



SARINE TECHNOLOGIES LTD.

Sustainability Report

2017

We welcome you to our 2017 Corporate Sustainability Report. Since our objective is to provide readers with pertinent information together with the ability to find all relevant information, we have referenced specific publicly available information in Sarine's Annual Report and website.

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BOARD OF DIRECTORS STATEMENT

On behalf of the Board of Directors, it is my pleasure to present the first Sustainability Report for Sarine Technologies Ltd. (“Sarine”), for the year 2017.

Incorporated in 1988, Sarine has since grown to be a leading company in the development, manufacture, marketing and sales of precision technology products for the processing, grading and trade of diamonds.

We view sustainability as a shared responsibility towards improving our business while contributing to the betterment of our people and communities. Our report is focused around Sarine’s four point vision on which our business is based; Innovation, Value, Employees and Community.

This report is in conformance with the Singapore Exchange (“SGX”) Rule 711A-711B Sustainability Reporting Guide, meeting all relevant requirements for the year 2017. This report is our first report and has been written in accordance with the Global Reporting Initiative (“GRI”) Sustainability Reporting Standards.

We integrate sustainability considerations into our strategy and our operations by actively engaging with our local communities, taking responsibility for the life cycle of our products and putting our people at the heart of our priorities. We address these issues throughout this report. As part of this goal we are providing this report regarding our sustainability performance and objectives. Our aim is to create a suitable corporate environment for responsible sustainability, as well as for effective engagement with our stakeholders. In this report, we present our activities and achievements along with mission statements for the future. We will continue to engage our customers, employees and stakeholders in promoting our commitment to sustainably and responsibility.

In 2017 we continued to implement our strategy of creating a more balanced, integrated and efficient company focused on recurring revenues. To this end, we have enhanced our Sarine Profile with AI-driven technology-based 4Cs grading and provenance tracking (Sarine Journey™). These services are in line with our sustainability goals, to enhance the quality and transparency of our industry.

We hope this report provides you with a greater understanding of our approach to sustainability and corporate responsibility, and encourage all stakeholders to share their ideas and concerns with us regarding these issues. We will continue our efforts over time to further enhance sustainability in our business and through working with our stakeholders.

Daniel Benjamin Glinert
Executive Chairman

ABOUT THIS REPORT

This is the initial sustainability report for Sarine Technologies Ltd. (the “Company” or “Sarine”) and our subsidiaries (the “Sarine Group”). This report is in compliance with the requirements of the Singapore Exchange Limited (“SGX”) Listing Rules 711A and 711B, and in accordance with the Global Reporting Initiative (“GRI”) Standards: Core option.

In defining the scope of the data disclosed in this report, we focus on the sustainability performance for properties and entities on which we have financial and operational control. Therefore, all data included in this report, such as that which relates to corporate, financial and human resources, refers to the Sarine Group, including operations at Sarine’s sites in Israel, India, Hong-Kong and North America, but does not include any authorised service or sales representative locations outside the Sarine Group (Note: environmental data contained herein does not include electricity usage data from our sales office in Hong-Kong, due to its small size).

This report reflects Sarine's performance for the period from 1 January to 31 December 2017, and the data is updated as of its reference date, 31 December 2017 (Note: as for financial information included in this report, the complete and binding information is as published in Sarine's Annual Report for 2017.)

As this is Sarine’s initial sustainability report, we have included a full presentation of our services and product lines to make sure all our stakeholders have a full understanding of our business.

The material issues in this report are the result of the final matrix presented below. The effect of each material issue is subject to its significance to the Company's various stakeholders, internal and external to Sarine.

We welcome all feedback to help us improve our sustainability practices. Please send your comments or feedback by e-mail to sustainability@sarine.com

ABOUT SARINE

Sarine is a world leader in developing technologies for the diamond industry. Incorporated thirty years ago, the Company was formed when a group of passionate industrialists joined forces with technological innovators to seek technological solutions for the gemstone and diamond industries. This unique fusion of gemmology, actual cutting and trading experience and technology has been the catalyst for sweeping changes in the global diamond industry, revolutionising the way diamonds are assessed, planned, manufactured, graded and sold.

Diamonds have long been culturally viewed as symbols of love, commitment and eternity. Advertising campaigns by key diamond industry players have consistently reinforced these notions among consumers. This consumer demand drives an extensive industry of mining, polishing, grading, and wholesale and retail trading, to which the Sarine Group contributes.

For over a generation, Sarine has developed breakthrough technologies and provided products and services that are used in every aspect of the diamond value-chain encompassing mining, manufacturing, gem labs and wholesale and retail diamond and jewellery sales.

GROUP STRUCTURE

With our headquarters in Hod Hasharon Israel, below is Sarine's structure as of December 31, 2017:



COMPANY GROUP OPERATIONS

As of December 31, 2017, the Sarine Group, as detailed above includes a number of subsidiary companies in different regions.

In Israel, the Sarine Group has three operating subsidiary entities:

1. **Galatea Ltd.** – The developer of proprietary technology for the fully automated detecting and mapping of internal inclusions in rough diamonds. Galatea Ltd. is located in the northern region of Israel.
2. **Sarine Color Technologies Limited** – The development, manufacture and marketing of instruments for assessing the light performance and for the on-line visualisation of polished diamonds and the development of artificial intelligence algorithms for the grading of Clarity and Colour of polished diamonds. This entity is located at our headquarters in Hod Hasharon.
3. **Sarine Polishing Technologies Limited** – The operation of service centres in Israel. Based in the diamond exchange in Ramat Gan, it provides customers with inclusion detection and mapping of rough diamonds, and various services pertaining to polished diamonds, including imaging of polished diamonds for online visualisation, light performance analyses and from March 2018, artificial-intelligence technology based grading of the 4C's.

Our other main location of operations and services is located in India as realised by the **Sarin Technologies India Private Limited** subsidiary entity. This company provides pre- and post-sales and technical support for the Sarine Group's products in India and Sri Lanka. The service centres in India provide customers with inclusion detection and mapping and laser sawing/cutting services for rough diamonds and various services pertaining to polished diamonds, including imaging of polished diamonds for online visualisation, light performance analyses and from June 2018, artificial-intelligence technology based grading of the 4C's.

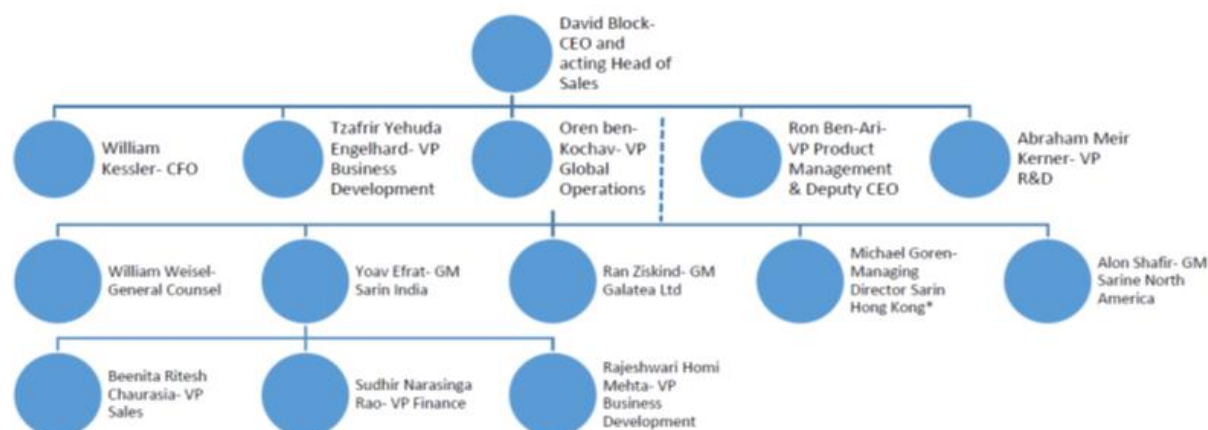
Two other sales and service operations of the group are in Hong Kong for the Asia-Pacific region and in New York for North America. Our Hong Kong subsidiary is incorporated as **Sarin Hong Kong Limited** which provides pre- and post-sales and technical support for our Group's products in China, HK, Japan, Korea, Taiwan, Thailand, Singapore and Australia. **Sarine North America Inc.** is the Sarine Group's operating company for Sarine Group's North American operations.

The other entities listed below are minor entities with relevant explanations to each one accordingly:

- **Sarine Holdings USA Limited** – An Israeli holding company for the Group's North American subsidiaries.
- **Sarine IGT 10H Inc., Sarine IGT 10I Inc., and Sarine IGT 10JKL Inc.** –Real estate holding companies for the three office units located in the International Gem Tower in New York.
- **IDEX Online SA (23%)** – A publisher of a leading trade magazine and an operator of a web portal for news, business analyses, and polished diamond price indexes.

KEY MANAGEMENT

Below is a diagram of Sarine Group's key management as of December 31st 2017.



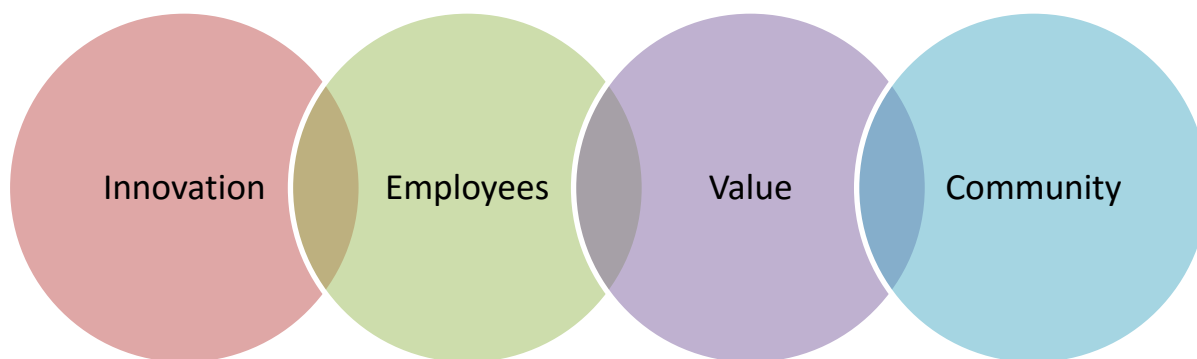
Further information about key management and remuneration is detailed in the “Corporate Governance” section of the 2017 Annual Report.

*As of 1 August 2018, Mr. Michael Goren has been appointed as the Sarine Group's VP of Sales and Marketing and has relocated to headquarters in Israel, having been replaced by Mr. Noy Elram as Managing Director of Sarin Hong Kong.

*As at 31 December 2017, the percentage of senior management hired from the local community is as follows: 100% in Israel and 75% in India.

OUR VISION

Sarine's company vision is aligned with our sustainability efforts and strives to bring success through long term sustainable growth.



- 1. Innovation** — Most diamonds, at different stages of their processing, are touched by our innovative technologies. Sarine sees its mission as participating in setting the standards, optimising the utilisation of rough diamond material, increasing the beauty and value of polished diamonds and providing confidence building 21st century solutions for polished diamond grading and trade, to benefit our customers and the public. We are committed to leadership through excellence and an ongoing passion for innovation.
- 2. Employees** — We see our employees as the major contributor to our success. We strive to nurture our employees and provide them with a supportive working environment that will motivate them to excel individually and as a team. We enable our employees to share in the Company's success.
- 3. Value** — We endeavour to generate and maintain long term revenue and profit growth that will increase the Sarine Group's value.
- 4. Community** — We are involved in and contribute to the communities in which we operate.

These four key values are the basis of our sustainability efforts as is discussed throughout this report. Sarine's vision served as the basis for our Materiality Analysis reflected herein as described in the next chapter.

MATERIALITY ANALYSIS

For the purpose of this report, Sarine conducted a systematic assessment of issues material to our business and operations. Our aim was to identify the sustainability issues material to our business and stakeholders, which could significantly affect the Company's ability to execute its business strategy. These issues were those we consider to be relevant to our communities, the economy and the environment. We have taken into account issues that our we believe our stakeholders would consider to be most relevant, such as sustainability practices and processes throughout our organisation, regulatory requirements, sector comparables ,our industry partnerships and the market in general.

The outcome of this assessment enabled us to define the report's content in alignment with the GRI Sustainability Reporting Standards (GRI-SRS). As we further develop our stakeholder dialogue in the coming years, Sarine will conduct an annual review to re-assess and re-validate these issues for materiality.

THE PROCESS

The materiality analysis was conducted by key management using a methodological four step process. Each step was conducted in accordance with the uniqueness of Sarine's business and its environment. Further review, evaluation and approval were executed in consultation with the Company's Board of Directors.

Below is a description of the four steps we conducted:

1. **Identification of potential material issues**

The first stage was conducted through extensive media research, key management inputs, discussions with additional relevant Company players and representatives and other relevant comparables. This step culminated in a comprehensive list of topics initially identified by various stakeholders, so as to map all potentially material issues.

2. **Material issues ranking**

The second stage included the ranking of material issues by Company management based on risk management methodologies. The potential issues were evaluated and ranked in two matrices, one for issues material for Sarine, and the other for issues that were material for Sarine's stakeholders. The material issues with high importance for Sarine were identified and prioritised by evaluating and weighing data compiled from commissioned questionnaires completed by Sarine's key management who represent the Company's various activities and perspectives. The material issues of high importance to Sarine's stakeholders were compiled through a methodological stakeholder evaluation and ranking process which was based on public information, stakeholder dialogue, as noted below and other information. Further review and evaluation were executed by key management, in consultation with the Company's Board of Directors.

3. Materiality Matrix presentation

Following the ranking process, the third step included generating and presenting to key management for their approval a "materiality matrix". The issues were categorised with the material issues for Sarine on an X-axis and the material issues for Sarine's stakeholders on a Y-axis.

4. Result review, validation and approval

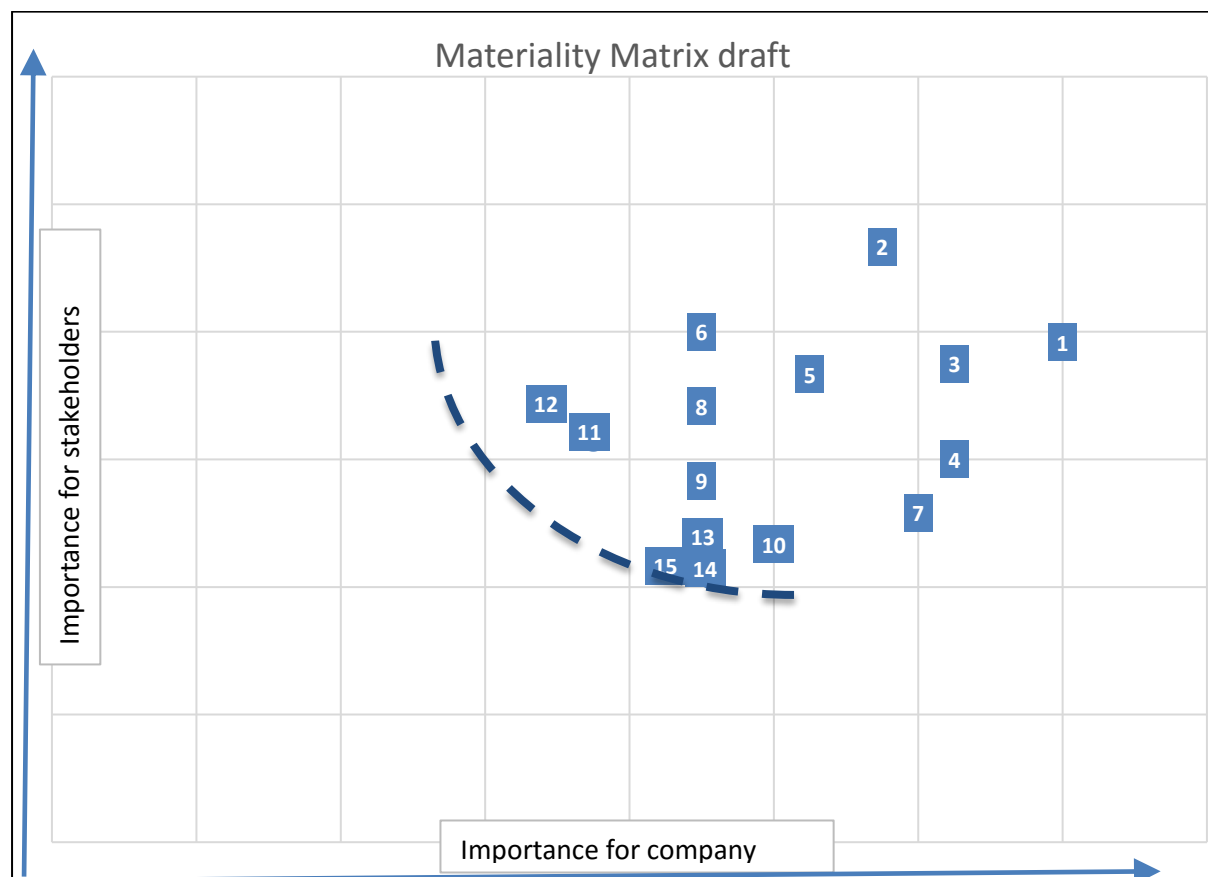
In the final stage, the results were reviewed, validated and submitted to the Board of Director.

After completing the Materiality Matrix, due to their importance to sustainability issues, we included in this report, specific reference to community relations and environmental footprint. These issues were addressed in this report, although they were not found to be material.

The results of the Materiality Analysis will be used as a basis for future activities and procedures that will be put in place.

MATERIAL ISSUES

The material issues identified in this report are the result of this final matrix.



	Material Issues	GRI Standard Topic	Pages
1	Cyber and Data Security	Customer Privacy	26-27
2	Product and Process Innovation	Customer Health and Safety Marketing and Labelling	33
3	Intellectual Property	Governance, Ethics and Integrity	25-26
4	Customer Trust and Reputation	Customer Health and Safety Marketing and Labelling Customer Privacy	32-36
5	External Market Impact on The Company	Economic Performance Market Presence	27-28
6	Business Ethics and Governance	Anti-Corruption Anti-Competitive	24-25
7	Economic Performance	Economic Performance	27
8	Product Quality Management	Customer Health and Safety	35
9	Recruitment and Retention of Skilled Employees	Employment Market Presence	28-31
10	New Business Development, Challenges and Opportunities	Indirect Economic Impacts	4, 27-28
11	Lifecycle Impacts of Products and Services	Customer Health and Safety Marketing and Labelling	32-35
12	Risk Management	Governance	21
13	External Economic Impact from Company Activities	Indirect Economic Impacts	27-28
14	Employees Compensation and Benefits	Employment Market Presence	28-31
15	Customer Health and Safety	Customer Health and Safety Marketing and Labelling Customer Privacy	32-35

TRANSPARENCY AND STAKEHOLDER DIALOGUE

As a leading company in its domain of operations, Sarine has a wide range of stakeholders that include investors, employees, business partners (e.g. suppliers and distributors), and customers, as well as local communities and governmental authorities.

Although many of the topics pertaining to sustainability are global by nature, each type of stakeholder is characterised by its particular interests relating to Sarine. The Company recognises the importance of its stakeholders and their interests and therefore, we invest significant resources to maintain transparent and open communication with them.

Below is a list of methods and the frequency in which we communicate with our stakeholders:

Investors

- Immediate publication of any material news relating to our business on the SGX network (SGXNet).
- Publication of quarterly financial reports on the SGX network (SGXNet)
- Publication on our website and on the SGX network (SGXNet) of information related to investor relations
- Regularly scheduled trips to Singapore for meetings with investors
- Ongoing communications with investors who have queries concerning various aspects of the Company
- Publication of an Annual Report
- Holding of Annual General and Extraordinary Meetings of Shareholders

Employees

- Orientation program for new employees
- Professional courses and training for employees
- Recreational and wellness activities
- Career development and annual performance reviews
- Anonymous complaints box and upkeep for employee working environment

Business Partners (Suppliers, Vendors, Sales Partners, etc.)

- Regular dialogue with key vendors and suppliers, including meetings with suppliers
- Continuing relationship and ongoing communication with authorised sales representatives worldwide

Customers (Manufacturers, Retailers, Wholesalers, Laboratories, etc.)

- Advertisements
- Marketing and sales promotion activities
- Participation in key trade shows in our various markets
- Regular communication with customers
- Conducting customer satisfaction surveys
- Keeping an open customer service platform

Local Communities

- Charitable and donation activities
- Taking part in community projects and charity work
- Open feedback channels for the communities in which we operate

Government

- Regular communication with governmental authorities
- Meeting mandatory reporting and compliance requirements

United Nations Sustainability Development Goals (SDG's)

In September 2015, various countries adopted a set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda prepared by the United Nations (UN). There are 17 Sustainable Development Goals, which are divided into 169 detailed targets, which seek to build on the Millennium Development Goals and realise the needs of human rights for all, and to achieve gender equality and the empowerment of all women. Each goal has specific targets to be achieved by 2030.

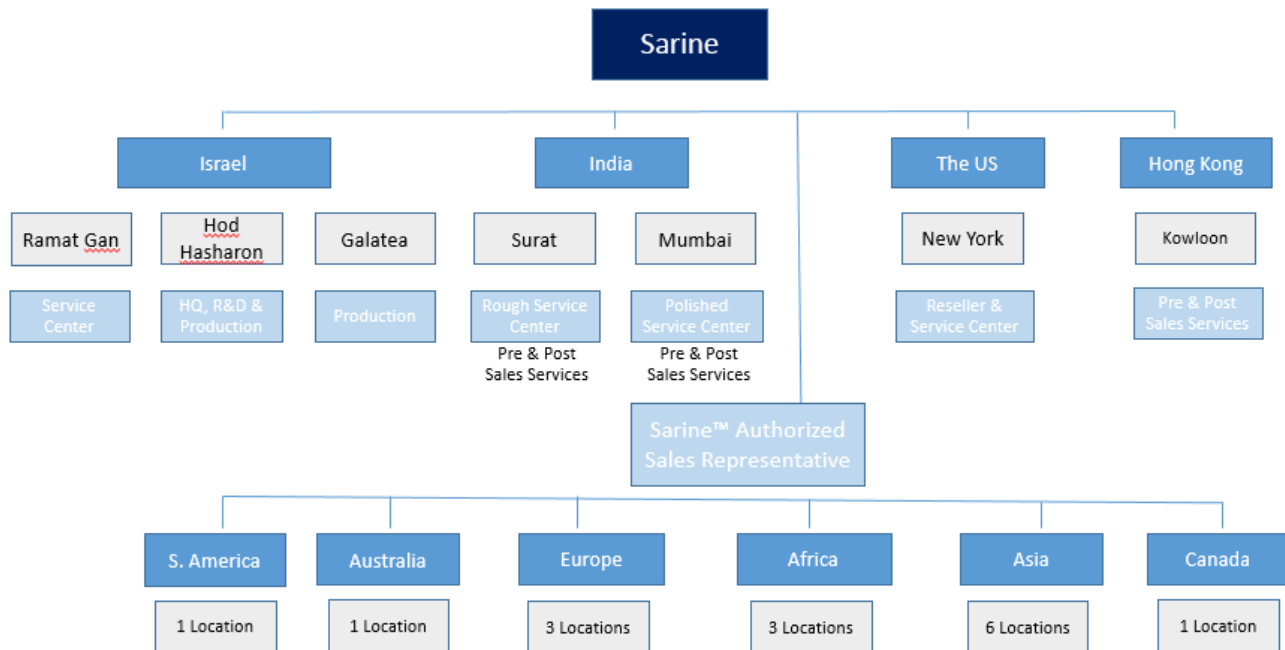
Sarine recognises the SDGs and understands the need to adjust its sustainability performance in line with them. With operations in various countries, we realise our activities might have impact on multiple goals. As a first step, the SDGs were taken into account in the materiality analysis that we performed this year. The connection between our business activities and our impact on the different SDGs will be examined more thoroughly in upcoming years as part of developing our sustainability strategy.



SARINE AT A GLANCE

OUR NUMBERS

1. Description of operations:



2. 39 products and services as delineated below under Sarine Products by Use and Client Type

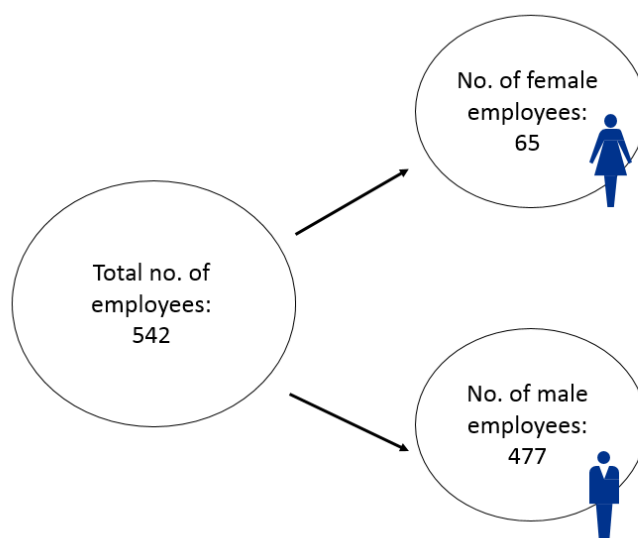
3. Revenue and gross profit:

Final for year ended 31 December 2016 and 2017

	2016	2017
	US\$ thousands	
Revenues	72,524	58,644
Gross Profit	50,289	39,346

4. Over 10 million stones scanned through Sarine products worldwide in 2017. The highest annual amount yet.

5. Total number of employees by gender:



OUR VALUES

Our Core Values have guided and shaped our Company over the years. We stand by these values every day, and endeavour to implement them in our work and our relationships with our colleagues, customer and suppliers.



Innovation and Creativity

We consistently strive to be at the forefront of technology and creativity, to produce cutting edge products and solutions with the highest standards of quality and workmanship.



Teamwork

We share ideas, support and respect each other, with a strong team ethos and commitment to common goals.



Customer Orientation

We believe that things should be made simple, but not simpler. We produce technologically advanced products and solutions, which are customer-oriented.



Honesty and Fairness

We are honest and fair in our work and in our treatment of employees, suppliers and customers.



Commitment and Integrity

We are committed to our stakeholders' continuous satisfaction and provide worldwide support, to ensure optimal usage of our products.

BUSINESS LINE

Sarine's business can be primarily categorised in three separate market segments of the diamond industry:

- 1 Rough Stone Polishing (Midstream)
- 2 Diamond Grading
- 3 Polished Diamond Trade (Downstream)



ROUGH STONE POLISHING (THE “MIDSTREAM”)

Sarine’s primary line of business is the rough stone polishing (“midstream” market). In this segment, diamonds go through a series of processes, including their external and internal inspection, planning, sawing/cutting, shaping, polishing (faceting), and fine polishing in order to turn them into retail-ready polished gems.

Sarine has revolutionised this segment of the industry, by introducing computer-based technologies to automate many of the highly specialised processes that previously required special skills and years of experience, and which were considered to be more of an art than a science. Sarine methodically introduced innovative technology and reliable products that provided the industry with increased yields from rough stones, reduced risks and costs, and time savings. The global diamond industry has adopted these technologies and products, many of which have become de-facto industry standards.

We believe that our introduction of technology to the midstream of the industry, and its conversion from an artisan-based production process to a technology-driven one, has contributed to the migration of diamond manufacturing from historic centres in developed countries (e.g., Belgium, Holland, Israel and the United States) to lower cost centres. Today, the diamond industry midstream is concentrated in India, accounting for some 90% of all stones polished worldwide by stone count and some 80% by value.

Further information about the Sarine Group's products for the midstream manufacturing segment is detailed in the “Management's Business, Operation & Financial Review” section of the 2017 Annual Report, page 21.

POLISHED DIAMOND TRADE (THE “DOWNSTREAM”)

A strategic decision taken in 2010 was to expand our product and service offerings into the wholesale and retail trade of polished diamonds, referred to as the “downstream”.

Retail diamond chains are being challenged by new retail paradigms. The challenges faced by the retail diamond trade are:

- “Branding” – a growing trend in retail to differentiate one’s products in a commoditised environment.
- The “Experience” – today’s internet-savvy consumers surf the Internet and query social media before buying, though actual sales are still predominately in stores.
- The “Sale” – what a retailer needs to do to actually close the sale of a specific stone at a specific price.

Further information about the Sarine Group's technologies for the downstream are detailed in the “Management's Business, Operation & Financial Review” section of the 2017 Annual Report, pages 22-24.

To facilitate the marketing and sales of its downstream services, in 2014 we opened an office in midtown Manhattan in New York, the heart of the U.S.’s polished diamond trade, and in 2015 we opened an office in Hong Kong, the primary hub of the polished diamond trade in the Asia Pacific region.

DIAMOND GRADING

The Group has been at the forefront of introducing polished diamond grading technologies for more than twenty-five years. Having pioneered the automated grading of a polished diamond's Cut in 1992, and having introduced the industry's most accurate system for measuring a polished diamond's actual light performance in 2013, we now also provide automated grading of a polished diamond's Clarity and Colour.

Starting in 2018, Sarine now offers comprehensive polished diamond 4Cs grading (Carat, Cut, Colour, and Clarity), utilising artificial-intelligence (AI) based technology. Two new devices, the Sarine Clarity™ and Sarine Colour utilise innovative technology that enables much more consistent grading, and, as the AI-based algorithms are self-teaching, the consistency improves over time.

SARINE PRODUCTS BY USE AND CLIENT TYPE

Please see a breakdown of the categories of customers for all of Sarine's products. For more information regarding our relationship with our customers, we invite you to see our stakeholder dialogue under our materiality analysis chapter. For more details regarding our activities and supply chain, please see the Marketplace and Customers chapter.

ACTIVITY	TARGET CUSTOMER	SARINE PRODUCTS
Rough diamond evaluation	Rough Wholesaler/ Manufacturer	Galaxy® 2000, Galaxy® XL, DiaScan® S+, DiaMobile® XL and Advisor®
Planning optimal cutting of rough diamonds into polished ones	Manufacturer	Galaxy® 1000, Galaxy® Ultra, Galaxy® XL, Solaris™, Meteor™, Meteorite™, DiaExpert®, DiaExpert® Atom, DiaExpert® Nano 6.5, DiaExpert® XL, DiaExpert® Eye, DiaExpert® Edge, DiaScan® S+, DiaMark® Z and Advisor®
Cutting rough diamonds	Manufacturer	Quazer® 3 and Strategist®
Shaping rough diamonds	Manufacturer	Quazer® 3
Optimal polishing of diamonds for best Carat / Cut trade-offs	Manufacturer	DiaMension® HD, DiaMension® Axiom, DiaMark® HD and Instructor®
Diamond finishing optimization	Manufacturer	DiaMension® HD, DiaMension® Axiom, DiaScan® S+ and Instructor®
Polished diamond grading according to the 4 Cs and light performance	Manufacturer/Gemmological Laboratory/Polished Wholesaler and Retailer	DiaMension® HD, DiaMension® Axiom, DiaScan® S+, Sarine Light™, Sarine Clarity™, Sarine Colour™
Polished diamond branding	Manufacturer/Gemmological Laboratory/Polished Wholesaler and Retailer	DiaScribe®, Sarine Light™, Sarine Loupe™ and Sarine Profile™, Sarine Diamond Journey™
Polished diamond wholesale and retail trade, online and in-store	Manufacturer/Wholesaler/ Retailer	Sarine Light™, Sarine Loupe™, Sarine Profile™, Sarine Diamond Journey™, Sarine Connect™

CORPORATE GOVERNANCE

We at Sarine are committed to practicing proper corporate governance. This commitment includes the oversight of different aspects such as business strategy, fiscal accountability, ethical corporate behaviour, sustainability, and fairness to our stakeholders.

Sarine is incorporated in Israel. Therefore, we comply with various corporate governance requirements under the Israeli Companies Law, 1999. Furthermore, the Company has adopted, and will continue to adopt as necessary, voluntary rules to ensure transparency towards all our stakeholders, as well as an enforcement plan that ensures strict compliance with both the law and internal control processes.

We recognise and place strong emphasis on our corporate responsibility to our stakeholders and are committed to managing our business in ways that lead to sustainable growth while balancing current needs with those of the future, and fulfilling all regulatory and moral dictates. The Sarine Group's management makes concerted efforts to ensure that we follow relevant guidelines. We have internal controls, legal advisors, internal and external auditors, and we consult with independent experts to evaluate economic, social and environmental aspects to ensure compliance.

To read more about the ongoing measures taken by the Board of Directors, please see the Corporate Governance section in our 2017 Annual Report.

SUSTAINABILITY MANAGEMENT

Sarine is aware of the ongoing need to properly address and manage sustainability issues in our business. The Company's Board of Directors has appointed our CEO, CFO and General Counsel to manage our strategy for all sustainability matters, and they report periodically to the Board of Directors on these issues.

Risk Management

As part of our ongoing corporate governance and decision making processes, Sarine initiated an organizational enterprise risk management activity that addresses strategic, financial and operational risks. This risk management system relates to strategic, operational, statutory and economic risks in all aspects of the organisation's operations, including overall impacts from the Company's activity. Through this structured process which identifies risks and opportunities, Sarine applies precautionary principles to relevant sustainability issues.

We continually evaluate our risk management procedures and conduct updates in order to reflect our evolving business.

BOARD OF DIRECTORS

As of December 31, 2017, the Board of Directors of the Company (the “Board”) comprises seven directors, the majority of whom are independent (two of those directors, namely Ms. Valerie Ong Choo Lin and Mr. Yehezkel Pinhas Blum also qualify as “External Directors” under Israeli law). Thus the Board is able to exercise independent and objective judgment, and no individual or small group of individuals can dominate the decisions of the Board.

The Board is entrusted with the responsibility for the Company’s overall management. Its primary duties are: (i) to set the Company’s values and standards, and to ensure the obligations to shareholders and other stakeholders are duly met; (ii) to establish a framework of prudent and effective controls, in order to facilitate risk assessment and safeguard the shareholders’ interests and the Company’s assets; (iii) to supervise and evaluate the performance of the Company’s management in general and of the CEO in particular; (iv) to identify the key stakeholder groups and their effect on the Company’s performance and standing; (v) to consider sustainability issues; and (vi) based on items (i), (ii), (iv) and (v) above, to set the Company’s goals, strategies and policies and assure that such are being properly implemented.

Within this framework, the Board discusses and resolves matters which require its approval under applicable laws (including, without limitation, related party transactions) and/or activities conducted pursuant to the guidelines set by the Board. In general, any material issue concerning Sarine is brought to the attention of the Board.

Mr. Daniel Benjamin Glinert is Sarine’s Executive Director and Chairman of the Board.
Mr. Chan Kam Loon is the Lead Independent Director.

Further key information about our directors and remuneration is detailed in the “Board of Directors” and “Corporate Governance” sections of the 2017 Annual Report.

The breakdown of our directors holding office as of the date of this report are:

Men	Women
5	2

Non-Independent	Independent
3	4

The Board meets regularly, and in any event no less frequently than five times each calendar year. The Board members have been instructed and trained, on many occasions, with regard to their roles, responsibilities, powers and duties. Such orientation included dissemination of written materials prepared by the Company and its counsels, periodic updates with regard to legal and corporate governance developments affecting the Board and the directors, and

personal communication with the Company Secretary and ongoing discussions at Board meetings.

Details of the Board committees and number of meetings held, are shown below:

Board of Directors	Audit Committee	Remuneration Committee	Nominating Committee
7 Meetings	5 Meetings	4 Meetings	1 Meeting

Our Audit Committee assists the Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, all with the overall objective of ensuring that management creates and maintains an effective control environment, in consultation with the Internal Auditor.

Our Remuneration Committee recommends to our Board of Directors a framework of remuneration for our directors and key executives, and recommends specific remuneration packages for each Executive Director and Company Officer.

Our Nominating Committee determines how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, which are used to assess the degree to which the Board enhances long-term shareholder value.

Our Board draws from a broad spectrum of competencies and disciplines including the diamond and gemstone industry, the high-tech industry, the business community, capital markets, legal practice, and business management. Sarine also established an Advisory Committee in order to draw on additional expertise from non-Board members.

The Board members are informed periodically (either at Board meetings or otherwise) of any developments and updates concerning their powers and duties under applicable laws. Directors also consult with the Company's General Counsel and Company Secretary on an ongoing basis with regard to the performance of their duties.

The Non-Executive Directors actively participate in developing strategy and in reviewing the performance of the Company.

The Independent Directors may meet outside the presence of the Executive Directors and/or Company management to the extent necessary or advisable.

The Board is involved and oversees the sustainability activities as described in this report including sustainability strategy, review and approval of the materiality analysis process and Board sustainability statement, and it provides comments to and approval of our sustainability report.

Further key information about the Directors is detailed in the "Board of Directors" and "Corporate Governance" sections of the 2017 Annual Report.

BUSINESS CULTURE

Sarine's corporate culture rests on our core values that include conducting business honestly and fairly, Innovation and Creativity, Customer Orientation, Commitment and Integrity and Teamwork in all markets in which the Sarine Group operates.

These values, together with the Company's commitment to comply with all laws, regulations, compliance programs and procedures, are vital for our sustainable growth and success.

PROFESSIONAL AND INDUSTRY-RELATED INVOLVEMENTS

Sarine is involved in a number of industry associations such as:

- Israel Emerald Cutters Association
- ASEAN Committee of the Singapore International Chamber of Commerce
- India's Gem Jewellery Export Promotion Council
- Jewellers Vigilance Committee
- American Gem Society (AGS)
- Jewellers of America
- Shenzhen Rough Diamond Exchange (SRDE)
- Guangzhou Diamond Exchange
- Responsible Jewellery Council

PREVENTING BRIBERY, CORRUPTION AND FRAUD

The diamond industry, in which Sarine operates, deals with a commodity, which by virtue of its small size and high value is exposed to multiple risks regarding potential bribery, corruption and fraud. The diamond industry has put in place multiple policies combat these issues.

Diamonds possess several characteristics which make them vulnerable to corruption, fraud and bribery such as:

- High Value
- Low weight/mass and relatively small size
- High durability with stable pricing and an ability to retain value over long periods of time
- Ability to go undetected (non-metallic and odourless)
- Untraceable and unmarked
- Easily bought and sold outside the formal banking system

Sarine is committed to running its business with integrity, fairness, reliability, and professionalism. We have a zero tolerance approach to all forms of corruption including bribery, conflicts of interest, theft, extortion, embezzlement, fraud and misuse of company assets. Consequently, Sarine has effective controls in place at every stage of its business.

Measures to prevent corruption within its organisation have been put in place, such as;

- The policy that all payments to governmental, regulatory bodies and vendors are conducted through traceable transactions. Cash payments are strictly prohibited in this regard.
- We have a formal whistle blower policy that encourages employees and business partners to report on any illegal, improper or unfair practices that they encounter in their dealings with Sarine.

No claims or allegations of corruptive practices or actions arose against any member of the Sarine Group or its employees during 2017. We believe that the Company's zero tolerance policy plays a major role in achieving this goal.

No fines or non-monetary sanctions were imposed on the Sarine Group in 2017 in relation to non-compliance with anti-corruption legislation and regulations.

LEGAL, ANTI-COMPETITIVE ACTIONS, AND INTELLECTUAL PROPERTY INFRINGEMENT

As a leading technology company in our field, Sarine invests substantial resources to maintain such leadership and to patent, copyright, trademark and otherwise protect our proprietary assets. Nonetheless, Sarine is exposed to ongoing attempts to steal and otherwise misappropriate its technology and products and to violations of our intellectual property rights.

The Sarine Group maintains a zero tolerance policy towards the infringement of our intellectual property. We take proactive and aggressive actions aimed at protecting such rights, including taking legal action against those who are engaged in the offering and/or use of infringing products and services or any other fraudulent use of our technologies.

Unfortunately, intellectual property infringement is part of doing business in a technology rich environment. In 2017, Sarine saw a sharp increase both in infringement activity as well as in the number of infringers. Furthermore, it also witnessed increased audacity of those committing such violations. Mostly, the illicit IP infringement is centred on our industry-leading inclusion mapping and rough diamond planning systems. Examples of such activity in 2017 are as follows:

- a) Sarine and Galatea filed lawsuits in India against an Indian company who is manufacturing, selling and providing services with a duplicate of Galatea's Galaxy® products, and who has infringed Sarine's Advisor® software. We are requesting that the court order that such company be prohibited from utilising Sarine and Galatea technology and to award substantial damages for such violations. The cases are ongoing.

b) An Indian businessman reached out to a number of different employees in Sarine offering them a large cash payment in return for the company's proprietary software code for one of our primary products. All Sarine employees who were contacted immediately reported the incidents to company management. Sarine management in conjunction with the Israeli law enforcement authorities, hired a private detective to lure and capture the criminal. Indeed, the individual came to Israel to close the deal and make the payment and was arrested, criminally charged, and sentenced by the court to fines and imprisonment in Israel.

c) While auditing a customer's usage of its Galaxy® system, Galatea found significant contractual discrepancies with its usage. It was determined that the customer was deliberately under-reporting the stone weights processed by the machine. Galatea also had incontrovertible evidence to demonstrate that the under-reporting was implemented through the illegal manipulation of the Galaxy® software. After being confronted, the customer admitted to the fraud and illicit behaviour. We took the necessary legal action against the company in India and obtained a ruling for damages.

Targets and Goals for 2018

Sarine continues to file patents, copyrights and trademarks, and to take other actions necessary in order to protect its intellectual property from wrongful misappropriation.

To read more about the ongoing efforts taken by us, please see our 2017 Annual Report.

DATA SECURITY AND CYBER

We at Sarine protect our data and systems with the highest levels of security. As a leading technology company in our market, we need to continuously make sure our information is safe and out of harm's way. We invest extensively in cyber security and in creating our own proprietary in-house developed cyber protection. This creates a higher level of defence than that provided by using off-the-shelf commercially available protection, which is targeted per se by professional hackers.

We have taken a number of additional actions throughout 2017 in order to uphold the necessary level of security of our systems, such as:

- Employee control and data separation in company laboratories and systems. Data and operational controls were set up to ensure that every customer diamond that is processed via the Sarine laboratory is not traceable to its owner and origin.
- Holding the highest standards of data security, separation of system accessibility and cyber controls for all systems to prevent any type of digital corruption.

Targets and Goals for 2018

- We have determined to further enhance and improve our Advisor® and Galaxy™ product security on the cloud.

- We have determined to establish distributed denial of service (DDoS) prevention on our Galaxy Products.
- We have determined to separate access to sensitive code internally in our source control system.

ECONOMIC PERFORMANCE

		2016	2017
		<i>US\$ thousands</i>	
Direct Economic value generated	Revenues	72,524	58,644
Economic value distributed	Operating expenses*	29,223	30,138
	Income tax expense	3,985	3,669
	Dividends Paid	12,248	15,797
Economic value retained		27,068	9,040

* Includes research and development, sales and marketing and general and administrative expenses (including wages and benefits).

Targets and Goals for 2018

- To increase recurring revenue and profitability by maintaining competitive edge in midstream (manufacturer) sales, especially by increasing Galaxy penetration and usage.
- Increase revenues in downstream products and services (Trade).

For further information about our economic performance, please see pages 51-91 in our Annual Report.

ECONOMIC IMPACT

The costs of rough diamonds are high and are paid for upon receipt. Yet it typically takes six to twelve months to sell the polished output, often on credit terms. The cost of financing this cycle, along with all the other complexities of the process, and the errors and accidents incurred along the way, drive polishers' margins to normally be only single digit. Hence, any yield increases, cost savings or cycle shortening benefits are critical and have significant impact on the manufacturers' profits.

As a leading developer of technologies for the diamond industry, we strive to develop and improve workflow in the sector. Since establishment, we have made great efforts to push the field towards automation of many of its specialised expertise and processes. Over the years, we introduced various reliable, efficient, yield-increasing, cost/risk-reducing and time-saving technologies. By introducing computer-based technologies, we managed to revolutionise the diamond polishing/manufacturing industry.

The global diamond industry has adopted our innovative technologies, many of which have become de-facto industry standards. our technology has pushed the optimally achieved yield

of the polished stone(s) weight from under 40% of the rough stone's weight to over 50%, a 25% benefit.

Our introduction of technology to the industry also contributed to the migration of manufacturing from historic diamond polishing centres in developed countries (e.g., Belgium, Holland, Israel and the United States) to lower cost centres (such as India, South Africa, China and others). Today, the diamond industry midstream is concentrated in India.

OUR PEOPLE

Sarine's employees' nurturing is a major priority for the Sarine Group. Sarine encourages and promotes improvements in various fields involving our human resources including: talent attraction and retention, work environment, equal opportunity, and health and safety in the workplace.

Our people are our greatest asset and are at the heart of everything we do. We believe and pursue continuous investment in and development of our personnel, so that they can realise their full potential and help the organisation achieve the highest levels of excellence.

Sarine's employees are all employed under personal employment agreements. No employees are under collective bargaining agreements.

Over 99% of our employees are full-time. Several employees are employed on a part-time basis, including university students. All significant activity of the Company is either conducted by or supervised by employees who are directly employed by the Group.

99% of our company employees are hired with salary agreements above minimum wage compensation. Out of all 542 employees, only six "office assistance employees" in Sarin India, are compensated with minimum wage. These six employees are paid according to the applicable minimum wage laws.

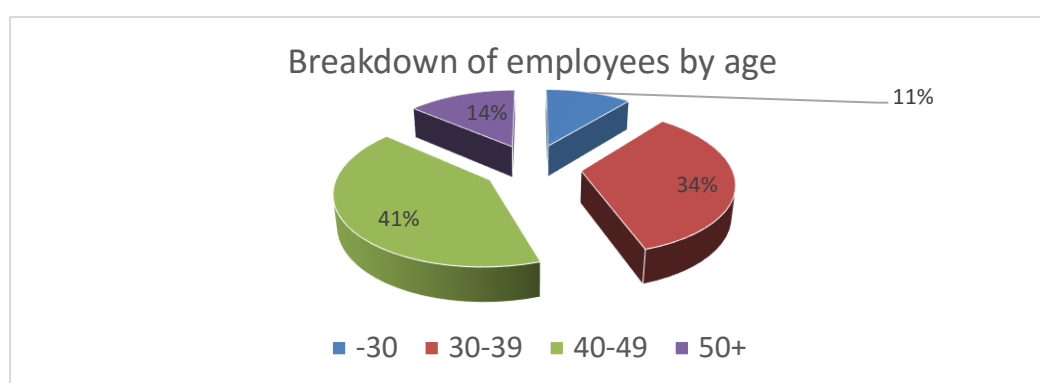
Breakdown of employees per company:

	Male	Female	Total
Israel	131	40	171
USA & Hong Kong	12	5	17
India	334	20	354
Total	477	65	542

Breakdown of employee turnover by region and gender:

	New Employees		Employee left	
	Male	Female	Male	Female
Israel	11	8	15	8
USA & Hong Kong	2	0	3	0
India	25	7	106	4
Total	38	15	124	12

Throughout 2017, we conducted some adjustments to our service centre teams in India to better reflect market needs. Due to the increased number of Galaxy and Quazer machines sold in India over time, there is less demand for our scanning and sawing services at our service centres, as customers do such work in-house. Also, our business was impacted somewhat due to the more blatant piracy being conducted as mentioned at length in our Data Security & Cyber chapter, especially for Solaris sized stones. These two developments led to reductions of staff in India at our service centres.



In a country in which only a quarter of the women participate in the workforce, and in an Industry in which women make up only 10% of diamond technologists, Sarin India is proud that 50% of our key management is female.

We at Sarine strive to recruit our key management from our local communities. Over 75% of senior key management in Sarin India are from local communities. These employees are fully part of the Company's senior management and are vital for the Company's success.

Targets and Goals for 2018

- We strive to reduce the percentage of voluntary staff turnover.
- We support the increase percentage of internal recruitments and promotions.
- We strive to continue employee development.

EMPLOYEE DEVELOPMENT

Sarine focuses significant efforts on attracting the best professionals and providing them with unique experiences and the best work environments possible, with the aim of fostering their professional development. The Sarine Group tries to gain a competitive advantage by strengthening its most important asset – our talented people.

We believe that investing in our people and maintaining a skilled and passionate team is key to sustaining our competitive advantage, and it is our goal to provide quality jobs with meaningful work, and a supportive and healthy working environment.

Employees are sent for specialised training as needed. For example as we send field technicians working in India for training at our headquarters in Israel.

We maintain open communication lines between all our employees and the various levels of management, encouraging our employees to comment on, improve and criticise the Sarine Group's activities.

REWARDS AND BENEFITS

As employees are the key element to our success, Sarine treats the issues of rewards and benefits with reverence. We take into account a variety of aspects to calculate employee compensation and benefits such as competition in the marketplace, the relative value of each position to the Company as well as among similar jobs, the performance of individual employees, and qualifications and relevant work experience. The Company reviews compensation and benefits programs regularly to ensure that we are on par with the market. The Company believes in providing targeted incentives and rewards to employees, consistent with their performance and contribution to business results.

Since listing on the SGX, we have been granting share options to our employees. The Board of Directors has set guidelines concerning, among other things, eligibility to receive share options (based on performance and time of service with the Company), vesting periods (typically over three to four years from the date of grant) and the minimum and maximum amounts of share options to be granted (based on seniority and expertise). Executive Directors, senior officers and key employees are also granted performance-based options, to be vested over three to four years, based upon the achievement of business goals – as discussed in greater detail in the Company's remuneration policy.

Further details with regard to the options granted by the Company are included in the "Directors Report" section of the annual report. Also, Sarine employee benefit plans and pensions are reported in the 2017 Annual Report- Financial Statements, Note 20.

Due to impaired business results in a challenging industry environment, bonuses were not distributed in 2017 except for specific cases in which statutory or country custom or contractual requirements were in place.

Sarine is in compliance with relevant pension laws contributing to our employee's pensions under applicable laws and country practice.

WELFARE AND WELL-BEING

Sarine is committed to creating and sustaining a working environment supportive of work-life balance for all employees. The Company conducts various programs to foster the welfare and well-being of our staff, to improve the overall health of employees and to achieve work-life harmony. By so doing, a team of committed, productive and motivated employees is highly energised to realise our corporate vision, mission, values and culture. Our human resources policies protect the rights and interests of the Sarine Group's employees, as dictated by, and often exceeding all applicable laws and regulations,

MEDICAL CARE AND COVERAGE

Sarine provides multiple medical insurance options for employees such as supplemental private insurance for employees and their families in Israel (national medical coverage is universal) and medical insurance for employees in North America. Sarin India contributes towards statutory health insurance premiums for non-management employees (approximately 60% of employees).

WORKING MOTHERS

Sarine complies with all applicable legal mandates regarding maternity and parental leave as per country of operation. In 2017, ten Sarine Group employees took maternity leave. Two employees chose not to return to their roles in the Company after their parental time off. One employee returned in 2017 and seven employees plan to return in 2018. This does not include employees who left for maternity leave in 2016 and returned in 2017.

EMPLOYEE EQUALITY AND DIVERSITY

Sarine actively diversifies the workplace and promotes equal opportunity in employment which is a fundamental principle in the Sarine Group. All aspects of employment are based upon personal capabilities and qualifications without regard to gender, age, race or religion, as established by law.

We maintain strict policies with regard to equality in the workplace, regardless of sex, age, religion, ethnicity, disability or other personal traits or beliefs, as well as strict and swift treatment of any sexual harassment incidents, so as to provide a fair, safe and amicable workplace.

We support the employment of employees with various disabilities in order to promote equal opportunity in that regard. Sarine has two employees with disabilities and further supports others with disabled family members.

To protect employees against sexual harassment or the abuse of power in the workplace, Sarine has implemented a prohibition against harassment in the entire group and established a Sexual Harassment Prevention policy. Furthermore, the company conducted training on the prevention of sexual harassment for all company employees in 2017. No complaints or legal accusations were made towards any Sarine Group employee in 2017 in relation to sexual harassment.

SOCIAL RESPONSIBILITY

Sarine sees great importance in giving back to the community. Key management and numerous employees are involved in social activity planning and community actions. Over recent years we have participated in local and national programs for the support of the disadvantaged and less privileged segments of our society.

In Israel during 2017, projects undertaken included volunteering to assist *Leket Israel*, the country's largest food bank and food rescue network; the collection of toys and other items for needy children and their families through the auspices of the Hod Hasharon municipality; enrolment in the Israel nationally-sponsored "Day of Good Deeds" where participants provide painting and maintenance services for needy citizens; the purchase by the company of employee holiday gift packages, the proceeds of which were donated to assist children with cancer; and the donation of company surplus inventory to the autistic children's recycling centre. To demonstrate our commitment to these important functions, Sarine underwrites these activities by permitting staff to participate at the expense of normal working hours.

In India, our most significant market, Sarin India has an active Corporate Social Responsibility (CSR) committee with 10 members. Sarin India's CSR Committee is devoted to actively focus on different areas which can help students get a better education to make their future brighter. We have also adopted and implemented an active corporate social responsibility policy. In 2017 we continued our ongoing program in *Lalita Chokadi* and *Katargam*, located in Surat, India's diamond manufacturing centre, where we have 'adopted' two government primary schools serving over 2,100 children. This past year, Sarine participated in the maintenance of the schools' water drainage system by replacing and repairing drainage pipes and other items. In addition, the company was involved in distributing gifts to the students on Republic Day, providing school bags to top achieving students in grades 1–8, and providing printed birthday cards for all the students.

MARKETPLACE AND CUSTOMERS

Sarine is attentive to the needs of its customers. We manage this commitment through our operations and sales departments, which address the ongoing challenges of today's diamond industry. Some of these recent challenges which were addressed throughout 2017 include:

- **“Branding”** — a growing trend in retail to create differentiation between otherwise commoditised products. In the diamond industry, this is achieved by either introducing non-standard cuts or by otherwise creating a unique story around the offered stones, sometimes by tracing their origins from mine to the consumer (e.g., our cooperation with the Canadian producer Dominion Diamond Mines, offering CanadaMark™ diamonds).
- The **“Experience”** — today’s internet-savvy consumers surf the Internet and query social media before buying, though actual sales are still, as noted above, predominantly in stores. By using sophisticated technologies, the retailer can create a more exciting experience both on their website and in their store.
- The **“Sale”** — what a retailer needs to do to actually conclude the sale of a specific stone (jewellery piece) at a specific price. Today, the branding and the experience, and the confidence inspired by these methods, are often no less important than the quality of the goods offered and their pricing.

As market needs change, whether due to social or environmental changes, or technological advances, Sarine must be able to meet these new challenges and opportunities. We constantly search for opportunities throughout our product offerings across markets and the evolution of the products over their useful life cycles, so as to take the next step forward.

PRODUCT AND PROCESS INNOVATION

Throughout 2017 we focused on these market challenges and responded to them by developing new products that provide higher levels of transparency and quality. We are heading into the next technological era with our Sarine Technology Lab, the first ever technology driven, automated, artificial intelligence-based diamond grading lab. Via Sarine Profile™ reports, Sarine labs provide the world’s most accurate, reliable diamond grading information in an interactive digital display that is redefining the retail industry and the consumer experience.

Initially, Sarine Profile™ products enabled significantly more informative online searches, both B2B and B2C, with new levels of transparency and creating the confidence necessary to go forward to the next level in the buying experience. Now Sarine Profile™ products enhance the in-store buying experience by empowering the consumer to make a truly informed decision on the prospective diamonds, as each stone is shown with detailed information in a truly intuitive visual format.

With the addition of Sarine Connect™, retail chains can offer any stone from their entire inventory, regardless of its physical presence in the outlet or not, as well as create a virtual inventory by reaching back to suppliers’ inventories of stones and settings, subject to the necessary authorizations.

Targets and Goals for 2018

- We established an innovation committee for rewarding innovation initiatives in Sarine.
- In 2017, we decided that 25% of R&D expenses will be dedicated towards new product research.

CREATING SHARED VALUE WITH CUSTOMERS

With the goal of striving for excellent customer satisfaction, Sarine is working towards growth by creating new shared value for our clients. We provide innovative solutions which provide customers with the safety and peace of mind that comes with highly reliable products. Sarine strives to both meet current needs and resolve potential customer challenges.

We believe that the Company will be successful in the long term by creating value for both our shareholders and the industry as a whole. This approach, called Creating Shared Value (CSV), remains a fundamental guiding principle on how we do business. It enables us to express our purpose to our industry and to be a leading innovative force in our marketplace.

A long-term approach to business has always been part of Sarine's DNA. Through ongoing shared value, we integrate sustainable development into business activities. This is increasingly important to long-term investors. Shared value brings business and society together by generating economic value in a way that also produces value for society.

Sarine did not have any incidents of non-compliance with regulations resulting in a fine, penalty or warning in 2017.

PRODUCT STEWARDSHIP AND LIFECYCLE

We consider the safety of our products from research and development through production and all the way to our customers' installation. We work continuously to ensure that our products pose no risk to people or the environment when they are used responsibly and in the manner intended.

All Sarine products meet European CE standards, and our initiatives go beyond legal requirements as we monitor the compliance of our guidelines and internal standards through regular audits and check-ups.

Sarine products are marked to show the company's compliance with the EU directive WEEE. The WEEE directive applies to recycling products and components and provides that no electrical or electronic equipment may be discarded into a city's normal waste disposal system. Sarine accepts requests for assistance from end users on the proper and safe disposal of any of our products or their components or consumable materials. Further to our on-site training and detailed user manuals, customers are encouraged to request help from company technicians and support teams with discarding products.

To insure proper safety and usage of our products, we hold ourselves to high standards in regards to properly marking any relevant hazardous usage or elements, such as lasers. Furthermore, we go to vast lengths to insure that all our customers receive guidance and assistance with the proper usage of the systems, thus ensuring the highest level of safety, value and stability for our products.

CUSTOMER HEALTH AND SAFETY

To meet the evolving needs of our customers and the market, Sarine continually seeks to enhance products, incorporating cutting-edge technologies. The company educates employees and clients about quality and safety, while continuously enhancing quality management activities. The aim is to provide customers with products that offer great value without endangering them.

Sarine goes through extensive measures to ensure that our products and services deliver the highest levels of quality and safety. The company believes that this commitment to quality and reliability is a key to sustainable growth.

Such measures taken include third party safety assessments and audits regarding Company products as part of their authorisation and initial production process. An example for such a safety assessment was conducted through a thorough identification of potential hazards of the Galaxy® to workers, customer property and the environment, including the potential hazard from the consumables utilized during processing. For each potential hazard identified, existing safeguards were examined, operating procedures evaluated and mitigation measures were checked. All proper protection layers and safeguards were verified and no issues were found to be inadequate or incomplete. Overall, the Galaxy® was reviewed and found to meet all accepted safety standards and good engineering practices.

Sarine supports laser safety training for all customer employees who work on or around any of our laser systems. We support the understanding of the bio-effects of lasers as well as the facts about laser radiation. Sarine-trained engineers are instructed to comply with all applicable safety requirements regarding the use of laser devices.

To the company's knowledge there was no injuries to any of Sarine's customers or clients as a result of using our products and no legal actions or complaints were made in this regard throughout 2017.

Targets and Goals for 2018

- We determined the assignment of work safety department leaders.
- We determined to ensure that every machine installation includes maintenance and safety procedure training for customers.

CUSTOMER PRIVACY

Sarine takes necessary precautions to protect all types of personal information of customers. The company established a policy for the proper use of company systems including privacy issues and rules for the protection of personal information. In accordance with this policy, the Company established a system for protecting personal information and properly manages the personal information in our possession that includes procedures in the event a security breach takes place.

In 2017, there were a number of phishing and cyber hacking attempts, but no information was compromised or harm done.

Sarine has initiated an audit process to be conducted throughout 2018 in order to comply with the principles of the General Data Protection Regulation ("GDPR") aimed at protecting all European citizens from privacy and data breaches.

RESPONSIBLE SUPPLY CHAIN

Sarine is committed to being a responsible and innovative leader in the markets where we operate. Our strategy is underpinned by delivering an unparalleled customer experience while embracing responsible business practices across our operations and supply chain. Our entire supply chain consists of over 700 active suppliers with the majority of our operations and business conducted with about 50 of them.

We have developed over the years some long lasting relationships with our suppliers and take pride in our well-run supply chain. Our production processes are able to provide the necessary responses even in logistically complicated situations in short time periods and quick turnaround. We qualify new suppliers according to our internal criteria, and issue on-going orders via a purchase order approval process. Our key suppliers are evaluated annually where we also request their feedback in order to maintain the strength of our business relationships. Our purchasing terms and conditions require suppliers to commit to all necessary regulatory requirements and make sure that all products provided are of the necessary standards. We are in the process of evaluating our terms and conditions to reflect the Company's ongoing efforts and updated sustainability standards.

ENVIRONMENTAL RESPONSIBILITY

Sarine aims to be a responsible company that has little or no material negative impact on the environment by complying with industry-wide standards. We operate with a clear commitment to ongoing compliance with corporate standards, applicable laws and regulations.

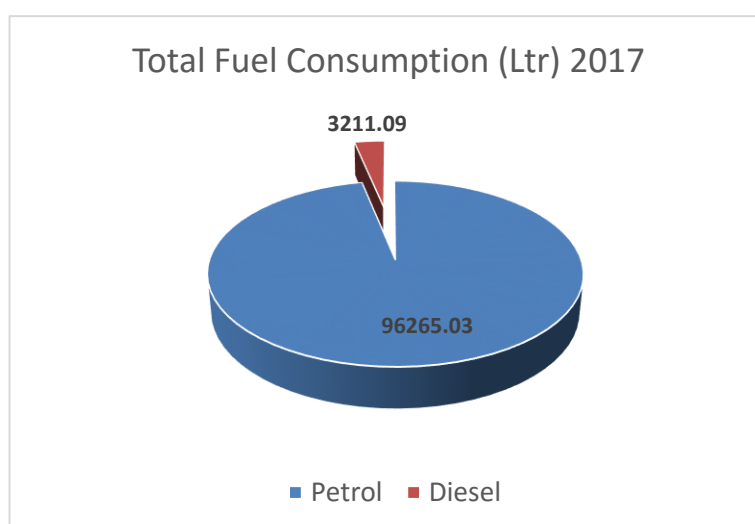
We believe our business does not significantly impact the ecological balance of our environment and does not have any material influence on the sustainability of the industry or the human/natural fabric in which we operate.

ENERGY

As part of our efforts to improve our performance and measure our environmental impact, we measure energy consumption in our activities and are evaluating possible mitigation actions.

The Sarine Group's total electricity consumption in year 2017 was approximately 2,709 MWh. This includes all Company facilities in Israel, India and the US. Sarine did not sell any energy during 2017.

The company's total fuel consumption during year 2017 amounted to 99,476 litres, of which 97% are consumed petrol and 3% are consumed diesel. The fuel consumption includes employee company cars in Israel and India. In other operation sites, the company does not have any company cars for employees.



CARBON FOOTPRINT

Our Scope 1 emissions consists of transportation fuels only, including petrol and diesel, where the data is gathered from the company cars transport records.

The company's Scope 2 emissions include electricity consumption within facilities and operations of the company.

Source	Company total 2017 ton CO2 equivalent emissions
Scope 1: Direct emissions	
Transportation fuels	469.14
Scope 2: Indirect emissions	
Electricity consumption	2,254.06
Total emissions (scope 1 & 2)	2,723.20

- * Source used for data unit conversion for Israel emissions: conversion factors of the Israeli Ministry of Environmental Protection.
- * Source used for data unit conversion for the US emissions: conversion factors of the US Environmental Protection Agency.
- * Source used for data unit conversion for India emissions: conversion factors from the GHG Inventory report for Electricity generation and consumption in India
- * Source used for data unit conversion for Transportation fuels were DEFRA conversion factors for fuels.

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