

Sustainability Report 2018



LINDÉNGRUPPEN



This 2018 Sustainability Report presents how Lindéngruppen AB, reg. no. 556205-4956, is integrating relevant social, environmental and economic priorities into its business and across the companies in the group. We outline why these priorities are important to our purpose and business model, as well as to group culture, long-term success and resilience. We also present how a group-wide approach increases our ability to stimulate and create value for our stakeholders.

Based on an analysis of the issues potentially material for us as the parent company, this report is framed around four priorities – Capital, Governance, Competence and Empowering positive impact.

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Owner's perspective

Lindéngruppen was founded by my father, Ulf G. Lindén, in the mid-eighties, but the companies we own are much older. My father was an entrepreneurial industrialist, whose driving force was to build a group of companies that would create value to all stakeholders across generations. It was not called sustainability then, but my father had a strong conviction that investing in people, innovation and the environment was essential for long-term success.

My vision builds on his legacy. To be successful in the long-term, companies need to have a higher purpose and we have defined our purpose to be a driving force in the transition towards full sustainability in the industries we are engaged in.

Sustainability is about creating lasting value to all stakeholders. It is our way of ensuring that the positive impacts we generate through our businesses far outweigh our negative ones. The best way of achieving this is to actively engage in the social, environmental and economic issues that matter most to the people affected by our activities – employees, customers, end-users, children and local communities.

This is Lindéngruppen's second sustainability report. It illustrates our role as a parent company to show direction and create a structure to share best practice across the group. We have made

progress during the year towards integrating sustainability into our business models and customer solutions. For example, at the Global Child Forum conference in April we made a joint pledge to incorporate children's perspectives into our decision-making processes across our businesses. During 2019 we will work together with our companies and the Global Child Forum to launch a pilot project to develop a universal framework for incorporating children's perspectives into business decisions.

I want to challenge our companies on the impact we have on the world: to take nothing from the earth that cannot be replaced; to release nothing into the atmosphere that cannot be recovered; and in no way undermine people's capacity to meet their basic human needs. I know that fully meeting these goals will take time, but we must understand the urgency and act now. I am incredibly proud that Beckers, Colart, Höganäs and Moorbrook are all strongly committed to this journey.

April, 2019

Jenny Lindén Urnes
Owner & Chairman

Three questions to the CEO

Lindéngruppen CEO Paul Schrotti discusses the parent company's role in driving the sustainability agenda and the progress we are making on our journey.

What role does Lindéngruppen as a parent company have in delivering on the Group's purpose?

The reason for owning industrial companies goes to the heart of our purpose. Our job is to help our companies commit to leading the transformation in their sectors. An important part of this is empowering our companies through capital, competence and a clear governance structure. By communicating our expectations and their responsibilities, each company can chart their own roadmap in a more granular way.

We may be decentralised, but the definition of our purpose and the high expectations of our owner demands that we take a hands-on role in sustainability. At group level, I want us to actively facilitate the change – we should be a centre of excellence.

Fighting climate change and promoting diversity are also areas where we can make a difference across our companies. That is why we are actively driving these on a group level.

What were your main efforts to deliver on sustainability in 2018?

Our focus in 2018 has been on clarifying and enhancing our decentralised governance

model. We have developed "The Lindéngruppen Way" – a strategic platform that provides direction and clarity and directed to the management and board of our companies.

The Lindéngruppen Way is much more than a compilation of policies and procedures, it acts as a bridge between ambitions and actions. We are setting the scene to keep companies accountable and responsive to their stakeholders. It also builds trust in our companies. It is designed to integrate sustainability deeper into every business. As of this year we have integrated the sustainability reporting into the financial reporting process and each company is required to identify, track performance and set goals on their five most important sustainability impacts.

What are your next steps?

We have the building blocks in place. The next milestone on our journey is to integrate sustainability deeper into the business and drive the agenda in relevant ways.

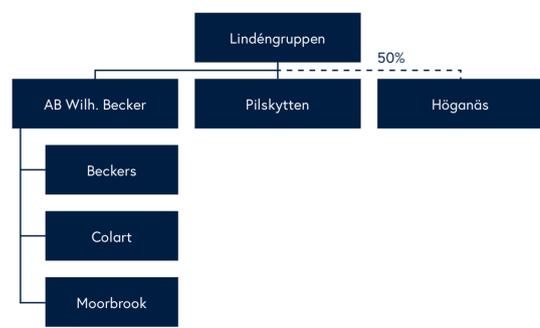
Expect to see stretch targets on group level for the issues that we are driving. We will make a push for strong board-level engagement. Although good progress is made in the companies, we have not come as far in this area as needed.

Strategy

A purpose-driven group

Lindéngruppen is a second-generation family business focusing on sustainable, long-term development of industrial companies. Our aim is to own and develop businesses that make a positive impact; that are drivers in their sectors towards sustainability. We see financial profitability both as a prerequisite for leading the transformation of their industries and as an indication that resources are being used efficiently.

Our core strategic holdings are Beckers, a global leader in industrial coatings; Colart, the largest global supplier of artist materials; Höganäs AB, the world's leading manufacturer of metal powders; Moorbrook, a company specialised in the manufacturing of premium textiles and Pilskytten, an agricultural business which also includes equestrian activities. In 2018 Lindéngruppen's companies had a combined turnover of approximately SEK 18 (16) billion, and more than 5,500 (5,000) employees in 30 (30) countries.



As industrial companies, our businesses carry environmental and social impacts that come with energy-intensive operations, chemicals use and a large share of employees that work in production. Our companies are also strategic suppliers of many finished products that are needed in modern society. By actively reducing these negative impacts and finding innovative ways to deliver value along their value chains, our companies play important roles in creating sustainable solutions. That is why product innovation and development as well as integrating sustainability issues in strategies are critical for our businesses and for the long-term success of Lindéngruppen.

Our Purpose

We own and develop successful businesses to lead the transition towards a sustainable world.

Our purpose underlines our role as a parent company and how we guide our businesses in their transformations. It is also relevant to how our businesses engage their teams and inspire them to take action and spark ideas that will make a positive impact across their value chains.

The next step in strengthening the connection between sustainability and long-term profitability will be taken during 2019 in our strategic work, where we aim to create the conditions for full integration of sustainability into the group's business strategy.

Our way of working

Active ownership is our way of working. Our role as owners is based on these pillars:

- We nurture competence and expand networks because people in our business are key to our success. By working together and in partnerships we realise our purpose.
- We work with a decentralised governance structure. Our boards and managements have clear mandates aligned with our purpose, values and The Lindéngruppen Way.
- We integrate environmental, social and governance criteria in our investment decisions to increase efficiencies, reduce impacts and support sustainable solutions.

- We have the ability, strength and entrepreneurial spirit to inspire and empower our businesses to drive change through innovation.

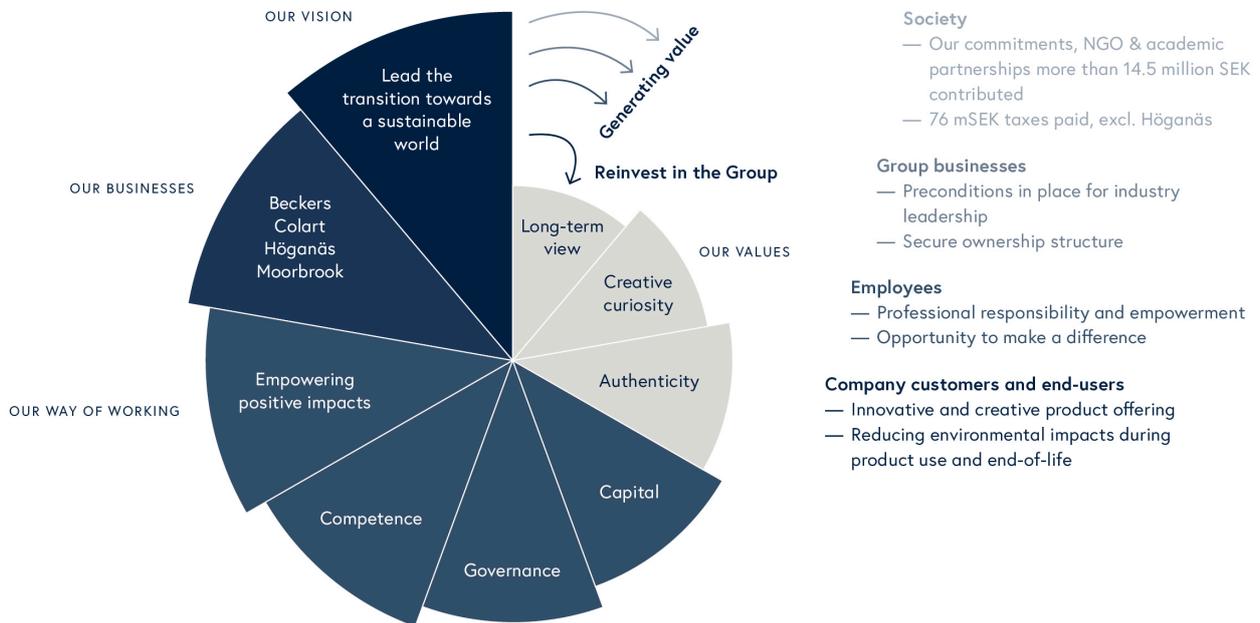
The Lindéngruppen Way

Launched in 2018, "The Lindéngruppen Way", is our blueprint on how the Group will achieve its long-range plans and purpose. It presents what collectively drives us – our purpose – and our leadership approach.

It describes governance and processes that connect our companies through a common way of working. In addition, it clarifies the division of responsibilities and summarises guidelines for how to report.

It applies to all wholly-owned companies and serves as a guide for partly-owned companies. The document is to be updated annually and is intended to support both strategic and operational decision-making.

Business model



What sets us apart

Lindéngruppen's business model illustrates how we create lasting value. We leverage financial capital to drive transformation, a decentralised governance system to achieve agility and competence to achieve and maintain leadership. The model is founded on our values – authenticity, creative curiosity and a long-term view.

Our purpose defines our level of ambition and gives the entire group direction. Our four purpose priorities are our way of working. They are most relevant for us as owners to focus on in order to deliver on our purpose. Our way of working clarifies roles and assures accountability. Our decentralised organisation helps us make decisions close to the customer, which keeps the group flexible and responsive.

We achieve synergies and scale by working across the group and in partnership with others. Creativity enables an outside-in perspective and inspires our businesses to lead in the transition for sustainability.

Sustainable profitable growth

The outcome of this approach is sustainable and profitable growth. Through innovation, energy-efficient operations, engaged and dedicated teams, we are growing our business while reducing CO₂ emissions and waste across our company's value chains.

Our values

Our values define our culture and how we conduct our business. They represent the foundation for how we develop and lead our organisations and recruit management.

- **Authenticity** – being authentic in everything we do – we live by our values and respect the integrity of others.
- **Creative curiosity** – having the courage and curiosity to create space for innovation and ideas that stretch our view of what is possible.
- **Long-term view** – investing long-term in companies that create value in order to lead the transition to a sustainable world.

The value we generate

The business model enhances our ability to empower our companies to deliver sustainable solutions to their customers and end-users. It is also designed to generate benefits for co-workers and for greater society. Income earned is reinvested in innovative product ideas and services as well as other market-leadership activities.

Our business model is designed to create long-term financial and non-financial returns for these key stakeholder groups:

- Our people
- Our companies
- Our customers
- Our owner
- Children
- Greater society

To deliver on these objectives, we build strong working relationships with banks and financial institutions, academia, local communities and other partners.

Framework for Strategic Sustainable Development

Lindéngruppen's approach is grounded on the Natural Step's 'The Four Principles for a Sustainable Society'. We use these principles in our strategy work and in our decision-making.

Nature and respect for the individual are the backbone for a sustainable society, where people and animals thrive and societies grow. Achieving a balance in nature is dependent on conscious decision-making on the part of every company. The four principles help to ensure that we do not contribute to the increase of:



Concentrations of substances extracted from the earth's crust



Concentrations of substances produced by society



A degradation of the environment by the physical means

And, in society...



People are not subject to structural obstacles to their health, influence, competence, impartiality and meaning-making.

These principles are presented in greater detail in the Framework for Strategic Sustainable Development, authored by the Blekinge Institute of Technology (BTH), an academic partner to Lindénggruppen. It is also published in peer-reviewed academic journals.

Delivering value through engagement

There is a strong link between achieving long-term profitability, creating value for our stakeholders and contributing to global and local communities. We engage with stakeholders and greater society in order to better understand the challenges society face and our role in addressing them.

Focusing on what matters

Our stakeholders expect us to deliver value to them in many ways. Based on our materiality process conducted in 2017 these are their most frequently highlighted expectations:

- That we integrate environmental, social and governance (ESG) factors in investment decisions
- That we empower business strategies for developing sustainable products and services
- That high standards for labour, human rights and other governance issues are instilled across our companies
- That we attract and retain the right competence.

Engaging stakeholders

Dialogue helps us create value and stay ahead of challenges that impact our operations and stakeholders. The below is a breakdown of our

most important stakeholder groups and the types of dialogue we have with them.

Our people

- On-going performance and development talks, tailored to each individual's priorities and needs

Our companies

- Through company boards
- Continuous dialogue with our CEOs and senior management
- Lindéngruppen's annual management conference
- On-going dialogue and through the Lindéngruppen Sustainability Framework.

The CEOs and senior management of each of our businesses convened in autumn 2018, under the theme of Art, Technology and Business. We also convened all managers responsible for the sustainability agenda in each business for a full-day conference to discuss common objectives, challenges and to share best practice.

Our costumers

- Continuous dialogue with our customer to understand their priorities and needs

Our owner

- Continuous dialogue
- Board meetings

Children

- Through our commitments: Global Child Forum, Motivationslyftet (Swedish Star for Life), HIF in the Community, an outreach program in Helsingborg, Sweden
- Through the development of a framework for incorporating children's perspectives into business decisions.

Greater society

- Through our commitments. Our focus lies especially with art, education, children and local communities
- Through multi-stakeholder forums and business organisations: Global Child Forum, the Research Institute of Industrial Economics and StepWise (StegVis), a leadership forum on the transformation to full sustainability.

For more information on our commitments see p. 27.

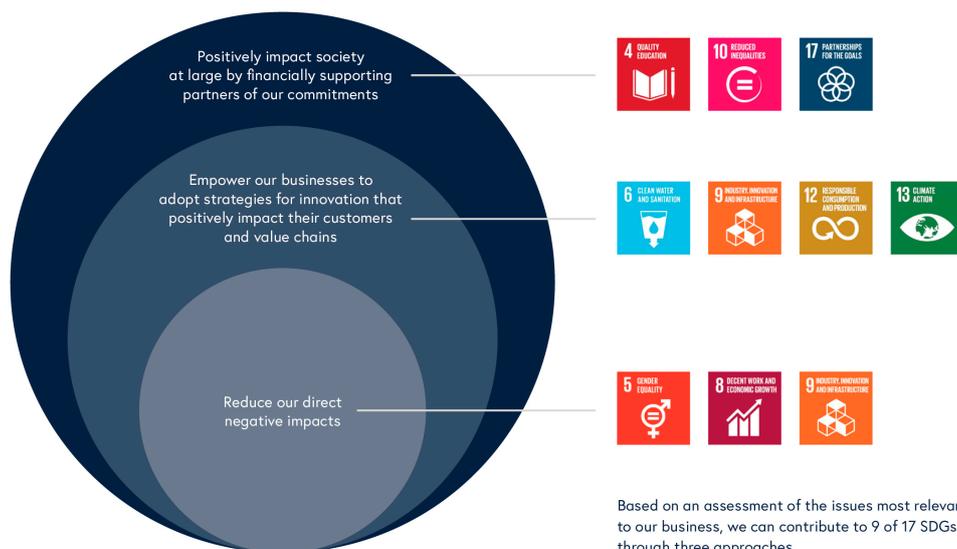
Supporting the Sustainable Development Goals

The 17 United Nations Sustainable Development Goals (SDGs) set a global plan for achieving a better future, paving a path to end extreme poverty, fight inequality and injustice and protect our planet to 2030.

Guided by our purpose and based on our most important sustainability issues, we work to contribute to the SDGs in three ways:

- We reduce negative impacts of our operations and encourage our businesses to do the same
- We empower our businesses to adopt strategies for innovation and thereby positively impact their customers and value chains
- We influence society at large through our commitments, devoting time and resources to a number of not-for-profit projects.

As of the 2018 reporting cycle, each Lindéngruppen business reported on how they contribute to the SDGs through their top five focus areas. In 2019, analysis and clarification on activities that contribute to fulfilling the goals will be carried out.



Based on an assessment of the issues most relevant to our business, we can contribute to 9 of 17 SDGs through three approaches.

The Lindéngruppen Sustainability Framework

To understand impacts, measure progress and encourage high standards across the group, every business is expected to report on their sustainability performance through the Lindéngruppen Sustainability Framework. The framework is a self-assessment tool covering areas such as governance, environmental performance, human rights and social responsibility, ethical behaviour and the supply chain.

Since group businesses represent different sectors and have a broad geographical spread, it is important to align expectations while adapting the approach to each business. For this reason, the framework was amended in 2018 to better reflect the principles of materiality and to improve our understanding of the maturity level of each company. Each business is required to identify, track performance and set goals in the five focus areas that are most relevant to them.

The framework is designed to help our businesses raise their performance and further integrate sustainability into their operations and product development. It also helps ensure that risks are managed, and that progress and best practice are shared across the group. We evaluate the framework annually with input from the businesses.

In addition to their own focus areas, performance in five areas that we are driving on group level is to be reported on a quarterly basis. These are:

- Energy use
- Sourcing renewable energy
- Gender diversity
- Occupational health & safety incidents
- Sick leave

Top management engagement

As part of long-range planning, the leadership team of each company has the responsibility to ensure that its most relevant issues are well managed. Using the framework, each team reports to its board on priorities and progress in order to set relevant strategies. Lindéngruppen's board also reviews the framework and progress made by the businesses on a yearly basis.

In order to share best practice across the group, managers responsible for sustainability meet on an annual basis as well bilaterally on a regular basis.

Feedback from self-assessments

Based on our evaluation of company self-assessments, we see the following opportunities for improvement among our companies:

- Further integrate sustainability strategies in business strategy processes
- Define strategic targets and relevant KPI's
- Introduce energy management systems to increase efficiency and promote the shift to renewables
- Reduce the carbon footprint
- Improve processes for evaluating supply chain sustainability impacts.

Managing non-financial risks

Due to the nature of their operations, our companies impact both the well-being of people and the environment.

A central aspect of our approach to sustainability is to help our companies reduce these negative impacts. They can occur along their value chains and relate to:

- Access to water and other resources and how operations affect air, land and water quality
- Potential impacts on employees, including health and safety
- Human rights, including how operations and products impact the rights of children
- Societal risks, encompassing climate-change, corruption and other economic impacts
- Operational risks such as inefficiencies in energy and material use or managing chemicals that impact access to resources

These impacts can influence our companies' reputations, long-term financial profitability and our ability to deliver on our purpose. Responsible management of them helps ensure that we are resilient and agile, and more cost efficient which is why our investment guidelines underline that potential consequences on people and the environment should be identified at every investment.

Lindéngruppen businesses operate 49 (44) factories and have suppliers in regions deemed as medium-to-high risk regarding human rights and the environment, including China, Mexico, Brazil and Malaysia.

The Lindéngruppen Way stipulates responsibilities for managing these risks. Every group business reviews its most material risks at board level. Each business has its own risk assessment model that includes due diligence of suppliers, as well as monitoring, training and mitigation processes.

We apply the precautionary principle to risk management across the group. The Lindéngruppen Way, requires our companies to assess their risks on a yearly basis as part of the budget process. It also clarifies who is accountable for managing these risks.

All Lindéngruppen co-workers, our companies and their suppliers are expected to adhere to the standards for conducting business as outlined in the Lindéngruppen Code of Conduct.

We report on risk management of all types of risks in our Annual Report, p. 5-7.

Group-level impacts

On group level, our primary impacts arise through investment in capital, how we govern our companies and treat the people that are affected by or influence our operations. Although our direct impact may be marginal with 14 co-workers, it is important to lead by example. Our actions and way of conducting business must therefore reflect the same expectations we have for group companies.

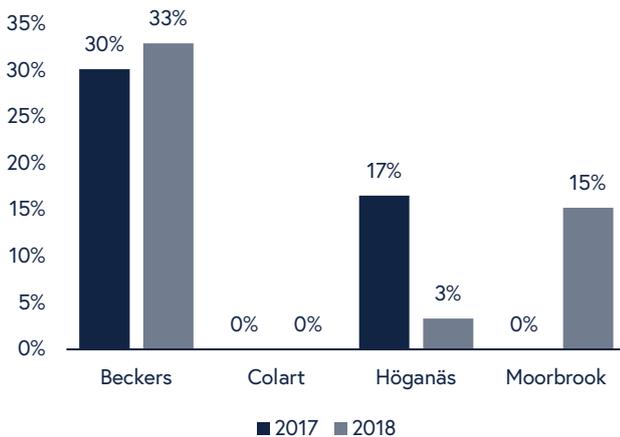
Responsible sourcing

We rely on local suppliers for much of our purchase of goods. These suppliers are located in Sweden, with low risk for non-compliances to our CoC. All suppliers are expected to adhere to the CoC.

Environmental impacts

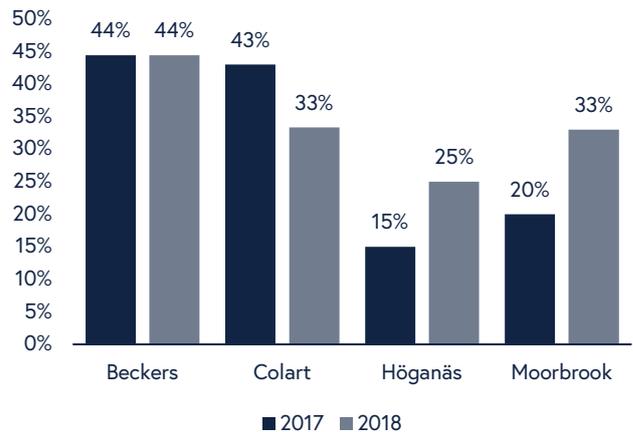
The negative impacts of our operations are primarily through energy use and business travel.

Renewable energy % of total energy use



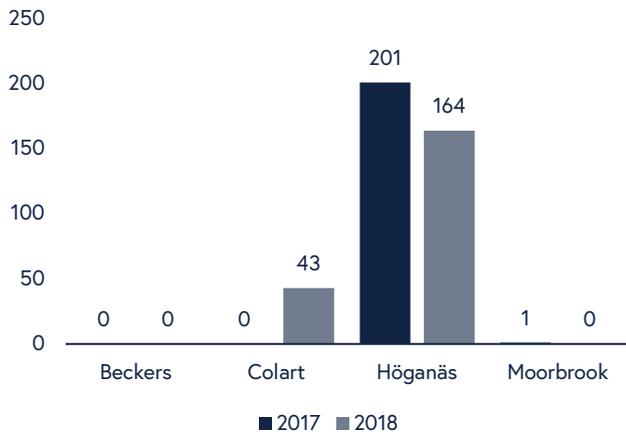
Colart is awaiting input from suppliers regarding share of renewables. The decrease in Höganäs' is due to the company implementing stricter reporting requirements, to now only include energy with Renewable Energy Certificates (REC).

Percentage of women in Boards



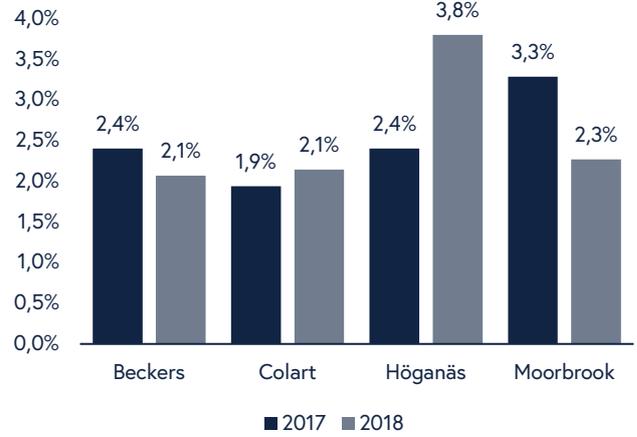
In 2018, gender diversity in the boards was improved in Höganäs and Moorbrook.

Number of recordable work-related injuries



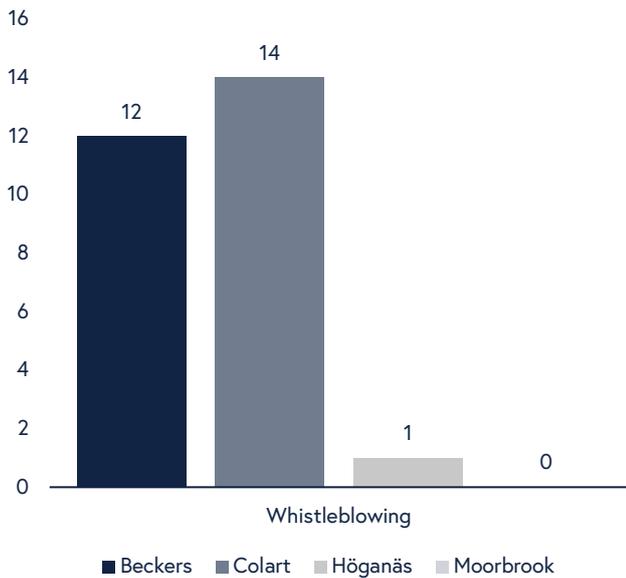
In 2018, due to the revision of GRI 403: Occupational Health and Safety, the reporting of work-related injuries has changed. Beckers is in the process of making this change and does therefore not have the relevant data available.

Sick leave, %



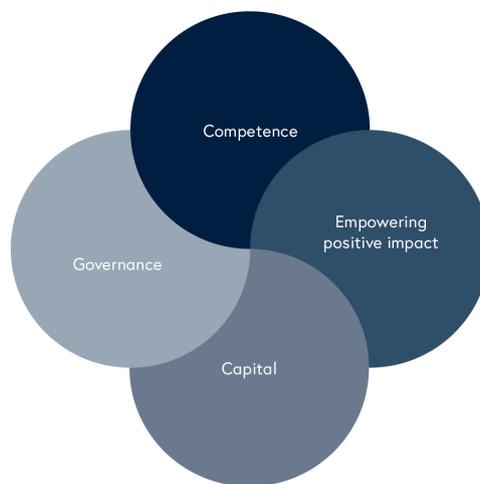
In 2018, sick leave levels improved in Beckers and Moorbrook. The increase in Colart is due to restructuring and changes in Höganäs is due to improved reporting processes.

Reported incidents



In 2018, an unusually high number of whistleblowing and business ethics incidents were reported in Colart and Beckers which in both cases were linked to redundancy programmes in operations.

Our purpose priorities



Our approach to sustainability is built on four interconnected priorities – Capital, Governance, Competence and Empowering positive impact. They encapsulate how we, as a parent company, deliver on our purpose.

- **Capital** – Ensuring that investment decisions are based on social, environmental and economic aspects that help create long-term value.
- **Governance** – Striking the right balance between a decentralised, results-oriented and responsive group of companies, and a strong structure and shared way of working that builds trust and resilience.
- **Competence** – Attracting and retaining the right competence for Lindéngruppen and to lead our businesses.

- **Empowering positive impact** – Inspiring our businesses to shape creative strategies and solutions that reduce negative impacts and create value for customers and greater society.

Each of the priorities strengthen the other three, delivering strategic benefits in the following ways:

- They help us future-proof our business by managing risks and recognising opportunities.
- They inspire and empower our businesses to fully integrate our purpose in their cultures and business models in ways relevant to them.
- They allow us to support local communities and strategic sustainable development.

Capital

Our investment decisions are based on social, environmental and economic aspects that help create long-term value.

To deliver on our purpose, financial decisions are based on each investment's ability to deliver long-term economic, environmental, societal value balanced against its potential negative impacts.

Integrating Environmental, Social and Governance (ESG) criteria in the management of our capital allows us to see every investment from a holistic perspective and better enable us to minimise risks and increase returns. ESG issues include risks relating to human rights, the environment, anti-corruption, as well as opportunities to invest in low-carbon energy sources and for greater resource efficiency.

The types of investments we make range from:

1. **Providing capital for our companies' larger investments** in industrial processes, product or market development. This is sometimes provided together with financial institutions such as the Swedish Export Credit (SEK). Prioritising sustainability can entail extending the return on investment to enable the purchase of the most energy-efficient, low-impact processes, but also seed money for sustainable innovation. The Investment Guideline includes 17 sustainability criteria to use in evaluations.
2. **Acquisitions and divestments.** We use ESG criteria to screen acquisition decisions, including due diligence against our Code of Conduct (CoC). These screenings are designed to understand and minimise our risks, see p. 14.
3. **A portfolio of smaller investments** in industries, agriculture, real estate and entrepreneurial tech companies. These include Pilskytten Lantbruk (farming and equestrian

activities) and Christinelund Ekologisk Lantgård (organic farm). We are also an investor in Spintop Ventures (a technology ventures fund).

Our priority now is to shape the group for greater resilience and improved cashflow. Our work in 2018 has therefore been to simplify ownership structures and narrow our focus to investments within our core business and where we can deliver the greatest value. These efforts to consolidate will continue in 2019.

What's most relevant

- Responsible acquisitions and investments
- Economic performance and financial resilience
- Investments in line with our purpose
- New market segments

The Lindéngruppen Way

As the parent company, we approve:

- Investments, acquisitions or divestments that exceed SEK 50 million
- New lease agreements that exceed SEK 50 million
- Extensions of lease agreements that exceed SEK 50 million

The Finance Policy is the core policy that frames financial management and investment decisions of all businesses belonging to the group. It governs the distribution of responsibilities between the board, the CEO, the CFO and group companies. It also specifies how financial operations are to be conducted and reported as well as how financial risks are to be managed.

Each company board is responsible for the adherence and monitoring of the effectiveness of the policy.

Across the group, our investment decisions must reflect the following three criteria:

- Returns are to exceed the weighted average cost of capital
- Investments are to benefit the business in terms of financial performance, improvement of market position and/or product performance/quality, health and safety or regulatory compliance
- Investments are to successfully meet ESG criteria.

As stated in Investment Guidelines, a group business seeking capital for investment must include an evaluation of potential risks and opportunities relating to people, the environment and society.

Our CoC is applied in the due diligence process to ensure that investment decisions meet our high standards. The CoC underlines that all business must be conducted with respect to how decisions

impact stakeholders within our sphere of influence. It also stipulates that management within Lindéngruppen's companies will not be held accountable for loss of business resulting from compliance with the CoC. This helps to ensure that ESG criteria remain a priority in investment decisions.

The finance and treasury policies, investment guidelines and CoC are owned by the group's Board. The Lindéngruppen CFO has overall responsibility for ensuring that expectations of the policies are met.

Training and awareness raising

Raising awareness among CEOs, senior managers and board members of sustainability risks and opportunities is a central theme in the group's annual management conferences. In 2019, we will conduct one-on-one and network meetings to enhance the understanding of the policy among affected managers.

Restructuring to build resilience

As an owner, we have a responsibility to ensure that divestments and restructuring of our companies is carried out in an ethical manner, in ways that consider the impacts these decisions have on affected employees.

During the year, one divestment was completed (Secure Glass Holding AB), in Sweden. This has affected seven employees.

In addition, Colart initiated a restructuring process to reduce the organisation's complexity and ensure its long-term economic viability. This has led to the closing of one factory in China and staff reductions at the headquarters in the UK. These decisions have affected 52 employees.

The process has been based on the principles of respect, openness and statutory communication. Where there have not been union representatives, the co-workers have been asked to appoint an employee representative.

GuardianX—The personal safety community in every iPhone

Walking alone at night can make you feel vulnerable and invite unwanted encounters. By having a virtual community in your pocket, you can walk confidently, knowing that help is at hand when it's needed most. That's the core business idea of GuardianX.

GuardianX is among Lindéngruppen's portfolio of investments. Described as a next-generation safe mobility and personal-safety app, it brings friends and family, authorities and validated community members to one platform. Using peer-to-peer technology, the app automatically shares users' location and initiates an alarm if

something happens to them along the way. If the app detects unusual behaviour during a session, it sends out an alarm until help has arrived.

Although its roots are in Finland, GuardianX currently has its biggest market in the UK. Clients include university campuses, businesses, schools, cities and event organisers.

GuardianX's offering is going a step further than traditional safety panic-button apps. Their ambition is to expand by combining anonymous peer-to-peer data with publicly available statistics to offer even more advanced features.

GuardianX is listed among Finland's top software start-ups.

Governance

A strong governance system helps us strike the right balance between a decentralised, results-oriented organisation and a shared way of working that builds trust and resilience.

The group's governance model provides accountability, clarity and consistency. It helps the parent company to better manage risks and build trust. It also allows our businesses to be more responsive, agile and run their operations efficiently. Our role as the parent company is to ensure that policies and procedures are aligned to achieve these ends. A focus area during 2018 was to revise, clarify and consolidate our governance system.

All board activities across the group reflect a governance model as defined in the Swedish Corporate Governance Code. Our approach also mirrors our commitment to the UN Global Compact's ten principles covering labour and human rights, environmental protection and anti-corruption, as well as the UN Guiding Principles on human rights and the Children's Rights and Business Principles.

Accountability and alignment

We work through a decentralised model, whereby our boards and management have clear mandates, aligned with our purpose, values as well as the strategic direction of the group and way of working. Our purpose and values represent guiding principles that we want all people belonging to the group to live by. These principles have meaning in daily work and help explain what collectively drives us.

Decisions are made close to each business' customers. For this reason, operational responsibility for developing company strategies, reporting and defining measurable targets lies with

every business and their boards, integrated in their business plans.

What's most relevant

- Transparency
- Organisational integrity and accountability
- Labour and human rights
- Responsible tax practices
- Ethical business practices
- Fair remuneration and bonuses

Ethical business practices

Some group companies conduct business in regions that pose medium to high risks for corruption, this includes China, Brazil, Malaysia and Mexico. Risks relating to ethical business practices include sales and supply chain. These risks are important to manage. They can potentially impact the trust and reputation of all other companies in the group and for us as the parent company.

Lindéngruppen and each group company have a whistle-blower system in place for employees to report on possible non-compliances to both the Code of Conduct and illegal behaviour. In 2018, zero cases were reported through the parent company whistle-blower system and collectively 27 cases through the whistle-blower systems of group companies, see p. 15.

Taxes paid

Lindéngruppen sees tax payments as an important part of our contribution to society. We aim to meet these expectations by increasing transparency and aligning our approach across the group.

In 2018, we published a Tax policy for the group that clarifies our position. Every company is to pay taxes in the country where they conduct their business. We are committed to transparency on taxes paid on a per-country basis. Developing

structures for the purpose of avoiding taxes is unacceptable practice.

In 2018, the group (excl. Höganäs) collectively paid 76 (142) mSEK in taxes in 16 countries.

Next steps

In 2019, our work to strengthen governance structures will continue. From this year the companies are required to collate and report on non-financial data, including energy, renewables, injuries, sick leave and gender, reported both through the Sustainability Framework and to group level on a quarterly basis. This is an important way to further integrate sustainability priorities into each business. We also have a long-term ambition to develop remuneration policies for senior management that reflect their sustainability ambitions.

The Lindéngruppen Way

The policies outlined in The Lindéngruppen Way are owned at board level. They include the Sanctions policy, the Code of Conduct and Competition policies. Auditing and internal control is an important process for ensuring quality and gauging

the effectiveness of the governance model. The audit work is reported to each company board at least on an annual basis.

The Code of Conduct

The Code of Conduct clarifies our expectations on all our co-workers is that respect for the individual and tolerance of race, religion, gender, and sexual orientation is central to the relationships we build with one another, suppliers, customers and partners, and society. It also underlines the right to unionise and collective bargaining.

Training modules reinforce the messages of our Code of Conduct. All group businesses have adapted codes in place that are aligned with the Lindéngruppen Code of Conduct. New employees are expected to sign the codes at induction. Beckers and Höganäs also have e-learning training in place and Colart's is under development. Because of its size Moorbrook instead have annual team meetings to make sure the employees understand the code.

Competence

We aspire to attract and retain the right competence for Lindéngruppen and to lead our businesses.

By attracting, developing and retaining people with competencies that reflect our values, we are better equipped to drive long-term development and create the right culture.

What's most relevant

- Talent development & retention
- Access to competence
- Work-life balance and employee well-being
- Employee diversity

At group level

It is important that on group level we have the right competence to spearhead transformation and lead the sustainability agenda. As a streamlined organisation, our role as a parent company is realised through the insights and engagement of each of our 15 employees.

Leaders in senior management and boards

As owners, our influence is exercised through the boards and senior management of each business. They in turn are responsible for fostering independent organisations with a customer-focused culture and an ability to embrace change.

Competence, integrity, engagement (both in terms of dedicated time and passion), as well as overall diversity are key criteria for board composition. We identify candidates for these positions selected on the basis of competence, leadership capabilities and how they live our values. On an ongoing basis, we equip them with the insights needed to fulfil their leadership roles.

Tapping into competencies that will continue to build the organisation is a challenge moving forward. Networks such as Blekinge Institute of Technology (BTH) and the Lund School of Economics and Management (LUSEM) keep us on the leading edge of development within sustainability and corporate management. See case on p. 27.

To ensure access to talent and to build internal competence, a short and long-term succession plan is carried out for all management teams each year.

Competence development

Digitisation and sustainability are the two areas where we aim to raise our capabilities on senior management levels. Digitisation was one of the themes at our management conference in 2018, covering future implications of block chain, artificial intelligence and robotics on our businesses.

We are also currently exploring opportunities to develop tailored sustainability management programmes for senior management.

Employee wellbeing

To ensure fair conditions and a good working environment, the rights of our employees reflect the standards for the Swedish labour force. Lindéngruppen is a member of the Confederation of Swedish Enterprise (Svenskt Näringsliv) and its member organisation IKEM (Innovation and Chemical Industries in Sweden). All co-workers in Europe are covered by collective bargaining agreements. In non-European countries, appointed employee representatives ensure that we apply the same inclusive process for high labour standards.

Our Code of Conduct emphasises that workplace practices must be founded on respect for employee health and safety. A key area of attention is ensuring all types of wellbeing of our people, including stress-related impacts and health.

Sick leave

Lindéngruppen	2018	2017	2016	2015
Hours worked, total	32,341	27,410	23,655	21,431
Sick leave, hours	1,932	1,374	275	533
Sick leave, %	6%	5%	1.2%	2.5%

In 2018, none of the scheduled sick days were due to injuries in the workplace. The high sick leave is due to one co-worker on long-term sick leave during most of the year. Excluding the long-term sick leave, the rate would be 1.1 %.

Diversity and gender equality in group management

We continuously work to expand cultural diversity and gender equality among senior management and board members. Lindéngruppen is an international organisation with businesses located in 27 countries. This global organisation requires the insights of a culturally diverse workforce.

As stipulated in The Lindéngruppen Way, every CEO in the group is responsible for creating diverse and efficient management teams.

The Lindéngruppen Way

As a parent company, our small and flexible organisation allows us to tailor development to each employee's priorities and function. The Code of Conduct provides guidance on expectations for every employee, group senior manager and board member in regard to respectful relationships with one another.

405-1 Women in governance bodies and employees

	Employees, total		Tier 1-2	
	Women	Men	Women	Men
Beckers Group	24%	76%	28%	72%
Colart	51%	49%	33%	67%
Höganäs	16%	84%	26%	74%
Moorbrook Textiles	66%	34%	42%	58%

Gender division in governance bodies

	Board		Management team	
	Women	Men	Women	Men
Lindéngruppen	1	4	1	4
Beckers Group*	4	5	1	6
Colart	2	4	2	4
Höganäs*	3	9	2	11
Moorbrook Textiles	2	4	3	4
Total	12	26	9	29
	32%	68%	24%	76%

* These boards include union and employee representatives.

Partnerships with academia

Our long-standing support of education and research is intended to help deepen society's knowledge about issues close to our heart. It also allows our companies to tap into the knowledge of our academic partners who excel in their fields. During the last year, we have supported educational institutions with 3.1 mSEK (3.1) at Group level.

In addition, every Group business supports academic institutions through funding of professorships, research grants and partnerships. This includes Moorbrook at Strathclyde University, Beckers at the Royal Swedish Technical University (KTH) and Höganäs' cooperation with Newcastle University to develop electric engines.

In 2016, we announced a strategic partnership with the Blekinge Institute of Technology (BTH) within research in strategic sustainable development. BTH is recognised for its leading-

edge thinking on methodologies designed for organisations that want to expand their role within strategic sustainable development, including companies, municipalities and non-government organisations.

We are also a partner of the School of Economics and Management at Lund University (LUSEM). Our founder, Ulf G. Lindén, was influential in the establishment of the Partnership Foundation, which aims to strengthen ties between the University, the business community and society. Lindéngruppen endows the professorial chair in industrial financial analysis and Jenny Lindén Urnes serves on the LUSEM Advisory Board.

In addition, since 1990 the AB Wilh. Beckers Jubilee Fund has been awarding grants to KTH, the Royal Institute of Technology in Stockholm. The grants are for PhD programmes in chemistry specialising in technology for paint and surface treatment. Up to three scholarships are awarded annually.

Empowering positive impact

Our role is to inspire our businesses to shape creative strategies and solutions that reduce negative impacts and create value for customers and greater society.

As an owner, the value we create is primarily generated through our businesses and the solutions that they bring to market. Our role is to set the right level of ambition, stimulate new thinking, as well as empower our companies to deliver and invest in sustainable solutions for their customers. Creative curiosity as our core value helps us fulfil this role.

What's most relevant

- Products & services to make positive impact
- Products & services to reduce negative impacts
- Digitisation
- Community commitments

As a group, we are active in industries that include industrial coatings, artist materials, metal powders and the textile industry. Although the types of value we deliver may vary in each sector, each of our businesses has opportunities to make a positive difference. They can integrate ways to reduce the negative impacts of products, operations or along their value chains. They can also develop solutions that either support the transition to a more circular economy, that enhance social equality or improve people's lives in other ways. Over the last three years, we have seen our companies develop a wide range of creative solutions.

Some examples are:

- Beckers group has developed an app 'Beckers Sustainability Index (BSI)' to Quantify Sustainability of Coil Coatings. The app rates coil coatings for their functional and material

qualities and supports adherence to building rating schemes such as LEED and BREEAM.

- Colart is developing safe and sustainable alternatives without compromising on the performance of its products. Examples include the Liquitex cadmium-free range of acrylic colours, Winsor & Newton cadmium-free water colours and zero-use of lead white pigments in all its formulations.
- Höganäs is delivering product solutions that help remove contaminants in groundwater, industrial wastewater and soil, and is investing in processes that transform bio-mass into renewable energy for its energy-intensive steel-making processes.
- Moorbrook has a strong focus on traceability in the supply chain and investigates and audits its cashmere supply chain for children's rights, animal welfare, chemical compliance, fair trade and fair employment. It is also influencing industry standards for husbandry as a member of the Sustainable Fibre Alliance.

See case studies on p. 26 for more information.

The Lindéngruppen way

We encourage our businesses to define a high level of ambition and strong degree of collaboration. Our decentralised management model is built for clear accountability. Long-term thinking provides our businesses with the space to explore viable alternatives.

As active owners, we work through our boards to promote our purpose. It is up to each individual board to set the strategy and define the targets and business plan. We also leverage our partnerships with organisations and academic institutions to support them along the way.

Children in the grasslands of Mongolia

For Moorbrook, a producer of woven textiles of cashmere and angora, exploring impacts on the rights of children took them to the grasslands of Mongolia. The region produces a third of the global supply of cashmere.

The cashmere supply chain often begins with nomadic herding, where families follow their goats in pursuit of feed. Their children are shaped by tough living conditions with limited water and toilet facilities and extreme cold in the winter.

Some children help with looking after animals from a young age. Mongolians place a high

value on education and this may mean children staying with relatives during term time in order to attend school.

In addition to the challenges for Mongolian nomads, there are different situations for children living on farms and those whose parents work in more industrialised processes

Moorbrook used the Children's Rights and Business Atlas, developed with the Global Child Forum and UNICEF. The Atlas evaluates risks to children and provides a quantitative assessment on the degree to which children's rights are protected.

Cadmium-free from Colart

Since the 1800's, cadmium has been a key ingredient in artists' paint palettes, from lemon yellow to red. Liquitex launched a new range of cadmium-free acrylic colours in 2017 under the tagline "Leave the risk-taking to your art, not your choice in materials", giving artists a wider range of choice when selecting safe art materials.

In 2018, this was extended to also include the Winsor & Newton watercolours.

The new cadmium-free range carries an AP (Approved Product) Seal which identifies art materials that are safe and certified in toxicological evaluations to guarantee they contain no materials in sufficient quantities to be toxic or harmful to humans in both the long and short term.

Höganäs is turning biomass into energy gas

In an industry-wide collaboration, the Swedish steel industry has set a roadmap to produce fossil-free and competitive steel to 2050. Höganäs is instrumental to delivering on this ambitious promise.

Höganäs and Cortus Energy, a Swedish-based cleantech company, inaugurated the world's first industrial-scale plant for fossil-free steel production based on gasification of biomass. Cortus Energy has developed the technology, delivered, installed and will operate the plant at the Höganäs site.

The investment has been realised through a combination of grants from the Swedish Environmental Agency's development fund, Klimatklivet, the Swedish Energy Agency and capital from Cortus and Höganäs. Industrial partners include ABB, Calderys, SSAB and the Swedish forestry company, Södra.

When the pilot plant is in full operation, Höganäs can potentially reduce its annual CO₂ emissions by 10,000 tonnes.

It is expected to go into full production in 2019.

Our commitments

Our commitments centre on long-term engagement in the community through strategic partnerships focused on art, education, children's rights and the local community. They provide us with an opportunity to work with business leaders and other members of society who share our commitment to making a difference to the wider community. Among our commitments are:

Färgfabriken (Beckers' old paint factory) a platform for contemporary cultural expression to foster free and creative thinking in art, architecture and urban planning. It is an independent foundation, financed by the National Arts Council, City of Stockholm, Stockholm County Council and Lindéngruppen. Our annual contribution is in total 3.6 (3.5) mSEK. The Färgfabriken foundation was established in 1995 and is chaired by Jenny Lindén Urnes.

Beckers Art Award was established in 1987 and is presented to a young Swedish artist on the brink of breakthrough. The Award includes a grant of 200 000 SEK, and a solo exhibition at Färgfabriken.

Blekinge Institute of Technology (BTH). Lindéngruppen provides funding of 15 million SEK over five years to help BTH develop and expand its ground-breaking research in the field of strategic sustainable development. Our engagement began in 2016.

Global Child Forum is an independent platform that brings businesses, regional and global stakeholders together to foster dialogue and spur action for social change around children's rights. Lindéngruppen is a partner of Global Child Forum and contributes 12 mSEK over four years. Jenny Lindén Urnes is a member of the Advisory Board since 2016.

HIF i Samhället (HIF in the Community), is an outreach programme run by Helsingborg's IF football club, aiming to involve and support young people to take charge of their own lives and take responsibility for their decisions. Lindéngruppen is engaged in the work and contributes financially with 500 000 SEK per year.

Tillväxt Helsingborg – (Growth in Helsingborg) together with the city of Helsingborg and the national employment agency, Tillväxt Helsingborg aims to reduce exclusion and segregation by creating new employment opportunities. Lindéngruppen was one of the founders in 2014.

Motivationslyftet – Developed by the Swedish arm of the Star for Life-group, Motivationslyftet is a five-step method that aims to increase students' motivation and self-leadership.

In 2018, we supported our commitments with more than 14 mSEK.

Company snapshots

At Lindéngruppen, we own companies that are leaders – or have the potential to become leaders – in well-defined markets. Each Lindéngruppen business has its own way of delivering value to customers and other stakeholders, and has its own set of impacts and approach to addressing them. By reporting on performance according to the Lindéngruppen Sustainability Framework we have a comparable way of evaluating each company's performance based on the priorities of the group and respective company.

Beckers Group

Beckers Group is the leading worldwide supplier of industrial coatings and the global market leader of coil coatings.

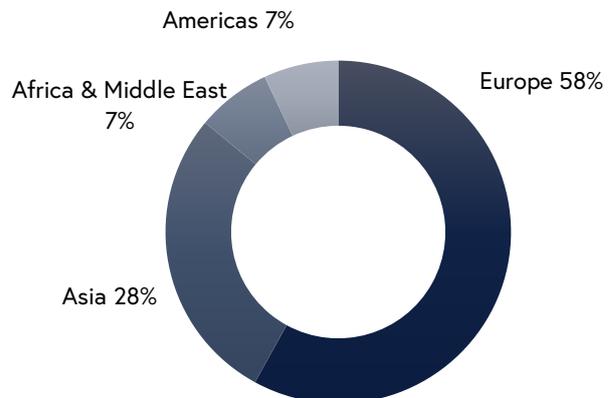
Beckers is focused on developing sustainable coatings – with the vision to become the most sustainable industrial coatings company in the world. Strong focus is also placed on building a culture of performance and becoming an employer of choice.

The head office is located in Berlin, Germany with a global presence at 24 locations in 18 countries.

Workforce: 1,788

Global sales: 5,962 mSEK (5,640)

Markets (2018)



Focusing on what matters

The drive to create a sustainable business covers the product portfolio and management of operations and supply chain. The five focus areas defined in 2018 were:

Product stewardship: More than 90 percent of our innovation breakthroughs focus on increasing the sustainability of our coatings right along the product life cycle. Our approach is to reduce our impacts by choosing the most sustainable raw materials, the right suppliers and focus on products for improved performance, durability and

safety. We have also developed solutions that help our customers save energy.

Energy & emissions: Energy management is vital for efficient manufacturing processes. We are reducing our direct CO₂ emissions through efficiency measures, by purchasing renewable energy and installing solar panels at some sites. We have also set reduction targets for other greenhouse gases and VOC emissions from operations.

Waste: We are reducing the use of raw materials and minimising waste generated from our operations, including manufacturing and product packaging.

Employee well-being: We have improved safety performance through more robust management systems and awareness raising. We are building a company culture that allows every employee to develop to their full potential.

Community engagement: We contribute to the communities in which we operate. We provide reliable employment opportunities and give back to local societies through supporting charitable initiatives and social programmes.

Strategy

Based on life-cycle thinking, our approach covers operations as well as product and service development. Our Sustainability Committee, representing business functions at an executive level, will launch a sustainability strategy in 2019, including targets that cover our most material issues.

Three questions to the CHRO

We asked Judith Jungmann, Chief Human Resources Officer of Beckers Group on her take on Becker's approach to sustainability.

Is a focus on sustainability making a difference to your business?

We're a supplier with close contact to our customers. We don't need to wait for others to drive the agenda. We can educate, raise awareness and create the market for sustainable products. It's all about the right timing.

As an example, we have developed apps like the BeckryTherm app, which calculates energy savings for a building with BeckryTherm coating. Which has been very well-received in the market.

Where have you shown your greatest progress?

We have turned a corner on our health and safety performance and established strong HR processes which is the foundation for further development of our social sustainability work.

What are you proudest of?

I'm proud of the engagement levels; people are motivated and see sustainability as relevant.

Our R&D teams are currently preparing for a much greener portfolio and the sales team are also getting involved, which is exciting.

We did a survey to gauge employee engagement in our sustainability efforts which received a fantastic response rate. We asked how important sustainability is to the business, and to rate our progress: 95 and 90% responded affirmatively to those questions.

Colart

Colart is the world's leading art material company. Its vision is to 'inspire every artist in the world', based on the values of openness, innovation, passion and quality.

Colart's mission is to provide sustainable, creative tools and services that release pure expression. The eight brands lie at the heart of the business, and their unique heritage dates back to the 18th century. Responding to changing needs of artists by improving product ranges and by applying the latest technology is at the core.

The head office is located in London, UK with an international presence through commercial business units in 10 countries and 6 production sites.

Workforce: 1,232

Global sales: 1,746 mSEK (1,636)

Focusing on what matters

We have an end-to-end commitment to improving sustainability in the areas most relevant to our business across the value chain. In 2018 we focused on five key areas:

Product composition and packaging:

Sustainability is a consideration integrated into the design process. We are reviewing our packaging and labelling to find more sustainable solutions, including their impacts post-use. We are also piloting life-cycle analysis to better understand the sustainability impacts of our products.

Supply chain transparency (and business ethics):

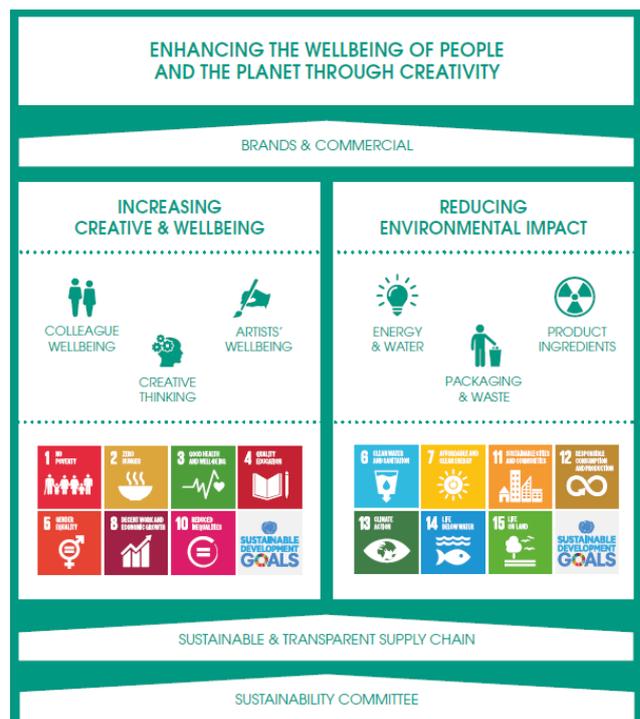
We are consolidating our supplier base and increasing transparency on social and environmental impacts and regions where we source. We are increasing materials efficiency and reducing the negative impacts of transportation

and materials handling. Procurement roadmaps helps embed sustainability into procurement processes.

Net positive: Increasing creativity and wellbeing while reducing environmental impacts allow us to become net positive. In this way, we give back more than we take from our planet. We set up our Charity Product Donation Initiative in late 2017, working with more than 200 charities. The next phase is to measure our contribution to increased creativity and well-being through our products.

Energy and waste management: We measure our CO₂ emissions and continually reduce our environmental impact. Our R&D teams are working to remove chemicals classified as substances of high concern (SVHC) from our products.

Resource scarcity: Our product development processes address how we source raw materials and find ways of reducing their use. We are still actively removing metals in our paints: currently, cadmium has been removed in two paint ranges and brands.



Strategy

Colart's Global Sustainability Committee defined a sustainability strategy that aligns with Colart's vision. The strategy – enhancing the wellbeing of people and the planet through creativity – was launched in 2017.

Colart identified environmental, social, human rights and anti-corruption issues relevant to us across three areas of our business:

1. Sites and Colleagues (environment)
2. Products and Portfolio (creativity)
3. Supply Chain (environment)

Colart's global management team is responsible for driving the agenda and supporting the company's initiatives.

Three questions to the CEO

We asked CEO Dennis van Schie, to comment on how sustainability is impacting the long-term view of Colart's business.

Describe what sustainability means for your business.

It comes down to creating lasting value for people and the planet. For me, these are business drivers to long-term business growth. We are consolidating our footprint and measuring our impacts. With fewer sites, we are better able to be closer to our customers. We know that change creates uncertainty. We have flattened the organisation and are providing clarity and alignment of responsibilities; no shortcuts. We have a wellbeing program to improve life balance.

Where have you shown your greatest progress?

A major priority for us – and for all paint manufacturers – is to reduce hazardous chemical use. We are working hard on eliminating cadmium, a heavy metal that creates a quality many artists value and that's difficult to replicate. At the same time, cadmium can potentially be released into the environment and do real harm.

In 2018, Winsor & Newton water colour removed cadmium colours from our value ranges thereby extending on our already launched Liquitex cadmium-free range and we are continuing to develop alternatives in other product ranges as well.

What are you proudest of?

Sustainability is part of the daily conversation, not least at the board level. It's part of our company culture and it's included in our core processes.

Höganäs

Höganäs is the world leader in iron and metal powders. It develops tomorrow's solutions for automotive components, brazing, electrical motors, additive manufacturing and water treatment.

Höganäs' vision is to inspire industry to make more with less. Metal powders help customers and their customers reduce material and energy consumption and extend the lifetime of their products. They also enable improved technologies that lessen product life-cycle impacts.

The company is owned in equal share by Lindéngruppen and Wallenberg-owned FAM.

The head office is in Höganäs, Sweden with sales offices and operational units in 17 countries.

Workforce: 2,426

Global sales: 10,361 mSEK (8,223)

Focusing on what matters

Based on the nature of our business, the input we receive from our stakeholders and the global challenges we all face, we have identified our five most important areas to focus on.

A great and meaningful workplace: Striving to be an attractive and responsible employer with a values-based workplace and inspiring leadership. Offering great career and competence development opportunities.

Building communities and responsible partnerships: To be a responsible citizen, always upholding high standards in human rights, labour rights, anti-corruption and environmental protection. Creating a culture of individual engagement, where co-workers are supported in their personal ambitions to help build communities.

Sustainable offerings and long-term profitability:

Long-term profitability requires sustainability. To remain relevant, the business must produce societal value. Aiming to be the partner that enables sustainability and seeks cooperation with suppliers, end users, academia and communities to meet expectations of society.

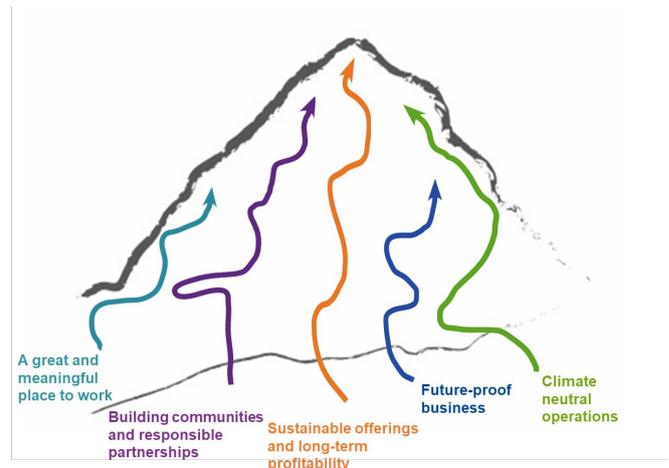
We develop products with future challenges in mind and have identified areas to contribute to sustainable development through our product offering.

Future-proof business: To deliver the highest quality in everything we do. We will meet requirements of the future by ensuring high quality products, operational excellence and safety, high standards for environmental performance and resource efficiency. We need to engage the entire organisation in our ambition and be diligent, target oriented and persistent in our efforts.

Climate neutral operations: Production processes require high temperatures and therefore high energy consumption. Our initiatives to minimise fossil-fuel use, such as the energy plant based on gasification of biomass and the trial with bio-coke, are important steps towards climate-neutral operations. A mapping of carbon-emission sources helped us pinpoint the right activities and relevant targets for our strategy and serve as the foundation for our climate roadmap.

Strategy

Our sustainability strategy, 'Mount Sustainability' is tightly connected to our vision 'Inspire industry to make more with less'. Mount Sustainability was created in 2016 to illustrate our climb towards sustainability leadership. It is based on stakeholder dialogue and a materiality analysis and serves as our foundation for visualising the challenging paths we have ahead. Together with all other parts of Högånäs' strategy, Mount Sustainability is broken down into objectives, targets and actions in the yearly review of the business plan.



Three questions to the SVP Sustainability

We asked Nicklas Lång, General Counsel and Senior Vice President Sustainability, Högånäs AB about the business opportunities that come with Mount Sustainability.

How has work with Mount Sustainability evolved this year?

Our focus has shifted. It's more obvious where we need to prioritise. From a climate impact perspective, we are not only looking at risk mitigation, but rather how we can grab opportunities. That's why we placed greater focus on product areas. We saw an opportunity to connect the business strategy to environmental benefits.

The shift to working with more scrap metal is one of these opportunities. We didn't understand that a few years ago. We see that circularity in our offering – recovering waste and material to reuse – is highly relevant.

How important is partnerships to your approach?

Innovation can seldom be done alone. Partnering with universities is an important part of our approach; some initiatives are financed by research projects and others are sponsored through our own R&D. We also collaborate with customers for sustainability benefits such as circularity. And the Cortus Energy pilot would never have been realised were it not for our ten business partners.

What are your priorities for 2019?

We aim to maintain our momentum and we will revise our sustainability strategy to meet the challenges ahead. We'll focus on our climate roadmap, especially in terms of the connection to materials we use and how they impact our offering. We'll continue to work on projects that explore more sustainable powders. We will also support Cortus in the implementation phase of the fossil-free energy plant.

Moorbrook Textiles

Moorbrook Textiles is a leading producer of premium textiles. The company designs and manufactures fabrics and accessories, based on the traditions established at its Scottish weaving mill founded in 1866.

Alex Begg, part of Moorbrook Textiles, produces cashmere scarves and throws for the Begg & Co brand as well as for some of the world's most prestigious fashion houses.

With the head office in Scotland, its scarves and throws are sold in more than 25 countries around the world.

Workforce: 140
Global sales: 210 mSEK (165)

Focusing on what matters

In 2018 our efforts concentrated on measuring and understanding our impacts on people and the environment. We will expand on our sustainability work by developing our strategy and setting targets.

Improving the traceability of the cashmere & sustainable herding practices: We know that we have an economic and social impact on livelihoods of small farmers that extend beyond business to the wellbeing of children.

Materials: The textile industry has recently been doing a lot of work on reducing hazardous chemicals – the "Roadmap to Zero". Alex Begg are vigorously pursuing this with our suppliers, with a programme of due diligence and chemical testing.

Animal welfare: As most of our products come from animal fibres, animal welfare is a major

concern for us. We only buy sheep's wool and angora fibre from certified sources. We make it clear to our supply chain that animals' husbandry must be to the highest standards. Additionally, because we like to see for ourselves, in the last years we have made several visits to China to audit suppliers of angora and cashmere

Waste: We are a "no waste to landfill" business. Our next challenges are to reduce the volume of our waste and to look for ways to upcycle it. We have programmes actively working on both of these.

Certification to ISO 50001 for energy management: Our biggest environmental impacts lie in our use of energy in our manufacturing processes. Our Scottish facilities are powered by gas and electric, with a high proportion deriving from sustainable sources such as wind power and hydroelectric. One of our aims is to replace lighting systems with LED lighting in our facilities.

Our Values

Craftsmanship – We celebrate craft, beauty, thought and skill. Our products are second to none.

Passion – We trust our instincts as well as our logic. Our story is one of dedication and love.

Authenticity – We love being from Scotland. Our culture and climate inspire us every day.

Creative Curiosity – We create contemporary products for the discerning. Our spirit of curiosity drives everything we do.

Working Together – We build relationships for mutual long-term benefit with customers, colleagues, suppliers, our community and our environment.

Three questions to the CEO

Moorbrook CEO Ian Laird is exploring opportunities to rethink its supply chain and business model.

Do you have targets in place to address your key focus areas?

Moorbrook is starting to better understand the measures, from previously not being data and metric driven. Our next step in 2019 is to define targets. It's all about integrating these issues deeper into our business and being more holistic.

With the growing interest in sustainable fashion, how might your business models evolve?

Due to the nature of our products, we do not have the same challenges as fast-fashion as our consumer doesn't see the garment as disposable.

We have taken a better look at what we can do in regard to overall product lifecycle, and it makes sense to explore opportunities for

refurbishment, and rental as well as considering use of recycled materials. We will be testing the business viability of these over the next year.

How are you influencing change?

Our main focus is on improving what we are doing. But we also want to find organisations to help us magnify and leverage that. Membership in the Sustainable Fibre Alliance helps us. The Alliance works within the cashmere supply chain, from herders to retailers. Their goal is to promote a global sustainability standard for cashmere production in order to preserve and restore grasslands, ensure animal welfare and secure livelihoods.

I'd also like to see how block chain can be a possible disrupter in our supply chain to increase transparency and traceability. It's at the concept stage, but digital technologies present some interesting possibilities that can help smaller organisations get necessary

A focus on what matters

This sustainability report is based on the outcome of a materiality assessment, conducted in 2017. This is a process applied to prioritise how different non-financial topics impact our ability to create lasting value for stakeholders and for our business.

Lindéngruppen compiled a list of 23 topics relating to environmental, social, human rights and anti-corruption issues of potential importance for our company and key stakeholder groups. These topics have been divided into four priority areas; capital, governance, competence and empowering positive impact, which reflect how we intend to deliver on our purpose.

The topics were weighted by the management team and representatives from Lindéngruppen companies on the basis of their impact on the company's ability to create value, and importance to each stakeholder group. They cover areas that can contribute either to creating shared economic, social and environmental value or to reducing negative impacts.

Materiality is the point at which an issue becomes relevant both in the context of stakeholder priorities and when it is a determining factor in the success of our business strategy and the realisation of our purpose.

In 2019, we will identify strategic targets, performance indicators and action plans to chart the Group's progress in tackling these material topics.

We will also validate the outcome of this process through interviews, research and surveys with representatives of our key stakeholder groups.

About this report

Appended to Lindéngruppen's Annual Report, Lindéngruppen's Sustainability Report is written from the perspective of the parent company. Through a future focus, we aim to communicate how Lindéngruppen is equipped to be resilient and agile by managing risks, engaging in society's priorities and capturing new business opportunities.

We also illustrate how our level of ambition for sustainability is reflected in our business's products and operations. Case studies and performance against indicators as defined by Lindéngruppen's Sustainability Framework allow readers to measure progress from the perspective of each group business. In this way, we communicate where we stand on our journey as a group and where our greatest impacts lie.

Materiality

The report is framed around four priorities – Capital, Governance, Competence and Empowering positive impact.

Based on an analysis of topics potentially material for us as the parent company, the report outlines our impacts, our approach to managing them as well as associated policies. These topics are presented under each of the four priorities.

Reporting guidelines

We have applied the Global Reporting Initiative (GRI) sustainability-reporting framework as a guide

in developing this report, using the GRI Standards: Core option and in accordance with disclosure requirements set out in the Swedish Annual Accounts Act chapter 6 paragraph 11.

Where relevant, this report also highlights how the group's priorities reflect our commitment to three business and sustainability principles:

- UN Global Compact's Ten Principles for labour and human rights, the environment and anti-corruption
- The Guiding Principles on Business and Human Rights
- The Children's Rights and Business Principles

Boundary of the report

In 2018, Lindéngruppen, with head office in Höganäs, Sweden, wholly-owned three main businesses: Beckers Group, Colart, Moorbrook Textiles, and had a 50 per cent share in Höganäs. The combined turnover of our wholly-owned businesses was 7.9 billion (7.5) SEK, covering 3,126 (3,111) employees, including both office and factory workers. Höganäs had a turnover of approximately 10.4 billion (8.2) SEK, and 2,426 (1,888) employees.

The group produces its sustainability report on an annual basis, the previous report was published April 2018. It covers the calendar year from January to December 2018. It covers 15 (15) employees at the parent company and 5,537 employees within

the four businesses. The baseline of the report's data is 2017 wherever possible.

There are no significant re-statements of information from the previous report, except for Colart's restructuring and total number of employees.

Information on business and financial performance and risk is provided in the 2018 Annual Report, available on p. 5-7.

This report has been approved by Lindéngruppen's Board of Directors.

Our auditors have performed an examination of whether a Statutory Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act, see final page of this report. The GRI report has not been externally assured.

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jj@lindengruppen.com

GRI Index

GRI Standard	Disclosure	Reference
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016	Organisational profile	
	102-1 Name of the organisation	Sustainability Report, p. 2
	102-2 Activities, brands, products, and services	Sustainability Report, p. 28-35
	102-3 Location of headquarters	Sustainability Report, p. 37
	102-4 Location of operations	Annual report, p. 86, Sustainability Report, p. 28, 30, 32, 34, 39
	102-5 Ownership and legal form	Annual report, p. 3
	102-6 Markets served	Annual report, p. 81
	102-7 Scale of the organisation	Sustainability report, About this report, p. 37
	102-8 Information on employees and other workers	Sustainability report, About this report, p. 37 – omission in reporting of part-time employees due to data not being collected on group level
	102-9 Supply chain	Sustainability report, Governance, p. 20
	102-10 Significant changes to the organisation and its supply chain	Annual report, p. 3, 14, 19
	102-11 Precautionary Principle or approach	Sustainability report, Managing non-financial risks, p. 13
102-12 External initiatives	Sustainability report, Our commitments, p. 27	

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GRI Standard	Disclosure	Reference
	102-13 Membership of associations	Sustainability report, Competence, p. 22
	Strategy	
	102-14 Statement from senior decision-maker	Sustainability report, Owner's perspective, p. 4-5
	102-15 Key impacts, risks, and opportunities	Annual report, p. 5-7, Sustainability report, p. 13
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behaviour	Sustainability report, Our values, p. 9
	102-17 Mechanisms for advice and concerns about ethics	Sustainability report, Governance, p. 20
	Governance	
	102-18 Governance structure	Sustainability report, p. 6
	102-20 Executive-level responsibility for economic, environmental, and social topics	Sustainability report, Governance, p. 20
	102-21 Consulting stakeholders on economic, environmental, and social topics	Sustainability report, Delivering value through engagement, p. 10-11
	102-29 Identifying and managing economic, environmental, and social impacts	Sustainability report, A focus on what matters, p. 36
	102-31 Review of economic, environmental, and social topics	Sustainability report, Relevant issues, p. 12-15
	102-32 Highest governance body's role in sustainability reporting	Sustainability report, About this report, p. 37
	102-33 Communicating critical concerns	Sustainability report, Delivering value through engagement, p. 10-11
	102-34 Nature and total number of critical concerns	Sustainability report, Delivering value through engagement, p. 10-11
	Stakeholder engagement	
	102-40 List of stakeholder groups	Sustainability report, Strategy, p. 9

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GRI Standard	Disclosure	Reference
	102-41 Collective bargaining agreements	Sustainability report, Competence, p. 22
	102-42 Identifying and selecting stakeholders	Sustainability report, Delivering value through engagement, p. 10-11
	102-43 Approach to stakeholder engagement	Sustainability report, Delivering value through engagement, p. 10-11
	102-44 Key topics and concerns raised	Sustainability report, Delivering value through engagement, p. 10-11
Reporting practice		
	102-45 Entities included in the consolidated financial statements	Sustainability Report, p. 45-47
	102-46 Defining report content and topic Boundaries	Sustainability report, About this report, p. 37 Scope, p. 45
	102-47 List of material topics	Sustainability report, Relevant issues, p. 12-15
	102-48 Restatements of information	Sustainability report, About this report, p. 37
	102-49 Changes in reporting	Sustainability report, About this report, p. 37
	102-50 Reporting period	Sustainability report, About this report, p. 37
	102-51 Date of most recent report	Sustainability report, About this report, p. 37
	102-52 Reporting cycle	Sustainability report, About this report, p. 38
	102-53 Contact point for questions regarding the report	Sustainability report, About this report, p. 37
	102-54 Claims of reporting in accordance with the GRI Standards	Sustainability report, About this report, p. 37
	102-55 GRI content index	Sustainability report, GRI Index, p. 39
	102-56 External assurance	Sustainability report, Auditors' opinion regarding the statutory sustainability report, p. 38
Material topics		

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GRI Standard	Disclosure	Reference
GRI 200 Economic Standard Series		
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Sustainability report, Capital, p. 17
	103-2 The management approach and its components	Annual report, p. 21
	103-3 Evaluation of the management approach	Sustainability report, Capital, p. 17
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Annual report, p. 11
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability report, Governance p. 20
	103-2 The management approach and its components	Sustainability report, Governance p. 20
	103-3 Evaluation of the management approach	Sustainability report, Governance p. 20
205 Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	Sustainability report, Governance, 20
GRI 400 Social Standards Series		
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability report, Competence, p. 22
	103-2 The management approach and its components	Sustainability report, Competence, p. 22
	103-3 Evaluation of the management approach	Sustainability report, Competence, p. 22
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Annual report, p. 8.
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability report, Competence, p. 22
	103-2 The management approach and its components	Sustainability report, Competence, p. 22

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GRI Standard	Disclosure	Reference
	103-3 Evaluation of the management approach	Sustainability report, Competence, p. 22
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Sustainability report, Competence, p. 22
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability report, Competence, p. 22
	103-2 The management approach and its components	Sustainability report, Competence, p. 22
	103-3 Evaluation of the management approach	Sustainability report, Competence, p. 22
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability report, Competence, p. 23
	103-2 The management approach and its components	Sustainability report, Competence, p. 23
	103-3 Evaluation of the management approach	Sustainability report, Competence, p. 23
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Sustainability report, Competence p. 23
Supplier Social Assessment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability report, Capital p. 17
	103-2 The management approach and its components	Sustainability report, Capital, p. 17
	103-3 Evaluation of the management approach	Sustainability report, Capital, p. 17
GRI 412 Human Rights Assessment 2016	412-2 Employee training on human rights policies or procedures	Sustainability report, p. 21, 22

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GRI Standard	Disclosure	Reference
GRI 412: Supplier Social Assessment 2016	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainability report, Capital p. 17
Other indicators reported by Lindéngruppen and group companies		
GRI 300 Environmental		
GRI 302: Energy	302-1 Energy consumption within the organisation	Sustainability report, Governance, p. 20
GRI 400 Social		
412 Human Rights Assessment 2016	412-2 Employee training on human rights policies or procedures	Sustainability report, Governance, p. 20

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Scope

The following entities are covered by the Lindéngruppen Sustainability Report 2018

Lindéngruppen AB
Höganäs, Sweden

Moorbrook Textiles Ltd
Ayr, United Kingdom

Pilskytten Lantbruk AB
Höganäs, Sweden

AB Wilh. Becker
Höganäs, Sweden

Becker Industrial Coatings Holding AB
Stockholm, Sweden

Wilh. Becker Holding GmbH
Berlin, Germany

Beckers Group Services GmbH
Berlin, Germany

Becker Industrielack GmbH
Neuss, Germany

Becker Industrial Coatings AB
Sigtuna, Sweden

Becker Industrial Coatings Italia S.p.a.
Milano, Italy

Becker Industrie SAS
Montbrison, France

Becker Ind Coatings LLC (RAK)
Ras al Khaimah, United Arab Emirates

Becker High Performance Coatings
Tianjin, China

Becker Specialty Corp USA
Elk Grove Village, IL, USA

Becker Industrial Coatings (M) Sdn. Bhd
Selangor, Malaysia

Becker Industrial Coatings (Shanghai) Ltd
Shanghai, China

Berger Becker Bangladesh Ltd
Dhaka, Bangladesh

Beckers Indonesia, PT
Jakarta, Indonesia

Beckers Manufacturing, PT
Jakarta, Indonesia

Becker Industrial Coatings Inc
Toronto, Canada

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Berger Becker Coatings (Pvt) Limited New Delhi, India	Beckers Industrial Coatings Mexico S.A. de C.V. Monterrey, Mexico
Becker Farby Przemyslowe Sp.z o.o. Tarnów, Poland	Beckers Argentina Ltd Buenos Aires, Argentina
Becker Industrial Coatings (Vietnam) Co Ltd Thuan An District, Vietnam	Colart Group Holdings Ltd Liverpool, United Kingdom
Becker Industrial Coatings (Pty) Ltd Vereeniging, South Africa	Colart International Holdings Ltd London, United Kingdom
Becker Industrial Coatings (HK) Ltd Hong Kong, China	Colart Pension Trustees Ltd London, United Kingdom
Becker Industrial Coatings (China) Ltd Hong Kong, China	WNRGP Ltd London, United Kingdom
Becker Industrial Coatings (Guangzhou) Ltd Guangzhou, China	Colart Scotland LP Aberdeen, United Kingdom
Becker Industrial Coatings Ltd Lagos, Nigeria	Colart PFP (LP) Limited Aberdeen, United Kingdom
Becker Holdings Ltd Liverpool, United Kingdom	Colart PFP (GP) Limited Aberdeen, United Kingdom
Becker Industrial Coatings Ltd Liverpool, United Kingdom	Winsor & Newton Ltd London, United Kingdom
Becker North Ltd Liverpool, United Kingdom	Colart Contract Manufacturing Ltd London, United Kingdom
Goodlass Wall & Co Ltd Soham, Cambs, United Kingdom	Colart Sweden AB Stockholm, Sweden
Georgeview Ltd London, United Kingdom	Colart Ltd London, United Kingdom
Beckers Coating Boya San. Ve.Tic Ltd SIT Gebze, Turkey	Colart Le Mans SA Le Mans, France
Becker Industrial Coating China Ltd Taiwan Branch Taipeh, Taiwan	Colart Italiana SpA Milano, Italy

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Colart Iberica SA
Zaragoza, Spain

Liquitex Trading Co Ltd
Tianjin, China

Colart Deutschland GmbH
Maintal, Germany

Anhui Colart Canvas Co. Ltd
Tianjin, China

Colart Benelux b.v.
Rotterdam, The Netherlands

Mirum Products Ltd
London, United Kingdom

Colart France
Le Mans, France

Bonny Colart Co Ltd
Tokyo, Japan

Charbonnel SA
Le Mans, France

Jinhua Universal Canvas Manufacturing Company
Zhejiang, China

Colart Americas Inc
Piscataway, NJ, USA

Snazaroo Holdings Ltd
London, United Kingdom

Liquitex International Inc
Piscataway, NJ, USA

Letraset Ltd
London, United Kingdom

Colart Interactive Inc
Piscataway, NJ, USA

Elephant Art Ltd
London, United Kingdom

Colart Fine Art & Graphics Ltd
London, United Kingdom

Colart Sp. z o. o.
Poznań, Poland

Crown Artist Brush Ltd
London, United Kingdom

Colart Hong Kong Ltd
Kowloon, China

Colart Tianjin Art Material Co Ltd
Tianjin, China

LINDÉNGRUPPEN

Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Till bolagsstämman i Lindéngruppen AB, org.nr 556205-4956

Uppdrag och ansvarsfördelning

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år 2018 (räkenskapsåret 2018-01-01—2018-12-31) och för att den är upprättad i enlighet med årsredovisningslagen.

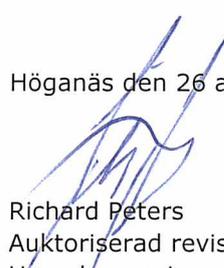
Granskningens inriktning och omfattning

Vår granskning har skett enligt FARs rekommendation RevR 12 *Revisorns yttrande om den lagstadgade hållbarhetsrapporten*. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

Uttalande

En hållbarhetsrapport har upprättats.

Höganäs den 26 april 2019



Richard Peters
Auktoriserad revisor
Huvudansvarig revisor



Maria Ekelund
Auktoriserad revisor