

CONSOLIDATED NON-FINANCIAL DISCLOSURE
DECEMBER 31, 2017
PURSUANT TO LEGISLATIVE DECREE NO. 254/2016

1 Note on Methodology

1.1 Objectives of Disclosure

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

Pursuant to Article 3 and 4 of the Decree, the DiaSorin Group is required to prepare a consolidated non-financial Disclosure “*covering environmental, social and employee matters, respect of human rights, anti-corruption and bribery matters*”. These matters shall be described “*to the extent necessary for an understanding of the undertaking's development, performance, position and impact of its activity*”.

1.2 Reporting standards

The 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 required by the Decree and contained in this Non-Financial Disclosure. The DiaSorin Group used selected Standards to report the information required, consistently with Section 3 of Standard GRI 101: Foundation (*Making claims related to the use of the GRI Standards*). In the following paragraphs, notes next to the reported data refer to each Standard used.

The Table “Legislative Decree 254/16 requirements and GRI disclosure index ” annexed to this Non-Financial Disclosure is intended to provide additional information on indicators and paragraphs in compliance with the requirements set forth in the Decree.

1.3 Scope and reporting period

This Consolidated Disclosure includes all the companies that fall within the scope of the 2017 consolidated financial statements, as detailed in the Section ‘General Information and scope of consolidation’ in the notes to the 2017 consolidated financial statements. These companies are consolidated line by line from the date the Group obtains control until the moment when control ceases to exist.

The following exceptions are not included in the abovementioned scope:

- Paragraph 6.3 “Personnel management – Outcomes”: data on average hours of training per employee and ratio of basic salary and remuneration of women to men refer exclusively to the following Companies:
 - DiaSorin S.p.A.
 - DiaSorin Deutschland GmbH
 - DiaSorin Inc. (USA)
 - DiaSorin Molecular LLC

In 2017, The DiaSorin Group worked to harmonize processes and systems used in the management of data on training and payrolls at Group level. Consequently, the scope has been limited to Companies that use a more structured approach to gathering and reporting data. The objective is to include all the in-scope Companies in future Non-Financial Disclosures upon completion of the harmonization process.

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

- Paragraph 4.3 “Environment, Health and Safety– Outcomes”: environmental performance data disclosed in this Report 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).

The environmental issue is not material for the Group’s companies since the DiaSorin Group engages solely in commercial activities. This assessment has been carried out analyzing the impact of subsidiaries’ Financial Statements items concerning expenses for utilities and waste management compared to the Group’s total amount accounted for such expenditure. In 2017, the impact of subsidiaries on the Group “Utility, Electricity & Heating” line item amounted to 2.7%, while “Cleaning Biological & Waste Disposal” amounted to 4.7%.

Scope limitation does not apply to data referring to occupational health and safety (number of injuries and occupational diseases), whereas all Group Companies include such data.

- Paragraph 8 “Supply Chain management”: qualitative information and quantitative data refer to manufacturing Companies in charge of purchasing products/services with 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 time period 2016 -2017, except for DiaSorin Molecular LLC, which was acquired in May 2016 and whose quantitative data refer exclusively to 2017.

2 Company profile and material topics for the DiaSorin Group

2.1 The DiaSorin Group business

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

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

In molecular diagnostics, likewise other producers, DiaSorin purchases components necessary for the end product from external suppliers, such as specialized Life Science companies that supply DiaSorin with three essential components to product development: oligonucleotides, enzymes and reaction buffers.

Production

Immunodiagnostic kits are assembled using raw materials to create semi-finished components that will be later combined with other components to produce final reagents, as part of a completed kit. Some initial components, such as buffer and cleaning solutions can be found in different products and prepared in large batches that will be distributed, at the end of the process, in single kits. Other components (such as solids, markers, controls and calibrators) 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.

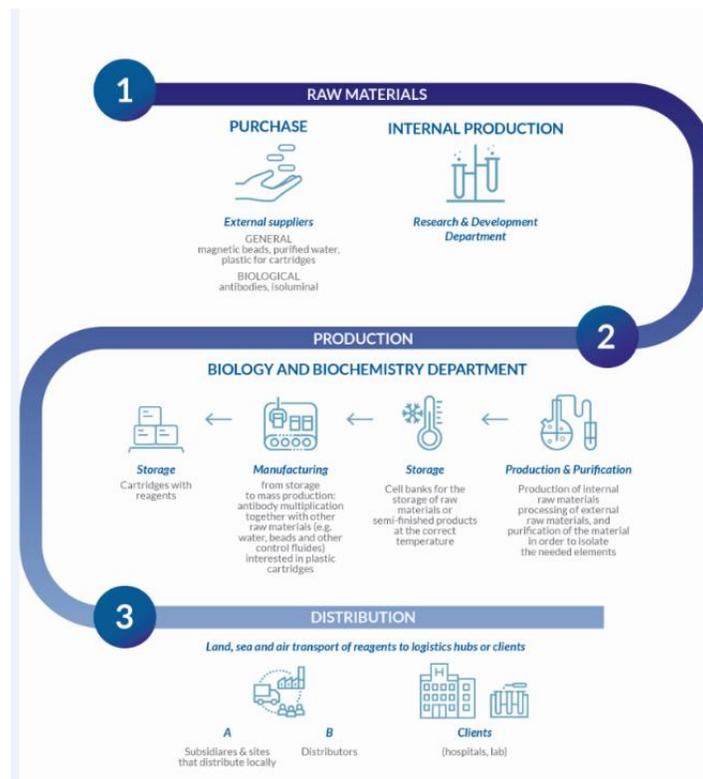
End products of both technologies are stored in warehouses at a controlled temperature and delivered from specialized logistic groups to warehouses and local distributors before reaching end costumers.

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 accordance with the provisions of Legislative Decree 254/16, DiaSorin carried out an analysis of issues provided for in the Decree, taking into account its own business, Group’s characteristics and relevant risks and/or opportunities (as referred to in paragraph 3. “Identification of risks and opportunities”).

The analysis was carried out with the support of Managers/ Heads of Corporate Functions/ Departments in charge of managing the aforementioned issues referred to in the Decree. DiaSorin identified the following issues:

- **Environmental topics**
 - Waste management
 - Energy efficiency
 - Water resources management
- **Social topics**
 - The management of relationship with local communities
- **Personnel topics**
 - Training, development and wellbeing of employees
 - Diversity and inclusion
 - Dialogue with the social partners
 - Occupational Health and Safety
- **Anti-corruption and bribery topics**
- **Supply chain management**

As to “**Respect for human rights**”, no specific risk came to DiaSorin attention since 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.

With regards to the supply chain, no specific risk came to DiaSorin attention since the Group purchases its products from consolidated multinational companies located in countries which do not pose a high risk concerning this matter.

DiaSorin, 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 Labour Organisation), 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 labour, child labour [...]*”. 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 “2016 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.

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 Code of Conduct of the Group

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 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 has identified the fundamental components to achieve said mission:

- innovation and technological excellence
- active relation with clients
- 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: www.diasorin.com/it/investitori/sistema-governance.

2.5 Innovation and technical excellence

Innovation and technological excellence are, as indicated above, the fundamental components of the DiaSorin Group’s strategy to implement its Mission and Ethical Vision, as provided in the Group’s Code of Conduct. 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.

This commitment takes the form of a constant attention, first, to attract new talents in R&D (example through collaborations with local universities) and, second, to acquire and share knowledge (for instance through participation at scientific symposiums, collaborations with clinicians, participation in scientific boards).

The Group continued to pay great attention to innovation: in 2016 DiaSorin acquired Focus Diagnostic molecular business. The acquisition enabled the Company to approach a rising and innovative technology.

In order to manage the risks identified in paragraph 3 “Identification of risks and opportunities”, the DiaSorin Group set up a set of Group Procedure defining guidelines related to all the steps involved in product development and to documents required in each phase.

All Group’s companies are required to set up local procedures, as required by regulating local authorities and in accordance with recommendations and guidelines established by Group Procedures.

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 table that follows provides the number of projects planned by PDMP at December 31, 2016 and December 31, 2017

	2016					2017				
	<i>Pre-feasibility</i>	<i>Feasibility</i>	<i>Validation</i>	<i>Industrialization</i>	<i>Total</i>	<i>Pre-feasibility</i>	<i>Feasibility</i>	<i>Validation</i>	<i>Industrialization</i>	<i>Total</i>
Immunodiagnostic reagents	9	11	3	3	26	8	6	10	2	26
Molecular reagents	10	4	3	5	22	13		2	9	24

Instruments	1	3	1		5		3	3		6
Total	20	18	7	8	53	21	9	15	11	56

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

2.6 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 the Company’s 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.

3 Identification of risks and opportunities

This section describes the main risks and, in some cases, the opportunities arising from the DiaSorin Group activities, business relations and products in connection with material topics described in paragraph 2.2 “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 2.3 “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 Environmental topics

3.1.1 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 4.

3.1.2 Energy efficiency / Water resources management

Energy efficiency and water resources management do not entail any specific risks for the DiaSorin Group since the company 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 4 “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.

3.2 Social topics

3.2.1 The management of relationship with local communities

The management of relationship with local communities do not entail any specific risks for the DiaSorin Group: indeed 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. This is a key factor for the DiaSorin Group. By supporting local communities, DiaSorin lay the foundations for a long lasting and sustainable business.

3.3 Personnel topics

3.3.1 Training, development and wellbeing of personnel.

As regards training, development and well-being, the DiaSorin Group identified three potential risk areas on which the Company has long focused developing people engagement and retention programs by:

- **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.

3.3.2 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**.

Women, for instance, represent a significant percentage of employees with a technical degree in the Group's companies (further details are provided in paragraph 6.3 "Personnel management – Outcomes") and are a major source of know-how and knowledge the Group intends to retain and enhance.

3.3.3 *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.

3.3.4 *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 connected 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 4.

3.4 **Anti-corruption and bribery topics**

The main risks in relation to anti-corruption 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 concern 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;
 - etc.;
- Healthcare professionals and both public and private 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.

3.5 Supply chain management

With regard to the supply chain management, the major “key” purchases within the DiaSorin Group 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 which do not pose a high risk concerning social topics, employees , protection of human rights and anti-corruption issues.

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

4 Environment, Health and Safety

4.1 DiaSorin commitment and reference principles.

In 2015, the DiaSorin Group implemented and developed a **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 environment, 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.

4.2 Instruments adopted

The following provides the DiaSorin Group main instruments for managing risks (or where applicable, for addressing opportunity) as detailed in paragraph 3 “Identification of risks and opportunity” in relation to EHS issues.

Since 2012, 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.

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 and;
- 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.

4.3 Outcomes

The Environmental performance data reported below refer exclusively to the DiaSorin Group manufacturing facilities as provided in the Note on Methodology of this Report: The environmental matter is not considered as material for the Group's companies since the DiaSorin Group engages solely in commercial activities. Scope limitation does not apply to data referring to employees health and safety, whereas all Group Companies include such data.

Energy consumption

Consumption (GJ)						
	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		36,878	36,878
Electricity Consumption	2,468	60,683	63,151	23,522	53,340	76,862
Consumption resulting from purchase of thermal energy		2,451	2,451			-
TOTAL	2,468	94,974	97,442	23,522	90,218	113,741
%	3%	97%		21%	79%	

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: <https://www.globalreporting.org/resourcelibrary/Italian-G3.1-Final.pdf>, except for fuel oil (BTZ) used only by the Italian subsidiary. Thus, the company used conversion factors envisaged by the table of UNFCCC national standard parameters.

The increase in the overall EHS expenditure is due to DS Molecular being included within the scope and whose energy consumption amounted to 10,500 GJ (excluding the impact of DS Molecular, the increase in energy consumption would be equal to 6%). Data on the share of electricity from renewable sources arise from available information about the energy mix declared by providers.

Water withdrawals

Source	Withdrawals [m3]	
	2016	2017
Water supplies	60,470	60,538
Ground water	153,597	252,793
Surface water	1,283	
TOTAL	215,350	313,331

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.

DiaSorin is committed to ensuring responsible water consumption carrying out several initiatives: in South Africa, for instance, a portion of water (Rejected Reverse Osmosis permeate water) re-used in the manufacturing process.

As to water discharges, all water withdrawn is discharged except for a portion used for irrigation, a residual portion is used for products and a portion is lost due to natural evaporation.

As provided in “Group Environment Health & Safety (EHS) Minimum Requirements”, urban and industrial waste water is managed in compliance with quality standards of receiving water-bodies.

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 available at: <https://www.globalreporting.org/resourcelibrary/Italian-G3.1-Final.pdf>, except for fuel oil (BTZ) used only by the Italian subsidiary. Thus, the company used conversion factors envisaged by UNFCCC national standard parameters.

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

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

Emissions [tCO ₂ eq]	2016	2017
	9,592	8,111

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

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
Hazardous waste	130	154
Non-hazardous waste	865	1,239
TOTAL	995	1,393

Waste by destination	Waste produced (excluding WEEE)	
	2016	2017
Re-use/recycling/recovery	51%	52%
Disposal	49%	48%

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 renovation of building 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.

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

With reference to the WEEE, the following table provides data on quantities produced and relevant treatment:

Waste by destination	Waste produced (excluding WEEE) [t]		Waste produced (excluding WEEE) [%]	
	2016	2017	2016	2017
Recovery	16	14	100%	100%
Disposal	-	-	0%	0%

Spills and environmental compliance

In the reporting period no significant spills occurred nor violation of 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
Injury rate	1.40	3.12
Lost days rate	85.16	55.56

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

5 Relations with local communities

5.1 DiaSorin 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).

5.2 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 project 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.

5.3 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. Further details are provided at: <http://csr.diasorin.com/it/progetti>.

"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.

The "Mad For Science" competition was open to all Piedmont, scientific high schools, which could participate with a team made of 6 students and a Science teacher. Students were required to compose 10 teaching experiences and plan their development in their own lab. Participants had also to formulate a budget to implement and supply the 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 44 candidate projects (including how to implement it throughout 5 years) and selected the 8 finalists.

The authors of the finalist projects were the protagonists of the "Mad for Science Challenge", which took place 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.

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

Other Projects

The DiaSorin Group's companies support a series of scientific initiatives and symposiums aimed at improving the medical research.

The Italian branch in UK took part in the project "*Public Health England*" to develop a kit for the Ebola virus. DiaSorin contributed to the project donating materials such as solutions, diluents and fluids.

DiaSorin Inc. participated in a wide range of events with local schools and universities:

- '*MN Academy of Science Quiz Bowl*', a state competition in mathematics and science;
- '*Da Vinci Festival*', event held at Stillwater high school area where student from 4-12 y.o. presented their science projects.
- '*Minnesota Academy of Science & Engineering Fair*', annual competition for the best students in STEM involving Middle Schools and High Schools. DiaSorin offered 5 money contribution to the 5 best students. Afterwards winners have been invited to visit DiaSorin headquarter in Stillwater.

In China DiaSorin has a long-term partnership with the *Shanghai Jiaotong University* and the *Luiss/Fundan University* offering scholarship and traineeship.

DiaSorin China supports an initiative of multicentric clinic research on hypertension, raising awareness on the importance of a preventive monitoring of this pathology.

“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 athletes to represent Italy at the 2018 Korea Winter Paralympics.

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

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.

“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 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 other Italian hospitals by searching new partners to finance the project.

Smiles and magic

The purpose of the project is providing psychological and emotional support to children undergoing long hospital care.

DiaSorin supported the annual picnic 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.

Other initiatives

In 2017, DiaSorin through its Italian branch in UK supported “Serv Kent”, a charity that provides emergency courier services transporting blood products and organs for hospitals.

Serv volunteers provide their services free of charge including fuel: donations cover the other expenses.

Being a company belonging to an Italian Group and one of the major industries of Twin Cities, DiaSorin Inc. sponsored the *Italian Film Festival* at the *Italian Cultural Center* in Minneapolis-St. Paul, to promote Italian culture with documentaries and movies that are rarely seen in the United States.

Again this year, the Group organized an *Annual fundraiser* to support voluntary organization such as *Habitat for Humanity* and *Second Harvest Heartland*.

DiaSorin Molecular supported *Kelly’s Hope Foundation*, an association to help children with cancer.

Furthermore, employees committed to a food drive for the *Orange County Food Bank* and fundraising to purchase gifts for lonely elderly people living in care institutions.

Lastly, in 2017, 3 events took place for blood collection in collaboration with the Red Cross. DiaSorin employees actively participated at the event.

In Belgium DiaSorin sponsors “Televie”, a fund raising initiative to support leukemia research in adults and children.

In South Africa DiaSorin made a financial contribution to *Little Eden Society*, an NGO providing life-long care to adults and children with intellectual disability.

In 2017, the total expenditure to support these initiatives amounted to 298 thousand euros (176 thousand euros in 2016).

6 Personnel management

6.1 DiaSorin 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”.*

6.2 Instruments adopted

The following provides the DiaSorin Group’s main instruments to manage risks (or where applicable, to address opportunity) as detailed in paragraph 3 “Identification of risks and opportunity” in relation to personnel management issues.

Implementation of the new HR Management IT System

In 2017, 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 implementation will be completed in 2018.

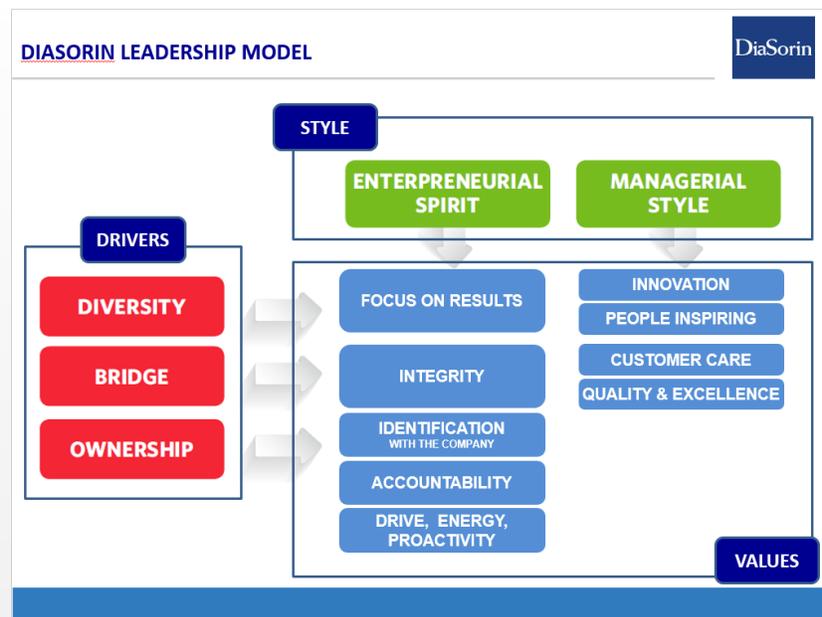
This system offers a cross-cutting approach to human resources management, starting from employee research/hiring to the employee management within the Company, including the performance management process.

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 of the DiaSorin Group is today applied to employees in senior management positions and, in 2018, will be extended also to employees receiving a variable portion of the compensation. Such extension will entail the adoption of the Model for over half of DiaSorin employees.



This Model underpins 9 key **Values** and describes DiaSorin Leaders' expected behaviors and attitudes. Values are classified within leadership **Style**, a combination of entrepreneurial spirit

and managerial style. 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.

What our leadership model is for:

- To create a common language about the expected managerial style in DiaSorin;
- To clarify expectations on goals and outcomes;
- To facilitate the recruitment process, sharing the required profiles;
- To structure evaluation of people's soft skills;
- To nurture a culture of assessment.

Performance Management System

Employees to whom the Leadership Model applies are also included in the "Performance Management Process Lead (PMPL)". PMPL is strictly related to the Leadership Model and 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:

- to raise self-awareness on strengths and areas of development
- promote dialogue between manager and employee about leadership and behaviors
- reinforce the motivation to develop and to keep improving

To confirm the importance of Performance Management system T.R.U.S.T. implemented "Performance and Goals" module.

The procedure regulating the different stages of MBO (*Management by Objective*) process and incentive plans will be completed in 2018.

The objective for the coming years is to adapt and extend the performance management process to all DiaSorin employees (including blue collars), in order to allow a soft skill assessment for all employees. Through its relevant modules, T.R.U.S.T. will make this process easier.

Training activities

The DiaSorin Group considers training and development fundamental to developing 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 2016, training activities focused on the Leadership culture included in a comprehensive Education program launched in 2014-2015 for all DiaSorin management (around one hundred Managers) world-wide. It is crucial to align the Management with DiaSorin Leadership peculiarity and core Values.

To this end, in 2017, several workshops have been organized for Managers to foster leadership culture and make inclusion of new groups easier.

A special training program aimed at developing and enhancing the managerial skills of the Group's Country Managers has been implemented for 2017-2018. This program called "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 material. In order to improve and share knowledge the "Champions" are involved in "Train the Trainer" program, a specific course they are required to attend beforehand.

In 2017, at the end of the planning phase, the DiaSorin Group provided a pilot module in the "Compliance & Risk Management" area.

The remaining modules are scheduled for 2018.

DiaSorin attaches great importance to the "Induction" phase. In 2016-2017, Corporate Induction events for new Managers and Top Managers hired in 2017 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 2017, 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. It is worth

mentioning the approach adopted during the sale of DiaSorin logistics branch to DHL Supply Chain, resulting in the transfer of DiaSorin 36 employees to DHL, near Saluggia headquarter.

DiaSorin and the social partners worked together to safeguard employees' contractual rights and provide logistic support to secure jobs.

Employee listening

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.

6.3 Outcomes

Information on the Group employees

Employee by gender	2016			2017		
	Men	Women	Total	Men	Women	Total
	906	772	1,678	999	897	1,896
Employee by category						
Top Managers	55	20	75	65	21	86
White collars	686	655	1,341	745	750	1,495
Blue collars	165	97	262	189	126	315
Employee by age						
<= 29 years	124	92	216	104	109	213
30 - 39 years	283	243	526	329	309	638
40 - 49 years	254	221	475	301	228	529
>= 50 years	245	216	461	265	251	516

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

	2016			2017		
	Men	Women	Total	Men	Women	Total
Employee by contract						
Number of employees with permanent contract	892	759	1,651	972	877	1,849
Number of employees with temporary contract	14	13	27	27	20	47
Employee by employment type						
Number of full time employees	902	742	1,644	995	866	1,861
Number of part time employees	4	30	34	4	31	35

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

Employee by education	2016			2017		
	Men	Women	Total	Men	Women	Total
Degrees	506	490	996	561	565	1126
Biology	130	161	291	141	189	330
Chemistry	49	37	86	41	46	87
Biochemistry	44	62	106	53	62	115
Economics	58	33	91	49	34	83
Engineering	105	51	156	118	50	168
Other degrees	120	146	266	159	184	343
Technical high school	146	80	226	124	73	197
No technical high school diploma	139	139	278	264	236	500
Without a diploma	115	63	178	50	23	73

Dialogue with social partner

Slightly more than 50% of the Group's employees are covered by collective bargaining agreements. Collective bargaining agreements are not applied to all countries where the Group operates.

Employees covered by collective bargaining agreement (%)	2016	2017
Employees covered by collective bargaining agreement	56%	52%

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

New hires and employee turnover

Number of employees hired in the year	2016			2017		
	Men	Women	Total	Men	Women	Total
	96	69	165	194	159	353
By age						
<= 29 years	26	24	50	60	56	116
30 - 39 years	37	21	58	73	61	134
40 - 49 years	19	15	34	38	25	63
>= 50 years	14	9	23	23	17	40

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

In 2017, the turnover rate was equal to 15% (excluding employees transferred to DHL) compared to 8% in 2016: turnover rate was impacted by a different scope of consolidation in the periods under comparison (2016 turnover percentage did not include DiaSorin Molecular).

Training activities

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.

Training Hours by category	2016			2017		
	Men	Women	Total	Men	Women	Total
Top management	439	297	736	477	494	971
White collars	17,095	12,751	29,846	16,413	22,193	38,606
Blue collars	5,822	3,793	9,615	6,758	4,594	11,352

Number of training hours by type						
Induction	564	342	906	1,071	894	1,965
EHS training	3,047	2,506	5,553	5,528	5,286	10,814
Technical professional training	14,545	9,650	24,195	12,318	15,676	27,994
Language courses	1,000	905	1,905	193	324	517
Managerial	330	320	650	1,044	1,110	2,154
Other	3,870	3,118	6,988	3,494	3,991	7,485

Average training hours						
	2016			2017		
	Men	Woman	Total	Men	Woman	Total
Top management	13	25	16	11	35	16
White collars	43	30	36	36	43	40
Blue collars	38	43	40	38	40	39

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		
	Men	Women	Total	Men	Women	Total
Top Management	100%	100%	100%	100%	100%	100%
White collars	83%	76%	80%	84%	75%	80%
Blue collars	65%	73%	68%	72%	86%	77%

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

Personnel taken into account for the indicator concern employees with a portion variable (i.e. MBO, Incentives) and, where appropriate, personnel who also on the basis of agreements with social partners, are subject to a formal evaluation of their performance.

Diversity and equal opportunities

Ratio basic salary men&women	2016	2017
White collars	91%	90%
Blue collars	86%	88%

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

Data on ratio salary/wages men/women exclude Top Management from the computation and refer exclusively to:

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

7 Anti-corruption and bribery

7.1 DiaSorin 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 3. “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*” e “*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).

7.2 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 a member of the EDMA (European Diagnostic Manufacturers Association) associated with MedTech Europe⁴, in 2017 DiaSorin adopted the new “MedTech Europe Code of Ethical Business Practice” (hereinafter referred to as “**MedTech Code**”): the Code regulates all aspects of

⁴ MedTech Europe is the association representing medical technology sector from diagnosis to treatment

interactions between companies and Healthcare Professionals and Healthcare organizations, in compliance with the highest ethical standards and with an appropriate level of transparency.

The following provides the main changes and term introduced by MedTech Code:

- Starting from January 1, 2018, adhering companies are not permitted to pay registration fees, travel or hospitality expenses directly to individual Healthcare Professionals for their participation in Third Party Organized Educational Events (the so called “phasing out of direct sponsorship”). Briefly, exclusively the following actions shall be permitted:
 - Educational grants (to hospitals, medical societies, etc. to support medical education without restrictions of any sort).
 - Remuneration to individual Healthcare Professionals (based on fair market value) for consulting and other services, including but not limited to research, participation on advisory boards, presentations at Company’s events and product development, etc;
- Obligation for adhering companies to verify, prior to their participation, or before providing any economic or in-kind support, if included in the cases provided, to third party organized educational events if they have been approved by MedTech through the “Conference Vetting System”, or through an information system which includes all events subject to clearance, together with all relevant details (location, scientific program, etc). The adhering company shall not provide any economic support to third party events which do not comply with MedTech Europe Code requirements.

The MedTech Code sets out specific rules on donations, research promoted by adhering companies, post-market assessment of products, supply of teaching materials, gifts to Healthcare professionals and supply of samples.

Given the effectiveness of the MedTech Code in several extra EU countries, Diasorin decided to extend its applicability to the whole Group ensuring that all Group companies operate in compliance with the Code.

DiaSorin has therefore proceeded to amend/ integrate the Group Code of Conduct to align it to the MedTech Code requirements and implemented a training activity for Country Managers of the Group Company, in order to make them aware of the new provisions through two training sessions. Specific training sessions have been organized for employees belonging to more operational functions (4 one hour and a half training sessions), focused on Functions/business area that are affected by DiaSorin acceptance of the MedTech Code (i.e. Marketing, commercial Functions, etc.). These training session will continue throughout 2018.

7.3 Outcomes

Anti/corruption training hours for employees	2016	2017
Top Management	4	7
White collars	32	102
Blue collars	10	67
Total training hours	47	153

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

The number of employees refer to new hires training on the Code of Conduct contents and refers to scope previously used for training hours within the Group.

In 2017, training dedicated to MedTech Code amounted to 74 hours for 37 Group employees.

8 Supply chain management

8.1 Current organization and future developments

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 high unit value and are, thus, managed by Global Procurement Head Office at Corporate level (‘Corporate’ supplier).

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 launched in 2017, is structured around three main clusters:

- **organization:** redefining responsibilities centrally/locally and providing Global Procurement Head Office with a central role in the purchase management at Group level;
- **standardization of processes:** harmonizing local purchase processes that are still managed autonomously by manufacturing facilities through different information systems and tools;
- **management efficiency:** identifying purchases to be entrusted at central level (i.e. same suppliers for all manufacturing facilities).

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

8.2 DiaSorin 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.

8.3 Instruments adopted

The following provides the main instruments adopted by the DiaSorin Group to manage and mitigate risks related to “Supply chain management”, as provided in paragraph 3. “Identification of risks and opportunities”. Procedure System (Group and local). DiaSorin formalized principles to apply at Group level for the supply chain management in the Group Operating Procedure “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 Group Procedure “Corporate Supplier Management” 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 Group Procedure “Corporate Supplier Management” 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 suppliers 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.).

Audits carried out at central level on Corporate suppliers

Corporate supplier, as described above, are strategic suppliers of raw material- Analyzers-consumables identified on the basis of specific criteria provided for in the Group Procedure “Corporate Supplier Management” (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. 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 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 relevant non conformities are periodically reported to the Top Management.

8.4 Outcomes

In 2017, 38 audits have been carried out on critical suppliers. No significant non-conformities arose.

Legislative Decree 254/16 requirements and GRI Disclosure index

Leg. Decree 254/2016 matters	Material topic	Identification of risks and opportunities	Policies adopted	GRI Disclosure	Reference paragraph/ page	Reporting scope Indicate boundaries as provided for in Legislative Decree 254/2016	Omissions
Environmental	Environmental topics		Consult paragraph 4 "Environment, Health and Safety" of the Consolidated Non-Financial Disclosure	- GRI Standard 306 "Effluents and Waste 2016"; • Disclosure 306-3: Significant spills - GRI Standard 307 "Environmental Compliance" • Disclosure 307-1: Non compliance with environmental laws and regulations	Paragraph 4 "Environment, Health and Safety"	Manufacturing Facilities: - 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). <u>Details on the analysis carried out to determine the environmental indicator boundaries are provided in subparagraph 2.2 "Material topics for the DiaSorin Group" of the Consolidated Non-Financial Disclosure.</u>	N/A
	Waste management			GRI Standard 306 "Effluents and Waste 2016"; • Disclosure 306-2: Waste by type and disposal method	Paragraph 4 "Environment, Health and Safety"		Notwithstanding the Reporting Requirements of GRI Disclosure, the amount of waste by disposal for each type of (hazardous/non-hazardous) waste is not provided. Along with the amount of waste divided into hazardous and non-hazardous categories the tables provide the percentage of waste by macro area of destination "Reuse/recycle/recovery" and "Disposal", on the basis of information on disposal methods (information provided by carriers/disposal plants for disposal methods and, where applicable, information accompanying waste).
	Energy efficiency			- GRI Standard 302 "Energy 2016"; • Disclosure 302-1: Energy consumption within the organization - GRI Standard 305 "Emissions 2016"; • Disclosure 305-1: Direct (Scope 1) GHG emissions • Disclosure 305-2: Energy indirect (Scope 2) GHG emissions	Paragraph 4 "Environment, Health and Safety"		N/A
	Water management			GRI Standard 303 "Water 2016"; • Disclosure 303-1: Water withdrawal by source	Paragraph 4 "Environment, Health and Safety"		N/A
Social	The management of relationship with local communities		Consult Paragraph 5 "Relations with local communities" of the Consolidated Non-Financial Disclosure	N/A - GRI Disclosure indicators on this topic have not been reported		Notwithstanding the Group does not report specific GRI Disclosure indicators concerning this issue, the Group considers the Social matter as relevant due to opportunities associated with it, as detailed in the Consolidated Non-Financial Disclosure (paragraph 3 "Identification of risks and opportunities"). Therefore, the report includes the most relevant initiatives developed/promoted by the Group in 2016-2017 having a positive impact on local communities where the Group operates along with the Group's total expenditure to support these initiatives.	
Occupational	Training, development and wellbeing of employees	For the identification of risks and/or opportunities consult paragraph 3 "Identification of risks and opportunities" of the Consolidated Non-Financial Disclosure	Consult paragraph 6 "Personnel management" of the Consolidated Non-Financial Disclosure	- GRI Standard 401 "Employment 2016"; • Disclosure 401-1: New employee hires and employee turnover - GRI Standard 404 "Training and Education 2016"; • Disclosure 404-1: Average hours of training per year per employee • Disclosure 404-3: Percentage of employees receiving regular performance and career development reviews	Paragraph 6 "Personnel management"	- Disclosure 401-1 and Disclosure 404-3: All the Companies included in the scope of the 2017 consolidated financial statements. - Disclosure 404-1: • DiaSorin S.p.A. • DiaSorin Deutschland GmbH • DiaSorin Inc. (USA) • DiaSorin Molecular LLC <u>Reasons for scope limitation are provided in paragraph 1 "Note on Methodology"</u>	Notwithstanding the Reporting Requirements of GRI Disclosure GRI 401-1, the report provides the aggregate turnover rate. The turnover rate is not provided by gender/age since data for its calculation are not available for all Group Companies.
	Diversity and inclusion			- GRI Standard 102 "General Disclosures 2016"; • Disclosure 102-8: Information on employees and other workers - GRI Standard 405 "Diversity and Equal Opportunities 2016"; • Disclosure 405-2: Ratio of basic salary and remuneration of women to men	Paragraph 6 "Personnel management"	- Disclosure 102-8: All the Companies included in the scope of the 2017 consolidated financial statements. - Disclosure 405-2: • DiaSorin S.p.A. • DiaSorin Deutschland GmbH • DiaSorin Inc. (USA) • DiaSorin Molecular LLC <u>Reasons for scope limitation are provided in paragraph 1 "Note on Methodology"</u>	Notwithstanding the Reporting Requirements of GRI Disclosure 405-2, men/women percentage ratio is provided only in relation to basic salary, since data for its calculation are not available for all Group Companies. Data are provided only for White Collars and Blue Collars.
	Dialogue with social partners			GRI Standard 102 "General Disclosures 2016"; • Disclosure 102-41: Collective Bargaining Agreements	Paragraph 6 "Personnel management"	All the Companies included in the scope of the 2017 consolidated financial statements (it should be noted that although the scope is not applied to all countries, percentage is provided taking into account the whole DiaSorin Group)	N/A
	Occupational Health and Safety			GRI Standard 403 "Occupational Health & Safety 2016"; • Disclosure 102-41: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Paragraph 4 "Environment, Health and Safety"	All the Companies included in the scope of the 2017 consolidated financial statements.	Notwithstanding the Reporting Requirements of GRI Disclosure 405-2, the absenteeism rate is not provided, since data for its calculation are not available for all Group Companies.
Anti-corruption and bribery	Anti-corruption and bribery		Consult paragraph 7 "Anti-corruption and bribery" of the Consolidated Non-Financial Disclosure	GRI Standard 205 "Anti-corruption"; • Disclosure 205-2: Communication and training about anti-corruption policies and procedures	Paragraph 7 "Anti-corruption and bribery"	• DiaSorin S.p.A. • DiaSorin Deutschland GmbH • DiaSorin Inc. (USA) • DiaSorin Molecular LLC <u>Reasons for scope limitation are provided in paragraph 1 "Note on Methodology"</u>	Notwithstanding the Reporting Requirements of GRI Disclosure, data refer exclusively to training hours for new hires concerning the Group's Code of Conduct and training hours provided by the Parent Company to subsidiaries concerning MedTech. Additional anti-corruption training hours are included in the total training hours reported next to 404-1 indicator, since current anti-corruption training is not systematically classified within the Group.
Respect of Human Rights	Following the analysis carried out by the DiaSorin Group, the Company considered the topic as not material since it is not associated with any specific risks for the Group. For a detailed explanation of the reasons behind this choice see paragraph 2.2 "Material topics for the DiaSorin Group" of the Consolidated Non-Financial Disclosure						