



# SUSTAINABILITY REPORT 2019

LINDÉNGRUPPEN

**<< Cover photo**

We are proud to show authentic images of people, operations and products from our businesses and commitments throughout this sustainability report. The cover image is of the Lamba Festival blanket by the Begg & Co brand of Moorbrook Textiles.

# CONTENTS

2019 Highlights .....	4
This is Lindéngruppen .....	5
Owner's perspective .....	6
Word from the CEO .....	7
The world around us .....	8
Global trends .....	9
Risk management .....	10
Sustainable Development Goals .....	11
Our approach to sustainability .....	12
Stakeholders and materiality .....	14
Our priorities .....	17
Capital .....	18
Governance .....	20
Competence .....	22
Empowering positive impact .....	24
Our sustainability framework .....	26
Company snapshots .....	33
Beckers Group .....	34
Colart .....	35
Moorbrook Textiles .....	36
Höganäs .....	37
Our commitments .....	42
About this report .....	44
Scope and boundary of the report .....	45
GRI index .....	47

## 2019 HIGHLIGHTS

### 2

---

Two of our companies, Höganäs and Beckers, have during 2019 updated their sustainability strategies and prepared for setting new targets.

### CapraCare

---

Alex Begg has established the unique CapraCare process, which aims to find ways to source cashmere yarn ethically, sustainably and traceably.

### 17

---

Lindéngruppen contributed with SEK 17 million in financial support to our external commitments during 2019.

### Quarterly

---

Sustainability KPIs have been integrated in the quarterly financial reporting.

### GHG

---

All our companies are decreasing total emissions of GHG in CO<sub>2</sub> and Climate Action Plans are in place in Beckers and Höganäs.

### GCF

---

Together with Global Child Forum (GCF), Lindéngruppen has developed a workbook for integrating Children's Rights in business decision-making.

# THIS IS LINDÉNGRUPPEN

Lindéngruppen is a second-generation family business focusing on sustainable and long-term development of industrial companies. Our aim is to own and develop businesses that have a positive impact and drive their industries towards sustainability. We want our companies to be leaders, or have the potential to become leaders, in their markets and industries. We are convinced that sustainability leadership is an integral part of our long-term success. We see financial profitability both as an enabler for leading the transformation and as an indication that resources are being used efficiently.

## Our businesses

### Beckers Group

– a global leader in industrial coatings.

### Colart

– the leading art material company in the world.

### Höganäs AB

– the world's largest producer of metal powders.

### Moorbrook Textiles

– a specialist manufacturer of premium textiles.

In 2019, Lindéngruppen's companies had a combined turnover of approximately SEK 19 billion, and had 5,452 co-workers in 28 countries.

## Our purpose

Our purpose is to own and develop successful companies to lead the transition towards a sustainable world.

## Our values

**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 more sustainable world.



## OWNER'S PERSPECTIVE

My vision for Lindéngruppen builds on the legacy of my father, Ulf G. Lindén, who founded the Group in the mid 1980s. Sustainability did not exist as a concept then, but my father firmly believed that investing in people, innovation and the environment was essential for long-term business success.

This spirit lives on in Lindéngruppen today and in our commitment to drive sustainability in the industries in which we operate. This involves ensuring that our positive impacts far outweigh our negative impacts, and that we create long-term value for all our stakeholders – employees, customers, local communities and children. We have chosen to include children as our stakeholders and to advocate for children's rights because it is simply not enough to consider this large group of people only as a future generation. Business has a huge impact on children's lives and their perspectives on business matter. You can read about our collaboration with Global Child Forum in this report.

This is Lindéngruppen's third Sustainability Report. It describes our role as a parent company to show direction as well as the key challenges and opportunities for our businesses in the Group. We are making progress across the group and I am particularly pleased that we have incorporated a sustainability section in our quarterly reporting. This is a first step towards measuring environmental and social progress on par with financial performance. Our ambition over the coming year is to find a model that will allow us to measure our value creation for people, planet and profit.

If we are to reach the Sustainable Development Goals by 2030, nations and businesses need to increase their commitment and act with a greater sense of urgency. At the time of writing

we are in the midst of the Covid-19 pandemic, and the crisis is having an unprecedented effect on a global scale. Borders are closing when we instead need more global partnerships and cooperation in order to combat climate change. However challenging the time ahead is likely to be, the crisis will also bring new opportunities. We will need moral courage and compassion to contribute to shaping a prosperous and sustainable future for all.

April 2020



**Jenny Lindén Urnes**  
Owner & Chair

# COMMITTING TO AN AMBITIOUS SUSTAINABILITY JOURNEY

Together with our Group companies, Lindéngruppen is on an ambitious sustainability journey. The aim of transforming the industries that we are active in, lies at the heart of our owner. This was one of the main reasons why I decided to join the company in 2017.

## **Tackling unprecedented challenges**

The world is facing challenges that need immediate action. To create long-term results, we have to act now. The corona-crisis of 2020 underscores the need for corporations to be a part of society's broader ability to meet an urgent crisis.

In recent years, we have intensified our sustainability work through even more cooperation within the Group. We have developed clearer instructions and guidelines outlining what we expect from the leaders of our companies. This provides a great platform to further develop our sustainability work which is at the centre of our current business strategy review.

## **A sustainability mindset**

We empower our companies by providing capital, competence and a clear governance structure. We also work continuously by sharing knowledge, best practices and setting good examples, thereby leveraging the full creative potential in our businesses.

We continue to integrate sustainability at Board and management meetings and our annual global conference. To further enable this, we have added sustainability data into the Group's quarterly reporting. This gives us a tool to better evaluate each company not only from a financial, but also from an environmental and social perspective. We will further develop our reporting with new and leading KPIs during 2020.

My ambition is for us to be a centre of excellence and to work in partnerships. Our cooperation with the Global Child Forum is one such example where we during the year have developed a workbook that aims to guide businesses on how to implement a children's rights perspective. The workbook has been piloted by two of our companies and will be launched during 2020, and be openly available for anyone to use.

During 2019, both Höganäs and Beckers have reviewed their sustainability strategies and as part of that work they also carried out stakeholder dialogues and renewed materiality assessments. Moorbrook has made real progress with transparency in the supply chain and established the CapraCare process for sustainable cashmere sourcing.

## **Maximising positive impact**

As our sustainability journey continues in 2020, I am looking forward to working closely with the management, Board and owner to develop a stakeholder value-creation-model that will help drive our business and our work with sustainability forward.

April 2020



**Paul Schrotti**  
CEO



## THE WORLD AROUND US

---

### A RAPIDLY CHANGING WORLD

We operate in a rapidly changing world, where global megatrends such as demographics, planetary boundaries, environmental awareness, decent work for all and digitalisation around the world present challenges to our businesses – but also significant opportunities. These risks and opportunities form the basis of our sustainability framework that aims to lead the transition towards a more sustainable world.

Lindéngruppen is affected by a wide range of sustainability issues – not least the growing need to decouple industrial production from fossil fuels. Governments are increasingly tightening their sustainability-related legislation, which puts higher demands on our operations, and our customers and end users are raising their sustainability expectations on us too. We welcome these demands and strive to be a sustainability leader in our industries by ensuring we are part of the solution and by using sustainability as a competitive advantage.

We also see the growing consumer awareness of global environmental issues which is increasingly shaping the behaviour of our


customers and consumers. Failure in meeting these demands can negatively impact sales, but for Lindéngruppen we see it as an opportunity to promote sustainability in our production and to develop more sustainable products.

#### **Lindéngruppen and sustainability**

As industrial companies, our businesses have environmental and social impacts that are related to energy-intensive operations, chemical use, complex supply chains and a large proportion of people working in production. By proactively reducing these negative impacts and finding innovative ways to deliver value throughout their value chains, our companies play important roles in creating more sustainable solutions for society.

This is why product innovation and development as well as integrating sustainability issues into our strategies are critical for our businesses and the long-term success of Lindéngruppen.

# GLOBAL TRENDS

 <p><b>MEGATREND</b></p>	 <p><b>CHALLENGES/RISKS</b></p>	 <p><b>OPPORTUNITIES</b></p>	 <p><b>IMPLICATIONS</b></p>
<p><b>Demographics</b> Global population is approaching 8 billion with further growth predicted.</p>	<ul style="list-style-type: none"> <li>– Meeting the increasing global demand for products.</li> <li>– Meeting these demands in a sustainable way – both in operations and product development.</li> </ul>	<ul style="list-style-type: none"> <li>– A growing market for our products.</li> <li>– To provide the market with more sustainable products.</li> </ul>	<p>Our companies are strategic suppliers of many finished products that are needed in modern society. Our sustainability performance is a market differentiator.</p>
<p><b>Planetary boundaries</b> Excessive resource use is having serious consequences on our climate, fragile planetary systems and access to resources.</p>	<ul style="list-style-type: none"> <li>– Our industrial operations have impacts on air, land and water.</li> <li>– Managing potentially harmful chemicals can be a challenge for some of our businesses.</li> <li>– Climate change and more extreme weather conditions pose risks for our operations.</li> <li>– Dependence on finite and non-renewable materials risks supply issues.</li> </ul>	<ul style="list-style-type: none"> <li>– Reducing our environmental impacts can reduce cost and risk.</li> <li>– The proper management of chemicals reduces risk.</li> <li>– The use of more renewable materials in our products can help secure our future raw material supply chains.</li> </ul>	<p>We must proactively mitigate the environmental impacts of our production and product development processes – to reduce cost, secure our raw material supply, mitigate risk and minimise environmental impact.</p>
<p><b>Decent work for all</b> Providing decent work for all is increasingly in focus around the world – particularly in terms of health and safety, and human and children's rights.</p>	<ul style="list-style-type: none"> <li>– The industrial operations – particularly in emerging markets – of our businesses pose risks related to health and safety, and human and labour rights (including children's rights).</li> <li>– We rely on many suppliers in emerging markets with potentially inadequate worker standards.</li> </ul>	<ul style="list-style-type: none"> <li>– Better working standards help to attract, develop and retain talent.</li> <li>– Investing in decent work for all can reduce the risk of non-compliance with legislation and damage to our brands.</li> <li>– Developing the capacity of our suppliers can help secure our value chain by avoiding issues such as corruption and child labour.</li> </ul>	<p>As an industrial group, we must safeguard the working standards of all the workers in our value chain – including in our own operations and those of our suppliers.</p>
<p><b>Digitalisation</b> Digital industrial processes are increasingly driving industrial operational efficiency.</p>	<ul style="list-style-type: none"> <li>– Failure to keep up with the latest developments may make our companies less competitive.</li> </ul>	<ul style="list-style-type: none"> <li>– There are significant efficiency gains to be made in digitalising production processes.</li> </ul>	<p>We see great potential in increased digitalisation in most of our processes and operations. Digitalisation is an important part of our leadership training.</p>

## RISK MANAGEMENT



How we manage these potential risks can influence our companies' reputations, long-term financial profitability and our ability to deliver on our purpose. The responsible management of these risks helps ensure that we are resilient and agile, and more cost efficient. Our investment guidelines underline that potential impacts on people and the environment should be identified in every investment.

Lindénggruppen businesses operate 49 factories and have suppliers in regions deemed as medium to high risk in terms of human rights and the environment, including China, Mexico, Brazil and Malaysia.

Each Group business reviews its most material risks with its own risk assessment model that includes the due diligence of suppliers, as well as monitoring, training and mitigation processes. We apply the precautionary principle to risk management throughout the Group. We require our companies to assess their risks on an annual basis as part of the budget process. All Lindénggruppen co-workers, our companies and their suppliers are expected to adhere to the standards for conducting business as outlined in the Lindénggruppen Code of Conduct.

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

# THE SUSTAINABLE DEVELOPMENT GOALS

The 17 United Nations Sustainable Development Goals (SDGs) have set a roadmap to achieve a better future by 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:

**A.** We reduce the negative impacts of our own operations and encourage our businesses to do the same

**B.** We empower our businesses to adopt innovation strategies to positively impact their customers and value chains

**C.** We influence society at large through our commitments, devoting time and resources to a number of not-for-profit projects.

At Lindéngruppen we work specifically with a number of SDG targets, also reflected in our purpose priorities.

## Capital

- 4.5 Enhance research and upgrade industrial technologies
- 9.4 Upgrade all industries and infrastructure for sustainability
- 6.5 Substantially reduce corruption and bribery

## Competence

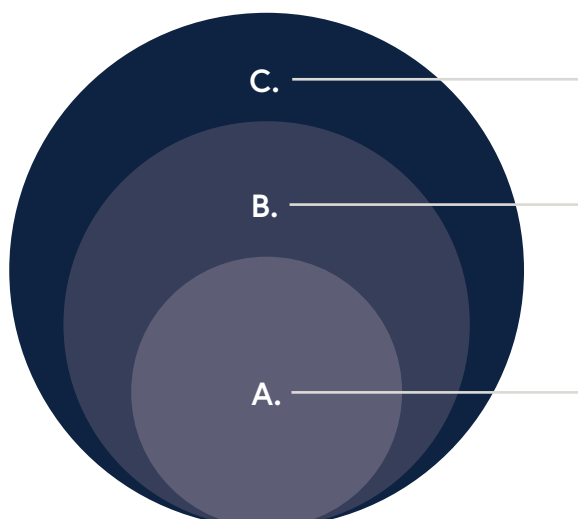
- 5.1 End discrimination against girls and women
- 5.5 Ensure full participation in leadership and decision making
- 8.8 Protect labour rights and promote safe working environments

## Governance

- 12.4 Responsible management of chemicals and waste
- 2.5 Substantially reduce waste generation
- 12.6 Encourage companies to adopt sustainable practices and sustainability reporting

## Empowering positive impact

- 8.2 Diversify, innovate and upgrade for economic productivity
- 8.4 Improve resource efficiency in consumption and production
- 2.2 Sustainable management in use of natural resources



## OUR APPROACH TO SUSTAINABILITY



As an owner of large industrial companies, Lindéngruppen's greatest sustainability impacts are determined by how we manage our companies. Their material indirect impacts include the use of large quantities of energy, materials and water, a workforce engaged primarily in industrial activities and the impact our companies have on local communities. At the same time, our companies contribute to society by providing employment and by offering more sustainable products to the market.

### **Our work with sustainability**

We aim to create shared and sustained societal value through our owned companies. This involves creating meaningfulness for our people and value for our businesses, customers, suppliers, children, local communities and society at large.

We work actively to support our companies to minimise their negative impacts and optimise their benefits in terms of environmental and societal impact. We do this by leading by example and providing a business model that is geared to generate long-term value. We also provide clear purpose, values, a Code of Conduct, guidelines and priorities that all our companies follow. These are all described in more detail in this report.

Our Group level head office only directly employs 15 co-workers itself and operations rely on a small number of local suppliers, mainly suppliers of services, such as consultancy services and office supplies, in Sweden with low risk for non-compliance with our Code of Conduct. However, all suppliers are expected to adhere to our Code of Conduct. Our direct environmental impacts at Group level are primarily related to energy use and business travel.

## Framework for Strategic Sustainable Development

Lindéngruppen's approach is founded 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.

All our companies have used the four principles as a framework when developing their sustainability strategies.

### 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 physical means.

And, in society...

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

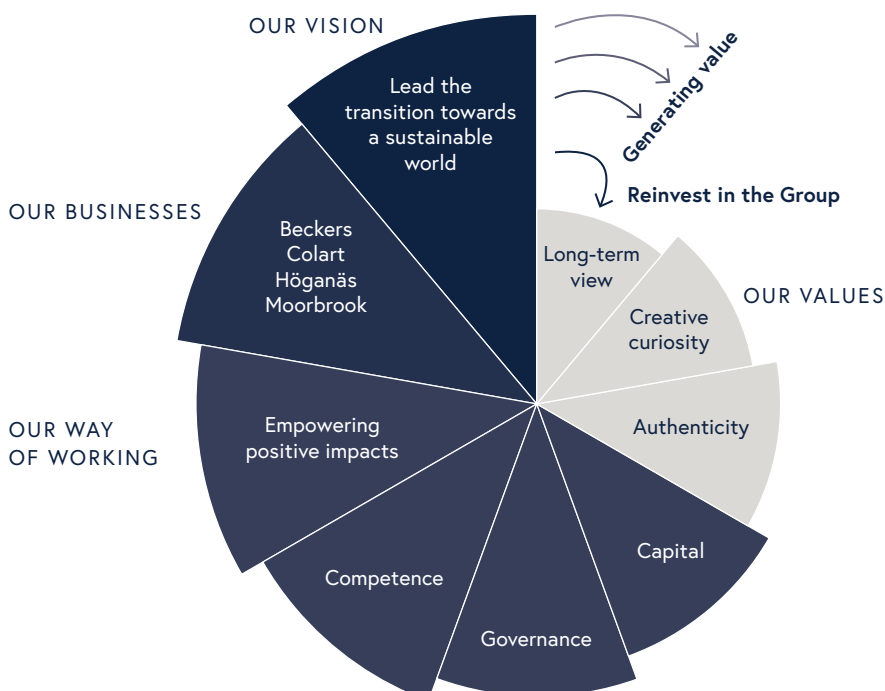
These principles are presented in greater detail in the Framework for Strategic Sustainable Development, authored by the Blekinge Institute of Technology (BTH), an academic partner to Lindéngruppen.

### Our business model

Lindéngruppen's business model illustrates how we create lasting value for our business, our stakeholders and society. It is founded on our values – Authenticity, Creative curiosity and a Long-term view.

It explains that we leverage financial capital to drive transformation, run a decentralised governance structure to achieve agility and build competence to achieve and maintain leadership which results in the development of new sustainable solutions. By working across the group and in partnership with others we achieve synergies and scale.

When successful, our business model delivers on our Purpose – To own and develop successful businesses to lead the transition towards a sustainable world – through the work of the Group as a whole and the individual businesses.



#### Society

- Our commitments, NGO's and academic partnerships more than SEK 17 million contributed
- SEK 87 (76) million in taxes paid, excl. Höganäs

#### Group businesses

- Preconditions in place for industry leadership
- Secure ownership structure

#### Employees

- Professional responsibility and empowerment
- Opportunity to make a difference

#### Company customers and end-users

- Innovative and creative product offering
- Reducing environmental impacts during product use and end-of-life

# STAKEHOLDERS AND MATERIALITY

Through engagement with our most important stakeholders, we have identified the most relevant and material topics to our business. These have then been used as the basis to define our four Purpose Priorities.

## **A stakeholder-driven model**

The Lindéngruppen business model empowers our companies to deliver sustainable solutions to their customers and end-users, as well as generate value for our people and society at large.

Our business model is designed to create long-term financial and non-financial return for the following key stakeholder groups:

- Our people
- Our companies
- Our customers
- Our owner
- Society at large, with a special focus on children and local communities

Additionally, we build strong working relationships with banks, financial institutions, academia, NGOs and other partners. There are strong links between achieving long-term profitability, creating value for our stakeholders, and contributing to global and local communities.

## **Stakeholder engagement**

We engage with stakeholders and society at large in order to better understand the challenges society faces and our role in addressing them. Dialogue helps us create value by staying ahead of challenges that impact our operations and stakeholders – as well as identifying potential opportunities. The section below provides 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 businesses**

- 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 the autumn 2019, under the theme of 'The art of intrapreneurship' and how to transform good ideas into scalable action. 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 customers

- Continuous dialogue with our customers to understand their needs and priorities.

#### Our owner

- Continuous dialogue.
- Board meetings.

#### Children

- We have a long-term partnership with Global Child Forum (GCF) working to promote children's rights.
- During 2019, we have together with GCF and Boston Consulting Group (BCG) developed a workbook that aims to guide businesses on how to implement a children's rights perspective.

#### Society at large

- Our commitments have a focus on art, education and local communities.
- We support and engage with academia including the Blekinge Institute of Technology (BTH) and its institution for strategic sustainable development and the Lund University School of Economics and Management, among others.
- We engage in our local communities to contribute to solving challenges. For example:
  - **HIF i Samhället** (HIF in the Community) – an outreach programme run by Helsingborg's IF football club that aims to involve and support young people to take control of their own lives and take responsibility for their decisions.
  - **Tillväxt Helsingborg** (Growth in Helsingborg) – that aims to reduce exclusion and segregation by creating new employment opportunities.
  - **Motivationslyftet** – a national engagement in an organisation that develops and implements a method to empower students and improve leadership for teachers.



- We work with multi-stakeholder forums and business organisations, including the Research Institute of Industrial Economics and the sustainability leadership forum StegVis (StepWise).

Our stakeholders expect us to deliver value to them in various ways – including both financial and non-financial. Based on our dialogue with key stakeholder groups, we compiled a list of 20 topics relating to environmental, social, human rights and anti-corruption issues of potential importance for Lindéngruppen.

The topics were prioritised in terms of materiality by our 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. Materiality is the extent to which an issue is relevant both in the context of stakeholder priorities and to the success of our business.

### **Capital**

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

### **Governance**

- Supply chain
- Transparency
- Organisational integrity and accountability
- Labour and human rights
- Responsible tax practices
- Ethical business practices

### **Ethical business**

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

### **Empowering positive impact**

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

# OUR PRIORITIES

---

OUR FOUR INTERCONNECTED PRIORITIES  
HIGHLIGHT HOW WE, AS A PARENT  
COMPANY, DELIVER ON OUR PURPOSE.

## Our four Purpose Priorities

The 20 topics identified in our stakeholder dialogue and materiality analysis were grouped into four Purpose Priorities:

**Capital** – Integrating social, environmental and governance (ESG) factors into investment decisions to help create long-term value.

**Governance** – High standards for labour, human rights and other governance issues throughout our companies builds trust and resilience.

**Competence** – Attracting and retaining the right competence for Lindéngruppen and its businesses.

**Empowering positive impact** – To develop sustainable strategies and solutions that reduce negative impacts and create value for customers and society at large.

Our Purpose Priorities are the areas that we consider to be the most relevant to Lindéngruppen and our ability to deliver on our purpose. This Sustainability Report is based on our materiality assessment and explains these four priorities in more detail in terms of our impacts and approach to managing them.

## Delivering strategic value

Each of our priorities reinforce the other three, delivering strategic benefits by:

- Helping to future-proof our business by managing risks and recognising opportunities.
- Inspiring and empowering our businesses to fully integrate our purpose into their cultures and business models in ways relevant to them.
- Allowing us to support local communities and strategic sustainable development.

As part of our current strategy review, we intend to identify new strategic targets, performance indicators and action plans to track our progress on our Purpose Priorities and their 20 topics. We will validate the outcome of this process through interviews, research and surveys with representatives of our key stakeholder groups. The strategy review is to be completed during 2020.

# CAPITAL

All our financial decisions should be based on the ability of each investment to deliver long-term economic, environmental and societal value balanced against its potential negative impacts.

## **Our approach**

Integrating Environmental, Social and Governance (ESG) criteria into the management of our capital allows us to see every investment from a holistic perspective and better enables us to minimise risks and increase long-term 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 include:

**1. Providing capital** – Providing capital for our companies' larger investments in industrial processes, and product or market development.

Prioritising sustainability can involve 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. These screenings are designed to understand and minimise our risks, see p. 5–7.

**3. Making smaller investments** – We manage a portfolio of smaller investments in industries, agriculture, real estate and entrepreneurial tech companies. These include Christinelund Dressage (equestrian activities) Pilskytten Lantbruk (farming) and Christinelund Ekologisk Lantgård (organic farming). We are also an investor in Spintop Ventures (a technology ventures fund).

Our priority is to shape the Group for greater resilience and improved cashflow. Our work in 2019 has therefore been to further simplify ownership structures and narrow our focus to investments within our core business and where we can deliver the greatest value. These consolidation efforts will continue in 2020.

## The Lindéngruppen Way

We have a guideline for carrying out business within the Group to detail clear procedures for approving:

- 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.

Our Finance Policy is the core policy that frames the 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. The Board for each company is responsible for the adherence and monitoring of the effectiveness of the policy.

Throughout 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, the improvement of market position and/or product performance/quality, and health and safety or regulatory compliance.
- Investments are to be in line with ESG criteria.

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

Our Code of Conduct is applied in the due diligence process to ensure that investment decisions meet our high standards. The Code of Conduct underlines that all business must be conducted with respect for 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 Code of Conduct. This helps to ensure that ESG criteria remain a priority in investment decisions.

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

## Challenges

- Finding opportunities that can meet our investment criteria.
- To make investments that truly advances the companies, sustainability, avoiding trade offs between different sustainability objectives.
- It might be hard to implement our ESG criteria in complex markets.

## Opportunities

- Responsible acquisitions and investments that create long-term value for our businesses and stakeholders.
- Enhanced economic performance and financial resilience.
- ESG investments help us to achieve our purpose.

## Progress

Raising awareness of our sustainability risks and opportunities among CEOs, senior managers and Board members is always a central theme at the Group's annual management conferences. In 2019, we conducted one-on-one and network meetings to enhance the understanding of our policies among managers. We also further integrated ESG criteria into our investment decisions and all new investments must be analysed based on their financial as well as environmental and social potential and performance.

# GOVERNANCE

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

## **Our approach**

The Group's governance model provides accountability, clarity and consistency. It helps the parent company to better manage risks and build trust, and 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. During 2019 we further revised, clarified and consolidated our governance system.

All Board activities throughout the Group reflect a governance model as defined by the Swedish Corporate Governance Code. Our approach is guided by 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 governance model, whereby our boards and management teams have clear mandates, aligned with our purpose and values, as well as the strategic direction of the Group and its way of working. A decentralised model promotes fast decision-making and creativity that inspires our businesses to drive their sustainability work.

We also leverage our partnerships with organisations and academic institutions to support our businesses along the way.

## **Tax contributions**

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 throughout the Group.

We have a Tax Policy for the Group that clarifies our position and every company is to pay taxes in the country where they conduct their business. We are committed to transparency on taxes paid on a country basis. Developing structures for the purpose of avoiding taxes is unacceptable practice.

### **The Lindéngruppen way**

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

The long-term objective of our governance is to foster a culture where our values guide decision-making throughout the Group. This is done through action, communication and follow-up by auditing. Auditing and internal control is an important process for ensuring quality and gauging the effectiveness of our governance model. The audit work is reported to each company Board at least on an annual basis.

### **Our Code of Conduct**

The Code of Conduct clarifies our expectations on all our co-workers – including 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, partners and society. It also underlines the right to unionise and collective bargaining.

Employee 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. Newly employed people are expected to sign the Group Code of Conduct and the code of the company they will work for.

Beckers, Höganäs and Colart also have Code of Conduct e-learning training in place. Because of its size, Moorbrook instead has annual team meetings to make sure all employees understand the company's code.

Lindéngruppen and each Group company have a whistleblower system in place for employees to report possible non-compliances related to the Group's Code of Conduct, one of the company codes or any other illegal behaviour. In 2019, zero cases were reported through the parent company whistleblower system and collectively 27 cases through the whistleblower systems of Group companies, see p. 32.

### **Challenges**

- Implementing our governance in complex markets with high risks for corruption and labour and human rights violations.
- Building a common culture of high standards of business ethics in a global organisation with a strong local presence in different markets and cultures.
- Implementing our business ethics throughout the entire value chain – including partners and end-users.

### **Opportunities**

- Our strong governance system based on our purpose and values makes us more resilient than our competitors.
- As a family-owned company, we make long-term decisions that are values-driven.
- Our stable ownership and strong values make us an attractive employer.
- We are agile and have fast decision-making processes.

### **Progress**

On an annual basis since 2016 and quarterly since 2019, Group companies have been 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. This is an important way to further integrate sustainability priorities into each business. In 2020, our work to strengthen governance structures will continue.

# COMPETENCE

We aspire to attract and retain the competence we need to ensure the long-term success of Lindéngruppen and our businesses.

## **Our approach**

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

It is important that we have the right competence to lead our Group-wide transformation into a more sustainable company. As a streamlined organisation, our role as a parent company is realised through the insights and contribution of each of our 15 employees.

## **Senior Management and Board leadership**

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.

Securing competencies that will continue to develop 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 at the forefront of developments within sustainability and corporate management.

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 in senior management. Digitisation was one of the themes at our management conference in 2019, covering the future implications of block chain, artificial intelligence and robotics in our businesses.

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

### **Well-being for our people**

To ensure fair conditions and good work environments, the rights of our employees reflect the Swedish labour standards.

Lindéngruppen is a member of Svenskt Näringsliv (the Confederation of Swedish Enterprise) and its member organisation IKEM (Innovation and Chemical Industries in Sweden). In addition, all co-workers in Europe are covered by collective bargaining agreements. In non-European countries, appointed employee representatives ensure that we apply the same high labour standards in all our operations.

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 that we cover all forms of well-being for our people, including stress-related impacts and health.

### **Diversity and gender equality**

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 effective management teams. As a parent company, our small and flexible organisation allows us to tailor people development to each co-worker's priorities and function. The Code of Conduct provides guidance on expectations for every co-worker, Group Senior Manager and Board member in regard to respectful relationships with one another.

### **Challenges**

- Building a common culture while maintaining diversity.
- Talent development and retention.
- Access to competence.
- Work-life balance and well-being for our people.

### **Opportunities**

- Being a family-owned and values-driven company makes us an attractive employer.
- As a privately-owned Group, we have greater flexibility in the type of training and education we can provide our people.
- Setting diversity targets on our Boards can lead to rapid change.

### **Progress**

During 2019, we began looking into setting Group-wide targets for health and safety, diversity and community involvement. We also updated and clarified the leadership principles of Lindéngruppen and revised our board and management assessment. In addition, we held trainings at the Head Office to improve our work on values-based leadership.

# EMPOWERING POSITIVE IMPACT

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

## **Our approach**

As an owner of industrial companies, the value we create is primarily generated through our businesses and the solutions they bring to market. Our role is to set the right level of ambition, stimulate innovation, as well as empower our companies to deliver and invest in sustainable solutions for their customers.

As a Group, we are active in industries that include industrial coatings, artist materials, metal powders and the textile industry. Although the 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. Our businesses can also develop solutions that either support the transition to a more circular economy, enhance social equality or improve people's lives in other ways.

## **Challenges**

- Developing and delivering the products and services our customers demand, while ensuring they have positive societal impact.
- Digitalisation of our products and services.
- Investing sufficient resources in R&D.
- Our ability to exercise leadership with conservative clients and partners.

## **Opportunities**

- Being privately owned allows us to invest long-term rather than having a tight ROI.
- Full company control enables the ability to prioritise products with less impact.
- Our purpose drives our development.



## Progress

In recent years, our companies have developed a wide range of more sustainable products and solutions. For example:

- Beckers Group raises awareness and promotes more sustainable products, such as through its BeckryTherm app that calculates the energy savings for a building with BeckryTherm coating which was launched already in 2016.
- Colart integrates sustainability in its product development process leading to continuous development of more sustainable alternatives without compromising the performance of its products, one result of this process is the cadmium-free colours.
- Höganäs offers solutions for drinking water purification, industrial wastewater treatment, and media for soil and groundwater remediation.
- Moorbrook works proactively with its suppliers, Strathclyde University and other partners to develop production processes where no hazardous chemicals are used.



## OUR SUSTAINABILITY FRAMEWORK

---

EVERY BUSINESS IS EXPECTED TO REPORT  
ON THEIR SUSTAINABILITY PERFORMANCE.

To understand impacts, measure progress and encourage high standards throughout the Group, every business is expected to report on their sustainability performance through the Lindégruppen Sustainability Framework.

The framework is a self-assessment tool covering areas such as governance, environmental performance, human rights and social responsibility, ethical behaviour and supply chain.

### **Raising sustainability performance at business level**

As 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 2019 to better reflect our priorities and to improve our understanding of the maturity level of each company. Each business is now 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 throughout the group. We evaluate the framework annually with input from our businesses.

In addition to their own focus areas, their 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 and safety incidents
- Sick leave

### **Top management engagement**

As part of long-term planning, the leadership team of each company has the responsibility to ensure that its most relevant issues are well managed.

Using the Sustainability 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 an annual basis.

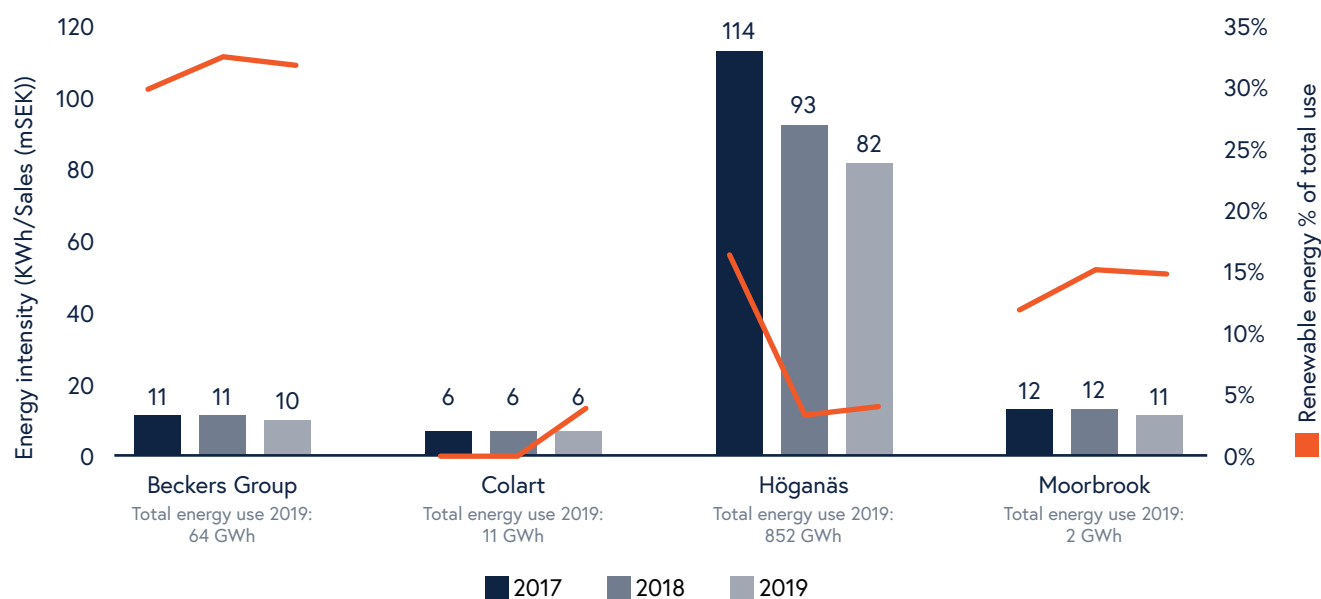
In order to share best practice throughout the Group, managers responsible for sustainability meet on an annual basis as well as bilaterally on a regular basis.

### **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 into business strategy processes.
- Reduce company carbon footprints.
- Introduce energy management systems to increase efficiency and promote the shift to renewables.
- Improve processes for evaluating supply chain sustainability impacts.
- Define strategic targets and relevant KPIs.

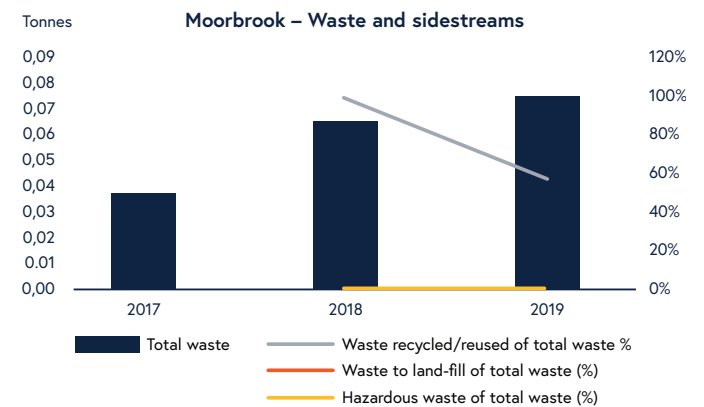
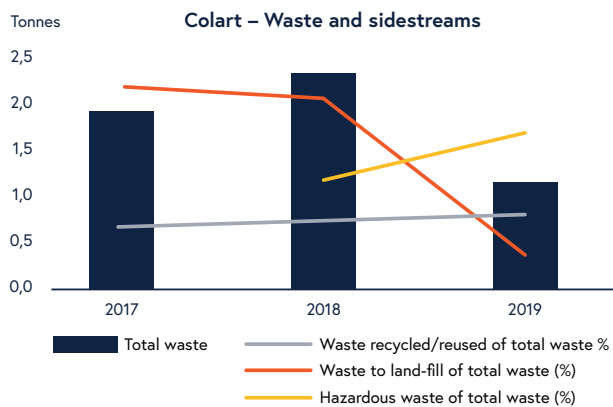
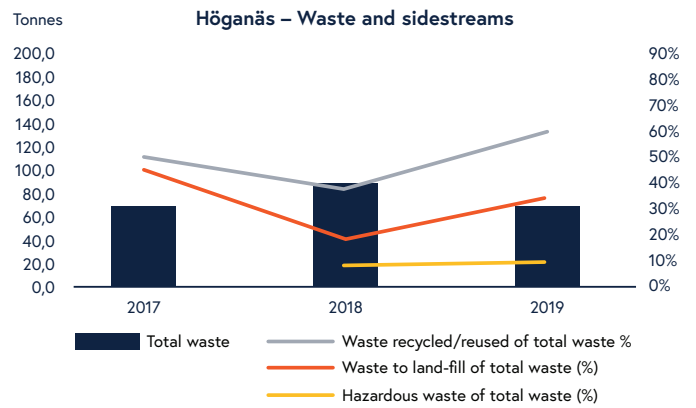
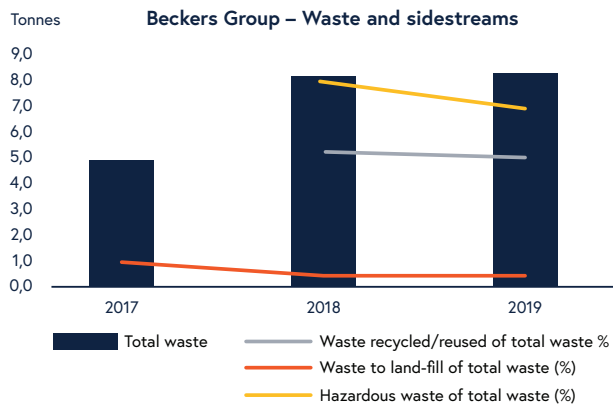
## Energy intensity, share of renewable energy and total energy use



Energy consumption is stable, except for Höganäs which is contributed to lower volumes and energy efficiency initiatives. All companies are working to increase their share of renewable fuels and thereby refining their definitions to only include certified renewable energy which explains the decrease. We introduced reporting of energy intensity to make sure energy is used efficiently and energy efficiency programmes are implemented. Höganäs is showing real effect of its energy efficiency initiatives during the last two years.

Greenhouse gas emissions								
	Beckers Group		Colart		Höganäs		Moorbrook	
	2018	2019	2018	2019	2018	2019	2018	2019
Total GHG emissions as CO <sub>2</sub> e	24,4	n.i.	4,2	4,0	380,2	339,6	2,0	0,5
GHG emissions from fuels as CO <sub>2</sub> e, tonnes	10,1	n.i.	1,5	1,2	270,8	256,2	n.i.	0,3
Gross location-based energy indirect (Scope 2) GHG	14,3	n.i.	2,7	2,8	109,4	83,4	2,0	0,3
Gross market-based energy indirect (Scope 2) GHG	15,1	n.i.	2,8	2,8	124,4	118,8	n.i.	n.i.

Climate Action Plans are in place at Beckers and Höganäs and with a general focus on climate footprint, GHG emissions are decreasing.

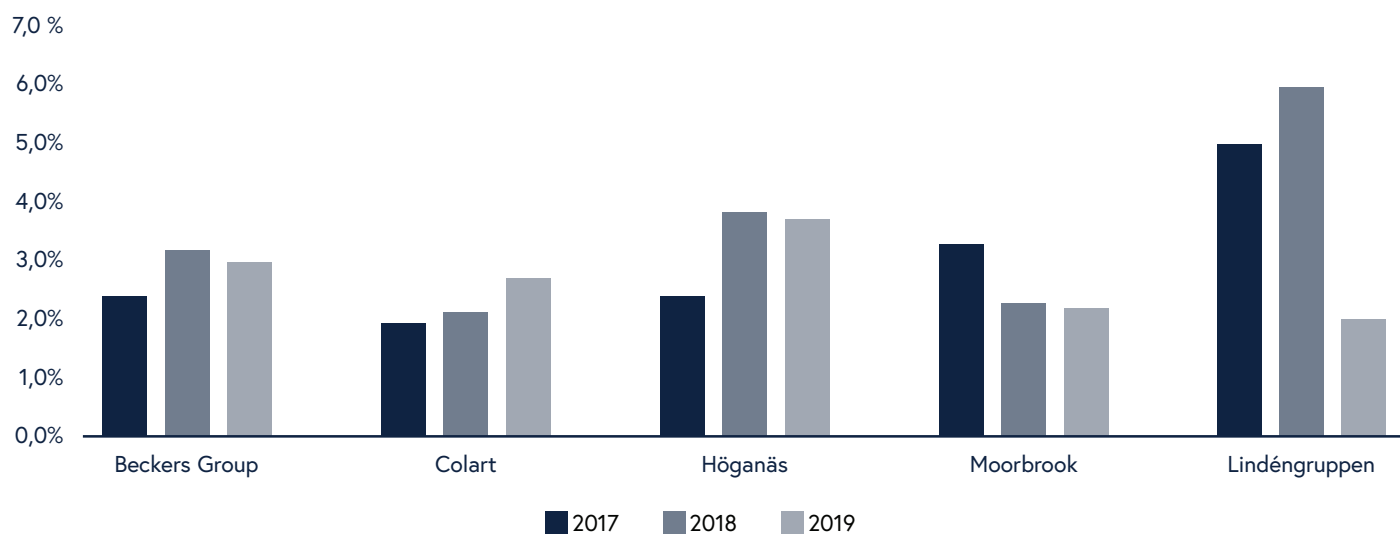


Improved reporting standards explain to a large extent the changes between 2017 and 2018. The reporting in 2019 is consistent with 2018 and decrease in total waste at Colart is an effect from its efforts to substantially reduce waste.

Injuries				
	Beckers Group	Colart	Höganäs	Moorbrook
Calculated LTI frequency/million hours worked	2	13	8	3
Calculated TRI frequency/million hours worked	3	n.i.	53	n.i.

We are implementing a move from Lost Time Injuries (LTI) to Total Recorded Injuries (TRI) reporting across the group, in line with the updated GRI 403. TRI includes all reported injuries with or without absence from work, whilst LTI only includes those leading to absence from work. Colart and Moorbrook is still to make the move. Höganäs has set a 'zero accident vision' to target their relatively high number of injuries. As a result their LTI has steadily decreased during the last years.

## Health and safety – Sick leave, %



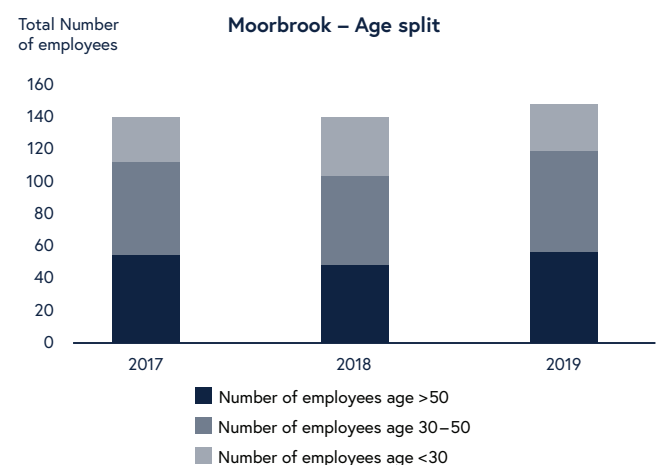
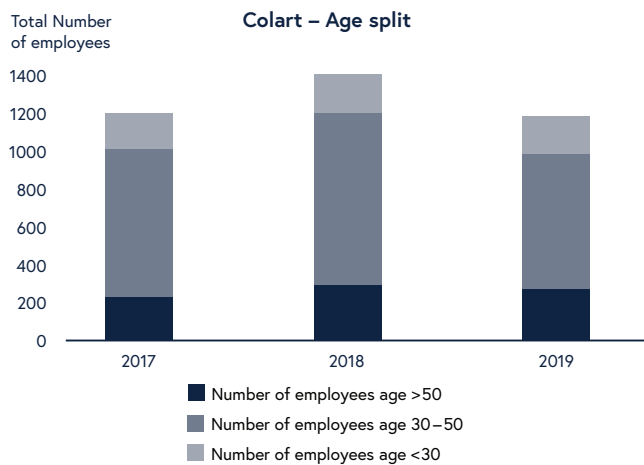
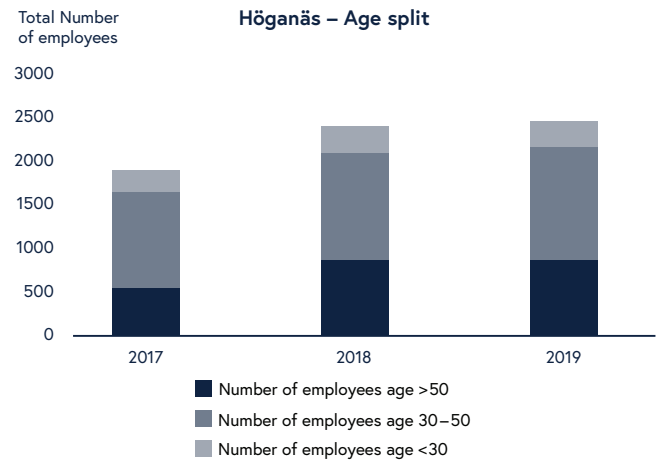
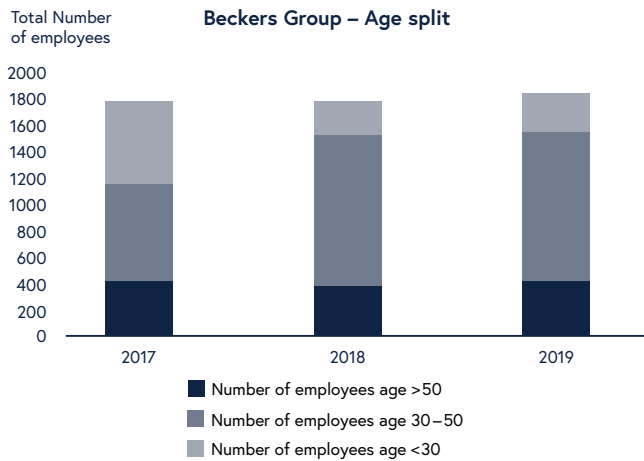
In 2019, the increase in sick leave at Colart is due to restructuring which caused the increase also previous year. The big fluctuations at Lindéngruppen are due to a few individual cases of long-term sick leave in a small group. Between 2017 and 2018, increases in Beckers and Höganäs were due to improvements in reporting processes.

Women in governance bodies and employees				
	Employees total		Tier 1–2	
	Women	Men	Women	Men
Beckers Group	25%	75%	22%	78%
Colart	48%	52%	23%	77%
Höganäs	16%	84%	24%	76%
Moorbrook Textiles	64%	36%	47%	53%
Lindéngruppen HQ	50%	50%	50%	50%

The focus over time is to watch the gap between equality for total employees and for tier 1–2 management. The difference in Colart and Moorbrook numbers are closely followed, but have so far been found reasonable.

Gender division in boards and management teams				
	Board		Management team	
	Women	Men	Women	Men
Beckers Group	4	5	1	6
Colart	2	5	2	3
Höganäs	3	10	1	11
Moorbrook Textiles	2	4	4	4
Lindéngruppen HQ	1	4	1	3

The Beckers and Höganäs boards include union and employee representatives.



The key issue to watch is the balance between different age groups, with the majority belonging to the middle age group. The exact distribution is dependent on the nature of the industry and the history of the company.

Training				
	Beckers Group	Colart	Höganäs	Moorbrook
Average number of training hours per employee	18	7	10	9
No of employees trained in human rights policies	172	781	341	20
No of employees trained in anti-corruption policies	329	781	49	0

We have just started to report on training hours. Employees in positions subjected to relatively high risks (sales and purchasing) are continuously trained in human rights and anti-corruption policies.

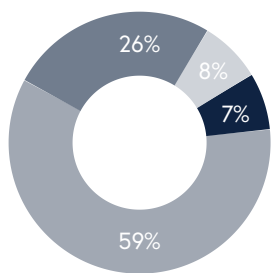
Reported Incidents										
	Beckers Group		Colart		Höganäs		Moorbrook		Lindéngruppen	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Total number of reported new cases	12	9	14	11	3	7	0	0	0	0

This measures reported cases through our whistle-blower systems, covering cases within anti-corruption and discrimination. All reported cases have been handled according to procedures and followed up.

Value creation	
Lindéngruppen group 2019	
	kSEK
Revenues	8741
Economic value distributed	
Operating costs	6147
Employee wages & benefits	1795
Payments to providers of capital	54
Payments to government	409
Community investments	24
Total	8429
Economic value retained	312

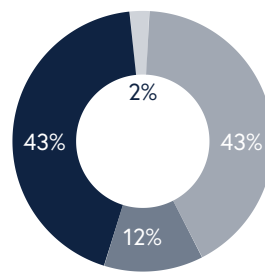
For the first time we are now reporting our GRI disclosure 201-1 in an ambition to show how we create value to our stakeholders.

Beckers Group – Markets



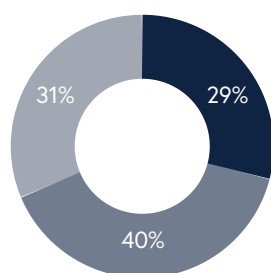
■ Americas ■ Asia ■ Europa ■ Africa & Middle East

Colart – Markets



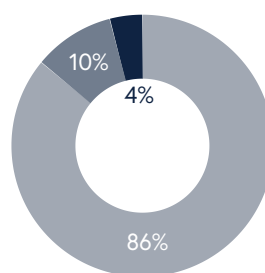
■ Americas ■ Asia & Oceania ■ Europa ■ Africa & Middle East

Höganäs – Markets



■ Americas ■ APAC ■ EMEA

Moorbrook – Markets



■ Americas ■ Asia ■ Europa



## COMPANY SNAPSHOTS

---

A COMPARABLE WAY OF EVALUATING EACH COMPANY'S PERFORMANCE.

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 their own sustainability strategies and plans to actively manage their impacts.

By reporting on performance according to the Lindéngruppen Sustainability Framework, we have a mechanism for evaluating each company's performance based on the common priorities of the Group.

# BECKERS GROUP

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

As a chemicals company, its operations have significant environmental impact. However, Beckers also has the potential to make a huge difference throughout its value chain – from the raw materials it sources and the processes in its operations, to the end use of its products.

## Key challenges

Product stewardship – more than 90 percent of Beckers' innovation breakthroughs focus on increasing the sustainability of the coatings throughout the product lifecycle. The company's approach is to reduce impacts by choosing the most sustainable raw materials, the right suppliers, and focus on products for improved performance, durability and safety. Beckers also develops coatings that help its customers save energy.

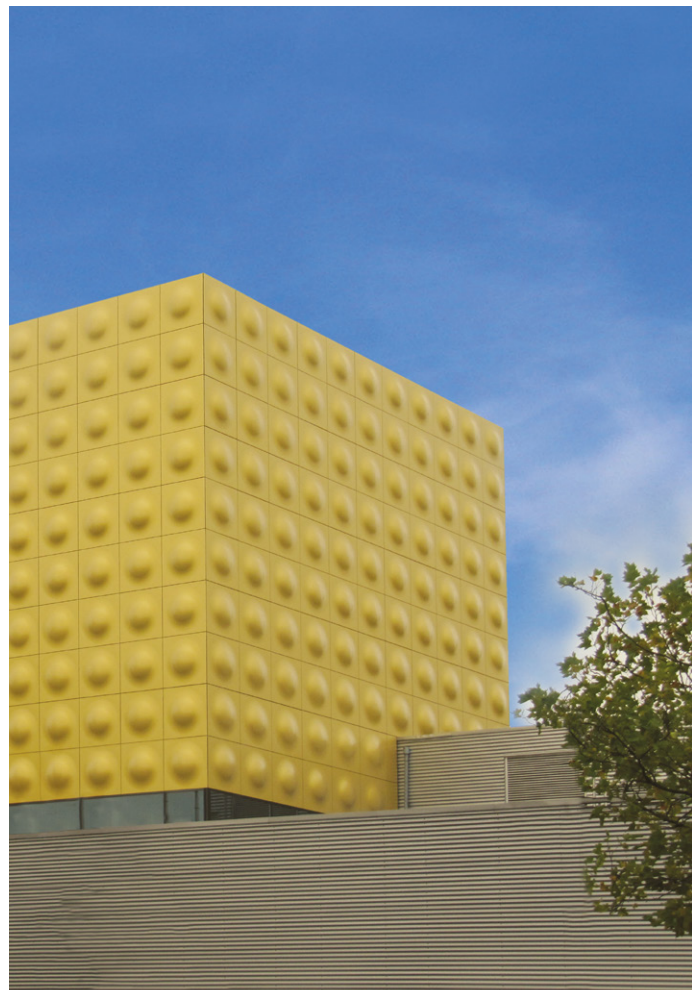
## Ambition

Beckers' vision is to become the world's most sustainable coatings company. To achieve this, Beckers works closely with its customers to educate and raise awareness in order to increase demand for more sustainable products.

## Opportunities

During 2019, Beckers Group launched a new strategy with sustainability at its core and is now working to set new visionary targets. The company plans to target its value proposition development and value chain optimisation to transform to a more sustainable and responsible manufacturer.

Beckers R&D teams work continuously to develop an even greener portfolio.



# COLART

Colart is a large international supplier of art materials, with subsidiaries and brands such as Winsor & Newton, Liquitex and Lefranc & Bourgeois.

As a paint manufacturer, Colart's main priority is to phase out any potentially hazardous chemicals in its products. This includes work to remove heavy metals in its paints, such as entirely removing cadmium from two paint ranges and brands in 2018 and 2019.

## Key challenges

The growing demand for more sustainable solutions – Colart is reviewing its packaging and labelling to find even more sustainable solutions, including their impacts post-use. The company is also using lifecycle analyses to better understand the sustainability impacts of its products. In addition, Colart's product development processes address how raw materials are sourced and focus on finding ways to reduce impacts.

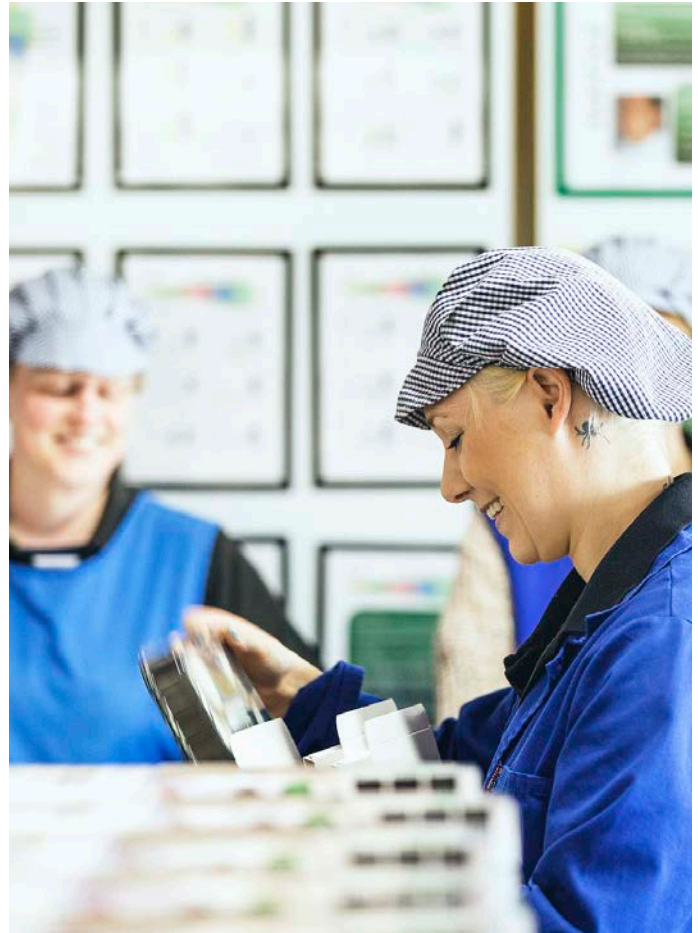
## Ambition

Colart's sustainability strategy is based on 'enhancing the well-being of people and the planet through creativity'. It continuously works to remove all Substances of Very High Concern (SVHCs) from products, optimise packaging and reduce single use plastic. Although not always possible, Colart is aware that there is a customer demand for vegan products, and it incorporates suitable substances into its products when possible.

## Opportunities

Reducing the impacts of Colart's products on people and the planet will help boost sales.

Colart is establishing itself as a sustainability market leader by taking a lead on cadmium-free paints. It has also enabled them to build knowledge and confidence in developing sustainable alternatives in other product ranges.



# MOORBROOK TEXTILES

Moorbrook Textiles is a leader in the design and manufacture of premium textiles.

Moorbrook's ambition has always been to produce garments of the highest quality and the company is proud to meet stringent and demanding standards. It is important for the company that their customers know that within its supply chain Moorbrook makes strenuous efforts to ensure that animals are well treated, that harmful chemicals are not used, and that people are treated fairly. Consequently, Moorbrook is increasingly using an overall product lifecycle perspective to identify how to improve its production and products.

## Key challenges

Traceability demands – improving sustainable herding practices and the traceability of cashmere wool are becoming increasingly important to stakeholders. Moorbrook has established the unique CapraCare process, which aims to find ways to ethically and sustainably source cashmere yarn.

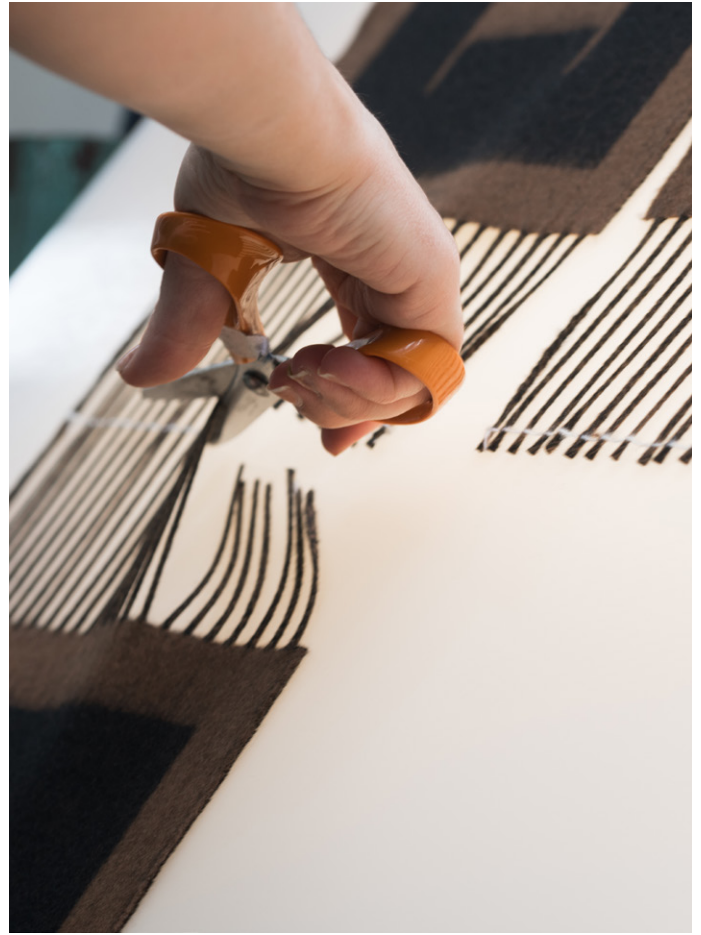
## Ambition

The goal is for the cashmere fibres used by the company to be produced sustainably, which means ensuring that goats do not live in overcrowded conditions that degrade land, that scouring and dehairing is done using only certified chemicals and that it is possible to trace the yarn from sourcing to finished product.

## Opportunities

Sustainability and a lifecycle perspective are key drivers to further improve Moorbrook's business and products.

During 2020, Moorbrook will explore opportunities for refurbishment and rental of scarves, as well as the use of recycled materials. This will involve assessing their viability from a business perspective.



# HÖGANÄS

Höganäs is the world's largest producer of powdered metals with an annual production of around 500,000 tonnes for various metallurgical industry customers. Höganäs and the entire steel industry have energy intensive production processes that are dependent on fossil energy.

## Key challenges

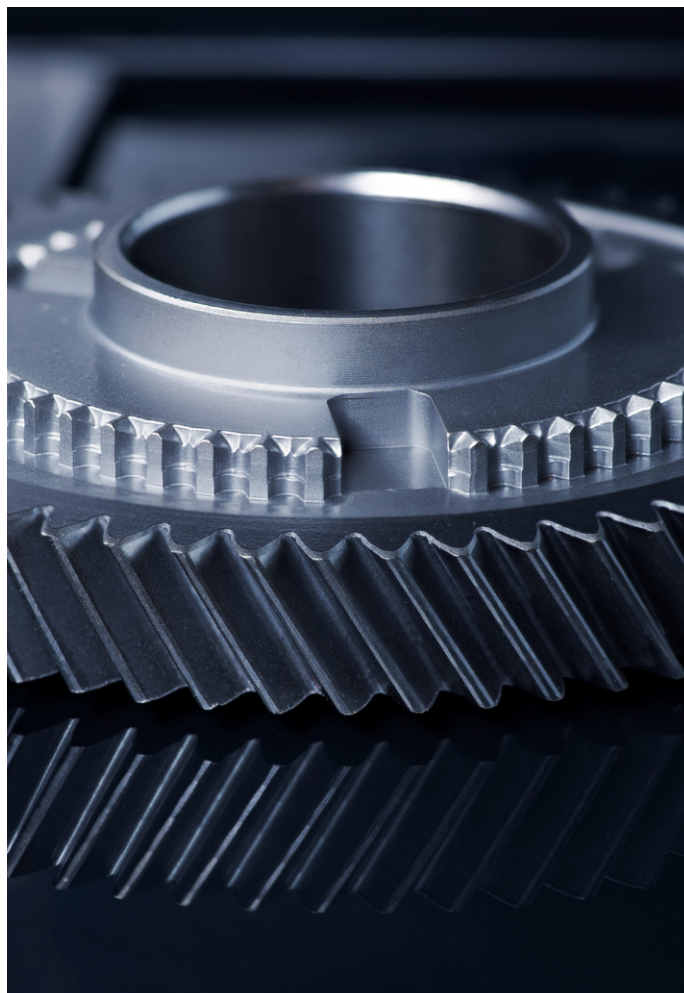
Climate neutral operations – Höganäs has developed a climate roadmap that includes monitoring its carbon footprint, energy efficiency, reducing emissions, transitioning to renewable energy, replacing fossil process coals and achieving a climate neutral product portfolio. The company's climate roadmap aims to decouple earnings from climate impact by guiding their long-term strategy and business planning.

## Ambition

Höganäs has the ambitious vision to make its operations climate neutral by 2045, and the company works intensively to replace fossil coal and fossil fuels with renewable alternatives. The goal is a 10 percent decrease in energy use per tonne of produced material by 2020 compared to the base year 2010. Currently, energy efficiency has improved with 7 percent since 2010 with similar volumes.

## Opportunities

Höganäs works actively to develop more sustainable operations and long-term this will be a competitive advantage. Höganäs is investigating opportunities to develop industrial-scale solutions to reduce its fossil CO<sub>2</sub> emissions by about 10,000 tonnes per year. As with all projects they invest in, this also has the potential to be scaled up if successful. Reducing emissions will decrease carbon emission costs. As part of its development programme for renewable alternatives, Höganäs has identified and tested biochar as a replacement for some of the fossil coal it uses. The ongoing development is promising and, if successful, could result in a reduction of up to 10 percent of the Höganäs Group's total direct emissions, or the equivalent of 28,000 tonnes of CO<sub>2</sub> per year.





## BECKERS

### AWARDED ECOVADIS GOLD FOR THE SECOND YEAR IN A ROW

The prestigious EcoVadis certification, awarded by an independent third-party organisation, recognises companies for their outstanding Corporate Social Responsibility (CSR) performance. The Gold Standard, the highest rating offered by EcoVadis, places Beckers Group in the top 5 percent of companies assessed globally in the category "Manufacture of paints, varnishes and similar coatings".

## BECKERS

### INTEGRATING STAKEHOLDER DIALOGUE IN THE STRATEGY REVIEW

As part of its strategy review Beckers held a multi-stakeholder workshop with customers, suppliers, NGOs, UN bodies, sustainability experts and academics. Together they envisaged Beckers in 2030, trying to anticipate its role and achievements.

The result was a draft of visionary ambitions and a roadmap for a breakthrough decade.





## COLART

### LIQUITEX PARTNERING UP WITH SING FOR HOPE

As part of Colart's external commitments strategy, a number of initiatives and collaborations are taking place. The non-for-profit arts organisation Sing for Hope is one such collaboration, intended to break down barriers and bring art to the people.

In New York 50 artist-designed pianos appeared in parks and community spaces in the five boroughs, each painted using Liquitex acrylics. On November 13th it moved on to London and was launched at their West London art and community space Elephant West.

## COLART

### PHASE OUT OF BLACK PLASTICS AND BIO-GLITTERS

The Snazaroo brand will stop using black plastic vac forms which are difficult to recycle as they cannot be detected in many waste sorting systems. Grey RPET plastic will be phased in as a replacement. RPET is already recycled and can be further reprocessed.

A new range of fully biodegradable bio-glitters made from sustainably managed wood plantations will be replacing the existing plastic-based range as of next year.





## MOORBROOK

### — CAPRACARE - SUSTAINABLE SOURCING OF CASHMERE

Alex Begg has established the unique CapraCare process, which aims to find ways to source cashmere yarn ethically, sustainably and traceably. Alex Begg's vision is to allow customers to continue to buy beautiful cloth and garments in the knowledge that their purchase impacts the cashmere market positively – as well as the lives of those who depend on it.

This way of working is still in the early phase and the CapraCare Fibre represents 15 percent in all 100 percent cashmere yarns produced in the UK for Begg & Co.

## MOORBROOK

### — CIRCULAR ECONOMY COLLABORATION WITH GLASGOW CALEDONIAN UNIVERSITY (GCU)

The final-year Design and Fashion students at GCU were challenged to come up with ideas for how excess production materials and waste from Alex Begg scarves and throws can be reused into new designs.

The project gave new perspectives on what is waste to us and how we can imagine what this waste might become.





## HÖGANÄS

—  
PRAISED FOR ITS WORK ON GENDER  
EQUALITY

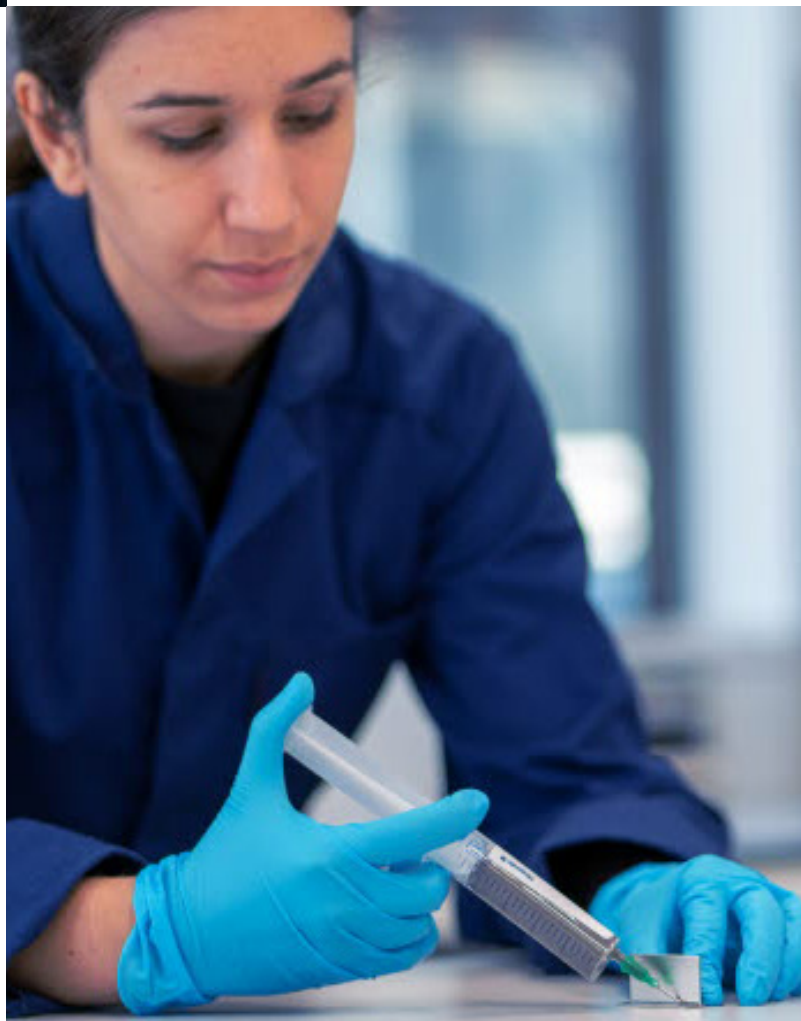
Höganäs was rewarded The Swedish Industry Council's "Industry Equality Award 2019". "The company works strategically and broadly to increase equality within its own company, but also in the industry as a whole. The company works with concrete activities and towards measurable goals.", the Industry Council stated.

In a traditionally male dominated business, Höganäs has set concrete goals for increasing gender equality. Today, 16 percent of employees are women, and the goal is to exceed at least 25 percent by 2021.

## HÖGANÄS

—  
NEW RANGE OF CLEANER, MORE  
SUSTAINABLE BRAZING PASTES

Höganäs' newly developed brazing pastes BrazeLet® DW-9007/9017 makes it possible to avoid the formation of oxides in the joint. Höganäs solves the problem without using flux compounds that are also on material restriction lists due to their potential health risks. The water-based pastes for dispensing are flux free, contain low polymer content and prevent oxidation of the filler metal. They enable brazing with lower emissions and provide a healthier workplace.



# OUR COMMITMENTS

Lindéngruppen's commitments are based on long-term engagements in the community through strategic partnerships with organisations working within art, education, integration and children's rights. The commitments provide us with an opportunity to work with members of society who share our ambition to make a difference to the wider community, on both local and global level.

In 2019, we supported our commitments with more than SEK 17 million. We also contributed with time and resources.

## Promote the role of art and culture

- Färgfabriken – a art space for contemporary cultural expression to foster free and creative thinking in art, architecture and urban planning.
- Beckers Art Award - established in 1987 and presented annually to a young Swedish artist.
- Höganäs Museum – a local museum and exhibition hall.

## Promoting the rights and development of children and young people

- Global Child Forum – an independent platform that brings businesses, regional and global stakeholders together to foster dialogue and spur action for social change around children's rights.
- Motivationslyftet (Swedish Star for Life) – a tool for high-school teachers based on a five-step method.

## Research focusing on sustainability and business

- Blekinge Institute of Technology (BTH) – carries out ground-breaking research in the field of strategic sustainable development.
- Lund University School of Economics and Management – one of the leading business schools in Sweden.
- AB Wilh. Beckers Jubileumsfond (Jubilee Fund) – finances PhD studies at KTH Royal Institute of Technology for chemists specialising in materials technology for colour and surface treatment.

## Contributing to integration

- Tillväxt Helsingborg – tackles segregation and social exclusion among young adults by helping them to find work with local businesses in the southern Swedish city of Helsingborg.
- HIF i Samhället (HIF in the Community) – an outreach programme run by Helsingborg's IF football club, aiming to support and involve young people.

## CASE STORY:

### A Children's Rights workbook for businesses

During 2019, we have worked together with Global Child Forum and Boston Consulting Group (BCG) to develop a workbook that aims to guide businesses on how to implement a children's rights perspective. Moorbrook and Höganäs have been highly involved in this work. We have initiated pilots to analyse our impact on children's rights in all our companies. Moorbrook has made real progress by making a quantitative assessment on the degree to which they affect children in their operations. They used the Children's Rights and Business Atlas to support their work, which helps companies to identify risks and opportunities based on their sector and where they operate. They identified that their impact on children in their supply chain is primarily through the employment of parents, and that focus should be put to the improvement of the economic condition of families through the provision of good employment.

### Continued work in 2020

During 2020, we will continue to work together with our companies on piloting the workbook. The ambition is to launch it during the autumn and thereby make it available for all businesses to use for enhancing their work with children's rights.





## ABOUT THIS REPORT

---

### THE 2019 SUSTAINABILITY REPORT

This 2019 Sustainability Report presents how Lindéngruppen AB, reg. no. 556205-4956, integrates relevant social, environmental and economic priorities into its business and throughout the Group's companies. We outline why these priorities are important to our purpose and business model, as well as to our Group culture, long-term success and resilience. We also present how we work with a stakeholder model whereby our Group-wide approach increases our ability to stimulate and create value for all our stakeholders.

The Sustainability Report is appended to the Annual Report, and is written from the perspective of the parent company.

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 the 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 sustainable business 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.

## SCOPE AND BOUNDARY OF THE REPORT

In 2019, Lindéngruppen, with its head office in Höganäs, Sweden, wholly owned three main businesses: Beckers Group, Colart, Moorbrook Textiles, and had a 50 percent share in Höganäs. This report covers these entities, which are also those covered by our consolidated financial statements in the 2019 Annual Report.

The combined turnover of our wholly owned businesses was SEK 8,6 (7.9) billion, and included 2,998 (3,126) employees (both office and factory workers). Höganäs had a turnover of approximately SEK 10.3 (10.4) billion, and 2,454 (2,426) employees.

The Group produces its Sustainability Report on an annual basis and the previous report was published in April 2019. It covers the calendar year from January to December 2019. It covers 15 (15) employees at the parent company and 5,452 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. Information on business and financial performance and risk is provided in the 2019 Annual Report, available on p. 5–7. This report has been approved by Lindéngruppen's Board of Directors.

See the final page of this report for the auditors assessment of whether a Statutory Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act. The GRI report has not been externally assured.

For more information,  
please contact:

**Jenny Johansson**  
*Chief Communications and  
Sustainability Officer at  
Lindéngruppen*

[jj@lindengruppen.com](mailto:jj@lindengruppen.com)

## Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Lindéngruppen AB, corporate identity number 556205-4956.

### *Engagement and responsibility*

It is the board of directors who is responsible for the statutory sustainability report for the year 2019-01-01—2019-12-31 (the financial year 2019) and that it has been prepared in accordance with the Annual Accounts Act.


### *The scope of the audit*

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### *Opinion*

A statutory sustainability report has been prepared.

Höganäs 2020-04-28

  
Richard Peters  
Authorized Public Accountant  
Auditor in charge

  
Maria Ekelund  
Authorized Public Accountant

# GRI INDEX

## Standard disclosures

GRI 102: GENERAL DISCLOSURES 2016		REFERENCE
<b>ORGANISATIONAL PROFILE</b>		
102-1	Name of the organisation	Sustainability Report, p. 5
102-2	Activities, brands, products, and services	Sustainability Report, p. 34–37
102-3	Location of headquarters	Sustainability Report, p. 45
102-4	Location of operations	Annual Report, p. 83–84
102-5	Ownership and legal form	Annual Report, p. 3, p. 89
102-6	Markets served	Sustainability Report, p. 32
102-7	Scale of the organisation	Sustainability Report, p. 5, Annual Report p. 12–14
102-8	Information on employees and other workers	Sustainability Report, p. 30–31 omission in reporting of part-time employees due to data not being collected on group level
102-9	Supply chain	Sustainability Report p. 10, p. 12
102-10	Significant changes to the organisation and its supply chain	Sustainability Report, p. 45, Annual Report, p. 3–4
102-11	Precautionary Principle or approach	Sustainability report, p. 10
102-12	External initiatives	Sustainability report, p. 42
102-13	Memberships of associations	N/A
<b>STRATEGY</b>		
102-14	Statement from senior decision-maker	Sustainability Report, p. 6–7
102-15	Key impacts, risks, and opportunities	Annual Report, p. 5–7, Sustainability report, p. 34–37
<b>ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards, and norms of behaviour	Sustainability Report, p. 5, p. 12–13, p. 20–21
102-17	Mechanisms for advice and concerns about ethics	Sustainability Report, p. 21
<b>GOVERNANCE</b>		
102-18	Governance structure	Annual Report p. 8
102-31	Review of economic, environmental, and social topics	Sustainability Report, p. 27
102-32	Highest governance body's role in sustainability reporting	Sustainability Report, p. 45, Annual Report, p. 7
102-33	Communicating critical concerns	Sustainability Report, p. 21
102-34	Nature and total number of critical concerns	Sustainability report, p. 32
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40	List of stakeholder groups	Sustainability Report, p. 14–15
102-41	Collective bargaining agreements	Sustainability Report, p. 23
102-42	Identifying and selecting stakeholders	Sustainability Report, p. 14–15
102-43	Approach to stakeholder engagement	Sustainability Report, p. 14–15
102-44	Key topics and concerns raised	Sustainability Report, p. 14–16
<b>REPORTING PRACTICE</b>		
102-45	Entities included in the consolidated financial statements	Sustainability Report, p. 45, see also Annual Report p. 83–84
102-46	Defining report content and topic Boundaries	Sustainability Report, p. 14–16
102-47	List of material topics	Sustainability Report, p. 16
102-48	Restatements of information	Sustainability Report, p. 45
102-49	Changes in reporting	Sustainability Report, p. 45

# GRI INDEX

GRI: 102 GENERAL DISCLOSURES 2016		REFERENCE
ORGANISATIONAL PROFILE		
REPORTING PRACTICE		
102-50	Reporting period	Sustainability Report, p. 45
102-51	Date of most recent report	Sustainability Report, p. 45
102-52	Reporting cycle	Sustainability Report, p. 45
102-53	Contact point for questions regarding the report	Sustainability Report, p. 45
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability report, p. 44
102-55	GRI content index	Sustainability report p. 47–49
102-56	External assurance	Sustainability Report p. 45, Auditors' opinion regarding the statutory sustainability report, p. 46

## Topic specific disclosures

REFERENCE PURPOSE PRIORITY: CAPITAL		
ECONOMIC PERFORMANCE		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	Sustainability report, p. 18
103-2	The management approach and its components	Sustainability Report, p. 18–19, Annual report, p. 7–9
103-3	Evaluation of the management approach	Sustainability Report, p. 18–19
GRI 201: ECONOMIC PERFORMANCE 2016		
201-1	Direct economic value generated and distributed	Sustainability Report, p. 13, p. 32
HUMAN RIGHTS ASSESSMENTS		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report, p. 9–10
103-2	The management approach and its components	Sustainability report, p. 18–21
103-3	Evaluation of the management approach	Sustainability Report, p. 18–19
GRI 412 HUMAN RIGHTS ASSESSMENT 2016		
412-2	Employee training on human rights policies or procedures	Sustainability Report, p. 31
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainability Report, p. 9–10
PURPOSE PRIORITY: GOVERNANCE		
ANTI-CORRUPTION		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report, p. 16, p. 20–21
103-2	The management approach and its components	Sustainability Report, p. 20–21
103-3	Evaluation of the management approach	Sustainability Report, p. 20–21
GRI 205: Anti-corruption		
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report, p. 20–21, p. 31
OTHER INDICATORS REPORTED BY LINDÉNGRUPPEN AND GROUP COMPANIES		
ENERGY 2016		
302-1	Energy consumption within the organisation	Sustainability Report, Governance, p. 28

# GRI INDEX

PURPOSE PRIORITY: COMPETENCE		
EMPLOYMENT		REFERENCE
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report, p. 22–23
103-2	The management approach and its components	Sustainability Report, p. 22–23
103-3	Evaluation of the management approach	Sustainability Report, p. 22–23
GRI 401: EMPLOYMENT 2016		
401-1	New employee hires and employee turnover	Sustainability Report, p. 45, Annual report, p. 36–38
OCCUPATIONAL HEALTH AND SAFETY		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report, p. 20–21
103-2	The management approach and its components	Sustainability Report, p. 20–21
103-3	Evaluation of the management approach	Sustainability Report, p. 20–21, p. 27
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, p. 29–30
TRAINING AND EDUCATION		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability Report, p. 22–23
103-2	The management approach and its components	Sustainability Report, p. 22–23
103-3	Evaluation of the management approach	Sustainability Report, p. 22–23
GRI 404: TRAINING AND EDUCATION 2016		
GRI 404	404-1 Average hours of training per year per employee	Sustainability Report, p. 31
DIVERSITY AND EQUAL OPPORTUNITY		
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its Boundary	Sustainability report, p. 22–23
103-2	The management approach and its components	Sustainability report, p. 22–23
103-3	Evaluation of the management approach	Sustainability report, p. 22–23, p. 27
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016		
405-1	Diversity of governance bodies and employees	Sustainability Report, p. 30

