



TIKKURILA



TIKKURILA GRI 2015





Tikkurila is a leading Northern European paint industry professional known for its strong brands, high-quality surface treatment products and expert services, which ensure the best possible user experience in the market.

Our largest markets are Sweden, Russia, Finland, Poland and the Baltic countries. We have production in ten countries, and we are the leading decorative paint company in all our main markets. On the whole, our products are available in 40 countries.

In 2015, Tikkurila's revenue totaled EUR 584 million, and it had 3,100 employees. Our headquarters is located in Vantaa, Finland. Tikkurila was established in 1862, and our shares have been listed on NASDAQ OMX Helsinki since 2010.



## Contents

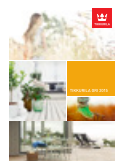
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## Tikkurila Annual Review 2015



### Financial Statements 2015

The report provides an overview of Tikkurila's business operations and includes Financial Statements and the Corporate Governance Statement for 2015.



### Tikkurila GRI 2015

The Corporate Responsibility report introduces Tikkurila's sustainability approach and the reported Global Reporting Initiative (GRI) G4 disclosures for the reporting period 2015.

# Sustainable beauty since 1862

**TIKKURILA** provides its customers with high-quality, user-friendly and environmentally sustainable solutions for surface protection and decoration. We have been manufacturing high-quality paints for more than 150 years. Already for decades, the principles of our products and operations have been quality, durability and safety, as well as helping our customers to achieve successful end results.

Corporate responsibility and sustainable development play a significant role in our business development, supporting our growth objectives and strengthening our market position. We aim to promote sustainable development and take environmental, financial and social aspects into account in our daily work as well as in our strategic business development. We want to make sure that our operations are responsible and that we work with business partners sharing similar values.

## A Colorful Tomorrow – our approach to sustainability

The Tikkurila Corporate Responsibility program has been updated in 2015. The A Colorful Tomorrow program provides Tikkurila with a framework for responsible and sustainable business development.

The priorities for our responsibility work for the coming years are user experience, resources, and people. Each priority is divided into sub-areas and contains measures to be implemented in Tikkurila's operating countries and functions, as applicable.

Tikkurila companies will gradually take the updated program in use. Sweden as the first Group country has already started the implementation of their local A Colorful Tomorrow program. We have become more active in our sustainable development projects in many of our other operating countries as well and have focused on group-level to include corporate responsibility into our activities and processes. In 2016, we will focus on introducing the program and our sustainability approach to other Tikkurila Group countries and functions. Our aim is to make sustainability a more integral aspect of our business activities and customer experience – from inspiration, choosing and buying a product to painting and the final disposal of the products.



More and more people across the world dream of a better living environment and a beautiful home. Colorful surfaces create well-being and provide durable protection around us. Without protection, our cities and houses along our home streets would deteriorate, and without colors, our homes and environments would look bleak.

We drive sustainable beauty, and provide colorful experiences using the limited resources of nature and society in a sustainable manner. We want to make the world a more beautiful, more colorful, and more sustainable place to live and work. We change the world around us wherever we can make a difference. We are pioneers of sustainable painting, surface treatment and use of colors, and we do it responsibly.

The future requires new kinds of methods to protect surfaces and make them more beautiful. Renewal is driven by enthusiasm and persistent work. Thus, we invite everyone to participate: our personnel, partners, and customers.

We want to take care of people, the user experience, and resources. A colorful tomorrow is integrated into our responsibility work, our journey towards more sustainable beauty, well-being and longer life of surfaces.

# GRI CONTENT INDEX

## GENERAL STANDARD DISCLOSURES

		LOCATION	COMMENTS	OMISSIONS
<b>STRATEGY AND ANALYSIS</b>				
G4-1	Statement from the President and CEO	FS8 From the CEO		
<b>ORGANIZATIONAL PROFILE</b>				
G4-3	Name of the organization		Tikkurila Oyj	
G4-4	Primary brands, products and services	FS2-3 Tikkurila in Brief		
G4-5	Location of headquarters		Kuninkaalantie 1, 01300 Vantaa, Finland	
G4-6	Countries in which operations are located	FS2-3 Tikkurila in Brief		
G4-7	Nature of ownership and legal form	FS97-98 Shares and shareholders CR2		
G4-8	Markets served	FS2-3 Tikkurila in Brief		
G4-9	Scale of organization	FS2-3 Tikkurila in Brief		
G4-10	Breakdown of employees by contract type, employment type, region and gender	CR8		The amount of employees is calculated from the active total workforce on December 31, 2015. The employee group breakdown, personnel by employment contract and the amount of full-time and part-time employees are not available by gender. The target is to report this information in 2016-2017.
G4-11	Percentage of total employees covered by collective bargaining agreements	CR9		
G4-12	Description of supply chain	www.tikkurilagroup.com/responsibility/value_chain		
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	FS81 Changes in Group structure FS97-98 Shares and shareholders	No significant changes in 2015.	
G4-14	Addressing the precautionary approach or principle	FS108 Risk management CR9		
G4-15	External charters, principles or initiatives endorsed	CR9		
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G4-18	Process of defining the report content	CR10-11		
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G4-20	Aspect boundary within the organization	CR12-14		
G4-21	Aspect boundary outside the organization	CR12-14		
G4-22	Restatements of information provided in previous reports		No restatements.	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries		No significant changes.	

## STAKEHOLDER ENGAGEMENT

G4-24	List of stakeholder groups engaged in the organization	CR15-16
G4-25	Identification and selection of stakeholders	CR15-16
G4-26	Organization's approach to stakeholder engagement	CR15-16
G4-27	Key topics and concerns raised through stakeholder engagement	CR15-16

## REPORT PROFILE

G4-28	Reporting period	CR33 Reporting principles	January 1-December 31, 2015
G4-29	Date of the most recent previous report		Tikkurila Corporate Responsibility report 2014 was published on March 3, 2015.
G4-30	Reporting cycle	CR33 Reporting principles	Annual
G4-31	Contact point for questions	CR35	
G4-32	GRI content index	CR4-7	
G4-33	Organization's policy with regard to external assurance	CR33 Reporting principles CR34 Assurance report	

## GOVERNANCE

G4-34	Governance structure	FS102-104 Governance bodies
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## ETHICS AND INTEGRITY

G4-56	Organization's values, principles and codes	CR17-18
G4-58	Mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	CR18
	Generic G4 DMA: User experience	CR12
	Generic G4 DMA: Resources	CR13
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## SPECIFIC STANDARD DISCLOSURES

		LOCATION	COMMENTS	OMISSIONS
<b>CATEGORY: ECONOMIC</b>				
<b>MATERIAL ASPECT: ECONOMIC PERFORMANCE</b>				
G4-EC1	Direct economic value generated and distributed	CR19	The calculation of the indicator differs partly from the requirements of GRI.	Information by region is not seen as material.
<b>CATEGORY: ENVIRONMENTAL</b>				
<b>MATERIAL ASPECT: MATERIALS</b>				
G4-EN1	Energy consumption within the organization	CR20	Raw material and packaging material purchases.	Tikkurila does not report raw materials by weight for competitive reasons.
<b>MATERIAL ASPECT: ENERGY</b>				
G4-EN3	Energy consumption within the organization	CR21		

**MATERIAL ASPECT: WATER**

G4-EN8	Total water withdrawal by source	CR22
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Tikkurila indicator	Water used as paint raw material (total amount)	CR22
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**MATERIAL ASPECT: EMISSIONS**

G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	CR22
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G4-EN21	Other significant air emissions (VOC emissions in production)	CR23
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**MATERIAL ASPECT: EFFLUENTS AND WASTE**

G4-EN23	Total weight of waste by type and disposal method	CR23	In 2015, the waste reporting was renewed, no comparable data available from 2013–2014.
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**MATERIAL ASPECT: TRANSPORT**

G4-EN30	Significant environmental impacts of transporting products	CR24	No group-level quantitative data available.
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**OLENNAINEN NÄKÖKULMA: YLEISET**

G4-EN31	Total environmental protection expenditures and investments	CR24	The target is to report the breakdown of environmental protection expenditures in 2016–2017.
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**CATEGORY: SOCIAL****SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK****MATERIAL ASPECT: EMPLOYMENT**

G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	CR25
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**MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY**

G4-LA6	Injuries, lost days, absenteeism and fatalities	CR26	The safety data is reported regarding own employees. The data is not available by region nor by gender. The target is to report the information by region in 2016–2017. Tikkurila does not report the rates of occupational diseases, lost days nor absenteeism.
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Tikkurila indicator	Preventive safety practices: Number of safety talks and rounds	CR26
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**MATERIAL ASPECT: TRAINING AND EDUCATION**

G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee group	CR26	Results based on the Tikkurila personnel survey in 2014, no survey conducted in 2015.	The 2014 information has not been reported by gender or by employee group, the information is not available.
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**MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY**

G4-LA12	Composition of governance bodies and employee breakdown	CR27	The amount of employees is calculated from the active total workforce on December 31, 2015. The personnel age and gender breakdown is not available by employee groups. The target is to report this information in 2016–2017. Tikkurila does not collect information regarding minority groups.
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**SUB-CATEGORY: SOCIETY****MATERIAL ASPECT: LOCAL COMMUNITIES**

G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	CR28	Description of company's activities in local communities.	No quantitative data available.
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**MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOUR**

G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		No actions in 2015.	
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**MATERIAL ASPECT: COMPLIANCE**

G4-SO8	Significant fines and sanctions		No significant fines or sanctions in 2015	
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**SUB-CATEGORY: PRODUCT RESPONSIBILITY****MATERIAL ASPECT: PRODUCT AND SERVICE LABELING**

G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	CR28		No group-level data available.
G4-PR5	Results of surveys measuring customer satisfaction	CR29		No group-level data available.

**MATERIAL ASPECT: COMPLIANCE**

G4-PR9	Monetary value of significant fines for non-compliance		No fines or non-compliance in 2015.	
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**MATERIAL TIKKURILA TOPIC: SUSTAINABLE SOLUTIONS**

	Production of water-borne products	CR29-31		
	Sales of water-borne products	CR29-31	Sales from Finland, Sweden, Russia and Poland.	No group-level data available.
	Sales of water-borne decorative paints	CR29-31	Sales from Finland, Sweden, Russia and Poland.	No group-level data available.

**MATERIAL TIKKURILA TOPIC: SUPPLIER MANAGEMENT**

	Group agreement, % of raw material and packaging material purchases	CR32		
	Supplier audits, number	CR32		

FS = Financial Statements 2015 CR = Tikkurila GRI 2015 Corporate Responsibility report

# G4 General standard disclosures

In accordance with the G4 guidelines, this section provides information on the general standard disclosures, which is not reported in the Tikkurila Annual Review 2015 or the GRI content index.

## ORGANIZATIONAL PROFILE

### G4-10 Breakdown of employees by contract type, employment type, region and gender

At the end of 2015, Tikkurila Group employed 3,100 (2014: 3,142) people in 16 countries. Approximately half of Tikkurila's personnel work in the supply chain (production, sourcing, logistics and HSEQ) and one-third in sales, marketing and technical support.

The company's own production has a significant effect on Tikkurila's personnel structure and amount. The differences between

operational areas are explained, among others, by the degree of production automation and the amount of own sales personnel. The highest degree of production automation is in Sweden, and the highest relative share of sales personnel is in Russia. Due to the seasonality fluctuation in the paint market, the number of personnel is highest during the outdoor painting season in the summer and lowest during the winter.

PERSONNEL	2015	2014	2013	2012	2011
At year-end	3,100	3,142	3,133	3,223	3,551

EMPLOYEES BY REGION AND GENDER	Female	Male	Total
East	513	928	1,441
West	578	1,081	1,659
<b>Total</b>	<b>1,091</b>	<b>2,009</b>	<b>3,100</b>

EMPLOYEE GROUP BREAKDOWN	2015	%
Experts and managers	466	15.0 %
White collar workers	1,532	49.4 %
Blue collar workers	1,102	35.5 %
<b>Total</b>	<b>3,100</b>	<b>100.0 %</b>

PERSONNEL BY EMPLOYMENT CONTRACT	2015	%
Permanent employments	2,794	90.1 %
Temporary employments	306	9.9 %
<b>Total</b>	<b>3,100</b>	<b>100.0 %</b>

PERSONNEL BY EMPLOYMENT TYPE	2015	%
Full-time employees	3,012	97.2 %
Part-time employees	88	2.8 %
<b>Total</b>	<b>3,100</b>	<b>100.0 %</b>



## G4-11 Employees covered by collective bargaining agreements

In line with Tikkurila's Code of Conduct, every employee has the right to equal and fair employment based on local laws and general labor agreements in accordance with collective bargaining agreements. At Tikkurila, 51 percent of employees are covered by collective agreements.

EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS BY SEGMENT, %		2015
West		84.8
East		12.1

## G4-14 Addressing the precautionary approach or principle

Tikkurila aims to identify, analyze, evaluate and treat risks systematically and proactively. The goal of risk management is to identify the risks which may prevent the company from achieving its business objectives. A risk can be defined as any uncertainty that affects Tikkurila's business and its ability to reach its results. Tikkurila's risk management is based on the Finnish Corporate Governance Code and Tikkurila's Code of Conduct.

Tikkurila's key corporate responsibility risks identified are

- changes in regulation and legislation;
- raw material availability and price risks;
- supply chain management and changes related to it;
- environmental risks related to production;
- risks related to the knowledge and ethical behavior of employees;

- risks related to the geographical area of operation, such as political risks.

Tikkurila's Board of Directors defines the main principles of Tikkurila's risk management and approves the Group's risk management policy. The responsibility for the implementation of the Group's risk management activities lies with the President and CEO as well as the Tikkurila Management Board. The business units and functions are responsible for the risks involved in their activities and for the related risk management.

Further information on Tikkurila's risk management and risks is available in Tikkurila's Financial Statements and Corporate Governance Statement for 2015.

## G4-15 External charters, principles or initiatives endorsed, G4-16 Memberships in associations

Tikkurila wants to enhance the quality of painting, increase the use of environmentally sustainable products, and improve product and user safety. We are an active participant in several EU-level and national paint industry associations, networks and business forums.

The positions of trust of Tikkurila Group's management board are presented in the Corporate Governance Statement for 2015.

Associations and business forums in the four biggest countries of Tikkurila Group:

### Finland, Tikkurila Oyj

CEPE, European Confederation of Paint, Printing Ink and Artists' Colours Manufacturers Association  
 Chemical Industry Federation of Finland  
 Association of Finnish Paint Industry and Printing Ink Companies  
 International Chamber of Commerce  
 Finnish Packaging Recycling RINKI Ltd.  
 The Association for Finnish Work  
 Finnish Society of Indoor Air Quality and Climate  
 Finnish Façade Association  
 Finnish Constructional Steelwork Association  
 Green Building Council Finland  
 Corporate Responsibility Network FIBS  
 Local painter and surface treatment associations

Chemical Industry Federation of Finland's sustainable development program: Responsible Care

### Poland

Polish Association of Paints and Adhesives  
 Polish Chamber of Chemical Industry (PIPC)  
 Dębica Business Club Association  
 Polish Chamber of Civil Engineers (PIIB)  
 Dangerous Goods Safety Advisers (DGSA)

COST (European Cooperation in Science and Technology) the longest-running European framework supporting trans-national co-operation among researchers, engineers and scholars across Europe

### Russia

Quality Paint Association (QPA)  
 The St. Petersburg International Business Association (SPIBA)  
 Chamber of Commerce & Industry of Pushkin and Pavlovsk  
 Other national paint and construction industry related associations

### Sweden

Federation of Scandinavian Paint and Varnish Technologists (FLF)  
 The Swedish association for paint producers (SVEFF)  
 The Confederation of Swedish Enterprise  
 The Swedish Trade Federation  
 Innovation and Chemical Industry association (IKEM)  
 The Swedish Association for Building Preservation  
 A national center of corrosion of the west coast of Sweden  
 Plan, national association of logistics  
 The Swedish Advertising Ombudsman  
 Other national paint and construction industry related associations and business networks

# IDENTIFIED MATERIAL ASPECTS

## G4-18–21 Identified material aspects and boundaries

### Corporate responsibility management

A group-wide Corporate Responsibility program, launched in 2009, provides Tikkurila with a framework for responsible and sustainable development. In 2015, the Corporate Responsibility program has been updated. The program is now called A Colorful Tomorrow (ACT). The priorities for our responsibility work for the coming years are user experience, resources, and people. Each priority is divided into sub-areas and contains measures to be implemented in Tikkurila's operating countries and functions, as applicable. Tikkurila companies will gradually take the updated program in use.

In addition to the Corporate Responsibility program, the guiding principles for our corporate responsibility performance include the values, Code of Conduct, Corporate Governance Code for Listed Companies, as well as the HSE guidelines and sourcing guidelines. As part of the continuous and systematic development of our operations, we carry out audits focusing on the HSE perspective and supplier assessments and develop our internal control processes.

The Group Management Board has the overall responsibility for the company's corporate responsibility performance within the framework agreed by the Board of Directors. The management of each business unit and function is responsible for the local implementation, monitoring and reporting of sustainability issues based on the Group and local agenda. In addition to the work carried out in Tikkurila's operating countries and functions, the corporate responsibility manager is in charge of responsible business development on the group-level and reports to the Group CFO.

Furthermore, the Corporate Responsibility Steering Team operates on the group-level. The team is responsible for, among other things, sharing information and best practices about different areas of responsible business and participates in implementing corporate responsibility initiatives at Tikkurila sites. The Steering Team consists of experts from Tikkurila's largest markets and different functions (sales, marketing, communications, product portfolio management, product safety, research and development, sourcing, production, HSE).

### Shared policies, management systems, areas of responsibility and reporting within Tikkurila's operations and corporate responsibility:

<b>POLICIES AND MANAGEMENT SYSTEMS</b>	Finnish Corporate Governance Code Tikkurila Code of Conduct and values Other core business policies, guidelines and processes (e.g. sourcing, HSE, HR related) Tikkurila Corporate Responsibility program Sustainability also embedded in internal auditing and risk management processes  Majority of Tikkurila's production sites have independently audited and certified quality, environmental, and safety management systems: ISO 9001 Quality management system ISO 14001 Environmental management system OHSAS 18001 Occupational Health & Safety management system
<b>GOVERNING AND MANAGEMENT BODIES</b>	Board of Directors, Tikkurila Management Board, President and CEO, CFO, country management, Annual General Meeting, Supply Chain Management team, RDI management, Internal Audit, Risk management team, HR management
<b>FOLLOW-UP</b>	Internal and external audits, indicators of Corporate Responsibility Program and report, personnel survey, local customer satisfaction surveys (G4-PR5), whistle-blowing reporting system (G4-58)
<b>REPORTING</b>	Financial and headcount information in financial reports half-yearly, annual Corporate Responsibility report, quarterly internal HSE reports

## Identified material aspects and corporate responsibility priorities

In 2014, Tikkurila defined the key aspects of corporate responsibility and sustainable development in terms of the operations of Tikkurila Group and its stakeholders based on the information gathered from the Group management, personnel and stakeholders. The definition took into account the company's entire value chain. Furthermore, the results of Tikkurila's personnel survey and customer satisfaction surveys in the largest markets were analyzed, and the key global and business environment trends in terms of Tikkurila's business operations were taken into consideration. The materiality assessment

and the key areas were approved by the Tikkurila Management Board. The materiality assessment steers Tikkurila's responsibility work and sustainable development projects and acts as the basis for defining reporting content.

The most important aspects of Tikkurila's responsibility work for stakeholders and Tikkurila's business operations, identified through the materiality assessment, have been compiled into the enclosed image.



Based on the material aspects, user experience, resources and people were defined as the priority areas for Tikkurila's responsibility work. Each priority is divided into sub-areas and contains measures to be implemented in Tikkurila's operating countries and functions, as applicable.



### USER EXPERIENCE

- Sustainable solutions
- Quality & functionality
- Water-borne products
- Eco-labels
- Product safety
- Customer service & training
- Recycling



### RESOURCES

- Raw materials supply
- Sustainable supply chain
- Life cycle approach
- Emissions
- Wastes
- Energy
- Water
- Cost efficiency



### PEOPLE

- Governance & business ethics
- Occupational health & safety
- Employee well-being & motivation
- Competence development
- Supplier cooperation
- Student & school cooperation
- Community involvement

## User experience

Helping our customers achieve successful and durable end results is at the core of our business. We develop and promote environmentally sustainable and safe solutions and train our customers in the use of our products. Moreover, we introduce solutions that make selecting, buying and selling of paints as well as painting itself easier.

With active collaboration with our business partners, retailers and customers, we aim to enhance the quality of painting, sustainable

use of our products, product and user safety, as well as the knowledge of surface treatment. Our focus will increasingly be on co-operation with suppliers and customers, on developing functional and user-friendly products, and on introducing solutions that extend the life cycle of surfaces. We will also pay attention to recycling and waste management.

<b>GROUP OBJECTIVES *</b>	<ol style="list-style-type: none"> <li>1. Strengthening the understanding of customer needs</li> <li>2. Creation of product sustainability categorization</li> <li>3. Improved recycling and waste management practices</li> </ol>
<b>HIGHLIGHTS IN 2015</b>	<ul style="list-style-type: none"> <li>• Launch of Sweden's first eco-labeled coating system for industrially primed wooden panels.</li> <li>• Co-creation program introduced in Finland to find new business opportunities</li> <li>• Color concept designed for children by Beckers in Sweden</li> <li>• Partnership with Vallila Interior in Finland to make it easier for consumers to select matching wall colors and Vallila curtain designs to create harmonious interiors.</li> <li>• Progress in our group-level recycling project – we have defined many actions that improve recycling and waste management practices in our operating countries. The first initiatives are under development and process for implementation.</li> <li>• Creation of sustainability categorization for our products continued. Our aim is to introduce the criteria internally in 2016.</li> </ul>
<b>FUTURE INITIATIVES</b>	<ul style="list-style-type: none"> <li>• Supporting sales and marketing and emphasizing opportunities of sustainability</li> <li>• Promoting recycling and waste management, introducing new solutions for recycling</li> <li>• Systematic improvement of customer cooperation</li> <li>• Organizing training related to sustainability</li> <li>• Building stronger sustainability awareness internally</li> </ul>

\* Responsibility objectives support the strategic development of Tikkurila and contribute to the group financial targets. Group-level responsibility objectives have been determined for 2015–2018. In addition to group objectives, each country organization has identified or is in the process of identifying its own targets.

## Reported aspects and aspect boundary

<b>G4 MATERIAL ASPECTS AND REPORTED INDICATORS</b>	<p><b>Material Tikkurila Topic:</b> Sustainable solutions            Production of water-borne products            Sales of water-borne products (Finland, Russia, Poland, Sweden)            Sales of water-borne decorative paints (Finland, Russia, Poland, Sweden)</p> <p><b>Product responsibility:</b>            G4-PR3 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements            G4-PR5 Results of surveys measuring customer satisfaction            G4-PR9 Monetary value of significant fines for non-compliance</p>
<b>ASPECT BOUNDARY</b>	<p><b>Within the organization:</b> entire Tikkurila Group, primarily sales, marketing and technical support</p> <p>The sales, marketing and technical support have an important role in helping our customers to achieve successful and durable end-result in their painting projects. At the end of 2015, altogether 1,207 (2014: 1,170) persons worked in sales, marketing and technical support.</p> <p><b>Outside the organization:</b> customers and the retail throughout all operating countries</p> <p>Our customers include consumers, construction and renovating professionals, and the industry. Tikkurila's professional customers include building and painting contractors, designers, developers, house managers and other so-called influencers. According to our estimate, approx. 50% of our customers are consumers, 35% professionals and 15% industrial customers.</p> <p>The majority of Tikkurila's products are sold through retail. The role of retail is very important in giving advice and consultation for a customer in making the purchase decision.</p>

## Resources

We drive sustainable beauty using the limited resources of nature and society in a sustainable manner. We aim to continuously minimize the environmental impact of our operations and products, for instance, by developing products that extend the service life of the painted item and allow for longer maintenance painting intervals. The environmental impact and other sustainability aspects of our products

are considered throughout their entire life cycle – from raw material selection and product manufacture to the use of products and waste management. Quality, health, safety and functionality aspects are guiding our raw material choices and product development. We also work to further improve resource efficiency of production processes by minimizing loss and increasing the reuse of waste.

<b>GROUP OBJECTIVES *</b>	<p>Improved resource efficiency:</p> <ol style="list-style-type: none"> <li>1. Reduced amount of waste and use of energy</li> <li>2. Increased share of recyclable and reusable waste</li> <li>3. Increased share of water-borne products</li> </ol>
<b>HIGHLIGHTS IN 2015</b>	<ul style="list-style-type: none"> <li>• Tikkurila's ClimateCooler Catalyst listed as one of the top 100 sustainable solutions globally</li> <li>• New functional products (Tikkurila Drytech)</li> <li>• New factory opened in Almaty, Kazakhstan focusing on water-borne products</li> <li>• We developed and implemented the HSE self-assessment tool. All Tikkurila's production sites responded to the assessment by the end of 2015.</li> </ul>
<b>FUTURE INITIATIVES</b>	<ul style="list-style-type: none"> <li>• Studying use of alternative and renewable raw materials</li> <li>• Developing and introducing new functional products</li> <li>• Aiming to continuously reduce environmental impact of our operations e.g. by analyzing in more detail the sources of waste and improving waste management in own operations</li> </ul>

\* Responsibility objectives support the strategic development of Tikkurila and contribute to the group financial targets. Group-level responsibility objectives have been determined for 2015–2018. In addition to group objectives, each country organization has identified or is in the process of identifying its own targets.

## Reported aspects and aspect boundary

<b>G4 MATERIAL ASPECTS AND REPORTED INDICATORS</b>	<p><b>Environmental:</b></p> <p>G4-EN1 Materials used by weight or volume          G4-EN3 Energy consumption within the organization          G4-EN8 Total water withdrawal by source          Tikkurila indicator: Water used as paint raw material (total amount)          G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)          G4-EN21 Other significant air emissions (VOC emissions in production)          G4-EN23 Total weight of waste by type and disposal method          G4-EN30 Significant environmental impacts of transporting products          G4-EN31 Total environmental protection expenditures and investments</p>
<b>ASPECT BOUNDARY</b>	<p><b>Within the organization:</b> entire Tikkurila Group, primarily R&amp;D and supply chain</p> <p>The key principles of Tikkurila's product development are quality, durability and safety. The R&amp;D develops sustainable solutions for various purposes and with various functionalities, studies the use of alternative and renewable raw materials, and improves the properties of existing paints and coatings. Tikkurila's largest R&amp;D units are located in Finland, Sweden, Russia and Poland. In addition, each production site has a smaller R&amp;D unit that focuses mainly on local operations. At the end of 2015, Research and Development employed 184 (2014: 179) people.</p> <p>Tikkurila has 13 production units in 10 countries. Approximately half of Tikkurila's personnel work in the supply chain (production, sourcing, logistics and HSEQ) Production manufactures and packages the products in an economical, safe, and eco-efficient manner.</p> <p><b>Outside the organization:</b> business partners, which include e.g. raw material and packaging material suppliers, subcontractors, providers of logistics services, and contract manufacturers. On the group-level, Tikkurila has approximately 500 local and international raw material and packaging material suppliers.</p>

## People

We are pioneers of sustainable painting, surface treatment and use of colors, and we do it responsibly. We want to be a sought-after employer, a reliable tax payer, and a responsible and active neighbor in the communities in which we operate. We act in accordance with legislation and adhere to high ethical values and our Code of Conduct as well as internationally acknowledged standards for human rights and labor practices in all markets where we operate. We also aim to ensure that our business partners operate accordingly.

For a business to be successful, it needs a competent, thriving and motivated workforce. We take care of our employees, their well-being, occupational health and safety in all of our operating countries. We inspire our people to develop their skills, participate and innovate, and we also encourage them to engage in dialogue and close cooperation with both internal and external stakeholders.

<b>OBJECTIVES *</b>	<ol style="list-style-type: none"> <li>1. Compliance of Code of Conduct</li> <li>2. Improved supplier management practices</li> <li>3. Engaged employees by improving employee well-being and capabilities</li> <li>4. Engaged employees by ensuring two-way dialogue with each employee</li> </ol>
<b>HIGHLIGHTS IN 2015</b>	<ul style="list-style-type: none"> <li>• The lowest LTA in the history of Tikkurila Group: 1.9</li> <li>• Updating the Code of Conduct to ensure that it speaks more widely to business partners and external stakeholders.</li> <li>• Including Code of Conduct in the PDD process</li> <li>• Active social responsibility, especially in Poland, Serbia, Kazakhstan and Finland</li> <li>• Wide cooperation with educational institutions in our operating countries</li> </ul>
<b>FUTURE INITIATIVES</b>	<ul style="list-style-type: none"> <li>• Developing the PDD process for improved dialogue and feedback</li> <li>• Developing a more efficient process for measuring personnel well-being and commitment (personnel survey development)</li> <li>• Winning the challenges in the implementation of new HRIS system</li> <li>• Developing participatory methods of implementing the corporate responsibility program internally</li> <li>• Deepening the collaboration with students and educational institutions</li> </ul>

\* Responsibility objectives support the strategic development of Tikkurila and contribute to the group financial targets. Group-level responsibility objectives have been determined for 2015–2018. In addition to group objectives, each country organization has identified or is in the process of identifying its own targets.

### Reported aspects and aspect boundary

<b>G4 MATERIAL ASPECTS AND REPORTED INDICATORS</b>	<p><b>Economic:</b> G4-EC1 Direct economic value generated and distributed</p> <p><b>Social:</b> G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender, and region G4-LA6 Injuries, lost days, absenteeism and fatalities Tikkurila indicator: Preventive safety practices: Number of safety talks and rounds G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee group G4-LA12 Composition of governance bodies and employee breakdown</p> <p><b>Society:</b> G4-SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs G4-SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes G4-SO8 Significant fines and sanctions</p> <p><b>Material Tikkurila Topic: Supplier management</b> Group agreement, % of raw material and packaging material purchases Supplier audits, number</p>
<b>ASPECT BOUNDARY</b>	<p><b>Within the organization:</b> entire Tikkurila Group personnel</p> <p>Tikkurila has 3,100 (31.12.2015) employees in 16 countries. In terms of headcount, the largest Group countries are Russia, Finland, Poland and Sweden.</p> <p><b>Outside the organization:</b> customers, business partners, owners and investors, and society throughout all operating countries</p>

# STAKEHOLDER ENGAGEMENT

## G4-24-27 Stakeholder engagement

From the corporate responsibility point of view, Tikkurila's key stakeholders are customers and those influencing purchasing decisions, business partners, personnel as well as owners and investors. Stakeholders are identified based on how they influence in our operations and products and in terms of the needs and expectations of the company and the stakeholders themselves.

We want to promote openness and transparency, encourage networking and an open dialogue with our stakeholders. We create added value for our stakeholders by operating sustainably and profitably, by developing our business, and by offering them solutions for protection and decoration of surfaces. Our Code of

Conduct outlines the fundamental requirements for how we do business, and it is also concerned with our partners' operations.

An important part of our business is raising stakeholder awareness about our products and surface treatment. Working in cooperation with our stakeholders, we want to enhance the quality of painting, increase the use of environmentally sustainable products, and improve product and user safety. A successful stakeholder dialogue and interaction, as well as meeting the stakeholder expectations, require actions from us, of which, depending on the stakeholder group, some are very local and individual.

### Key stakeholders

STAKEHOLDER GROUP	DESCRIPTION OF STAKEHOLDER GROUP	METHODS OF COLLABORATION AND INTERACTION	MAPPING OF STAKEHOLDER EXPECTATIONS
<b>Customers and those influencing purchasing decisions</b>	<p>Our customers include consumers, construction and renovating professionals, and the industry. Tikkurila's professional customers include building and painting contractors, designers, developers, house managers and other so-called influencers.</p> <p>According to our estimate, approx. 50% of our customers are consumers, 35% professionals and 15% industrial customers.</p> <p>The majority of Tikkurila's products are sold through retail. Consumers need often advice when making a purchase decision, which means that retail plays a highly important role as consultant.</p>	<p>Customer meetings, industry events, customer support, as well as advice services on surface treatment, painting and color selection, including training, consultation and design-related services. Training centers in 9 countries.</p> <p>Work instructions, tips and ideas on the company websites and in social media.</p> <p>Collaborative projects with interior design and construction professionals. Cooperation with the distributors, training and consultation of retail personnel.</p>	Customer feedback systems, customer satisfaction surveys (consumers, professionals, industry, retail).
<b>Business partners</b>	<p>Our business partners include suppliers, subcontractors, providers of logistics services, and contract manufacturers.</p> <p>On the group-level, Tikkurila has approx. 500 local and international raw material and packaging material suppliers.</p>	Cooperation, collaborative development projects and workshops.	Personal feedback, information received through business partners' evaluation and auditing processes.
<b>Personnel</b>	<p>Tikkurila's success is based on enthusiastic, competent and motivated personnel, which is encouraged to develop themselves.</p> <p>We employ 3,100 people (Dec. 31, 2015) in 16 countries.</p>	Open interaction, dialogue and communication, personnel events and training, internal job rotation, annual personal development discussions, occupational health care, active trade union involvement, Tikkurila European Forum (TEF), TEF Working Committee	An employee survey (approx. every two years), an idea management system.
<b>Owners and investors</b>	<p>The goal of Tikkurila's investor relations is to support the creation of the fair valuation of Tikkurila's shares and other securities through timely communication of relevant, understandable, reliable and comparable information, enhancing investors' and analysts' interest in Tikkurila, building investor loyalty and attracting new investors and analyst coverage.</p> <p>Number of shareholders approx. 20,500 (Dec. 31, 2015).</p>	<p>Annual General Meeting, investor meetings and events, Capital Market Days.</p> <p>Group website, press and stock exchange releases, interim reports, annual report.</p>	Feedback from owners and investors.

## Other stakeholders

STAKEHOLDER GROUP	DESCRIPTION OF STAKEHOLDER GROUP	METHODS OF COLLABORATION AND INTERACTION
<b>Media</b>	<ul style="list-style-type: none"> <li>• Financial media</li> <li>• Interior design journalists</li> <li>• Trade media</li> </ul>	Media meetings, interviews, various events, the websites and social media channels of the group and its paint brands, press releases and stock exchange releases, interim reports, annual report. Marketing communications: advertising, cooperation with interior design, construction and home improvement publications.
<b>Students, researchers and educational institutions</b>	<ul style="list-style-type: none"> <li>• Institutions of higher education</li> <li>• Research institutes and networks</li> <li>• Vocational education institutions</li> </ul>	Research and cooperation projects, public relations with education institutions, trainee opportunities, graduate thesis projects, company visits, training offered to students on paints and painting, and student involvement in community projects. The websites and social media channels of the group and its paint brands, press releases and stock exchange releases, interim reports, annual report.
<b>Authorities</b>	<ul style="list-style-type: none"> <li>• Public administration</li> <li>• Legislators and guardians of law and order</li> <li>• Safety and environmental authorities</li> </ul>	Cooperation with regulatory authorities, participation in EU-level and country-specific associations and organizations. The group's website, press releases and stock exchange releases, interim reports, annual report.
<b>Interest groups, networks</b>	<ul style="list-style-type: none"> <li>• Trade unions and employers' associations</li> <li>• Field-specific organizations</li> <li>• Chambers of commerce</li> <li>• Civic organizations</li> </ul>	Cooperation with EU-level and country-specific associations and organizations. The group's website, press releases and stock exchange releases, interim reports, annual report.
<b>Community</b>	<p>Tikkurila wants to be a responsible and active corporate citizen in its local communities. For us, it is important to invest in activities that promote communality.</p> <ul style="list-style-type: none"> <li>• Actors in the neighboring areas of production units</li> <li>• Residents in the neighboring areas of production units</li> <li>• General public</li> </ul>	Cooperation and engagement with the local communities, dialogue and open interaction, open door events, country-specific Sustainable Beauty projects. Reputation management and brand surveys, the websites and social media channels of the group and its paint brands.

In addition to these stakeholders, Tikkurila's business units in the operational areas define their own key local stakeholders.



# ETHICS AND INTEGRITY

## G4-56 Organization's values, principles and codes

Tikkurila aims to always conduct its business in compliance with high ethical standards and legislation, as well as in accordance with its values and Code of Conduct. Compliance of Tikkurila's business

practices is followed by head of legal and Internal Auditor. Furthermore, the Audit Committee of Tikkurila's Board of Directors contributes actively to the business ethics and compliance related matters.

### Our values

Our values – trustworthiness, innovation, and professionalism – steer and support our operations. They come alive in decision-

making situations every day, on both small and large scales.



### We are trustworthy

We create and offer quality brands, services, and products that people can trust are safe, reliable, and environmentally sustainable.

### We are innovative

We drive change in the market and offer novel solutions for our customers' needs.

### We are professionals

We add value to our customers, owners, and the community – every day.

Tikkurila's values are created together with the personnel. In 2008–2009, we organized 10 international and local workshops, which were attended by over 500 employees. The workshops were an opportunity to discuss and identify Tikkurila's way of doing things and the values underpinning our work. The values were approved by the Tikkurila Management Board and the Board of Directors. Adherence to values in our operations is measured and monitored, for example through employee surveys and personal development discussions.

The principles have been implemented in the Group with the help of an online training in 2011 and 2013, as well as by implementing the principles as part of our supervisor work and local induction processes. More than 90 percent of Tikkurila employees completed the online training in 2013.

### Code of Conduct – the way we do business

Tikkurila's Code of Conduct outlines the fundamental requirements for how we do business: our approach to professional business relations; conflicts of interest; the protection of company assets; fair competition; human rights and equality; health, safety and the environment, as well as trust and privacy.

In 2015 and 2016, the Code of Conduct will be included in the development discussion process in all Tikkurila Group's operating countries. This aims to ensure that every employee understands the company's way of operating and follows the principles.

The Code is about law and ethics. We expect every single Tikkurila employee and company representative as well as business partner to act in accordance with the requirements of the Tikkurila Code of Conduct. We act in accordance with legislation and adhere to high ethical values as well as internationally acknowledged standards for human rights and labor practices in all markets where we operate.

Tikkurila monitors, through the annual personnel surveys, the personnel's opinion on how the principles on equality are adhered to at Tikkurila. The survey in 2014 showed that 89.3 (2013: 87.1) percent of those who responded feel that all employees are treated equally or somewhat equally at Tikkurila. In 2015, no personnel survey was conducted.

The Tikkurila Code of Conduct is approved by the Tikkurila Board of Directors and introduced to employees in 2009. The Code of Conduct is available in all Group languages. In 2015, the Code of Conduct was slightly updated to ensure that it speaks more widely to our business partners and external stakeholders.

### Other requirements guiding our operations

In addition to Code of Conduct, Tikkurila's operations are steered with a variety of policies and requirements complementing legislation.

Tikkurila has zero tolerance for any form of bribery or corruption, or other unethical influence. Tikkurila's group-wide anti-corruption policy sets concrete limits for gifts and hospitality which Tikkurila employees can receive or offer. We systematically monitor how effectively this policy is being upheld in practice. Competition law compliance policy gives common guidelines on

competition compliance within the Tikkurila Group. These guidelines need to be taken into account when doing business with suppliers, distributors and customers and other cooperation partners.

Data protection policy aims to ensure the right to privacy for each individual. All employees at Tikkurila who process personal data are responsible for ensuring that processing of personal data is always managed ethically, legally and securely with respect to privacy

protection. The policy includes general data protection guidelines, which all Tikkurila Group companies and employees must follow.

Tikkurila is committed to transparency, which means that we communicate in a proactive, open, credible, consistent, unbiased and timely manner. Disclosure policy describes the main principles on how Tikkurila communicates with the capital markets and discloses share-price sensitive information to its stakeholders.

#### **G4-58 Mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity**

Tikkurila Group has in use an internet-based “whistle-blowing” reporting system that enables both personnel and other stakeholders to anonymously report misconduct of business practices, violations of the Code of Conduct as well as other illegal or unethical business practices. The objective of the system is to ensure that Tikkurila’s daily operations appropriately comply with good

governance and business principles and that any violations thereof and other illegalities are reported. All Tikkurila Group companies and employees have been informed about the reporting system, and link to the system is available on the company intranet and on the Group website.

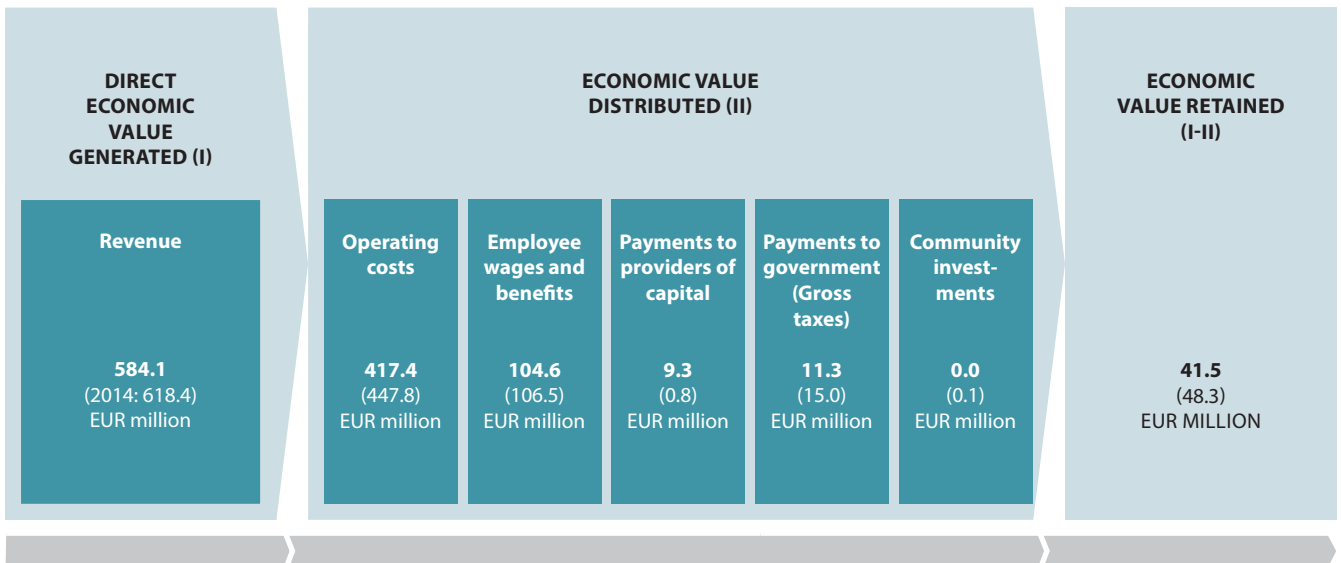
# G4 SPECIFIC STANDARD DISCLOSURES

In accordance with the G4 guidelines, this section provides information on the specific standard disclosures, which is not reported in the Tikkurila Annual Review 2015 or the GRI content index.

## Economic

### G4-EC1 Direct economic value generated and distributed

We continuously develop our business operations, and aim to achieve profitable growth and strengthen our position on the market. We rely on strong brands and sustainable products which support the life cycle thinking. A strong quality image and market leadership are our key competitive advantages.



## Environmental

Tikkurila aims to continuously minimize the environmental impact of its operations and products, for instance, by developing products that extend the service life of the painted item and allow for longer maintenance painting intervals. Furthermore, we promote the use of water-borne products, and select the options which burden the environment less, whenever it is technically and financially possible. We also work to develop our production processes and improve resource efficiency of production units to reduce environmental impacts of production, minimize loss and increase the reuse of waste.

The main environmental impacts of paint during its life cycle result from raw materials and packaging materials production, energy consumption during product manufacture, emissions and wastes generated in manufacture, as well as the distribution of raw materials, packaging materials and finished products, compounds evaporating (VOC emissions) from the paint during painting and drying, and the disposal of paint waste. The quality of the product affects the environmental impact of the product. The better the qualities that the painted surface offers, the less maintenance is needed and the longer the maintenance painting interval is.

# MATERIALS

## G4-EN1 Materials used by weight or volume

Tikkurila produces paints and coatings for a variety of uses. Depending on the desired properties, there are also vast differences between the ingredients used. Paint typically consists of binders, pigments, fillers, thinner and additives. The choice of raw materials plays an important role in the environmental impact, quality and safety of the products.

Raw materials required in paint production and materials used for packaging form a substantial part of Tikkurila's purchases. On the group-level, Tikkurila has approximately 500 local and international raw material and packaging material suppliers. More than 90 percent

of the raw materials and packaging materials for Tikkurila's units in the EU are bought from the EU region. In Russia, more than 60 percent of all raw materials and packaging materials are bought from local suppliers.

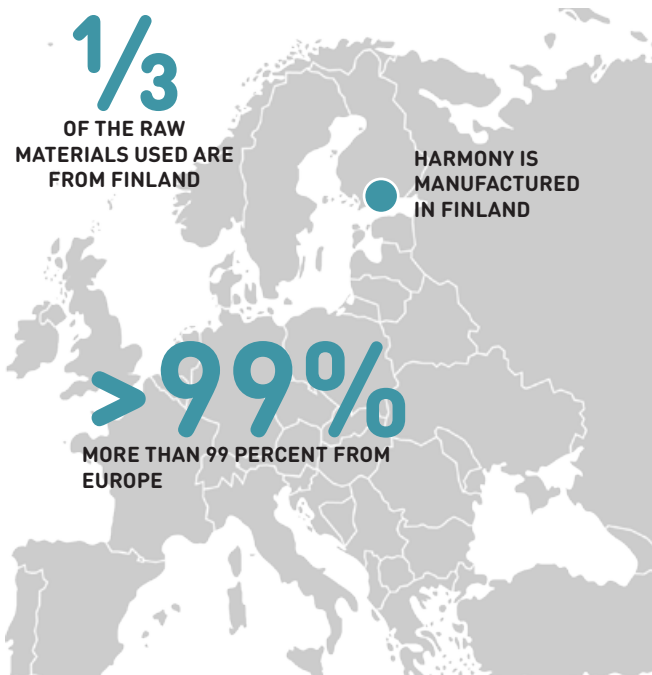
Packaging material purchases mainly consist of paint cans, labels, plastic wrapping and pallets. The selection of packaging materials is affected not only by quality and price but also by retailers' requirements, tinting properties, recyclability of materials, consumers' purchasing habits and the ease of application in end use.

### RAW MATERIAL AND PACKAGING MATERIAL PURCHASES FROM DIRECT SOURCING

	2015	2014	2013
%			
Binders	34.8	34.3	33.9
Pigments	23.3	24.1	24.1
Packaging materials	17.7	19.0	19.1
Additives	12.1	10.9	10.6
Solvents	6.8	8.1	8.5
Others	5.3	3.6	3.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Tikkurila Harmony interior decoration paint

Tikkurila's water-borne Harmony is full-matt and breathable interior decoration paint suitable for painting ceilings and walls in living rooms, bedrooms and children's rooms. The product is a M1-classified low-VOC paint. The VOC emissions of the product are less than 30g/l. Harmony is manufactured in Finland, and it is mainly packaged in plastic cans.



- Binder:** Acrylate binder 15-35%
- Thinner:** Water 40-50%
- Pigments:** Titanium dioxide 10-20%
- Fillers:** Dolomite 20-30%
- Solvent:** Propylene glycol 1-5%
- Additives** for paint manufacture and application <5%

# ENERGY

## G4-EN3 Energy consumption within the organization

Paint production in itself does not consume much energy since the processes mainly consist of mixing different ingredients. The majority of the energy used goes into the heating and ventilation of buildings. Tikkurila's goal is to continuously reduce energy consumption in

its supply chain. Reductions can be achieved through technology upgrades in the production facilities and production processes. These might involve, for example, switching to more energy-efficient equipment or investing in more efficient building technology.

<b>FUEL CONSUMPTION</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>GJ</b>			
Fuel oil	13,289	16,268	18,540
Natural Gas	54,873	50,526	58,543
Fuel gas	2,642	3,334	3,532
Diesel Oil	1,886	1,818	2,009
Renewable energy sources	33	36	0
<b>Total direct energy consumption</b>	<b>72,723</b>	<b>71,982</b>	<b>82,624</b>
<b>ENERGY CONSUMPTION</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>GJ</b>			
Electricity	126,777	129,316	142,685
District heat	71,259	78,160	87,467
Cooling	0	0	0
Steam	0	0	0
<b>Total indirect energy consumption</b>	<b>186,078</b>	<b>197,294</b>	<b>217,203</b>
<b>ENERGY SOLD</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>GJ</b>			
Electricity	9,180	7,196	9,472
Heating	2,778	2,984	3,478
Cooling	0	0	0
Steam	0	0	0
<b>Total energy sold</b>	<b>11,958</b>	<b>10,181</b>	<b>12,949</b>
<b>TOTAL ENERGY CONSUMPTION ON TIKKURILA SITES</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>GJ</b>			
	<b>258,801</b>	<b>269,276</b>	<b>299,827</b>

Energy consumption is based on on country-specific invoicing information. With regard to Ukraine, heating is partly an estimate. The total indirect energy consumption does not include the total energy sold.

# WATER

## G4-EN8 Total water withdrawal by source

### Tikkurila indicator: Water used as paint raw material

Tikkurila aims for efficient use of water at its sites, and the water consumption is monitored. In production of water-borne products, actions are taken, among other things, to reduce the amount of washing water needed. For example, equipment rinsing water is used as a part of the product when possible. Good planning of production also reduces the need of washings between batches. Process cooling water systems are closed. From the total water consumption, approximately 60 000 m<sup>3</sup> of water is used as paint raw material.

Products which burden the environment as little as possible are a key element in our strategy. Tikkurila has been investing in developing and promoting the use of water-borne products for decades. An increasing number of paints are water-borne or solvent-free. While developing water-borne products, we pay attention to the efficient use of water. In 2015, the share of water-borne products in production was 73.5 (72.0) percent.

TOTAL WATER WITHDRAWAL BY SOURCE	2015	2014	2013
<b>1000 m<sup>3</sup></b>			
Surface water	0	0	0
Ground water	39	73	85
Rainwater	0	0	0
Waste water from other organizations	0	0	0
Municipal source	146	146	166
<b>Total</b>	<b>185</b>	<b>219</b>	<b>251</b>

The water consumption is based on the country-specific invoicing information. Ground water has been calculated using local measurements.

# EMISSIONS

## G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)

The main environmental impacts of paint products and painting are generated during the manufacture of raw materials and packaging materials; energy consumption during product manufacture; emissions and waste generated in the manufacturing and transport of raw materials, packaging materials and products; compounds evaporating from paint during the painting and drying as well as the disposal of paint waste. The most common white pigment in paints is

titanium oxide, which forms approximately 60 percent of paint's carbon footprint.

The most significant direct greenhouse emissions in paint production are generated by burning fuel for heating and internal transport as well as in the production of solvent-borne paints caused by inert cases and by burning the volatile organic compounds.

DIRECT CO <sub>2</sub> EMISSIONS	2015	2014	2013
tn CO <sub>2</sub>	7,739	6,188	-

The direct CO<sub>2</sub> emissions are calculated from the consumption of fuel oil, natural gas, fuel gas and diesel oil. The consumption data is based on the country-specific invoicing. The 2014 data does not include the direct greenhouse gas emissions of the production units in Russia. The IPCC conversion rates have been used to calculate the direct CO<sub>2</sub> emissions. Direct CO<sub>2</sub> emissions are not available from 2013.

## G4-EN21 Other significant air emissions

### Solvent emissions into the air

During production, volatile organic compounds, or VOCs, contained in the raw materials are released into the air. VOC emission in production are controlled with e.g. keeping all tanks and vessels closed whenever possible, to ensure good ventilation. At the Vantaa site, the VOC emissions are collected and incinerated.

VOC emissions caused by the use of solvents are restricted by means of legislation, among other things. In the EU, the maximum amount of VOC emissions in production and allowed amount of volatile

compounds contained in paints are defined by the VOC directives. The purpose of the directives is to prevent or reduce the direct or indirect impact of volatile organic compound (VOC) emissions on the environment and people.

The main initiative in reducing VOC emissions of our products and in production has during the years been moving from solvent-borne products water-borne products. In 2015, the share of water-borne products in production was 73.5 (72.0) percent.

### VOC EMISSIONS IN PRODUCTION

	2015	2014	2013
tn	113	89	100

The increase in VOC emissions in production is mainly due to the changes in the calculation method of solvent emissions in Serbia.

## EFFLUENTS AND WASTE

### G4-EN23 Total weight of waste by type and disposal method

The environmental impact of modern paint production is relatively low – emissions of hazardous substances and the generation of waste are minimized by means of advanced process technology, efficient processes, and recycling. By using our raw materials efficiently, we can minimize the volume of waste we generate. In paint production, raw material waste results, among other things, from washing the production and filling machines, the residue left in raw material packaging, any non-marketable and expired raw materials and products, as well as raw material dust and solvent

fumes carried out for processing in the exhaust air, or exhausted otherwise.

Tikkurila aims to utilize resources more efficiently and to minimize waste taken to landfill. Whenever possible, we recycle paint production waste back into our processes, taking into consideration the strict quality requirements we have for products. Any solid and liquid waste that is not suitable for reuse or recycling in our processes or for other purposes is disposed of appropriately.

### HAZARDOUS WASTE

	2015
tn	
Reuse	79
Recycling	749
Composting	0
Energy recovery	1,161
Incineration	51
Landfill	1,043
Other	451
<b>Total</b>	<b>3,535</b>

### NON-HAZARDOUS WASTE

tn	
Reuse	445
Recycling	1,914
Composting	15
Energy recovery	391
Incineration	40
Landfill	177
Other	234
<b>Total</b>	<b>3,215</b>

# TRANSPORT

## G4-EN30 Total environmental protection expenditures and investments

Tikkurila products are distributed from the production units to either warehouses for further deliveries or directly to the retailers and customers. Tikkurila has 25 distribution centers in 15 countries. Transportation needs and inventory quantities are optimized in cooperation with the entire supply chain to ensure that our customers receive the products on time, safely, and eco-efficiently.

The environmental burden during the life cycle of our products is affected by the transportation of raw materials and packaging materials and the distribution of the finished products to stores and customers. Tikkurila aims to reduce the environmental impact of its operations, which is why responsibility matters are also taken into consideration in transportation. The objective is to distribute products using environmentally friendly logistics. Centralizing transportation

reduces costs and emissions, and improves transportation safety and efficiency. Moreover, we pay attention to optimizing cargoes and transportation routes, and to the loading of vehicles. When choosing logistics partners, among other things we place emphasis on the transportation service provider's capabilities to adopt more environmentally friendly alternatives as well as safety aspects.

More than 90 percent of the raw materials and packaging materials for Tikkurila's units in the EU are bought from the EU region. In Russia, more than 60 percent of all raw materials and packaging materials are bought from local suppliers. In Europe, raw materials are mainly transported by road and by sea, and in Russia, mainly by road and by rail.

# OVERALL

## G4-EN31 Total environmental protection expenditures and investments

In 2015, the environmental investments included, among other things, improvements in raw material warehousing, waste water and waste handling equipment as well as improvements to building technology,

e.g. related to heating, ventilation, lighting and more efficient use of water. The operating costs include, among other things, waste handling, wastewater treatment and analyses as well as certification costs.

<b>INVESTMENTS INTO ENVIRONMENTAL PROTECTION</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
MEUR	0.7	0.5	0.3
<b>ENVIRONMENTAL OPERATING COSTS</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
MEUR	2.2	2.0	1.9



## LABOR PRACTICES AND DECENT WORK EMPLOYMENT

### G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender, and region

At the end of 2015, Tikkurila Group employed 3,100 (3,142) people in 16 countries. In 2015, Tikkurila Group recruited 565 new employees, and 638 persons left the company. The most common reason for termination of employment was expiration of temporary employment. Due to the seasonality fluctuation in the paint market, the number of personnel is highest during the outdoor painting season in the summer and lowest during the winter.

A total of 41 employment contracts were terminated in Finland due to financial or production related reasons. In October 2015, Tikkurila concluded the co-operation negotiations which concerned the entire Tikkurila Oyj personnel of approximately 600 in Finland. As a result of the negotiations, a total of 41 people working in various functions of the company were dismissed. Of those dismissed, 16 were white-collar and 25 blue-collar workers.

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

TOTAL NUMBER OF NEW EMPLOYEE HIRES	2015	Rate of new employee hires
East	332	23.0
West	233	14.0
<b>Total</b>	<b>565</b>	<b>18.2</b>
Female	163	14.9
Male	402	20.0
<b>Total</b>	<b>565</b>	<b>18.2</b>
<31 years	326	48.7
31–50 years	211	12.1
>50 years	28	4.1
<b>Total</b>	<b>565</b>	<b>18.2</b>

The amount of new employee hires is calculated from the active total workforce on December 31, 2015. Calculation of new employee rate: (number of employee hires / total workforce per category) \*100. Seasonal employees are included in the data.

Total number of leavers and rate of employee turnover by region, gender and age

TOTAL NUMBER OF LEAVERS AND EMPLOYEE TURNOVER	2015	Turnover
East	405	28.1
West	233	14.0
<b>Total</b>	<b>638</b>	<b>20.6</b>
Female	211	19.3
Male	427	21.3
<b>Total</b>	<b>638</b>	<b>20.6</b>
<31 years	234	35.0
31–50 years	297	17.1
>50 years	107	15.5
<b>Total</b>	<b>638</b>	<b>20.6</b>

The total number of leavers is calculated from the active total workforce on December 31, 2015. Employee turnover calculation: (number of leavers / total workforce per category) \*100. Seasonal employees are included in the data.

# OCCUPATIONAL HEALTH AND SAFETY

## G4-LA6 Type of injury and rates of injury, occupational diseases, lost days, and absenteeism and total number of work-related fatalities, by region and by gender

The safety work at Tikkurila focuses on preventive measures, such as risk assessments, safety training, safety talks and rounds, reporting of safety observations and safety-related communications, as well as internal and external audits. We want to ensure a safe workplace for all Tikkurila employees. In 2015, Tikkurila's accident frequency rate (LTA) was 1.9, which is the lowest in the history of Tikkurila Group. The biggest improvements were made in safety work at the Vantaa site.

The performance in matters related to health, safety and the environment is monitored through internal audits carried out by the

Group's HSE function and with the help of self-assessments. In 2015, Group internal audits were performed at Tikkurila sites in Denmark, Poland, Russia and Serbia. The self-assessments were carried out in 2015 by all Tikkurila production sites. In addition to assessing our employees' safety behavior in their everyday work, we also address safety issues through regular personal development discussions, safety rounds as well as safety talks between employees and their supervisors and colleagues. Altogether, 5,927 safety talks and rounds were held within the Group in 2015.

<b>LOST TIME ACCIDENTS (LTA)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Per million working hours	1.9	2.9	3.9

No fatalities in 2015.

<b>TIKKURILA INDICATOR</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Preventive safety practices: Number of safety talks and rounds	5,927	6,666	4,750

Tikkurila monitors its safety performance using the LTA1 accident frequency rate, which indicates the number of accidents that cause absences lasting at least one day per one million working hours. The accidents, safety discussions and rounds are collected in the Tikkurila Group HSE Monitor reporting system. The number of employee working hours is partly an estimate.

## TRAINING AND EDUCATION

### G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee group

Personal development discussions between an employee and his/her supervisor are carried out on an annual basis at Tikkurila. Development discussions are used to map the individual needs and wishes of employees, to review an individual's achievements and performance, to plan future action, as well as to identify any development needs. The share and quality of personal development discussion are measured in the personnel survey. In 2015, no survey

was conducted as it was decided that the survey's content and process needs to be developed to better support the company's business and its development. In the 2014 personnel survey, 87.1 (86.1) percent of employees responded in the survey reported having had a development discussion with their supervisor, and 72.7 (70.6.) percent found the discussion useful or fairly useful.



## DIVERSITY AND EQUAL OPPORTUNITY

### G4-LA12 Composition of governance bodies and employee breakdown

At Tikkurila, we adhere to the principle of equality and diversity, regardless of a person's gender, race, ethnicity or nationality, age, religion, political opinion, or social status.

<b>BOARD OF DIRECTORS</b>	<b>Female, %</b>	<b>Male, %</b>
<31 years	-	-
31–50 years	16.7	-
>50 years	33.3	50.0

<b>MANAGEMENT BOARD</b>	<b>Female, %</b>	<b>Male, %</b>
<31 years	-	-
31–50 years	-	60.0
>50 years	-	40.0

<b>PERSONNEL AGE AND GENDER BREAKDOWN</b>	<b>%</b>
Female	35.0
Male	65.0
<31 years	21.6
31–50 years	56.1
>50 years	22.3

In 2015, the average age of personnel was 40.8 (40.5) years.

Personnel's views on the implementation of equality are monitored, among other things, by means of a personnel survey. The survey in 2014 showed that 89.3 (2013: 87.1) percent of those responded to the survey feel that all employees are treated equally or somewhat equally at Tikkurila. In 2015, no survey was conducted.

Diversity and equality are basic principles in our HR work. For instance, in Finland, Tikkurila has an equality plan and equality working group. The group has representatives both from the employer and employee side, and it meets on a regular basis to discuss various relevant topics regarding diversity and equality. The equality plan includes principles, among other things, for recruitment, competence development, work-life balance and remuneration. The plan is approved by the local management team.

# SOCIETY

## LOCAL COMMUNITIES

### **G4-S01 Percentage of operations with implemented local community engagement, impact assessments, and development programs**

Tikkurila is a responsible and active corporate citizen in its local communities, and invests in activities that promote community involvement in its operating countries.

Sustainable Beauty is Tikkurila's program for social responsibility. With the help of the program, we inspire people and communities to improve their living environment and to create beautiful, sustainable and user-friendly environment. By actively participating in projects where paint and colors create joy, comfort, and sustainable beauty in different spaces and environments, we are able to contribute to the well-being of children, youth, adults, and the elderly.

Since 2012, we have taken part in approximately 100 Sustainable Beauty projects in 12 countries we operate. In 2015, Tikkurila's paints and coatings have been used to renovate and decorate building façades, parks, day care centers and their yards as well as schools, among others.

In addition to various social initiatives designed to bring color into people's lives, Tikkurila engages with communities for example by organizing open door events in its locations for the local residents and businesses. The open door events have been held in Finland since the 1990s.

Read more about the Sustainable Beauty program  
🌐 [www.tikkurilagroup.com/responsibility/sustainable\\_beauty](http://www.tikkurilagroup.com/responsibility/sustainable_beauty)

## PRODUCT RESPONSIBILITY

### PRODUCT AND SERVICE LABELING

### **G4-PR3 Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements**

Product safety and quality are the cornerstones of our operations. Tikkurila's customers will find a wealth of information on the Group's paints, the safe use of paints for high-quality and durable results, as well as on the impacts of paints on health on the safety data sheets, product specifications, labels and in various instructions and guides on painting as well as through our customer service.

We systematically study and investigate the health and environmental effects of the raw materials used in our products. We guide our own personnel as well as our customers and partners in the safe and sustainable use of our products. Based on the raw material information and the paint formula, our employees specialized in product safety calculate the hazard properties for products used in compliance with instructions. The results of the calculations are shown on the paint safety data sheet and the warnings section of the product label. The safety data sheet, product specifications and product label contain a description of the product and give details of its manufacturer, offer information about the

composition of the product and its health and environmental impacts as well as instructing in the safe and sustainable handling, storing, transport and disposal of the product. The label also states the eco-labels the product has received and other classifications for paint products.

Chemical industry business is tightly regulated. The increasingly tight environmental and safety requirements and the changing legislation lay new demands on our products and increase Tikkurila's responsibility to inform the consumers of its products' health, environmental and safety impacts. We actively monitor the existing regulations and participate in the development of new ones.

Read more about the international regulations regarding paint manufacturing, product safety, paint handling and marketing  
🌐 [www.tikkurilagroup.com/responsibility/user\\_experience](http://www.tikkurilagroup.com/responsibility/user_experience)

## G4-PR5 Results of surveys measuring customer satisfaction

Monitoring customer satisfaction is an essential part of understanding customer needs as well as developing operations and cooperation with stakeholders. We measure customer satisfaction on brand and country level based on the feedback we receive from consumers, professionals, industrial customers and retailers. Furthermore, we carry out customer group and topic-specific studies in our operating countries, for example, on behavior connected to decorating of children's rooms or on product packaging. We want to improve our understanding of our customer needs and market trends. Tikkurila's aim is to develop its research methods and to improve the monitoring and utilization of customer feedback as an integrated part of its business development.

In addition to measuring customer satisfaction, we analyze feedback from our stakeholders to further develop our operations and products. Feedback from stakeholders comes through different channels, including customer support, feedback channels, Tikkurila websites and our sales personnel. For example, Maalilinja hotline in Finland, was contacted more than 70,000 times over the phone, via email and through the internet chat service in 2015.

In 2015, we carried out customer satisfaction surveys and brand awareness studies in some of our major countries of operation: Russia, Finland, Poland and the Baltic countries. Based on the studies, we can state that Tikkurila's paint brands are well known and highly regarded in their market areas. For example, Poland's results show that the recognition of Tikkurila's products among consumers and especially women has gone up compared to the previous years. The recognition of Tikkurila's brands is at a lower level among children and young people.

Our customers have confidence in the company and its products, and we have long-term customer relationships. Based on the surveys carried out among retail, consumers, professionals and industrial customers, Tikkurila's products are perceived to be of high quality and easy to use, and the company is seen as customer-oriented. Especially within distribution chain and professional customers, the sales and customer service personnel's competence and the quality of the service are highly regarded in addition to delivery reliability and product availability. In general, Tikkurila's customers are satisfied with the company's operations.

## Material Tikkurila Topic: Sustainable solutions

Customer interest in environmentally sound products has increased due to the overall increased environmental awareness, and legislative changes concerning the composition and safety of paints. Customers want to choose products that have minimal environmental impact in production and in use, and that are safe to use.

Tikkurila offers its customers high-quality, user-friendly and environmentally sustainable solutions for surface protection and decoration. For decades, the principles of our operations and product development have been quality, durability and safety. We aim to continuously minimize the environmental impact of our operations and products, for instance, by developing products that extend the service life of the painted item and allow for longer maintenance painting intervals. Furthermore, we promote the use of water-borne products, and select the options which burden the environment less, whenever it is technically and financially possible.

We guide our customers to make sustainable choices and instruct them in matters regarding the selection, use and disposal of paint. A high-quality paint selected correctly can have a crucial effect on prolonging the life of a surface and hence reducing the impact on the environment.

### Water-borne products

Products which burden the environment as little as possible are a key element in our strategy, and we have been investing in developing and promoting the use of water-borne products for years already. An increasing number of paints are water-borne or solvent-free.

Water-borne paints are a better choice for both the health and the environment. The environmental impact of water-borne paint is smaller than that of solvent-borne paint, especially in the application

stage, since mainly water evaporates from water-borne paint. The benefits of water-borne paints include ease of use, odorlessness and fast drying times.

In 2015, the share of water-borne products in production was 73.5 (72.0) percent. The relative share of water-borne products in sales in 2015 increased in almost all Tikkurila's largest markets.



SHARE OF WATER-BORNE PRODUCTS IN PRODUCTION	2015	2014	2013
%	73.5	72.0	71.6

SHARE OF WATER-BORNE PRODUCTS IN SALES	2015	2014	2013
%			
Russia	69.6	69.7	69.4
Sweden	93.5	93.1	92.6
Finland	70.7	69.8	68.9
Poland	70.8	69.8	71.2

SHARE OF WATER-BORNE DECORATIVE PAINTS IN SALES	2015
%	
Russia	72.6
Sweden	98.8
Finland	83.6
Poland	85.8



### Products' VOC emissions

In addition to environmentally friendly consumer habits, the wider use of water-borne paints is also based on the EU's VOC directive, which defines the maximum allowed amount of volatile compounds contained in paints. The purpose of the directive is to prevent or reduce the direct or indirect impact of volatile organic compound (VOC) emissions on the environment or people.

In paints, VOCs (Volatile Organic Compounds) refer mainly to solvents and thinners. The most significant environmental impact caused by paint products' in the application stage is solvent emissions, in other words, VOC emissions, which are known to contribute to the formation of ozone in the troposphere.

### Eco-labeled products

Paints are awarded with various eco-labels and classifications with the aim to increase the knowledge of their environmental and health impacts and product characteristics, to help and guide consumers in their purchasing decisions, as well as to make consumption habits more environmentally sound. The eco-labels and classifications awarded to paints indicate the environmental impacts of products as well as their proven safety characteristics. Tikkurila Group's different paint brands have been awarded several official and local

eco-labels and product-specific classifications. In all, the number of Tikkurila's eco-labeled paints is counted in the hundreds.

Read more about eco-labels and classifications awarded to paints  
 @ [www.tikkurilagroup.com/responsibility/user\\_experience](http://www.tikkurilagroup.com/responsibility/user_experience)

### Functional products

Tikkurila's product range includes several paints and coatings that deliver some specific functionality. These products can, for example, be used to create more energy-efficient or fire-resistant surfaces, or achieve surfaces that are extremely wear-resistant and washable. Some of the other functionalities of our products include anti-bacterial and self-cleaning effects. These functional properties can be achieved through different types of additives and binders.

We believe that there will be an increase in demand for functional products, in particular for solutions that help improve energy and eco efficiency and humidity control as well as contribute to cleaner air. Tikkurila will further focus on functional products and services that extend the life cycle of surfaces. In 2015, Tikkurila introduced solutions, for example, to humidity, mold, noise and asbestos problems.

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## ClimateCooler Catalyst listed as one of the top 100 sustainable solutions globally

ClimateCooler Catalyst, the product of Tikkurila's Danish subsidiary Iso Paint Nordic, has been listed in the Sustainia100 2015 publication and is named as one of the top 100 sustainable solutions globally. ClimateCooler Catalyst is mentioned to be at the forefront of sustainable innovation in the Buildings sector. The surface treatment has substantial impact on the sustainability of societies by cooling down buildings and thus reducing energy expenses. In addition, the photo catalytic effect of the coating converts harmful nitrogen dioxides (NO<sub>x</sub>) into harmless nitrates (NO<sub>3</sub>), which contributes to reduce air pollution.

ClimateCooler Catalyst is a water-borne solar reflection roof coating available for roofs and facades. The roof surface is provided with unique properties such as solar reflectance. The roof surface reduces the heat absorption up to 40% because of the reflective pigments, and thus enables the indoor temperature to be reduced by 5 degrees, thereby reducing air-conditioning costs significantly.

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## Tikkurila launched Swan eco-labeled coating system for industrially primed panel

Tikkurila has been actively working to promote the environment for years and has, among other things, worked on reducing solvents in its products. Now the company has launched Sweden's first Swan eco-labeled coating system for industrially primed wooden

panel. Tikkurila Sverige considers the Swan Ecolabel awarded to its industrial coating a concrete indication that it is possible to develop industrial coatings that meet sustainability standards without compromising functionality or quality.

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## Standardized quality of paints in Russia

In 2013, Tikkurila together with other paint manufacturers and raw materials suppliers established the Quality Paint Association in Russia. The objectives of the association include communication about high-quality and environmentally sustainable products to consumers and professionals, bringing together the major paint producers, raw materials suppliers and other players in the paints and coatings industry in Russia, as well as promoting the adoption of international quality, safety and environmental standards for paints in the Russian market.

The association and its members have developed quality standards for paints produced and sold in Russia. The purpose is to promote higher safety, quality and environmental performance in paints and to limit the use of hazardous substances, among other things. The standards fulfill strict international safety, quality and environmental standards. The standards have been developed for water-borne interior paints, solvent-borne enamels and façade paints, and all paints produced by QPA members must fulfill those requirements. In 2015, the standards were taken in use – the paints produced and sold by Tikkurila in Russia have been evaluated and certified accordingly. The quality label will be added to the evaluated Tikkurila products step-by-step in 2016.

# Material Tikkurila topic: Supplier management

Tikkurila offers high-quality, safe and sustainable solutions to its customers. This sets high standards to the cooperation between Tikkurila and its suppliers, to all purchased raw materials, other goods and services.

Tikkurila operates in accordance with high ethical values, legislation and its Code of Conduct. In our operations, we comply with the principles of social responsibility with regards to human rights, employment, the right of association, discrimination, working hours and conditions, occupational safety and health as well as environmental protection and ethical business operations.

It is of utmost importance to us that our business partners also operate responsibly. Our aim is to ensure that our partners operate in accordance with our Code of Conduct and fulfil our quality, safety and responsibility requirements. We only cooperate with suppliers that have been approved by our principles for supplier collaboration and make a group-level agreement with our most significant suppliers.

Raw materials for paint production as well as packaging materials are Tikkurila's main purchases. On the group-level, Tikkurila has approximately 500 local and international raw material and packaging material suppliers. More than 90 percent of the raw materials and packaging materials for Tikkurila's units in the EU are bought from the EU region. In Russia, more than 60 percent of all raw materials and packaging materials are bought from local suppliers. More than a third of Tikkurila's raw material and packaging material purchases are covered by a group-level agreement.

## Principles and practices of supplier collaboration

The aim of Tikkurila's sourcing is to ensure smooth cooperation with suppliers and to guarantee precise deliveries with right quantities

and quality. Sourcing works in close cooperation with R&D in the selection of raw materials and suppliers.

Tikkurila's principles for supplier collaboration define our way of operating and cooperating with goods and service providers. The principles support Tikkurila's business strategy and are based on our values and Code of Conduct. They define our expectations with regards to quality, safety and the environment as well as to procurement matters from the selection and assessment of suppliers to the continuous improvement of the cooperation. Tikkurila monitors and assesses the supplier collaboration on regular basis through an evaluation process.

Since 2013, Tikkurila has systematically audited its suppliers. Between 2013 and 2015, we have audited 29 suppliers. The audits look into the suppliers' order, delivery and production processes, quality control measures, environmental and safety aspects as well as the suppliers' social responsibility and ethical business practices. Furthermore, we discuss with them the principles of our Code of Conduct and our Corporate Responsibility program.

Our aim is to continuously develop our own procurement processes and practices as well as the cooperation with our goods and services providers. In 2015, we have further trained our sourcing personnel, developed our internal processes and reporting and improved the traceability of our raw materials. In 2016, we will concentrate on cost-efficiency as well as developing our reporting and the traceability of raw materials, making our evaluation and auditing processes more efficient and work on our co-operation with our business partners.

	2015	2014	2013
Group agreement, % of raw material and packaging material purchases	35	-	-
Supplier audits, number	12	12	5



# Reporting principles

Tikkurila reports the progress in its corporate responsibility matters in its Annual Review. Tikkurila GRI 2015 Corporate Responsibility report describes key matters of responsibility in terms of Tikkurila's operations and outlines the progress in the different areas of corporate responsibility. The report is published in Finnish and English on the Group's website ([www.tikkurilagroup.com](http://www.tikkurilagroup.com)).

The report for year 2015 contains Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines. An independent third party, PricewaterhouseCoopers Oy, has provided assurance on the economic, social and environmental performance indicators in the report. Tikkurila publishes its Corporate Responsibility report annually. The next report will be published at the beginning of 2017. In 2010–2014, Tikkurila's Corporate Responsibility report was compiled based on the GRI G3 guidelines and it was assured by an independent assurance provider.

The figures presented in the report cover either the Tikkurila Group as a whole or a single Strategic Business Unit (SBU East and SBU West) in accordance with the segment division. The figures of joint ventures, subsidiaries and similar organizations have been reported in relation to the holding and are included in the Group or SBU figures. Tikkurila's 2014 acquisitions, Tikkurila Drytech AB and ISO Paint Nordic A/S were added to the safety and environmental reporting at the start of 2015. Tikkurila expanded its production network with the opening of a new plant in Almaty, Kazakhstan, in April 2015. The production plant has not been included in the corporate responsibility's environmental figures in 2015. The environmental key figures of the report cover production units and the largest distribution centers. The distribution center in Utkina Zavod reports only figures regarding waste. Figures for subcontractors have not been reported.

The material corporate responsibility and sustainable development aspects included in the report and the boundaries have been presented in the section "Identified Material Aspects and Boundaries" (pages 10–14). The material aspects are defined based on Tikkurila's materiality assessment work carried out in 2014 and GRI G4 reporting guidelines. Further information about the materiality assessment can be found under "Identified Material Aspects and Boundaries" (page 11) of the report.

## Financial key figures

The financial key figures are based on the audited financial statements. In the Group's financial reporting, the International Financial Reporting Standards (IFRS) are applied.

## Personnel key figures

The key figures related to personnel are compiled from data generated by different units. The personnel data is partially based on the personnel and employment information available on the data system implemented by Tikkurila in 2014. The system's implementation and development will be continued in 2016, and the aim is to extend the availability of personnel figures for the 2016 GRI report. In the system's development work, the requirements of GRI reporting have been taken into account.

In 2015, Tikkurila did not organize a personnel survey; instead, a decision was made to develop the content and processes of the survey in ways that would support the company's operations and development better. The 2015 report refers in certain parts to the results of the 2014 personnel survey.

## Safety and environmental key figures

The figures related to safety and the environment are compiled from data generated by different units. The safety information is also partly based on the information received from the HSE Monitor reporting tool, implemented in 2011.

The reporting of the Group's environmental figures' was developed in 2015 to correspond with the GRI G4 reporting guidelines; simultaneously the collection process was also made more efficient and streamlined.

## Other information

The information related to customer satisfaction is based on the customer satisfaction surveys carried out in Tikkurila's organizations. In the 2015 GRI report, we reported the results of the customer satisfaction surveys carried out in Finland, Russia, Poland and the Baltic countries.

# Independent Practitioner's Assurance Report

(Translation from the Finnish original)

To the Management of Tikkurila Oyj

We have been engaged by the Management of Tikkurila Oyj (hereinafter also the Company) to perform a limited assurance engagement on the economic, social and environmental performance indicators for the reporting period 1 January to 31 December 2015, disclosed in Tikkurila Oyj's report "Tikkurila GRI 2015" (hereinafter Corporate Responsibility Information). In terms of the Company's GRI G4 reporting and G4 Content Index, the scope of the assurance has covered economic, social and environmental performance indicators listed within the Specific Standard Disclosures as well as General Standard Disclosures G4-10 and G4-11.

## MANAGEMENT'S RESPONSIBILITY

The Management of Tikkurila Oyj is responsible for preparing the Corporate Responsibility Information in accordance with the Reporting criteria as set out in Tikkurila Oyj's reporting instructions and the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative. The Management of Tikkurila Oyj is also responsible for such internal control as the management determines is necessary to enable the preparation of the Corporate Responsibility Information that is free from material misstatement, whether due to fraud or error.

## PRACTITIONER'S INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Oy applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Corporate Responsibility Information based on the procedures we have performed and the evidence we have obtained. Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Tikkurila Oyj for our work, for this report, or for the conclusions that we have reached.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Corporate Responsibility Information is free from material misstatement.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other disclosures in the Corporate Responsibility Information. The procedures selected depend on the practitioner's judgement, including an assessment of the risks of material misstatement of the Corporate Responsibility Information.

Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Visiting one site in Sweden.
- Conducting one video interview with one site in Poland.
- Interviewing employees responsible for collecting and reporting the Corporate Responsibility Information at the Group level and at the site level where our site visit and video interview were conducted.
- Assessing how Group employees apply the Company's reporting instructions and procedures.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.

## LIMITED ASSURANCE CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Tikkurila Oyj's Corporate Responsibility Information for the reporting period ended 31 December 2015 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our assurance report, the inherent limitations to the accuracy and completeness of corporate responsibility information should be taken into consideration.

Helsinki, 1 March 2016

## PricewaterhouseCoopers Oy

### Niina Vilske

Partner, Authorised Public Accountant  
Assurance Services

### Sirpa Juutinen

Partner  
Sustainability & Climate Change

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**Anu Passinen**, Manager, Product Safety

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TIKKURILA