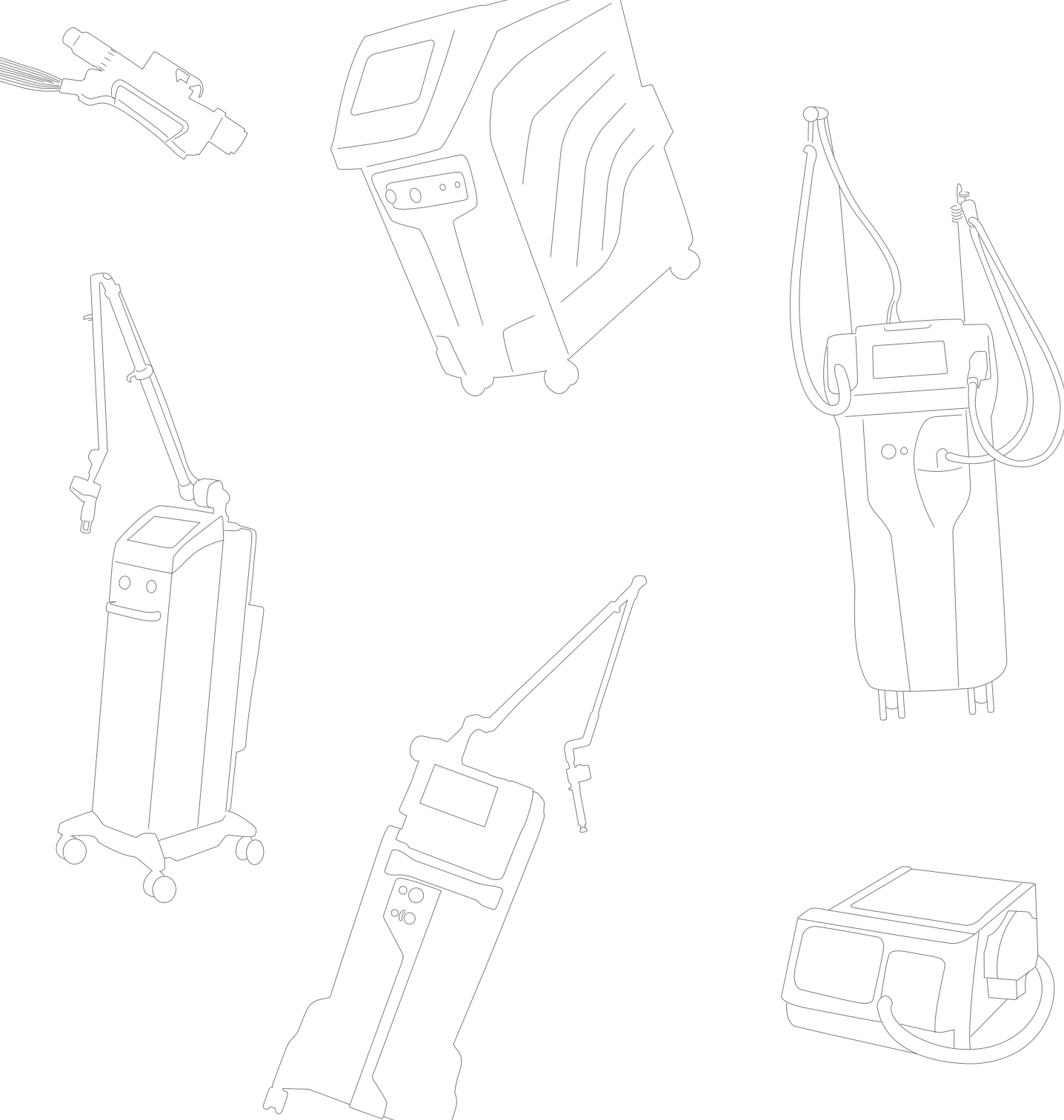


El.En. Group

Sustainability Report 2019





For El.En. sustainability means is **creating value over time** and being ready to accept and successfully deal with the **challenges for tomorrow**; our path on sustainability, started some years ago, continues in an increasingly structured way.

We have always believed that the respect of the **law**, the protection of employment, the correct use of **human resources** and the defense of the **environment**, the **research and development** and the **quality of our products**, as well as the safeguarding of the interests and creation of value for all of our stakeholders are the only pathway that can be followed by a company that is innovative, sustainable and successful.

Letter to our Stakeholders

We are proud to present the third Consolidated Non-financial Declaration (NFS) of the El.En Group. This document is intended to give you the opportunity to know more about us and to evaluate our commitment, our objectives and the results obtained in the field of social responsibility. This document, in fact, is about us, our values, the daily commitment of each person who works for this company, what in which we believe and our ambitions.

In 2019 we made important steps in this direction starting with the definition of the Sustainability Plan which had been approved in 2018. This year we started to take concrete action towards the goals which had been set by taking tangible action. Our main efforts were directed towards the spreading of the culture of sustainability, the involvement of our employee, the improvement of the welfare of the staff and the working environment, the support of the technological innovation and the quality of our products and the increase of the positive social impact generated by our business.

During this year we achieved some important results which we will summarize here briefly and which you will find in greater detail in the text which follows.

Our staff continues to represent our most important resource. Again this year El.En created employment by increasing their number of employees throughout the world by 10%. This is a significant increase not only at a numerical level but also in consideration of the enrichment represented by the arrival of new employees with different experience and know-how. During the year we promoted the spread and consolidation of the **culture of sustainability** by conducting training sessions in some of our subsidiary companies and describing the objectives and the activities which we must undertake in order to achieve them; we also increased the number of hours dedicated to training and, besides the usual training sessions conducted to guarantee the personal and professional growth of the personnel, we instituted courses dedicated to specific subjects like Governance, Compliance and Ethics in order to meet our commitment to spread certain ideals at every level.

Thanks to the remodeling of some of the buildings at the company Headquarters in Calenzano and the construction of new factories for some of the subsidiary companies, we were able to improve the work space by creating environments that were peaceful and productive in order to stimulate the potential and the creativity of the individual, and rest areas created for the employees; this work was conducted following criteria of **high energy efficiency** and **reduction of environmental impact**.

During the year the parent company, El.En. S.p.A. approved three important documents: the Environmental Policy, the Human Rights Policy, and the Anti-corruption Policy. These subjects had already been discussed in the Ethics Code, however, our desire to increase awareness in this regard induced us to call attention to our commitment by adopting **specific policies**.

Again this year the efforts of the Group in relation to **innovation of the products** and processes have continued with success. The research activities conducted in our laboratories and the collaboration which we have established with important research centers, hospitals and universities continue uninterrupted both on a National and International level both in the medical and industrial sector. The companies in the Group which manufacture medical devices have obtained the MDSAP (Medical Device Single Audit Program) certification, a program which allows the recognized and authorized institutions of the five member countries (U.S.A., Canada, Brazil, Japan and Australia) to conduct a single audit in the factory of the producer of medical devices; moreover, we are in the process of obtaining, by the end of 2020, certification according to the new EU regulations for medical devices (MDR) 2017/745..

The commitment of El.En as a company is also expressed through their **initiatives sustaining the community**. Every day we make an effort to assure that our work produces a positive impact on the lives of people and, with some specific products, we donate our expertise and our instruments to non-profit organizations, foundations and avant-garde scientific laboratories at the service of the health of patients as well as those involved in the conservation of our artistic legacy.

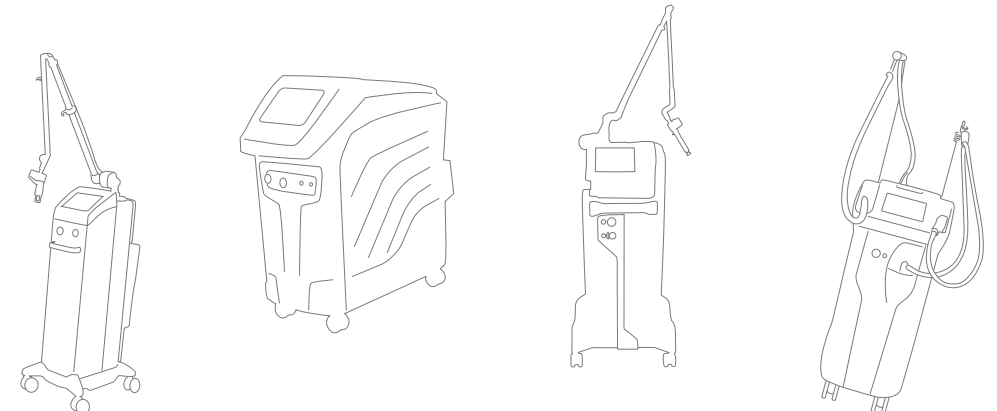
The companies that belong to the El.En. Group are strongly connected to the communities in which they operate and have always been involved in sustaining cultural, social and educational activities through sponsorship, participation in associations as well as promotion of school/work programs, and internships.

For these reasons we can affirm that this year we have re-enforced our desire to be a sustainable Group which wishes to combine economic growth and financial stability with the principles of social and environmental sustainability in order to represent a model of excellence.

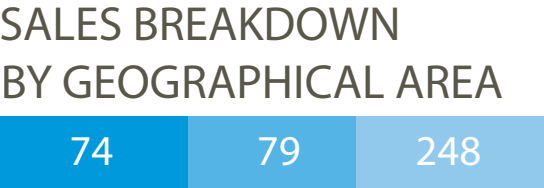
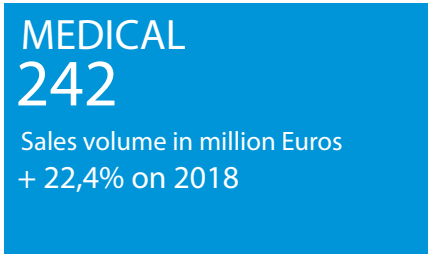
The results obtained and the trust of our stakeholders encourage us to continue in this direction by innovating with passion and remaining faithful to the values and principles which have always been characteristic of our mission and giving our contribution to the building of a better future for all.

Il Presidente

Gabriele Clementi

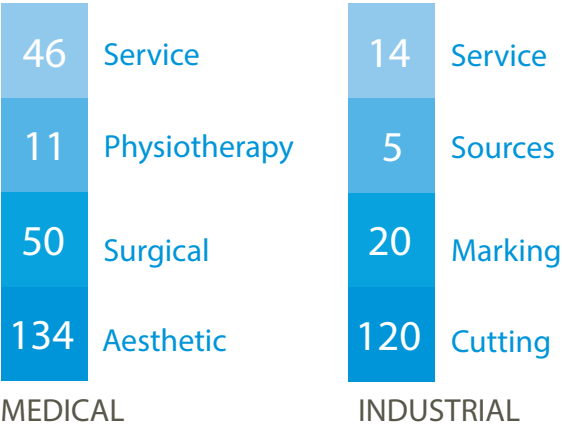


El.En. Group - highlights



- ITALY
- EUROPE
- REST OF THE WORLD

SALES BREAKDOWN BY SECTOR



GLOBAL WORKFORCE



2018 - 1368 people
2017 - 1212 people

Economic value generated and distributed to our stakeholders

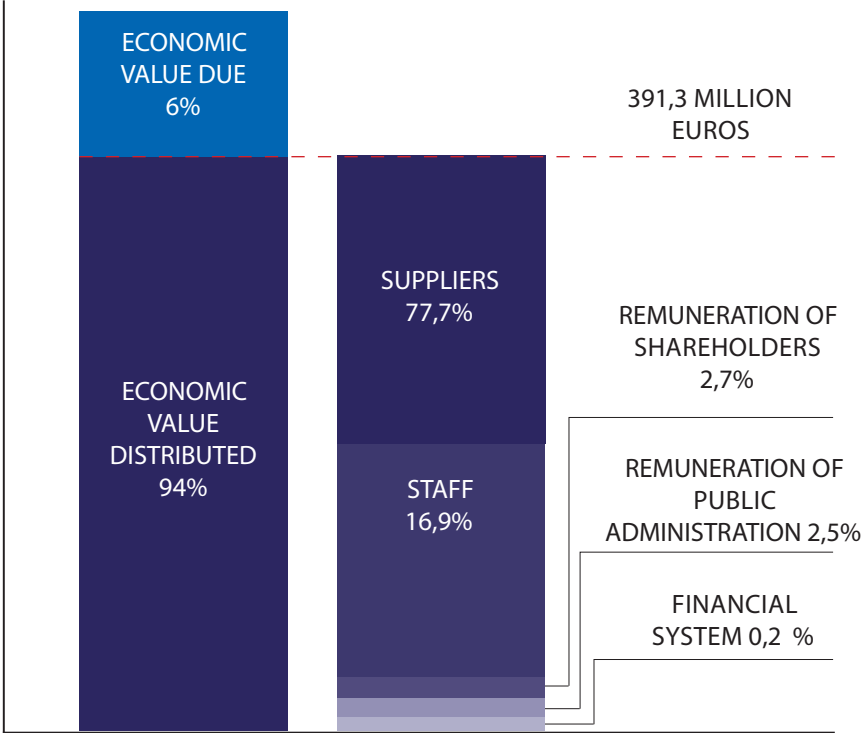
The economic value that is generated and distributed represents the wealth produced by El.En. which, in various ways, is **distributed to their stakeholders**, highlights the economic effects produced by an entrepreneurial management on the main categories stakeholders.

In 2019 the net global added value generated by the Group was 417,6 million Euros while the net global added value distributed by the Group was 391,3 million Euros.

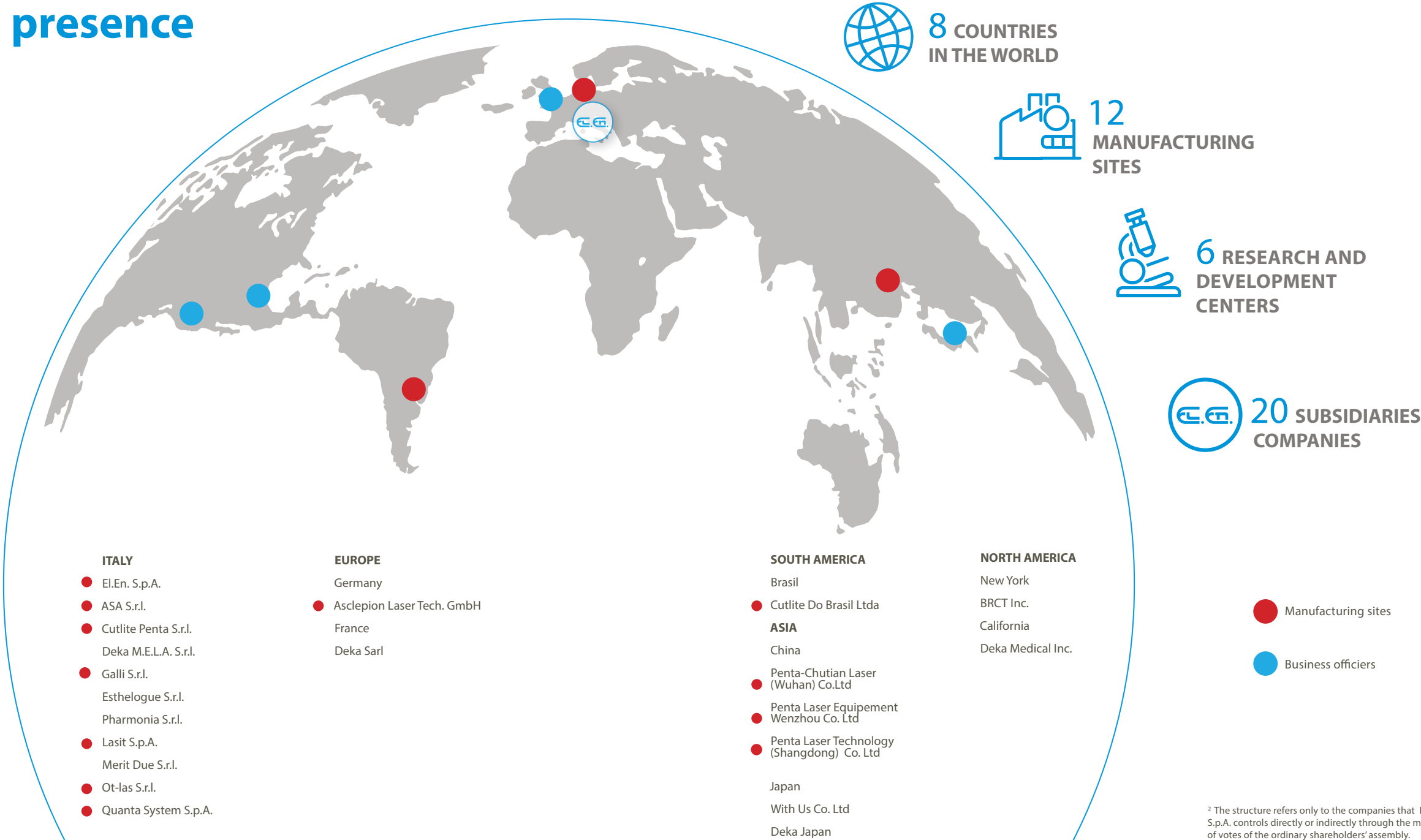
Most of this value, about 77,7% is represented by

“remuneration to suppliers” and consists mainly of the costs for services and raw materials.

Following this value there is “remuneration of personnel” (16,9%) which represents the salaries, severance pay and social security, and then “remuneration of shareholders” (2,7%), composed of the profits pertaining to third parties and those distributed as dividends, the “remuneration to the Public Administration” (2,5%) composed of income taxes, and lastly “remuneration of the financial system” (0,2%).



Our global presence



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 generations.



Multiculturalism

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

1 Sustainability

Our strategy for a sustainable future

SUSTAINABILITY PLAN

The Sustainability Plan represents the strategic vision of the Group in the area of sustainability and is the essential instrument for setting our objectives as well as the activities and plans we intend to use in order to reach them.

The Group adopted this policy in a structured form through drafting and approval of a five-years **Sustainability Plan**, rapidly acquired the necessary awareness and were able to quickly define the activities that had to be carried out. This was due to the fact that the problems that had to be dealt with and the aspects that required reporting were already part of their cultural background. **Besides the economic results, the performance of the Group has always achieved excellent results on environmental, social and governance issues.**

During the present year the objective has been that of increasing awareness of the impact and the importance of the sustainability issues which have already been defined and we have worked to spread the goals of the Sustainability Plan and the activities required in order to reach them.

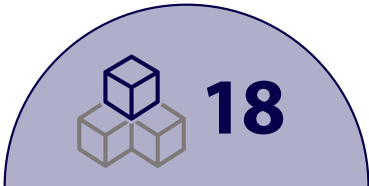
In 2019 El.En. was **classified second** among corporations quoted on the stock market in the **Integrated Governance Index** presented on June 13th at the ESG Business Conference.

This index was drawn up by ETicaNews and Top Legal with the scientific support of numerous associations in the sector and measures **the adoption of ESG** (Environmental, Social, and Governance) **topics in the company strategy.**





Sustainability Plan
2018-2022



Targets approved by the Board
of Directors



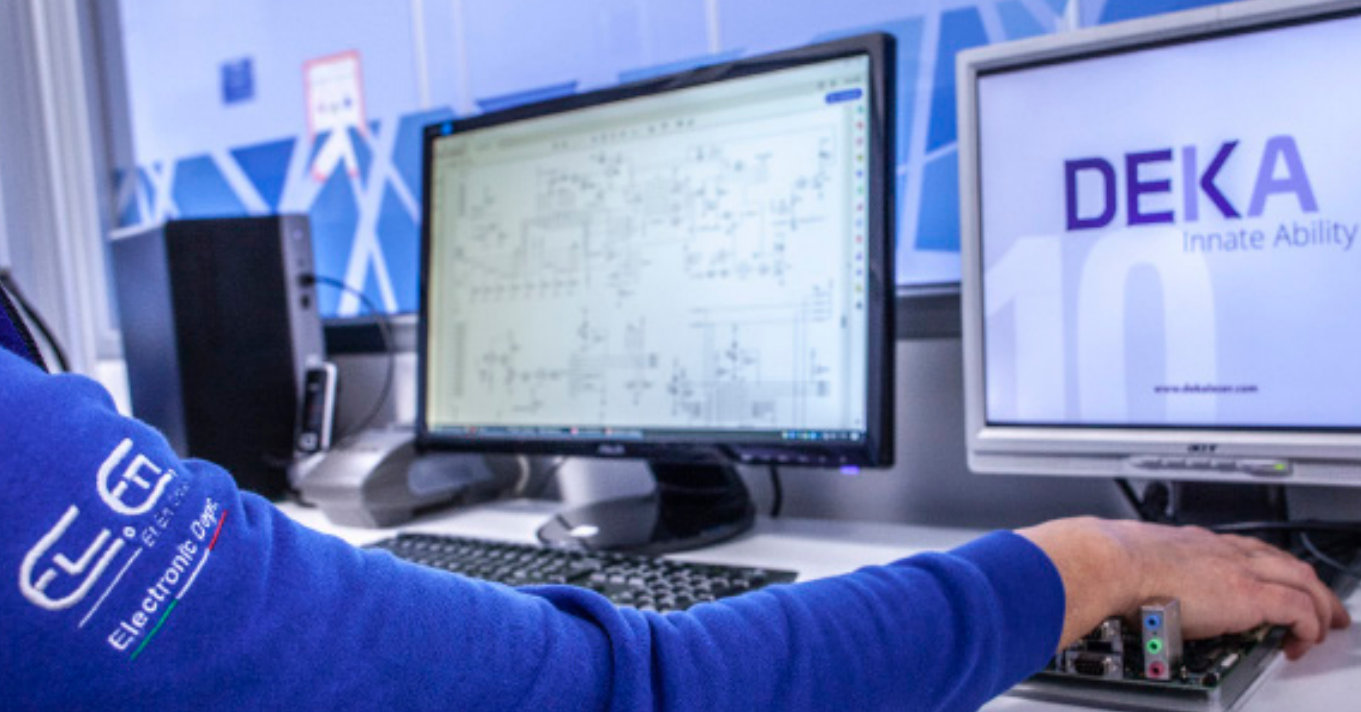
Activities to be undertaken
in order to reach the targets
reported

By combining the **Corporate Mission** with the **Sustainability Plan**, the El.En. Group is able to respond to the challenges offered by the market while proposing a sustainable development which will be log lasting over time.

- The objectives of the El.En. Group contribute to the achievement of nine of the SDGs (**Sustainable Development Goals**) promoted by the **United Nations** and published in the

2030 agenda for Sustainable Development which the Group recognizes as relevant for its business and in line with its goals;

- The objectives of the Plan are updated every year and take into consideration the results which have been achieved and those which still need to be reached as well as the new issues which have emerged over time.



THE OBJECTIVES ON THE PLAN

DIALOGUE WITH STAKEHOLDERS

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">• Issuing and distribution of a questionnaire related to sustainability topics to all employees;• Re-enforcement of dialogue with the stakeholders.	<ul style="list-style-type: none">• Distribution of the materiality questionnaire to some categories of employees of seven subsidiary companies;• In 2018 the questionnaire was distributed to the main suppliers of El.En. S.p.A. and Quanta System S.p.A..	<ul style="list-style-type: none">• Distribute the sustainability questionnaire to all of the employees of the Group to gather opinions, suggestions and evaluations;• We conducted stakeholder engagement activities and involved the main categories of stakeholders.

PROMOTION OF A SUSTAINABILITY CULTURE

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">• Conduct training sessions on the objectives contained in the Sustainability Plan and the actions that must be taken in order to reach them;• Organize training meetings in class or via web in order to create awareness in the employees on sustainability issues.	<ul style="list-style-type: none">• We conducted 181 hours of training on sustainability issues and on the objectives and actions described in the Sustainability Plan for some categories of employees of the Parent Company and six subsidiary companies.	<ul style="list-style-type: none">• To conduct training sessions on sustainability sessions on sustainability issues for some categories of employees in all of the companies belonging to the Group;• Create work groups dedicated to sustainability issues;• Create on-line training lessons on company policies related to social and environmental issues.

2 The Group

A history of concrete and shared values



Countries where the operations of the Group are located



Production sites



Research and development centers



The objectives on the Plan
**ECONOMIC
RESPONSABILITY**



CREATING SUSTAINABLE VALUE

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Conduct the activities of the company so that they create the conditions for a sustainable and economical development.	<ul style="list-style-type: none">In 2018 we created a central unit for coordinating sustainability and local focal points in each of the subsidiary companies.	<ul style="list-style-type: none">To guarantee the satisfaction and meet the expectations of all the stakeholders by achieving the objectives outlined in the Sustainability Plan.

PROMOTION OF A CULTURE AND SUSTAINABLE PROCUREMENT PRACTICES

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Definition and promotion of social, environmental and ethical standards amongst our suppliers.	<ul style="list-style-type: none">We planned the expansion of the Ethics Code for the part related to relations with our suppliers and the spread of the new version.	<ul style="list-style-type: none">To increase awareness and training of our suppliers in relation to ESG issues.

NEW WORKPLACES

“El.En. Wellness Academy”

In early 2019 the company has opened new premises dedicated to **the well-being of the employees at the companies located in Calenzano**. This new space covers an area of 500 mq, and has state-of-the-art machines and equipment for exercising and an indoor playground for games between two to four basketball and/or football players. The gym is decorated with murals painted by a famous Florentine street artist which represent the connection between Florence, technology and the future where the human component is always the element of continuity and union.

In fact, this multi-purpose area has been created at El.En. with an aim to promoting and valuing human relations, participation and sharing. This initiative is part of a program for the development of the well-being of the over 300 employees of the company who work in Calenzano. **All of these activities improve the quality of the working environment in the company and are part of a broader plan which the Company started a few years ago for their employees which has as its ultimate goal taking care of their people in every aspect of their lives.** It is increasingly important to combine each professional figure's training and career path with investments that lead to the creation of an energetic and fulfilling work environment which stimulates teamwork.



Asclepion GmbH

In the second half of 2019 the German subsidiary **Asclepion GmbH** inaugurated a new building which had been constructed on a lot which was next to the pre-existing building and connected to it; the new three-storey building offers **increased space for the offices** of over fifty employees, **new manufacturing and storage areas** as well as a **cleanroom**, a zone dedicated to **technical assistance** and a modern **center for training clients**; the meeting hall can hold about one hundred people or can be divided into three smaller areas. There are also **three rooms which can be used for demonstrations of the treatments**, each one with its own dressing room.

The expansion project was developed and carried out in order to create a more welcoming work environment for all of the employees including a **cafeteria** for about one-hundred people, **a fitness area** with two rooms where four sports training course are offered each week and **a panoramic terrace with a garden on the roof**.



Asa S.r.l.

The subsidiary **ASA S.r.l.** inaugurated their new company headquarters at the end of 2019. **Technology and sustainability were the recurrent themes in the construction of the new building which was created with the precise intent of focusing on the well-being and health of their people.**

In the spirit of well-being and belonging, the new structure which contains production and office areas, was planned applying new solutions in the arrangement of the spaces and the choice of furnishings. The building which is already set up for a future enlargement, was born from the necessity of adapting the company to its new needs and includes spaces specifically designed for the **training of clients and sales personnel as well as the technical staff** and the intelligent redistribution of functional areas in order to improve the quality of work and the use of open space working areas which, thanks to the specific design of the furnishings and the installation of sound-proof panels, guarantee both the privacy and acoustics which promote teamwork. The shared area is also outfitted with several **meeting rooms, a job island, a snack bar, and a coffee break island.**

The structure was designed to facilitate the entire production line; the flow is planned so as to optimize the management of the operations developed according to the standards of “lean manufacturing” which, when correctly integrated into the layout, offer benefits in terms of organization, crossing time, movement of merchandise and safety in the workplace.

Moreover, during the selection of the building site for the construction of the new factory we also took into consideration the fact that we had found a construction site that was right next to the preceding one and this fact would avoid creating inconvenience for the staff by not interrupting their routine or creating difficulty in coming to and from work.

Maintaining the well-being of the personnel was the top priority of the management and

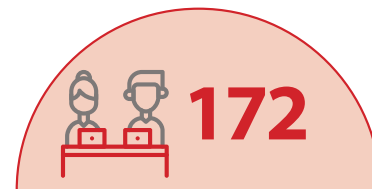
from the earliest phases of this project they took into consideration the needs of the staff.

On the occasion of the inauguration of the new ASA factory, the parent company, El.En. donated a DAE **semi-automatic external defibrillator** (there are already two of them in the factory at Calenzano), thus making the company cardio-protected and ready for the use of this valuable instrument which is of vital importance for the health of those who suddenly are facing critical situations.

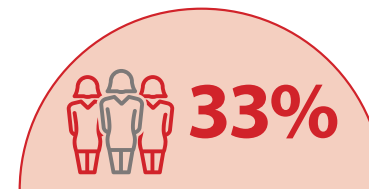


3 Organizational profile of the Group

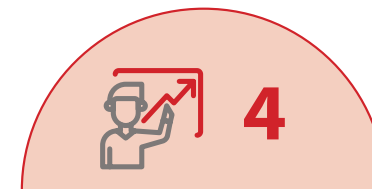
Responsible business management



The number of people who were trained on the Ethics Code in 2019



The percentage of women in the Board of Directors

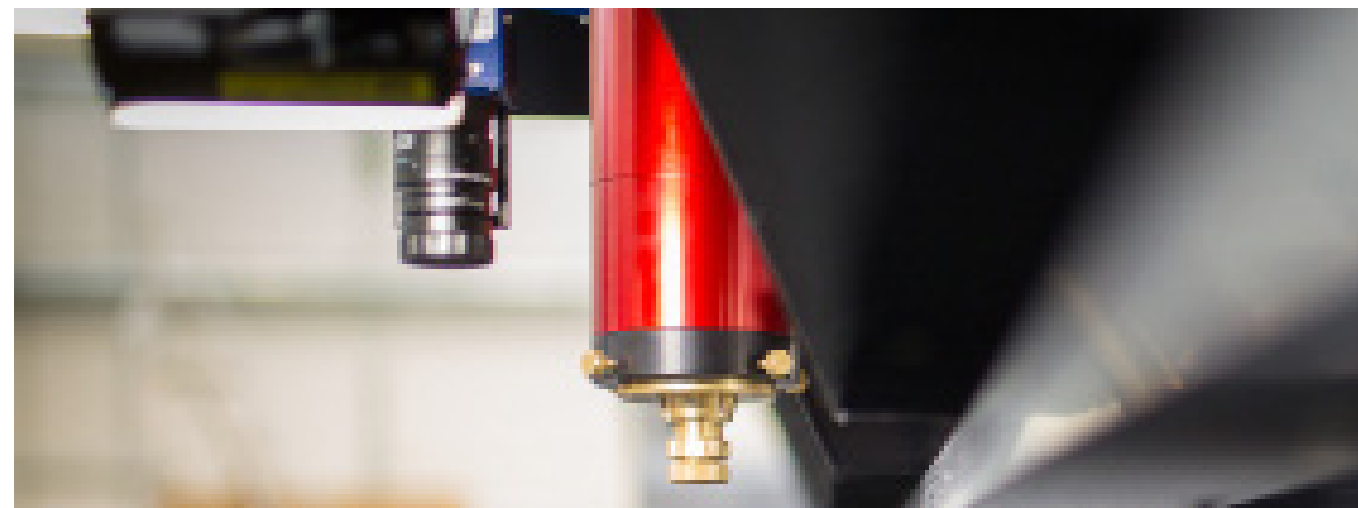


Number of meetings the Committee for Controls and Risks held in 2019

The El.En. Group believes that knowledge and adhesion to the principles of the Ethics Code and Model 231 must be promoted through specific training projects for the people who work within the organization: again this year, for some of the Italian companies we have conducted **specific training in relation to Model 231** which were held by members of the Supervisory Body. At Quanta System S.p.A., Asclepion GmbH, and the Chinese subsidiaries **all newly hired employees must attend a specific training course on the Ethics Code of the El.En.**

Group, while in the other subsidiary companies the Ethics Code is distributed in paper copy when they are hired. These activities will be continued in order to spread these principles more broadly within the organization.

On November 14th, 2019 the Board of Directors of El.En. S.p.A. approved **three Policy: Environmental, Anti Corruption and Human Rights**, respecting the Sustainability Plan. In 2020 the subsidiary companies will also approve this policy.





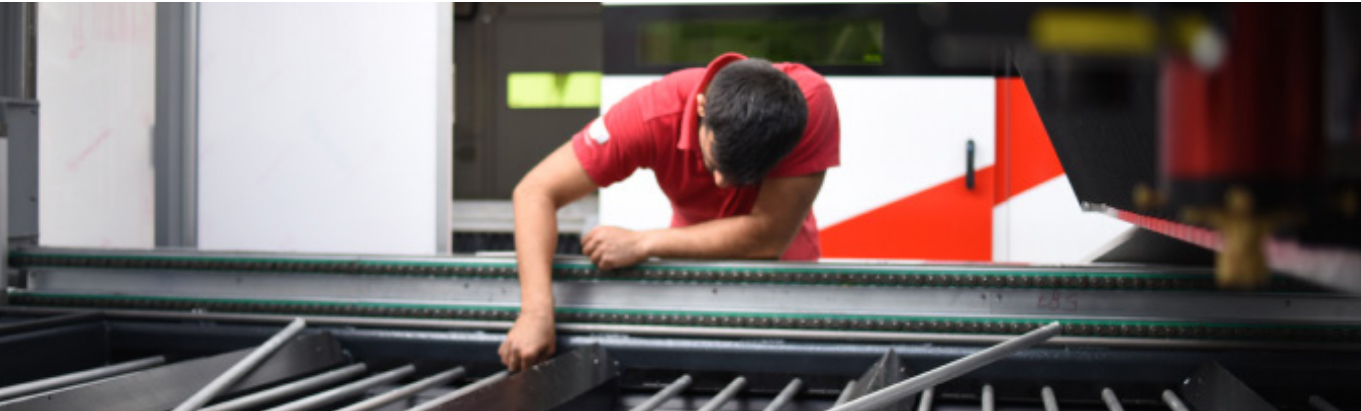
The objectives on the Plan

GOVERNANCE



IMPLEMENTATION OF A CORPORATE GOVERNANCE OF SUSTAINABILITY

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Instruct the Executive Administrator in charge of the system of internal controls and risks to define the strategic points of Sustainability, of the Plan and the examination of the Consolidated Non-financial Statement.	<ul style="list-style-type: none">The BoD which approved the NFD for 2019 instructed the executive administrator as directed.In 2018 the examination of the policies, the company objectives and the supervision of the Sustainability Plan was assigned to the Commission of Controls and Risks.	<ul style="list-style-type: none">To assure that the company maintains all of the initiatives intended to guarantee the mid-to long-term sustainability of the company activities that are beneficial to the stakeholders in compliance with regulations.



ACTIVE AND PASSIVE ANTI-CORRUPTION FIGHT

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Prevention of corruption in all spheres of influence.Spread and training in relation to the Group Ethics Code.	<ul style="list-style-type: none">We adopted an Anti-Corruption Policy approved by the Parent Company of the Group;We continued with training based on Model 231 for some employees of the Italian subsidiaries where this model had been adopted;We distributed the Ethics Code to newly hired employees of nine of the subsidiary companies and in four of these companies we plan an initial specific training course on the Ethics Code.	<ul style="list-style-type: none">Creation of specific on-line training for some categories of employees with response and certification that the test has been passed.Approval of the Anti-corruption Policy by the subsidiary companies;Continuation of the training sessions based on Model 231 for all of the employees of the Italian subsidiaries that have adopted it;Distribution of the Ethics Code and an initial specific training in all of the subsidiary companies.



4 The manufacturing Process

From the original idea to the finished product



Active patents and 23 pending



People involved in research and development activities



euros invested in R&D

RESEARCH & DEVELOPMENT AS AN INSTRUMENT FOR INNOVATION

The critical factors in the success of the El.En. Group are the adequacy of the range of products which we offer and the capacity to innovate it continually in order to meet the requirements of the market and create new ones.

The position of the Group for hi-tech products and the global competitive context in which it operates comports a **continuous and significant effort in terms of research and development of new products and new technologies**; our strong point is the capacity to be single minded, to innovate considering the requirements of the doctor and the patient in the medical sector rather than the client in the industrial sector, starting with every intuition which may arise from the close and constant observation of problems that have not yet been solved.

The skills that have been developed and the enthusiasm of our staff are the real difference. The El.En Group and the people who work there in fact, have a knowledge of physical, biomedical and technological phenomena that has matured in over thirty years of experience, which has brought them to have an extraordinary capacity to improve their own know-how, to innovate the production technologies, processes products and related services.

Depending on the geographic area in which they are located and the type of business they run, the different companies of the Group comply with the **standards and regulations** shown below.

- ISO 9001;
- ISO 13485 relative to quality control systems for medical devices;
- European directive MDD93/42/EEC (Medical Devices Directive);
- National laws of the countries that are members of EU and the non-European countries like the United States of America(21CFR820/803/806), Japan, China (CCC- Certification for electronic components and Enterprise standard “CNC laser cutting machine”) and Brazil.

El.En. S.p.A., Deka Mela S.r.l., Quanta System S.p.A., Asclepion GmbH and ASA S.r.l. in February 2020) obtained **the MDSAP (Medical Device Single Audit Program) certification**. This certification allows institutions that are recognized and accredited by the Regulatory Authorities of the five member countries (U.S.A., Canada, Brazil, Japan and Australia) to conduct a single audit at the manufacturers of medical devices in order to verify that these latter meet the requirements of the quality system of the particular country.



US Food and Drug Administration, Center for Devices and Radiological Health (CDRH)

FDA will accept the MDSAP audit reports as a substitute for FDA routine inspections. Inspections conducted “for cause” or “compliance follow-up” by FDA will not be affected by this program. Moreover, MDSAP will not apply to any necessary pre-approval or post-approval inspections for the Pre Market Approval or PMA applications.



Japan Ministry of Health, Labor and Welfare

The Japanese Medical Health Labor Welfare (MHLW) and the Pharmaceutical Medical Device Agency (PMDA) are active and observant official participants in the board of regulators of the pilot project and as subject matter experts in different expert groups.



Australian Therapeutic Goods Administration (TGA)

TGA will use an MDSAP audit report as part of the evidence that is assessed in compliance with Medical Device market authorisation requirements, unless the Medical Device is otherwise excluded or exempted from these requirements, or if current policy restricts the use of MDSAP audit reports.



The Brazilian National Health Surveillance Agency ANVISA (Agência Nacional de Vigilância Sanitária)

ANVISA will utilise the outcomes of the program, including the reports, to constitute an important input on ANVISA’s pre-market and post-market assessment procedures, providing, when applicable, key information that are expected to support the regulatory technical evaluation on these issues.



Health Canada (HC)

Health Canada will use the MDSAP audit as part of its Canadian Medical Device Conformity Assessment System program. After the successful conclusion of the pilot phase of the program, the goal of Health Canada is to implement the MDSAP as a basic tool for achieving regulatory compliance of the Quality Management System in Canada.

In a highly competitive environment like that of the medical industry, the competence of the experts working in the sector of **Regulatory Affairs** is of significant economic importance for the companies, especially when these latter are pursuing goals of internationalization in their marketing strategy. At the companies of the El.En. Group that operate in the medical sector the Regulatory function registers the compliance to the requirements of the government institutions which protect the public health and monitor the safety and effectiveness of the products produced in this sector. The companies that manufacture medical devices guarantee that their products are in compliance with all of the regulations relating to safety.



43
EMPLOYEES WORKING IN
QUALITY CONTROL



14
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.



The objectives on the Plan

PRODUCT RESPONSABILITY



GUARANTEEING THE HIGHEST LEVEL OF QUALITY OF THE PRODUCT AND COMPLIANCE WITH TECHNICAL STANDARDS

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Continual improvement of the quality and respect of the technical standards in every phase of manufacturing.	<ul style="list-style-type: none">El.En. S.p.A, Deka Mela S.r.l., Quanta System S.p.A. and Asclepion GmbH have obtained the MDSAP Medical Device Single Audit Program certification.All of the companies of the Group have maintained the pre-existing certifications.	<ul style="list-style-type: none">To insure that the requirements for quality of the processes, in line with the expectations of the market, are respected in an efficient and integrated manner.

INVESTING IN INNOVATION, RESEARCH AND DEVELOPMENT TO BENEFIT THE PROGRESS OF THE SCIENTIFIC KNOWLEDGE

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Investing in research and development for the purpose of developing products and processes which satisfy the requirements and needs of the clients and optimize their satisfaction.	<ul style="list-style-type: none">4% of the investments in research and development.6 active research centers.23 patents pending as of December 31st 2019.	<ul style="list-style-type: none">Monitor the trends and act in a specific and focused way in the areas of interest of the clients.

CARRY OUT CHECKS ON SUPPLIERS DURING THE SELECTION PHASE, TAKING INTO ACCOUNT SOCIAL AND ENVIRONMENTAL CRITERIA

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Promotion of good sustainability practices at our suppliers'	<ul style="list-style-type: none">Addition of a check list when selecting critical suppliers which includes questions related to social and environmental issues.	<ul style="list-style-type: none">To guarantee the level of uniformity in compliance to their standards and the respect of a sustainable supply chain.



The El.En. Group believes that a close **cooperation with the supply chain** is essential in order to maintain a high standard of quality in the finished product and, in general, in the entire production process. The final objective is that of establishing a long-lasting relationship that is characterized by transparency and cooperation. The suppliers must meet the minimum requirements for safety, quality and financial stability in order to minimize the risk of potential interruptions in the supply and unexpected costs. We continually conduct **preventive analysis and evaluations** in order to understand the market trends and monitor the evolution of the present suppliers and the potential ones, their technical up-dating and the regulations for the sector even in relation to the marketing of the products they sell to us.

In relation to this, the suppliers are asked to meet certain requirements:

- Financial soundness;
- Experience in the sector;
- Reliability;
- Technical and planning resources and capacity;
- Manufacturing capacity;
- Use of systems for the control of the quality and safety of the products, consistent with the requests of the Group.



225

Million euros the amount of spent for purchases

In particular, for the manufacturing companies of the Group the selection of the suppliers follows a precise **procedure of qualification and approval**; As indicated in the Sustainability Plan, during the process for the qualification and approval of a supplier, **we have included the evaluation of some aspects related to sustainability issues so that they can be used as evaluation parameters and contribute to the overall evaluation**

of the potential supplier. The new qualification criteria were elaborated and inserted in 2019 and will be in force starting in 2020.



Implementata una checklist di valutazione del fornitore che include anche tematiche ESG



The El.En. Group and its international awards

Passion, ability and tenacity have allowed the El.En. Group to achieve outstanding results at an international level. This year a system developed by Deka, the **Luxea**, received the **Aesthetic Industry Award 2019** as **the best new technology**. Luxea is a multi-functional technology with fourteen different handpieces: pulsating light, laser and radio frequency for a wide range of aesthetic and dermatological applications like vascular and pigmented lesions, acne, anti-aging, skin spots and blemishes and also tattoos and hair removal. The Luxea platform was also awarded as **Best Laser, Lights & Energy-based Device 2019** at the **Aesthetic & Anti-Aging Medicine World** symposium in Montecarlo.

In 2018 another system developed by Deka, **Onda**, a, received the **Aesthetic Industry Award 2018 as the best new technology** and at the **Aesthetic & Anti-Aging Medicine World** symposium at Montecarlo, the award for **the best non-invasive technology for body shaping 2018**. ONDA is the first microwave system (Coolwaves™) which acts simultaneously and non-invasively on imperfections like cellulitis, localized fat deposits, and skin laxity. Also in 2018, the **Thunder MT** laser, developed by Quanta System, received an award as the **best device for hair removal and vascular treatments**; its innovative technology makes it possible to combine two laser sources (Alex e Nd:YAG) for hair removal in all seasons and all skin types, as well as for vascular treatments and photo-rejuvenation.

In 2017 another system developed by Quanta System, the **Discovery Pico**, had received the **Aesthetic Industry Award 2017** as **best “multi-use” technology**, since it was considered the most powerful picosecond laser for the treatment of tattoos, pigmented lesions and skin rejuvenation.



5 Our Business

The laser as a sustainable instrument



Objectives on the Plan

SOCIAL RESPONSABILITY

391
MILLIONS OF EUROS

Million Euros the economic
value generated and distributed

EXPANSION OF POSITIVE SOCIAL IMPACT THROUGHT OUR PROCDUCTS

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">• To issue instruments and solutions on the market which make it possible to improve the patient's quality of life;• To issue on to the market technologies for industrial applications which reduce the environmental impact and consumption of resources and improve the quality and productivity of work.	<ul style="list-style-type: none">• In the medical sector research and development of new laser systems or the improvement of pre-existing ones so that an increased percentage of the population can benefit from the innovative technologies that can improve their well-being. In the industrial sector, research and development to improve the flexibility and decrease consumption of electrical energy of the production systems.	<ul style="list-style-type: none">• To continue to issue high performance products on the market.

SUPPORT OF NON-PROFIT ORGANIZATIONS, FOUNDATIONS AND SCIENTIFIC LABORATORIES

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">• Support of non-profit organizations, foundations and scientific laboratories by assisting them in the use of the new technologies which are available to patients.	<ul style="list-style-type: none">• Donation of a laser for rehabilitation to the Valduce hospital.• Support of non-profit organizations and/or foundations through monetary donations.	<ul style="list-style-type: none">• To increase the well-being of people who make use of the services offered by non-profit organizations and foundations.

OUR SUPPORT TO THE COMMUNITY

New laser technology for rehabilitation medicine

In 2019 our subsidiary **Quanta System S.p.A.** donated an “Opera EVO” laser to the Valduce hospital; this laser represents a state-of-the-art system with thulium radiation for the treatment of patients with serious disabilities like severe spasticity and deforming contractures of the lower limbs due to cerebral lesions caused by strokes or head injury, traumatic spinal cord injury and other neurodegenerative diseases which can be treated thanks to minimally invasive laser procedures.

For the first time in the world it has been possible to intervene with a minimally invasive approach using a local anesthetic and surgical procedures which, in the past required complex open surgical operations with total anesthesia. This new technology contributes to restoring dignity and quality of life to patients with highly debilitating diseases.

Filippo Fagnani, Scientific Director of the surgical division of Quanta System stated: “The results obtained are the outcome of the intuitions of the professionals at the Villa Beretta – Valduce Hospital combined with the support that we have had the honor of offering on the technological front. Together, working in complete synergy, we have opened frontiers that previously could not even be imagined and achieved goals which represent new standards at a global level”.

“Collaboration with great scientific organizations, research and health institutions is part of our DNA and for us it represents a concrete and daily commitment. We work together with our partners in the medical sector both in Italy and abroad, on research projects in order to bring the hope of a cure and to boost medical progress”.

"The best is yet to come"

In early 2019 **Professor Gérard Mourou, Nobel Prize for physics in 2018**, visited Quanta System S.p.A.. Professor Mourou received the Nobel for his pioneering research in the field of laser physics which paved the way for many scientific and medical applications. His intuitions have been an inspiration for the employees, physicists and engineers working in research and development in the El.En. Group. During his visit at Quanta System, Prof. Mourou reminded us that all of his studies were inspired by the desire to improve society and the lives of people; this approach totally reflects the philosophy of the El.En. Group, which is involved every day in supplying professionals with solutions that are aimed at improving the quality of life of people.

The motto of the professor is: “The best is yet to come”. “Scientific research and applied industrial research will find more innovative applications for laser technology from which we can all benefit either directly or indirectly”.

Professor Mourou’s visit represents a significant sign of recognition for the El.En. Group for the contribution made to science and to medicine and confirms the position of leadership of the company in research and production of laser technology.



Un laser for Unesco

A laser manufactured by the El.En. Group was selected for the restoration of the **Temple of Mut, a UNESCO heritage** site in Sudan which was built in the first half of the 7th century B.C. Thanks to the use of this laser they are uncovering and returning to their original beauty the wall paintings which had been severely damaged.

Two lasers for the Uffizi Galleries in Florence

El.En. donated two lasers to the **Uffizi Galleries in Florence**. The lasers will be used to restore works of art, in particular the statues in the Boboli Gardens and the paintings in the Galleries.

“Resurrect beauty wherever it is and give it to the future generations - Paolo Salvadeo, General Director of El.En. has said. – That is what we are here for. We are particularly honored that (the director of the Uffizi Galleries) Eike Schmidt has accepted our donation. This is a further confirmation of his sensitivity towards art which is a **universal heritage which we have the duty of protecting, passing on to posterity the great message of beauty and love that the great artists of the past have left for us”**.

“One of our greatest concerns has always been the protection of our artistic heritage Schmidt said, and we are glad to accept this donation because with the El.En. lasers we have instruments for the conservation of works of art which will allow us to intervene without affecting their integrity while enhancing their beauty. Moreover, this collaboration makes us particularly proud because it is based on **Italian technology, actually Florentine technology, which is recognized and exported all over the world”**.



A laser for the 5G

For the first time in Italy, **a surgical operation using El.En. lasers was performed remotely** using the 5G network. This experiment was conducted on the stage of the Vodafone Village in Milan, where Professor Matteo Trimarchi, otorhinolaryngoiatrist of the IRCCS San Raffaele, operated on a synthetic larynx which was in an operating room **15 kilometers away**. The operation was a success and represented a real revolution for the possibility of operating from one continent to another in the future.

This operation was part of the 5G Healthcare - Vodafone Conference & Experience Day, which had been organized by Vodafone to summarize the progress made in 5G experiments. This event demonstrated the potential of 5G for the community and highlighted the precision and reliability of the El.En. lasers.

The subsidiary **DEKA Mela S.r.l.** sponsors the football team and the training activity (civic education) in the schools of **“Onlus Amici di Duccio”**. This association has the purpose of creating awareness in people for donations which benefit disadvantaged categories especially those that are victims of violence or social injustice. Moreover, they create awareness in the institutions in order to see that due punishment is meted out to road killers, violence against minors and women. In particular, the association wishes to honor the memory of Duccio Dini, by creating and carrying out social projects.

The subsidiary **DEKA Mela S.r.l.** sponsors the championship of **Lupi Toscani**, wheelchair hockey team from Scandicci (Florence) who plays in the A2 series.

The volunteers who spend their lunch break cleaning up the woods have also “infected” their company: a group of employees of **Quanta System S.p.A.** in fact has been working alongside the volunteer association **“Parte tutto Da noi”**. The company was pleased to support the activity of its workers by purchasing telescopic grippers and gloves to facilitate the collection of rubbish. This initiative soon went beyond the confines of the company and involves the public administration, retailers, representatives of local associations and other citizens of the community.



Lasers for MotoGP and SBK

The **Mobile Clinic** in the world is the travelling hospital which follows the **MotoGP** and **SBK** and is placed at the disposal of pilots and their staff. This special “house” is the place where pilots are assisted before, during and after the races and rehabilitate him; the therapeutic solutions offered are a concrete help in solving the various health problems which often afflict pilots. The long-standing partnership between ASA and the Mobile Clinic in the World makes it possible for pilots to effectively treat sports injuries thanks to the Hilterapia®.

The physical therapists at the Mobile Clinic have been using this specific therapy for many years with two lasers supplied by **ASA S.r.l.**, which help, in particular, in the repair of tissues, in the improvement in circulation which has been compromised by traumas, and in obtaining a beneficial effect for muscle and tendon injuries.



CONTRIBUTING TO THE CONSERVATION OF THE WORLD’S ARTISTIC HERITAGE

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Supportare la conservazione del patrimonio artistico mondiale.	<ul style="list-style-type: none">Donazione di due laser per il restauro alle gallerie degli Uffizi di Firenze.	<ul style="list-style-type: none">Continuare a tutelare il patrimonio artistico mondiale per preservarne intatta la bellezza per le future generazioni.

STRENGTHENING RELATIONS WITH THE COMMUNITY

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Promotion of indicatives which contribute to the growth of the local community also through partnerships with associations and non-profit organizations;Promotion of alternating school-work programs and curricular and extra-curricular apprenticeships	<ul style="list-style-type: none">During this year we have sponsored some non-profit associations in the communities in which the Group operates;We have developed alternating school-work projects and curricular and extra-curricular apprenticeships.	<ul style="list-style-type: none">Continued support of initiatives promoting the social and economic development of the local community in which the Group operates.

THE CONSERVATION OF THE WORLD’S ARTISTIC HERITAGE



The beauty of works of art is our legacy for future generations and it is our duty to preserve it for them. We are proud to be the first company in the world to produce laser created specifically for the restoration of works of art using the same technology used for medicine and surgery. Whether we are dealing with works of art or with medicine, the principle is the same: taking care of people, our works of art.

Some of the most important examples of restoration work conducted with our lasers in 2019 are listed below:

- The removal of writing and graffiti on **Ponte Vecchio in Florence** with a laser donated by the El.En. Group last year to the “Gli angeli del Bello” (Angels of Beauty), an association of volunteers whose mission is to keep the city of Florence clean and bring the monuments back to their original splendor.
- The removal of grime on the walls of the **Sala delle Asse in the Castello Sforzesco in Milan** which brought to light Leonardo da Vinci’s monochrome fresco by using a laser technology to remove the layers of lime paint;
- On the occasion of the exhibition “Verrocchio, il maestro di Leonardo” held in Palazzo Strozzi in Florence, they displayed **Verrocchio’s David** which had been cleaned with a laser to reveal the thin layer of gold which Verrocchio had applied to the sandals, the trim of the tunic, the hair and even the pupils of the eyes of the David;
- During restoration of the north façade of the **Cathedral of Santa Maria del Fiore in Florence**, lasers were used to clean some of the detailing;
- The **South door of the Baptistery in Florence** by Andrea Pisano was completely cleaned and can now be admired in all of its renewed splendor in the Sala del Paradiso in the Museo dell’Opera del Duomo.

6 The People

Passion and talent to grow together



Objectives on the Plan

HUMAN RESOURCE RESPONSABILITY

GUARANTEEING HEALTH AND SAFETY IN THE WORKPLACE

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Promotion of a culture of health and safety in the workplace;Conducting the activities that every company follows in relation to health and safety and then proceed to the definition of a procedure for the collective activities.	<ul style="list-style-type: none">We conducted over 2,000 hours of training related to health and safety;We reduced the injury-rate, if compared to last year.	<ul style="list-style-type: none">To continue to promote training tools and information on health and safety for the employees.

INCREASING THE WELL-BEING OF THE EMPLOYEES

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Improvement of the well-being of the employees during the working hours;Spread of a culture of well-being through programs aimed at encouraging a healthy life style;Definition of programs to guarantee access to the best health and welfare services;Annual surveys of employees related to the internal climate conditions.	<ul style="list-style-type: none">We inaugurated a company gym for the companies situated at our headquarters in Calenzano (Firenze).We started a remodeling project of the offices of the companies located at headquarters in Calenzano (Firenze).We inaugurated a new production site for Cutlite Penta S.r.l. and Ot-las S.r.l. companies in Prato (Prato).We inaugurated a new production site for A.S.A. S.r.l..We completed the expansion of the production site of Asclepion GmbH.	<ul style="list-style-type: none">To continue with well-being initiatives;To start an awareness program related to the spread of a wellness culture;To conduct an annual survey of the employees in retain to internal climate conditions.



Increase in staff in 2019



hours of training conducted in 2019



Reduction of injury rate, compared to 2018

PROMOTION OF THE TRAINING AND ENHANCEMENT OF HUMAN CAPITAL

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">• Definition and implementation of training and development programs;• Attract young resources through partnerships with universities and research centers.	<ul style="list-style-type: none">• We adopted a policy regarding human rights which was approved by the Parent Company;• About 21.800 hours of training were conducted at a consolidated level.	<ul style="list-style-type: none">• To increase awareness and re-enforce the perception of People in terms of issues of diversity and human rights;• To obtain approval of the Human Rights Policy from all of the subsidiary companies;• To continue to initiate partnerships with universities and research centers.



MORE THAN 2.000
HOURS OF SPECIFIC TRAINING ON HEALTH
AND SAFETY ISSUES



HEALTH AND SAFETY IN THE WORKSPACE

We are committed to guaranteeing a workplace that is healthy and safe in conformity with the laws and regulations regarding the safety of workers and of the environment. Our objective is that of disseminating and developing among people the awareness of the risks related to the work they are doing and to promote responsible behavior on the part of all the workers with programs that are intended to prevent damage to people. In all of the production companies there are representatives that are responsible for safety and health issues.

The structure and type of training courses is defined by the individual companies but, in general, all of them have programs with training for generic risks as well as those with risks connected to specific types of work, first-aid courses and periodic up-dating courses.

TRAINING AND SKILLS
DEVELOPMENT

Training has always been considered fundamental for the growth of the personnel and for the development of the basic skills required for the success of the company. We promote continuous training with refresher courses dedicated to specific issues, with an aim to improving the knowledge and specialization of every resource in the organization.



ABOUT 15 HOURS
FOR EACH EMPLOYEES

7 Environmental responsibility

Commitment and respect for our planet



Objectives on the Plan

ENVIRONMENTAL RESPONSABILITY

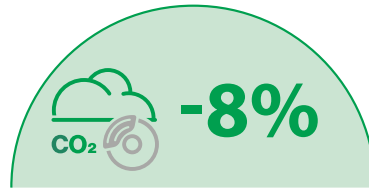
PROMOTING POLICIES TO INCREASE ENERGY EFFICIENCY

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Introduction of the sustainability requirements like the use of lighting and air-conditioning systems with low environmental impact when refitting rooms.	<ul style="list-style-type: none">Adoption of an Environmental Policy approved by the Parent companies;Adoption of lighting and air conditioning systems with low environmental impact during re-modeling work conducted by the companies of the Group;Installation of solar panels at Asa S.r.l. and at Asclepion GmbH.	<ul style="list-style-type: none">Approval of the Environmental Policy by all of the subsidiary companies.

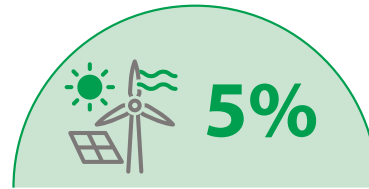
DECREASING THE ENVIRONMENTAL IMPACT

Actions	Results 2019	Objectives 2020 - 2022
<ul style="list-style-type: none">Promotion of ecological behavior among the employees.	<ul style="list-style-type: none">Distribution of a steel canteen to all of the employees of Quanta System S.p.A. and a glass bottle to the employees of Asclepion GmbH;Installation of a water fountain in the headquarters in Calenzano and at Asa S.r.l..	<ul style="list-style-type: none">To promote among our employees a culture for the rational use of sources of energy and the consequent reduction of the related costs.

RESPECTING THE ENVIRONMENT



approximate reduction of CO₂ per product unit, compared to 2018



Self-produced and consumed electricity

We are convinced that working in a “custom built environment” promotes greater spirit of belonging in the company and it is an indispensable premise for the future.

During 2019 the companies belonging to the El.En Group implemented many improvements while completely respecting the identity and the philosophy of the Group and directing all of their decisions towards the safe-guarding of the environment and the creation of sustainable value for the planet and for people.

For the new company Headquarters of the subsidiary **ASA S.r.l.** it has been determined that the quality of the design and construction of the building will enable them to **avoid the emission into the atmosphere of about 14,7 tons of CO₂ every year**. Moreover they have installed **a plant for the treatment of the air** which expels exhaust and inhales clean air from the outside. This plant will make it possible to achieve the maximum efficiency of energy which is guaranteed also by an exchanger which uses the heat of the exhaust to compensate for the temperature of the air that is entering.

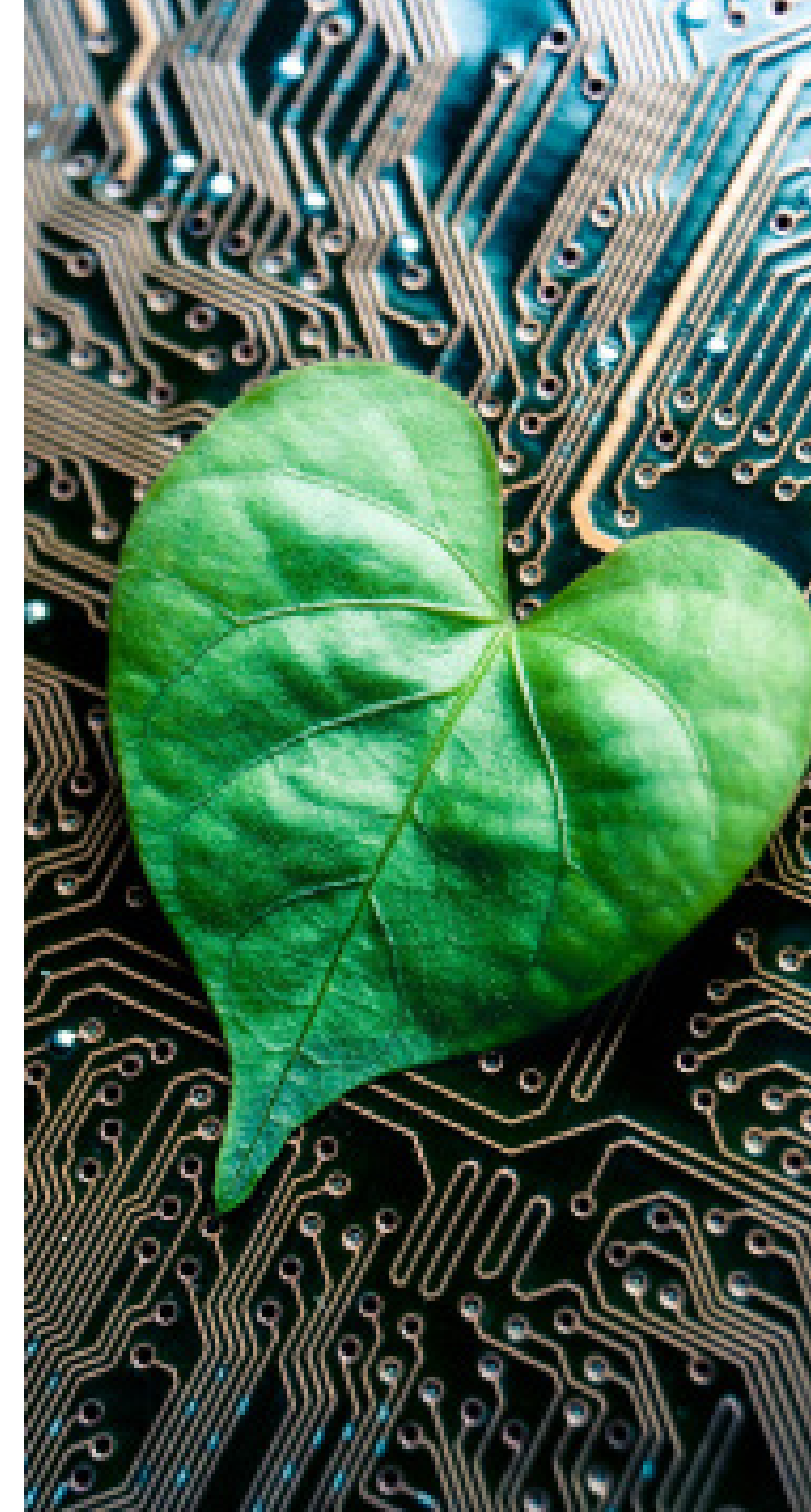
The **design of the lighting** system was based on **high-efficiency LED** technology and **a 33 kW photovoltaic plant** has been installed in order to integrate the energy needs of the company plants and the availability of **a recharging area for the electric vehicles**. Moreover, the Summer/Winter air conditioning in all of the building is guaranteed by a **high-performance heat pump** with micro-perforated conduits which distribute the air and the temperature without ventilation.

During the expansion of the company headquarters of **Asclepion GmbH** they also installed a **photovoltaic plant which is estimated to produce 44 kW of power** and which is estimated will produce the **energy requirements of the company for about a month and a half**.

In **Quanta System S.p.A.** the **cogeneration plant** which now exists in 2019 produced an **amount of energy equivalent to 32%** of that which is used overall by the company; in order to further reduce the consumption this year they installed timer **systems and motion sensors for the lighting of the rooms**.

2019: Beginning of the PLASTIC FREE era

At the headquarters of **El.En. S.p.A.** e **ASA S.r.l.** they have installed **stations with filtered water** in order to reduce the use of plastic bottles, which also means less CO₂ released into the atmosphere. During the inauguration of the new **Asclepion GmbH** factory all of the employees were given a **glass bottle** with the company logo and all of the employees of **Quanta System S.p.A.** received, in their Christmas package, an **aluminum canteen** with this symbol on it in order to promote the use of these containers and reduce the consumption of plastic.





Industrial and Medical Laser Solutions

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The full version of the Consolidated non financial Statement 2019, available on www.elengroup.com reports a series of "GRI Sustainability Reporting Standard" defined by the GRI - Global Reporting Initiative.

For more information on the contents of our Consolidated non financial Statement 2019, you can contact the e-mail address sustainability@elen.it