TEKNOS

NON-FINANCIAL STATEMENT

2021



TEKNOS NON-FINANCIAL STATEMENT 2021

This Non-Financial Statement for the calendar year 2021 has been prepared in accordance with EU Directive 2014/95/EU. The Statement covers all of Teknos' 36 legal entities in 22 countries and excludes Teknos' outsourced manufacturing. The Statement is published separately from the Financial Statement. Teknos is developing its sustainability reporting and data systems at group level and, therefore, some metrics cover part of its global operations. In these cases, a description of the scope is provided.

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CEO'S REVIEW



CREATING SUSTAINABLE VALUE THROUGH UNCERTAIN TIMES

For Teknos, the year 2021 was flavored by various topics and changes. Global challenges in raw material availability and logistics chains, the continuing pandemic as well as personnel availability issues required adaptation from us throughout the year.

Enhancing and increasing our ability for flexibility, communication to all parts of the value chain and continuous assessment of it were crucial in navigating through the rapidly evolving market environment. We have improved our forecasting, leading to shorter lead times and higher efficiency, and thus improving our sustainability. Communicating on sustainability to our customers has become more important during these uncertain times.

As a family business, we are committed to long-term and sustainable operations. Despite the turbulence in 2021, we managed to grow at a sustainable level: our sales increased by 9%. Being able to grow during a challenging year confirms that our direction is the right one.

Concrete actions to build sustainable change

During the year, we continued to build a sustainable company. We trained our personnel, developed our processes, and made investments. We decided to invest in solar panel field creation in Finland, which will be commissioned in 2022. Our investment in the energy and water consumption monitoring system in Denmark made in 2019 continued to pay off with the consumption going down and savings achieved. We introduced our first fully hybrid office in Poland, designed with employee health and well-being and environmental considerations as guiding principles. All these achievements will have a positive long-term impact on our operations.

In the coatings industry – like in all industries – reducing climate impact is a necessity. In 2021, we worked to further understand our emissions and started measuring our own CO_2 emissions.

People as the key to our success

Being a family-owned company, people are everything to us. In 2021, we saw a lot of turnover and retirements, and faced challenges in the recruitment and availability of people. We placed emphasis on attracting the right talent and having them in the right places and will continue to do so in the coming years.

Safety continues to be our top priority. In 2021, we made special efforts to strengthen our HSEQ (Health, Safety, Environment and Quality) organization and processes as well as arranging safety trainings.

Managing turbulence with a long-term vision

In 2022, global changes will continue to challenge us in many ways. In short term, we expect the supply chain volatility to continue. In addition, regulation will shape the industry and, together with increasing customer demand, drive its transition to sustainability.

The war in Ukraine will have a major impact that is yet to be seen at the time we are writing this. In addition to the immense human impact, the crisis will increase the discontinuity in the market environment. Our first priority is to ensure the security of our employees and their families. We have thus decided to plan a controlled exit from the Russian market and are considering different scenarios.

I believe that in a changing world, secure continuity is a key. At Teknos, we need to be able to adapt and maintain our creative mindset while cherishing our culture of a persistent family business. In sustainability, our strategic focus continues to be in mitigating climate impact, ensuring safety and connectivity of our personnel and value chain, and finding sustainable solutions to tackle raw material scarcity.

I encourage you to read through this non-financial statement and find out more on Teknos' progress during 2021 and our future focus in sustainable business.

Paula Salastie

CEO, Teknos Group

BUSINESS OVERVIEW



Teknos is a global coating solutions provider, headquartered in Helsinki, Finland. It is one of Finland's largest family-owned businesses and among Europe's leading providers of industrial coatings.

Teknos' mission is to make the world last longer by providing technically advanced coating solutions to protect and prolong. A best-in-class customer experience, industry-driven product quality, an uncontested heritage, and committed people form the basis for Teknos' success. Teknos' portfolio includes a comprehensive range of paint and coating systems and services for industrial, professional, and domestic customers. The largest target customer groups include machinery, energy, construction, exterior and interior building materials, professional and DIY painters, and distributors.

At the end of 2021, Teknos achieved net sales of 419.2 million euros and employed an average of 1,807 people in 22 countries. Teknos was ranked as the 37th largest coatings company in the world and the 10th largest in Europe, by annual net sales.

STRATEGY 2019–2025

The Teknos Strategy for 2019–2025 aims to ensure fast and profitable growth. We want to be perceived as the most innovative partner and the most sustainable company in the coatings industry. Teknos' target is to reach net sales of 1 billion euros in 2025 through organic growth and acquisitions.

Teknos' five strategic initiatives are balance, customer experience, sustainability, continuous improvement culture, and innovations.

Read more about our Strategy >

OPERATING ENVIRONMENT

Market Development

Globally, the coatings market is highly competitive and consists of several major global players. However, some local markets are highly fragmented and consist of numerous regional players. The market is moderately consolidated but is expected to consolidate heavily in the years to come.

New business opportunities arise from innovations, geographical and product expansions, collaboration with start-ups, acquisitions, and sustainable business. Sustainability has begun to shape the global coatings market. This change is driven by both growing customer demand and increasing regulation.

The coatings industry, along with several other industries, was strongly affected by supply chain volatility caused by the global COVID-19 pandemic that began in early 2020. Supply chain volatility continued in 2021. In the coatings sector, this was visible in the availability and unprecedented price increases of raw materials and other supply chain challenges, such as logistics issues. It is expected that the volatility of the supply chain will affect the coatings market in 2022 as well.

Regulatory Development

In the European Union (EU), some of the most important chemical regulations that apply to the coatings industry are REACH (1907/2006), the Classification, Labelling and Packaging (CLP) Regulation (1272/2008), and the Biocidal Products Regulation (528/2012). Under these regulations, the use of regulated substances is heavily restricted and requires coatings companies to fulfill obligations.

The European Commission has communicated its strong commitment in tackling the climate crisis and other environmental challenges. In line with this and under the European Green Deal, the Commission will revise to REACH, CLP, and BPR regulations in 2021–2022. While the concrete impacts are yet to materialize, it is anticipated that the EU's sustainable product policy and revised regulations will redefine the sustainability criteria in the chemical industry bringing significant changes.

Outside the EU, there are plans in some countries to introduce chemical regulatory systems similar to those in the EU. In recent years, there has been a shift especially in the legislation on volatile organic compounds (VOCs) and identification and control of hazardous chemical. VOC regulations in the U.S. and China drive actively towards low VOC contents. National substance inventories and restrictions are not only setting new standards for chemicals but also make it more demanding to be compliant in the global market.

OPERATING YEAR 2021

Key Highlights

As the entire industry, Teknos Group was also strongly impacted by the global phenomena of raw material availability and logistics challenges; mitigating the supply chain and price increases were predominant factors for Teknos Group's operating year 2021.

Emphasis was placed on mitigating the impacts to ensure that the business and customers were impacted as little as possible. Mitigation demanded increased communication, dialogue, and collaboration throughout the entire value chain. In practice, this meant, for example, more emphasis on high-level management meetings with suppliers, country team meetings for day-to-day crisis mitigation, and increased customer communication.

In 2021, the COVID-19 pandemic continued for the second consecutive year. In 2020, Teknos established strong practices in preventing and mitigating the impacts of the pandemic, which continued to be implemented in 2021. The health and safety of employees and customers remained the main concern throughout 2021. Special emphasis was placed on well-being, and managers were encouraged to discuss coping at work with their teams.

Changes were seen in personnel due to the trends accelerated by the pandemic, challenges in labor mobility due to movement restrictions as well as aging of staff. This was especially visible in some of Teknos' locations.

In 2021, Teknos succeeded to grow profitably during a challenging year thanks to the efforts to keep fixed costs under control, along with the consistent work and continuous improvements made in line with the customer-centric strategy. Uncertain times also further emphasized the importance of sustainability.

Changes in operations

In 2020, Teknos released its plans to invest in a new site in Germany and transfer its operations from the existing three factories to a single new site. In 2021, the project progressed with lot confirmation for the new plant.

Production transfer from Netherlands and Sweden to other Teknos sites, announced in 2020, progressed according to plans in 2021. Transfer of production in the Netherlands was finalized in 2021. A decision on new premises will be made in 2022. The transfer of production from Sweden progressed in Finland and Liechtenstein and, with small delays caused by the global challenges in the market, in Denmark.

In 2021, Teknos implemented an enterprise resource planning (ERP) upgrade and simultaneously introduced a new product lifecycle management (PLM) system. These projects required significant personnel resources throughout the year.

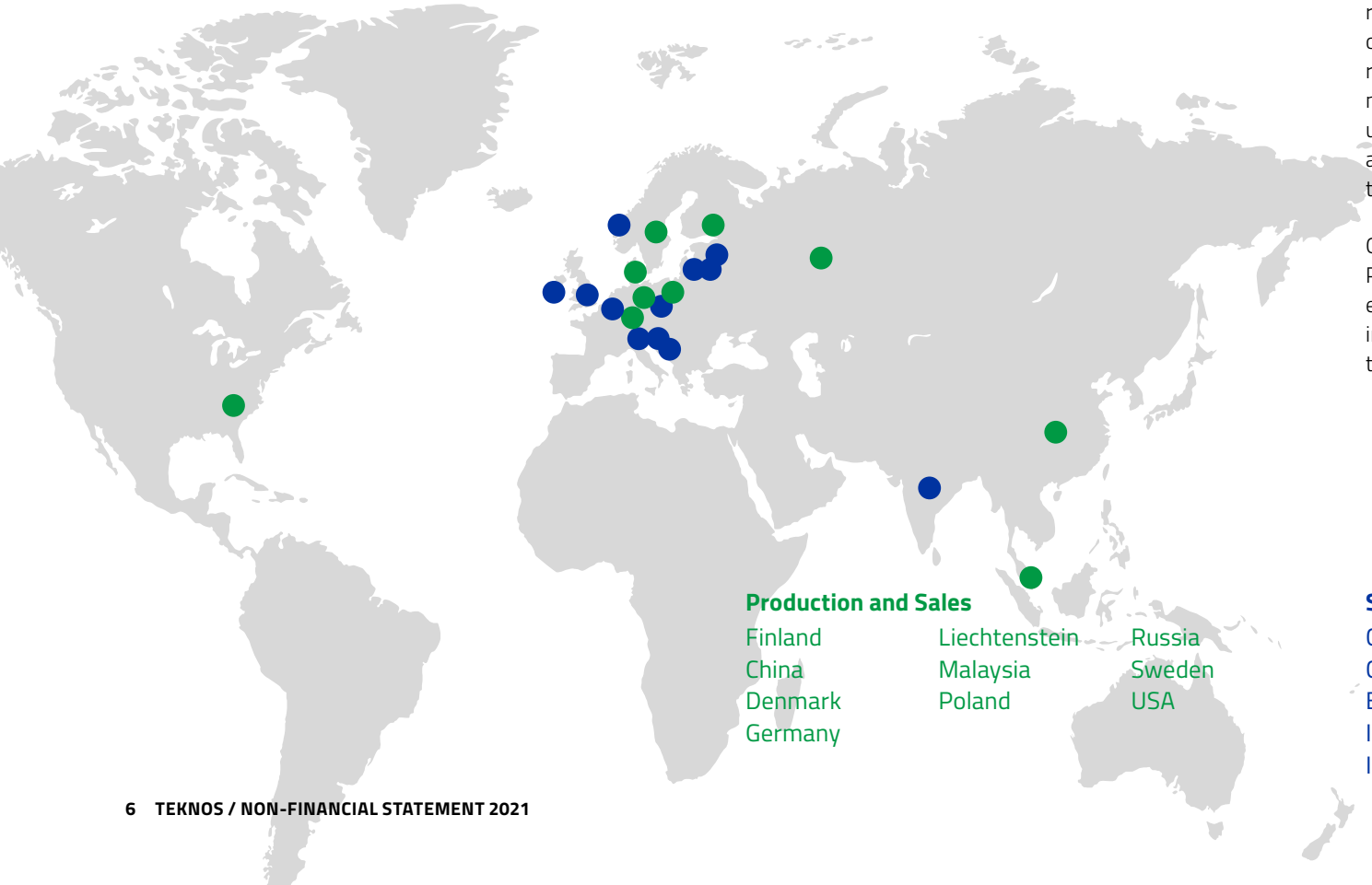
Another milestone was the commissioning of new office and warehouse premises of Teknos Poland in Warsaw at the end of the year. Employee health and well-being as well as environmental matters were thoroughly considered in the design solutions of the new premises.

Other changes led by regulatory movements

Teknos expects several legislative initiatives, especially related to sustainability, that will adjust the company's operating environment in the coming years. Teknos views the regulatory development around sustainability as an opportunity while recognizing that it will bring significant regulatory uncertainty. Teknos closely monitors these developments and collaborates with industry associations to work within the framework of the European Green Deal.

One key regulatory development in 2021 was the new EU-UK Partnership that entered into force on January 1, 2021. To ensure regulatory compliance, Teknos put efforts in evaluating and implementing these regulations already in 2020, and this work continued throughout 2021.

Teknos' global presence 2021



Production and Sales

Finland
China
Denmark
Germany
Liechtenstein
Malaysia
Poland
Russia
Sweden
USA

Sales

Croatia
Czechia
Estonia
India
Ireland
Latvia
Lithuania
Norway
Slovenia
Switzerland
The Netherlands
UK
Ukraine

HOW WE CREATE VALUE

Teknos creates value for customers, employees, suppliers, and society on many levels. The value creation model below depicts the most important resources Teknos uses to implement its mission, vision, and strategy, as well as the main outputs and value activities create for Teknos' key stakeholders.

We are on our mission to make the world last longer by providing smart, technically advanced paint and coating solutions to protect and prolong.

INPUTS

Intellectual
- Knowledge of raw materials, formulation, application technologies, and substrates
- Expertise from suppliers
- Innovative partner in the coating industry
- Stakeholder trust

Human
- 1859 employees
- Investments in developing employees' competences
- Investments in occupational health and safety

Natural
- Raw materials
- Water consumption 94600 m^3
- Energy consumption: 63 GWh

Infrastructure
- Operations in 22 countries: 14 factories, offices and warehouses

Financial
- Investments MEUR 12.4 (*)
- Equity ratio 50.9%

ACTIVITIES

- R&D and Innovation
- Customer Experience Management & Sales
- People Development
- Production & Continuous Improvement
- Procurement & Purchasing
- Marketing & Communications

OUR VISION:
Sustainable coating solution provider close to our customers

OUTPUTS

Coating Solutions
- Safe and durable
- Low VOC: waterborne, powder, UV
- Solutions for healthy home environment
- Services e.g. coating line design, application training, waste reduction, environmental regulation compliance

Workplace
- Extensive opportunities for learning & development
- LTIFR 7.84
- Wages & salaries MEUR 84

Environmental
- Waste 8546 t
- GHG emissions 9327 tCO_2e

Economic
- Net sales MEUR 419
- EBITDA MEUR 26

VALUE

Customers and Consumers
- Protected and prolonged product life and extended maintenance intervals
- Safe application
- Improved living comfort and well-being
- Optimized time, materials, and energy use
- Increased competence in coating application
- Meeting regulations and sustainability goals

Employees
- Meaningful jobs: Employee enthusiasm 4..02/5 (**)
- Improved competences

Suppliers
- Profitable business with Teknos
- Knowledge of raw material usage transferred from Teknos
- Increased reputation as a supplier to Teknos

Wider Society & Local Communities
- Direct employment: 1856 jobs
- Opportunities for early career movers and future generations
- More functional and safer living environment and surroundings
- Income tax MEUR 4.9
- Community projects and donations



All figures are as at 31.12.2021, unless otherwise stated.
(*) Additions to non-current assets (**) Scores measured in Employee Opinion Survey in 2021

SUSTAINABILITY MANAGEMENT

Teknos' objective is to become the most sustainable company in the coatings industry. The company's strategy was revised in 2018. During this process, the Teknos Corporate Social Responsibility (CSR) Program was established. The CSR Program defines Teknos' sustainability aims for 2025 and focuses on four areas, which have specific targets and key performance indicators (KPIs) (see page 10).

GOVERNANCE

At Teknos, the Chief Executive Officer has the overall responsibility for sustainability. The Teknos Management Team approves and oversees the implementation of the CSR Program and sustainability activities. The Board of Directors is duly informed about the progress and strategic decisions.

Everyday sustainability issues are managed by a designated CSR team in collaboration with group and country functions. The team is coordinated by a sustainability specialist and consists of experts from group functions including HSEQ (Health, Safety, Environment, and Quality), R&D, Human Resources, Commercial, Procurement, Product Management, and Communications.

The CSR KPIs are included in personal targets tied to short-term incentive plans of relevant people on different levels.

In 2021, Teknos tied its sustainability targets to its loan margin. The loan margin is adjusted according to Teknos Group's performance in set sustainability targets. The loan is tied to three indicators: Lost Time Incident Frequency Rate (LTIFR), share of volatile organic



compounds (VOCs) in total raw material consumption and an EcoVadis CSR assessment coverage of Teknos Group's suppliers.

MATERIALITY AND STAKEHOLDER ENGAGEMENT

The principal materiality topics do not change on an annual basis within Teknos or the industry. Therefore, Teknos' CSR Program and the targets are long-term measures. To gain a deeper understanding of stakeholder expectations, Teknos maintains a dialog with its key stakeholders and carries out materiality surveys at relevant intervals. The most recent materiality survey was conducted in 2019 and 2020. This report addresses the identified material topics for Teknos based on the results of the most recent survey.

Read more about our Materiality Assessment >

RISK MANAGEMENT

At Teknos, risk and opportunity management are part of daily work and decision making, and therefore included in management, team, and project meeting agendas on a regular basis. The Chief Executive Officer is responsible for the execution of appropriate risk and opportunity management in the Group. The Chief Financial Officer is responsible for development of the risk and opportunity management and reporting framework. Risk and opportunity registers, management process and performance are fully reviewed at least annually in each function and country to ensure the process is working adequately. Managing sustainability-related risks and opportunities forms part of the company's risk management procedures. Certain areas of sustainability, such as environmental, occupational health and safety, and supplier sustainability, have their own risk management processes owned by the respective functions. The principal risks and management procedures for sustainability-related topics are discussed on pages 11, 17, and 24.

Key group policies relating to sustainability

The Teknos Code of Conduct and topic-specific policies (listed on pages 11, 17, and 24) cover all areas of Teknos' operations and define the framework for its sustainability activities. All the policies have specific owners and revision intervals. Training is also provided if deemed necessary to ensure effective implementation. In addition to group-level policies, some countries have local environmental and safety policies to accommodate national requirements.

ISO management system standards

The ISO management system standards support an efficient way of working and managing sustainability and enhance the risk and opportunity management at Teknos. At Teknos, certification decisions and systems are managed at a country level. The aim is for all Teknos production facilities to be certified to the Environmental (ISO 14001) and Quality (ISO 9001) Management System Standards by 2025. Some sites may be certified to other management system standards if this is considered to add value.

Management system by production site

Production site	ISO 14001	ISO 9001	ISO 45001
1. China, Shanghai	X*	X	
2. Denmark, Vamdrup	X	X	
3. Finland, Helsinki	X	X	X
4. Finland, Rajamäki	X	X	X
5. Germany, Alzenau		X	
6. Germany, Brüggen		X	
7. Germany, Fulda		X	
8. Liechtenstein, Bendern	X	X	
9. Malaysia, Johor		X	
10. Poland, Gdynia		X	
11. Russia, St. Petersburg	X	X	X*
12. Sweden, Tranemo	X	X	
13. Sweden, Vedevåg	X	X	
14. US, Charlotte		X	

**Newly obtained during 2021*

THIRD-PARTY RATING

In late 2021 and early 2022, Teknos conducted the EcoVadis assessment for the second time. EcoVadis assesses companies' sustainability practices related to the environment, labor and human rights, ethics, and sustainable procurement. Teknos has made improvements in many areas since the last assessment. As a result, Teknos received a score of 72 (out of 100) and were awarded the Gold recognition level for being in the top 5 percent of EcoVadis assessed companies.

TEKNOS CSR PROGRAM AND PROGRESS 2021

Teknos Group CSR Program includes four focus areas, KPIs, and targets for the 2019–2025 strategy period. The country and function roadmaps are aligned with the Group CSR Program. The table below summarizes the progress. Read more about KPI definitions and multi-year performance on pages 25–28.

Our CSR focus areas	Our commitment	Target 2019-2025	Target 2021	Result 2021	Status 2021	Contribution to SDGs
1. Sustainable solutions and services	Offering competitive technologies and services that meet the needs of customers while using fewer resources or more sustainable resources.	▪ 5% annual reduction in the amount of VOCs relative to total raw material consumption (2020 baseline)	8.1% of the total raw material consumption	8.9% of the total raw material consumption	Not achieved	12
		▪ Phase out >80% of the amount of REACH SVHC relative to total raw material consumption by 2025 (2018 baseline)	6.8% reduction (vs. 2018)	0.5% reduction (vs. 2018)	Not achieved	3, 12
		▪ Zero MIT intentionally added to products by 2025	0.5 metric ton	0.6 metric ton	Not achieved	3, 12
2. Responsible operations and supply chain	Acting responsibly within the entire value chain, from the sourcing of raw materials to the manufacture and delivery of the finished product.	▪ 10% annual reduction in LTIFR	6.46	7.84	Not achieved	8
		▪ 5% annual reduction in energy intensity (MWh/metric ton produced) of production countries	0.44 MWh/metric ton	0.54 MWh/metric ton	Not achieved	7
		▪ 5% annual reduction in waste intensity (kg/metric ton produced) in production countries	55 kg/metric ton	72 kg/metric ton	Not achieved	12
		▪ 95% of direct procurement spend covered by Supplier Code of Conduct by 2025	90% coverage	93% coverage	Achieved	8, 12
		▪ 80% of direct procurement spend assessed by EcoVadis by 2025	75% coverage	80% coverage	Achieved	8, 12
3. People development	Creating long-term success for our employees and Teknos by developing employee competences and skills.	▪ 100% of line managers received Teknos leadership training by 2025	80% of line managers	49% of line managers	Not achieved	8
		▪ 100% of employees have annual appraisal discussion by 2025	80% of employees	82% of employees	Achieved	8
4. Future generations	Building a company which future generations will be proud to lead and be a part of. Supporting entrepreneurship education and approach in society. Investing in local communities.	▪ 100% of Teknos entities offer opportunities for early career movers by 2025	50% of entities	41% of entities	Not achieved	8, 11
		▪ 100% of Teknos entities support or engage in local community activities by 2025	n/a (target is set from 2022)	% of entities	-	11

ENVIRONMENTAL MATTERS

OUR COMMITMENT

Teknos invests in its manufacturing facilities and digital technologies and implements Kaizen to minimize the environmental impact of its operations.

Teknos aims to produce longer-lasting products, increase the use of sustainable raw materials, and develop innovative, non-conventional surface treatment solutions.

PRINCIPAL IMPACTS AND RISKS

Teknos has identified principal impacts on the environment and the risks relating to it. The risk management activities are described in **Management Approach** and **Key Activities and Outcomes.** The impacts and the risks that have been identified are:

- The use of materials, water, and energy and the waste generated in our operations affect the environment and may impact people.
- Mishandling of hazardous materials and accidental releases into the environment can cause significant harm.
- During production and use phases, part of VOCs contained in raw materials are released into the air affecting the air quality.
- Evolving chemical regulatory requirements can cause public concerns to change and force us to change our product formulas, manufacturing processes, or product demand. Teknos sees these requirements as both risks and opportunities for new sustainable business.

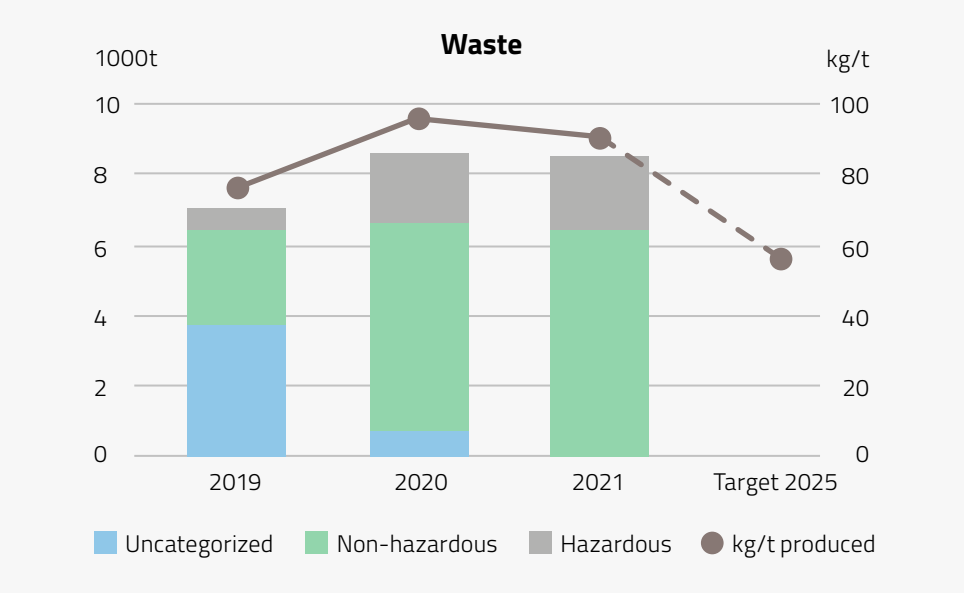
MANAGEMENT APPROACH

Key policies: Teknos Group HSEQ Policy; country-specific environmental and quality policies.

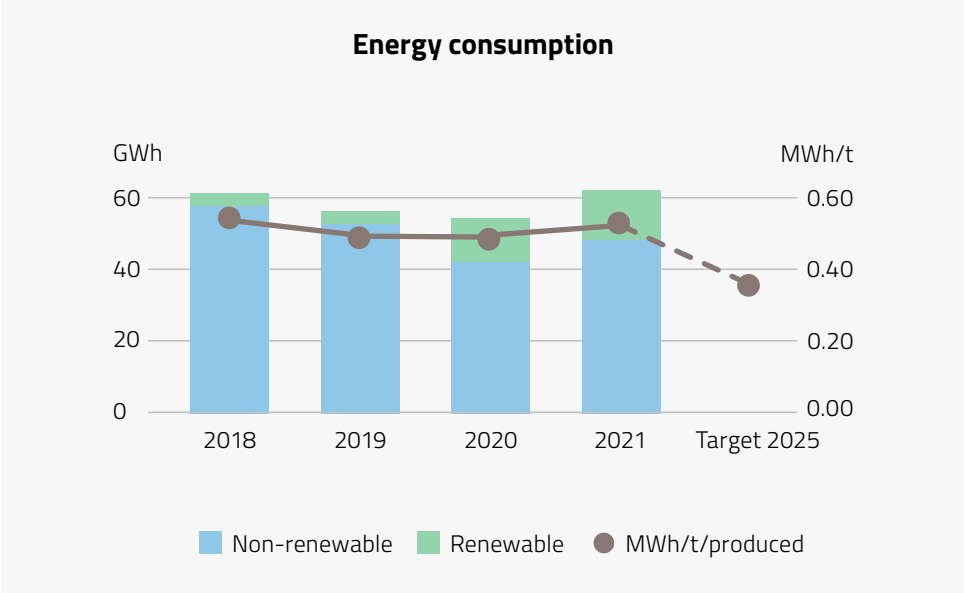
Compliance with environmental regulations and conformance to the ISO 14001 and ISO 9001 standards form the basis of Teknos' environmental management activities. Teknos works to reduce its environmental impacts and risks by actively managing our HSEQ practices, the CSR focus area 1 and CSR focus area 2. On the other hand, Teknos increases its positive impact by means of innovative partnerships and by helping its clients to reach their sustainability goals.

Local Teknos organizations are responsible of the environmental risk management activities and the compliance of the operations. The local organizations are supported by our Group HSEQ function. Additionally, the R&D environmental team is responsible for environmental issues linked to products and ingredients and actively monitors the development of chemical regulations.





The figures cover waste generation in Teknos production countries.



The figures cover the consumption in Teknos production countries.

KEY ACTIVITIES AND OUTCOMES 2021

Responsible operations

2021 was the year for strengthening the management and organization of HSEQ matters. Teknos defined on a Group level health, safety, and environmental development programs and within this work, set targets for improvements in country organizations.

Waste management

In 2021, Teknos started developing common global guidelines for managing and monitoring waste as well as analyzing waste streams in the operations to identify waste optimization opportunities.

Teknos' target is to reduce waste intensity by 5% annually from the 2019 levels in production during the 2019–2025 strategy period. In 2021, Teknos generated 72 kg of waste per metric ton of production, which was 5% lower compared to 2020 (77 kg/metric ton). However, Teknos' target of 55 kg/metric ton in 2021 was not achieved. To improve the performance and reach the target in future, Teknos' waste management program focuses on understanding the waste streams by identifying the source processes for each waste type and analyzing opportunities to either reduce waste quantity (e.g. by reusing waste materials) or to improve end treatment method (e.g. from incineration to recycling).

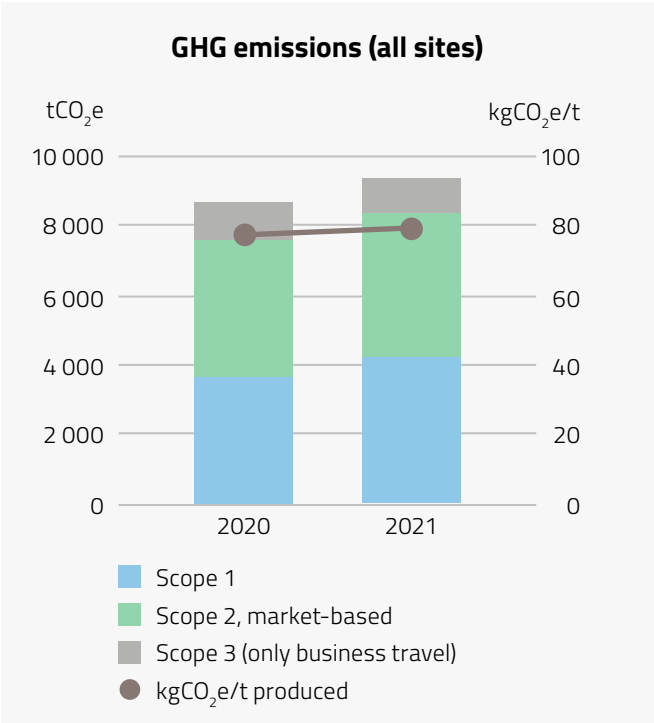
Energy efficiency

Teknos aims to reduce energy intensity by 5% annually from the 2019 levels in production during the 2019–2025 strategy period. The energy intensity in 2021 increased by 10% reaching 0.54 MWh/metric ton of production (0.49 MWh/metric ton in 2020). The increase is partly explained by the weather conditions in 2021 compared to 2019–2020, as more energy was used for heating and ventilation due to colder winter and exceptionally warm summer in northern countries. In 2021, Teknos began defining guidelines and tools to support its factories in improving on energy efficiency. The implementation of the guidelines and tools are at the early phase. Therefore, improvements are expected to realize in the coming years. Additionally, the consolidation of several manufacturing sites is going on, which is expected to significantly make the production more energy efficient with less sites in total.

Climate impact

In 2021 Teknos started measuring the greenhouse gas emissions of its own global operation according to the Greenhouse Gas Protocol standards (GHG). The measurement covered emissions from Scopes 1–2, and partly from Scope 3. Approximately 45% of the measured emissions came from the direct consumption of fossil fuels and refrigerants (i.e. Scope 1), approximately 45% from purchased electricity, district heating and district cooling (i.e. Scope 2), and about 10% from business travel and other indirect emissions (i.e. Scope 3, category 6). Most of the emissions from the upstream and downstream supply chain (i.e. Scope 3) were excluded as it was the first time Teknos measured its emissions. Teknos intends to set emission targets during 2022 and measure the emissions from its entire value chain (i.e. Scope 3) in the coming years.

In 2021, the emission intensity (kg CO_2e/ t produced) increased by 3% from the previous year. Approximately 3,500 metric tons of CO_2e were avoided by purchasing electricity and heating from renewable and nuclear energy sources in Finland, Denmark, Poland, and Sweden. In the Rajamäki factory in Finland, investments were made in solar panels that are to be commissioned in 2022. In 2022, Teknos will continue to further improve its energy efficiency, sourcing zero-emissions energy, and investing in renewable energy.



The figures cover waste generation in Teknos production countries.

Water

Water is an essential resource for paint manufacturing, used in both finished products and processes, e.g. cleaning. In 2021, Teknos consumed approximately 94 600 m^3 of water in production facilities and offices or 0.8 m^3 per metric ton of production.

Teknos does not have any production in areas where the current level of water stress is high or extremely high. Teknos aims to avoid establishing production in such areas.

Wastewater treatment and water discharge are subject to strict regulations and local discharge requirements. Where possible, Teknos strives to reuse and recycle water to reduce consumption and discharge. Wastewater is always treated at Teknos' own water treatment facilities or at external treatment plants.

SUSTAINABLE SOLUTIONS AND SERVICES

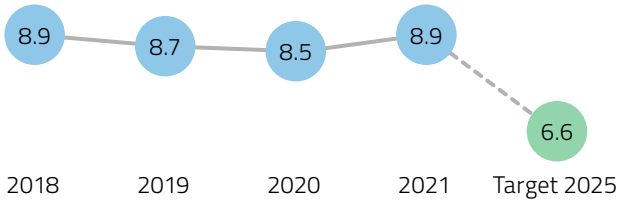
VOC content in products

Volatile Organic Compounds (VOCs) are used in paints and coatings, both solvent-borne and water-borne, to produce the required functionality. VOCs account for about 8.9% of the raw material consumption in Teknos countries in Europe. Most of the VOCs are used to produce industrial coatings that make up approximately 80% of Teknos' annual net sales. In 2021, the share of VOCs used in products went up to by 5% compared to 2020 mainly because of the increase in volumes in markets where high solvent-borne products are still strongly favored.

In 2021, Teknos took steps with the aim to reduce the proportion of VOCs in the long term. Teknos continued identifying products with the highest VOC impact and decided to begin developing cleaning solutions with less solvents. A cross-functional VOC task force to build governance for reducing the proportion of VOCs was established and internal communication and training was increased. In 2021, the reduction targets for the proportion of VOC were linked to Teknos' loan margin.

In 2022, Teknos' focus will be on phasing out high VOC products, replacing certain products and cleaners with alternative solutions, building knowledge, and increasing awareness internally and externally through communication and trainings.

VOCs in the total raw material consumption, %



The figures cover the consumption in the largest production sites including Finland, Denmark, Russia, Germany, Poland, and Sweden.

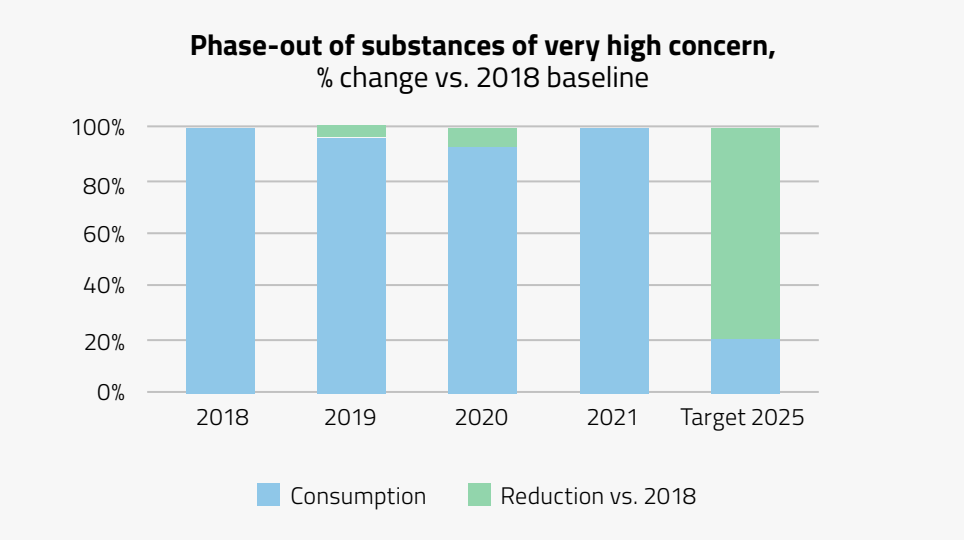


Hazardous substances

Teknos is committed to reducing and phasing out the use of substances on the EU's Candidate List of substances of very high concern (SVHC) for human health and the environment. Substances included on the Candidate List are not necessarily banned, and Teknos' aim for phase-out is to proactively improve product safety and recyclability and go beyond the minimum requirements set out in regulation. The phase-out strategy is not limited to the EU area only but extends to all Teknos production sites globally.

In Teknos CSR program, the objective has been set to phase out 80% of the amount of REACH SVHC relative to total raw material consumption by 2025 (compared to the level in 2018). In 2021, the relative amount of SVHC in the total raw material consumption was reduced by 0.5% from the 2018 baseline. Compared to the previous year 2020, the relative amount of SVHC increased by 6–7%. This was due to an increase of production in regions where SVHC phase-out is only in starting phase.

In the future, Teknos expects a decline following the execution on local phase-out programmes.



SVHC: Substances of very high concern as defined in the EU REACH regulation. The consumption of SVHC is measured relative to total raw material consumption.

Renewable and recycled raw materials

In 2021, Teknos continued to test new raw materials for products made of bio-based or recycled raw materials. In 2022, emphasis will be placed on further evaluating the raw materials already used and on developing systems for gathering more information about the raw material origins. Teknos sees that the interest in and awareness of products containing bio-based or recycled raw materials continues to increase.

Innovations and new solutions for sustainability

Sustainability is the key driver of all innovation development at Teknos. New innovations are evaluated from the viewpoint of sustainability and against their impact on Teknos' sustainability targets. In 2021, despite the ongoing pandemic and limited possibilities to meet and ideate in person, Teknos continued working with several innovation projects related to sustainable solutions, new circular and bio-based materials and sustainability-focused services.

In terms of product innovation, Teknos focused on developing more sustainable solutions for the packaging industry by developing barrier coatings to increase the recyclability of fiber-based packages as well as reducing the amount of plastics used in packaging solutions. As part of this, Teknos collaborates with a biosourced materials company Brightplus. Through this collaboration in 2021, a biodegradable material to be used in for example packaging coatings was achieved. The development work continues in 2022.

Another focus area in 2021 was wind energy where Teknos is developing more sustainable and safe options for wind turbine blades and their maintenance work in collaboration with Rope Robotics. In the collaboration Teknos was able to combine coating technology with the customer's robotic technology for a unique solution designed for robotic use.

In Finland, Teknos is part of the BIOPROT consortium, which aims to develop more ecological and efficient protective equipment, such as face masks. This consortium was formed by the Finnish university leading the project in 2021 and will begin its work in the beginning of 2022.

Teknos has focused on developing new sustainability-focused services to its customers. In 2021, a remote customer support service using VR glasses was launched. With this new service, Teknos can support its customers faster and safer and limit the amount of travel. There is a growing interest from customers in eco-labeling and product life cycle assessments. In 2022, the focus will be placed especially on the sustainable life cycle aspect and circularity.

Packaging

In 2021, Teknos focused on improving an internal system to document and report packaging material data. Teknos aims to increase the use of packaging that is recyclable or contains recycled or renewable materials. A large amount of Teknos' packaging is made of steel and tinplate which are highly recyclable. In 2021, Teknos launched a new product called 'TeknosPro R' that is packed in a plastic can containing 90% recycled plastic. Based on a life cycle analysis, the 90% recycled plastic has 56% lower carbon footprint than a 100% virgin plastic can.

Waste in end-use

In 2021, Teknos started to conceptualize a service that aims to help industrial customers prevent and reduce waste in their processes. Teknos provides a wide range of technical support and customer collaboration such as painting line optimization, training, product consultation, and equipment consultation that help customers optimize and improve efficiency. In the coming years, Teknos will continue the work to standardize and scale up these services with the aim to help the customers to reduce their waste.



EMPLOYEE AND SOCIAL MATTERS

OUR COMMITMENT

Providing a safe and healthy workplace for employees is a top priority for Teknos.

Teknos creates long-term success for its employees and the company by developing employee competences and skills.

Teknos aims to be a fair, just, and responsible employer to retain and attract talents and ensure the continuity of the family business.

Teknos continuously practices responsible use of chemicals to safeguard human health and the environment.

As a family-owned company, Teknos aims to support entrepreneurial thinking and education in society, offer opportunities for early career movers, and make a positive contribution to local communities.



PRINCIPAL IMPACTS AND RISKS

Teknos has identified social impacts and the risks relating to them. Risk management is described in the **Management Approach** and **Key Activities and Outcomes**. The identified impacts and risks are:

- The mishandling of chemicals contained in products or used in production may pose risks to employees and product users. Heavy lifting and an incorrect working posture can result in musculoskeletal disorders for employees.
- Changing work environments in remote work settings due to COVID-19 may increase the risks related to physical ergonomics and the mental well-being of employees.
- Obstacles to retaining employees and attracting talents to ensure the company's success include increased competition for limited talent pools in the industry.
- Teknos' expansion and growth may increase the risk of a fractured Teknos culture and give rise to the need for more internal communication.
- As a global company with a local presence, Teknos makes a positive social contribution through local employment and tax contributions.

MANAGEMENT APPROACH

Key policies: Teknos Code of Conduct, Teknos Group HSEQ Policy, Teknos Supplier Code of Conduct, Teknos Sustainable Procurement Policy, and Teknos Policy for Sponsorship and Donations.

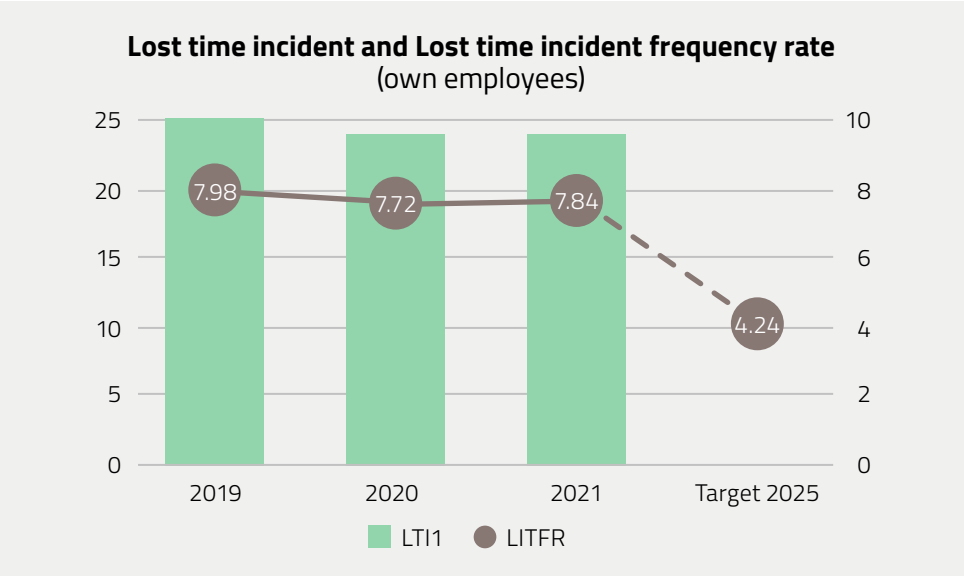
In addition to the key policies, the CSR focus areas 2, 3 and 4 shape the actions with regard to managing risks as well as increasing value to employees, suppliers, and local communities, while initiatives in the CSR focus area 1 drive improvements in product safety for customers and consumers.

Responsible and motivational workplace: The Teknos Code of Conduct provides a guide to the behavior expected at Teknos. To ensure the fair treatment of employees and to provide them with development opportunities and motivation, Teknos has the People Process in place, which includes appraisal discussions, individual target setting, and personal development planning. Teknos' expanding training portfolio, which is designed to develop employees' competences and skills, includes the Teknos Leadership Academy (providing training for leaders and managers), the Professional Toolbox (providing training for all employees), and the Teknos e-Academy (e-learning courses). Employee satisfaction and treatment are measured every second year in the Employee Opinion Survey (EOS) and annually in the People Process.

Employee health and safety is maintained by daily safety management practices and supported with health and safety improvement programs. Examples are safety observations, safety walks and discussions, safety inspections and tours, safety trainings, audits, and raising awareness through monthly communication of Safety Moments globally. Some of our locations are working toward the ISO 45001 Occupational Health and Safety management system to improve local practices. Local country organizations have the overall responsibility in the compliance with health and safety practices. Teknos' Group HSEQ function develops global health and safety performance improvement programs and provides support for the country organizations in health and safety management.

Sustainable procurement: The Teknos Sustainable Procurement Policy describes Teknos approach and processes for identifying, monitoring, and minimizing the negative environmental and social impacts of supply chain, while balancing this against the financial and quality requirements of purchasing processes. All Teknos' procurement processes – including new supplier approval, supplier evaluation, category management, and preferred supplier selection – include sustainability checks and criteria. Since 2018, Teknos has systematically worked to ensure its suppliers' commitment to the Teknos Supplier Code of Conduct and, using the EcoVadis global rating system, to assess supplier sustainability risks and drive improvements.

Engagement with future generations and local communities: The Teknos Policy for Sponsorship and Donations describes the company's measures to ensure that sponsorship and donation activities are carried out in an ethical and legal manner, are aligned with Teknos' values, and deliver value for society.



LTIFR: the number of incidents resulting in at least one full day of absence (i.e. LTI1) per one million hours worked.

KEY ACTIVITIES AND OUTCOMES 2021

Employee health, safety, and well-being

Keeping the employees safe and health continued to be Teknos' top priority in 2021. Teknos encourages all employees to be responsible of the safe working environment.

Lost Time Injury Frequency Rate (LTIFR) is the main KPI used for measuring safety progress at Teknos, the target being 10% annual reduction in LTIFR by 2025. In 2021, Teknos did not achieve the target: LTIFR for own employees was 7.84, which is 2% higher compared to 2020 (7.72). The rise in LTIFR is explained by the measurement method of average working hours that were lower in 2021 than in 2020. The number of injuries remained on the same level as in previous year; 24 (24), and no serious incidents were reported. The most common immediate causes behind the incidents were related to unsafe behaviors such as rushing, not being concentrated on the task, shortcutting safety procedures and not using correct equipment. In 2021, Teknos put special emphasis on investigating incidents and near misses in depth to understand the organizational and cultural root causes behind unsafe behaviors and sharing and implementing the learnings in all sites.

In 2021, several actions were taken to improve the safety performance in the coming years. For example, a HSEQ Focus Group organization was established with the aim to share learnings and good practices across the organization and to develop and drive improvement and harmonization globally. A new Health & Safety program was launched with a focus on further developing Teknos' safety culture and engaging all employees in health and safety activities. Teknos Safety Concept was launched to define the minimum requirements for safety. In 2022, the focus will be in implementing the programs to increase awareness about health and safety and develop the performance through common global guidelines.

Teknos' production site in Saint Petersburg achieved ISO 45001 certification for Occupational Health and Safety Management Systems in November 2021. With that, Teknos Russia became the second country organization, with Teknos Finland, to hold a triple ISO certification: ISO 9001 (Quality), ISO 14001 (Environment), and ISO 45001 (Occupational Health and Safety).

Preventing the spread of COVID-19 in Teknos' workplaces has become a routine during two years of pandemic. The impact of the pandemic on the employee well-being, however, remains to be evaluated in a longer term. To support the employees in this respect, managers and employees were encouraged to have discussions with special attention on well-being.

People development

Despite restrictions that were in place due to the ongoing pandemic, Teknos continued to deliver its leadership training to a high standard of quality. In 2021, by the year-end, 49% of line managers have received leadership training. In 2021, all training was held in a virtual format, and focused on supporting managerial skills, communication in difficult situations, feedback skills and further developing leadership competences.

Teknos Leadership Recipe model was renewed to better support local leadership training: instead of using external partners, all training will be conducted by Teknos' own HR specialists, which is expected to provide more flexibility to arrange trainings and support the progress towards the 2025 target. The new Leadership Recipe concept will be piloted in 2022.

Teknos' global Knowledge Management program took steps forward in 2021. The Program aims to foster knowledge sharing practices, resource optimization, and planning. During 2021, the program structure was changed into more agile format, and decisions of a technical system and processes were made, however, the system was not deployed according to original schedule. The roll-out for the system is planned for 2022.

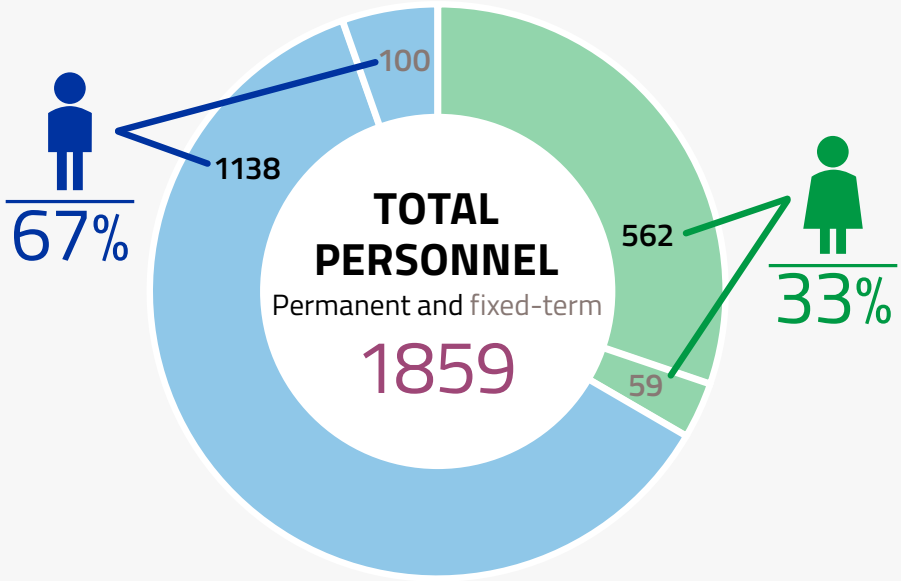
New hires, leavers and turnover rate		
	2020	**2021**
New hires at 31.12.	146	279
Leavers at 31.12.	94	116
Average number of personnel	1776	1807
Turnover rate (voluntary basis)	5.3%	6.4%

New hires: permanent and fixed-term employees. Excluding seasonal workers and trainees.

Leavers: permanent employees resign voluntarily or by mutual consent.

Turnover rate: (leavers / average number of personnel) × 100

Employees by gender and employment type
31.12.2021





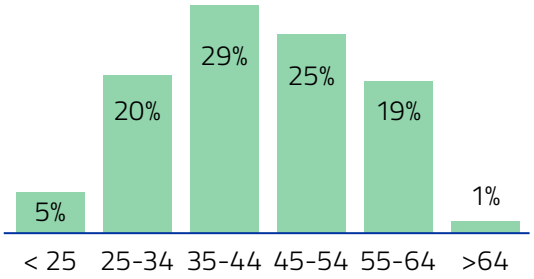
Creating long-term success and developing employee competencies are key topics of importance at Teknos. Teknos has set a target of 100% of employees having yearly appraisal discussions by 2025. The target for 2021 was achieved as 82% of employees had appraisal discussions. Personal workload was a key issue in the discussions in 2021, and it was seen that employees who had the appraisal discussion also experienced a better work-life balance.

In 2022, the focus will be on further developing the quality of appraisal discussions to better support employee development, well-being and good leadership. Also, one of the focus points in 2022 will be finding and developing strategic key competences through systematic people development and processes, e.g. development discussions and people reviews.

Leadership by gender; 31.12

	2020	%	2021	%
Line manager	278		299	
Female	91	31%	98	33%
Male	187	67%	201	67%
Country Managing Director	16		16	
Female	5	31%	6	38%
Male	11	69%	10	63%
Teknos Management Team	9		9	
Female	2	22%	4	44%
Male	7	78%	5	56%

Employees by age distribution
31.12.2021





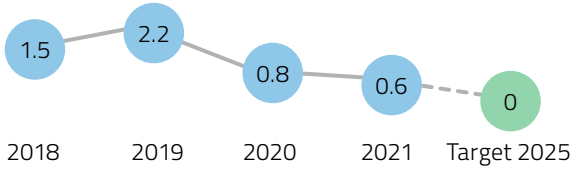
Product safety

Teknos strives to improve product safety and puts special focus on sensitization and the safe use of chemicals classified with sensitization hazard. This focus is due to the increased awareness and hazard classification of some of the most widely used and most efficient in-can preservatives.

In Teknos' CSR program, a target has been set to phase out the addition of methylisothiazolinone (MIT) to all Teknos' products by the end of 2025. MIT is an effective preservative used in water-borne products. It also has a high potential for skin sensitization. In 2021, Teknos continued decreasing the amount of MIT added to the products. The amount was decreased by 0.2 metric tons from 2020 achieving a level of 0.6 metric tons in 2021. However, despite the reductions, this result fell 0.1 metric tons short of the target set for 2021 (0.5 metric tons) due to a temporary halt of phasing out to focus on factory hygiene.

The work to secure safe use of respiratory sensitizing di-isocyanates as required per EU restriction was also on Teknos' 2021 agenda, and this work continues in 2022.

MIT intentionally added to products
tonne



The figures include the amounts of MIT that Teknos added to products, excluding traces of MIT possibly contained in raw materials that Teknos purchased.

Sustainable procurement

Teknos is committed that 80% of direct procurement spend is assessed by EcoVadis by 2025. Teknos achieved this target already in 2021 as 129 suppliers in total, accounting for 80% of the direct procurement spend, have gone through the EcoVadis sustainability assessment since 2018. In 2021, the assessment was extended to local suppliers. For 2022, Teknos will set separate targets for sustainable procurement on Group and local levels.

Most of the suppliers assessed present a low sustainability risk (scored 45 and above in EcoVadis assessment). Of medium- to high-risk suppliers scoring below 45, Teknos requested corrective actions and closely monitored their development. In 2021, a target of 50 corrective actions requested from suppliers was set and achieved in 2021.

Stakeholder communication about sustainable procurement was increased during 2021. Teknos published externally its Sustainable Procurement Policy, created in 2020, and communicated it to suppliers. Suppliers page on Teknos' website was developed in 2021 and published in early 2022 to bring sustainable procurement related materials and communication better available to the suppliers and other stakeholders.

Teknos continued training its local buyers on the sustainable procurement practices. A total of 22 buyers (81% of all our buyers) were trained during 2021. In the future, Teknos will place emphasis on identifying risks and further developing sustainable procurement practices.

Society and future generations

Opportunities for early career movers

As a family-owned company, continuity and local operations are utterly important to Teknos as it wants to make choices that bear to the generations to come. In line with this objective, Teknos continued to offer opportunities to early career movers. In 2021, the focus was on concrete actions to support employment, however, broader opportunities to support future generations were also reviewed. Early career mover opportunities include small scale opportunities with high impact on young people, such as short-term work trials, as well as employment, events and activities such as Future Day for the employees' children to have an outlook for the future work.

Teknos' target by 2025 is that 100% of the country organizations offer opportunities for early career movers. In 2021, the opportunities were offered by 41% of Teknos entities, which is slightly below the aspiration level for 2021 (50%). For 2022, the target is set to 60%. In 2022, Teknos will continue to develop the early career mover concept and options.

Local community activities

In 2021, an objective was set that all the local organizations support and engage in local community activities by 2025. In 2021, Teknos focused on preparatory work to realize this objective; taking measures to grow awareness within Teknos organization and planning activities to be conducted in 2022. In 2021, 13 out of 21 Teknos' country organizations conducted local community activities. In 2022, Teknos will continue working towards the objective for 2025 with the target for 2022 set at 75%.

Teknos launched its sponsorship program Paying It Forward in 2021. The program provides all employees with an equal opportunity to apply for funding to support well-being of children under 18-years-old. The organizations that receive sponsorship are chosen based on the compatibility with Teknos Group's CSR Program's focus areas.

Paying it Forward received 69 nominations from Teknos' employees, and sponsorship was offered to 18 organizations in 12 countries. The selected organizations were local children's hobby clubs and educational organizations that are focusing on children's well-being. The aim was to support especially organizations that might have difficulties in receiving support from other programs in general. In 2022, Teknos will continue implementing the Program and developing it according to the feedback and experiences gained in 2021.

The Teknos Policy for Sponsorship and Donations was applied to all sponsoring decisions.



HUMAN RIGHTS AND ANTI-CORRUPTION AND BRIBERY MATTERS

OUR COMMITMENT

Teknos has a zero tolerance policy for child labor, forced labor, or involuntary work in its own operations and supply chain. Teknos does its utmost to respect workers' rights and human rights.

Teknos forbids any form of bribery and corruption

PRINCIPAL IMPACTS AND RISKS

Teknos has identified the principal impacts and risks relating to human rights, anti-corruption, and bribery. Risk management is described in **Management Approach** and **Key Activities and Outcomes**. The impacts and risks that have been identified are:

- Human rights issues most relevant to Teknos relate to the health and safety aspects of Teknos' workplaces and of the chemicals used.
- Teknos operates mostly in Europe where the risk of serious human rights violations in the operations relating to freedom of association and possible use of forced labor is considered to be low.
- The human rights issues in Teknos' supply chain, based on monitoring via EcoVadis, are most likely to relate to occupational health and safety and working conditions.
- The risks of corruption and bribery are low.

MANAGEMENT APPROACH

Key policies: Teknos Code of Conduct, Teknos Supplier Code of Conduct, Teknos Policy for Detecting Child Labor at Suppliers, Teknos Sustainable Procurement Policy, Teknos Sponsorship and Donation Policy

Teknos has implemented the policies and processes listed above to manage human rights and bribery and corruption risks in its operations and supply chain. These policies and the Teknos culture and values lay the foundations for the expected behavior of employees, suppliers, business partners, and other stakeholders. Teknos employees receive training regarding respect for human rights and ethical and legal business conduct via a mandatory Teknos Code of Conduct e-learning course.

To monitor risks in our supply chain, Teknos uses the EcoVadis supplier sustainability assessment, which includes human rights and business ethics topics (read more on EcoVadis on page 18).

Violations of the Code of Conduct (CC) are reported using the Teknos escalation model, as described in the Code, or directly to the online whistleblowing channel. Additionally, issues relating to working conditions, such as the workload balance, discrimination, and fair treatment, are measured in an Employee Opinion Survey every second year. Improvement actions based on the survey results are followed up in every team and by management.

KEY ACTIVITIES AND OUTCOMES 2021

The Teknos Code of Conduct was updated in 2021 and re-introduced to employees. Training on the CC was updated and offered in various forms e.g. an e-learning course, practical critical incidents, a card game or a Question and Answer approach to support the understanding of the CC. By the end of 2021, 67% of all employees have completed the Code of Conduct e-learning course.

In addition, during 2021 Teknos worked to establish a new online whistleblowing channel to replace an existing email reporting channel. The whistleblowing channel, launched in early 2022, is open to all stakeholders and guarantees confidentiality and anonymity of reporters.

In 2021, the Code of Conduct Committee received one incident report concerning unfair treatment. The case has been resolved. Teknos has no pending or completed legal cases relating to violations of human rights or bribery and corruption.

KEY FIGURES 2019-2021

Key performance indicator	2019	2020	2021	% Change 21/20	Target 2019-2025	Contributing to SDG	Note
Economy							
Net sales, million euros	398	384	**419**	9%	1 billion euros by 2025		
EBITDA, million euros	27	35	**26**	2%			
People							
Personnel, 31.12	1 856	1 814	**1 859**				
Nationalities	44	53	**55**				
Female to male ratio	33:67	33:67	**33:67**				
Turnover rate (voluntary basis)	6.7%	5.3%	**6.4%**				1
Employees responded to EOS, % of employees	86%	n/a	**89%**				2
Average EOS score for employee enthusiasm	4.13	n/a	**4.02**				2, 3
Average EOS score for fair treatment	3.90	n/a	**4.28**				2, 3
Average EOS score for working conditions	3.62	n/a	**3.72**				2, 3
Focus area 1: Sustainable solutions and services							
VOCs in products, % of the total raw material consumption	8.7	8.5	**8.9**	5%	Reduced by 5% annually (2020 baseline)		4, 5
SVHC in products, % change in kg SVHC per kg of raw material consumption vs. 2018 baseline	-4.0%	-7.4%	**-0.5%**	6.9%	Reduced by >80% by 2025 (2018 baseline)		4, 6
MIT intentionally added to products, metric ton	2.2	0.8	**0.6**	-23%	0 by 2025		4, 7

Key performance indicator	2019	2020	2021	% Change 21/20	Target 2019-2025	Contributing to SDG	Note
Focus area 2: Responsible operations and supply chain							
Occupational health and safety							
LTIFR	7.98	7.72	**7.84**	2%	Reduced by 10% annually (2019 baseline)		8
LTI1	25	24	**24**	0%			8
ISO 45001 certified sites	0	2	**2**				
% of all production sites		13%	**13%**				
Environment							
GHG emissions Scope 1 and 2 (market-based), metric ton of CO_2e	n/a	7 633	**8 327**	10%			
kg CO2e per metric ton of production	n/a	68	**71**				
GHG emissions Scope 1 and 2 (location-based), metric ton of CO_2e	n/a	12 147	**13 106**	8%			
GHG emissions, Business travel, metric ton of CO_2e	n/a	1044	**955**	-9%			
kg CO_2e per metric ton of production	n/a	77.5	**79.5**	3%			
Energy consumption (all sites), GWh	n/a	57	**65**	14%			
Energy consumption (production), GWh	56	55*	**63**	15%			9
Energy consumption, MWh per metric ton of production	0.49	0.49*	**0.54**	10%	Reduced by 5% annually (2019 baseline)		9
Renewable energy	6%	23%*	**23%**				9
% of total energy consumption							

Key performance indicator	2019	2020	2021	% Change 21/20	Target 2019-2025	Contributing to SDG	Note
Waste (all sites), metric ton	n/a	n/a	**8 546**				
Waste (production sites), metric ton	7 052*	8 571*	**8 493**	-1%			9
Waste, kg per ton of production	61*	77*	**72**	-5%	Reduced by 5% annually (2019 baseline)		9
Water consumption, m^3	n/a	n/a	**94 590**				
Water, m^3 per metric ton of production	n/a	n/a	**0.8**				
ISO 14001 certified sites	7	7	**8**		100% by 2025		
% of all production sites	47%	47%	**57%**				
ISO 9001 certified sites	13	14	**14**		100% by 2025		
% of all production sites	87%	93%	**100%**				
Responsible supply chain							
Suppliers signed Supplier Code of Conduct					95% by 2025		10
% of direct procurement spend	81%	86%	**93%**				
Suppliers assessed by EcoVadis					80% by 2025		10, 11
% of direct procurement spend	51%	72%	**80%**				
Low sustainability risk suppliers (score 45+)							
% of EcoVadis assessed suppliers	95%	95%	**95%**				
Number of supplier corrective actions requested in the EcoVadis platform	n/a	n/a	**51**		50 annually		

Key performance indicator	2019	2020	2021	% Change 21/20	Target 2019-2025	Contributing to SDG	Note
Buyers trained on sustainable procurement							
% of all buyers	86%	80%	**81%**				
Supplier audits	11	1	**0**				12
Focus area 3: People development							
Employees had an appraisal discussion					100% by 2025		
% of employees	59%*	73%	**82%**				
Line managers participated in leadership training					100% by 2025		
% of all line managers since 2019	44%	42%	**49%**				
Leadership training in working days	299	207	**177**				
Focus area 4: Future generations							
Entities provided opportunities to early career movers					100% by 2025		
% of all entities	n/a	50%	**41%**				
Entities supported or engaged with local communities					100% by 2025		
% of all entities	n/a	n/a	**62%**				
Business ethics, human rights, and anti-bribery and corruption activities							
Employees trained on Teknos Code of Conduct					100% by 2019		
% of employees	100%	100%	**67%**				

NOTES

* The figures have been corrected due to improvements in data accuracy during the reporting period 2021.

1 Employee turnover rate: (number of leavers based on voluntary and mutual consent/ average number of staff) x100

2 The Employee Opinion Survey (EOS) is conducted every two years. The recent survey was conducted in 2021.

3 Employee rating on a scale from 1 (strongly disagree) to 5 (strongly agree) for measuring statements.

4 The figures cover 6 (out of 10) production countries producing about 90% of group volumes: Finland, Sweden, Denmark, Germany, Poland, and Russia – excluding Liechtenstein, China, Malaysia, and the U.S.

5 VOC: Volatile organic compounds as defined in Directive 2010/75/EU

6 SVHC: Substances of very high concern that are currently identified and will be identified in 2025 in accordance with the REACH Regulation

7 MIT or methylisothiazolinone: a preservative classified as an allergen in mixtures under the CLP legislation. The figures count only MIT that is added to products by Teknos – excluding possible traces of MIT contained in raw materials that Teknos purchases.

8 LTI1: the number of incidents resulting in at least one full day of absence
LTIFR calculation: LTI per one million hours worked.

9 The figures cover 14 production sites – excluding sites that have only sales offices or warehouses.

10 The direct procurement spend is for 6 (out of 10) production countries: Finland, Sweden, Denmark, Germany, Poland, Russia, accounting for approximately 90% of Teknos' direct procurement spend globally.

11 EcoVadis is a third-party CSR assessment of suppliers covering the following topics: environment, labor practices and human rights, fair business practices, and sustainable procurement

12 Supplier audits cover the following topics: quality, environment, occupational safety, CSR-related policies

This statement has been reviewed and approved by the Board of Directors of Teknos Group. The report has been signed by the CEO and Owner of Teknos Group, Paula Salastie, on behalf of the Teknos Group Board.

May 2022

Paula Salastie
CEO and Owner
Teknos Group Oy

INDEPENDENT ASSURANCE STATEMENT – TEKNOS GROUP OY'S NON-FINANCIAL INFORMATION ON SELECTED KPIS 2021

To the Management of Teknos Group Oy

Ecobio Oy (hereafter Ecobio) has been commissioned by Teknos Group Oy (hereafter Teknos) to perform a limited third-party assurance engagement regarding selected KPIs linked with their loan agreements to their banks for the period of January 1st to December 31st, 2021.

Teknos' Responsibility

Teknos was responsible for the collection, preparation, and presentation of the related corporate responsibility data according to the loan agreements. Ecobio, as an independent assuror, was not involved in the preparation of any disclosures, apart from the independent assurance engagement.

Practitioner's Responsibility

Ecobio's responsibility was to present an independent conclusion on the data underlying the key performance indicators subject to the limited assurance engagement.

The scope of work included assurance of completeness and correctness of the following data underlying the following key performance indicators:

- Share of volatile organic compounds in total raw material consumption
- The percent of the direct procurement spend assessed by EcoVadis
- Lost time injury frequency rate

Ecobio disclaims any liability or responsibility for any third-party decision based upon this assurance statement.

Methodology

Ecobio based the assurance process on the following guidelines and standards: the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Concerning limited assurance engagements, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained. This assurance engagement was conducted from March to April 2022.

The assurance process included:

- Interviewing employees responsible for data collection and reporting at Teknos.
- Evaluating procedures for gathering, analysing, and aggregating quantitative data.
- Performing cross-checks on a sample basis concerning the reported data.
- Evaluating internal guidelines for data collection.

Conclusions

Based on the work described in this statement, nothing has come to our attention that would cause us to believe that the information presented by Teknos on KPI data is not fairly stated, or that it would not comply with the reporting guidelines stated before.

Practitioner's Independence and Qualifications

Ecobio is an independent environmental consulting company with 30 years of history. Ecobio's assurors are skilled and experienced in environmental assurance and have good knowledge of industry related sustainability issues.

Ecobio has no financial dependencies on Teknos beyond the scope of this engagement. Ecobio has conducted this assurance independently, and there has been no conflict of interest.

Helsinki, 22th of April 2022

Ecobio Oy

Taru Halla (M.Sc.)
Managing Director

Katrine Hoset
Senior Consultant (PhD)

WE MAKE THE WORLD LAST LONGER

Teknos is a global coatings company with operations in more than 20 countries in Europe, Asia, and the USA. It employs approximately 1,800 people and the net sales for 2021 was EUR 419 million. Teknos is one of the leading suppliers of industrial coatings with a strong position in retail and architectural coatings.

Teknos wants to make the world last longer by providing smart, technically advanced paint and coating solutions to protect and prolong. Teknos always works in close cooperation with its customers. It was established in 1948, and is one of Finland's largest family-owned businesses. For further information, visit www.teknos.com

TEKNOS GROUP OY
TAKKATIE 3
P.O. BOX 107
FI-00371 HELSINKI
TEL. +358 9 506 091

TEKNOS