



**EXCERPT FROM ANNUAL
FINANCIAL REPORT
AT DECEMBER 31, 2019**

1. NOTE ON METHODOLOGY

1.1 Objectives of Non-Financial Statement

The DiaSorin Group prepared this Consolidated Non-Financial Statement (hereinafter referred to as “**Non-Financial Statement**”) to comply with Legislative Decree no. 254 of 30 December 2016, issued to “*implement Directive 2014/95/EU of the European Parliament and the Council of 22 October 2014, amending Directive 2013/34/EU as regards the disclosure of non-financial and diversity information by large companies and groups*” (hereinafter referred to as “**Legislative Decree 254/16**” or the “**Decree**”).

In order to comply with the provisions set forth in Articles 3 and 4 of Legislative Decree no. 254/16, the DiaSorin Group presented its main policies, management models and the Group’s main activities carried out in 2019 with regard to issues expressly specified by Legislative Decree no. 254/16 (environmental, social and employee-related matters, respect of human rights, anti-corruption and bribery matters), as well as the main risks identified with those matters. Such matters are described in this Report to the extent necessary for an understanding of the Group’s activities, performance, results and the impact thereof.

1.2 Reporting standards

Legislative Decree no. 254/16 requires companies to provide the aforementioned information “*in accordance with methodologies and principles under the reporting standard used as reference or by the autonomous reporting methodology used for drawing up the non-financial statement*”. The DiaSorin Group chose to apply the GRI Standards issued by the “Global Reporting Initiative” as a technical and methodological reference to report the information contained hereto, in compliance with the Decree. The DiaSorin Group used selected Standards to report the information required, consistently with Section 3 of GRI Standard 101: Foundation (*Making claims related to the use of the GRI Standards*). The following paragraphs present GRI-referenced claims for each Standard used to report data.

The “*Correlation Table with Legislative Decree 254/16 and material topics*” annexed to the Non-Financial Statement is intended to provide additional information on the use of each indicator and paragraph and reflects the Group compliance with the requirements set forth in the Decree.

1.3 Scope and reporting period

The scope of the Consolidated Statement includes all the companies that fall within the scope of the 2019 consolidated financial statements, as detailed in the Section ‘*General information and scope of consolidation*’ in the notes to the 2019 consolidated financial statements. These companies are consolidated line by line starting from the date when the Group obtains control until control ceases to exist.

Starting from 2018, the scope has been extended to all Group companies across all areas: this was partly due the harmonization of processes and systems used to manage training and payroll data at Group level in order to streamline processes.

Comparison data, for the year 2017 only, are reported in a limited scope for the following paragraphs:

- Paragraph “*Employee management – Outcomes*”: data on average hours of training per employee and ratio of basic salary and remuneration of women to men in 2017 referred exclusively to the following Companies:
 - ✓ DiaSorin S.p.A.
 - ✓ DiaSorin Deutschland GmbH
 - ✓ DiaSorin Inc. (USA)
 - ✓ DiaSorin Molecular LLC

The aggregate number of employees of the aforementioned 4 Companies was around 70% of total employees of the in-scope Group companies (at December 31, 2017).

- Paragraph “*Environment, Health and Safety– Outcomes*”: environmental performance data referred exclusively to the DiaSorin Group’s manufacturing facilities, specifically:
 - ✓ DiaSorin S.p.A. (Italy)
 - ✓ UK Branch
 - ✓ DiaSorin Deutschland GmbH (Germany)
 - ✓ DiaSorin South Africa Ltd (South Africa)
 - ✓ DiaSorin Ireland Limited (Ireland)
 - ✓ DiaSorin Inc. (USA)
 - ✓ DiaSorin Molecular LLC (USA).

Consistent with its pursue to continuous improvement and to ensure a complete alignment between the scope of Non-Financial Statement and Consolidated Financial Statements as regards environmental indicators, the DiaSorin Group, starting from 2018, extended the scope of environmental data to its commercial subsidiaries (in the first reporting years, commercial subsidiaries had not been included in the scope given the low impact of expenses for utilities and waste management as compared to the Group’s total amount for such expenditure).

With respect to data and information on the supply chain management, as described in paragraph “*Quality of our products and process*”, it should be noted that such data and information refer to manufacturing companies supplying products/services that have a direct impact on compliance with end product requirements.

In accordance with the provisions of Legislative Decree 254/16, this document provides a comparison with previous year data and adheres to the benchmarking principles required by the GRI Standards. Quantitative data reported in this Reporting cover the years 2017 (with the abovementioned scope limitations) and 2018.

Following the closure of DiaSorin Ireland Limited (Ireland), line-by-line consolidation of data pertaining to the Irish manufacturing facility ended in 2017.

Consolidation of DiaSorin India started in 2018 when the company had been incorporated into the Group as subsidiary and its relevant data had been collected.

The main change that occurred in the scope of consolidation, as compared to December 31, 2018, was the inclusion of DiaSorin APAC Pte Ltd, a wholly owned subsidiary established in 2019 and based in Singapore.

2. COMPANY PROFILE AND MATERIAL TOPICS FOR THE DIASORIN GROUP

2.1 The DiaSorin Group’s business

The DiaSorin Group is active in the market of immunodiagnosics and molecular diagnostics.

In both segments the Group develops, manufactures and markets testing kits (reagents and consumables), based on different technologies for in vitro diagnostics.

A detailed description of its business model, mission and Group structure is provided in the relevant sections ‘Our Business’ and ‘Our Strategy’ of this Report.

The DiaSorin Group manufactures and distributes its products according to a three-stage process, as detailed below.

Raw Materials and Product development

In immunodiagnosics, the Group produces both the end product and, in most cases, all the required components. The product development process involves two phases: “upstream” and “downstream”. During the “upstream” phase the desired quantity of bioreagents is produced through fermentation or cell culture techniques, while in the “downstream” phase bioreagents are purified to separate proteins or monoclonal antibodies (raw material) from other cellular components of the recipient organism. Usually, this process is carried out through chromatography techniques.

In molecular diagnostics, likewise other producers, DiaSorin purchases components necessary for the end product from external suppliers, such as specialized Life Science companies that supply DiaSorin

with three essential components to product development: oligonucleotides, enzymes and reaction buffers.

Production

Immunodiagnostic kits are assembled using raw materials to create semi-finished components that will be later combined with other components to produce final reagents, as part of a completed kit. Some initial components, such as buffer and cleaning solutions can be found in different products and prepared in large batches that will be distributed, at the end of the process, in single kits. Other components (such as solids, markers, controls and calibrators, etc.) are specifically designed for each single test. Production levels are defined on the basis of batch size of the end product. Each component is subject to the strictest quality control before entering the market.

Kits components are assembled in finished kits and subject to quality control, in terms of performance, in accordance with international standards (for example: WHO, CDC etc.), if necessary, or tested vis-à-vis the performance of selected sample batches.

Molecular diagnostic products are manufactured with the use of a solution containing an exact quantity of raw material (enzymes, primers, buffers,) called reaction mix, which is dispensed into vials as part of kits available for sale.

End products of both technologies are stored in warehouses at a controlled temperature and delivered from specialized logistic groups to warehouses and local distributors before reaching end costumers.

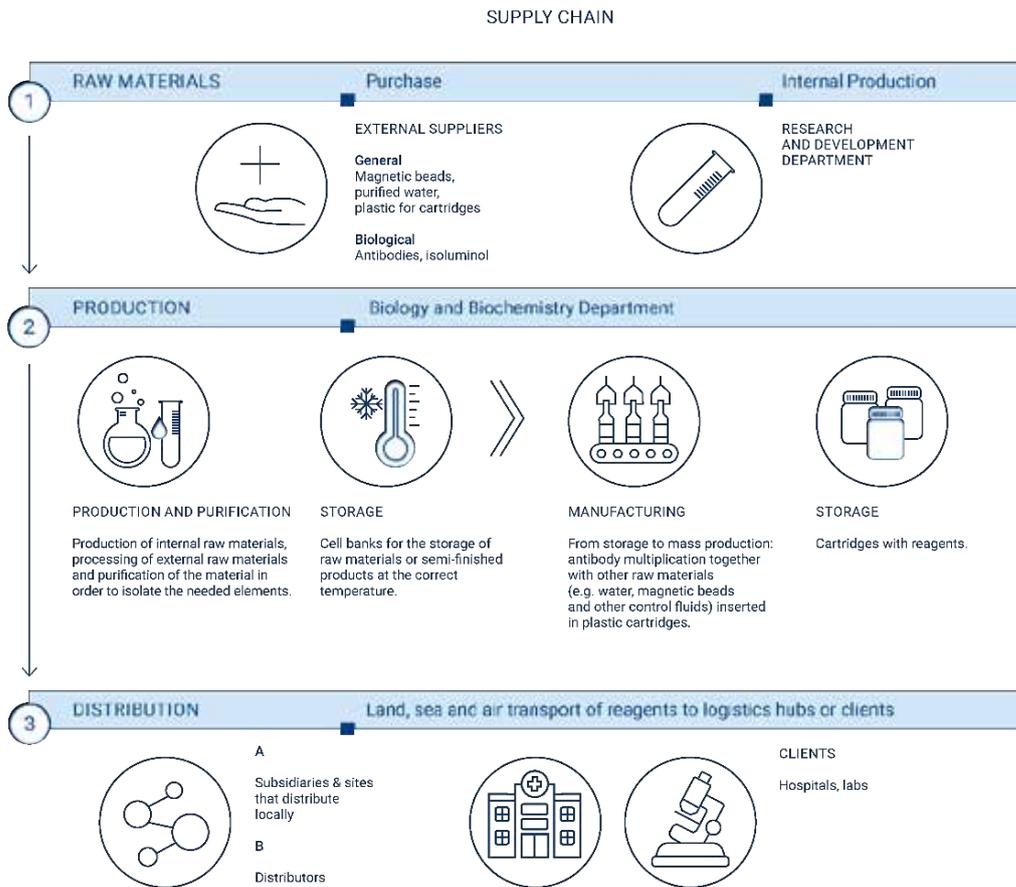
Distribution

Typically, direct sales include sales made through:

- Public calls for tenders in countries which rely on public health systems, through open tendering procedures (Italy and France);
- Supply contracts with private customers defining general supply terms, including costs, minimum quantities and payments terms;
- letters of offer, used for limited sales of reagents that are not combined with analyzers; and
- distribution contracts according to which distributors purchase DiaSorin products and resell the concerned product in relevant markets.

In most cases, the DiaSorin Group provides customers with its medical instruments under gratuitous loan contracts based on reagent supply contracts. Pursuant to these loan contracts, DiaSorin provides gratuitous technical assistance. According to this business model, investments on installed instruments and service costs are expected to be offset by sale of reagent kits to be used on the analyzer platform, which is a closed system (i.e. these instruments work exclusively with DiaSorin reagents and vice versa).

Supply chain



2.2 Material topics for the DiaSorin Group

In order to define the scope and structure of the issues presented in the Non-Financial Statement, DiaSorin updated its materiality analysis. The objective is to identify areas where Group’s activities and structure have a more significant impact on local communities, external ecosystem, employees’ welfare, and generally on the interests of the Group’s internal and external stakeholders. The analysis was carried out in accordance with Legislative Decree 254/16, on the basis of the Group’s business, characteristics and associated risks and/or opportunities (as described in the relevant paragraph “Identification of risks and opportunities”).

The analysis has been updated and set out according to two operating phases:

- Identifying material topics
- Assessing the relevance of topics

Identifying material topics: in order to identify material topics to include in the Non-Financial Statement, DiaSorin performed its analysis on the basis of both internal and external sources of information and relevant regulation.

Corporate documents include, among others, Corporate Social Responsibility Reports (adopted by the Group on a voluntary basis in the previous years), Annual Reports, the Organization, Management and Control Model for the purposes of Legislative Decree 231/2001, presentations for analysts, press releases, minutes of the Shareholders' Meetings, the Group's Code of Conduct, internal policies and surveys.

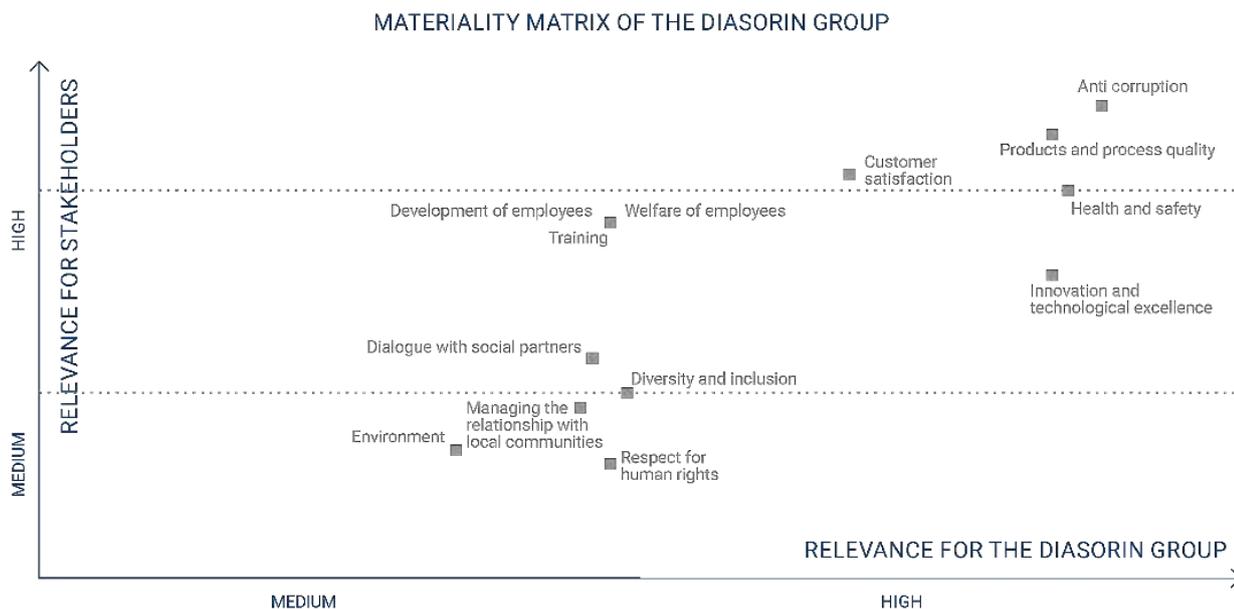
External sources include, among others, DiaSorin's press reviews, external stakeholder surveys, competitive benchmarking, the GRI standards and matters referred to Legislative Decree no. 254/16, consistently with the Non-Financial Disclosure.

Assessing the relevance of topics: topics were assessed through 1-5 scale, with 1 reflecting lack of interest by company strategies and stakeholders and 5 reflecting utmost interest. The DiaSorin Group carried out its annual update of the material topics, through an internal stakeholder engagement and relevant meetings with the Heads of Departments involved. Each Department was asked to assign a priority level to the topics that fell within its remit, by assessing their importance from the DiaSorin Group's and key stakeholders' point of view (as described in the relevant paragraph "Identification of risks and opportunities").

Materiality matrix of the DiaSorin Group

The analysis provided the materiality matrix of the DiaSorin Group and its results had been graphically represented using a Cartesian coordinate system which reports the company's interest on the horizontal axis and the stakeholders' interest on the vertical axis. This representation makes it possible to assess the importance (materiality) of each topic on the basis of its position with respect to the two axes.

The Group chose to represent material topics whose materiality was ranged from medium to higher level.



The chart above provides synthetically the outcome of the update analysis. Topics that are represented in the matrix are those considered as material, thus topics that have a significant impact on the Group’s economic, social and environmental performance and that may substantially affect stakeholders’ assessments and decisions. Such topics are reported in detail in the Non-Financial Disclosure.

The materiality matrix in 2019 differs from 2018 due to specific issues distribution. The following provides the main changes:

- Anti-corruption and bribery: the topic acquired greater importance compared to 2018, both for the Company and the stakeholders (including, in particular, public bodies, public and private organizations in the healthcare sector, credit institutions and private certification bodies). Further details concerning the Group’s commitment and the instruments adopted, including the whistleblowing platform implemented in 2019 addressing anti-corruption and bribery matters, are provided in the specific paragraph of the Disclosure;
- Customer satisfaction: the issue increased in importance to reference stakeholders, compared to 2018. This trend reflects a positive perception of the Group actions aimed at paying greater attention to customers and provide support. To this end, the Company further developed its “Customer Satisfaction Survey” in 2019, as described in the specific paragraph of the Non-Financial Statement;
- Environmental management: the issue gained importance on the vertical axis, compared to 2018, highlighting stakeholders’ and, more generally, the entire community’s growing focus on climate change issues and sustainable development. Therefore, the Group undertook new initiatives, some

of which are still being implemented in response to this trend; further details are provided in the paragraph “Environment, Health and Safety”.

2.3 Stakeholders of the DiaSorin Group

The following diagram sums up internal and external stakeholders that are strictly involved in the material topics provided in the previous paragraph.



DiaSorin engages in direct dialogue with its stakeholders via meetings, forums and business and scientific-related events, via its corporate website, social media channels and other reports.

Client satisfaction surveys are carried out through surveys and analyses to ensure clients are satisfied with the products developed.

As a company listed on the Italian stock exchange, dialogue with shareholders has become a topic of increasing interest. The primary objective of the DiaSorin Group is to ensure full access to business information to fully understand the Company.

2.4 The Group’s Code of Conduct

The Code of Conduct (hereinafter referred to as the “**Code of Conduct**”) clearly defines the set of values that the DiaSorin Group recognizes, accepts and shares and the set of responsibilities that the Group assumes against all subjects both internally and externally. To this end, all the DiaSorin Group’s employees are required to comply with the Code of Conduct to ensure the correct functioning, reliability and reputation of the Group.

The Code of Conduct has been approved by the Board of Directors within each Group company: it sets out a Group Operating Procedure within the Company's Quality System. This document formalizes the DiaSorin Group mission: *“to contribute to improving the health of the population through the marketing of diagnostic tests that permit more effective and aware medical decisions whilst curtailing public spending on health according to the policy issued by the Ministry of Health and equivalent bodies”*. In this respect, DiaSorin identified the fundamental components to achieve said mission:

- innovation and technological excellence;
- active relation with customers;
- active cooperation with suppliers;
- robust culture of quality.

Recipients are required to comply with the main ethics principles, rules and conduct standards as set out in the document.

Recipients of the Code of Conduct include all company stakeholders, without any exception, and all those who, directly or indirectly, permanently or temporarily, establish relations with DiaSorin S.p.A. and Group companies and operate to pursue their objectives.

A copy of the Code of Conduct is issued to each employee at the moment in which the employment relationship is established.

As defined in Chapter IV of the Code of Conduct, any employee or staff member who believes that a rule or a principle of the Code of Conduct has been violated or will be violated can report these violations to the Supervisory Body (a body established in accordance with the Italian Law and, in this case, in charge of receiving information from all Group companies) by a dedicated e-mail address provided within the document.

Violation of the provisions of the Code of Conduct constitutes a breach of discipline and disciplinary measures will be applied, in accordance with the provisions of the applicable Collective Bargaining Agreement or of the individual contract.

The Code of Conduct can be consulted at <https://diasoringroup.com/it/governance/code-of-conduct>

2.5 DiaSorin S.p.A. Organization and Management Model

The Organization and Management Model of DiaSorin S.p.A. (also referred to as the **“Model”**) is described in the Report on Corporate Governance and Ownership Structure included in this Report and to which reference is made for further details.

The Model was developed and updated taking into account the provisions of Legislative Decree No. 231/2001 and subsequent amendments, the guidelines provided by relevant trade associations (particularly Confindustria Medical Devices). This document is part of the control system regulated by Corporate Governance rules and Internal Control System and Risks management both at Corporate and Group level.

The Model includes Special Sections reflecting general principles of conduct and specific procedures which the Recipients of the Model must comply with to prevent the commission of presumed offences, including:

- Corruption offences against members of the Public Administration (included in the list of crimes in the course of relations with the Public Administration);
- Corporate crimes, including corruption between private parties;
- Market abuse offences;
- Crimes regarding Health and Safety at work;
- Environmental crimes.
- Receiving of stolen goods, money laundering, utilization of money, goods or other benefits of unlawful origin, self-laundering.

Although the Organizational Model was adopted as a result of domestic regulation, all companies in the DiaSorin Group have been adopting similar principles and constraints in order to provide stakeholders with a safer compliance process globally. This has been done by means of the Code of Conduct, as Group procedure, and other internal protocols adopted by the DiaSorin Group.

In 2019, the Company implemented two new updates to the Model following approval from competent corporate bodies.

The first update is linked to the entry into force of Legislative Decree no. 179/2017. Article 2 of the Legislative Decree extended to the private sector the protection of employees or collaborators reporting offences or violations of the entity's organization and management model, which they become aware of in a work-related context (the so-called whistleblowing).

In accordance with the new provisions, Organization and Management Models shall provide, among others: (i) one or more reporting channels to enable those who, for any reason, represent or manage the entity to report - with a view to safeguarding the entity- to report any unlawful activities founded on precise and consistent evidence, or any violation of the entity's organization and management model, which they become aware of in a work-related context ; said reporting channels must guarantee the confidentiality of the whistleblower's identity in the follow-up stages; (ii) at least one alternative reporting channel that guarantees, using IT means, the confidentiality of the whistleblower's identity; (iii) the prohibition of any form of direct or indirect retaliation or discrimination against the whistleblower, prompted directly or indirectly by the reporting of the breaches and (iv) penalties, as provided by the disciplinary system, against persons who breach the whistleblower protection and against persons who make malicious and abusive reports that are found to be groundless.

Consistent with the above, the Company's Supervisory Body explored ways to implement the whistleblowing system and comply with new provisions. The Supervisory Body chose an IT system supplied by an external provider (after carefully evaluating any options regarding the implementation of an internal IT system, the Supervisory Body concluded that any system directly managed by the Company would hinder compliance with the regulatory requirement concerning whistleblower anonymity).

For the purposes of compliance with new provisions the Supervisory Body, with support of competent corporate functions and an external legal advisor, updated the General Section of the Model and drew up a dedicated whistleblowing management procedure.

The online IT system became operational on June 30, 2019, and all company's employees had been appropriately informed through a formal communication signed by the Chief Executive Officer. In order to comply with Legislative Decree 231/2001, the IT system is currently active only for the employees of the Group's Parent Company DiaSorin S.p.A. and in future it is expected to be extended to all employees at Group level.

The second update referred to the introduction of a new Special Section to the Model, namely "Special Section G", regarding "*Receiving of stolen goods, money laundering, utilization of money, goods or other benefits of unlawful origin, self-laundering*" as referred to in Article 25-octies of Legislative Decree 231/2001 and introduced following the entry into force of Legislative Decree 231/2007, implementing Directive 2005/60/EC (concerning prevention of the use of the financial system for the purposes of money laundering and financing terrorism), and Directive 2006/70/EC (containing measures for implementation).

The Company deemed it appropriate to map the risks, with support of an external legal advisor, for the identification of company sensitive areas and activities, with reference to the alleged offences above. At the end of this activity - carried out through interviews with the corporate executives concerned and examination of procedures in force, that are considered relevant for the purposes of the Model and anti- money laundering regulations- a Special Section of the Model has been drawn up and includes a description of sensitive activities, standards of conduct and procedures to be applied thereof.

Following the abovementioned update, the Supervisory Body's activity has been consistently extended to specific controls concerning new types of alleged crime envisaged in the Model.

The Company is currently assessing a new introduction to the Model, following Law Decree no. 124 of 26 October 2019 which was converted into law (concerning "*Urgent provisions on tax matter and for undeferrable needs*"), including amongst offences the crime of submitting fraudulent tax returns through invoices or other documents for non-existent transactions, issue of invoices or other documents for non-existent transactions, concealment or destruction of accounting documents and fraudulent evasion of tax payment.

2.6 Governance

Pursuant to Art. 4 of the Corporate Governance Code of listed companies (the "**Code**"): *«As for the companies belonging to the FTSE-Mib Index, the Board of Directors considers whether or not to set-up a committee having the task to supervise sustainability issues related to the relevant business and to its interactions with all the stakeholders; alternatively, the Board of Directors considers whether to assemble or allocate such tasks among the other committees.»*

In compliance with the provisions of the Code, the Board of Directors of the Company set up "the Control, Risks and Sustainability Committee, by a resolution dated April 24, 2019. In addition to perform tasks related to the system of internal control and risks management, the Committee supervises sustainability issues.

In particular, the Control, Risks and Sustainability Committee has the task to monitor sustainability issues, review and assess sustainability matters relating to corporate business activities and to its interactions with the stakeholders.

In performing the abovementioned task, the Committee:

- (i) supervises sustainability initiatives of DiaSorin S.p.A. and of the DiaSorin Group's companies;
- (ii) examines and assesses the system of data collection and consolidation for the Consolidated Non-Financial Statement, pursuant to Legislative Decree 254/2016 ("NFS");
- (iii) examines the NFS, expressing its opinion to the Board of Directors called to approve this document;
- (iv) expresses, at the request of the Board of Directors, opinions on any sustainability issues.

3. IDENTIFICATIONS OF RISKS AND OPPORTUNITIES

This section describes the main risks and, in some cases, the opportunities arising from the DiaSorin Group's activities, business relations and products in connection with material topics described in the paragraph "Material topics for the DiaSorin Group".

Risks identified below, if not properly managed and addressed, may have a negative impact both on stakeholders, as referred to in paragraph "Stakeholders of the DiaSorin Group" (i.e. negative impact on patients due to poor quality of products, etc.), and on the DiaSorin Group (i.e. impact on the company's reputation, economic sanctions due to non-compliance with regulations, threat to business continuity, etc.).

Risks, if properly managed, may represent an important opportunity both for stakeholders (i.e. increased wellbeing at work, increased safety at work etc.) and for the Group (i.e. reduced costs from a more efficient energy consumption, etc.).

3.1 Anti-corruption and bribery

The main risk in relation to anti-corruption and bribery issues concern the potential **occurrence of corruption events** associated with the DiaSorin Group employees, within the sphere of public or private parties.

The main risks involve relations with the following parties, including but not limited to:

- Public authorities /bodies, upon:
 - ✓ Participation in tenders and commercial relationships with public health facilities;
 - ✓ Access to and reporting of funding/grants/loans, visits and inspections;
 - ✓ Authorization for specific material supplies.
- Both public and private healthcare professionals and Organizations, upon:
 - ✓ Definition of arrangements/ advisory agreements;
 - ✓ Corporate events or events organized by third parties;
 - ✓ Research activities and educational contributions to support medical education;

✓ Activities to illustrate features of samples and products.

- Credit institutions, for instance, upon participation to procedures to access to funding/grants/loans;
- Private certification bodies, during inspections to obtain certifications;
- Companies and private parties, in general, during purchase and sale processes.

3.2 Quality of our products and process

The main risk identified by the DiaSorin Group regarding ‘Quality of our product and process’ is linked to the **non-compliance with laws and regulations** applicable to products sold on different markets and which can result in potential sanctions and/or legal proceedings, as well as in loss of competitiveness (due to non-adjustment and/or slower adjustment to new provisions).

The Group operates in full compliance with laws and regulations in different fields through dedicated and qualified employees. The Group’s Code of Conduct states: *“DiaSorin and Group companies, and for these all staff members, recognize as binding the absolute respect of laws, codes, regulations, national and international guidelines and all general accepted practices based on fairness and honesty in each country where the Group carries out its business activity in observance of these principles.”*. Activities aimed at ensuring compliance with legislation and regulations are undertaken in compliance with international best practices and are constantly examined through inspections conducted by commercial partners, authorities or certification bodies.

The main risk identified in the supply chain management is linked to **non-compliance of purchased products/services** with the Group’s quality requirements (resulting in a negative impact on quality and, thus, effectiveness of the end product) and **local regulatory requirements**.

With regard to the supply chain management, the major “key” purchases within the DiaSorin Group’s core business (products/ services with a direct impact on compliance with end product requirements) are carried out through the Company’s manufacturing facilities. The Group companies purchase their products from consolidated multinational companies located in countries that do not pose a high risk concerning social topics, employees, protection of human rights and anti-corruption and bribery issues.

3.3 Customer satisfaction

The main risk identified in the “Customer Satisfaction” is linked to the failure to pay full or adequate attention to the customers’ needs through customer satisfaction surveys and, thus, failure to identify market trends and/or areas of improvements.

A poor analysis and customers’ complaint-sharing at Group level may hinder the implementation of corrective and/or precautionary actions in a timely manner.

3.4 Innovation and technological excellence

A key factor in DiaSorin success is the company's ongoing commitment to identify and select new products to expand the menu provided to customers. In order to constantly support DiaSorin leadership in identifying and launching new innovative products, the Group decided to further strengthen its **Corporate Innovation Process**.

The new Innovation Process ensures the structured involvement of any new ideas concerning kits and instruments to **maintain excellence – in terms of innovation – also in the clinical areas that are potentially new for the Group**.

The introduction of a new Corporate Innovation Process within the DiaSorin Group allows to carry out some key analyses before the development phase, **assessing in advance any risks or misuse of resources and time to develop products** that do not meet the minimum requirements for DiaSorin both in economic and technical terms.

3.5 Employees

3.5.1. Workers' Health and Safety

The DiaSorin Group identified the following main risks in relation to "Workers' Health and Safety":

- **Occupational diseases** due to over-exposition to chemicals and/or biohazardous materials.
- **Injuries** involving employees due to a not appropriate training on risks related to duties, procedures, and use of personal protective equipment.

The DiaSorin Group has always been committed to increase safety culture in order to avoid risks to their health and safety. Further details are provided in paragraph "Environment, Health and Safety".

3.5.2 Employee training, development and well-being

The high level of scientific and technical knowledge of DiaSorin employees requires careful control on four risk areas:

- **Employee core competencies:** failure to identify employee core competencies that are in line with the company values and culture would undermine the creation of long-term value and would increase the turnover rate;
- **Retaining and updating employee know-how and skills:** inadequate effort to retain and update employee skills would have a significant impact on the company, due to the nature of the Group business and its evolving, knowledge-based sector;
- **Attention to employee needs:** lack of sufficient attention paid to employees would negatively impact staff motivation and satisfaction, affecting the work place and the sense of belonging to the Company/Group;

- **Turnover of highly skilled and specialized personnel:** lack of attention to turnover rate would compromise employee retention in terms of know-how and key competences.

As regards the abovementioned risk areas, the Company is committed to developing engagement and retention programs.

3.5.3. Diversity and inclusion

“Diversity and inclusion” do not entail any specific risks for the DiaSorin Group: a proper and sound management of diversity and inclusion by supporting integration and promoting diversity may represent an opportunity **to create a positive work environment** fostering **discussion** and **dialogue**.

3.5.4. Dialogue with social partners and focus on workers

The DiaSorin Group considers the constant and constructive dialogue with social partners as an *opportunity* to use a **further channel to dialogue** with its employees and **listen to their needs/expectations** with a constructive approach based on mutual respect and trust.

3.6. Social topics and respect for human rights

3.6.1 Managing the relationship with local communities

Relationship with local communities does not entail any specific risks for the DiaSorin Group: it represents an *opportunity* to support the development of communities in which the Group operates, including training of human capital and local skills and, thus, create and maintain a favorable environment for business and innovation. Supporting local communities is, thus, a sustainable investment for DiaSorin’s long-term business sustainability.

3.6.2 Respect for human rights

As to “**Respect for human rights**”, associated risks are not deemed relevant for the DiaSorin Group in relation to both company’s employees and external collaborators.

As regards company’s employees, the Group business requires high skilled in-house workforce for all activities, resulting in a low risk of exploitation and violation of human rights. Therefore, DiaSorin undertakes to implement all the measures necessary to retain its employees given their training, skills and know-how.

As regards the supply chain, the Group purchases its products from consolidated multinational companies located in countries that do not pose a high risk concerning this matter.

The Group pays great attention to respect for human rights both in the management of relationships with Group's employees and external staff and in the management of the supply chain, in compliance with principles and values set out in the Group's Code of Conduct. The Group is committed to respecting human rights in compliance with Conventions of the ILO (International Labor Organization) in countries where the Group operates.

The Group's Code of Conduct contains specific principles concerning this issue. As specified in the Group's Code of Conduct, DiaSorin "*operates within the recommended reference framework of the United Nations Universal Declaration of Human Rights, the fundamental Conventions of the ILO (International Labor Organization), and Confindustria Guidelines and also ethical principles, agreements and guidelines approved by Union representatives concerning fair employment practices, freedom of association, rejection of any form of discrimination, of forced labor, child labor [...]*". Principles set out in the Code of Conduct include, among others, "Equality and Equal opportunity" consisting of a set of specific standards of conduct that apply to all Recipients of the Code.

Lastly, in compliance with the provisions of the UK law (section 54 of the UK Modern Slavery Act 2015), DiaSorin S.p.A, acting through its UK Branch and DiaSorin Limited (on a voluntary basis), issued "2017 Modern Slavery Statement", outlining the procedures to operate free from modern slavery in any part of its business and supply chain and to adopt a zero-tolerance approach to these issues.

3.7. Environment

3.7.1 Waste management

The main risk identified in the "Waste management", is linked to **non-compliance** with **waste management** and **disposal** regulations.

Waste management is performed in accordance with all waste legislative requirements. Further details are provided in paragraph "Environment, Health and Safety".

3.7.2. Energy efficiency and management of water resources

Energy efficiency and the management of water resources do not entail any specific risks for the DiaSorin Group, since the company's core business is not part of an energy intensive sector nor requires relevant water consumption.

However, the Group remains committed to protecting the environment and reducing its environmental impact, as detailed in paragraph "Environment, Health and Safety", by paying a particular attention to **reducing energy consumptions and water withdrawals**: this represents an *opportunity* in terms of optimization and cost savings.

4. ANTI-CORRUPTION AND BRIBERY

4.1 DiaSorin's commitment and reference principles

The **Group Code of Conduct** defines rules and standards of Conduct to control risks concerning “Anti-corruption and bribery”, as described in Paragraph “Identification of Risks and Opportunity”. The Code applies to the members of the Board of Directors of each company of the DiaSorin Group, to all employees and all other individuals or companies who act on behalf of one or more companies of the Group.

Reference should be made to paragraph 3.1 of the Code of Conduct “Rules and Standards of Conduct”: “*Bribery and Illicit payments*” and “*Gifts, gratuities and other benefits*”.

Aside from rules and Standards of Conduct required to Recipients to avoid active bribery, directly or indirectly, the Code sets out prohibited behavior to avoid passive bribery (i.e. ban on accepting gifts, gratuities or other benefits that may influence the Recipient's opinion or conduct).

No employee shall directly or indirectly offer, promise, grant, accept, solicit, pay or authorize bribes or other perquisites (including low-value gifts or gratuities, with the exception of commercial items universally accepted in an international context), even if unlawful pressure has been exerted, for the illegal purpose of : (a) Influencing the opinion or conduct of any party (including, logically, government officials and business counterparts); (b) obtaining or maintaining commercial activity; (c) influencing official action (and in general any official action or decision) by any government official; or (d) obtaining illegal advantages or/and facilitation. Any offering, promise, gift or donation shall be made in compliance with applicable laws and company procedures and it shall not convey the impression of bad faith and misconduct.

The Group will not tolerate any kind of bribery to public officials, or to any other party connected with public officials, in any form or manner, in any jurisdiction including those jurisdictions where such activity may be current practice or not legally prosecuted. The aforementioned prohibitions are extended not only to direct incentives but also to indirect incentives made in any form including via agents, consultants or other third parties.

On the basis of the above, Recipients of the Code are forbidden to offer commercial giveaway, gifts or other perquisites that may violate laws and regulations or to be in conflict with the Code of Conduct or, if publicly available, damage DiaSorin image. Equally, Recipients shall not exploit their position to demand for, accept, seek or obtain promise of benefits and/or advantage of any kind (this principle shall not apply to authorized acceptance of occasional gifts with modest value or of lunches, entertainment of nominal value, in accordance with local ways and customs, and with company procedures).

4.2 Instruments adopted

The DiaSorin Group adopted the following main instruments to manage and mitigate “Anti-corruption and Bribery matters” related risks.

Internal Audit functions and audit activities performed

Formal acceptance of the Code of Conduct from Group Companies employees is periodically monitored by the Internal Audit Function of the Group. Such audits are included in the Audit Plan. The Internal Audit Function carries out spot checks, on an annual basis, on the Group Companies to assess that new hires adhere to the Code of Conduct principles.

Likewise, gratuities, gifts and benefits are monitored, as part of the Audit Plan, through spot checks on the Group’s Companies, in relation to expenses and first levels employees’ expense reports.

The Audit Reports are communicated to the Risks, Control and Sustainability Committee and the results presented to the Group’s Board of Statutory Auditors and Board of Directors.

Acceptance and adjustment to comply with MedTech Code at Group level

As already described in the Non-Financial Disclosure of the previous years, and as a member of the EDMA (European Diagnostic Manufacturers Association) associated with MedTech Europe³, the DiaSorin Group adopted the new “MedTech Europe Code of Ethical Business Practice” (hereinafter referred to as “**MedTech Code**”). The Code regulates all aspects of interactions between companies and Healthcare Professionals and Healthcare organizations, in compliance with the highest ethical standards and with an appropriate level of transparency.

DiaSorin has, therefore, proceeded to amend/ integrate the Group Code of Conduct to align it to the MedTech Code requirements and implement different training activities. Said activities examined more specific and operational topics of MedTech provisions, because the Group drafted and approved a dedicated procedure (GOP 23.5011 “MedTech provisions”). The procedure describes, among others, all aspects of interactions between companies and Healthcare Professionals and Healthcare organizations, relevant compliance aspects and includes a series of contracts and documents templates to support business.

4.3 Outcomes

³ MedTech Europe is the association representing medical technology sector from diagnosis to treatment

The table that follows sums up the number of employees participating in anti-corruption training and communication for each reporting year:

Number of employees participating in anti-corruption training and communication	2017	2018	2019
Executives	7	102	24
White collars	102	694	488
Blue collars	67	89	45
Total number of employees	176	885	557

Disclosure 205-2 Communication and training about anti-corruption policies and procedures of GRI Standard 205: Anti-corruption

Comparison data, for the year 2017 only, are reported in a limited scope, as described in paragraph 1.3.

2017 and 2018 data include training session concerning the amendments to the MedTech Code, as described above: in 2018, training hours were provided to 175 Group employees (38 Executives and 137 white collars); in 2017 training hours were provided to 37 Group employees. Starting from 2019 training hours were included in the induction program, including the Group Code of Conduct's contents, for newly hired employees.

5. QUALITY OF OUR PRODUCT AND PROCESS

5.1 DiaSorin's commitment and reference principles

In order to provide a structured management of all aspects related to product quality, including supply chain management, DiaSorin manufacturing facilities adopt a Quality Management System in compliance with European Directive IVD MD 98/79 EC, EN ISO 9001:2015 standards (Quality Management Systems Requirements) and UNI EN ISO 13485:2016 (Medical Devices. Quality Management Systems. Requirements for Regulatory Purposes) - in compliance with the US Code of Federal Regulation ("21CFR Part 820" Food and Drug Administration) - and in accordance with local regulations applicable to markets where DiaSorin Group's product are registered and distributed.

As far as possible, DiaSorin S.p.A. and Group companies undertake to consult consumer protection associations in relation to projects with a major impact on customers. Behavior standards adopted by DiaSorin S.p.A. and Group companies in dealings with customers are inspired by safety, assistance, willingness to serve, combined with respect and courtesy, intended to establish a relationship of utmost cooperation and high-level professional expertise. The primary goal of the Company is fully satisfying its customers, creating a relationship based on honesty, fairness, efficiency and professionalism in compliance with the obligations of both parties: this must be done in total compliance with the laws and rules contained in the Code of Conduct.

5.2 Instruments adopted

The following provides the main instruments adopted by the DiaSorin Group to manage and mitigate risks related to “Quality of our products and process”, as provided in paragraph “Identification of risks and opportunities”.

Organizational structure concerning Quality Management

The DiaSorin Group ensures Quality Management through the Quality Assurance and Regulatory Affairs function in each DiaSorin’s and Subsidiaries’ manufacturing facility, with the support of the Corporate QA&RA&CA Function (Quality, Assurance, Regulatory Assurance and Clinical Affairs). Corporate QA&RA&CA Function is independent from other Departments and reports directly to the Chief Executive Officer of DiaSorin S.p.A., to ensure the independence and authority required to deal with regulatory demands and overall Quality principles and related implementation accurately. The Corporate organization is a wide and shared platform both for manufacturing facilities and for subsidiary, as proof of the real application of the Quality System, efficiency and effectiveness across the whole Group.

Corporate QA&RA&CA is in charge of:

- ✓ Monitoring new regulations applicable to the IVD MD sector reporting to sites and subsidiaries;
- ✓ Supporting sites and subsidiaries in implementing new Provisions at Group level, managing and supervising specific inter-sites projects;
- ✓ Harmonizing Quality Systems rules across all sites and subsidiaries, by providing Group Operating Procedures (GOPs) and ensuring its correct application at local level (sites and subsidiaries);
- ✓ Monitoring compliance with QS requirements within the DiaSorin Group by means of Internal Audits, either announced or unannounced;
- ✓ Monitoring clients’ complaints at Group level;
- ✓ Supporting all sites on Third-party auditing preparation;
- ✓ Monitoring that outcomes of Third-party or Corporate audits are shared among all sites to enable a cross-assessment and identify QS non-compliance and resolve it promptly, with a harmonized approach;
- ✓ Supporting sites on Medical Oversight and implementing product recall procedures;
- ✓ Supporting sites and the Global Procurement function as regards monitoring of DiaSorin suppliers’ performance.

In the light of the above, the Corporate QA&RA&CA Function monitored the following projects:

A) Implementation of new regulations

- In 2018, DiaSorin Molecular and Diasorin Inc, acting as distributors in the Canadian market, also on behalf of other Group’ sites, obtained ISO 13485:2016 certification in Canada through the MDSAP (Medical Device Single Audit Program), thus receiving the compliance certification for

their Quality Management System, through a single Audit managed by their Notified Body. The Notified Body is recognized by regulatory authorities adhering to MDSAP program (ex. Canada, USA, Australia, Taiwan, Japan, Brazil);

- in 2017 an inter-site project was implemented to comply with the new European Regulation which will replace the current IVD MD 98/79 EC European Directive (this project has a time horizon up to 2024)

B) Observance of certified quality systems by the DiaSorin Group's manufacturing facilities.

- In the last years DiaSorin manufacturing facilities have successfully passed all the QMS (Quality Management System) Audits by their Notified Body and Competent Authorities in export countries where Diasorin registers and distributes its products, in compliance with the Certifications and approvals necessary to distribute in Export Countries without detriment to the Group business;
- in 2019, the U.S. FDA conducted inspections of several Group's facilities (DS S.p.A. Italia, DS S.p.A. UK branch, DS Inc.). No lack of compliance was found. Such inspections focused on the approval of high-risk products intended for the US market and, thus, requiring the FDA Pre - Market Approval (PMA Audit), or on data audits and on-site controls to monitor activities connected to the clinical validation (BIMO-Bioresearch Monitoring program Audit) of the abovementioned products. As to DS UK Branch, the FDA inspection of products requiring PMA coincided with the FDA approving the manufacturing facility. The Corporate QA&RA&CA Function supported facilities in the preparatory phase and attended such inspections.

C) Improvement and harmonization projects among DiaSorin's sites:

- in 2018, the Company launched an inter-sites project sponsored and managed by the Corporate QA&RA&CA Function concerning the implementation of a common software designed to harmonize the QMS processes across all Corporate sites according to the same rules and procedures. The project will be completed in 2020;
- since 2018, the Corporate QA&RA&CA Function has been actively working with the Corporate Global Procurement Function to implement the B.R.A.V.O platform among all DiaSorin sites and ensure the Supplier Management is compliant with QMS requirements applicable to suppliers selection, qualification and monitoring.

Supply Chain management

As detailed in paragraph "Identification of risks and opportunities", supply chain management is a key element to ensure product/service compliance with Group quality requirements and local regulatory requirements.

The following paragraph provides the main evolutions of the Group supply chain management and the key instruments adopted.

Reorganization of the supply chain

The current organization of the DiaSorin Group supply chain management provides that “critical” purchases (products/services with a direct impact on compliance with end product requirements) are managed locally at the 7 manufacturing facilities of the Group, except some purchases categories that are considered as material due to their high degree of risk associated with the impact on end product and/or due to their high unit value and are, thus, managed by Global Procurement Head Office at Corporate level (‘Corporate’ supplier). The latter represents the largest share of purchases.

To this end, the DiaSorin Group has started a reorganization of the whole management process of its supply chain with the objective, among others, of implementing a progressive centralization and harmonization of manufacturing facilities’ purchasing processes and hence of gaining more central control over the management of Group suppliers.

The project, launched in 2017, is still being implementing. It is structured around three main clusters:

- **organization:** redefining responsibilities centrally/locally and providing Global Procurement Head Office with a central role in the purchase management at Group level; the Purchasing Department has been reorganized and strengthened with new hires. A strict governance has been implemented through business review and regular meetings;
- **standardization of processes:** harmonizing local purchase processes that are still managed autonomously by manufacturing facilities through different IT systems and tools; a document containing procurement guidelines has been approved: it defines rules to be applied locally by the Purchasing Department and provides guidelines on rules, behaviors and best practices to all those employees who carry out purchasing activities but do not belong to the Purchasing Department.
- **management efficiency:** identifying purchases that require to be managed at central level (i.e. suppliers shared by several manufacturing facilities) and implementing reorganization, at Central level, for some of these purchases.

The project envisages the introduction of an IT cloud platform at Group level to manage relationships with suppliers, starting from qualification to entering into supply contracts, including related negotiation. It is a long-term project, and today DiaSorin S.p.A. and DiaSorin Inc. are using 3 modules out of 4. The project is expected to be completed and extended to all Group companies by 2020.

Procedures System (Group and local)

DiaSorin formalized principles to apply at Group level for the supply chain management in the Group Operating Procedure, known as “Corporate Supplier Management”, applicable to all DiaSorin Group purchases.

Based on the minimum requirements set forth in the Group Procedure, each manufacturing facility has the task to prepare a local procedure regulating suppliers’ management, purchase of products and services to ensure quality, safety and efficiency of the end product.

The “Corporate Supplier Management” Procedure provides the guidelines to be followed at local level in the different stages of the supplier management as well as sharing of responsibilities between Group companies and relevant Functions/Corporate Departments.

The main requirements for Group companies’ purchasing processes formalized in the “Corporate Supplier Management” Procedure are provided below:

- use of a multi-functional approach to select suppliers and formalize criteria and methods to be adopted in this phase;
- classification of suppliers on the basis of the risk category associated with product quality and safety;
- document arrangement to track the technical requirements of products being purchased and included in the contractual documents, along with clauses which contractually bind suppliers to inform DiaSorin of any change in the technical requirement of the product;
- management of supplier changes that have to be approved at local level and communicated to central Departments;
- implementation of activities to monitor suppliers at local level (i.e. incoming tests, checks on product certifications, suppliers audits etc.).

Auditing Corporate and Local suppliers

Corporate suppliers, as described above, are strategic suppliers of raw material, analyzers, consumables identified on the basis of specific criteria provided for in the “Corporate Supplier Management” Procedure (i.e. purchasing turnover, number of facilities/customers receiving supply, single source, etc.). Suppliers of “customized” Services and Software with use/impact at DS Group level fall in Corporate suppliers.

With regards such suppliers, the Group has implemented an annual audit plan (“Corporate Supplier Audit Master Plan”), by Corporate Quality Assurance-Compliance Department and Quality System, assessing suppliers’ risk class, the results of which are disclosed among all DiaSorin facilities concerned and the Global Procurement Function. The Audit Plan includes both qualified suppliers and new suppliers who have not yet undergone the qualification process.

Audits and their reference principles are governed by the Group Procedure defining the handling of noncompliance (critical or non-critical, as the case may be), the implementation of corrective and/or preventive actions as well as follow-ups implemented by the Company.

Audit results to Corporate suppliers and actions to handle noncompliance are shared among all the facilities concerned and the Global Procurement Function and periodically reported to the Top Management.

Each facility monitors directly local suppliers. Audits are included in the annual audit plan of each facility.

5.3 Outcomes

In 2019, 25 audits have been carried out on critical suppliers (34 in 2018), of which 12 Corporate audits (10 in 2018) and 13 local audits (24 in 2018). The audits revealed no indication of significant noncompliance (likewise in 2017 and 2018). The decrease in local audits was mainly due to the closure of the Irish manufacturing facility.

As regards DiaSorin sites' quality systems, the following tables provides the number of inspections carried out by Notified Bodies and other Export Countries' Competent Bodies in the Group facilities where DiaSorin registers and produces its products:

Group's manufacturing facilities	2017	2018	2019	Total
Saluggia, Italy	1	4	3	8
Dartford, UK	1	2	5	8
Dietzenbach, Germany	2	1	1	4
Cypress, USA	2	2	2	6
Stillwater, USA	2	2	3	7
Kyalami, South Africa	1	1	0	2
Total per year	9	12	14	35

Despite the increase in the number of inspections received in the 2017-2019 reporting period, all facilities passed the inspections. No indication of noncompliance and/or critical issue having an impact on the Group's business was found.

6. CUSTOMER RELATIONSHIP AND CUSTOMER SATISFACTION

6.1 DiaSorin's commitment and reference principles

Behavior standards adopted by DiaSorin S.p.A. and Group companies in dealings with customers are inspired by quality of products and of services provided, by customer support to create a relationship of mutual trust, cooperation and technical/scientific professional expertise. The primary goal of the Company is fully satisfying its customers, creating a relationship based on honesty, fairness, efficiency

and professionalism in accordance with the obligations arising under supply contracts between both parties and operating in total compliance with the laws and rules contained in the Code of Conduct.

In order to provide a structured management of all aspects related to quality of products and services provided, the DiaSorin Group adopts a Quality Management System in compliance with ISO 9001:2015 standards (Quality Management Systems Requirements) and ISO 13485:2016 (Medical Devices. Quality Management Systems) and a structured system to monitor customer satisfaction, as described below.

DiaSorin is committed to meeting its stakeholders' training and educational needs (current or potential customers, professionals, scientific community and, more generally, citizens) concerning scientific and medical issues; to this end, DiaSorin promotes and/or supports activities in the field of Public Health.

6.2 Instruments adopted

The Quality Control System adopted by DiaSorin S.p.A. and Group companies covers all operating and supporting processes: from design to production of the products and issue on the market up to including after-sales supervision. Such quality control system extends to all company functions involved in the activities, throughout all phases of life of the product up to reception of feedback after delivery of the product to the customer. With regard to improvement processes, monitoring the product on the market is extremely important in order to assess and analyze product quality.

DiaSorin S.p.A. and Group companies have implemented dedicated methods to guarantee that customers feedbacks reach the company, as well as methods to process this information in order to assess whether the product/services meet the customer's expectations. All improvement-related activities are planned, applied and measured according to the information collected and processed.

The Group implemented, also in accordance with regulatory requirements, a dedicated internal procedure ("DiaSorin Group Customer Satisfaction Survey"), which aims at defining the manners through which the Group can regularly monitor the Customer Experience. The procedure provides that at least every two year a specific survey is implemented and coordinated by the Quality Department, Marketing and Service Corporate.

Since 2017, DiaSorin hired an external company which is specialized in Customer Experience Management, to carry out a dedicated Survey on a worldwide basis, assessing and benchmarking the performance of several company's areas against the main competitors in the sector. In the past years, each subsidiary was required to manage and assess customer satisfaction, therefore the new initiative aimed at innovating and implementing the process, making it more structured, centralized and harmonized amongst all countries.

In 2019, this activity has been furtherly developed, with the support of Praxidia, through the launch of a new Customer Satisfaction Survey.

The project involved two activities:

- Relational: telephone interviews, every six months, to both lab managers and DiaSorin instruments users;
- Transactional: e-mail surveys to users who interact directly with DiaSorin technical staff. In this case, surveys are addressed to Customers after technical support, for the whole year.

The survey referred to:

- Analyzer;
- Assay Products;
- Order Entry;
- Sales Representative;
- Field Engineer;
- Application Specialist;
- Technical Support;
- Benchmark against competitors.

Surveys outcomes are tracked in real time on a dedicated web portal managed by the supplier, broken down by Country. Each Group Company has access to data related to its own country. A detailed semiannual report is forwarded to management in order to assess outcomes, trends, and implement any corrective actions. The portal has been configured so that a negative assessment can immediately report a noncompliance and the involved subsidiary can implement a “recovery plan”, to be disclosed on the Portal.

Along with the abovementioned internal Procedure aimed at directly measuring customer satisfaction, Diasorin S.p.A. and Group companies – in accordance with the Scientific Companies in the sector– participate unconditionally to the organization of travelling events, to cover as many geographic areas as possible, on topics of current interest, such as vaccine-preventable diseases and sexually transmitted diseases. The objective of these meetings is training lab staff from a scientific point of view, strengthening skills and disseminating the latest scientific discoveries and information. Events involving leading health care professionals, including institutional members (such as the Higher Institute of Health in Italy) are proactively supported.

DiaSorin promotes meetings between citizens and doctors to support proper information dissemination and involve the largest possible audience in healthcare issues. To this end, Diasorin participated in the *"SaluTO - Torino medicina e benessere"* event in 2019.

6.3 Outcomes

In 2019, the Customer Satisfaction survey involved 1200 customers in 20 countries. The survey has been carried out on a homogenous number of customers for each country (ca. 35%), where the Group operates directly through its subsidiaries.

The Praxidia platform highlighted a high level of customer satisfaction for DiaSorin's services, with an overall satisfaction equal to 8.53 out of 10.

DiaSorin's operating and manufacturing activities require the Customer Satisfaction to be constantly monitored. For this reason, the Group aims at repeating this survey every year, assessing customer satisfaction through a periodic and centralized process.

7. INNOVATION AND TECHNOLOGY EXCELLENCE

7.1 DiaSorin's commitment and reference principles

Innovation and technology excellence are key drivers in DiaSorin Group's strategy to implement its Mission and Ethical Vision. To this end, the Group is committed to implement a consistent staff policy focused on selecting talented and experienced professionals in the field of research and development of new technologies, products and processes, promoting training and sharing know-how at international level.

7.2 Instruments adopted

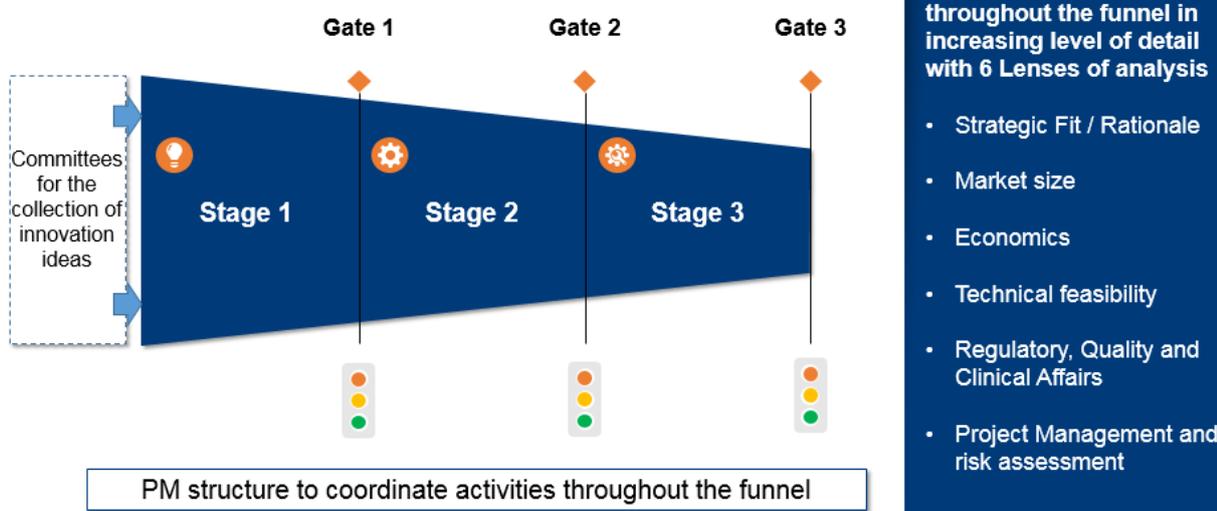
In 2019, DiaSorin implemented and launched a new Group Innovation Process, headed by the Innovation Function that has been specifically set up in the last months of 2018.

The Innovation Process involving all the Group's businesses and companies stems from the need of ensuring a structured approach to new ideas -concerning immunodiagnostic or molecular diagnostic kits or testing instruments - with the aim of screening and starting the Product Development stages only for projects that are deemed worthy of further development.

The corporate strategy fosters innovative ideas that through the new Innovation Process are gathered through either external sources (for example DiaSorin's Key Opinion Leaders) or "internal" sources (DiaSorin Group's internal functions).

Ideas are assessed through the "Stage and Gate" process, as shown below.

Three levels “Stage & Gate” architecture



Each stage includes the development of a set of standard analyses in relation to 6 assessment axes. The analysis required for each idea becomes more detailed as the idea moves to the next stages.

The 6 assessment axes (common to all “Stages”) are as follows:

- **Strategic fit / rationale:** proving the idea rationale and strategic importance within the Group;
- **Market size:** proving the presence of a relevant and potential market;
- **Economics:** proving the profitability of the idea through a breakdown of revenues and expected costs (revenues by region and costs by nature);
- **Technical feasibility:** assessing technical risks associated with the idea development (potential binding intellectual property or potential specific technical risks);
- **Regulatory, Quality and Clinical Affairs:** providing a framework of any regulatory strategy, Quality needs and a preliminary definition of the clinical analyses required;
- **Project Management and risk management:** assessing time and resources required to commercially launch the idea and defining the main project risks.

Thanks to a Project Management structure, which is coordinated by the Innovation Function, and a dedicated governance, each idea is analyzed and assessed in each gate where it can be passed to the next stage, it can be rejected, or it can be to put on hold for additional analyses.

Gate 3 of the innovation process corresponds to the entry of the idea into the Group PDMP (Product Development Master Plan), which is the document containing all the product development projects for kits or instruments the Group is going to launch on the market in the upcoming years. The document, which is monitored and periodically updated by the Corporate R&D Department, provides

information on the Group's active projects for each development phases (pre-feasibility, feasibility, validation, industrialization).

The innovation process is expected to have a dual function:

- On the hand, the process helps to ensure the market launch of products that qualify as value products – thanks to the detailed analyses performed to accurately filter the best ideas;
- On the other, the Product Development process is expected to be more efficient and faster, following an in-depth analysis of details and relevant variables during the innovation phase.

In order to ensure a structured assessment process to handle the great number of ideas that a model like this can generate (in terms of kits and instruments), the Group divided innovative ideas into three categories. With the support of ad hoc committees, ideas are channeled into the process and analyzed through assessment processes that, although sharing a common approach, may vary depending on the ideas to be assessed.

The 3 categories of standard innovative ideas (both for kits and instruments) are:

- **“Expand”** ideas: they consist of new-to-market kit or instrument ideas. Their development places DiaSorin as the “first in the market” and leads to **an IVD market expansion** (*in-vitro diagnostics*). As they consist of ideas for new kits or instruments based on the latest international research findings according to which there are no comparable products in the market, these ideas may need ad hoc exploratory studies before assessing the product feasibility;
- **“Advance”** ideas: they either consist of kit or instrument ideas that are commercially available but are not yet part of the DiaSorin product portfolio, or they consist of kit or instrument ideas that, although part of the DiaSorin product portfolio, may be integrated with new features, better performances, or based on different technologies.
Advance ideas aim at completing the current product offer to increase **DiaSorin market shares** against competitors;
- **“Sustain”** ideas: they consist of ideas that aim at **enhancing current kit or instruments efficiency**, to offer the market products with the same quality features but with higher margins. For example, the substitution of a raw material purchased externally with one manufactured internally may result in higher margins while maintaining the same end product quality.

All activities related to the new Innovation process are now fully implemented.

In the first year of implementation, the Group Innovation Process emerged as a real corporate Change Management process, bringing relevant changes for DiaSorin.

The main changes are:

- Greater involvement of Functions that are now required to perform a structured role in the identification of innovative ideas and to actively contribute to carrying out the analyses required to assess the different ideas;
- a greater focus on activities concerning processes, going beyond the traditional functional structure per manufacturing facility and following a *modus operandi* coordinated by a project manager supported by company Functions;
- a precise definition of expectations and rules to assess innovative ideas along with a coded list of analyses to be carried out;
- Greater involvement of Function Managers (Marketing, Operations, R&D, Innovation), who must comply with precise recommendations concerning new kits and instruments to be launched on the market.

7.3 Outcomes

As regards the Group Innovation process implemented in 2019, it should be noted the project pipeline gathers more than 50 ideas for the Immunodiagnostic and Molecular diagnostics business, concerning both kits and instruments.

In 2019, about 30 new ideas have been presented: 15 ideas have been assessed and accepted within the PDMP. The remaining ideas will be assessed in the next months.

The following provides the number of PDMP projects at December 31, 2019 for each reporting year.

Reagents for Immunoassay	2017	2018	2019
Pre-feasibility	8	3	2
Feasibility	6	1	1
Validation	10	9	16
Industrialization	2	7	9
TOTAL	26	20	28

Reagents for Molecular - considering Assays + ASRs (Analyte Specific Reagents)	2017	2018	2019
Pre-feasibility	13	18	2
Feasibility	-	2	-
Validation	2	1	3
Industrialization	9	13	17
TOTAL	24	34	22

Instrument projects (Immuno + Molecular)	2017	2018	2019
Pre-feasibility		3	4
Feasibility	3	4	4
Validation	3	1	10
Industrialization	-	0	0
TOTAL	6	8	18

The Group continued its innovation policy in some immunodiagnostic sectors, particularly gastroenterology, anemia, cellular immunity, liver diseases, and infectious diseases caused by insect's bites.

In gastroenterology, the Company received FDA approval for Elastase stool testing, enabling the Group to expand its stool testing to both the U.S. and EC markets.

In the anemia clinical area, the company developed and obtained EC mark and FDA approval for fully automated assay for Vitamin B12, Folate and Ferritin.

As regards the cellular immunity, the Group obtained the FDA registration and launched the first IGRA (Interferon Gamma Release Assay) assay in the U.S. market. The assay is based on CLIA technology as an aid in the diagnosis of Latent Tuberculosis. The objective of the company is to identify and develop new applications for the determination of interferon gamma, according to its clinical utility and the economic return deriving from the innovation process described above.

In the hepatitis clinical area, the company is developing two new tests on an automated analyzer, for the determination of Hepatitis E virus. These assays use critical raw materials that are specifically developed in the Group's research laboratories.

As regards infectious diseases transmitted by insect bites, the Group further developed a serology assay for the qualitative detection of Zika virus IgM antibodies as well as Borrelia antibodies. DiaSorin is developing new kits for the detection of Lyme IgG and IgM disease and once approved by the FDA they will be commercialized in the U.S.

In addition to its menu strategy, the Group worked on the instrument platform to enter different market segments (LIAISON XS, the new platform designed for small-sized laboratories, has been launched in Europe in 2019 and will be available in the U.S. in 2020 and in China in 2021) and develop new solutions in order to strengthen segments where the LIAISON XL is already present.

Additional details on new products developed in the reporting period are provided in the report on operations of the annual consolidated financial statements.

8. EMPLOYEE MANAGEMENT

8.1 DiaSorin's commitment and reference principles

DiaSorin value increased proportionally to the value of people who worked or still work at DiaSorin. This growth has always been structured around three main clusters:

- LEADERSHIP – Management expertise, that mix of competence and sensibility, business acumen, skill and experience, to recognize the contribution of each single individual in relation to the collective result;
- ENGAGEMENT – sense of belonging, with a strong empathy for our “Diagnostic Specialist” mission and capacity to outline a long-term Vision with agility and flexibility to achieve common and shared objectives;
- TALENT –capacity to turn the strategy vision into a concrete action, thanks to the skills of people who work with passion and energy, uncompromising speed and quality of execution. The work of each company employee is crucial to achieve the end result.

The Human Resources Strategy is committed to take care of and evolve a culture of excellence which adopts the “DiaSorin Leadership Model”, a solid foundation for our company culture, and the company's Code of Ethics as reference principles.

The “DiaSorin Leadership Model” is the DNA of our culture and describes the execution capacity, pragmatism, focus on details, skills, sense of belonging, proactivity and energy, integrity which are at the core of the company Entrepreneurial Spirit.

The transformation occurred over the last years required varied skills and additional Values that are typical of a new "Managerial Style" such as, for example:

- Innovation, capacity to find new solutions and new ways to do things, without fear of challenging the *status quo*;
- Capacity to inspire our colleagues, activating empowerment processes and involving a growing number of people.

These are some of the values embedded in our managers and described in the “DiaSorin Leadership Model”, a reference principle for all DiaSorin employees with the purpose of:

- Stimulating minds of people who work within the Company;
- Inspiring people to the common Good;
- Fostering creativity and planning skill on the basis of a vision of the future intended as capacity to see and desire the Diasorin of tomorrow.

Management of Human Resources refers to The Group's Code of Conduct which sets out a set of norms and standards of conduct to which the Group is required to abide by concerning:

- **Employee management policy:** *“Any form of discrimination towards employees or staff members is prohibited. All decisions regarding personnel management and development are based on considerations of merit and/or correspondence between expected profiles and those of staff members. The same consideration applies to the decision to assign employees to different roles or positions”.*
- **Employee empowerment and management:** *“In managing hierarchical relations, company stakeholders undertake to guarantee that authority is exercised fairly and correctly, avoiding any type of abuse. Requesting, as something due to a superior, services, personal favors or any other form of conduct that infringes this Code of Conduct constitutes an abuse of position of authority. Each manager is required to use and fully exploit all the professional competencies of the structure, activating available levers to promote development and professional growth of personnel.”.*
- **Equal Opportunities:** *“DiaSorin is committed to providing equal opportunities to all its employees, both at the workplace and as regards career advancement. The supervisor shall ensure that, with regard to all aspects of employment such as recruitment, training, remuneration, promotion, transfer and termination, employees are treated according to their ability to meet job requirements, avoiding any form of discrimination, in particular discrimination based on race, sex, age, nationality, religion and personal beliefs”.*

8.2 Instruments adopted

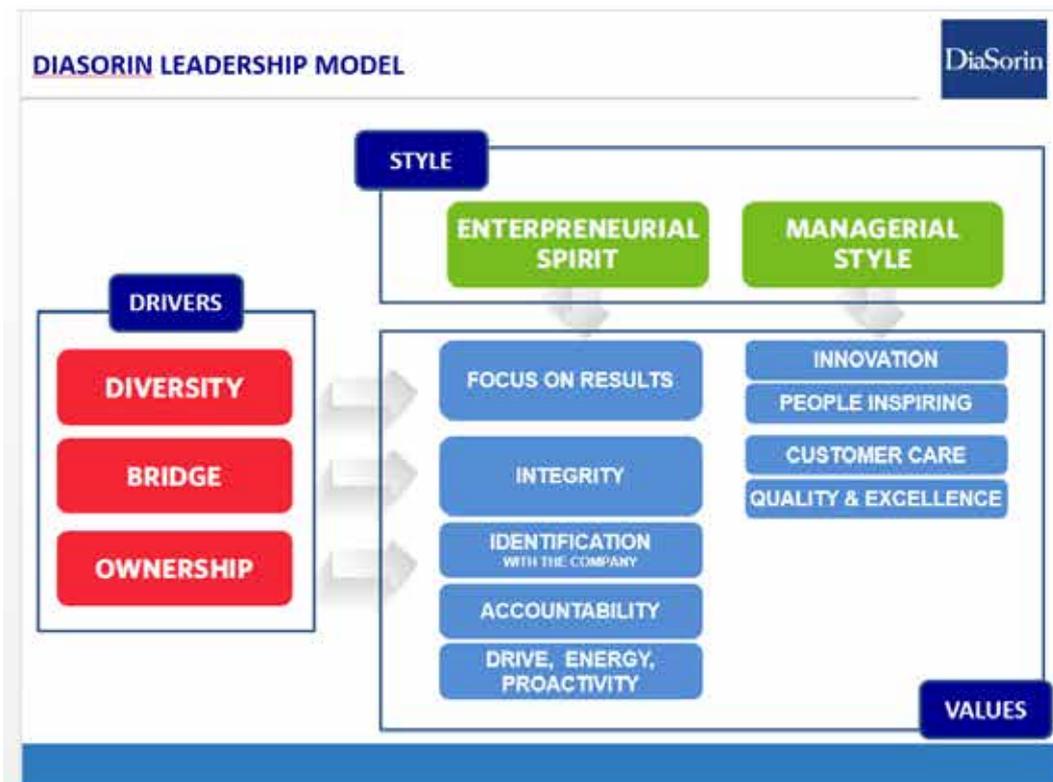
The following provides the DiaSorin Group's main instruments to manage and reduce risks (or where applicable, to address opportunity) as detailed in paragraph “Identification of risks and opportunity” in relation to employee management.

“DiaSorin Leadership Model” and Performance Management

The Leadership Model adopted by the DiaSorin Group is a balanced mix of entrepreneurial spirit and managerial skills that are part of the company's DNA. The Leadership Model expresses clearly DiaSorin culture, the unique value which underpins processes involved in Talent enrichment and development.

Specifically, the Leadership Model's main targets are the following:

- Creating a common language to share managerial style in DiaSorin;
- Clarifying expectations on objectives and outcomes;
- Making the recruitment process easier, by sharing values and characteristics of the required profiles;
- Structuring the evaluation of people's soft skills;
- Nurturing the assessment culture.



The Model was implemented in 2010 and inspired by our people, and continued throughout the subsequent years through the identification and definition of values that are part of it, the design and launch of a performance management system and managerial education programs. In 2019, the assessment of performance and behaviors consistent with the Leadership Model have been extended to all Group employees.

DiaSorin adopts a Performance Management Process (P.M.P.) which is addressed to all Company employees through the PMP Lead (employees with a variable compensation) or PMP You (all other employees). The PMP Lead and the PMP YOU assess the soft skills that are consistent with the company culture and encourage managers and teams to a constant dialogue concerning their contribution to the company growth and their behaviors to achieve the objectives set, in order to identify opportunities to improve the company performance and development.

To support the PMP Lead and PMP YOU model, DiaSorin implemented the “Performance and Goals” module within the HR information system known as T.R.U.S.T. (*Technology Roadmap Underpinning Successful Transformation*) for the standardization of the whole assessment process.

Training activities

The DiaSorin Group considers training and development key elements to develop its human resources and employee professional growth.

Training needs are analyzed on the basis of business priorities, inputs from Department Heads and, where necessary, taking into account objectives set during feedback processes described above.

Every year technical training activities are planned and developed in response to emerging macro themes/training needs.

Training programs are held by either internal or external qualified staff giving priority to in-house training paths so as to enhance employees' knowledge and skills.

In-house training paths are addressed to technical staff operating in the Service areas concerning manufacturing facilities, subsidiaries, distributors, equipment installation and maintenance at the customers' premises. The training programs are managed and monitored by the Service Function at DiaSorin corporate headquarter in Saluggia.

In 2019, the Group implemented several external training programs, including the European Platform Training Academy which involved 300 subsidiaries with training sessions coordinated by the HR Function and held by external staff. Training programs take into account the training needs of the company Functions relating to 4 specific areas. Specifically:

- technical;
- transversal skills;
- soft skills;
- people management.

The growth in the company size has required the implementation of intercultural projects and for this reason, in 2019, DiaSorin launched specific sessions to provide more in-depth knowledge of different cultures and foster dialogue and communication.

DiaSorin attaches great importance also to the "Induction" phase. Corporate Induction events for new Managers and Top Managers hired in 2019 took place at DiaSorin corporate headquarter in Saluggia. In addition to Managers and Top Managers, Corporate Induction was also provided to Managers who changed their role and responsibilities within DiaSorin.

The local HR is responsible for Induction programs for employees hired in 2019.

In 2019, the main focus of Corporate cross-sectional training activities was on the HR information system, known as T.R.U.S.T, which is gradually implementing different recruiting and compensation modules to carry out the training initiatives that were previously on the go-live system. Not only training was performed on technical matters associated with the system function but it was an opportunity to share the corporate culture underpinning HR processes that are managed through the system. Classroom training or via webinar on the "Leadership Assessment", as envisaged in the PMP Lead program was delivered to 260 managers. Furthermore, video tutorials on the PMP Lead and PMP YOU different phases were made available to all Group employees.

DiaSorin S.p.A. trained 66 managers for the launch of the recruiting module.

Given the attention paid to training sessions, the company launched a project headed by the Quality Function aimed at implementing the Pilgrim platform for all Group companies to achieve complete automation and homogenization of the training data collection, making the relevant documentation more accessible and structured.

People development

The Company is taking different actions to attract and retain talents in response to an increasingly dynamic and competitive market and to the increased demand for highly skilled resources. To this end, DiaSorin is strengthening its brand, both at Corporate and local level, implementing new solutions aimed at improving people management and developing employees' sense of belonging to the Company.

Examples include the use of social networks like LinkedIn at corporate level and Glassdoor in the U.S., together with the Hiring Excellence Training Program, focusing on the Talent Acquisition process as a competitive tool to ensure long-term investments on value resources and help managers in charge of recruiting staff understand whether the candidates fit into the DiaSorin Group's culture and values. The initiative will be implemented at Group level in 2020.

Organizational Evolution and change management

The Company business sector is constantly evolving and requires innovative solutions to maximize a quick and proper implementation of business plans and new organizational schemes. To this end, in 2017, DiaSorin updated the development process in the immunodiagnostic and molecular diagnostic segments and introduced the "Innovation" process in 2019. The Innovation Function set up dedicated committees and analyzed about 30 projects involving 200 managers at Group level.

New organizational solutions have also been extended to strictly business-related areas to make the commercial organization in Europe and in the U.S. more efficient, through the internal development of talented resources, employment of resources with new skills and a revision of the organizational units and internal processes.

The above involved a great investment in terms of change management and communication.

Welfare and benefit initiatives

The DiaSorin Group offers different types of defined-contribution and defined-benefit plans, in accordance with the local conditions and practices in the countries in which it operates. Defined-benefit pension plans are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. Pension plans include the provisions for employee severance indemnities in Italy, the "Employment Rights Acts 1996", the "Employment Relations Act 1999" and the "Children and Families Act 1999" in the U.K., the Alecta system in Sweden, the U-Kasse pension plan and the Direct Covenant system in Germany, medical plans and insurance, life insurance and pension plans in the U.S. according to the "Affordable Care Act" and the "401kPlan". Defined-contribution plans foresee that certain Group Companies paying contributions to public or private insurance institutions pursuant to a statutory or contractual obligation or on a voluntary basis.

In addition to plans under national legislation, some Group's companies offer healthcare insurance and family care plans to increase employee engagement and wellbeing.

Flu vaccination and a complete check-up are offered free of charge to employees in Italy and in the U.S.

In the U.S., the Group implemented a procedure to support elderly assistance and paternity leave ("Family Care Leave Policy").

The Chinese subsidiary expanded the panel of services for medical insurance cover and for employees on business trip. Employees have benefits for sporting activities free of charge.

In 2019, the DiaSorin Group renewed its Corporate Welfare Plan in Italy. The Plan has been implemented in 2017 and provided for a payment of a flexible benefit amounting to 864 euros in the 2017-2019 period for each employee, to be spent in tax-free services. The current flexible benefit amounts to €1,700 thousand in the 2020-2022 period and the panel of services provided has been expanded (healthcare, education, culture and leisure).

The welfare agreement has been signed through an active and ongoing dialogue with social partners.

Employees in charge of managing relationship with Trade Associations, where existing on the basis of local context, maintains an ongoing dialogue with Trade Associations, both in standard and in any extraordinary situations, according to a constructive and collaborative approach.

Dialogue with social partners and focus on employees' needs

DiaSorin is active in all the Group companies to implement a constant attention to the needs of its employees. For this reason, dialogue with social partners is a fundamental tool. To this end, personnel in charge of managing relationship with Trade Associations, where existing on the basis of local context, maintains an ongoing dialogue with Trade Associations, both in standard and in any extraordinary situations, according to a constructive and collaborative approach.

In addition to the dialogue with social partners, DiaSorin makes use of direct communication channel to listen to its employee needs through, for instance, periodic employee satisfaction survey. Every year the U.S. subsidiaries (DiaSorin Inc and DiaSorin Molecular) conduct an Employee satisfaction survey.

This tool includes further investigations through focus group attended by local management and action plans to promote employee engagement and ensure an optimal corporate climate.

Diversity and inclusion

The DiaSorin Group acknowledges the individual value of each employee within the Company and fosters proactive behaviors to create a work environment where all employees are actively included. The Company firmly believes that the best solutions come from different perspectives, without fear of asking and answering tough questions and of jeopardizing the *status quo* to develop small ideas and achieve great results in terms of innovation.

For an efficient management of diversity and inclusion, the Company implemented anti-harassment and bullying policies regulating the behaviors that employees must adopt to promote a positive workplace. DiaSorin is also committed to implement specific policies to meet the different needs of countries where the Group operates.

Some Group' companies delivered specific training sessions concerning this issue, such as the on-line sessions organized by the U.K. Branch to foster diversity and inclusion of its 88 employees coming from 11 different countries.

8.3 Outcomes

The tables that follow show data on Group employees in 2019 and in the periods provided for comparison.

Information on Group employees

Employees by gender								
2017			2018			2019		
Men	Women	Total	Men	Women	Total	Men	Women	Total
999	897	1,896	1,064	907	1,971	1,062	877	1,939

Employees by category	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	65	21	86	72	25	97	80	26	106
White collars	745	750	1,495	811	775	1,586	796	747	1,543
Blue collars	189	126	315	181	107	288	186	104	290

Employees by age	2017			2018				2019			
	Men	Women	Total	Executives	White Collars	Blue Collars	Total	Executives	White Collars	Blue Collars	Total
<= 29 years	104	109	213	0	153	55	208	0	144	62	206
30 - 50 years	630	537	1,167	47	1,043	147	1,237	54	996	145	1,195
>= 50 years	265	251	516	50	390	86	526	52	403	83	538

Disclosure 405-1 Diversity of governance bodies and employees of GRI Standard 405: Diversity and Equal Opportunities 2016

Employees by contract	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees with permanent contract	972	877	1,849	1,050	897	1,947	1,047	865	1,912
Number of employees with temporary contract	27	20	47	14	10	24	15	12	27

Employees by employment type	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of full-time employees	995	866	1,861	1,058	870	1,928	1,057	819	1,876
Number of part-time employees	4	31	35	6	37	43	5	58	63

Disclosure 102-8 Information on employees and other workers del GRI Standard 102: General Disclosures 2016

Employees by education	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total graduates, broken down as follows:	561	565	1,126	687	634	1,321	715	628	1,343
<i>Biology</i>	<i>141</i>	<i>189</i>	<i>330</i>	<i>144</i>	<i>199</i>	<i>343</i>	<i>145</i>	<i>180</i>	<i>325</i>

<i>Chemistry</i>	41	46	87	54	56	110	59	54	113
<i>Biochemistry</i>	53	62	115	83	81	164	65	74	139
<i>Economics</i>	49	34	83	45	35	80	68	44	112
<i>Engineering</i>	118	50	168	160	64	224	179	73	252
<i>Other degrees</i>	159	184	343	201	199	400	199	203	402
Qualified technicians	124	73	197	141	96	237	129	78	207
Qualified employees	264	236	500	179	146	325	167	144	311
Unqualified employees	50	23	73	57	31	88	51	27	78

Dialogue with social partners

51% of the Group's employees are covered by collective bargaining agreements. Collective bargaining agreements do not apply to all countries where the Group operates.

	2017	2018	2019
Employees covered by collective bargaining agreements or similar agreements (%)	52%	47%	51%

Disclosure 102-41 Collective bargaining agreements of GRI Standard 102: General Disclosures 2016

New hires and employee turnover

Number of employees hired in the year	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	194	159	353	189	135	324	150	89	239
<i>By age:</i>									
<= 29 years	60	56	116	43	45	88	42	30	72
30 - 50 years	111	86	197	114	80	194	88	47	135
>= 50 years	23	17	40	32	10	42	20	12	32

Disclosure 401-1 New employee hires and employee turnover of GRI Standard 401: Employment 2016

In 2019, the turnover rate was equal to 13% (14% in 2018 and 15% in 2017).

The following table provides turnover by gender and age in 2019:

Turnover rate	By age			By gender		
	<= 29 years	30-50 years	>= 50 years	Men	Women	Total
2019	17%	11%	14%	13%	12%	13%

Training activities

Data on 2017 training hours – as described in paragraph 1.3 - refer exclusively to the following companies:

- ✓ DiaSorin S.p.A.
- ✓ DiaSorin Deutschland GmbH
- ✓ DiaSorin Inc. (USA)
- ✓ DiaSorin Molecular LLC

accounting for about 70% of the Group work force. In 2018, the scope was extended to the whole Group.

Number of training hours by category	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	477	494	971	2,835	984	3,819	1,432	816	2,248
White collars	16,413	22,193	38,606	30,196	29,285	59,481	36,124	26,856	62,980
Blu collars	6,758	4,594	11,352	8,574	4,806	13,380	7,742	4,926	12,668

Number of training hours by type	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Induction	1,071	894	1,965	3,543	2,786	6,329	5,709	2,976	8,685
EHS training	5,528	5,286	10,814	4,083	2,438	6,521	6,654	3,931	10,585
Technical professional training	12,318	15,676	27,994	22,210	18,934	41,143	20,733	12,724	33,457
Languages courses	193	324	517	290	447	736	414	324	738
Managerial	1,044	1,110	2,154	2,136	1,862	3,997	1,905	1,506	3,411
Other	3,494	3,991	7,485	9,350	8,604	17,955	9,883	11,137	21,020

Average hours of training per year	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	11	35	16	39	39	39	18	31	21
White collars	36	43	40	37	38	38	45	36	41
Blu collars	38	40	39	47	45	46	42	47	44

Disclosure 404-1 Average hours of training per year per employee del GRI Standard 404: Training and Education

Performance Management System

% of employees receiving performance and career development review									
	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	100%	100%	100%	100%	100%	100%	99%	100%	99%
White collars	84%	75%	80%	85%	72%	79%	94%	92%	93%
Blu collars	72%	86%	77%	72%	86%	77%	90%	84%	88%

Disclosure 404-3 Percentage of employees receiving regular performance and career development reviews del GRI Standard 404: Training and Education

The indicator looks at employees with a portion of variable remuneration (i.e. MBO, Incentives) and, where applicable, personnel who also on the basis of the agreements with social partners, are subject to a formal assessment of their performance.

Diversity and equal opportunities

Ratio basic salary men/women	2017	2018	2019
White collars	90%	87%	91%
Blu collars	88%	83%	85%

Disclosure 405-2 Ratio of basic salary and remuneration of women to men del GRI Standard 405: Diversity and Equal Opportunities 2016

In 2018, computation includes data collected from all the Group companies where ratio was applicable; in 2017, the scope was limited as described in Paragraph 1.3.

9. ENVIRONMENT, HEALTH AND SAFETY

9.1 DiaSorin's commitment and reference principles

Since 2015, the DiaSorin Group's **EHS Management System** has been in line with ISO 14001 and OHSAS 18001 international standards, for an effective management of employees' health and safety matters and environment-related issues. This system is not subject to certification.

Under the EHS Management System, DiaSorin defined its environmental, health and safety Policy drafting the document "**Environmental, Health & Safety Policy Statement**" (hereinafter the "**EHS Policy**"), approved by the Group's Chief Executive Officer and which applies to all the Group facilities.

The policy sets forth DiaSorin’s commitment towards protection of health and safety of its employees, clients and stakeholders in general. The policy includes also the Company commitment to minimizing its environmental impact and focusing on Environmental matters, even if no formal improvement objectives have been set at the moment. The policy is based on the following pillars:

- making environmental, health and safety considerations a priority in business planning and decision-making processes;
- ensuring compliance with all applicable EHS regulatory requirements;
- informing and raising awareness among DiaSorin employees on the best practices to be implemented and on DiaSorin commitment to implement its Policy;
- providing regular employee training on applicable regulatory requirements and updates on systems and methods according to best available technologies (BAT);
- ensuring healthy and safe workplaces for employees, visitors, suppliers/contractors;
- managing all aspects of its business to effectively and efficiently utilize natural resources to avoid depletion;
- developing and implementing the “Group EHS Minimum Requirements” (for further details see paragraph below) and analyzing performance;
- continuously improving its purchasing policy to favor suppliers and contractors that work to achieve the Company EHS policy aims;
- promoting and implementing waste reduction and recycling.

9.2 Instruments adopted

The following provides the DiaSorin Group’s main instruments for risk management (or where applicable, to address opportunities) as detailed in paragraph “Identification of risks and opportunity” in relation to EHS issues.

With respect to EHS topics for the period 2012-2017, DiaSorin has been participating in the Investor Carbon Disclosure Project (CDP), on a voluntary basis, disclosing company information through CDP questionnaire, as proof of its strong commitment towards environmental issues. From 2017, said information has been provided in the Non-Financial Statement.

In 2019, the Saluggia headquarter launched a Plastic Free project. The project, which will be implemented in 2020, aims at eliminating disposable plastics and implementing recyclable waste in office areas.

To minimize its environmental impact, hybrid cars have been introduced among DiaSorin S.p.A car fleet and a carpool initiative will be launched in 2020.

The Group’s sites are progressively adopting LED lighting systems and lighting control systems to reduce their energy consumptions.

Definition and implementation of the “Group Environment Health & Safety (EHS) Minimum Requirements

To ensure a constant level of attention and a proper management of risks associated with EHS matters, DiaSorin implemented the Group Procedure “**Group Environment Health & Safety (EHS) Minimum Requirements**” described in the EHS Policy as a tool to implement the DiaSorin Group commitment towards EHS issues.

The Procedure was prepared taking into account the EHS regulatory requirements, best practices in the industry implemented within the DiaSorin Group and sets forth minimum requirements each Group company has to comply with in relation to environment, health and safety (referred to as “**EHS minimum requirements**”) to minimize negative impacts on health and safety of employees, visitors, suppliers/contractors as well as on business activities. The Procedure specifies that where regulatory requirements are more stringent than those of EHS minimum requirements, DiaSorin shall apply regulatory requirements currently in force; conversely EHS Minimum requirements shall prevail.

The Procedure applies to all DiaSorin commercial and manufacturing facilities. Each DiaSorin Group company assesses EHS Minimum Requirements to apply to its own facility: the applicability analysis is revised on a regular basis to determine if requirements deemed not to be applicable may now be relevant for the Company (due to organizational and process changes etc.). EHS staff of each Company, on the basis of the applicability analysis, has the task to provide adequate documents (i.e. guidelines, policies, procedures, etc.) for the specific regulations of applicable EHS Minimum Requirements.

The Procedure sets forth methods for identifying EHS staff at local level, and defining responsibilities between EHS Corporate functions and local staff bodies.

Contents of the Procedures define objectives to be achieved and guidelines to be implemented with reference to the following:

- *General aspects concerning EHS Management System* (implementation of the System and Minimum Requirements, definition of EHS structure and responsibilities, compliance with local regulations, Key Performance Indicators measurement and monitoring, training and awareness, internal communication);
- *Specific aspects concerning Environment, Health and Safety* (e.g. operating controls, preventive maintenance, emergency management, incident analysis and management, suppliers and contractor management, audit activities, management of chemicals/biohazardous materials);
- *Specific aspects concerning Health and Safety related- risks* (e.g. confined areas, electric risk, noise, fire, etc.);
- *Specific aspects concerning Environmental management* (e.g. emissions, water withdrawals and discharges, waste disposal).

Audit activities

The Corporate EHS Function carries out audits on a regular basis to ensure EHS Minimum Requirements are properly assessed and, where appropriate, implemented in all Group companies. The Corporate EHS Function performs regular on-site audits across the Group subsidiaries, both as to manufacturing and commercial subsidiaries, on the basis of a rotation system, and according to business priorities.

The objective of audits is verifying that all Group Companies comply with applicable regulations and EHS Minimum Requirements and identifying areas where an improvement is achievable, through the analysis of documents drafted locally and spot checks on all applicable aspects of facilities being audited.

Audit findings are reported through relevant Audit Reports. The local EHS staff is in charge of developing specific plans and identifying corrective actions to fill any gaps that will be subsequently monitored by the Corporate EHS Function during its following audits.

Training

Local EHS staff is responsible for employee training on EHS-related matters and has the task to ensure compliance with local applicable regulations (i.e. mandatory training concerning health and safety at the workplace).

According to EHS Minimum Requirements, the following applies:

- Training upon hiring;
- Specific training on responsibilities and hazards related to human activities (i.e. use of chemicals, restricted areas, etc.);
- Periodic training update throughout the period of employment;
- Training upon the occurrence of changes in the process or machinery/equipment used an;
- Training upon the occurrence of changes of duties and/or role/responsibility.

The training activities must be properly tracked. Training management and the relevant documents are subject to spot checks during the audit activity described above.

Engagement of the EHS Function in the development/update of processes

According to EHS Minimum Requirements, the local EHS Function is responsible in the manufacturing facilities over the introduction of new processes or changes in the existing ones (i.e. introduction of new instruments/machineries, use of new chemicals).

The EHS local staff is in charge of carrying out an analysis of EHS-related risks and associated with process that are being defined/updated and establishing measures for the management of identified risks (i.e. Replacement of hazardous substances).

The engagement of the EHS Function in the process development /update is subject to audit as described above.

9.3 Outcomes

2019 EHS performance data reported below refer to all DiaSorin Group manufacturing facilities and subsidiaries as provided in the Note on Methodology of this Report.

Energy consumption

Consumption [GJ]	2017			2018			2019		
	Renewable source	Non-renewable source	Total	Renewable source	Non-renewable source	Total	Renewable source	Non-renewable source	Total
Consumption resulting from combustion of Natural Gas and other fuels	-	39,436	39,436	-	75,196	75,196	-	63,056	63,056
Electricity consumption	23,522	53,340	76,862	24,107	57,178	81,285	22,028	60,732	82,760
TOTAL	23,522	92,776	116,299	24,107	132,374	156,481	22,028	123,788	145,816
%	20%	80%		15%	85%		15%	85%	

Disclosure 302-1 Energy consumption within the organization of GRI Standard 302: Energy 2016

The table above has been prepared using conversion factors adopted by the Environment Indicator Protocols published on the Global Reporting Initiative website, except for fuel oil (BTZ) used only by the Italian subsidiary for few months of 2017. Thus, the company used conversion factors envisaged by the table of UNFCCC national standard parameters.

Note that 2017 consumption of natural gas in Saluggia has been updated from 69,314 m³ to 134,888 m³.

In 2018, the increase in energy consumption was due to data collection concerning vehicles' fuel consumption (implemented only in a few subsidiaries) and to the extension of the scope to all commercial subsidiaries.

Conversely, the decrease in 2019 was due to reduced consumption of natural gas and other fuels.

Subsidiaries' energy consumptions for electricity, heating and water have been reported, except in cases where data are not available, as for small-sized rented premises where such expenses are included in periodic costs and cannot be unbundled.

Data on the share of electricity from renewable sources arise from available information about the energy mix declared by providers.

Water withdrawals

Source	Withdrawals [m ³]		
	2017	2018	2019
Water supplies	60,538	49,990	48,109
Ground water	252,793	84,481	62,027
TOTAL	313,331	134,471	110,136

Disclosure 303-1 Water withdrawal by source of GRI Standard 303: Water 2016

Changes in water consumption are due to ground water withdrawals for the cooling system at Saluggia facility, in connection with weather conditions and manufacturing needs.

The DiaSorin Group is committed to ensuring responsible water consumption carrying out several initiatives: in Stillwater, Minnesota, for instance, improving efficiency of the vacuum generation system led to a significant reduction in water consumption.

Emissions

The following provides data on the DiaSorin Group emissions classified into two Scopes: Scope 1 emissions (direct emissions from the combustion of fuel to generate thermal energy for heating system or for production process and refrigerant gas emissions⁴) and Scope 2 emission (emissions connected to electricity consumption from non-renewable sources and purchase of thermal energy, as well as heating system consumption at facilities that operate in rented premises).

The tables below have been prepared using conversion factors adopted by the GHG Protocol Standard, except for fuel oil (BTZ) used only by the Italian subsidiary. Thus, the company used conversion factors envisaged by UNFCCC national standard parameters, and DEFRA (UK Department for Environment Food & Rural Affairs) conversion factor for subsidiaries' electricity, equal to less than 2% of Group total electricity consumption 2018.

Emissions [tCO ₂ eq]	2017	2018	2019
		2,177	3,891

Disclosure 305-1 Direct (Scope 1) GHG emissions of GRI Standard 305: Emissions 2016

Emissions [tCO ₂ eq] (*)	2017	2018	2019
		8,265	8,885

Disclosure 305-2 Energy indirect (Scope 2) GHG emissions del GRI Standard 305: Emissions 2016

(*) Scope 2 emissions are calculated by applying standard emission factor of the reference country to the quota of electricity purchased from non-renewable sources. The quota of electricity related to suppliers, being renewable and with an emission factor equal to zero, is not included in the calculation.

Waste

⁴ In its production process, the Group does not use substances that are harmful to the ozone layer: these substances are contained in air conditioning/cooling system, releases to the atmosphere are connected to the maintenance of such systems.

The following tables refer to hazardous and non-hazardous waste generated by the DiaSorin Group, excluding WEEE (Waste electrical and electronic equipment) that are reported in detail in a specific table.

Waste by type	Waste produced (excluding WEEE) [t]		
	2017	2018	2019
Hazardous waste	154	210	224
Non-hazardous waste	1,239	1,036	1,410
TOTAL	1,393	1,246	1,634

Waste by destination	Waste produced (excluding WEEE)		
	2017	2018	2019
Re-use/recycling/recovery	52.3%	49.6%	51.2%
Disposal	47.7%	50.4%	48.8%

Disclosure 306-2 Waste by type and disposal method of GRI Standard 306: Effluents and Wastes 2016

The increase in non-hazardous waste is due to building renovation at the Group's facilities.

The item "Disposal" includes the following categories in which disposal is intended for use: composting, incineration, disposal, temporary storage, chemical-biological processing.

With reference to the WEEE, the following table provides data on quantities produced and relevant treatment. In 2018 and 2019, the increase was due to the extension of the scope to subsidiaries. As provided in the following tables, 100% of WEEE is recovered at authorized facilities.

Waste by destination	Waste produced (WEEE) [t]		
	2017	2018	2019
Recovery	14	41	31
Disposal	-	-	-

Spills and environmental compliance

In the three-year reporting period no significant spills occurred nor violation to environmental laws and regulations.

Occupational Health and Safety

In accordance with GRI Standard on Occupational Health and Safety the following should be noted:

- indicators are calculated dividing both the number of injuries and the number of lost workdays by total hours worked and multiplying that number per 1'000'000;
- injuries included in the data refer to injuries occurred in the Group companies (both manufacturing facilities and commercial subsidiaries) resulting in lost days; commuting accidents are excluded;
- in the reporting period no occupational illnesses nor fatalities occurred in the DiaSorin Group's companies.

	2017	2018	2019
Injury rate	3.12	3.42	2.55
Lost days rate	55.56	105.28	38.83

Disclosure 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities of GRI Standard 403: Occupational Health & Safety 2016

10. RELATIONSHIPS WITH LOCAL COMMUNITIES

10.1 DiaSorin's commitment and reference principles

As provided in the Code of Conduct of the Group *“DiaSorin is also committed to contributing effectively to promoting the quality of life and social-economic development of the communities where the Group operates and to the development of human capital and local skills while, at the same time, carrying out its business, on internal and external markets, according to methods compatible with sound business practice”*.

The code of Conduct defines the principles to which the Group companies are required to abide by concerning money or in-kind contributions to support educational, scientific, artistic, cultural, social and humanitarian projects.

In particular the Code defines requests for contribution to which the Company may agree and donations that are expressly prohibited (i.e. donations to individuals or to profit-making organizations), and the manner by which ensuring full transparency of the donation (i.e. the recipient's identity and use of the donation must be clear).

10.2 Instruments adopted

In compliance with the principles of the Code of Conduct, DiaSorin actively supports the community in which it operates, Piedmont, through a series of Corporate projects. These projects are part of the Corporate Social Responsibility (CSR) framework developed at Corporate level.

In order to make a clear distinction between Corporate projects and projects that fall within the “Corporate Social Responsibility” framework, DiaSorin has defined three Pillars around which the CSR projects should drape, including those with a positive impact on local communities. Therefore, during the analysis and selection of requests/proposals received from external parties or of projects developed inside the Company, DiaSorin verifies that such initiatives are related to at least one of the following pillars:

- Developing passion for **Science**
- Supporting people’s **Talent**
- Achieving a positive **Impact** (i.e. on the environment, health, people’s wellbeing etc.).

All Corporate projects are selected according to the above criteria and approved by the CEO of the DiaSorin Group.

DiaSorin aims to extending this approach, which is based on a clear identification and classification of projects according to CSR Pillars, also to subsidiaries’ initiatives at a local level in order to adopt homogenous guidelines for all the Group companies.

10.3 Outcomes

The following provides a description of the main Corporate initiatives having a positive impact on local communities and classified according to the CSR Pillars illustrated in the paragraph above.

“SCIENCE” PILLAR

Mad for Science

The purpose of the project is supporting passion for research in the youngest at school, right where their first meeting with scientific disciplines takes place and making Italy a flagship for excellence in the scientific field.

Following the great success of the first two editions of the competition in Piedmont, in 2019, the “Mad For Science” competition was open to all Piedmont scientific high schools, which could participate with a team made of 5 students and a Science teacher. Students were required to compose 5 teaching experiences and plan their development in their own lab. Participants had also to formulate a budget to implement and supply



the biolab interventions subject to a maximum of 50,000 thousand euros and 5,000 thousand euros per year for 5 consecutive years. An external and later an internal DiaSorin jury (composed of Research and Development experts) assessed 130 candidate projects (including how to implement it throughout 5 years) and selected the 8 finalists. The authors of the finalist projects were the protagonists of the "Mad for Science Challenge", which took place on May 22, 2019 in Turin. A live challenge during which they had the opportunity to present their work to illustrious members of the scientific community and communication professionals, who officially declared the winner high-school.

The first-place winner of the “2019 Mad for Science” competition was the Liceo scientifico "Ariosto Spallanzani" of Reggio Emilia, which was granted 50,000 thousand euros for the biolab implementation and 5,000 thousand euros per year for 5 consecutive years for the purchase of reagents and consumables.

The second-place winner was the Liceo scientifico "G. Battaglini" of Taranto, which was granted 25,000 thousand euros for the biolab implementation and 2,500 thousand euros per year for 5 consecutive years for the purchase of reagents and consumables.

During the Final the best communicator High School was granted a communication prize of 10,000 thousand euros to implement its already existing laboratory. The winner was the IIS "Lorenzo Cobianchi" of Verbania.

DiaSorin supported winners purchasing instruments and equipment needed and will provide the first and second-place winner (winning 50,000 thousand euros and 25,000 thousand euros, respectively) a five-year supply of materials needed to implement the biolab.

TALENT” PILLAR

Talenti Project

The purpose of the project is promoting local excellence and celebrating talent in all its forms

In 2016-2018, DiaSorin asked the Italian Federation of Paralympic Winter Sports to select talented athletes to represent Italy at the 12th Winter Paralympics in PyeongChang -South Korea- from March 9 to March 18, 2018, in the same venue of the 12th Winter Olympic Games.

Italian athletes achieved important results: the Italian national team won giant slalom and slalom (2 gold), snowboard cross and super G (2 silver) and downhill (1 bronze). It was a great success if compared with the previous editions of 2014 Sochi Winter Games, where Italian athletes won no medals.

For this reason, DiaSorin decided to support again this project in the four-year period 2019-2022, along with the talented athletes that the Italian Federation of Paralympic Winter Sports will select and train to represent Italy in the 2022 Paralympic Games in Beijing.



BEIJING 2022™
PARALYMPIC GAMES



DiaSorin Cup

The purpose of the project is promoting the culture of inclusion and talent enhancement in local communities.



Since 2016, DiaSorin has been supporting Sitting Volley Chieri in organizing national sitting volleyball championships (DiaSorin Sitting Volley Cup) in collaboration with Fenera Chieri sports club. Every year, several Italian teams compete at Palazzetto dello Sport in Chieri. On December 1, 2019 the 4th national competition of DiaSorin Sitting Volley Cup took place. An increasing number of athletes participated in the competition, during which 4 male teams

and 4 female teams challenged each other, including the team of Pisa - Italy's champion team - which plays in the Italian national team of Sitting Volley and is expected to compete at the 2020 Paralympic Games in Tokyo.

The purpose of the initiative is not only to allow official Sitting Volley players to challenge other teams but, most importantly, make this sport known among non-disabled people. In this sport disabled and non-disabled people can compete together.

“IMPACT PILLAR”

Pinocchio Project

The aim of the project is to improve the quality of life in hospitals supporting the little patients in all the areas of their everyday life: education, medical care, diagnostic exams.

DiaSorin has supported the Pinocchio Project, active in three Piedmont Hospitals, since 2015.

In 2015, DiaSorin undertook to provide 60 active teachers operating in Piedmont and their students with a supply of tablets. This initiative aims at creating a bridge between the healthcare and school systems.

In 2016, the partners involved in the project financed the aesthetic and chromatic restyle of the CT Scan room in the Regina Margherita hospital. The room has been transformed into a cozy, colorful environment, also thanks to the use of sophisticated films on diagnostic machinery. The aim is helping children to feel a bit less frightened when approaching such a delicate procedure. With surprising results, there was a decrease in cases where sedation was required for the radiological procedure.

Following the successful impact on the Regina Margherita hospital, on February 13, 2019, DiaSorin again financed the restyle of the pediatric MRI room at Istituto Giannina Gaslini, popularly known as the Gaslini Hospital in Genoa.

Disney contributed to the project decorating the MRI room with characters of Toy Story 4 by Disney-Pixar.



Aware of the importance of this project, at the end of 2019 DiaSorin signed a protocol of intent with the Italian Children's Hospital Association to extend the initiative to all pediatric hospitals in Italy that need restyling intervention.

Projects worldwide

Consistently with Corporate CSR criteria to support local initiatives, again in 2019 the Group's companies implemented several CSR initiatives in local communities, giving priority to actions having a positive impact on people's health and welfare.

With respect to the CSR pillar involving passion for science and knowledge, the Group supported several scientific events and symposia aimed at improving medical research.

Lastly, as to CSR Pillar focused on supporting people talent, DiaSorin implemented specific projects to support scientific talents' education at universities and research poles.

Italy

In 2019, in association with trade union organizations, DiaSorin defined 4 projects that will be implemented in 2019, to support local communities needs in Saluggia and Vercelli area, city and province of DiaSorin S.p.A., respectively.

Specifically, CSR Talent Pillar concerns the modernization of the IT classroom in Saluggia's primary school through the purchase and donation of new desktops and tablets to help students increase their technological skills and lay the foundations for middle school activities.

As to projects to support urgent needs of local communities, the Company identified the following actions:

- purchase of home automation devices to help elderly people needing care and of a 3D printer to create assistive devices for people with disabilities;
- financing training activities on social matters to support *Associazione Libera di Don Ciotti*, an association involved in the fight against mafia, corruption and any form of crimes. Activities included seminars on justice, school democracy, film forum on social matters, web training session on cyber bullying.

With respect to Health Pillar, DiaSorin financially supported cancer prevention campaigns for L.I.L.T (Italian League for the fight against tumors). In 2019, this initiative helped medical checkups by financing purchase of medical products, sterilization of instruments, blood analysis, vehicles for doctors.

United States

DiaSorin's subsidiaries in Stillwater (Minnesota) and Cypress (California) actively participated in fundraisings to support local communities' needs and foster, at the same time, different scientific projects at local High Schools.

The following provides a summary of the initiatives in the U.S.:

1. DiaSorin Inc. Stillwater, Minnesota USA

- *"Boo Bash 2019 - Valley Outreach and Coco's Heart Dog Rescue"*: fundraising to support local communities in need. In 2019, the project focused on rescue and the importance to act as soon as possible to save people's lives.
- *"American Red Cross"*: setting up of a unit to collect and donate blood at DiaSorin Inc.. During the blood collection day, the *"Wellbeing Fair June 2019"*, volunteers donated 21 blood units supporting the needs of 60 people.
- *"Meals from the Heart"*: fundraising to provide food for local communities. In 2019, DiaSorin Inc. employees packed more than 38,000 meals for people in need.
- *"Stuff the Bus: Community Thread & United Way"*: program to support scientific education in Stillwater schools involving DiaSorin Inc. employees through a fundraising for scientific school departments.
- *Summer internships at DiaSorin Inc.*: 5 summer internships in different business areas resulting in full-time employment at the end of the internship projects.
- *"MN Science Quiz Bowl & Science & Engineering Fair"*: educational project to support Education of Excellence in collaboration with Minnesota Academy of Science (MAS). Every year MAS organizes 2 regional science competitions in Minnesota; specifically, the first competition is for middle school students and the second is for High School students. In qualification competitions, teams of students are required to solve technical problems and answer fast-paced questions about science and math, like in tv shows. Winning teams will represent Minnesota in the "National Science Bowl" competition, promoted by the U.S. Energy Department in Washington, D.C.

- *"Lakeview Health Foundation"*: financial support, through the Foundation, to health and welfare of local communities. DiaSorin Inc.'s employees took part in the community breakfast to support activities carried out in 2019.
 - *"Feed the Valley Challenge"*: financial support for needy people through one of the most important no profit organization in Stillwater, providing consumer staples, psychological care for people experiencing difficult periods. In 2019, the event raised \$ 180,000 through local company sponsors, including DiaSorin Inc.
2. DiaSorin Molecular, Cypress California, USA
- *"Rise Against Hunger"*: 12,000 meals packed against hunger worldwide.
 - *"Support- Measles Epidemic in Samoa"*: fundraising organized by employees to collect supplies against measles epidemic in Samoa.
 - *"Second Harvest Fundraiser"*: more than 1,250 pounds of food donated by DiaSorin Molecular LLC.

China

In China, in accordance with the Talent Pillar, DiaSorin supports the most deserving students offering scholarships to the *Shanghai Jiaotong University*.

The Company supports also health-promoted activities for prevention health tests in elderly people.

France

- *"Handecom"*: DiaSorin contributes to hire workers with disabilities at its offices in Paris.

Israel:

- *"Voluntary service"*: DiaSorin Israel employees undertake to support, on a quarterly basis, important initiatives for the local community.

Benelux:

- In 2019, DiaSorin Belgium subsidiary supported a needy student's internship and graduation thesis rewarding his excellent school performance.

CORRELATION TABLE WITH LEGISLATIVE DECREE 254/16 AND MATERIAL TOPICS

Topics as per Leg. Decree 254/2016	Material Topic	Risks identified	Policies adopted	Indicators	Reporting scope	Details on the methodology and any omissions as regards GRI requirements
ENVIRONMENTAL	Environmental management (waste management, energy efficiency, management of water resources)	Consult chapter 3 “Identification of risks and opportunities”, paragraph 3.7 “Environment”	Consult chapter 9 “Environment, Health and Safety”	<p><i>GRI Standard 302 "Energy 2016":</i></p> <ul style="list-style-type: none"> • Disclosure 302-1: Energy consumption within the organization <p><i>GRI Standard 303 "Water 2016":</i></p> <ul style="list-style-type: none"> • Disclosure 303-1: Water withdrawal by source <p><i>GRI Standard 305 "Emissions 2016":</i></p> <ul style="list-style-type: none"> • Disclosure 305-1: Direct (Scope 1) GHG emissions • Disclosure 305-2: Energy indirect (Scope 2) GHG emissions <p><i>GRI Standard 306 "Effluents and Waste 2016":</i></p> <ul style="list-style-type: none"> • Disclosure 306-2: Waste by type and disposal method • Disclosure 306-3: Significant spills <p><i>GRI Standard 307 "Environmental Compliance":</i></p> <ul style="list-style-type: none"> • Disclosure 307-1: Noncompliance with environmental laws and regulations 	<p>The scope of 2017 data is limited to the Group's manufacturing facilities (the list is provided in chapter 1 “Note on Methodology”).</p> <p>The scope of 2018 data includes all Group's companies, including commercial subsidiaries. Subsidiaries data for consumption and waste are included in the scope of consolidation, except where data are not available because they are included in service expenses or as for small sized rented premises where such expenses are included in periodic costs and cannot be unbundled.</p>	<p><i>Disclosures 302-1 / 303-1 / 305-1 / 305-2:</i></p> <ul style="list-style-type: none"> - Energy consumption data (Disclosure 302-1) have been prepared using conversion factors adopted by the Environment Indicators Protocols issued by the Global Reporting Initiative - Emissions data (Disclosure 305-1 e 305-2) of manufacturing facilities have been prepared using conversion factors adopted by the GHG Protocol Standard - Data on fuel oil (BTZ) used by the Italian subsidiary only for few months of 2017, have been prepared using conversion factors envisaged by the table of UNFCCC national standard parameters, both for emissions and consumptions. - Computation of Scope 1 emissions includes direct emissions from the combustion of fuel to generate thermal energy for heating system or for production processes, for vehicles and refrigerant gas emissions. - Computation of Scope 2 includes emissions connected to electricity consumption from non-renewable sources and purchase of thermal energy, as well as heating system at the Italian headquarter where such expenditure is included among common costs. - Electric consumption was broken down between renewable and non-renewable sources, on the basis of the composition of the energetic mix used for the electricity produced from suppliers (where expressly indicated in the electricity bill). <p>Data on water consumption have been collected from information provided in the electricity bills or, where available, from communication by owners of premises and /or bodies responsible for managing common expenses.</p> <p><i>Disclosure 306-2</i> Compared to the Reporting Requirements of the Disclosure GRI, details on total weight of hazardous/non-hazardous waste by destination are not provided. The percentage of waste by "Re-use/recycle/recovery" and "Disposal" categories was calculated on the basis of available information on disposal methods (information provided by transporters and waste disposal operators on the waste</p>

						destination and, where applicable, indications contained in the accompanying documents).
SOCIAL TOPICS	Managing the relationship with local communities	Consult chapter 3 “Identification of risks and opportunities”, paragraph 3.6 “Social topics and respect for human rights”	Consult chapter 10 “Relationship with local community”	Even though the Group does not report figure-based indicators and/or associated with GRI Disclosure on this matter, the document describes qualitatively the most relevant initiatives that are developed/promoted by the Parent Company and subsidiaries in the three-year reporting period and have a positive impact on the local communities where the Group operates.	The scope of data collection on social initiatives was extended to all Group companies, in addition to Corporate initiatives. The Group reported the most relevant local initiatives developed by Group’s companies, on the basis of the CSR criteria that have been defined at central level to support local initiatives.	N/A
	Innovation and technological excellence	Consult chapter 3 “Identification of risks and opportunities”, paragraph 3.4 “Innovation and technological excellence”	Consult chapter 7 “Innovation and technological excellence”	Number of outstanding projects at December 31 of each reporting year are classified in the following areas: immunodiagnostics, molecular diagnostics, instruments and in the 4 development phases (pre-feasibility, feasibility, validation, industrialization).	The scope of data includes all Group’s projects.	Data in the table are based on the projects classification within the Product Development Master Plan (PDMP) and documents detailing the different stages of the project development.
	Customer satisfaction	Consult chapter 3 “Identification of risks and opportunities”, paragraph 3.3 “Customer satisfaction”	Consult chapter 6. “Relationship with customers and customer satisfaction”	Even though the Group does not report figure-based indicators and/or associated with GRI Disclosure on this matter, the document describes qualitatively initiatives to “listen	The scope includes all Group’s companies.	N/A

	Quality of our products and process	Consult chapter 3 "Identification of risks and opportunities", paragraph 3.2 "Quality of our product and processes"	Consult chapter 5 "Quality of our product and processes"	to" clients' needs in 2019 Number of audits on critical suppliers in 2018 and 2019 classified into Corporate audits and Local audits and relevant outcomes (possible identification of significant non-compliance in the audit report summarizing audit results).	The scope of data includes manufacturing facilities, where products/services having a direct impact on end product compliance are purchased	The Non-Financial Statement data are determined according audit plans both at Corporate and local level and audit reports providing outcomes thereof.
EMPLOYEES	Training	Consult chapter 3 "Identification of risks and opportunities", paragraph 3.5 "Employees"	Consult chapter 9. "Employee management"	<i>GRI Standard 102 "General Disclosures 2016":</i> • Disclosure 102-8: Information on employees and other workers <i>GRI Standard 401" Employment 2016":</i> • Disclosure 401-1: New employee hires and employee turnover <i>GRI Standard 404 "Training and Education 2016":</i> • Disclosure 404-1: Average hours of training per year per employee • Disclosure 404-3: Percentage of employees receiving regular performance and career development reviews	Data on employee training (Disclosure 404-1) and ratio of basic salary and remuneration of women to men (405-2) for 2017 and previous years refer exclusively to the following companies: - DiaSorin S.p.A. - DiaSorin Deutschland GmbH - DiaSorin Inc. (USA) - DiaSorin Molecular LLC Likewise, human resources indicators, starting 2018 the scope has been extended to all Group companies	<i>Disclosure 102-8</i> Figures on Company's personnel refers to the total workforce at 12/31 of each reporting year. <i>Disclosure 401-1</i> - Rate of employee turnover is determined as the ratio of employees who left the company in the 01/01-12/31 to the workforce at 01/01 of the year for Companies in the scope, using a multiplier of 100. - Aggregate rate for 2017. From 2018, in compliance with requirements of the Disclosure GRI, turnover rate is provided by gender and age. <i>Disclosure 404-1</i> - Average training hours are determined as the ratio between training hours provided and employees at 12/31 of the reporting year. <i>Disclosure 404-3</i> The indicator refers to employees that have a part of variable compensation (i.e. MBO, Incentives), managed through PMP LEAD programs and, more generally, to all employees subject to a formal periodic assessment of the performance. The abovementioned process includes employees hired in the last months of the year even though they have yet to be assessed. <i>Disclosure 405-1</i> - Reporting data by gender and age are provided for Group's employees only (information on corporate bodies is provided in the Corporate Governance
	Employee development					
	Employee welfare					
	Diversity and inclusion					

				<p><i>GRI Standard 405 "Diversity and Equal Opportunities 2016":</i></p> <ul style="list-style-type: none"> • Disclosure 405-2: Ratio of basic salary and remuneration of women to men <p>In addition to the above GRI indicators, the DiaSorin Group provides a staff breakdown by education</p>		<p>Report and ownership structure) broken down in the three professional categories.</p> <p><i>Disclosure 405-2</i></p> <ul style="list-style-type: none"> - The ratio of salary of women to men was computed adding the monthly wages of the Group's Companies' employees (except for small-sized commercial branches, as staff is composed only of men) converted into euros according to the average exchange rate in local currency in 2019 and divided by the number of employees by professional categories. Then it was calculated ratio of men salary to women salary. - With respect to Reporting Requirements of GRI Disclosure 405-2, the report provides only the ratio of basic salary of women to men. Data apply only to White Collars and Blue Collars. <p>With respect to non-GRI indicator concerning employees by education, data have been collected on the basis of information and documentation provided by employees upon hiring.</p>
	Dialogue with social partners			<p><i>GRI Standard 102 "General Disclosures 2016":</i></p> <ul style="list-style-type: none"> • Disclosure 102-41: Collective Bargaining Agreements 		<p>Figures were calculated as the ratio of employees covered by collective bargaining agreement to total Group employees. It should be noted that the issue is not applicable to all countries where the Group operates.</p>
	Health and Safety		Consult chapter 9 "Environment, Health and Safety"	<p><i>GRI Standard 403 "Occupational Health & Safety 2016":</i></p> <ul style="list-style-type: none"> • Disclosure 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities 	The scope includes all Group companies.	<ul style="list-style-type: none"> - Injury rate and lost day rate indicators are calculated dividing both the number of injuries and the number of lost workdays by total hours worked and multiplying that number per 1'000'000. Commuting accidents are excluded. - Compared to Reporting Requirements of GRI Disclosure, data on absenteeism rate are not provided since such data are not available for all Group Companies.
RESPECT FOR HUMAN RIGHTS	Human rights	Consult chapter 3 "Identification of risks and	Consult chapter 3.6 "Social topics and respect	As described in the paragraph, human rights associated-risks are not deemed relevant for the DiaSorin Group with respect to both company's employees and external collaborators. For this reason, the Group does not report figure-based indicators and/or associated with GRI Disclosure on this matter.		

		opportunities”, paragraph 3.6 “Social topics and respect for human rights”	for human rights” sub-paragraph 3.6.2 “Respect for human rights”	Nevertheless, the paragraph describes the principles contained in the Group Code of Conduct concerning this issue. The Code of Conduct defines relationships with employees, external staff and the supply chain. gestione dei rapporti con i propri dipendenti e collaboratori e nella gestione dei rapporti con la catena di fornitura.		
ANTI-CORRUPTION AND BRIBERY	Anti-corruption and bribery	Consult chapter 3 “Identification of risks and opportunities”, paragraph 3.1 “Anti-corruption and bribery”	Consult chapter 3 “Anti-corruption and bribery”	<p><i>GRI Standard 205 “Anti-corruption”:</i></p> <ul style="list-style-type: none"> ● Disclosure 205-2: Communication and training about anti-corruption policies and procedures 	<p>2017 data for refer exclusively to the following companies:</p> <ul style="list-style-type: none"> - DiaSorin S.p.A. - DiaSorin Deutschland GmbH - DiaSorin Inc. (USA) - DiaSorin Molecular LLC <p>From 2018, data include all Group companies.</p>	<p>Starting from 2019, as to DiaSorin S.p.A, anti-corruption and bribery training courses, that is MedTech Code and Model 231 training courses, are included in the induction session for new hires and therefore included in “Disclosure 404-1: Average hours of training per year per employee”.</p> <p>Figures for other Companies include employees involved in communication activities and formal sharing of the principles contained in the Group’s Code of Conduct or other documents relating to anti-corruption (i.e. Commercial Code of Conduct).</p>

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL
STATEMENT OF THE DIASORIN GROUP**



DIASORIN SPA

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED
NON FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND
ARTICLE 5 OF CONSOB REGULATION NO. 20267 OF JANUARY
2018**

YEAR ENDED 31 DECEMBER 2019

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of Directors of DiaSorin SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of DiaSorin SpA and its subsidiaries (hereafter the "Group") for the year ended 31 December 2019 prepared in accordance with article 4 of the Decree, presented in a specific section of the Report on Operations, and approved by the Board of Directors on 11 March 2020 (hereafter the "NFS").

Responsibility of the Directors and of the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "GRI-Sustainability Reporting Standards" defined in 2016 (hereafter the "GRI Standards"), indicated at paragraph "Note on methodology" of the NFS, identified by them as the reporting standards, with reference to a selection of GRI Standards.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the *Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised* ("*reasonable assurance engagement*") and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standards adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. understanding of the following matters:
 - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - main risks generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4 a) below;
4. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of DiaSorin SpA and with the personnel of DiaSorin SpA UK Branch (UK) and DiaSorin Ltd (China) and we performed limited analysis of

documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at holding level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following subsidiaries, divisions and sites, DiaSorin SpA, DiaSorin SpA UK Branch (UK) and DiaSorin Ltd (China), which was selected on the basis of its activities, its contribution to the performance indicators at a consolidated level and its location, we carried out interviews with local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of DiaSorin Group as of 31 December 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards, with reference to the selection of GRI Standards included in the NFS.

Milan, 29 April 2020

PricewaterhouseCoopers SpA

Signed by
Stefano Pavesi
(Partner)

Signed by
Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2019 translation.