



Beckers Sustainability Report 2015

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Welcome from the CEO

Dear stakeholders, Our commitment to sustainability is as strong as ever. At Beckers, we have always viewed sustainability not only as an imperative for our business, serving our customers' needs, but also considered it as one key element driving the development of Beckers' people and our culture.

Last year, we focused on reviewing our sustainability practice. This process was guided by our move to the GRI G4 reporting, a big step for our company and our stakeholders who for the first time have been actively engaged at this new reporting level. Following best practice, we engaged with our key stakeholders to better understand their priorities for sustainability. This process helped us to create a detailed roadmap with specific targets that are related to trends in the global coatings industries and society, but also to the latest climate change agreement made in Paris in December 2015.

We still have a long way to go, but I am proud of Beckers' progress so far. For example, we were able to maintain our impact on climate change at about the same level for the last three years despite our growth and expansion but were able to reduce our waste by over 10%. Another example is the increasing awareness of environment, health and safety, particularly among managers. Last year, we met our yearly loss time injury (LTI) target of five, but will continue to push hard towards our zero vision.

In 2015, we also saw the development and testing of the Beckers' Product Sustainability Index (PSI), a tool that will help the industry and our customers to put a value on the sustainability credentials of our coatings. The tool underlines our commitment to transparency and operational excellence and provides a true step towards our mission to create business out of sustainability.

What makes me truly happy is that our 2015 report illustrates that sustainable thinking and doing is already part of our daily work across all functions and in all regions at Beckers.

Thank you very much for your continued support and cooperation, and I hope you will enjoy reading this year's report as much as I did.

What makes me truly happy is that our 2015 report illustrates that sustainable thinking and doing is already part of our daily work across all functions and in all regions at Beckers.



Best regards,

DR. BORIS GORELLA
CEO, BECKERS GROUP
BERLIN, GERMANY

Highlights from 2015

1 New sustainability framework for Lindéngruppen

Lindéngruppen, our parent company, has developed its own overarching sustainability framework that aims to facilitate long-term value creation for its businesses, society and the environment.

All four companies within the group came together to devise the new framework, which focuses on five key areas: human and labour rights, social responsibility, the environment, strategy and governance, and ethics.

The framework sets clear and concrete requirements that will strategically guide the individual businesses within Lindéngruppen. Companies within the group will, in addition to their existing sustainability reporting, provide an annual evaluation based on the framework. The Beckers Group will continue its own practices but under the umbrella of Lindéngruppen's framework.



2 Developing a clear roadmap to 2022

In 2015, we completed a thorough self-assessment of our sustainability vision and current practices. From there we were able to better define our vision, develop a roadmap of initiatives and milestones and identify the key enablers that will strengthen all of our activities.

[See page 6](#)

3 Updating our code of conduct

The Beckers Code of Conduct applies to all levels of our business, from employees up to senior management. This year, we extended the scope of our Code of Conduct to incorporate three appendixes; UN Global Compact's Ten Principles, Children's Rights and Business Principles, Guiding Principles on Business and Human Rights.

[See page 34](#)

4 Stepping up to the next level of reporting and disclosure

In 2014, we began an ambitious journey. After three years of sustainability reporting, we were ready to move to the next level of reporting and disclosure. Changing to GRI G4 reporting represents a big step forward.

GRI G4 is so much more than a reporting tool. Through rigorous stakeholder engagement, it has helped us understand our material* aspects, and map out and disclose our management system**. The process also gave us much better clarity and insight on our strengths and weaknesses, and helped us develop our practices in a way that positions us well for the next step of sustainable development.

* Material is any activity that has a significant impact on how the business is run and performs.

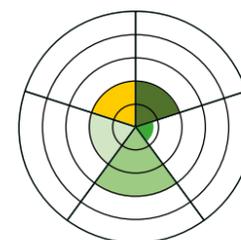
** A management system can include policy, commitments, goals and targets, responsibilities, resources and specific actions.

[See page 8](#)

5 Announcing the Beckers Product Sustainability Index

We have developed a tool that will help us and our customers compare and contrast the sustainability credentials of our coatings. The Beckers PSI tool rates products based on a material and a functional dimension.

The tool will allow us to target sustainable coatings development in a much more defined and measurable way. Furthermore, it will help us to continually monitor our progress as we strive to improve the sustainability of the coatings that we develop and sell, both today and in the future.



[See page 11](#)

6 Celebrating improvements in our sustainability performance

For the second year running, we used EcoVadis' methodology to get systematic feedback on our sustainability performance. In 2014, the EcoVadis assessment gave us a plan for improvement. We asked for a reassessment in 2015 to evaluate our performance against this plan.

We achieved a significantly higher score the second time around and the results show we are at the top of our business category or environment and sustainable procurement. We still hold a silver rating.



7 Supporting education opportunities in South Africa

We strengthened our engagement in Star for Life, a Swedish non-profit organization that provides education programs for young students in South Africa. Beckers supports the Eketsang Secondary School near our production site in Vereeniging.

Star for Life provides education that builds young people's confidence in their own abilities – both inside and outside of school – so that they are empowered to realize their dreams of a better future.

As well as providing financial support to the school, Beckers also awarded bursaries to two students, which will allow them to continue their studies during 2016.



8 Developing new renewable-based products

Last year saw some exciting breakthroughs in our development of high performance products with reduced environmental impact.

Our latest exterior durable topcoat has successfully completed line trials. Although designed as a 'RUV2' coating, it is actually achieving RUV3-class performance (which means more than 50% gloss retention after two years of exposure to Florida weather.) We have also developed a range of colors to qualify for RUV3 classification.

We are also pleased to say that our coatings formulated with a Rapeseed Methyl Ester diluent and a partially bio-sourced polyester have passed line trials. Several of our domestic appliance coatings with bio-sourced materials have performed well in line trials and subsequent testing.

We have started using the new ISO standard 16620-2(2015E) to determine the bio-sourced content of our paints. Our RUV2 materials are expected to qualify for a Vincotte 1-star category and our RUV3 topcoats that are under development are expected to qualify for a Vincotte 2-star category.

Our roadmap to sustainability

To take our sustainability work to the next level, we had to go over our vision and everything that underpins it.

This process was incredibly valuable because it has helped us identify the initiatives that will catalyze our progress, and create a clear roadmap of milestones and actions for all business functions.

The road-mapping process

STEP 1: ALIGNING ON A TANGIBLE VISION

We started by setting a baseline for our impact. This means we will also know how we are doing on our journey to 2022 – our target year to become the most sustainable coatings company in the world. Through a structured assessment of our entire business model, we identified our strengths and weaknesses, and which dimensions we need to improve.

To make our vision more tangible, we aimed to create a company-wide shared understanding about what it means to be a sustainable coatings company. This alignment is invaluable for helping us stay focused and motivated on our journey.

STEP 2: DEVELOPING OUR ROADMAP

We created some key sustainability milestones, and identified the actions we will need to take to achieve them. We plotted these on a roadmap, which is now a dedicated, living document with targets for the next seven years.

STEP 3: IDENTIFYING KEY ENABLERS

We identified six key enablers that will drive progress towards our 2022 goals.

STAKEHOLDER ENGAGEMENT

- 1) Further shape external stakeholder impact by implementing GRI G4 reporting level.
- 2) Guide our Board of Directors' involvement in light of the strategic focus of Lindénggruppen's Sustainability Framework.

ORGANIZATIONAL IMPROVEMENT

- 3) Enhance the engagement of Beckers' top management.
- 4) Establish group-wide global sales and marketing practices and dedicated accounting for Beckers' sustainable product portfolio.

ROADMAP KEY INITIATIVES

- 5) Develop a dedicated social plan.
- 6) Establish a group-wide holistic Green Energy Management Practice.



Our Sustainability Vision is in the center of attention for the work being conducted in our selected focus areas. All within the frames of Natural Step's four Sustainability Principles.

Key things we've learned from our visioning process

If we are going to achieve our 2022 vision, we need to step up to the next level of impact. This means:

- Strengthening our sustainability engagement across all functions, including senior management.
- Shaping a 'fully-fledged' business model.
- Developing environmental, economic and social plans that have the guidance of Lindénggruppen's Sustainability Framework embedded into them.

Sustainability for the future

Sustainability drives our business forward and means we are contributing to a better future for all of our stakeholders.

In 2015, we conducted a thorough self-assessment to evaluate and build on this vision, and to create a comprehensive roadmap that will help us achieve it as quickly and thoroughly as possible.

Our vision

Our vision addresses the three dimensions of economic, social and environmental sustainability. It is underpinned by three pillars – products, company and sustainable solutions. To develop these, we used the Framework for Strategic Sustainable Development* that is advocated by The Natural Step. The four sustainability principles (SPs), also developed by The Natural Step, guide us as a definition of sustainable development.

* To learn more, visit www.thenaturalstep.org/our-approach/

NATURAL STEPS: FOUR SUSTAINABILITY PRINCIPLES (SPs)

- In a sustainable society, nature is not subject to systematically increasing...*
- SP1 ... concentrations of substances extracted from the Earth's crust.
 - SP2 ... concentrations of substances produced by society.
 - SP3 ... degradation by physical means.
- And, in that society...*
- SP4 ... people are not subject to conditions that systematically undermine their capacity to meet their needs.

FOR OUR PRODUCTS

To develop sustainable coatings that:

- do not contain mined materials that are scarce in nature
- are free from persistent substances and use renewable raw materials
- are manufactured and transported using renewable energy, and are produced and packaged with renewable materials and without emissions
- cause no environmental or health hazards and improve the standard of living for their users

FOR OUR COMPANY

To be the most sustainable coatings company in the world, which means:

- being an employer of choice
- living our values
- practicing social responsibility
- transparent and ethical governance
- enabling our people to grow

FOR OUR SUSTAINABLE SOLUTIONS

To offer sustainable coating solutions that:

- save energy for applicators and end-users
 - increase material efficiency
 - remove pollutants
 - make the world more beautiful
- And also:
- promote sustainability in our industry
 - partner with stakeholders for sustainable development

Next generation reporting

In 2014, we decided to make the switch to GRI G4 for 2015. This is, in our view, the gold standard for sustainability reporting and disclosure, and it represents a big step up for our business.

The process has meant exemplary stakeholder engagement and a thorough assessment of our most material impacts. It also required us to map out and disclose our management system. The move has given us greater insight into our business' impact, and will lead us to develop our practices in a way that will help us take the next step to develop sustainably.

Stakeholders are key

Our journey to become a sustainable company will only be successful if it engages our customers, suppliers, employees, NGOs and other stakeholders. Understanding their sustainability needs and priorities, and how we can work to fulfill them, continues to be a key priority for Beckers. The last structured stakeholder assessment was carried out in 2011. It is our ambition to maintain a regular update of the stakeholder's perception.

Selecting our sustainability aspects – step by step

The selection process started by mapping out the sustainability issues we thought were most relevant to Beckers. This involved looking at our previous sustainability reporting, our competitors' sustainability reporting and GRI's list of aspects. With the help of sustainability experts, we then established a comprehensive list of 42 aspects.

The next step was to prioritize the list based on each aspect's strategic importance to Beckers. As a coatings company that operates in 17 countries worldwide, we have a lot of material aspects. On a scale of one to five (where five is deemed 'very important'), we ranked 26 aspects as either a four or a five.

It is worth noting that we have not previously reported on 14 of these 26 aspects and because of their impact and importance to our business we decided to include them as new KPIs with no historical data.

Some indicators have been removed compared to last year's sustainability report because of the refocus in terms of materiality. These indicators may still be followed up upon internally, however removed for external disclosure. Water and transport are examples of this.

Using these 26 aspects, we then surveyed and interviewed our key stakeholders. We chose these groups according to our understanding of their importance to Beckers, and their interest in and knowledge of sustainability. Customers,

employees and suppliers represented 75% of the chosen stakeholders.

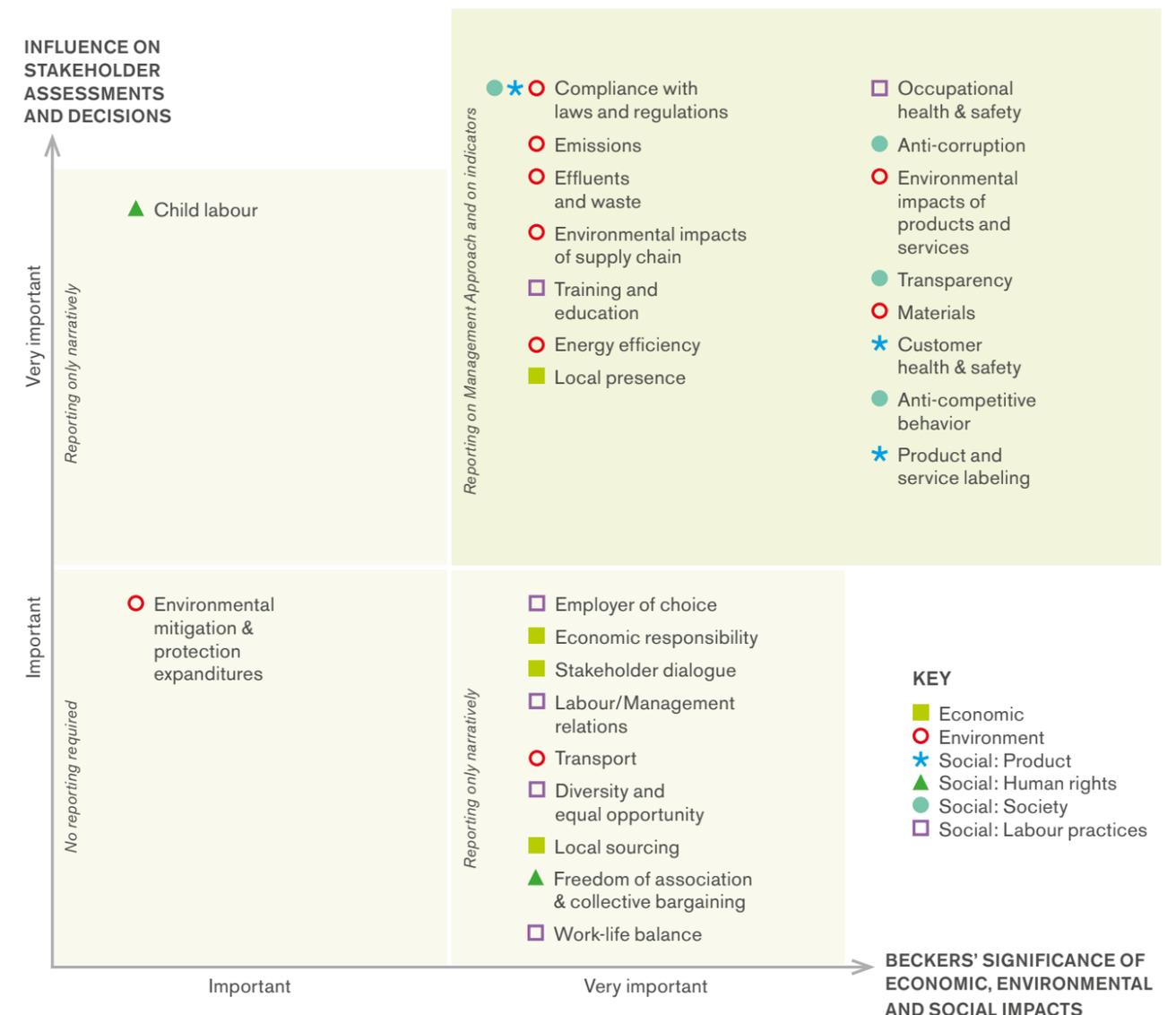
As part of the survey, we asked a number of open questions to get an objective understanding of our stakeholders' perception of our current work and reporting. Based on the results from the stakeholders, we found that 15 aspects were material to Beckers Group, being most important to both stakeholders and our company.

About the report

Beckers has been reporting its sustainability performance since 2012 to its stakeholders, such as customers, suppliers, employees, regulators and non-governmental organizations. The reporting is focused around Beckers' sustainability focus areas: sustainable innovation, people and society, climate change, raw materials, waste and health and safety as well as selected GRI aspects and Beckers' own topics.

For the first time, Beckers' sustainability reporting in 2015 is in accordance with the Global Reporting Initiative's (GRI) G4 core option. The reporting consists of a separate sustainability report and additional information published on Beckers' website.

All of Beckers' 33 entities (including sales offices) in 23 countries are included into the report. The GRI content index, found at <http://www.beckers-group.com/sustainability/>, compiles indicator information and explains any omissions to the reported data. The data has not been externally audited.



Sustainable innovation

Innovation at Beckers means improving the sustainability of our products along the value chain. As a Long Term Development Laboratory Manager, Chris shares some highlights from his team's work, and his excitement about what is in store.

Hello, Chris Lowe!

What was your team's focus in 2015?

In my team we are developing our products' sustainability on two fronts: material and functional sustainability. For the former, the focus is on increasing the amount of bio-sourced materials in our paints. Progress is steady, and I think we can justifiably claim to be best in class because we have an exterior durable paint that conforms to RUV3 classification.

And what about functional sustainability?

If I put it simply, sustainable products can improve the bottom line. Our Solar Reflective Paints reduce air conditioning and heating bills. The same materials can also help reduce construction costs by

allowing more efficient building design and maintenance costs through increased durability, as well as increased corrosion resistance. Combining this with technology that promotes self cleaning helps our customers to save resources. Our Product Sustainability Index tool is key to helping us focus our innovation priorities. It means we can measure sustainability and therefore create a development strategy that's focused on profit as well as value.

Working with our vision in mind means we are pushing the boundaries of what paint can do. ”



How does Beckers' vision play a role in product innovation?

From my point of view it drives us to go further. To find new ways to solve both our customers' challenges and the world's environmental challenges. Working with our vision in mind means we are pushing the boundaries of what paint can do. Right now, we are developing paint that will reduce the levels of nitrous oxide in the atmosphere. In the future, I hope that we will develop paints that can even reduce carbon dioxide levels.

Product innovation for sustainable progress

Introducing Beckers Product Sustainability Index (PSI) tool

We have developed the Beckers PSI tool to help us integrate sustainability across all our product development and formulations – reducing any negative impacts on the environment during creation and increasing positive impacts during service. The tool is called the Beckers Product Sustainability Index (PSI), and it is also designed to help our customers easily measure the value of sustainability when choosing a product.

The Beckers PSI tool will allow us to target sustainable coatings development in a much more defined and measurable way. It will also help us to monitor our progress in improving the sustainability of the coatings we develop and sell, both today and in the future.

How it works

The tool looks at product sustainability from two angles: material sustainability and functional sustainability. We view our coatings' sustainability as a combination of the materials and processes we use to make it, and the sustainable value it adds to the article that is being coated, whether a building panel, a mobile phone case or a part of an earth-excavating vehicle.

Material sustainability

Material sustainability is scored on four indicators:

- 1) The minerals used (pigments and additives).
- 2) The nature, amount and source of organic components used (such as the resin, pigments and solvents).

- 3) The coatings' climate change potential (including the lifecycle analysis of the coating).
- 4) The content of toxic and persistent components present in the paint.

Functional sustainability

Functional sustainability is determined by how well the coating fulfills a number of industry-derived performance specifications. These have been selected on the basis that they have high relevance and impact on the service life and sustainability of the coated article. In the case of coil coatings, each function has been checked for its relevance by the independent construction consultant AECOM, using Building Sustainability Rating Standard LEED and BREAM Credit Categories as a guide.

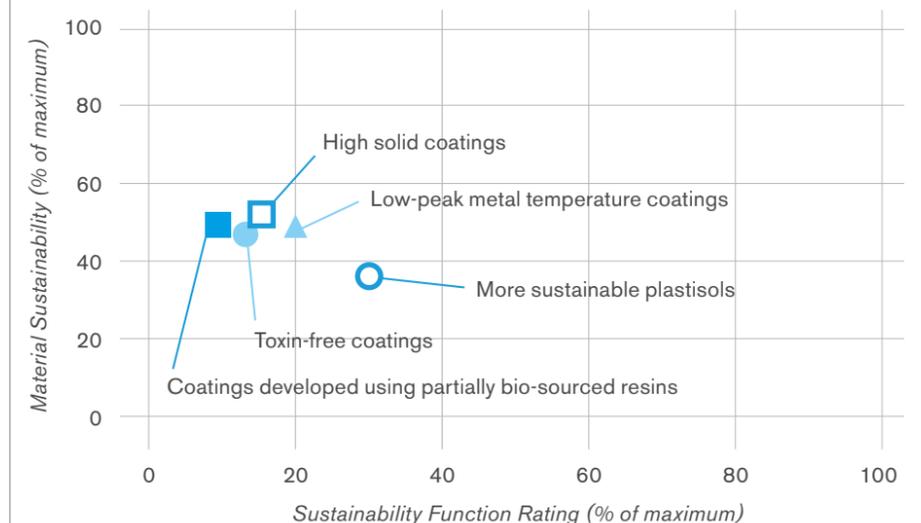
Designed for customer use

The tool also generates absolute measures of sustainability per square meter of coated metal so that end-users and other stakeholders can clearly understand a product's impact.

Our sustainable innovation performance and targets

We are committed to setting new standards in sustainable product development. During 2015, we continued to minimize the environmental impacts of our products and services while ensuring their performance and durability. We have included some highlights of our work on the following page.

BECKERS PRODUCT SUSTAINABILITY INDEX RATINGS



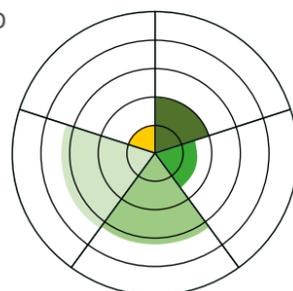
Sustainable product solutions at a glance

Coil coatings



COATINGS DEVELOPED USING PARTIALLY BIO-SOURCED RESINS

The use of bio-sourced materials in a coil coating environment is now more than just a pipe dream. Beckers has launched an RUV2 standard exterior durable topcoat, which is performing better than expected during exterior tests. An RUV3 standard is also on its way. Both will have over 25% bio content in a standard white coating.

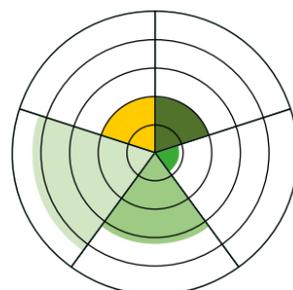


PSIndex_M: 50%
PSIndex_F: 11%



HIGH SOLID COATINGS

The European Coil Coating Association's coil coating model predicts that high solid coatings use less energy when used on a coil coating line. Beckers is developing a range of products to provide a suite of high solid solutions for our customers.

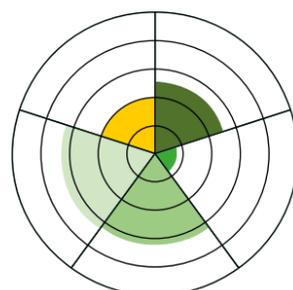


PSIndex_M: 52%
PSIndex_F: 17%



LOW-PEAK METAL TEMPERATURE COATINGS

Our new product offering reduces energy costs significantly during the coating application process for our customers. This new range of coatings is able to cure at 40–50°C lower peak-metal temperature (PMT) than standard coatings without compromising performance. Using these low PMT coatings also decreases greenhouse gas emissions during production. Recent line trials have demonstrated that the predictions on energy savings made by the ECCA Coil Coating line simulation tool are accurate.

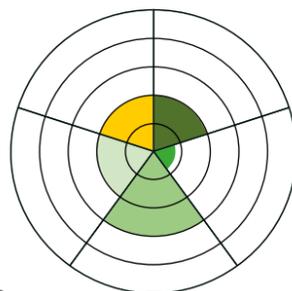


PSIndex_M: 49%
PSIndex_F: 20%



MORE SUSTAINABLE PLASTISOLS

Beckers has always been proud to be at the forefront of sustainable product development. In the case of plastisols, we removed heavy metals such as cadmium and lead stabilisers before the 1990s, we moved away from tin in the mid-1990s and we started a move from phthalate plasticisers in the early 2000s. We have now completed the reformulation of PVC Plastisols so that they fit with customer specifications. The system is now totally free from chromates, heavy metals and phthalate plasticisers. Coupled with the best-ever UV light resistance, this demonstrates our continued efforts to make our products more sustainable.

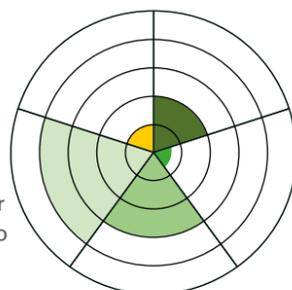


PSIndex_M: 39%
PSIndex_F: 29%



TOXIN-FREE COATINGS

Universal chromate-free primers coupled with UV durable topcoats that do not require warning labels according to GHS regulations aid our site classification. This is according to Seveso, the main EU legislation that deals specifically with the control of on-shore major accident hazards involving dangerous substances, and also helps protect the environment.



PSIndex_M: 48%
PSIndex_F: 13%

Legend for radar plots:

- Sustainable Minerals
- Sustainable Organic Components
- Climate Change Mitigation
- Non Toxic & Non Persistent Substances
- Sustainable Function



Material sustainability

(PSIndex_M)

Material sustainability is scored on four indicators:

- 1) The minerals used (pigments and additives).
- 2) The nature, amount and source of organic components used (such as the resin, pigments and solvents).
- 3) The coatings' climate change potential (including the lifecycle analysis of the coating).
- 4) The content of toxic and persistent components present in the paint.

Functional sustainability

(PSIndex_F)

Functional sustainability is determined by how well the coating fulfills a number of industry-derived performance specifications. These have been selected on the basis that they have high relevance and impact on the service life and sustainability of the coated article. In the case of coil coatings, each function has been checked for its relevance by the independent construction consultant AECOM, using Building Sustainability Rating Standard LEED and BREAM Credit Categories as a guide.



Industrial coatings



BECKQUA®PRIM & BECKQUA®LACK
Waterborne primers and topcoats – chromate-free

Our chromate-free coatings have been developed as effective, safe and environmentally responsible alternatives to traditional coatings without sacrificing performance and durability. These coatings extend the life of our customers' products and do not impact the recyclability of the metal and plastic substrates that they protect.



BECKRY®SOL-ULTRA 2K
Very high solids system

Beckry®Sol-Ultra has been developed to provide outstanding protection with very low environmental impact. VOC emissions are even lower from this formulation than from waterborne coatings. In addition, the product cures at very low temperatures and, because it is a one-coat finish, it generates less waste than traditional two-coat systems.

Consumer design finishes



UV-TOPCOAT SERIES
With 55% solid content on sprayable level

Compared to the 15–20% solid content of standard UV paints in the consumer electronic market, this series – with its 55% solid content on the sprayable level – reduces the amount of solvents and increase product efficiency. It also helps our customers to reduce their VOC levels and meet government requirements around the world.



WATERBORNE PAINT
For lifestyle appliances and consumer electronics

We are about to launch a new generation of waterborne basecoats that have a similar metallic effect to some of our solvent-borne systems. CDF has developed a range of 1K and 2K Monocoats for coffee machines and kitchen appliances. These developments will help Beckers meet two sustainability targets at the same time: reducing VOCs and reducing the number of layers that customers have to apply, which results in a cost saving for them.



LOW AROMATIC BASECOATS for PU and UV
Topcoats in consumer electronics and lifestyle appliances

The Chinese government is increasingly pushing applicators to reduce the level of aromatic solvents in product coatings. To help customers meet this demand, Beckers has developed a new basecoat system that contains low aromatic solvent (<5%) without compromising product performance.

More and more customers are concerned about the potential adverse health impacts of PAHs (polycyclic aromatic hydrocarbons). To meet these changing expectations, we have developed and launched an aromatic solvent-free paint system. We worked with suppliers to remove all the aromatic solvents in their processes to ensure the raw materials do not contain PAHs.



ORGANIC
TIN-FREE 2K PU

DBTDL is the most effective catalyst for 2K polyurethane, but it is considered an environmental pollutant. We have developed a non-tin catalyst system to replace organic tin, and the tin-free system has been successfully applied on consumer electronics products.

ArcelorMittal Award Case study on Sorago

Case:
Arcelor
Mittal



The Sorago project is focused on reducing the environmental impact of paints designed for use in general industry and pre-coated steel markets, particularly in construction.

The key project partner is ArcelorMittal, the world's largest steel and mining company. Industrial paints are traditionally made using a combination of raw materials that are largely derived from petrochemicals. By replacing these chemical ingredients with more natural, bio-based materials, we can reduce the environmental impact of the end product.

Innovation of this nature requires detailed lifecycle analysis: by working with stakeholders across the value chain, we were able to spot the greatest opportunities, and identify the current constraints, key partners and levers of change. In this case, we quickly identified that the greatest improvements would come from finding bio-based alternatives for use in the two main organic constituents of the product – resin and solvent. We also knew we wanted to target two different end uses: pre-painted steel sheets for the

construction market and post-painted for the general industrial market.

The project will end 2017. So far, the main achievement have been the launch of a bio-based product based on resin oil. The mix implicates very low VOC-emissions and is aimed for indoor use. Another value of the project has been the learning around bio-based products. One must keep in mind that petro-based coatings have been around for ages and that there is still a lot of knowledge to be built.

Paint Supplier Innovation 2015 Award for Sustainability

For the second year in a row, Beckers has been awarded the Paint Supplier Innovation Award by ArcelorMittal, the world's leading steel and mining company. This year, ten suppliers competed with 27 projects.

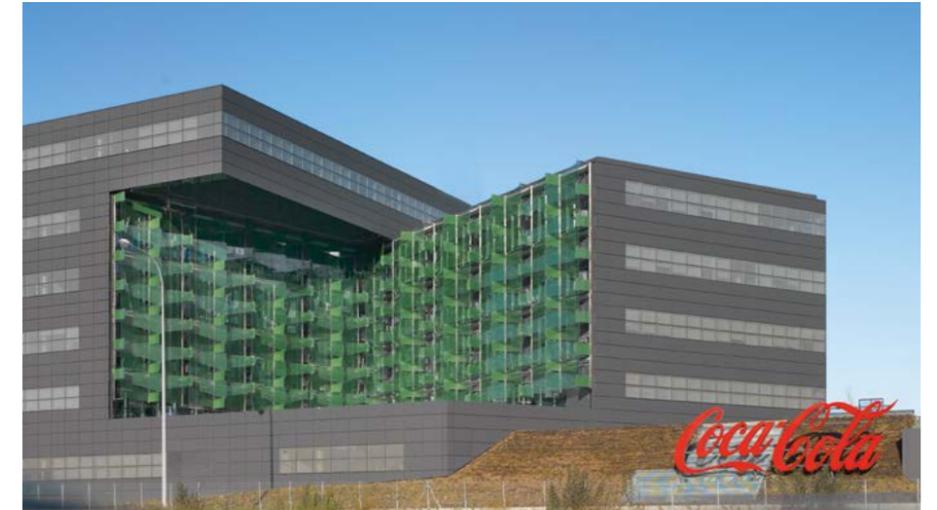
As in the year before, Beckers was granted an award and was recognized as most innovative paint supplier in the sustainability category for several relevant concept works.

This award also acknowledged Beckers' continued support to ArcelorMittal in the development of new products.

Beckry®Therm

– the sustainable coatings solution for LEED certified buildings

Beckry®Therm is a solar reflective coating that enables darker colors to achieve similar solar reflectance to conventional lighter colored coatings. This means customers can choose from a larger color range without having to compromise the cooling load on the building.



It has been shown that only increasing the solar roof reflectance will probably be of greater cost benefit than increasing wall reflectance in many locations. In addition, the use of reflective coatings considerably reduces CO₂ emissions. Building sustainability rating schemes like LEED already acknowledge this by awarding credits for such functionality.

A study by Oxford Brookes University with James Maxted from Beckers LTD UK Laboratory shows that the annual savings for a high roof angle (showing the highest savings compared to a low-roof angle) can be up to 36% for a single skin roof and up to 12% for an insulated-skin. The savings also depend on location, weather and climate too.*

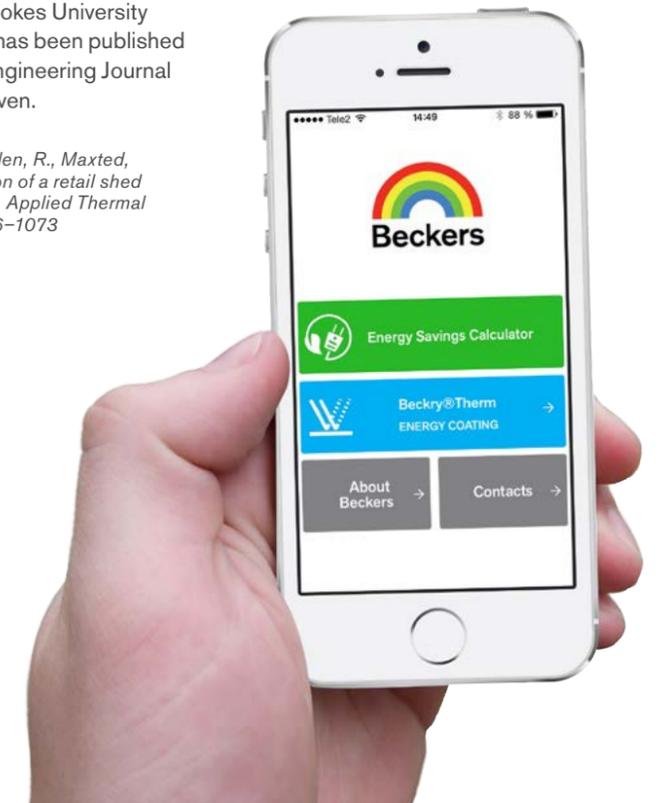
Helping customers measure energy savings

We have developed a mobile app to demonstrate the benefits of Beckry®Therm for end-users. The app is an energy saving calculator. Users can input their building location, angle of the roof and the building's

insulation to see the energy cost saving they would make if they used Beckry®Therm.

The calculator is based on a model developed by Oxford Brookes University and Beckers Group and has been published in the Applied Thermal Engineering Journal where the concept is proven.

* Wang, X., Kendrick, C., Ogden, R., Maxted, J., Dynamic thermal simulation of a retail shed with solar reflective coatings. Applied Thermal Engineering 28 (2008) 1066–1073



Raw materials

As Senior Sourcing Manager, Lucy is helping Beckers develop a more sustainable supply chain – both through the selection of new suppliers and by managing the sustainability performance of existing ones.

Hello, Lucy Wu!

Lucy, what did your work focus on in 2015?

I believe that in order to become a more sustainable company, we have to go beyond our own operations. In 2015, I was focused on building stronger, closer relationships with our suppliers, and increasing our understanding of what's working and what needs to change.

What were your most useful findings?

To me it is clear that suppliers perform best in Europe, followed by the US, and we need to improve more in Asia. Suppliers performed better on the environment but were weaker on fair business practices.

How do you work with suppliers who underperform?

We ask any underperforming suppliers to follow a correction plan. Even if a supplier achieves a good final score, we check they perform well across all four areas.

We have now assessed nearly 50 suppliers that provide 70% of our raw materials.



For example, if they scored well on environment but poorly on procurement, we would encourage them towards a more balanced profile. From the reports we have collected, we are currently working with about half of our suppliers to overcome the deficits identified.

The plan is to assess an additional 25 suppliers in the following two years and successfully complete most of the corrective action plans.

Moving towards supply chain excellence

We want to work closely with new and existing suppliers that share our goal of a more sustainable supply chain.

Assessing our supply chain we manage a total purchase turnover of over 3,000 MSEK. We source the vast majority of direct materials from the global chemical industry. This industry is highly regulated in terms of the safe handling and transportation of chemicals. To ensure that both we and our suppliers follow these regulations we have introduced the following policies and procedures:

- Beckers Code of Conduct
- Policy on Conflict Materials
- REACH Registration
- Supplier evaluations

In 2015, we invited 50 of our key suppliers to undertake the EcoVadis assessment, and only 4 so far have not actively participated. The EcoVadis methodology is built on international CSR standards, including the Global Reporting Initiative (GRI), the UN Global Compact and the ISO 26000, covering 150 spend categories and 140 countries.

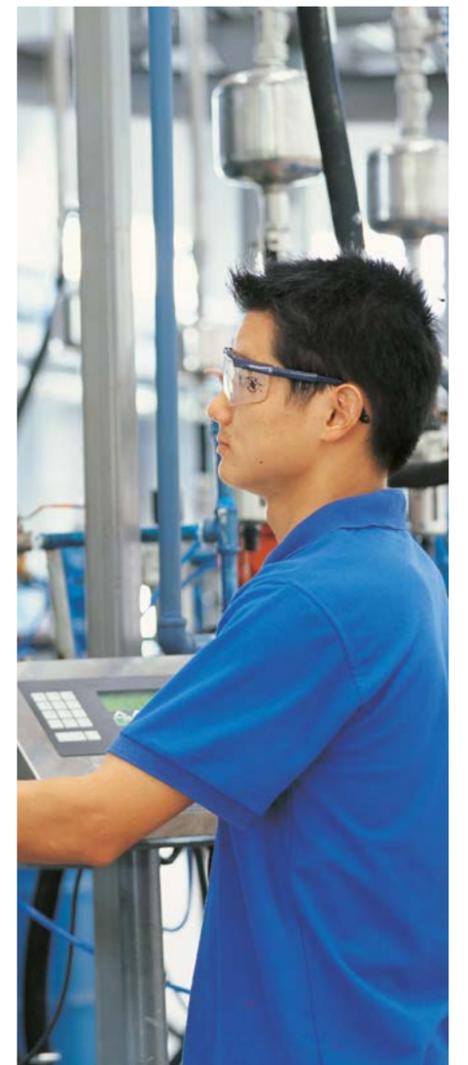
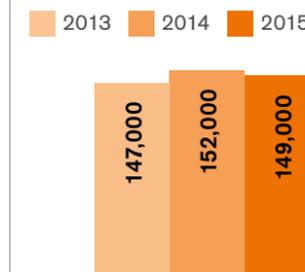
So far, 70% of our raw material suppliers

– based on the annual purchase turnover – have been evaluated. Out of these, 53% of suppliers need to make improvements.

Moving towards bio-based formulations

We are still highly dependent on fossil-based substances for our products, so it is essential that we find bio-based or other renewable replacements. This is a long-term project because the paint performance must either stay the same or improve when a substance is substituted. We are working with a number of ideas and projects to help reduce the fossil-based material in our products. So far, only 0.7% of our purchased raw materials are bio-based. By working with our customers, we are striving to increase this number in the future.

RAW MATERIALS 2013–2015, TONS



A new generation of polyester coil coatings

Case:
SSAB

Reducing the consumption of petroleum-based raw materials is a key action for Beckers, so we are proud to supply GreenCoat to SSAB, a Nordic and US-based steel company with three coil coating lines located in Sweden and Finland.

GreenCoat is patented by SSAB. In this product, a substantial percentage of the conventional solvents have been replaced by a biorenewable reactive solvent. This type of reactive diluent – rapeseed methyl ester (RME) – is made from natural oils.

Our more than 40 years of partnership have resulted in a long and fruitful history of product innovation. Our relationship shows that to be successful and to move forward, the whole value chain – from supplier to customer – must work together towards a shared goal. Today, we are working to develop a new generation of more sustainable coatings – and this collaborative approach is vital to our progress.

This new generation of coatings aims to use fewer traditional fossil-based resins by replacing them

with bio-sourced resins. Beckers has sourced a resin with a high degree of bio-sourced monomers, which is compatible with the biorenewable solvent that is currently used in GreenCoat. In addition, we use renewable and recycled pigments and fillers to extensively reduce petroleum-based resins and solvents in the new coatings.

The whole value chain – from supplier to customer – must work together towards a shared goal. ”

By combining expertise from both partners, knowledge of RME properties and reactions and knowledge of resins and paint chemistry as well as global raw material suppliers' best practice in producing raw materials efficiently, Beckers has successfully run trials with the new generation of more sustainable coil coating products that contributes to reducing our dependence on petroleum-based raw materials.



Climate change

As Quality and Environmental Manager at Beckers' Märsta site in Sweden, Ulrika oversees a number of performance areas – including health and safety, quality, and environmental performance. Together with her team, she therefore plays an important role in the site's progress towards its climate change goals, including the shift to renewable energy and reduction of emissions of volatile organic compounds (VOCs).

Hello, Ulrika Witte!

Ulrika, what does your day-to-day role look like?

My number one priority is monitoring the health and safety of our employees here at Märsta. This means that every morning, I look at the figures that have been generated by our 'flame ionization detector' – an equipment that measures the levels of VOCs in the factory emissions to air, on

line. This is critical both for meeting our stringent health standards and monitoring progress towards our ambitious VOC targets and our permit from the authorities.

What has been your biggest achievement so far?

From 2014 to 2015, we managed to decrease VOCs within the factory from 1.3 kg per ton of paint produced to 1.07 kg per ton. In my opinion, this represents a significant improvement.

The best results always come from taking a holistic approach.



What steps did you take to make this change?

In this case, the main contributor to this reduction came when we mitigated fugitive emissions from operations by using more advanced plastic for portable containers. More generally speaking, the best results always come from taking a holistic approach. Our strict, structured, daily monitoring helps us identify what needs to change, and allows us to take effective action on a solution as a well-informed team.

Mitigating VOCs – Maximizing Performance

Volatile organic compounds (VOCs)

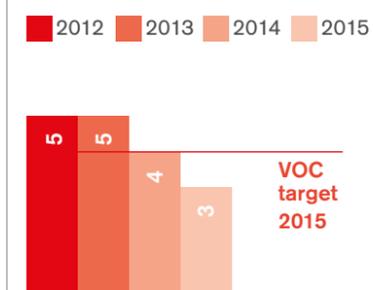
Volatile organic compounds are dangerous to human health and have a negative impact on the climate and require close monitoring and mitigation. In many of the countries in which we operate, VOC emissions are regulated in terms of working environment and nature preservation.

Our site in Sweden has a threshold limit for the amount of VOC emissions that can be released into the air. At other sites, the threshold limit is on the concentration of VOCs in the factory. Our managers – specifically our operations and site managers – are responsible for keeping up-to-date with the laws and regulations that apply to their factory.

We exceeded our global target for VOC emissions for 2015. The reason for this is improvements in the efficiency of cleaning equipment, substituting cleaning materials, better pot-covering methods and reusing waste paints.

Results show that VOC emissions are declining year-on-year.

VOC* 2012–2015, KG/TON



Results show that VOC emissions are declining year-on-year.

* VOCs (Volatile organic compounds) are emitted into the atmosphere during production of our paints. We measure VOCs in kg emitted per ton of paint produced. Our measurements do not refer to the VOC content in the finished product.



Reducing our direct climate impact

Reducing the impact of our products and operations on the world's climate is a priority. In common with many other sustainability leaders, we are focused on reducing our operational carbon emissions, but also have to be relentless in reducing VOC emissions released when we make our products. By closely monitoring and measuring our impact and understanding performance challenges and opportunities, we can take a structured approach to achieving our targets.

Compliance

All of our sites comply with the laws, regulations and international agreements that relate to our activities. Many, if not all of our sites, fall under emissions regulations. This is highly valued by our stakeholders. We expect our management teams to look upon their environmental performance as a competitive advantage.

57% of our sites are ISO 14001-certified and therefore have third-party verification of their environmental standards.

Our sites are regulated by worldwide and

local energy regulations and policies, for example the European Union Renewable Energy Directive and the Swedish Act Excise Duties on Energy. As legal systems are complex and change over time, all managers have to do their utmost to keep track of laws and regulations that relate to their area of responsibility.

IN 2015

- 21 production sites with certifications:
- ISO 14001 (Environment) 57%
- ISO 9001 (Quality) 71%
- ISO 50001 (Energy management) 14%
- OHSAS 18001 (Work Environment) 19%

Greenhouse gas emissions

We also assess greenhouse gas emissions from all operations and from certain aspects of our upstream and downstream transport emissions. This includes inbound and outbound third-party deliveries, company-owned vehicles and business travel. We have yet to form a long-term and visionary

climate impact strategy.

During 2015, we emitted 56,972 tons of carbon dioxide equivalents. The graph on the right shows the source of these emissions.

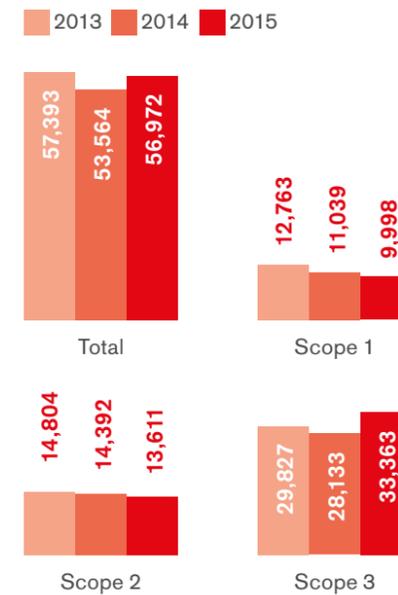
Energy

Energy intensity measured as energy used per ton of coatings produced is one of our pivotal environmental KPIs. We have set targets for all sites and for the group.

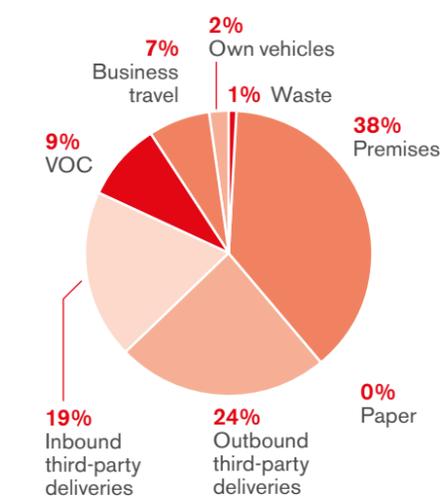
Results for 2015 are well in line with our long-term target (0.4 MWh per ton). However, we did not meet our ambitious, internal target of yearly consumption reduction (0.39 MWh per ton). The indicator includes all energy types used within the organization: Electricity, diesel fuel, natural gas and district heating. (Steam and district cooling is not used at Beckers.)

We are looking into renewable energy sources and some sites have – at least partly – moved to renewable electric energy. Sweden continues to perform on 100% renewable electricity.

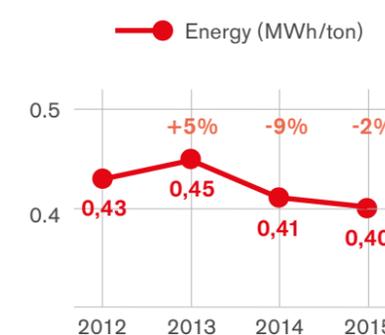
CO₂e EMISSIONS 2015



CO₂e EMISSIONS 2015 BY ACTIVITY, %



PRODUCT ENERGY INTENSITY



For the climate assessment we use the tool *Our Impacts by Ecometrica*. It is the most widely-used carbon calculation software service in the world, with automatic emission factors, constantly reviewed and updated, based on new scientific data and studies.

As you can see in the graph to the left, our total emissions in 2015 were 6% higher than in 2014. However, this increase is mainly due to added emission factors for upstream emissions (see below). Adjusting for these changes, our 2015 emissions are below our 2014 emissions. Compared to our base year 2013, carbon emissions have decreased by 1%, even with these new emission factors used for 2015.

For scope 1 emissions (all direct GHG emissions), group emissions have decreased year-on-year by about 9%, and from the base year by 22%.

For scope 2 emissions (indirect GHG emissions from consumption of electricity, heat or steam), group emissions have decreased yearly and from the base year by 8%. This decrease comes from energy savings and switching to renewable energy sources.

The changes in scope 3 emissions (all other indirect emissions) seem significant but are, as already mentioned, mainly due to changes in the emission factors for upstream emissions (scope 3) to electricity, freights and air travels. These additional measurements explain 92% of the total increase in scope 3 emissions (which is 19% from 2014).

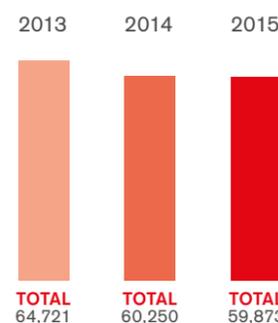
Gases included in the calculations are CO₂, CH₄, N₂O and CO₂e.

The base year chosen is 2013 due to the good level of data quality. The ton CO₂e emissions in 2013 were 57,393 tons in total.

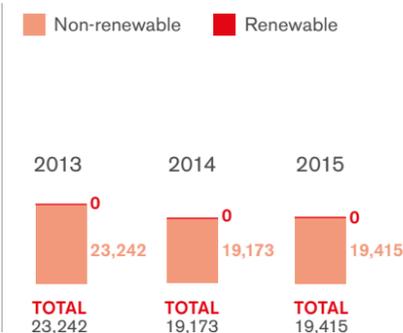


Non-renewable and renewable energy and fuel consumption in 2015

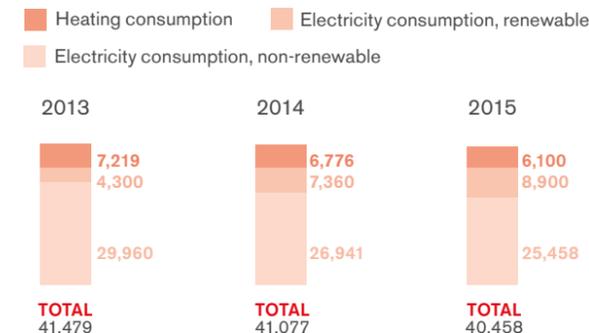
TOTAL ENERGY AND FUEL CONSUMPTION, MWh



FUEL CONSUMPTION, MWh



ENERGY CONSUMPTION BY SOURCE IN 2015, MWh



Waste

Our Shanghai site has achieved some impressive waste reductions over the last two years, specifically in regards to our inventory reduction program. Here, we speak to Operations Manager, Daniel Zhou, about these results and how they were achieved.

Hello, Daniel Zhou!

Can you tell us about your approach to change?

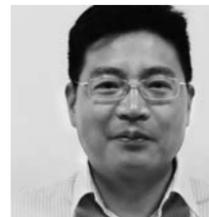
For me, it is all about teamwork. We needed to find a way to get rid of slow moving inventory without wasting it, so I organized meetings between all of our departments – sales, warehousing, operations and finance. The result was our Slow Moving Inventory (SMI) strategy.

How does the SMI strategy work?

We group our slow moving inventory into three categories: reselling, reworking and, where unavoidable, scrapping. By reselling products, we avoid waste; by reworking them, we create new products; and when we scrap inventory, it frees up warehouse space. All of this is done in collaboration

with our labs to ensure the quality and performance of our paint. Fewer buildings means a reduced carbon footprint so there is still actually a benefit to doing it.

We are reaching out to customers who could make use of expired paint, therefore turning a 'waste product' into a sale. It is win-win.



What results have you seen so far?

After two years, we have reduced our SMI from 770 units to 164 units. We have also cut waste of finished goods from 277 tons in 2013 to 179 tons in 2015 – that is nearly 100 tons! We are really pleased with this progress.

Successful waste reduction

Reducing, reusing and recycling waste

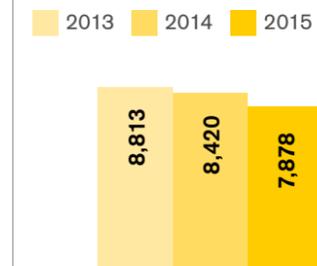
Reducing the waste associated with the production and sale of our products remains a key area of focus. As part of our mission to become the world's most sustainable coatings manufacturer, our integrated and structured approach tackles all aspects of waste reduction – from product and packaging design through to coming up with innovative ways to ensure that any waste produced is either re-used or responsibly disposed of.

Our waste targets

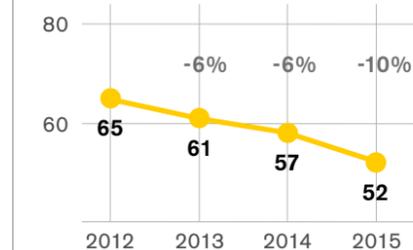
The total amount of waste generated per ton of paint produced is one of our environmental KPIs. We have set targets for all sites. Our mid- to long-term target is a maximum of 40 kg of waste per ton of paint produced.

Year-on-year results show that the amount of waste per ton of paint produced is decreasing. The results for 2015 are due to several actions: better planning, not overproducing, introducing storage tanks for incoming raw materials, reuse of packaging materials, cryogenic technology, recirculating cleaning solvent and reusing obsolete paint.

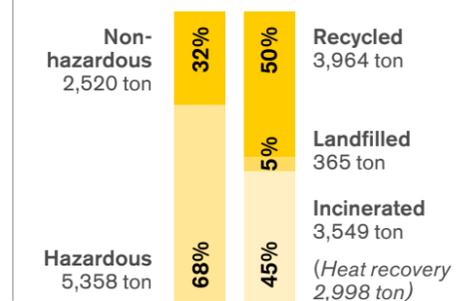
TOTAL WASTE, TONS



WASTE, KG/TON



2015 TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD, TONS AND %



Using best available technology: Cryogenic waste reduction

Case:
France

Beckers has always upheld high standards for cutting-edge technology in all fields, including waste treatment and cryogenic technology is used both in France and Sweden by our waste contractors.

In development for over 15 years, the cryogenic method for processing ferrous waste is reaping big benefits for the coatings industry and the environment alike. Dealing with waste has always been an industry-wide problem chiefly because incineration of contaminated metal packaging uses a lot of energy and poses a contamination risk, but above all, wastage is a missed opportunity to reuse a valuable resource.

This method solves both problems while producing additional payoffs. It uses liquid nitrogen to freeze the waste and separate the different materials. Any metals present are then isolated and reused, preserving precious raw materials as well as helping

the bottom line. The frozen residue can later be incinerated with heat recovery.

So far, it has produced tangible results and one of Beckers' French facilities estimates that it has led to 15,000 EUR in savings per year after the initial trial period.

While this new treatment method is a welcome contribution to material recycling efficiency, it is our customers who truly appreciate the change, underscoring an ongoing commitment to sustainability and managing the impact the industry has on the environment. It demonstrates that Beckers is a trusted leader in taking steps to reduce its footprint and that growth and responsibility can often be complementary forces.



Reducing waste-water in Vietnam

Case:
Vietnam

The Beckers site in Vietnam has devised a new way to reduce water usage and simultaneously lower the risk of contaminating underground water.

The Vietnam production site has diverted rainwater from the roof to an underground storage tank so that rainwater avoids the empty waste drum storage area. This eliminates the risk of contamination from hazardous substances present on the drum and keeps them from infiltrating the drainage system.

The site then uses the stored rainwater for its sprinkle and hose reel system for firefighting purposes. This activity has led to a decrease in water consumption from 1,911 m³ in 2014 to 1,692 m³ in 2015, which represents a 10% reduction.



Health & safety

Jayakumar joined the company in 2015 and assumed the job as HSE Director. The function is new at Beckers and is an important signal to the organisation, showing that Health and Safety is viewed as very important.

Hello, Jayakumar Rayamoney!

What is the most important thing about health and safety?

In my opinion, health and safety is about ensuring a safe working environment for all staff and stakeholders. Key elements in this are strong management systems, coupled with the 4Cs – competency, cooperation, collaboration and communication.

How are you approaching that challenge?

We are leveraging Beckers' core values so that they are more strongly linked to the idea that safety is the guiding principle in all aspects of our business decisions. We want to make sure each and every Beckers employee feels like they are part of the environment, health and safety team. That

way, EHS will stay in the front of everyone's minds, at work and at home.

What does 2016 look like for EHS?

We have a good mechanism in place (Beckers Loss Prevention Standard, BLPS), but the challenge is maintaining this and pushing ahead to the next level. Continual process improvement practices will be put in place to focus on moving from the 'corrective' to more 'preventive' and 'predictive' approach. We will be adapting the basic yet effective methodology of Plan, Do, Check and Review to drive this progress.

We need to cultivate the right culture of safety.



Strong commitment to health and safety

Managing health and safety

All of our activities are conducted with great respect for the health and safety of our employees and customers. We closely monitor our performance and rigorously adhere to local and international health and safety standards. For our employees, we strive to take any appropriate action that will prevent workplace accidents or illness – including behavior change campaigns. For our customers, we are constantly assessing and managing the impacts of our products.

Beckers' incident reporting system is followed at all our sites. Beckers has two forms for reporting: one for immediate reporting and one within a month of the analysis. Further investigation is carried out for all incidents. We also issue an incident alert worldwide detailing what happened in order to make sure that sites take all necessary measures to avoid similar incidents.

EHS training in 2015

We have carried out more than 250 safety related training sessions for our employees (and subcontracted workers).

The following training courses we offered address the most relevant issues for a coatings manufacturer:

- Hazard Identification, Risk Assessment and Risk Control (HIRARC)
- First Aid
- Firefighting
- Safety at the Workplace
- Electrical Technical Safety Training
- Emergency Evaluation Training

Customer health and safety

Chemical products are regulated all over the world, both with international regulation, agreements and local laws and hence we follow all applicable local and international regulations.

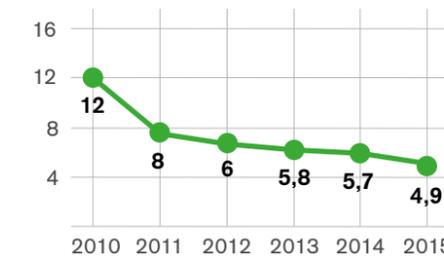
Our products are assessed at all lifecycle stages

Group-wide investigation showed that no incidents of customer health and safety nor incidents related to our product information and labelling have been reported in 2015.

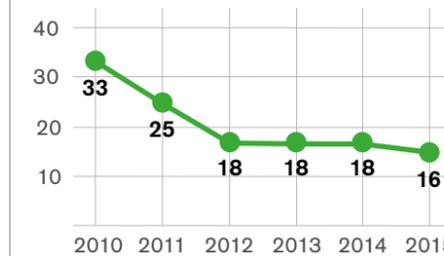
HEALTH AND SAFETY	2015	2014
Group LTI rate	4.9	5.7
Incidents	16	18
Lost days	340	819
Lost days rate	104	258
Fatalities	0	
Europe & Africa & North America LTI rate	7.8	
Incidents	15	
Lost days	147	
Lost days rate	75	
China & SAPME LTI rate	2.9	
Incidents	1	
Lost days	193	
Lost days rate	148	

The management of Beckers always aims for a zero LTI rate. All of Beckers' employees take ownership of EHS on the site and any activities associated with it. Everybody strives for safety excellence and all of us are working towards safety standards and focusing on achieving zero LTIs.

LOST TIME INJURY RATE



NUMBER OF INCIDENTS



People & society

Danuta Zyder is our Managing Director in Poland, having worked her way up from a starting position in the Finance Department ten years ago. Here, she talks about the importance of caring for and developing employees, and the far-reaching value of a strong vision and clear values.

Hello, Danuta Zyder!

What development would you like to see in regards to diversity?

We are in a male-dominated industry and there are still too few women in managerial positions, however, the situation is improving due to new gender diversity initiatives. By the end of 2015 we had 21% women in managerial positions. I would be pleased about more female talents who manage to climb up the corporate ladder by assuming fulfilling jobs and managerial responsibility.

How do you collaborate with your colleagues to keep them engaged?
I believe our strong values and clear vision

are key to keeping our employees loyal and motivated. We are also committed to their development, training and education – that is one reason why so many people stay with us for so long. I am, of course, proof of this!



I recently received training from the highly-respected INSEAD Business School which gave me a greater understanding of how to inspire people and manage value.

What does the future hold?

As people become more aware of sustainability issues, Beckers' practice will drive business growth. I predict that this will make Beckers the supplier of choice for our customers and will strengthen our position of being an employer of choice for our people.

Improving our impact on people and society

The dedication and commitment of our employees is at the heart of Beckers' success.

We believe that all of our employees should be treated with respect and dignity, and should never be subjected to discrimination, abuse or harassment. We strive to provide education that aids the lifelong learning and personal development of our people.

Training and education

We are proud to have a significant number of employees who have been with Beckers for a long time. In order to maintain and enhance knowledge and expertise, we provide a wide range of training at the local level. This also helps ensure compliance with local regulations.

To enhance competitiveness, we organize training in several professional areas in line with the results of the yearly performance and career development reviews. As a result of our global talent management and succession planning procedure, we enrolled a specially chosen group of senior managers in a management course at the prestigious INSEAD* Business School.

Sustainability training in 2015

Together with The Natural Step, our long-time sustainability advisor, we have developed an e-learning tool for our employees. Ultimately we want to reach everyone within Beckers with this course.

The aim of the course is to ensure that we all have the same fundamental knowledge

base and share a unified platform for our sustainability work. With the help of The Natural Step, we have rolled out the e-learning on sustainability in two modules:

- The Sustainability Journey – More than 560 people have been invited to take this module, and we reached an 88% completion rate so far.
- Sustainability from Vision to Action – Of the 350 people invited to take this course, 83% completed it.

During 2016, the e-learning content will be translated into Chinese, French, German, Italian and Polish. This will be followed by on-site courses for all other employees.

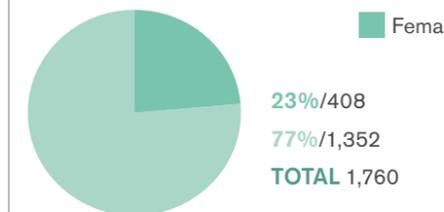
The Global Sustainability Manager visited the two US sites and gave a lecture on Beckers' framework for sustainability to a selected group of employees including managers and employees of different functions.

We strive to provide education that aids professional enhancement and personal development of our people.

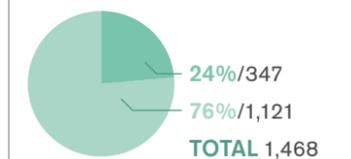
* INSEAD Business School is an internationally acclaimed graduate business school that seeks to develop responsible, thoughtful leaders and entrepreneurs who create value for their organizations and their communities.

MAKEUP OF EMPLOYEES 2015

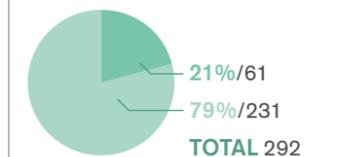
EMPLOYEES, TOTAL



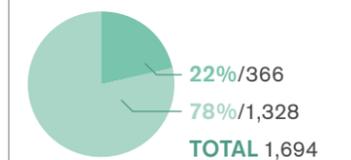
PERMANENT EMPLOYMENT



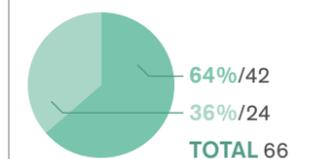
TEMPORARY EMPLOYMENT



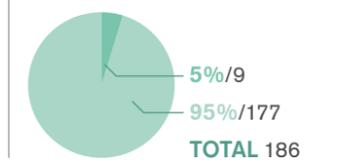
FULL-TIME CONTRACTS



PART-TIME CONTRACTS



SUPERVISED WORKERS*



* "externals" who have employment contract with a third party and work for us.

Ethics through Code of Conduct

The Beckers Code of Conduct applies to all levels of our business, from employees up to the senior management level.

This year, we extended the scope of our Code of Conduct to incorporate Children's

Rights and Business Principles and Guiding Principles on Businesses and Human Rights in adherence to the UN Global Compact.

All employees and governance body members have to carefully read and sign the document. And, due to the changes in our Code of Conduct, we are planning to initiate online training for 2016 that will reach all employees in a modular approach.

Anti-corruption and bribery

No one may, directly or indirectly, demand or accept, offer or give any kind of bribe, kickback or any other unlawful or unethical benefit to employees or other representatives or associates of the Beckers Group or its companies or any third party.

No incidents of corruption were reported or confirmed during 2015.

Based on an initiative from our CEO and the importance of our Code of Conduct, we conducted new online training that successfully targeted 250 employees around the globe who were identified as susceptible to incidents of corruption.

Anti-competitive behavior

All companies within our group compete vigorously but honestly for business and uphold the highest standards of business ethics. We respect anti-trust and fair competition laws that prohibit certain actions that unfairly and dishonestly harm competitors. We also act in accordance with fair business, marketing and advertising practices.

There were no legal actions for anti-competitive behavior, anti-trust or monopoly practices and their outcomes reported in 2015.

Providing stakeholder satisfaction

Measuring customer satisfaction

We measure customer satisfaction using different methods along our business lines and with different frequency. We measure and evaluate customer satisfaction very regularly since nearly every delivery is tailored for the customer.

Child labour

We can prove that we do not employ children at any of our sites. Based on the official employee data of the Human Resource Information System we have evidence that our youngest employee is 19 years old.

Following regulations on labeling products

Following legislation on classification and labeling of products is a prerequisite for selling chemicals. Our local management teams are responsible for knowing about and following the most up-to-date regulation.

Local initiatives

GERMANY

Beckers Domargen saw a high turnout at their Health Day last autumn. The event included a series of health checks – including blood sugar, back strength, lifting techniques, stress management and coordination. It also featured a presentation

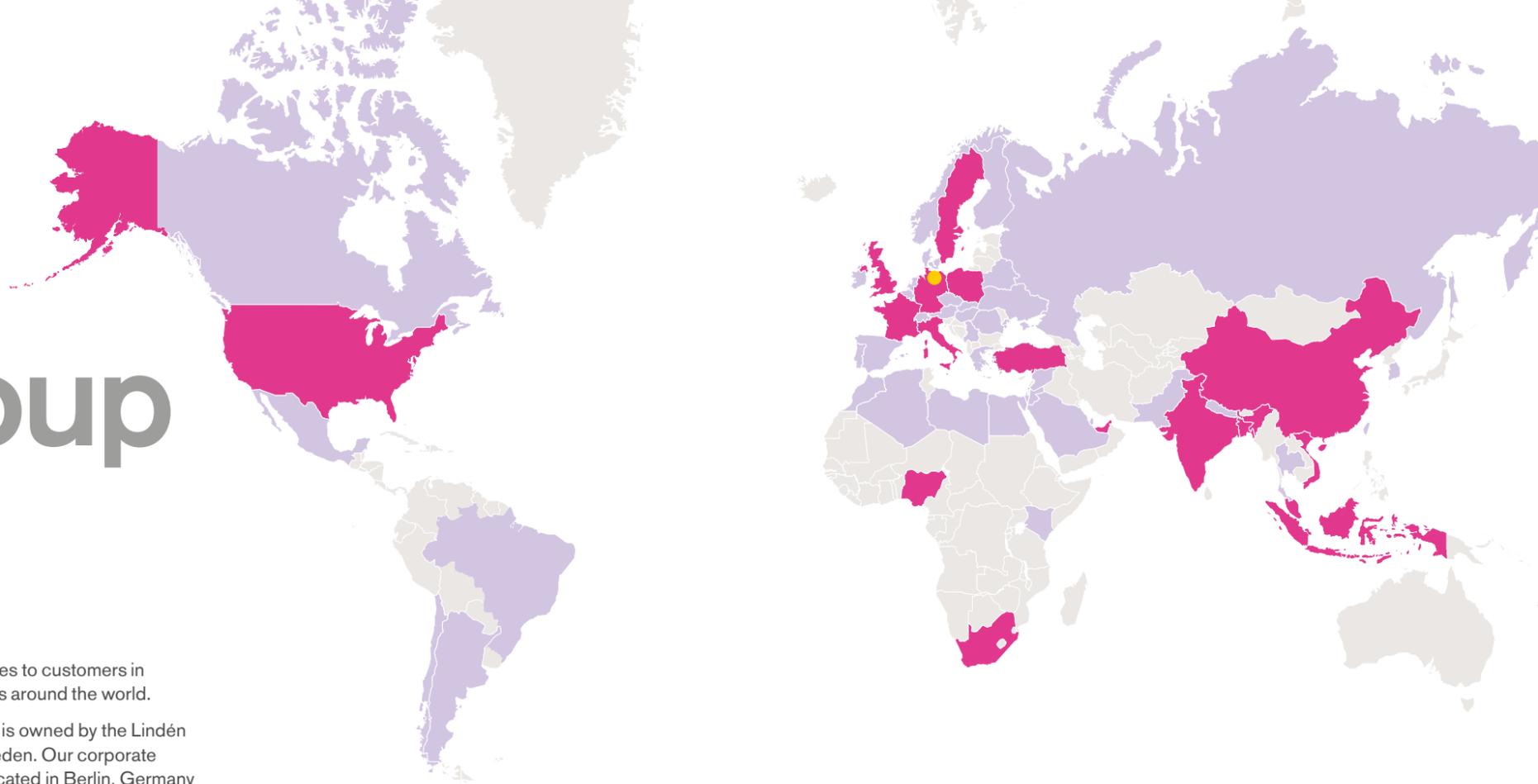
from our company physician Dr. Sebastian Lieske on "The general health care – a must or nice-to-have?"

MALAYSIA

Our Malaysia site is running a campaign on material recycling that involves giving reusable materials away to local charities. As well as helping out these organizations, this project improves how we handle waste and the work environment.



Introducing the Beckers Group



Beckers was founded in 1865 by the German chemist Carl Wilhelm Becker who went on to open a paint shop in Stockholm.

In 2015, Beckers celebrated its 150th anniversary. Today, the Beckers Group is a global industrial coatings company providing quality services and custom-designed solutions for various manufacturing sectors. Our aim is to be a solutions provider that offers more value than the sum of our products.

We have a talented and energetic workforce. In 2015, we employed 1,760 people at 21 production sites in 17 countries, providing

products and services to customers in close to 60 countries around the world.

The Beckers Group is owned by the Lindén family, based in Sweden. Our corporate headquarters are located in Berlin, Germany and our global executive management team is supported by regional and local management teams. This structure helps us form long-lasting partnerships with our customers, developing innovative coatings solutions at our local sites and R&D labs.

Our reach

Beckers Group

● **CORPORATE HEADQUARTERS:**
Berlin, Germany

MANUFACTURING SITES:

Bangladesh, China, France, Germany, Great Britain, India, Indonesia, Italy, Malaysia, Nigeria, Poland, South Africa, Sweden, Turkey, USA, UAE, Vietnam.

ADDITIONAL MARKETS SERVED:

Algeria, Argentina, Austria, Belarus, Belgium, Brazil, Canada, Chile, Czech

Republic, Denmark, Egypt, Finland, Greece, Hungary, Ireland, Israel, Jordan, Kenya, Libya, Malta, Mexico, Morocco, Nepal, Netherlands, Norway, Pakistan, Portugal, Qatar, Romania, Russia (branch office), Saudi Arabia, Serbia, Singapore, Slovakia, South Korea, Spain, Switzerland, Taiwan, Thailand, Ukraine.

Beckers in details

FINANCIAL PERFORMANCE

Net sales 5,278 MSEK

CAPITALIZATION

EQUITY 1,015 MSEK

EQUITYRATIO 29,2%

NET INTEREST-BEARING DEBT OF 445 MSEK

The Group net interest-bearing debt is interest-bearing liabilities and provisions for defined benefit pension obligations less interest-bearing receivables and cash & cash equivalents.

Stable financial results are key for Beckers to develop its operations, to maintain good stake-holder relations and to be a valued corporate citizen.

Striving for outstanding financial results ensures that we strengthen our owners' trust and the opportunity to extend out operations in new locations while creating fruitful customer relationships. The global reach and local presence is key for our future success, including our sustainability work. We set financial performance targets, which are followed up in our financial reporting system.

Our Chief Financial Officer is responsible for managing financial risks and for the correct reporting of the The Beckers Group financial performance.

BECKERS' THREE BUSINESS SEGMENTS:

COIL COATINGS

As the leading global supplier of coil coatings, we set industry standards for high-performance liquid coatings applied to sheet metal.

INDUSTRIAL COATINGS

We supply a complete range of specially manufactured coatings for preformed metal parts and plastic components.

CONSUMER DESIGN FINISHES

This division aims to reach design-driven customers using a proactive approach with products that are a step ahead of the rest.

BECKERS' CORE VALUES

- Customer focus
- Team spirit
- Ability to shape and adapt
- Trust and integrity

EXECUTIVE GROUP MEMBERS:

DR. BORIS GORELLA
CEO

DR. KARSTEN ELLER
CHIEF OPERATING OFFICER

OLIVIER LAUNE
CHIEF FINANCIAL OFFICER

DR. BERND VOGEL
CHIEF TECHNOLOGY OFFICER

GIORDANO METTUS
GLOBAL DIRECTOR OF HUMAN RESOURCES

CHRISTOPHE SABAS
PRESIDENT COIL COATINGS:
EUROPE, AFRICA & AMERICAS

PAUL MENEZES
PRESIDENT COIL COATINGS:
ASIA & MIDDLE EAST

DR. CHRISTIAN KOBER
PRESIDENT CONSUMER DESIGN
FINISHES

CHRISTIAN VOGEL
PRESIDENT INDUSTRIAL COATINGS

INTRODUCING OUR BOARD OF DIRECTORS:

ERIK URNES
CHAIRMAN OF THE BOARD

JENNY LINDEN URNES
OWNER

DR. BORIS GORELLA
CEO, BECKERS GROUP

GEORG BRUNSTAM
CEO, HEXPOL AB

MALIN PERSSON
PRESIDENT AND CEO, CHALMERS
UNIVERSITY FOUNDATION

SUZANNE THOMA
CEO, BKW AG

URSULA JAKOBSON
LABOUR REPRESENTATIVE

DANIEL WALL
LABOUR REPRESENTATIVE

MATS HANSSON
CFO, LINDÉNGRUPPEN

General management approach

Bernd Vogel joined the company in 2015. He is the new Chief Technology Officer. This new position emphasises Beckers' attention to innovation, new business development and sustainability.

Hello, Bernd Vogel!

You started a new position in 2015. Can you describe what you do?
I have three main areas of responsibility on the group level. Innovation, new business development and sustainability, which cuts across everything we do. Our perspective on the sustainable development of Beckers informs all of our practices. There are, for example, significant sustainability-driven criteria in place to ensure that we do not invest in new businesses that are not in line with our sustainability vision.

What was the biggest sustainability achievement for Beckers in 2015?

There are two key achievements that stand out for me. Firstly, we managed to move to the GRI G4 reporting level. Although we have done a materiality assessment before, this is the first time we have exposed ourselves to a representative group of external stakeholders who gave us feedback on our practices in a classical standards way. This is a requirement from GRI G4, but it is typically something

that big multinational companies do. So for a mid-sized company like Beckers, it represents a bold step forward.

We also managed to review our sustainability strategy and started an intensive discussion, which led us to create a dedicated roadmap for how to take our sustainability practice to the next level. Our roadmap is a detailed plan of the initiatives, projects and milestones that we believe will take us closer to achieving our vision.

How important are Beckers' customers and employees in your sustainability journey?

The buy-in from employees across functions and, most importantly, across all levels of the business is the most important factor for success. We constantly try to improve our ability to reach all colleagues around the globe because a top-down approach only will not work. To achieve our vision, we need a collective effort and commitment across the whole Beckers team.

And of course, our customers are also very important. Taking new, more sustainable products to market can be challenging. That's why we are heavily involved in creating tools, approaches and pilots – like our unique Product Sustainability Index – that show our customers and end-users the value-add when it comes to sustainable products.

Looking to the future, where do you see Beckers in 10 years?

I see us taking our sustainability approach successfully to the next level. And particularly, becoming a leader in renewable-based coil coating products.



I see us taking our sustainability performance to the next level. ”

Right now, sustainability is starting to create value in our daily operations. This is a strong starting point, but we want to build upon it. We still have room for improvement to balance our profile and sustainability practice across all of our functions and businesses.

The process of reflecting on our vision and defining a roadmap has given us a concrete idea of what we need to do to get closer to our vision – becoming the most sustainable coatings company in the world. We have identified key enablers that will strengthen our activities. As part of this, we will increase the top management commitment by hiring a Global Sustainability Director who will ensure our initiatives have the right management attention. We are also about to put in place policies and management guidelines that will translate our approach and ideas into concrete action. We are also working on a social plan to underline our aspiration to care about our employees.

Governance and leadership

The Beckers Group is governed by the Board of Directors which has four meetings a year.

The Beckers CEO and selected Executive Group Meeting members participate in this meeting.

The Executive Group Meeting, which consists of the Global Leadership Team and Presidents of all business lines, meet once a month.

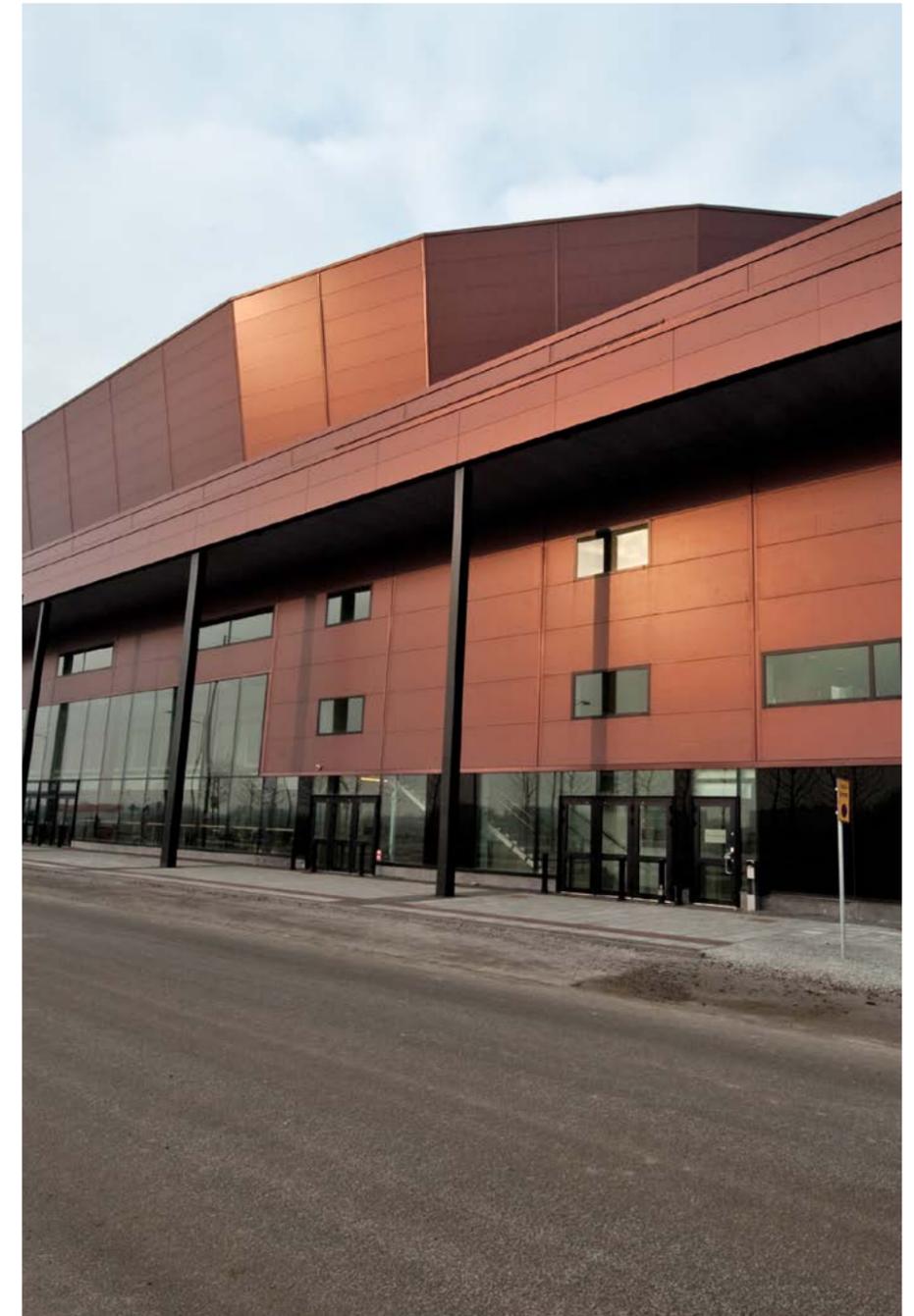
The GLT, the Global Leadership Team, meets twice a month.

Sustainability is part of the Chief Technology Officer's agenda and thus the Global Leadership Team agenda.

The practice is fueled by a team led by a Global Sustainability Manager. Strategy development, stakeholder engagement and alignment are reached through the Sustainability Committee, chaired by the Global Sustainability Manager. The committee consists of representatives from all key functions and regions.

The six sustainability focus areas have been set by the management and they form the framework for detailed target setting within different areas. All focus areas are led by different units and functions. We follow the results through different business systems and the management model of the company. For example:

- Climate assessment
- Environmental KPIs
- CSR evaluation of suppliers via EcoVadis
- HR Information System (HRIS) for employee information





Beyond the Surface

Sustainability Report 2015

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