Climate Assessment

Beckers Group 2020

1. Executive summary

Our purpose at Beckers Group is to transform the industry by developing solutions that give surface a new meaning and create maximum positive impact for our customers, for society, and for the planet. In order to achieve this, Beckers developed the 2030 Sustainability Strategy in 2019. Our ambition is to ensure our production and supply chain activities go beyond expectations to create positive impact. Beckers will strive for our sites to be carbon neutral. For example, by reducing our total energy consumption and increasing our share of renewable energy. It could also mean reducing our emission of VOCs, and reducing CO_2 emissions in our operations and along our supply chain.

For 2020, our total emissions amounted to 50,566 **tonnes of carbon dioxide equivalents (tCO_2e)** from location-based emissions and 48,166 **tCO_2e** from market-based emissions. This represents a reduction compared to base year emissions and previous years emissions.

The market-based method takes into account whether Beckers' sites purchase renewable electricity and use specific emission factors for the contractual instruments. For sites that do not make an active choice, a residual-mix factor is applied instead, where such residual factors are available. This report will focus on and present market-based emissions for 2020 unless stated otherwise.

Emissions (tCO_2e)	Scope 1	Scope 2	Scope 3	Total
2020 Market	9,860	11,516	26,790	**48,166**
2019 Market	10,646	13,795	28,152	**52,593**
2013	12,763	14,804	29,827	**57,393**

Table 1-1 Beckers Group - scope results (tCO_2e)

2020 Highlights

- *Total emissions in scope 1, 2 and 3 have decreased compared to 2019.*

In 2020 the spread of Covid-19 severely impacted businesses around the globe. At Beckers, we followed recommendations and regulations in each of the regions in which we operate and had to slow down or even suspend business activities for a time. As a result, our production decreased from 170,000 tonnes in 2019 to 158,000 tonnes in 2020 – a reduction of 7%. It influenced business activities in a direct and indirect manner, causing loss of efficiency and spikes in performance indicators in 2020. The effects of Covid-19 can be seen in the 2020 carbon emission assessment as well.

The major changes in emissions by activity are presented in the table below:

By activity (tCO_2e)	2019 (Market)	2020 (Market)	Difference
Premises	21,187	18,169	-3,018
Company-owned vehicles	1,949	1,716	-233
Business travel	2,714	1,136	-1,578
Inbound third-party deliveries	12,755	12,214	-541
Outbound third-party deliveries	8,614	9,898	1,284
Paper	16	14	-2
Waste	328	311	-17
Production gases	5,031	4,708	-323
Total	**52,593**	**48,166**	**-4,428**

Table 1-2 Beckers Group – activity results

- *Emissions for outbound third-party deliveries have increased. This is partially due to input inaccuracies that were uncovered in the 2019 data. We have also improved the data collection method in 2020 which further increased the difference in the emissions.*
- *The decrease in emissions from business travel, premises and company-owned vehicles is related to the restrictions implemented due to Covid-19.*

Our key emission intensity indicator, the total emissions per unit volume produced (see chart below), is the same compared to the previous year. This is a reduction of 23% compared to our base year, 2013. Changes in emissions between 2019 and 2020, in total and as intensity measures, need to be interpreted with caution given the effect of the pandemic.

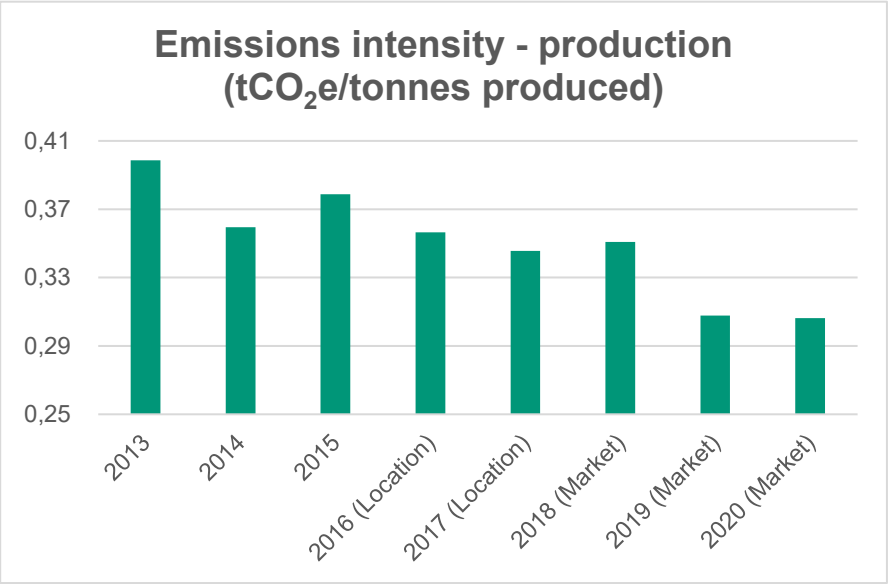

Chart 1-1 Emissions per tonne product (tCO_2e/tonne product)

It is difficult to compare the results of 2020 with historical results as it was a unique year due to Covid-19. The long-term ambition for Beckers is to grow our business while reducing our environmental impact. We continue to monitor our emissions and manage our impact wherever possible to hold up our vision.

2. Methodology

According to the GHG Protocol, a company is accountable for emissions from all operations over which it has control. Control can be defined in either financial or operational terms.

Beckers is using the Greenhouse Gas (GHG) Protocol, an international standard developed by the World Resources Institute and the World Business Council for Sustainable Development. Beckers uses a web-based platform, Our Impacts, to quantify our global emissions from all sites. GHG Protocol divides greenhouse gases into three scopes:

- **Scope 1 (direct GHG emissions)** – Emissions that occur from sources that are owned or controlled by the company *(e.g. company vehicles, production gases, energy generation or fuel combustion on-site)*
- **Scope 2 (electricity indirect GHG emissions) –** Emissions from purchased or acquired electricity, steam, heat, and cooling *(e.g. energy from grid, district heating)*
- **Scope 3 (other indirect GHG emissions)** – Emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company *(e.g., third-party deliveries, business travel, waste disposal)*

The report incorporates 'The scope 2 guidance' introduced by GHG Protocol in 2015 to portray emissions from specific contractual energy procured by the sites (see 'scope 2 guidance' section below).

In addition to indirect emissions from activities influenced by the company, scope 3 emissions can also emanate from upstream activities of scope 1 and scope 2 emissions. For example, emissions due to grid loss through transmission and generation of electricity purchased.

We monitor, analyse and present our emissions as per our business activities. This perspective enables better understanding of emission generation, which in turn will promote decision-making while developing reduction initiatives. Also, the activities are independent of the classification based on scopes i.e. a particular activity may be classified under multiple scope emissions.

Activities	
Premises	The total energy consumption from various sources and water usage at a site
Outbound third-party deliveries	The transportation of our final products from our site to the customer by our third-party logistics providers
Inbound third-party deliveries	The transportation of raw materials from supplier to a site by our third-party logistics providers
Production gases	The emission of VOC (Volatile Organic Compounds) from a site
Business travel	Transportation used for business related activities
Company-owned vehicles	Use of vehicles owned or long-leased under the company name
Waste	Disposal of waste sent from a site
Paper	Use of paper for business related activities

Table 2-1 Beckers' activities

Scope 2 Guidance

In 2015, the GHG Protocol presented a change in reporting methodology regarding scope 2 emissions calculations. The new approach introduced by GHG Protocol constitutes two dual reporting methods for scope 2 emissions. This was implemented in 2016 in our web-based platform. The two methods, location-based and market-based emissions

FACT BOX

Location-based method
For scope 2 energy consumption, the location-based method uses the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).

Market-based method
Conveys emissions from scope 2 energy consumption that companies have specifically procured through contractual instruments – or, conversely, reflects a lack of procurement through the application of residual emission factors. Contractual instruments, also known as Market-based Instruments, can be:

- Energy attribute certificates (e.g. Renewable Energy Certificates, Guarantee of Origin)
- Direct energy contracts (e.g. power purchase agreements)
- Supplier-specific emissions rates

reporting, are required in order to be fully compliant with the GHG Protocol.

Historically, the emissions from scope 2 were open for interpretation to follow either of the two reporting methods, thus the amendment was introduced to unify results from all reporting industries.

Since a market-based method reflects emissions from scope 2 energy consumption that companies have purposefully chosen, evidence of such ‘contractual instruments’ is a prerequisite. These contractual instruments need to convey information such as time period validity, emission rates, traceability, issuance, energy source etc. In absence of such information, the residual-mix emission factor is applied.

3. Participants

In order to collect relevant and correct activity data for the carbon emission assessment, Beckers assigns a climate reporter at all its manufacturing sites around the world. This network of climate reporters collects and document relevant parameters into our web-based tool. This data is consolidated to form the global climate footprint of the company. The network of the reporting units is presented in the adjoining table.

Contact

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Beckers EA&A	Beckers A&ME
Argentina, Buenos Aires	Bangladesh, Dhaka
France, Feignies	China, Guangzhou
France, Montbrison and Lyon office	China, Shanghai
Germany, Berlin (HQ)	China, Tianjin
Germany, Dormagen	India, Goa
Italy, Caleppio	India, Nagpur
Mexico, Monterrey	Indonesia, Bekasi
Poland, Tarnow	Malaysia, Shah Alam
South Africa, Johannesburg	UAE, Ras Al Khaimah
Sweden, Maersta and Moscow office	Vietnam, Ho Chi Minh
Turkey, Gebze	Vietnam, Nghe An
UK, Liverpool	
USA, Chicago	
USA, Fontana	

Table 3-1 Beckers locations

4. Results and analysis

Overall results

For 2020, our total emissions amounted to 50,566 **tonnes of carbon dioxide equivalents (tCO₂e)** from location-based emissions and 48,166 **tCO₂e** from market-based emissions. This represents a 16.1% reduction in market-based emissions compared to base year emissions and 8.4% reduction compared to previous year's emissions.

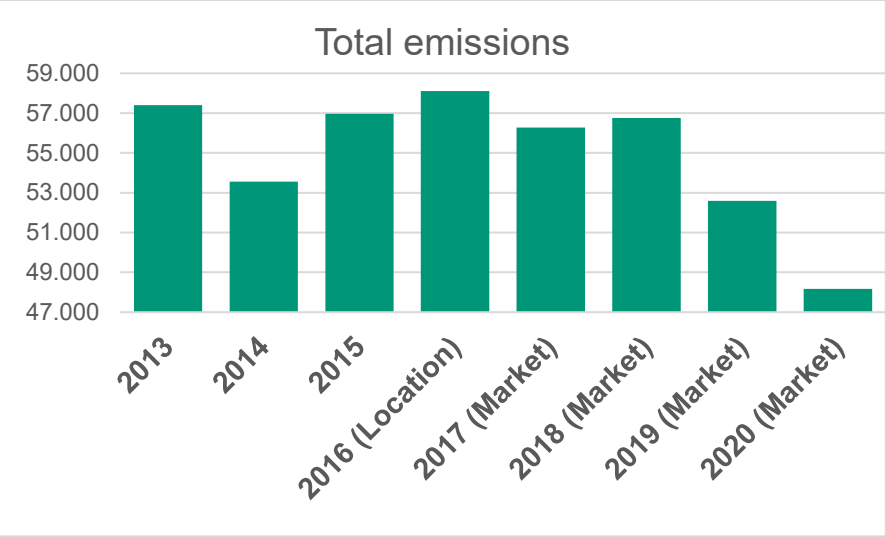


Chart 4-1 Beckers' total emissions (tCO_2e)

Scope analysis

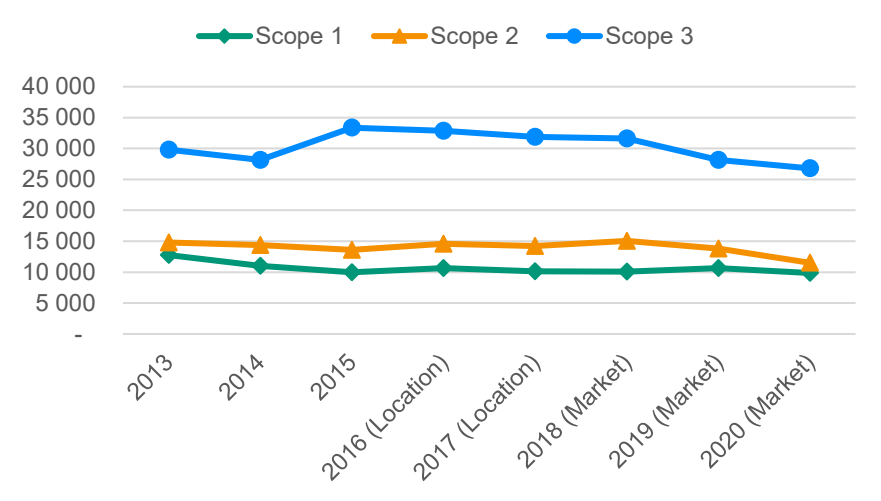


Chart 4-2 Scope-wise annual emissions (tCO_2e)

Compared to 2019, the Covid-19 pandemic has significantly affected both production volumes and thus energy consumption, and business travel including company-owned vehicles. This affects all scopes.

Activity analysis

We monitor and report our emissions in terms of activities. These are business operations that we actively quantify to convert to tonnes of carbon dioxide equivalents using globally accepted emission factors. Analysing our emissions in terms of

activities, enables us to develop a foundation for climate goals as we plan to set targets for major business operations.

By activity (tCO_2e)	2020 (Market)	Percentage of total
Premises	18,169	38%
Inbound third-party deliveries	12,214	25%
Outbound third-party deliveries	9,898	21%
Production gases	4,708	10%
Company-owned vehicles	1,716	4%
Business Travel	1,136	2%
Waste	311	1%
Paper	14	0%
Total	**48,166**	

Table 4-1 Activity-wise 2020 emissions (%)

As seen from Table 4-1, the major contributors to Beckers' emission are premises (38%), inbound third-party deliveries (25%), and outbound third-party deliveries (21%). Premises entails the activities carried out on the site and majorly comprises of various forms of energy consumption and water usage. It also depicts that approximately 80% of Beckers' emissions are a result of activities in premises and third-party delivery logistics. The major changes in activities, compared to our base year (2013) and 2019, are illustrated in the following table:

Emissions (tCO_2e)	2013	2019 (Market)	2020 (Market)
Premises	20,036	21,187	18,169
Company-owned vehicles	1,382	1,949	1,716
Business Travel	2,737	2,714	1,136
Inbound third-party deliveries	11,585	12,755	12,214
Outbound third-party deliveries	14,368	8,614	9,898
Paper	22	16	14
Waste	432	328	311
Production gases	6,833	5,031	4,708
Total	**57,393**	**52,593**	**48,166**

Table 4-2 Activity-wise historical emissions

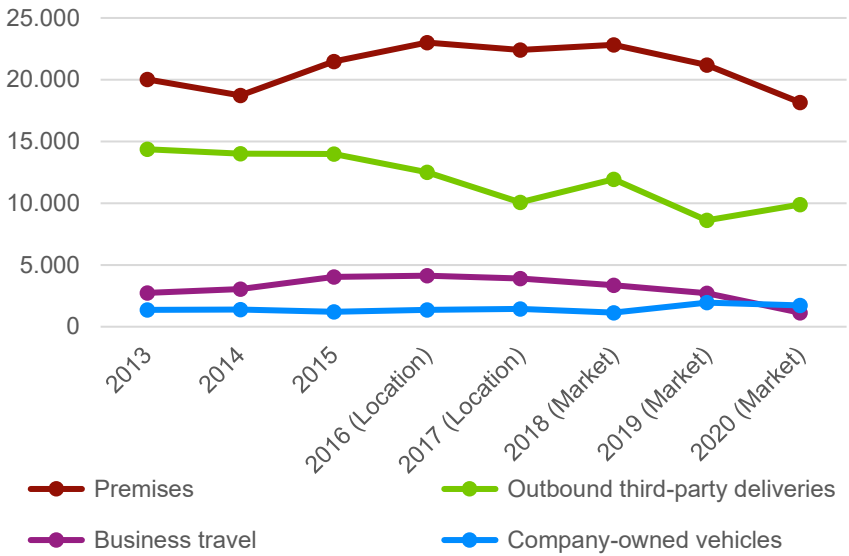
Comparing to last year, the activities with significant changes in emissions are premises, outbound third-party deliveries, business travel and company-owned vehicles. A high-level explanation of these changes is given below:

- **Company-owned vehicles** – 12% decrease which represents a 233 tCO_2e fall in emissions. Several sites report that the usage of company-owned vehicles has decreased due to Covid-19 resulting in fewer customer visits and periodical lock-downs.

- **Outbound third-party deliveries** – 15% increase which represents a 1,284 tCO_2e rise in emissions. This is partially due to input inaccuracies that were uncovered in the 2019 data. We have also improved the data collection method in 2020 which further increased the difference in the emissions.

- **Business travel** – 58% decrease which represents a 1,578 tCO_2e fall in emissions. The decrease is due to Covid-19.

- **Premises** – 14% decrease which represents 3,018 tCO_2e fall in emissions. Can be partly explained by Covid-19 and by inconsistency in the reporting from the sites.



5. Emission intensity

Absolute numbers for emissions neither consider the fact that operations might grow or fall, nor that the extent of operations might differ between locations. In order to adjust for this, a relative measurement has been adopted. The emissions intensity has been measured using Key Performance Indicators (KPI). The KPIs for 2020 include: products (volume of product produced in metric tonnes), full time employee (FTE) and total sales (KSEK). The total KPI values for the Group are illustrated in Table 5-1:

FTE (Number)	1,741
Product (tonnes)	157,263
Sales (MSEK)	5,853

Table 5-1 Beckers' indicators

An analysis of the emissions per KPI compared to the base year is depicted in Table 5-2. Additionally, we see the range of values for each KPI that illustrates the difference in operations from the sites.

KPI	2013	2019 (Market)	2020 (Market)	Lowest (site)	Highest (site)
Total tCO_2e/FTE	32.6	28.5	**27,7**	5,1	126,8
Total tCO_2e/sales (MSEK)	12.5	8.1	**8,2**	1,1	40,7
Total tCO_2e/product (tonnes)	0.40	0.31	**0,31**	0,1	1,7

Table 5-2 Annual Beckers' KPIs

The chart of the annual change in KPIs for the group is also illustrated in Chart 5-1. The trend highlights the group's performance along with internal or external changes experienced over the years.

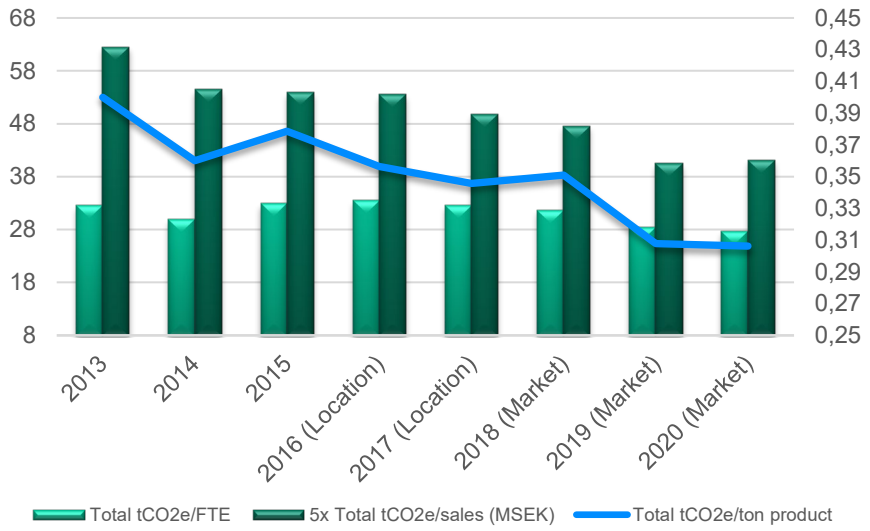


Chart 5-1 Beckers' KPI

In 2020, for Beckers Group as a whole, 0.31 tCO_2e was emitted per tonne of paint produced which is the same as last year's result. The sales KPI increased by 2%. Total CO_2e emissions per full time employee (FTE) for Beckers is 27.7, which represents a 3% reduction compared to the previous year.

6. Conclusion

The 2030 Sustainability Strategy has set the direction for Beckers Group to ensure our production and supply chain activities go beyond expectations to create positive impact. Beckers will strive for our sites to be carbon neutral. The 2020 results show a decrease in emissions compared to the base year 2013 and the previous year 2019.

In 2020 the spread of Covid-19 severely impacted businesses around the globe. At Beckers, we followed recommendations and regulations in each of the regions in which we operate and had to slow down or even suspend business activities for a time. As a result, our production decreased from 170,000 tonnes in 2019 to 158,000 tonnes in 2020 – a reduction of 7%. It influenced business activities in a direct and indirect manner, causing loss of efficiency and spikes in performance indicators in 2020. Therefore, it is difficult to compare the emissions with historical emissions and state whether the decreases are due to Covid-19 or Beckers' reduction activities.

Emission from **premises** have decreased by 14% from last year which represents a 3,018 tCO_2e fall in emissions. It can be partly explained by Covid-19, but also by inconsistency in the reporting from the sites.

Last year, investments done in renewable energy were reflected in the emission results. In 2020, no additional site has switched to renewable energy.

Our key emission intensity indicator, the total emissions per unit volume produced (see chart below), is the same compared to the previous year. This is a reduction of 23% compared to our base year, 2013. Changes in emissions between 2019 and 2020, in total and as intensity measures, need to be interpreted with caution given the effect of the pandemic.

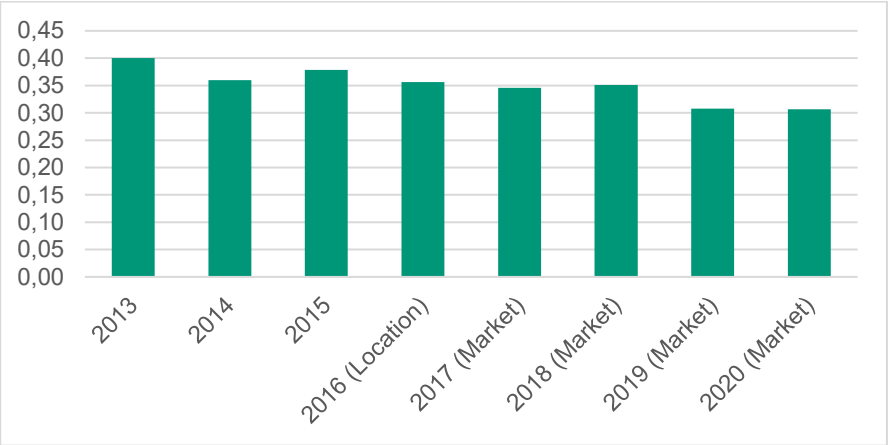


Chart 6-1 Emissions per tonne product (tCO_2e/tonne product)

Beckers Group has a long-term commitment to sustainability and continue to strive to meet our 2030 ambitions. We continue to monitor our emissions and manage our impact wherever possible.