

ECONOMIC VALUE GENERATED AND DISTRIBUTED

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED (THOUSANDS OF EUROS)	2017	2018**	2019***	2019****
Economic value generated by the Company	1,273,813	1,367,614	1,737,751	1,737,751
Revenues*	1,273,813	1,367,614	1,737,751	1,737,751
Economic value distributed by the Company	1,141,831	1,206,891	1,455,240	1,547,033
Operating costs	660,135	697,035	792,026	879,479
To employees (wages and benefits)	398,024	430,271	562,996	567,326
To providers of capital	33,486	37,274	45,070	45,070
- of which dividends	15,292	24,079	30,939	30,939
- of which interests paid to providers of capital	18,194	13,195	14,131	14,131
To the Public Administration	49,319	41,406	53,564	53,564
- of which current income taxes	44,765	36,364	47,332	47,332
- of which other corporate taxes and penalties	4,554	5,042	6,233	6,086
To the community	847	905	1,593	1,593
Economic value retained by the Company	131,982	160,722	282,502	190,718

* Revenues differ from the amount reported in the 2019 Consolidated financial statements as it refers to revenue from sales and services plus other revenues.

** 2018 figures shown in the table above are prepared in accordance with IFRS 15.

*** 2019 figures shown in the table above and in the previous page are prepared in accordance with IFRS16.

**** 2019 figures shown in the table above are prepared without the application of IFRS 16.

1.2 MATERIALITY ANALYSIS

Like every year, also in 2019, Amplifon updated its materiality analysis in compliance with the GRI Standards issued by the Global Reporting Initiative in 2016. This analysis allowed the Company to identify, amongst the various economic, environmental and social topics, those with the greatest impact on the organization and potentially influencing the decisions of its key stakeholders.

➤ PRELIMINARY ANALYSES AND RELEVANT TOPICS

The first step in the analysis was to examine the various sources of information to update the array of potentially relevant non-financial topics (the "sustainability topics") already identified in previous years. The following sources of information were considered:

- the results of analysis of persistent sustainability matters at regional and international level derived from documents and reports issued by the most relevant non-governmental organizations and policy makers (such as the GRI, EU Policies and UN Reports);
- the results of the analysis of persistent sustainability topics in the health care industry, according to industry and consumer associations, as well as influencers in the area of sustainability;
- the results of a benchmarking analysis on non-financial reporting best practices developed by players operating in sectors comparable to Amplifon's core business;
- the results of a media analysis that covered news flow regarding Amplifon and its industry.

This preliminary analysis reconfirmed the 21 relevant sustainability topics already identified in previous years also for 2019.

> MATERIALITY OF NON-FINANCIAL TOPICS FOR AMPLIFON AND ITS STAKEHOLDERS

The next phase focused on determining an order of priority for the aspects identified, also considering the results of the materiality analysis carried out in the previous year.

The relevance of each sustainability aspect for the main stakeholders was assessed based on the results of the previously mentioned preliminary analyses, which were then integrated with the results of a sustainability survey carried out in 2018 and 2019. In 2018 more than 50 back office employees from Italy, France, Germany, Australia and the US as well as two hearing care associations were involved, while in 2019 several institutional investors (mainly from the UK, France and the US) and major hearing aids manufacturers took part in the survey. In both cases, the survey aimed at investigating respondents' perception about the activities and performance of Amplifon in terms of sustainability and the relevant topics that were to be included in the Sustainability Report. In determining the order of priority of the non-financial topics for stakeholders, the results of the survey were assigned a greater weight than those of the preliminary analyses, so that the final scenario was as consistent as possible with Amplifon's specific context.

The significance of each sustainability topic for Amplifon was assessed through dedicated meetings with the Company's top management, based on the following factors:

- the views of the top management across key countries where the Company operates;
- the policies already adopted by Amplifon;
- the potential impacts on the Company's ability to generate value in the long term;
- impact of the Company on the social, economic and environmental scenario.

In compliance with the GRI Standards, the materiality of the sustainability issues was assessed by considering the relevance of their impacts along Amplifon's entire value creation chain, both within and outside the reporting scope. In addition to this, the relevance of these aspects both for Amplifon and its stakeholders was determined by carrying out the analysis with exclusive reference to strictly non-financial topics, i.e. not including the following topics in the analysis: "Regulatory framework," "Long term resilience and profitability"³ and "Product and service innovation, quality and customization". These topics are, in fact, more closely linked with the economic sphere and, consequently, are classified as relevant by definition.

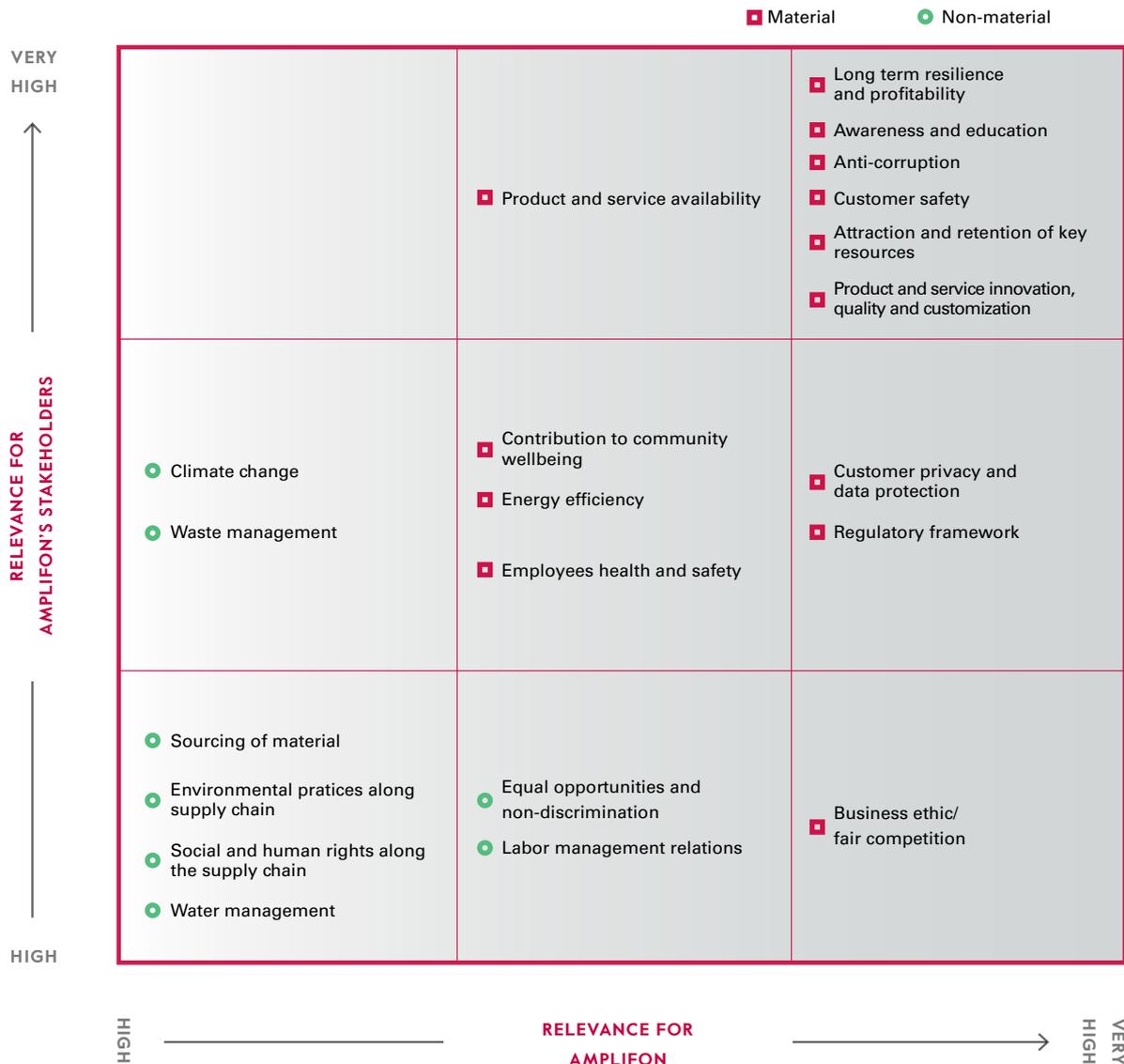
> PRIORITIZATION

Through these analyses, Amplifon was able to identify the material sustainability topics most relevant for both the Company and for the stakeholders. This set of material topics is highlighted in the following materiality analysis.

The materiality analysis reflects the materiality of non-financial topics within the specific period. Pressures and trends change over time and, for this reason, the chart is updated on a yearly basis. The topics thus identified were presented to the Risk, Control & Sustainability Committee and presented to the Board of Directors.

³ This topic is not covered in this document, as it is a strictly economic topic. Please refer to the Financial Statements as at and for the year ended December 31st, 2019.

MATERIALITY ANALYSIS



With specific reference to strictly non-financial topics, the following are confirmed as some of the most relevant:

- “Anti-corruption”, which reflects the need to ensure ethical corporate practices within the organization and stakeholders’ interests;
- “Awareness and education”, which reflects the pivotal role the Company plays in raising awareness of hearing healthcare through communication campaigns and prevention activities, as well as through research;
- “Customer safety” remains among the priority themes, showing the greater attention paid by the Company to this aspect, in line with the introduction of important new features in terms of products and services;
- “Attraction and retention of key resources” as an essential element for guaranteeing business continuity and the implementation of business strategies. Note that compared to 2018, the importance of this issue to stakeholders as well as to Amplifon has increased, and this is mainly expressed through the Company’s increasing investments in talented individuals and in the organization, to ensure the sustainability of the business. This has resulted in an increase in the expectations of stakeholders insofar as Amplifon’s ability to offer a stimulating work environment;

- “Customer privacy and data protection”, which reflects the increasing attention paid to the issue at European level and the efforts the Company is making to address it;
- “Product and service availability”, which is a key element in the Company’s business, aimed at achieving greater market penetration and, consequently, improving the hearing wellbeing of an ever-increasing number of people;
- To conclude, “Employees health and safety”, “Energy efficiency” and “Contribution to community wellbeing” are topics of equal relevance both for Amplifon and its stakeholders, even if the latter is of increasing relevance to Amplifon due to the significant impact that the Company has on its current and potential customers, as well as with regards to those suffering from hearing loss in general, and the communities in which it operates.

Compared to 2018, there is only one significant change: “Waste Management” was removed as a relevant area given the result of a reassessment by the top management regarding the reporting priority of this issue. This was due to the low impact of Amplifon’s activities in terms of waste. However, Amplifon will continue to report on the management of waste produced in offices, given that it is of interest to some stakeholders, such as ESG rating agencies.

Some of the non-financial topics requested by the Italian Legislative decree no. 254/2016 - e.g., equal opportunities and non-discrimination, social and human rights along the supply chain, water management and climate change - were not considered material, primarily due to the low impact of Amplifon’s activities in those areas.