veracyte

2023

Veracyte ESG Report

Contents

This report includes Environmental, Social, and Governance (ESG) disclosures that are aligned with the Sustainability Accounting Standards Board (SASB) standards. While SASB classifies Veracyte in the Biotechnology & Pharmaceuticals industry, we have also chosen to use the standards for the Medical Equipment & Supplies industry to inform our disclosures.

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements, which are statements other than statements of historical facts and statements in the future tense. These statements include, but are not limited to, statements related to our plans, objectives, expectations and growth drivers related to our products and tests as well as statements regarding ESG-related topics including, for example, targets and goals; the impact of continuing to monitor, manage, and report on the environment and related efforts to mitigate harm; and the ability of our oversight and management of ESG matters to achieve long term success for all stakeholders. Accordingly, actual results could differ materially, or such uncertainties could cause adverse effects on our results. Forward-looking statements are based upon various estimates and assumptions, as well as information known to Veracyte as of the date of this report, and are subject to risks and uncertainties, including but not limited to the impact of new and existing laws and regulations and other general market, political, economic, and business conditions. Actual results could differ materially from those predicted or implied and reported results should not be considered an indication of future performance. Additionally, these forward-looking statements involve risks, uncertainties, and assumptions. Significant variation from the assumptions underlying our forward-looking statements could cause our actual results to vary, and the impact could be significant. Additional risks and uncertainties that could affect our performance are included under the captions "Risk Factors" in our Annual Report on Form 10-k for the year ended December 31, 2022, filed on March 1, 2023, and subsequent quarterly reports on Form 10-Q, which are available on the Investor Relations page of our website at www.veracyte.com and on the SEC website at www.sec.gov. All forward-looking statements contained herein are based on information available to us as of the date hereof, and we do not assume any obligation to update these statements as a result of new information or future events.

A Letter from Our CEO

At Veracyte, we believe that exceptional cancer care begins with exceptional diagnostics. We are a leading molecular diagnostics company with a vision of transforming cancer care for patients all over the world and a strategy and roadmap for achieving that vision.

Our tests empower clinicians with the high-value insights they need to guide and assure patients at pivotal moments in the race to diagnose and treat cancer. We all know that the road can be difficult for every patient and their family, and our team is committed to doing our very best to identify and address unmet needs that stand in the way of transformative care.

Our high-performing tests enable clinicians to make more confident diagnostic, prognostic, and treatment decisions for some of the most challenging diseases such as thyroid, prostate, breast, bladder, and lung cancers, as well as interstitial lung diseases. We help patients avoid unnecessary procedures, speed time to diagnosis and appropriate treatment, and empower clinicians with the critical information they need to make the right call when it matters most.
To date, our tests have benefited over 350,000 patients in more than 35 countries.

We have an established framework to identify unmet clinical needs, develop tests to address these needs, and to drive market penetration for our tests. This framework revolves around collaboration with clinicians and scientists, leveraging world-class genomic science and machine learning technology, developing robust clinical evidence, and reaching more patients through global expansion.

Strategic acquisitions have enabled us to put in place the building blocks to address more clinical needs and bring our tests to patients around the world. Our geographic expansion

started first with the obtainment of the exclusive rights to the nCounter diagnostic platform, which enables us to deliver high-quality tests to labs worldwide. Our acquisition of Decipher Biosciences, Inc. added market-leading tests in urologic cancers to our comprehensive genomic testing portfolio, broadening our testing menu to 7 of the top 10 cancers in the U.S. Most recently, our acquisition of HalioDx further fueled our global growth by internalizing IVD test development and manufacturing operations in Europe, and also by expanding our scientific expertise into the emerging immuno-oncology field.

As our company has grown, we have recognized our responsibility to advance our ESG efforts. For example, we have focused on gender diversity across our organization. **Across our global operations, women comprise 59% of our employees, including 60% of our executive leadership team.** We believe that an inclusive workforce with a range of employee ideas, experiences, and perspectives strengthens our company, and we strive to further advance diversity among our employees, executives, and Board of Directors.

Our new facility currently under construction in Marseille, France, is undergoing an assessment and certification process with BREEAM® to incorporate sustainable design considerations and demonstrate an elevated standard of environmental practices for Veracyte. We are also focused on developing processes to measure key ESG-related data and associated metrics from across our global operations in order to consistently monitor and better manage how we conduct important aspects of our business. To provide an effective governance structure for ESG and continue to drive progress, we have implemented mechanisms to facilitate oversight of ESG matters by our Board of Directors as well as an executive-level ESG Steering Committee.

Through transparently communicating our ESG progress, we aspire to keep our organization accountable and establish a standard for responsible business practices. We are consistently guided by our core values of Patients; Innovation; Results; Collaboration; and Compassion. Our inaugural ESG report highlights how our mission and values are deeply embedded in our business. It demonstrates not only our dedication to improving patient outcomes, but also our commitment to our shareholders, employees, business partners, and other stakeholders. We are excited to build upon the foundation laid by this report and further advance our ESG performance in the years ahead.

Sincerely,

Marc Stapley
CEO

Our tests empower clinicians with the high-value insights they need to guide and assure patients at pivotal moments in the race to diagnose and treat cancer.

ESG at Veracyte

We believe exceptional cancer care begins with exceptional diagnostics. To do anything exceptionally requires an overarching sense of responsibility, and solidifying our commitment to ESG is a natural next step as we execute our corporate strategy.

Emphasizing ESG helps us more holistically evaluate the wide-ranging issues that affect our business as we continually strive to fulfill our purpose.

In formalizing our approach to ESG, we completed a series of strategic steps to help us align as an organization:

Established a governance structure for ESG, including:

- A committee of executive decision-makers responsible for leading and implementing Veracyte's ESG strategy, programs, and reporting

- Board-level oversight through the Board's Nominating and Corporate Governance Committee (refer to page **19** in the **Corporate Governance** chapter of this report)

Identified relevant ESG topics that potentially intersect with our business

Prioritized ESG topics to better understand and address those that matter most to our business and our stakeholders

Activated a cross-functional working group from across the enterprise to provide subject matter expertise, inform our decision-making, and execute our efforts

Our strategic approach to ESG was supported with benchmarking from across our industry, peers, global reporting frameworks, and third-party rating and ranking methodologies.

The following topics (listed alphabetically) were identified as our highest-priority ESG topics and are covered in more detail in the pages that follow. We plan to conduct further analysis of these topics, and potentially identify additional priority topics, as we continue to expand and evolve our ESG efforts and commitments.

Advancing Patient Access to Cancer Care

Corporate Governance

Environmental Sustainability

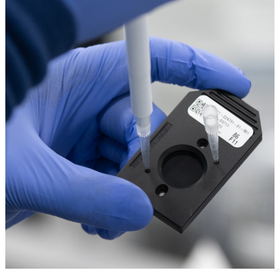
Ethics & Compliance

Information Security & Data Privacy

People

Product Quality & Safety

Supply Chain Management



Advancing Patient Access to Cancer Care

Our diagnostic tests answer important clinical questions to help patients avoid risky, costly procedures and interventions, and accelerate time to appropriate treatment.

As we aspire to give patients everywhere access to better cancer care, we focus not only on making our tests widely available, but also on building clinical evidence for our solutions to drive reimbursement, physician adoption, and guideline inclusion.

Solving unmet needs

We collaborate with clinicians and scientists to identify unmet needs for patients. We then employ a rigorous multi-disciplinary innovation process to develop solutions that help make clinicians' and patients' lives easier. In each disease area, our medical affairs and research teams focus intensely on understanding the patient journey—from risk stratification in symptomatic patients to treatment—and determine where providing physicians with more accurate and comprehensive information can positively enhance care for patients.

We continually monitor the diagnostics landscape to assess new markets and technologies, and we leverage an extensive network of practicing physicians and key opinion leaders (KOLs) to inform new product development. We also collaborate closely with our biopharmaceutical customers to uncover unmet needs for patients and discover applications for novel therapies. Our leading-edge tests have allowed us to build unique biorepositories and datasets that these biopharmaceutical customers can use to predict patient response to certain treatments and identify ideal patient subpopulations for new treatments.

Our proprietary framework enables us to identify a specific clinical unmet need and develop the test to address that need.

Our proprietary framework enables us to identify a specific clinical unmet need and develop the test to address that need, along with the clinical evidence, reimbursement, and clinical guideline inclusion to promote market adoption. This proven approach was first used to develop and commercialize Afirma, our market-leading test for thyroid cancer. For the last eleven years, our Afirma test has been used by physician customers to help avoid unnecessary surgeries for over 150,000 patients with a thyroid nodule who were facing an uncertain cancer diagnosis. We are using the same formula to drive

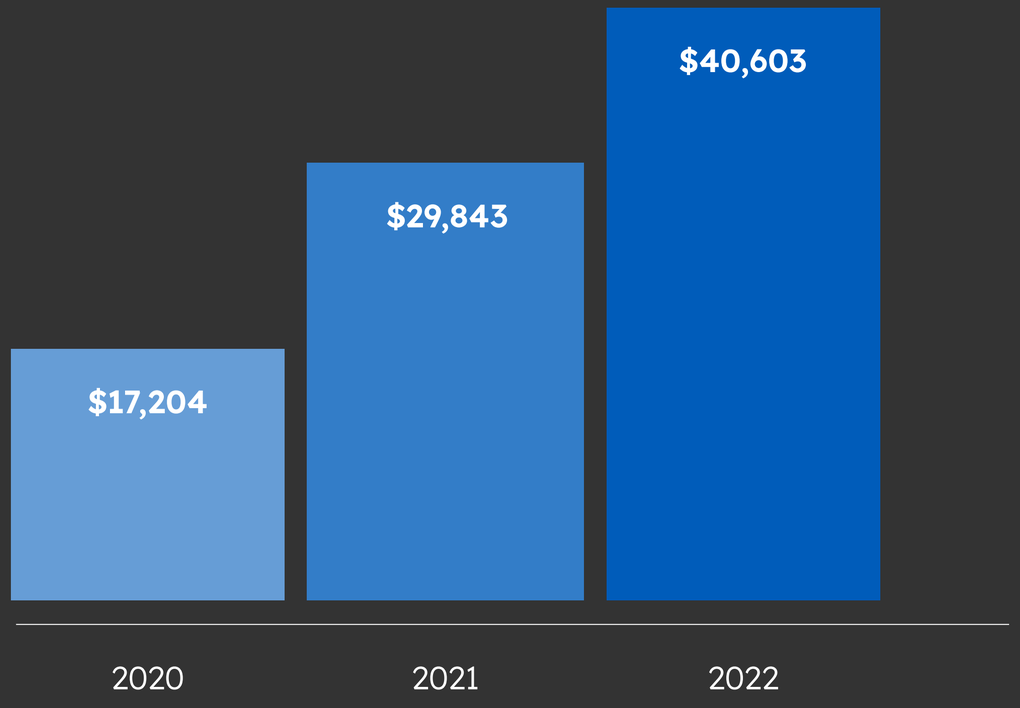
adoption of the Decipher Prostate test, which has been used in approximately 135,000 individuals, also becoming a market leader.

Providing trustworthy results

We empower clinicians with the high-value insights they need to guide and assure patients at pivotal moments in the race against cancer. We take pride in ensuring product performance and utility by building evidence across a broad range of studies because clinicians and patients need high-quality, reliable results they can trust.

Scientific rigor is baked into our foundational strategy. We invest significantly in research and development activities to build robust scientific and clinical evidence for our solutions. To date, we estimate that over 200 studies demonstrating the performance and clinical utility of our tests have been published in peer-reviewed medical journals. We develop our tests on the same type of sample that is or will be used in clinical practice, collected through multicenter clinical trials.

R&D totals



GAAP figures in thousands

Decipher was acquired Mar 2021; HalioDx was acquired Aug 2021

We use a diverse set of patient samples to develop and train our machine learning algorithms to recognize patterns across an array of conditions that may be encountered in the clinic. We also leverage our network of practicing physicians and KOLs to determine where each test should be positioned in the clinical pathway, and what sample type and technology should be used.

To further equip clinicians with confidence, our laboratory developed tests (LDT) and in vitro diagnostic (IVD) tests are subject to rigorous quality control processes, including compliance with third-party standards such as ISO 13485.

Better data for better insights

From whole-transcriptome technology to multi-biomarker panels to bioinformatics, we use the optimal technology in our exhaustive pursuit of data so clinicians and biopharmaceutical partners have actionable insights rooted in both the known and the novel. The traditional methods used by physicians to diagnose and manage patient decisions in the U.S. have been the standard of care for many years.

Afirma Genomic Sequencing Classifier

In the U.S., approximately 565,000 patients each year receive minimally invasive fine needle aspiration (FNA) biopsies to pathologically assess potentially cancerous thyroid nodules. Many of these patients may receive indeterminate results, meaning they are not clearly benign or malignant. Most patients were historically directed to diagnostic surgery to remove all or part of their thyroid, even though the nodules proved to be benign 70 percent to 80 percent of the time. This costly surgery often leads to the need for lifelong daily thyroid hormone replacement therapy.

We developed the Afirma Genomic Sequencing Classifier (GSC) to determine which patients with indeterminate results are actually benign so that they can avoid invasive surgeries. The Afirma GSC was developed with RNA whole-transcriptome sequencing and machine learning technology to provide physicians with clinically actionable results from the same FNA biopsy used for initial cytopathology.

"I have cut down the potential risks the patient would be exposed to from the surgery and I have a happy patient at the end of all this, which is key to me."

KISHORE LAKSHMAN, M.D.

Afirma is the market-leading molecular diagnostic solution in thyroid cancer, providing physicians with a comprehensive solution for the complex thyroid cancer landscape. Since the Afirma test has been on the market, it has been used on more than 245,000 patients, enabling over 150,000 patients with Afirma-benign results to potentially avoid an unnecessary surgery, while allowing physicians to confidently tailor treatment options for patients with suspected or confirmed cancer.

We design our tests to integrate easily into current physician protocols, helping to deliver clinical utility and economic value to physicians, payers, and the healthcare system as a whole.

We continue to focus on educating physicians about the benefits of our tests so that we can change the status quo and ultimately remove costs from the healthcare system by optimizing the care patients receive.

Reaching more patients

We make leading diagnostics widely available through a flexible Clinical Laboratory Improvement Amendments (CLIA) and IVD model that enables more patients to access our tests.

We believe our plans to scale the distribution of IVD tests will facilitate market access and physician adoption in Europe and other strategic global markets by mitigating international privacy and shipping challenges by making our tests available globally to local labs. We take a country-by-country approach to market access and reimbursement, working with KOLs to secure our tests' inclusion in clinical guidelines and to educate government officials about the value of our products. For example, our Prosigna Breast Cancer Assay is now reimbursed in several European countries, including Germany, Spain, Sweden, Denmark, Switzerland, the UK, and Israel.

Our tests are changing today's clinical practice standards and making a difference in the lives of physicians and patients all over the world. We believe our broad portfolio and proven approach to evidence generation, reimbursement, and commercial deployment gives us numerous opportunities to improve outcomes for patients at pivotal moments in their cancer journey. We will continue to expand our reach so that we can deliver insights to those that need it and enable patients to attain clarity faster.

Decipher Prostate Genomic Classifier

Our experienced managed care team has been utilizing new evidence and guideline inclusion to drive and expand reimbursement for the Decipher Prostate Genomic Classifier. The 22-gene, whole-transcriptome-developed test is designed to help inform treatment decisions for men with localized prostate cancer at initial diagnosis and after surgical removal of the prostate. The test helps physicians determine whether a patient is a candidate for active surveillance, needs monotherapy, or may benefit from multi-modality or intensified therapy.

Access to Decipher Prostate in the U.S. is broad, with more than 195 million covered lives to date. Recent findings from a post-hoc analysis of Decipher Prostate in the Phase 3 multicenter, multinational STAMPEDE trial add to the body of evidence that we hope will expand reimbursement coverage to patients with metastatic prostate cancer. While Decipher Prostate is currently commercially available for more than 90% of newly diagnosed prostate cancer patients and all patients after surgical removal of the prostate who are considering treatment, this expansion of coverage would allow for Decipher Prostate to be commercially available for metastatic patients who, today, do not have access to gene expression tests.

In September 2022, a study published in the *Journal of the National Cancer Institute (JNCI)* demonstrated that Decipher Prostate may help identify African American men with early, localized prostate cancer. Because African American men have historically been underserved in prostate cancer clinical trials and are most likely to harbor more aggressive disease, the study prioritized the recruitment of this demographic to ensure they were fairly represented.

The results suggested that Decipher Prostate may offer a robust improvement over clinical factors alone in risk-stratifying prostate cancer among African American men, which may help reduce disparities in prostate cancer outcomes.

Corporate Governance

Veracyte is committed to sound corporate governance practices that strengthen the account-ability of our management and Board of Directors and promote the long-term interests of our stakeholders.

Our Board has established four committees, all members of which are independent. Learn more about each committee in the charters below:

- **Audit**
- **Compensation**
- **Nominating and Corporate Governance**
- **Regulatory and Compliance**

Our independent board and leadership practices include:

- ✓ Vast majority of directors are independent
- ✓ Board leadership structure, where either an independent Chair or a Lead Independent Director is elected annually and has well-defined rights and responsibilities, separate from the CEO
- ✓ Board of Directors is focused on enhancing diversity and succession practices
- ✓ Comprehensive risk oversight practices, including cybersecurity, data privacy, legal and regulatory matters, and other critical evolving areas
- ✓ Our Nominating and Corporate Governance Committee, with the assistance of the Audit and Compensation Committees as appropriate, oversees our programs relating to corporate responsibility and sustainability, including Environmental, Social, and Corporate Governance (ESG)
- ✓ Non-management directors conduct regular executive sessions
- ✓ Directors maintain open communication and strong working relationships among themselves and have regular access to management
- ✓ Directors conduct a robust annual Board of Directors and committee self-assessment process
- ✓ Board of Directors has related party transaction standards for any direct or indirect involvement of a director or management in the company's business activities
- ✓ Directors are expected to limit the total number of public company boards on which they serve to five (including Veracyte)
- ✓ Stock ownership guidelines for our executive officers and each member of our Board of Directors

ESG oversight

The Nominating and Corporate Governance Committee of the Board is responsible for overseeing the company's programs and public disclosures relating to ESG, including any initiatives relating to sustainability and climate change impacts. The Nominating and Corporate Governance Committee coordinates with the Audit Committee, Compensation Committee, and Regulatory and Compliance Committee on ESG matters, as appropriate. We believe this coordination facilitates strong Board-level ESG oversight.

Enhancing our practices

We regularly review our corporate governance structure and evaluate emerging trends in governance best practices. For example, we have decided to submit and recommend approval of a proposal to our stockholders at our 2023 annual meeting of stockholders to declassify our Board of Directors, which, if approved by our stockholders, would provide for our Board of Directors to declassify over a three-year period beginning with the directors to be nominated for election at our 2024 annual meeting.

Our most recent proxy statement, which includes additional details surrounding corporate governance at Veracyte and the latest matters subject to approval by our stockholders, can be viewed on our website at **investor.veracyte.com/sec-filings**.

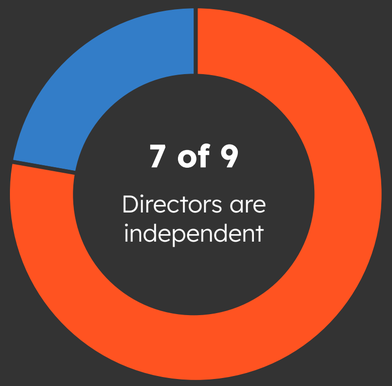
Board diversity

The Nominating and Corporate Governance Committee evaluates and selects director candidates based on their character, judgment, diversity of experience, business acumen, and ability to act on behalf of all stockholders. The Nominating and Corporate Governance Committee believes that nominees for director should have experience, such as management, accounting, finance, or marketing, or industry and technology knowledge, that may be useful to our company and the Board of Directors; high personal and professional ethics; and the willingness and ability to devote sufficient time to effectively carry out their duties as a director. The Nominating and Corporate Governance Committee also believes that service as a director of other public companies provides experience and perspective that may be useful to our company and the Board of Directors. Although our company has no formal diversity

policy for board members, the Board and the Nominating and Corporate Governance Committee consider diversity of backgrounds and experiences and other forms of diversity when selecting nominees. As of March 31, 2023, three of our nine directors identify as female, one director identifies as ethnically diverse, and one director identifies as LGBTQ+.

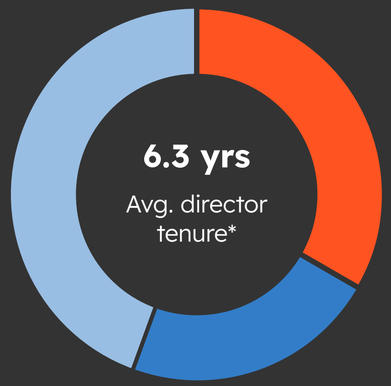
We also believe that our current Board of Directors composition represents an effective balance with respect to director tenure and age. Recent director additions provide the Board of Directors with fresh perspectives and diverse experiences, while directors with longer tenure provide continuity and valuable insight into our business and strategy. The charts on the following page provide information regarding the diversity of our Board of Directors as of March 31, 2023.

Director dashboard



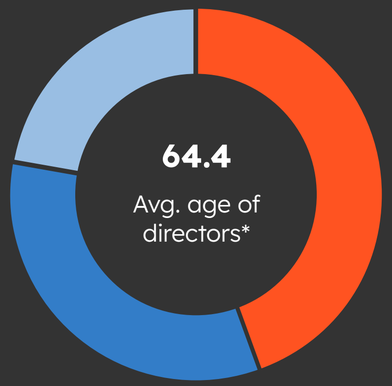
Director independence

- Independent (7)
- Management (2)



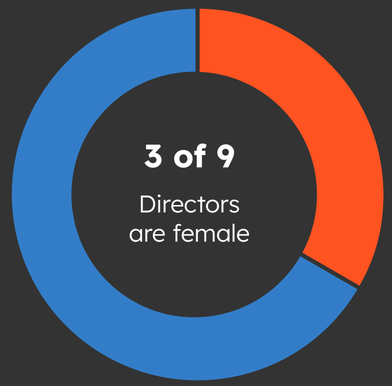
Director tenure

- More than 10 years (3)
- 6–10 years (2)
- 0–5 years (4)



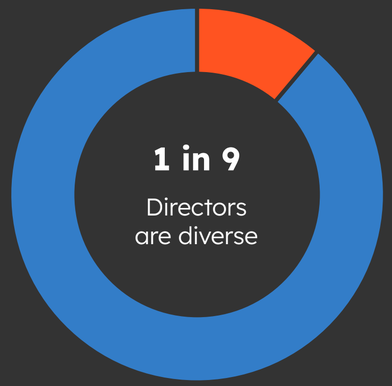
Director age

- 45–60 years (4)
- 61–70 years (3)
- 70+ years (2)



Gender identity of directors

- Female (3)
- Male (6)



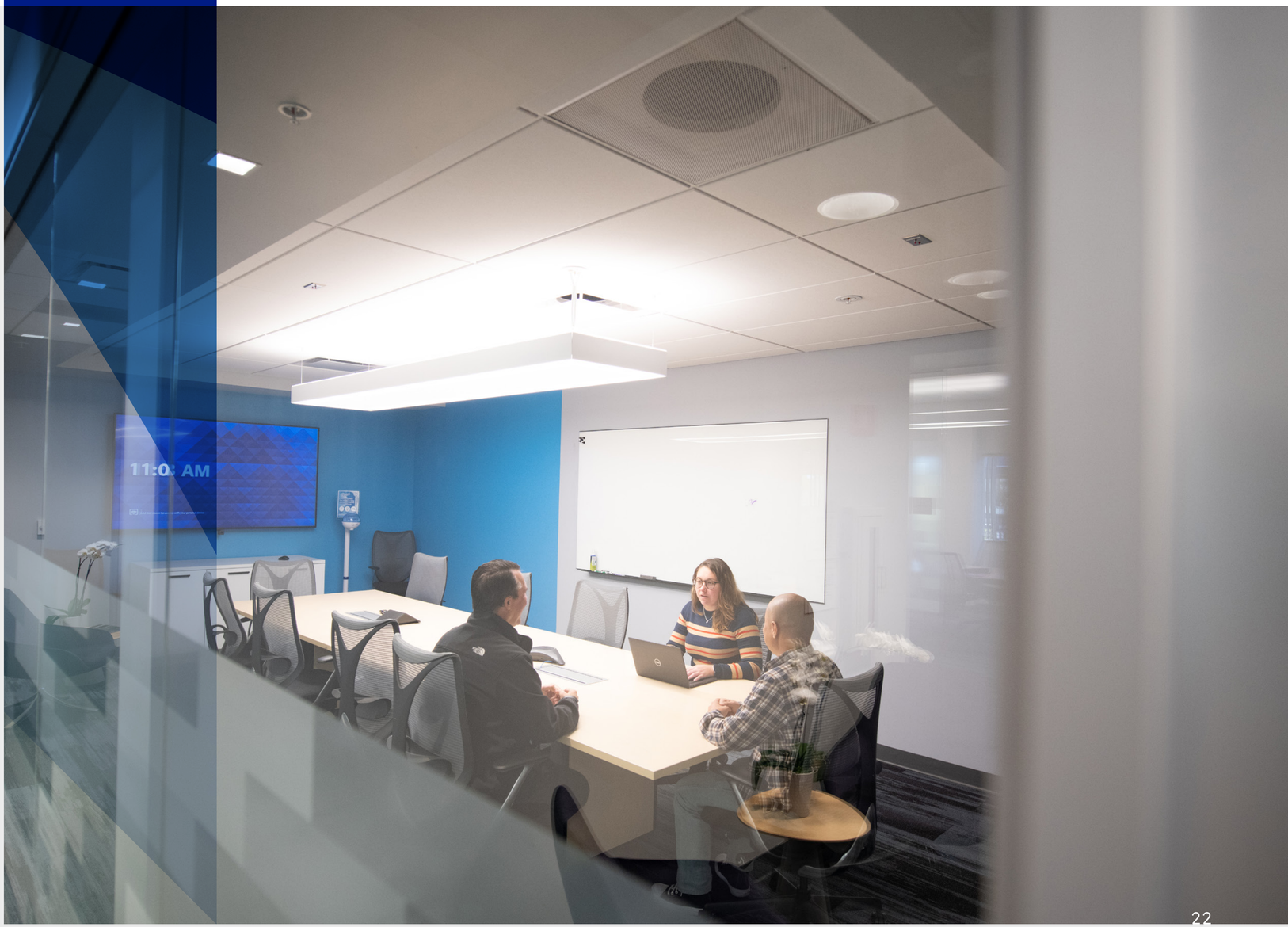
Demographic background

- Racially or ethnically diverse (1)
- Not racially or ethnically diverse (8)

Data as of March 31, 2023. * Averages are not exact

Ethics & Compliance

As a part of our mission to change today's clinical practice standards and make a difference in the lives of patients, we conduct our business with the highest level of integrity and adherence to ethical standards. We expect every director, officer, and employee to comply with both the letter and the spirit of all applicable laws, rules, and regulations when working with our patients, physicians, business partners, and communities.



We maintain a comprehensive compliance program that is in line with industry specific voluntary guidance for ethics and compliance and is overseen by the Regulatory and Compliance Committee of Veracyte's Board of Directors. The committee regularly reviews management's compliance efforts and policies, which are designed to promote adherence to all relevant healthcare laws and regulations regarding promotional activities, Medicare reimbursement, and laboratory services. The committee also periodically reviews the company's risk management relating to patient privacy and data security and ensures proper communication of compliance issues to the Board. Veracyte's legal, regulatory, and quality teams meet quarterly with the Regulatory and Compliance Committee to provide the information necessary to oversee the program. Veracyte has also incorporated the most recent guidance from the U.S. Department of Justice and has engaged with external experts to assess the effectiveness of the compliance program and to identify areas for continual improvement as our organization matures.

We conduct our business with the highest level of integrity and adherence to ethical standards.

Compliance policies and procedures

A key component of our compliance program is the **Code of Business Conduct and Ethics** ("Code of Conduct"), which sets out basic principles to guide all employees, officers, and directors in conducting themselves ethically. We expect our employees to avoid even the appearance of improper behavior. Our Code of Conduct was updated and approved by the Board in 2022 to further explain Veracyte's expectations of employees in their behavior and to establish clear connections between expected behaviors and our company values. In addition, we have a separate Code of Ethics for Senior Financial Officers that specifically applies to our Chief Executive Officer, Chief Financial Officer, and other key management employees.

As stipulated by our Code of Conduct, we seek to maintain a reputation for honesty and fair dealing among our patients, physicians, competitors, and the public

alike, and prohibit our employees from engaging in unethical business practices.

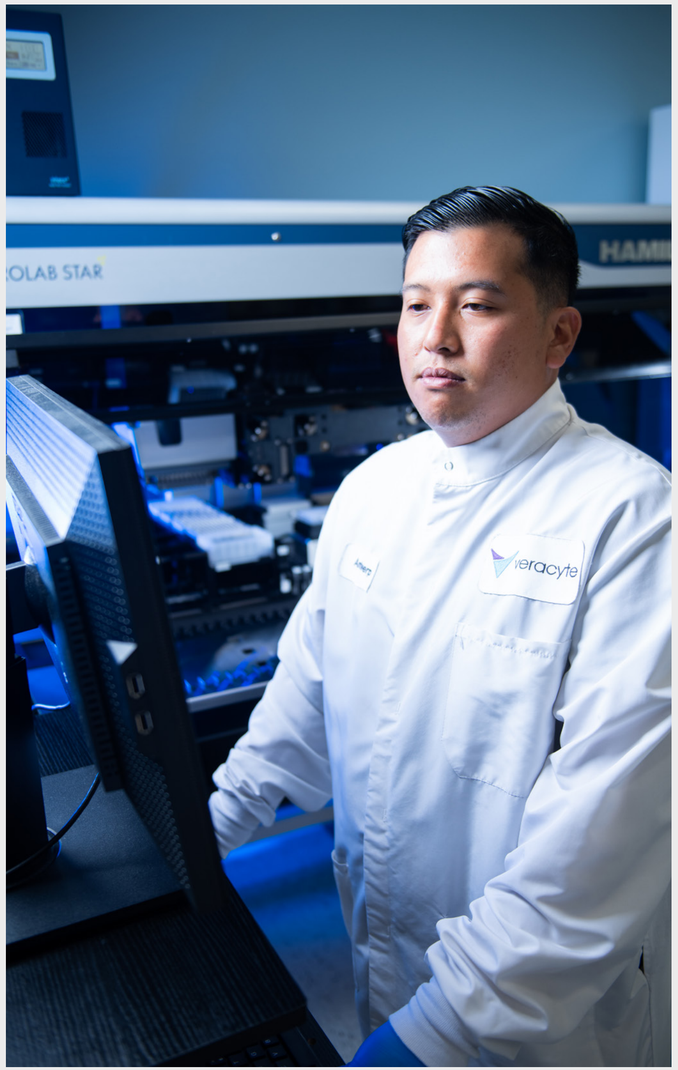
We strive to establish a culture of trust and transparency for the entire Veracyte team.

We have launched mandatory compliance training programs across the organization and have embarked on new training approaches globally, including town hall discussions and sales role-specific training. We conduct periodic compliance audits to evaluate the effectiveness of our compliance program, policies, and procedures. To date, Veracyte has not been subject to any legal proceedings associated with bribery, corruption, or false marketing claims.

Anti-corruption & ethical interactions

Veracyte has established a Global Anti-Bribery and Anti-Corruption Policy, which outlines the company's policy of compliance with anti-corruption laws such as the Foreign Corrupt Practices Act (FCPA) and the OECD Anti-Bribery Convention. We strictly prohibit bribery of anybody, including foreign officials, public officials, physicians, researchers, clinicians, professors, and other third parties.

We permit employees to provide appropriate and modest meals, gifts, travel, and entertainment to private persons (excluding foreign or public officials) provided the value is reasonable (not lavish or excessive), is in good taste, related to a legitimate business purpose, properly recorded in the company's books and records, and provided in accordance with the company's Compliance and Ethics Manual. Employees are directed to always be sensitive to potentially unlawful activities, such as kickbacks or bribes. Our U.S. employees, including key employees who work with U.S. healthcare professionals and accounts, receive compliance training that covers appropriate interactions, anti-kickback provisions, and other U.S. governing laws. Our policies covering interactions with healthcare professionals reflect principles, standards, and guidance provided to our industry



by organizations such as the Advanced Medical Technology Association.

As a result of our global expansion, we require all employees to complete FCPA training through an online platform. We direct our employees to conduct risk-based due diligence on third parties prior to their engagement, particularly with respect to anti-corruption laws. After due diligence is completed and risks are appropriately mitigated, a third party's relationship with the company must be memorialized by a written contract that contains appropriate provisions for compliance with anti-corruption laws. We are collaborating with an external technology platform provider to implement a solution in 2023 to centralize and standardize our third-party due diligence process.

We comply with the U.S. No Surprises Act and describe our approach to protecting customers from surprise billing on our website at **veracyte.com/no-surprises-act.** We are committed to remaining compliant with applicable billing laws and regulations.

Lobbying

We are not actively engaged in any lobbying or engagement initiatives with politicians or public officials. We plan to adopt a relevant policy accordingly as our business continues to grow and mature.

Reporting ethics or compliance concerns

As part of our effort to establish a culture of trust and transparency, we have provided various ways for employees

to anonymously report compliance concerns and potential violations of company policies without being subject to retaliation. If an individual suspects or becomes aware of any action that he or she believe may be illegal, unethical, or inappropriate, the person should immediately report the situation to the legal team or to human resources. If for any reason an individual is uncomfortable discussing the matter with either department, we have established other mechanisms to report wrongdoing, including an anonymous compliance hotline and **website** managed by a third-party vendor.

While our anonymous hotline has consistently been available for employees to report suspected wrongdoing, in 2022, we launched a "speak up" campaign throughout the organization and established a new Business Ethics and Compliance Hotline page on our Veracyte website to ensure accessibility. Anonymous reports are shared with relevant parties upon receipt of a complaint. They are triaged by our Chief Compliance Officer and handled accordingly. We strive to triage complaints as soon as practicable upon receipt to address the issues raised and launch investigations as appropriate. If we are made aware of a policy violation through our hotline or otherwise, we evaluate, investigate, and take appropriate action up to and including termination of employment, if warranted.

Employees are responsible for being aware of the corporate policies applicable to their activities, must comply with them fully, and are expected to promptly report any violations.

Looking ahead

While our short-term focus has been on integrating our compliance program across our global teams, we will continually evolve the program as we grow as an organization. Specifically, we plan to launch new compliance training courses for our employees, using different mediums such as in-person courses, town halls, and email campaigns, and we will continue encouraging all employees to be transparent and proactive in reporting any ethics and compliance concerns.

Our diagnostic tests enable patients to avoid risky, costly procedures and interventions, and accelerate time to appropriate treatment.

Product Quality & Safety

Our growing menu of diagnostic tests leverages advances in molecular science and machine learning technology to improve care for patients, enabling them to avoid risky, costly procedures and interventions, and accelerate time to appropriate treatment. We collect extensive clinical utility data to demonstrate our tests' ability to provide trustworthy and actionable answers throughout the patient journey. As a part of this process, we have implemented rigorous quality control processes to validate the safety of our diagnostic tests.

Oversight

Our executive management team is responsible for establishing and implementing our quality policy and objectives. Our Senior Vice President of Global Quality & Regulatory Affairs promotes awareness of applicable regulatory and quality management requirements throughout the organization and reports any needs for improvement to the executive management team. All Veracyte employees are expected to carry out their work in compliance with our quality procedures and strive for continuous improvement in all quality-related activities. Furthermore, the Regulatory and Compliance Committee of the Board of Directors oversees the company's compliance with applicable healthcare legal and regulatory requirements.

Quality management policies and certifications

As part of our ongoing integration of HalioDx and Decipher Biosciences, we are taking steps to establish company-wide Quality Management Systems (QMS) across all facilities so that we have a consistent approach to demonstrating the performance of both our laboratory developed tests (LDT) and our in vitro diagnostic (IVD) products. We have designed our QMS to align with the extensive regulatory requirements for quality assurance and control across the geographies in which we operate. While some regulations only apply to the lifecycle of IVDs, we decided to apply several IVD standards to our LDT tests as well, going beyond the applicable requirements. These policies help us ensure that we take a global approach to risk management and that we can fulfill the need to demonstrate both clinical evidence and clinical benefit of our tests. Our facilities in the U.S. and France are certified to the ISO 13485 quality standard.

As a clinical reference laboratory in the U.S., we are required to hold certain federal, state, and local licenses, certifications, and permits to conduct our business. We perform our LDTs in facilities that maintain compliance with Clinical Laboratory Improvement Amendments (CLIA) regulations. Under CLIA, which is administered by the Centers for Medicare and Medicaid Services (CMS), we are required to comply with standards covering personnel qualifications, facilities administration, quality systems, inspections, and proficiency testing.

In addition to holding ISO 13485 certification covering IVD design, development, manufacturing, and distribution activities, our labs in France also have the capacity to manage and analyze samples from clinical trials in accordance with Good Clinical Practice (GCP) and Good Clinical Laboratory Practice (GCLP) standards. Our European operations fully comply with the EU's regulations for IVD tests, which require manufacturers to demonstrate compliance with safety and performance criteria applicable to the design, production, and post-production aspects of IVDs.

We conduct regular audits of our facilities to ensure compliance with regulatory requirements, and we review our quality standards on an ongoing basis to implement the latest best practices. Our facilities in South San Francisco, CA, and Marseille, France participate in the FDA's Medical Device Single Audit Program (MDSAP), and our San Diego, CA, laboratory has received accreditation from the College of American Pathologists.

In the process of developing our products, we prioritize appropriately balancing risk with demonstrating clinical benefit. We strive to take all risks into account when developing products and implement appropriate risk mitigation measures. We conduct medical and safety risk assessments at the beginning of LDT and IVD development projects, and we apply the same risk-based mitigation strategies, design input requirements, and performance requirements for both types of products.

Training

We promote continuous improvement of our QMS at all levels of the company, and this starts with having a fully trained, committed, and engaged workforce. Our training program is centered around our quality policy and objectives, which include operational excellence, robust design and development, and a commitment to constant improvement of our products, services, and processes while incorporating risk-based approaches. Our internal training requirements for each job position aim to bridge the skills gap for the newest members of our workforce.

Clinical testing

In addition to developing our own tests performed in our CLIA laboratories in the U.S. or distributed as IVDs, Veracyte conducts third-party activities, including development, clinical testing in the context of clinical studies, manufacturing, lifecycle management, regulatory, marketing support, and commercialization. We offer products to support clinical studies for investigational use or performance evaluation, such as Clinical Trial Assays and Research Use Only kits. Our clinical research does not involve the use of any animals for testing purposes.

Traceability

While our LDT products remain inside our labs throughout their lifecycle, we use inventory controls to manage their use in our operations. Because our IVD products are sold to customers, we have established procedures to track them once they are distributed. The labeling of our IVD products meets applicable regulatory requirements, industry-wide standards, and our own internal requirements. While manufacturing our IVD products,

we label raw materials, semi-finished product, and final product lots with essential information to ensure identification and traceability, such as unique lot numbers and stability or expiration dates. Items returned from our customers are identified in our inventory control software with return authorization numbers and product identifiers. In combination with our labeling processes, our ERP system ensures full traceability for our IVD products, from raw material sourcing to delivery.

Corrective action and prevention

Customer complaints are recorded and assessed in real-time by our Customer Services team, and potential reportable events are escalated to a Complaint Evaluation team to determine whether or not an adverse event report is necessary. This assessment is performed in a timely manner and is conducted in parallel of any root cause analysis in the scope of corrective and/or improvement actions. We have not had any product recalls or regulatory enforcement actions to date.

Supply Chain Management

We take pride in reliably delivering insights that can transform patient care and our priority is to ensure that patients always have access to our high-quality tests. The internal processes we have established to mitigate supply chain disruptions strive to make sure that no patient procedures are delayed or impacted by shortages of our tests. We work closely with our suppliers to coordinate shipments and adapt our purchasing activities so that our testing activities remain consistent and dependable.

Supplier quality management

Since our acquisition of HalioDx, we have started to transfer the manufacturing of our IVD test kits from a secondary manufacturer to our facility in Marseille, France. This transition will allow us to achieve end-to-end control of our IVD supply chain. We also maintain traceability for our IVD products from raw materials to shipment using unique batch numbers for each operational stage, which are printed on labels and electronically filed in our inventory control system.

We evaluate the ability of our suppliers to meet our quality specifications in a timely and cost-effective manner. Key suppliers that we have determined to be critical to our supply of reagents, equipment, and other materials and services that we use to perform our tests are evaluated for compliance with third-party standards such as ISO 13485, ISO 9001, and government agency audit or certification programs. 100% of our key suppliers participate in third-party audit or certification programs for quality assurance, control, or regulatory purposes.

Management of critical materials

While we procure many of the reagents and equipment used to perform our CLIA tests from sole suppliers, we have developed alternate sourcing strategies for certain materials when possible to mitigate potential shortages and supply chain pressures. We also seek to establish secondary suppliers for materials critical to the production of our IVD products when possible. While certain critical materials for our IVD products cannot be changed without performing equivalency studies, we maintain adequate safety stock of these materials to avoid product backorders.

Looking ahead

As we continue to expand our scope to cover global diagnostic needs, we are taking steps to harmonize our supply chain management processes and standards across our global facilities. We are in the process of developing a Supplier Code of Conduct, which will lay out our expectations for our suppliers and business partners on key issues such as health and safety, human rights, and environmental sustainability.

People

Across our organization, the patient experience is at the center of nearly every decision we make. We are fiercely dedicated to improving the lives of people facing cancer—and other diseases—at pivotal moments in their journey. Our team members are empowered with the ability to make an impact and are deeply committed to driving meaningful results for our patients and physician customers.

We are committed to ensuring that Veracyte is a safe space for all, and recognize that our strength lies in the diversity and integrity of our people.

We pride ourselves on our strong culture, which encourages innovation, collaboration, and mutual respect. We were named a Bay Area “Top Workplace” by the Bay Area News Group in 2022, marking the ninth consecutive year we received this distinction. This award is based solely on employee feedback gathered through an anonymous, third-party survey.

We are committed to ensuring that Veracyte is a safe space for all, and recognize that our strength lies in the diversity and integrity of our people.

With our growth through our acquisitions, enhanced leadership insights, and renewed vision, we launched a company-wide initiative—Vera Culture 2.0—to activate our culture in support of our overall corporate strategy.

Patients
Innovation
Results
Collaboration
Compassion

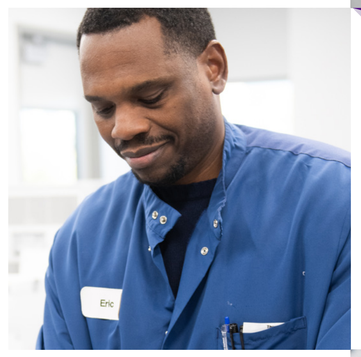
VERA VALUES

At the beginning of 2022, Veracyte sent a culture survey to all employees globally as part of this initiative. The survey had a response rate of 79% and provided valuable insights into ways to bolster our talent programs and identify areas for improvement.

Importantly, the results also informed and helped us define a new set of core values across the company.

Individual members of our leadership team have volunteered to sponsor each aspirational value to ensure the values are embedded into our culture and become “business as usual.”

To bring these values to life and help ensure they are embraced by all our employees, we carried out a variety of culture activation activities and programs during 2022.



Defining our core Veracyte Values

During the Culture Visioning Workshop, leaders articulated five future-state values and associated desired behaviors for Veracyte.

John Leite
GM, Pulmonology and Market Access

PATIENT-CENTRIC
We deliver patient impact in everything we do.

Kristin Gleitsman
VP, Discovery Research

COMMITTED TO INNOVATION
We are on the move: we tackle challenging problems using cutting-edge science.

Rob Brainin
Chief Business Officer

EMPOWERED AND RESULTS-FOCUSED
We empower our coll-eagues, take ownership, are decisive, and hold one another accountable.

Annie McGuire
General Counsel and Chief People Officer

COLLABORATIVE AND OPEN
We listen to one another and collaborate for success.

Corinne Danan
GM, Biopharma and IVD Services

RESPECTFUL AND COMPASSIONATE
We respect one another and genuinely care about others.

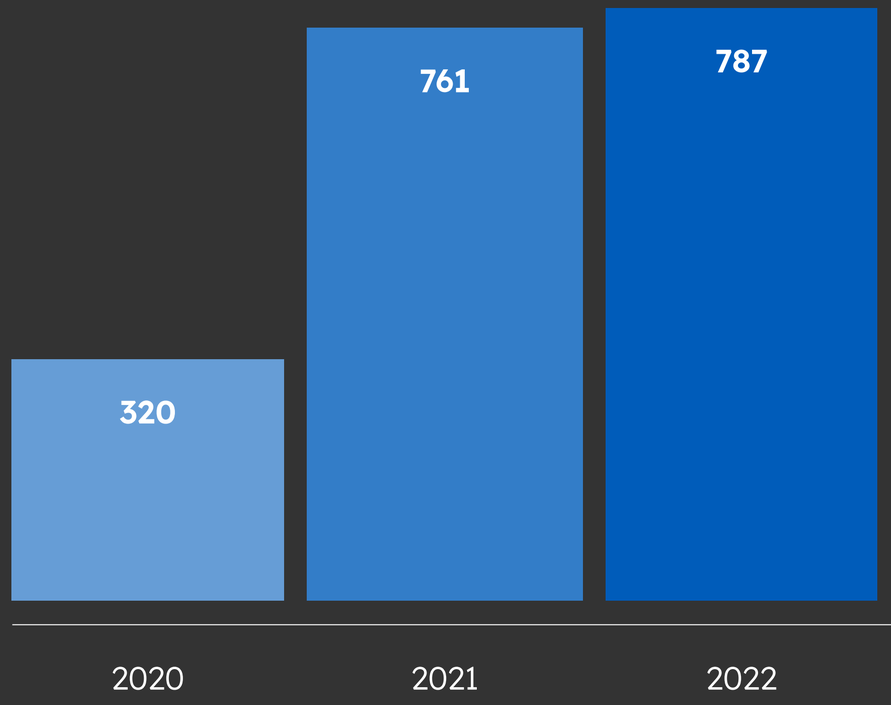
Employee engagement and talent attraction

We actively engaged our employees as part of our cultural transformation through regular surveys and employee focus groups, and we encourage open communication and feedback on our culture activation.

We are committed to supporting our employees' long-term success by investing in training and educational opportunities to help foster personal and professional growth. In both the U.S. and France, we have implemented general and job-specific training programs. In the U.S., these include performance management training for all employees to encourage career development, as well as compliance-related trainings for relevant employees on topics such as anti-kickback provisions and HIPAA compliance. Our employees based in France also complete internal and external trainings that are aligned with local regulations and business priorities.

Attracting and retaining highly skilled scientists and support staff is critical to the success of our commercial laboratory

Total employees



Decipher was acquired Mar 2021; HalioDx was acquired Aug 2021

We are committed to fostering the health and well-being of our employees.

operations and our research & development (R&D) programs. We believe that our overall workforce turnover rate is at or below the average level for our industry. One of the most important aspects of our talent management philosophy is that employees gain the necessary qualifications for their position so they can continue to develop and grow within the company. In the Bay Area, we have partnered with the San Jose State Clinical Genetic Molecular Biologist Scientist (CGMBS) Training Program, allowing students to intern at Veracyte's South San Francisco facility and pursue California CGMBS certification.

We support education tuition reimbursement for all employees up to $1,500 per calendar year. In France, we have existing partnerships with local universities, such as Aix-Marseille Université, Université Côté d'Azur, and Université Paris Cité, and we offer leadership development programs for scientists and R&D staff to further develop their skillsets. We also have internship and apprenticeship opportunities for students in France interested in life sciences to gain hands-on experience in the field.

Compensation and benefits

We are committed to fostering the health and well-being of our employees. To achieve this, we have implemented a comprehensive benefits program for our employees in the U.S., including:

- Medical insurance
- Dental insurance
- 401(k) retirement plans
- Employee stock purchase plan (ESPP)
- Paid time off and paid sick time leave
- Health savings account
- Basic life, voluntary life, and AD&D insurance
- Short and long term disability insurance

- Mental health and community support
- Commuter benefits
- Voluntary pet insurance
- Paid medical leave
- Covid-19 leave
- Tuition reimbursement

Our total compensation packages are competitive with local markets and are set using an independent third-party analysis. We also support programs and activities for our employees to focus on personal wellness, such as guided meditations and webinars on nutrition.

Diversity and inclusion

We believe that diversity strengthens our company by broadening the range of ideas, experiences, and perspectives that our employees bring to work every day. We strive to foster an inclusive environment where diverse backgrounds are represented, engaged, and empowered to inspire innovative ideas and decisions. Women comprise 59% of our employees, including 60% of our global executive leadership team and 41% at the Vice President level and above, as of December 31, 2022. In addition, as of December 31, 2022, 50% of our U.S. employees are non-White.

In 2022, Veracyte sponsored employees in the launch of our first Employee Resource Group, Veracyte Women's Leadership (VWL). VWL was identified by a group of Veracyte employees and sponsored by executive management to support women at Veracyte. We will continue to promote diversity, inclusion, equity, and belonging through our culture work and individual initiatives to support and empower all employees.

U.S. workforce ethnic diversity

2022

- White (50%)
- Asian (32%)
- Hispanic or Latino (10%)
- Black or African American (5%)
- Two or more races (2%)
- American Indian or Alaskan Native (0.4%)
- Native Hawaiian or Pacific Islander (0.2%)

Percentages may not total 100% due to rounding

Decipher was acquired Mar 2021; HalioDx was acquired Aug 2021

Global workforce gender diversity

- Female
- Male

As of December 31, 2022 all employees self-identified as male or female

Anti-harassment

Veracyte is committed to providing a work environment free of harassment and discrimination and we are committed to preventing such incidents from occurring. We are an equal opportunity employer and will not discriminate against any employee or applicant for employment in an unlawful manner. It is our policy to treat all employees and applicants for employment equally with regard to all legally protected characteristics, including: sex, sexual orientation, gender (including gender identity and gender expression), marital status, race, religion, color, ethnicity, national origin or ancestry, physical or mental disability, pregnancy (including childbirth, lactation and related medical conditions), age, uniformed service member status, veteran status, genetic characteristics (including testing and information), or any other basis protected by federal, state or local law. In addition, we prohibit the harassment of any individual on any of the bases listed above. Veracyte management takes necessary action to ensure compliance with this policy in all aspects of our operations. Our policy also applies to third parties, corporate partners, and customers. All employees receive anti-harassment training through a learning management system, and we provide in-person Employment Law for Managers training to all people managers to help drive our continued commitment to providing a work environment free of harassment.

Employee health and safety

We strive to maintain a safe and secure work environment. We have established certain policies and procedures in our effort to make the work environment as safe as possible for our employees and our visitors, observing the provisions and regulations of the Occupational Safety and Health Act. Employees have responsibility for maintaining a safe and healthy workplace by following our safety and health rules, policies, and practices and reporting accidents, injuries and unsafe equipment, practices, or conditions. We provide detailed information regarding our safety policies and procedures to every employee during new hire trainings and annual safety trainings.

We monitor our safety record across our global offices to assess the effectiveness of our safety policies and procedures.

Beyond developing diagnostic solutions that make clinicians' and patients' lives easier, we are passionate about giving back and supporting a wide variety of important causes locally and globally.

Giving and community involvement

Over the past two years, our business units have provided over $11 million in philanthropic donations and support. This included reduced priced diagnostic testing through initiatives such as the Veracyte Access Program and Decipher Assist Program, as well as monetary support for several other awareness raising and educational activities.

We also empower our employees to identify, participate in, and contribute to activities that support local communities and other important causes. For example, members of the Decipher team around the U.S. participated in the ZERO Prostate Cancer Walk/Run series during 2022 to support prostate cancer research. Our South San Francisco team also participated in a holiday toy drive in 2022 that was organized by the Ronald McDonald House.

In September 2022, our employees in France participated in a local waste collection event. In March 2022, Veracyte and its global employees donated over $35,000 in funds to support Red Cross efforts in Ukraine. We are proud to support these initiatives and activities and continue to look for opportunities to compassionately give back to our communities and important global causes.

We take extensive measures to protect sensitive information from unauthorized access or disclosure

Information Security & Data Privacy

In developing and commercializing our diagnostic tests, we assemble and curate large amounts of data and clinical information to advance biopharmaceutical partnerships, research, and new product development. Our data assets and biorepositories include genomic data, such as RNA, DNA, variant, fusion, immune-response data, and well-curated clinical, radiological, outcome, and other information.

We collect protected health information (PHI) and personally identifiable information (PII) from our patients in the ordinary course of our business, along with proprietary business and financial information. The secure processing, storage, maintenance, and transmission of this critical information is vital to our operations and business strategy, and we devote significant resources to protecting such information through physical, technological, and administrative data security controls.

Oversight

While everyone at our company plays a part in managing cybersecurity risk, oversight responsibility is shared by our Board of Directors, our Audit Committee, and our executive management team. The Audit Committee receives quarterly reports and presentations on the status of our cybersecurity program and regularly reviews the results of our cybersecurity testing and remediation plans. Moreover, the Regulatory and Compliance Committee of the Board oversees the company's compliance specifically with healthcare, patient privacy, and data security laws and regulations, including the Health Insurance Portability and Accountability Act (HIPAA).

Cybersecurity protocols

Because we leverage sensitive data across our enterprise, we have developed robust information security policies and practices, ranging from critical incident management measures to system-wide IT management procedures. We manage our applications and data utilizing a combination of on-site systems, managed data center systems, and cloud-based data center systems. We take extensive measures to protect sensitive information from unauthorized access or disclosure, and we leverage the National Institute of Standards and Technology (NIST) cybersecurity framework to drive the strategic direction of our cybersecurity program. We also maintain information security risk insurance coverage.

In 2022, we initiated a comprehensive personal data inventory and mapping process with the aim of better identifying the collection, use, disclosure, and disposal of personal data. Going

forward, we will build upon this current structure by further improving our technical and physical safeguards, such as our data transmission security measures and other monitoring systems.

Securing personal information

Our information security procedures are designed to comply with the privacy, security, and breach notification requirements of HIPAA. We protect all PHI and PII regardless of the form in which we receive it and take appropriate steps to ensure its confidentiality, integrity, and availability. PHI is only used or disclosed for treatment and as stated in our **HIPAA Notice of Privacy Practices**. While each Veracyte U.S. entity has distinct HIPAA policies and procedures, we are in the process of enacting a uniform HIPAA privacy policy and practices that will apply across the enterprise.

Training

We raise cybersecurity awareness with our employees through ongoing training and reinforcement. Our initial areas of focus for employee training have been around breach prevention. For example, we conduct monthly phishing simulations which can trigger remedial training assignments. We also hold annual trainings related to HIPAA and other compliance program essentials. Upon hire, new employees are required to complete interactive HIPAA training, and employees with access to PHI are required to train on applicable policies and procedures. We continuously look for opportunities to enhance our training program to raise awareness and improve the cybersecurity capabilities of our workforce.

Environmental Sustainability

We are actively gathering information to better understand our environmental footprint so that we can better manage our impact and operate more sustainably. We plan to implement processes to measure key environmental performance metrics across our global operations. While we are in the early stages of this journey, we look forward to identifying and implementing initiatives to optimize our energy, water, and waste management systems. For example, we have already begun recycling the vast majority of cardboard that we use internally and receive externally in our French facilities.

In support of our commitment to environmental sustainability, our new facility in Marseille, France, is currently undergoing an assessment and certification process with BREEAM® (Building Research Establishment's Environmental Assessment Method) related to building design and construction. BREEAM® provides a framework to validate sustainable design considerations and standards in built environments that are intended to enhance the well-being of building occupants and better manage environmental impacts. Construction of this new facility is planned to be completed in 2023, and occupancy by Veracyte is planned for 2024.

Hazardous waste management

We comply with all relevant regulations and best practices surrounding the use, storage, and disposal of hazardous waste at our CLIA laboratories, including biological materials and chemicals. We mitigate our employees' exposure to biohaz-

ardous material by directing them to properly dispose of such waste as it is generated, wear appropriate personal protective equipment, and attend mandatory training classes for handling of all biological materials. All employees with occupational exposure to hazardous materials are trained upon their initial assignment and annually thereafter. To manage exposure to blood borne pathogens and other potentially infectious materials, we have implemented strict exposure control plans to limit potential transmission.

These plans cover the processing of patient specimens, handling of sharps (e.g. razor blades and scalpels), maintenance of contaminated equipment, and basic first-aid. Across all our facilities, each employee is responsible for reporting any hazardous conditions, exposures to contaminated materials, or injuries to the facility's designated Health and Safety Officer.

We store biohazardous waste separately from other waste at the point of origin at our facilities and dispose of it in an appropriate manner. All waste is removed by a registered medical waste hauler and treated at an approved off-site treatment facility. Each of our CLIA labs in the U.S. is a small quantity generator (SQG) of hazardous waste, and each facility has implemented site-specific policies surrounding appropriate waste storage and disposal. We are coordinating with our waste hauling contractors to better track and measure waste disposal across our global facilities.

Waste reduction

The secondary packaging material for our IVD products is made of 100% recyclable and biodegradable corrugated cardboard. We recover material that is generated during the IVD production process and strive to reduce scrap and waste from the manufacturing process to a minimum. We seek to procure only as much material as we need for manufacturing our products and we work with suppliers that are certified by the Forest Stewardship Council, which demonstrates that they use environmentally friendly raw materials. While our IVD products are delivered to customers with ready-to-use reagents in plastic tubes, we ask our customers to safely dispose of hazardous materials and recycle certain elements of the product packaging where possible.


veracyte®