

"Our science-based targets
are aligned with 1.5°C according
to the latest climate science"

DIAB
SUSTAINABILITY REPORT
2020





DIAB - A WORLD LEADER IN HIGH-PERFORMANCE COMPOSITE CORE MATERIALS

Diab has been at the leading edge of composite core material development for over sixty years, supplying a wide range of markets including marine, wind energy, transport, aerospace and industry.

This report contains forward-looking statements that are based on the current expectations of the management of Diab Group AB. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

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CEO WORDS



2020 has been a very challenging but also interesting year for Diab from several perspectives. The Covid pandemic naturally created challenges for us and for our customers, but it is also the year when carbon footprint and material circularity has started to impact customer behavior.

Diab products and solutions are part of the future society. The competitiveness of the renewable wind energy is dependent on a competitive total cost of ownership which to a large extent includes the rotor blades which is build as a sandwich design. The lightweight materials that we provide enables blades to become longer, more efficient and more cost effective to produce. The wind energy industry is now also spending significant efforts in understanding how to solve some of our industries main challenges, production waste and end-of-life treatment.

Diab continues to grow and we continue to drive down our company carbon footprint. During the year we have published an official blacklist of chemicals and materials that we do not accept in our products or in the raw materials we procure.

Our sustainability efforts are divided into four different areas:

- Strategy & Governance
- Human & Labor Rights
- Business Ethics
- Environment

We follow our certified management systems in accordance with ISO 14001 and ISO 9001. By reaffirming the UN Global Compact during 2020, Diab is making a long term statement to continuously focus on our sustainable development. In addition to this we have also reaffirmed

our Modern Slavery and Human Trafficking Statement for 2020. We have approved CO₂-reduction plan in accordance with the Science Based Targets Initiative requirements. Diab is still the first company in our industry to make such an achievement and our ambition is to be the best partner for customers that want to reduce their carbon footprint and improve materials circularity.

By offering our customers innovative technical solutions together with world-class productivity and quality, we are able to support them from initial concept to finished product. We have come a long way, but we do not rest on our laurels. It is our ambition to create even more value for our customers.

We are acting to make the industry more transparent for our stakeholders. By utilizing an established standard, Environmental Product Declaration, EPD, we provide complete transparency of our materials for our customers.

TOBIAS HAHN
CEO

January 29, 2021

GRI Standard Guidelines and Annual Accounts Act

Diab Group's 2020 Sustainability Report is based on GRI Standards, the Global Reporting Initiative's Sustainability Reporting Guidelines, with Core options.

The 2020 Sustainability Report is prepared for sustainability reporting in compliance with the Annual Accounts Act as applicable for Diab AB.



CORE SUSTAINABILITY

Precautionary Principle or approach

Our sustainability policy states:

- We care about our natural resources by continuously improving the utilization of raw materials, chemicals, energy, and water, and by minimizing waste.
- Continuous improvement of the environmental performance of our activities, products and services and preventing pollution to ground, air and water through the implementation of the principles in the ISO 14001 standard.
- Systematic assessment and optimization of the environmental impact from the design of new and redesigned products.

How we manage sustainability

All sites have local management and/or teams within the environmental (E), social (HR) and financial (F) areas that report to the corresponding global management. The activities follow Diab's global directives, and local strategies are added, depending on country, area or production specific issues. A global sustainability network, with team members from each site, is coordinated by VP Sustainability & EHSQ.

A focus on materiality

Diab's sustainability report for 2020, in accordance with GRI Standards, core option, includes aspects relating to the environmental, financial and social responsibility. Our ambition is for this report, together with supplementary information, to give our employees and external stakeholders a transparent view of the company's

corporate responsibility activities and how these interact with our business activities.

Three years ago, an extensive survey for all external and internal stakeholder groups was undertaken. This year we have reviewed the materiality analysis and concluded that the materiality stays the same and the main areas of activity are the same. As this year has been heavily affected by the Covid-19 pandemic we have not performed any specific activities to reach out to stakeholders either internally or externally.

Reporting principles

In line with the Ratos reporting requirements, Diab reports on the implementation and status of progress in Q1, annually. The reporting requirements are continuously updated and revised by Ratos' Head of Sustainability and reflects the wishes of Diab's shareholders. Each production unit provides quantitative and qualitative information in accordance with Diab's sustainability KPIs. The person responsible for sustainability in each company is responsible for assuring the quality of the information submitted.

CORE SUSTAINABILITY

- Diab Materiality Analysis



CORE SUSTAINABILITY

- list of material topics

Area	Sustainability target	Performance in 2020
Environmental Responsibility		
Efficient usage of resources	The target for 2022 is approximately 8 tCO ₂ e/tons sold product. The approximate value is due to its dependence on the mix of products produced. This varies to a certain extent each year.	2016 (which is our base year for SBT) approximately 11 and 2020 approximately 7 tCO ₂ e/tons sold product.
Reduce CO₂ emissions and other greenhouse gases (GHG)	In 2018 Diab got the Science Based Targets approved for the whole group as set in line with the level of decarbonization required to keep the global temperature increase below 2 °C compared to pre-industrial temperatures. As a new report from IPCC was released during autumn 2018 saying that the planet needs to stay in line with decarbonization required to keep the global temperature increase below 1.5 °C Diab immediately adjusted the Science-Based targets accordingly and is now in line with staying below 1.5 °C.	During 2020 the new solid biofuel boiler, set up to supply heat to Diab AB in Laholm, Sweden, has been used during the majority of the months in 2020, so there are significant CO ₂ savings made

CORE SUSTAINABILITY

- list of material topics

Area	Sustainability target	Performance in 2020
Environmental Responsibility		
Increased recycling and safe waste handling	The Group-wide objective is for the volume of waste to be reduced by 50% from 2016 until 2022.	The global waste level has remained more or less the same during the year compared to our base year 2016. The cross-functional program for waste reduction launched in 2018, with the purpose to accelerate the implementation of best practices and new technologies in the operations organization is working but the pace is slower than expected, also the 2020 year has been influenced by so many challenges that focus has been difficult. The Laholm site is landfill-free and still the only land-fill free site in the group. It will be very difficult to meet the 2022 target.
Sustainable product life cycle	Diab markets sustainable products as they significantly contribute to reduced usage of fossil fuels and other types of energy. At the same time the products enable efficient building of and recovery of renewable energy, for example windmills.	Diab continuously develops and improves sustainable products. During 2020 new products within both the PET and IPN range were developed with significantly improved properties, reducing carbon footprint not only for Diab but also for the products of our customers and end-users.

CORE SUSTAINABILITY

- list of material topics

Area	Sustainability target	Performance in 2020
Social Responsibility		
Health & Safety for all coworkers	To continually reduce the number of accidents and illnesses in the workplace is an essential objective. LTA is one of our main KPIs. Our long-term target here is of course to achieve an LTA ≤ 5 ppm (Lost Time Accidents rate per million worked hour).	All facilities record an LTA and this year the mean-value for all sites was 7,7 ppm. This is a much better number than previous years, but still high vs general industry benchmark but we have managed to continue to reduce the number of accidents also in 2020.
No child labor < 15 years	No incidents, either internally or externally, are acceptable.	No incident identified during the year.
Support for fair working conditions	“Support for fair working conditions” for Diab includes Non-discrimination, Freedom of association and Collective bargaining, Forced or compulsory labor, Human rights assessments and Supplier social assessment. No incidents, either internally or externally, are acceptable.	1 incident of discrimination.
Competence Development	Diab empowers continuous learning; mostly internal training and when necessary external training. Diab has performed and recorded Health & Safety training for many years.	Our e-learning platform “Smarter” was introduced in 2017 to Senior Managers, the Sales & Technical organization, and the Operations Management Team.In. During 2020-21 the plan is to introduce Smarter to all coworkers globally.
Diversity	We see many benefits to having a diverse workplace. We offer all individuals equal opportunities regardless of skin colour, gender, nationality, religion, ethnicity or other distinguishing characteristics.	We have a challenge in our manufacturing units where we generally have fewer numbers of women – most of the units have approx. 30% women. However, in some units it is as low as 3%. A higher grade of automation in our production might attract women but we also need to identify other factors, to be able to get a more diverse working environment.

CORE SUSTAINABILITY

- list of material topics

Area	Sustainability target	Performance in 2020
Financial Responsibility		
Anti-corruption measures	There should be no cases of bribery, corruption or cartel formation. Continued active information for coworkers.	The Group has a whistleblowing system and 1 incidents relating to corruption or inadequate business ethics were recorded in 2020.
Fair competitive business	This is a KPI for Diab and should be measured as the amount of whistleblower incidents handled per year. This KPI shall remain low.	During the year 2 whistleblower incidents were registered.
Reliable supplier	We keep our promises, both to each other internally and to our customers, partners and others externally. We work toward a sustainable society. Our work ethics are strong and we prove it every day.	As the sandwich composite industry is growing and the customer requirements in the supply chain are increasing, Diab Group has made efforts to improve the performance during the year. Supply chain has been identified as an area that can be improved and hence it will remain in focus also during 2021.

STAKEHOLDER INVOLVEMENT

Stakeholders

Diab interacts with a number of stakeholder groups on an almost daily basis, which brings a range of requirements and expectations in relation to sustainable development.

Our understanding of which stakeholders are significant - and what they consider to be important - is based on experience, commercial relationships and dialogue over a long period of time, as well as events over the past financial year.

STAKEHOLDER INVOLVEMENT

The most prioritized topics for Diab's stakeholders

Anti-corruption measures

Our policy for anticorruption is official. In addition, we are continuously offering internal education on this subject. It has also been decided to annually record and report the amount of corruption errands identified globally.

No child labor

Diab is already putting strong focus on this topic, but will further strengthen it through continuous work and follow-up processes in the Supplier Code of Conduct.

In the Supplier Code of Conduct we state the following: "All forms of child labor are unacceptable, and documentation certifying the age of all coworkers must be available. All forms of work that can have a negative impact on the child's right to a healthy childhood and development, or that prevent the child's education, are classified as child labor. All forms of violence, compulsion and the exploitation of children are unacceptable. A person below the age of 15 years is viewed as a child unless local legislation has defined other age for being able to work or for mandatory schooling".

Reliable supplier

As the sandwich composite industry is growing and the customer requirements in the supply chain are increasing, Diab Group has made efforts to improve the performance during the year.

Efficient usage of resources

Diab's continuous focus on using the resources we need for our production in a steadily more efficient way is mirrored in our way of working. We have done this through our global CO₂e KPI measurements for several years, and this work is now even more pronounced with our approved Science-Based Targets, where we clearly see how we perform according to our goal.

During 2020, we have seen a very interesting behavior from some of our most important customers where they are now asking us to report the carbon footprint of our products that are delivered to them. In addition these customers have requested us to reduce the carbon footprint, which we have committed to. Diab Group is well positioned for these requirements as we already have a long term reduction plan in our Science Based Targets.

STAKEHOLDER INVOLVEMENT

Stakeholders	Aim, requirements and expectations	Value created
Customers	Diab believes that sustainability measures strengthen customer relationships. Many customers demand that Diab have a Code of Conduct, certified management systems and that we phase out non-sustainable chemicals. Also, as Diab offers resource-efficient products, customers expect us to continuously decrease the environmental impact of our product range during production and in the customer's final application.	Diab's sustainability work is continuously reviewed by customers, also during 2020. The overall results are good and Diab's sustainable development aims are valued by customers. In 2019 we finalized the first Life Cycle Assessments (LCA) of our main grades, which meant that we could start providing thorough Environmental Product Declarations (EPD) to our customers, who want to have a clear picture of the environmental footprint connected to the usage of our products. There has been a high demand for these EPD:s during the year and a lot of positive response. In addition our main strategic customers have request us to report the CO ₂ footprint of the products they buy from us and the we have committed us with a long term reduction target during in line with their expectations.
Consumers	All Diab's products are sold to industrial customers. Although this relates to some consumer products, such as yachts and sports gears, it is unlikely that the product will be linked directly to Diab's operations.	Consumers' views were addressed during the year via dialogue with customers and the demands they place on Diab.
Coworkers	Health & Safety, benefits, social conditions, well-being, development opportunities.	Fatalities: 0 Share of coworkers in risk positions attending training: 100% More data is available under Social Responsibility.

STAKEHOLDER INVOLVEMENT

Stakeholders	Aim, requirements and expectations	Value created
Suppliers	Diab endeavors to have long-term and transparent relationships with suppliers. The aim is to ensure the right quality, financial stability and sustainable development for both parties.	Over the year the Group has conducted assessments, which also addressed sustainability issues.
Shareholders	The aim for the sustainability work at Diab is to create value for shareholders. Diab ensures this, for example, through efficient resource usage and investments in new sustainable technology. The integration of sustainability issues in business operations, such as more sustainable products, reduces risks and creates business opportunities.	Diab's major shareholder Ratos has a clear and mandatory Reporting Requirement. The status and progress of implementation of the framework is reported to Ratos annually in Q1.
Society	Social engagement is an important aspect and something that is expected by local communities where Diab Group operates. As a global company, Diab Group is expected to undertake measures that contribute to national global sustainable development goals.	Diab Group has reaffirmed its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption. In 2018, as the first company worldwide within the composite industry, Diab Group's science-based targets were approved. During 2019 Diab adjusted the SBT according to staying well below 1.5°C.

THE MORE WE SELL- THE MORE WE SAVE

Diab - leading the way

Diab has been a frontrunner in developing composite materials for over sixty years. We know that each application requires a unique solution. Decades of experience serving various types of industries have brought us invaluable insight into products and processes, making it possible for us to deliver a solution adapted to a variety of specific needs.

The more Divinycell we sell, the more our customers' applications decrease carbon footprint. Light, strong and smart materials are needed in a sustainable society.

Impact of sandwich design and core

Lightweight materials save our non-renewable resources and reduce pollution. In addition, our materials have a long and reliable lifecycle, allowing for substantial environmental savings over their life time.

Over the years our target has always been to give our core materials the best strength-to-weight ratio possible.

Diab's position

Diab is effortlessly working to perfect the details of foam manufacturing. Making its first site ISO 14001 certified already in 1998, Diab has since worked in this spirit. Over the years Diab has removed plasticizers, stabilizers, pigment etc. to ensure that our products are as sustainable as possible.

A multitude of applications

With several product lines, numerous finishing options and kit operations in combination with engineering services and expertise, we can help our customers achieve the most competitive low-weight, high-performance structures possible. Discover how composite technology can help you getting ahead in your industry.

"Our materials have a long and reliable lifecycle, allowing for substantial environmental savings over their life time."



STRONGER LIGHTER SMARTER

Sustainability is at the core of our business

An integral part of Diab's business concept is that products and services should have a positive environmental impact in the applications and processes for which they are used. Most of the companies that use our products and services are striving for applications with light and strong designs. This brings positive effects such as reduced fuel consumption, increased range and greater load-bearing capacity. We take the entire product life cycle into account in our research and development to ensure sustainable products that are reusable and recyclable.

Design a different world

If you can imagine it, we can probably help you build it. Diab's high-performance solutions can take products to a higher level of competitiveness by making them stronger, lighter and smarter. Combining advanced sandwich composite materials, tailored kits, a wide range of finishing options and a comprehensive range of engineering services, we make it possible to develop the wildest construction dreams in a cost-efficient and sustainable way.

The ultimate building material

The volume and number of applications of composite materials are growing steadily, continuously penetrating new markets. Lighter than concrete, steel and aluminum, composite materials provide great weight reductions while maintaining strength. They combine full design freedom with exceptional durability. In addition, they are more sustainable than conventional building materials.

Lightness and strength

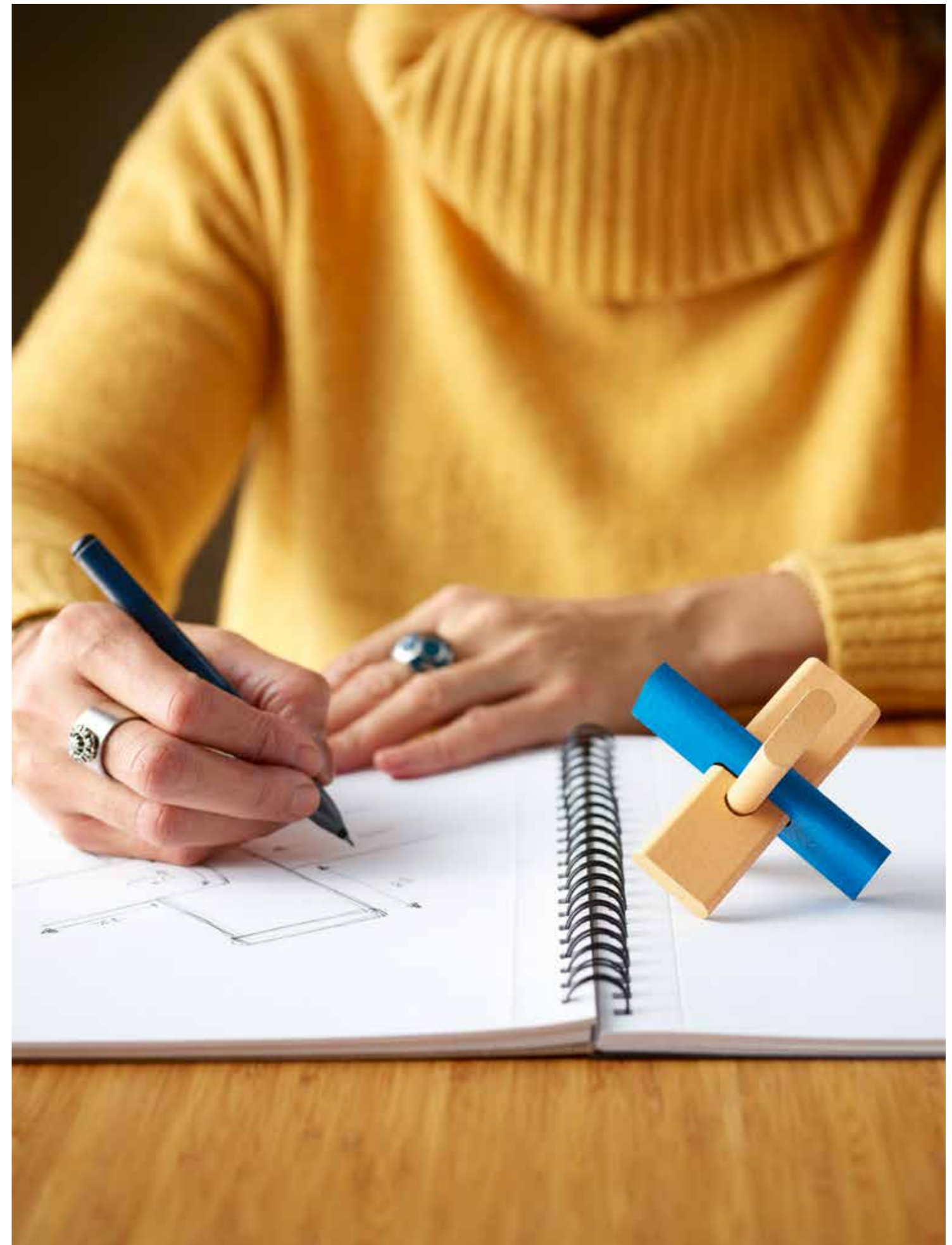
Who says a strong structure has to be heavy? Engineering dreams can meet harsh reality without compromises. Sandwich composites significantly reduce weight and increase stiffness, while maintaining or even adding strength. Increasing the thickness of the sandwich core yields even greater toughness and rigidity without substantially increasing weight. And since the support structure can be reduced, there are further weight reductions to be had.

Full design freedom

Do you have innovative design dreams that you have yet to realize? With sandwich composites you can enjoy a tremendous freedom to adapt both form and function to specific application needs without any loss of performance or strength. You can easily incorporate compound curves and accurately align outer skins to load paths, maximizing structural integrity and performance.

Simply smarter

The excellent stiffness and strength-to-weight ratio of the sandwich concept serve many ends. Diab's advanced core materials enable higher speed, longer range, greater pay-load capacity, reduced power demand and reduced environmental impact. They also offer good dynamic strength, low water absorption and excellent insulation while minimizing maintenance.



ONE DIAB

Ratos

Diab is since 2009 almost wholly owned by Ratos, an investment company that owns and develops unlisted medium-sized Nordic companies. Ratos' goal as an active owner is to contribute to the long-term and sustainable business development of the companies in which they invest, and to make value-generating transactions.

Ratos creates value by being the partner that unlocks business opportunities and contributes with ideas, experience, capital and contacts. Ratos' business is about being entrepreneurial, and a prerequisite for its long-term success is its ability to attract and develop coworkers and to build important relationships.

Ratos is listed on Nasdaq Stockholm. It has a balanced portfolio and exposure to several industries and markets.

Complete sandwich composite solution

With a complete range of high-performance core materials, numerous finishing options and kit operations in combination with engineering services and expertise, we present presumably the widest and most valuable offering in the sandwich composite industry.

Ongoing innovation

Ever since the beginning, we have been dedicated to constant innovation, and we are promoting a widespread adoption of sandwich composite materials. What people say can't be done we do every day.

Proven performance

Our products and solutions have been used in a wide range of industries for decades and are all certified according to relevant industry standards. This excellent track record proves the quality and reliability of our materials and solutions, providing security and proof of performance few others can offer. Our dedication to making our business sustainable means that we continually improve every aspect of our operations.

Worldwide supply and support

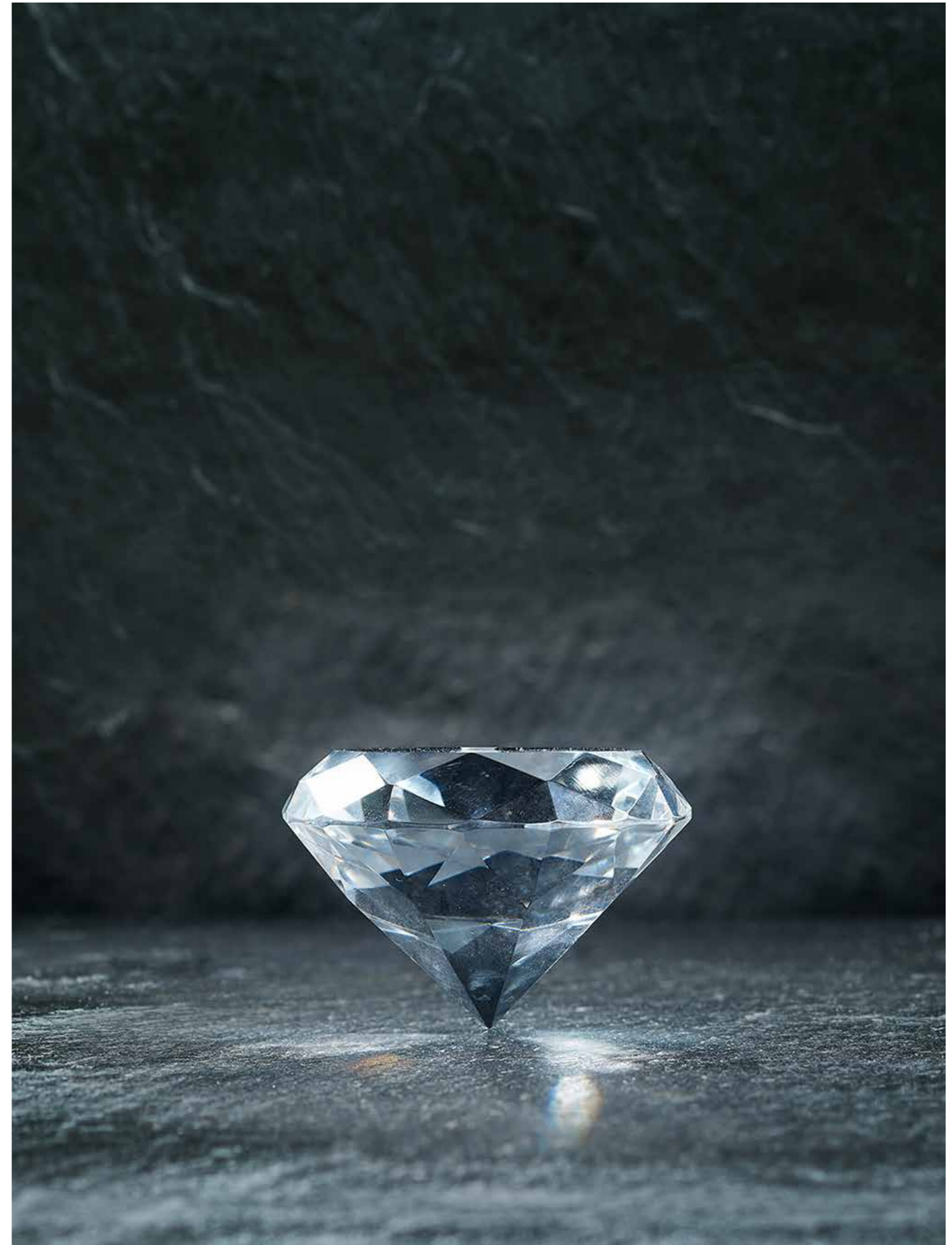
Diab has a global manufacturing, sales and engineering presence. We follow our customers - and even anticipate their needs - by positioning ourselves in locations that can best support them. We have manufacturing sites in strategic locations around the world, offering our full range of materials, plus local representation in many countries - ensuring security of supply, cost efficiency, flexibility and local support.

Vision

“Enabling everybody to create sustainably by leading the structural core innovation.”

Mission

“Every day we challenge ourselves and use our experience, expertise and creativity to make stronger, lighter and smarter core solutions.”



ONE DIAB

Diab Values

We cooperate, we help each other out and we work as one global company. Our values indicate what we think is important and what distinguishes us from the competition. Our values create a culture - a common platform where we can become One Diab even though we speak different languages, have different cultures and are geographically spread.

The Diab Values are divided into four focus areas; Safety, Can-do, Reliability and Efficiency.



Safety

Safety for people always comes first. Simply put, no one should get hurt while working at Diab. Together, we all take responsibility for each other's safety.



Can-Do

Each one of us is responsible for driving improvement. With a positive, productive approach to work, we take personal initiative - empowering ourselves, our coworkers and our company.



Reliability

We keep our promises, both to each other internally and to our customers, partners and others externally. We work for a sustainable society, our work ethic is strong and we prove it every day.



High Efficiency

Efficiency and high performance are distinctions of our culture. With clear organization, we make sure that we do the right things at the right time with the right speed.



STRATEGY & GOVERNANCE

Sustainability Strategy - One Planet, One Diab

Diab's strategy for sustainability is built on three pillars:

1. Products

The more we sell the more we save the planet - leveraging Diab's potential contributes to a stronger, lighter and smarter future society.

2. Operations

"Zero waste and closed loop" - waste that can be reduced must be eliminated to save resources and cost. Materials that cannot be eliminated need to find new customers as raw material in new products, to create closed loops.

3. People

Sustainability in everything we do - it is our ambition that all business activities in Diab are performed in a resources-effective and ethical manner in line with our Code of Conduct and external commitments to customers, owners and non-governmental organizations (NGOs).

Within each area selected targets are set that drive the activities which are then funded and prioritized in the overall strategy and budget process on a yearly cycle.

It is clear that Diab products fit into a future sustainable society as the sandwich core composite solution and its applications are in many ways superior to traditional solutions mainly built of steel and other metals. The strategy for Diab is to identify the applications where our products add value both from a financial and sustainable perspective, as this is the only way to secure long-term sustainable solutions.

It is crucial to Diab to coordinate its activities, ensure consistency, and share best practice within the global organization.

There is special focus on "Zero waste and closed loop" as the potential for improvement has been identified as significant and will deliver best return on investment in the mid-term perspective, 1-3 years.

Governance structure

The legal levels of management consist of the Company's Annual General Meeting, Board of Directors and CEO. The Annual General Meeting elects the Board of Directors and the Company's CEO is appointed by the Board of Directors.

Shareholders' General Meeting

The authority of the Shareholders to make decisions regarding comprehensive matters in the name of the Company (including Group Companies) is exercised at the General Meetings. The Annual General Meeting for the parent company, Diab Group AB, shall take place within six months of the Company's financial year-end, and the Board of Directors is obliged to discuss the Annual Reports in accordance with the Swedish Companies Act.

The Board of Directors

The Sustainability Report is subject to the same liability rules as the annual report, which means that the Board is ultimately responsible for the report's establishment as well as its contents.

STRATEGY & GOVERNANCE

The Board of Directors is responsible for the organization of the Company and the management of the Company's affairs, such as compliance with law and the Articles of Association.

The board shall consist of minimum three and maximum eight directors and no more than six deputy directors and shall be elected each year at the annual general meeting of the shareholders for the period until the end of the next following annual general meeting.

In the formal work plan, laid down by the Board, it is defined which items should be discussed in the different meetings in accordance with a specific plan drawn up to ensure that the Board is able to fulfil its assignments in terms of operational control, the establishment of strategic guidelines which are significant to the business and development of the Company, as well as evaluation of its own actions and the work carried out by the managing director.

The work plan stipulates that a minimum of four board meetings should be held during each year. The Company auditors participate in the meeting that deals with the annual accounts. Throughout the financial year, the board members as well as the deputies and auditors receive written information about the Company business, economic and financial position as well as other information of significance to the Company.

Overall responsibility

The Board is accountable to the shareholders for the organization and management of the Company's and Group's affairs. In background of this overall responsibility, the Board deals with any matter it considers relevant for the Company or the Group.

These are, for example, to continuously assess the Company's and Group's financial situation.

The CEO for Diab Group AB is appointed by the Board of Directors and shall handle the day-to-day management and co-ordinate the operations of the company and the group in accordance with the instructions set by the Board of Directors. That means that the CEO for Diab Group AB also is Group CEO.

The operating management bodies are created to support and control the operating group structure. Group management is executed through DMT (Diab Management Team).

STRATEGY & GOVERNANCE

DMT - Diab Management Team

The DMT shall discuss more long-term strategic questions and typically meets at least seven times per year. The DMT comprises President & CEO, CFO Finance & IT, COO, CTO R&D Technology & Development, EVP Region Asia, EVP Region Americas, Sales EMEA & India, CCO and EVP HR.

The DMT has the overall responsibility for the Group's operations, strategies and financial control. CEO is the chairman of the group.

Product Board

The Product Board deals with tactics around Diab's offering of core materials, finishing options and positioning. COO is responsible for the Product Board. The board include CTO R&D Technology & Development, Market Segment Managers, Products and Marketing Manager.

Investment Committee

The Investment Committee's main objective is to prioritize, decide (under the mandate of authority rights), suggest investments for CEO or Board decision and follow up on the investment budget. The committee also suggests investments budget. The committee includes CTO R&D Technology & Development, Regional EVPs and CFO.

Operations Management Team

In order to ensure continuous development and same standards between different sites, an Operations network has been formed. The overall target for Operations is to drive lowest cost and shortest lead times while meeting safety, quality and environmental demands.

The Operation Management Team comprises COO, VP Sustainability & EHSQ, Group Program Manager, Group Supply Chain Manager, Group Purchase Manager, and all production site managers in Sweden, Italy, Lithuania, US, Ecuador and China.

Business Review Meeting (BRM)

Each region has BRM on a quarterly basis. Present at BRM should be CEO and CFO together with EVP Region and subordinates. Focus on BRM is to follow local KPI development from global, finance performance and activities. One DMT meeting will be held each year in respective region in connection with a BRM.

Supply chain

Diab's main suppliers supply their raw materials as chemicals, except for balsa and a few others. There are in total 30-40 unique suppliers, mainly located in Europe for IPN (Interpenetrating Polymer Network) with a few exceptions in Asia for IPN production in Europe. About five suppliers are located in Asia to support the IPN production in Zhangjiagang.

PET (Polyethylene Terephthalate) production suppliers are served from Europe and Asia, balsa mainly from South America and PES (Polyether Sulfone) from Europe and USA.

"The overall target for Operations is to drive lowest cost and shortest lead times while meeting safety, quality and environmental demands."

DMT - Diab Executive Management Team



Tobias Hahn
President & CEO, Acting
Sales EMEA & India



Jesper Langebro
CFO, Finance & IT



Daniel Dahlqvist
COO



Roland Karlsson
CCO



Magdalena Sandström
CTO, R&D Technology
& Development



Lena Rickard
EVP HR



Robert Ramnér
EVP Region Asia



Anders Berg
EVP Region Americas

Diversity of governance bodies:

Diab Group Board members are divided as follows:

- 7 men and 1 woman
- 6 persons are in the age group of 30-50 years and 2 persons are > 50 years

DMT members are divided as follows:

- 6 men and 2 women
- 4 persons are in the age group of 30-50 years and 4 persons are > 50 years

Diab Group AB - Board members

Mikael Jonson, Chairman
Per Magnusson, Board member
Joakim Twetman, Board member
Fredrik Nilsson, Board member
Valerian Vancea, Board member
Magnus Stephensen, Board member
Christopher Dimovski, Board alternate
Maria Ek, Board alternate

ENVIRONMENTAL RESPONSIBILITY

Risk assessment and environment

The topics in the risk assessment carried out by DMT are graded based on the level of probability multiplied by the severity. The topic with the highest risks within the environmental area, but still only at a moderate level, was identified as cost for and options for waste handling.

During the year inventories on necessary permits have been carried out on existing sites and on our growth sites we have ensured that all required autorizations from an environmental perspective are in place. Today we lack nothing in this area nor for the coming expanding production volumes.

Energy

Diab's Sustainability policy clearly states the importance of caring about natural resources, such as energy, by continuously improving how it is utilized. Each operating site is measuring and keeping track of the usage of energy, which is also reported internally on a monthly basis and annually to shareholders.

During 2016 Diab also implemented a yearly calculation on CO₂e emissions, which clearly showed that the usage of

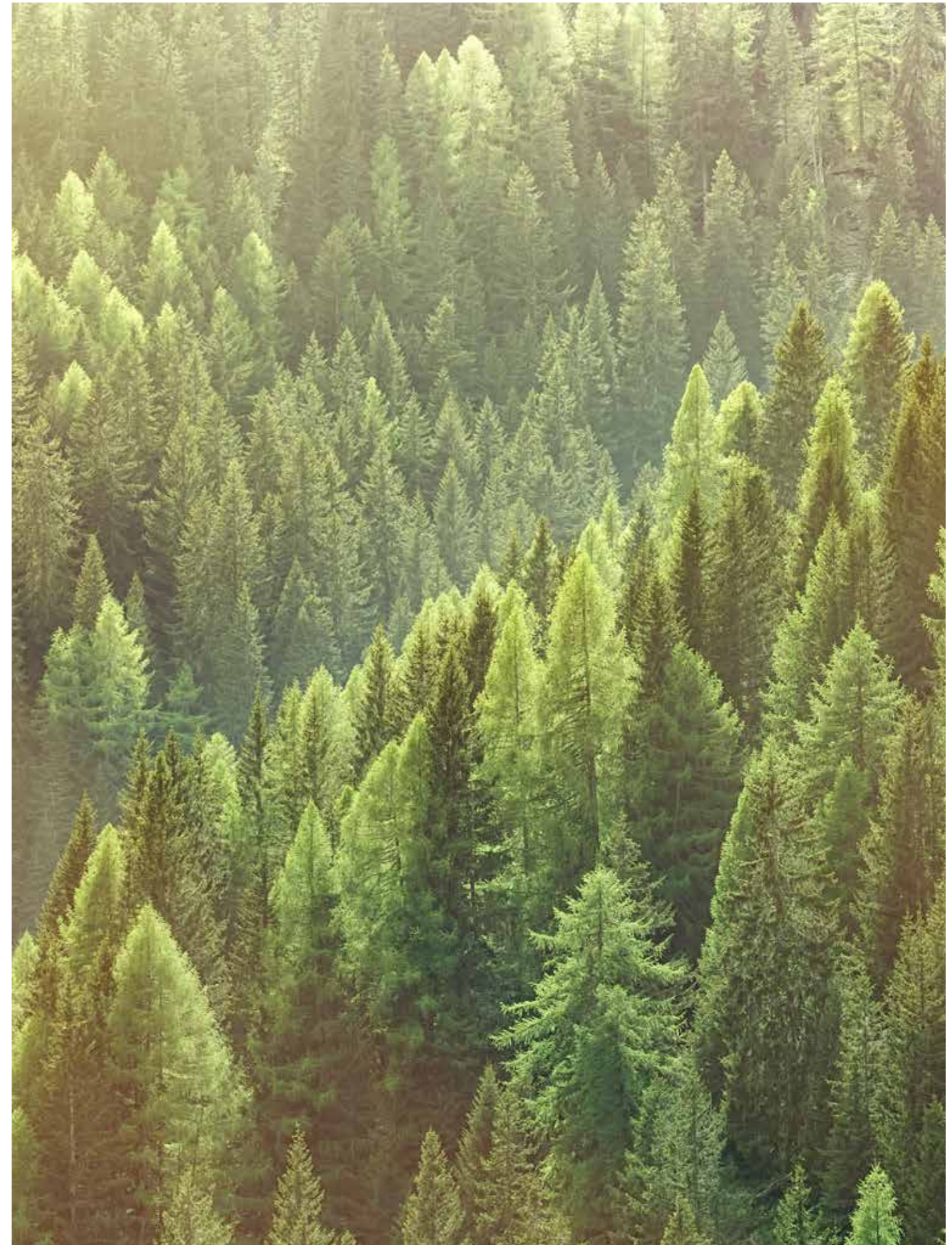
natural gas within the group is one of the main contributors to the CO₂e emissions connected to energy consumption in the Group. Moving away from natural gas to renewable energy will be an efficient way ahead to reduce the carbon footprint. As a consequence, Diab in Laholm signed an agreement in 2017 with an external partner to change the natural gas boiler for a solid biofuel boiler. This plant was completed during mid 2019 and the transition from natural gas to biofuel has been almost 100% during 2020. This renewable heat source will from now on reduce the CO₂e emissions significantly in the Laholm facility.

All data for energy consumption are measured values from all production sites. These are put into the software "Our Impacts" that is designed to help conduct high-quality assessments of an organization's greenhouse gas emissions.

Our Impacts is a flexible accounting service that brings together extensive research databases and carbon and energy expertise. In addition, this tool continuously receives updates on scientifically-based emission factors for energy calculations.

Below the energy consumption in MWh during 2020, (2019/2018 values in brackets) from electricity and heating together with other kinds of fuel consumption for all sites and offices combined:

Fuel Type Non Renewable	Fuel Type Renewable	Electricity Consumption	Heating Consumption	Steam Consumption	Total MWh
1,599 (1,709 /1,884)	20,414 (9,182/1,170)	49,277 (46,836/44,193)	72,832 (82,251/85,308)	2,620 (3,075/1,812)	146,742 (143,053/ 134,367)



ENVIRONMENTAL RESPONSIBILITY



Emissions

Diab's sustainability policy clearly states a strive for continuous improvement of the environmental performance of our activities, products and services, preventing pollution to ground, air and water through the implementation of the principles in the ISO 14001 standard.

By the implementation of the yearly CO₂e emissions calculations, a global and deeper understanding of all Diab activities and their corresponding contribution to GHG emissions in Scope 1 to 3 has been achieved. In accomplishing this, Diab has realized the aim to commit to set company-wide emissions targets based directly on climate science, which were officially approved during 2018. During 2019 these were adjusted in accordance with the latest statements from IPCC to remain below a global temperature increase of 1.5 °C.

All, for Diab relevant, gases in the Kyoto Protocol, see table GWP of for Diab relevant Kyoto Gases (IPCC2007), have been included in the calculations, which have been carried out in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.

Please see below the tCO₂e emission volumes divided per scope for Diab Group in 2020 (2019 values in brackets), in total. As can be seen Scope 3 is by far the largest:

Market-based, tCO₂e:

• Scope 1	15,646	(17,532)
• Scope 2	20,087	(19,632)
• Scope 3	95,902	(86,357)
• Total	131,635	(123,521)
• Biogenic	95,9	(238)

The consolidation approach for emissions is operational control, and the tool used for the calculation is the software Our Impact (following the Greenhouse Gas Protocol, GHG), provided by Ecometrica. The GWP rates used are GWP of Kyoto Gases (IPCC 2007):

Greenhouse Gas	GWP
Carbon dioxide (CO ₂)	1
Methane (CH ₄)	25
Nitrous oxide (N ₂ O)	298
Biogenic (CO ₂)	0
Biogenic (CH ₄)	24
CO ₂ e	1

The KPI, mentioned under Core Sustainability, showing tCO₂e tons / tons sold product, can also be considered the GHG emissions intensity ratio for the organization. In this, all types of GHG emissions are included, from direct (Scope 1) and energy indirect (Scope 2) and the parts of other indirect gases (Scope 3), required by SBTi. As for the before-mentioned calculations, all Kyoto gases are included.

2016 is the base year for our tCO₂e emission calculations. The total tCO₂e emissions for 2019 were 6% higher than for 2016. The main reasons for this is the increased production for Diab as a whole during the year. At the same time we can see that the intensity of CO₂/kg product has been significantly lower, from 9kg CO₂/kg product to 7 kg CO₂/kg. This is due to efforts to improve yield of raw materials but primarily that the production of PET has increased relative to IPN in 2020.

Life Cycle Assessment (LCA) and Environmental Product Declaration (EPD)

Diab strives to continuously increase the knowledge of the way in which our products and processes make an impact on our environment and our planet. This forms the base for the ability to improve.

Our products generally contribute to reduced energy consumption and fuel usage and also to increased efficiency in different systems. But we want to do more. As already mentioned, we have performed calculations on all our global activities regarding CO₂e emissions since 2016, which clearly point out which actions are necessary for us to implement in order to move toward minimizing our emissions. In 2018 we decided to calculate the environmental footprint of our main products, together with a third party, and performed LCAs on our main grades. This work has rendered EPDs (Environmental Product Declarations).

The LCA study starts with the extraction of the natural resources. It also covers transport from the supplier and finally presents production and packaging at Diab all the way up to the factory gate. We don't use any secondary materials or recovered energy and we don't make any assumptions. Thus the assessment is based on the entire process, "from cradle to gate". The product life after gate exit from Diab depends on customer usage.

The full assessment is presented with facts and data, covering the potential environmental impact, use of resources, waste production and output flows. The data is presented for each grade in their respective EPDs. The most well-known potential environmental impact - the global warming potential (GWP) - was calculated for IPN foam to 7.60 kg CO₂e/kg IPN and the corresponding value for PET foam to 4.12 kg CO₂e/kg PET.

ENVIRONMENTAL RESPONSIBILITY



Source: www.un.org/sustainabledevelopment/sustainable-development-goals



Science-Based Targets, SBT, Sustainable Development Targets and Climate Action

As the first company within the field of composite materials in the world, Diab had its SBTs approved by the Science-Based Targets initiative, SBTi, last year. The SBTi, which is a collaboration between CDP, UNGC, WRI and WWF, aims to help companies set SBTs as a powerful way of boosting their competitive advantage in the transition to a low-carbon economy.

The setting of science-based emission reduction targets ensures that a company's strategy is in line with the latest scientific findings and that a business is resilient and prepared to adapt to the changing regulatory and business environment.

As already mentioned, the IPCC released a report in October 2018, where the impacts of global warming of 1.5 °C above preindustrial levels and related global greenhouse gas emission pathways were explained. As Diab strives to follow the latest climate science, our SBTs were immediately adjusted to align with the 1.5 °C pathway, which was subsequently published on the SBT website. At Diab we believe that setting greenhouse gas emission reduction targets in line with climate science findings is the way forward to future-proof growth. As of December 2019, only 82 companies worldwide have approved SBTs that align with the 1.5 °C target, making Diab very well positioned in the strive towards reduction of greenhouse gas emissions also in a global perspective.

Diab Chemical and materials Blacklist

During 2020 Diab has developed and published a transparent list of chemicals and materials that cannot be part of Diab products. The purpose of this list is to clearly explain both to Diab suppliers and customers that these substances are not acceptable even though they might be legal in some markets around the world.

Sustainable Development Goals and Climate Action

The Sustainable Development Goals (SDG) are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice. The 17 Goals are all interconnected, and in order to leave no one behind, it is important that we achieve them all by 2030.

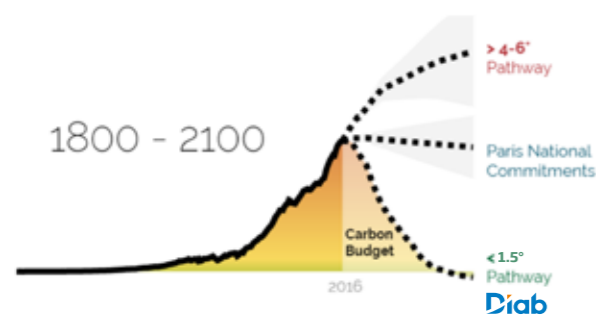
Diab has a very clear set target in our SBTs, as already mentioned, which is completely in line with SDG number 13 - Climate Action.

Climate change is now affecting every country on every continent. It is disrupting national economies and affecting lives, costing people, communities and countries dearly today and even more tomorrow. Weather patterns are changing, sea levels are rising, weather events are becoming more extreme and greenhouse gas emissions are now at their highest levels in history. Without action, the world's average surface temperature is likely to surpass 3 °C centigrade this century. The poorest and most vulnerable people are affected the most.

To strengthen the global response to the threat of climate change, countries adopted the Paris Agreement at the COP21 in Paris, which went into force in November of 2016. In the agreement, all countries agreed to work to limit global temperature rise to well below 2 °C centigrade. As of April 2018, 175 parties had ratified the Paris Agreement and 10 developing countries had submitted their first iteration of their national adaptation plans for responding to climate change.

During October 2018, the IPCC released a special report on the impacts of global warming of 1.5 °C above pre-industrial levels and related global greenhouse gas emission pathways. Limiting global warming to 1.5 °C would require rapid changes in all aspects of society. With clear benefits to people and natural ecosystems, limiting global warming to 1.5 °C compared to 2 °C could go hand in hand with ensuring a more sustainable and equitable society. This is why Diab, during 2019, changed the approved SBTs to a maximum of 1.5 °C in global temperature increase, instead of the previous 2.0 °C.

Science-based targets | The need for science based targets



GLOBAL COMPACT REPORT

Diab - our commitment to sustainable business

In order to confirm our commitment to sustainability, Diab has signed up as a member of the United Nations Global Compact. Through this membership we are given an international framework supporting our sustainability efforts. We also send a clear signal to our stakeholders on our commitment to operate according to the principles of the UN Global Compact and we gain a possibility to share experience and learn from other member organizations.

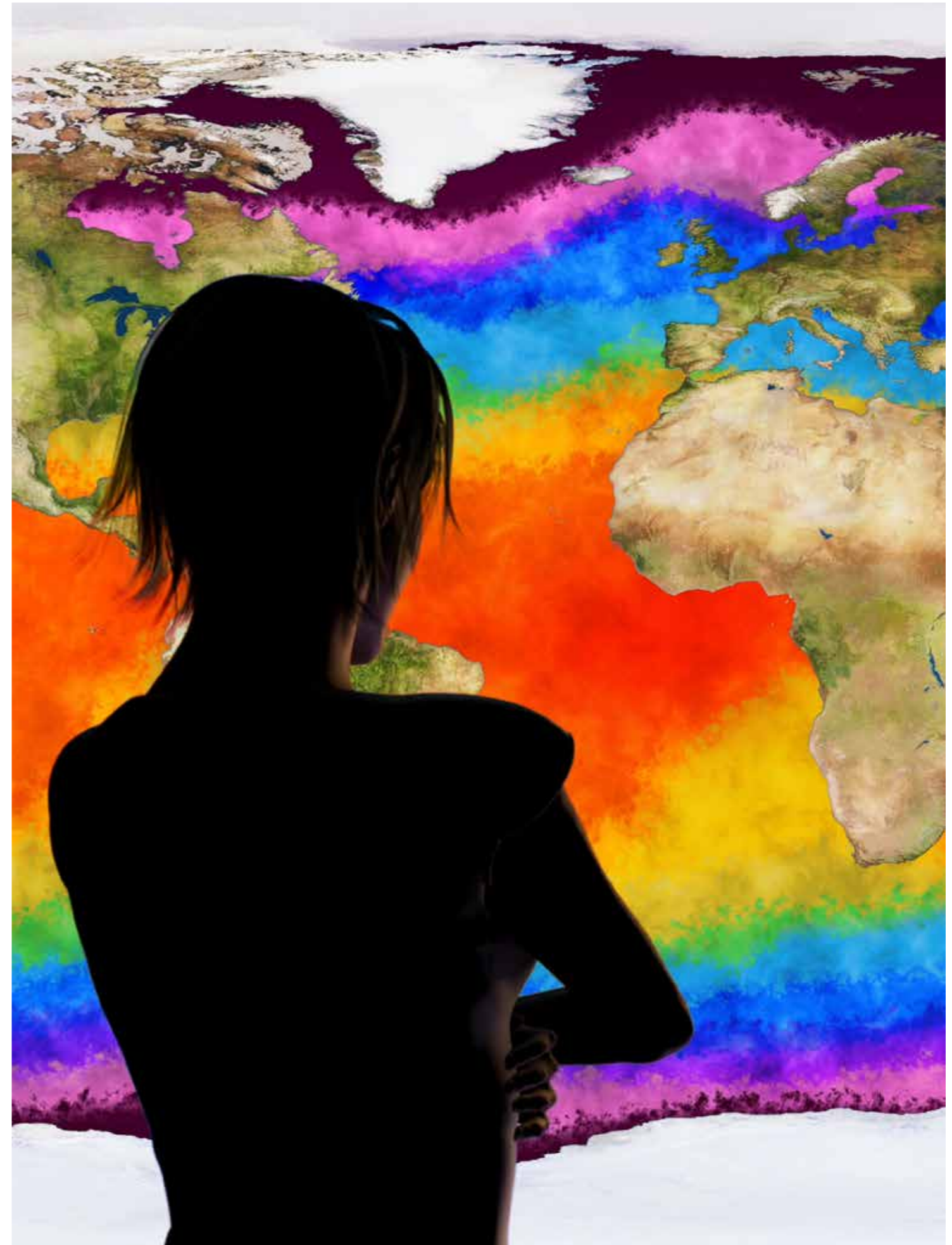
What is the UN Global Compact?

The UN Global Compact is the world's largest corporate sustainability initiative with 13000 corporate participants and other stakeholders over 170 countries. It was launched by Kofi Annan in 1999. Its aim is to transform the world, creating a sustainable and inclusive global economy that delivers lasting benefits to all people, communities and markets. To make this happen, the UN Global Compact supports its member companies to do business responsibly by following the Ten Principles on human rights, labor, environment and anti-corruption.

What does it mean for Diab as a company?

As a member of the UN Global Compact, Diab commits to:

- Continue the development of our business operations so that the UN Global Compact and the Ten Principles always are part of our strategy, culture and day-to-day operations, including in subsidiaries and the supply chain;
- Advocate the UN Global Compact and the Ten Principles via available communications channels.
- Communicate annually with our stakeholders on our sustainability efforts and the implementation of the UN Global Compact principles, and post this Communication on Progress (COP) on the UN Global Compact website.



ZERO WASTE

Reduce, reuse, recycle

Zero Waste is a goal that is ethical, economical, efficient and visionary, to guide people in changing their lifestyles and practices to emulate sustainable natural cycles, where all discarded materials are designed to become resources for others to use.

Zero Waste means designing and managing products and processes to systematically avoid and eliminate the volume and negative environmental impact of waste and materials, conserve and recover all resources, and not burn or bury them.

Implementing Zero Waste will eliminate all discharges to land, water or air that are a threat to planetary, human, animal or plant health.

Waste

We measure our waste in many different ways to be able to sum up the actual contribution of our waste to our total carbon footprint.

[Handle waste](#) includes the final stages of the waste, either put in landfill or incinerated.

[Raw material to produce waste](#) includes all the materials that Diab uses in order to produce the waste.

[Energy to produce waste](#) includes all energy needed to produce all waste.

[Transport waste](#) is waste that we transport between facilities.

IPN by-products

The IPN waste is not possible to use in new IPN foam core, instead this is reused in other material flows. IPN by-products created from the waste stream are associated with IPN core production. We wish to increase the market for this waste stream in order to convert it from a cost for Diab into something positive that could generate business. During mid-2019 these activities rendered in that all IPN by-products produced at the Laholm site, that should have been put on landfill, now are non landfill, apart from being raw material for our own production of Divinycell Recobaord. Recobaord has reached some acceptance by customers as a low cost sandwich core materia, but still the volume is too low and more activites have been started duiring the year to improve the situation.

Pulverizing and Granulation of PET and PES

Recycling of PET (which is the material used in our P, PN, PY and PX grades) and PES (which is the material used in our F grade) typically requires a drying stage for the material, and considering the low density of the foam waste, a granulation or agglomeration process that minimizes the volume occupied is advised. An effective size reduction of the foam waste can be obtained using a mill or grinder whereas an agglomerator has to be used to produce a high quality granule that can be recycled, pleas see image on page 37.

Agglomerators are installed in Longarone, Italy, US & Sweden to recycle our internal waste of PET and PES. In addition, agglomerators will be installed in all our coming PET-plants to serve production continously with recycled material.



ZERO WASTE

Water discharge by quality and destination

The measured water supply to Diab was calculated to a total of 4.00x10⁶ m³. 3.94x10⁶ m³ of these are supplied to Longarone. The main part is taken from the river passing the factory and is used as cooling water. The water is recycled to the river after having passed the cooling system.

The same process is used in Laholm but the amount of water from the river here is not measured and therefore not calculated. In Zhangjiagang, the process utilizes a cooling water unit, as the climate is warmer most part of the year. The remaining water used in Laholm, Longarone and Zhangjiagang and the other sites is clean water used in offices and for minor parts of the factories.

Waste by type and disposal method

The contracted external waste management to handle our hazardous waste has all necessary approvals for all the operations handling and the neutralization of our hazardous waste.

The non-hazardous waste disposal methods used and their percentage of the total waste amount are shown below (2019/2018 values in brackets):

- Landfilled waste: 57% (65% / 74%)
- Incinerated waste: 32% (24% / 24%)
- Recycled waste: 10% (11% / 2%)

The waste disposal method is generally decided by the waste disposal contractor and as the IPN waste, which is the main part, is difficult to incinerate, only the landfill alternative remains for several production sites.

Balsa production in Ecuador - Zero waste

Parts of the incinerated waste within Diab are connected to the waste from the balsa core production in Ecuador. Here, almost 100% of the waste from the different production steps is incinerated in a chimney at our local site and this is producing direct heat to operational processes. By this approach the production waste leaving this factory is as close to zero as you can get in reality.

“The waste from the balsa core production in Ecuador is as close to zero as you can get in reality.”



FINANCIAL RESPONSIBILITY

Every company within Diab has a responsibility to fulfill legal requirements and to maintain a high standard of business ethics as well as ensuring compliance with national policies and laws regarding financial responsibility.

All entities included in the organization's consolidated financial statements:

Diab Group AB (Sweden) 556603-1711
Diab International AB (Sweden) 556509-3027
Diab AB (Sweden)
Diab GmbH (Germany)
Diab AS (Norway)
Diab Ltd (UK)
Diab SAS (France)
Diab SpA (Italy)
Diab UAB (Lithuania)
Diab Sp. z o.o. (Poland)
Diab Spain S.L. (Spain)
Diab (Kunshan) Co. Ltd (China)
Diab Composite Materials & Technology Co. Ltd. (China)
Diab New Material (Zhangjiagang) Co. Ltd. (China)
Diab New Materials (ChangShu) Co.,Ltd. (China)
Diab Core Materials Private Ltd (India)
Diab Australia Pty Ltd (Australia)
Diab South East Asia Co. Ltd. (Thailand)
Diab Holdings Inc. (USA) including:
• Diab Ecuador S.A. (Ecuador)
• Diab Investments Inc. (USA)
• Diab Americas LP (USA)

Quantity of products and services provided

Diab offers a large quantity of products, amounting to approximately 19,000 articles. The number of services provi-

ded cannot be calculated in the same way, but Diab offers technical support to its customers, and additional calculations and support can be had through the Composites Consulting Group (CCG).

Location of operations

The company has production units for material in Sweden, Italy, USA, China and Ecuador. Material processing takes place in the production units as well as in Lithuania.

Scale of the organization 2020 (2019 values in brackets)

- Total Number of Coworkers (December): 1269 (1271)
- Total number of Operations: 6 (6)
- Net sales of MSEK 2121 (MSEK 1874). Split between Private sector and Public Sector: 100% Private sector
- Total capitalization broken down in terms of debt and equity per December 31, 2020 is published on Ratos' website.

Risk assessment and compliances

The outcome of the risk assessment done by DMT, as described under "Environmental responsibility", on the risks related to compliances, is pointing out failure in adhering to international trade regulations and restrictions. Since a control function now has been built into Diab's Salesforce CRM-system, which controls countries and companies through international sanctions and export permits, the risk of failing to adhere to international trade regulations and restrictions has been significantly reduced.



ZERO CORRUPTION

Risk assessment and corruption

The outcome of the risk assessment done by DMT, as described under "Environmental responsibility", on the risks related to corruption, pointed out generally increased corruption risks in relation to the substantial shortage of balsa. All wind power manufacturer are looking to secure their balsa supply, which has been difficult for some time. This is expected to continue due to the long and heavy wet season in Ecuador which has made both the harvesting and the transportation of the balsa wood more difficult.

Anti-corruption

At Diab, we make it a rule to act with integrity at all times. Our business principles commit us to comply with all rules and regulations in each country where we operate and to not accept any form of corruption.

Anti-corruption is specifically stated in Diab's Code of Conduct that is published on our website.

Awareness

We make all our business partners and coworkers aware of the Code of Conduct and we provide the information and training necessary to understand and comply with it. We inform all coworkers about the Code of Conduct through our e-learning program and via our intranet.

Diab has a confidential whistleblowing procedure in place whereby potential breaches can be reported confidentially, and we follow up on reported incidents in a thorough and responsible manner.

The operation within Diab still assessed for risks after the actions described above is in Zhangjiagang, China. This facility corresponds to approximately 17% of the operational sites.

An in-depth global training program on the organization's anti-corruption policy and procedures, together with general training on anti-corruption, is undertaken on regular basis for all coworkers.

During 2020 Diab had 1 confirmed incident of corruption.

SOCIAL RESPONSIBILITY

UN Guiding Principles and ILO convention

Diab's approach to Human Rights is based on the UN Guiding Principles on Business and Human Rights. Our policy is built on our Human Rights Statement below and applies to all entities within the Diab Group.

Diab looks to those Human Rights defined in the Universal Declaration of Human Rights and its two corresponding covenants, The International Covenant on Civil and Political Rights and The International Covenant on Economic, Social and Cultural Rights.

Diab's approach to its business operations is informed by the ILO International Labor Organization's Declaration on Fundamental Principles and Rights at Work, The Children's Rights and Business Principles and the United Nation's Global Compact, to which we are signatories.

Human & Labor rights and working conditions at Diab

Human Rights, such as the right to nondiscrimination, are relevant for the social aspect of our business. And the aspects of working conditions will affect issues such as safety and first aid.

As a global company, we have a considerable impact on the entire range of Human & Labor rights as well as the working conditions at our sites. In order to know and show that we respect these rights, we need to have certain policies and processes in place.

Diab Code of Conduct

To ensure that we meet the commitments to our stakeholders and interact with our colleagues, customers, partners, internally as well as with local and global society, in a respectful and correct manner, we have implemented the Diab Code of Conduct. This document is available on our website and is meant to provide guidance on how to act in any given situation.

The Diab Code of Conduct describes the way we respect human and labor rights and defines the business ethics we expect all of our coworkers to show.

We believe that fulfilling our corporate social responsibilities is instrumental in meeting our commitment and reaching our targets.

To this end:

- Safety for our people always comes first. Simply put, no one should get hurt while working at Diab. Together, we all take responsibility for each other's safety.
- We work in strict adherence with regulatory requirements.
- We are a trustworthy partner for our business associates.
- We work in close cooperation with local society and continuously focus on minimizing the impact on the environment on a local and global scale.

SOCIAL RESPONSIBILITY

Discrimination

During 2020 Diab Group had 1 incident of discrimination.

Risk assessment of child labor

Operations within Diab are assessed to have very limited risk of child labor, young workers exposed to hazardous work or forced or compulsory labor. The risk for child labor, young workers exposed to hazardous work or forced or compulsory labor has earlier been assessed as possible for suppliers to our China operations. Diab has global suppliers and the problem is primarily associated with smaller local suppliers in China. Direct materials for production in China are mainly supplied by global European suppliers, where the risk for child labor, young workers getting exposed to hazardous work or forced or compulsory labor is assessed as very low. Nevertheless, due to the identified risk with smaller suppliers in China supplier audits have been performed during the year but no suspected case of child labor has been found.

As already mentioned, there is currently a substantial shortage of balsa, which, apart from increasing the risk of corruption, also has been identified by DMT as a trigger for the already existing risk of child labor in the balsa business. Hence we will put focus also on this risk to, in the best possible way, make certain that these businesses refrain from any kind of child labor.

Supplier Code of Conduct

Indirect suppliers have not been audited, but have been invited to sign our Code of Conduct. In those cases a Supplier Code of Conduct has been sent, it has been accepted and signed, but at present it is not always offered. The main measures to be carried out in order to contribute to the effective abolition of child labor and to the elimination of all forms of forced or compulsory labor is to continuously increase the rate of acceptance of all suppliers in all regions, direct and indirect, to sign the Supplier Code of Conduct.

Whistleblower system

No operations have been subject to human rights reviews or human rights impact assessments during 2020. Diab's Code of Conduct is very clear on human rights, which are the guidelines followed by all operations. If any breakage against the Code of Conduct is conducted this would be noted in the whistleblower system. During 2020 there has not been any reported incident on infringements on human rights.

“Operations within Diab are assessed to have very limited risk of child labor, young workers exposed to hazardous work or forced or compulsory labor.”



SOCIAL RESPONSIBILITY

Coworkers

Information on coworkers

The majority of the organization's activities is carried out by Diab coworkers, the total number of which is presented below. The data is compiled through local and global HR.

Total number of coworkers by contract (permanent and temporary), by gender:

Men	Women	Total
1037	230	1267

Total number of coworkers (permanent and temporary), by employment type:

	Men	Women	Total
Full-time	987	216	1203
Part-time	50	14	64

Total number of coworkers by employment contract (permanent and temporary), by region:

	Men	Women	Total
Australia	5	1	6
China	200	62	262
Ecuador	154	9	163
France	4	2	6
Germany	4	1	5
India	6	4	10
Italy	260	9	269
Lithuania	109	52	161
Norway	2	1	3
Poland	2	1	3
South Korea	1	0	1
Spain	3	3	6
Sweden	210	50	260
Thailand	1	4	5
UK	5	2	7
USA	71	29	100
Total	1037	230	1267

SOCIAL RESPONSIBILITY

Coworkers

Health & Safety Training

Diab has performed Health & Safety Training for a long time, recording it on all production sites with reports on a monthly basis. The reported training rate for the whole Diab Group from 2014 to 2020 is calculated as the hours of training per totally worked hours and shown in percent, as seen below.

Health & Safety Training Rate, %

2014	0.14
2015	0.33
2016	0.30
2017	0.40
2018	0.43
2019	0.60
2020	0.73

E-learning

Our e-learning platform "Smarter" was introduced in 2017 to Senior Managers, the Sales & Technical organization, and the Operations Management Team. During 2020-21 the plan is to introduce Smarter to all coworkers globally.

On a Group level, we have launched 13 programs containing about 80 modules. Each module is between one and twenty minutes long and includes various steps - a slide show with or without voice, videos, downloadable files, or links to external webpages where extended information

is available. The training programs aim to provide general information and knowledge about Diab and our materials, but also in-depth knowledge of the Sales and Technical area. Coworkers with long and extensive experience have developed the modules.

During 2019, the local HR at our manufacturing unit Laholm started producing their own e-learning programs for coworkers and they now have launched around 30 modules. We will develop the same concept at all manufacturing units with guidance from Group HR.

We are continuously developing training sessions in Sales, Technical, Sustainability, On-boarding, and Leadership Management. The plan involves carrying out annual mandatory training through the portal to secure that important information and knowledge replicate.

"Our e-learning program Smarter provides knowledge about Diab and our materials."

SOCIAL RESPONSIBILITY

Risk assessment and Health & Safety

All facilities record Lost Time Accidents (LTA) and this year the mean value for all sites was 7,7 ppm. The LTA for the Group has been high vs general industry benchmark. Therefore additional activities at the European sites have been put in place since 2018 to reduce the number of accidents. After curbing the trend in 2019, we now see a significant improvement in 2020, but still needs to improve vs external benchmark. The most frequent injuries include hands and fingers being cut in sawing machines, and dust particles getting into the eyes. These issues have been addressed to try to prevent these types of accidents from happening.

Recorded Health & Safety data

Data collected at each production site on a monthly basis within this field include types of injury and rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities. The data collection method used for safety recording is globally made according to safety regulations.

Nomenclature used:

Lost Time Accidents (LTA): Accidents that result in a coworker missing the next regularly scheduled workday or shift. Diab records LTA per million of worked hours (including temps, but excluding contractors, and only accidents that have happened within our premises, not on the way to/from work).

Occurrence index: LTA + Recordable: Accidents that result in a coworker not missing the next regularly scheduled workday or shift per million of worked hours (including temps, but excluding contractors, and only accidents that have happened within our premises, not on the way to/from work).

Sick leave rate: percentage of not worked hours in relation to worked hours due to sick leave.

Recorded data Health & Safety - Values for all sites measured during 2020 (2019/2018 values in brackets)

	LTA	Occurrence Index	Sick Leave Rate, %
Laholm, Sweden	22.7 (11.2/29.3)	44.2 (38.1/48.0)	6.0 (5.2/5.6)
Longarone, Italy	9.1 (29.5/31.1)	9.1 (29.5/31.1)	5.8 (3.96/4.6)
Siauliai, Lithuania	12.2 (20.9/21.5)	12.2 (20.9/21.5)	8.1 (7.8/8.1)
DeSoto, USA	3.4 (0.0/5.2)	23.9 (16.4/20.8)	1.1 (1.2/1.6)
Zhangjiagang, China	0.0 (4.6/9.4)	6.3 (14.5/12.6)	0.6 (0.8/0.9)
Duran, Ecuador	1.9 (7.1/9.7)	1.9 (14.8/122.9)	2.3 (2.0/1.7)
Diab Group	7.7 (14.7/20.0)	16.2 (23.6/26.3)	4.0 (3.7/3.9)



GRI CONTENT INDEX

GRI CONTENT INDEX

This report has been approved by the Board on February 13, 2020.

Diab Group's sustainability reporting refers to calendar year 2020. This report has been prepared in accordance with the GRI Standards: Core option. This is Diab Group's third sustainability reporting according to GRI and Diab Group intends to report annually.

In line with the Global Compact (GC) commitment, Diab Group submits a Communication on Progress (COP) that presents the task of implementing GC's principles. The sustainability report is prepared based on GRI's principles in order to determine content and ensure quality.

Stakeholder dialogues and materiality analysis are the basis for Diab Group's sustainability work.



GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number - Section	Omission
GRI 102	General Disclosures	102-01	Name of the organization	Diab Group AB	
GRI 102	General Disclosures	102-02	Activities, brands, products and services	16 - The more we sell- the more we save, 18 - Stronger, lighter, smarter, 20 - One Diab + Website	
GRI 102	General Disclosures	102-03	Location of headquarters	Laholm, Sweden	

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number - Section	Omission
GRI 102	General Disclosures	102-04	Location of operations	40 - Financial Responsibility	
GRI 102	General Disclosures	102-05	Ownership and legal form	Ratos 96%, Management & Board 4% Limited company	
GRI 102	General Disclosures	102-06	Markets served	02 - Americas, Europe, Asia, Australia and Africa	
GRI 102	General Disclosures	102-07	Scale of the organization	40 - Financial Responsibility, Ratos' website	
GRI 102	General Disclosures	102-08	Information on coworkers and other workers	46 - Social Responsibility, Coworkers	
GRI 102	General Disclosures	102-09	Supply chain	28 - Strategy & Governance	
GRI 102	General Disclosures	102-10	Significant changes to the organization and its supply chain	Organisation has not changed, but significant investments and expansion in new technology for PET extrusion of foam is ongoing.	
GRI 102	General Disclosures	102-11	Precautionary Principle or approach	06 - Core Sustainability	
GRI 102	General Disclosures	102-12	External initiatives	Website	
GRI 102	General Disclosures	102-13	Membership of associations	<i>Sweden:</i> IKEM, Svenskt Näringsliv, Unionen. Sv.Ing., Ledarna, IF Metall. <i>Italy:</i> Industrial Association (Chemical & Plastics). <i>Ecuador:</i> Cámara de Comercio Guayaquil. <i>USA:</i> Global Society of plastic Professionals, National Marine Mfg Association.	

GRI CONTENT INDEX

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number - Section	Omission
GRI 102	General Disclosures	102-14	Statement from senior decision-maker	04 - CEO words	
GRI 102	General Disclosures	102-16	Values, principles, standards and norms of behavior	Website	
GRI 102	General Disclosures	102-18	Governance structure	24-26 - Strategy & Governance	
GRI 102	General Disclosures	102-40	List of stakeholder groups	14-15 - Stakeholder Involvement	
GRI 102	General Disclosures	102-41	Collective bargaining agreements	Coworkers with collective bargaining agreements are engaged in Italy, Sweden and China. They represent 78% of the personnel.	
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	12, 14-15 - Stakeholder Involvement	
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	06 - Core Sustainability, 12, 14-15 - Stakeholder Involvement	
GRI 102	General Disclosures	102-44	Key topics and concerns raised	06 - Core Sustainability, 12, 14-15 - Stakeholder Involvement	
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	40 - Financial Responsibility	
GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	06 - Core Sustainability	
GRI 102	General Disclosures	102-47	List of material topics	08-11 - Core Sustainability	
GRI 102	General Disclosures	102-48	Restatements of information approach	None during the year	
GRI 102	General Disclosures	102-49	Changes in reporting	06 - Core Sustainability	

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GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number - Section	Omission
GRI 102	General Disclosures	102-50	Reporting period	The reporting period for the information provided is 2020	
GRI 102	General Disclosures	102-51	Date of most recent report	The Sustainability Report Issued February 11, 2020	
GRI 102	General Disclosures	102-52	Reporting cycle	The reporting cycle is annual	
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	Per Hökfelt Group VP Sustainability EHSQ per.hokfelt@diabroup.com	
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI Standards	50 - GRI Content Index	
GRI 102	General Disclosures	102-55	GRI Content Index	50 - GRI Content Index	
GRI 102	General Disclosures	102-56	External Assurance	04 - CEO Words, 50 - GRI Content Index, Website	
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundary	08-11 - Core Sustainability - list of material topics	
GRI 103	Management Approach	103-2	The management approach and its components	08 - Core Sustainability and for subject specific information about sustainability control see each focus area respectively	
GRI 103	Management Approach	103-3	Evaluation of the management approach	08-11 - Core Sustainability	
GRI 205	Anti-corruption	205-1	Operations assessed for risks related to corruption	36 - Zero Corruption	
GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	36 - Zero Corruption	

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GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number - Section	Omission
GRI 205	Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	42 - Zero Corruption	
GRI 302	Energy	302-1	Energy consumption within the organization	28 - Environmental Responsibility	No energy has been sold from any of the production sites
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	30 - Environmental Responsibility	
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	30 - Environmental Responsibility	
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	30 - Environmental Responsibility	
GRI 305	Emissions	305-4	GHG emissions intensity	30 - Environmental Responsibility	08 - Core Sustainability - list of material topics
GRI 305	Emissions	305-5	Reduction of GHG emissions	30 - Environmental Responsibility	
GRI 306	Effluents and Waste	306-1	Water discharge by quality and destination	36 - Zero Waste	
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	36 - Zero Waste	
GRI 306	Effluents and Waste	306-3	Significant spills	0 significant spills	
GRI 403	Occupational Health and Safety	403-9	Work-related injuries	43 - Social Responsibility	
GRI 404	Training and Education	404-1	Average hours of training per year per coworker	43 - Social Responsibility, Coworkers	

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GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Page Number - Section	Omission
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and coworkers	43 - Social Responsibility, Coworkers and 27 - Strategy & Governance	Partly legal prohibitions
GRI 406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	43 - Social Responsibility	
GRI 408	Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	43 - Social Responsibility	
GRI 409	Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	43 - Social Responsibility	
GRI 414	Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	a. 7 b. 1 c. 0 d. 14% of those assessed e. 0	

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