



JOTUN

Jotun Protects Property



2014

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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 Marine, Protective and Powder Coatings. The company has 33 production facilities in 20 countries, 68 companies in 43 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 a world leading provider of marine coatings to the newbuilding, DryDock and SeaStock markets. In addition, Jotun supplies coatings solutions for megayachts and leisure yachts.

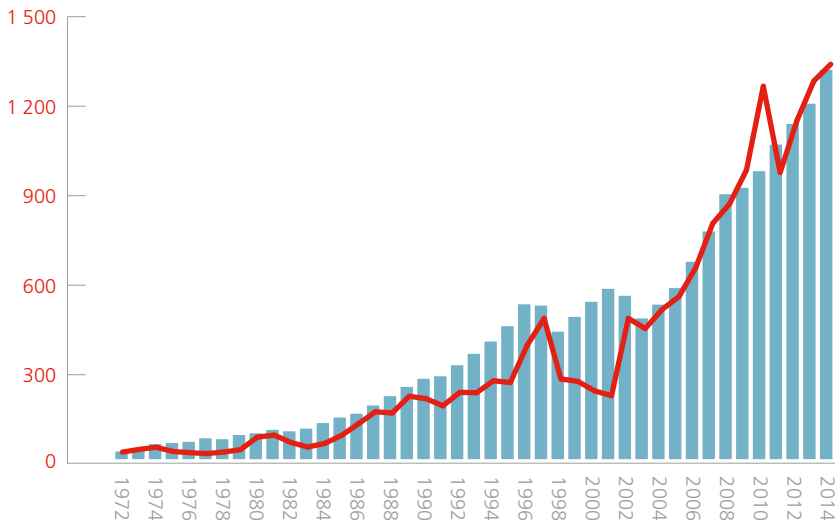
Protective Coatings: Jotun's protective coatings are sold to companies active in industries related to offshore, energy, infrastructure, hydrocarbon processing industry and mining.

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

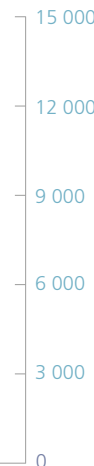
SALES AND EBITA DEVELOPMENT

(NOK million)

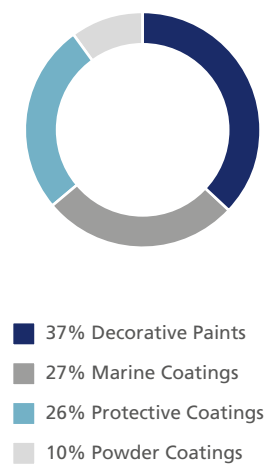
EBITA



SALES



BUSINESS SEGMENTS





GROUP KEY FIGURES

(NOK million)		2014	2013	2012	2011
Profit/loss					
Operating revenue		13 171	12 034	11 351	10 659
Operating revenue outside Norway in %		83	82	80	77
Operating profit		1 314	1 258	1 126	956
Profit before tax		1 301	1 191	1 055	893
Net cash flow from operating activities		919	819	902	303
Profitability					
Return on capital employed, in %	1)	17.2	20.0	19.5	18.3
Operating margin, in %	2)	10.0	10.5	9.9	9.0
Return on equity, in %	3)	14.0	15.5	15.8	13.1
Year-end financial positions					
Total assets		13 300	10 799	9 317	9 140
Investments in intangible and fixed assets		911	733	590	867
Equity (including non-controlling interests)		6 739	5 515	5 016	5 028
Equity / assets ratio, in %		50.7	51.1	53.8	55.0
Number of employees in the Group		7 158	6 695	6 379	5 884
Number of employees in the Group, including 100 per cent in joint ventures and associated companies		9 676	8 991	8 740	8 296

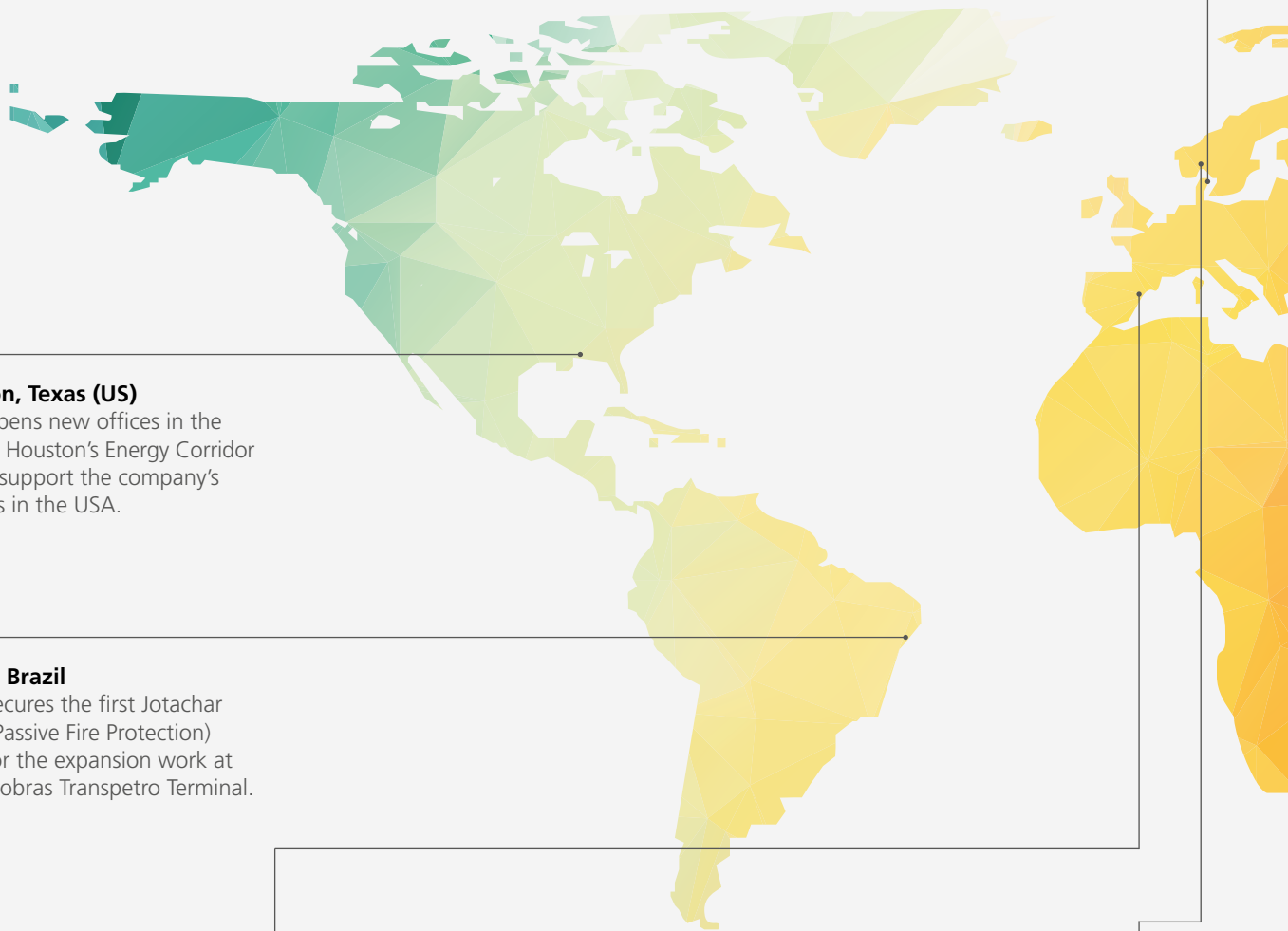
Definitions

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

Highlights

Copenhagen, Denmark

Jotun signs an agreement with Maersk Line to supply Hull Performance Solutions (HPS) with SeaQuantum X200 for the Triple-E newbuild project.



Houston, Texas (US)

Jotun opens new offices in the heart of Houston's Energy Corridor to help support the company's business in the USA.

Macaé, Brazil

Jotun secures the first Jotachar JF750 (Passive Fire Protection) order for the expansion work at the Petrobras Transpetro Terminal.

Barcelona, Spain

IKEA names Jotun as an exclusive supplier of decorative and protective paints used in all its 15 stores and related warehouses, offices and parking structures throughout Spain.

Oslo, Norway

Jotun receives the 2014 HR Award, presented by HR Norge to groups or institutions that have contributed to the development of the field by being a role model, establishing excellent organisational practices or otherwise promoting the HR discipline in a meritorious manner.

Istanbul, Turkey

Jotun secures contract to provide protective coatings to the Izmit Bay Suspension Bridge, a major part of the planned Istanbul-Izmir Highway project.

Damman, Saudi Arabia

Jotun inaugurates new warehouse and sales office in the Kingdom's Eastern Province to support the company's growing business in the region.

Geoje Island, Korea

Jotun supplies topside protective coatings to Daewoo Shipbuilding & Marine Engineering for a platform to be used at the Arkutun-Dagi offshore project, an offshore oil and gas development located on the east coast of Russia.

Shanghai, China

Jotun secures HPS contract with China Merchant Energy Shipping Co., Ltd (CMES) for the company's VLCCs newbuildings at Dalian Shipbuilding Industry Co., Ltd.

Bangkok, Thailand

Jotun Thailand celebrates its 45-year anniversary with an awards ceremony.

Onslow, Australia

Jotun supplies protective coatings to the Wheatstone LNG project engineered by Bechtel and operated by Chevron in Western Australia.

St. Petersburg, Russia

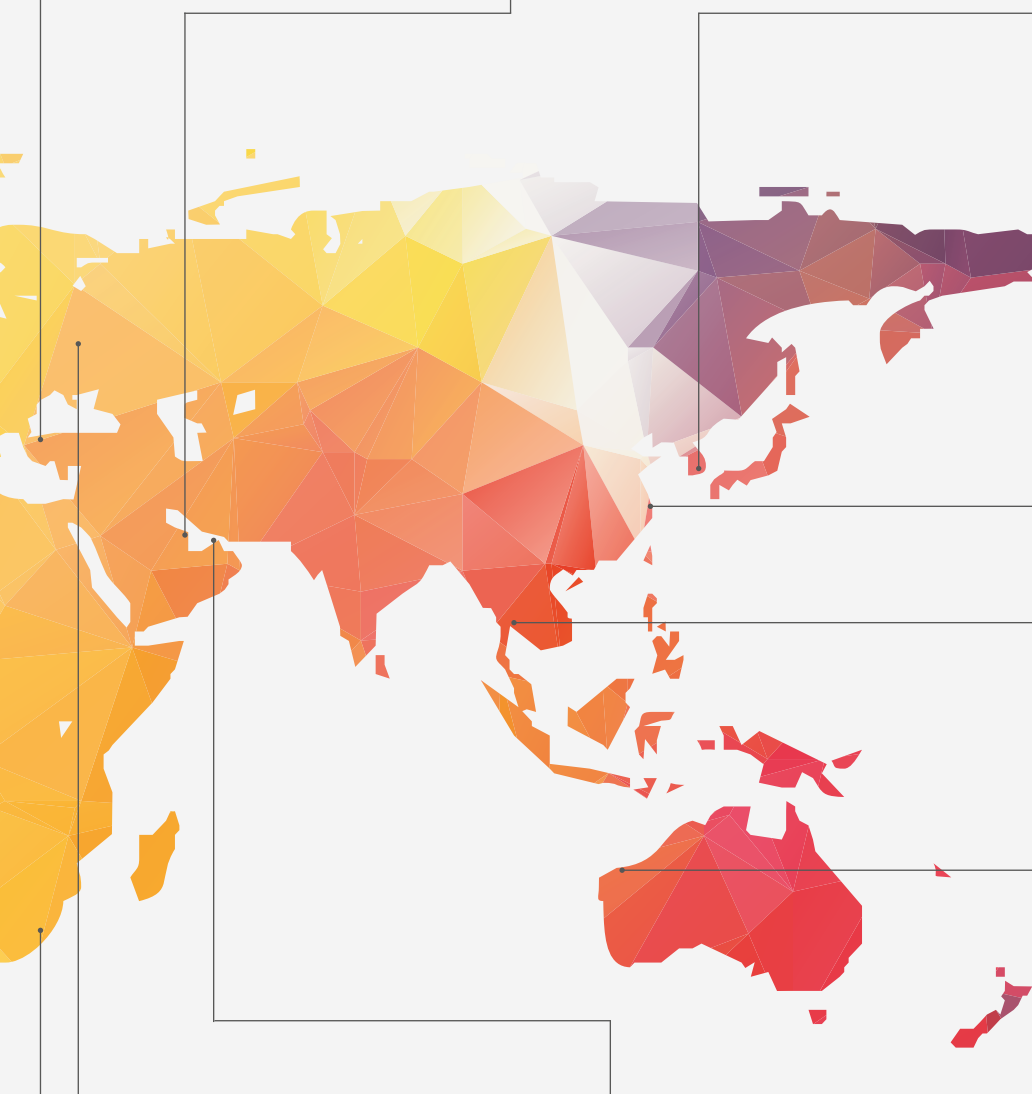
Jotun officially opens a new factory at the Fyodorovskoe Industrial Park near St. Petersburg. The factory has an annual capacity of up to 12 million litres of marine and protective coatings and 3,600 tons of powder coatings.

Durban, South Africa

Southern African Shipyards awards Jotun contract to supply marine coatings for the country's largest-ever newbuilding programme.

Abu Dhabi, U.A.E.

Jotun selected to supply 50 metric tonnes of powder coating from The Cool Shades Collection for the Louvre Abu Dhabi project, representing the largest-ever single order of this innovative, heat-reflective product.





Our business

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Committed to growth

Jotun recorded another record-breaking year in 2014; a remarkable achievement, considering the impact of a persistently weak newbuilding market on the Marine segment. Jotun continues to invest significant resources, both externally and internally, to grow the business. Going forward, it will be important to balance cost development with the growth we manage to create.

After a slow start to the year, Jotun ended 2014 on a positive note, recording strong growth in all segments. Like our competitors, Jotun struggled in the Marine segment, mainly due to a weak newbuilding market. However, we retained our leading market share, with positive results within the maintenance and repair market. Gross margin has been stable in all segments and the company recorded improvements in operating profits. Costs continued to rise, reflecting the company's growth ambitions.

Investing in the future

Efforts to control costs remain a focus area for Jotun. The company will continue to build the business consistent with the three main components of Jotun's core strategy: Organic growth, segment diversity, and adopting a differentiated approach to markets and regions. Jotun invests about USD 150 million a year to construct new facilities or upgrade existing facilities. In addition, the company commits substantial resources internally to modernise our business practices.

In the past three years, the company has approved construction of new factories and/or related facilities in Russia, Brazil, Indonesia, Oman, Myanmar and the Philippines. Jotun is currently evaluating opportunities in other markets. For example, in Africa, where Jotun already

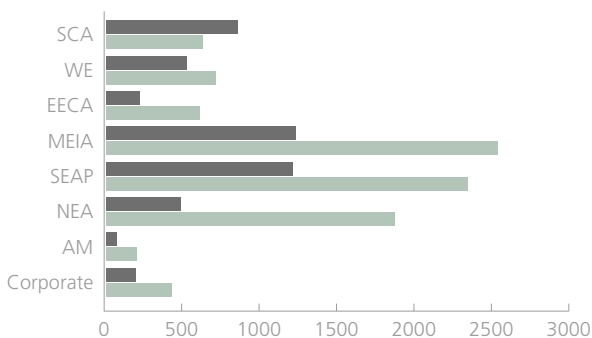
has operations in Egypt, Libya, South Africa, Algeria and Morocco, we see promising developments in countries like Kenya and Tanzania, in addition to the oil-rich countries of Nigeria and Angola.

Modernising the business

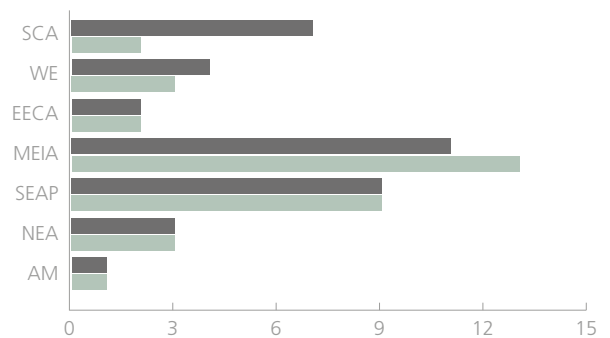
Internally, Jotun continues to invest in a broad range of business improvement initiatives. These include sophisticated IT systems, recruiting and training personnel, coordinated global marketing campaigns and the development of innovative new products in all segments. In some cases, these investments can take months and sometimes years to bear fruit. For example, Jotun's premium antifouling solution HPS was launched in 2011, but it wasn't until 2014 that the solution was more widely embraced by the industry. However, by making targeted investments and adopting a long-term perspective, our patience has been rewarded; Jotun has become one of the fastest growing paints and coatings manufacturers in the industry, recognised the world over as a pioneer in product innovation.

Despite some challenges in different markets and segments, Jotun's growth trajectory over many years remains intact. We are pleased with our results, but acknowledge that growing the business will get harder every year.

FULL TIME EMPLOYEES



PRODUCTION FACILITIES





Jotun Management Team (from left): Vidar Nysæther, Group Executive Vice President (CFO), Morten Fon, President & CEO, Esben Hersve, Group Executive Vice President (Performance Coatings) and Baard K. Tonning, Group Executive Vice President (Decorative Paints).

SCA: Scandinavia
WE: West Europe

EECA: East Europe and Central Asia
MEIA: Middle East, India and Africa

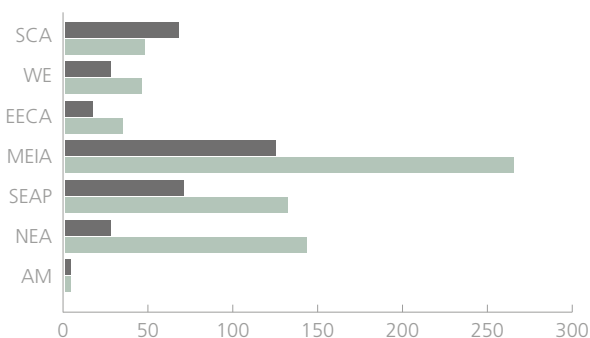
SEAP: South East Asia and Pacific
NEA: North East Asia

AM: Americas

■ 2004 ■ 2014

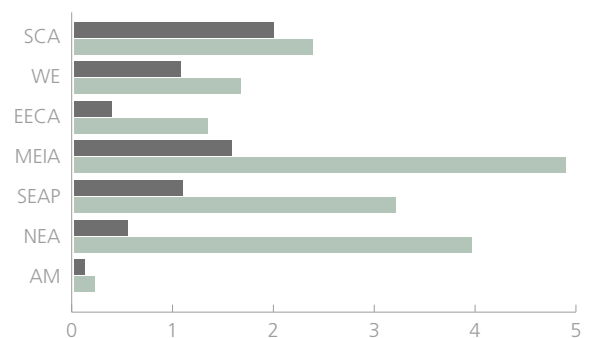
PRODUCTION VOLUME

Litres/kilos (1 000 tonnes)



TOTAL SALES

Sales in NOK billion



Strengthening our global networks

With origins in the maritime industry that go back almost 80 years, Jotun has always been a company with an international perspective. Now active in four segments and represented in more than 90 countries around the world, Jotun is leveraging its multinational presence like never before.

Jotun's international expansion has been built on its relationship with companies that required service worldwide. In the past, these relationships were mostly confined to companies active in the shipping and offshore industries, which required global access to Jotun's marine and protective coatings. But over the last decade, an increasingly interlinked world economy has created demand for suppliers with a strong international presence in the Decorative Paints and Powder Coatings segments as well.

One multinational organisation

To improve Jotun's service offering, the company has been working to strengthen its global networks. Internally, Jotun has introduced a number of Group functions and shared IT platforms designed to coordinate activities between regions. These include support functions designed to build common standards in Human Resources, Competence Development, R&D, Marketing and Communications, Purchasing, IT and Group Technical, which supports all aspects of factory construction, operations and maintenance. In 2014, this work continued. For example, Jotun's Global Decorative Paints Marketing Team, responsible for strengthening the Jotun brand in decorative markets worldwide, coordinated the launch of Jotun's first ever Global Trend Colour Cards. In addition, they provided support for multi-country product

launches in South East Asia and the Middle East, and produced a series of TV advertisements that ran in different countries around the world. These ads will continue to be aired in 2015.

Leveraging our international presence

Jotun is also working across borders and segments, winning large contracts for special projects. For example, a developer in Dubai might use an architect in London, an engineer from Korea and a local contractor to build a skyscraper in Abu Dhabi. Likewise, the construction of refineries, LNG plants or complex offshore units often involves multinational stakeholders. To position Jotun as the preferred supplier of paints and coatings for these projects, the company actively coordinates between different countries and time zones to manage specifications.

Today, Jotun is made up of about 9,600 employees active on all continents working in all segments to grow the business. Yet despite its growing size and regional diversity, Jotun is more unified than ever before. Looking ahead, the company will continue to provide Group support for regional activities, seek to further leverage our worldwide presence to win high value contracts, and dedicate more resources to building our global brand.

EMPOWERING THE REGIONS

To create a more nimble and responsive company, Jotun reorganised its business last year into a matrix organisation. This has empowered regional managers to coordinate local activities across borders and make better and quicker decisions closer to the markets they serve.

- Scandinavia and Western Europe (Sandefjord)
- Eastern Europe and Central Asia (Istanbul)
- North East Asia (Shanghai)
- South East Asia and Pacific (Kuala Lumpur)
- Middle East, India and Africa (Dubai)
- Americas (Houston)



Jotun provides paints and coatings to some of the world's most recognisable buildings, including the Eiffel Tower, (above). These buildings are seen in a series of television commercials, aired worldwide in 2014, together with the slogan: "Jotun: For iconic buildings and beautiful homes."

A market leader in a troubled industry

A weak newbuilding market had impact on Jotun's Marine Coatings business in 2014. Signs of improvement suggest a modest recovery in 2015.

2014 was a mixed year for the shipping industry. Owners continued to adjust to weak growth in world trade, the implementation of new environmental regulations and persistent tonnage overcapacity issues contributing to low freight rates in most segments. These difficult conditions have resulted in a decline in newbuilding orders and forced the closure of many shipyards. Yet with a slight improvement in world trade recorded in the second half the year and incremental growth projected in 2015, the industry may experience a modest recovery.

Focus on the maintenance market

Jotun has adapted quickly to the new market reality. While the company has retained its leading market share by successfully competing for scarce newbuilding contracts Jotun has also focused more resources on the maintenance market. Jotun has launched Jotamastic Smart Pack and Hardtop Smart Pack, both coating systems that are specially designed for brush and roller application and can reduce paint consumption up to 50 per cent. And in response to growing demands for more environmentally friendly products, Jotun has developed a range of more sustainable topcoats, antifoulings and anticorrosives.

2104 was a break-out year for Jotun's Hull Performance Solutions (HPS), an innovative concept that includes next-generation silyl methacrelate antifoulings, superior service and the tools to monitor hull performance over time. HPS has been embraced by dozens of owners and has been applied to more than 150 vessels since its launch in 2011. HPS has not only helped position Jotun in the industry as a pioneer in hull performance but has also helped lift sales of other Jotun antifouling products such as the SeaQuantum range and SeaMate – a highly effective affordable system re-launched this year.

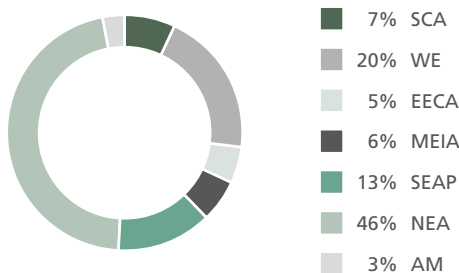
Strengthening offering in niche markets

Jotun has also focused on other specialised marine coatings. After years of intensive product development and patient sales and marketing efforts, Jotun is now a recognised player in the tankcoatings market. Jotun continues to find success in the yachting market, developing long-term relationships with specialist yards producing both leisure boats and megayachts.

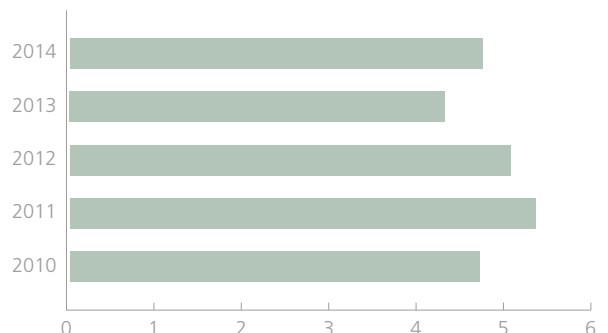
While 2014 was a challenging year for the organisation, Jotun continues to invest in new segments, products and concepts, confident that the action taken now will place the company in a stronger position when the newbuilding market improves.

JOTUN MARINE COATINGS

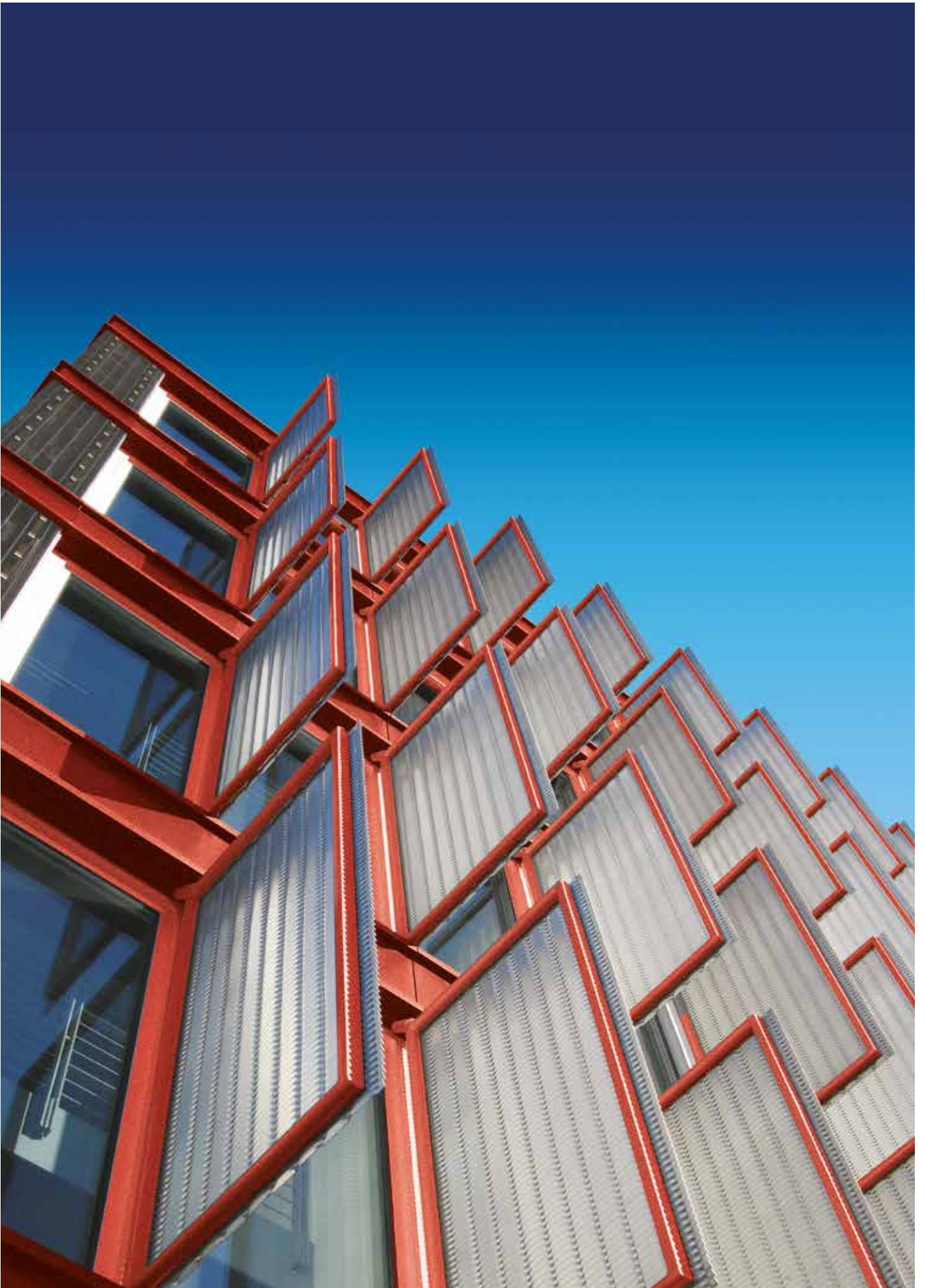
Sales per region



Sales in billion NOK







In the Building Components concept, Jotun provides powder coatings to protect and beautify interior and exterior metal fixtures, including window frames.

Aligning our business with a growing market

Jotun posted good results in 2014 in the Powder Coatings segment and took decisive action to position the company to meet rising global demand.

Growing consumer spending on appliances, furniture and automobiles, especially in emerging economies, and investments in pipeline, housing and large-scale real estate and infrastructure projects, has created a growing global demand for powder coatings. In addition, powder coatings are increasingly recognised as a more environmentally friendly alternative to industrial liquid paints because they are solvent free and do not contain VOCs. As a result, many coatings analysts expect the growth rate in the Powder segment to exceed other segments in the Paints and Coatings industry.

Developing concept-specific products

To capitalise on this growth trend, Jotun has organised its business in the Powder Coatings segment into five concepts: Appliances, Furniture, Building Components, Pipelines and General Industries. The concept-specific approach has not only enabled the company to develop more products that are tailor-made for specific industries, but has also improved sales and technical service competence and processes geared for users in different industries.

In 2014, Jotun launched a number of new products, specifically engineered for different concepts. For the Furniture concept, Jotun introduced Ultra Shine, a sustainable alternative to the chrome plating process, and has expanded the Guard Endure product line to meet higher, more stringent industry standards for scratch and marring

resistance. For the Building Components concept, Jotun has introduced the new Aurora collection, designed as a sustainable alternative for obtaining high-end bright and metallic finishes.

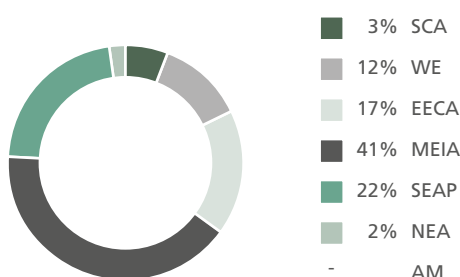
At the same time, Jotun has focused on helping customers in the Appliances concept improve efficiency through products such as Guard Miles +, which has been adapted for use for exterior applications to meet the needs of the air conditioning and ventilation industry. Product development is continuing for selected automotive components in the General Industries concept, and the company continues to offer improved, more cost-effective solutions for select user environments and applications.

Serving an increasingly global market

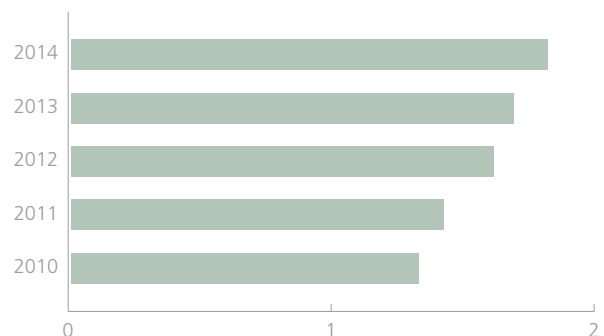
While a considerable share of powder coatings sales occur locally, an increasingly large portion of Jotun's business is with global manufacturers of consumer goods, automotive components and internationally-specified real estate construction and pipeline projects. Jotun assigns Key Account Managers to oversee Jotun's relationships with these global companies and builds strong, long-term relationships with global specifiers, who manage specifications for key customers. By continuing to work across borders and focusing on concept-specific product development, Jotun is in a strong position to capture a greater share of this highly dynamic segment.

JOTUN POWDER COATINGS

Sales per region



Sales in billion NOK



Expanding in a high growth segment

After a slow start for Jotun in the Protective segment, the company ended 2014 on a positive note. By continuing to strengthen the organisation and develop new industry-specific solutions, the company anticipates stronger growth in 2015.

Jotun sells protective coatings to multiple industries and companies active in hydrocarbon processing (refineries, gas processing plants, etc.) infrastructure (hospitals, airports, bridges, flyovers, etc.) energy (coal-fired plants, geothermal, hydropower, wind, etc.) offshore (rigs, platforms, etc.) and mining. To gain market share in this dynamic, highly diverse and competitive market requires the right product mix, personnel with experience in different industries and the ability to successfully manage complexity.

Unique selling points

In 2014, the segment continued to invest significant resources to develop products and coatings systems to help differentiate Jotun from competing coatings manufacturers. Launched in 2013, Jotun's revolutionary Passive Fire Protection (PFP) coating system Jotachar JF750 has been embraced by leading offshore companies and yards, helping the company boost sales of other related coatings systems. And in response to increased public awareness of environmental issues, Jotun has developed a broad range of waterborne coatings products, including Penguard WF, Pilot WF, Steelmaster 1200 WF, among others. Jotun continues to train existing staff and recruit personnel with industry specific knowledge to help the company compete for high-value contracts. While most of Jotun's sales in the Protective segment are generated locally, a growing share of the business involves multinational stakeholders. To capture

a greater share of this market, Jotun has strengthened its International Specification Management team, who work across borders to secure contracts in cooperation with their colleagues working locally.

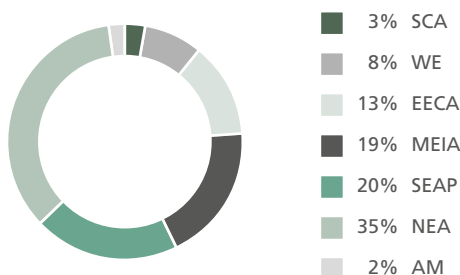
The impact of oil prices

Looking ahead, low oil prices may impact sales to offshore projects. As Jotun has already secured contracts for many projects scheduled for construction in 2015, we anticipate good results in the short term. However, if low oil prices persist, offshore projects may be delayed or cancelled, creating some uncertainty over time. However, it should be noted that low oil prices may boost long term global growth, as energy costs will fall sharply for oil importing countries in Asia and Europe and benefit many industries around the world that depend on oil. This growth is likely to spur more investment in a broad range of construction projects, which will create significant opportunities for Jotun going forward. It should also be noted that while low oil prices may impact planned projects, maintenance on existing facilities will go forward.

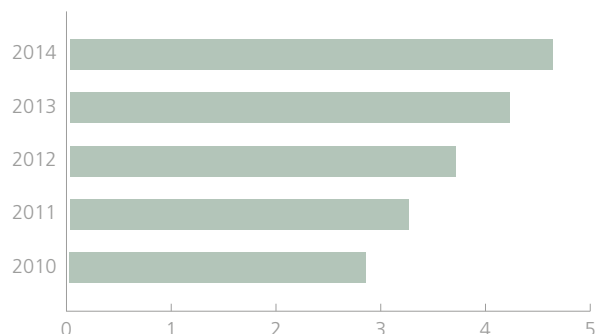
Despite market uncertainties, the Protective Coatings segment remains a promising growth opportunity. By making the necessary adjustments to our strategy to match a changing world, Jotun is in a strong position to capture a greater share of this growing market.

JOTUN PROTECTIVE COATINGS

Sales per region



Sales in billion NOK





First Bosphorus Bridge, Istanbul, Turkey. Providing protective coatings to bridges is part of the Infrastructure concept within the Protective Coatings segment.



Building our global brand

With more than 7 000 retail shops around the world, Jotun is considered a leading consumer brand in many countries where we are active. By working more closely with real-estate developers, government officials, architects and consultants, the company has growing success in the project market and continues to paint iconic buildings recognised internationally.

In 2014, Jotun achieved satisfactory growth in the Decorative segment, driven primarily by strong sales in the Middle East, South East Asia and Turkey. Despite fierce competition and challenging market conditions, Jotun's results in Scandinavia improved over 2013.

Regional product innovation

Jotun remains committed to developing new products to meet consumer demand for better ways to protect and beautify their homes. By catering to the needs of developers and architects, Jotun ensures that remarkable buildings retain their appearance for years after opening to the public. In 2014, Jotun successfully completed launches of two new products. In South East Asia, Jotun launched a premium interior paint, Majestic True Beauty and in the Middle East, Jotun introduced a new series of premium exterior products; Jotashield ColourLast and Jotashield ColourXtreme.

Jotun has also renewed its focus on improving the shopping experience of homeowners and contractors who visit stores carrying Jotun products. In 2013, Jotun provided retail shops with enhanced service and in-shop tools and material. And in 2014, Jotun produced a series of global TV commercials that aired in multiple countries simultaneously.

The company has also strengthened awareness and knowledge of the Jotun brand through social media campaigns and billboards coordinated regional launches to maximise press coverage for new products.

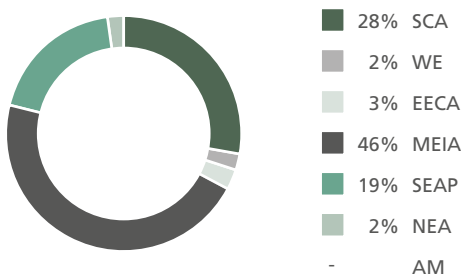
Growth in the project market

While the backbone of Jotun's business in the Decorative segment is in the Buy-it-Yourself (BIY) and Do-it-Yourself (DIY) homeowner market, a significant portion of our business is derived from the project market, which includes malls, hotels, large housing projects, airports and hospitals, etc. To secure these contracts, Jotun has a structured approach to win and manage these projects. Jotun also coordinates activities across the Decorative, Protective and Powder Coatings segments to offer Jotun's Single Source Solutions.

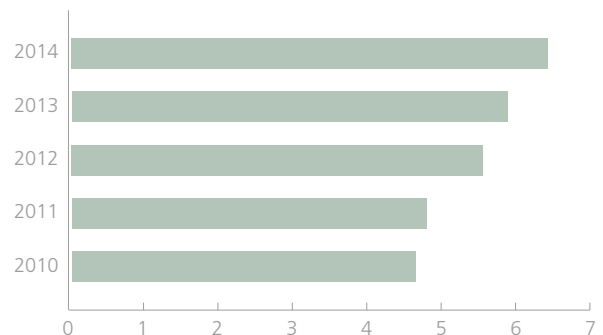
It should be noted that large-scale construction projects are subject to government spending or economic conditions in individual countries. By contrast, the retail market is a more stable and consistent source of revenue. So while Jotun will continue to seek more contracts in the project market, the company's primary focus will be to expand its global retail network, provide improved sales support to shop keepers and build more awareness of the Jotun brand.

JOTUN DECORATIVE PAINTS

Sales per region



Sales in billion NOK







Customers and innovation

International Specification Management (ISM) 22

Hull Performance Solutions (HPS) 24



Members of Jotun's International Specification Management team on a site in China. Jotun works with a global network of owners, fabricators and local contractors to secure big projects in the Protective Coatings segment.

ISM: Managing complexity

Jotun's business in the Protective segment relies on the skill and dedication of local personnel. However, for especially large and complex customers and projects, Jotun has built an International Specification Management (ISM) team. This team works systematically to build up customer relationships in order to track, secure and serve global contracts.

With the rise of globalisation, many large projects, such as the construction of refineries, LNG plants and power plants involve multiple stakeholders and suppliers. An owner may be in Houston working with European based EPC (Engineering, Procurement and Construction) companies, which contract fabricators (steel structures, pipelines, etc.) in different locations all over the world to build components and ship them for assembly in another location. To ensure that Jotun protective coatings are specified for these complex projects, the company has worked to leverage its global presence to meet the demands of these multiple stakeholders in a more structured way.

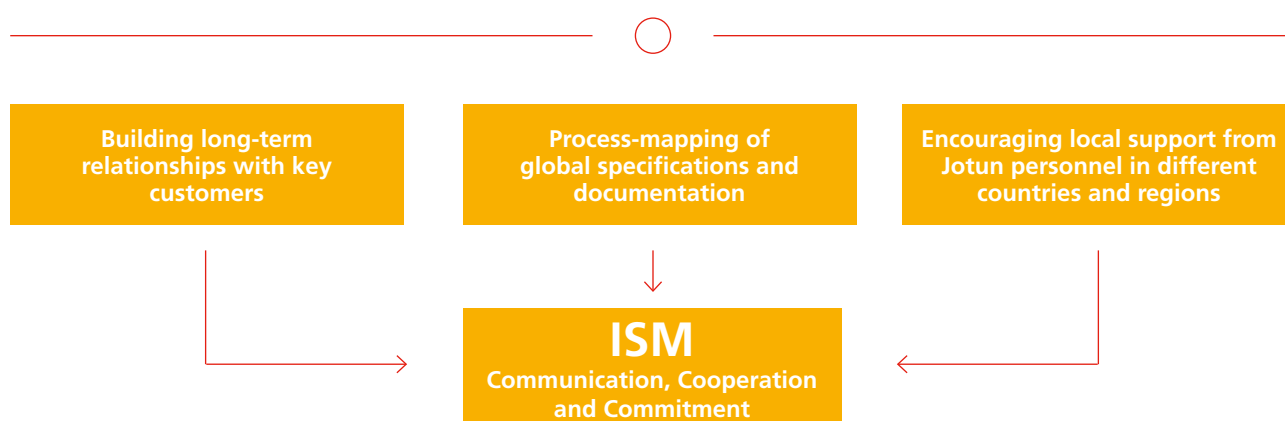
Seizing a market opportunity

Established in 2005, Jotun's International Specification Management (ISM) team was set up to strengthen the company's overall market position, increase sales volume by securing long-term contracts with leading multinational companies, and to help Jotun become a preferred coatings supplier among major customers, worldwide. With about 20 dedicated staff located in the US, Germany, France, the UK, Japan, Brazil, South Korea, China, Russia and Norway, these individuals are responsible for tracking projects, getting Jotun products listed in specifications, and working in close cooperation with local personnel to deliver on customer expectations.

In 2014, Jotun's ISM team were involved in a significant share of Jotun's business in the protective coatings segment. While ISM contributions to Jotun's bottom line are influenced by macro-economic trends (e.g. energy demand, fluctuations in the price of oil, world trade, etc.), the company anticipates that growth in this highly specialised area will continue over the next few years.

Business-critical information

It should be noted that it often takes years between the time a project is announced and when a final investment decision is reached, so having access to timely and accurate information is vital to ensure that Jotun is specified at an early stage. To improve data sharing within the organisation, Jotun has developed web-based tools (e.g. CRM and different scorecards) to help both local personnel and the ISM team identify, evaluate and track customers and projects over time. Looking ahead, the company will continue to focus on the ISM organisation, devote resources to market intelligence and project tracking, and work to improve internal communications between the ISM team and the Jotun network.



HPS: A breakout year

In 2014, Jotun's Hull Performance Solutions (HPS) concept was applied to more than 100 vessels, helping to strengthen Jotun's reputation for innovation in the shipping industry. With work to develop an international standard for measurement of hull performance in progress, the company may soon change how the industry looks at marine coatings.

Jotun's Hull Performance Solutions (HPS) combines premium marine coatings, priority technical service and on-board monitoring tools to measure hull performance, providing an analytical basis for the company's unique money-back guarantee that covers the entire period between drydockings. Jotun's Hull Performance Solutions enables owners to reduce fuel costs and corresponding emissions, helping them manage increasingly strict environmental regulations. By improving hull and propeller performance, the world fleet can reduce fuel cost by as much as USD 30 billion per year and achieve an estimated 0.3 per cent reduction in manmade GHG emissions.

Assessing the impact of marine coatings on fuel costs

While HPS is built around Jotun's next-generation antifouling technology (silyl methacrylate), the product innovation is only a part of the concept. Prior to the launch of HPS in 2011, owners were left to choose suppliers based on unproven claims and product guarantees that only applied for the periods immediately before and after drydockings. HPS was conceived in part to provide the industry with real time data on long-term hull performance. That data allows owners to make more informed decisions about marine coatings and ship operations, and helps them distinguish between competing coatings suppliers and quantify the impact of antifouling on fuel usage.

Over the past two years, Jotun has spearheaded efforts to establish an international standard for measuring hull performance. Jotun contributed to several submissions by the environmental organisation Bellona as a part of the Clean Shipping Coalition's work with the IMO's Marine Environment Protection Committee (MEPC). Jotun and Bellona also co-hosted two stakeholder workshops and, based on the output from these workshops, submitted a New Work Item Proposal to ISO Technical Committee 8. The proposal was put to vote and accepted as a new ISO project in May 2013 (ISO 19030). Jotun was appointed by ISO to manage the project, which now involves more than 50 international experts representing all major stakeholders.

The future of HPS

While work on the ISO project is not expected to be finalised before June 2016, some major industry players have already embraced the HPS concept and the company has seen a growing demand for other Jotun marine coatings. At present, HPS has been applied to about 150 vessels and the company expects to add another 200 by the end of 2015. The company has also strengthened its project management teams, provided useful operational advice based on data collected on board, and has offered owners different business models to help them manage costs more effectively.

HYDRODYNAMIC ADVANTAGE

Jotun's Hull Performance Solutions improve hull performance by reducing drag. On a typical ship, the difference between the guaranteed level of performance and market average performance amounts to a hydrodynamic efficiency gain of around 13.5 per cent. This not only helps lower bunkering costs, but reduces green house gas emissions by about 7.5 per cent below the market average over the lifetime of the solution.



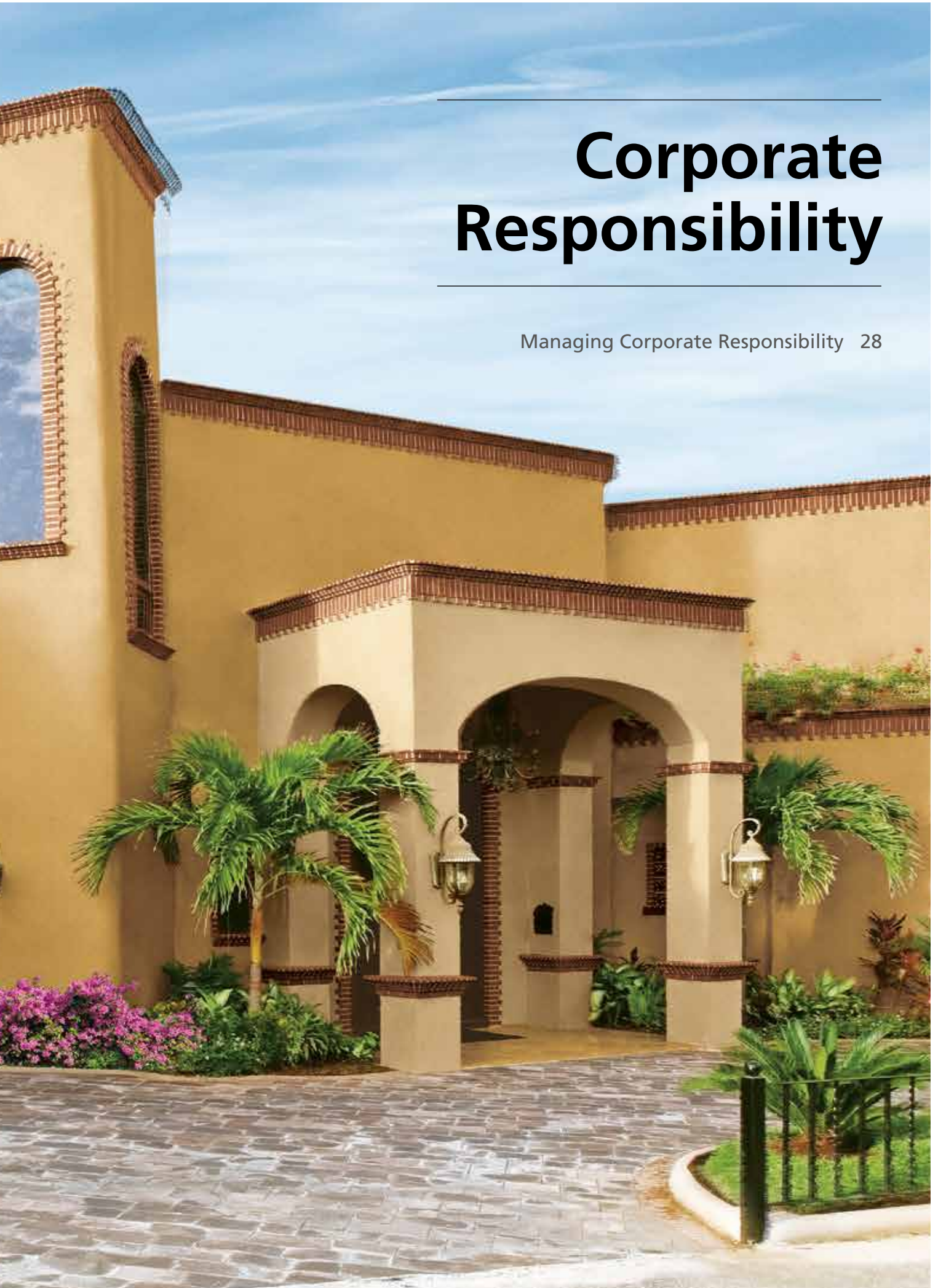


Jotun's Hull Performance Solutions (HPS) combines SeaQuantumX200 antifouling paint with an improved technical service offering a method for accurately measuring delivered performance backed by high-performance guarantee.



Corporate Responsibility

Managing Corporate Responsibility 28



Managing Corporate Responsibility (CR)

As well as simply being the right thing to do, acting responsibly strengthens our reputation and makes us more resilient, enabling us to thrive in a world facing both political and economic challenges.

Each year we expect more of ourselves, as do our customers, employees, shareholders, suppliers, and local communities. Jotun's reputation relies on our relationships with these stakeholders, and that's why we take a systematic approach to engaging with them responsibly. We do this by:

- Elevating corporate responsibility (CR) to Board and Management level
- Defining CR in strategies and operational goals
- Developing policies and guidelines with compliance rules
- Ensuring compliance through reporting and evaluation practices

Our CR programme

The view that CR is both moral and prudent inspires us to act. But it is our core values – Loyalty, Care, Respect and Boldness – that direct these actions, which include:

- Implementing and promoting business principles
- Building internal culture through activities and actions
- Using audits and other means to vet suppliers
- Supplying our customers with better, cleaner products and acting honestly and transparently towards them
- Promoting the wellbeing of employees and providing good working conditions
- Offering relevant training and development opportunities
- Being a force for good in the local communities where we operate
- Acting responsibly towards the environment through the Jotun GreenSteps programme

Governance

Ethical administration is central to our CR strategy. Jotun's governance principles are supported through governing bodies, policies and evaluations at the corporate, regional and segment levels. Policies are developed globally, based on best practices, and implemented by each company locally. We allocate significant resources to ensuring that these policies function properly, mainly through informal discussions, audits and reviews.

Jotun's internal audits and reviews are comprehensive and include:

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

Report outline

This section, and the next three sections of the report – Employees and the Workplace, Environmental Commitment, and Jotun and Society – aim to:

- Present our position on the various aspects of CR
- Provide an overview of our CR efforts during 2014
- Showcase a selection of CR initiatives in more detail
- Present key figures and measurements
- Provide some insight into the direction our CR will take in the future

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

“Corporate Responsibility helps us drive organic growth by building long-term relationships with all our stakeholders. The Board supports our CR programme, which is directed by our corporate values and aligned with the 10 United Nations Global Compact Principles.”

Morten Fon, President and CEO



HSE personnel auditing the Vindal factory in Sandefjord, Norway. Part of Jotun's approach to CR includes providing a safe working environment for personnel.







A woman in a white lab coat and safety glasses is smiling while operating a red industrial machine. She is holding a red handle of the machine, which is positioned over several white buckets. The machine has various pipes and components. The background is a blurred industrial setting.

Employees and the workplace

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Taking care of our people

Jotun strives to be a truly great and reliable employer. In addition to our strong commitment to the protection of basic human rights, we offer our employees a variety of opportunities in a friendly and supportive environment.

	 Number of employees	 Female	 Male	 Nationalities
Jotun total	9 676	1 796	7 880	82
Scandinavia	1 105	315	790	30
West Europe	741	169	572	28
East Europe and Central Asia	594	143	451	8
North East Asia	1 869	323	1 546	12
South East Asia and Pacific	2 520	632	1 888	23
Middle East, India and Africa	2 658	173	2 485	48
Americas	189	41	148	12

The protection of basic human rights

The starting point in our quest to be a great and reliable employer is to uphold basic human rights. To do this, Jotun has built a robust set of labour policies based on the UN Human Rights and the International Labour Organisation (ILO) convention. All of our operations comply with local laws, international standards and Jotun's standards. This approach ensures that:

- The rights of our employees are respected at all times
- Jotun is not complicit in human rights abuses, especially with respect to legal working hours, child labour and forced labour
- Employees can do their job without fear
- Employees are fairly compensated
- Employees enjoy freedom of association
- Discrimination is prevented in all its forms
- All employees receive employment contracts and a job description
- Equal opportunity is observed during the hiring process
- Health and safety standards are met

Being a great and reliable employer

On top of this, Jotun strongly believes that all of our stakeholders benefit from a positive internal working environment, where employees are valued and encouraged to fulfill their potential. One obvious benefit can be seen in our high level of employee involvement and engagement, which is also reflected in low overall turnover rates.

We try to create such an environment by:

- Empowering employees through involvement and ownership
- Encouraging diversity in our workforce by hiring people regardless of gender, culture, religion and age
- Promoting our corporate culture, Penguin Spirit, which encourages and unites our diverse workforce in pursuit of common goals
- Allocating resources to social events such as family days, value days, sport days, factory openings, and formal dinners. This strengthens our culture and teamwork.

Developing global standards

Group HR in cooperation with Regional HR establishes policies, concepts and standards, which are implemented by HR and the local management teams. To ensure specific follow up, compliance and the sharing of learning, we perform thorough HR reviews in each company, on a yearly basis.

Recruitment policy

Attract, recruit and develop. This is the Jotun philosophy on building and further developing our workforce. We have developed a global recruitment standard, which aims to ensure that we:

- Attract the right potential candidates to apply for vacant positions
- Recruit the most suitable candidate for the position and for the long-term need, based on objective and reliable criteria
- Develop all employees' competence and skills to ensure lifelong learning and growth



In 2014, Jotun received the 2014 HR Award presented by HR Norway to groups or institutions that have contributed to the development of the field by being a role model, establishing excellent organisational practices or otherwise promoting the HR discipline in a meritorious manner.

KEY INITIATIVES IN 2014

Employer branding

- Implemented an employer branding campaign. See page 34 to find out more.

Job descriptions and job structure

- Piloted a portal to conduct job evaluations globally – Job Evaluation Manager
- Created a Job Evaluation Certification Academy, through which 15 HR professionals were certified
- Created a workshop for managers about writing high-quality job descriptions

Recruitment

- Trained and certified HR staff in Jotun's recruitment concept in order to secure a high quality, consistent and professional recruiting process. 82 HR professionals are currently certified.

Compensation and benefit

- Implemented global travel insurance provider Europe Assistance from 1 January for people on mobility contracts and in the MEIA region
- Piloted MEIA risk insurance project – first phase includes 11 countries
- Implemented the ECA salary review system for executives on mobility contracts

Global mobility

- Established the Mobile Workforce Policy, which provides international exposure and challenges to employees
- Implemented benefits and processes, in order to better support dual career families
- Established repatriation routines, to improve the ROI after an assignment for both the employee and Jotun

Attracting future penguins

To secure profitable growth, it is critical that Jotun attracts qualified and suitable people.

In 2013, we realised that we had established a leading-edge hiring process, but we still had some challenges in attracting candidates to apply for our positions. To address this, Group HR launched an Employer Branding initiative, which started in 2014 and will run throughout 2015.

Although Jotun companies had been running local initiatives, we needed a unified approach in presenting Jotun as an attractive employer. This was especially true in new markets, where Jotun was not a well-known company among job seekers.

What makes Jotun an attractive employer?

To discover our employer value proposition, we ran a research project surveying external professionals and our employees, to understand what job seekers find attractive in prospective employers, and to discover what characterises Jotun as a company. Using this information we could identify themes which are both attractive externally and true internally.

The four themes that emerged were:

- A history of reinventing and innovating high quality products
- A friendly and supportive culture
- Professional development and internal job opportunities
- Financial strength and market success

These four themes will be further refined to create the verbal and visual brand for Jotun as an employer.

Penguins as ambassadors

The Employer Branding initiative will, in cooperation with our HR and marketing teams worldwide, generate marketing material, a professional presence on relevant social media, advertising templates, and local activities that are aimed at showcasing Jotun as an attractive employer, and attracting a higher number of qualified and suitable candidates. In addition to this, the strongest marketing tool at our disposal is our employees. Because no matter the situation we are in, we are always regarded as penguins, and representatives of Jotun.



Investing in people

Creating an environment where employees are encouraged to develop their skills and move ahead in their career keeps turnover low and gives Jotun a competitive edge.



Jotun invests significant resources in continually developing the skills of our people. This is mainly done through our dedicated Competence Development department, which coordinates and supports competence development activities for all segments and regions. In 2014, the department focused on ensuring lasting changes in behaviour, improving sales competence and exploring new learning trends.

Jotun Academy

The academy was established in 2006 as the hub of all company training. It now includes courses in human resources, marketing, sales, purchasing, R&D, operations, technical sales support, finance, management, and other standalone modules.

New Customer Service Academy

In 2014, Jotun piloted its latest academy, the Customer Service Academy. The academy will provide Jotun's 600 Customer Service professionals with the necessary knowledge, skills and mindset to excel in this discipline. The course has been tailored to our needs and aims to differentiate Jotun through market-leading service. With this addition, Jotun now offers training for the entire sales process.

Creating a lasting change in behaviour

To secure a greater return on investment, we strive to enable participants to achieve a lasting change in their behaviour. This means placing more emphasis on the work done by the employee and their manager before and after the training period. Ideally, a quarter of the learning should be done

before the training period starts, a quarter during training, and the remaining half completed after the training has ended.

In 2014, we introduced two new measures to support pre-course learning:

- Sales Academy content training (e-learning) for managers and HR. The plan is to roll out content training in the other academies.
- An awareness mail for managers explaining their responsibilities in relation to their team members' training

Due to the importance of post-course learning, we have put a great deal of effort into processes that help the participant reiterate what they have learned and achieve a lasting change in behaviour. In 2014 we introduced these measures:

- Increased follow-up and greater focus on measuring post-course work
- Mandatory use of key issue talks (KIT)
- Assessment of behavioural change through self evaluation, 180 and 360 degree surveys

E-learning launched

One of the most important tools for achieving a lasting change in behaviour is e-solutions. In 2014 we launched a new e-learning portal. We now have nearly 9 000 users and offer over 170 courses. We use this mainly for product and concept specific training. We also launched Analyzer, offering Jotun employees a standardised, cost effective survey tool.

"I Care"

In 2014, Jotun rolled out "I Care", an internal HSE campaign to raise HSE awareness and thereby reduce the number of unwanted incidents and accidents.

The "I Care" campaign, which was launched in 2013 and ran through 2014, was comprised of four focus areas: Drive Safely, Save Energy, Prevent Fire and Stay Safe. Jotun recommended actions for each of these at a global level, based on challenges identified in HSE audits. Local companies also developed many of their own initiatives as part of these four campaigns.

Engaging all employees

President and CEO, Morten Fon, said it best: "Care is one of Jotun's four values, and applies to all penguins, all the time." For this reason, "I Care" had the ambitious goal of reaching each and every employee. This began with choosing focus areas that all penguins could relate to, exemplified by the Drive Safely campaign.

The campaign was branded and internal marketing material, such as stickers and badges, was issued to all companies. In addition, HSE coordinators held meetings to inform employees and key information was translated into local languages. Evaluations show the campaign to be a big success. Drive safely, for example, recorded 95 per cent awareness and an 87 per cent satisfaction rate among respondents.

Drive Safely

2014 activities included:

- Ongoing focus on safe driving of forklifts
- Introduced new requirement for suppliers of personnel transportation
- New requirements for Jotun drivers
- Running a pilot for Drive Safely card

Save Energy

Launched first half of 2014. Activities included:

- Installing skylights, energy meters, LED lights
- Painting dark areas white
- Reducing use of air conditioning units
- Switching off equipment and lighting when not in use
- Implementing electrical check-ups

Prevent Fires

Launched mid-2014. Activities included:

- Sending out information on how to prevent fires at home and in hotels when travelling
- Conducting safety walks on electrical installations in offices and factories
- Providing 'lessons learned' analysis from all fires in 2014
- Focus on programmes to check and maintain grounding equipment
- Fire-fighting training

Stay Safe

Launched second half of 2014. Activities included:

- Introducing toolbox safety talks as a corporate tool
This is a five to ten minute 'everyday talk' about safety
- Launching e-learning on safe storage which has been completed by 311 people
- Improving root cause analysis for all accidents
- Focusing on preventing 'fall from height'

Future of "I Care"

The challenge for Jotun is for our employees to maintain their attention to HSE after the campaign ends. Jotun will continue to use "I Care" as a way of driving engagement and communicating important HSE issues.

TOP MANAGEMENT SUPPORT

Jotun's President and CEO has the overall responsibility for HSE results at Group level and each General Manager has the corresponding responsibility for each country site. However, the entire organisation is expected to contribute within their own workplace. In 2014, Morten Fon became the first President and CEO to visit all of Jotun's 33 production

facilities in one year, meeting personally with Jotun employees to focus on this message and also to share information and discuss challenges related to HSE. His visits were an effective means to raise awareness, to demonstrate the company's active support for HSE issues, and to personally give the sites his message - "I Care."



In 2014, Morten Fon became Jotun's first President & CEO to visit all of Jotun's production facilities in a single year in an effort to raise HSE awareness.

Our commitment to health, safety and the environment

Jotun combines a high level of commitment to the safety and welfare of our employees with an HSE system that we constantly work to improve.

As well as genuinely caring about our workforce, Jotun realises the strategic value in promoting a high level of HSE. It leads to high morale, improved efficiency, reduced sick leave and lower injury rates and builds loyalty among our personnel.

With this in mind, we have several tools and policies in place that ensure a high level of HSE. These include:

- Jotun HSE Standard, which is applied in addition to national laws and regulations
- HSE audits to check if Jotun companies are in compliance with national laws and the Jotun HSE Standard. Analyses of findings are used to define HSE objectives, target risk areas and develop training activities to address specific issues.
- The certification of all production companies with ISO 9001 and 14001 and OHSAS 18001
- Strong support from the Board of Directors and Group management, which is clearly communicated throughout the organisation. HSE performance is discussed in Board meetings, business reviews and management meetings.
- Extraordinary programmes such as "I Care" (see page 36/37) that target particular areas of HSE
- HSE evaluation of raw materials. We evaluate all chemicals used in Jotun products to ensure that they are safely handled through the supply chain.

2014 - year of the HSE standard

In 2013, Group HSE identified the need to better educate personnel about our HSE requirements and made this a top priority for 2014.

Actions taken included:

- Launching two e-learning courses. At the end of 2014, more than 300 employees had completed each of these courses, including the test.
- Actively using the HSE Standard during training in regional HSE meetings
- Creating a printable pre-audit checklist of all HSE requirements
- Starting to share best practices

These activities have had an immediate payoff, with improvement in the 2014 HSE audit results.

A standard based on best practices

Our ambition is to build Jotun's future HSE management system around best practices from the Jotun network. Every day Jotun personnel are coming up with smarter solutions that could be shared globally. The first challenge is to identify them.

Jotun is developing a best practice approach to HSE by:

- Recruiting more HSE professionals. All Jotun companies have a full time HSE coordinator and in 2014 we employed four new Group HSE managers, as part of a team of six. Two of these six are based in our two biggest regions, Middle East, India and Africa, and South East Asia and Pacific.
- Visiting Jotun companies with a goal to identify best practices
- Mapping the HSE strengths and weaknesses of all Jotun companies
- Training and engaging employees to take ownership of their tasks, which we have found often leads to better practice
- Re-shaping our audit programme to focus more on risk management, rather than breaches of compliance
- Continually emphasising the strategic importance of HSE



Providing safety at the workplace

Jotun maintains a strong health and safety record by working continuously to improve systems and procedures to prevent fires and reduce environmental damage.

The Stay Safe campaign was Group HSE's main focus in the area of health and safety in 2014. As part of the campaign, HSE days were arranged in many Jotun companies, in addition to the Stay Safe activities listed on page 36. For example, Jotun Australia held a HSE day in September at its manufacturing site. The event focused on group activities such as:

- Fire safety at home
- First aid
- A risk assessment looking at physical and chemical hazards
- A treasure hunt and a pilates class

HSE coordinator meeting

Three regional HSE coordinator meetings were held in 2014, with a focus on key HSE topics such as handling of hazardous chemicals, waste separation and fire prevention.

Training

Jotun believes that training is the key to maintaining strong HSE performance. In 2014, employees received an average of 11 hours of HSE training. This training included:

- New e-learning courses on safe storage and HSE standard
- 'Tool box talks' – where work ceases for a five minute HSE-related discussion
- The correct use of protective equipment when handling hazardous materials, which was completed by 2 056 employees in 2014
- Jotun Operations Academy and Operator Training, which has a strong emphasis on operational HSE. 582 people completed this training in 2014.

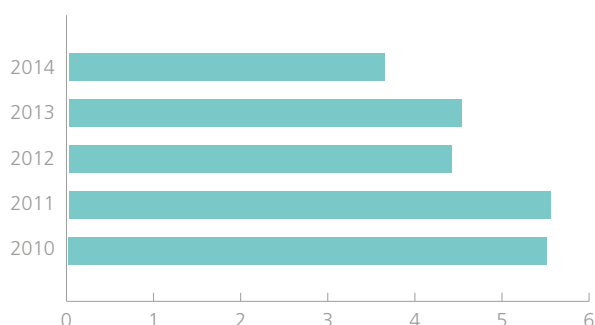
BEHAVIOUR-BASED SAFETY PROGRAMME IN SAUDI ARABIA

In 2014, Jotun Saudi Arabia launched a behaviour-based safety programme. The programme focused on all areas of HSE, with the aim of enhancing the factory's safety culture through group discussions regarding the safe performance of certain tasks. For example, one focus area was to ensure operators always used seatbelts on forklifts. By encouraging workers to take ownership of their own safety, the programme created an atmosphere of positive reinforcement and helped strengthen a culture of safety within the group.



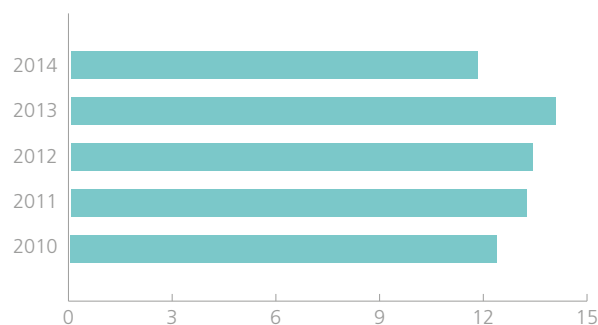
LOST TIME INJURY RATE

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



AVERAGE DAYS OF ABSENCE PER INJURY

Jotun Group



Safety and prevention

As a chemical company, Jotun needs to prepare for a variety of potential threats. Of these, the outbreak of fire represents the biggest risk factor at Jotun's plants.

Jotun has contingency plans in place for many threats, such as organised crime and violence in the workplace. However, preventing fires remains our main concern. Therefore we put considerable resources into ensuring we have the necessary training and systems in place to deal with this threat.

Zero tolerance to fires

Since we often work in close proximity to chemicals, especially solvents, even the smallest of fires carries serious potential consequences. That's why Jotun has a zero tolerance policy, which means that we report and investigate even the most minor events.

In addition to the safe treatment of solvents, we focus our preventative measures on high-risk areas including:

- Static electricity
- Hot work in our factories
- Electrical installations in offices, laboratories, warehouses and factories
- The separation of chemicals and waste

Specific incidents in 2014

In 2014 we reported a total of 14 fires. None of these fires were major incidents and there were no injuries or serious damage to property as a result. Four fires were caused by hot work, such as welding, soldering and cutting. The remaining ten were electrical fires, although most of these were very minor.

Prevent Fire: Lessons learned

Each of these fire incidents represents a learning opportunity, and the chance to prevent such episodes from recurring and potentially leading to a major fire. One of the Prevent Fire initiatives for the "I Care" campaign was to compile "lessons learned" from each of the fires in 2014. According to the evaluation, this was the most useful initiative in the Prevent Fires campaign.

A template was used to provide:

- A description of the fire
- The root cause
- Lessons learned
- Actions required

Sharing this information initiated many activities among Jotun companies, who were keen to ensure that such events didn't occur on their premises.

Fire prevention measures

In addition to the actions conducted as part of our Prevent Fires drive (see more on page 36), our fire prevention measures include:

- Fire-fighting training, focusing on both theory and practical drills and exercises
- Fire-resistant facilities
- Personal protective equipment
- Automatic fire detection systems
- Modern fire-fighting equipment
- Foam-based extinguishers at factories and warehouses handling solvent-based products



Emergency response drills

Though sound safety policies are important, realistic drills are the best way to build confidence in our ability to respond in the case of an emergency.

In September 2014, Jotun arranged a fire and emergency exercise at the factory in Sandefjord. Like all factories in the Jotun network, personnel conduct frequent emergency response drills to ensure preparedness in the event of fire. New scenarios are developed for each drill, to make the exercise as realistic as possible and to provide the best possible test for the organisation.

At the production site, planners chose to simulate an accident on the roof of the storage building, which ignited a truck and spread to another area, “injuring” a total of five workers, including three external contractors. Jotun response personnel (fire, first aid, safety) and the Crisis Management Team (Scandinavia) cooperated with external rescue personnel (fire brigade, police and ambulance) to handle the incident.

Comprehensive response

Bringing the emergency response teams together in a realistic situation builds the teamwork needed to respond

effectively to an actual incident. The drills are designed to test all the facets of emergency response; preparedness, plans, systems, and organisation, including crisis media management, with the communication team on the scene to field questions from external people acting as print and TV journalists. Of course, worker safety is the most important consideration, but when an accident occurs, it can result in damage to Jotun’s reputation if it isn’t handled properly.

Other departments involved in the exercise included the HR department, tasked with handling “injured” employees who may have required hospital treatment, and sharing information on their status with their families and colleagues.

Valuable experience

If an accident happens, Jotun needs to ensure that our personnel have the proper training to do their jobs under pressure. The exercise in Sandefjord was a good example of how drills provide valuable experience and reveal areas where improvements can be made.



Jotun works closely with local fire departments and emergency response personnel to coordinate activities during drills.



Every summer, Jotun arranges a gathering to bring together Group, Company, Segment and Regional managers to discuss common challenges, share information and strengthen relationships.

International gatherings

To help Jotun personnel work more effectively across borders, the company regularly organises global and regional meetings to enable Jotun personnel to share best practices, business intelligence and build social networks with colleagues working in other countries.

Jotun remains committed to organising and sponsoring formal and informal events on a local level to align the business and reinforce Jotun's corporate culture. However, our growing size and geographical diversity, combined with an increasingly globalised economy, have encouraged the company to take a more international approach to the business. To leverage Jotun's presence worldwide, the company has organised global and regional events that have strengthened international networks and have helped employees to work more closely together across borders.

Regional meetings

To support regional cooperation, Jotun organised a number of international events in 2014, where employees based in different countries gathered together to meet with colleagues working in the same part of the business (e.g. Human Resources, Purchasing, etc.) For example, in preparation for the regional launch of the Decorative interior product Majestic True Beauty in South East Asia, the company brought together personnel representing each country for internal sales training events, and to coordinate the company's first-ever conceptual product launch in the region.

Global events

In 2014, Jotun sponsored two major global events. In May, more than 200 chemists representing every region and country gathered in Sandefjord, for the first-ever global R&D conference. Organised over three days, the Jotun R&D Conference focused on sustainability and technology and featured lectures from both external and internal speakers. The Global R&D Conference also included social events, providing participants an opportunity to network with colleagues.

In June, Jotun organised a Top Management Conference in Sandefjord. The three-day event, attended by 82 top managers from all over the world, included presentations on the importance of HSE, a review of the global coatings market, Jotun's results and long term strategic planning, among other topics. Jotun also organised sporting events, entertainment and group dinners, providing participants more informal settings to catch up with old friends, get to know new people and share experiences. While organising these events is time and resource-intensive, they help Jotun's business by encouraging communication across borders, strengthening our corporate culture and contributing to Jotun's growing international profile.





Environmental commitment

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Jotun GreenSteps

For many years, the Jotun GreenSteps programme has given structure to our efforts to develop greener products and implementing environmental initiatives.



Cleaner products

Research and development at Jotun has long focused on creating greener and safer products, for both environmental and commercial reasons. Better environmental outcomes are achieved directly by substituting chemicals, and indirectly, by offering our customers products that protect their property more effectively and for longer periods of time.

In addition, we continually strive to manufacture these products in a more efficient and sustainable manner.

Through Jotun GreenSteps, we have launched a range of internal and external initiatives, some of which are listed below.

Main activities in 2014

- Launched more environmentally friendly and longer lasting products within the following product ranges: SeaQuantum (Hull Performance Solutions), Jotamastic, Steelmaster, Hardtop, Pilot, Jotaguard, Tankguard, Fenomastic, Jotashield and Jotacote
- Phased out lead chromates from all paint and coatings formulations worldwide
- Substituted Zinc dust type I with Zinc dust type II.

Type II has a high purity grade, with max. 0.01 per cent lead content by weight.

- Launched Save Energy campaign, as part of the "I Care" campaign. Actions included installing skylights, energy meters, LED lights, greater use of white paints in factories, reduced use of air-conditioners, and electrical check-ups
- Conducted study of supply chain in Europe to identify potential efficiencies
- Included Jotun GreenSteps issues in supplier audits

Our goals for 2015 and beyond

- Continue to reduce the TiO₂ content of our paints without reducing quality or lowering opacity
- Continue to improve durability and increase maintenance intervals for our products
- Reduce hazardous chemicals in products applied by consumers
- Continue to reduce the amount of solvents per litre of coating within the Marine and Protective segments
- Reduce amount of waste to 2 per cent of the production volume by 2016
- Work towards goal of substituting all solvent based decorative paints with waterborne products



Our carbon footprint

Jotun has a commitment to reduce the carbon footprint throughout the whole value chain and has implemented a range of measures to make reductions on a per-tonne-produced basis.

Save Energy campaign

In 2014 Jotun put energy saving measures in place as part of the Save Energy focus for the "I Care" campaign. The campaign aimed to increase awareness as to the importance of saving energy and to develop good habits that would continue after the campaign ended.

Group HSE provided recommendations for reducing energy consumption (listed on page 36), and thereby our CO₂ emissions. Considering most of our carbon emissions are due to electricity use, this is where we placed our emphasis.

Jotun Thailand cuts electricity use

Jotun Thailand is a good example of how companies implemented and benefited from this programme. The company managed to reduce its electrical consumption by 16 per cent, per tonne produced. This led to a significant drop in both costs and emissions.

Jotun Thailand achieved this by implementing a combination of Save Energy recommendations as well as its own initiatives. To engage personnel, the company established an energy saving plan that was clearly communicated to all staff.

Some of the many actions implemented included:

- Making sure lights and appliances were turned off during the lunch hour and at the end of the day
- Establishing a production planning committee with easy monitoring of production planning for operators
- Enabling more accurate usage measurement by, for example, installing separate electric meters for lights and air-conditioners
- Following up and monitoring progress of the action plan monthly together with department KPIs (Key Performance Indicators)

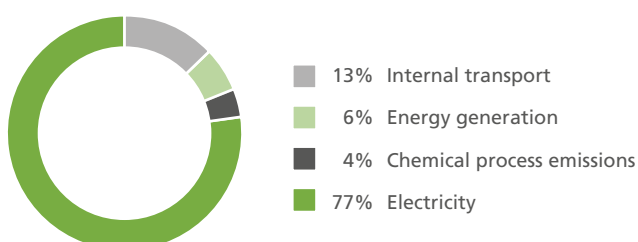
Carbon footprint report

Jotun prepares Carbon Accounting Report for the Group and regions annually. The intention of the report is to track our total CO₂ emissions in each region and get an overview of which areas and companies contributes to our CO₂ output.

In 2014, Jotun's global emissions were 80 100 tonnes of CO₂ equivalents, compared to 82 400 in 2013. This is an overall reduction of 3 per cent since last year. 77 per cent of the emission comes from use of electricity while 13 per cent comes from internal transport, 6 per cent from energy generation and 4 per cent from chemical process emissions.

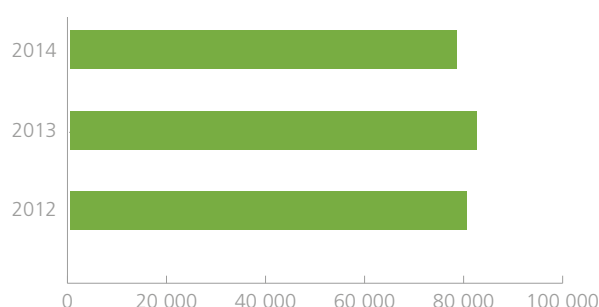
EMISSION SOURCE

Jotun Group



EMISSIONS PER TONNE PRODUCED

(kg CO₂e/tonne) Jotun Group



Reducing our impact on the environment

Jotun aims to strike a balance between waste and production volumes.

Jotun's waste is currently 2.1 per cent of production and our aim is to reduce that to 2 per cent by 2016. Recycling waste and production planning are two of the most important ways we can achieve this.

Contaminated sites

Our environmental responsibility starts before we buy land for our plants. We identify any potential sources of environmental risk and determine whether any measures for avoiding pollution are required. In 2013, Jotun conducted a global survey to map the risks related to contaminated soil. We then followed up the sites that were considered high risk in 2014. Several actions were initiated in order to clean up these sites. Five additional producing sites were identified for future monitoring.

Clean-up in Norway

The biggest challenge has been in Norway, where Jotun is in the process of cleaning up two sites, Gimle in Sandefjord and Manger in Bergen, before decommissioning. Jotun had operated on those sites during the last century, when environment regulations were not as stringent. Jotun has worked closely with the authorities and has agreed to allocate significant funds to ensure that the areas are properly restored. We conducted environmental assessments and removed polluted soil and at Manger, Jotun dredged the seabed outside the nearby quay. The cost of this clean-up programme will be about NOK 50-60 million.

Emissions to air

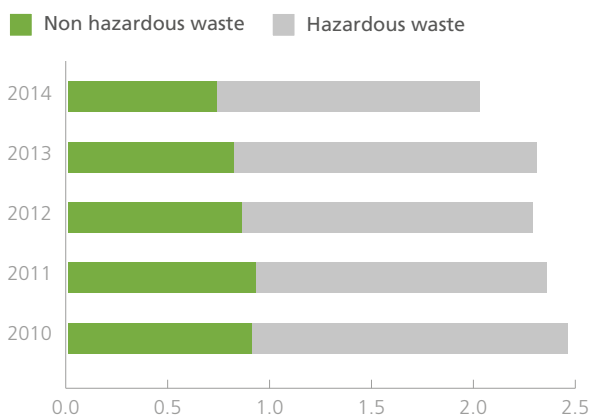
Emissions to air from Jotun's factories are mainly linked to the production of solvent-based paints. Recently, Jotun has faced strict emissions permit requirements for VOC to air in China and Korea. The solution at two plants in China was to install a Regenerative Thermal Oxidizer (RTO), which enables self-sustained combustion of solvents at a much lower concentration than normally required. Although the solution is working well, additional options are currently being studied in order to ensure that both production demands and emissions regulations can continue to be met. In Korea, odour restrictions led Jotun Korea to install a combination of an RTO and a 50 metre high stack. These RTO investments will be at approx. NOK 50 million.

Discharge to water

The cleaning of production equipment is the main cause of discharge from production. In 2014, Jotun's factories generated 65 000 tonnes of washing and process water worldwide, compared to 80 000 in 2013. Improvements have been achieved by more recycling and better planning of production. In 2013, there was no accidental release of any substance that resulted in a significant impact on the environment. In some countries, wastewater is a challenging issue. Jotun is currently investigating smart wastewater solutions for the future.

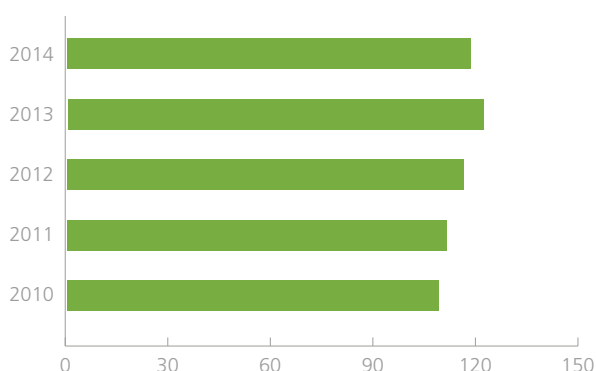
HAZARDOUS AND NON HAZARDOUS WASTE

(as per cent of produced volume) for Jotun Group



GW_h ENERGY CONSUMPTION

Total for Jotun Group



Working towards a greener world

Jotun is working with regulators, customers and trade organisations to establish standards and tools to define and share data on the role paints and coatings play in environmental sustainability.



Increased public awareness of the role chemicals play in causing environmental damage has resulted in the development of a number of new regulations and standards conceived to limit or eliminate the use of potentially harmful substances in paints. To provide the public and customers with more accurate and standardised information about the total environmental impact related to building construction and the production of manufactured goods, many companies, including Jotun, provide Life Cycle Assessments (LCAs).

LCAs are also the basis for Environmental Product Declarations (EPDs), which provide information on the environmental impact of raw materials acquisition, energy use and efficiency, content of materials and chemical substances, emissions to air, soil and water and waste generation. EPDs are created in accordance with standards developed by the International Organization for Standardization (ISO).

Cooperating on standards

As early as 1995, Jotun worked with suppliers and customers to provide detailed LCA data on a specific project, which over four years included assessments of 42 Jotun coatings products. Since 2013, Jotun has been participating in a EU project, together with five other coatings manufacturers, to

provide standardised environmental footprint labels to help consumers to make more informed decisions. The project is based on work carried out by The European Paint and Printing Ink Council (CEPE). CEPE has created a database, known as a Life Cycle Inventory (LCI), which can be used by manufacturers to evaluate the environmental impact of their products from cradle to factory gate and allow users to determine and compare the environmental footprint of different products.

Helping users make informed decisions

While more work needs to be done, one goal of the project is to develop an easy-to-read eco-label that provides consumers with more accurate data on the potential environmental risk of using certain Decorative Paints. In addition, EPDs will help developers comply with best practices in sustainable building design, as defined by BREEAM and LEED standards, which often include Decorative, and Powder and Protective Coatings. Jotun's work in this area will not only help encourage more environmentally conscious purchasing habits among users and customers, but generate more sales for Jotun's broad range of low-VOC and waterborne decorative paints and related coatings solutions.



Better, greener, faster

In response to growing demand for greener and healthier paints and coatings, Jotun Research & Development works continuously to improve the environmental performance of its products by phasing out harmful substances and developing more sustainable products.

Over the past five years, public sensitivity to environmental and health issues has notably increased and the demand for more environmentally friendly paints and coatings has grown proportionately. At the same time, new and pending regulations limiting the use of solvents and other potentially harmful substances have and will continue to influence purchasing decisions among owners, contractors and engineers active in a broad range of industrial segments.

Adapting to regional regulations and market trends

Jotun has moved quickly to meet these global trends in all segments and countries. In the Decorative Paints segment, the company continues to develop waterborne exterior and interior paints and customise some products to meet local regulations. For example, in China, where strict solvent restrictions are expected to be introduced over the next few years, Jotun has entered the interior wood decoration segment with a complete range of waterborne products. Throughout the Decorative segment, Jotun customises products to help developers comply with voluntary LEED and BREEAM building standards.

In the Protective and Marine segment, Jotun launched a number of waterborne topcoats, primers and steel protection products in 2014, including Pilot WF, Penguard

WF, Steelmaster 1200 WF, among others. Jotun R&D also works closely with key customers to develop products to meet environmental specifications unique to specific projects. While powder coatings do not have solvents, Jotun has developed a number of products that cure at lower temperatures, helping customers reduce energy costs and corresponding emissions. In the Marine segment Jotun's evolving line of antifouling helps decrease vessel speed loss over time, which reduces fuel usage and results in less emissions to air.

Sharing knowledge

Also in 2014, Jotun approved plans to invest in new binder technologies (alkyd emulsions) and launched a web-based tool that will support innovation, research, development and product management processes. The software application will enable personnel across functions, segments and regions to develop better ideas, prioritise the best and be guided in project execution and how to bring competitive innovations and products to market. In this way, Jotun R&D chemists will be able to share knowledge with colleagues throughout the network, link innovations to market intelligence, and develop safer products that meet the evolving demands of customers more quickly.

JOTUN'S CHEMICAL POLICY

Jotun has set targets for phasing out potentially harmful substances. Over the last five years, the company has either banned or eliminated the use of coal tar, carbendazim, alkyl-phenol ethoxilates, lead siccatives and other potentially dangerous substances from paints and coatings formulations.

In 2014, the company ceased the use of lead chromates and n-methyl-2-pyrrolidone and tightened restrictions on other substances. Jotun will continue to evaluate all formulations going forward, and revise and amend policies as new data becomes available.



Opening ceremony for a new school building in the rural town of Dongba, in Qinghai province on the Tibetan plateau. Jotun donated money and paint to the school, in cooperation with the regional education ministry and a local NGO.



Jotun and society

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Building responsible business – Anti-corruption	60

Giving on a global scale

Jotun continues to fund relief efforts by the International Federation of Red Cross and Red Crescent Societies (IFRC) in major disaster areas around the world.

In 2014, Jotun made major donations to the IFRC for the Ebola outbreak in West Africa and flooding in the Balkans. In addition, the society continued to put Jotun's 2013 donations to good use in Syria and the Philippines, proof, according to Red Cross Norway's Secretary General, Åsne Havelid, of the lasting impact such donations can have.

"Corporate donations are a critical source of fund raising for the IFRC," she says, "We highly appreciate the major contributions Jotun has made over the years and I can assure them that these funds have directly assisted many people in need."

The IFRC's unmatched global network makes it an obvious candidate for Jotun's humanitarian donations. The fact that the IFRC is in 189 countries makes it easier for Jotun to make large donations when they are needed.

Ebola outbreak

Jotun made a significant donation to the IFRC for relief efforts in West Africa. The Ebola outbreak there is the largest in history and has devastated communities in Sierra Leone,

Liberia and Guinea. At the time of printing, there had been almost 5200 deaths from the virus, and authorities were still working to gain control of the situation.

Despite the very harsh conditions and the danger involved, Havelid points out that attracting volunteers has not been a problem. Red Cross Norway had, up to the end of 2014, sent 35 volunteer nurses, doctors and technical personnel (more than any other country) to a field hospital in Sierra Leone, where the volunteers have been:

- Treating and isolating patients
- Providing safe burials methods to prevent traditional burials from spreading the virus
- Training local volunteers
- Informing people in affected areas about how Ebola is spread and what to do in the event of contracting it

Havelid explains that the major problems are the lack of control in responding to the crisis, the poverty and lack of infrastructure in the affected countries and the fact that there is no proven medicine for treating Ebola.



Jotun has been an active contributor to the International Federation of Red Cross and Red Crescent Societies (IFRC) for decades. In 2014, Jotun supported IFRC's efforts to combat the spread of the Ebola virus in West Africa, among other causes.

The Balkans

In May 2014, severe floods hit the Balkans region. Official counts indicate that over 1.6 million people were affected in Serbia and Bosnia. The bulk of Jotun's contribution went to emergency supplies for victims and to helping people trace missing family members.

Philippines

Typhoon Haiyan affected about 16 million people in the Philippines. One year on, the Red Cross is still working on recovering the damage by building shelter, providing water and sanitation, and helping people make a livelihood. The money donated by Jotun didn't just help during emergency operations but is also contributing to rebuilding the society and preventing such destruction in the event of another natural disaster.

Syria

As well as causing the deaths of well over 100 000 people, the civil war in Syria has seen some three million people flee the country. With Jotun's support, Red Cross Norway helped establish a field hospital in a refugee camp in Jordan.



The hospital opened a maternity ward in October and midwife Jaana Laine delivered this baby, which the mother named after her.



The IFRC continues to provide support in the Philippines for regions devastated by Typhoon Haiyan in 2013.

Local community support

With 68 companies in 43 countries all over the world, Jotun is in an excellent position to support a broad range of local charities, undertaking initiatives that help the company strengthen its links to the communities where we are active.

While the Jotun Group regularly provides funds to support global charitable and relief organisations (such as the IFRC), the bulk of the company's work in this area is managed and implemented by local Jotun companies. Indeed, considering Jotun's size and geographical diversity, it would be difficult and counter-productive to coordinate or manage all regional corporate responsibility activities at a Group level. Rather, the company encourages managers in different countries to pursue such activities independently, so long as these activities conform to Jotun Corporate Governance policies and are consistent with Jotun values.

Many ways to make a difference

Projects vary significantly from region to region, year to year, and in the type of support provided. Examples include direct financial support, donating paint, organising crowd-sourced social media campaigns to raise awareness of an issue and often, Jotun employees giving their free time to lend a helping hand. Jotun also works with local charities and NGOs, where appropriate.

In 2014, Jotun companies participated in a broad range of CR activities, including:

- Raising money for the BBC's "Children in Need Campaign" in the UK

- Providing paint and financial support for a school construction project in Qinghai, China
- Providing financial support and paint to a trade school in Jakarta, Indonesia
- Organising the removal of litter from a streambed in Busan, Korea

Helping to make a new home

In Thailand, Jotun has a long tradition of donating paint and time to schools and temples. In 2014, Jotun worked with the Mangpong Foundation to paint the Banbung School in Ratchaburi province. In addition, Jotun provided paint to the newly-constructed Baan Jing Jai Children's Home in the resort city of Pattaya.

The charity, established in 1994, provides housing for street children who escaped from unstable or violent homes. The home has been supported almost exclusively by private donations, some of which has been coordinated by the Norwegian Seamen's Church. As the home became increasingly crowded, a group of volunteers formed a committee in 2011 to raise money to build a brand new home, with enough space for 100 children. Jotun has donated paint for the new building complex, which is scheduled to open in early 2015.

SPARKLING IMAGINATION AND CREATIVITY

Jotun works with a broad range of regional local and international organisations to support local charitable initiatives.

In 2014, Jotun teamed up with ActionCare, a humanitarian organisation based in the UAE that conducts educational development programmes for families with limited financial resources.

Jotun provided paint to the newly renovated National Charity School in Al Garhoud, Dubai, which has about 5 600 students.





Baan Jing Jai Children's Home in Pattaya, Thailand. In 2014, Jotun contributed interior and exterior paint for a new facility, to be opened in 2015, with beds for 100 children.



Melvin Lee, Purchasing Manager (Indirect Materials). While the bulk of Jotun's purchases are related to raw materials, the company also audits suppliers of machinery and other equipment.

Responsible purchasing

Purchasing materials from responsible companies impacts positively on local communities and helps Jotun build long-term relationships with suppliers.

Jotun has several tools in place to ensure that we do business with companies that respect human rights and protect the environment. The most important of these are:

- The United Nations Global Compact (UNGC) – We aim to use suppliers whose operations align with the UNGC (see page 61 for more detail)
- The Jotun supplier audit programme - We audit all new suppliers and re-audit at least every six years
- The Jotun Purchasing policy – This policy has recently been updated to define our strategic approach to purchasing, the roles and responsibilities of employees, our processes, our anti-corruption principles and how to treat suppliers in a professional and transparent manner

We also formally remind our suppliers each year of our policy and our ethical approach to purchasing (Anti-corruption policy).

Why sustainable purchasing is important

This approach minimises the risk of doing business with a supplier that breaches local laws, or the UNGC. Sustainable purchasing is also critical in helping Jotun achieve our three strategic purchasing goals:

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

Supplier audits

In 2015, we will conduct our first re-audit, in addition to auditing several new suppliers in China. Auditing all of these companies will require significant planning and resources. One of the ways Jotun will meet this additional demand is through the use of electronic auditing, which we piloted and tested out in 2014.

Auditors will now use an app on either an iPad or an Android device. Jotun has tailored templates within the application, with separate templates for manufacturing companies and suppliers of raw materials. To further streamline the auditing process, we have changed the sequence of the audit to suit the typical factory layout.

Electronic benefits:

- Reduces paper work
- Makes reports more accessible for relevant Jotun employees
- Enables better use of data related to our suppliers
- Simplifies updates in the audit template
- Enables the integration of images in reports

To prepare for an increasing number of audits in the coming years, Jotun is also training more employees to conduct supplier audits.

LOOKING IN THE MIRROR

Jotun employee, Melvin Lee, conducted a case study of Jotun's corporate responsibility practices as part of his MBA thesis. As a member of our purchasing department, he paid particular attention to Jotun's sustainable purchasing practices. He found that the chemical industry faces many challenges in this area, in part due to its reliance on external resources such as suppliers and sub-suppliers.

In order to mitigate risk, Lee recommended that Jotun continues to expand its supplier audit programme, and continues

to scrutinise the practices of sub-suppliers. It is important, he concluded, to have a special focus on sub-suppliers. In light of the increased risk in the industry, Lee said it was critical for Jotun to forge ahead with its corporate responsibility programme in order to mitigate reputational risk and deliver the best standards for all stakeholders. Lee found that Jotun's biggest advantage in guarding against such malpractice was a strong corporate culture, where being responsible by doing the right and ethical thing was ingrained throughout the company and its work practices.

Building responsible business Anti-corruption

Jotun protects against reputational risk through a variety of tools and policies, and by building up the best defence of all, a robust corporate culture.

Corruption in all its forms is the main reputational risk we face. We combat it through a variety of means, starting with our anti-corruption policy. Although the way of doing business varies from country to country, our policy is global and consistent. It applies to all people employed by Jotun Group and its affiliated companies. We also try to ensure that those we do business with are in compliance with our standards. To combat corruption effectively, however, a multi-faceted approach is needed.

Jotun commitments:

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

Anti-corruption tools and training:

- Compliance manuals and tools featuring guidelines, dilemmas and practical rules of action
- Reports on anti-corruption activities in business reviews, yearly reports, and in twice-yearly Board meetings
- Internal audits of Jotun companies' work on anti-corruption
- Education and practical dilemma training, especially for higher-risk groups like sales, purchasing and management

- Training on anti-corruption during the induction programme for new employees

Building our culture

We believe that a strong corporate culture is vital to building a responsible and successful business. We're always looking for new ways to reinforce our culture, and in 2014 we developed a board game, called the Penguin Spirit game.

Penguin Spirit board game

As each player advances around the board, they land on different squares and draw cards. These cards present questions and discussion points on all of the areas of our culture – company history, integrity compliance, anti-corruption and safety issues.

The Penguin Spirit game is played in a relaxed environment where sensitive topics can be discussed openly. The Penguin Spirit board game aims to:

- Trigger lively discussions on important topics related to our culture and ethical business practices
- Encourage and provide a common understanding of what it means to conduct business responsibly
- Reinforce our corporate culture



Introduced in 2014, the "Penguin Spirit game" addresses all different aspects of Jotun culture from history, integrity compliance, anti-corruption to HSE issues.



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

Jotun's international commitments

Jotun supports several international standards and declarations. We use these standards to guide our CR efforts. The two most notable of these are Transparency International (TI) and the UN Global Compact.

UN Global Compact

The Compact is a strategic policy initiative for businesses that align their strategy and operations to ten principles within

human rights, labour, environment and anti-corruption.

With over 12 000 participants from more than 145 countries, it is the largest voluntary corporate responsibility initiative in the world.

See the below table for references in this report about how Jotun aligns its strategy and operations with the ten principles. (UNGC table)

HUMAN RIGHTS

PAGES

Principle 1:	Businesses should support and respect the protection of internationally proclaimed human rights; and	28, 29, 32, 54, 56, 59, 60
Principle 2:	make sure that they are not complicit in human rights abuses.	32, 59

LABOUR

Principle 3:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	32, 59
Principle 4:	the elimination of all forms of forced and compulsory labour;	32, 56, 39
Principle 5:	the effective abolition of child labour; and	32, 56, 59
Principle 6:	the elimination of discrimination in respect of employment and occupation.	32, 59

ENVIRONMENT

Principle 7:	Businesses should support a precautionary approach to environmental challenges;	15, 24, 28, 36, 38, 40, 46-51, 59
Principle 8:	Undertake initiatives to promote greater environmental responsibility; and	15, 24, 28, 36, 38, 40, 46-51, 59
Principle 9:	Encourage the development and diffusion of environmentally friendly technologies.	15, 24, 28, 46-51, 59

ANTI-CORRUPTION

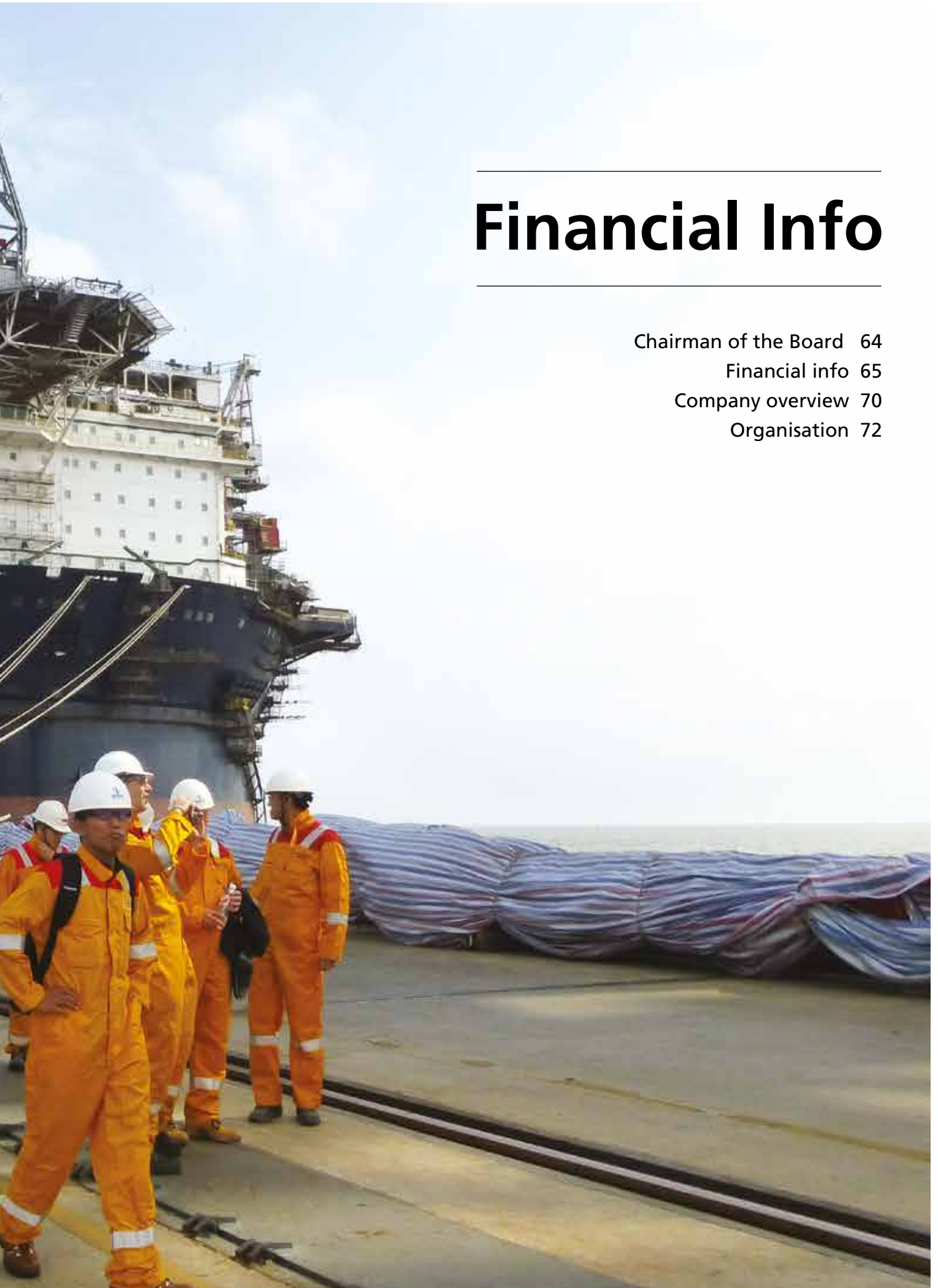
Principle 10:	Businesses should work against corruption in all its forms, including extortion and bribery.	28, 59, 60
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For more information on the Global Compact see www.globalcompact.org



Financial Info

Chairman of the Board	64
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Strong performance

Jotun's positive results in 2014 owe much to the company's strong performance in the second part of the year. However, slower growth recorded in the first two quarters of 2014 served as a powerful reminder that we cannot take our enduring success for granted.



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

Jotun's growth has continued uninterrupted since 2003, and 2014 was no exception. To help support this growth, the Board of Directors has approved financing for more than a dozen new factories, factory upgrades, offices, warehouses, R&D laboratories and has funded a broad range of other initiatives. Today, Jotun has more employees and production capacity than ever before.

Wake up call

While the Board remains wholly committed to supporting Jotun's growth going forward, we were reminded in 2014 that our business is vulnerable to market forces beyond our control. A persistently weak newbuilding market in the Marine segment, combined with unanticipated delays for a number of projects in the Protective segment, slowed our growth in the first half of the year. This led to some concerns about how best to manage the business going forward.

The Board is pleased with how the organisation responded to these challenges to get the company back on track.

However, maintaining our healthy growth rate in the future will require that we continue to improve our performance in every aspect of the business. For example, we see room for improvement in project execution (factory construction, systems implementation, etc.), initiatives that too often are plagued by costly and unnecessary delays. And while we acknowledge the sincere and dedicated efforts by personnel throughout the organisation to improve HSE performance, the Board will continue to challenge management until results meet with our expectations.

Avoiding complacency

At present, Jotun's business model focuses on growth, and the Board will continue to evaluate and support investments to build the business. Positive economic developments in industrial segments and regions where we are active suggest a strong year for Jotun in 2015. However, as we learned in the summer of 2014, our growth trajectory is not guaranteed. We had another strong year, but cannot afford to become complacent.

Financial info

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 profit or loss 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".

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(NOK thousand)	2014	2013
Operating revenue	13 170 781	12 034 454
Share of profit from associated companies and joint ventures	356 352	286 961
Cost of goods sold	-7 118 515	-6 515 133
Payroll expenses	-2 191 774	-2 016 281
Other operating expenses	-2 566 327	-2 228 257
Depreciation, amortisation and impairment	-336 929	-303 883
Operating profit	1 313 588	1 257 862
Net financial items	-12 166	-66 494
Profit before tax	1 301 422	1 191 368
Income tax	-355 737	-334 625
Profit for the year	945 685	856 743

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Other comprehensive income not to be reclassified to profit or loss in subsequent periods:

Actuarial gains (losses) on defined benefit pension plans	1 137	-9 623
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Other comprehensive income to be reclassified to profit or loss in subsequent periods:

Translation differences on net investments in foreign operations	149 202	30 510
Loss on hedge of net investments in foreign operations	-120 010	3 407
Currency translation difference	803 860	183 967
Other comprehensive income for the year, net of tax	834 190	208 260

Total comprehensive income for the year	1 779 875	1 065 003
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Profit for the year attributable to:

Equity holders of the parent company	894 920	798 268
Non-controlling interests	50 765	58 475
Total	945 685	856 743

Total comprehensive income attributable to:

Equity holders of the parent company	1 695 833	1 002 222
Non-controlling interests	84 042	62 781
Total	1 779 875	1 065 003

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 statement of financial position, 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 financial statements are oriented towards the statement of financial position and only items that satisfy the criteria for definition as assets and liabilities may be recognised in the statement of financial position. 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 statement of financial position items are explained in the notes to the financial statements.

(NOK thousand)	31.12.2014	31.12.2013
ASSETS		
Non-current assets		
Deferred tax assets	134 957	97 732
Other intangible assets	281 508	231 868
Property, plant and equipment	3 754 514	2 967 311
Investments in associated companies and joint ventures	1 491 021	1 163 318
Other investments	8 248	8 248
Other interest-bearing receivables	202 855	184 647
Total non-current assets	5 873 104	4 653 125
Current assets		
Inventories	1 957 520	1 762 005
Trade and other receivables	4 047 525	3 263 759
Cash and cash equivalents	1 421 421	1 120 161
Total current assets	7 426 466	6 145 925
Total assets	13 299 570	10 799 050
EQUITY AND LIABILITIES		
Equity		
Share capital	102 600	102 600
Other equity	6 484 811	5 301 977
Non-controlling interests	151 356	110 090
Total equity	6 738 767	5 514 667
Non-current liabilities		
Pension liabilities	193 164	184 888
Deferred tax liabilities	32 194	36 489
Provisions	42 006	30 006
Interest-bearing debt	2 379 037	1 368 482
Interest-free debt	23 934	23 325
Total non-current liabilities	2 670 335	1 643 190
Current liabilities		
Interest-bearing debt	946 843	1 258 748
Trade and other payables	1 514 783	1 235 491
Current tax payable	159 397	127 202
Other current liabilities	1 269 445	1 019 752
Total current liabilities	3 890 468	3 641 193
Total liabilities	6 560 803	5 284 383
Total equity and liabilities	13 299 570	10 799 050

Sandefjord, Norway, 10 February 2015


Board of Directors
Jotun A/S



Odd Gleditsch d.y.
Chairman



Einar Abrahamson



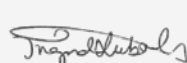
Richard Arnesen



Birger Amundsen



Nicolai A. Eger



Ingrid Lubert



Karl Otto Tveter



Terje Andersen



Morten Fon
President & CEO

Consolidated statement of cash flows

The statement of cash flows present 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)	2014	2013
Cash flow from operating activities		
Profit before tax	1 301 422	1 191 368
Adjustments to reconcile profit before tax to net cash flows:		
Share of profit from associated companies and joint ventures	2	-356 352
Dividend paid from associated companies and joint ventures	2	378 481
Depreciation, amortisation and impairment	7, 8	336 929
Change in accruals, provisions and other		251 394
Working capital adjustments:		
Change in trade and other receivables		-783 764
Change in trade and other payables		279 292
Change in inventories		-195 514
Tax payments	6	-293 336
Net cash flow from operating activities	918 552	819 358
Cash flow from investing activities		
Proceeds from sales of property, plant and equipment	8	13 585
Purchase of property, plant and equipment	8	-842 303
Purchase of intangible assets	7	-68 326
Purchase of shares from non-controlling interests	18	-
Net cash flow used in investing activities	-897 044	-741 379
Cash flow from financing activities		
Proceeds from borrowings	14	1 289 531
Repayments of borrowings	14	-589 906
Dividends paid	17	-513 000
Dividends paid to non-controlling interests		-42 775
Net cash flow from financing activities	143 849	142 408
Net currency translation effect		135 904
Net increase/(decrease) in cash and cash equivalents		165 357
Cash and cash equivalents at 1 January	13	1 120 161
Cash and cash equivalents at 31 December	13	1 421 421

Jotun Group had unused credit facilities of NOK 900 million as at 31 December 2014 (2013: NOK 900 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

(NOK thousand)	Share capital	Other equity	Translation differences	Total	Non-controlling interests	Total equity
Equity as at 1 January 2013	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
Dividends		-513 000		-513 000	-42 775	-555 775
Profit of the period		894 920		894 920	50 765	945 685
Other comprehensive income		30 329	770 584	800 913	33 277	834 190
Equity as at 31 December 2014	102 600	5 502 749	982 063	6 587 412	151 356	6 738 767

Executive summary of the financial statement for 2014

General

The consolidated financial statement consists of Jotun A/S and 57 subsidiaries, three joint ventures in China and Korea and seven 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.

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 13 171 million. The revenue increase of 9 per cent is primarily ascribable to growth in China and several markets in South East Asia and the Middle East.

Considering the full revenues in associates and joint ventures, total sales of Jotun branded products was NOK 17 542 million (2013: NOK 16 022 million).

Operating profit

Operating profit in 2014 increased by 4 per cent to NOK 1 314 million compared with 2013, yielding an operating margin of 10 per cent (2013: 10 per cent). Solid sales growth combined with continued stable raw material prices, product mix management with increased sale of premium products compensate for an increase in other operating cost. Jotun Group's share of net result after tax in associates and joint ventures totalling NOK 356 million (2013: NOK 287 million), are reported on a single line of the consolidated income statement as an operating item. The increase is mainly attributable to improvements within the Marine Coatings segment in North East Asia, which is recovering from the cyclical downturn in the shipbuilding industry.

Profit for the year

The profit for the year amounted to NOK 946 million, an increase of NOK 89 million from 2013. Net financing charges for the year are still at a low level, and decreasing from last year. Net financial costs ended at NOK 12 million (2013: NOK 66 million).

Investments

Total purchase of property, plant and equipment (PP&E) and intangible assets amounted to NOK 911 million for 2014 (NOK 733 million for 2013), representing 7 per cent of operating revenue. Total investment in PP&E for the purpose of producing Jotun branded products was NOK 1 201 million. The largest investments relates to production facilities and buildings in Brazil, Russia, Oman, Malaysia and Indonesia.

Jotun Group's share of total equity in associates and joint ventures amounts to NOK 1 491 million (2013: NOK 1 163 million), and is reported as non-current assets in the balance sheet.

Working Capital

Working capital increased to NOK 4 490 million as of 31 December 2014 from NOK 3 790 million the previous year. The increase is tied to generally higher activity following the Group's sales growth, in addition to significant currency translation effects.

Net interest bearing debt

The net interest bearing debt for the Group was NOK 1 702 million at year end 2014 compared to NOK 1 322 million as of 31 December 2013. During 2014 Jotun Group continued its shift from short term to long term funding, by replacing certificate loans with NOK 700 million in new bond loans. The Group's main source of financing is bilateral loans from the Group's relationship banks and loans in the Norwegian Bond market. At year end 2014 Jotun A/S had NOK 1 300 million of bonds and NOK 1 111 million in non-current bank debt outstanding.

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, in addition to a NOK 100 million in short term credit line, were unused.

Shareholders equity

Total equity including non-controlling interests amounted to NOK 6 739 million (2013: NOK 5 515 million) due to the net effect of profit of the period of NOK 946 million, other comprehensive income of NOK 834 million mainly relating to currency translation effects, and payment of the dividend for 2013 (declared in 2014) of NOK 513 million. The equity ratio remains strong at a level of 51 per cent, equal to 2013.


























































The proposed dividend for Jotun A/S for 2014 amounting to NOK 513 million will not be recognised in equity until finally declared in 2015.

Cash flow

Operating activities in 2014 resulted in a cash inflow of NOK 919 million (2013: NOK 819 million). The increase from 2013 is mainly due to a stronger pre-tax profit in 2014 and higher dividends received from associates, compensating for higher investments in working capital.

Workforce

For 2014, Jotun Group had in average 6 644 full-time equivalents related to its on-going business in Jotun A/S and its subsidiaries (2013: 6 560 average full-time equivalents). Including employees in joint ventures and associates Jotun had in total 9 676 employees.

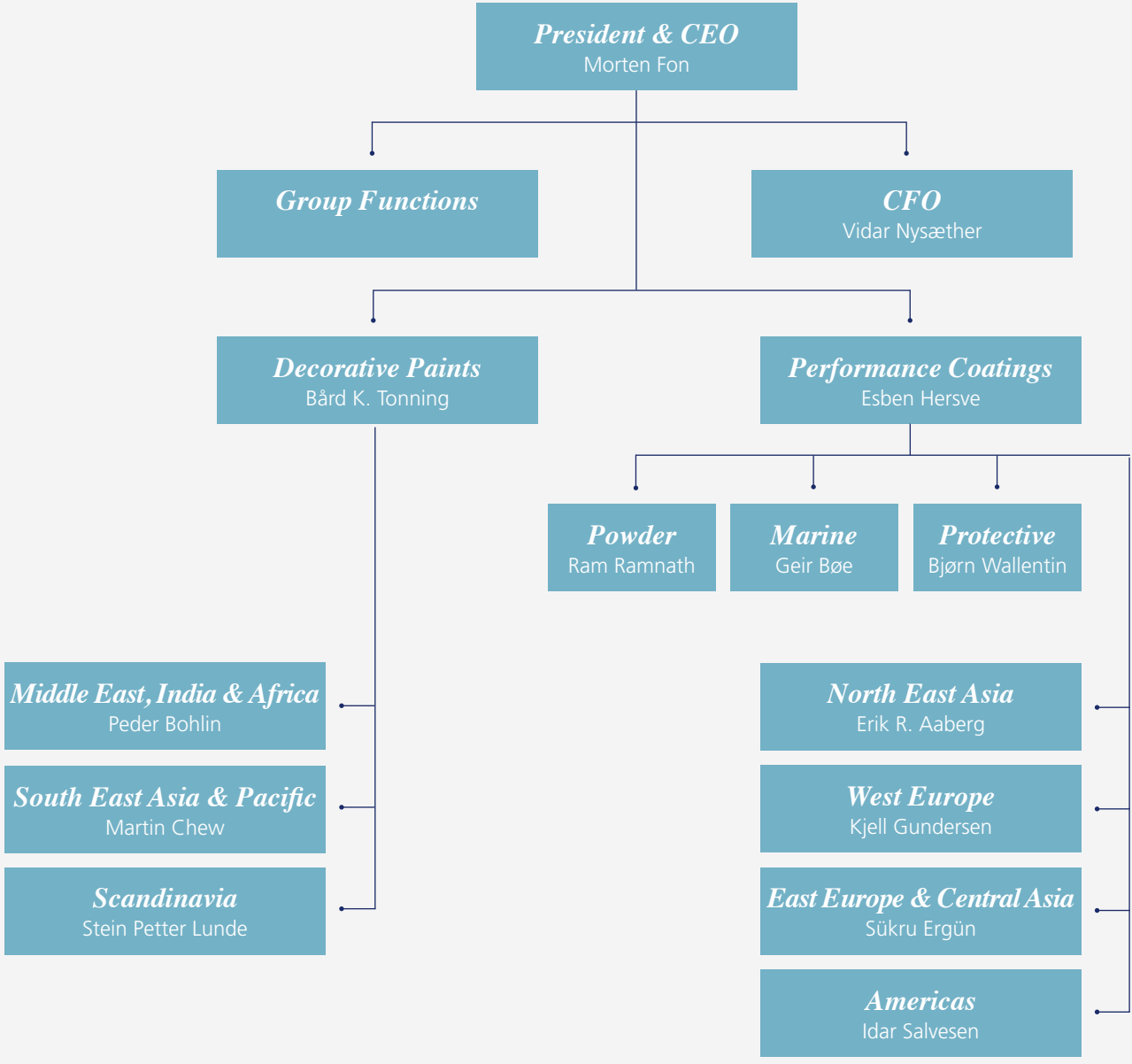
COUNTRY	COMPANY	SHARE HOLDING %	
ALGERIA	 Jotun Algeria SARL, Algiers	70	S 
AUSTRALIA	 Jotun Australia Pty. Ltd., Victoria	100	P 
BANGLADESH	 Jotun Bangladesh Ltd., Dhaka	100	S 
BRAZIL	 Jotun Brasil Imp. Exp. & Industria de Tintas Ltda., Rio de Janeiro	100	S 
BULGARIA	 Jotun Bulgaria EOOD, Sofia	100	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 
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 
	Scanox AS, Drammen	100	S 

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				

- Decorative Paints
 Marine Coatings
 Protective Coatings
 Powder Coatings
 Production
 Sales office

In addition to the companies listed above, the Jotun Group also owns a number of holding and inactive companies.

In addition to legal companies Jotun has branch offices, agents, distributors and licencees 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. | Richard Arnesen |
| Einar Abrahamsen | Nicolai A. Eger |
| Birger Amundsen | Ingrid Luberth |
| Terje Andersen | Karl Otto Tveter |

Corporate Assembly

- | | |
|--------------------------|------------------------|
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| Richard Arnesen d.y. | Kai Roger Johansen |
| Terje V. Arnesen | Thomas Ljungqvist |
| Kornelia Eger Foyn-Bruun | Kristian O. Smith |
| Anne Cecilie Gleditsch | Espen Wiik |
| Bjørn Ole Gleditsch | Beatriz Malo de Molina |

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