

colart

SUSTAIN

2017-2018

ABILITY

REPORT

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Our CEO, Dennis van Schie

A FEW WORDS FROM OUR CEO

Our corporate brand platform is our foundation and our three strategic pillars ensure that we have the right focus:

- Refine the core
- Ignite profitable growth
- Drive simplicity

We have made a lot of effort over the last year making sure that everyone at Colart truly understands the strategy and which part they play. Sustainability is an important part of our strategy, and is constantly high on our agenda. We kicked off Project Everest internally as a way to track, measure, visualise and share our progress globally. Every employee at Colart has an important role to play, and we are never stronger than our weakest link.

Now, as we enter the second year of our transformation, we are in a position to reflect and adjust our Long Range Plan. We have a strong position in the market and we have a lot of exciting new business to create. It's my firm belief that everyone can be creative, which is a fantastic business to be in.

DENNIS VAN SCHIE
CEO

The creative industry is growing, and our mission is to provide sustainable tools and services to unleash pure expression. The fourth industrial revolution is a key driver, as well as a lot of other consumer trends that are pointing our way.

In my mind, there has never been a more exciting time to be part of the international business world and the creative industry. We have set the bar high in order to reach our vision of 'inspiring every artist in the world'. 2017 was the first year of our exciting transformation and so far we have completed a lot of positive achievements. However we still have a long way to go.

OUR OWNER LINDÉNGRUPPEN

The strong support of our owner through their Sustainability Framework

Colart's parent company, Lindénggruppen, is a family business that specialises in the sustainable, long-term development of industrial companies like ours. As well as Colart, Lindénggruppen also owns Beckers, a global leader in industrial coatings; Höganäs AB, the world's leading manufacturer of metal powders; and Moorbrook Textiles, a producer of woven-textile products made from the finest luxury fibres.

Lindénggruppen's aim is to own and develop businesses that make a positive impact in society, and it expects the companies it owns to be drivers in their sectors towards sustainability. The company shares Colart's desire to become a sustainability leader in our industry.

Like us, Lindénggruppen understands the importance of sustainability for long-term success – and that product innovation and development (as well as the integration of strategic sustainability) is critical for our business.

“
Having such a driven and well-organised parent company is of inestimable value

As well as providing financial support to drive transformation, and proactively nurturing competence within the companies under its umbrella, Lindénggruppen has created a Sustainability Framework – a tool designed to help its businesses raise the bar on performance and further integrate human rights, labour, ethics, supply chain and environmental priorities into their operations and product development.

The Framework also helps ensure that risks are managed and that best practice and progress is shared across the Group. The leadership team of each company has a responsibility for ensuring that its most relevant issues are well managed. Each team reports on priorities and progress to its board using the Framework as a basis for discussion. Each board sets strategies accordingly. Lindénggruppen's board also reviews the Framework and progress made by their businesses on a yearly basis.

Having such a driven and well-organised parent company that not only shares but supports Colart's long-term journey towards being a creative lifestyle company with sustainability at its heart is of inestimable value.

TRANSFORMATION

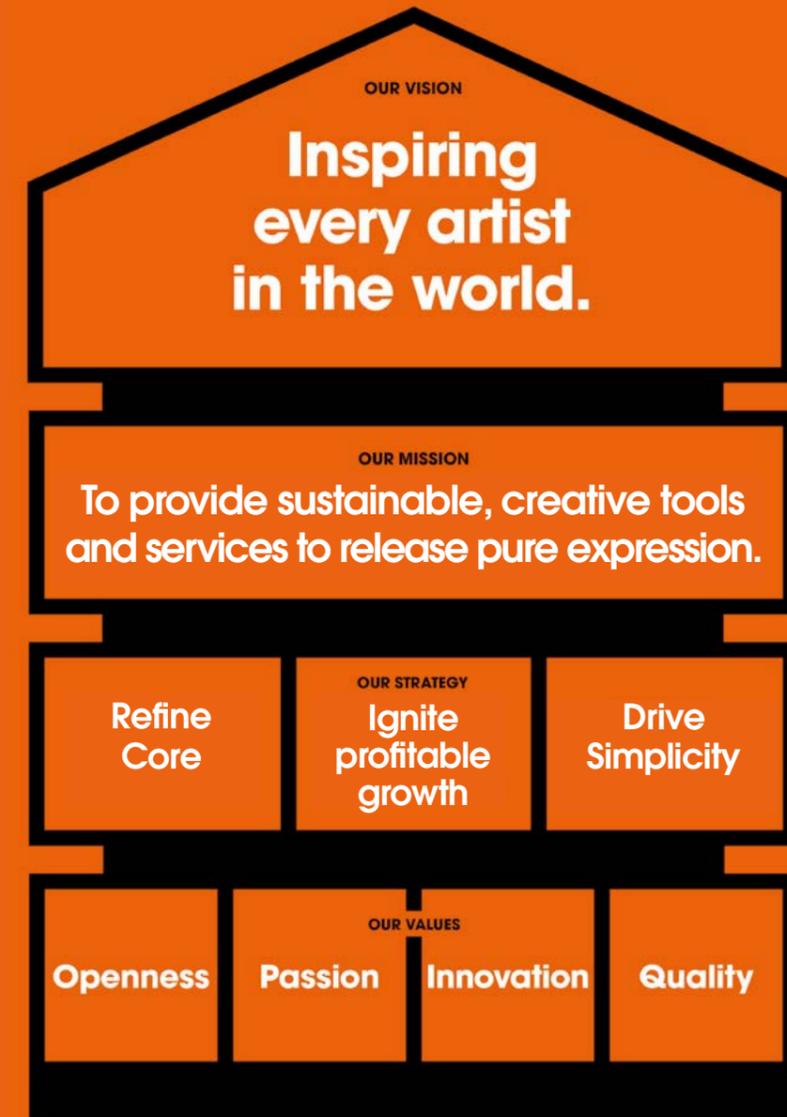
Improving our business to ignite profitable growth

The creative industry is growing and the demand for sustainable tools and services is on the rise. In response, Colart is currently undertaking a major business transformation based on a deep analysis of both the company's position and of the world around us. Creation, craft and all forms of hand-made artistic creativity are becoming not just relevant to our everyday lives, but on-trend. This is great news for us, a company that makes products that inspire and enable creatives to craft their artistic visions. As the fourth industrial revolution takes hold and we see the fusion of technologies blur the lines between the physical, the digital and the biological spheres, we must look to utilise all the tools at our disposal to become the company we want to be.

With our values of Openness, Passion, Innovation and Quality at our heart, and by leveraging the strong heritage of our beloved brands, empowering our employees, investing in digital, and focusing on sustainable strategies, we will transform Colart into a truly creative, forward-thinking and ever-growing creative lifestyle company.

VISUALISING TRANSFORMATION

In order to monitor, track, visualise and celebrate our transformation, we launched Project Everest in January 2017 with a special dashboard on our intranet. This simple device means that everyone at Colart can follow the company's progress and see how we improve as a company and get closer, step by step, to the realisation of our goal.



THE COLART BRAND PLATFORM

We use our brand plan to help guide our sustainability strategy

SUSTAINABLE DEVELOPMENT GOALS

17 goals set by the UN to end poverty, protect the planet and ensure prosperity for all



Le Mans production and distribution centre, 2018

The Sustainable Development Goals (SDGs) are a set of 17 global goals devised by the UN to end poverty, protect the planet and ensure prosperity for all. Adopted by all 193 member states of the UN in 2015, the goals define the world we want to live in and each has its own targets to achieve by the year 2030.

Realising the SDGs requires efforts across all sectors of society and business has an important role to play. Colart's long-term strategy is to align with the SDGs most relevant to how our business works. The goals are useful tools to guide us and also help us shape our communications around our sustainability targets and impacts.

sustainabledevelopment.un.org



SUSTAINABILITY: A STRUCTURED APPROACH

Aligning our sustainability goals to Colart's vision

Colart's Global Sustainability Committee set about creating a sustainability strategy (see page 11) that aligns with Colart's vision of 'inspiring every artist in the world'.

Colart, together with our NGO partner, Forum for the Future (see page 41), identified a number of global trends relevant to our business, and considered carefully Colart's impact in each of those areas.

The global trends and topics we identified relate to environmental, social, human rights and anti-corruption issues.

These fall into three areas of our business:

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

Based on these areas, we were able to identify risk and opportunities in our value chain. Our Global Sustainability Committee then looked at key activities relating to these risks and opportunities, combined with our key impacts. As a result, we currently have three project plans in place with different Colart teams around the world (see page 10).



GLOBAL SUSTAINABILITY COMMITTEE PROJECT PLANS



ENVIRONMENT (PRODUCTS & PORTFOLIO)

Our commitments:

- Drive innovation
- Streamline our product portfolio
- Innovation and development of products using sustainable raw materials
- Develop best-in-class, as-sustainable-as-possible packaging
- Strive for zero waste on labels



ENVIRONMENT (COLLEAGUES & SITES)

Our commitments:

- Work towards Carbon neutral/positive
- To recycle 100% of our water
- Zero waste to landfill
- Working towards a circular economy



CREATIVITY (PRODUCTS & PORTFOLIO)

Our commitments:

- To monetise (new and current) products and services that may lead to new markets
- To invest in working with others to create a shift towards recognising and normalising the link between creativity and wellbeing.
- To being recognised as leaders/experts in our field

We hope to initiate these plans with clear goals and timelines to share with the rest of the business during 2018.

ENHANCING THE WELLBEING OF PEOPLE AND THE PLANET THROUGH CREATIVITY

BRANDS & COMMERCIAL

INCREASING CREATIVE & WELLBEING



REDUCING ENVIRONMENTAL IMPACT



SUSTAINABLE & TRANSPARENT SUPPLY CHAIN

SUSTAINABILITY COMMITTEE

SUSTAINABILITY STRATEGY

This diagram shows Colart's holistic approach to sustainability incorporating the UN's Sustainable Development Goals. For further information about Colart's sustainability strategy, email sustainability@colart.co.uk

OPERATIONAL IMPACT

End to end commitment from our business to improving our sustainability



We are dedicated to making sure our operational activity is fully aligned with both our vision and our sustainability strategy

Mark Barratt, COO

Colart is dedicated to making sure its operational activity (and impact) is fully aligned both to the company vision of “inspiring every artist in the world” and also, crucially, to our sustainability strategy.

Our operational areas of focus are:

HEALTH & SAFETY

We are committed to the physical and mental wellbeing of our employees (see page 37), with a continued focus and investment in health & safety across all locations.

SUPPLY CHAIN

As well as working towards achieving supply chain transparency (see page 20), we are working to consolidate our supplier base, and to become more efficient in terms of what materials we source and where we source them from. We are committed to maximising sustainability across our end-to-end value chain – the journey of raw materials from our suppliers, through our manufacturing, packaging and logistics processes, through to the arrival of our products in the hands of our customers.

ENVIRONMENT

We have analysed our environmentally hazardous products (see page 22), along with how and where we manufacture them, and have invested heavily in our effluent and waste water treatment on a global level. We are also piloting a life-cycle analysis scheme to analyse our products over time to ensure we have better data on the sustainability of our products.

LOGISTICS

To optimise our freight and manufacturing costs, we have changed the organisational design of our operations financial model, placing logistics into the accountability of each of our various manufacturing locations.

Benefits to making this simple change include reducing both air freight and lead times. Through making this, and other logistical decisions, we have begun to reduce our manufacturing footprint which will also result in a reduction of CO2 emissions (see page 22).

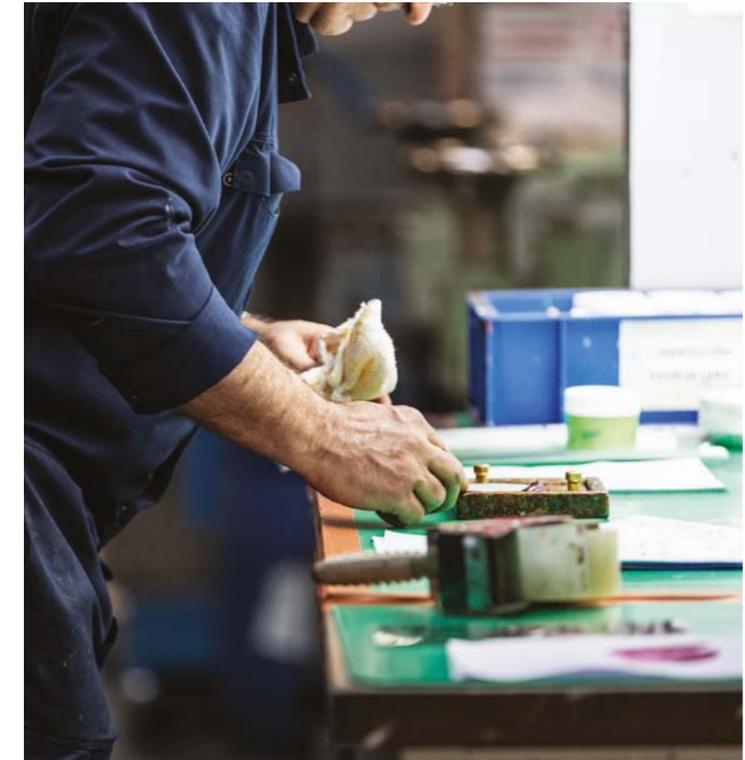
PACKAGING

We are also actively reviewing all our packaging and labelling (see page 23) with a view to finding more sustainable, efficient and environmentally beneficial solutions. A vital part of our research in this area is looking at programmes that will steer our packaging, post-use, towards the most appropriate recovery options that promote a circular economy – whether that’s recycling or clean energy recovery.

NEW PRODUCT DEVELOPMENT (NPD)

Our NPD processes have a greater focus than ever on how we source raw materials for new products. Sustainability is now a consideration at the forefront of the design process.

Colart’s Global Management Team is responsible for driving the sustainability agenda and supporting the company’s numerous sustainability-focused initiatives.



Viscosity testing in Le Mans, 2018

KEY PERFORMANCE INDICATORS

ENERGY

 **£14.78**
Sold per kwh used in 2017

 **0% increase** in share of renewable energy

+0.4% 
vs 2016
Target: To reduce energy

PEOPLE

1.94%
Sickness
Target: less than 3%


Inclusiveness and diversity
National spread is favourable but there is still improvement to be made

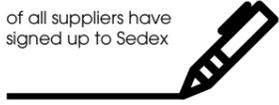

NPS
Target: Working towards continuously improving our NPS score

2881 LTIFR/mill hours
Lost time injury frequency days/million hours worked

 **26**
Accidents
Target: To have **zero** industrial accidents

SOCIAL IMPACT

 **124**
of all suppliers have signed up to Sedex


6560
Hours spent on community involvement towards a target of 1 day per employee per year

WASTE

 **5.6%**
Business waste disposal.
Target: Less than 3% of waste per kgs shipped

 **£4.60**
Water Usage cost/volume

 **23%**
of all waste recycled in 2017
Target: 50%

FOOTPRINT

 **15%**
Hazardous Materials purchased vs 2016



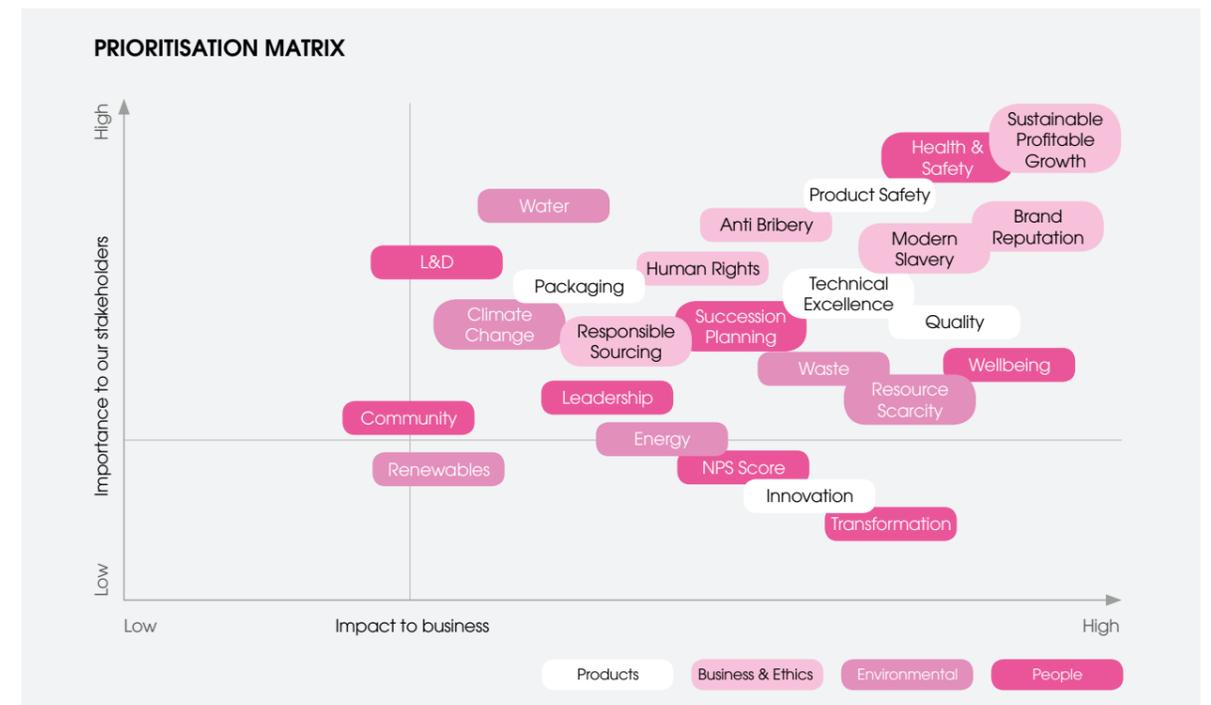
Freight activity increase in CO2 emissions by **27.4%** on last year

Materiality

MATERIALITY ASSESSMENT

Each year, Colart undertakes a materiality assessment – a process that looks to prioritise how a number of issues impact our ability to create lasting value for our stakeholders and for our business according to our long-term goals and vision. Ultimately, this annual assessment

ensures we identify and report on the most critical issues of our business. The materiality assessment addresses sustainability issues across our value chain (everything we do) and is key in helping us shape and fine-tune our sustainability strategy each year.



In 2016, our materiality assessment focused on the environmental impact of our business. In 2017, we have adopted a more holistic approach to encompass the whole sustainability agenda: social, economic, and environmental. The issues looked at have been grouped into the following sub-themes: Products, Business & Ethics, Environmental and People. Within each theme we have identified a number of priorities.

We are using these findings, along with ongoing analysis of global sustainability trends, to further define our own sustainability priorities. This work is being done by Colart's Global Sustainability Committee with our NGO partner, Forum for the Future.

The assessment in this report is an overview of the key topics. If you would like the detail behind this, a full materiality assessment is available. Please email sustainability@colart.co.uk

BUSINESS REVIEW

How Colart is investing in its future



Testing paint transparency in our Regulatory department

Colart has begun building a broader governance and compliance structure across the group. In-house tax and legal capability have been brought into head office with the appointment of a Group Tax Manager and a General Counsel, in addition to the Regulatory and Sustainability functions already in place. A corporate ethics reporting tool (EthicsPoint) has been rolled out to show the group's commitment to ethical business and transparency.

A new e-learning platform has also been implemented and initially used to roll out global training on Health and Safety. Modules on anti-bribery and corruption and data protection will be rolled out over the coming months. A personal data compliance programme is also underway to ensure compliance with the new General Data Protection Regulation, enhancing protection of personal data across the EU.

ETHICAL, TRANSPARENT SUPPLY CHAIN

Towards guaranteeing the integrity of our products and operations



Pigment in our production centre in Le Mans



Testing ink in our production centre in Le Mans

When we talk about 'supply chain transparency' we are talking about being able to guarantee the integrity of our products, the materials they're made from, and the processes that shape them – from raw materials from various suppliers, through to our manufacturing processes, packaging and logistics, and beyond to delivery to our stockists, customers and consumers.

The welfare of our colleagues in our supply chain is important to us. We are working to ensure that we have full transparency with our suppliers, focusing on labour, environment, business ethics and health & safety. We live in a time where social and online media enable brands to build relationships and trust directly with their consumers. The challenge to this is that should any problem arise with a brand's supply chain, negative responses to services or products (whether warranted or not) can be easily and quickly shared. The reputational and financial consequences of negative noise around a brand and its supply chain can be devastating for any business.

Supply chain transparency, therefore, is something that's increasingly important to us. We don't want to respond in reaction to potentially damaging issues in our supply chain but rather do everything in our power to proactively predict potential problems, and address them before they occur.

Our procurement teams are working towards having an approved supplier list which will ensure that we are working with the right suppliers, which will increase our transparency and limit our risks.

We also work closely with Sedex, a global collaborative platform for sharing responsible sourcing data, to continually learn about and improve transparency in our supply chain. Working with Sedex allows us to better manage our performance around various vital issues including labour rights, health & safety, environmental responsibility, and business ethics.

In addition to working with Sedex, we have recently restarted our Supplier Engagement Program which will further enable Colart to have greater oversight of the different elements in our supply chain, from all angles, allowing us to manage risk more effectively, reduce failures and the risk of complex recalls.

OUR FIRST MODERN SLAVERY REPORT

The Modern Slavery Act came into effect in 2015, principally to consolidate existing legislation containing criminal offences relating to slavery (including forced labour and other forms of exploitation) into a single statute designed to provide law enforcement agencies with stronger tools to tackle these issues and better protect victims.

Colart is committed to acting ethically and with integrity in all areas of our business, and to safeguarding against all forms of slavery and exploitation within the business or our supply chain. We published our first annual Modern Slavery Report in April 2017 and this can be found on our website at www.colart.com/our-story/sustainability.html

ENVIRONMENTAL



Filling Lefranc Bourgeois mediums in our production centre in Le Mans

CO2 EMISSIONS

We measure our Co2 emissions every year by an independent company in Sweden. We are continually looking to reduce our environmental impact. With our sustainability strategy in place and environmental reduction being key, having this information enables us to focus on hotspots to help us do this.

SUBSTANCES OF VERY HIGH CONCERN (SVHCs)

We continue to focus on the SVHCs we use as these chemicals will eventually be banned due to their environmental and health impacts. Our R&D teams globally have been working towards removing these substances from our products since 2015.

▼ **40%**

Reduction in the number of raw materials which contain SVHCs used at Colart over the last 3 years

▼ **10%**

Decrease in the number of SKUs in Colart's manufactured products containing SVHCs in the last 3 years

▼ **11%**

Reduction in the number of pastes with SVHCs

▼ **100%**

Reduction of SVHCs used at Lowestoft in our brushes or on site

SUSTAINABLE SOURCING & PACKAGING

Retaining our FSC certification and reducing packaging

SOURCING

Colart will never knowingly use wood from unsustainable sources. We look to source wood from forests sustainably managed by forest stewards to prevent damage to eco-systems, watersheds, wildlife and the trees themselves. Sustainability, in this context, means the forests should still be there for our grandchildren and great grand-kids, and be able to soak up carbon emissions and keep our air clean for generations to come, as well as a being havens for wildlife.

Each year we seek certification from the Forest Stewardship Council (FSC), a global, not-for-profit organisation dedicated to the promotion of responsible forest management worldwide. The FSC logo has become the hallmark for responsibly sourced wood and wood-based products.

Our commercial sites were audited in 2017 to ensure we complied with the strict guidelines required for FSC certification. We are delighted that the process has resulted in Colart retaining its FSC credentials for 2017.

PACKAGING

Our packaging, as highlighted in our materiality assessment (see page 17), represents a big opportunity for us to show how serious we are about sustainability.

We are always looking for ways to reduce our packaging and meet our customer requirements without compromising the integrity of our products.

Further to reducing packaging where possible, we are also investigating packaging solutions with improved sustainability. This involves increased use of Life Cycle Inventory (LCI) and Life Cycle Assessment (LCA) procedures which have been designed to help reduce the environmental impact and ecological footprint of man-made artefacts. We will be looking at LCA assessments in 2018 as they will enable us to identify hotspots and eliminate unnecessary waste in our product lifecycle.



BRAND UPDATE

Innovation and relaunch highlights

LIQUITEX INNOVATION SUCCESS

Pigments made with Cadmium have long been favoured by artists but due to its natural toxicity and associated health risks, Colart's acrylic paint brand, Liquitex was determined to find an alternative. After three years of intensive research and testing, we developed seven cadmium-free acrylic colours. In 2017, Liquitex unveiled the world's first performance-identical cadmium-free acrylic paints.

A finalist in the EDIE Sustainability Product Innovation Award 2018, Liquitex Cadmium-Free was Liquitex's key campaign for 2017. Global media coverage continues to grow, with titles including Hyperallergic and Artnet, and a massive social campaign has engaged hundreds of artists around the world to take the 'Cadmium-Free Challenge'.

The result: 70% couldn't tell the difference between Heavy Body Cadmium and Cadmium-Free paint and 73% feel their choice in buying cadmium-free paint has been influenced. The launch reached 1.6M social media users, while related video content has, to date, received over 1.4M views.

liquitex.com

LEFRANC BOURGEOIS BRAND RELAUNCH

Lefranc Bourgeois has benchmarked the standards of quality for producing colour oil paints for artists since 1720. Last year, we relaunched our historic French brand with a completely refreshed graphic identity. The brand's logo was modernised and given a deeper blue colour, and all packaging will be updated, with a new palette added to extra-fine oil paint colours, some of them cadmium-free – thanks to Colart's pioneering work to make colours more ecological and less toxic without losing the strength and impact of the pigment.

lefrancbourgeois.com

Brand Update



Our Commercial Director Italy, Massimiliano Gallo talking to customers on our stand at Creativeworld, Frankfurt, 2018



Poster showcasing the new Reeves brand identity

REEVES NEW BRAND POSITIONING

To address a wider cultural shift in creativity, we relaunched the iconic British brand, Reeves, in the summer of 2017. The brand, which has long been a favourite of schools across the world, underwent an extensive rebrand and repositioning with an entirely new consumer proposition, logo, tagline, visual identity and a re-designed website. The new logo is clean and bold, with the 'r' of Reeves taking on a two-tone design, representative of the top left-hand corner of a picture frame.

In terms of brand positioning, Reeves will transition from being a 'Start to Art' art materials brand towards being a creative lifestyle brand – a move in line with the aspirations of the wider Colart group. Its product portfolio, which is best known for its art sets, Paint by Numbers and Scraperfoils, will see regular product launches in a shift towards being more future-focused and digital. The new Reeves is focusing on and leveraging its core competencies whilst also driving volume and scale by reaching new consumers around the globe.

myreeves.com

ELEPHANT

As part of our goal to become a creative lifestyle company, we became a majority shareholder of Elephant magazine in May 2017. It's a true milestone in our transformation that participates in speeding up our digital presence, and brings a wider creative community closer to our company. To help mark this new chapter in Elephant magazine's history under our stewardship, we relaunched it towards the end of 2017 with a new logo, an editorial redesign, and a new website. We also recently announced the creation of Elephant West, a brand-new art project in London in late 2018.

Our aim with this new architectural space (designed by Liddicoat & Goldhill) is to bring together exciting makers of all stripes to create new multimedia works that break down the traditional barriers between different art forms. Elephant will be commissioning an ambitious programme of installations by emerging artists, thus strengthening our support for the careers of exciting young artists by giving them the opportunity to show groundbreaking work to a new audience.

elephant.art

ROYAL WARRANT

Over 175 years of proudly displaying the Royal Seal of approval

Over the centuries, Winsor & Newton has developed unique materials for some of the world's greatest artists – including William Turner – and has made watercolour boxes and the renowned Series 7 Sable brushes for Queen Victoria.

It was Queen Victoria who first granted a Royal Warrant to Winsor & Newton in 1841, and the endorsement has been given ever since. Winsor & Newton remains by Appointment to HRH the Prince of Wales, and we are extremely proud an association that goes back over 175 years.

The Royal Household expects holders of Royal Warrants of Appointment to have a responsible approach to sustainability issues. Colart is committed to understanding and managing the environmental and social impacts of its business activities – in the hope that Winsor & Newton may long continue to adorn its products with the Royal seal of approval.

We are delighted to report that the Royal Warrant has been granted to Winsor & Newton for another five years.



By Appointment to HRH The Prince of Wales Manufacturers of Artists' Materials Winsor & Newton London



New Winsor & Newton imagery for Cotman Water Colour sets



Making a Series 7 brush



People

Steven Plumail (Production Operator) in our production centre in Le Mans

OUR PEOPLE

Inspiring all our People



Yoni Denis (Production Equipment Operator) cleaning equipment in our production centre in Le Mans

As Colart continues on its transformational journey towards becoming a creative lifestyle company with sustainability at its core, we recognise the importance of every one of our employees, whether a team leader, a team member or an individual contributor. Through their dedication, knowledge and skills, our people make their own contributions to sustainable development, both in their daily business lives and as members of society. The connection of our people with our consumers helps to drive growth and develop successful strategies to enhance Colart's unique identity. With this in mind, we are continuing to further develop and boost our collective understanding of and engagement with sustainability, both inside and outside of Colart.

People initiatives include:

THE COLART AMBASSADOR NETWORK

Following on from our 2014 Get Wiser initiative, we launched our Ambassador Network last year (see page 34) to encourage our employees to engage even more deeply with the topic of sustainability.

E-LEARNING PLATFORM

We have invested in an e-learning platform that we can use as a tool across our global network to support our Ambassador programme. Sustainability and how it affects everything we do will be a core subject when we roll it out later this year.

OUR VALUES

Openness, Passion, Innovation, Quality

Fundamental to our strategy to ensure Colart feels like a family, we provide a nurturing environment for employees to continually develop their skills, knowledge, confidence and capabilities so they can act in high performing teams.

Whilst Colart fosters a close-knit family feel, we operate on a global scale and our employees work in many countries with differing legal and value systems. It is Colart's values of openness, innovation, passion and quality that unite our approach across these different countries. The first of these values, openness, is underpinned by the continued development of our intranet: a platform for sharing everything Colart with everyone Colart.

DIVERSITY AND INCLUSION

Colart is committed to equal opportunities and we carefully monitor the make-up of our people and activate positive reinforcement in all aspects of the People Cycle (the natural flow of people through employment positions in the company) to ensure a diversity of both thought and background. We are proud to see women making up 40% of our leadership teams across the group and 50% of our Global Leadership Team (GLT). With 15 nationalities represented, we are also proud of the international mix in our GLT.

LEADERSHIP

Leading yourself, leading others, leading the business

Inspiring every employee in Colart is our people vision. This can only be sustainably achieved if our Leaders play their part. Given their position within the company, they bear a special responsibility to set an example. For this reason, all of our managers across the group have been trained in the Colart Way:

THE COLART WAY

Through a series of international conversations across our network, we have been able to co-create the Colart Way: a series of thoughts on ideal behaviours and approaches to management responsibilities. It highlights what is expected from our Leaders over and above our Colart values – and its purpose is to inspire and guide them to being even better role models.

LEADERS+

In 2018 we joined Leaders Plus, a social enterprise enabling talented women and men (in the UK) with young children to continue to develop their leadership careers. Leaders Plus offers high-quality training, mentoring, peer support and access to inspiring role models.



Lotta Edstrom, our Chief Marketing Officer at the Global Conference, June 2017

Its aim is to build a positive movement for change so that new parents can thrive in leadership roles. Leaders Plus will help Colart better understand how to continue to develop the careers of parents while being aware and understanding of their need for work-life balance.

THE LEADERSHIP DEVELOPMENT ROUTE

To support the ongoing progress of our Leaders, we are currently building the leadership development roadmap. In addition to our current leadership training, we have launched brand new pilot programmes and will continue to strengthen the Colart Academy offer (see page 35).

LEADERS FOR THE FUTURE

We recognise the importance of a sustainable leadership pipeline in shaping the Colart of tomorrow so we have designed a bespoke Leadership development programme entitled Leaders for the Future. Crafted as a journey, the programme takes the form of a series of workshops and is a real leadership adventure focusing on the leading of self, others and the business as a whole. "A true learning experience, very qualitative, extremely open, totally passionate and so innovative," says a participant. The programme provides a platform to Test – Learn – Expand, individually and as part of a team.

THE COLART AMBASSADOR NETWORK

A global group of 'activists' leading sustainability-focused initiatives

We created the Colart Ambassador Network last year in order to help us with our sustainability transformation. Our Ambassadors work across all of Colart's locations and represent different levels and functions within the business. Essentially, these Ambassadors function as a network of 'activists' within the group that leads, inspires and supports sustainable practice across Colart.

The role of each Ambassador is to:

- Notice things which need to change or could be improved
- Start, sustain and/or grow experimental projects
- Learn and celebrate what works and share it
- Build energy, participation and momentum across Colart for a sustainable organisation
- Share and discuss ideas as a learning community

Our Ambassadors need to constantly question:

HOW WE INTERACT

How do we make Colart a great place to work that feels like a family?

HOW WE INNOVATE

How do we inspire great ideas and improve how we operate and act to make these a reality?

HOW WE OPERATE

How do we make ourselves more successful through being a sustainable business?

HOW WE IMPACT

How do we inspire artists everywhere to make a sustainable world possible?

One of our teams of ambassadors is currently working on an initiative to engage all people at all levels whilst achieving one of our Key Social Impact KPI's. The Cardz for Kidz initiative has been a global effort with full support from the management team. The Ambassadors had experimented on a small scale which was very successful and it has since been rolled out.

GROWTH & DEVELOPMENT

Performing today, flourishing tomorrow



Anaïs Maria (R&D Formulator Chemist) in our lab in Le Mans

Self-assessment is a fundamental element (and the first step) of both processes. The discussions that ensue not only encourage professional and personal development but also facilitate targeted and long-term career planning. We pride ourselves on the mutual ownership (by the individual and by Colart) of the development journey.

THE COLART ACADEMY

With the Progress Review system at its heart, Colart Academy is a growth and development platform that focuses on four development routes: Skill, Service, Leadership and Community. It supports and strengthens the Colart brand by being grounded in our values of Openness, Passion, Innovation and Quality. Development comes in many forms - from training to working on different projects, job rotation, coaching and mentoring (see below), so the opportunities to learn are numerous and varied.

MENTORING

To accelerate the on-going development of our people, Colart has launched a new Mentoring Programme with a phased roll-out across the group planned this year. There are currently more than 20 mentors paired with mentees, and new employees regularly ask to join the programme. Our plan is to train more mentors across our global network.

To enable our workforce to perform today and flourish tomorrow, we recognise the importance and value of fostering the targeted development of our people. We aim to systematically identify and develop talents within the company and plan internal succession accordingly.

We do this through our Progress Review procedures:

- For our front line, we use a locally customised process based on the core principles of 'how am I doing?' and 'what do I need to do to do it better?' Fundamental to this process is the opportunity to discuss 'how can I grow?'
- For our managers and selected non-management, we use our globally aligned, online process based on open dialogue. This enables and ensures a fully comprehensive annual review of performance, cultural alignment, objectives, development needs, and career progression.

TALENT ACQUISITION AND RETENTION

Further consolidation of our internal recruitment function



Stéphanie Deniau filling bottles with Lefranc Bourgeois medium

2017 has seen the further consolidation of our internal recruitment procedures, enabling us to find the right talent and prepare them for life at Colart. The impact of this internal activity has seen more than 60% of our vacancies being filled through direct applications with an aligned improvement in both the candidates' experience and their feeling of connection to Colart through:

- Use of innovative and disruptive techniques to attract, engage and retain exceptional diverse talent
- Providing a world-class candidate experience with the candidate at the heart of everything that we do during the acquisition process

- Illuminating Colart as a creative lifestyle company with whom to work, perform and grow
- Inspiring our employees to be proud to act as Colart Talent Ambassadors at all times (this seems to be the case: our Glassdoor rating has gone up from 2.3 to 4.1)
- Creating a multi-channel digital communication platform for candidates to engage with Colart, no matter where they are in their recruitment journey

The implementation of the recruit module within our new global HR system, Splash, will further enhance our talent acquisition experience, enabling us to better utilise our talent pool in the future.

WELLBEING

At the heart of everything we do

Our commitment to the wellbeing of our people is at the heart of everything we do. We recognise the need to adopt a holistic, 'whole person' approach to how we think about the wellbeing of our workforce. We believe this is the best way to foster the family feel we strive for at Colart and to be able to deal with and react to changing needs to deliver our strategic goals.

FOCUS ON LIVING OUR VALUES

Our values (openness, passion, innovation and quality) describe how we approach all aspects of work at Colart. We believe that by living these values, we can create a strong culture that supports and nurtures a happy, engaged and productive workforce.

GLOBAL WELLBEING

We have created a network of Colart employees called the Wellbeing Ambassadors which is committed to organising our wellbeing calendar based on a programme of physical, social and mental/emotional initiatives. These activities are tailored to suit each Colart site around the world and will include events such as Christmas parties.

DATA HANDLING

With the launch of our new global HR system Splash in 2018, we will see the improvement in the professional handling of all data relating to our employees.

FLEXIBLE WORKING

Performance and results are key to us and, where possible, we have been encouraging flexible working models for many years. For Colart, part-time and flexible working hours or, indeed, mobile working have all become natural elements of our working world. Our support of flexible working has been further enhanced by digital applications such as Business Skype and the Surface Hub that are now being utilised more appropriately and expertly than ever by our people.

Work-life balance can be improved where ever possible by being able to work where and when needed, regardless of time or place. We believe the trust we place in our people strengthens their motivation and engagement.



HEALTH & SAFETY

Last year we announced the formation of our Health & Safety Steering Committee. This year, the committee developed a strategic roadmap plan which fully embraces our vision of 'providing a safe, sustainable working environment for our global community'.

By driving a positive safety culture, we can reduce the number of accidents and, in doing so, protect our most important asset: our people. We believe each employee and contractor should leave a Colart site just as healthy as when they arrived.

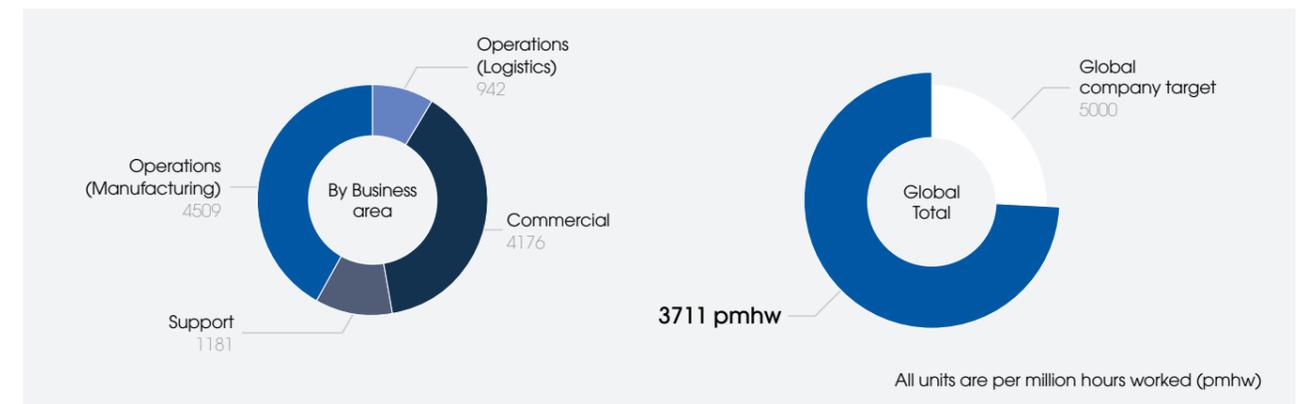
ROADMAP ACTIVITIES

- **TASK FORCE:** The committee formed two task forces: one to visit our site at Le Mans and another to visit the distribution centre in Piscataway. The task forces audited the sites and are now collaborating with the local teams to deliver an action plan to invest in better policies, training and equipment.

- **E-LEARNING:** We have launched our e-learning platform, which will be rolled out globally over the coming months. This platform gives us the opportunity to set the standard for training globally. The platform provides a comprehensive list of courses that go beyond just physical H&S to cover topics that will help us manage our psychological wellbeing and build on our soft skills.
- **EXTERNAL COLLABORATION:** Our last committee meeting was held at Beckers' site in Liverpool, one of Colart's sister companies. Working with other companies owned by Lindéngruppen (see page 3) gives us new insights to slightly different operations so we can share learnings and best practices.
- **H&S NETWORK:** We have appointed Compliance Officers at each Colart site, training them to the international Institution of Occupational Safety and Health (IOSH) standards for H&S. These individuals provide a network to help the Steering Committee implement roadmap activities and group strategy whilst also helping to drive the health and safety culture locally at each site.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of our commitment to CSR, we allocate on average one working day per year to each one of our employees to dedicate to charitable community work. This year our people put in 6,560 hours in the community which equates to 3,711 hours per million hours worked. Our target is to reach 5,000 hours per million hours worked.



Over the last year, those hours were spent working on some great projects in the various locations the company has sites in.

Activities included:

- Decorating a school in the run up to Christmas
- Taking kids to MEK, a petting zoo in Oosterhout, Netherlands
- Lending a hand at Food Banks to help with their vital work
- Organising a Christmas fundraiser for a charity in Indonesia
- Helping organise mock interviews for school children
- Volunteering at a retirement home
- Painting with Children at Risk
- Helping sort food items and deliver food donations with FareShare - who have, so far, saved over 12,000 tonnes of food from going to waste and have delivered almost 26 million meals to vulnerable people
- Helping serve drinks and food at a special event in Strijen, Netherlands, designed to champion and celebrate 150 people who voluntarily help families, and, in particular parents. A special day for special people
- Helping out on an event on a farm where old horses can enjoy retirement instead of being sent to the knackers yard.

The event invited people to take a look at and support this initiative, whilst seeing some street artists work, having some food etc. Post-event Colart also helped the street artists involved by giving them leftover art materials

- On Giving Tuesday (November 28th) 2017, The US Marketing team spent the day at the Fresh Artists studio and sorted 336,600 obsolete Behr Paint colour chips into art-making kits that the organisation distributes free to schools across the country. The team worked all day and created 532 kits that will impact approximately 106,400 children. In addition, we donated product to further support their efforts

OUR NGO PARTNERSHIP

FORUM FOR THE FUTURE

Forum for the Future is a non-profit organisation that works with businesses, governments and individuals to solve complex sustainability challenges. The organisation helps Colart prioritise and inform our transformation to ensure a meaningful and progressive contribution to a sustainable future. Over the last year, we have been working together to focus on enhancing the exciting contribution that creativity has on wellbeing.

As well as using Forum for the Future as a sounding board to stress-test our strategy and identify our business priorities, our partnership has further benefits. With a network of more than 130 organisations worldwide, Forum for the Future also provides us with the opportunity to create pioneering practices and innovations through specialist discussion and collaboration, and learn from the experiences of other companies in its network. Working with them enables Colart to resolve different kinds of complex problems that can get in the way of creating a sustainable future.

forumforthefuture.org



“

Colart acknowledges the significant environmental impacts of the business and the need to minimise or eliminate these.

Despite these significant challenges and opportunities, the conditions at Colart are favourable: The business has a progressive parent company and a leadership team that is providing direction and integration into strategic decision making.

In addition, there is a network of engaged ambassadors and colleagues combined with significant brand and innovation capabilities, as demonstrated through the development of cadmium-free paints for both its Liquitex and Lefranc Bourgeois brands.

So as Colart works through the contribution that each part of the business can make, it starts from a firm foundation. We look forward to seeing Colart continue to demonstrate, as other leaders have done, that a sustainable company is a more attractive, efficient and profitable company.”

**Ben Kellard, Associate Director,
Transformational Strategies and Net Positive**

OUR PARTNERSHIP WITH MIND

Working together to promote wellbeing through creativity

As the leading mental health charity in England and Wales, Mind recognises and champions the positive impact of arts-based approaches to therapies. In 2012, it created the Creative Therapies Fund (together with professional artist and Mind Ambassador Stuart Semple) to provide grants to its federated network of 134 local Minds that would enable opportunities for individuals and communities to engage with the arts as a way to address some of their mental health challenges. Therapeutic activities delivered through the scheme include painting, drawing, craft, film, design, photography, reading, creative writing, and singing.

The project was a success: Mind found that many people with mental health problems who had previously struggled to articulate their experiences

and emotions were able to express themselves in an arts-based therapeutic environment, often in life-changing ways. However, Mind struggled to budget for art materials and, as a result, their art therapy sessions were quite limiting.

PERFECT PARTNERS

Colart partnered with Mind in Autumn 2017 to provide free art materials for these therapy sessions. Since then, 42 different local Minds have ordered (or are in the process of ordering) materials and have been sharing the positive results of our collaboration.

Ultimately, our partnership enables Mind's network to suspend the constraint of not having many materials to play with - meaning that participants are freer to immerse themselves in creativity.



New designs of Lefranc Bourgeois extra-fine oil colour



"The partnership with Colart has had an important impact for Mind at a national level. We are committed to supporting arts projects, and in 2018/19 will be developing a five year vision and strategy to sustain and grow such practice. However, raising funds continues to be difficult. We are therefore only able to offer funding to a comparatively small number of organisations in our network, and our grants are small, with £5,000 being the largest we are able to offer.

The partnership with Colart has therefore enabled us to expand the kind of offer we can make and to reach those organisations that we have been less able to support previously. We know that such an expanded relationship will inevitably contribute to the new dialogue we want to enter into with the 70+ local Minds in the network who are delivering arts and mental health work as we develop our vision and strategy relating to our Creative Therapies Programme."

Liz Cadogan, Senior Grants Officer



Our donated products being put to good use

CHARITY PRODUCT DONATION INITIATIVE

Giving away our stock for meaningful purposes

Just as we help leading mental health charity Mind by providing art materials for the art therapy sessions it organises across England and Wales (see page 42), we want to help a wide range of charitable organisations in a similar way. We set up our Charity Product Donation Initiative in late 2017 and since then we have worked with over 100 charities in the UK, France and the US, and given away stock worth over £250k.

We've had some very encouraging feedback from the charities we've worked with, and the next phase of this project is to work on measuring the impact it is having on the growing number of communities involved.

“

“We received the delivery today and it is amazing! Thanks a lot as it will be really beneficial to all our artists and even take their practice to another level as we might not have been able afford some of the materials.”

ActionSpace

“We would like to thank you so much for the wonderful art materials that arrived last week to our London and Manchester offices. They are absolutely stunning and will be very much appreciated by our service users. The women we work with really benefit from keeping busy doing arts and crafts and we often run arts workshops, occasional art competitions and other interventions in prisons and in the community. We would never be able to pay for our service users to have such incredible arts materials so we are very grateful for your donation - they will make a real difference to the mental health and wellbeing of women prisoners.”

Women in Prisons

“We would like to thank your company for the generous gift to our school. Our well-inspired pupils are given the opportunity to develop their creativity in an unlimited way.”

Saint Symphorien

“We have just received our first order from Colart and are all completely overwhelmed by your generosity. I would like to say a big thank you on behalf the art department and our students; the quality of the materials provided is better than anything we have in our storeroom, and comes at a perfect time as our sixth formers prepare their portfolios for university interviews.”

Kensington Aldridge Academy

“We have just received the most amazing delivery of art materials!”

Kids Inspire

“It means so much to the students to have new sketch pads and amazing art materials to work with. We cannot thank you enough.”

The Super Power Agency

AWARD NOMINATIONS

Measuring success through peer recognition

This report highlights the continuous efforts of Colart regarding sustainability across all aspects of the business. While we are keen for our progress to be communicated and celebrated internally, we are also committed to

becoming leaders in our industry. Entering awards that recognise excellence in sustainability is a great way for us to measure the success of our endeavours and also share our improvements and innovations with the wider community.



On the right track

Cadmium-free testing in our lab in Le Mans

COLART'S 2017 AWARD SCHEME NOMINATIONS

**Ethical Corporation
Responsible Business Awards**



Category:
Best Sustainability Team
Position: Finalist

**edie Sustainability
Leaders Awards**



Category:
Sustainable Product
Innovation
Entry:
Liquitex Cadmium
Free range of paints
Position: Finalist

Although Colart did not win this time, being a finalist in two prestigious global award schemes vindicates our hard work towards improving sustainability. Everyone at Colart should be extremely proud to

see that the company's sustainability drive is being recognised for multiple characteristics - from having excellent strategy and people, to being innovative on a product development level.

THE REPORT IN BRIEF

- Over the last year, establishing our sustainability strategy – ‘enhancing the wellbeing of people and the planet through creativity’ – has been a key focus for our Global Sustainability Committee. It has allowed us to concentrate on what is important to Colart and identify areas to explore and develop.
- Our annual materiality assessment (see page 17) has also been a vital exercise in helping us prioritise various environmental, social and governance issues, and further shape strategies that look to create lasting value for Colart and our stakeholders.
- We are continuing to work on increasing transparency in our supply chain and this work will continue in 2018 with our procurement team.
- Our people remain a key focus and we have invested in a new HR system, Splash, and a new e-learning platform.
- Our procurement team will be creating procurement roadmaps and this will enable sustainability to be embedded.
- Increasing creativity and wellbeing whilst also reducing our environmental impacts will allow us to become net positive, ensuring we give back more than we take from our planet.
- On the topic of giving back, we have established a number of charitable initiatives over the last year. Our Ambassador Network (see page 34) experimented with a global event for Cardz for Kidz which gave our employees the chance to interact with each other and some of our products. Our Ambassadors will continue to be vital in helping us achieve our strategy.
- Our new Charity Donation Initiative and also our partnership with mental health charity Mind have given us the opportunity to support dozens of communities by providing them with free art materials. The feedback has been positive, and to know that we can make a difference is hugely fulfilling and encouraging.
- We are delighted to report that we have, once again, retained our FSC certification and also our long-standing Royal Warrant for Winsor & Newton. And we are particularly proud to have been finalists in two prestigious sustainability award schemes. This shows we are moving in the right direction and, with the support of the General Management Team and our owners, Lindéngruppen, we are very much looking forward to executing more projects this year in line with our strategy and vision.

If you have any feedback or questions do not hesitate to contact us at sustainability@colart.co.uk



Colart Sustainability Report 2017-2018

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