

Disclosure of non-financial information

1. The D'Ieteren Group

As the parent company, the largest impact of D'Ieteren occurs as a result of where it chooses to invest. The D'Ieteren Group currently has three activities articulated around strong brands: - D'Ieteren Auto (100% owned), Belron (54.10% owned) and Moleskine (100% owned) and has recently welcomed D'Ieteren Immo as a new entity (100% owned). D'Ieteren seeks growth and value creation by pursuing a long term strategy for its businesses and actively encouraging and supporting them to strengthen their positions in their specific industries or regions. As a whole, it aims to create value for all its stakeholders.

This year, D'Ieteren has taken further steps to enhance its non-financial disclosure. Firstly, the communications professionals and sustainability experts of D'Ieteren, D'Ieteren Auto, Belron, Moleskine and D'Ieteren Immo gathered in Brussels in October 2018 to discuss how to align their sustainability reporting method and share best practices. Some common priorities were pinpointed in this context, including Customer Welfare and Satisfaction, Employee Well-being and Development, Innovation for Society, Respect for the Environment and Community Engagement.

These common themes arose from the materiality analysis that was carried out for each activity. The D'Ieteren Group and its activities reviewed the results of the materiality analyses made in 2018 with the aim of achieving more alignment with the standards of the Sustainability Accounting Standards Board (SASB). The SASB has developed a set of 77 standards that identify a range of material sustainability themes for specific industries. By assessing the SASB standards, the selection of material themes can be made more relevant to the industries in which D'Ieteren operates. As a result, the list of material themes for each activity has been tweaked compared to last year. These themes relate to significant environmental and social impacts that D'Ieteren's activities have on stakeholders and society at large. External sustainability experts also supported D'Ieteren and its activities in this process and helped to ensure a consistent and accurate materiality assessment.

Moreover, D'Ieteren has aligned its material themes to the UN Sustainable Development Goals (SDGs). This 2030 Agenda for Sustainable Development, which consists of 17 Goals covering 169 targets, was adopted by all United Nations Member States in 2015. For each of the identified material themes, D'Ieteren identified the related SDG and SDG target and looked at the way its activities were contributing to this agenda.

D'Ieteren aims to integrate further its non-financial and financial information. This can be seen in the Activity report's introduction ("D'Ieteren at a glance" on page 2-3) and Reference Index (page 70-71 of the Activity Report). The latter connects material topics of each of the activities with related information in both the Activity and Management reports.

Another D'Ieteren ambition is to further align its reporting to the GRI Standards in the coming years. This is why, in addition to the requirements of Belgian law on disclosure of non-financial and diversity information, additional details have been reported for each material theme.

As part of this approach, the D'Ieteren Group and each activity interviewed one of their key stakeholders to get a perspective on their actual and potential impact on their stakeholders' ecosystems. A summary of each of these interviews can be found in the Activity report.

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Declaration by Responsible Persons	2018 Full-Year Results	Consolidated Financial Statements 2018	Summarised Statutory Financial Statements 2018	Corporate Governance Statement	Disclosure of non-financial information	Share Information

2. D'leteren Auto¹

2.1. DESCRIPTION OF THE BUSINESS

As part of its 70-year old relationship with the Volkswagen Group, D'leteren Auto imports and distributes the vehicles of Volkswagen, Audi, SEAT, Škoda, Bentley, Lamborghini, Bugatti and Porsche across Belgium, along with the brands' respective spare parts and accessories.

It is the country's number one vehicle distributor, with a market share of around 21%. D'leteren Auto manages a strong network of independent dealers across the country and corporately owns dealerships on the Brussels-Antwerp-Mechelen axis.

Besides distributing vehicles in Belgium, D'leteren Auto provides after-sales services through its Corporate-owned operations. These include bodywork, maintenance and repair, glass repair and tyre replacement. It also sells used vehicles through My Way centres and My Way Authorized Distributors. In addition, D'leteren Auto provides car financing and long-term car rental services through a joint venture between D'leteren and Volkswagen Financial Services. Finally, it distributes the products of Yamaha in Belgium and the Grand Duchy of Luxembourg through D'leteren Sport.

D'leteren Auto's business model is currently evolving towards the offer of more fluid, accessible and sustainable mobility solutions as a way of improving the day-to-day lives of citizens. The company is focussing strongly on promoting responsible mobility, mainly through the initiatives of its subsidiary Lab Box.

D'leteren Immo manages the real estate interests of the D'leteren Group in Belgium. 2018 was the second full year of activity, during which various investment projects were completed. Its trained teams have also been studying the viability of renovating certain sites in order to identify future sources of innovation and creativity. In addition to managing property assets, the company offers property consulting services to the tenants of the approximately 30 sites in the portfolio.

2.2. GENERAL APPROACH TO SUSTAINABILITY

Although it acts as a vector of prosperity and integration, mobility also faces challenges related to economic, environmental, social and security related issues. D'leteren Auto is aware of this and accepts its share of responsibility. To improve the lives of citizens through fluid, accessible and sustainable mobility is its primary commitment, and the one that is closest to the spirit of the core business. D'leteren Auto is therefore working to build a raft of mobility services that will enable citizens to travel easily and in a sustainable way. It will achieve this through the Lab Box subsidiary that is heavily involved in creating innovative and flexible mobility services, but also through its core business by developing a range of services linked to the use of electric cars.

D'leteren Auto also strives to reduce its environmental footprint by transforming its infrastructure and adapting its behaviour. Over recent years, D'leteren Immo has implemented various measures aimed at using energy more efficiently and integrating alternative energy sources.

Another priority for the company is to offer its people a working environment that is safe and enriching, where well-being isn't just a slogan. D'leteren Auto has launched multiple initiatives to improve staff welfare, enable their professional development and enhance their working environment and conditions.

Finally, through its Give & Gain patronage programme, D'leteren Auto is fully committed to causes that are related to socially-responsible mobility – where the company can bring real added value – while simultaneously encouraging its employees to get involved in such causes.

2.3. ALL MATERIAL ENVIRONMENTAL AND SOCIAL ASPECTS

- 1) Climate impact/CO₂ emissions
- 2) Waste management
- 3) Innovation
- 4) Sustainable procurement
- 5) Customer welfare and safety
- 6) Employee development and well-being
- 7) Employee safety
- 8) Community engagement
- 9) Ethical principles
 - a. Respect for Human Rights
 - b. No tolerance for corruption and bribery
 - c. Inclusion and diversity

¹ Though D'leteren Immo is a separate entity since 2016, its non-financial information has been integrated in the different sections of D'leteren Auto.



CLIMATE IMPACT/CO₂ EMISSIONS

Why it is material

D'leteren Auto's main impact on the environment concerns its activity of distributing polluting combustion vehicles. This has resulted in new challenges for D'leteren Auto's business continuity, e.g. stricter legislation, such as new forms of taxation on transportation and new car policies in companies. On the other hand, it creates great opportunities to develop innovative new mobility solutions.

In addition to the products it delivers, D'leteren Auto's own operations and processes also have an environmental impact. This is mainly managed by D'leteren Immo.

Management approach

D'leteren Auto is expanding its clean car offer. In particular, it provides a complete solution (infrastructure) to private electric car clients and specific solutions for companies.

The company also develops alternative mobility solutions, notably through its subsidiary Lab Box (Car sharing, Intermodality, Maas platforms, ...)

Internally, it raises awareness among employees: promoting working from home, environment-friendly driving habits, multimodal solutions such as combining public transport and company cars, cycling or car-pooling with guaranteed parking space.

The company adopts D'leteren Immo's approach to (renewable) energy management, thereby lowering the energy consumption of its buildings while increasing the share of self-produced renewable energy.

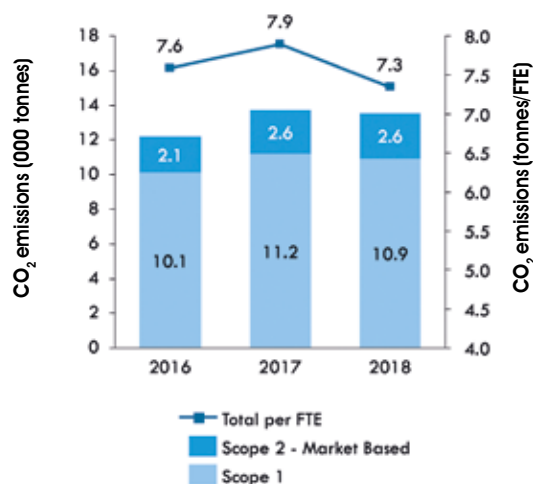


Case study : a comprehensive electric solution

Electric D'leteren Solutions (EDI) is a smart solution pack for private and professional clients to load and store energy.

Key indicators

- 41.5% of D'leteren Immo's electricity is self-produced from renewable sources.
- Evolution of D'leteren Auto's carbon footprint since 2016:



What was achieved in 2018

The D'leteren subsidiary, Lab Box, worked hard to develop and expand its products and services related to intermodal mobility. In January 2018, Lab Box successfully launched Poppy in Antwerp, which now manages 350 shared cars (incl. 200 electric VW Golf) and 25 scooters. By the end of the year it had 20,000 registered clients.



Partly thanks to its solar panels, D'leteren Immo produced 41.5% of its own electricity needs. It also installed in several locations green corridors aimed at protecting biodiversity.

To promote clean mobility, D'leteren Immo created a new parking for bikes in the D'leteren Mail building, including a changing room for people wishing to commute by bike.

Way forward

- D'leteren Auto will continue to expand its offer of electric cars and related infrastructure, including by building on the Volkswagen Group's ambitious e-mobility offensive.
- D'leteren Immo aims to self-produce 50% of its electricity needs from renewable sources by 2020.
- Lab Box will continue innovating in the field of responsible mobility (see Innovation aspect P. 127).

UN sustainable development agenda

D'leteren Auto's distribution activities have a negative impact on the climate. However, the company is trying to reduce this impact by adapting its offer and developing alternative mobility solutions and by producing renewable energy.





WASTE MANAGEMENT

Why it is material

Used cars contain many valuable materials that should be reused upon disposal. As resources become scarcer, the recycling of components is a way of contributing to the circular economy.

Next to its products, D'Ieteren Auto further produces waste through its own after-sales activities and in its offices.

The company identified several risks related to the management of waste, including breaking of environmental laws, fines and reputational impact.



Management approach

D'Ieteren Auto has a waste management policy in place. Employees are trained to correctly sort and collect waste (including paper, residual waste, scrap iron, wood, tires and glass) in its offices, workshops, stores and garages, as well as to store harmful materials.

For the disposal and recycling of its waste D'Ieteren Auto works together with waste management firms like Suez, Oilco, Dechamps and RecupBat. A project coordinator of the main waste collector (Suez) performs periodic site visits for the follow-up and optimization of the on-site waste management.

D'Ieteren Auto also facilitates the recycling of used-vehicles, in particular by offering an extra allowance to clients and non-clients returning their vehicles for recycling. In this field, D'Ieteren Auto is working with Febelauto, whose mission is to organise and monitor the management of end-of-life vehicles, in accordance with the European Directive in force. Currently, Febelauto is able to recycle about 95% of the weight of these vehicles in an approved and inspected system, placing Belgium among the leaders in Europe.

Key indicator

In 2018, more than 76.5% of the company's waste was recycled (compared to more than 75% in 2017). The majority of this was paper/carboard, iron, wood, oil, tires and car batteries.

What was achieved in 2018

In 2018, D'Ieteren Auto started building a new workshop to repair/upgrade high voltage batteries (of electric/hybrid) cars. Given the safety hazard related to high voltage batteries, this is a highly technical facility with strict safety requirements. The workshop, which required an investment of EUR 1 million, should be ready in May 2019.

Way forward

By monitoring the waste arising from its day to day activities, D'Ieteren Auto is continuously looking for ways to reduce it.

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D'Ieteren Auto has a policy of environmentally sound management of vehicle waste and related chemicals throughout their lifecycle, in accordance with the regulatory framework in force.



INNOVATION

Why it is material

The car of the future is being shaped by technological advances, such as electrification, developments in connectivity and automation, and the introduction of smart, multi-use features. Societal and economic changes are also transforming the concept of mobility, amid tighter restrictions on cars, new forms of taxation and the shift towards a sharing economy. Through innovation, D'Ieteren Auto wants to be at the forefront of tomorrow's mobility markets and thereby ensure its business continuity.



Pikaway is the new MaaS platform launched by D'Ieteren Auto's subsidiary Lab Box.

Management approach

D'Ieteren Auto's business model is evolving towards the offer of more fluid, accessible and sustainable mobility solutions to improve the day-to-day lives of citizens. To support this new approach, D'Ieteren Auto has launched a new project called Magellan to set up a clear strategy and define action plans.

Through its Lab Box subsidiary, D'Ieteren Auto continues to explore, analyse and develop flexible and innovative services related to mobility. Lab Box develops new initiatives with a focus on intermodality and MaaS (Mobility as a Service).

What was achieved in 2018

In September 2018, Lab Box initiated a MaaS platform called Pikaway, which allows routing, booking and payment for intermodal mobility solutions. It was launched in January 2019 in Antwerp.

Key indicator

Budget invested in the Lab Box subsidiary:

2017: +/- EUR 2.3 million

2018: +/- EUR 6.5 million

Way forward

Lab Box is currently developing different initiatives aimed at improving mobility and making cities more liveable, including:

- Lizy, a fully digital leasing platform of second-hand vehicles for SMEs.
- MyMove, an app making it easy for employees to locate, select and unlock vehicles of the fleet and manage their budget.
- An autonomous vehicle operator, through which D'Ieteren will provide vehicle lease and support services for autonomous shuttle projects in cities, companies or organisations.

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D'Ieteren Auto contributes to sustainable cities by looking for solutions for sustainable mobility services.



SUSTAINABLE PROCUREMENT

Why is it material

As a vehicle distributor, D'Ieteren Auto's main purchase item is cars, making it highly dependent on its partnership with the car producers. Any problems with these direct suppliers might impact D'Ieteren Auto's own reputation. In addition to the car producers, D'Ieteren Auto has other (indirect) suppliers, which it ensures are run as responsible businesses.

Management approach

For cars, D'Ieteren Auto has built a solid partnership with the Volkswagen Group. Wholesale agreements have been formalized and are revised periodically.

For operational indirect spending, the policy is twofold:

1. Suppliers of D'Ieteren Auto must sign the procurement charter. In doing so, they commit to the Ten Principles of the UN Global Compact.
2. When selecting indirect operational products and services, on top of the usual quality/price criteria, social, environmental and ethical criteria are also considered. Preference is given to suppliers that are local, have been certified using environmental and social measurement and data management systems, have adopted an ethical charter, belong to a network of responsible businesses and demonstrate a proactive policy in terms of environmental and social engagement.

Key indicator

20 to 25% of the suppliers have signed the procurement charter to date.

What was achieved in 2018

The new distribution contracts signed at end 2018 with the factories of the Volkswagen Group and D'Ieteren Auto's authorised distributors contain a specific section relating to the general obligation for all members of the distribution network to comply with national and international standards and values – particularly those relating to sustainable development, labour protection and the environment. These standards and values form the foundation of the Volkswagen Group's own economic development and the contract allows it to verify that its partners are in compliance.

Way forward

D'Ieteren Auto aims for 100% of indirect suppliers to have signed the procurement charter.



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D'Ieteren Auto takes into account social, ethical and environmental criteria when selecting products and services.



CUSTOMER WELFARE AND SAFETY

Why is it material

Customer welfare and safety are highly important for D'Ieteren Auto, which aims to remain the provider of choice for all of its clients. Any failure could harm the image of the company and the brand in Belgium and lead to a loss of market share.

Case study: autonomous shuttles to decrease road accidents

Through its Lab Box subsidiary, D'Ieteren Auto is developing an autonomous vehicle operator. The latter will provide vehicle lease and support services to realise autonomous shuttle projects in cities, companies and organisations. According to the FPS mobility and transport, automated mobility could reduce road accidents by 90%.



Management approach

D'Ieteren Auto has opted for a customer-oriented approach, which implies that it constantly strives to understand clients' needs in order to answer them in an appropriate and timely manner. Its Market Area project launched in 2015 has been aimed at offering clients a complete range of services, including bodywork and sale of used vehicles, in the same area. D'Ieteren Auto also tries to adapt its product offer to clients' needs, including financial services through its VDFin joint subsidiary. An example is the "We cover" insurance plan, which is specifically designed for the needs of young drivers.

Today, the mission of D'Ieteren Auto has evolved to meet clients' mobility needs beyond the use of a car. This is reflected in the stated purpose to "improve people's lives through fluid, accessible and sustainable mobility." With this new approach, D'Ieteren Auto has evolved its offer to reflect new trends like decarbonisation, digitisation, shared mobility and automation. Finally, a customer care team is available to answer any questions clients may have concerning D'Ieteren Auto's products and services.

Key indicator

Customer Delight Index 2018:

- Sales: 90.7
- After-sales: 87.8

What was achieved in 2018

D'Ieteren Auto launched its Mobility 2025 vision and set up the Magellan project to implement the vision by determining a global strategy and defining action plans.

Way forward

D'Ieteren Auto will continue to implement its Mobility 2025 vision in several fields, including sustainable mobility, electric mobility, shared mobility, mobility as a service (MaaS), connected mobility and automated mobility.

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D'Ieteren Auto focuses on client welfare and satisfaction through tailored business solutions, thereby achieving high productivity.



EMPLOYEE DEVELOPMENT AND WELL-BEING

Why it is material

In an evolving sector, staff need to be ready to tackle new and future challenges. Preparing D'leteren Auto for these challenges begins with developing a learning mindset among staff and providing them with learning facilities. In addition to helping employees develop their skills, D'leteren Auto is committed to keeping them happy. The efficiency of the business relies on its employees and their commitment to improving both personal and collective performances.

Management approach

D'leteren Auto encourages people's personal and professional development through appraisals and coaching sessions. Jobs in the car sector rely on very specific technical skills, therefore the company promotes the participation in dedicated trainings and workshops.

The company also respects clear governance principles in terms of fairness, transparency and dialogue. In particular, the CaReer Model has been set up to increase transparency in terms of expectations, skills and results, while offering career opportunities across the business. A Succession Plan also exists to ensure a pipeline of potential successors for all key positions.

Employee welfare is also a priority. Among other advantages, homeworking is encouraged and was facilitated by a communication campaign called "Ho.fficce, another way to be @ work". The campaign was launched in September in order to determine the ideal homeworking conditions and facilitate access to all employees.

In terms of stress and burnout, employees can count on help from an internal person of trust or an external prevention advisor, as well as the offer of learning programmes (burnout prevention, time management, breathing and relaxation techniques, etc.) Individual coaching is provided to help employees cope with psycho-social issues.

What was achieved in 2018

MySkillCamp is a Learning Experience Platform aimed at putting the employees in the driving seat of their own personal development. It enables them to train in a continuous and autonomous way, including through e-learning and webinars, and provides them with an access to a library containing 10,000 books. MySkillCamp was launched in a pilot phase in 2018 and will be rolled out in 2019 for all employees.

In terms of well-being, as from 2018 a medical check-up for the over-50s is offered 1x/3years (which 67 employees used in 2018).

Way forward

D'leteren Auto will launch a recruitment campaign for MySkillCamp and make sure that at least 95% of employees have an active account. The tool will evolve into a Learning Experience Platform, allowing other personal development initiatives like mentoring.

In terms of well-being, the training offer will be expanded to include workshops on digital detox and healthy food. A workshop on cardiopulmonary resuscitation techniques (CPR) will also be proposed, including how to use an external defibrillator.

Key indicator

Training hours:

- 2016: 38,664 hours or 2.95 day/employee
- 2017: 39,605 hours or 3 day/employee
- 2018: 41,916 hours or 3.15 day/employee



Each year, employees with 10 years of service in the company have the opportunity to visit the Volkswagen Group's factories and to celebrate together their collaboration decade.

UN sustainable development agenda



D'leteren Auto is committed to the personal and professional development of its employees and the creation of a decent working environment.



EMPLOYEE SAFETY

Why it is material

D'leteren Auto operates in the field of car & spare parts distribution and car maintenance, and the majority of the work takes place around potentially dangerous machinery and chemical products. Guaranteeing that employees are protected from all hazards in their daily work is one of D'leteren Auto's highest priorities. In addition, by promoting employee welfare, D'leteren Auto can prevent costs arising from staff injuries and absenteeism.

Management approach

There is a zero-tolerance policy towards non-respect for safety standards. Workers in maintenance workshops carry out risk assessments, make inventories of protection and intervention measures and conduct workshops on fire prevention and safety.

Key indicators

Number of work accidents

- 2016: 50
- 2017: 43
- 2018: 29

Number of lost workdays

- 2016: 2,085
- 2017: 776
- 2018: 742

Hours of safety training

- 2016: 667
- 2017: 530
- 2018: 1,724

What was achieved in 2018

Initiatives in 2018 included: first aid trainings, firefighting training, training on high-voltage batteries and a risk analysis on fire safety.

Way forward

D'leteren Auto aims to get as close as possible to zero incidents. While it recognizes the impossibility of eliminating all risk, the company aims to remain under the frequency rate and the global severity rate in the automobile sector. It also aims to reduce absenteeism as far as possible and to remain below the total private sector absenteeism rate (7% in 2017 in Belgium according to a Securex study).

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D'leteren Auto is committed to the safety of its employees and the creation of a decent working environment.



COMMUNITY ENGAGEMENT

Why it is material

D'leteren Auto's community engagement policy mainly relates to socially-responsible mobility. Connecting business and solidarity enables the company to maximise the impact of its philanthropic initiatives.

Management approach

With its 'Give & Gain' philanthropy policy D'leteren Auto aims to support charities connected to its work. The policy contains three types of activity:

1. Volunteering activities: employees can form a team and dedicate a work day to charitable projects.
2. Annual call for projects: D'leteren offers one-off financial assistance to non-profit organisations, in response to the requests from company employees who seek to finance a project.
3. Long-term programmes that invest in larger-scale social projects, with the potential to drive positive change closely linked to socially-responsible mobility.

Key indicator

Outcome of the D'leteren Mobility challenge:

- More than 300 employees volunteered for the challenge
- Overall, EUR 40,000 was donated, enabling D'leteren Auto to support four different projects.



The 2018 Give and Gain mobility challenge enabled the purchase of prosthetic sporting limbs for disabled children.

What was achieved in 2018

In 2018, more than 300 employees walked, ran and pedalled about 80,000 km overall in support of charity projects related to socially-responsible mobility. The kilometres were converted into Euros via a dedicated application. The final amount was used to buy bicycles for children in need, as well as prosthetic sporting limbs for disabled children.

Way forward

The Give & Gain Mobility Challenge will be held again in 2019 and will be associated with the annual call for projects. The money collected by staff, based on kms covered, will finance projects related to solidarity mobility set up after the call for projects from Belgian charities.

UN sustainable development agenda



As a sponsor of long-term programmes closely linked to socially-responsible mobility, D'leteren Auto contributes to more accessible transportation systems with special attention to those in vulnerable situations.

ETHICAL PRINCIPLES

D'leteren Auto has issued a Code of Ethics called "The Way We Work", which is personally handed to all new employees, and which remains easily accessible in its digital version on the company's Intranet site.



ETHICAL PRINCIPLES | RESPECT FOR HUMAN RIGHTS

Why it is material

D'leteren Auto operates only in Belgium and complies with a strict social/legal framework that addresses areas like working conditions, health and safety requirements and collective bargaining regulations.

Key indicator

The Code of Ethics was revised in 2018 and published on the company intranet.

Management approach and result of the policy

D'leteren Auto is committed to promoting a work environment in which people respect each other. Behaviour including harassment, intimidation, oppression, exploitation, discrimination, racism, sexism or homophobia is not tolerated. A speak-up policy has been put in place for people that have witnessed or been themselves the victim of inappropriate behaviour, discrimination or harassment.

The company also invests in employee safety, development and satisfaction (see Employee Well-being and Development aspect, p.129).

Furthermore, D'leteren Auto requires all of its new suppliers to adhere to its Procurement Charter, which implements the Ten Principles of the UN Global Compact (see Sustainable Procurement aspect p.128).

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D'leteren Auto makes sure that individual rights are respected throughout the organisation.



ETHICAL PRINCIPLES | NO TOLERANCE FOR CORRUPTION AND BRIBERY

Why it is material

Corruption, attempted corruption, fraud and money-laundering constitute a risk to both the employee and the company since they are a reason for legal pursuit and would affect the company's reputation.

Key indicator

No incidents linked to corruption or bribery were reported in 2018.

Management approach and result of the policy

The company's Code of Ethics – "The Way We Work" – makes it clear that all employees must respect anti-corruption and anti-bribery laws. Corruption, attempted corruption, fraud and money-laundering are not tolerated within the company. Gifts and invitations that employees receive from clients, suppliers or any other partners, or that employees offer to clients, must be in compliance with commercial practices and anti-bribery legislation.

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D'leteren Auto plays its part in collective efforts to prevent corruption and bribery in all their forms.



ETHICAL PRINCIPLES | INCLUSION AND DIVERSITY

Why it is material

D'leteren Auto is conscious of its responsibility to provide its employees with a fair workplace, in which everyone has the same opportunities, irrespective of factors like gender, age, culture or physical abilities.

Key indicator

Evolution of the ratio of female employees in managerial positions:

- 2016: 20.63%
- 2017: 23.12%
- 2018: 23.18%

Management approach and result of the policy

As clearly indicated in its Code of Ethics, D'leteren Auto guarantees equal opportunities in the workplace. Skills and performance are the only criteria that are considered when making decisions related to hiring, promotions or job rotations.

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D'leteren Auto contributes to SDG 16, which aims, among other targets, to promote and enforce non-discriminatory laws and policies for sustainable development.

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3. Belron

3.1. DESCRIPTION OF THE BUSINESS

Belron is the worldwide leader in vehicle glass repair and replacement, operating in 35 countries, through wholly-owned businesses and franchises, with market leading brands including Carglass®, Safelite® Autoglass and Autoglass®. In addition, it manages vehicle glass and other insurance claims on behalf of insurance customers. With its corporate purpose to “make a difference by solving people’s problems with real care”, Belron focuses on high-quality services that generate a very high level of customer satisfaction. Belron International Limited, based in the UK, acts as the global support centre for all operations, which are each run and managed locally by an executive team. In 2018, the Belron group had 30,567 people, 2,674 service centres and 10,730 mobile units.

Over the course of 2018, Belron continued to expand its services into the automotive damage and home damage repair and replacement markets. It acquired targeted businesses carrying out auto damage repair and replacement (ADRR) and home damage repair and replacement (HRR) in various countries.

3.2. THE GENERAL APPROACH TO SUSTAINABILITY

Belron has an active approach to corporate and social responsibility that is aligned to the United Nations Global Compact, to which it is a signatory. The basis for its implementation is left to the individual business units, which define their own strategy and objectives based on their local context. This is done with support and best practice guidance from Belron International.

The CSR strategy consists of programmes related to the environmental, social and ethical dimensions. The environmental programme focuses on a minimum, responsible use of resources, recycling where possible and reducing carbon emissions.

The social dimension is aimed at supporting numerous causes through its businesses’ local Giving Back programmes, in line with the commitment to the societies in which it operates. With regards to ethics, it was decided in 2018 for each business unit to define its own code of conduct based on the Belron Guiding Principles and the Ten Principles of Sustainable Business under the United Nations Global Compact. This approach enables the business units to customise and personalise their codes of conduct to better reflect local policies and legislation, thereby making them more relevant to their employees. In 2019, all business units will implement their own codes through awareness and training programmes. This will ensure that all Belron people have a clear set of behavioural guidelines while providing an ethical framework for the business as a whole.

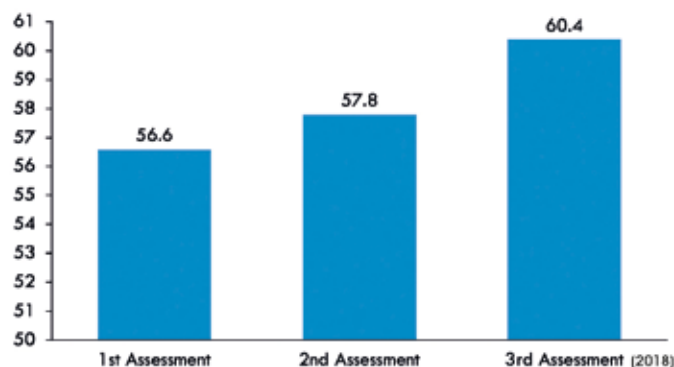
3.3. ASSESSING PROGRESS TOWARDS SUSTAINABILITY GOALS

Belron’s progress towards becoming a sustainable business is measured externally by Ecovadis using its sustainability platform. Ecovadis has been helping organisations assess and support their sustainability ambitions for over 10 years. The tool allows each of Belron’s businesses to be externally assessed on their progress in meeting the Belron CSR strategy and objectives. The assessment evaluates the gap between the commitments outlined in the principles of the United Nations Global Compact and the current status of actions taken in each Belron business. It provides a benchmark against over 45,000 other organisations who have been assessed by Ecovadis from over 90 countries, and a scorecard which identifies specific and prioritised opportunities for improvement. The assessment also uses questions from other internationally-recognised CSR frameworks; ISO:26000 and the Global Reporting Initiative (GRI).

Each business is evaluated on the policies in place, the steps taken to implement those policies and the overall results of those actions. The evaluation assesses the activities relating to four themes: minimising the impact on the environment, labour practices and human rights, customer relations and fair business practices, and sustainable procurement. Once Ecovadis completes the analysis, each business receives a full scorecard and a rating score between 1 and 100. If the business scores 37 or above they receive a recognition level of Bronze, Silver or Gold. The scorecard provides guidance on areas to prioritise in order to make improvements. Each business unit is then responsible for defining its own action plan for improvement, with support from Belron International.

At the end of 2018 Belron had 10 businesses rated Gold and 10 rated Silver, six of which are within five points of being Gold rated. Overall, the Belron group has made good progress towards its target of having all its corporate businesses Gold-rated by the end of 2020, with the average score increasing to 60.4 in 2018.

Overall Belron Group Average External CSR Assessment Score (Ecovadis)



While the average score places Belron in the top 15% of the 45,000+ companies assessed by Ecovadis, there are some outstanding performers, with Carglass in France, Belgium and Italy being ranked in the top 1000 companies assessed.



In May 2018, the annual CSR Workshop saw Ambassadors from 10 Belron countries review progress and share best practices. Stress was placed on how creating a responsible and sustainable business supports the purpose and ambition of that business, and the role of the Ambassadors in inspiring and influencing it. Representatives from Ecovadis presented on changes and improvements to the platform and answered questions from the Group on the analysis of the assessments, the evidence and the scoring process. During the workshop, praise went to the best-performing countries: France, Belgium and Italy were recognised as achieving the highest assessment scores, with Turkey, the USA and Portugal being recognised as best improvers.

4. MATERIAL ASPECTS

1. Climate Impact/CO₂ emissions
2. Waste Management
3. Innovation
4. Sustainable Procurement
5. Customer Welfare
6. Employee Well-Being and Development
7. Employee Safety
8. Community Engagement
9. Ethical Principles
 - a. Respect for Human Rights
 - b. No Tolerance for Bribery and Corruption



CLIMATE IMPACT / CO₂ EMISSIONS

Why it is material

As an international company with national businesses in six continents across the world, involving branches, warehouses and fleets, Belron has a direct and indirect impact on climate change.

Non-renewable energy sources, which contribute to climate change and air pollution, represent a risk for Belron due to volatility in pricing of fossil fuels and the ever-increasing burden of carbon and air pollution taxes. Stakeholders are also becoming increasingly concerned about climate change and expect demonstrable action from large companies such as Belron towards meeting the UN climate change target.

Efforts to reduce climate impact can also represent an opportunity as, in almost all its markets, Belron leads the way in offering a Repair First strategy, which on average reduces the carbon impact by 75% over replacement. Reducing energy consumption will also reduce the cost of doing business.

Case study: Carbon off-setting for our global events

Since 2017 Belron has begun evaluating the potential for carbon offsetting. In 2018 the annual triathlon event (Spirit of Belron Challenge) and the biannual Best of Belron event were offset, in partnership with the French company EcoAct.

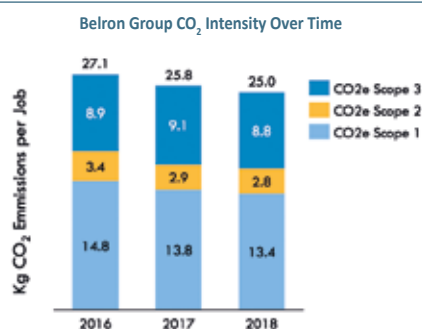
The purpose is to neutralise the environmental impact caused by gathering a large group of international guests together in a single location, by calculating the amount of CO₂ created by the events. The amount is then offset through investing in a positive initiative in another part of the world. In this case, the project involves distributing 5,753 water filters in rural Kenya - a project that has a positive social as well as environmental impact and will benefit over 54,000 local people.



©Lifestraw

Management approach

Belron works hard to understand, measure and manage its environmental impacts. It monitors the carbon emissions directly under its control, such as those related to the energy consumption of its branches and its fleet, as well as scope 3 emissions related to travel and subcontracted logistics. Belron has developed and shared a carbon footprint reporting tool across all the corporate business units and supports them in measuring, managing and reducing their own carbon footprints.



Key indicators

In 2018 Belron saved 141,000 tonnes of CO₂ through its Repair First strategy.

Overall, Belron has made progress in reducing its carbon emissions per job from 27.1kg in 2016 to 25.0 in 2018, representing an overall reduction of 7.7%.

Belron has improved the environmental part of its Ecovadis assessment score from being in the top 19th percentile in 2017 to the top 14th percentile in 2018.

UN sustainable development agenda



Belron works hard to understand, measure and manage its impact on climate change, both locally and globally. In particular, it seeks to limit its emissions through its repair first strategy.



The UN Global Compact: Belron is committed to principles 7, 8 and 9 of the UN Global Compact, which address corporate responsibilities with regard to the environment.

What was achieved in 2018

In 2018 Belron opened its new European distribution centre in Bilzen, Belgium, bringing 5 sites into one building. Incorporating the latest environmental technology - including natural light collectors, solar panels, LED lighting and sophisticated HVAC building management controls - it will have a significant impact on reducing carbon emissions and energy use in 2019.

Belron launched a best practice environmental policy blueprint to help its different businesses to evaluate their environmental impact and the extent of their environmental risks such as noise, air or dust pollution, waste management, product safety and packaging. They can then assess what actions they should be taking to manage and minimise their impact.

Belron has also focused on monitoring and evaluating the potential for alternative fuel vehicles and has implemented the eNV200 all-electric van in high-job-density areas in France. There are major challenges with current technology development as commercially suitable hybrid or electric vans only have a real-world autonomy of around 100km, whereas Belron vans need on average 200km. The other major factor is how the vans are driven. A core project team was established in 2018 including France, Belgium, UK and the US to develop some group standards around driver behaviour based on best local practice, which will deliver recommendations for implementation in 2019. Evidence from work by Safelite shows that simple actions such as reducing idling time while the technician is serving customers and improving driver behaviour can have a big impact, and experience like this will be used to help create a best practice for the group.



Attendees at Belron's Fleet Manager Workshop, trialing recent electric vans models.

Way forward

Belron will continue to apply its carbon offsetting programme to its global events planned for 2019 and implement group standards based on project team outcomes.

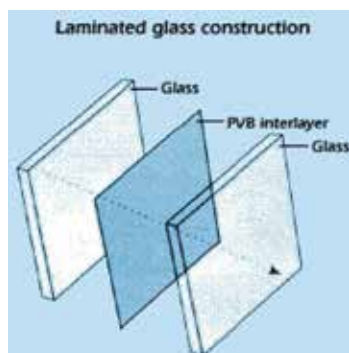


WASTE MANAGEMENT

Why it is material

Belron's biggest waste product by weight is the glass taken from the customers' vehicles. While it cannot be reused, there is an opportunity to recycle the glass into other products. Recycling the glass efficiently helps Belron to significantly reduce waste-related costs as well as to minimise its environmental impact.

Case study: the challenge of windscreens



There are only a small number of specialised laminated glass recycling centres across the world, which makes it more difficult to recycle windscreens than normal glass. However, where possible Belron uses its extensive distribution network to return waste glass from customer service centres to its central hubs. This reduces the costs and carbon emissions from local waste hauliers and allows Belron to partner with regional recycling centres close to their Distribution Centres. In Europe, glass is returned to Belron's European hub in Belgium where it is recycled by two partners, Maltha and GRL. In the US, Safelite has set up a partnership with Shark Solutions to establish two bespoke laminated glass recycling centres, the second of which was opened in 2018. Safelite now has the opportunity to increase its glass recycling to around 90% of its operation.



The glass separator used by Safelite's partner, Shark Solutions, to recycle windscreens.

Management approach



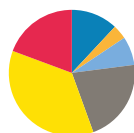
The 'Repair First' strategy plays a role in the company's continuous effort to reduce waste by avoiding the need to replace glass.

However, when repair is not possible, Belron aims to recycle the glass waste using innovative approaches and supplier partnerships.

Where recycling in its operating countries is not in place or is inadequate, Belron has evaluated alternative options such as reverse logistics and partnering with local recycling companies to increase the percentage of products recycled.

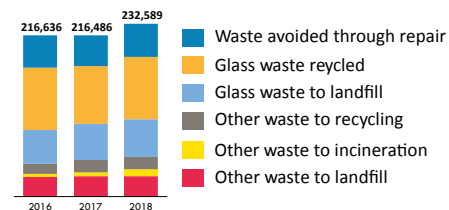
With other waste streams Belron aims firstly to minimise use by setting technical standards for the amount of product needed during each job and secondly, to define clearly what to do with specific waste streams to maximise recycling.

Waste sources and treatment methods in 2018



19.3%	Waste volume avoided doing repair jobs
36.2%	Glass recycled
21.5%	Glass waste to landfill
7.3%	Other waste to recycling
3.7%	Other waste to incineration
12.0%	Other waste to landfill

Belron waste evolution over time



Waste increased due to an 8% increase in windscreen replacements.

Key indicators

- 3.1 million repairs saving 44,985 tonnes of glass waste
- In 2018 Belron's overall average external assessment score for its approach to managing its impact on the environment was 61.7, placing Belron in the top 14% of all companies assessed by Ecovadis.

What was achieved in 2018

In 2018 Safelite extended its glass recycling potential from 70% to 90% by opening a West Coast facility in addition to its East Coast facility.

Way forward

Belron's ambition is to recycle 100% of its glass waste and to work with its recycling partners and business units to extend its ability to recycle all glass.

UN sustainable development agenda

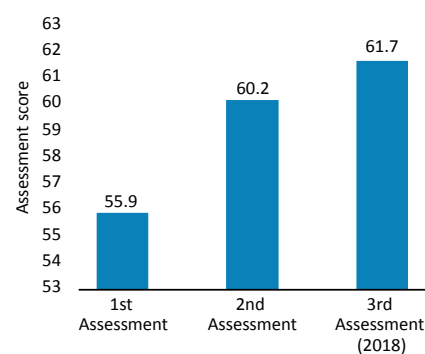


Belron aims to achieve environmentally-sound management of glass and other materials throughout their life cycle, in accordance with agreed international frameworks, in order to minimize their adverse impacts on human health and the environment. In addition, Belron works to substantially reduce waste generation through prevention, reduction, recycling and reuse.



The UN Global Compact: Belron is committed to principles 7, 8, 9 of the UN Global Compact, which address corporate responsibilities with regard to the environment.

Care for the Environment (Ecovadis)





INNOVATION

Why it is material

Innovation is an important area for Belron, which invests heavily in ensuring that it is at the forefront of glass and vehicle technology in order to be well prepared for changes in the VGRR* and ADRR** markets. In addition, it focuses on developing new tools and techniques to support the business in operating efficiently and safely both for its customers and its people.

Amongst other examples, maintaining Belron's market leading Glass Medic repair system and HPX resin technology has been important to maximise repair potential, to offer customers high quality service and to lower the cost of fixing damaged vehicle glass.



Case study : safer windscreen cut

Belron has continually pioneered better and safer ways of cutting out windscreens. By replacing knives with the patented Eziwire, the cut-out process became much easier and safer for the technician. The metal wire used originally has now been replaced by an innovative fibre-line which removes the risk of damaging the car while allowing the line to be reused multiple times, rather than once, as was the case for the metal wire.

What was achieved in 2018

In 2018 significant steps forward were made in Belron's ability to offer ADAS (Advanced Driver Assistance System) calibration services to all its customers. This was a combination of product development, tools and training, and partnerships with third party companies to extend the product offering towards 100% of all ADAS customers in a more seamless way.

This was underpinned by research at the Motor Industry Research Association into the impact of correctly and incorrectly calibrated vehicles to ensure a clear understanding of the standards and risks associated. Belron is now a leader in this technology through its in-house expertise and independent third-party testing.

Extending Belron's offering by adding centrally-tested and developed added-value products such as rain repellent and windscreen wipers has been another key addition that is driving both customer satisfaction and sales value.



* Vehicle Glass Repair and Replacement

** Automotive Damage Repair and Replacement

Management approach

Belron has its own dedicated research and development division, Belron Technical. This is a team of innovators and thinkers – all focused on driving technical standards and developing innovations that break new ground in vehicle glass repair and replacement.

Belron also invests in other central functional areas such as purchasing, distribution, operations support, customer insight, marketing, digital and people development.

All of these efforts help Belron maintain its market leadership position and offer cutting edge services to its customers.

Key indicator

R&D annual budget: EUR 2.7 million in 2018

Way forward

One of Belron's key challenges with ADAS is to be able to calibrate newly-released models as it can take up to a year before the existing calibration tools are updated with the new software. In 2019 Belron is looking at innovative ways of utilising vehicle manufacturer tools and software to enable calibration of vehicles as soon as they come off the production line. While this will add additional costs, it will also allow all customers to have a seamless customer service experience when they bring their vehicles to Belron.

Belron has also been carrying out detailed customer research across different countries to validate what customers expect from Belron and how best to deliver it. These insights will be prioritised and developed into group-wide projects in the coming year.



UN sustainable development agenda

Belron aims to achieve higher levels of economic productivity through diversification, technological upgrading and innovation.



SUSTAINABLE PROCUREMENT

Why it is material

Almost 40% of Belron's turnover is spent on buying products and services from other companies. The majority by value is the glass but there are many other products, such as glue, repair resin, trims and mouldings, tools and uniforms. First and foremost, Belron needs to be sure that the suppliers' business ethics reflect its own, as they become part of the value chain delivered to the customer. While Belron has been doing this in the past, more and more legislation is being introduced that requires more diligence and clear evidence that companies like Belron are validating how suppliers manage their business and how it sources its products - for example on questions of modern slavery, anti-bribery and corruption and scope 3 emissions. In addition, suppliers with poor financial or operational management pose a risk to the continuity of the supply chain. From a brand perspective, if suppliers are using unethically sound practices or sub-suppliers this can reflect negatively on the reputation of Belron.



Belron's new distribution center in Bilzen, Belgium.

Management approach

Belron manages a number of suppliers through group wide purchasing agreements and performs various on-site audits, external assessment and contractual discussions to ensure that suppliers are fit for purpose and meet Belron's exacting standards.

Each Belron business unit has its own process of managing the risk and sustainability criteria of its local suppliers. This is evaluated as part of the businesses' CSR assessment and benchmarking programme using the Ecovadis platform.

Key indicators

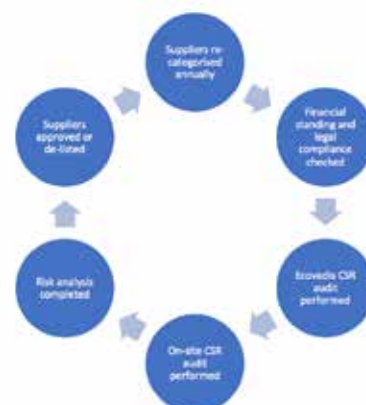
64% of all centrally-managed suppliers have been assessed, equivalent to 33% of the total group spend.

In 2018 Belron's overall average external assessment score was 52.1 (level 'Confirmed') for its Sustainable Procurement approach. This places Belron in the top 19% of all companies assessed by Ecovadis.

What was achieved in 2018

In 2018 Belron implemented a new process for the approval of both new and existing centrally managed suppliers.

Care for our Supply Chain (Ecovadis)



Every Group supplier now undergoes an assessment of their financial standing, legal compliance, risk management, and CSR performance. The latter is done through the Ecovadis platform, which ensures that all suppliers meet the latest standards across all areas.

Suppliers are required to pass all parts of the process to be officially approved for use, score at least a silver rating, and must demonstrate ongoing improvement in order to remain a Belron-approved supplier.

Way forward

Belron aims to have all suppliers (incl. local business unit suppliers) assessed and managed according to their risk profile. In the longer term the ambition is to have a gold-rated sustainable supply chain as assessed by Ecovadis. Belron International has also adopted a lead accountability for the procurement of indirect materials. This will lead to more consistency in the assessment of sustainable procurement approaches, especially with larger regional or global suppliers.

UN sustainable development agenda



Belron seeks to procure quality products from responsible and sustainable sources and to minimize the environmental and negative social impact of its value chain.



CUSTOMER WELFARE

Why it is material



The Belron customer sits at the heart of the business and the company's purpose to 'solve problems with real care'. To maintain its position in the market and to grow, Belron needs an experienced, highly trained technician team with the right piece of quality glass at the right time and place, for every job.

Failure to do this would impact the customer experience and run the risk of breaching fitting standards, which could in turn impact customer safety and the reputation of the Belron business.

Management approach

The company offers an omni-channel experience to customers; they can make contact by phone, online or by visiting a branch.

When a replacement is required, the work is performed by Belron's highly skilled technicians. The products and training are designed to deliver a service that is equivalent to the Original Equipment Manufacturer (OEM) standards. When applicable, technicians will also recalibrate the car's Advanced Driver Assistance Systems (ADAS), which is paramount to ensuring the safety of customers on the road. Furthermore, the Repair First strategy saves customers both time and money.

Belron works in partnership with the insurance companies to provide a seamless service for the motorist by making the vehicle insurance claim on the motorists' behalf.

It constantly reviews operational quality and monitors how customers feel about the service they receive, using this to drive an even better service. The company commits to responding positively and promptly to customer claims, enquiries and complaints made in good faith.

To regularly measure customer satisfaction across each of its businesses, Belron asks customers to rate on a scale of one to ten, "How likely are you to recommend us to a colleague or friend?" (Net Promoter Score). This regular feedback score and verbatim comments enables the company to maintain and improve its high standard of customer service.

Key indicators

Belron consistently achieves a global score of over 80 (an NPS score of over 70 is considered world class) despite the rise in the number of customers served:

2018: 17.8m consumers - NPS 82.8

2017: 16.5m consumers - NPS 83.1

2016: 15.4m consumers - NPS 82.6

What was achieved in 2018

A breakthrough during 2018 was the ability to recognise customers further upstream on their individual service journeys and then track them as they move between channels. This provides the capability to identify and address pain points not previously understood, thereby putting Belron in a better place to convert more jobs and to do so more effectively.

A new internal awareness programme was developed and began to be rolled out in the second half of 2018. The programme highlights the importance of ADAS and the need to identify and carry out calibration correctly and safely.

Way forward

Belron will continually look at ways of improving the customer journey, moving towards its ambition to be the world's best distress service provider.

UN sustainable development agenda



By the quality of its service, Belron contributes to reducing the number of global deaths and injuries from road traffic accidents.



Belron contributes to achieving higher levels of economic productivity through diversification, technological upgrading and innovation.



EMPLOYEE WELL-BEING AND DEVELOPMENT

Why it is material

Belron employees are at the very core of the business' quality of service. Therefore, their well-being and engagement are paramount, especially if we consider Belron's purpose to 'solve people's problems with real care'. Furthermore, fostering employees' well-being is increasingly relevant in attracting and retaining talent to the business.

Case study: celebrating people

Belron celebrated many of their people through the annual global recognition scheme - the Belron Exceptional People Awards - celebrating 63 outstanding people across the business, with individual countries recognising far more people across their own operations.



What was achieved in 2018

In October, the Group People team, which looks at ways to provide support and share best practice across the business, held an Engagement Forum, where representatives from 16 countries shared best practices and agreed on actions that would help to increase engagement. The team also introduced a Quarterly People Leader meeting for European countries to again share good practice and discuss areas where they can work together to make improvements.

Way forward

Belron will continue to use the BPM measure with the primary purpose to stimulate discussion and actions aimed at improving the engagement and well-being of Belron people.

UN sustainable development agenda



More than offering a decent work environment, Belron's aspiration is for all its employees to feel that it is "the best place they will ever work". Thereby, it also fosters productive behavior, customer orientation and strong performance.



The UN Global Compact: Belron is committed to principles 3, 4, 5, 6 of the UN Global Compact, which address corporate responsibilities towards labour.

Management approach

Belron aspires to providing its people with a working environment that is "the best place they will ever work".

Whilst each Belron business has its own policies and procedures in place with regards to people management, the core culture is maintained across the Group. The Spirit of Belron is described in four dimensions: Care, Driven, Collaborative and Genuine. The last attribute encompasses the business's Guiding Principles of Integrity, Respect and Trust.

With over 30,000 people across the business in different roles, Belron recognises the areas that contribute to an employee's overall wellbeing:

- feeling valued
- recognition of innovation
- recognition of excellent work
- a genuine commitment to training and development
- a strong 'giving back' ethos
- ethics and responsibility are fundamental to the business's operations.

For these areas to be meaningful for Belron people, the business units have many programmes in place that include training and career development, recognition programmes, flexible working, feedback and community involvement.

Key indicators

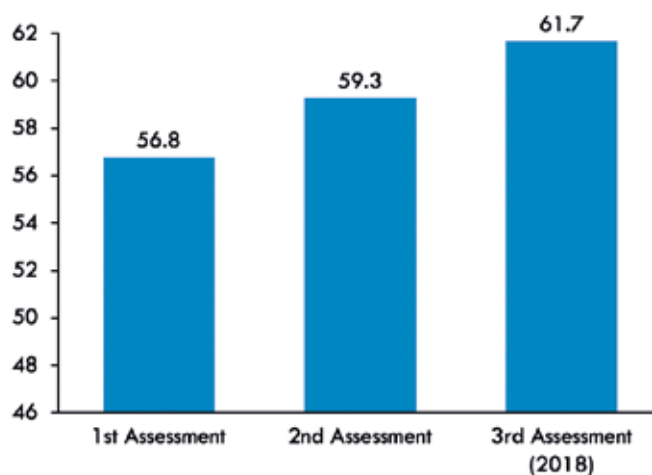
The Belron People Measure survey continues to have a consistent response rate of over 50%, which is important as the business wants to hear from as many people as possible. The average score (out of 10) across the business year on year is as follows:

- 2018: 7.5
- 2017: 7.8
- 2016: 7.5

There is no central Belron target in place, however each business does agree its own target score at the beginning of each year.

The Ecovadis CSR assessment tool rates Belron in the top 16% of businesses in the same industry, for the area of Labour Practices & Human Rights. This theme looks at the policies in place, actions to implement the policies and the results in the following areas: health & safety, development, training, social dialogue, benefits, percentage of women in top executive positions and integration of senior employees.

Care for our people (Ecovadis)





EMPLOYEE SAFETY

Why it is material

The 'Care' attribute is a key component of the Belron culture. By promoting health and safety training and overall employee well-being, injuries and absenteeism along with their associated costs and legal consequences can be avoided, as can distress to employees and their families.

Case study: the "Best of Belron"

Every two years, each Belron business holds a fitting competition to communicate, demonstrate and reinforce standards of safety, quality and customer service, as well as recognising and rewarding the best technicians. The top technician from each country then competes at an international final where the winner is crowned the 'Best of Belron'. In June 2018, 30 technicians competed for the title in Frankfurt, Germany with Rick Beasley of Safelite winning, making it a back-to-back win for the USA.



What was achieved in 2018

The Belron Technical team has been working to develop a group-wide external certification of the Belron training programmes by the Institute of the Motor Industry. This will start to be implemented in 2019, with the accreditation of the Belron Way of Fitting and of the central Belron Training Team. This will ensure that the internal training programmes retain their status as an industry benchmark for windscreen technicians.

Way forward

Safety training continues to be monitored and changes to equipment will be made where necessary.

UN sustainable development agenda



Through respecting standards and setting ambitious programmes aimed at increasing employee safety, Belron contributes to promoting labour rights and to ensuring a safe and secure working environment for all its staff.

Management approach

Belron believes in creating a safe working environment for its people and customers. The business commits to providing everyone with the correct training and skills to feel confident in their role, including stringent safety procedures for technicians so that they can deliver the highest technical standards.

Belron developed safety standards that are embedded in the Belron Way of Fitting. This is the method, tools, training and assessments developed and implemented across the group by Belron's technical team. This includes Quality Starts with Safety - an awareness training on the importance of following the correct process when replacing a windscreen and the consequences of not doing so; 1-2-3-Easy - a training programme on how technicians can avoid injury while doing their job; and the STOP programme - how technicians should look after Self, Tools, Organise their work and use the right Processes.

In addition, each business is responsible for implementing the necessary measures to comply with their national requirements and many businesses have dedicated Health and Safety and/or Internal Audit personnel to audit their procedures as well as highly-skilled trainers to monitor and update training as needed.

Key indicator

Each business is required to report on a monthly basis the number of registered occupational accidents according to their local legislations. As a whole, a decline in the work accidents has been observed in 2018 compared to 2017. The company is currently looking into ways to consolidate these figures per business into one company indicator.



COMMUNITY ENGAGEMENT

Why it is material

Belron believes it has a responsibility to give back to the communities where it operates and in South Africa, where the roots of the business lie.

'Giving Back' is a key aspect of Belron culture, demonstrating the 'Care' attribute of the Spirit of Belron.

By involving the passion and energy of its people, these activities have a positive impact not only on the communities where the business operates, but also on staff engagement.

Case study: visiting Afrika Tikkun



In November, members of the Belron International team who organise the Spirit of Belron Challenge visited Afrika Tikkun's Community Centres of Excellence in Johannesburg and Cape Town to see the impact of the fundraising efforts. They met the Afrika Tikkun staff who deliver the programmes and chatted with many of the young beneficiaries. They also assisted those with disabilities by doing gardening, cooking, reading stories and much more. A highlight was visiting the Belron Training Centre that opened in 2017, offering professional and life skills training for young people as they transition from school to employment.

Management approach

Belron is committed to making a meaningful impact on society, which is why its businesses and people across the world choose their own community initiatives and organisations to support. Each business sets its own 'Giving Back' agenda and through this approach, sees a greater sense of personal involvement and achievement amongst its employees. Support is provided in many ways including financial donations, volunteering time, sharing resources or participating in sporting events, all of which help to improve staff well-being.

Key indicators

Total fundraising:

Afrika Tikkun

2018 EUR 1.2 million

2017 EUR 1.2 million

Local giving

2018 EUR 3.45 million

2017 EUR 3.25 million

What was achieved in 2018

The Spirit of Belron Challenge - which raises funds for Belron's global charity partner Afrika Tikkun - has been running for 17 years, during which time it raised over EUR 10 million. This has had a huge impact on the lives of thousands of young South Africans around Johannesburg and Cape Town who have been supported by the charity's 'cradle to career' model.

In 2018 over 2,200 Belron people, their families and friends, and business partners swam, cycled and ran in the torrential rain - truly embracing the Belron 'spirit'.

Way forward

Belron and its businesses will continue to look at how they can have a positive impact on the communities in which they operate as well as providing continued support for Afrika Tikkun.

UN sustainable development agenda



Through the Belron/Afrika Tikkun partnership the charity is able to support over 17,000 beneficiaries across many programmes in their 'cradle to career' model.



ETHICAL PRINCIPLES | RESPECT FOR HUMAN RIGHTS

Why it is material

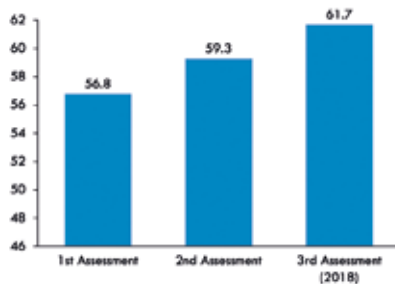
Human rights are a fundamental pillar of ethics and the Belron Guiding Principles support this. The company has established clear standards for itself and expects similar standards from its partners.

A breach of these standards not only impacts those involved but the adverse publicity could also have a detrimental impact on a brand or brands.

Key indicators

- Belron is in the top 16% of all businesses assessed by Ecovadis, with a score of 61.7 for labour practices and human rights, which cover respect for human rights within the workplace, employee well-being and employee health and safety.

Care for our people (Ecovadis)



- Belron registered 8 Original Incident Reports through its central Speak Up line.

Management approach

Human rights are addressed in Belron's ethics policy and Guiding Principles as well as through the programme in place to assess suppliers. Belron people treat each other with respect and ensure that their activities do not contribute directly or indirectly to human rights abuses. The business adheres to and promotes clear ethical standards for itself and expects similar standards from all third parties who work with Belron or on its behalf.

The company's Guiding Principles commit to promoting a culture of respect and equal opportunity in which individual success depends solely on a staff member's personal ability and contribution. It also commits to promoting an open and fair recruitment process, hiring and promoting people on the basis of their ability for a role and their appreciation, respect and alignment with the Belron culture.

Belron outlaws the use of child labour in any form. It does not employ anyone below the age of 16 or the local legal minimum employment age should this be different in a country it operates in. It will not use suppliers who use child labour in any manner. All of its employees, contractors and suppliers' working conditions are required to be compliant with national legislation and in cases where this is deemed insufficient, with the relevant International Labour Organisation Standards. In no instance will inhumane treatment of its people or those in its supply chain be acceptable, including any form of forced labour, physical punishment or other abuse.

In 2018, Belron International and Belron UK once again published their slavery and human trafficking statements in response to the UK Modern Slavery Act. These statements set out the approach to addressing the risk as well as the due diligence process.

Through its Guiding Principles and its CSR benchmarking programme, Belron has systems in place to ensure that the Articles of the United Nations Universal Declaration of Human Rights are assessed, prioritised and implemented as they apply to its sphere of influence.

Whilst the approach to the Code of Ethics was decentralised, Belron retains the centrally facilitated Speak Up line through a third-party provider, Expolink. The communication best practice shared with the businesses emphasized the importance of encouraging and supporting people to speak up with any ethical concerns they may have. While Belron encourages the raising of concerns within the local country, the Speak Up line is provided as an additional channel to raise concerns confidentially.

UN sustainable development agenda



Belron makes sure that individual rights are respected throughout the organisation within its sphere of influence.



Belron is committed to principles 1 and 2 of UN Global Compact, which address corporate responsibilities with regard to human rights.



ETHICAL PRINCIPLES | NO TOLERANCE FOR BRIBERY AND CORRUPTION

Why it is material

Belron's Guiding Principles are explicit: it will not tolerate any form or attempts of corruption or bribery either towards or by its people or partners regardless of local customs and business practices.

A breach of this could seriously damage the reputation of the business and result in legal consequences.

Key indicator

In the Fair Business Practices area, Belron's average benchmarking assessment results show that it is in the top 5% of all businesses assessed by Ecovadis. For this area of the assessment, the businesses need to provide information about their policies, actions and results in relation to anti-bribery and corruption, conflict of interest, fraud, money laundering, anti-competitive practices, truthfulness of marketing and advertising messages as well as data protection and privacy.



Management approach

The Belron Guiding Principles are in place and upheld to ensure that offences such as bribery and corruption are not tolerated within the business. Anti-bribery and corruption is one area of compliance that the Group Legal team promotes throughout the business. The approach is business-unit and market-specific and therefore the policies and procedures adopted depend on a number of factors, including the relevant risk and local rules in each business unit country. In higher-risk jurisdictions, more stringent measures are put in place to help prevent bribery and corruption.

The Legal team provides training and awareness sessions to all businesses on anti-corruption law and anti-corruption policies to ensure that each business continues to compete fairly and in compliance with all applicable anti-bribery laws.

UN sustainable development agenda



Belron contributes to reducing corruption and bribery in all their forms.



Belron is committed to principle 10 of the UN Global Compact, which addresses corporate responsibilities in the fight against corruption.

4. Moleskine

4.1. BUSINESS DESCRIPTION

Moleskine is a premium aspirational lifestyle brand with global reach. It is synonymous with culture, travel, memory, imagination and personal identity. A symbol of contemporary nomadism, its product range encompasses notebooks, diaries, journals, bags, writing instruments, reading accessories and hybrid products that migrate content from paper to digital devices and vice versa. Moleskine has its fingers on the pulse of contemporary creativity and is present across a network of websites, blogs, online groups and virtual archives, not least within the brand's own online community, myMoleskine.

Moleskine is a creative company enjoying steady growth. It has about 490 employees and a vast network of partners and consultants. Though headquartered in Milan, Italy, the Group also has Moleskine America, based in New York, and Moleskine Asia in Hong Kong.

The Group designs and sells its products through a multichannel distribution platform in more than 115 countries. The production itself is outsourced to partner suppliers.

4.2. OUR APPROACH TO SUSTAINABILITY

With a mission statement dedicated to *supporting our users in expanding knowledge, creativity and individual expression*, the question of sustainability has always been at the heart of Moleskine's concerns.

Moleskine's most valuable creative capital is of course its own people, for whom it aims to provide a fair and enriching work environment. In 2019, Moleskine's People Strategy will focus primarily on reconnecting and engaging staff with the company purpose. To pursue this objective, the Executive Team has identified the corporate culture as the prime motor for embracing and manifesting the company's purpose in everyday life. This year will therefore see numerous initiatives designed to enrol the entire Group into embodying the core cultural values that are essential to "leading the Moleskine way".

Consistent with this mission, the non-profit Moleskine Foundation was launched in 2017. The Foundation – which is fully aligned with the values and beliefs of the company – fosters creativity for social change through a number of educational initiatives, with a focus on communities affected by cultural and social deprivation.

The company is also aware that its products use natural resources. It therefore seeks to balance economic benefit and environmental protection in its activities, developing them with respect for current environmental regulations while bearing in mind the rights of future generations. As the company operates primarily as a distributor, most of its environmental footprint comes from the operations of its suppliers. It therefore ensures that its values are respected throughout the supply chain.

4.3. MATERIAL ASPECTS:

- Environmental impact of product design
- Sourcing of materials and natural resources
- Energy efficiency and CO₂ emissions
- Social and ethical supply chain
- Innovation
- Employee well-being and development
- Community engagement
- Ethical principles
 - o Respect for human rights
 - o Zero tolerance for corruption and bribery
 - o Inclusion and Diversity



ENVIRONMENTAL IMPACT OF PRODUCT DESIGN AND PACKAGING

Why it is material

Moleskine's business model is based on the conception and creation of consumer goods. Therefore, a substantial part of the environmental impact stems from the design and manufacture of new products. Taking environmental criteria into account and considering the products' full lifecycle at the design stage is crucial to minimizing waste and increasing the recyclability of materials. This perspective goes beyond the product to include the packaging.

Failure to comply with environmental standards and regulations can lead to additional costs and potentially harm the company's reputation.

But adapting to the growing demand of clients to reduce the environmental footprint of the products they are using also creates a great business opportunity for Moleskine.

Snow White Limited Edition Notebooks Paperband B-side.



Management approach

Moleskine takes environmental criteria into account when designing new products. Finding the right balance between quality and minimizing the environmental impact is a significant challenge. In Moleskine's sustainable product development process, a significant area of focus is increasing the re-usability of packaging. Two examples are:

- The Notebook Paperbands carry B-side graphics that turn it from paper waste into an object or paper tool to be kept and used;
- The Cardboard boxes of notebook & pen bundles can be used as photo frames.

Key indicator

93% of paper products in the 2018 catalogue have a reusable paperband.

Way forward

In 2019 the company will continue working on re-usable packaging in order to reduce its environmental impact.

UN sustainable development agenda



Moleskine aims to contribute to reducing waste generation through prevention, reduction, recycling and reuse.



SOURCING OF MATERIALS AND NATURAL RESOURCES

Why it is material

Moleskine must exercise responsibility when choosing the materials it uses in its products, since such choices will inevitably impact the world's resources. Even though Moleskine does not produce its products, it designs them and initiates their production. It ensures the resources are sourced responsibly with respect for the environment.

The use of chemicals can also affect the health of end consumers. This can represent a risk for the brand's good reputation as well as costs associated with the non-compliance with standards and regulations.



Management approach and what was achieved in 2018

One of Moleskine's priorities is to find a balance between ensuring high product quality and using sustainable materials to make those products. Moleskine is aware of its responsibility to ensure the resources it uses are sourced with respect for the environment. The main material used is paper. Paper is a sustainable raw material when sourced responsibly. Given current deforestation concerns, Moleskine's policy is to ensure that the paper used comes from sustainably-managed sources. Hence, all of its paper products must meet the FSC standard. Moleskine also ensures that the chemicals used in the production process by its suppliers comply to regulations and do not impact health and the environment. To this end, all its paper is acid-free and ECF (elementary chlorine free). Also, all products and materials comply to major international regulations such as REACH and Proposition 65.

Key indicators

- 100% of Moleskine's paper products come from responsibly-managed forests that provide environmental, social and economic benefits.
- 100% of Moleskine's paper products are acid-free and ECF.
- All Moleskine products in the 2018 catalogue are compliant with active regulations on chemicals and do not contain any SVHCs (Substances of Very High Concern).

Way forward

Moleskine will continue applying the same high standards to all materials used to produce its products (paper, cardboard, polypropylene, polyurethane, polyester, nylon, fabrics and textiles, metals, ABS plastic, EVA rubber, real leather).

UN sustainable development agenda



By ensuring that all its paper products come from responsibly-managed forest, Moleskine contributes to SDG 15 which aims to promote the implementation of sustainable management of all types of forest, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.



The company also contributes to SDG 12 as, by respecting the above-mentioned regulations, Moleskine aims to reduce the impact of the materials it uses on the environment and human health.



ENERGY EFFICIENCY AND CO₂ EMISSIONS

Why it is material

Climate change is one of the biggest challenge facing society. Moleskine has a direct and indirect environmental impact, which results respectively from its own operations (product design and distribution) and from the activities of its supply chain (product manufacturing).



Management approach

Moleskine takes steps to shrink its own – direct – environmental footprint by improving the energy efficiency of its offices and by promoting sustainable mobility for its employees. In 2019 the company has started to reflect on ways to assess Moleskine's global – indirect – environmental impact.

Key indicator

15,000 kWh annual estimated renewable electricity production starting from the activation of the solar panels in Milan.

UN sustainable development agenda



By implementing climate change measures, Moleskine contributes to SDG 13, which involves taking action to combat climate change and its effects.

What we achieved in 2018

In line with Moleskine's resolution to increase the use of renewable energy, 60 solar panels covering a total of 97,50 square meters were installed in 2018 on the roof of the Milan headquarters.

Moleskine also reached several agreements with Milan's public transport operator (ATM), including favourable conditions for Moleskine employees who buy season tickets.

Way forward

Solar panel in Milan HQ will be activated in 2019. Moleskine will also explore relevant and meaningful ways to assess Moleskine's global environmental impact.



SOCIAL AND ETHICAL SUPPLY CHAIN

Why it is material

Most of Moleskine's products are supplied by producers located in China, Vietnam, India, Pakistan and Europe.

Since Moleskine initiates the production process at its suppliers, it ensures these suppliers respect the existing social and ethical standards.

Failure by suppliers to comply with standards of ethical conduct could be reflected on Moleskine's reputation.

Key indicators

- In 2018, more than 99% of purchases (in value terms) were made from SA8000-certified vendors in China, India, Vietnam and Pakistan.
- 68% of Suppliers of goods having accepted the Code of Ethics

Management approach

Moleskine has processes in place to ensure their suppliers' commitment to social well-being.

Moleskine asks its vendors to comply with the company's Code of Ethics, which aims to reaffirm the Group's deep-seated commitment to meeting the highest standards of legal and ethical conduct in its commercial dealings.

Next to this, Moleskine's purchasing conditions require suppliers located in India, China, Vietnam and Pakistan to guarantee that every stage of their production chain complies with the SA8000 International Responsibility Standard. This standard applies to all working conditions and covers safety, hygiene, under-age workers and non-voluntary work (exploitation), the legitimacy of employment contracts and the environment. The company verifies whether suppliers are certified during the vendor selection process. Moleskine asks companies that are not certified to begin the certification process and monitors their progress.

Way forward

By the end of 2019 Moleskine wants to ensure that general purchase conditions are implemented by all main suppliers selected in 2018.

UN sustainable development agenda



Moleskine's procurement policy contributes to SDG 8, which aims to protect labour rights and to promote safe and secure working environments for all workers.



INNOVATION

Why it is material

Moleskine caters for creative consumers who are open to new ideas and ways of increasing productivity/self-expression. Among Moleskine's target audiences are digitally-connected professionals, knowledge workers and students who are used to the convenience of digital technology but who still enjoy creating plans and developing ideas on paper first.

By delivering meaningful and innovative products, services and business practices, Moleskine has the opportunity to answer an important need of an ever-growing audience.



The Pen+ Ellipse seamlessly combines the everyday experience of writing and creating by hand with the digital world.

Management approach

The company dedicates significant energy to identifying areas for innovation across every product category, while also seeking ways to innovate internal processes, the business model and overall corporate culture.

In particular, Moleskine's Digital Development and R&D departments actively seek to intercept emerging trends and mindstyle changes.

Key indicator

Digital Innovation cell spent circa EUR 500,000 in 2018.

What was achieved in 2018

In 2018, the Digital Development and R&D departments sought to identify solutions to bridge the *analogue-digital continuum*, creating a connection between digital and paper products. Examples of key projects are:

- A start-up incubator which forms part of the Open Innovation Program: Moleskine provides office and space onboard training to the two winners of its Open Innovation Programme.
- Moleskine+ Actions, an app providing checklists and schedules to help users to get things done.

Way forward

Moleskine will focus on consumers, deepening its understanding of how Moleskine can provide meaningful innovation.

UN sustainable development agenda



By constantly innovating with the launch of new original products (including its M+ collection), Moleskine contributes to SDG 8, which aims to achieve higher levels of economic productivity through diversification, technological upgrading and innovation.



EMPLOYEE WELL-BEING AND DEVELOPMENT

Why it is material

Strong employee engagement with the corporate culture and goals, and staff retention are crucial to the long-term success of the business.



Staff training at Moleskine

Management approach

Since 2018, Moleskine took an integrated approach under the "Total Rewards System". The TRS implies that investment in people is not only related to monetary status (basic salary and variable incentive bonus), but is also related to a more general investment in the

corporate well-being of staff (workplace, learning, engagement). In terms of learning, Moleskine provides its employees with professional learning, personal development programmes and technical training. Moleskine is also committed to using internal job rotation before hiring external candidates.

In Q1 2018 Moleskine ran two world-wide climate surveys with its people, both qualitative and quantitative. The purpose of the surveys was to let people freely express on their satisfaction and trust toward the company and to receive key feedbacks on the improvement areas.

Key indicators

- In 2018 Moleskine dedicated more than 600 hours to staff training and development, involving about 200 people across the Group. In addition, about 300 hours were given to executive development initiatives.
- 80% of Moleskine people participated in the satisfaction survey giving a score above the average (>50%)

What was achieved in 2018

- In 2018, Moleskine launched a Smart Working policy on a global scale, which allows

employees to work remotely, in accordance with corporate regulations, to improve work-life balance, individual performance and satisfaction.

- Moleskine also launched several learning & development initiatives:
 - an Executive Masters on Innovation and Design Management, with the MIP University in Milan;
 - Part-time collaboration and co-teaching with MBA International MIP;
 - Retail Experience Training Lab for EMEA Store Managers;
 - Individual coaching and external workshops on Leadership and Personal Development seminars;
 - Technical training to enhance basic skills in languages and IT systems/tools.

Way forward

In 2019, Moleskine will proceed with a group-wide roll-out of its corporate values – called "Pillars" – that were identified in 2018.

UN sustainable development agenda



Moleskine is committed to the development of its employees and wants to contribute to creating a decent working environment.



COMMUNITY ENGAGEMENT

Why it is material

It is part of Moleskine's DNA to sustain creativity and critical thinking in the community.

Moleskine believes that community engagement can create opportunities to engage creative people.



Management approach

Moleskine has a twofold approach to community engagement:

- sustaining creativity within the creative audience (Moleskine Hub)

A number of activities aim to nurture the brand's close relationship with its community. This involves curated events that take place in its physical and digital spaces. Through content platforms such as the Moleskine Café and FOLD Magazine, the company invites high-profile authors and emerging talents to share their stories, in turn inspiring the audience and elevating the brand.

- promoting education and critical thinking in communities affected by cultural and social deprivation (Moleskine Foundation).

The Moleskine Foundation is a non-profit organisation that provides young people with unconventional educational tools and experiences that help foster critical thinking, creativity and life-long learning, with a focus on communities affected by cultural and social deprivation.

The company has recently strengthened its relationship with the Moleskine Foundation in a joint mission to create co-curated cultural formats that leverage creativity as an engine for positive social change.

Key indicators

- 10 events organised in the Moleskine Cafés in Milan, Hamburg and Beijing.
- EUR 500,000 were contributed to the Moleskine Foundation in 2018.

What was achieved in 2018

Among initiatives in 2018 aimed at sustaining creativity within the creative audience, Moleskine partnered with a number of high-profile institutions around the world such as the National Geographic and the Hong Kong Film Festival.

In its triennial 2018-2020 business plan, Moleskine has approved the yearly designation of a sizeable contribution (1% of EBITDA each year, or EUR 500,000, whichever is higher) that will cover the structural costs of the Foundation and allow it to have a sustainable, long-term vision. Henceforth, 100% of the resources received by the Foundation can go directly to creating a positive social impact.

Way forward

The 10 years of shared value and expertise have allowed Moleskine and the Moleskine Foundation to develop a new innovative partnership model of social engagement that brings together a non-profit organisation and a business to create a more significant social impact on a larger scale. The Moleskine company is committed to collaborating with the Moleskine Foundation by putting its network, its people and its infrastructure at the disposal of the Foundation.

UN sustainable development agenda



Through the Moleskine Foundation, Moleskine contributes to SDG 4, which aims to increase the number of youth and adults with relevant skills, including technical and vocational skills, that will create decent employment opportunities and encourage entrepreneurship.



ETHICAL PRINCIPLES | RESPECT FOR HUMAN RIGHTS

Why it is material

Moleskine is committed to meeting the highest standards of legal and ethical conduct in its employee management and commercial dealings. Non-compliance with standards and regulations can bring costs and reputational damages.

Key indicators

- 92.1% value of goods purchased in 2018 come from suppliers that have signed the Code of ethics and agreed to carry out their operations accordingly.
- In 2018 no human right breaches were registered by the Supervisory Board.

Management approach and result of the policy

The legal and ethical standards that Moleskine adheres to are described in the company's Code of Ethics, adopted in 2013. All of Moleskine's employees must accept the Code when joining the company, as must all vendors who supply Moleskine with finished products.

The company considers unacceptable any type of violence, harassment or undesirable conduct that violates the dignity of a person. All those who observe or are the victim of any form of harassment (sexual or linked to personal, cultural or religious diversity) are asked to report this to the relevant managers or to the Supervisory Board.

The company aims to propagate and reinforce a safety culture by developing awareness of risks, and developing knowledge of, and compliance with, current prevention and protection legislation, promoting responsible behaviour on the part of all workers. No employee or contractor may expose others to risks and dangers that might cause harm to their health or physical safety, and each worker is responsible for and must act to ensure effective management of workplace health and safety.

As mentioned above, Moleskine requires its suppliers to guarantee that every stage of their chain of production complies with the SA8000 International Social Responsibility Standard (which covers, amongst other points, working conditions, under-age workers and non-voluntary work).

UN sustainable development agenda



Moleskine makes sure that individual rights are respected throughout the organisation.



ETHICAL PRINCIPLES | ZERO TOLERANCE FOR CORRUPTION AND BRIBERY

Why it is material

Contact with public authorities must only be handled by individuals expressly authorised for this task and are guided by the need for the utmost honesty and transparency. Any forms of attempted or actual corruption and bribes can represent a reputational risk and lead to legal fines.

Key indicator

In 2018 no cases of corruption or bribery were registered by the Supervisory Board.

Management approach and result of the policy

In 2013, Moleskine implemented the Italian Legislative Decree 231/2001 by adopting the Organizational and Control Model aimed at preventing bribery and the corruption of public authorities and private entities. It also complies with the Italian Entrepreneurial Association Guidelines (Confindustria Guidelines). A Supervisory Board oversees the efficiency of the Model and must be informed of any possible violation. The Supervisory Board brings together Moleskine's Internal Audit Manager and two external advisors appointed by the Board of Directors. It reports twice a year to the latter.

UN sustainable development agenda



Moleskine contributes to global efforts to counter corruption and bribery in the corporate sector.



ETHICAL PRINCIPLES | INCLUSION AND DIVERSITY

Why it is material

Moleskine promotes diversity, rejects all forms of discrimination and applies the same standard of treatment toward each employee regardless of their religion, nationality, origin, gender or beliefs. Any episode of discrimination would put Moleskine's reputation at risk. Furthermore, a lack of diversity within the organisation would reduce the benefit for the business of mixing different genders, mindsets, cultural and professional backgrounds.

Key indicator

In Moleskine's working environment 65.8% of employees are women, more than 25 nationalities are represented and 47.5% of the top and middle management are women.

Management approach and result of the policy

Moleskine recognises the importance of its employees as one of the fundamental factors in achieving corporate objectives, and adopts procedures and techniques for recruiting, development, evaluation and training aimed at providing equal opportunities without discrimination on the basis of gender, age, sexual orientation, religious beliefs or any other factor.

Staff are recruited on the basis of their experience, their attitudes and their skills. Recruitment and internal promotions are based exclusively on the correspondence between expected and required profiles.

UN sustainable development agenda



Moleskine contributes to SDG 16, which aims, among other targets, to promote and enforce non-discriminatory laws and policies for sustainable development