

TIKKURILA



Tikkurila Corporate Responsibility report 2012

March 6, 2012

TIKKURILA CORPORATE RESPONSIBILITY REPORT 2011

RESPONSIBLE OPERATIONS THROUGHOUT THE VALUE CHAIN

Tikkurila's corporate responsibility – economic, social and environmental responsibility – is linked to the company's values, strategy and business operations. Tikkurila creates added value for all of its stakeholders, is a safe and reliable employer and takes care of the environment in which it operates.

Tikkurila provides consumers and professionals with user-friendly and sustainable solutions for surface protection and decoration. Customers have a key role in the corporate responsibility approach. Tikkurila's goal in all of its operations is to provide customers with high-quality and eco-efficient solutions that meet their needs and are competitively priced, as well as to improve customer satisfaction.

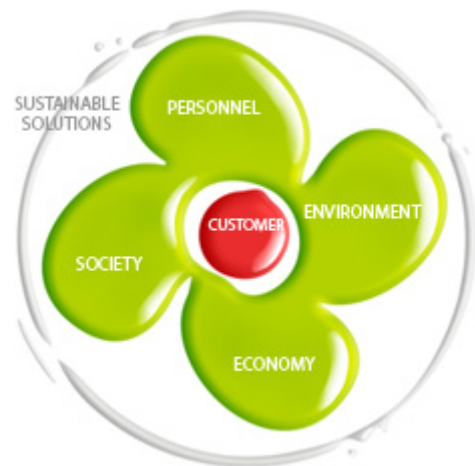
The importance of responsibility has increased significantly in recent years. Stakeholders' expectations and increased environmental awareness as well as changed legislation have all played a part in responsibility matters focusing more extensively on the company's operations and being an important area of management. Reliable reporting promotes transparency and enables various stakeholders to evaluate Tikkurila's operations.

In 2011, the focus areas of Tikkurila's corporate responsibility included defining of responsibility themes and linking them more closely to the company's strategy and business operations as well as the development of internal processes and reporting of corporate responsibility.

Tikkurila focuses on the streamlining of the operations of the supply chain, from sourcing to production and logistics. In 2011, the Group focused on optimizing production processes, minimizing problem areas in the supply chain as well as improving product quality and occupational safety. In the medium term, these measures aim at positive effects on the Group's financial competitiveness, energy consumption and the amount of loss and paint waste.

In 2012, Tikkurila will continue to focus on developing the management and processes of corporate responsibility. Measures to improve personnel satisfaction, well-being and occupational safety will be carried out at the same time as developing business operations from the responsibility perspective as well. In addition, measures to harmonize and streamline production methods, raw material selection and packaging solutions and to optimize the delivery chain will continue in accordance with the strategy.

Tikkurila is committed to continuous improvement of its operations, and this will also have a material impact on the development of areas relating to responsibility.



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PERSONNEL

Encouraging personnel to develop

Tikkurila's values – trustworthiness, innovativeness and professionalism – guide the company's operations. These values come alive in decision-making situations every day, on both small and large scales. Every Tikkurila employee also has an impact on the company's corporate responsibility operations and achievement of the common objectives.

Tikkurila encourages its personnel to constantly develop their competencies and to take personal responsibility in matters related to safety. The 2011 focus areas in HR included personnel competence development, training of supervisors and development of feedback channels. In addition, the Group's HSE function actively developed measures and tools to improve occupational safety.



Tikkurila's personnel structure

At the end of 2011, Tikkurila employed 3,551 (2010: 3,468) people. Approximately, 43.0 percent worked in Russia and its neighboring areas, 24.7 percent in Central Eastern Europe, 20.4 percent in Finland and 11.9 percent in Scandinavia.

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. The average number of employees in 2011 was 3,676 (3,703).

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. Half of Tikkurila's personnel work in the supply chain (production, procurement, logistics and HSEQ) and one-third in sales, marketing and technical support. The share of temporary workers at the end of 2011 was 6.0 (5.9) percent and 40.9 (43.6) percent were blue-collar workers.

Approximately, 63.7 (63.0) percent of the personnel were men and 36.3 (37.0) percent women. The average age of the employees was 39.2 (38.5) years.

Tikkurila launched a group-wide program at the end of 2011, aiming, among others, at more flexible organization and cost structure. As part of the program, a total of 62 persons, working in various functions of the company in Finland, were dismissed in January 2012. Measures to improve efficiency and facilitate structural change will be launched in all Tikkurila locations and business units during the year 2012.

Average number of personnel



Personnel figures

	2011	2010	2009
Number of personnel, December 31	3,551	3,468	3,538
Average number of personnel	3,676	3,703	3,757
Job satisfaction index based on personnel survey *	-	68.0	65.9
Lost time accidents (LTA1)/million working hours	4.8	4.8	3.8
Lost working days/accident	13.8	11.4	15.0
Employees involved in regular development discussions, % **	-	78.0	77.0
Temporary employments, December 31, %	6.0	5.9	4.9
Blue collar workers, %	40.9	43.6	43.2
Share of women in personnel, December 31, %	36.3	37.0	36.0
Average age of employees, December 31	39.2	38.5	38.5

* In 2011, the Group did not conduct a personnel survey but focused on improving the feedback processes.

** In 2011, the Group did not conduct a personnel survey but focused on improving the feedback processes. According to the estimation of Tikkurila's Human Resources, the personal development discussions were carried out actively also in 2011.

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OPPORTUNITIES FOR COMPETENCE DEVELOPMENT

Tikkurila encourages its personnel to constantly develop their competencies and skills by offering them diverse opportunities for development. Reaching the company's strategic objectives requires systematic and versatile development of required competence areas. Competence development is also important for the employees' job satisfaction, well-being and motivation as well as for the employer image.

Employees at Tikkurila can develop their competencies, for example, by participating in training, induction and various projects. Internal job rotation, networking and annual personal development discussions also contribute to one's development. On-the-job learning allows Tikkurila's employees to utilize their colleagues' expertise and share it effectively throughout the Group.

Tikkurila Business School & Ambassadors

The implementation and development of the Tikkurila Business School concept and the Tikkurila Ambassadors program, launched in 2010 to improve personnel competencies, continued in 2011. Tikkurila Business School supports the company's strategic objectives by developing selected competence areas important to Tikkurila. The goal of the program is to strengthen a culture of competence sharing and thus create added value for customers.

The Tikkurila Ambassadors program is part of the Tikkurila Business School concept. At the end of 2010, 70 Tikkurila employees applied for the program and from among them, 17 "ambassadors" were selected to expand their professional skills in pre-selected competence areas. Throughout 2011, the ambassadors studied their competence areas in small groups, preparing to share what they learned with their colleagues.



At the end of 2011, Tikkurila's personnel had the opportunity to apply for the Tikkurila Business School program. The program consists of modules focusing on strategic competence areas. The modules will be implemented locally in 2012 in Tikkurila's units with the largest number of employees. The inclusive and practical implementation method makes it possible to take local needs and characteristics into consideration and significantly promotes the ambassadors' and other personnel's competencies, cooperation, open dialogue and commitment to the company.

Furthermore, an online learning platform eClassroom was launched in 2011 as part of the Tikkurila Business School concept. Online learning supports on-the-job learning and face-to-face studies. The first online learning materials covered induction and the Code of Conduct.

SUPERVISORS' IMPORTANT ROLE AT TIKKURILA

Supervisors have an important role in the achievement of the company's objectives and in improving personnel job satisfaction and occupational safety. Management principles were introduced to Tikkurila's supervisors in 2010, and the implementation of the principles continued in 2011.

In 2011, two local training programs for supervisors were carried out in the Group aiming to improve the quality of their leadership and communication skills.

Supervisor training program in Poland

In 2010, a systematic training for production supervisors was started in Poland, focusing on the improvement of the quality of their management skills. The objective was to create common operating methods for management work in Poland and to ensure equal and high-quality management as well as to improve personnel job satisfaction and long-term commitment.

The supervisor training in Poland was divided into four parts: company values; supervisor tasks, responsibilities and ways of working with employees; communication skills as well as development discussions and applying them in management work. In 2011, approximately 50 supervisors participated in the first two modules of the training program. The training program will continue in 2012.

Supervisor training program in Russia

Supervisor training was also a focus area in Tikkurila's units in Russia in 2010–2011. The training program, targeted to the company's top management and middle management, consisted of three modules, which covered, among other things, leadership skills, internal cooperation and communication, basics of setting targets and follow-up as well as negotiation skills. During 2010–2011, approximately 70 supervisors participated in the trainings.

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Supervisor training has generated a number of positive outcomes in Russia. Cooperation between management, supervisors and different functions have increased and strengthened and become more active. Supervisor competence in management, teamwork supervision and motivation has improved. In addition, the training program has helped build concrete tools for more effective supervisory work.

DEVELOPING INTERACTION AND FEEDBACK PROCESSES

Feedback provided by personnel on their employer, duties and work atmosphere is important and used to actively develop operations. The personnel surveys have been carried out in Tikkurila since 2004.

In 2011, the Group did not conduct a personnel survey but focused on improving the feedback processes. Issues and areas of improvement highlighted by the 2010 personnel survey were reviewed and existing tools such as development discussions were applied effectively.

The response rate in 2010 personnel survey was 86.3 (2009: 86.3) percent and the job satisfaction

index indicating the overall employee job satisfaction was 68.0 (2009: 65.9). According to the personnel survey in 2010, the share of personnel involved in personal development discussions was 78.0

(2009: 77.0) percent. According to the estimation of Tikkurila's Human Resources, the personal development discussions were carried out actively also in 2011.

Development discussion topics include the content, targets and results of work as well as the functioning, targets and development of the team. Annual personal development discussions help to identify the current state and development needs, as well as prepare appropriate development measures. Regular development discussions ensure that every employee has an opportunity to enhance the development of their jobs and corresponding skills in cooperation with their supervisor.

Feedback process development will focus on active dialog and interaction in the future. Tikkurila wants to offer every employee an opportunity to participate in the development of the company's operations and their own work. A renewed feedback process and feedback tool that will apply to the entire personnel will be implemented in 2012.



REWARDING

Salaries and compensation paid in 2011 totaled EUR 88.8 (2010: 88.1) million. Remuneration is based on performance, internal equity and external competitiveness. All people are treated equally in recruitment and employment irrespective of gender, race, ethnic or national origin, age, religious beliefs, political opinions or social status.

PREVENTIVE MEASURES TO IMPROVE OCCUPATIONAL SAFETY AND PERSONNEL WELL-BEING

Every Tikkurila employee has the right to work safely and is obligated to follow the given occupational safety instructions. Being aware of matters and caring about them as well as professional operations are the key to a satisfied, safe and healthy working community. Tikkurila pays attention to personnel well-being and occupational safety and works to continuously improve them.

Management commitment to safety and well-being at all organizational levels is important. Based on internal audits carried out in 2011, management commitment to occupational safety and well-being has improved in the entire Group.

Tikkurila's safety efforts consist most of all of preventive measures such as risk assessments, safety training, observation of safety-related behavior and communication as well as internal and external evaluations.

In 2011, the local safety practices, training and monitoring were developed. Tikkurila's units implemented preventive measures such as safety discussions and safety reviews, organized training sessions, and conducted unit-specific risk assessments and fire and evacuation drills. In addition in 2011, the implementation of a group-level reporting and monitoring tool was started and, among others, investments were made in fire alarm and extinguishing systems in Russia.



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Tikkurila monitors the safety of the operations using the LTA1 accident frequency rating that indicates the number of accidents that cause absences lasting at least one day per one million working hours.

The aim is to continuously reduce the number of lost time accidents. In 2011, the number of lost time accidents remained in the level of the previous year and was 4.8 (2010: 4.8) accidents per one million working hours. The number of lost working days related to accidents was 13.8 (11.4) per accident. No severe personal injuries occurred in the Group's sites in 2011.

Investments in personnel well-being

Healthy and thriving personnel are an asset to the entire company. In 2011, Tikkurila took several local measures to improve personnel well-being, such as lectures, newsflashes and exercise events. Among others, the year 2011 was named the year of health in SBU Scandinavia, with special attention to matters related to health and well-being. SBU Finland implemented a model to support well-being at work in which matters related to physical and mental well-being, motivation and the atmosphere in the work community are handled.

Operations assessed through internal audits

The Group's HSE (Health, Safety & Environment) function supports the line organizations in matters related to health, safety, environment and the management thereof. The HSE function carries out annual site-specific audits with the objective to improve the quality of occupational safety and operations, develop working methods and safety practices as well as to prevent accidents. The analysis of the audit results, the measures defined and systematic monitoring improve the quality of the company's operations.

In 2011, the internal audits were carried out in the production units and the largest warehousing units in Finland, Sweden, Russia and Estonia.

HSE Monitor – a tool to report and analyze health, safety and environmental matters

Tikkurila continuously develops the health, safety and environmental matters as well as personnel well-being. In addition to management commitment and personnel attitudes, it is essential to have a good reporting tool in place.

In 2011, Tikkurila implemented HSE Monitor, a Group-wide reporting tool for entering safety talks, safety tours and findings, various incidents, accidents and fires. Furthermore, supervisors or specialists use the tool to report, among others, on possible security and environmental incidents and actions taken.

The program emphasizes systematic analysis of the cases, risk assessments, completion of the actions taken and the importance of follow-up. Since information on health, safety and environmental matters and personnel well-being will be available in one place, the tool will significantly improve the effectiveness of supervisors' and specialists' work and reduce the need to use various templates. With the material obtained from the software, information on incidents etc. and the actions taken can be disseminated to the entire personnel. Open communication will help others learn how similar situations can be prevented.

HSE Monitor will be implemented in all production units and the largest warehousing units of the Tikkurila Group during 2012. In 2011, HSE Monitor was implemented in Finland.

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ENVIRONMENT

Systematic work to improve eco-efficiency

Tikkurila offers environmentally sustainable, high-quality and competitively priced products and solutions and guides customers to make sustainable choices. The Corporate Responsibility program covers the entire product life cycle from sourcing to end-user support.

From the corporate responsibility environmental perspective, Tikkurila aims to minimize the environmental impact of the company's own operations and to offer environmentally sound solutions to customers. The objective is to develop paint combinations and solutions that extend the service life of the product and allow for longer maintenance painting intervals. Painting extends the life of the painted item, structure or building.

Customer interest in environmentally sound products has increased due to increased environmental awareness, positive attitude towards the environment as well as legislative changes concerning the composition and safety of paints. Customers want to choose products which cause a minimal environmental impact in production and in use and are safe to use.

Minimizing the environmental impact of operations and products clearly benefits all parties, both Tikkurila and its stakeholders. The environmental impact of paint should be identified for the entire lifecycle of the product – from manufacturing products and raw materials to application and waste management. The ecological footprint of paints is reduced, for instance, by developing increasingly durable products with longer maintenance painting intervals.

Environmental information

	2011	2010	2009
Direct energy consumption*, kWh/product liter	0.08	0.08	0.07
Indirect energy consumption**, kWh/product liter	0.26	0.29	0.30
Solvent emissions in production (VOC) into the air, g/product liter	0.44	0.40	0.49
Amount of hazardous waste, g/product liter (supply chain)	23.2***	8.3	8.6
Amount of other waste, g/product liter (supply chain)	15.1***	28.9	27.8
Share of water-borne products in production, %	70.1	70.3	68.9
Investments in environmental protection, EUR million	0.1	0.2	0.2
Operating cost of environmental protection, EUR million	2.1	2.1	1.7
Direct environmental costs in production, cent/product liter	1.0	1.0	0.89

* fuel consumption at production sites

** electricity, district heating, purchased steam

*** As of 2011, national waste classifications in accordance with the GRI guidelines have been used as the waste classification basis in environmental sustainability reporting. In the previous years, classifications defined by the EU were applied. The combined volume of waste remained at the 2010 level.

SUSTAINABLE DEVELOPMENT PROGRESS

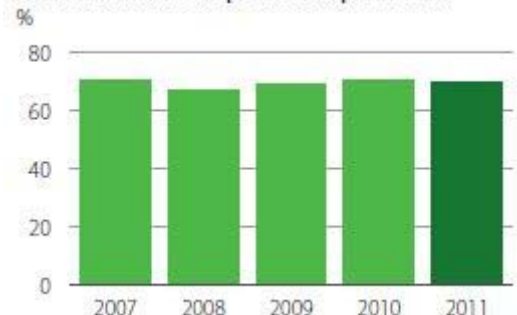
Progress in sustainable development is shown, among other things, moving over from solvent-borne paints to water-borne and so-called high solids products with less solvent. In 2011, the share of water-borne products in production was 70.1 (2010: 70.3) percent.

The increased popularity of water-borne paints affects Tikkurila's entire value chain. Reducing solvent emissions is also required by, for example, the EU's VOC directive that defines the maximum permissible amount of solvent for different types of decorative paints. The increase in the share of water-borne products also reduces the relative share of VOC emissions in production, which was 0.44 (0.40) grams per product liter in 2011.

Water-borne and high solids products have been used in the Nordic countries for a long time. In Scandinavia, 99 percent of consumer paints sold by Tikkurila are water-borne.

Environmental awareness and the popularity of water-borne products have also increased in Russia. This is supported by the modern factory in Obukhovo, Russia, producing only water-borne products. A training center will open in conjunction with the

Share of water-borne products in production



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plant in 2012 to provide training for different customer groups on, for example, the use of water-borne paints. At the end of 2011, more than 50 percent of products sold in Russia were water-borne (source: Chem-Courier).

ENVIRONMENTAL IMPACT OF TIKKURILA'S OPERATIONS

The development of environmentally sound products begins at R&D which selects the raw materials and develops products for different uses. Research and development can help address future legislative challenges and also actively reduce the environmental impact and improve the safety of products.



Tikkurila's supply chain consists of sourcing, production and logistics. In 2011, the company focused on developing and streamlining the supply chain operations. The goal is to optimize production processes, to minimize problem areas in the supply chain and to improve product quality and occupational safety as well as to reduce production and transportation costs and the amount of material waste and paint waste. These measures will decrease the environmental impact of the supply chain.

Sourcing works in close cooperation with R&D in the selection of raw materials and suppliers. One of the tasks of sourcing, among others, is to ensure the sustainability of raw material manufacturers used by Tikkurila as well as timely deliveries in the right quantities.

Production manufactures and packages the products in an economical, safe and eco-efficient manner. Paint production generates solid and liquid waste that is delivered for appropriate re-use or disposal. The collection, treatment or transportation of waste does not cause environmental impacts that would differ from those generated by the normal production operations. The relative share of Tikkurila's hazardous waste in 2011 was 23.2 (8.3) grams per product liter, whereas the relative share of other waste was 15.1 (28.9) grams per product liter. As of 2011, national waste classifications in accordance with the GRI guidelines have been used as the waste classification basis in environmental sustainability reporting. In the previous years, classifications defined by the EU were applied. The combined volume of waste remained at the 2010 level.

Paint production in itself does not consume much energy. The majority of energy consumed is needed in the heating and ventilation of buildings. Tikkurila's goal is to improve the eco-efficiency of the supply chain, in other words, to continuously reduce energy consumption. In 2011, the energy consumption of the Group's supply chain per product liter was 0.34 (0.37) kWh.

The production process releases volatile organic solvents (VOC compounds) contained in raw materials into the air. In 2011, solvent emissions in production into the air were 0.44 (0.40) grams per product liter.

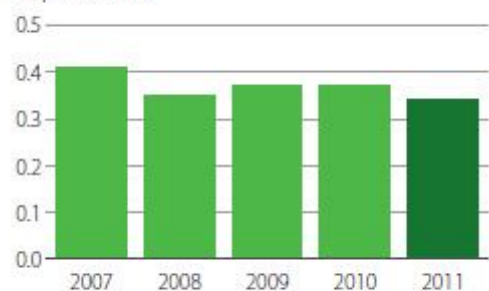
Wastewaters from the Group's sites are treated in accordance with the regulations from the local authorities.

The direct environmental costs of production were 1.0 (1.0) cents per product liter.

Transportation needs and inventory quantities are optimized in cooperation with the entire supply chain to ensure that retailers and consumers receive the products on time, safely and eco-effectively.

In 2011, Tikkurila invested EUR 0.1 (0.2) million into environmental protection in its units, and operating costs totaled EUR 2.1 (2.1) million.

Eco-efficiency of supply chain
kWh/product liter



*The eco-efficiency indicator includes the direct (heating oil, natural gas, diesel oil, etc.) and indirect (electricity purchased from outside suppliers, district heating, etc.) consumption of energy on Tikkurila sites.

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REDUCED ECOLOGICAL FOOTPRINT OF PAINTS BY TINTING

Tikkurila is one of the forerunners in the production of paints for tinting and in the development and marketing of colors. Tinting is an economical and ecological way to produce thousands of colors.

Colors have a powerful effect. They inspire, they affect behavior and make people react in a certain way. They can be used to draw attention to specific details, to guide, communicate and provide information. Colors can also be used to soften and cover irrelevant elements in the space where they are used.

Tinting makes it possible to create a certain color in paint. Large amount of the paints used by consumers and professionals are tinted in the store by the retailer. Tinting of paints offers numerous benefits to the store, consumer and Tikkurila, but also to the environment.



Tikkurila's tinting systems

Tikkurila's most important tinting systems are Avatint, launched in 2009, and Novatint, launched in 2011.

The Avatint tinting system is used to tint Tikkurila Group's decorative paints in all Tikkurila's operating areas. By the end of 2011, the system was deployed in Finland, the Baltic countries, Poland, the Czech Republic, Slovakia, China, Germany, Hungary and Romania. Tinting systems are being changed in Russia, and the process has also started in the Scandinavian countries. The deployment of the system continues in Tikkurila's countries of operation in 2012.

The strengths of the Avatint system include quality, compliance with the latest VOC regulations, an optimal color offering and quick updates via online connections. Avatint is a modular system, in other words, it contains product-specific colorant combinations which offer both technical functionality and an extensive color selection. Modern pigments provide high quality and lasting colors. Essential aspects of the system development also included the product lifecycle, availability of raw materials and product safety.

Tikkurila's Teks paint brand products manufactured in Russia are tinted with the Novatint tinting system. Novatint was deployed in Russia in 2011. The most significant benefits offered by the Novatint tinting system include the use of self-made colorants, a variety of colors, an optimal price-quality ratio and freeze-thaw stability of the colorants.

Tikkurila's industrial coatings are tinted with the Temaspeed tinting system used by Tikkurila's authorized industrial coating retailers. The Temaspeed retailer network consists of more than 250 locations in 28 European countries.

In addition, Tikkurila Group has a few local tinting systems.

Tinting reduces the impact on the environment



Tinting is an economical way to produce thousands of colors from among which customers surely find exactly the colors they need. To produce a specific color, the following components are needed: a base paint adjusted to the tinting system, colorants with accurate color strengths, a tinting formula verified in a laboratory, tinting equipment (a dispenser and a mixer) and color matching software that controls the tinting process. By taking all these components into account and testing their compatibility, Tikkurila is able to offer customers high-quality paints tinted precisely to the color ordered.

Producing colored paints by tinting has a direct impact on the ecological footprint. Retailers custom-tint paints to the consumer's order. With the tinting system, the quantity of paint cans is optimal in both the company's and the retailer's warehouse. No leftover colors that must be thrown away over time remain in the warehouse and on shelves. This improves material efficiency and decreases the amount of waste.

Tinting also generates clear logistic benefits compared to Tikkurila delivering ready-made shades to retailers. Less transport is required since retailers can have a bigger range of different base paints for different purposes instead of having several ready-made shades of one paint type. The paint production process can be simplified by focusing on the production of white and clear base paints. This, in turn, reduces the amount of raw materials needed and improves the efficiency of production.

Tikkurila's high-quality products and optimized color formulas have been developed to withstand even severe local conditions. Also knowing the local conditions makes it possible to extend the maintenance intervals of painted surfaces.

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Efficient and customer-focused tinting

Tinting allows Tikkurila to respond quicker to customer requirements, such as the demand for new trend colors. Launching of new colors in the tinting system is considerably faster than bringing new colors to the market through the production process at the paint factory.

The development of the Avatint system focused on the user-friendliness of the tinting system and the tinting software and the information technology solutions offered to the customer in the store. After the consumer has selected the Tikkurila paint and the right color from a color chip, a shop assistant reads the color formula from the bar code of the color chip and the product information from the paint can with a bar code reader. The tinting software ensures that the color is exactly what the customer wanted, thus reducing the possibility of errors significantly. Retailers may also print product information for customers from the tinting software and check which products are available in a certain color.

LIFE CYCLE ASSESSMENTS

The environmental aspects of products and services can be assessed by means of various life cycle assessments. A life cycle assessment is a technique for measuring the environmental impacts of a product or similar throughout its life cycle – from raw material selection, R&D and production to the use, recycling or disposal of the product. Tikkurila started researching the life cycle impacts of products as early as in the 1990s.

In 2009–2011, Tikkurila participated in the FINLCA project (Life Cycle Assessment Framework and Tools for Finnish Companies) coordinated by the Finnish Environment Institute (SYKE). The project aimed to develop various tools to support life cycle assessments and decision-making and to promote competence and insight that will improve the international environmental competitiveness of Finnish companies.

The project generated a tool that can be used to assess the environmental impacts of paint systems. Tikkurila is investigating the use of the tool.

According to life cycle assessments, the most significant environmental impacts of paints are the environmental impact of the production of raw materials and packaging materials as well as solvents released by solvent-borne paints. Tikkurila aims at processes that are as eco-efficient as possible and at increasing the market share of water-borne paints. In 2011, the share of water-borne products in production was 70.1 (2010: 70.3) percent.

Tikkurila produces paints for a variety of uses. Depending on the desired properties, there are also vast differences between the components used. Therefore, the raw materials that Tikkurila chooses affect the environmental and health impacts of the products considerably. Although fairly extensive amount of information exists on the health impacts of individual raw materials, knowledge of the environmental properties of paint raw materials is still insufficient and therefore, analyzing the environmental impacts during the product life cycle is challenging.

ENVIRONMENTALLY SOUND PRODUCTS AND CONCEPTS LAUNCHED IN 2011

Tikkurila continuously develops its operations in order to provide innovative and environmentally sound products and services to different customer groups and markets. In 2011, Tikkurila launched several environmentally sound products and concepts. Their properties include, among others, eco-efficient production, product quality, and as long as possible maintenance painting intervals in the paint life cycle, safety of use or, for example, a novel innovative concept that promotes sustainable development.

Tikkurila ProHouse – for durable wooden houses

The Tikkurila ProHouse concept is a surface treatment method for wooden surfaces in which exterior wooden panels and boards are treated under controlled and optimized conditions in the factory, using a water-borne top coat.

The method is used to manufacture surface-painted wooden materials for prefab house manufacturers, building companies, and consumers. The wooden surface, painted in the factory, is immediately weather resistant, and the façade meets the esthetic requirements and quality criteria set for the surface treatment already at the construction stage. Customers can achieve savings in painting costs and the method speeds up building, when the wooden materials need to be painted only once at the construction site.

The water-borne products for exterior surfaces used in the ProHouse method do not emit any harmful solvents into the air during painting, and excess panels or boards can easily be recycled.



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The new surface treatment methods also bring added value to wooden house construction where quality, life cycle of the treated surface and intensified construction play a key role. With the ProHouse method, a more than 15 years maintenance painting interval can be achieved, which also causes less burden on the environment.

Interior paint launched by Teks in Russia meets strict requirements

In Russia, the Teks paint brand launched its first interior paint that was given a recommendation about its allergy attributes by a national authority. The product meets strict requirements and does not contain fragrances or other generally irritating or sensitizing agents. The Profi interior paint is suitable for customers who look for products that do not generally irritate or sensitize the skin or cause respiratory symptoms.

For additional information on products launched in 2011, read *What's Up* stories:

[What's up](#)

ECO-LABELS AND CLASSIFICATION OF PAINTS

A number of eco-labels and classifications are awarded to paints with the aim to increase knowledge of their environmental effects and product characteristics, to help and guide consumers in their purchasing decisions as well as to make consumption habits more environmentally sound.

Tikkurila has been working actively and consistently for years in order to develop and offer more environmentally sustainable and easy-to-use products, in Scandinavia in particular, where Tikkurila has the highest number of eco-labeled decorative paints.

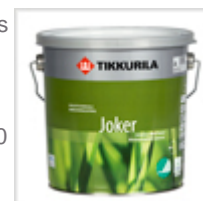
Tikkurila Group's different paint brands have received several official and local eco-labels and product-specific classifications.

The official eco-labels awarded to paints include:

The European Ecolabel, the EU Ecolabel

The European Ecolabel is the joint eco-label of the European Community (EU). The EU Ecolabel indicates that a product or service is kinder to the environment and of high quality. The eco-label is only awarded to products that meet the preset requirements regarding their burden on the environment throughout their lifecycle.

Among Tikkurila's paint brand products, Remontti-Ässä and Joker have received the European Ecolabel. 60 products of the Alcro and Beckers paint brands sold in Scandinavia have been awarded the EU Ecolabel.



The Nordic Ecolabel, the Swan Ecolabel

The Swan is the official eco-label in the Nordic countries. It directs consumers to select products that are kinder to the environment and encourages manufacturers and service providers to produce such products. Paints labeled with the Nordic Ecolabel fulfill not only the strict environmental but also tight quality requirements, which cover the entire lifecycle of the products from raw materials to the manufacturing of the products, their use, and disposal of waste.

In 2009, Tikkurila's subsidiary Alcro-Beckers AB was the first company to receive the Swan Ecolabel for its exterior paints. In 2011, several products in Scandinavia were awarded the Swan Ecolabel, and currently over a hundred exterior and interior paints of Alcro and Beckers carry the Swan label.

In Finland, Tikkurila's Joker and Remontti-Ässä interior paints were awarded the Swan Ecolabel in 2011.



Other recognitions and classifications to be awarded to paints include:

Asthma and allergy labeling

The asthma and allergy labeling indicates a product that meets strict product-specific requirements and contains no fragrances or other generally irritating or sensitizing agents. The label helps customers select products that do not generally irritate or sensitize the skin or cause respiratory symptoms. The products awarded the label are required to come with detailed recipes and product information leaflets. Different countries have their own local criteria regarding asthma and allergy labels.

Asthma and allergy labels have been awarded to several Alcro and Beckers products sold in Scandinavia. The allergy label has been awarded to Remontti-Ässä and Joker of the products sold in Finland and to approximately ten paints sold in Poland, for instance to the Optiva product range.

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More information on local eco-labels, the labels received, and classifications is available on the local websites of Tikkurila Group's paint brands.

CERTIFIED OPERATIONS

Tikkurila seeks to be one step ahead in quality and environmental matters and to systematically develop its operations. We track our sustainability progress across the Tikkurila Group on a regular basis, and aim to create independently audited and certified quality, environmental, and safety management systems for each of Tikkurila's units. The management, processes, practices and resources related to the quality, environmental and occupational health and safety matters are defined in these operational systems.

In 2011, the Group focused on developing risk management processes and crisis management readiness, and continued to work in accordance with the management systems to implement the systems in all units.

ISO 9001 Quality Management system

Tikkurila's units in Sweden, four in Russia and the units in Finland, Poland, Estonia, Ukraine and Serbia are ISO 9001 certified, indicating that the management of the company complies with the quality management system.

ISO 14001 Environmental Management system

Tikkurila's units in Sweden, Finland, Poland, Estonia and Serbia are ISO 14001 certified.

OHSAS 18001 Occupational Health and Safety management system

Tikkurila's units in Finland, Poland and Serbia are OHSAS 18001 certified.

Tikkurila's operations and operational systems are assessed in a number of reviews. The Group's HSE team performs internal audits at the certified units, aiming to promote the development of the quality, environmental, occupational health and safety management operations.

More information on the certificates awarded to Tikkurila's units:

[Certificates](#)

PRODUCT SAFETY

Tikkurila works actively to ensure product safety. Product safety at Tikkurila's production units is the responsibility of product safety specialists who meet regularly to discuss and develop product safety matters. The task of this network is to share competence on raw materials and product information management and to address the latest challenges posed by legislation such as the CLP and REACH regulations.

We research the health and environmental impact of raw materials



Tikkurila works systematically and actively to determine the health and environmental impacts of the raw materials used in paints. Close cooperation between R&D, sourcing and raw material suppliers improves efficiency in selecting raw materials and suppliers, in quality and cost awareness as well as logistics.

When a new raw material is taken into use in paint production at Tikkurila, the company's R&D product safety specialists carefully examine its technical product description and the safety data sheet. Based on these, basic information on the composition of the raw material is entered in the company's internal information system for product hazard evaluation. If needed, the raw material supplier is contacted for further information.

Based on the raw material information and the paint formula, the hazard properties are calculated for the product that is used in compliance with instructions. The properties are indicated in the safety data sheet and the warnings section of the product label. If the user instructions and safety instructions are adhered to, the use of the paint is safe.

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We instruct our customers on the safe use of products

Product safety and quality are important aspects of the company's operations, and Tikkurila has been working determinedly for many years to achieve them. Increasingly stringent environmental and safety requirements increase Tikkurila's responsibility to communicate the safety and health impacts of its products. Tikkurila works in close cooperation with customers, retailers and suppliers.

Tikkurila's customers will find a great deal of information on the Group's paints, safe use of paints for high-quality and durable results as well as on the impact of paints on health in the safety data sheets, product specifications, labels and various instructions and guides on painting.

In 2012, the Group will implement a new system for processing raw material information and compiling safety data sheets. Among other things, the system will promote the use of existing product and raw material information and improve the efficiency of internal processes.



Intensified regulation

Regulation of the paint production, product safety as well as handling and marketing of paints and coatings is intensified with the implementation of the new safety and environmental laws.

One of the most significant changes in legislation in the EU region is the REACH regulation, which is European Union's directive on the registration, evaluation, authorizations and restriction of chemicals. REACH obligates manufacturers and importers of chemicals to assess the risks related to the use of the product and to provide end users with instructions on the safe use of chemicals.

Paints themselves are not substances specified in the directive but the raw materials contained in paints must be registered in the EU. Therefore, paint manufacturers must ensure that the raw materials they use in paints comply with REACH and they are obligated to inform their customers of the substances their paints contain. Tikkurila has ensured that all raw materials used in the EU region have been or will be registered by 2018, in accordance with the schedule stated in REACH.

The classification, labeling and packaging of chemicals is regulated by the CLP, which aims to ensure a high level of human health and environmental protection. The regulation harmonizes the classification criteria of substances and compounds and the rules governing labeling and packaging. The CLP regulation is in effect in all EU countries and along with it, the Globally Harmonized System of classification and labeling of chemicals (GHS) will be implemented globally. Tikkurila will implement the directive requirements gradually within a schedule required by the CLP regulation.

Other significant regulations associated with paints relate, among other things, to the quantities of volatile solvent compounds evaporating from paints into the air (the VOC Solvents Emissions Directive).

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ECONOMY & SOCIETY

Financial responsibility

By continuously developing its business operations Tikkurila aims to achieve profitable growth and to strengthen its market position. At the same time, the company generates added value for its shareholders, customers and other stakeholders.

Generated and distributed direct economic value in 2011	EUR million
Direct economic value generated (I)	
a) Revenue	643.7
Economic value distributed (II)	
b) Operating costs	465.9
c) Employee wages and benefits	116.2
d) Payments to providers of capital	10.8
e) Payments to government (Gross taxes)	15.2
f) Community investments	0.1
Economic value retained (I-II)	35.5

Tikkurila's financial development in 2011 is widely described in Tikkurila's Annual Report: [Publications](#)

Fines and penalties

No fines or penalties were imposed on Tikkurila in 2011.

OUR WAYS OF OPERATION

Tikkurila's values, Code of Conduct and group-level operational instructions outline the foundation for the company's business operations and guide the company's administration and internal control. Every Tikkurila employee should know what is expected of them and how they should act in their daily work.

The task of the Group's internal control is to ensure that the Group's operations are appropriate and efficient, that financial and operative reporting is reliable and that regulations and operating principles are adhered to.

Tikkurila's Code of Conduct outlines the fundamental requirements for how to do business, in other words, the approach to professional business relations, conflict of interest, matters relating to the company's assets, fair competition, human rights and equality as well as safety, trust and privacy.

The Code of Conduct has been communicated to the entire personnel of the Group. In September 2011, the Group introduced online learning material regarding the Code of Conduct to help implement it more effectively in the daily operations. This material helps personnel to become familiar with and understand the principles behind the Code of Conduct and the daily practical applications thereof.

The target is that all Tikkurila employees review the Code of Conduct material and take the final test. The implementation of the material will continue in 2012 as part of the induction process.

During the reporting period, the Group introduced an internet-based reporting system that enables both personnel and other stakeholders to anonymously report misconduct of business practices, operating methods that pose risks to the company, 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.

ADDED VALUE FOR STAKEHOLDERS

Tikkurila creates added value for its stakeholders by operating sustainably, by developing its business, and by offering them solutions for protection and decoration of surfaces. The company wants to promote openness and transparency, encourage networking and an open dialogue with the stakeholders.

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Tikkurila's Code of Conduct outlines the fundamental requirements for how the company does business, and it is also concerned with the partners' operations.

The stakeholders are defined and identified based on the company's own needs, as well as the needs and interests Tikkurila faces outside the company. 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.

Tikkurila's key stakeholders are customers and those influencing purchasing decisions, personnel as well as owners and investors.

Customers and those influencing purchasing decisions

Tikkurila has divided its customers into two main segments: Consumers and Professionals. The majority of Tikkurila's products are sold through retail outlets. In particular, a consumer usually needs advice and guidance to support purchasing decisions, and then the role of the retail outlet as a consultant is very important. Tikkurila's professional customers include building and painting contractors, designers, developers, house managers, industrial customers and other so-called influencers. Today, consumers also increasingly use professional help in planning and implementation. To the industrial customers, Tikkurila sells its products both directly and through distributors.

Personnel

The core of Tikkurila's success is competent, inspired and motivated employees, who are encouraged to develop.

Owners and investors

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.

Other Tikkurila stakeholders:

Business partners

- Suppliers, subcontractors, providers of logistics services and contract manufacturers

Media

- Financial media, interior design journalists and trade media

Students, researchers and educational establishments

- Institutions of higher education, research institutes and networks and vocational education institutions

Authorities

- Public administration, legislators and guardians of law and order, safety and environmental authorities

Interest groups, networks

- Trade unions and employers' associations, field-specific organizations, chambers of commerce and civic organizations

Community

- Actors in the neighboring areas of production units, residents in the neighboring areas of production units and general public

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COLLABORATION AND DIALOGUE WITH STAKEHOLDERS

Tikkurila wants to focus on collaboration and open dialogue with its stakeholders. Succeeding in this and meeting the stakeholders' expectations requires that Tikkurila takes measures which are largely local, due to the local nature of the stakeholders.

Some of the measures implemented and launched in 2011 to promote collaboration and dialogue between Tikkurila and its stakeholders are listed below.

Tikkurila's first Annual General Meeting

Tikkurila was listed on NASDAX OMX Helsinki in March 2010. At the end of 2011, Tikkurila had 22,842 shareholders, ranging from companies, financing and insurance companies to public institutions, individuals and non-profit organizations. Tikkurila Oyj's Annual General Meeting is the company's supreme decision-making body. The company's first actual AGM was held in Helsinki in March 2011. All Tikkurila's shareholders are invited to the AGM where they have the opportunity to influence the company's affairs.

Training center to open in St. Petersburg, Russia

Tikkurila provides its personnel, customers, retailers and paint professionals and students with training in its training centers, which are available in seven countries in the Group.

The importance of the Russian market to Tikkurila's business operations has increased further. Construction of the new training center began in the immediate vicinity of the factory producing only water-borne products in Obukhovo, St. Petersburg in Russia. Once completed, the training center will offer diverse opportunities for stakeholder collaboration in Russia. The training center will house office, training and exhibition facilities. The construction is estimated to be completed by the end of June 2012.

Tikkurila Profe – more extensive services for professionals

Tikkurila introduced the Profe – Tikkurila Professional Services concept to professional customers in October 2011. The services were first made available in Finland, and later planned to be implemented in Tikkurila's other countries of operation.

Profe enables Tikkurila to provide more extensive and targeted services to various operators in the trade, taking the specific needs of each customer group into consideration. The goal is to further enhance the cooperation between Tikkurila and retailers as well as professional customers.



The Profe puts together the customized service packages for painting contractors and building developers as well as for designers. Tailor-made training is being provided for retailers' B2B sales staff. New, easy-to-use ways of meeting customer needs have been developed for painting contractors working in the consumer sector.

Tikkurila's B2B sales staff serves the project customers and supports them in finding information related to products, colors and technical solutions for painting, as well as other information related to surface treatment. The B2B sales staff takes care of communications with other Tikkurila experts and, for example, provide on-site consultation upon request.

As part of the Profe concept, Tikkurila has established the Profe Influencers network consisting of surface treatment professionals. The network members are involved in the development of Tikkurila's products and services for the B2B sector.

CUSTOMER SATISFACTION

Measuring customer satisfaction is an important tool in terms of the development of operations and collaboration. Tikkurila has been surveying the satisfaction of customer groups on a local level for years. The goal is to find a common indicator for measuring consumer satisfaction in the entire Group, but currently the differences in the markets and the company's market position in different countries are a challenge.

Tikkurila's paint brands are valued in their market areas

Tikkurila's products have been sold under the Tikkurila brand since 1862. The brand is highly valued particularly in Finland and Russia.

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In 2011, the Tikkurila paint brand ranked 26th in terms of brand value in the Helsinki stock exchange, indicated by a survey carried out by the BrandWorxx consulting company. The survey evaluated the brand's value based on its strength and the company's current and future cash flows.

According to the Finland RepTrak Pulse 2011 survey, carried out for the first time in Finland by the Reputation Institute, Tikkurila ranked ninth on the list of Finnish companies with the best reputation. Approximately 2,000 Finns participated in the survey that evaluated 65 Finnish companies based on their reputation. The RepTrak Pulse survey measures the companies' reputation, based on stakeholders' attitudes, the companies' products and services, financial performance, employer image and corporate citizenship, among others.

Based on a brand awareness study, carried out in March 2011 in Estonia, Latvia and Lithuania, Tikkurila's Vivacolor is the most well-known paint brand in the Baltic area (ranking number one in Estonia and Latvia and number two in Lithuania). According to the study, Vivacolor's both spontaneous and aided awareness is good in all three countries. More than 3,000 Estonians, Latvians and Lithuanians participated in the study.

Awarded expertise

In 2011, Tikkurila was awarded of its professionalism, creativity and good company image.

In May 2011, OOO Tikkurila was awarded third prize in the category Supplier of the Year in the annual Russian DIY & Household Awards 2011 ceremony in Moscow, Russia. The awards were given out in a business forum called DIY & Household Retail Russia, which gathered the most influential household, DIY and garden supply industries, retailers, manufacturers and distributors in Russia. The nominees were judged based on their ability to set qualitative industry standards: best practices, technologies, ideas and products.

In September 2011, Tikkurila Polska was awarded by Leroy Merlin Poland, a Do-It-Yourself (DIY) store network in Poland, in their Supplier Congress in Warsaw, Poland. The award was given to Tikkurila in the category "The most effective new products in 2010". The company was evaluated based on its good company image and sales volumes in its new products.



In November 2011, the retail store chain Bygghjælper granted Tikkurila's Norwegian subsidiary, Tikkurila Norge A/S, its Supplier of the Year award. Tikkurila received the same award in Norway also in 2010. The winners were evaluated based on their support in the professional market, product quality, reliable supplies, know-how and competitive pricing, among others.



In November 2011, Tikkurila's Swedish subsidiary, Alcro-Beckers AB, was awarded third prize in the international Epica Awards in the category of "Household Maintenance". The contest is to reward outstanding creativity and to help communication agencies, film production companies, media consultancies, photographers and design studios to develop their reputations. The award was granted to Alcro's colorful campaign "Color Tackle", which illustrates a Swedish ice hockey player in a dramatic tackle with an opponent from another team.

SUSTAINABLE BEAUTY – THE SOCIAL RESPONSIBILITY PROGRAM

Tikkurila celebrates its 150th anniversary in 2012. The anniversary will be celebrated together with various stakeholders throughout the year.

There will also be increased focus on social responsibility in 2012. Tikkurila is a responsible player that wants to promote the well-being of children, the young, adults and senior citizens by actively participating in projects that bring delight, comfort and sustainable beauty with paint and colors to various spaces and environments.



As part of the 150th anniversary year, Tikkurila introduced the "Sustainable Beauty" program for social responsibility, with the aim to further emphasize Tikkurila's responsible approach in the markets and areas where the company operates.

For more information on the anniversary year and the social projects

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REPORTING PRINCIPLES

Tikkurila's annual corporate responsibility report is a part of the Annual Report. In addition, supplemental information is published in the Responsibility section on the company's website. The report focuses on responsibility issues essential to Tikkurila and is aimed at all parties interested in corporate responsibility and Tikkurila.

In 2010, Tikkurila started applying the international G3 guidelines issued by the Global Reporting Initiative (GRI) in its sustainability reporting. GRI is an international community that develops guidelines for sustainability reporting. The purpose is to promote reliable, intelligible and comparable reporting of information. In addition, Tikkurila's sustainability reporting is based on the Group's corporate responsibility program renewed in 2009.

The corporate responsibility section of the Annual Report, pages 22–27, and pages in the Responsibility section of the Group's website have been assured by KPMG. The assured content on the website is marked with a statement "This page has been reviewed by KPMG as a part of its assurance of Tikkurila's Corporate Responsibility reporting for 2011. Please refer to Assurance Report for a full description of the conclusions and the scope and nature of assurance offered." In addition, to avoid repetition, the report in part refers to information presented elsewhere in the Annual Report. The 2011 Corporate responsibility report corresponds to level C+.

The figures presented in the report cover either the Tikkurila Group as a whole or a single Strategic Business Unit (SBU) 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 Zorka, acquired by Tikkurila in July 2011, has been included in the SBU CEE figures as of July 2011. Zorka will be included in environmental corporate responsibility reporting as of the beginning of 2012. Figures for subcontractors have not been reported.

The financial key figures presented are mainly based on audited information. Figures related to personnel and the environment are compiled from data generated by different units. In the Group's financial reporting, the International Financial Reporting Standards (IFRS) are applied.

Tikkurila's website at www.tikkurilagroup.com/responsibility contains a list of the GRI indicators that are covered in the corporate responsibility section of the Annual Report and the Responsibility section of the Group's website. The indicators to be reported have been determined on the basis of their significance and Tikkurila's Corporate Responsibility program. In addition, the selection was affected by the availability of historical data and the ability to collect information within the reporting schedule.

Read more

Tikkurila has long traditions particularly in environmental and safety reporting. Read more about Tikkurila's reporting history:

[Reporting history](#)

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GRI CONTENT INDEX

The list of the GRI guideline items that are included in Tikkurila's corporate responsibility report 2011 and respective page number of the annual report.

GRI content index	Page	Comment
1. Strategy and Analysis		
* 1.1 Top management's statement about the relevance of sustainability	6–7	Part of the CEO's review
2. Organizational Profile		
* 2.1 Name of the organization		Tikkurila Oyj
* 2.2 Primary brands, products and services	10–13, 18–21	
* 2.3 Operational structure	18–19, 90–91	
* 2.4–2.5 Location of head office and operating countries	18–19	Head office in Vantaa, Finland
* 2.6 Nature of ownership and legal form	106	Public limited company
* 2.7 Markets served	18–19	
* 2.8 Scale of reporting organization	1, 18–19	
* 2.9 Significant changes regarding size, structure or ownership during the reporting period	91–92, 105–106	
* 2.10 Awards received in the reporting period		Economy and Society
3. Report Parameters		
* 3.1–3.3 Reporting period and cycle, previous report	22	Reporting
* 3.4 Contact point for questions regarding the report	32	Reporting
* 3.5–3.8, 3.10–3.11 Process for defining report content, report boundary and limitations, reporting principles, changes	22	Reporting
* 3.12 GRI content index		Reporting
* 3.13 Assurance	27	Reporting
4. Governance, Commitments and Engagement		
* 4.1 Governance structure	109	
* 4.2 Position of Chairman of the Board of Directors	30	
* 4.3 Independency of the members of the Board of Directors	30–31, 109–110	
* 4.4 Shareholders' and employees' opportunities to influence on the operation of the Board	109	
* 4.14 List of stakeholders		Economy and Society
* 4.15 Basis for identification and selection of stakeholders	26	Economy and Society
Economic Performance Indicators		
* EC1 Direct economic value generated and distributed		Economy and Society
Environmental Performance Indicators		
* EN3 Direct energy consumption	24–25	Environment
* EN4 Indirect energy consumption	24–25	Environment

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* EN20 Solvent air emissions from production (VOC)	24–25	Environment
EN22 Total weight of waste by type and disposal method	24	Environment
* EN26 Environmental impact of products and services: share of water-borne products in production	24–25	Environment
* EN30 Environmental protection expenditures and investments	25	Environment
Social Performance Indicators		
* LA1 Total workforce by employment type, employment contract and region	23	Personnel
* LA7 Lost time accidents (LTA1) and lost working days	23	Personnel
** LA12 Share of personnel involved in regular development discussions		Personnel
* LA13 Diversity of governance bodies	28–29, 109– 111	
* HR5–7, 9 Freedom of association, child labor, forced and compulsory labor, indigenous people		Code of Conduct
* S08 Monetary value of significant fines and penalties for non-compliance with laws and regulations		Economy and Society
* PR1 Assessment of health and safety impacts of products and services	25	Environment
* PR3 Requirements related to product and service information	25	Environment
* PR5 Practices related to customer satisfaction		Economy and Society
*) Reported in accordance with GRI		
**) Partly reported in accordance with GRI		

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INDEPENDENT ASSURANCE REPORT

To the Management of Tikkurila Oyj

We have been engaged by the Management of Tikkurila Oyj (hereafter Tikkurila) to provide limited assurance on the corporate responsibility information presented in Tikkurila's Annual Report 2011 on pages 22–27 as well as on specifically marked pages on Tikkurila's website, from the reporting period 1.1.–31.12.2011 (hereafter Corporate Responsibility Information).

The Management of Tikkurila is responsible for the preparation and presentation of the Corporate Responsibility Information in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 3.0, as well as for the presented data, assertions and gathering of information.

Our responsibility is to carry out a limited assurance engagement and to express an independent conclusion on the information subject to the assurance based on the work performed. We have conducted the engagement in accordance with the Finnish Institute of Authorised Public Accountants' Standard 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information. Amongst others, this standard requires that the assurance team members comply with the requirements of the IFAC Code of Ethics for Professional Accountants to ensure their independence. Our assurance report is made in accordance with the terms of our engagement with Tikkurila. We do not accept or assume responsibility to anyone other than Tikkurila for our work, for this assurance report, or for the conclusions we have reached.

The evaluation criteria used for our assurance are the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 3.0 (G3).

Limitations of the engagement

Data and information related to corporate responsibility are subject to inherent limitations applying to data accuracy and completeness, which are to be taken into account when reading our assurance report. The presented Corporate Responsibility Information is to be considered in connection with the explanatory information on data collection, consolidation and assessments provided by Tikkurila. Our assurance report is not intended for use in evaluating Tikkurila's performance in executing the corporate responsibility principles Tikkurila has defined. To assess the financial state and performance of Tikkurila, Tikkurila's audited Financial Statement for the year ended 31 December 2011 is to be consulted.

The work performed in the engagement

Our assurance procedures are designed to obtain limited assurance on whether the Corporate Responsibility Information is presented in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 3.0 in all material respects. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Corporate Responsibility Information, and applying analytical and other evidence gathering procedures, as appropriate. The evidence gathering procedures mentioned above are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

In our engagement we have performed the following procedures:

- Interviews with three members of senior management to reassert our understanding of the connection between Tikkurila's corporate responsibility procedures and Tikkurila's business strategy and operations as well as corporate responsibility objectives;
- An assessment of data management processes, information systems and working methods used to gather and consolidate the presented Corporate Responsibility Information, and a review of Tikkurila's related internal documents;
- Comparison of the presented Corporate Responsibility Information to underlying rules of procedure, management and reporting systems as well as documentation;
- An assessment of the Corporate Responsibility Information's conformity with the principles of the GRI-guidelines;
- A review of the performance data and assertions presented in the Corporate Responsibility Information, and an assessment of information quality and reporting boundary definitions;
- Testing of data accuracy and completeness through samples from the Group's information systems and original numerical information received from the Group companies;
- Three detailed assessments in units selected on the basis of a risk analysis taking into account both qualitative and quantitative information.

Based on the assurance procedures performed, nothing has come to our attention that causes us to believe that the information subject to the assurance engagement is not presented in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 3.0 (G3) in all material respects.

March 6, 2012

Helsinki, 6 March 2012

KPMG OY AB

Pekka Pajamo
Authorized Public Accountant

Nina Killström
Corporate Responsibility Advisor

Translation from the original Finnish report