



JOTUN

Jotun Protects Property



2016

JOTUN VALUES

LOYALTY

Reliable and trustworthy

Long term relationships between customers, Jotun and colleagues

Commitment to Jotun's values, strategies, policies and decisions



CARE

Help and support others

Display trust and empathy

Appraise and judge fairly

Protect internal and external environment

RESPECT

Values differences in people

Be honest and fair

Build diverse teams across culture and gender

Follow laws and regulations

Treat others the way they expect to be treated



BOLDNESS

Take initiatives to create the future

Initiate and nurture change

Communicate openly, honestly and with integrity

Be proactive

Address difficulties constructively

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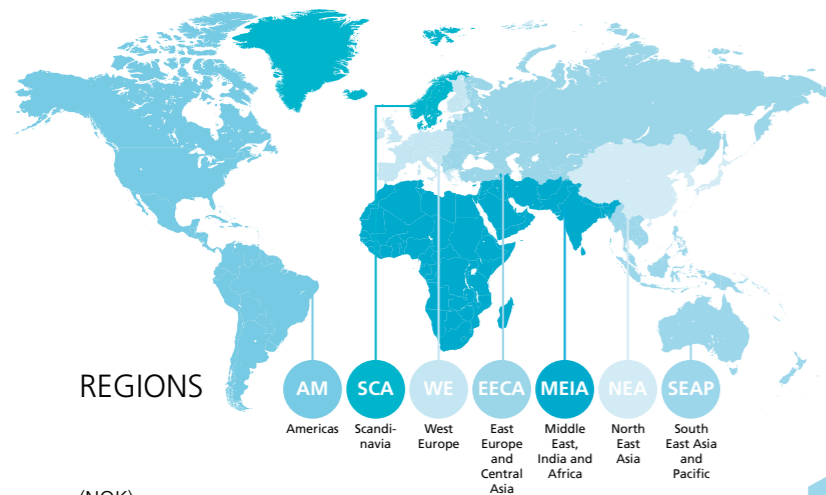
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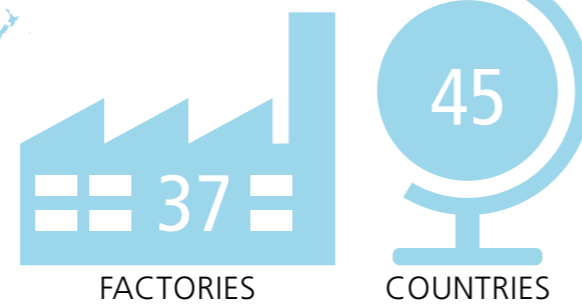
AT A GLANCE

The Jotun Group is a matrix organisation divided into seven regions responsible for the sale of Decorative Paints and Marine, Protective and Powder Coatings.

The company has 37 production facilities in 21 countries, 63 companies in 45 countries and is represented in more than 100 countries around the world.



(NOK)
15 785 000 000
OPERATING REVENUE



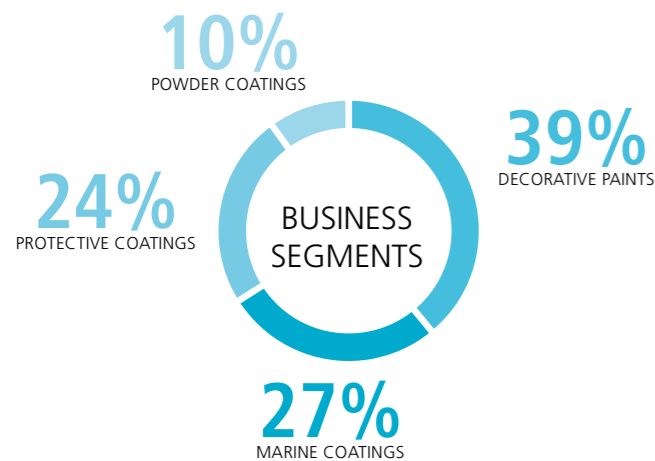
SEGMENTS

Decorative Paints: Jotun manufactures, sells and distributes interior and exterior paints to consumers and professionals worldwide.

Marine Coatings: Jotun is a world leading provider of marine coatings to the newbuilding, DryDock and SeaStock markets. In addition, Jotun supplies coating solutions for megayachts and leisure yachts.

Protective Coatings: Jotun's protective coatings are sold to companies active in industries related to offshore, energy, infrastructure and hydrocarbon processing industry.

Powder Coatings: Jotun Powder Coatings is a leading supplier to companies active in industries related to appliances, furniture, building components, pipelines and general industries.



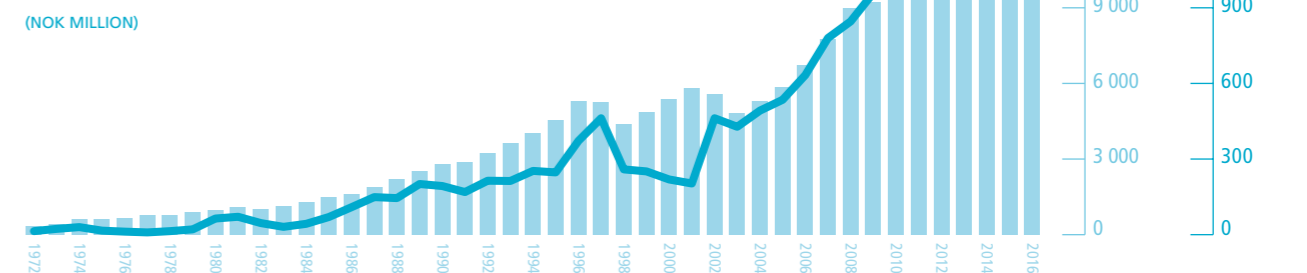
GROUP KEY FIGURES

(NOK MILLION)		2016	2015	2014	2013	2012
PROFIT/LOSS						
Operating revenue		15 785	16 282	13 171	12 034	11 351
Operating revenue outside Norway in %		85	86	83	82	80
Operating profit		1 763	2 064	1 314	1 258	1 126
Profit before tax		1 594	1 918	1 301	1 191	1 055
Net cash flow from operating activities		2 027	1 500	919	819	902
PROFITABILITY						
Return on capital employed, in %	1)	20.5	24.2	17.2	20.0	19.5
Operating margin, in %	2)	11.2	12.7	10.0	10.5	9.9
Return on equity, in %	3)	14.1	17.9	14.0	15.5	15.8
YEAR-END FINANCIAL POSITIONS						
Total assets		15 158	15 187	13 300	10 799	9 317
Investments in intangible and fixed assets		1 133	922	911	733	590
Equity (including non-controlling interests)		8 035	7 932	6 739	5 515	5 016
Equity / assets ratio, in %		53.0	52.2	50.7	51.1	53.8
Number of employees in the Group		7 281	7 284	7 158	6 695	6 379
Number of employees in the Group, including 100 per cent in joint ventures and associated companies		9 819	9 842	9 676	8 991	8 740

DEFINITIONS

- 1) Return on capital employed % = $\frac{\text{Operating profit} + \text{amortisation of intangible assets}}{\text{Average capital employed}} \times 100$
- 2) Operating margin % = $\frac{\text{Operating profit}}{\text{Operating revenue}} \times 100$
- 3) Return on equity % = $\frac{\text{Total comprehensive income for the year}}{\text{Average equity}} \times 100$

SALES AND EBITA DEVELOPMENT



HIGHLIGHTS



AM THE AMERICAS

- Jotun secures drydocking contract for 50 per cent of Chevron's fleet (SeaQuantum)
- Jotachar specified for topsides of Appomattox, Shell's largest rig in the Gulf of Mexico
- Focus on Maintenance (offshore) helps Jotun achieve strong growth in Brazil
- Jotun secures first newbuilding contract at Atlântico Sul Shipyard, Brazil



SCA SCANDINAVIA

- Construction on-going for new Jotun headquarters and R&D centre in Norway
- Jotun secures contract for Johan Sverdrup project (topsides for drilling platform and living quarters)
- Successful launch of Lady Minerals, a premium interior matt mineral paint
- Jotun's Nonstop Supreme is the top selling antifouling in the Norwegian leisure yachting market
- Jotun reaches long-term agreement with Hurtigruten, the famous Norwegian cruise, ferry and cargo operator



WE WEST EUROPE

- Jotun wins contracts to supply protective coatings to transformer platforms for the Dudgeon and Rampion offshore wind farms in the UK
- Jotun reaches long-term decorative paint agreement with Hotusa, one of Spain's largest hotel chains
- Jotun protective coatings products specified for various components for four separate power stations in Poland
- Electrolux signs two-year contract with Jotun for powder coatings in the Czech Republic
- Greek-owned Stamco Shipmanagement awards Jotun maintenance contracts for NYK Line-managed vessels for the next five years



EECA EAST EUROPE AND CENTRAL ASIA

- Jotun's Single Source Solution specified for the Eurasia Tunnel that crosses the Bosphorus Straits in Turkey
- Decorative paints and protective coatings supplied to two LEED projects in Istanbul
- Jotun signs contract with shipyards Vard Braila and Vard Tulcea in Romania to supply marine coatings to 15 newbuildings
- Protective coatings supplied to Sheremetyevo International Airport (terminal building), Russia
- Opening of regional R&D laboratory in Turkey



MEIA MIDDLE EAST, INDIA AND AFRICA

- Jotun celebrates opening of new state of the art factory in Muscat, Oman
- Powder and protective coatings supplied to Khalifa Stadium in Qatar
- Jotun successfully launches EasyCoat, a medium range exterior decorative paint throughout the region
- Jotun completes contract for the ETHYDCO petrochemical plant expansion project in Egypt
- Jotun's premium exterior decorative paint Jotashield achieves outstanding results throughout the region
- Jotun supplies paints to the Dubai Opera House



NEA NORTH EAST ASIA

- Jotun establishes new company in Taiwan
- Jotun completes contract for YAMAL LNG, the world's largest LNG project
- Jotun Cosco Marine Coatings (JCMC) awarded the Environmental Protection Advanced Unit of Chinese "Twelve-Five" petroleum and Chemical Industry
- JCMC wins global account with Bernhard Schulte Shipmanagement, Hong Kong
- Expansion of R&D Centre in Busan, South Korea completed



SEAP SOUTH EAST ASIA AND PACIFIC

- New factory construction on-going in Myanmar, Malaysia and the Philippines
- Jotun celebrates successful regional launch of Majestic Design, a premium interior decorative product range and Jotun Essence, a medium range interior paint
- Jotun Powder Coatings introduces the Imagination Collection, a unique range of colours and finishes specifically targeting furniture designers
- Jotun opens finished good warehouse in Thailand
- Jotun secures contract to supply paints and coatings to the Jewel Changi Airport, Singapore





OUR BUSINESS

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MEETING CUSTOMER DEMAND

By focusing on the needs of end-users, Jotun has become one of the largest and fastest growing paint companies in the world.

Jotun has a global network of 37 factories producing about 834 million litres/kg of paints and powder coatings annually. Like all paint manufacturers, Jotun products are used to protect, colour or add texture to objects. But unlike many competitors, Jotun does not view paints and coatings systems as commodities. Rather, Jotun develops products to meet the more complex, individual demands of end-users.

DIFFERENT NEEDS

For example, an individual with asthma might seek a hypo-allergenic interior decorative paint (SENS) that will not aggravate symptoms, while a young urban couple with small children might prioritise a scratch-resistant interior paint (Lady Wonderwall) in the latest colour trends. Both paint systems are safe to use and protect and beautify the home, but each product has been developed to meet the needs of different end-users.

This approach applies to every segment, market and industry where Jotun is active. To understand the customer, Jotun engages with a broad range of stakeholders, including

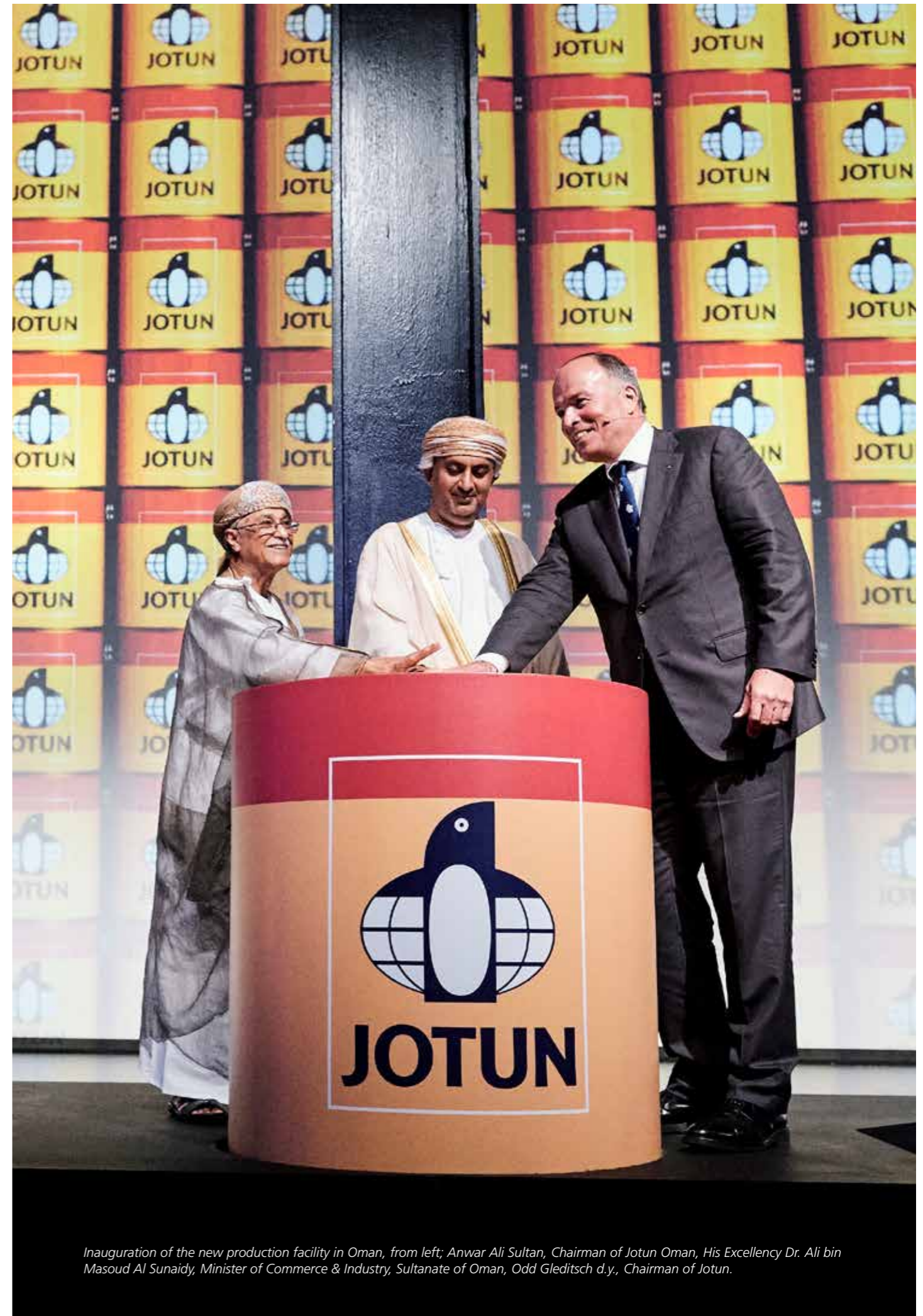
consumers, shipowners, energy companies, architects, designers, consultants, specifiers, contractors and applicators to answer one question: What coating system best helps the end-user achieve their goal?

ENHANCED SERVICES

Product development is a vital part of meeting customer demand, but Jotun also provides services to help end-users get the best results. After all, paints and coatings are not a finished product until they have been properly applied. Services range from providing quality technical service to applicator training, product customisation to reliable, on-time delivery. And for project owners who prefer to do business with one supplier, Jotun offers the Single Source Solution, a concept that combines interior and exterior decorative paints with protective and powder coatings. Jotun understands that a user buys paint not for the can, but to achieve a result when the product is applied. In this way, Jotun does not just sell paints or coatings, but solutions.

BIG, SAFE AND GREEN: THE OMAN FACTORY

- Jotun Oman's new facilities are built over an expansive area of 60 000 square meters.
- The new facility has a potential production capacity of 35 million litres of paint per year.
- All buildings at the site are LEED-compliant and were constructed according to Group HSE standards, consistent with Jotun GreenSteps programme.
- The Oman factory is Jotun's first in the Middle East to be equipped with in-line slurry mixers for calcium carbonate and titanium dioxide.
- The factory's air conditioning system includes extraction and filtration units to remove potentially harmful emissions, creating a cooler and safer work environment for operators.



Inauguration of the new production facility in Oman, from left; Anwar Ali Sultan, Chairman of Jotun Oman, His Excellency Dr. Ali bin Masoud Al Sunaidy, Minister of Commerce & Industry, Sultanate of Oman, Odd Gleditsch d.y., Chairman of Jotun.

COMMITTED TO GROWTH

Despite challenges in some regions and segments, Jotun performed well in 2016 and continued to pursue its long-term growth strategy.

Jotun recorded good profitability and increased total sales volume by five per cent in 2016. These positive results were helped by double-digit volume growth in the Decorative Paints segment, significant improvement in the Powder Coatings segment and favourable raw materials prices. Jotun also performed well in key regions, including the Middle East, South East Asia, East Europe and Central Asia.

CHALLENGING MARKETS

While underlying growth was positive, the company's results were impacted by weak demand for marine coatings and a decline in offshore activity, which slowed growth in the Protective Coatings segment. In addition, growth in some regions was slowed by political unrest and economic turmoil in countries where Jotun has a strong presence, such as Saudi Arabia, Egypt and Turkey. Despite a slowing global economy, the company improved market share over a broad range of product categories.

Jotun remains committed to achieving profitable growth. By bringing more volume through the network, the company can lower the average cost of producing a litre of paint, improving profits. Jotun continues to expand existing factories, build new

production facilities and warehouses, invest in new markets and in tools and systems to improve efficiency. In 2016, Jotun completed construction of a new factory in Oman, a distribution warehouse in Thailand, and opened a sales office in Taiwan. Jotun also began construction of new factories in Myanmar, The Philippines, Malaysia and its new headquarters and R&D centre in Sandefjord, Norway, among other projects.

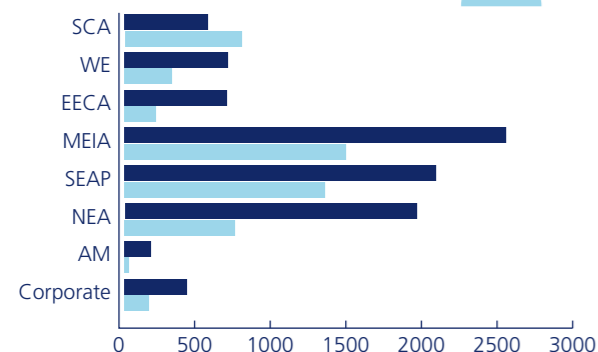
DURABLE BUSINESS MODEL

Looking ahead, Jotun will continue to pursue an organic growth strategy that has helped the company more than double in size over the last decade. Jotun recognises that no two markets are the same, so by empowering regional personnel to make decisions closer to the markets they serve, the company can adapt quickly to local demand. At the same time, Jotun continues to be active in four segments, allowing the company to shift resources when markets change. Jotun will continue to focus on growth by improving project execution, operational efficiency and work processes, while strengthening the company's environmental performance and Corporate Governance. The basis for Jotun's continued expansion of the strong organisation and a corporate culture that aligns its commitment to growth.

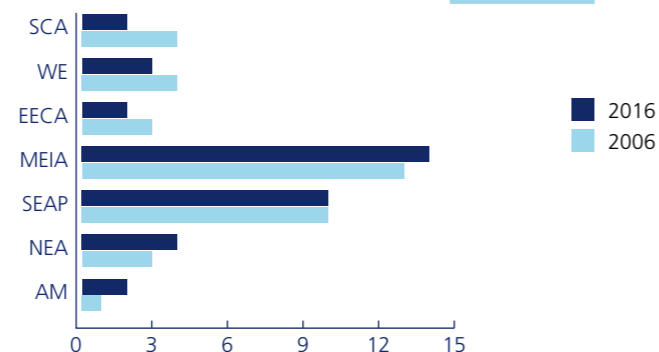


Jotun Group Management (from left): Vidar Nysæther, Group Executive Vice President/CFO, Bård K. Tønning, Group Executive Vice President – Decorative Paint, Morten Fon, CEO and Geir Bøe, Group Executive Vice President – Performance Coatings.

FULL TIME EMPLOYEES

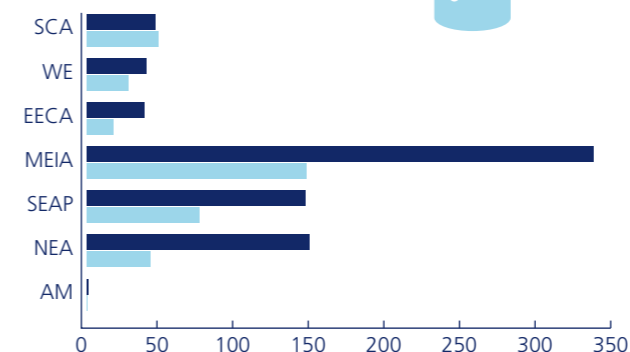


PRODUCTION FACILITIES



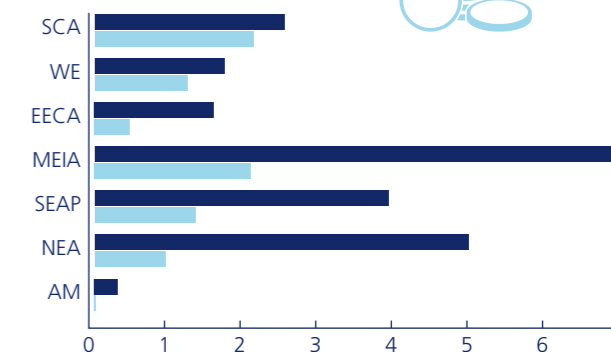
PRODUCTION VOLUME

Litres/kilos (1 000 tonnes)



TOTAL SALES

Sales in NOK billion



SAILING THROUGH TROUBLED WATERS

As the shipping industry continues to experience challenging times, Jotun remains focused on delivering solutions to owners operating in the new market reality.

While Jotun recorded a modest decline in sales in 2016 compared to last year, the company continued to gain market share in the Marine Coatings segment. This growth was mainly driven by strong performance in China and South Korea, where the company performed well, completing newbuilding projects ordered in 2014 and 2015. However, with freight rates near historic lows, newbuilding activity has slowed dramatically, which will impact Jotun's business in this segment going forward. Jotun is now working to achieve growth in the DryDock and SeaStock concepts.

A CHANGING INDUSTRY

These uncertain market conditions have resulted in structural changes in the industry, creating fewer, larger players. Jotun is working to secure multi-vessel block tenders, bundling products, services and technical support with companies operating large fleets. And to help owners operate successfully in this new market reality, Jotun offers a number of products and solutions.

In 2016, Jotun secured about 150 Hull Performance Solutions contracts, helping owners reduce fuel costs and corresponding emissions and began pilot testing a new premium sylil methacrylate antifouling. In addition, Jotun welcomed the publication of ISO 19030, a new standard conceived to measure

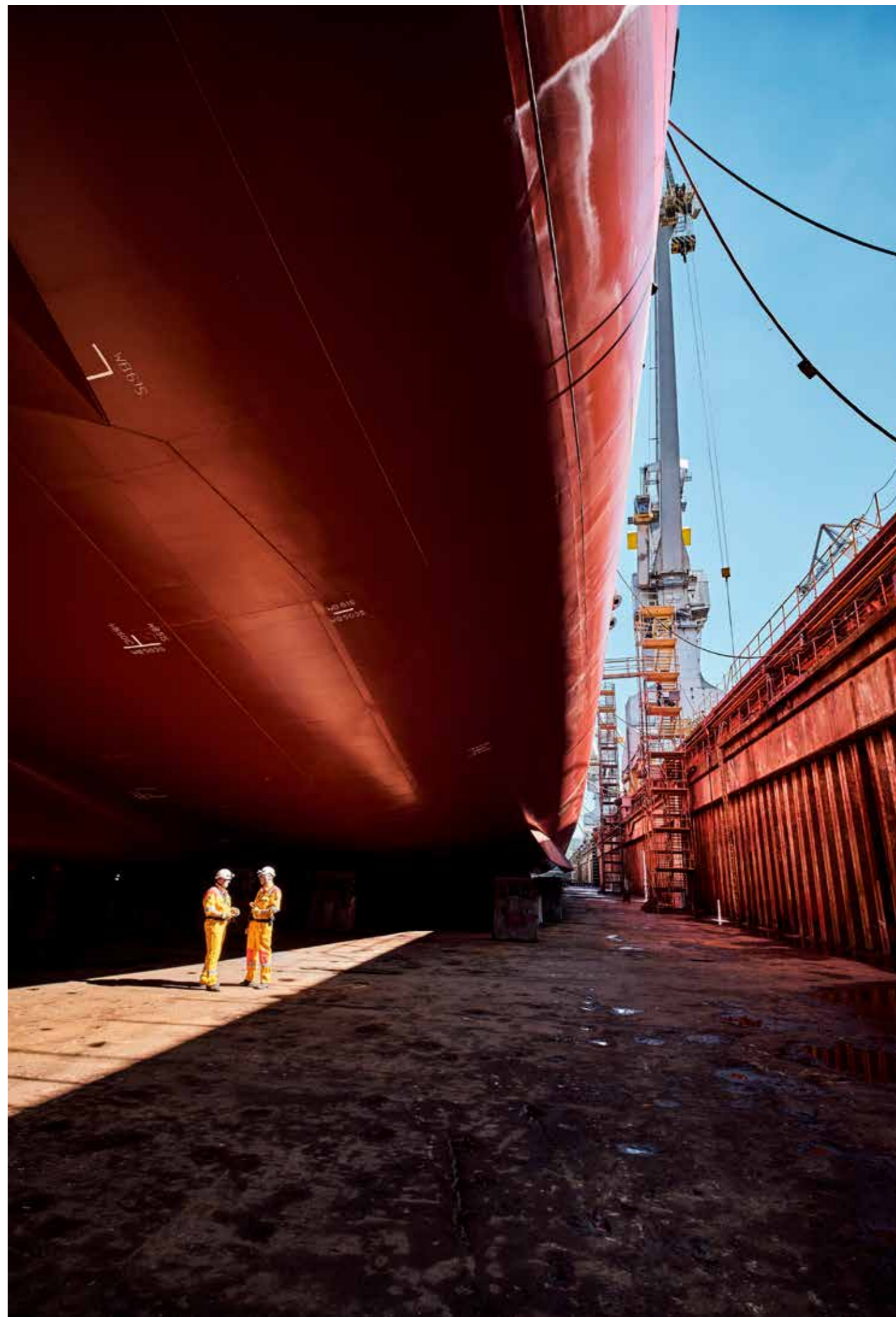
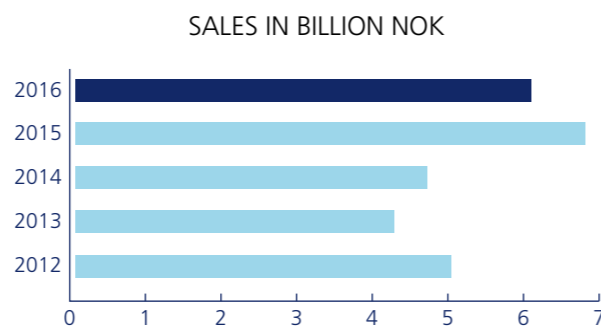
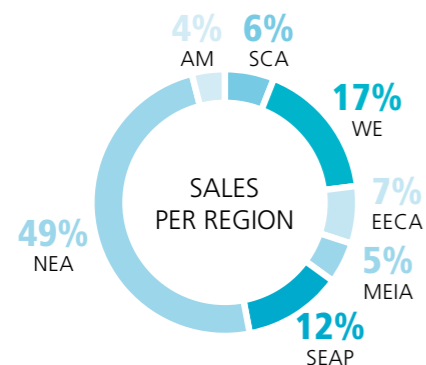
changes in ship-specific hull and propeller performance, which Jotun uses as the basis for the company's High Performance Guarantee. In the DryDock concept, Jotun is focused on strengthening relationships with existing customers to secure scheduled maintenance contracts.

HELPING OWNERS REDUCE WASTE

With an increased focus on cutting costs, many owners are delaying on-board maintenance to save money, impacting Jotun's SeaStock concept. However, the company has found success with Jotun's Smartpack Solutions, an easy-to-use two pack system for brush and roller, which reduces waste. Better utilisation of the paint is helping owners to save cost on maintenance. Jotun also continues to gain market share in the specialised tankcoatings segment and has upgraded existing products, including Tankguard HB Classic, and the new Tankguard Special, developed to give Jotun a competitive edge in the newbuilding market.

Looking ahead, the company does not expect signs of recovery to emerge until 2018. However, it should be noted that Jotun has been active in the maritime industry for 90 years, and has the products, competence and experience to succeed longterm in any market.

JOTUN MARINE COATINGS



JOTUN HPS: HIGH STANDARDS

Jotun's Hull Performance Solutions have been delivered to more than 400 vessels worldwide. And with a new ISO hull and propeller performance standard now in place, Jotun is confident that demand for HPS will continue to rise.

By some estimates, poor hull and propeller performance accounts for around 10 per cent of the world fleet's energy consumption and is a significant contributor to the industry's total greenhouse gas (GHG) emissions. To help owners cut costs, extend periods between drydockings and improve environmental performance, Jotun has spent decades working with silyl acrylate technology to develop a range of advanced self-polishing antifoulings (SeaQuantum).

PROVEN SOLUTION

In 2011, the company launched Hull Performance Solutions (HPS), which combines advanced silyl methacrylate antifouling (SeaQuantum X200) with enhanced technical service, backed by a performance guarantee. Over the past five years, Jotun has collected and published long-term hull performance data from multiple users, showing definitive proof that HPS lowers both fuel use and corresponding emissions significantly, resulting in more cost-effective and sustainable ship operations.

Jotun has long been recognised as a leader in antifoulings. However, until recently, measuring speed loss remained a challenge due to lack of standards. In 2013, Jotun, in

collaboration with Bellona/Clean Shipping Coalition and 53 industry experts, formed a working group to develop comprehensive, accurate and workable methods for measuring changes in ship-specific hull and propeller performance. The new standard (ISO 19030) was published in November 2016, allowing end-users seeking to improve performance access to transparent, reliable and standardised tools to better evaluate competing suppliers, including coatings manufacturers.

BUILDING ON OUR SUCCESS

In 2016, Jotun secured about 150 HPS contracts, consistent with the new standard. In addition, the company began pilot testing a new antifouling hull coating solution and strengthened its technical service. Jotun is confident that as the industry applies the new ISO standard and more HPS data becomes available, owners will have the tools to make more informed decisions, generating more demand for Jotun's range of antifoulings.

JOTUN YACHTING AND LEISURE BOAT PRODUCTS

Jotun is a recognised leader in specialised coatings for leisure boats and megayachts. Improving market conditions and the growing success of NonStop Supreme, a self-polishing antifouling launched in 2014, helped grow sales in the leisure boat segment, mainly in Scandinavia. In 2016, Jotun launched NonStop Supreme White, which retains its brilliant white colour by resisting discolouration at the waterline. In the yachting segment, Jotun enjoys an 11 per cent global market share providing coatings for yachts above 25

metres in length. Jotun offers the Single Source Solution (topcoats, fillers and hull coatings), representing a significant competitive advantage. In 2016, Jotun put strong focus on the implementation of procedures and guidelines to ensure proper newbuilding and refit project processes. Looking ahead, Jotun is focusing on the Iconic Megayacht concept, where the company has coated 35 per cent of the 200 largest vessels of the world.



SUCCESS THROUGH TEAMWORK

Jotun recorded strong growth in the Powder Coatings segment by increased focus on achieving a competitive edge in different market segments, better use of regional resources and improved coordination between local sales and technical personnel.

In 2016, Jotun achieved sales growth in all regions except for the Middle East, where the business was impacted by an economic slowdown in Saudi Arabia. Volumes were particularly strong in the Czech Republic, UAE, India, Pakistan, Vietnam, Indonesia and China. Excellent growth was also recorded in Turkey, despite uncertain political and economic conditions.

SOLID PERFORMANCE

In 2016, Jotun performed exceptionally well in the General Industries concept, supplying light industrial manufacturers of products such as electrical switchgear, shelving, interior lighting and automotive components like alloy wheels and coil springs. Jotun also had success in the Building Components concept, especially in the UAE, where the company is a recognised leader in premium powder coatings for architectural elements (e.g. aluminium curtain walling, louvres, window and door frames and steel rebar used to extend the life of concrete structures). Sales in the Pipeline concept were down, mostly due to the slowdown in the oil and gas industry.

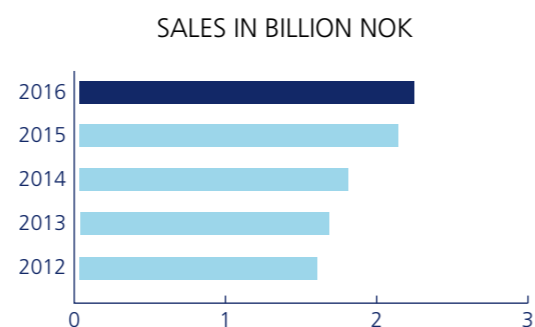
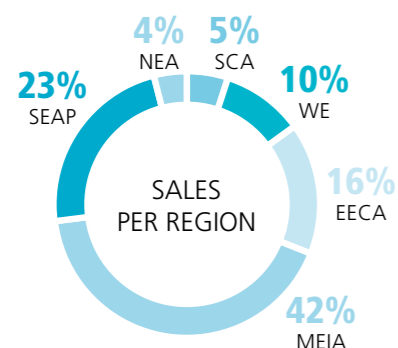
In the Appliances & Furniture concepts, Jotun saw modest growth, supported in part by partnering with multinational appliance manufacturers such as Electrolux and Panasonic and

furniture manufacturers, such as IKEA. To serve customers in all concepts more effectively, Jotun has invested in concept-specific training and built client teams that include sales, technical service and laboratory personnel (the 'TROIKA' approach) who work with industrial manufacturers and applicators to help them achieve optimal results.

GO FOR GROWTH

Jotun's differentiation strategy is built on a concept with clearly branded products to challenge the 'commodity' culture. To increase sales penetration in geographically larger countries (e.g. China, Russia, India, Turkey), Jotun launched an initiative in 2015 to expand its dealer and distributor network, which makes up 12 per cent of total sales. Jotun's target is to increase its network from 75 to 102 dealers and distributors by 2018 and to increase their share to 15 per cent of total sales. While R&D in Jotun has high focus on core technologies, the company has taken steps to empower regional laboratories to customise and adapt products to meet local needs better and faster, helping to support the segment's growth ambition.

JOTUN POWDER COATINGS



DESIGN INSPIRATION

Jotun Powder Coatings has gained recognition among some of the furniture industry's leading international designers by offering an inspiring range of dynamic colours and finishes.

With an established reputation for providing high quality powder coating solutions to a broad range of industries, Jotun is now targeting the furniture industry. Powder Coatings have a range of benefits that suit a designer. With low environmental impact, higher material utilisation and almost no waste, Jotun products can inspire furniture manufacturers to create innovative designs.

THE IMAGINATION COLLECTION

In 2016, Jotun's Furniture Team drew on both internal and external resources to identify the latest colour trends and, following a lengthy selection process, chose a series of colours and finishes. The concept, known as the Imagination Collection, was launched in November, 2016.

The collection offers three themes under one umbrella. The Neutrals Range has been inspired by modern, minimalist Scandinavian design and features ten different shades, each reflecting the variable interplay between light and shadow. The lively New Classics Range evokes the contemporary pastels of Miami's Art Deco district and the Industrial Luxe Range includes rich earthy tones juxtaposed with the bold aesthetic associated with raw industrial spaces.

BUILDING MOMENTUM

The collection was presented to designers and the media in a special kit, with custom-coloured pencils that matched the shades found in the Imagination Collection. For the first time, designers can explore the actual look of a finished piece of

furniture while preparing sketches. This kit was included at a high-profile launch event in Malaysia that coincided with presentations of Jotun's decorative paint Majestic Design and the 2017 Global Colour Trends.

Jotun has also given individual presentations to key influencers in the furniture manufacturing sector, including IKEA, HAY and Steelcase. So far, the response to the Imagination Collection has exceeded expectations, and by continuing to work closely with applicators to support their growth through product innovation and efficiency programmes, Jotun is confident the company can grow in this highly competitive market.

INTERNATIONAL PARTNERSHIP

Denmark-based HAY is a leading multinational furniture maker notable for creating durable, functional furniture and home accessories at affordable prices. In 2015, HAY specified Jotun products for their Palissades Collection, created by the design team of Ronan & Erwan Bouroullec for a variety of environments, from cafes and restaurants to garden terraces and balconies. Jotun's ability to meet the designers' creative vision while providing a coating option that meets the functional requirements of furniture, helped Jotun secure the contract.



In 2016, the company launched the Imagination Collection, a carefully selected mix of shades and finishes to inspire furniture designers. The Collection is available in three different ranges: Neutrals, New Classics, and Industrial Luxe.

ADJUSTING TO CYCLICAL MARKETS

Jotun's steady growth serving infrastructure, energy and hydrocarbon processing industry projects helped to offset weak demand for protective coatings in the offshore industry.

Low crude oil prices combined with overcapacity in the offshore market have slowed investments in new construction projects, impacting fabrication yards and suppliers – including Jotun. While the industry is not expected to stabilise before the end of 2017, Jotun has moved quickly to develop products and solutions to help owners save money by extending maintenance intervals for existing offshore facilities. For example, Jotun has launched a number of specialised two-pack, thick-film products for brush and roller that are easy to mix and apply, and have excellent flow properties to ensure long-lasting corrosion protection.

AN EMERGING LEADER IN STEEL PROTECTION

In the Infrastructure concept (stadiums, airports, convention centres, hospitals etc.) Jotun's successful product development helped support growth in 2016. For example, Steelmaster 1200 WF, a thin-film waterborne intumescent coating introduced in 2014, has established a strong market presence in the UK and the Middle East. While Jotun has a relatively modest global market share, the company has excellent references and a diverse product portfolio, especially for owners seeking 'green building' certification, which represents a promising opportunity for Jotun going forward.

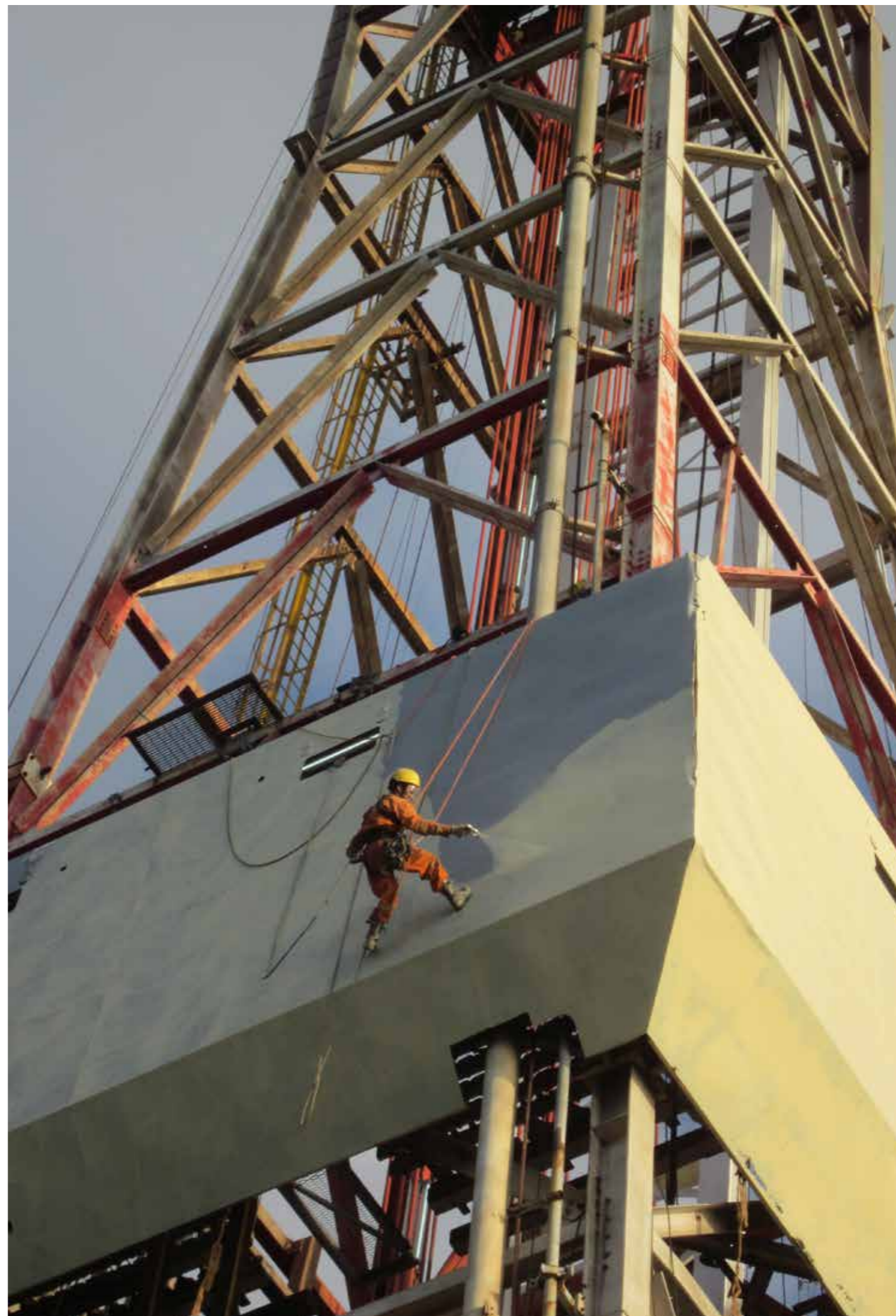
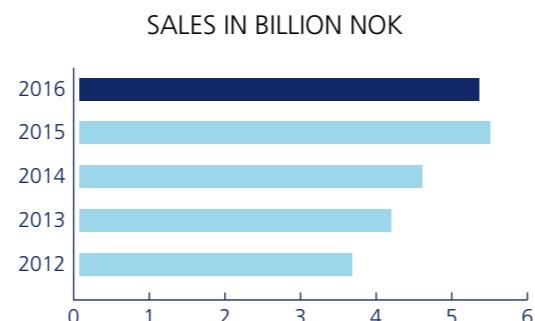
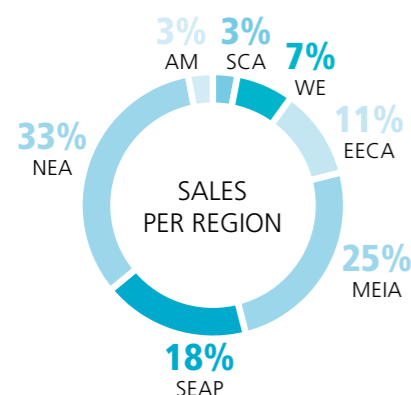
Jotun is also focusing resources toward the Hydrocarbon Processing Industry (HPI), where it supplies a broad range of coatings solutions for new construction projects. Despite some

challenging projects, the company has also found success with specialised epoxy passive fire protection products. In addition, the company has identified significant potential in the maintenance market for refineries, petrochemical plants and gas processing facilities. To serve these projects more effectively, Jotun has launched an initiative to expand its dealer and distributor networks to make protective coatings products more available, closer to where they are needed. Growth in the Energy concept (wind towers, thermal, hydropower etc.) remains stable.

BUILDING INDUSTRY SPECIFIC COMPETENCE

Looking ahead, Jotun will concentrate resources on gaining market share in Infrastructure and HPI markets, especially in countries where Jotun already has a strong market presence. The company continues to invest in the development of both maintenance and specialised products, and has increased focus on concept-specific training to encourage a better internal understanding of the unique issues faced by customers active in different industries. While weak demand in the offshore industry is likely to impact sales going forward, it should be noted that Jotun has been serving the offshore market for more than 40 years and has experienced operating successfully in this cyclical industry.

JOTUN PROTECTIVE COATINGS



BUILDING TRUST

Supplying to the Hydrocarbon Processing Industry requires a comprehensive product portfolio, excellent service and deep knowledge about the needs of different owners operating highly complex processes.

The Hydrocarbon Processing Industry (HPI) includes gas facilities, refineries, petrochemical plants, tank farms and fertiliser plants, among other specialised installations. Over the past five years, growing demand for petrochemical products has resulted in increased global investment in HPI, creating a significant growth opportunity for Jotun.

MANAGING COMPLEXITY

Due to the scope and complexity of these installations, serving the HPI industry represents some genuine challenges. While most maintenance sales are local, winning contracts

for new projects requires a global approach to specification management combined with strong local support. To remain competitive, Jotun must continue to develop innovative functional coatings and adapt existing products to meet project specifications. And because many HPI facilities are in remote locations, ensuring maintenance products are available where they are needed can represent a logistical challenge.

In 2016, Jotun introduced Jotachar 1709, a mesh-free epoxy passive fire protection material for pool fires, and Jotatemp 250, a two-component glass flake reinforced epoxy coating for service in high temperature operations. The company initiated

expansion of its protective coatings dealer network to make Jotun maintenance products more widely available.

PARTNERING WITH CUSTOMERS

Supplying HPI projects presents different challenges than other concepts and segments, but Jotun's approach to this dynamic market is consistent with the company's core offering –

innovative products, excellent technical service and a long-term commitment to creating value for the customer. To gain market share in this highly competitive industrial segment, Jotun will continue to focus on competence development to provide sales and service personnel with the knowledge they need to better understand the specific challenges faced by operators of different HPI installations.

LONG-TERM PARTNERSHIP

In 1998, Jotun Egypt reached an agreement with Sidi Kerir Petrochemicals Co. (SIDPEC) to supply coatings for steel structures, pipes, tanks and decorative paints for administrative buildings for a new petrochemical complex in Egypt. Jotun worked closely with global EPC contractors (Toyo and Samsung), the local contractor (Petrojet) and applicator (Xervon) to complete the first phase of the project. The performance of Jotun products and excellent

technical service helped the company secure an exclusive maintenance contract and tender successfully to supply the subsequent construction of other facilities. In 2013, plans were announced to include facilities to produce ethylene, butadiene and related derivatives, operated by the Egyptian Ethylene & Derivatives Co. (ETHYDCO). Based on Jotun's long-term performance at the complex, the company secured the project, which was successfully completed in 2016.



ANOTHER STRONG PERFORMANCE

Jotun's performance in the Decorative Paints segment in 2016 is consistent with a steady growth trend that has endured for more than a decade.

Jotun's success in the Decorative Paints segment is built on user-driven product development, long-term relationships with dealers and project stakeholders and a strong market presence in high growth regions. In 2016, Jotun performed especially well in the Middle East, South East Asia and Turkey.

QUALITY BRAND

Jotun is a recognised player in premium interior and exterior paints in the markets where the company is active. The company recorded outstanding results in 2016 for established brands such as Fenomastic and Majestic (interior), and Jotashield and Demidekk (exterior). The Jotun brand was further re-enforced with the launch of My Home Rich Matt in the Middle East and Optimal Optiwhite in Scandinavia. In the medium range segment, Jotun performed well in the Middle East with the launch of Easycoat, and Jotun Essence in South East Asia. In Turkey, the company continues to enjoy success with Fenomastic Güzel Evim (My Beautiful Home), a premium interior paint launched in 2015.

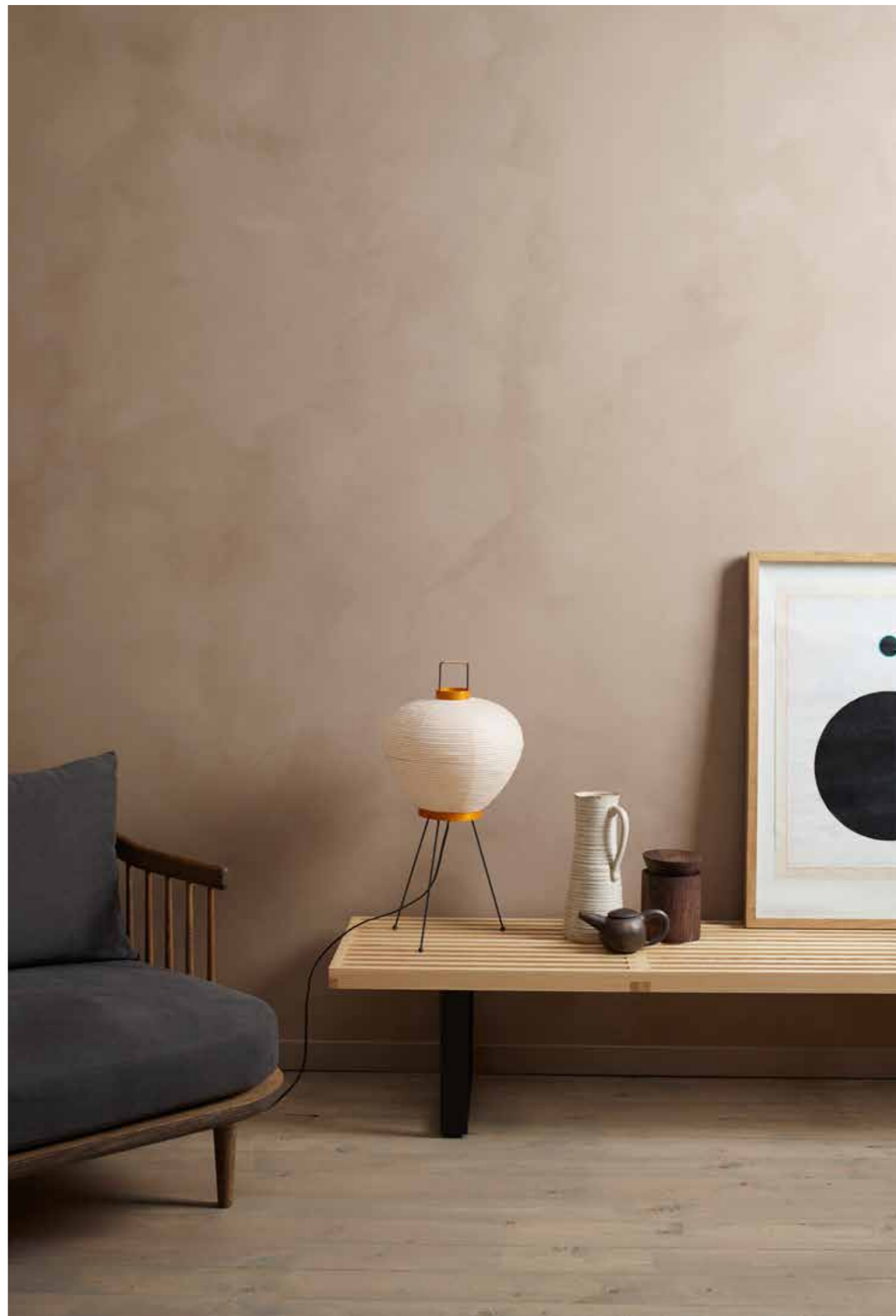
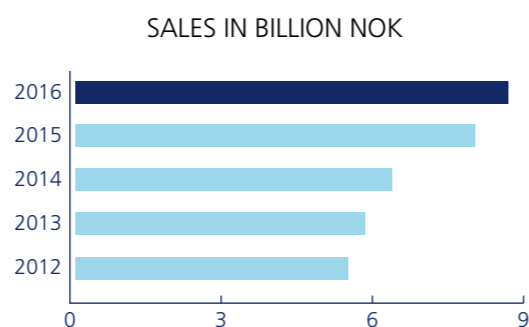
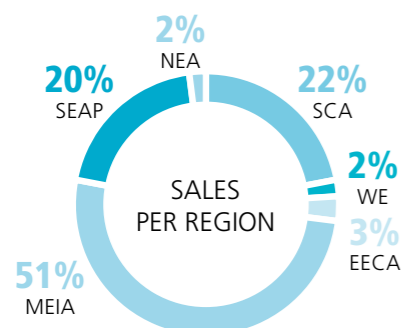
Jotun decorative paints are sold through about 7 500 shops, all over the world. While Jotun will continue to expand its dealer network, the company is working more closely with

existing retailers to raise the standard of their shops to generate more business. In 2016, the company launched Global Colour Trends (2017), developed to inspire consumers, architects and designers with the latest trends in interior design, and provided sales training support. Jotun also continues to develop and upgrade Multicolor machines, which remain the industry gold standard in in-shop tinting.

REGIONAL STRENGTH

While the overall strategy within the Decorative Paints segment is managed centrally, the company empowers regional marketing and R&D teams to develop products and sales campaigns. This diversity allows them to make better decisions faster, based on local market conditions. Jotun is working to utilise resources more effectively to manage costs and improve efficiency. The company will continue to focus on product development, good dealer relationships and local understanding to grow in the Decorative Paints segment in the years to come.

JOTUN DECORATIVE PAINTS



SETTING THE TREND

With the annual launch of Jotun Global Colour Trends, Jotun has become recognised as a trendsetter among consumers, architects and interior designers.

Jotun has launched Global Colour Trends every year since 2013. The process begins with a multinational group of Jotun colour specialists tasked with identifying emerging trends in colour and interior design. They consult with designers, architects and forecasters to narrow down colour selections to help discerning consumers find colours best suit their lifestyle. Unlike many competing suppliers who identify a "colour of the year", Jotun selects colour schemes, all linked by a common theme.

In 2016, Jotun launched its latest (2017) Global Colour Trends selection in more than 20 countries worldwide in a series of high profile events. These events were attended by the press, leading architects, developers, designers and other influencers, helping to strengthen Jotun's position as a trendsetter in interior design. To maximise the impact of these carefully choreographed events, strict presentation guidelines were distributed to each region, and Jotun worked closely with designers, filmmakers and local entertainers to create truly special events in unusual venues.

LIFTING THE BRAND

While it is difficult to calculate the success of the Global Colour Trends initiative in production volume, the interest Jotun has generated from high profile architects, developers and designers has grown every year. In addition to press mentions, events in different regions have been publicised and re-shared on multiple social media platforms. Jotun also participates in various high profile interior design trade shows to support its growing reputation as a new voice in design. Re-enforcing the role paints play in interior design will not only lead to more direct sales to the consumer and project markets, but also help lift other Jotun decorative paint brands.

INSPIRED BY TRAVEL

Jotun's Colour Trends palettes were inspired by the rich hues experienced by world travellers. Nordic Living evokes the cool and natural blue and green colours found in Scandinavia, while Urban Living adds a touch of soothing organic tones to chic city flats. The rich, leathery terracotta browns selected for Continental Living have been inspired by the warm sunlit hues found on historic buildings and library reading rooms. In addition to representing trending colour schemes, each theme is connected to a story to appeal to consumers seeking to express themselves in different ways.



CUSTOMERS AND INNOVATION

Investing in the future // 30
A Majestic launch // 32



INVESTING IN THE FUTURE

The foundations for Jotun's international success are grounded in the company's network of laboratories, which test, develop and customise products to meet local demand.

Headquartered in Sandefjord, Norway, Jotun R&D has a global network of regional laboratories in the Middle East (UAE and India), South East Asia (Malaysia and Thailand), North East Asia (China and South Korea), East Europe (Turkey) and the Americas (USA). In 2016, Jotun chemists not only strengthened the company's position as a leader in premium decorative paints (Lady, Majestic, Fenomastic) and high performance functional coatings (Jotatemp, Jotachar 1709), but also expanded the Group's product portfolio to meet growing demand for more cost effective and environmental friendly solutions.

RESPONDING TO CHANGING MARKETS

In response to the demand for more affordable paints, Jotun launched a quality medium range exterior paint (Easycoat) in the Middle East. In South East Asia, the company introduced Jotun Essence, a lower priced alternative to the company's leading premium paint brands, Majestic and Jotashield. Jotun also developed maintenance products (Smartpack Solutions). These are cost effective, easy-to-use paint systems to help companies active in the marine and oil and gas industries protect assets.

While Jotun works to adapt quickly to market changes, the Group also recognises that driving innovation requires patience and long-term investment. Five years ago, Jotun R&D began a binder technology research project, and for the first time in the company's history, produced its own alkyd emulsions. Alkyds, which are synthetic resins made up of modified polymers, are critical building blocks in many paints and coatings. By producing their own alkyd emulsions, Jotun chemists will not only gain a better understanding of binder technology, but also be able to accelerate the development of a new generation of paint systems. Jotun also announced the construction of a new passive fire protection laboratory in the UK, complete with two testing furnaces, scheduled to begin operations in early 2017.

EXPANDING RESEARCH CAPACITY

Jotun R&D also welcomed the start of construction of a new headquarters and R&D centre in Sandefjord, Norway. The new R&D centre will feature state of the art equipment and enough laboratories and office space for 350 chemists and related personnel. Consistent with Jotun GreenSteps, the building will be constructed in compliance with BREEAM-NOR sustainability standards. Jotun is confident that the new R&D centre will not only help strengthen the company's reputation as an industry pioneer, but attract and recruit top talent to develop next-generation products.





A MAJESTIC LAUNCH

Bringing a new premium interior decorative product range into the market requires a strong marketing team that not only anticipates trends in interior design, but also knows how to generate excitement for fresh home designs.

In 2016, Jotun launched Majestic Design, a premium interior paint collection, in South East Asia. The collection, adapted from a similar Jotun range of products first developed in the Middle East, was inspired by nature's beauty. Majestic Design captures the essence of three inspirational natural scenes: Majestic Design Pearl, which provides a pearlescent finish echoing a calming morning mist; Majestic Design Prestige, which offers a luxurious metallic finish evoking sunset clouds; and Majestic Design Diamond, which mimics stars glittering in the night sky.

EASY TO SHOWCASE INDIVIDUAL TASTE

Jotun selected designs by closely tracking consumer trends in South East Asia and consulting with leading designers, architects and external and internal colour specialists. Majestic Design reflects a renewed fashion focus on natural beauty, allowing homeowners a fresh approach to personal expression, with different designs to match different tastes. Because homeowners often find it difficult to use paint with special features, the Majestic Design team worked with Jotun in

Scandinavia to provide consumers with the tools to ensure that the company's signature designs are easy to replicate and apply.

Following an intensive development project, Majestic Design was first introduced in November 2016 in Malaysia. Events were organised to celebrate the launch with Jotun dealers, architects, designers and the press. These presentations were carefully choreographed to generate excitement, linking each design with a different emotion, inspired by nature. Launches in other countries in South East Asia are scheduled for 2017.

LIFTING THE BRAND

Majestic Design follows the successful launch of Majestic True Beauty (2014) and Majestic Perfect Beauty and Care (2015), both premium products that enjoyed success. In addition to being profitable, launching these ultra premium products helps to generate interest in other Jotun products and strengthen the company's brand.



CORPORATE RESPONSIBILITY





“Corporate responsibility and sound governance are central to both the success and culture of Jotun. We continually invest in developing programmes and structure that help us maintain and promote the highest standards, while delivering optimal results for all our stakeholders.

Jotun’s Board fully supports our CR activities, which are defined by our values and clearly aligned with the 10 United Nations Global Compact principles.”

Morten Fon, President and CEO



EVERY DAY, IN EVERY WAY

Who we are isn’t defined only by what we produce, but also how we behave. Jotun has always believed in corporate responsibility and, as our global organisation grows, so does our commitment to ensuring stakeholders are treated with respect.

Corporate responsibility (CR) has been at the heart of Jotun since our formation in 1926. Today, with almost 10 000 employees and operating in over 100 countries, the structure of our CR activities has changed, but our principles have not. Our conduct is still anchored in the core Jotun values of Loyalty, Care, Respect and Boldness.

It is an approach that helps build a positive and inclusive corporate culture, while driving the success of our worldwide operations – building market reputation, trust, mitigating risk, and identifying new opportunities. In this way, strong CR programmes are not just good for society; they’re good for business.

Every employee is an ‘ambassador’ for the business, and should be aware of that responsibility, doing their part to promote a brand that stakeholders can trust and society can rely upon. To ensure this we tailor CR policies and practices that adhere to the highest standards.

Our policies and standards are based upon the Human Rights convention of the United Nations (UN), the International Labour Organization (ILO) convention, Organisation for Economic Co-operation and Development (OECD) guidelines for multinational companies, and the UN’s Global Compact principles.

BRICK BY BRICK

Jotun’s approach to CR is one of gradual evolution. Rather than transforming our successful long-term strategy, we continually refine our programme, leading to ongoing improvements.

In 2016, key bricks included:

- The introduction of a refined human rights policy, aligned to the United Nations Guiding Principles on Human Rights
- A broad-based competition law campaign, including a new policy, dedicated e-learning tools, workshops and supporting material to make a complex global issue easier to understand and comply with
- Increased focus on anti-corruption activities, including new nano-learning modules and reporting tools

2017 will see a continuation of our long-term CR vision and further targeted activity, including an increased focus on easy to understand digital training and communication, and new campaigns on compliance, particularly in non-financial areas.

It is Jotun’s aim to be a champion of high quality CR standards, with each one of our ‘ambassadors’ building our reputation worldwide.

GOVERNING CR

Operating with business transparency and optimal ethical standards is central to the strategic and cultural goals of Jotun. A stringent structure of corporate governance policies, audits and reviews facilitates this approach, driving not just our standards, but also our growing global success.

Jotun’s CR strategy is promoted and supported by the Board of Directors and Group Management, cascading down through the organisation via policies, guidelines, reviews, audits, supplier audits, CR reporting and a range of internal and external activities conceived to promote uniform standards.

Jotun has a comprehensive system of evaluation relating to corporate governance standards, spanning –

- HSEQ audits
- Business reviews
- Financial audits
- HR reviews
- Supplier audits

Our policies are developed centrally and promoted locally, ensuring uniform standards across the Group, which each company can understand, act upon and enforce.

Jotun’s CR function reports regularly to Group Management on all matters involving anti-corruption and whistle blowing activities.

EMPLOYEES AND THE WORKPLACE

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- Tools to meet standards // 43
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- Reducing risk // 45
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MANAGING GROWTH

Developing individuals creates better teams. Jotun drives Group success by investing in the careers of everyone of its employees.

Jotun tailors and anchors all HR activities and initiatives to enable the Group's long-term organic growth ambitions. We do this by attracting, hiring and continually developing our people, helping them to fulfil their potential.

Jotun sees the value of having individuals that master their job roles. Human Resources (HR) builds that value through training and development activities combined with an infrastructure allowing for mobility across departments, segments and borders. In this way our people grow as we do, gaining understanding and skills that drive their own careers, and Jotun's success in the marketplace.

CONTINUITY AND EVOLUTION

2016 has been another year of prudent growth, managing and expanding our employee base to adapt to new and existing challenges within markets.

Jotun has focused on a programme defined both by continuity and gradual evolution. This has seen an emphasis on Jotun's ability to grow organically, alongside efficiency in operations, and the development of people and leadership skills.

FOCUSED ON THE FUTURE

Young people are important for building a sustainable Jotun. It is one of Jotun's principal challenges to attract and develop highly competent and motivated young recruits that encapsulate our Penguin Spirit, drive to achieve, commitment, and our core values.

Our systematic recruitment process is of a uniformly high standard across the Group, with at least one certified recruiter for every company leading and quality assuring the entire process. However, retaining people, especially young people, in a successful business can be challenging. Therefore the need for

creating room for people to grow and develop is of the utmost importance, so everybody can see their own way forward.

For this reason, Jotun invests heavily in a structure that feeds both young and more experienced people opportunities, allowing for job rotation, international moves and personal coaching and development. As covered on page 46, our focus on creating an even more dynamic workforce increases employee engagement and satisfaction, secures our leadership pipeline for future growth, and provides opportunities to try new areas. This benefits seasoned employees as much as their younger colleagues, helping enhance business experience and understanding.

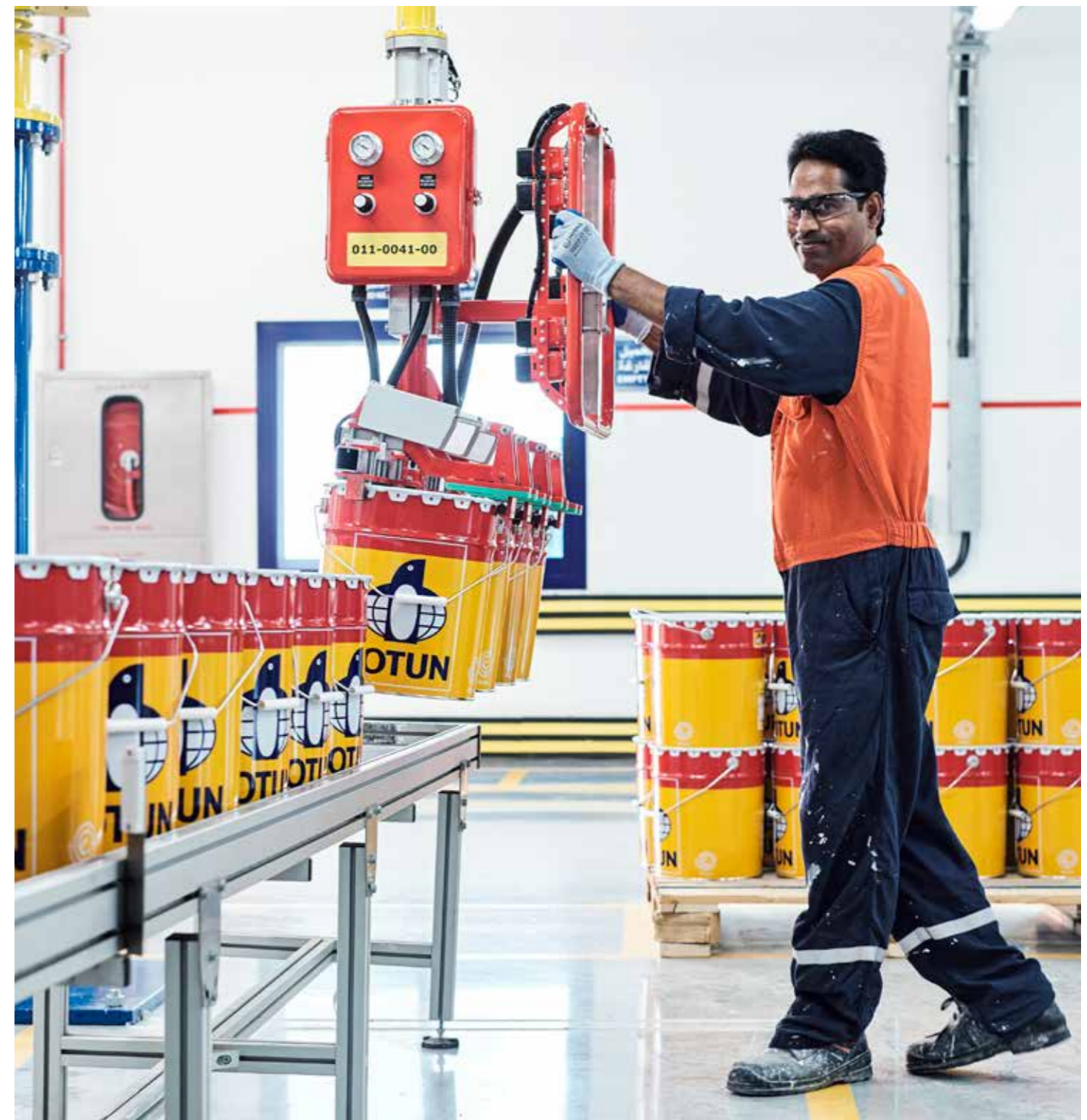
Jotun introduced dynamic workforce reporting into company business reviews in 2016. This allows the Group to focus and follow up the importance of internal versus external recruitment, participation in the Global Workforce programme, and the level of job rotation taking place in all companies worldwide.

BUILDING THE EMPLOYER BRAND

Jotun is a company that celebrates its diversity, employing 82 nationalities from across the globe in more than 200 business locations.

Making Jotun an attractive employer in all our existing and future markets is a huge but important task. In order to strengthen the inflow of well-qualified candidates into our recruitment process, Jotun has developed an employer branding campaign that will be rolled out globally in 2017. This initiative, targeting primarily 25 to 35 year olds, will equip local markets with material that promotes Jotun in a consistent, strong and attractive manner, communicating key messages and elevating market awareness.

2017 should be a year of further growth, in which we expect to surpass the 10 000 employee landmark.



Number of employees



Female



Male



Nationalities

	Number of employees	Female	Male	Nationalities
Jotun total	9 819	1 776	8 043	82
Scandinavia	1 102	341	761	32
West Europe	757	177	580	31
East Europe and Central Asia	708	162	546	9
North East Asia	2 030	335	1 695	9
South East Asia and Pacific	2 312	553	1 759	23
Middle East, India and Africa	2 692	165	2 527	51
Americas	218	43	175	15

CRISIS MANAGEMENT

By preparing for potential crisis scenarios, Jotun can mitigate risk, protect people, and safeguard the Group's assets and commercial reputation.

In a manufacturing industry where chemicals are involved risk is inevitable. However, thanks to crisis management plans – at both Group and local levels – Jotun has the established infrastructure to mitigate harm to people, the environment and the business itself.

Jotun's systems and procedures are centrally controlled and locally administered, with global and regional teams supporting local companies, all of which have their own crisis management teams and incident response leaders.

In 2016 Jotun has focused on the development of a new crisis scenario to test and improve skills at each of our worldwide sites. This addresses the most severe risk we face, 'Fire in production/offices' and is designed to help the sites test their crisis management.

REAL TESTS

To prepare for the test local HSEQ managers completed a three-hour training workshop, accompanied by two new e-learning modules (Basic Crisis Management Training and Introduction to Scenario Training). They were then charged with facilitating a full-scale crisis drill, including a complete site evacuation.

The crisis management team were not informed of the event's details, with chosen employees playing roles including the media, family members, emergency services, and other key stakeholders.

CONTINUOUS LEARNING

The main objectives of the exercise are:

- Test the emergency response from Local Crisis Management teams
- Ensure the local organisation assume roles, responsibilities and tasks as defined in the Crisis Management Plan
- Evaluate communication lines
- Test that the emergency organisation handles the crisis according to Jotun's rules and regulations

A full debrief and evaluation process was undertaken after the drills, with all findings summarised in an evaluation report.

'Fire in production/offices' scenario will be completed by all Jotun production sites within first tertiary 2017. The process will be evaluated, ensuring sites become self-sufficient in their key crisis scenario training.



TOOLS TO MEET STANDARDS

Jotun's new HSEQ Management System rolled out in 2016, empowering local management to take clear roles and responsibilities.

If 2015 was a year of introduction, 2016 was defined by implementation.

Jotun's new HSEQ Management System was embedded throughout Jotun's international network of facilities, with an on-going implementation process spanning extensive training, initiation activities, gap analyses and reviews.

The system delegates clear HSEQ roles to local management teams, who, supported by their HSEQ manager, take individual responsibility for designated areas. Each of the following 14 elements are thus assigned to 'element owners':

- Management requirements
- Risk management
- Work permits
- Incident and investigation
- Training
- Technical safety
- Personnel safety
- Occupational health
- Environment
- Product safety
- Management of change
- Security
- Emergency preparedness
- Quality

The system has been well received by local teams, who have embraced their individual roles and understood the system's well-defined requirements, tools and best practices.

On-going self-evaluation is assisting them on the path to full implementation, which is scheduled by 1 June 2017.

INVESTING IN LEARNING

The new system provides the structure needed for uniform high HSEQ standards across the Group, while ensuring a keen sense of involvement and ownership on local levels.

Centrally, the Group HSEQ department has been busy introducing new initiatives to support this development, with a committed focus on training. Jotun Academy is central to practical learning experience, but to reach individuals in a targeted, convenient and globally effective format, e-learning is increasingly important.

2016 saw the development of 12 fresh e-learning initiatives. The below table illustrates these courses and the number of completions in the year:

- HSEQ management training: 751
- Work permits: 578
- Fire safety: 427
- Safe storage: 407
- Hazardous chemicals: 320
- Crisis management: 300

GROUP CERTIFICATION

The impact of Jotun's HSEQ Management System was enhanced in 2016 by its certification in compliance with ISO standards 9001 (quality), 14001 (environment), and 18001 (safety) on a global basis. Previously, each individual site was responsible for managing certification.

Jotun's customers and all stakeholders can now be assured that the Group has attained the optimal benchmark for its HSEQ structure, laying solid foundations for operations and products that are compliant, efficient, safe and of high quality, worldwide.

PROUD OF OUR WORKPLACE

Jotun works continuously to develop, improve and embed systems and procedures that protect both people and assets. In 2016, 5S was a major focus.

5S is a global initiative that was introduced across Jotun's operational facilities. Built on a clear set of requirements, 5S is a systematic and mandatory programme designed to improve and maintain safety and order in the workplace.

PLATFORM FOR SUCCESS

Jotun has identified a clean and well-organised environment as a cornerstone of any efficient and safe workplace.

Jotun aims to create an optimal global standard that is clear, effective and uniform.

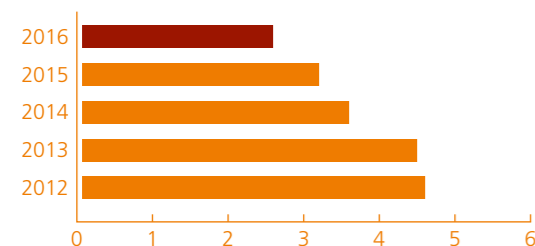
The initiative is built around five simple S words/phrases – Sort, Set in order, Shine, Standardise, Sustain – communicating the actions required to establish and maintain the desired standard. The accompanying slogan 'Proud of our workplace' encourages positive buy-in from all employees.

ACHIEVING RESULTS

Jotun works continuously to reduce injuries and protect the health of our employees. In 2016, we achieved an all-time low Lost Time Injury Rate at 2.6 and the sick leave continue to be at a low level, 1.45 per cent.

LOST TIME INJURY RATE

Number of injuries resulting in more than one day absence per million working hours – (H-value) for Jotun Group



FACILITATING CHANGE

To ensure the effectiveness of 5S a number of requirements have been set out:

- Company management must commit to 5S
- Operational areas should be divided, with a delegation of responsibilities
- A uniform system of floor markings to be introduced
- Use of 5S boards for communication and follow up
- Follow up 5S inspections and audits

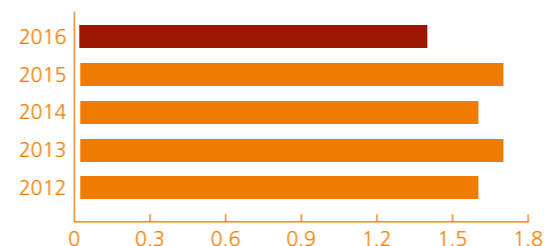
As of year-end, 5S has been introduced in all production facilities. Further work on implementation and embedding will continue in 2017.

WINNER OF THE 'I CARE' CAMPAIGN 2016

The 'I Care' initiative in 2016 was focused on singling out the best 5S implementation throughout the Group. After a thorough process of evaluation, Jotun India was selected as the proud winner.

ABSENCE DUE TO SICKNESS

Days of absence per injury



REDUCING RISK

Jotun is committed to safeguarding its employees, facilities and the environment, continually investing in preventative measures and procedures that proactively address risk and augment safety standards.

As Jotun grows, so does the potential for risk.

Increasing numbers of facilities, people and production volumes means that our HSEQ performance must evolve with the business – introducing new initiatives, procedures and infrastructure to ensure we manage and minimise risk throughout our organisation.

2016 has seen a concerted effort to tackle the most pressing risk facing our operations; fire in the workplace.

BEYOND ZERO

Jotun has a zero tolerance to fires. Every incident is reported, investigated and analysed thoroughly, with 'lessons learned' issued to improve standards. In 2016, we tightened procedures even further, communicating to all facilities that every single incident, no matter how small, shall now be reported centrally.

Any occurrence with the potential to start a fire, such as an electrical short circuit or sparks from machinery, must now be documented. That inevitably means that the number of reported incidents will initially rise, but the learning process will also be elevated, helping us to introduce measures to continually diminish risk.

None of the reported fires in 2016 resulted in any injury to personnel or Jotun property.

POLICIES AND PROGRAMMES

Electrical fires have major risk potential. In 2016, Jotun introduced three new maintenance policies to safeguard personnel and property.

1. Control of electrical installations: To ensure high quality maintenance and control of all electrical installations, equipment and cables.
2. Inspection, testing and maintenance of fixed fire fighting and detection equipment: Maintaining high standards for all fire fighting and fire detection systems throughout Jotun.
3. Control of safety and instrumentation systems: Ensuring optimal maintenance and control of all emergency and

instrumentation systems, such as emergency stops, overfilling protection, level indicators and emergency lighting.

In addition, a new one day training programme was introduced for all electricians within the Group, covering:

- Explosion risk
- Static electricity
- EX/ATEX requirements
- Grounding
- Cable terminations
- Cable bridges, fixed cables, etc.
- Work permits
- Personal Protective Equipment for electricians

FURTHER ACTIONS

In 2016, Jotun also:

- Launched e-learning for fire safety and static electricity
- Conducted fire risk assessments, control of the installation of all electrical wiring and thermographic surveys on all new factories

In 2017, we will:

- Introduce new requirements for:
 - smoking areas
 - maintenance of air condition units
 - use of electrical equipment in offices
- Follow up the implementation of new maintenance procedures in HSEQ audits.



GROWING FROM WITHIN

Jotun develops in tandem with its employees. We invest in enhancing our personnel's competence and understanding, so they can invest in us and build long-term careers in the company.

Standing still leads to stagnation. Jotun believes that to move the business forward we must give people the opportunity to develop across borders, segments and skill sets. A well-functioning internal labour market is crucial in achieving that.

By continually investing in development and offering job opportunities, we retain employees with a wide range of experience and expertise. This also enables us to fill new management positions internally rather than externally, ensuring we have solid foundations for on-going growth.

LEADING THE WAY

The past years have intensified the focus on securing Jotun's leadership pipeline. We are committed to developing leaders who develop people – driving growth and delivering results in a sustainable cycle of success.

To this end 2016 saw the re-launch of Jotun's Leadership Expectations programme, with a refined format outlining not only what we want leaders to do, but also how they can meet these requirements.

As such we focused on the importance of perception – how a leader's team interpret their execution of the three equally important components of a leader's role, namely:

- Self Leadership – driving innovation, change and improvement
- Task Leadership – planning and accomplishing tasks with reliability and efficiency
- People Leadership – enhancing competence, relationships and commitment

With clearer messaging and material that support all activities, including the Management Academy, Jotun has strengthened its internal capacity to develop leaders capable of executing effective leadership and facilitating our organic growth strategy.

DYNAMIC WORKFORCE

Jotun faces a constant challenge to develop and keep young people with relatively short company tenures. Career opportunities combined with extensive training and development programmes are important in order to demonstrate the internal opportunities available. We also need to constantly train and develop our employees in order to have qualified internal candidates for future management vacancies, created by either growth or replacement.

To meet strategic HR objectives, and develop individual competency and business understanding, we have built our Global Mobility solutions. This initiative features three complementary programmes: Short-term assignments, mobile workforce and international assignments.

In 2016, these programmes were heavily promoted at a Group, regional and local level, offering increased opportunities for job rotation and cross-department, functional and country experience. We believe this helps Jotun, building both individual and business potential now and for the future.

BUILDING BETTER TEAMS

Jotun's success depends on that of its people. The Competence Development team creates the structure and programmes to build individual skills and team effectiveness, worldwide.

Jotun's Competence Development team interacts with almost 8 000 internal customers, across 100 different countries, helping them fulfil individual potential and create added value for the company and all its stakeholders.

In 2016, the focus was on refining its offer to meet the needs of an evolving global organisation – introducing digital tools to provide on demand learning.

NANO MODULES, MACRO IMPACTS

2016 saw the continuation of Jotun's nano module programme development, whereby targeted bite-sized learning units are delivered to employees via email. These modules are quick to complete, convenient to access (via PC or mobile phone) and can be distributed instantaneously, either company wide or to select recipients. They are cost efficient and effective, meeting user needs and corporate objectives, building the competence of all Jotun employees with access to digital technology.

Key nano modules developed and distributed in 2016 related to IT-security, with 14 compulsory units, the migration of all Jotun employees from the Notes to Outlook PC platform, and the launch of the new intranet. In each case modules were tailored to meet a hierarchy of objectives, ensuring that transitions were made, and behaviour changed, in step-by-step processes.

Nano modules are also key to the retention of learning following training delivered through the Learning Gateway and Jotun Academy. In 2017, nano modules will roll out across the 38 programmes provided by the Academy, with participants receiving between eight and 10 units post-training, ensuring lessons are learnt.

70-20-10

In 2016, Jotun increased efforts to refine the structure of its learning programmes, shifting focus away from classroom environments to more work-orientated situations. Jotun Academy learning events are still key, but more emphasis is placed on pre- and post-learning delivery, with mobilising competence as a key objective.

As an overall goal, 70 per cent of learning will be delivered through experience and practical exercises, 20 per cent through knowledge sharing with colleagues, and 10 per cent in a formal learning environment.

Increased focus on preparation and post learning evaluation ensures maximum value from each delivery.

TEAM FOCUS

2016 has seen renewed emphasis on creating more effective teams, providing the tools, training and environments to develop collective effort, rather than dependence on individuals.

Regional managers have been trained to deliver local workshops in team effectiveness, new licences have been acquired for Culture Wizard – a culture awareness portal to enhance understanding of national and personal cultures and strengthen teams – and increased investment in online English learning company-wide has developed communication skills.



ENVIRONMENTAL COMMITMENT

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Documenting environmental impacts // 53

STEPS IN THE RIGHT DIRECTION

Jotun GreenSteps forms the foundations of the Group's environmental efforts, laying five key building blocks that enable us to reduce environmental impact, while enhancing both efficiency and our green product portfolio.

Jotun GreenSteps informs everything Jotun does. It is both a programme and a philosophy. It structures our efforts to reduce not just our own environmental footprint, but also that of our customers, offering greener products that help reduce energy consumption and enable optimal long-term asset protection.

Jotun GreenSteps encompasses the way we run our factories, the materials we use, the technology we develop, and our overall investment decisions.

It is embedded within Jotun, steering the company and its stakeholders on a path to enhanced environmental performance, responsibility and sustainability.

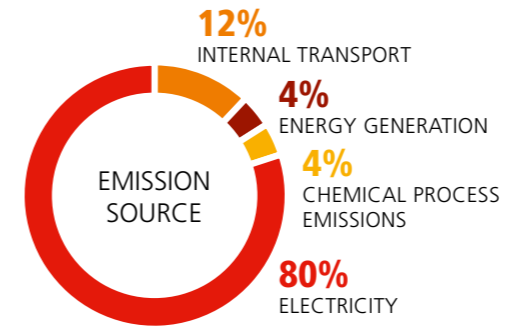
ACHIEVEMENTS IN 2016

In 2016 Jotun has accelerated the development of green initiatives, with key areas of focus including:

- **Reduced energy consumption at existing facilities**
Jotun uses smart solutions to deliver energy efficiency and emission benefits. The Dubai warehouse and production facilities installed reflective light tunnels allowing electric lighting to be turned off during the day. These features also enabled the removal of skylights, reducing air conditioning requirements.
- **Environmental focus in Sandefjord**
Jotun's new Sandefjord headquarters are now in the advanced engineering phase, with a range of energy efficient solutions being incorporated to meet the stringent requirements of BREEM NOR 'very good' certification.
- **Green product launches**
Jotun has an on-going programme to launch more environmentally sustainable products. In 2016, Majestic Perfect Beauty and Care, a LEED certified decorative product,

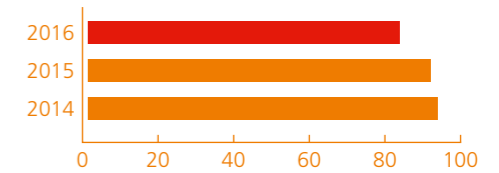
hit the shelves. Offering a green profile and marketed as a Healthy Home paint, the product has recorded a sales increase of 143 per cent since launch. The Pilot WF series, part of Jotun's Green Building Solutions, was introduced globally, giving customers a high performance, durable, waterborne acrylic coating – protecting both the health of the applicator and the wider environment.

- **Waste segregation**
Jotun is committed to reducing the waste its facilities send to landfill. In 2016, programmes to segregate waste were introduced at targeted sites, with colour-coded bins and awareness drives. As an example of its success, the Dubai facility has cut waste sent to landfill from 1.5 per cent to 0.79 per cent.
- **Setting new standards**
Jotun has led the shipping industry in the development of ISO 19030, a new standard conceived to measure changes in vessel-specific hull and propeller performance. After more than three years in development, the standard was published in 2016. Jotun has now adopted ISO 19030 as the foundation for the High Performance guarantee on its Hull Performance Solution (HPS). This will help facilitate improved hull performance, enhanced efficiency and reduced emissions.
- **Carbon footprint report**
Jotun is committed to openness and accountability regarding the Group's environmental performance. Since 2009 we have reported annually on our carbon footprint, detailing total CO₂ emissions by region, source, area and company. This provides a comprehensive picture of our overall performance and on-going development.



EMISSIONS PER TONNE PRODUCED

(Kg CO₂ per produced ton) for Jotun Group



THE WAY AHEAD

Jotun GreenSteps is an on-going initiative. In 2017, the company has set the following targets:

- Continue to invest in smarter solutions for enhancing efficiency and reducing carbon emissions at our facilities worldwide
- Focus efforts on continually reducing waste, with the goal of reaching a level of two per cent of our production volume

- Invest in the development of more emissions free, low VOC products that contribute to greener, more sustainable projects
- Cut TiO₂ content without detrimental impacts on quality or opacity
- Continue to reduce the solvent content in our marine and protective coatings products



OMAN TAKES THE LEED

In 2016, Jotun Oman's new administration building was accredited with a LEED (Leadership in Energy and Environmental Design) SILVER rating, demonstrating its conformance with an exacting set of environmental standards established by the US Green Building Council.

Through advanced and innovative design, site development, water savings, energy efficiency, materials selection, and indoor environmental quality, the building creates a workplace that is not only more sustainable, but also more cost effective for the business, and healthier for Jotun Oman employees.

LESS IS MORE

Jotun has a mission to reduce waste, energy consumption and the impact of its global activities on the environment. This long-term dedication yielded positive results in 2016.

Jotun is committed to doing more with less. Continuing the growth of our global business, product range and overall customer satisfaction, while reducing our proportion of waste to production levels.

This means utilising materials, processes and recycling initiatives that offer optimal levels of both effectiveness and efficiency. It is a long-term strategy defined by continual refinement and improvement.

MEETING WASTE GOALS

In 2012 Jotun set the objective of reducing waste vs. production levels to two per cent by 2016. We are pleased to confirm that this target was achieved.

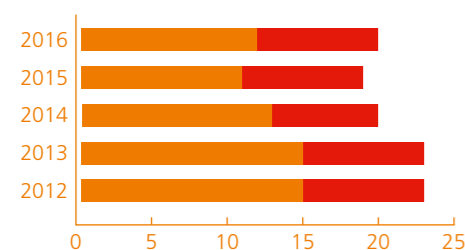
The reduction of waste water, a bi-product of our manufacturing processes and the result of washing production equipment, has been a long-term focus. From 2013 to 2015 the Group reduced the level of waste water from 10 to seven kg per 1000 tonnes produced. This figure was maintained in 2016.

This was achieved through enhanced planning and efficiency, but also through a redoubling of our commitment to recycle water wherever possible.

HAZARDOUS AND NON HAZARDOUS WASTE

(Kg waste per tonne produced) for Jotun Group

■ Non hazardous waste ■ Hazardous waste



RESPONSIBLE INVESTMENTS

Waste water was a key focus in the MEIA region in 2016.

Previously waste water from Jotun's production facilities was transported off-site for treatment at all locations in the Middle East – an activity demanding time, transportation and the use of valuable resources.

In 2016, Jotun committed to tackling this issue, constructing 'in-house' waste water treatment plants in Dubai and Saudi Arabia, and developing a cutting edge facility in the newly opened Oman factory.

This ensures our operations meet all regulatory demands, while reducing our environmental footprint and supporting the long-term objectives of the organisation with regard to waste.

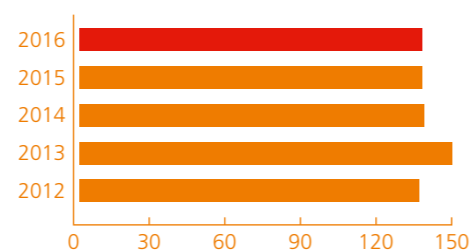
LIMITING EMISSIONS

2016 saw the completion of a project to install Regenerative Thermal Oxidisers (RTO) at two plants in China and one in South Korea.

RTOs help Jotun manage VOC to air discharge, enabling the combustion of solvents at much lower concentrations than normally required and thus limiting industrial emissions from our facilities. This safeguards local environments, satisfies regulations and contributes towards our wider global objectives.

ELECTRICITY CONSUMPTION

(Per tonne produced) for Jotun Group



DOCUMENTING ENVIRONMENTAL IMPACTS

In 2016, Jotun began the first phase of an effort to create Environmental Product Declarations for all Jotun products, helping end users understand how paints and coatings impact the environment.

Environmental Product Declarations (EPDs) are created in accordance with the ISO standard 14025. In Europe, manufacturers also conform to EN 15804, which provides core Product Category Rules (PCR) for any construction product and construction service. Impacts measured are comprehensive, including extraction of raw materials, energy use during production and transportation, chemical content of materials, waste generation, packaging, and emissions to air, water and soil, among others.

GATHERING INFORMATION

Jotun's EPD team in the Product Safety Department uses paint formulations, existing technical product data sheets and works closely with personnel in R&D, Purchasing, Logistics, Marketing and Production Managers at Jotun factories to gather information. The information is entered into an online EPD tool (which includes an environmental impact calculator). The EPD tool is edited and independently verified according to guidelines established by the Norwegian EPD Foundation.

Phase one will focus on decorative paint and protective coating products that make up Jotun's Green Building Solution product suite, which provides project specifiers and building owners with approved systems that meet green building certification requirements. It should be noted that while EPDs are a voluntary requirement, providing information related to Life Cycle Assessment will help Jotun attract more business consistent with Jotun's environmental policy (Jotun GreenSteps Programme).

EU PROJECT FOR DECORATIVE PAINTS

In addition, Jotun has been participating in a EU project, together with five other coatings manufacturers, to provide standardised environmental footprint labels to help consumers make more informed decisions. Together with the European Paint and Printing Ink Council (CEPE) the EU commission is developing accurate and comprehensive category rules, data and tools to calculate, document and communicate data on the environmental impact of decorative paints – from cradle to grave.



Jotun has provided low and solvent-free paints and coatings to Masdar City, the world's first planned sustainable development, located in Abu Dhabi, in the United Arab Emirates.

JOTUN AND SOCIETY

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APPLYING CHANGE

Jotun takes pride in our role as a responsible corporate citizen, impacting positively on the communities and companies we interact with, worldwide.

Jotun works to deliver optimal value for all its stakeholders, and that includes the local people and communities we come into contact with.

It is our ambition to be more than a business. We want to use our resources and global presence to be a force for good, acting visibly within local society to effect change and communicate our values externally.

MAXIMISING IMPACT

Every company within the Group contributes a set percentage of its revenue to external CR initiatives, with a dedicated CR committee ensuring that all local activities are aligned with the broader Group strategy and values.

This creates a clarity of purpose, maximising the impact of our efforts worldwide.

In 2016 we have stayed true to this vision, undertaking programmes that are tailored to make lasting impacts within communities.

HELPING SUPPLIERS, RAISING STANDARDS

High quality corporate values, procedures and standards are important, but their impact will always be limited if they are only maintained internally. Jotun believes that by taking the values 'outside the factory walls' their benefits can be multiplied.

For example, Jotun ran a workshop for local Indonesian supplier PT Aneka in October 2016. A previous audit had identified issues within the company's procurement and HSE functions, potentially impacting on business sustainability.

As a result, Jotun Indonesia, assembled a team and visited PT Aneka, conducting a seminar on instilling high standards in HSE, procurement and quality control. This included a focus on Jotun's 5S initiative (Sort, Set in order, Shine, Standardise, Sustain), a systematic approach to improving and maintaining order and cleanliness.

Jotun believes such activity helps suppliers raise standards and creates better, safer and more sustainable workplaces for local people. It also impacts positively on our own business, strengthening the supply chain and building our reputation as a responsible company and partner.

SUPPORTING AID

Jotun is a long-term supporter of the International Committee of the Red Cross (ICRC). The Group is committed to assisting the organisation in its mission to deliver much needed aid to areas, and people, affected by conflict and disaster.

For example, in recent years Jotun has donated funds to provide assistance to the Tsunami relief effort in Japan, the Syrian refugee crisis, the Ebola outbreak in Western Africa, and flooding in Myanmar, among other initiatives.



Norwegian Red Cross is part of the International Red Cross and Red Crescent Movement

"Jotun has, over a number of years, enabled the Norwegian Red Cross to respond in emergencies. Both in terms of substantial financial support, as well as products and manpower. Jotun's long-term involvement is important and highly appreciated."

Bernt G. Apeland, Secretary General of the Norwegian Red Cross

LOCAL COMMUNITY SERVICE

Every year, Jotun provides financial support to both international aid organisations and local charities.

While donations to global aid organisations are substantial, they represent only a fraction of Jotun's total annual support for various local charitable causes. In fact, Jotun's multiple activities in local communities have a greater and more direct and visible impact on people's lives. These projects, which range from providing paint to schools to supporting orphanages, donating funds to local charities or organising events to raise awareness about health and safety, are generated locally and executed by Jotun employees.

A HOME FOR THE HOMELESS

Since 2011, Jotun Vietnam has been working with the Que Huong Charity Center in Ho Chi Minh City, a large orphanage with the capacity for 350 children ranging in age from three months to 25 years. Established in 2001 by businesswoman Huynh Tieu Huong, the Center provides food, housing, medical services and support for children seeking an education. In addition to donating paint and application costs to coat a three-storey building, Jotun raises money for the children, among other initiatives.

SKILLS TRAINING

In South Africa, Jotun works with the Zoë Academy of Skills training centre outside of Cape Town, to help disadvantaged young adults gain the skills to find and keep a job. The centre has about 30 teachers and administrators offering a broad range of courses to individuals seeking to learn a trade, such as plumbing, bricklaying, cooking and basic computer skills. Jotun sponsored nine trainees in 2016. In 2017, the programme will expand to 10 trainees, who will participate in classroom activities and receive 10 days a month of formal, on-the-job training.

Examples of other local projects include:

- Poland: Jotun provided anti-corrosive paints to maintain and restore historic sites in Gdansk and Warsaw
- Oman: Jotun partners with the Dar Al Atta'a Charitable Organisation to provide support for various programmes for the poor
- Since 2011, Jotun China has provided financial support to a high school in Tongren County, Tibet.



Jotun sponsors students at the Zoë Academy of Skills training centre in Cape Town, South Africa.



PROTECTING PEOPLE

Jotun formalised its approach to the protection of Human Rights in 2016, launching a refined policy to clarify its structure, objectives and to ensure the highest standards for all global stakeholders.

Jotun has always worked to safeguard human rights. The value of the individual permeates through every strata of our worldwide business, moulding our internal culture and all external activities. People always come first at Jotun.

In 2016 the business formalised its approach to human rights with a new policy aligned with the United Nations Guiding Principles on Human Rights (UNGPHR) and reviewed by external human rights consultants. This ensures greater structure, clearer guidelines and an over-arching programme that meets international standards.

Jotun's human rights policy relates to three core groups; employees, suppliers and contractors, and local societies.

EMPLOYEES

Jotun is committed to respecting and protecting the human rights of our employees in line with the ILO's Declaration on Fundamental Principles and Rights at Work. This encompasses:

- Non-discrimination
Jotun recognizes the value of diversity and is committed to preventing discrimination in all forms
- Prohibition of child labour
Education comes first. We do not allow children below the age of 15 to be employed in our operations. We do not allow children under the age of 18 to perform tasks that may jeopardise their health, safety or morals
- Prohibition of forced labour
Work relationships should be freely chosen and free from threats. We will not use any form of forced labour in our operations

- Freedom of association and the right to engage in collective bargaining
Jotun recognises and respects the right to freedom of association and the right to collective bargaining in accordance with local laws and regulations

SUPPLIERS AND CONTRACTORS

The protection of human rights should be equally as important to Jotun's major suppliers. We will evaluate and select suppliers in accordance with our policy, auditing their human rights performance where appropriate.

LOCAL SOCIETIES

Jotun can positively contribute to the promotion of high human rights standards in the places where it undertakes business activity, opposing, for example, human trafficking and the exploitation of children.

ESTABLISHED, STRUCTURED AND SAFE

The new policy is now embedded throughout the organisation, with the necessary processes and reporting tools, including reviews and audits, in place to maintain uniform high standards.

Reporting channels are established and clear, on both a local and Group level, and we are committed to the protection of all genuine whistle blowers, ensuring they are not punished, indirectly or directly, for bringing policy breaches to light.

COMBATTING CORRUPTION

Corruption is a plague on both business and society. Jotun is committed to combatting it throughout its global organisation, promoting awareness while enforcing strict standards and uniform codes of conduct.

Corruption damages business, hinders development, undermines the rule of law and contributes to poverty worldwide. In a corporate sense it has the capacity to destroy both reputations and the delivery of shareholder value. Jotun is committed to fighting corruption on every level.

ONE JOTUN, ONE APPROACH

Jotun adopts a stringent and systematic approach to corruption. The Group has a clear anti-corruption policy that every employee and all affiliated businesses must adhere to. In this way we can maintain our own high standards while acting as a beacon for other businesses – encouraging those we deal with to comply to the same values.

Internally we strengthen our anti-corruption culture through:

- Dilemma training – presenting realistic and market adjusted business scenarios to employees and providing them with the tools and expertise to make the right decisions, every time
- E-learning – a dedicated online anti-corruption programme to enable greater understanding and preparedness
- Reporting channels – employees are made aware of, and encouraged to use, clear whistle blowing procedures to highlight potential areas of concern
- Business reviews – all companies regularly report on anti-corruption activities in business reviews and board meetings, with the Group reporting yearly to the Board of Directors on work throughout the organisation
- Standing strong – anti-corruption is an integral part of every new employees' induction training, ensuring the correct mind-set from their first day onwards

BUILDING STRONG FOUNDATIONS

Differing countries present different risk scenarios regarding the potential for corruption. However, Jotun's defence must be equally resilient regardless of borders. In 2016 the Group ran a series of workshops to instil the correct attitudes and understanding in targeted regions. A particular focus is on new places of business.

Jotun Mexico, headquartered in Veracruz, was established in 2015 to serve the Marine and Protective Coatings segments. In a bid to communicate Group expectations and build vigilance from the outset, a series of anti-corruption initiatives have been conducted, including class room training facilitated by Jotun Corporate in April 2016.

Employees joining Jotun in Mexico, and other new markets, form the foundations of their companies – helping to set the standards, practices and values that will define future growth. It's therefore vital that the correct attitudes and procedures are embedded in these businesses from the outset.

CONSTANT EVOLUTION

Jotun takes a dynamic approach to anti-corruption, building on its long-term strategy through a range of continual improvements.


In 2016, Jotun has:

- Invested in strengthening the structure of its anti-corruption and compliance programmes
- Developed new anti-corruption nano learning modules, connecting with our global workforce in a clear, effective and easily accessible format
- Created new anti-corruption reporting tools, enabling easier overviews of programmes and actions across Jotun
- Tailored an on-going programme of continual improvement for 2017 and beyond

BEST PRACTICE

Corruption can't be fought in isolation – it demands a collaborative approach.

Jotun works with Transparency International to further its aims of combatting corrupt business practices, while adhering to the United Nations Global Compact (UNGC) and contributing to a sustainable and inclusive global economy.

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

The UNGC focuses on four key areas - human rights, labour, the environment and anti-corruption – providing companies with 10 principles that help them conduct business in a responsible, ethical and sustainable manner.

This table details how Jotun aligns itself with the UNGC framework, listing the individual principles and noting the pages of this report where they appear.



As a member of Transparency International Norway Jotun is committed to zero tolerance towards all forms of corruption and to work for the implementation of values, codes of conduct and anti-corruption programmes covering all of the organization.

HUMAN RIGHTS		PAGES
Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and	36–37, 59
Principle 2:	make sure that they are not complicit in human rights abuses.	36–37, 59
LABOUR		
Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	36–37, 59
Principle 4:	the elimination of all forms of forced and compulsory labour;	36–37, 59
Principle 5:	the effective abolition of child labour; and	36–37, 59
Principle 6:	the elimination of discrimination in respect of employment and occupation.	36–37, 59
ENVIRONMENT		
Principle 7:	Businesses should support a precautionary approach to environmental challenges;	5, 8, 12, 15, 19, 20, 30–31, 36–37, 43, 50–53, 64
Principle 8:	undertake initiatives to promote greater environmental responsibility; and	5, 8, 12, 15, 19, 20, 30–31, 43, 50–53, 64
Principle 9:	encourage the development and diffusion of environmentally friendly technologies.	5, 8, 12, 15, 19, 20, 30–31, 43, 50–53, 64
ANTI-CORRUPTION		
Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.	36–37, 60

For more information on the Global Compact see www.globalcompact.org



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MORE WORK TO BE DONE

Jotun has enjoyed uninterrupted growth for more than a decade, a trend that continued in 2016. However, slow growth in some segments has encouraged an increased focus on efficiency.



Board of Directors, from left: Birger Amundsen, Terje Andersen, Ingrid Luberth, Einar Abrahamsen, Richard Arnesen, Odd Gleditsch d.y. (Chairman), Karl Otto Tvetter and Nicolai A. Eger.

While Jotun's overall growth in 2016 was slower than the previous year, the company recorded satisfactory results. Indeed, when considering the macro-economic trends that impacted the sale of marine and protective coatings (and other segments in regions experiencing political unrest), Jotun's positive growth represents a genuine achievement. Growth in the Decorative Paints segment was especially strong and the Board is pleased with developments in the Powder Coatings segment.

PRODUCT INTEGRITY

Jotun's regional and segment diversity has helped the company weather events beyond our control. For example, despite strong sales in Egypt, Jotun experienced significant losses due to the currency crisis. In other markets, Jotun's profitability was impacted by the performance of customers struggling in depressed markets.

However, in some areas where the company does have control, there is more work to be done. Despite Jotun's excellent record over the years, 2016 saw an increase in product integrity and quality issues on some projects, which impacted overall profitability. The Board is satisfied with the company's rapid response to manage these issues and confident that systems put in place to prevent these errors in the future will make 2016 the exception, not the rule.

Meanwhile, Jotun continues a bold investment programme, adding production and warehouse capacity throughout the network. Jotun also began construction of a new headquarters and R&D centre in Sandefjord. Over the past five years, the Board has approved a broad range of investments in systems and tools to support improved project execution and operational and administrative efficiency. While these (and other) investments have resulted in an unwelcome rise in costs, these are in line with expectations.

FOCUS ON SAFETY AND THE ENVIRONMENT

Jotun's rapid growth will challenge the Group in other ways, too. The company recognises that more factories represent more risk to the environment. Furthermore, Jotun is likely to reach a critical milestone – 10 000 workers in 2017. The Board recognises its responsibility to ensure safe and healthy work places for our growing organisation and limit the impact of our growing size on the environment. While the Board will maintain its support for Jotun's ambitious growth strategy, these health, safety and environmental issues will continue to be a priority focus area going forward.

FINANCIAL INFO

CONSOLIDATED INCOME STATEMENT

(NOK THOUSAND)	2016	2015
Operating revenue	15 784 604	16 282 314
Share of profit from associated companies and joint ventures	689 598	562 013
Cost of goods sold	-8 141 537	-8 656 661
Payroll expenses	-2 601 717	-2 520 743
Other operating expenses	-3 421 406	-3 129 834
Depreciation, amortisation and impairment	-546 817	-473 118
Operating profit	1 762 724	2 063 972
Net financial items	-168 985	-145 916
Profit before tax	1 593 739	1 918 055
Income tax	-461 518	-502 011
Profit for the year	1 132 221	1 416 044
Profit for the year attributable to:		
Equity holders of the parent company	1 107 985	1 338 284
Non-controlling interests	24 236	77 760
Total	1 132 221	1 416 044

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(NOK THOUSAND)	2016	2015
Profit for the year	1 132 221	1 416 044
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Actuarial gain / loss (-) on defined benefit pension plans	-22 638	-2 113
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Gain / loss (-) on hedge of net investments in foreign operations	16 051	-118 563
Currency translation differences on net investment in foreign operations	-472 324	459 498
Other comprehensive income for the year, net of tax	-478 911	338 822
Total comprehensive income for the year	653 310	1 754 866
Total comprehensive income attributable to:		
Equity holders of the parent company	676 244	1 648 330
Non-controlling interests	-22 934	106 537
Total	653 310	1 754 866

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK THOUSAND) 31.12.2016 31.12.2015

ASSETS

	31.12.2016	31.12.2015
Non-current assets		
Deferred tax assets	219 768	164 287
Other intangible assets	364 028	312 000
Property, plant and equipment	4 542 575	4 220 218
Investments in associated companies and joint ventures	1 766 487	1 839 810
Other investments	8 248	8 248
Other interest-bearing receivables	125 419	165 557
Total non-current assets	7 026 525	6 710 119
Current assets		
Inventories	2 041 432	2 198 483
Trade and other receivables	4 504 319	4 757 059
Cash and cash equivalents	1 586 034	1 520 840
Total current assets	8 131 786	8 476 382
Total assets	15 158 311	15 186 501

EQUITY AND LIABILITIES


Equity		
Share capital	102 600	102 600
Other equity	7 783 384	7 620 141
Non-controlling interests	148 573	209 757
Total equity	8 034 557	7 932 497
Non-current liabilities		
Pension liabilities	225 461	214 012
Deferred tax liabilities	27 828	46 161
Provisions	33 980	32 539
Interest-bearing debt	2 357 102	2 323 512
Interest-free debt	34 465	31 858
Total non-current liabilities	2 678 837	2 648 082
Current liabilities		
Interest-bearing debt	877 352	954 374
Trade and other payables	1 693 379	1 702 541
Current tax payable	159 554	185 275
Other current liabilities	1 714 634	1 763 731
Total current liabilities	4 444 918	4 605 921
Total liabilities	7 123 754	7 254 003
Total equity and liabilities	15 158 311	15 186 501


Sandefjord, Norway, 9 February 2017

The Board of Directors
Jotun A/S


Odd Gleditsch d.y.
Chairman

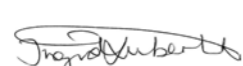

Einar Abrahamsen


Birger Amundsen


Terje Andersen


Richard Arnesen


Nicolai A. Eger


Ingrid Luberth


Karl Otto Tveter


Morten Fon
President and CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK THOUSAND) 2016 2015

Cash flow from operating activities		
Profit before tax	1 593 739	1 918 055
Adjustments to reconcile profit before tax to net cash flows:		
Share of profit of associated companies and joint ventures	-689 598	-562 013
Dividend paid from associated companies and joint ventures	712 571	491 634
Depreciation, amortisation and impairment	546 817	473 118
Change in accruals, provisions and other	-100 153	293 375
Working capital adjustments:		
Change in trade and other receivables	252 740	-709 535
Change in trade payables	-9 163	187 758
Change in inventories	157 052	-242 651
Tax payments	-437 072	-349 973
Net cash flow from operating activities	2 026 933	1 499 769
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	6 848	46 837
Purchase of property, plant and equipment	-1 029 562	-856 858
Purchase of intangible assets	-103 538	-65 293
Net cash flow used in investing activities	-1 126 252	-875 314
Cash flows from financing activities		
Proceeds from borrowings	259 344	255 365
Repayment of borrowings	-299 413	-295 434
Dividend paid to equity holders of the parent	-513 000	-513 000
Dividend paid to non-controlling interests	-38 250	-48 136
Net cash flow from financing activities	-591 320	-601 206
Net currency translation effect	-244 166	76 169
Net increase / decrease (-) in cash and cash equivalents	309 361	23 250
Cash and cash equivalents at 1 January	1 520 840	1 421 421
Cash and cash equivalents as of 31 December	1 586 034	1 520 840

The Group had unused credit facilities of NOK 900 million as of 31 December 2016 (2015: NOK 900 million).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK THOUSAND)	ATTRIBUTABLE TO PARENT COMPANY EQUITY HOLDERS				Non-controlling interests	Total equity
	Share capital	Other equity	Translation differences	Total		
Equity as of 1 January 2015	102 600	5 502 749	982 063	6 587 412	151 356	6 738 767
Dividends		-513 000		-513 000	-48 136	-561 136
Profit of the year		1 338 284		1 338 284	77 760	1 416 044
Other comprehensive income		-22 024	332 070	310 045	28 777	338 822
Equity as of 31 December 2015	102 600	6 306 009	1 314 133	7 722 741	209 757	7 932 497
Dividends		-513 000		-513 000	-38 250	-551 250
Profit of the year		1 107 985		1 107 985	24 236	1 132 221
Other comprehensive income		-41 176	-390 566	-431 742	-47 170	-478 911
Equity as of 31 December 2016	102 600	6 859 818	923 567	7 885 984	148 573	8 034 557

EXECUTIVE SUMMARY OF THE FINANCIAL STATEMENT FOR 2016

GENERAL

The consolidated financial statement consists of Jotun A/S and 53 subsidiaries, three joint ventures in China and South Korea and six associated companies in UAE and Saudi Arabia. Subsidiaries are fully consolidated independent of shareholding, while joint ventures and associates are accounted for based on the equity method and share of profit reported in the income statement based on actual shareholding.

The Jotun Group's consolidated financial statement has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as adopted by the International Accounting Standards Board (IASB) and approved by the European Union (EU).

REVENUE

Operating revenue for the Group was NOK 15 785 million, down three per cent compared to 2015. While the Decorative Paints and Powder Coatings segments reported solid growth, lower demand in the shipping and offshore markets led to reduced sales in the Marine and Protective Coatings segments. In addition, sales in some regions were impacted by political unrest and economic turmoil in key markets. Total sales volume, however, continued to grow, showing an increase of 10 per cent in 2016.

OPERATING PROFIT

Operating profit in 2016 decreased by 15 per cent to NOK 1 763 million compared to 2015, yielding an operating margin of 11 per cent (2015: 13 per cent). The reduction in profit is attributable to other operating expenses higher than normal due to product claims, currency losses due to the sharp devaluation of the Egyptian pound and bad debt primarily tied to a few large customers. Jotun Group's share of net result after tax in associates and joint ventures totalled NOK 690 million compared to NOK 562 million in 2015. The increase is mainly attributable to continued good growth for the Decorative Paints segment in the Middle East.

PROFIT FOR THE YEAR

The profit for the year amounted to NOK 1 132 million, a reduction of NOK 284 million from 2015. Net financing charges increased from 2015 mainly due to currency losses in Egypt, and net financial items for the year ended at NOK 169 million (2015: NOK 146 million).

INVESTMENTS

Total purchase of property, plant and equipment (PP&E) and intangible assets amounted to NOK 1 133 million for the Group in 2016 (2015: NOK 922 million), representing seven per cent of operating revenue (2015: 6 per cent). Including investment activity in associates and joint ventures, total investment in PP&E for production of Jotun-branded products was NOK 1 226 million. The largest investments relate to new production facilities in Oman, The Philippines, Myanmar and Malaysia, in addition to a new R&D centre and office buildings in Sandefjord, Norway.

Jotun Group's share of total equity in associates and joint ventures amounts to NOK 1 766 million (2015: NOK 1 840 million), and is reported as non-current assets in the balance sheet.

WORKING CAPITAL

Working capital fell to NOK 4 852 million as of 31 December 2016 from NOK 5 253 million the previous year. The reduction is tied to the decrease in Group sales, particularly within the Marine Coatings segment. Currency translation effects also contribute to the lower working capital figure at year end.

NET INTEREST BEARING DEBT

The net interest bearing debt for the Group was NOK 1 523 million at year-end 2016 compared to NOK 1 591 million as of 31 December 2015, and net interest bearing debt relative to the operating profit before amortisation and depreciation (EBITDA) was 0.7 (2014: 0.6). The Group's main source of financing is bilateral loans from the Group's relationship banks and loans in the Norwegian bond market. At year-end 2016, Jotun A/S had NOK 1 000 million in bonds, of which all were long term, and NOK 1 036 million in non-current USD bank debt outstanding. External borrowing in the subsidiaries is primarily short-term and through local banks.

Jotun A/S has NOK 800 million of long term credit lines. This committed funding serves as a back stop for certificate loans as well as a strategic reserve for short-term financing of the Group. At year end these credit lines, in addition to a short-term credit line of NOK 100 million, were all unused.

SHAREHOLDER EQUITY

Total equity including non-controlling interests amounted to NOK 8 035 million (2015: NOK 7 932 million). The increase in total equity is due to the net effect of profit for the year of NOK 1 132 million, other comprehensive income of NOK -479 million mainly relating to currency translation effects, and dividend payments of in total NOK 551 million. The equity ratio has increased one percentage point from 2015 to a solid 53 per cent.

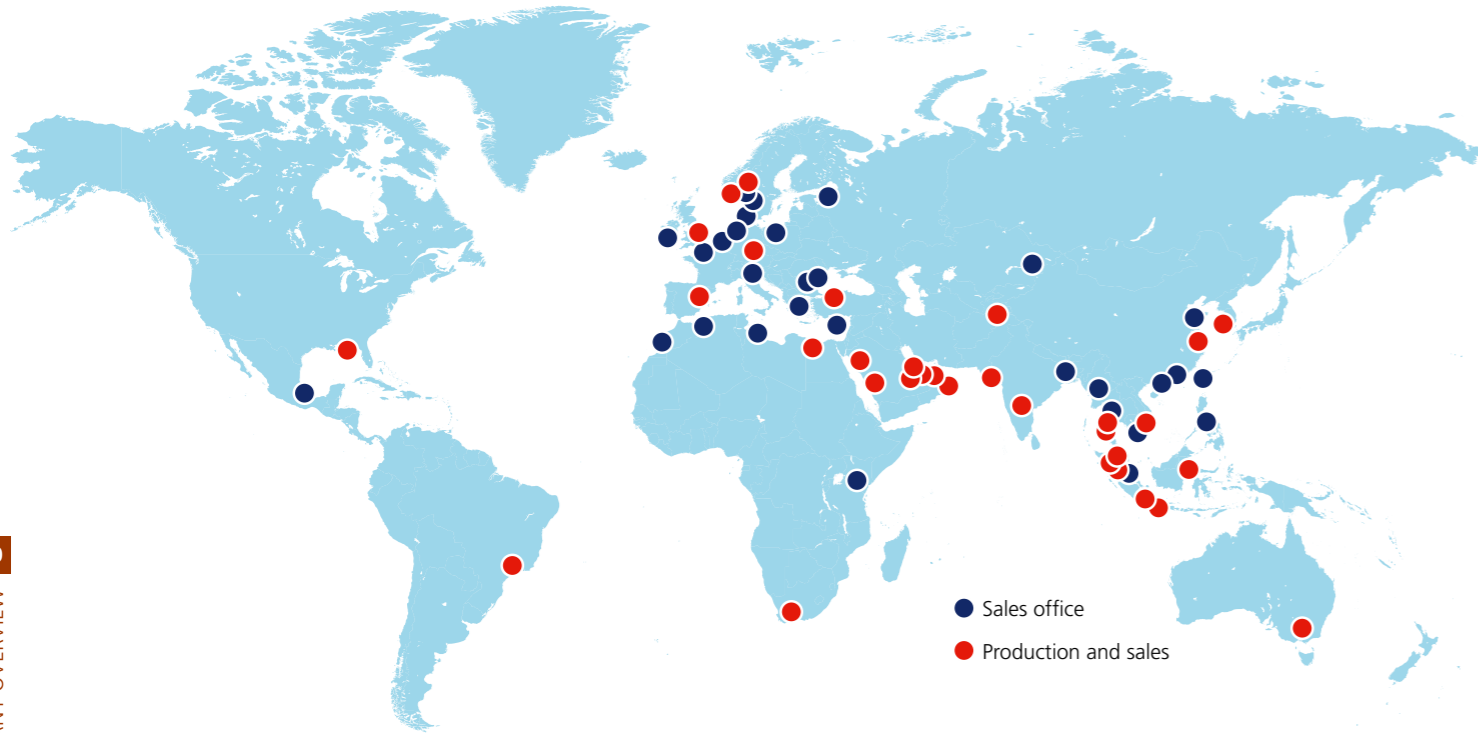
The proposed dividend for Jotun A/S for 2016 amounting to NOK 513 million will not be recognised in equity until finally declared in 2017.

CASH FLOW

Operating activities in 2016 resulted in a net cash flow of NOK 2 027 million (2015: NOK 1 500 million). The increase from 2015 is mainly due to a reduction in working capital and higher dividends received from associates. The strong net cash flow from operating activities funded cash outflows related to dividend payments, investments in non-current assets and reduction in net interest bearing debt.

WORKFORCE

In 2016, Jotun Group had on average 6 909 full-time equivalents related to its on-going business in Jotun A/S and its subsidiaries (2015: 6 794 average full-time equivalents). Including employees in joint ventures and associates, Jotun had in total 9 819 employees at year end 2016 (2015: 9 842 employees).

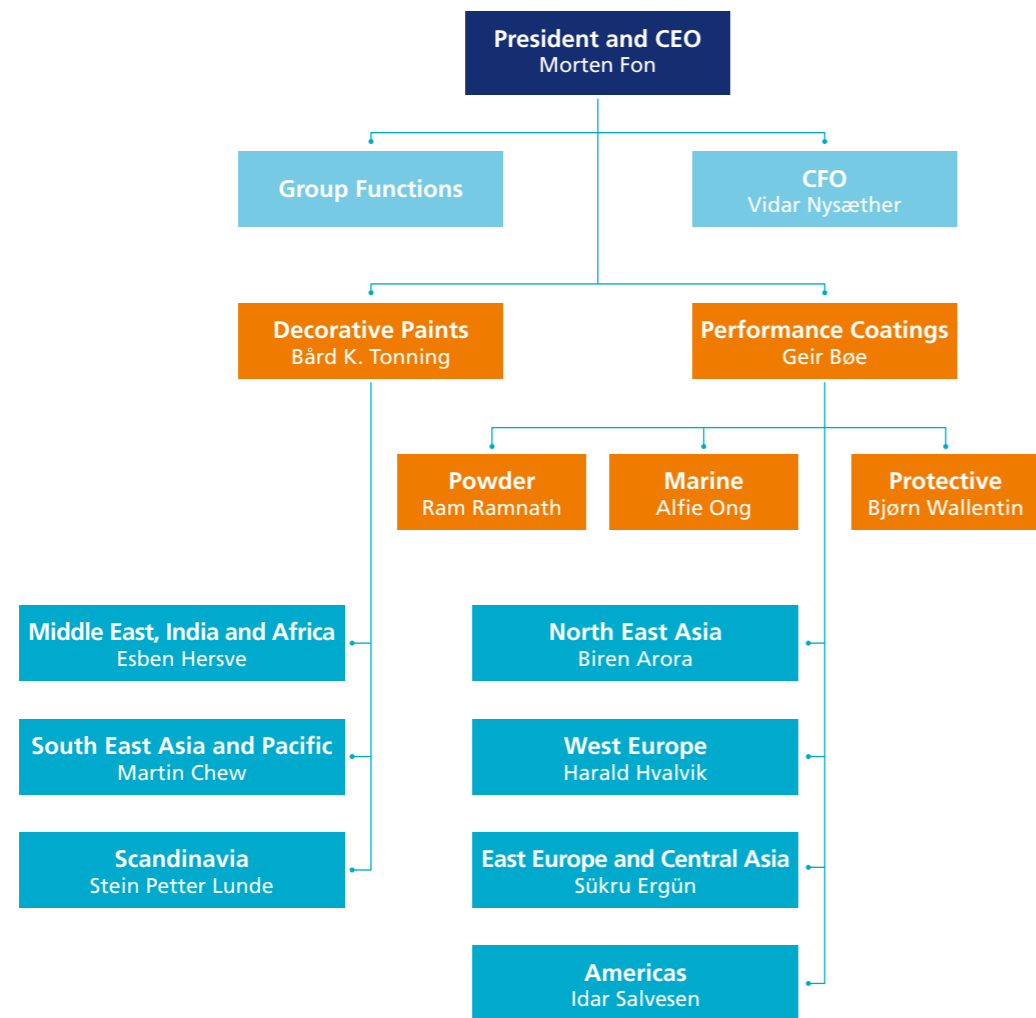


COUNTRY	COMPANY	SHARE HOLDING %	
ALGERIA	Jotun Algerie SARL, Algiers	70	S ●●●●●
AUSTRALIA	Jotun Australia Pty. Ltd., Victoria	100	P ○●●●●
BANGLADESH	Jotun Bangladesh Ltd., Dhaka	100	S ●○○○○
BRAZIL	Jotun Brasil Imp. Exp. & Industria de Tintas Ltda., Rio de Janeiro	100	P ○●●●●
BULGARIA	Jotun Bulgaria EOOD, Sofia	100	S ●●●●●
CAMBODIA	Jotun (Cambodia) Ltd., Phnom Penh	100	S ●○○●●
CHINA	Jotun Coatings (Zhangjiagang) Co. Ltd., Zhangjiagang	100	P ●○○●●
	Jotun COSCO Marine Coatings (HK) Co. Ltd., Hong Kong	50	S ○●○○○
	Jotun COSCO Marine Coatings (Qingdao) Co. Ltd., Qingdao	50	P ○●○○○
	Jotun Paints (H.K.) Ltd., Hong Kong	100	S ○○○●●
	Jotun (Shanghai) Management Co. Ltd., Shanghai	100	S ●●●●●
	Jotun Coatings (Taiwan) Ltd. Company	100	S ○●●●●
CYPRUS	Jotun Cyprus Ltd, Limassol	100	S ○●●●●
CZECH REPUBLIC	Jotun Powder Coatings (CZ) a.s., Usti nad Labem	100	P ○○○●●
DENMARK	Jotun Danmark A/S, Kolding	100	S ●●●●●
EGYPT	El-Mohandes Jotun S.A.E., Cairo	70	P ●●●●●
FRANCE	Jotun France S.A.S., Paris	100	S ○●●●●
GERMANY	Jotun (Deutschland) GmbH, Hamburg	100	S ●●●●●
GREECE	Jotun Hellas Ltd. Piraeus	100	S ○●○○○
INDIA	Jotun India Pvt. Ltd., Pune	100	P ●●●●●
INDONESIA	P.T. Jotun Indonesia, Jakarta	99	P ●●●●●
	P.T. Jotun Powder Coatings Indonesia, Jakarta	100	P ○○○●●
IRELAND	Jotun (Ireland) Ltd., Cork	100	S ○●●●●
ITALY	Jotun Italia S.p.A., Trieste	100	S ○●●●●

KAZAKHSTAN	Jotun Kazakhstan L.L.P. Almaty	100	S ●○○●●
KENYA	Jotun Kenya Ltd., Nairobi	100	S ●○○●●
LIBYA	Jotun Libya J.S.Co., Tripoli	80	S ●○○●●
MALAYSIA	Jotun (Malaysia) Sdn. Bhd., Shah Alam	100	P ●●●●●
	Jotun Powder Coatings (M) Sdn. Bhd., Shah Alam	100	P ○○○●●
	Jotun Paints (Malaysia) Sdn. Bhd., Nilai	100	P ●●●●●
MEXICO	Jotun Mexico, S.A. de C.V. Veracruz	100	S ○●●●●
MOROCCO	Jotun Maroc SARL/AU, Casablanca	100	S ●○○●●
MYANMAR	Jotun Myanmar Company Ltd., Yangon	100	S ●●●●●
	Jotun Myanmar Services Co. Ltd., Yangon	100	S ●●●●●
NETHERLANDS	Jotun B.V., Spijkenisse	100	S ○●●●●
NORWAY	Jotun A/S, Sandefjord	100	P ●●●●●
	Scanox AS, Drammen	100	S ●○○○○
OMAN	Jotun Paints Co. L.L.C., Muscat	62	P ●●●●●
PAKISTAN	Jotun Pakistan (Pvt) Ltd., Lahore	100	P ●○○●●
	Jotun Powder Coatings Pakistan (Pvt) Ltd., Lahore	98	P ○○○●●
PHILIPPINES	Jotun (Philippines) Inc., Manila	100	S ○●●●●
POLAND	Jotun Polska Sp.zo.o., Gdynia	100	S ○●●●●
ROMANIA	Jotun Romania S.R.L., Otopeni	100	S ●●●●●
RUSSIAN FEDERATION	Jotun Paints OOO, St. Petersburg	100	S ○●●●●
	Jotun Powder Coatings Saudi Arabia Co. Ltd., Dammam	49	P ○○○●●
	Jotun Saudia Co. Ltd., Jeddah	40	P ●●●●●
	Red Sea Paints Co. Ltd., Jeddah	40	P ●○○●●
SINGAPORE	Jotun (Singapore) Pte. Ltd., Singapore	100	S ●●●●●
SOUTH AFRICA	Jotun Paint South Africa (Pty) Ltd., Cape Town	100	P ○●●●●
SOUTH KOREA	Chokwang Jotun Ltd., Kyungnam	50	P ○●●●●
SPAIN	Jotun Ibérica S.A., Barcelona	100	P ●●●●●
SWEDEN	Jotun Sverige AB, Gothenburg	100	S ●●●●●
THAILAND	Jotun Thailand Ltd., Samutprakarn	95	P ●●●●●
TURKEY	Jotun Boya San. ve Tic. A.S., Istanbul	100	P ●●●●●
UNITED ARAB EMIRATES	Jotun Abu Dhabi Ltd. (L.L.C.), Abu Dhabi	52	P ●○○●●
	Jotun Powder Coatings U.A.E. Ltd. (L.L.C.), Dubai	47	P ○○○●●
	Jotun U.A.E. Ltd. (L.L.C.), Dubai	42	P ●●●●●
UNITED KINGDOM	Jotun Paints (Europe) Ltd., Flixborough	100	P ●●●●●
USA	Jotun Paints Inc., Belle Chasse, LA	100	P ○●●●●
VIETNAM	Jotun Paints (Vietnam) Co. Ltd., Ho Chi Minh City	100	P ●●●●●

● Decorative Paints
 ● Marine Coatings
 ● Protective Coatings
 ● Powder Coatings
P Production and sales
 S Sales office

In addition to the companies listed above, the Jotun Group also owns a number of holding and inactive companies. In addition to legal companies Jotun has branch offices, agents, distributors and licensees in Andorra, Angola, Argentina, Austria, Azerbaijan, Bahamas, Bahrain, Belarus, Belgium, Belize, Bosnia & Herzegovina, Botswana, Brunei, Cameroon, Canada, Cape Verde, Chile, Colombia, Congo, Croatia, Cuba, Dominican Republic, Ecuador, Estonia, Ethiopia, Fiji, Finland, Ghana, Guinea, Haiti, Hungary, Iceland, Iraq, Iran, Israel, Japan, Jordan, Kuwait, Latvia, Lebanon, Lichtenstein, Lithuania, Luxembourg, Maldives, Malta, Mauritius, Monaco, Montenegro, Mozambique, Namibia, Nepal, Netherland Antilles, New Caledonia, New Zealand, Nigeria, Panama, Peru, Portugal, Puerto Rico, Qatar, Rwanda, Saint Vincent & The Grenadines, San Marino, Serbia, Slovakia, Slovenia, Solomon Islands, Sri Lanka, Sudan, Suriname, Switzerland, Syria, Tanzania, Trinidad, Tunisia, Uganda, Ukraine, Uruguay and Zambia.



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