

2017
Communication on Progress



Table of Content

I)	Statement of renewal.....	3
II)	Introduction to Damart, the preferred brand of women over 55.....	4
III)	Human Rights	4
A)	Responsible Procurement	5
B)	Support to community organization	7
IV)	Working conditions	7
A)	Well-being for all employees.....	8
B)	Workers' health and safety	8
C)	Diversity.....	9
D)	Employee training	10
E)	Customer satisfaction.....	10
V)	Environment.....	11
VI)	Anti-Corruption	13
A)	Internally	Erreur ! Signet non défini.
B)	With our stakeholders.....	13

I) Statement of renewal

Damart is the preferred brand of women over 55! All employees have profound respect and a passion for seniors. In their daily lives they nurture team spirit, fibre of innovation, entrepreneurship and taste for performance.

In line with these values, we became members of the United Nations' Global Compact two years ago. Through this commitment, we wanted to claim our desire to support the principles of Human Rights, labour Law, protection of the environment and fight against corruption.

In line with our decision to become members in 2015, I am happy to confirm that we renew our support to the 10 principles. This commitment is part of a continuous improvement and transparency approach which translates into the issue of our second Communication On Progress.

Through this communication, we would like to show how we have integrated these 10 principles into the core of our strategy and in our daily business.

Patrick Seghin - Chairman

II) Introduction to Damart, the preferred brand of women over 55.



2,200 employees **1** production site
€450 million (Revenue)
3 countries **150** stores

Damart, as a designer, a manufacturer and a retailer, has developed a taste for **well-being** for over **60 years**. The quality and comfort of its products, and the iconic Thermolactyl fibre have conquered an ever-growing customer base well beyond the borders of France, country of origin of the brand. Also established in Belgium, Great-Britain, and Switzerland, Damart is now recognised as an international reference and now aims to be the **European leader** in the seniors' economy.



Damart is dedicated to offering its customers products that combine style and well-being. This promise relies on values of innovation and consideration, which are fundamental values for our brand. Damart would like to guarantee its customers and employees that the women and men **who have manufactured its products** are **treated with respect** and that the manufacturing process has **no negative impact on the environment**. Damart's products should have **no negative influence on the health** of those who produce or consume them, or **on the environment**.

With this in mind, Damart became a member of the United Nations' Global Compact and is proud to develop its CSR approach: **Damart Way**, focussed on the theme of Responsible Procurement in cooperation with its suppliers.

III) Human Rights

- Principle No. 1: Protecting internationally proclaimed human rights.

- Principle No. 2: Not being complicit in human rights abuses.

The core of Damart's business is articulated around 3 main activities: production in Tunisia, purchasing from partners in Europe, North Africa, Middle East and Asia and marketing in Europe. This triple activity and geographical coverage lead Damart to be particularly attentive to respecting Human Rights.

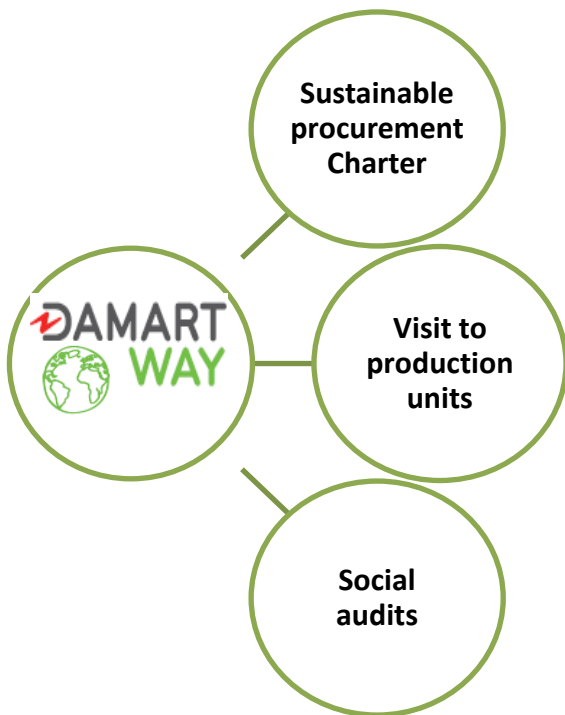
It is through a Responsible Procurement approach in the countries where the products are manufactured and active support to community organisations in the countries where Damart products are marketed that the company support Human Rights.

A) Responsible Procurement

The 3 pillars of the approach

Damart influences its Responsible Procurement Charter to its suppliers, visits production sites and has its suppliers assessed by external social auditors.

The ambition is to buy excellent products from responsible suppliers in a fair commercial relationship.



Strong Commitment between Damart and its partners on the responsible purchase process.

Checking of the manufacturing conditions of Damart products as part of the cooperation between Damart and its partners.

Assessment to allow for the implementation of a continuous improvement approach to work conditions all along the supply chain.

This year, Damart:

- **joined** to ICS (Initiative Clause Sociale - Social Clause Initiative)
- **started a campaign of social audits** based on the mapping of suppliers risk assessment; and
- **strengthened its position** by including a CSR section in the Purchasing terms and conditions. The agreement in principle (signing of the charter) becomes binding: if it turns out the charter is not observed, and nothing is implemented to solve this issue; the contract with this supplier shall be terminated.



Results of the approach

- In **Tunisia** (on the Damart production site and at the subcontractors')

Social audits	100 % of subcontractors socially audited
Env. Audits	100% of dyers environmentally audited
Visits to subcontractor	100% of subcontractors are visited 3 times a year by our Tunisia CSR contact 40% of non-compliances reported in the audit were corrected

- At suppliers' in **Asia, North Africa and the Middle East**

Responsible procurement charter	142 charters signed by Damart suppliers +115% Vs last year
Factory tours	95 supplier factories visited by buyers +106% Vs last year
Social audits	Members of ICS (Initiative Clause Sociale) in January 2017 10 social audits conducted in the 1st half of 2017 when the first campaign of audits was launched 20 social audits reports shared with other members of the ICS 109 social audits reports collected as part of the initiative (including 85 less than 2 years old)

- **Internally:**

Training of the Purchase/Sourcing teams

3 sessions of training to the analysis of ICS social audits delivered to buyers
100% of the purchase/sourcing teams trained.
A CSR objective was set for each buyer - **Reached at 95%.**

Raising awareness

70 people present at the **Damart Way UK forum**: workshops organised to explain the approach.
3 new store managers in France trained during on-boarding.
8 presentations of an up to date approach to employees, the French exec board, the France & Belgium Supply Chain management team, the purchase department and managers in the UK.

B) Support to community organisations

Through its social engagement towards Human Rights, Damart demonstrates its commitment to becoming a committed, ethical and responsible brand. Its life motif is to act for the benefit of seniors and generate a positive impact on society.

Collection of clothes for the benefit of the disadvantaged:

- There are **Triboulo** collection points on each site in France. This year, 7,900 kg of clothes were collected.
- 280 kg of clothes were collected for the benefit of the **Amitié Partage** organization.
- For 2 weeks, the Damart store in Troyes, France, organized a collection of clothes for the **French Red Cross**.
- 5,300 Thermolactyl items were donated to assist migrants in Calais, France.



Support to great causes through community organisations:



- **Status of women:**
 - The **Toutes à l'école** association in France: product sharing operation which led to a donation of €13,000 towards the schooling of young girls in Cambodia.
 - The **Memisa** Association in Belgium: donation of €2,000 for the benefit of single mothers.

IV) Working conditions

- Principle No. 3: Upholding the freedom of association and the effective recognition of the right to collective bargaining.
- Principle No. 4: Elimination of all forms of forced and compulsory labour.

- Principle No. 5: Abolishing child labour
- Principle No. 6: Elimination of discrimination in respect of employment and occupation.

On all 4 sites in France, in Belgium and the UK and in Tunisia, Damart's commitment to the respect of working conditions translated into actions related to workers' well-being, health and safety, diversity and training. Measures have been implemented to offer employees improved working conditions that combine performance, productivity and pleasure.

A) Well-being for all employees

Child Care :

- Collaboration with **Rigolo comme la vie** (Funny as life), a network of day nurseries in France, allowing group employees located in the north of France to benefit from a place nursery places. Results: 14 beneficiaries. All available places were taken from the start.



- Implementation of financial support for child care in the UK. Results: 22 beneficiaries.

Benefit for one 50's:

- Implementation of working time adjustments for over 50s in Belgium and over 55s in France. Results: Information sessions with colleagues in Belgium (**10 people**). End of flexitime for **30 people** and **8 employees** will benefit from weekly flexitime that will not exceed 37.50 hrs in France.

On-boarding of employees

- **Distribution of the new on-boarding book** to all new employees. The folder includes information on the Damartex group and Damart UK.

Internal bond – Team building

- Implementation of a **refurbishing and workspace reallocation** project in France with the desire to facilitate team work and improve everyone's working conditions. It was a project co-built with **64 employees** organised in **6 groups** (connectivity, user friendliness, digital studio, shared spaces, circulation, internal communication). On average, **8.5 meetings** were organised by each group.
- Implementation of Yammer, a **company network** to facilitate sharing between subsidiaries. Results: **852 active members**.
Creation of the Damart Way group on Yammer to gain knowledge about CSR, share best practices. Results: **136 active members**.
- Organisation of a family day in Belgium and in Tunisia for the workers of the plants and their families. Results: In Tunisia, in 2016, the outing at Carthageland received an **88.95% rate of satisfaction**. In Belgium, in 2016, there were **250 participants** in the outing to Bruges.

Implementation of a programme for employees who want to opt for teleworking (France)

- Appointment of **4 contact people** and implementation of an informative and interactive intranet website to communicate with the interested parties. Results: 36 teleworkers with a rate of satisfaction of **90%**.

B) Workers' health and safety

- Implementation of a **free eye test** and contribution to the price of glasses for employees working on a computer in the UK. Results: **32 beneficiaries**.

For employees in stores

- **Store security**: implementation of CCTV cameras for added security for store employees in France and Belgium. The teams now feel more confident and more secure. Results: Deterrent devices in **10 stores** in Belgium. **22 stores** equipped with CCTV in France (including 12 in Paris).
- 100% of stores in France, i.e. **80 stores**, were equipped with a **break room** for staff.
- The stores' **check out areas** have been refurbished, using the services of an ergonomist and with the contribution of the health safety and working conditions committees (CHSCT) in Belgium and France (height of furniture, features of sliding furniture, positioning of the shopping bags...). Results: **10 stores** in Belgium and **23 stores** in France, benefited from these improvements.

Employees in logistics

- **Modernisation of the logistics process** in France, to improve the working conditions of pickers. Results: **A reduction of 5 km of walking** every day (- 40% of their travels on foot) for the same number of parcels shipped and without reduction in headcount.
- **Positive reduction of accidents in the workplace** in the french warehouse: **-50%** between 2016 and 2015, the lowest rate for 10 years.
- Implementation of a **back pain prevention** programme (called *école du dos*) in Belgium: awareness raising and organization of training sessions for logistics and employees. Results: **3 x 2 ½ hr sessions** each gathering 12 people.

C) Diversity

Partnership with social inclusion organisation:

- Visit from a class of 15-year-olds from the Regional School for the Visually Impaired in order to present the job of telesales operator. Results: **9 teenagers received** with a rate of satisfaction of 100%.

Provisions for the benefit of seniors

- Always lending a listening ear to the issues of seniors, Damart has committed to maintaining a proportion of senior employees. Results: **40.25%** of its employees in France are seniors, i.e. +2 points compared with 2015.

Gender equity

- In 2017, the company and its social partners signed a new agreement relating to professional equity.
 - Equal access to **professional training** for women and men;
 - Equal access to **internal promotion** for women and men;
 - Measures aiming at **removing the differences in compensation and benefits between women and men**. The decisions relating to the management of compensation and benefits will remain based on professional criteria; and

- Provisions allowing for a **better balance between professional and private life**. Example: Implementation of teleworking and part-time employment.

D) Employee training

Training sessions to combat stress:

- Stress & time management training in Belgium. The objective of the training is to learn how to optimize your personal organisation and manage stress. Results: **12 participants**.

Adapting to new forms of management:

- Leadership 3.0 training in France, and change management in Belgium. Results: In France, **171** people were trained to Leadership 3.0 (**100%** of the employees concerned) **graded 5.4/6**, and **27 people** took part in the Change Management training session, **graded 7.7/10**.

Training dedicated to the Tunisia plant personnel

- Follow-up of **Safety Wednesdays implemented in 2016** in the plant. Educating and raising the awareness of staff on a weekly basis. The issues dealt with are: firefighting, evacuation, electrical hazards, proper gestures to handle heavy loads, wearing Personal Protection Equipment, and first aid. Results: **51 sessions** completed in 2016.

E) Customer satisfaction

In order to satisfy an increasing number of customers, Damart has implemented a new service: **Click to Chat** since November 2016. Results: **between 2,000 and 4,000 conversations** are conducted every month. Out of 8,008 respondents (**a rate of response of 29%**), the overall **satisfaction rate is 91.84%**.

V) Environment

- Principle No. 7: Supporting a precautionary approach to environmental challenges;
- Principle No. 8: Promoting greater environmental responsibility.
- Principle No. 9: Encouraging the development and diffusion of environmentally friendly technologies.

Damart wishes that its products have no negative influence on the health of those who produce or consume them,

- **Safety of products**

Damart ensures that it designs products that are part of a global quality and safety approach in strict compliance with international regulations, and has its products verified by independent laboratories. Results: **13 cases of allergies** in 2016, i.e. -41% compared with 2015 and a **self-control budget increased by 10%**.

- In **Tunisia** (on our production site and at the subcontractors')

Envt audits.	100% of dyers are environmentally audited
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DMT waste	Implementation of a waste management procedure 100% of plant waste are sorted and recycled by specialized companies. Knit waste: 223,700 kg , plastic waste: 21,000 kg , cardboard & Kraft waste: 109,000 kg
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- In logistics (French and UK warehouses and)

Waste management	1,067 tonnes of waste and 3,800 pallets sorted and recycled: paper/cardboard/plastic 24 tonnes of plastic saved in mailings thanks to the replacement of roller chutes by bags
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Energy consumption	The equivalent of a saving of 9.4 tonnes of carbon equivalent per year thanks to the reorganization and relocation of the return department which removed the need for inter-site shuttles. Reduction in the resort to air freight for supplies (-1.2 points) for SS17 upstream flows for Belgium
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- At the **International headquarters** and in the **BUs**

Carbon Footprint

Reduction of employees travel between Damart offices : implementation of tools (such as Skype, soft phones, Sharepoint) and video conferencing screens (7 Wipac et Polycom) to promote distance meetings. Results: **1,036** Skype users, roll out complete by June 2017.

Methods of transport : 67 people took part in the Mobility Challenge in France.

Awareness raising: 103 people took part in the Challenge's activities. Damart won the Coup de Cœur prize from the challenge's jury.

Incentive policies: 3 people benefited from financial support to buy a bike as part of the "bike to work" programme in the UK.



Waste management

Increased internal recycling in the UK through the collection of waste electrical and electronic equipment (WEEE). The collecting organization repairs and redistributes the equipment to the benefit of developing countries.

Energy consumption

Replacement of **40% of light bulbs** for more energy-saving ones on the UK site and saving of £ 12,000 thanks to better light efficiency.

£ 7,000 saved in the UK thanks to a new, fuel saving, **heating control system**.

Heating temperature optimised at the France headquarters thanks to monitoring by our service provider.

- In sales outlets

Energy consumption

Replacement of light bulbs in stores in France and Belgium by new design LED lights. Results: **8 stores** in Belgium and **23 stores** in France, have reported on average a **30%** decrease in energy consumption.

VI) Anti-Corruption

- Principle No. 10: Working against corruption in all its forms, including extortion and bribery.

With our stakeholders

- **Signature of the Sustainable Procurement Charter** by the suppliers. Suppliers are committed to fighting against corruption in all its forms, including extortion and bribery. Results: 142 charter signed by suppliers, i.e. +115% Vs last year.
- **Selection of social audit firms** based on their internal anti-corruption policy. Results: 3 firms were selected to conduct the whole of the first campaign of social auditing of Damart suppliers. No case of corruption was detected during this first campaign of audits.