

TIKKURILA SUPPLIER REQUIREMENTS

1. Ethics and business practices

1.1 Occupational Safety

All Suppliers and Subcontractors shall have documented policies and processes to ensure that their operations comply with all relevant health and safety standards and legislations. We prefer our Suppliers or Subcontractors to have implemented OHSAS 18001 or equivalent systems for occupational health and safety.

1.2 Ethical Considerations

The Suppliers or Subcontractors shall follow the highest ethical standards as disclosed in Tikkurila Supplier Code of Conduct. In short these principles are:

Compliance with Laws, Directives and Regulations; The Suppliers and Subcontractors will comply with all applicable laws, directives and regulations in locations where they conduct business. Suppliers and Subcontractors have all the needed licenses and permissions for their operations.

Adherence to Ethical Standards; The Suppliers and Subcontractors will engage in only legitimate, ethical and transparent business practices and record all business dealings accurately.

Respect for Human Rights and Labour Conditions; The Suppliers and Subcontractors will respect internationally recognized human rights and ensure fair labour conditions. The Supplier will refrain from any harassment and discrimination. The Supplier will not use forced or child labour of any kind. The Supplier will also comply with the applicable laws and regulations regarding maximum working hours, minimum wage and other elements of compensation.

1.3 Environmental Considerations

Environmental Policy and Management System; The Suppliers and Subcontractors shall have an up-to-date, documented Environmental Policy including commitment to environmental protection, prevention of pollution, compliance with environmental legislation, and continuous improvement. Tikkurila prefers its Suppliers and Subcontractors to have implemented ISO14001 or equivalent Environmental Management System.

Environmental Performance; The Suppliers and Subcontractors shall evaluate their performance and set environmental improvement targets as necessary. If a subcontractor is used for waste disposal the Suppliers shall determine if that subcontractor is correctly authorised and licenced through on-site inspection on third party certification.

Design for Environment; The Suppliers and Subcontractors shall take into consideration environmental issues in all phases of product development and manufacturing process design, e.g. with specific Design for Environment tools or defined checklists. Choices made during this work shall reduce or eliminate negative impact on environment.

1.4 Risk Management

Risk Management; The Suppliers and Subcontractors shall have procedures to be aware of risks threatening uninterrupted manufacturing and operation as a whole. The Suppliers and Subcontractors shall take the necessary steps to minimise the identified risks (strategic, financial, operational, commercial, technical, risks related to location, natural hazards, export control, product liability, etc.).

Disaster Recovery Plan; The Suppliers and Subcontractors shall have a documented Disaster Recovery Plan. The document shall establish the procedures and responsibilities to be used by the management to guarantee manufacturing operations continuity and customer services following a disastrous event which damages or destroys processes. Recovery Management Teams shall be nominated and trained to deal with recovery work.

2. Quality Management

2.1 Management Support

Management Support for Quality System; The Management of the Suppliers and Subcontractors shall support the Quality System by periodically renewing it to verify for its continued effectiveness and, as necessary, to develop it further. The Management shall allocate the resources necessary to achieve this objective.

2.2 Quality Management

Quality Management; The Suppliers and Subcontractors shall maintain a quality system according to ISO9001 or equivalent quality management system that is accepted by Tikkurila. Tikkurila also expects its Suppliers and Subcontractors to make continuous efforts in improving product performance.

3. Supply and production control

3.1 Demand / Supply Chain

Supply Process; The Suppliers and Subcontractors shall be able to clearly define supply process, in the form of flow charts, from information that triggers shipments or order placement to product delivery or replenishment. The Suppliers and Subcontractors shall also be able to specify associated lead-times for the major steps of the whole demand/supply chain.

Distribution Structure; The Suppliers and Subcontractors shall have defined supply structure (local warehouses, regional warehouses, direct shipments) and means of transportation on a global basis both for normal and urgent deliveries.

Demand/Supply Chain Performance and Improvement Plans; The Suppliers and Subcontractors shall have documented procedures for measuring and monitoring internal and external demand/supply chain performance and have active performance improvement plans. The Suppliers and Subcontractors shall also have a system for notifying Tikkurila of potential short and longer term delivery problems, e.g. capacity shortages, transportation delays.

3.2 Material Control

Incoming Material Verification; The Suppliers and Subcontractors shall verify incoming materials used for production for conformance to relevant specifications. Such verification consists of incoming inspection reports, certificates of conformance, certificates of analysis, etc., which shall be available as Quality Record.

REACH Compliance; when applicable, the Suppliers and Subcontractors shall warrant that the material(s) purchased by Tikkurila are compliant with the REACH regulation (Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals).

Material Release for Production; The Suppliers and Subcontractors shall have an operation that releases materials for production and positively identifies it by means of stickers, labels, lot number control, dispatch control, etc.

Claim Handling Process; The Suppliers and Subcontractors shall have a documented process for handling any arising claims promptly and efficiently.

3.3 Production Process Control

Process Flow; The Suppliers and Subcontractors shall perform all production operations according to documented process flow charts with reference made to relevant procedures and specifications. Any part of the process that is subcontracted shall be indicated.

Process and Material Qualification; The Suppliers' and Subcontractors' processes and materials and their changes shall be qualified and approved internally according to documented procedures, and changes notified to Tikkurila before implementation.

In-Process Controls; The Suppliers and Subcontractors shall have in-process controls at appropriate stages of the process in order to maintain processes under control. Operators shall have access to the control data and instructions for action in out-of-control situations.

Inspection and Test Records; The Suppliers and Subcontractors shall maintain inspection and test records as evidence that the products have been inspected and tested in accordance with applicable procedures. The Suppliers and Subcontractors shall review these records regularly. The Suppliers and Subcontractors shall store the data in their own systems and send data on demand to Tikkurila.

3.4 Purchasing

Subcontractor and Supplier Selection; The Suppliers and Subcontractors shall select their Suppliers and Subcontractors of materials to production, according to documented procedures.

Sustainable Procurement; The Suppliers and Subcontractors shall not purchase materials or products from such sources that conflict with Tikkurila Supplier Code of Conduct or Tikkurila Conflict Minerals Policy. The Suppliers and Subcontractors have procurement policy and targets for increasing sustainability in procurement.

Subcontractor and Supplier Control; The Suppliers and Subcontractors shall continuously monitor their Suppliers and Subcontractors performance by some key indicators such as quality indexes, assessment results, ratings, etc. The Suppliers and Subcontractors shall have a system to make complaints and claims to their Subcontractors and Suppliers.

Purchasing Documents; The Suppliers' and Subcontractors' purchasing documents shall include all information necessary to define materials or products to be ordered. Such information includes item name, specification, revision level, quantity, delivery time, price, transportation, etc.

4. Product liability and control

4.1 Product Liability

Product Liability Procedure; The Suppliers and Subcontractors shall have a documented Liability Procedure including recall procedure and clearly defined liability related responsibilities.

Liability Protection; The Suppliers and Subcontractors shall take necessary steps, from product development to final test, to protect against future product liability actions. Non-hazardous and safe materials and components shall be used in products and their approval obtained from authorities as applicable (e.g. CE, REACH)

Liability Insurance; The Suppliers and Subcontractors shall hold a global liability insurance including product liability coverage on normal European terms with a sum insured of not less than 5 million euro unless otherwise agreed with Tikkurila.

4.2 Product Control

Release for Delivery; The Suppliers and Subcontractors shall control all product releases for delivery to Tikkurila in accordance with documented procedures and test plans. The high output quality including functionality in practical purposes is demanded from the Suppliers and Subcontractors.

Control of Non-Conforming Products; The Suppliers and Subcontractors shall have clearly documented procedures for the control, handling and disposition of non-conforming products (scrap, use-as-is, rework). Where rework is performed the product shall be re-inspected in accordance with applicable procedures.

Production Identification and Traceability; The Suppliers and Subcontractors shall have a system for identifying the products as regards type and lot or serial number, and their status during all stages of production and test. The Suppliers and Subcontractors shall have a system for ensuring finished product traceability back to the factory, date code and reference number. The Suppliers and Subcontractors shall also have a system for identifying and tracing critical raw materials back to source.

4.3 Product Development (where applicable)

Product Verification, Qualification and Validation; Products shall be verified, qualified and validated in accordance with documented procedures. Resulting data shall be available as a Quality Record.

Product Design Changes; The Suppliers and Subcontractors shall notify Tikkurila of product design or specification changes and modifications made after the product is approved. Change histories shall be available as a Quality Record.

5. Contract and business review

Business Contacts; The Suppliers and Subcontractors shall nominate contact person(s) such as an Account Manager to consistently handle business operations between Tikkurila and the Supplier. CSR (Corporate Social Responsibility) development; Tikkurila demands from The Suppliers and Subcontractors continuous development in four sustainability themes: environment, labour & human rights, ethics and procurement. Tikkurila uses EcoVadis as a partner to provide Supplier's sustainability assessments and encourages suppliers to assess their sustainability performance by EcoVadis.

Regular Audits by Tikkurila; The Suppliers and Subcontractors shall allow regular audits by Tikkurila. The degree and frequency of such audits will depend on the criticality of the product / service being supplied and the results of CSR development. The Suppliers and Subcontractors shall be informed if auditing is part of the Supplier Approval Process.

Confidentiality Agreement Policy; The Suppliers and Subcontractors shall sign a Confidentiality/Non-Disclosure Agreement with Tikkurila upon request. If signed, the Suppliers and Subcontractors shall comply with the requirements of the Confidentiality/Non-Disclosure Agreement.

Formal Contract Review; The Suppliers and Subcontractors shall allow regular formal contract reviews at a frequency agreed locally.