



**EXCERPT FROM ANNUAL
FINANCIAL REPORT
AT DECEMBER 31, 2018**

CONSOLIDATED NON-FINANCIAL DISCLOSURE
AT DECEMBER 31, 2018
PURSUANT TO LEGISLATIVE DECREE NO. 254/2016

1. Note on Methodology

1.1 Objectives of Disclosure

The DiaSorin Group prepared this Consolidated Non-Financial Disclosure (hereinafter referred to as “**Non-Financial Disclosure**”) 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 principle policies, management models and the Group’s main activities carried out in 2018 with respect to matters 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 Disclosure 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 disclosure*”. 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 Disclosure 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 Disclosure includes all the companies that fall within the scope of the 2018 consolidated financial statements, as detailed in the Section ‘General information and scope of consolidation’ in the notes to the 2018 consolidated financial statements. These companies are consolidated line by line commencing 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 is partly due to the harmonization of processes and systems used to manage training and payroll data at Group level in order to streamline efficiency.

Comparison data for 2017 and 2016 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 and in previous years refer 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 represents around 70% of total employees of the in-scope Group companies (at December 31, 2017).

- Paragraph “Environment, Health and Safety - Outcomes”: environmental performance data refer 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 Disclosure and Consolidated Financial Statements as regards environmental indicators, the DiaSorin Group extended the scope of 2018 environmental data to its commercial subsidiaries (in the first reporting year, commercial subsidiaries were not 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 “Product quality 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 Disclosure cover 2016, 2017 (with the abovementioned scope limitations) and 2018.

As regards DiaSorin Molecular LLC, which was acquired in May 2016, quantitative data refer to 2017 and 2018; consolidation of DiaSorin India begun in 2018, when it was incorporated as subsidiary and relevant financial data were collected.

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 immunodiagnostic 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:

Raw Materials and Product development.

In immunodiagnostics, 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) 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.

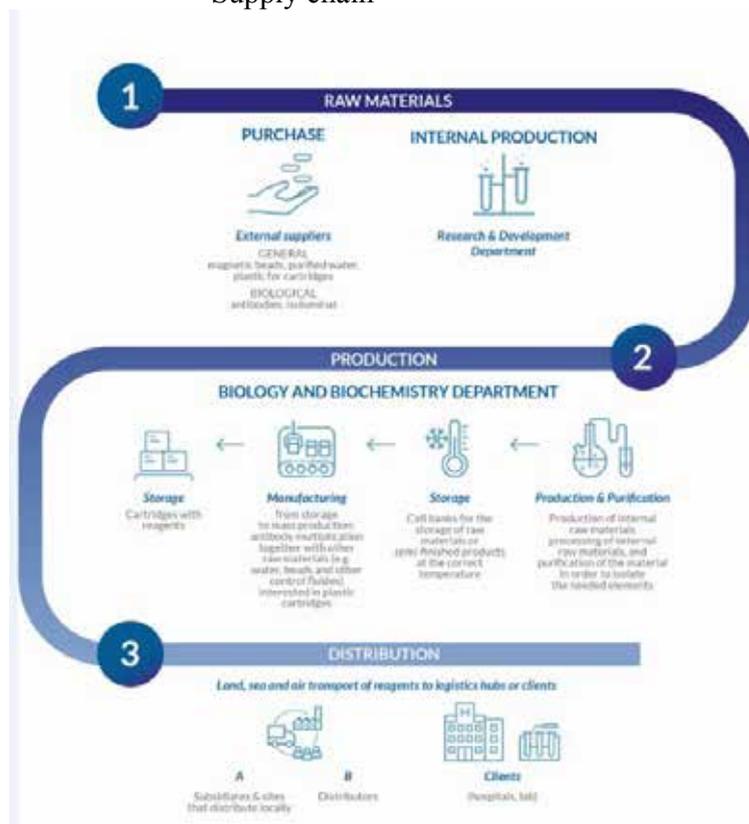
Distribution

Typically, direct sales include sales made through:

- Public calls for tenders in countries which rely on public health system, 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, DiaSorin 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 Disclosure, DiaSorin performed a materiality analysis to identify areas where Group activities and structure have a more significant impact on local communities, external ecosystem, employees' well-being, 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 set out in two operating phases:

- Identifying relevant topics
- Assessing the relevance of topics

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

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 from company strategies and stakeholders and 5 reflecting utmost interest. The DiaSorin Group performed a materiality analysis of the topics that are most relevant, through an internal stakeholder engagement and relevant meetings with Heads of Departments involved. Each Department was asked to assign a priority level to the topics identified as included as falling within their remit, by assessing their relevance from the DiaSorin Group’s and key stakeholders’ standpoint (as described in the relevant paragraph “Identification of risks and opportunities”).

Materiality matrix of the DiaSorin Group

The analysis conducted provided the materiality matrix of the DiaSorin Group and its results are 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 relevance (materiality) of each topic on the basis of its position with respect to the two axes.

In this respect, the Group chose to represent material topics whose relevance was ranged from medium to higher level.



The chart above provides synthetically the analysis outcomes. Topics 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.

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 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 those of Assobiomedica and Confindustria). 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:

- Offences related to anti-corruption towards 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.

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 2018, the Company planned two new updates to the Model. Such updates will be implemented in 2019, following approval from competent corporate bodies.

The first update is linked to the entry into force of Law no. 179/2017. Article 2 of the Law 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 Oversight Board explored ways to implement the whistleblowing system and comply with new provisions. The Oversight Board chose an IT system supplied by an external provider (after carefully evaluating any options regarding the implementation of an internal IT system, the Oversight Board 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 Oversight Board, with support of competent corporate functions and external legal advisor, updated the General Section of the Model and drew up a dedicated whistleblowing management procedure.

The second updates 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 of financial terrorism), and Directive 2006/70/EC (which prescribes the 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.

3. Identification 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 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 Product quality and safety topics

3.1.1 Product and process quality

The main risks identified by the DiaSorin Group regarding "Product and process quality" 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 "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 issues.

3.1.2 Customer satisfaction

The main risk identified in "Customer Satisfaction" is linked to the failure to pay full or adequate attention to the customers' needs through customer satisfaction surveys and, thus, 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.

3.2 Innovation, partnerships and scientific collaboration topics

The main risk identified in “Innovation, Partnership and scientific collaborations” is linked to the lack of **an innovative process and a widespread culture of innovation** that may hinder or slow down concepts and developments of new products.

The absence of sound and lasting partnerships would result in a lack of tools and know-how required to research, test and develop new products.

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. The Group set up dedicated Group Procedures defining guidelines related to all the steps involved in the product development.

3.3 Anti-corruption and bribery topics

The main risk in relation to anti-corruption and bribery topics concern the potential **occurrence of anti-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.

3.4 Social topics and respect for human rights

3.4.1 *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.

3.4.2 *Respect for human rights*

As to “**Respect for human rights**”, associated risks are not deemed relevant for the DiaSorin Group with respect 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, "*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.

3.5 Personnel topics

3.5.1 Health and safety of Workers

The main risks identified by the DiaSorin Group in relation to "Health and Safety of Workers" are provided below:

- **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 the culture of employees' safety in order to avoid risks to their health and safety. Further details are provided in paragraph "Environment, Health and Safety".

3.5.2 Training, development and welfare of employees

As regards training, development and welfare of employees, the DiaSorin Group identified three potential risk areas:

- **Monitoring turnover of highly skilled and specialized personnel**, to ensure the retention of know-how and key competences;
- **Retaining and updating employees' know-how and skills**, a particularly relevant matter due to the nature of the Group's business and sector that is centered on knowledge and is in constant evolution;
- **Attention to employees' needs**, focusing on their motivation and satisfaction and on the relevant impact on work environment and sense of belonging to the Company/Group.

As regards identified 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** that encourages **discussion** and fosters **dialogue**.

3.5.4 *Dialogue with social partners*

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 **Environmental topics**

3.6.1 *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”.

3.6.2 *Energy efficiency / 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 Quality and customer satisfaction

4.1 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 EN ISO 13485:2016 (Medical Devices. Quality Management Systems. Requirements for Regulatory Purposes), and in accordance with local regulations applicable to the DiaSorin Group Companies.

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.

4.2 Instruments adopted

The following provides the main instruments adopted by the DiaSorin Group to manage and mitigate risks related to "Product and process quality", 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 facilities, with support of the Corporate QA&RA&CA Function. 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 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.
- Supporting sites in implementing new Provisions al Group level, managing and supervising specific inter-sites projects.
- Harmonizing Quality Systems rules across all sites, 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

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 started to reorganize the whole process of its supply chain management 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 was launched in 2017 and continued throughout 2018. It is structured around three main clusters:

- **organization:** redefining of responsibilities centrally/locally and providing Global Procurement Head Office with a central role in the purchase management at Group level; the purchase staff was reorganized and strengthened with new hires. A strict governance is being deployed through business review 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 is being completed: it defines rules to be applied locally 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 function.
- **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 platform to manage relationship with suppliers, starting from his/her qualification to entering into supply contracts, including related negotiation.

The project, which is expected to be completed in 2020, calls for the development of two purchasing Platforms to manage all the purchasing phases (i.e. qualification and selection, purchase order, vendor rating, etc.). Both Platforms will be based on a single information system: the first Platform will include all European manufacturing facilities and the South African facility, the latter will include the U.S. facilities.

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

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

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 formalization of criteria and methods adopted in this phase;
- classification of suppliers on the basis of the risk category associated with product quality and safety;
- preparation of documents to track the technical requirements of products being purchased and included in the contractual documentation, 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 certifications attached to products, audits at suppliers etc.).

Audit on 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 is implementing 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 still to follow the qualification process.

Audits' modes and reference principles are governed by the Group Procedure defining the management of any non-conformities, both critical and non-critical, implementation of corrective or preventive actions as well as follow-ups implemented by the Company. Audits results and actions to rectify non-conformities are shared among all sites involved and the Global Procurement function and are periodically reported to the Top Management.

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

Customer care actions

DiaSorin S.p.A. and Group companies are committed to guarantee adequate standards of quality and safety of the equipment and systems offered according to the levels predefined in the expected quality standard. As far as possible, DiaSorin S.p.A. and Group companies undertake to consult consumer protection associations in case of projects with a major impact on customers. DiaSorin S.p.A. and Group companies have decided to align their quality systems to UNI EN ISO 9001:2008, UN EN ISO 134485:2004 international standards in accordance with the Code of Federal Regulation 21 - Food and Drug Administration - and the requirements of the European regulations.

Therefore, 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 the level of quality achieved.

DiaSorin S.p.A. and Group companies have implemented dedicated methods to guarantee that feedbacks from customers 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.

4.3 Outcomes

In 2018, 34 audits have been carried out on critical suppliers (38 in 2017), of which 10 Corporate audits and 24 local audits. No significant non-conformities arose (likewise 2017).

In 2017, a survey was conducted by a third-party (Rosenthal Research) to assess DiaSorin performance in different areas (including equipment performance, reagents, technical support, field engineer e application specialist) against market benchmarks.

The survey highlighted an extremely positive Net Promoter Score; a different Third-Party (Praxidia) will conduct the same survey in 2019.

5 Innovation and technological excellence

5.1 DiaSorin's commitment and reference principles

Innovation and technological excellence are key drivers of the 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.

5.2 Instruments adopted

Diasorin is committed to attract new talents in R&D and to acquire and share knowledge (for instance through participation at scientific symposiums, collaborations with clinicians, participation in scientific boards).

The product development is monitored by the central Department of Research and Development which prepares a Product Development Master Plan (PDMP) at the beginning of each year. The document is periodically updated and provides information on the ongoing projects for each development phases (pre-feasibility, feasibility, validation, industrialization).

The DiaSorin Group commitment to innovation is shown in concrete investments that the Group carried out in 2018, including the new Innovation function – which reports directly to the Group CEO – and the implementation of a new innovation process to study and assess new potential products (kits and devices). The Innovation Function has the task of coordinating the development and analysis of innovative products and devices across all the DiaSorin Group, from the initial to the final phase to be included in the Product Development Master Plan (PDMP), which contains the list of all project that have been approved and that will be developed as new products for the Group's market. The innovation process assesses new kits and devices ideas and uses a structured approach by evaluating, in a holistic manner, how each new idea fits the company strategy, target market and competition analysis, evaluation of technical pheasibility, regulations aspect, risks analysis, and a complete business plan of the project. This new innovation process will provide a better understanding, evaluation and prioritization of new kits and devices and will, therefore, lead to better products on the market, increasing the Group profitability and competitiveness. In addition, the chance to redefining innovative ideas during their conception and analysis will lead to an increased efficiency in the following product development, in terms of time required for its development and in terms of resources.

5.3 Outcomes

The following provides the number of PDMP projects at December 31, 2018 for each reporting year.

Reagents for Immunoassay	2016	2017	2018
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Pre-feasibility	9	8	3
Feasibility	11	6	1
Validation	3	10	9
Industrialization	3	2	7
TOTAL	26	26	20

Reagents for Molecular - considering Assays + ASRs (Analyte Specific Reagents)	2016	2017	2018
Pre-feasibility	10	13	18
Feasibility	4	0	2
Validation	3	2	1
Industrialization	5	9	13
TOTAL	22	24	34

Instrument projects (Immuno + Molecular)	2016	2017	2018
Pre-feasibility	1	0	3
Feasibility	3	3	4
Validation	1	3	1
Industrialization	0	0	0
TOTAL	5	6	8

The integration of Focus Diagnostics molecular business, acquired in 2016, strongly contributed to the innovation topic. The acquisition enabled the Company to approach a rising and innovative technology.

The Company identified some focus areas: Gastroenterology, Immunity and Infectious Disease transmitted by insects. DiaSorin received 2 FDA clearances in the gastroenterology clinical area, thanks to Helicobacter pylori stool antigen test and Calprotectin stool test. On the back of these significant successes, DiaSorin expanded its test catalogue and extended the scope of use of the tests that will be developed within the Innovation process as described above.

With respect to cellular immunity, the Company launched the first CLIA IGRA (Interferon Gamma Release Assay) test in EU, to identify patients suffering from latent tuberculosis. Additionally, DiaSorin completed clinical studies in the U.S. to prepare the dossier to be submitted to the FDA, with the aim of identifying and developing further product applications in respect of its clinical utility and economic return through the Innovation process described above.

Additionally, DiaSorin completed the clinical studies in the U.S. to prepare the dossier to be submitted to the FDA, with the aim of identifying and developing further product applications in respect of its clinical utility and economic return through the Innovation process described above.

Lastly, the Group's menu strategy is strictly linked to its instruments platform to enter different market segments (LIAISON XS will be launched in 2019) and design new solutions to stabilize the segments where LIAISON instruments are already present.

Details on new projects developed in 2018, 2017 and 2016 are provided in the report on operations of these consolidated financial statements as at December 31, 2018, 2017 and 2016.

6. Fight against corruption

6.1 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).

6.2 Instruments adopted

The DiaSorin Group adopted the following main instruments to manage and mitigate “Anti-corruption and Bribery” 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 and Control 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 2017 Non-Financial Disclosure, and as a member of the EDMA (European Diagnostic Manufacturers Association) associated with MedTech Europe², DiaSorin 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 continued throughout 2018 and 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.

² MedTech Europe is the association representing medical technology sector from diagnosis to treatment

6.3 Outcomes

Employees involved in anti-corruption training and communications	2016	2017	2018
Top Management	4	7	102
White collars	32	102	694
Blue collars	10	67	89
Total training hours	46	176	885

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

Note that, as from 2018, data include all Group companies; 2016 and 2017 reported a limited scope, as described in paragraph 1.3.

Figures include MedTech Code training hours: 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.

7. Environment, Health and Safety

7.1 DiaSorin's commitment and reference principles

In 2015, the DiaSorin Group implemented and developed an **EHS Management System** 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**" (referred to as "**EHS Policy**"), approved by the Chief Executive Officer on February 13, 2015 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.

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.

7.2 Instruments adopted

The following provides the DiaSorin Group main instruments for managing risks (or where applicable, for addressing opportunity) 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)*, 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 Disclosure.

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 companies 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 documentation (i.e. guidelines, policies, procedures, etc.) for 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 contractors 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 base 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 the all Group Companies comply with applicable regulations and EHS Minimum Requirements and identifying areas where an improvement is achievable, through the analysis of documentation 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 documentation 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 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.

7.3 Outcomes

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]	2016			2017			2018		
	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		31,840	31,840		39,436	39,436		75,196	75,196
Electricity consumption	2,468	60,683	63,151	23,522	53,340	76,862	24,107	57,178	81,285
Consumption resulting from purchase of thermal energy		2,451	2,451						
TOTAL	2,468	94,974	97,442	23,522	92,776	116,299	24,107	132,374	156,481
%	3%	97%		20%	80%		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 2016-2017, the increase in the overall energy consumption was due to DS Molecular being included within the scope and whose energy consumption amounted to 10,500 GJ. In 2018, the increase was due to data collection for motor vehicle fuel consumption (implemented only in few subsidiaries) and the extension of the scope to all subsidiaries.

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]		
	2016	2017	2018
Water supplies	60,470	60,538	49,990
Ground water	153,597	252,793	84,481
Surface water	1,283	-	-
TOTAL	215,350	313,331	134,471

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

The increase in water consumption is the result of increased ground water withdrawals at Saluggia facility due to weather conditions, high temperatures and use of water for the cooling system, in connection with weather and manufacturing conditions.

DiaSorin 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 emissions³) 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 2.34% of Group total electricity consumption 2018.

Emissions [tCO ₂ eq]	2016	2017	2018
		1,816	2,177

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

Emissions [tCO ₂ eq]	2016	2017	2018
		9,663	8,265

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

³ In its production process, the Group does not use substances that are harmful to the ozone layer: these substances are contained in airconditioning/cooling system, releases to the atmosphere are connected to the maintenance of such systems.

Waste

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]		
	2016	2017	2018
Hazardous waste	130	154	210
Non-hazardous waste	865	1,239	1,036
TOTAL	996	1,393	1,246

Waste by destination	Waste produced (excluding WEEE)		
	2016	2017	2018
Re-use/recycling/recovery	50.8%	52.3%	49.6%
Disposal	49.2%	47.7%	50.4%

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, 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 (excluding WEEE) [t]		
	2016	2017	2018
Recovery	16	14	41
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.

	2016	2017	2018
Injury rate	1.40	3.12	3.42
Lost days rate	85.16	55.56	105.28

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

8. Personnel management

8.1 DiaSorin's commitment and reference principles

The Group's Code of Conduct sets out a set of norms and standards of conduct to which the Group is committed to undertake in the contest per personnel management, particularly as to:

- Personnel 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”.*
- Personnel 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 risks (or where applicable, to address opportunity) as detailed in paragraph "Identification of risks and opportunity" in relation to personnel management topics.

Implementation of the new HR Management IT System

In 2018, the DiaSorin Group implemented a project to develop and introduce a new instrument of HR management, known as T.R.U.S.T. (*Technology Roadmap Underpinning Successful Transformation*), whose consolidation will be in 2019.

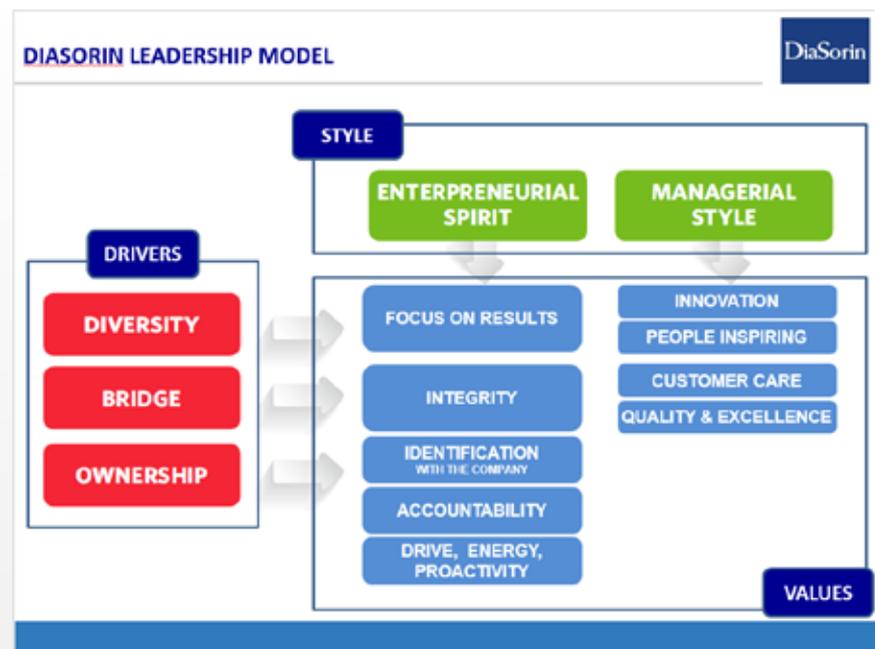
This system offers a cross-cutting approach to human resources management, starting from employee research/hiring to the employee management within the Company, including the performance management process.

The key benefits arising from T.R.U.S.T. concern:

- Improved accessibility and control and, thus, improved monitoring of personnel data and information;
- Systematic traceability of skill development, in terms of performance, and contribution of each person to the company growth and success.
- A more effective and timely sharing of information among all involved bodies and departments: during the recruiting phase, for instance, candidates' curriculum vitae uploaded on the T.R.U.S.T. Portal can be viewed both by the HR area and by Managers/Heads Department involved in the recruitment process.

The Leadership Model

The Leadership Model adopted by the DiaSorin Group is balanced mix of entrepreneurial spirit and managerial skills that are part of the company's DNA.



This Model underpins 9 key **Values** and describes DiaSorin employees' expected behaviors and attitudes. The enablers that can influence the capability of the leaders and their team to create value for DiaSorin are the **Drivers**, that is: Diversity, Bridge and Ownership.

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 goals 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.

Performance Management System

Employees to whom the Leadership Model applies are also included in the "Performance Management Process Lead (PMPL)". PMPL includes all employees with a variable compensation and is strictly related to the Leadership Model. It provides managers with a structured feedback process, on an annual basis, covering their individual performance, contribution to the business and achievement of the objectives assigned.

This process provides managers with annual feedback in order to:

- raise self-awareness on strengths and improvement areas
- promote dialogue between manager and employee about leadership and behaviors
- enhance motivational aspects

To confirm the importance of the Performance Management system, T.R.U.S.T. implemented a dedicated "Performance and Goals" module. In addition, Performance Management Process YOU (PMP YOU) shares the same values provided by the Leadership Model. This program is dedicated to the rest of the work force (including blue collars) and it will be active in 2019.

PMPL and PMP YOU allow a comprehensive assessment of soft skills in line with the company culture. These processes are supported by T.R.U.S.T. system and its dedicated forms.

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. The Company plans and supplies updating courses focused on technical-professional aspects.

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.

DiaSorin pays great attention to training for technical employees working with customers. The Headquarter in Saluggia, for instance, manages and monitors, at Corporate level, training programs for Service Department which is responsible for instrument installation and maintenance of equipment provided to customers.

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

In 2018, the main focus of Corporate cross-sectional training activities was on the new HR information system, known as TRUST, involved in the training of all DiaSorin employees. 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.

The training program to strengthen and improve the Group Country Managers' skills continued throughout 2018. This program known as "Commercial Training", consists of 5 training modules held by key internal resources, the so-called "Champions", who have the task of defining the program, its contents and course materials. In order to improve and share knowledge, the "Champions" are involved in the "Train the Trainer" program, a specific course they are required to attend beforehand.

DiaSorin attaches great importance also to the "Induction" phase. Corporate Induction events for new Managers and Top Managers hired in 2018 took place at DiaSorin corporate headquarters in Saluggia. Aside from Managers and Top Managers, Corporate Induction was also provided to Managers who changed their role and responsibilities within DiaSorin. As to other employees hired in 2018, the local HR is responsible for Induction programs.

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. Our pension plans at group level that qualify as defined-benefit plans include the provisions for employee severance indemnities in Italy, the Alecta system in Sweden, the U-Kasse pension plan and the Direct Covenant system in Germany. 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 Italy, at the end of 2016 the DiaSorin Group signed a Corporate Welfare Plan with trade unions represented in the Company. The Plan has been implemented in 2017 and provides for the payment of a flexible benefit amounting to 864 euros in the period 2017-2019 for each employee, to be spent in tax-free services (family education, supplementary pension of healthcare services).

Dialogue with social partners

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.

Listening to Employees' needs

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. In 2017, a survey on work-related stress and quality of organizational life was conducted among Italian employees: after results have been thoroughly analyzed DiaSorin undertook to tackle any possible issues. Every year U.S. subsidiaries (DiaSorin Inc and DiaSorin Molecular) conduct an Employee satisfaction survey.

Furthermore, the Group implemented anti-harassment policies contributing to creating a positive work environment where people are treated with dignity and respect.

8.3 Outcomes

Information on the Group employees

Employees by gender	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
	906	772	1,678	999	897	1,896	1,064	907	1,971

Employees by category	2016			2017			2018		
	Top Managers	55	20	75	65	21	86	72	25
White collars	686	655	1,341	745	750	1,495	811	775	1,586
Blue collars	165	97	262	189	126	315	181	107	288

Employees by age	2016			2017			2018			
	Men	Women	Total	Men	Women	Total	Executives	White collars	Blue collars	Total
<= 29 years	124	92	216	104	109	213	0	153	55	208
30 - 50 years.	537	464	1,001	630	537	1,167	47	1,043	147	1,237
>= 50 years	245	216	461	265	251	516	50	390	86	526

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

Employees by contract	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees with permanent contract	892	759	1,651	972	877	1,849	1,050	897	1,947
Number of employees with temporary contract	14	13	27	27	20	47	14	10	24

Employees by employment type	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of full-time employees	902	742	1,644	995	866	1,861	1,058	870	1,928
Number of part time employees	4	30	34	4	31	35	6	37	43

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

Employees by education	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Degrees	506	490	996	561	565	1126	687	634	1321
<i>Biology</i>	130	161	291	141	189	330	144	199	343
<i>Chemistry</i>	49	37	86	41	46	87	54	56	110
<i>Biochemistry</i>	44	62	106	53	62	115	83	81	164
<i>Economics</i>	58	33	91	49	34	83	45	35	80
<i>Engineering</i>	105	51	156	118	50	168	160	64	224
<i>Other degrees</i>	120	146	266	159	184	343	201	199	400
Technical high school	146	80	226	124	73	197	141	96	237
No technical high school diploma	139	139	278	264	236	500	179	146	325
Without a diploma	115	63	178	50	23	73	57	31	88

Dialogue with social partners

47% of the Group's employees are covered by collective bargaining agreements (52% at December 31, 2017). Collective bargaining agreements do not apply to all countries where the Group operates.

	2016	2017	2018
Employees covered by collective bargaining agreements or similar agreements (%)	56%	52%	47%

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

New hires and employee turnover

Number of employees hired in the year	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
	96	69	165	194	159	353	189	135	324

By age

<= 29 years

30 - 50 years

>= 50 years

26	24	50	60	56	116	43	45	88
56	36	92	111	86	197	114	80	194
14	9	23	23	17	40	32	10	42

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

In 2018, the turnover rate was equal to 14% (15% in 2017 and 8% in 2016): it should be noted the different scope of consolidation for the years under comparison (2016 turnover percentage excludes DiaSorin Molecular).

The following table provides turnover by gender and age in 2018:

<= 29 years	30 - 50 years	>= 50 years
22%	14%	12%

Men	Women	Total
14%	14%	14%

Training activities

2017 and 2016 data on training hours 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.

The following provides aggregate data at constant scope.

Number of training hours by category	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Top managers	439	297	736	477	494	971	2,390	745	3,135
White collars	17,095	12,751	29,846	16,413	22,193	38,606	21,088	23,313	44,401
Blu collars	5,822	3,793	9,615	6,758	4,594	11,352	8,328	4,599	12,927

Number of training hours by type

Induction	564	342	906	1,071	894	1,965	1,864	1,974	3,838
EHS training	3,047	2,506	5,553	5,528	5,286	10,814	3,335	1,841	5,176
Technical professional training	14,545	9,650	24,195	12,318	15,676	27,994	16,585	15,487	32,072
Languages courses	1,000	905	1,905	193	324	517	0	45	45
Managerial	330	320	650	1,044	1,110	2,154	1,414	1,324	2,738
Other	3,870	3,118	6,988	3,494	3,991	7,485	8,613	7,980	16,593

The following table provides data for all Group companies

Number of training hours by category	2018		
	Men	Women	Total
Top managers	2,835	984	3,819
White collars	30,196	29,285	59,481
Blue collars	8,574	4,806	13,380

Number of training hours by type	2018		
	Men	Women	Total
Induction	3,543	2,786	6,329
EHS training	4,083	2,438	6,521
Technical professional training	22,210	18,934	41,143
Languages courses	290	447	736
Managerial	2,136	1,862	3,997
Other	9,350	8,604	17,955

Average training hours									
	2016			2017			2018		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Top managers	13	25	16	11	35	16	39	39	39
White collars	43	30	36	36	43	40	37	38	38
Blue collars	38	43	40	38	40	39	47	45	46

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

Performance Management System

	% of employees receiving performance and career development review								
	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Top managers	100%	100%	100%	100%	100%	100%	100%	100%	100%
White collars	83%	76%	80%	84%	75%	80%	85%	72%	79%
Blue collars	65%	73%	68%	72%	86%	77%	72%	86%	77%

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

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

Diversity and equal opportunities

Ratio basic salary men/women	2016	2017	2018
White collars	91%	90%	87%
Blue collars	86%	88%	83%

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

In 2018, computation includes data collected from all the Group companies where ratio was applicable; in 2016 and 2017, the scope was limited as described in Paragraph 1.3.

9. Relationships with local communities

9.1 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 planned use of the donation must be clear).

9.2 Instruments adopted

In compliance with the principles of the Code of Conduct, DiaSorin actively supports the community in which it operates, the 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**
- Obtaining 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.

9.3 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 Piedmont a flagship for excellence in scientific field.

In 2018, 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 60,000 thousand euros and 5,000 thousand euros per year for 5 consecutive years. An external and later an internal jury (composed of Research and Development experts) assessed 40 candidate projects (including how to implement it throughout 5 years) and selected the 6 finalists. The authors of the finalist projects were the protagonists of the "Mad for Science Challenge", which took place on May 16, 2018 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. During the “2018 Mad for Science” Final the best communicator High School was granted a communication prize of 10,000 thousand euros to implement its already existing laboratory.



DiaSorin supported winners purchasing instruments and equipment needed and will provide a five-year supply of materials needed to implement it.

TALENT” PILLAR

Talenti Project

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

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. DiaSorin chose to actively support the competitive path of these exceptional athletes (snowboarding and alpine skiing) for three years (2016-2018), contributing to their preparation in view of the most important competition.



The CRS initiative was repaid with incredible victories at the 2018 Paralympics, where 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.

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. Several Italian teams challenge each other every year, in September, at Palazzetto dello Sport in Chieri. 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.

In 2017 and in 2018, DiaSorin did not finance any new hospital project but continued to promote the positive initiative of the CT Scan room in the Regina Margherita hospital and in other Italian hospitals by searching new partners to finance the project. In 2018, DiaSorin reached an agreement with *Istituto Giannina Gaslini*, popularly known as the Gaslini Hospital in Genoa to make the pediatric MRI room more child friendly, consistently with what had already been implemented in Turin's Pediatric Hospital.



Disney contributed to the project decorating the MRI's with characters of Toy Story by Disney-Pixar. The Toy story themed room was launched on February 13, 2019 with the presence of local authorities and journalists.

Smile and Magic

The purpose of the project is providing psychological and emotional support to children undergoing long hospital care. On May 29, 2018, DiaSorin supported the annual picnic, organized by Theodora Foundation and held in Turin, to raise funds and finance highly specialized professionals known as "Dr. Smile". These doctors work in synergy with medical staff to help children overcome the difficulties associated with long-term hospital stay.



Their medicines are empathy, fun, and smile. Several regional companies took part as sponsors and the proceeds were devoted to "Dr. Smile" at Regina Margherita Pediatric Hospital in Turin.

Projects worldwide

Consistently with Corporate CSR criteria to support local initiatives, 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 2018, in agreement 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 to help students' education 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 assistive devices for people with disabilities and training on their use to help Don Dattrino Nursing Home. The Nursing Home provides care for elderly people who are not self-sufficient and young people with disabilities;
- funding of 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.



DON VITTORIO DATTRINO S.p.A.



Presidio "Giuseppe Di Matteo"

c/o Oratorio Mazzetti
Via San Giovanni Battista, 1
13040 Saluggia (VC)

With respect to Health Pillar, DiaSorin financially supported cancer prevention campaigns for L.I.L.T (Italian League for the fight against tumors). It is estimated that this initiative may lead to 1,700 medical checkups in 2019, thanks to free checkups, purchase of medical products, sterilization of instruments, slides analysis, vehicles for doctors.



Sezione Provinciale di Vercelli - O.N.L.U.S.

Lastly, in December 2018, DiaSorin supported *"La Carità di Santa Luisa"*, a Vincentian Home for Homeless. During "the week of gift" basic needs were collected for homeless in Turin. Specifically, people donated clothes, shoes, blankets and personal care items. The initiative, which involved directly DiaSorin Italy staff, had a great success and employees donated a large amount of goods.

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 2018 – Children's Cancer Research Fund & Family Means"*: fundraising to support local communities in need and children cancer research.
- *"American Red Cross"*: setting up of a unit to collect and donate blood at DiaSorin Inc.. During the blood collection day, volunteers donated 19 blood units supporting the needs of 57 people.
- *"Feed My Starving Children"*: 1,054 people, including DiaSorin Inc. volunteers, participated in the initiative to collect, package and distribute complete meals to children's homes in the world's poorest countries. Every year about 70 countries actively participate in the initiative and 2018 reached the important goal of 1,864 of packaged boxes for a total of 402,624 meals to feed 1,103 children for a whole year.
- *"Family Means"*: financial support to purchase calculators and supplies to help students from disadvantaged families.



- “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. Competitions features the same procedures and winning teams enter the “National Science Bowl” competition, promoted by the U.S. Energy Department in Washington, D.C. During the competition students are required to solve technical problems and answer questions about science and math.



- “Stillwater High School Scholarships”: scholarships offered to the High School deserving students in Stillwater, headquarter of DiaSorin Inc..
- “Liceo Da Vinci Fest Stillwater”: participation to the community Art and Science fair in Stillwater with more than 40 interactive points. DiaSorin Inc. organized a one-of-a-kind science show, involving Stillwater High School students in carrying out scientific experiments through innovative communication.



2. DiaSorin Molecular, Cypress California, USA

- “Rise Against Hunger”: 10,000 meals packed against hunger worldwide.
- “Holiday Angel Drive Council”: financial support to donate personal care items to local elderly people.
- “Second Harvest Fundraiser”: more than 1,045 pounds of food donated by DiaSorin employees in California.
- “Red Cross Blood Drive”: blood donations to the American Red Cross by DiaSorin Molecular company’s employees, with 92 voluntary blood donations in 2018.



China



In China, in accordance with the Talent Pillar, DiaSorin supports the most deserving students offering scholarships to *Shanghai Jiaotong University* and *Luiss/Fudan University* students. Through the partnership with these important local institutions, DiaSorin organizes traineeship at its offices in Shanghai.



France

- “Handecom”: DiaSorin contributes to hire workers with disabilities at its offices in Paris

Israel:

- “*Voluntary service*”: DiaSorin Israel’s employees undertake to support, on a quarterly basis, important initiatives for the local community; in 2018, for example, employees worked with local no profit associations to support people with disabilities and with other no profit associations involved in packaging of food to help the neediest people at local level.

South Africa:

- “*Little Eden*”: DiaSorin South Africa organized a cycling race to support Little Eden Society, an NGO providing life-long care to adults and children with intellectual disability. Specifically, in 2018, primary needs goods have been purchased through cycling race.



Australia:

- “*EROS - Charity from the heart*”: a fundraising initiative organized by Charity from the Heart supporting multiple sclerosis.
- In 2018, the Australian branch assisted local families in need, providing support according to the different family needs.



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 TOPICS	Environmental management (waste management, energy efficiency, management of water resources)	Consult chapter 3 "Identification of risks and opportunities", paragraph 3.6 "Environmental topics"	Consult chapter 8 "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 216":</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: Non-compliance with environmental laws and regulations 	<p>The scope of 2016 and 2017 data is limited to the Group's manufacturing facilities, (consult 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). 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><i>Disclosure 306-2</i></p> <ul style="list-style-type: none"> - 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 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 3.4 "Social topics and respect for human rights"	Consult chapter 9 "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, partnerships and scientific collaborations	Consult chapter 3 "Identification of risks and opportunities", paragraph 3.2 "Topics concerning innovation, partnerships and scientific collaborations"	Consult chapter 5 "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 documentation detailing the different stages of the project development.
	Customer satisfaction	Consult chapter 3 "Identification of risks and opportunities", paragraph 3.1 "Topics concerning product quality and processes"	Consult chapter 4. "Quality 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 to" clients' needs in 2018 and those scheduled for 2019.	The scope includes all Group's companies	N/A
	Product quality and process	Consult chapter 3 "Identification of risks and opportunities", paragraph 3.1 "Topics concerning product quality and processes"	Consult chapter 4. "Quality and customer satisfaction"	Number of audits on critical suppliers in 2017 and 2018 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 Disclosure data are determined according audit plans both at Corporate and local level and audit reports providing outcomes thereof.
PERSONNEL MANAGEMENT TOPICS	Training	Consult chapter 3 "Identification of risks and opportunities",	Consult chapter 8. "Personnel management"	<i>GRI Standard 102 "General Disclosures 2016"</i> :	Data on employee training (Disclosure 404-1) and ratio of basic salary and remuneration	<i>Disclosure 102-8</i> Figures on Company's personnel refers to the total workforce at 12/31 of each reporting year.
	Personnel development					

	<p>Employee welfare Diversity and inclusion</p>	<p>paragraph 3.5 "Personnel topics" Consult chapter 3 "Identification of risks and opportunities", paragraph 3.5 "Personnel topics"</p>		<ul style="list-style-type: none"> • Disclosure 102-8: Information on employees and other workers <p><i>GRI Standard 401 "Employment 2016"</i>:</p> <ul style="list-style-type: none"> • Disclosure 401-1: New employee hires and employee turnover <p><i>GRI Standard 404 "Training and Education 2016"</i>:</p> <ul style="list-style-type: none"> • Disclosure 404-1: Average hours of training per year per employee • Disclosure 404-3: Percentage of employees receiving regular performance and career development reviews <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>of women to men (405-2) for 2017 and previous years 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>Likewise, human resources indicators, in 2018 the scope has been extended to all Group companies.</p>	<p><i>Disclosure 401-1</i></p> <ul style="list-style-type: none"> - 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 2016 and 2017. From 2018, in compliance with requirements of the Disclosure GRI, turnover rate is provided by gender and age. <p><i>Disclosure 404-1</i></p> <ul style="list-style-type: none"> - Average training hours are determined as the ratio between training hours provided and employees at 12/31 of the reporting year. <p><i>Disclosure 404-3</i></p> <p>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.</p> <p><i>Disclosure 405-1</i></p> <ul style="list-style-type: none"> - Reporting data by gender and age are provided for Group's employees only (information on corporate bodies is provided in the Corporate Governance Report and ownership structure) broken down in the three professional categories. <p>-</p> <p><i>Disclosure 405-2</i></p> <ul style="list-style-type: none"> - The ratio of salary of women to men for 2018 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 2018 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.
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						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.
	Dialogue with social partners			<i>GRI Standard 102 "General Disclosures 2016"</i> : • Disclosure 102-41: Collective Bargaining Agreements		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 operated.
	Health and Safety		Consult chapter 7 "Environment, Health and Safety"	<i>GRI Standard 403 "Occupational Health & Safety 2016"</i> : • Disclosure 102-41: 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	- 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 opportunities", paragraph 3.4 "Social topics and respect for human rights"	Consult chapter 3.4 "Social topics and respect for human rights" sub-paragraph 3.4.2 "Respect for human rights"	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. 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.		
ANTI-CORRUPTION AND BRIBERY	Anti-corruption and bribery	Consult chapter 3 "Identification of risks and opportunities", paragraph 3.3 "Anti-corruption and bribery topics"	Consult chapter 6 "Anti-corruption and bribery"	<i>GRI Standard 205 "Anti-corruption"</i> : • Disclosure 205-2: Communication and training about anti-corruption policies and procedures	Data for 2017 and previous years refer exclusively to the following companies: - DiaSorin S.p.A. - DiaSorin Deutschland GmbH - DiaSorin Inc. (USA) - DiaSorin Molecular LLC 2018 data include all Group companies.	Figures for DiaSorin SpA include all employees involved in MedTech Code training courses and employees involved in 231 training courses. 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).



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 2018



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 2018 prepared in accordance with article 4 of the Decree, presented in specific section of Report on operations and approved by the Board of Directors on 14 March 2019 (hereafter the "NFS").

Responsibilities 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"), as laid down in paragraph "Note on Methodology" of the NFS, identified by them as the reporting standards, with reference to a selection of GRI Standards therein contained.

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 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 personnel of DiaSorin SpA and with the personnel of DiaSorin Molecular LLC, DiaSorin SA (France), DiaSorin Inc., 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 companies, divisions and sites, DiaSorin SpA, DiaSorin Molecular LLC, DiaSorin SA (France), which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out site visits and/or interviews during which we met 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 2018 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 a selection of GRI Standards therein contained.

Milano, 2 April 2019

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 English translation of NFS of DiaSorin Group as of 31 December 2018.