



Communication on progress december 2019

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Renewal letter



Taking care of our customers, innovating for the 55+, from young “baby boomers” to senior citizens: this is the raison d’être of the Damartex Group and the 10 brands that make it up. In a changing context, marked by climate urgency and increasing social inequalities, Damartex is involving in an ambitious transformation plan to achieve its mission by taking care of the planet and human beings, wherever the group is located.

Convinced that business and sustainable development have become inseparable, we want to place CSR at the very heart of our new model. We called this strategic axis of our transformation: “Change our World”. Our ambition is not to change the world but to change our world, and in order to do so, we have 3 priorities:



Change for our planet



Change for more ethics



Change for more solidarity between generations

Within these 3 priorities, we have defined strong ambitions to make progress on our Corporate Social Responsibility.

As signatories of the United Nations Global Compact since 2015, we are taking our part in environmental, ethical and social issues through the 10 structuring principles of the United Nations and the 17 SDGs, to become part of the solution of the future.

I renew our commitment to the United Nations Global Compact for 2020. I am therefore committed to integrating the 10 principles into our strategy and sharing them with our employees, suppliers and customers.

Patrick Seghin
Damartex CEO



DAMARTEX GROUP

With its 10 brands, the Damartex Group is one of the leading European retailers of clothing and accessories for seniors in the age 55+ segment. Each brand has its own style and addresses different expectations from the customers.



OUR KEY AND BUSINESS FIGURES

Turnover of
€720 million

2 hubs



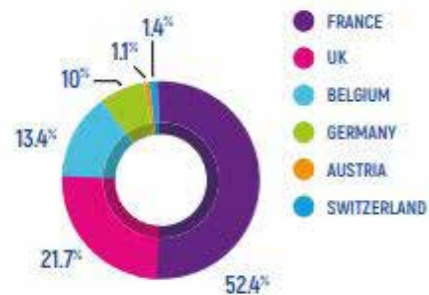
HOME & LIFESTYLE =
24% OF THE
TURNOVER

FASHION & PRÊT-À-PORTER =
76% OF THE
TURNOVER



200 MILLION CATALOGUES PER YEAR

BY COUNTRY:



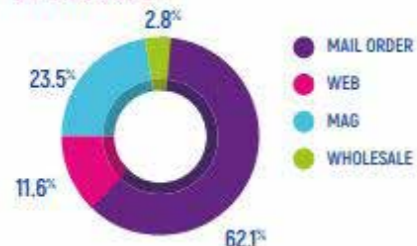
PRESENT IN
9 countries
MOSTLY IN EUROPE

France - Belgium - Luxembourg - United Kingdom
Germany - Switzerland - Austria - Spain - The Netherlands

15 Business Units ^(#BU)

Damart France - Damart Belgium - Damart UK - Damart Switzerland
Damart Manufacturing Tunisia - Afibel - La Maison du Jersey - Xandres
Silveredge (Sédagyl/Delaby) - Coopers of Stortford - 3Pagen
Vitrine Magique - Damartex Shanghai - Jours Heureux - DSB

BY CHANNEL:



FRANCE / AROUND **1,800** EMPLOYEES
Damart, Afibel, Sédagyl, La Maison du Jersey, Jours Heureux, Delaby

UK / AROUND **800** EMPLOYEES
Damart, Coopers

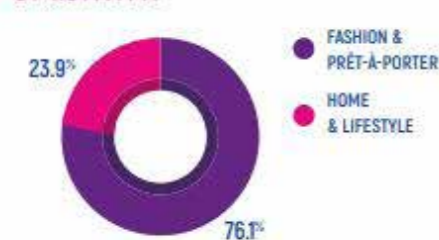
BELGIUM / AROUND **300** EMPLOYEES
Damart, Xandres

GERMANY / AROUND **500** EMPLOYEES
3Pagen, Vitrine Magique

TUNISIA / AROUND **200** EMPLOYEES
Thermolactyl Damart manufacturing

CHINA / AROUND **12** EMPLOYEES
Damartex

BY ACTIVITY:



Since 2012, Damartex's strategy has been based on two distinct but complementary divisions, which have grown considerably through its acquisitions. The "fashion" division offers ready-to-wear, underwear and shoes; The "home & lifestyle" division targets practical and useful objects for the home and for people.

Fashion & Prêt-à-porter **4 BRANDS**

DAMART
Smart underwear and well-being prêt-à-porter
Me, cold? Never! Born from the Thermolactyl innovation in 1953, Damart is a heritage brand with an unparalleled textile expertise. Omnichannel and international, it works with renowned creators and wins over new customers, who are seduced by a range of premium services: click&collect, e-booking, personal shoppers, etc.
www.damart.com

XANDRES
High-end fashion for young seniors with the highest standards
Resolutely fashionable, the XANDRES group is one of the fashion leaders in Belgium. Its high-end range is available under 4 brands: Xandres (young seniors), Xandres Gold (curve) and Xandres Studio (younger clients), Xandres Corporate (for BtoB).
The company employs nearly 150 people, who are passionate about fashion and beautiful materials.
www.xandres.com

AFIBEL
55+ and plus size elegance
Founded in 1978, Maison Afibel has a selection of beautiful novelty and stylish articles, which are regularly renewed throughout the season. With a high customer loyalty, Afibel's clients appreciate the quality of morphological fashion, covering a wide range of sizes and the quality of a privileged interaction with the brand. www.afibel.fr

LA MAISON DU JERSEY
Timeless chic
A niche brand, close to the specialised "boutique" approach, La Maison du Jersey proposes quality collections to women who love a resolutely elegant prêt-à-porter, and who can't or prefer not to go in-store.
www.lamaisondujersey.fr



Home & Lifestyle **6 BRANDS**

JOURS HEUREUX
100% made in France Happy biscuits & sweet treats
Since 1979, Jours Heureux have explored the sweet and savoury culinary heritage of our regions searching for gourmet products which are 100% made in France, made using natural ingredients and without any preservatives (products available in store and via distance sales).
www.joursheureux.fr

3PAGEN
Decoration, kitchen and well-being deals
Based in Germany, 3Pagen has been one of the distance seller leaders for kitchen, decoration, home and well-being items since 1954. The 3Pagen collections are sold in Germany, Austria and Eastern Europe through "Magnet 3Pagen".
www.3pagen.de

DELABY
Everything to facilitate the lives of over 55-year-olds
Delaby improves the daily life of seniors with ingenious products which make life easier, more beautiful and more comfortable on a day-to-day basis. Well-being, beauty, hygiene, comfort... A host of products to pamper yourselves, available by mail order.
www.catalogue-delaby.fr

VITRINE MAGIQUE
A host of gift ideas
Vitrine Magique has a wide range of useful, fun, decorative and unique objects for the kitchen and garden. A range of "great ideas at low prices" to treat yourself or someone else.
www.vitrinemagique.com

COOPERS OF STORTFORD
Traditional service, great value and fantastic ideas
So British! The company, which was founded in 1995 by Neil Cooper, sells innovative items for gardening, well-being, leisure, health, decoration and cookware. With its 140 employees, Over 90% of its sales are carried out via its e-shop and catalogue, and they also have a flagship store in Bishops Stortford, near London.
www.coopersofstortford.co.uk

SEDAGYL
The partner brand for older seniors
Thanks to a longer life expectancy, the seniors market, Sédagyl's main target, is continually growing. Via a range of 250 items, the brand specialises in products and services promoting autonomy and home care.
www.sedagyl.com



CHANGE OUR WORLD

Placing CSR at the core
our new model



OUR CSR CHALLENGES

Change for our planet

COMMITTING TO OUR PLANET



CSR challenges :

- Product and packaging sustainability
- Logistics and freight transport
- Energy consumption and climate change

Performance :

- 62% of Damart references renewed (AH19-PE20)
- Approx. €1 Mnpaid to eco-organisations by Damart
- Approx. 10,740 t of CO2e emitted by Damart upstream transport
- 33,074 MWh of energy consumption (buildings)

Change for more ethics

COMMITTING TO PEOPLE



CSR challenges :

- Responsible purchasing
- Employee satisfaction
- Fairness of practices and corruption

Performance :

- 99% of Damart suppliers have signed the responsible purchasing charter
- 44.4% of products come from audited plants and 90% from average conformity for Damart¹
- 85% employee satisfaction

Change for more solidarity
between generations

COMMITTING TO OUR SENIORS



CSR challenges :

- Innovation to serve seniors
- Product quality, health and safety of users
- Customer satisfaction and response to expectations

Performance :

- NPS of 35.2 for Damart and 17.3 for 3Pagen
- 8.9% return rate at Damart and 7% at 3Pagen
- 22 projects sponsored by the foundation

¹ Restricted scope, see corresponding section

PART 1

COMMITTING TO THE PLANET

Change for our planet

Ambitions

- Eco-designing our ready-to-wear (80% of our activity)
- Transforming our home & lifestyle offer (20% of our activity) into a sustainable offer

By 2022 : 25% of our offer integrating eco-responsibility, 30% reduction in our carbon footprint.

By 2030 : 0% single-use plastic packaging, 100% of the offer eco-designed and carbon neutral.

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.





PRODUCT AND PACKAGING SUSTAINABILITY

62%
des références
Damart
reconduites

Permanence of key references

Damart is not a Fast Fashion business, since 62% of styles were carried forward between the 2018-2019 and 2019-2020 seasons. These styles are a core value for our customers and are part of the offer again this year.

Working on our materials

We now have a certification of our materials that guarantees sustainability by verifying the performance according to international standardised tests. The eco-design of our products is a major challenge for our ambition that by 2030 to have a 100% eco-designed offer. Awareness raising for all our stakeholders and the setting up of working groups as early as November 2019 will lead to the writing of the roadmap by May 2020.

Contributions to eco-taxes: approximately €1 Mn (Damart)

Harmless to ecosystems



The OEKO-TEX® label indicates the ecosystem benefits of textile clothing. It indicates that the fabric is completely free from harmful chemicals due to testing of over 100 substances.

A certification process has been initiated for underwear produced at the Group's plant in Tunisia (DMT).

Rate of Damart styles produced by our factory in Tunisia are OEKO-TEX 100 certified:
2019 Autumn - Winter Collection: 44%

The objective is to have 100% of Damart's underwear range OEKO-TEX 100 certified by 2020.

Ensuring animal welfare

Animal fur has been banned from the ready-to-wear offer since 2014. In addition, angora wool was banned in 2018.

Reducing our packaging

Damart has launched actions to reduce the use of plastic packaging. The elimination of plastic bags in stores started in the spring of 2018 in Belgium. While stocks last, these bags are now charged to customers, thus promoting the use of reusable bags. A project is under study to allow a donation for the planting of a tree for each bag purchased in a store. In collaboration with the supply chain team, discussions are also underway on the evolution of product packaging, as well as on the packaging of catalogues in order to gradually replace them with paper envelopes or self-cover.

In France, the objective from October 2019 is to replace plastic bags with paper bags as soon as existing stocks run out. A tote bag, made from unsold items, is being developed and will be sold in stores. They will be manufactured within a Roubaix not-for-profit organization promoting reintegration into employment.

Since 2018, the polybags of products sent to Damart stores in France and Belgium have been collected at the Clemenceau logistics site for recycling. These were previously included in store non-hazardous industrial waste and therefore not recycled.

Reducing our waste

Within our warehouses and offices, various measures are being implemented to reduce the waste generated.

Waste generated by the three sites in France (excluding stores)

Paper / cardboard	Plastics	Wooden pallet	Mixed waste	Hazardous waste	Total
980 t	38 t	5 t	234 t	4 t	1,261 t

% of non-hazardous waste from the three sites in France recycled: 81%

The objective for DAMART is to improve the sorting of recyclable waste such as cardboard, plastic, etc. on an ongoing basis. The following measures have been implemented to date:

- Selective sorting, especially of cardboard and paper (via compactors)
- The collection and the recycling of used ink cartridges
- The recovery of oils from warehouse car parks
- The provision of used clothing collection containers for employees
- The dematerialization of more than 50% of Asian import documents including invoices
- The removal of office waste bins, replaced by central collection points, which has saved 30,000 plastic bags per year within Damart UK.
- The donation of redundant or obsolete computer equipment to developing countries (Damart UK)



10,737 tCO₂eq emitted related to the upstream transport of Damart²

LOGISTICS AND FREIGHT TRANSPORT

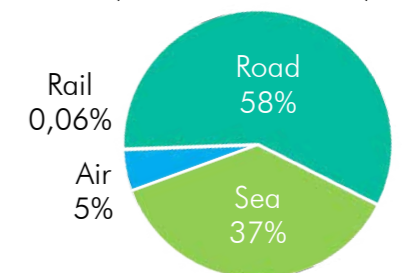
Upstream transport

To transport our products to its warehouses, Damart mainly uses road and sea transport.

Émissions de gaz à effet de serre du transport amont à la charge de Damart³

Road	Sea	Air	Rail
404 tCO ₂ eq 4%	1,295 tCO ₂ eq 12%	9,034 tCO ₂ eq 84%	2,6 tCO ₂ eq 0,02%
Total		10,737 tCO ₂ es	

Distribution of transport modes (% of items received)⁴



Regarding maritime transport, Damart gathers its small purchase volumes on consolidation platforms. The principle is to group orders in order to fill a full container and reduce trips: one departure per week from Italy, Spain, Portugal, Morocco and Turkey.

Air transport is mainly used to manage delayed sea freight orders.

Rail transport was initiated at the end of 2017 at Damart to replace this air transport.

Downstream transport

Downstream transport is mainly carried out by lorries, its monitoring and control is currently being deployed.

² Scope: upstream transport under Damart's responsibility, excluding a service provider who has not sent its data, i.e. 58% of the documents received; 2018-2019. The service provider who has not sent its data represents 8% of the items transported by road which Damart is responsible for receiving.

³ See note 4

⁴ Scope: all Damart purchases (for which Damart is responsible or not): 2018-2019



ENERGY CONSUMPTION AND CLIMATE CHANGE

6,636 tCO₂eq emitted are related to the Group's sites

Energy consumption on site

The Group's sites, particularly its stores, represent significant energy consumption.

Group energy consumption (MWh) for 2018-2019 (headquarters, warehouses, stores⁵)

Electricity	Gas	District heat	Fuel oil	Diesel fuel	Total
17,131 MWh	13,839 MWh	1,048 MWh	4 MWh	1,052 MWh	33,074 MWh

On-site greenhouse gas emissions

The diagnosis of the greenhouse gas emissions of Damart France and the Group has revealed that the most significant emitting items are those related to electricity and gas consumption.

Greenhouse gas emissions from sites⁶

Electricity	Gas	District heat	Fuel oil	Diesel fuel	Total
3,344 tCO ₂ e	2,925 tCO ₂ e	96 tCO ₂ e	1 tCO ₂ e	270 tCO ₂ e	6,636 tCO ₂ e

At Damart France, measures to reduce GHG emissions were implemented as the refurbishment programme progressed:

- Modernisation of the insulation for walls and windows
- Presence detection and replacement of lighting by LEDs
- Modification in the programming and instructions for heating and cooling
- Awareness raising for employees on environmentally friendly habits

At Damart UK, improvements have been made to the boilers to reduce their oil consumption. At Damart BE, a low emission standard has been developed for stores and buildings. This is used to guide the company's choices. At 3Pagen, following the 2015 energy audit, the company installed LEDs on its sites.

Finally, at our Tunisian manufacturing site, actions mainly concern the maintenance and servicing of air conditioners, aimed at reducing emissions of highly emitting refrigerants.

Internal transport and employee mobility plan

Transport between the Group's various sites and the travel of sales representatives, store managers, etc., is provided by company cars, private cars (mileage reimbursement) and rented lorries.

⁵ Stores : only electricity
⁶ Excluding refrigerants

Group diesel and petrol
consumption (L)

189,515 L

Related greenhouse
gas emissions

575 tCO₂eq

In addition, our manufacturing site in Tunisia manages the transport of products between its various subcontractors. The diesel consumption for this transport is 76,716 litres.

In addition, following an analysis of the mobility of its employees, Damartex encourages its employees to favour alternative modes of transport to private cars. At Damart France, mobility ambassadors have been appointed, the sites have been equipped with a carpooling community and website. In addition to bicycle purchase bonuses, electrically assisted bicycles are made available to employees to travel between the Group's various sites located in Roubaix. Finally, working hours have been adjusted to facilitate teleworking.

These initiatives are taken as examples by other companies in the Group.



PART 2

COMMITTING TO PEOPLE

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

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

Principle 6: The elimination of discrimination in respect of employment and occupation

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



Change for more ethics

Ambitions

- Work in long-term partnership with suppliers who share our ethical requirements.
- Develop the CSR culture at the heart of the Group and its ecosystem
- Apply the principles of ethical marketing and fair practices
- Develop our 1st capital, the human capital, through leadership 3.0

By 2022 : 80% of our products to be bought from certified factories

By 2030 : 100% of our products to be bought from certified factories and 100% employee committed to CSR



RESPONSIBLE PURCHASING

44% of Damart products are supplied from audited plants with 90% average compliance for these plants

The Damartex Group subcontracts the production of most of its products. In this context, a significant part of the Group's social impact depends on the activities of its suppliers and subcontractors. Procurement risks are significant, due to the distance between Damartex headquarters and its plants (quality, non-compliance, human rights violations), and could damage the Group's reputation and thus compromise its ability to attract new investors and employees.

To improve control over its supply chain, Damartex has been implementing a responsible purchasing policy since 2013 and opened its first home & lifestyle purchasing office in Shanghai in early January 2018.

The entire team in this office (director, quality controllers and merchandisers) benefited from a two-day training course on CSR issues (global Damartex requirements, technical points: emergency exits, evacuation routes and plans, first aid kits, wearing of safety equipment, fire extinguishers, fire alarms, storage of chemicals, etc.).

Organization of our supply chain

Damart's core business is structured around three main activities: production in Tunisia, purchasing from partners in EMEA and Asia, and marketing in Europe. Two thirds of these are mainly located in China, Bangladesh, India, Malaysia and Indonesia. Half of the rest comes from EMEA (Turkey, Morocco, Tunisia - via our DMT factory for the manufacture of Thermolactyl), and the other half from the EU (Portugal, Italy).

Damart maintains privileged relationships with its suppliers. 41 % of the suppliers have been partners since 2009. The renewal rate of the supplier base is around 10% per year (12.4%). Textile suppliers (excluding household linen and gifts), are referenced via a portal allowing access and signature of a number of documents (sustainable procurement charter, purchase terms and conditions, code of ethics, audits, statement of subcontracting).

Suppliers relations⁷

	Intermediaries	Trading Importers	Plants	Brands	Shanghai Purchasing Office
Damart	56%	24%	15%	5%	
3Pagen		75%		1%	24%

Damartex Way

The Group has written its own charter for responsible purchasing, which incorporates the ten principles of the United Nations Global Compact. Within the Charter, the Group asks its suppliers to ensure the effective application of fundamental workers' rights in compliance with International Labour Organization (ILO) conventions and national legislation.

Since 1 January 2018, the charter has been annexed to the framework contract between Damart and its suppliers and has become a sine qua non condition for the establishment of a commercial partnership. If it is found that the charter is not observed and that nothing is done to remedy it, the contract with the supplier is terminated.

⁷ Percentage calculated in number of suppliers out of the total number of suppliers

Since April 2019, the charter has been attached to the general purchasing terms and conditions between 3Pagen and its suppliers. Initially, the scope of deployment focuses on purchases made through the Shanghai Purchasing Office.

% of suppliers who have signed the charter

Damart	3Pagen (Shanghai office)
99%	95%

Plant visits

The purchasing teams have been trained to tour factories “with CSR in mind”. Each time they go on a purchasing trip, they are asked, while they are there, to fill in a checklist that lists the prerequisites demanded by Damart in terms of employees’ health and safety. These prerequisites constitute as a first assessment of the working conditions present in the supplier’s plants and make it possible to identify non-conformities and areas for improvement.

Social Audits

Damart has been a member of the Initiative for Compliance and Sustainability (ICS) since January 2017; 3Pagen since June 2019, to carry out social audits. The 45 member companies of this initiative are working together to improve working conditions for people in the workplace in a sustainable way and to provide responsible support to suppliers, so that they can become active players in their progress. The social audit follows a methodology common to all companies and is always at the initiative of the member company and not the supplier in order to ensure an unbiased result.

The topics covered are management and traceability, child and young worker labour, forced labour, discrimination, disciplinary practices, freedom of association, working time, compensation and benefits and health and safety.

A letter and a percentage are assigned to the supplier: a rate indicating the degree of compliance and a letter from A to E indicating the degree of criticality

Supplier relations¹⁰

Damart 2018-2019	Damart 2018-2019	3Pagen 2018-2019	3Pagen 2018-2019	Afibel 2018-2019	Afibel 2018-2019
audited plants	compliance	audited plants	compliance	audited plants	compliance
72 plants 44% of purchasing	89,7%	2 plants* 1,4% of purchasing	50%	15 audited	92,4%

**completed in July 2019*

When the audit result does not meet the Damartex Way requirements, audit follow-ups are required. Within Damart and for the financial year concerned, we have observed a 12% rate of progress between the initial audit and the follow-up audit results. In addition, 50% of the volume manufactured by our subcontractors at the Tunisian production site has been audited with an acceptable status.

We have set a specific objective to this scope of 100% of subcontractors to be audited by the end of 2019.

Within 3Pagen, the initiative is more recent. Data collection work was carried out this year for the part of purchases that go through the purchasing office in order to adhere to the ICS in June 2019.

42 factories in China have been integrated into the ICS database. Two factories had a valid social audit carried out in July 2019, which represents 1.4% of the purchases made. The results are 87% B and 86% E, for which a follow-up audit is scheduled by November 2019. 6 audits are planned for the second half of 2019. In addition, 30% of 3Pagen suppliers have signed the new purchase terms and conditions (36 from the BO + 10 German suppliers).

Within Afibel, 203 plants have been integrated into the ICS database, 15 of which have a valid audit. 2/3 have acceptable status (A and B) and 1/3 require a follow-up audit. By the end of 2019, 3 new audits are scheduled.

The approach of social audits is not to interrupt commercial relations in the event of non-compliance, but to help and support suppliers to comply through regular monitoring of the CAP (Corrective Action Plan). The CAP is written in the local language and by the plant Management

team during the audit's closing meeting. It summarizes the non-compliances identified during the audit and the corrective actions to be applied to remedy them.

When critical non-compliances are identified (employee safety, fraud, lack of transparency, child labour, abuse, harassment, etc.), alert notifications are sent to ICS members in order to take the necessary measures and, if necessary, terminate commercial relations.

For example, the Group has stopped buying from a legacy supplier following a poor audit result (50% E). The plant's lack of involvement in monitoring its corrective action plan led us to stop relations.

Modern Slavery Act 2015

Our two English subsidiaries, Damart UK and Coopers, adhere to the Modern Slavery Act 2015 which requires a yearly statement to be published on their main trading website that sets out the steps the organisation has taken to ensure modern slavery is not taking place in their business supply chains.

Sectoral commitments

One of our objectives during 2018-2019 inspire and bring buyers and supply managers to the front of this process.

To this end we held two major events focusing on responsible purchasing, open to all of the Group's subsidiaries and externally:

- A morning session on responsible purchasing on 30 April 2019, as part of the Tour de France of our mandate as corporate ambassador of the Hauts-de-France for the Global Compact France; and
- A responsible purchasing conference, on 14 June 2019, open to all textile companies in the Hauts-de-France region





85% employee satisfaction

EMPLOYEE SATISFACTION

Attractiveness and retention of talent

Attracting and retaining talent involves brand image, employer brand, recruitment policy, quality of work life (QWL) and training. Only the employer brand, recruitment policy and training will be developed in this chapter, with QWL being discussed in the next chapter.

- Group turnover rate: 14%
- Average number of permanent contracts: 2,593
- Number of permanent contract termination: 370
- Group absenteeism rate: 5%

Employer brand

Damart France received the Choose my company - Happy Trainees label in 2019. This ranking is based on the HappyIndex® / Trainees method, which values companies that take care of the reception, support and management of their trainees and sandwich course students. Damart is also present at recruitment fairs, school forums, such as APEC and ENSAIT fairs as an exhibitor, in order to make itself known to students. A partnership has been established with École de la 2ème chance (working toward the professional inclusion of unqualified 18-25-year-olds) in Roubaix.

For its part, 3Pagen received the Focus Award in 2018. This is a prize awarded by Focus magazine to the 1,000 best employers in Germany. The evaluation of companies is carried out through employee surveys, the study of comments posted on Xing (the German version of LinkedIn), as well as anonymous company evaluations.

Recruitment policy

Attractiveness is linked to the ability to communicate and dust off the brand's image. For example, Damart France has developed videos to support its job offers that are posted on social media.

A co-optation system has also been set up, thanks to a specific application: Connect. It makes it possible to develop co-optation, but also to increase Damart's visibility on social media in order to improve the employer brand. It contains all the information about Damartex, Damart, Jours Heureux (products, events, etc.), as well as job vacancies so that they can be shared with as many people as possible. Every time news is shared on social media, employees receive points, which are transformed into gifts. This project was presented at the HR Innovation Awards, and finished in 3rd place.

In addition, a recruitment platform was created in 2018 on Damart France's website to publish vacancies and share the brand's values.

Intellectual capital & training plan

In order to encourage and develop internal creativity, Damart France has been organising the Good Ideas challenge for the past three years, which allows each employee to propose a project. Each Good Idea selected is implemented within six months. For the 2018 edition, 16 projects were developed.

Training is an essential lever for the success of the Group's strategy. Damart offers everyone all the keys to their success, by providing them with a set of tools and training to develop their skills. Everyone plays a part in their own development, they can be trained and qualified throughout their

careers. The training program is co-constructed between employees, team leaders and the human resources department.

At Damart France, in 2018, the emphasis was placed on internal training:

- Mail order: boosters training, communication workshops, business training (OHS, spelling, CACES driver safety certificate, etc.) and manager training (creativity);
- Stores: managerial support for new store managers, action to lead teams for coordinators.

At Group headquarters, during 2018, the training department focused on developing leadership 3.0 training for all employees.

At our plant in Tunisia during 2018, training focused on increasing the skills of the operational workforce: first aid training, forklift operation, configuration and handling of cutting heads.

Within 3Pagen, employees received training based on the skills to be developed identified during the yearly interviews, as well as regular training on new tools. As part of the policy of continuous skill development for managers, one to two seminars are organised each year for four groups of managers.

- Group rate of access to training: 43%
- Number of employees who have received at least one training course: 1,295

Quality of work life (well-being, health and safety)

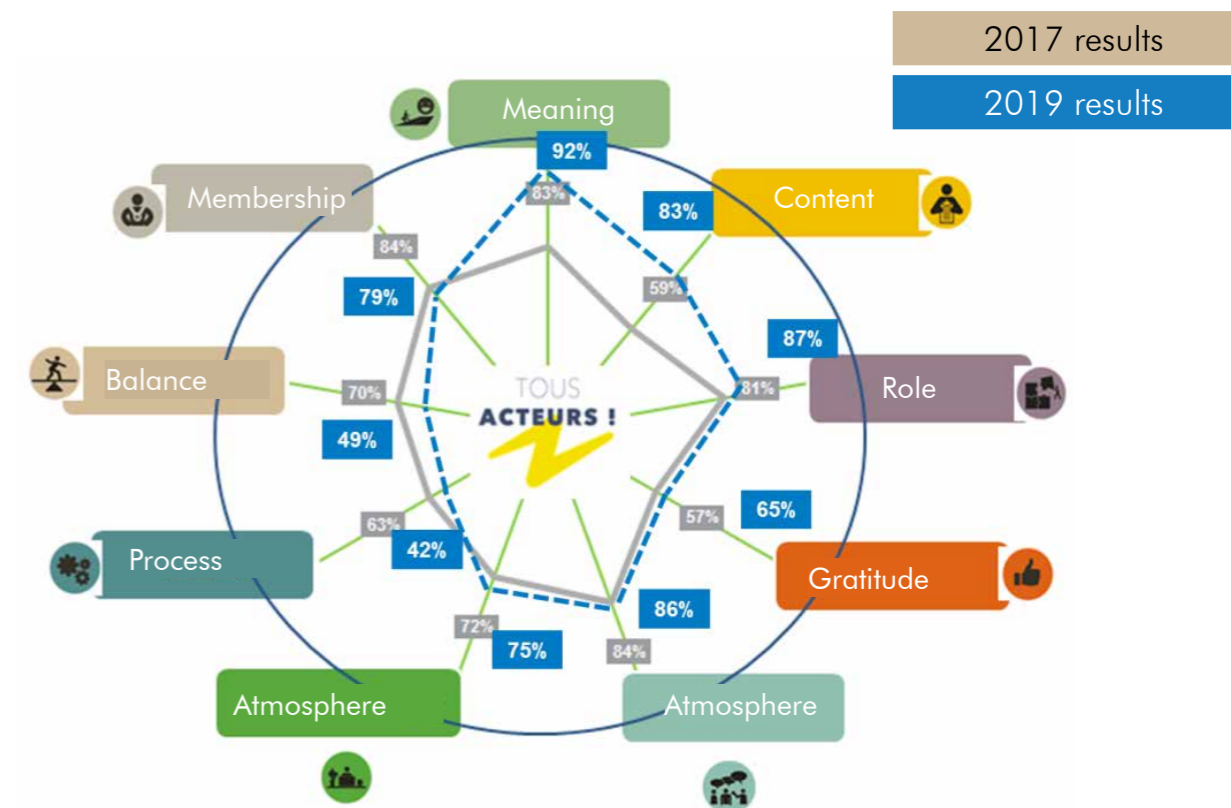
The challenge of well-being at work is a sine qua non condition for our future, a guarantee of performance, competitiveness, but also of attractiveness toward new talents. This involves a culture of caring within the teams and from the management, pleasant working conditions, the simple, friendly celebration of our small steps as well as of major successes.

Quality of Work Life

Damartex carried out a survey on well-being at work with the aim of carrying out an inventory of the QWL as close as possible to the teams. This survey covered all Group employees, i.e. 3,560 people. The questionnaire was sent confidentially via an external secure website between 18/09 and 08/10/2017.

Employee satisfaction rate: 85%

After this survey, Damart France managers shared the results with their teams. More than 200 ideas for local actions have been identified and about 50% of the actions have been carried out. As a continuation of this work, Damart France launched a regular internal barometer on QWL in April-May 2019. The participation rate was 66% with a negative NPS of -35.4% (324 detractors, 240 passive and 92 promoters):



Based on this new evaluation, the results of which have been shared with the teams, new action plans are being developed to improve QWL.

At Damart Belgium, various actions have historically been in place to promote the well-being of employees, in particular through integration into local community life:

- Legacy sponsor of the local football team (RDS Dottignies)
- Fête de la main: participation in a Damart float decorated by employees
- Family Day: once a year, all employees and their families are invited for a full day to an activity organised for them (amusement park, city trip, etc.).

Following the survey on the quality of working life, Damart Belgium defined a “agility & action” roadmap:

- **Innovation:** Victories are regularly celebrated around various events (barbecues, parties, etc.). Stand up meetings are organised twice a month.

- **Cooperation:** Flat hierarchy; a space for relaxation and exchange has been created. In project: implementation of teleworking. The wishes of the employees are currently being studied in order to organise it as efficiently as possible.
- **Anticipation:** Customer surveys are conducted regularly. Meeting customers, in the spirit of the Customer Lounge. In Progress: training of salespeople to become “expert advisors” on specific products

At Group headquarters, four working groups have been set up to bring employees together around four issues:

- **Organisation:** combining pleasure and efficiency at work: creation of documentation for employees: “the 10 keys to an effective email”, “the 10 keys to an effective meeting”, setting up the IT Bar to help with IT problems, or for training.
- **Career:** development of skills and careers: open hours organised on training and career assessment processes, encouragement of co-optation, teleworking, work on the on-boarding of new employees.
- **Togetherness:** celebrating successes: organisation of Human Days (three days of activities such as conferences and sports tournaments)
- **Communication:** communicating on all actions

Within 3PAGEN:

- A festive event (show, music, raffle): “3Pagen Oktoberfest” for all employees was held in September 2018
- During unusual weather conditions (high heat or extreme cold) special measures such as water and ice cream distribution, or adjustment of working hours, have been taken.
- New furniture was purchased and renovations were undertaken to improve employee comfort at work.

Teleworking

In order to promote work/life balance and efficiency at work, an agreement on teleworking has been put in place at Damart France, Damart Belgium and 3Pagen.

Health and safety

Our employees’ health and safety policy focuses on workstation ergonomics. The number of accidents is low within the Group: 54 work accidents this year and an incidence of work accidents of 1.8%.

At Damart France, the main actions implemented this year are:

- For the warehouse pick & pack sector, the PEPSI project (Poste de l’Etiquette Prix Simplifié et Informatisé - Label station | simplified and computerised price) has helped, beyond improving ergonomics, significantly reduce the mental workload of this position.
- Sound proofing has been installed in the cafeteria at headquarters to allow everyone to have a real moment of relaxation during their lunch break. Part of the contact centre also benefits from these facilities.
- Concerning the stores, in order to strengthen the security of financial flows but also of people, new safes have been installed. New shoe furniture was also installed in the stores, allowing for more models in the sales area and thus limiting the number of trips to the storeroom.

At Damart UK, all employees were trained on the processes of reporting near miss accidents in May 2019. This resulted in a 733% increase in reports over the year. In addition, health and safety training is systematically organised when new employees are recruited: site tour, emergency exits, fire alarms, presentation of accident reporting procedures, first aid, etc.



At 3PAGEN, a number of actions have been implemented to meet German specificities:

- Regular inspections and audits are organised by the German Mutual Accident Insurance Fund.
- An occupational health and safety committee meets at least six times a year to analyse accidents, assess risks and introduce countermeasures. This committee is made up of employees and representatives, as well as a doctor and an occupational safety expert.
- In 2019, an occupational health service was set up for the benefit of employees (physician + team).

At Damart Belgium, training of first aiders and first response teams has been organised, as well as safety information campaigns and unannounced fire drills, etc.

In our factory in Tunisia, many prevention and improvement actions have been implemented:

- Training in the form of videos on workplace safety (handling, falling and empowerment of staff). This programme is called "Safety Wednesday";
- Improving working conditions, particularly in terms of workstation ergonomics, the adequacy and maintenance of equipment and tools, order, storage and cleanliness of workshops, and the hygiene of shared spaces;
- Rigorous control of fire risk through adequate and constantly improved infrastructure, prevention and appropriate response capacity; and
- Periodic visits (every fortnight) by occupational physicians.

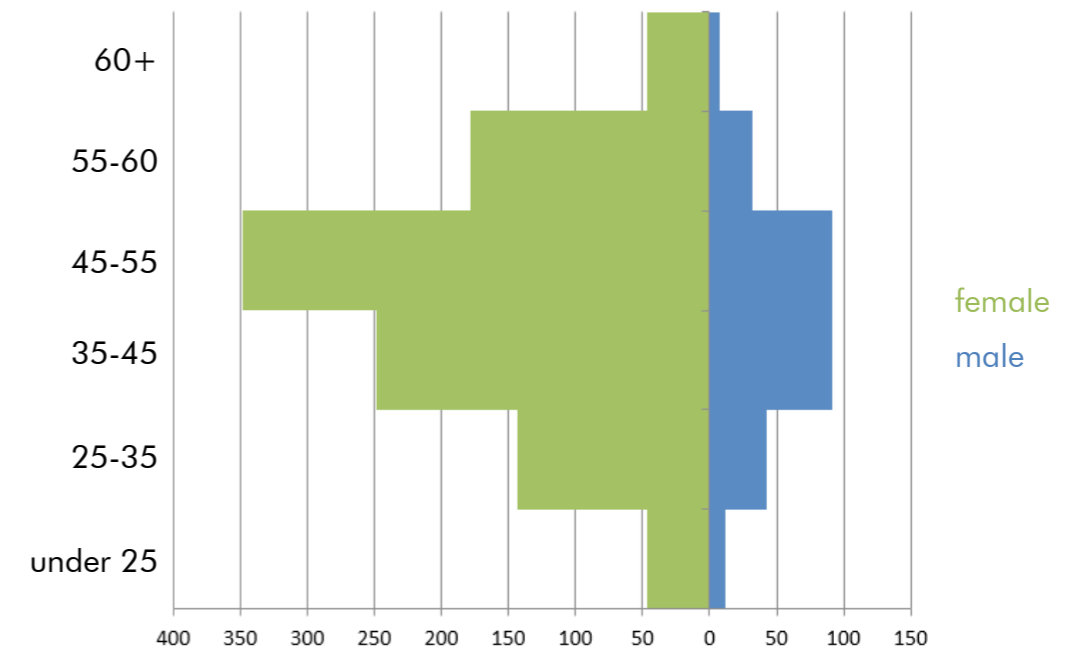
Equal opportunities

The employability of seniors

Damart has implemented a number of measures to promote the employment and retention of seniors.

At Damart France, measures to adjust schedules in the logistics sectors have been put in place. Damart has also signed an agreement on measures to support a phased retirement scheme. The objective is to encourage the use of phased retirement. A working group is led by Atout'Age.

Age pyramid for Damart France and DSB as of 30 June 2019



Damart Belgium has also set up a plan for the employment of older workers in the company. Measures to increase the employment rate of workers aged 45 and over, either by promoting their retention or by increasing the number through age-specific hiring, have been adopted:

- When recruiting externally, according to skill needs, compliance with regulations and the replacement of pre-retired workers, the company ensures that it does not discriminate on the grounds of age;
- The development of workers' skills and qualifications, including access to training;
- An assessment is carried out to determine training needs. All training courses are accessible without age discrimination;
- Possible opportunities to obtain, through internal transfer, a position adapted to the evolution in the capacities and skills of employees; and
- Establishment of a multidisciplinary working group.

At 3Pagen, the average age of employees is 47 years old and more than 173 of them are over 50. They work in the company for an average of 11 years (73% of them for more than 25 years). 3Pagen ensures the transfer of knowledge between senior employees and new applicants

Gender equality index

The French government has, through the law on Freedom to Choose One's Professional Future of 5 September 2018, sought to strengthen existing legal provisions concerning professional equality between women and men.

Damart's gender equality index is 72/100.

Damart aims to increase its score within three years, by implementing readjustment actions that were identified when calculating the score of this index. These actions mainly concern the management of returns from maternity leaves and new provisions that were already put in place in 2019-2020.

People With Disabilities

Disability is no exception to Damart's support approach. The main lines of action are raising employee awareness and keeping people in employment. In order to maintain the employment of employees with disabilities, an annual budget of more than €10,000 is devoted to workstation modifications. The rate of disabled workers for Damart France in mail order is 8%, in stores it is less than 1%. Scheduling arrangements for disabled and senior employees have been put in place to encourage them to remain in employment (work not compulsory on Saturdays, flexitime, etc..





FAIRNESS OF PRACTICES AND CORRUPTION

Responsible marketing

Damart France's marketing approach is strongly linked to its commitment to its general communication strategy towards customers: positive, clear and helpful.

Several orientations are thus worked on:

- Modernization of the brand image;
- Customer focus: create attractive promotions that treat customers fairly; and
- Compliance, sincerity and understandability.

Thus, the teams always strive to communicate a positive image of seniors and to respect all age ranges. For example, the website has been developed with modules adapted for sight and hearing-impairment.

In connection with the Damart brand's quality claims, a work of transparency towards customers has been carried out:

- Review of our claims repository in relation to our current technologies, with for each claim: the type of test / proof, as well as the appropriate terms to be used in writing;
- Review of the internal process with all the departments concerned: innovation, purchasing, quality, legal and communication; and
- Clarification of requirements from our suppliers.

The work carried out over the 2018-2019 period will be visible in the coming financial year.

Future developments:

- Prices that vary according to size, a legacy in the Group, are gradually being phased out to ensure greater equity for our customers.
- The Group aims to reduce its promotion rate in order to enable customers to find price benchmarks on the market.

Data privacy

The Damartex Group constantly strives to maintain trusting relationships with its customers in all areas, including the processing of personal data. In May 2018, the Group appointed a private Data Protection Officer to coordinate all the Group's actions in this area.

Damart France's private data policy is available on request in store, on the Internet (dedicated page in French: www.damart.fr/vosdonnees) and by telephone (voice server giving access to different levels of information when ordering: tel +33 3 20 49 16 00 in French). Thus, customers can be informed about the processing of their personal data and the rights resulting from it.

The Group has been monitoring the evolution of the right of deletion and the right of access and seen the number of requests increase, particularly for Damart France, Sedagyl, Afibel and Maison du Jersey. Each request is processed and to date, none has been refused.

Anti-Corruption

The Group is subject to the French anti-corruption law (the so-called Sapin II law). An action plan has been developed to ensure compliance. The risk mapping has identified countries and/or companies where corruption risks could be significant.

Whistle-Blowing System

Thus, Damartex has developed and deployed a whistle-blowing system: transparency@damartex.com. Since October 2018, this address has been accessible to all subsidiaries and communication material to promote this system has been produced in the Group's six languages: French, English, Dutch, German, Arabic and Chinese. This system is also available to suppliers. Communication for the group's stakeholders started in November 2018.

The types of alerts which can be reported via the Transparency system are:

- cases of fraud, bribery, conflicts of interest or influence-peddling;
- unethical behaviour and contrary to the Damartex Way (forced labour, child labour, modern slavery, etc.);
- cases of theft of confidential data; and
- cases of psychological or sexual harassment.

To date, two alerts have been reported, but none of them were related to a corruption issue. The Group wishes to strengthen its communication on this system internally and with its suppliers.

Complementary actions

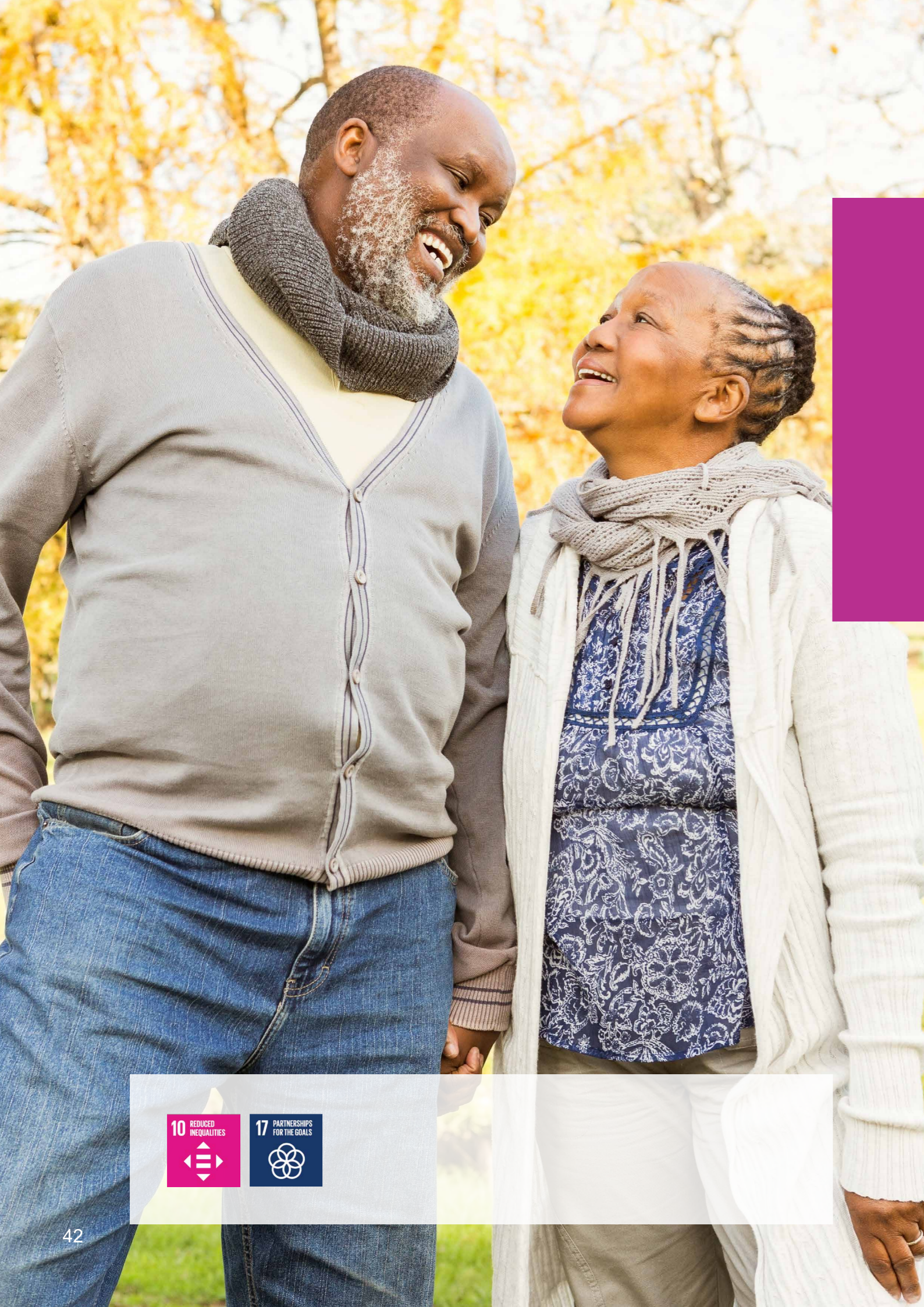
In parallel with this system, the fight against fraud and conflicts of interest is carried out via:

- Code of conduct and employee awareness; and
- Monitoring and participation in conferences/workshops run by third parties (AMRAE, IFACI, consulting firm, etc.)

Future Developments

- Formalisation of the gift policy; and
- Deployment of the Sapin II training (Board of Directors & employees at risk initially)





PART 3

GET INVOLVE FOR OUR SENIORS

Change for more solidarity between generations

Ambitions

- Propose an inclusive and state-of-the-art offer for the 55+ ;
- Generate positive impact wherever we operate; and
- Beyond business, act for the over 55s through the On Seniors' Side Foundation.

By 2030 : Make the Group and its foundation a key player in the inclusion of senior people.



3 shoe patents
2 textile patents
and 1 innovation



INNOVATION TO SERVE SENIORS

Propose an inclusive and state-of-the-art offer for the 55+

It was the development of Chlorofibre technology that led to the creation of the Damart brand in 1953. Today, innovation is still at the heart of Damart's business, which is committed to developing numerous patents to improve the quality of its products and meet customer needs. Various labels have been developed to improve the well-being of our customers: Thermolactyl, Amortyl, Piedical, Ocealis, Climatyl, etc. Today, 22% of Damart's turnover is achieved thanks to these technological and morphological innovations (excluding Feel Fresh).

Future developments

The Group's innovation focuses on two areas: our customers' well-being and health and the eco-design of products and their packaging.

THERMOLACTYL SENSITIVE

Thermolactyl Sensitive combines gentle heat with the maintenance of moisture in the upper layers of the skin without treatment of the material. This new, soft, warm and lightweight material, is a patented innovation developed by our R&D team. Elected Product of the Year 2018 in Belgium.

AMORTYL by DAMART

A sole that provides better foot support and stability. Shock absorption during walking thanks to the use of high-density materials. Reduced shock and vibration in legs and knees. Technology developed by our R&D teams.

feel FRESH by DAMART

Discreet patches under the arms capture perspiration, odours and limit the appearance of sweat marks. Its fabric (jersey knit fabric with antibacterial treatment) is light, soft with stretch for optimal freedom of movement. Perspiration is quickly absorbed for a fresh feel.

- Anti-odours
- Anti-sweat marks
- Invisible





8.9% return rate at Damart and 7% at 3Pagen

QUALITY OF PRODUCTS, HEALTH, SAFETY OF USERS

This entire chapter deals with Damart’s approach to product quality and user health and safety. The Group is working towards standardizing practices and providing information on its other entities.

The claim of quality is one of the pillars of the Damart brand and has made its reputation. This quality covers all components of the articles:

- Pleasant, resistant and easy-care materials;
- Cuts designed to respect and enhance the body thanks to a team of technicians; and
- Quality finishes, so that the clothes last over time: attention to detail is given to linings, buttons, and other fastening systems, accessories, etc.

It is the result of a strict selection of raw materials, manufacturers, and an inhouse-process follow-ups of manufacturing, control of the finished products and finally listening of customers-users in order to adjust the products to their needs (analysis of return rates, store feedback, etc.).

Damart endeavours to guarantee the health and safety of consumers when it comes to putting its products on the market. It endeavours to continue its efforts to add new quality controls all along the supply chain.

Fit and material textile requirements

Throughout the development process, the quality teams provide support to ensure the reliability of the design and supervise the achievement of the required criteria. They ensure that the requirements are met during product approval before production begins.

Thus, a road-book describes the requirements and controls required from our suppliers in terms of product quality:

- Fit requirements: cut of the clothes
- Material requirements: quality of use and care.

Tests are performed at the time of product development on the fit requirements for each new reference. Damart also requires suppliers to check, via approved external laboratories, the material requirements (including composition) for each new reference and each new colour of a reference carried forward

% of references having received an “OK material” rating”

Autumn-Winter 2018	Spring/Summer 2019	Autumn-Winter 2019
81%	67%	85%

The objective is to reach 100% as from 2020.

In addition, from the Autumn-Winter 2019 season onwards, references that have not received an “OK material” will be tested in our internal laboratory according to AFNOR standards to guarantee material quality.

Shoe requirements: Fit and durability

Following a customer survey⁸, we defined our customers’ seven key needs for footwear, called ingredients (stability, flexibility, easy on-off, etc.). A “Star” product has all seven ingredients. We check the presence of these seven ingredients on all Damart shoe references

⁸ Survey conducted by Martine Leherpeur Conseil

% of eligible products qualified as "Star" (Damart France - BE - UK)

Spring/Summer 2018	Autumn/Winter 2018	Spring/Summer 2019	Autumn/Winter 2019
36%	58%	70%	83%

The objective is to make all our products "Star" eligible by June 2021.

Acceptable quality level tests

We also monitor compliance with an AQL inspection (Acceptable Quality Level) carried out before marketing and based on statistical samples defined by industry standards: during production with our agents and/or in source control with service providers, and in our two warehouses with good-in checks (in France and the United Kingdom).

These are mainly controls on the visual aspect of the products. Defects are divided into three categories: critical, major, and minor defects. Sampling plans are based on AFNOR standards.

Product health guarantee

Damart has been working for many years with recognised accredited laboratories (IFTH, CTC, VERITAS, SGS, INTERTEK) to define the risk of substances, tolerance levels, test methods and the frequency of controls to be applied. These laboratories are maintaining a constant watch to identify substances and solutions to prevent them, and help us answer consumers' questions.

First, our suppliers must comply with Damart's quality requirements (applicable regulations and the Group's own requirements). These requirements are communicated to suppliers via the supplier portal where policies must be signed. This has been in place since 2018 (e. g: REACH & POP regulation, cosmetics and textiles, biocides, etc.)

% of suppliers who have signed the certificates on Damart health requirements

Autumn-Winter 2019
91%

The target is 100% of suppliers with access to the platform must be signatories by 2020.

In addition, Damart carries out a self-check by sampling deliveries upon receipt for "occurring and critical" chemicals. The tests are carried out in an approved laboratory according to a chemical substance prevention control plan reviewed annually with CTC Lyon.

% of non-compliance 2018-2019

Regulatory non-compliance	Non-compliance to additional Damart requirements
0%	0,9%

An action plan is set up with suppliers that do not comply with the additional Damart requirements. This plan includes a request for additional controls for new deliveries .

Product Recall Procedure

A recall procedure is implemented in France, when a critical defect is detected. For the 2018-2019 financial year, no products were recalled.

Hypoallergenic Quality of Products

Damart ensures that customer feedback is processed quickly in the event of an allergic reaction case and that each situation is analysed. Since 2011, this procedure has been applied and each product returned by the customer is tested according to the "allergy pack" recommended by the inspection body⁹. Fifteen cases were reported in 2018-2019.

The 3Pagen Approach

Regulatory documents such as CE, RohS, LfgB standards are verified and stored in the product management system. In addition, for each product line (textile, decoration, shoes, home textiles, jewellery, food contact, electrical and electronic products, etc.) test protocols with acceptability thresholds have been put in place and are reviewed annually. Tests are carried out randomly by inspection bodies.



NPSS 35.2 for Damart and 17.3 for 3Pagen

CUSTOMER SATISFACTION AND RESPONSES TO THEIR NEEDS

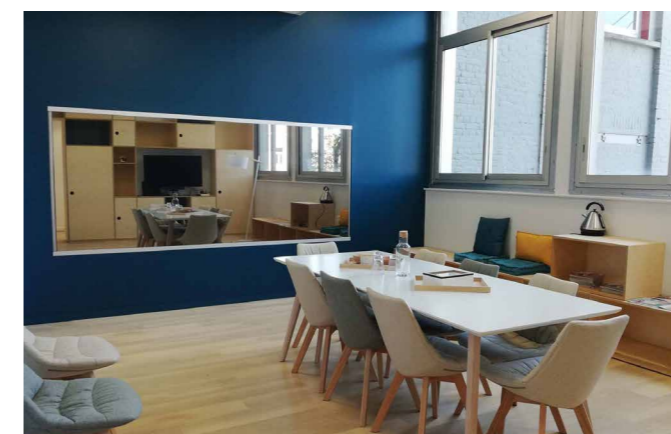
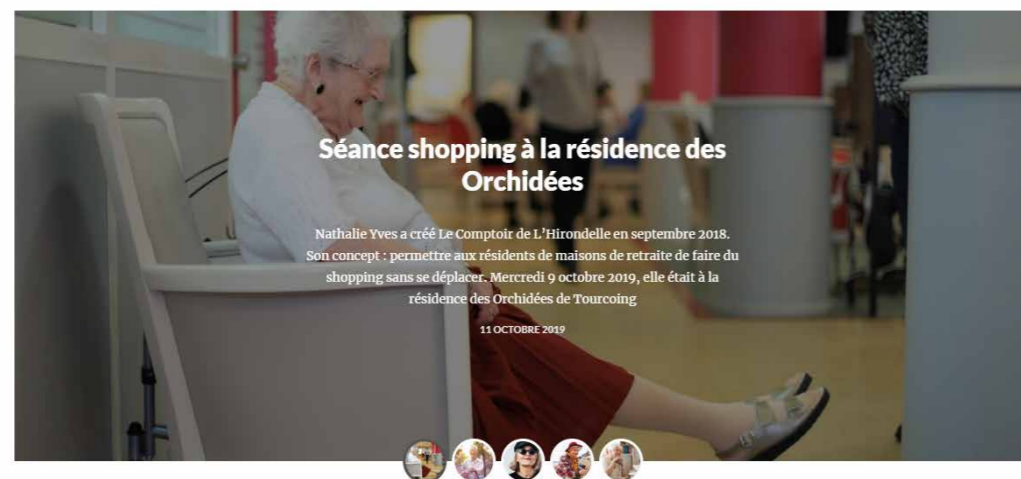
Know your customers

L'Observatoire des Seniors

Assuming that the more the senior population is known, the better it will be served, Damartex has developed the Senior Observatory, a website accessible to all, that provides information on seniors: www.seniorobservatory.com

This observatory gathers information on the 55+: demography, leisure, family, place in society, health and also the relationship to new technologies.

Beyond external communication, the Senior Observatory allows us to better understand our customers' current needs and anticipate future ones.



The Customer Lounge

In order to better serve its customers, Damartex has created a specific space in mid-2018 to welcome and listen to customers: The Customer Lounge. The room accommodates up to ten customers, accompanied by five members of the Damartex teams.

The goal is to have at least two groups of customers per month. Over the 2018 - 2019 period, 23 workshops were organized (including 11 for Damart) on topics such as brand perception, the catalogue and customer expectations for a range of products.



An adapted customer service

Training of advisors

The Group relies on its advisors to build a unique relationship with its customers. Damart's teams of advisors are renowned for their expertise, both in stores and in the call centers. They have been trained to know as well as possible the problems encountered by customers. The communication aims to be as positive as possible and to support seniors in their difficulties.

Training of sales advisors

FR	BE	UK
Number of hours of training	Number of hours of training	Number of hours of training
2 180	6 182*	6 960
Number of people trained	Number of people trained	Number of people trained
233	178	135

*estimate

The customer satisfaction rate

DSince 2013, the Net Promoter Score, a measurement tool, has been implemented to measure our customers' satisfaction after their purchase and to activate improvements.

The NPS is a standard tool whose question is: "Would you recommend Damart to friends and relatives?". Each customer answers with a score of 0 to 10, which identifies promoters (those who give scores 9 and 10), and detractors (those who give scores 0 to 6.). The NPS is calculated according to the following formula:

$$\text{NPS} = \% \text{ Promoters} - \% \text{ Detractors.}$$

The NPS is measured six times a year, by telephone for catalogue and store customers. It is carried out continuously, online, for web customers. A Business Performance Review meeting is held every month, at which management takes action to improve its NPS score.

NPS - Net Promoter Score*

Damart 2017 -2018	Damart 2018-2019	3Pagen 2017-2018	3Pagen 2018-2019
35,8	35,2	23,8	17,3

*For Damart, the indicator is a pro rata calculation of sales made through web channels, stores, catalogues (mail and telephone), in France, Belgium and UK. For 3Pagen, the indicator communicated concerns catalogue and web customers.

The Damart objective is to achieve an NPS of 38 for the 2020-2021 fiscal year.

Futur developments:

For Damart, the analysis highlighted that there is room for improvement in the short and medium term:

- Short term :
 - Excell in delivery times and customer experience in stores and on the phone; and
 - Facilitate the return of items in the UK.
- Medium term :
 - Optimize the cut or better communicate it, set up a sizing study in the UK;
 - Work on style; and
 - Optimize value for money (France, Belgium).

For 3Pagen, the main objective is to improve delivery times: increase orders to suppliers to improve product availability, and improve the order tracking tool for web customers in particular. Among Web customers, we have noticed an increased dissatisfaction with delivery times. In response, the internal rules were amended to deliver orders placed over the Web at the latest after five days, cancelling missing items from these orders if necessary, instead of waiting for them to be replenished. Thus, we expect to substantially improve the value of the NPS for Web customers.

Analyse return rates

Each season, a multidisciplinary team analyses the highest customer returns (orders sent back by customers) and carries out necessary actions with suppliers to improve.

2018-2019 return rate

3Pagen	Damart*
7%	8,9%

** Textile and footwear scope; includes products sold by mail order and in stores*

The analysis of part of the return rates for Damart products enabled the teams to refine the requirement criteria for suppliers. The higher reason for returns is related to the fit of the product. In Belgium, however, the return rate is mainly related to services.

The perfect order rate (Damart France)

The perfect order indicator is intended to measure the performance of the sales order fulfilment process. It is a combination of customer relationship service rate, logistics service rates and the product availability rates.

Perfect order rate

2017-2018	2018-2019
68,8%	57,7%

**Textile and footwear scope; includes products sold by mail order and in stores.*





22 projects sponsored by the foundation

ON SENIORS' SIDE FOUNDATION



An emotional, understanding, authentic and lasting bond has always existed between all the Group's brands and their customers. Seniors are our core purpose. It is for them that we get up every morning. They inspire us and guide our actions daily.

Being On Seniors' Side also means getting involved beyond business for the well-being of seniors. It is on this commitment that we decided to create our corporate foundation: On Seniors' Side Foundation.

We wanted this foundation to be co-created by the employees of all the subsidiaries. In December, a working group of twenty employees representing all subsidiaries was set up. Together, they defined the mission: "Changing Society's view of older people and acting for their well-being", around three identified areas:

- Encouraging seniors to go out to improve their well-being;
- Helping seniors engage in society and encourage inter-generational bonding; and
- Promote healthy home living and support carers.

We have decided that all the projects financed by the foundation would be sponsored by a Group employee, to offer them the opportunity to engage for the benefit of seniors and to maintain the kindness, respect, empathy and passion that form the basis of our brands' values. The Foundation is administered by a nine-member Board of Directors: five representatives of the founders and four qualified personalities from outside the Group with expertise in the senior citizens' sector or charities.

The creation of the foundation was published in the Official Journal in March 2019, the first Board of Directors was held in April 2019. Since then, the foundation has participated in the financing and support of 22 projects, all sponsored by a Group employee:

- 9 related to the activity of seniors;
- 5 promoting inter-generational bonding; and
- 8 related to home support.

The three types of contributions of the foundation are: assistance with the purchase of equipment for 9 projects, support and training for 8 projects, and facilitation for 5 projects. The amount allocated to associations as of 9 July 2019 is €80,698.

Our On seniors' Side Foundation is a vehicle of purpose. It generates a real pride in belonging to a committed and responsible Group.





damartex
GROUP