

NON-FINANCIAL STATEMENT 2023



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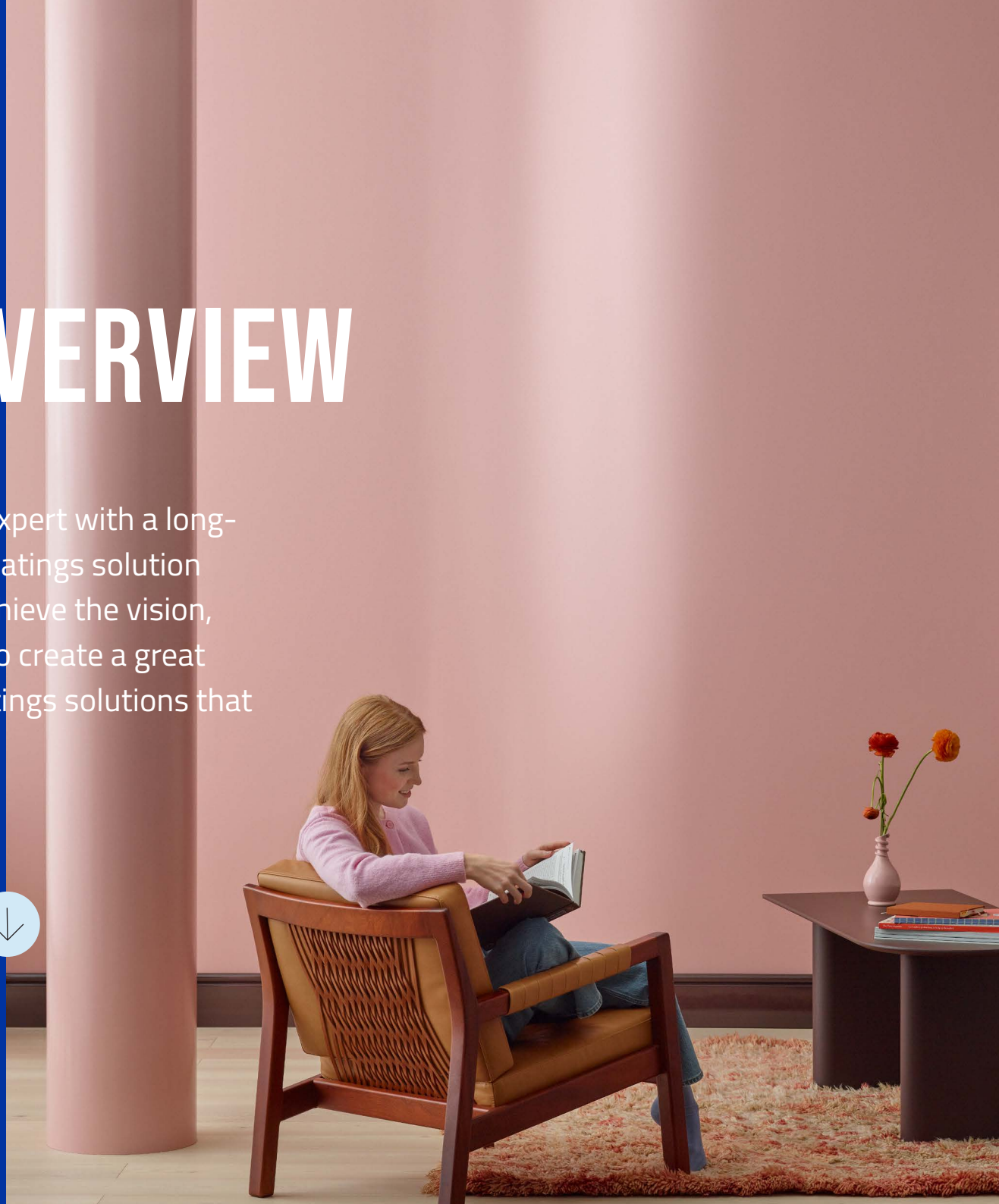
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BUSINESS OVERVIEW

Teknos is a global coatings industry expert with a long-standing vision to be a sustainable coatings solution provider close to its customers. To achieve the vision, Teknos stays close to its customers to create a great customer experience and unique coatings solutions that help its customers succeed.



CEO'S REVIEW

Making the world last longer for future generations

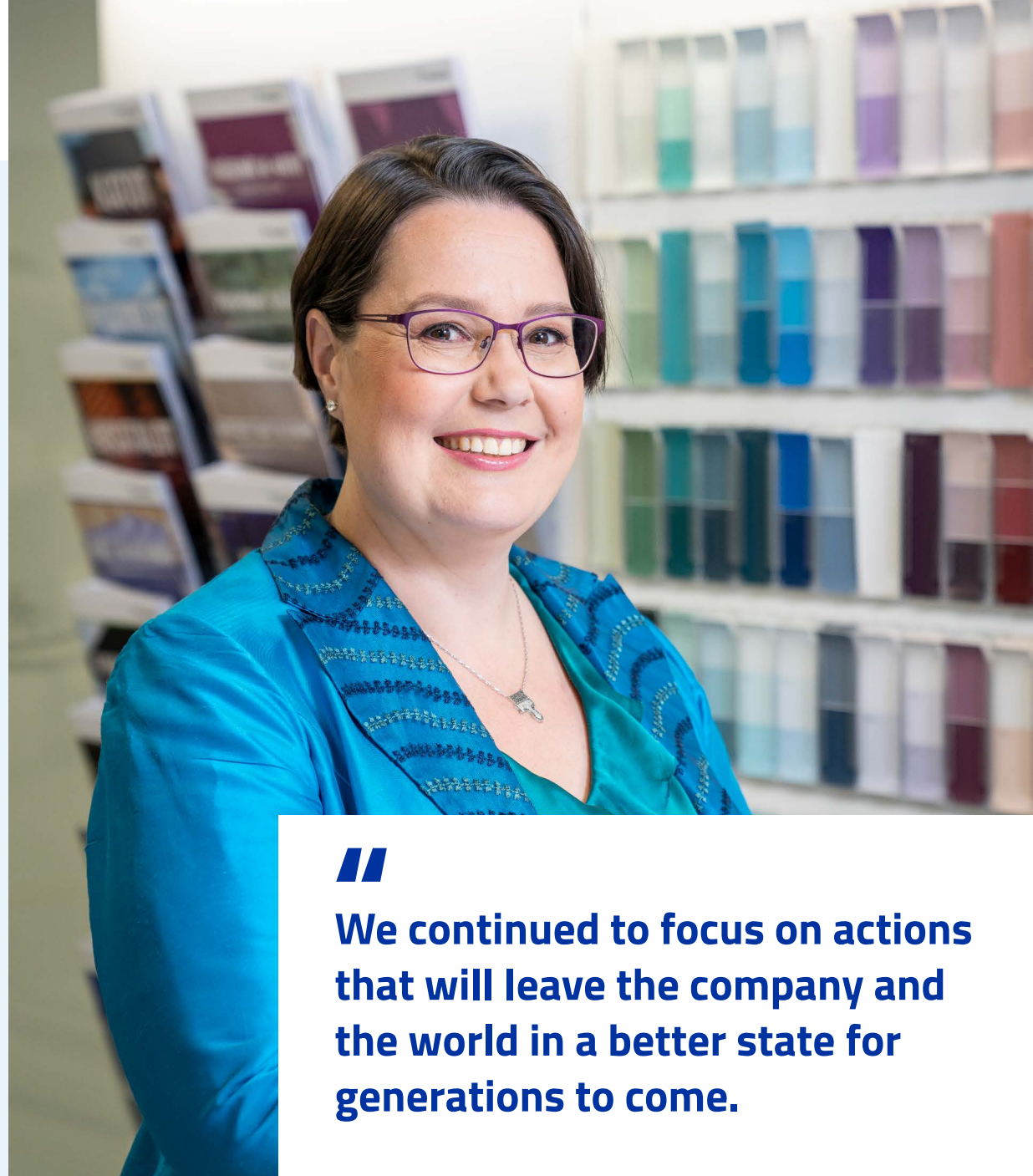
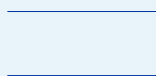
In 2023, Teknos celebrated our 75th anniversary. This moment in time offered me the opportunity to reflect on how far the company has come since we started in a small hen house in Espoo to the global company we are today. We have come a long way with innovation, navigating market changes and growth through acquisitions. Everything we do is guided by our commitment to being a responsible company. Sustainability is the foundation of our cultural heritage and this ensures we always think in the long term – for us a quarter is 25 years.

Throughout our 75 years of operation we have maintained the continuity of family ownership. With each generation change we are committed to transferring the company in a better condition. By maintaining the continuity in ownership we capture the learnings from previous generations to help us drive the business forward for the long term.

We can see our efforts recognised externally having been awarded the EcoVadis Gold recognition level for being in the top 5 percent of EcoVadis assessed companies. Moving forward we will have even greater focus on our Sustainability work. We have conducted our first Double Materiality assessment that helps us understand where we will focus in the years to come, committed ourselves to Carbon Neutral by 2050 and have attracted new inhouse capabilities to support our sustainability journey.

In 2023 we continued to see volatility throughout the world, from inflation and political strikes to raw material challenges and complexity in the supply chain. We completed our 'Teknos: Fit for Future' program where we revised our organisational structure, ways of working, cost structure and leadership model for Teknos. These changes allow us to ensure we take advantage of our agility to respond to changing customer demands and provide an excellent technical service to them.

The coatings industry will focus further on sustainability and is setting higher sustainability goals. The industry is now committed to achieving carbon neutrality by 2050 and continues to pivot towards extending the



We continued to focus on actions that will leave the company and the world in a better state for generations to come.

lifecycle of our customer products and the lifespan of the coatings we supply

Adapting to an ever faster changing world

At Teknos we know that the world is changing quickly. These changes, combined with an ever more uncertain and volatile world, mean we must act to ensure we focus on our agility, develop our distinctiveness in an extremely competitive landscape and create a working environment where our people can thrive and become the best version of themselves.

With this in mind, towards the end of 2023, we started planning for a long-term transformation of our company structures. We call this 'One Teknos'. One Teknos is a company-wide transformation that will enable us to adapt to a fast-changing world, and to successfully fulfil our vision, strategy and targets.

This transformation will build on the work completed during 'Teknos: Fit for Future' to create a global, functionally led organisation. We will also develop the distinctiveness of our brand and enhance our culture as part of this work. The 'One Teknos' transformation will continue throughout 2024

Concrete actions to build a sustainable company

Throughout 2023 we continued our investments in alternative energy sources. For example, 'The Energy Transformation' Program in our factory in Gdynia, Poland. The program includes modernizing the central heating by replacing outdated gas furnaces with more efficient alternatives, the installation of a energy storage system that ensures optimal utilization of surplus energy and integrating solar panels across both rooftops and ground areas

We have also continued our journey to understand our CO₂ emissions across the entire value chain. A cross functional team has been established and have created a roadmap towards emission reduction. The first projects will create

processes for data collection and verification, supplier engagement and internal capability building.

Finally, towards the end of 2023 we conducted our first Double Materiality assessment. This work is an important preparatory step in meeting our Corporate Sustainability Reporting Directive (CSRD) requirements. The outcome of this work will also inform our long-term sustainability roadmap. We will complete this work during the first half of 2024.

People at the core

Being a family-owned company, people are everything to us; with safety being our number one priority. In 2023 we continued our focus on strengthening our HSEQ (Health, Safety, Environment and Quality) programme. Through ongoing training, communications, and engagement across the organisation we have transformed our safety performance, with a reduction of more than 21% in our Lost Time Injury Frequency Rate. This is a continuous development area for any company, however it is a result our people can be proud of.

We have also invested in supporting our people through change. In 2023, we completed our 'Teknos: Fit for future' program which created significant change throughout the company both in how we are organised and how we work. We trained our people in how manage this change while protecting their mental health and well-being. As we move forward with our 'One Teknos' transformation we will continue this work.

During 2023, we continued our hybrid working model, although we also recognised the importance of meeting face to face with our people. We encourage team meetings face to face in workshops and other development activities. People may have home office days and organise virtual meetings to decrease travel and create balance between work and home. We have found achieving this balance improves understanding and engagement with the transformation journey we have embarked on.

As we move into 2024, our focus is directed towards developing our company culture and leadership. As we continue with our transformation towards 'One Teknos' we will continue our focus on attracting the right talent and developing our people to meet future need.

Looking to the future

Uncertainty, conflict, political tensions and the constant emergence of global crises have long-term impacts on the way we live and work. Throughout 2023, we have seen a resurgence in political strikes, the continuation of increased energy costs, and disruption in supply chains creating a complex business environment. Over the last 12 months, our agile mindset combined with long and short term planning have allowed Teknos to successfully navigate these situations.

We also see the regulatory environment changing rapidly, and as we have much more clarity on the requirement for Teknos, we are committed to ensuring we are well placed to anticipate the necessary regulatory developments.

At Teknos, we are driven by our collective purpose 'We make the world last longer' and understand the critical importance of this purpose in everything we do. Our 'One Teknos' transformation will embolden our people to become the best versions of themselves, while our unique approach to partnership with all of our stakeholders, from customers to the communities we operate in, will support them in achieving their sustainability ambitions. Only by working together will we make the world last longer

In this non-financial statement, I invite you to read more about Teknos' progress during 2023 and our future focus in sustainable business.

Paula Salastie
CEO, Teknos Group

STRATEGY

Teknos adapts and responds effectively to the world around it while cherishing the unique Teknos Family culture and values.

Teknos vision is 'to be a sustainable coatings solution provider close to our customers'. The strategy aims to ensure balanced and profitable growth. Teknos has defined three strategic focus areas to achieve this aim :

- **Customer Experience:** Strengthening the position as a high-value brand with a local presence
- **Innovative:** Establishing a culture of innovation and continuous improvement
- **Responsible:** Longer-lasting world for future generations through responsible operations

All strategic focus areas are underpinned by the Teknos Family culture as the basis of all decision-making, leading to overall profitability to achieve the vision.

[Read more about our Strategy](#)

Operating Environment

Market Development

Globally, the coatings market is extremely competitive and consists of several major players. Locally, some markets are highly fragmented and have numerous regional players. Overall, the market is moderately consolidated and expected to consolidate heavily in the years to come. Currently Teknos

is the 36th largest coatings company globally and the ninth largest based in Europe.

New business opportunities arise from innovations, geographical and product expansions, collaboration with start-ups, acquisitions, and sustainable business. Sustainability plays an important role in shaping the global coatings market, driven by both growing customer demand and increasing regulation.

Throughout 2023 the geopolitical environment continued to be uncertain and unstable. The war in Ukraine has continued and the uncertainty has been exacerbated by the Israel and Gaza conflict. The Red Sea shipping crisis has led to extended delivery times and increased costs. Moreover, we continue to see a significant decrease in the construction industry, increased energy costs and uncertainty of demand. Meanwhile, we see significant areas for growth throughout our export markets such as India, Asia and Latin America and this will be an area of focus for growth within the business. Furthermore, energy, infrastructure and machinery customer groups continue to offer growth opportunities moving forward.

Regulatory Development

The European Commission has committed to tackling the climate crisis and other environmental challenges. In line with this and under the European Green Deal, regulatory changes are gradually being proposed, discussed, and introduced via the regulatory processes.

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, regulated substances are heavily restricted and require coatings companies to fulfil specific obligations.

A substantial impact on the coatings industry comes from the European Commission Chemical Strategy for Sustainability. Chemicals used within the industry will be subject to new methods of hazard characterisation and additional use restrictions, including the introduction of mixture assessment factor (MAF), essential use, and one-substance-one-assessment concepts.

Finally, several changes are already proposed in the chemicals regulations that will demand significant focus in the future. These include, for example, new hazard classes for endocrine disruptors and environmentally persistent substances, PFAS restrictions, minimum font sizes for hazard labelling, and ECObased criteria for chemicals.

While the tangible impacts of these changes are yet to materialise, Teknos anticipates the EU's Green Deal, revised regulations, and new directives will redefine the sustainability criteria in the chemical industry, bringing new requirements for Teknos.





Preparing for the Corporate Sustainability Reporting Directive (CSRD)

The Corporate Sustainability Reporting Directive (CSRD) and Directive on substantiation and communication of explicit environmental claims (Green Claims Directive), will require Teknos to review its reporting and communication approach to ensure compliance.

At Teknos we have already started preparations to comply with the new CSRD requirements. Based on the CSRD requirements Teknos will be required to comply in the reporting period 2026, in order for us to be ready to comply Teknos has already started activities to prepare for this.

In November 2023 we launched a project to begin development activities to ensure compliance. Our initial step has been to conduct a double materiality assessment this activity was conducted between December 2023 and February 2024.

The purpose of the double materiality assessment has been to identify and define the most significant sustainability topics for Teknos from the perspective of impacts on people and the environment ("impact materiality") and financial impacts on Teknos ("financial materiality") in the short (less than 1 year), medium (1–5 years) and long (over 5 years) terms considering impacts, risks and opportunities arising from both Teknos' own operations and its value chain.

Teknos welcomes and supports the objectives of the EU Commission's Green Deal initiative introduced in 2019, including the Chemicals Strategy for Sustainability (CSS). We are actively monitoring the progress of the many different legislations that have already been introduced as well as the new proposed legislation.



Operating year 2023 – key highlights

Exit from the USA

In March 2023 Teknos conducted a strategic review of operations in Teknos USA. Based on the review we decided to end our local presence within the USA. We completed the closedown of our factory and sales office in July, 2023. Although we have ended our local presence we continue to see opportunities for growth. In order to capture this opportunity we have retained a small group of sales employees who continue to provide local service to our customers. We now provide our products through an export model.



Compliance with international sanctions

Following the Russian invasion of Ukraine at the end of February 2022, the international community imposed a series of restrictions and sanctions. The sanctions focus on trading, banks and several individuals. Teknos complies with all sanctions regardless of the marketplace. Throughout 2023 we continued training programs for our employees to ensure compliance with international sanctions. In 2024 we will launch a mandatory eLearning for all employees to further ensure compliance.

Teknos: Fit for Future – Building a platform for sustainable long-term growth

Throughout 2023 Teknos Group executed its Teknos: Fit for future program. The programme clarified and simplified group structures, improved the decision-making, speed of implementation, end-to-end process optimisation, and cost efficiency, especially fixed costs throughout the year.

The program combined the Marketing and Communications functions, simplified our Target Customer Groups from 12 to five which facilitated greater focus within the commercial organisation, integrated Procurement with Operations to create a new Supply Chain organisation. The Teknos group also introduced a new management model to facilitate greater integration with Teknos countries to improve decision-making and alignment.

The program resulted in an approximate head count reduction of 150 employees and reduced our fixed costs by more than 10% from the 2022 figure.

Streamlining our operating footprint

Throughout 2023 we combined the activities of several of our sales countries. We combined the activities of our sales countries in Lithuania, Latvia and Estonia into a single regional Baltics organisation and combined our sales countries in Croatia and Slovenia into one sales region to serve the Adriatic region.

These changes have allowed Teknos to collaborate across these three countries and provide our customers within the region to additional Teknos expertise and an enhanced customer experience. These changes improved support for all three countries in the areas of HR, Finance, Supply Chain and Marketing & Communications by creating shared capability teams in these areas



TEKNOS' GLOBAL PRESENCE

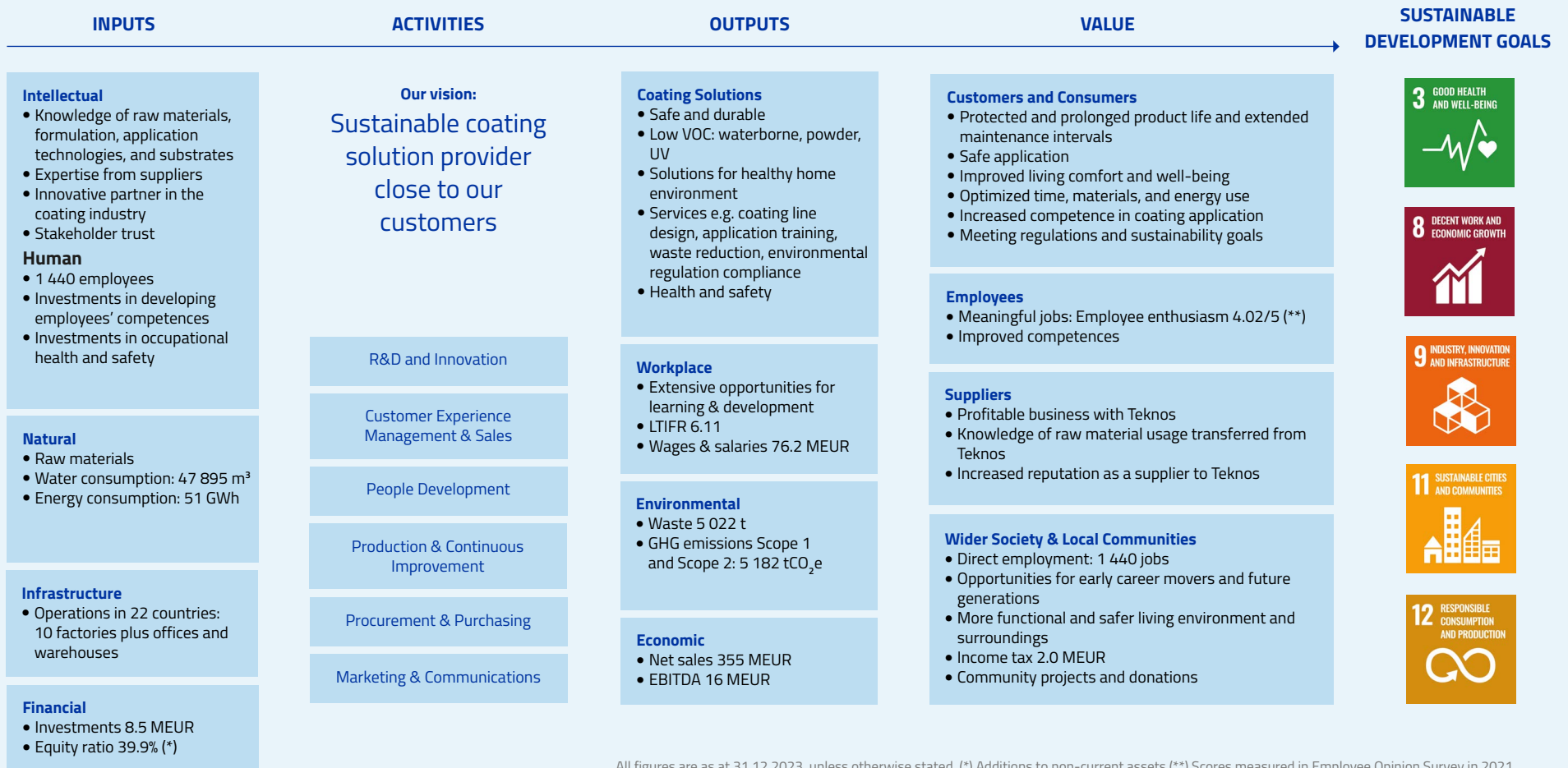




How we create value

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, and the main outputs and value Teknos' activities create for its 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.



All figures are as at 31.12.2023, unless otherwise stated. (*) Additions to non-current assets (**) Scores measured in Employee Opinion Survey in 2021

SUSTAINABILITY MANAGEMENT

The Teknos vision is to be a sustainable coatings solution provider close to our customers. Following the 2022 strategic review, Teknos expanded the definitions of the four sustainability focus areas and updated targets and key performance indicators.



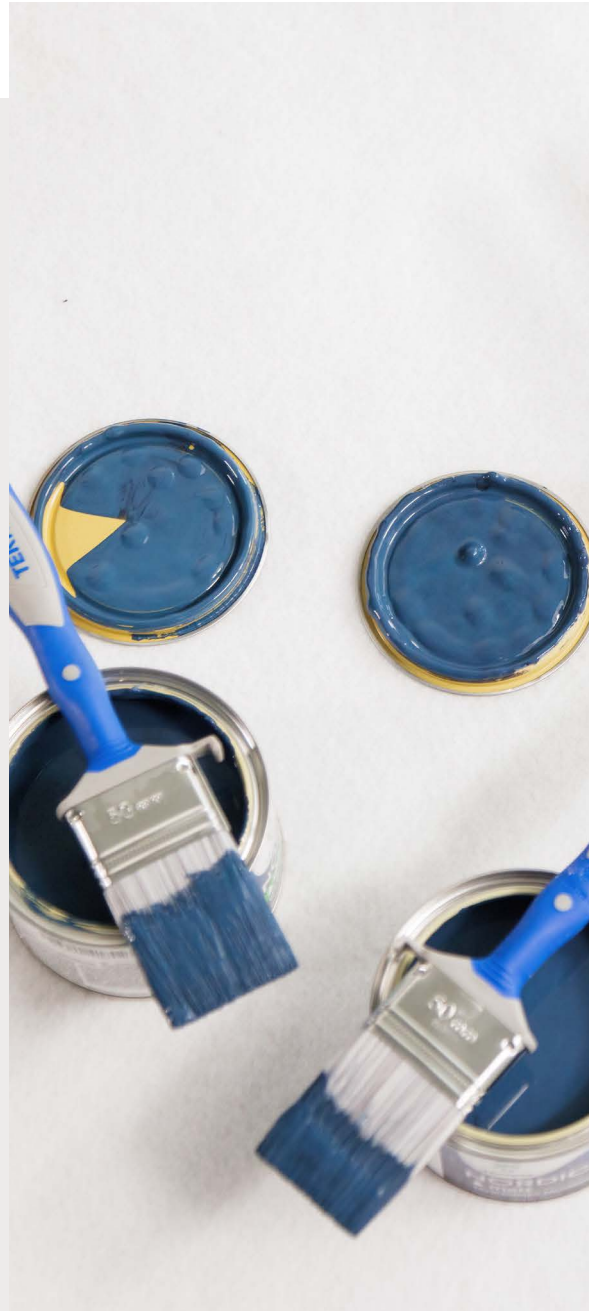
SUSTAINABILITY MANAGEMENT

The Teknos vision is 'to be a sustainable coatings solution provider close to our customers'. In 2018, Teknos established the Corporate Social Responsibility (CSR) Programme. The CSR Programme defines Teknos' sustainability aims for 2025. Following the 2022 strategic review, Teknos expanded the definitions of the four focus areas and updated its targets and key performance indicators (KPIs) (see page 14).

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 Programme and sustainability activities. The Board of Directors is duly informed about the progress and strategic decisions.

In 2021, Teknos tied its sustainability targets to its loan margin. The loan margin is adjusted in accordance with Teknos Group's performance in line with set sustainability targets. The loan is tied to three indicators: Lost Time Injury Frequency Rate (LTIFR), a 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 Programme 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 during 2019–2020. This report addresses the identified material topics to Teknos based on the results of the most recent survey.

[Read more about our Materiality Assessment](#)

Sustainability Risk Management

Sustainability risk management is part of Teknos' overall risk management framework. At Teknos, risk and opportunity management are part of daily work and decision making and are, 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 the 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 in question 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, as well as 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 16, 23, and 30.

Key Group policies relating to sustainability

The Teknos Code of Conduct, Teknos Risk and Opportunity Management Policy, Teknos Group HSEQ Policy and topic-specific policies (listed on pages 16, 23, and 30) 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, certification decisions and systems are managed at the 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, Rajämäki	x	x	x
5. Germany, Alzenau		x	
6. Germany, Brüggen		x	
7. Germany, Fulda		x	
8. Liechtenstein, Bendern	x	x	
9. Malaysia, Johor	x	x	
10. Poland, Gdynia		x	
Share of all production sites	60%	100%	20%

THIRD PARTY RATING



In 2023, Teknos conducted the EcoVadis assessment for the third time. EcoVadis assesses companies' sustainability practices related to the environment, labour and human rights, ethics, and sustainable procurement.

The assessment result was published 20 March 2024 and Teknos received a score of 72 (out of 100) and was awarded the Gold recognition level for being in the top 5 percent of EcoVadis assessed companies.



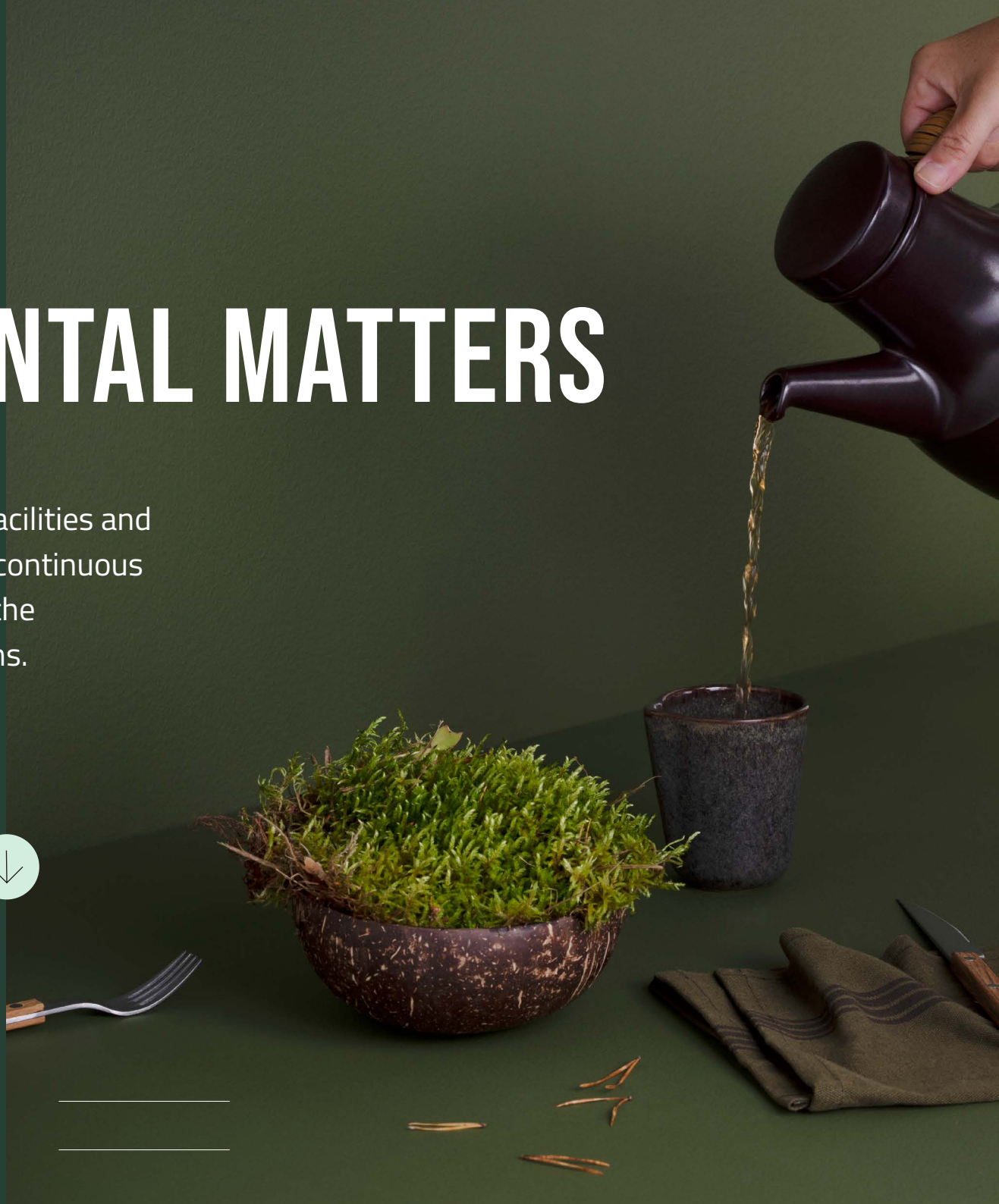
Teknos CSR Programme and Progress 2023

Teknos Group CSR Programme includes four focus areas, KPIs, and targets for the 2019–2025 strategy period. The country and function roadmaps are aligned with the Group CSR Programme. The table below summarises the progress. Read more about KPI definitions and multi-year performance on pages 31–36.

Our CSR focus areas	Our commitment	Target 2019–2025	Target 2023	Result 2023	Status 2023	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 of the amount of VOCs relative to total raw material consumption (2020 baseline)	7.3% of the total raw material consumption	7.7% of the total raw material consumption	Not achieved	
		• Phase out >80% of the amount of REACH SVHC relative to total raw material consumption by 2025 (vs 2018 baseline)	43% reduction	95% reduction	Achieved	
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	5.24	6.11	Not achieved	
		• 5% annual reduction in energy intensity (MWh/metric ton produced) of production countries	0.40 MWh/metric ton	0.53 MWh/metric ton	Not achieved	
		• 5% annual reduction in waste intensity (kg/metric ton produced) in production countries	50 kg/metric ton	63 kg/metric ton	Not achieved	
		• 95% of direct procurement spend covered by Supplier Code of Conduct by 2025	95% coverage	97% coverage	Achieved	
		• 80% of direct procurement spend assessed by EcoVadis by 2025	76.5% coverage	92% coverage	Achieved	
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	90% of line managers	78% of line managers	Not achieved	
		• 100% of employees have annual appraisal discussion by 2025	90% of employees	73% of employees	Not achieved	
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	70% of entities	52% of entities	Not achieved	
		• 100% of Teknos entities support or engage in local community activities by 2025	75% of entities	42% of entities	Not achieved	

ENVIRONMENTAL MATTERS

Teknos invests in its manufacturing facilities and digital technologies and implements continuous improvement initiatives to minimise the environmental impact of its operations.



ENVIRONMENTAL MATTERS

Our commitment

Teknos invests in its manufacturing facilities and digital technologies and implements continuous improvement initiatives to minimise the environmental impact of its operations.

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

Principal Impacts and Risks

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

- The use of materials, water, energy, and the waste generated in Teknos' 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 the 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 Teknos to change its 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; Teknos Risk and Opportunity Management Policy, Code of Conduct, 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 negative environmental and social impacts and risks by actively managing its 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 the Teknos 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.





Key activities and outcomes 2022

Responsible operations

During 2023, Teknos further strengthened the management and organisation of HSEQ matters. Teknos defined on a Group level health, safety, and environmental development programmes and, within this work, set targets for improvements in country organisations.

In 2023 Teknos introduced a new software for reporting HSEQ matters and data. This has improved Teknos' reporting structure and routines as well as improved data quality, resulting in the adjustment of some reported data. The work will continue during 2024.

Waste management

Teknos' target is to reduce waste intensity by 5% annually from the 2019 levels in production during the 2019–2025 strategy period.

In 2023, Teknos generated 61 kg of waste per tonne of production, which was 2% higher compared to 2022 (60 kg/ tonne). Therefore, Teknos did not achieve the target for 2023, which was 50 kg of waste per tonne of production.

The waste management programme will further analyse waste streams and find opportunities to reduce waste quantity (e.g., by reusing materials at risk of becoming waste) or improve end treatment methods (e.g., from incineration to recycling) to ensure Teknos meets the target in the future. In 2023, for example, Teknos Finland has been developing the rework process to reduce waste in the coming years.

The process provides possibility to get more accurate data on waste composition, more accurate cost monitoring, a smooth process, a responsible and safe way of working as well as preventive and corrective measures to avoid waste in the future.

Teknos' Quality Improvement programme supports reduction of paint waste by focusing on learning from deviations thru systematic reporting and root cause analysis.

Energy efficiency

Teknos aims to reduce energy intensity by 5% annually from the 2019 levels in production during the 2019–2025 strategy period.

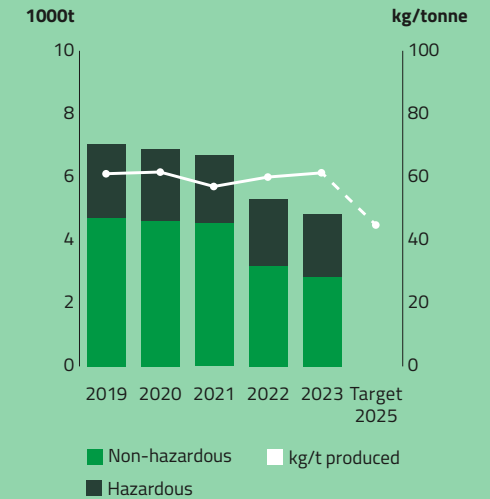
Energy intensity in 2023 increased by 7%, reaching 0.53 MWh/tonne of production (0.49 MWh/tonne in 2022).

Teknos did not achieve the target for 2023, which was 0.40 MWh per tonne of production. Teknos will continue to find opportunities to optimise energy use, implementing energy monitoring systems and replacing old equipment with more energy-efficient options. For example, in Poland we have modernized central heating system, improved energy storage and modernized the main switchboard energy power bank. In Denmark we have renewed two heat pumps in the heating system.

Teknos is also consolidating manufacturing sites, which is expected to make the production more energy efficient, with fewer sites in total.

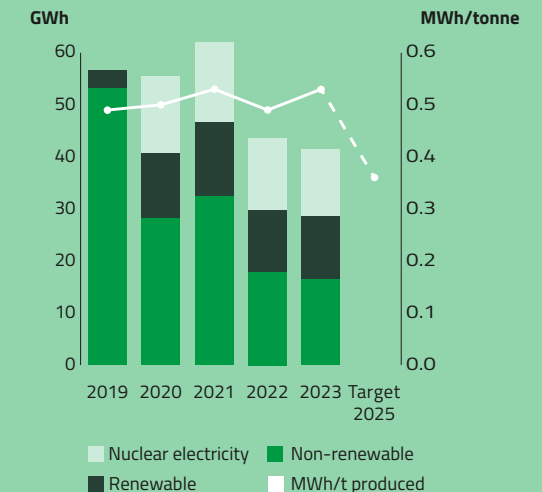


WASTE



Waste: The figures covers 10 productions sites excluding sites that have only sales offices and/or warehouses.

ENERGY CONSUMPTION



Energy: The figures covers 10 productions sites excluding sites that have only sales offices and/or warehouses.



Responsible operations
Scope 1 and 2 emissions

In 2021, Teknos started measuring the greenhouse gas emissions of its global operation in accordance with the Greenhouse Gas Protocol standards (GHG) and the Paris agreement.

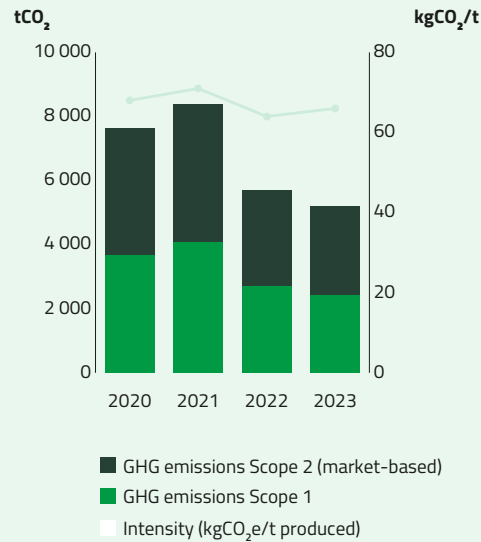
Teknos has set targets for reducing Scope 1 and 2 emission intensity (kg CO₂e/tonnes produced) by 55%. The aim is to reach this target by 2033 and to use the 2021 figures as a baseline. Several action plans were initiated to reach this target, for example, improving the energy efficiency of the operations, favouring renewable diesel in the fleet, and buying green energy where possible.

In 2023, total emissions from Scope 1 and 2 were 5 182 metric tonnes. Approximately 47% of the measured emissions came from the direct consumption of fossil fuels and refrigerants (i.e., Scope 1), approximately 53% from purchased electricity, district heating and district cooling (i.e., Scope 2).

Scope 3 emissions

In 2023, Teknos continued mapping Scope 3 emissions for the entire value chain and established cross functional working teams to work on Scope 3 CO₂ emission reduction. One of the teams focuses on purchased goods and services, and the other on processing of sold goods. As a result, carbon hot spots, related to emissions from purchased goods and services, were identified, and primary data availability surveyed. The team also created a roadmap towards emission reduction. First projects are related to creating process for primary data collection and verification (Product carbon footprints), supplier engagement and internal capacity building.

GREENHOUSE GAS EMISSIONS



GHG: The figures includes Scope 1 and Scope 2 and covers all sites – production, warehouses and sales offices.

Teknos' estimated total emissions from Scope 3 in 2023 were approximately 450 000 metric tonnes. Scope 3 emissions represent 99% of Teknos' total CO₂ emissions.

During the deepened analysis of Scope 3 emissions it is clear that the Processes of sold products (Cat10) continues to stand for the largest emission category followed by Purchased raw material (Cat1). However, the figures concerning customer processes are quite uncertain



ENERGY TRANSFORMATION PROGRAM

Teknos' Polish site has embarked on a transformative journey known as the Plant Energy Transformation Program. This ambitious initiative aims to revolutionize energy consumption practices and foster a greener future.

The Energy Transformation Program in Gdynia, Poland, is Teknos' comprehensive approach designed to achieve two critical objectives: reduce energy consumption and transition to sustainable energy sources. By implementing a series of innovative projects, Teknos seeks to create a more eco-friendly and economically viable operation. The program includes modernizing the central heating by replacing outdated gas furnaces with more efficient alternatives, the installation of a energy storage system that ensures optimal utilization of surplus energy, integrating solar panels across both rooftops and ground areas, modernization of the main switchboard and integrating it with the solar system to gain better control over energy distribution.



Therefore, one important task for the cross functional working teams will be to improve the data quality by deepening Teknos' knowledge about energy consumption in painting lines. At the same time, Teknos will focus on helping our customers reducing energy use in their coating processes which means that whatever the inaccuracy figure in our baseline is, the important reduction work will carry on with great ambition as planned.

In 2023, Teknos set a target of reducing Scope 3 emission intensity (kg CO₂e/tonnes sold) by 33% by 2033, using 2021 figures as the baseline.

Water

Water is an essential resource for paint manufacturing and is used in finished products and Teknos' cleaning processes, for example.

In 2023, Teknos' total water consumption was approximately 47 895 m³ (53 757 m³ in 2022) used in production facilities and offices or 0.61 m³ per tonnes of produced paint (0.61 m³ per tonne in 2022).

Teknos helps its customers to move from solvent-borne products to water-borne products, which will affect the total water intensity in future. Therefore, Teknos also measures wastewater, excluding water used as raw material, to better understand the water consumption for cleaning and utility water that Teknos targets to reduce. Both figures are accounted for in the KPI table.

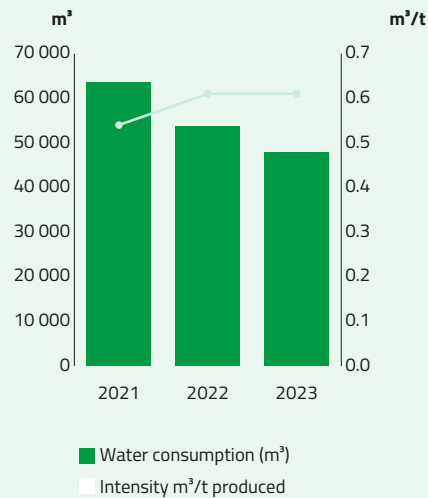
Teknos has no production in areas where the current level of water stress is high or extremely high and aims to avoid establishing production in such areas.

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' water treatment facilities or external treatment plants. In 2023 Teknos Malaysia invested on its waste water treatment facility. The renewed waste water treatment facility handle the waste water more effectively which leads to reduced waste.



WATER



Water: The figures cover all sites and includes both waste/process water and water that goes into products.



TOYOTA NET ZERO TRUCK WITH BIOBASED POWDER COATING

Toyota introduced a conceptual new take on the "walkie" BT Levio W-series which replaces all exterior surfaces. As a result, new materials and manufacturing processes are used to reduce the carbon dioxide equivalent (CO₂e) footprint, while keeping the same specs as the current model.

With this concept, Toyota Material Handling is showing its commitment to reduce greenhouse gas emissions throughout the value chain whenever possible. The project is realized in close cooperation with Teknos who has developed a powder coating that has a substantially lower CO₂ footprint than the standard powder. The pigment is 100% produced by recycling CO₂ emitted from bio-refinery source and 38% of the total raw materials in this powder coating is being made from recycled or bio-based raw materials.



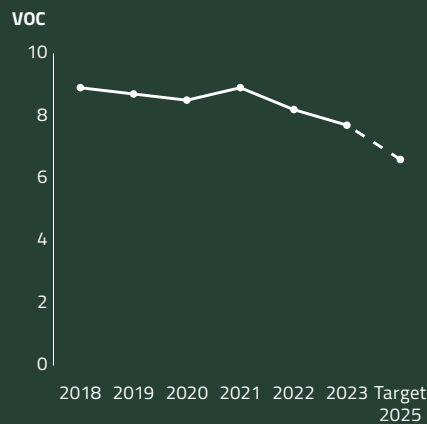
Sustainable Solutions and Services

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 7.7% 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 2023, the share of VOCs used in Teknos' products went down by 6% compared to 2022. Part of this reduction was still driven by the 2022 exit from the Russian market but continuous work to introduce higher solid and water borne solutions also paid off. Throughout 2023, we continued efforts with new sales approaches to encourage customers to switch to alternative lower VOC products. Teknos

VOC'S IN THE TOTAL RAW MATERIAL CONSUMPTION, %



VOC: Volatile organic compounds as defined in Directive 2010/75/EU. The consumption of VOC is measured relative raw material consumption in 4 out of 7 production countries covering 90% of total raw material consumption.

continued awareness raising both internally and externally through ongoing communication and trainings. These activities will continue in 2024.

Hazardous substances

Teknos is committed to reducing and phasing out most harmful substances. In 2023, the consumption of substances of very high concern (SVHC) continued to decrease and the consumption was reduced by 95% from the 2018 baseline.

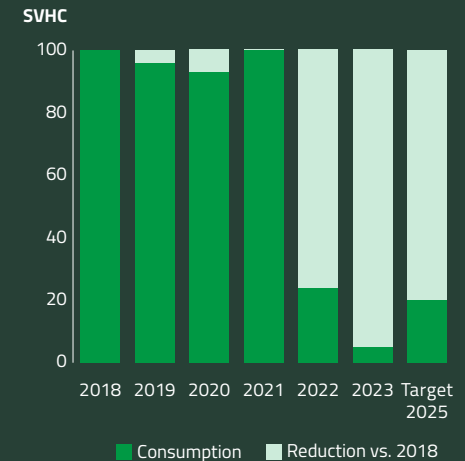
Since the identification of new SVHC substances is an ongoing process, and a single SVHC may temporarily impact the consumption negatively, an absolute phase-out may not be a realistic goal. Instead the EU's Candidate list is used by Teknos for steering activities and prioritizing the substances to be phased out. Teknos addresses SVHC substances as they are added to the Candidate list and is committed to reducing them as effectively as possible.

As a sensitizing substance, methylisothiazolinone (MIT) has previously been specifically addressed in Teknos' CSR program. The target has been set to not to add MIT intentionally in any Teknos products by the end of 2025. In 2023, the quantity of intentionally added MIT continued to decrease, and we have taken the decision to stop reporting MIT as a specific CSR target as it is one substance out of many. Teknos will continue determined work to reduce the use of hazardous substances and has set ambitious targets to address all substances of very high concern.

Innovations and new solutions for sustainability

Sustainability is at the heart of all innovation development at Teknos. New innovations are evaluated from the viewpoint of sustainability and against their impact on Teknos' sustainability targets. In 2023, Teknos continued working with several innovation projects related to sustainable solutions,

Phase-out of substances of very high concern, % change vs. 2018 baseline



SVHC: Substances of very high concern as defined in the EU REACH regulation. The consumption of SVHC is measured relative raw material consumption in 4 out of 7 production countries covering 90% of total raw material consumption

energy saving products, new circular and bio-based materials, and sustainability-focused services, such as technical support for energy saving in customer processes.

Teknos has been constantly screening new bio-based and recycled raw material alternatives to find replacement for virgin fossil materials. During 2023, the Group R&D Innovation team tested or coordinated testing of around 20 new raw materials that could be used in coatings applications in the future. Five new raw materials with either bio-carbon content or circulated materials were included in proof-of-concept testing of new coating products under different development projects.





Product innovations and Renewable/recycled raw materials

During 2023, Teknos launched 100% UV-products with increased bio-content. These products are used by our interior customers and contain 12-18% bio-based raw materials (calculation is based on the organic and non-volatile part, IKEA-approach), which is a significant increase to standard product range. Products were launched as UVILUX HARMONIA 651 –series with several hundreds of tons sold already. Moreover, radiation curing technology has been tested using energy efficient LED-lamps to reduce the energy consumption of curing processes.

During 2023, Teknos launched new development products for customer piloting that contain either bio-based or recycled raw materials. Teknocryl Aqua Acoustic FR is a user-friendly sound damping product that contains bio-based raw material, which enhances customer experience and is certified for fire resistivity. Other examples of development products were indoor ceiling paint with recycled binder and powder coatings with increased bio-carbon content. Customer piloting of these new products will continue during 2024 to ensure the customer demands are met.

Sustainable support services

As a coating solution provider, the unique combination of products and services is what differentiates Teknos from its competitors. To this extent, Teknos continued to develop sustainability services for its customers during 2023. These services range from consulting customers on sustainable coating application to the curing of coating systems. One focus area has been helping Teknos' customers optimise their coating lines to enable more efficient use of materials, reduce overuse and waste, and to advise them how to reduce energy consumption.

Regarding life cycle services, Teknos published multiple Environmental Product Declarations that offer particular

support for its customers in the construction field in relation to their sustainability work. The year brought an increasing demand for energy efficiency in which Teknos' professionals also support its customers. Additionally, there will be an increased focus on creating a more sustainable future through services in 2024.

Packaging

Teknos is committed to advancing the sustainability of its packaging materials, prioritising options that are recyclable or renewable. Currently, a significant portion of Teknos' packaging is made from steel and tinplate, known for their high recyclability percentages. Recognising the significance of collaboration and producer responsibility in relation to products lifecycle, Teknos partners with local recycling and waste collection companies & authorities to enhance the recovery, reuse, and recyclability of packaging materials.

Teknos pursues to improve packaging functionality, efficiency, and safety with the packaging suppliers and packaging value chain. This holistic approach contributes to reduction of Teknos' CO₂ emissions. The commitment is demonstrated through the introduction of 60% Post Consumer Recycled (PCR) plastics in mono-material primary packaging and the implementation of metal packaging structure improvements, ensuring optimal protection while aiming to minimize packaging material usage. Currently, Salamaa Joy and Teknofloor series have plastic packaging with 60% PCR. In Powder coatings, Teknos uses cardboard packaging that contains 47% of recycled fibres.

Additionally, flexible packaging types such as fluid and powder bags minimise packaging material usage compared with rigid materials, and the utilization of collection services with IBC containers avoids single-use.

EXTERNAL COLLABORATION WITH BIOPROT AND SUSBINCO

In 2023, Teknos continued providing insights and developments in two consortium projects with high sustainability targets. Sustainable Binders and Coatings (SusBinCo) aims to achieve new polymeric coating materials with 80–100% renewable content. Bio-based Protection (BioProt) is developing bio-based and bio-degradable materials for facemasks and other applications. Both projects have achieved promising research results that could be utilized in new products after the projects.

Teknos is responsible for finding new bio-based materials that could be used as anti-microbial coating solutions. Both projects will be completed during 2024.



EMPLOYEE AND SOCIAL MATTERS

Providing a safe and healthy workplace for employees is a top priority for Teknos. Teknos aims to be a fair, just, and responsible employer and to retain and attract talents and ensure the continuity of the family business.



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 and 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 in local communities.

Principal Impacts and Risks

Teknos has identified social impacts and the risks relating to them. Risk management is described in 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.
- Increased remote working may increase the risks related to physical ergonomics and the mental well-being of employees.
- Obstacles to retaining employees and attracting the talent needed to ensure the company's ongoing 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](#), [Teknos Risk and Opportunity Management 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 regarding managing risks, as well as increasing value for employees, suppliers, and local communities. Additionally, 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 behaviour expected at Teknos. To ensure the fair treatment of employees and to provide development opportunities and motivation, Teknos has the People Processes in place, including development 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 engagement and satisfaction are measured every second year in the Employee Opinion Survey (EOS) and discussed with employees in the People Processes.

Employee health and safety is maintained by daily safety management practices and supported through health and safety improvement programmes and Teknos Life Saving Behaviours. Examples of daily safety management practices include safety observations, safety walks and discussions, safety inspections and tours, safety trainings, audits, risk assessments and raising awareness through monthly communication of Health, Safety, Environment and Quality Moments globally. Some of Teknos' locations are working toward the ISO 45001 Occupational Health and Safety management system to improve local practices.

Local country organizations have the overall responsibility regarding compliance with health and safety practices. Teknos' Group HSEQ function develops global health and safety performance improvement programmes and provides support for the country organisations in health and safety management. Examples of global improvement programmes are Teknos Safe Journey programme for Sales and Technical service, Personal Protective Equipment standards for different work activities, Logistics safety programme, implementation of common HSEQ reporting system, and the Teknos Safety Concept, which sets minimum safety requirements for Teknos countries.

Sustainable procurement: The Teknos Sustainable Procurement Policy describes Teknos' approach and processes for identifying, monitoring, and minimising the negative environmental and social impacts of our 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 measures taken by the company 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.





Key Activities and Outcomes 2023

Employee health, safety, and well-being

Keeping the employees safe and healthy continued to be Teknos' top priority in 2023.

Teknos strongly encourages all employees to be responsible for a safe working environment and to report their observations and improvement ideas. Teknos' monthly Health, Safety, Environment and Quality Moment communication is present in all meetings at all organisational levels and throughout the internal communication channels.

Lost Time Injury Frequency Rate (LTIFR) is the main KPI used in measuring safety progress at Teknos, the target being 10% annual reduction in LTIFR by 2025. Teknos did not reach its targeted LTIFR during 2023 but managed to reduce LTIFR to 6.11 (2022: 7.76), which is 21.3% lower compared to 2022. The number of injuries decreased to 15 (21), with no serious injuries.

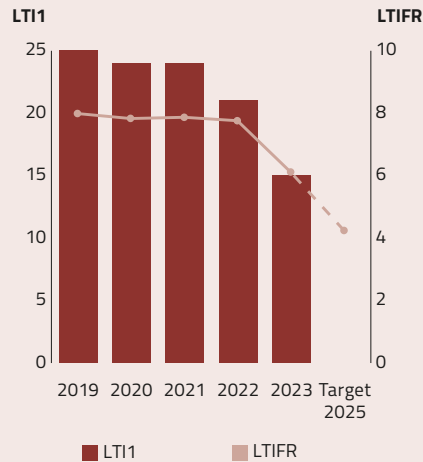
The Teknos Incident learning programme focuses on thorough investigation of all incidents, sharing incident learnings globally, and monitoring that all relevant improvement actions are completed at all Teknos sites to ensure similar incidents do not reoccur.

Teknos' extensive Health & Safety programme, launched in 2021, has put focus on safety and contributed to the improvement of the safety culture in 2023. However, strong continuous focus must be maintained to reach the LTIFR targets for 2025.

In 2022, Teknos invested in a new HSEQ tool, which will cover all HSEQ reporting in the Group. When fully implemented in 2023, the tool will also simplify incident reporting, investigation, and monitoring of incident learning actions across all Teknos countries.



NO. OF LOST TIME INCIDENT AND LOST TIME INCIDENT FREQUENCY RATE



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





People development

In 2023 Teknos continued to deliver its leadership trainings in both virtual and face-to-face format, both globally and locally. Trainings were conducted by Teknos' own HR professionals supported by external partners as needed. This is expected to provide more flexibility to arrange trainings and support the progress towards the 2025 target. In 2023, the focus of the leadership trainings was in change leadership, overall leadership skills and culture development.

In 2023, 78% of Teknos line managers participated in some leadership training. The target for 2025 is that 100% of line managers have received Teknos leadership training.

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 target and development discussions by 2025.

In 2023, Teknos family comprised of individuals from 49 different nationalities. Therefore, as part of the strategy development, Teknos expanded sustainability statement to include equality and inclusion. In 2024 Teknos will develop activities to further foster an inclusive environment with equality at the core and establish KPIs to measure our progress.

In 2023, Teknos continued the implementation and development of HR Information System to simplify ways of working and centralise our people process as target setting, development discussions, learning platform and recruiting. Specific focus in 2023 was in introducing Training Administration framework and tools, which will continue in 2024



NEW HIRES, LEAVERS, AND TURNOVER RATE

	2023	2022	2021
New hires, as at 31.12	141	151	279
Leavers, as at 31.12	139	168	116
Average number of personnel	1 398	1 578	1 807
Turnover rate (voluntary basis)	9.9%	10.7%	5.3%

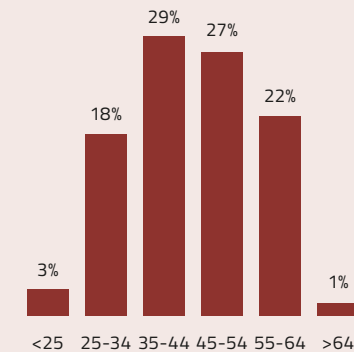
EMPLOYEES BY GENDER AND EMPLOYMENT TYPE; 31.12.2023

	2023	%	2022	%	2021	%
Total personnel (31.12.)	1 440		1 543		1 859	
Permanent	1374		1 484		1 700	
Fixed-term	66		59		159	
Females total	462	32%	510	33%	621	33%
Permanent	436		487		562	
Fixed-term	26		23		59	
Males total	977	62%	1 033	67%	1 238	67%
Permanent	938		997		1 138	
Fixed term	39		36		100	
Other	1		0		0	
Fixed-term	1		0		0	

LEADERSHIP BY GENDER; 31.12.2023

	2023	%	2022	%	2021	%
Line manager	257		290		299	
Female	77	30%	93	32%	98	33%
Male	180	70%	197	68%	201	67%
Managing Director	14		19		16	
Female	5	36%	9	47%	6	38%
Male	9	64%	10	56%	10	63%
Teknos Management Team	7		7		9	
Female	2	29%	3	43%	4	44%
Male	5	71%	4	57%	5	56%

Employees by age distribution, 31 December 2023





In 2024, the focus will be on development of Teknos Family Culture and increasing collaboration across the company. In addition, we will continue supporting Teknos employees and managers in leading during change and ambiguity by offering targeted training. We will also listen to our employees through our renewed Employee Engagement Survey to build sustainable solutions for a better employee experience and well-being at Teknos.

Sustainable procurement

Teknos is committed to 80% of direct procurement spend being assessed by EcoVadis by 2025. This target was achieved in 2021, and further progress was made during 2023, reaching a result of 92%. The direct procurement spend is for 4 out of 7 production countries: Finland, Denmark, Germany and Poland who represent about 90% of Teknos' total spend. In 2024 also Liechtentein will be part of the reporting, leaving only China and Malaysia out of the scope due to different ERP system.

In 2023, Teknos continued to use EcoVadis assessment to also evaluate its indirect suppliers, i.e. suppliers that deliver goods and services other than raw materials and packaging.

Most of the Teknos suppliers (95%) assessed by EcoVadis present a low sustainability risk (scoring 45 and above in the EcoVadis assessment). Teknos requested corrective actions from suppliers who had any theme score (environment, human rights, ethics, sustainable procurement) below 45 and closely monitored their development.





In 2023 Teknos focused on completing the corrective actions, a target of “EcoVadis number of completed corrective actions” was set (16) and achieved (27). Teknos continued training its local buyers in sustainable procurement practices. A total 67% of buyers participated in the live training session and others were given the opportunity to learn from the meeting recordings. In the coming years, Teknos will place emphasis on identifying risks and collecting primary CO₂ data from suppliers.

Society and future generations

Opportunities for early career movers

Being a family-owned company means that Teknos highly values continuity and wants to make sure that today’s decisions also benefit future generations. To include future generations, Teknos aims to offer early career mover opportunities around Teknos’ locations. In 2023, we focused on being present and visible in the local communities and building a sustainable business in order to continue offering opportunities for early career movers in the years to come. In addition, early career mover opportunities included events and activities for future generations still in a younger age. The aim was to promote Teknos as an employer, build a positive employer brand and attract possible future talents.

For 2025, the target is that 100% of Teknos countries will offer early career mover opportunities. For 2023, the intermediate target was set to 70% of Teknos entities. The target for 2023 was not reached due to cost savings and focus on business critical activities. In 2024, Teknos will aim is to have 80% of its entities offering early career mover opportunities. With continuous development, we are working hard to reach the goal and offer interesting opportunities to future generations.

Local community activities

During 2023, Teknos continued to engage and support local communities in its operating countries. The target for 2025 is that all local organisations support and engage in local community activities. For 2023, the target was set for 75% of all the entities; however, this was not met due to changes in local organisations. During 2023, 42% of Teknos countries engaged and supported local communities in different ways, such as supporting local children’s sport teams and engaging with schools and students of various ages. The work will continue in 2024 with an aim to increase the collaboration across all Teknos’ entities.

In 2023, the Teknos Policy for Sponsorship and Donations was applied to all sponsoring decisions.

HUMAN RIGHTS, ANTI-BRIBERY, AND ANTI-CORRUPTION

Teknos has a zero tolerance of child labour, forced labour, or involuntary work in its own operations and its supply chain. Teknos does its utmost to respect workers' rights and human rights. Teknos forbids all forms of bribery and corruption within its value chain.



HUMAN RIGHTS, ANTI-BRIBERY, AND ANTI-CORRUPTION

Our Commitment

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

Teknos forbids all forms of bribery and corruption within its value chain.

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:

- The 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 labour is considered to be low.
- The human rights issues in Teknos' supply chain, based on monitoring via EcoVadis, most likely 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 Labour at Suppliers, Teknos Sustainable Procurement Policy, Teknos Sponsorship and Donation Policy.

Teknos has put in place 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 behaviour of employees, suppliers, business partners, and other stakeholders. Teknos employees receive training on respecting human rights, as well as ethical and legal business conduct, via a mandatory Teknos Code of Conduct e-learning course.

To monitor risks in the supply chain, Teknos uses the EcoVadis supplier sustainability assessment, which includes human rights and business ethics topics (read more on EcoVadis on page 13).

Violations of the Code of Conduct (CC) are reported using the Teknos escalation model, as described in the Code of Conduct, 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 2023

In 2023, the aim was to increase the percentage of employees who completed the Teknos Code of Conduct e-learning. By the end of 2023, 87% of all employees had completed the Code of Conduct e-learning course. For 2024, the aim is to still increase the number of employees completed the Code of Conduct e-learning.

Online whistleblowing channel

The [online whistleblowing channel](#), launched in 2022, is open to all Teknos' stakeholders and guarantees confidentiality and anonymity.





In 2023, the Code of Conduct Committee received eight incident reports. All the cases were resolved. Teknos has no pending or completed legal case relating to violations of human rights or to bribery and corruption.




KEY FIGURES 2021-2023






NON-FINANCIAL STATEMENT 2023









KEY FIGURES 2021-2023

Key performance indicator	2021	2022	2023	% Change 22/23	Target 2019-2025	Contribution to SDGs	Note
Economy							
Net sales, million euros	419	398	355	-11%			
EBITDA, million euros	26	11	16	43%			
People							
Personnel, 31.12	1 859	1 543	1 440	-7%			
Nationalities	55	49	49	-			
Female to male ratio	33:67	33:67	32:68	-			
Turnover rate (voluntary basis)	6.4%	10.6%	9.9%	-			1
Employees responded to EOS, % of employees	89%	n/a	n/a	-			2
Average EOS score for employee enthusiasm	4.02	n/a	n/a	-			2, 3
Average EOS score for fair treatment	4.28	n/a	n/a	-			2, 3
Average EOS score for working conditions	3.72	n/a	n/a	-			2, 3
Focus area 1: Sustainable solutions and services							
VOCs in products, % of the total raw material consumption	8.9%	8.2%	7.7%	-6%	Reduced by 5% annually (2020 baseline)		4, 5
SVHC in products, % change in kg SVHC per kg of raw material consumption vs. 2018 baseline	-0.5%	-76%	-95%	-	Reduced by >80% by 2025 (2018 baseline)	 	4, 6

Key performance indicator	2021	2022	2023	% Change 22/23	Target 2019–2025	Contribution to SDGs	Note
Focus area 2: Responsible operations and supply chain							
Occupational health and safety							
LTIFR, Lost Time Incident Frequency	7.87	7.76	6.11	-21%	Reduced by 10% annually (2019 baseline)		7
LTI1, Lost Time Incidents resulting in at least one working day lost	24	21	15	-29%			7
ISO 45001 certified sites	3	2	2				
% of production sites	21%	18%	20%				
Environment							
GHG emissions Scope 1, metric ton of CO ₂ e	4 083	2 711	2 425	-11%			
GHG emissions Scope 2 (market-based), metric ton of CO ₂ e	4 297	2 973	2 757	-7%			
GHG emissions Scope 1 and 2 (market-based), metric ton of CO ₂ e	8 380	5 684	5 182	-9%			
kg CO ₂ e per metric ton of production	71	64	66	3%			
Energy consumption (all sites), GWh, (including all fuels)	69	55	51	-7%			
Energy consumption, MWh per metric ton of production	0.59	0.62	0.65	5%			
Energy consumption (production sites), GWh, (including all fuels)	65	46	43	-6%			9
Energy consumption, MWh per metric ton of production	0.55	0.52	0.55	6%			9
Energy consumption (production sites), GWh (excluding fuels for vehicles)	62	44	41	-5%	Reduced by 5% annually (2019 baseline)	 	8
Energy consumption, MWh per metric ton of production	0.53	0.49	0.53	7%			8
Certified green electricity (production sites), GWh	6.1	4.1	4.2	2%			
Nuclear electricity (production sites), GWh	15.3	13.8	12.9	-7%			

Key performance indicator	2021	2022	2023	% Change 22/23	Target 2019–2025	Contribution to SDGs	Note
Certified green district heating (production sites) GWh	8.3	7.8	7.9	2%			
Renewable and nuclear energy (production sites) % of energy consumption (including all fuels)	46%	56%	58%	4%			9
Certified green electricity (all sites), GWh	6.1	4.8	4.8	1%			
Nuclear electricity (all sites), GWh	15.3	13.8	12.9	-7%			
Certified green district heating (all sites), GWh	8.3	8.9	9.1	2%			
Renewable and nuclear energy (all sites) % of total energy consumption, (including all fuels)	43%	50%	53%	6%			
Waste (all sites), metric ton	7 100	5 767	5 022	-13%			
Waste, kg per ton of production	61	65	64	-2%			
Waste (production sites), metric ton	6 908	5 262	4 921	-6%	Reduced by 5% annually (2019 baseline)		10
Waste, kg per ton of production	57	60	61	2%			10
Water consumption, m ³ , process water, wastewater and household	n/a	36 249	33 438	-8%			
Water consumption process water, wastewater and household, m ³ per metric ton of production	n/a	0.41	0.43	4%			
Water consumption, m ³ , used in products (= raw material)	n/a	17 507	14 457	-17%			
Water consumption all sites, m ³	63 618	53 757	47 895	-11%	-		
Water consumption total, m ³ per metric ton of production	0.54	0.61	0.61	1%			
ISO 14001 certified sites	8	6	6	-	100% by 2025		
% of production sites	57%	55%	60%				
ISO 9001 certified sites	14	11	10	-	100% by 2025		
% of production sites	100%	100%	100%				
Responsible supply chain							
Suppliers signed Supplier Code of Conduct, % of direct procurement spend	93%	97%	97%	-	95% by 2025	 	11
Suppliers assessed by EcoVadis, % of direct procurement spend	80%	86%	92%	-	80% by 2025	 	11, 12

Key performance indicator	2021	2022	2023	% Change 22/23	Target 2019–2025	Contribution to SDGs	Note
Low sustainability risk suppliers (score 45+), % of EcoVadis assessed suppliers	95%	94%	95%	-			
Number of supplier corrective actions requested in the EcoVadis platform	51	111	20	-	50 annually		
Buyers trained on sustainable procurement, % of buyers	81%	57%	67%	-			
Supplier audits	0	1	2	-			13
Focus area 3: People development							
Employees had an appraisal discussion, % of employees	82%	71%	70%	-	100% by 2025		
Line managers participated in leadership training, % of line managers since 2019	49%	58%	78%	-	100% by 2025		
Leadership training in working days	177	159	176	-			
Focus area 4: Future generations							
Entities provided opportunities to early career movers, % of entities	41%	67%	58%	-	100% by 2025	 	
Entities supported or engaged with local communities, % of entities	62%	38%	42%	-	100% by 2025		
Business ethics, human rights, and anti-bribery and corruption activities							
Employees trained on Teknos Code of Conduct, % of employees	67%	86%	87%	-	100% by 2019		

NOTES

Figures are continuously being scrutinized and have been corrected due to improvements in data accuracy during the reporting period.

1. Employee turnover rate: (number of leavers based on voluntary and mutual consent/ average number of staff) × 100.
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 4 (out of 7) production countries producing about 90% of group volumes: Finland, Denmark, Germany, Poland – excluding Liechtenstein, China, Malaysia.
5. VOC: Volatile organic compounds as defined in Directive 2010/75/EU
6. SVHC: Substances published in the Candidate List of substances of very high concern for Authorization in accordance with Article 59(10) of the REACH Regulation; (EC) No 1907/2006.
7. LTI: the number of incidents resulting in at least one full day of absence. LTIFR calculation: LTI per one million hours worked.

8. The figures covers all 10 productions sites excluding sites that have only sales offices and/ or warehouses

Energy calculation has been corrected for 2020-2023 to match the baseline calculation method which includes heating and electricity but excludes fuels for vehicles.

9. The figures covers all 10 productions sites excluding sites that have only sales offices and/ or warehouses.

Energy calculation includes all energy: heating, electricity and fuels for all types of vehicles.

10. The figures covers all 10 productions sites excluding sites that have only sales offices and/ or warehouses.

11. The direct procurement spend is for 4 (out of 7) production countries: Finland, Denmark, Germany, Poland – excluding Liechtenstein, China, Malaysia and accounting for approximately 90% of Teknos' direct procurement spend globally.

12. 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.

13. 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 2024

Paula Salastie
CEO and Owner
Teknos Group Oy

INDEPENDENT ASSURANCE STATEMENT

Teknos Group’s Sustainability Data on selected KPI’s in 2023

To the Management and Stakeholders of Teknos Group

Ecobio Oy (hereafter Ecobio) has been commissioned by Teknos Group to perform a limited third-party assurance engagement regarding selected KPIs linked with their loan agreements to their banks for the period January 1st to December 31st, 2023.

Teknos Group’s Responsibility

Teknos Group was responsible for the collection, preparation and presentation of the sustainability information related to the to the loan agreements. Ecobio, as an independent assessor, was not involved in the preparation of any disclosures, apart from the independent assurance engagement.

Assurance provider’s Responsibility

Ecobio’s responsibility was to present an independent conclusion on the key performance disclosures subject to the limited assurance engagement.

The scope of work included assurance of completeness and correctness of the information 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 February to April 2024.

The assurance process included:

- Interviewing employees responsible for data collection and reporting at Teknos Group.
- Evaluating procedures for gathering, analysing, and aggregating quantitative data as well as performing cross-checks and calculations on a sample basis.
- Performing cross-checks on a sample basis concerning the reported data.
- Evaluating internal guidelines for data collection.
- Evaluating the sufficiency of documentation of the data gathering process.

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 Group on its sustainability performance is not fairly stated, or that it would not comply with the reporting guidelines stated before.

Assurance provider’s Independence and Qualifications

Ecobio is an independent sustainability consulting company with more than 30 years of history. Ecobio’s assessors are skilled and experienced in environmental and corporate responsibility assurance and have good knowledge of industry related sustainability issues.

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

Helsinki, 4th of April 2024

Ecobio Oy

Taru Halla (M.Sc.)
Managing Director

Katrine Hoset
Senior Consultant (Ph.D.)

WE MAKE THE WORLD LAST LONGER