

**WE SUPPORT**



# COMMUNICATION ON PROGRESS

2018

This Communication On Progress presents the actions and results of the  
DIAM Group in terms of Sustainability





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## Foreword from the President

At DIAM, we create, develop, produce and install an extensive range of merchandising and packaging solutions to enhance the visibility of consumer products in-store. From concept creation and merchandising consulting, engineering, production, delivery, through to point-of-sale maintenance and product recycling, we do our utmost to provide our clients with the best possible solutions.

2018 marks 45 years of the enduring bond of trust between DIAM and the world's most prestigious brands. Such a strong foundation only encourages us to serve their ever-evolving needs better.

It also means we must stay humble, being a part of a bigger picture in which excellence or growth can never be taken for granted. DIAM has enjoyed strong growth over the last few years, becoming a full-service provider for the Point-of-Sale market, all around the world. The credit of this success belongs to our entrepreneurial teams and their focus on satisfying each of our clients.

We believe that growing companies have a responsibility to give something back to society and to improve their footprint, as well as responsibility towards the environment and our stakeholders - of which the foremost are our employees and temporary workers.



## Our Mission:

**At the heart of everything we do since 1973.**

DIAM is an international group and **brand partner** all over the world.

We create, develop and install Retail & Merchandising solutions **to enhance the consumer's experience in points of sale.**

-We ensure **local** proximity, teams devoted to customer service, **expertise and global synergies.**

-We provide Merchandising solutions for all types of distribution

-We deploy Brand projects from A to Z, including consulting, design, production, installation, and in-store services.

We are also strongly committed to **quality and environmental responsibility.**

## Key 2018 figures



**3.110** full time equivalent

54% of men, 46% of women, 25% of temporary staff



**324m€** turnover

Of which more than 40% outside of Europe



**138** people

Involved in our employee shareholding policy



**212** people

Benefited from our social inclusion program



**30** locations

In 24 countries



**82%** renewable energy

Of our electricity consumption came from **renewable energy**  
= 6 600 t CO<sub>2</sub>eq. avoided

## Renewal of the executive committee pledge to the global compact ten principles

Since 2012, DIAM has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption. By this COP 2018, DIAM renewal his commitment 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



Raphaèle Briand  
HR Director



Thierry Chetaille  
CFO



Louis Dupere  
CEO Americas



Stéphane Michel Grosjean  
CEO Asia



Françoise Raoul-Duval  
COO Group



Michel Vaissaire  
Group Chairman

# 1. Governance

Questions related to CSR and climate change are overseen at board level: a CSR steering committee formally meets every 6 months. This steering committee reviews the risks, strategy, progress and action report, and takes decisions on CSR and climate-related strategic questions for DIAM. Once a year, the CSR steering committee is done with the full executive board of DIAM to review performance of the full year, like for instance carbon intensity or % of waste recycled. And on the other occurrence it is done with the core board members most related to CSR (COO, CFO, HR, CSR sponsor) to review the half-year progress. At board level, the COO and a “CSR sponsor” are especially involved into the CSR and climate-related issues.

The Group COO follows very closely all CSR-related topics and in particular the ones related to carbon-strategy, to circular economy and to compliance.

The CSR Sponsor is a Business Unit CEO with special interest in the global CSR transformation of DIAM. He provides guidance and support to the Group CSR Director on all CSR-related topics.

The Group CSR Director is in charge of proposing and implementing the CSR strategy and actions and of preparing the progress reports, disclosure and communications. He has direct access to the COO and to the “CSR sponsor”, as he reports to the COO with a dotted line to the CSR sponsor. He formally reports to the CSR steering committee every 6 months.

The CSR team at headquarters is formed of the Group CSR Director, a Group CSR project manager, and the Group Safety and Purchasing Director. In addition, they regularly get the help from interns. At BU Level, each BU has one designed CSR correspondent. This part-time role is essential to smoothly relay the information back and forth between central and BUs, and to develop local projects.



## **2. Labour Practices & Human Rights**

DIAM has a formalized policy regarding labour practices and human rights: on Employees health and safety and Working Conditions through DIAM HEALTH and SAFETY POLICY; on Labour Relations, Career Management, Child and Forced Labour, Diversity, Discrimination & Harassment, through the SOCIAL AND ETHICAL GUIDE and on the External stakeholder human rights through the Suppliers Code of Conduct.

### **2.1. Employee health and safety**

As stated in DIAM's health and safety policy, DIAM's first responsibility, even before serving clients, is to cause no harm to the health and safety of all the people who live nearby, visit, work in our offices and production sites or who work at our client's sites, nor to the customers who use our products and services.

#### *Health and safety risk assessment*

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. DIAM pushes all its sites to continuously improve their safety. The Central CSR team constantly helps sites to improve through specific projects and internal audits.

DIAM encourages responsible behaviour and global consideration for the work environment. All plants are requested to organise a Safety Day every year to promote safety awareness, rules and behaviours with all their employees. 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 SA 8000 and ISO 45001 best practice and each site is audited internally every 18 months on an audit grid inspired by these standards. Safety Committees and / or fire-response teams have been formed in the largest plants of the Group. These Safety Committees follow the deployment of a PDCA (continuous improvement "plan do check act") action plan nurtured by internal and external audits, and by site-own risk assessments.

## 2.2. Working conditions

DIAM is committed to the well-being of its employees and to encourage all initiatives to improve the working conditions. Measures such as a shareholding plan is proposed to key managers. Legal and beyond profit-agreements are implemented in some site to 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.

In addition, employee satisfaction is monitored annually by a partner barometer.

## 2.3. Social dialogue

DIAM implements various initiatives regarding social dialogue. There are Unions and / or employee representatives in 50% of DIAM locations. In countries or locations where specific representation is not in force, the CSR relays serve as communication relays. 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.

Indicator	Unit	2015	2016	2017	2018
<b>DIAM employees</b>	FTE	1 626	1 855	2 034	2 321
<b>Employee representatives</b>	Number	2	2	29	49
<b>Employee Representation meetings done</b>	Number	Not reported	Not reported	39	147
<b>DIAM employees cover by formally-elected employee representatives</b>	%	Not reported	Not reported	Not reported	59%
<b>DIAM employees cover by represented in formal joint management-worker H&amp;S committees</b>	%	Not reported	Not reported	Not reported	43%
<b>DIAM employees cover by a collective internal agreement on working conditions</b>	%	Not reported	Not reported	Not reported	27%
<b>DIAM employees cover by an industry agreement on working conditions</b>	%	Not reported	Not reported	Not reported	38%

Figure 1: Social dialogue related indicators

## 2.4. Training and career management

Talent management is crucial for a company that relies on the empowerment of its talents in the fields of engineering and innovation. This is the foundation on which we have built the ambitious training goals which we have implemented at Business Unit and site levels to better respond to the operational needs of people and business.

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.

DIAM aims to provide at least one training every year to every employee (we reached 80% of DIAM employees who received at least one training in 2018), and to have an average of 14 hours of training per year per person (we reached 13 hours per FTE in 2018).

### *Regular assessment of individual performance*

Individual annual reviews have been implemented since 2013. In 2018, such reviews have been conducted for 33% of DIAM 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.

<b>Indicator</b>	<b>Unit</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Number of career management evaluations performed</b>	Number	Not reported	36	252	765
<b>% of employees received at least one career management evaluations performed</b>	%	Not reported	2%	12%	33%

Figure 2: Career management related indicators

### *Policy to give priority to internal recruitment*

A high ratio of employees recruited is 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.

## Provision of skills development training

To encourage Business Unit managers to conduct trainings, dedicated budgets are allocated and training modules are launched (on eco-design for instance).

Indicator	Unit	2015	2016	2017	2018
<b>DIAM employees</b>	FTE	1 626	1 855	2 034	2 321
<b>Training hours</b>	Hours	8 437	19 115	20 849	30 778
<b>Of which training hours on safety</b>	Hours	0	0	737	16 522
<b>Number of training hours by FTE</b>	h/FTE	5,2	10,3	10,2	12,9
<b>DIAM employees received at least one training</b>	FTE	Not reported	Not reported	Not reported	1 893
<b>DIAM employees received at least one training</b>	%	Not reported	Not reported	Not reported	82%
<b>DIAM employees received at least one training on Health and Safety</b>	FTE	Not reported	Not reported	Not reported	1 504
<b>DIAM employees received at least one training on Health and Safety</b>	%	Not reported	Not reported	Not reported	63%
<b>DIAM employees received at least one training on ethics</b>	FTE	0	0	118	841
<b>DIAM employees received at least one training on ethics</b>	%	0%	0%	5%	35%
<b>DIAM employees received at least one training on eco-design</b>	FTE	0	0	0	83
<b>DIAM employees received at least one training on eco-design</b>	%	0%	0%	0%	3%

Figure 3: Training related indicators

## 2.5. Child labour, slavery and human trafficking

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

DIAM strictly prohibits child labour (No employees below 15 years). 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.

## **2.6. Discrimination and harassment**

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:

- Long-term unemployment hires
- People with disabilities
- Employees suffering from occupational disease
- Refugees
- Age diversity – employees over 50 years-old
- Rehabilitation to the work world
- Reinsertion – previously imprisoned employees for instance
- Disadvantaged areas (favelas, deprived neighbourhood, disadvantaged province)
- Ethnic minorities
- Rehabilitated former addicts
- Sheltered workplace – work done with companies employing disabled or disadvantaged people

At DIAM, we support local initiatives which bring life to our vision of social inclusiveness and showcase our willingness to give back to society in many forms (charity and social inclusion). Those are some examples of actions taken.

- In DIAM "D3" USA, supporting men's and women's health issues has become part of the D3's annual calendar. Employees and temporary agency workers

alike participated in 2017 in October's Wear Pink Day and Movember. D3 also supports local universities and food pantries.

- DIAM Brazil has donated 459 books in 2017 to enhance a local public school's library. Other initiatives include favouring hiring from low-income areas.
- DIAM Yzeure has a longstanding partnership with a social inclusion workshop for both production and postconsumer dismantling. DIAM Prestige Europe is initiating a partnership with Singa France, to foster and design opportunities between newly arrived people (including refugees) and the local community.
- DIAM Australia is now employing two people from White Lion, a national non-profit organisation which supports youngsters breaking their cycle of disadvantage.
- In 2017, DIAM Poland has signed an agreement with a local prison to 'resocialise' offenders through work. The employees also raised money for a Polish NGO which helps children with special needs.
- 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.
- DIAM Display China sponsors five young girls from Chinese minorities with the NGO Couleurs de Chine to provide them access to school.

Furthermore, to fight against discrimination and harassment issues, DIAM implemented a Whistle-blower procedure.

Indicator	Unit	2015	2016	2017	2018
<b>Long-term unemployment hires</b>	FTE	33	56	25	15
<b>People with disabilities</b>	FTE	24	39	45	42
<b>Occupational disease employees</b>	FTE	18	16	18	6
<b>Refugees hires</b>	FTE	0	0	2	0
<b>Senior hires</b>	FTE	18	20	22	16
<b>Army veteran hires</b>	FTE	0	0	0	11
<b>Other vulnerable people</b>	FTE	26	2	17	4
<b>Underprivileged area employees</b>	FTE	13	15	26	25
<b>Subcontracted and Agency Social inclusion jobs</b>	FTE	20	19	48	Not reported
<b>Agency Social inclusion jobs</b>	FTE	Not reported	Not reported	Not reported	47
<b>Subcontracted Social inclusion jobs</b>	FTE	Not reported	Not reported	Not reported	45
<b>TOTAL</b>		<b>152</b>	<b>167</b>	<b>203</b>	<b>212</b>

Figure 4 : Diversity related indicators

Indicator	Unit	2015	2016	2017	2018
<b>Number of lost time injury events</b>	Number	39	42	63	50
<b>Number of days lost due to injuries</b>	Number	661	665	1 353	828
<b>Total number of hours worked</b>	Number	3 252 604	3 921 385	5 751 856	6 910 397
<b>Frequency rate*</b>	Number	12,0	10,7	11,0	7,2
<b>Severity rate**</b>	Number	0,20	0,17	0,24	0,12
<b>hours of safety training</b>	Number	0	0	737	16 522
<b>Average hours of safety training per year per employee</b>	Number	Not reported	Not reported	Not reported	7
<b>Operational sites for which an employee health &amp; safety risk assessment has been conducted</b>	%	100%	100%	100%	100%
<b>Workforce across all locations represented in formal joint management-worker health &amp; safety committees</b>	%	Not reported	Not reported	Not reported	43%
<b>Workforce across all locations who are covered by formal collective agreements concerning working conditions</b>	%	Not reported	Not reported	Not reported	27%
<b>Workforce across all locations who are covered by formally-elected employee representatives</b>	%	Not reported	Not reported	46%	57%
<b>DIAM employees across all locations who received regular performance and career development reviews</b>	%	Not reported	Not reported	Not reported	36%
<b>DIAM employees (excluding short term contract) across all locations who received regular performance and career development reviews</b>	%	Not reported	Not reported	Not reported	41%
<b>Workforce across all locations who received career- or skills-related training</b>	%	Not reported	Not reported	Not reported	79%
<b>Operational sites that have been subject to human rights reviews or human rights impact assessments</b>	%			100%	100%
<b>DIAM employed covered by SA8000 certification</b>	%	Not reported	Not reported	8%	9%
<b>% of women in top executive positions (%)</b>	%	29%	29%	29%	36%

Figure 5: Human resources related indicators

\* (total number of lost time injury events) x 1,000,000 / total hours worked

\*\* (number of days lost due to injuries) x 1,000 / total hours worked

### 3. Environment and Customer safety

DIAM has a formalized environmental policy on Energy consumption, GHG emission, Materials, Chemicals and Waste, environmental impacts from use of products and Products End-of-Life and Sustainable consumption through the DIAM CSR POLICY; on water consumption through the DIAM WATER POLICY and on the customer health and safety through the DIAM HEALTH and SAFETY POLICY.

#### 3.1. Energy Consumption and Greenhouse gases

DIAM is committed to play its part in addressing the environmental crisis. Through the analysis of the life-cycle environmental impact of representative categories of displays, we have identified the predominant ecological aspects for each categories of displays. In light of this, priorities are eco-design, post-shop POS displays collection and their proper reuse and recycling.

##### *Reduction of energy consumption through employee's awareness*

Training and informing employees about environmental issues is an integral part of the measures put in place by the Group in each of the countries where it operates.

In 2018, DIAM organized a Group-wide "Recycling day" event. That day, all DIAM employees have been invited to learn about climate change and the environment, to share ideas on circular economy, and to act to reduce our environmental impact (materials, waste, water, energy, products...). All DIAM employees have signed the DIAM Code of conduct where they commit to limiting their environmental impact in their line of work (including reduction of energy consumption).

##### *Purchasing of renewable energy through the electrical grid*

In 2016, taking effect on 1/1/2017, DIAM started to switch to renewable electricity by switching 100% of its electricity consumption in France to renewable. In 2018, DIAM reinforced this action by switching most of sites around the world to renewable electricity. By this action, DIAM consumed 19 GWh of renewable electricity (or 82% out of a total consumption 23GWh) and avoided 6 600 tons of CO<sub>2</sub>eq. emissions.

Indicator	Unit	2015	2016	2017	2018	2018PF*
<b>Electricity consumed</b>	MWh	18 987	18 758	22 568	23 070	21 895
<b>Renewable Electricity consumed</b>	MWh	0	0	9 143	18 988	18 143
<b>Share of renewable electricity</b>	%	0	0	40	82	83
<b>Avoided emissions due to renewable electricity</b>	tCO <sub>2</sub> eq	0	0	669	6 600	5 927

Figure 6: Electricity related indicators

2018PF\*= 2017 reporting perimeter



DIAM plans to reach 90% of renewable electricity consumption in 2020.

*Production of renewable energy*

In the beginning 2018, 180kWp of ground panels and then 50kWp additional panels on the roof have been installed on DIAM Brazil sites (see photo below). The powerplant produced 190 MWh of renewable energy in 2018 for the energy network and for the site's activities. At the beginning 2019, 38% of the DIAM Brazil electricity consumption come from this powerplant and saved 28 tons of CO<sub>2</sub>eq..



Table 1: Power plant at DIAM BRAZIL

*Reduction energy consumption through efficient devices*

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. 123 tons of CO<sub>2</sub>eq. and 2 000 MWh have been saved by this action. It is our intention to continue the efforts to convert to more energy-efficient machines.

Furthermore, several DIAM sites (France, China, USA...) installed low consumption lights (LED) in the production areas with significant decreases in electricity consumption whilst maintaining or improving the workshop lighting environment for workers. By this action, we reduced our consumption by 77MWh and we avoided about 50 tons of CO<sub>2</sub>eq..

## Process optimization to reduce emissions of GHGs

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.

## Monitoring of direct or indirect GHG emissions

DIAM has targeted a 5% per year decrease in CO<sub>2</sub>eq. intensity (CO<sub>2</sub>eq. emissions scope 1+2 by euro of sales). To reach this target, DIAM implemented a monthly reporting on gas and electricity consumption to monitor the direct and indirect GHG emissions and to identify the entities under operational control with high potential of energy savings.

The increase in DIAM's Scope 1 is mainly due to the Group's growth and acquisition. (Note: we improved reporting on car fleet consumption in 2017, resulting in an increased estimate that year). DIAM's Scope 2 decreased thanks to renewable energy purchased through the electrical grid. The CO<sub>2</sub>eq. intensity decrease is mainly due to the Scope 2 decrease and a slightly higher revenue.

Indicator	Unit	2015	2016	2017	2018	2018PF*
<b>Gas consumed</b>	MWh	6 931	6 683	7 531	8 729	8 504
<b>Car fleet consumed</b>	MWh	1 640	1 928	3 546	4 121	3 798
<b>Other energy consumed</b>	MWh	0	0	99	594	594
<b>SCOPE 1 (t CO<sub>2</sub>eq.)</b>		2 203	2 232	2 981	3 616	3 346
- <b>Gas consumed</b>	tCO <sub>2</sub> eq	1 691	1 631	1 838	2 130	2 075
- <b>Car fleet consumed</b>	tCO <sub>2</sub> eq	512	601	1 106	1 286	1 071
- <b>Other energy consumed</b>	tCO <sub>2</sub> eq	0	0	37	200	200
<b>Electricity consumed</b>	MWh	18 987	18 758	22 568	23 070	21 895
<b>Of which renewable Electricity consumed</b>	MWh	0	0	9 143	18 988	18 143
<b>SCOPE 2 - Location based</b>	tCO <sub>2</sub> eq	5 283	5 781	6 743	7 681	6 967
<b>SCOPE 2 - Market based</b>	tCO <sub>2</sub> eq	5 283	5 781	6 074	1 081	1 040
<b>Total energy consumed</b>	MWh	27 559	27 368	33 744	36 514	31 038
<b>SCOPE 1 + 2 - Location based</b>	tCO <sub>2</sub> eq	7 486	8 012	9 725	11 297	10 313
<b>SCOPE 1 + 2 - Market based</b>	tCO <sub>2</sub> eq	7 486	8 012	9 755	4 697	4 386
<b>Intensity SCOPE 1 + 2</b>	gCO <sub>2</sub> eq	42	38	27	15	14
<b>Intensity SCOPE 1 + 2 variation</b>	%	NA	-10	-29	-46	-50

Figure 7: GHG emissions related indicators

2018PF\*= 2017 reporting perimeter

## Measures for Green IT

To reduce the end-of-life impact of hardware, the IT department strives to repair, reuse and to make the computer equipment last as long as possible. When computer equipment finally become a waste, its sent to DEEE recycling.

Furthermore, DIAM promotes video conferencing to limit travel impact. We have installed video conferencing equipment in most of Group's site.

## *Energy audit*

Thanks to the monthly monitoring of energy consumption, DIAM identified two sites with high potential of energy savings. These two sites represented 23% of the total energy consumption of the Group. DIAM launched two energy audits on these two sites with the help of an external expert in industrial energy efficiency. The goal was to identify actions to reduce energy consumption and to be able to duplicate these actions on other sites in following years.

## **3.2. Water**

DIAM is committed to water resources protection. Our ambition is to decrease our water intensity (water consumption by euro of sales) by 5% every year. In addition, we have in mind the varying impact of hydric stress depending on water basins, and adapt our ambition to stress levels.

DIAM is triggering improvement projects through a specific monitoring of the sites situated in high water-stress areas and of the sites with a significant consumption. In 2018, DIAM had only one site located in a high hydric stress area: Sousse in Tunisia.

### *Reduction of water consumption through monitoring and employee information*

Every month, the Group conducts a monitoring of water consumption to identify deviations that could pinpoint to potential leaks. This monitoring enabled us to reduce the water consumption by a factor of 6 on a site, to 1 300 cubic meters in 2018 from 6 000 cubic meters in 2017.

DIAM in the USA has reduced its office water consumption through close monitoring and education of employees.

All DIAM employees have signed the DIAM Code of conduct where they commit to limiting their environmental impact (including reduction of water consumption).

### *Reduction of water consumption through innovative equipment*

To save water resources, DIAM implements different solutions of water reuse. For example, at Yzeure Plant, the water circuit of hydraulic presses now turns in close circuit to increase water reuse, reduce net water intake from the grid and wastewater rejects to the grid. It is our intention to continue the efforts to convert to more water-efficient machines.

### *Measures implemented to reduce pollutants rejected into water*

To reduce pollutants rejected into water, DIAM seeks technical solutions to develop the use of alternatives technologies such as water-based solvents. For instance, Prugent DIAM China has managed to replace all solvent-based paints by water-based paints.

*Steps to detect and eliminate any groundwater contamination*

When relevant in sites using chemicals, DIAM may request independent third-party analyses to detect potential soil or groundwater contamination.

The increase in water consumption is mainly due to the Group's growth and acquisition.

<b>Indicator</b>	<b>Unit</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2018PF*</b>
<b>Water consumed</b>	Cubic meter	39 104	45 771	49 000	72 199	59 306
<b>Wastewater produced</b>	Cubic meter	39 104	45 771	49 000	72 199	59 306
<b>Water intensity</b>	liter/kEuro	221	218	163	223	183
<b>Water intensity variation</b>	%	NA	-2	-28	+42	+17

Figure 8: Water related indicators

2018PF\*= 2017 reporting perimeter

**3.3. Materials, Chemicals and Waste**

DIAM's material impact primarily come from plastics, wood-related materials, metals, electronics and chemicals. In 2018, DIAM generated 3 410 tonnes of waste. We estimate materials purchased and waste generated to represent respectively 48% and 16% of the scope 3 indirect emissions of greenhouse gases. Beyond climate change, the use of chemicals could have an impact on the health of employees. To protect climate and our employees, DIAM implements actions to reduce our activity impacts.

*Labelling, storing, handling and transporting hazardous goods*

DIAM sites are requested to regularly train their teams on the proper handling and storing of chemical and hazardous substances. A key aspect of reducing the related risks lays in the decrease of their usage through eco-design and process improvements by which we gradually get rid of gluing and switch to less impactful techniques like, for instance, sonic welding and digital printing.

Proper labelling, storing, handling and transporting of chemicals and potentially hazardous goods are to be organized at site level and are regularly audited by Group internal audits. Internal audits check the various impacts of these risks: human health and safety, risks for the environment, and risks of fire and explosion. It also checks the actual training of employees and their proper information on the levels of risks and necessary handling measures.

### *Formal timeline defined to reduce consumption of hazardous substances*

The furniture manufacturers are subject to REACH<sup>1</sup> 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 potentially harmful chemicals, and has made important efforts to ban the use of CMR 1A (proven risk) and CMR 1B (alleged risk) and to limit and replace whenever possible the use of CMR 2 (potential risk). To achieve this objective, DIAM developed in 2017 an internal tool to ease the identification, elimination and replacement of CMR products.

### *Work process or innovative technologies implemented to reduce, recycle or reuse waste*

Eco-design plays a major role in this effort too: glue-free products for instance are a constant aim for DIAM as they enable good recycling rates, be it at production stage (quality or process rejects) and after store life.

Intensive work is being done at DIAM to limit waste generation during process through technological improvements, for instance at CNC and laser cutting.

All waste are sorted and taken care of by specialised companies.

### *Work process or innovative technologies implemented to treat waste or facilitate clean disposal*

Most DIAM industrial sites have plastic grinders enabling to reduce the size of the waste and -when possible, i-e in plastic injection sites, and provided it does not have detrimental impacts to the quality of the products - to reuse the material directly into plastic injection.

Chemical wastes are handled through specific streams for safe recycling.

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<sup>1</sup> *Registration, Evaluation, Authorization and Restriction of Chemicals*

### **3.4. Environmental impacts from use of products**

The major and probably only environmental impact from the use of products comes from the in-store electric consumptions of POS displays. We estimate this impact to represent 20% of DIAM's total carbon footprint in 2018.

We invite our clients, brands and retailers to act with us to reduce this impact by adjusting their light levels requirements and by switching their stores to renewable energy consumption and by switching off the POS displays when not in use. DIAM offers specific solutions to decrease the consumption of POS displays, through optimization of the electric consumption and light diffusion and the use of activity sensors and switches and the implementation of innovative techniques to generate the same amount of light with less energy consumption.

### **3.5. Environmental impacts from Products End-of-Life**

Scope 3 indirect emissions of greenhouse gases is by far the main contributor to DIAM's climate change footprint with an estimation of 97% of the total (direct and indirect: scopes 1,2 and 3). We estimate 52% came from the purchased goods and services (mainly arising from the plastic purchases) and 15% 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 20% 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). We contribute to push the POS ecosystem towards the actual recycling of POS displays by offering recycling solutions to our customers and by promoting circular economy in various instances with our customers.

#### *Products and packaging designed for easy dismantling and recyclability*

Easy, manual dismantling is a constant goal for DIAM as it is a key aspect of how we can improve the impact of POS displays through actual dismantling, sorting and reuse or recycling of the materials.

To achieve this objective, we train our teams and share the best practices among the Group to avoid the use of glues and minimize the number of materials used in one display. We also develop dismantling instructions to enable proper dismantling.

### *Company specific take back programs, and/or facilities for collection of equipment*

Already, most of DIAM displays can easily be 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 actual claim back and effective dismantling and recycling is not necessarily applied and in its vast majority, the POS market is still very 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.

### **3.6. Customer Health and Safety**

To our best knowledge, DIAM products have no or limited impact towards end-customer's health and safety. We estimate that most volatile components coming from process and production are dissipated well before the display arrives in the stores.

We pay special attention to the structural resistance of our products and to their proper installation when we install them, to avoid any risk of tilting or fall that might result in customer injury.

### 3.7. Promotion of Sustainable Consumption

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 developed in partnership with a well-known life cycle analysis consulting firm is available for that purpose. Further explanation and co-construction work need to be done with clients to better integrate environmental requirements into their design requirements.

20% of DIAM's climate change impact comes from the electrical consumption used by products in the stores. DIAM has developed advanced know-how on eco-design, especially on illumination optimization to reduce this impact.

Indicator	Unit	2015	2016	2017	2018
<b>SCOPE 3</b>					
- <b>Purchased goods and services</b>	t CO <sub>2</sub> eq	Not reported	Not reported	88 117	84 648
- <b>Capital goods</b>	t CO <sub>2</sub> eq	Not reported	Not reported	4 440	5 664
- <b>Fuel- and energy-related activities</b>	t CO <sub>2</sub> eq	1 607	1 714	1 960	1 120
- <b>Upstream transportation and distribution</b>	t CO <sub>2</sub> eq	Not reported	Not reported	2 532	1 529
- <b>Waste generated in operations</b>	t CO <sub>2</sub> eq	237	266	1 051	1 239
- <b>Business travel</b>	t CO <sub>2</sub> eq	Not reported	Not reported	Not reported	687
- <b>Employee commuting</b>	t CO <sub>2</sub> eq	Not reported	Not reported	Not reported	3 935
- <b>Upstream leased assets</b>	t CO <sub>2</sub> eq				0
- <b>Downstream transportation and distribution</b>	t CO <sub>2</sub> eq	Not reported	Not reported	1 405	1 678
- <b>Processing of sold products</b>	t CO <sub>2</sub> eq	Not reported	Not reported	0	0
- <b>Use of sold products</b>	t CO <sub>2</sub> eq	Not reported	Not reported	33 324	32 809
- <b>End-of-life treatment of sold products</b>	t CO <sub>2</sub> eq	Not reported	Not reported	26 344	24 954
- <b>Downstream leased assets</b>	t CO <sub>2</sub> eq	Not reported	Not reported	0	0
- <b>Franchises</b>	t CO <sub>2</sub> eq				0
<b>SCOPE 1 + 2 + 3 - Location based</b>	t CO <sub>2</sub> eq	9 093	9 726	168 897	169 561
<b>SCOPE 1 + 2 + 3 - Market based</b>	t CO <sub>2</sub> eq	9 093	9 726	168 228	162 961

Figure 9: Scope 3 emissions related indicators

2018PF\*= 2017 reporting perimeter



<b>Indicator</b>	<b>Unit</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>DIAM employees across all locations who received training on environmental issues</b>	%	Not reported	Not reported	Not reported	3%
<b>Sites for which an environmental risk assessment has been conducted</b>	%	Not reported	Not reported	100%	100%
<b>Operational sites for which a formal environmental management system (EMS) has been implemented</b>	%	Not reported	Not reported	0%	100%
<b>Percentage of VOC-free glues and varnishes used?</b>	%	Not reported	Not reported	Above 50%	Above 50%
<b>Percentage of items with an indoor air quality label?</b>	%	Not reported	Not reported	0%	0%
<b>Percentage of recycled wood fibre used in production?</b>	%	Not reported	Not reported	Not reported	Not reported
<b>DIAM employers cover by certified ISO 14001, EMAS or against other environmental management standard</b>	%	0%	0%	0%	17%

Figure 10: Environmental related indicators

\* Percentage of aqueous based varnishes used: not applicable

## 4. Sustainable Procurement

Full compliance with internationally proclaimed human rights has become a license-to-operate in the purchaser/supplier relationship. We welcome this positive trend. We fully adhere to the UN Global Compact 10 principles. We implement policies, tools and responsible practices to prevent any risk of abuse.

Likewise, compliance with environment regulation and an active environmental impact-reduction policy are now clear requests from all stakeholders, including DIAM. This includes for instance carbon footprint reduction along the entire value-chain, use of certified wood-based products from sustainable sources to avoid harmful deforestation, actions on the bio-diversity preservation, etc.

To push our suppliers in that direction, we ask them to sign and commit to a supplier code of conduct to be referenced with DIAM. We also request them to submit to auto-diagnostic evaluations and often to on-site audits to evaluate their compliance with DIAM's commitments and with regulation.

### 4.1. Social and environmental factors within procurement

Social and environmental factors within procurement 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.

#### *DIAM Supplier CSR code of conduct*

We share growing expectations with our suppliers. We expect them to adhere to and comply with our suppliers' code of conduct. This suppliers' code of conduct is based on:

- 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.

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.

Indicator	unit	2015	2016	2017	2018
<b>Sites with over 50% of their suppliers who signed the code of conduct</b>	%	Not reported	Not reported	Not reported	49%

Figure 11: Supplier's code of conduct related indicators

## CSR risk analysis

In the referencing of production suppliers, supplier risks are identified using a risk mapping by purchase types integrating the following criteria: expense amount, business strategy, as well as country risk (ethics criteria) and activity risk (CSR criteria) consistent with the EcoVadis's risk scoring.

This mapping allows buyers to identify, analyse and rank strategic suppliers and/or suppliers in the most exposed categories. Consequently, buyers can launch the required risk management actions (supplier assessment, supplier monitoring, site visits, etc.).

Every two years, this CSR risk analysis is renewed for production suppliers.

- Over the last year, CSR risk analysis have covered about 80 of the Group's strategic suppliers.

## *Supplier assessment on environmental and social practices*

DIAM uses EcoVadis assessment system to measure the CSR performance of its strategic suppliers. This involves a remote documents-based audit of the supplier covering several criteria across environmental, social (human rights), ethical (corruption) and supplier relation issues, based on international CSR standards and with expert review and feedback.

Using a collaborative solution allows suppliers to minimize the workload linked to CSR reporting, by sharing their results with multiple customers.

- Over the last year, supplier's assessment has covered about 30 of the Group's strategic suppliers.
- Over the last year, evaluations have covered about 10% of the Group's strategic supplier's procurement spend.
- Over the last year, evaluations have covered about 5% of the Group's strategic suppliers.

DIAM's intention is to keep increasing the number and quality of evaluations in the coming years.

## *Training of buyers on social and environmental issues within the supply chain*

In 2017, a number of DIAM purchasing teams have been trained to suppliers' audits, environmental and ethical questions. Further efforts have been performed in 2018 with the revision of the CSR risk analysis and a more efficient approach to screening and auditing suppliers.

- Over the past two years, 16 buyers received at least one training on sustainable procurement.
- Over the past two years, 30% of buyers received at least one training on sustainable procurement.

## *On-site audits of suppliers on environmental or social issues*

On-site audits of suppliers (either directly done by DIAM or subcontracted to audit specialists) are an effective way to obtain and validate evidence of compliance.

- Over the last years, on-site audits of suppliers have covered about 30 of the Group's strategic suppliers.
- Over the last year, on-site audits of suppliers have covered about 10% of the Group's strategic supplier's procurement spend.
- Over the last year, on-site audits of suppliers have covered about 5% of the Group's strategic suppliers.

On-site audits of suppliers are followed upon by our purchasing teams through corrective actions plan and reviews. The audits, action plans and reviews cover the business performance of suppliers, operational service level, and ethics and compliance. The aim is to enhance the capacity building of suppliers on environmental or social issues with a continuous improvement plan.

<b>Indicators</b>	<b>Unit</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Suppliers which has gone through a CSR risk analysis</b>	Number	Not reported	Not reported	Not reported	80
<b>Suppliers which has gone through a CSR assessment</b>	Number	Not reported	Not reported	Not reported	30
<b>% of total procurement spend which has gone through a CSR assessment or audit</b>	%	Not reported	Not reported	0%	10%
<b>% of all suppliers which has gone through a CSR assessment</b>	%	Not reported	Not reported	0%	5%
<b>Buyers at DIAM</b>	Number	Not reported	Not reported	47	54
<b>Buyers across all locations who received at least one training on sustainable procurement over the past two years</b>	Number	Not reported	Not reported	Not reported	16
<b>Buyers across all locations who received training on sustainable procurement over the past two years</b>	%	Not reported	Not reported	Not reported	30%
<b>Suppliers which has gone through an CSR on-site audit</b>	Number	Not reported	Not reported	Not reported	30
<b>% of total procurement spend which has gone through a CSR on-site audit</b>	%	Not reported	Not reported	Not reported	10%
<b>% of all suppliers which has gone through a CSR on-site audit</b>	%	Not reported	Not reported	Not reported	5%

Figure 12: Sustainable procurement related indicators

## 4.2. Wood and/or wood-based products from sustainable sources

DIAM integrates an environmental aspect in the choice of the products we purchase. For instance, DIAM's intention is to concentrate its purchasing of paper and cardboard on deforestation-free certified products (FSC label or other when FSC is not available).

Indicator	Unit	2015	2016	2017	2018
<b>Wood purchased from FSC certified suppliers</b>	%	Not reported	Not reported	Not reported	67%
<b>Paper and cardboard purchased from FSC certified suppliers</b>	%	Not reported	Not reported	Not reported	24%
<b>Total raw materials purchased from FSC certified suppliers</b>	%	Not reported	Not reported	Not reported	43%

Figure 13: FSC certified related indicators

## 5. Fair Business Practices

### 5.1. Anti-corruption and bribery

#### *Prevention of corruption 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 enforce in 2016 an anti-corruption policy and a surveillance system. This monitoring system consists in:

- A corruption and bribery 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 performed to prevent corruption and bribery based on the e-learning tool of global compact (The Fight against Corruption) has been deployed on 27% of employees (841 employees), focused on critical positions like purchasing, sales and management.
- A code of conduct was established and is signed by all managers and employees. The code of conduct is integrated into the contractual relation between DIAM and its employees and disciplinary sanctions may apply for non-compliance.
- An ethic alert procedure (Whistleblowing mechanism) is available to all employees and visitors to report any issue regarding corruption and bribery.

Our external financial auditors perform tests and controls regarding corruption and bribery. All these elements are monitored by the financial department, human resources department and CSR department.

#### *Sensitive transactions and charity-related actions*

Like all investments and actions using DIAM's brand name, it is important to have clear rules and controls for sensitive transactions approval, whilst preserving the decentralized creativity and freedom of the DIAM Group. That's why DIAM defined validation rules regarding purposes and spend level in term of charity actions in the name of DIAM. Those objectives and spend levels are validated by a control procedure including Group Financial Director, Group Human Resources Director and Group CSR Director.

Indicator	Unit	2015	2016	2017	2018
<b>Total workforce</b>	FTE	1 626	1 855	2 789	3 110
<b>DIAM employees who received training on business ethics issues</b>	FTE	Not reported	Not reported	181	841
<b>% of Diam employees who received training on business ethics issues</b>	%	Not reported	Not reported	4%	27%

Figure 14: Business ethics issues related indicators

## 5.2. Information security

In addition to the 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 information security risk assessments performed.
- An awareness communication to prevent information security breaches (Think before you click).
- An automatic backup of the information (email and attachment) in a protected server.
- An alert procedure (Whistleblowing) for all employees to report information security concerns and a response procedure to manage breaches of confidential information.

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.

Concerning the information security of end-of-life products, we are committed to anonymize the client's waste managed by DIAM and to provide a certificate of destruction (for data or material waste) issued by the partner in charge of the destruction or recycling for all relevant waste.

Indicator	Unit	2015	2016	2017	2018
<b>Operational sites for which an internal audit/risk assessment concerning business ethics issues has been conducted</b>	%	0%	0%	100%	100%
<b>Operational sites with an information security management system (ISMS) certified to ISO 27000</b>	%	0%	0%	0%	0%
<b>Operational sites with certified anti-corruption management system</b>	%	0%	0%	0%	0%

Figure 15: Fair business practices related indicators



## **6.Methodology**

Information in this document has been taken from the international database that DIAM has developed for its social and environmental reporting and other Group reporting (Finance and Responsible Purchasing) or obtained from limited geographical or business areas or from departments centralized at Group level.

### *Scope*

Reporting covers all operations sites and commercial offices with more than 5 employees. As from January 2018, all acquisitions of entities (outside of the DIAM Group) made during year 2018, are not taken into account in the reporting scope.

### *Guidelines*

Indicators are aligned with Guidelines the Global Report Initiative (GRI). The carbon footprint assessment respect the guidelines of the GHG Protocol.



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