



JOTUN

Jotun Protects Property



GROUP REPORT 2013

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SALES SUMMARY

The Jotun Group is a matrix organisation divided into seven regions responsible for the sale of Decorative Paints and Performance Coatings (Marine, Protective and Powder Coatings). The company has 36 production facilities in 21 countries, 70 companies in 44 countries and is represented in more than 90 countries around the world.

REGIONS:

- Scandinavia
- West Europe
- East Europe and Central Asia
- Middle East, India and Africa
- South East Asia and Pacific
- North East Asia
- Americas

SEGMENTS

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

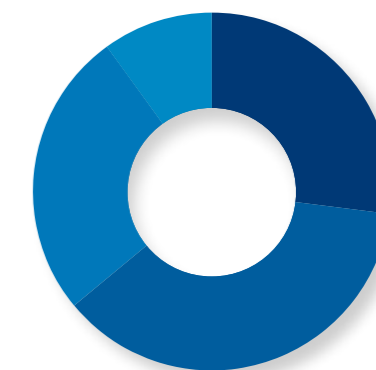
Marine Coatings: Jotun is the world's leading provider of marine coatings to the newbuilding and DryDock (maintenance) markets.

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 and metal furniture, building components, pipelines and general industries.

BUSINESS SEGMENTS

- 27 % Marine Coatings
- 37 % Decorative Paints
- 26 % Protective Coatings
- 10 % Powder Coatings

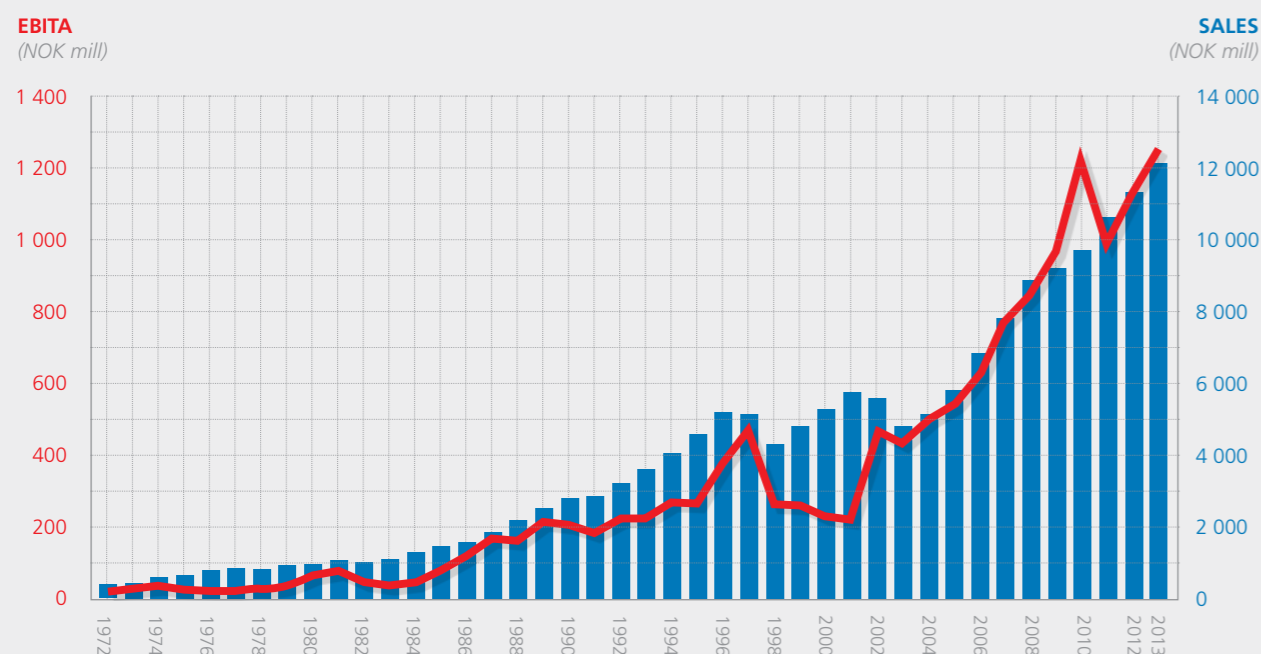


GROUP KEY FIGURES

(Figures in USD million from consolidated Group accounts)

	2013	2012	2011	2010
REVENUE				
Operating revenue	2 049	1 952	1 902	1 617
Operating revenue outside Norway in %	82	80	77	75
PROFIT/LOSS				
Operating profit	214	194	171	205
Profit before tax expense	203	181	159	198
Net cash flow from operations	140	155	54	117
PROFITABILITY				
Return on capital employed, in %	1) 20.0	19.5	18.3	29.2
Operating margin, in %	2) 10.5	9.9	9.0	12.7
Return on equity, in %	3) 16.3	15.8	13.1	19.9
YEAR-END FINANCIAL POSITION				
Total assets	1 780	1 670	1 522	1 329
Investments in intangible and fixed assets	121	106	144	95
Equity (including minority interests)	909	899	837	801
Equity / assets ratio, in %	51.1	53.8	55.0	60.3
Number of employees in Group	6 695	6 379	5 884	5 577
Number of employees in Group including 100 per cent in joint ventures and associated companies	8 991	8 740	8 296	7 819
DEFINITIONS				
1) Return on capital employed % =	$\frac{\text{Operating profit} - \text{amortisation of intangible assets}}{\text{Average total assets} - \text{non-interest-bearing liabilities}} \times 100$			
2) Operating margin % =	$\frac{\text{Operating profit}}{\text{Operating revenues}} \times 100$			
3) Return on equity % =	$\frac{\text{Total comprehensive income for the year}}{\text{Average equity}} \times 100$			

SALES AND EBITA DEVELOPMENT



From 2003 the sales and EBITA is according to IFRS. Before 2003 the figures are according to NGAAP. EBITA is earning before interest, tax and amortisation.

HIGHLIGHTS

SANDEFJORD, NORWAY

The launch of Drygolin Pluss and Drygolin Ultimat resulted in a significant rise in Jotun's share of the premium decorative paints market.

ST. PETERSBURG, RUSSIA

Construction of a new paints and powder coatings factory continues on schedule. Completion expected in 2014.

LAHORE, PAKISTAN

Jotun opens a new factory for waterborne paints to serve a growing market.

QINGDAO, CHINA

Together with partner COSCO International, Jotun opens a new paint factory with an annual production capacity of 72,500 tons to serve the marine market.

MANILA, PHILIPPINES

Jotun purchases land and begins planning phase for the construction of a new paint factory.

HO CHI MINH CITY, VIETNAM

Jotun completes the successful launch of Jotashield AntiFade, a durable exterior decorative paint. In its first year, the product helped Jotun Vietnam achieve a growth rate in decorative sales.

BELLE CHASSE, LOUISIANA

Jotun opens a new factory to meet growing demand for Jotun marine and protective coatings in the region.

RIO DE JANEIRO, BRAZIL

Construction of a new factory for Jotun Brasil to be completed in 2014.

BARCELONA, SPAIN

Jotun Iberica celebrates 50 year anniversary and receives Innovation award for launch of Majestic Resist, a washable stain resistant interior decorative paint.

CZECH REPUBLIC

Jotun closes a factory in Norway and relocates production of powder coatings for all Western Europe and Scandinavia to one facility in Trmice, north of Prague.

DUBAI, UAE

Jotun opens powder coatings technical centre and launches Lady Design, a line of interior decorative paints that create stylish effects.

YANGON, MYANMAR

Jotun establishes a legal entity and buys land to construct a new paint factory.



OUR BUSINESS

The Jotun Group Management, from left to right: Bård K. Tonning, Vidar Nysæther, Morten Fon, Esben Hersve

A DURABLE BUSINESS MODEL

In 2013, Jotun experienced a slowdown in the Marine Coatings segment. However, positive results in the Decorative, Protective and Powder Coatings segments have retained the company's growth trend, proving the durability of Jotun's business model.

Jotun recorded satisfactory sales growth in 2013 in Protective and Powder Coatings and Decorative Paints, continuing a growth trend that has endured for a decade. While these developments are welcome, managing the pace of growth and the expanding size of the organisation represents a challenge. In 2013, costs continued to rise, and the company's working capital remains high. These issues are related in part to weak markets in certain segments and regions. However, the company recognises the need to improve systems and processes to control costs. Meanwhile, steps undertaken to lower working capital showed improvement. Work will continue to improve profitability as the company continues to pursue the three main components of Jotun's core strategy: Organic growth, segment diversity and a differentiated approach to markets and regions.

ORGANIC GROWTH

Pursuing an organic growth strategy can be a time and labour intensive process, but Jotun's long-term approach to growing the business step by step has been successful in building a strong global brand. Work to generate new opportunities continued in 2013, when Jotun celebrated the opening of a new marine coatings factory in China (Qingdao), broke ground on a new marine, protective and powder coatings factory in Russia (St. Petersburg) and a new marine and protective coatings factory in Brazil (Rio de Janeiro). The company also plans to build new factories in Oman, Myanmar and the Philippines.

SEGMENT DIVERSITY

As a company active in four segments, Jotun is sensitive to macro-economic trends that impact industrial and consumer segments where we are active. In 2013, persistent tonnage over-capacity issues in the shipping industry have led to a weaker market for newbuildings, resulting in declining demand for marine coatings. At the same time, expanding world population and rising global economic activity in high growth regions has created a new generation of middle class consumers, supporting Jotun's growth in the Decorative, Protective and Powder Coatings segments.

In 2013, Jotun performed well in the Decorative segment (notably in Saudi Arabia, Egypt and Indonesia) and achieved record high sales in the Protective segment (notably in China, Russia, Turkey and Indonesia). Jotun also saw satisfactory gains in the Powder Coatings segment. As noted, sales of Jotun Marine Coatings fell significantly in 2013. However, Jotun retained its leading market share in the segment and expects market conditions to improve in 2014.

DIFFERENTIATED APPROACH

Jotun has established common Group standards that apply to all Jotun businesses worldwide, but the company recognises that no two markets are alike. Differences include local rules and regulations, economy, climate, business culture and consumer buying habits, all of which impact how Jotun products are developed, produced, marketed, sold and distributed. Jotun's selective investment strategies in different regions and



Global and regional events will continue to impact segment performance year by year. But by remaining true to our core strategy, Jotun can sustain its steady growth trend for years to come."

Morten Fon, President and CEO, Jotun Group

Regions

SCA	Scandinavia
WE	West Europe
EECA	East Europe and Central Asia
MEIA	Middle East, India and Africa
SEAP	South East Asia and Pacific
NEA	North East Asia
AM	Americas

■ 2003
■ 2013

willingness to adapt to local market conditions have helped support the company's long term growth ambitions.

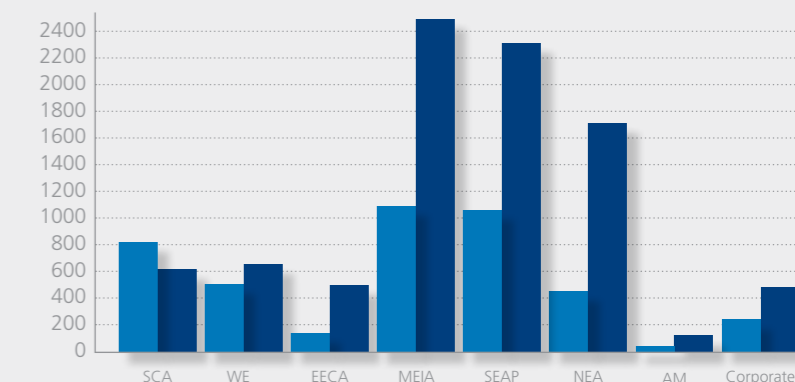
In 2013, the company reorganised internally, dividing the company's activities into seven regions. The new set-up creates a platform to better support the local companies and encourages more efficient regional and inter-regional cooperation. While brands in the Protective and Marine Coatings segments must conform to global standards and specifications, Jotun has encouraged regional R&D labs to develop brands in the Decorative Paints segment and some powder coatings products to suit local markets.

CAPTURING NEW MARKET OPPORTUNITIES

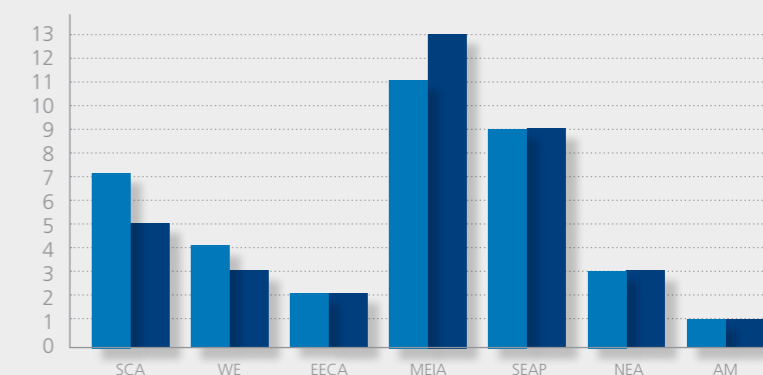
Over the next two years, Jotun has identified significant market potential in Asia and will focus more resources to develop our business in selected emerging markets. At the same time, Jotun will work to make more products available to the market, faster, and continue to develop paints and coatings that help customers reduce their environmental impact and contribute to a more sustainable world.

JOTUN'S DEVELOPMENT

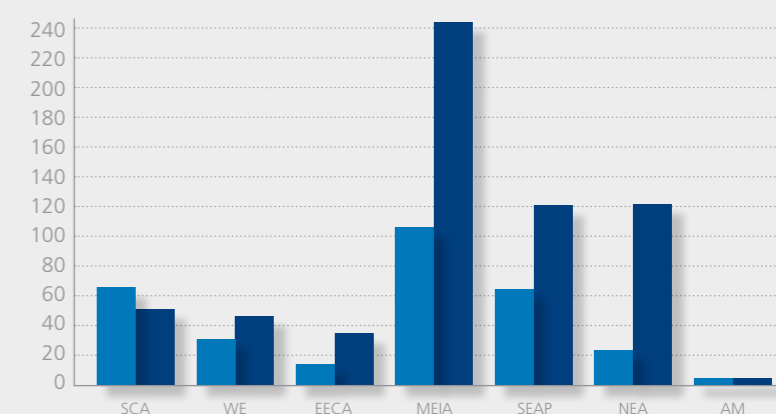
Full time employees



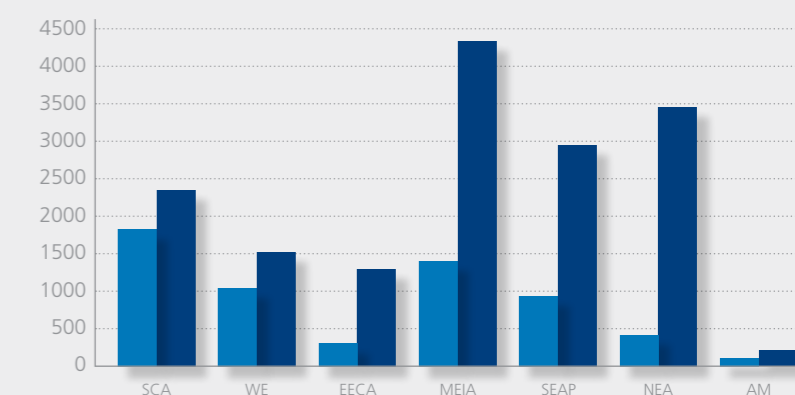
Production facilities



Production volume (litres/kilos) (1 000 tonnes)



Total Sales (in NOK mill)





Bundaran HI, Jakarta, Indonesia. Indonesia's economy grew by just under six percent in 2013.

Growth in action

From humble beginnings 25 years ago, Jotun Indonesia has emerged as a leading supplier of paints and coatings to Indonesia, one of the most dynamic economies in the world.

The foundation of Jotun's remarkable growth over the past decade has been built on the company's ability to identify promising new markets, invest time and resources into building its brand and a willingness to adapt to local market conditions. While Jotun's organic growth strategy is a time and capital-intensive process, it helps the company establish a strong position at an early stage in high-growth markets.

ENTERING A NEW MARKET

Once a satellite market for Jotun Singapore, Jotun Indonesia was established in 1988, when the company leased a paint factory to produce marine and protective coatings. At the time,

the Indonesian government was in the process of introducing financial reforms, a policy that helped attract foreign investment and spur rapid economic growth.

Investment and construction of infrastructure followed, supporting Jotun's Protective Coatings business, and Indonesia's growing manufacturing base encouraged the company to compete for contracts in the Powder Coatings segment. In 1996, Jotun began producing powder coatings in the same factory as paints. In the early 2000s, the company decided to enter also the decorative paint market to serve Indonesia's expanding middle class. In 2005, Jotun completed construction of a new wet paint factory and volume sales in the Marine, Protective and Decorative segments rose significantly. The powder coatings manufacturing facility was relocated in the same year.

ADAPTING TO LOCAL MARKETS

As in other markets, Jotun's overall success in Indonesia is linked to the country's GDP growth. However, distinct features of Indonesia's economy have influenced how Jotun has grown in different segments that are wholly unique to Indonesia. For example, while Jotun has seen an overall decline in demand for marine coatings in most countries, increased domestic and intra-regional shipping activity in Indonesia has resulted in positive growth in this segment. Likewise, Jotun's market position and the emergence of a new generation of middle class Indonesian homeowners has led the company to focus on the sale of a number of premium interior decorative paints, rather than focus on medium range products.

PROMISING FUTURE

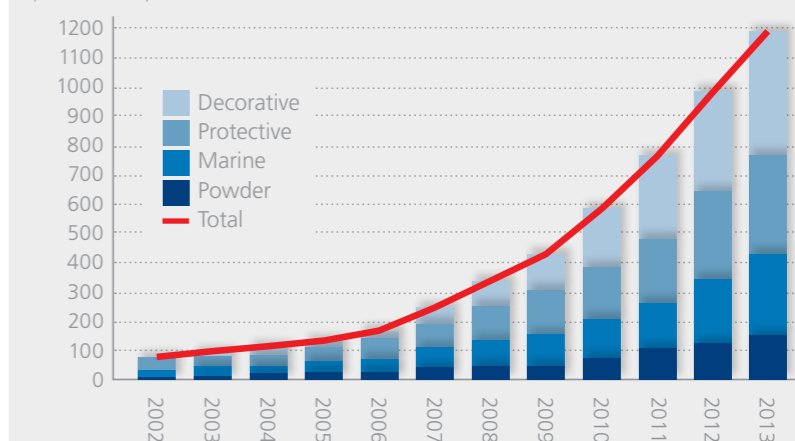
Now active in all four segments, Indonesia is one of Jotun's most successful markets, selling about 24 million litres of paint and 4,000 metric tons of powder coatings a year. Despite fierce competition, Jotun enjoys a leading position in Marine, Protective and Powder Coatings in Indonesia. In the Decorative segment, the company is expanding rapidly, with about 700 retailers throughout the country and is on pace to become a top three decorative paint supplier by 2016. With projects to expand production capacity at both the powder coatings and wet paint factories by 2014, Jotun Indonesia will be in a strong position to meet expected growth in demand.

"Jotun's success in Indonesia is the result of bold action, patience and years of hard work."

Eric Mallace, Managing Director, Jotun Indonesia

JOTUN INDONESIA: SALES VALUE

(In billions IDR)



“Increasingly, the industry recognises that marine coatings not only protect assets but play a critical role in optimising hull performance.”

Geir Bøe, Vice President, Jotun Marine Coatings

Cycling through adversity

As expected, Jotun experienced a contraction in its marine coatings business in 2013. While the segment remains profitable, persistent tonnage over-capacity issues in primary shipping segments have resulted in a sharp decline in newbuilding deliveries. These market forces had a negative impact on sales, especially in China and Korea. However, a modest growth in global trade over the past two years has increased demand for sea-borne transportation and the newbuilding market seems to be on a path to recovery.

FOCUS ON MAINTENANCE MARKET

Over the past three years, Jotun has successfully developed its SeaStock and DryDock concepts to support growth in the maintenance market. By working closely with owners and offering unique product solutions, Jotun has built customer loyalty and generated positive sales growth. The company has also strengthened its position in the highly specialised tank coatings and yachting segments.

In 2013, the company continued to market its industry-leading expertise in antifouling technologies. Jotun's SeaQuantum line, based on third generation silyl acrylate technology, includes products customised for different trades. Jotun's Hull Performance Solutions (HPS) combines premium marine coatings, priority technical service and reliable tools to measure hull performance. This allows owners to choose antifoulings that best reduce

speed loss over time, helping to reduce fuel consumption and corresponding emissions.

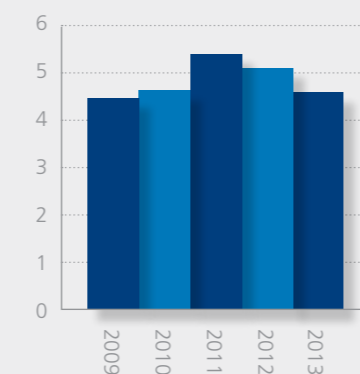
ESTABLISHING COATING STANDARDS

Jotun has contributed to two submissions to the International Maritime Organization's Marine Environment Protection Committee that helped to quantify the impact of hull and propeller performance on fuel costs and green house gas emissions. Jotun has also contributed to a proposal to the development of an international standard on these same issues and is currently leading an on-going International Standards Organization (ISO) project to this effect (ISO 19030). By actively engaging with the industry on the role marine coatings play in fuel efficiency, Jotun is strengthening its reputation as a leader within antifouling technologies and is helping the shipping industry to achieve its emission reduction targets.

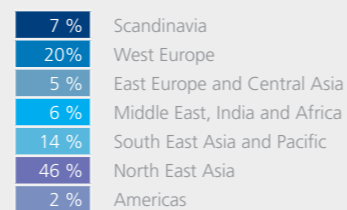
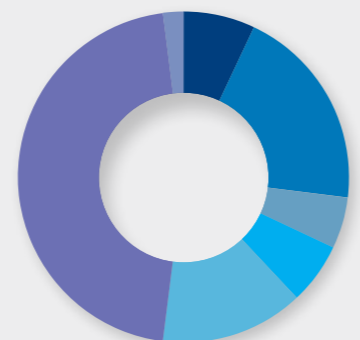
Looking forward, Jotun will continue to develop both the SeaStock and DryDock concepts to strengthen its presence in the maintenance market. Rather than marketing individual brands, the company will focus on the sale of unique concepts, like Jotun's optimised solutions for onboard maintenance, designed for smaller maintenance and repair jobs. By taking a more concept-driven approach to sales and continuing to focus on global key accounts, Jotun will be in a strong position when the market recovers.

MARINE COATINGS

Sales in billion NOK



Sales per region



“Jotun has taken decisive action to improve performance significantly in the next two years.”

Ram Ramnath, Vice President, Jotun Powder Coatings

The pathway to profitability

Jotun performed moderately well in the Powder Coatings segment in 2013 lead by strong growth in Turkey, Malaysia, Indonesia, United Arab Emirates and Saudi Arabia. Growth in China, which represents the world’s leading market for powder coatings, was slowed by intense competitive pressure and the need to customise products to manage the lack of uniform standards found in China. In India, price pressure, the unavailability of locally produced raw materials and the weakening rupee cut into profits.

EXPANDING THE PRODUCT ASSORTMENT

In 2013, Jotun reorganised the Powder Coatings segment into the following categories: Appliances & Metal Furniture, General Industries (e.g machinery, equipment, automotive components, etc.), Building Components and Pipelines. While Jotun continues to develop and launch premium products such as Reveal Edge, a metallic powder coating for appliance and furniture manufacturers, the company has also introduced medium-range products in certain segments and regions to improve competitiveness. Two examples of the latter include Guard Endure, a scratch-resistant product for furniture manufacturers and Tradex, a value-engineered, general-purpose product for the Building Components segment.

In order to achieve faster growth, Jotun is working to align R&D, marketing and technical service with specific concepts for each category. At the same

time, the company is streamlining production manufacturing and logistics. For example, in 2013 Jotun shifted all production for Scandinavia to the Czech Republic and expanded production capacity in Turkey. Jotun has completed the construction of a new factory in China and made investments in Thailand to improve flexibility. Other investments in production capacity are currently being considered in Asia and the Middle East.

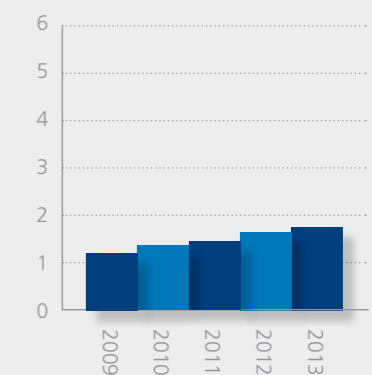
KEY ACCOUNT MANAGEMENT

While a significant portion of Jotun’s revenues in the Powder Coatings segment are generated locally, the company also actively tracks and tenders for projects involving global customers. These high profile projects, which may range from airports to pipelines, large commercial buildings to multinational furniture manufacturers, require strong, global Key Account Management teams and good cross-border communication. These teams often work with Jotun colleagues representing other segments on high profile Single Source Solution projects, especially in the Middle East and Asia.

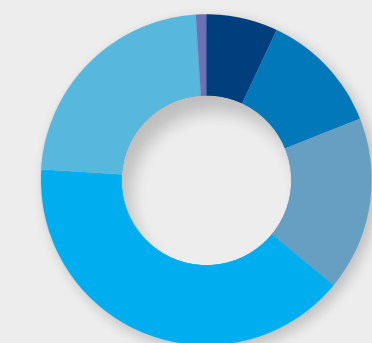
Looking ahead, the further development of a more concept-based approach to the business will lead to a strong focus on selected market segments and specialisation in global concepts. To meet growing demand for smarter solutions, Jotun will continue to develop thin-film products that cure at lower temperatures, helping users save money and reduce emissions.

POWDER COATINGS

Sales in billion NOK



Sales per region



Jotun provides a broad range of powder coatings to manufacturers of Appliances and Metal Furniture.

“Jotun’s strong performance in the Protective Coatings segment is the result of hard work to build a truly global network and the development of a product assortment capable of meeting the specific needs of different industries.”

Bjørn Wallentin, Vice President, Jotun Protective Coatings

A breakout year

Increased global economic activity combined with a growing world population, has created a rising demand for energy and civic infrastructure. These mega-trends have resulted in increased investment and construction of large installations involving different industrial sectors, contractors and engineers. Serving this diverse, highly complex market requires the right products, a strong local presence and in an increasing number of cases a global network to coordinate specification management.

EXCEPTIONAL RESULTS

In 2013, Jotun experienced continued strong growth in China, especially in the Offshore, Hydrocarbon Processing Industry (HPI) and Infrastructure concepts. The company also recorded excellent results in Turkey, Russia, Indonesia, Thailand and throughout the Middle East. Overall, Jotun achieved record bottom-line growth in the Protective segment.

Jotun’s concept-focused approach to sales has helped the company attract new business. By providing more industry-specific training to personnel, Jotun is able to better understand the individual needs of customers. The company has also developed strong local and regional teams to more effectively manage specifications, serve complex projects and provide quality technical service. For projects involving multinational stakeholders, Jotun has identified key global players and works across borders to secure projects. Jotun Protective

Coatings personnel also work with colleagues in the Decorative, Powder Coatings and Marine segments to offer comprehensive (Single Source Solution) service on a number of complex projects.

MEETING MARKET DEMAND

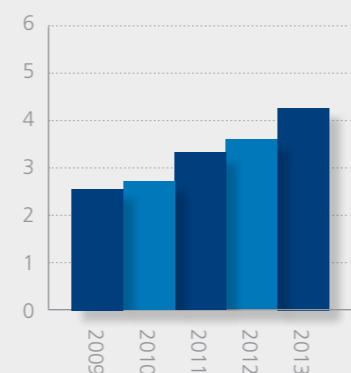
Jotun continues to invest in the development of coatings solutions to help customers save money or comply with environmental regulations or project specifications which restrict the use of certain chemicals. The company has also launched Jotachar, a revolutionary mesh-free intumescent coating introduced to enable Jotun take a significant position in the Passive Fire Protection (PFP) market.

SECURING LONG-TERM GROWTH

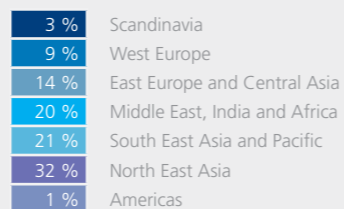
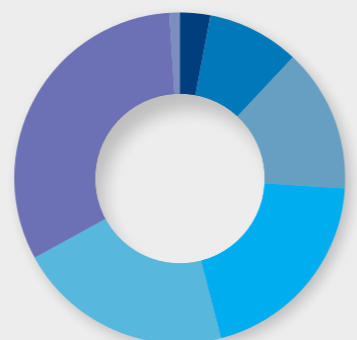
While Jotun expects growth to accelerate rapidly in the protective segment over the next few years, the company recognises that the construction of infrastructure and energy-related installations are subject to cyclical economic shifts. However, Jotun has identified a significant market for maintenance of existing installations and is working to develop both the competencies and products to serve this growing market.

PROTECTIVE COATINGS

Sales in billion NOK



Sales per region



Terminal 3, Soekarno–Hatta International Airport, Jakarta, Indonesia. Jotun is a leading supplier of protective coatings to airports and related infrastructure projects.





Jotun's strength in the Decorative Paints segment is built on the company's commitment to product innovation, close relationships with retailers and our ability to serve large, complex projects."

Bård K. Tønning, Group Executive Vice President, Jotun Decorative Paints

Building on our enduring success

Building on its expanding global network of retailer shops, strong global brand and innovative products, Jotun enjoyed another year of good results in the Decorative segment in 2013, accounting for about 38 per cent of Jotun's total revenues. Positive growth is expected to continue and the company remains committed to developing products and concepts to improve profitability in the years to come.

Jotun manages the sale of both interior and exterior paints to the consumer and professional market through a global network of about 7,000 retailer shops around the world. Over the past five years, the company has almost doubled the number of shops. In 2013, Jotun's growth in the Decorative segment was driven mostly by positive results in the Middle East, South East Asia and Eastern Europe.

IMPROVING THE CONSUMER EXPERIENCE

In 2013, Jotun launched its first international colour cards, developed to inspire consumers worldwide with the latest trends in interior design. Furthermore, the company worked to improve shopping materials and the shopping experience for customers. Jotun will continue to strengthen awareness and knowledge of the Jotun brand through various forms of advertising media in selected markets, but the core focus will remain on improving the in-shop consumer experience and strengthening retailer relationships.

About one third of Jotun's revenues in the Decorative Paint segment are derived from the project market, which includes commercial real estate developments, large hotels, malls and large-scale housing projects, etc. To build on our success in this market, Jotun has strengthened project teams who work across borders to track projects, manage specifications, and coordinate technical support. In addition, Jotun's ability to provide decorative paints, protective coatings and powder coatings allows the company to compete for high profile projects through the Single Source Solution concept.

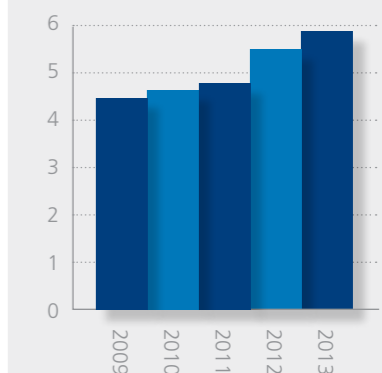
HEALTHIER, MORE SUSTAINABLE PAINTS

Product innovation has played a critical role in Jotun's success. Over the last few years, Jotun has introduced a number of new interior and exterior products to meet growing demand for healthier, more sustainable paint solutions. While recognised as a leader in premium paints, Jotun has also introduced medium range solutions to help the company compete with lower cost products.

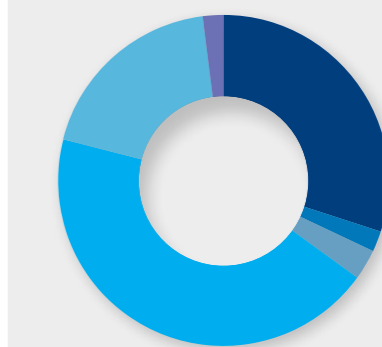
Jotun encourages regional R&D laboratories to customise products to fit local buying patterns. While Jotun will continue to fine-tune elements of its long-term strategy in the Decorative segment, the existing model has proven highly effective in establishing a strong brand in fast-moving markets the world over.

DECORATIVE PAINTS

Sales in billion NOK



Sales per region



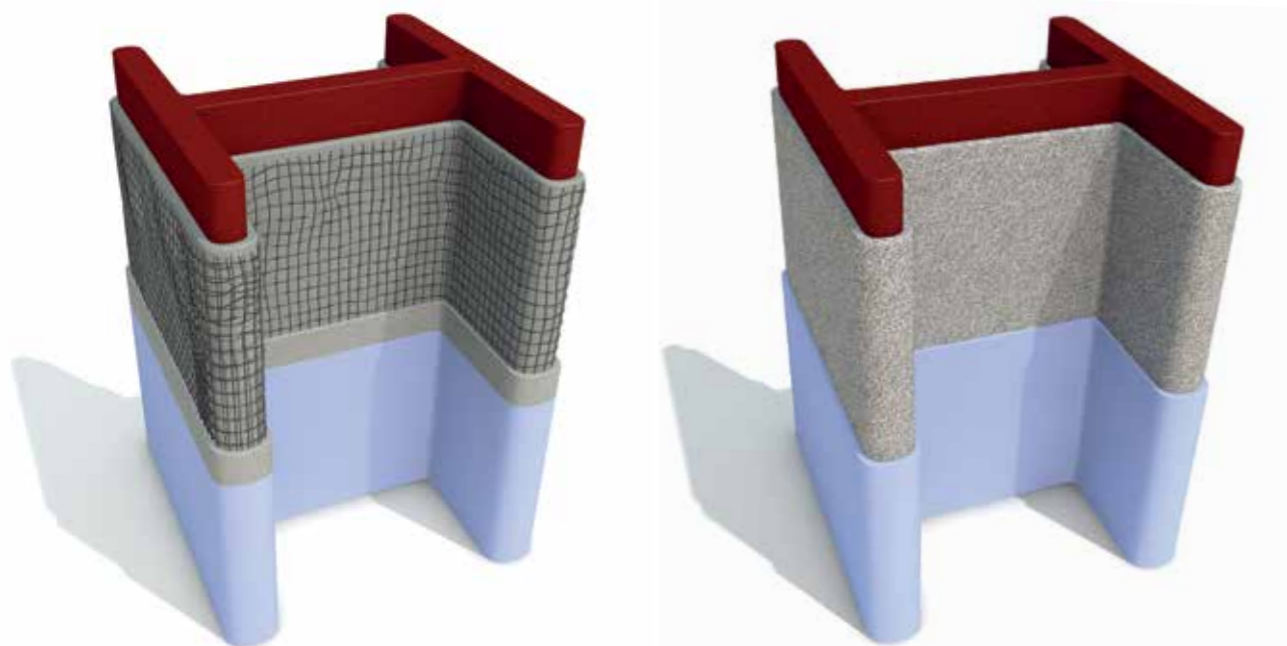


The Varyap Meridian is Turkey's first Leadership in Energy and Environmental Design (LEED) registered project. Jotun Toz Boya supplied high performance sustainable powder coatings in 15 different colours to protect the building's window frames and surface panels.

CUSTOMERS AND INNOVATIONS

GAME-CHANGING TECHNOLOGY

Innovations in the paints and coatings industry often occur incrementally, building on years of experience and patient laboratory work to create a better solution. But sometimes a new product emerges with the potential to have a big impact on customers and markets alike.



(Left) Existing epoxy Passive Fire Protection technology requires mesh reinforcement to prevent the coating from cracking when exposed to intense heat. (Right) Jotachar JF750 incorporates an advanced fibre matrix in the material. This technology, combined with a robust and temperature stable insulating char, eliminates the need for complex mesh reinforcement, saving time and reducing installation costs.

As a recognised leader in the research and development of innovative paints and coatings solutions, Jotun has developed a strong track record in product development. Most innovation processes at Jotun are driven by customer demand or shifts in market preferences, but occasionally, the company will develop a product specifically designed to compete in this market.

ACCELERATED INNOVATION

Jotun has decades of experience protecting offshore assets with Jotun's

robust epoxy-based coatings technologies and has provided the construction industry with highly effective fire protection coatings. However, the company did not have a product that could protect steel from the intense heat generated by hydrocarbon pool fires and jet fires – a requirement for offshore installations and refineries. Because offshore yards and fabricators prefer to work with coatings suppliers who offer complete solutions, the company was often at a competitive disadvantage in tendering for oil and gas related projects.

In 2009, Jotun began an ambitious programme to develop an epoxy intumescent passive fire protection (PFP) coating system. Existing epoxy intumescent PFP coating solutions are based on the use of a reinforcing carbon fabric mesh that helps prevent cracking under intense heat. While effective, the application process is complex, time consuming and subject to a broad range of strict certification rules. For offshore yards, fabricators and applicators, working with mesh-based PFP solutions is an expensive and laborious process.

NORSOK STAMP OF APPROVAL

Jotachar JF750 is fully compliant to NORSOK M-501 revision 6, widely considered to be the industry's most rigorous test standard, proving corrosion resistance, material durability and mechanical performance after exposure. Importantly, NORSOK M501 post-weathering fire testing, demonstrates that Jotachar JF750 has no reduction in fire performance after the rigorous ISO 20340 cyclic durability test. These standards provide operators with confidence that fire performance and excellent corrosion protection are assured, even after many years of exposure in severe offshore environments.



MEETING MARKET DEMAND

In 2013, Jotun announced the launch of Jotachar JF 750, the industry's first mesh-free intumescent PFP coating system. Jotachar JF750 incorporates an advanced fibre matrix system in the coating, eliminating the need for additional mesh reinforcement, reducing complexity and making it significantly faster to apply. The technology helps owners, fabricators and applicators save time and costs. The product has been extensively and independently fire tested to all key industry standards. Remaining approvals are expected in 2014.

The company is confident that once the market becomes more familiar with Jotachar JF750, demand will increase. And now that Jotun can offer a total coatings solution for offshore and hydrocarbon-processing installations, volume growth for other Jotun products in the Protective segment are likely to increase. For Jotun, the measure of a successful innovation is one that is sustainable, benefits customers and supports the company's growth ambitions.

“Jotachar represents a genuine step-change in intumescent passive fire protection, one that may accelerate Jotun's growth in the Protective Coatings segment.”

Svein Gunvaldsen, Vice President, R&D (Performance Coatings)

SINGLE SOURCE SOLUTION GROUP

Formed in 2002, the Single Source Solution Group was created in response to rapid growth in the United Arab Emirates. To win mega-project contracts, the company established a dedicated team made up of Jotun personnel representing different segments to offer a coordinated single source solution to different project stakeholders.

Once a project is secured, the SSS Group works to ensure that Jotun meets or exceeds project expectations. The concept has proven to be highly successful, serving as a model for other fast-growing markets in Jotun's global network.

“Jotun’s segment diversity, local production and experience in managing large, complex project are a genuine advantage when competing for high-profile mega-projects like the Dubai Metro.”

Mohammed Amin, *Regional SSS Manager, MEIA*



The Dubai Metro is the world's longest fully automated metro network in the world.

Single Source Solution

Jotun's approach to winning contracts varies from segment to segment and market to market. However, for certain complex infrastructure projects and high-profile real estate developments, Jotun personnel representing different segments combine forces to deliver a “Single Source Solution”, providing decorative paints, protective and powder coatings in one integrated asset protection system. Jotun's ability to provide multiple coatings solutions has enabled the company to serve some of the world's most iconic buildings and projects including the Dubai Metro, the longest, fully automated metro network in the world.

First announced in 1997, the Dubai Metro was conceived to alleviate traffic congestion in the rapidly growing urban centre. The project, administered by Dubai's Road & Transport Authority, required the participation of multinational network of stakeholders, including consultants, engineers, station architects and contractors specialising in light rail. In 2004, the project was awarded to the Dubai Rail Link Consortium, a Japanese-Turkish joint-venture company. Tendering for sub-contractors, including coatings suppliers, began shortly thereafter.

THE SINGLE SOURCE ADVANTAGE

Jotun's strong track record in the region on other infrastructure projects in Dubai helped place the company in a strong position to win the contract. Jotun was the only coatings company in the region with local factories producing

decorative paints, protective and powder coatings, ensuring local supply. While the contractors did consider awarding different parts of the project to multiple coatings manufacturers, the decision was taken to have a single source provider – an advantage on such a complex project.

Jotun Dubai's Single Source Solution Group, a dedicated team tasked with tracking, monitoring and tendering for “single source” contracts in the region, has managed the project. Jotun has supplied about 3.1 million litres of decorative paints and 1.7 million litres of protective coatings (steel and concrete protection) for the elevated monorail viaduct, and powder coatings, used on elements of the Metro stations.

MANAGING COMPLEXITY

Supplying the Dubai Metro was a complex assignment, involving many different parts of Jotun's organisation. For example, coating the viaducts occurred in high-traffic areas, requiring suspended scaffolding. In addition, because applicators were active at different sections of the Metro, Jotun had to develop precise production schedules and logistics systems to coordinate deliveries to multiple sites. Project deadlines were tight, and Jotun personnel worked hard to get various approvals from consultants working on different parts of the project. Nevertheless, the project ran smoothly, and the first line of the Metro began service in 2009.

Since then, Dubai Metro has emerged as a potent symbol of Dubai's commercial

importance in the region. The first two lines (Red and Green) of the Dubai Metro stretch 70 kilometres, with 47 platforms (including nine underground stations), carrying about 110 million passengers a year. In addition to being the preferred coatings supplier for the maintenance of the existing lines, Jotun is in a good position to supply coatings solutions for the planned expansion of the system. In 2013, the RTA announced a three-phase plan that will add 52 kilometres of elevated track and 22 more stations by 2025.

PARTNERING FOR SUCCESS

Jotun's ability to offer local production and provide integrated paints and coatings solutions is a critical advantage when tendering for mega-projects. However, Jotun's success as a Single Source Solution provider is grounded in the company's experience in managing complex projects. For Jotun, the job is more than supplying paints and coatings – it is about working in partnership with all the stakeholders involved to ensure the success of the project.



Busan, Korea: Volunteers for Chokwang Jotun meet four times a year to clean up a local riverbed.

MANAGING CORPORATE RESPONSIBILITY

Jotun has been practicing good Corporate Responsibility (CR) principles since we were established in 1926.

Making CR count

Corporate Responsibility, good corporate citizenry, doing the right thing, Penguin Spirit – whatever you call it, it has always been central to what Jotun stands for. We combine this ethos with a systematic approach to the management and administration of our company. When it comes to CR, this means implementing policies, providing training and following up our companies in audits, reports and reviews.

BUILDING CONTENT INTO OUR VALUES

We have built real substance into our CR programmes through the following governance structure:

- Our CR vision is promoted by the Board of Directors and the Group Management
- The main areas within CR are defined in strategies and in operational goals
- Policies and guidelines, including specific rules on compliance areas have been established
- Reporting and follow-up routines are the preferred method for ensuring compliance

The core values that guide our thinking and direction remain the same – Loyalty, Care, Respect and Boldness. These values form the basis of our CR programmes, which is made up of a host of initiatives, such as:

- Continuous work with promoting and implementing business principles, including internal culture building activities and actions

- Working with suppliers that support our values and business principles, including supplier audits
- Providing customers with innovative products and dealing with them in a professional and transparent way
- Working to promote the health and well-being of employees as well as providing good working conditions
- Being a responsible employer and creating valuable training and development opportunities
- Conducting business while making a positive impact in the local community
- Acting responsibly towards the environment through the Jotun GreenSteps programme

PENGUIN SPIRIT

While this systematic approach to CR is critical, it is our close to 10,000 employees that ultimately create success or failure. That is why – starting with recruiting the right people – we work hard to build a culture based on honesty and integrity. In other words, it is our aim that each employee embodies what we call “Penguin Spirit.”

GOOD CR IS GOOD BUSINESS

As well as being a worthy goal in itself, corporate responsibility makes good business sense. It strengthens our reputation, builds trust with key stakeholders, improves risk management, helps to identify new business opportunities, and reduces costs through efficiency. Together, these payoffs make us more resilient, a characteristic which has enabled us to thrive in the current tough business environment.

In short, our reputation, boosted by our CR activities, has enabled us to grow through the global financial crisis and not just get through it.

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

- Value 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

“We continue to strengthen our strategic approach to Corporate Responsibility activities, which is based on commitment to our corporate values and the 10 United Nations Global Compact Principles, including Human Rights compliance and the fight against corruption.”

Morten Fon, President and CEO





Assessing our performance

Jotun actively follows up, audits and reviews performance and compliance across all business functions. Our governance principles are supported through governing bodies, documents and evaluations at the corporate, regional and segment levels.

DEVELOPED GLOBALLY, APPLIED LOCALLY

Jotun develops sound policies on a global basis and entrusts each company to implement them locally. We then work with the companies to ensure that our high standards are consistently upheld and function correctly. This collaboration takes the form of informal discussions as well as audits and reviews.

USE OF INTERNAL RESOURCES

When it comes to internal audits and reviews, we believe that the means is just as important as the ends. It is our own people that carry out these reviews and audits and there are several advantages to this approach. The overall goal is to ensure compliance. We also emphasise conducting the reviews in a collaborative manner where the goal is to learn, improve business performance, share best practices and harmonise our thinking across the regions. Meeting face-to-face also helps to build relationships, which are the foundation of our company culture.

BUSINESS REVIEWS

All Jotun companies are subject to twice-yearly business reviews in connection with the board meetings, which are the most comprehensive of all Jotun's

reviews. They are carried out locally, together with a team of key people from the local management team, segments, the region, and top management representatives.

Jotun's business reviews cover all areas of the business and are concentrated around Key Performance Indicators (KPIs), including:

- Financial performance
- Operations and supply chain
- Market, sales and customer status
- Claims status
- HSE performance
- Human Resources
- Anti-corruption and human rights compliance

FINANCIAL AUDITS

Our internal audits check each company's financial compliance and selected non-financial items, such as anti-corruption. In 2013 we strengthened this function with both resources and a broader and more in-depth examination and reporting.

JOTUN'S INTERNAL AUDITS AND REVIEWS

- Business reviews
- Financial audits
- Human Resources (HR) reviews
- Health, safety and the environment (HSE) audits
- Supplier audits

HEALTH, SAFETY AND THE ENVIRONMENT (HSE) AUDITS

The audits check that we are in compliance with local laws and regulations and Jotun HSE Standard. The audit findings are used to define HSE objectives, target risk-areas and develop training activities to address specific issues.

The audits cover every aspect of HSE, and include:

- Discussions with employees
- Inspection of the production sites' indoor and outdoor areas
- Inspection of operating conditions and equipment
- Review of journals
- Check-up of written procedures and other relevant documentation

HUMAN RESOURCES (HR) REVIEWS

HR professionals from the Jotun network work with local HR staff to ensure that policies and standards are being observed. The findings from the review are then discussed with the top management of that company.

SUPPLIER AUDITS

Jotun audits all new suppliers. The first priority of these audits is to check that basic human rights – such as child labour laws and fair working conditions – are being complied with. In addition they also review quality and HSE standards and provide recommendations for implementing a range of best practices.



NORSHORE ATLANTIC

JOTUN

JOTUN

EMPLOYEES AND THE WORKPLACE

EMPLOYEES AND THE WORKPLACE

To build an organisation that is capable of enabling people to reach their potential, first you need to protect basic human rights. We therefore base our labour policies on the UN Human Rights and the International Labour Organisation (ILO) convention. However, our policies go well beyond these international standards.



EMPLOYEES BY NUMBERS

	NUMBER OF STAFF	MALE	FEMALE	NATIONALITIES
Jotun total	9,379	7,637	1,742	78
Scandinavia	1,095	791	304	21
West Europe	708	553	155	24
East Europe and Central Asia	520	402	118	10
Middle East, India and Africa	2,581	2,424	157	48
South East Asia and Pacific	2,542	1,889	653	21
North East Asia	1,766	1,455	311	13
Americas	167	123	44	9

We comply with three layers of employment standards, local laws, international standards and Jotun's standards. This approach ensures that the human rights of our employees are respected, particularly with regard to working hours, child labour and forced labour. It also allows employees to do their job without fear or intimidation and with an appropriate compensation.

PROFESSIONAL EMPLOYER

All Jotun employees receive employment contracts and a job description, which form an important basis for all employees in order to formally anchor rights and expectations.

INVOLVING OUR WORKFORCE

Jotun has a strong commitment to freedom of association. We aim to

empower our employees through involvement and ownership. A high level of employee involvement and engagement is reflected in low turnover rates, training activities and internal career development.

EMBRACING DIVERSITY

Jotun aims to prevent discrimination in all its forms. In addition we strive for a higher goal; to champion diversity. Without an emphasis on maintaining diversity in gender, culture, religion and age, Jotun would not be the company it is today. Diversity creates challenges, but the benefits are clear; it opens up new perspectives, exposes employees and stimulates innovation. A diverse workforce also helps us to improve stakeholder engagement within our local markets. Our commitment to diversity starts with our policy of ensuring equal

opportunities in the hiring process. Regular climate surveys also aim to detect harassment or discrimination and identify areas for improvement.

APPLYING POLICIES AND STANDARDS

The corporate HR function establishes policies and standards in collaboration with regional HR, while the individual companies have responsibility for implementing them with support from the regional network. To ensure compliance, we perform HR reviews in each company. This involves going through all global HR policies and concepts, tools, formats, contracts, templates and procedures with local HR staff to ensure that corporate, regional and local policies and standards are met.

MAIN INITIATIVES IN 2013:

- Launched human rights risk assessment, for which each company ensures a rectification process in the case of a breach.
- Collaborated with all regions to raise the quality and quantity of job descriptions.
- Ran Employee Engagement Surveys in selected regions using a standard professional approach and format.
- Rolled out Hay Group PayNet, which allows all HR managers to benchmark salary and compensation elements for their local markets for any position.
- Aligned company policies in countries with more than one legal entity.
- Changed global insurance providers for risk, medical, travel and pension for the International Assignees and spouses.
- Further developed our global mobility policy and procedures has taken place in order to create alternative terms and conditions for assignments/contracts that will be applicable according to the purpose.





Recruit, develop, retain

With Jotun's organic growth strategy, it is crucial to get the right people on board, develop them, make them true "penguins" and retain them well. We strongly believe that success in these areas leads to a competitive advantage having engaged and enabled employees that see Jotun as an attractive employer.

RECRUIT

Jotun manages the entire recruitment process internally. We do this because we believe that our highly competent and certified HR professionals are best placed to assist the managers in selecting the right candidate for the job based on their competence, skills and personality

closely linked to the requirements for the job. As part of our global compensation and benefit structure, we use Hay Group Job Evaluation methodology and their PayNet solution to help us offer a right, fair and competitive compensation package.

DEVELOP

As well as cultivating a work environment that promotes learning, competence development is carried out through:

- Leaders who care about their employees' professional and personal development
- A thorough induction programme, including corporate culture awareness training

- Targeted on-the-job-training from day one
- Jotun Academy – internal training courses covering all main professional areas
- Jotun Learning Gateway – e-learning portal available to every Jotun employee
- Regional/Local trainee programmes
- External training based on needs

RETAIN

We have a strategic goal to retain and develop people beyond their first position. This means during the hiring phase, we give consideration to a candidate's long-term potential in the organisation.

We work hard to promote and offer career opportunities in order to attract and develop employees on all levels. Our extensive international network is an opportunity and an advantage in this respect.

The overall goal of high retention rates requires operational efforts on a broad range of initiatives. With this in mind, our retention activities include the following measures:

- Promoting mobility. Employees are encouraged to take on new roles as they gain experience and their interests change.
- Encouraging managers to understand and manage the individual potential

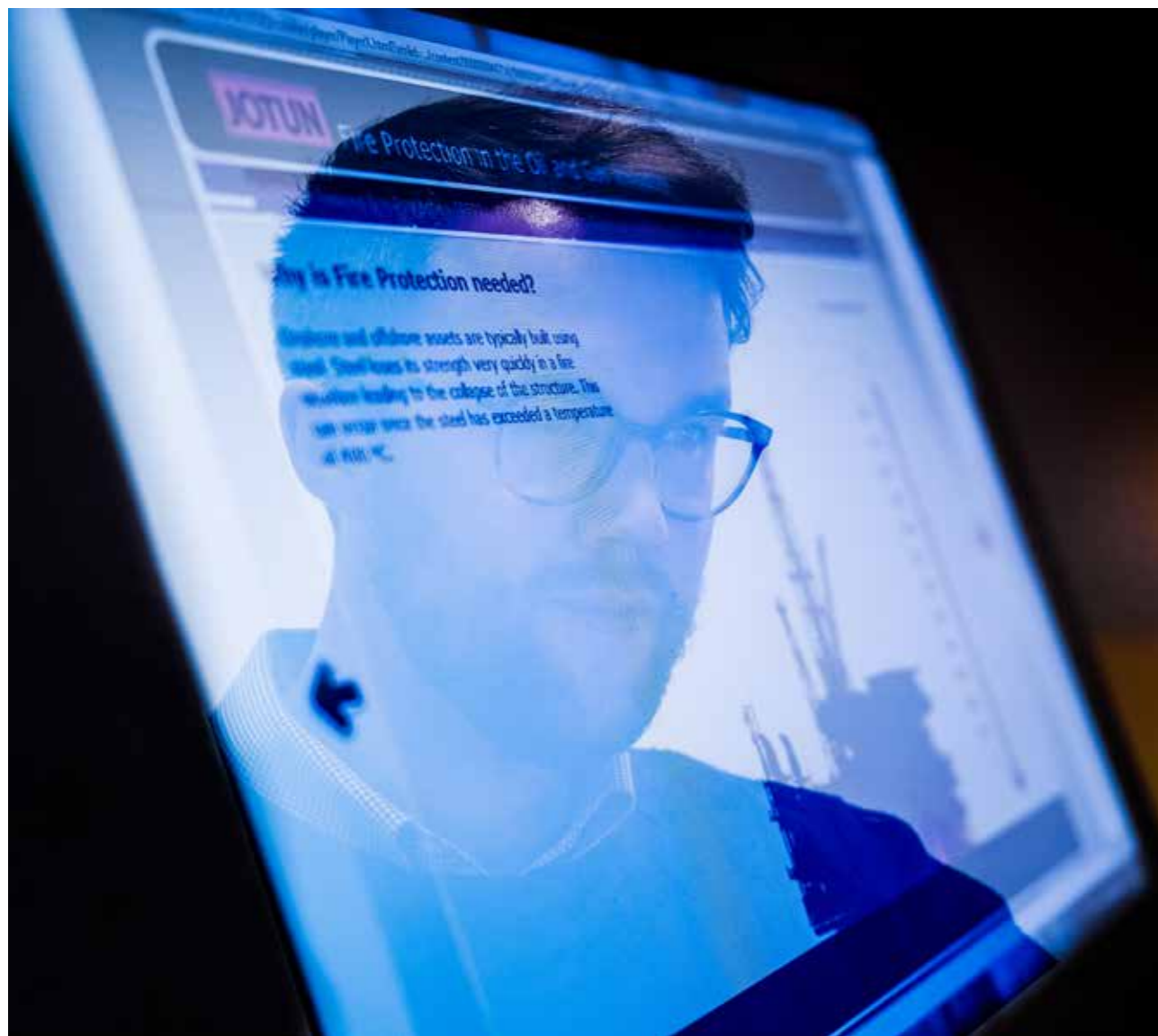
and needs of their employees through yearly talks on performance and development (yPOD) and followed up through key issue talks (KIT)

- Conducting Employee Engagement Surveys. Results are evaluated and planned actions are important in order to respond to the feedback by targeting key improvement areas.
- Offering international assignments, both short and long term, including extensive support for employees who relocate across borders
- Arranging overseas and regional meetings to ensure transfer of experience, knowledge as well as relationship building
- Organising value days, fun activities

and other team-building events with our staff

- Engaging our workforce in Corporate Responsibility activities

By providing an enjoyable and even more fulfilling workplace, we have managed to drive down our average voluntary turnover to 6.1 per cent. Moreover, 24 per cent of our employees have been in the company for more than ten years, even though we have grown extensively the last few years.



Competence in a digital world

Since launching our e-learning portal, Learning Gateway, in 2007, we have discovered that digital tools are best used to compliment face-to-face classes in Jotun Academy. This means using digital tools before, during and after Jotun Academy courses, with the aim of increasing the retention of knowledge, prolonging the learning process and, ultimately, affecting behavioural change.

Nearly 50,000 courses have been completed since the launch. The catalogue comprises 136 courses that fall into the following categories:

- Jotun Academy courses
- Induction for new employees
- Sales and product training
- Business skills

ACCESSIBLE LEARNING

Learning Gateway is an efficient and cost-effective way to develop competence. It makes training more accessible for all employees who can browse the course catalogue, complete courses and read through training material online. It is also an effective way to quickly educate our global workforce about new products. This was demonstrated to great effect in 2013 with the launch of Jotachar and the e-learning course "Fire Protection in the Oil and Gas Industry". In addition, induction modules help new employees to better understand our unique penguin culture.

COST-EFFICIENCY

Learning Gateway is an efficient and cost-effective way to develop competence. Along with an in-house training team of 340 trainers, Learning Gateway

helps Jotun reduce the costs involved in hiring external training consultants. It has also contributed to reduced travel costs, which has the added benefit of a smaller carbon footprint.

NEW E-LEARNING PORTAL

Jotun is now developing a new Learning Gateway portal, which will be launched early 2014. It will be an interactive portal, with greater focus on recommended learning paths for individual employees, off-the-shelf courses, group exercises and digital communication tools. It will make relevant learning more accessible and result in more courses being completed with the overall aim of developing the skills of our employees.



Our commitment to health, safety and the environment (HSE)

When it comes to HSE, our aim is to safeguard life, health and property and prevent pollution of the environment. Getting HSE right in an organisation requires both a high level of commitment and rigorous procedures. At Jotun, we work hard to continually improve both.

COMPANY-WIDE ENGAGEMENT

Our commitment to HSE comes right from the top of our company. In 2013, Jotun's Chairman of the Board, Odd Gleditsch d.y., stated: "We are dedicated to ensuring the well-being of our people and the environment. One of our core values, Care, guides us in this respect and is central to the Jotun culture." Jotun's HSE performance also features prominently in our board meetings, business reviews and management meetings throughout the year.

HSE EVALUATION OF RAW MATERIALS

Our first responsibility is to evaluate, from a HSE perspective, all the chemicals we use in our products. This ensures the safe handling of these materials through the supply chain. In relation to the environment, Jotun GreenSteps programme provides a systematic approach to managing all environmental efforts within the company.

CONTINUAL IMPROVEMENT

To keep improving our HSE level, we require all of our employees to follow Jotun's HSE procedures. We achieve

this through both audits and training. In 2013, we further expanded our training programmes.

A FORMAL APPROACH

We apply Jotun HSE standard, which is primarily based on European legislation, in situations where it is more stringent than local laws and regulations. In addition all producing companies are certified according to ISO 9001, 14001 and OHSAS 18001.

JOTUN'S HSE VISION

Jotun will enhance long-term competitiveness and financial performance through a responsible approach, attitude and actions regarding health, safety and environment.

All of Jotun's activities shall:

- Prevent work-related illnesses
- Promote employees' physical and mental health
- Protect life and property
- Prevent pollution

LEARNING FROM INCIDENTS

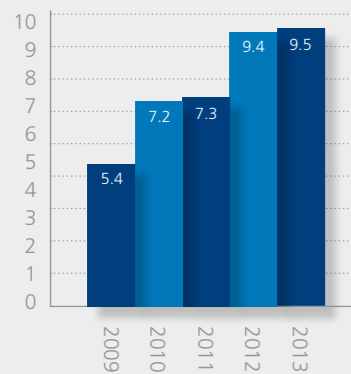
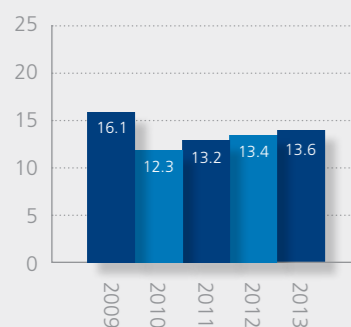
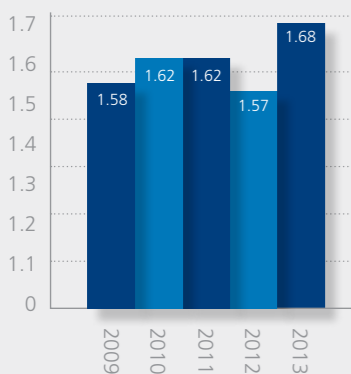
All producing companies report non-conformances in defined categories. Based on this we define focus areas for the coming year.

In 2014 we will aim to reduce the risk of:

- Fire
 - Handling of waste to reduce risk of self-ignition
 - Electrical installations – follow up electrical surveys
 - Safe working procedure – "Hot work"
- Injuries and fatal accidents
 - Safe storage of goods
 - "Work at height"
 - Reduce risk for squeeze accidents
- Accidental release – spill
 - Fork lift driving – internal transportation
 - Unloading/loading of raw material and finish goods

HSE training

Hours per employee in Jotun Group

**Days of absence per injury**
for Jotun Group**Absence due to illness (%)**
for Jotun Group**H-values**

Number of injuries leading to absence per million working hours – H-value



Providing a safe workplace

Jotun has strict occupational health and safety measures in order to minimise the risk of accidents. We identify risks and provide recommendations and resources to mitigate those risks. In 2013, we focused on reducing risk in the following areas:

- Safe storage - racks
- Proper use of PPE when handling corrosive chemicals
- “Work at height”

In 2013 Jotun started a campaign “Who cares” to improve the overall HSE-level worldwide. The first part of the campaign, “Drive Safely,” was launched in August and encouraged Jotun employees to drive safely, both at and outside of work.

TRAINING

Training is the best way to develop a robust safety culture and our aim is that all employees receive an average of eight hours of training per year. In 2013 we surpassed this goal by 1.5 hours per employee, and this represents an increase of four hours over the last five years. 2,050 employees completed training in using the correct protective equipment when handling hazardous chemicals in 2013, compared to 2,250 employees in 2012.

The global HSE-coordinator meeting was held in Sandefjord, Norway. Focus areas during the three-day event were the safe use of chemicals, correct HSE labelling and proper use of protective

equipment when handling hazardous chemicals. In 2013, 2,200 employees attended first aid training courses, corresponding to 1,175 working days spent on first aid training, which was up from 920 days in 2012.

ABSENCE THROUGH ILLNESS

Absence due to illness for Jotun Group in 2013 was 1.7 per cent, slightly up from 2012. In 2013 there were a total of 30,424 days of absence due to illness, compared to 27,036 days in 2012. This includes figures for Jotun A/S. In 2013, the level of absence through illness at Jotun A/S was 4 per cent, compared to 4.1 per cent in 2012.

OCCUPATIONAL INJURIES

In 2013, there were 954 days of absence as a result of injuries, equating to less than 0.1 per cent of the total working hours. The H-value is the number of accidents/injuries resulting in one or more days of absence per million working hours for all employees. In 2013, Jotun Group’s H-value was 4.5, slightly up from 4.4 in 2012. The H-value for Jotun A/S in Norway was 3.4 for 2013, down from 3.5 in 2012. Over a five-year period, the number of days of absence per injury has been reduced by 2.5 days.

DEATHS

In November one employee of Jotun Egypt died in a tragic traffic accident.



Jotun personnel in Korea training with fire fighting equipment. Drills and training exercises are a critical part of Jotun’s HSE policy.

Safety and preparedness

Everyone has the right to work in a safe and secure environment and Jotun has implemented a range of measures to make this a reality. First and foremost, we ensure that all employees undergo safety training, which targets higher-risk activities.

IDENTIFYING RISK

Our HSE audits help to detect non-conformances. A non-conformance is anything that results in, or could lead to, personal injury or damage to the environment. We do our utmost to ensure that non-conformances are rectified and are not repeated.

SITE SECURITY AND TRAINING

A high level of security is essential in the chemical industry. Companies such as Jotun need to be prepared for a range of threats and incidents, including intoxicants, organised crime, violence in the workplace and even terrorism. Jotun constantly evaluates our preventative measures to such threats. All factories also have crisis management plans in place.

In 2013, a total of 10,040 hours of preparedness training – consisting of fire fighting and emergency preparedness

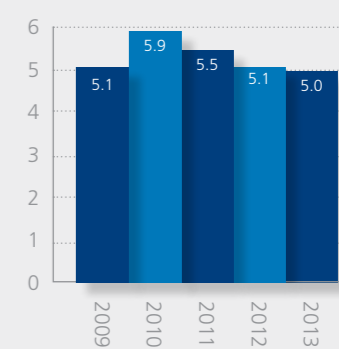
– was carried out compared to 10,280 hours in 2012. This equates to an average of five hours of training for each of the 2,030 rescue personnel in the organisation.

SPECIFIC INCIDENTS IN 2013

Six fires which had the potential to cause injuries or major damage to property were reported in 2013. In addition, we had some initial stages of fires mainly caused by electrical equipment, self-ignition and hot work. Jotun employees extinguished these fires and none caused injuries or major damage to property or the environment.

FIRE PREVENTION MEASURES

Jotun’s fire prevention measures include training, fire-resistant facilities and personal protective equipment. We ensure that we have the correct fire detection systems and fire fighting equipment at our sites in order to prevent and put out fires. The fire detection and fire fighting systems are automatic. Foam-based extinguishing equipment is normally used at factories and warehouses handling solvent-based products.

Hours firefighting training per rescue personnel**DRIVE SAFELY!**

The Drive Safely campaign has been run in all Jotun sites around the world with focus on safe driving of forklifts and trucks in our operation and safe driving of cars and motor-bikes. More than 6,000 employees have attended this training in 2013.

“What makes Jotun different is not only the quality of the products and services we offer but our “Penguin Spirit”, which enables people from different backgrounds to work together towards common goals.”

Morten Fon, *President & CEO*

Strengthening our corporate culture

From gala factory openings to weekend barbecues, from family and value days to formal dinners, Jotun companies all over the world sponsor events to mark special occasions, both big and small. These events not only strengthen our corporate culture, values and teamwork, but demonstrate Jotun’s appreciation for the company’s greatest asset: Our people.

Jotun’s success in the last five years owes a lot to the skill and dedication of Jotun personnel. But while the company’s employees work hard to build the business, they also find time to have fun.

For a company with close to 10,000 employees working in about 90 countries worldwide, building and maintaining a strong corporate culture is crucial. With new employees joining every day we need to make sure that Jotun values are embraced by the entire organisation. This requires good communication, management support and cross functional and cross cultural teambuilding exercises.

THE BENEFITS OF A STRONG CORPORATE CULTURE

The company remains committed to organising and sponsoring formal and informal events to bring people together. Through our Jotun Academies and regional and other cross functional networks, the company actively supports efforts to bring people together to share best practices, build contacts, and share information. A robust corporate culture

supports Jotun’s business by strengthening the company’s brand, helps retain experienced personnel and allows for better communication across borders and segments. For employees, a strong corporate culture contributes to a better work environment and reinforces a sense of teamwork, loyalty and shared purpose.

CELEBRATIONS, LARGE AND SMALL

In 2013, Jotun personnel throughout the company’s global network gathered to participate in various social activities. For example, the opening of a new factory in Belle Chasse, Louisiana, was attended by more than 300 guests.

In the Philippines, Jotun sponsored a Family Day, a two-day event for Jotun personnel and their families featuring fun activities such as dancing, relays, charades and a magic show. Another Family Day, organised by Jotun Malaysia, had an Olympic sports theme, while in the UK, Jotun employees meet every month to participate in fun activities, such as bowling, sporting contests or festive dinners. From the UAE to Australia, Korea to Brazil, Jotun personnel meet informally to pursue shared interests in various sporting activities, including sailing, football, cricket, cycling and hiking, among others.



Despite weakness in some shipping segments in 2013, Jotun Marine continues to perform well in the offshore segment. The Blue Protector, a Platform Supply Vessel built by Ulstein shipyard in Norway, is protected by Jotun's anti-fouling products SeaMate and SeaQuantum Ultra.



ENVIRONMENTAL COMMITMENT

Jotun contributes to a cleaner environment throughout the lifecycle of our products. This means developing products that minimise impact on the environment, producing those products in efficient factories and, not least, providing our customers with paints and coatings that will reduce their carbon footprint and protect their property.

Safer, smarter, greener

Jotun GreenSteps programme was established as a framework for guiding our environmental initiatives. We aim to improve our environmental performance through a range of internal actions and by offering our customers more sustainable products. In addition to the ecological benefits, Jotun GreenSteps helps to better position the company in a changing market.

MAIN ACTIVITIES THIS YEAR

In 2013, Jotun introduced a series of GreenSteps initiatives. Below are some notable initiatives.

- The launch of the “Who Cares” campaign, which aims at improving our HSE attitudes and results, including saving energy
- The decision to phase out lead chromates – a toxic chemical compound – from all paint and coatings formulations worldwide. This is scheduled for implementation in 2014, but already implemented in our Chinese operation.
- The strengthening of our global agreement with recycling company, GDB, who buys Jotun’s discontinued, overstock, and off-specification paint and paint-related raw materials. In 2013, we added powder coatings to

the agreement. GDB helps Jotun save money and take another step towards reducing our environmental impact.

- The start-up of a “Green Factory” modular concept
- Further development of more environmentally friendly products within R&D
- Investment in the capability to provide documentation on the environmental impact of our products
- The promotion of GreenSteps products and concepts implemented in all innovation processes
- The consolidation of Jotun’s position as a supplier of more sustainable products

OUR GOALS FOR 2014

We will continue to:

- Reduce consumption of electricity per ton produced, (kW/t) by three per cent.
- Reduce waste in terms of percentage of production from 2.5 to 2.3 per cent
- Provide more comprehensive carbon footprint reports
- Implement employee awareness campaigns
- Run the CEO HSE world tour “I Care” campaign
- Raise the priority of sustainability at both the strategic and operational level
- Run the save energy campaign



The Solvent Recovery System, Jotun Korea. Recycling solvents reduces costs related to the safe and sustainable disposal of chemical waste. This unit has the capacity to recycle 500 litres per day.

- Develop third party documentation of the environmental impact of our products
- Perform targeted product development in order to offer products and complete product systems with a proven greener profile

Jotun GreenSteps has helped us define and meet our environmental targets within these five areas:



Reducing hazardous material



Reducing VOC emissions



Reducing waste



Reducing energy consumption



Reducing carbon footprint

Our carbon footprint

Reducing CO₂ output is the most important contribution a company can make to the environment. At Jotun, electricity creates around 75 per cent of our emissions. That is why we have a goal to reduce our consumption of electricity per tonne produced, by three per cent each year.

In 2013, Jotun Group production sites consumed 123 GWh, compared to 116 GWh in 2012. The use of purchased electricity per tonne produced increased by three per cent compared to 2012, mainly due to increased powder production, which requires more energy. However, we reduced our energy consumption per tonne produced by 3.35 per cent between 2010-2013.

ALL MEASURES BIG AND SMALL

Jotun has implemented a number of initiatives around the world to reduce purchased electricity. The factories in Nilai, Malaysia and in Vietnam, are great examples of how to reduce consumption of electricity per tonne produced.

At the Nilai factory the following measures have been in place since 2011:

- Day time – skylight roof
- Street light automatic timers
- Energy saving bulbs
- Applying the Save Energy campaign, including using campaign stickers near light switches

Since 2011, the factory in Vietnam has put these measures in place:

- New, efficient compressors
- New pumps which reduce air consumption by 30 per cent
- The modification of domestic water pumps with a converter controller

SAVING ENERGY

In 2014, Jotun will roll out the “Save energy” campaign, which aims to increase awareness and encourage good habits for reducing electricity use – and therefore our CO₂ emissions. Group HSE develops the guidelines and procedures, and it is up to each factory to implement the elements of the campaign they find appropriate.

CARBON FOOTPRINT REPORT

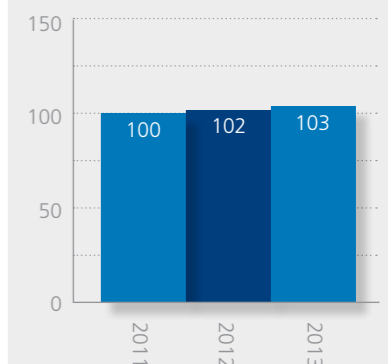
Since 2009 we have produced an annual carbon footprint report, which gives a global overview of our total emissions of CO₂-equivalents. The report contains detailed information on all production facilities worldwide, as well as the corporate unit in Norway. In addition, it measures our performance and provides insight into opportunities for making further improvements.

The results show that the global emissions for Jotun in 2013 were 82,000 tonnes of CO₂ equivalents, compared to 78,000 in 2012. Compared to production this is equivalent to one per cent. However, this increase should be seen in the context of increased powder coatings production. As well as analysing these details through the report, senior management at all facilities is responsible for developing and implementing action plans that assist in CO₂ reduction.

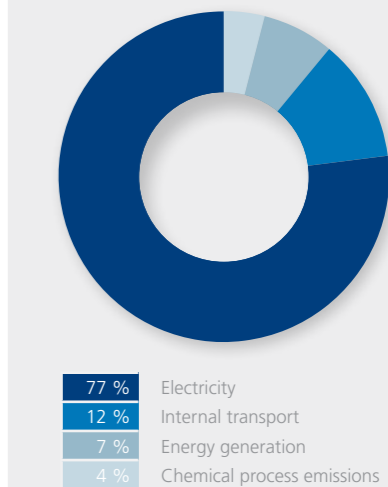
THE REPORT’S METHODOLOGY

Greenhouse gas emissions were calculated according to the international standard Greenhouse Gas Protocol Initiative (GHG-protocol), scope 1 and 2.

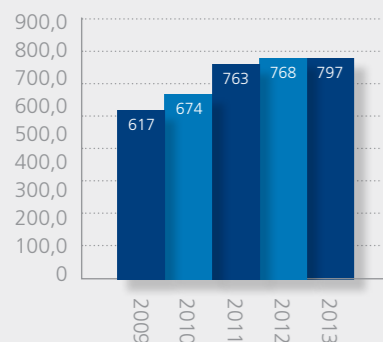
Emissions per tonne produced (kg CO₂e/ton) – Jotun Group



Jotun Group Emissions by source 2013



Production volumes (1000 ton)

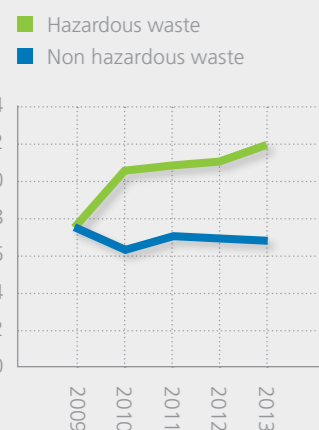


Hazardous and Non hazardous waste

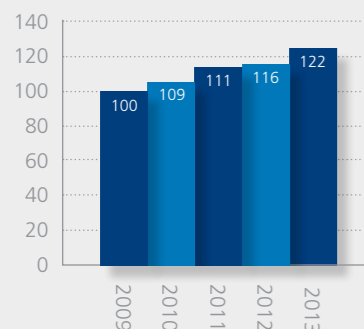
as per cent of produced volume for Jotun Group



Hazardous and Non hazardous waste for Jotun Group in 1000 ton



GWh Energy consumption for Jotun Group



Reducing our impact on the environment

Recycling energy and using it to produce more energy is one of the most effective ways of reducing waste. Production planning is also critical. By producing greater series, we cut the amount of washing needed on the production facilities and reduce waste water.

REPORTING ON WASTE

In 2013, we introduced a global standard for reporting waste, which allows for results to be compared across countries. In 2013, the total waste volume from Jotun's factories was 18,400 tonnes. This was 2.3 per cent of the production volume, which is the same amount as in 2012. Jotun met its goal of reducing the total amount of waste from 2.5 per cent to 2.3 per cent of the production volume between 2011-2013. We are now setting new targets for 2015.

HAZARDOUS WASTE

Hazardous waste comprises water, packaging from hazardous raw materials, and solvent-based waste which is mainly the result of washing production equipment and which is largely recycled in production. In 2013, Jotun factories generated 12,000 tonnes of hazardous waste, equating to 1.5 per cent of production volume, which is the same percentage as in 2012.

CONTAMINATED SITES

Before buying land for industrial activity, we use external experts to check for

potential sources of environmental risk and to recommend whether any measures for avoiding pollution are required.

EMISSIONS TO AIR

Emissions to air, mostly made up of solvents, from Jotun's factories are mainly caused by the production of solvent-based paints. In accordance with Jotun standard, filters are used to reduce the emissions of dust to below 10 mg suspended solids per cubic metre.

DISCHARGE TO WATER

The cleaning of production equipment is the main reason for discharge from production. In 2013, Jotun's factories generated 80,000 tonnes of washing and process water worldwide, compared to 60,000 in 2012. This waste water was either treated in our waste water treatment plants or delivered to an approved waste contractor. In 2013, there was no accidental release of any substance that resulted in a significant impact on the environment.

ENERGY CONSUMPTION

Producing paint requires little energy compared to other process industries. The main source of energy is electricity. In 2013, the volume of oil used on-site for creating energy was 1,800 cubic metres, which is equal to that used in 2012. Most of this oil is used for heating and producing binders in Norway.

SHOWING THE WAY ON WASTE

Jotun's factory in South Africa has reduced its waste by nearly 50 per cent over the last two years through the following means:

- A bailing system ensures that the amount of waste delivered is correct
- All cleaning solvents are re-used
- Sludge and cleaning solvents are separated
- Scrap metal is separated from plastic and paper
- Dirty solvents are recycled and purchased back for cleaning solvent
- All paper from offices is recycled



The factory expansion project in Indonesia is LEED compliant.

LEEDing the way on green construction

Jotun is taking GreenSteps in making our factories and administrative buildings more environmentally friendly. We are designing two new factories, in Indonesia and Oman, in accordance with the Leadership in Energy & Environmental Design (LEED) rating system. In addition, LEED will be proposed as an option for all new factory projects. LEED is a set of rating systems for the design, construction, operation and maintenance of green buildings, homes and neighbourhoods. Although there are numerous green building standards, Jotun chose to use LEED in these projects.

REDUCED LIFE CYCLE COST

While such LEED certified buildings cost more, the initial outlay is offset by lower operational costs and improved productivity and employee wellbeing. This results in an estimated payback period of between five and seven years.

Implementing the LEED requirements to new sites adds value by reducing:

- Energy consumption
- Carbon emissions
- Water use
- Waste production
- Operational cost

LEED certification also increases:

- The value of the property
- Productivity by raising the comfort and health in the working environment
- Brand value through the promotion of a greener profile

MEETING FUTURE REQUIREMENTS

Adopting a more sustainable approach to construction enables Jotun to further reduce our impact on the environment and provide a better workspace, while driving efficiencies. It also provides a good platform for our factories and offices to meet future environmental regulations and customer requirements. In this way, constructing LEED certified buildings helps us reduce risk.

A RUNNING START

Jotun's model for constructing buildings, Jotun Engineering Standard, has been refined over many years and numerous projects and already shares some design features with LEED certified buildings. This experience with green solutions will be valuable as we construct buildings of the future.

LEED points and prerequisites are divided amongst seven categories:

- Sustainable Sites (SS)
- Water Efficiency (WE)
- Energy and Atmosphere (EA)
- Materials and Resources (MR)
- Indoor Environmental Quality (IEQ)
- Innovation in Design (ID)
- Regional Priority (RP)

The total of points assigned to a building qualifies it for a certain level:
Certified: 40–49 points
Silver: 50–59 points
Gold: 60–79 points
Platinum: 80 points and above

“By developing durable paints and coatings solutions that prolong the life-cycle of assets and structures, Jotun helps customers reduce environmental damage, contributing to global sustainability.”

Bent W. Haflan, *Vice President, R&D (Decorative Paints)*

Svein Gunvaldsen, *Vice President, R&D (Performance Coatings)*

Jotun R&D: Engineering durability

Jotun’s approach to product development has always been guided by market demand. But with growing global concerns about the environment, Jotun’s innovation process has increasingly focused on developing more durable, value-added products that contribute to a more sustainable world.

Jotun R&D is made up of about 300 skilled personnel active in four segments. Headquartered in Sandefjord, Norway, Jotun R&D has a global network of regional labs in the Middle East (UAE), South East Asia (Malaysia), North Asia (Korea and China) and the Americas (USA). In addition to adapting products to meet local demand or customising paint solutions to meet project specifications, the regional labs are also responsible for testing raw materials and providing claims and verification services when required.

Declining public tolerance for environmental damage has led to new regulations and a growing market for more sustainable paints and coatings. Jotun R&D has worked to meet this new market reality by substituting harmful substances found in some formulations and developing paints and coatings that help users reduce energy costs. However, a core focus of Jotun’s R&D effort remains to develop paints and coatings that protect property, longer. In addition to saving on maintenance costs, durable paints and coatings systems extend the life cycle of the asset, helping to reduce replacement costs.

JOTUN PROTECTS PROPERTY

In the Decorative segment, Jotun R&D develops products that protect assets exposed to different weather conditions. For example, in 2013, the company launched Drygolin Ultimat, an oil-based, exterior decorative paint that provides excellent colour and gloss durability and long intervals between maintenance for homeowners living in Scandinavia. At the same time, the company has developed a number of products (e.g. Jotashield Extreme and Cool Shades) in the Decorative Paints and Powder Coatings segments specifically engineered to provide users protection against the intense heat found in the Middle East. And in the warmer humid climate of South East Asia and India, Jotun developed the Jotashield product range to protect building facades against fungal or bacterial growth – a genuine threat to structures.

PROTECTING ASSETS AT SEA AND ON LAND

Marine Coatings represent a special durability challenge. In addition to offering a range of premium antifouling products (the SeaQuantum line) that extend periods between drydockings by keeping the vessel fouling-free for five years, Jotun has developed Hull Performance Solutions that helps owners cut speed loss over time, reducing fuel usage and corresponding emissions. Jotun has also developed specialised water ballast tank coatings engineered to prevent corrosion in critical areas, which play a role in extending the life of the vessel.

BURJ AL ARAB

Dubai’s iconic hotel, Burj Al Arab sits on a man-made island in the Persian Gulf. The building is exposed to intense heat, and high winds carrying sand and dust. Jotun was selected as a single source provider of Protective (concrete protection, and corrosion protection), Decorative (interior) and Powder coatings (window and door frames).

The coated area on Burj Al Arab is 120,000 square meters, and about 67,000 of these are painted with Baltoflake, which combines the strength of specially formulated polyesters reinforced by glass flakes. Following a recent inspection, no damage to the steel structure was detected to the 16-year-old building.

In the Protective Coatings segment, Jotun offers a broad range of products designed to preserve high-value assets that are expensive to maintain, such as offshore installations, refineries and civic infrastructure. For example, Jotun manufactures a line of Intumescent coatings for steel structures (Steelmaster) that provides long-term protection against structural collapse in the event of a fire. Whatever the asset, Jotun R&D remains committed to developing products that protect property.





JOTUN AND SOCIETY

JOTUN AND SOCIETY

Achieving business success relies on our ability to develop good community relations. That is why we invest our time, expertise and resources to build an environment where both our company and the local society benefit.

Contributing to a better world

Jotun works with several humanitarian organisations in various countries. In 2013, we presented Norwegian People's Aid (NPA) with a donation which is used to fund two separate projects: Mine demolition in Cambodia and educating people about human rights in Myanmar. These projects exemplify Jotun's willingness to make a difference beyond providing employment and paying taxes. As well as contributing to positive change, this helps us to gain unique insight into the countries and their cultures.

MAKING LIFE SAFER IN CAMBODIA

Cambodia has the world's second largest number of land mines per square kilometre and one in every 245 people in Cambodia is an amputee due to land mine injuries. Jotun is helping to rid the country of these weapons by funding a land-mine clearing team through NPA. The team operates in Kratie province in eastern Cambodia, which is one of the worst affected parts of the country.

NPA advisor, Kristin Obrestad, says that poverty in the region exacerbates the problem. "The economy in Kratie is based on agriculture, and while people often know they are taking a risk by working their land, they often don't have a choice because they need to generate income to support their families," she explains.

The team sponsored by Jotun consists of a male supervisor, two male searchers that remove the mines, two female dog

handlers and two explosive detection dogs, called Rypa and Razz that search and find the mines. Dogs are twenty times faster at seeking out land mines than a human with a metal detector and NPA has now also started to use dogs for cluster bomb clearance. With Jotun's support, this team is able to clear around nine football fields in one month.

Obrestad says an area is not handed over to the local community before all efforts are made to remove the mines. "To prove the area is safe, we often play a game of football with the locals on the cleared land. It is amazing to see how relieved people are and how our work changes their lives."

A NEW BEGINNING IN MYANMAR

Myanmar is at a turning point in its history. The holding of elections and other democratic reforms has led to an easing of economic sanctions against the country and Jotun is among the first foreign companies to enter. According to NPA's political advisor to Myanmar, Ingeborg Moa, 50 years of dictatorship has left many people with no knowledge of their rights and responsibilities in a democratic society.

To address this problem, Jotun is funding a programme, run by NPA and the Human Rights Education Institute of Burma (HREIB), to educate people in rural areas about their working rights, property rights and human rights. Jotun's contribution funded the training of 40 course instructors, as well as sponsoring



Community engagement: Jotun sponsors seminars in Myanmar to educate people in rural areas about their rights in a democracy.



Norwegian People's Aid

280 people to be put through the human rights education sessions.

In addition to this donation, Moa says Jotun's investment in Myanmar is critical to supporting democratic change. "Economic development and democracy go hand in hand. For people to believe in democracy, they need to see an improvement in their everyday lives. In this respect, Jotun's on-going contribution to Myanmar is that it is providing jobs and promoting economic growth," she says.

GIVING SOMETHING BACK

As hosts, these local communities provide us with a licence to operate and a workforce, and we believe it is important for us to give something back. We contribute to local societies around the world by:

- Providing employment
- Paying taxes
- Complying with local laws
- Communicating in a respectful manner with local populations
- Sourcing our raw materials from responsible local businesses

On a corporate, regional and local level, we donate funds to organisations and backs initiatives that we believe will contribute to quality of life and development.



MINE DISPOSAL

It is estimated that at least 64,202 people have been killed or injured by landmines, cluster munitions and other explosives remnants of war between 1979 and 2012.

“At Jotun, we strongly believe in a pragmatic approach to corporate responsibility, working within selected areas based on local considerations on a case-by-case basis.”

Merete Aspaas, Group Vice President, Corporate Affairs

Living our values

Jotun’s holistic approach to corporate responsibility covers a broad range of locally developed programmes implemented in different ways around the world. In Indonesia, the company is making a difference, one student at a time.

Jotun may be a global brand, but its success is built on interacting with local businesses and regional consumers. This approach not only represents a business advantage, but lies at the core of the company’s approach to corporate responsibility. Jotun’s strong local presence makes the company more sensitive to regional needs. And because the company hires locally, its personnel are equipped to navigate complex cultural and bureaucratic systems more effectively, helping to implement corporate responsibility initiatives more swiftly.

A PART OF THE COMMUNITY

In many places, Jotun is regarded as more than a paints and coatings supplier: It is part of the fabric of the community. As such, many of the company’s corporate responsibility programmes are unique to specific regions. Examples include:

- Providing paint to schools damaged by flooding in Thailand
- Raising money to support a cancer treatment centre for children in Oman
- Supporting a promotional event to raise awareness for disabled people in India
- Developing a social media campaign to benefit the blind in Turkey



In Indonesia, Jotun helped establish a trade school to provide disadvantaged students with the skills to succeed in Indonesia’s rapidly expanding economy. With manufacturing processes becoming increasingly complex, many companies in Indonesia have struggled to find workers with the right skills to manage complex tasks or operate increasingly sophisticated equipment. Working together with other companies in an industrial zone outside of Jakarta and in cooperation with various local organisations and government agencies, the school was opened in 2011.

A REGIONAL SUCCESS STORY

Today, the school has about 530 students in 14 classes studying different subjects related to manufacturing including industrial, electronic, automotive and electrical engineering. In 2014, the

school will offer courses in mechanical engineering and expand capacity to 850 students. In addition to helping to organise the school in cooperation with other companies nearby, Jotun supplied the paint for the school, provided used laptops, furniture and time: A Jotun employee serves as headmaster. The project has attracted significant interest from government officials who see the school as a model that may be applied to other industrial zones in Indonesia.

While the school was established to provide training to disadvantaged students, it also represents a strong recruiting pool for local companies, including Jotun. In this way, the project is linked with both Jotun’s business and values, which underpin the company’s approach to corporate responsibility.

Students at a Jotun sponsored trade school in Jakarta, Indonesia



Responsible sourcing

Doing business with companies that respect human rights and protect the environment reduces risk and helps improve our suppliers' businesses. That is why we work hard to ensure that our suppliers act responsibly.

RECOGNISED GLOBAL STANDARDS

We work with our suppliers to make sure their operations are consistent with the United Nations (UN) Global Compact, including UN Human Rights and Anti-corruption standards. Using a recognised global standard simplifies this process for both Jotun and our suppliers.

The Global Compact encourages businesses worldwide to adopt environmentally sustainable and socially responsible policies. Like more than 10,000 businesses in 130 countries, many of our suppliers already refer to the Global Compact.

To formalise this approach, Jotun's supplier contract states that the supplying company shall abide by the 10 principles of the Global Compact. While this provides additional assurance, there is no replacement for inspecting a supplier's premises to check whether these principles are being put into practice. These inspections are carried out under our supplier audit programme.

LONG-TERM RELATIONSHIPS

Responsible sourcing certainly reduces risk, but it also helps build Jotun's relationships with suppliers and improve their business performance. Our aim

is to assist these companies to become thriving businesses and excellent suppliers. Many suppliers have stated that implementing recommendations from our audits has led to gains in efficiency, quality and working conditions.

PROGRAMMES AND ACHIEVEMENTS IN 2013:

- A total of 430 suppliers audited since initiating the audit programme in 2009
- Audits enhanced to cater for suppliers of indirect materials, which include services, manufactured goods and off-the-shelf goods
- Implementation of a global standard for managing indirect purchasing
- New purchasing policy established. The policy describes:
 - Our objective of conducting world-class purchasing
 - Our strategic approach to purchasing
 - The roles and responsibilities of the employees in this area
 - Purchasing processes and execution
 - Ethical requirements and dealing with our suppliers in a professional and transparent manner
 - Anti-corruption principles

The purchasing policy helps to build global transparency and consistency in the way we deal with our suppliers. We have also found the policy to be particularly useful as a tool for new employees to quickly understand the company's purchasing strategy, principles and requirements.

RAW MATERIALS SECURITY

Jotun has developed a strong reputation among suppliers over many years. This standing enables us to secure raw materials even in times of scarcity. A lack of titanium dioxide during the last year has, for example, caused severe challenges for some operators. However, through our strong supplier relationships Jotun has maintained a steady supply of titanium dioxide and other important materials.

OUR RESPONSIBLE SOURCING PLANS

Sourcing our materials from responsible suppliers is both ethical and beneficial. We are committed to driving further improvements in this area, including:

- Enhancing supplier audits, which are central to our responsible sourcing strategy.
- Taking steps towards establishing a central supplier database. This would allow selected Jotun employees to quickly find relevant information on our suppliers and confirm that a certain supplier had been approved. A supplier database would make our supplier systems more transparent and diminish the risk of doing business with unapproved suppliers.
- Increasing awareness of responsible sourcing in Jotun Purchasing Academies. This would help to ensure that we only do business with suppliers that have sound attitudes and that we help those suppliers to improve their business performance.



Audits help to build long-term relationships with our suppliers and lead to gains in efficiency.

TRANSPARENCY INTERNATIONAL

Jotun supports Transparency International (TI) and its global fight against corruption. TI is a global NGO comprising more than 90 locally established national chapters. These bodies fight corruption by promoting transparency in elections, public administration, procurement, and in business.



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.

Building resilience against corruption

Corruption prevents economic development, contributes to poverty around the world, and damages corporate reputation and shareholder value. Jotun's anti-corruption policy is reinforced by our Business Principles and applies to all Jotun entities, affiliated companies and employees. We take appropriate steps to ensure that Jotun's agents, distributors and other representatives comply with the same standard.

In 2013, we introduced the following anti-corruption initiatives:

- All Jotun companies now report on their anti-corruption activities in a yearly report, in business reviews, and in Board meetings twice a year
- Anti-corruption review points in the internal financial audit were made more specific
- Introduction of a yearly report presented to the Board on anti-corruption work in the organisation

COMPANY CULTURE BUILT ON INTEGRITY

In spite of the robust policies and tools we have in place, with close to 10,000 employees and represented in 90 countries, it is impossible to eliminate the risk of corruption. That is why we work hard to strengthen the best defence against corruption there is – a company culture built on integrity and high ethical standards. We do this by:

- Increasing awareness and nurturing the right attitudes among our employees



- Offering e-learning and regular practical dilemma training that prioritises higher-risk groups, such as management, purchasing and sales teams
- Including anti-corruption in the Jotun induction programme for new employees

WHISTLEBLOWING

Jotun supports whistleblowing and encourages employees to speak out about any business dealings they feel go against our policy or business principles. We have systems and procedures in place to protect whistleblowers.

PREVENTION BETTER THAN CURE

Jotun helps new companies develop the right structures and culture from day one. This year, for example, Jotun Group worked in an interactive way with Jotun Cambodia to a provide an understanding of Jotun's business principles and the importance of hiring employees with integrity. By doing so, we help to ensure that Jotun Cambodia is more resilient to the risk of corruption.

The UN Global Compact

The United Nations (UN) Global Compact, Compact or UNGC, is a UN initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their progress.

The Global Compact was first announced by the then UN Secretary-General Kofi Annan and was officially launched at UN Headquarters in New York in July

2000, and is now supported by more than 10,000 businesses spread across 130 countries.

The Global Compact states ten principles in the areas of human rights, labour, the environment and anti-corruption. Under the Global Compact, companies are brought together with UN agencies, labour groups and civil society.

Jotun is committed to aligning our company's strategy and operations with these universal principles.

Human Rights

		pages
Principle 1	Support and respect the protection of internationally proclaimed human rights	29, 34, 35, 54, 58, 61
Principle 2	Make sure the company is not complicit in human rights abuses	31, 34, 35, 58

Labour

Principle 3	Uphold the freedom of association and the right to collective bargaining	34
Principle 4	Uphold the elimination of all forms of forced and compulsory labour	34
Principle 5	Abolish child labour	31, 34
Principle 6	Uphold the elimination of discrimination in respect of employment and occupation	34

Environment

Principle 7	Support a precautionary approach to environmental challenges	9, 12, 19, 28, 39, 41, 46-49
Principle 8	Undertake initiatives to promote greater environmental responsibility	9, 12, 15, 19, 28, 39, 41, 46-49
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	9, 12, 15, 19, 46, 48, 50

Anti-corruption

Principle 10	Work against corruption in all its forms, including extortion and bribery	28, 31, 58, 60
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For more information on the Global Compact, see www.globalcompact.org

From left to right: Richard Arnesen, Birger Amundsen, Stein Erik Hagen, Odd Gleditsch d.y. (Chairman), Einar Abrahamsen, Ingrid Luberth, Terje Andersen and Nicolai A. Eger.



FOCUS ON FURTHER IMPROVEMENTS

Jotun's excellent results in 2013 have strengthened the company's resolve to increase focus on health, safety and the environment and work to improve on the quality of project execution.

In the past decade, Jotun has emerged as a truly global player in the paints and coatings industry. Despite recording more modest increases in sales in 2013 than in previous years, the company's growth trend seems likely to continue. Jotun's rapid expansion represents a significant achievement, but our long-term success cannot be measured in factory openings or sales alone.

FUTURE GROWTH

An important element of Jotun's strategy is to grow organically in both existing and new markets. Emphasis will be put on investments to support this strategy, and preparing the organisation to handle more business entities and higher volumes in the future.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Being a chemical company, Jotun has always had high focus on HSE. While the company has maintained a good health and safety record, Jotun recognises that a greater focus in this area has become increasingly important, considering the growing size of the company.

In 2013, Jotun reviewed a number of plans to upgrade older factories and has supported investments in fire safety equipment and other equipment and systems to improve working conditions at all our facilities. Jotun employs close to 10,000 people worldwide and recognises their right to a safe workplace. This will remain a top priority in the years to come.



QUALITY OF IMPLEMENTATION

Over the past five years, Jotun has undertaken a number of factory and warehouse construction and upgrade projects. These projects are necessary to handle future growth, but also to improve working conditions for our employees. While most of these projects are related to investments in markets where Jotun has a strong position, a substantial portion also goes into new markets, where there is more risk.

The Board has supported these investments, but notes that projects have become increasingly complex and

expensive. By renewing our focus on efficient project execution, the company can keep costs down and improve profitability.

The Board is satisfied with the result for 2013 and has high expectations to the future development of Jotun. By continuing to focus on safe operations and continuous improvement, the Board expects the company to grow further and create value for shareholders.

JOTUN GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The income statement presents revenues and expenses for the companies consolidated in the Group and measures the results for the accounting period in accordance with current IFRS standards as adopted by the EU. All internal matters have been eliminated. The income statement distinguishes between what is deemed to be the Group's operations and what is deemed to be of a more financial nature. The result of investments in associates is presented on a single line. The notes explain the content of the various accounting lines. The statement of other comprehensive income is presented as a separate table in connection with the income statement. The table shows all income and expenses that are not included in the "Profit for the year".

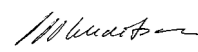
1 JANUARY - 31 DECEMBER (NOK thousand)	2013	2012
Operating revenue	12 034 454	11 350 602
Share of profit of associated companies and joint ventures	286 961	339 728
Cost of goods sold	-6 515 133	-6 301 822
Payroll expenses	-2 016 281	-1 876 583
Other operating expenses	-2 228 257	-2 138 024
Depreciation, amortisation and impairment	-303 883	-248 090
Operating profit	1 257 862	1 125 810
Net finance costs	-66 494	-70 423
Profit before tax	1 191 368	1 055 387
Income tax expense	-334 625	-260 582
Profit for the year	856 743	794 805
Other comprehensive income		
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Actuarial losses on defined benefit pension plans	-9 623	-6 798
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Currency translation difference	217 883	-255 786
Other comprehensive income (loss) for the year, net of tax	208 260	-262 583
Total comprehensive income for the year	1 065 003	532 222
Profit for the year attributable to:		
Equity holders of the parent company	798 268	749 635
Non-controlling interests	58 475	45 170
Total	856 743	794 805
Total comprehensive income attributable to:		
Equity holders of the parent company	1 002 222	494 435
Non-controlling interests	62 781	37 787
Total	1 065 003	532 222

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

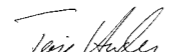
The statement of financial position presents the Group's total assets and shows how they have been financed, broken down into equity and liabilities. All internal matters between companies in the Group have been eliminated. According to the system of classification applied to the balance sheet, current assets and liabilities belong to a normal operating cycle, are cash and cash equivalents or have a useful life/repayment time of less than one year. Other assets and liabilities are classified as non-current. IFRS are balance-sheet oriented and only items that satisfy the criteria for definition as assets and liabilities may be recognised in the balance sheet. Equity is a residual. The various standards determine how the items are to be treated. The valuation of the balance sheet items is therefore a combination of fair value (Derivative financial instruments), amortised cost (trade receivables), cost (inventories), cost minus depreciation (property, plant and equipment), and recoverable amount (certain written down assets). The balance sheet items are explained in the notes to the financial statements.


(NOK thousand)	31.12.13	31.12.12
ASSETS		
Non-current assets		
Deferred tax assets	97 732	110 724
Other intangible assets	231 868	167 249
Property, plant and equipment	2 967 311	2 559 367
Investments in associated companies and joint ventures	1 163 318	1 012 373
Other investments	8 248	8 248
Other interest-bearing receivables	184 647	264 125
Total non-current assets	4 653 125	4 122 087
Current assets		
Inventories	1 762 005	1 569 434
Trade and other receivables	3 263 759	2 823 569
Cash and cash equivalents	1 120 161	802 012
Total current assets	6 145 925	5 195 016
TOTAL ASSETS	10 799 050	9 317 103
EQUITY AND LIABILITIES		
Equity		
Share capital	102 600	102 600
Other equity	5 301 977	4 824 495
Non-controlling interests	110 090	88 641
TOTAL EQUITY	5 514 667	5 015 736
Non-current liabilities		
Pension liability	184 888	177 333
Deferred tax	36 489	22 826
Provisions	30 006	41 227
Interest-bearing debt	1 368 482	60 424
Interest-free long term debt	23 325	21 144
Total non-current liabilities	1 643 190	322 952
Current liabilities		
Interest-bearing debt	1 258 748	1 875 471
Other current liabilities	2 382 445	2 102 944
Total current liabilities	3 641 193	3 978 415
TOTAL LIABILITIES	5 284 383	4 301 367
TOTAL EQUITY AND LIABILITIES	10 799 050	9 317 103

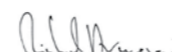
Sandefjord, Norway, 13 February 2014
Board of Directors
Jotun A/S



Odd Gleditsch d.y.
Chairman

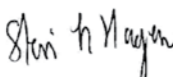

Einar Abrahamsen



Terje Andersen


Birger Amundsen


Richard Arnesen


Nicolai A. Eger


Stein Erik Hagen


Ingrid Luberth


Morten Fon
President & CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows shows how the Group's cash flows are broken down into cash flow from operating, investing and financing activities, according to the indirect method. The cash flow statement explains the general changes in the Group's liquidity since the previous accounting period.

(NOK thousand)	2013	2012
Cash flow from operating activities		
Profit before tax	1 191 368	1 055 387
Adjustments to reconcile profit before tax to net cash flows:		
Share of profit of associated companies and joint ventures	-286 961	-339 728
Dividend paid from associated companies and joint ventures	247 916	204 094
Gains/losses on sale of fixed assets	-3 081	-47 375
Depreciation	303 883	248 090
Change in accruals, provisions and other	-48 944	-174 194
Working capital adjustments:		
Change in trade and other receivables	-440 190	116 968
Change in trade payables	138 597	-244 134
Change in inventories	-192 571	270 018
Tax payments	-90 657	-187 432
Net cash flow from operating activities	819 358	901 695
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	8 932	47 149
Purchase of property, plant and equipment	-659 790	-533 449
Purchase of intangible assets	-73 376	-56 778
Purchase of shares from non-controlling interests	-17 145	-5 231
Net cash flow used in investing activities	-741 379	-548 310
Cash flows from financing activities		
Proceeds from borrowings	1 373 607	714 204
Repayment of borrowings	-682 272	-240 865
Dividend paid to equity holders of the parent	-513 000	-513 000
Dividend paid to non-controlling interests	-35 927	-26 157
Net cash flow from financing activities	142 408	-65 819
Net currency translation effect	97 762	-103 476
Net increase/(decrease) in cash and cash equivalents	220 388	287 566
Cash and cash equivalents at 1 January	802 012	617 923
Cash and cash equivalents at 31 December	1 120 161	802 012

The Group had unused credit facilities of NOK 900 million as at 31 December 2013 (2012: NOK 2 000 million).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity from one period to the next in accordance with the Group's profit or loss. Transactions with owners will be specified and applies to matters such as dividends to shareholders and share issues. Fluctuations in foreign exchange rates will affect equity in the form of currency differences on translation of foreign operations.

	Attributable to parent company equity holders				Non-controlling interests	Total equity
	Share capital	Other equity	Translation differences	Total		
<i>(NOK thousand)</i>						
Equity as at 1 January 2012	102 600	4 634 040	212 851	4 949 491	78 411	5 027 902
Dividends		-513 000		-513 000	-26 157	-539 157
Profit of the period		749 635		749 635	45 170	794 805
Other comprehensive income		-74 168	-181 032	-255 201	-7 383	-262 583
Acquisition of non-controlling interests		-3 831		-3 831	-1 400	-5 231
Equity as at 31 December 2012	102 600	4 792 677	31 819	4 927 095	88 641	5 015 736
Dividends		-513 000		-513 000	-35 927	-548 927
Profit of the period		798 268		798 268	58 475	856 743
Other comprehensive income		24 294	179 661	203 954	4 306	208 260
Acquisition of non-controlling interests		-11 739		-11 739	-5 406	-17 145
Equity as at 31 December 2013	102 600	5 090 499	211 479	5 404 578	110 090	5 514 667

Executive summary of the Financial Statement for 2013

GENERAL

The consolidated financial statement consists of Jotun A/S and 58 subsidiaries, 4 joint ventures in China and Korea and 7 associated companies in U.A.E., Saudi Arabia and Yemen. 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. Jotun Myanmar Services Company Ltd. was established as a new subsidiary during the year.

The Jotun Group's consolidated financial statements have 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 12,034 million. The revenue increase of 6 per cent is primarily ascribable to growth in East Europe, South East Asia and parts of the Middle East.

Considering the full revenues in associates and joint ventures, total sales of Jotun branded products was NOK 16,022 million (2012: NOK 15,852 million).

OPERATING PROFIT

Operating profit in 2013 increased by 12 per cent to NOK 1,258 million compared with 2012, yielding an operating margin of 10 per cent (2012: 10 per cent). Lower raw material prices and product mix management with increased sale of premium products higher margin markets, contributed to a positive Gross Margin trend. Revenues from the Marine segment declined substantially due to the cyclical downturn in the shipbuilding industry, especially affecting associated companies in North East Asia. Jotun Group's share of net result after tax in associates and joint ventures totalling NOK 287 million (2012: NOK 340 million) are reported on a single line of the consolidated income statement as an operating item.

PROFIT FOR THE YEAR

The profit for the year amounted to NOK 857 million, an increase of NOK 62 million from 2012. Net financing charges for the year are still at a low level, and decreasing from last year. Net financial costs ended at NOK 66 million (2012: NOK 70 million).

INVESTMENTS

Total purchase of property, plant and equipment (PP&E) and intangible assets amounted to NOK 733 million for 2013 (590 million for 2012), representing 6 per cent of operating revenue. Total investment in PP&E for the purpose of producing Jotun branded products was NOK 985 million. The largest investments relate to factories and buildings in Russia, China, Brazil and Vietnam.

Jotun Group's share of total equity in associates and joint ventures amounts to NOK 1,163 million (2012: NOK 1,012 million), and is reported as non-current assets in the balance sheet.

WORKING CAPITAL

To facilitate revenue growth, net investment in operational working capital (inventory, trade receivables and trade payables) amounted to NOK 3,841 million (2012: NOK 3,296 million)

NET INTEREST BEARING DEBT

The net interest bearing debt for the Group was NOK 1,322 million at year end 2013 compared to NOK 870 million as of 31 December 2012. Jotun 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 2013 Jotun A/S had NOK 600 million of bonds and NOK 730 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 the certificate loans as well as a strategic reserve for short-term financing of the Group. At year-end all of these credit lines were unused.

SHAREHOLDER'S EQUITY

Total equity including non-controlling interests amounted to NOK 5,515 million (2012: NOK 5,016 million) due mainly to the net effect of profit of the period of NOK 857 million, other comprehensive income of NOK 208 million, payment of the dividend for 2012 (declared in 2013) of NOK 513 million. The equity ratio remains strong at a level of 51 per cent (2012: 54 per cent).

The proposed dividend for Jotun A/S for 2013 amounting to NOK 513 million will not be recognised in equity until finally declared in 2014.

CASH FLOW

Operating activities in 2013 resulted in a cash inflow of NOK 819 million (2012: NOK 902 million). The change compared with 2012 is mainly due to changes in working capital.

WORKFORCE

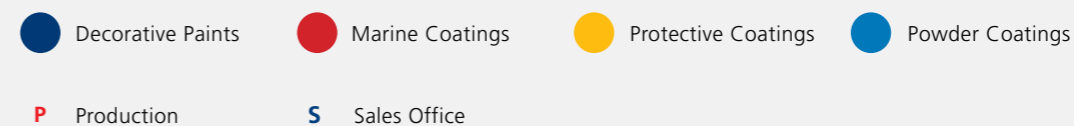
At year-end 2013, Jotun Group had 6,695 full time employees related to on-going business in Jotun A/S and its subsidiaries (2012: 6,379 full time employees). Including employees in joint ventures and associates Jotun had in total 9,380 employees.

JOTUN ANNUAL REPORT

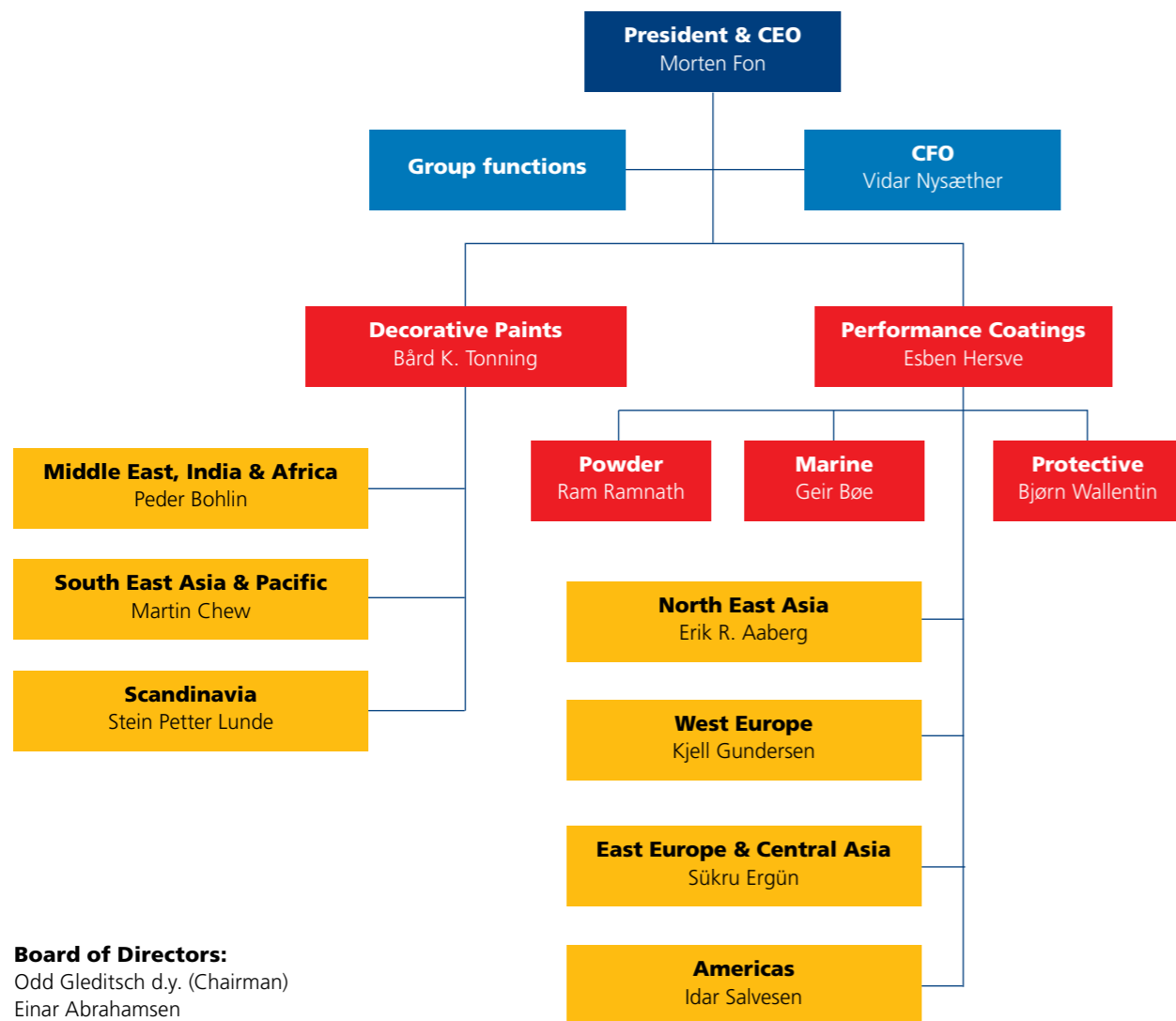
The Group's consolidated Annual Report and the Annual Report of Jotun A/S including the Board of Directors' report, financial statements and related notes, are available at jotun.com.

COUNTRY	COMPANY	SHARE HOLDING %				
ALGERIA	Jotun Algeria 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	S	○	●	○
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	●	●	○
FINLAND	Nor-Maali OY, Lahti	33	P	○	●	○
FRANCE	Jotun France S.A.S., Paris	100	S	○	●	○
GERMANY	Jotun (Deutschland) GmbH, Hamburg	100	S	●	●	○
GREECE	Jotun Hellas Ltd. Glyfada	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	●	○	○
LIBYA	Jotun Libya J.S.Co., Tripoli	80	S	●	○	○
MALAYSIA	Jotun (Malaysia) Sdn. Bhd., Shah Alam	100	P	●	●	○
	Jotun Powder Coatings (M) Sdn. Bhd., Shah Alam	100	P	○	○	○
	Jotun Paints (Malaysia) Sdn. Bhd., Nilai	100	P	●	●	○
MOROCCO	Jotun Maroc SARL/AU, Casablanca	100	S	●	○	○
MYANMAR	Jotun Myanmar Services Co. Ltd., Yangon	100	S	●	●	○
NETHERLANDS	Jotun B.V., Spijkenisse	100	S	○	●	○
NORWAY	Jotun A/S, Sandefjord	100	P	●	●	○
	Jotun Powder Coatings (N) AS, Larvik	100	S	○	○	○
	Scanox AS, Drammen	100	S	●	○	○

COUNTRY	COMPANY	SHARE HOLDING %				
OMAN	Jotun Paints Co. L.L.C., Muscat	62	P	●	●	○
PAKISTAN	Jotun Pakistan (Pvt) Lda., Lahore	100	P	●	○	○
	Jotun Powder Coatings Pakistan (Pvt) Lda., 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	●	●	○
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	●	●	○



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 Argentina, Azerbaijan, Bahrain, Belgium, Canada, Chile, Croatia, Dominican Republic, Ecuador, Estonia, Ghana, Haiti, Hungary, Iceland, Iran, Japan, Jordan, Kenya, Kuwait, Latvia, Lebanon, Lithuania, Malta, Mauritius, Mexico, Monaco, Montenegro, Namibia, Netherland Antilles, New Zealand, Nigeria, Panama, Peru, Portugal, Puerto Rico, Qatar, Slovak Republic, Slovenia, Sri Lanka, Sudan, Suriname, Switzerland, Syria, Taiwan, Trinidad, Tunisia, Ukraine and Uruguay.



Board of Directors:
 Odd Gleditsch d.y. (Chairman)
 Einar Abrahamsen
 Birger Amundsen
 Terje Andersen
 Richard Arnesen
 Nicolai A. Eger
 Stein Erik Hagen
 Ingrid Luberth

Corporate Assembly:
 Olav Christensen (Chairman)
 Richard Arnesen jr.
 Terje V. Arnesen
 Kornelia Eger Foyn-Bruun
 Anne Cecilie Gleditsch
 Bjørn Ole Gleditsch
 Thomas Hammer
 Kai Roger Johansen
 Beatris Malo de Molina
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Printed by: BK Gruppen

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