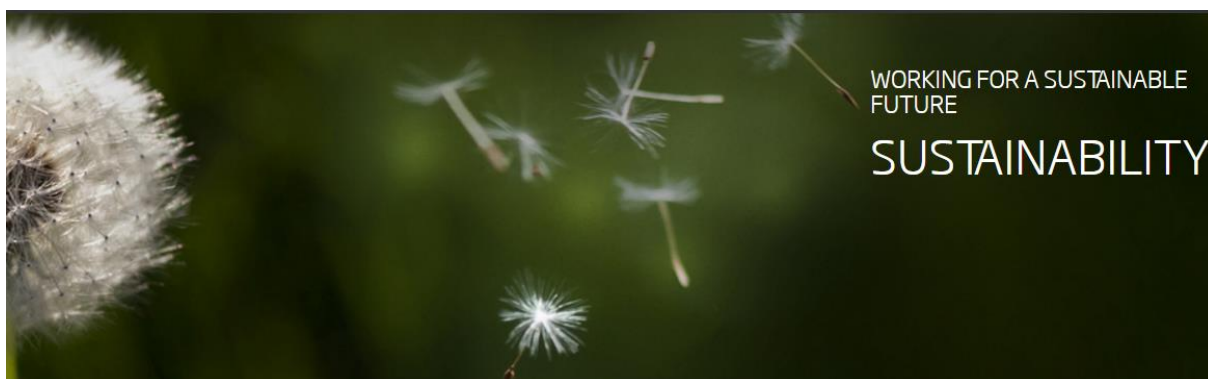


# DIAB Group Sustainability report 2016



Sweden, Helsingborg 2017-05-14  
Diab Group Sustainability Office

Report revision 1.0  
GRI Standards

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## Diab sustainability reporting

2016 is the first year historically that Diab is making a more comprehensive non-financial reporting above what is in line with Ratos CR Framework. Earlier years a minor sustainability reporting to our owners has been made but together with our increased focus within this field we also want to follow this trend in our reporting. Further, 2017 is the first year that Diab is covered by legislation on non-financial reporting. In order to prepare for next year's requirements on sustainability reporting Diab

chose to start already this year with the reporting with the target to follow GRI standards.



The report has been prepared in accordance with the Standards Guidelines of the Global Reporting Initiative (GRI), Core option, and is also Diab's Communication on Progress to the UN Global Compact.

This year's report is based on already existing stakeholder dialogs, but this is something that will be renewed for the coming year with a thorough materiality analysis performed during 2017.

Diab sustainability report 2016 is published internally on the intranet but the report for the coming year will be published also externally.

## Statement from CEO

Sustainable development have been established as a strategic part of the Diab business, we work within numerous areas of sustainability issues, and we prioritise issues regarding good business ethics, meeting customers' needs and ensuring good health and safety. We also aim to use resources such as materials, energy and water as efficiently as possible and, of course, to minimise our environmental impact. Our main production sites are underpinned by our certified management systems in accordance with ISO 14001 and ISO 9001. By reaffirming the UN Global Compact during 2016, Diab is making a long-term statement to continuously focus on our sustainable development.



**Lennart Hagelqvist**  
President & CEO

New record year 2016 was Diab's best ever year in turn over. Our sales totalled SEK 1516 million and operating profit (EBITA) was SEK 109 million.

All of our business areas performed well and we have built a new IPN production facility in China, Zhangjiagang.

By offering customers innovative technical solutions together with world-class productivity and quality, we are able to support them from initial concept to finished product. We have come a long way but there is, of course, plenty still to do. We want to offer customers even greater value creation.

Continual development of our core values by implementing and educating in "One Diab" – "We cooperate, we help each other out and we work as one global company" this year to all our employees.

With our highly capable employees, a solid organisation, responsible business practices, Diab will continue its journey towards achieving the company's mission "to provide stronger, lighter and smarter composite solutions realizing a more sustainable world."

## Diab in brief

### Activities, brands, products, and services

Diab is a global company that develops, manufactures and sells core materials for sandwich composite structures used in, among other objects, leisure boats, wind turbine blades and components for aircraft, trains, industrial applications and buildings.



The core materials have a unique combination of characteristics such as low weight, high strength, insulation properties and chemical resistance.

Diab products highly contribute to a sustainable world by significantly reducing the weight of the final application as for example aircrafts, boats, trains and other vehicles. This reduce the usage of fossil fuels and strongly contributes to reduce GHG emissions on our planet.

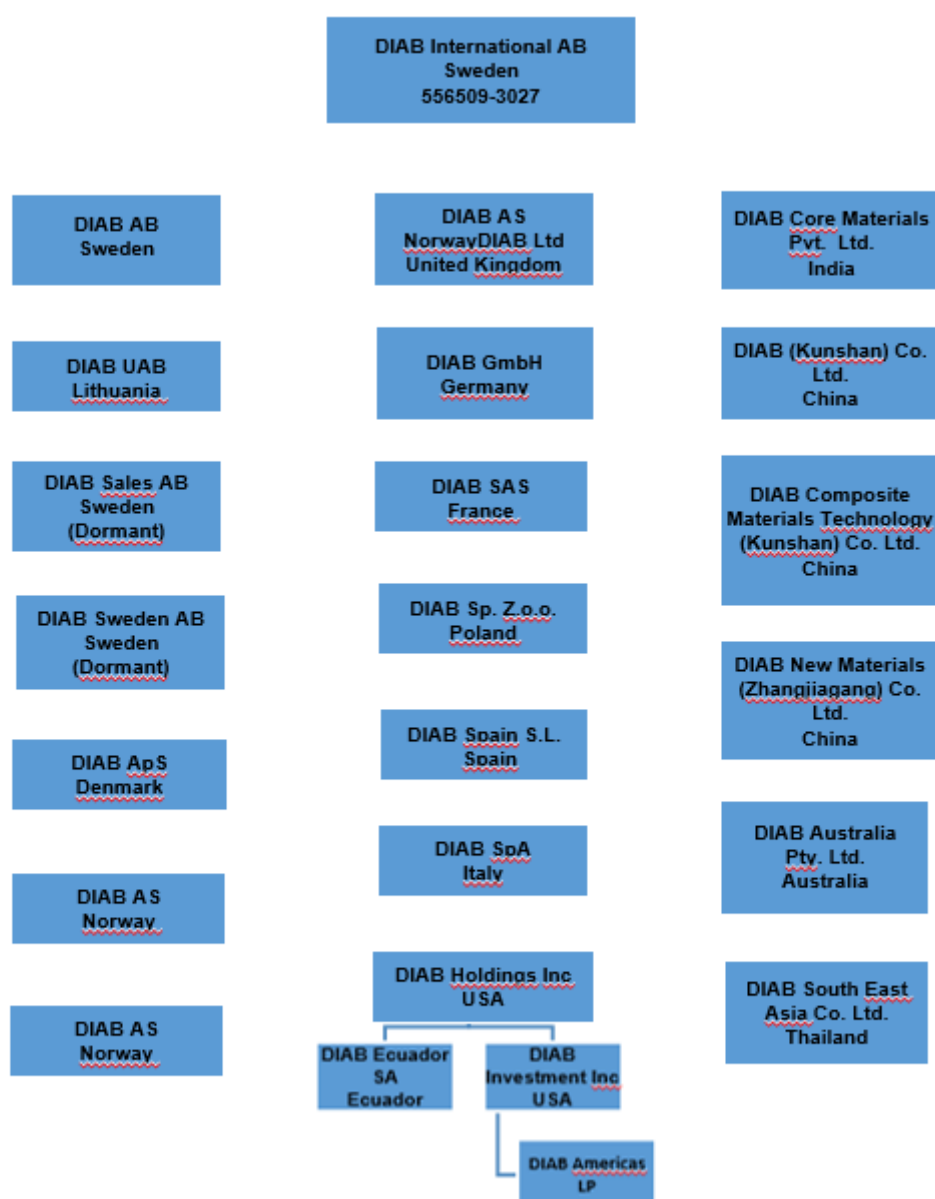
### Location of operations

The company has production units for material in Sweden, Italy, the US, China and Ecuador. Material processing takes place in the production units as well in China and Lithuania.

### Scale of the organization 2016

- Total Number of Employees: 1242
- Total number of Operations: 7
- Net sales of 1516 MSEK split between Private sector and Public Sector: 100% Private sector
- Total capitalization: Out of investments of 127 MSEK, 26 MSEK from new loans and the rest financed through internal cash flow. Total Net sales: 1516 MSEK

## Entities included in the consolidated financial statements



## Defining report content and topic Boundaries

### A focus on materiality

Diab's sustainability report for 2016, in accordance with GRI Standards includes aspects relating to the environment, health and safety, financial and social responsibility and ethics. Our ambition is for this report, together with supplementary information, to give our employees and external stakeholders a transparent view of the company's corporate responsibility activities and how these interact with our business activities.

All units belonging to Diab in 2016 are included in the report, including a new factory in China. In total 7 production facilities contributed with data.

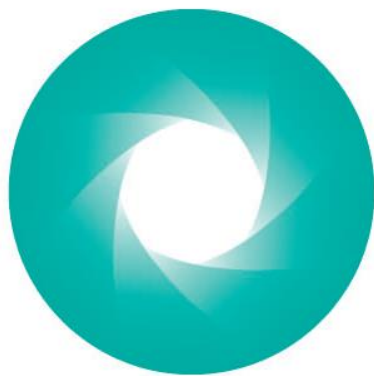
All Diab prioritised materiality areas were prepared through a process where each sustainability responsible for all sites made an evaluation together with stakeholders locally. These analysis and evaluations were then summarized to a global diagram as Diab's materiality analysis represents all sites and their corresponding stakeholders.

## Reporting principles

The reporting is made on core option and the material topics identified through the process of the materiality assessment.

In line with the Ratos CR Framework, Diab reports implementation and status of progress in Q1 annually. The framework is continuously updated and revised by Ratos Head of Sustainability and reflects the wish of the shareholders of Diab.

Each production unit provides quantitative and qualitative information in accordance with Diab's sustainability KPI: s. The sustainability responsible of each company/unit is responsible for assuring the quality of the information submitted. The year's performance is compared and verified against information for previous years.



# GREENHOUSE GAS PROTOCOL

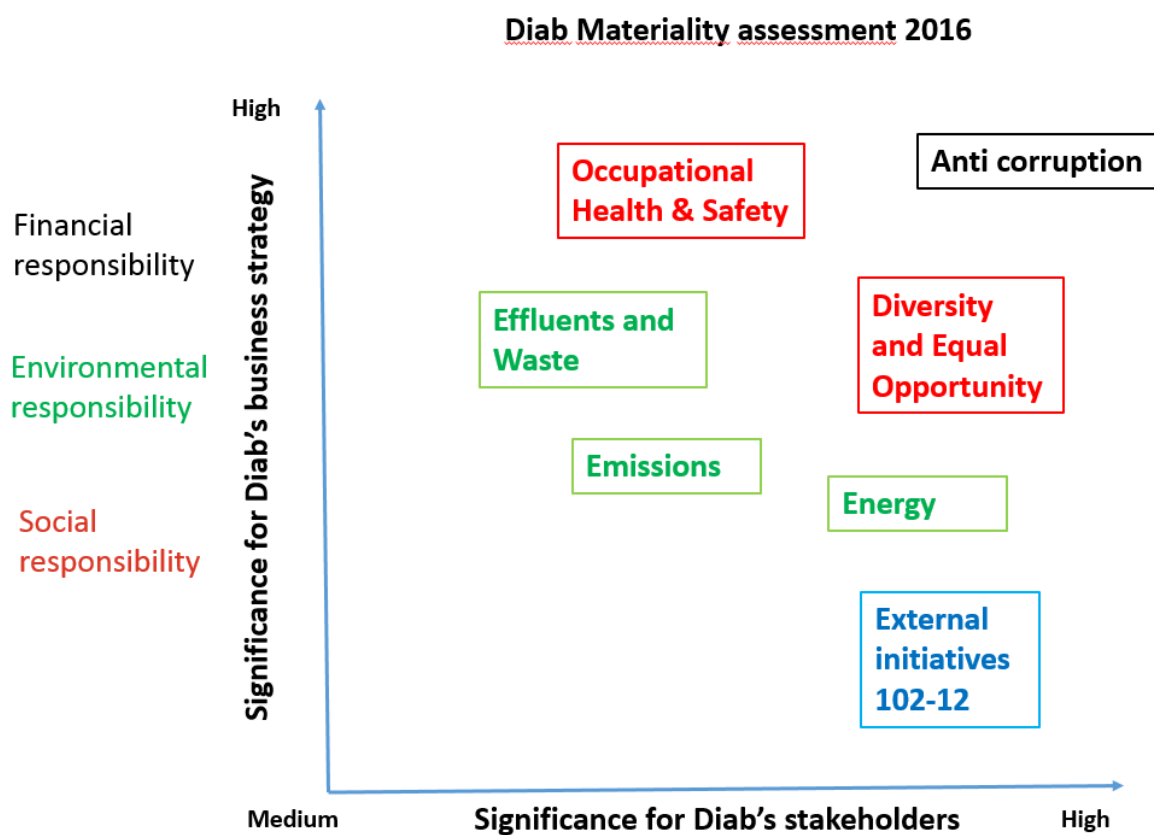
All production sites report figures for calculating CO<sub>2</sub>e emissions in the software tool "Our Impact" (following Greenhouse Gas Protocol). This GHG emission assessment quantifies the total greenhouse gases produced directly and indirectly by Diab global activities.

Most of the figures and data are received from the process connected to the ISO certification of the different units.

## Changes in reporting

No significant changes in the list of material topics and topic boundaries have been done compared to previous reporting periods. As this is the first year when reporting according to GRI standards the nomenclature in the above mentioned topics have been changed to fit the terminology in the standard.

## List of material topics



## Explanation of the material topic and its Boundary

### Materiality analysis

Within the framework of the ISO 14001 and ISO 9001 standards, Diab's companies endeavour to identify and manage significant aspects relating to environment, health and safety, and energy. This forms an important backdrop to Diab's materiality analysis, which is developed based on the requirements set out in the GRI Standards sustainability reporting guidelines.

Area		Sustainability target	Performance in 2016
Environmental responsibility	Energy	The object is more efficient energy use. The Group-wide KPI is energy consumed per product, kWh/m <sup>3</sup> and many of the production units use locally adapted targets.	Energy audits and efficiency measures were carried out during the year at Diab's facilities.

	Carbon emissions	Carbon emissions are a global challenge and Diab's objective is to reduce its emissions of greenhouse gases.	During 2016 the first CO <sub>2</sub> e emission survey for Diab Group was performed. This knowledge has created the ground for where to focus and put the first actions in order to reduce the carbon footprint. Further, this opens up the possibilities to actually put concrete targets on reduction of CO <sub>2</sub> e emissions.
	Chemicals	Chemicals that are hazardous to the environment or health shall be identified and phased out.	One new chemical was introduced, partly replacing another as its contribution to reduction of energy needed during production is significant.
	Waste	The Group-wide objective is for the volume of waste to be reduced.	During 2016 the recycling of PET waste in Longarone site has increased. Further, equipment for recycling of PES waste in DeSoto has been installed.
	Environmental management systems	The objective is for all units to be ISO 14001-certified.	ISO certified units are Siaulai, Longarone, Laholm and Duran, 4 out of 7 production units.
	Environmentally sustainable products	Diab markets environmentally sustainable products as they significantly contributes to reduced usage of fossil fuels and other types of energy.	Diab continuously develops further improved environmentally sustainable products. During 2016 a new product was developed with significantly improved properties, which reduces the carbon footprint not only for Diab but also customers. New equipment for production of this product was installed in Laholm.
<b>Social responsibility</b>	Safe workplaces	Continually reducing the number of accidents and illnesses in the workplace is an essential objective.	All facilities record LTA index, occurrence index, severity index and the accident rate remains unchanged. Further recording is overtime rate, H&S training rate and sick leave rate. Training in "One Diab" for all employees at all facilities about Diab values, where safety is one of the main items.



	Ethical and humane principles	There should be no cases of infringements of human rights, discrimination or forced labour. Active information shall continue to be provided to employees and new staff.	No cases of infringements of human rights were recorded during the year.
<b>Financial responsibility Business partners and other stakeholders</b>	Anti-corruption measures	There should be no cases of bribery, corruption or cartel formation. Continued active information for employees.	The Group has a whistle blowing system and events relating to corruption or inadequate business ethics were recorded in 2016. All Diab employees has undergone a web based anti-corruption training during 2016, except the teams in Thailand, Australia and India.
	Suppliers	Evaluation of suppliers' sustainability work is continuously made together with other crucial suppliers' tasks.	Supplier Code of Conduct is under introduction at our strategic suppliers.
	Customers	Customer requirements regarding the environment and social responsibility shall be met by a comfortable margin.	Some customers perform their own supplier assessments at Diab production units of which several are made each year, also during 2016. Here, questions regarding environment and social responsibility are regularly considered. Occasionally, customers have specific sustainability requirements, which Diab replies to in a timely manner.
	Society, Investors and analysts	Reporting must be in accordance with GRI standards. Diab shall continue to endorse the UN Global Compact. We shall achieve good results in evaluations by analysts and independent institutions through transparent information	First survey and reporting of CO <sub>2</sub> e emissions according to GHG Protocol for 2016.  Continued support for the UN Global Compact and its ten principles

		in the field of sustainability.	
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## Governance of sustainability work

Sustainability issues relate to Diab's operations in a number of ways, including the introduction of new technology, internal and external communication, corporate acquisitions, crisis and risk management, accounting and training.

The overall focus of and responsibility for our sustainability work is set out in Diab's Code of Conduct and Diab Group Sustainability Policy.

Operational responsibility for sustainability issues is delegated to the Managing Director of each company. Group management regularly follows up on the development of this work and how sustainability measures are being integrated into strategic planning. Along with the annual sustainability report, we also carry out an analysis of compliance with legislation, target outcomes and the development of performance and key KPI:s during the year.

## Responsibility and Commitment

### Values, principles, standards and norms of behavior

"Our commitment is to be a long-term, ethical, profitable company providing a solid return on investment for our shareholders & valuable solutions to our customers, as well as being a good employer to the Diab co-workers". We believe that fulfilling our corporate social responsibilities is instrumental in meeting our commitment and reaching our targets. To this end

- Safety for our people always comes first. Simply put, no one should get hurt while working at Diab. Together, we all take responsibility for each other's safety.
- We work in strict adherence with regulatory requirements
- We are a trustworthy partner for our business associates
- We work in close cooperation with local society and continuously focus on minimizing the impact on the environment on a local and global scale.



To ensure that we meet the commitments to our stakeholders and interact with our customers, partners, internally as well as with local and global society, in a respectful and correct manner, we have implemented the Diab Code of Conduct. In any given situation we can lean on our Code of Conduct to give guidance on how to act. In Diab it is every co-workers' responsibility to follow the Code and to report if there should be activities not in compliance with the same."

The Diab Code of Conduct, summarized:

#### Respect for people and human rights

- We respect basic human rights
- We offer our employees fair and reasonable working conditions
- Diab rejects child labour and forced labour
- We appreciate diversity
- We respect our co-workers' right to be organised
- We are against the procurement of sexual services and child pornography

#### Good business ethics

- All co-workers and representatives are expected to show honesty and integrity in dealing with other co-workers, customers, suppliers, business partners, organisations and authorities.
- Diab works systematically to prevent corruption
- We support and aim to achieve fair competition
- We comply with applicable rules for export controls
- We comply fair sourcing and supply

#### Conflicts of interest are avoided

- Diab's organisation is politically independent and our co-workers work in the best interests of the company

#### Respect for confidential information

- Diab's co-workers may not spread or abuse confidential information

#### Respect for the environment

- Consistent and long-term environmental work creates both environmental benefits and value
- Regular control of product safety

## Relationships with external parties, such as suppliers and co-operation partners

- Our business partners must comply with the principles in this code

## Duty of care for the company's assets

- Our employees respect Diab's property

## Accounting, information and financial reporting

- Diab aims to provide transparent, accurate, continuous and timely information of the highest quality

## Personal information

- Diab respects personal information and handles it carefully

## Personal responsibility and routines for reporting violations

All Diab managers must ensure that their respective co-worker are aware of and given the opportunity to read and/or get a thorough presentation of the Diab Code of Conduct. All Diab co-workers are responsible for knowing the laws, guidelines and regulations relevant for their working duties.

The Diab Code of Conduct is available in English, Italian, Chinese, Swedish, Spanish and Lithuanian for all Diab employees. Further, the Diab Code of Conduct is signed and revised on a yearly basis by the board.

## Precautionary Principle or approach

According to Diab Group Sustainability Policy, 20161012, Diab Group is committed to (among other items);

- caring about our natural resources by continuously improving the utilization of raw materials, chemicals, energy, water and minimizing waste
- continuous improvement of the environmental performance of our activities, products and services and preventing pollution to ground, air and water through the implementation of the principles in the ISO 14001 standard
- systematically assessing and optimizing the environmental impact from the design of new and redesigned products

## External initiatives

External initiatives are crucial for Diab in order to assure customers and others that we are following recommended working structure in order to achieve long term goals that are beneficial for Diab, our customers and other stakeholders.

Our sites in Laholm, Longarone, Durán and Siaulai are all ISO 14001 certified and all our sites are ISO 9001 certified. Our site in Durán is FSC certified. Diab's target is to increase the amount of certified sites according to ISO 14001.



2016-09-23 Diab reaffirmed its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Diab does not have any obligation to comply with any of the mentioned external initiatives.

## Governance, Organization and Suppliers

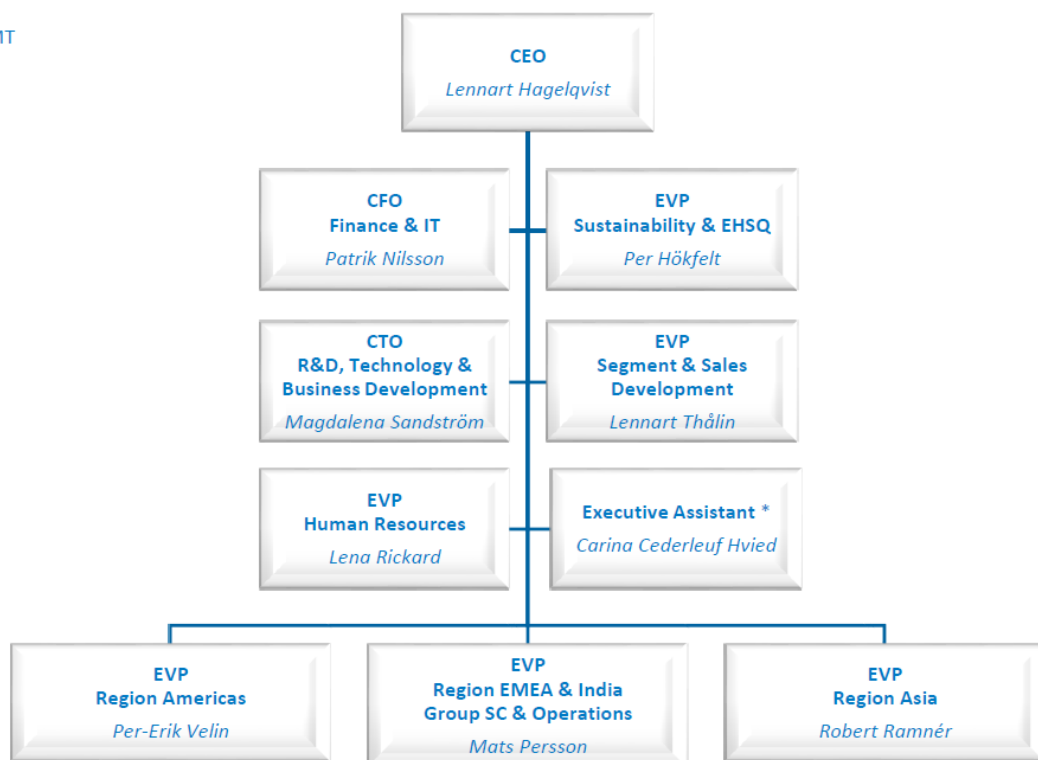
### Governance structure

Diab board have at least 6 fixed meetings throughout the year. Here, above the board, also CEO and CFO always attends. Further participation from the remaining Diab Management Team regularly occurs when specific fields are on the agenda. Directives from decisions made during the board meetings are realized through communication from CEO to DMT.

Sustainability is put on the agenda at least once a year when revising Diab Code of Conduct and Diab's Sustainability Policy.

### Diab Management Team (DMT)

\* Not member of DMT



Diab Group Governance Instruction, Rev 27, January 2017

## DMT –Diab Executive Management Team

- Lead the Strategic Process of the Group, and execute the Strategy decided by the Board
- Decide and communicate on budget, over-all targets, goals and KPIs
- Monitor and follow up Regions, Segments and global units
- Follow up global financial performance and conformity to global processes
- Approve companywide issues as Branding, Product portfolio, Strategic Investments, Global Footprint in Sales and Manufacturing
- Approve Market price lists
- Approve on Patent and IPR related topics
- Approve strategies for common infrastructure, such as IT
- Approve Group R&D projects and Strategic Business development
- Establish and follow up other group procedures and policies
- Approve customer contracts, investments and other agreements according to governance instruction

## Significant changes to the organization and its supply chain

A new IPN factory was built in China, Zhangjiagang, and finalized in June 2016. Production was started by then and run for approximately 1 month when there was a fire and the production unfortunately had to stop. Repair work was run until November 2016, when the production was started again. Due to opening of the new IPN China factory new suppliers, more locally based in Asia has been identified and implemented for many of the IPN raw materials.

No changes in share capital structure and other capital formation, maintenance or alteration operation has been performed during 2016.

## Supply chain

The main suppliers engaged are except for balsa and a few minor others supplying raw materials as chemicals. This gives in total 30-40 unique suppliers, which are for IPN mainly located in Europe with a few exceptions for Asia for IPN production in Europe. As the new IPN production unit in Zhangjiagang is now established during 2016 suppliers in Asia will and already have increased in number to about 5 to serve this IPN production unit in China.

PET (polyethylene terephthalate) production suppliers are served from Europe, balsa mainly from South America and PES (polyether sulfone) from Europe and US.

## Stakeholder engagement

### Identifying and selecting stakeholders

Diab interacts with a number of stakeholder groups, which brings a range of requirements and expectations in relation to sustainable development. Our understanding of which stakeholders are significant – and what they consider to be important – is based on experience, commercial relationships and dialogue over a long period, as well as events over the past financial year.

## List of stakeholder groups

Stakeholders	Aims, requirements and expectations	Value created
Customers	Diab believes that sustainability measures strengthen customer relationships. Many customers demand that Diab have a code of conduct, certified management systems and phasing-out of hazardous chemicals. Also, as Diab offers resource efficient products customers expect the product range to continuously decrease the environmental impact during production and in customer's final application.	Diab's sustainability work is continuously reviewed by customers, also during 2016. The overall results are good and Diab's sustainable development aims are valued by customers. A new product has been developed which offers better properties with lower density. Further it requires a significantly less resin consumption during customer's processing. All together reducing the environmental impact in total and fulfilling the basics for remaining with the resource efficient product range.
Consumers	All Diab's products are sold to industrial customers. Although this relates to some consumer products such as yachts and other sport gears, it is unlikely that the product will be linked directly to Diab's operations.	Consumers' views were addressed during the year via dialogue with customers and the demands they place on Diab.
Employees	Health, safety, benefits, social conditions, well-being, development opportunities.	<ul style="list-style-type: none"> <li>• Occurrence Index: 17,9</li> <li>• Lost Time due to Accidents: 12,5</li> <li>• Fatalities: 0</li> <li>• Share of employees in risk positions attending training: 100%</li> </ul>
Suppliers	Diab endeavours to have long-term and transparent relationships with suppliers. The aim is to ensure the right quality, financial stability and sustainable development for both parties.	Over the year the Group conducted assessments, which also addressed sustainability issues.

Shareholders	The aim is for this sustainability work to create value for shareholders. Diab ensures this, for example, through efficient resource usage and investments in new environmentally sustainable technology. The integration of sustainability issues in business operations, such as more environmentally sustainable products, reduces risks and creates business opportunities.	<p>The major shareholder RATOS has a clear Corporate Responsibility Framework that is mandatory for Diab to follow. The status and progress of implementation of the framework is reported to RATOS yearly in Q1.</p> <p>2016 reported all-time high in turn over. First calculations and CO<sub>2</sub>e emissions survey conducted for the Group according to GHG Protocol. Diab Group has reaffirmed its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.</p>
Society	Social engagement is an important aspect and something that is expected by local communities where the Group operates. As a global company, the Group is expected to undertake measures that contribute to national global sustainable development goals.	By reaffirming the UN Global Compact, Diab is making a long-term contribution to these global development goals.

## Management approach

### The management approach and its components

#### Anti-corruption

Anti-corruption is specifically stated in Diab's Code of Conduct as follows:

*Diab works systematically to prevent corruption*

Diab's management is responsible for maintaining an adequate anti-corruption programme and implementing any other measures regarded as necessary in order to prevent the corruption risks identified in the risk analysis.





Above the Code of Conduct Diab has also implemented and taken actions as below:

- Supplier Code of Conduct
- Introduction of an external whistle blow system
- Face to Face training of high risk groups
- E-learning for all employees

## Occupational Health and Safety

Occupational Health and Safety is a part of Diab's Code of Conduct as follows:

*We offer our employees fair and reasonable working conditions*

- Our co-workers are one of our most important resources and relationships must be based upon mutual respect and trust.
- Diab seeks to attract, develop and retain qualified and motivated co-workers in a professional environment.
- Our co-workers shall be offered a safe and healthy work environment that we continuously seek to improve.
- The conditions of employment offered to co-workers must meet the minimum requirements in national law and/or collective agreements as well as relevant ILO conventions (International Labour Organization – part of UN).
- Diab makes every effort to pay fair salaries and remuneration in accordance Diab relevant norms in the locations in which the Group has its operations.
- Nobody should get hurt while working in Diab. Diab shall be a safe and healthy place to work and Diab will strictly comply with all rules and regulations in all countries where operations are run. Diab's safety program is implemented in all factories and operations to continuously improve the safety and working environment in our operations.
- Diab encourages co-workers to seek opportunities within other parts of the organisation.



## Recorded data health and safety data

Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities. Data here is recorded according to the Swedish safety regulations and does therefore not fit into the GRI standard model of reported indexes. These data will continually be recorded in order to meet these requirements.

### *Nomenclature used:*

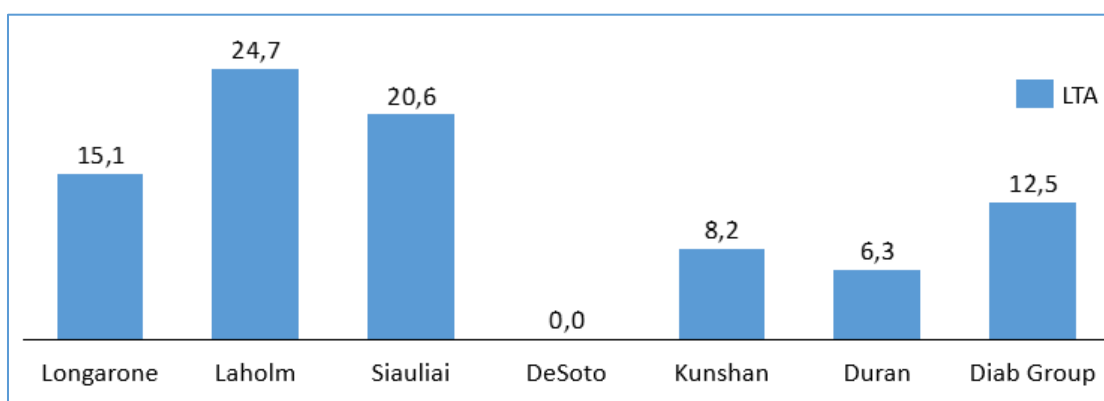
**Lost Time Accidents (LTA):** Accidents that result in an employee missing the next regularly scheduled work day or shift. Diab records LTA per million of worked hours (including temps, contractors excluded; only accidents happened inside our premises, not on the travel to/from home)

**Occurrence index:** LTA + Recordable per million of worked hours (including temps, contractors excluded; only accidents happened inside our premises, not on the travel to/from home)

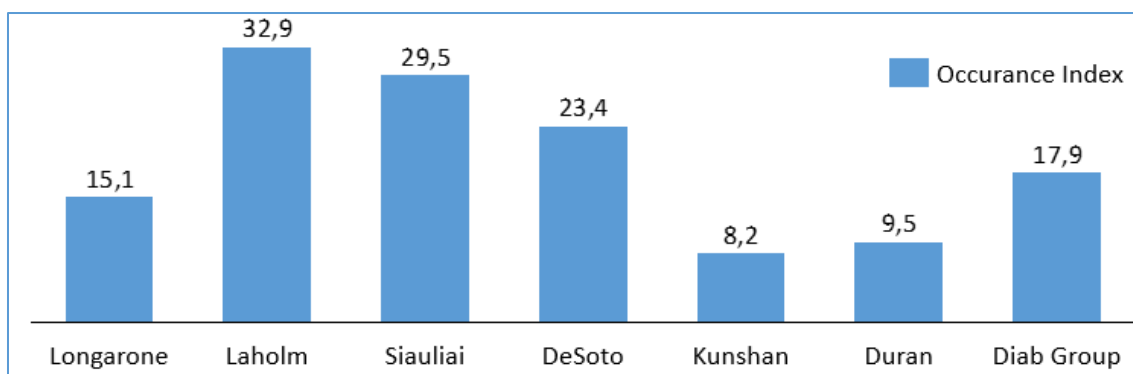
**Sick leave rate:** percentage of not worked hours in relation to worked hours due to sick leave.

2016 results:

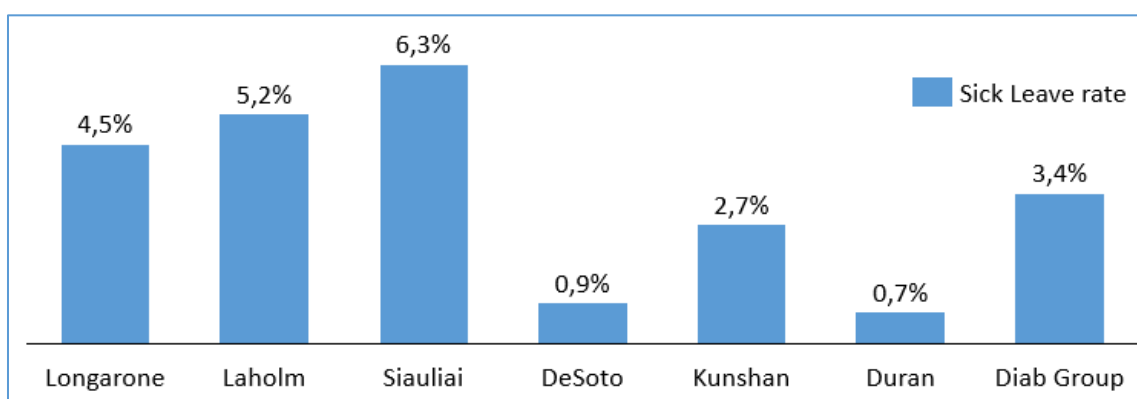
In the diagram below the LTA values for all sites measured during 2016 are shown.



In the diagram below the Occurrence index values for all sites measured during 2016 are shown.

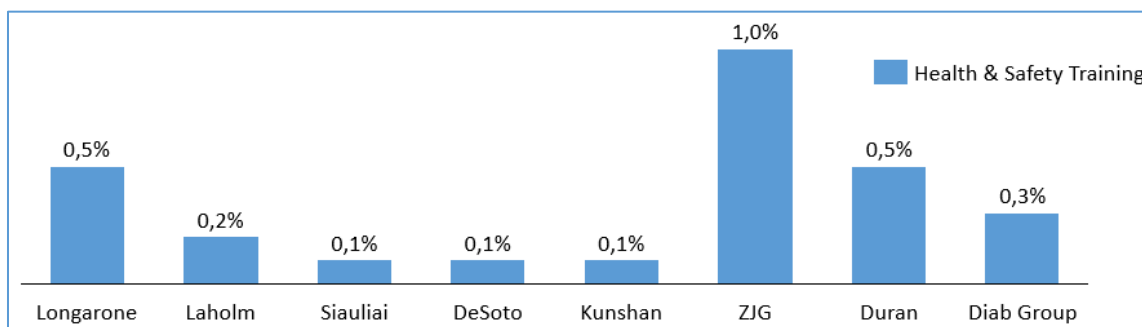


In the diagram below the Sick leave rate values for all sites measured during 2016 are shown.



### All employees get training in Health and Safety

H&S Training: percentage of hours put on training on Health and Safety in relation to worked hours.



## Diversity and Equal Opportunity

### Information on employees and other workers

FTE (Full Time Employment) is continuously recorded by our HR organization but further detailed data as temporary employees, part-time employees, workers who are not employees etc is not. The target within HR organization, the next coming years, is to increase the employee recording above only FTE.

Diab has no seasonal or other variations in numbers of employees.

Permanent FTE, see table below.

Entities included in the consolidated financial statements

Number of Employees, FTE						
	Average number of ALL employees					
	Men		Women		Total	
Country	Current year end	Last year end	Current year end	Last year end	Current year end	Last year end
Sweden HQ	23,9	18,8	9,3	6,0	33,2	24,8
Sweden	191,5	177,8	36,4	36,2	227,9	214,0
Norway	3,0	3,0	1,0	1,0	4,0	4,0
Denmark	1,0	1,3			1,0	1,3
England	6,0	6,0	3,0	2,0	9,0	8,0
France	3,0	2,0	2,0	2,0	5,0	4,0
Italy	182,4	181,9	7,6	7,6	190,0	189,5
Germany	4,0	4,0	0,5	0,5	4,5	4,5
Australia	5,0	5,0	2,0	2,0	7,0	7,0
China	272,9	207,0	97,3	85,9	370,2	292,9
Ecuador	105,0	123,0	9,0	9,0	114,0	132,0
USA	60,0	49,0	17,0	13,0	77,0	62,0
Lithuania	124,0	109,0	49,0	40,0	173,0	149,0
India	7,0	7,0	4,0	2,0	11,0	9,0
Thailand	2,0	3,0	5,0	4,0	7,0	7,0
Poland	1,0	1,0	1,0	1,0	2,0	2,0
Spain	3,0	3,0	2,5	2,0	5,5	5,0
Singapore					0,0	5,0
other country	1,0				1,0	0,0
which:						
Total	995,7	901,8	246,6	214,2	1 242,3	1 121,0

Diversity and Equal Opportunity is a part of Diab's Code of Conduct as follows:

*We appreciate diversity*

- We offer all individuals equal opportunities regardless of skin colour, gender, nationality, religion, ethnicity or other distinguishing characteristics.
- We make active efforts to achieve a corporate culture and workplace free from discrimination and harassment.

## Diversity of governance bodies and employees

*Diab Group Board members are divided as follows:*

- 7 men and 3 women.
- 4 persons are in the age group of 30-50 years and 6 persons are > 50 years.

*DMT members are divided as follows:*

- 7 men and 2 women.
- 3 persons are in the age group of 30-50 years and 6 persons are > 50 years.

## Effluents and Waste

In Diab's Sustainability policy it is clearly stated that:

- caring about our natural resources by continuously improving the utilization of raw materials, chemicals, energy, water and minimizing waste
- continuous improvement of the environmental performance of our activities, products and services and preventing pollution to ground, air and water through the implementation of the principles in the ISO 14001 standard
- systematically assessing and optimizing the environmental impact from the design of new and redesigned products

The Diab Sustainability Policy is followed up in the Business Review Meetings according to Diab's Corporate Governance Instruction.

## Water discharge by quality and destination

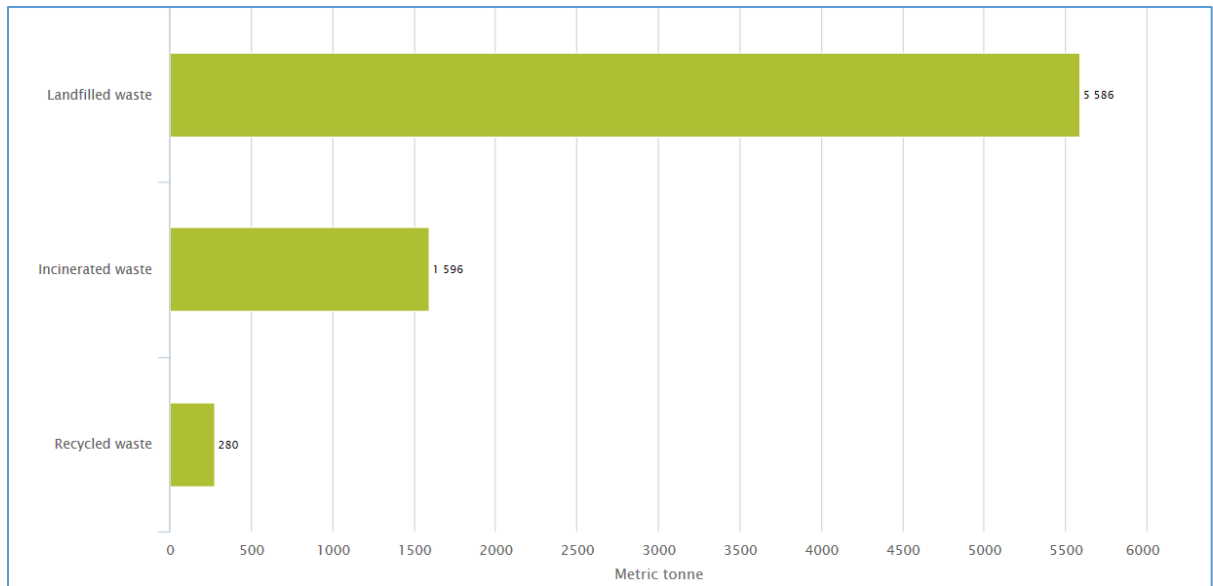
The measured water supply to Diab was calculated to in total 3555 216 m<sup>3</sup>. 3521 500 m<sup>3</sup> of these are supplied to Longarone. Here the main part is taken from the river passing the factory and is used as cooling water. The water is recycled to the river after having passed the cooling system. The same process is used in Laholm but the amount of water from the river here is not measured and therefore not calculated.

The remaining water used in Laholm and the other sites is clean water used in offices and minor parts in the factories.

## Waste by type and disposal method

In general Diab does not handle any hazardous chemicals and thereby no hazardous waste. For that reason this is not measured or recorded.

In the diagram below the total amount of waste put on landfill, incinerated and recycled is presented for Diab in 2016 in total.



The waste disposal method is generally decided by the waste disposal contractor and as the IPN waste, which is the main part, is difficult to incinerate and only the landfill alternative remains. The recycled waste consists of PET and PES and all necessary equipment for recycling this waste is installed in the production facilities in Longarone (PET) and DeSoto (PES).

## Energy



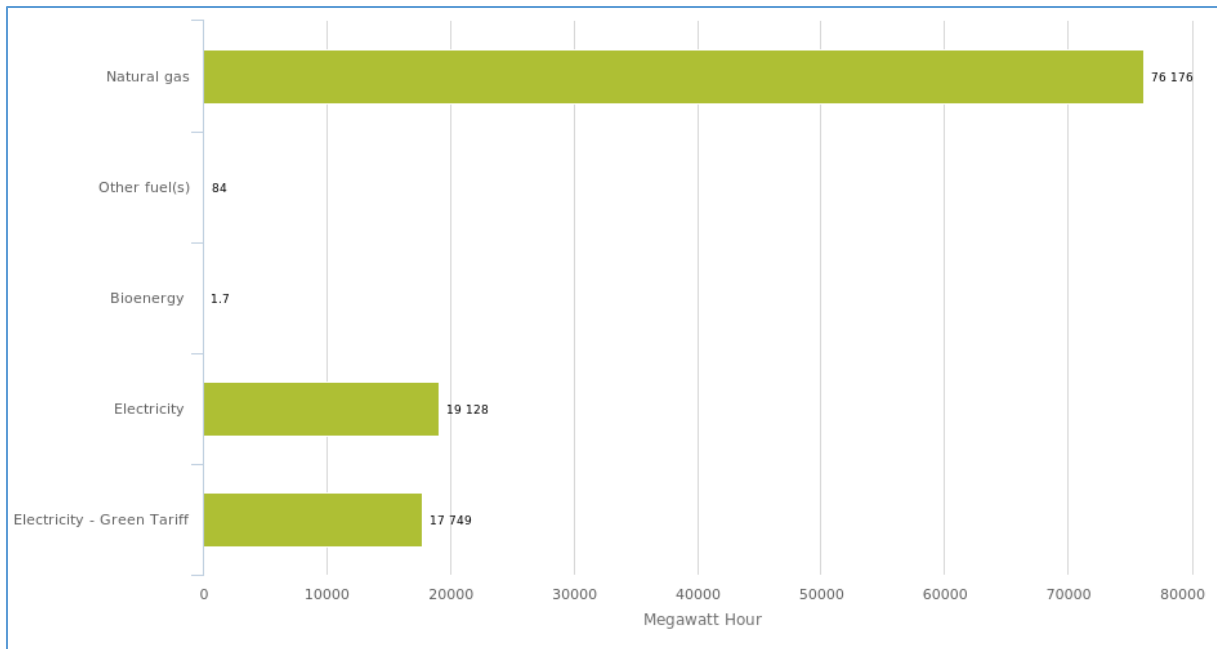
Diab's Sustainability policy is clearly stating that caring about natural resources as energy by continuously improving the utilization is crucial.

Each operating site is measuring and keeping track on the usage of energy per produced amount of product, which is also reported internally on a monthly basis and annually to shareholders.

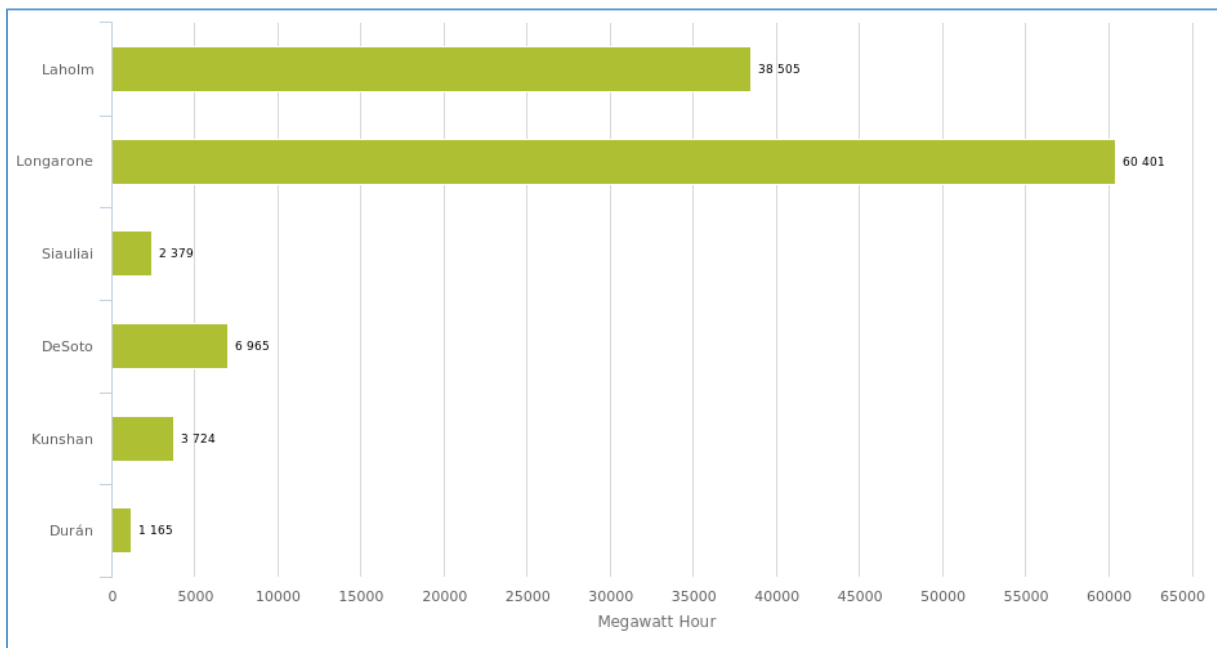
By the implementation of the yearly CO<sub>2</sub>e emissions calculations a global and deeper understanding of the contribution from the type of energy used to the total CO<sub>2</sub>e emissions is achieved. One of the main findings is the necessity of decreasing the usage of natural gas as energy supplier to Diab's production sites.

## Energy consumption within the organization

Below the energy consumption in MWh during 2016 from electricity and heating for all sites together.



Below the energy consumption divided per site in MWh.



The total energy consumption in Diab during 2016 is 118 291 MWh.

All data for energy consumption is measured values from all production sites. These are put in the software “Our Impacts” that is designed to help to conduct high quality assessments of organizations greenhouse gas emissions. Our Impacts is flexible accounting service that brings together extensive research databases and carbon and energy expertise. This tool continuously also updates on scientifically based emission factor for energy calculations.

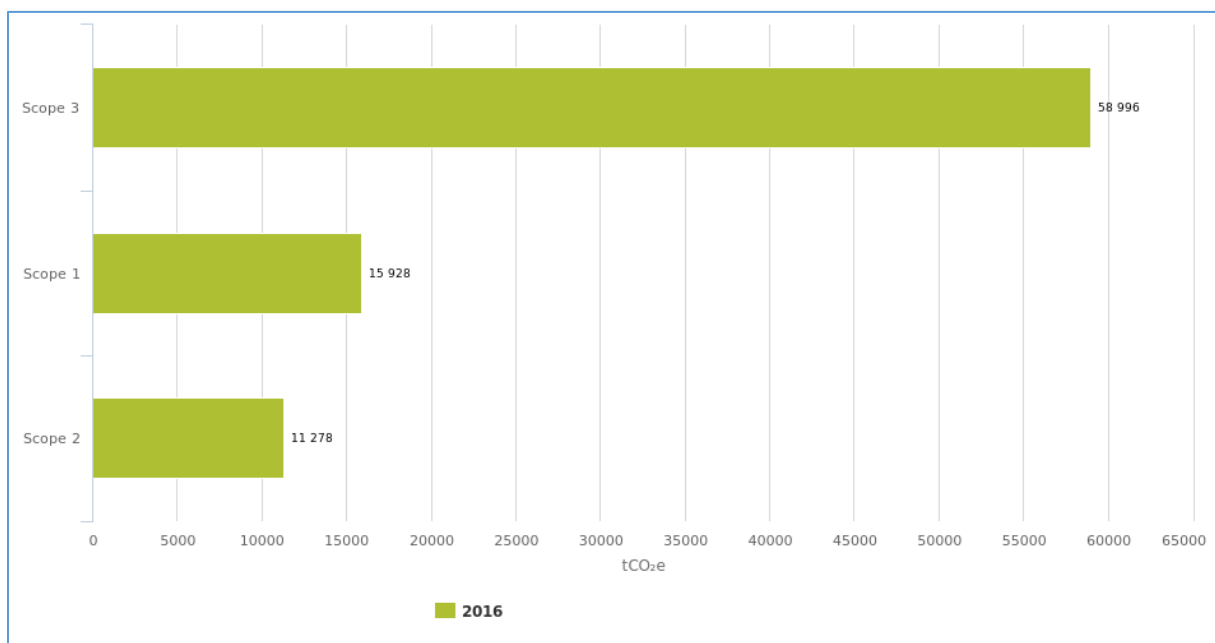
## Emissions

Diab's Sustainability policy is clearly stating continuous improvement of the environmental performance of our activities, products and services and preventing pollution to ground, air and water through the implementation of the principles in the ISO 14001 standard.

By the implementation of the yearly CO<sub>2</sub> e emissions calculations a global and deeper understanding of all Diab activities and their corresponding contribution to GHG emissions in Scope 1 to 3 has been achieved. By this learning concrete, realistic and valuable targets will be set to reduce the environmental impact from emissions.

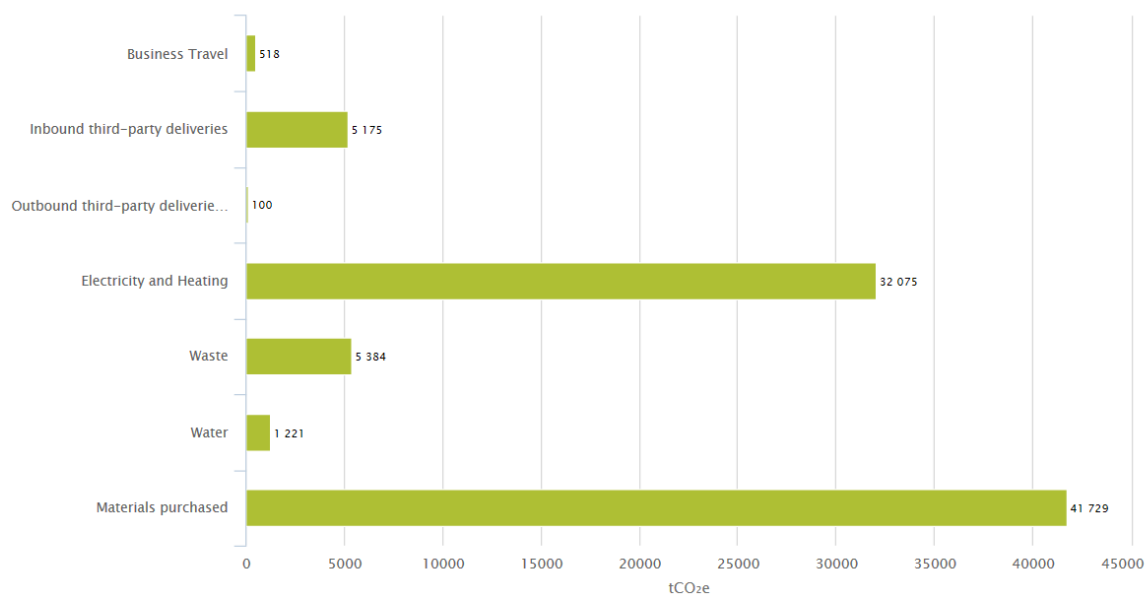
All seven Kyoto gases as carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF<sub>3</sub>), sulphur hexafluoride (SF<sub>6</sub>) and perfluorocarbons (PFCs) has been included in the calculations, which has been carried out in accordance with the Greenhouse Gas Protocol; a Corporate Accounting and Reporting Standard.

In the diagram below the ton CO<sub>2</sub> e emission volumes divided per Scope is shown for Diab Group totally. As could be seen scope 3 is by far the largest.

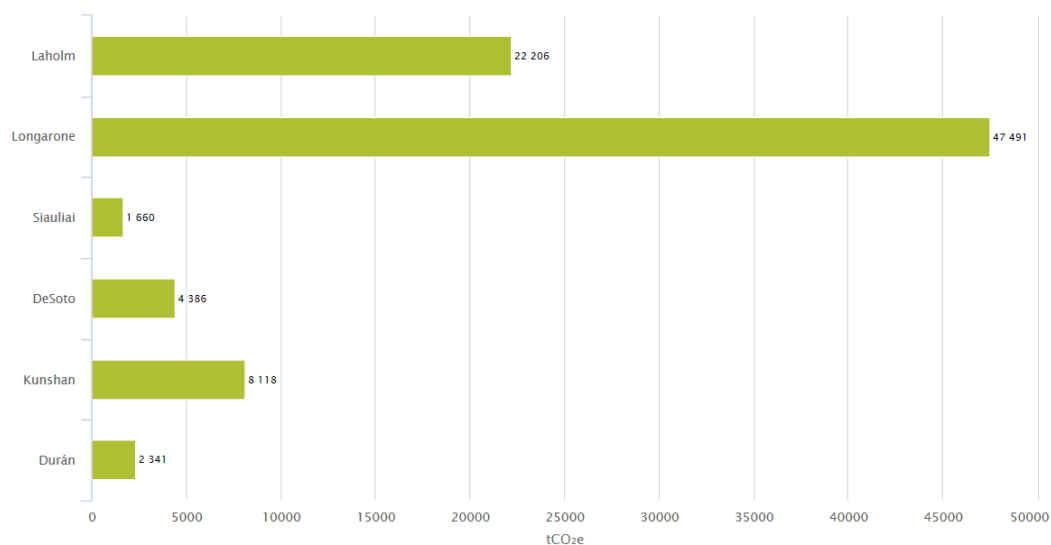




In the diagram below the CO<sub>2</sub> e emissions per main category is shown. As could be seen the largest categories are “Materials purchased” and “Electricity and Heating”.



In the diagram below the CO<sub>2</sub> e emissions divided per site is shown. The reason for Longarone and Lahom being the sites with the largest emissions is only connected to the size of these productions units and nothing else.



2016 is considered to be the base year for calculations as this was the year when implementation of the calculation tool Our Impact and the work to register necessary data here was started.

## GRI content index

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number	Omission
GRI 102	General Disclosures	102-01	Name of the organization	Diab Group AB	
GRI 102	General Disclosures	102-02	Activities, brands, products, and services	4	
GRI 102	General Disclosures	102-03	Location of headquarters	Laholm, Sweden	
GRI 102	General Disclosures	102-04	Location of operations	4	
GRI 102	General Disclosures	102-05	Ownership and legal form	Ratos 96%, Management and Board 4%. Limited company	
GRI 102	General Disclosures	102-06	Markets served	Americas, Europe, Asia, Australia and Africa.	
GRI 102	General Disclosures	102-07	Scale of the organization	4	
GRI 102	General Disclosures	102-08	Information on employees and other workers	19	Partly not applicable
GRI 102	General Disclosures	102-09	Supply chain	14	
GRI 102	General Disclosures	102-10	Significant changes to the organization and its supply chain	14	
GRI 102	General Disclosures	102-11	Precautionary Principle or approach	12	
GRI 102	General Disclosures	102-12	External initiatives	12	
GRI 102	General Disclosures	102-13	Membership of associations	IKEM	
GRI 102	General Disclosures	102-14	Statement from senior decision-maker	3	
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behavior	13	
GRI 102	General Disclosures	102-18	Governance structure	13	
GRI 102	General Disclosures	102-40	List of stakeholder groups	15	
GRI 102	General Disclosures	102-41	Collective bargaining agreements	Employees with collective bargaining agreements are engaged in Italy, Sweden and	

				China. They represent 63% of the personnel.	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-42</b>	Identifying and selecting stakeholders	14	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-43</b>	Approach to stakeholder engagement	15	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-44</b>	Key topics and concerns raised	11	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-45</b>	Entities included in the consolidated financial statements	5	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-46</b>	Defining report content and topic Boundaries	5	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-47</b>	List of material topics	7	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-48</b>	Restatements of information	None during the year.	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-49</b>	Changes in reporting	7	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-50</b>	Reporting period	The reporting period for the information provided is 2016.	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-51</b>	Date of most recent report	The Sustainability Report FY15 was issued 2016-01-28.	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-52</b>	Reporting cycle	The reporting cycle is annual.	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-53</b>	Contact point for questions regarding the report	Per Hökfelt, Group EVP Sustainability. Per.Hokfelt@se.diabgroup.com	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-54</b>	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-55</b>	GRI content index	26	
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-56</b>	External assurance	Not applicable this year.	
<b>GRI 103</b>	<b>Management Approach</b>	<b>103-1</b>	Explanation of the material topic and its Boundary	7	
<b>GRI 103</b>	<b>Management Approach</b>	<b>103-2</b>	The management approach and its components	16	
<b>GRI 103</b>	<b>Management Approach</b>	<b>103-3</b>	Evaluation of the	16	

			management approach		
<b>GRI 205</b>	<b>Anti-corruption</b>	<b>205-1</b>	Operations assessed for risks related to corruption	14% of operations.	All data not available
<b>GRI 205</b>	<b>Anti-corruption</b>	<b>205-2</b>	Communication and training about anti-corruption policies and procedures	a. 100% b. 100% in Americas and Europe 70% in Asia. White collar in all regions c. 0% d. 100% e. Same as b	
<b>GRI 302</b>	<b>Energy</b>	<b>302-1</b>	Energy consumption within the organization	22 No energy has been sold from any of the production sites.	
<b>GRI 305</b>	<b>Emissions</b>	<b>305-1</b>	Direct (Scope 1) GHG emissions	24	
<b>emiGRI 305</b>	<b>Emissions</b>	<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	24	
<b>GRI 305</b>	<b>Emissions</b>	<b>305-3</b>	Other indirect (Scope 3) GHG emissions	24	
<b>GRI 306</b>	<b>Effluents and Waste</b>	<b>306-1</b>	Water discharge by quality and destination	21	
<b>GRI 306</b>	<b>Effluents and Waste</b>	<b>306-2</b>	Waste by type and disposal method	21	a. Not applicable
<b>GRI 306</b>	<b>Effluents and Waste</b>	<b>306-3</b>	Significant spills	0 spills	
<b>GRI 403</b>	<b>Occupational Health and Safety</b>	<b>403-2</b>	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	17	Not applicable.
<b>GRI 405</b>	<b>Diversity and Equal Opportunity</b>	<b>405-1</b>	Diversity of governance bodies and employees	19	b. Specific legal prohibitions.