

Beckers Sustainability Report 2012

Contents

3 Message from the CEO

4 This is Beckers

6 Are we making Beckers more sustainable?

8 Highlights from 2012

10 Strategic choices

15 With our customers in mind

19 Environmental responsibilities and opportunities

23 Our workforce and our ethics

26 GRI Content Index

Message from the CEO

Dear Stakeholders, I am very pleased to present our first Global Reporting Initiative (GRI) Sustainability Report, which provides a comprehensive picture of the Beckers Group's sustainability commitments, activities, and achievements in 2012.

“Beckers’ vision is to be an innovative market leader of the industries in which we do business. It is one of our goals to be the most sustainable industrial coatings company in the world.”

We see the challenge of sustainability as both a responsibility and a tremendous opportunity to obtain competitive advantage. This will ensure our long-term market success.

The economic uncertainty during the past few years has brought new global challenges to our industry in general and our business specifically. European and other global markets have become saturated with standard coil coatings at low prices from Asia. Fortunately, REACH, the EU legislation requiring Registration, Evaluation, Authorization, and Restriction of Chemicals, helps keep the environmental standard high for the European coating industry. On the other hand, different standards in each country, combined with continued market pressure for low costs, are also realities. We need the support

of consistent policies to assist the market and industry transformation toward greater sustainability. We also must provide effective communications to raise worldwide awareness about the “real costs to society” associated with current industry and market practices.

There is positive momentum in several major markets to move toward the production and use of more sustainable products, with Western Europe and the United States leading the way.

Beckers Group is in an excellent position to take advantage of this trend because we currently offer environmentally friendly products and are positioned to lead with sustainable innovations needed in the future.

In addition, we have committed to annually reducing our environmental footprint without compromising the ability to provide tailor-made coating solutions to our customers.

I believe that the content of this report will provide interesting insights regarding sustainability at Beckers Group that demonstrate our commitment to go beyond the surface.



Boris Gorella

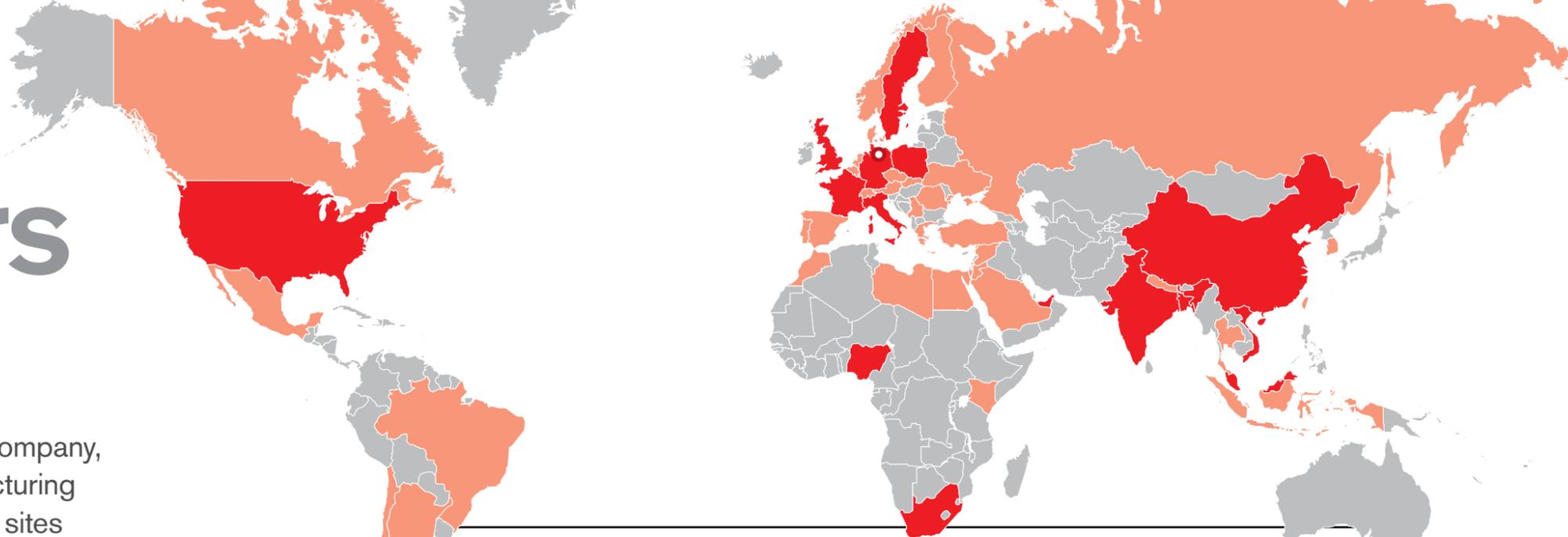
DR. BORIS GORELLA
CEO, BECKERS GROUP
BERLIN, GERMANY

This is Beckers

Beckers Group is a family owned, global industrial coatings company, providing quality products and services across many manufacturing sectors. Our operations span 4 regions, 15 countries, and 19 sites with a team of 1 683 co-workers.

Founded in 1865 by the German chemist, Carl Wilhelm Becker, Beckers began as one retail paint shop in Sweden. Over the years, through organic growth and critical acquisitions, Beckers has become a leading manufacturer of industrial coatings and solutions. Today, we are a limited liability company owned by the Lindén family. Our international organizational structure

enables us to coordinate globally, ensure universal product standards, and secure economies of scale. At the local level, each of our sites has a production unit, an R&D lab, and a commercial division. This blend of global and local in both management and market presence gives us the ability to offer innovative products, partnership opportunities, and solution services to our customers.



Beckers Group

MAIN HEADQUARTERS:
Berlin, Germany

BECKERS PRODUCTION SITES:
Bangladesh, China, France, Germany, Great Britain, India, Italy, Malaysia, Nigeria, Poland, South Africa, Sweden, USA, UAE, Vietnam

ADDITIONAL MARKETS SERVED: Argentina, Austria, Belgium, Brazil, Canada, Chile, Czech Republic, Denmark, Egypt, Finland, Greece, Indonesia, Israel, Jordan, Kenya, Libya, Mexico, Morocco, Nepal, Netherlands, Norway, Portugal, Romania, Russia, Saudi Arabia, Serbia, Slovakia, South Korea, Spain, Switzerland, Syria, Taiwan, Thailand, Turkey, Ukraine.

OPENING OF NEW SITES, 2012:
Bangladesh, Nigeria
JOINT VENTURES:
India, Bangladesh
CLOSING OF PRODUCTION SITE, 2012: Toronto

Our business

Beckers has three distinct business units:



COIL COATINGS

"Beckers is the European leader in coil coatings. We also provide paint solutions worldwide through our global network of production sites for diverse product lines including long-life composite panels for prestigious buildings, washing machines, and venetian blinds. The process itself – applying and curing surface coatings efficiently and continuously on metal strip – reduces environmental impact as it applies paint with little waste, usually burning any released solvents to provide energy for curing the paint. We develop processes and coatings that meet and exceed legislation worldwide, including the use of new chemistry as an alternative to fossil resources." Learn more at: beckers-group.com/en/Coil-Coatings

JEAN-PIERRE GENEVAY
SENIOR VICE PRESIDENT COIL COATINGS
SOUTH EUROPE & AFRICA



SPECIAL COATINGS

"For decades, Special Coatings has provided tailor-made coatings solutions for customers across diverse industries. The sectors we serve include ACE (agricultural, construction, earth-moving), transportation, defense, and specialties (automotive components, metal drums). We increase the useful life of our customers' products by providing protective, durable coatings. We also continue to work closely with our customers across the globe to develop new, tough coatings and innovative, lean processes that result in decreased use of persistent chemicals, energy, and natural resources." Learn more at: beckers-group.com/en/Special-coating

PAUL THOMAS
SENIOR VICE PRESIDENT SPECIAL COATINGS
EUROPE



CONSUMER DESIGN FINISHES (CDF)

"CDF adds value to consumer electronics and appliance products by providing innovative surface finishing. Our solutions are designed to enhance the end-user experience by adding attractive visual effects and tactility with outstanding functional properties. With our global organization, we support our customers at all steps of their value chain, from trend analysis and product engineering to the application of the surface finishing solution. Our development efforts aim to meet the increasing demands for cost competitiveness, ease of application, and environmental sustainability." Learn more at: beckers-group.com/en/Consumer-Design-Finishes

CHRISTIAN VOGEL
PRESIDENT CONSUMER DESIGN FINISHES

Beckers' sales snapshot

Beckers Group is the market leader in the Western European coil coatings market, our most mature market. There is limited growth in Western Europe and in North America, but in the developing markets in Eastern Europe, Asia, South America and Africa, growth is encouraging. Following the market trends, we therefore added plants in Bangladesh and Nigeria. The domestic Chinese market is also still growing despite the EU anti-dumping duties imposed in 2012 that affected Chinese exports.

In our Special Coatings unit, we are focusing particularly on our ACE (Agricultural, Construction and Earth-moving) business. Currently, close to 60% of the ACE market is in Asia, where in 2012, the Chinese market was strongly affected by a weakening of the construction industry. Within Beckers, we have our sights set to become the market leader in our Europe & Africa (E&A) ACE markets.

In the CDF global markets, there is a trend to higher fragmentation of Original Equipment Manufacturers (OEMs) – the producers of smart phones, tablets, etc.,

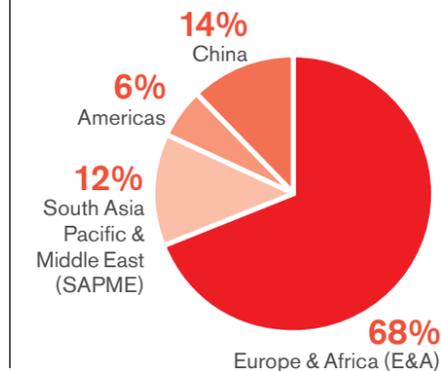
and the amount of paints used on mobile devices is decreasing. Yet, our business continues to grow.

We have set ambitious 2015 sales targets in all three of our business units for emerging markets. The decrease in 2011 sales happened primarily in the second half of the year when the economy was affected by the financial crisis. In 2012, we reversed this trend by increasing sales in developing regions and increasing prices worldwide to reflect the higher raw material costs.

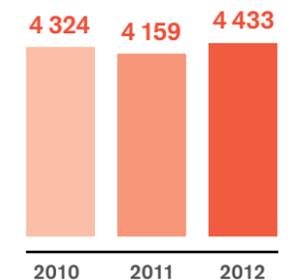
At times, there are incentives or programs

initiated by governments focused on energy-efficiency, job creation, or other country interests. During 2012, we did not take part in such programs or receive financial assistance from governments where we do business. Should there be an opportunity in the future to be involved in any program promoting renewable energy or sustainable innovation collaboration, we will consider being involved if we see a benefit for our business and stakeholders.

BECKERS' SALES BY REGION 2012



TOTAL GLOBAL SALES 2010-2012 (MSEK)



Beckers Group's global headquarters are now located in Berlin, Germany.

Are we making Beckers more sustainable?

Scientific evidence shows that environmental stewardship is necessary for society's survival – at Beckers, developing sustainable formulations, processes, and operations is a top strategic goal.

Products and processes

At Beckers, we strive to manufacture durable, efficient, and affordable products. Long-lasting, corrosion-resistant coatings for heavy industry and consumer product applications mean less need to replace materials, structures, and products that they protect.

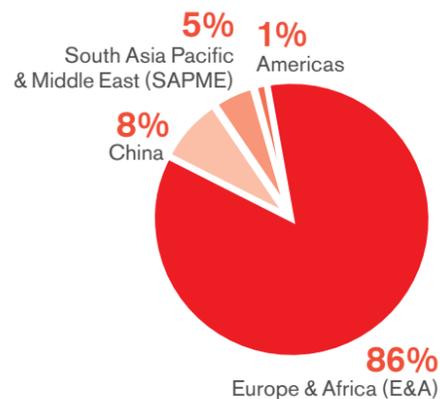
We also take pride in fostering a company culture of innovation. We invest significant R&D resources toward developing coating solutions that address environmental challenges in diverse ways. We have formulations and innovative processes on the market and in the pipeline that are free of persistent substances; reduce waste, energy and natural resource use; and add sustainable value to our customers' products.

Global strategy initiatives toward sustainability

- In 2010, five Sustainability Focus Areas were established where incremental environmental performance improvement will be achieved (p. 12).
- In 2011, a new global oversight structure was created in which our Sustainability Manager directly reports to our new Chief Operating Officer (p. 13).
- In 2012, three company-wide environmental impact reduction goals were set (p. 13).
- Ongoing efforts are underway to raise Health, Safety, and Environmental standards at all 19 of our production sites.

In 2012, 17% of our investments were sustainability oriented. We also have substantial environmental expenditures every year. They are embedded throughout our business and production activities and are not measured separately as a sustainable investment, but rather as a part of everyday costs and concerns.

SUSTAINABILITY INVESTMENTS BY REGION



1960s BECKERS SUPPLIES PAINT TO THE COIL COATING PROCESS WITH LESS VOC EMISSIONS AT APPLICATION

1970s WATERBORNE COATINGS LAUNCHED

1970s CADMIUM-FREE COATINGS OFFERED

1970s CHROMATE-FREE, ANTI-CORROSION SPECIAL COATINGS' ALTERNATIVES DEVELOPED

1980s ISOPHORONE AND OTHER HARMFUL SOLVENTS REPLACED

1980s LEAD-FREE ALTERNATIVES INTRODUCED
In Scandinavia, lead-based pigments totally phased out

1980s GREENLINE™ BRAND LAUNCHED
Coatings with reduced environmental impact

1980s HIGH SOLID SYSTEMS DEVELOPED
Less solvent in finished product and less material to transport

1990s FIRST ISO 14 001 CERTIFIED PRODUCTION SITES
In 2013, all European sites will be certified

1990s PROCESS INNOVATION: MIXING DIRECTLY INTO DELIVERY PACKAGING
Less VOC emissions during paint production, less cleaning of mixing pots, less material waste

1990s VOC EMISSIONS INCINERATED AT FIRST SITES
Currently at 3 sites

1990s CHROMATE-FREE PRIMER ALTERNATIVES FOR COIL COATINGS LAUNCHED

Product development in decades

2000s PROCESS INNOVATION: BECKRYTHERM COATING SYSTEM DEVELOPED

2000s ZINC PHOSPHATE-FREE, ANTI-CORROSION PRIMERS OFFERED

2000s TIN-FREE POLYURETHANE (PUR) PAINT ALTERNATIVES INTRODUCED

2000s PHTHALATE-FREE PLASTISOL ALTERNATIVES TO COIL COATERS OFFERED

2010s "VERY HIGH SOLID" SPECIAL COATINGS DEVELOPED
Fast curing at low ambient temperature

2010s WATERBORNE BASECOAT FOR THE AUTOMOTIVE SECTOR LAUNCHED

Local sustainability initiatives



SHANGHAI, CHINA:
We installed an electric charging station to encourage employee use of this environmentally-friendly mode of commuting to work.



SALIGAO, INDIA:
Our new Rainwater Harvest System ensures that we optimize our use of water. We focus on helping preserve this natural resource.



MONTBRISON, FRANCE:
We support local artists that live and work in the region and proudly display their art on the grounds of our manufacturing facilities.



MÅRSTA, SWEDEN:
We give aid to the Swedish non-profit organization, Girls Shelter, as part of our commitment to helping local youth and providing educational support.

Highlights from 2012

Through our GLOBAL REACH 2015 business strategy, we ensure Beckers' global competitiveness in a changing and challenging business environment in a way that contributes to the growth of our business and to the health of our planet and society.



1 First Beckers' Global Climate Report published

Assessing our greenhouse gas emissions annually is important to gain insight into our sustainability challenges, risks, and opportunities. We developed this comprehensive global report in accordance with the Greenhouse Gas Protocol. Developing a baseline analysis of our global carbon footprint including identifying main emission sources and drivers were crucial to creating a plan to reduce emissions.

Our Climate Report Summary is available at: beckers-group.com/en/About-Beckers/Sustainability/Climate-impact/

2 Beckers Group Environmental Key Performance Indicator (KPI) Reporting System

A first step to improving our global environmental impact is measuring and monitoring performance. Ingela Nordin, Beckers' Sustainability Manager, developed our new environmental data management system that all sites report into quarterly. A worldwide rollout of sustainability training activities to help us achieve our operational sustainability goals began in April 2012 and will continue throughout 2013.



3 Beckers' Long-Term Development (LTD) Lab in the UK gains ISO17025 accreditation

Our science and technology lab in Liverpool, UK is one of the first laboratories in the world to gain ISO 17025 accreditation (General Requirements for the Competence of Calibration and Testing Laboratories) for the testing of solar reflectances and emittances of coatings and painted surfaces.

4 Product Innovation Project at at Beckers' LTD UK Lab – coloured paints that absorb heat

Traditionally, SolarWall® has been produced in black, which limits its market appeal. Beckers' LTD UK Lab has now developed a palette of coloured paints that absorb heat – adding aesthetic aspects combined with improved functionality for introduction into the coil coatings construction market. These coloured coatings will be used to coat the metal for roofs and walls and help contribute to reductions in energy use and emissions.



5 Official opening of Beckers' largest BeckryMix Plant in Märsta, Sweden

Opened in March, 2012, this state-of-the-art plant serves the Nordic region. The innovative BeckryMix mixing system designed by Beckers allows fast, flexible service with exact required mixing amounts. Its closed-system design reduces the need for cleaning and virtually eliminates excess mixed paint. For our plant co-workers, emissions are minimized and heavy lifting is no longer required.



6 Expansion into a new market in Asia: Bangladesh

One of the primary goals of our strategic plan is to grow through expansion into Asia, Eastern Europe and South America. We have entered the Bangladesh market this year with a joint venture company – Berger Becker Bangladesh Ltd. The facility has been successfully opened with high standards comparable to other Beckers sites. Additionally, we are proud to pay higher salaries than local market levels.

Our Global Reach Strategy 2015 was approved by our Board of Directors on November 22, 2011 and implementation began in 2012.

Strategic choices: Guiding our sustainability journey

Beckers' Company Vision, Core Values, and Code of Conduct are the foundation on which we build our economic, social, and environmental strategy for our operations and business. A strategic sustainability planning framework guides our strategy.

OUR VISION:

"I want Beckers to set the standard in our industry segments – to leverage our outstanding customer relationships, to secure a leading innovative edge and foster a culture always striving for the best solutions for our customers, our company and the environment.

JENNY LINDÉN URNES
OWNER, BECKERS GROUP



OUR VALUES

- Drive and Passion – in innovation, setting the standard, and building our future
 - Trust and Integrity – respect for our employees, our customers and our environment; integrity in all our actions
 - Business Minded – a strong commercial approach, open to new ideas and results-driven
 - Customer Focus – for long-term, mutually profitable relationships
 - Unified and Working Together – a transparent and integrated approach; recognising our efforts and achievements
-



Our global workforce promotes our vision and values and is responsible for our success.

Aligning with scientific principles of sustainability

Beckers' business requires a foundation of deep scientific knowledge to develop our products and processes.

Therefore, a logical step for us has been to collaborate with The Natural Step (TNS) to support our strategic planning toward sustainability.

TNS is an international non-profit organization dedicated to providing impartial guidance to organizations about integrating sustainability into core business decision-making processes. The Natural Step promotes and uses the internationally recognized Framework for Strategic Sustainable Development (FSSD). The framework provides a robust

structure for strategic planning using a science-based definition of sustainability. This definition is made up of four basic sustainability principles that provide clear guidance for any organization interested in moving toward sustainability. Beckers uses these principles as a guide to understand current and future business and sustainability risks and opportunities.

We have developed the following in accordance with these principles:

- Five Global Sustainability Focus Areas
- GRI Sustainability Reporting Planning
- Environmental KPIs for all Production Sites
- Operational Sustainability Goals

Our Five Global Sustainability Focus Areas

Our business is about aesthetic and durable coatings, striving for a palette of colours that serves society in multiple functions. For the environment, we have developed our global sustainability palette – our focus areas to help ensure survival of the planet and of society:



“If we think systematically, we will stop asking, ‘How much is nature worth?’ We will know that we are a piece of nature ourselves.”

DR. KARL-HENRIK ROBERT
FOUNDER, THE NATURAL STEP

THE NATURAL STEP'S FOUR SUSTAINABILITY PRINCIPLES
In a sustainable society, nature is not subject to systematically increasing...

- ... concentrations of substances extracted from the Earth's crust
- ... concentrations of substances produced by society
- ... degradation by physical means
- And, in that society...
... people are not subject to conditions that systematically undermine their capacity to meet their needs.

From raw material to product use

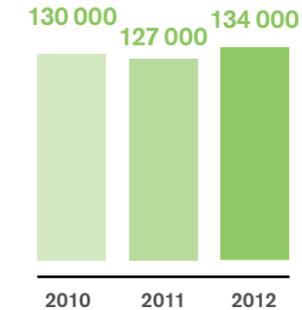
Beckers already offers formulations that are free of many chemicals of environmental concern. We meet all REACH legislation in Europe, the most stringent regulations in the world. But, there is still much more work to be done. There are over 2 000 ingredients that Beckers purchases in order to manufacture our coatings and many more to ensure smooth operations. We have a long path ahead to reach the goal of developing completely sustainable coatings, but by taking strategic, incremental steps in the right direction, we believe that we can achieve success.

Beckers' R&D Labs are working in partnership with our value chain to find ways to eliminate use of more persistent chemicals in our formulations and still provide the same durability and performance that are standard in the coatings industry. We are looking at sustainability from a whole-systems perspective. There are many areas to consider including: the health and safety of people, product-protective properties, corrosion-resistance, durability, low-VOC emitting materials, energy efficiency, heat absorption, solar-reflective properties, and production waste stream reduction.

BECKERS' WORLDWIDE OPERATIONAL SUSTAINABILITY GOALS BASELINE – 2012

- VOC** 5% reduction of VOCs emitted per tonne of product at all production sites worldwide
- WASTE** 10% reduction of total waste streams per tonne of product, including hazardous waste and solid municipal waste and recyclables
- ENERGY** 5% reduction per tonne of product of all direct and indirect energy use for production including gas, and diesel

DIRECT MATERIALS USED, TONNES



Materials used for production

Due to market uncertainty and the financial crisis, our product output decreased in 2011. Yet despite continued economic challenges, we were able to increase production in 2012 to above our 2010 level.

The total amount of materials used in 2012 to produce our products was 143 000 tonnes. The total weight of direct materials used (defined as all materials that end up in the final product) totalled 134 000 tonnes, approximately 94% of all purchased materials.

Most of the materials we use are primarily chemicals and less than 10% are renewable. We have great interest in increasing our use of renewable materials as they are discovered and become available for purchase.



Dr. Karsten Eller
COO BECKERS

1 HOW IS BECKERS GOVERNED?
Beckers Group is a limited liability company comprised of five divisions directly reporting to the CEO. Our Board of Directors includes our CEO, the owners, two labour representatives, the CFO of Beckers' higher-holding organization – Lindéngruppen, and four non-executives.

2 WHAT IS THE NEW GLOBAL OPERATIONAL STRUCTURE?
As Chief Operating Officer (COO), I oversee R&D, Global Operations, Supply Chain Management and Purchasing, Warranty Management, and Sustainability. Global oversight of these functions assures our customers of consistent quality and service and optimized operations.

3 HOW IS SUSTAINABILITY MANAGED AT BECKERS?
Our Sustainability Manager reports directly to me. We also have appointed a sustainability management team with representatives from all geographic regions plus a representative from our CDF unit. As a member of the team, I report our progress quarterly to our Board of Directors.

4 WHAT IS BECKERS' APPROACH TO SUSTAINABILITY?
We are developing a cross-functional sustainability strategy that includes regular meetings and annual reporting. This means that sustainability will be embedded across all functions and at all sites worldwide. A current discussion in our sustainability team is about how to develop incentives to drive sustainability performance that will be tied to bonus structures. This will accentuate our commitment to sustainability throughout the company.

Our global coordination of sustainability, resources, and activities combined with our local teams' knowledge are a winning combination that benefits all of our stakeholders.



With customers in mind

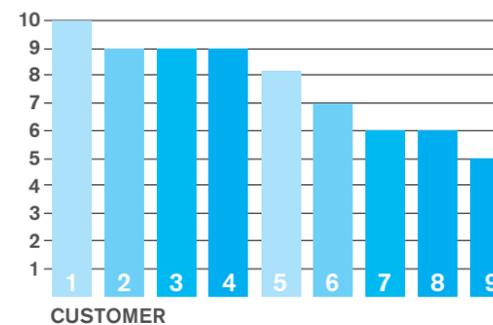
For many of our customers, sustainability is also a key priority. At Beckers, we can assure them we are diligently focused on developing more sustainable coatings and processes to incorporate into their products while optimizing our own production, sourcing, and logistics worldwide.

It was important for us to understand the expectations and interests of Beckers' stakeholders regarding our sustainability strategy and reporting. We collaborated with Futerra Sustainability Communications to conduct a comprehensive stakeholder survey engaging key customers, NGOs, regulatory agencies, and business associations.

We engaged a total of 16 stakeholders:
 2 NGOs
 1 sustainability consultant
 2 Swedish governmental agencies
 2 business associations, and
 9 customers
 We asked our survey participants a total of 140 questions.

The following nine customers surveyed represented 28% total sales for Beckers in 2012

ON A SCALE FROM 1 - 10, HOW IMPORTANT IS SUSTAINABLE DEVELOPMENT TO YOUR ORGANIZATION TODAY?



ON A SCALE FROM 1 - 10, HOW LIKELY IS IT THAT THE ENVIRONMENTAL DEMANDS YOU PUT ON YOUR SUPPLIERS WILL INCREASE THE NEXT FIVE YEARS?



What we learned from our survey

Coating formulations free of persistent chemicals do not command a higher price in today's market. However, our customers have told us that products with more sustainable properties and increased functionality, energy efficiency, durability, and cost savings can carry a premium price.

Future stakeholder engagement plans

In future sustainability reporting cycles, we intend to engage more stakeholder groups, including key suppliers and vendors, to ensure a more robust and inclusive stakeholder engagement process.

We work closely with customers to develop tailor-made solutions relevant to their needs and interests. This focus on partnered solution development distinguishes our company in the marketplace.

PHOTO COURTESY OF ALCOA

Making business out of sustainability

Delivering better sustainable performance

Beckers Group invests substantial resources toward attaining improved sustainability performance through innovation in our R&D labs across the globe. Here are some of our breakthrough products currently on the market:

Coil Coatings:

BECKRYTHERM – SOLAR REFLECTANT TOPCOATS
 These durable coatings keep roofing profiles and wall cladding cooler, providing an additional layer of assistance for thermal management. By reflecting solar energy, the need to cool air inside private homes, offices, hotels, schools and public buildings is significantly reduced, decreasing the associated environmental impacts and costs.

BECKRYTHERM – SOLAR ABSORBANT TOPCOATS
 These receptive topcoats are formulated to absorb solar energy allowing for direct solar heating of air or water inside the building. Combined with under-roof thermal transfer systems that optimize airflows, our coatings reduce energy consumption and costs by as much as 20%.

BECKRYPRIM CHROMATE-FREE PRIMERS
 This range of primers for steel and aluminium has proven exterior corrosion resistance similar to our popular chromate-based range. In Europe, Beckers has already switched more than 50% of the supplied primers to chromate-free.

Special Coatings:

BECKQUAPRIM & BECKQUALACK WATERBORNE PRIMERS – 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. We also have chromate-free primers for our CDF product ranges.

BECKRYSOL-ULTRA 2K, VERY HIGH SOLIDS SOLVENT-BORNE ONE-COAT FINISH
 BeckrySol Ultra has been developed to provide outstanding protection with very low environmental impact. VOC emissions are even lower than those from the use of waterborne coatings. In addition, the product cures at very low temperatures and, because it is a one-coat finish, generates lower waste than traditional two-coat systems.

Consumer Design Finishes:

CDF COMPLETE "WATERBORNE" PAINT CYCLE
 Comprised of our Basecoat and Topcoat described below, this paint cycle is for household appliances, mobile and computing devices, and sporting goods.

CDF 1K-HYDRO-BASECOAT, MINIMIZED SOLVENT CONTENT COLOUR-GIVING COATING
 With our Basecoat, there are only 6–8% solvents as opposed to 70–80% in traditional solvent-borne paints. The efficiency rate is double that of what other solvent-borne basecoats offer. In case sensitive substrates are used in the product, the materials cover moulding defects better and this lowers the scrap rate.

CDF 2K-HYDRO-TOPCOAT AND CLEARCOAT MINIMIZED SOLVENT CONTENT PROTECTIVE COATING
 Our Topcoat adds the protective coating to the product and basecoat to ward off damage from accidents, humidity, sunlight, and normal use. It has the approval of major consumer electronics and appliance OEMs. The solvent content is only 20–22% (pending gloss level) compared to 50–60% in traditional solvent-borne finishes. In its application, approximately 20–25% less material is used due to a higher efficiency rate because of its higher solid content.

With this complete solution, there is a 60-70% reduction in the carbon footprint of the product. There are less VOCs emitted in the manufacturing and application processes, contributing to a healthier work environment for applicators, and the need to handle materials is minimized because no thinners are needed.



Dr. Chris Lowe
 MANAGER, COIL LTD UK BECKERS

1 WHAT IS YOUR R&D FOCUS IN LTD (LONG-TERM DEVELOPMENT LAB)?
 Since 1991, LTD has been the primary Beckers' lab focused on R&D for Coil Coatings. Our focus is on sustainability and profitability. The drivers are a combination of the market, legislation, and management. We have also honed our R&D product development goals to align with the scientific sustainability principles advocated by The Natural Step.

2 WHAT DO YOU SEE AS YOUR GREATEST CHALLENGE IN PRODUCT DEVELOPMENT?
 It is difficult to substitute certain raw materials – notably titanium dioxide, a mainstay in our formulations. It cannot be produced biologically and it takes a lot of energy to get it into the form that we use.

3 WHAT PROJECTS HAVE THE R&D LABS BEEN WORKING ON IN 2012?
 We are developing resins from bio-based materials to reduce our reliance on mineral oil. We are also working on a pre-treatment primer that will reduce the need to use chemicals that end up in waste streams. At the R&D lab in Beckers France, our scientists are innovating Electron Beam (EB) curable systems that will use only 2% of the energy used by a traditional coil coating line.

4 WHAT'S IN THE FUTURE?
 Our projects focus on adding sustainable performance value to our customers' products. We are working on coatings that shed dirt, reflect heat, absorb heat, reduce noise, and even rid the atmosphere of pollutants.

We are developing next-generation products and solutions that will make our customers' products more sustainable.

Environmental responsibilities & opportunities

2012 marks Beckers' first year of full global environmental performance data collection. This allows us to measure, monitor, and analyze our current energy and resource use. We can then understand site-specific performance challenges and opportunities and put realistic continual improvement plans in place for our operations that align with our company vision and operational sustainability goals.

Raw materials and chemicals

Finding raw material replacements for persistent chemicals in the makeup of our products that can provide the same quality and durability are the greatest sustainability challenges in our industry. We believe it is important to meet these challenges (see p. 7 on our achievements to date).

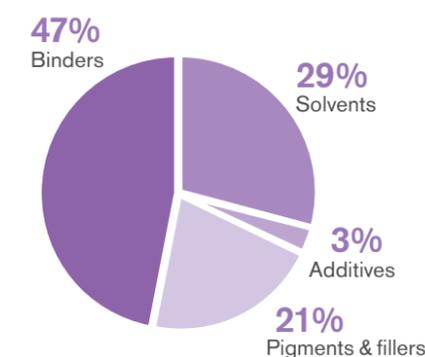
Our research and development labs are strongly focused on developing the sustainable properties of our products and processes. This includes the discovery and testing of renewable materials. In 2012, 41% of our R&D projects were related to sustainable innovation, including our work with bioresins, thermal properties, etc.

Is a sustainable coating possible?

We have defined a Sustainability Vision for Beckers. This vision affects the whole company. Ultimately, we strive to develop sustainable coatings that...

- ... do not contain mined materials that are scarce in nature, that are free from persistent substances, and use renewable raw materials
- ... are manufactured and transported using renewable energy, and that 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.

RAW MATERIALS USED IN PRODUCTION OF BECKERS COATINGS



Solvents and binders are to a very high degree derived from fossil sources.

Pigments are inorganic (derived from mineral sources) or organic. Fillers are mainly inorganic.

Additives are different types of chemicals, used in small amounts for fine tuning the properties of the paint.

The Scope of this first Beckers Group GRI report includes all fully operational manufacturing sites and offices world wide.

Data Collection

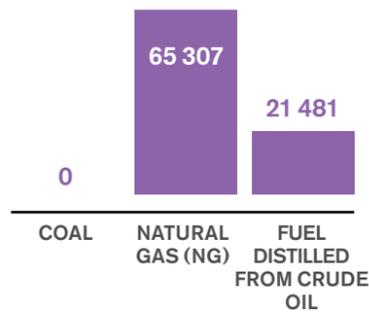
In 2011, we conducted extensive tests in measuring, monitoring, analyzing, and verifying all of our environmental data worldwide. We wanted to ensure that our equipment, methods, and system would provide accurate and comparable data annually.

As a result, our 2012 data are sufficiently complete and reliable to serve as internal benchmarks for future years of reporting.

Direct Energy

Our manufacturing processes are not direct energy intensive compared to the chemical industry in general. Direct energy is mainly used for heating and moving forklifts. Yet we do continue to focus on innovating new energy-efficient manufacturing processes.

2012, DIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE SCOPE 1, GIGAJOULE
All Beckers activities worldwide



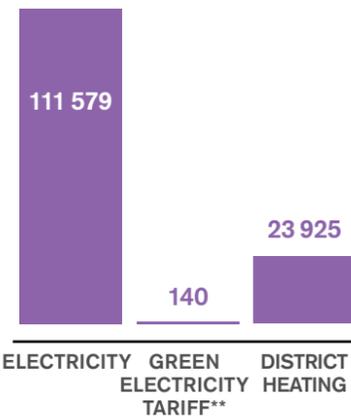
All of our sites are implementing action plans to pursue our energy operational sustainability goal – to reduce total energy use by 5% per tonne of product.

Indirect Energy

We depend on indirect energy, mainly electricity, for our heating and lighting at most of our sites. We also use district heating where it is available. Some of our production processes, including grinding and dissolving, are powered by electricity as well. In 2012, cold winter weather was the main cause of higher electricity consumption than normal in our northern European and US locations.

2012, INDIRECT ENERGY CONSUMPTION BY PRIMARY ENERGY SOURCE SCOPE 2, GIGAJOULE

All Beckers activities worldwide



**Our green electricity tariff is purchased in Poland and currently accounts for 3% of our total Polish electricity consumption. However, the discussion to purchase green electricity tariffs has begun at other Beckers sites.

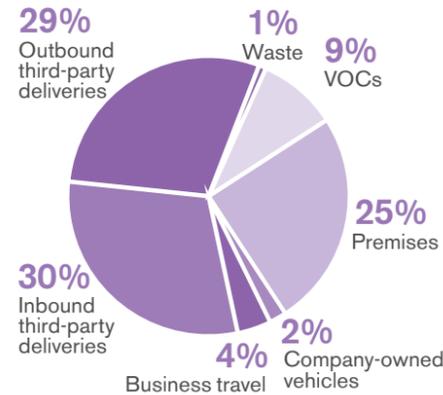
Greenhouse Gas Emissions (GHG)

Beckers collaborated with the Swedish consulting firm U&We to calculate our global greenhouse gas emissions for 2012:

Total GHG Emissions:

Scope 1 and 2: 25 680 tonnes CO₂e
Scope 1, 2, and 3: 73 172 tonnes CO₂e

2012, GREENHOUSE GAS EMISSIONS BY ACTIVITY
Carbon dioxide equivalent (CO₂e), %



The largest source of our emissions is within Scope 3 – inbound and outbound third-party deliveries. Also within Scope 3, we reduced our business travel-related CO₂e by 11% from 2011–2012. This was the result of an active strategy to plan all business travel carefully and to use web and phone conferencing, wherever possible.

Volatile organic compounds (VOCs)

We will continue to implement new measures that decrease VOCs emitted into the atmosphere during production.

Our operational sustainability goal is to reduce VOCs emitted by 5% per tonne of product globally.

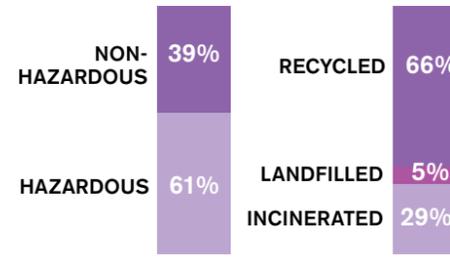
Waste

In 2012, our total waste was 8 745 tonnes, 6.5% in relation to the net weight of our total production volume. This includes chemicals and also packaging material from incoming raw materials, cleaning materials, etc.

Our operational sustainability goal is to reduce total production waste by 10% per tonne of product.

2012, TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

Total 8 745 tonnes of waste was generated. Data is derived from our 2012 Climate Analysis.



* Of the incinerated waste, 61% is with heat recovery.

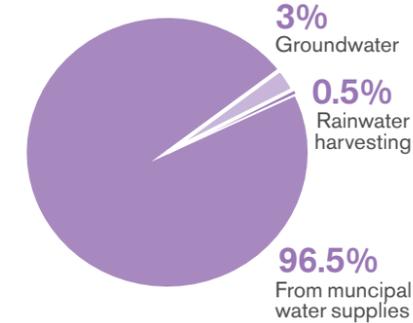
Water

We are using primarily the municipal water supplies in or near each community where we have facilities. We remain in full compliance with country and local laws regarding water withdrawal and wastewater.

Our total water consumption for 2012 was 144 000 m³.

Our environmental KPI data does not include our new manufacturing sites in Nigeria and Bangladesh because they were not fully operational in 2012. Their data will be measured and included in our 2013 GRI report.

2012, TOTAL WATER WITHDRAWAL BY SOURCE, %



Environmental compliance, investments and expenditures

During the reporting period, we had no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations in our SAP ME and E&A regions.

Worldwide, we were fined only twice: in the US, a fine of USD 1 800 was charged for a late filing and a missing calibration of our thermal oxidizer. In China, a RMB 50 000 fine was charged by the Songjiang Safety Bureau regarding concerns of safety and risk of fire at an outside storage facility. Both fines were paid and the issues were corrected. We are proud to report that there were no significant spills that occurred within our entire operations or during the transport of our products throughout 2012.



Ingela Nordin
SUSTAINABILITY MANAGER, BECKERS

It has been a busy and exciting year. I implemented our KPI environmental reporting system to collect social and environmental data from all of our fully operational manufacturing sites and offices worldwide. In this report is a summary of the data that we collected. Throughout the year, our sustainability team met regularly to analyze our initiatives, which helped us continue to develop our sustainability strategy and goals.

I also created a Beckers Group sustainability training program and piloted the training with four groups. Our program introduces our sustainability vision and goals set by top management. We believe that engaging and training our workforce in sustainability concepts and thinking is critical to our success.

All Beckers' European sites are ISO 9001 certified and, by end of 2013, will be ISO 14001 certified. Worldwide, each Beckers' site is working with the guidance of a comprehensive environmental management system relevant to the country they are in and in alignment with our global operational KPIs. This ensures that we have a complete view of our environmental impacts and that we can build a systematic approach to continual improvement. In decreasing our environmental footprint, individual sites can benefit from their particular regional and country expertise, take into consideration their particular environmental challenges, and with our global oversight, share and learn from best practices from other Beckers' operations. Learn more at: www.beckers-group.com/en/About-Beckers/Sustainability/

The sustainability reporting period for this report was January 1, 2012 to December 31, 2012.



Indian rainwater harvesting project

With an increase in production volume of 32% at our site in Saligao, India, our use of municipal water would normally have increased along with production. Instead, because of our Rainwater Harvesting Project, 15% of our water consumption came from harvesting rainwater during India's rainy season in 2012.

In addition to the water saved through harvesting, the focus on water inspired our co-workers to do even more. The site managed to save even more water through changes in production processes and practices, reducing their 2012 year's water consumption level by 23% against 2011.

Our workforce and our ethics

Information about our workforce

Since we have always given a great deal of autonomy to our country management teams, we have not developed global corporate hiring policies. The differences in gender and age of our co-workers from country to country are a reflection of the length of time that we have been in business in the country, the facility location, local business and cultural norms, and the local talent interested in

being employed by Beckers. It is very interesting for us to analyze our global workforce for the first time.

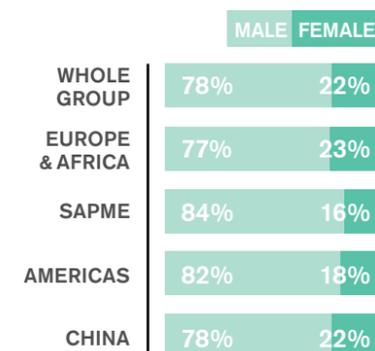
In some countries where we do business, gathering employees' minority information is considered inappropriate and, in certain countries, illegal. This information is fully reported only in China, the US, the UK, and Vietnam. We have decided to not report on minority groups in our global workforce for this reason. We may consider reporting on minorities in future

reports in certain countries where we can receive accurate data that can help inform our hiring practices.

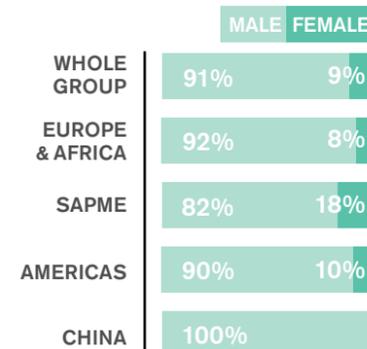
All labour data was collated on July 1, 2012 since employment figures can fluctuate on a daily basis. For each GRI reporting cycle, we will always collate our labour and human rights data that is static (employment numbers, etc. that are not measured over time) on July 1 of the reporting year to ensure consistency and comparability.

2012 marks our first year of sustainability reporting. "What gets measured gets improved."

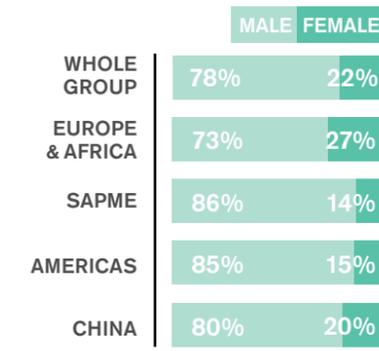
GENDER, TOTAL WORKFORCE



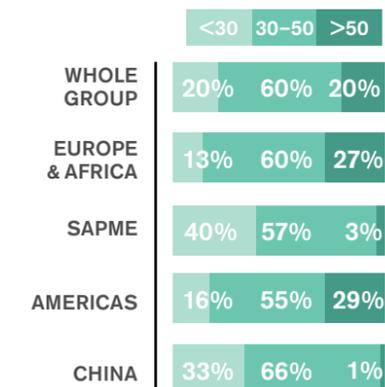
GENDER, DIRECT LABOUR



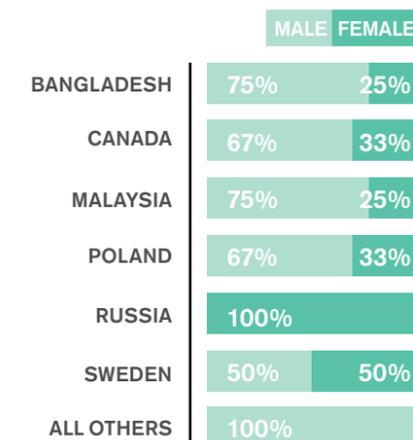
GENDER, MANAGERS



AGE, TOTAL WORKFORCE



GENDER, GOVERNANCE BODIES, BOARDS OF DIRECTORS



All others: China (Guangzhou, Shanghai, and Tianjin), France, Germany, Great Britain, India, Italy, Nigeria, South Africa, United Arab Emirates, USA, and Vietnam.

Code of Conduct (CoC)

Trust among our employees, partners, and our full value chain is at the heart of sustainability in business at Beckers. The Beckers' Code of Conduct helps build trust and establishes high standards of environmental performance, social responsibility, and ethical behavior that all co-workers must agree to abide by. It is an important component of our sustainability strategy. The code establishes the Ten Principles of the United Nations Global Compact (UNGC) as the foundation of our company's core values in the areas of human rights, labour standards, environment, and anti-corruption.

Our CoC has been translated into multiple languages to ensure that it can be fully understood by our multilingual workforce. All of our co-workers participate in a meeting where the code is presented and many sign an agreement to abide by it (In some countries, individual signatures may not be requested for legal reasons).

At Beckers, we have zero tolerance for corruption, including any form of bribery and this is strictly enforced. We adhere to the four-eyes principle when it comes to carrying out financial agreements and transactions to ensure that bribery is not an option. Our policy is to support open and fair discussion regarding any concerns that may arise. Employees are encouraged to report any questionable incidents anonymously via our company hotline, email, or physical mailing address to ensure their safety and anonymity. There is also a regularly scheduled shift of managerial duties among sourcing managers within Beckers to ensure that relationships with external partners continue to be renewed at the professional level. This practice proactively reduces the possibility of corruption.

We recognize that we can do more to raise awareness of the code's importance by encouraging its adoption throughout our value chain. Our global sourcing manager is currently working on plans to raise awareness of our CoC and our commitment to sustainability. The goals are to encourage honest, fair partnerships and to foster sustainable innovation and

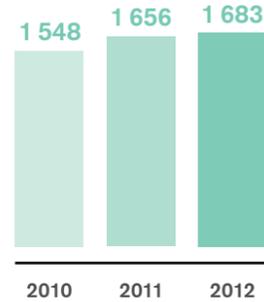
operations throughout our value chain. We are proud to report that there has not been a single incident of corruption reported at Beckers in 2012.

Work environment

We are proud that our workforce, including most of our managers, are from their own regions. We are interested in continuing to contribute to the communities where we do business and one way we do this is by creating jobs.

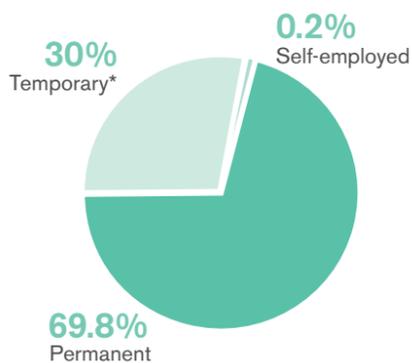
BECKERS' TOTAL WORKFORCE

Type of Contract: Full time 97%, part time 3%



EMPLOYMENT CONTRACT

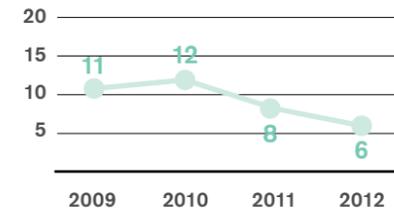
Whole group, excluding Americas



* In some of the countries where we have production sites, 2-3 year contracts are commonly used and, by local definition, are considered temporary contracts. This is why the percentage of total temporary workers at Beckers appears relatively high.

BECKERS' TOTAL GROUP RATES OF INJURY AND ILLNESS

Lost-Time Injury (LTI) frequency rate



Beckers Group LTI Target:
 < 10 reported incidents* per million worked hours.

Total Beckers' employees excluding contract workers.

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

In 2011, we achieved our Lost-time injury performance target and then improved it even more in 2012. We attribute this success to our continual improvement programs as part of our environmental and quality management systems that we work with in all of our facilities. We also are proud to report that there were no fatalities at any of our sites or within our operations in 2012.

EXCERPT FROM BECKERS' CODE OF CONDUCT:

"We shall adhere to high standards of ethics and business morals in all our operations and relations. Furthermore, we shall conduct our business in an environmentally and socially responsible manner and behave appropriately toward all of our stakeholders...

In particular, we embrace, support and enact – within the sphere of our influence – the core values in the areas of human rights, labour standards, the environment and anti-corruption as expressed in the Ten Principles of the United Nations Global Compact.

To learn more about UNGC: unglobalcompact.org/aboutthegc/thetenprinciples

To read or download our Complete Code of Conduct, please go to: beckers-group.com/en/About-Beckers/Code-of-Conduct

GRI Content Index

This is the Beckers Group's first Global Reporting Initiative (GRI) sustainability report. The report fulfills the requirements of the GRI G3.1 Application Level-C. In the following Content

Index (CI), the location in the report of the required information is given. 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 organization.	Fully	Message from the CEO, p. 3
	Organizational Profile		
2.1	Name of the organization.	Fully	This is Beckers p. 4, Back Page p. 28
2.2	Primary brands, products, and/or services.	Fully	This is Beckers pp. 4–5, Product development in decades p. 7, Delivering better sustainable performance p.16
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	This is Beckers pp. 4–5, Interview with COO Dr. Karsten Eller, p. 13
2.4	Location of organization's headquarters.	Fully	This is Beckers p. 5, Back page p. 28
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	This is Beckers p. 5
2.6	Nature of ownership and legal form.	Fully	Our business p. 4
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	This is Beckers, Our business pp. 4–5
2.8	Scale of the reporting organization.	Fully	This is Beckers, Our business pp. 4–5
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	This is Beckers p. 5
2.10	Awards received in the reporting period.	Fully	CI, No awards received in 2012
	Report Parameters		
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	Fully	Side palette p. 21, CI, Jan 1, 2012 to Dec 31, 2012
3.2	Date of most recent previous report (if any).	Fully	CI, 2012 is our first year of reporting
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual, Content Index
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	Aligning with sustainability principles p.12, With customers in mind p.15, CI KPIs
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	Side palette p. 19, CI, The scope of this first Beckers Group GRI report includes all fully operational manufacturing sites, offices, and activities worldwide. Our two new sites opened in 2012 – Bangladesh & Nigeria.
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Side palette p. 21, CI, Bangladesh and Nigeria, are not included in our environmental performance indicator reporting because they were not yet fully operational. In some instances we were not able to get full data.
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 organizations.	Fully	CI, in subsequent reports, we will be adding Bangladesh & Nigeria data to the report and will account for this in a way that our data will be comparable.
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).		n/a
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		n/a
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Content Index
	Governance, Commitments, and Engagement		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Interview with COO Dr. Karsten Eller p. 13
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Interview with COO Dr. Karsten Eller p. 13
4.3	For organizations 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	Interview with COO Dr. Karsten Eller p. 13
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Interview with COO Dr. Karsten Eller p. 13, Ethical Conduct & Good Business p. 25
4.14	List of stakeholder groups engaged by the organization.	Fully	With customers in mind p. 15
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	With customers in mind p. 15

In determining what GRI Key Performance Indicators were material for us as a socially-responsible 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	Materials used in our products p.13, Raw Materials and chemicals, p.19
	Fossil fuel use and the emissions that result		
EN3	Direct energy consumption by primary energy source.	Fully	Energy & CO ₂ e, p. 20
EN4	Indirect energy consumption by primary source.	Fully	Energy & CO ₂ e, p. 20
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Total direct and indirect GHG emissions, p. 20; also SP2
EN17	Other relevant indirect greenhouse gas emissions by weight.	Partially	Total GHG Emissions from business travel, p. 20; also SP2
	FUTURE REPORTING: How our continual improvement toward developing more sustainable products helps our customers reduce their climate footprint.		
	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. 21; also SP3
EN23	Total number and volume of significant spills.	Fully	Environmental compliance, investments and expenditures, p. 21; also SP3
	FUTURE REPORTING: Our reliance upon persistent, biodegradable and toxic substances and how we are reducing this reliance. The biodegradability of our products.		
	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. 21
EN21	Total water discharge by quality and destination.	Fully	Water, p. 21
	FUTURE REPORTING: Responsible sourcing of raw materials.		
	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	Information about our workforce, p. 23, Work environment, p. 24
	Employee wellbeing		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	Partially	Work environment, p. 24
	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	Interview with COO Dr. Karsten Eller, p. 13, Information about our workforce, p. 23
	Corruption		
SO4	Actions taken in response to incidents of corruption.	Fully	Code of Conduct, p. 24
	FUTURE REPORTING: Further examination of labour rights and human rights throughout our supply chain.		
	Making financial decisions 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	Beckers' sales snapshot, p. 5
EC4	Significant financial assistance received from government.	Fully	Beckers sales snapshot, p. 5
	Using our financial resources to protect the environment		
EN30	Total environmental protection expenditures and investments by type.	Partially	Are we making Beckers more sustainable? p. 6
	FUTURE REPORTING: Reinvesting financial gains from our sustainability work to move closer to our vision for sustainable business.		

EC – Economic EN – Environmental LA – Social: Labor Rights and Decent Work SO – Social: Society



Beyond The Surface

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