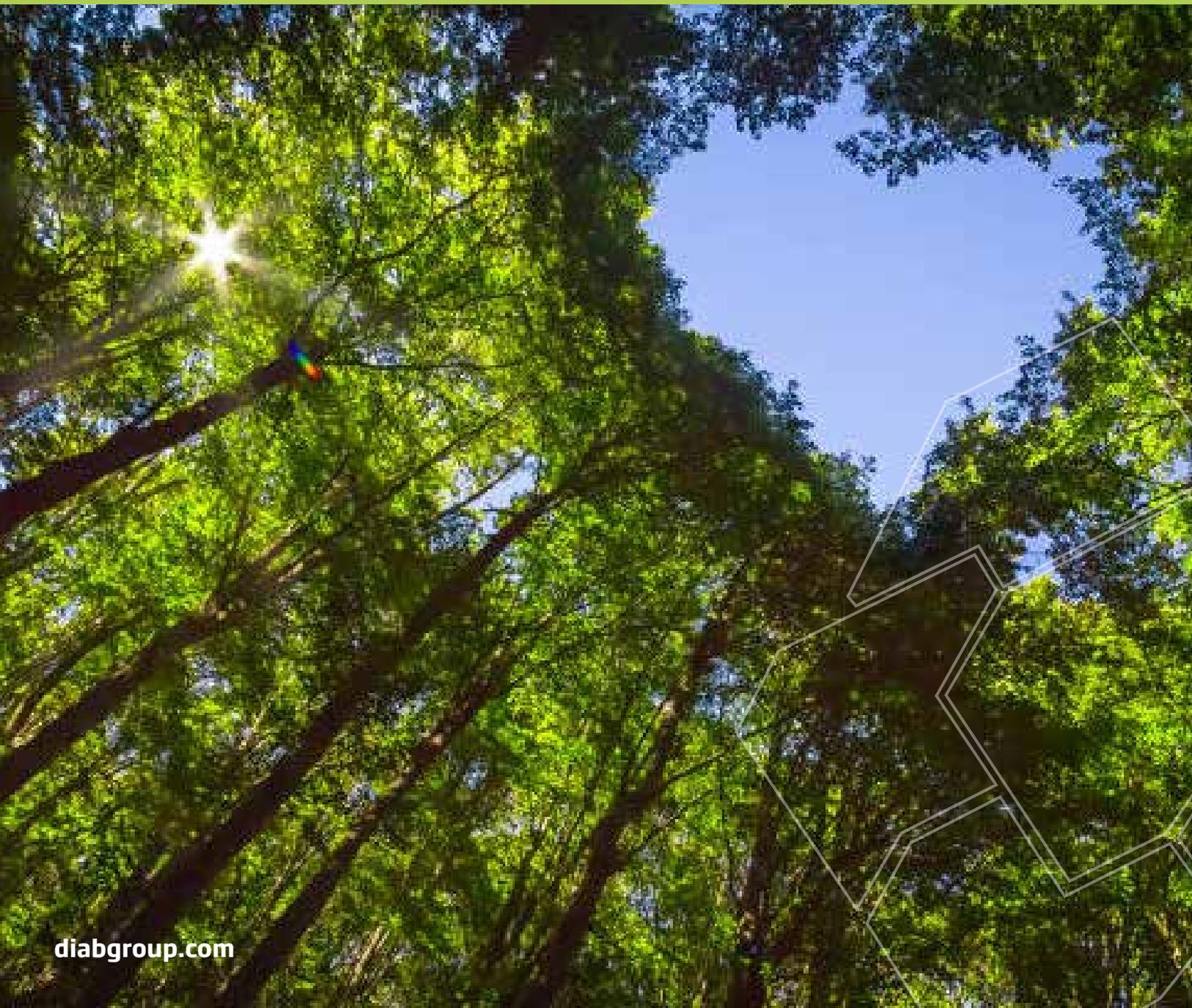




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# SUSTAINABILITY REPORT 2021

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

Diab has been at the leading edge of composite core material development for over seventy 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



2021, being the second year of the Covid-19 pandemic, truly was a year where many of the forecasts made in 2020 were proven to be wrong. Nobody was able to predict the more long-term impact of the global pandemic. We have seen the wind market slow down more than expected, while other segments have recovered far more than anticipated.

As mentioned in previous years, we have experienced an increased interest from our customers in the carbon footprint of our products and our ability to support more circular business models. The wind industry is highly progressive and wants to do more, but we see similar interest in the Marine market and Aerospace. Diab products and lightweight solutions are all part of the future society, in which light weight delivers performance and enables circular product life cycles.

The competitiveness of renewable wind energy is dependent on a competitive total cost of ownership, which to a large extent includes the rotor blades which are built as a sandwich design. The lightweight materials that we provide enable blades to be longer, more efficient and more cost effective to produce.

The wind energy industry is now also devoting significant effort to understanding how to solve some of our industry's main challenges, production, waste and end-of-life treatment.

We follow and improve our certified management systems in accordance with ISO 14001, ISO 9001 and ISO 45001, and additional ISO standards that contribute to our ESG performance. By reaffirming the UN Global Compact during 2021, Diab is making a long-term statement to continuously focus on its sustainable development. In addition to this we have also reaffirmed our Modern Slavery and Human Trafficking Statement for 2021.

Since 2018, we have approved CO2-reduction plans in accordance with the Science Based Targets Initiative requirements. Diab is still the first company in our industry to do this. Our ambition is to be the ESG leader in our industry, and 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 are not resting on our laurels. It is our ambition to create even more value for our customers and we are acting to make the industry more transparent for our stakeholders by using global standards in our reporting, one example is the use of the new EU Taxonomy for Reporting of Sustainable activities.

TOBIAS HAHN  
CEO  
January 31, 2022

A handwritten signature in blue ink, appearing to read 'Tobias Hahn', written over a light blue background.

**GRI Standard Guidelines and Annual Accounts Act**

Diab Group's 2021 Sustainability Report is based on GRI Standards, the Global Reporting Initiative's Sustainability Reporting Guidelines, Core option. The 2021 Sustainability Report is prepared for sustainability reporting in compliance with the Swedish Annual Accounts Act as applicable for Diab Group AB, 556603-1711. All companies in Diab Group are included in this report.



# 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 2021, in accordance with GRI Standards, Core option, includes aspects relating to 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

ESG (Environmental, Social and Governance) activities.

In 2018, an extensive survey for all external and internal stakeholder groups was undertaken. In our yearly review of the materiality analysis we have concluded that the materiality topics stays the same, but the focus on low carbon products and recyclable products has increased.

Also this year has been heavily affected by the Covid-19 pandemic, and 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 reflect 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 2021
<b>Environmental Responsibility</b>		
<b>Efficient usage of resources</b>	The target for 2022 is approximately 8 tCO <sub>2</sub> e/tonne 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 tCO <sub>2</sub> e/tonne and 2021 approximately 5.9 tCO <sub>2</sub> e/tonne sold product.
<b>Reduce CO<sub>2</sub> emissions and other greenhouse gases (GHG)</b>	In 2018 Diab had 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.	<p>Since 2020 the new solid biofuel boiler has been setup to supply industrial hot water to Diab AB in Laholm, Sweden, so there are significant CO<sub>2</sub> savings being made. The switch to PET products and increased use of renewable electricity have also delivered improved performance.</p> <p>The target we have for Scope 1 &amp; 2 will most probably be met during 2022, but the Scope 3 target for 2022 remains more difficult as it involves our suppliers and will take more time than expected.</p>

# CORE SUSTAINABILITY

## - list of material topics

Area	Sustainability target	Performance in 2021
<b>Environmental Responsibility</b>		
<b>Increased recycling and safe waste handling</b>	The Group-wide objective is for the volume of waste to be reduced by 50% from 2016 to 2022.	The global waste level has remained more or less the same during the year compared to our base year 2016. The cross-functional programme 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, 2021 has been influenced by so many challenges that focus has been difficult. The Laholm site is landfill-free and one of two landfill-free sites in the Group. It will be very difficult to meet the 2022 target.
<b>Sustainable product life cycle</b>	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 and generation of renewable energy when used in the blades of wind turbines.	Diab continuously develops and improves sustainable products. During 2021 new products within both the PET and PVC 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 2021
<b>Social Responsibility</b>		
<b>Health &amp; Safety for all coworkers</b>	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 to achieve an LTA ≤ 2 ppm (Lost Time Accidents rate per million worked hours).	All facilities record an LTA, and this year the mean-value for all sites was 7,1 ppm. This is a little bit better than last year, but still high vs. the general industry benchmark. We have however managed to continue to reduce the number of accidents also in 2021.
<b>No child labour &lt; 15 years</b>	No incidents, either internally or externally, are acceptable.	Zero incidences identified during the year.
<b>Support for fair working conditions</b>	“Support for fair working conditions” for Diab includes Non-discrimination, Freedom of association and Collective bargaining, No forced or compulsory labour, Human rights assessments and Supplier social assessments. No incidents, either internally or externally, are acceptable.	0 incident of discrimination.
<b>Competence Development</b>	Diab empowers continuous learning; mostly internal training and where 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. During 2020-21 the tool has been introduced to all coworkers globally.
<b>Diversity</b>	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 lower numbers of women – most of the units have approx. 25% women. However, in some units it is as low as 4%. A higher grade of automation in our production might attract women, but we also need to identify other factors to be able to obtain a more diverse working environment.

# CORE SUSTAINABILITY

## - list of material topics

Area	Sustainability target	Performance in 2021
<b>Financial Responsibility</b>		
<b>Anticorruption measures</b>	There should be no cases of bribery, corruption or cartel formation. Continued active information for coworkers.	The Group has a whistleblowing system, and one incidents relating to corruption or inadequate business ethics was recorded in 2021.
<b>Fair competitive business</b>	This is a KPI for Diab and should be measured as the number of whistleblower incidents handled per year. This KPI shall remain low.	During the year, four whistleblower incidents were registered.
<b>Reliable supplier</b>	We keep our promises, both to each other internally and to our customers, partners and others externally. We work towards a sustainable society. Our work ethics are strong and we prove it every day.	As the sandwich composite industry is growing and customer requirements in the supply chain are increasing, Diab Group has made efforts to improve its 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 2022.

# 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. Also the regular customer satisfaction study provides valuable information for Diab.

# STAKEHOLDER INVOLVEMENT

## The most prioritized topics for Diab's stakeholders

### Anticorruption 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 number of corruption cases identified globally.

### Sustainable Product Life Cycle

Work on creating products with a sustainable Product Life Cycle has been identified by both external and internal stakeholders as being worthy of continued emphasis and priority. One example is that Diab is taking action internally by developing products that use circular raw materials like recycled materials. Our strategy to engage with customers that want a more circular business model has been tested during 2021, and we are expecting more opportunities in 2022.

### No child labour

Diab is already putting a strong focus on this topic, but will continue to 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 labour 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 labour. 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 ages for being able to work or for mandatory schooling".

### Reliable supplier

As the sandwich composite industry is growing and customer requirements in the supply chain are increasing, Diab Group has made efforts to improve its 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 CO<sub>2</sub>e 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 2021, we have seen some very interesting behaviour from some of our most important customers, whereby they are now asking us to report the carbon footprint of the products we deliver. In addition these customers have requested that we reduce the carbon footprint to which we have committed.

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
<b>Customers</b>	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 2021. 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 (EPDs) 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 EPDs during the year and a lot of positive response. In addition our main strategic customers have requested that we report the CO <sub>2</sub> footprint of the products they buy from us, and the we have committed to a long-term reduction target in line with their expectations.
<b>Consumers</b>	All Diab's products are sold to industrial customers. Although this relates to some consumer products, such as yachts and sports equipment, 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. These were mainly customers for surfboards and other watersports equipment manufacturers.
<b>Coworkers</b>	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
<b>Suppliers</b>	Diab endeavours 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. Diab has communicated that reduction of carbon footprint will be introduced for some key suppliers.
<b>Shareholders</b>	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 are reported to Ratos annually in Q1. Diab's strategy to be the best ESG investment in its industry is in line with Ratos' expectations.
<b>Society</b>	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, Labour, Environment and Anticorruption.  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.

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

## **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.

## **Diab business model**

Diab is a producer of structural core for sandwich composites and the products are normally sold by square meter or in a kit. The level of mechanical properties as well as the customization of the product determines the price. Cost for the product is determined by cost of raw materials and other cost related to the manufacturing of the finished product. Diab's customers are making the finished composite using different techniques depending on what industry.

Diab Group acts as either a Tier 1 or Tier 2 supplier towards the OEM's depending on different industry logics and regional practices.



# 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**

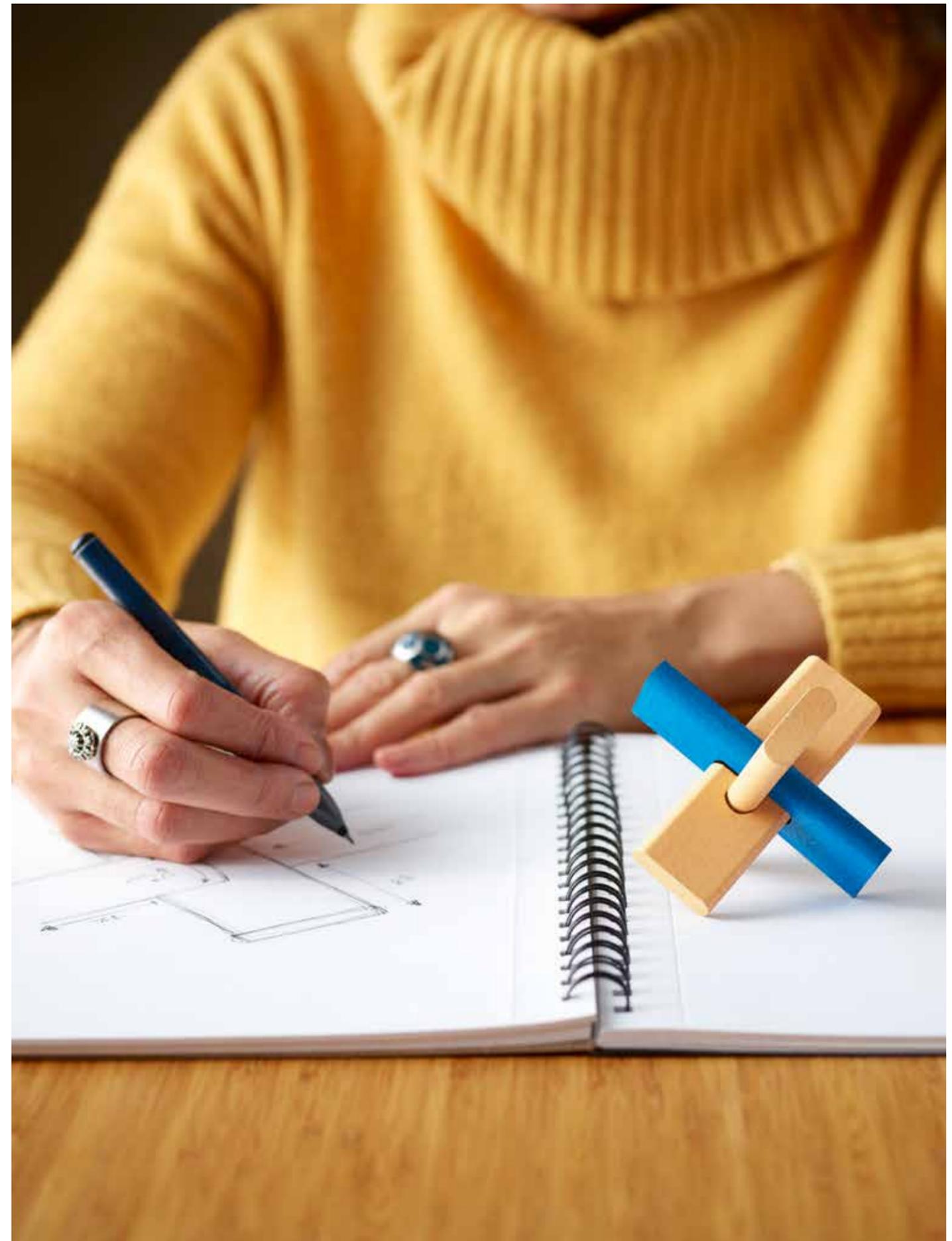
Who says a strong structure has to be heavy? Engineering dreams can meet harsh reality without compromises. Sandwich composites significantly reduce weight and increase stiffness, while maintaining or even adding strength. Increasing the thickness of the sandwich core yields even greater toughness and 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. The Ratos Group business concept is to develop companies headquartered in the Nordics that are or can become market leaders. They enable independent companies to excel by being part of something larger - The Ratos network - where synergies, knowledge and experience are shared across companies and business areas. 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 acquisitions. Ratos creates value by being the partner that unlocks business opportunities and contributes with ideas, experience, capital and contacts. Ratos's core values are: Simplicity, Speed in Execution and It's All About People. It has a diverse portfolio and exposure to several industries and markets and a forever owner horizon.

## 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

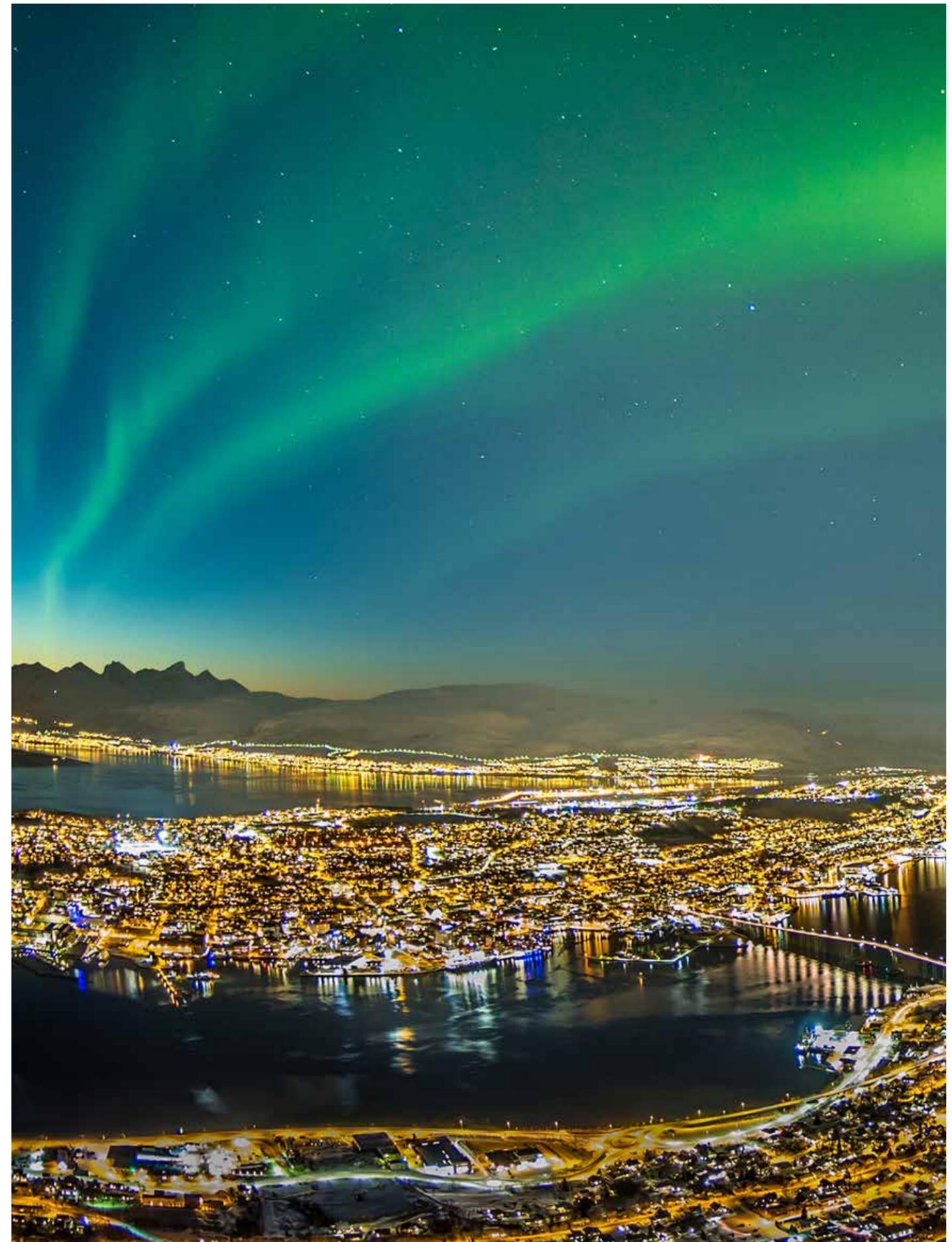
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“Enabling everybody to create sustainably by leading the structural core innovation.”

## Mission

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“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 includes 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 decisions and follow up on the investment budget. The committee also suggests the investment 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 Programme 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 BRMs on a quarterly basis. Present at BRMs should be CEO and CFO together with EVP Region and subordinates. The focus at BRMs is to follow local KPI development from global, finance performance and activities. One DMT meeting will be held each year in the 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. Diab's main suppliers supply their raw materials as chemicals, except for balsa and a few others. There are in total 30-40 unique global suppliers, mainly located in Europe and in Asia. About 5-10 suppliers are located in Asia to support the production in China.

PET (Polyethylene Terephthalate) production suppliers are provided from Europe and Asia, balsa mainly from South America and PES (Polyethersulfone) 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



James Sullivan  
EVP Region Americas

## Diversity of governance bodies:

Diab Group Board members are divided as follows:

- 8 men and 1 woman
- 5 persons are in the age group of 30-50 years and 4 persons are >50 years

DMT members are divided as follows:

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

## Diab Group AB - Board members

Joakim Twetman, Chairman  
Per Magnusson, Board member  
Jonas Wiström, Board member  
Frédéric Cho, Board member  
Magnus Stephensen, Board member  
Maria Ek, Board member  
Fredrik Nilsson, Board member  
Johan Ekenberg, Board alternate  
Christopher Dimovski, Board alternate

# ENVIRONMENTAL RESPONSIBILITY

## Risk assessment and environment

The DMT is continuously assessing the topics of risk relevant for the Diab Group. In the risk process a number of risks are assessed, such as market risks, operational risks, financial risks and business continuity risks. Based on this analysis, the relevant investments and activities are prioritized and relevant people are assigned for managing and mitigating the risks. This year, the environmental risk with the highest score was handling of PVC waste. The reason is cost for waste management is increasing in all regions.

## Energy

Diab's Sustainability Policy clearly states the importance of caring about natural resources, such as energy, by continuously improving how they is utilized. Each operating site measures and keeps 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 CO<sub>2</sub>e emissions, which clearly showed that the usage of natural gas within the Group is one of the main contributors to the CO<sub>2</sub>e emissions connected to energy consumption in the Group. Moving away from natural gas

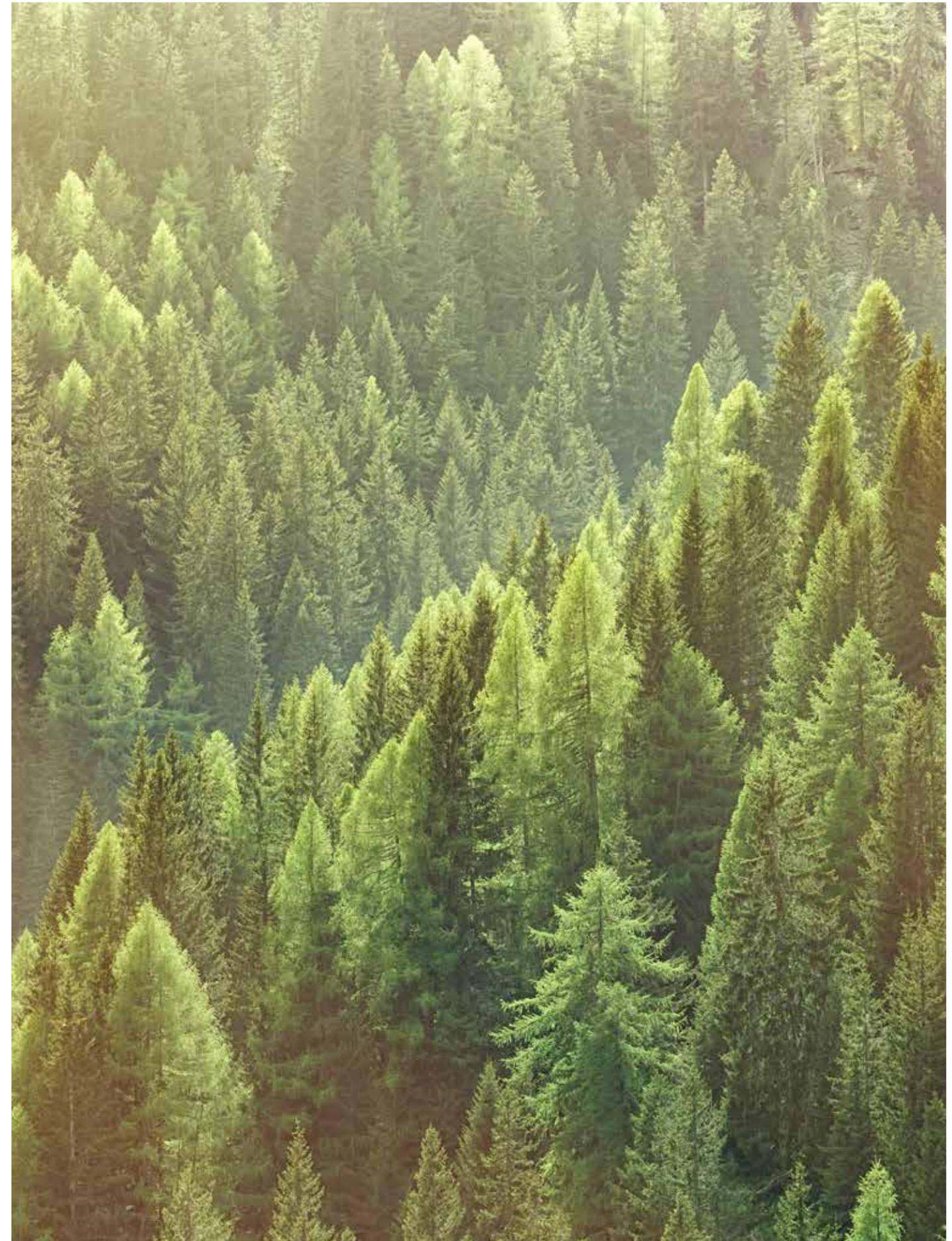
to renewable energy will be an efficient way ahead to reduce the carbon footprint. As a consequence, Diab in Laholm signed an agreement in 2017 with an external partner to change the natural gas boiler for a solid biofuel boiler. This plant was completed during mid-2019 and the transition from natural gas to biofuel was performed during 2020.

All data for energy consumption is measured from all production sites. These are put into a software tool "Our Impacts" which is designed to help conduct high-quality assessments of our 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 2021, (2020/2019 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	<b>Total MWh</b>
1,087 (1,599 /1,709)	24,268 (20,414/9,182)	58,231 (49,277/46,836)	53,611 (72,832/82,251)	891 (2,620/3,075)	<b>138,088</b> (146,742/ 143,053)



# 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 CO<sub>2</sub>e 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 tCO<sub>2</sub>e emission volumes divided per scope for Diab Group in 2021 (2020/2019 values in brackets), in total.

Market-based, tCO <sub>2</sub> e:			
• Scope 1	11,739	(15,646)	(17,532)
• Scope 2	11,215	(20,087)	(19,632)
• Scope 3	100 029	(95,902)	(86,357)
• Total	122 983	(131,635)	(123,521)
• Biogenic	0,07	(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 <sub>2</sub> )	1
Methane (CH <sub>4</sub> )	25
Nitrous oxide (N <sub>2</sub> O)	298
Biogenic (CO <sub>2</sub> )	0
Biogenic (CH <sub>4</sub> )	24
CO <sub>2</sub> e	1

The KPI, mentioned under Core Sustainability, showing tCO<sub>2</sub>e 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 tCO<sub>2</sub>e emission calculations. The total tCO<sub>2</sub>e emissions for 2021 were 9% lower than for 2020. The main reasons for this is the increased use of renewable electricity across most sites.

At the same time we can see that the intensity of CO<sub>2</sub>/kg product has been significantly lower, from 7 kg CO<sub>2</sub>/kg product to 5.9 kg CO<sub>2</sub>/kg. This is due to efforts to improve yield of raw materials which is driven by the switch to production of PET in 2021.



## 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 CO<sub>2</sub>e 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 PVC foam to 7.60 kg CO<sub>2</sub>e/kg PVC and the corresponding value for PET foam to 4.12 kg CO<sub>2</sub>e/kg PET.

# ENVIRONMENTAL RESPONSIBILITY



Source: [www.un.org/sustainabledevelopment/sustainable-development-goals](http://www.un.org/sustainabledevelopment/sustainable-development-goals)



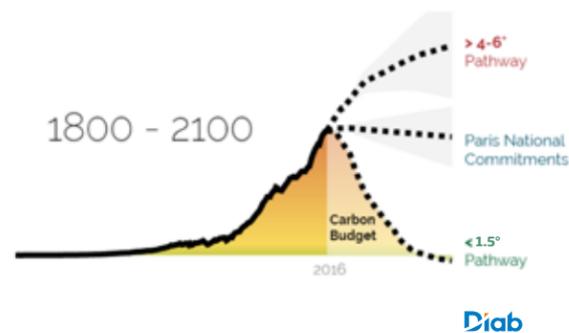
## Science-Based Targets, SBT, Sustainable Development Targets and Climate Action

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.

## Science-based targets | The need for science based targets



## Diab Chemical and materials Blacklist

During 2020 Diab 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. The Diab Chemical and Materials Blacklist is available on our website.

## 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.

# 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 13,000 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, labour, 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.



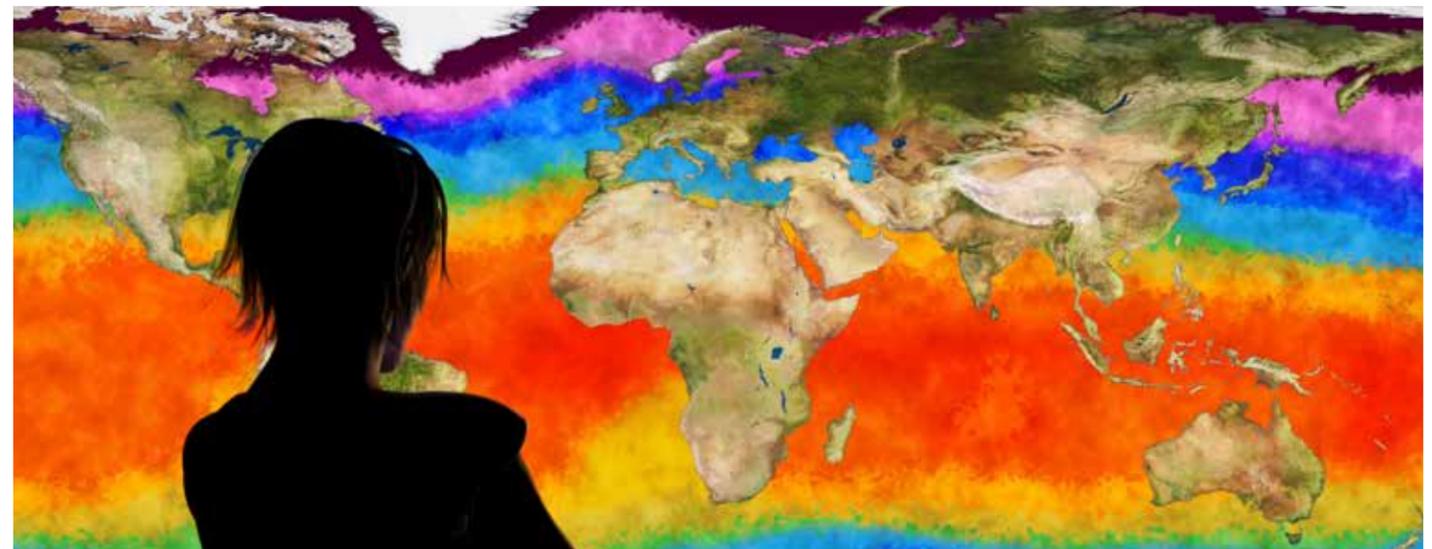
# EU TAXONOMY REPORTING

## Reporting according to the EU Taxonomy for sustainable activities

The European Commission has decided to introduce a framework for investors to help and support investments into sustainable activities or companies. Sustainable activities and companies are today called ESG (Environmental, Social and Governance) by investors but the definition is sometimes not so clear. The EU Taxonomy has the ambition to create a significantly better definition and transparency. Diab is through its owner Ratos included in the scope of reporting for the fiscal year 2021 for the first time, but also with a limited scope, the so called soft implementation. Diab Group has decided that all activities related to the wind energy market are defined as being in line with the EU Taxonomy. This is used for calculating SALES and CAPEX. For OPEX, Diab Group follows the general instructions provided by Ratos that have been developed for this purpose.

## Taxonomy reporting 2021

	Amount eligible	Amount non-eligible	Total amount
Turnover	897,970	934,436	1 832,406
Capex	170,317	132,861	303,178
OPEX	59,946	40,695	100,641



# 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.

## **PVC by-products**

The PVC waste is not possible to use in new PVC foam core, instead this is reused in other material flows. PVC by-products created from the waste stream are associated with PVC 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. Since mid-2019 these activities rendered several opportunities at the Laholm site, apart from being raw material for our own production of Divinycell Recoboard. Recoboard has reached some acceptance by customers in several applications, but still the volume is too low and more activities have been started during the year to improve the situation.

## **Pulverizing and Granulation of PET and PES**

Recycling of PET production waste (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, please see image on page 37.

Agglomerators are installed in Italy, US, Sweden, China and India to recycle our internal waste of PET and PES. In addition, agglomerators will be installed in all our coming PET-plants to serve production continuously 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 m<sup>3</sup>. 3.94x106 m<sup>3</sup> 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 (2020/2019 values in brackets):

- Landfilled waste: 57% (57% / 65%)
- Incinerated waste: 30% (32% / 24%)
- Recycled waste: 12% (10% / 11%)

The waste disposal method is generally decided by the waste disposal contractor and as the PVC 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 very close to zero.

“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 fulfil 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 Technology (ChanShu)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 provided 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**

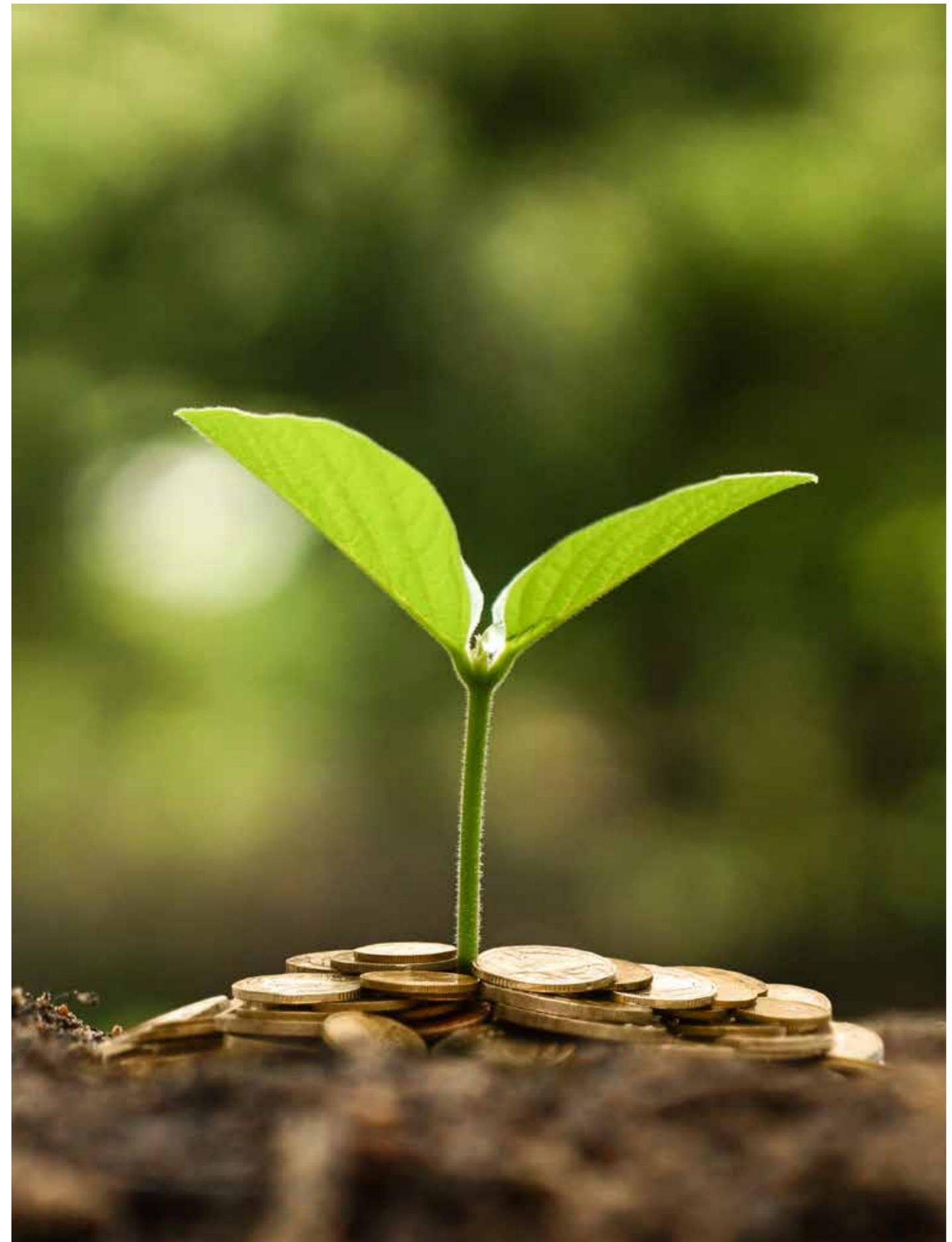
The company has production units for material in Sweden, Italy, USA, China and Ecuador. Material processing takes place in the production units as well as in Lithuania.

## **Scale of the organization 2021 (2020 values in brackets)**

- Total Number of Coworkers (December): 1043 (1,269)
- Total number of Operations: 8 (7)
- Net sales of MSEK 1832 (MSEK 2121). Split between Private sector and Public Sector: 100% Private sector
- Total capitalization broken down in terms of debt and equity per December 31, 2021 is published on Ratos' website.

## **Risk assessment and compliances**

The outcome of the risk assessment done by DMT, has been performed as part of the yearly cycle and in alignment with the Owners process and necessary actions for mitigation has been identified to keep financial risks as low as possible. The owners has during the year made efforts to minimize financial risks for all the Ratos holdings.



# 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, identified the risks for corruption to be low as reported previous years. The framework of activities to eliminate and mitigate corruption is an continues process.

## **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 covered in Diab’s Code of Conduct, which 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 programme 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 in a dedicated committee that also includes an external party.

An in-depth global training programme on the organization’s anticorruption policy and procedures, together with general training on anticorruption, is undertaken on a regular basis for all coworkers.

During 2021 Diab had one confirmed incident of corruption (one case in 2020).

# 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 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 & Labour 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 & Labour 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 labour 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

2021, Diab Group had 0 incidents of discrimination (one incident in 2020).

## Risk assessment of child labour

Operations within Diab are assessed to have very limited risk of child labour, young workers exposed to hazardous work or forced or compulsory labour. The risk for child labour, young workers exposed to hazardous work or forced or compulsory labour 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 labour, young workers exposed to hazardous work or forced or compulsory labour is deemed to be very low. Normally, due to the identified risk with smaller suppliers in China, supplier audits should have been performed during the year, but due to travel restrictions related to the covid-19 pandemic, this has not been possible.

## 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 labour and to the elimination of all forms of forced or compulsory labour 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 2021. Diab's Code of Conduct is very clear on human rights, which are the guidelines followed by all operations. If any infringement of the Code of Conduct were to take place, this would be noted in the whistleblower system. During 2021 there have not been any reported incidents of infringements on human rights (also zero incidents in 2020).

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



# SOCIAL RESPONSIBILITY

## Coworkers

### Information on coworkers

The majority of the organization's activities are carried out by Diab coworkers, the total number of whom 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
825	218	1,043

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

	Men	Women	Total
Full-time	818	205	1,023
Part-time	7	13	20

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

	Men	Women	Total
Australia	4	1	5
China	155	56	211
Ecuador	28	5	33
France	4	2	6
Germany	3	1	4
India	6	4	10
Italy	217	9	226
Lithuania	93	47	140
Norway	2	1	3
Poland	2	1	3
South Korea	1	0	1
Spain	3	3	6
Sweden	176	39	215
Sweden HQ	37	14	51
Thailand	1	5	5
UK	5	2	7
USA	66	29	117
<b>Total</b>	<b>824</b>	<b>219</b>	<b>1,043</b>

# 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 2021 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
2021	0.50

### E-learning

Our global e-learning platform "Smarter" was introduced in 2017 to Senior Managers, the Sales & Technical organizations and the Operations Management Team. During 2020-21, the HR teams at our manufacturing units have implemented local platforms. They are now producing their e-learning programmes for coworkers locally.

On a Group level, we have launched training programmes with the aim to provide general information and knowledge about Diab and our materials, but also in-depth knowledge of the Sales and Technical area. We are continuously developing training sessions in Sales, Technical, Sustainability, Pre- and On-boarding, and Leadership Management.

In October 2021, we had our first global Safety Day/Safety Month. Group HR developed a safety programme for everyone, focusing on our behaviours. It covered different blocks, such as videos about physical safety, the psychosocial work environment, and psychological, behavioural errors. The programme was based on face-to-face training but is also introduced as an e-learning programme.

The plan for e-learning involves carrying out annual mandatory training through the portal to ensure that critical information and knowledge replicate. An example of our mandatory training is our Business Ethics programme with three modules: Anticorruption, Code of Conduct, and Whistleblowing.

"Our e-learning programme 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 7,1 ppm. The LTA for the Group has been high vs. the 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, which continued in 2021, but still needs to improve vs. the 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 includes 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 adheres to safety regulations globally.

Nomenclature used:

*Lost Time Accidents (LTA):* Accidents that result in a coworker missing the next regularly scheduled work day 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 work day 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 2021 (2020/2019 values in brackets)

	LTA	Occurrence Index	Sick Leave Rate, %
Laholm, Sweden	11.9 (22.7/11.2)	11.9 (44.2/38.1)	4.41 (6.0/5.2)
Longarone, Italy	16.7 (9.1/29.5)	18.9 (9.1/29.5)	6.5 (5.8/4.0)
Siauliai, Lithuania	0.0 (12.2/20.9)	3.8 (12.2/20.9)	10.1 (8.1/7.8)
DeSoto, USA	0.0 (3.4/0.0)	10.4 (23.9/16.4)	1.6 (1.1/1.2)
Zhangjiagang, China	4.2 (0.0/4.6)	6.8 (6.3/14.5)	0.2 (0.6/0.8)
ChangShu, China	0.0	28.2	0.0
Duran, Ecuador	0.0 (1.9/7.1)	0.0 (1.9/14.8)	2.6 (2.3/2.0)
Diab Group	7.1 (7.7/14.7)	13.8 (16.2/23.6)	3.7 (4.0/4.0)



# GRI CONTENT INDEX

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This report has been approved by the Board on February 18, 2022.

Diab Group's sustainability reporting refers to calendar year 2021. 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	Helsingborg, 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	26 - 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. <i>Sv.Ing.,</i> 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.	

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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	

# GRI CONTENT INDEX

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 2021	
GRI 102	General Disclosures	102-51	Date of most recent report	The Sustainability Report Issued February 11, 2021	
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	42 - Zero Corruption	
GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	42 - Zero Corruption	

# GRI CONTENT INDEX

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 Labour	408-1	Operations and suppliers at significant risk for incidences of child labour	43 - Social Responsibility	
GRI 409	Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	43 - Social Responsibility	
GRI 414	Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	a. 0 b. 0 c. 0 d. 0 e. 0	



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Diab is a world leader in sandwich composite solutions that make customers' products stronger, lighter and smarter. Diab provides a range of core materials, cost-effective kits and finishings, along with in-depth knowledge on composites. Diab also provides engineering services for composite technology through Diab Application Center. Diab is a participant in the UN Global Compact.

Subject to possible printing errors and changes.  
Diab Sustainability Report 2021