



COLORING YOUR SUCCESS



SUSTAINABILITY REPORT 2017/2018

# INDEX

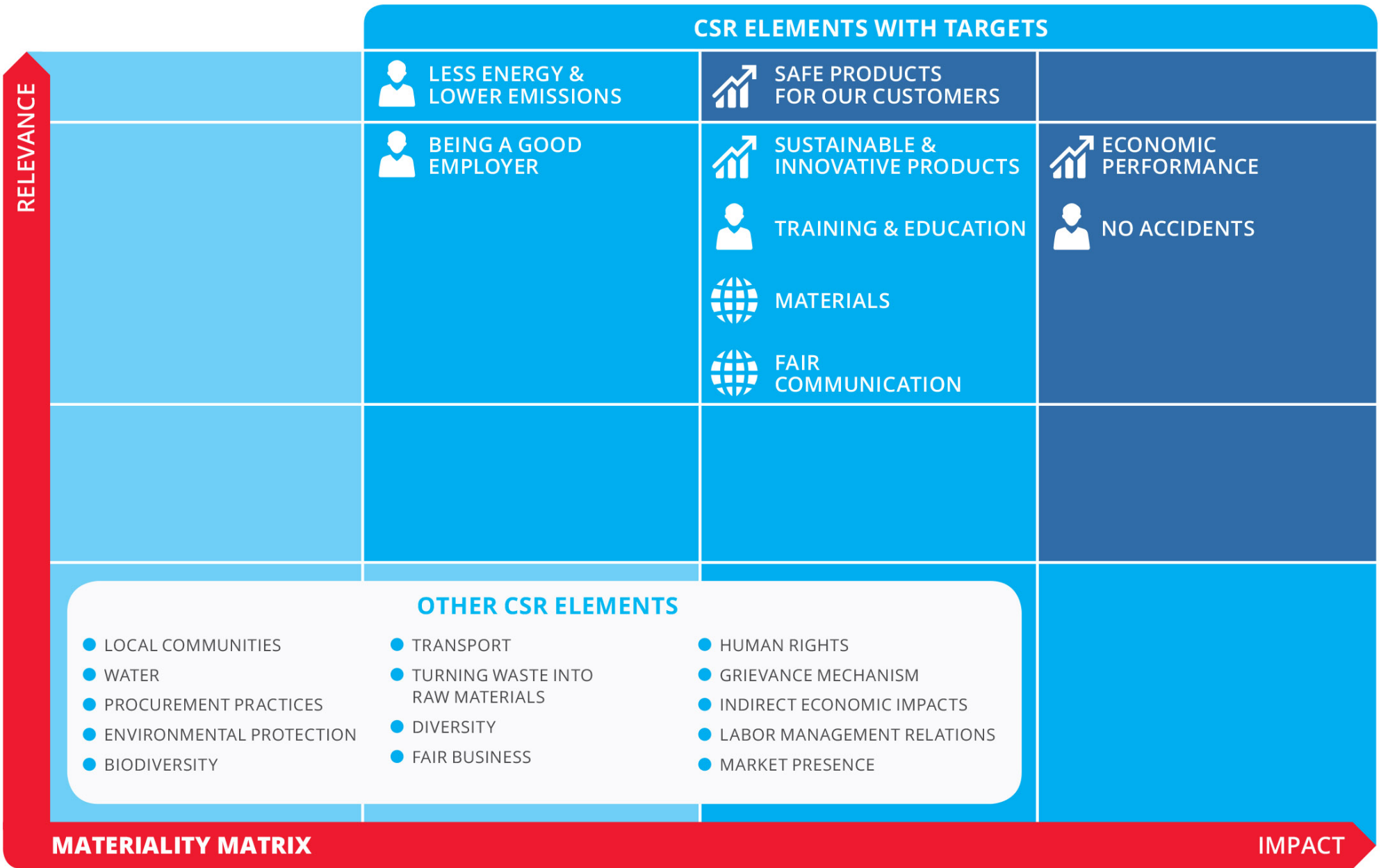
## GENERAL INFORMATION

- Strategy & Analyses
- Organisational profile
- Identified Material Aspects & Boundaries
- Stakeholder Engagement
- Report profile
- Governance
- Ethics & Integrity

## SPECIFIC INFORMATION

- Economic
  - Economic Performance
  - Market Presence
  - Indirect Economic Impacts
  - Procurement Practices
- Environment
  - Materials
  - Energy & Emissions
  - Water
  - Biodiversity
  - Effluents & waste
  - Innovative Products & Services
  - Compliance
  - Transport
  - Environmental protection
  - Procurement Practices
  - Grievance mechanisms
- Labor practices & Decent work
  - Employment
  - Labor/Management relations
  - Occupational Health & Safety
  - Training & Education
  - Diversity
  - Procurement Practices
  - Grievance mechanisms
- Human Rights
  - Human Rights
  - Procurement Practices
  - Grievance mechanisms
- Society
  - Local Communities
  - Fair Business
  - Compliance
  - Procurement Practices
  - Grievance mechanisms
- Product Responsibility
  - Customer Health & Safety
  - Fair communications
  - Compliance

# MATERIALITY





# READING GUIDE

The GRI Index is an addition to the annual report. Holland Colours reports according to the G4 reporting guidelines of the **Global Reporting Initiative** (GRI). The index on this website uses **the fourth generation reporting guideline G4** that was launched in the summer of 2013.

## Standard disclosures

The left part of the Menu under Index contains the standard indicators. This section contains all aspects of corporate social responsibility that all companies report, regardless the specific characteristics of a company. Organizations that report according to the G4 guidelines, need to report all standard indicators of the application level CORE. Organizations that report according to the G4 guidelines, on the level COMPREHENSIVE need to report all standard indicators, both CORE and COMPREHENSIVE indicators. Organizations that report on the level CORE can choose to report indicators that have been labelled COMPREHENSIVE. If the information was available, the COMPREHENSIVE indicators have been covered too.



## Guidelines for reporting on standard information

Holland Colours wishes to report on the CORE application level. However, not all CORE indicators may have been fully covered yet. In the years after starting the CSR reporting and in the coming reporting years, more information will be added when this becomes available.

## Specific disclosures

The right part of the Menu under Index contains the specific indicators. This section contains the company's specific aspects of corporate social responsibility. The determination of whether an aspect is material for the organization is based on both an internal stakeholder dialogue and a review of nine CSR reports from companies in the chemical sector. More details can be found in **G4-18**.

Aspects have been valued on a scale of 2 to 10, as a sum of scores for impact and relevance (both scores valued from 1 to 5). Based on this, the specific aspects of corporate social responsibility were classified into three categories:


- **Crucial:** The combined score for impact and relevance is 8 points or more.
- **Important:** The combined score for impact and relevance is 6 or 7 points.
- **Unimportant:** The combined score for impact and relevance is 5 points or less.

## Reporting on specific information

The specific indicators have been reported on per aspect. As can be seen in the figure below, every aspect has been provided with as symbol of the materiality matrix. The red part of it represents the significance on the axes relevance and impact.

**Crucial: Impact 5 - Relevance 4**

As an employee owned company, Holland Colours employees are the most valuable assets. We strongly believe that health and safety is a key factor in employee engagement. We create the right conditions for all our employees to give of their best each day.



# GLOSSARY

Term	Definition
Anti-corruption	Actions and measures to combat corruption. According to <a href="http://www.corruptie.org">www.corruptie.org</a> corruption is defined as the misuse of entrusted power for private gain.
Aspect	Subject from the GRI guidelines. Aspects may be composed of several indicators.
CO <sub>2</sub> -emissions	The emission of greenhouse gases as a result of the burning of fossil fuels.
CORE	Standard application level of G4, whereby at least one indicator of all material aspects is reported.
COMPREHENSIVE	Extended application level of G4, whereby all indicators of all material aspects are reported.
Diversity	Describes the composition of personnel, management and governance bodies subdivided into employee categories on the basis of gender, age group and minorities.
GHG-Protocol	The <a href="#">Greenhouse Gas Protocol</a> is a means of quantifying and managing greenhouse gas emissions.
GRI	The <a href="#">Global Reporting Initiative</a> is the organisation that issues the global guideline for reporting on Corporate Social Responsibility.
Impact	The degree to which according to specialists and generally accepted guidelines an aspect affects economic, environmental and social issues.
G4	<a href="#">G4</a> is the fourth generation of the GRI guideline, published in 2013.
Indicator	Part of the GRI guideline on which reporting can be made in a defined way. The precise GRI definition of an indicator on this website can be found by clicking the GRI icon in the right column.
Material aspects	Material aspects are issues for which the combination of impact and relevance is so great that the company decides to report on them.
NGO	Non-governmental organisation, an organisation that is independent of the government and focuses on issues of public interest in one way or another.
Relevance	The extent to which stakeholders attach importance to an aspect in their assessments and decisions.
Stakeholder	Organisations or groups of people that can reasonably be expected to experience significant effects from the activities and products of the organisation. Stakeholders include employees, shareholders, suppliers, the government and NGOs. A description of the stakeholders is reported in this index in chapter <a href="#">Stakeholder engagement</a> .
Training & Education	Relates to: <ul style="list-style-type: none"><li>• all occupational training and instruction;</li><li>• educational leave for employees paid for by the company;</li><li>• external training courses and education paid for wholly or partially by the company;</li></ul>

# STRATEGY & ANALYSIS



## Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability.

To Holland Colours, corporate social responsibility means creating a wise balance between various interests. This involves serving employees, customers and shareholders while factoring in the environment yet securing the company's economic future. And that demands an awareness of often conflicting interests, but also requires prioritizing a broad array of matters that need managing.

### Strategic priorities and key topics for the short and medium term with regard to sustainability, including respect for internationally recognised standards and how such standards relate to long term organisational strategy and success.

Holland Colours has created a healthy balance between the interests of People, Planet and Profit by carrying out a materiality study. This study prioritized the various aspects of sustainable enterprise using internal discussions and an evaluation of priorities at companies in the chemicals sector.

Moreover, targets to reduce energy consumption and CO<sub>2</sub> emissions have been defined and presented as such during the General Meeting of Shareholders on 10 July 2014. This concerns an annual reduction of 150 kJ per kg product produced and of 2% CO<sub>2</sub> emissions per kg product produced compared to 2013/2014.

### Broader trends affecting the organisation and influencing sustainability priorities.

Not reported.

### Key events, achievements, and failures during the reporting period.

Revenue increased by 8% to € 83.5 million. The impact of exchange rates was significant. On a comparable basis, revenue growth would have been 11%.

In Division Europe, we saw double-digit revenue growth achieved all across the markets, which unfortunately evaporated at the margin line. This was due to a variety of reasons but was largely attributable to the significant increase (+20% up to almost 100%) of some key raw material prices. Regrettably, this could not be successfully recovered from the market. In addition, we started facing challenges from increased competition in Building & Construction. Besides that, the need for process-neutral products and increased legislation in the Packaging market as well as a shortage of silicone oil and related price increases in the elastomers market created their own dynamics. The findings of the Activity Based Costing (ABC) study were updated and measures will continue to be implemented in the 2018/2019 financial year.

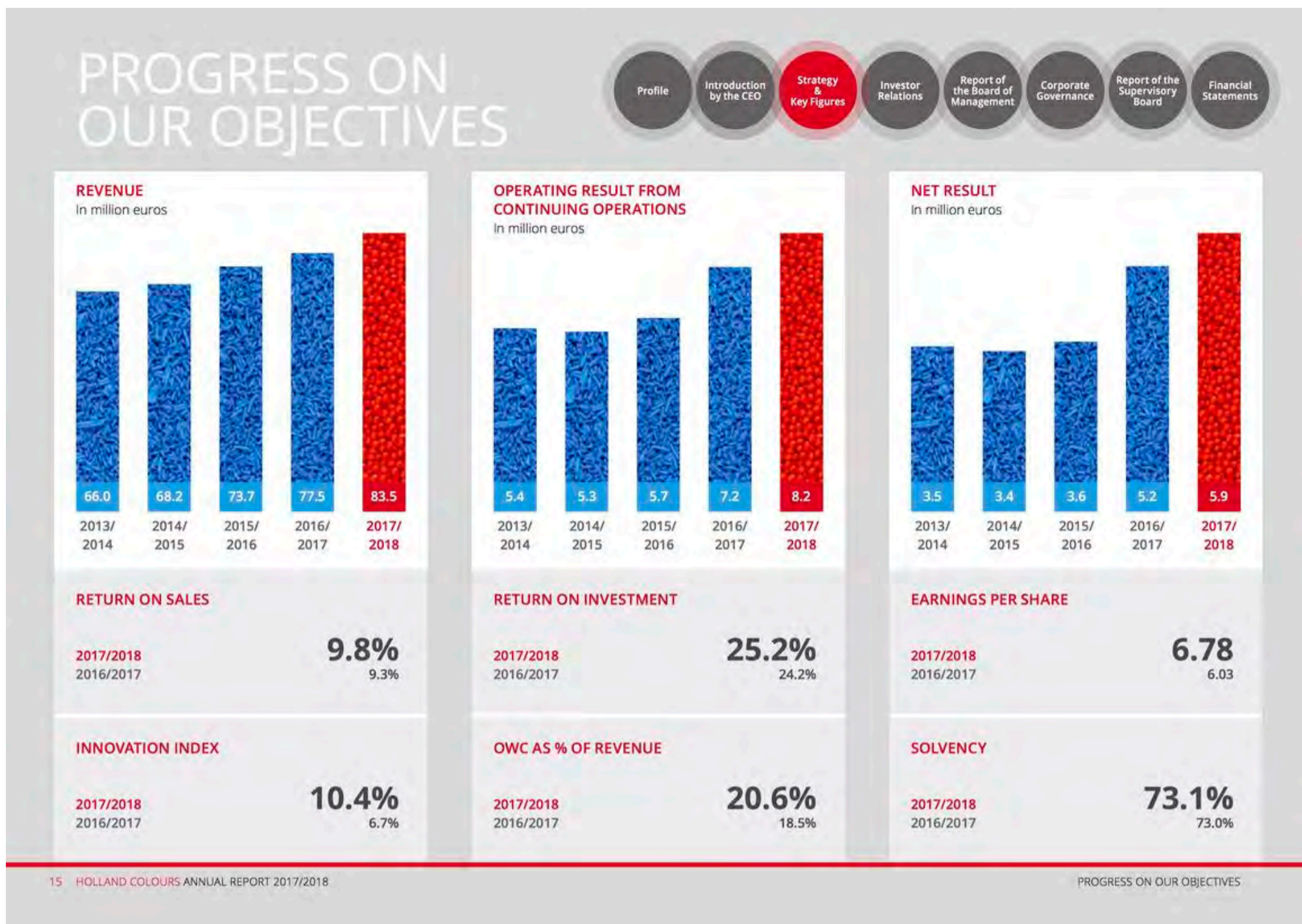
In Division Americas, revenue improved across the board, particularly in Building & Construction, supported by strong economies. Due to the product mix, Americas was far less impacted by raw material price increases compared to Europe.

In Division Asia, we realized strong double-digit revenue growth. Sales in Coatings, Adhesives and Elastomers decreased as a result of the closure of Chinese production in late 2016. This was more than compensated by the growth of our Indonesian entity and in particular growth of our Holco Indo Jaya joint venture.

### Views on performance with respect to targets.

The quest to achieve the 2020 ambitions continued with overall revenue and profit growth. All divisions contributed to the revenue growth of 8% to € 83.5 million. The effect of the USD exchange rate was significant. At unchanged rates compared with last year, revenue would have been € 2.7 million higher. The Americas and Asia contributed to the growth of the operating result by 13.7% to € 8.2 million (from continuing operations). Due to a slightly higher average tax rate, the net result improved by 13.3% to € 5.9 million. Despite increased working capital due to price increases and strategic inventory building, our overall financial position remained solid.





## STRATEGY – ‘HOLCOMORE 2.0’

In our HolcoMORE 2.0 strategic program, we focus on defending and building our position in our traditional markets, particularly in Building and Construction (B&C) (mainly PVC) and Packaging (mainly PET). Our new technological developments are directed mainly towards this and in building positions in other polymers used in the B&C and Packaging markets. This enables us to diversify, while remaining close to our core products and markets. Supported by the sales growth of our new generation Holcomer, the Innovation Index was above 10%. To sustain this, we are working on a broader portfolio of new products.

We are pleased that we were able to fill the vacancy for the Innovation & Technology Director by appointing Eelco van Hamersveld as from December 1, 2017.

Besides pursuing top-line growth, we also continued projects aimed at improving operational efficiency. We finalized the projects to optimize Holcoprill production across our two production sites in Europe. Capacity additions in the USA and Indonesia – which were also aimed at allowing efficient production of new product lines – were approved in this financial year.

## ORGANIZATION

Having an effective organization is key to addressing all the challenges and projects at hand. Our unique culture of being a global player with a local customer-driven mindset in combination with employee shareholding is a very strong driver for the way we do things.

Understanding the company culture is a key element in the process of on-boarding new employees.

This was confirmed during the employee survey we carried out during the year. Employees' pride in our company was very high, including in comparison with the benchmark. While there were no areas that needed immediate attention, points for attention were identified that require follow-up. These include areas such as internal communication on products, applications and customers but also accountability.

In August, we announced in a press release that we would start the search for my successor. Coen Vinke will be proposed as my successor during the upcoming General Meeting of Shareholders. Together we have ensured a smooth transition. We informed you last year that some new employees at the executive level left the company for various reasons. I am happy to inform you that we were able to fill these vacancies; this included – besides those mentioned above – the appointment of Joe Bauer as Director Division Americas.

Zero harm is a key goal for the company. We saw improvement over last year. Unfortunately we still recorded two lost-time incidents. We continue to take measures, and organize awareness training to improve not only this number but also the number of near misses, as the

latter is an indication of the potential risk.

Other items pertaining to the organisation's strategic approach.

Not reported.



## Description of key impacts, risks, and opportunities for the organisation the impact of sustainability trends.

### Section 1:

Organisation's key impacts on sustainability and effects on stakeholders. Significant economic, environmental and social impacts of the organisation, and associated challenges and opportunities.

We do not report a generic view of corporate social responsibility. Rather the organization communicates key aspects of corporate social responsibility. These views can be found in the specific section of the GRI Index.

Approach to prioritising challenges and opportunities arising from sustainable development.

Holland Colours has created a healthy balance between the interests of People, Planet and Profit by carrying out a materiality study. This study prioritized the various aspects of sustainable enterprise using input from internal discussions and an evaluation of priorities at companies in the chemicals sector.

Key conclusions about progress in sustainable development and related performance.

We do not report a generic conclusion on the progress of corporate social responsibility. Rather the organization communicates progress on key aspects of corporate social responsibility. These views can be found in the specific section of the GRI Index.

Main processes in place to address performance and relevant changes.

Not reported.

### Section 2:

Impact of sustainability trends, risks, and opportunities on the long-term prospects and financial performance of the organisation.

Most important risks and opportunities for the organisation arising from sustainability trends.

Not reported.

Prioritisation of key sustainability topics as risks and opportunities according to their relevance for long-term organisational strategy, competitive position and financial value drivers.

The priorities of corporate social responsibility at Holland Colours are reported in the indicators: [G4-19: Aspects weighted in terms of materiality, including a materiality matrix.](#)

Medium-term sustainability targets, including updates on the progress achieved presented in a table.

Targets to reduce energy consumption and CO<sub>2</sub> emissions have been defined and presented as such during the General Meeting of Shareholders on 10 July 2014. This concerns an annual reduction of 150 KJ per kg product produced and of 2% CO<sub>2</sub> emissions per kg product produced.

Governance mechanisms in place specifically to manage sustainable development.

One of the Holcomore projects addressed corporate social responsibility. As a result of this, Holland Colours published its first GRI report



online in the autumn of 2014. Since then the GRI index has been updated every fiscal year and when necessary, further refinement took place.

# ORGANISATIONAL PROFILE



## Name of the organisation.

Holland Colours N.V.



## Primary brands, products, and services.

Holland Colours makes products for colouring plastics.

We create and manufacture high-quality solid and liquid colorants, masterbatches and additives. Our products are designed to be well suited for coloring rigid and flexible PVC, PET, Polyolefins and other polymers. We serve many different markets within Building & Construction, including, but not limited to, profiles, pipes, siding and cladding. We also have a proven track record in cooperating with Packaging companies to differentiate their products. In addition to serving these markets, we offer color concentrates for coatings, elastomers, adhesives and other applications.

We have a tradition of working with our customers. Customers and our experts collaborate regularly to create tailor-made color solutions that deliver precise color matches, perfect color distribution and enhanced color consistency.

We offer consistent and sustainable global production, reliable supply and logistics, R&D, customer care and project support and assist our customers to grow their business.

We seek employees who believe in customer collaboration based on solving problems and pushing boundaries.

Our reporting lines are short, with ample opportunities for our employees to show initiative and take responsibility. At Holland Colours, every employee is an owner, and owners take pride in delivering success to their customers. Together with our customers we add color to the world. Our mission? Coloring Your Success!



## Location of the organisation's headquarters.

Halvemaanweg 1  
7323 RW Apeldoorn  
Nederland  
T +31 55 – 368 0700  
F +31 55 – 366 2981  
E info@hollandcolours.com



## The number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report.

The Netherlands, Hungary, the UK, the USA, Mexico, Canada and Indonesia.

Holland Colours has a number of large multinational customers that are serviced worldwide. They rely on the international network we have built up of our own (production) sites in the Netherlands, Hungary, the UK, the USA, Mexico, Canada, Indonesia (two sites), as well as of agents and distributors in many countries.



## Ownership and legal form.

N.V.

(Public Limited Company)





## Markets served.

Our roots are in colorants for pipes, but our products for Building & Construction are also widely used for other applications where good dispersion is key. This includes profiles, sheets, siding, cladding, sealants, and flooring.

The Packaging market is another area of our expertise. In this market we see a trend towards thinner wall bottles. Next, food safety has become increasingly important as well as the use of bio-based material. With our strong knowledge base we are well equipped to serve this market. We partner with small, medium, and large customers to produce packaging for water, carbonated soft drinks, fruit juices, dairy, beer, wine, detergents, pharmaceutical and personal care products.



## Scale of the organisation.

**GLOBAL COMPANY, LOCAL SERVICE** UNITED KINGDOM HUNGARY UNITED STATES CANADA INDONESIA MEXICO THE NETHERLANDS

Almost 40 years ago, the founders of Holland Colours set to work in an abandoned paperfactory in Apeldoorn, the Netherlands. A small but ambitious team, they had an idea that would ultimately impact the world of colors and earn them the predicate 'pioneers'. Based on the idea that coloring plastics should be made simpler and cleaner, they developed, in close cooperation with a customer, the concept of 'highly loaded pigment granules'. With only 12 employees they raised funds, developed new machines and built a brand-new production line, in only three years.

Overcoming teething problems, long days and perseverance led, ultimately, to success. Or to put it another way: commitment, trust and optimal teamwork.

Over the years, our company has grown from a local enterprise into a global company with production plants in the Netherlands, Hungary, the United States and Indonesia (Surabaya). We also have sales, small-scale manufacturing and/or distribution centers in the UK, Mexico, Canada and Indonesia (Jakarta).

Today, we are one global team of more than 400 colleagues, and while we all have different experiences and come from different backgrounds, we share the same core values and passion for colors and our customers. We are proud to present some excerpts from our latest employee engagement survey throughout our Annual Report, to highlight our pride and commitment as an important pillar in **coloring your success**.

**AMERICAS**

USD millions	2017/ 2018	2016/ 2017	%
Revenue third-party	33.9	31.6	7%
Operating result	4.5	3.6	25%
CAPEX	1.1	0.5	80%
Average FTE	90	87	3%

**EUROPE**

Euro millions	2017/ 2018	2016/ 2017	%
Revenue third-party	42.6	38.2	12%
Operating result	0.5	1.1	(55%)
CAPEX	1.1	2.6	(57%)
Average FTE	201	197	2%

**ASIA**

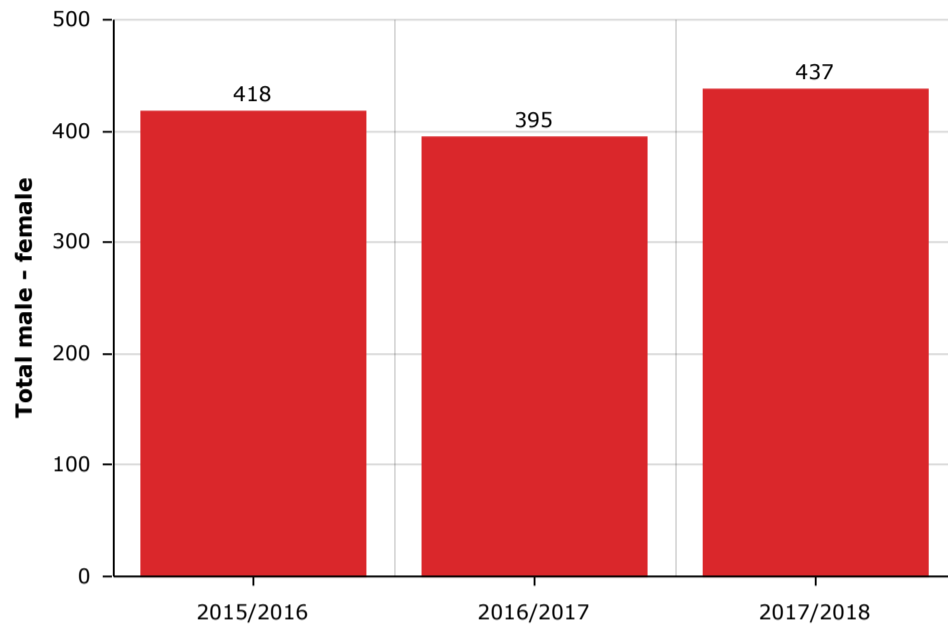
USD millions	2017/ 2018	2016/ 2017	%
Revenue third-party	13.9	11.5	21%
Operating result	2.2	0.8	175%
CAPEX	0.2	0.2	(1%)
Average FTE	98	106	(8%)

11 HOLLAND COLOURS ANNUAL REPORT 2017/2018



## Employment within the organisation.

**Total employees Holland Colours**



Total number of employees by employment contract and gender (at year-end):

Employment	Male	Female	Total
Full time	278	75	353
Part time	56	28	84
<b>Employees</b>	<b>334</b>	<b>103</b>	<b>437</b>



## Percentage of total employees covered by collective bargaining agreements.

0%



## Organisation's supply chain.

### Holland Colours

Holland Colours is a business-to-business operation; our products are used in the manufacturing of products by our customers. Holland Colours operates worldwide in three focus markets:

- Building & Construction (especially PVC applications)
- Packaging (especially PET applications)
- Coatings, Elastomers & Adhesives

These three markets represent over 80% of sales. Holland Colours is a key player in each of these markets. Holland Colours' worldwide presence means it is never far away, and is able to supply national and international companies with solutions both promptly and efficiently. The remaining sales is realised through various other applications.

### Building & Construction

Our roots are in colorants for pipes, but our products for Building & Construction (B&C) are also widely used for other applications where good dispersion is key. This includes profiles, sheets, siding, cladding, sealants and flooring.

### Packaging

The Packaging market is another of our areas of expertise. In this market, we see a trend towards light-weight thin bottles. Advancing a circular economy in packaging is a clear trend, as has food safety. With our strong knowledge base, we are well equipped to serve this market. We partner with small, mediumsized and large customers to produce packaging for water, carbonated soft drinks, fruit juices, dairy products, beer, wine, detergents, pharmaceutical and personal care products.



## Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain.

No significant changes were made during the reporting period.





## Precautionary approach or principle addressed by the organisation.

Substances that are not permitted to be used under European standards and legislation cannot be used in products sold by Holland Colours. If and as soon as a substance has been found not to comply with European standards and legislation, suppliers are required to discontinue its use. In such situation, the organization shall consult with suppliers to jointly and actively seek better alternatives.

In the manufacturing of products, suppliers are required to comply with REACH requirements. A feature of REACH is that if an action is taken or set to be taken for which there are strong indications of serious environmental effects, measures must follow, even if there is still scientific uncertainty.



## Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.

Holland Colours reports in accordance with the guidelines for reporting on corporate social responsibility promoted by the **Global Reporting Initiative, GRI G4**.

Holland Colours calculates its CO<sub>2</sub> emissions using the **GreenHouseGas-Protocol**.



## Memberships of associations (such as industry associations) and national or international advocacy organisations.

Holland Colours is an active member of VinylPlus. VinylPlus is the voluntary sustainable development programme of the European PVC industry. It aims at creating a long-term sustainability framework for the entire PVC value chain. <https://vinylplus.eu/programme/about-vinyl-plus>



Holland Colours is also an active member of Petcore Europe. Petcore Europe (formerly Petcore - PET Container REcycling) is the association based in Brussels representing the complete PET value chain in Europe, from PET manufacture to conversion into packaging and recycling, and other related activities. <https://petcore-europe.org/>



## IDENTIFIED MATERIAL ASPECTS & BOUNDARIES



Entities included in the organisation's consolidated financial statements.

Companies	Country	%
Holland Colours Europe BV	the Netherlands	100%
Holland Colours UK Ltd	United Kingdom	100%
Holland Colours Canada Inc	Canada	100%
Holland Colours Americas Inc	United States of America	100%
PT Holland Colours Asia *	Indonesia	99%
Holland Colours Hungária Kft	Hungary	100%
Holland Colours Mexicana SA de CV	Mexico	100%
PT Holco Indo Jaya **	Indonesia	88%

\* Regarding the subsidiary in PT Holland Colours Asia in Indonesia, Holland Pigments BV holds 1% of the legal ownership. Economic ownership resides with Holland Colours NV.

\*\* Regarding the subsidiary in PT Holco Indo Jaya in Indonesia, PT Holland Colours Asia holds 36% of the legal and economic ownership and Holland Colours NV holds 52% of the legal and economic ownership.



Process for defining the CSR report content and the Aspect Boundaries.

In the fiscal year 2016/2017, a review of the Materiality Matrix took place as a result of the input from the External Stakeholder meeting from July 2016. The **Materiality Matrix** has been updated as presented in the previous fiscal year and remained the same in the reporting year 2017/2018.

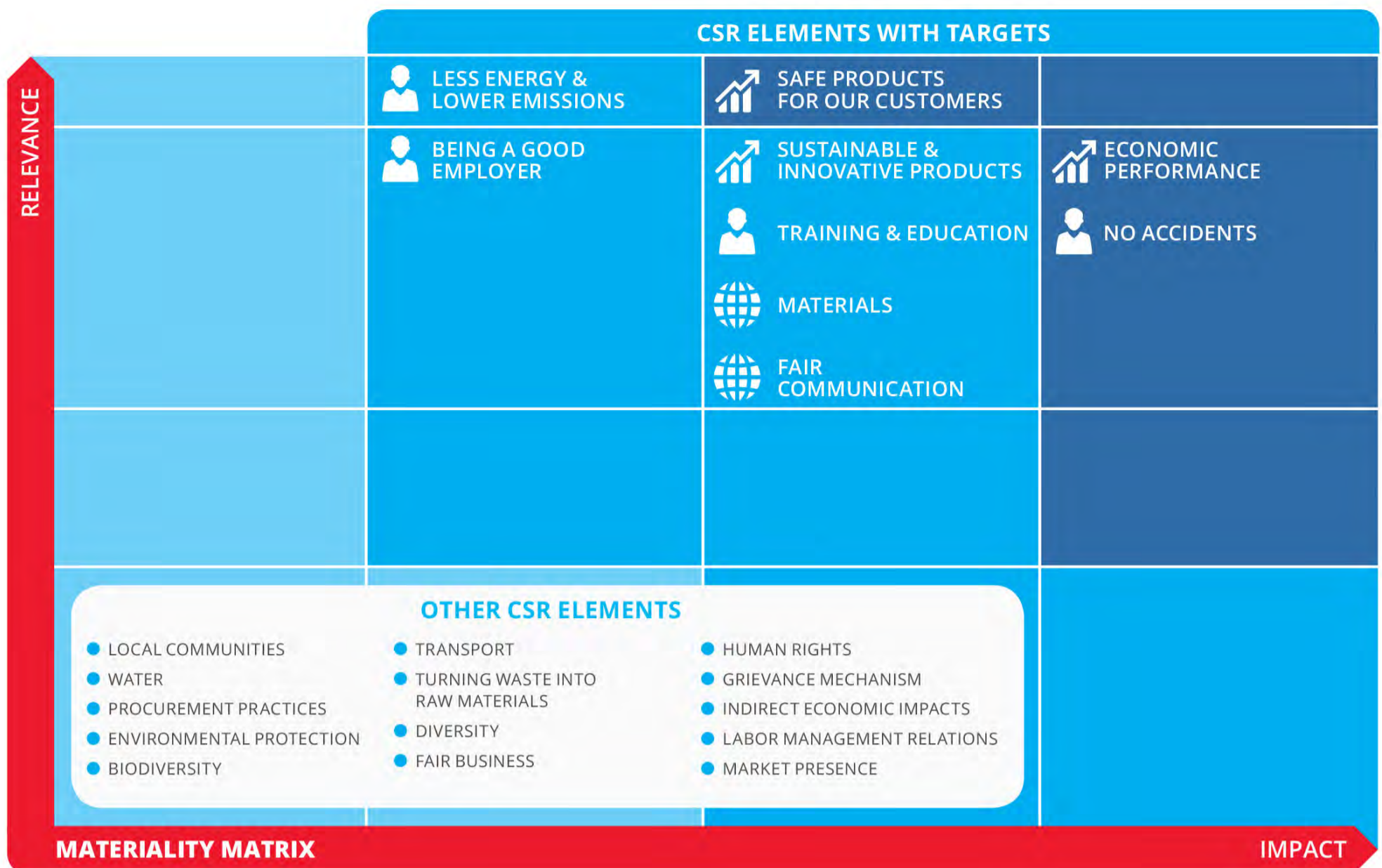
To carry out its external and internal materiality analysis, Holland Colours commissioned the **MVOplossingen** consultancy, which specializes in CSR reporting in annual reports.



## Material Aspects identified in the process for defining report content.

Aspects	Impact	Relevance
Economic Performance	5	4
Occupational Health and Safety	5	4
Customer Health and Safety	4	5
Emissions	3	5
Presence on labor market	4	4
Energy	4	4
Materials	4	4
Governance	4	4
Compliance	4	4
Products & Services	4	4
Training & Education	4	4
Diversity	4	4
Labor-Management Relations	4	3
Fair Communications	4	4
Waste	3	3
Employment	3	4
Procurement Practices	2	3
Environmental Protection	2	3
Fair business	3	3
Grievance Mechanisms	3	3
Human Rights	3	3
Water	2	3
Indirect Economic Impact	3	2
Local communities	2	3
Transport	2	2
Biodiversity	2	2





For each material Aspect, report the Aspect Boundary within the organisation.

The annual report covers Holland Colours in its entirety. Where it deviates from this principle, we communicate this clearly.

When referring to the relevance of the impact of material matters, no distinction is made between company divisions, as they are all very similar.



For each material Aspect, report the Aspect Boundary outside the organisation.

Companies can potentially exert a great deal of influence when choosing products and raw materials, and when selecting the right suppliers. However, given the nature of our raw materials, the options for Holland Colours are limited. Yet Holland Colours puts a great deal of effort into influencing the sustainability performance of the supply chain.



## Effect of any restatements of information provided in previous reports, and the reasons for such restatements.

Minor changes have been made to information in the previous reports as a result of improved reporting. The total CO<sub>2</sub> emission was slightly adjusted (<1%).



## Significant changes from previous reporting periods in the Scope and Aspect Boundaries.

Not applicable.

# STAKEHOLDER ENGAGEMENT



Stakeholder groups engaged by the organisation.

**Internal:**

- Employees
- Shareholders
- Executive Team
- Supervisory board

**External:**

- Customers
- Suppliers
- Government
- NGO's
- External consultants



Basis for identification and selection of stakeholders with whom to engage.

On Thursday 23 June 2016 Holland Colours organized its first stakeholder dialogue in order to present the sustainability policy developed in 2014 and the subsequent progress and to receive feedback on it. The feedback has been used to update the Materiality Matrix in 2016/2017 and the Materiality Matrix remained the same in the reporting year 2017/2018.



Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

On Thursday 23 June 2016 Holland Colours organized its first stakeholder dialogue in order to present the sustainability policy developed in 2014 and the subsequent progress and to receive feedback on it. The feedback has been used to update the Materiality Matrix in 2016/2017 and remained the same in the reporting year 2017/2018.



## Key topics and concerns that have been raised through stakeholder engagement.

Following observations from the external stakeholders were noted:

- Good progress in transparency was seen: both the Annual report covering the most important sustainability aspects as well as the GRI website (covering all identified sustainability aspects).
- Observation from several stakeholders was that the information was detailed, however, of very technical nature, driven by the GRI format and not a holistic approach.

The recommendation was to focus more on the content and get overall picture clear for the external stakeholders. Too much focus on details will not bring forward the actual message and choices of Holland Colours. The suggestion was raised to give more practical examples to show what the figures actually mean or represent.

This was implemented in the previous reporting year 2016/2017 and has been continued in the reporting year 2017/2018.



## REPORT PROFILE



Reporting period for information provided.

01-04-2017 to 31-03-2018.



Date of most recent previous reports.



31-05-2018



30-05-2017



27-05-2016



Reporting cycle.

Annually.



Contact point for questions regarding the report or its contents.

[info@hollandcolours.com](mailto:info@hollandcolours.com)

+31 55 368 0700



Application level of the Annual report.

G4 - CORE



Policy and current practice with regard to seeking external assurance for the report.

The information on corporate social responsibility has not been assessed by an external auditor. However, the report and the reporting process were assessed by [MVOplossingen](#), specialist in CSR communications in annual reports.

# GOVERNANCE



## Governance structure of the organisation.

including committees of the highest governance body. Identify any committees responsible for decision-making on Corporate Social Responsibility.

The integral Executive Team is responsible for the corporate social responsibility of the organization.

The Supervisory Board has five members.



## Process for delegating authority for Corporate Social Responsibility from the highest governance body to senior executives and other employees.

Not reported.



## Functions on executive-level responsible for Corporate Social Responsibility.

Not reported.



## Processes for consultation between stakeholders and the highest governance body on Corporate Social Responsibility.

Not reported.

### General Management



The Board of Management consists of the CEO and the CFO. The Board of Management and the Director Innovation and Technology, the Directors of the Divisions and the Director Global Marketing form the Executive Management Team. In the photograph, from left to right:

- E.M.S. van Hamersveld (1969), Director Innovation and Technology
- M.G. Kleinsman (1963), Chief Financial Officer
- R. Harmsen (1957), Chief Executive Officer, also Division Director Europe
- G. Provó Kluit-Gonesh (1973), Director Global Marketing
- J. Bauer (1960), Division Director Americas.

Please refer to [page 93](#) for an overview of the organizational structure and to [www.hollandcolours.com](http://www.hollandcolours.com) for more information on the members of the Executive Management Team.

### Supervisory Board



From left to right:

- J.W. de Heer (1961), Dutch citizen. Managing Director of Victron UPS (Thailand) Co., Ltd. Member since 2010; current (second) term to 2018. Appointed upon nomination by Holland Pigments BV. Additional positions: Director of ELNED Holding BV and Director of TECNED BV.
- R. Zoomers (1950), Dutch citizen. Chair, member since 2015; current (first) term to 2019. Additional positions: Chair of Onkenhout Beheer BV Supervisory Board, member of Clean Lease International BV Supervisory Board
- A.R. Doornbos (1979), Dutch citizen. President & Business Unit Director of DSM Functional Materials (Chicago, USA). Member since



2015; current (first) term to 2019.

- M.G.R. Kemper (1968), Dutch citizen. Director of Advitronics Telecom BV. Member since 2011; current (second) term to 2018.
- J. Klaus (1969), Dutch citizen. Managing Director of Synres BV. Member since 2017; current (first) term to 2021.

## Information in the report

Further information regarding the Members of the Executive Management and the Supervisory Board of Holland Colours NV is available at [www.hollandcolours.com](http://www.hollandcolours.com).



### Is the Chair of the highest governance body also an executive officer?

The Chairman of the Supervisory Board has an independent and non-executive position within Holland Colours.



### Nomination and selection processes for the highest governance body and its committees.

Not reported.



### Processes for the highest governance body to ensure conflicts of interest are avoided and managed.

Report whether conflicts of interest are disclosed to stakeholders.

See chapter on Risk Management on pages 32–35 of the [Annual Report 2017/2018](#).



## Report the highest governance body's (related to CSR)

Senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to Corporate Social Responsibility.

The Supervisory Board is fully responsible for the management of Holland Colours. The Executive Team is responsible for the day-to-day operations.



## Measures taken to develop and enhance the highest governance body's collective knowledge of Corporate Social Responsibility.

Not reported.



## Processes for evaluation of the highest governance body's performance with respect to governance of Corporate Social Responsibility.

Report whether such evaluation is a self-assessment.

Not reported.



Report the highest governance body's role in the identification and management of Corporate Social Responsibility.

Report whether stakeholder consultation is used to support the highest governance body's identification and management of Corporate Social Responsibility.

Not reported.



Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for Corporate Social Responsibility.

Not reported.



Frequency of the highest governance body's review of Corporate Social Responsibility.

The annual report including the section Responsibility will be submitted for approval to the General Meeting of Shareholders.



Highest committee or position that formally reviews and approves the organisation's Corporate Social Responsibility report and ensures that all material Aspects are covered.

The Executive Team as described in [G4-38](#), has approved the annual report, including the section Corporate Social Responsibility.



Process for communicating critical concerns to the highest governance body.

Not reported.



Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.

Not reported.



Remuneration policies for the highest governance body and senior executives.

The remuneration policy is described in the notes to the consolidated Financial Statements in Note 26, section: Remuneration policy, on pages 73–74 of the [Annual Report](#).



Process for determining remuneration.

The remuneration policy is described in the notes to the consolidated Financial Statements in Note 26, section: Remuneration policy, on pages 73–74 of the [Annual Report](#).





## Report how stakeholders' views are sought and taken into account regarding remuneration.

including the results of votes on remuneration policies and proposals, if applicable.

The remuneration policy has been adopted by the Supervisory Board.



## Report the ratio of the annual total compensation for the organisation's highest-paid individual

in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.

Not reported.



## Report the ratio of percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees in the same country.

in each country of significant operations and excluding the highest-paid individual

Not reported.

## ETHICS & INTEGRITY



Values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.

The **Code of Conduct** has been effectuated in this financial year 2016/2017 and is operational since.



Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organisational integrity, such as helplines or advice lines.

Not reported.



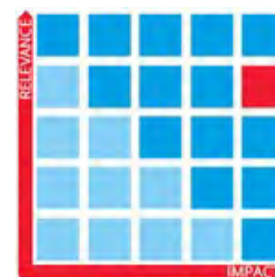
Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.

Holland Colours has a **whistleblowers policy** protection programme in place for staff.

# ECONOMIC PERFORMANCE

## Crucial: Impact 5 - Relevance 4

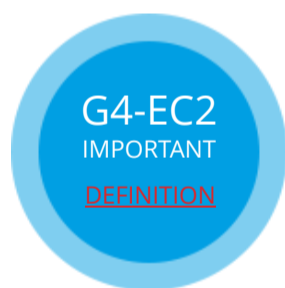
Holland Colours considers it very important to report on CSR in an economic context. This is reflected in our decision to include CSR reporting in the Annual Report. CSR is a key pillar of our strategic operations, with the interests of people, planet and longer-term financial profit creating a mutually beneficial cycle. Holland Colours will therefore include its key CSR targets in the objectives, and ultimately intends to include them in the remuneration policy where possible.



## Direct economic value generated and distributed.

Basic components: revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government, community investments, economic value retained.

Is reported in [G4-9: Scale of the organisation](#)



## Financial implications climate change.

Financial implications and other risks and opportunities for the organisation's activities due to climate change.

Not reported.

Coverage of the organisation's defined benefit plan obligations.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



## 22. EMPLOYEE BENEFIT OBLIGATIONS

### PRE-PENSION PLAN IN THE NETHERLANDS

The pre-pension plan in the Netherlands relates to the obligation to issue a conditional annual payment.

As explained in Note 2, the originally agreed conditional financing of past service years in the pre-pension plan has been converted into an equivalent annual payment, which is also conditional. At March 31, 2018 the resulting liability amounts to € 527. On March 31, 2017 the liability was € 601.

### LEGAL LIABILITY ON TERMINATION OF EMPLOYMENT – INDONESIA

This mainly relates to the legal liability for the payout in the event of termination of employment of Indonesian personnel. As of the reporting date, the primary actuarial assumptions are:

	March 31, 2018	March 31, 2017
Discount Rate	7.0%	7.8%
Expected Return Fund Capital Expenditures	7.0%	7.8%
Future Salary Increases	7.0%	7.0%
Average Remaining Period of Employment	15.46	17.17

Assumptions relating to future mortality rates are based on published statistical data and mortality tables. The mortality table used is the TMI 2011 (2016/2017: TMI 2011) table with a correction factor varying for age and gender. The total expected long-term Return on Investment amounts to 7% (March 31, 2017: 7.8%).

### OTHER EMPLOYEE BENEFITS

The Other Employee Benefits item also includes a provision for future jubilee payments of € 263 (March 31, 2017: € 243) and other future payments of € 45 (March 31, 2017: € 116).

Movements in the Employee Benefit Obligations are shown in the table below.

	Pre-pension plan the Netherlands	Statutory Termination Employment plan Indonesia	Other Employee Benefits	Total
<b>As at March 31, 2016</b>	609	434	403	1,446
Additions	73	56	123	252
Withdrawals/Releases	(81)	-	(167)	(248)
Exchange-rate Differences	-	15	-	15
<b>As at March 31, 2017</b>	601	505	359	1,465
Additions	3	31	39	73
Withdrawals/Releases	(77)	-	(89)	(166)
Exchange-rate Differences	-	(63)	(2)	(65)
<b>As at March 31, 2018</b>	527	473	307	1,307

Of this total, the following amounts have been accounted for under current liabilities:

	Pre-pension plan the Netherlands	Statutory Termination Employment plan Indonesia	Other Employee Benefits	Total
<b>As at March 31, 2018</b>	21	-	63	84
As at March 31, 2017	75	-	125	200

## Employee benefit obligations

Holland Colours has a variety of pension plans in accordance with local regulations and conditions.

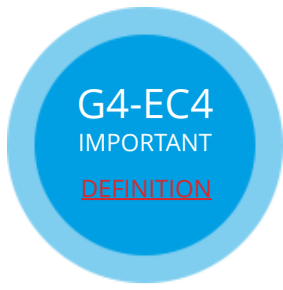
The pension schemes of the subsidiaries are in line with local legislation and regulation and are processed in the financial statement as defined contribution plans. These involve payment of predetermined premiums to an insurance company. Under these pension plans Holland Colours has no legal or factual obligation to pay additional premiums if the insurance company has insufficient means to fund current or future pensions.

## Other employee benefits

As a consequence of the termination of the early retirement plan (including the transitional arrangement) for the employees in the Netherlands, the originally agreed conditional financing of past service years was converted into an annual payment in the same amount, which is also conditional. The chief conditions for this payment are that an employee must still be in the Company's service at the time of the annual payment and that the Group's financial results are assessed by the Board of Management as being sufficient to cover this payment. The Group has formed a provision for this future liability, which will end in September 2035.

The Group has also formed a provision for other long-term obligations regarding employee benefits, including jubilee payments, which employees have earned for their service in the current and previous reporting periods.





## Financial assistance received from government.

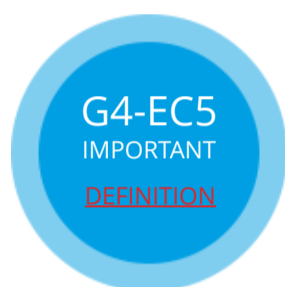
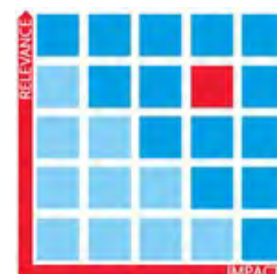
Wages and salaries in the 2017/2018 financial year include € 164 of government grants (2016/2017: € 74).

For PT Holco Indo Jaya, the entity established in Indonesia in the 2012/2013 financial year, the Dutch government granted a subsidy on the basis of the Private Sector Investment (PSI) program. The advance of € 377 as received in 2013/2014 has been included since then under Other Liabilities and Accruals (March 31, 2017: € 377). Early 2018 the Dutch Government completed an update audit on PT Holco Indo Jaya and provided verbal consent that the majority of the conditions have been fulfilled. Therefore, the Board of Management has decided to release € 340 in the results of in this financial year.

# MARKET PRESENCE

## Important: Impact 4 - Relevance 4

Given our ambitions, it is important that Holland Colours places the right people, with the right skills in the right place at the right time. This begins with attracting and retaining the right people who get a buzz out of close customer collaboration, out of solving problems and pushing boundaries. Holland Colours aims to be an attractive employer by continuously investing in learning and development and by offering an attractive package (wages & shares).



## Standard entry level wage.

Ratios of standard entry level wage compared to local minimum wage at significant locations of operation.

Not reported.



## Local management.

Proportion of senior management hired from the local community at significant locations of operation.

In principle, the entities of Holland Colours are managed by people from the country in which they are based. In the year under review, a Dutchman held a management position in Indonesia.

# INDIRECT ECONOMIC IMPACTS

## Unimportant: Impact 3 - Relevance 2

Investment by Holland Colours did not have a significant impact on local economic development. The influence of the salaries on the local economy and schooling in the locality are valuable, but not considered important enough for reporting.



## Investments in infrastructure.

Development and impact of infrastructure investments and services supported.

Not reported.



## Indirect economic impacts.

Significant indirect economic impacts, including the extent of impacts.

Local agents/distributors are used in many countries to ensure closer relations with customers.

# PROCUREMENT PRACTICES

## Important: Impact 2 - Relevance 3

A business can exert influence by its choice of products and the raw materials that are purchased, and the right selection of suppliers. In view of the nature of the raw materials, the options for Holland Colours are limited. Nonetheless, Holland Colours takes account where possible of sustainability performance in the supplier chain in its choices.



Holland Colours is a relatively small purchaser in the global market, with a sometimes limited number of potential suppliers. Holland Colours therefore considers its influence on suppliers to be limited. Nonetheless, the organization aims to do business only with businesses that endorse our ethical values and our social and environmental standards.



## Spending on local suppliers.

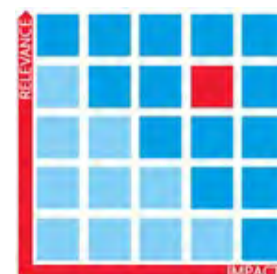
Proportion of spending on local suppliers at significant locations of operation.

Not reported.

# MATERIALS

## Important: Impact 4 - Relevance 4

The selection of materials determines the quality of the products produced. Since the extraction of raw materials is depleting resources and cost prices are showing a rising trend, we are actively managing efficient raw-material use. Holland Colours is engaging with suppliers to increase the share of eco-friendly alternatives where possible.



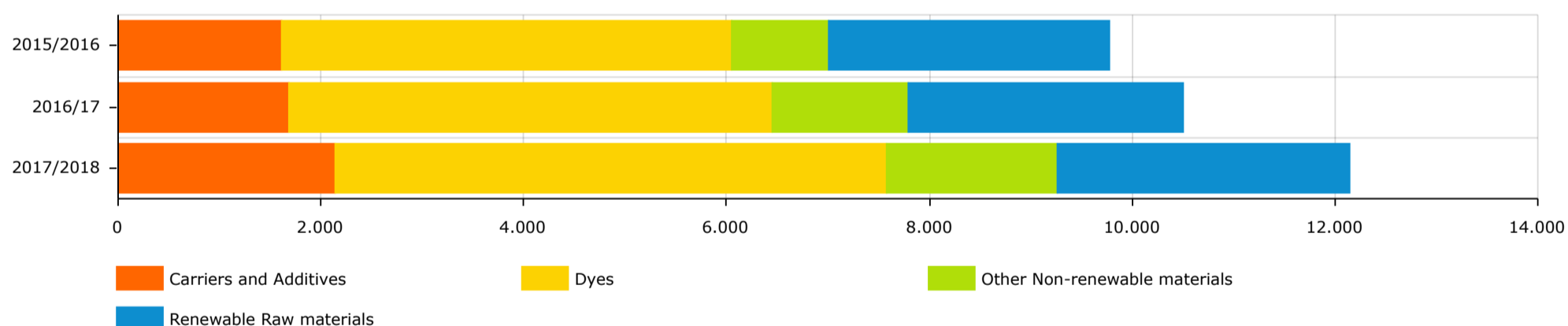
## Materials used.

### Materials used by weight or volume.

It is not always possible to use renewable raw materials, forcing us to use non-renewables. Stringent requirements for top-grade applications, such as the thermal stability during plastics processing, do not always allow for the use of renewable raw materials.

We re-use produced materials outside specifications as much as possible to keep waste flows as low as we can, but also because many top-grade colourants have a high monetary value.

Materials (ton)



Materials (ton)	2017/2018	2016/2017	2015/2016
Carriers and Additives	2.136	1.683	1.606
Dyes	5.442	4.771	4.445
Other Non-renewable materials	1.689	1.333	961
Renewable Raw materials	2.876	2.721	2.760
<b>Total</b>	<b>12.143</b>	<b>10.508</b>	<b>9.772</b>





## Percentage recycled input materials.

### Percentage of materials used that are recycled input materials.

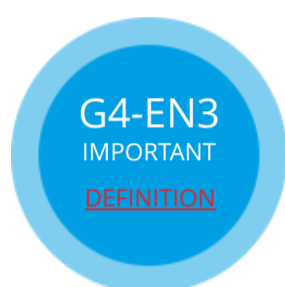
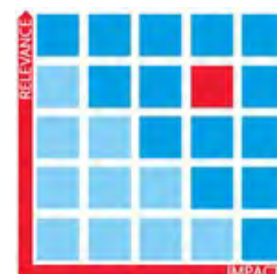
The products of Holland Colours are typically made according to customers' requirements, using renewable materials where possible. However, due to for instance stringent customer requirements on thermal stability during plastics processing, this is not possible in all cases.

The percentage of renewable raw materials used was declined with 2 percentage point compared to the previous financial year at 24% (was 26%).

# ENERGY & EMISSIONS

## Important: Impact 4 - Relevance 4

Holland Colours aims to reduce its greenhouse gas emissions to a minimum. The production of concentrates involves the mixing and even distribution of raw materials without producing greenhouse gases. The consumption of energy sources is not only a key cost center, it is also the main source of greenhouse gases. Holland Colours therefore has a constant focus on the efficiency of its processes. That means that energy efficient alternatives are used only where the cost of these alternatives can be recovered within three years through reductions in energy consumption.

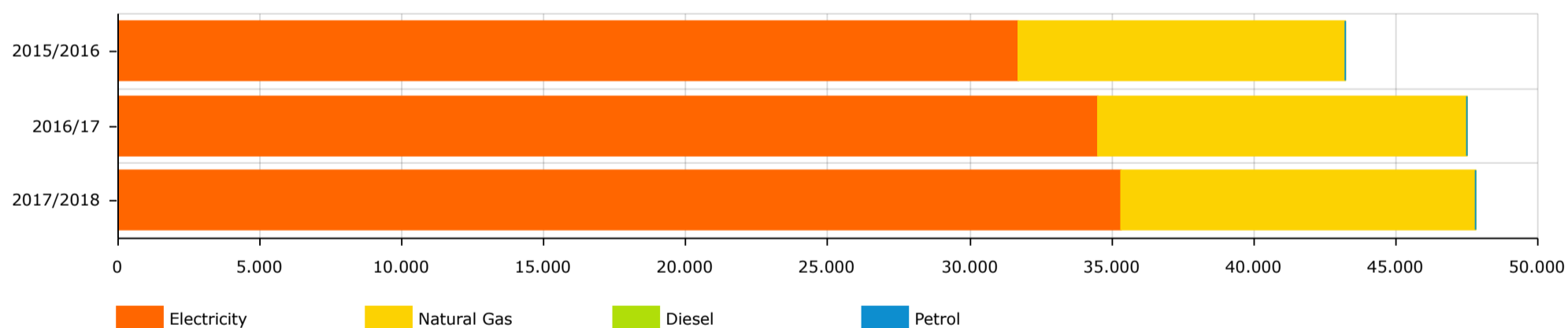


## Energy consumption.

Energy consumption within the organisation (in terajoule).

The major energy sources are electricity and natural gas, with consumption of 35,3 and 12,5 terajoules, respectively.

Energy Consumption (MJ)



Energy Consumption (MJ)	2017/2018	2016/2017	2015/2016
Electricity	35.300	34.500	31.700
Natural Gas	12.500	13.000	11.500
Diesel	4	3	3
Petrol	1	2	1
<b>Total</b>	<b>47.805</b>	<b>47.505</b>	<b>43.204</b>



## Energy consumption outside of the organisation (in terajoule).

Not reported.



## Energy intensity.

Energy intensity in the context of an organisation-specific metric.

The energy intensity is 3.360 kilojoule per kilo of product.

Holland Colours strives to achieve an annual reduction of 150 kj of electricity per kilogram of end product. As shown in the table, consumption was declined last year by 250 kj per kilogram of product to 3.360 kj.

Energy consumption	2017/2018	2016/2017	2015/2016
KJ electricity / kg product	3.360	3.610	3.450



## Reduction of Energy consumption.

Reduction of energy consumption achieved as a direct result of conservation and efficiency initiatives.

We continue to improve our processes.



## Reductions in energy requirements of products and services.

Holland Colours does not produce any goods that consume energy.

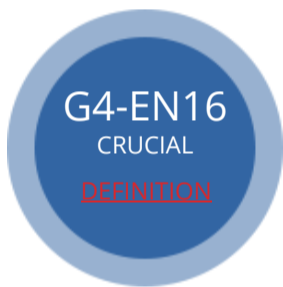


## Direct GHG emissions (Scope 1).

Direct greenhouse gas emissions in metric tons of CO<sub>2</sub> equivalent. Independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.

The direct CO<sub>2</sub> emissions by Holland Colours amount to approximately 922 tons, with transport accounting for 178 tons. The increase is the result of better measurement: The internal transport from The Netherlands to Hungary was not reported over the previous years. The carbon offset from transport increased therefore by 142. The majority of the CO<sub>2</sub> emissions originate from the heating of buildings with natural gas. The carbon offset from gas declined by 32.

	2017/2018	2016/2017	2015/2016
Transport	178	36	33
Gas	744	776	688
Scope 1	922	812	721
% Scope 1	14%	12%	12%



## Indirect GHG emissions related to Electricity (Scope 2).

Indirect greenhouse gas emissions related to Electricity in metric tons of CO<sub>2</sub> equivalent. Independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.

The use of electricity is responsible for about 5.094 tons of CO<sub>2</sub>, which equals 75% of our carbon footprint.

	2017/2018	2016/2017	2015/2016
Electricity	5.094	5.004	4.532
Scope 2	5.094	5.004	4.532
% Scope 2	75%	75%	75%



## Other indirect GHG emissions (Scope 3).

Other indirect greenhouse gas emissions in metric tonnes of CO<sub>2</sub> equivalent. Independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.

This part of the emissions totals 727 tons of CO<sub>2</sub>, representing 11% of the CO<sub>2</sub> footprint.

	2017/2018	2016/2017	2015/2016
Air travel	382	504	428
Commuting	345	359	328
Scope 3	727	863	756
% Scope 3	11%	13%	13%



## Greenhouse gas emissions intensity.

Report the organisation-specific metric (the ratio denominator) chosen to calculate the ratio.

The CO<sub>2</sub> emissions per kilo of product produced is 642 grams. That is a decrease by 56 grams. The main factor is electricity, which counts for 485 grams.

Consumption Electricity	2017/2018	2016/2017	2016/2016
CO <sub>2</sub> emissions/kg product	642	698 (710)	654 (671)
CO <sub>2</sub> emissions/kg product (electricity)	485	523	493



## Reduction of GHG emissions.

Reduction of greenhouse gas GHG emissions achieved as a direct result of initiatives to reduce emissions.

Holland Colours does not measure the direct savings of energy efficiency projects or of the investment in energy efficient equipment.





## Emissions of ozone-depleting substances (ODS).

Not reported.



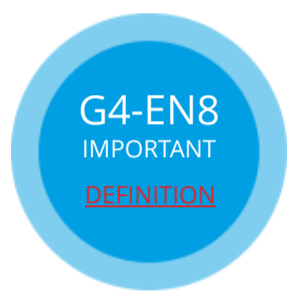
## NO<sub>x</sub> SO<sub>x</sub> and other significant air emissions

Not reported.

# WATER

## Important: Impact 2 - Relevance 3

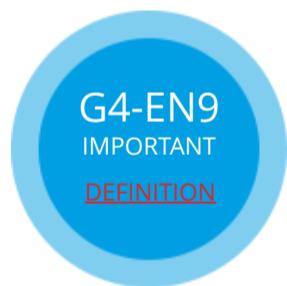
The availability of clean water is a growing concern in society. For this reason, Holland Colours is limiting water consumption as much as possible. But given our already limited use of water, the company gives higher priority to other matters.



## Total water withdrawal by source.

Water consumption has increased from 12 million liters to 13 million liters. The increase of 9% water withdrawal is almost equal to the increase of production: 10%.

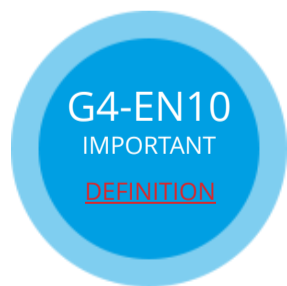
The use of water is limited and so the risk of pollution of ground and surface waters is also small. The reduction on water usage can be attributed to the installation of new, highly efficient chillers replacing cooling water.



## Water sources.

Water sources significantly affected by withdrawal of water.

Holland Colours only uses tap water, and does not extract any water from other sources.



## Percentage water recycled.

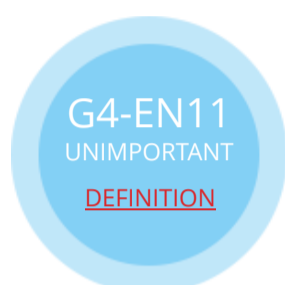
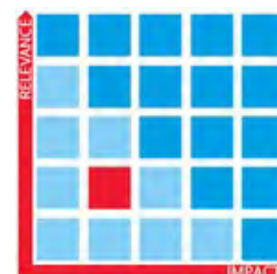
Percentage and total volume of water recycled and reused.

Not reported.

# BIODIVERSITY

## Unimportant: Impact 2 - Relevance 2

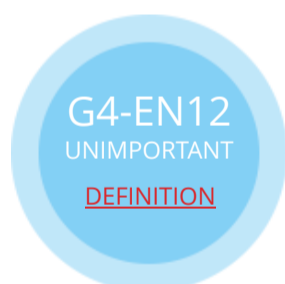
The Holland Colours sites are not located close to conservation areas with high levels of biodiversity.



## Operational sites in protected areas.

Operational sites owned, leased, managed in, or adjacent to, protected areas, including areas of high biodiversity value outside protected areas.

Not applicable.



## Impacts on Biodiversity.

Description of significant impacts of activities, products, and services on biodiversity in protected areas, including areas of high biodiversity value outside protected areas.

Not applicable.



## Habitats protected or restored.

Report the size and location of all habitat protected areas or restored areas.

Not reported.



## Endangered species in areas affected by operations.

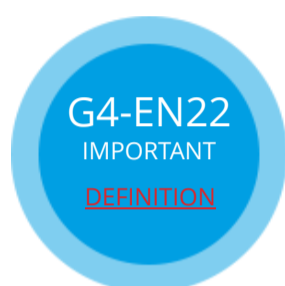
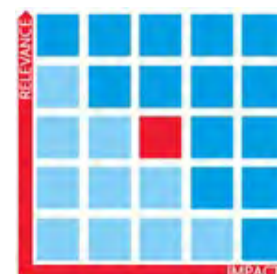
Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

Not applicable.

# EFFLUENTS & WASTE

## Important: Impact 3 - Relevance 3

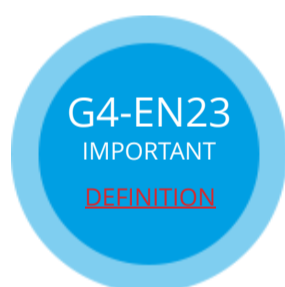
Holland Colours continuously strives to keep the impact of its production processes to a minimum through the responsible usage of raw materials, reduction of off-spec as well as through reducing and recycling waste. The production sites devote much attention to the reuse and processing of products in order to minimize environmental impact and increase efficiency (as many top-grade colorants have a high monetary value).



## Effluents.

Total water discharge by quality and destination.

Not reported.



## Waste.

Total weight of waste by type and disposal method.

Holland Colours strives to keep the impact of our production processes to a minimum. We do this through the responsible use of raw materials and by reusing off-spec material. Our production sites pay a great deal of attention to the reuse and efficient processing of products. Our top-grade colorants tend to be expensive so reusing them not only reduces the environmental impact but also saves money. The higher waste figure for 2017/2018 reflects the increase in production volumes. However, the amount per kg is stable.

Waste in tons	2017/18	2016/2017	2015/2016
Product waste	360	296	220
Cleaning waste	167	176	156
Packaging waste	341	287	259
Other waste	57	79	73
Total	925	838	708
%	8,8	8,8	7,7

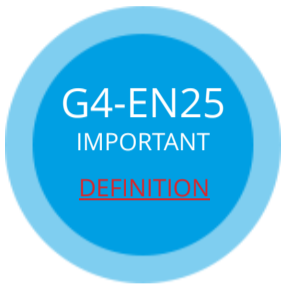




## Significant spills.

Total number and volume of significant spills.

Not reported.



## Transport hazardous waste.

Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.

Not reported.



## Effect discharges of water.

Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff.

Not reported.

# INNOVATIVE PRODUCTS & SERVICES

## Important: Impact 4 - Relevance 4

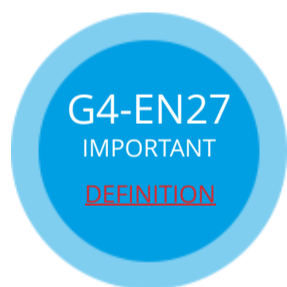
By focusing on our areas of expertise and partnering with others in the chain, we are able to bring new products and solutions to market. Innovation is an important key for success. Holland Colours believes that the environmental impact of its products and services is extremely limited. However, design for use in a circular economy is vital and Holland Colours does aim not to hamper this by choosing the right materials for use in recycling schemes. However, the percentage of colorants in the final products is less than 1%, as a result of which this indicator is barely reportable.



### Please note

The materiality study shows that stakeholders place a high value on matters that provide insight into how companies in the chemicals industry focus on systematically improving products and services and making them more sustainable. For this reason, Holland Colours has added the aspect "Innovative Products & Services" to the materiality index, including the (GRI) aspects:

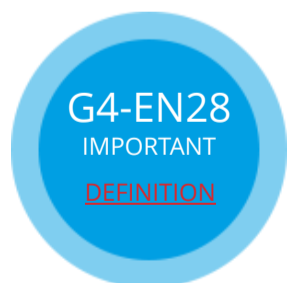
1. Research & Development
2. Sustainable Products & Services
3. Eco Innovation
4. Certification



## Environmental impacts of products & services.

Extent of impact mitigation of environmental impacts of products and services.

Not reported.



## Packaging materials reclaimed.

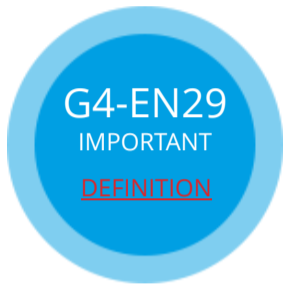
Percentage of products sold and their packaging materials that are reclaimed by category.

Not reported.

# COMPLIANCE

## Important: Impact 4 - Relevance 4

The trust of our customers is crucial for the reputation of Holland Colours and its raison d'être. Holland Colours upholds all local laws and rules and insists on high ethical standards. All employees must commit to uphold these rules as stipulated in the [Code of Conduct](#).



## Sanctions for non-compliance with environmental laws.

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

€ 0.-

# TRANSPORT

## Unimportant: Impact 2 - Relevance 2

Holland Colours wants to keep the transport of goods and personnel as efficient as possible to reduce the impact on the environment. When purchasing lease cars, fuel consumption is a selection criterion. HC is a global company with local production facilities. IT solutions are increasingly used to reduce traveling frequency.



## Environmental impact of transport.

Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce.

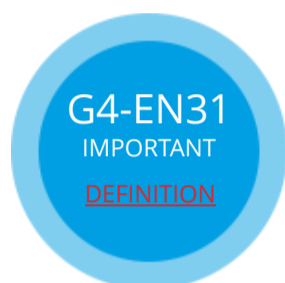
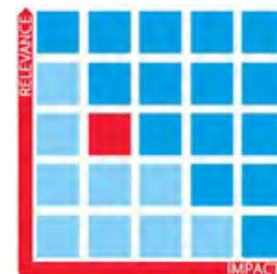
The organisation does not yet have the required data on the traffic movements of its employees.

- **Air traffic:** .9 million kilometres. This is 7,500 kilometres per FTE and is responsible for emissions of 382 tons of CO<sub>2</sub>.
- **Commuter traffic:** 135.000 litres of fuel. This is almost 348 kilometres per FTE and is responsible for emissions of 345 tons of CO<sub>2</sub>.

# ENVIRONMENTAL PROTECTION

## Important: Impact 2 - Relevance 3

The importance we place on protecting our environment in our operations can be measured using our investment in environmentally friendly measures. Measures that can be recovered within three years have the preference in our investment policy. Where necessary and desirable, environmentally friendly measures are given a high priority.



## Expenditures on Environmental protection.

### Total environmental protection expenditures and investments by type.

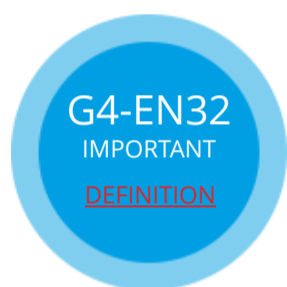
The investments in the USA, Indonesia and the Netherlands are estimated at €660.000. They relate to dust collectors and more energy-efficient equipment (o.a. air conditioners, air compressors and mixer-breaker equipment).

# PROCUREMENT PRACTICES

## Important: Impact 2 - Relevance 3

A business can exert influence by its choice of products and the raw materials that are purchased, and the right selection of suppliers. In view of the nature of the raw materials, the options for Holland Colours are limited. Nonetheless, Holland Colours takes account where possible of sustainability performance in the supplier chain in its choices.

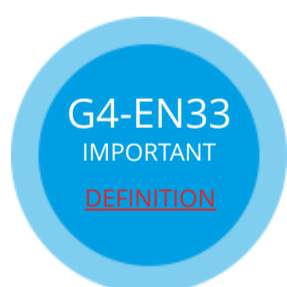
Holland Colours is a relatively small purchaser in the global market, with a sometimes limited number of potential suppliers. Holland Colours therefore considers its influence on suppliers to be limited. Nonetheless, the organization aims to do business only with businesses that endorse our ethical values and our social and environmental standards.



## Supplier environmental assessment.

Percentage of new suppliers that were screened using environmental criteria.

Not reported.



## Environmental impacts in the supply chain.

Significant actual and potential negative environmental impacts in the supply chain and actions taken.

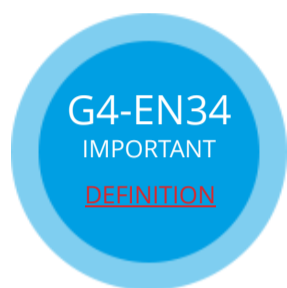
Not reported.



# GRIEVANCE MECHANISMS

## Important: Impact 3 - Relevance 3

Grievances can be grounds for complaints. Complaints are considered by Holland Colours as an indication that processes/procedures need to be more closely complied with and better managed. We do our utmost to prevent grievances on environmental, labour practices, human rights and societal impact.



## Environmental Grievance Mechanisms.

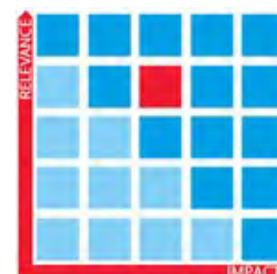
Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.

The registration of complaints in the Netherlands from nearby residents resulted in 5 justified noise or odour hindrance. All complaints were resolved satisfactorily in accordance with the procedure.

# EMPLOYMENT

## Important: Impact 3 - Relevance 4

Holland Colours provides employment. Work is not only a source of income, but is also a way people can develop themselves, contribute to society and gain self-esteem, confidence and respect. Per country, employee benefits & compensations may differ, depending on legislation and culture.



## New employee hires and turnover.

Total number and rates of new employee hires and employee turnover by age group, gender, and region.

The turnover of staff at Holland Colours is with an inflow of 7% and an outflow of 9% comparable with last year. In this reporting year 16 employees in the segment under 30 years were attracted, whilst 10 left the company.

New hires by gender	2017/2018	2016/2017	2015/2016
Male	41	19	25
Female	16	8	6
Total	57	27	31
%	13	6,7	7,6

New hires by age	2017/2018	2016/2017	2015/2016
Younger than 30	16	3	4
From 30 to 50	37	16	20
Older than 50	4	8	7
Total	57	27	31
%	13	6,7	7,6

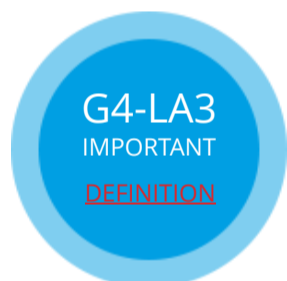
Turnover by gender	2017/2018	2016/2017	2015/2016
Male	19	27	21
Female	14	9	14
Total	33	36	35
%	7,6	9,0	8,6

Turnover by age	2017/2018	2016/2017	2015/2016
Younger than 30	10	5	6
From 30 to 50	20	26	17
Older than 50	3	5	12
Total	33	36	35
%	7,6	9,0	8,6



## Employee benefits.

Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation. The terms of employment are complete and competitive. Nearly all employees participate in a profit share scheme which depends on the Group's result as well as the result of the particular division the employee is based at.



## Return after parental leave.

Return to work and retention rates after parental leave, by gender.  
Not reported.

# LABOR/MANAGEMENT RELATIONS

## Important: Impact 4 - Relevance 3

Holland Colours personnel are shareholders in Holland Pigments and are therefore indirectly joint owners of the company. This gives them an important voice in decision-making.

Holland Pigments aims to safeguard the continuity of Holland Colours.



## Operational changes.

Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.

## Not reported in accordance with GRI G4 guidelines.

Holland Colours considers that the influence of employees is best reported through the voting rights of personnel at the shareholders' meetings of Holland Pigments BV, as described below:

### Personnel voting rights at shareholders' meetings.

Holland Colours employees are engaged and experienced. They participate in the company and collectively hold around 25% of the shares in Holland Pigments, a Dutch-based investment company, which in turn owns the majority of the shares in Holland Colours NV. Collectively owning the company means we all share the same goals: Growth & Operational Excellence through customer intimacy.

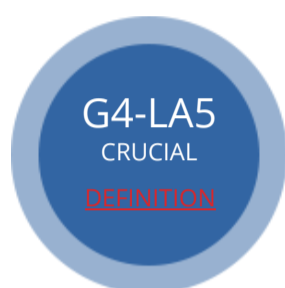
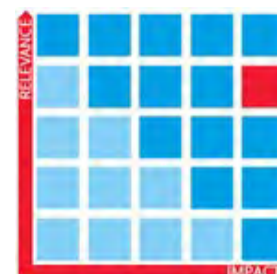
At Holland Colours, the possession of shares by employees is a strong dynamic of the corporate culture. Employees participate in Holland Pigments BV, the largest shareholder in Holland Colours NV. To further promote the participation of our employees, who are also Holland Pigments shareholders, they may select an HP Official. This HP Official represents their interests at Holland Pigments shareholders' meetings and in discussions with the Executive Team of Holland Colours and Holland Pigments. Furthermore, an extra dimension is added to participation by the appointment of one supervising member of the Supervisory Board of Holland Pigments, nominated by the employees/shareholders.

The interests of the employees are represented by the Confidence Committee. The members of this body are appointed from and by the employees as a whole. All sections of the company are represented in the Confidence Committee. The Confidence Committee has a clear input into the Holland Colours decision-making process. Together with the employee shareholding, the quality of this committee was sufficient for the SER regulatory body in the Netherlands to exempt the company from the obligation to set up a Works Council.

# OCCUPATIONAL HEALTH & SAFETY

## Crucial: Impact 5 - Relevance 4

As an employee owned company, Holland Colours employees are the most valuable assets. We strongly believe that health and safety is a key factor in employee engagement. We create the right conditions for all our employees to give of their best each day.



## Health & Safety committees.

Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs.

100%

The safety interests of all Holland Colours employees are represented by safety committees. The safety of employees is ensured at all production sites by the presence of health and safety committees manned by a total of 25 employees. This is 7% of the staff complement.



## Injury rates & Absenteeism.

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender

### Types of occupational illness

There are no particular occupational illnesses to report.

	2017/2018	2016/2017	2015/2016
Lost Time Incidents	2	3	0
Near-Incidents	6	10	3
Lost Time Incident Rate (LTIR)	2,8	3,7	0,0
Total Recordable Incident Rate (TRIR)	11,0	16,1	3,7

2 accidents, 6 near-accidents. Efforts to reduce accidents and near-accidents continue unabated. Holland Colours' policy is aimed at executing or structuring work and processes in such a way that personal injury and harm to a person's health are kept to a minimum.

### Sickness Ratio: 1,4

Sickness	2017/2018	2016/2017	2015/2016
Sickness Ratio	1,4	2,2	2,2

The percentage of absence through illness fluctuated over the last three years around the 2% mark, with absence in Europe a standard one percent higher than in Americas and Asia.

### Occupational Disease Ratio: 24,8

Occupational Diseases	2017/2018	2016/2017	2015/2016
Incidents leading to injuries	2	3	3
Workdays lost, related to injuries	18	40	0
Occupational Disease Ratio	24,8	48,9	0,0

We adjusted the calculation of the ODR to align it with the TRIR and LTIR.

### Work-related deaths

0

Since Holland Colours was founded, there have been no work-related deaths.



## Workers with high risk.

Workers with high incidence or high risk of diseases related to their occupation.

Not applicable.



## Formal agreements with trade unions.

Health and safety topics covered in formal agreements with trade unions.

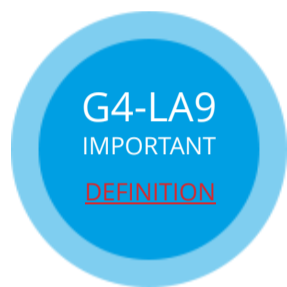
Not reported.



# TRAINING & EDUCATION

## Important: Impact 4 - Relevance 4

Technology and innovation have a major influence on Holland Colours' operations. Business development, Marketing & Sales skills are key to successfully launch new developments on the highly competitive colorants market. To effectively anticipate functional, aesthetic, processing and commercial requirements, well-trained employees are essential. In our currently challenging and competitive business environment, learning and development has never been more important as a means to keep employees engaged and maintain our competitive advantage. Therefore Holland Colours continuously invest in learning and development.



## Average hours of training per year per employee.

Subdivided by gender and by employee category.

21 hours per employee.

In the last year under review 2017/2018, around 8,000 hours were devoted to training and education. This is an average of 21 hours per employee. The increase is mainly due to the increase in training in the USA.



## Skills management & lifelong learning.

Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

Not reported.



## Performance & career development.

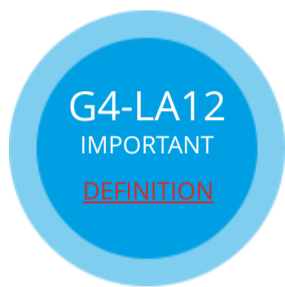
Percentage of employees receiving regular performance and career development reviews, subdivided by gender and by employee category.

Basically, work, progress and evaluation appraisals are conducted with all employees on a yearly basis.

# DIVERSITY

## Important: Impact 4 - Relevance 4

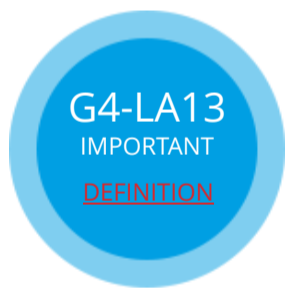
Holland Colours provides personal local service on a global scale and therefore embraces diversity (difference in all manner and form). Attention to diversity ensures a balanced composition of (management) teams. We believe that diversity leads to a desirable environment of creative thinking and better governance. Through balanced teams we work together and move projects forward, despite our personal differences.



## Diversity & Equal opportunities.

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

About 24% of employees are women. The underrepresentation of women is attributable to the large share of production employees at Holland Colours. Traditionally mostly men work in this occupational area. About 35% of management are women.



## Equal remuneration.

Ratio of basic salary and remuneration of women to men. Subdivided by employee category, by significant locations of operation.

Not reported.

# PROCUREMENT PRACTICES

## Important: Impact 2 - Relevance 3

A business can exert influence by its choice of products and the raw materials that are purchased, and the right selection of suppliers. In view of the nature of the raw materials, the options for Holland Colours are limited. Nonetheless, Holland Colours takes account where possible of sustainability performance in the supplier chain in its choices.

Holland Colours is a relatively small purchaser in the global market, with a sometimes limited number of potential suppliers. Holland Colours therefore considers its influence on suppliers to be limited. Nonetheless, the organization aims to do business only with businesses that endorse our ethical values and our social and environmental standards.



## Supplier assessment for labor practices.

Percentage of new suppliers that were screened using labor practices criteria.

Not reported.



## Impacts for labor practices in the supply chain.

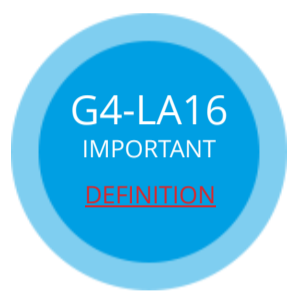
Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.

Not reported.

# GRIEVANCE MECHANISMS

## Important: Impact 3 - Relevance 3

Grievances can be grounds for complaints. Complaints are considered by Holland Colours as an indication that processes/procedures need to be more closely complied with and better managed. We do our utmost to prevent grievances on environmental, labour practices, human rights and societal impact.



## Labor Practices Grievance Mechanisms.

Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.

Holland Colours makes use of a risk assessment & evaluation (RA&E) to foster safe and healthy work. All risks are assessed using the Fine & Kinney model, after which solutions and measures are implemented to prevent dangerous situations in the future. This year eight new risks were identified and seven risk measures were taken. Next to this, during the upgrading and optimizing of our Holcoprill production site 49 additional risk measures were taken.

# HUMAN RIGHTS

## Important: Impact 3 - Relevance 3

Human rights are rights that must never be violated. Holland Colours has formulated policy in its [code of conduct](#) that internal staff are required to comply with. The organization expects the external suppliers to conduct themselves in accordance with those ethical values.

The organization endorses the OECD Guidelines for multinational enterprises and feels bound by the guidelines of the International Labour Organization (ILO).

Holland Colours operates in a global context, in which it is possible that the organization will be faced with problems and dilemmas such as child labor and discrimination. Holland Colours makes sure, insofar as it is able to do so, that there is no child labor or discrimination at its own locations, suppliers or customers.

Holland Colours deals with the aspect of Human Rights in its entirety. As with our peers from the materiality study, we do not split up Human Rights into aspects.

### Please note

Holland Colours deals with the aspect of Human Rights in its entirety. As with our peers from the materiality study, we do not split up Human Rights into aspects.



## Investments and Human Rights.

Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.

Not reported.



## Training on Human Rights.

Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

Not reported.



## Non-discrimination.

Total number of incidents of discrimination and corrective actions taken.

We respect human rights and believe in equal opportunities notwithstanding gender, race, ethnic background, age, religion, sexual orientation or disability. Holland Colours will not tolerate discrimination or any other form of harassment in its operations. Employment, recruitment and promotion are based on skills, talent, experience and other professional criteria.



## Freedom of Association & Collective Bargaining.

Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.

Not reported.



## Child Labor.

Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.

Conforming to international guidelines, there is no forced or child labour within Holland Colours. We comply to the minimum age rules and employees receive appropriate wages.



## Forced or Compulsory Labor.

Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.

Not reported.





## Security Practices and Human Rights.

Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations.

Not reported.



## Indigenous Rights.

Total number of incidents of violations involving rights of indigenous peoples and actions taken.

Not reported.



## Human Rights assessment.

Total number and percentage of operations that have been subject to human rights reviews or impact assessments.

Not reported.

# PROCUREMENT PRACTICES

## Important: Impact 2 - Relevance 3

A business can exert influence by its choice of products and the raw materials that are purchased, and the right selection of suppliers. In view of the nature of the raw materials, the options for Holland Colours are limited. Nonetheless, Holland Colours takes account where possible of sustainability performance in the supplier chain in its choices.

Holland Colours is a relatively small purchaser in the global market, with a sometimes limited number of potential suppliers. Holland Colours therefore considers its influence on suppliers to be limited. Nonetheless, the organization aims to do business only with businesses that endorse our ethical values and our social and environmental standards.



## New suppliers screened on Human Rights.

Percentage of new suppliers that were screened using human rights criteria.

Not reported.



## Human Rights in the supply chain.

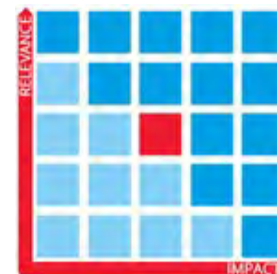
Significant actual and potential negative human rights impacts in the supply chain and actions taken.

Not reported.

# GRIEVANCE MECHANISMS

## Important: Impact 3 - Relevance 3

Grievances can be grounds for complaints. Complaints are considered by Holland Colours as an indication that processes/procedures need to be more closely complied with and better managed. We do our utmost to prevent grievances on environmental, labour practices, human rights and societal impact.



## Human Rights Grievance Mechanisms.

Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.

Not reported.

# LOCAL COMMUNITIES

## Unimportant: Impact 2 - Relevance 3

Holland Colours aims to be a good neighbour in its various localities. This means it responds positively to requests from local communities to contribute to their locality, as long as it fits with the company's strategy and fits within the budget. Holland Colours does not intend to actively approach local communities.



## Local community engagement.

Percentage of operations with implemented local community engagement.

Not reported.



## Negative impacts on local communities.

Operations with significant actual or potential negative impacts on local communities.

Not reported.

# FAIR BUSINESS

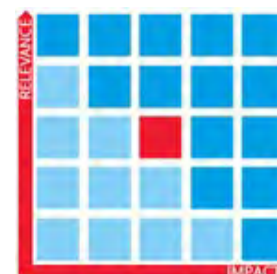
## Important: Impact 3 - Relevance 3

Holland Colours aspires to being a successful business run with honesty. That means that corruption is not tolerated, authorities are not influenced and the competition is not hindered in a discourteous way.

### Please note

The materiality study shows that stakeholders place a high value on honest business operations. Holland Colours reports on the aspect "Fair business" under the joint GRI aspects:

1. Anti-corruption
2. Policy towards authorities
3. Competition-restricting conduct



## Risks related to corruption.

Total number and percentage of operations assessed for risks related to corruption.

Not reported.



## Training on anti-corruption policies.

Communication and training on anti-corruption policies and procedures.

Not reported.



## Incidents of corruption.

Confirmed incidents of corruption and actions taken.

Not reported.



## Political contributions.

Total value of political contributions by country and recipient/beneficiary.

€ 0



## Legal actions for anti-competitive behavior.

Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.

0 (None)

# COMPLIANCE

## Important: Impact 4 - Relevance 4

The trust of our customers is crucial for the reputation of Holland Colours and its raison d'être. Holland Colours upholds all local laws and rules and insists on high ethical standards. All employees must commit to uphold these rules as stipulated in the [Code of Conduct](#).



## Sanctions for non-compliance with laws.

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.

€ 0.-



# PROCUREMENT PRACTICES

## Important: Impact 2 - Relevance 3

A business can exert influence by its choice of products and the raw materials that are purchased, and the right selection of suppliers. In view of the nature of the raw materials, the options for Holland Colours are limited. Nonetheless, Holland Colours takes account where possible of sustainability performance in the supplier chain in its choices.

Holland Colours is a relatively small purchaser in the global market, with a sometimes limited number of potential suppliers. Holland Colours therefore considers its influence on suppliers to be limited. Nonetheless, the organization aims to do business only with businesses that endorse our ethical values and our social and environmental standards.



## Supplier assessment for impacts on Society.

Percentage of new suppliers that were screened using criteria for impacts on society.

Not reported.



## Impacts on Society in the supply chain.

Significant actual and potential negative impacts on society in the supply chain and actions taken.

Not reported.

# GRIEVANCE MECHANISMS

## Important: Impact 3 - Relevance 3

Grievances can be grounds for complaints. Complaints are considered by Holland Colours as an indication that processes/procedures need to be more closely complied with and better managed. We do our utmost to prevent grievances on environmental, labour practices, human rights and societal impact.



## Grievance Mechanisms for Impacts on Society.

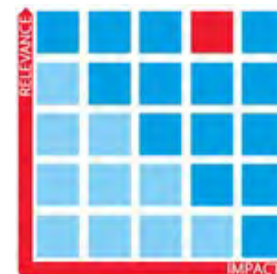
Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.

Not reported.

# CUSTOMER HEALTH & SAFETY

## Crucial: Impact 4 - Relevance 5

Being the caregivers within our industry trust from our customers is crucial. It forms the basis for our existence. We give our customer peace of mind by reassuring that the products they buy are safe for both their process workers and the final customer's ultimate end user. Our processes for mixing raw materials into final products serve to safeguard the health and safety of our customers.



## Product improvement.

Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.

Our processes for transforming raw materials into final products serve to safeguard the health and safety of our customers. Controls are carried out on the chemical properties of raw materials, low-level exposure through the encapsulation of particulates in carrier materials, the selection of approved materials for customer-specific applications, quality assurance processes and sturdy packaging for shipping products.

Our plants in Hungary and the Netherlands as well as our site in Indonesia, are ISO 9001, ISO 14001 as well as OHSAS 18001 certified. In Richmond, our US site, we work with local standards, which are often higher than the stated ISO norms.

As of June 2015, all products must be labeled according to EU-GHS rules, containing recommendations for safe product use; moreover, customers will be provided with safety data sheets that comply with the REACH Regulation.

### Customers demand sustainable and innovative products

Sustainability and innovation are closely connected at Holland Colours. Where possible, improvements are carried out to limit the impact on the environment throughout the life cycle. Customers must be able to use and trust our products. Holland Colours helps them where necessary to use the products more efficiently on their production lines.

Technology has a major impact on the operations of Holland Colours, on both expertise in or processing of pigments, chemistry or materials. This demands intensive contact with the market, from supplier to customer and from regulator to brand owner, in combination with the internal resources to reflect all developments in Holland Colours' products and processes quickly and adequately.



## Non-compliance with regulations.

Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.

At Holland Colours, external audits are held annually by the competent authority. During one of these audits advice was given about several business processes, upon which procedures have been adapted and improvements have been implemented.

# FAIR COMMUNICATIONS

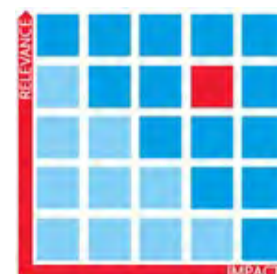
## Important: Impact 4 - Relevance 4

Holland Colours aspires to being a successful business run with honesty. That means that corruption is not tolerated, authorities are not influenced and the competition is not hindered in a discourteous way.

### Please note

The materiality study shows that stakeholders place a high value on honest and clear information. Which is why Holland Colours has added the aspect "Honest communication" to the materiality matrix under the joint GRI aspects:

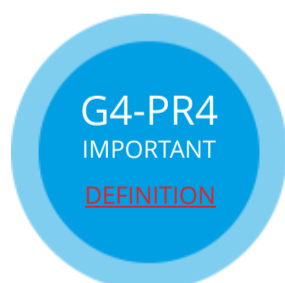
1. Information provision on Products & Services
2. Marketing & Communication
3. Customer privacy



## Product and Service Labeling.

Type of product and service information required by the organisation's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.

In specific applications, certain substances may not be permitted. We describe in the documents supplied how these products may and may not be used. The customer's local legislation forms the guiding principle here. Holland Colours does not have any control over the circumstances under which the products are stored or used. Holland Colours is therefore not able to justify the suitability for a certain purpose or that the products of its customers comply with statutory requirements. This is the responsibility of the customer as manufacturer.



## Product and service information and labeling.

Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.

Not reported.



## Customer satisfaction.

Results of surveys measuring customer satisfaction.

Not reported.

The ambitions for 2019 state that Holland Colours aims to increase customer satisfaction.



## Banned or disputed products.

Sale of banned or disputed products.

Not applicable.

Holland Colours does not use prohibited products or products that are controversial in that context. Holland Colours does not have any control over the circumstances under which the products are stored or used at customers. Holland Colours is therefore not able to justify the suitability for a certain purpose or that the products of its customers comply with statutory requirements. This is the responsibility of the customer as manufacturer.



## Non-compliance with regulations concerning marketing communications.

Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.

Not relevant.



## Complaints regarding breaches of customer privacy.

Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

0 (Not applicable)

Holland Colours does not provide confidential information about its customers to third parties without the customer's permission.

# COMPLIANCE

## Important: Impact 4 - Relevance 4

The trust of our customers is crucial for the reputation of Holland Colours and its raison d'être. Holland Colours upholds all local laws and rules and insists on high ethical standards. All employees must commit to uphold these rules as stipulated in the [Code of Conduct](#).



## Sanctions for non-compliance with laws concerning products and services.

Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

€ 0.-