

Communication on Progress (CoP): 2020

Kedron, by means of the release of the Communication on Progress, confirms its *commitment*, as of March 2005, to recognize and approve the 10 Global Compact Ethics Principles regarding human rights, employment, environment as well as the anti-corruption engagement.

Kedron, moreover, confirms to always and systematically apply these principles in its business management and activities.

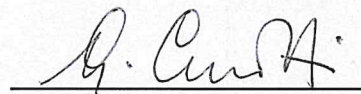
The Ethics Management System adopted by Kedron has been conceived and implemented on the basis of Kedron's observance to its ethics principles, of its employees and collaborators as reported in the Code of Ethics endorsed by the company.

Kedron, in compliance with the 245/2016 Decree, which absorbs the 2014/95 European Regulation, has drawn up and signed the Consolidated non-Financial Statement concerning the outcomes and activities of the 2019 year.

Such statement, herewith enclosed, outlines the main activities, the policies and the related results as well as the organizational models adopted and finally those risks generated and/or incurred in the environmental and social context, pertaining to employees, the respect of human rights and the anti-corruption engagement in its active and passive forms.

Kedron will be glad to provide you with any further clarification or more detailed info if you deem necessary regarding this Communication on Progress as well as on the Ethics Management System; your queries may be addressed to the Ethics Officer's email address: Ethics_Office@kedrion.com.

Castelvecchio Pascoli, August 24, 2020

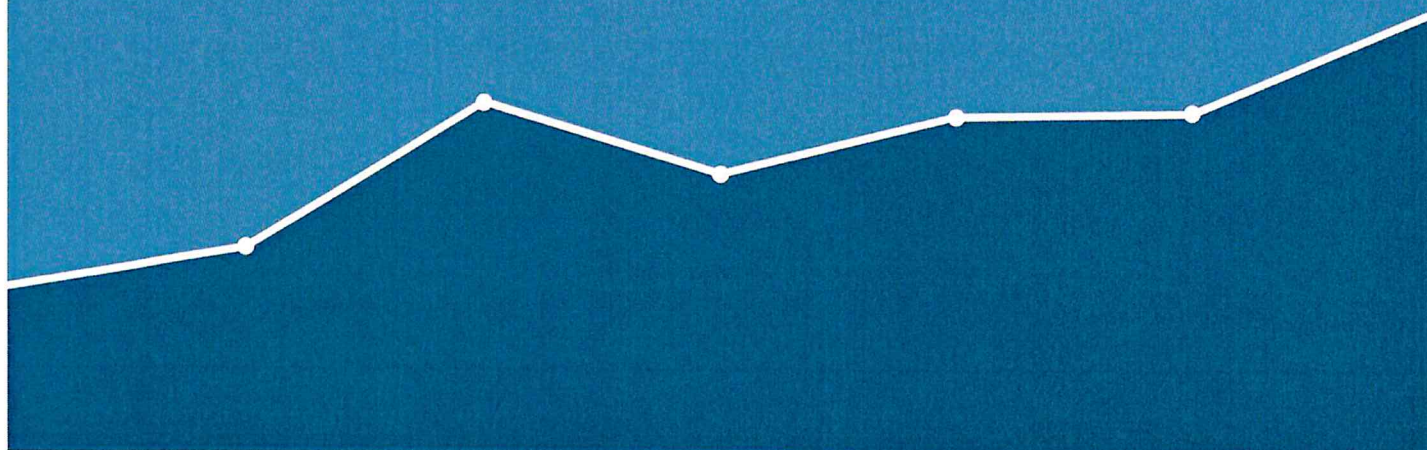


Alessandro Curotti
Global General Counsel & Ethics Officer
Kedron S.p.A.

Annex: Consolidated non-Financial Statement as at December 31, 2019.

KEDRION
BIOPHARMA

KEDRION GROUP
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2019



Kedrion S.p.A.

Joint-stock company

Fully paid-up share capital Euro 60,453,901

Registered office: Località Ai Conti - 55051 BARGA (LU), fraz. Castelvechio Pascoli,

Production facility: 55027 GALLICANO (LU) – frazione Bolognana

80029 S. ANTIMO (NA)

Tax Code – VAT No. – Reg. Of Companies of Lucca No. 01779530466 – Economic & Administrative
Index No. 170535.

4.15. CONSOLIDATED DISCLOSURE OF NON-FINANCIAL INFORMATION IN ACCORDANCE WITH LEGISLATIVE DECREE 254/2016

CEO Statement

Dear Readers,

I'm glad to present you the Kedrion Consolidated Non-Financial Statement (DNF) relating to the events of 2019.

The document closes the first three years of activity in this area. In fact, since 2017, Kedrion has drawn up the consolidated non-financial declaration. The DNF is prepared in compliance with the provisions of Legislative Decree 254/2016 (and following regulations), which transposed in Italy the European Directive 2014/95.

The DNF represents for Kedrion the confirmation of our attention to environmental sustainability, respect for the rules and principles of ethics in business, attention to the development of people, scientific and applied research, relationship with communities where our plants, plasma centers, laboratories and offices are located.

The DNF 2019, as it happened last year, was drafted according to the "accordance-core" option of the *GRI*, evolving from the *GRI-Referenced one* used in the first year of preparation, 2017.

The text is the result of a broad global matrix in which the main legal entities of Kedrion and numerous functions have contributed to design the impact of our activities in the five areas that build the DNF: Environment, People, Social, Anti-corruption, Human rights.

For each of these areas we have described the organization put in place for their efficient management, as well as the processes, policies and related risk analysis (including initiatives for their mitigation), from a qualitative and quantitative point of view.

As for last year, the DNF contains general information about our group and its way of contributing, together with our most important stakeholders, to the improvement of the natural, economic and social environment to which we belong.

In 2019 Kedrion continued its employee's growth path, increased by 2%. Among Kedrion's employees, a slight majority of female staff and a more marked presence of women in responsibility and management position are confirmed. We also continued to increase investment in training, organizing 24,000 hours of training worldwide (+ 10% on last year); Finally, we have expanded the scope of our personal development and performance management tools.

From an environmental point of view, Kedrion has confirmed and consolidated its impact mitigation policies, also in the presence of the decisive restart of the Melville plant and the general increase in industrial activities. For this area, 2019 was a year of sharing between the production sites of best practices and initiatives aimed at achieving a level of excellence and maturity of the EHS system at a global level.

Our activities for the social communities have been mapped all over the world and show the profile of a company that interacts with frequency and mutual social profit with the reference territories.

Finally, the company confirms its prevention and surveillance measures worldwide, also through independent offices and bodies, in the areas of *compliance*, equal opportunities

and non-discrimination. Even in 2019 there were no cases of human rights violations or reports of episodes of corruption.

The 2019 DNF is published during the pandemic related to the new Coronavirus. Kedrion immediately adopted measures to protect, both the health of our employees and the continuity of our production, essential for our patient communities, which remain our main focus.

The DNF relating to the events of 2020 will report in detail the activities carried out by the company on this critical issue. However, we have decided to summarize them briefly in the initial paragraph of the document that you are about to read.

Paolo Marcucci

FOREWORD - COVID-19

In February 2020, Italy was one of the first European countries where the new Coronavirus spread, after originating in China in late 2019 and spreading in East Asia at the beginning of the new year.

After a few weeks, the spread of the virus has affected almost all the countries of the world, including the United States and Hungary, the two countries that, together with Italy, are the headquarters of the production sites and plasma centers of Kedrion, as well as those where most of the company's employees are based.

Kedrion quickly implemented contingency plans, creating a Covid-19 Response Team, quickly transformed into Covid-19 Global Response Team and made of almost all corporate functions (in particular EHS, HR, Operations, Quality & Regulatory, Medical Area, Communication).

The Response Team has focused on two objectives to be pursued jointly, the safeguard of workers from contagion risks and the business continuity. The latter, as well as fundamental to ensure therapeutic continuity for the patients treated, was requested by the governments where Kedrion operates. In fact, these governments considered the sector in which Kedrion operates, the pharmaceutical sector, *essential* for society (this also applied to the plasma centers of the United States and Hungary, considered by local governments to be a strategic infrastructure not included in the *lockdown* policies).

For what concerns the protection of workers' health, Kedrion allowed and then highly suggested a very wide use of the so-called 'smart working', allowing it to all employees not involved in manufacturing activities - in a broad sense. In this way, the company protected its plasma plants and centers, whose integrity was considered a vital issue.

For employees who are not included in the smart working program, policies of social distancing and sanitization and cleaning of the environments have been strictly adopted (offices, production departments and plasma centers, canteens and common spaces, elevators, meeting rooms, etc.) and behavioral measures aimed to obtain maximum hygiene of places and people. Where proper distancing is not possible, employees have been equipped with Personal Protective Equipment (PPE) and have been continuously updated on emergency management and good practices to be adopted. Finally, the rooms have been subject to additional cleaning and sanitizing activities concerning all the surfaces of greatest contact such as handles, keyboards, push-buttons, etc.

Regarding the aspects related to business continuity in the broad sense (Operations, Maintenance, Quality Control, Quality Assurance, Supply Chain, Engineering, etc.), the company has kept close contact with its entire supply chain to monitor any critical aspect also concerning the processes not directly governed (for example the purchase of plasma from third parties, storage and transport operations, the distribution of products in countries where the activity is indirect).

On the date on which the DNF 2019 is closed, the company does not detect interruptions in its production chain, for any drug and for any geography, and has informed patient associations and Scientific's companies about the permanence of production continuity.

Finally, the Kedrion Research and Development area has activated itself and is involved in projects aimed at developing effective therapies against Covid-19 using plasma of people healed, both directly (after viral inactivation), and through the production of specific immunoglobulins.

4.15.1. INTRODUCING KEDRION GROUP

Kedrion is an Italian biopharmaceutical company that collects and splits human plasma in order to develop, produce and distribute plasma-derived drugs for the treatment and treatment of patients

suffering from Hemophilia, Immunodeficiencies and other forms of serious pathologies. Kedrion is the bridge between donors and those in need of care and works globally to extend patient access to available therapies.

Headquartered in Italy and with a commercial presence in over 100 countries worldwide, it is the fifth largest player in the world and the first in Italy in the sector of plasma derivatives.

Kedrion manages the entire plasma transformation cycle (procurement, production and distribution) and is based on a vertically integrated business model. The company has 5 production plants: three in Italy, two of which in Tuscany (in Bolognana and Castelvecchio Pascoli, in the province of Lucca) and one in the province of Naples (in Sant'Antimo); one in Hungary (in Gödöllő, near Budapest); and one in the United States (in Melville, New York State). All these production sites are certified internationally according to GMPs (Good Manufacturing Practices).

In Italy, Kedrion is a long-standing partner of the National Health System, with which it collaborates actively pursuing the goal of self-sufficiency in the supply of plasma-derived drugs; at the same time, the company puts its experience and commitment at the service of communities and health systems around the world to achieve this same goal. In Italy, approximately 1,800,000 donors donate voluntarily, anonymously and unpaid in the over 300 transfusion centers present in the national territory. Many Italian regions entrust plasma to Kedrion, which transforms it into drugs which are then returned to hospitals so that they can meet the therapeutic needs of the population. Kedrion's activities in Italy are aimed at improving plasma collection and contributing to the commitment of the Italian Blood System towards self-sufficiency.

Abroad Kedrion owns plasma collection centers in Hungary and the United States (until May 31, 2019 Kedrion also owned and managed plasma centers in Germany, which were subsequently sold). In the United States, in particular, the center of Buffalo (New York) is specialized in the collection of plasma with a high content of Anti-D antibodies, used in the production of a drug based on Anti-D Immunoglobulins, used for over half a century in the prevention of Fetal-Neonatal Hemolytic Disease (MEFN).

The vertical integration of Kedrion allows a very tight control on its supply chain, also in consideration of the relevant weight that the raw material (human plasma) constitutes for its business. From this point of view, in 2019 there were no significant changes in the processes and activities along the supply chain, which was made more efficient through the continuation of the strategy to rationalize proprietary plasma centers in the United States (see below, in the part relating to people, how this has affected the turnover and termination rate).

From this point of view, in 2019 there were no significant changes in the processes and activities along the supply chain, which was made more efficient by continuing the rationalization strategy of proprietary plasma centers in the United States.

From this point of view, the sale of German plasma centers and the investment for the purchase of new plasma centers in the United States led to a significant reduction in staff in Europe and a simultaneous increase in employees in the United States.

In particular, Kedrion's strategy has continued to tend towards the expansion of the plasma centers directly owned and managed, so as to be totally self-sufficient with respect to the starting material necessary for its factories, which makes the business and its planning more sustainable. In 2019, in addition of the objective of saturating its plants, Kedrion sold plasma to other plasma-activating companies, thus contributing to the production of drugs, unfortunately still structurally insufficient to guarantee access to care for all patients in need.

As far as the stakeholders are concerned, the company identifies the following as main interlocutors, as is the case in reality with a similar size and scope of activity:

- Employees and their representative organizations
- Components of the global value chain (customers and suppliers)
- National, regional and local public institutions
- Independent and regulatory administrative authorities

- Public and private secondary education institutions, universities and advanced training institutions, as well as Departments and Scientific Research Institutes¹
- Local communities of production sites
- National and international financial community
- Associations of patients and the community of doctors
- Donor associations
- Other non-profit associations (Farmindustria, PPTA, etc.)

The list of the main stakeholders is identified through interviews with the corporate functions and offices exposed to the outside world and who have the burden of managing them and engaging them in corporate activities in the broad sense.

From this point of view, the management of the relationship with employees and with their representative unions is essentially handled by the human resources function, according to the internal laws and procedures intended for them. The relationship with public or regulatory institutions of all levels is the prerogative of the Presidency, which receives support from other functions (including Global Public Affairs, the Regulatory, the Medical Area and the commercial function for Italy); the relationship with academia and research is managed by the Research and Development department, under the coordination of the Presidency; relations with patient associations are managed by the marketing function under the close supervision of the Medical Area; relations with donors are managed by owned plasma centers or, in Italy, by the Donors Italy function; relations with local communities are mainly held by the Presidency, Global Public Affairs and by the management of the production sites; relations with associations such as Farmindustria and PPTA (Plasma Protein Therapeutics Association) are held by the company chairmanship.

Regarding Kedrion's participation in associations is concerned, the two most important are those in Farmindustria and PPTA, the association that brings together the largest plasma-activation or plasma collection companies in the world; Kedrion president is a member of the Farmindustria Board and of the PPTA Global Board of Directors.

In addition to these memberships, Kedrion is also a member of Aspen Italia, founder of the Campus Foundation in Lucca and of the Tuscany Life Sciences Foundation in Siena, member of the VITA Foundation of Siena, of the Lucchese Foundation for Higher Education and Research (FLAFR) and of the Civita association.

4.15.2. NON-FINANCIAL STATEMENT 2019 OF KEDRION GROUP

In compliance with the terms of Legislative Decree 254/2016 and its amendments and additions (hereinafter also referred to the Decree), which implements the European Directive 2014/95 in Italy, this year Kedrion drafted again a consolidated non-financial declaration (from now on, "DNF") relating to the events of the year 2019.

The DNF of Kedrion has annual frequency; the DNF relating to the year 2019 was approved by the Body of Directors on March 27, 2020.

The DNF updates that of 2018, confirming that it has been drafted in the *in accordance - Core option* envisaged by the GRI Standards; in addition, a materiality matrix was developed during the definition of the material issues, as required by the Standards themselves.

The Kedrion DNF 2019 is therefore prepared in accordance with the Sustainability Reporting Standards published by the GRI - Global Reporting Initiative according to the *in accordance - Core approach*. The DNF of Kedrion has an annual frequency.

¹ This stakeholder category is a new one with respect to the previous DNF. Although activities with training and research institutions were not only carried out in 2019, it is true that during last year such activities rose, thanks to an open-innovation ambitious plan, started by R&D department and its chief.

According to the provisions of art. 5 paragraph 3a of the Decree, this DNF is contained in the Management Report of the Consolidated Financial Statements and was approved by the Board of Directors of Kedrion S.p.A on March 27, 2020.

DNF does not report the governance structure of the company, described there in detail, precisely because it is included in the management report. Of course, It should be underlined that the various legal entities are administered by Councils, Boards or Managing Directors supported by Supervisory Boards.

The legislation requires the DNF to report the main activities, policies and related results, the organizational models adopted, the risks generated and / or suffered and the management approach to environmental, social, related to personnel, respect for human rights and fight against active and passive corruption issues, reporting both what is done directly by the company and what can be controlled along the supply chain and the effects for the stakeholders.

From an organizational point of view, Kedrion's DNF 2019 was assigned by the CEO to the Company's Central Services (CCS) area, which formed a multifunctional working group. The CCS function is the contact point for any party interested to deepen the topics covered in the DNF and its construction process.

4.15.3. MATERIALITY ANALYSIS

The Decree provides that the DNF covers, to the extent necessary to ensure an understanding of the business activity, its performance, its results and its impacts, the five thematic areas of: "Employment", "Social", "Environment", "Anti-corruption", "Human Rights".

As provided by the Decree and by the GRI standards, in order to write the DNF, Kedrion drafted a materiality analysis, with the aim of establishing, for each of the five areas envisaged, the topics that the company deemed most relevant., significant and high impact; topics for which it has developed policies and organizational structures aimed at adequately monitoring them.

The materiality analysis was approved by the functions involved and by the company President and CEO.

The material topics identified in the materiality analysis were the following:

"Employment" Area:

- Managerial development
- Employer branding
- Company well-being
- Injuries (Occupational health and safety)

"Social" Area:

- Relationship with local communities
- Research activities and expanded access

"Environment" Area:

- Water consumption and water cycle
- Renewable and non-renewable energy consumption
- Direct and indirect emissions
- Waste production

Moreover, other two material issues were identified, namely: Respect for human rights and Fight against active and passive corruption.

As pointed out in last year's DNF, Kedrion started a research on the theme of gender diversity. The analysis examined some aspects related to gender diversity and focused on comparing Kedrion's structure (governing bodies, personnel distribution and diversity, average compensations, etc.) to the one of other pharmaceutical companies.

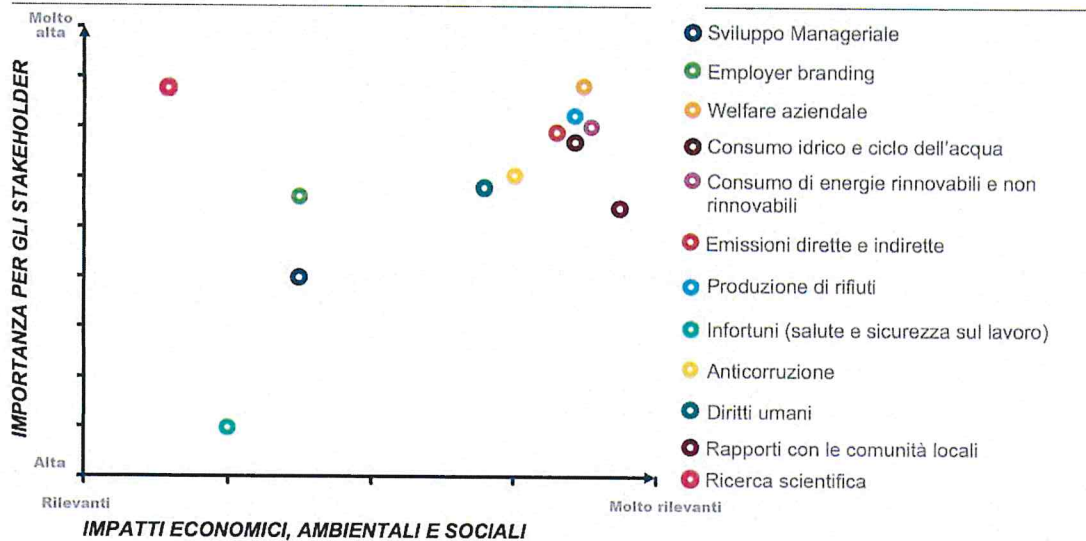
The study highlighted a substantial alignment of Kedrion with the reference benchmark. The theme continues not to be formally "material", not because considered 'solved', but only because the company, in the last three years, has focused its activities regarding its personnel in other areas.

The study carried out in 2019 was a prerequisite to make the theme of *gender diversity* real in the future. Based on benchmarking and listening activities, the functions involved in the definition of the material issues have also determined them taking into consideration the expectations of the main stakeholders of the company (mentioned above).

For greater adherence to the GRI Standards, from this year Kedrion's materiality analysis is represented through a materiality matrix (figure below). The matrix highlights, in a system of Cartesian axes, the relevance of material issues with respect to two dimensions: on the abscissa axis, the importance in terms of economic, environmental and social impact generated by the company's activities and on the ordinate axis the relevance of the issues from the stakeholder point of view.

The matrix has been revised by the corporate functions involved and will be updated every year.

MATRICE DI MATERIALITÀ



4.15.4. GENERAL APPROACH ON SUSTAINABILITY TOPICS

Kedrion, due to the specific nature of the products created, helps people, communities and institutions attenuate and remove the obstacles which prevent from enjoying the right to life, liberty and security. Kedrion contributes to transforming inherent right (life, freedom, safety) into the social right to live in the best possible conditions. For this reason, it collects, transforms, makes active and available the vital energy generated and regenerated, stored and transported in the blood, so that it can be transferred from human being to human being.

Kedrion contributes to the production and distribution of medicines derived from human plasma which are able to improve people's quality of life. It works to maintain the highest sector standards; it operates to consolidate its own role as a recognized representative of the medical and scientific, healthcare and institutional community.

Kedrion aims, in an international context, to strengthen its role as strategic partner of the healthcare systems in countries which seek to achieve self-sufficiency in the field of plasma derivatives. It produces

wealth for investors, workers, and the territory, and does so in coherence with its own vision and the values of responsibility, transparency, trust and respect for people.

The company's founding values, ethical principles, reference standards and rules of conduct on sustainability issues and on its way of being in the world are set out, among other documents, in the Code of Ethics.

The policy adopted by Kedrion provides for a risk analysis on sustainability issues and the adoption of prudential policies and processes to avoid accidents or non-standard behavior; more specifically, for each of the following areas (Employment, Social, Environment and Safety, Anti- Corruption and Human Rights), the functions involved have indicated the risks to which they are subject, and the mitigation measures adopted to prevent and manage them.

4.15.5. "EMPLOYMENT" AREA

Kedrion believes that the management of its staff goes beyond contractual and legal obligations and works - as described below - on several fronts to guarantee its well-being and professional satisfaction. The company reckons, for instance, that investing in training of people is fundamental for professional growth and that it must go beyond the simple professional requirements requested by the role: therefore, following the launch of the leadership model based on the managerial and individual skills necessary for each employee, in 2019 the Company has used this model in its processes, starting from the employee's performance management.

Between the end of 2019 and the beginning of 2020, employees were assessed according to the same leadership model, consistently with the managerial or professional nature of the position held. The areas for improvement have been identified and in 2020 individual training and development plans will be guided by the consideration of these areas for improvement.

Kedrion believes that making shared decisions not only allows employees to be primary players, but also leads to better decisions; and that personal and professional growth requires challenges and the possibility of making constructive criticisms. The history of Kedrion's family business leads it to recognize and promote, for example, a good balance between free time and work time, treasuring diversity and at the same time seeking common values. Kedrion works in a way that makes sure that the health and safety of employees are not left to chance or good intentions, by adopting a management system based on safety policies subject to frequent reviews when changes are made, including new processes, activities or production plants.

At December 31, 2019, Kedrion personnel was composed of 2,615 people, against the 2,571 at the end of 2018 (+1.7%). The group's corporate population is concentrated in Italy (44%), in the United States (41%) and in Hungary (14%), countries where production plants and plasma collection centers are located; a residual portion (1%) is based in other locations, mainly in Europe. As in 2018, also in 2019 the female presence on the total workforce increased, reaching 1,396 people, equal to 53% of the total (and +5% compared to the same figure in 2018), of which 23 belonging to the professional category of "Directors " (also in this case, this is an increase of 4.5% compared to 2018).

Breakdown of employees by region 2017-2019

	2017	2018	2019
Italy	1,136	1,146	1,147
Hungary	360	368	359
Germany	145	158	17
Rest of Europe	14	13	11
USA	787	870	1,065
Rest of the World	14	16	16
Total	2,456	2,571	2,615

From the table above, it is clear the effect of the sale of the German plasma collection centers, which took place on May 31, 2019. As it is usually happening in the sector in which Kedrion operates. This sale assured a competitor the maintenance of the job for the workers employed in the transferred structures. Correspondingly, the company purchased some plasma centers owned in the United States, causing then a significant increase in US employees between 2018 and 2019.

The form of contract applied to almost all Kedrion staff is the permanent one (97.7% of contracts, against 95% in 2018). It should also be noted that 57% of the staff is covered by collective agreements, the remaining part by individual contracts. More specifically, all employees except those in the United States who stipulate individual employment contracts are covered by a national collective bargaining agreement or company collective agreement.

Breakdown of employees by type of contract						
Region	Fixed-term			Permanent		
	Men	Women	Total	Men	Women	Total
Italy	23	19	42	668	437	1,105
Hungary	4	13	17	156	186	342
Germany	-	1	1	7	9	16
Rest of Europe	-	-	-	5	6	11
USA	-	-	-	346	719	1,065
Rest of the World	-	-	-	10	6	16
TOTAL	27	33	60	1,192	1,363	2,555

With reference to the breakdown by professional category, in 2019 the 48% of employees is in the category "Blue collars" and 49% on that of the "White collars". The "Directors" category, on the other hand, represented 3% of the total employees at 31 December 2019.

Kedrion includes, in the "Directors" category, the personnel in managing or executive positions; employees employed in the offices or, if in a factory, holding the qualification of supervisor or manager (for example in plasma centers in the USA) are included in the "White collars"; the "Blue collars" are the employees employed for manual work (workers, logistics and warehouse workers, other operators, etc.).

Total number of employees by category and gender for the years 2017-2019									
Category	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Directors	72	22	94	68	22	90	65	23	88
White Collars	560	700	1,260	579	765	1,344	534	738	1,272
Blue Collars	582	520	1,102	596	541	1,137	620	635	1,255
TOTAL	1,214	1,242	2,456	1,243	1,328	2,571	1,219	1,396	2,615

As for the annual trend, an increase in the number of women was mainly registered among the blue collars (+ 17.4% compared to 2018). This increase is also linked to the development of plasma centers in the US, where the female presence is significant and prevalent.

During 2019 the use of part-time decreased, especially as a consequence of the dynamics of plasma centers.

Total number of employees by type of contract for the years 2017-2019

Type of employment	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-Time	1,192	1,145	2,337	1,224	1,212	2,436	1,212	1,362	2,574
Part-time	22	97	119	19	116	135	7	34	41
TOTAL	1,214	1,242	2,456	1,243	1,328	2,571	1,219	1,396	2,615

During 2019, the company saw 915 new entries among Italy, Hungary, Germany and the United States.

In the Rest of the world (ROW), only two entrances were observed in 2019.

Total new entries by region and age group at 31.12.2019

Region	< 30	31-50	>51	Total
Italy	26	46	8	80
Hungary	25	34	10	69
Germany	1	5	2	8
Rest of the World		1	1	2
USA	421	289	48	758
TOTAL	473	375	69	917

Compared to 2018, the number of new hires has reduced by 19.2%, from 1,135 to 917. In particular, the female hires have reduced by 14 %, those of the male by 30.6%.

Total new entries by region and gender for the years 2017-2019¹

Type of employment	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	27	34	61	34	32	66	36	44	80
Hungary	35	61	96	21	55	76	25	44	69
Germany	17	34	51	13	40	53	0	8	8
USA	212	490	702	288	652	940	185	573	758
Rest of the World	0	0	0	0	0	0	1	1	2
Total	292	618	910	356	779	1,135	247	670	917

Data on new entries must be read together with the existents, the main causes resignations of employees (also read from the turnover point of view in the following table) and the sales and acquisition activities of plasma collection centers in the United States and Germany.

The difference between the hires and terminations of the Group in 2019 does not coincide with the growth of the workforce between 2018 and 2019 shown in the table *Breakdown of employees by region*. The difference derives from the fact that this table shows only the employees at 31 December, while the data relating to hires and terminations also include non-employees (e.g. temporary contracts, even of very short duration). The company often uses contracts of this type to meet seasonal and specific needs, especially in the case of plasma centers.

During 2019 the company recorded 869 terminations in Italy, Hungary, Germany and the United States. In the Rest of the world (ROW), there were 4 terminations in 2019.

Overall, there were 123 fewer exits (including those relating to the sale of plasma centers in Germany) compared to 2018 (-12.3%).

Total exits by region and age group at 31.12.2019

Region	< 30	31 - 50	> 51	Total
Italy	11	44	24	79
Hungary	12	49	17	78
Germany	26	67	56	149
USA	255	252	56	563
Others		4	-	4
TOTAL	304	416	153	873

Total exits by gender at 31.12.2019

Region	Men	Women	Total
Italy	43	36	79
Hungary	34	44	78
Germany	26	123	149
USA	164	399	563
Others	3	1	4
TOTAL	270	603	873

Number of exits by cause as of 2017-2019

Cause	2017	2018	2019
Resignation	374	331	537
Dismissal	142	20	146
Retirement	6	10	11
End of contract	58	17	18
USA plasma centers sale	270	240	128
Other*	104	378	33
TOTAL	954	996	873

* Under "Other" the terminations not counted in the previous categories are included (death, failed trial period, etc.)

As for the turnover rate linked only to the resignation, which - in particular in the United States, Hungary and Germany - is significant, it is linked to the dynamics typical of plasma collection centers, in which the labor market, the competitive environment and the professional figures employed help frequent job changes. In 2019 the turnover due to resignations (21%) increased compared to 2018 (12.7%) also due to the inclusion in the calculation of the turnover of the resignations happened in the plasma collection centers that were sold during the year and to a reclassification of contracts terminations reasons completed in 2019.

Turnover rate due to resignations during considered period by region and gender¹³

Region	Turnover rate	Number of resigned people	Women resigned in the period	Men resigned in the period
Italy	3.5%	40	24	16
Hungary	16.7%	60	37	23
Germany	82.4%	14	11	3
USA	39.5%	421	300	121
TOTAL	20%	535	372	163

Turnover rate due to resignations during considered period by region and age

Region	Turnover rate	Number of resigned people	< 30	31 - 50	> 51
Italy	3.5%	40	5	30	5
Hungary	16.7%	60	12	41	7
Germany	82.4%	14	4	9	1
USA	39.5%	421	198	182	41
TOTAL	20%	535	219	262	54

As regards, instead, the other reasons for contract terminations, the figure relating to Germany, determined by the sales activities of the plasma centers in 2019, constitutes an *outlier*.

¹³ The figure includes and considers only voluntary resignations. It does not include:

- terminations of temporary contracts opened and closed during the year;
- terminations due to other causes (retirement, dismissal and/or consensual termination).

Turnover rate due to other reasons during considered period by region and gender

Region	Turnover rate	Number of exits for other reasons	Women exit for other reason	Men exit for other reason
Italy	3.4%	39	12	27
Hungary	5%	18	7	11
Germany	794.1%	135	112	23
USA	13%	142	99	43
TOTAL	13%	334	230	104

Turnover rate due to other reasons during considered period by region and age

Region	Turnover rate	Number of exits for other reasons	< 30	31 - 50	> 51
Italy	3.4%	39	6	14	19
Hungary	5%	18	-	8	10
Germany	794.1%	135	22	58	55
USA	13%	142	57	70	15
TOTAL	13%	334	85	150	99

The main risks associated with personnel, in Kedrion, are linked to two factors: on the one hand, the technological content and the complexity of the plasma processing processes; on the other hand, the geographical location of the plants and production sites. For both reasons, there are difficulties in finding the right talents with the technical, scientific and experience skills required to cover the key roles, and the pool of talents available in the company is relatively limited.

It is therefore important to carry out risk mitigation activities, taking care, on the one hand, of the accumulation of technical skills, obtained by investing in technical / professional training and ensuring the permanence of people in the roles; on the other hand, using tools that favor retention for figures with key know-how that is not easily replicable. These mitigation activities take place through HR policies aimed at promoting well-being in the workplace, professional development and investment in the person. The tools most often used are people review, management of individual development plans and performance management.

As regards Italy and Hungary, a further risk lies in the fact that there are very few competitors in the sector and from which to draw for expert candidates. In addition, the geographical location of the various offices does not facilitate the transfer or the so-called 'commuting' of candidates from other regions: in this sense, the attraction and retention efforts, once again, leverage both the remuneration aspects and those of development and training.

Kedrion is engaged in continuous discussion with workers' representatives at all levels: European, national, local.

For example, Kedrion S.p.A applies and complies with the provisions of the National Collective Bargaining Agreement for the Chemical-Pharmaceutical sector. In addition to the national collective agreement, in Kedrion S.p.A there are second-level agreements which provide for economic disbursements linked to the achievement of significant results, both as regards profitability and productivity (result bonuses).

In support of its commitment, during 2019 Kedrion S.p.A further consolidated the practice of promoting agile working methods, confirming the pilot project previously launched with the changes deriving from the experience made in 2018, and expanding it.

Furthermore, HUMAN BioPlazma, has signed second-level agreements, that provide for financial contributions aimed at making the company competitive in a dynamic and evolving job market.

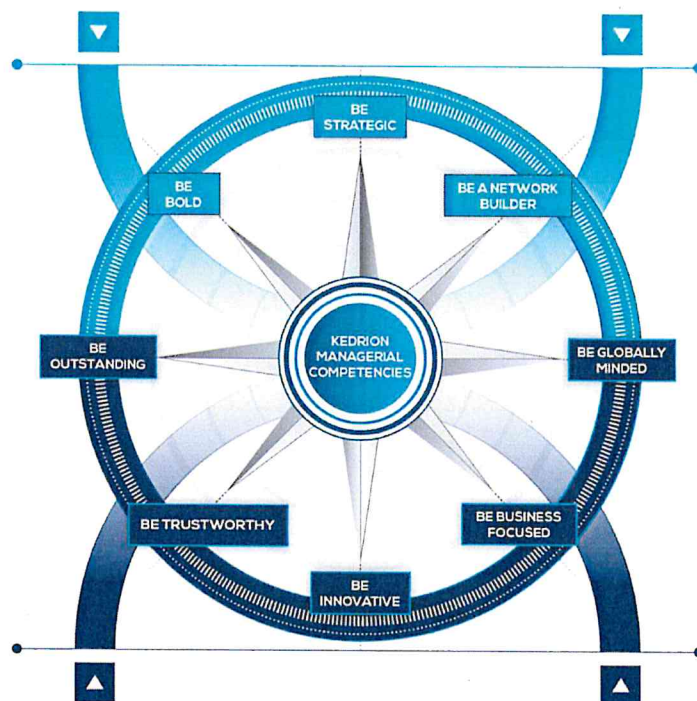
Finally, employee listening programs (focus groups and climate surveys) have been conducted both in the US and Hungary aimed at improving the *engagement* of company staff.

On the gender *diversity side*, during 2019 the company compared the gender data for the managerial population, detecting a substantial correspondence with the reference parameters for the pharmaceutical sector provided by our professional partner, an international consultancy company in the human capital sector.

The material issues identified for DNF 2019 in the " Employment" area are four: managerial development, employer branding, corporate welfare, workplace safety. Among these, the first and fourth are certainly the issues that have been given priority and relevance as regards the policies adopted and the organization made available. The theme of managerial development (such as those of employer branding and corporate welfare) are part of the company's Global Human Resources function, while that of workplace safety is entrusted to the Global EHS function.

MANAGERIAL DEVELOPMENT

The success of the company and the growth of staff's professionalism grow together, and both require the active contribution and daily commitment of everyone. With this objective, Kedrion based its skills development system on the Leadership Model launched in 2018; this model is aimed at creating value and improving corporate performance within the framework of a policy of enhancing human resources, managing talents and balancing work and private life.



The theme of managerial development, in this Non-Financial Statement, will be developed by describing the training activities, the performance and talent monitoring system and the remuneration and rewarding policies.

TRAINING ACTIVITIES

Promoting a culture focused on training and skills development allows the organization to have the solidity and flexibility essential to successfully face future challenges.

Therefore, Kedrion devotes particular attention to the issue of training, recognizing the importance it has in building knowledge and maximizing both the technical-specialist skills of its resources and the managerial ones.

Through Kedrion School, a project carried out in collaboration with the Lucca Campus Foundation, the company supports the objectives of internationalization and evolution of teaching, also through the use of digital tools and the consolidation of the managerial and leadership model.

During 2019 the company developed, among others, the following training and managerial development paths:

- The international program on development of managerial skills (Kedrion Management Development Program - KMDP) came to its first edition, focused on talent people of the group: 19 managers from six countries and from all business functions;
- Two plenary sessions for the 100 key people of the company, dedicated to the issues of market orientation and teamworking; the sessions included international speakers, round tables, discussions with the CEO;
- People Management Journey. Path for newly appointed leaders, two classes for a total of 25 Italian people involved. 13 total training days between classroom, outdoor and webinar (6.5 days per group)
- Technical educational program (second edition) for a group of about 30 people
- Finance for non-Financial People, two classroom days for 15 Italian middle managers and managers.

These training courses are brought together by an innovative vision of training, which sees collaborative learning, mentorship and project work experiences used together with traditional classroom and distance learning techniques.

At the end of 2019, a training program designed in collaboration with the Data Protection Officer, the Supervisory Body and the Ethics Officer was also promoted through the new learning platform (see below); the training was dedicated to the in-depth study of the issues relating to EU Regulation 679/2016 - General Data Protection Regulation, the Organizational, Management and Control Model adopted by Kedrion S.p.A pursuant to Legislative Decree 231/2001, as well as the Social Responsibility System - SA8000.

During 2019, Kedrion set up a task force to redesign the learning process. This task force focused on 4 activity streams: defining a vision and learning strategy, identifying best practices, collecting proposals with the objective of improving the learning process and exploring the support potential offered by IT tools. The team produced some recommendations that are currently being implemented.

In order to improve the management of our Training process and generate more effective training experiences, Kedrion has enriched its HRIS (KedPeople) system with a management module for the training management process.

The new tool aims to simplify the management and traceability of the training activity and to facilitate the use of the training contents for all employees, as well as to make their training path available to each employee by entering the session "Training archive".

As for the entire KedPeople system, with this new module the Company supports the professional growth of employees through the development of skills and knowledge in a constantly changing work environment.

Furthermore, it was decided to invest in some critical phases of personnel management, i.e. the practice of feedback to collaborators and the preparation of effective individual development plans, thanks to the collection of a series of feedback received during the annual human capital review (so-called People Review). This investment translated into a training program that, after the initial launch, involved 42 managers in Italy and 23 in the USA in 2019.

Through local initiatives, both through external providers and by exploiting the training skills of employees, Kedrion has made further significant investments in training to improve and update the skills necessary for the correct performance of the activities related to the role covered.

In addition, on the diversity side, it has to be noted the participation in the training courses of Valore D, the first association of companies in Italy that has been committed to gender balance and an inclusive culture in organizations and in our country, should be noted. In this context, two female managers of Kedrion participated in the middle management process

- 1 female executive participated in the Mentorship program as Mentor (following 1 mentee of another company)
- 1 When female participated in the Mentorship program as Mentee (followed by 1 mentor from another company).

With regard to company training, the values shown are in partial discontinuity with the past, due to the need for adequate technical training for newly acquired plasma centers in the USA and to the change in the reporting of training hours in the same area.

Number of employees involved in the Performance Management process in 2017 and 2018 and 2019 for gender

Year	Men	Women	Total hours	Average hours per employee
2019	12,253	11,666	23,919	9.1*
2018	13,456.6	8,201.4	21,658	8.4*
2017	9,082	12,906	21,988	9.0

Summary of training hours carried out in 2019 by occupational category and gender

Region	Director	White Collar	Blue Collar	Total
Italy	624	8,773	853,5	10,251
Hungary	572	5,892	1,692	8,156
Germany	24	64		88
USA	615	4,745	65	5,425
TOTAL	1,835	19,474	2,610.5	23,920

PERFORMANCE MONITORING

In 2019, in continuity with previous years (in Kedrion the performance evaluation system has existed since 2009 and since 2014 it has become a global system), the annual evaluation process of individual performances took place, of strategic importance in the development of human resources. Compared to 2018, the population involved increased from 1,733 to 1,942 people; the process involved 74% of the population (in 2018, 67% of the company population was involved) and 100% of Executives and Senior Management, as recipients of incentive programs (MBO). The increase has mainly benefited the female population, which has gone from 802 to 962 (+ 20%).

Number of employees involved in the Performance Management process from 2017 to 2019 for region and gender									
Region	2019			2018			2017		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Italy	628	383	1,011	647	391	1,038	653	403	1,056
Hungary	22	10	32	22	10	32	22	12	34
Germany	5	4	9	4	4	8	4	3	7
USA	51	40	91	254	395	649	296	539	835
Others	3	0	3	4	2	6	5	5	10
TOTAL	709	437	1,146	931	802	1,733	980	962	1,942

Number of employees involved in the Performance Management process in 2019 by occupational category and gender			
Category	Men	Women	Total
Directors	58	20	78
White Collars	466	505	971
Blue Collars	456	437	893
TOTAL	980	962	1,942

The KedPMP (*Kedrion Performance Management Process*) provides that, according to the different roles, employees are assessed on the basis of the achievement of departmental and individual objectives and of the level of possession of the competencies provided for in the leadership model. The system envisages homogeneous evaluation criteria at Corporate level for managerial roles and homogeneous evaluation at Country level, in compliance with local specificities, for non-managerial roles.

During 2019, Kedrion implemented a review of the performance evaluation process, which generated a series of improvements, related to the simplification of the goal setting and assignment of evaluation phases, to the inclusion of the leadership model in the evaluation system, facilitating the monitoring and

reviewing inter-annual phase, which currently essentially covers the whole year, and finally the new support tools to manage the process (FAQ, webinar, etc.).

At Corporate level there is an MBO system, the process of which is constructed in such a way as to guarantee transparency in the assignment and evaluation of objectives and the greatest possible homogeneity in the feedback evaluation and management criteria.

Since 2017, Kedrion has also introduced a global potential assessment process, crossed with the performance assessment: the process is called People Review. It aims to increase management's ability to identify dedicated development paths that are consistent with company needs in terms of succession plans and replacement tables.

REMUNERATION AND REWARDING POLICIES

As regards the Rewarding and Compensation areas, Kedrion has already started a review of the positions evaluation policies in recent years that allows for a segmentation of roles valid throughout the group and in compliance with local specificities, with the aim of promoting remuneration policies, development and management of people who value the principles of fairness and transparency.

Within the Group, remuneration policies are aimed at guaranteeing competitiveness on the labor market, in line with the growth and retention objectives of human resources, as well as at differentiating the remuneration tools based on individual professional skills and competences.

Kedrion has a remuneration system that differentiates employees on the basis of the professional category to which they belong, and / or the role held, which, in addition to the fixed remuneration component, can also include incentive systems (short and long term) linked to individual and corporate objectives.

Within the company, according to Corporate rules but applied to local realities, an annual Salary Review process is envisaged, linked to the outputs of the performance and potential management process.

At the level of each legal entity of the Group there is a system of benefits for employees which, depending on the specific role, context and local laws and reward choices can vary from supplementary health insurance to life to accident insurance; from joining supplementary pension funds to modular packages of benefits to support family life choices (study of minors, home care, medical visits, travel, etc.). The benefits are assigned according to local procedures and are, within the same organizational category, assigned to all employees regardless of the duration and type of contract.

In particular, there are no differentiations between part-time and full-time employees.

EMPLOYER BRANDING

To improve the management of the Recruiting process, in 2019 Kedrion has enriched the HR management system KedPeople with a new form dedicated to recruitment, which will allow to further strengthen the collaboration between recruiters and line managers by connecting, in real time, the Business needs with the activity of Talent Attraction.

This new form builds opportunities for an international talent pool, thus making Kedrion more easily recognizable on the market and accessible by potential external candidates, as well as facilitating access to new opportunities for anyone, already within the Group, who wishes to face with new challenges and new experiences by applying for a new role in the company.

In fact, in 2019 the internal job posting system dedicated to employees who want to apply for one of the vacant positions started. In this way, the transparency and diffusion of professional opportunities has reached a level that allows all interested employees to access more development opportunities, taking an even more active role in building their future in Kedrion.

The recruitment module will allow Kedrion to build a global database of homogeneous information on all potential candidates and make available a series of tools that allow the selection process to be implemented according to the same standards all over the world, making sure that it becomes an integral part of daily life in Kedrion.

In order to bring together talented young people and encourage the inclusion of young graduates and young people with a diploma in the company, in 2019 Kedrion further developed its Employer branding programs, through greater collaboration in specific projects with universities and training institutions in the areas of greatest presence. The main ones include the Master in Pharmaceutical Marketing carried out at the Pin in Prato, a consortium managed by the University of Florence and within which Kedrion also provided part of the teaching and managing an entire training module. In addition, the HR department provided teaching hours as part of the university master's degree in Human Resource Development, organized by the Department of Political Sciences of the University of Pisa.

In addition, the Second Level University Master's Degree in Clinical Trials of Medicines in Internal Medicine, Oncology and Hematology (University of Pisa), in which Kedrion has been collaborating for 3 years, welcoming trainees to the company.

In parallel, Kedrion continues to oversee the labor market through participation in Job Fairs dedicated to the pharmaceutical world (Biopharmaday Genova and Biopharmaday Firenze) and other career days (6 in all), the activation of educational and orientation internship courses. of various company offices (13 internships) and social network presence, with respect to which the Kedrion page on the social network LinkedIn has to be remarked, which currently has over 41,000 *followers*, growing strongly compared to the previous year, a sign of interest for the company.

CORPORATE WELFARE

Kedrion is committed to identifying and promoting initiatives that favor an ever-greater balance between private and professional life.

As an example, some projects in this area are shown below.

- In the United States (KBI), in accordance with local laws, there are several Flexible Working Hours initiatives, which provide that part of the work can be done remotely;
- in Italy (Kedrion S.p.A), starting from the pilot project launched in 2018, Kedrion confirmed and extended the Smart working policy to the entire company population, with the sole exclusion of personnel assigned to laboratory activities and production departments. In the manner established by Kedrion S.p.A, employees enjoy, in compliance with an agreed company regulation, the freedom to choose the preferred way of working remotely (other company sites, their residence or domicile or other places provided they are suitable in terms of compliance with the workplace safety regulations), for a maximum of 6 working days per month. Furthermore, Kedrion fully implemented the local public transport service for the Bolognana site, financing part of its economic cost.

OCCUPATIONAL HEALTH AND SAFETY

The policies practiced by Kedrion through its Environment, Health and Safety (EHS) at work department are intended to:

- Promote the culture of safety at every organizational level;
- Support initiatives aimed at improving working conditions;
- Support to local offices in the management of safety in the workplace
- Continue to monitor the performance at local and group level

These policies are supported and coordinated centrally by the EHS function through the dissemination of guidelines, sharing of tools and skills and monitoring of key indicators.

The Italian and Hungarian offices have adopted an OHS – Occupational Health and Safety management system following the BS OHSAS 18001 standard obtaining the relative certificate and, according to the evolution of the standard itself, they are moving towards ISO 45001 certification.

The OHS certification covers production sites and administrative offices where more than 55% of the total employees are based. Considering all production sites (Melville, Godollo, Sant'Antimo and

Bolognana) the percentage goes up to 85%, and in any case the 100% of employees in the Operations area is included in a structured system being coordinated by the local EHS business functions adopting the Company's policies.

The local EHS structures, coordinated by qualified EHS Managers, following the guidelines issued centrally, identify the health and safety risks and the related prevention and protection measures.

The main activities coordinated and managed by the local EHS functions concern the guarantee of legislative compliance and, where adopted, the maintenance of the management system.

These activities act on the main health and safety management processes which are, in addition to identifying the dangers and managing the risks:

- Health surveillance - to ensure that exposure to occupational hazards does not impact the health of employees assigned to specific jobs
- Information and training - carried out according to local regulatory requirements as well as voluntary standards, where adopted (e.g. OHSAS 180001 certified offices), to ensure that each employee carries out his / her task safely for himself and for others
- Audits and inspections - carried out locally but also as part of a global team at the other corporate offices
- The management of personal protective equipment - in compliance with local technical regulations and standards but also by coordinating with other company offices in order to adopt the best common practices

According to the local reference regulations, in addition to the EHS manager, both the competent doctors or professionals assimilable to this figure and the workers' representatives collaborate in the management system, as well as external competences from time to time appointed.

At the local level, meetings "extended" to other company departments, active parts of the H&S management system, for example Human Resources and the Managers of the various departments, are also set up; these meetings are intended to review the system's performance, propose solutions to problems or initiatives to improve the system.

In addition to the preventive and protective measures adopted at local or national level, initiatives such as incident management are implemented at a global level and mainly concentrated at the production sites to reduce the risks for its employees, visitors and staff of external companies, as well as the local community.

Therefore, the EHS Global structure monitors and supports local functions in the management of accidents starting from the identification of the causes, to then share the results of the analysis with the other sites through a "safety alert" system, so that everyone can learn from the errors and prevent the occurrence of new events.

On a global level, the general objectives are shared which are then implemented by the local realities and are monitored through key indicators such as frequency and severity indexes.

As part of the Operations function, the "Zero Accidents" objective is confirmed, monitored globally through indicators that measure frequency and seriousness.

Another objective launched globally and implemented by the Italian, Hungarian and US production sites is to achieve the highest level of safety culture through the active participation of all employees in reporting, in addition to accidents, the so-called "near misses" or missed accidents, unsafe situations or behaviors and also suggestions for improvement, setting as a minimum annual target a number of reports equal to one for every three employees (33%).

This indicator, including the relationship between accidents, near misses and reports is monitored monthly at the local and global level.

In 2019 the number of reports from employees of the production areas was over 1150 equal to 90% of the number of employees.

HEALTH AND SAFETY RISKS

Under the management of Kedrion there are areas, substances, plants and activities that can represent risk factors for health and safety such as:

- Video terminal, microclimate, lighting, fire / explosion and work-related stress existent in all the activities, from administrative to productive / technical;
- Biological risk, chemical risk, manual handling of loads, noise risk, low temperatures and use of machines and equipment (mechanical risk), which are added to the previous ones for the production and technical areas (laboratories / plasma collection centers, logistics, maintenance);
- Work exposed at height, activities in confined places, driving forklift trucks and mechanical vehicles that are added in reference to specific tasks.

Risks are recognized in accordance with current National Legislation. In particular, the sites in Italy are subject to the Consolidated Law n. 81/08 and produce a Risk Assessment Document (DVR); Hungarian sites are subject to similar legislation and, in turn, produce a risk document similar to the Italian DVR and OSHA indications are followed for the American sites.

The prevention and protection measures adopted in all areas guarantee the control of the above risk factors, keeping the level of risk below the limits set by the regulations and company policies.

The data on accidents and occupational diseases of the last 5 years confirm the above, given that there have been no accidents with serious personal injury or specific occupational diseases attributable to exposure to occupational hazards.

INJURIES

The following table shows the distribution of events, lost days and frequency and indicators by geographical area in 2019:

Distribution of injuries by region at 31.12.2019					
region	Number events	Number of lost days	TIR*	LWR*	Worked hours
Italy	10	266	1.1	28.1	1,889,912
USA	35	357	3.8	39.1	1,827,912
Hungary	9	164	2.9	53.3	615,529
Germany and Rest of the World	1	9	1.7	15.7	114,900
TOTALE	55	796	2.47	35.8	4,448,253

* The used indexes are the TIR – Total Injury Rate and the LWR – Lost Workdays Rate

The percentage of accidents occurring to female personnel is indicated with an approximation that depends on the fact that part of the accidents relating to the American plasma collection centers do not report the names of the persons involved available for privacy reasons.

The range therefore varies from a minimum of 20% to a maximum of 49%.

The accident trend in the three-year period 2017-2019 is shown below:

Index	2017	2018	2019	Variation 2019/2018
Number of injuries	42	48	55	+15%
Number of days lost	449	571	796	+39%
TIR	2.2	2.2	2.47	+12%
LWR	23.3	26.7	35.8	+34%

The overall figure for 2019, compared with the previous year, shows a slight increase in the number of events and a significant increase in the number of days lost in absolute terms. The indicators, which consider the hours actually worked, also show a significant increase, albeit to a lesser extent.

The most frequent types of accidents are those related to blows and crushing, tripping and slipping, contacts with potentially biohazardous material (punctures or splashes) and stretching and sprains, and the number of events related to falls from height are far less (less than 2 meters), electrocution or cuts and abrasions

The data related to the severity of the events (expressed in lost days) is influenced by an event that took place at the Italian site of S. Antimo which alone contributed for 16% of the total (127 days).

It is confirmed that during the 2017-2019 three-year period no fatal accidents occurred, and no event resulted in an absence from work of more than 180 days

INJURIES TO EXTERNAL STAFF

Given that the staff belonging to external companies and operating in the areas of the organization is subject to a preliminary qualification and is subject of information on the risks present in the areas of their intervention and on the measures to be taken including the management of any emergencies, in case of accidents the company is informed and takes action to promptly verify what has happened.

In 2019 there were two episodes that involved external staff (collaborators or contractors) operating in areas under direct responsibility and / or following the company's directives.

Neither of the two accidents had serious consequences (both with a prognosis of less than 180 days) and in both cases the company started an investigation in collaboration with the company involved in order to identify causes attributable to possible lacks in the implemented system and plan any corrective or improvement actions.

Both events are intended as falls from height, even if from less than 2 meters.

The frequency indicator given by the number of events out of the total hours worked at the company (for a coefficient of 200,000) takes into consideration, for the count of the number of events, all the companies that have seen their employees pay their work at the Kedrion offices, related, as a precaution, only to the hours worked by companies with work contracts accounted for by hour, excluding the hours worked for interventions accounted by "body".

$TIR = 2 \times 200,000 / 169,310 = 2.36$

PROFESSIONAL DISEASES

The main health risk factors identified in the work areas and in relation to the specific activities carried out, are attributable to exposure to chemical and biological agents, to the manual handling of loads and ergonomics of the workplaces as well as to exposure to noise and low temperatures.

Prevention and protection measures aimed at eliminating, whenever possible, or reducing operators' exposure are the main tool together with verifying health conditions through health surveillance.

The latter is implemented with respect for privacy and with the sole objective of protecting the health of the staff, excluding any type of discrimination.

Reports of any consequences on employee health, including the recognition of any occupational diseases, as well as accidents, represent an opportunity to review the risk assessment and adopt further prevention and protection measures.

During the two-year period 2018-2019 there were no acknowledgments of occupational disease

4.15.6. "SOCIAL" AREA

The policies practiced by Kedrion have as their main element the commitment to Social Responsibility, which extends to all the communities with which the company is in contact: from production plants to the environment, from the donor community to those of patients.

Kedrion aims to increase global awareness of the diseases he deals with and improve their diagnosis, treatment and access to treatment.

Kedrion pursues its objectives both through supporting local projects and through significant international product donations and educational and awareness-raising collaborations.

The relationship and *engagement activities* of the local communities are not coordinated centrally but entrusted to the main local realities. Thus, the production sites of Bolognana, Sant'Antimo, Godollo and Melville carry out continuous listening and animation activities of the local communities of reference; listening and *engagement* leads to the determination and execution of the social activities described below; likewise, each of the plasma centers owned in Germany (until May 31, when they were sold), Hungary and the United States engages the local community in question, and, starting from the needs in this way identified, is committed in building relationships with the local communities.

This year's DNF describes the "Social" area through actions to support local communities and research activities about the so-called *orphan drugs*.

RELATIONSHIP WITH LOCAL COMMUNITIES

The theme of the relationship with local communities takes up Kedrion's original and consolidated tradition of supporting the territories closest to its factories, plasma centers and offices. Starting from the experiences made in Italy in the area of origin of the company, with the growth of the social perimeter and the internationalization of the activities this approach has been recommended, transmitted and supported.

Animated by a deep sense of ethical and civil responsibility, we aspire to promote a culture of social and environmental sustainability, trust and reciprocity. With our daily work we work to improve the existence of all those who live in the communities that host us, in Italy and in the rest of the world.

In 2019 our commitment alongside local realities materialized with our contribution and support to voluntary activities and projects aimed at protecting human rights at a global level.

From an organizational point of view, support activities for local communities are mainly concentrated at central level, at the parent company.

This year's DNF completes the information contained in that relating to the last two years, reporting in the following list almost all the activities carried out in favor of local communities by the main legal entities.

The main activities that the company carries out for local communities are as follows:

KEDRION S.P.A.:

- Kedrion S.p.A. is by far the most significant employer in the areas in which its production facilities are located;
- Under the same economic and technical conditions, Kedrion's supply chain favors companies in the territories in which it has offices, also reducing the environmental impact related to transfers;
- Kedrion S.p.A. supports several activities with the Municipalities and schools in the area, including participation in a Higher Technical Institution (ITS) in Life Sciences and a teaching development project with the technical and professional secondary schools in Valle del Serchio (Borgo a Mozzano and Barga);
- Kedrion Group is one of the founders of the Fondazione Campus di Lucca, a non-profit training and cultural institution which carries out university and advanced training in tourism and the development of the territory and local economies;
- Kedrion encourages local traffic reduction measures through car-sharing and car-pooling initiatives;
 - Kedrion Incontra Project (opening and visit of Bolognana and Sant'Antimo plants to associations of Italian blood donors)

In addition to these activities, Kedrion S.p.A has also supported the following non-profit organizations:

- The Robert F. Kennedy Foundation of Italy Onlus (event support)

- Carlo Erba Foundation - second edition of Guelph Marcucci Awards 2019 (two scholarships reserved for young researchers in the field of non-oncological immunology)
- Alumni Association - Ghislieri Foundation (support Ghislieri Prize)
- Treedom (support for a sustainable development project that involves the creation of a corporate forest consisting of 500 trees planted by local farmers between Guatemala, Honduras, Colombia and Kenya)
- Paracels Foundation (support for institutional activities)
- Luigi Villa Foundation (support of research activities in the field of Hemostasis and Thrombosis)
- University of Palermo - DICHIRONS department (contribution to a scholarship in the hematology field)
- University of Milan (medical / scientific training)
- University of Tor Vergata (contribution for medical-scientific education in the form of a Master)
- Local mercies and voluntary associations in the province of Lucca
- Fonesa Foundation (support for the realization of a rehabilitation project aimed at hemophilic patients)
- Careggi ONLUS Foundation (activity support)
- Doctors with Africa CUAMM NGO (support Annual Meeting 2019 "Mothers and children first")
- LILT - Italian league for the fight against cancer (support for the Nastro Rosa campaign)
- Associazione Olimpiadi del Cuore ONLUS (event support)
- Visits to schools to promote school-work alternation activities
- Agreement with ITIS Aversa for curricular internships (Sant'Antimo)
- Relations with Federico II University of Naples for curricular internships (Sant'Antimo)

Kedrion Biopharma Inc.

In the United States, where for several years the company has been promoting spontaneous voluntary activities to support local communities with the Kedrion Cares program with responsibility and passion, Kedrion and KEDPLASMA employees have offered their support to:

- Jersey Cares non-profit organization (activity support)
- Non-profit organization CFA - Center for Food ACTION (activity support)
- The Camilla House charity organization (events and activities support)
- Long Island Cares charity (activity support)
- Susan G. Komen Foundation (support activities and campaigns)
- Non-profit organization One Warm Coat (activity support)
- Charitable Organization Options for Community Living (activity support)
- Non-profit organization Feeding Children EveryWhere (participation in the "Million Meal Pack" charity initiative in Atlanta, Georgia, aimed at preparing one million hot meals to fight hunger)
- Non-profit organization Child Enrichment Inc. (participation in a beneficial sporting event for the construction of a new minor center in the city of Augusta, Maine)
- Non-profit organization Blessings in Backpack (activity support)
- Immune Deficiency Foundation (participation in various "IDF Walk" charity running races for research in the field of Primary Immunodeficiencies)
- Hemophilia Federation of American (participation in the charity cycling race "Gears for Good" in favor of children suffering from clotting disorders)
- GBS / CIDP Foundation International (participation in the "Walk & Roll" charity race for research oriented to the diagnosis and treatment of Guillain-Barré syndrome and Chronic Inflammatory Demyelinating Polyneuropathy)

HUMAN BIOPLAZMA KFT.:

The company is committed to offering its contribution to the communities in which it operates also in Hungary, as evidenced by the support for:

- Foundation to support children with leukemia (support activities and events)
- Hematological Diseases Foundation "Our blood is our life" (support activities and events)
- "Ferenc Csolnoky" hospital of the Hungarian city of Veszprém (support for activities and events)
- Association for Immunological and Rheumatological Rehabilitation (support activities and events)
- Nephrology Foundation located in the Hungarian city of Szeged (support activities and events)
- Therapeutic apheresis center at the operating unit of the Internal Medicine Clinic of the Semmelweis University of Budapest (support activities and events)
- Hungarian Foundation of GBS / CIDP patients (support activities and events)
- Santa Barbara Hospital Foundation (support for activities and events)
- Hungarian Hemophilia Society (support activities and events)
- Foundation reserved for students of the Loránd Eötvös University of Budapest (event support)
- "Károly Tormay" Polyclinic Medical Center in Gödöllő (donation of electronic devices for medical clinics)
- "Tibor Jánossy" Obstetrics and Gynecology Foundation (donation of electronic devices for medical clinics)
- Foundation to support the care of pediatric patients "Aprónép" (donation of electronic devices for medical clinics)

During 2019 Kedrion did not suffer economic or non-economic sanctions related to the social area (stakeholders, local communities, patients, etc.).

The company will continue to systematize the various Corporate Social Responsibility activities in this sector, assessing their impact and formalizing the mechanism for selecting the activities in which it will decide to engage.

RESEARCH ACTIVITIES, ORPHAN DRUGS AND EXPANDED ACCESS

For Kedrion, innovation represents an element of distinction within its industrial model, as well as one of its main strategic levers. Thanks to innovation, the company has managed to achieve excellent results, identifying the most advanced and effective technological and production solutions currently available and establishing a virtuous circle of continuous improvement of products and processes.

The research and development of Kedrion in recent years has been oriented to several directions:

- An industrial research activity that aims to identify new products or new production processes;
- An industrial development activity aimed at optimizing the production process and guaranteeing the highest quality and safety standards;
- An activity aimed at ensuring compliance in the field of safety from pathogens.

The development of orphan drugs and the provision of compassionate care has always been a vocation of Kedrion, consistent with its values and the relationship it tends to establish within the societies in which it operates.

Please note that according to European legislation, orphan drugs are medicines intended for the treatment of diseases that pose a threat to life or chronic debilitation. In Europe, diseases affecting 5 out of 10,000 individuals are defined as rare. The economic commitment for the development and marketing of these drugs is important and risky, and it is encouraged by specific laws that make the approval times by the competent bodies shorter.

Patients with rare diseases who do not qualify for a clinical trial can have access to orphan drugs through compassionate care, even if the drug has not been approved by the health authorities yet. The Ministerial Decree of May 8, 2003 "Therapeutic use of medicinal products subjected to clinical trials" (OJ No. 173, July 28, 2003, General Series) provides for the extraordinary use of orphan drugs, which are subjected to clinical trials, on patients in danger of life, or suffering from a debilitating disease. The value of these treatments is significant: they allow patients without other valid therapeutic opportunities to use a drug that, although it has not received the necessary approvals for marketing yet, could bring benefits to the patient's quality of life.

The company's commitment to orphan drugs has led in the past to the development of a plant dedicated to the research, development, and production of these products in Siena. Currently the process of plasminogen production has been allocated in the Kedrion site of S. Antimo, a site at the forefront in the production of plasma derivatives, where the original group dedicated to research and development of this drug is located.

Kedrion's commitment to orphan drug projects and compassionate care occurs in various ways, often linked to the close relationship that the company maintains around the world with local and professional stakeholders: doctors, patient associations, public and health institutions. Once the company decides to commit to a project of this kind, cross-functional working groups are formed, due to the fact that there is not an existing company department specifically dedicated to compassionate care (which, however, would perhaps make the company less agile in starting up and carry out the various projects).

As in the case of plasminogen, compassionate care projects can provide a future industrial and commercial return. For what concerns plasminogen, in February 2020, the project has become part of experimental drugs and without marketing authorizations which may be reimbursed by the 648/96 Law). Thanks to this, Italian patients treated in 2020 will increase from 5 to 8 and potentially increase further in the next three years. An important milestone for an orphan drug.

There are contexts in which the company has decided, out of a sense of social responsibility and medical ethics, to undertake the development of drugs for ultra-rare diseases (prevalence 1: 10,000,000), as in the case of the development of a blood-derived Factor V. This project is entering the industrialization phase at the S. Antimo site.

It should be added that, especially in Italy, the centrality of the group in the plasma derivatives sector makes Kedrion ethically almost "obliged" to be available to the healthcare system and to requests relating to its area of activity. On the opposite, in some cases, the risk linked to the commitment in this area may depend precisely on the fact that the expectations of the company and of the patients towards the company are very high; while - of course - the company cannot allocate resources comparable to those used for its main business areas for compassionate care projects.

Kedrion's two main projects on orphan drugs are those on Plasminogen and that on Coagulation Factor V.

PLASMINOGEN PROJECT

Kedrion is developing a project to increase the expanded access of the human concentrate of plasminogen, a drug that has obtained an orphan designation for the treatment of patients with wooden conjunctivitis. Thanks to this project, a greater number of patients will be able to request the product and be treated before the drug is commercially available. In 2019, patients taking advantage of the opportunity to receive Plasminogen for compassionate use grew from eleven to thirteen.

Plasminogen (PLG) is an important blood protein that plays a fundamental role in the dissolution of a clot by physiologically acting on the fibrin and on the A chains of the fibrinogen. Under conditions of plasminogen deficiency in the blood, two types of deficiency can occur: type 1 deficiency and type 2 deficiency.

Plasminogen deficiency type 1 or severe hypoplasminogenemia (HPG) is a very rare systemic disease that causes fibrin-rich pseudomembranes (with a wooden appearance) in the mucous membranes when a wound is healing. The most common clinical sign (manifested in 90% of cases) of HPG is chronic inflammation of the conjunctiva (ligneous conjunctivitis), which can lead to blindness, but other sites

may also be involved such as the upper gastrointestinal tract, the respiratory tract, the female genital tract, the central nervous system and the skin. The prevalence of HPG, although not yet well established, is estimated at around 1.6 cases per million of inhabitants. Clinical onset usually occurs in early childhood, but it can occur at all ages and can be caused by repeated microtraumas (dust, foreign body), surgery or local inflammation.

As an authorized drug for plasminogen replacement therapy in HPG patients (and in particular with wooden conjunctivitis) is not yet available, this has been treated in recent years by surgical resection of eye lesions (pseudomembrane) and / or the use of drugs not indicated such as corticosteroids, antibiotics, heparin. All of these approaches, however, are not fully effective or conclusive.

At present, Kedrion is working on completing all the preparatory stages for the product marketing authorization process. In the meantime, the company is continuing, on the one hand, to make the preparation available to patients who took part in the clinical study (currently 6 out of 12) and, on the other hand and within the limits of the current production capacity, it is providing the product under compassionate use for 13 patients (11 in 2018) with wooden conjunctivitis (5 in Italy, one in Spain, one in France, 6 in the United States).

By 2020 Italian patients who will have access to Plasminogen will increase from 5 to 8. In all patients who will have access to the compassionate use program will be 30 globally in the next three years.

FACTOR V PROJECT

During 2019, no substantial progress has been made in this project, that still remains among the activities that the Company intends to carry on. Therefore, it is possible to refer to last year's DNF for the main information about the project.

Factor V is a plasma protein present at a concentration of about 7 µg / ml in healthy subjects. It plays a crucial role in hemostasis: it has a pro-coagulant role in the coagulation cascade by participating in the formation of thrombin.

Congenital Factor V deficiency, single or combined with Factor VIII deficiency, is an extremely rare disease of hemostasis with a prevalence of 1: 1,000,000 of the population. People suffering from a deficiency of this protein show hemorrhages of various localization and extent: epistaxis, menorrhages, hemarthrosis and hematomas, up to the most serious ones, such as intra-cranial and gastrointestinal ones.

Kedrion is developing a concentrate of Factor V, currently the only company on the world scene. The development of the concentrate, so far developed at the level of exploratory research, will enter the industrialization phase in 2021 with the forecast of the first animal toxicity studies in 2022.

4.15.7. "ENVIRONMENT" AREA

Kedrion's attention to the environment starts from the territory in which its employees operate. From the workplace, it extends to the communities which surround the Company, with a strong commitment to reducing environmental impact to a minimum. Conscious of man's responsibility in global climate change, Kedrion's environmental policy contributes to mitigating the consequences of human activity on the surrounding environment.

Kedrion employees are sensitive to the concept of environmental protection and operate to evaluate and monitor environmental aspects connected to activities carried out, pursuing opportunities for improvement.

The Kedrion management team undertakes to implement, maintain and document its processes and activities in compliance with the highest quality standards, including, for example:

- UNI EN ISO 14001 and EMAS Standard* (Eco-Management and Audit Scheme);
- BS OHSAS 18001 (Occupational Health and Safety Assessment Series).

Participation in Global Compact** involves a global commitment to improving environmental services, which are put into action in a strategy founded on principles of:

- Optimising resources and endorsing sustainable ones;

- Reducing negative impact;
- Spreading an environmental culture within and between external collaborators.
 - *EMAS, the EU Eco-Management and Audit Scheme, is a model to which companies and organizations, both public and private, based in the European Union and wishing to commit themselves to assessing and improving their environmental performance, can voluntarily adhere.
 - **The United Nations Global Compact is a United Nations initiative created to encourage companies around the world to adopt sustainable policies that respect corporate social responsibility and to make the results of the actions undertaken public. It is a framework that brings together ten principles in the areas of human rights, labor, environmental sustainability and anti-corruption.

The Italian offices have adopted an environmental management system according to ISO 14001. The Lucca offices (Klg10 production site, Castelvecchio Pascoli warehouse, Bolognana site and administrative offices) and the Sant'Antimo (NA) site are ISO 14001 certified and EMAS registered. The model adopted integrates the monitoring and control activities of the environmental performances provided for by the AIA (Integrated Environmental Authorizations) applicable to the mentioned sites. The Italian offices have an Energy Management structure in order to optimize the use of energy resources through analysis and monitoring and promotion of initiatives. To improve its environmental performance, Kedrion is committed to an ever more in-depth knowledge of its impacts through the analysis of the life cycle of its products and by extending control to the entire supply chain.

In 2019, the EPD, Environmental Product Declaration for Albumin and Factor VII products were published.

The availability of information relating to its impacts and environmental performance is also guaranteed by the publication of the Environmental Declaration relating to Italian EMAS registered sites.

During 2019, initiatives aimed at reducing the impact were launched which, although not having a strong significance in terms of absolute value, allowed to involve a large number of people, making them feel an active part of the system.

Carpooling, car sharing for commuting has been re-launched in Italy, also through a competition to reward the most virtuous carpoolers. The target to be reached for 2019 was 50,000 km certified in car pooling and at the end of 2019 110,000 km have been reached, more than the double expected.

As part of the Green Office project, a campaign for separate waste collection was promoted at all offices both in the administrative offices and in the production sites in Italy by installing over 200 containers divided into 4 types.

A "plastic free" initiative was also launched aimed at eliminating all disposable products from plastic bottles to the material for company canteens. During the Christmas holidays, all employees were honored with a steel thermal bottle.

WATER CONSUMPTION AND WATER CYCLE

Attention to water resources is concentrated on the use of water provided by the public utilities and water coming from wells and on wastewater production.

Water taken from production facilities is mainly used to power cooling systems, softeners, steam production, washes and sanitation. In the other offices, it is used as domestic hot water and for cleaning the workplaces.

The risks connected to the water resource depend on the presence of obligations required by legislation or specific authorizations. Water consumption can constitute a risk connected to the capacity of local infrastructures and the availability of the resource (aqueduct and wells), constituting a constraint with regard to possible increases in production capacity. Furthermore, an increase in water consumption corresponds to an increase in wastewater, whose hydraulic load is governed by authorization and/or technical/infrastructural limitations.

Wastewater derives from the processes of the four production sites, which is transferred to the public utilities in accordance with legislation and regulations in force in terms of hydraulic load and qualitative characteristics of the wastewater.

Discharge is prevalently of an industrial kind and a minor percentage of 10% is represented by domestic hot wastewater.

Water balance (water consumption and discharges in cubic meters) as at 31.12.2019

Water consumption from public utilities* Mc	Water consumption from well Mc	Total water consumption Mc	Wastewater** Mc
635,954	399,874	1,035,828	734,936

*The figure is the sum of measured consumption (Bolognana, S'Antimo, CVP Godollo, Melville, German and Hungarian plasma centers) and estimated consumption (American plasma centers and offices).

**Wastewater measured for Bolognana, S'Antimo, CVP, Godollo and Melville; estimated for Offices and plasma centers.

The largest contribution, equal to 63%, is given by Italy and due to the presence of the two main production plants, followed by the United States (22%) and Hungary (14%) as well countries including production sites (Godollo and Melville).

Below is a table that summarizes the consumption of water and the amount of wastewater discharged at the global level for the three-year period 2017- 2019:

Water balance 2017-2019

Index (Mc)	2017	2018	2019	Variation 2019/2018
Water consumption from public utilities *	423,678	532,251	635,954	+16.8%
Water consumption from well	331,350	376,520	399,874	+6.2%
Total water consumption	755,028	908,771	1,035,828	+14%
Wastewater**	566,092	645,989	730,008	+15.2%

*The figure is the sum of measured consumption (Bolognana, S'Antimo, CVP Godollo, Melville, German and Hungarian plasma centers) and estimated consumption (American plasma centers and offices).

**Wastewater measured for Bolognana, S'Antimo, CVP, Godollo and Melville; estimated for Offices and plasma centers.

The increase recorded in water consumption is linked to an increased activity of both the CVP Kig10 site and the Melville site.

RENEWABLE AND NON-RENEWABLE ENERGY CONSUMPTION

The production sites mainly use energy sources for the production of cold, heat and steam, as well as for powering the plants and for lighting.

The supply of electricity presents constraints related to the infrastructures that can impact on the continuity of the service and on any production developments, although there are emergency generation systems at the service of the most critical plants.

The Bolognana plant produces part of the electricity consumed through a cogeneration plant which, in addition to having a lower environmental impact, guarantees an improvement in the quality of the supply even if it does not reduce the risks associated with any interruptions from the network.

There are no particular legal / authorization restrictions for the various sites.

Monitoring and the related energy diagnosis, required by the Integrated Environmental Authorizations (AIA) and by the legislation on the rational use of energy, represent an opportunity for interventions aimed at optimizing consumption.

The use of natural gas, both for the production of electricity and steam, represents the best source of non-renewable energy in terms of greenhouse gas emissions and therefore an opportunity to improve the environmental impact of the sector. However, it presents risks related to possible short or prolonged interruptions of the supply due to possible technical problems of the network infrastructures or of the supplier with a significant impact on the business continuity of the production plants: this applies, in particular, to the Bolognana site, which uses methane to produce most of the electricity consumed.

To guarantee, anyway, business continuity even in case of emergency, electricity supply from the grid remains active.

ELECTRICITY FROM THE GRID

The Bolognana plant has a 3 MW cogeneration plant capable of satisfying part of the plant's electricity demand, returning a small part to the grid (in 2019 the amount of energy transferred to the grid was 506.74 GJ, equal to 2.1 % purchased energy).

A new tri-generation plant is being commissioned which will replace the current one by introducing an element of efficiency due to the use of heat to power the cold production systems.

Consumption of electricity from the grid at 31.12.2019*

GJ	190,825
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*The figure is the sum of measured consumption (Bolognana, S'Antimo, CVP, Godollo, Melville and German and Hungarian plasma centers) and estimate consumption (Offices and US plasma centers).

The largest contribution to total consumption is given by the Italian, American and Hungarian production plants, which account for 40%, 28% and 16% respectively, for a total of 84%.

FOSSIL FUELS

The absolute values and the contributions of the individual companies to the consolidated figure relating to methane consumption, expressed in terms of percentage, are shown in the following tables:

Methane gas consumption* at 31.12.2019

GJ	472,384
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* The figure is the sum of measured consumption (Bolognana, S'Antimo, CVP, Godollo, Melville and Hungarian and German plasma centers) and estimated consumption (Offices and US plasma centers).

**The figure includes natural gas for the cogeneration plant at the Bolognana site.

The largest contribution to total consumption is given by the Italian, US and Hungarian production plants, which account for, respectively, 72% (of which the Bolognana site alone represents 61%), 16% and 9%, for a total of 97%.

Below is a table that summarizes the consumption of electricity, methane and diesel, expressed in GJ globally for the three-year period 2017-2019 (the 2017 data is left for completeness of information):

Energy balance 2017-2019 three-year period

Index (GJ)	2017	2018	2019	Difference 2019/2018
Electricity from the grid	151,042	185,380	198,582	+7%
Methane	417,748	442,485	472,384	+7%
Gas Oil	7,776	13,635	11,262	(17%)
Total energy	576,566	641,500	682,228	+6%

The table shows an increase both in the consumption of electricity from the grid and in the consumption of methane and a reduction in the consumption of diesel fuel

The greatest increase is due to the greater use of the Castelvechio Pascoli site.

DIRECT AND INDIRECT EMISSIONS

Kedrion calculates its Carbon Footprint to identify the greenhouse gas emissions generated by its activities, considering the direct emissions from the consumption of natural gas and other fuels and the losses of refrigerant gas (Scope I) and indirect emissions from the consumption of electricity (Scope II). Below the graph that represents the total contributions of CO₂ equivalent emission (Scope I) and the trend in the three-year period 2017-2019:

Carbon Footprint 2017-2019 three-year period – Scope I				
CO ₂ equivalent (Ton)	2017*	2018**	2019***	Variation 2019/2018
CO _{2e} from refrigerant gas losses (refilling)	22,062	12,512	5,091	(59%)
CO _{2e} from consumption of natural gas	23,737	24,580	26,890	+9%
CO _{2e} from consumption of gas oil	574	1,013	841	(17%)
Total CO₂ eq.	46,373	38,105	32,821	(14%)

* DEFRA emission factor version 2017.

** DEFRA conversion factor version 2018.

*** DEFRA conversion factor version 2019.

The data show a decrease in the CO₂ emitted by the reintegration of refrigerant gases due both to a decrease in losses and to the replacement of gas with types with lower GWP.

Below is the graph that represents the contributions to the total CO₂ equivalent emission (Scope II), according to the "location based" approach.

Carbon Footprint 2017-2019 three-year period – Scope II (*)				
Ton CO ₂ eq	2017*	2018**	2019**	Variation 2019/2018
CO _{2e} from consumption of electric energy from the grid	16,447	19,116	20,073	+5%
Total CO₂ eq.	16,447	19,116	20,073	+5%

* TERNA emission factor version 2016

** TERNA emission factor version 2017

WASTE PRODUCTION

The quantity of waste from the production sites represents the predominant quota of all waste produced by the Group, equal to approximately 88%; the collection centers contribute to a not significant extent (12%); administrative activities contribute negligibly.

The waste, when not transferred to the municipal offices as similar to urban waste, is managed according to the legislation of the country of the production site, both for their classification and packaging, and for their disposal.

The presence of obligations required by legislation or by specific authorizations, or voluntarily undertaken, bind the company to maintain high attention in terms of classification, packaging and compliance with the time and quantity limits defined by the rules and by any local regulations / authorizations.

The possibility of possible interruptions in transport and disposal services related to incorrect classification or packaging, unavailability of suppliers (technical, authorization and contractual problems) make waste management a very significant environmental aspect.

In addition to regulatory compliance and business continuity, Kedrion's attention is paid to the safety of people who in various capacities can come into contact with the material (internal staff, operators in the waste sector and communities) and the environment in general; this leads the company to prefer sustainable disposal methods (energy recovery or material recycling).

Waste production at 31.12.2019

Non-hazardous waste Kg	Hazardous waste Kg	Total waste Kg
838,332	5,505,034	6,343,366

Waste balance for geographical area at 31.12.2018

Region	Non-hazardous waste Kg	Hazardous waste Kg	Total waste Kg
Italy	624,291	963,799	1,588,090
USA	163,316	965,648	1,128,964
Hungary	39,455	3,575,587	3,615,042
Germany and RoW	11,270	0	11,270
TOTAL	838,332	5505,034	6,343,366

Below are the 2019 values compared to the 2018.

Waste balance 2017-2019 three-year period net of waste disposed of by road

Type (kg)	2017	2018	2019	Variation 2019/2018
Non-hazardous waste	773,529*	1,228,935	838,332	(32%)
Hazardous waste	4,409,410	5,086,959	5,505,034	+8%
TOTAL WASTE PRODUCED	5,182,939	6,315,894	6,343,366	+1%

*The quantity of non-hazardous waste of 2017 is purified from the disposal by road of industrial wastewater made necessary by the temporary interruption of the discharge to the site of Bolognana, amounting to 2,453,940 kg.

Amount of waste send to recovery at 31.12.2019

% of total non-hazardous waste	53%
% of total hazardous waste	67%

4.15.8. "ANTI-CORRUPTION" AREA

Kedron, in line with its constitutive values, with the specific anti-corruption regulations and in line with the tenth Global Compact principle, according to which "companies undertake to fight corruption in all its forms, including the extortion and bribes", pursues its commitment to fight corruption, in all its forms, direct and indirect.

Kedron S.p.A adopted a Code of Ethics (the 'Code') and a Global Ethics Policy, prepared in 2019 and approved by the Board of Directors in January 2020, which contains ethical principles and values that inspire responsible management of the activities company, establishing rules of conduct and implementation rules.

THE CODE has been signed by all employees and collaborators and made available on the Company's website; each supplier of the Company is called to respect the principles set out in the Code.

During 2019, there were no episodes of corruption in all the companies of the Kedron group.

The following paragraphs report the organization and safeguards adopted by the group's main operating companies regarding anti-corruption.

KEDRION S.P.A.

Starting from 2004, Kedron S.p.A has adopted, an Organizational Management and Control Model, pursuant to art. 6 of Legislative Decree 231/2001 (hereinafter also "Model 231") in order to prevent the risk of committing the offenses envisaged by the same Decree. Among the offenses envisaged there are also corruption offenses in all its forms, both in relations with the Public Administration, and in relations between private individuals, therefore also including all relations with the supply chain. The Board of Directors of Kedron has established the Supervisory Body pursuant to Legislative Decree 231/2001, art. 6 lett. B in order to supervise the correct application of Model 231.

Kedron S.p.A always updates the risk mapping of the company, intended as the monitoring of the areas hypothetically and theoretically exposed to "crime risk", including the risk of the crime of corruption.

The potential risks related to the Legislative Decree 231/2001, which emerged from the monitoring, are mainly those typical of the pharmaceutical sector. After an evaluation of all the control measures implemented by the Company, the residual risk was deemed acceptable.

Kedron has made available tools to report any violations, even anonymously; these tools are: the mail/letter boxes located in all the company's plants and sites, the help-line available on the company intranet site, the web platform accessible from the www.kedron.it site implemented in compliance with law no. 179 of 2017 so-called "Whistleblowing". All tools are equipped with adequate measures to protect the whistleblower's privacy and confidentiality.

KEDRION BIOPHARMA INC.

Kedron Biopharma Inc. (KBI) adopted a Compliance Program in 2019 in which the fight against corruption, both nationally and internationally, has the highest priority.

The Compliance Director, in consultation with the Legal Department, followed the implementation of the Compliance Program which included, among other things, the updating of the anti-corruption behavior guidelines and staff training on related issues including the fight against corruption.

The U.S. regulatory environment provides for numerous laws, including the Anti-Kickback Statute, the False Claims Act, and the Foreign Corrupt Practice Act (FCPA) in addition to the specific laws of the member states. These rules provide for severe federal and state penalties in both civil and criminal matters.

HUMAN BIOPLAZMA KFT.

HUMAN BioPlazma Kft., (hereinafter also HBP), which also includes the KEDPLASMA Hungary operating unit, operates in Hungary in compliance with the legal regulatory framework applicable to its activities.

HBP implemented policies and procedures in order to fight both active and passive corruption in its activities. The Company has adopted a Code of Ethical Conduct addressed to all its employees.

During 2019, an email box was activated with the aim to report any violations of laws, policies and procedures.

The compliance concerning the topic of sponsorship activities, considered sensitive, is ensured not only by compliance with the code of the European Federation of Pharmaceutical Associations and Industries (EFPIA), but also by compliance with the pharmaceutical communication and ethics code of the Association of Pharmaceutical Manufacturers Hungarians (Magyarországi Gyógyszergyártók Országos Szövetsége (MAGYOSZ).

With regards to staff training, it should be noted that, in addition to the annual plan, a specific training session was held in 2019 on *sales management* r on the topic of donation management.

KEDPLASMA GMBH

KEDPLASMA GmbH works in Germany in compliance with the applicable legal and regulatory framework. During 2019 it implemented a major business change. In fact, the Company operated both in the collection of plasma and in the distribution of plasma derivatives. On May 31, 2019, the plasma collection activity was no longer carried out following the sale of the collection centers.

In order to combat the fight against corruption, Kedplasma has prepared guidelines, staff training and internal monitoring activities.

Please note that sponsorship compliance, which is a sensitive activity in terms of corruption, is ensured not only by compliance with the code of the European Federation of Pharmaceutical Associations and Industries (EFPIA), but also by compliance with the FSA communication code and pharmaceutical ethics "Freiwillige Selbstkontrolle für die Arzneimittelindustrie eV", of the AKG "Arzneimittel und Kooperation im Gesundheitswesen eV" and other accredited subjects.

4.15.9. "HUMAN RIGHTS" AREA

Kedron has always been committed to creating a work environment characterized by empowerment, mutual trust and respect, enhancement of the personality and diversity between individuals.

Kedron believes relations between colleagues, at every level of the organization, are carried out with loyalty and fairness in mutual respect for the rights and freedoms of people as fundamental.

It also believes it is necessary that all the company's employees and collaborators contribute to maintaining a climate of mutual respect for dignity, honor and reputation.

The company prevents and opposes all forms of child labor, forced labor, unfair disciplinary procedures, physical or mental coercion or injury against the person.

Kedron prevents and refuses all forms of worker discrimination based on nationality, ethnicity, religion, social class, gender, sexual orientation, political and trade union orientation, health conditions, physical limitations, age, previous family responsibilities, marital status or any other condition that may give rise to discrimination.

The company aims to offer equal opportunities to all employees in career development, exit from work and retirement, respecting the fundamental principle of equality.

During 2019, no episodes were identified throughout the company consolidation perimeter that configured violations of human and worker rights.

The following paragraphs show the organization and controls adopted by the group's main operating companies in the area of human rights.

KEDRION S.P.A.

The Company's Board of Directors has implemented the Ethics Office function for some time, responsible for the definition, implementation, adaptation and continuous improvement of the Business Management System for Business Ethics. The delegation conferred is extended to the implementation of the SA8000 voluntary international standard (Social Accountability 8000), that is to the implementation of the Social Responsibility System on Ethics in relations with workers within Kedron and in the supply chain.

Kedron has been SA8000 certified by a third party since 2004, in 2019 it obtained the renewal of the certification until 9 August 2022.

During 2019, Kedron S.p.A updated the Risk Analysis prepared with respect to the principles of the Social Responsibility Standard SA8000, which did not highlight critical situations under the various ethical and legal compliance profiles, concerning the company-worker and company-chain relationship of supply.

Principles and methods of conducting the Risk Analysis are described and regulated in the Company SA8000 Manual (the "Manual") which summarizes the principles of the Standard and illustrates the entire Social Responsibility Management System adopted by Kedron S.p.A. The Manual, jointly to the Code of Ethical Conduct, is disclosed to all employees upon hiring.

None of the reports forwarded by workers to the Ethics Officer configured violations of human rights and workers' rights, specifically there were no:

- violations of laws or applicable rules;
- known or suspected violations of Kedron's business ethics management system and related procedures;
- practices and / or which do not comply with the Code of Ethical Conduct and with the SA8000 Social Responsibility System adopted by Kedron.

Kedron S.p.A, since 2005, recognizes, approves, supports and adopts the 10 ethical principles of the UN Global Compact concerning human rights, work, the environment and the fight against corruption.

KEDRION BIOPHARMA INC.

Kedron Biopharma Inc. (KBI) complies with all American laws regarding the fight against discrimination and has an internal control system to prevent and detect such conduct. KBI has implemented a system to report discriminatory conduct or in any case not in line with the values and principles of the Company. Federal laws and those of individual Member States are very restrictive in respect of phenomena of violation of equal treatment and protection of human rights.

HUMAN BIOPLAZMA KFT.

The company, which also includes the KEDPLASMA Hungary operating unit (hereinafter also HBP), operates in Hungary in compliance with the legal and regulatory framework applicable to its activities. With reference to human rights and discrimination, HBP also pays particular attention to the fact that in Hungary the prohibition of discrimination and the principle of equal treatment are governed by numerous laws, including the Hungarian Constitution, the Civil Code (Law N. V 2013), Law No. CXXV of 2003 on equal treatment and the promotion of equal opportunities (implemented in Hungarian legislation and thus harmonized with the respective EU Directives such as, for example, the 2000/78, 2000/43 and 2004 / 113; and the 2016/679 - GDPR regulation), the Labor Code (Law No. I of 2012). Therefore, the Company is very careful to comply with the legal requirements during the exercise of its activities.

With regard to the plasma collection conducted by KEDPLASMA Hungary, it could happen that the Company excludes some donors' candidates with the purpose of safety and quality of product issues. In 2019, KEDPLASMA Hungary, revised the internal policy aimed at regulating the behavior not only of its employees but also of donors and donor candidates, in order to avoid cases of discrimination. On the bases of this policy, a commitment to employees is required to carry out their duties in compliance with the requirements on equal treatment and the prohibition of discrimination.

The company conducts constant and accurate monitoring of employment relationships, to reject and prevent any form of discrimination, from hiring to the conclusion of the employment relationship, conducted and controlled by the company's human resources function.

KEDPLASMA GMBH

With reference to human rights, non-discrimination and equal treatment, KEDPLASMA GmbH recognizes itself in the values of the parent company set out above.

In particular, the fundamental regulatory reference in this area is the German federal law on equal treatment, Allgemeines Gleichbehandlungsgesetz (AGG) of 14 August 2006, which transposed the European Directives issued in the years 2000-2004: Guidelines 2000/78 / EG on employment, Guidelines 2000/43 / EG anti-racism, Guidelines 2002/73 / EG and 2004/113 / EG on equal treatment between men and women.

AGG aims to prevent and eliminate discrimination due to race, ethnic origin, sex, religion or ideology, disability, age or sexual identity.

KEDPLASMA respects the aforementioned legislative provisions, for the entire duration of the employment relationship with its employees. In particular, under the coordination of the human resources function, KEDPLASMA implements recruitment policies, planning of benefits and contractual conditions in compliance with the legal obligations represented by AGG. In the same way, extreme attention is paid to the possible occurrence of conduct that does not comply with the provisions in force.

4.15.10. METHODOLOGICAL NOTE

BOUNDARY AND REPORTING PROCESS

The DNF includes in its reporting boundary the Parent Company and the subsidiary companies consolidated with the line-by-line method (it should be noted that the American company that operates the plasma collection centers, KedPlasma LLC, is 100% controlled by KBI, therefore the data relating to KBI or the US region also include those of KedPlasma LLC). Any exceptions are indicated in the text; in the case in which some data are not available, the text highlights this in a clear and transparent way. The working plan followed to prepare the DNF 2019 followed the phases and time-frames listed below, coherent with Legislative Decree 254/16 and aligned to the financial reporting process and the SOP (Standard Operating Procedure) on non-financial communications prepared and approved by the Kedrion Group:

1. Assignment of the task by the President and Chief Executive Officer of Kedrion S.p.A., to the Group Administration department (start of November 2019);
2. Identification of the external consultant to support the activity (mid-November 2019);
3. Choose of the type of DNF (consolidated), its location in the management report, its relationship with the GRI Standards and the chosen methodology (GRI in accordance-Core) (end of November 2019);
4. Contact the consultant and the Group Administration department with the data owners and the representatives of each department and legal entity of the Group concerned (before end of November 2019);
5. Training activity and information on the DNF (before mid-December 2019);
6. Development and approval, by the departments involved and the President and Chief Executive Officer of Kedrion S.p.A., of the Materiality Analysis (mid-January 2019);
7. Collection of data and their validation alongside the data owners and department representatives (before mid-February 2019);
8. Draft of the DNF draft and transmission to the data owners (end of February 2019);
9. Approval of the DNF draft by the data owners and transmission of the document to the Group Administration department (before mid-March 2019);
10. Send the DNF proposal to the company secretary with a view to its approval in the Board of Directors Meeting on 27 March (20 March 2019).

CORRELATION TABLE

Kedrion material topics	GRI Standard	Boundary		
		Internal	External	Limitations
Managerial development	404: Training and Education	✓		
Employer branding	GRI 102-8: General disclosure	✓		
	GRI 401: Employment	✓		
Company well-being	GRI 401: Employment	✓		
Injuries (Occupational health and safety)	403: Occupational Health and Safety	✓		
Relationship with local communities	413: Local Communities	✓		
Scientific research activity	413: Local Communities	✓		
	419: Socio-economic Compliance	✓		
Water consumption and water cycle	303: Water	✓		
Renewable and non-renewable energy consumption	302: Energy	✓		
Direct and indirect emissions	305: Emissions	✓		
Waste production	306: Effluents and Waste	✓		
Human rights	406: Non-discrimination	✓		
Anti-corruption	205: Anti-corruption	✓	✓	Reporting not extended to the external boundary (suppliers and other partners)

METHODOLOGIES FOR CALCULATING INJURIES AND EMISSIONS

Methodological Note

Health and safety indicators

The indicators used are the Total Injury Rate, TIR, and the Lost Work Days Rate, LWR.

$$TIR = \text{number of events} * x 200,000/\text{hours worked}^{**}$$

$$LWR = \text{number of days lost}^{***} x 200,000/\text{hours worked}$$

***Number of injuries (recordable injuries) that led to absence from work, restrictions to work or medical treatment, including events of biological risk (first aid cases and accidents on way to/from work are excluded).*

***Hours effectively worked (where a measurement system is not present, these are estimated according to the work schedule).*

****Given calendar days (the day of the event and the day of return to work are excluded), when employee was absent from work (days of transfer or restrictions were not considered)*

Occupational diseases data is reported in the text communicating that no recognized cases not occurred.

The data about accident distribution by gender is partial because of lack of information for employees operating in the US plasma centers in the case of accident with biological risk, for which, the name is not available in respect for privacy.

The consumption of electricity from the grid, methane gas and gas oil, measured by reading on-site counters or telemetries, is transformed into GJ using conversion factors available online:

- Coefficient from therms to scm of natural gas 1 scm = 0.3734 therms (SNAM converter)
- Purchased electricity consumption: kWh x 0.0036 = GJ purchased electricity
- Gas oil and natural gas (fuel): conversion factors from Defra tables 2019 version
 - Consumption of natural gas: scm x 35.7936 / 1,000 = GJ
 - Consumption of gas oil: tonne x 42,932 = GJ

To calculate the equivalent emissions of CO₂, the references are those reported below:

- Scope I (Defra 2019 version)
 - Natural gas: smc x 2.0375 = kg CO_{2e}
 - Gas oil: tonne x 3,205.55 = kg CO_{2e}
 - GWP refrigerant gases:
 - R22: kg x 1,810 = kg CO_{2e}
 - R404A: kg x 3,922 = kg CO_{2e}
 - R407C: kg x 1,774 = kg CO_{2e}
 - R410A: kg x 2,088 = kg CO_{2e}
 - R507: kg x 3,985 = kg CO_{2e}
 - R134A: kg x 1,430 = kg CO_{2e}
 - R422D: kg x 2,730 = Kg CO_{2e}
 - ISCEON: kg x 3,805 = kg CO_{2e}
 - R449: kgx1,397 = Kg CO_{2e} (value provided by General Gas as not available from DEFRA)
- Scope II (Terna 2017 version)
 - Electricity:
 - kWh x 0.359 = kg CO_{2e} (Italy)
 - kWh x 0.411 = kg CO_{2e} (USA)
 - kWh x 0.464 = kg CO_{2e} (Germany)
 - kWh x 0.277 = kg CO_{2e} (Hungary)

Note: methodology applied is Location Based not Market Based

GRI Standard	Disclosure	Paragraph	Omission
GRI 101: Foundation 2016			
General Disclosures			
Organisational profile			
	102-1 Name of the organization	§4.15.1	
	102-2 Activities, brands, products and services	§4.15.1	
	102-3 Location of headquarters	§4.15.1	
	102-4 Location of operations	§4.15.1	
	102-5 Ownership and legal form	See Management Report	
	102-6 Markets served	See Management Report	
GRI 102: General Disclosures 2016	102-7 Scale of the organization	See Management Report	
	102-8 Information on employees and other workers	§4.15.5	
	102-9 Supply chain	§4.15.1	
	102-10 Significant changes to the organization and its supply chain	§4.15.5	
	102-11 Precautionary Principle approach	§4.15.4	
	102-12 External activities	§4.15.1 e 4.15.6	
	102-13 Membership of associations	§4.15.1	
	102-14 Statement from senior decision-maker	§4.15	
Strategy			
	102-15 Key impacts, risks, and opportunities	§4.15.4	
	102-16 Values, principles, standards and norms of behavior	§4.15.4	

102-18 Governance structure	See Management Report
Reporting practice	
102-40 List of stakeholder groups	§4.15.1
102-41 Collective bargaining agreements	§4.15.5
102-42 Identifying and selecting stakeholders	§4.15.1
102-43 Approach to stakeholder engagement	§4.15.1
102-44 Key topics and concerns raised	§4.15.3
102-45 Entities included in the consolidated financial statements	§4.15.2
102-46 Defining report content and topic Boundaries	§4.15.2
102-47 List of material topics	§4.15.3
102-48 Restatements of information	No
102-49 Changes in reporting	No
102-50 Reporting period	2019
102-51 Date of the most recent report	29/3/2019
102-52 Reporting cycle	Annual
102-53 Contact point for questions regarding the report	§4.15.2
102-54 Claims of reporting in accordance with the GRI Standards	§4.15.2
102-55 GRI content index	§4.15.10
102-56 External assurance	

Material Topics

GRI 200 Economic Standard Series

Anti-corruption

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.8
	103-2 The management approach and its components	§4.15.8
	103-3 Evaluation of the management approach	§4.15.8

GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Zero
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GRI 300 Environmental Standards Series

Energy

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.7
	103-2 The management approach and its components	§4.15.7
	103-3 Evaluation of the management approach	§4.15.7
GRI 302: Energy 2016	302-1 Energy consumption within the organization	§4.15.7

Water

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.7
	103-2 The management approach and its components	§4.15.7
	103-3 Evaluation of the management approach	§4.15.7
GRI 303: Water 2016	303-1 Water withdrawal by source	§4.15.7

Emissions

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.7
	103-2 The management approach and its components	§4.15.7
	103-3 Evaluation of the management approach	§4.15.7
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	§4.15.7

Effluents and Waste

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.7
	103-2 The management approach and its components	§4.15.7
	103-3 Evaluation of the management approach	§4.15.7
GRI 306: Effluents and Waste 2016	306-2: Waste by type and disposal method	§4.15.7

GRI 400 Social Standard Series

Employment

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.5
	103-2 The management approach and its components	§4.15.5
	103-3 Evaluation of the management approach	§4.15.5
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	§4.15.5
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	§4.15.5

Occupational Health and Safety

GRI 403: Occupational Health and Safety 2016	403-1 Occupational health and safety management system	
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	§4.15.5
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	§4.15.5
	403-6 Promotion of worker health	
	403-07 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-09 Work-related injuries	

Training and Education

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.5
	103-2 The management approach and its components	§4.15.5
	103-3 Evaluation of the management approach	§4.15.5
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	§4.15.5

Non-discrimination

GRI 103: Management	103-1 Explanation of the material topic and its Boundary	§4.15.9
	103-2 The management approach and its components	§4.15.9

Approach 2016	103-3 Evaluation of the management approach	§4.15.9	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Zero	
Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.6	
	103-2 The management approach and its components	§4.15.6	
	103-3 Evaluation of the management approach	§4.15.6	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	§4.15.6	Some information required by the GRI standard are not currently available. Kedrion commits to make, in the coming years, the data collection process more structured in order to satisfy the requirements of the GRI disclosure.
Socio-economic compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	§4.15.6	
	103-2 The management approach and its components	§4.15.6	
	103-3 Evaluation of the management approach	§4.15.6	
GRI 419: Socio economic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	§4.15.6	

Castelvecchio Pascoli, 27 March 2020

On behalf of the Board of Directors
The Chairman
Paolo Marcucci

5. FINANCIAL STATEMENTS

KEDRION Group
Registered office in LOC. AI CONTI - 55051 CASTELVECCHIO PASCOLI (LU)
Fully paid-up share capital Euro 60,453,901.

5.1. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of Euro)	NOTES	31.12.2019	31.12.2018
NON CURRENT ASSETS			
Property, plant and equipment	6.4.1	282,270	266,038
Investment property	6.4.2	2,267	2,327
Goodwill	6.4.3	243,882	230,554
Rights of use ⁽¹⁾	6.4.4	72,363	0
Definite life intangible assets	6.4.5	112,799	83,331
Investments in associates	6.4.6	0	331
Investments in other companies	6.4.7	2,240	2,194
Other non-current financial assets	6.4.8	9,929	10,124
Deferred tax assets	6.4.9	12,676	12,341
Other non-current assets	6.4.10	1,002	1,262
TOTAL NON-CURRENT ASSETS		739,428	608,502
CURRENT ASSETS			
Inventories	6.4.11	324,956	344,118
Trade receivables	6.4.12	123,169	106,154
Contract asset	6.4.13	26,920	19,555
Current tax receivables	6.4.14	8,865	7,739
Other current assets	6.4.15	31,204	38,220
Other current financial assets	6.4.16	1,912	712
Cash and cash equivalents	6.4.17	121,468	116,325
TOTAL CURRENT ASSETS		638,494	632,823
Assets available for sale	6.4.18	0	1,554
TOTAL ASSETS		1,377,922	1,242,879

(In thousands of Euro)	NOTES	31.12.2019	31.12.2018
SHAREHOLDERS' EQUITY			
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	6.4.19	60,454	55,186
Reserves	6.4.19	383,438	316,399
Net income attributable to Equity holders of the Parent	6.4.19	36,740	10,165
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		480,632	381,750
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
Capital and reserves attributable to non-controlling interests	6.4.19	4,017	277
Net Income attributable to non-controlling interests	6.4.19	1,426	1,476
TOTAL EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		5,443	1,753
TOTAL SHAREHOLDERS' EQUITY		486,075	383,503
NON CURRENT LIABILITIES			
Medium/long-term loan ⁽²⁾	6.4.20	569,048	490,126
Financial Liabilities	6.4.21	396	515
Provisions for risks and charges	6.4.22	762	922
Liabilities for employee benefits	6.4.23	6,294	9,028
Other non-current liabilities	6.4.24	5,086	5,085
TOTAL NON-CURRENT LIABILITIES		581,586	505,676
CURRENT LIABILITIES			
Financial liabilities	6.4.25	68,103	68,001
Current portion of medium/long-term debt ⁽³⁾	6.4.26	12,217	64,915
Provisions for risks and charges	6.4.27	1,680	1,450
Trade payables	6.4.28	175,155	170,959
Contractual Liabilities	6.4.29	12,782	0
Current tax payables	6.4.30	6,325	743
Other current liabilities	6.4.31	33,999	47,632
TOTAL CURRENT LIABILITIES		310,261	353,700
TOTAL LIABILITIES		891,847	859,376
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,377,922	1,242,879

KEDRION Group
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5.2. STATEMENT OF PROFIT OR LOSS FOR THE YEAR

(in thousands of Euro)	NOTES	31.12.2019	31.12.2018
Revenues	6.5.1	808,209	687,939
Cost of sales	6.5.2	612,008	518,482
GROSS MARGIN		196,201	169,457
Other income	6.5.3	49,469	37,494
General and Administrative expenses	6.5.4	85,140	83,659
Sales and marketing expenses	6.5.5	55,041	46,314
Research and development costs	6.5.6	36,705	48,127
Other operating costs	6.5.7	8,402	8,286
OPERATING INCOME		60,382	20,565
Financial expenses ⁽⁴⁾	6.5.8	35,849	27,678
Financial income	6.5.9	17,596	15,387
INCOME BEFORE TAXES		42,129	8,274
Income taxes	6.5.10	3,963	(3,367)
NET INCOME/(LOSS) FOR THE PERIOD		38,166	11,641
Of which:			
Net Income attributable to Equity holders of the Parent		36,740	10,165
Net Income attributable to non-controlling interests		1,426	1,476

With respect to the non-recurring components of income, see Note 6.5.11 included in the explanatory notes to the consolidated financial statements.

⁽¹⁾ IFRS 16

⁽²⁾ of which 67,097 related to IFRS 16;

⁽³⁾ of which 7,249 related to IFRS 16;

⁽⁴⁾ of which 3,323 related to IFRS 16.

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5.3. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(In thousands of Euro)	NOTES	31.12.2019	31.12.2018
NET INCOME FOR THE PERIOD		38,166	11,641
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items of other comprehensive income that will subsequently be reclassified to profit or loss for the year net of taxes:			
Net Income/(losses) on cash flow hedges		77	71
Income taxes		(19)	(17)
Exchange differences on translation of foreign operations	6.4.19	2,939	8,251
Income taxes		0	0
Total items of other comprehensive income that will subsequently be reclassified to profit or loss for the year net of taxes		2,997	8,305
Items of other comprehensive income that will not subsequently be reclassified to profit or loss for the year:			
Net actuarial gains (losses) from defined benefit plans	6.4.23	(191)	104
Income taxes		44	(30)
Total items of other comprehensive income that will not subsequently be reclassified to profit or loss for the year (net of taxes)		(147)	74
TOTAL ITEMS OF OTHER COMPREHENSIVE INCOME (NET OF TAXES)		2,850	8,379
TOTAL COMPREHENSIVE INCOME/(LOSS) (NET OF TAXES)		41,016	20,020
Attributable to:			
Equity holders of the Parent		39,601	18,436
Non-controlling interests	6.4.19	1,415	1,584

5.4. STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY (NOTE 6.4.18)

(in thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Other reserves	Cash flow hedge	Foreign currency	TFR reserve income for Total Shareholders' (IAS 19) the period	Equity attributable to Shareholders'	Total Equity	Total	
	6.4.19	6.4.19	6.4.19	6.4.19	6.4.19	6.4.19	6.4.19	6.4.23	6.4.19	6.4.23	
BALANCES AS AT 01.01.2018	55,186	7,488	18,807	290,482	(651)	(7,612)	5,188	(730)	368,158	850	369,008
Allocation of profit for the year	0	255	0	84	0	0	0	0	0	0	0
Distribution of dividends	0	0	0	0	0	0	0	0	(4,849)	(939)	(5,788)
Other variations	0	0	0	5	0	0	0	0	5	0	5
Kedron Brasil capital increase	0	0	0	0	0	0	0	0	0	258	258
Exchange differences	0	0	0	0	0	8,143	0	0	8,143	108	8,251
Total comprehensive income the year	0	0	0	0	54	0	74	10,165	10,293	1,476	11,769
BALANCES AS AT 31.12.2018	55,186	7,743	18,807	290,571	(597)	531	(656)	10,165	381,750	1,753	383,503
(in thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Other reserves	Cash flow hedge	Foreign currency	TFR reserve income for Total Shareholders' (IAS 19) the period	Equity attributable to Shareholders'	Total Equity	Total	
BALANCES AS AT 01.01.2019	55,186	7,743	18,807	290,571	(597)	531	(656)	10,165	381,750	1,753	383,503
Allocation of profit for the year	0	833	0	4,249	0	0	0	(5,082)	0	0	0
Distribution of dividends	0	0	0	0	0	0	0	(5,083)	(5,083)	(201)	(5,284)
Kedron Betaphar capital increase	0	0	0	0	0	0	0	0	0	2,476	2,476
Kedron S.p.A. capital increase	5,268	0	59,096	0	0	0	0	0	64,364	0	64,364
Exchange differences	0	0	0	0	0	2,950	0	0	2,950	(11)	2,939
Total comprehensive income the year	0	0	0	0	58	0	(147)	36,740	36,651	1,426	38,077
BALANCES AS AT 31.12.2019	60,454	8,576	77,903	294,820	(539)	3,481	(803)	36,740	480,632	5,443	486,075

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5.5. CONSOLIDATED STATEMENT OF CASH FLOW

(In thousands of Euro)	NOTES	31.12.2019	31.12.2018
NET INCOME/(LOSS) (BEFORE TAXES) FOR THE PERIOD		42,129	8,274
Adjustments to reconcile net profit with cash flow generated / (absorbed) by operating activities:			
Amortization and depreciation	6.5.7	41,276	26,295
Financial Charge	6.5.8	35,849	27,678
Financial Income	6.5.9	(17,596)	(15,387)
Provisions for employee benefits	6.4.23	(2,724)	2,534
Payables for employee benefits	6.4.23	(255)	(192)
Net change in provisions for risks and charges	6.4.22 6.4.27	70	815
Net change in other non-current assets and liabilities	6.4.24 6.4.10	261	(2,461)
Net changes in operating assets and liabilities:			
Trade receivables	6.4.12	(22,055)	1,933
Inventories	6.4.11	22,611	(60,279)
Trade payables	6.4.28	16,953	48,164
Other current assets and liabilities		(2,477)	5,594
Other cash flow from operating activities			
Income taxes paid		(6,488)	(6,659)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)		107,554	36,309
Investments in tangible assets	6.4.1	(26,625)	(22,397)
Disposal of tangible assets	6.4.1	422	248
Purchase of plasma collection center		(35,699)	(43,570)
Sell of plasma collection center		1,554	14,466
Goodwill		0	214
Investments in associates/others		331	0
Investments in intangible assets	6.4.4	(23,352)	(14,302)
Disposal of intangible assets	6.4.4	45	115
NET CASH FLOW ABSORBED BY INVESTMENT ACTIVITIES (B)		(83,325)	(65,226)

(In thousands of Euro)	NOTES	31.12.2019	31.12.2019
Distribution of dividends	6.4.19	(3,214)	(7,511)
Capital increase		63,410	258
Capital increase Turkey		2,476	0
Bond repayment		(58,204)	0
New medium/long-term loans	6.4.20	70,000	58,371
Repayment of medium/long-term loans	6.4.20	(73,631)	(27,910)
Interest collected	6.5.9	771	526
Interest paid		(25,158)	(20,260)
Change in non-current financial assets	6.4.8 6.4.21	76	901
Net change in short-term financial assets and liabilities		4,078	36,103
NET CASH FLOW GENERATED / (ABSORBED) BY FINANCING ACTIVITIES (C)		(19,396)	40,478
Net cash flow generated by operating activities (A)		107,554	36,309
Net cash flow absorbed by investment activities (B)		(83,325)	(65,226)
Net cash flow generated / (absorbed) by financing activities (C)		(19,396)	40,478
TOTAL NET CASH FLOW D=(A+B+C)		4,833	11,561
Cash and cash equivalents at the beginning of the period (E)		116,323	104,522
Net effect of conversion of foreign currencies on cash and cash equivalents (F)		295	240
CAH AND CASH EQUIVALENTS AT THE END OF THE PERIOD H=(D+E+F)		121,451	116,323
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD:			
Cash and Cash equivalents:		116,325	104,522
Current account overdrafts and cash equivalents payable on demand		(2)	0
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		116,323	104,522
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD:			
Cash and cash equivalents	6.4.17	121,468	116,325
Current account overdrafts and cash equivalents payable on demand	6.4.25	(17)	(2)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD:		121,451	116,323

Castelvecchio Pascoli, 27 March 2020

On behalf of the Board of Directors
The Chairman
Paolo Marcucci