical, industrial, and restoration sectors, are based on strong partnerships with the professionals who choose El.En. Group technologies. Our progress originates from constant dialogue, an active exchange of ideas, and the sharing of experiences, because it is from this interaction that ideas for mutual growth are born and nurtured. We participate in the success of our customers by striving to develop products that meet their needs, improve people's quality of life and pay attention to environmental protection and energy efficiency.

#### Promoting investment in Research and Development to bring technologically advanced products to the market

Research and Development are at the core of our strategy and constitute the very essence of El.En. Group. The ability to anticipate technological developments in the medical and industrial sectors and in the preservation of the artistic heritage is the result of a stimulating environment within a territorial and historical context that has made science and artistic beauty a natural breeding ground for talent. We continuously support Research and Development to ensure constant technological innovation in our products, improving existing ones, expanding their applications, and providing technologically advanced solutions in all areas of use.

#### Consolidating competitive positions in national and international markets on a daily basis

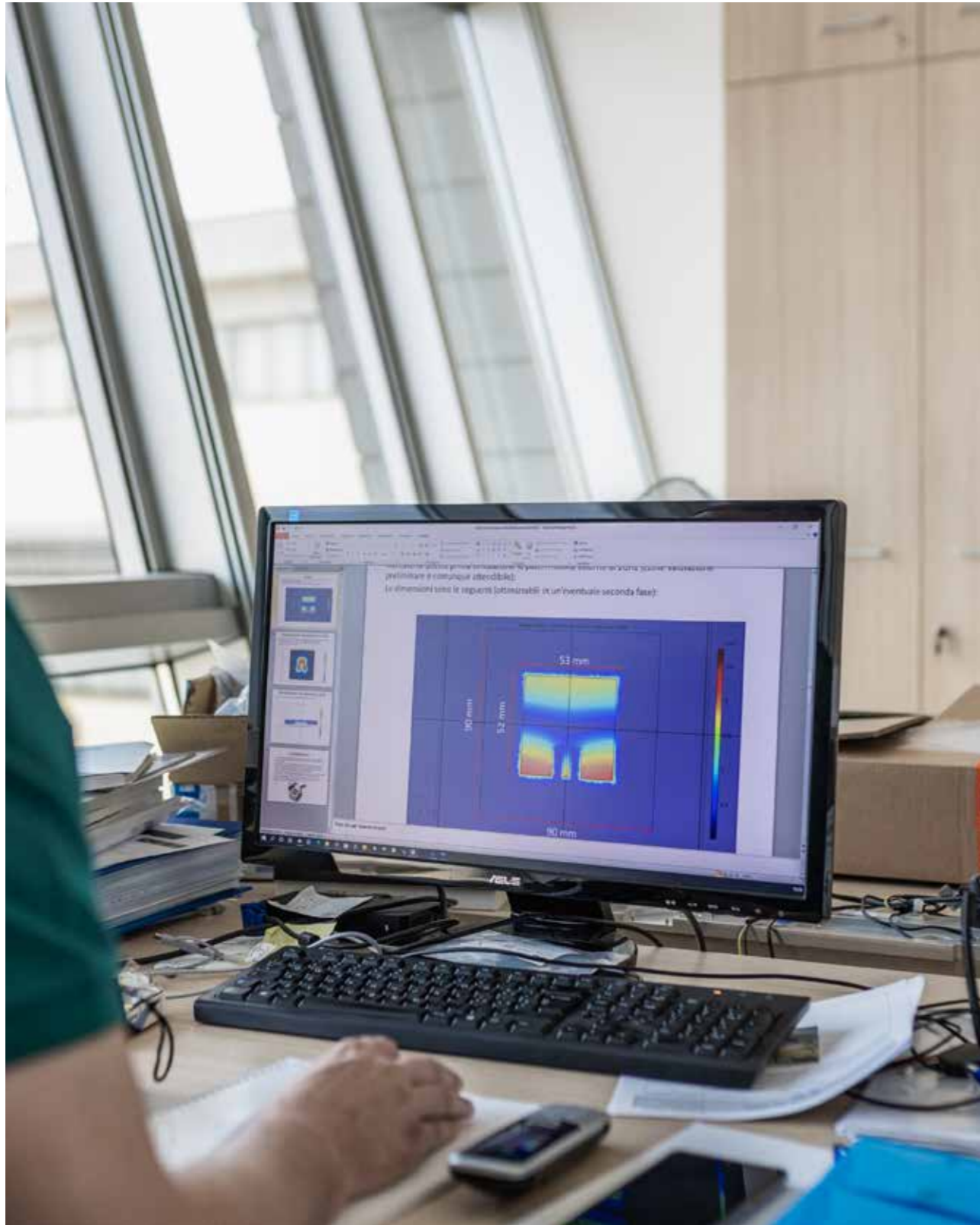
Dialogue with all stakeholders and the provision of highly professional after-sales services are key to continuously improving the quality of our partners' work. This enables us to face technological challenges with competence, professionalism, and passion.

Thanks to this practice, we consolidate and strengthen our competitive position in the markets on a daily basis. We face challenges with determination, achieving leading or top positions, while building strong and lasting relationships with our supply chain.

#### Imagining an increasingly sustainable future

For El.En. Group, being sustainable means creating value over time and being ready to accept and successfully face the challenges of tomorrow. We have always believed that ethics, empowerment of human resources, environmental protection, investment in research and development, and high product quality are the only way to be an innovative, sustainable, and successful company. Our Sustainability Plan represents the Group's strategic vision and is the tool through which we communicate our future goals, in line with our business strategy and the UN 2030 Agenda.





## Our Mission

### **WE CREATE LIGHT, ENERGY, WAVES... ... WE BRING LASER TECHNOLOGY TO THE SERVICE OF OUR WORLD**

**El.En. Group offers tailor-made solutions for every professional or industrial need, and its most important goal is to improve people's quality of life. Limitations become the stimulus to shape novel technologies that selectively solve specific problems.**

#### **We offer innovative products through cutting-edge technology and expertise**

**We strive every day through intensive R&D activity to pursue continuous innovation that leads to the discovery of new applications of lasers or other energy sources, in the medical, industrial and restoration sectors. El.En. Group can thus boast a constant ability to innovate in order to anticipate market needs and face new challenges. The cross-fertilisation of knowledge between the three sectors of El.En. Group and teamwork give rise to projects that have never before been realised, with the use of high-tech tools.**

#### **We improve people's well-being and quality of life**

**Every day, El.En. Group is committed to providing medical professionals with solutions to improve people's well-being and quality of life with non-invasive methods that are increasingly selective, effective, safe, and with minimal post-treatment recovery time.**

**Our industrial lasers contribute significantly to reducing environmental impact in various production processes, reducing waste and harmful emissions, as they do not use chemical additives, inks, solvents, or glues.**

#### **We select, develop and grow the best talent**

**We firmly believe that human resources are the company's most valuable asset: El.En. Group is committed on a daily basis to ensuring a healthy and safe working environment and to offering its employees a stimulus for professional growth, through information sharing and teamwork. Only through the development of individual skills and a stimulating environment is collective growth and the creation of shared value achieved.**

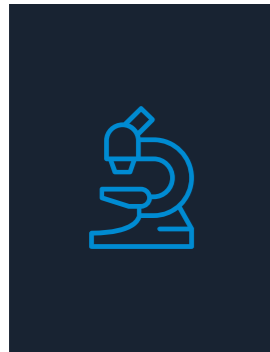
## THE VALUES OF EL.EN. GROUP

Represent our cultural identity and our principles which are adhered to everyday by all the people who work with us; together with our mission they represent our point of reference for our daily activity.



### Know-how

All of the companies which belong to our Group have contributed decisively to increasing our knowledge of laser technology; this background has been made available to the scientific community for the benefit of the cultural heritage of humanity.



### Research and development

The researchers of the El.En. Group are constantly involved in national and international research projects and collaborate with research centers and university departments.



### Innovation

In its research and development centers the Group works every day to find substantial innovations and to maximize the efficiency and effectiveness of those already in existence in order to guarantee a continuous improvement in their performance and contribute to the welfare of the community.



### People

The history of our Group is made up of great women and men who, with their commitment and their ideas, in the medical sector have brought enormous benefits to the quality of life of the patients and the work of the doctors and, in the industrial sector, have contributed to the improvement of the quality and productivity of the work while reducing the environmental impact and the waste of materials.

### Certifications

Our products and our quality control system are certified by the most important institutions at a global level; we receive periodically inspections for the renewal of the certificates that we possess and which are indispensable for exporting our products abroad.



### Training

In all of our companies the training of the personnel as well as the training of the doctors and of our business partners is the only tool to increase or disseminate our knowledge and make it available to others.



### Ethics

We are aware of our responsibility towards society and the environment in which we live and for this reason we have adopted an Ethics Code which represents our company culture and is founded on social and ethical responsibility in the management of all of our activities.



### Community

We have always been committed to a policy in which our work generates a social impact and benefits the local community, both through the continuous effort dedicated to our work as well as the support of social, cultural and educational initiatives in the areas in which our companies operate.



### Future

The continual research aimed at technological improvement, the simplicity of operation and the discovery of new medical applications, the reduction of wastefulness and of environmental impact obtained with industrial systems, the sensitivity directed to the conservation of our artistic heritage combined with the sustainability objectives we have set, direct us towards a future in which we will be committed to generate value to insure a sustainable future for the next generation.



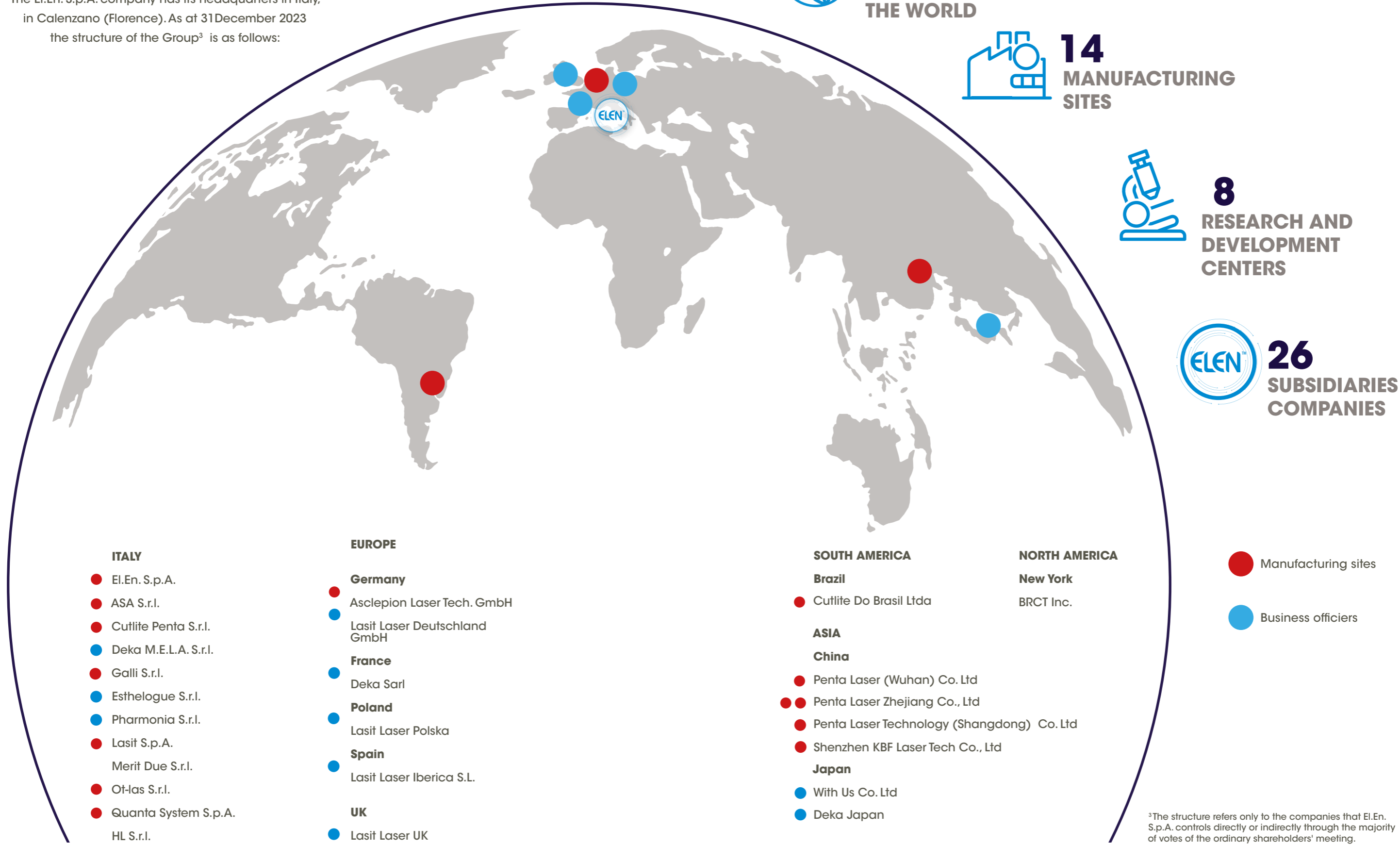
### Multiculturalism

One of the key factors for success is multiculturalism. Our companies are present in ten different countries on three continents and our business partners and our technologies are located all over the world.



## 2.1 OUR GLOBAL PRESENCE

The El.En. S.p.A. company has its headquarters in Italy, in Calenzano (Florence). As at 31 December 2023 the structure of the Group<sup>3</sup> is as follows:

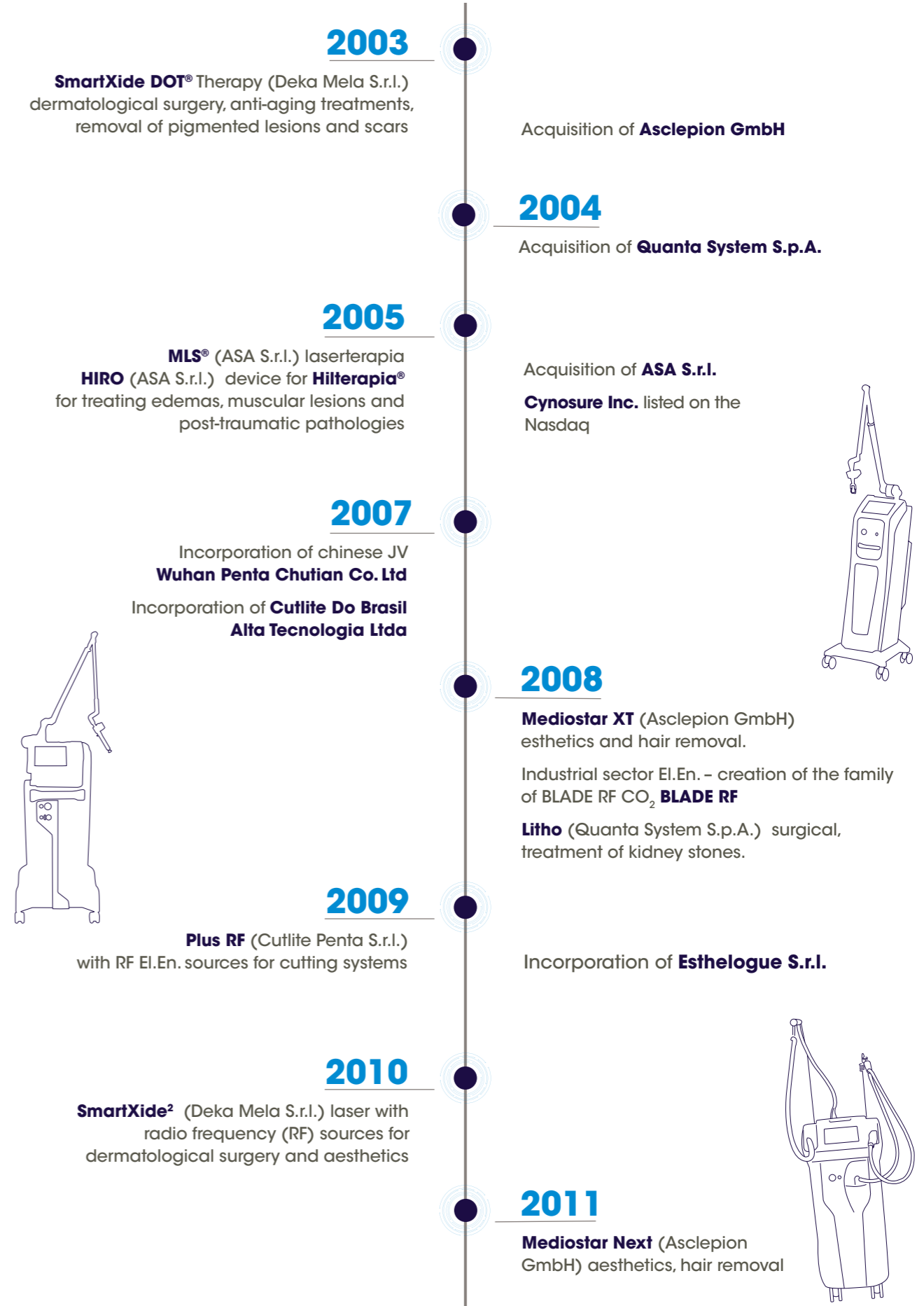
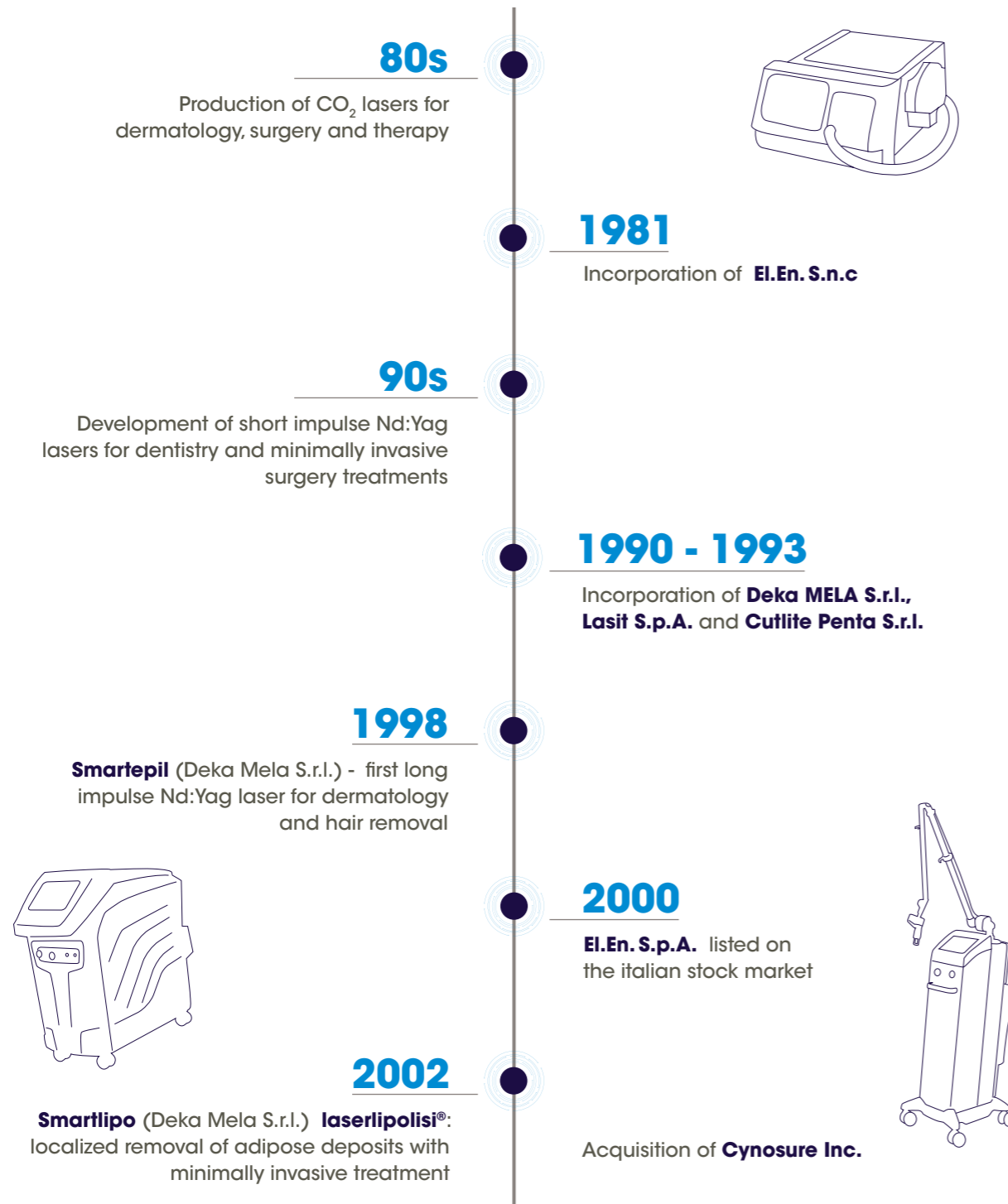


<sup>3</sup>The structure refers only to the companies that El.En. S.p.A. controls directly or indirectly through the majority of votes of the ordinary shareholders' meeting.

## 2.2 OUR HISTORY

Today, the Group can count on an extensive national and international presence created over time through the establishment of new companies and the acquisition of control of others. Each is entrusted with a specific business, sometimes targeting a single geographical market, sometimes a particular market sector, sometimes more extensive activities across technologies, applications and geographical markets. The activity of all of the companies is coordinated by the parent company so that the available resources make it possible to better serve the target markets, taking advantage of the dynamism and flexibility of the individual business units without losing the advantages of coordinated management of certain resources.

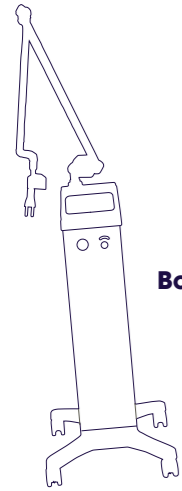
The development of El.En. has contributed in the past and contributes today to bringing "Made in Italy" to the world with technologically advanced and highly innovative solutions and products.



## 2012

**MonnaLisa Touch®** (Deka Mela S.r.l.) for the treatment of vaginal atrophy

**Cyber** (Quanta System S.p.A.) surgery, Lithotripsy and BHP



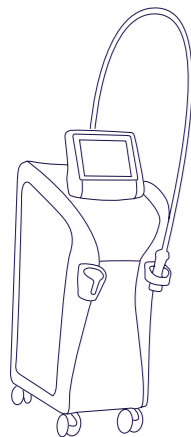
## 2015

**Bolt** (Penta Chutian e Wenzhou - Cina) Enhanced system for cutting metal

**Discovery Pico** (Quanta System S.p.A.) removal of tattoos and pigmented lesions and dermatological treatments

**HIRO TT** (ASA S.r.l.) painful pathologies of the muscle and skeletal

**Fiber Plus** (Cutlite Penta S.r.l.) first metal cutting system with laser sources in fiber



## 2017

Industrial sector  
**RF 1222 "The Big Boy"**

## 2019

The Chinese subsidiary Penta Laser Equipment (Wenzhou) Co. Ltd founded the third Chinese company **Penta Laser Technology (Shangdong) Co. Ltd**

## 2013

Incorporation of second chinese JV  
**Penta Laser Equipment (Wenzhou) Co. Ltd**

## 2016

**Motus AX** con Moveo (Deka Mela S.r.l.) hair removal, removal of pigmented lesions

**Juliet®** (Asclepion GmbH) for the treatment of vaginal atrophy

The subsidiaries Deka M.E.L.A. S.r.l. and Quanta System S.p.A. merge their commercial brand names into **Reinassance®** for the Italian market.

## 2018

**ONDA** (Deka Mela S.r.l.) first microwave system for body-contouring  
**Coolwaves®** technology.

With the acquisition of 70% of the Galli S.r.l. company Quanta System S.p.A. is now equipped with an internal facility for the production of precision mechanical components.

## 2020

**Schwarzly** (magnetotherapy)  
**Red Touch** (dermatology)  
**Again** (hair removal)  
**Dr. Arnold** (magnetotherapy)

**Glide** (dermatology)  
**Chrome Laser Station** (dermatology)

## 2023

The subsidiary Lasit established the company **Lasit Laser Deutschland GmbH** in Germany and the company **Lasit UK** in the UK, both 70% owned

El.En. continues its virtuous path by launching the "PRO" Line with seven new products and a new series of sources and industrial components on the medical market.



## 2021

The subsidiary Lasit established the 65%-owned company, **Lasit Laser Polska** in Poland.

## 2022

The subsidiary Lasit established the 65% owned company, **Lasit Laser Iberica** in Spain.

The subsidiary **Penta Laser Zhejiang** acquires 60% of **KBF Laser Tech Co**



## 2.3 TARGET MARKETS

El.En. S.p.A. leads a complex group of companies active in the production, research and development, distribution and sales of laser systems. The activities of all the companies are coordinated with the aim of serving the target markets in the best possible way,

exploiting the dynamism and flexibility of the individual business units without losing the advantages of coordinated management of certain technical, managerial, commercial and financial resources. We distinguish two main areas for our activities:

### INDUSTRIAL SECTOR



### MEDICAL SECTOR



The medical sector of laser systems for medicine and aesthetics:

The medical division of the El.En. Group designs and manufactures lasers and light systems for all applications in the medical field, mainly in the fields

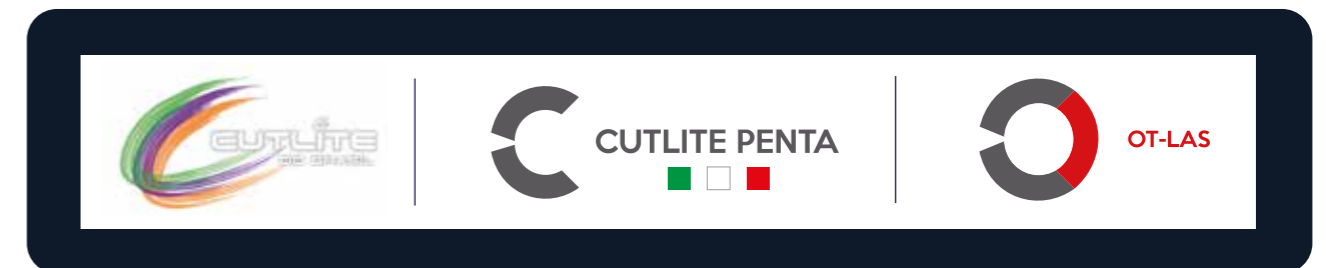
of aesthetics, surgery and therapy. The competence and reliability of our systems have enabled us to be among the leading companies globally in this field. In over forty years of activity and research, we have achieved the excellence of our products.



The laser systems industry for manufacturing:

The El.En. Group creates laser systems for cutting and marking for the industrial sector; these systems are suitable for many different processes and can be used on many different materials. Laser sources are also produced with increased performance in terms of speed and process quality, reliability, safety and electrical efficiency.

The Group also operates in the cultural heritage restoration sector: for years it has been contributing to the preservation of the world's historical and artistic heritage by proposing cutting-edge, minimally invasive solutions, developed together with leading national research centres and used on major restoration sites.



Associated with the sale of systems are also the after-sales service activities, indispensable support for the installation and maintenance of laser systems, for the management of spare parts, consumables and for technical assistance.

Each of the two sectors includes various differentiated segments for the specific application of the laser system, and therefore for the underlying technologies as well as for the type of user it addresses. Our business presents a considerable variety of products and types of customers served, even more so when one considers the global presence and therefore the

need to also deal with the peculiarities that each region of the world has in adopting technologies.

Although both sectors use laser technology and share many strategic components and certain activities at the production and R&D level, they address profoundly different markets and the activities within them are organised in such a way as to meet radically different needs of the different types of customers they serve. Furthermore, each market features specific dynamics of the demand and growth expectation linked to different key factors.

## 2.4 TAXES

The El.En. Group has a geographical location of its offices that is functional to the performance and development of its activities and is not aimed at obtaining tax benefits<sup>4</sup>. Although the Group does not have a formalised Policy, it attaches great importance to tax issues, to their social role and in general to transparency as a key factor favouring sustainable development, and in accordance with its Code of Ethics, it fully and scrupulously complies with the requirements of the market regulatory Authorities. The Group does not deny, conceal, manipulate or

delay any information requested by the regulatory bodies in their inspection functions and actively cooperates in the course of investigative procedures, refusing any form of tax evasion, whether involving its customers, subsidiaries or business partners.

Compliance with applicable laws and regulations is a priority, in order to combat tax evasion and other tax offences in the markets and jurisdictions in which all Group companies operate.

The following table shows income tax data aggregated by country:

Country	Numer of employees	Revenue from third parts sales	Revenue from intercompany transactions	Profit (Loss) before taxes	Assets net of cash and cash equivalents	Income tax paid	Income taxes
Italy	1.021	467.828	91.433	69.616	379.113	25.347	19.260
France	9	5.742	-	493	2.166	-	-1
Germany	214	73.351	5.284	8.545	55.169	3.384	2.811
Poland	7	2.633	216	164	682	-	-3
Spain	3	1.458	48	68	1.178	-	6
USA	-	-	-	-22	3	-	0
Brazil	23	10.793	-	1.599	6.812	192	236
Japan	46	14.206	78	576	8.879	271	280
China	756	116.278	194	-9.789	134.064	3	-1.523
UK	3	-	-	-117	103	-	-
<b>Total</b>	<b>2.082</b>	<b>692.290</b>	<b>97.253</b>	<b>71.134</b>	<b>588.169</b>	<b>29.198</b>	<b>21.068</b>

<sup>4</sup>For the name of the entities residing in each tax jurisdiction and their activities, please refer to paragraphs 2.1 "Global presence" and 2.3 "Target markets" of this document.

El.En.'s business model does not aim to operate in tax havens and we have no subsidiaries located in a country on the EU Common List of non-cooperative jurisdictions for tax purposes.

Both in the parent company and in each subsidiary, the local directors and the respective CFOs are responsible for tax compliance.

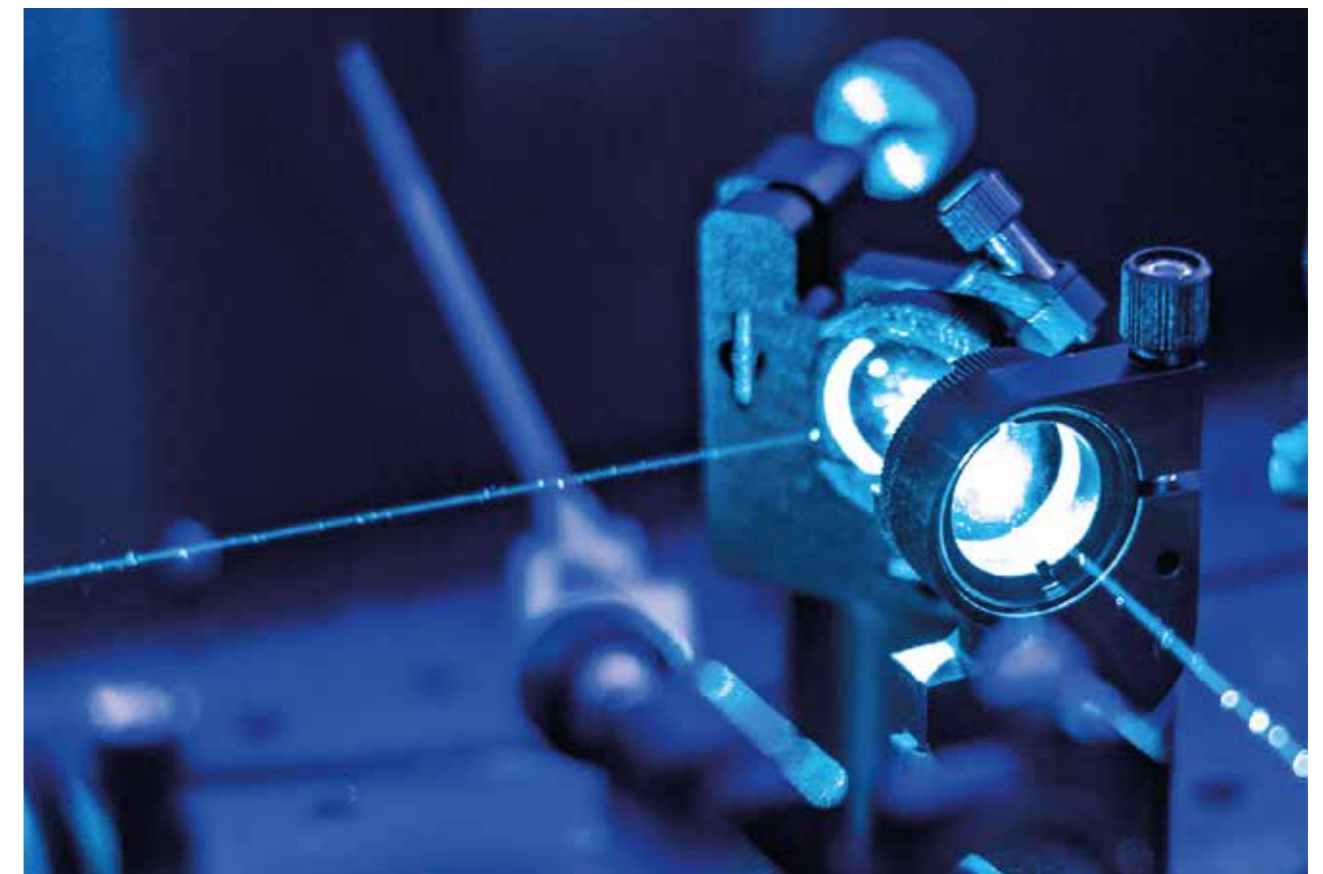
The various companies make use of local consultants and are equipped with tools to keep abreast of tax news, which may include training and refresher courses on tax compliance as well as an annual tax compliance risk analysis, from which the necessary measures are derived. On specific topics, external expert opinions are also sought and obtained. During the annual audit of the financial statements, the tax reporting is verified by the auditor certifying the financial statements.

Within the Anti-Corruption Policy, approved by the Parent Company and each subsidiary and forwarded for information to each employee, it is specified that any employee or collaborator who becomes aware of a violation, whether suspected or known, may make a report of unlawful conduct, even anonymously and

including tax matters, using the communication and reporting channel to the Supervisory Body that are set out within the Policy.

The El.En. Group guarantees the confidentiality of sources and information that comes into its possession, without prejudice to legal obligations. The Group does not tolerate any form of retaliation against anyone who makes a report in good faith, nor against anyone who has refused to carry out actions contrary to this document or the anti-corruption documents, even if there have been negative consequences for the business as a result of such a refusal.

It is also specified that communication channels are already established within the Code of Ethics through which employees and collaborators can report any violations of the Code. Alternatively, all Collaborators must be able to report, in writing and also anonymously, any breach or suspected breach of the Code of Ethics to the Supervisory Body provided for by Italian Legislative Decree 231/2001, which will take the appropriate measures, guaranteeing the necessary confidentiality of the identity of the reporter, without prejudice to legal obligations.





## 2.5 ECONOMIC VALUE GENERATED AND DISTRIBUTED TO STAKEHOLDERS

The economic value generated and distributed represents the wealth produced by the El.En. Group which, in various forms, is distributed to the various stakeholders.

The data on the creation and distribution of added value provide, through a reclassification of the profit and loss account, a basic indication of how the Group has created wealth for its stakeholders, highlighting the economic effects produced by business management on the main categories of stakeholders.

In 2023, the economic value generated by the Group is more than Euro 712 million while the economic

value distributed by the Group is approximately Euro 661 million.

Most of the latter value, 76.7%, is represented by "supplier remuneration"; this item consists mainly of costs for services and raw materials.

This is followed by "personnel remuneration" (16.8%) consisting of salaries, employees' termination benefits and social security contributions, "shareholders' remuneration" (2.7%) consisting of minority interests and distributed profits, "Public Administration remuneration" (3.4%) consisting of income taxes, "financial system remuneration" (0.4%) and the Value distributed to the community (0.04%).

Chart for determining the economic value generated and distributed			
Euros	2023	2022	2021
<b>Economic value generated by the Group</b>	<b>711.577.645</b>	<b>722.650.122</b>	<b>620.520.351</b>
Revenue	692.289.743	673.580.821	571.402.153
Charge in inventories	10.785.654	43.384.268	40.680.101
Other revenues and income	7.358.344	6.225.467	5.986.774
Financial charges	1.212.423	(461.751)	2.636.505
Share of profit of associated companies	(68.519)	(78.684)	(195.348)
Other non operating income (charges)	0	0	10.166
<b>Economic value distributed by the Group</b>	<b>661.201.418</b>	<b>670.865.817</b>	<b>575.812.257</b>
<b>Remuneration of personnel</b>	<b>111.128.731</b>	<b>98.193.547</b>	<b>84.170.079</b>
Staff cost	111.128.731	98.193.547	84.170.079
<b>Remuneration of suppliers</b>	<b>507.015.119</b>	<b>529.540.521</b>	<b>453.526.396</b>
Total purchase	387.621.488	412.369.744	358.601.494
Other direct services	61.381.992	61.126.178	47.394.512
Costs operating services and charges	58.011.639	56.044.599	47.530.391
<b>Value distributed to the community</b>	<b>285.453</b>	<b>205.454</b>	<b>281.127</b>
<b>Donations</b>	<b>285.453</b>	<b>205.454</b>	<b>281.127</b>
<b>Remuneration of the Public administration</b>	<b>22.206.526</b>	<b>19.952.896</b>	<b>17.299.635</b>
Income taxes	22.206.526	19.952.896	17.299.635
<b>Remuneration of shareholders</b>	<b>17.820.202</b>	<b>21.501.112</b>	<b>19.650.016</b>
Net profit of minority interest	1.827.144	3.924.588	3.687.998
Distribution of net Income	15.993.058*	17.576.524	15.962.018
<b>Remuneration of financial system</b>	<b>2.745.387</b>	<b>1.472.287</b>	<b>885.005</b>
Financial charges	2.745.387	1.472.287	885.005
<b>Economic value retained by the Group</b>	<b>50.376.227</b>	<b>51.784.305</b>	<b>44.708.094</b>
Net income retained to reserves	32.246.320	37.534.471	29.474.369
Depreciation, Amortization and other accrual	18.129.907	14.249.834	15.233.725



\* The distribution share of the year's earnings corresponds to the allocation of the year's earnings to dividends that the Board of Directors of El.En. S.p.A. resolved to propose to the Shareholders' Meeting on 14 March 2024.

# **THE ORGANIZZATIONAL SET-UP**

**RESPONSIBLE BUSINESS  
MANAGEMENT**



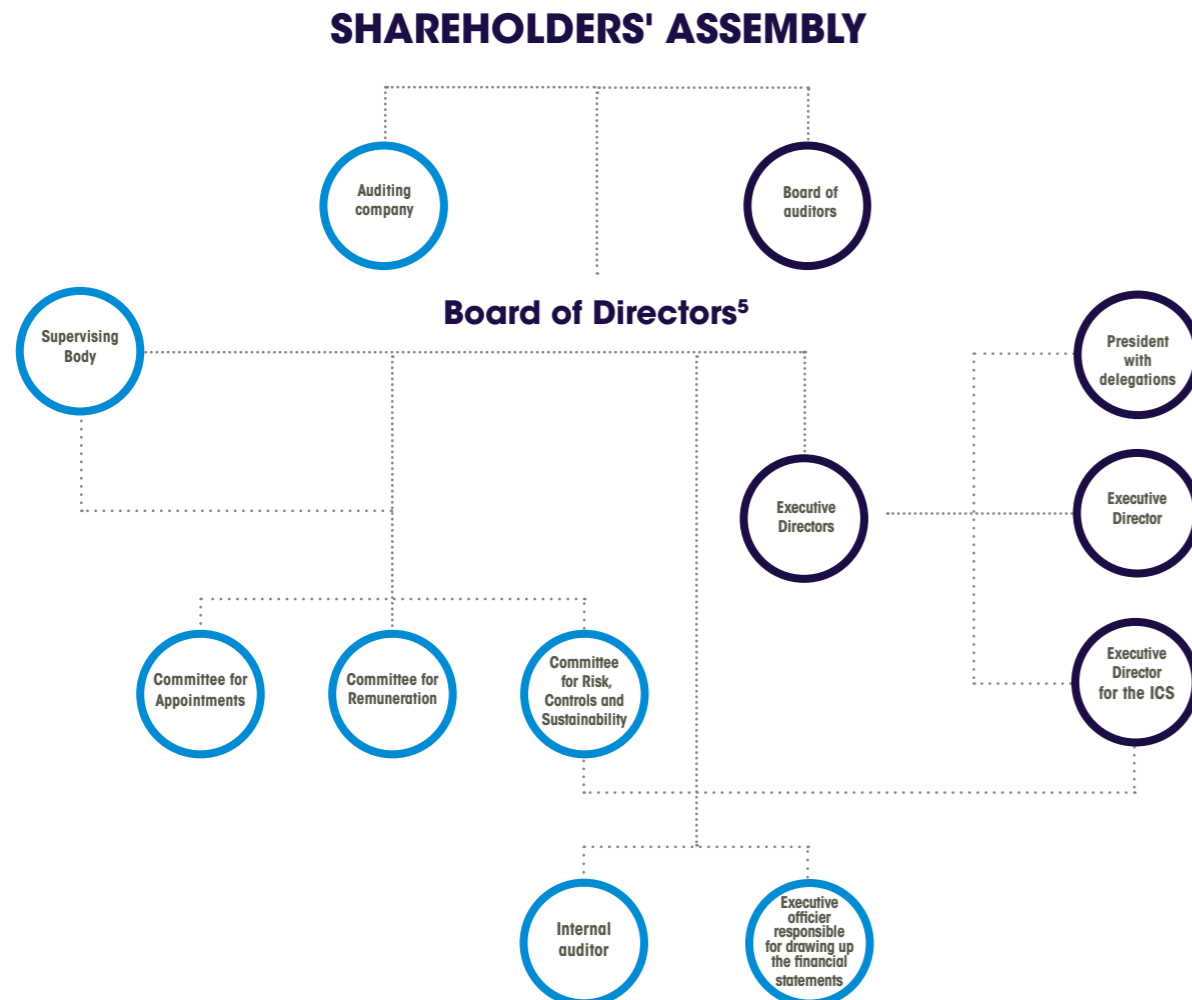
### 3. THE ORGANISATIONAL SET-UP

El.En. has structured a solid Corporate Governance Model that plays a central role in the performance of the activities of the industrial Group which it leads. The Model is in line with the recommendations of the Corporate Governance Code issued by the Corporate Governance Committee of Borsa Italiana and contributes significantly to the creation of sustainable value in the medium to long term.

#### 3.1 THE CORPORATE GOVERNANCE MODEL

The Model chosen by El.En. is a traditional administration and control system, based on a board of directors ("Board") that has the function of management, strategic planning, implementation of the corporate purpose, and guiding the Company and the Group by pursuing its sustainable success, and a board of statutory auditors ("Board of Statutory

Auditors") that has the function of monitoring compliance with the law and the company's articles of association ("Articles of association"), compliance with the principles of proper administration and the adequacy of the organisational set-up and internal control system. The following players contribute to the chosen El.En. Governance system:



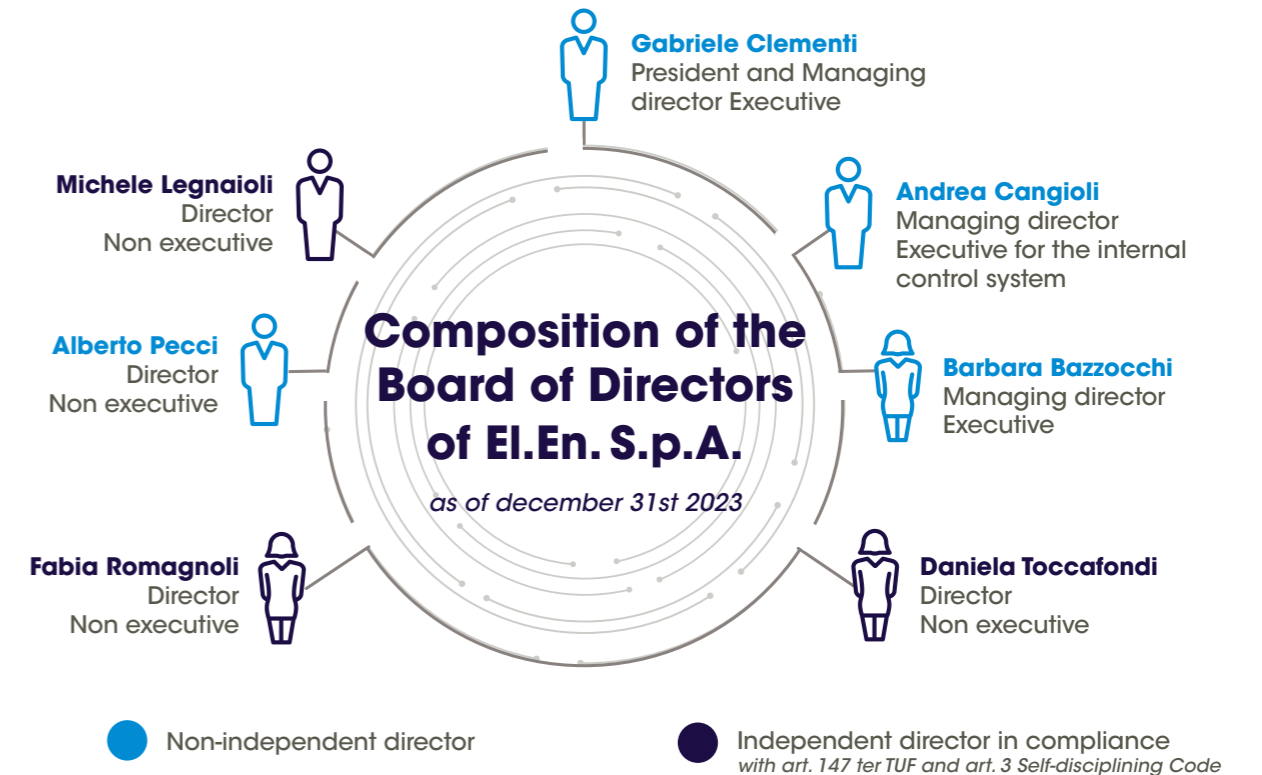
<sup>5</sup>The members of the Board of Directors were appointed by the Shareholders' Assembly on April 27 th 2021 and remain for the three-year period 2021-2023.

**Shareholders' Meeting:** The Shareholders' Meeting is the corporate body through which the shareholders take part in the Company decisions on matters that the law and the Articles of Association have designated as their responsibility; the Shareholders' meeting appoints the members of the Board of Directors, the Board of Statutory Auditors and the auditing company and approves the financial statements.

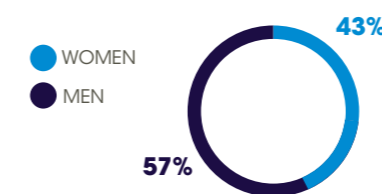
**Board of Directors<sup>5</sup>:** is the central body of the Corporate Governance system and performs the functions of managing, analysing, sharing and approving the annual budgets and strategic, industrial and financial plans of the Company and the Group and monitors their implementation. Appointed by the Shareholders' Meeting, it plays a role in implementing and evaluating the adequacy

of the implemented internal control system. The composition, role and functioning of the Board of El.En. S.p.A. comply with the law, the reference legislation and regulations, the Corporate Governance Code and the Articles of Association. In defining the strategies of the Company and the Group, the Board approves a three-year strategic plan - the implementation of which it monitors - constructed for the generation of long-term value also through the introduction of non-economic objectives aimed at achieving sustainable success.

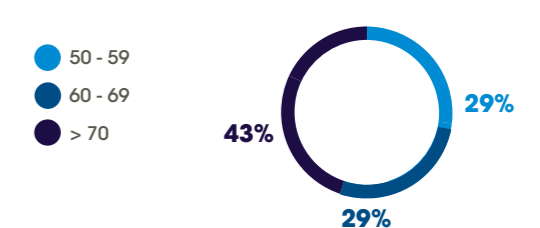
The purpose of the meetings, and their frequency, is to ensure that the Board operates in an informed and knowledgeable manner and assesses management performance. In the course of its meetings, the Board receives information from the delegated bodies, the general manager and any other executives who



Directors, divided by gender (%)



Directors, divided by age group (%),



<sup>6</sup>The division of the Board of Directors into age groups was reported in categories of age 50-59 years, age 60-69 years and age >70 years, unlike that established by the GRI since it was more representative of the composition of the board.

are heard; it compares the results achieved with those planned at each board meeting devoted to the approval of financial reports for the period and, therefore, at least on a quarterly basis. The current Board consists of seven members, four of whom are non-executive. The directors are all endowed with professionalism and skills appropriate to the tasks entrusted to them. The number and competencies of the non-executive directors are such as to ensure that they have significant weight in the taking of board resolutions and to guarantee effective monitoring of management; a significant component (three) of the non-executive directors (four) is independent. The chairman of the Board ("Chairman") plays a liaison role between the executive and non-executive directors and ensures the effective functioning of the board proceedings. The Chairman is also an Executive Officer together with the other current executive members of the Board and is one of the two founding partners who have been involved in the operational management of EI.En. and the Group since 1981. The structure of delegated powers attributed for the purpose of its operation does not entail the exclusive concentration of offices and powers of management of the company in the hands of the Chairman, but since pursuant to Article 3 Recommendation No. 13 of the Corporate Governance Code. The Chairman of the Board of Directors holds significant management powers, the Board deemed it appropriate to appoint, upon taking office on 14 May 2021, an independent director as lead independent director, with the task of representing a point of reference and coordination of the requests and contributions of the non-executive directors and in particular of the independent ones as well as coordinating the meetings of the independent directors only.

The Lead Independent Director works with the Chairman of the Board of Directors to ensure that information flows to the directors in a complete and timely manner, as recommended by the Corporate Governance Code.

The Chairman takes care and ensures that pre-meeting information flows reach the directors in a complete and timely manner as recommended by the Corporate Governance Code.

The outgoing Board carried out a self-assessment

process at the time of its renewal in 2021, aimed at expressing guidance to shareholders on the qualitative and quantitative composition of the new body.

The Board elected in 2021 and in office proceeded with the allocation and delegation of functions as well as the election of board committees. In addition, at the meeting held on 14 May 2021, it assessed, after obtaining the favourable opinion of the Board of Statutory Auditors, that the elected Board reflects the indications provided to the shareholders at the time of the guidelines and the illustrative report concerning the size and composition of the board also in terms of professional figures and diversified skills deemed, in their complementarity, useful for the efficient functioning of the Board; it complies with the provisions of the Articles of Association; that it reflects the requirements of the Composition and Diversity Policy adopted by the Company; that the legal obligations concerning the balance between genders represented and the presence of independent directors have been complied with; that the appointment of the internal committees into which it is divided complies with the requirements of the Corporate Governance Code in terms of the members' requisites.

The non-executive directors, three of whom are independent, are organised into three committees to perform advisory and recommendation functions in support of the Board: Control and Risk, related party transactions and Sustainability Committee, Remuneration Committee and Appointments Committee.

The Control and Risk, related party transactions and Sustainability Committee, which acquired its current name in 2021, is composed of four non-executive members, three of whom are independent while the remaining two committees are composed of three non-executive members, two of whom are independent; the work of each committee is coordinated by a chairman. Their composition, duties and powers are governed by specific regulations approved by the Board at the time of their establishment and subsequently amended on the basis of the changes required by the Corporate Governance Code.

With reference to sustainability issues and the

disclosure of non-financial information pursuant to Italian Legislative Decree 254/2016, the Control and Risk Committee has been assigned the task of assisting the Board with investigative functions, of a propositional and advisory nature, in evaluations and decisions related to sustainability issues connected to the company's business and its dynamics of interaction with all stakeholders, corporate social responsibility, the examination of scenarios for the preparation of the strategic plan and the Corporate Governance of the Company and the Group.

At least once every six months, the Control and Risk, related party transactions and Sustainability Committee holds meetings with the Sustainability Manager to discuss and be updated on the progress

members and the Board of Directors, which mainly covered the changes introduced by the European Corporate Sustainability Reporting Directive (CSRD), the new European Sustainability Reporting Standards (ESRS) and the EU Taxonomy Regulation 852/2020. During the training sessions, company projects for alignment and transposition of the new regulations were also presented. For further details on this plan, see paragraph 1.4 of this document.

To strengthen sustainability governance, the Board already in 2020 entrusted the executive director in charge of the internal control system with the definition of the strategic sustainability guidelines, the sustainability plan and the review of non-financial reporting.

### Board of auditors

	Members	Position	End of term
	<b>Carlo Carrera</b>	<b>President</b>	<b>Ass. appr. FS 2024</b>
	<b>Paolo Caselli</b>	<b>Standing auditor</b>	<b>Ass. appr. FS 2024</b>
	<b>Rita Pelagotti</b>	<b>Standing auditor</b>	<b>Ass. appr. FS 2024</b>
	<b>Alessandra Pederzoli<sup>7</sup></b>	<b>Alternate auditor</b>	<b>Ass. appr. FS 2024</b>
	<b>Gino Manfredi</b>	<b>Alternate auditor</b>	<b>Ass. appr. FS 2024</b>

of the Sustainability Plan, on the activities carried out by the Group and on the management of gap analysis projects related to the alignment with the CSRD Regulation and EU Taxonomy Regulation 852/2020, and then reports back to the Board on the issues discussed.

The Board of Directors is therefore involved and informed on all activities and in some cases, such as the materiality analysis carried out during 2023, is involved in the process of identifying impacts and reviewing the effectiveness of processes put in place to mitigate them. During the 2023 meetings, the Sustainability Manager carried out specific training on sustainability issues for both the Committee

The Board, in order to ensure the most comprehensive information and broad transparency on the remuneration due to directors, has appointed an internal Remuneration Committee since EI.En.'s listing. In formulating its remuneration proposals to the Board, the Committee ensures that the remuneration of Directors and the general manager is defined in such a way as to align their interests with the pursuit of the priority goal of creating value for shareholders in the medium-long term, and that a significant portion of the total remuneration of Directors to whom management powers are delegated or who perform functions pertaining to the management of the company is linked to the achievement of specific

<sup>7</sup> Dr. Pederzoli passed away in June 2023.

goals, including those of a non-financial nature, predetermined and measurable.

On the occasion of each approval of the annual draft financial statements for the previous year, the Board, upon the proposal of the Committee, having heard the opinion of the Board of Statutory Auditors, and having assessed the achievement of the pre-set goals assigned, assigns to the recipients of the incentive remuneration plan the variable portion of remuneration actually accrued according to the degree of achievement of the goals assigned and within the limits of the total amount established by the Shareholders' Meeting.

The Remuneration Policy for executive directors and top management defines a) a balance between the fixed component and the variable component that is appropriate and consistent with the strategic goals and risk management policy, providing in any case that the variable component represents a significant portion of the total remuneration b) maximum limits on the payment of variable components for executive directors c) performance goals - to which the payment of variable components is linked - that are (i) predetermined, measurable and linked in significant part to a long-term horizon; (ii) consistent with the Issuer's strategic goals and aimed at promoting its sustainable success, including, where relevant, non-financial parameters.

Variable remuneration paid to both Directors, including the Chairman, and the General Manager is subject to a claw-back clause.

The evaluation for the achievement of performance goals is carried out: as for the economic-financial goals on the basis of the annual budget data, as for the non-financial goals by comparing the assigned goal with what has actually been achieved. The verification is carried out by the Remuneration Committee and then by the entire Board on the basis of the information flows received from the corporate functions in charge of the sector being evaluated. With regard to sustainability, criteria for the measurability of goals in the following areas were developed by the Committee and then approved by the Board: environment, human rights and corruption, and personnel and human resources. The achievement of the assigned quantitative goals is

reflected in the evidence published in the annual DNF, which is subject to review.

The Directors' Remuneration Plan after the Covid 19 pandemic restored the weights of the financial (70%) and non-financial (30%) goals, remaining with a view to assigning goals that are directed towards the sustainable success of the Company and the Group. As of 2021, the Remuneration Committee decided to propose to the Board of Directors, which then approved it, a four-year incentive remuneration plan for the General Manager consisting also of non-financial goals, which weigh 30% of the total remuneration.

Also starting in 2021, the incentive remuneration plan for Directors and the General Manager provides that 30% of the portion of variable remuneration accrued annually will be paid on a deferred basis at the end of the term of office, possibly re-evaluated on the basis of the performance of the company and the Group. The ratio of the total annual remuneration of EI.En.'s General Manager to the median annual remuneration of all Group employees (excluding the General Manager) is 50. While the ratio of the percentage increase in the annual total remuneration of the highest paid person to the average percentage increase in the annual total remuneration of all employees is 25%.

During the year, there were no significant average percentage increases in the total annual remuneration of employees or those receiving maximum remuneration. For the calculation, gross annual salaries including salaries, bonuses, stock bonuses, etc. were used, and foreign currency salaries were converted at the average annual exchange rate.

Furthermore, for those employees who were hired during the year, the total annual remuneration was still taken into account.

As of 2021, the Remuneration Committee decided to propose to the Board of Directors, which then approved it, a four-year incentive remuneration plan for the General Manager consisting also of non-financial goals, which weigh 30% of the total remuneration.

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The Board of Directors is, among other things, responsible for the internal control and risk management system, in relation to which it defines the guidelines and periodically verifies the adequacy and effective functioning, ensuring that the main risks pertaining to the Group are correctly identified, measured, monitored and managed.

**Board of Statutory Auditors:** appointed by the Shareholders' Meeting, it monitors compliance with the law and the articles of association, compliance with the principles of proper administration, the adequacy of the organisational structure of EI.En.S.p.A. for the aspects within its competence, the internal

control system and the administrative-accounting system adopted by EI.En. S.p.A., and their actual functioning. It also acts as the Internal Control and Audit Committee, with the duties and responsibilities set out in Article 19 of Italian Legislative Decree 39/2010. The Board of Statutory Auditors currently in office consists of three statutory auditors and two alternate auditors who meet the requirements of integrity, professionalism and independence.

**Auditing company:** is an external body that is entrusted with the statutory audit of accounts and is chosen by the Shareholders' Meeting. The current auditing company is EY S.p.A..

The other Italian-registered Group companies follow the traditional model and are therefore administered by a Board of Directors or a Sole Director and, where necessary, have a controlling body and are subject to auditing.



## 3.2 ETHICS, INTEGRITY AND COMPLIANCE

**El.En. Group is aware of its responsibility towards the Company and the environment in which it operates, and considers it indispensable that ethical and transparent conduct be maintained in all respects for the proper management of the Company's activities, both in compliance with laws and regulations and in consideration of the expectations of all stakeholders.**

For this reason, since 2008 El.En. has adopted its own Code of Ethics<sup>9</sup> as a tool to strengthen and disseminate a corporate culture based on the importance of ethical-social responsibility in the conduct of business and corporate activities.

The Code of Ethics defines the principles and values that must be followed at all times in the production process and must be constantly observed in relations of collaboration, cooperation and business dealings: legality, impartiality, honesty, correctness and transparency, confidentiality, fairness, valuing of collaborators and integrity of the individual. It applies to the Group and to all persons performing activities for it.

Group companies have transposed and, where necessary, translated the Code of Ethics into the local language, undertaking to disseminate it to their employees and collaborators through appropriate means of communication. The Code is always available, in its updated version, on the website [www.elengroup.com](http://www.elengroup.com), under the section "Investor Relations/Governance/Corporate Documents".

The rules contained in the Code of Ethics are intended to protect the integrity of the Group and to ensure compliance with the laws and regulations of each country in which it operates; the Group has established appropriate channels of communication through which reports of violations or suspected violations of the Code may be made, or for requests for explanations. Violation of the principles set out in the Code constitutes breach of contractual obligations arising from the employment and/or collaboration relationship and a source of damages.

In contracts signed by the Company and its Italian subsidiaries with consultants, distributors, agents and suppliers of critical components, explicit reference is made to the Group's Code of Ethics and the counterparty declares that it has received a copy and accepts it.

In addition, El.En. and the Italian subsidiaries Deka M.E.L.A. S.r.l., Quanta System S.p.A. and ASA S.r.l. have adopted an Organisational Model pursuant to Italian Legislative Decree 231/2001 (hereinafter also referred to as the "Organisational Model"), aimed at preventing the commission of offences in the interest of the company by its employees and/or collaborators. This model of organisation, management and control of corporate activities consists of a series of general principles of conduct - in the areas identified as sensitive for the purposes of preventing so-called predicate offences - and a structured system of procedures and control activities for the prevention of such offences.

The areas monitored because they have been identified as sensitive are: offences relating to health and safety in the workplace (the company ASA S.r.l. has identified only this as a sensitive area on which to prepare a special section in its Organisational Model); offences against the public administration; corporate offences; handling stolen goods, money laundering, and the use of money, goods or utilities of unlawful origin; in addition, the companies El.En. S.p.A. and Deka M.E.L.A. S.r.l. have also identified as sensitive the areas relating to the following offences: market abuse, transnational offences and environmental offences.

With particular reference to ethical behaviour risks, the El.En. Group pays great attention to the prevention of corruption risks. To further strengthen its system for preventing corruption and extortion, during 2022 the Board of El.En. updated the Anti-Corruption Policy; the update of the Policy has been implemented by all subsidiaries who, if necessary, have translated the updated version into the local language, to make dissemination possible to all employees.

In this context, El.En. and its subsidiaries Deka M.E.L.A. S.r.l. and Quanta System S.p.A. analysed, considered relevant and mapped this risk, and included it in their

Organisational Model pursuant to Italian Legislative Decree 231/2001.

These companies have carried out an analysis of the risks of committing offences against the public administration (including those of a corrupt nature), from which a high level of risk did not emerge, in view of the existence of procedures to guard against them and in consideration of the type of activity performed.

Nevertheless, the most sensitive areas of corporate activity have been identified and a special part dedicated to the prevention of this type of offence has been prepared in the Organisational Model. The analysis therefore started from the mapping of activities and the identification of the risk associated with each of them by means of the attribution of a score (the parameters of which are: historical occurrence, existence of company procedures, impact of sanctions for the type of offence and frequency of occurrence). It was considered that the frequency of the event and the impact of the sanctions made it appropriate to dedicate a part of the Organisational Model to all prevention activities, even if the historical occurrence (no event occurred to date) and the existence of company procedures already mitigated the risk. The Code of Ethics also contains a reference to precise behavioural duties aimed at avoiding the occurrence of corrupt phenomena. In the three-year period 2021-2023, there were no cases of corruption and/or reports of corruption.

In order to ensure compliance with the principles contained in the Code of Ethics and the effective implementation of the system of information flows and controls of Model 231, the Group companies that have set it up make use of the Supervisory Body; appointed by the Board of Directors, the main task of the Supervisory Body is to monitor and, if necessary, report to the Board of Directors any irregularities or violations and to supervise compliance with the procedures adopted by the Company in the context of preventing the so-called predicate offences, identified following an in-depth analysis.

The El.En. Group believes that knowledge of and adherence to the principles of the Code of Ethics and the Organisational Model should also be promoted through specific training plans for people working within the organisation: during the year, the subsidiaries Quanta System and Asa continued specific training on Model 231 carried out by members of the Supervisory Body, which reached 86 employees in 2023.

In the companies Quanta System S.p.A., Asa, and the Chinese subsidiaries, specific training on the El.En. Group's Code of Ethics is carried out for all new

employees which reached 489 in 2023 for a total of 970 hours, while in the other subsidiaries the Code of Ethics is delivered to each new employee at the time of recruitment. Activities will continue in order to disseminate the issues even further within the organisation.

We point out that already in 2021, in order to formalise the procedures for establishing and managing dialogue with shareholders, investors and other stakeholders, the parent company El.En. S.p.A. approved the "Policy for the Management of Dialogue with the General Shareholders of El.En. S.p.A.", promoting understanding of the Company's corporate objectives and promoting communication aimed at aligning the various interests with a view to pursuing sustainable success. The document has been approved by the Board of Directors, subject to the favourable opinion of the Control and Risk, related party transactions and Sustainability Committee, and may be amended or repealed by resolution of the same body. The updated version is published on the website [www.elengroup.com](http://www.elengroup.com) under the section "Investor Relations /Governance/Shareholder Dialogue/Policy Dialogue".

El.En. S.p.a. has set up special channels to be used for reporting breaches of regulations and, in general, conduct that harms the public interest or the integrity of the Company. These channels guarantee the effectiveness of the reports and respect for the confidentiality of the whistleblower, also in accordance with the provisions of the so-called privacy legislation. El.En. S.p.a. does not allow any form of retaliation, discrimination, or threat against the reporting persons.

In 2023 El.En. S.p.A. set up a reporting channel for violations managed by its Supervisory Board and prepared a section on the company's website dedicated to the issue of reporting. This section contains the "Whistleblowing Procedure", applicable to all the companies of the El.En. Group, which governs the procedures for making reports (as well as the related reception, analysis and processing process) by anyone sent or transmitted, providing the Whistleblower with clear operational indications on how to transmit reports, as well as on the forms of protection provided by the Company in accordance with the applicable regulations. The Procedure also regulates the activity carried out by the person receiving the report ("Manager") in order to ascertain the validity and grounds of the reports and to take appropriate corrective and disciplinary action, if necessary.

Relations with institutions are established and

<sup>9</sup> For more knowledge on Ethic Code please read the Code available on the website [www.elengroup.com](http://www.elengroup.com)

## FOCUS: Respect for human rights

The Group upholds and respects the rights of the individual in accordance with the UN Universal Declaration of Human Rights and therefore acts and operates with the utmost respect for people and applicable labour regulations, discouraging and repressing any discriminatory behaviour or behaviour that threatens people's safety. The Group evaluates the impartiality of treatment as a fundamental component in every human relationship and considers the individual, his or her ideologies and rights, to be values to be protected. The behaviour of each employee and collaborator must comply with the principles and rules expressed in the Code of Ethics and in the laws and contractual regulations governing labour relations. Through the dissemination of its Code of Ethics and Human Rights Policy among its employees, collaborators and suppliers, the El.En. Group aims at guaranteeing respect for human rights (prohibition of discrimination, prohibition of forced and child labour, freedom of association), also in areas considered to be at greater potential risk in relation to these issues (e.g. the supply chain). To further strengthen sensitivity to these issues, all Group companies have adopted and disseminated to their employees the Human Rights Policy and the Diversity Policy, already approved by the parent company El.En. S.p.A.. Both the Human Rights and the Diversity Policy contain a paragraph dedicated to reporting in which it is specified that any employee or collaborator who becomes aware of a suspected or known violation of the Policy or the relevant laws must immediately report it, even anonymously, using the communication and reporting channel of the Supervisory Body, duly highlighted and publicised on the Company's website.



maintained in compliance with current and administrative regulations and in the spirit of maximum cooperation.

To this end, as set out in the Code of Ethics, the Group undertakes to:

- establish, without any kind of discrimination, stable channels of communication with all institutional interlocutors at international, community and territorial level;
- represent the interests and positions of Group companies in a transparent, rigorous and consistent manner, avoiding collusive attitudes.

In order to guarantee the utmost clarity in relations, contacts with institutional interlocutors take place exclusively through contact persons who have

received an explicit mandate from the persons authorised to do so by the Group companies.

Interactions with Public administrations, Community Institutions, Bodies and International Agencies are inspired by the principles of legality, loyalty, fairness and transparency.

The Group maintains relations based on full cooperation with the authorities that perform inspection, supervisory, regulatory and guarantee functions, making available, in a timely manner, any information requested by them and complying with the measures issued.

For more in-depth knowledge of the Group's Code of Ethics, please refer to the Code itself, available at [www.elengroup.com](http://www.elengroup.com).



### 3.3 THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

**In an ever-changing context, where the issues of sustainability of business activity, combating climate change, environmental protection and the adoption of appropriate development policies are of paramount importance, effective risk management becomes a key factor that every company is called upon to evaluate more and more carefully.**

**In this regard, the El.En. Group has defined an Internal Control and Risk Management System consisting of specific rules and procedures, in order to mitigate risk factors while taking into account the evolution of external trends, new market challenges and the need to promptly seize opportunities that arise from time to time.**

For the El.En. Group, whose primary goal is the sustainability of the company's business in the medium to long term and the creation of value in respect of its external interlocutors, the internal control and risk management system is understood as the set of analysis methods, procedures, organisational functions and structures, and related activities aimed at identifying the main corporate risks, the ways in which they are managed, and the organisation of the system for their control.

The establishment of an adequate system of controls is aimed at the effective management of the company, the safeguarding of corporate assets, the efficient management of corporate processes, the reliability of the information disseminated by the company - both financial and non-financial - as well as compliance with laws, regulations, the articles of association and internal procedures.

For the purposes of constructing and developing an adequate risk management system, the Company has defined its own internal control and risk management system, first and foremost in relation to the financial reporting process, based on the CoSO Framework model, in line with international best practice.

The main features of the internal control and risk management system are rules and procedures on the one hand and governance and control bodies on the other.

The rules consist first of all of a series of general principles, codified in the Code of Ethics; secondly, of

a series of second-level procedures (those pursuant to Italian Legislative Decree 231/01, L. 262/05, L. 81/09, internal regulations on the handling of corporate information, transactions with related parties, internal dealing, etc.) which make it possible to bring the aforementioned general principles into the company's reality and make them operational.

On the other hand, they monitor compliance with the rules and procedures on the basis of the competences and functions defined and assigned by the Council to the various bodies at their respective levels.

Since 2018, the parent company El.En. has had a Disaster Recovery Plan, i.e. a set of processes and technologies designed to restore systems, data and infrastructures necessary for the provision of IT services in the face of serious emergencies, i.e. threats that are not due to intentional aggression (disasters). For the correct application of the plan, all systems were classified into critical, vital, delicate and non-critical. As far as El.En.'s systems are concerned, only machines considered critical, i.e. those to be restored within a maximum of two days, were included in the Disaster Recovery plan; the status of the plan is reviewed every month.

Annually, a Vulnerability Assessment and Security Audit is carried out, using a methodology established in the international scientific community that encompasses industry best practices, with the aim of identifying any security issues and vulnerabilities in the infrastructure. For each problem encountered, the impacts of a possible successful attack, the difficulty

of exploiting such an attack, and a hypothesis of remediation actions to resolve or mitigate the problem are defined. Each detected vulnerability is associated with a risk, which allows the most critical situations to be identified more precisely and serves as support for the risk management model.

Aware of the ever-increasing importance of cyber security issues for business continuity, the parent company El.En. in 2023 proceeded to optimise the network policies on the firewall side with the activation of new functions and carried out an IT Security Assessment with the collaboration of a specialised external company. This assessment resulted in a remediation plan that the Company has already initiated and will finalise during 2024; there are also ongoing collaborations with Government Agencies to support the Company and the ITC area.

In addition, a Cyber Security training course was started for all employees in the Corporate ITC area, and the Internal IT Regulations were revised to increase users' awareness of sensitive data

management and cybersecurity concepts. This review is the basis for improving internal operating procedures and for approaching the new training courses that will be delivered from 2024:

periodically, El.En. provides training for its corporate resources with dedicated courses aimed at increasing security know-how, but more training has been planned on these issues, at least at an early stage, to introduce IT ethics and increase user awareness.

In 2023, during the Management Review of the Quality Management System for the companies El.En. S.p.A. and Deka Mela S.r.l., the Management reconfirmed its commitment to risk management as a fundamental tool in the management of the organisation and its processes, always guaranteeing the provision of resources and qualified personnel for verification activities and participating directly in the definition and documentation of the policy for determining the criteria for risk acceptability.

A theme reviewed annually was that of business continuity, i.e. the company's ability to continue





its activities in the event of extraordinary external events, which can be either natural disasters or socio-cultural events resulting from human actions, on the national and international scenario and which can inexorably lead to both direct consequences, such as the blocking of laser technology exports to some of the countries involved, and indirect ones, such as the increasing difficulty in finding raw materials or the increase in the cost of energy. Each year, the adequacy of the business continuity risk analysis and management process and any improvements in management processes following the becoming aware of new risks or those not previously assessed as significant are re-evaluated here.

In particular, an awareness has developed of how serious the effects of underestimating risks and being unprepared for potentially disastrous events can be for an organisation. Events that at first glance might seem extremely unlikely, such as financial crises, armed conflicts, environmental catastrophes such as earthquakes or floods, cyber attacks, etc., can occur without warning.

The need therefore arises for managerial methods and operational tools to mitigate their impact. It is crucial for the survival of the organisation and the defence of its value to adopt operational risk management tools and to constantly reassess their adequacy and effectiveness. In times of crisis, in addition to the promptness of the operational response to the destabilising event, the ability to manage communications to control authorities, customers, suppliers, credit institutions, employees, shareholders and investors and all other interested parties is fundamental, and to reduce, as far as possible, the duration of the interruption of production processes and service provision, preserving the value of the company, its reputation and its assets.

In this regard, the following standards were purchased from the Quality department: UNI ISO 31000:2018 (Risk management - Guidelines), IEC 31010:2019 (Risk management - Risk assessment techniques) and UNI EN ISO 22301:2019 (Business continuity management systems - Requirements).

In recent years, a number of employees (Quality, Finance and Sustainability, Operations Management) underwent training on these regulations, in order to

acquire knowledge and expertise on the main risk assessment techniques, the setting up of a Business Impact Analysis and the implementation of a business continuity management system. Annually, the risk assessment is reviewed by the various departments, which share and collaborate to finalise the final document.

The organisational structure of the Internal Control and Risk Management System is structured as follows:

- **The Board of Directors and the Board of Statutory Auditors**, as already mentioned in the previous paragraphs, are respectively responsible for assessing the adequacy of the internal control system implemented and acting as the Internal Control Committee;
- **The Control and Risk, related party transactions and Sustainability Committee** which has the task of supporting the Board of Directors in evaluating and deciding on the Internal Control and Risk Management System and on sustainability issues;
- **The Executive Director** in charge of the Internal Control and Risk Management System is responsible for establishing and maintaining an effective internal control and risk management system, defining strategic sustainability guidelines, the Sustainability Plan and the review of the Consolidated Non-Financial Statement;
- **The Internal Auditor**, appointed by the Board of Directors, has the task of verifying, both on an ongoing basis and in relation to specific needs, the operation and suitability of the internal control and risk management system;
- In addition to the responsibilities jointly assigned to the Executive Director in charge of the internal control and risk management system, **the Executive Officer responsible for drawing up the financial statements of the Company and other Company documents** of drafting accounting and corporate documents, appointed by the Board of Directors, is responsible for assessing and monitoring the level of adequacy and operability of the internal administrative and accounting control system, through a preliminary activity;

- **The Supervisory Body** entrusted with the observance of the Organisational Model pursuant to Italian Legislative Decree 231/2001 has the task of monitoring compliance with the procedures set up by the Issuer also in the context of the prevention of corporate offences.

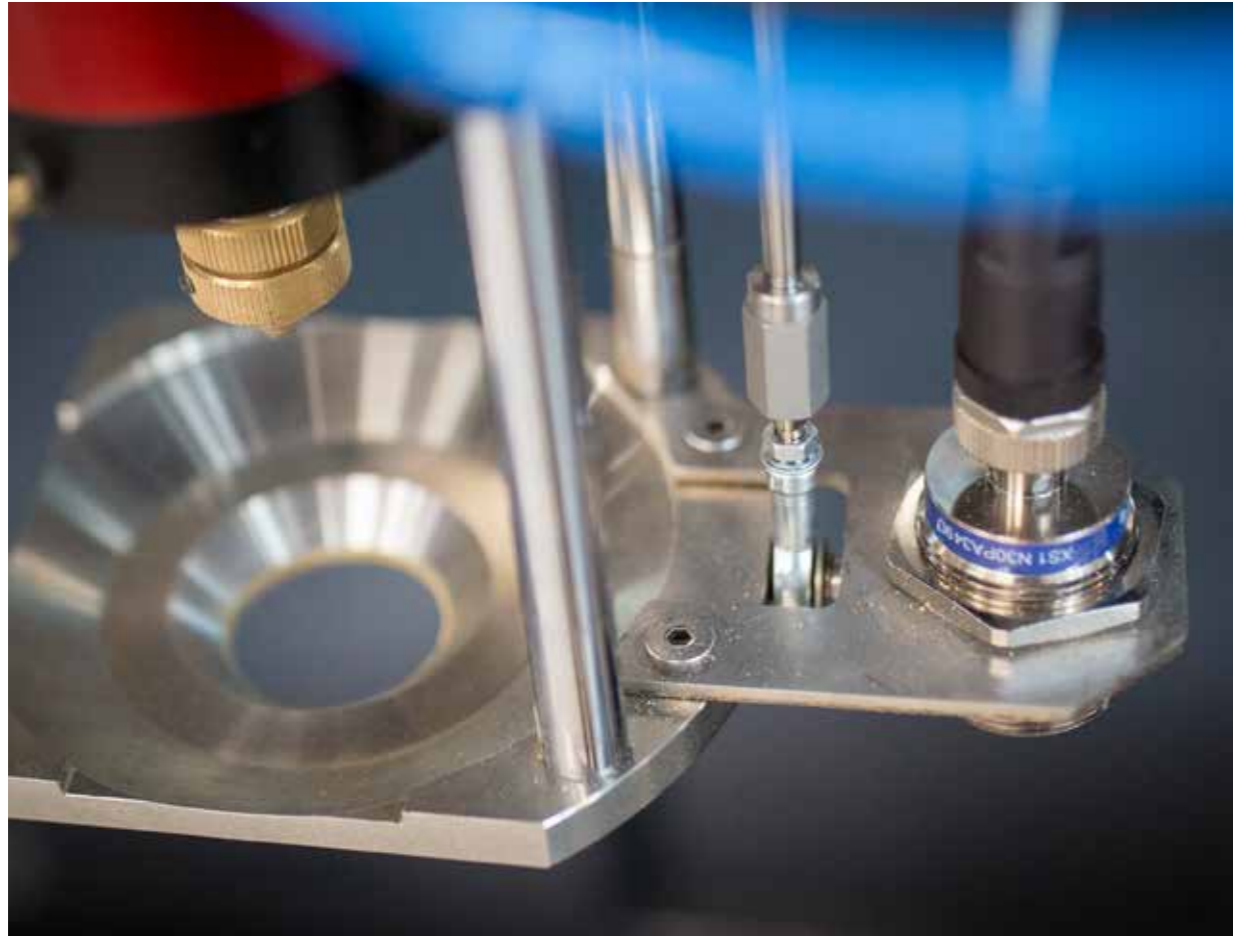
The Internal Control System ensures the monitoring of risks related to the pursuit of strategic, operational, reporting and compliance goals, both in the Company and in the subsidiaries that have adopted this approach.

The following are the main risks identified relating to sustainability issues:

- **Risks related to ethical behaviour:** risks are related to the lack of integrity of the Group's management or employees, who may engage in unethical, unauthorised, unlawful or fraudulent behaviour, with particular reference to risks related to active or passive corruption. To mitigate these risks, the Group has adopted a Code of Ethics to reinforce the dissemination of a corporate culture based on the importance of ethical and social responsibility in the conduct of business and corporate activities. The Code of Ethics is distributed to all new Group employees, and in some subsidiaries there is a section on the Code of Ethics in the initial training for new resources. The Parent Company and some Italian subsidiaries have also adopted an Organisational Model pursuant to Italian Legislative Decree 231/2001. During 2022, the El.En. Group updated and re-approved its Anti-Corruption Policy (first approved in 2019); the additions were implemented by all subsidiaries and the Policy was disseminated to all Group employees. An "Anti-Corruption" training was conducted last year for all Group middle and senior managers and those in coordination functions, which reached 191 employees. The training is offered to everyone every two years.
- **Reputational risks:** due to the nature of the sectors in which the Group operates, one of the major risks pertaining to the social sphere concerns the quality and safety of our products and our supply chain; in fact, any manufacturing defects could compromise the reliability and

safety of the final product. Underestimating the attention of customers and the community at large to these issues could lead to a loss of image and reputation, resulting in a decline in financial performance. The Group has always paid the utmost attention to the quality and safety of its processes and products: the Group's main manufacturing companies have adopted a quality management system, obtaining ISO 9001 certification, while all medical device manufacturing companies are ISO 13485 certified and operate strictly in accordance with the relevant provisions, as evidenced by the passing of the numerous periodic inspections, both scheduled and unannounced, that they undergo each year. In order to ensure maximum safety, as also set out in the Code of Ethics, the Group establishes lasting relations with its suppliers inspired by the principles of fairness and transparency and carefully monitors the process of selecting suppliers and maintaining their performance, through training and specific on-site visits to verify their ability to meet and maintain the required quality standards. Since last year, the Group has taken steps with suppliers to define and share principles, good social and environmental practices and ethical behaviour and to promote an even more responsible and sustainable supply chain. All Group companies have also included acceptance of the Code of Ethics in their contracts and orders signed with suppliers. In 2023, the Group started to set up a model for sustainable supply chain management, to be used in all companies, which will allow new and relevant suppliers to be monitored even more closely on the basis of sustainability parameters and enable them to be more closely involved in the achievement of common sustainability goals, where shortcomings are identified. In the course of 2024, specific training activities are planned for all departments that have contact with the Supply chain, and the model for sustainable supply chain management will be disseminated to all subsidiaries.

During this financial year, the parent company El.En. S.p.A. and the subsidiaries Deka Mela S.r.l. and Quanta System S.p.A. activated a consultancy



process to obtain the ISO 14064 – Carbon footprint of organisations. The certification (covering data for the financial year 2022) was obtained in February 2024. By obtaining the ISO 14064 certification, the El.En. Group once again demonstrates its commitment to meeting the demands of its stakeholders, who are increasingly attentive to these issues: in fact, the certification fully meets the need to outline a working methodology based on a scientific and systematic approach and aimed at quantifying, accounting for and verifying the reduction of greenhouse gas emissions.

- **Risks related to personnel:** these risks are related to the fact that the Group does not put in place processes aimed at attracting, selecting, motivating and enhancing human capital, that personal and professional growth paths are not put in place for its employees at all levels through continuous training, so as to also respond to the technological progress of the product systems and the evolution of the Group's business, or that there are not adequate internal processes

aimed at ensuring respect for diversity and equal opportunities. It should be noted that within the framework of the quality management system (ISO 9001) adopted by the main production companies, employee management issues are overseen. The Parent company has also carried out a thorough job of codifying human resources management procedures as well as profiling company functions with the identification of the necessary responsibilities and skills. In all companies, the training activity is defined annually by surveying the curricular needs of the company population in addition to the compulsory training that must be provided. The Group has also codified in the Code of Ethics its commitment to respect and protect the dignity, diversity and equal opportunities of its employees and collaborators. The Group in 2022 adopted a Diversity Policy and approved some updates within the Human Rights Policy already approved in 2019.

- **Environmental and health and safety regulatory**

**compliance risks:** these risks are related, on the one hand, to any new environmental regulatory obligations and possible non-compliance with the environmental requirements of the regulations and, on the other hand, to the fact that the Group does not put in place processes to ensure the health and safety of workers and possible non-compliance with regulatory requirements in this area. Within the Code of Ethics, the Group has codified its commitment to environmental and health and safety protection. The Group's Italian companies have also overseen environmental and health and safety issues within the framework of the Organisational Model pursuant to Italian Legislative Decree 231/2001. In all Group companies, the issue of health and safety is managed and monitored through processes that, although not centralised and coordinated at Group level, ensure that each subsidiary has procedures related to the protection of workers' health and safety, worker training and the implementation of corrective and improvement actions.

- **Risks related to respect for human rights:** the risk is related to the failure to respect human rights, which could undermine the proper and responsible management of the business. The risk is particularly related to the Group's operations and suppliers operating in countries (e.g. those in the Asian region) where legislation in this area is less stringent than in Italy. The protection of human rights is explicitly mentioned in the Group's Code of Ethics, compliance with which is required of all companies. The Group also extends the application of its Code of Ethics to suppliers in which explicit reference is made to the UN Universal Declaration of Human Rights. In addition, in 2019 the Group adopted a Human Rights Policy.
- **Environmental risks:** these risks are related to the possibility of causing environmental impacts that adversely affect the local area in which the Group operates or that inadequate measures are taken to mitigate these impacts. El.En. has always complied with the environmental requirements of current legislation, and within the Group's

Code of Ethics has reaffirmed its commitment to environmental protection. The Italian companies that have adopted the Organisational Model pursuant to Italian Legislative Decree 231/2001 have also addressed these issues within the model. The Group adopted an Environmental Policy to monitor and reduce the environmental impact of its activities; this Policy, which was updated in 2022, was implemented by all subsidiaries and disseminated to all Group employees. In particular, within the Sustainability Plan, we have included specific and measurable targets for the reduction of Scope 2 GHG emissions, which are expected to decrease due to increased shares of renewable energy production and purchase. Our goal is to reduce GHG emissions by 30% by 2027 compared to the 2022 baseline under the Market-Based methodology and to reduce GHG emissions by 5% by 2027 compared to the 2022 baseline under the Location-Based methodology.

The purchase of electricity from renewable sources amounting to at least 30% of the total electricity purchased by the Group will allow a reduction of Scope 2 GHG emissions according to the Market-Based methodology of 30% (target to be achieved by 2027). The electricity production from its own photovoltaic plants of at least 20% of the Group's electricity needs will allow a reduction of Scope 2 GHG emissions according to the Location-Based methodology of about 11% exceeding thus the initial objectives we set ourselves.

As of 2024, the Group has also committed to monitoring and reporting on indirect emissions for all companies within the scope of consolidation.

As already mentioned, in 2023 the companies El.En. S.p.A., Deka Mela S.r.l. and Quanta System S.p.A. activated a process to obtain the ISO 14064 – Carbon footprint of organisations, culminating in obtaining the certification in February 2024. The result achieved represents an important first step because it has enabled awareness to be gained in the quantification of GHG emissions, the reporting of which will be mandatory from next year (as required by the European CSRD), and has offered companies that have measured their emissions the opportunity to implement targeted Carbon Management policies

where these have been found to be most significant. By obtaining the ISO 14064 certification, the El.En. Group once again demonstrates its concrete commitment to environmental sustainability.

- **Climate change risks:** The El.En. Group is aware of the risks posed by climate change to its business activities and conducted a major analysis in 2022 to identify the potential economic impacts of these risks. Climate change risks were divided into transition risks and physical risks, and for each identified risk, potential negative impacts and related opportunities were defined and possible mitigation actions to be implemented were identified. With regard to transition risks, the Group considered various scenarios to reflect potential future developments, adopting two scenarios, IEA 450 and IEA B2DS, which were found to be the most suitable for the Group's business and the most consistent in the path undertaken to maintain the temperature increase at 1.5° C.

The IEA 450 scenario predicts that by 2030 there will be a significant penetration of renewables in the energy sector, an improvement in vehicle and process efficiency, and a major substitution of coal by natural gas. This scenario therefore describes an energy pathway consistent with maintaining global warming at 1.5° C by limiting the concentration of greenhouse gases in the atmosphere to around 450 parts per million of CO<sub>2</sub> equivalent. With this in mind, over the next few years the Group plans to install photovoltaic systems, gradually replace its vehicle fleet with new-generation electric or hybrid models, and further actions to reduce energy consumption. The IEA B2DS scenario, which envisages the achievement of emission neutrality by 2060, to limit temperature increases to 1.75 °C by 2100, was considered to set greenhouse gas emission reduction targets, assuming the development of climate policies and the development of technologies to reduce these emissions. This path implies the activation of all available political initiatives, in all sectors and in all countries. Scenario analyses enabled the Group to identify risks and opportunities related to business development.

To date, the main transition risks identified are:

- (a) Risks related to legislative/regulatory changes

associated with combating climate change: among the main risk factors to which the Group may be subject are the possible introduction of new environmental standards and regulations, new reporting obligations on emissions produced, or limitations on atmospheric emissions;

(b) Risks related to technological evolution if there is a failure to adapt in the innovation and digitisation of products, services and processes in line with the technological developments necessary to contain climate change phenomena;

(c) Risks linked to the evolution of the market where the demand for products/services will be increasingly environmentally aware and an adaptation of supply will be required;

(d) Reputational risks related to climate change, as not undertaking a gradual decarbonisation process or even becoming aware that the activities carried out by the Group and its counterparts could have negative climate impacts, would affect the Company's reputation and consequently its economic and financial results.

With regard to these risks, we annually disclose to all stakeholders in the non-financial statement and on the website [www.elengroup.com](http://www.elengroup.com) our commitments, objectives and targets concerning the fight against climate change with the will to maintain a positive reputation. The Group is committed to continuous improvement of existing activities in terms of environmental impact, through goals concerning the promotion of energy efficiency policies and raising awareness of responsible behaviour. Within the Sustainability Plan, we have included specific and measurable targets for the reduction of Scope 2 GHG emissions, which are expected to decrease due to increased shares of renewable energy production and purchase. Our goal is to reduce GHG emissions by 30% by 2027 (compared to the 2022 baseline) under the Market-Based methodology and to reduce GHG emissions by 5% by 2027 (compared to the 2022 baseline) under the Location-Based methodology. The purchase of electricity from renewable sources amounting to at least 30% of the total electricity purchased by the Group will allow a reduction of Scope 2 GHG emissions according to the Market-

Based methodology. Furthermore, we plan to increase the electricity production from its own photovoltaic plants of at least 20% of the Group's electricity needs will allow a reduction of Scope 2 GHG emissions according to the Location-Based methodology by approximately 11%, exceeding thus the initial objective we set ourselves.

Starting in 2024, the El.En. Group has also committed to monitoring and reporting on indirect emissions for all companies within the scope of consolidation: this project will further increase awareness of which activities have the greatest impact on the Group's indirect emissions, enabling companies to identify further specific plans to reduce emissions.

With regard to the identification of physical risks, the Group also selected two different scenarios: RCP 2.6 and RCP 8.5. The RCP 2.6 scenario envisages zero greenhouse gas emissions by 2100 through massive regulation and policy intervention: this scenario predicts an increase in temperatures and a decrease in precipitation in the first half of the century with a decreasing trend in the second half.

The RCP 8.5 scenario, on the other hand, predicts a gradual increase in emissions by 2100 resulting from a lack of effort to reduce emissions and thus a failure to curb global warming: in this second scenario in the second half of the century there will be an increasing trend of rising temperatures and decreasing precipitation. For both scenarios the Group has identified the main acute physical risks: progressive changes in climatic conditions and extreme weather events, which could result in damage to infrastructure such as industrial buildings or plant and machinery, as well as potential disruptions to essential supplies with a consequent reduction in production capacity. Each assessment was then translated into possible days of business interruption, possible shunting of logistical activities resulting in higher costs, and possible damage to production sites and company infrastructure, which increases as the severity of weather events increases. As chronic physical risks have been identified the

gradual rise in temperature with consequent overloading of power grids or blackouts, which could be followed by interruptions or decreases in activities, or increased energy supply costs related to higher thermal or electrical consumption.

To partially mitigate these risks, the Parent Company and its Italian subsidiaries have taken out an insurance policy that covers direct damages from atmospheric events such as hurricanes, storms, wind, hail, floods and earthquakes. With regard to the interruption of production capacity, in order to mitigate this risk, insurance coverage by the Parent Company is currently being evaluated, in light of the progressive emergence of new risks and unforeseeable events that may affect production capacity. In addition, the Group conducts routine maintenance operations using the best prevention and protection strategies, also with the aim of reducing possible impacts on production facilities.

The risk of the loss of business continuity due to the reduction or interruption of production processes or service delivery resulting from climate change prompted Management to develop a progressive risk management system and a Business Impact Analysis. This analysis, based on the management model dictated by the ISO 22301 standard, will aim to mitigate risks arising from the occurrence of natural disasters (but also from socio-cultural events, resulting from human actions, on the national and international scene).

Today, the fight against climate change is no longer an option but a must and represents the biggest challenge of the century: companies must therefore consider these aspects as a priority when defining strategies and in day-to-day operations. The Group's commitment to the transition to a low-carbon economy is linked to measurable emission reduction goals in the recently approved Sustainability Plan 2023 - 2027, to support the Paris Agreement to limit global warming to 1.5°C and contribute to the European Union's goal of achieving carbon neutrality by 2050.

**THE MAIN RISKS INHERENT TO SUSTAINABILITY TOPICS**

Risk category	Description of risk	Management	Macro area
<b>Risks related to ethical behavior</b>	<ul style="list-style-type: none"> <li>Lack of integrity on the part of the management or of the personnel</li> <li>Risk of corruption</li> </ul>	<ul style="list-style-type: none"> <li>Chapter 1: sustainability</li> <li>Chapter 3: Organizational profile of the Group</li> <li>Ethics Code of the Group</li> <li>Organizational Model according to D.Lgs. 231/2001 for the companies that are using it</li> <li>El.En. S.p.A. adopted an Anti Corruption Policy</li> </ul>	Governance
<b>Risks related to respect of human rights</b>	<ul style="list-style-type: none"> <li>Lack of respect of human rights</li> </ul>	<ul style="list-style-type: none"> <li>Chapter 3: Organizational profile of the Group</li> <li>Ethics Code of the Group</li> <li>El.En. Group adopted a Human Rights Policy</li> <li>Commitment to adopt a specific training to human rights</li> </ul>	People and community
<b>Reputation risks</b>	<ul style="list-style-type: none"> <li>Underestimating the interest of the community for issues related to quality and safety as well as sustainability</li> <li>Lack of quality and safety in the products;</li> <li>Lack of quality in the chain of supply.</li> </ul>	<ul style="list-style-type: none"> <li>Chapter 4: the manufacturing process</li> <li>Chapter 5: Our business</li> <li>Ethics Code of the Group</li> <li>Organizational Model D.Lgs. 231/2001 for the companies that have adopted it</li> <li>Commitment to take actions toward suppliers to share principles, good social and environmental practices, and ethical behavior</li> <li>Insertion in the checklist of suppliers the evaluation of some sustainability issues</li> </ul>	People and community
			Governance



Risk category	Description of risk	Management	Macro area
<b>Risks related to personnel</b>	<ul style="list-style-type: none"> <li>Inadequate use of human resources</li> <li>Lack of training</li> <li>Lack of respect for diversity and equal opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Chapter 6: the People</li> <li>Group Ethics Code</li> <li>Organizational model Modello D.Lgs. 231/2001 for the companies that have adopted it</li> <li>System for the management of quality for the companies with the ISO 9001 certificate</li> <li>El.En. Group adopted a Human Rights Policy</li> </ul>	People and community
<b>Risks related to compliance with environmental and health and safety laws</b>	<ul style="list-style-type: none"> <li>Lack of procedures to protect the health and safety of the workers.</li> <li>Risk of non compliance with the new requirements regulations in the health and safety field.</li> <li>Risks related to regulatory changes, political, legal, technological and market</li> </ul>	<ul style="list-style-type: none"> <li>Chapter 6: the People</li> <li>Human Right Policy</li> <li>Chapter 7: The Environment</li> <li>Group Ethics Code</li> <li>Organizational model D.Lgs. 231/2001 for the companies that have adopted it</li> <li>El.En. Group adopted an Environmental Policy</li> </ul>	Environment
<b>Environmental risks</b>	<ul style="list-style-type: none"> <li>Risk of causing environmental impact which has negative repercussions</li> <li>Risk of using inadequate measures to reduce the environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Chapter 7: the Environment</li> <li>Group Ethics Code</li> <li>Organizational model D.Lgs. 231/2001 for the companies that have adopted it</li> <li>El.En. Group adopted an Environmental Policy</li> </ul>	Environment
<b>Climate change risks</b>	<ul style="list-style-type: none"> <li>Risks related to changes connected to modifications in the political, legal, technological and market laws/ regulations.</li> <li>Acute and chronic physical risks</li> </ul>	<ul style="list-style-type: none"> <li>Chapter 7: Environment</li> <li>Ethics Code of the Group</li> <li>Organizational Model in compliance with D.Lgs. 231/2001 for the companies which have adopted it</li> <li>Environmental policy</li> </ul>	Environment

# THE MANUFACTURING PROCESS

FROM THE DEVELOPMENT OF THE IDEA TO THE  
REALISATION OF THE FINISHED PRODUCT

## 4. THE MANUFACTURING PROCESS

### 4.1 RESEARCH AND DEVELOPMENT AS A TOOL FOR INNOVATION

Research and development are at the heart of our strategy and are the very essence of El.En. Group. The natural predisposition to anticipate technological evolution in the medical and industrial sectors and in the restoration of the world's artistic heritage originates from a stimulating environment, in a territorial and historical context that has made science and artistic beauty a natural breeding ground for talent.



The Group's positioning on high-tech products and the global competitive environment in which it operates imply a continuous and significant commitment to the research and development of new products and technologies. El.En. Group and the people who work for it boast a knowledge of physical, biomedical and technological phenomena gained in almost forty years of experience, which leads to a marked ability to innovate in its know-how, production technologies, processes, products, and related services.

It is the skills we have acquired and the passion of our people that make the real difference; the El.En. Group and the people who work for it in fact boast a knowledge of physical, biomedical and technological phenomena gained in almost forty years of experience, which leads to a marked ability to innovate in its know-how, production technologies, processes, products and related services. One of its strengths is precisely the possibility of networking among the people working in the Group, who in this way develop contacts and relationships, creating a

bond of reciprocity in which skills and information are exchanged and shared.

The Group organises its research and development activities along programmatic lines and with a medium- to long-term vision, so that innovative products in performance and applications can be developed promptly and continuously. In the research activities conducted in our laboratories, as well as through collaboration with leading research centres, hospitals and universities, both nationally and internationally, we do not set ourselves any limits, driven by the desire and passion for everything that is or can become new. The research carried out is applied for most of the activities, while it is basic for some specific topics, generally related to activities regarding innovative medium and long-term goals.

The El.En. Group's ability to innovate is also demonstrated by the number of patents the companies have filed: in almost forty years of activity, 328 patents have been filed, while 83 are currently in the application phase. There has been intense

activity in obtaining patents to protect the intellectual property of the inventions obtained. Intense Research and Development activity was also carried out during 2023 according to the strategy of pursuing continual innovation, aimed at opening new laser applications or of other energy sources, both in the medical and industrial sector (also including applications for the preservation of cultural heritage) and to place innovative products on the market from the point of view of applications, performance of the devices and technologies used.

amount to 4% of its turnover.

As far as research and development activities in the medical field are concerned, we mention the Group's main lines of development.

The first months of 2023 were characterised by intensive research and development activities aimed at releasing an entire new range of products on the market at the 25th World Congress of Dermatology (WCD), which was held in Singapore from 3 to 8 July 2023.

Thousands of Euros	31/12/2021	31/12/2022	31/12/2023
Staff costs and general expenses	11.633	13.392	15.851
Equipment	305	339	430
Costs for testing and prototypes	7.113	5.740	3.732
Consultancy fees	493	461	561
Other services	233	284	55
<b>Total costs R&amp;D</b>	<b>19.775</b>	<b>19.946</b>	<b>20.584</b>

The El.En. Group is currently among the few in the world who develop, manufacture and market products based on the widest spectrum of available technologies, including: solid-state laser, semi conductor laser, active fibre laser, dye laser, CO2 laser, in addition to frequency conversion systems, including OPO and Raman, capable of providing solutions from infrared to ultraviolet with different levels of power and emission duration, to fulfil a wide range of applications. In addition to laser technology, El.En. is active in other technologies, always in the field of electromagnetic energy forms, including, in particular, radiofrequency, microwaves, and high-intensity electromagnetic fields. Therefore, Research and Development is addressed to numerous and different systems, subsystems and accessories. In this document we will mention some projects and activities for each of the sectors involved by research in the parent company and in some subsidiaries or investee companies, without going into great detail.

The table above shows the expenses incurred by the Group during the three-year period 2021-2023 for research and development activities: the amount of expenses incurred in this financial year corresponds to approximately 3% of the Group's consolidated turnover. The expenses incurred by El.En. S.p.A.

The new platforms of the PRO line, Again PRO, RedTouch PRO and Onda PRO represent a major innovation in the high-end Energy Based Devices sector, in the hair removal, facial rejuvenation and body treatment segments respectively. They offer many recognisable new elements, both in terms of a renewed aesthetic design of the equipment and graphic interfaces, which are absolutely innovative and user friendly, and in terms of a significant increase in performance, which confirm a continuous and constant focus on the needs of doctors and the benefits of operators and patients.

The result of painstaking research into the highest standards of performance and versatility in photo-epilation (even on dark skin), Again PRO overturns the technological foundations of its predecessor "Again", significantly improving the treatment of the finest and lightest hairs. The PRO platform, a combination of Nd:YAG and Alexandrite lasers, is also significantly improved for vascular treatments, superficial pigmented lesions and skin rejuvenation.

Another important novelty is RedTouch PRO, the only laser device in the world to interact directly with the collagen fibres (it emits powerful fractional beams of red coherent light @ 675 nm), which makes it possible

to achieve, much more quickly and painlessly, important results in non-ablative rejuvenation treatments for chrono and photo ageing, acting also on spots, melasma, and in the creation of neo-collagen.

The brand new Onda PRO adopts the "PGW" (Precision GigaWave) technology to act on cellulite, localised fat deposits (including subcutaneous) and skin laxity by means of selective and confined microwaves. The uniqueness of Onda PRO is now strengthened with the exclusive addition of a third POCKET handpiece, which acts on the face and produces a powerful lifting effect combined with a strong skin relaxation.

Also in the second half of 2023, research and development activities were aimed at the release on the market of three more new products at the IMCAS 2024 (World Congress on Dermatology and Aesthetic and Plastic Surgery), which was held in Paris from 1 to 3 February 2024.

The new platforms of the PRO line, Motus PRO, Tetra PRO, SmartXide PRO and TORO (which complement the Again PRO, RedTouch PRO and Onda PRO range launched at the previous Singapore Congress in July 2023) represent a significant breakthrough in the field of high-end Energy Based Devices in the segments of hair removal, facial rejuvenation and treatment of benign pigmented lesions and tattoo removal, respectively.

Motus PRO overturns the technological foundations of its predecessors in the "Motus" family, offering in particular peak pulse power values of up to 20 kW, which allow a considerable improvement in the treatment of thinner and lighter hair. Motus PRO, a combination of Nd:YAG laser and Alexandrite, is available in versions with and without the MOVEO handpiece, an accessory that has revolutionised the paradigms of photo-epilation due to its high efficacy and very high comfort for the patient, and now offers, after its great success in the USA, the possibility of

performing, in a single session, a complete facial treatment effective on benign pigmented lesions, vascular lesions and photo-ageing. The Moveo handpiece is the subject of two patent applications.

The new product Tetra PRO 40W is the natural evolution of its predecessor SmartXide Tetra 30W in the segment of CO<sub>2</sub> laser systems for dermatological treatments. The new product is improved both in performance, with an increase in average power from 30 to 40W, and in design through a renewal of the product's interface and aesthetics, with new shapes and colours that echo the family feeling of the PRO family. Tetra PRO is relaunching the proposal that saw the birth and success of the "coolPeel" minimally invasive photo-rejuvenation treatment in the USA with its predecessor SmartXide Tetra 30W.

Another important innovation is SmartXide PRO, which builds on the success of its predecessor SmartXide DOT by introducing all the aesthetic improvements of the PRO series, as well as a new articulated arm and the family of scanners available for Tetra PRO.

The most important novelty is the development of the new TORO product, a laser platform based on Nd:YAG lasers operating in Q-switching regime dedicated to a wide range of dermatological treatments, including the treatment of benign pigmented lesions, tattoo removal, skin toning and photo-rejuvenation, including the "DEKA Peel", a treatment dedicated to the treatment of enlarged pores aimed at a general improvement of skin texture. The product combines traditional nanosecond emissions, in the infrared at 1064nm and visible at 532nm, with an innovative handpiece capable of frequency conversion with time compression of the pulses to generate picosecond pulses at a wavelength of 785nm. This emission regimen is mainly dedicated to the treatment of benign pigmented lesions of Asian phototypes, which can thus be treated effectively while ensuring maximum treatment safety with respect to possible side effects. The new TORO product has been designed with great attention to



minimising the overall dimensions of the machine and with great care for the aesthetic appearance of both the product and the graphic interface, in line with the family feeling of the new PRO series.

In addition to the activities related to the development of the new "PRO" and TORO product range, other significant activities during the period related to the wide range of applications and products of El.En.'s medical division.

For the product Red Touch, planned activities continued as part of the clinical study in the USA aimed at obtaining the FDA clearance necessary to market the product in the US market. This confirms the success of Red Touch PRO, which saw a major production ramp-up in the second half of 2023 to cope with increased market demand, which responded very positively to the proposal of the new product, renewed not only in terms of aesthetics, but also in the considerable increase in performance, which allowed a 30% reduction in the duration of treatments compared to its predecessor Red Touch.

The new system for dermatology called "Helix", which is realised by combining the ablative effect of the traditional CO<sub>2</sub> laser with a non-ablative effect realised by means of a 1570 nm emission source, obtained FDA clearance in the first half of the year and achieved considerable commercial success in the USA in the second half of 2023.

In the area of Body Shaping products, research and development activities continue on systems for muscle stimulation and the reduction of localised adiposity based on electrical excitation combined with laser light emission. During the second half of 2023, FDA certification was obtained for the new PhysiQ 360° product, dedicated to fat treatment and intended for the US market. The new product confirms the adoption of an extremely innovative laser technology never before used in the field of medical fat treatment. During the first quarter of 2023, a first batch of products was delivered for validation by the Key Opinion Leaders (KOLs); the product launch in the US market, scheduled for the first quarter of 2024, is characterised by high expectations related to the clearance of the specific fat treatment claim, which was not foreseen for the PhysiQ precursor that used

an LED and not a laser radiation source.

Also in the Body Shaping segment, innovative Artificial Intelligence algorithms have been implemented on the "LIPO AI" system, which allow significant advantages and improved user-friendliness, ensuring the highest levels of safety and effectiveness of the now classic laser-lipolysis procedure. During the second half of 2023, the product was marketed with the new feature of direct measurement of tissue temperature during treatment in order to provide the operator with additional direct control over the achievement of the end point.

Research and development have continued in the field of CO<sub>2</sub> laser technology for surgical applications. New accessories and systems have been developed, including the "Multipulse Pro Duo" marketed by the subsidiary Asclepion. The system allows a wide range of surgical procedures to be performed thanks to the double arm-fibre feature.

In addition to the traditional CO<sub>2</sub> laser-based products, a project to develop a new product for surgery applications based on lasers with emissions in the blue at 445nm was initiated in the second half of 2023. The product is intended both for outpatient use for minor surgery and in the operating theatre to perform ENT procedures using a fibroscope.

For the subsidiary Asclepion, development activities also continued as part of a strategy to update all catalogue systems, including a new user interface philosophy, new electronics and new design. Automatic vessel recognition has been developed for vascular treatments using a camera and is being tested technically and clinically, significantly improving the performance of the system already on the market. Work continued on perfecting a surgical system already marketed for urological applications characterised by the presence of a morcellator integrated in the system. The development phases of two further systems for urological applications are also being finalised. The range of laser handpieces accompanying the Monolith hair removal system was completed by adding a new handpiece capable of generating a powerful 760 nm and 1060 nm emission. At ASA, research and development continues during 2023 to be at the highest level in

the study of the specific mechanisms of action of lasers, both in human and veterinary physiology, and will apply this knowledge in clinical trials on a variety of "target" diseases, in order to release effective and safe devices. All in perfect compliance with the new MDR regulation in force in the industry, which was achieved well in advance of the legal deadline. At the MEDICA exhibition in November 2023, thanks to its scientific and clinical achievements, ASA was able to present a technological evolution of its proprietary MLS patent, which took the form of the new laser device called M-Hi. The latter can be considered as the "state of the art" in the field, which will certainly open further doors for the exploration of different and innovative research and application segments in the field of laser therapy. For the activities carried out by the subsidiary Quanta System, please refer to the focus "Quanta System: research and development" on the following pages of this chapter. In recent months, all the companies of the Group active in the medical sector have been subject to complex and burdensome work for adapting their clinical-technical documentation to support the medical laser system quality certifications ("CE Marking"). In fact, in the framework of the regulatory amendments with the new "MDR" directive, the documentary requirements and experimental evidence needed to prove the safety and efficacy of medical devices, already quite extensive, have become even stricter.

In the industrial field, the Group carries out the following activities:

The re-engineering of products in the light of the increasingly demanding applications to which they are addressed continues steadily at El.En. Work has begun on higher power sealed sources for e-vehicle applications in competition with conventional systems. Refinement of the range of medium-power CO<sub>2</sub> sealed sources continued, in particular of the 1.5 kW source, enabling its use in the die-cutting sector in cooperation with the subsidiary Cutlite Penta. Development continued on "Sealed-Off" sources of higher power and different wavelengths to extend their range of use. Continues the important development on sealed sources and scanning systems for stripping applications, for e-vehicles, requiring higher power and low cost to reaffirm

our integrator partner's presence in the industry, as opposed to mechanical solutions.

In the area of galvanometric scanning systems, product engineering continues to be optimised in order to improve production processes and dynamic performance in the long term; work has also begun on the development of a new control system for marking. Work is underway to design new scanning units that are modular according to marking requirements with flat-field lenses or dynamic focusing systems.

Research and development activities continue on a daily basis to provide customers with complete solutions adapted to the specific needs of the market. These solutions include customisations on both laser sources and marking systems and allow for customised vertical solutions.

In the field of laser devices for the conservation of works of art and more generally for cleaning, the research and development division has finalised the application of new sources that are better performing and more adaptable to site requirements. Particular attention is paid to the potential of pulse length modulation, as this feature is directly related to broadening the fields of use in industry as well.

In the metal cutting machine segment at Cutlite Penta, new optical, mechanical, fluid-dynamic and sensor developments of the EVO3 cutting heads are continuing, which have enabled the company to be recognised by the market as a reference company for high and ultra-high power laser cutting systems. In 2023, the company was the first company in Europe to present a 50kw cutting system. During the year, the research and development division worked on further developing the cutting heads, introducing a proprietary process gas mixing system on the machines, which opens up new perspectives in carbon steel cutting and, together with process research and the development of cyanide cutting systems, increased laser penetration in a market traditionally dominated by plasma cutting systems. The design and improvement of innovative systems for sheet metal cutting, tube cutting, combined tube/ plane machines, five-axis systems and automatic tube and sheet metal loading/unloading systems also continued. The constant development and

expansion of the range of American die-cutting machines also continues, an area in which Cutlite Penta is increasingly strengthening its position as a world leader.

The implementation of the new El.En. RF1555 CO<sub>2</sub> source continued on the Ot-las marking systems, as well as of the new scanning optics specifically developed to manage medium and peak high power together with the increasing demand for dynamic performance. To improve the performance of the systems produced by automation, specific new servo systems were designed to increase the efficiency of the complete system. In the footwear sector, software functions have been extended to make the use of the systems increasingly responsive to market needs. Similarly, positioning systems have been optimised in hardware.

With regard to the processing of large slabs, particularly marble and natural stone, the study and development of processing on large dimensions (2x3 metres) with high laser power (1200w) continues. Furthermore, constant research and streamlining of the processes in the leather, textile and footwear industry continues in order to achieve increases in performance and operational flexibility. Customised solutions to be integrated into complete production processes requiring surface treatments of various materials, as well as those to be integrated into

production lines using universal robotic systems, are also increasingly in demand and executed.

In the industrial marking sector of Lasit S.p.A., work has been done to improve the confinement systems of the laser radiation zone in terms of greater integrability and ergonomics of the opening and closing devices, and to simplify, reduce the size and standardise the electrical panels and other components, in order to optimise the engineering of the systems by making them also more integrable and compact. Vision systems capable of accessing the field of view directly through the focusing optics are being developed in order to minimise parallax errors, bulk and camera vulnerability.

At the same time, the company is working to expand its area of interest towards laser cleaning and salting system. Lasit wants to establish itself as an all-round technological excellence, combining the skills acquired in thirty years of integration and automation with new industrial processes, at the service of both historical and new customers.

The work begun on the Lean manufactory and the simplification of the production line will also involve software, with the aim of restructuring FlyCAD and FlyControl, the two proprietary software packages that are still the cornerstone of the company's offer and flexibility.





## TODAY'S LASER MACHINES AND SYSTEMS LOOKING TOWARDS TOMORROW PENTA research and development

Cutlite Penta owes the recognition that the market gives it as a leader and innovator in the field of high and ultra-high power metal cutting systems to the resources it employs daily in research and development.

On the strength of the transversal know-how in the field of laser technology stemming from the El.En. group's technological background and decades of development of laser cutting machines and systems, Cutlite Penta pursues the innovation of its products day after day, in a continuous search for solutions aimed at customer satisfaction. The applications are many, from 2D or cyanide sheet metal cutting to three-dimensional 5-axis systems for cutting pipes and profiles.

The scope of Cutlite Penta's R&D ranges from the market introduction of increasingly powerful fibre laser sources (notably 2023 saw the presentation of the first system in Europe with a 50kW source), to the design of cutting heads capable of handling such power. R&D is constantly working on new lines of highly dynamic or very large machines, on machines that combine sheet and tube processing, and on the development of automatic loading and unloading systems for sheet and tube.

Activities also include process research, aimed at determining optimal cutting modes and parameters, which for example led to the design and implementation of a proprietary solution for controlled in-machine mixing of cutting gases and the development of more efficient nozzles.

The efforts made in recent years have resulted in solutions that not only allow productivity and profitability increases, but also offer an alternative to cutting methods that are much more impactful in terms of energy and environmental emissions; the high laser power of the machines developed by Cutlite Penta, the development of solutions for high-thickness cutting, and the management of the cutting process are just some of the aspects that make the replacement of traditional plasma and old CO2 laser cutting systems with the current machines produced by Cutlite a greener and more ethical choice, which meets the ever-increasing environmental awareness and sensitivity of both ourselves and our customers.



## CLINICAL RESEARCH & PRACTICE El.En. S.p.A.

A few years ago the parent Company El.En. S.p.A. set up a Division called Clinical Research & Practice (CRP) to enhance and streamline the clinical development process (an integral part of the development of new products, with relevant validation, pre-launch and appropriate physical-clinical debugging), and to better develop sales tools, white papers and scientific articles, as well as to capitalise on lab experiences.

The success of a laser treatment arises from a meeting of ideas, it is nourished by the clinical experience of professionals who want to innovate their profession every day, by listening to the sales network, by marketing, by discussions with product specialists, by the ability of research and development to push the technological envelope. The CRP (Clinical Research & Practice) division was therefore created to concretely define the place where these ideas meet, before choosing the right ones to be given clinical force and accompanying them in the right direction so that they can be successful and scientifically sound. CRP is therefore an incubator, maturing proposals and trying to mediate for the right compromise between physical well-being and technical feasibility.

This division consists of professionals with diverse experience and expertise in bioengineering, surgery, biology and chemistry. It was set up a few years ago as an autonomous department, but is the fruit of the union of colleagues who have been working assiduously for years in scientific research within the company, and also makes use of external collaborations with professionals from numerous branches and institutional and university bodies.

The Clinical Research & Practice division supports the company by providing clinical data to support the medical systems, especially the youngest ones, through numerous activities: it promotes clinical training through the drafting of scientific documentation, coordinates the activities of Product Managers to increase the synergy of products in the various specialities, drafts clinical manuals with protocols to support the use of the latest systems, and produces Clinical Evaluation documentation for the various certifying bodies according to the latest regulatory standards to support the obtaining of various medical certifications.

In 2023, clinical data collection activities focused on several scientific fields including Dermatology, Female and Male Intimate Health, Surgery and Aesthetic Medicine. In particular, efficacy and safety were demonstrated in the removal of filler granulomas, bromhidrosis treatments and body remodelling with laser lipolysis.

The use of Microwaves in aesthetic medicine has shown long-term results (up to one year) in the treatment of localised fat deposits. The use of appropriately modulated magnetic fields enables functional post-trauma rehabilitation of athletes, the improvement of urinary incontinence situations, and the alleviation of chronic male and female pelvic pain. In the more strictly dermatological field, protocols in the treatment of vascular lesions, dichromia, and transdermal vehiculation with innovative wavelengths for reduced healing times have been confirmed and consolidated.

## R&D at QUANTA SYSTEM

Quanta System's core business is almost exclusively dedicated to the medical sector, and to a small extent to the industrial sector and the art preservation sector.

During 2023, new product development activities continued at Quanta System S.p.A. in both the surgical and dermatology and medical aesthetics divisions, with the launch of several successful new systems.

In the surgical application sector, the company developed and placed on the market laser systems based on the new Thulium Fiber laser - Fiber Dust and Fiber Dust PRO technology, which completed the company's product portfolio on the market for the treatment of urinary tract stones and benign prostatic hyperplasia. In parallel, custom versions of the same product were created for some major OEM customers. The company is currently engaged in the power development of this product range, to complement its offerings with ever-increasing technical specifications to meet the growing demand for innovative technologies in this sector.

Also in the field of urological applications, the company has continued research in the Holmium laser segment with the aim of developing new, increasingly efficient and high-performance devices, particularly for the treatment of lithotripsy and benign prostatic hyperplasia. In the second half of the year, characterisation and feasibility studies were completed on some new configurations of current laser devices based on low peak power Holmium sources. This research activity will result in a new product for urology applications to be launched in the first half of 2024.

For the dermatology division, development and transfer into production were completed of the new laser platform called "Suprema", a system capable of generating even simultaneous emission from different laser sources, with significantly increased energies in green (532nm) for vascular applications, alexandrite (755nm) and Nd:YAG (1064nm), for photo-epilation and photo-rejuvenation applications, and the YouLaser Prime laser system, a device based on the combination of two laser sources with ablative (CO2) and non-ablative (1540nm) effects, for skin resurfacing applications and scar tissue regeneration, able to offer a wide range of dermatological treatments with modulable invasiveness and therefore with the possibility of managing downtime according to the needs of the individual patient.

The development, certification and transfer into production of a new 808 nm combined wavelength diode system with an innovative laser radiation delivery system and interchangeable handpieces was completed. High performance system (2500W) ideal for hair removal, dermatology and vascular applications.

The development, certification and pre-series start-up of a device with a new feature capable of delivering variable-length pulses based on Nd:YAG technology in the picosecond range to make tattoo removal treatments more flexible and optimised was also completed. This new device will be launched on the market at the beginning of 2024 under the name "VarioPulse TM " and will complete the range of configurations of the Discovery Pico family, which has already been a market leader worldwide for several years.

Parallel to the R&D activities, the regulatory activities aimed at obtaining certifications for all new technologies in the various markets worldwide continue uninterrupted.

## 4.2 THE QUALITY AND SAFETY OF OUR PRODUCTS

The Group is aware that the complexity of its business requires high quality standards, and therefore the commitment we promote and maintain to the Quality and Safety of our products is essential to its continued growth and success. We always pay the utmost attention to the design and development phases of our systems; our value also lies in the study and application of increasingly selective, effective and safe methods.

We strive every day to provide valuable products to our customers in order to establish a loyalty process based on quality, reliability and safety and to ensure that product requirements are recognised and appreciated and that all necessary action is taken to ensure legislative compliance.

100% of our products are tested at three different stages: functional testing, electrical safety testing and final testing for product release.

Some Group companies have adopted an "Integrated Management System Manual", which meets the requirements of TUSSE no. 81 of 2008, to describe the goals and policies of the Quality Management System and how it is applied. The manual defines the general criteria for meeting the safety and performance requirements of products throughout their life cycle as well as the services provided.

The companies El.En. S.p.A., Deka M.E.L.A. S.r.l., Quanta System S.p.A., ASA S.r.l. and Asclepion GmbH have a Quality Policy that guarantees the

compliance of their activities with the standards of the national authorities of the countries in which they operate. The various Group companies comply with the following standards and regulations, depending on the geographical area and type of business in which they operate:

- ISO 9001;
- ISO 13485 relating to the quality management system for medical devices;
- ISO 14001 relating to the environmental management system;
- ISO 14064 for the carbon footprint of organisations;
- ISO 45001 for occupational health and safety;
- ISO 50001 for access to clean, reliable and sustainable energy;
- European Directive MDD93/42/EEC (Medical Devices Directive) which will soon be replaced by
- European Regulation (EU) 2017/745 MDR (Medical Device Regulation);



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EMPLOYEES WORKING IN QUALITY CONTROL



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EMPLOYEES WORKING IN REGULATORY ACTIVITY

**Our products and our quality systems are certified by the most important institutions at a world level that are responsible for supervising the safety and effectiveness, above all, of medical devices. Our companies periodically receive inspections for the renewal of the certificates they possess, and which are indispensable for exporting our products abroad.**

Companies	Certification
<b>ASA S.r.l.</b>	<ul style="list-style-type: none"> <li>• ISO 9001:2015;</li> <li>• ISO 13485:2016;</li> <li>• European directive 93/42/ECC medical devices;</li> <li>• MDSAP 13485:2016;</li> <li>• UE Directive 2017/745MDR.</li> </ul>
<b>El.En S.p.A. and Deka M.E.L.A. S.r.l.</b>	<ul style="list-style-type: none"> <li>• ISO 9001:2015;</li> <li>• ISO 13485:2016;</li> <li>• ISO 14064-1:2018; ISO 14064-3:2019;</li> <li>• European directive 93/42/ECC medical devices;</li> <li>• UE Directive 2017/745MDR.</li> <li>• MDSAP 13485:2016.</li> </ul>
<b>Penta Chutian Laser (Wuhan) Co. Ltd</b>	<ul style="list-style-type: none"> <li>• ISO 9001:2015.</li> </ul>
<b>Penta Laser Technology (Shangdong) Co., Ltd</b>	<ul style="list-style-type: none"> <li>• ISO 9001:2015;</li> <li>• ISO 14001;</li> <li>• ISO 45001.</li> </ul>
<b>Shenzhen KBF Laser Tech Co. Ltd</b>	<ul style="list-style-type: none"> <li>• ISO 9001:2015;</li> <li>• ISO 14001;</li> <li>• ISO 45001.</li> </ul>
<b>Penta Laser Zhejiang Co., Ltd</b>	<ul style="list-style-type: none"> <li>• ISO 9001:2015;</li> <li>• ISO 14001;</li> <li>• ISO 45001;</li> <li>• ISO 50001.</li> </ul>
<b>Quanta System S.p.A.</b>	<ul style="list-style-type: none"> <li>• ISO 9001:2015;</li> <li>• ISO 13485:2016;</li> <li>• ISO 14064-1:2018; ISO 14064-3:2019;</li> <li>• European directive 93/42/ECC medical devices;</li> <li>• UE Directive 2017/745MDR.</li> <li>• MDSAP 13485:2016.</li> </ul>
<b>Asclepion Laser Technologies GmbH</b>	<ul style="list-style-type: none"> <li>• ISO 13485:2016;</li> <li>• European directive 93/42/ECC medical devices;</li> <li>• MDSAP 13485:2016.</li> </ul>
<b>Cutlite do Brasil</b>	<ul style="list-style-type: none"> <li>• ACIB - <i>Centro Empresarial de Blumenau</i>;</li> <li>• ABIMAQ (<i>National Association of Machine Industries</i>);</li> <li>• INDAC (<i>Instituto Nacional para Desenvolvimento de Acrilico - National Institution for Development of Acrylic</i>);</li> <li>• <i>Conselho Regional de Engenharia e Agronomia de sc.</i></li> </ul>
<b>Deka Japan Co. Ltd and With US Co. Ltd</b>	<p>The companies comply with the regulations of the Japanese Ministry of health, labor and welfare. In order to import and sell machinery in Japan, companies must have a selling permit and the type of product imported must be approved in advance. The selling permit must be renewed every five years and the permit for marketing of the machine is renewed for from one to five years depending on the type of risk it represents.</p>

- National laws of member states of the European Community and non-European countries such as the United States of America (21CFR820/803/806), Japan, China (CCC- Certification for electronic components and Enterprise standard "CNC laser cutting machine") and Brazil.

The medical manufacturing companies El.En. S.p.A., Deka Mela S.r.l., Quanta System S.p.A., Asclepion GmbH and ASA S.r.l. have obtained the MDSAP (Medical Device Single Audit Program) certification over the past three five years. This certification allows bodies recognised and accredited by the Regulatory Authorities of the five participating countries (U.S.A., Canada, Brazil, Japan and Australia) to conduct a single audit of medical device manufacturers to verify that they meet the requirements of ISO 13485 and the national deviations of the relevant countries. On the previous page is a summary of the certifications in place for the various companies.

It should be noted that there are 14 production sites, of which 9 relate to production for the industrial sector and 5 to production for the medical sector. 64% of the production sites are ISO 9001 certified while 100% of the production sites producing medical devices are ISO 13485 certified. The Chinese subsidiaries in Wenzhou, Shangdong and Shenzhen are ISO 14001 and ISO 45001 certified (29% of the production sites); the Wenzhou company also holds ISO 50001 certification. The goal in the coming years will be to extend certification to the remaining Chinese locations (14% of the production sites). The objective in the coming years will be to extend the obtaining of certifications to the remaining Chinese offices.

During 2023 El.En. S.p.A., Deka Mela S.r.l. and Quanta System S.p.A. have activated a project to obtain ISO 14064 - Organizational carbon footprint, which obtained in the first months of 2024.

The Group is committed to achieving, through the motivation and involvement of its people, a continuous improvement in the quality of its products and services; this goal is pursued through the optimisation of company processes, according to criteria of efficiency and uniform, streamlined and effective working methods. There is also an increasing

tendency towards a risk management-oriented Quality Policy, as a tool for evaluation and decision-making, in order to pursue continuous improvement through appropriate preventive or corrective actions. All Group employees have received adequate training on the quality and safety of our products through specific training. The responsible functions carry out continuous training during the year on Product Health and Safety issues.

The responsible Quality functions, for which in each subsidiary a managerial responsibility has been identified for the safety of our products and their pre-market regulatory compliance, carry out daily safety risk assessments of our products and promptly investigate incidents that occur and promptly implement corrective actions. The personnel in charge of these controls receive regular training on the activities that must be carried out in line with new regulations, recommendations, and best practices at national and international level, and they receive regular external inspections on product safety and the correctness of the procedures and processes put in place, also in response to emergencies tested regularly to ensure product safety.

With a view to improving and streamlining internal procedures, in 2023 the parent company El.En continued the implementation of the project, already started in 2022, to digitise incoming control and testing processes, supplier nonconformities and customer complaints, with the aim of increasing data traceability, digitising electronic signatures and facilitating document interchange. The chosen solution is a web-based software with a powerful workflow engine for Quality Assurance & Compliance with Industry Standards: this software solution offers a comprehensive approach to quality management by increasing the transparency of internal business processes and making supplier and internal quality management much more effective and efficient. The solution will improve efficiency by automating the operational workflows of approval and distribution of documentation and records, which are currently carried out manually, and will allow time and

resources to be invested in improved product and process quality and regulatory compliance.

In a first phase, the software will manage the following processes and areas:

- customer complaint management: the improvement will concern reducing the timeframe for handling complaints and creating a report for the customer following the international standard 8D-report containing the summary of the complaint analysis, actions implemented and the effectiveness checks carried out to ensure actual resolution of the problem highlighted. It will also provide a real-time link to non-conformities and incoming material checks, as well as to subsequent corrective and preventive actions.
- management of corrective and preventive actions (CAPA): improvement will concern the definition and traceability of waste, rework or derogation activities from use as is with the relevant authorisations and timings by Production Engineering, as well as data usability, which will happen in real time, and the option for this data to be aggregated for different cost centres and linked to the management system for the sharing of item, supplier and customer records.
- non-conformity management: increased speed in the management of non-conformities detected from both internal production and external supplies, with the option for the supplier to enter non-conformity reports and root cause analysis results directly through this software remotely. Furthermore, thanks to an "escalation to CAPA" system, on the basis of a predefined risk matrix, it allows the link to the management of higher-level corrective and preventive actions managed directly by Quality Assurance for more critical cases in terms of severity or frequency of occurrence, ensuring a systematic root cause analysis;
- management of measuring instruments and test equipment: starting from a structured master data of the measuring instruments surveyed, this module allows the management and traceability of the schedule of activities, the management of calibration cycles and certificates, thus guaranteeing the maintenance of correct metrological confirmation

processes. The instrument also allows the recording and traceability of all events that differ from periodic calibrations, such as instrument failures and quarantines. This makes it possible to correctly maintain the entire instrument history throughout its life cycle within the organisation, including the ability to set alarms on approaching deadlines, and to easily plan instrument calibrations so as not to incur possible downtime. It also enables complete tracking of the allocation of instruments to departments and individual personnel, making them responsible for their safekeeping and proper use;

- Entry checks and tests: the improvement will concern the timing of these checks, the digitisation of documentation, which will be managed entirely within the software, and the possibility of implementing dynamic incoming (application of more rigid or less rigid sampling plans, in terms of the number of samples to be tested or as the frequency of checks based on recurring supplies). Dynamic checks automatically suggested by the software, based on the outcome of previous deliveries of the same article/supplier on the basis of rules defined by the international standard ISO 2859-1, which guarantees repeatability, validity and acceptability by certification bodies and clients;
- Statistical data module: the software will enable a better analysis of the different KPIs investigated and improve the updating, dissemination and analysis of the data available in real time.

In a second phase, planned for 2024, additional modules will be added to the software for the management of pre-market final product release checks, internal part one audits and supplier surveillance (part two audits).

This project will increase the effectiveness of the monitoring process and the analysis of non-conformities because it will optimise the processes related to the quality of our products, but another important aspect related to sustainability issues is that of digitalisation, which will allow the elimination of the use of paper and the reduced movement of people to carry out checks, controls or document delivery, making only the information move and having it available in real time for analysis and consequent decisions.



### 4.3 REGULATORY AFFAIRS ACTIVITY

In a competitive environment such as the medical industry, the expertise of experts working in the Regulatory Affairs field is of considerable economic significance for the company, especially if it pursues internationalisation goals in its business strategy. Regulatory activity today requires the presence of several players, possibly with different technical, scientific and administrative backgrounds and an excellent command of languages, because it is necessary to know European, national and even non-European regulations.

Within the El.En. Group companies operating in the medical sector, the Regulatory Affairs department documents compliance with the needs of governing bodies to protect public health, and oversees the safety and efficacy of the industry's products. Medical device companies ensure their products comply with current safety regulations.

For this reason, it is highly strategic to have a specialised office of Regulatory Affairs experts to keep products up-to-date with respect to legal requirements, to obtain and manage product certifications, and to ensure the continuous maintenance of conformity by acting as an intermediary between the authorities'

requests and the needs expressed by all the functional areas of the company, following the documentary process and making itself available for any documentary requests and additional clarifications by the institutions.

While research and development works to turn the concept into a real product, the Regulatory Affairs department plays a crucial role, suggesting appropriate regulatory strategies to ensure the product can be marketed. From the very first meetings, the Regulatory Affairs specialists must explain to the development team how the various decisions may influence the type of certification application to be submitted to the authority, as well as the relevant timeframe.

For products that will be distributed internationally, the Regulatory Affairs department must also coordinate with the various local partners to ensure that the product has a global certification strategy. To be effective in this role, they must understand the international regulatory requirements which the device will be subject to and ensure the product development team takes these requirements into account during testing and validation of the device.

### ISO 14064 - ORGANISATION CARBON FOOTPRINT CERTIFICATION FOR EL.EN., DEKA E QUANTA SYSTEM

During 2023, the parent company El.En. S.p.A. and the subsidiaries Deka Mela S.r.l. and Quanta System S.p.A. activated a consultancy process to obtain the ISO 14064 - Carbon footprint of organisations. ISO 14064 was created to quantify and report greenhouse gas (GHG) emissions and defines the requirements for the design, development, management, reporting and verification of an organisation's GHG inventory, defining its so-called "Climate Footprint" or "Carbon Footprint".

The certification (covering data for the financial year 2022) was obtained in February 2024. The result achieved represents an important first step because it has enabled awareness to be gained in the quantification of GHG emissions, the reporting of which will be mandatory from next year (as required by the European CSRD), and has offered companies that have measured their emissions the opportunity to implement targeted Carbon Management policies where these have been found to be most significant. By obtaining the ISO 14064 certification, the El.En. Group once again demonstrates its concrete commitment to environmental sustainability and its ability to meet the demands of its stakeholders, who are increasingly attentive to these issues: in fact, the certification fully meets the need to outline a working methodology based on a scientific and systematic approach and aimed at quantifying, accounting for and verifying the reduction of greenhouse gas emissions.

The goal for next year is for the three companies to achieve the 2023 certification by mid-2024, and then proceed to the 2024 certification in conjunction with the closing of that year's sustainability report (scheduled for March 2025).



## Il nuovo regolamento MDR

The companies El.En. S.p.A., Deka Mela S.r.l., Quanta System S.p.A., Asclepion GmbH and ASA S.r.l. have already organised themselves over the past year to obtain the CE certification according to Annex IX of the new EU Medical Device Regulation 2017/745MDR. The new Regulation (EU) 2017/745 (MDR) regulates the placing of medical devices on the EU market and has definitively replaced Directive 93/42 /EEC (MDD), as of 26 May 2021. The main changes introduced by the new regulation were as follows:

- Expansion of the scope to include products that do not have medical indications (such as lasers and pulsed lights for aesthetic applications of hair removal, photo-rejuvenation and tattoo removal, or fat reduction equipment). These devices will also have to fulfil the additional requirements of the Common Specifications that were published last December 2022 (EU REGULATION 2022\_2346);
- More stringent requirements for clinical evaluation, requiring clinical evidence exclusively from the device itself or other equivalent devices from the same manufacturer;
- Additional requirements on Post-Market Surveillance, requiring the issuance of a Periodic Safety Update Report (PSUR) by manufacturers, for each class IIb and IIa<sup>9</sup> device;
- Appointment by each manufacturer of at least one Person Responsible for Regulatory Compliance (PRRC), who is ultimately responsible for all conformity aspects of products placed on the market with the requirements of the Regulation;
- More requirements on the Technical Documentation of medical products to be produced and maintained by manufacturers;
- New obligations and responsibilities for economic operators involved in the supply chain: manufacturer, importer, distributor, authorised representative;
- New mandatory requirements for the unique identification of disposables (UDI);
- New single European database EUDAMED for the registration of devices and economic operators;
- New classification rules.

Therefore, as of 26 May 2021, any new medical device may only be placed on the EU market if it complies with the requirements of the new MDR regulation. It should be noted that existing medical devices with a valid EC certificate according to Directive 93/42/EEC may continue to be marketed until 2028, provided that they do not undergo any significant changes to their design and indications for use and that a contract is concluded with a notified body for their certification in MDR.

The MDR regulation will inevitably lead to an increase in the time-to-market and costs of new certifications. On the other hand, it may represent an opportunity, as only well-structured companies with sufficient regulatory resources will be able to maintain the new regulatory environment.

The MDR regulation also requires insurance cover for damage caused by defective medical devices; medical companies that have already introduced the regulation periodically re-evaluate the adequacy of the limits so that they are proportionate to the class of risk, the type of devices produced, the field and application of the devices (medical, aesthetic, industrial, restoration, etc.), the size of the company and the growing number of devices placed on the market, the markets in which the product is present, the complaints and incidents registered and managed, and the changes in all these parameters over time.

The companies El.En. S.p.A., Deka M.E.L.A. S.r.l. and Quanta System S.p.A. have obtained CE certification in 2021 and the subsidiary ASA S.r.l. in 2023, according to the new EU Medical Device Regulation MDR 2017/745. Finally, for the subsidiary Asclepion GmbH, it is expected to be obtained in the course of 2025.

<sup>9</sup> According to Directive 93/42 and subsequently MDR 745/2017 medical devices are classified in these risk classes: I, IIa, IIb, III in ascending order of the risk associated with the device.

## 4.4 THE SUPPLY CHAIN

The Group includes production companies serving the medical and industrial sectors and trading companies for the medical market. Medical companies supply their products to qualified distributors, directly to end customers (medical clinics, doctors, etc.) and also through partners served in OEM mode, while industrial companies supply their market by providing their products mainly to end users.

The specifications of the components of our systems are set by our technical departments and, depending on our stringent requirements, the components can be produced in-house, manufactured to our specifications by qualified external suppliers or purchased from a catalogue.

The simplest stages of component assembly and processing can be carried out either in-house or externally by relying on third-party companies. Supplies mainly concern production components and accessories (technical accessories, critical components, industrial accessories, etc.).

Other purchase categories may include office products, software and computer products, and shipping packaging. In the area of services, Group companies use external suppliers for several services, including IT support, technical maintenance, services of scientific laboratories and certification bodies, special waste disposal services, advertising and marketing, financial services and transport services. The provision of services strictly related to research and development by highly qualified entities or professionals is not uncommon.

During 2023, at the consolidated level, the value of purchases amounted to EUR 388 million, while third-party processing amounted to EUR 26.5 million: the value of purchases is 83% from local suppliers, while the value of third-party processing is 100%. By adding the value of purchases and third-party processing, the total value from local suppliers becomes 84%.

We believe that sourcing locally is a strategy to ensure faster supplies, with less environmental impact, that foster a stable local economy and maintain close community relations.

The El.En. Group believes that close cooperation with its supply chain is essential to achieve higher quality standards of the finished product and more generally of the entire production process. The ultimate goal is to establish a lasting cooperation relationship characterised by transparency and collaboration. Suppliers must meet minimum safety, quality and financial soundness requirements in order to minimise potential operational disruptions and unexpected costs.

Preventive analyses and evaluations are carried out on an ongoing basis to capture market trends, monitor the evolution of current and potential suppliers, their technical upgrading and industry regulations, including on the marketing of their products sold to us.

The Group operates in a framework of fair competition with honesty, legality and fairness, respecting the legitimate interests of all stakeholders; the Group's Code of Ethics contains the principles and rules that all those who come into contact with the company are expected to respect. In supply contracts and in all purchase orders, the counterparty states that it has received the Code of Ethics and accepts it. Violation results in termination of the contract and possible damages.

Suppliers are therefore asked to meet certain requirements:

- financial stability;
- experience in the sector;
- reliability;
- resources and technical and design skills;
- production capacity;
- adoption of product quality and safety control systems, consistent with the Group's requirements.

In the selection process and in its relations with suppliers, the Group assesses, in accordance with internal procedures and corporate planning, the economic viability with reference to the objectives of solvency and long-term profitability, as well as the market presence, technical capabilities and reliability of the interlocutors.

In particular, in the Group's production companies, the selection of suppliers follows precise qualification and approval procedures to ensure product quality and maximum compliance with delivery schedules. The procedures provide for a "Supplier Qualification Request Form" to assess the general level of the supplier's Quality System, with a view to continuous improvement of the aspects that influence the quality of the product or service we purchase; for supplies of goods, test orders are also issued, which allow us to carry out tests directly on the product.

In the event that deliveries concern components made to our specifications by subcontractors, i.e. suppliers who are part of the production process because they assemble or test our systems or work on certain semi-finished products, they are given mandatory training by our qualified in-house personnel. Training for suppliers is planned, carried out annually and recorded in a special register. Training is carried out whenever a new supplier needs to be qualified, in the case of a new product or substantial changes to an existing product, and in the case of deficiencies found during audits at their premises.

For products or services of a particular nature, such as services provided by testing laboratories, the qualification and approval procedure is predominantly based on the analysis of the certifications held by the supplier, since the authority of the certifications and of the bodies that have issued them constitute a guarantee of reliability. Audits at the supplier's premises may also be envisaged: once the analysis is complete, the supplier is either accepted or excluded as insufficient in quality based on the results of all tests carried out.

Once suppliers have been judged qualitatively suitable, periodic evaluations are planned to ensure the required quality standards are maintained: these evaluations take into account aspects such

as supplier flexibility, i.e. the ability to adapt to the company's needs, timeliness of response and management of unforeseen events, organisational structure and punctuality of deliveries, as well as the evaluation of the quality of the goods delivered. There are also annual audits to be carried out at certain suppliers by trained internal auditors, either routine or due to abnormal situations of non-conformity, such as a decline in the quality of products or services.

Although we do not provide for audits at our subcontractors, in our contracts with our suppliers of critical components<sup>10</sup>, i.e., components that have an impact on product quality and/or safety, we require that procurement for components supplied to us only take place from our direct suppliers or from suppliers indicated by us (and thus in fact qualified by us). We can therefore say that subcontractors of critical components are only suppliers belonging to our qualified supply chain.

El.En. S.p.A. and Deka Mela S.r.l. were the first companies in the group included in the qualification and approval procedure for suppliers of critical components<sup>10</sup> the evaluation of certain aspects related to sustainability issues (Human Resources and Health and Safety System Management, Environmental System Management and Corporate Governance Management), so that sustainability parameters would also contribute to the supplier's overall evaluation.

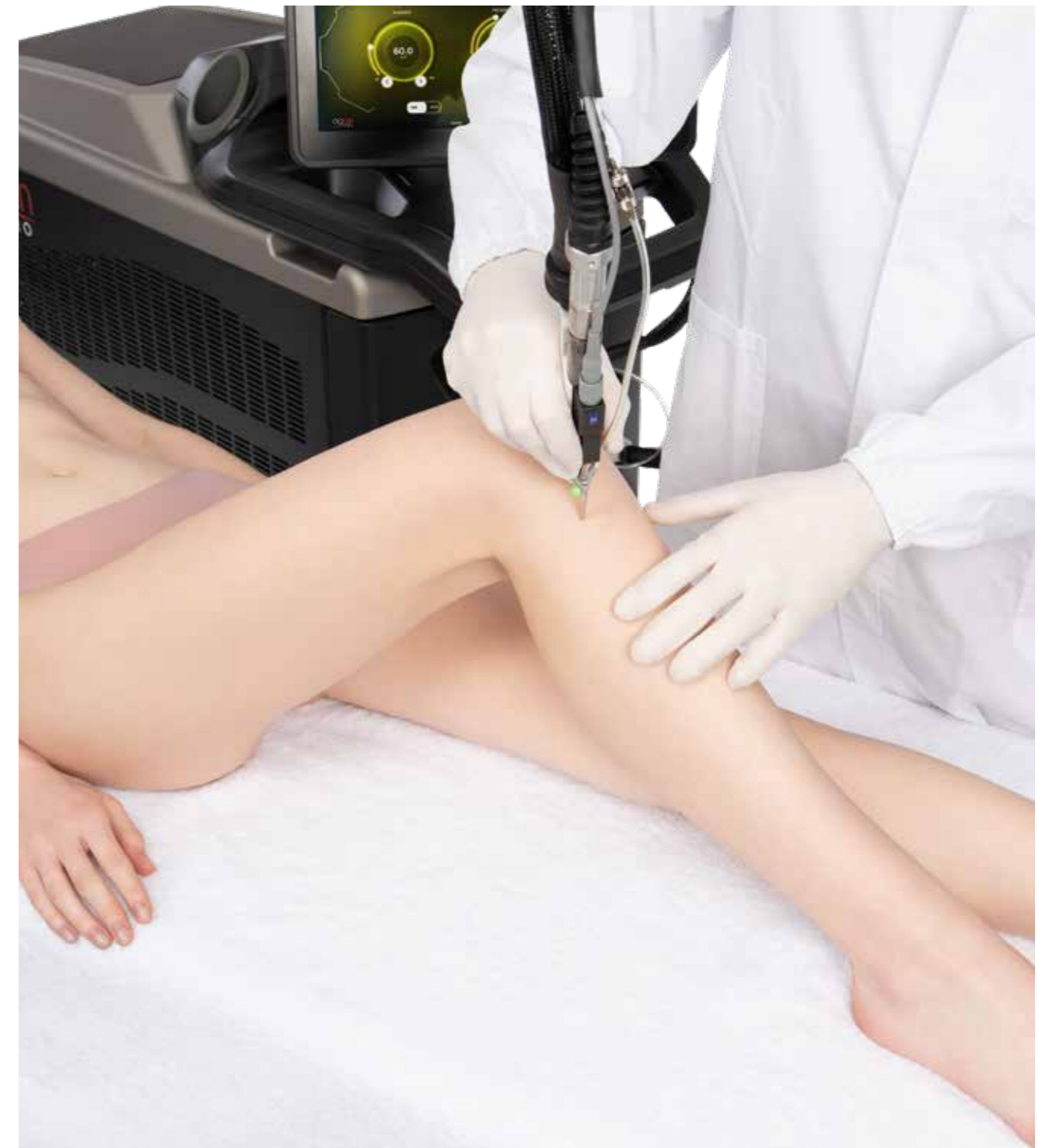
Subsequently, the three Chinese subsidiaries and the companies Quanta System, Asa and With Us included the questions in their "New Supplier Checklists" relating to sustainability issues (Human Resources and health and safety system management, Environmental system management, Corporate Governance management and Respect for human rights in terms of refusal to employ child labour and refusal to use forced or compulsory labour). New suppliers also assessed against the aforementioned sustainability topics were 4% of the total new suppliers.

<sup>10</sup> Suppliers of critical components are intended as those who supply a component/assembly that has an impact on Patient and/or Practitioner safety and presents a high risk index, or who offer services related to product quality that have an impact on Patient and/or Practitioner safety.

It should be noted that during the 2021 - 2023 three-year period, there were no events that would suggest the presence of suppliers in the Group's supply chain that represent environmental risks or significant risks of child, forced or compulsory labour, or where the right to freedom of association and collective bargaining could be at risk.

In 2023, the Group started to set up a model for sustainable supply chain management, to be used

in all companies, which will allow new and relevant suppliers to be monitored more closely on the basis of sustainability parameters than hitherto, and enable them to be more closely involved in the achievement of common sustainability goals, where shortcomings are identified. During 2024, specific training activities are planned for all departments concerned and the dissemination of the model for sustainable supply chain management in all subsidiaries.



## 4.5 OUR CUSTOMERS

The El.En. Group's innovative capacity is based on continuous experimentation that, thanks to the development of cutting-edge systems and technologies, allows it to provide customers a wide range of top-quality products that stand at the top end of the market in terms of innovation and excellent performance. The Group also stands out for its attentive and scrupulous after-sales service, which uses increasingly advanced monitoring and response tools.

One of the distinctive features of the El.En. Group is also represented by having capillary and structured entities dedicated to marketing and after-sales service to respond in a targeted and comprehensive manner to customers in specific channels or geographical areas. All this enables to maintain a focus on customer care with a stable, reliable but also flexible organisation with fast response times.

The discontinuity in previous years has accelerated the digital transformation process of all companies, which are now called upon to rethink models and revise their resource management strategies, and some areas such as Customer Service, Marketing and Sales must consequently take a step forward, precisely because users' needs are increasingly oriented towards an integrated and intelligent service. The operational philosophy pursued by the El.En. Group is to be close to its customers, making itself available in the ways and times that best suit them, by telephone rather than through innovative tools such as Virtual Booths, organising numerous webinars and making the most of live chats. Major changes in recent years in the Group's business models include the strong push to focus even further on direct communication channels, even at a distance.

The Group is committed to being at the side of its customers and partners, conducting a large number of training sessions, organising meetings attended by customers or distributors from all over the world to witness the various procedures for the use of its products by doctors and experts in the field or remotely, where classrooms become "virtual" through the use of webinar platforms, with interactive

collaboration by all participants.

The Group's training proposal analyses, interprets and recounts the development of its products in an extremely practical manner using highly professional didactic material, produced directly by experts and researchers, and is completed with tablet applications for some companies or access to "Club" sections of the websites, dedicated only to customers and rich in content. The aim is to important major tools and exclusive communication, work and promotion content, such as presentations, manuals, waiting room materials, etc., which translate into high value-added tools and services for users all over the world.

With a view to transparency, maximum attention towards customers and to guarantee the accuracy and correctness of any information provided, all material for the commercial promotion of products (brochures, flyers, catalogues, website, advertisements in specialised magazines, videos, etc.), as it must highlight aspects related to the performance of our systems, is subject to an internal approval process before it is disseminated. There is a specific procedure whereby all new commercial documentation is prepared at the initiative of the commercial departments, the material prepared is originated from information produced in collaboration with the Clinical Research and Practice function, and technical data, system specifications and clinical application data are congruent with the product's technical file. Formal approval by the Product Manager for consistency with clinical findings and approved indications for use or applications, approval by the Quality Department with regard to CE marking and/or other regulatory issues, and approval by the relevant Sales Department for the remaining aspects is required before the advertising documentation can be officially issued.

We have confirmed our presence on the market, offering our customers opportunities for professional growth, aware that the future will always come from improving knowledge and skills. In fact, our systems are designed to promote the patient's well-being but

also to allow the practitioner's activity to evolve. The practitioner can always count on high-performance and safe devices and on training that allows him to make the most of all their potential.

The Group also ensures that attention is paid to continuously improving customer satisfaction through Customer Satisfaction surveys by monitoring appropriate company indicators, administering questionnaires on the surveys carried out rather than through the analysis of deficiencies.

Customer satisfaction goes hand in hand with the drive for innovation and sustainability and is determined by a combination of factors: from the characteristics of the product to the evaluation of the service received and the relationship with the company in terms of quality delivered and perceived.

The measurement of the customer experience is done through feedback obtained during dialogues with customers in which opinions, comments, expressions of interest in a product or service, or in interactions with both internal and external sales representatives are collected.

For a more specific survey, customers are provided with several communication channels in which they can report their feedback: the CSS (Customer Satisfaction Survey), a survey carried out periodically on industrial and medical products, as part of a Customer Focused initiative, the Complaint Management process, the analysis of service reports and post-market reliability, and other methods of analysis that may include market research and trend analysis. Each form of interaction with customers provides an opportunity to create value, as it is only by identifying the current and future needs of customers that we will be able to intercept possible growth opportunities and fully understand the adherence of our products to market expectations.

An additional tool useful for improving customer satisfaction is post-market reliability analysis, the purpose of which is to identify any defect trends and immediately propose suitable countermeasures for resolution. Verification allows for the detection of any drift in a timely manner, provided that individual

reports of complaints, incidents or adverse events are quickly dealt with on a case-by-case basis.

The El.En. Group is actively dedicated to the continuous improvement of flows and processes in the after-sales stage: of particular importance is the role of Service, crucial in the relationship of trust between companies and their customers.

The El.En. Group's distribution network is structured also to meet the technical support needs of products directly in the countries where the end customers are located, which is why most Distributors are equipped with a team of trained technicians, supported by the Service Departments at headquarters, who maintain supervision and provide support on interventions. In order to be able to better follow the needs of technical training for distributors and enable them to keep up with innovations, some of the Group's companies have equipped themselves, especially in the last year, with specific training environments equipped for this purpose. In addition to filming and video call equipment, the rooms were fitted with specific lighting systems to eliminate shadow areas as much as possible and ensure maximum visibility and brightness even of minor details.

Starting from 2020, the parent company El.En. developed a new Service portal used for the management and supervision of technical interventions, support for the dispatch of spare parts and the request for repairs, and for the control of distributor equipment. This tool, which ensures an improvement in service as it develops synergies with distributors, is connected to the company's management system and this link allows post-market traceability of medical devices, a deeper understanding of problems in the field, the download of technical manuals, the integration of system information and spare part codes as well as real-time monitoring of the status of a service report, also allowing post-market reliability status to be monitored on an aggregate or product-by-product basis. The web portal also enables service management from Mobile Devices and further developments are planned to make the entire process paperless.



## DEKA training school

The Deka subsidiary collaborates with Italy's leading schools of aesthetic medicine and has been involved for many years in scientific, clinical and technological dissemination related to the medical laser devices it markets. Medical professors and product specialists are involved in the training sessions, during which university students or industry professionals who attend have the opportunity to discuss topics, applications, optimisation of laser systems and possibilities for synergetic treatments. Each lesson is prepared and set up to achieve maximum involvement and a high number of interactions with the participants, also sharing experiences from the field to lead the practitioner to maximise the potential of laser devices and other technologies developed and produced by DEKA.

The doctor who uses the laser is, with his or her training, the determining factor in the diagnosis and execution of the treatment so that our lasers contribute to an ever-increasing improvement in patients' quality of life and well-being.

"Deka Academy", the three-day training programme involving physicians from all over the world, saw for the first time the extension of the training experience with a visit to the most important museums in Florence to consolidate the cross-fertilisation between medicine and the recovery of the artistic heritage through laser therapy and applications.

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## ASCLEPION ACADEMY

The "Asclepion ACADEMY" is an initiative of the subsidiary Asclepion Laser Technologies GmbH that offers customers the opportunity to keep up-to-date with the latest developments in the field of laser medicine. Regular events have been organised for more than twenty years with the participation of people from all over the world. The Academy's aim is to promote the development of scientific knowledge by making the advantages of laser technology known to an ever-growing number of people. Day after day, Asclepion aims to increase the well-being of patients and ensure the success of medical practices and local partners; more than 5,000 customers have been trained over the last 25 years, several hundred of which will be trained by 2023.

### Training and safety

Training courses lasting several days are offered to support customers in the application of laser technology. In addition to the standard treatment procedure, special cases are discussed, and live treatments provide the opportunity to apply the theoretical knowledge gained in practice. The Academy also regularly offers laser safety courses where the physical basics, biological effects and legal regulations of medical laser devices are covered.

### Workshops

In addition to events at the company, workshops are also organised in various cities in Germany, Austria and Switzerland. The events are held with the support of doctors who, with their many years of experience, provide a broad cross-section of medicine and aesthetics.

### Webinar

With webinars, numerous training and educational opportunities are offered to customers all over the world. During the events, it is possible to interact and receive important suggestions for the execution of the treatment as well as to ask questions and have discussions. Afterwards, participants have the opportunity to download the webinar video or view it on the company's YouTube channel.





# OUR BUSINESS

LASER AS A  
SUSTAINABLE TOOL

## 5. OUR BUSINESS

### 5.1 USES AND BENEFITS OF LASER IN THE MEDICAL SECTOR

**The use of our medical and aesthetic lasers and our ongoing commitment to the research and development of new or improved applications generates a number of indirect social impacts that translate into benefits for both end patients and the local community.**

With our laser systems in the medical and aesthetic fields, we have contributed to making tools and solutions available to the market that improve people's state of wellbeing and patients' quality of life by reducing both physical and aesthetic health problems, and the psychological ones associated with them: the laser is in fact a device that, thanks to its innate selectivity, treats the pathologies it treats by maximising the effectiveness of interaction and minimising the side effects of treatments.

If we think of the surgical sector as an example, the equipment conceived and developed by the Group for minimally invasive surgery has led to an improvement in the quality of life of patients in terms of a greater recovery of healthy tissue, a reduction or elimination of local anaesthesia, and a decrease in post-operative recovery time as sutures are minimised. The types of operations that can be performed with lasers today do not involve incisions or the use of scalpels, and furthermore, the laser beam can be transmitted remotely via sub-millimetre fibre optics, making it easier for medical personnel to use.

Our systems also bring great advantages and improvements for the well-being of patients in dermatological surgery where, if we think for example of skin surgery applied to mucous membranes, the laser revolutionises the traditional approach by vaporising rather than cutting tissue, eliminating only the existing skin lesion and sparing the tissue surrounding the lesion, all in the absence of bleeding by virtue of the laser's cauterising effect. The laser treatment does not cut deeply into the dermis, and the functional advantage of this is that it does not cause

scarring or loss of skin elasticity, an important factor especially in the most delicate areas of the body. In recent years, laser treatment has proven to be the most effective non-surgical and non-pharmacological solution to prevent and treat vaginal atrophy and its consequences: the lack of nourishment and hydration of the vaginal mucosa cells leads to dryness, burning and constant discomfort, and negatively affects the patient's relationships and personal safety, whether the symptoms are due to the genitourinary syndrome of natural or induced menopause following cancer therapies, or due to postpartum hypo-estrogenisation.

The elimination of major blemishes (including hirsutism, angiomas, acne, rosacea, psoriasis, large scars, etc.) by means of our laser equipment has enabled people, both in the family and in society, in childhood as well as in adulthood, to regain a harmonious balance of acceptance and dignity with other members of the community. In addition to being an often annoying and painful pathology, for some people living with a part of their body, especially a visible one, affected by an obvious blemish can also have very important psychological repercussions. Some injuries create very strong emotional reactions in those affected, who have difficulty in relationships, feel uncomfortable with their bodies or suffer from depression, unable to accept imperfections and experiencing them as an insurmountable problem. Thanks to laser technology, these pathologies or imperfections can be combated effectively, painlessly, non-invasively and increasingly cheaply.

Improvements in patients' well-being are also evident



for vascular anomalies such as infantile or congenital angiomas: in addition to being aesthetically visible, these can also disrupt a person's normal functions or cause discomfort; laser treatment is a valid alternative to pharmacological therapies compared to which it also has the advantage of preserving tissue integrity; laser treatment selectively dries up the blood component, which slowly deflates until it disappears completely in some cases.

In the case of skin dyschromia, the use of the laser not only has an important preventive action, but also spares the epidermis the aggressiveness of traditionally used acids and removes the problem without introducing another one. In the case of superficial spots, the laser strikes selectively without destroying the surrounding tissue, whereas with traditional techniques the dyschromia is removed by controlled abrasion of the dermis assisted by acidic substances. The case of deep spots is different, where the laser is the only technique available.

The quality of life is also influenced by one's aesthetic self-image, even if no pathological imperfections

are present. Hence the ever-increasing demand for aesthetic and medical treatments from a population that wants to improve its physical appearance more and more. In today's society, aesthetic image plays an increasingly important role, and if one fails to come close to the common standard, dissatisfaction with oneself increases.

Over the years, the Group has allocated increasing resources, both financial and managerial, to research activities for the development of equipment for aesthetic medicine, for facial skin rejuvenation through the treatment of wrinkles and pigmentary changes (age spots or other), to improve skin texture or achieve facial firming, rather than for body reshaping or the elimination of unwanted hair.

To meet the different needs of patients, the EI.En.Group has developed numerous types of laser sources to effectively treat the most diverse skin rejuvenation problems with emissions characterised by different wavelengths, pulse duration and power. With laser treatments, the immediate benefit is the reduction of downtime for the person undergoing the treatment,

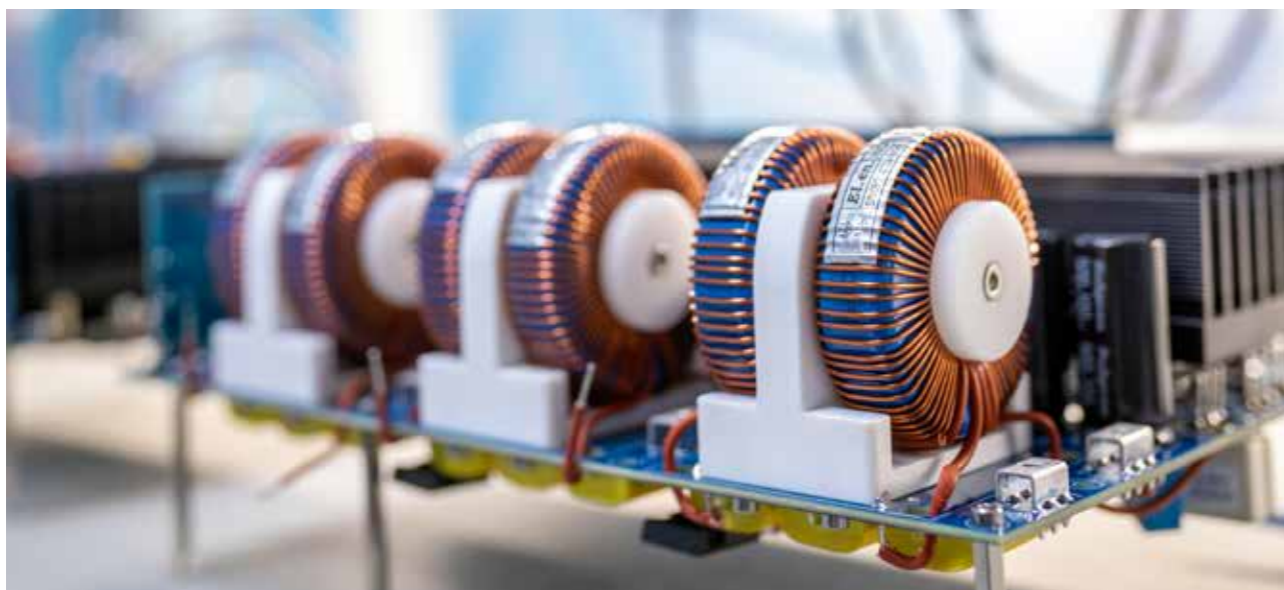
compared to traditional cosmetic surgery; as for the general medium-term effectiveness, the laser creates controlled micro lesions, stimulating the body to produce new tissue, thus harnessing the intrinsic potential of one's own physique and triggering a natural and progressive rejuvenation.

The impact of these treatments from a psychological point of view is very positive on the person, who perceives the change day by day and not immediately, gradually getting used to his or her appearance.

In the body contouring sector, the last few years have been very important, with the market introduction first of Onda, the first system in the world that, through the emission of special microwaves, acts on cellulite, adiposity and skin laxity, reducing the thickness of subcutaneous fat with a non-invasive treatment, which can be repeated even at close range and which creates immediately visible and prolonged benefits over time, then in 2020 with the market launch of Schwarzzy, a system for reducing fat through an electromagnetic field that interacts with muscle tissues, activating their contraction. Schwarzzy acts on different areas of the body and in just a few sessions reduces localised fat, tones and gives volume to the muscles, and also improves posture. In addition to this new technology, the Group has for many years now introduced systems for localised removal of

fat deposits with laser lipolysis, a minimally invasive treatment that makes it possible to treat specific areas of the body, even very delicate ones, where traditional liposuction is not normally recommended. In the laser hair removal sector, the Group has been developing and designing systems since the late 1990s, continually improving their performance; our lasers are in fact able to treat even very fine hairs on all skin types, even the darkest or tanned ones, and treatments are very fast, meeting both the needs of customers, who have less and less time at their disposal, and of operators, who maximise their performance thanks to the productivity of the devices.

Tattoo removal, a segment for which the Group has recently launched innovative systems, is also part of a person's aesthetic self-image: in today's society, the tattoo represents a language of aggregation, it contains a message, a memory, but for many people it can be part of a past they want to erase: thanks to laser technology, the particles that make up the tattoo ink are broken up and removed through the lymphatic system in the weeks following the treatment, leaving the tissues untouched. Not to mention that in the Eastern hemisphere, the technology used in the West to remove tattoos is considered an anti-ageing technique, as it is effectively used to remove the pigmented ageing lesions that most characterise oriental skins.



## 5.2 USES AND BENEFITS OF LASER IN THE INDUSTRIAL SECTOR

**The laser systems we produce for the industrial sector are suitable for many different processes and can be used on many different materials. The achieved end result makes laser systems preferable to alternative solutions because they avoid the need for subsequent machining and perform extremely precise cutting, engraving and marking.**

Processing performed with laser systems is highly appreciable in terms of sustainability due to a number of peculiarities that allow them to reduce the amount of waste, instantly vaporising and sublimating the material on which they act and making clean cuts in the material without producing swarf or other processing waste. Our marking systems also allow for perforations, grey tones or selective removal of material thicknesses, reducing waste. The use of lasers does not involve contact between the parts, so there is no risk of accidental deformation or breakage, nor of tool wear, and furthermore, because the laser is digitally controlled by software, precise movements are performed and the cuts are made to fit perfectly, reducing the scrap one would have by using traditional technologies.

The reconfigurability of machining operations through the mere reprogramming of dedicated software allows savings on ancillary equipment as there is no longer a need for different moulds for each different machining operation, nor for material parts to support the moulds or cutting tool. Laser processing also does not add any polluting materials, and the fumes produced by the processing do not contain any chemical additives that are foreign to the composition of the material being processed; in marking, laser systems also make it possible to avoid the use of inks and solvents on textiles, leather, paper or plastic, with all the disposal management that these entail.

Our systems are also used to mark barcodes, serial numbers, logos on plastic materials even at almost microscopic scales, to cut objects in methacrylate and other polymers. Our systems are also used for some processing on labels to improve the insertion of RFID, devices that are activated by radio frequency and are able to read information, used for example in the high fashion sector to recognise the garment where

the label is affixed, which thus becomes a unique, talking object. Compared to traditional technologies in this type of processing, the laser avoids the use of glue and the need for individual dies for each different label. Mould saving is especially convenient for small batch sizes, i.e. for flexible production systems, which are increasingly demanded by market demand and the need for product customisation.

The laser is also successfully used in the anti-counterfeiting sector, because it succeeds with ever-changing effects in marking the paper in an original, unique and easily upgradable manner: the customisation can be changed continuously, creating watermark effects that give the paper three-dimensionality and make reproduction even more difficult.

In the denim textile sector, laser technology is revolutionary: the laser cutting and marking system allows the fabric to be cut and bleached at the same time, offering an alternative to traditional technologies. The process proves to be fast, precise and, above all, environmentally friendly because it uses no chemicals for discolouring, produces no polluting processing waste and, above all, improves the quality of life of the workers, replacing obsolete techniques that used to create the ageing effects on the fabric. These effects could be achieved by practising "sandblasting" with silicon powders (also potentially very harmful to human health), or by practising "stone washing" on the fabric with chemical adjuvants, or through "sanding", a wearisome job for those who had to practise it and effective only with the extensive use of abrasive and chemical materials with a high environmental impact because they are harmful and difficult to dispose of.

The use of lasers is also effective in the stripping of surfaces of helicopters and planes rather than ships, because it allows not only a more streamlined

maintenance with a big reduction in execution time by being able to work in situ, but also a reduction in the chemical materials used that would otherwise have to be disposed of, with a consequent improved impact on the environment. Laser cleaning is also successfully used for industrial equipment that periodically requires the removal of process coatings. Also in the food sector, the use of dedicated lasers makes it possible in many cases to replace adhesive labels indicating logos and production batches with indelible laser marking that respects the organoleptic qualities of food.

Also in this sector, laser drilling applications are being developed for packaging systems, both flexible and rigid, that better fulfil their food preservation function by regulating the exchange of water between the food and the outside, always benefiting from the digital simplicity that allows the modification of the geometric characteristics of the holes in order to vary the permeability of the packaging for the production of batches with different characteristics.

We are proud to have contributed in this market to developing and fine-tuning more environmentally friendly processes, aware that the entire industry must become even more sustainable.



## 5.3 PRESERVING THE WORLD'S ARTISTIC HERITAGE

**The beauty of works of art is our legacy for future generations and we have a duty to preserve it for them. We are therefore proud to be the first in the world to present lasers specifically for art restoration operations, using the same technology used in medicine and surgery. Whether we are restoring works of art or medicine, we can say that we respond to the same principle: caring for people, our masterpieces.**

One of the flagships of the El.En. Group is the small restoration segment; sensitivity to the preservation of artistic heritage has grown over time within the Group and has inspired research to provide advanced technologies for the conservation and restoration of some of the world's most important artistic masterpieces. The Group also never ceases to experiment with new technologies that can provide increasingly effective conservation processes that respect artistic artefacts. In fact, lasers provide an effective, reliable and safe solution to preserve the cultural heritage, which year after year is increasingly integrated into restoration work in Italy and around the world. Laser technology enables to remove layers of decay formed over the centuries with a non-invasive, extremely selective and controllable procedure, rediscovering and respecting the patina of time so the public may once again admire art masterpieces at their best. This technology is also particularly useful in reducing the use of chemicals that have to be disposed of, even with special and expensive procedures.

The laser solution provides the restorer with a high-tech instrument that allows them to work in complete safety with considerable advantages over commonly used mechanical or chemical methods: first of all, minimal invasiveness due to the absence of physical contact with the surface on which the work is carried out, allows one to operate even on extremely fragile or highly altered surfaces; a high degree of control allows one to define the degree of cleaning one

wishes to achieve (a high degree of selectivity since the layers to be removed are very dark in colour and therefore absorb a high percentage of the laser light) and great precision as a well-defined area on which to carry out the work can be set, without in any way affecting the surrounding area.

The laser has been successfully used on several monuments and works of art, both Italian and European; some of the most note-worthy sites where El.En. Group's lasers have been employed include the Duomo of Milan and the Cathedral of Florence, cleaning the Gates of Paradise and Ghiberti's North Door of the Baptistery of San Giovanni in Florence, the sculptural group of the Rape of the Sabine Women by Giambologna in Piazza della Signoria in Florence, the bas-reliefs of SS. Sepulchre in Jerusalem, the cloister of Oviedo Cathedral, the Leaning Tower and Pisa Cathedral.

Some of the most significant interventions carried out during 2023 with our lasers include:

- Cattedrale di Notre Dame, Paris
- National Bibliothek, Vienna
- Villa San Marco, Castellammare di Stabia
- Raphael's Loggias, Vatican Museums
- Fonte Gaia, Siena
- Removal of vandalistic graffiti, Tabuk, Arabia Saudita
- Statues at the Orsanmichele Museum
- Frescoes from the School of Vasari, Palazzo Vecchio
- Temple of Jupiter Anxur, Terracina (LT)

## 5.4 OUR CONTRIBUTION TO THE COMMUNITY

**In El.En. we strive every day to ensure that our work produces a positive impact on people's health. Our social strategy is to make skills, knowledge and tools available, with the dual objective of promoting access to care and improving healthcare for the fragile and most disadvantaged people around the world and to increase knowledge scientific: we therefore work for science and for a healthier world.**

One of the ways we work in the social field is to support through specific donations, non-profit organisations, foundations and cutting-edge scientific laboratories around the world, accompanying them in the use of new technologies in the service of patient health, as well as in the conservation and restoration of cultural heritage.

Over the years, we have donated our systems to several hospitals: the State Hospital of the Republic of San Marino, the Careggi Hospital and the Meyer Children's Hospital in Florence, the Moshi Medical Centre in Tanzania, the Pediatric Outpatients Clinics in St. Albert's, MaryMount, St. Rupert's and Chitsungo Mission Hospitals in Zimbabwe, the Mondino Foundation National Neurological Institute IRCCS, the Valduce Hospital, the Bambin Gesù Children's Hospital and the Gemelli Hospital in Rome.

And donations of our lasers were also made to the Vatican for the restoration of marble sculptures, busts, fountains and statues, as well as to the Uffizi Gallery and the Archaeological Museum in Florence for the restoration of paintings and sculptures, and also to other museums, such as the MET in New York and the Paul Getty Museum in Los Angeles, as well as to associations such as "Gli Angeli del bello" in Florence to clean up graffiti in the city.

In 2023, the El.En. Group donated a CO<sub>2</sub> laser system for gynaecological treatments and a "SmartXide

PUNTO" dermatological CO<sub>2</sub> laser system for the treatment of scars, with a total value of around 45 thousand Euros. Following the flood that hit the Emilia-Romagna region in May 2023, El.En. with its Light for Art division contributed to the supply of PPE for the recovery of the archives of the municipality of Forlì, carried out by the non-profit organisation CHIEF. For more details on the year's donations, see the in-depth reports within this chapter.

The willingness of the El.En. Group to make its tools, skills and knowledge available is reflected in the formal commitment reported in objective F "Extend positive social impacts" within the new Sustainability Plan 2023-2027: said support is to be provided on a yearly basis through donations or loans for the free use of laser systems for medicine and aesthetics or for the conservation of works of art, with the aim of facilitating access to treatment and improving health care for the fragile and most disadvantaged people worldwide or contributing to the conservation of the World Art Heritage. The equipment to be donated is identified on a case-by-case basis by assessing the validity of the project proposed. Monitoring activities are then carried out to verify the correct use of the systems and accessories and to understand how our skills, knowledge and equipment have contributed to access to care and improved healthcare for people with disabilities and those most disadvantaged around the world.

## A LASER TO TREAT THOSE INJURED IN THE EXPLOSION AT THE PORT OF BEIRUT

In 2023, the DEKA subsidiary DEKA Mela decided to donate a sophisticated dermatological laser to the American University Rizk Hospital in Beirut, Lebanon, to treat the victims of the large explosion at the port of Beirut in August 2020. The Beirut tragedy, caused by the detonation of 2,750 tons of ammonium nitrate, claimed 246 victims, four of whom were never identified; thousands of people were injured in the explosion, many of them maimed or disfigured for life. The laser donated by Deka Mela is intended to treat burn scars on severely disfigured people who have difficulty moving their limbs because of the scars, as part of a free treatment programme that also aims to improve the quality of life of people who have unfortunately been affected by this tragedy. The "SmartXide PUNTO" CO<sub>2</sub> laser donated to the Beirut hospital is equipped with the advanced "SCAR 3" scanning system, developed specifically for the treatment of scars, interacting selectively and in a controlled manner with the fibrotic component of the scar tissue and improving both the functional and aesthetic condition. The system is also equipped with handpieces with free-hand operation, to treat more complicated areas with less accessibility.

## THEATRE IN THE FACTORY

A performance of "1927 - Quantum Monologue", by actress Gabriella Greison, was held at El.En. S.p.A.. Gabriella Greison is an Italian physicist, writer, theatre actress, playwright and populariser of science. In "1927 - quantum monologue", Gabriella recounts the most shocking, mysterious, funny, human facts that gave birth to quantum physics.

Starting with the famous photo dated 1927, in which 29 posing men are portrayed (almost all of them physicists, 17 were or would become Nobel Prize winners), the actress reconstructs the dialogues, the evenings, the debates, after a long stay in Brussels in which she gathered information, translated letters, talked to people and relatives who were actually there. Einstein called that 1927 Brussels rendezvous "witches' Sabbath", when there was the largest gathering of brains in history. The show is the world's first theatrical performance that recounts the meeting in Brussels of all the 20th century physicists who gave birth that day to quantum physics, and thus to the world in which El.En. is today.

On the occasion of the International Day for the Elimination of Violence Against Women (25 November), the management of El.En. enthusiastically accepted the proposal of the trade union representatives to celebrate this day, thinking that it was important to organise an event that spoke of women's stories, injustice, stereotypes and abuse.

A theatrical performance "Articolo Femminile" with actress Daniela Morozzi and musician Stefano 'Cocco' Cantini was staged in the Calenzano production centre, attended by many employees of the El.En. Group companies, many of their relatives and many young people.

"Articolo Femminile" turned out to be a seemingly illogical analysis of the print media: the common thread is the universe in which women are the protagonists. This is the common thread running through the newspaper articles read and interpreted by Daniela Morozzi, where the figure of the woman emerges in extraordinary relief in the round.

At the beginning of the performance a dutiful minute's silence was observed in memory of all women who have been, and still are, victims of violence, with the hope that the empty chair we left in the front row, ideally reserved for a victim of feminicide, may one day no longer be there.

## DEKA - A LASER FOR FEMALE INTIMATE HEALTH - INFORMATION AND AWARENESS

The El.En. Group already introduced a new CO<sub>2</sub> laser therapy to the gynaecological scene ten years ago, which has become the most popular laser treatment for vulvo-vaginal atrophy, the only non-pharmacological treatment for this condition, recognised worldwide and from which millions of women have benefited: MonaLisa Touch.

The El.En. Group constantly pays attention to searching, with extreme scientific rigour, for new solutions to improve people's quality of life. In the gynaecological field, two further therapeutic solutions have been presented in recent years: MonaLisa Glide and Dr Arnold, for the treatment of vulvo-vaginal atrophy, chronic pelvic pain and urinary incontinence.

Problems related to the female intimate sphere affect a large portion of the population and, although they have a heavy impact on quality of life, daily activities, emotional state, social relationships and sexual activity, very few women recognise the symptoms and consult a specialist to find a solution. Vulvodynia, linked to pelvic floor hypertonus, affects a very high number of women who often cannot even get a correct diagnosis of their problem and in Italy alone, there are more than 2.5 million women who suffer from urinary incontinence; we are talking about very common pathologies among women, not only after the menopause but also in the post-partum period and after oncological operations.

In this context, the El.En. Group confirms its ongoing commitment to finding increasingly effective and safe solutions to combat female gynaecological disorders and improve women's quality of life.

The Group is also active in supporting therapies for the improvement of women's intimate health: with a concrete gesture, the subsidiary Deka Mela in May 2023 donated a CO<sub>2</sub> laser device to the "Mamanonmama" association, which daily pursues the goal of improving women's quality of life. The association provided the technology donated by the El.En. Group to the Aprilia hospital. The Deka company has also pledged to support the association's Sexandthecancer® project with a financial contribution for the Listening desk they have set up.

In addition, the DEKA IntiMate project was created, a new communication programme describing the world of DEKA therapies for women's intimate health: a collaborative relationship with specialised doctors and practitioners in which to talk about atrophy, vaginal dryness, dyspareunia, urinary incontinence, chronic pelvic pain and vulvodynia. The project represents a real challenge for the company to communicate with its interlocutors reciprocally, seeking points of contact between the universe of corporate values and the involvement of doctors and patients, with the aim of informing about women's intimate health, the treatments that technology makes available and the future developments of new therapies.

## ITS VITA FONDAZIONE

Deka M.E.L.A. is one of the founding members of the Fondazione VITA - Istituto Tecnico Superiore (ITS) per le Nuove tecnologie per la Vita (Higher Technical Institute (ITS) for New Technologies for Life) - established in 2015 in Tuscany to respond to the demand for new and high technical and technological skills from companies and to train specialised professional figures in a strategic sector such as Life Sciences. The ITS Vita Foundation constitutes an important segment of tertiary education as an alternative to university education, as it runs highly specialised technological courses in the pharmaceutical, biotechnological and medical device sectors in cooperation with the Region of Tuscany, MIUR, companies, universities and research centres. This important partnership between companies, universities and institutions thus makes it possible to promote the dissemination of technical and scientific culture, to support measures for the development of the economy by developing skills in line with the real needs of companies, and to pursue active employment policies guaranteeing concrete professional opportunities for students.

## BIG ACADEMY E BIG-IN

Also in 2023, the parent company El.En. is a partner of "Big Academy", a high-level training programme designed for managers in the energy, mechanics, optics, electronics and IT sectors, working in small and medium-sized manufacturing companies as well as in large industrial enterprises. A course whose objective is to transfer the ability to read and interpret the ever-changing global economic context to tomorrow's managers and company directors. The training plan is the result of collaboration between university lecturers from the areas of social sciences, economics and management engineering and professionals from large-scale businesses: lectures are co-taught by university lecturers and top company managers, so that more theoretical and scientific parts alternate with real-life experience and so that people attending the master's course have a clear overview of how one operates in large international companies. El.En. S.p.A. is one of the five companies that have participated since 2020, together with the University of Florence, in creating and defining this training course.

This partnership, which binds companies, including El.En., the University and the Public Administration, is the distinctive feature of the initiative, representing its unique, innovative character, with a territorial vocation but with an international scope and significant prospects for growth over time, and is a further demonstration of our Group's renewed commitment to supporting cultural, social and educational initiatives in its territory.

Since 2023, the experience and the network of companies, including El.En. S.p.A., that has developed around the BIG Academy has also given rise to the BiGin project, a three-month workshop course addressed to the University of Florence students from any degree course.

BiGin allows students to come into direct contact with the corporate world, discover its internal dynamics and the importance of developing soft skills.

The course is characterised, as with the BIG Academy, by the dual dimension of teaching: the lessons are conducted in co-presence by corporate and academic lecturers. This synergy of personalities from big industry and academia allows the young participants to understand how organisations and companies work, not only from a formal point of view, but also from the point of view of human relations and relationships. Being more aware will enable them in the future to move better in the world of work, understand their expectations well and identify their professional goals. The El.En. Group firmly believes in the importance of training the new generation that will drive the development of the market, and BiGin represents an important training ground for young people where they can train all those human and professional skills that will be increasingly relevant to interpret and master the challenge of technological innovation.

## TOGETHER FOR OUR TERRITORY - FLOOD EMERGENCY

The weather emergency that hit Tuscany in the first days of November 2023 was characterised by torrential rains that caused several rivers to overflow: many homes and industrial plants were invaded by the fury of the waters, causing extensive damage and numerous victims. This event touched the El.En. Group very closely, as the areas most affected were those around the Calenzano and Prato areas, where both the parent company and some subsidiaries are based. The headquarters of El.En. was spared, but one of our subsidiary companies suffered damage, and numerous employees of various companies were personally affected, suffering extensive damage to their homes and their private transport vehicles: in the days following the flood, many of them could not even leave their homes and had to work during the flood to shovel out the mud, clear their cellars and garages, and the ground floors. All the Group's companies based in Calenzano, having many employees residing in the affected areas, decided to make a strong solidarity contribution, donating up to four paid days to all employees who had suffered damage to their own properties or those of their relatives up to the second degree (parents, grandparents, siblings) and thus give people the time and support to cope with the most critical and urgent situations.

In addition, a collection centre was promptly and pragmatically organised at El.En.'s headquarters for all basic necessities (foodstuffs, clothes, but also various equipment such as shovels, generators, gloves, rubber boots, water squeegee and water pumps), to which all employees, the Group's subsidiaries and also some suppliers and entrepreneurs who responded to the appeals for solidarity launched on various communication channels contributed.

For many days, the logistics employees made continuous daily trips to distribute what they had received to the various official collection centres and the Civil Defence. An Emergency Committee had also been set up within the company, which gathered information for the coordination of departures and arrivals and informed on the daily developments and needs of the collection centres.



Moreover, the Group has always been committed to supporting cultural, social and educational initiatives in favour of the local community with the aim of strengthening the relationship with the territory in which it operates and with the people directly or indirectly affected by the Group's activities. The basic idea consists in the promotion of a mutual and positive exchange between the Group and the local community, which benefits both parties involved in the projects and activities developed.

All Group companies consider the collaborative relationship established with higher education institutions and universities in the various territories in which they operate as essential to their talent search and selection process. Maintaining these channels is crucial to increase the opportunities to get to know people and to promote the development of technical and scientific skills in the territories where

the companies and companies operate:

- curricular and extra-curricular university traineeships;
- school-to-work projects involving local school students and thus allowing them to learn within a work situation, integrating theoretical aspects with practical ones; in fact, it is important to approach young people from secondary school onwards in order to foster their orientation and approach to the world of work;
- participation in career day events, open days of mutual exchange between companies and recent graduate students seeking their first job. Each year, the Group for the conservation sector conducts numerous training activities on laser technology and its safety protocols for specialised restorers and other professionals.







## I LASER PER IL RESTAURO

The activities carried out with our laser systems in the conservation sector resulted in several interventions during 2023:

- Notre Dame Cathedral, Paris: three of our "Infinito 100W" laser systems were used to remove the dark residues left by the disastrous fire in the Cathedral in April 2019 from the stone vestments.

- Nationalbibliothek, Vienna: The National Library of Vienna is the national library of Austria. Inside, the Baroque staircase of honour leads to the grand Prunksaal, the "Magnificent Hall", erected by Emperor Charles VI of Habsburg. At 78 metres long, it runs through the entire building and is lined with wooden shelving. Our "Infinito 300W" system was used for the removal of old, darkened treatments from these shelves, which enabled the cleaning of all shelves without the need to remove the valuable books stored on them.

- Tabuk, Saudi Arabia: a massive redevelopment and upgrading project is underway in this region. In this context, El.En. managed and directed a restoration project aimed at the preservation of cultural heritage, represented by rock art along the incense and pilgrimage route, which along a north-south axis ran through the whole of Saudi Arabia. It is a heritage of rock engravings covering a very wide time span, from the Bronze Age to Islamic times. We have successfully intervened to restore these historical testimonies, constantly defaced by graffiti and writing.

- Villa San Marco, Castellammare di Stabia: Villa San Marco is a Roman otium villa, built in the Augustan age, later enlarged with the addition of panoramic rooms such as the large garden and swimming pool in the Claudian age. The "Smart Clean II" and "Infinito 100W" laser systems were used on the frescoes decorating the rooms, to remove a layer of carbonated ash that was obscuring their legibility.

- Raphael's Loggias, Vatican Museums: The Raphael Loggia complex comprises three rooms on as many floors of the Apostolic Palace in Vatican City. The pilot site involved the second loggia, realised between 1517 and 1519 by Raphael and his workshop. This loggia features frescoed and dry wall paintings, enriched with stucco reliefs, which were an object of admiration and a source of inspiration from the very first moment. On the background, the painting was obscured by tenacious layers of oxalate, derived from the mineralisation of organic substances applied during previous interventions, limited to consolidation and protection. Our "Infinito 100W" system enabled the almost complete removal of these tenacious layers, without altering the paint film.

- Fonte Gaia, Siena: The copy of the original Fonte Gaia by Jacopo della Quercia was executed in Carrara marble by Tito Sarrocchi in 1869. The fountain and its constituent elements, due to atmospheric agents and the constant presence of water, were in a very poor state of preservation and in need of urgent care. Since its realisation, conservation work has been sporadic. The Scuola Edile di Siena then used our "Infinito 100W" and "Thunder Compact" systems to effectively remove the black crusts and thick limestone layers from the fountain's surface.

- Statues at the Orsanmichele Museum: The statue of St. Eligius by Nanni di Banco was subjected to extraordinary maintenance with careful cleaning of the stone surface, which had become considerably uneven due to the presence of dark haloes caused by ancient surface treatments, and the residues of the ancient "bronzing" that affected all statues in the past. Thanks to the use of our "EOS 1000 LQS" and "EOS 1000 SFR" systems, the residues of the bronze patination on the miter and between the curls of the beard and hair were removed,

enhancing the traces of gilding, still visible to the naked eye.

- Lorenzo Ghiberti's bronze statue of St. Matthew was also serviced by the restoration of the Settore Bronzi e Armi Antiche of the Opificio delle Pietre Dure. Previously restored by the Opificio in 2005, Ghiberti's monumental bronze was subjected to maintenance activities involving a revision of the cleaning and protection of the copper alloy surfaces. Thanks to the use of our "EOS 1000 LQS" laser, the precious damascening decoration of St. Matthew's eyes has become perfectly legible again.

- Frescoes from the School of Vasari, Palazzo Vecchio, Florence: In the Palazzo Vecchio, during work on the recovery of a secret staircase that is still unused, 16th-century grotesques were discovered, refined decorations that had remained hidden for centuries in the secret passageway leading from the Terrace of Saturn to the ground floor on Via dei Leoni. The "Eos QS" system was used to remove the white layer of fade that had concealed the decorations for so long, bringing them back to light.

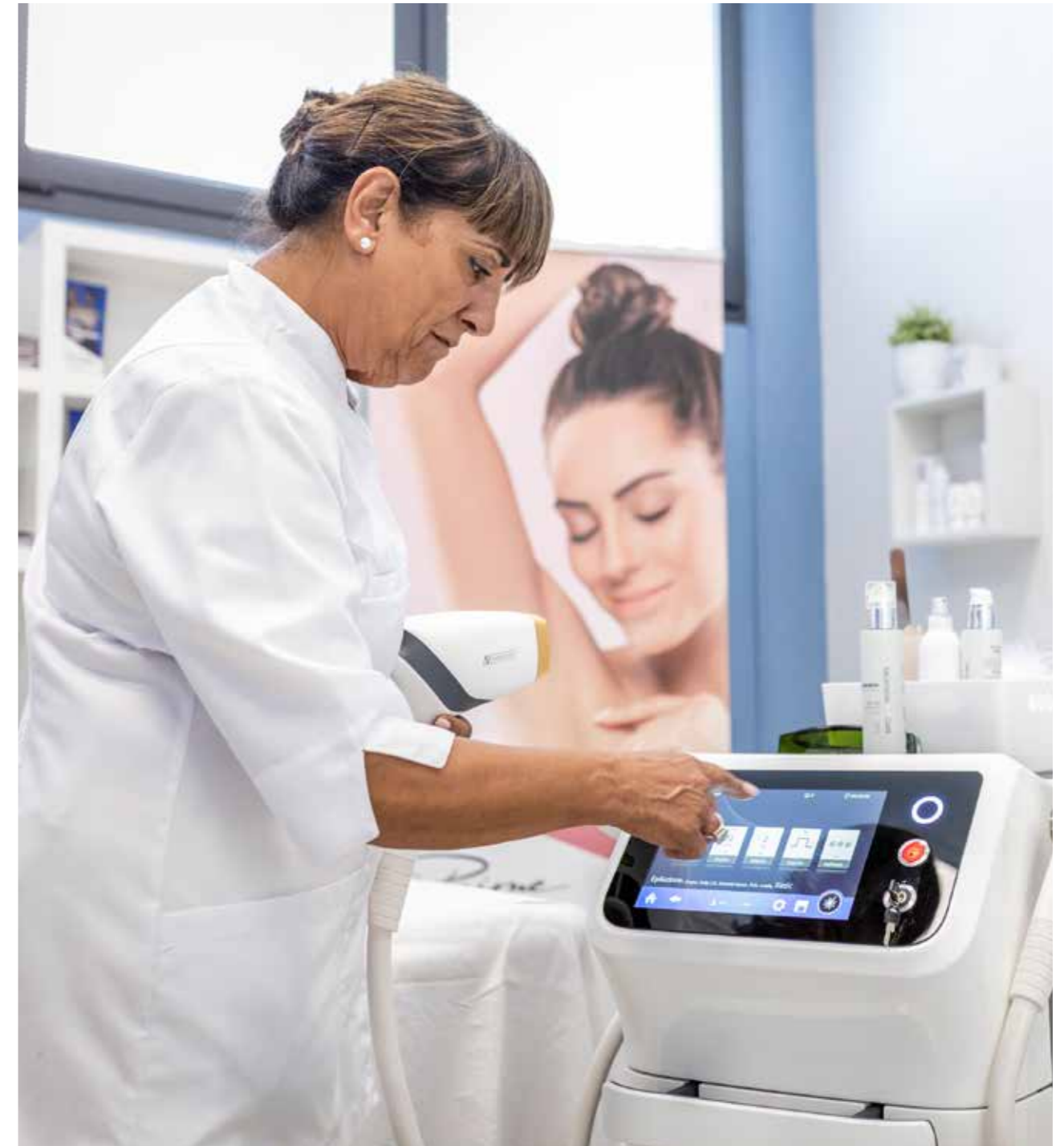
- Temple of Jupiter Anxur, Terracina (LT): the Temple of Jupiter Anxur is a Roman temple built on an imposing 1st century B.C. site on Mount Sant'Angelo in the town of Terracina (LT). The temple was a very important sanctuary along the Appian Way, it also had defensive functions and was the seat of a famous oracle. Inside the temple, our "EOS 1000 LQS", "EOS QS" and "Infinito 100W" laser systems were used for the removal of vandalism in order to restore the legibility of important frescoes depicting sacred scenes.

El.En.'s "Light For Art" division with its lasers increasingly affirms itself as the international benchmark for conservation and restoration worldwide for the thorough cleaning of the artistic and cultural heritage. Thanks to continuous study and optimisation work, in collaboration with national and international research institutes, El.En. offers the widest range of laser systems dedicated to this specific application. We are now able to meet every need, allowing restorers to successfully tackle multiple conservation problems.

Parallel to all these activities, there has been a considerable increase in the training of operators in the sector, not only to provide better and more information on the potential of this technology, but above all to comply with the new regulations. In this regard the parent company El.En. S.p.A. is the largest private national reference for the conservation sector.

The Light for Art staff conducted the "Laser Operator Safety Course" on a bimonthly basis, both online and in-person. Numerous courses on the use of lasers for cleaning cultural heritage have also been held at major national and foreign institutions. The events of 2023 are summarised below: in January, Centro Formazione e Sicurezza - Naples; in March, Museum of Fine Arts - Boston (USA); in April, INP - Institut National du Patrimoine-Paris; in June, restoration laboratories of the Opera Primaziale Pisana; and finally in November, Regional Institute for Conservation and Restoration (RICR) in Jerash (Jordan).

In 2023, approximately 200 restorers participated in the courses we promoted.



# PEOPLE

PASSION AND TALENT  
TO GROW TOGETHER



## 6. PEOPLE

**El.En. firmly believes that human resources are the company's most significant asset. The ability to innovate and pursue excellence depends on the people and employees involved in all activities and is the result of the specialisation, skills and passion that characterise all the people working in the Group.**

For El.En., people come first because it is only through individual growth that the ideas and skills of each person are pooled, leading, through exchange and collaboration, to the collective growth of the Group and the creation of shared value. This is why the Group promotes the skill growth and enhancement of all employees each day, a true competitive advantage and the basis of the ability to innovate and pursue excellence.

The El.En. Group has codified in the Code of Ethics its commitment to respect and protect the dignity, health, safety and privacy of its employees and collaborators. Last year, these concepts were expressed even more vigorously in the Human Rights Policy, which was adopted by all subsidiaries and disseminated to all Group employees.

In particular, the Group aims to protect the physical and moral integrity of workers by informing them of their rights and of the risks they might incur in performing their work, and by ensuring working conditions that respect individual dignity, in accordance with current local legislation. Attention to human resources is also a major issue within the quality management system, which most of the Group's production companies have adopted in accordance with ISO 9001. On the basis of the latter's prescriptions, in fact, the certified companies were in charge of overseeing issues such as selection, training, skills development and the definition of function responsibilities.

The Parent Company, in particular, carried out a thorough job of codifying human resources

management procedures (recruitment, remuneration, etc.) as well as profiling corporate functions with the identification of the necessary responsibilities and skills. Based on these, ad hoc training plans are then drawn up to meet the training needs of each individual.

As of 31 December 2023, we count 2,082 people compared to 2,105 last year, and together we form a growing international Group, called upon to operate in highly diverse contexts on the global stage. Ours is a multicultural team: out of 100 people in the El.En. Group, 49 work in Italy, 36 in China, 10 in Germany and what remains is distributed among Japan, Brazil, Poland, Spain and France and the UK.

The Group's workforce is predominantly young, 63% of employees are in the age group between 30 and 50, 21% of employees are under 30, and 16% are over 50.

The ability to attract talented people in terms of experience and skills is reflected in the growth of the workforce, which has a positive balance in both the Italian and European companies of 117 new people compared to the previous year, while overall the number of people working with the Group decreased by 23 due to the decrease in the workforce in the Chinese subsidiaries, which experienced operational difficulties and economic losses due to unfavourable market conditions in 2023.

The El.En. Group's team is highly professional and qualified, with 92% of the company's workforce having a medium-high level of education and more than 50% holding a university degree.

**2.082**  
PEOPLE



**21%**  
UNDER 30

**50%**  
HOLDING A  
UNIVERSITY DEGREE



As already stated in the previous chapter in section 5.4 "Our contribution to the community", the Group's companies consider the collaborative relationship established with higher education institutions and universities in the various territories in which they operate to be essential to their talent search and selection process. Maintaining these channels is crucial to increase the opportunities to get to know people and to promote the development of technical and scientific skills in the territories where the companies operate.

The Group recognises the need to value principles such as the integration of diversity and gender equality as forms of protection of the individual in the workplace: these values are promoted in the Code of Ethics, in which all Group companies undertake to ensure their employees are treated fairly and valued.

Women make up 23% of the workforce, a figure that rises to 32% if only the white-collar category is considered; the predominantly productive nature of the Group's activities determines, in fact, a higher incidence of male workers in the blue-collar category.

With this in mind, the El.En. Group has started a screening and monitoring process as of 2021 regarding (i) spontaneous applications received, (ii) interviews conducted and (iii) actual hires broken down by department and gender in order to check whether the percentage of female hires is in line with the percentage of women who have applied and been interviewed. The data shows that 1929 interviews were carried out in 2023, of which 427 were held by women, representing 22% of the total number of interviews conducted. The Group also finalised 537 recruitments during the year, of which 123 were women (equal to 23% of the total; the data is in line with the interviews conducted).

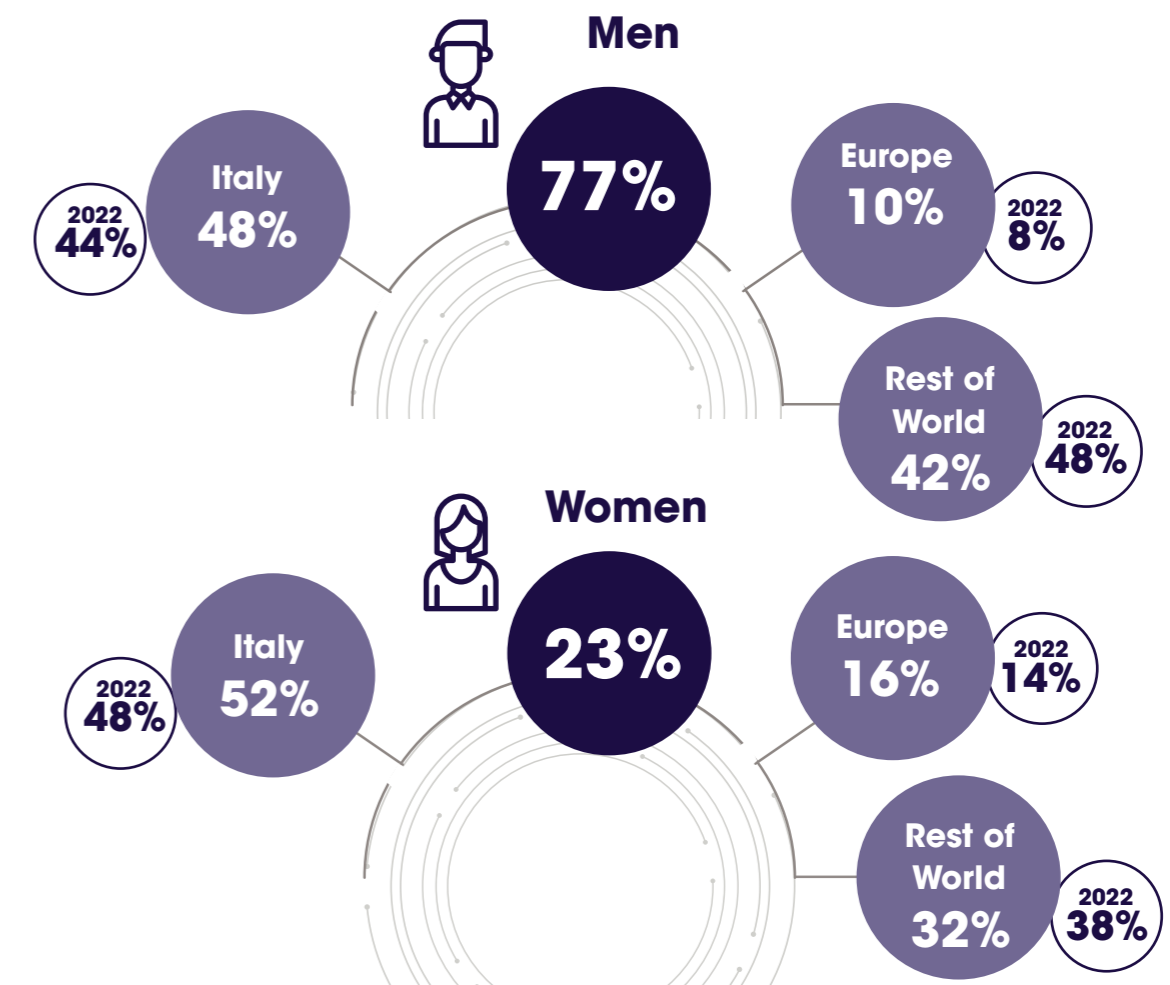
The parent company El.En., with the intention of taking further steps in the process of promoting gender equality in 2022, approved the "Diversity Policy" which has been implemented by the

subsidiaries and disseminated to employees; in some cases the Policy has already been translated into local languages and approved. The Group's focus on diversity and inclusion is also reflected in the inclusion of differently-abled resources in the companies, in accordance with applicable practices and laws. As at 31 December 2023, there were 45 employees in the company belonging to protected categories. A further element in favour of the El.En. Group's commitment to develop a multicultural organisation is the prevalence of local managers in all its subsidiaries: of the 90 managers operating in different countries, 100% were born in the same country, an element that allows them to be more rooted in the territory.

We are committed to ensuring a constructive and dynamic working environment that supports the diversity of people and talents, is stimulating and offers opportunities for professional growth. The Group's human resources management aims at integration and respect for diversity, rejecting any discrimination based on nationality, sexual orientation, age, political or religious views. The Group, supporting and respecting the rights of the individual in accordance with the UN Universal Declaration of Human Rights, is committed to avoiding any form of discrimination. This commitment applies to all aspects of the employment relationship, including recruitment, training, job assignment, promotion, transfer and termination. Equally important for creating an inclusive work environment are the initiatives promoted to facilitate work-life balance, starting with the possibility of adhering to part-time working arrangements. The Group is committed to establishing dialogue relationships with its employees in order to reconcile people's needs with company requirements. This commitment is also reflected in recruitment: 96% of the Group's employees are hired on a permanent basis if we exclude Chinese subsidiaries,



**Distribution of employees by geographic area and by gender as of December 31<sup>st</sup> 2023**



where the labour market is much more dynamic and the tendency of people to constantly move from one region of the country to another in order to obtain a better standard of living means there is rapid employee turnover, and where current legislation stipulates that employees are hired on a permanent basis by companies after three three-year renewals at the same company (i.e. after 9 years). The percentage drops to 64% if Chinese employees are included, for whom this form of contract is provided after three three-year renewals at the same company.

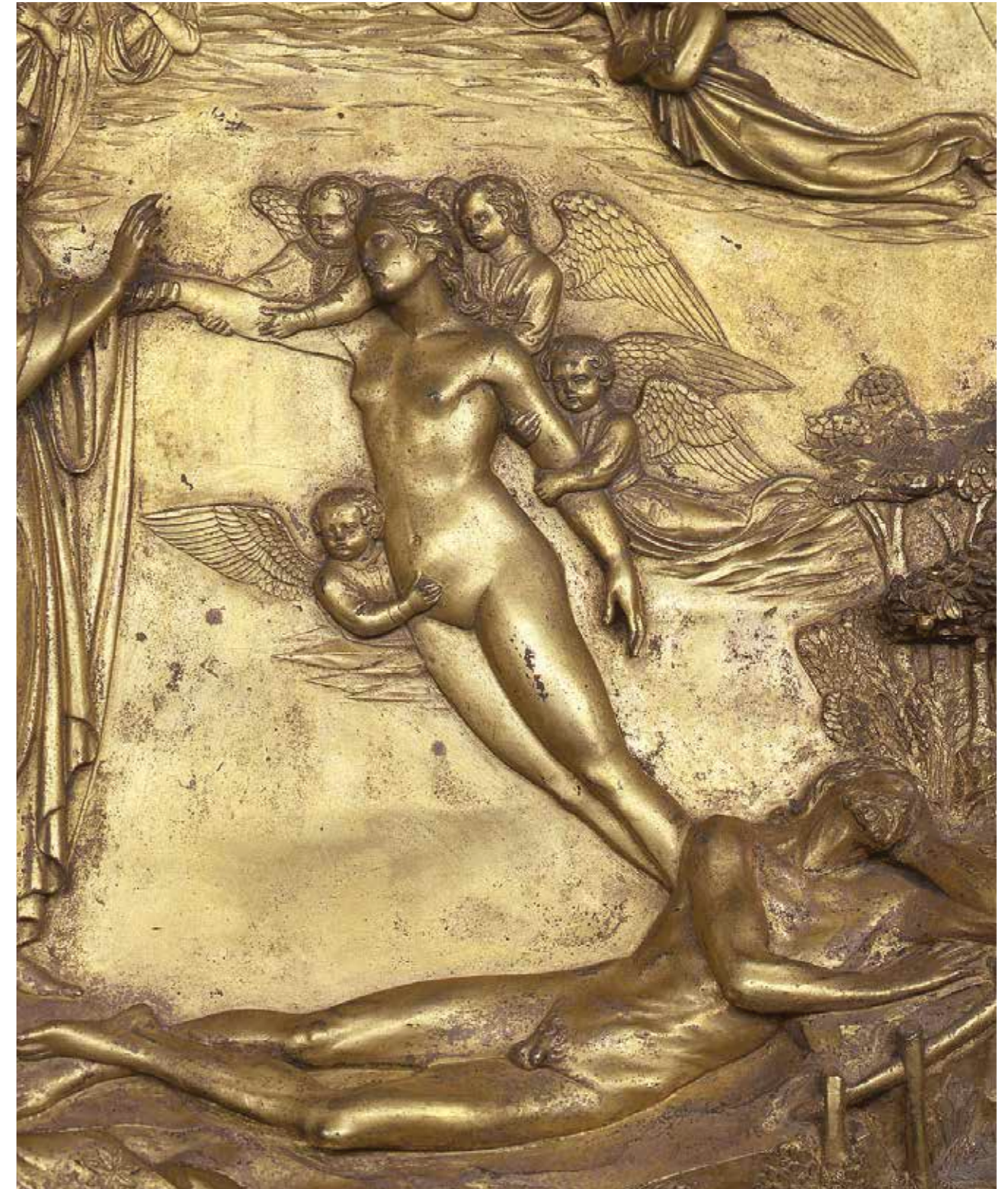
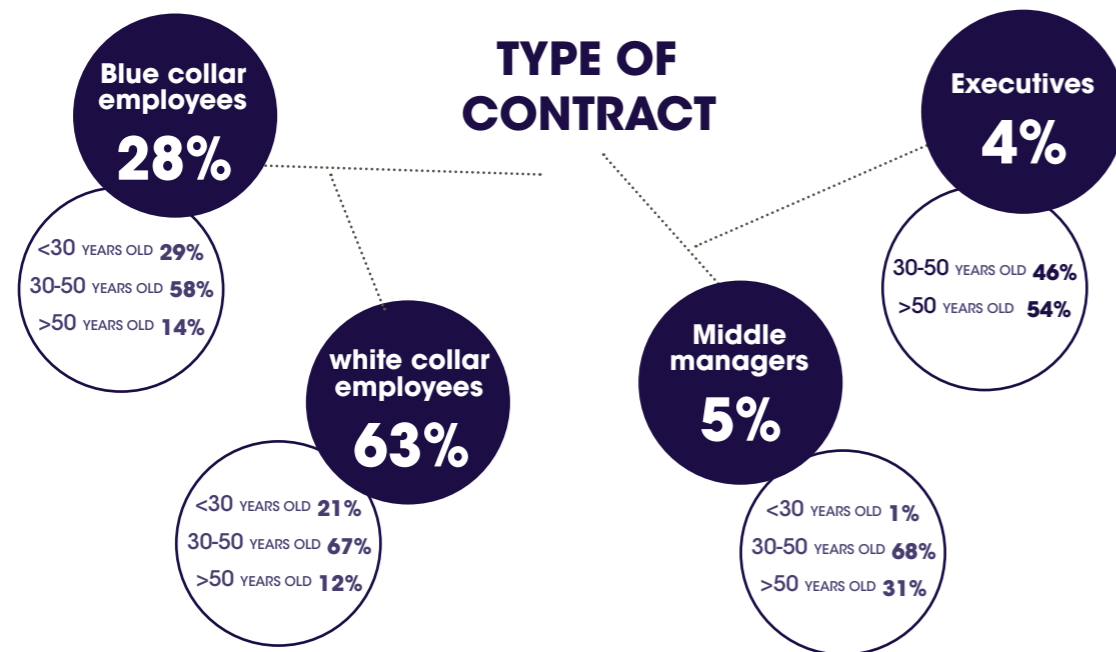
This commitment translates into the management of different categories of contracts: from national and/or sectoral bargaining, to collective and/or company agreements, to individually concluded contracts. In particular, in Italy the Contratto Collettivo Nazionale di Lavoro (National Collective Labour Agreement) is applied (100% of the employees are covered by collective bargaining), in Germany the workers' council signs a collective agreement on an annual basis (approximately 92% of the employees are covered by collective bargaining, the rest are sales staff, who sign their own different contract), in France the Collective IDCC Convention no.1982 is applied to all employees, in Brazil collective bargaining is conducted annually,

and in China and Japan local legislation is followed. In Japan, management also holds a monthly meeting with its employees to discuss any relevant issues. At Group level, it should be noted that 60% of employees are covered by collective bargaining agreements. For employees not covered by collective agreements, the Group determines their working conditions and terms of employment on the basis of collective agreements by which other employees are covered or on the basis of collective agreements of other organisations.

During the year, we had 537 new hires (192 persons under 30, 302 persons in the 30-50 age bracket and 43 persons over 50) and 560 departures (214 persons under 30, 301 persons in the 30-50 age bracket and 45 persons over 50): the overall turnover rate was 52%, down from last year (57%).

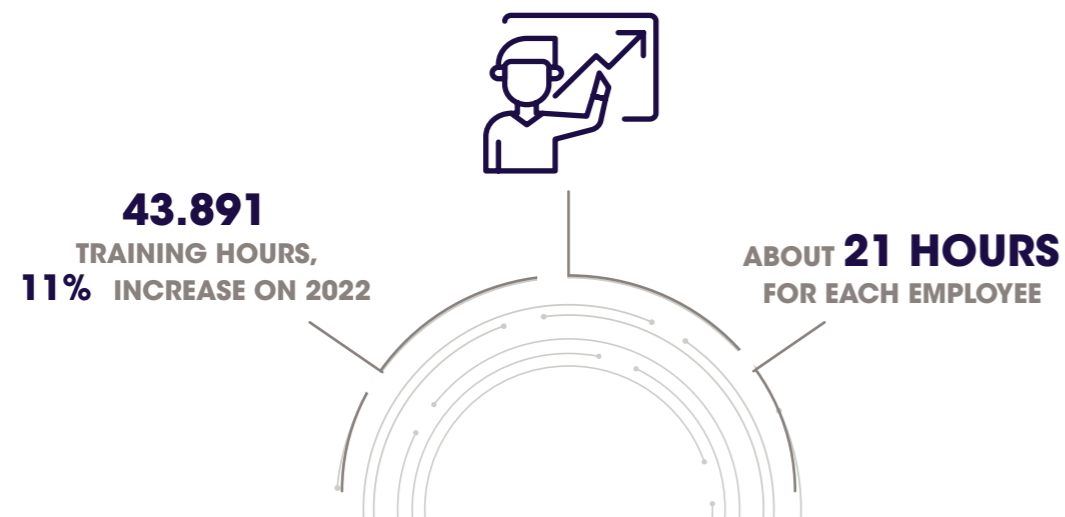
If we strip out the figure from the entries and exits of Chinese subsidiaries, where both entry and exit turnover rates are higher than the norm due to the peculiarities of the Chinese labour market, where there is a rapid turnover of employees due to the tendency of people to move frequently to the regions of the country where the best living conditions are offered, the overall turnover rate drops to 25% with 219 hirings and 104 terminations.

**Distribution of employees by category and age as of December 31<sup>st</sup> 2023**



## 6.1 TRAINING AND SKILLS DEVELOPMENT

Training has always been considered fundamental for the growth of personnel and the development of the key skills essential for a company's success. We promote continuous training with both refresher and subject-specific courses in order to enhance the knowledge and specialisation of each resource within the company.



The training activity aims to stimulate and expand the professional skills of its employees and is structured to ensure a differentiated offer aimed at involving all professional categories at all levels.

During 2023, 43,891 hours of training were provided, with an average of over 21 hours per employee. The main training categories are technical training with 21,620 hours, health and safety training with 5,719 hours, management training with 3,793 hours, quality training with 3,360 hours and sales training with 1,264 hours.

We also devoted 662 hours to training on sustainability issues that reached 429 employees (many of these hours concerned specific training on the new European CSRD, the Taxonomy Regulation and the

new Sustainability Plan), 782 hours to enhancing language training, while 970 hours were the training investment for new hires on the Code of Ethics and 44 hours training on Model 231. The residual category "Other" is very large with 5,677 hours as it includes all the trainings that do not fall under the above-mentioned trainings. It should be noted that specific managerial training in 2023 accounted for 9% of total training hours, an important sign that highlights the tendency of many Group companies to invest in these training courses, which are considered fundamental for the professional growth of their people. A total of 2,173 people were involved in at least one training session, for a total investment of over 530 thousand Euros.

### Professional training provided to each employment category (2023)



The main education and training courses promoted by Group companies as a whole in 2023 were:

- training on health and safety issues, thus relating to learning or keeping up to date with legal and/or company rules and regulations on health and safety in the workplace;
- training on quality system specifications for learning the necessary operating procedures at each stage of the production process;
- specialised technical training for enhancing skills to optimally perform the assigned role;
- language training related to enhancing the language skills of the resources involved;
- training in information systems to acquire skills in the purely information field (e.g. knowledge of certain software);
- training for new employees;
- on-the-job training, usually carried out for fixed periods within companies and delivered by other qualified employees.

For many professionals, a mentoring activity is also

required to facilitate the trainee's insertion into the work environment in order to accompany, support and train them through the collaboration of colleagues, periodically checking the results achieved.

Although there is no central coordination of training activities, this is defined annually by each company by surveying, in addition to the compulsory training that must be provided, the curricular needs of the company population; through a census, the specific topics that need to be studied in depth are noted, and, in some companies, each employee has the possibility of requesting to participate in specific training courses to enrich and personalise their curriculum.

As of 2021, in all Group companies, the Code of Ethics is delivered to all new employees as mandatory documentation, while in Quanta System S.p.A. and the Chinese subsidiaries, a focus on the Code of Ethics is included in the training for all new employees: the implementation of this activity for the parent company El.En. S.p.A. and the subsidiaries of the Calenzano and Prato Hub has been completed and will be active from 2024.

## OTLAS E LA R-R CHALLENGE: WASTE REDUCTION OR RECOVER

During 2023, the subsidiary Ot-las activated a project in cooperation with students of the "Interior Design" and "Fashion" courses at the Accademia Italiana - Art, Fashion & Design in Florence.

Through the "R-R challenge - Waste Reduction, Waste Recovery" contest promoted by Ot-las, the company presented laser technology and its possible uses, providing students with a marking system so that they could develop new ideas and create products through the reuse of waste from the production chain, supporting circularity and sustainability.

The students on the course worked in groups to devise "concepts" using laser technology on recycled fabrics and clothing, and on furniture elements made from waste material.

Two projects were selected as the most original: a collection comprising garments made from recycled fabric and parts of used clothes, and a series of waterproof panels designed to give new life to old smartphone covers that would otherwise inevitably be disposed of.

Our laser machines were used for the entire project, from the design of the model to the final installation of the product.

The collaboration with the Accademia Italiana - Art, Fashion & Design in Florence is part of the projects with which the El.En. Group and all its member companies are committed to supporting cultural and educational initiatives, with the aim of strengthening the relationship with the territory in which they operate. The basic idea consists in the promotion of a mutual and positive exchange with the local community, which benefits both parties involved in the projects and activities developed.



## 6.2 HEALTH AND SAFETY IN THE WORKPLACE

We are committed to ensuring a healthy and safe working environment that complies with worker and environmental safety regulations. Our aim is to spread and develop awareness among people of the risks associated with their work activities and to promote responsible behaviour by all workers, with targeted programmes aimed at preventing potential personal injury.



### 5.719

HOURS OF SPECIFIC TRAINING ON HEALTH AND SAFETY ISSUES

As stated in the Code of Ethics, the El.En. Group is committed to spreading and consolidating a culture of safety, promoting responsible behaviour by all employees. To this end, the Group is committed to:

- always act in accordance with applicable national and international regulations and standards;
- manage the hazards and risks associated with each task and activity; any change to the organisational layout, at any level, involves updating the relevant documentation;
- provide competence and awareness of risks related to work environments and tasks to all personnel through continuous training and information;
- periodically review the safety procedures and work instructions to make changes and improvements;
- adopt rules of good practice in the management of contracts and subcontracts to reduce possible interfering risks;
- search for the best available technology for individual and collective protection.

In all the Group's production companies, the issue of health and safety is managed and monitored through processes that, although not centralised and coordinated at Group level, ensure that in each subsidiary there are procedures related to the protection of workers' health and safety, worker training and the implementation of corrective and improvement actions.

In Italian companies, the subject is regulated by Italian Legislative Decree no. 81/2008; foreign

production subsidiaries equally oversee health and safety under local regulations. The Group's Italian companies have also addressed the issue of Health and Safety within the framework of the Organisational model pursuant to Italian Legislative Decree 231/2001. The guiding principle is that safety policy should be elevated to a corporate value, on a par with all the other values that characterise corporate strategy. Just as organisational systems are used to manage economic resources, so too safety must be an essential value, to be constantly achieved and implemented, with the help of an organisational system that identifies the tools, responsibilities and motivations aimed at expressing and translating the commitment of top management in this respect.

Hence, among other things: the commitment to comply with health and safety regulations and the Organisational Model with the aim of fostering a significant reduction in accidents; recognition that the responsibility for safety management concerns the entire company, from the employer to each employee, according to their duties and skills; the commitment to allocate adequate human and financial resources to achieve the objective of a significant reduction in accidents and the objective of constantly improving working conditions; the commitment to ensure that workers are adequately informed and trained on the risks connected to their work. Based on the organisational model, it is planned to identify and allocate the responsibilities



related to health and safety among the company departments, to map and self-assess the risk, and to prepare training activities.

For the companies located in the Calenzano area, the central role of the HSE office in safety management has made a more coherent and uniform view of company policy towards this issue available over time.

In all production companies, the process of identifying risks related to workers' health and safety is envisaged: in Italy, this activity is formalised in the Risk Assessment Documents (RAD); in Chinese companies, risks related to the workplace are formalised and communicated to workers through the "Worker's manual"; similarly, in German and Brazilian subsidiaries, risk analyses are formalised in dedicated documents that are periodically updated. Risk identification is subject to the subsequent identification and implementation of corrective and/or preventive actions. Most of the subsidiaries have procedures in place for workers' complaints and have elected workers' safety representatives.

During the year, the Group's Italian companies hold a periodic meeting in accordance with the provisions of Article 35 of Italian Legislative Decree no. 81/08, attended by the Employer, the Company Physician, the RSPP (Health and Safety Officer) and the RLS (Workers' Safety Representatives) representing all workers. In line with a policy of maximum transparency, a member of the Supervisory Board and all persons within the corporate security organisation chart are also invited to attend the periodic meeting of the Parent Company.

The following topics were discussed at the meeting:

- update on any changes made to the risk assessment document;
- evaluation of trends in accidents, occupational diseases and health surveillance;
- the selection criteria, technical characteristics and effectiveness of personal protective equipment that may have been added or modified;
- safety information and training programmes for managers, supervisors and workers.

During each meeting, a new improvement plan is also presented, describing all objectives that the Prevention and Protection Service aims to achieve for the following year.

German and Brazilian companies also employ specific committees with expertise in health and safety, which meet periodically to assess the progress and management of the issue. In case of the Brazilian company, workers' health and safety representatives hold monthly monitoring meetings.

In all production companies, departments and persons responsible for health and safety are identified (e.g. employer, RSPP and supervisors for the Italian company; general manager and department manager for the Chinese company; employer and safety manager for the German company).

In all production companies, training and information on health and safety is provided both at the time of recruitment and periodically thereafter. The structure and type of training courses are defined by the individual companies, however all provide both training for general risks and training for specific risks related to certain tasks, first aid training and periodic refresher courses.

Given the nature of the production activity carried out, all companies have established safety procedures and provide for collective and individual protective equipment for artificial optical radiation risks. Specifically, all production workers have personal protective equipment available and then, prevention or collective protection devices such as bulkheads, containment boxes and turnstiles are provided in a different manner to delimit production areas. In non-manufacturing companies, the issue is also monitored through the collection and monitoring of accident-related data.

In 2023, 24 occupational accidents were recorded at Group level with a slightly increasing incidence (from 5.09 to 5.72): the main types were injuries and bruises, mainly of the limbs. No serious accidents<sup>11</sup> occurred during the year. Following accidents, companies investigate the causes of accidents in order to develop possible preventive and ameliorative actions.

## #CASAQUANTA: MEETINGS AND AWARENESS CAMPAIGNS FOR EMPLOYEES

November is Prostate Cancer Prevention Month: Quanta System contributes to alleviating situations of suffering that affect patients and their families thanks to the products that are designed, produced and distributed in the Company, and this year it decided to involve its own people by organising a dedicated event. A specialist in Urology and Andrology was called in to speak to the entire company population, who held an information session on prevention topics related to the urological system. Subsequently, the company provided a free initial check-up for all employees who wished to take advantage of it. Knowledge is awareness and prevention is the first step towards individual well-being. On the occasion of the day for the elimination of violence against women, Quanta System organised a meeting for all employees on emotional education without taboos and beyond gender stereotypes. On the premises of Samarate, employees were able to attend a talk by a medical doctor and developmental psychotherapist who, by introducing the topic, helped participants to explore this issue. This first meeting is also part of a training and information pathway that will continue throughout 2024, in which Quanta System believes strongly and in which it has decided to invest for its people, in order to create opportunities for the exchange of valuable content, in the continuous construction of the beauty of our uniqueness and personal care.



<sup>11</sup> Serious accidents are considered those for which more than 180 days of absence are foreseen.

## 6.3 PEOPLE'S WELL-BEING

**The well-being of its people is the key factor for a company's success. Technical skills are not enough to guarantee a good result, but it is necessary for the company to offer its employees an environment that can stimulate their potential and abilities.**

To support, encourage and implement the well-being of its people, the El.En. Group considers welfare a highly innovative tool compared to traditional salary and incentive methods, destined to become an integral part of modern and efficient resource management. Welfare plans were planned by the Japanese, Brazilian and Chinese subsidiaries. The Group's Italian companies, in accordance with the provisions of the applicable national collective bargaining agreement for the sector, pay part of their salary in flexible benefits. In particular, for the companies in the Calenzano and Prato hub, through the provision of a specific platform, each worker, whether part-time or full-time, can choose the welfare good or service that best suits his or her interests and needs: home care or health services, reimbursement of school fees or financial support for higher education, supplementary pensions, training courses to improve employees' skills, usually offered by external institutions, recreational goods, goods in kind and collective transport services. Furthermore, the company agreement provided the opportunity to convert the amount due to employees as a performance bonus, up to a maximum of 50%, into welfare goods, benefits and/or services. With this agreement companies also granted better treatment compared to the CCNL in force by guaranteeing an

additional day of paid leave per event with respect to those provided for by the regulations in force and, as a better treatment, the first three days of sick leave not exceeding five days will be paid at 100% even after the occurrence of the third event. The employees of Calenzano hub were given the opportunity to convert part of the bonus in welfare vouchers. The subsidiary Quanta System S.p.A. introduced the possibility for each employee to convert the entire production bonus into welfare in its second-level agreement.

Italian companies, as per collective bargaining, subscribe to health care funds for all employees.

We are convinced that working in a custom-built environment fosters a greater spirit of belonging to the company, a prerequisite for its future. And it is in order to enhance and cultivate the importance of human relationships, of confrontation and sharing that this welfare development path for the El.En. Group was born: the subsidiaries during extensions or relocations of their premises have decided to dedicate ample space to people's well-being, in order to raise the quality of working life within the company and take care of people's well-being at 360°. It is increasingly important to accompany the training and career path of each professional figure with an investment that leads to the creation of an



energetic and fulfilling working environment that stimulates teamwork.

In the Group's companies based in Calenzano and Prato, a free canteen service has always been offered to all employees, and even during the pandemic many efforts were made to maintain this service, which was divided into several shifts with sanitisation of the stations between one shift and the next, in order to continue to offer a hot meal to employees. For a few years now, the Calenzano facility has also had a company gymnasium. Chinese companies provide each employee on request with a free flat in the company dormitory rather than in the vicinity of the factory and offer a free canteen service for lunch. Furthermore, in the new Chinese plants in Wenzhou and Shangdong, recreational areas for employees with sports equipment, reading rooms and calligraphy courses have been created and made available by the company for anyone who wishes to use them.

The subsidiaries Quanta System S.p.A. and Lasit S.p.A. possesses a gymnasium for all employees and a refreshment area where they may rest and have meals (Lasit inaugurated this area during 2023), while the German subsidiary Asclepion GmbH, with a view to creating a more welcoming working environment

for all employees, built a large cafeteria area, a fitness area with two rooms in which sports courses are offered, and a large rooftop terrace with a garden inside. Lastly, the subsidiary Asa, in its new company headquarters inaugurated at the end of last year, also planned to adopt innovative space management solutions: the smart redistribution of functional areas was carried out to improve the quality of work, and open-plan operating rooms were adopted that, thanks to an ad hoc study of furnishings and the use of sound-absorbing panelling, while guaranteeing privacy and acoustics, favour teamwork. Several meeting rooms, job islands, a refreshment area and coffee break islands help facilitate sharing. Fortunately, the slowdown in the global health emergency meant that access to the aforementioned premises by employees was almost entirely restored during the course of the year, guaranteeing the health and safety of everyone in the company at all times. Companies of the El.En. Group therefore offer their employees non-statutory benefits in addition to statutory ones. Every El.En. Group employee, whether part-time or full-time, is covered by health insurance policies (100%) that also cover employees' dependents, while 98% of employees have access to company welfare plans, including conventions and/or other types of benefits<sup>12</sup>.



<sup>12</sup> It should be noted that not all companies have the same benefits. As already mentioned in the text, the benefits referred to include welfare plans, free canteen, free gym and sports courses and various agreements with local companies

## ASA, 40 YEARS IN THE SIGN OF LASER THERAPY AND MAGNETOTHERAPY

In 2023, the subsidiary ASA celebrated its 40th birthday: an important milestone for the Veneto-based company, which, through its therapies, aims to restore "human" and "veterinary" patients to the best physical condition and quality of life. Research, production and sharing of results are the three pillars that have marked the history of ASA from 1983 - the year of its foundation - to the present day, contributing to its constant internationalisation. The company - which has built its identity on specialising in the development of Therapeutic Solutions centred on laser sources and magnetic fields - has made Research the trait d'union between Science and the production of electromedical devices, encouraging the spread of a culture based on laser therapy.

ASA also expresses its commitment to the sustainable management of the business, declined in making its objectives transparent and accessible to all interlocutors, in order to consolidate their trust, and in protecting the environment, the cultural, social and artistic heritage, and in enhancing the value of its people, through targeted training courses in which the individual's well-being in the management of everyday working life becomes a flywheel for the community.

During this important anniversary, many initiatives were organised by the company: all aimed at creating opportunities for sharing and participation in the name of the team. These included a professional photo shoot where each employee was able to express his or her passion, sport or interest, a public playlist created through the preferences of each employee to cover the last four decades of musical hits, several breakfasts organised in the company to make the best of every first Monday of the month, a summer party also open to the employees' families, and several interdepartmental team building activities. In January 2023, a table football tournament was organised, and in May 2023, the company focused on beach volleyball, with the aim of creating an increasingly strong and motivated team. Finally, in October, a full-day tour of the parent company El.En.'s plant in Calenzano was organised for all employees. The day ended with a goliardic table-football challenge between ASA and El.En. employees, to reinforce the sharing and satisfaction with the success of the entire Group, which works every day with the common goal of improving people's quality of life.

## QUANTA SYSTEM OPEN DAY

During 2023, the subsidiary Quanta System organised an Open Day event for all its people. The event was an important gathering for the entire Quanta population: around 200 colleagues and their families attended, totalling 550 people.

In addition to various food and beverage stations, corporate themes such as the timeline of Quanta's life (displayed on a 9x6-metre building) were proposed, allowing all present to learn more about the company's history and feel more part of the company's vision "we think and create lasers to improve the well-being of people all over the world". Furthermore, topics on attention and care for people and the environment, laser science and the application areas of our products were promoted, with games and experiments for all ages. Quanta System firmly believes that perseverance, motivation and common goals are the perfect trinomial for working well together; this is why various extra-work activities are carried out by employees, such as the cycling team, the motorcycling team and the group that organises walks. Commitment and dedication also guide #casaQuanta every day in sharing its passions.

## EL.EN. PEOPLE - FOOSBALL TOURNAMENT

The first Foosball tournament was organised at the Calenzano Hub in June 2023, with the presence of the national president of the Foosball Federation, and the Italian national team that finished fourth at the 2022 World Championships. The Italian Football Table League provided its professional foosball tables for the occasion and referees ensured that the rules were respected in every competition. People participated enthusiastically: hundreds of players also arrived from other controlled clubs in the area, and all pairs competed to the last drop of sweat. For the occasion, after the prize-giving of the winning teams, street food was organised for all, which provided the setting for an engaging event, with a discipline that unites, brings teams together, makes people talk, discuss and entertain.



## LASIT S.P.A. THE NEW PLANT

During 2023, the subsidiary Lasit S.p.A. completed all growth and development projects that it had planned to complete by the end of the financial year. Last year, in order to comply with the need to expand its production capacity and the space available for the various departments, the company moved to a larger plant. From the outset, the project included the use of certain spaces to provide recreational areas for its employees: a nursery area had already been set up last year to allow all parents working at Lasit to bring their young children to the office, with a babysitter and a specially-equipped play area for them free of charge. Also last year, a large library area was set up, containing books on various subjects, based on the interests expressed by the employees themselves. During 2023 this relaxation area was further equipped with board games, puzzles, musical instruments and much more to entertain and amuse and create a pleasant environment for both those who live in the company and all those who come to visit the company premises.

Last year, the project to set up a company gymnasium came to life: the gymnasium is the ideal place where, at lunchtime or after working hours, employees can share a playful moment and have fun together, to train their physical and mental fitness, and this year, as planned, the existing equipment has been expanded.

In this way, the company wants to accompany the training and career path of each professional figure with an investment that leads to the creation of an energetic and fulfilling working environment that stimulates teamwork.

In 2023, the canteen area was completed, creating a lunch break area where all employees can spend this time together. With these measures, the subsidiary Lasit S.p.A. fully embraces the welfare development project desired by the parent company El.En.. All of these actions are aimed at improving the quality of working life within the Group's companies and are part of the broader project launched a few years ago and aimed at its employees, which has the objective of taking all-round care of people's well-being.



# **ENVIRONMENTAL RESPONSIBILITY**

**COMMITMENT AND RESPECT  
FOR OUR WORLD**

## 7. ENVIRONMENTAL RESPONSIBILITY

For the Group, the environment represents a primary asset that must be safeguarded. To this end, activities are planned by seeking a balance between economic objectives and unavoidable environmental needs, respecting and protecting the rights of future generations and in line with the principle of sustainable development. The Group is therefore committed to monitoring the environmental impact generated by its activities, as well as preventing any potential risks, implementing corrective and mitigation actions, in compliance with current regulations and in the light of best practices on the subject.

Over the past few years, all El.En. Group companies have implemented, approved and disseminated to all employees the Environmental Policy, formalising their commitment to monitor and seek to reduce the environmental impact of their activities. Within the new five-year Sustainability Plan 2023-2027, specific and measurable targets have been approved to increase the share of renewable energy production and purchase and to improve the monitoring of direct and indirect emissions in order to identify energy efficiency and reduction plans

### 7.1 ENERGY CONSUMPTION

The Group is committed to reducing its energy consumption through, where possible, improving processes and infrastructures and promoting energy-saving behaviour and habits, fostering the development of environmental awareness among people.

In past years, the parent company El.En., for the Calenzano hub, has carried out an energy diagnosis of its production sites, aimed at providing an adequate knowledge of the energy consumption profile and identifying and quantifying energy saving opportunities from a cost/benefit standpoint; based on the data found during the inspection and the subsequent analysis carried out, areas of intervention have been proposed to obtain the best results in terms of energy savings: the installation of photovoltaic systems, the redevelopment of the roof of a building in the Calenzano hub and the installation of an energy optimiser in the cabin that allows users characterised by heterogeneous absorption in applications, to decrease energy consumption under the same conditions of use.

Demonstrating that the goal of reducing energy consumption and producing renewable energy is a priority for the Group, the first two activities began in 2022 and completed in 2023 and for the third point in this financial year, we purchased meters, and will then install software for continuous detection from

our electricity grid scheduled in 2024. Together with the use of present and future home automation, we could better manage our network by avoiding peaks in electricity consumption during peak demand periods.

The Group's energy consumption consists of: electricity used for space heating or cooling and for production processes; natural gas and LPG used as fuel for heating buildings; and gasoline, diesel and bioethanol used as automotive fuel.

Specifically, in 2023, 320,298 m<sup>3</sup> of natural gas and 2,715 litres of LPG were consumed. On the other hand, the total consumption of purchased electricity was 6,812,980 kWh while the total number of litres of diesel and petrol consumed was 644,937. Bioethanol consumption amounted to 16,126 litres. The total energy consumption was therefore 60,598 GJ. In percentage terms, approximately 40% of consumption is attributable to the use of purchased electricity; a further 37.5% is attributable to the use of company cars, and approximately 19% to the consumption of natural gas and LPG for internal heating. As of 2023, the energy needs of the Calenzano hub and the subsidiaries Quanta System and Galli S.r.l. are partly met by four photovoltaic plants installed in 2022 and put into operation during 2023, which are added to the previous two plants of the companies Asa and

Asclepion installed already in 2019: the self-produced energy from the photovoltaic plants amounted to 565,193 kWh. By next year, the six plants will be in operation for the entire year, and two more will be added for part of 2024.

The overall energy consumption remained substantially unchanged from the previous year despite the increase in business volume (+3% of consolidated turnover) and the entry of three new subsidiaries within the scope of consolidation. This was possible thanks to the investment in photovoltaic systems, which, together with the cogeneration plant,

allowed the company to self-produce and consume 9% of its total electricity needs.

We would also like to point out that in 2023, the Group did not purchase energy from renewable sources certified through guarantees of origin, but the subsidiaries Asclepion GmbH, Lasit Iberica, Quanta System and the Calenzano hub (as of 1 July 2023) purchased energy from suppliers who declared that they in turn purchased it from renewable sources; therefore, 28% of the electricity purchased, amounting to 1,935,850 kWh, came from certified renewable sources.

### 7.2 SELF-GENERATED ENERGY BY THE EL.EN. GROUP

As of 31 December 2023, there were six active photovoltaic plants at Group companies. Two plants are located at the subsidiaries Asclepion GmbH and Asa S.r.l., with a capacity of 44kW P and 33kW P, respectively, have been installed since 2019 and produced during 2023 an amount of electricity equivalent to 20% of the total purchased by the two companies.

Last year, the El.En. Group made numerous investments in the installation of photovoltaic plants, as the installation of a further four plants was completed: two at the Calenzano production site, one at the subsidiary Quanta System, and one at the subsidiary Giovanni Galli S.r.l.: the plants all went into operation in 2023.

The subsidiary Quanta System S.p.A. installed a photovoltaic system of 450 kW P which became operational in 2023 and with which it produced 27% of its total electricity needs. In the course of 2023, work began on the installation of a second plant with the same capacity, which will come into operation in 2024. The subsidiary Quanta System S.p.A. installed a cogeneration plant a few years ago, which in 2023 produced an amount of electricity equivalent to 17% of the company's electricity needs.

The subsidiary Giovanni Galli S.r.l. installed a photovoltaic system that went into operation in 2023, with a capacity of 80 kW P and with which it produced 75% of the company's electricity needs.

At the Calenzano site, headquarters of the parent company El.En. S.p.A. and the subsidiaries Deka

Mela and Esthelogue, two photovoltaic plants came into operation in 2023: the first has 76 kW P, while the second plant has 64 kW P. The plants came on stream in June and together produced 4% of the total electricity demand. Having come into operation during 2023, the four new photovoltaic plants have not reached their maximum production capacity, which will only be realised during 2024 when we will have the full calendar year counts.

At the end of 2023, the subsidiary Cutlite Penta started work on the installation of a photovoltaic plant with a capacity of 355 kW P, which will be completed in 2024: it is estimated that when fully operational, the plant will be able to produce around 30% of the total electricity demand.

At the Calenzano Hub, the installation of further solar panels of approximately 253 kW P was authorised, which should be installed by the end of 2024: this will enable an estimated future saving of a further 125 tonnes of CO<sub>2</sub> in the atmosphere per year thanks to the production of a further 18% of the total electricity requirement. Additional roofing projects were also presented for the Calenzano hub, which, although technically feasible, are tied to future building extensions or the reclamation of certain roofs and will therefore possibly be taken into account in the development plans for the coming financial years.

Other Group subsidiaries have also started feasibility studies for the installation of photovoltaic systems, so that the amount of renewable energy self-produced by the Group is set to increase over the next few years.

## PACKAGING - ENVIRONMENTAL LABELLING AND NEW MACHINERY TO INCREASE CIRCULARITY

As of 1 January 2022, Italian Legislative Decree No. 152 of 3 April 2006 on the mandatory environmental labelling of packaging came into force. Consequently, all products not complying with the new requirements and already marketed or labelled on 1 January 2023 can only be marketed until stocks are exhausted.

Italian Legislative Decree of 3 September 2020, no. 116 stipulates that all packaging must be "appropriately labelled in accordance with the modalities established by the applicable UNI technical standards and in compliance with the determinations adopted by the Commission of the European Union, in order to facilitate the collection, reuse, recovery and recycling of packaging, as well as to provide consumers with correct information on the final destinations of packaging. Producers are also obliged to indicate, for packaging identification and classification purposes, the nature of the packaging materials used, based on Commission Decision 97/129/EC.

Although the Ministry of Ecological Transition and the Ministry of Health has recognised medical device packaging as exempt from environmental labelling requirements, El.En. has decided to pursue environmental labelling requirements from the outset in order to align with the European vision and pursue its sustainability projects set out in the 2023 - 2027 Plan. The company has therefore set actions in the course of 2023 related to the pursuit of compliance with regulatory requirements concerning the environmental labelling of packaging.

At the beginning of 2023, an internal training was organised and carried out at El.En., extended to other companies in the Group, as an information of this regulatory requirement concerning the environmental labelling of packaging. A stock survey of the packaging materials used was then carried out, in parallel with an analysis of the packaging coded in the Product Folders (DMR) of all systems, with the creation of an Excel database.

All suppliers of packaging material (either commercially or to our specification) were then asked to affix on the material the classifications (symbols and letters) of the material it is made with, establishing the level of information to be provided. It was decided to use the physical medium, by affixing a paper label to the outside of the packaging. In the course of 2024, the implementation of the change will also be continued to the packaging of medical devices, even though the specific implementing decree is not yet in place.

During 2023, El.En. also continued its project of eliminating plastic packaging in favour of recycled paper for spare parts by introducing two machines for the production of recycled paper padding at the packaging station.

The paper padding produced is robust and provides high material protection, and the volume of the padding is adjustable for each product and can fill empty spaces.

This methodology was also codified with a specific Work Instruction for the packaging of all Spare Parts in the absence of its own specific packaging for that component.

Depending on the desired filling and fixing, the rippling of the paper padding can easily be adapted to any product in advance.

A third cardboard shredding machine was purchased at the end of 2023 and was put into operation in early 2024, dedicated to the re-use of secondary cardboard packaging from external players. Specifically, resources within the logistics area reuse the processed secondary packaging for use in the packaging of spare parts. Turning used cardboard into packaging material has innumerable

advantages: it gives new life to cardboard that would previously have ended up in disposal, frees up storage space occupied by used cardboard, and reduces disposal costs. Completely eliminating plastic from the packaging of spare parts is an excellent result in terms of sustainability and also circularity (only a few special packaging for particular materials remain in place to avoid non-compliance) and is only the beginning of a path that will see us committed in the coming years to increasingly circular solutions at all Group companies.

## 7.3 WASTE

The El.En. Group carried out an initial waste reporting exercise in 2021, even though this issue is not included among the material topics because, in a world where natural resources are by nature limited, we want to strive to manage them as well as possible and promote responsible resource management by promoting sustainable production and consumption models. Since last year, all Group companies have been reporting on time.

We would also like to remind you that all Group companies carry out separate waste collection on their premises.

The three Chinese companies were the last subsidiaries to introduce separate waste collection in 2021 and, referring to the Group Environmental Policy, which was approved and disseminated to all employees, they established additional internal Company Regulations for the management of separate waste collection, organised training courses for all employees on the correct sorting of waste, and carried out internal awareness campaigns on

the environmental damage caused by incorrectly disposed waste.

Each of the companies then entered into contracts with external companies for the collection, handling and disposal of the waste and, in this first phase, requested the cleaning employees to review any incorrect disposals.

In 2023 the Group produced 827 tonnes of waste, of which 809 tonnes (98%) was non-hazardous waste: of this, 87% was sent for recycling or other recovery operations while 13% was sent for disposal. Hazardous waste accounts for only 2% of the total and consists mostly of packaging, absorbents or filter materials containing substance residues, spent solvents and discarded equipment.

All companies use external companies for collection and disposal services, but also use municipal pick-up and collection services, especially for undifferentiated waste, organic waste and paper from offices. Waste disposed of with state agencies, which accounts for a very marginal share and is not included in the scope of the reported data.

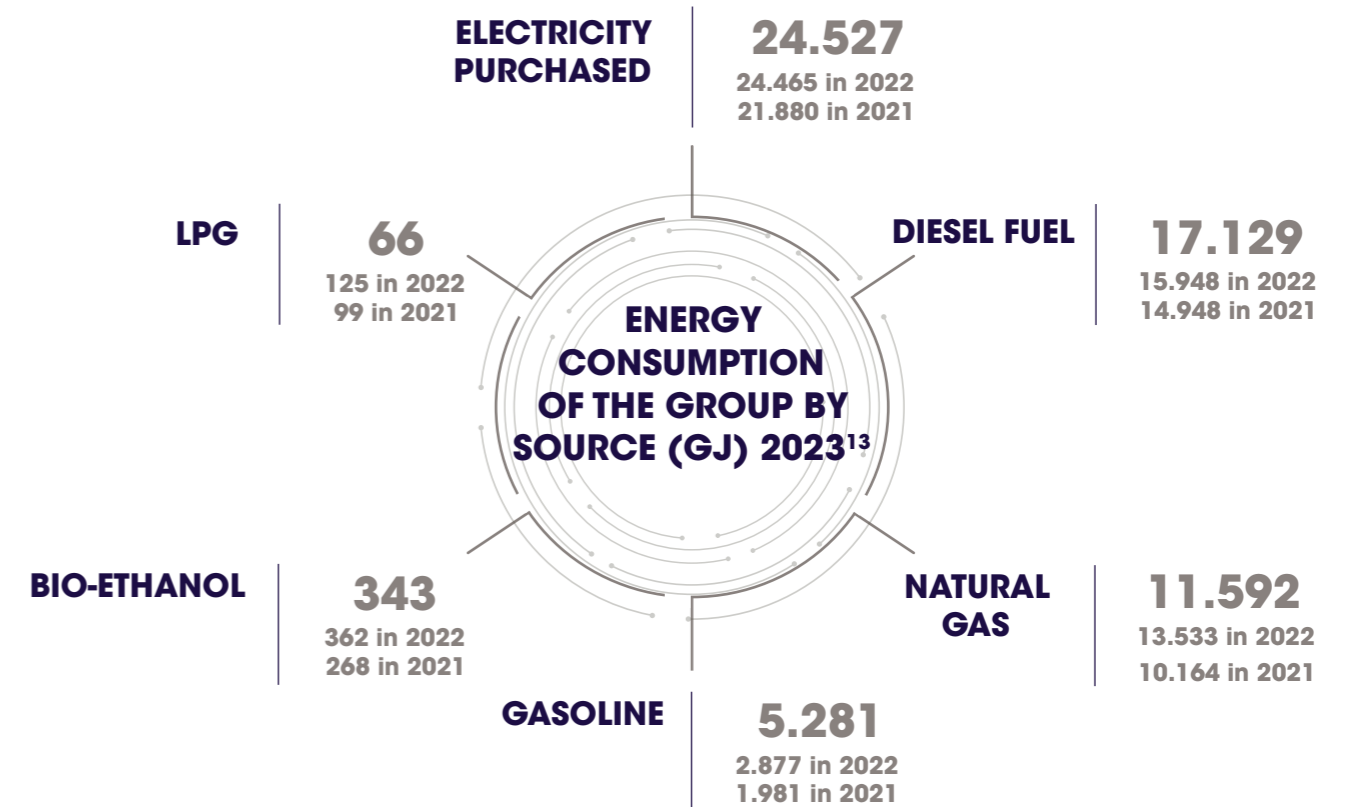
Waste generated		
	2023	2022
<b>HAZARDOUS WASTE</b>	<b>17.686</b>	<b>6.584</b>
diverted to disposal	2.755	2.346
diverted from disposal	14.911	4.238
<b>NON HAZARDOUS WASTE</b>	<b>809.230</b>	<b>717.619</b>
diverted to disposal	108.313	71.606
diverted from disposal	700.917	646.013
<b>TOTAL</b>	<b>826.916</b>	<b>724.203</b>
diverted to disposal	111.088	73.952
diverted from disposal	715.828	650.251

## THE CALENZANO PRODUCTION HUB - FUTURE DEVELOPMENTS

In 2023, the initiatives promoted by the parent company EI.En. to reduce atmospheric emissions continued: two additional photovoltaic plants were scheduled to be installed in addition to the already existing plants, which were installed in 2022 but became fully operational in the second half of 2023.

The following projects were carried out in this financial year:

- Relamping was carried out in some areas of the Calenzano Hub with LED lighting, and by the end of 2024 the areas that have not yet been revised will be upgraded;
- We completed the project to renew the fleet of goods handling vehicles in the logistics area, with the purchase of four electric forklifts and the installation of an electric charging station for these vehicles. This solution allows considerable reductions in recharging waiting times and a significant percentage increase in vehicle autonomy during daily operations.
- We plan to install electric vehicle charging stations at the end of 2024: we are waiting to complete further work on the plant before deciding where they will be most effective;
- In some areas of the Calenzano Hub, we have inserted automatic devices for switching lights on and off and installed some presence sensors to facilitate energy saving; the "water fountains" project has been reactivated (after being closed during the Covid 19 health emergency), as have the automatic dryers inside the toilets, which were temporarily closed for the reasons mentioned above, and which make it possible to considerably reduce the use of paper. In the coming years, we plan to install additional drinking fountains to completely eliminate the use of plastic bottles within the company.



<sup>13</sup> Energy consumption data for the month of December 2023, unless otherwise specified, were taken from invoices produced by energy service providers. Car fuel consumption for the Italian companies Esthelogue S.r.l. and Lasit S.p.A. were estimated, starting from expenditure, by means of the average annual price of petrol and diesel (€/L) obtained from the website of the Ministry of Economic Development, while for all other companies consumption in litres is punctual. For mixed-use cars, 70% of total consumption was taken into account. The Department for Environmental Food & Rural Affairs (DEFRA), UK, conversion factors for 2021, 2022 and 2023 were used to calculate energy consumption in GJ.



## 7.4 EMISSIONS

Direct and indirect CO<sub>2</sub> emissions associated with the Group's main consumption can be divided into two categories:

- direct emissions (Scope 1): greenhouse gas emissions due to direct fuel consumption by the Group (e.g. natural gas, diesel);
- indirect emissions (Scope 2): greenhouse gas emissions from electricity purchased or consumed by the Group.

In particular, for the calculation of CO<sub>2</sub> emissions, as required by the GRI Sustainability Reporting Standards, Scope 2 emissions were calculated according to two distinct calculation methods: the "Location-based method" and the "Market-based method". The location-based method is based on average emission factors for regional, sub-national or national power generation.

The Market-based method, on the other hand, is based on the CO<sub>2</sub> emissions emitted by energy suppliers from whom the company purchases, by contract, electricity, or on market-related factors. This method provides that renewable electricity purchased with Guarantee of Origin (GO) certificates or other contractual instruments certifying its renewable origin is assigned an emission factor of zero for scope 2, so this calculation method favours the El.En. Group's strategy of increasing the share of energy both consumed and produced from renewable sources. The results achieved in 2023 are a reduction of GHG Scope 2 emissions according to the Market-Based methodology of 26%, demonstrating the Group's commitment to the strategy of increasing

the share of energy both consumed and produced from renewable sources in recent years.

Different factors were used for the calculation of Scope 2 emissions, depending on the calculation method and the reference country. Specifically:

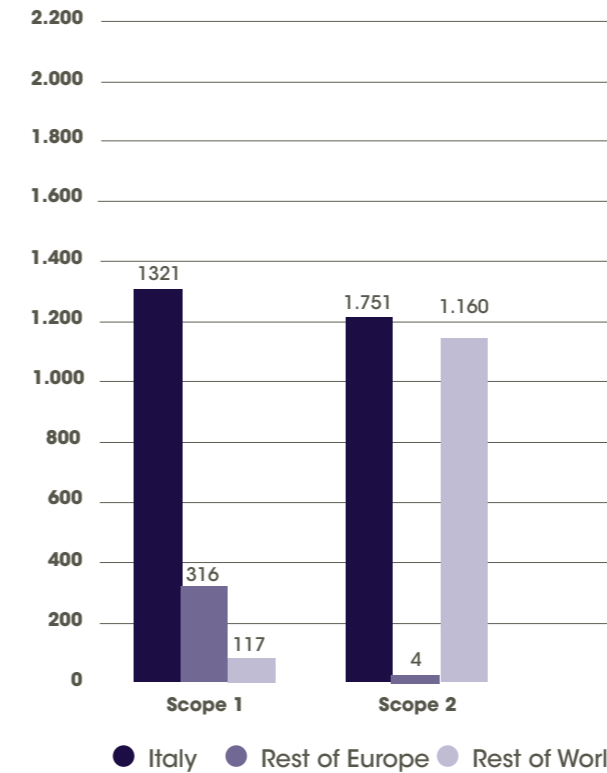
- For the location-based method, average emission factors relating to domestic power generation for the different countries of operation were used, as reported in the publication International Comparisons, Terna 2019 and 2020<sup>14</sup>;
- For the market-based method, average emission factors from the European electricity market production for Italy, France and Germany were used, as reported in the document Residual Mix Results, Association of issuing bodies (AIB) 2020, 2021 and 2022, for 2021, 2022 and 2023, respectively. For the remaining countries, the same factors were applied as for the location-based method.

For 2023, considering the location-based calculation method for Scope 2, total emissions are 4,943 tCO<sub>2</sub>eq: 55% is attributable to electricity consumption while 45% is mainly attributable to the other items.

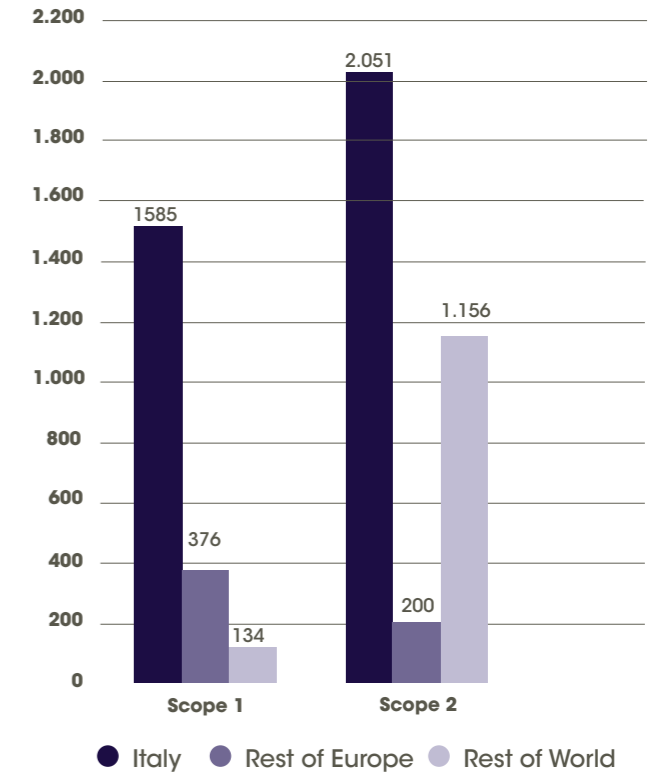
With regard to the calculation of total emissions considering the market-based method for scope 2, a total of 4,719 tonnes of CO<sub>2</sub>eq emissions were recorded, down by 14% compared to last year due to the increased share of purchase and production of electricity from renewable sources, despite the Group's increased business volume (+3% increase in turnover) and the inclusion of three additional companies in the scope of consolidation.

<sup>14</sup> It should be noted that Scope 2 emissions calculated with the emission factors published by Terna in the document International Comparisons are expressed in tonnes of CO<sub>2</sub>; however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub>eq), as can be deduced from the relevant technical literature.

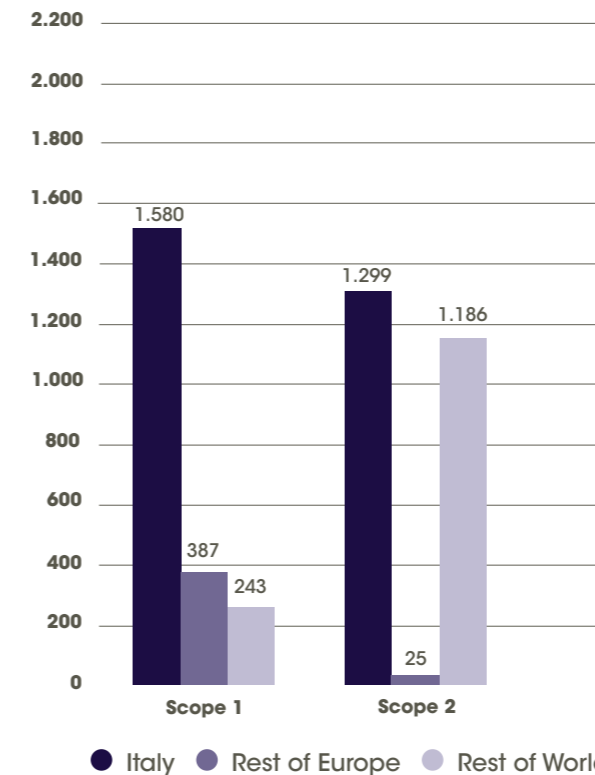
**Emissions Scope 1 and Scope 2 (market-based) by region (ton CO<sub>2</sub>eq) 2021**



**Emissions Scope 1 and Scope 2 (market-based) by region (ton CO<sub>2</sub>eq) 2022**



**Emissions Scope 1 and Scope 2 (market-based) by region (ton CO<sub>2</sub>eq) 2023**



## 7.5 WATER CONSUMPTION

The Group's actions towards respecting and optimising environmental resources also take concrete form in the efficient use of water resources, with the aim of minimising its consumption and thus reducing waste, at a time when water represents a commodity that is as precious as it is at risk for future generations.

The Group is committed to promoting good water-saving habits, providing practical advice to its employees and implementing improvement actions (e.g. turning off the tap when not needed, avoiding the "running water" phenomenon, etc.).

Water is mainly used for sanitary purposes, canteen activities and production processes. In the latter case, water is mostly used through closed cycles that allow its recovery and avoid its dispersion into the environment: water discharges take place into the public sewerage system and there are no particular parameters or quality standards for discharges to be met.

In 2023, the total water withdrawal amounted to 44,899 m<sup>3</sup> and came exclusively from the civil aqueduct pipeline mains.



# **APPENDIX**

**EUROPEAN TAXONOMY**

**ABOUT OUR REPORT**

**PERFORMANCE INDICATOR**

**GRI CONTENT INDEX**

## 8. The European Taxonomy

In 2019, the European Union presented the "European Green Deal" with the significant goal of achieving climate neutrality starting from 2050. In order to achieve this result and identify a framework that favours sustainable investments, EU Regulation 852/2020 - Taxonomy Regulation, which defines a specific classification system aimed at identifying environmentally sustainable economic activities based on the use of the statistical classification codes of economic activities in the European Union (NACE code), came into force in 2021.

The Regulation sets out the obligations, contents and criteria for defining an economic activity as environmentally sustainable. The European taxonomy has defined six objectives to identify environmentally sustainable economic activities:

- mitigation of climate change;
- adaptation to climate change;
- sustainable use and protection of water and marine resources;
- transition to a circular economy;
- prevention and reduction of pollution;
- protection and restoration of biodiversity and ecosystems.

In 2021, the regulatory framework on Taxonomy was supplemented by a series of Delegated Acts: Delegated Regulation (EU) 2021/2139 of 4 June 2021 (Climate Delegate Act) and Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 regulating a mandatory disclosure regime for companies (Information Notice Regulation). The Climate Delegate Act focused on activities that have a greater capacity to contribute to the first two objectives set out in the Taxonomy Regulation: adaptation and mitigation to climate change.

In 2023, the European Commission passed the Taxonomy Environmental Delegated Act (EU) 2023/2486, which covers the remaining four environmental objectives of the Taxonomy and defines the technical evaluation criteria for assessing economic activities that contribute significantly to one or more of the four environmental objectives left uncovered in the previous regulatory phase.

Regulation (EU) 2020/852 applies to all companies obliged to prepare a Non-Financial Declaration in accordance with the provisions of Directive 2014/95/EU, transposed in Italy by Italian Legislative Decree 254/2016.

As required by the Taxonomy regulations, this year's Consolidated Non-Financial Statement requires companies to publish - for the first two climate change mitigation and adaptation objectives - the share of "aligned" economic activities. In order to be recognised as aligned, i.e. aligned with the requirements defined by the Taxonomy Regulation, these economic activities must meet the relevant technical screening criteria, must not cause significant harm to any of the other environmental objectives (Do No Significant Harm - DNSH) to which they do not directly contribute, and must be carried out in compliance with minimum social safeguards and governance guarantees.

For the other four environmental objectives, however, companies obliged to report this information must indicate the shares of turnover, CapEx and OpEx relating to "eligible" activities, i.e. eligible for the Taxonomy Regulation because they are covered by it.

The El.En. Group, following the recommendations of the Regulation, starting in September carried out a taxonomy eligibility analysis with respect to the six environmental criteria and alignment for climate change mitigation and adaptation objectives, with reference to each Group company. When analysing the alignment for these objectives, we verified compliance with the requirements of the Regulation for each type of eco-friendly activity aligned to the Taxonomy: (1) the existence of the criteria for the substantial contribution to climate change adaptation (through the certifications obtained by our suppliers and the climate risk and vulnerability assessment carried out by the Group to examine the relevance of physical climate risks on economic activity and adaptation solutions to mitigate these risks), (2) compliance with the DNSH principle of not causing significant harm to any environmental objectives. However, it was not possible to verify compliance with all the requirements related to the minimum social safeguards: the Company will, during the coming year, as also established in the Sustainability Plan, verify and, if necessary, make explicit the practices, policies, and procedures adopted and to be adopted in order to declare its alignment with these minimum safeguards, in order to proceed with alignment for all the activities identified as eligible for the six environmental objectives.

An analysis of the Consolidated Notes to the Financial Statements was performed to determine the denominator items of turnover and Capex, and an analysis of the Consolidated Chart of Accounts to identify the denominator items of Opex; following these analyses, the items attributable to those provided for by the Regulation were extrapolated. For the items in the numerator, we proceeded to identify the items associated with the mapped activities as eligible.

With regard to turnover, although the Group has considered the amounts as not aligned with the Climate Delegated Act because it will complete this analysis by the end of 2024, amounts relating to eligible economic activities have nevertheless been identified, as they are measures that allow for a reduction in the Group's emission impact. In particular, these amounts are associated with the following activities of the Circular Economy objective: - 1.2 Manufacture of electrical and electronic equipment; - 5.1 Repair, refurbishment and remanufacturing; - 5.2 Sale of spare parts; - 5.4 Sale of second-hand goods.

Turnover from sales of products and services is 692,290 thousand Euros, the allowable share is 94% (653,549 thousand Euros) and includes turnover from sales of new and used laser systems, and service turnover net of consumables. These revenues come from contracts or orders signed with customers. 86% is represented by sales of new systems, 1% by sales of used systems, 5% is represented by repair service turnover and 2% is represented by spare parts revenue.

The table below shows the corresponding values:

Fiscal Year 2023	2023			SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')						Minimum safeguards	Taxonomy-eligible or Taxonomy-aligned or proportion of turnover, year N-1	Category (enabling activity)	Category (transitional activity)
	Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy				
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Manufacture of electrical and electronic equipment	CE 1.2	-	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N	Y	N	N			
Sale of second-hand goods	CE 5.4	-	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N	Y	N	N			
Repair, refurbishment and remanufacturing	CE 5.1	-	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N	Y	N	N			
Sale of spare parts	CE 5.2	-	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N	Y	N	N			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
of which enabling activities		-	0%															E	
of which transitional activities		-	0%															T	
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Manufacture of electrical and electronic equipment	CE 1.2	595.664	86%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
Sale of second-hand goods	CE 5.4	4.941	1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
Repair, refurbishment and remanufacturing	CE 5.1	37.503	5%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
Sale of spare parts	CE 5.2	15.441	2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		653.549	94%	0%	0%	0%	0%	94%	0%								0%		
<b>Total (A.1 + A.2)</b>		<b>653.549</b>	<b>94%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>94%</b>	<b>0%</b>								<b>0%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Turnover of Taxonomy-non-eligible activities (B)		38.742	6%																
<b>Total (A+B)</b>		<b>692.290</b>	<b>100%</b>																

	Proportion of turnover/ Total turnover	
	Taxonomy-aligned for objective	Taxonomy-eligible for objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	94%
PPC	0%	0%
BIO	0%	0%



With regard to the significant shares of Capex related to the purchase of goods or services from tax-eligible economic activities or individual measures that have contributed to reducing the emission profile of our assets, the Group considers the investments as not aligned with the Climate Delegated Act because it will complete this analysis by the end of 2024, but still identifies the amounts related to eligible economic activities as measures that allow for a reduction in the Group's emission impact. In particular, these amounts are associated with the following activities of the Circular Economy Objective - 1.2 Manufacture of electrical and electronic equipment; - 3.2 Renovation of existing buildings. Activities of the Climate Change Adaptation and Mitigation objectives: - 7.2 Renovation of existing buildings; - 7.3 Installation, maintenance and repair of energy efficiency equipment; 7.4 Installation, maintenance and repair of charging stations of electric vehicle in buildings; 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings; - 7.6 Installation, maintenance and repair of renewable

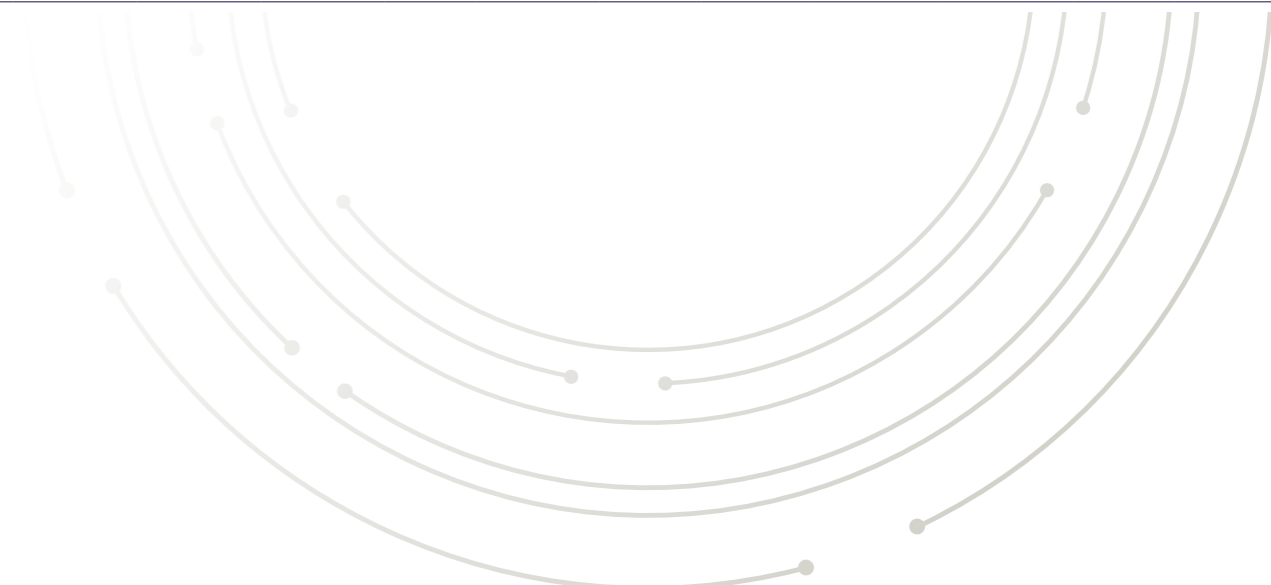
energy technologies; - 7.7 Acquisition and ownership of buildings. Activities of the Climate Change Mitigation Objective: - 3.3 Manufacture of low carbon emission technologies for transport; - 6.5 Transport by motorbikes, passenger cars and light commercial vehicles. Additions to tangible and intangible fixed assets in 2023 amounted to 13,546 thousand Euros: the allowable share of these increases is 36% (4,882 thousand Euros). These increases do not result from acquisitions or business combinations, nor do they relate to expenses incurred for activities aligned with the Taxonomy or to enable the alignment of economic activities to the Taxonomy. Eligible asset-related investments consisted of 34% of additions for long-term car leases and the purchase of cars, 24% of additions for the purchase or renovation of buildings, 7% of additions for production systems, 5% of additions for energy-efficient systems, electric vehicle charging stations, energy performance measurement and control devices, renewable energy equipment, hardware and software, and 30% of fixed assets under construction and advances related to all the above categories.



Below is a table summarising the Group's investments during 2023:

Fiscal Year 2023	2023		SUBSTANTIAL CONTRIBUTION CRITERIA							DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')							Minimum safeguards	Taxonomy-eligible or Taxonomy-aligned or proportion of CapEx, year N-1	Category (enabling activity)	Category (transitional activity)
	Economic activities	Code(s)	CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems				
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																				
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																				
Manufacture of electrical and electronic equipment	CE 1.2	-	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N	Y	N	N				
Manufacture of low carbon technologies for transport	CCM 3.3	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N				
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N				
Renovation of existing buildings	CCA 7.2 - CCM 7.2 - CE 3.2	-	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N	Y	N	N				
Installation, maintenance and repair of energy efficiency equipment	CCA 7.3 - CCM 7.3	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N				
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCA 7.4 - CCM 7.4	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N				
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCA 7.5 - CCM 7.5	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N				
Installation, maintenance and repair of renewable energy technologies	CCA 7.6 - CCM 7.6	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N				
Acquisition and ownership of buildings	CCA 7.7 - CCM 7.6	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%				
of which enabling activities		-	0%															E		
of which transitional activities		-	0%															T		
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																				
Manufacture of electrical and electronic equipment	CE 1.2	373	3%	N/EL	N/EL	N/EL	N/EL	EL	N/EL									0%		
Manufacture of low carbon technologies for transport	CCM 3.3	321	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	1.361	10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL									0%		
Renovation of existing buildings	CCA 7.2 - CCM 7.2 - CE 3.2	603	4%	EL	EL	N/EL	N/EL	EL	N/EL									0%		
Installation, maintenance and repair of energy efficiency equipment	CCA 7.3 - CCM 7.3	134	1%	EL	EL	N/EL	N/EL	N/EL	N/EL									0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCA 7.4 - CCM 7.4	64	0%	EL	EL	N/EL	N/EL	N/EL	N/EL									0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCA 7.5 - CCM 7.5	-	0%	EL	EL	N/EL	N/EL	N/EL	N/EL									3%		
Installation, maintenance and repair of renewable energy technologies	CCA 7.6 - CCM 7.6	15	0%	EL	EL	N/EL	N/EL	N/EL	N/EL									2%		
Acquisition and ownership of buildings	CCA 7.7 - CCM 7.6	2.010	15%	EL	EL	N/EL	N/EL	N/EL	N/EL									0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4.882	36%	33%	0%	0%	0%	3%	0%											
<b>Total (A.1 + A.2)</b>		<b>4.882</b>	<b>36%</b>	<b>33%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>3%</b>	<b>0%</b>											
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
CapEx of Taxonomy-non-eligible activities (B)		8.664	64%																	
<b>Total (A+B)</b>		<b>13.546</b>	<b>100%</b>																	

	Proportion of CapEx/ Total CapEx	
	Taxonomy-aligned for objective	Taxonomy-eligible for objective
CCM	0%	33%
CCA	0%	33%
WTR	0%	0%
CE	0%	7%
PPC	0%	0%
BIO	0%	0%



In line with the Disclosure Delegated Act, for the calculation of the OpEx share, the Group considered the following values: - denominator: for the calculation of the denominator, a detailed analysis of the Group's chart of accounts was performed, identifying the items that can be associated with the cost categories expressly mentioned by the Disclosure Delegated Act. Specifically: • Short-term leases, for which the items in the chart of accounts relating to leases recognised in the Profit and Loss Account were considered, as they relate to contracts with a duration of less than 12 months and are therefore exempt from recognition under IFRS 16; • Costs relating to maintenance and repairs, incurred during the year, on buildings and IT equipment. Costs related to employees involved in maintenance and repair activities and also maintenance work commissioned to third-party companies were considered for this category; • Costs associated with the "day-to-day servicing of assets", i.e., costs related to the reordering of plants and buildings. • Non-capitalised research and development costs related to the performance of activities aimed at studying new and improved products. The OpEx identified for the denominator amount to 22,464 thousand Euros, the allowable share of these increases being 17% (3,779 thousand Euros). Eligible activity-related investments consisted of 42% in hardware and software maintenance

and servicing, 27% in maintenance and repairs on owned and third-party property, 16% in research and development expenses related to projects identified for reducing emissions (improving energy efficiency), 8% in short-term leases related to cars, 5% in the cost of in-house personnel for maintenance and cleaning of premises, and 2% related to plant maintenance.

The Group considers the OpEx as not aligned with the Climate Delegated Act because it will complete this analysis by the end of 2024, but identifies the amounts as eligible economic activities, as they are interventions that allow for a reduction in the Group's emission impact. In particular, these amounts are associated with the following activities of the Circular Economy objective: - 1.2 Manufacture of electrical and electronic equipment. Activities of the Climate Change Adaptation and Mitigation objectives: - 7.3 Installation, maintenance and repair of energy efficiency equipment; 7.4 Installation, maintenance and repair of charging stations of electric vehicle in buildings; 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings; - 7.6 Installation, maintenance and repair of renewable energy technologies; - 7.7 Acquisition and ownership of buildings. Activities of the Climate Change Mitigation Objective: - 6.5 Transport by motorbikes, passenger cars and light commercial vehicles.





Below is a table summarising the OpEx performed by the Group during 2023:

Fiscal Year 2023	2023			SUBSTANTIAL CONTRIBUTION CRITERIA						CRITERIA DNSH ('DOES NOT SIGNIFICANTLY HARM')						Minimum safeguards	Taxonomy-eligible or Taxonomy-aligned or proportion of OpEx, year N-1	Category (enabling activity)	Category (transitional activity)
	Economic activities	Code(s)	OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy				
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N	N/EL		
Manufacture of electrical and electronic equipment	CE 1.2	-	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N	Y	N	N	N/EL		
Acquisition and ownership of buildings	CCA 7.7 - CCM 7.7	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N	N/EL		
Installation, maintenance and repair of energy efficiency equipment	CCA 7.3 - CCM 7.3	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N	N/EL		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCA 7.4 - CCM 7.4	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N	N/EL		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCA 7.5 - CCM 7.5	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N	N/EL		
Installation, maintenance and repair of renewable energy technologies	CCA 7.6 - CCM 7.6	-	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	N	N	N	N	N	N	N/EL		
Close to market research, development and innovation	CCA 9.2 - CCM 9.1	-	0%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	N	N	N	N	Y	N	N	N/EL		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%			
of which enabling activities			0%															E	
of which transitional activities			0%															T	
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	285	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Manufacture of electrical and electronic equipment	CE 1.2	1.807	8%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Acquisition and ownership of buildings	CCA 7.7 - CCM 7.7	1.005	4%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of energy efficiency equipment	CCA 7.3 - CCM 7.3	35	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCA 7.4 - CCM 7.4	-	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCA 7.5 - CCM 7.5	2	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of renewable energy technologies	CCA 7.6 - CCM 7.6	4	0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0%		
Close to market research, development and innovation	CCA 9.2 - CCM 9.1	640	3%	EL	EL	N/EL	N/EL	N/EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3.779	17%	6%	0%	0%	0%	11%	0%										
<b>Total (A.1 + A.2)</b>		<b>3.779</b>	<b>17%</b>	<b>6%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>11%</b>	<b>0%</b>										
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OpEx of Taxonomy-non-eligible activities (B)		18.685	83%																
<b>Total (A+B)</b>		<b>22.464</b>	<b>100%</b>																

	Proportion of OpEx/ Total OpEx	
	Taxonomy-aligned for objective	Taxonomy-eligible for objective
CCM	0%	9%
CCA	0%	8%
WTR	0%	0%
CE	0%	11%
PPC	0%	0%
BIO	0%	0%

Since activities 4.26, 4.27, 4.28, 4.29, 4.30, 4.31 of Annexes I and II of Regulation (EU) 2021/2139 introduced by Regulation (EU) 2022/1214 are not eligible, the relevant tables will not be published.



## 9. About our Report

This document constitutes the consolidated non-financial statement (also "NFS" or "Sustainability Report") of companies belonging to the industrial group consisting of El.En. S.p.A. (also the "Parent Company") and its subsidiaries (also the "El.En.Group" or the "Group"). The NFS reports its performance, results and impact, to the extent necessary to ensure an understanding of the company's activities, on the issues deemed relevant and provided for in Art 3 and 4 of Italian Legislative Decree no. 254/16 with reference to the financial year 2023 (1 January to 31 December).

As required by Art. 5 of Italian Legislative Decree 254/16 this document constitutes a separate report from the management report, marked with an appropriate wording in order to relate it to the NFS required by the regulations.

The NFS represents the will of the El.En Group to have increasingly transparent and structured sustainability communication, as well as the tool for communicating the annual results in terms of sustainability performance achieved by the Group during 2023.

This NFS has been prepared by adopting the "in accordance with" option, in accordance with the "GRI Sustainability Reporting Standards" published in 2016 by the "GRI - Global Reporting Initiative", and updated subsequently. Furthermore, the guidelines of the EC Guidelines 2017/C215/01 were also taken into account where appropriate.

The selection of aspects and indicators to define the content to be reported was carried out taking into account the information considered to be of the highest priority for the Group and its stakeholders, through a materiality analysis process described in the Chapter "1.3 Materiality Analysis" of this document. With regard to the information provided for in Art 3(2) of Italian Legislative Decree no. 254/16 it should be noted that, in view of the Group's business activities, atmospheric pollutant emissions other than

greenhouse gas emissions were not relevant to the understanding of the company activity.

The reporting and drafting of this document involved all the functions in the areas in which the Group operates, which were coordinated centrally by the work team dedicated to this project.

The scope of the economic and financial data and information is the same as in the consolidated financial report. The scope of the social and environmental data and information presented consists of the companies consolidated on a line-by-line basis within the consolidated financial report.

It should be noted that the subsidiary Lasit S.p.A. in March 2023 established the 70%-owned company Lasit Laser Deutschland GmbH and in the first quarter of 2023 established the 70%-owned company Lasit Laser UK. The data of both companies have been included in this report.

On 5 June 2023, HL S.r.l. was incorporated by its wholly-owned subsidiary Cutlite Penta S.r.l.. The company belongs to the consolidation perimeter and is included both in the economic data of the financial statements and in the tables of the Taxonomy, but does not participate in the human resources and environmental data of the non-financial reporting as it has no employees and no consumption<sup>15</sup>.

Please also note that in the last days of 2022, the subsidiary Penta Laser Zhejiang had acquired 60% control of KBF Laser Tech co. The company KBF is based in Shenzhen, and manufactures laser systems for electric vehicle batteries. Last year, this company was excluded from the DNF reporting as well as from the economic data in the balance sheet because it was acquired in the last days of the financial year, whereas from this year the data has been included in this reporting.

For further details on corporate transactions in 2023, please refer to the Consolidated Financial Report as at 31.12.2023.

The information and data shown refer to the year 2023 (1 January 2023 to 31 December 2023). In order to allow comparability of the data over time, data for the year 2022 and in some cases the year 2021 have been reported in order to have a comparison over the three-year period. Restatements of previously published comparative data are clearly indicated as such.

During 2023, no critical issues arose and were therefore not reported to the Board of Directors. In order to provide a fair representation of the Group's performance and to ensure the reliability of the data, the use of estimates has been limited as much as possible, and where they exist, they are based on the best available methodologies and appropriately reported.

The frequency of the reporting of non-financial information and the publication of the NFS is set on an annual basis: this 2023 version was approved by the Board of Directors of El.En S.p.A. on 14 March 2024. This document has been subjected to a limited review in accordance with the International Standard on Assurance Engagement (ISAE 3000 Revised) by EY S.p.A.. The audit was carried out according to the procedures set out in the "Auditor's Report", included in this document. Quantitative indicators that do not refer to any general or topic-specific disclosure of the GRI Standards, which are reported on the pages indicated in the Content Index, are not subject to limited review by EY S.p.A..

The El.En. Group, aware of its social responsibility towards society and the environment, has embarked on a path of continuous development in the area of sustainability, which materialised in 2018 in the preparation of a first Group Sustainability Plan approved by the Board of Directors of El.En. S.p.A. and ended last year with the achievement of all targets\*.

A new five-year Sustainability Plan was approved by the Board of Directors in 2023: the targets set and the results achieved are reported in the chapter "1. Sustainability" of this document.

In addition, it is reported that:

### Environmental themes

The Group pays attention to the responsible management of its activities, seeking a balance between economic objectives and unavoidable environmental requirements. In 2019 the Board of Directors of El.En. S.p.A. approved an "Environmental Policy", fulfilling the commitment made in the Sustainability Plan. In 2020, the subsidiaries also approved the aforementioned Policy in their Boards, if any, which was disclosed to all Group employees during the year. Starting in 2021, targeted projects were activated for some Group companies with the aim of improving their environmental impact; four photovoltaic plants for the production of renewable energy were installed in 2022 and activated in 2023; work began on the installation of a further photovoltaic plant in 2023 and work was approved for the installation of a further two plants in 2024. During the financial year the subsidiaries Asclepion GmbH, Lasit Iberica, Quanta System and the Calenzano hub (as of 1 July 2023) purchased totally of their energy from renewable sources: 28% of electricity purchased in 2023 by the Group is therefore coming from renewable sources

During 2023, the parent company El.En. S.p.A. and the subsidiaries Deka Mela S.r.l. and Quanta System S.p.A. activated a project to obtain the ISO 14064 - Carbon footprint of organisations, which they obtained in early 2024. The achieved result demonstrates the concrete commitment to environmental sustainability and its ability to meet the demands of its stakeholders, who are increasingly attentive to these issues: in fact, the certification fully meets the need to outline a working methodology based on a scientific and systematic approach and aimed at quantifying, accounting for and verifying the reduction of greenhouse gas emissions.

### Respect for Human Rights

The Group oversees this issue through the adoption and dissemination of its Code of Ethics, which requires compliance with the UN Universal Declaration of Human Rights and also requires compliance by its

<sup>15</sup> It should be noted that for the purposes of water, electricity and heating consumption, HL received, from the owner of the building it rents and which was not used during 2023, recharges amounting to EUR 703.83 presumably due to the fixed shares of the bills received.

main suppliers. Specifically, the Parent Company envisages adherence to the Code of Ethics by consultants, distributors, agents and suppliers of critical components. In 2019 the Board of Directors of El.En. S.p.A. approved a "Human rights policy", fulfilling the commitment made in the Sustainability Plan. In 2020, the subsidiaries also approved the aforementioned Policy in their Boards, if any, which was disclosed to all Group employees during the year. In the course of 2022, training on El.En Group Policies was carried out, reaching 899 employees (43% of the company population as at 31 December 2022), where Human Rights issues were of course also covered. The training is repeated every two years.

#### Fight against active and passive corruption

The subject is governed by the Group's Code of Ethics, compliance with which is required of all affiliated companies, subsidiaries and major suppliers. Furthermore, the topic is overseen by the parent company and its subsidiaries Deka M.E.L.A. S.r.l. and Quanta System S.p.A. within the framework of the Organisational Model pursuant to Italian Legislative Decree 231/2001. In 2019 the Board of Directors of El.En. S.p.A. approved an "Anti-Corruption Policy", fulfilling the commitment made in the Sustainability Plan. In 2020, the subsidiaries also approved the aforementioned Policy in their Boards, if any, which was disclosed to all Group employees during the year. During 2022, training in this area was conducted for the Group's middle and senior managers and those in coordination functions, which reached 191 employees. The training is repeated every two years.

#### Social themes

The Group pays particular attention to the quality and safety of its products, and, to this end, the Group's main production companies have adopted a quality management system, obtaining ISO 9001<sup>16</sup> and ISO 13485<sup>17</sup> certification for the quality management system for medical devices. The Group also bases

its critical success factors on its ability to innovate, which is evidenced by its investment in research and development aimed at creating innovative systems and applications to meet customer needs and to create new ones.

#### Personnel-related topics

The Group has codified in the Code of Ethics its commitment to respect and protect the dignity, health, safety and privacy of its employees and collaborators. In 2022 the Board of Directors of El.En. S.p.A. approved a "Diversity Policy", fulfilling the commitment made in the Sustainability Plan. The Policy has been disseminated to all Group employees and the subsidiaries have approved it in their Boards.

Furthermore, as part of the quality management system (ISO 9001) adopted by the Group's main production companies, the certified companies oversee employee management issues. In particular, the parent company carried out a thorough job of codifying human resources management procedures as well as profiling corporate functions with the identification of the necessary responsibilities and skills.

With regard to the annual total remuneration ratio required by GRI 2-21, we recall that the number is the ratio of the highest annual total remuneration to the median remuneration of the Group's employees. Remuneration has been annualised and is inclusive of allowances, bonuses, commissions or fees and other variable payments; remuneration in currency has been converted at the average annual exchange rate.

#### Supply chain issues

As set out in the Code of Ethics, the Group aims to establish relations with suppliers inspired by the principles of fairness and transparency. In light of the company's renewed and growing interest in supply chain issues, as highlighted by the materiality analysis, the Group is committed to taking actions towards its

<sup>16</sup> ISO 9001 certified companies: ASA S.r.l., El.En S.p.A., Deka M.E.L.A. S.r.l., Penta Chutian Laser (Wuhan) Co. Ltd and Penta Laser Zhejiang Co. Ltd, Penta Laser Technology (Shangdong) Co., Ltd. e Quanta System S.p.A.;

<sup>17</sup> ISO 13485 certified companies: ASA S.r.l., El.En S.p.A., Deka M.E.L.A. S.r.l., Quanta System S.p.A. and Asclepion Laser Technologies GmbH.

suppliers to define and share principles, good social and environmental practices and ethical behaviour aimed at promoting a responsible and sustainable supply chain: specifically, the commitment is to expand and deepen these aspects in a dedicated Code of Conduct: the deadline had been set for 2022, however the years 2020 and 2021, heavily conditioned by the restrictions caused by the Covid 19 pandemic, have pushed this target back to 2023.

During this year, in light of the important changes required by the new European CSRD regulation on supply chain monitoring, we decided to prioritise the definition of a Group model to supplement the existing qualification process with more specific and monitorable environmental and social assessments. Once this model is defined and implemented, we

can elaborate on these aspects within a Code of Conduct that also includes the Group's criteria for a sustainable supply chain.

For GRI 204-1, supplies related to the purchase of raw materials and external processing were considered in relation to the total supply chain value of 507 million, which also includes costs for services, operating expenses and other direct costs.

Some companies in recent years had already begun to integrate the process of qualification, selection and evaluation of suppliers in Italy and abroad, including environmental and social criteria in their checklist for evaluating a potential new supplier. Lastly, the company, respecting the commitment made in previous DNF, formalised the reporting process of non-financial information within a procedure that defined roles, responsibilities and timelines.



## 10. PERFORMANCE INDICATORS

### Data related to human resources

#### Total number of employees by country, gender and type of contract

	31 december 2023			31 december 2022			31 december 2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>769</b>	<b>252</b>	<b>1.021</b>	<b>716</b>	<b>231</b>	<b>947</b>	<b>631</b>	<b>201</b>	<b>832</b>
permanent contract	732	244	976	659	205	864	565	184	749
fixed term contract	37	8	45	57	26	83	66	17	83
<b>REST OF EUROPE</b>	<b>153</b>	<b>80</b>	<b>233</b>	<b>125</b>	<b>65</b>	<b>190</b>	<b>122</b>	<b>53</b>	<b>175</b>
permanent contract	148	77	225	122	64	186	117	49	166
fixed term contract	5	3	8	3	1	4	5	4	9
<b>REST OF THE WORD</b>	<b>673</b>	<b>155</b>	<b>828</b>	<b>787</b>	<b>181</b>	<b>968</b>	<b>716</b>	<b>179</b>	<b>895</b>
permanent contract	79	44	123	66	45	111	54	39	93
fixed term contract	594	111	705	721	136	857	662	140	802
<b>TOTAL FOR THE GROUP</b>	<b>1.595</b>	<b>487</b>	<b>2.082</b>	<b>1.628</b>	<b>477</b>	<b>2.105</b>	<b>1.469</b>	<b>433</b>	<b>1.902</b>
permanent contract	959	365	1.324	847	314	1.161	736	272	1.008
fixed term contract	636	122	758	781	163	944	733	161	894

#### Total number of employees by country, full time/part time by gender

	31 december 2023			31 december 2022			31 december 2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>769</b>	<b>252</b>	<b>1.021</b>	<b>716</b>	<b>231</b>	<b>947</b>	<b>630</b>	<b>202</b>	<b>832</b>
Full time	763	220	983	710	199	909	624	178	802
Part time	6	32	38	6	32	38	6	24	30
<b>REST OF EUROPE</b>	<b>153</b>	<b>80</b>	<b>233</b>	<b>125</b>	<b>65</b>	<b>190</b>	<b>122</b>	<b>53</b>	<b>175</b>
Full time	144	60	204	121	52	173	119	41	160
Part time	9	20	29	4	13	17	3	12	15
<b>REST OF THE WORD</b>	<b>673</b>	<b>155</b>	<b>828</b>	<b>787</b>	<b>181</b>	<b>968</b>	<b>716</b>	<b>179</b>	<b>895</b>
Full time	668	140	808	779	170	949	712	166	878
Part time	5	15	20	8	11	19	4	13	17
<b>TOTAL FOR THE GROUP</b>	<b>1.595</b>	<b>487</b>	<b>2.082</b>	<b>1.628</b>	<b>477</b>	<b>2.105</b>	<b>1.468</b>	<b>434</b>	<b>1.902</b>
Full time	1.575	420	1.995	1.610	421	2.031	1.455	385	1.840
Part time	20	67	87	18	56	74	13	49	62

#### Total number of employees divided by employee category and gender

	31 december 2023			31 december 2022			31 december 2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>769</b>	<b>252</b>	<b>1.021</b>	<b>716</b>	<b>231</b>	<b>947</b>	<b>631</b>	<b>201</b>	<b>832</b>
Executives	52	5	57	43	4	47	41	4	45
Middle managers	38	13	51	37	9	46	31	6	37
White collar employees	320	225	545	297	212	509	276	187	463
Blue collar employees	359	9	368	339	6	345	283	4	287
<b>REST OF EUROPE</b>	<b>153</b>	<b>80</b>	<b>233</b>	<b>125</b>	<b>65</b>	<b>190</b>	<b>122</b>	<b>53</b>	<b>175</b>
Executives	8	2	10	4	-	4	1	-	1
Middle managers	8	2	10	12	2	14	10	5	15
White collar employees	55	54	109	41	39	80	69	32	101
Blue collar employees	82	22	104	68	24	92	42	16	58
<b>REST OF THE WORLD</b>	<b>673</b>	<b>155</b>	<b>828</b>	<b>787</b>	<b>181</b>	<b>968</b>	<b>716</b>	<b>179</b>	<b>895</b>
Executives	18	5	23	11	2	13	10	2	12
Middle managers	33	8	41	34	9	43	36	9	45
White collar employees	510	140	650	559	164	723	464	152	616
Blue collar employees	112	2	114	183	6	189	206	16	222
<b>TOTAL FOR THE GROUP</b>	<b>1.595</b>	<b>487</b>	<b>2.082</b>	<b>1.628</b>	<b>477</b>	<b>2.105</b>	<b>1.469</b>	<b>433</b>	<b>1.902</b>
Executives	78	12	90	58	6	64	52	6	58
Middle managers	79	23	102	83	20	103	77	20	97
White collar employees	885	419	1.304	897	415	1.312	809	371	1.180
Blue collar employees	553	33	586	590	36	626	531	36	567

#### Total number of employees divided by employee category and gender\*

	31 december 2023					31 december 2022					31 december 2021				
	M	M	W	W	Tot	M	M	W	W	Tot	M	M	W	W	Tot
Executives	78	87%	12	13%	90	58	91%	6	9%	64	52	90%	6	10%	58
Middle managers	79	77%	23	23%	102	83	81%	20	19%	103	77	79%	20	21%	97
White collar employees	885	68%	419	32%	1.304	897	68%	415	32%	1.312	809	69%	371	31%	1.180
Blue collar employees	553	94%	33	6%	586	590	94%	36	6%	626	531	94%	36	6%	567
Total	1.595	77%	487	23%	2.082	1.628	77%	477	23%	2.105	1.469	77%	433	23%	1.902

#### Percentage of employees by employee category and age group

	31 december 2021						
	<30	% <30	30-50	% 30-50	>50	% >50	Tot
Executives	-	-	24	41%	34	59%	58
Middle managers	1	1%	69	71%	27	28%	97
White collar employees	297	25%	759	64%	127	11%	1.180
Blue collar employees	180	32%	313	55%	72	13%	567

## Percentage of employees by employee category and age group\*

	31 december 2022						Tot
	<30	% <30	30-50	% 30-50	>50	% >50	
Executives	-	-	26	41%	38	59%	64
Middle managers	2	2%	72	67%	33	31%	107
White collar employees	313	24%	855	65%	146	11%	1.314
Blue collar employees	205	33%	343	55%	72	12%	620

## Percentage of employees by employee category and age group

	31 december 2023						Tot
	<30	% <30	30-50	% 30-50	>50	% >50	
Executives	-	-	41	46%	49	54%	90
Middle managers	1	1%	69	68%	32	31%	102
White collar employees	271	21%	871	67%	162	12%	1.304
Blue collar employees	168	29%	338	58%	80	14%	586

## Average hours of training by employee category and gender\*

	31 december 2021					
	Men n. hours	Average per capita men	Women n. hours	Average per capita women	Total hours	Average total per capita
<b>TOTAL</b>	<b>25.163</b>	<b>17</b>	<b>8.351</b>	<b>19</b>	<b>33.514</b>	<b>18</b>
Executives	627	12	28	5	655	11
Middle managers	877	11	115	6	992	10
White collar employees	12.297	16	7.954	21	20.912	18
Blue collar employees	10.693	20	263	7	10.955	19

## Average hours of training by employee category and gender

	31 december 2022					
	Men n. hours	Average per capita men	Women n. hours	Average per capita women	Total hours	Average total per capita
<b>TOTAL</b>	<b>30.678</b>	<b>19</b>	<b>8.793</b>	<b>18</b>	<b>39.471</b>	<b>19</b>
Executives	910	16	91	15	1.000	16
Middle managers	1.898	23	224	11	2.121	21
White collar employees	15.148	17	8.206	20	23.354	18
Blue collar employees	12.723	22	274	8	12.996	21

\*Please note that the breakdown of white and blue-collar workers for the company Asclepion GmbH (which falls under the category "rest of Europe") was not shown correctly in 2021: for this reason and to ensure comparability with this year's figures, the 2021 figure has been updated in the tables above.

## Average hours of training per employee category and gender

	31 december 2023					
	Men n. hours	Average per capita men	Women n. hours	Average per capita women	Total hours	Average total per capita
<b>TOTAL</b>	<b>34.020</b>	<b>21</b>	<b>9.870</b>	<b>20</b>	<b>43.891</b>	<b>21</b>
Executives	1.616	21	199	17	1.815	20
Middle managers	1.981	25	634	28	2.615	26
White collar employees	18.032	20	8.756	21	26.788	21
Blue collar employees	12.391	22	282	9	12.672	22

## Employee health and safety indicators

n. Injuries	2023	2022	2021
Total recordable work-related injuries	24	20	13
Total high-consequence work-related injuries (excluding fatalities)	-	-	1
Total number of fatalities as a result of work-related injuries	-	-	-
<b>Year</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Multiplier	1.000.000	1.000.000	1.000.000
Hours worked	4.198.626	3.928.775	3.689.473
<b>Health and safety indicators</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Rate of work related injuries	5,72	5,09	3,52
Rate of high-consequence work-related injuries (excluding fatalities)	-	-	-
Rate of number of fatalities as a result of work-related injuries	-	-	-

## Non-employee health and safety indicators

n. Injuries	2023	2022	2021
Total recordable work-related injuries	1	1	-
Total high-consequence work-related injuries (excluding fatalities)	-	-	-
Total number of fatalities as a result of work-related injuries	-	-	-
<b>Year</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Multiplier	1.000.000	1.000.000	1.000.000
Hours worked	174.746*	217.489	205.210
<b>Health and safety indicators</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Rate of work related injuries	5,72	4,60	-
Rate of high-consequence work-related injuries (excluding fatalities)	-	-	-
Rate of number of fatalities as a result of work-related injuries	-	-	-

From 2022, the "non-employee" category also includes staff leasing, temporary work and internship contracts for a total of 89 persons as at 31 December 2023: the hours worked were reported on time and amounted to 86,584. Within this category, the employees of the various external contracting companies of 64 persons are also taken into account, whose working hours of 88,162 were estimated on the basis of the contracts concluded or were requested from the contracting companies on time. For the total count of hours worked, non-employees terminated during the year are also taken into account, in exactly the same way as when counting the total hours of employees.

There were 60 non-employees and collaborators as at 31.12.2023, distributed as follows:

PROFESSIONAL PROFILE	TOTAL NUMBER OF COLLABORATORS DIVIDED BY PROFESSIONAL PROFILE AND GENDER					
	31/12/2022			31/12/2023		
Collaborators	2	2	4	4	2	6
Workers employed through agency	20	8	28	22	13	35
Internships	25	2	27	16	2	18
Other (e.g. vouchers)	1	-	1	-	1	1
<b>Total</b>	<b>48</b>	<b>12</b>	<b>60</b>	<b>42</b>	<b>18</b>	<b>60</b>

The tasks performed within the group include both operational production and non-operational activities.

## Environmental data

### Energy consumption<sup>18</sup>

ITALY									
Type of fuel	2023			2022			2021		
	Consumption [UoM]	GJ		Consumption [UoM]	GJ		Consumption [UoM]	GJ	
Natural Gas	m <sup>3</sup>	243.399	8.809	m <sup>3</sup>	296.552	10.642	m <sup>3</sup>	241.052	8.639
Diesel	l	389.095	13.847	l	360.936	12.968	l	319.129	11.452
Gasoline	l	48.499	1.565	l	26.010	845	l	13.848	451
PLG	l	2.715	66	l	5.118	125	l	4.056	99
Renewable fuel (bio-ethanol)	l	-	-	l	-	-	l	-	-
Electricity purchased	kWh	4.467.746	16.084	kWh	4.515.672	16.256	kWh	3.818.907	13.748
<i>from renewable sources</i>	kWh	1.626.947	5.857	kWh	567.769	2.044	kWh	-	-
Electricity self-produced by photovoltaic plants	kWh	523.425	1.884	kWh	46.855	169	kWh	42.773	154
Electricity self-produced and sold to the network	kWh	102.126	368	kWh	16.872	61	kWh	18.958	68
<i>from renewable sources</i>	kWh	84.390	304	kWh	4.938	18	kWh	3.784	14
<b>TOTAL</b>	<b>GJ</b>		41.887	<b>GJ</b>		40.943	<b>GJ</b>		34.475

REST OF EUROPE									
Type of fuel	2023			2022			2021		
	Consumption [UoM]	GJ		Consumption [UoM]	GJ		Consumption [UoM]	GJ	
Natural Gas	m <sup>3</sup>	76.898	2.783	m <sup>3</sup>	80.575	2.891	m <sup>3</sup>	42.531	1.524
Diesel	l	75.794	2.697	l	66.229	2.379	l	82.664	2.966
Gasoline	l	19.174	619	l	20.364	661	l	10.308	336
PLG	l	-	-	l	-	-	l	-	-
Renewable fuel (bio-ethanol)	l	-	-	l	-	-	l	-	-
Electricity purchased	kWh	346.900	1.249	kWh	329.316	1.186	kWh	306.553	1.104
<i>from renewable sources</i>	kWh	308.903	1.112	kWh	296.493	1.068	kWh	287.876	1.036
Electricity self-produced by photovoltaic plants	kWh	41.768	150	kWh	46.008	166	kWh	41.354	149
Electricity self-produced and sold to the network	kWh	1.595	6	kWh	1.444	5	kWh	1.903	7
<i>from renewable sources</i>	kWh	1.595	6	kWh	1.444	5	kWh	1.903	7
<b>TOTAL</b>	<b>GJ</b>		7.493	<b>GJ</b>		7.289	<b>GJ</b>		6.072

<sup>18</sup> Energy consumption data for the month of December 2023, unless otherwise specified, were taken from invoices produced by energy service providers. Car fuel consumption for the Italian companies Esthelogue S.r.l. and Lasit S.p.A. were estimated, starting from expenditure, by means of the average annual price of petrol and diesel (€/L) obtained from the website of the Ministry of Economic Development. For all other companies, consumption is on time. For mixed-use cars, 70% of total consumption was taken into account. The conversion factors of the Department for Environmental Food & Rural Affairs (DEFRA), UK, published in the years 2021, 2022 and 2023 respectively, were used to calculate energy consumption in GJ.

REST OF WORLD									
Type of fuel	31 december 2023			31 december 2022			31 december 2021		
	Consumption [UoM]	GJ		Consumption [UoM]	GJ		Consumption [UoM]	GJ	
Natural Gas	m <sup>3</sup>	-	-	m <sup>3</sup>	-	-	m <sup>3</sup>	-	-
Diesel	l	16.424	584	l	16.726	601	l	14.753	529
Gasoline	l	95.949	3.097	l	42.197	1.371	l	36.606	1.193
PLG	l	-	-	l	-	-	l	-	-
Renewable fuel (bio-ethanol)	l	16.126	343	l	16.997	362	l	12.591	268
Electricity purchased	kWh	1.998.334	7.194	kWh	1.950.945	7.023	kWh	1.952.201	7.028
<i>from renewable sources</i>	kWh	-	-	kWh	-	-	kWh	-	-
Electricity self-produced by photovoltaic plants	kWh	-	-	kWh	-	-	kWh	-	-
Electricity self-produced and sold to the network	kWh	-	-	kWh	-	-	kWh	-	-
<i>from renewable sources</i>	kWh	-	-	kWh	-	-	kWh	-	-
<b>TOTAL</b>	<b>GJ</b>		11.218	<b>GJ</b>		9.357	<b>GJ</b>		9.019

ENERGY CONSUMPTION OF THE GROUP									
Type of fuel	31 december 2023			31 december 2022			31 december 2021		
	Consumption [UoM]	GJ		Consumption [UoM]	GJ		Consumption [UoM]	GJ	
Natural Gas	m <sup>3</sup>	320.298	11.592	m <sup>3</sup>	377.127	13.533	m <sup>3</sup>	283.583	10.164
Diesel	l	481.314	17.129	l	443.891	15.948	l	416.546	14.948
Gasoline	l	163.623	5.281	l	88.570	2.877	l	60.761	1.981
PLG	l	2.715	66	l	5.118	125	l	4.056	99
Renewable fuel (bio-ethanol)	l	16.126	343	l	16.997	362	l	12.591	268
Electricity purchased	kWh	6.812.980	24.527	kWh	6.795.933	24.465	kWh	6.077.661	21.880
<i>from renewable sources</i>	kWh	1.935.850	6.969	kWh	864.262	3.112	kWh	287.876	1.036
Electricity self-produced by photovoltaic plants	kWh	565.193	2.035	kWh	92.863	334	kWh	84.127	303
Electricity self-produced and sold to the network	kWh	103.721	373	kWh	18.316	66	kWh	20.861	75
<i>from renewable sources</i>	kWh	85.985	310	kWh	6.382	23	kWh	5.687	20
<b>TOTAL</b>	<b>GJ</b>		60.598	<b>GJ</b>		57.578	<b>GJ</b>		49.567
<i>from renewable sources</i>	<b>GJ</b>		9.037	<b>GJ</b>		3.784	<b>GJ</b>		1.587

## Emissions

## Scope 1 and Scope 2 emissions (location-based method)

	2023			2022			2021		
	EMISSIONS (ton CO <sub>2eq</sub> )								
	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total
Italy	1.580	1.407	2.987	1.585	1.422	3.008	1.321	1.203	2.524
Rest of Europe	387	140	528	376	132	507	316	116	432
Rest of World	243	1.186	1.428	134	1.156	1.291	117	1.160	1.277
<b>Total</b>	<b>2.210</b>	<b>2.733</b>	<b>4.943</b>	<b>2.095</b>	<b>2.710</b>	<b>4.806</b>	<b>1.755</b>	<b>2.479</b>	<b>4.234</b>

## Scope 1 and Scope 2 method (market-based method)

	2023			2022			2021		
	EMISSIONS (ton CO <sub>2eq</sub> )								
	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total
Italy	1.580	1.299	2.878	1.585	2.051	3.636	1.321	1.751	3.073
Rest of Europe	387	25	412	376	200	576	316	4	320
Rest of World	243	1.186	1.428	134	1.156	1.291	117	1.160	1.277
<b>Total</b>	<b>2.210</b>	<b>2.509</b>	<b>4.719</b>	<b>2.095</b>	<b>3.408</b>	<b>5.503</b>	<b>1.755</b>	<b>2.915</b>	<b>4.670</b>

For the calculation of Scope 1 emissions 2021, 2022 and 2023, the Department for Environmental Food & Rural Affairs (DEFRA) emission factors published in the years 2021, 2022 and 2023, respectively, were considered. Different factors were used for the calculation of Scope 2 emissions, depending on the calculation method and the reference country. Specifically:

- For the location-based method, average emission factors relating to domestic power generation for the different countries of operation were used, as reported in the publication International Comparisons, Terna 2019 and 2020, for 2021 and 2022 and 2023<sup>19</sup> respectively;
- For the market-based method, average emission factors from the European electricity market production for Italy, France and Germany were used, as reported in the document Residual Mix Results, Association of issuing bodies (AIB) 2020, 2021 and 2022, for 2021, 2022 and 2023, respectively. For the remaining countries, the same factors were applied as for the location-based method.
- Regarding the calculation of total emissions using the market-based method for Scope 2, there are CO<sub>2eq</sub> Scope 1 & 2 emissions totalling 4,719 tonnes of direct and indirect CO<sub>2eq</sub> emissions, down from last year by 14% for the higher shares of electricity purchase from renewable sources, despite the increased Group's business volume (+3% increase in turnover) and the inclusion of three additional companies in the scope of consolidation. The decrease in CO<sub>2eq</sub> Scope 2 emissions alone considering the market-based method is 26% compared to 2022 data.

<sup>19</sup> It should be noted that Scope 2 emissions calculated with the emission factors published by Terna in the document International Comparisons are expressed in tonnes of CO<sub>2</sub>; however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2eq</sub>), as can be deduced from the relevant technical literature.

Consumi idrici<sup>20</sup>

Source of water	GROUP TOTAL					
	2023		2022		2021	
	All areas [ML]	Areas with water stress <sup>21</sup> [ML]	All areas [ML]	Areas with water stress <sup>21</sup> [ML]	All areas [ML]	Areas with water stress <sup>21</sup> [ML]
Third-party water <sup>20</sup>	45	10	53	9	44	10
Surface water	-	-	-	-	-	-
Groundwater	-	-	-	-	-	-
Seawater	-	-	-	-	-	-
Produced water	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Total</b>	<b>45</b>	<b>10</b>	<b>53</b>	<b>9</b>	<b>44</b>	<b>10</b>



<sup>20</sup> It should be noted that all water withdrawn is classifiable as fresh water.

<sup>21</sup> It should be noted that water stress areas are those geographical areas where there is a temporary or prolonged lack of water, usually lacking at ground level. The data were collected on the Beta Acqueduct - water risk atlas site.

**Chart illustrating the material topics and their boundaries**

For every issue which has been identified as material, the chart below shows the relation with the GRI, a brief description of the relevance of the issue, for the Group, the relative scope (where the impact is felt and the involvement of the Group):

Topic of D.Lgs. 254/2016	Nr.	Material topic	Description	GRI
<b>Corruption</b>	<b>1</b>	Ethics, integrity and compliance	Promotion of good corporate governance and respect of the standards related to ethics, integrity and conformity to the law, regulations and Codes for the self-disciplining of the category.	205-3
				207-1
				207-2
				207-3
				207-4
<b>Environment</b>	<b>2</b>	Environmental performance	Commitment of the Group for the reduction of its environmental impact through the monitoring and efficiency of water consumption, waste monitoring and the increase of policies and procedures to mitigate the impact.	2 - 27
				303-1
				303-2
				303-3
				306-1
				306-2
<b>Environment</b>	<b>3</b>	Climate change	Commitment of the Group for the reduction of its environmental impact through the monitoring and efficiency of consumption, the reduction of green house emissions, and the development of policies and procedures intended to mitigate the impact.	306-3
				302-1
				305-1 305-2
<b>HR</b>	<b>4</b>	Health and safety of workers	Respect of the regulations and written agreements and promotion of initiatives and practices aimed at minimizing the risks to the health and safety of their people	403-1
				403-2
				403-3
				403-4
				403-5
				403-6
				403-7
403-9				
<b>HR</b>	<b>5</b>	Employee growth and training	Offers of development and training sessions aimed at improving the knowledge of their people and consolidate their professional qualifications.	401-1
				404-1
<b>HR</b>	<b>6</b>	Diversity, equal opportunities and non-discrimination	Development of practices and work conditions that are adequate to insure equal opportunity through the removal of every form of discrimination and moral or psychological violence related to gender, age, ethnicity, religion or sexual orientation.	405-1
				406-1
				407-1
<b>Human Rights</b>	<b>7</b>	Human rights and working conditions	Respect, promotion of human rights and the working conditions for conducting their activity (prohibition of child or forced labor and respect of the Ethics and Behavior Codes).	408-1 409-1

Topic of D.Lgs. 254/2016	Nr.	Material topic	Description	GRI
<b>Sociale</b>	<b>8</b>	Supply chain practices	Responsible management of purchases along all of the supply chain of the organization, evaluation and screening of suppliers on the basis of their social and environmental performance, acquisition of raw materials and components and promotion of socially responsible behavior and practices which stimulate the supplier to adopt sustainable practices.	204-1
				308-1
				414-1
<b>Sociale</b>	<b>9</b>	Research, development and innovation	Research activities aimed at continually improving the quality and innovation of the product and guaranteeing, when possible, the safeguarding of the intellectual property.	indicatore non GRI
<b>Sociale</b>	<b>10</b>	Commitment to the community and the territory	Commitment of the Group in the relations with public institutions, collaboration and contributions to the creation of research and development activities. Indirect social impact related to the use of the products of the Group by means of donations which benefit the collectivity.	201-1
<b>Sociale</b>	<b>11</b>	Customer satisfaction	The Group intends to release on the market products that are innovative and high quality in order to fully satisfy the expectations of their clients. The satisfaction of their clients is one of the main objectives of the Group.	Indicatore non GRI
<b>Sociale</b>	<b>12</b>	Product quality and safety	Identification and reduction of potential risks to the health and safety related to products along the entire chain of values.	416-2



## 10. GRI CONTENT INDEX

The chart below shows the information of the Group based on GRI Standards with reference to the materiality of El.En.. For all of the information supplied we have given the relative page number in this document.

GENERAL INFORMATION		
Statement of use	El.En. Group has reported in accordance with the GRI Standards for the period January 1 st - December 31 th 2023	
GRI 1 used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)	Non applicable	
GRI Standard	Disclosure	Location
2-1	Organizational details	54 - 56
2-2	Entities included in the organization's sustainability reporting	54 - 55; 178 - 179
2-3	Reporting period, frequency and contact point	178 - 179; sustainability@elen.it
2-4	Restatements of information	184
2-5	External assurance	178 - 179
2-6	Activities, value chain and other business relationships	60 - 62; 107 - 109; 110 - 111; 116 - 121
2-7	Employees	134 - 139; 182 - 185
2-8	Workers who are not employees	185
2-9	Governance structure and composition	68 - 73
2-10	Nomination and selection of the highest governance body	68 - 70
2-11	Chair of the highest governance body	69 - 70
2-12	Role of the highest governance body in overseeing the management of impacts	68 - 70
2-13	Delegation of responsibility for managing impacts	68 - 70
2-14	Role of the highest governance body in sustainability reporting	70 - 71
2-15	Conflicts of interest	70
2-16	Communication of critical concerns	69 - 70
2-17	Collective knowledge of the highest governance body	32 - 45; 68 - 71
2-18	Evaluation of the performance of the highest governance body	24 - 30; 70 - 72
2-19	Remuneration policies	71 - 72
2-20	Process to determine remuneration	71 - 72
2-21	Annual total compensation ratio	72
2-22	Statement on sustainable development strategy	8 - 10; 16; 32 - 44; 48
2-23	Policy commitments	41; 43; 74-76; 179 - 181
2-24	Embedding policy commitments	32 - 45; 81 - 83; 86 - 87

GENERAL INFORMATION		
2-25	Processes to remediate negative impacts	24 - 30; 32; 74-77; 99 - 102; 107 - 109; 110 - 111; 136; 140 - 141; 143-144; 154-155; 157; 160; 162;
2-26	Mechanisms for seeking advice and raising concerns	18; 63; 74 - 77
2-27	Compliance with laws and regulations	74 - 75; 193 - 195
2-28	Membership associations	22 - 23
2-29	Approach to stakeholder engagement	17 - 23
2-30	Collective bargaining agreements	138

SPECIFIC INFORMATION			
GRI Standard	Disclosure	Location	Omissions
<b>Material topics</b>			
3-1	Process to determine material topics	24	
3-2	List of material topics	24 - 30	
<b>Economic performance</b>			
3-3	Management of material topics	28; 190 - 191	
201-1	Direct economic value generated and distributed	64 - 65	
<b>Procurement practices</b>			
3-3	Management of material topics	26; 190 - 191	
204-1	Proportion of spending on local suppliers	107	
<b>Anti-corruption</b>			
3-3	Management of material topics	26; 190 - 191	
205-3	Confirmed incidents of corruption and actions taken	During three years 2021 - 2022 - 2023 no cases of corruption were reported.	

SPECIFIC INFORMATION			
GRI Standard	Disclosure	Location	Omissions
<b>Tax</b>			
3-3	Management of material topics	26; 190 - 191	
207-1	Approach to tax	62 - 63	
207-2	Tax governance, control, and risk management	62 - 63	
207-3	Stakeholder engagement and management of concerns related to tax	62 - 63	
207-4	Country-by-country reporting	62 - 63	
<b>Energy</b>			
3-3	Management of material topics	25; 190 - 191	
302-1	Energy consumption within the organization	154 - 155; 158; 186 - 187	
<b>Water and effluents</b>			
3-3	Management of material topics	25; 190 - 191	
303-1	Interactions with water as a shared resource	162; 189	
303-2	Management of water discharge-related impacts	162; 189	
303-3	Water withdrawal	162; 189	
<b>Emissions</b>			
3-3	Management of material topics	25; 190 - 191	
305-1	Direct (Scope 1) GHG emissions	160 - 161; 188	
305-2	Energy indirect (Scope 2) GHG emissions	160 - 161; 188	
<b>Waste</b>			
3-3	Management of material topics	25; 190 - 191	
306-1	Waste generation and significant waste-related impacts	During three years 2021- 2023 no cases of non-conformity with environmental laws and regulations took place	
306-2	Management of significant waste-related impacts	157	
306-3	Waste generated	157	

SPECIFIC INFORMATION			
GRI Standard	Disclosure	Location	Omissions
<b>Supplier environmental assessment</b>			
3-3	Management of material topics	26; 190 - 191	
308-1	New suppliers that were screened using environmental criteria	108	
<b>Employment</b>			
3-3	Management of material topics	27; 190 - 191	
401-1	New employee hires and employee turnover	138 - 139	
<b>Occupational health and safety</b>			
3-3	Management of material topics	27; 190 - 191	
403-1	Occupational health and safety management system	143 - 144	
403-2	Hazard identification, risk assessment, and incident investigation	81; 87; 143 - 144	
403-3	Occupational health services	143 - 144	
403-4	Worker participation, consultation, and communication on occupational health and safety	143 - 144	
403-5	Worker training on occupational health and safety	141 - 142; 143 - 144	
403-6	Promotion of worker health	146 - 147	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	27; 36 - 37; 81; 99 - 103; 143 - 144	
403-9	Work-related injuries	144; 185	
<b>Training and education</b>			
3-3	Management of material topics	27; 190 - 191	
404-1	Average hours of training per year per employee	140 - 141; 143; 184 - 185	
<b>Diversity and equal opportunity</b>			
3-3	Management of material topics	27; 190 - 191	
405-1	Diversity of governance bodies and employees	69 - 70; 134 - 139	
<b>Non-discrimination</b>			
3-3	Management of material topics	27; 190 - 191	
406-1	Incidents of discrimination and corrective actions taken	During three years 2021 - 2023 no cases related to discriminatory practices occurred	

SPECIFIC INFORMATION			
GRI Standard	Disclosure	Location	Omissions
<b>Freedom of association and collective bargaining</b>			
3-3	Management of material topics	27; 190 - 191	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	82-83;107-108; 179-180 During three years 2021 - 2023 no incidents at supply chain suppliers about forced or compulsory child labor or where the right to freedom of association and collective bargaining may be at risk.	
<b>Child labor</b>			
3-3	Management of material topics	27; 190 - 191	
408-1	Operations and suppliers at significant risk for incidents of child labor	82 - 83; 107 - 109; 179 - 181 During three years 2021 - 2023 no incidents at supply chain suppliers about forced or compulsory child labor or where the right to freedom of association and collective bargaining may be at risk.	

SPECIFIC INFORMATION			
GRI Standard	Disclosure	Location	Omissions
<b>Forced or compulsory labor</b>			
3-3	Management of material topics	27; 190 - 191	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	82 - 83; 107 - 109; 179 - 180 During three years 2021 - 2023 no incidents at supply chain suppliers about forced or compulsory child labor or where the right to freedom of association and collective bargaining may be at risk.	
<b>Supplier social assessment</b>			
3-3	Management of material topics	26; 190 - 191	
414-1	New suppliers that were screened using social criteria	108	
<b>Customer health and safety</b>			
3-3	Management of material topics	30; 190 - 191	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During three years 2021 - 2023 no cases of non-compliance concerning the health and safety impacts of products and services.	
<b>Research, development and innovation</b>			
3-3	Management of material topics	30; 190 - 191	
<b>Customer Satisfaction</b>			
3-3	Management of material topics	30; 190 - 191	



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

To the Board of Directors of  
El.En. S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5, paragraph 1. g) of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of El.En. S.p.A. and its subsidiaries (hereinafter "Group" or "El.En. Group") for the year ended on 31<sup>st</sup> December 2023 in accordance with article 3 [ex art. 4] of the Decree, approved by the Board of Directors on 14<sup>th</sup> March 2024 (hereinafter "DNF"). Our assurance engagement does not cover the information included in the paragraph "8. European Taxonomy" of the DNF, that are required by art. 8 of the European Regulation 2020/852.

#### Responsibilities of Directors and Board of Statutory Auditors for the DNF

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

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

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

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

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

EY S.p.A.  
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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi  
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. di Milano 606158 - P.IVA 00891231003  
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#### Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. In the year to which this engagement relates, our audit firm have applied the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, have maintained a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

#### Auditors' responsibility

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

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

In particular, we have performed the following procedures:

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



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

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.  
In particular, we have conducted interviews and discussions with the management of El.En. S.p.A. and with the personnel of Cutlite Penta S.r.l. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

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

- at Group level
  - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for Cutlite Penta S.r.l., that we have selected based on their activities and relevance to the consolidated performance indicators, we have also carried out a site visit during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

### Conclusion

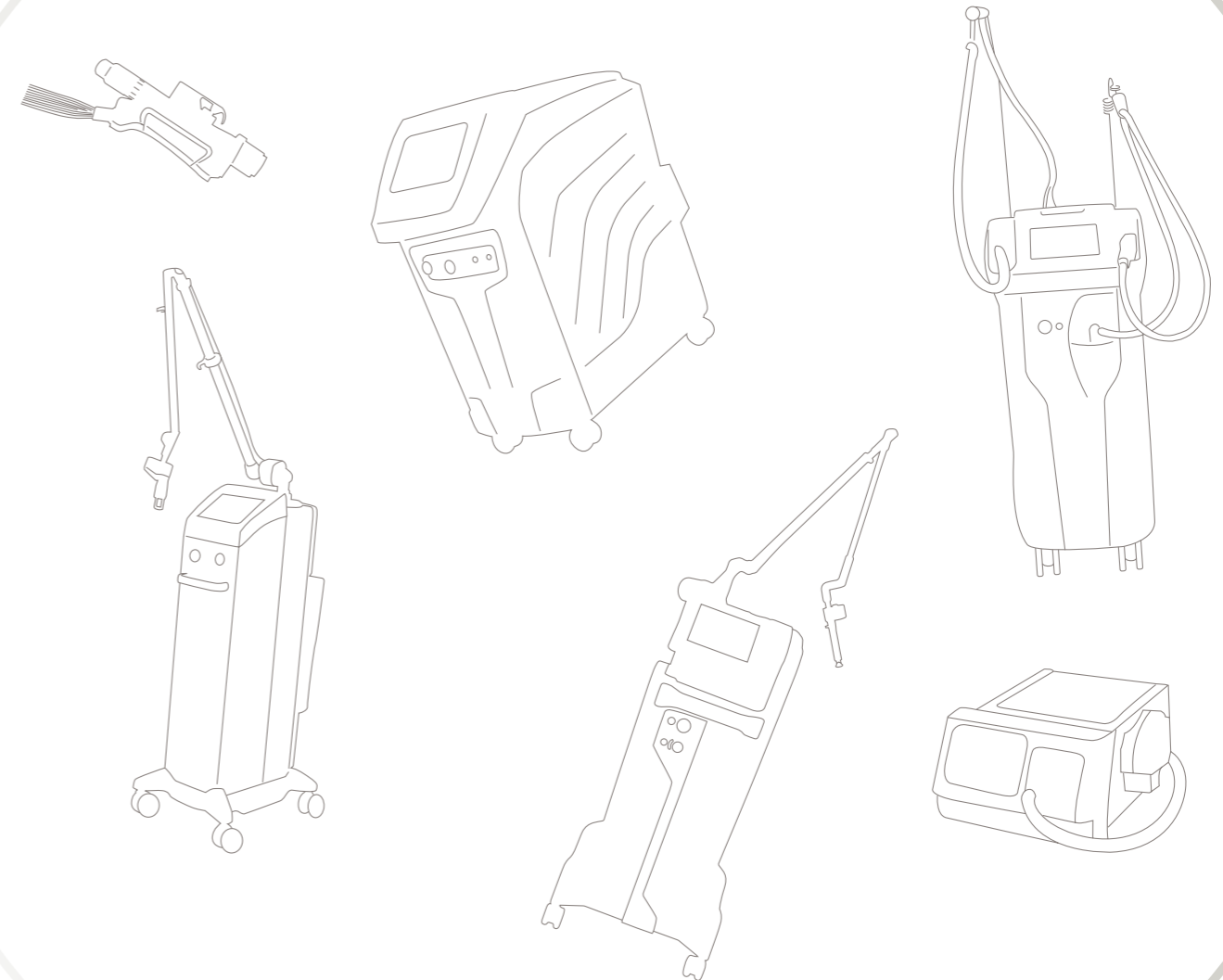
Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the El.En. Group for the year ended on 31<sup>st</sup> December 2023 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Our above conclusions on the DNF of the El.En. Group do not refer to the information included in the paragraph "8. European Taxonomy" of the DNF itself, that are required by art. 8 of the European Regulation 2020/852.

Firenze, 29<sup>th</sup> March 2024

EY S.p.A.  
Signed by: Lorenzo Signorini, Auditor

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





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