

Beckers

Beckers Sustainability Report 2018

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Highlights from 2018

Every year, we feature a few of our best stories from our environmental and social sustainability work. We are pleased to have so much to be proud of in 2018.

Signing up to a better future

Sustainability is a global challenge and - beyond our own commitments and progress - it is important our business is part of the bigger sustainability movement. In 2018, we signed the 10 principles of the UN Global Compact. By joining as a signatory, we are committed to a culture of integrity across our business and are part of the world's largest global corporate sustainability initiative.



See p.42

Our social sustainability roadmap

In 2018, we finished our new social sustainability roadmap. We developed the roadmap working cross-functionally within our group. The plan is structured in four streams and anchored in our values, Code of Conduct and respect for human and children's rights.

See the full story on p.23

Meeting customer demand for sustainability



We are thrilled to see that customer demand for sustainable products and solutions is continuing to grow. Thanks to our intensive R&D, we can meet these needs with innovative new products – like our high functioning water-based or bio-based coatings – as well as with smart tools that empower our customers to make sustainable choices.

See the full story on p.20

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Significant drop in Lost Time Injury rate

Our number of LTIs has dropped from nine in 2017 to three in 2018. We are confident this is the best LTI rate we have ever achieved, although our records do not stretch all the way back to the founding of our business – 150 years ago! Three LTIs is still three too many, so we will keep focusing and working together to continue this promising downwards trend.

[See the full story on p.28](#)

High scores in sustainability survey

In 2018, we asked our employees about sustainability at Beckers. We wanted to know whether our people think sustainability is important to Beckers' future, and whether they believe we have a strong commitment to it. Achieving our sustainability vision without the belief and support of our colleagues would be impossible, so we are pleased to report we received both a high level of engagement and a clear interest and commitment to our sustainability work.

[See the full story on p.25](#)



A Gold-rated performance

We are pleased to announce Beckers was awarded a Gold rating by EcoVadis for the second year running. Even better, we increased our overall score from 63 in 2017 to 65 in 2018. This is valued independent reflection of Beckers' continuing commitment to sustainable development.



[See the full story on p.34](#)

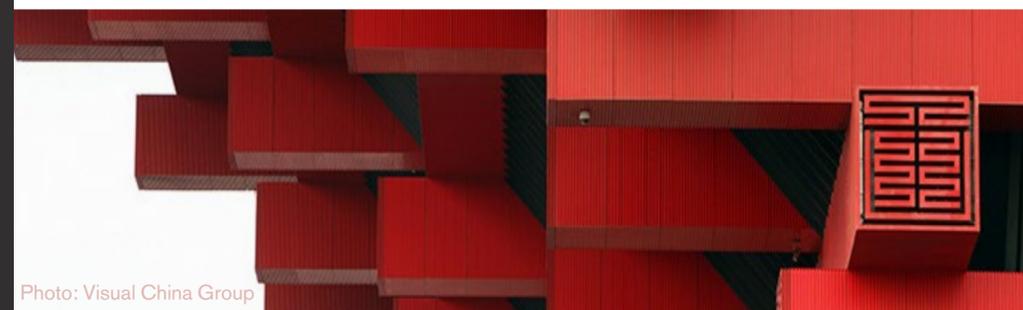


Photo: Visual China Group

This report has been prepared in accordance with the GRI Standards: Core option. To find out more, please see the [GRI Appendix on our website](#).

Welcome

Dear Stakeholders,

We are proud to present our Sustainability Report for 2018, which addresses our most important achievements and challenges of the past year relating to the social and environmental impact of our activities. We hope you will find valuable insights about our commitment to invest long-term in creating value and in promoting what we believe to be an essential transition to a more sustainable world.

Strength in partnership

No company can operate in a vacuum or achieve true change without the support and inspiration of like-minded partners. In 2018, we became a signatory to the 10 principles of the UN Global Compact, joining the world's largest corporate sustainability initiative, involving more than 9 500 companies in over 160 countries. Responding to accelerating demand for more sustainable products, the systematic integration of these principles as part of our global business strategy is a key priority. Pioneering research and development are crucial to attaining greater sustainability and to generating state-of-the-art coating solutions, through close collaboration with our customers, academia, suppliers and industry organizations. Our value proposition features a sustainable offer that benefits

not only our customers – but the entire value chain. Among other topics, this report highlights two examples of how our close cooperation with customers and suppliers can reduce environmental impact, downstream as well as upstream.

Building our Social Sustainability Roadmap

Corporate sustainability is as much about people as about commercial viability and the physical environment. Committed, engaged and satisfied personnel are fundamental to success. Our new Social Sustainability Roadmap aims to provide guidance on how best to address social sustainability, not only in terms of our own employees, but also in the context of those societies and cultures in which we (and our colleagues) operate. Benefitting from feedback gained from a global employee survey, this roadmap highlights four areas: employee empowerment, safety and wellbeing, diversity – and engagement in the wider community. With particular emphasis placed on Environment, Health and Safety (EHS) issues, everyone at Beckers strives to continually and radically reduce lost time to workplace injuries. Likewise, we have also recently introduced a proactive hazard identification and accident

In 2018, we became a signatory to the 10 principles of the UN Global Compact, joining the world's largest corporate sustainability initiative

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reduction system. Backed by such initiatives and more, we are convinced that our new social sustainability roadmap will help us in strengthening our future business.

I hope you enjoy reading this report and will follow us as we continue to address the sustainability challenge.



Best regards,

Dr. Boris Gorella
CEO, Beckers Group
Berlin, Germany

1.0 The Big Picture

Welcome to the Beckers Sustainability Report for 2018. In this chapter, we look at the wider context of sustainability and how it affects our progress towards becoming the world's most sustainable industrial coatings company.

1.1 The world around us

From climate change to global trade, we take a closer look at how the bigger picture affects business at Beckers.

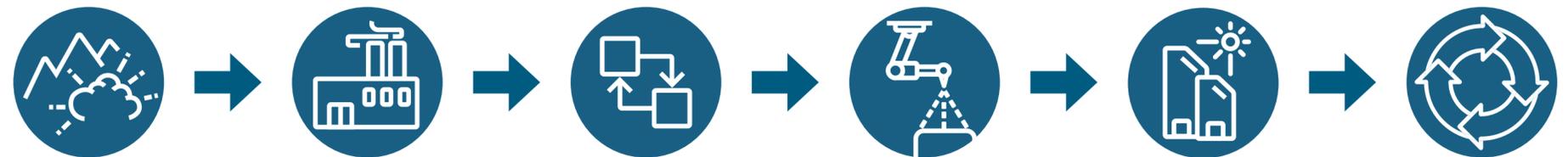
1.2 How we work with sustainability

A quick summary of the various frameworks, systems and strategies we use to stay on track towards our sustainability goals.

Photo: Visual China Group

1.3 Working for change along our value chain

Our value chain extends from sourcing raw materials to final product use. Here, we look at how we understand and address impact along our value chain.



1.4 Staying focused on what matters most

As a business committed to sustainability, it is our responsibility to identify, prioritise and address the most relevant and urgent environmental and social issues.

1.5 Our sustainability journey

Find out when and how our sustainability journey started, and where we are heading in the years ahead.

1.1

The world around us

Challenges, trends and how Beckers is meeting them.

We live in rapidly changing times. Globally, we are facing challenges on a scale that puts humanity at a turning point. In 2018, with record temperatures set around the world, the importance and urgency of action on climate change became even more apparent.

Last October, the UN International Panel on Climate Change released a report warning that we have 12 years left to stabilise global temperatures at or below a 1.5°C rise, before extreme climate change-related droughts, floods, heatwaves and widespread poverty become unavoidable. Alongside the direct threat of a collapsing climate, there are many interdependent issues to factor in, most significantly resource and water shortage, and biodiversity loss. The effects of climate change (both actual and potential) cause challenges to supply chains, affecting both the raw materials we use and the people who supply them. Meanwhile, rapid technological development, our acceleration away from fossil fuels and globally unpredictable political environments are changing our society's economic landscape. At the same time, social issues like human rights, equality and democratic values remain critical to our collective progress.

Companies around the world now recognise they cannot wait for governments and NGOs to fix the situation. Instead, business must take the lead to make things happen at the speed and scale required. Together, we need to restore and replenish what has been lost, building economies and communities that thrive, and that allow the planet to thrive too.

At Beckers, we take all these issues seriously, and have done so for many years. We have a long track record of going beyond legislative demands for sustainable business practices.

We are listening closely to our customers and responding to their rapidly changing expectations for an increasingly sustainable offer. We have committed to review our environmental and social impact and align our business with the UN's Sustainable Development Goals. We are also reaching out to partners and inviting collaborative solutions to further accelerate progress.

While we are proud of our long commitment to sustainability, as well as our environmental and social sustainability achievements so far, we recognise there is more to do. The next step is to set new stretch goals, and our new sustainability 2030 roadmap – which we will work on during 2019 – will guide us on the journey towards sustainability.



1.2

How we work with sustainability

Here, we share the background to the Beckers' sustainability story – how we have developed our strategy over the years. We also present the frameworks and systems we have adhered to along the way.

Our sustainability approach draws on many different systems and strategies – both external and internal.

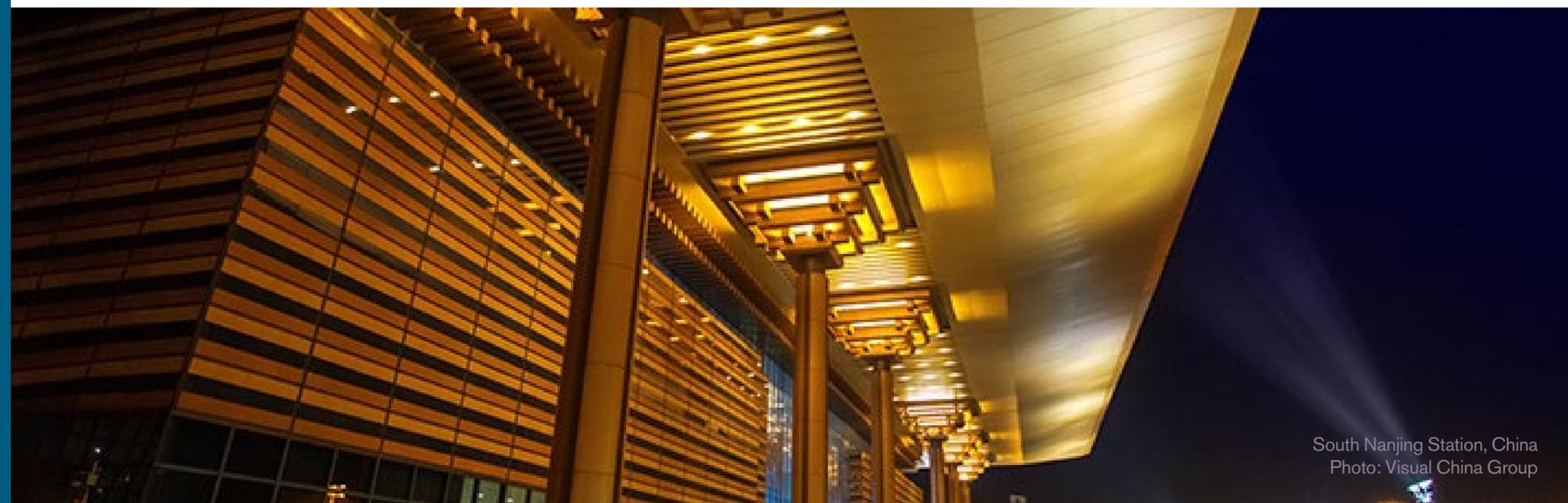
In 2009, we started using the Framework for Strategic Sustainable Development (FSSD), promoted by The Natural Step (TNS) for strategic sustainability planning. Our strategy is still grounded in the principles outlined in this framework.

We report according to the Global Reporting Initiative's standards. We have also aligned our efforts with the UN's Global Compact and Sustainable Development Goals (SDGs). We take a value chain approach to sustainability (p.8), which engages and works with stakeholders ranging from our suppliers to our employees and customers.

Over the years, our approach to sustainability has evolved and matured. In 2017, we aligned our strategy and material topics with the UN's SDGs, and thereby became part of a global movement to work together for change.

In 2018, we confirmed and further deepened our connection with the UN's sustainability approach when we signed the 10 principles of the UN Global Compact, joining the initiative a signatory. The purpose of the Global Compact is to make participating companies take responsibility within the areas of human rights, labour, environment and anti-corruption. By becoming a signatory, we make a stronger commitment to following through with actions and reporting on our progress.

Looking ahead, we must make the UN Global Compact and its principles an even more integral part of our business strategy. That means incorporating the principles in our decision-making processes, acting in support the UN's Sustainable Development Goals, and communicating annually on our progress.



1.3 Working for change along our value chain

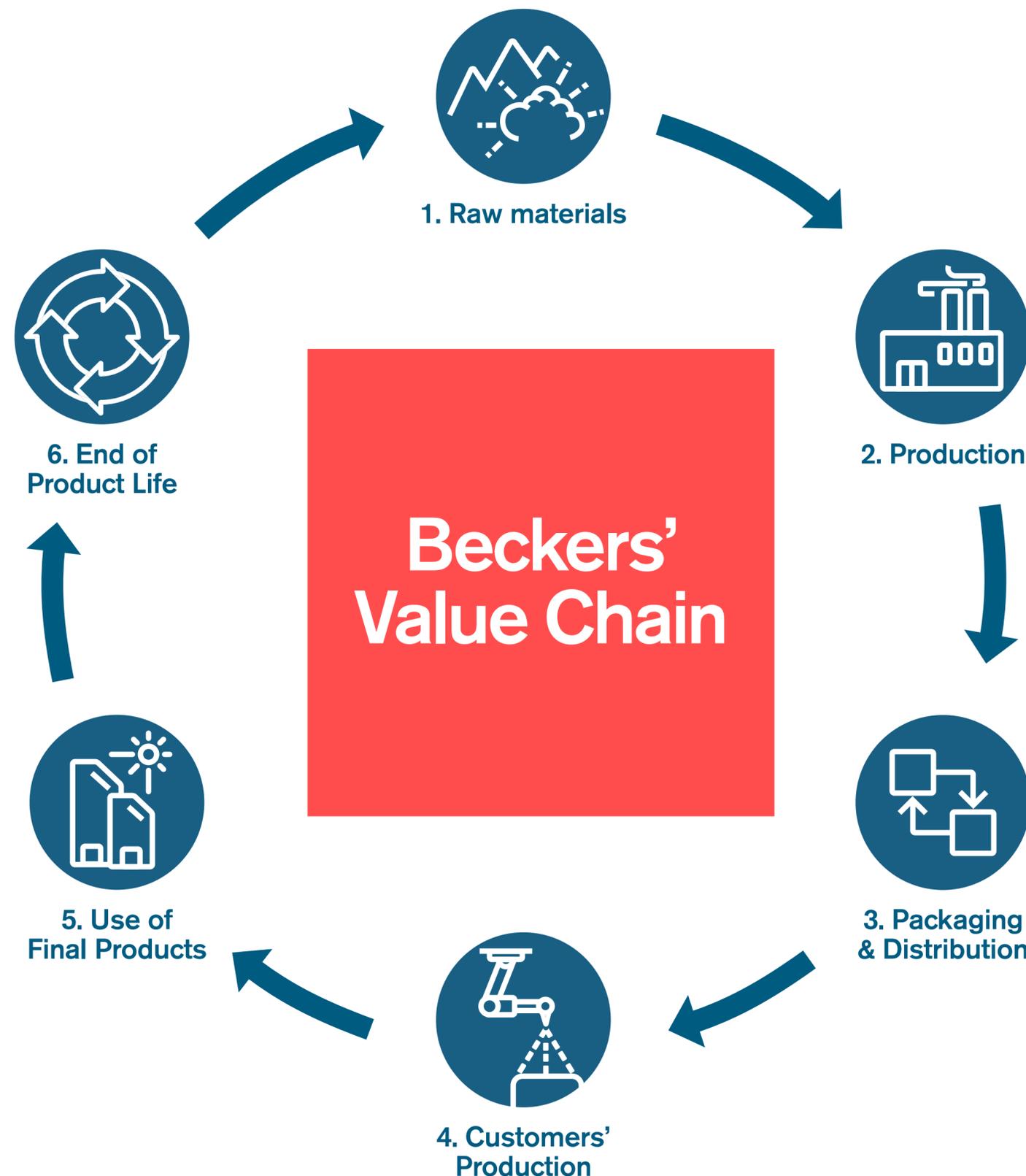
Beckers has a value chain that reaches from the sourcing of raw materials for our products right through to the use of coatings by our customers. We recognise our business has an environmental and social impact along the length of this chain.

We strive to develop sustainable coatings that do not contain mined materials that are scarce in nature, that are free from toxic and persistent substances, and use renewable raw materials.

We operate a global network of manufacturing sites to follow customer demands and stay as geographically close to them as possible. For our manufacturing we buy all ingredients from business partners around the globe, mainly resins, pigments, solvents, and additives.

All this supply is sourced from the chemical industry in Europe, Asia, Americas and Africa. Most of the components are sourced within the continent of our point of demand. Packaging is typically sourced on the local market close to our manufacturing sites. As we are manufacturing today in 24 sites in 18 countries on five continents, the inbound supply chain can be complex.

While we typically ask our suppliers to organise transport operationally, we monitor the CO₂ footprint of logistics and encourage suppliers to use rail, ship or multimodal transport in order to reduce road transport to the necessary minimum. We review this data annually.



1. Raw Materials

Our sustainability impact

- Beckers is a chemical company using fossil and mineral, sometimes scarce, raw materials
- Chemicals can be toxic/hazardous in themselves, and extracting them carries a risk of negative environmental impact
- Potential social and environmental impact for suppliers, employees and local communities

Main challenges

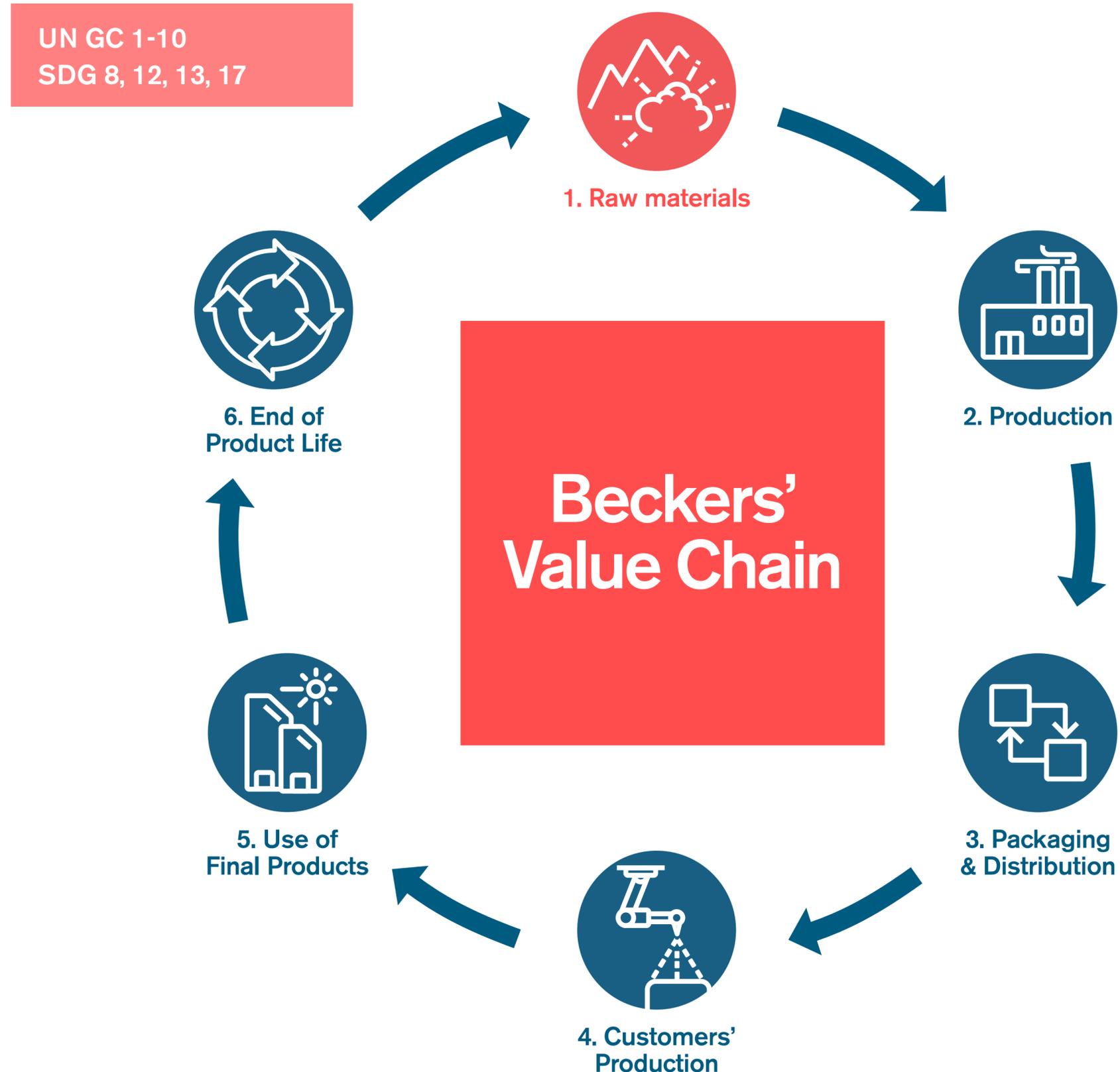
- To develop products according to our Sustainable product vision
- Competitive market for sustainable raw materials: Renewable, Bio-based, Reused, Non-toxic
- To ensure an environmentally and socially sustainable supply chain

Actions

- Chain up!, a project to develop sustainability performance along the supply chain
- Raw material governance
- Sustainable product development

Future opportunities

- Increased focus on cooperation throughout the supply chain
- Research



2. Production

Our sustainability impact

- Occupational health, safety & well-being
- Climate impact
- Energy and water use
- Waste & VOC emissions

Main challenges

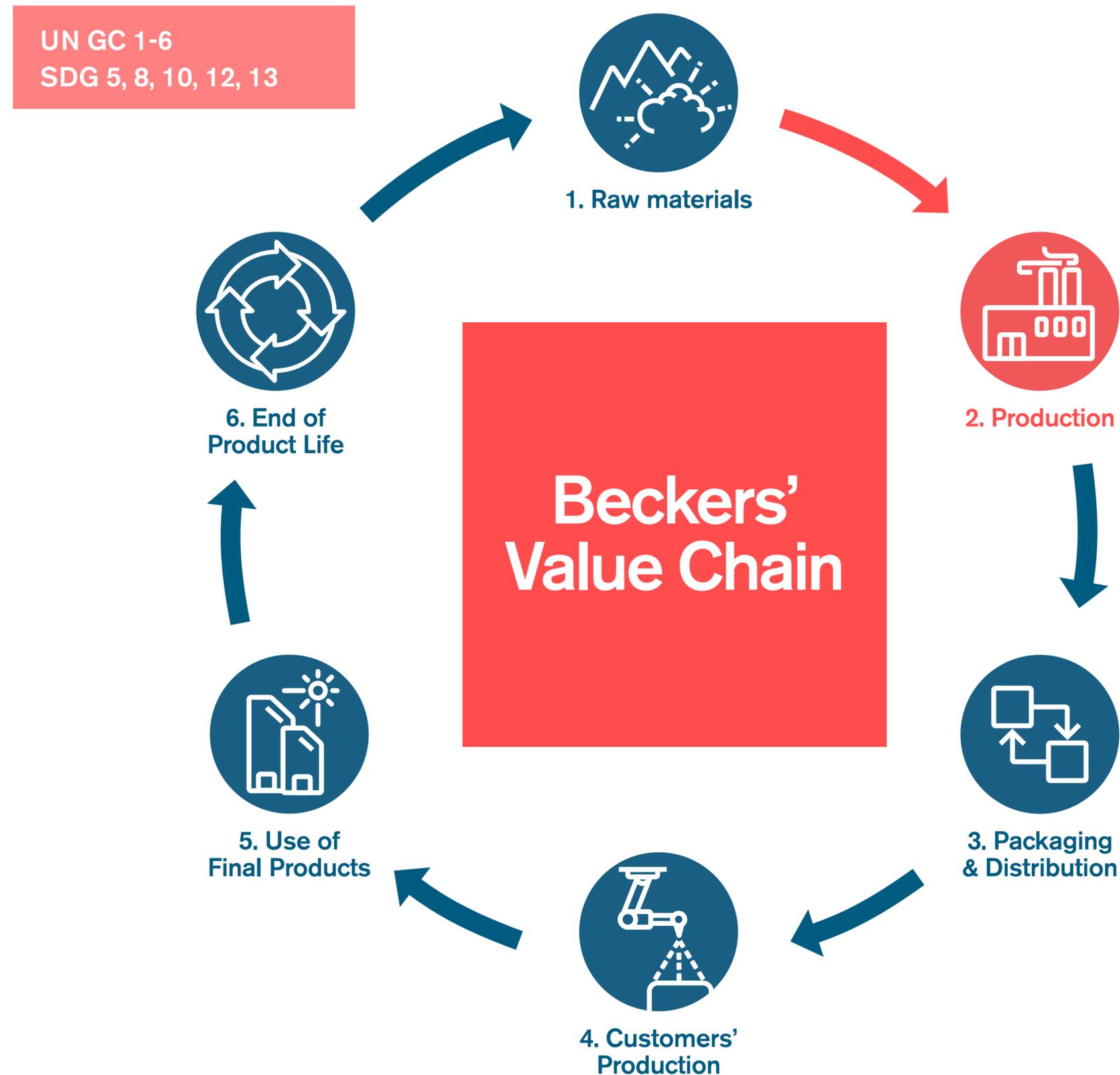
- To reduce emissions by, for example, using renewable energy and increasing energy efficiency
- To reduce and reuse waste
- To manufacture without health and safety impacts
- To attract and recruit the right talent

Actions

- EHS Policy and zero accidents vision
- Automation e.g. Beckry®Mix
- People Plan with e.g. recruitment trainings and employer branding

Future opportunities

- New technologies for resource efficiency
- Behaviour-based training



3. Packaging & Distribution

Our sustainability impact

- Transportation emissions from both inbound and outbound deliveries
- Packaging materials' use of resources
- CSR performance of our partners

Main challenges

- Supply chain optimisation
- Sustainable logistics management
- Use of reusable or recyclable packaging

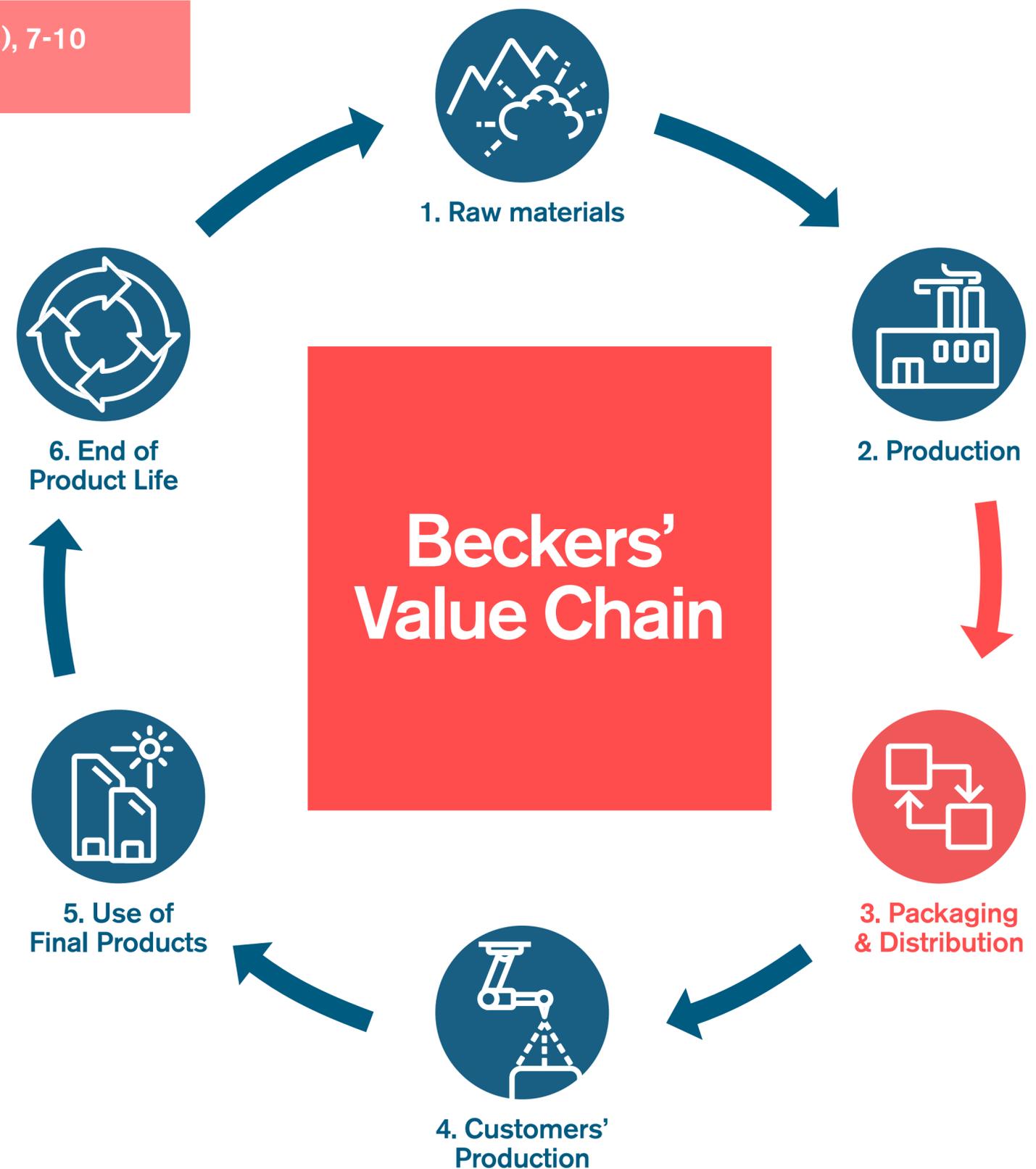
Actions

- Multimodal transportation
- Beckry®Mix
- Reuse of delivery packaging

Future opportunities

- Increase use of recycled packaging material
- Establishing reuse of packaging as standard

UN GC (1-6), 7-10
SDG 12, 13



4. Customers' Production

Our sustainability impact

- Occupational health, safety & well-being
- Climate impact
- Energy use
- VOC emissions

Main challenges

- To provide products and services that help and support the customer to improve their sustainability impact

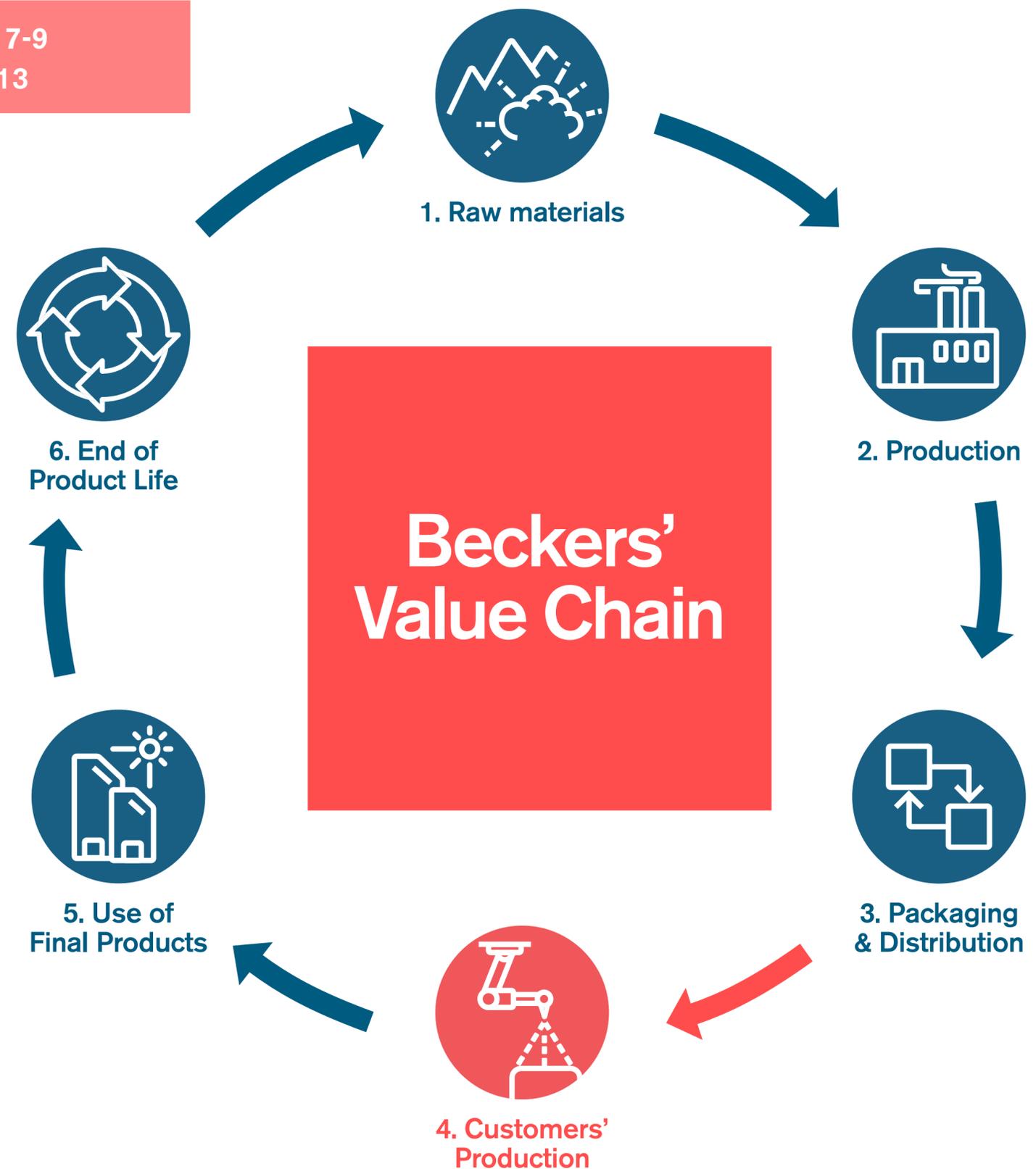
Actions

- Work together with the customer to improve their sustainability impact
- Providing products with low VOC, low curing temperature, high solids, and no toxic ingredients

Future opportunities

- New application technologies

UN GC 1-2, 7-9
SDG 8, 12, 13



5. Use of Final Products

Our sustainability impact

- The function and performance of our products during their end use

Main challenges

- To develop the market to increase demand for more sustainable products

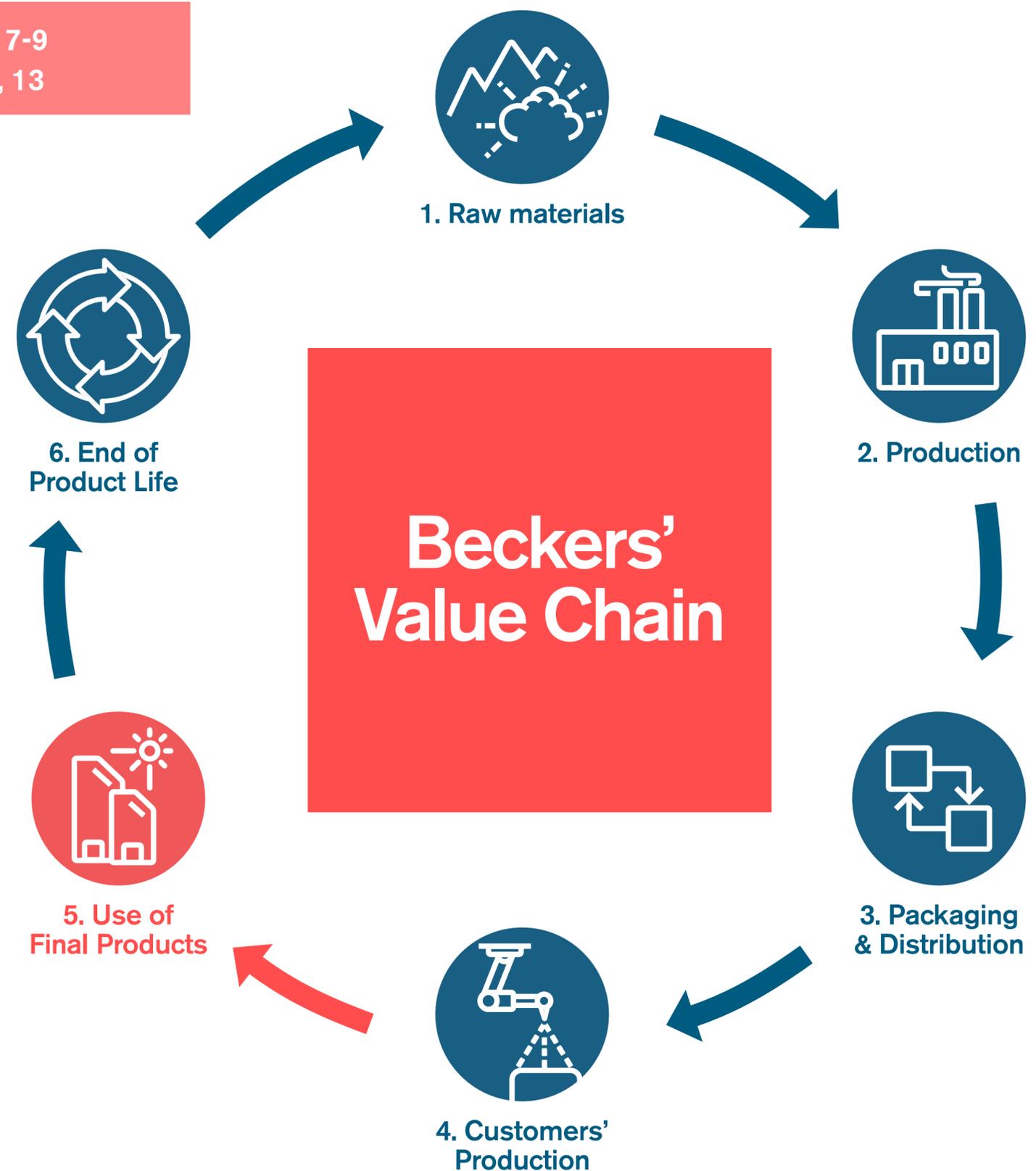
Actions

- Promote and provide functional coatings:
 - Self-cleaning and anti-graffiti coatings that reduce maintenance and use of cleaning chemicals
 - Solar-reflecting and heat absorbing coatings that save energy
 - Light-reflective coatings that save indoor lighting and energy
 - NO_x depleting coatings that reduce air pollution
 - Durable and long-lasting coatings that reduce waste and resource use

Future opportunities

- Develop our Beckers Sustainability Index (BSI) to help customers to make the right choice
- Develop more sustainable functions and put them on the market

UN GC 1-2, 7-9
SDG 11, 12, 13



6. End of Product Life

Our sustainability impact

- Coatings that prolong the life of end products, with little or no maintenance

Main challenges

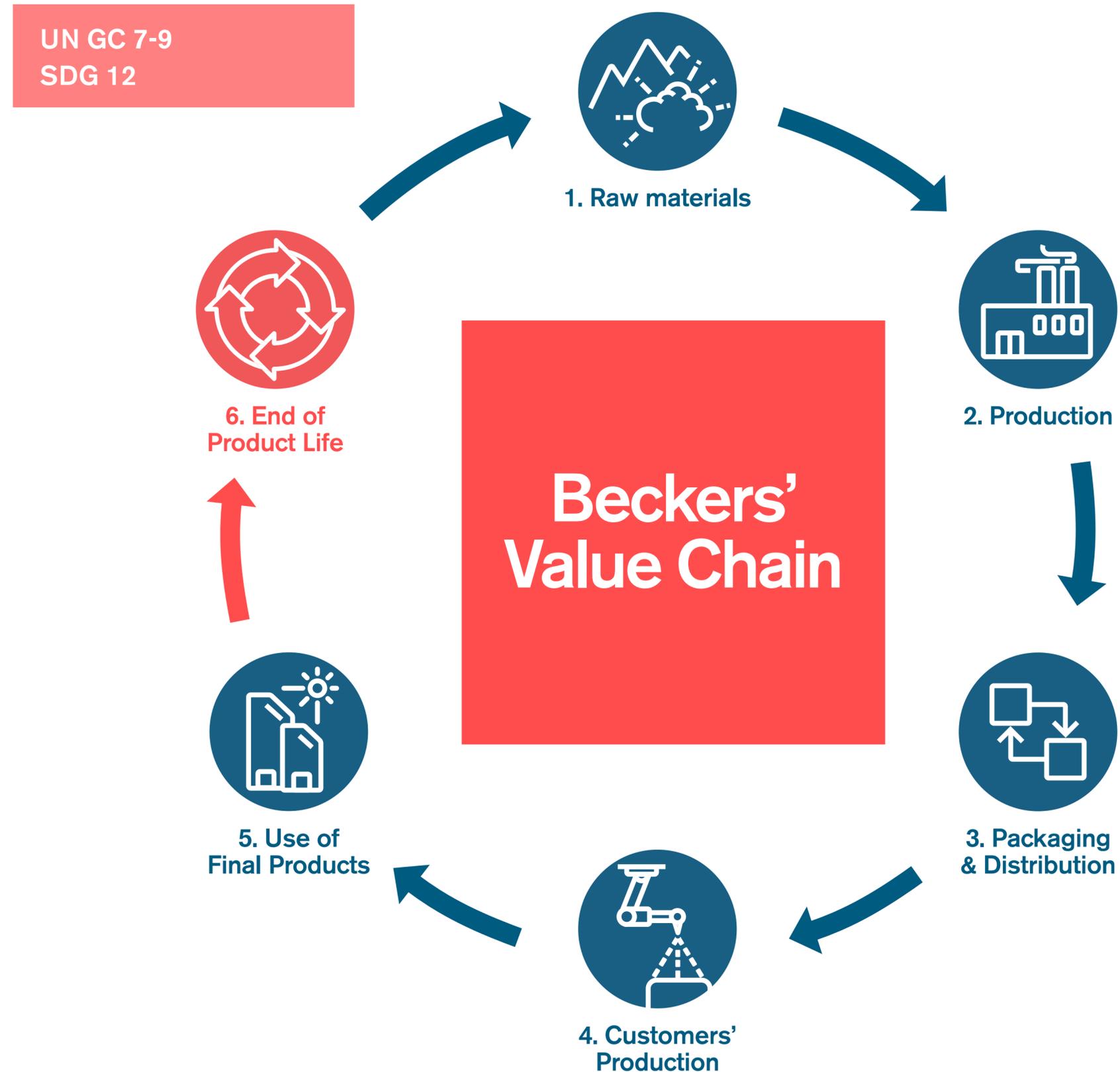
- To develop the market to increase demand for more sustainable products
- Beckers has very little control over the use and end of life of our products

Actions

- Research and workshops to learn more about the circular economy and end of life impact
- Detailed information disclosed to automotive international material data systems

Future opportunities

- Find collaborative opportunities to support end-user in becoming more sustainable
- Separate paint from substrate
- Re-paint for reuse of final product



1.4

Staying focused on what matters most

We use a range of approaches to stay on track as we continue to update and improve our sustainability strategy.

Sustainability presents a huge and varied challenge. It is therefore important that we, as a business, remain focused on the issues where we can make the most positive impact.

Since we first started reporting according to GRI guidelines in 2012, we have mapped out the sustainability topics most relevant to our business.

These have evolved over time and today include: Product stewardship, employment, occupational health and safety, training and education, local communities, energy, emissions and waste. To find out more about these GRI topics, please go to the [GRI Appendix on our website](#).

In 2018, we connected with various stakeholders along our value chain to start to review these focus areas. As well as other activities, this involved conducting valuable employee surveys, the results of which you can read about on [page 25](#).

In relation to the UN's SDGs and Global Compact, while we recognise that our business impacts all 17 SDGs, we have identified eight prioritised goals that represent sectors most influenced by our business and where we are most able to have a positive impact.

These include:





SDG 4: Quality education

Creating opportunities for all

Increasing access to quality education and training, in the underprivileged areas of the world in which we operate, and among our own workforce.



SDG 5: Gender equality

Empowering girls and women

Improving equality for the people and communities where we do business, and addressing the gender balance across our own company.



SDG 8: Decent work and economic growth

Offering good lives for employees and their families

Providing decent work along our supply chain and working to decouple economic growth from environmental degradation.



SDG 10: Reduced inequalities

Respecting and caring for employees and communities

Respecting human rights and working on remuneration, diversity, equality and economic inclusion.



SDG 11: Sustainable cities and communities

Contributing with our products

Creating products that positively impact the sustainability of our built environment and the infrastructure we all use.



SDG 12: Responsible consumption and production

Creating sustainable supply chains and operations

Addressing sustainability issues along our value chain – from partners and resource use, to the waste we create.



SDG 13: Climate action

Improving our impact along the value chain

Reducing and mitigating climate impact along our value chain, including through the education and empowerment of our employees.



SDG 17: Partnerships for the goals

Working together for the greater good

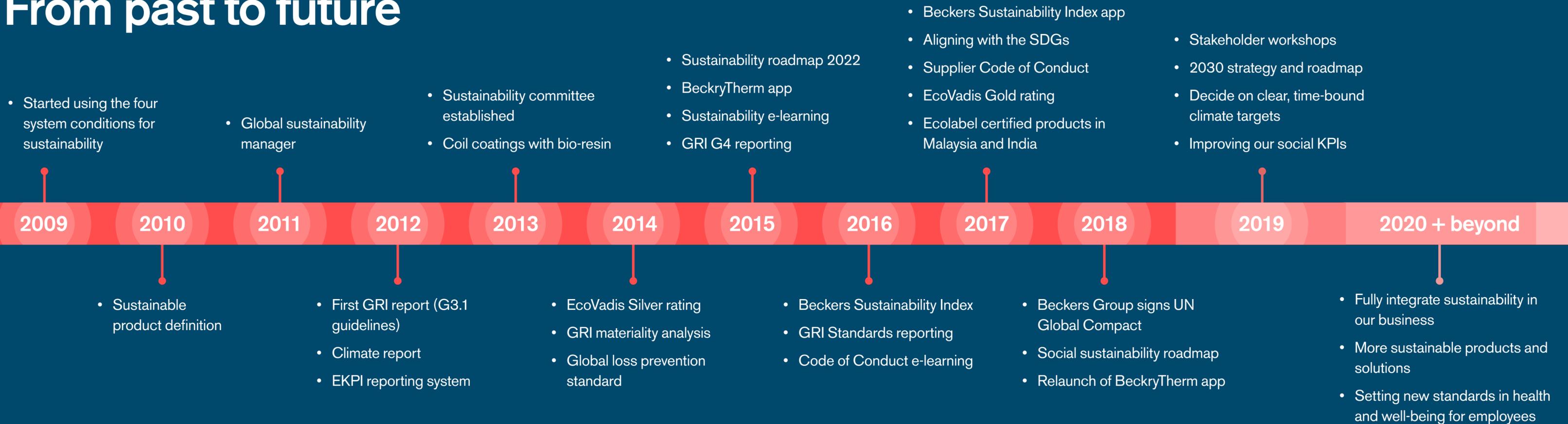
Building partnerships and cooperating with companies, associations, universities, NGOs, UN bodies and organisations.

1.5 Our sustainability journey

We have been working towards our vision to become the most sustainable industrial coatings company in the world for many years now. As 2020 appears on the horizon, we are proud to have achieved the environmental KPIs we set ourselves for this date. We have committed to setting a new 2030 roadmap in 2019 that will guide our strategy and stretch our ambitions in the months and years ahead.



From past to future



2.0

A compelling value proposition

We are on a mission to make sustainability irresistible to our customers. In this chapter, we take a closer look at the smart solutions we are offering our customers and how we are working to be the best possible employer in our sector.

2.1

What drives a sustainable future?

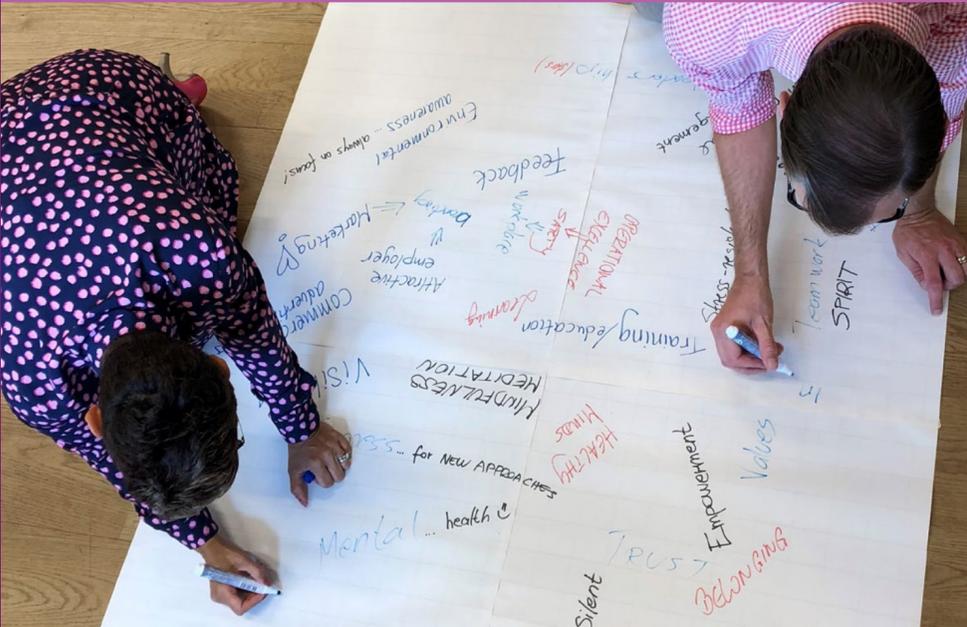
Find out why this stakeholder from a major automotive trade association believes innovation and collaboration are key to a sustainable future.



2.2

More sustainable solutions

As customer demand for sustainable products and solutions continues to grow, find out how Beckers is stepping up to the challenge.



2.3

It's all about the people!

We share our vision for how a new direction for Human Resources can add value across our business.

2.1

What drives a sustainable future?

Fordonskomponentgruppen, or FKG, is the Scandinavian Automotive Supplier Association, a trade association for Scandinavian suppliers to the automotive industry. FKG has over 350 member companies and is very switched on to trends in their industry.

We spoke to Fredrik Sidahl, CEO at FKG. He believes the rapid rise in sustainable solutions for the automotive industry is here to stay. Businesses that recognise and act on this trend by innovating and collaborating will not only strengthen their brand, they will become more successful. Listen to the full interview to find out how we stay agile by listening to our stakeholders.



Find the video on the Beckers Group YouTube channel
<https://www.youtube.com/watch?v=v8ycvloMipY&t=1s>

2.2

More sustainable solutions

Sustainability at Beckers is grounded in the value we can offer our customers. And, increasingly, we see customer demand growing for sustainable products and solutions.

Through targeted R&D, we develop innovative, sustainable products, such as our high functioning water-based or bio-based coatings and products with smart functions. The value we offer also comes from our solutions and services – such as the tools we develop to empower our customers to make sustainable choices. We also foster partnerships for social and environmental improvement along our value chain.

Demand for waterborne coil and industrial coatings continues to grow

We are currently witnessing a rapid rise in demand for waterborne coating systems in some parts of the world, in part because of their environmental credentials. Waterborne finishes have multiple benefits: they emit fewer VOCs than solvent-borne alternatives, which is better for people's health and the local environment, and they carry a lower risk of explosion.

However, as with so many sustainability issues, there are numerous pros and cons to consider and weigh up. For example, waterborne paints use more energy in their curing, transportation and storage. They also require more investment in wastewater treatment facilities and – for these reasons and others – currently incur higher costs.

It seems the increasingly stringent environmental regulations being introduced by a growing number of countries will push the industry towards broader acceptance of waterborne coatings. Most noticeably, the Chinese decision to vigorously pursue lower VOC levels has led to a dramatic change in demand across the entire Asia-Pacific region.

One of our partners, a major coil coater in northern China, trialled a waterborne topcoat with a solvent-borne primer. The performance was comparable to a standard full solvent-borne system. With results like these, it seems likely that other countries will follow China's lead in terms of tougher legislation.

Our latest waterborne basecoats

We are proud to introduce our range of state-of-the-art Beckqua®Color waterborne basecoats for vehicle bumpers, mirror caps and door handles. Our Automotive Plastics Exterior business line initiated the Beckqua®Color project just two years ago, and we are excited by the rapid progress in this area.

Find out more here:



Working with customers to improve impact

Taking responsibility for the climate impact of our value chain means working downstream as well as upstream. To that end, Beckers is working with several customers to improve the partnership from an overall sustainable performance perspective.

For example, Beckers is working closely with SDF (SAME DEUTZ-FAHR), a multinational company with its HQ in Italy. SDF is one of the world's leading manufacturers of tractors, harvesting machines and diesel engines. They are a long-term customer of Beckers and have been using waterborne coatings on their tractors since the early 2000s.

Beckers became the sole supplier of SDF in late 2017 and are working hard to help them improve their performance, while reducing how much paint and cleaning solvent they use. After a deep analysis of their painting plant and process, Beckers has identified several areas of improvement for paint, equipment, processes and skills.

For the purposes of this report, Beckers spoke to Mr. Aurelio Noto, Production Director at the SDF Treviglio site, to understand their experience of the partnership so far.



From left to right: Stefano Stombelli (Painting), Aurelio Noto (Production Director), Achille Giussani (Manufacturing Engineering)

“We wanted our new painting line to reduce our paint consumption per unit, become more environmentally sustainable and improve the final quality of our finish. With the help of Beckers and our equipment supplier, we kicked off our Quality Improvement Plan at the beginning of 2017.

The project has been a great success because of how well all partners have cooperated and contributed to the process. This includes everyone at SDF. By being open with each other, we have been able to identify areas for improvement, define possible technical solutions and agree qualitative and quantitative objectives.

By implementing the new system, we have started a program of continuous improvement that is focused tightly on our defined objectives. This program of improvement will keep evolving along with new objectives for us and for our suppliers.”

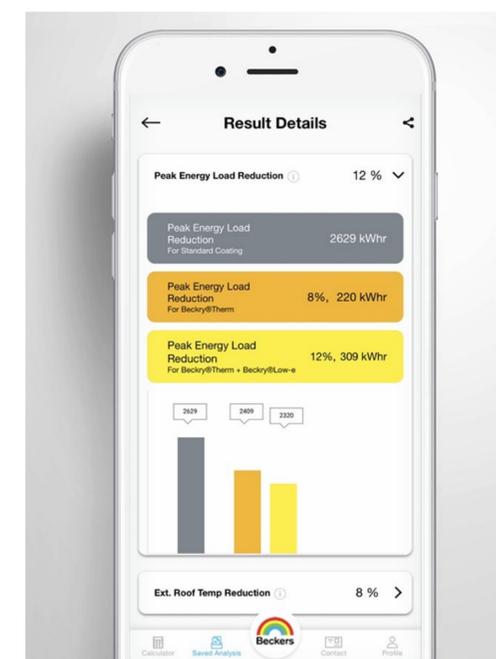
Introducing the Beckry®Therm app 3.0

We want to keep making our sustainability offer the most attractive option for our customers. Our move towards a more digital offer is one way we are fulfilling this ambition, and the Beckry®Therm app is a key part of this.

In 2018, we launched the third version of the Beckry®Therm app. This new version provides real time updates on financial conversion figures. It uses backend servers to deliver a stronger app infrastructure which, in turn, offers speedy updates and a more modern and agile user experience.



Download it here:



The hunt for new bio-based raw materials

At Beckers, we put a lot of time and resources into research and development of new products and solutions. Much of this is channelled through our Long Term Development (LTD) laboratory, which has sustainability as a key focus area. Our LTD lab was recently involved in a three-year European Union funded project called BISIGODOS, which has been looking at viable methods of producing cost-effective, renewable raw materials. The consortium consisted of 14 partners, representing a wealth of expertise and resources that covers the whole value chain.

The researchers used algae biomass as their starting material, which they then fed with carbon dioxide from the industrial emissions of steel mills, cement factories, thermal power plants and similar structures. The algae were then harvested and split into proteins and fats, from which the team sought to derive high-value chemicals for the paint and adhesive industries.

As a partner in this project, Beckers had unique access to key raw materials produced from sustainable sources that can be used to formulate coil coatings. As a result, we successfully developed and pilot-line trialled a chromate-free primer using bio-based materials to replace petroleum. Panels from the pilot

line trial have been on natural weathering tests for over a year and show similar performance compared with the control – a petroleum-based product. If the results continue to deliver in this way, the bio-based primer could be commercialised.



A new era of sustainable self-cleaning coil coatings

Existing self-cleaning coil coatings require a 3-coat system, with a thin layer of inorganic coating applied on top of a primer and topcoat. This coating is hydrophilic, which means it attracts moisture from the air and creates a film of water onto which dust particles fall. When it rains, the dust is washed off.

In contrast, dust particles can become embedded in conventional coil coatings, which means cleaning may be ineffective. Despite this, very few coil coating lines use a 3-coat system because of the extra production time and cost it incurs to apply (application of the third coat can necessitate a second pass through the line).

We are currently developing a 2-coat system in our Asia base. The results from a one-year outdoor exposure test in Kuala Lumpur suggest that 3-coat performance from a 2-coat system may be achievable. We are continuing to monitor and optimise the system, and expect to run a field trial in 2019 if exposure results continue to be positive.

2.3

It's all about the people!

Our social sustainability work builds on the foundations of our Code of Conduct, our respect for human rights and children's rights, and the ten principles of the UN Global Compact. We believe highly engaged colleagues create inspiring, effective ideas that can move our business towards becoming even more sustainable.

Taking responsibility for social sustainability

Our new social sustainability roadmap represents a strategic shift for Human Resources at Beckers and is designed to play to our strengths while preparing us for whatever comes next.

In 2017, the discussion at our international Managers Meeting set the tone for this shift: attendees expressed high expectations for human resources to add value across our business. Furthermore, the management shared their willingness to invest time and resources into the roadmap because they are convinced by its relevance and importance to our ongoing success. This enthusiasm is shared by human resources colleagues across Beckers.

The demand for a more progressive approach also comes from outside our business. Increasingly, potential recruits want to work for companies that serve a higher purpose than maximising financial returns. To attract the best and the brightest, we must communicate and live by our values while also providing an engaging and rewarding work environment.

As part of our social sustainability journey, we are responding to this change in several ways. For example, we are creating a new Human Resources department at a global and regional level, and developing our People Plan, both of which we introduce on the following page.



Workshop to create the social sustainability roadmap, Sweden.

Introducing our new social sustainability roadmap

Our new social sustainability roadmap helps us address many issues by creating agility for change and increasing trust and understanding of our shared values throughout Beckers. Having successfully defined our values three years ago, it is now time to refresh awareness of them across our company, and further integrate them into everyone’s daily decisions.

We created the new social sustainability roadmap by drawing on a wide range of stakeholders and resources. The plan is structured in four streams, anchored in our values, our Code of Conduct and our respect for human and children’s rights.

The four streams are:

- Empowering employees
- Wellbeing and safety
- Diversity
- Community engagement

Empowering employees with the People Plan

Our People Plan supports our business strategy going forward. We are aligned in a shared understanding that human resources has a fundamental role in helping us meet our business needs and move ever closer to achieving our sustainability vision.

Our People Plan is itself divided into four key streams, each with a set of clear, pragmatic targets:



Organisation & Change: we want to secure our future using an organisational model that keeps us moving forward, while inspiring everyone about the need and potential for change.



Culture & Values: we are building a culture based on our values and boosting employee engagement to ensure our sustainable business success.



Talent & Learning: we are making sure we have the right people in the right roles, while endeavouring to keep enhancing our attractiveness as an employer.



Performance Management: we want to ensure clarity on roles and targets, while creating a feedback culture that ensures a company-wide attitude of continuous learning.

We are implementing this plan using ‘agile’ techniques, testing processes and tools as we go and adapting each new rollout based on our ongoing learnings. So far, we have tested several new formats in our internal communication, such as presenting Running News as a video. We have introduced a new monthly routine in our HQ: “Lunch and learn” where colleagues give their

peers new insights about their fields of responsibility. We have also identified a common global survey tool to further measure the engagement of our employees, our closest barometer for our culture. ([see p.25](#))

Wellbeing and safety

In this work stream, we will focus on providing:

- Tools for employees to improve their health
- Skills development and training for managers
- Safety role modelling ([see page 27](#))

Diversity

In this work stream, we will focus on:

- Supporting a strong organisation that can recruit the best talent
- Optimising collaboration in vivid workplaces
- Supporting good work-life choices, for example, for parents

Community engagement

Local community engagement has been part of our way of business for many years. Around the world, Beckers’ sites have always engaged in local activities and projects, such as supporting and donating to schools, charity events, culture and sports clubs.

We are now working on global guidelines to support local engagement around a common cause. See Local social initiatives on [page 37](#).



Listening to our people

In 2018, we continued the rollout of employee surveys and chose a single global tool to facilitate this process. The surveys reached five new countries and we are on track to reach all Beckers' sites by 2020.

The employee survey measures four indicators: engagement, leadership, net promotor score (how many would recommend Beckers as an employer) and team efficiency. This survey aims to build a clear picture of how employees feel about working at Beckers. By creating a baseline from which we can improve, we have a bespoke tool for the targeted development of our company.

In 2018, the five new survey sites were France, the US, our Berlin HQ, Malaysia and China. Four out of five of these surveys achieved 100% participation, and the fifth reached 87%. A high participation rate is great feedback and useful because it leads to actionable results at both a group-wide and local level.

How we use our employee survey

After the survey has been conducted, a local team will work through the results together, acknowledging any strengths and defining areas for improvement. Together with the management team, this work will lead to a general action plan for all sites. Different groups will then act based on this plan.

I am very thankful for our employees' willingness to participate and our managers' encouragement and support. Communication was key to reaching our 100% participation goal. Our working groups will begin to take actions based on the results while acknowledging the strengths and defining areas of improvement where challenges have been identified. I am very excited to be moving on this path!

– Kim Bator
HR Manager, Beckers North America

The next survey will look to uncover any change in indicators from the previous results. For example, we know there is a common demand across Beckers for cross-functional collaboration and better communication.

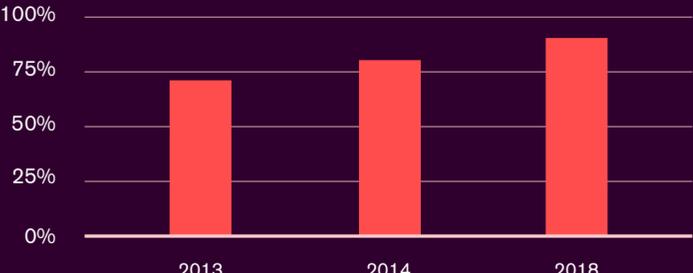
What Beckers thinks about sustainability

In 2018, we conducted our third internal survey on sustainability and our sustainability report. As with previous surveys, the results showed that Beckers' employees are increasingly highly focused on sustainability, and passionate about achieving even better results.

We asked: is sustainability important to Beckers' future?



We asked: does Beckers Group have a strong commitment to sustainability?



We are very pleased with these results, not least because they tell us our work towards a more sustainable future will be well supported by all our Beckers' colleagues worldwide.

3.0 Working on impact

To fulfil our sustainability ambition – environmentally, socially and economically – we continue to work across all our functions, with partners along in the value chain and with communities.

3.1 Keeping our people safe and well

A closer look at how we continue to drive Environment, Health and Safety to the next level at Beckers.

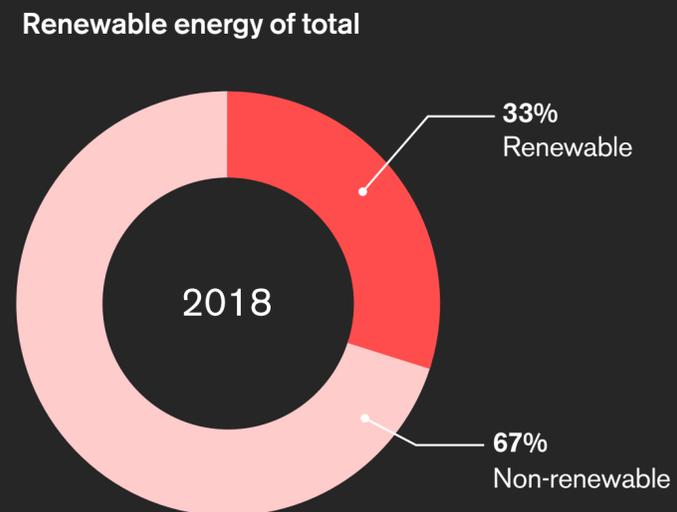
3.2 Using all employees’ problem solving capacity

Find out how our new approach to Operational Excellence is paying off for our customers.



3.3 Our results

Our annual update on our energy, waste, climate and VOC performance.



3.4 Our Gold-rated performance

Find out why we are so proud of our latest EcoVadis score.

3.5 Stepping up to sustainability

Meet a supplier who is proud to share their sustainability story.

3.6 Local social initiatives

A quick summary of our local impact around the world.

3.7 Sustainability award 2018

Announcing this year’s winners of our annual sustainability award.

3.1

Keeping our people safe and well

2018 was a good year for Environment, Health and Safety at Beckers. Along with a focus on building a culture of safety, we saw a significant decrease in our Lost Time Injury rate.

Driving EHS to the next level

In 2018, our focus for Environment, Health and Safety (EHS) was to further embed 'we own EHS' as our group-wide approach. In particular, we focused on developing trust and integrity to move closer to an organic, interdependent safety culture.

However, we recognise that culture-building is both challenging and time consuming. We have learned that safety reporting and more behaviour-based initiatives are critical building blocks to progress. By making sure all Beckers employees feel they can be open and honest about EHS, and are engaged and committed to EHS initiatives, we will achieve our vision of a safety culture.

We established our EHS policy in June 2016. During 2018, we continued to communicate it throughout the Group. The nine key parameters of the policy are:

1. Adhere to local labour requirements and social legislation
2. Set targets and ensure regular measurements and reporting
3. Process improvement focus
4. Training for all employees
5. Local H&S committees
6. Follow up and communicate on serious accidents and incidents to learn

7. Regular EHS audits
8. Reduce risks, emissions and waste
9. Create a safety culture

Our roadmap for a safe and healthy future

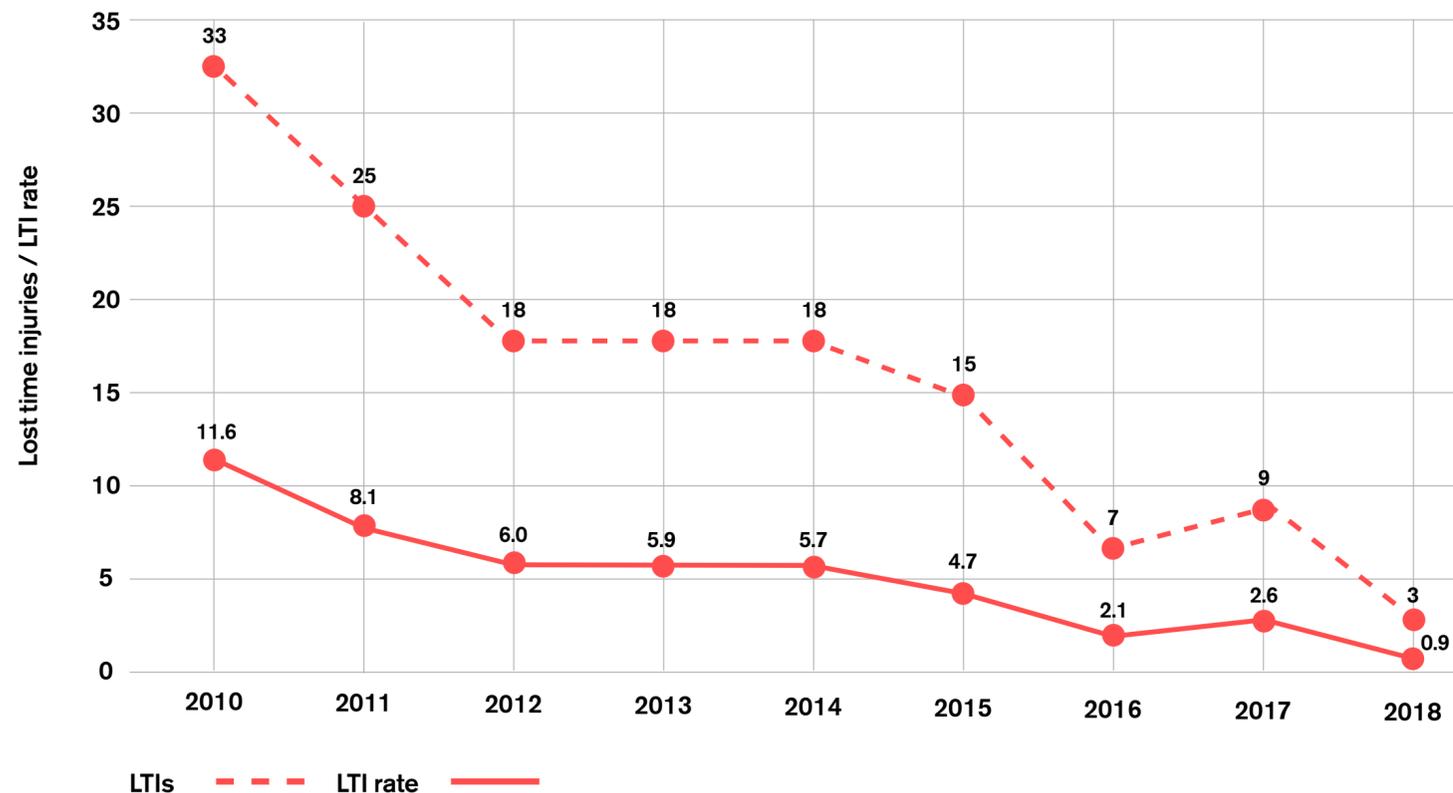
The roadmap for improving EHS at Beckers is focused on training, hazard identification and accident reduction. It emphasises our EHS Policy, our Loss Prevention Standard, our Incident and Accident Investigation and our Root Cause Procedure.

The roadmap states that all our sites must have safety committees, which – alongside other duties – must regularly communicate with all employees about EHS issues and take part in our annual Global Safety Day. For example, our French site recently produced a video to help communicate the highlights of last year's Global Safety day.



The roadmap also states that every site must implement rules and signs around Personal Protection Equipment, conduct regular gap reviews of the Beckers Loss Prevention Standard, establish a system for Safety Observation Tracking, use Portable Gas (VOC) detectors and analyse mobile pot covering practices (to further reduce VOCs).

Significant improvement of LTI figures 2018



Global Safety Day 2018

Changing how we report safety

We have introduced a new system for safety analysis at Beckers. Previously, our safety analysis was based on Lost Time Injury (LTI) and was therefore fundamentally reactive – it could only look at root causes and corrective actions following an adverse event.

In contrast, our new near miss and safety observation reporting is a proactive method that encourages all employees to engage in hazard identification. In turn, this raises their own safety awareness and helps remove potential issues that could lead to more serious accidents.

In order to further embed the new reporting system, we made it the tagline for 2018's Global Safety Day: See it – Raise it – MAKE IT SAFE. Global Safety Day also saw the heads of each site actively taking the lead in emphasising the importance of EHS to their teams, with larger sites arranging a series of activities to promote proactive hazard analysis and awareness.

So far, the new reporting approach has been a success with engagement exceeding the targets set in many sites. We are currently implementing a fast track system to close minor reports quickly, which should help make the process more streamlined.

What is LTI?

'Lost Time Injury' - or LTI - describes an injury that results in someone having to take time off from their next shift or working day. The LTI rate is calculated per 1 million worked hours.

In 2018, we scored our lowest ever LTI rate since records began. Although we will keep striving towards a zero score as our ultimate goal, we can be proud of this result.

Streamlining information for safer chemicals

When used correctly, chemicals are a safe and essential part of modern life. However, used incorrectly, they can cause harm to people and the natural environment. To mitigate this, over the years, numerous countries and organisations have developed regulatory legislation that requires suppliers of chemical products (like Beckers) to provide detailed information on contents and usage, in the form of labelling and Safety Data Sheets (SDS).

Although similar in many respects, these regulations differ enough to require different labels or SDS for the same product in different countries. This is time-consuming and more confusing than it needs to be. SafeIT is our solution: an in-house Environmental, Health and Safety project that seeks to streamline and improve these systems, enhancing the safety of our own employees, customers, other stakeholders and the environment.

How SafeIT works

The SafeIT software contains regulatory data for thousands of chemical substances, a phrase library featuring countless phrases translated into more than

45 languages, and a range of regulations governing the automated creation of SDS and labels, involving hundreds of pre-formatted compliance-approved templates.

In this way, the SafeIT programme allows the collation, cross-referencing and processing of a huge range of data. It ensures full cross-global compliance with the most complex labelling requirements, for even the most highly-specialised niche sectors, in line with all national and international regulations.

The SafeIT team

Our SafeIT programme team contains a diverse group of experts in chemical toxicology, regulatory toxicology, organic and inorganic chemistry, the biological sciences, biochemistry, paint technology, sustainability, information technology, systems processing and systems programming. Together, they are dedicated to ensuring that Beckers' labels and SDS are 100% compliant wherever the group operates.

An innovative solution to hazardous waste

At Beckers, we rely on local sites to create best practice waste solutions. In 2016, our Chicago facility installed a dust collector. This new piece of equipment greatly improves the working environment.

However, the dust collector also generates a new source of hazardous waste – pigment dust. The Chicago team took responsibility for this new waste stream and, rather than just disposing of it (which would be expensive and unsustainable), found a way to repurpose it into something useful.

The Chicago site's Director of EHS asked Eli Lara, a Process Engineer, to devise a solution for the challenge. After some research, Eli developed a formula to reprocess the pigment dust into a paste that could be used to shade some of our backing coats. This solution has two benefits: it eliminates a hazardous waste stream and provides a cost-effective resource for making tint paste.



Dust collector, Chicago, Illinois.

3.2

Using all employees' problem solving capacity

In last year's report, we introduced our strengthened commitment to Operational Excellence across our business.

Since then, we have trained over 60 colleagues, from Operator to Manager across six sites, in hands-on 'Practical Problem Solving (PPS)' skills, resulting in 17 value-generating projects.

In addition, we have over 30 complex high priority GreenBelt projects running globally, improving how we work - from operations, Quality Control, supply chain, procurement, IT to R&D.

After successful completion of their projects, the Project Leaders are certified as Beckers Lean Six Sigma GreenBelts.

This year, we are pleased to report this approach is helping us fulfil customer expectations and needs both effectively and efficiently.

We have chosen a story from a recently completed project in Märsta to share with you.



Find the video on the Beckers Group YouTube channel
<https://www.youtube.com/watch?v=NMRrUeNb4Gs&t=2s>

Lean Six Sigma success in Sweden

We identified improvement potential in lead times for customers and quality at our Industrial Coatings APE business in Märsta, Sweden. As a result, we decided to run a Lean Six Sigma project to solve the challenge. A cross-functional team launched an improvement project in January 2018, which led to a 30% decrease in lead time, a significant increase in the predictability and stability of the process and a much happier, more productive workplace. To hear the full story, watch our interview with Daniel Kjell, Production supervisor.

3.3 | Results: Waste

Less waste, more reuse

2018 was a good year for waste management at Beckers. Not only did we reduce total waste generated, we also increased the amount of waste we reused by 20%. We are committed to delivering on our plan to quantify reused waste as either hazardous or non-hazardous.

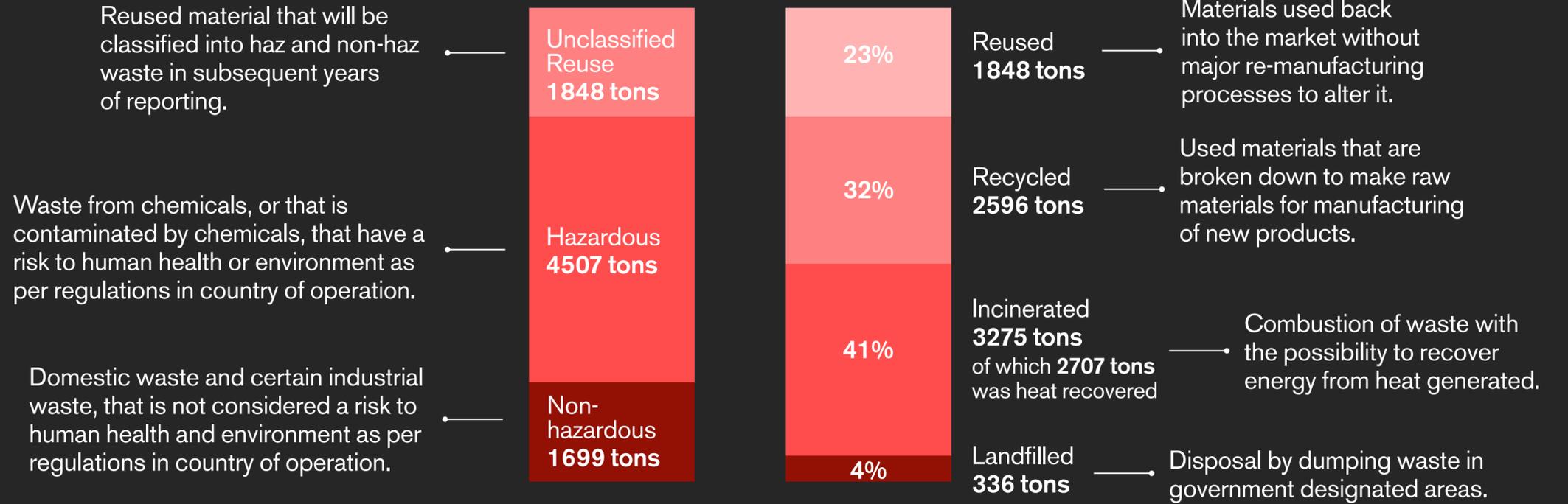
As you can see, the graphs show a decrease in waste generated. We only started measuring our reused waste stream in 2017 and the pink fraction in the graphs now illustrates our reused waste output.

These results demonstrate our efforts to prevent waste generation. Many of our sites around the world have initiated projects to reduce waste directly and to implement strategic operational practices that eliminate the source of waste itself. A few major examples are:

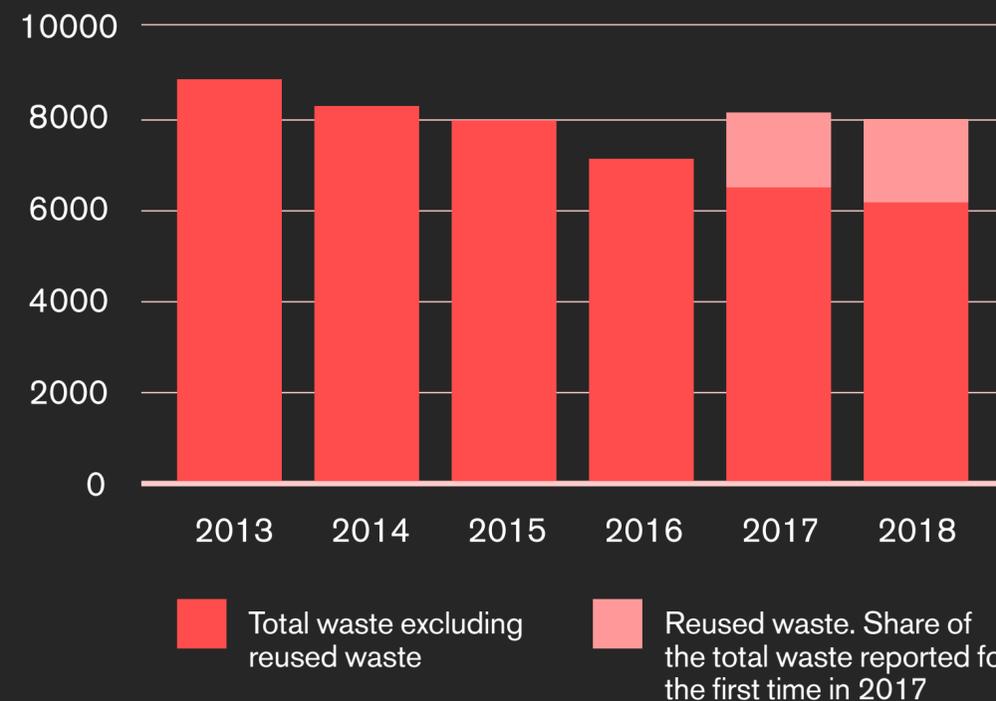
- Completion of 5S initiatives in Shanghai, UK and India
- Implementation of Practical Problem Solving (PPS) method in Vietnam
- Reduction of packaging waste by using bulk transfer of raw materials in Poland and Vietnam

To find out more about our performance on waste, please see the [GRI Appendix on our website](#).

2018 total weight of waste by type and disposal method



Total waste, ton



Waste intensity, kg/ton product



3.3 | Results: Energy

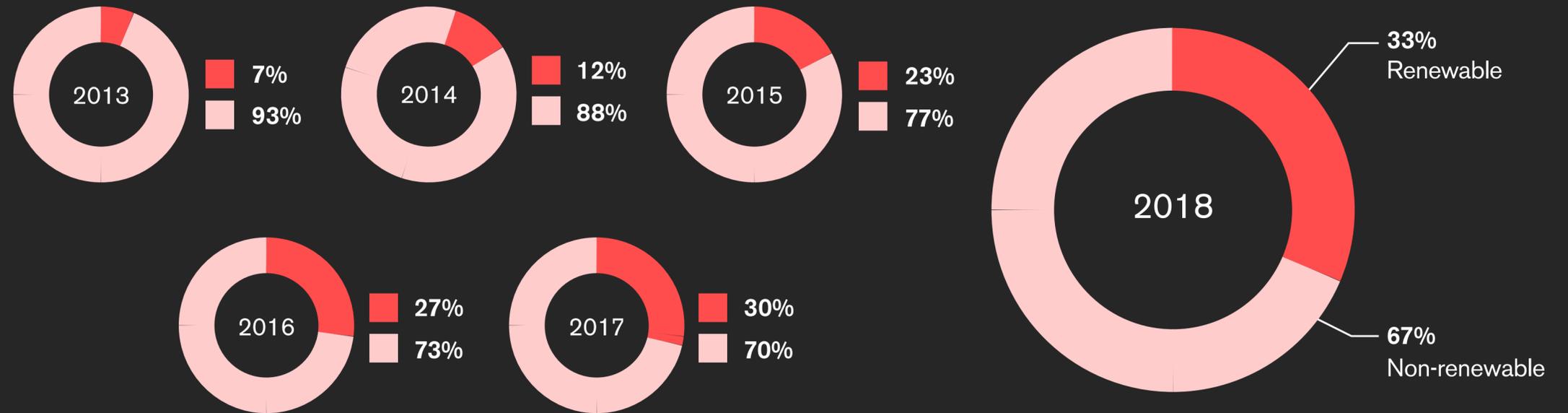
Accelerating towards renewable energy

In 2018, our total energy consumption and energy consumption per ton of product remained constant. We made good progress thanks to more efficient production management. However, we were not able to fully optimise our heating and cooling to save energy and see this is an important improvement area for Beckers in the future. We include electricity, heating, cooling and fuels in total energy.

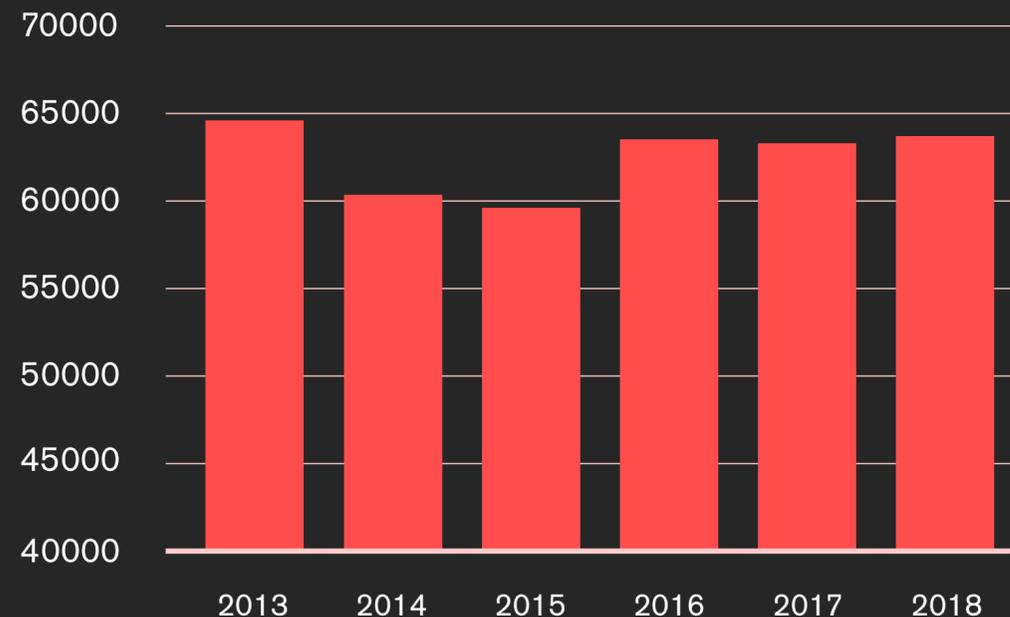
Last year, we received 33% of our total energy demand from renewable energy. This percentage increased for two main reasons. First, because more renewable energy was used for district heating in Sweden, and second, because of China's reporting of grid energy source. We also saw an increase in energy from our solar panels in Malaysia, which now support 10% of the site's total energy demand for the year. We continue to actively seek opportunities to source more renewable energy for our operations.

To find out more about our performance on renewable energy, please see the [GRI Appendix on our website](#).

Renewable energy of total



Total energy consumption, MWh



Energy intensity, MWh/ton product



3.3 | Results: Climate & VOC

Our 2018 carbon savings

As global temperatures continue to soar, it is becoming increasingly important to Beckers' customers and various stakeholders that we clearly measure, assess and report on our carbon footprint. We have been monitoring and communicating carbon data since 2012. In 2018, we saw a slight reduction in CO₂e emissions compared to 2017, despite no decrease in production. Compared to our base year of 2013, our emissions have reduced by 13% per ton of product.

Tracking our reduction

Most of last year's savings came from two changes to inbound third-party deliveries. First, we had a new emphasis on producing intermediates locally, instead of relying on sister-companies that might be further away. And second, we sourced from more suppliers that were significantly closer to production sites than previously. Apart from these, we also saw emission reductions from our premises, from company-owned vehicles and from business travel. We saw an increase in emissions from outbound third-party deliveries.

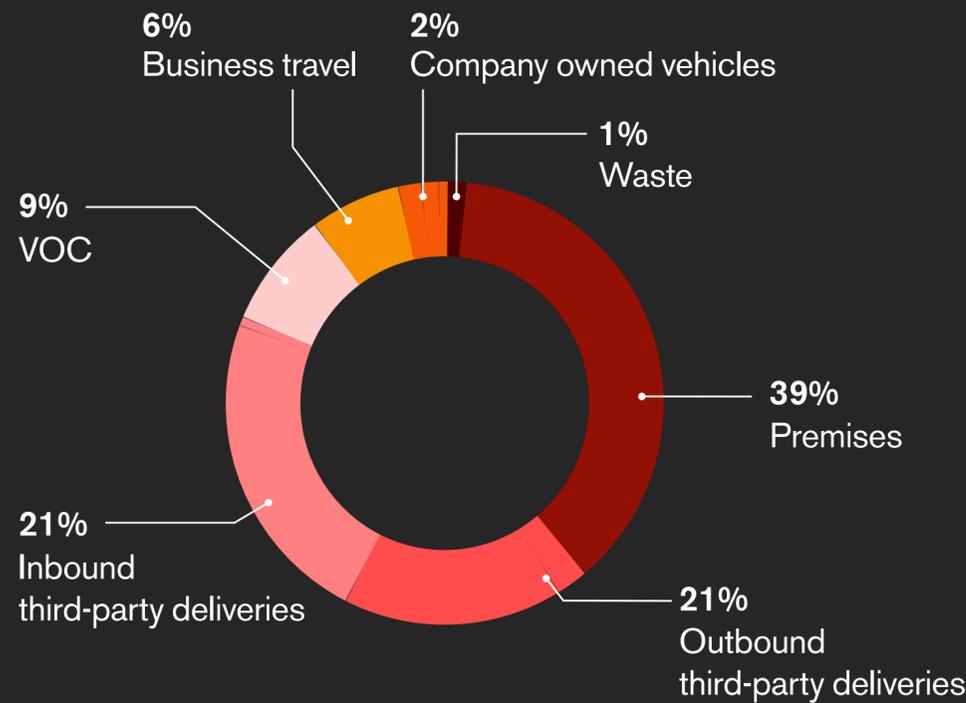
Getting smarter measurements

The Emission Factors (EF) we use to assess our climate impact are provided within the tool we use - Our Impacts. These convert each unit of business activity into its corresponding amount of equivalent carbon dioxide. The EFs are constantly updated based on new science, with some changing according to fluid factors, such as grid electricity and are provided by international agencies on climate change, such as IPCC.

In 2018, some of the EFs reflect an update in methodology of calculation and changes in activities over the year. As per our Recalculation Policy, the changes to the Emission Factors over 2018 do not impact the previous years' results in a significant manner, so there is no need to recalculate the base year.

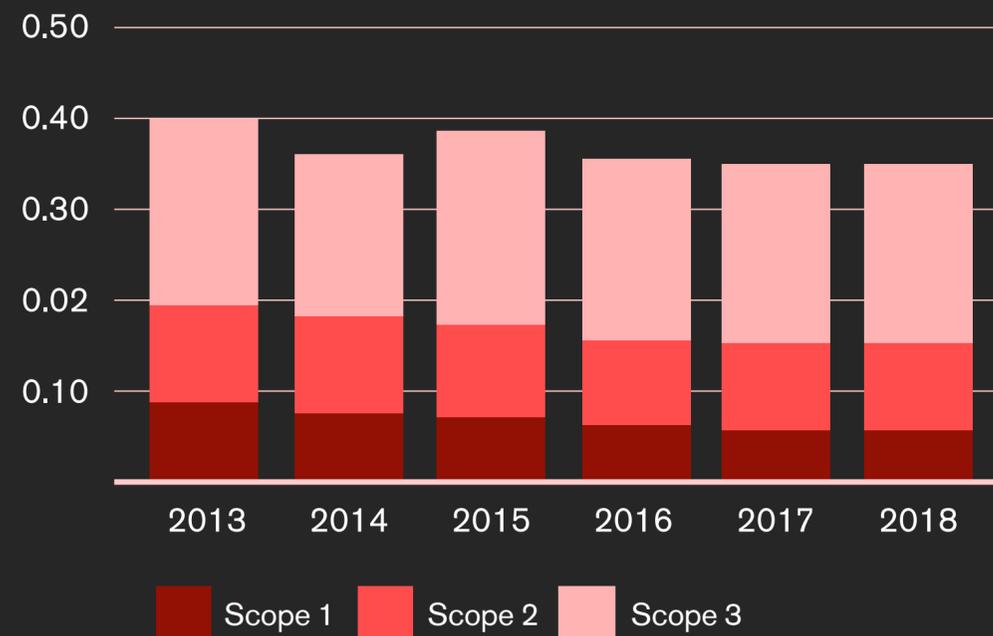
For more information on our climate assessment, please see our climate Impact Summary for 2018 [here](#). To find out more about our performance on climate and VOC, please see the [GRI Appendix on our website](#).

Carbon emissions by activity*, %



- Waste:** Indirect emissions from the processing and disposal of all forms of waste
- Premises:** Direct emissions from consumption of fuel (on-site), purchased energy and water, including their indirect upstream emissions.
- Outbound third-party deliveries:** Indirect emissions from transportation of finished goods using third-party services.
- Inbound third-party deliveries:** Indirect emissions from transportation of raw materials using third-party services.
- VOC:** Direct emissions from purchased solvents that are considered as Volatile Organic Compounds.
- Business travel:** Indirect emissions from movement of employees and external people, excluding vehicles owned by the company.
- Company owned vehicles:** Direct emissions from consumption of fuel in owned and long-leased vehicles of the company including their indirect upstream emissions.

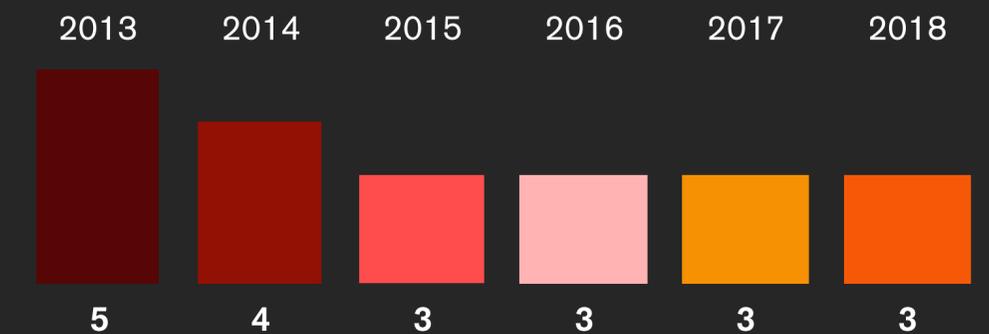
Carbon emissions intensity*, ton CO₂e/ton product



Our VOC results

We continue to measure and target VOC emissions from all our production sites. Our VOC emissions per ton product remained constant over 2018.

VOC intensity, kg/ton product



* All climate data reported is as per Location-based approach

3.4

Our Gold-rated performance

We are pleased to announce we have been awarded a Gold rating by EcoVadis for the second consecutive year!

Proud of our progress

As well as earning a Gold rating, we increased our score from 63 in 2017 to 65 in 2018. This widely-respected certification is awarded in recognition of a company's Corporate Social Responsibility (CSR) performance.

EcoVadis is an independent third-party organisation, and Gold is their highest rating. Earning a Gold rating places Beckers Group in the top 5% of companies assessed by EcoVadis in the 'Manufacture of paints, varnishes and similar coatings, printing inks and mastics' category.

EcoVadis operates an online platform that allows companies to benchmark their CSR performance as well as monitor the environmental and social performance of their suppliers.

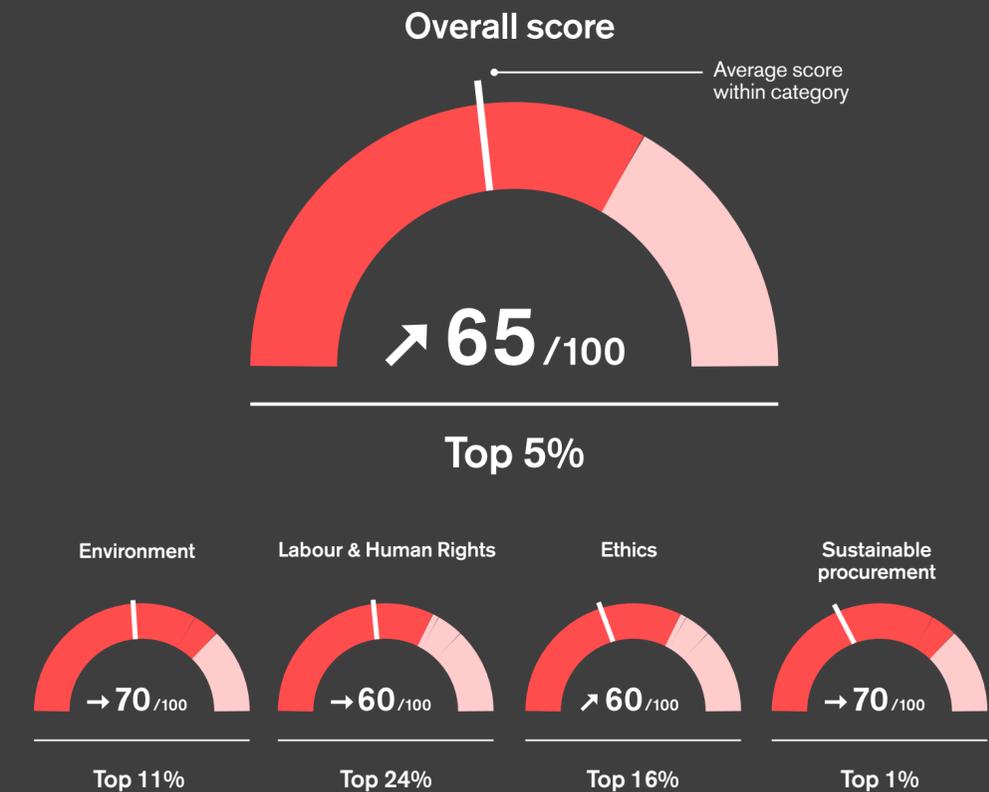
In October 2018, Beckers conducted a global assessment of CSR performance for our EcoVadis rating, looking at four core areas – Environment, Ethics, Labour Practices & Human Rights, and Sustainable Procurement.

This result is a consequence of intensive cross-functional work across Beckers Group.

EcoVadis scoring results 2018

In the category:

Manufacture of paints, varnishes and similar coatings, printing inks and mastics.



It is also a reflection of our focus and efforts to implement robust ethical practices while continuously improving on the other three themes.

Looking ahead, we remain strongly committed to further sustainable development.



3.5

Chain up

Our Supplier Code of Conduct is a fundamental part of how we communicate and collaborate with our suppliers. In 2018, the Code was signed by most of our global suppliers, representing about 60% of our total spend.

In 2019, we would like to focus on connecting with and engaging our local suppliers. It is essential we have an effective way to manage the 3000+ accredited suppliers that support us at different locations around the world. To do this, we have launched a new collaborative tool to help our sites manage this process locally and monitor the status of each single supplier. We aim to achieve 70% of spend for each site by the end of 2019.

Engaging with our suppliers to improve

Because we take a holistic value chain approach to sustainability, our suppliers have a significant impact on our own performance. We monitor the social and environmental sustainability of all our suppliers and empower them to improve their performance using the following three-step process.

Step 1: Sign and adhere to the supplier Code of Conduct

We introduced a Supplier Code of Conduct in 2017. Today, it is a fundamental part of how we communicate and collaborate with our suppliers. In 2018, 60% of our external global spend was covered by suppliers that declared their adherence to our Supplier Code of Conduct. In 2019, we are focusing on connecting with and engaging our local suppliers and aim to achieve 70% of spend for each site by the end of the year.

Step 2: Conduct third party assessments

We ask all our key suppliers to conduct EcoVadis assessments. Though user-friendly in design, these assessments are not easy, and suppliers must provide proof for all their claims. A supplier must score a minimum of 40 points in each of the four segments of the assessment to achieve full approval. Those who

fail must work through a transparent corrective action plan towards a reassessment. This process allows us to take our suppliers with us as we move our industry in the right direction.

In 2018, our EcoVadis-assessed raw material suppliers covered 72% of our total raw material purchase value (up from 69% in 2017). Our EcoVadis-approved (suppliers that score four-times 40 or above) purchase value was 62% (up from 58% in 2017).

Step 3: Conduct inhouse audits

We conduct our own in-house audits on selected key suppliers – primarily operating in higher risk regions – to verify their compliance with our Corporate Social Responsibility and quality expectations. We have seen a remarkable improvement in quality control and sustainability performance, as shown in our story on Hua Lun Resin on [p.36](#).

We decide which suppliers to audit based on a risk assessment, which includes factors such as geographic location, industry or sector, self-assessment results, length of relationship and previous performance. We work together with the audited supplier to improve, sharing improvement proposals and requesting action plans within a specific time period.

3.5

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Find the video on the Beckers Group YouTube channel
<https://www.youtube.com/watch?v=phRRzq3YI8A&t=1s>

A supplier story: stepping up to sustainability

Hua Lun Resin is a supplier of resins based in China. Having conducted their first EcoVadis review in 2014, with the help of Beckers the company has come a long way in its approach to sustainability. Here, we hear from Kevin Hou, Sales Manager, about some of Hua Lun's sustainability improvements and their exciting plans for the future.

3.6

Local social initiatives

At Beckers, we feel responsible towards the communities where we operate and engage globally with many different initiatives. In this section, we share a few highlights from our colleagues around the world. Read more about our social sustainability roadmap on [page 24](#).

Germany

Beckers Germany supports Raphaelshaus, a youth welfare centre in the city of Dormagen that offers engaging activities and appropriate help and support to children and young people in particularly stressful life situations.



South Africa

As well as donating to two South African orphanages, Beckers continues to support Star for Life, a non-profit organisation with a mission to inspire young people to believe in their dreams and live healthy lives. The NGO was founded in Sweden and offers educational programmes and training to schools around Africa.



Malaysia

Representatives from Beckers visited the Brain Injury Child Home in Cheras to make a donation. We arranged interactive activities for the children and invited a clown to provide further entertainment.



Poland

Beckers gave a donation to 'Mums from Tarnów', which supports local mothers by organising events and courses.

Sweden

In Sweden, Beckers engaged in several actions and projects, such as taking in apprentices newly arrived to the country, supporting Kulturskolan (cultural training for young people) and arranging a local museum exhibition.

3.6

Local social initiatives

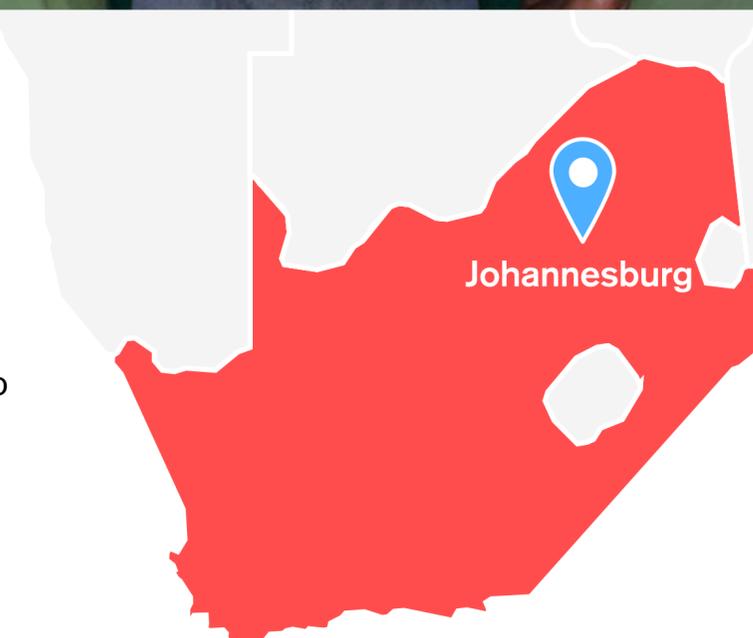
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Find the video on the Beckers Group YouTube channel
<https://www.youtube.com/watch?v=ioKWGJB2yDM&t=4s>

Star for Life, South Africa

Star for Life is an organisation that supports children in South Africa to live healthy lives, helping them dare to dream and empowering them to reach for those dreams. We are proud to have supported Star for Life – and the children they work with – for many years. In this interview, we hear from Charmaine Jansen, at Beckers South Africa, about the work they do, how Beckers is engaged and what benefits this creates.



3.7

Beckers' Sustainability Award 2018

We are thrilled to announce this year's winners of the Beckers' Sustainability Award. For the second year running, our judges had the difficult task of choosing the best initiative out of 18 amazing nominations from nine sites. All contributors, especially the finalists, should be acknowledged for their effort to improve our sustainability value proposition, or our social or environmental impact.

Presenting the 2018 winners

Economic & Environment Award:

Ida Emilsson, Mikael Johansson, Erik Karlén, Jackey Nguyen, Pablo Mesa & Susana Torron of Beckers Sweden

The Industrial Coatings R&D teams from Beckers Sweden have developed a state-of-the-art waterborne basecoat product for the Automotive Plastics Exterior market. The project was very well managed and maintained a great team spirit. The new waterborne product gives our customers a sustainable solution and our business a competitive advantage. The new product is NMP-free and has a much higher solid content compared to other products in the market, which directly translates to a reduction of VOCs.

Social Sustainability Award:

Agnieszka Węglińska of Beckers Poland

Agnieszka Węglińska of Beckers Poland arranged Free Medical Screening for employees at our Polish site. The screening, which was sponsored by Beckers, took place at the site in Tarnow. 73% of employees took the opportunity to be examined. Agnieszka is genuinely engaged in social sustainability, with a passion to motivate colleagues and improve well-being of employees.



I was taught to care about 'social sustainability' from a very young age. Today, I still believe the foundation of our humanity lies in caring for each other.

– Agnieszka Węglińska, winner of the social sustainability award



During the last three years, we have worked hard to get a new waterborne technology to market that would fulfil both the needs of automotive businesses and Beckers' vision of sustainability. This prize indicates we are on the right track and aligned within our company; it encourages us to keep going and gives us strength to face upcoming challenges.

– Susana Torron and Mikael Johansson, leaders of the winning teams of the environmental and economic award



4.0

Meet Beckers Group

Beckers offers sustainable coating solutions to customers around the world. Find out how our business works, and how we keep our sustainability efforts on track as we move towards fulfilling our vision.

4.1

Beckers in detail

Our company structure, financial performance, business segments and core values.

4.2

A new voice at Beckers

Meet Judith Jungmann, our Chief Human Resources Officer.

4.3

Over 30 years in the family

Celebrating 30 years as part of the Lindéngruppen family.

4.4

Our global network

A quick look at what our global presence means for Beckers.

4.5

Meet our management



4.1

Beckers in detail

Beckers is a global coatings company that develops high-quality environmentally compatible paint systems. Our expertise is based on our long history dating back over 150 years. In 2018, 1,800 people worked at 24 production sites in 18 countries, providing products and custom-made solutions to customers in close to 60 countries around the world.

The company is structured into two business units: Coil Coatings and Industrial Coatings. Our aim is to be a solutions provider that offers more value than the sum of our products. Environmental responsibility is an integral part of Beckers' mission. We are committed to setting new standards in product innovation, customer relationships and environmental sustainability and thus invest heavily in research and development to produce state-of-the-art coating solutions.

Financial performance

Net sales 2018: MSEK 5,962

Capitalisation

Equity: MSEK 1,387

Equity ratio: 33%

Net interest bearing debt of MSEK 288

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 our operations, to maintain good stakeholder 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 our operations in new locations while creating fruitful customer relationships. Global reach and local

presence are 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 Beckers Group's financial performance.

Our Business units

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 as well as consumer devices.

The spirit of Beckers

Our values and culture are our spirit. As well as providing the foundation for our business, they are a major reason for our ongoing success.

Our values represent our guiding principles and help shape our business culture. Our values guide our priorities, actions and behaviour; they are long-term and define the character of the company.

While culture has many aspects and may change

over time, its core consists of a clear sense of purpose derived from our values. Our culture also creates the foundation for our strategy.



Our Core Values



Customer focus

By understanding our customers' requirements today and in the future, we provide competitive, sustainable solutions that create real value.



Team spirit

We are passionate about our business, and act as a true team towards our shared goals. Fairness is important to us and all our business dealings are based on mutual trust and respect.



Shape and adapt

Building on our history, we strive for operational excellence by benchmarking and continuously optimising our processes. In this way, we prepare for the future in everything we do.



Trust and integrity

Our actions are guided by the strong moral compass of a responsible company.

Our Code of Conduct

The Beckers Code of Conduct defines key ethical principles that guide us in our daily business. The Beckers Code of Conduct applies at all levels: from executives and managers to line employees. We consistently apply our core values with respect to human rights, labour standards, environmental standards and anti-corruption. These conditions are defined in the United Nations Global Compact.

Compliance with our Code of Conduct is continuously monitored by the Management of the Group. The Chief Financial Officer oversees compliance on a global level.

Our online Code of Conduct training has been further rolled out and is available in five languages. Coverage is now 45% of all employees.

Our Supplier Code of Conduct

Our Supplier Code of Conduct defines our basic requirements for all suppliers of goods and services, in particular concerning their responsibilities towards their stakeholders and the environment.

Beckers expects its suppliers to adhere to international human rights and environmental laws and practices, monitor their ethical performance and take immediate and thorough steps in cases where this ethical performance comes into question.

The UN Global Compact

The UN Global Compact has been a fundamental part of our values and Code of Conduct for many years. By signing the Global Compact, we take responsibility within the areas of human rights, labour, the environment and anti-corruption, and make an even stronger commitment to taking action and reporting on our progress.

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.

There were no legal actions for corruption in 2018.

Anti-competitive behaviour

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 conduct, anti-trust or monopoly practices in 2018.

4.2

A new voice at Beckers

Judith Jungmann is our Chief Human Resources Officer, and takes responsibility for sustainability in the Executive Group. Here, we speak to her about why she joined Beckers, what she finds exciting and challenging about sustainability, and where she thinks the next chapter will take us.



Find the video on the Beckers Group YouTube channel
<https://www.youtube.com/watch?v=cljMONk4sME&t=5s>

4.3

Over 30 years in the family

It is with gratitude and recognition that we celebrate more than 30 years with Lindéngruppen - our parent company. We are proud to share in the same vision of making a positive impact on the world around us.



New leadership at Lindéngruppen

As of January 2018 Paul Schrotti is the new CEO of Lindéngruppen. Paul comes from Axel Johnson AB, where he since 2010 has held the position as Executive Vice President. Paul combines strong leadership with extensive experience from different businesses and governance models. He also has broad experience from working in a values-driven large family business.

“I am convinced that by creating sustainability and building it into all parts of our business activities we can redefine business value and drive growth. Going forward, I would like to see Beckers set ambitious goals and take a lead in this area. Our success will come from inventing new solutions to old problems and thereby achieving a higher level of economic, environmental, ethical and social performance.”

Working as one for sustainability

Being part of the same family for such a long time creates stability and loyalty. We remain grateful to be part of a business that is governed – above all – by its values. Our business continues to thrive as we share our owner’s ambitious vision for sustainability and long-term business

strategy. Jenny Lindén Urnes, Lindéngruppen’s owner and Chair, strongly believes that all businesses in the Lindéngruppen family should create real positive impact. In each of their respective industries, these businesses - including Beckers - are a driving force in the transition towards full sustainability.

Lindéngruppen was founded in the eighties, but the companies it is made

up of all have longer histories. These companies include Colart, the largest global supplier of artist materials, Höganäs AB, the world’s leading manufacturer of metal powders, and Alex Begg, specialising in woven textile premium products. Beckers is proud to be part of the Lindéngruppen story, and to share in its purposeful and proactive vision.

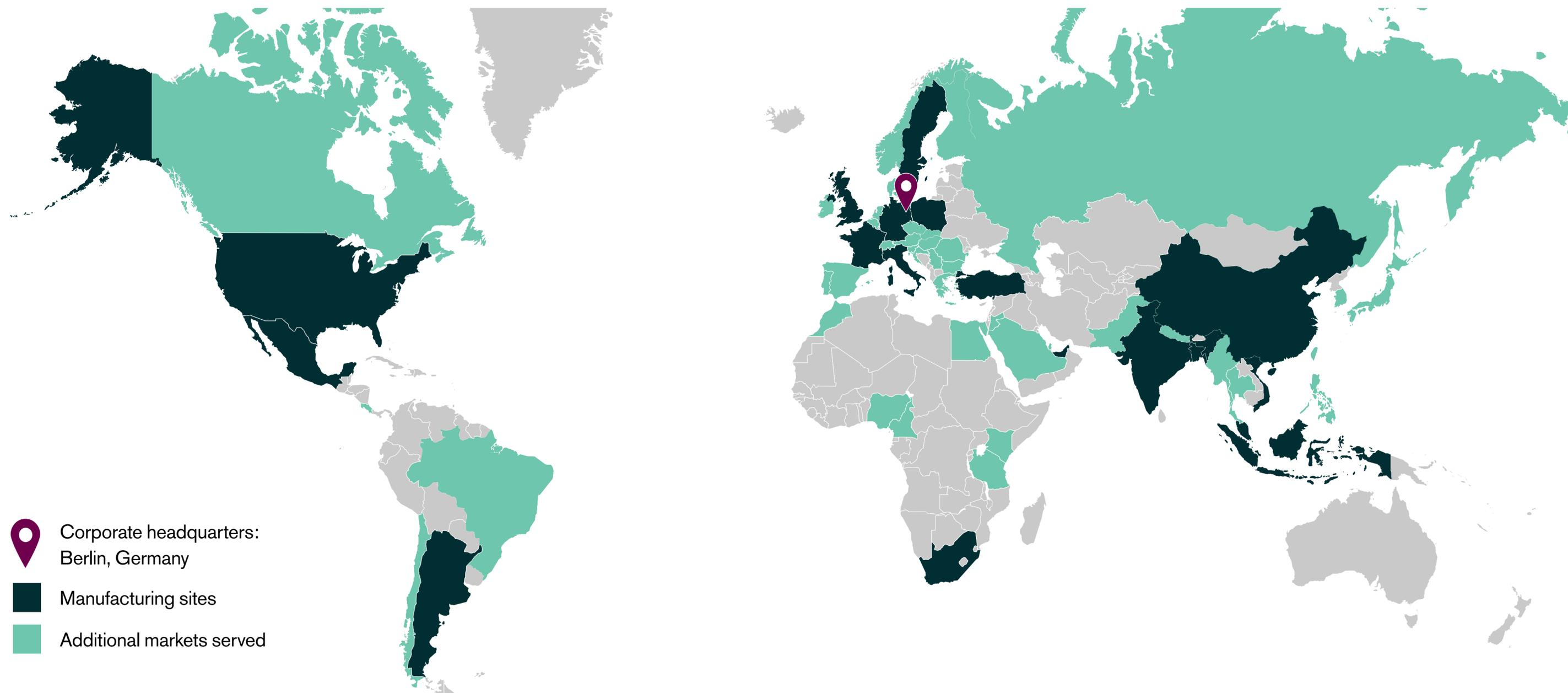
4.4

Our global network

Beckers operates a global network of manufacturing sites to follow customer demands and stay as geographically close to them as possible.

This global presence was not built in a day – it is the result of our 150 year-long history in paint making. Beckers was founded in Stockholm in 1865 by a German chemist called Carl Wilhelm Becker. Since then, our company has grown and evolved from a one-man consumer paint shop, to a successful Swedish enterprise, to a world leader in industrial surface finishes.

Although Beckers started as a consumer paint company, today our focus is entirely on industrial coatings. With 24 production sites in 18 countries and five continents, we act as one global Beckers Group, serving customers in close to 60 countries.



4.5 Introducing our Board of Directors and the Executive Group

Beckers Group is owned by Lindéngruppen, a Swedish family business with a focus on the long-term development of industrial companies. Our corporate headquarters are located in Berlin, Germany.

Beckers Group is governed by its Board of Directors, which has four meetings a year. Our CEO and selected Executive Group members participate in this meeting. The Executive Group consists of the Global Leadership Team and Presidents of all business units; it meets once a month. Our Global Leadership Team consists of our CEO, CFO, CHRO and COO, and meets twice a month.

Sustainability is part of the Chief Human Resources Officer's agenda and thus the Global Leadership Team agenda. This is fuelled by a team led by a Global Sustainability Director. The Sustainability Committee is responsible for strategy development, stakeholder engagement and alignment. The committee is chaired by the Global Sustainability Director and consists of representatives from all key functions and regions.

Executive Group

Dr. Boris Gorella
CEO

Dr. Karsten Eller
Chief Operating Officer

Judith Jungmann
Chief Human Resources Officer

Olivier Laune
Chief Financial Officer

Paul Menezes
President Coil Coatings
Asia & Middle East

Christophe Sabas
President Coil Coatings
Europe, Africa & Americas

Christian Vogel
President Industrial
Coatings

Board of Directors

Paul Schrotti
Chairman

Jenny Lindén Urnes
Owner

Dr. Boris Gorella
CEO, Beckers Group

Georg Brunstam
Chairman, Hexpol AB

Mark Hamlin
Chair, Organisation
Resource UK

Malin Persson
CEO and owner, Accuracy AB

Suzanne Thoma
CEO, BKW AG

Leonardo Franconeri
Labour Representative

Päivi Kukkonen
Labour Representative



Executive Group: (From left to right) Christian Vogel, Olivier Laune, Christophe Sabas, Judith Jungmann, Paul Menezes, Dr. Boris Gorella, Dr. Karsten Eller.



Board of Directors: (From left to right) Päivi Kukkonen, Mark Hamlin, Georg Brunstam, Dr. Boris Gorella, Jenny Lindén Urnes, Paul Schrotti, Suzanne Thoma, Malin Persson, Leonardo Franconeri.

Glossary

5S

An organisational method to maximise efficiency and effectiveness in the workplace. Originally a Japanese method, it uses the following 5 S's: Sort, Set in order, Shine, Standardise and Sustain.

APE - Automotive Plastics Exterior

APE refers to the coatings we design that ensure bumpers and other moulded plastic components have the same appearance, colour and durability as a vehicle's metal bodywork.

CO₂e

CO₂e stands for carbon dioxide equivalents and is a term to describe different greenhouse gases in a common unit. CO₂e signifies the amount of CO₂ that would have the equivalent global warming impact for any type of greenhouse gas.

Code of Conduct

A Code of Conduct is a set of principles, values, standards or rules of behaviour that guide the decisions, procedures and systems of an organisation in order to respect human rights and environmental standards.

CSR Corporate Social Responsibility

a business approach that contributes to sustainable development by delivering economic, social and

environmental benefits for all stakeholders, the purpose of CSR is to drive change towards sustainability.

GHG

GHG stands for greenhouse gas and describes a gas that absorbs and emits radiant energy. Greenhouse gasses cause the greenhouse effect and are therefore responsible for climate change.

GRI

The Global Reporting Initiative is a global, network-based not-for-profit that publishes the world's most commonly-used guidelines on sustainability reporting.

EKPI

EKPI stands for Environmental Key Performance Indicator and describes indicators that measure important environmental objectives, such as energy use, waste generation and VOC emissions.

NGO

NGOs are non-governmental organisations, which means they are always independent of governments and governmental organisations. NGOs are usually non-profit, often international.

NMP N-methyl-2-pyrrolidone

NMP is a reported toxic chemical. According to co-ordinated classification and labelling (ATP09) approved by the European Union, NMP N-methyl-2-pyrrolidone may harm unborn children and cause serious eye, skin and respiratory irritation.

SDGs

In late 2015, the United Nations published 17 global Sustainable Development Goals, to be achieved by 2030. The SDGs are a call to action for all countries – poor, rich and middle-income – to promote prosperity while protecting the planet.

UN Global Compact

The Global Compact is an initiative of the United Nations and is based on ten principles for responsible action by companies.

VOC

VOC stands for volatile organic compounds, which describes chemicals that have a high vapour pressure at room temperature. This high vapour pressure results from a low boiling point, which causes large numbers of molecules to evaporate into the surrounding air, a trait known as volatility.

Adding value beyond the surface

Sustainability Report 2018



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