



SUSTAINABLE PURCHASING POLICY



#RetailBeauty
Since 1973

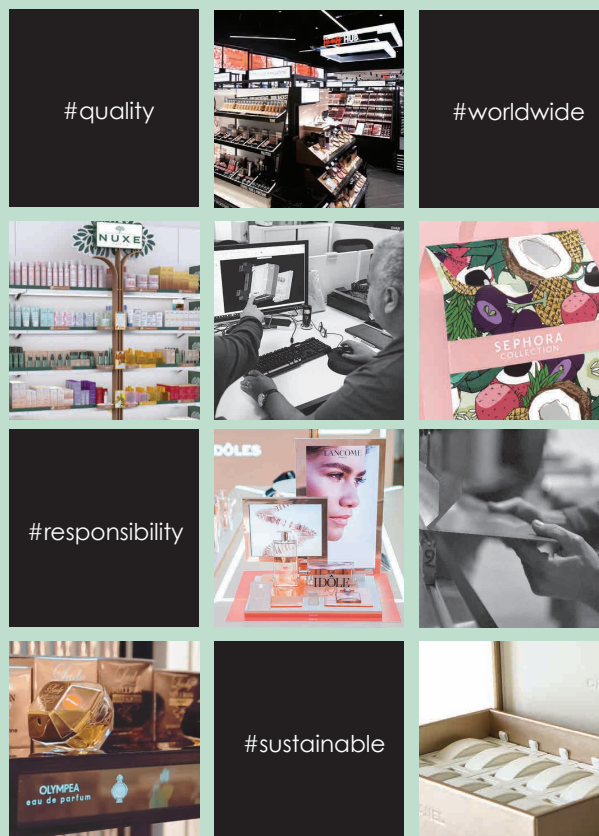
DIAM GROUP

CONTENT

	PAGE
INTRODUCTION	2
1. MAKE OUR PRODUCTS EVEN MORE SUSTAINABLE	5
1.1 Raw material	5
1.2 Usage in store	6
1.3 Production processes	6
2. SUPPLIER QUALIFICATION & MANAGEMENT	7
2.1 Supplier Code of Conduct	7
2.2 Sustainable Supplier questionnaire	8
2.3 Audit Policy	9
3. WARNING MECHANISM	10
4. GOVERNANCE	11

INTRODUCTION

As a **global network of local experts** in Retail, Store Design and Merchandising solutions for the Beauty and Luxury sectors committed to the UN Global Compact 10 principles and to limiting climate change in line with the Science Based Targets initiative (SBTi), DIAM is committed to offering safe and sustainable products and services.



Traceability, transparency as social and environmental impacts of our products throughout the supply chain are one of the priority axes of our Sustainable Policy. DIAM wishes to mobilize its supply chain and expects of its suppliers and subcontractors to share these values and principles, and to put them in practice.

This **Sustainable Purchasing Policy**, which is fully part of DIAM Global Purchasing Policy, aims to enhance the sustainability of our products, and to reduce supplier's inherent social and environmental risk.



RISK MANAGEMENT

Financial
(Financial rating, cashflow...)

Process
(Strategy, Performance, Capacity...)

Technical
(Quality, Lead Time..)

Legal
(Anticorruption, law...)

Environmental
(Regulation, Penalties, Image...)

Social/ Ethic
(Regulation, Law, Penalties, Image...)



MEETING CUSTOMER EXPECTATION

Improve the processing of internal and end customer requirements & expectations

Take into accounts customers specifications

Improving the service assessment to secure OTIF customers

Sustainable use of resources
(Water energy, drop the use of petrochemical inputs...)



COMPETITIVENESS

Reduction in TCO
(Total Cost of Ownership)

**Eco Design &
Reduction in over-specifications**

Reduction in over-consumption /scrap



LEVERS FOR GROWTH & INNOVATION

Encouraging supplier partnerships

**Research of new levers
(Products/service) in co development**

Differentiation for access to new markets

Circular Economy Set Up

Include labelled products, low impactful products and process in our specifications

** Additions from the Sustainable Purchasing strategy*



MAKE OUR PRODUCTS EVEN MORE SUSTAINABLE

At DIAM, we put “sustainability” at the heart of our business: in our products and services. And we do so with a scientific mind in order to focus on the important items. Key factors in our industry are raw materials, the electric usage of our products in store and production processes. Our Sustainable Purchasing Policy is making sure that these specifications are respected by our suppliers to reduce the environment and health impact of purchased material & resources.

We do also go further by encouraging co-development with partners who share our values and beliefs. We do strongly believe on this approach to innovate and then meet our evolving sustainability challenges. Framework agreement have been signed on key sustainable factors that allow DIAM to constantly offer new solutions to its clients.

1.1 Raw materials

Regarding eco-design, we constantly identify and challenge the life cycle analysis and the impact of raw materials involved in our production.

We cut on raw material weight and opt for lower emission factor materials.

We favor the sustainable use of resources by, for instance:

- Limiting non-renewable or fossil raw material. For instance, the usage of recycled plastics – that have 50% less impact than virgin plastics – are a good answer. We also take care of the end-of-life of products incorporating easily recyclable raw materials – in other words the ones with a mature recycling loop.
- Reducing deforestation, mainly thanks to labelling systems like FSC.
- Banning products associated with a conflict of minerals
- ...

Finally, we do our best efforts to use no hazardous substances for humans and the environment (e.g. CMR - Carcinogenic, Mutagenic, Reprotoxic products - & VOC - Volatile Organic Compound).

1.2 Usage in store

The usage in store – i.e. the environmental impact associated with producing the electricity used by our products in store – represents approximately a third of the environmental impact of POS products. Improvements here have a major impact on DIAM, and our client's carbon footprint.

The carbon impact (CO₂eq) varies greatly according to the country where the POS is used and the type of electronic equipment installed on our products.

Therefore, we have increased our sourcing of high-efficiency LEDs and screens and constantly work to improve our electric and electronic designs.

1.3 Production processes

DIAM has identified the production processes that have the greatest impact on the environment and aims to work with its suppliers for a more responsible use of resources such as water, energy, chemical and solvent.



DIAM qualifies its suppliers according to objective criteria such as the supplier's ability to deliver products in quality and on time, its efficiency, its financial situation, its ability to innovate... but not only.

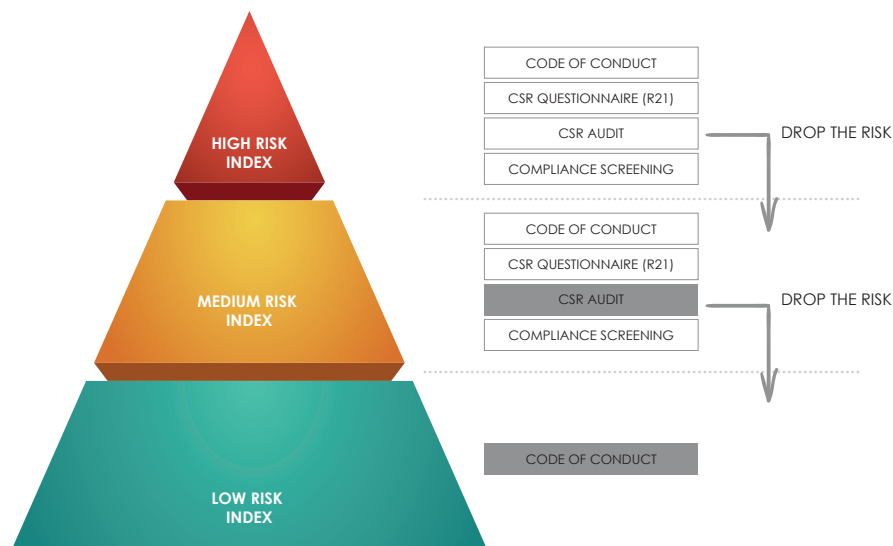
At DIAM, we believe that an ethical supply chain is a strong driver of success for both our suppliers as well as for us. Quality of relationships between the Group and its suppliers, just as well as the respect of good ethical practices, are key in the growth and perennial of DIAM.

Through its Purchasing Policy, DIAM intends to make its supply-chain more sustainable by expecting its partners and suppliers to aspire to the same standards (Ethics, Social, Safety & Environmental) in their business operation and identifying and moderating risks associated. We wish to support our suppliers in their path to sustainability and co-create positive impact together.

DIAM has implemented tools to hedge social and environmental supplier risk around the Supplier Risk Matrix, pillar of our strategy to assess the risk of an individual supplier, as well as the whole portfolio. Once a theoretical risk score has been assigned to suppliers, a prioritization is done depending on risk levels and actions are taken to decrease this estimated risk level.

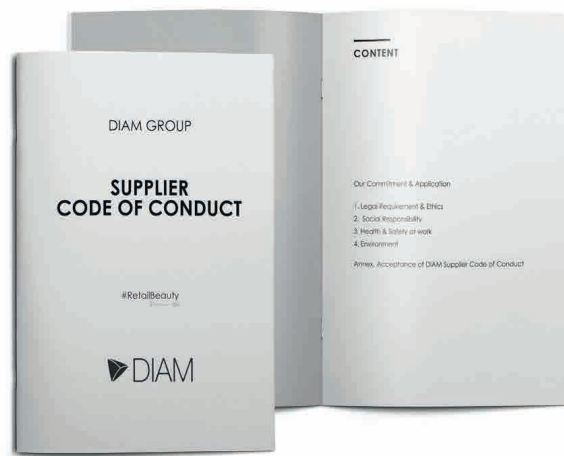
To asset the theoretical risk, we consider their turnover, their position on the market (e.g. strongly dominant market position), country where they operate (by using the public data from the BSCI country risk listing) and the risk inherent to their activity sector. Once this is done, the supplier will come out as "High Risk", "Medium Risk" or "Low Risk".

Then, DIAM deploys tools to monitor this risk and work hand-in-hand with suppliers to end up with a lower final risk assessment



2.1 Supplier Code of Conduct

DIAM Supplier Code of Conduct specifies DIAM's minimal expectations required from suppliers regarding Legal & Ethics, Social, Health and Safety and Environment. This document is signed by all partners and suppliers.



2.2 Sustainable Supplier Questionnaire

DIAM Sustainable Supplier Questionnaire is a survey that must be completed by suppliers with a certain level of theoretical risk. The aim is to collect information about their Corporate Social Responsibility governance, ethics, labels, and some elements specific to their industry branch. "Good" Sustainable Supplier Questionnaire enable to decrease the theoretical risk and could limit the need to perform a physical audit.

2.3 Audit Policy

DIAM may launch a social audit when the supplier still presents a given level of risk after the two previous steps. DIAM audits are carried out by certified and independent third parties following social audit referential based on international standard (i.e. SA 8000) and DIAM specific requirements. Audits cover social, ethics and non-discrimination, local and international work regulations, governance, health and safety, and environmental aspects.

To avoid unnecessary on-site audits, DIAM may accept social audits from recognized third-party auditors under the following conditions:

- The supplier signed DIAM's Supplier Code Of Conduct
- The supplier completed the DIAM Sustainable Supplier Questionnaire
- The supplier shares an audit performed by a recognized third-party auditor under a recognized standard (WCA, SMETA, SA8000...) that is less than 2 years old.

Audit results are categorized as such:

S	SATISFACTIONARY	Minor NC only No Major NC No Critical NC
CIR	CONTINUOUS IMPROVEMENT	Minor or Major NC only No Critical NC
NIA	NEED IMMEDIATE ACTION	At least one Critical NC
ZT	ZERO TOLERANCE	Child Labor Warning Forces Labour Warning Immediate Risk of Accident Warning Bribery Warning

If the audit was to come back with critical non-conformities, DIAM would guide the supplier in putting in place some immediate remedial actions within a short agenda.

A follow-up audit would have to be done within 6 months at supplier's cost. If the follow-up audit still shows non-conformities, DIAM could initiate some new remedial actions or decide to dismiss the supplier.

If deemed necessary, DIAM may launch environmental audits or other specific audits.

3

WARNING MECHANISM

10

A warning mechanism regarding ethical, social, or environmental issues has been implemented by DIAM. The aim of this mechanism is to allow third parties to denounce ethical, Human Rights or environmental violations. Witnesses can directly report via the following link:

<https://report.whistleb.com/fr/diam>.

No reprisals will be made against people or companies posting an alert in good faith.



To steer its Sustainable Purchasing Policy enforcement, DIAM has set up a Sustainable Purchasing Committee.

The Sustainable Purchasing Committee is formed of Business Unit Purchasing Managers and meets at least every 6 months. It has the responsibility to define the Sustainable Purchasing Policy, assess the various initiative, monitor its deployment and its effectiveness through relevant KPI.

The Sustainable Purchasing Committee reports to the CSR Steering Committee which validates the Sustainable Purchasing Policy, its consistency with the Group's CSR objectives and its effectiveness.

The effectiveness of the policy is mainly driven by the global risk assessment that is monitoring on a regular basis and compared to the theoretical risk.

Other KPI's are:

- % of turn over covered by suppliers who signed the Code of Conduct
- Average Sustainable Supplier Questionnaire Assessment
- Number of Suppliers Audited
- % Of Social Audit with satisfactory results
- % Of recycled material used
- % Of identified turnover made with FSC material

This list of Kpi's may vary with time to better adapt to the situation and DIAM objectives

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