

Sustainability Report 2015 - 2016



GET WISER.

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Overview

As a world-leading art materials supplier, ColArt is used to helping people express themselves creatively. Yet, what good are our products if their consequences aren't considered in the bigger picture? Our world is the canvas on which we live. That's why sustainability was at the forefront of our KPIs set back in 2014 when we began our journey towards greater consciousness.

GET WISER was born from the idea that to provide sustainable, creative tools and services to release pure expression, we must take a more considered approach towards sustainable branded growth. That way, tomorrow looks more positive for everyone. From our owners and customers to our co-workers and communities.

So where are we now?

We are going through a transformative journey, we've established our Company strategy, embedded our Values in 2015 and our new company vision and mission have been launched. Our future towards sustainable branded growth looks bright and we're eager to explore the opportunities that await us.

GET WISER.

Governance

Ensuring our actions reflect how we want to do business

Energy usage

Being more efficient in how we utilise energy in our units

Toxic footprint

Addressing the environmental challenges of our products and operations with the aim of minimising their environmental impact, for example reducing the use of heavy metals and increasing the number of environmentally sustainable products or operations

Wastage

Controlling the wasted by-products from our operations

Innovation

Using product development to drive not only business growth and consumer interest but also the sustainability agenda together with nurturing a general culture of innovation in the company

Social Responsibility

Recognising our role and responsibility in our community both inside and outside of ColArt

Economic

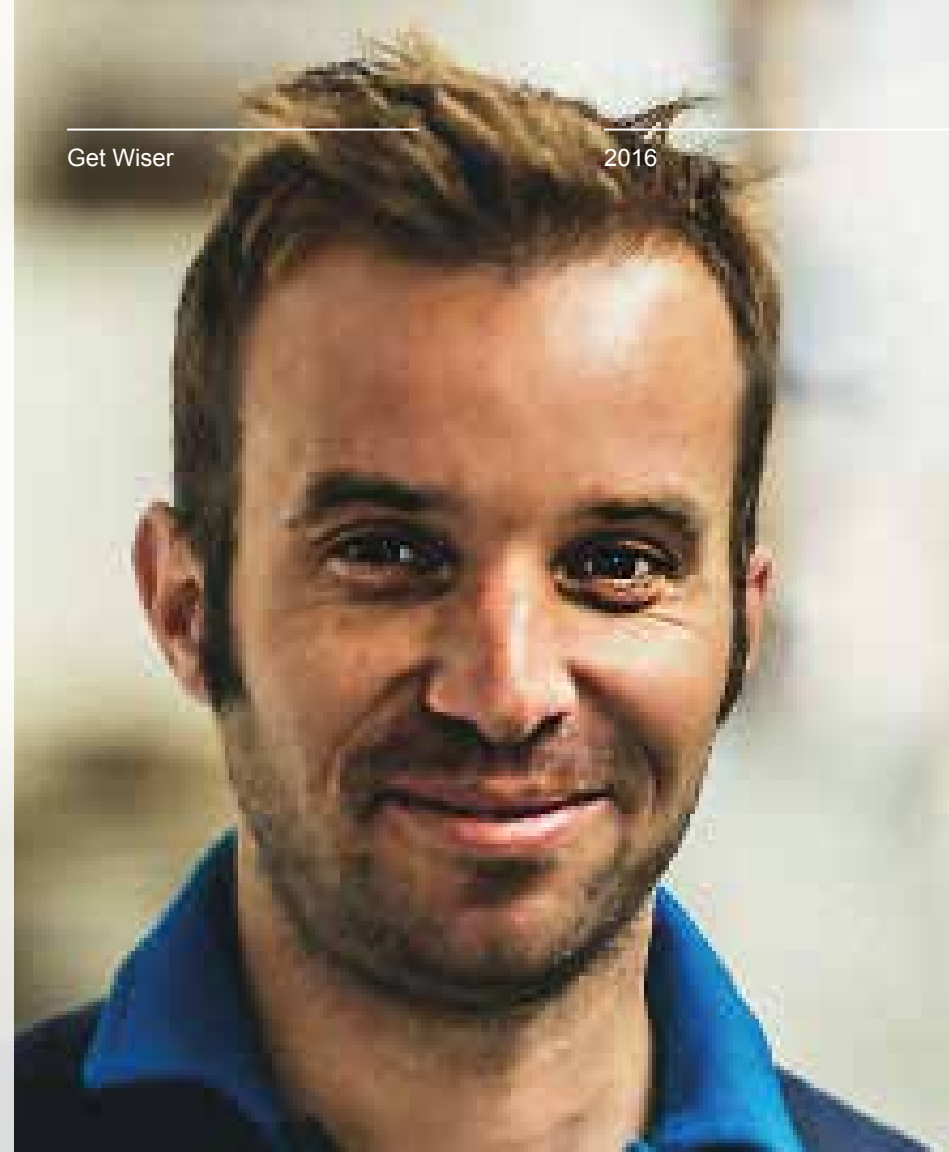
Recognising our business must be able to grow and be profitable

Reach

Using online and offline activities to build customer and consumer communication and understanding

Get Wiser

2016



“Sustainability is core to our business, driven from the initial concept of any new product development through to challenging our own existing Operations. We engage across the whole business and consider all aspects and functions of our companies.

This year we will continue on our journey, ensuring we manage our internal processes and supply base to reflect the needs of our people, the business and the environment, to provide end to end wellbeing for our employees and the planet.”

Mark Barratt, COO ©

“My mission is to energise, modernise and digitalise ColArt to the next level of innovation and growth.

This can only be done based on our existing ‘Sustainability Branded Growth’ strategy and other initiatives like ‘ColArt United’ and ‘Get Wiser’. This is a robust foundation that we will continue to build upon and develop into a bright and prosperous future.”

Dennis Van Schie, CEO



Dennis van Schie
CEO

Our Group Management Team will ensure we are always making progress towards sustainable branded growth with GET WIS-ER at the forefront of all our actions.



Mark Barratt
Operations



Clem von Haasehoff
Creative



Lotte Edström
Brand



Tim Stebbins
Finance (Interim)



Jane Brindley
People



Paul Ferguson
Commercial



“The key things I learned are that waste is everywhere! We have to reduce waste! Action starts from my own site.”

Linda Liu, Tianjin

AMBASSADORS, CHINA

“The thing I remember most about the training course is how well the Ambassadors bonded, each bringing individual skills and visions to create a high performing team.”

Mark Brindle, Site Manager, Lowestoft



AMANDA AND STEPHANE, AMBASSADORS

“Sustainability in CoArt was introduced in 2014, GET WISER as a methodology was created as a tool to measure KPI’s and understand what Sustainability means to CoArt. Ambassadors were selected and bespoke training sessions were planned. Our ambassadors are key to keeping up momentum and spreading the message. My role in this journey has really opened my eyes on how a sustainable business can be successful.

Since then we have launched our strategy of

‘Sustainable branded growth’ Our values ‘Openness, Passion, Innovation and Quality’ and more recently our vision and mission, all these elements will be catalysts in order for CoArt to become a truly sustainable business.

One of our key messages is understanding what Sustainability really means, having a dialogue with our internal and external stakeholders is going to help us explain where we are and where we need to be going. We conducted visioning exercises internally which evoked a frank and open response.

This helped us to draft our initial Sustainability Roadmap which will help form our Strategy. I feel very proud of what we have achieved and the direction which we are going.”

Ajita Chamberlin is the GET WISER Co-coordinator.

Our People

Building a sustainable business requires a positive working environment underpinned by values, communication and ownership. We believe enabling our people to enjoy to perform is vital to this sustainable future.

For this reason we understand the importance of continual improvement and development - both personal and professional. We are happy to share a few examples of this development experience of our people:-

"I have recently celebrated 3 years at ColArt, and I can certainly see the changes in the last years in terms of our culture. I was still living in France when I first came for an interview and I thank ColArt for showing their commitment and trust and giving me the opportunity to become a Brand Manager for Lefranc & Bourgeois (despite my agricultural engineer background;) and moved to this exciting city. I was very proud to be a Brand Manager for L&B, as it is such an iconic brand with a deep heritage. After a while I realised that I enjoy running projects with a team to actually "make things happen".

ColArt gave me the opportunity to move from the Brand department to the Operations teams and now be part of the NPD/EPD team. I feel very proud to be part of it. With the team we have been working on the creation and implementation of the NPD/EPD process and I feel confident that will enable ColArt to smoothly run projects (as much as we can;) from concept to launch and successfully launch products to 'inspire every artist in the world.'

Marine Hammer - NPD Project Manager

"I recently celebrated 2 years at ColArt and can honestly say that I enjoy working for the Regulatory Department. It was clear from the beginning that ColArt was going through a transitioning period. Now we have reached a period of stability I can see the benefits of everyone's hard work. My personal journey with ColArt has been equally rewarding and full of personal achievements; notably becoming a certified Dangerous Goods Safety Advisor. Introducing the Regulatory Audits in 2015 has given me the opportunity to work at most of our sites. It's been a real privilege to get to know my colleagues and develop better working relationships on a global scale."

Jenny O'Brien – Regulatory Affairs Specialist

"Whilst I have had several different roles within ColArt that have led to successful business and personal development the last two years in particular have been fascinating. The move from the UK to North America has allowed me to experience different cultures and cross pollinate best practice from one market to another.

I also recently completed the Transition to General Management course at the world leading INSEAD Business School which gave me a greater understanding of fair process, communication and value creation. This will certainly help me support and enhance ColArt's vision of 'inspiring every artist in the world'

Steve Chamberlain – VP Sales North America

Corporate Brand Platform





We realised we need a sustainability strategy. We conducted various visioning exercises throughout the business in order to gauge where we were and where we would like to be. We have created an initial roadmap which will be discussed at GMT Level, finalised and communicated through the business.

The exercises were invaluable and the feedback was very positive. It is important that the dialogue continues in order for us to truly embed sustainability. Here are some of the quotes from our visioning exercises.

Interested to find out what sustainability means

All ideas are achievable and it will make ColArt a better and stronger company

How do we convert desire in to fact?

Good to share ideas and think about the future

Open discussion more thought provoking – Group Innovation required







Enlightening!










Good to share ideas and think about the future




Sustainability Framework in Line with LindenGruppen











	STATUS	COMMENT	PLAN FORWARD
Responsibilities and governance			
Management responsibility for governance and operations is defined and documented			SEDEX – Started Co2 emissions complete Internal Audits – Commenced
The company's board is well aware of the company's critical sustainability issues and risk assessment. There is discussion and dialogue with management and critical decisions are made at board level		To be formally part of the Agenda	GMT Monthly review monitors and reviews all Sustainability KPI's
Internal Code of conduct, aligned with Lindéngruppen Code of Conduct, implemented		Distributed to all staff, signed acknowledgment by all staff, tracking completion rate	
Sustainability Policy is developed and documented		Existing policy to be reviewed and updated in line with our strategy	Quarter 3
Sustainability Strategy and goals is developed		Goals Established Strategy in Development	Road Map complete, Board and GMT approval required in order to develop strategy
Routines that are documented exist for reporting sustainability matters to the company's board		KPIs Exist, still to be formally embedded	
The responsibility for sustainability support and coordination rests with a designated person/s and is documented		Defined and documented in current policy	
Designated spokesperson for sustainability is assigned and the responsibility is defined and documented		Defined and documented in current policy	









	STATUS	COMMENT	PLAN FORWARD
Practice			
Materiality analysis conducted based on the company's value chain to identify the most important sustainability matters, both risks and opportunities, in relation to suppliers, customers and competitors are performed according to set and documented procedures		Supplier approval has commenced. We have also created a Central Purchasing Process	CPP to be rolled out to the group – Additional related activities defined in Roadmap
Objectives and targets for the most important sustainability matters, linked to activities and/or KPIs, are documented		KPI's updated in 2016 in line with Business strategy.	
Yearly risk assessment is performed and update of materiality analysis and evaluation of sustainability program is carried out according to documented procedures		Gaps have been formalised into the Roadmap	
Sustainable Growth of profitable business that continuously improves the performance		Our strategy of 'Sustainable Branded Growth' and Eco system 'People/Planet/PremiumBrands/Profit' encompasses continuous improvement	
Sustainability reporting including KPIs is included in the company's reporting regularly at least annually		2015 is the base year and 2016 will see our first report published internally	Report externally aligned with other external comms e.g. website
Competence and training			
Plan and program for basic sustainability training in relevant topics is developed and mandatory to management, leaders and employees		Guest speakers at this years Global conference planned	Once GMT aligned with Roadmap more training within business areas will take place

	STATUS	COMMENT	PLAN FORWARD
Own operations In compliance with company's Code of Conduct, guidelines, routines and processes to			
Ensure freedom of association and rules for collective bargaining		Sustainability and Code of Conduct policy in line with the OECD (Organization for Economic Co-operation and Development) guidelines for multi national corporations and also recognises the ISO 26000 guidance for Social responsibility.	
Avoid discrimination		As above	
Secure that all employees have relevant work permits		As above as well as SEDEX SAQ by site	
Secure that all employees have employment contracts in a language they understand		Local HR policies	
Secure no existence of child or forced labour		As above as well as SEDEX SAQ by site	
Secure compliance to health and safety rules and regulations as well as rules for work environment. All employees shall get sufficient and documented training		Documented locally – checked in regulatory audit	
Internal audits based on the code of conduct shall be performed and documented annually			To be implemented into internal audit process
Health & Safety Committee shall be established and in operation		Initial H&S Committee meeting planned for June 2016	
Fire Safety equipment, procedures and training shall be in place and documented		Locally documented and checked in regulatory audit	




	STATUS	COMMENT	PLAN FORWARD
Value chain Supplier Code of Conduct should be aligned with companies code of conduct			
Suppliers are informed of the company's Supplier Code of Conduct or applicable industry code at onset of an agreement/ cooperation		Document part of CPP process	Auditing and SEDEX hosting of CoC
The company's code of conduct for suppliers or applicable industry code is included in purchasing agreements with the company's suppliers			As part of Central Purchasing process this will be implemented initially with all new suppliers, in time with all our suppliers.
Risk assessment of new and strategic suppliers are performed according to established criteria and procedures			As above

		COMMENT	STATUS
Own operations			
The code of conduct is actively communicated to all employees and available in relevant languages		Leaflet distributed	E Learning piloted in US To be rolled out globally
The company has a documented anti-corruption plan			To be reinforced in E Learning or locally implemented by site manager or representative to employees without E-access
Guidelines for employees concerning anti-corruption issues exist and are communicated			See above
Whistleblower procedure is implemented with possibility to report anonymously			See above
Business ethics & anti-corruption training is performed for employees in risk positions e.g. sales, purchasing and top management			See above
Value chain The company's code of conduct for suppliers or applicable industry code is included in purchasing agreements with the company's suppliers			As part of the Central Purchasing Process to be implemented through the group. SEDEX also used to monitor suppliers via SAQ's and audits

	STATUS	COMMENT	PLAN FORWARD
Own operations			
Social projects are established according to Lindégruppen's guidelines			Local social projects currently running Evaluation of NGO partnership, discussions in progress
Stakeholder dialogues are regularly performed with the most important external stakeholders			The Fine Art Collective will be launched on to a Global Platform in order to create dialogue with our external stakeholders Customer Survey complete Consumer survey to be conducted

	STATUS	COMMENT	PLAN FORWARD
Own operations			
Environmental or Sustainability policy is implemented		Global and policy local management systems in place.	
The company's main environmental impact drivers identified and documented			Impact Analysis across whole group to be conducted in line with Roadmap
Environmental action plan is developed and updated annually		ISO 14001 certification in large manufacturing sites – Le Mans & Tianjin GET WISER – Toxic Footprint measures in place e.g. Freight; SVHC reduction	
Energy management program is in place and renewable energy is used if possible		Local initiatives	Currently assessing cost effectiveness and feasibility
Chemicals management procedures are in place		Locally managed & Get Wiser KPI – Toxic Footprint	
Waste management procedures are in place		Locally managed & Get Wiser KPI – Waste	
Guidelines and procedures for material substitution are established e.g chemicals and animal raw materials		GET WISER – Toxic Footprint measures in place e.g. SVHC reduction	
Routines are established to secure; - Implementation and communication of changes in relevant environmental laws, regulations and standards - Existence of relevant environmental permits with the appropriate documentation - Potential needed environmental permits connected to new activities or investments		Managed Locally	

	STATUS	COMMENT	PLAN FORWARD
Strategy & Governance			
Sustainability Direction/ Strategy is developed and integrated in the strategies of the main business functions		In progress	
Sustainability is integrated in all relevant communication and media used		Internal Visioning exercises have created a dialogue	Training and comms planned for 2016 and going forward
Sustainability reporting according to the structure and content in GRI 4 is established		Internal policies and processes need to be fully implemented	To establish in 2017 and report in 2018
Human & Labour Rights			
Supplier audit & development programs are used at strategic suppliers		SEDEX implemented Top 20 Suppliers to be added by site and SAQ's to be completed 2016	All suppliers on SEDEX
Ethics			
Training program on Business Ethics and Anti-corruption is established and carried out to all employees in risk positions		Training to be reinforced	Q4
Due Diligence procedures are established and used at mergers and acquisitions		Procedures in place in line with Lindengruppen	
Social Responsibility			
Co-operation with NGO's is established according to Lindengruppen's guidelines			NGO partnership being evaluated
Voluntary Co-worker involvement in local community initiatives			To establish Globally

	STATUS	COMMENT	PLAN FORWARD
Environment			
Recycled or raw materials with sustainability or environmental certification are used if available		FSC Chain of Custody for ColArt NPD process includes sustainability toolkit	
ISO 14001 certification of production sites		Currently at the large sites – Le Mans and Tianjin	To be implemented across all sites
Climate footprint calculations and reporting is established according to, as a minimum, scope 1 & 2 in the GHG protocol		Scope 3 also reported	To set targets by site to reduce emissions

Governance

Ensuring our actions reflect how we want to do business

Employee survey

We aim to make ColArt a safer, more satisfying and influential environment. We will be targeting five main areas to ensure our people are our priority and can develop on a personal and professional level.

Objective:

Our employee objective is to enhance the engagement of our people, helping staff feel like they belong and ensure they are influenced and motivated to perform to their best ability.

How we're progressing:

Some of our activities to improve employee engagement include:

- Continuing the culture journey with workshops and presentations
- Change in leadership
- Activation of values
- Clarifying the behaviour we desire in the company
- Increasing communication
- Launching our vision and mission
- Introducing MPD process
- Improving quality and taking action to encourage ownership

	Net Promoter Score Promoters - Detractors
Oct 2014	-28.8
Apr 2015	-24.3
Apr 2016	-3,1

Incident reporting

Objective:

Our incident reporting objective is to have zero reportable incidents within the company.

How we're progressing:

We'll achieve this by developing and adhering to robust policies and procedures across the business. This year we've had 13 incidents, the most serious being a US employee claim. We are aware that greater control has to be exercised so that the likelihood of incidents is far less going forwards.

Sick leave

Objective:

Our sick leave objective is to drastically reduce time that employees take off sick and to total less than 3% of staff hours worked.

How we're progressing:

In 2015, sick leave hours totalled 1.7%. We are becoming more pro-active in our plans to bring attention to health and welfare so that they are linked with the intranet once implemented.

“The New Central Purchasing Policy (CPP) will ensure that sustainability and regulatory compliance is a key criteria in selecting and approving the suppliers we partner with going forward. It is fundamental to ensure transparency in our supply chain.”

Mark Barratt, COO

Governance

Accidents & LTI

Objective:

Our accidents & LTI target is to have zero industrial accidents in the workplace.

How we're progressing:

In 2015, we had a total of 15 accidents. We aim to reduce this number this year and beyond to less than ten.

We will strive to improve this area by creating comprehensive accident reports for each site. This has already been implemented and has prompted a need for a global health and safety committee with focus on employee engagement and training.



Inclusiveness & diversity







Objective:

Our inclusiveness and diversity objective is to make all our staff – old and new feel accepted and appreciated, whatever their gender, age and ethnicity.

How we're progressing:

While ColArt reflects a positive gender balance compared with other companies; there is still improvement to be made. The normal distribution of the age profile favours the upper age band. Our plans for an in-house recruitment service with a focus on social media to attract talent will naturally shift the age imbalance and attract young blood.



KPI	TARGET DESCRIPTION	2015	DRI	COMMENTS	PLAN OF ACTION
Employee Survey	Improve our employee engagement score		JBE	Last survey completed May 2015 - improvement seen compared to 2014 but timing was too early to see impact of values activation programme	Vision activation programme to compliment previous actions to start Q2 with new survey to be conducted in March
Incident Reporting	Zero reportable incidents which will be achieved by developing and adhering to robust policies and procedures across the business		TSH	13 incidents during the year with most serious being the US employee claim	Further control is required with reporting, where an incident has taken place and there is a cost to the company, a document and correction plan will have to be filled in and sent to CFO for 2016
Sick Leave	Sick hours to be less than 3% of total hours worked.		JBE	Continued focus on controlling absence as part of base HR procedures	Proactive plans to bring attention to health and welfare to be linked with intranet once implemented
Accidents	Zero Industrial accidents		MBA		Full accident report with plan of action required by site
Lost Time Injury	Zero Lost Time Injury frequency days/ million hours worked		MBA	Whilst Colart reflects a positive gender balance compared to other companies there is still improvement to be made. National spread is favourable compared to base line of geographic split. The normal distribution of the age profile favours the upper age band	Once controls are in place as above, this will improve Lost time frequency
Inclusiveness & Diversity	Equality in Gender / Age / International Diversity		JBE	The results show that the winter months show the highest usage which is expected. Kidderminster have had their roof insulated and their sky light cleaned this will help reduce energy usage. More initiatives like this need to be addressed across all sites	Plans for In house recruitment service with a focus on social media to attract talent will naturally sift the age imbalance

Energy usage

Objective:

Our energy usage objective is to continuously increase year on year the amount of sales in £ per KwHr of energy consumed.

How we're progressing:

We will continue to focus on energy usage across all premises by rolling out efficient lighting and power controls. We also aim to improve behaviour & education.

To date, there is no renewable energy used in the business at this time however we have had some positive changes to report.

We have increased consumption in Lowestoft by replacing a faulty meter and expect higher sales volumes, which will help ratio due to over recovery effect on "fixed" element of energy use.

Kidderminster recently also had their roof insulated and their skylight cleaned which will help reduce energy usage. We'll be focusing on similar initiatives across all sites to ensure we're consistently optimising energy usage.

We are also likely to see seasonal impact as we enter the warmer months meaning lower use in Europe but higher in China due to air conditioning.

We'll be exploring alternative options for future sustainability.

KPI	TARGET DESCRIPTION	2015	DRI	COMMENTS	PLAN OF ACTION
£Sold per KwHr used	Continuously increase year on year amount of sales in £ per KwHr of energy consumed	●	MBA	The results show that the winter months show the highest usage which is expected. Kidderminster have had their roof insulated and their sky light cleaned this will help reduce energy usage. More initiatives like this need to be addressed across all sites	ESOS assessment has been completed in the UK, from the reports we will discuss any recommendations that will help with energy reduction.
Total KWh/Volume Total Cost	Reduce energy consumed year on year by increasing the KwHr per £ spent	●	MBA	Target to reduce by 2% set for 2016	Costs for 2015 - £780K
Share of renewable energy	Increase share of renewable energy as a % of total consumption	●	MBA	No renewable energy used in the business at this time	Various options have been explored and have not been financially viable - to explore other options

Toxic footprint

Objective:

Our toxic footprint objective is to reduce the purchases of hazardous raw materials to zero by seeking substitutes that do not dilute the end consumer product performance.

How we're progressing:

We are working on removing all hazardous elements in our products and we have already seen a decrease in Hazardous materials bought.

The list for 2015 was not universal so not comparable. This has been amended for 2016 with the addition of a 'Substances of high concern list' (SVHC'S), which enables us to have the foresight to be proactive and replace with more sustainable and less hazardous materials.



KPI	TARGET DESCRIPTION	2015	DRI	COMMENTS	PLAN OF ACTION
Kgs of Haz RM Purchased	Reduce the purchases of hazardous raw materials to zero by seeking substitutes that do not dilute the end consumer product performance	●	LED	The list was not universal so creating a distorted view	Amended for 2016

Wastage

Objective:

Our wastage objective is to reduce the amount of waste that each business physically generates as it operates and needs to dispose of. We also aim to reduce the number of customer fines by improving our service levels.

How we're progressing:

2016 will be our cleanup year. Initially, we will take a hit cost-wise. Using our 4 pillar process, we are looking to get increased efficiencies out of the sites.

Looking back, the cost for 2015 was £255k with a further breakdown:

- Share of reused /recycled Waste
27 % of all waste in 2015 was recycled.
Our target to increase our recycled waste to at least 50 % of our total waste
- Water Usage / Cost / Volume
Reduce amount used total M³ / Total Cost
2015 Total m³ used 112758m³ Cost @ £171k To reduce in 2016 & target to be set

We've already seen great progress in waste reduction through our recycling initiatives. Kidderminster are setting a fine example in sustainable branded growth continuing with their recycling initiatives. Often, we can reuse our own materials too. Minehead have been sending cardboard to Lowestoft so that they can re-use, encouraging waste reduction and negating the need for new packaging.

Wherever possible, we'll focus on reducing, re-using and recycling while becoming more mindful of the amount of waste we generate. These combined efforts will ultimately increase efficiency and reduce the costs of waste management and disposal.

Regarding customer fines, we had 132 fines reported in 2015 with only 2 units reporting. This year, the number of customers issuing fines and value will be collated with clear reporting and actions to improve going forwards.



KPI	TARGET DESCRIPTION	2015	DRI	COMMENTS	PLAN OF ACTION
Customer Fines & Costs	Reduce the number of customer fines by improving our service levels	●	GPA	132 fines reported in 2015	No of customers issuing fines and value will be collated in 2016 with clear reporting and actions to improve going forward
Business Waste Disposal	Reduce the amount of waste that each business physically generates as it operates and needs to dispose of	●	MBA	We are looking at our NPD process and redesign as part of our sustainability model, to reduce and optimise our packaging across our portfolio	We are using 2016 as a clean up year, initially we will take a hit. And using our 4 pillar process we are looking to get increased efficiencies out of the sites Cost for 2015 £255k
Share of Reused/ Recycled Waste	Increase reused/recycled waste 2015 27%	●	MBA	We will have a target to increase our recycled waste to at least 50 % of our total waste	As above
Water Usage cost/ volume	Reduce amount used total M ³ / Total Cost		MBA	2015 Actual £ sold per m ³ used 1.18 Cost @ £171k	To reduce in 2016 & target to be set

Innovation

Objective:

Our innovation objective is to continue developing new products based on consumer insights to meet demands and underline our presence in the market.

How we're progressing:

We realise the need to constantly evolve. We will strive to create new products for continued growth. Once these products have been developed, we will meet planned sales targets to ensure a healthy ROI and extend our portfolio.

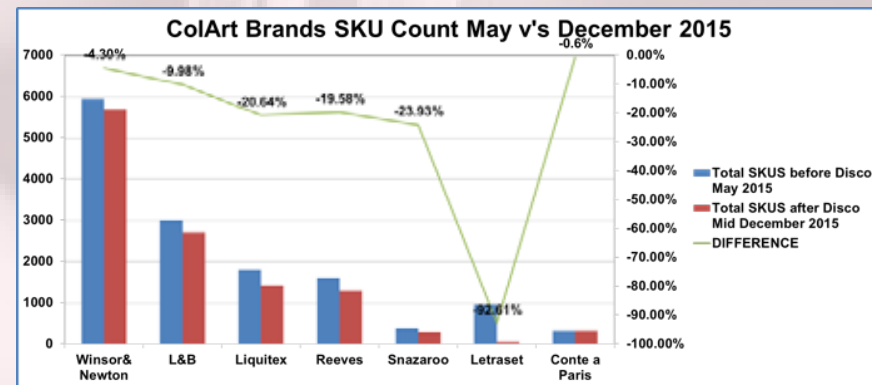
As we innovate and add more products to our offering, we must also be vigilant in controlling the size of our portfolio by eliminating non-performing SKUs. This will allow us to be agile in the market place, reduce costs and improve our margin by replacing low profitability SKUs by higher margin items.

A major project is currently underway to resolve and shift a significant number of discontinued and slow-moving products, namely 14,092 SKUS to 11,860 SKUS for the 7 brands.

- 60% achieved - Expected sales impacted due to delays in NPD launch - specifically W&N pigment markers
- The new NPD process and future master forecasting system will help plan and handle NPD better

“The New Product Development process (NPD) has sustainability at the heart. It ensures that we are thinking about the sustainability of the product from ideation through to end of life.”

Mark Barratt, COO



Target to get below 10k SKUS in 2016

KPI	TARGET DESCRIPTION	2015	DRI	COMMENTS	PLAN OF ACTION
Sales of NPD	Develop new products based on consumer insights if the business is to continue to grow	●	LED	Expected sales impacted due to delays in NPD launch - specifically W&N pigment markers	
SKU reduction	Control the size of our portfolio by eliminating non-performing SKUs to allow agility in the market place, reduce cost of complexity as well as improving our margin by replacing low profitability SKUs by higher margin items	●	LED	Major project initiative to eliminate significant number of discontinued and slow moving - 14,092 SKUS to 11,860 SKUS for the 7 brands	Continued focus

Social responsibility

Objective:

Our social responsibility objective is to see year on year improvement in time spent on community involvement towards a target of 1 day per employee per year. We also strive to contribute as a business with art-related activities in our community enabling our employees to take ownership in this contribution developing themselves, our brands and the ColArt brand itself.

How we're progressing:

There's currently a great energy for community activities reflected in the majority of business units. We have many activities around the sites, however there is still room for improvement. More feedback is required where the hours are spent to give a clearer overview. We are looking at having a global cause, which would engage every member of staff throughout the organisation.

SEDEX (Supplier Ethical Data Exchange)

Objective:

Our SEDEX objective is to have 100% of suppliers enrolled with SEDEX and risk assessed. Plus, we aim to have no suppliers with a combined risk of greater than 5.

How we're progressing:

We've already begun to roll out SEDEX across our supplier base, starting with Lowestoft (Brush). As the largest global collaborative platform for managing ethical supply chain data, we feel this is a significant step towards sustainable branded growth.

The SEDEX platform engages all tiers of the supply chain and highlights risks in four key areas: the environment, labour standards, Health & Safety and business ethics.

Risks in these areas based on how suppliers conduct and manage their business are identified through a combination of self-assessment and independent auditing.

If targets are not met, we will follow up to ensure all sites have relevant support in order to comply. Centralised purchasing will give better visibility of our suppliers and plan of action going forwards. Eight suppliers have now recorded information onto the system.

The target is to expand this to 47 suppliers by the end of the year. Roll out will gain pace in second half of year. Together, we'll operate with a high level of social and ethical integrity.



KPI	TARGET DESCRIPTION	2015	DRI	COMMENTS	PLAN OF ACTION
Community Hours	Increase time spent on community involvement towards a target of 1 day per employee per year with involvement being art related so developing people our brands and the ColArt brand itself	●	JBE	Great energy for community activities reflected in the majority of business units. Intranet will enhance communication and sharing of actions to drive interest	Global initiative to be identified once vision agreed
Supply Chain Risk	'Have 100% of suppliers enrolled with SEDEX and risk assessed with no suppliers with a combined risk >5	●	MBA	We have restarted looking at SEDEX in Q4 of 2015	ACH to follow up to ensure all sites have relevant support in order to comply. Centralised procurement will give better visibility of our suppliers and plan of action going forward

Economic

-

Objective:

Our economic objective is to improve the financial returns from the business on the capital employed. This will focus the various BU.s to increase sales, reduce costs, as well as reducing operating capital addressing both current and non-current elements of the balance sheet.

How we're progressing:

KPI achieved in 2015 however it was recognised that we will use return on operating Capital, which is a measure used by Lindegruppen. Will also add additional supporting KPI's internally to explain ROOC.

A financial ratio that measures a company's profitability and the efficiency with which its capital is employed.

This should drive total financial performance improvement, as it covers P&L and balance sheet improvements.



KPI	TARGET DESCRIPTION	2015	DRI	COMMENTS	PLAN OF ACTION
ROCE	Improve the financial returns from the business on the capital employed. This will focus the various BU.s to increase sales, reduce costs, as well as reducing operating capital addressing both current and non current elements of the balance sheet	●	TSH	Will probably use return on operating Capital, which is a measure used by Lindegruppen. Currently investigating. Will also add additional supporting KPI's internally to explain ROOC	Finance to develop reporting

Reach

Objective:

Our reach objective is to ensure that ColArt fulfills orders on time and in full should ensure that our products are always available in store to satisfy customer demand.

How we're progressing:

Service fill rates to customers in main European & American markets are at around our target level of 92%. We are monitoring value and volume in 2016 and plan to increase our target in 2017 to 95%. Many actions are ongoing and a lot of focus from teams on this to ensure stability.

Since many customers do not keep back orders their order lines are captured at the end of the week if they are not fulfilled. If we only reported OTIF based on the shipments we would be neglecting how many lines we have been unable to fulfill.

China domestic service levels are lower as export markets are prioritised, planning and inventory management rules to be revised in China in line with practices in Europe and USA, Chinese supply chain team is being strengthened in competence through recruitment.

Sales and Monthly Traffic

Objective:

We have recently been measuring traffic through our websites and social media. Our objective was to increase traffic and social activity. We conducted a customer survey (page 39 of the total customer survey) and received valuable feedback regarding suggested areas of improvement:

- Service levels
- Customer service
- Communication
- Attitude
- Relationships

How we're progressing:

We are pleased to report that we have reached our target to increase traffic and social reach. After reassessing our Reach KPI, the decision has been made to not continue with this KPI in 2016.

Supporting the Artistic Community

ColArt is the industry leader for art materials, and as such we take our responsibility to the global artistic community very seriously. Currently, we support a global programme of education on art materials for students and emerging artists, The Fine Art Collective. We also host artist residencies and provide a platform for showcasing the very best emerging talent in our London-based flagship contemporary art space, Griffin Gallery.

KPI	TARGET DESCRIPTION	2015	DRI	COMMENTS	PLAN OF ACTION
Service Fill Rate	Maintain a service fill rate from each warehouse of > 92%	●	MBA	We achieved our target of 92%. 2016' target will be to 95%	Redefinition of service Fill rate will include Target volume and value
Web Traffic and Social Reach	Increase Traffic & Social Reach		LED	Difficulties in tracking this KPI	No longer used for 2016

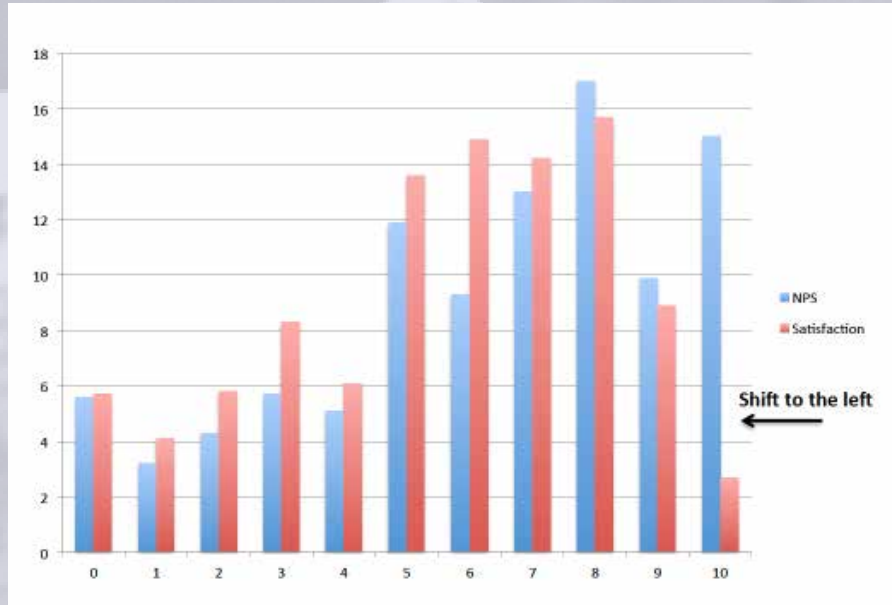
Customer Survey

Total NPS score for the company is –
20.2%, with 45% detractors,
30% passives and 25% promoters

- Export and China stands out as positive
- UK, Nordics and Spain stands out as negative
- UK and Nordics have more than 60% detractors
- Benelux and Italy have most passives >40%
- >25% are passives in general

Divided picture of customer loyalty and satisfaction

- Satisfaction lower than Loyalty (a shift to the left)

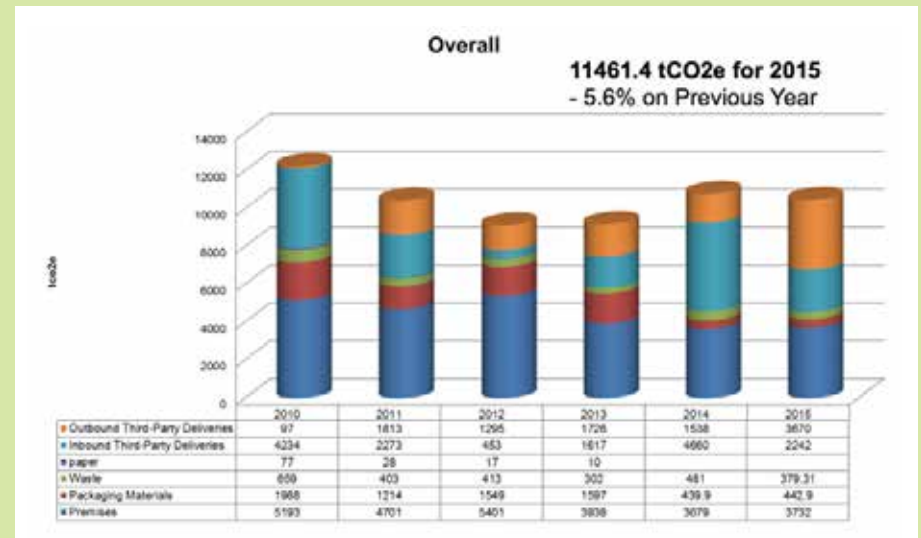


Reducing our impact

ColArt continues to see year on year reduction of our total global CO₂ emissions:



All tracked items have seen a **reduction this year** with the apparent increase in outbound deliveries being due to an adjustment in recording



5.6% down versus last year

Reduction in freight – inbound and outbound (5%) underpins the total emissions reduction

Continued excellence in waste reduction through recycling initiatives - with Kidderminster seeing a positive financial income through their activities

With the exception of Tianjin, all non logistic sites are leading the way in year on year CO₂

Key waste initiatives in Kidderminster, Lowestoft and Le Mans during 2015 have significantly reduced their impact within our global footprint

ACCREDITATIONS & AWARDS

Le Mans	ISO14001	Environmental Management & ISO9001 Quality Management systems
Tianjin	ISO14001	Environmental Management & ISO9001 Quality Management systems
Minehead	ISO27716	Cosmetics Goods Manufacturing Processes
Lowestoft	ISO9001	Quality Management System

ColArt has FSC Chain of Custody Certification