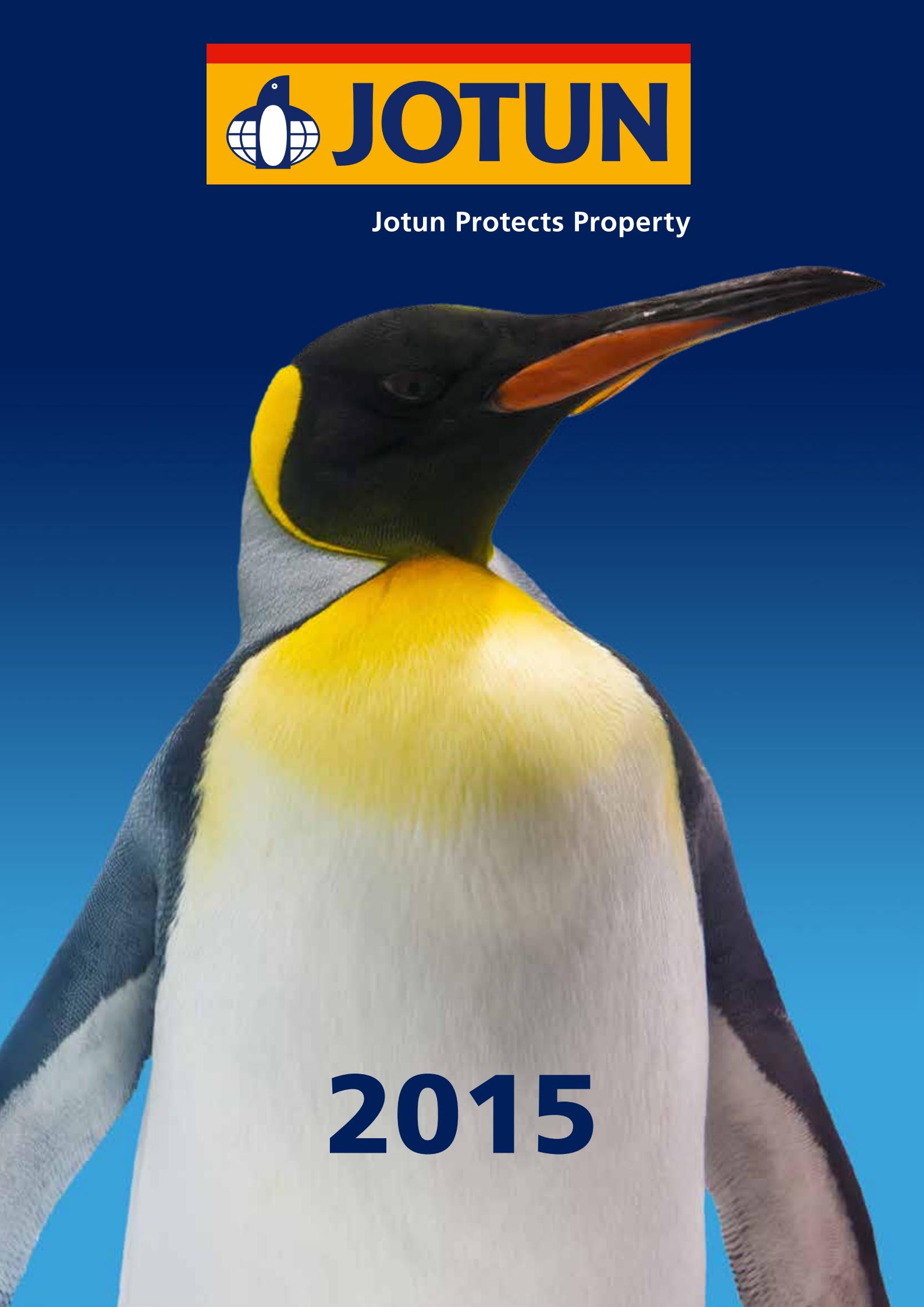




JOTUN

Jotun Protects Property



2015

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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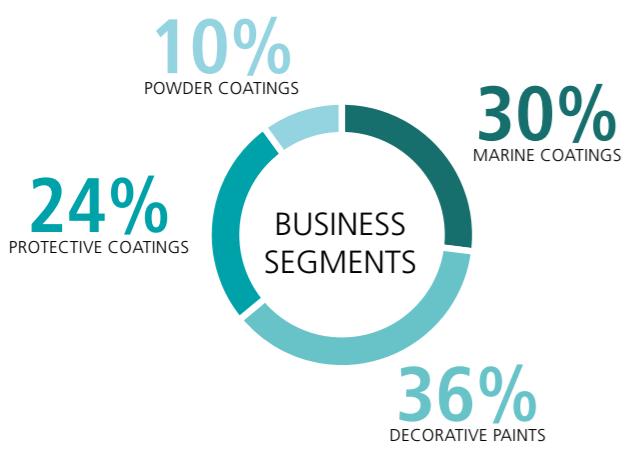
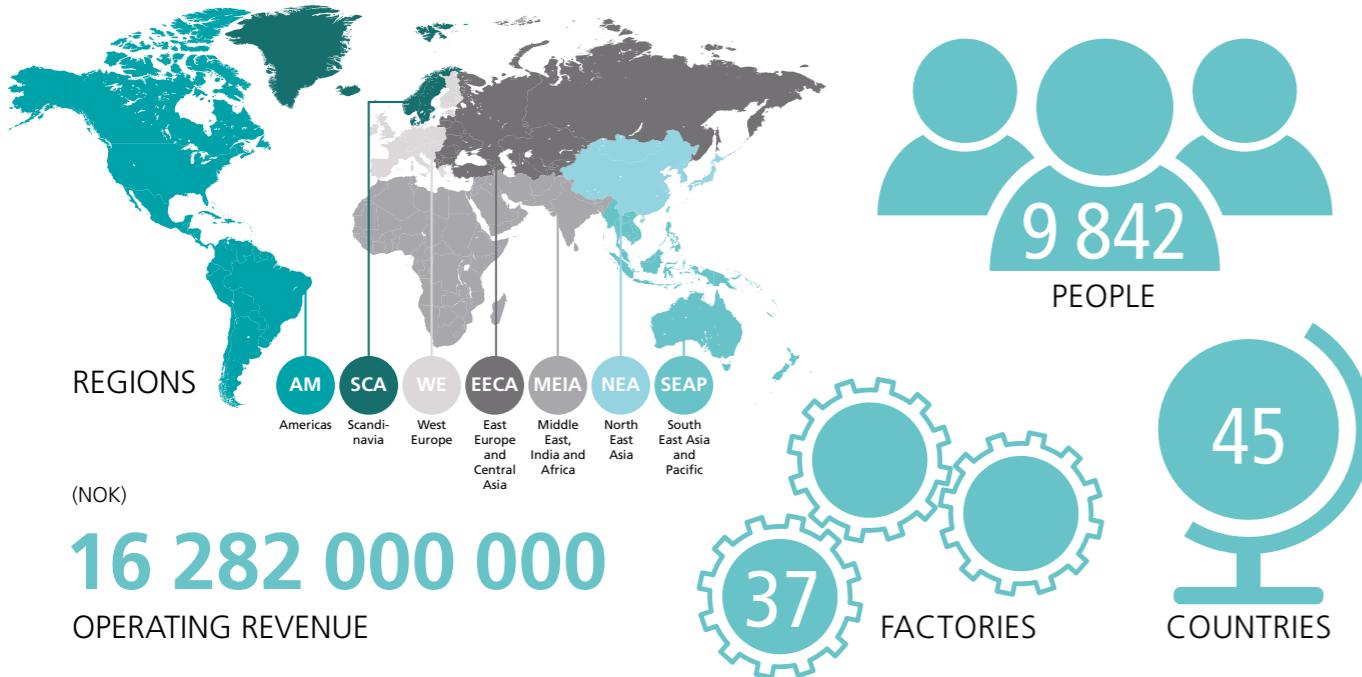
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AT A GLANCE

INTRODUCTION

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.



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 coatings solutions for megayachts and leisure yachts.

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

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)	2015	2014	2013	2012	2011
PROFIT/LOSS					
Operating revenue	16 282	13 171	12 034	11 351	10 659
Operating revenue outside Norway in %	86	83	82	80	77
Operating profit	2 064	1 314	1 258	1 126	956
Profit before tax	1 918	1 301	1 191	1 055	893
Net cash flow from operating activities	1 500	919	819	902	303
PROFITABILITY					
Return on capital employed, in %	1)	24.2	17.2	20.0	19.5
Operating margin, in %	2)	12.7	10.0	10.5	9.9
Return on equity, in %	3)	17.9	14.0	15.5	15.8
YEAR-END FINANCIAL POSITIONS					
Total assets	15 187	13 300	10 799	9 317	9 140
Investments in intangible and fixed assets	922	911	733	590	867
Equity (including non-controlling interests)	7 932	6 739	5 515	5 016	5 028
Equity / assets ratio, in %	52.2	50.7	51.1	53.8	55.0
Number of employees in the Group	7 415	7 158	6 695	6 379	5 884
Number of employees in the Group, including 100 per cent in joint ventures and associated companies	9 842	9 676	8 991	8 740	8 296

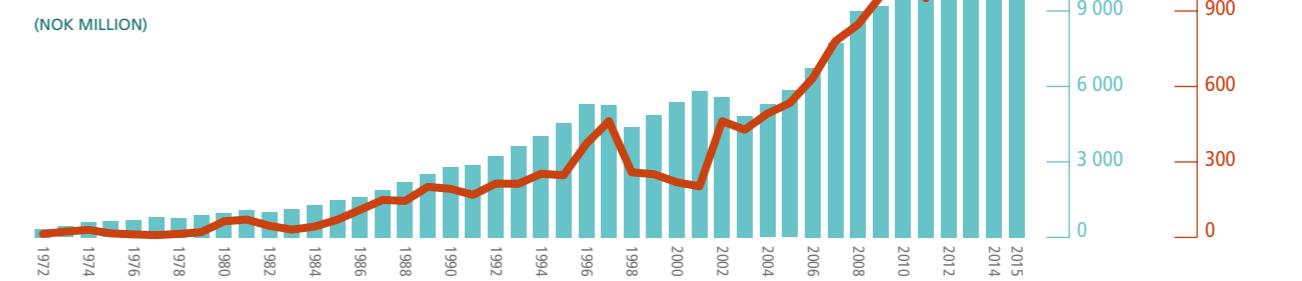
DEFINITIONS

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



JOTUN'S GLOBAL HISTORY

Jotun is organised into seven regions.
Each region has its own unique history.



AM THE AMERICAS

As with other regions, Jotun's entry into the Americas was driven by the Marine segment. The company established a network of agents in key ports in Canada, the US, and Central America (Panama). In 1974, Jotun purchased a stake in an old factory in Baltimore, but was unable to make the business work. In 2000, the company acquired a factory in Belle Chasse, Louisiana to serve customers operating in the Gulf, later refurbished in 2013. In 2015, Jotun opened a new factory in Brazil.



SCA SCANDINAVIA

Jotun was founded in Sandefjord, Norway in 1926. Building on the success of its first marine coating, Arcanol, the company grew quickly, selling to shipowners in Norway, Sweden and Denmark. Further success with decorative products encouraged the company to expand into Sweden (1969) and Denmark (1972).



WE WEST EUROPE

In 1970, Jotun purchased the British marine coatings manufacturer, Henry Clark & Sons of Brighton, which gave Jotun more access to the British fleet, international markets and later, production in Flixborough (1989). Jotun also opened a powder coatings factory in the Czech Republic in 1995 and a paint factory in Spain in 2000. Today, Jotun has sales offices in about 20 European countries.



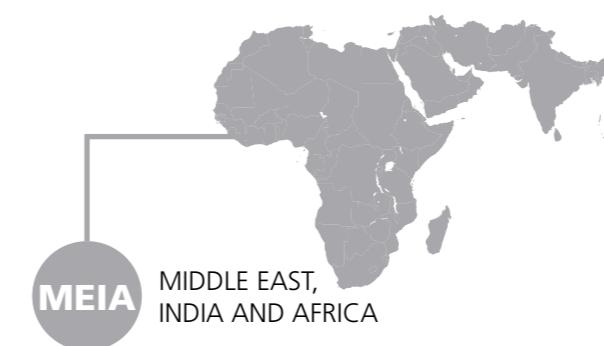
EECA EAST EUROPE AND CENTRAL ASIA

Lured to Turkey's active shipbuilding industry, Jotun formed a joint venture with a local supplier in 1989. Economic reforms in the 1990s lifted Turkey's economy, creating demand for decorative paints, and protective and powder coatings. With two factories in Istanbul, Jotun now supplies paints and coatings to 12 countries in Eastern Europe. In 1992, Jotun established a company in Russia and in 2014 officially opened a factory near St. Petersburg.



NEA NORTH EAST ASIA

As early as 1961, Jotun had an office in Hong Kong to serve Norwegian owners trading in the region, but it wasn't until 1993, when Jotun formed a joint venture with a subsidiary of China's state controlled shipping company COSCO, that Jotun became a market player. Jotun also established a joint venture with Chokwang Paints in South Korea in 1988, giving the company access to Korea's expanding shipbuilding industry. Today, Jotun is a market leader in marine and protective coatings in the region.



MEIA MIDDLE EAST, INDIA AND AFRICA

Jotun opened its first overseas factory in Libya in 1962. Other factories in Dubai (1975), Saudi Arabia (1984), Oman (1985), Egypt (1986), and Abu Dhabi (1995) soon followed, helping Jotun to become a recognised leader in the region. Jotun also has two factories in Pakistan (2004) and in 2008, the company completed a factory in India. In 1995, Jotun bought a factory in South Africa, and over the past five years, the company has established companies in Morocco, Algeria and Kenya.



SEAP SOUTH EAST ASIA AND PACIFIC

Seeing a promising market for paints and coatings in South East Asia, Jotun opened a factory in Thailand in 1968. Rapid economic development in the region led to new companies and factories in Singapore (1975), Malaysia (1984), Indonesia (1996) and Vietnam (1997). Factory construction is now underway in Myanmar and in the Philippines. Jotun also bought a factory in Australia in 1990. Jotun is now represented in all countries in South East Asia.





OUR BUSINESS

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CELEBRATING 90 YEARS

Jotun's history has been shaped by world events and new technologies, but the roots of the company's remarkable success can be traced back to the business philosophy of the founder Odd Gleditsch.

The rapid pace of Jotun's growth, especially in the last 10 years, is unusual for a privately owned company that (with few exceptions) has grown organically and relies almost exclusively on technologies developed in-house. Yet Jotun's prudent growth strategy, focus on building a strong corporate culture, and willingness to invest in research and development is a reflection of its founder's business philosophy.

ORIGINS IN NORWAY

In 1926, Odd Gleditsch, a former seafarer, purchased an old paint factory in Sandefjord, Norway. While not a chemist himself, he was a natural salesman and understood the value of technology and recruiting good people. His first success was Arcanol, a new grey lead marine paint that would soon dominate the Norwegian market. When he built his second factory, a five-storey building completed in 1951, he reserved the top floor for his R&D department. Over the next 10 years, Jotun's ability to develop quality paints made the company a market leader in Norway.

By the end of the 1960s, Norway's paint market was characterised by intense competition, both from domestic and international paint companies. Gleditsch and his son Odd Gleditsch jr. (who became the CEO in 1968) realised that for the Norwegian paint industry to survive, the company would have to

act. Negotiators representing four market leaders met to discuss the terms of a merger, and in 1972, a new company was born. The new entity was named after the company with the strongest balance sheet and access to its own technology: Jotun.

GOING ABROAD

While Jotun had long been active in international markets (the company opened its first overseas factory in Libya in 1962), the merger allowed Jotun to accelerate investments overseas. Thanks to the bold, entrepreneurial spirit of Jotun personnel, new factories were built in Dubai, Singapore, Malaysia, the United Kingdom, Turkey, and South Korea, among others. Workers were recruited and trained locally, creating a more international company, and Jotun expanded into new markets, adding protective and powder coatings to its product portfolio.

Much has changed since Gleditsch began selling paint mixtures from a small shop in Sandefjord. Advances in chemistry, production technologies and world events have all shaped Jotun's history, creating a true global giant that would be all but unrecognisable to its founder. But Gleditsch would certainly recognise – and take pride in – Jotun's enduring focus on R&D, organic growth strategy and strong corporate culture. It was Gleditsch, after all, who embodied the values that Jotun employees live by today: Loyalty, Care, Respect and Boldness.



A family business: Odd Gleditsch jr. (left) and son, Odd Gleditsch d.y. The third generation Gleditsch became Chairman of the Board of directors in 2000.



1926
Odd Gleditsch establishes Jotun Kemiske Fabrik (Jotun Chemical Factory) in Sandefjord, Norway.

1931
Jotun launches Arcanol, a highly effective anti-corrosive marine coating that soon dominates the Norwegian market.

1953
Jotun launches Fenom, the company's first market-leading decorative paint.

1962
Jotun opens its first overseas factory in Tripoli, Libya.

1968
Jotun enters the Powder Coatings segment.

1970

Odd Gleditsch jr. becomes chairman of the Board of Directors, replacing his father Odd Gleditsch sr.

1972
Together with three other paint companies, Jotun merges to create Norway's largest paint manufacturer.

1976
Jotun launches the Multicolor in-shop tinting machines.

1988
Jotun formalises entry into Protective Coatings segment.

2000
Uniform HSE standards introduced.

2015
SeaQuantum, Jotun's premium marine antifouling coating, is launched.

A REMARKABLE YEAR

Jotun's strong performance in all segments and regions resulted in another year of record sales and volume growth.

In 2015, a mix of favourable macro-economic trends helped lift Jotun's overall results. Positive currency effects and lower raw material prices inflated Jotun's profits and the company's overall growth was helped by a sharp increase in newbuilding orders in the Marine segment. Jotun welcomed these favourable conditions, but the management team is more focused on parts of the business it can control. And what makes 2015 exceptional is that Jotun performed well in most areas, and for the first time in recent memory, managed to grow the business in all segments and in all regions.

POSITIVE SALES AND GROWTH

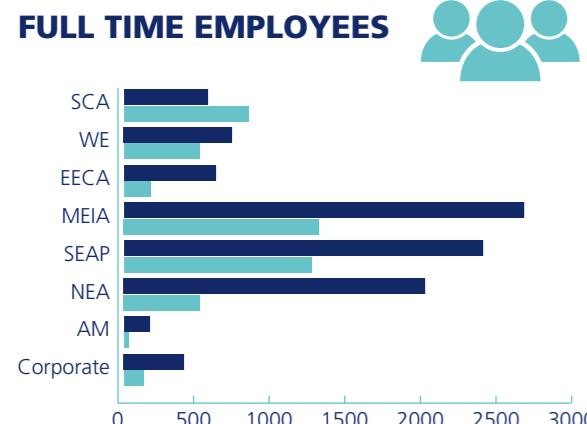
Jotun's record profits are welcome, but a more accurate way to measure our success in 2015 is to look at positive developments in both underlying sales and volume growth and other financial indicators. For example, gross margins are up from last year, and the company's cash flow position has improved. It should also be noted that the focus on controlling operating expenses – an issue in years past – has been successful, with the company ending the year with a reduction in costs relative to sales.

Jotun continues to grow the organisation. In 2015, the company opened a new factory in Brazil, new offices in Egypt, expanded its factory in India and opened businesses in Kenya and Mexico. The company has also started factory construction projects in Myanmar, the Philippines and Oman, and approved the construction of a new corporate headquarters in Norway that will include state-of-the-art Research and Development facilities. The success of Jotun's premium products (e.g. Jotachar and SeaQuantum) in 2015 serves as a strong reminder of the importance of retaining the company's edge in product innovation.

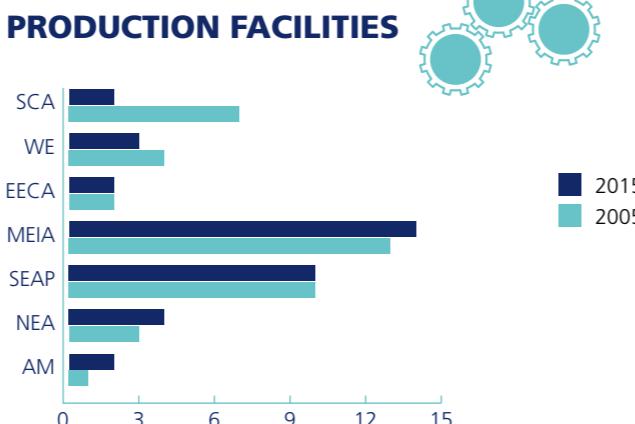
FROM PRODUCTS TO SOLUTIONS

While Jotun cannot expect favourable macro-economic effects to persist indefinitely, the company has built a strong platform to continue its positive growth trend. In addition to investing in new facilities, technologies and markets, Jotun is evolving from a products-based company to a solutions-based company. Rather than supplying paint, Jotun is working more closely than ever with customers – from homeowners to real estate developers, energy majors to shipowners – to develop solutions that meet their specific needs. This process may take time, but the management team is confident that it will help sustain Jotun's growth for years to come.

FULL TIME EMPLOYEES



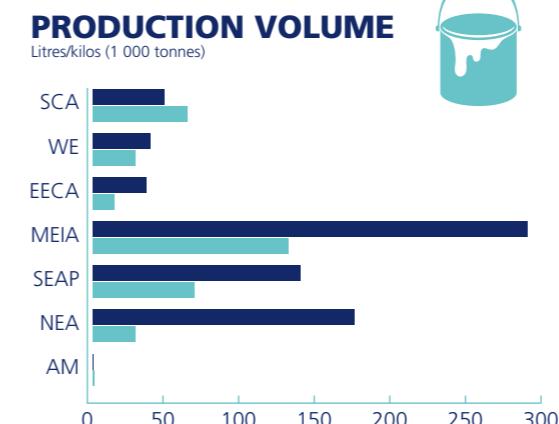
PRODUCTION FACILITIES



Jotun management team (from left): Geir Bøe, Group Executive Vice President (Performance Coatings); Morten Fon, President & CEO; Bård K. Tonning, Group Executive Vice President (Decorative Paints) and Vidar Nysæther, Group Vice President (CFO)



PRODUCTION VOLUME



TOTAL SALES



EXCEEDING EXPECTATIONS

Jotun enjoyed remarkable growth in the Marine Coatings segment in 2015, but with tonnage supply likely to outstrip transportation demand in the years ahead, the company expects more modest growth going forward.

Overall, Jotun recorded a sales growth in excess of 20 per cent for marine coatings in 2015. Growth was especially strong in China and South Korea. Jotun's strong sales growth, combined with favourable raw materials prices and effective cost controls, helped Jotun improve profits in the segment.

MILESTONES ACHIEVED

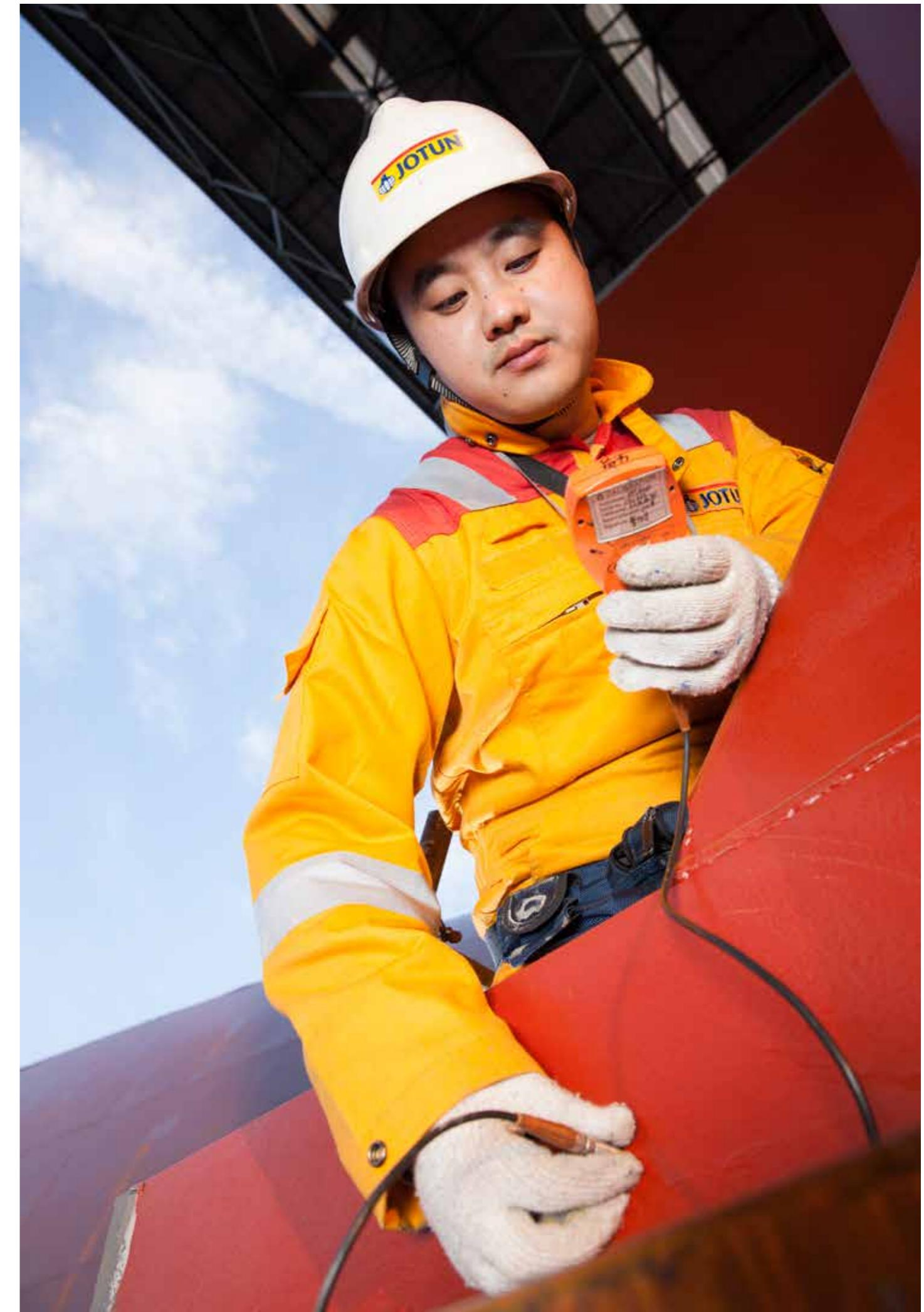
Jotun's success in the Marine Coatings segment has been driven by a sharp increase in newbuilding orders over the last couple of years, improved sales in the maintenance business, and quality products increasingly recognised by owners seeking to reduce fuel costs and corresponding emissions. In 2015, the company coated its 10 000th vessel with SeaQuantum, a silyl acrylate antifouling first launched in 2000. Jotun has also secured more than 400 contracts for Jotun's Hull Performance Solutions (HPS) concept, the company's premium antifouling solution, introduced in 2012.

In addition to hull coatings, Jotun manufactures a range of specialised tankcoatings and paint solutions for topsides. Launched in 2014, Jotun's Hardtop Smartpack, an easy-to-use

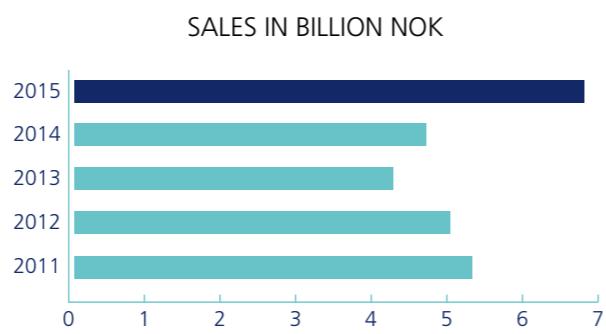
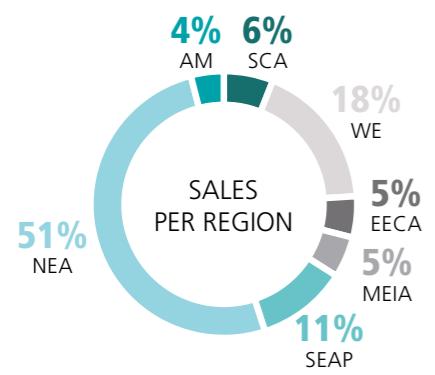
topcoat, established a good market position. The company also had success with its premium tankcoating range, Tankguard. By offering complete coatings solutions for every part of the vessel, Jotun is in a better position to secure newbuilding and maintenance contracts.

LOOKING AHEAD

Based on reported orderbooks from shipyards, sales of marine coatings are expected to level out next year. It often takes years between the time a vessel is ordered and when it is delivered. This makes it difficult for shipowners to predict transportation demand. Indeed, Jotun's success in 2015 is due in part to the optimism expressed by shipowners in the past, many of whom hoped for improved market conditions today. However, tonnage overcapacity has kept freight rates low in most segments and the decline in the price of oil has forced lay-ups for many offshore vessels, creating some market uncertainty going forward. By retaining Jotun's advantage in product quality, and continuing to develop solutions to meet the evolving needs of owners, the company is confident that it will remain the world's leading manufacturer of marine coatings.



JOTUN MARINE COATINGS



NINE DECADES AT SEA

Jotun's long history serving the maritime industry has not only helped the company become the world's leading provider of marine coatings, it has shaped how Jotun has developed in other markets and segments.

Jotun's remarkable position in the marine coatings segment today is grounded in a formula for success established by the company's founder, Odd Gleditsch in the 1920s. Born in the thriving port town of Sandefjord, Norway in 1894, Gleditsch opened a paints store and ships' chandlery in 1920, and thanks to his strong ties to local yards and shipowners, his small business thrived. Six years later, he acquired a factory, and began developing and marketing his own products under the Jotun brand.

PRODUCT BREAKTHROUGH

Gleditsch equipped his new factory with a small laboratory, and recruited skilled chemists to get to work on new paint formulations. His first breakthrough in 1931 was an anti-corrosive grey lead marine coating he called Arcanol. While it took time for Gleditsch to convince owners to try the new paint, Arcanol was eventually embraced by the industry and helped establish Jotun as a market leader in marine coatings in Norway.

As a former seafarer himself, Gleditsch understood that shipping is a global industry. Over time, the company opened warehouses and offices in distant ports and shipyards to ensure his customers had access to Jotun products, wherever they traded. This raised Jotun's profile among non-Norwegian owners and yards, and exposed Jotun to promising new markets, where the company might sell other kinds of paint. For example, some of the anti-corrosive technologies originally developed for the marine segment were later applied to land-based and offshore installations, helping Jotun enter a new market, protective coatings.

AN ENDURING MODEL OF SUCCESS

While the shipping industry has changed a lot over the last 90 years, Jotun has remained true to Gleditsch's vision of investing in product innovation and working closely with owners and yards. Indeed, the company has been so successful that an estimated one out of five vessels in the global merchant fleet are coated by Jotun – many with the company's revolutionary antifouling, SeaQuantum.



SEAQUANTUM – THE MEASURE OF SUCCESS

SeaQuantum's success has its roots in years of intensive laboratory work followed by a concerted effort by marketing and sales personnel to gain the confidence of shipowners.

The active component in SeaQuantum is hydrophobic silyl acrylate technology that provides predictable self-polishing properties, reducing drag and lowering fuel costs and corresponding emissions. Launched in 2000, it took some time before the industry embraced SeaQuantum. But like Arcanol so many years before, SeaQuantum eventually became a market leader, helping Jotun to become recognised as a pioneer in premium antifoulings.

In 2015, Jotun celebrated the 10 000th hull coated with SeaQuantum at COSCO Dalian shipyard, helping to cement a successful legacy of innovation and marketing that stretches back almost a century.

STEADY PROGRESS

To grow in the Powder Coatings segment, Jotun is producing and marketing innovative products that not only offer superior protection in different finishes, but help customers achieve their business and environmental objectives.

Jotun finished the year with positive results in the Powder Coatings segment, led by double-digit sales growth in the U.A.E., China, India, Russia and Vietnam. However, the company experienced a contraction in Saudi Arabia, where a slowdown in construction projects and increased competition in rebar and pipeline projects depressed sales. Growth in Western Europe and Scandinavia has been flat due to sluggish economic conditions in these regions. In Turkey, currency effects coupled with intense competitive pressure eroded profits derived from otherwise strong volume growth.

SUPPORTING OUR CUSTOMERS

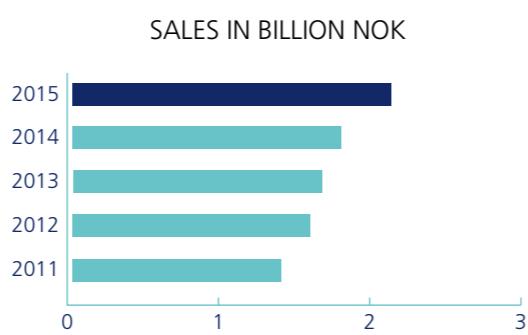
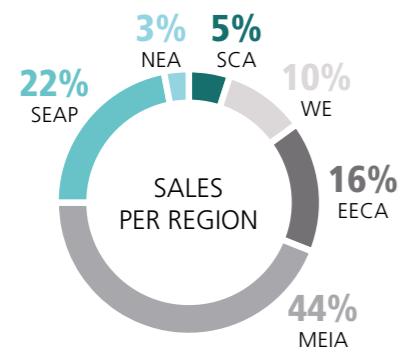
Jotun offers powder coatings to manufacturers operating all over the world in a broad range of industrial segments. These include oil and gas (pipelines), consumer goods (air conditioners, refrigerators, metal furniture), construction and architecture (window frames, louvers, rebar), and general industries such as electrical switch gears, shelving and auto parts (coil springs, alloy wheels, etc.). Increasing market demand for quality products that help support customers' businesses while safeguarding the environment, continues to drive Jotun's product development.

Late last year, Jotun launched Ultra Shine, a safe, affordable and sustainable powder coatings alternative for the potentially hazardous chrome plating process traditionally used for metal furniture. Also in 2015, Jotun launched the Aurora Collection, an environmentally friendly alternative to the energy and water-intensive anodising process for manufacturers of aluminium components for buildings. Jotun is also developing its line of products for Medium Density Fibreboard (MDF) used primarily in the furniture industry as an alternative to solvent-based wet coating systems.

ACCELERATING GROWTH

While satisfied with developments within the Powder Coatings segment in 2015, Jotun recognises that the company can grow faster in this segment. To help drive this growth, the company is working to secure more agreements with global customers, building stronger relationships with consultants and architects, and working more closely with dealers and distributors to improve market penetration. Jotun will continue to invest in marketing and R&D to provide users not only with quality products, but solutions that help meet their needs and strengthen their businesses.

JOTUN POWDER COATINGS



A POWDER PIONEER

From its humble beginnings in Norway in the 1960s, Jotun Powder Coatings has emerged as a globally recognised provider of premium products to a broad range of industries.

Powder coatings were developed by Dr. Erwin Gemmer, a German scientist, who registered a patent in May 1953 for the fluidised-bed process for the processing of thermosetting powder coatings. However, it wasn't until the 1970s and 80s, when electrostatic powder application systems were developed, that powder coatings began to emerge as a preferred alternative to wet paint on selected metal substrates.

EARLY ADOPTER

Jotun was an early adopter of this new technology. In 1968, the company reached an agreement with a Norwegian chemist and entrepreneur Gunnar Myhre, to help finance the construction of a powder coatings factory in Larvik, Norway. Demand grew steadily, and after establishing a leading domestic market position, the company began to export to Europe and the Middle East. In 1977, Jotun opened its first overseas powder

coatings factory in Thailand. Other factories and companies soon followed in Malaysia, Turkey, the United Arab Emirates, Saudi Arabia and The Czech Republic, among others. Jotun assumed full ownership of the powder coatings business in 2000.

Today, Jotun Powder Coatings is active in 75 different countries, with a global network of 11 production facilities and sales offices in nine other countries. While representing a modest 10 per cent share of Jotun's total revenues, growth in this segment is expected to accelerate. Increasing consumer spending on appliances, furniture and automobiles, and investments in oil, gas and water pipelines, housing, and large-scale real estate and infrastructure projects have created a growing global demand for powder coatings. Furthermore, powder coatings are increasingly recognised as a more environmentally friendly alternative to industrial liquid paints because they are solvent-free and do not contain VOCs.

Jotun differentiates itself through product innovation, solutions that improve efficiency for the customer, excellent technical service, and its ability to manage complex, cross-border projects.

The company's experience working with some of world's largest architects, fabricators and contractors has helped Jotun become a recognised coating partner of reference for many iconic projects.

PRESTIGIOUS PROJECT – LOUVRE ABU DHABI

Announced in 2007, Louvre Abu Dhabi is based on an intergovernmental agreement between the governments of Abu Dhabi and France. The museum, which consists of a built up area of approximately 87 000 square metres (including 9 200 square metres of gallery space), is covered by a perforated dome of 180 metres in diameter.

The architectural metal work of the dome required a powder coatings solution that would keep the interior cool, with matched colours specified by the architect that had the correct 'Albedo value' – a measure of the reflecting power of a surface.

Working with the international architects, façade consultants and a local façade contractor, Jotun created samples using the Cool Shades collection – a heat-reflective architectural powder coating solution that reduces the temperature of aluminium building components exposed to the sun. The samples were approved and Jotun secured the contract, supplying more than 50 tonnes of powder coatings to the project.

The dome has been erected and the Louvre Abu Dhabi is scheduled to open to the public in December 2016.



UNDERSTANDING OUR MARKET

By continuing to provide innovative and more environmentally friendly products and solutions that meet the needs of consumers, project owners and contractors, Jotun will continue to grow in the Decorative Segment.

Jotun manages the sale of both interior and exterior paints through a global network of about 7 500 dealer shops, selling to consumers and contractors. In 2015, Jotun achieved good results, especially in the Middle East and South East Asia. In Turkey, Jotun recovered from a slow start to end the year with double-digit growth. In Scandinavia, Jotun's growth in the interior segment made up for slow sales in the exterior paints market.

PRODUCT INNOVATION

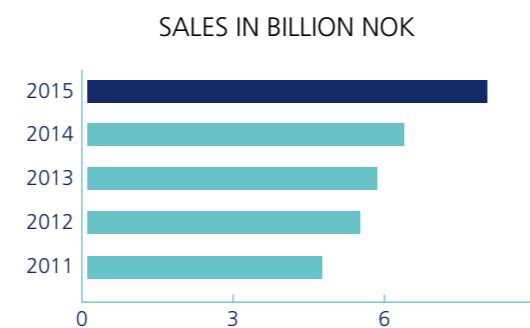
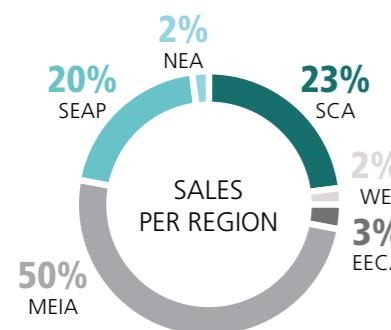
Jotun's growth in the consumer market has been driven by an expanded dealer network, increased focus on improving the shopping experience in existing stores, strong marketing campaigns and product innovation. In 2015, Jotun launched a number of medium-range brands to complete the product range. In South East Asia, Jotun introduced the Essence range of interior and exterior paints, while in the Middle East, Jotun launched the Durosan range of interior and exterior paints. In Turkey, Jotun launched Fenomatic Güzel Evim, a premium product for interiors.

The year was also notable for the launch of new colour selection tools and the 2015 Global Colour Trends, designed to inspire consumers with different colours and finishes to create a more harmonious living space. Jotun also continued to run its popular, global TV ad ('Jotun, For Iconic Buildings and Beautiful Homes') in key markets around the world and develop regionally specific marketing campaigns.

REACHING OUT TO THE PROFESSIONALS

In the project market, the company stepped up its efforts to work more closely with the professionals. In support of local sales personnel, Jotun launched a new, B2B user-centric website to inspire architects and consultants and make it easier for applicators to find the technical information they need. Jotun also launched a new concept (Green Building Solutions) to highlight Jotun's range of environmentally friendly coatings. Both the website and the concept were developed in cooperation with Protective and Powder Coatings segments to appeal to owners seeking 'green building' certification. Going forward, the company recognises that to continue to succeed, it must remain sensitive to increased public concerns about the environment and develop products and solutions that meet evolving trends in colour, finish and usability.

JOTUN DECORATIVE PAINTS





DECORATIVE PAINTS

COLOURING THE WORLD

Jotun's first breakthrough decorative paint was released in 1953, a product that would help establish a winning formula for innovation, sales and marketing, and building strong relationships with dealers.

Jotun's first serious commercial entry into the decorative segment dates back to the 1950s. At the time, Norway was experiencing a post-war construction boom, and new, easy-to-use paint technologies, developed in Europe and the United States, created a strong demand for interior and exterior products. While some of Jotun's competitors chose to license technology, Jotun's founder, Odd Gleditsch, worked with paint pioneer H. Courtney-Bryson and chemists from Centro Research Laboratories in the US to get an edge in the development of alkyd resin paints.

THE FENOM PHENOMENON

After intensive laboratory work, Jotun's own chemists produced Fenom, one of the first thixotropic alkyd paints in the Norwegian market. Launched in 1953, Fenom was a strong product, supported by a brand focused nationwide saturation advertising campaign. Indeed, Gleditsch ran a Fenom ad in every Norwegian newspaper all over the country, everyday.

But effective marketing was only part of Fenom's success. Gleditsch and his team also worked to develop good relationships with shopkeepers and contractors. Fenom's success served as a model for how Jotun would develop, distribute and market decorative paints for years to come.

However, Jotun's innovations were not limited to laboratory work or clever marketing strategies. The company was also a pioneer in the development of in-shop mixing machines. Previously, paints were sold in ready mixed tins, but to provide customers with a wider colour selection, Jotun experimented with various computerised machines that mixed colourants into base paints in the shop instead of the factory. After years of testing, Jotun launched the Multicolor machine in 1976, a concept quickly embraced by dealers. Today, the Multicolor machine – which can be found in about 7 500 shops around the world – is the bedrock of Jotun's success in the Decorative Paints segment.

SHANGHAI TOWER – 'GREEN BUILDING'

As a global player recognised for sustainable paints, Jotun is having success providing decorative paints to iconic buildings, including the Eiffel Tower in Paris, the Petronas Towers in Kuala Lumpur, and the world's tallest building, the Burj Khalifa in Dubai. Last year, Jotun was selected to supply specialised paints to the Shanghai Tower project, located at the core of Pudong's Lujiazui Finance and Trade Area.

To help the architect and the contractor qualify for local green building standard, and comply with the architect's design

specifications, Jotun tendered for the luxury exhibition hall on the 126th floor. Jotun prepared a life-sized sample of a pillar to show how the product could achieve a smooth and gradient effect, using waterborne, solvent-free paints, which helped win the contract.

Opened to the public in 2015, the 632-metre Shanghai Tower, the tallest building in Asia, has become a symbol for the city's growing confidence as an emerging global commercial and financial centre.

STRONG RESULTS

Despite challenges in some regions and markets, Jotun continued its growth trend in the Protective Coatings segment. The company remains confident that growth in this segment will accelerate in the years to come.

Jotun markets protective coatings to companies active in infrastructure construction (buildings, airports, bridges, etc.), hydrocarbon processing (refineries, petrochemicals, gas processing plants, etc.), energy (thermal, wind, nuclear, etc.), and offshore (mobile rigs, fixed platforms, drilling, etc.) The company also supplies protective coatings to distributors serving diverse industries in some markets. Despite facing significant challenges in both the offshore market globally and the general slowdown in the Chinese market, the company managed to record modest overall growth in the Protective Coatings segment.

TROUBLE IN OFFSHORE

Persistently low oil prices have caused many planned offshore projects to be delayed or cancelled, resulting in fewer orders for new units, particularly in yards in the Asia Pacific region. These trends have and will continue to impact Jotun's business going forward. To offset expected declines in new construction orders, Jotun is devoting more resources to secure offshore maintenance and repair projects. Furthermore, Jotun's premium mesh-free PFP coating (Jotachar JF750) has already helped the company secure a good share of active offshore contracts. The launch of Jotatherm, a specialised cold splash coating designed for offshore LNG assets, will help Jotun strengthen its position over time.

In 2015, Jotun recorded excellent overall results in the infrastructure concept, especially in the Middle East, South East Asia and India. Today, Jotun is the market leader in China, the Middle East, Poland and Turkey. Growth was supported in part

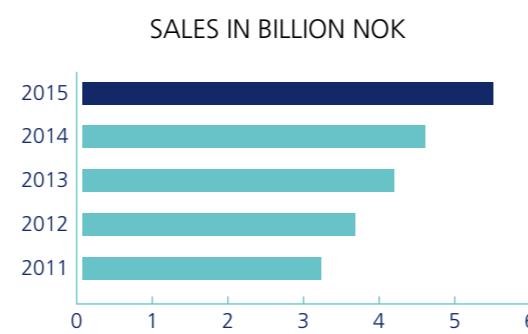
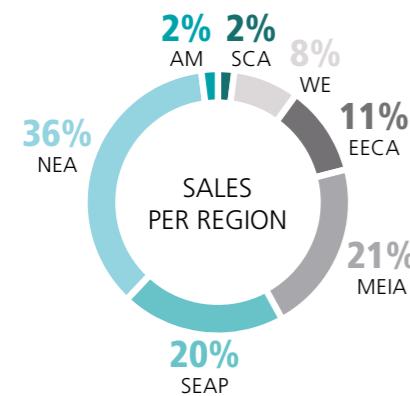
by the launch of Steelmaster 1200 WF, a highly efficient thin-film waterborne cellulosic fire protection coating. When used together with Jotun's Hardtop Eco, a polyurethane topcoat free of hazardous air pollutants, users can earn more points toward a LEED certification.

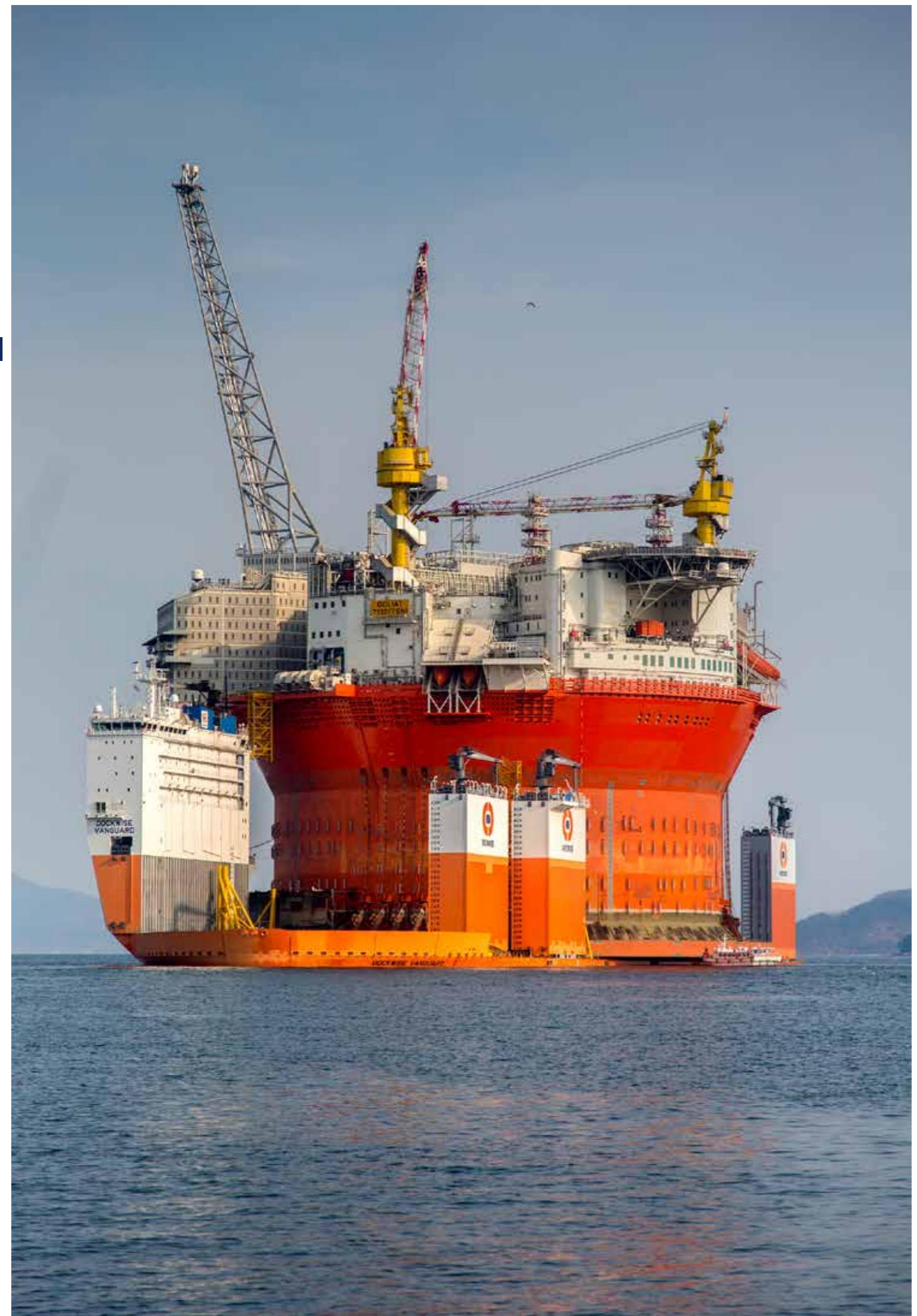
RISING DEMAND FOR ENERGY

Jotun also performed well in the Energy concept, where the company has had success providing specialised coatings to wind towers and blade coatings in select markets. Rising demand for fuel in some markets has also placed significant pressure on refineries. Combined with improved margins for refined products, this has delayed scheduled maintenance and repair work. Early in 2016, Jotun launched Jotachar 1709, a mesh-free passive fire protection coating engineered to safeguard steel structures exposed to pool fires onshore. This should help Jotun grow its modest market share in the dynamic hydrocarbon processing industry.

Jotun sees significant growth opportunity serving infrastructure and hydrocarbon processing projects in the future. The company is also working more closely with dealers to make protective coatings available to more users. In addition, Jotun is working with distributors in some markets to sell protective coatings directly to equipment manufacturers. While market uncertainties may depress sales of protective coatings in some concepts and regions in the years to come, Jotun's regional and industrial diversity will support long-term growth.

JOTUN PROTECTIVE COATINGS





PROTECTIVE COATINGS

A PROUD HISTORY IN INDUSTRIAL COATINGS

Jotun's entry into the Protective Coatings segment began in the 1960s, when the company started offering specialised coatings to the offshore industry. The company is now recognised as an industry leader in different industrial segments in many markets around the world.

In 1969, the giant Ekofisk field was discovered by Phillips Petroleum Company on the Norwegian Continental Shelf, holding an estimated 6.4 billion barrels of oil. The discovery ushered in a new age of offshore oil and gas exploration in the North Sea. As more and larger discoveries were made over the next decades, Norway quickly developed the offshore infrastructure to become a major producer of oil and gas.

FROM OFFSHORE TO LAND-BASED INDUSTRY

For Jotun, the rapid growth of Norway's oil and gas industry represented a genuine opportunity. The company began providing protective coatings – often modified from marine coatings formulations – to Norwegian yards building offshore

platforms. In time, new paint technologies were developed to offer long-term protection for steel structures operating for decades in harsh environments. These product innovations helped Jotun attract customers in other land-based industries.

As fabrication began to move overseas, Jotun's global network found success marketing new, 'Heavy Duty' coatings for both offshore and land-based projects. By 1988, the company reorganised its business to market protective coatings as a stand-alone segment. Today, Jotun provides protective coatings to companies active in offshore, hydrocarbon processing, energy, infrastructure and mining. Considered a promising growth area for Jotun, the sale of protective coatings currently represents about one quarter of the company's annual revenues.

ENI GOLIAT – COATING A GIANT

On May 7 2015, the world's largest cylindrical Floating Production, Storage and Offloading (FPSO) platform was towed into place at the Goliat field in the Barents Sea.

Designed by Sevan Marine and fabricated by Hyundai Heavy Industries in Korea, the platform has an oil production capacity of 100 000 barrels per day, a gas production of 3.9 million square metres of gas per day and an oil storage capacity of 1 million barrels.

The platform, which is operated by ENI Norge, has been designed to ensure environmentally friendly operations and

energy recovery consistent with NORSOX, Norway's standard for operation on the Norwegian Continental Shelf.

Jotun supplied more than one million litres of paint to the project, using nine different coatings systems to protect topsides, splash zones and submerged elements of the platform.

The contract was secured through close cooperation between Jotun personnel in Norway and South Korea, where Jotun has been active since 1982.

CUSTOMERS AND INNOVATION

The substitution principle // 30
Green Building Solutions // 32



THE SUBSTITUTION PRINCIPLE

In addition to supporting Jotun's growth through product innovation, Jotun R&D seeks to replace potentially dangerous chemicals or compounds in paints and coatings formulations to meet with the company's health, safety and environmental objectives.

While achieving Jotun's HSE vision is the responsibility of the entire organisation, Jotun R&D plays an important role in fulfilling the company's goals. Jotun products are designed to protect assets longer (reducing waste) and the company has been successful in developing innovative paints and coatings that help users reduce fuel costs and corresponding emissions. Over the past decade, Jotun R&D has focused on developing less hazardous waterborne paints and coatings. This effort is in response to new or existing regulations, but also market demand. Users in all segments are seeking products that are easier to use and offer improved performance, but don't contain potentially hazardous substances.

CHEMICAL POLICY

Jotun's HSE vision is also expressed in its internal Chemical Policy, which restricts or seeks to eliminate the use of potentially dangerous chemicals or compounds. These include carcinogens, mutagens, reprotoxins, endocrine disruptors and persistent environmental toxicants. Wherever possible, the company works in the laboratory and with suppliers to substitute any substance that represents a risk to users, Jotun personnel, or the environment, with more benign replacements.

Jotun's Chemical Policy organises potentially harmful chemicals and substances into three categories. Examples of substances banned in the last five years include lead chromates, formaldehyde and carbendazim, among others. Examples of chemicals and substances to be phased out over the next two years include phenol, biphenyl-2-ol and dibutyltin dilaurate, among others. Examples of restricted chemicals include crystalline silica, acid anhydrides and TGIC, among others. Jotun's chemical policy is constantly evaluated and updated to reflect new information, and Jotun R&D personnel are active in various regional and international working groups that assess the potential risks of certain chemicals and compounds.

SAFEGUARDING JOTUN'S BRAND

By banning, phasing out or restricting the use of potentially harmful substances from formulations, Jotun products represent a reduced risk to the environment and the health and safety of workers and the end user. This work remains critical to achieving Jotun's HSE vision, and protecting and strengthening Jotun's reputation and brand integrity.



MAKING SENS

Developed in response to consumer health concerns regarding solvents, allergens and other potentially harmful substances, Jotun launched SENS in 2008. SENS is a fast-drying solvent-free interior decorative paint that is virtually odourless.

The product has been endorsed by the Norwegian Asthma and Allergy Foundation (NAAF). In addition, SENS has been certified by the Nordic Council of Ministers' eco-label (the Swan), and the EU Flower (a voluntary ecolabel scheme) established by European Commission.





GREEN BUILDING SOLUTIONS

To meet emerging trends in green building construction, Jotun has introduced Green Building Solutions, a tool to highlight the company's comprehensive range of more environmentally friendly products.

The building sector contributes up to 30 per cent of global annual green house gas emissions and consumes up to 40 per cent of all energy. Given the massive growth in new construction in economies in transition, and the inefficiencies of existing building stock worldwide, greenhouse gas emissions from buildings will more than double in the next 20 years.

MEETING CERTIFICATION REQUIREMENTS

To manage this environmental challenge, governments in some parts of the world offer financial incentives to owners whose buildings meets specific criteria related to energy use, emissions output, materials used, etc. Examples of local and international building standards include the Building Research Establishment Environmental Assessment Methodology (BREEAM), Leadership in Energy and Environmental Design (LEED) and 'Three Star', China's Green Building Design Label. By providing owners with a complete range of paints and coatings with low amounts of Volatile Organic Compounds (VOCs) and other harmful substances, Jotun can help owners win points towards certification.

Green Building Solutions is designed to provide global specifiers and building owners with approved systems that meet 'green building' requirements. The concept includes

decorative paints, protective and powder coatings, which are often sold by Jotun as a Single Source Solution to project owners seeking one supplier to provide long-lasting protection and beautification of assets.

PRODUCT MODIFICATION

To comply with green building standards, Jotun has performed an exhaustive review of all relevant products to verify if they match specific provisions, and refined and developed products when necessary to fill gaps. For example, Jotun now delivers the only globally available and third-party approved intumescent system that contributes towards satisfying credits under LEED (Penguard WF, Steelmaster 1200WF and Hardtop Eco). Furthermore, Jotun produces heat-reflective exterior paints and powder coatings (Jotashield Extreme and Cool Shades) to help buildings in warm climates save energy related to air-conditioning.

Green Building Solutions is likely to be embraced by major property developers and state-run organisations responsible for large, civic infrastructure projects, giving Jotun a competitive advantage. Jotun can not only serve as a Single Source Solution supplier in all segments, but also offer paints and coatings that can help owners reduce their impact on the environment.





CORPORATE RESPONSIBILITY

Managing Corporate Responsibility // 36

MANAGING CORPORATE RESPONSIBILITY (CR)

Companies are defined by how they act. Jotun ensures a strong market reputation, while building lasting relationships with all stakeholders, by engaging in a CR programme that is comprehensive, regulated and firmly embedded within our corporate culture.

All of Jotun's activities are guided by our corporate values of Loyalty, Care, Respect and Boldness. As the company grows these values guide its evolution, helping new employees, offices and markets stay true to Jotun and the Penguin Spirit.

Our approach to CR is central to this prudent, structured growth. It ensures we develop in a way that delivers value to all stakeholders, while fostering a strong and sustainable international business.

STRUCTURED AND STRINGENT

Our CR strategy is firmly anchored within the Board of Directors and Group Management of Jotun A/S and administered throughout the organisation, from corporate, to regional and divisional levels.

Locally it is managed through a combination of business reviews, financial audits, Human Resources (HR) reviews, Health, Safety and Environment (HSE) audits, supplier audits and CR reporting activities. This structure ensures that all of Jotun's companies and employees, no matter where they are, are united by uniform standards and behaviour.

Our CR policies and practices 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.

In addition, Jotun shall always abide by, and enforce, local laws in all its places of business.

BENEFITS FOR ALL

Our approach to CR ensures we –

- Build a positive reputation in the marketplace
- Build a resilient and trusted company – both locally and globally
- Are a force for good in the communities where we operate, supporting development and protecting Human Rights

High standards of corporate responsibility and governance help drive business performance and market reputation, while securing enduring relationships with all our global stakeholders. The 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



CORPORATE RESPONSIBILITY E-LEARNING

In May 2015 Jotun launched a new CR e-learning module for new and existing employees to help clarify and define CR expectations globally. The module covers a broad range of areas, including Jotun's work with charities worldwide, the

company's efforts to combat corruption, and its interaction with stakeholders. It also features dilemma training to provide employees with valuable guidance on how to act when confronted by corrupt practices in a range of business scenarios.



EMPLOYEES AND THE WORKPLACE

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EMPLOYEES AND THE WORKPLACE

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EMPLOYEES AND THE WORKPLACE

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PUTTING PEOPLE FIRST

Jotun sees individuals, not job roles. We hire for the long-term, with a view to helping employees fulfil their potential and contribute to the company in the most mutually beneficial manner. We care for them, and they care for Jotun.

THE FOUNDATION FOR SUCCESS

Good companies need good people. Jotun has implemented a global recruitment process that is both systematic and scientific. This reduces the risk of wrong hires and increases the likelihood of employing people that embody our values, commitment and ambitions. Through on-going development programmes and opportunities for new challenges, we encourage our people to grow with the business, helping us retain our workforce and attract high quality candidates.

CREATING A POSITIVE ENVIRONMENT

There are implicit challenges in being a large multinational organisation, but also real advantages. When growing, we need to ensure that wherever we are in the world, we remain a united organisation. To accomplish this, our global and regional HR functions collaborate closely to ensure that agreed standards are upheld and processes implemented worldwide. Whilst our people come from many different cultures and backgrounds, and are spread over 200 different locations around the world, we are joined by our common set of values; Loyalty, Care, Respect and Boldness. By believing that diversity is a strength, and actively promoting it through our hiring process and within the workplace, our employees bring the corporate culture to life resulting in an even organisation every day.

ATTRACTING FUTURE TALENT

During 2015, HR has been building the framework for a new Employer Branding initiative, set to launch in 2016. Working externally, conducting research amongst students and professionals, and internally, assessing employee engagement surveys, the team has been striving to pinpoint what people are looking for in an attractive employer and how Jotun matches these preferences. This insight will lay the foundation for a campaign promoting Jotun as a preferred employer. The main focus of the messaging will highlight how the company's innovations, developments and improvements are realised through its employees.

KEY ACHIEVEMENTS IN 2015

- Continuation of focus on training and certifying HR staff in Jotun's recruitment concept, strengthening a high quality, globally consistent and professional recruiting process
- Established and implemented JEC (Job Evaluation Course) globally
- Consolidated the Dynamic Workforce concept with more formalised requirements for High Level Management positions, including cross functional and international experience
- Increased regional accessibility and accountability for Rotation and Mobility
- Job guarantee for repatriating International Assignees
- 'Raising the Leadership Bar' project initiated to strengthen Jotun's leadership capability and secure our leadership pipeline

PROTECTING HUMAN RIGHTS

The cornerstone of Jotun's HR practices is the protection of basic Human Rights. The company's stringent labour policies are anchored in the UN Human Rights and International Labour Organisation conventions. In addition, all of our operations comply with local laws, international regulations and our own high standards. This ensures that –

- Our employees' rights are respected
- Jotun is compliant with Human Rights
- Employees can conduct their work without fear
- Equal opportunity is upheld throughout the hiring process, while discrimination of all forms is prohibited
- Employees are fairly compensated
- Employees can enjoy freedom of association
- Health and safety standards are adhered to
- All employees receive employment contracts and job descriptions



	Number of employees	Female	Male	Nationalities
Jotun total	9 842	1 779	8 063	85
Scandinavia	1 108	326	782	31
West Europe	755	178	577	29
East Europe and Central Asia	645	147	498	8
North East Asia	2 032	334	1 698	12
South East Asia and Pacific	2 411	592	1 819	23
Middle East, India and Africa	2 682	163	2 519	50
Americas	209	39	170	13

CRISIS MANAGEMENT

Effective crisis management systems and procedures ensure that damage is minimised and commercial impact mitigated.

Jotun has a well-structured and firmly established crisis management plan that is embedded throughout the global organisation. The plan is tailored to cater for both group and local levels, providing clear guidelines on how to handle critical situations in a way that prevents, or minimises, harm to people, the environment, materials and corporate reputation.

PREPARED FOR ANYTHING

Crisis situations addressed within the plan include incidents such as accidents, fire, IT security, terrorist attacks, kidnapping and hostage-taking, sabotage, reputational issues, product failures, environmental issues, allegations of corruption, and personnel/labour matters.

On a local basis, crisis management teams consist of a core group, which can be enhanced with additional internal resources dependent on the nature of a situation. An incident response team leader co-ordinates response personnel and crises management on the ground. The global and regional Jotun crisis management team is available to provide further support relating to the incident scene, external emergency services and the general implications/management of the crisis.



Jotun provides media training exercises to help company representatives interact with the press.

HSEQ MANAGEMENT SYSTEM

Jotun is committed to delivering high HSE standards across every element of its business – protecting employees, safeguarding the environment and continually improving our business performance.

MEDIA MATTERS

Management of the media during a crisis is key. Negative exposure in the media can be detrimental to a company's reputation and commercial success, quickly destroying a position built carefully over many years in business.

In 2015, Jotun introduced an internal training programme to strengthen crisis management media skills. Communication responsible staff from the Middle East region convened in Dubai in November for an intensive, day-long session that covered both theoretical and practical exercises.

Attendees learned the dos and don'ts of interacting with journalists, how to tackle difficult issues by conveying clear corporate messages, and the value of adhering to the Jotun Media Policy, namely –

- Be open, but treat confidential issues with care
- Be trustworthy
- Be proactive
- Be targeted
- Be consistent

Jotun never stands still. It is a growing international business, with an expanding workforce, geographical reach and market penetration. This positive development can create strain upon the HSE standards of any organisation, which may fragment under pressure. Jotun is proactively meeting this challenge.

We work hard to mitigate this risk, implementing a clear structure that is centrally driven and locally executed. This leads to controlled growth, a clarity of expectation, and a HSE culture that is both uniform and unifying.

2015 saw a major step forward in our delivery of worldwide, high-level HSE standards with the introduction of our new HSEQ Management System.

A YEAR OF CHANGE

Prior to the development of the system, HSE standards on a local level were controlled and maintained by the general managers. There was overall responsibility, but no clear structure for a delegation of duties. The new HSEQ system transformed that.

Launched in June 2015, the HSEQ Management System aims to divide HSEQ responsibility across the local management organisation, allowing for more individual focus on key elements and making overall standards easier to manage.

The system covers the following 14 elements –

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

SIMPLE, INCLUSIVE AND CLEAR

Overall responsibility for the system remains with the general manager, who 'owns' it and runs annual management and tertiary reviews, while the site's HSEQ manager coordinates the system locally and provides support.

To ensure adequate focus, a management representative is assigned to each individual element, acting as its 'management sponsor'.

Each element is covered with details and clarity within the system, which communicates well-defined requirements, tools and best practices. The tools and best practices for each area are taken from Jotun companies around the world that excel in that regard. This enhances buy-in, as their efficacy can be demonstrated, while the procedures are sourced from employees/sites themselves, making the whole process of change more inclusive.

DELIVERING IMPROVEMENT

By the end of 2015 Jotun's HSEQ Management System was rolled out across 80 per cent of the company's global network of operations. The remaining sites will receive training and initiation activities during the first half of 2016.

A two-year implementation period has been set to allow for companies to adjust to the new structure. A gap analysis will be carried out at each site after the first annual management review.

The new system, which is qualified as ISO compliant to standards 9001, 14001 and 18001, strengthens Jotun's global HSE structure and delivery, staying true to our commitment to high standards and continual improvement.

SAFETY AT THE WORKPLACE

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Jotun is committed to continually developing systems and procedures to ensure that it safeguards its people and the environment.

Jotun works actively to provide uniformly high safety standards in all its worldwide operations, while allowing individual companies the flexibility and resources to focus on the issues that are most important to them. This globally stringent, yet locally responsive, approach allows us to build one strong safety culture that is adaptable enough to suit the needs of all our personnel.

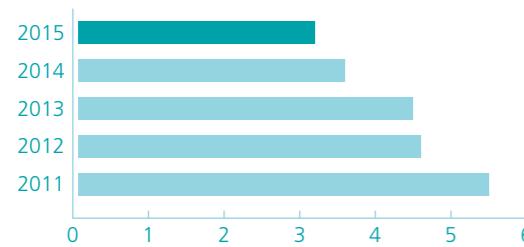
'I CARE' GOES LOCAL

In 2013 and 2014 Jotun rolled out the 'I Care' internal HSE campaign worldwide. This year saw an evolution of the initiative, as responsibility for the activity moved from a global to local level.

Each company ran three campaigns of their own choosing. This allowed individual sites to focus on the areas of most concern to them, speaking directly to their own employees to raise awareness and address specific issues. The campaigns were shared internally on a global basis, allowing companies to learn from one another's initiatives.

LOST TIME INJURY RATE

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



WORK PERMITS

Personnel undertaking high risk and non-routine tasks, falling outwith their everyday job responsibilities, must apply for work permits. In 2015 Jotun introduced new work permit training, including the development of an e-learning module. This provides employees with analysis and information relating to conducting potentially hazardous tasks in the safest possible way.

NEW SAFETY REQUIREMENTS

As part of our continual process of improvement in safety standards, Jotun conducts analysis relating to on-going injury trends. This informs new systems and procedures to enhance our global safety requirements.

In 2015 the company introduced new Personal Protective Equipment (PPE) requirements to further prevent accidents and injury. From 1 June a requirement was introduced for all sites stating that safety glasses must be worn in factories at all times, to prevent eye injury, while helmets are now mandatory between warehouse aisles.

These new global requirements are enforced and followed up throughout the system of on-going safety audits.

ABSENCE DUE TO SICKNESS

(In per cent of total working hours) for Jotun Group



RISK AND PREVENTION

45

Jotun proactively addresses risk throughout its global organisation as part of its continuous effort to prevent incidents and ensure optimal safety standards.

Jotun invests considerable resources in establishing preventative measures and procedures that safeguard our personnel, facilities and the environments our people work within. The company has contingency plans in place for a variety of risks, such as criminal activity or natural disasters, but our greatest focus is centred on our greatest threat – fires.

Jotun has a 'zero tolerance' regarding fires and a commitment to reporting and investigating even the most minor incident. In 2015 our global network of facilities recorded 18 such events. None of these resulted in injury or serious damage to property, and none caused interruption to business.

LESSONS LEARNED

Each incident is regrettable, but provides an opportunity to learn from our mistakes. Jotun's stringent reporting of even the smallest event provides the company with a wealth of knowledge concerning risk.

In 2015 Jotun introduced 'Lessons Learned' for all fires, serious injuries and high-risk 'near misses'. This means that after every incident a report is produced including a description of the case, its cause and actions required.

Our aim is to learn from mistakes and implement preventative actions. The Lessons Learned are distributed to company managers and HSEQ personnel, with required actions followed up through the HSE auditing process.

THERMOGRAPHY

Jotun conducted comprehensive thermography checks across all of its global sites in 2015. This involved highly qualified external contractors examining facilities with thermographic cameras to detect the areas where fires are most likely to start. This successful initiative allowed the company to identify issues, rectify problems and gain a greater understanding of fire risk potential and prevention.

FIRE RISK ASSESSMENTS

In 2015 every one of Jotun's global sites was charged with undertaking a fire risk assessment. This involved mapping the individual sites to determine factors such as –

- The location of flammable materials
- Potential ignition sources
- The positioning and availability of fire fighting equipment
- Action plans on how to reduce risk
- Emergency response plans

The Group HSEQ developed the assessment system and commenced training in June. The site assessments themselves were completed by the end of 2015. They will provide the company with a total picture of fire risk, facilitating greater understanding and informing new preventative measures.

FURTHER ACTIONS

In 2015 Jotun also –

- Improved the requirement for electrical inspections and safety walks, in order to reduce the occurrence of electrical fires
- Carried out inspections of all fire fighting systems as part of our HSE auditing process, while introducing further requirements in our HSEQ management system for fire fighting

In 2016 we will –

- Commence further training of all our electricians to ensure uniform standards worldwide
- Begin work on the classification of fires to differentiate between the seriousness of incidents and map trends
- Introduce improved maintenance procedures for fire fighting equipment

45

EMPLOYEES AND THE WORKPLACE

DEVELOPING OUR DYNAMIC WORKFORCE

Exposing employees to new challenges, cultures and business environments increases Jotun's competence and capabilities, while further strengthening its global organisation.

PEOPLE & LEADERSHIP

Jotun has always taken a long-term perspective with regards to its employees, as well as its business. Over the years we have made sure we develop the competence of our employees, allowing us to fill managerial and specialist positions internally. Today, more than ever, we need to ensure that we develop competence and capacity to fill open managerial positions that are created through growth or replacements.

As an organisation, Jotun nurtures a culture of individual and professional development. We build employees' skills and expertise so they are equipped to take on a variety of challenges in Jotun, limiting our need to hire externally when new management positions are made available. Jotun is growing, and we want our people to grow with us.

A variety of initiatives and opportunities aim to give individuals a broad-based experience and understanding of Jotun, enabling them to move both horizontally and vertically across the business.

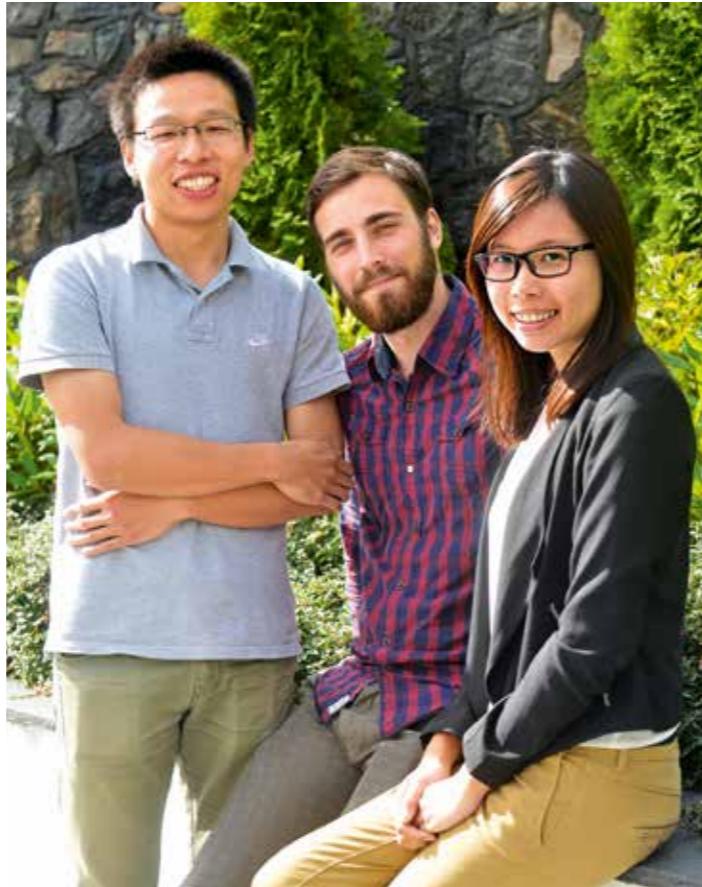
DYNAMIC WORKFORCE

In order to support Jotun's organic growth ambitions, it is necessary to stimulate a dynamic workforce.

Jotun must enable its employees to gain cross-department, -functional and -country experience, by offering opportunities for rotation, exposure and career development at all levels of the organisation.

In 2015, Jotun has focused on developing solutions to enhance opportunities for workforce mobility and job rotation. We now have three Global Mobility programmes, designed to serve different purposes for the employees and the organisation. They are; Short Term Assignment, Mobile Workforce and International Assignment.

Our ambition for 2016 is for more positions to be made available to candidates from other countries and regions, in order to give more employees the possibility to serve abroad.



Mobile employees from China, Norway and Malaysia.

Flexible global mobility solutions serve to strengthen collaboration and awareness of Jotun's culture and values.

Jotun aims to give employees international exposure as early as possible in their careers. This means providing accessible Global Mobility solutions at all levels in the organisation, in all countries. In order to achieve this, ownership and accountability to the solutions must be shared on a local, regional and group level.

COMPETENCE COUNTS

Jotun sees people as its most important assets. The company is dedicated to helping its employees fulfil their individual potential, as they contribute towards collective corporate success.

In 2015, Jotun maintained its strong commitment to investing in the development of employees worldwide. The Competence Development department implements and supports activities throughout all segments and regions.

This year the team focused its efforts on strengthening the retention of learning and improving operational competence, while exploring fresh learning trends to support our drive for continual improvement.

JOTUN ACADEMY

The Jotun Academy is the hub for company learning. Established in 2006, it has evolved to offer a wide range of valuable courses for employees at all levels and company functions.

Tailored courses are now available in human resources, marketing, sales, purchasing, R&D, operations, technical sales support, finance, and management, with an additional range of further stand-alone modules.

In 2015, the Academy launched several new training initiatives, including –

- Credit Manager Training (CMT) to secure desired return of investment on working capital
- R&D Academy level 2 (RDA2) to ensure quality in all laboratory work
- Advanced Management Training (AMT) to further develop experienced managers

The Operations Academy has also undergone a process of updating and restructuring throughout the course of 2015, as it looks to drive the sharing of best practice in the operations network, facilitate learning through experience, and create a more structured career path within operations.

In September, Jotun also launched A3 Problem Solving Training to enhance understanding of how LEAN principles can help the company work smarter.

RETENTION OF LEARNING

Training is most valuable when it results in lasting positive change. In 2015, Jotun has been striving to enhance the retention of learning within the organisation and, by doing so, secure greater returns on training investment.

Efforts have focused on improving the learning process for all academies, emphasizing pre- and post-training work, and embedding the lessons learnt by trainees in the most effective manner.

One notable development during the year was the implementation of Nano Learning in the Sales Academy. As the name implies, this consists of a variety of 'mini' online lessons, lasting between two and four minutes, designed to refresh and consolidate the principal tools and methods used in training.

EMPOWERING THE WORKFORCE

Jotun's e-learning programme connects the entire global organisation in one, virtual training environment. It gives the company a platform for both the development of individuals and the sharing and promotion of best practice throughout the organisation.

In 2015, nine new e-learning courses were launched. These covered areas including Corporate Responsibility, A3 Problem Solving, Hull Performance Solutions, HSE, and a variety of product based initiatives.

The company is now proud to offer over 200 online courses, giving any employee with access to a computer the opportunity to develop their personal competence and enhance business understanding.



ENVIRONMENTAL COMMITMENT

Jotun GreenSteps // 50
Our carbon footprint // 51
Taking responsibility // 52
A measure of success // 53

DEFINING ACTIONS

50
ENVIRONMENTAL COMMITMENT

Jotun GreenSteps is not just a framework for our environmental initiatives, but also a mind-set. It is embedded within Jotun, defining how we act and what we produce. It ensures that every move we make leads us towards the goal of a business that is responsible, sustainable and environmentally friendly.

Jotun GreenSteps programme provides structure for our environmental efforts. It allows us to focus on five key objectives that, together, help us reduce our impact on the environment and provide greener solutions for customers worldwide.

BENEFITS FOR ALL

Jotun's commitment to producing cleaner, greener and safer products delivers benefits for all our stakeholders.

Greater efficiency and smarter energy consumption makes commercial sense for the business, while customers benefit from paints and coatings that offer long-term protection for their property, while also helping them reduce their own carbon footprint. And, of course, all of society gains from better industrial environmental performance.

A cornerstone of our efforts has been the substitution of hazardous raw materials for less hazardous ones, while maintaining, or enhancing, final product quality. The company dedicates a substantial part of its R&D resources to the development of more sustainable products, solutions and technologies.

STEPS TAKEN

In 2015, Jotun continued its programme of investing in continual environmental improvement, undertaking a range of key activities, including –

- Introducing the Green Building Solutions initiative (see separate article on page 33)
- Developing and launching products with enhanced environmental credentials, effectiveness and durability. These included, Ultrashine (powder), Hardtop Eco (protective) and



OUR CARBON FOOTPRINT

51
ENVIRONMENTAL COMMITMENT

As a responsible corporate citizen Jotun is committed to limiting the impact of its activities on the natural environment and reducing its carbon footprint.

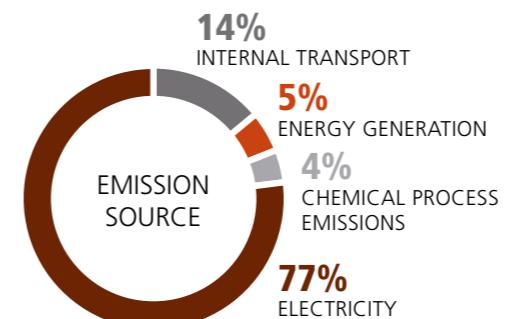
Companies can help mitigate environmental impact by increasing energy efficiency and reducing overall consumption. Jotun is focused on both strategies, cutting our energy use per tonne of product manufactured, while seeking innovative ways to enhance the sustainable credentials of our global network of facilities.

We have built, and continue to develop, a robust culture of environmental responsibility that unites our people, operations and products.

CARBON FOOTPRINT REPORT

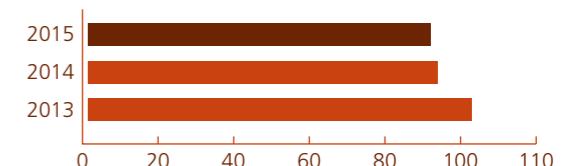
Jotun has reported annually on its carbon footprint for the Group since 2009. The report tracks total CO₂ emissions by region, detailing the CO₂ output of each area and company, and providing an in-depth picture of our overall environmental performance.

The total emissions from Jotun in 2015 were 87 163 tonnes CO₂-equivalents. The CO₂ emissions per tonne produced has decreased by three per cent compared to 2014. Electricity consumption alone makes up 77 per cent of the total emissions. This is almost identical to the split in 2014.



EMISSIONS PER TONNE PRODUCED

(Kg CO₂ per produced ton) for Jotun Group



LEADING THE WAY

LEEDing the way in Indonesia: Jotun's new warehouse and office facility in Cibitung, Indonesia is indicative of the company's commitment to, and investment in, sustainable industrial development. The recently opened site was LEED certified (Leadership in Energy and Environmental Design) in 2015, meaning it conforms to stringent standards set by the US Green Building Council. Through a combination of innovative measures, the facility saves resources, reduces operational costs, utilises clean energy, and impacts positively on the health of occupants.

TAKING RESPONSIBILITY

Less waste, more efficiency. Jotun's commitment to sustainable principles and actions ensures that our global business continually enhances its environmental performance.

Waste is an inevitable bi-product of manufacturing processes. However, Jotun endeavours to reduce the proportion of waste to production volumes on an annual basis, using materials with greater efficiency and recycling wherever possible. This reduces our impact on the environment and, in the long-term, also enables greater cost control through enhanced efficiencies.

In 2015, waste accounted for 1.9 per cent of our global production volume, against 2.1 per cent in 2014. This is in line with our acknowledged drive to reduce waste vs. production to two per cent by the year 2016.

WATER TREATMENT

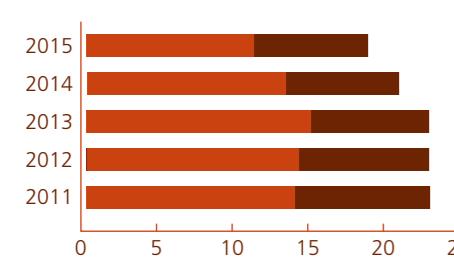
In 2015, Jotun's worldwide operations produced 65 702 tonnes of waste water from the washing of production equipment, and manufacturing processes. This compares to 64 888 tonnes in 2014. We are committed to reducing this figure further through better planning, efficiency and the recycling of water when and where possible.

IMPROVING AIR QUALITY

The production of solvent-based paints results in emissions to air. However, Jotun is working hard to manage VOC to air discharge, investing in new technology to limit emissions.

HAZARDOUS AND NON HAZARDOUS WASTE

(Kg waste per tonne produced) for Jotun Group



2015 saw a continuation of our programme to install Regenerative Thermal Oxidisers (RTO) at two plants in China and one in South Korea, where a 50 meter high stack was also installed to counter odour release. Both these initiatives, in compliance with local requirements, enable the combustion of solvents at much lower concentrations than normally required. The entire investment in this activity amounted to NOK 50 million.

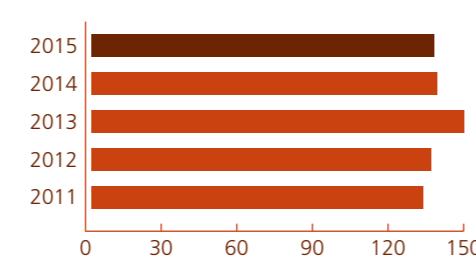
A NEW START IN NORWAY

2015 saw Jotun commence work on a major rejuvenation on its new global headquarters at Sandefjord in Norway. This extensive development includes an advanced, efficient, innovative and sustainable R&D centre and offices, due to be completed in 2018/19.

Initial stages have focused on the careful dismantling of the old buildings, including the old paint factory, with a firm focus on sorting and recycling all waste. This process will deliver cost benefits for our business and stakeholders, while helping us limit the impact this ambitious project has on the environment.

ELECTRICITY CONSUMPTION

(Per tonne produced) for Jotun Group



A MEASURE OF SUCCESS

Over the past few years, Jotun has been working with other industry stakeholders and the International Standards Organization to reach a consensus on a method for measuring hull and propeller performance.

In 2013, the International Standards Organization (ISO) established an expert group to start work on a common industry standard for measuring changes in hull and propeller performance. One of Jotun's employees was appointed by ISO to lead the project. The group has since come to include representatives from ship owners, ship builders, class societies, paint manufacturers, performance monitoring companies and various research institutions. After more than two years of work, the ISO's Marine Environment Protection Sub-committee (ISO-TC8-SC2) voted in favour of circulating ISO 19030 as a Draft International Standard.

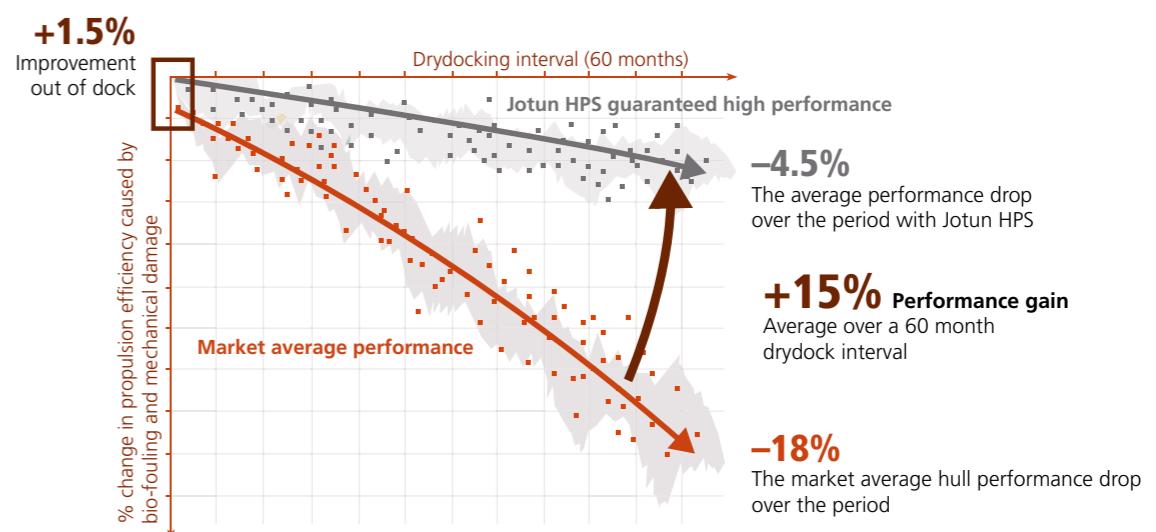
ENCOURAGING BEST PRACTICES

The standard, which is expected to go into effect second half of 2016, will accelerate industry-wide best practices and will offer much needed transparency for buyers and sellers of a wide range of fuel saving technologies and services, including marine coatings. Previously, the lack of standards, combined with competing claims by rival paint manufacturers, left owners unable to make decisions based on reliable data. At the same time, a renewed focus on operational costs and increasingly strict environmental regulations encouraged owners to view hull and propeller performance as an effective and affordable way to reduce fuel costs and their impact on the environment.

Poor hull and propeller performance is estimated to account for around 10 per cent of the world fleet's energy costs. By creating a standard, the industry will have access to proven ways to measure speed loss, leading to better decisions about hull coatings and propellers. Improving hull and propeller performance can reduce the world fleet's fuel costs by as much as USD 30 billion per year and achieve an estimated 0.3 per cent reduction in man-made greenhouse gas emissions.

ALIGNING HPS WITH THE NEW STANDARD

In anticipation of final approval of the standard expected next year, Jotun will update Performance Guarantees offered as a part of its Hull Performance Solutions (HPS) so that they are fully compliant with the standard. Jotun's HPS concept combines premium marine coatings (SeaQuantum X200), priority technical service and on-board monitoring tools to measure hull performance, covering the entire period between dry-dockings. HPS was developed in part to provide the industry with real time data on long-term hull performance, and many elements of the HPS methodology informed the new ISO standard. Since the launch of HPS in 2012, Jotun has secured contracts for about 400 vessels. The company is confident that the new ISO standards will generate even more interest in the HPS concept.



JOTUN AND SOCIETY



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MAKING A DIFFERENCE

Every year, thousands of people all over the world are killed or injured by landmines and other Explosive Remnants of War (ERWs). Working in cooperation with Norwegian People's Aid, Jotun is sponsoring a mine detection dog to help clear affected areas.

By some estimates, landmines and unexploded ordinance affect the lives of people living in 78 countries around the world. Even in countries no longer subject to violent conflict, landmines and ERWs remain a threat decades after hostilities cease, representing a significant public health risk and slowing post-war development and economic recovery.

TAKING ACTION

Founded in 1939, Norwegian People's Aid (NPA) is engaged in more than 40 countries offering a broad range of services, including de-mining, humanitarian relief, and promoting democracy, the rights of indigenous people, equality and the fair distribution of land and resources. At present, NPA operates de-mining activities in 16 countries, including Cambodia, Angola, Somalia, and Bosnia and Herzegovina, where the organisation operates the largest mine detection dog training centre in the world.

While NPA personnel also use mine-detecting equipment, specially trained dogs can cover more difficult terrain and locate a mine 20 times faster than a de-miner using a metal detector,



'Jotun' the dog, in training at the NPA Global Training Centre.

releasing up to 800 square meters of land in a single working day. In addition to a breeding programme, the centre trains about 70 dogs every year.

DE-MINING IN CAMBODIA

Most of the financing for the NPA Global Training Centre comes from the Norwegian government, but the organisation also seeks support from the private sector. In 2015, Jotun agreed to sponsor a puppy (a nine-month old Belgian Shepherd Malinois), and gave him the name 'Jotun'. Once fully trained, 'Jotun' and his handler will join 80 other NPA dogs in Cambodia, where an estimated three to five million mines and ERWs lie hidden under the soil.

The project is consistent with Jotun's approach to CR activities, especially in regions where the company is active. NPA is a global organisation, but their impact is local and has a direct, measurable and almost immediate positive effect on local communities. Jotun is proud to support the work of the NPA and will follow 'Jotun's' career when he begins to work in Cambodia, where the company has been active since 2008.

FIGHTING ILLITERACY

With 63 companies all over the world, Jotun is active in a broad range of projects designed to make a difference in local communities. In Egypt, Jotun's support for primary schools is helping to fight illiteracy.



Students at the Nagaa Selim Sheik Hamad School, Sohag, Egypt, together with representative from Jotun.

Jotun's community support activities vary by region, local needs and the size of Jotun's organisation. In markets new to Jotun, such as Kenya or Myanmar, the scope of activities tends to be modest, while in markets where Jotun has been established for decades, activities are often more extensive.

STRUCTURED CR

In Egypt, where Jotun has operated a factory since 1986 and has a staff of 350, the company has a long tradition of supporting various causes – from donating paint to orphanages, to raising money to help fight cancer. In 2013, the company decided to establish a more structured programme that could be followed over time and was more closely aligned with Jotun's business objectives. The programme (called 'Paint tomorrow, today!') provides exterior and interior paints, teacher sponsorships and other materials to improve conditions in schools without adequate resources. The goal is to create a good environment that encourages better attendance, so more students learn to read and write.

To establish the programme, Jotun representatives met with government officials and conducted a survey to identify schools in need. Working with local sales personnel and contractors, Jotun identified five schools, including the Nagaa Selim Sheikh Hamad School in Sohag, in Egypt's Upper Nile region, where illiteracy rates are high.

LONG-TERM SUPPORT

Nagaa Selim Sheikh Hamad School has space for about 240 students and 15 teachers, but until recently, attendance was poor. By improving conditions at the school, it has become a more welcoming environment, a place where parents, teachers and students all feel at home. Jotun will continue to support the school and others over time, working with teachers to ensure more students have access to education and the tools they need to graduate.

RESPONSIBLE PURCHASING – LEADING FROM THE FRONT

Jotun takes its responsibility to society and the environment seriously. Our efforts to maintain responsible purchasing practices help us ensure we exert a positive influence wherever we conduct business.

Jotun has high standards and expects its suppliers to meet clear and stringent requirements. By doing so we help spread responsible behaviour through the supply chain, encouraging improvement where needed, and supporting positive action throughout the network of companies we work with. Price is important, but principles are paramount. If a firm does not comply with our minimum standards we will not do business with it.

TOOLS, POLICY AND PILLARS

Jotun uses, and has developed, a series of tools to ensure our suppliers respect Human Rights, support positive labour practices, and protect the environment.

Key tools include –

- The United Nations Global Compact – we aim to use suppliers that adhere to the principles of the UNGC
- The Jotun Supplier Audit programme – All new suppliers are audited, with re-audits following on a regular basis
- The Jotun Purchasing Policy – This defines our approach to purchasing, employee roles and responsibilities, processes, anti-corruption principles, and how to treat suppliers in a transparent and professional manner

In addition, we have three strategic purchasing goals that act as the pillars of our business, defining the way we work with all our suppliers. We focus on –

- Ensuring continuity of supplies to support Jotun's growth
- Achieving the best terms in the market
- Ensuring value creation through mutually beneficial, long-term relationships with suppliers

REVITALISING TRAINING

In 2015, a central focus of the purchasing function has been the revamp of its Purchasing Academy. We have transformed the Academy from two training modules, to five, splitting the learning by discipline to allow for a 'mix and match' system and the building of expertise in specific fields most relevant to the participants' job scope. Four of the five modules were launched

in 2015, with the last module (Negotiations) scheduled to appear in the first half of 2016.

The modules are –

1. Introduction to purchasing
2. Category management raw materials
3. Indirect materials
4. Negotiations
5. Operational purchasing

All participants in the training will take the first module, adding additional modules to best fit their roles and the needs of the organisation.

SUPPLIER AUDITS

Supplier audits are a way of ensuring our suppliers meet our responsible purchasing expectations, while helping those who wish to raise their standards pinpoint and address areas of potential improvement.

In 2015, we continued work on our new auditing app, suitable for both iOS and Android devices, which simplifies and empowers the supplier audit process, allowing better accessibility, less paperwork and a more powerful platform for using and sharing recorded data.

In 2016 Jotun will launch version 2.0 of the app and continue its roll out, training local purchasers in its use so they can take greater responsibility for their own audits. By eventually uniting the whole purchasing/auditing network on a single platform we can drive better efficiency, results and understanding of captured data.

AUDITING BY THE NUMBERS

In 2015 we conducted 54 audits, of which 21 were re-audits.

In 2016 we expect to conduct an equal number of supplier audits, although there will be an increased focus on re-audits over the course of the year.



UNITED ON ANTI-CORRUPTION

By equipping our people with behavioural training, clear guidelines and a robust reporting structure Jotun protects its business, and its stakeholders, from the dangers of corruption.

Corruption is bad for business, society and global economic development. It inhibits fair competition, contributes to poverty and damages corporate reputation. Jotun is committed to fighting corruption in all its forms, while empowering its workforce to speak-up if they are aware of any business practices that go against our policies and principles.

PIONEERING STANDARDS

Business cultures vary from country to country, but Jotun's standards do not. The company has a clear anti-corruption policy that all its people and affiliated businesses are expected to adhere to. Furthermore, we endeavour to communicate those standards to the companies we do business with, encouraging them to follow our lead and comply. This 'ripple effect' acts as a positive force of change in countries where standards may not be as stringent.

Jotun is committed to –

- Complying with laws and regulations
- Supporting the UN Global Compact and Transparency International
- Promoting an open and transparent business culture
- Protecting whistleblowers

AMBASSADORS FOR GOOD BUSINESS

Every Jotun employee is an ambassador for the company. Their standards must therefore be aligned with ours. We invest heavily in anti-corruption tools and training to achieve this goal, producing compliance manuals, conducting internal audits of our anti-corruption initiatives, and ensuring that all new employees are trained in this issue as part of their induction process.

For existing employees one of the most powerful tools we have at our disposal is dilemma training. By presenting real-life scenarios to employees, and demonstrating how to handle them, we equip them to make the right decisions in difficult business situations.

This practical training is effective, efficient and memorable, helping staff 'think on their feet' while upholding our strict standards.

STRUCTURED APPROACH

In 2015, Jotun has focused on enhancing the structure of its anti-corruption compliance programme.

The company has –

- Strengthened its commitment to, and investment in, anti-corruption activities
- Worked across all territories and companies, against a backdrop of increasing international anti-corruption legislation, to ensure employees are adopting an appropriately uniform and robust stance on the issue
- Acted to build its whistle blowing procedures, with the aim of increasing awareness, while enhancing our standing as a transparent and trustworthy business
- Introduced a new e-learning module
- Strengthened the structure of the programme

In 2016 Jotun will –

- Continue to invest in the creation of one multinational culture where corrupt practices will not be tolerated
- Continue to build awareness and participation in Jotun's Penguin Spirit game, which allows employees to learn important issues about anti-corruption, human rights, labour and the environment in a fun, relaxed format
- Make training material available for the companies, as well as working to incorporate focused dilemma-based training in new companies and in geographical risk areas
- Introduce reporting and documentation initiatives around risk evaluation, whistle blowing cases and preventive actions.

GLOBAL GOALS

Jotun works hand in hand with international organisations and standards to help guide its corporate responsibility policies and practices. Our association with Transparency International helps to ensure we contribute towards their objective of fighting corruption, while through the United Nations Global Compact (UNGC) we take part in a long-term initiative to build a sustainable and inclusive global economy.



Employee engagement: Jotun builds awareness through the Penguin Spirit game in Cambodia.



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.



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

- | | | |
|--------------|--|-------------------------------------|
| Principle 1: | Businesses should support and respect the protection of internationally proclaimed human rights; and | PAGES |
| Principle 2: | make sure that they are not complicit in human rights abuses. | 36-37, 40, 56, 57, 58, 60
40, 58 |

LABOUR

- | | | |
|--------------|--|-----------------------|
| Principle 3: | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | PAGES |
| Principle 4: | the elimination of all forms of forced and compulsory labour; | 36-37, 40, 58, 60 |
| Principle 5: | the effective abolition of child labour; and | 36-37, 40, 57, 58, 60 |
| Principle 6: | the elimination of discrimination in respect of employment and occupation. | 36-37, 40, 58, 60 |

ENVIRONMENT

- | | | |
|--------------|---|---|
| Principle 7: | Businesses should support a precautionary approach to environmental challenges; | PAGES |
| Principle 8: | undertake initiatives to promote greater environmental responsibility; and | 12, 18, 20, 23, 24, 30, 33, 36, 43, 50-53, 58, 60, 64 |
| Principle 9: | encourage the development and diffusion of environmentally friendly technologies. | 12, 18, 20, 23, 24, 30, 33, 36, 43, 50-53, 58, 60, 64 |

ANTI-CORRUPTION

- | | | |
|---------------|--|------------|
| Principle 10: | Businesses should work against corruption in all its forms, including extortion and bribery. | PAGES |
| | | 36, 58, 60 |

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



FINANCIAL INFO

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A LEGACY OF SUCCESS

Just as Jotun's success in 2015 owes much to wise decisions made decades ago, Jotun's long-term future will be shaped by decisions made today.



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

Now celebrating its 90th year, Jotun is stronger than ever. In 2015, the company achieved record-breaking sales, volumes and profits, achieving growth in every segment and region. This year's results were positively impacted by currency effects and lower raw materials prices, but the Board recognises that underlying sales and volume growth, and steps taken by the organisation to control costs, have also contributed to Jotun's excellent performance.

A BOLD HISTORY

While encouraged by the company's growth in 2015, neither the Board nor the management team can claim all the responsibility for Jotun's achievements. In fact, the seeds of our success today were planted by previous generations. For example, Jotun's strong growth in South East Asia this year has its roots in Jotun's bold decision to build a factory in Thailand as early as 1968. Likewise, the origins of Jotun's regional strength in the Middle East date back to 1975, when the company opened its first factory in Dubai. Jotun's ambition is to make the same bold and smart decisions today to ensure the company's growth for future generations.

This long-term perspective also applies to product development. In 2015, Jotun celebrated the delivery of the 10 000th vessel coated by SeaQuantum, a marine antifouling product.

conceived more than twenty years ago in response to new maritime regulations. Lady, introduced in 1983, remains one of Scandinavia's leading interior decorative paint brands, is a product that evolved from Jotun's pioneering work in alkyd resins in the 1950s. Jotun might not be recognised as a strong market player in the global powder coatings segment had the company not chosen to invest in this technology in 1969.

LESSONS FROM THE PAST

It should also be noted that Jotun has learned as much from its mistakes as its successes. New systems and processes have been developed and implemented to avoid poor business decisions, from imprudent acquisitions or investments, to products launched before they had been adequately tested. The company's experience with a catastrophic fire in Norway 1976 has kept worker safety and fire prevention a top priority, while repairing environmental damage related to the improper storage and disposal of chemicals near our factory in Sandefjord decades ago helped to strengthen our focus on improving Jotun's environmental performance today.

The Board is satisfied with the company's performance, but seen in the context of Jotun's 90-year history, our 2015 results are only a snapshot of our progress. Now as in the past, the Board remains focused on the long-term development of the company.

FINANCIAL INFO

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(NOK THOUSAND)	2015	2014
Operating revenue	16 282 314	13 170 781
Share of profit from associated companies and joint ventures	562 013	356 352
Cost of goods sold	-8 656 661	-7 118 515
Payroll expenses	-2 520 743	-2 191 774
Other operating expenses	-3 129 834	-2 566 327
Depreciation, amortisation and impairment	-473 118	-336 929
Operating profit	2 063 972	1 313 588
Net financial items	-145 916	-12 166
Profit before tax	1 918 055	1 301 423
Income tax	-502 011	-355 737
Profit for the year	1 416 044	945 685
Profit for the year attributable to:		
Equity holders of the parent company	1 338 284	894 920
Non-controlling interests	77 760	50 765
Total	1 416 044	945 685

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(NOK THOUSAND)	2015	2014
Profit for the year	1 416 044	945 685
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Actuarial gain / loss (-) on defined benefit pension plans	-2 113	1 137
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Translation differences on net investments in foreign operations	98 652	149 202
Loss on hedge of net investments in foreign operations	-118 563	-120 010
Currency translation difference	360 846	803 860
Other comprehensive income for the year, net of tax	338 822	834 190
Total comprehensive income for the year	1 754 866	1 779 875
Total comprehensive income attributable to:		
Equity holders of the parent company	1 648 330	1 695 833
Non-controlling interests	106 537	84 042
Total	1 754 866	1 779 875

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(NOK THOUSAND)	31.12.2015	31.12.2014
ASSETS		
Non-current assets		
Deferred tax assets	164 287	134 957
Other intangible assets	312 000	281 508
Property, plant and equipment	4 220 218	3 754 514
Investments in associated companies and joint ventures	1 839 810	1 491 021
Other investments	8 248	8 248
Other interest-bearing receivables	165 557	202 855
Total non-current assets	6 710 119	5 873 104
Current assets		
Inventories	2 198 483	1 957 519
Trade and other receivables	4 757 059	4 047 524
Cash and cash equivalents	1 520 840	1 421 421
Total current assets	8 476 382	7 426 466
Total assets	15 186 501	13 299 570
EQUITY AND LIABILITIES		
Equity		
Share capital	102 600	102 600
Other equity	7 620 141	6 484 811
Non-controlling interests	209 757	151 356
Total equity	7 932 497	6 738 767
Non-current liabilities		
Pension liabilities	214 012	193 164
Deferred tax liabilities	46 161	32 194
Provisions	32 539	42 006
Interest-bearing debt	2 323 512	2 379 037
Interest-free debt	31 858	23 934
Total non-current liabilities	2 648 082	2 670 335
Current liabilities		
Interest-bearing debt	954 374	946 843
Trade and other payables	1 702 541	1 514 783
Current tax payable	185 275	159 397
Other current liabilities	1 763 731	1 269 445
Total current liabilities	4 605 921	3 890 468
Total liabilities	7 254 003	6 560 803
Total equity and liabilities	15 186 501	13 299 570

CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK THOUSAND)	2015	2014
Cash flow from operating activities		
Profit before tax	1 918 055	1 301 423
Adjustments to reconcile profit before tax to net cash flows:		
Share of profit from associated companies and joint ventures	-562 013	-356 352
Dividend paid from associated companies and joint ventures	491 634	378 481
Depreciation, amortisation and impairment	473 118	336 929
Change in accruals, provisions and other	293 375	251 394
Working capital adjustments:		
Change in trade and other receivables	-709 535	-783 764
Change in trade and other payables	187 758	279 292
Change in inventories	-242 651	-195 514
Tax payments	-349 973	-293 336
Net cash flow from operating activities	1 499 769	918 552
Cash flow from investing activities		
Proceeds from sales of property, plant and equipment	46 837	13 585
Purchase of property, plant and equipment	-856 858	-842 303
Purchase of intangible assets	-65 293	-68 326
Net cash flow used in investing activities	-875 314	-897 044
Cash flow from financing activities		
Proceeds from borrowings	255 365	1 289 531
Repayments of borrowings	-295 434	-589 906
Dividends paid	-513 000	-513 000
Dividends paid to non-controlling interests	-48 136	-42 775
Net cash flow from financing activities	-601 206	143 849
Net currency translation effect	76 169	135 904
Net increase / decrease (-) in cash and cash equivalents	23 250	165 357
Cash and cash equivalents at 1 January	1 421 421	1 120 161
Cash and cash equivalents at 31 December	1 520 840	1 421 421

Jotun Group had unused credit facilities of NOK 900 million at 31 December 2015 (2014: NOK 900 million).

Sandefjord, Norway, 9 February 2016

The Board of Directors
Jotun A/S


Odd Gleditsch d.y.
Chairman

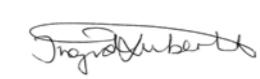

Einar Abrahamsen


Birger Amundsen


Terje Andersen


Richard Arnesen


Nicolai A. Eger


Ingrid Luberth


Karl Otto Tveter


Morten Fon
President and CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(NOK THOUSAND)	ATTRIBUTABLE TO PARENT COMPANY EQUITY HOLDERS					
	Share capital	Other equity	Translation differences	Total	Non-controlling interests	Total equity
Equity at 1 January 2014	102 600	5 090 499	211 479	5 404 578	110 090	5 514 667
Dividends	-513 000		-513 000	-42 775	-555 775	
Profit of the period	894 920		894 920	50 765	945 685	
Other comprehensive income	30 329	770 584	800 913	33 277	834 190	
Equity at 31 December 2014	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 period	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 at 31 December 2015	102 600	6 306 009	1 314 133	7 722 741	209 757	7 932 497

EXECUTIVE SUMMARY OF THE FINANCIAL STATEMENT FOR 2015

GENERAL

The consolidated financial statement consists of Jotun A/S and 53 subsidiaries, three joint ventures in China and Korea and six associated companies in the U.A.E. 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 16 282 million. The revenue increase of 24 per cent is driven by double digit volume growth, with all regions and segments reporting higher sales in 2015 than in 2014, but is also ascribable to positive currency exchange effects.

OPERATING PROFIT

Operating profit in 2015 increased by 57 per cent to NOK 2 064 million compared to 2014, yielding an operating margin of 13 per cent (2014: 10 per cent). The profit improvement is attributable to solid sales growth combined with reduced raw material prices, product mix management with increased sale of premium products, and a strong focus on controlling growth in operating expenses.

Jotun Group's share of net result after tax in associates and joint ventures totalling NOK 562 million (2014: NOK 356 million) are reported on a single line of the consolidated income statement. The increase is mainly attributable to a sharp increase in newbuilding orders within the Marine Coatings segment in North East Asia, in combination with continued good growth for the Decorative Paints segment in the Middle East.

PROFIT FOR THE YEAR

The profit for the year amounted to NOK 1 416 million, an increase of NOK 470 million from 2014. Net financing charges for the year have increased from 2014 mainly due to currency translation effects, net financial costs ended at NOK 146 million (2014: NOK 12 million).

INVESTMENTS

Total purchase of property, plant and equipment (PP&E) and intangible assets amounted to NOK 922 million for 2015 (NOK 911 million for 2014), representing six per cent of operating revenue. Total investment in PP&E for the purpose of producing Jotun branded products was NOK 1 153 million. The largest investments relate to production facilities and buildings in Brazil, Oman, Malaysia and Indonesia.

Jotun Group's share of total equity in associates and joint ventures amounts to NOK 1 840 million (2014: NOK 1 491 million), and is reported as non-current assets in the balance sheet.

WORKING CAPITAL

Working capital increased to NOK 5 253 million as of 31 December 2015 from NOK 4 490 million the previous year. The increase is tied to generally higher activity following the Group's sales growth, in addition to significant currency translation effects.

NET INTEREST BEARING DEBT

The net interest bearing debt for the Group was NOK 1 591 million at year end 2015 compared to NOK 1 702 million as of 31 December 2014, and net interest bearing debt relative to the operating profit before amortisation and depreciation (EBITDA) was 0.6 (2014: 1.0). 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 2015 Jotun A/S had NOK 1 300 million in bonds, of which NOK 1 000 million were long term, and NOK 1 057 million in non-current 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 7 932 million (2014: NOK 6 739 million) due to the net effect of profit for the year of NOK 1 416 million, other comprehensive income of NOK 339 million mainly relating to currency translation effects, and dividend payments of in total NOK 561 million. The equity ratio has increased one percentage point from 2014 to a solid 52 per cent.

The proposed dividend for Jotun A/S for 2015 amounting to NOK 513 million will not be recognised in equity until finally declared in 2016.

CASH FLOW

Operating activities in 2015 resulted in a net cash flow of NOK 1 500 million (2014: NOK 919 million). The increase from 2014 is mainly due to a stronger pre-tax profit in 2015 and higher dividends received from associates, compensating for an increase in working capital and higher tax payments during 2015. The net cash flow from operating activities funded cash outflows related to both dividend payments and investments in non-current assets of NOK 875 million.

WORKFORCE

For 2015, Jotun Group had on average 6 794 full-time equivalents related to its on-going business in Jotun A/S and its subsidiaries (2014: 6 644 average full-time equivalents). Including employees in joint ventures and associates Jotun had in total 9 842 employees at year end 2015.



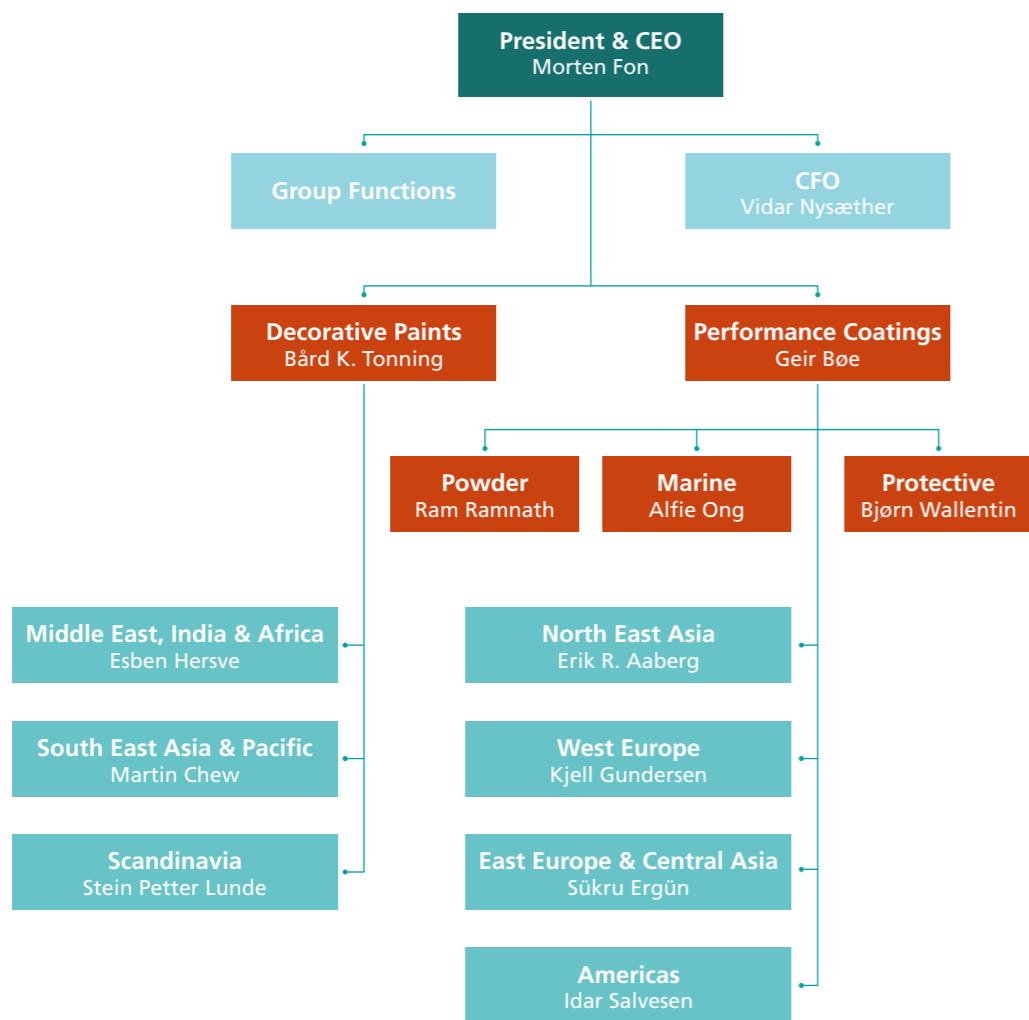
COUNTRY	COMPANY	SHARE HOLDING %	
ALGERIA	Jotun Algerie SARL, Algiers	70	S 
AUSTRALIA	Jotun Australia Pty. Ltd., Victoria	100	P 
BANGLADESH	Jotun Bangladesh Ltd., Dhaka	100	S 
BRAZIL	Jotun Brasil Imp. Exp. & Industria de Tintas Ltda., Rio de Janeiro	100	P 
BULGARIA	Jotun Bulgaria EOOD, Sofia	100	S 
CAMBODIA	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 
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. Bdh., Nilai	100	P				
MEXICO		Jotun Mexico, S.A. de C.V. Veracruz	100	S				
MOROCCO		Jotun Maroc SARL/AU, C.V. 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				
SAUDI ARABIA		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

- Production and sales
- 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, Irak, 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, Taiwan, Trinidad, Tunisia, Uganda, Ukraine, Uruguay and Zambia.



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 Ingrid Luberth
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Jotun Protects Property