



COMMUNICATION ON PROGRESS

This communication on progress presents the actions and results of the DIAM Group in terms of sustainability for 2016



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FOREWORD FROM THE CEO AND THE EXECUTIVE COMMITTEE



DIAM originated in France, and expanded around the world incorporating strong values: listening to the clients, reactivity, a passion for quality and for innovation. We would not have the lasting success we experience if we did not also have at our heart, the social and environmental values and beliefs shared by all our teams, and if we did not totally adhere to the United Nations Global Compact initiative.

DIAM has joined the Global Compact in 2012 with the goal to formalise our commitments around its ten principles. Here again, we renew our commitment.

We want « Sustainable by DIAM », DIAM's Corporate Social Responsibility (CSR) policy, to be embraced by every person working for DIAM. We want it to gain bigger traction every day in our core business, crystallized by a pride to work for DIAM, by the development of the talents of our teams and by grass root actions, in our plants, in our product and service offering, and directly linked with our clients, our suppliers, and our whole ecosystem.

Furthermore, we continue to develop our mid-term vision to reinforce DIAM's leadership in societal responsibility in the markets that we serve, with the ambition to contribute with our clients, and thanks to our passionate teams to deeply transform this market towards better sustainability.

We are absolutely convinced that this commitment is key to a durable growth for the DIAM Group in the coming years.



RENEWAL OF THE EXECUTIVE COMMITTEE PLEDGE TO THE GLOBAL COMPACT TEN PRINCIPLES



- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2:** Make sure that they are not complicit in human rights abuses.
- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:** The elimination of all forms of forced and compulsory labour;
- Principle 5:** The effective abolition of child labour; and
- Principle 6:** The elimination of discrimination in respect of employment and occupation.
- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** Undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.
- Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

David Bagley
CEO Mass Market

Raphaële Briand
HR Director

Thierry Chetaille
CFO

Louis Dupere
CEO Americas

Stéphane Michel Grosjean
CEO Asia

Françoise Raoul-Duval
CEO Prestige Europe

Michel Vaissaire
Group CEO



A WORD FROM THE GROUP CSR TEAM

Between 2016 and 2017, « Sustainable by DIAM» has entered a second phase with the objective to make our policy more efficient and more ambitious. The goal is also to better embrace the growing expectations from stakeholders, starting by our clients and the women and men who work for Diam.

Among the numerous and paramount societal challenges our civilization faces, the Diam teams have chosen to focus on the ones that appeared to us to be both the most important ones in terms of our business impact and the ones on which we could actually act upon. We see social inclusion by work and circular economy as the spearheads of our efforts for caring for people and caring for the planet.

In this publication, we share with you the goals of the DIAM teams for 2020, and our results for 2016, around the action pillars that we have identified. It is our intention, over the coming years, to continue to review our vision, and raise our ambition levels.

Wishing you an interesting read.

Mathieu Parfait
Group CSR Director



Romain Tison
CSR Project Manager



Patrick Combemorel
VP Purchasing and safety





« WE WANT « SUSTAINABLE BY DIAM » TO BE EMBRACED BY EVERY PERSON WORKING FOR DIAM, TO REINFORCE OUR LEADERSHIP IN SOCIETAL RESPONSIBILITY IN THE POS MARKET »





INTRODUCTION TO DIAM

DIAM is specialized in the design, conception, production and installation around the globe of a large selection of high-quality merchandising solutions that enhance the visibility of consumer products at the point of sale (POS), especially in the luxury and cosmetics industries. Our products may be manufactured in various materials, including plastics, wood and metals. DIAM has established entities in 23 countries on all continents.

GLOBAL REACH

Our global presence enables us to combine reactivity and deep insight of local markets as well as the ability to coordinate simultaneous global product and brand launches and to adapt production location and specificities to the needs of the brand.

CLOSE TO CUSTOMERS ALL AROUND THE GLOBE

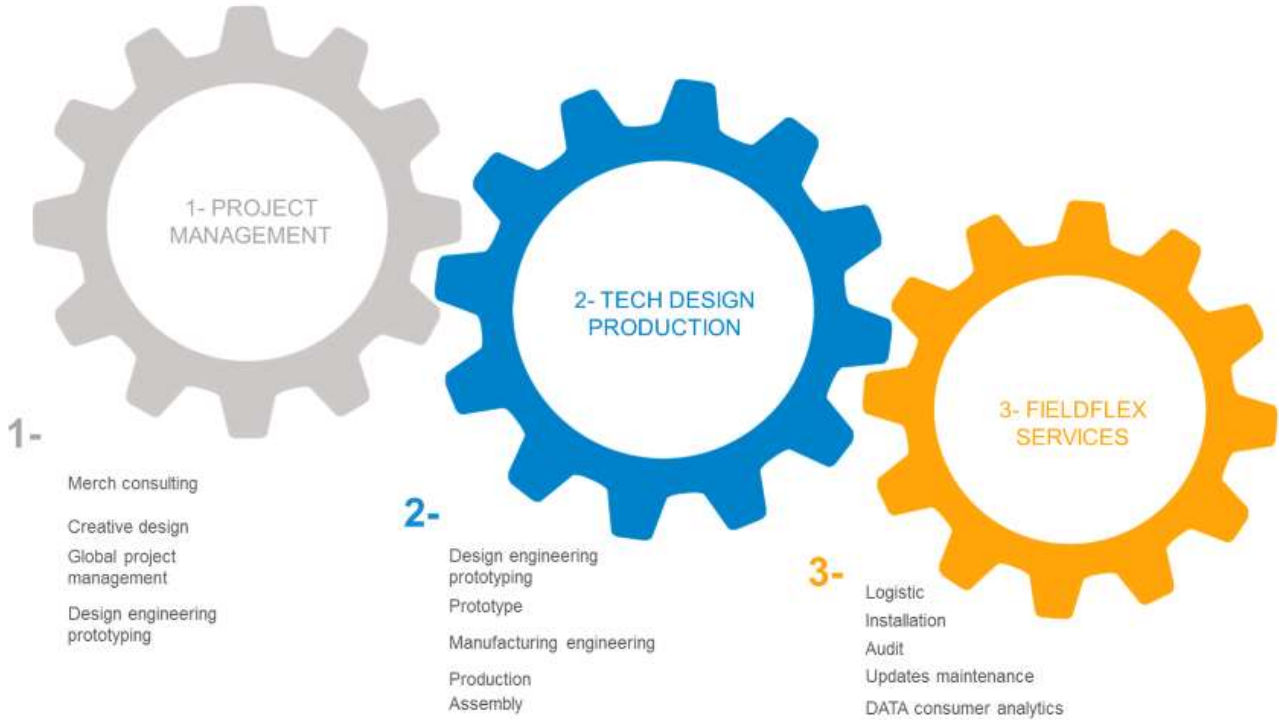


www.diaminter.com

We are present along the entire point-of-sale value-chain : from conception to production and installation and to end-of-life regeneration of products.

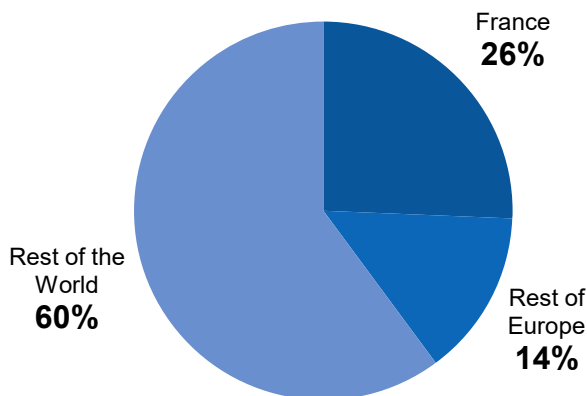


A COMPREHENSIVE SERVICE OFFER ON EVERY STEP OF THE VALUE CHAIN

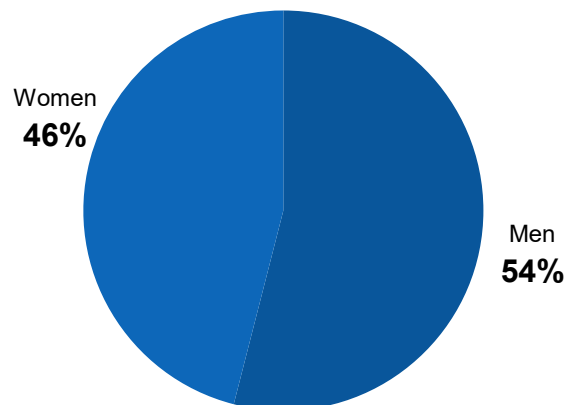


In 2016, DIAM had revenues above 250 million Euros and employed just over 2500 people of which 46% were women. (1842 people as regular employees, of which 44% of employees were women, and 662 people as temporary staff, of which 52% were women).

Permanent headcount by zone



Headcount repartition by gender



The entrepreneurial spirit of DIAM is about being close to the requirements of our clients and being reactive and capable to adapt to its needs. Our organization is very much decentralized and organized around 4 business units: Americas and Asia are geographic business units covering the whole spectrum of markets we serve. Europe has a specific business unit for mass market and one for prestige market.





ORGANISATION OF DIAM REGARDING SUSTAINABILITY

Between 2016 and 2017 DIAM has further structured its Corporate Societal Responsibility (CSR) organisation. At mid-2017, the central team has 2,5 FTE and reports directly to Group CEO, Michel Vaissaire. In addition, the CSR team has two sponsors in the Executive Committee. David Bagley, CEO for MASS Europe Business Unit is sponsor for the environment and eco-design subjects. Raphaële Briand, Group Human Resources Director, is the sponsor for the social and solidarity subjects. A CSR steering Committee meets twice a year to review the goals, policies and means, and results. This CSR pilot committee is composed of the CSR team, of the CEO, the HR Director and of the two European Business Units Directors.

RISKS RELATED TO DIAM

In terms of business, DIAM is exposed to the evolution of the cosmetics and luxury markets and to the brick-and-mortar shop strategy, product promotion strategy and budgets they have. Our sales come from the marketing and merchandising budgets of well-established global brands with strong market growth over the last decades. Our expectations are for a continuation of this positive trend in the mid-term.

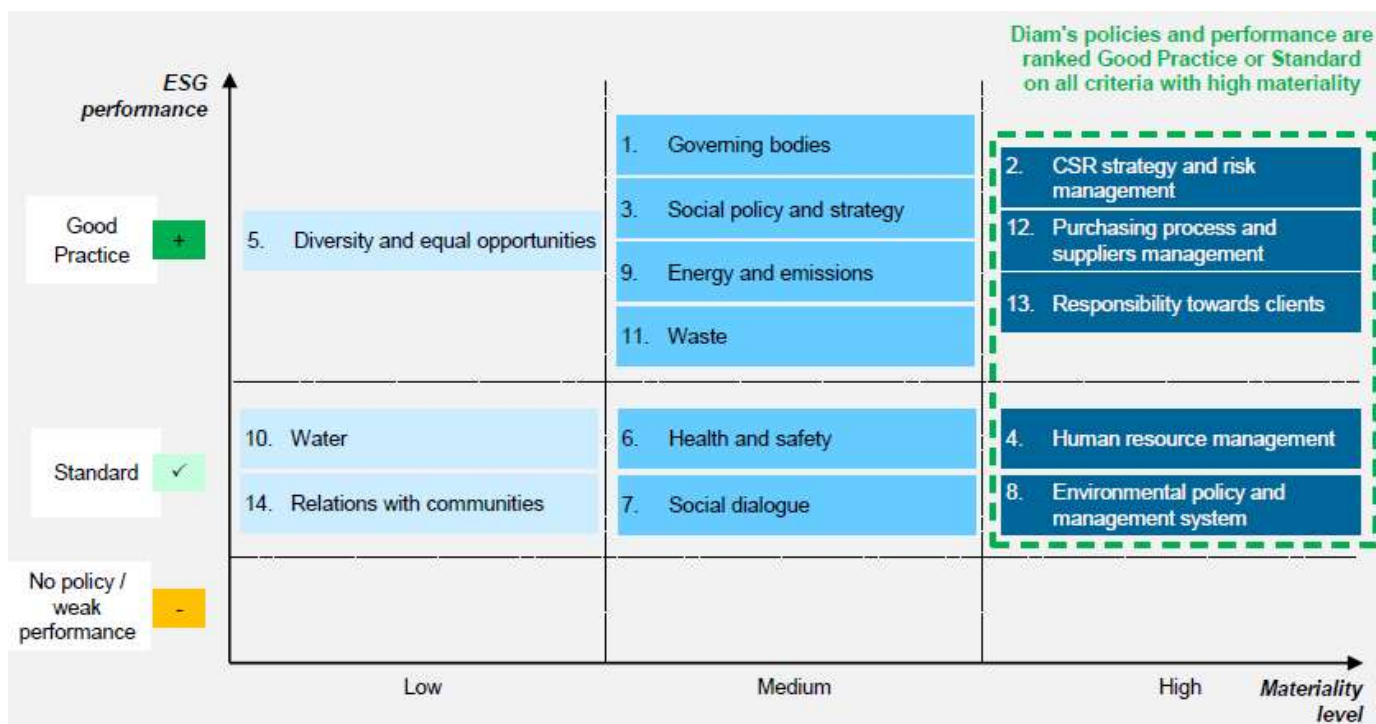
Regulation and stakeholder expectations are expected to continue to change and to toughen towards a higher degree of accountability for environmental and social impact, towards restrictions in the use of specific chemicals and materials, towards the obligation to introduce recycled raw materials into production and to ensure recyclability and possibly the effective recycling of products are their end-of-life. DIAM sees all these evolutions are normal given the state of the planet, and welcomes them. We believe that our business strategy already incorporates those trends to a large extent and that, it may give us a strategic advantage against competitors who may not have embraced the issues and opportunities of sustainability and eco-design as much as we do. We still have a lot of improvement to make, and we are actively working to foster our leadership on these matters.

On the more classical aspects of risks, the industrial and health & safety risk, the supply chain risk, the bribery and the ethics compliance risks are present in the day-to-day life of all international groups similar to DIAM. To mitigate those risks, DIAM has written an internal and a supplier's code of conduct and is in 2017 in the process of getting them signed. In addition, we have a CSR internal audit organization that periodically reviews the industrial sites of DIAM in order to share best-practices and to identify compliance risks.



CSR MATURITY AND MATERIALITY

In 2016, DIAM's Environmental, Social and Governance (ESG) maturity has been audited by a third-party auditor specialized in ESG. Their findings are shown in the table below. They stated that DIAM has a "standard" or "advanced" policy and performance on the aspects of sustainability that are the most important in our business. We are of course very pleased with this evaluation, but we are nevertheless conscious of the path ahead and will continue our efforts in this direction.



KEY QUESTIONS AND SUSTAINABILITY SUBJECTS FOR DIAM

There is a wide span of questions around sustainability that can be addressed to any business. Over the last ten years, DIAM has rapidly grown from a French-centred business into a mid-size global Group whilst keeping its down-to-earth and decentralised client-centred approach. Central functions are kept at minimum and we just could not tackle at once each and every one of the sustainability questions at hand. So, we tried to focus on the most essential ones with the aim to get into a coherent and impact-driven continuous improvement approach.

In 2016 and 2017, DIAM has decided to develop and enhance its sustainability policy and to structure it around five action-centred pillars. These pillars sustain two global goals which have been identified and improved through continuous dialogue with our internal and external stakeholder: employees, experts, clients and owners. The two global goals we want to act upon in priority are about caring for people, and caring for the planet.



CARING FOR PEOPLE

Caring for people is mostly about our responsibility and our values as an employer. It is about the workplace we offer to our employees, the development opportunities we provide to people and about doing the extra-mile of social commitment that we believe in, so that we help people with disadvantages to have equal opportunities in the work place and full inclusion into our activities



- **WORKING IN A SAFE PLACE**
- **WORKING IN A FAIR PLACE**
- **DEVELOPING PEOPLE**
- **SOCIAL INCLUSION**

FOCUS ON WORK INCLUSION AT DIAM

At DIAM we believe that our social and solidarity actions have more positive impact when embedded in our business. Our social actions are about developing people, maximising their chances to express their talents and take responsibilities. And for the ones that have been less advantaged by life, our action is about giving them the extra help and attention needed to make it possible for them to enter or re-enter the work environment.

In this spirit, DIAM has been developing various grass root initiatives in various countries. From working with French “ESAT” solidarity workshops to directly providing jobs to people who are ex-offenders, coming back into society, people who have physical or mental disabilities or who come from underprivileged areas or neighbourhoods, ethnic minorities, refugees and other disadvantaged groups. When possible, we opt to work with social inclusion NGOs: temporary workers placement agencies that work with people with disadvantages, like for instance Remploi and RNIB in the UK. In 2016, 159 full-time-equivalent jobs have been provided for the DIAM Group, representing about 6% of the people at DIAM. Our intention is to continue to grow that proportion over the next years.



CARING FOR THE PLANET

Caring for the planet is about the environmental impact that we have through our business, along the full products value chain, and the responsibility towards nature that we have as workers, managers and owners of this business.

The main questions here are about climate change and mineral resources depletion. What can be done is to work on eco-design of products and on the capacity to disassemble products at their end of life; it is also to actively work on the effective gathering and regeneration of those products.



- **KNOWING OUR ENVIRONMENTAL IMPACT**
- **REDUCING OUR PRODUCTION IMPACT**
- **DESIGNING AND SELLING LOWER IMPACT PRODUCTS**
- **DEVELOPING NEW BUSINESS MODELS**



FOCUS ON CIRCULAR ECONOMY

The unique positioning of DIAM on all steps of the value chain enables us to have a better grasp on eco-design. It also enables us to think in a systemic way at improvements that will have a real impact on the environmental footprint of our products.

Our analyses, done with a well-known life-cycle analysis consulting agency, have shown that the electric consumption and the depletion of natural resources are often the two most important aspects in the environmental footprint of the POS products.

The market trend is toward enhanced visibility and incorporation of digital into the shopping experience. In consequence, our clients request more and more electronics and lights, which usually represent the biggest impact on the environmental footprint of the products throughout their life cycle. We do our best to find solutions, within client briefs, to limit this impact to a minimum, for instance by optimizing the power consumption of product lighting and branding panels.



Most of our designs and productions are vastly or fully dismountable and recyclable. Efforts still have to be done here in close cooperation with the client's demands, but the even more crucial question appears to be about the effective gathering and recycling of the products at their end-of-life. Today, this is probably a hotspot in the entire worldwide POS market. To improve this fact, we are expanding our installation service offering down the value-chain and we offer more and more services of effective gathering and dismantling at products' end-of-life. The gathering may be done taking advantage of reverse logistics optimization, directly through our Fieldflex installation entity, in partnership with the brands and/or the retailer's logistics, or even with specialized logistics companies if the ecological balance is still positive. The dismantling and regeneration of materials may be done by DIAM, like we do in the UK, or by partnering with social inclusion non-governmental organizations.

Eventually, our aim is to close the recycling and regeneration loop of material as much as possible and as far as it will make sense from both the environmental and business point-of-views. Much more still has to be done to really change the way things are usually done today in the POS market and we would be keen to see and participate in the emergence of an industry-wise circular economy initiative that would really start to close the recycling loops of materials.



PRINCIPLES RELATED TO HUMAN RIGHTS



PRINCIPLES 1 & 2

- **Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and**
- **Principle 2: make sure that they are not complicit in human rights abuses.**

DIAM supports and respects the protection of internationally proclaimed human rights. The Group has this objective for all its activities, in all geographies and in all relations with employees, suppliers and clients.

CSR performance and, in particular, the respect of human rights in the Purchaser-Supplier relationship is becoming a licence-to-operate in our industry, and DIAM totally embraces this approach. We see positively the increase in our client's social and environmental expectations in their supplier's business practices and products. These expectations are addressed through a responsible purchasing policy based both on the quality of products and services as well as on the social and environmental values of DIAM Group.

We have similar growing expectations with our own suppliers. We ask them to respect a code of conduct and we perform screenings and on-site audits of our suppliers to check the adequacy of their practice with our guidelines, i.e.:

- Complying with the social and environmental standards in force.
- Adopting an approach based on ethics and transparency.
- Prohibiting forced labour and child labour.
- Providing employees with a safe and fair work environment.
- Applying safety and risk-prevention rules.
- Respecting the environment and being in line with an eco-design approach.

Our purchasing teams constantly review the performance of suppliers in business, operational service level, and ethics and compliance. Beyond the compliance with the principles we thrive to encourage our suppliers to become partners in the promotion of eco-design and to find innovative solutions to limit the environmental impact of their business (for example by using recycled materials or by changing to new printing systems). Our intention is to increase the implementation of this policy over the coming years.

In 2016, most of our purchasing teams have been trained to suppliers' audits, environmental and ethical questions. Further efforts have been performed in 2017 with the revision of the risk analysis and a more efficient approach to screening and auditing suppliers.

Our aim is also to integrate an environmental approach in the choice of the products we purchase. For instance, DIAM's intention is to concentrate its purchasing of paper and cardboard on FSC certified products. We have, for example, switched our electricity purchase in France to 100% renewable energy supplies in 2017 and we purchase more and more recycled raw materials for our production needs like the Madreperla Greencast® (recycled acrylic sheet material)





PRINCIPLES RELATED TO INTERNATIONAL LABOUR STANDARDS



PRINCIPLES 3, 4, 5 & 6

- **Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;**
- **Principle 4: the elimination of all forms of forced and compulsory labour;**
- **Principle 5: the effective abolition of child labour; and**
- **Principle 6: the elimination of discrimination in respect of employment and occupation.**

DIAM's workforce has increased by 12% between 2015 and 2016 due to a combination of internal and external growth. The Human Resource Director chairs at the Executive Committee and at the CSR steering committee. In 2016, DIAM had a team of about 15 HR managers among the Group.



The HR policy aims to support the Group's growth and internationalisation by integrating the following priorities:

- Health and safety
- Work condition
- Social dialogue
- Talent management
- Diversity

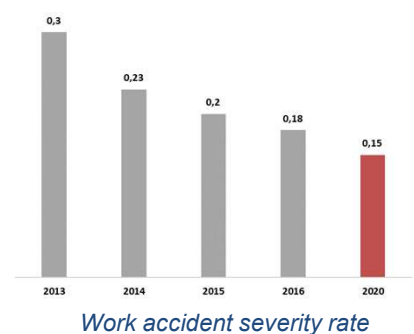
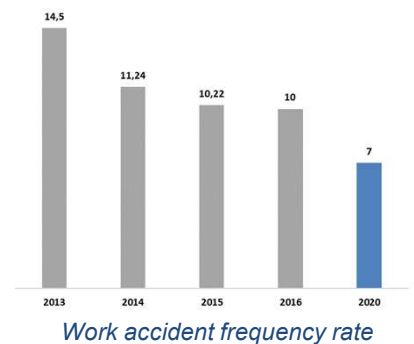
HEALTH AND SAFETY (H&S)

The health and safety in the workplace is paramount priority for DIAM. DIAM is fully committed to the physical and psychological integrity of its employees at all its facilities.

DIAM follows two main indicators for H&S: accidents frequency rate and accidents severity rate. The work accident frequency rate, which corresponds to the number of lost time injuries by million hours worked has been improving over the last years due to constant efforts to implement a H&S culture and to invest in the general safety of the plants. The work accident severity rate, corresponds to the number of lost day by thousand hours worked.

DIAM work accident frequency rate and severity rate are below sector averages (respectively 25,8 and 1,4) and reflect the group's involvement on this topic.

Efforts will continue and the Group has set a target frequency rate of 7 and a severity rate of 0,15 by 2020.





PRINCIPLES 3, 4, 5 & 6

HEALTH AND SAFETY (H&S)

Every Monday, occupational accident indicators are consolidated and discussed at the ExCom level. Any accident with work stoppage gets communicated to the entire Group in a “flash” communication sent to all business unit directors and QHSE managers, with the intention to pinpoint risky situations, root-cause analysis and give the teams the opportunity to discuss the situation and specific risks in their sites that might be similar to the ones that led to the specific accident communicated.

Accidents statistics show us that the most probable work accidents risks for DIAM are the risk of cut, risks for employees using knives, and the chemical product usage. Now that we have identified these higher frequency risks, we will focus our efforts on their causes and occurrences.

In 2016, a study was carried out on work positions, movements and postures and workstation ergonomics to avoid work-related illness. In addition, DIAM encourages responsible behaviour and global consideration for the work environment. In 2016, many plants organised a Safety day involving all their employees. In 2017, this initiative has been successfully implemented throughout the entire Group, with every plant focussing on the aspects that they deem most important for their site, like fire training, evacuation drill, use of personal protection equipment, first help training, etc. The various initiatives have been shared throughout the Group in a short video, in order to do cross-fertilization of ideas.

The health and safety management system follows OHSAS 18001 best practice and each site is audited internally every 18 months according to this standard. Safety Committees and / or fire-response teams have been formed in the largest plants of the Group. These Safety Committees follow the deployment of the action plans defined by internal and external audits. Further deployment and follow-up will be enforced with time.

WORK CONDITIONS

DIAM is committed to the well-being of its employees and to encourage all initiatives to improve the working condition.

Measures such as a shareholding plan is proposed to key managers, legal and beyond profit-agreements allow to reward our employees to the level of their involvement and the quality of their work.

SA 8000 is the international standard used by DIAM for its social policy and work conditions policy. It is also used as a reference, along with the “Living Wage” principle, for the definition of the Group’s remuneration policy.

The application of this policy is verified through on site SA8000 based social audits performed by internal and external auditors.

Any accident with work stoppage gets communicated to the entire Group in a “flash” communication

OHSAS 18001

International standard: SA 8000

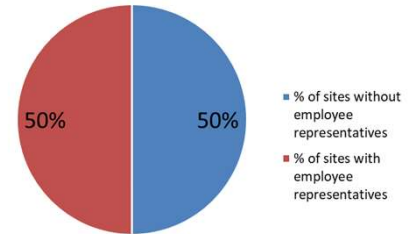




SOCIAL DIALOGUE

DIAM implements various initiatives regarding social dialogue. There are unions and / or employee representatives in 50% of DIAM locations (Brazil, Les Mureaux, FieldFlex Europe, Japan, Lannemezan, Yzeure and Lurcy-Lévis, Tunisia, Turkey and the USA). In countries or locations where specific representation is not in force, the CSR relays serve as communication relays (Australia, China, FieldFlex Benelux, Germany, Italy, Loris, Mexico, Poland, Portugal and the UK). Furthermore, several communication tools (intranet, newsletter, notice display, verbal announcements from the plant managers and semester communication of financial performance) are implemented to promote transparency and a good social climate. Annually, employee satisfaction is monitored by a partner barometer.

In 2016, a redundancy plan was implemented at the Lurcy-Lévis site. It involved 27 employees out of 156. The redundancy plan obtained a total agreement from labour union.



Breakdown of sites with employee representation

TALENT MANAGEMENT

For a company offering engineering and innovative products like DIAM, employee skills are key to guarantee a high level of performance. A global training was implemented among different teams depending on their needs (creation methods, sales excellence) and then at business unit level. To encourage Business Unit managers to conduct trainings, dedicated budgets are allocated and training modules are launched (on eco-design for instance). The graph below illustrates the growing importance of training since 2015 and the DIAM group has set a target of 12 hours per person per year for 2017.



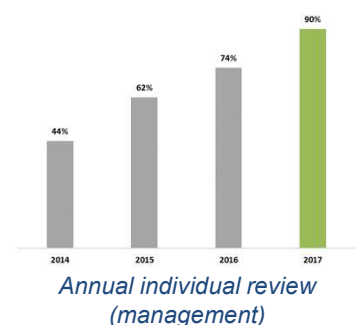
Individual annual reviews have been implemented since 2013. In 2016, such reviews have been conducted for 74% of employees. These reviews go through various criteria including client relationship management, international skills, and management skills.

“People reviews” of high potential employees are organised on an annual basis at Board level by the HR Director. The assessment of the high potentials is based on a profile grid established by the HR department to maximize the homogeneity of the appreciation methods. It is followed up by individual meetings. Every 18 months, the network of high potentials is fostered by a strategic convention during which they gather and spend two days to increase cooperative work.

A high ratio of employees are recruited for newly opened positions mainly due to the strong growth of the group, but internal mobility is generally favoured and is part of the “International thinking” HR pillar.



Training hours/person/year



Annual individual review (management)



PRINCIPLES 3, 4, 5 & 6

FORCED OR COMPULSORY LABOUR / PROHIBITION OF CHILD LABOUR

DIAM prohibits any form of forced or compulsory labour. Our policy is based on the based on SA8000 standard. Our commitments on this matter are explicitly stated in DIAM's "Code of Conduct", in particular concerning compliance with international fundamental labour standards and the prohibition of the use of forced labour in all operations.

DIAM strictly prohibits child labour. Minors can work in certain special cases, particularly work-study apprenticeships, but only in stringent compliance with all the regulatory provisions. These commitments are listed in the "Code of Conduct", particularly in regard to compliance with the fundamental international labour standards and the prohibition of child labour. Several initiatives are conducted regarding the integration of youngsters through internships within those limits.

Some countries have been identified as more at risk on these issues. In such countries, DIAM has taken specific commitments and actions. In China, DIAM explicitly forbids personnel to pay 'deposits' to the company upon commencing employment, or to withhold any part of any personnel's salary, benefits, property or documents in order to force such personnel to continue working for the company and, of course, we are not engaged in or support human trafficking. Additionally, DIAM ensures that no employment fees or costs are borne in whole or in part by workers. Personnel clearly have the right to leave the workplace premises after completing the standard workday and are free to terminate their employment provided that they give reasonable notice to the company.

Specifically, about child labour prohibition, DIAM China inspects and cross-references to verify the validity of at least two types of official ID. There is a reliable ID verification system to control the workers' access into the facility, such as finger printing or ID card with owner's photograph to prevent under-age workers entering the facility by using another person's ID. Finally, training materials/records on the policy for workers are in place in the site.

In addition, DIAM China is sponsoring 100 young girls from Chinese minorities through the association *Couleurs de Chine* to provide them access to school.

DIAM prohibits any form of forced or compulsory labour

DIAM strictly prohibits child labour

DIAM China is sponsoring 100 young girls through the association *Couleurs de Chine*



DIVERSITY (Solidarity sourcing)

Diversity is a matter of performance, credibility and equity for the Group. To encourage diversity, DIAM implemented a policy several years ago that was founded on the belief that all employees should share the values of respect and solidarity.

In overall staff, the proportion of female employees among the Group is close to the proportion of male employees. The reporting on Human Resources is harmonised across the Group since 2012. A dashboard is followed on monthly basis with HR KPIs. These results are presented every year at Executive Committee level.

DIAM has a formal approach on diversity issues within the “Solidarity” pillar of Sustainable by DIAM policy.

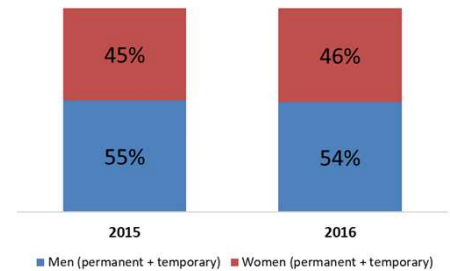
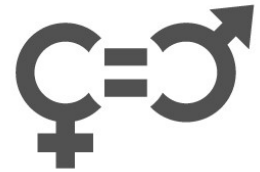
The Group promotes initiatives aimed at developing equal opportunities for all kinds of employees:

- Employees suffering from occupational disease
- Rehabilitation to the work world
- Reinsertion – previously imprisoned employees for instance
- Disadvantaged backgrounds (favelas, deprived neighbourhood, disadvantaged province)
- Gender diversity – women in management positions
- Ethnic minorities
- Refugees
- Rehabilitated former addicts
- Age diversity – employees over 50 years-old
- Sheltered workplace – work done with companies employing disabled or disadvantaged people

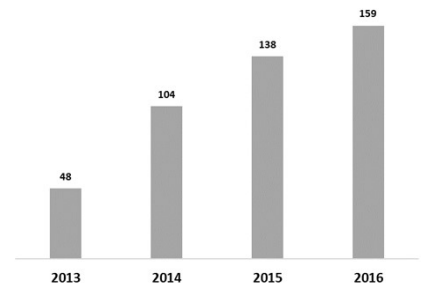
Here are some examples of initiatives to illustrate our actions in this scope:

- In France, site Directors work with the “Missions locale d’emploi” to find candidates looking for positions. ESATs social workforce organizations are often selected to work on peripheric tasks (gardening, reception, etc.).
- In Turkey, DIAM conducts programs to employ isolated women and refugees.
- In the UK, DIAM very actively partners with RNIB and Remploy, two NGOs to recruit disabled employees or help the work and social inclusion of people with difficulties.
- In China, DIAM is currently employing 14 full time equivalent disadvantaged people at all kind of position.

Reporting indicators are followed and consolidated at Group level by the HR department.



Proportion of female/male employees



Number of disadvantaged people in FTE



PRINCIPLES RELATED TO THE ENVIRONMENT



PRINCIPLES 7, 8 & 9

- **Principle 7: Businesses should support a precautionary approach to environmental challenges;**
- **Principle 8: undertake initiatives to promote greater environmental responsibility; and**
- **Principle 9: encourage the development and diffusion of environmentally friendly technologies.**

The group has the following objectives regarding the integration of the environmental challenges that the planet is facing:

- Reducing our energy (electricity and gas) consumptions and our carbon footprint throughout the entire products life-cycle
- Optimizing natural resources consumptions (water, waste, chemical)
- Promoting a circular economy by encouraging eco-design and actual recycling at products end-of-life (reduce material consumption, dissociable display, recycled plastic use...)

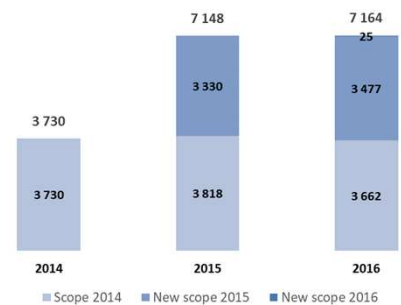


DIAM is a fast-moving Group with new entities every year, and with limited central resources. Due to these changes, we are here reporting the environmental changes with a visibility on the yearly perimeter and reporting increases so that the evolutions are more readable. The most notable changes in the reporting scope and in the Group perimeter are the integration of USA into the reporting in 2016 and the acquisition or internal growth of new plants with Mexico, Poland and Portugal in 2016, and India in 2015.

I. Energy consumption and carbon footprint

GHG EMISSIONS LINKED TO GROUP ACTIVITIES

In 2016, we estimate that Greenhouse Gas (GHG) emitted by DIAM sites represented over 7 thousand tons of CO₂ eq. Between 2015 and 2016, GHG emissions have been stable thanks to the switch to 100% renewable energy at our four French plants (Lurcy-Lévis, Lorris, les Mureaux and Fieldflex). This contract avoids the emission of over 400 tons of CO₂ eq. by year.



GHG emissions scope 1+2
Tons of CO₂ eq.



ENERGY CONSUMPTION

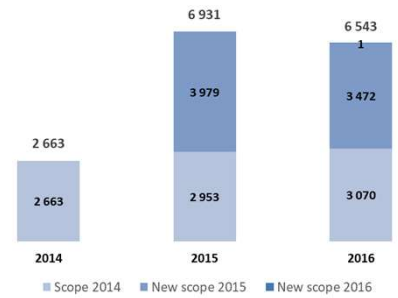
DIAM has targeted a 5% per year decrease in energy intensity. Each site has its own characteristics, which implies different solutions. On injection sites, we have invested to convert part of the production machines from hydraulic presses to electric presses that consume less energy and that automatically switch to standby mode. It is our intention to continue the efforts to convert our stock to more energy-efficient machines.

Furthermore, several DIAM sites (France, China, USA...) installed low consumption lights (LED) lights in the production areas with significant decreases in electricity consumption whilst maintaining or improving the workshop lighting environment for workers.

On a day-to-day basis, process optimization and industrial housekeeping also contributes to energy saving, for instance with machines shutdown tests and warnings, with the installation of programming devices for heaters, etc.



Electricity purchased (MWh)



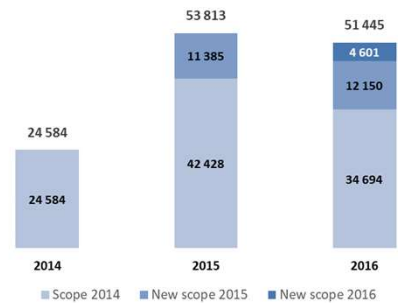
Gas purchased (MWh)

II. Natural resources consumption

WATER RESOURCES

Every quarter, the Group conducts a monitoring of water cost to identify deviations that could pinpoint to potential leaks. This monitoring enabled us to divide the water consumption by 6 on a site to 1 300 cubic meters from 6 000 cubic meters.

To save water resources, DIAM implements different solutions on water recycling. For example, at Yzeure Plant, the water circuit of hydraulic presses now turns in close circuit to increase water reuse whilst reducing water consumption and wastewater production.



Water consumption (m3)



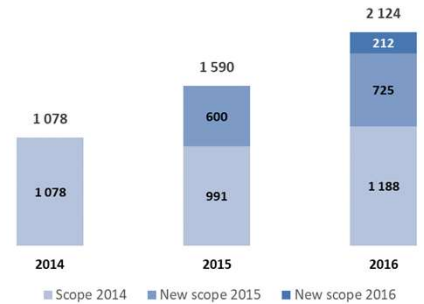


WASTE

The Group is working on specific objectives to reduce production waste. We have optimized raw material consumption and efficiency of use at several levels of the organization in order to reduce waste production. Designing efforts are constantly done to minimize the size of the injection “carrots”.

As for general production waste, plants directors are in charge of implementing the relevant actions. For example, at Yzeure plant, injection waste (drill cores and defective parts) crushing method was improved to ease the reuse of the plastic in the production process and the others plastics waste are 100% recycled. In Tunisia all production wastes are send to an external crushing site and then sent back to production. Similar initiatives are implemented on the others sites of the Group.

On administrative areas, employees are invited to sort and collect their waste. In the USA, the printers’ accesses have been changed in 2017 to better monitor the printings and an indication of “trees equivalent consumption” is given to employees using the printers. As a consequence, a drastic reduction in print paper consumption is being experienced. DIAM China is briefing its employees about the raw material waste in the workshop. By educating people on the price of each material, DIAM China aims to reduce it amount of waste and encourage them to keep and to re-use the scraps when possible.



Volume of waste (tons)

CHEMICALS USE

The furniture manufacturers are subject to REACH requirements in Europe and DIAM works actively to constantly improve its REACH reporting capacity.

To go further, and in direct link with the precautionary principle, DIAM has the goal to avoid harmful chemicals, and specifically to ban the use of CMR 1A at the end of 2017, CMR 1B at the end of 2018 and CMR 2 at the end of 2020. To achieve this objective, DIAM developed in 2017 an internal tool to ease the identification, elimination and replacement of CMR products. Eco-design plays a major role in this effort too: glue-free products for instance are a constant aim for DIAM.

In addition, DIAM seeks technical solutions to develop the use of alternatives technologies such as water-based solvents, VOC-free glues, and solvent-free adhesives or decrease the use of chemical products. For example, Prugent DIAM China has managed to replace all solvent-based paints by water-based paints.

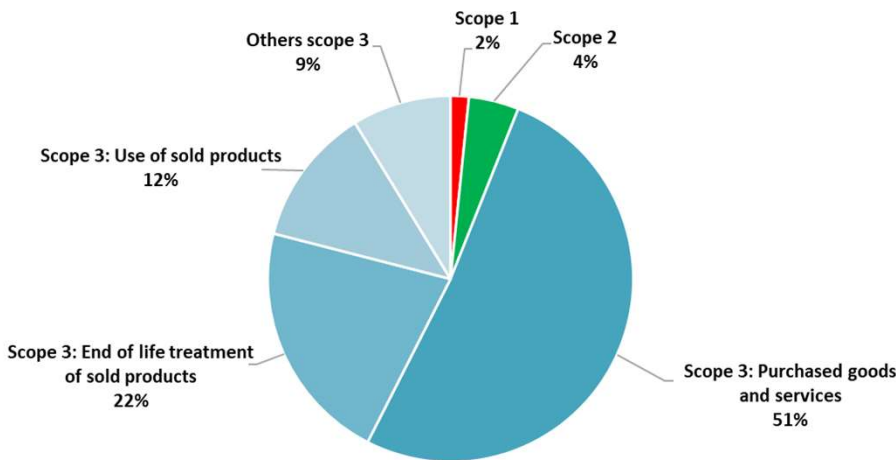


III. Promote circular economy by encouraging eco-design

“Scope 3” indirect emissions of greenhouse gases is by far the main contributor to DIAM’s climate change footprint with an estimation of 85% of the total (direct and indirect: scopes 1,2 and 3). In the scope 3, we estimate 52% came from the purchased goods and services (mainly arising from the plastic purchases), 22% from the end-of-life treatment of sold products (the emissions generated by the products after they are disposed of. These emissions depend on the markets in which they are used and disposed of); and 12% from the use of sold products (mainly arising from the electric consumption of POS display). Please note that those estimates may be revised in the coming years to reflect a better and more complete grasp of the emissions.



As scope 3 (indirect emissions from the full life-cycle of the products) is the most important factor, the Group is concentrating its efforts on eco-design of POS displays, with a specific effort on power consumption and on circular economy (recyclability and effective recycling).



Breakdown of CO₂ eq. emissions by scope

CLIENTS AWARENESS

DIAM offers its expertise to its clients to reduce their carbon footprint: we are able to calculate the carbon footprint of products for most important offers. An internal tool is available for that purpose. Further explanation and co-construction work needs to be done with clients to better integrate environmental requirements into their design requirements.



MATERIAL CONSUMPTION

DIAM has trained all its technical conception engineers in France and in the UK to eco-design. Similar training is taking place throughout the Group. The design teams use a specific plastic injection moulding simulation software to improve plastic part designs, injection mould designs and manufacturing processes.



The example above illustrates the plastic gain that can be achieved on a part. In this example, DIAM achieved a material gain of 21%.



DISSOCIABLE DISPLAYS AND “CLOSING THE LOOPS” OF CIRCULAR ECONOMY

Already, most of DIAM designs are easily dismantled. This enables the recovery and re-use of valuable materials which may be regenerated and re-used into the production of new products.

But this is not necessarily true of any POS suppliers, and in its vast majority, the POS market is terribly linear to date. Circular economy models must be found and DIAM is firmly committed to participating to such efforts. Ease of dismantling is a needed first step, but is useless if the products are thrown to general refuse and sent to landfill or incinerators. Things must change.

For a prestige brand, DIAM created a 100% dissociable POS display and has organized the actual recycling of the previous version with a social economy partner. Thanks to the specific capabilities of the social partner, the dismantling is of very high quality and the recovery and segregation of components are maximized.



PRINCIPLES RELATED TO THE FIGHT AGAINST CORRUPTION



PRINCIPLE 10

- **Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.**

Over the last few years, DIAM had an important growth with a strong international development. To integrate the corruption risk, and in link with the French Sapin II law, DIAM has started to put together in 2016 an anti-corruption policy and set up a surveillance system. This monitoring system consists in:

- A corruption risk assessment conducted in 2017 by an independent third party over the entire DIAM business scope. This corruption risk assessment will be conducted every 3 years.
- A specific action plan on areas identified as high risk of corruption has been carried out (for example: supplier audits).
- An awareness training to prevent corruption based on the e-learning tool of global compact (The Fight against Corruption) has been identified. Critical positions of DIAM will gradually be trained between 2017 and 2018.
- A code of conduct was established and is being signed by all managers and employees. This code of conduct was integrated into internal regulation with disciplinary sanctions.
- An ethic alert procedure available to stakeholders to report any form of corruption will be implemented.
- Our external financial auditors perform tests and controls regarding corruption.

All these elements are monitored by the financial department, human resources department and CSR department.

In addition to anti-corruption system, the IT department has set up a Group IT Charter and several initiatives for information security. These initiatives are:

- A dashboard to follow IT risks.
- An awareness to prevent attack on the information security (Think before you click)
- An automatic backup of the information (email and attachment) in a protected server
- An alert procedure and a response procedure to handle computer attacks.

Furthermore, the Group IT department and those procedures are certified by quality standard (ISO 9001) which guarantees the respect of the property and the protection of the customer information.

