



SUSTAINABILITY
REPORT

2015

2015 in brief

- Sales increased 26 percent to 11,229 MSEK (8,919)
- Operating profit increased 35 percent to 1,964 MSEK (1,456)
- Operating margin improved to 17.5 percent (16.3)
- Profit after tax rose to 1,393 MSEK (1,048)
- Earnings per share increased 33 percent to 4.05 SEK (3.05)
- Operating cash flow rose to 2,185 MSEK (1,676)
- The Board of Directors proposes a dividend of 1.70 SEK per share (1.20)

KEY FIGURES

	2015	2014	
Sales, MSEK	11,229	8,919	
Operating profit (EBIT), MSEK	1,964	1,456	+ 35%
Operating margin, %	17.5	16.3	
Profit before tax, MSEK	1,943	1,436	
Profit after tax, MSEK	1,393	1,048	
Earnings per share, SEK	4.05	3.05	+ 33%
Equity/assets ratio, %	72	69	
Return on capital employed, %	28.6	28.5	
Operating cash flow, MSEK	2,185	1,676	

Significant events per quarter

Q1 Significant increase of both sales and operating profit. The acquisition of RheTech Thermoplastic Compounding, a leading US provider of thermoplastic compounds, was finalized.

Q2 Continued strong growth, our best quarter so far. A share split 10:1, each existing share is divided into ten shares, was completed in May. Investment in further capacity for rubber compounds in Mexico.

Q3 Once again a strong quarter with strong growth and positive volume development. The business in the acquired RheTech Thermoplastic Compounding continued to develop according to plan.

Q4 The best fourth quarter for the HEXPOL Group. Continued growth and positive volume development. Strong financial position.

11,229
SALES MSEK (8,919)

1,964 MSEK
OPERATING PROFIT (1,456)

2,185 MSEK
OPERATING CASH FLOW (1,676)

HEXPOL in brief

- Innovative solutions in advanced polymer compounds, gaskets for plate heat exchangers and wheels for forklifts and castor wheel applications
- Strong global market positions - world leading in market for rubber compounds
- Leading European producer of thermoplastic elastomer compounds (TPE)
- Leading US producer of reinforced polypropylene compounds
- Organised in two business areas with in-depth and extensive polymer and applications expertise
- Acquisition-oriented
- Growth with strong and improved margins
- Well invested with strong cash flow
- Strong financial position

Business area HEXPOL Compounding

OPERATIONS HEXPOL Compounding is one of the world's leading suppliers in the development and manufacturing of advanced, high-quality polymer compounds.

HEXPOL Compounding focuses primarily on three key segments of the polymer market:

- Rubber compounds
- Thermoplastic elastomer compounds (TPE)
- Thermoplastic compounds (TP)

HEXPOL Compounding supports customers globally through 30 manufacturing units in Europe, Asia and NAFTA.

MARKET HEXPOL Compounding's market is global and the largest end-customer segments are the automotive and engineering industries, followed by the construction sector. Other key segments are the medical technology, cable and water treatment as well as the energy, oil and gas industry. The largest customer segments in the TPE compounding area are the general industry, consumer and medical technology industries.

CUSTOMERS Manufacturers of polymer products and components who impose rigorous demands on performance and global delivery capacity.

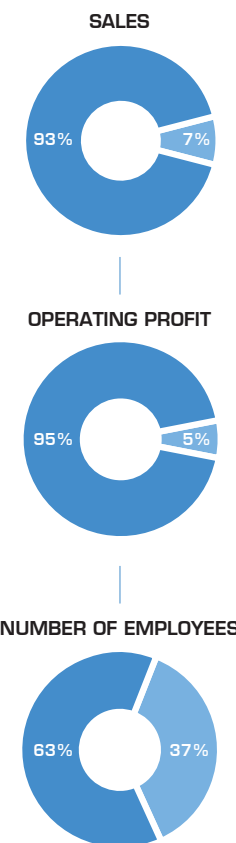
SALES 10,402 MSEK (8,198)

OPERATING PROFIT 1,859 MSEK (1,364)

NUMBER OF EMPLOYEES AT DECEMBER 31
2,429 (2,212)

Business area HEXPOL Engineered Products

THE BUSINESS AREA'S SHARE OF THE HEXPOL GROUP (2015):



OPERATIONS HEXPOL Engineered Products is one of the world's leading suppliers of advanced products such as gaskets for plate heat exchangers and wheels for the forklift industry.

MARKET Within its niche areas, HEXPOL Engineered Products is active in the global market where a considerable focus is on discerning customers and advanced applications. The market for gaskets and wheels is global, with HEXPOL's production units located in Europe and Asia and for wheels also in North America.

CUSTOMERS For gaskets, the customers are manufacturers of plate heat exchangers and for wheels, manufacturers of forklifts and castor wheels.

SALES 827 MSEK (721)

OPERATING PROFIT 105 MSEK (92)

NUMBER OF EMPLOYEES AT DECEMBER 31
1,433 (1,449)

CEO comments on the year



Georg Brunstam
President and CEO
HEXPOL AB

Welcome to HEXPOL's Sustainability Report. It is our aim to present information in a transparent and informative way and therefore report according to best practices based on the GRI Guidelines. The report will give you an insight into risks, opportunities, objectives and achievements – during the previous year but also in a long-term perspective.

ANOTHER GOOD YEAR FOR HEXPOL

2015 was another good year for the HEXPOL Group. We continued to improve our market positions in all of our principal markets and we further improved our earnings. Our strategy of both organic expansion and acquired growth in our existing areas, combined with strong cash flow, is successful and stands firm.

Our recent acquisitions within Rubber Compounding (VIGAR with operations in Spain and Germany, Kardoos Rubber US and Portage Precision Polymers US) have all been quickly and wisely integrated into our present organization. Beginning of 2015 we acquired RheTech Thermoplastic Compounding, with four American units active in specialized Thermoplastic Compounding. Our strategy also includes growing organically, meaning by increasing our volumes and sales in all of our markets, and by finding new growth markets and growth areas.

CONTINUED FOCUS ON SUSTAINABLE DEVELOPMENT

During 2015 UN presented new Sustainable Development Goals and the climate conference in Paris, COP21, established a new strategy to mitigate climate change. Expectations regarding the input from business and industry remain high, in terms of both responsible behaviour and development of products and services that benefit man, society and the environment. HEXPOL's sustainability objectives match a number of the global goals and the aim is to continue to further develop our work on sustainable development.

IMPROVEMENTS AND CHALLENGES

During the year we continued to work with the Group-wide sustainability objectives and there are many good examples of improvements. For example, energy-efficiency projects, increased use of renewable energy sources, activities to reduce risks in the workplaces, development of products with enhanced environmental features, contacts with local societies, and the implementation of the Supplier Sustainability Guideline. I am pleased with the involvement of our managers and employees in the sustainability work and I am confident that we together can meet further challenges in the field of sustainable development. Such challenges include:

- To increase the efficiency in the use of materials, energy and other resources.
- To maintain a focus on competence development and developing our employees.
- To reduce risks at the workplaces aiming for zero accidents.
- To work further with the implementation of the Supplier Sustainability Guideline.
- To continue to apply sound ethics in a very competitive business environment.
- To continually be recognised as a good citizen and an attractive employer.
- To further strengthen our position as a developer and supplier of environment-friendly polymer compounds.

During 2016, we will continue our focus on growth through increased and targeted market and development initiatives. The acquisition orientation stands firm and our proactive sustainability and social responsibility efforts will continue at high pace.

Finally, I would like to thank customers, suppliers and shareholders for your confidence and excellent cooperation during 2015. The effort shown by our employees has been fantastic – thank you all. Today, we have a larger HEXPOL Group, with strong market positions, in-depth expertise and a strong financial position. I am convinced that we can continue to develop the HEXPOL Group in a positive direction.

Malmö, Sweden, April 2016

*Georg Brunstam
President and CEO*

Corporate responsibility

Prerequisite
for long-term
value creation

Taking long-term responsibility for people, the environment and society is a feature of HEXPOL's corporate culture and a prerequisite for long-term value creation. Questions related to environmental impact, social responsibility and business ethics are key aspects of both everyday work and strategic planning.

We focus on continuous improvement, as exemplified by the Supplier Sustainability Guideline introduced in 2015. The guidelines summarise the values and requirements that we expect our suppliers to fulfil. During the year, we implemented examinations of more than 800 suppliers. We also continued to focus on the issues that HEXPOL and the Group's stakeholders consider to be essential – business ethics, energy consumption, climate impact, product development and safe workplaces.

The Sustainability Report 2015 includes data from 34 units all over the world. The report does not include the RheTech units that were acquired in winter 2015 (see p 35).

FOCUS ON MATERIAL ASPECTS

In accordance with the GRI G4 Guidelines we have identified the material sustainability aspects of HEXPOL's activities, products and services. The figure shows aspects that are ranked according to the significance for the Group's interested parties and for the HEXPOL's business strategy. All

aspects that are shown in the figure are presented, discussed and evaluated in the Sustainability Report. The aspects marked with blue are given the highest priority, for example, included in the Group-wide objectives and/or as commitments in "Materializing Our Values".

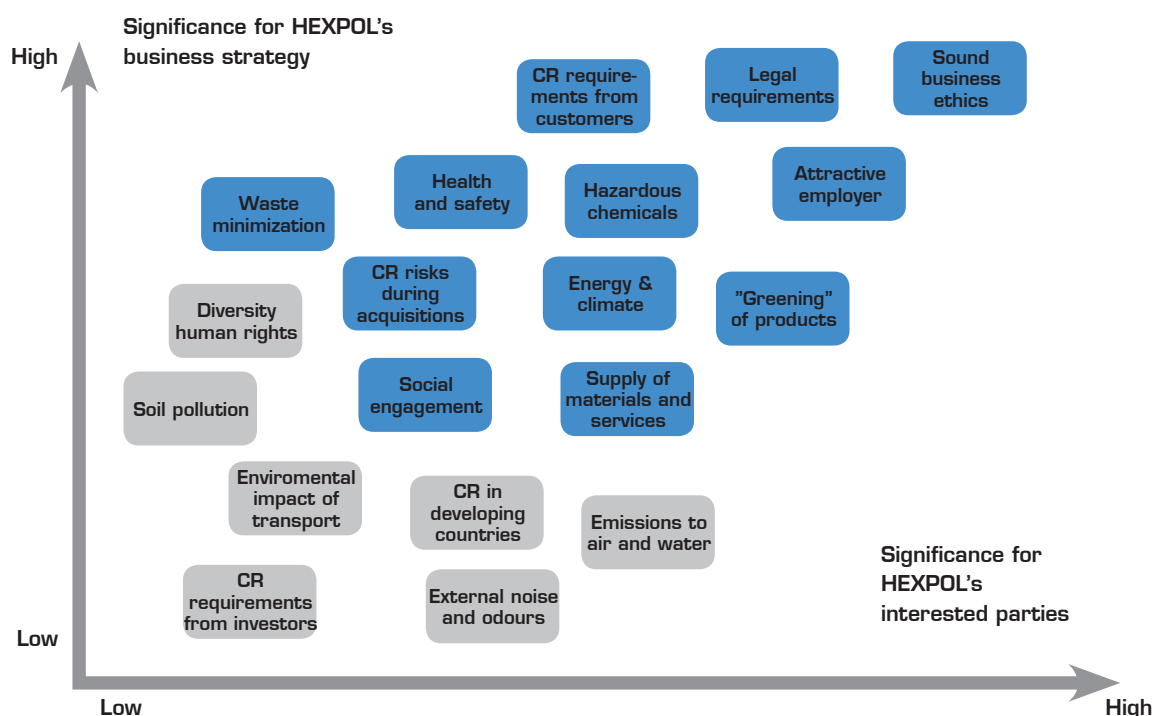
During 2015 the material aspects were reviewed in the light of the COP21 climate conference and the recently published UN Sustainable Development Goals (SDG). As a result energy and climate-change issues were given somewhat higher priority. The same goes for engagement in society and environmental adaption of products.

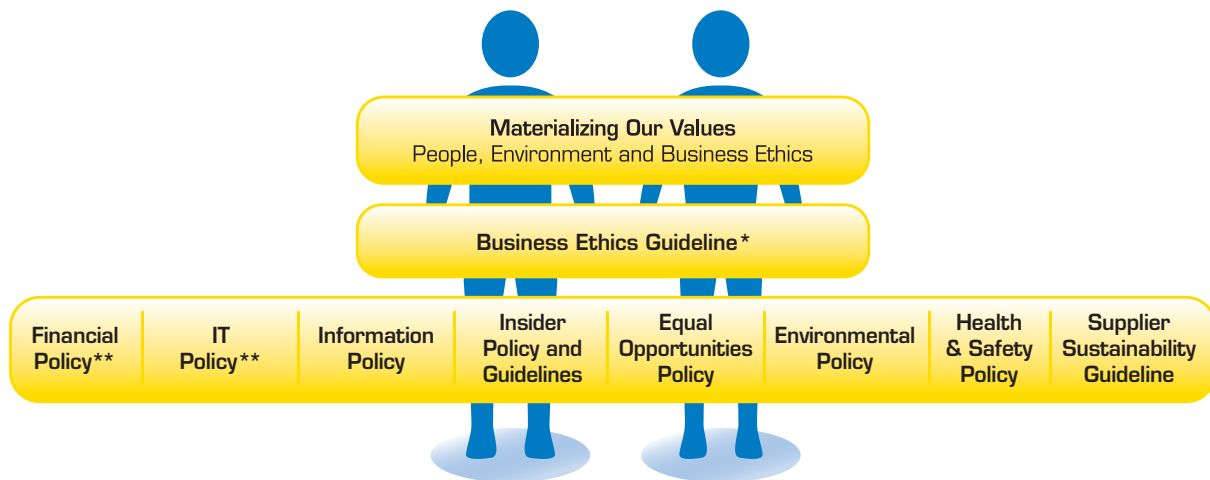
MATERIALIZING OUR VALUES

Materializing Our Values is our ethical compass and it summarises HEXPOL's fundamental approach to business ethics, information, the environment and occupational health and safety. The guidelines constitute the Group's code of conduct and provide guidance to everybody in respect of legal liability, accounting, conflicts of interest, environmental impact, working conditions, social issues and sound business ethics.

The Board of Directors, the CEO and the Executive Management Group have overall responsibility for ensuring that "Materializing Our Values" becomes a natural feature of the way we work. In the daily operations, the responsibility rests with managing directors and all managers at HEXPOL. The role of the individual employees in the practical application of the values is very important. The Annual Report and the Sustainability Report outline how work related to these values is progressing.

In a number of areas covered by Materializing





* Supported by a Compliance Program relating to Competition and Anti-trust law.
 ** Policies available for all employees but not externally distributed.

Our Values, a practice of zero tolerance is applied to nonconformity. This applies, for example, to the need to abide by legislation and to respect human rights, the prohibition of bribery and other forms of corruption and the fact that competition law must be complied with. In other areas, the code of conduct provides an approach that is based on preventive measures and continuous improvement, such as in the environmental and work environment area.

“Whistleblowing” is encompassed by the Group’s fundamental values and means that all employees have the right to blow the whistle to bring serious irregularities to the attention of the Board of Directors and company management. Whistleblowing is done by e-mailing the Audit Committee and does not give rise to reprisals against the informant.

LEGAL AND REGULATORY REQUIREMENTS

Group companies identify and take actions to introduce and apply the ordinances, rules and laws that impact on business operations. These take the form of major national and international laws in many areas, such as bans on the formation of cartels, export and import ordinances affecting international business transactions, trade embargoes and economic sanctions. The prevailing legislation in the environmental and work environment areas is also wide-ranging and here the ISO 14001 (environment), OHSAS 18001 (work

environment) and ISO 50001 (energy) management systems contribute to ensuring its application in a structured manner.

In addition to binding legal and regulatory requirements, many customers present their own sustainable development requirements. These requirements are being sharpened as time progresses, thus contributing to the development of HEXPOL’s sustainability work. We are also regularly scrutinised by independent institutions and investors, and here too we focus on transparency and performance. The Group’s sustainability report and CDP (Carbon Disclosure Project) report are important sources of information for these stakeholders.

BUSINESS ETHICS GUIDELINE

The business ethics guidelines constitute a component of Materializing Our Values and provide guidance to employees concerning what is and what is not permitted in business contacts with customers, suppliers, competitors and distributors. The guidelines are complemented by a detailed Compliance Program, in which all senior executives in the Group confirm with their signatures that he/she is complying with the rules. The managers undergo regular reviews of the importance of complying with the business ethics guidelines and zero tolerance is applied to non-compliance. An online course was offered at the end of 2015, which included a written examination on international legislation concerning cartels, competition and

EXAMPLES OF ACTIVITIES THAT CONTRIBUTE TO SUSTAINABLE DEVELOPMENT

2010

- Sustainability reporting in accordance with GRI level B.
- Reporting of climate impact in accordance with CDP.
- 80 percent of facilities certified in accordance with ISO 14001.
- Sustainability issues included in strategic planning.
- Projects to increase energy efficiency implemented.

2011

- Group objectives concerning energy and climate introduced.
- Energy-efficiency improvements implemented at several units.
- Compliance Program for business ethics introduced.
- Positive trend in several key figures for sustainability.
- ISO 14001 introduced in acquired units.

2012

- Stricter goals for sustainable development introduced.
- 88 percent of facilities certified in accordance with ISO 14001.
- Two units certified according to OHSAS 18001.
- Greater social involvement in several countries.
- Many measures aimed at energy efficiency introduced.
- Safer work environment through systems to register near misses.

prohibited forms of business cooperation. About 60 HEXPOL's senior executives participated in the course.

ZERO TOLERANCE TO CORRUPTION

Under "Materializing Our Values", and the tenth principle of the UN Global Compact, integrity and responsibility shall characterize our business practices. We take a zero-tolerance approach to bribery, corruption and cartel formation. For a global company, these matters are complex and the perception of "normal business practice" varies between countries and cultures. We use the following methods for governance and monitoring of corruption-related issues:

- We spread shared values in the form of "Materializing Our Values". Group company management teams are responsible for further conveying the values in their organization. As mentioned above, senior executives were targets for an advanced training program during 2015.
- We monitor costs, expenditure and revenues on an on-going basis.
- We pay particular attention to ethical issues in our relationships with partners. Standard business practice must be observed in each individual country, but if business practice does not comply with "Materializing Our Values", we must refrain from doing business or take alternative relevant actions.

No breaches concerning corruption were identified during 2015.

STRATEGY FOR SUSTAINABLE DEVELOPMENT

Corporate responsibility creates value for the Group's stakeholders and, by integrating the environment, social responsibility and ethics into the HEXPOL business model, conditions are created for a strategy that contributes to sustainable development. The Group-wide goals are long term, and they subscribe to several of the global development goals presented by the UN in 2015, in areas such as energy, the climate and sustainable production patterns. As apparent from the figure below, HEXPOL has continuously taken actions to further develop its sustainability work.

Important areas are efficient energy consumption, a reduced climate impact, phasing out chemical substances that could pose a risk to people and the environment and resource-efficient use of raw materials, as well as reducing quantities of

waste. Offering customers knowledge and solutions concerning environmentally compatible product development is another important area. Evaluating suppliers' sustainability work is also a high priority.

INTERACTION WITH STAKEHOLDERS

Stakeholders' requirements and expectations are important, and our ambition is to actively participate in dialogues and exchanges of views. Interaction with stakeholders includes:

- Fulfilling customer requirements in respect of quality, delivery precision, sustainable development and other areas.
- Following up requirements involving the Group's suppliers in a large number of countries.
- Communicating on a regular basis with the capital market, including shareholders, investors, analysts, banks and media.
- Listening to and cooperating with the Group's approximately 3,900 employees. This takes the form of measures including developmental discussions and surveys on the situation at work.
- Maintaining constructive relationships with neighbours, authorities, mass media, schools, universities and other representatives of society.



2013

- Materializing Our Values introduced.
- Increased use of biofuels.
- Energy-efficiency enhancements yield positive results.
- Continued phase-out of hazardous chemicals.
- Activities to rouse the interest of students in the polymer industry.
- Adaptations to GRI G4 initiated.

2014

- Supplier Sustainability Guideline introduced.
- Sustainability targets updated.
- Update of Materializing Our Values – whistleblowing.
- Work to achieve environmentally compatible product development continues.
- Successful energy-efficiency projects implemented. The ISO 50001 energy management system introduced.
- Additional units ISO 14001 certified.
- Use of biofuels on the increase.

2015

- Supplier Sustainability Guideline implemented and more than 800 suppliers evaluated.
- Energy-efficiency measures and continued introduction of ISO 50001.
- DryFlex Green introduced - TPE from renewable resources.
- Carbon impact reduced through increased use of biofuels.
- Group-wide training in business ethics conducted.

The following table shows value created for various stakeholder groups during 2015.

Stakeholder group	Aims, requirements and expectations	Value created
Customers	HEXPOL believes that sustainability measures strengthen customer relationships. Many customers demand that HEXPOL has a code of conduct and certified management systems. Other requirements include the phasing-out of hazardous chemicals and active sustainability measures in collaboration with HEXPOL's suppliers.	During the year HEXPOL's sustainability work was reviewed by around 40 customers. The overall results were good and our approach was appreciated by the customers.
Consumers	The majority of HEXPOL's products are aimed at industrial customers. It is therefore likely that the end consumers are not aware of HEXPOL as a part of the supply chain.	Indirect activities through requirements and dialogue with our industrial customers.
Employees	Health, safety, compensation, benefits, personal development, wellbeing, social situation and business ethics. It is important for us to keep and develop our employees and attract new ones.	Personnel expenditures during 2015 were 1,385 MSEK. The frequency of accidents remained at the same level as previous year. Training and competency development totalled 88,600 h. About 2,400 employees participated in performance reviews. Positive employee survey results.
Suppliers	HEXPOL endeavours to have long-term and transparent relationships with suppliers. The aim is to ensure the right quality, financial stability and sustainable development for both parties.	A Supplier Sustainability Guideline was implemented in 2015. Around 800 suppliers around the world were evaluated in terms of sustainability performance.
Shareholders	The aim is for the sustainability work to create value for shareholders. HEXPOL ensures this, for example, through efficient resource usage and investments in new environmentally sustainable technology. The integration of sustainability issues in business operations, such as more environmentally sustainable products, reduces risks and creates business opportunities.	HEXPOL's share price rose with 24% in 2015. We had meetings with investors and responded to sustainability assessments. Our CDP and sustainability reports to provide transparent information to "green investors". Frequent reporting of status to the Corporate Board.
Society	Social engagement is an important aspect and something that is expected by local communities where the Group operates. As a global company, the Group is expected to undertake measures that contribute to national and global sustainable development goals.	In 2015, HEXPOL paid SEK 550 million in tax. As described elsewhere in the Sustainability Report, the Group's companies contributed in numerous ways to local communities.
Authorities	Compliance with legislation is crucial to HEXPOL.	There were no material breaches of relevant legislation during 2015. We participated in dialogues with supervisory authorities during environmental, health and safety inspections.

RELEVANT INFORMATION TO OWNERS AND INVESTORS

HEXPOL aims to provide shareholders and other players on the capital market with relevant information that offers a basis for accurate valuation of the Group. The objective is to apply a candid and factual approach and provide a high level of service in financial reporting, in order to uphold confidence in the company among existing and potential shareholders.

The Group complies with customary accounting policies, applies internal controls and drives processes to ensure that accounting and reporting comply with legislation, ordinances and listing agreements. HEXPOL applies a policy of transparency in its reporting and, in line with the Group's communication policy, provides well-founded, comprehensive information to the market. Corporate governance is described in the Corporate Governance Report in the Annual Report on pages 78-83 and is available at www.hexpol.com. All published financial information is also available on the website, as are presentations, press releases, financial statements and annual reports.

In the area of sustainable development we provide information through the Annual Report and the Sustainability Report. In addition to that HEXPOL reports the impact on climate through the Carbon Disclosure Project (CDP) and our reporting performance score has significantly increased over the years.

PROFESSIONAL CUSTOMER RELATIONS

HEXPOL's relationship to its customers is characterised by professionalism, a high service level and quality awareness. In accordance with Materializing Our Values, the Group focuses on impeccable business ethics and thus competes fairly in business activities, including marketing and advertising. HEXPOL complies with prevailing competition regulations in the geographical markets in which the company is active. Business decisions are taken in accordance with the Group's interests and are not based on personal considerations or relations.

Customer requirements related to sustainable development have increased in recent years and, in 2015, 100 percent (92) of the companies reported customer requirements for certified environmental management systems, the phase-out of hazardous substances, product declarations, the existence of conflict minerals, social responsibility and compliance with the customer's code of conduct. At 62 percent (56) of the Group's production units, customers implemented follow-ups of their requirements. The outcome of surveys and audits were generally highly positive and improvement proposals were received in a number of cases.

OPERATING UNITS REPORTING SUSTAINABILITY REQUIREMENTS FROM CUSTOMERS

Type of requirement	% of total number of plants
Implementation of ISO 14001	48
Phasing-out of hazardous chemicals	59
Reach compliance with REACH and RoHS	27
Environmental product declarations	45
Code of conduct	48
Conflict minerals	55
Other CR requirements	31

CONTINUOUS IMPROVEMENTS

Since employee responsibility for and contributions to improvements in processes, products and service are in the interest of both the individual employees and the Group, the concept of continuous improvements is an integral feature of the corporate culture and encompasses all conceivable activities. Product quality is a key competitive factor and quality-assurance work is conducted in accordance with the requirements of the international ISO 9001 standard. All units are certified and conducting work to achieve continuous improvements is a fundamental requirement of the quality management system. The purpose of quality-assurance work is to ensure the right quality, fulfil security and legal requirements and to exceed customer needs and expectations. For this reason, customers and suppliers are frequently involved in the development of new products or changes in existing products.

SUPPLIER SUSTAINABILITY GUIDELINE

Supplier assessments have been used for a long time to evaluate whether the Group's requirements concerning technical performance, quality, delivery capacity, solvency and other areas are being fulfilled. Our requirements for supplier's environmental efforts are stipulated through the ISO 14001 standard. In addition to these fundamental requirements, it is important to ensure that the Group is cooperating with suppliers that display sound business ethics, a good work environment and respect for human rights. Irrespective of the size of suppliers or their global or local status, we expect them to meet the same requirements concerning environmental and social conditions as those we impose on ourselves.

In order to strengthen the requirements and be clearer in communications with the suppliers, a Group-wide guideline was introduced in 2015. It is called the Supplier Sustainability Guideline and it summarises HEXPOL's values and specifies requirements for sustainable development. Assessments are performed through self-declarations, questionnaires, site visits and formal audits. During the year, more than 800 suppliers (170) were evaluated in respect of environment and social responsibility. We also conducted a special initiative to assess natural rubber producers.

GOVERNANCE, STRATEGY AND OBJECTIVES

Responsibility for sustainability work is decentralised and delegated to the legal entities. Executives at companies and production facilities are responsible for leading and monitoring activities involving the environment, work environment and social responsibility. Issues involving strategy, risks, monitoring and sustainability accounting, as well as sustainability issues connected to corporate acquisitions, are managed at the Group level. Governance and strategy for sustainable development is based on:

- Analyses of risks and opportunities.
- Focus on the most important sustainability issues – the material aspects.
- Long-term objectives at the Group level and detailed targets at each site.
- Preventive environmental work and occupational health and safety programmes that are important both in respect of technological solutions relating to resource utilisation, emission abatement equipment, waste management and so forth, and also by involving our employees and offering relevant training.
- Systematic work at all units through certified management systems for quality, environment, energy and health and safety.
- Transparent communication about material aspects and progress in public reports.



ANALYSES OF RISKS AND OPPORTUNITIES

The Group's analyses of risks and opportunities include the consequences of developments in terms of legislation, stakeholder requirements and expectations and scientific advances in sustainability. Environmental risks in conjunction with the acquisition of other companies are a prioritized area. The issues involved could be soil pollution and breaches of environmental legislation. Opportunities are, for example, associated with our capability to develop more environment-friendly rubber compounds and other products. Read more about environmental risks and opportunities on p. 20.

GROUP-WIDE OBJECTIVES

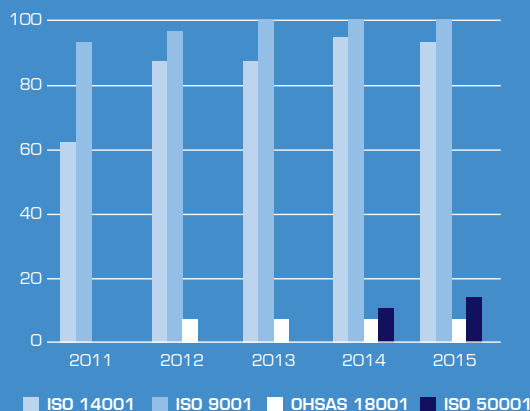
HEXPOL has long been pursuing Group-wide objectives for sustainable development. The objectives pertain to more efficient energy consumption, reduced climate impact, introduction of certified environmental management systems, the phase-out of particularly hazardous chemicals, a safe work environment and supplier requirements. The Group objectives, which are long term and point out the direction, are supplemented by local targets and action plans at the production plants. As seen in the table on p. 13, while the trend was positive, continued efforts are required to achieve the goals.

CERTIFIED MANAGEMENT SYSTEMS

Our long-term objectives include the introduction of certified environmental management systems and all companies apart from a number of newly acquired units are ISO 14001 certified. The experience from this is positive, with risks and costs diminishing, while confidence among stakeholders is rising. The environmental work is examined and improved through the regular internal and external environmental audits and 135 internal (107) and 37 external (37) environmental audits were implemented in 2015. The newly acquired company Vigar in Spain is ISO 14001 certified and another two of the acquired companies are scheduled to receive certification in the year ahead.

The standard applied for the work environment (OHSAS 18001) has been introduced at two plants in Sri Lanka. Two companies in Germany and the companies in Sri Lanka are certified in accordance with the standard for energy management systems (ISO 50001). Preparations are under way for certification of another two units in Europe. All HEXPOL units are certified under the ISO 9001 quality standard.

CERTIFIED MANAGEMENT SYSTEMS IN HEXPOL
(% of total number of facilities)



SUSTAINABLE SUPPLIERS

Collaboration with suppliers that manage environmental issues, work environment, social responsibility and business ethics in a responsible way is important for us. The basic principle is that the suppliers should have a code of conduct at the same level of ambitions as HEXPOL Materializing Our Values. During 2015 a set of new guidelines were introduced – HEXPOL Supplier Sustainability Guideline – that cover the entire sustainability area and clarify the expectations of suppliers. The guidelines include the following areas:

- Environment and work environment – We require compliance with legislation and a documented and systematic approach to prevent environmental and health impacts.
- Human rights – Requirements regarding discrimination, equal opportunities, child labor and right to collective bargaining.
- Business Ethics – Requirements regarding anti-bribery, cartels and sound business and marketing practices.
- Supply Chain Practices – Requirements that the supplier shall take actions to ensure that its suppliers comply with the HEXPOL guidelines, or a comparable standard, as well as to assess their performance against it.

In the first implementation phase focus is on suppliers of raw materials and chemicals and new suppliers. Around 750 suppliers were identified by the purchasing department at HEXPOL Compounding. The suppliers were asked to review the Supplier Sustainability Guideline, to complete a self-assessment and in writing ensure that they will comply with HEXPOL's values. In addition to that, the Group companies have informed specific suppliers, distributed questionnaires and conducted audits. The result was that another one hundred suppliers were assessed, including 20 sustainability audits. In total around 800 suppliers have been assessed.

The objective is that the guidelines should reduce risks and contribute to sustainable development. At the same time we strive for elimination of all unnecessary bureaucracy. Our activities to support a sustainable supply chain will continue and so far the response to the guidelines has been positive. Some supplier have questioned the guidelines and chosen not to participate in the self-assessment. In one case the result was that the collaboration with the supplier was terminated.



Area	Target	Status	Trend
Energy	Energy consumption (GWh/net sales) is to be reduced continuously.	Energy analyses and measures aimed at saving energy on a broad front. The results are favourable and energy is being used in an increasingly efficient manner.	▲
Climate	Emissions of carbon dioxide (tonnes/net sales) are to be reduced by 15 percent by the end of 2018 compared with the average for 2010–2011.	Increased use of biofuels, purchases of green electricity and energy-optimisation measures reduce emissions of greenhouse gases.	▲
Environmental management systems	All facilities should have certified environmental management systems (ISO 14001). Acquired facilities are to be certified within two years after the acquisition.	A unit was certified in 2015, which means that 93 percent of the subsidiaries are now certified. The introduction of other types of management systems is also increasing.	▲
Hazardous chemicals	The use of hazardous chemicals is to be identified and controlled. Wherever possible, chemicals that could have an adverse impact on the environment and/or human health should be phased out. HEXPOL should be viewed as a frontrunner in the polymer industry as a supplier of environmentally compatible products.	Within the Group, chemical products are used that are on the REACH list of particularly hazardous substances. Work aimed at restricting their use and reducing the risks are continuously under way and a handful of substances were replaced during the year. The development of environmentally compatible products continues.	▲
Safe workplaces	Our vision is that no accidents should occur at our workplaces. The number of accidents must be reduced.	The number of accidents leading to work absence and the number of lost working days increased compared with the preceding year. Systems for reporting near misses are in place at most of the units and are used in an increasingly efficient manner.	▶
Suppliers	HEXPOL Supplier Sustainability Guideline is to be introduced in the supply chain. As of 2015, these guidelines are to be included in agreements with suppliers.	A major initiative concerning examinations of the sustainability work of suppliers was implemented in 2015. The new guideline was communicated and more than 800 suppliers were evaluated.	▲

▲ TARGET ALREADY ACHIEVED

▲ POSITIVE TREND, TARGET POSSIBLE TO ACHIEVE

▶ NO CHANGE

▼ NEGATIVE TREND, TARGET NOT ACHIEVED

SUSTAINABILITY AUDIT FOR NATURAL RUBBER PRODUCTION

The rubber tree (*Hevea Brasiliensis*) grows in tropical climates. Today more than 90 percent of all natural rubber comes from Southeast Asia, but rubber plantations can be found in many other places, such as Africa and South America. Many of the plantations are old and small and use traditional production methods. Natural rubber is used in many different products - including shoe soles - but about 70 percent is used for the production of rubber tyres. About 8 percent of the total polymers used at HEXPOL is made from natural rubber.

It takes four to seven years before the sap (latex) from a rubber tree can be tapped. A tree produces about two kilos of latex per year over twenty years. The yield depends on the growing conditions, as well as the use of fertilisers and biocides. Once a rubber tree's latex production diminishes, it is chopped down and used to make furniture or as fuel. Environmental conditions and the social situation at the rubber plantations have attracted attention. The discussion has centred on issues including chopping down tropical forests to create rubber tree monocultures, the use of chemical pesticides and the workers' social situation.

In the summer of 2015 sustainability audits were performed at four rubber plantations and factories that produce natural rubber from latex, as part of the HEXPOL Supplier

Sustainability Program. The audits were performed in Sri Lanka, and the audit group consisted of Kasun Desilva (Environment and Quality Manager), Asoka Jayaratne (Purchasing Manager) and Ilmalee Lahada-singhe (assistant to the Managing Director) from Gislaved Gummi Lanka, as well as the Group's Sustainability Manager Torbjörn Brorson. The audits covered the environment, working environment, social responsibility and ethics, and a number of issues were discussed with the managers of the rubber plantations and factories.

The larger plantations had well-developed policies and systems to protect the environment, and were able to produce both ISO 14001 and FSC (Forest Stewardship Council) certificates. They also had positive initiatives that improved the situations of their employees, such as saving for a house, convenience shops with reasonable prices and a school for infants. On the whole, the audits showed that the rubber plantations and factories mainly fulfilled the requirements of the Supplier Sustainability Guideline, but that health and safety initiatives should be implemented at some of the smaller production facilities.



Environmental responsibility

Focus on material aspects

ENVIRONMENTAL ISSUES IN A GLOBAL PERSPECTIVE

2015 will probably be regarded as a milestone for global sustainability development. A new treaty aimed at limiting climate impact was adopted by countries worldwide and the UN presented new development targets (Sustainable Development Goals). Expectations regarding the input of business and industry remain high, in terms of both responsible behaviour and development of products and services that benefit man, society and the environment. HEXPOL's own objectives match a number of the global targets and the aim is to continue to further develop work on sustainable development.

Key environmental aspects that affect HEXPOL's operations include the use of resources in the form of polymer raw materials, chemical products, energy and water. Other significant aspects pertain to emissions into the atmosphere and waste generation. Indirect environmental aspects include supplier activities, transportation of raw materials and complete products, as well as customer use of the Group's products. Further information about how environmental aspects are ranked are found in the materiality analysis on p. 7.

ENVIRONMENTAL LEGISLATION

HEXPOL is subject to comprehensive national and international environmental legislation. The majority of the producing units require various types of permits and all the facilities in Sweden are subject to official approval or reporting pursuant to the Swedish Environmental Code. The units in the Czech Republic, Belgium, Spain, the US, Mexico, Sri Lanka and China have environmental licences that either cover all areas of their operations or that apply to specific environmental aspects, for example, emissions to the atmosphere. The operations in the UK and one facility in Germany are not subject to any specific environmental approval. Compliance with permits and emission conditions is monitored through measurements and inspections, and in excess of 20 units submit specific environmental reports to supervisory authorities.

About two thirds of the units are planning to apply for minor updates of applicable permits in the near future.

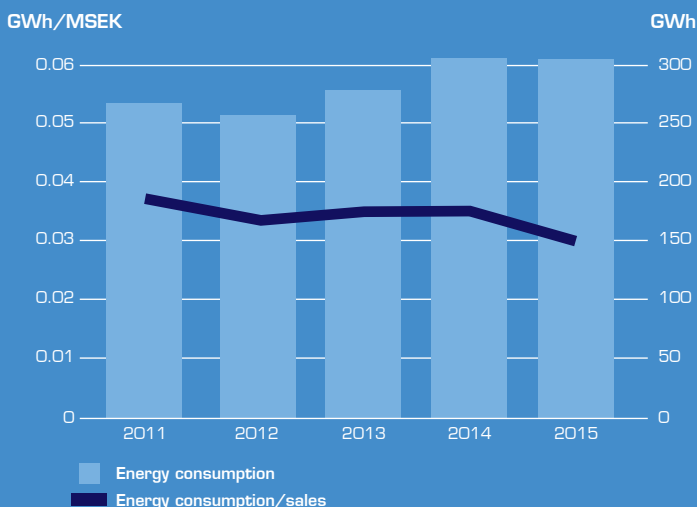
Environmental legislation in the form of EU directives (such as REACH, RoHS, CLP, WEEE and energy optimisation) and other national or international legislation affect many of the Group's operations and products. One third of the units are subject to producer responsibility legislation for packaging. The following events related to legislation and ordinances occurred during the year:

- The EU Energy Efficiency Directive was implemented in 2015 and, within the framework of the directive, HEXPOL's facilities in Europe are subject to requirements for energy surveys and reports to supervisory authorities. A summary of the Group's status has been submitted to the Swedish Energy Agency, and relevant actions have been or will be taken. An example of such an action was the introduction of the ISO 50001 energy management system at several facilities.
- The CLP Regulation, which was implemented in 2015, concerns the classification, labelling and packaging of chemical substances and mixtures placed on the market in the EU. At HEXPOL, one of the effects of this regulation is that many products have been reclassified, and labelling and safety data sheets have been updated.
- Supervisory authorities conducted inspections at about half of the plants. Some minor non-conformities were detected and corrective measures have been taken.
- Minor violations of environmental law in the form of discharges into the air and water occurred at a plant in Sweden and two plants in the US. Actions have been taken and the violations did not result in any legal consequences.

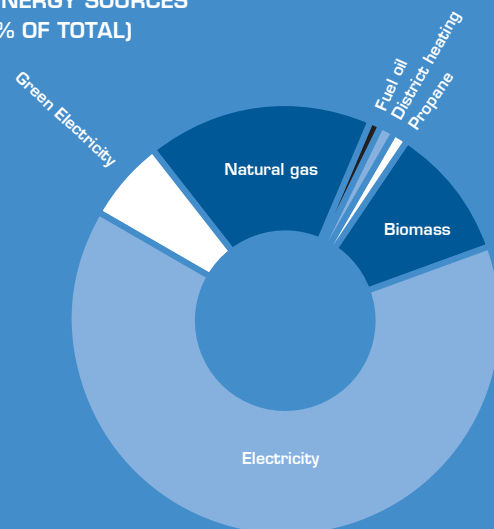
ENERGY CONSUMPTION

Since energy issues are important to HEXPOL from an environmental standpoint and in terms of cost considerations, one of the Group objectives concerns more efficient energy consumption. Mixing equipment, presses and other production

ENERGY CONSUMPTION



ENERGY SOURCES (% OF TOTAL)



equipment dominate energy usage, but compressed air, refrigeration, lighting, ventilation and moving of materials are also important in this connection. Our energy usage in 2015 was 309 GWh (313). Several energy projects focusing on processes and infrastructure contributed to this reduction in energy consumption. The key figure for energy (GWh/net sales) shows a downward trend over five years, and the Group's objective is to continue reducing energy usage.

About two thirds of the energy consisted of purchased electricity, nearly 20 percent of natural gas and propane and the rest derived from other sources. The use of biofuel and "green" electricity rose during the year to 16 percent (9). The total energy cost in 2015 was about 193 MSEK (179).

WATER CONSUMPTION

Water issues are important to society and the business community and access to high-quality water is a key issue in many parts of the world. The annual documentation of water-related matters in the Group shows that HEXPOL has no production facilities in areas suffering from water shortages or where the aquatic ecosystem is threatened. One exception is a unit in California, USA, where the State has suffered a severe draught in recent years. From a natural resources perspective, there are many reasons to be economical with water and this applies to cooling, cleaning, irrigation and hygiene.

FOCUS ON ENERGY ISSUES

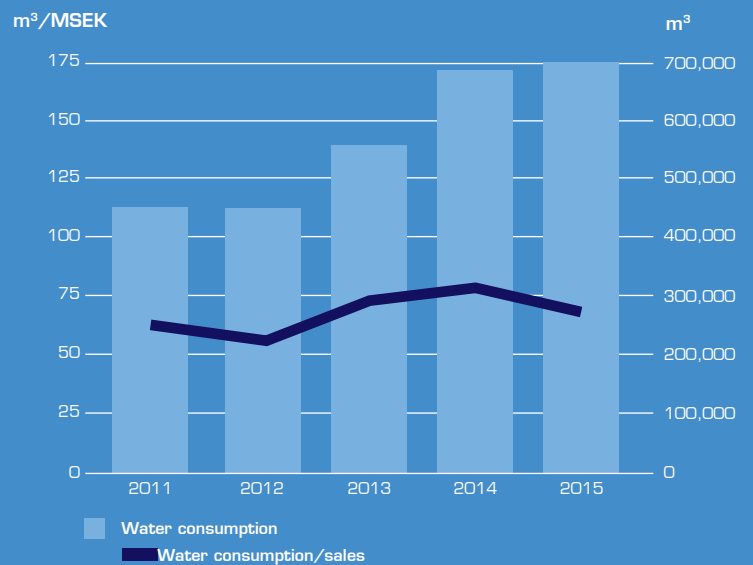
Many energy-saving measures were implemented during the year, such as:

- Installation of more energy-efficient production equipment, including AC drives, which provide better control of the speed of the electric motors in the mixing equipment, thus reducing energy use.
- Detecting leaks in the compressed air systems in order to reduce unnecessary energy losses.
- Replacement of older fixtures with LED bulbs and better systems to control the lighting and that automatically turn it on and off. Use of daylight in premises where appropriate, for example in some warehouses.
- Installation of steam traps on presses and insulation of furnaces. Switching off equipment not in use.
- Better control of the processes for mixing rubber and shorter cycle times reduced energy consumption at several plants..
- Performing energy surveys and introduction of the ISO 50001 energy management system.
- Reducing energy consumption during peak periods on the electricity network.
- Surplus energy sold to the local district heating network in Gislaved.

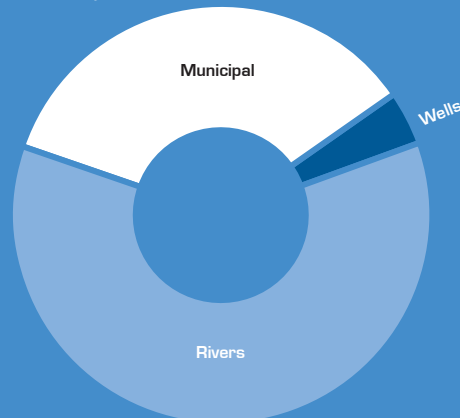
In 2015, some 250,000 m³ (226,000) of municipal water was consumed, 25,000 m³ (17,000) from proprietary wells and 428,000 m³ (441,000) from streams. Additional production, acquired companies and increased production contributed to the rise in water consumption compared with 2014. Most of the production facilities have cooling systems with recirculated water and various actions have been taken to reduce water consumption such as leak searches, training and technical measures. The total cost of water was 3.7 MSEK (2.8)

Emissions to wastewater from production processes are limited and premises are normally not fitted with draining gutters. Wastewater consists mainly of organic materials and nutrients from sanitary facilities and cleaning. Emissions of cooling water that has not been in contact with raw materials and products, as well as rainwater from roofs and land areas, also occur. Production plants are connected to municipal wastewater treatment plants

WATER CONSUMPTION



SOURCES OF WATER (% OF TOTAL)

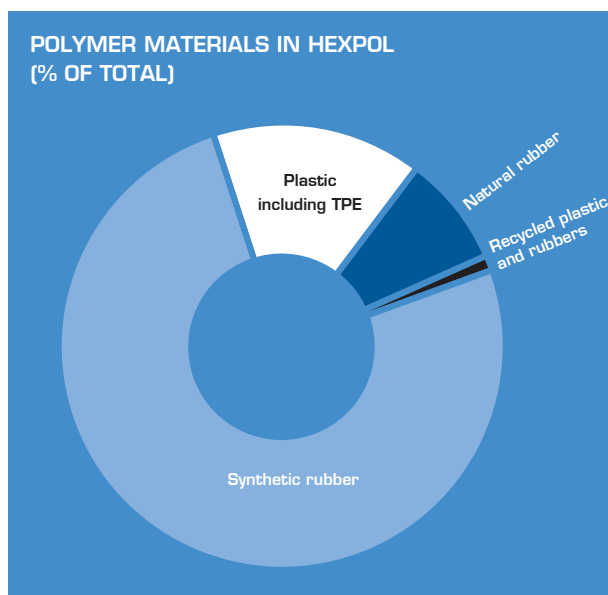


or equivalent. Precautions in the form of oil separators, embankments and remediation equipment are in place at all plants. Measurements of the composition of the surface water and wastewater showed that emissions remained within permissible levels, with the exception of one unit in the Czech Republic and one in the US. Corrective actions have been taken.

POLYMERS AND OTHER CHEMICAL PRODUCTS

The manufacture of polymer compounds is based on polymers, softening agents, filler and various chemical substances. The recipe depends on the technical properties to be achieved and the compound includes many types of synthetic rubber, process oils as softening agents, carbon black and other fillers, as well as a large number of chemicals and additives that give the compound the desired properties. Some compounds include natural rubber.

In addition to the above-mentioned group of substances, polyurethane plastics, thermoplastic elastomer (TPE), metals, solvents and dyes are used within HEXPOL. In terms of volumes, synthetic rubber polymers are predominant but TPE and polyurethane plastics are also used to a relatively great extent. The use of natural rubber accounts for about 8 percent (9) of total polymer consumption and recycled polymers for about 1 percent (3). The natural material, cork, is used in certain TPE applications.



SAFE CHEMICAL MANAGEMENT

At HEXPOL, many different recipes and a large number of chemical substances are used. The Group objective for safe chemical management is that chemicals deemed as hazardous for humans and the environment are to be replaced with other substances or that relevant risk-limitation measures are to be taken. EU chemical legislation (REACH) and laws concerning labelling and risk information are crucial to the Group's chemical work, but equally important are the demands pla-

ced by customers. Customer requirements have intensified in recent years and are focusing on substances that have been identified as part of REACH and that are ultimately to be phased out. Efforts to reduce the risks related to chemical products continued in 2015 and applied, for example, to finding replacements for certain phthalates, biocides and accelerators. This work is complicated since there is no global harmonised legislation and substances that are banned in one part of the world may be permissible in others. Regardless of this, we strive to offer customers options that are advantageous from an environmental and health perspective but without lowering technical performance.

PRECAUTIONARY WORK

Around ten chemicals that are mentioned in the REACH SVHC List (Substances of Very High Concern Candidate List) are used in HEXPOL. The preventive chemical effort has a high priority and a number of chemicals have been phased out or had their usage reduced, such as certain phthalates, brominated flame-retardants and heavy metals, as well as chemicals that generate nitrosoamines. During the year, a handful of chemicals were phased out and another ten substances have been identified for future measures. Examples of chemicals that we have focus on are ETU, DETU, DINP and DOTG (see Definitions). This work is complicated since there is no global harmonised legislation and substances that are banned in one part of the world may be permissible in others. Regardless of this, we strive to offer customers options that are advantageous from an environmental and health perspective but without lowering technical performance.

HA OILS

In the rubber industry HA (highly aromatic) extender oils are used to facilitate the processing of the rubber compounds. They are also an essential component for the technical performance of tyres and in particular for the road adherence (or grip) properties. Polycyclic aromatic hydrocarbons (PAHs) are, however, present in aromatic oils and the European Union has classified eight PAHs as carcinogenic. In EU there are since 2010 restrictions in the use of PAH in tyres for vehicles. The threshold limit is maximum three percent of PAHs in the extender oil.

At HEXPOL in Europe such oils are phased out but, as they are allowed in China, Mexico and USA, HA oils above the European limit are still used in some formulations. In a global perspective more than 93 percent of the extender oils have a low PAH concentration and we strive to convince customers that more environment-friendly options are available.

EMISSIONS TO THE ATMOSPHERE

CLIMATE IMPACTING GASES

HEXPOL's aim is to reduce the emission of the climate-changing gas carbon dioxide from energy consumption. The emissions result from the use of fossil fuels (oil, natural gas and propane) and purchased electricity and totalled 117,000 tonnes (115,000) during the year. In a five-year perspective, the Group's KPI (tonnes of carbon dioxide/net sales) is showing a declining trend and that it is possible to achieve the Group objective.

The indirect emissions through purchases of electricity dominated and accounted for 87 percent (84) of the total amount of carbon dioxide. Here, purchases of "green" electricity in the Czech Republic, Sweden and Germany reduced emissions. Emissions from direct energy consumption were positively impacted by energy optimisation measures, and by biofuels (wood, saw dust) now being the predominant source of energy in Sri Lanka. As a result of the replacement of fossil-fuel based forklifts with electrical forklifts at the US unit in Jonesborough, the local authority awarded the unit a prize within the framework of the "Energy Right Program".

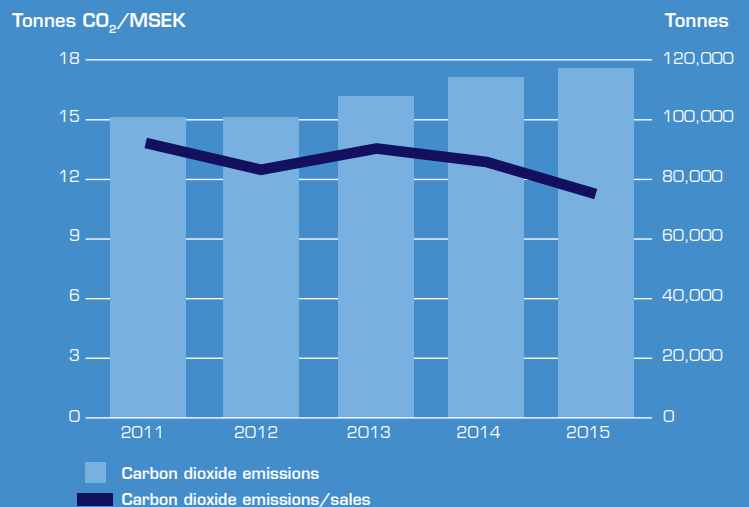
Since 2010 the emission of carbon dioxide has doubled in absolute numbers. The increase is caused by higher production volume and acquisitions of production units. Expressed as tons of carbon dioxide/net sales the picture is more favorable, and improved energy efficiency is contributing to the downward trend. However, the emissions are very dependent on how the purchased electricity is produced, for example by primary energy sources such as coal or hydropower. This is one of the explanations to why our carbon footprint varies from country to country.

Based on the on-going trend we consider that it is possible to reach the Group target for carbon dioxide emissions (see table on p. 13). The following actions reduce the impact on the climate:

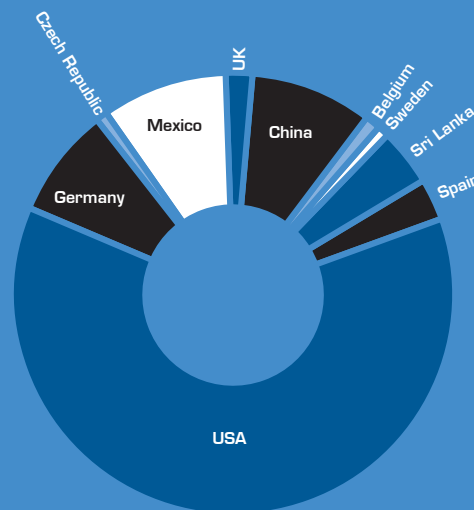
- The energy-efficiency programs will continue to contribute to lower CO₂ emissions.
- The purchase of "green" electricity in the Czech Republic and Sweden (Gislaved Gummi) will continue to reduce the indirect emissions of carbon dioxide.
- Emissions from direct energy consumption are positively impacted by higher consumption of bio-fuels in Sri Lanka, a measure that has had full effect in 2015.

- Actions such as increased use of recycled materials, improved transport logistics, vehicles with less fuel consumption, and more transportation by train, will also contribute to lower CO₂ emissions.
- Development of products that contribute to lower energy consumption in buildings and reduced fuel consumption in vehicles. For example, lightweight rubber compounds.

CARBON DIOXIDE EMISSIONS

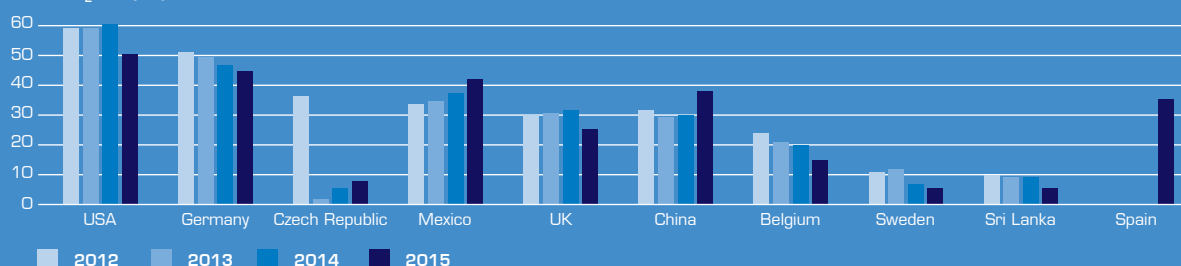


CARBON DIOXIDE EMISSIONS PER COUNTRY (% OF TOTAL)



CARBON DIOXIDE EMISSIONS PER EMPLOYEE

Tonnes CO₂/employee



OTHER EMISSIONS

Energy consumption caused 9 tonnes (29) of atmospheric emissions of sulphur dioxide and nitrogen oxide. The sharp reduction in recent years is a result of minimisation of the use of fuel oil at the units in Sri Lanka through investments in biofuel. Emissions of VOC (volatile organic compounds) from dyes and solvents totalled some 24 tonnes (24) and are caused by the manufacture of polyurethane wheels. No emissions of ozone-depleting gases (HCFC) occurred during the year and the total amount of installed cooling agents is less than one tonne.

RESOURCE-EFFICIENT USE OF MATERIALS

By minimising spoilage, improving waste sorting at source and reducing the amount of waste, the facilities are using raw materials more efficiently. Examples of actions taken to generate environmental and business value include internal recycling of process waste and the utilisation of purchased recycled polymers. During the year, purchased recycled material accounted for about 1 percent of total polymer raw materials. In the Enviroblack project conducted at our units in the US, a significant amount of carbon black has been recycled from dust filters in certain products.

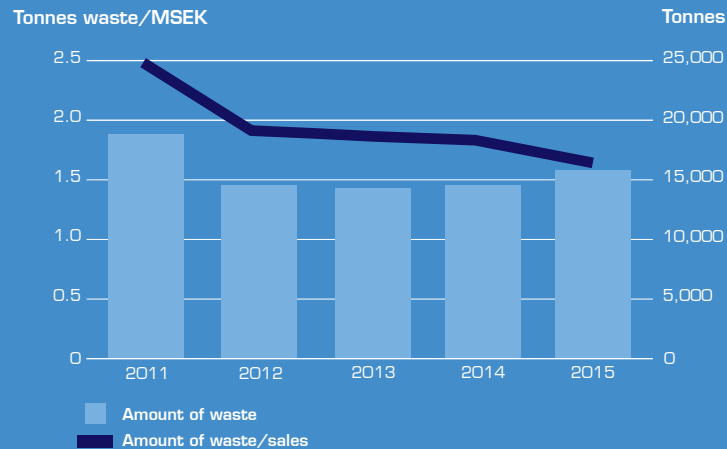
The total volume of waste was 16,000 tonnes (14,800), of which hazardous waste accounted for 638 tonnes (527). Although the number of plants and the aggregate production volume have increased over the past five years, the Group's KPI for waste (tonnes/net sales) is showing a positive declining trend. The cost of waste management amounted to 13.3 MSEK (9.7).

PRODUCTS CREATING ENVIRONMENTAL VALUE

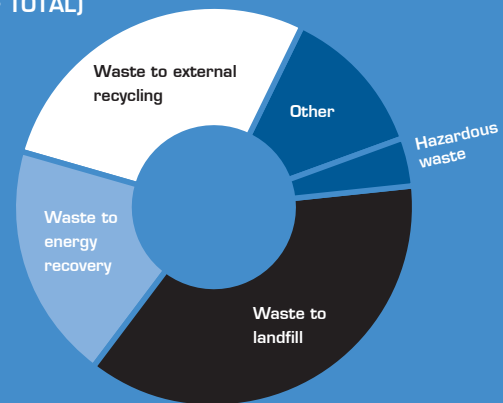
Environmental adaptation of products often occurs in cooperation with customers. Minimising the risks associated with chemical substances is something that is important to many customers, particularly in industries that manufacture products directly for the consumer market. In the automotive industry, interest in reducing fuel consumption is high and here, weight-saving polymer products from HEXPOL can contribute to this. Within the Group, there are many examples of products that contribute environmental value:

- During the year, HEXPOL TPE Compounding launched a new product line – Dryflex Green – based on raw materials from renewable sources.
- The automotive industry has long been looking for EPDM rubber that is not electrically charged, for use in, for example, door strips. The risk of electrolytic corrosion increases when the use of light aluminium and magnesium alloys increase in cars. HEXPOL has developed a type of EPDM with low electrical conductivity that contributes to reducing corrosion.
- Recycled polymers are used in rubber compounds in mud flaps, mats and bumpers for the automotive industry.
- HEXPOL Engineered Products manufactures rubber gaskets that are used in plate heat

AMOUNT OF WASTE



WASTE CATEGORIES (% OF TOTAL)



exchangers worldwide. The gaskets also contribute to energy savings, less climate impact and secure handling of chemicals and food products.

- HEXPOL Compounding produces porous rubber material that contributes to reducing material consumption and reducing weight, thus helping to lower fuel consumption in vehicles.
- Thermoplastic elastomers (TPE) are easy to recycle and are used in many applications, such as the automotive industry. The TPE range also includes products that contain flame retardant substances that constitute environmentally compatible options to the use of traditional environmentally hazardous flame-retardants.
- TPE, combined with natural material such as cork, produces technically interesting properties and reduces the use of fossil raw materials. TPEs can also replace PVC in certain applications, thus meeting the demands in the environmental policies of certain organisations in the health sector.
- HEXPOL Engineered Products manufactures polyurethane wheels with long service life, thus reducing the need for replacement wheels. This lowers the consumption of materials and the amount of waste. The development of polyurethane wheels for use in offshore wave power plants is another interesting application.

SUSTAINABILITY-RELATED RISKS

ENVIRONMENTAL LEGISLATION

The development of environmental legislation and environmental policies impacts HEXPOL in both the short and long term. Climate change represents an area in which it is probable that additional legal and financial means of control will be introduced. A current example is the Energy Efficiency Directive introduced by the European Commission during 2015. The Group works systematically on this and other environmental issues and currently sees no unforeseen risks that will impact the business operations. For the individual production facilities, it is important to comply with existing emission conditions and be prepared for more stringent future environmental requirements. The facilities have valid environmental permits and only routine updating of conditions and permits is expected in the near future.

With respect to other environmental legislation, it is mainly the chemical legislation REACH that presents both challenges and opportunities for HEXPOL. The legislation consists of demands for the phase-out of certain hazardous substances or for limits on their use in certain applications. HEXPOL uses chemical substances that are registered on REACH's Candidate List of Substances of Very High Concern (SVHC). These are substances that have a specific function in the preparation of the Group's products, including certain phthalates (softening agents) and accelerators. The development departments have reformulated a number of recipes and the use of several substances has been terminated or reduced. Our opinion is that risk-limiting measures should be implemented as required by legislation, customers and the Group. Business opportunities will be generated by being able to offer environmentally compatible products.

HEXPOL is encompassed by the EU directive requiring compulsory sustainability reporting, which becomes effective in 2017. The assessment is that the Group, by issuing the Sustainability Report in accordance with GRI guidelines, probably fulfils the new requirements. No material changes in the reporting system are expected.

CONTAMINATED SOIL

Most of the Group's facilities are built on land that was not previously used by contaminating operations. In connection with corporate acquisitions, assessments of the risk of soil pollutants and other environmental damage are regularly performed. No emissions or accidents of significance to the land and groundwater were registered in 2015.

Adjacent to a leased property in Gislaved, Sweden, there are signs of historical soil contamination from petroleum hydrocarbons. Another property in Gislaved, owned by Gislaved Gummi, was examined during the year with respect to contaminations according to the Method for Inventories of Contaminated Sites in Sweden. The property

was classified as Risk Class 2 and the assessment was based on the previous presence of the solvent trichloroethylene in the facility. No emissions of this solvent have been registered and it is unknown whether the authorities will demand further examinations. One of the plants in the US is exposed to the risk of limited site contamination caused by earlier operations. Although remediation of the site is said to have been performed by the former owner, this has not been fully confirmed. However, there are no legal requirements for remediation of this land that affect the Group.

HAZARDOUS SUBSTANCES IN BUILDINGS AND INSTALLATIONS

The roofs of certain buildings comprise Eternit tiles containing asbestos. The risks are considered minor and do not require actions to be taken until the roofs are to be replaced. According to legislation in Sweden, the Group performed an inventory of the properties with respect to PCB (polychlorinated biphenyls). Some small amounts of PCB were found in window seams in a number of buildings and the caulking compound will be remediated as the windows are gradually replaced. The risks to humans and the environment are very low.

ACCIDENTS AND UNCONTROLLED EMISSIONS TO THE ENVIRONMENT

Systematic and preventive work is conducted to reduce the risk of fires, leakage and other accidents that could harm people and the environment. The preventive effort includes risk analyses and other forms of inspections and audits, and the "Blue Grading System," which identifies strong and weak aspects, is applied within the Group. The procedures applied in the units are based on requirements from legislation, insurance companies, ISO 14001 and the Group's internal regulations. Apart from a number of minor fire incidents, no accidents or uncontrolled emissions to the environment occurred during the year.

CLIMATE-RELATED RISKS

Three of our plants have identified flooding as a climate-related risk and certain precautions have already been taken. Three facilities are located in areas that could be exposed to extreme windy conditions. The Group keeps itself informed of risk analyses on climate changes that are performed in countries in which it has operations. Climate-related risks are taken into account in conjunction with corporate acquisitions and supplier assessments.

ENVIRONMENTAL ADAPTATION OF PRODUCTS

Many customers are focusing on environmentally adapting their products. The Group is monitoring the trend in the area and offers expertise to contribute to environmentally compatible product development. Accordingly, the risk of losing business is deemed small.

HEXPOL TPE COMPUNDING LAUNCH TPE COMPOUNDS BASED ON HIGH LEVELS OF RENEWABLE CONTENT

At this year's Fakuma exhibition the HEXPOL TPE Compounding Group (which brings together the ELASTO and Müller Kunststoffe businesses) launched a new range of TPE compounds based on raw materials from renewable resources. The range, which is called Dryflex Green, is a family of thermoplastic elastomer compounds based on raw materials from plant and vegetable crops from renewable resources. The range includes several series with varying amounts of renewable content, from 20% to over 75% (ASTM D 6866) with hardnesses from 50 to 80 Shore A.

Klas Dannäs, Global R&D coordinator for HEXPOL TPE commented, "We are excited to introduce low hardness TPE products with such high levels of renewable content to the market. We are seeing increasing demands for the polymer industry to look at how we can work with biobased materials



and bring new opportunities for sustainability. Our R&D teams are constantly engineering new polymer combinations and we have been working closely with suppliers to develop sustainable and ethical alternatives to fossil-based raw materials."

Dryflex Green TPE compounds display mechanical and physical properties comparable to TPE from fossil based raw materials. They offer excellent flexibility and tensile properties with a soft-touch feel. They can be processed using traditional polymer technologies such as injection moulding and extrusion. Dryflex green TPE compounds give adhesion to biobased PE for 2K and multi-component applications. Dryflex Green TPE compounds are also fully recyclable and can be easily coloured.

Dannäs concluded "Dryflex Green TPE compounds could open up sustainability options in the consumer, automotive, packaging, medical and construction markets. Our global teams will work with our customers and supply partners to further test the possibilities of our Dryflex Green TPE compounds, as we continue to engineer progressive solutions to meet new and emerging market demands".

LIGHTWEIGHT NONCONDUCTIVE EPDM COMPOUNDS

Car parts made of light metal alloys based on aluminum or magnesium tend to corrode when in contact with rubber. In 2014, HEXPOL Compounding in Belgium launched a new series of low- and nonconductive EPDM compounds to avoid this problem. White specialty fillers instead of carbon black are used to significantly increase the electrical resistivity.

This project has resulted in a range of products where HEXPOL is able to meet a wide range of OEM requirements between 106 Ω -cm - 109 Ω -cm and above. White fillers can however degenerate the mechanical properties and process ability of the compound due to the strong filler network. Intensive research was necessary to overcome these problems resulting in adjustments of the recipe and by optimizing the polymer matrix.

Another issue is the weight of white fillers, resulting in a higher weight of the finished compound. Driven by the CO₂ discussion,

the automotive industry is targeting weight reductions in all parts of the car. Therefore HEXPOL needed to reduce the density of the compounds without deteriorating other important properties. This was finally achieved by a unique proprietary HEXPOL technology. Lightweight nonconductive compounds are now available with up to 20% weight reduction. This development also offers new opportunities in the building & construction industry thus these compounds have a lower thermal conductivity which is a benefit in window seal applications.



Social responsibility

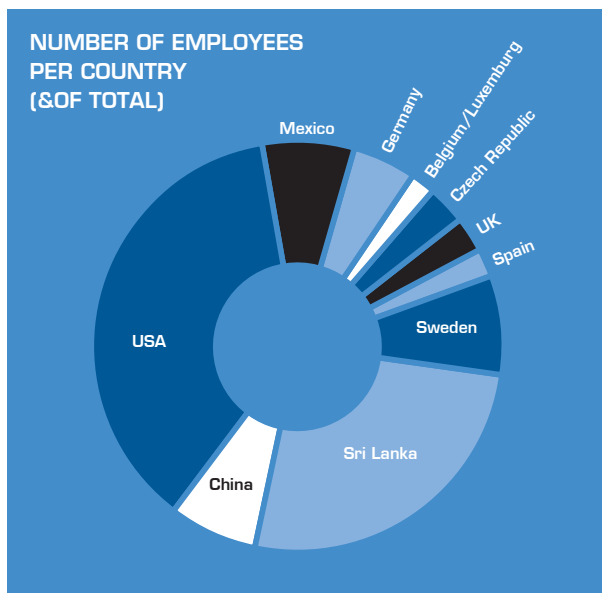
Diversity,
competence,
commitment
and well-being

EMPLOYEES IN ELEVEN COUNTRIES

During the financial year, the number of employees was 3,867 (3,666), of whom 2,429 (2,212) worked in HEXPOL Compounding and 1,433 (1,449) in HEXPOL Engineered Products. The Parent Company had five employees (5).

HEXPOL is a global company and 93 percent (91) of the employees work outside Sweden. Since the workforce is relatively evenly spread across the US/Mexico, Europe and Asia, diversity in the form of various cultures is a natural feature of daily activities. With the Group's presence in global markets, the mix of competencies is an important precondition for the ability to grow nationally and internationally. Because local presence in the various geographical markets is particularly important, we endeavour to recruit necessary competencies in the region or country concerned.

For HEXPOL, diversity is a matter of seeing the big picture and showing respect and professionalism, as supported by the open corporate culture, Materializing Our Values and our desire to make continuous improvements. Efficient leadership is a prerequisite for our success and the work climate should encourage responsibility, creativity and innovation. We encourage involvement and seek to engage all employees in our improvement work. Considerable emphasis is placed on creating a culture of rapid decision-making paths without unnecessary bureaucracy.



A GOOD WORK ENVIRONMENT AND RESPECT FOR HUMAN RIGHTS

Materializing Our Values has its background in internationally known agreements and guidelines on human rights, social responsibility and sustainable development, including the UN Global Compact and the standard for social responsibility (ISO 26000). The Group's requirements are that workplaces should be safe, facilitate development and comply with occupational health and safety and labour legislation. No employee may be discriminated due to gender, religion, age, physical or

mental disability, sexual orientation, nationality, political opinions or origin. HEXPOL encourages diversity and distances itself from all forms of discrimination. Equal rights issues are addressed in a decentralised manner and the employees are entitled to form and join trade unions and to collective negotiations. They also have complete insight into and the right of codetermination in accordance with the provisions of national legislation. During the year, many employees underwent refresher courses in HEXPOL's values, and Materializing Our Value is included in the training of new employees.

Work environment efforts focus on preventive measures and include risk analyses, training programmes and technical improvements. It is particularly important to highlight near misses and adopt preventive measures. Creating a good work environment and well-being are the responsibilities of executive management and improvement programmes are conducted in cooperation with employees and employee representatives. About half of the plants have reward systems in place for improvements made in the environmental and work environment field.

DIVERSITY

In the global polymer industry, men account for a substantial part of the workforce, and HEXPOL is no exception. The proportion of female employees is 14 percent (14) and the level is highest in Sweden and China at about 40 percent. The opposite prevails in Sri Lanka, where women account for only 4 percent of the workforce and men account for more than 90 percent of the workforce at a number of facilities. The proportion of female members of the Board is 29 percent (29), and 17 percent (14) in Group management. The proportion of female members of local management teams is 11 percent (11). There is a Group-wide equal opportunities policy and Group management has issued a clear message that an increased share of women should be sought for in connection with external and internal recruitments for various positions.

RIGHT TO REPRESENTATION

HEXPOL's values recognize the employee's right to be represented by trade unions or other employee representatives, as well as the right to collective bargaining and agreements. The extent of coverage by collective agreements varies depending on local political and cultural conditions in the countries in which we are active. All employees are covered by collective agreements at about 25 percent of the plants and this applies in Sweden and China. For other units, the affiliation to trade unions is between 0 and 75 percent.

EQUAL OPPORTUNITIES AND EQUAL RIGHTS

Issues pertaining to equality, discrimination and social conditions in the workplace are important to HEXPOL. The same view applies in the Group's relationships with suppliers. During the year, nothing arose that showed that the Group had breached the guidelines concerning human rights, equal opportunities or diversity.

PREVENTIVE MEASURES FOR OCCUPATIONAL HEALTH AND SAFETY

During the year, there were 111 occupational accidents (104) resulting in more than one day's absence from work. Total absence due to occupational accidents amounted to 2,058 days (1,875) days. One third of the units were completely injury-free during the year, but the total number injuries and lost workdays was higher than in previous years. A higher number of production plants is one of several factors affecting the accident statistics. Over five years, the average accident rate for absence per employee is 0.03 accidents, with some annual variation. The causes of the occupational accidents have not changed much over the years, consisting of falls, equipment, manual work and heavy lifting. One occupational accident involving a contractor was reported and 8 (18) work-related illnesses were confirmed. Impaired hearing, allergies and injury to muscles and skeleton are examples of illnesses that occurred during the year.

systems have been introduced in 86 percent (89) of the units and are being used in an increasingly efficient manner. A total of 365 near misses (438) were registered, resulting in preventive and remedial measures to reduce the risk of accidents.

ACCIDENTS AT WORK 2011 – 2015

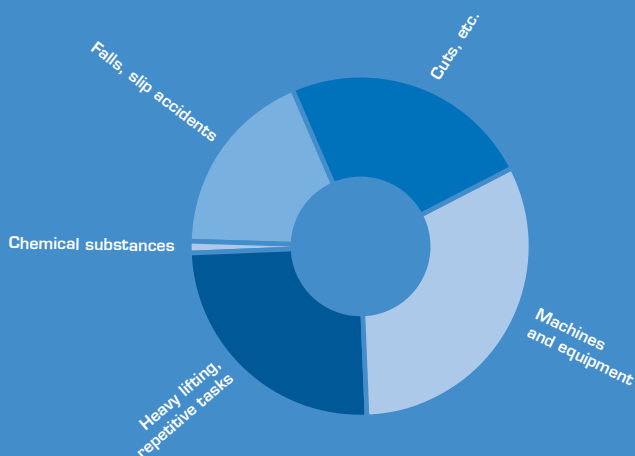
	2015	2014	2013	2012	2011
Lost Work Cases	111	104	68	73	122
Lost Work Days	2,058	1,875	1,016	847	891
Lost Work Cases/ employee	0.03	0.03	0.02	0.02	0.04
Lost Work Days/ employee	0.5	0.5	0.3	0.3	0.3

EMPLOYEE DEVELOPMENT

By working in networks and project organisations, the overall level of competency is enhanced and, for this reason, many projects are implemented with participants from various cultures, with knowledge in different areas. This could be technology and product development or purchasing and marketing. At our annual conferences for the Group's top management, the topics discussed include strategic issues, the outcome of projects, finances, markets, products and sustainable development.

Training and competency development occur continuously in Group companies and totalled 88,600 hours (76,000) in 2015. This corresponds to more than 23 hours (20) per employee. About 2,400 employees participated in developmental discussions or some other form of performance reviews. Surveys of employee views of occupational health and safety and the company are conducted regularly at several of the units and 13 such surveys were conducted during the year. The results indicated many satisfied employees but also items that can be improved; for example, personal development opportunities. The US based Gold Key and Burton Rubber received the Best Workplace award in an independent evaluation based on employee assessments.

CAUSES OF OCCUPATIONAL ACCIDENTS 2015 (% OF TOTAL)



The long-term goal is to completely avoid accidents and illnesses, and efforts have been directed at preventive activities, training and a systematic approach. One example is the OHSAS 18001 occupational health and safety system which was introduced in the facilities in Sri Lanka. Many of the plants work in a similar way within the legal frameworks of their respective countries. The safety committees are important, and such organisations exist in 86 percent (89) of the facilities. Risk analyses, occupational health and safety measurements, technical measures, training, health checks and safety rounds were implemented during the year. The measurements included exposure to dust and noise. Special health checks of the workforce are conducted at units handling isocyanates. Other types of recurring health checks are common in the Group.

The systems for registering near misses, meaning events that could potentially cause an occupational accident, were further developed in 2015. Such



PERSONAL DEVELOPMENT AND REMUNERATION

Job satisfaction, employment security and opportunities for personal advancement are important factors for many employees. At HEXPOL, the remuneration level is on market terms and competitive. Basic principles are that wage formation should comply with legislation, at least match the minimum wage levels in the countries in which the Group is active and be fully market based. Variable remuneration linked to the performance that a person can influence is paid to employees in certain parts of the Group. Personnel costs during 2015 totalled 1,385 MSEK (1,025).

interest in technical professions. Similar activities are being implemented at Gislaved Gummi, where the company is a mentor for young entrepreneurs.



SOCIAL INVOLVEMENT

HEXPOL engages in social activities throughout the world. These include “open houses” for employees and their families, contacts and projects in cooperation with schools and universities, and financial support for sports, health projects and associations. From a strategic perspective, it is important that young people and students are informed about the future opportunities offered by the polymer industry. Companies in the US are particularly active in contacts with polymer technology students by arranging study visits, development projects, degree projects and traineeships. Several hundred young people participated in activities at the Group’s facilities in 2015. Activities included everything from a “chemistry day” for young students to research collaborations concerning the development of green products, logistics and other areas.

Gold Key in the US is making a major effort to attract young people to apply for jobs in the polymer industry. A large number of the staff are involved when the students come on study visits, and they hear the important message that “Team Work is what makes a Dream Work”, in other words the importance of being able to collaborate and share one’s knowledge. ELASTO in Åmål is participating actively in a project aimed at encouraging girls at upper secondary school to show an

TWO HEXPOL CAMPUSES LISTED AMONG 2015 TOP WORKPLACES IN NORTH-EAST OHIO

Two HEXPOL Compounding campuses were honored in the Cleveland Plain Dealer's 2015 Top Workplaces. HEXPOL Compounding, a leading global provider of elastomer compounds, was among 150 companies cited in the newspaper's sixth annual list.

HEXPOL Compounding LLC (Burton Rubber Processing), located in Burton, Ohio, made the list for the first time, checking in at ninth place among 50 Northeast Ohio mid-size companies. Burton Rubber Processing was founded in 1957 and currently has 204 associates working at the campus. Gold Key Processing Inc., a HEXPOL Company located in Middlefield, Ohio, made the list for the third consecutive year among Northeast Ohio mid-size companies. Gold Key was founded in 1997 and currently has 178 associates working at the campus.

The 2015 Top 150 Workplaces list was published in the Plain Dealer on June 21st. Associates responded to a detailed survey conducted by independent workplace consultant, Workplace Dynamics. The survey standings were based solely on associate responses of "My Job" and "Organization Health" factors.

Survey results indicated that both HEXPOL campuses are comprised of individuals who feel comfortable with HEXPOL through meaningful work, a vibrant connection with the company, and a strong belief that HEXPOL

Compounding is moving in the right direction. HEXPOL leadership provides a clear vision, rigorous daily associate development, and an intentional effort to make sure each associate feels valued.

Associates surveyed indicated their appreciation for the recognition, rewards, and opportunities provided by HEXPOL Compounding. The survey respondents cited a connection to HEXPOL because of the positive culture and the company's intentional support based in personal and leadership development programs.

"We are very proud to have our organizations recognized along with so many other well-respected businesses in our region", said John Gorrell, General Manager, Burton Rubber Processing. "Congratulations to our outstanding associates for receiving this notable and well-deserved honor. We are very grateful for their extraordinary contributions that make HEXPOL the industry leader. Building a great work environment on the inside creates a great reputation in how we value our associates, customers, and community."

"It is humbling to be recognized in the Top Workplaces listing for the third consecutive year in a row", said Jerry Saxion, Managing Director of Gold Key Processing. "Our associates, at all levels of the organization, are vital to Gold Key's success and directly responsible for creating such a positive culture and family oriented work environment. Everyone's focus on safety, personal growth, customers, quality, community and hard work are truly appreciated. Thank you to all our associates and their families."

In addition to the above honor, both campuses were featured on the Fox Business Network's Manufacturing Marvels® series.

Associates at HEXPOL Compounding's Burton facility celebrate their ninth place ranking in The Cleveland Plain Dealer's 2015 Top 150 Workplaces listing.



HEXPOL IN CLOSE COMMUNITY COOPERATION

GoldKey Processing, located in Middlefield, Ohio, is committed to growing by growing its people. That includes strengthening tomorrow's workforce today. On October 22, 2015, GoldKey Processing hosted the 8th grade classes from Middlefield Cardinal and Hershey Montessori Farm Jr/Sr High Schools for tours to learn about HEXPOL Compounding and careers in the rubber industry.

Following an energetic welcome from the entire GoldKey Processing staff, the event was kicked off by GoldKey's HR team consisting of Lori Smith and Megan Clarke, who are essential in coordinating these educational programs. After completing a safety review, each student was provided with his or her own personal PPE – including safety glasses, ear plugs and shoe covers – to ensure their safety during the visit to our campus.

Jerry Saxion, Managing Director, provided an overview of HEXPOL Compounding that addressed campus capabilities, global locations, markets serviced, HEXPOL culture, people development, and a leadership lesson on ATTITUDE. Students were very interactive with great questions and were excited to learn more about our process and people. Then it was off to tour the GoldKey campus. Divided into small groups, the students met with production associates, a development chemist, lab technicians, process chemists and office staff. Each had a station at which they explained the many steps in the process of manufacturing advanced, high-quality rubber compounds. Students observed how a product is conceived – from development to the final product – including the procurement of raw materials, the manufacturing process, and testing to meet the customer's requirements. They got to see and examine examples of customer parts.

While learning about each step of the process, students got to know the background of our associates and the career paths they took to reach their current positions. Each associate explained his or her role, highlighted the different jobs they perform, and detailed the importance of working as a team because, as we know: Teamwork is what makes the Dream Work!

GoldKey mentors who made student presentations included Jason Yauger, Mervin Detweiler, Rich Gierlach, Brad Bond and Kevin Dominic. The entire GoldKey team, including our current cooperative education students from Youngstown State University, supported this event. They helped with event preparation and assisted participating students throughout the day.

GoldKey Processing, as part of its mission, is dedicated to helping "Build Tomorrow's Workforce Today" through intentional active participation to pay it forward through programs such as:

- Career Readiness Days for Sophomores, Juniors and Seniors
- Cooperative Education Experiences with Local Universities
- Internships with Local High Schools
- Educational Days with Local Amish Schools
- Career Fairs and mentoring programs with ISTEM students from the Auburn Career Center

By hosting the Career Awareness Day for 8th graders, we are helping students plan for their futures. As part of their curriculum, they are required to make determinations about their general career path and course of study in high school.



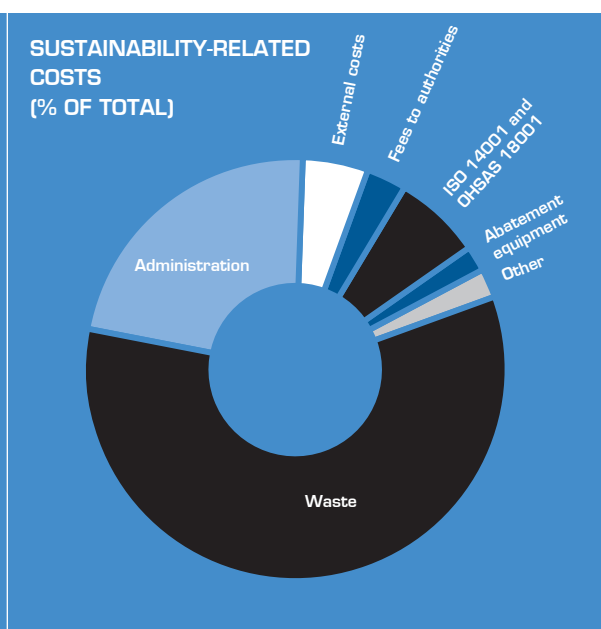
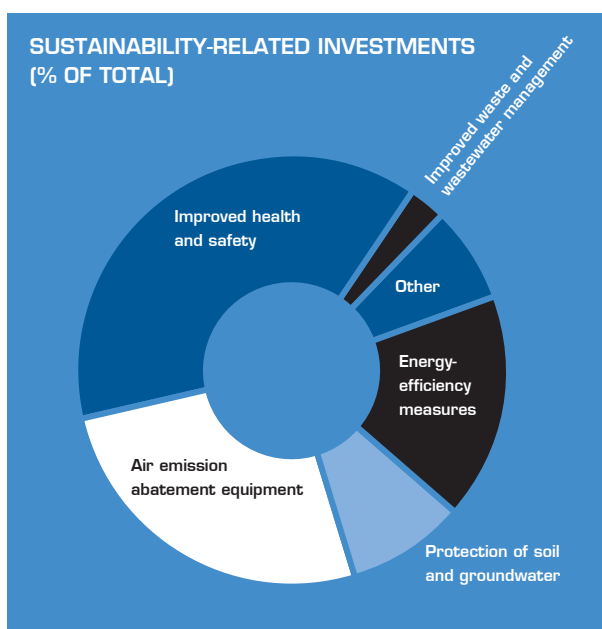
Melvin Cedillos, Victor Rosales, Alex Posada, Darrel Goins, Randy Simpson, Marcel Ramirez, Jose Funes, Mardo Segovia

Thank you for opening your doors to our school and showing us the many careers that are possible. We appreciate all the time and effort that you put into our visit. We welcome you at our school anytime.



Economic responsibility

Investments,
costs, saving
and distributed
value



2015 IN BRIEF

During 2015, we increased our volumes in all principal markets. Sales rose by a full 26 percent to 11,229 MSEK (8,919) but were impacted by substantially lower sales prices due to substantially lower prices for our principal raw materials, compared with the preceding year.

In 2015, we yet again sharply improved our earnings per share, which amounted to SEK 4.05 – an increase of a full 33 percent. Our constant focus on the efficient management of working capital also generated results in the form of a very strong operating cash flow, 2,185 MSEK, and a healthy return on capital employed of 28.6 percent. Gratifyingly, the HEXPOL share also performed well and the share price increased 24 percent during the year.

Key figures	2015	2014	2013
Sales, MSEK	11,229	8,919	8,036
Operating profit (EBIT), MSEK	1,964	1,456	1,255
Operating margin, %	17.5	16.3	15.6
Profit before tax, MSEK	1,943	1,436	1,236
Profit after tax, MSEK	1,393	1,048	930
Earning per share, SEK	4.05	3.05	2.70
Equity/assets ratio, %	72	69	62
Return on capital employed, %	28.6	28.5	27.0

SUSTAINABLE DEVELOPMENT AND FINANCE INVESTMENTS, COSTS AND SAVINGS

During the year, production facilities invested 19.1 MSEK (16.7) in the environmental and occupational health and safety area. The investments were primarily targeted at energy optimisation measures, air-purification and improved work environment.

Environmental and work-related costs were higher than in 2014 and amounted to 22.7 MSEK (16.7). The costs include administration, running the purification plant and fees to authorities and certification bodies. The main cost item pertained to

fees for the management of waste and accounted for 60 percent (59) of the total costs.

Environmental and work-environment-related measures resulted in savings of 14.1 MSEK (11.5). Measures involving energy optimisation and waste management made the main contribution to the savings. Savings were also made that are the long-term results of efforts in prior years.

FINANCIAL VALUE FOR STAKEHOLDERS

HEXPOL affects a broad range of stakeholders. We have an economic impact on society and create opportunities for customers, suppliers, employees and society. Our business generates a financial value that is distributed among the various stakeholders. Sourcing represent a large expenditure item, wages and pension plans generates value for our employees, and by paying taxes and employing people the company contributes to local societies in the countries where we are active.

During 2015, the Group had net sales of 11,229 MSEK. 2,366 (1,743) MSEK was distributed according to the table.

Stakeholder	2015	2014	2013	Comments
Employees	1,385	1,025	894	Salaries and benefits
Shareholders	413	310	207	Dividend
Creditors	18	20	24	Interest expenses
Society	550	388	306	Total reported tax expenses

Highlights during 2015

Small and big
steps towards
sustainable
development

During the year the commitment to continual improvement was demonstrated by a number of small and big steps towards sustainable development. Some examples, from HEXPOL's units all around the world, are found below and other examples are found elsewhere in this Sustainability Report.

SRI LANKA

- The biomass boilers at the Bokundara and Horana plants were successfully running resulting in a substantial reduction of the emissions of fossil carbon dioxide and sulphur dioxide.
- The Wheel Production System was reviewed and updated to HEXPOL Engineered Production System (HEPS).
- A greener composite product, using locally available materials, was introduced at the Horana unit.
- Sustainability audits were carried out at natural rubber plantations and processing plants.
- Social activities included the annual trip for all employees, contact and projects with universities, and schoolbooks to children.

MEXICO

- The unit in Aguascalientes implemented energy saving measures, for example, installation of LED lamps. Social activities included Family Day, Pope Francis celebration at the Virgin of Guadalupe basilica, and Christmas party.
- The Queretaro plant avoided, whenever possible depending on production demands, operations during peak energy periods. The ISO 14001 management system was successfully recertified.

CHINA

- Gislaved Gummi in Qingdao continued the energy saving projects, for example, increased production during daylight. Other activities included reduction of scrap and flash, as well as improvement of safety at work. The annual maintenance ISO 9001 and ISO 14001 audits went well and the company continued with the implementation of the 5S program.
- HEXPOL Compounding in Qingdao started a program of shift management to optimize power usage. Continued with the installation energy efficient lighting systems.
- Stellana in Qingdao purchased a sandblasting machine that will reduce the use of dichloromethane (chlorinated solvent). Energy was saved by installation of a variable frequency motor.
- The Foshan unit took actions to phase out hazardous chemicals (nitrosoamine generators, phthalates). All employees participated in the TOP Audit process to review potential safety hazards in the factory. To reduce the waste footprint returnable containers were utilized with additional customers. The plan is to expand this project to distant customers. Roof lamps were replaced by energy saving LED lamps.



USA

- The Statesville plant initiated recycling of gear pump strainer screens. First time to participate in March of Dimes "March for Babies" charity event. Continued to contribute and volunteer for 5th Street Ministries soup kitchen, The Elder Center, Brenner's Children Hospital and other local charities. Changed from MSDS to Global Harmonized System Safety Data Sheets. Insulating heat wrap installed on the above ground oil tank pumps. Heat exchangers added on anti tack tanks. Improved duct work in laboratory to improve airflow and reduce A/C use.
- The Jonesborough unit was the first company in the history of Tennessee Valley Authority's "Energy Right Program" to be recognized for using electric forklifts and received an incentive check for \$4,000.
- The Santa Fe plant further developed the recycling program and improved housekeeping and maintenance of buildings and yard. The company signed agreements with the energy supplier for special operating hours during summer in order to save energy during peak hours and save money while doing this. Installed an additional oil tank to make our operation more efficient and safer (less risk of oil spills). Extended roof/canopy around the oils storage area in order to prevent rain from entering the area. Cleaned our dust collection system and changed dust filters, this improved the plant health environment.
- At the Kennedale unit the engagement in the Employee Engagement Committee resulted in an extended safety-training program. The company donated supplies to the Kennedale Independent School District and adopted a highway for roadside cleanup.



- The Dyersburg campus implemented a plan to become landfill free in 2016. To reduce the water usage there was continued focus on dynamic cooling on mixers. A healthy mentoring program continued with a focus to properly train associates. Commitment to the program is a must for those associates with a desire to become mentors. The company continued with presence in the community through contributions and volunteers donating time to work, for example, the local Salvation Army, the Cystic Fibrosis foundation and Relay for Life a fund for cancer research).
- The Stellana site in Lake Geneva added 900 m² of warehouse space allowing for safer storage of metal components and wood pallets. This space also provided a dedicated area for quality/engineering test lab operations. The company broke its safety record and had an all time low in safety incidents.
- The Burton campus received the prestigious honor of being selected for the "2015 Top Workplaces" award for the best places to work in the Northeast Ohio area. In 2015 recycling awareness was increased throughout the plant. It was done through postings on bulletin boards, plant meetings, and associate awareness. The results were excellent with a decrease of 60 percent of waste to landfill and an increase of 450 percent of waste that was recycled (energy/material).
- The Middlefield unit maintained the ISO 14001 certification and achieved the Top 100 Work Places Award based on associate survey. Continued to reduced waste stream (compound, oil, dust, paper, plastic and etc.) to land fill through intensified recycling program. Continued the energy saving, wastewater and safety management programs. Supported the Middlefield community Summer Festival, The American Heart Association, Santa's Hideaway for terminally ill children and DDC Clinic. Participated in Geauga Safety council and Middlefield Chamber of Commerce.
- The first maintenance audit of ISO 14001 at Muscle Shoals plant was successfully completed.
- The Kardoes unit improved the working environment and reduced the turn over rate. The number of recordable workplace accidents was reduced and will continue to reduce with a "zero" goal. The company donated to several charities, for example, Toy Drive for Children and Women's Home.
- The Mogadore plant achieved ISO 9001 certification. Updated all associates training and implemented new safety procedures. Started recycling program for wooden pallets and cardboard.

CZECH REPUBLIC

- At the Unikov plant several technical measures were implemented, for example, replacement of old lighting in the production hall that gave 50 percent reduction in energy consumption. The installation of a suction system, at the bagging station of granulation unit, resulted in better working environment.

BELGIUM

- The Eupen unit presented new developments in the field of lightweight, low and nonconductive compounds. At the recently constructed warehouse a new chemical weighing department was installed. The replacement of a DC-motor with an AC-motor for one mixer resulted in improvements such as reduced energy consumption, maintenance charges and noise emissions.

GERMANY

- The Lichtenfels site finalized certification according to ISO 14001 for Plant 1 and received certification according to ISO 50001 for Plant 1 and 2. The construction of the new laboratory and office rooms was finalized.
- At the Hückelhoven plant a Power Monitoring System was installed. The aim of the system is to increase the energy efficiency Actions were taken to further reduce the use of certain hazardous substances.

SPAIN

- At the compounding plant in Barcelona ISO 14001 was successfully implemented in 2015. LED lightning systems were installed in the production area. During the year, the new management team initiated implementation of 5S.

UNITED KINGDOM

- The Elasto unit in Middleton replaced the old lighting system with T5 fluorescent lamps. The estimated annual energy saving will be around 20 percent.
- The Dukinfield unit reduced manual handling issues in tilt mixing line, including the introduction of a conveyor system allowing transfer of product from mill to mill, and a scissor lift scale to reduce frequency of handling. The company retained ISO 14001 certification and progressed OHSAS 18001 certification with anticipated completion in 2016.

SWEDEN

- Gislaved Gummi's energy-efficiency program has resulted in a three year 24 percent overall reduction in energy consumption and 20 percent reduction when weighted by turnover. A new ventilation system was installed at the compounding department.
- At Stellana in Laxå the energy consumption (GWh/net sales) was down 23 percent 2015 (down 48 percent since 1998). Waste to landfill down 93 percent in 2015 and down 99 percent since 1998 (220 to 2,5 tons).
- Elasto in Åmål installed a new production line (K7). The new line is expected to provide positive results concerning product quality and improved working environment. All sales persons at Elasto now drive Electric Hybrid Vehicles. The Dryflex Green concept was introduced.



About the sustainability report

Scope and reporting principles

PURPOSE

The purpose of this report is to provide an overview of HEXPOL's sustainability performance during the calendar year of 2015, and, where practicable, provide a comparison to the performance during previous years. The report describes our impacts on our environment, people, our local communities and the economic contribution the company makes in the areas in which we operate. The aim is to provide a focused report that supports the needs of HEXPOL and our stakeholders.

SCOPE AND BOUNDARY

The Sustainability Report covers performance relating to the environment, health, safety and social conditions at the production units worldwide. Operations that belonged to the Group for most of the fiscal year are included in the report. A total of 34 (32) manufacturing sites throughout the world contributed to the report. Two acquired companies were added (Vigar, Spain; Mogadore, USA) to the report. Companies acquired during 2015 were not included in the Sustainability Report. The table below shows all units that formed the HEXPOL Group by the end of 2015 and to which extent they are included in the Sustainability Report.

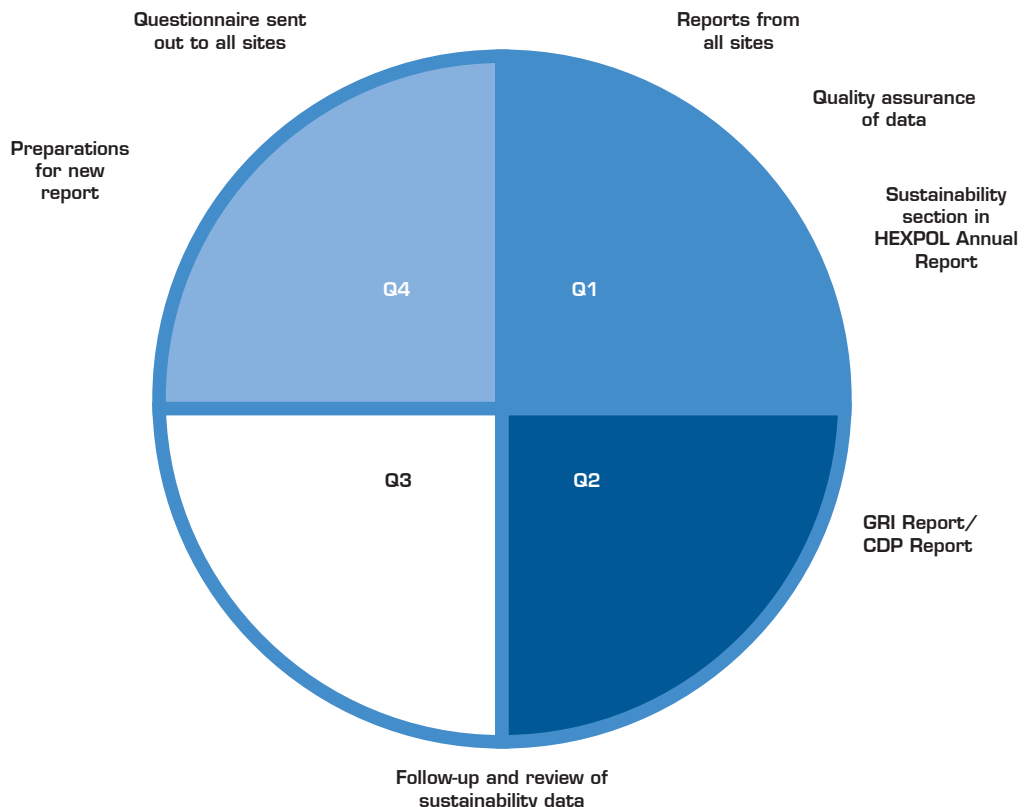
REPORTING PRINCIPLES

The annual reporting cycle is shown in the figure. Each unit supplies data to the HEXPOL head office in accordance with the Group's questionnaire for sustainability reporting. All unit managers are responsible for the primary quality-assurance of

the data provided. The second level of quality control is carried out at the head office, where incoming information is reviewed and compared with data from previous years. Additional assessment of sustainability data is carried out during visits at selected units during the year.

Sustainability data, that was presented in the Board of Director's Report (Annual Report), was briefly audited by the financial auditors.

Conversion factors, based on the energy content and quality of the fuel used, are applied for the calculation of emissions of carbon dioxide, sulfur dioxide and nitrogen oxide from the use of direct energy. For companies within EU, emissions of carbon dioxide from indirect energy (mainly electricity) are based on conversion factors in the Covenant of Mayors (EU 2010). For companies outside EU the conversion factors in the GHG Protocol were used. Figures for emissions of VOCs (solvents) are based on measurements at the units where they occur, but in most cases VOC emission data is based on mass balance calculations. The report also includes VOC emissions from paints and lacquers, adhesives and glue.



Operating unit	Location	No of employees	Area (m ²)	Environmental licence	Included in Sustainability Report
HEXPOL Compounding					
HEXPOL Compounding North Carolina	Statesville, USA	91	3,400	Yes	Yes
GoldKey Processing	Middlefield, USA	188	14,900	Yes	Yes
HEXPOL Compounding – Burton Rubber Processing	Burton, USA	256	19,900	Yes	Yes
HEXPOL Compounding – Burton Rubber Processing	Jonesborough, USA	108	9,800	Yes	Yes
HEXPOL Compounding – Colonial Rubber Works	Dyersburg, USA	245	38,200	Yes	Yes
Chase Elastomer	Kennedale, USA	74	7,200	Yes	Yes
HEXPOL Compounding – California	Santa Fe Springs, USA	41	2,900	Yes	Yes
Robbins	Muscle Shoals, USA	51	20,900	Yes	Yes
HEXPOL Compounding Aguascalientes	Aguascalientes, Mexico	120	6,500	Yes	Yes
HEXPOL Compounding Queretaro	Queretaro, Mexico	137	8,300	Yes	Yes
HEXPOL Compounding Belgium	Eupen, Belgium	83	3,400	Yes	Yes
HEXPOL Compounding Sweden	Gislaved, Sweden	58	9,200	Yes	Yes, included In summary report for Gislaved unit.
HEXPOL Compounding Germany	Hückelhoven, Germany	79	5,400	Yes	Yes
HEXPOL Compounding Czech Republic	Unicov, Czech Republic	115	8,600	Yes	Yes
HEXPOL Compounding UK	Dukinfield, UK	59	2,500	No*	Yes
HEXPOL Compounding Qingdao	Qingdao, China	70	5,900	Yes	Yes
HEXPOL Compounding Foshan	Foshan, China	33	6,350	Yes	Yes
Elastomeric Group	Bokundara, Sri Lanka	53	2,000	Yes	Yes, included in summary report for Bokundara unit.
ELASTO Sweden	Åmål, Sweden	64	5,300	Yes	Yes
ELASTO UK	Manchester, UK	45	4,500	No*	Yes
Müller Kunststoffe Plant 1	Lichtenfels, Germany	36	3,600	No*	Yes, included in summary report for Lichtenfels unit.
Müller Kunststoffe Plant 2	Lichtenfels, Germany	83	6,300	No*	See above.
HEXPOL TPE Compounding Foshan	Foshan, China	10	750	Yes	Yes, included in summary report for Foshan unit.
HEXPOL Silicone Compounding	Mogadore, USA	-	1,600	No*	Yes, included in summary report for Burton unit.
Kardoes Rubber	LaFayette, USA	86	20,500	Yes	Yes
HEXPOL Compounding S.L.U.	Barcelona, Spain	87	12,000	Yes	Yes
RheTech Compounding	Whitmore Lake, USA	149	13,200	-	Acquired in 2015, not included in the report
RheTech Compounding	Fowlerville, USA	44	7,900	-	See above
RheTech Colors	Sandusky, USA	46	6,500	-	See above
RheTech Engineered Plastics	Blacksburg, USA	15	10,200	-	See above
HEXPOL Engineered Products					
Gislaved Gummi Gaskets	Gislaved, Sweden	92	6,000	Yes	Yes, included in summary report for Gislaved unit.
Gislaved Gummi Lanka	Bokundara, Sri Lanka	487	7,000	Yes	Yes, included in summary report for Bokundara unit.
Gislaved Gummi China	Qingdao, China	124	8,000	Yes	Yes
Gislaved Gummi Profiles	Gislaved, Sweden	25	2,500	Yes	Yes, included in summary report for Gislaved unit.
Stellana Sweden	Laxå, Sweden	80	8,000	Yes	Yes
Stellana US	Lake Geneva, USA	76	6,660	Yes	Yes
Stellana China	Qingdao, China	44	1,080	Yes	Yes
Elastomeric Wheels	Horana, Sri Lanka	505	16,590	Yes	Yes

Global Reporting Initiative (GRI) Index

Self declaration according to the GRI G4 Guideline

The organisation GRI (Global Reporting Initiative) has drawn up voluntary global guidelines for how companies and other organisations should report on activities relating to the concept of sustainable development. GRI's guidelines (version G4) place requirements on reporting sustainability data in terms of economic, environmental and social performance indicators. According to GRI, sustainability reporting should provide a balanced and reasonable picture of the organisation's results within the field of sustainability, including both the positive aspects and the negative aspects.

The GRI Guidelines are the most widely accepted and used standard for sustainability reporting. If an organisation wishes to demonstrate that the report is 'in accordance' with the Guidelines, it must self-declare how GRI's Guidelines have been applied in their sustainability report. We report under the Core option and have selected material aspects and associated indicators.

The tables below show the degree to which HEXPOL meets the minimum reporting requirements in accordance with GRI G4. (AR) refers to page numbers in the HEXPOL Annual Report 2015. SR refers to this Sustainability Report.

GENERAL STANDARD DISCLOSURES

Terminology according to GRI	Requirement or Indicator	Reference/Comment	External verification*
Strategy and Analysis			
G4-1	Statement from the CEO about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	AR 9; SR 5	-
G4-2	Description of key impacts, risks, and opportunities.	SR 7, 15, 20; AR 70-72	+
Organizational Profile			
G4-3	Name of the organization.	HEXPOL AB	+
G4-4	Primary brands, products, and services.	AR 19-49	-
G4-5	Location of HEXPOL's headquarters.	Malmö, Sweden	+
G4-6	Number of countries where HEXPOL operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	AR 115-117, SR 35-36	-
G4-7	Nature of ownership and legal form.	AR 16-17	+
G4-8	HEXPOL's markets and customers.	AR 19-49; SR 3	-
G4-9	Scale of organization: Total number of employees, total number of operations, net sales, debt and equity, quantity of products or services provided.	AR 19-49, 85-103	+
G4-10	Employees (contract, gender, region, variations, etc).	AR 92-93; SR 23	+
G4-11	Percentage of total employees covered by collective bargaining agreements.	SR 23	+
G4-12	HEXPOL's supply chain.	SR 10	-
G4-13	Significant changes during the reporting period regarding the HEXPOL's size, structure, ownership, or its supply chain.	SR 35-36	-
G4-14	Whether and how the precautionary approach or principle is addressed.	SR 14-25	-
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	SR 7-9	-
G4-16	Memberships of associations and national or international advocacy organizations in which HEXPOL is active.	SR 8, 23	-
Identified Material Aspects and Boundaries			
G4-17	Entities included in HEXPOL's consolidated financial statements. Entities that are not covered by the sustainability report.	AR 102; SR 35-36	-
G4-18	process for defining the report content and the Aspect Boundaries. How HEXPOL has implemented the Reporting Principles for Defining Report Content.	SR 35-36	-
G4-19	All the material Aspects identified in the process for defining report content.	SR 7, 9	-
G4-20	Whether the Aspect is material within HEXPOL. Any specific limitation regarding the Aspect Boundary within HEXPOL.	SR 7	-
G4-21	Aspect Boundary outside HEXPOL. Any specific limitation regarding the Aspect Boundary outside HEXPOL.	SR 7	-
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	No restatements	-
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	SR 35-36	-

Terminology according to GRI	Requirement or Indicator	Reference/Comment	External verification*
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged by HEXPOL.	SR 7, 9-10	-
G4-25	Basis for identification and selection of stakeholders with whom to engage.	SR 9-10	-
G4-26	HEXPOL's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	SR 9-10	-
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how HEXPOL has responded to those key topics and concerns.	SR 9-10	-
Report Profile			
G4-28	Reporting period.	2015 (full year)	-
G4-29	Date of most recent previous report.	April 2015	-
G4-30	Reporting cycle.	Annual, SR 30	-
G4-31	Contact point for questions regarding the report or its contents.	Torbjörn Brorson	-
GRI Content Index			
G4-32	'In accordance' option HEXPOL has chosen. GRI Content Index.	Core, this table shows the GRI Content Index	-
G4-33	Policy and current practice with regard to seeking external assurance for the report.	The sustainability section in the Annual Report is briefly audited and verified	-
Governance			
G4-34	HEXPOL's governance structure for sustainability aspects.	SR 7, 11	-
Ethics and Integrity			
G4-56	HEXPOL's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	SR 7-11	-
Economy			
G4-EC1	Direct economic value generated and distributed.	SR 29	-
G4-EC2	Financial implications and other risks and opportunities for HEXPOL's activities due to climate change.	SR 20	-
G4-EC3	Coverage of HEXPOL's defined benefit plan obligations.	AR 95	+
G4-EC4	Financial assistance received from government.	None during 2015	-

ENVIRONMENTAL

Materials			
G4-EN1	Materials used by weight or volume.	SR 17	+
G4-EN2	Percentage of materials that are recycled input materials.	SR 17	+
Energy			
G4-EN3	Energy consumption within HEXPOL (direct).	SR 15-16	+
G4-EN4	Energy consumption out side HEXPOL (indirect).	SR 15-16	+
G4-EN5	Energy intensity	SR 16	
G4-EN6	Reduction of energy consumption.	SR 15-16	+
G4-EN7	Reductions in energy consumption in products and services.	SR 19, 21	
Water			
G4-EN8	Total water withdrawal per source.	SR 16	+

Terminology according to GRI	Requirement or Indicator	Reference/Comment	External verification*
Emissions			
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1).	SR 18	+
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3).	SR 18	+
G4-EN18	Greenhouse gas (GHG) emissions intensity.	SR 18	+
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	SR 18, 30-32	+
G4-EN20	Emissions of ozone-depleting substances (ODS).	SR 19	+
G4-EN21	NO _x , SO ₂ and other significant air emissions.	SR 19	+
Effluents and waste			
G4-EN22	Total water discharge by quality and destination.	SR 16-17	+
G4-EN23	Total weight of waste by type and disposal method.	SR 19	+
G4-EN24	Total number and volume of significant spills.	SR 17	+
Products and Services			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	SR 19, 21	+
Compliance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	SR 15	+
Transport			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials, and transporting members of the workforce.	SR 18	+
Overall			
G4-EN31	Total environmental protection expenditures and investments by type.	SR 29	+
Supplier Environmental Assessment			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	SR 12	+

SOCIAL

Employment			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	Not reported	-
Occupational Health and Safety			
G4-LA5	Percentage of total workforce represented in formal joint management-worker H&S committee.	SR 23-24	+
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, fatalities.	SR 23-24	+
Training and Education			
G4-LA9	Average hours of training per year per employee.	SR 24	+
G4-LA11	Percentage of employees receiving regular performance and career development reviews.	SR 24	+
Diversity and Equal Opportunity			
G4-LA12	Composition of governance bodies and break down of employees per category with reference to indicators of diversity.	AR 92-93; SR 23	+
Supplier Assessment for Labor Practices			
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	SR 12 (partly)	+

Terminology according to GRI	Requirement or Indicator	Reference/Comment	External verification*
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HUMAN RIGHTS

Non-discrimination			
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	SR 23	+
Freedom of Association and Collective Bargaining			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated.	SR 12, 23 (partly)	-
Child labor			
G4-HR5	Operations and suppliers identified as having significant risk for incident of child labor.	SR 12 (partly)	-
Forced or Compulsory Labor			
G4-HR6	Operations and suppliers identified as having significant risk for forced or compulsory labor.	SR 12 (partly)	-
Supplier Human Rights Assessment			
G4-HR10	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	SR 12 (partly)	-

SOCIETY

Local Communities			
G4-S01	Percentage of operations with implemented local community engagement.	SR 24-26	-
Anti-corruption			
G4-S04	Communication and training on anti-corruption policies and procedures.	SR 8-9	-

PRODUCT RESPONSIBILITY

G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	SR 19 (partly)	-
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* Information is presented in the Board of Director's Report in the HEXPOL Annual Report 2015. Annual accounts and consolidated accounts were audited by Ernst & Young AB auditors, Malmö, Sweden. Sustainability data was briefly audited by Ernst & Young.

Definitions

ATEX EU Directive concerning potentially explosive atmospheres. Explosive atmospheres in the workplace can be caused by flammable gases, mists or vapours or by combustible dusts. Explosions can cause loss of life and serious injuries as well as significant damage.

BIOFUEL Renewable fuel from wood and process residues.

BOUNDARY The boundary for a sustainability or corporate responsibility report refers to the range of entities whose performance is covered in the organization's report.

CARBON DIOXIDE (CO₂) CO₂ is formed in all carbon combustion processes. The gas is released in substantial amounts when petroleum products are used. It is likely that atmospheric emissions of carbon dioxide increase global warming (greenhouse effect).

CDP Carbon Disclosure Project. A voluntary scheme for reporting on an organization's impact on the climate.

CHILD LABOUR Refers to the employment of workers who do not meet the applicable national minimum legal age requirement.

CLP EU Regulation on Classification, Labelling and Packaging of chemical substances and mixtures.

CLIMATE CHANGE Also defined as global warming. Human activity contributes to the warming of the global environment and its resulting effects, which range from higher temperatures to eccentric weather patterns and melting of the ice caps.

CODE OF CONDUCT The behavior code for HEXPOL's employees is called "Materializing Our Values". Supplemented by policies relating to finance, information, environment, equal opportunities, IT and health and safety.

CONFLICT MINERAL Columbite-tantalite, cassiterite, gold and wolframite originating from the Democratic Republic of the Congo or nearby countries are referred to as conflict minerals. The term refers to the on-going armed conflicts in the region, in which mining operations are often involved and which have resulted in human rights violations.

COP21 The twenty-first session of the Conference of the Parties (COP), and the eleventh session of the Conference of the Parties, serving as the meeting of the Parties to the Kyoto Protocol took place in 2015 in Paris, France.

CORE INDICATORS Core indicators are GRI indicators identified in the guidelines to be of interest to most stakeholders and assumed to be material unless deemed otherwise on the basis of the GRI reporting principles.

CSR/CR Corporate social responsibility and corporate responsibility are terms used to describe a company's approach to issues concerning the environment, social responsibility, financial responsibility and business ethics. These terms are often used interchangeably with the term "sustainable development".

DETU N,N'-Diethyl thiourea is a rubber accelerator that is hazardous to health and the environment.

DINP Diisononyl phthalate (DINP) is a phthalate used as a plasticizer. At present, according to a EU Directive, DINP is banned in toys and childcare articles that children can put into their mouths.

DOTG N'N-di-ortho-tolyl guanidine is an accelerator in polyacrylate rubber compounds. The substance releases o-toluidine emissions that are associated with health risks.

ETU Ethylene thiourea is a rubber accelerator that may cause cancer.

ENVIRONMENTAL ASPECTS The parts of an organization's activities, products or services that interact with the environment.

ENVIRONMENTAL MANAGEMENT SYSTEM The part of the overall management system that includes the organizational structure, planning, activities, distribution of responsibility, practices, procedures and resources for developing, implementing, performing, reviewing and maintaining the organization's environmental policy. ISO 14001 is used as the environmental management standard within the HEXPOL Group.

FREEDOM OF ASSOCIATION Refers to the right of employees to lawfully join associations of their own choosing, peacefully associate, organise or bargain collectively.

5S The name of a workplace organization methodology that uses a list of five Japanese words which are seiri, seiton, seiso, seiketsu and shitsuke. Transliterated or translated into English, they all start with the letter "s". The list describes how items are stored and how the new order is maintained. The decision-making process usually comes from a dialogue about standardisation which builds a clear understanding among employees of how work should be done. It also instills ownership of the process in each employee.

GHS Globally Harmonised System of Classification and Labelling of Chemicals.

GLOBAL COMPACT A UN initiative in the area of corporate social responsibility. Participating organizations agree to adhere to ten principles in the areas of human rights, labour conditions, the environment and anti-corruption. Global Compact is reflected in "Materializing Our Values".

GLOBAL REPORTING INITIATIVE (GRI) GRI is an organization working toward a method for overall reporting and assessment of an operation, including the social and environmental perspectives, as well as financial aspects.

GRI PRINCIPLES The GRI guidelines consist of principles to define report content and quality. The principles defining report content are: materiality, stakeholder inclusiveness, sustainability context, and completeness. The principles defining report quality are: balance, comparability, accuracy, timeliness, reliability, and clarity.

GWh Gigawatt-hour, unit of energy measurement; 1 GWh corresponds to 1 million kWh.

HA OILS High Aromatic oils contain several chemical substances (polycyclic aromatic hydrocarbons, PAHs) that are carcinogenic and often resistant to degradation in the environment.

HCFCs Substances that deplete the atmospheric ozone layer.

ISO 14001 International standard relating to environmental management systems that was introduced in 1996. Just over 325,000 organizations around the world are currently certified according to ISO 14001. A new version (ISO 14001:2015) was launched in 2015. See also "environmental management system".

ISO 26000 International standard providing guidance on how organizations can manage issues pertaining to social responsibility. The standard was introduced in 2010 and provided guidance in the formulation of HEXPOL's Code of Conduct.

ISO 50001. International standard for energy management system.

LANDFILL Solid waste material sent to a landfill.

MSDS Material Safety Data Sheet.

NGO Non-governmental organization.

NITROSAMINES Chemical substances that can be generated in the cross-linking (vulcanization) of rubber. Nitrosamines are associated with an increased risk for cancer and nitrosamine-free curing systems have now become established in many parts of the rubber industry.

NO_x (NITROGEN OXIDES) Gaseous oxides formed during combustion processes through the oxidation of nitrogen. Harmful to human health and the environment. Cause acid rain and eutrophication.

OHSAS 18001 An international occupational health and safety management system standard. It specifies the requirements that an organization must meet when implementing a management system to address workplace risks to prevent injuries and ill health.

PAHS Polycyclic aromatic hydrocarbons, often abbreviated as PAHs, are a group of environmentally and health hazardous substances arising from such products as black coal and petroleum.

PCBS Polychlorinated biphenyls are a group of industrial chemicals that are hazardous to health and the environment. Use of PCBs is prohibited since many years ago, but they are still present in installations, buildings and equipment. They are also present in the environment due to their long degradation time.

PVC Polyvinyl chloride, one of the most common types of plastics.

REACH Chemicals legislation within the EU intended to ensure safer handling of chemicals. Chemical substances have to be registered for a certain use and particularly hazardous substances can be prohibited.

ROHS Restrictions of Hazardous Substances. EU legislation restricting the use of certain substances that are hazardous to the environment and health.

STAKEHOLDER (INTERESTED PARTY) Is a party that can affect or be affected by the actions of the business as a whole. Could include employees, communities, shareholders, suppliers, customers, trade groups to name a few.

SUSTAINABLE DEVELOPMENT Development that meets the needs of the present without compromising the abilities of future generations to meet their needs (Brundtland Commission, 1987).

SUSTAINABLE DEVELOPMENT GOALS (SDGS) The UN goals are officially known as Transforming our world: the 2030 Agenda for Sustainable Development, are an intergovernmental set of aspiration Goals with 169 targets.

SUSTAINABILITY-RELATED COSTS These are costs related to measures for preventing, reducing or repairing environmental damage directly associated with operations. The corresponding measures taken with regard to health and safety in the workplace are also included. The costs reported include, among other items, administration and external consultancy expenses, fees to authorities, costs for introducing and maintaining environmental management systems, costs for waste and charges for external inspections and audits.

SUSTAINABILITY-RELATED INVESTMENTS These are investments in assets designed to prevent, reduce or repair damage to the environment associated with operations. The corresponding investments

made with regard to health and safety in the workplace are also included.

VULCANIZATION A chemical process for converting rubber into more durable materials with the addition of sulphur or other "curative" agents, for example peroxides. These additives modify the polymer by forming crosslinks between individual polymer chains.

SO₂ (sulphur dioxide) Sulphur dioxide is formed when petroleum products are burned. SO₂ contributes to the acidification of lakes, streams and soil, and causes coniferous trees to shed their needles. Large concentrations in the environment are harmful to human health.

TPE Thermoplastic elastomers are rubber-like materials that combine the properties of vulcanised rubber with the process benefits of thermoplastics.

VOC Volatile Organic Compounds are a group of organic compounds that easily vaporize at room temperature. The occurrence of the volatile hydrocarbons in the atmosphere has an adverse impact on health and the environment, including formation of ground-level ozone.

WEEE The EU Waste Electrical and Electronic Equipment Directive aim to reduce the amount of electronic waste being disposed of and require producers to pay for its reuse, recycling and recovery.

WORK-RELATED ACCIDENT A work-related accident is a sudden event related to work that gives rise to a wound or other physical injury. A typical injury in the rubber industry is a minor cut or crushing injury. HEXPOL reports the number of work-related injuries that give rise to one or more days of absence, called Lost Work Cases (LWCs). The injury rate is then normed by stating the number of such injuries per employee (LWC/employee).

WORK-RELATED DISEASE A work-related disease is a disease caused by long-term exposure to a particular factor in the work environment. Such factors can include repetitive lifting or being exposed every day to solvent fumes.

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