



Materiality Analysis

A large, decorative graphic consisting of several concentric, overlapping circular arcs in shades of blue and grey. Small dark blue dots are placed at various points along these arcs, creating a sense of motion or a circular path. The graphic is centered on the page and frames the main title.

MATERIALITY ANALYSIS

The material issues assessment process was carried out for the first time in 2017 through an analysis performed internally by top management, which identified the relevant economic, social and environmental aspects for the E.En. Group and its stakeholders; the assessment was 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.

The analysis carried out by the E.En. Group thus confirmed the significant themes that had already been identified and divided into six macro-areas: environmental responsibility, economic responsibility, social responsibility, responsibility towards human resources, product responsibility and governance. As in previous years, the materiality analysis was brought to the attention and approval of the Audit, Risk and Sustainability Committee.

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



 GOVERNANCE							
Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Reference SDG	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
Ethics, integrity and compliance	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

 ENVIRONMENTAL RESPONSIBILITY							
Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Reference SDG	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
Environmental performance	The El.En. Group's activities cause energy consumption and therefore contribute to CO2 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
	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
	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
	Group activities and end-of-life products generate waste that, if not properly disposed of, can generate pollution.	Actual	Negative		2	5	10

 HUMAN RESOURCE RESPONSIBILITY							
Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Reference SDG	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
Health and safety of workers	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
Employee growth and training	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
Diversity, equal opportunity and non-discrimination	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



SOCIAL RESPONSIBILITY

Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Reference SDG	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
Human rights and working conditions	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
Commitment to the community and territory	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
	Indirect social impacts: 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



SOCIAL RESPONSIBILITY

Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Reference SDG	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
Commitment to the community and territory	<p>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.</p>	Actual	Positive	  	5	5	25
	<p>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.</p>	Actual	Positive		5	5	25





PRODUCT RESPONSIBILITY

Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Reference SDG	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
Research, development and innovation	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
Customer satisfaction	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
Product quality and security	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	20



ECONOMIC RESPONSIBILITY

Material theme level I	Impact generated	Type of actual/potential impact	Type of positive (+) negative (-) impact	Reference SDG	Severity/magnitude of impact	Probability of impact occurring	Impact materiality level
Procurement practices	Increased environmental impacts due to the failure of the supply chain to adopt environmental management policies and increased social impacts due to the failure to monitor the supply chain.	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



Industrial and Medical Laser Solutions

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