



Beckers Sustainability Report 2014

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Message from the CEO

Dear Stakeholders, I am pleased to present our third sustainability report, providing a comprehensive overview of the Beckers Group's activities over the last year.

Beckers has always viewed sustainability as one of its drivers for operational excellence and an opportunity to gain a competitive edge. We continuously evaluate and improve our operations along our defined sustainability framework by a data-driven approach with clear accountability and frequent communications. As you will read in this report, we are now widening our focus to customers and products by developing Beckers' Sustainable Product Index (see p.10).

Of course we will not lose focus on our impact on society, which we are continuing to measure through our company-wide defined environmental KPIs and the development toward our long-term targets.

2014 was a good year for Beckers Group. Sales volumes increased, we continued to expand our capacity in Europe and we made important investments in Latin America, India and Indonesia. Indeed, we are determined to continue this success in 2015 – the year that marks Beckers' 150th anniversary.

We have certainly made impressive progress from our days as a local paint shop in 1865. I believe that our long history is an example of the long-term vision we have, which also includes our aspiration to become the most sustainable coatings company in the world.

Over the coming months and years, we will continue to implement our Sustainable Product Index and focus on raising even more awareness among our workforce.

I hope that you enjoy reading this report. I am sure that you will find many interesting insights into sustainability at Beckers Group that demonstrate our commitment to this important topic.

Beckers has always viewed sustainability as one of its drivers for operational excellence and an opportunity to gain a competitive edge. We continuously evaluate and improve our operations along our defined sustainability framework by a data-driven approach with clear accountability and frequent communications. ”

Beckers was founded in 1865, so 2015 represents 150 years of coatings.



With best regards,

Boris Gorella

DR. BORIS GORELLA
CEO, BECKERS GROUP
BERLIN, GERMANY

Highlights from 2014

1 ISO 50001 certificates at Montbrison, Feignies and Dormagen

Three sites were awarded ISO 50001 certificates for implementing effective energy management systems to reduce energy consumption.

The energy management systems provide a systematic approach to discover the potential for more efficient use of energy and a way to implement and evaluate results. The whole process is supported by Energy Management teams at these sites.



2 A global system for environmental health and safety

Beckers will be implementing a new system to ensure that all sites across the group stay up to date on environmental health and safety (EHS) legislation and communicate the right EHS information to customers.

We have a license from IHS, a global leader in systems for environmental legislation for labels and safety data sheets. The Intelligent Authoring system will create labels and data sheets for the whole of Beckers to ensure that all sites remain up to date on current legislation and meet the required legislative standards in a safe and efficient way.

3 Introducing intermodal transport in France

Reducing emissions is a key part of our sustainability strategy.

In Montbrison, we are testing intermodal transport to deliver our products, which means part of the journey is taken by rail. Using intermodal transport to deliver to a customer in Gent led to a 73% reduction in emissions from transport to this one customer.

4 A new production site in Indonesia

We are proud to announce that we have opened the first Beckers factory in Indonesia. The site is an example of our commitment to high global health and safety standards. It is located in an industrial park – a safe site for handling chemicals – and a logistically strategic position. The site meets all of the government's safety and environmental standards.



5 A global project to create a Beckers Loss Prevention Standard

For the first time, we have a consistent set of loss prevention standards for all of our plants. The minimum standards we have set meet, but often exceed, local regulations. This means that we will have a sustainable production capacity and can provide consistent standards at a global level.

6 Bio-based domestic appliance system

Beckers' Long Term Development Lab in the UK has developed two variations of topcoats with more than 20% bio-sourced content that can be used for pre-coated metal destined for the Domestic Appliance market.

Compared to the standard paints, both the polyester melamine system and the polyester isocyanate system have comparable performances in all areas, including formability, hardness and stain resistance. Beckers is looking to commercialise these new products and the UK Lab is in the process of developing a primer for the same market segment. To extend this work, we aim to increase the bio-sourced content further.



7 First external assessment of Beckers' sustainability performance

Beckers has utilised the expertise and methodology of EcoVadis to provide systematic 360-degree feedback on our corporate social responsibility performance. The result was encouraging. We received a silver rating for our sustainability efforts, which is above the industry average. We continually seek to build upon our success and have therefore defined an improvement plan with 10 actions, which we will re-evaluate before the end of 2015.



Creating a sustainable vision

To create our vision, we looked at the bigger picture. We asked ourselves what we wanted to achieve and then defined what our business will look like when it is fully sustainable.

To do this, we used the Framework for Strategic Sustainable Development (FSSD)* advocated by the Natural Step – an organisation dedicated to providing scientific-based guidance to help organisations integrate sustainability into business decision making. The framework sets four clear sustainability principles as conditions for success.

To align with these principles, we developed the definition of a sustainable coating and then envisioned what we want to achieve as a company. We established that we want to provide value that goes beyond the sum of our products and organisational practices. Ultimately, our aim is to be a solutions provider that actively contributes to a sustainable future for all of our Stakeholders.

THE 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.

As a sustainable solutions provider, we want to be known as more than just a paint product provider. We offer products that contribute to a more sustainable society.

Our vision

VISION 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 for which production and packaging are based on recycling and without emissions
- cause no environmental or health hazards and improve the standard of living for their users.

VISION FOR A SUSTAINABLE BECKERS

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.

VISION OF BECKERS AS A SUSTAINABLE SOLUTIONS PROVIDER

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 industry.

* To learn more about the FSSD, go to: www.naturalstep.org/en/our-approach

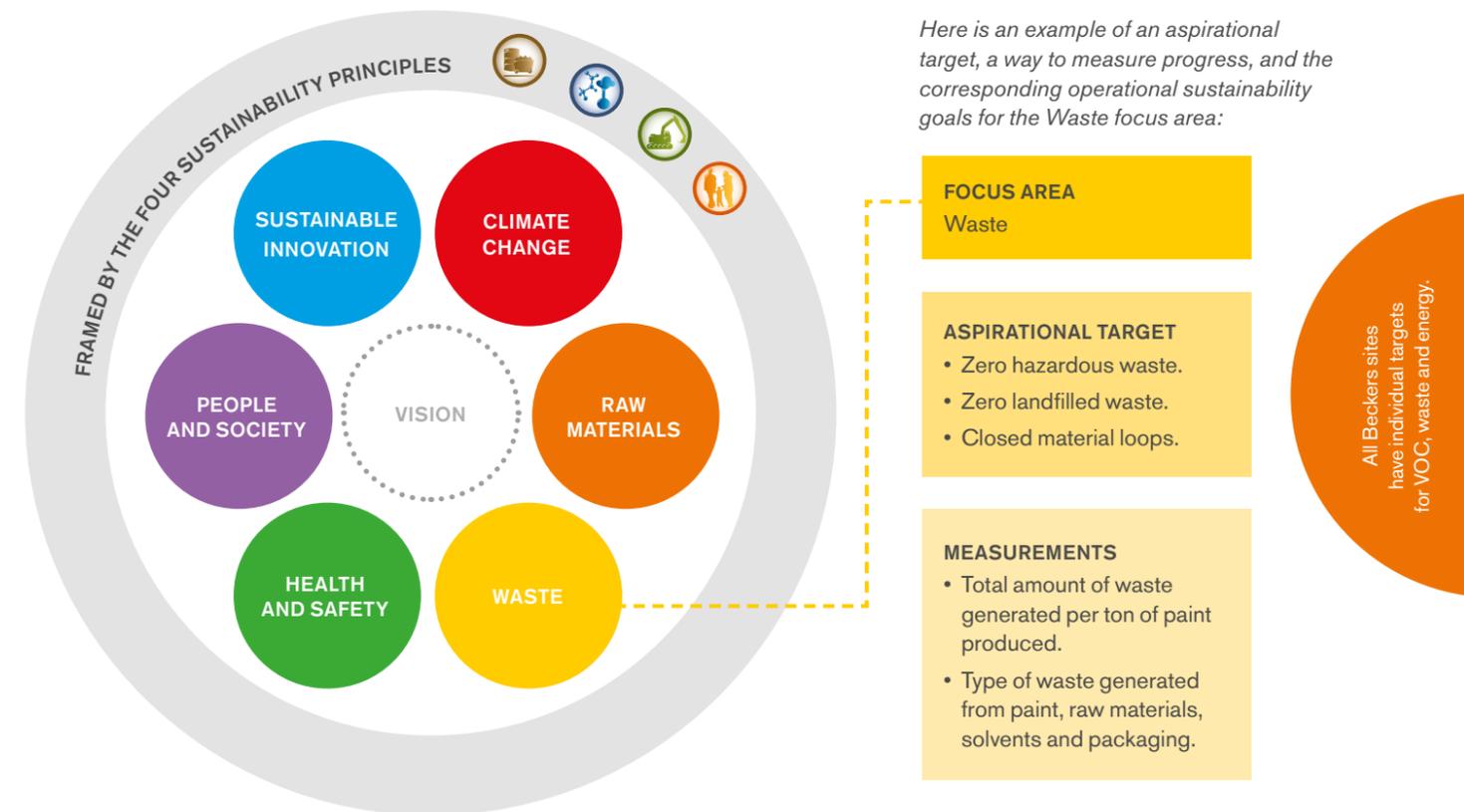
Achieving our vision: a strategic approach

Six focus areas

We have identified six focus areas to address our sustainability challenges. We are developing aspirational targets in each area through a backcasting planning approach, which means we defined our vision and then worked out the steps we need to take to achieve it. In three areas – climate change, waste and health and safety – we have set worldwide operational sustainability goals for 2020.

Strategic action plans

Our regional and local teams continually develop action plans to help us achieve worldwide operational sustainability goals and increase our ability to adapt to future challenges. These actions are prioritised to ensure economic, social and ecological returns on investment.



Beckers' worldwide operational sustainability goals

Target for goals: end of fiscal year 2020.

<p>OPERATIONAL GOAL 1 VOC: 10% VOC (Volatile Organic Compound) emissions reduction per tonne of product from 2013 baseline.</p> <p>PROGRESS Achieved in 2014</p>	<p>OPERATIONAL GOAL 2 Waste: 10% reduction of all waste streams per tonne of product from 2013 baseline.</p> <p>PROGRESS 6% reduction</p>	<p>OPERATIONAL GOAL 3 Energy: 10% reduction of total energy use per tonne of product from 2013 baseline.</p> <p>PROGRESS 9% reduction</p>
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Collaborations and partnerships for sustainability

PHOTO: COURTESY OF 3A COMPOSITES

Strong partnerships with our customers, suppliers and other partners are key to advancing good business. We establish industry and cross-discipline partnerships to advance sustainable research and development. In 2014, several of our partnerships focused on developing new tools and sustainable innovation projects.

Updating the Lifecycle Inventory Database with CEPE



Beckers participate in different working groups, teams and taskforces within CEPE, an organisation that helps the paint industry improve sustainability standards. One of these is the Lifecycle Inventory Database, which companies can use to conduct lifecycle assessments of their materials. Beckers plays an important role to continuously improve this database which helps companies measure and understand the impact of their raw material choices. Beckers is also working in a CEPE sector group on cradle to grave lifecycle assessments. www.cepe.org

An ongoing partnership with The Natural Step (TNS)



Since 2009, Beckers has partnered with TNS on several projects to guide the strategic planning process for sustainability and to identify the issues that are relevant for today, and for the future of our business. Some of these projects include the Sustainability Lifecycle Analysis, sustainability reporting and employee training.

Together in 2014, we developed an e-learning course for our employees. The course is designed to help our employees understand sustainability concepts and apply them to day-to-day business situations, as well as personal decision making. This course will equip employees with the knowledge they need to make a valuable contribution towards achieving our vision. Over the coming years, we plan to reach all Beckers employees with the course. www.thenaturalstep.org

Saving energy with the European Coil Coatings Association (ECCA)



Laboratory Manager Dr. Chris Lowe has been working on a project with the ECCA to reduce the energy consumption of the whole industry. The three-year project aimed to establish the 10 most effective energy saving ideas that could be adopted by coil coating lines throughout Europe and possibly worldwide.

The conclusion was that while there is no 'one size fits all' approach, there are possibilities for all lines to save at least 20% of their energy usage if they adopt a variety of products and equipment. The results were presented by Dr. Timo Geddert of Salzgitter and Dr. Chris Lowe at the last ECCA Autumn conference in Brussels. www.prepaintedmetal.eu

Understanding and improving our supply chain with EcoVadis



At Beckers, we recognise that our CSR performance is linked to the performance of our key suppliers. After completing our own supply chain assessment with EcoVadis (see p.5), in May, we started a pilot project with some of our key raw material suppliers. The assessment helps suppliers understand and improve the sustainability of their supply chains providing a benchmark and the tools needed to improve sustainability performance.

So far, 40% of Beckers' raw material supply has been assessed. Where demand for improvement has arisen, we are initiating joint improvement plans. We will continuously add further raw material suppliers and by end of 2016, we aim to cover 70% of our global raw material supply. www.ecovadis-survey.com

Collaboration with Queen Mary University London



We have been working on a project with Queen Mary University London looking at the durability of paints based on bio-sourced resins. We used a variety of techniques including infrared and Raman Spectroscopies, Atomic Force and Chemical Force microscopy, as well as Focussed Ion Beam/Scanning Electron Microscopy depth profiling. We found that the mechanisms for degradation vary between bio-sourced resins and conventional, petroleum-based resins with interesting potential for higher durability. This work will continue in an effort to extend the durability of the bio-sourced systems. www.qmul.ac.uk

Developing sustainable paint systems with the Sorago Project



We are one of seven partners in the Sorago Project, an initiative to produce more sustainable coatings by developing paint systems with the highest possible amount of bio-sourced carbon. The project is focused on improving the sustainability of pre-painted steel for the construction industry, and post-painted steel for the general industrial market.



DR. KARSTEN ELLER,
CHIEF OPERATING OFFICER

1 TELL US ABOUT SOME OF THE PROJECTS YOU HAVE BEEN WORKING ON IN 2014.

We have mostly been working on the R&D of new, more sustainable products in all of our segments. We have just established a dedicated research centre in Liverpool for sustainable Industrial Coatings products. We have also undertaken a big supplier evaluation to assess the sustainability of our raw materials. It was interesting to go through this process. It showed us the areas that we need to improve and highlighted the positive things we are already doing.

2 WHY ARE YOU CREATING A SUSTAINABLE PRODUCTS INDEX?

We want to have some measurement of how sustainable each of our products is. The index will try to capture different aspects of sustainability. And we do not want it to be arbitrary; we want it to be as tangible as possible in how we define the scale. Once this is ready we will have a much clearer understanding of the sustainability performance across our portfolio.

3 HOW IMPORTANT ARE PARTNERSHIPS IN DRIVING SUSTAINABLE INNOVATION PROJECTS?

They are extremely important. To give an example, we are working on bio-based coatings, which is not a standard raw material that we can buy out of a catalogue. So we work with our suppliers to get samples of bio-based raw material and once we have found the right one the suppliers then go on to upscale it. If we did not work with our suppliers we would not have a chance to introduce bio-based coatings into our portfolio.

4 HOW DO YOU GENERATE MARKET DEMAND FOR SUSTAINABLE PRODUCTS?

The best way to sell sustainability is if the customer has a benefit. In coil coatings we have developed a product that can cure at lower temperatures which results in energy savings for our customers. The only problem is that we have not been able to improve the properties at the same raw material costs. But there are situations when the savings for the customer justify the higher selling price. It is times like these that we really have the opportunity to make an impact.

Beckers' Sustainability Committee has representatives of all relevant functions to ensure a holistic approach.

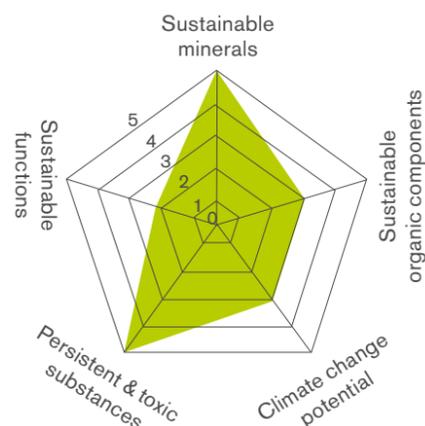
Making business out of sustainability

Beckers invests significant resources in innovation at R&D labs to develop new coatings and to improve the sustainability performance of our current coatings. In 2014, we developed a product index to understand how sustainable our product portfolio is.

The Sustainable Products Index

To generate market demand for more sustainable products, we are currently developing the Sustainable Product Index – a grading system that rates how sustainable our products are. The model has five indicators, each linked to Beckers' six focus areas and the four sustainability principles.

As well as providing us with a well-defined system, the index will allow us to monitor the evaluation of our products and it will give us a clear indication of where we need to invest R&D resources. We plan to implement the model throughout the Group by the second half of 2015.



Our products

Consumer Design Finishes (CDF):

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 will reduce the amount of solvents and increase product efficiency. It will also help 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 solventborne 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 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.

Coil Coatings (CC):

NEW, MORE SUSTAINABLE PLASTISOLS

Beckers has always been proud that we are 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 in with the 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.

TOXIN-FREE COATINGS

Universal chromate-free primers coupled with UV durable topcoats that do not require warning labels according to the GHS regulations aid our site classification according to Seveso and help protect the local environment.

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 R_{UV}2 standard exterior durable topcoat, which is proving to do better than this during exterior tests. Also, an R_{UV}3 standard is on its way. Both will have over 25% bio content in a standard white coating.

HIGH SOLID COATINGS

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

NEW 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.

Industrial Coatings (IC)

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

BeckrySol-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, generates less waste than traditional two-coat systems.



CATHERINE VINCENT
GLOBAL R&D COORDINATOR

1 WHAT WERE YOUR DEPARTMENT'S KEY SUSTAINABILITY OBJECTIVES FOR 2014?

To eliminate, or to reduce as much as possible, dangerous (toxic or corrosive) raw materials. In Europe we are linked to REACH requirements, but it is good to try to go further. Also, it is a good first step for the countries or regions outside of Europe to reduce dangerous raw materials. And it protects our workers from contact with dangerous raw materials, which is very important for me on a personal level.

2 HOW DO YOU EMBED SUSTAINABILITY IN PRODUCT DEVELOPMENT?

When we develop new products, we check that raw materials aren't less sustainable than the ones we used before. It's about using the right raw materials to limit the solvent content. We also have projects that are directly linked to sustainability in partnership with our customers. Right now we are working on renewably sourced raw material with some customers and low volatile organic compounds with others. These projects might come about because of a basic requirement from the customers, or because it's an initiative that we are driving.

3 HAVE YOU SPOTTED ANY NEW TRENDS IN THE PAST YEAR THAT COULD LEAD TO YOU CREATING MORE SUSTAINABLE PRODUCTS?

It seems that non-European countries are becoming more sensitive to sustainability. Our customers in those countries have asked me more questions about sustainability norms or standards in Europe, especially when they are interested in exporting to Europe. Customers are also showing interest in any kind of innovation that will reduce energy or gives a better yield in terms of product application.

4 HOW DOES DEVELOPING SUSTAINABLE PRODUCTS SERVE YOUR CUSTOMERS BETTER?

Right now we are working on improving the durability of products, which means the life of the finished goods is longer. We are working on improving things like weathering resistance, and developing products that are less sensitive to fungi or mould growth.

Beckers spends more than 3% of sales on R&D.

Local sustainability initiatives



Many of our local teams, as well as individual employees, develop their own projects. Some of these support our company-wide environmental and social goals and others help the local community. We are proud to share some of these environmental, social, and other CSR initiatives from 2014.

Our environmental Key Performance Indicators (EKPIs) are reviewed quarterly, and during 2014 we fine-tuned our processes to improve the central follow-up and the regularity of contact with regional sites. To inform and inspire sites, we compiled a Reference Guidance Document, which includes examples of sustainability best practice from Beckers, and the wider coatings industry. This ensures that Beckers' sustainability approach and practices are consistent across all sites.

Energy saving project *Shanghai, China*

We have installed an air-cooling tower, which we use instead of a chiller in winter and spring. We estimate the saving is 400 kWh a day, and CNY 72,000 a year.

Helping local villages *India*

In 2014, we donated funds to three schools and we also supported a medical camp for villagers. Our efforts to support nearby villages were very much appreciated and acknowledged in the local newspaper.



Supporting charitable causes *Malaysia*

Twenty-four members of staff took part in the White Ribbon Charity Run (3 km and 7 km) in support of a campaign to end domestic violence against women and girls.



Reducing emissions from portable tanks *Sweden*

Beckers Sweden has used plastic covers for portable tanks for a number of years. We have been looking for other film materials and found that the solvent diffusion through Polyamide and EVOH is extremely low. In 2013, we finally found a supplier. We started to use these to cover 2,000-litre portable tanks, which constitute 75% of the exposed surface. Since then, production increased by 9% but solvent emission decreased by 9%. In addition, from the qualitative emission measurements, we can see that aromatics have decreased in the areas we expected them to.



Empowering communities *South Africa*

We have supported a range of initiatives that empower communities across Africa. These include supporting the Eketsang Secondary School through a three-year initiative. This year, we will be providing internship opportunities for some of the students. We are also supporting initiatives that help empower youth in Kenya, care for orphaned children in South Africa and support children affected by HIV/AIDS.



Saving energy with Sun-Lite panels *Malaysia*

We have swapped wall panels for Sun-Lite panels at our Malaysia site. This helped us to save over 1,500 kWh of energy per month. Not only does the Sun-Lite panel help us to reduce monthly electricity consumption and our carbon footprint, it creates a brighter atmosphere.



Promoting health and safety *Shanghai, China*

The Shanghai Operations Team was awarded "Best Safety Operations Team" by the Songjiang local government for the second year in row.



Beckers has legal entities in 23 countries.

Our environmental opportunities and responsibilities



PHOTO: COURTESY OF 3A COMPOSITES

Here we report on our global environmental operational performance. By measuring our impact and understanding performance challenges and opportunities, we can work towards our operational sustainability goals and achieving our company vision.

Product raw materials

Eliminating persistent chemicals that could be harmful to human health has been a priority for Beckers for many years. We use over 2,000 ingredients in our formulations and continuously strive to improve the raw materials we use.

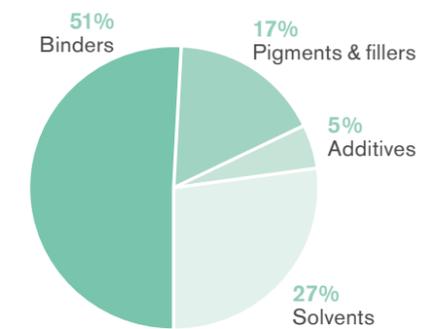
We are making progress with this work. For example, in our LTD UK lab, we are working on ways to increase our use of renewable, bio-sourced materials (see p.5, Highlight 6).

The amount of bio-based raw materials that are included in our formulations in 2014 is still only around 1% of the total materials used.

The four raw material groups with the largest bio content:

- **Ethanols** with bio-based content 89% of total volume.
- **Alkyds** with bio-based content 27% of total volume.
- **Epoxy resins** with bio-based content 2% of total volume.
- **Polyester resins** with bio-based content 1% of total volume.

2014 RAW MATERIALS USED IN PRODUCTION OF COATINGS



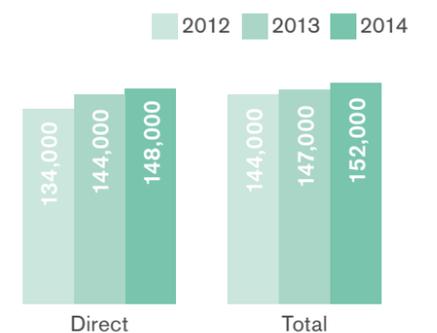
Solvents and binders: primarily from fossil sources. If it were possible to exchange bio-based materials for solvents and binders, then petroleum-based materials would no longer be needed. This is a high-priority, long-term goal for us.

Pigments: mainly inorganic from mineral sources.

Fillers: mainly inorganic.

Additives: diverse chemicals used in small amounts for fine-tuning the paint properties.

MATERIALS USED, TONNES



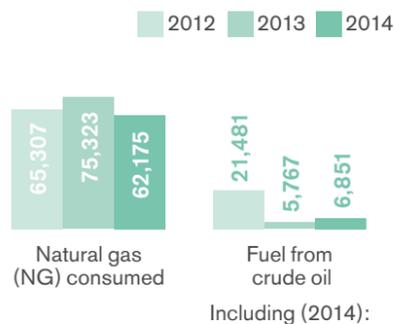
Direct materials: those present in the final product.

Total materials: all materials used: raw materials, associated process materials, semi-manufactured goods or parts, packaging materials.

Beckers is auditing its suppliers' sustainability standards.

Direct energy

DIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE SCOPE 1, GIGAJOULE
All activity worldwide

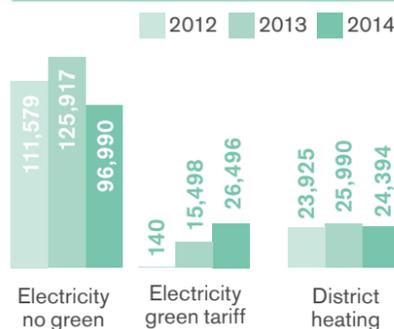


Including (2014):
 Diesel consumption on site | 3,632
 Diesel for energy generation | 3,212

The reduction in use of natural gas is mainly due to the fact that we needed less heating. Changes to weather conditions, for example less harsh winters, affect this result.

Indirect energy

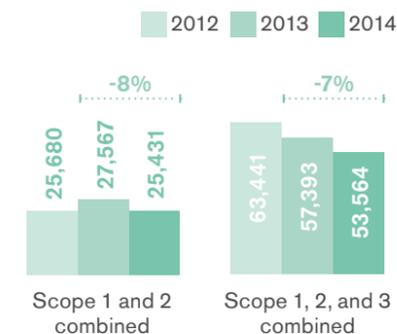
INDIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE SCOPE 2, GIGAJOULE
All activity worldwide



There was a 65% increase in green tariff due to Sweden using it for the whole of 2014, compared to half of 2013. Also, Poland has increased its level of green in the energy mix. Changes to weather conditions – less harsh winters or unnatural lengthy heatwaves – affect this result.

Greenhouse gas emissions (GHG)

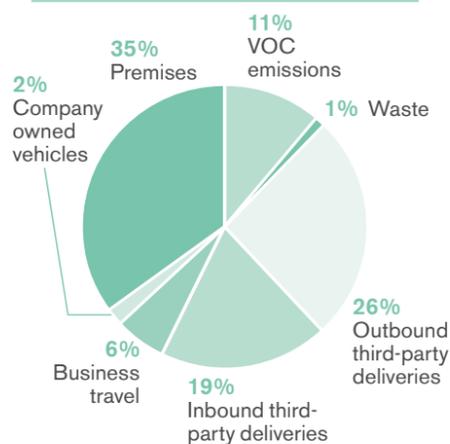
CARBON DIOXIDE EQUIVALENT (CO₂e), TONNES



Scope 3 is defined as:

Emissions from business travel, company-owned vehicles, inbound and outbound third party deliveries, waste and office paper.

2014 GREENHOUSE GAS EMISSIONS BY ACTIVITY, %



We collaborated with the Swedish consulting firm U&We to calculate our global greenhouse gas emissions.

Carbon emissions decreased significantly. This is partly due to the improved actual quality of reporting and partly to reduced real emissions. Examples are decreased VOC emissions, mild winters with less energy used for heating and an increase in renewable energy (with very low carbon emissions).

Environmental compliance

During 2014, we had no significant spills occur within any of our operations or during the transport of our products. We also had no significant fines (defined as greater than EUR 5,000) or non-monetary sanctions for non-compliance with environmental laws and regulations.

Sales of banned products

Our policy in this area is to avoid using Substances of Very High Concern (SVHC) and seek for their substitution where they are still in use. Our approach is to identify SVHC (from the REACH candidate list) used within Beckers, and strive to substitute them with safer and sustainable alternatives. We are investigating the possibility of replacing them globally.

Also, our policy is to handle SVHC under strictly controlled conditions. In some cases, substitution may be complicated as there is no globally harmonised legislation and substances that are banned in one part of the world may be permissible in others, and could even be specified by our customers there.

In 2014, three substances listed in Annex XIV (authorisation list) of REACH were purchased for use as raw materials to our products.

Transport impacts

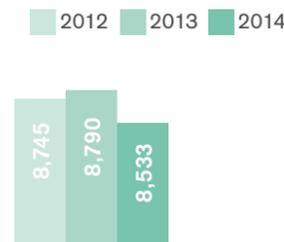
The total greenhouse gas emissions from inbound transports were 10,000 tonnes CO₂e and from outbound transports 14,000 tonnes CO₂e. Third-party deliveries hence accounted for 24,000 tonnes CO₂e.

The significant reduction in inbound transports is based mostly on change to more sea transport and higher reporting accuracy.

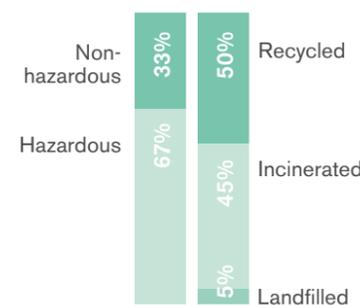
The outbound transport emissions showed a small decrease compared with 2013, even though the transported amount of goods increased about 3%.

Waste

TOTAL WASTE, TONNES



2014 TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD, %



Despite the 2.8% increase in production volume, the amount of waste Beckers generated decreased by 3%. The group indicator waste in kg per tonne produced decreased from 61 to 58 – a reduction of 6%.

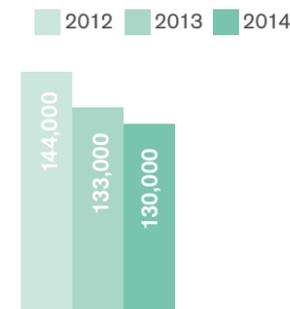
Volatile organic compounds (VOCs)

Our average emissions in kilograms per tonne was 3.9 compared to 4.4 in 2013. We improved practices at our sites. For example, we changed the pot cleaning method in Germany, introduced better covering of mobile pots in Sweden and improved practices of handling solvents at many others. There was an increased awareness around VOC handling and the use of less volatile solvents has grown significantly.

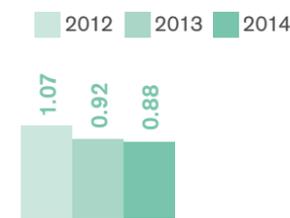
All sites used the mass balance calculation method or another well-defined methods, which increases data quality and accuracy.

Water

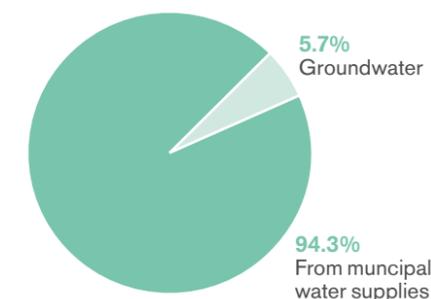
TOTAL WATER CONSUMPTION, M³



PER TONNE OF PRODUCT, M³



2014 TOTAL WATER WITHDRAWAL BY SOURCE, %



In 2014, harvested rainwater in India was low (79 m³) as the monsoon was not staggered throughout the season. Rainfall was in clusters, and with the limitations on collection tank capacity there was less scope for harvesting rainwater.



INGELA NORDIN
SUSTAINABILITY MANAGER, BECKERS

1 CAN YOU BRIEFLY EXPLAIN THE ROLE OF THE SUSTAINABILITY COMMITTEE?

Our role is to discuss, prepare and propose strategic sustainability matters for decisions at Beckers Global Leadership team. It is vital that we understand all parts of the business so the committee, which I head up, includes representatives from the whole value chain – from procurement, product development and production to human resources, sales and marketing, as well as the chief operations officer.

2 WHAT WERE YOUR BIGGEST ACHIEVEMENTS IN 2014?

I am proud of the way that the sustainability committee works. We have discussions that allow all members to contribute to what a sustainable Beckers will mean for their segment. If different people with different experiences and different skills are working towards the same goal, we will be able to achieve our goals.

3 WHAT ARE THE MAIN CHALLENGES YOU FACE IN TRYING TO ACHIEVE THE VISION OF A SUSTAINABLE BECKERS?

Showing our customers the value of sustainability is a challenge. However, we can overcome this by thinking outside of the box to generate sustainable business opportunities. For example, transporting products in a smart way or seeking opportunities to make energy savings. Reducing our dependency on fossil-based raw materials is also a top priority.

4 WHERE WILL THE COMMITTEE FOCUS ITS ATTENTION NEXT YEAR?

We need to develop our newest focus area for sustainability: People and Society. Right now, we don't have a lot of policies in social responsibility and HR, and these should be developed at a global level.

Beckers offers products that help its customers to save energy or reduce greenhouse gas emissions.

Our workforce and our ethics

“Beckers began as a single retail paint shop in Sweden in 1865. 150 years later, we are a global company that is innovating new industrial-coating technologies which can help reduce the environmental impact of construction materials, equipment and appliances.”

ERIK URNES
CHAIRMAN OF THE BOARD

Beckers Global HR is key to developing a sustainable business. At the heart of Beckers' success is our workforce. Our people have helped to make Beckers a world-class coatings business and have strengthened our sustainable growth over 150 years.

INFORMATION ABOUT OUR WORKFORCE

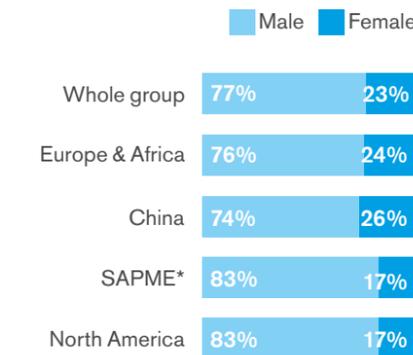
Due to the fact that employment figures can fluctuate on a daily basis, we have decided to obtain all relevant labour

data on 1 July of each reporting year to ensure consistency and comparability. The information shown here reflects the status on 1 July 2014. We are proud of the diversity of our people. However, in

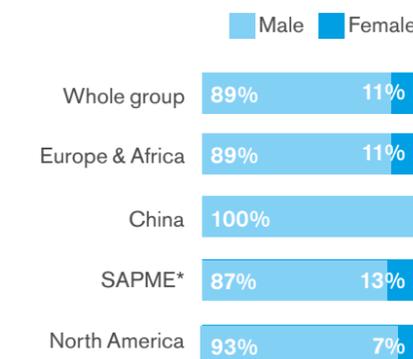
some of the countries where we operate, gathering minority information is seen as inappropriate, or even illegal. We have therefore decided not to report minority information in this report.

2014

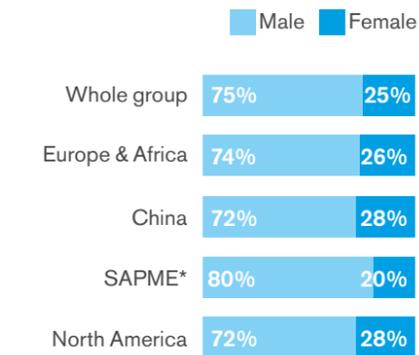
GENDER, TOTAL WORKFORCE



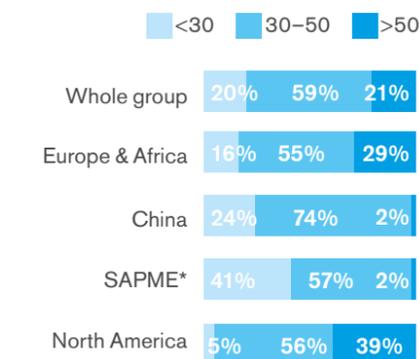
GENDER, DIRECT LABOUR



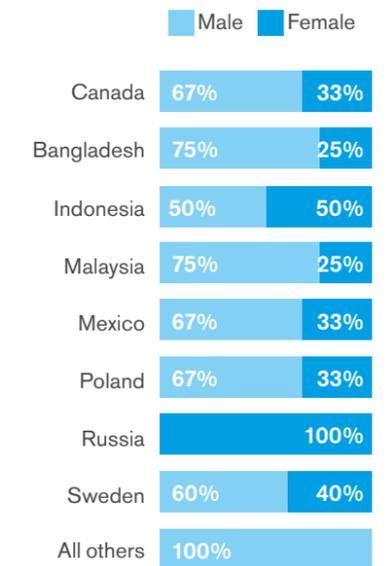
GENDER, MANAGERS



AGE



GENDER, GOVERNANCE BODIES, BOARDS OF DIRECTORS



*South Asia Pacific & Middle East

Using OHSAS 18001 is one way that Beckers ensures safe workplaces.

PHOTO: COURTESY OF 3A COMPOSITES

Maintaining our ethics and trust

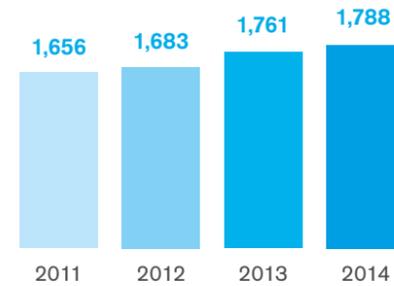
Trust among our employees and the wider value chain are key to sustainability at Beckers. Our Code of Conduct (CoC), based on the Ten Principles of the United Nations Global Compact, has established a culture of ethics and trust throughout our business. The Beckers' CoC ensures that human rights, labour standards, and the environment are respected and reach high standards. All employees receive a written Code of Conduct as well as training on how to understand and to comply with it.

We have a zero-tolerance policy to corruption and adhere to the four-eyes principle in carrying out financial agreements and transactions to ensure that bribery can never take place. If employees are concerned and want to report an incident, they can do so anonymously through our company hotline, email, or physical mailing address.

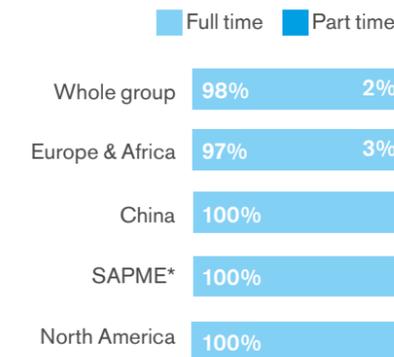
We always support open and fair discussion regarding any concerns that may arise. Due to our anti-corruption policy and commitment, we have had no incidents of corruption reported during 2014.

Our CoC clearly and strictly prohibits the employment of children. Young workers must be at least 16 years of age. In addition, our policy states that no young worker (16–17 years old) will be exposed to hazardous chemicals or perform any hazardous work. Immediate action is taken if these strict policies are violated.

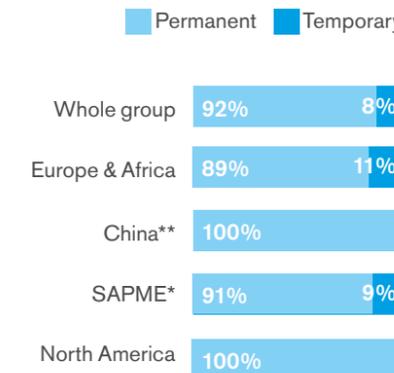
BECKERS' TOTAL WORKFORCE



EMPLOYMENT TYPE



EMPLOYMENT CONTRACT

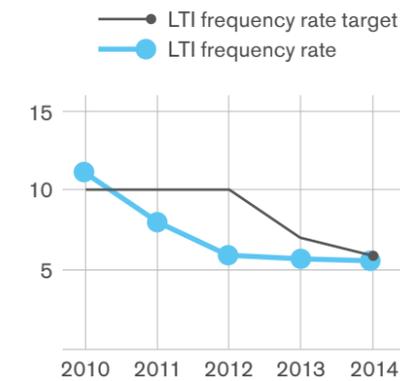


* South Asia Pacific & Middle East

** In line with Chinese labour contract law (PRC), fixed-term employment contracts exist. Because they are longer-term contracts, we have reported them as permanent. Full-time status is given only after 10 years of employment in China.

BECKERS' TOTAL GROUP RATES OF INJURIES

Lost-Time Injuries (LTI) frequency rate



Beckers' LTI frequency rate target for 2014 is set for < 6 reported incidents* per million worked hours for all Beckers' employees, excluding contract workers.

In 2014, we achieved our lost-time injury target. In 2015, our target is set for < 6 and the ultimate target is zero.

Our continual improvement programmes in health, safety and environment have successfully improved our Lost-Time Injury performance. There were no fatalities at any of our sites or within our operations in 2014.

*An incident resulting in an employee absence of more than one day



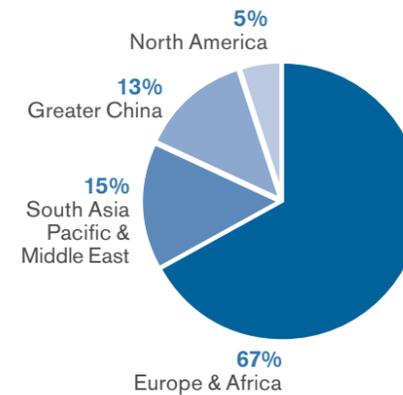
Read about Beckers HR policy on www.beckers-group.com



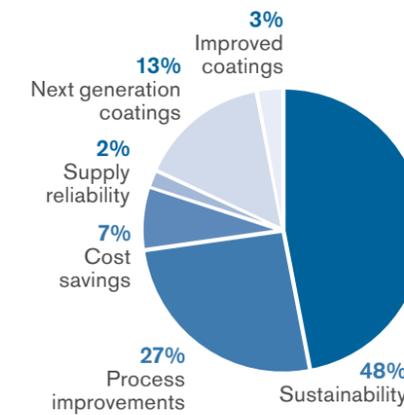
Financial performance and R&D investments

2014 was a very good year for Beckers. We achieved the highest sales volume in our history and we expect to continue our growth in 2015 through a combination of regional expansion in developing markets, as well as strategic focus on our key market segments.

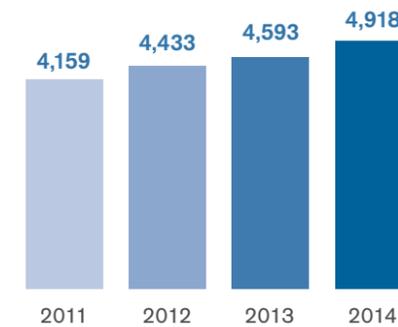
2014 SALES BY REGION



2014 R&D PROJECT FOCUS



TOTAL GLOBAL SALES, MSEK



Beckers has a 28-year history of providing coatings solutions in China.

Creating this report

Our process for defining report content

We analysed how the GRI Key Performance Indicators relate to the Framework for Strategic Sustainable Development and its four sustainability principles, promoted by The Natural Step. We conducted a stakeholder survey in 2011 and our sustainability committee provided further analysis for 2014. This report has been reviewed and approved by Beckers' sustainability committee.

Engaging Stakeholders

We are in the process of designing a more extensive and inclusive stakeholder engagement plan for 2015, initially focused on our workforce, suppliers, and customers. This report is an important component of the roadmap to reach our vision of a sustainable Beckers. This will be especially important as we transition to following the new GRI G4 guidelines for our 2015 sustainability report.

Introducing Beckers Group

How we work

Beckers Group is a global industrial coatings company, providing quality services and custom-made solutions across many manufacturing sectors. Our talented workforce is made up of almost 1,800 people. They work at our manufacturing sites, satellite offices and corporate headquarters supporting customers in over 50 countries.

Beckers Group is owned by Lindengruppen 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 global team aims to ensure quality products and services for our customers, high sustainability standards for our Stakeholders, and continuous improvement and optimisation of our operations and supply chain.

Beckers has three business segments:

Coil Coatings (CC)



PAUL MENEZES
COIL COATINGS
PRESIDENT, ASIA
AND MIDDLE EAST

"We are the world-leading coatings provider for the steel and aluminum markets for pre-coated metal coils. Our coatings are used in building, construction and industrial markets. We are working on making coil coatings more sustainable, starting from their production in our factories, where we are constantly reducing VOC emissions, energy use and waste generation. We offer primers that are free of chromates and other substances of very high concern. We also help our customers save energy, for example with our low Peak Metal Temperature system, which allows coil coaters to operate their ovens at lower temperatures. In 2014, we worked with our customers to install storage and mixing equipment at their sites to reduce stock holding and transportation. Now, we continue our R&D efforts to develop products that are sustainable and have an economic benefit for our customers."

Industrial Coatings (IC)



ERIC FOUISSAC
INDUSTRIAL
COATINGS
BUSINESS
MANAGER

"We provide bespoke coatings solutions for customers across diverse businesses including ACE (agricultural, construction, earth-moving), transportation and automotive plastic exteriors. As we grow the Industrial Coatings segment globally, providing our customers with protective, durable coatings that increase the sustainability of their products is key to achieving Beckers' sustainability vision. We continue to focus on low curing technology, which results in energy saving for our customers. But we are also focusing on reducing VOCs through developing waterborne and high solids products, reducing toxic raw materials, using sustainable raw materials, and helping customers to reduce their carbon footprint. By understanding our customers' needs and working with them to achieve more sustainable solutions, we will be able to bring about real change."

Consumer Design Finishes (CDF)



MARKUS WIELER
CDF BUSINESS
DIRECTOR

"We work with our customers to create cutting-edge finishes for world-leading products from mobile communication and computing devices to lifestyle appliances. Our commitment to sustainability is recognised and valued by our customers who want to be more efficient and use their resources more effectively. The developments of our next generation waterborne coatings, together with our high-solid UV paints (>55% solid content), were well received by our customers. As leading OEMs in Consumer Electronics and Lifestyle Appliance, our customers used these developments to reach their own sustainability targets. This trend is sure to continue and even increase as, for instance, the Chinese government focuses on VOC reductions. That is why our global R&D focus is to keep improving the environmental impact of our performance coatings through further reducing the VOC content or changing solvents from aromatic to less critical non-aromatic solvents, for example. Through smart formulations of paints, we aim to deliver cost-effective, sustainable solutions."

Our reach

Beckers Group

- **CORPORATE HEADQUARTERS:**
Berlin, Germany
- **COMPANY OWNERS:**
Lindengruppen AB, Höganäs, Sweden

MANUFACTURING SITES:

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

ADDITIONAL MARKETS SERVED:

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, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovakia, South Korea, Spain, Switzerland, Syria, Taiwan, Thailand, Turkey, Ukraine.

Strategic review of GLOBAL REACH

GLOBAL REACH is our strategy to achieve the common goals outlined in our vision: to be the undisputable industry leader in strategically chosen segments and regions. To ensure that the strategy and group objectives are on track, Beckers undertakes an annual strategic review to monitor progress and identify areas for improvement.

The Strategic Review 2014 confirmed that we are heading towards our goals for 2022. However, there are some things that we can do to strengthen the strategy to ensure that Beckers remains competitive and responsive in the years ahead.

KEY OUTCOMES OF THE REVIEW:

- Coil Coatings will be organised into two business units: Europe, Africa & Americas and Asia & Middle East.
- Special Coatings will become the global business unit Industrial Coatings (IC).
- Consumer Design Finishes will remain global and be organised into two business lines: Consumer Electronics and Lifestyle Appliances.

BECKERS IS STRUCTURED INTO FOUR BUSINESS UNITS. REPORTING DIRECTLY TO THE CEO ARE:

- DR. KARSTEN ELLER**
CHIEF OPERATING OFFICER
- OLIVIER LAUNE**
CHIEF FINANCIAL OFFICER
- DOTT. GIORDANO METTUS**
DIRECTOR 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 (CDF)
- CHRISTIAN VOGEL**
PRESIDENT INDUSTRIAL
COATINGS (IC)

INTRODUCING OUR BOARD OF DIRECTORS:

- ERIK URNES**
CHAIRMAN OF THE BOARD
- JENNY LINDÉN URNES**
OWNER
- MATS HANSSON**
CFO, LINDENGRUPPEN
- DR. BORIS GORELLA**
CEO, BECKERS GROUP
- HANS MIVÉR**
FORMER DIRECTOR,
AB WILH. BECKER
- GEORG BRUNSTAM**
CEO, HEXPOL AB
- MALIN PERSSON**
CEO AND OWNER, ACCURACY AB
- SUZANNE THOMA**
CEO, BKW AG
- URSULA JAKOBSON**
LABOUR REPRESENTATIVE
- DANIEL WALL**
LABOUR REPRESENTATIVE

Our board is comprised of Beckers' owner, CEO, two company executives, two labour representatives, and four non-executives. There are four women and six men in total.

More Beckers sites are under construction.

GRI Content Index

GRI application level

The report fulfils the requirements of the GRI G3.1

For more information about GRI and the reporting process, go to: globalreporting.org

Profile Disclosures	Disclosures	Level of Reporting	Cross-Reference/Direct Answer/Explanation
	Strategy		
1.1	Statement from the most senior decision-maker of the organisation.	Fully	Message from the CEO p.3
	Organisational Profile		
2.1	Name of the organisation.	Fully	Introducing Beckers Group pp.24–25
2.2	Primary brands, products, and/or services.	Fully	Introducing Beckers Group pp.24–25; Making business out of sustainability pp.10–11
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Introducing Beckers Group pp.24–25
2.4	Location of organisation's headquarters.	Fully	Introducing Beckers Group pp.24–25; Back page p.28
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Introducing Beckers Group p.25
2.6	Nature of ownership and legal form.	Fully	Introducing Beckers Group p.24. Beckers Group is a limited liability, privately-owned company.
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Introducing Beckers Group pp.24–25
2.8	Scale of the reporting organisation.	Fully	Introducing Beckers Group pp.24–25
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Message from the CEO p.3
2.10	Awards received in the reporting period.	Fully	One award received. Local sustainability initiatives pp.12–13
	Report Parameters		
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	Fully	1 January 2014 to 31 December 2014.
3.2	Date of most recent previous report (if any).	Fully	Our 2013 report was published in 2014.
3.3	Reporting cycle (annual, biennial, etc.)	Fully	We began reporting annually in 2012.
3.4	Contact point for questions regarding the report or its contents.	Fully	Back page p.28
3.5	Process for defining report content.	Fully	Creating this report p.23
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	The boundary of our reporting includes all fully operational manufacturing sites, offices, and activities worldwide, including subsidiaries over which Beckers Group has financial and operational control. We do not include suppliers in our report; however, we do report Scope 3 GHG emissions.
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	We determined the scope of our report through considering issues across the value chain and application of the GRI reporting principles.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Fully	All our sites are included in the reporting.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	None
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	Our new site in Indonesia was included in this report.
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	GRI Content Index pp.26–27
	Governance, Commitments, and Engagement		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Fully	Message from the CEO p.3; Introducing Beckers Group pp.24–25
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Introducing our Board of Directors p.25
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Introducing our Board of Directors p.25
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Strategic review of global reach p.25; Collaborations and partnerships pp.8–9; Out workforce and our ethics pp.11–13; Engaging stakeholders p.23
4.14	List of stakeholder groups engaged by the organisation.	Fully	Message from the CEO p.3; Local sustainability initiatives pp.12–13; Creating this report p.23
4.15	Basis for identification and selection of Stakeholders with whom to engage.	Fully	Creating this report p.23

In determining what GRI Indicators were material for us as a business committed to sustainability, we asked the question: How do we relate our business to the four principles of sustainability (SPs)?

Key Aspects	Relevant GRI Indicators	Level of Reporting	Cross Reference/Direct Answer/Explanation
	SP 1 – substances from the Earth's crust must not systematically increase in concentration in nature.		
	Use of scarce metals in products		
EN1	Materials used by weight or volume.	Partially	Product raw materials p.15
	Fossil fuel use and the emissions that result		
EN3	Direct energy consumption by primary energy source.	Fully	Direct energy p.16
EN4	Indirect energy consumption by primary source.	Fully	Indirect energy p.16
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Greenhouse gas emissions p.16
EN17	Other relevant indirect greenhouse gas emissions by weight.	Partially	Greenhouse gas emissions p.15; Transport impacts p.15
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Partially	Transport impacts p.16; Greenhouse gas emissions by activity p.16
	SP 2 – substances produced by society must not systematically increase in concentration in nature.		
	Emissions and manufacturing waste from our factories and transport		
EN22	Total weight of waste by type and disposal method.	Fully	Waste p.17
EN23	Total number and volume of significant spills.	Fully	Environmental compliance p.16
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	Sales on banned products p.16
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Environmental compliance p.16
	SP 3 – nature must not be systematically degraded by physical means.		
	The physical footprint of our operations and their encroachment on nature		
EN8	Total water withdrawal by source.	Fully	Water p.17
	SP 4 – people must not be subject to conditions that systematically undermine their capacity to meet their needs.		
	Local community development		
LA1	Total workforce by employment type, employment contract, and region.	Fully	Our workforce and our ethics pp.19–20
	Employee well-being		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	Partially	Beckers' total group rates of injury and illness p.20
	Discrimination		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	Introducing our Board of Directors p.25; Our workforce and our ethics pp.19–20
	Child Labor		
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	No such operations or suppliers were identified; Information about Beckers' policy: Maintaining our ethics and trust p.20
	Corruption		
SO4	Actions taken in response to incidents of corruption.	Fully	Maintaining our ethics and trust p.20
	Making financial decisions including product responsibility that support strategic and sustainable business development.		
	Generating economic value for Stakeholders		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Partially	Financial performance and investments p.23
EC4	Significant financial assistance received from government.	Fully	Financial performance and investments p.23
	Marketing Communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	Sales on banned products p.16
	Using our financial resources to protect the environment		
EN30	Total environmental protection expenditures and investments by type.	Partially	Financial performance and investments p.23

EC – Economic EN – Environmental LA – Social: Labour Rights and Decent Work SO – Social: Society PR – Product Responsibility





Beyond The Surface

Sustainability Report 2014

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