



Beckers Sustainability Report 2016

Contents

3 Welcome from the CEO	4 Highlights from 2016	5 On the agenda
6 Meet our new Global Sustainability Director	7 Striving towards our vision	8 Putting a value on sustainability
9 An insider's guide to the Beckers Sustainability Index	10 Partnerships that bring sustainability to market	11 Embedding social sustainability at Beckers
12 A spotlight on local social initiatives	14 Reinforcing everyone's safety at Beckers	16 Reducing the intensity of our emissions
17 Investing in solar	18 Recognising our environmental progress	20 Meet Beckers Group
22 GRI Topics and Governance		

Welcome from the CEO

Dear stakeholders, 2016 was a good year for Beckers. Despite the on-going consolidation in the global coatings industry, we kept our strategic growth programme well on track and supplied our customers with more coating solutions than ever before in our history. What makes me proud, is that we simultaneously further strengthened our long-term commitment to sustainability. Of course there is still a long way to go, but last year's activities illustrate how important progress in this area is to Beckers.

We established a new management role, emphasising our strategic focus on sustainability. Our new Global Sustainability Director reports directly to the Chief Technology Officer. The new Director will fuel all our global sustainability work, addressing in particular the creation of a more sustainable value proposition for our products and services.

We recognise our environmental impact and are happy to report continuous progress in 2016. For example, we reduced our waste by 16%. Despite our growth, with the addition of three new sites, our climate change impact remains similar to the previous year and our energy consumption across all sites decreased by 2.5%. We invested in a solar panel pilot installation, going on stream in 2017 at our site in Malaysia. Furthermore, a company-wide Global Safety Day helped underline Beckers' ongoing commitment to environment, health and safety and increased awareness within the company. This was reflected by the reduction of our loss time injury rate (LTI) KPI to a level of 2.1.

In the area of social sustainability, we can look back on multiple initiatives that saw our employees engaging charitably with their local communities. We rolled out our sustainability e-learning tool in five more languages to further embed our commitment to sustainability across the company, and launched a specific training programme to introduce our Code of Conduct to each individual employee.

Lastly, the change to our sustainability reporting format was a key milestone for 2016. Looking ahead, we have decided to meet one of our stakeholders' expectations by adopting a more digitalised approach to reporting.

”
What makes me proud, is that we further strengthened our long-term commitment to sustainability. Of course there is still a long way to go, but last year's activities illustrate how important progress in this area is to Beckers.

Alongside our classical sustainability reporting, this year we are presenting two digital elements. Striving for a more sustainable value proposition, we developed our Beckers Sustainability Index (BSI) into an app and created a BSI video. With both of these digital elements, we report on our sustainable product offer and use of the BSI tool. We have a clear vision to continue this digital journey to make our sustainability work even more accessible and transparent.

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



With best regards,

Boris Gorella

DR. BORIS GORELLA
CEO, BECKERS GROUP
BERLIN, GERMANY

Highlights from 2016

1 Investing in sustainability management capacity

We are focused on creating a solid sustainable value proposition for our customers (pages 8–9), and building a progressive, proactive strategy for social sustainability (page 11). To achieve this, we increased our resources in the sustainability team and were looking for someone with deep product knowledge, sales and marketing background. We were happy to win Nicklas Augustsson for this position, and he was introduced as our Sustainability Director in 2016. Nicklas has worked at Beckers Group for 16 years and has extensive experience across functions and especially in sales and marketing (interview on page 6).

2 Fit for future reporting

We are becoming increasingly digital in our sustainability reporting, with the creation of more web-based material and new mobile apps. These can be used as interactive reporting tools that enable us to monitor progress of our sustainable coatings. This is why we decided to condense our written report!

For 2016, we are reporting according to the new GRI Standards, which were launched in October 2016. During the transition to this new reporting structure, we took the opportunity to review and focus our material topics. We are confident this work will help us improve our ongoing sustainability performance, and – ultimately – help us achieve our vision (page 22).

3 Beckers Sustainability Index – Listening to our stakeholders

We received positive and useful feedback when we introduced the Beckers Sustainability Index to our customers and stakeholders! We listened carefully and were able to make further improvements to the tool. For example, the index now provides sustainability performance scores for complete paint systems, rather than just individual products. We have developed a mobile app to make the index more accessible, empowering our customers to make their choice for sustainable products (page 8).

4 Increasing access to sustainability training

In 2016, we continued to invest in training for Beckers employees around the world. Our sustainability e-learning course is designed to be thorough, engaging and accessible to all. In 2016, we added new content and five more languages to the course in order to reach all our employees (page 11).



5 Exploring social sustainability for our strategy

We undertook several initiatives in 2016 to increase our understanding of social sustainability within our business. We investigated different frameworks and models, and successfully launched our Code of Conduct e-learning module. This puts us in a stronger position to build on our social sustainability commitments in 2017, and beyond (page 11).

6 Collaborating with the Blekinge Institute of Technology

To mirror our performance in sustainability at Beckers, we initiated a collaboration with the Blekinge Institute of Technology (BTH). This resulted in two projects, both of which will help us develop our understanding and practice of sustainability. One of these projects was to support a master's thesis on implementing social sustainability in a global mid-sized business (page 11). The other was our support of a master's thesis on Sustainable Energy Management.



On the agenda

We are continuously developing our roadmap towards our sustainability goals. We have an ambitious agenda for the months and years ahead, which is outlined in the key themes below. These are covered in greater depth throughout this report:

Teaming up!

As we grow our business and our sustainability offer, we also need to grow our sustainability team. Under the umbrella of the Chief Technology Officer Bernd Vogel, the team now consists of Global Sustainability Manager, Ingela Nordin, Global Sustainability Scientist, Shaan Akerkar and – a new position – Global Sustainability Director, Nicklas Augustsson.

The Sustainability Director also chairs our Sustainability Committee, which consists of representatives from all key functions and regions. The committee is core to the development of our strategy, and to further engaging stakeholders and providing alignment.

SUSTAINABLE VALUE PROPOSITIONS TO CUSTOMERS

We are forming partnerships within our value chain to develop more sustainable solutions. We are increasing customer awareness and sales of sustainable products. The Beckers Sustainability Index app and the Beckry®Therm app are designed to quantify the sustainability benefits our products can provide for the market (page 8).



The sustainability team, from left: Nicklas Augustsson, Shaan Akerkar and Ingela Nordin.

SOCIAL SUSTAINABILITY

Through external collaboration and internal research – that is, listening to our organisation – we are exploring what social sustainability means at Beckers, and developing a framework to build on this part of our sustainability strategy.

We are making sustainability a part of every employee's daily working life by providing targeted training on key issues, and improving how we maintain ongoing communication and engagement (page 11).

ENVIRONMENTAL IMPACT

We continue to raise the bar on our environmental performance, exploring new opportunities for energy management and resource efficiency (page 18). Our long-term targets to reduce energy intensity, VOC emissions and waste generated by 10% were achieved during 2015 and we achieved further reductions in 2016 (page 18).



The Sustainability Committee, seated from left: Nicklas Augustsson, Ingela Nordin, Thomas Lüder, Stephanie Schumacher. Standing from left: Ridzuan Abdullah, James Maxted, Bernd Vogel, Shaan Akerkar, Richard Steele and Chris Lowe.

Meet our new Global Sustainability Director

Hello Nicklas! You are our first Sustainability Director at Beckers Group – can you tell us about your new role and responsibilities?

I am responsible for the implementation of our sustainability roadmap, our sustainability management guidelines and targets, and the Group sustainability reporting. I am also working on internal and external communication associated with sustainability, as well as developing our green product portfolio and value proposition.

My role involves working closely with the Beckers Sustainability Committee, which is critical to helping us integrate sustainability across our business.

Can you tell us a bit more about increasing the sustainable product offer?

Sustainability is a key differentiator for our business, and we can provide a well-defined sustainable product offer to make it more valuable for our customers and end users.

My background encompasses R&D, operations, and sales and marketing. In 2017, my focus is therefore to build up a Group-wide sustainable product portfolio

for the global market. For example, with the latest development of the Beckers Sustainability Index, which now provides performance scores for coating systems, we can help our customers make sustainable choices.

How well integrated is sustainability at Beckers?

Sustainability is integrated in our organisation but we still have much we can do to make it part of our daily business practice. We have a strong framework and our Sustainability Committee has representatives from all key functions and regions. However, we must develop our internal communication and training further, and make sure sustainability is more 'hands on' for all employees. Finally, it is also about making sure our sustainability is as material as possible, for example – with our fresh focus on what social sustainability really means for Beckers.

So social sustainability is a focus area for 2017?

And beyond! We will be developing our action plan this year. Although we have many social initiatives underway, such as on-site health and safety engagement, employee training, and local charity actions, we are committed to making our work more

strategic and structured. During 2016, we worked with partners to get a better understanding of social sustainability within business in general. In 2017, we will clearly define what social sustainability means to Beckers and improve our understanding about the company's wider impact and influence to create future strategy.



Nicklas Augustsson,
Global Sustainability Director.

Striving towards our vision

During 2016, we further developed our model for understanding and overcoming the sustainability challenges ahead of us. We also continued to work with our parent company, Lindéngruppen, share best practice and develop new opportunities towards our shared sustainability goals.

Our sustainability vision

At Beckers Group, our vision is to become the most sustainable industrial coatings company in the world. Our vision addresses economic, social and environmental sustainability and is underpinned by three pillars – products, company and sustainable solutions. We developed these pillars using the Framework for Strategic Sustainable Development (FSSD) that is advocated by The Natural Step www.thenaturalstep.org/our-approach/

Our shared long-term approach

Beckers and Lindéngruppen both have a long-term perspective when it comes to doing business. This approach is reflected in our core values and strategy for sustainable development. It has helped us at Beckers to focus our vision and identify the six focus areas we must work on to achieve it: Sustainable Innovation, Health & Safety, People & Society, Climate impact, Raw materials and Waste.

In Beckers Group, the Chief Technology Officer is responsible for sustainability in the Executive Group Management, and reports to the Board of Directors once a year. Beckers also regularly reports to

Lindéngruppen. The Sustainability Committee, headed by our Sustainability Director, prepares and proposes decisions for the Executive Group Management to endorse and decree.

Working together across Lindéngruppen

Our owner, Lindéngruppen, is a family business that is focused on the long-term development of industrial companies that play their part in creating a sustainable world.

In 2015, Lindéngruppen worked with four of its subsidiaries – Beckers Group, Colart, Höganäs AB and Moorbrook Textiles – to co-develop an umbrella framework for sustainability. The framework is based on the principles of the UN Global Compact and Sustainable Development Goals.

In November 2016, representatives from across Lindéngruppen's subsidiaries met to share experiences. We ran a productive workshop in which we learned from each other, shared best practice and ideas, and developed new opportunities for working better together towards our shared sustainability goals.

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 are produced and packaged with renewable materials and without emissions
- cause no environmental or health hazards and improve the standard of living for their users

VISION FOR OUR COMPANY

To be the most sustainable industrial coatings company, which means:

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

VISION FOR OUR SUSTAINABLE SOLUTIONS

To offer sustainable coating solutions that:

- save energy for applicators and end users
- increase material efficiency
- remove pollutants
- make the world more beautiful

And also:

- promote sustainability in our industry
- partner with stakeholders for sustainable development

Putting a value on sustainability

The Beckers Sustainability Index (BSI) is a key element in our value proposition and builds confidence and trust in our sustainable coating solutions. When we shared the index with its potential users, we received very positive and helpful feedback – which we are using to make it even better.

Last year, we shared the BSI with stakeholders along our value chain, including customers, contractors, architects and end users. They told us they appreciated how the index allows them to make more informed choices based on the overall sustainability of our coatings.

Making the BSI more useful and accessible

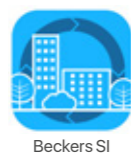
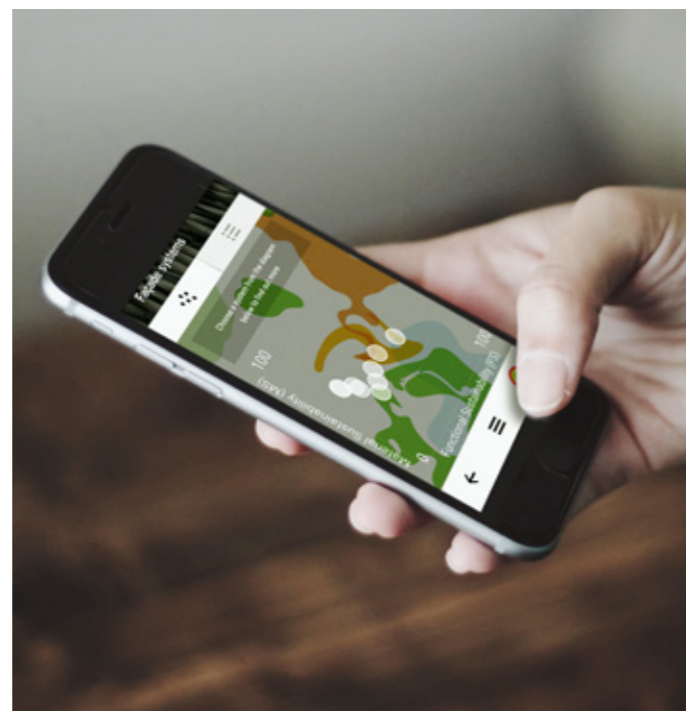
Using feedback from our customers and end users, as well as our own understanding of their needs, we have further developed the functionality of the BSI so that it can better serve those who use it.

For example, the tool originally measured the sustainability performance of individual coatings. However, our customers rarely choose a single product from us; instead, they buy a 'coating system', which is typically made up of two or more coatings. In 2016, we increased the functionality of the BSI so that it could measure and compare the sustainability performance of these complete systems, rather than just individual coatings.

Our focus for 2017 is to continue making the index as useful as possible, which includes making it more accessible to customers and end users. To do this, we have developed a mobile app for the Beckers Sustainability Index. This app allows users to easily contrast the sustainability performance of different coating systems. The app can be downloaded via App Store and Google Play. You can check out how the app works and learn more about the BSI in the video via the link beckers.link/BSI-Video.

Beckers Sustainability Index is fact-based and increases our awareness – it helps us make clear, confident decisions about which coatings to use for our stores in terms of sustainability.

– Ola Sundelin, Inter IKEA Systems Service AB



An insider's guide to the Beckers Sustainability Index

James Maxted is Beckers' International Development Chemist – Long Term Development lab UK, and has been working on the development of the Beckers Sustainability Index. We spoke to him about why the index matters and what he is excited about in the year ahead.

What are we measuring with the BSI?

We are now able to measure and share the overall performance of coating systems – for example, a polyester system or a PVC plastisol system. That improves the value proposition for our customers because it means they can factor sustainability into their planning and purchasing decisions much more easily and effectively.

The materials we choose to make our coatings affect the sustainable qualities of the end-product they are used on – whether that is a building or a washing machine. Being able to measure the combined performance of our materials also means we can make improvements and measure progress.

Is there another indexing tool like this?

No, this is absolutely unique in our industry. The climate change assessment component in the tool is based on a Life Cycle Analysis that draws from commercial LCI data.

However, we think the BSI goes further than

an LCA; we have worked hard to ensure it reports all aspects of material and functional sustainability of our coatings in a clear and concise way. We are very proud and pleased with the end result.

What do our customers think of the tool?

I have to say... they love it! The tool has been well-received at a number of international conferences, including the CEPE Annual Conference & General Assembly in Lisbon and the Chemical Innovation Exchange conference in Frankfurt.

Wherever we have shared the BSI – either at conferences or directly with our customers – we have received very positive feedback, much of which has also helped guide the next stage of the index's development, with a real focus on making it as user-friendly as possible.

Does the index make Beckers more sustainable?

Absolutely. For me, it comes down to product stewardship, which means reducing the environmental impact of our products and the items they coat, thus improving the sustainability of our offer along the whole of our value chain. To do that properly, we need to be able to clearly measure and share performance data. The BSI helps us do that.

What are you excited about for 2017?

We will launch the mobile app and video for the BSI in Q2 – I think it is going to be great. We want it to be as simple to use as possible, so we are taking a lot of care to ensure the terminology we are using will make sense to people less familiar with paints and coatings.

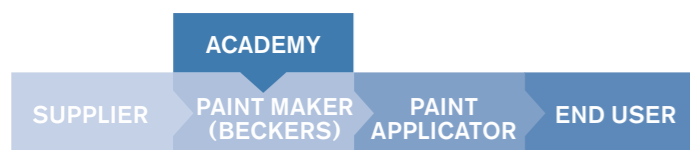
And actually, the BSI app and video are just our first steps towards using digital media to communicate the value of sustainability of our coatings. We are now working to find additional ways to be even more active in the digital marketplace.



James Maxted,
International Development Chemist.

Partnerships that bring sustainability to market

We are always open to new partnerships that push more sustainable products forward. We partner in order to develop products with high sustainability performance, to scientifically validate them, and finally to scale them to create business.



Here, we share three exciting examples of these partnerships:

1. INCREASING BIO-BASED INGREDIENTS

Today's best performing industrial coatings are almost exclusively based on resins derived from fossils.

How can we make our most popular resin components from bio-sourced ingredients?

In 2016, Beckers successfully completed research into coatings based on resins with significant bio content. Today, we have Beckry®Pol Bio and Beckry®Duro Bio – both of which can pass R_{uv3}¹ specifications for outdoor durability. We also ran a line trial on a white coating for the domestic appliance market, Beckry®Pol DA Bio. A bio-sourced R_{uv4}-class¹ polyester coating is next on the list.

We partnered with several resin suppliers, including Covestro, Novaresine, Evonik and Arkema, to develop these products. They are valuable to any business looking to reduce its dependence on fossils.

2. IMPROVING LOCAL AIR QUALITY

In an increasingly urban world, air quality is becoming a major health concern. What if the surface of buildings could help improve our local environment?

Nitrous oxides (NOx) are common air pollutants. After Cristal (a key supplier for white colour pigments) developed a TiO₂-particle that

changes harmful NOx into nitrates in harmless concentrations, a collaboration between Beckers and Cristal was the next natural step.

Together, we developed Beckry®NOx, coil coatings that absorbs NOx from the atmosphere. In February 2016, we ran tests and found that the Beckry® NOx system significantly reduces NOx concentrations. In addition, the coating also reduces dirt pickup and keeps surfaces cleaner!

We presented these results at a recent seminar organised by the Royal Society of Chemistry in London. And, in February 2016, we performed a successful line trial with Hydro Aluminium – one of our customers in Norway. We are currently seeking new opportunities to test this system in real-life scenarios.

3. VERIFIED BY SCIENTISTS

We partner with academic institutions that can measure, verify, show and explain the sustainability value added further down in our products' value chain. For example, in partnership with Oxford Brookes University, we developed a simulation model for energy coating Beckry®Therm that could verify the potential CO₂ reduction and cost savings for buildings (due to lower energy use).

Interested in partnering with us? Contact Sustainability Director Nicklas Augustsson, sustainability@beckers-group.com



¹ R_{uv3} and R_{uv4} are performance classifications according to EN 10169.

Embedding social sustainability at Beckers

Whether directly or indirectly, our company has an impact on a wide range of stakeholders, our employees, customers, workers in our value chain and local communities. We want to manage this impact proactively and positively. Although our existing sustainability strategy already today includes strong social elements, we want to take our work to the next level.



The student research team, from left: Lea Fobbe, Emmanuel Tetteh Quarmyne and Jenny Lemke.

Enhanced training for everybody

It is critical that we make sustainability a part of everyone's job. We updated our internal sustainability e-learning course to include social sustainability principles, rolling it out to more than 900 employees and making it available in seven Group languages. We plan to introduce on-site training with the same content in order to reach every Beckers employee.

Alongside this, we developed a specific Code of Conduct e-learning course to give everyone within Beckers a platform and the opportunity to become familiar and confident with our policies, values and standards. This course was launched in 2016 and it is on track to reach all our employees.

Becoming more strategic in our approach to social sustainability

To make our social sustainability work more strategic, we must define what it means to Beckers and improve our understanding of our wider impact and influence on people and communities.

In 2016, we conducted a research project on the issue of social sustainability within business with the Blekinge Institute of Technology (described to the right). To further build our understanding of social sustainability, we compared various relevant sustainability frameworks and standards, and looked at how other companies approach this issue.

In 2017, we are applying what we learned to further develop our social sustainability strategy.

A Master's Thesis on Social Sustainability

The Blekinge Institute of Technology (BTH) has an international reputation for research on strategic sustainable development. As of 2016, Lindéngruppen provides long-term funding to help the institute develop and expand its ground-breaking research.

In 2016, Beckers Group worked with three students from the BTH on a master's thesis on implementing social sustainability in business. We are proud to be able to nurture the ideology of sustainable development in academia in such a practical way, and to be involved in this project and learn from its findings.

PART ONE: ANALYSING SOCIAL SUSTAINABILITY AT BECKERS

To understand the current status of social sustainability at Beckers, the research students interviewed a selection of our management team about their knowledge of social sustainability¹ – both within and beyond our company.

PART TWO: IMPLEMENTING A SOCIAL SUSTAINABILITY STRATEGY AT BECKERS

The students explored various implementation approaches for social sustainability at Beckers. This involved looking at several proven models of improvement, and at these five new principles of social sustainability: health, influence, competence, impartiality and meaning.

The findings of the thesis will be invaluable to the development of Beckers' social sustainability action plan.

¹ As per the Framework for Strategic Sustainable Development (FSSD) that is advocated by The Natural Step.

A spotlight on local social initiatives

We have been supporting the communities where we operate for many years – serving our neighbours and employees, as well as local nature. As we move to integrate social sustainability into our strategy, we will learn from and build on this experience. Here, we share some stories of local initiatives from around the world.

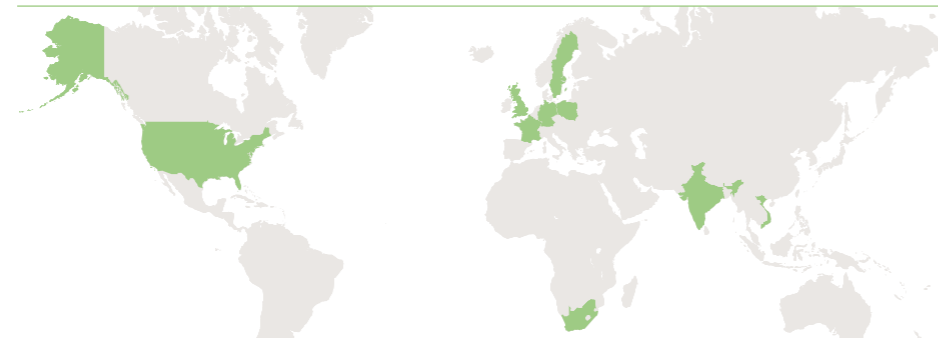
All our initiatives support the environment and/or society locally, improve performance at our own sites in some way, and are politically and religiously neutral. Together with partners such as schools, universities, local aid organisations or NGOs, we participate in a wide range of activities.

We endeavour to actively communicate our social activities, both within our company and to our stakeholders and society more widely.

Supporting our neighbours and employees

We support initiatives that improve the lives of the people living near our sites, and the people who work at Beckers. Our teams around the world support causes they care about, from fundraising for children's charities and the vulnerable, to hosting family events and supporting health initiatives.

Examples of the global reach of our local community initiatives



- US**
Donation from employees for "Run for a child" 2016 event
- FRANCE**
Learn training project school and business
Caritha'thlon, Solidary Event
- POLAND**
Donation to Animal Shelter
Donation to local Single Mothers' House
- INDIA**
Donations to local community and schools
- UK**
Donation to Cancer Charity
Food items to local charity who distribute
Local team use our football pitch
- GERMANY**
Learn training project school and business
- SOUTH AFRICA**
Support to the Star for Life programme
- VIETNAM**
Support to the Glass-bone Centre hospice
- SWEDEN**
Sponsoring of a local high school (scholarships)
Support local girls shelter

I was more than happily surprised that the Group-wide assessment we did in 2016 revealed so many local social initiatives already going on with our local communities. We found more than 15 external projects or initiatives running in nine countries. It makes me really proud to see the engagement of our employees across the globe.

– Bernd Vogel, CTO, Beckers Group



FRANCE

Every year, Beckers France devotes resources to support local initiatives. In 2016, among other local programmes, Beckers was involved with Caritha'thlon – a challenge event to raise awareness and funds for four local children's charities. The event challenged the Loire population to travel the equivalent distance from Saint-Etienne to New York, either by running or cycling.

For each of the 6,150 km covered, supporting organisations would donate EUR 2. Beckers donated EUR 850 in support and several employees took part in helping to cover the distance.



SWEDEN

I would like to express our great thanks once again for all that Beckers Sweden is doing and has done for Girl's Shelter Idun in Sigtuna. It makes us warm at heart.

– Carina Ekström, Tjejjouren Idun, Sigtuna-Märsta, Sweden

In preparation for the annual Beckers Day in Sweden, colleagues were asked – for the first time – to nominate colleagues for one of four Beckers Awards: Buddy of the year, Environmental hero of the year, Joy bringer of the year and Pathfinder of the year.

Each award winner can choose a local charity for Beckers to support, and – in 2016 – Asa, Gunnel, Magnus and Andreas (the respective winners) all chose a local charity that supports and shelters young girls.



SOUTH AFRICA

In 2016, we continued our sponsorship of a school in the 'Star for Life' programme in South Africa. Star for Life is a non-profit organisation with the mission to inspire young people to believe in themselves and support them to live AIDS-free lives.

The Eketsang Secondary School in Katlehong, Gauteng province is part of Star for Life and was previously supported by our parent company Lindénggruppen. As of last year, the sponsorship was taken over by Beckers, and we attended the Star for Life award ceremony in October, which recognised and celebrated the hard work of all Star for Life learners and educators in Johannesburg.



VIETNAM

For the first time last year, Beckers employees in Vietnam visited the 'Glass-bone Centre' – a hospice for children with brittle-bone disease. The team took gifts and other donations, and spent time playing games with the children. Everyone working at Beckers in Vietnam was encouraged to attend, and we were pleased to be joined by our local top management.



Reinforcing everyone's safety at Beckers

At Beckers, we are taking environmental health and safety more seriously than ever before. We are continuously improving the safety of our employees, customers and environment through the ongoing upgrade of operations and products – a process we have been committed to since day one. In 2016, we stepped up our efforts to get closer to our goal of no accidents or incidents worldwide.

At all our sites, Beckers complies with and adheres to all rules and regulations of the communities and countries in which we operate. We are a responsible partner to all our stakeholders, serving the broader interests of society. Providing a safe working environment is central to our corporate vision.

Our first Global Safety Day

In 2016, we organised our first ever corporate Global Safety Day. The event was successful (as you can see in the

photos and quotes), and demonstrated just how engaged Beckers' sites are with environmental health and safety (EHS) issues.

The day started with a video message from senior management, followed by an on-site programme of EHS-related activities, including seminars, group discussion and roleplay to highlight safety at work. Employees were also asked to fill in a questionnaire, the results of which will form the basis of a roadmap for improving EHS awareness across our business.

The Global Safety Day helped us to take our commitment to EHS to the next level because it allowed us to engage every single employee at Beckers. Although the responsibility for health and safety at work lies with management, we will only achieve our goal if everyone at Beckers takes ownership of the issue.



It was great to see the whole company, from top management level to line staff, show their passion and attention to safety at Global Safety Day. My colleagues were excited to take part and are happy that Beckers will focus more on environment, health and safety.

– Emily Wu, Shanghai, China

The Global Safety day has motivated us and now we understand that safety and health is not only beneficial for us but also for our family and lives. Now, I even teach my kids. Safety is everyone's priority.

– MK Lee, Malaysia

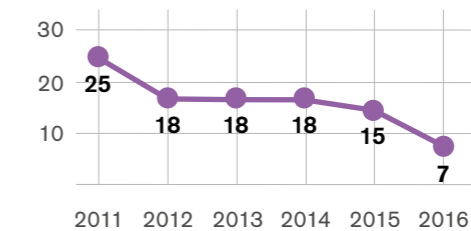
Introducing the 5S methodology

The 5S methodology is a five-step process to improving production efficiency that brings big benefits to occupational health and safety. By following (and maintaining) these good practices, we can keep improving both efficient work models, and health and safety at Beckers.

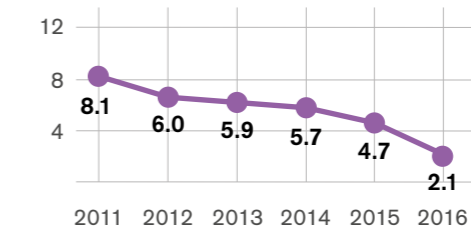
When implemented correctly – with a structured plan, clear commitment from management, and involvement across the company – 5S is very effective. One reason for this is because it directly helps overcome preconceptions that often stand in the way of change; it helps change old habits.

We implemented the 5S methodology in several sites across our company and, in 2016, continue to receive positive results from Beckers' teams around the world.

NUMBER OF INCIDENTS



LOST TIME INJURY RATE



Health and safety indicators improving

The following elements are key to our on-going progress in the areas of health and safety:

- Management's higher focus on safety aspects
- Group-wide 'Global Safety Day' was conducted in all sites to bring safety awareness at the workplace
- All top management meetings now start with EHS aspects
- In several sites, employees reported near-misses more regularly and proactively compared to previous years
- Incident reporting guidelines were created and strictly followed

Reducing the intensity of our emissions

We remain committed to reducing the number of harmful emissions created by Beckers. In 2016, we saw a significant 6% reduction in carbon emissions created per ton of product produced (compared to 2015), and continued to shift our sites towards the use of renewable energy.

Monitoring our climate impact

To maintain progress towards our emissions goals, we have to fully understand our current impact – the amount, nature and source of our emissions. We are making this data transparent and tangible so we can create a robust plan for reducing our emissions.

We have been partnered with Ecometrica for several years. As a leader in online software for climate assessment, they help us better understand our carbon footprint. This data helps us to explore the best options for minimising our direct emissions and continuing to shift to renewables.

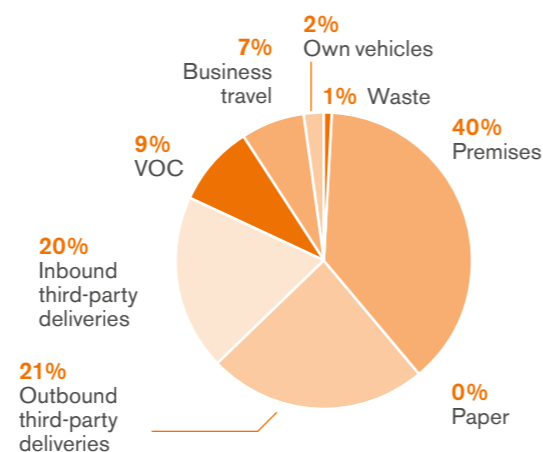
Reducing our emissions

Overall, there has been a 6% reduction in carbon emissions per ton of product produced across Beckers Group since 2015. In part, this is thanks to the continued increase in the share of renewable energy used by our production sites. We continue to make progress towards carbon emission reduction: our two sites in UK and Sweden are now 100% powered by renewable electricity sources. We expect our Italian sites to reach the same milestone in 2017, and are encouraging all sites to make the transition where possible. We are also starting to generate our own renewable energy – read more about our solar panel project in Malaysia on the opposite page!

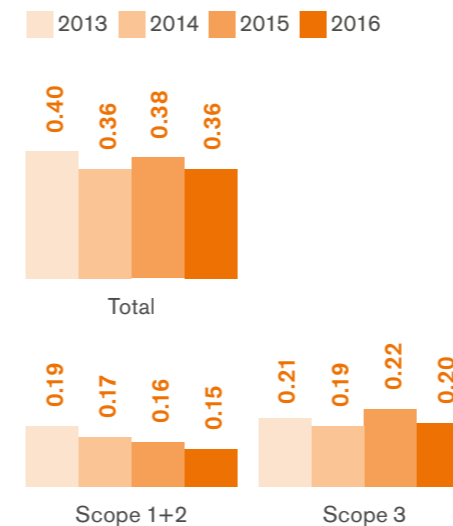
The way we measure our greenhouse gas emissions is changing. The new method, which is known as a market-based approach, is in line with the GHG protocol and involves working directly with our energy suppliers to get the most accurate numbers possible. This improvement means our emissions data will be better reflected in our next report.

As a side note, the Environmental Protection Agency in the US has changed their measurement methodology for 2016, reducing the emissions factor for shared road inbound and outbound delivery. This affects our scope 3 results (ie. third-party emissions from our value chain) for sites outside Europe.

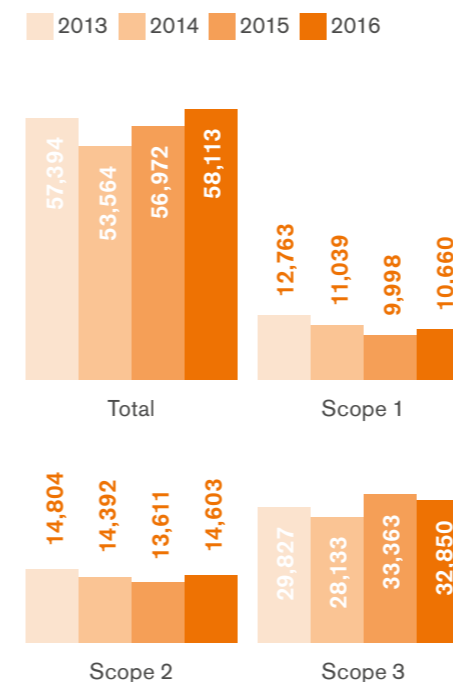
CO₂e EMISSIONS 2016 BY ACTIVITY*, %



CARBON EMISSIONS INTENSITY 2016*, TON CO₂e/TON PRODUCT PRODUCED



CO₂e EMISSIONS 2016*, TON



*All climate data portrayed uses location-based approach.

Investing in solar

Shifting to renewable energy is an important part of our journey to sustainability. Energy management within Beckers begins here!

We are excited to confirm the approval of a solar panel project at our production site in Malaysia. This long-term sustainability investment decision was taken in 2016 and is our first project for the local generation of renewable energy. This is a pilot project and represents a big step forward for how we manage our energy consumption across Beckers Group.

It will cover a considerable share of our Malaysian site's energy consumption and generate 100 KW power. This project complements our long-term vision for sustainable development and we see it as a major milestone on our journey.

The project will consist of a stand-alone, off-grid solar panel plant on site in Malaysia.



Project team: Jesmin Lou, Stacey Tee, Shashi Veera, Ridzuan Abdullah, Dato Ray (supplier Rich Gold), Jayakumar Rajamoney and J D Bu.

Recognising our environmental progress

We are proud of our environmental progress – improving energy efficiency, reducing waste generation and meeting our VOC KPIs. We hold ourselves to a high standard across Beckers Group, and are constantly looking for ways to strategically step up our environmental performance. We expect our work on creating company-wide alignment on waste streams and our VOC-reduction methodology to create long-term progress towards our goals.

Achieving our targets

We were thrilled to meet our targets to reduce energy intensity, VOC emissions and waste by 10% in 2015 - ahead of schedule. In 2016, we made further reductions: we now use 13% less energy per ton of production, we emit 30% fewer VOCs, and we generate 28% less waste (against a 2013 baseline). We have started setting new long-term targets for the future.

Reducing our energy use

The opening of three new sites in 2016 led to an increase in our overall energy consumption. However, thanks to the installation of energy efficient equipment and operational streamlining, we have also seen an improvement in our energy efficiency, reducing our energy consumption per ton of production.

Reducing our waste

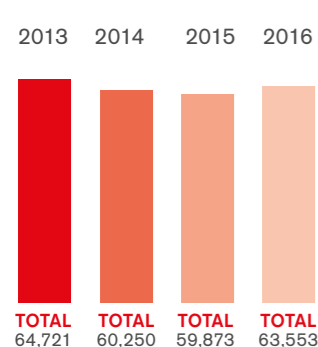
Despite our growth in 2016, and an accompanying 8.3% increase in production volume, we have reduced the overall amount of waste generated by our company.

However, in 2016, we also updated our definition of waste disposal. In the future, this will help us make a provision for the amount of waste we reuse, as per GRI guidelines. Previously, all reused material was either measured as recycled or incinerated waste.

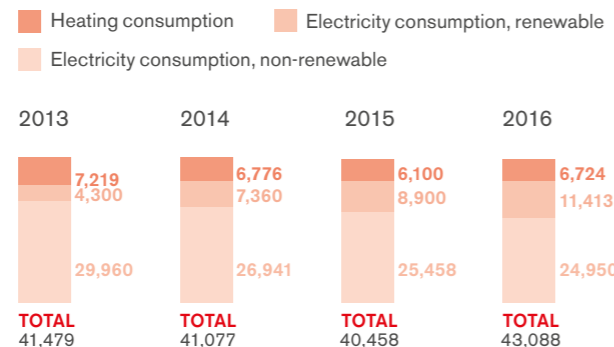
This update to our waste management reporting was inspired by the principles of the circular economy, which involves shifting from a linear model of consumption to one in which resources remain in use for as long as possible, and are then repurposed or regenerated instead of being thrown away. This new definition affects how we measure and report on our waste and means we cannot accurately compare our results with those of 2015.

Non-renewable and renewable energy and fuel consumption in 2016

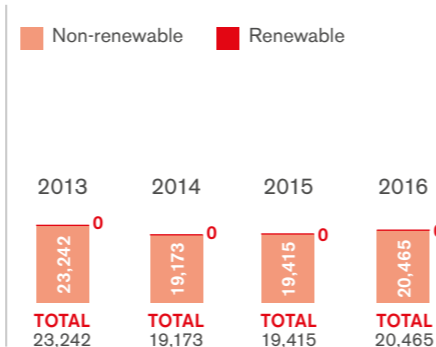
TOTAL ENERGY AND FUEL CONSUMPTION, MWh



ENERGY CONSUMPTION BY SOURCE, MWh



FUEL CONSUMPTION, MWh



A positive trend for VOCs

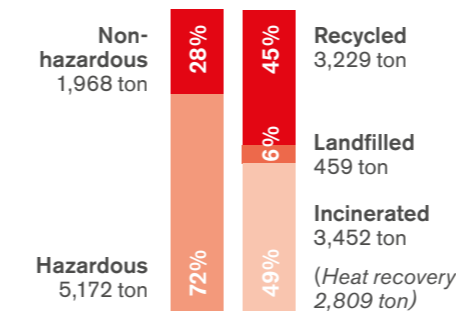
Volatile organic compounds (VOCs) can be harmful for humans and the environment, but it is difficult to measure or calculate fugitive unintended emissions. At Beckers, we have been developing ways to address this issue by fine-tuning our methodology and updating our VOC tracking systems.

Over the years, we have seen a significant decrease in VOC emissions – from 5 kg per ton of paint produced in 2013, to below 3 kg in 2016.

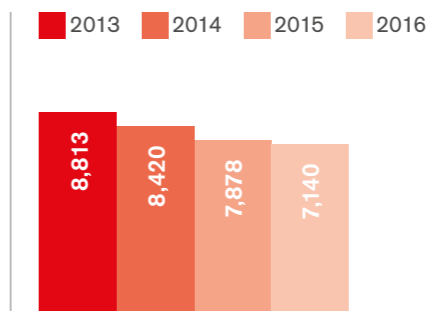
We measure and target VOC emissions from all our production sites through a combination of activities. These include investment in the design and use of more efficient ventilation systems, better equipment handling, the covering of volatile substances, and production through closed systems (like our trademark Beckry® Mix equipment) to reduce exposure to the environment.



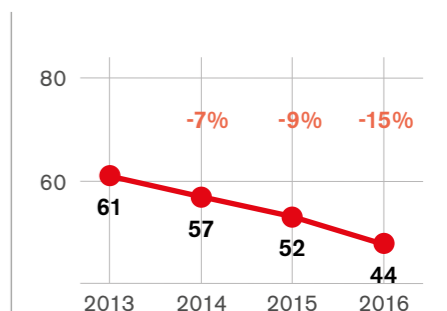
2016 TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD, TON AND %



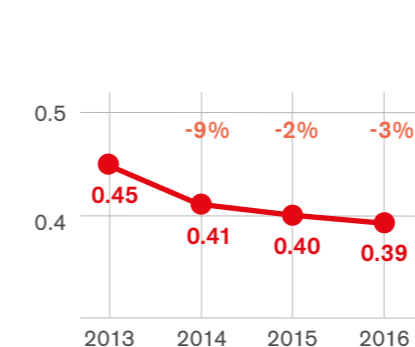
TOTAL WASTE, TON



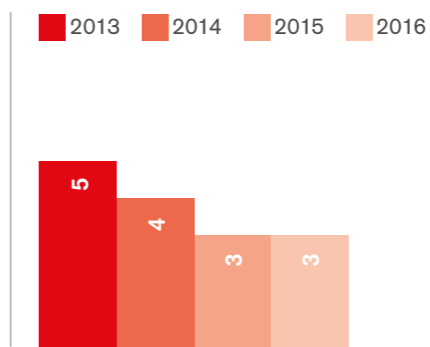
WASTE, KG/TON



PRODUCT ENERGY INTENSITY, MWh/TON



VOC* 2013-2016, KG/TON



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

Meet Beckers Group

Beckers is a global coatings company that develops high-quality paint systems delivering a strong environmental performance. Founded in Sweden and with a long and rich history, we are constantly innovating and perfecting our offer to increase the value of sustainability for our customers, end users and other stakeholders.

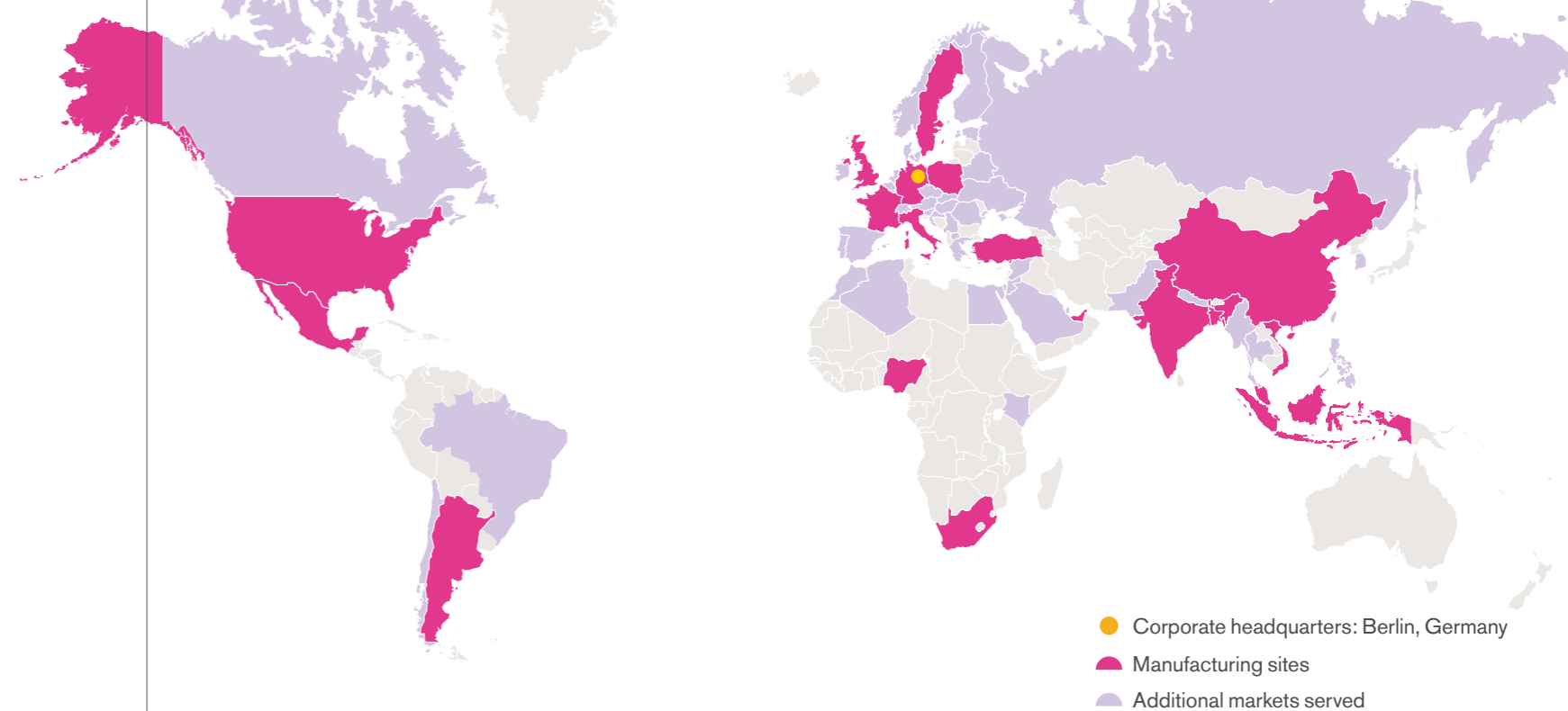
Our business' expertise is based on our long history dating back over 150 years. In 2016, we opened three new production sites. And today, 1,800 people work at 24 production sites in 19 countries, providing products and custom-made solutions to customers in close to 60 countries around the world.

The company is now structured into two

business segments: 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 therefore invest heavily in

research and development to produce our coating solutions.

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.



● Corporate headquarters: Berlin, Germany
 ■ Manufacturing sites
 ■ Additional markets served

Beckers in detail

FINANCIAL PERFORMANCE

Net sales 2016: MSEK 5,400

CAPITALISATION

EQUITY: MSEK 1,309

EQUITY RATIO: 33.7%

NET INTEREST BEARING DEBT OF MSEK 304

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. The global reach and local presence is key for our future success, including our sustainability work. We set financial performance targets, which are followed up in our financial reporting system.

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

OUR BUSINESS SEGMENTS

COIL COATINGS

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

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.

INDUSTRIAL COATINGS

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

ABILITY TO 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 supply chain

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 site. As we are manufacturing today in 24

sites in 19 Countries on 4 continents, the inbound supply chain can be complex.

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

Handling and transport of our raw materials is strongly regulated in all regions. We make sure, that transport, handling and use of all our raw materials comply with local legal requirements. This is taken care of by our local EHS groups in all sites together

with local procurement and supply chain organisations. Important raw material suppliers are assessed in terms of corporate social responsibility by an external platform (EcoVadis). We follow published objectives and procedures in order to improve the CSR performance of our supply base in all global regions.

Introducing our Board of Directors and the executive group

EXECUTIVE GROUP MEMBERS

DR. BORIS GORELLA
CEO

NATHALIE BENEDIKT
CHIEF FINANCIAL OFFICER

DR. KARSTEN ELLER
CHIEF OPERATING OFFICER

OLIVIER LAUNE
CHIEF ADMINISTRATIVE OFFICER

PAUL MENEZES
PRESIDENT COIL COATINGS
ASIA & MIDDLE EAST

CHRISTOPHE SABAS
PRESIDENT COIL COATINGS
EUROPE, AFRICA & AMERICAS

DR. BERND VOGEL
CHIEF TECHNOLOGY OFFICER

CHRISTIAN VOGEL
PRESIDENT INDUSTRIAL
COATINGS

BOARD OF DIRECTORS

ERIK URNES
CHAIRMAN OF THE BOARD

JENNY LINDÉN URNES
OWNER

DR. BORIS GORELLA
CEO, BECKERS GROUP

GEORG BRUNSTAM
CEO, HEXPOL AB

MALIN PERSSON
PRESIDENT AND CEO, CHALMERS
UNIVERSITY FOUNDATION

SUZANNE THOMA
CEO, BKW AG

URSULA JAKOBSON
LABOUR REPRESENTATIVE

DANIEL WALL
LABOUR REPRESENTATIVE

GRI Topics and Governance

We are continuously improving how we manage sustainability at Beckers. When it comes to reporting our sustainability performance we have since 2012 used the Global Reporting Initiative (GRI) guidelines. For 2016 we shifted to the new GRI Standards. We find them supporting our work better, being more structured and topic oriented. We reviewed our material topics to further accelerate our progress. This report has been prepared in accordance with the GRI Standards: Core option.

Refreshing our sustainability topics

During 2016, we continued to develop our sustainability reporting according to our business strategy and stakeholder expectations. This development was based on the framework outlined by the GRI materiality process, as pictured below.



At Beckers, we value reporting because it structures and focuses our work, and guides the review of our progress. Below, we have outlined our progression through these steps over the last few years:

Identifying material sustainability topics

Since we started reporting according to GRI guidelines, we have mapped out the sustainability topics most relevant to our business, which are underpinned by the GRI's list of topics. We established a comprehensive list of over 40 relevant sustainability issues.

Prioritising and validating through stakeholder dialogue

In 2015, to prioritise this long list of issues, we surveyed and interviewed selected internal and external stakeholders. We chose stakeholders according to their importance to Beckers and their knowledge of sustainability. We asked them to prioritise the pre-identified sustainability issues, and to add any other issues or ideas they considered relevant.

The results of this consultation process were then discussed and validated in an internal workshop consisting of leaders from all key functional areas of Beckers Group. This resulted in a list of 17 material topics.

Reviewing our topics and our reporting

In 2016, Beckers decided to shift to the new Global Reporting Initiative's (GRI) Standards. The ability to shape and adapt are part of our core values, which helped us make the business decision to switch to the new standard two years before the GRI requirement.

At the same time, we reviewed the materiality of selected sustainability issues by checking them against external trends, the results of our 2015 stakeholder dialogue, other ongoing stakeholder dialogues and our internal development.

We then validated these 'refreshed' sustainability issues in a Sustainability Committee workshop in November 2016. To further validate these issues, we undertook a process of alignment between our existing material issues and the new GRI Standards topics and disclosures. You can find further information about our material topics in the appendix on the Beckers' website: www.beckers-group.com/sustainability/sustainability-report

Legal compliance

During the review of our material topics, we realize we could respond to all compliance-related topics through our Disclosure of Management Approach (<http://www.beckers-group.com/sustainability/sustainability-report/>).

Compliance with laws and regulations including but not limited to human rights, environment, health and safety, anti-corruption, anti-competitive behavior, protection of personal data and privacy is clearly regulated by laws and our Code of Conduct.

Compliance to our CoC is continuously followed by the Management of the Group. The Chief Administrative Officer is in charge of internal audits and compliance on a global level.

Our material GRI topics

When we reviewed our topics while transitioning to GRI Standards, we applied all GRI's Reporting Principles and focused on the most material topics. This allowed us to concentrate and condense the topics we focus on. We remain consistent in our desire to make our reporting as simple and well-structured as possible – for the benefit of our stakeholders. As a result, as of 2016, we now report eight material topics.¹

PRODUCT STEWARDSHIP

We created 'Product Stewardship' as one of our eight material topics. It means taking responsibility for sustainability issues along the length of our product value chain. Ultimately, this topic will help us to develop more products for our customers that meet their needs and fulfil our shared vision of sustainability. Our most vital areas to improve within product stewardship are:

- The choice of raw materials for our products
- Which suppliers to work with
- How our products perform at applicators (our main customers) and end user, including customer health and safety

WASTE

As a chemical manufacturer, resource management is material and is already measured and targeted. To support sustainable development globally we need to minimise wasted material and close packaging material loops.

ENERGY

As a manufacturer, energy management is material, both in terms of efficiency and climate change, and is already measured and targeted. To support sustainable development globally we need to use energy from renewable sources.

EMISSIONS

Climate impact is material and we already measure and assess it. Our focus is on greenhouse gases and VOC emissions, and we have set targets on reduction.

EMPLOYMENT

We are highly dedicated to our jobs and live our values. Our employees are critical to our success. We are measuring employee turnover to identify opportunities for improvement.

TRAINING & EDUCATION

We care about the professional development of our employees in the short and long-term. It is only through the know-how of our employees that we can accelerate our progress towards a more sustainable business.

LOCAL COMMUNITIES

Social engagement with local stakeholders is an important part of sustainable development in the communities where we are active. Beckers Group wants to positively contribute to the communities in which we operate by both providing reliable employment and by giving back through charitable giving and social responsibility programmes.

OCCUPATIONAL HEALTH & SAFETY

The health, safety and wellbeing of our employees, partners and customers is of ongoing, critical importance, and we continue to endeavour to reduce the number of accidents or incidents world-wide to zero.



^{*}Current status 2016.

¹The new GRI Standards uses the word 'topics' instead of 'aspects' when describing material sustainability issues.



Beyond the Surface

Sustainability Report 2016

Beckers Group
Global Headquarters
Wilh. Becker Holding GmbH
Kurfürstendamm 57
10707 Berlin, Germany

Contact:
Nicklas Augustsson, Sustainability Director
Ingela Nordin, Sustainability Manager
Bernd Vogel, Chief Technology Officer
sustainability@beckers-group.com

www.beckers-group.com

© 2016 AB Wilh. Becker

Beckers, Beckers rainbow logotype, Beckry® and Beckqua® are trademarks owned by AB Wilh. Becker, registered in the European Union and other countries.

Photo by: David Hares, pages 5, 6, 9. Arthur Gawle, pages 4, 19.