

**2021**

# **Sustainability Report**

## Changing the world one particle at a time...

At Tekna we make micron and nano sized materials. You wouldn't think they could have such a **positive impact on the environment**. And they can't by themselves.... It is through the **transformation** of the metal supply chain in Additive Manufacturing and by improving the characteristics of a Lithium-ion battery that all of a sudden these tiny particles become **very powerful enablers**. And so does the technology that produces them.

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Part 1

# This is Tekna

TEKNA



# Part 1 | This is Tekna

## About Tekna

Tekna is a world-leading provider of advanced materials to industry, headquartered in Sherbrooke, Canada. Tekna produces high-purity metal powders for applications such as 3D printing in the aerospace, medical and automotive sectors, as well as optimized induction plasma systems for industrial research and production. With its unique, IP-protected plasma technology, the company is well positioned in the growing market for advanced nanomaterials within the electronics and batteries industries. Building on 30 years of delivering excellence, Tekna is a global player recognized for its quality products and its commitment to its large base of multinational blue-chip customers. Tekna’s powder products increase productivity and enable more efficient use of materials, thereby paving the way towards a more resilient supply chain and circular economy.



### Established organization with world-wide reach

									
Founded in 1990	Listed Euronext Growth OSLO 2021	carbon neutral aspiration 2030	Headquartered in Quebec, Canada	200 employees	90 active patents	3 production facilities	2 research facilities	7 subsidiaries	1 joint venture

Letter from our CEO and statements from executive team members <sup>1</sup>

CEO | Resilience at the heart of Tekna

Dear stakeholder,

Amidst a global pandemic and increased climate instability, our stakeholders asked us to answer the question **what does sustainability mean for Tekna?**

Science and technology created Tekna, and we have once again turned to these fundamentals for answers. The goal of sustainability is to protect the natural cycle of life provided by ecosystems, which powers our society and economy. An ecosystem is a community of interacting organisms and their environment, and every living or non-living element on our planet is a part of it. The range of such a system can be as big as earth itself or as small as a room.

Biomimicry, an approach seeking sustainable solutions to human challenges by emulating nature's time-tested patterns and strategies, led us to the conclusion that we need to transform Tekna into its own ecosystem. Our goal going forward is to create products, processes and policies that are well-adapted to life on earth in the long term, applying methods such as life cycle assessments. Tekna's ecosystem encompasses the entirety of our operations, from the suppliers to the end-users and end-of-life stage.

An ecosystem is resilient when it continues functioning amid, and can recover from, a disturbance. Every element naturally faces various local adversity challenges, but as our climate changes, this adversity can be detrimental to sustainability. For Tekna, our resilience comes from our

capacity to plan for disturbances, and quickly adapt to alternative stable states. This was on display in our uninterrupted manufacturing operations during Covid-19, while we simultaneously switched overnight from office work to the home office.

Towards 2030, we aim to make resilient every element of Tekna's ecosystem, thus ensuring the continuity and sustainability of our business. By 2050, we want Tekna's ecosystem to become its own cycle of life. This will require self-regulation capabilities, adaptability to changing conditions and optimal levels of resource utilization.

**Improving internal governance and increasing transparency** are Tekna's short-term priorities. Transparency and knowledge-sharing accelerate innovation as much as ESG metrics drive the green transition by channeling our collective focus and money towards businesses of the future. It is therefore imperative for us to be accountable for our actions. This has never been easier with all the existing metrics, reporting tools and available standards. For our first ESG report we have endeavoured to meet many GRI requirements, while acknowledging that we are not fully compliant yet. We have also started the process of reporting on climate-related risk, or TCFD <sup>2</sup>, and EU taxonomy, amongst other undertakings. Tekna aims to empower its communities through leading by example. This includes becoming a signatory of the UN Global Compact to show our commitment.



<sup>1</sup> Included in this section: GRI 2-22

<sup>2</sup> Taskforce on Climate-related Financial Disclosures

As the social consequences of the pandemic crept in, we saw at a global scale increased poverty and inequality, supply chain shortages and disruptions, and people eager to improve their work-life balance in the reality of working from home. People are ready for change. The stability of the climate in the last 10 000 years allowed humanity to improve their lot with agriculture. Our current economy relies on an ecosystem that is threatened by our global activities, which have caused irreversible changes and rampant global warming. Our livelihoods will change. The climate of our ecosystem is already changing. Then so should we in order to adapt to this new instability.

As there can be no climate justice without social justice, we have updated our codes of conduct to guarantee an inclusive bottom-up growth based on building resilience against any disruption. **Social resilience** is our medium-term goal (2030), as the **resilience and continuity of our business** is directly linked to the **resilience of our employees**. We have always, and will continue to, keep a clear focus on Health, Safety, Security and Environment (HSSE) and employee satisfaction. Long-term, we must consider the possibility of our supply chain being exposed to risks on a global scale. By 2050, we aim to have **shorter, more resilient supply chains** that are closer to our clients. We will achieve this by working with our clients and by planning according to local adversity and continental challenges.

Sustainability will be achieved through two means. First, Tekna's ecosystem must be environmentally friendly, which includes greening our operations, monitoring and reducing our carbon footprint, and achieving carbon neutrality. As of this year, we measure and report our carbon output via CEMAsys, and, based on this, we aim to develop our science-based targets in 2022.

We have a solid starting position as our production system has very low emissions, utilizing clean energy and recycling resources. We have improved our waste management with the "ICI on Recycle" certification. We are proud to have developed a reusable powder transportation vessel to replace thousands of single-use plastic containers.

Secondly, we have a vision for our ecosystem to become its own circle of life, by fully closing the loop in our value chain in 2050. Going cradle-to-cradle requires harnessing the potential of the waste-to-wealth concept and turning recycled metals into resources fit to serve our clients' needs. We believe innovation and investment will be guided towards that sector in light of the rapidly increasing need for raw and critical materials. Deep sea mining is costly and a potential death sentence for the earth's life-giving ecosystem. Circularity is the only way forward in our ecosystem!

We are counting on our partners and employees, whether on the development, supply or customer side, to support the collective efforts. Together we are making the change!

*Luc Dionne*

Luc Dionne  
CEO



**Executive statements | A leadership team committed to the cause!**



**Morten Henriksen**  
Chairman of the board of directors

"To operate in a sustainable manner is a given at Tekna and a prerequisite for the company's long-term results and value creation. When we develop more resource-efficient, safer and more environmentally friendly solutions, we contribute alongside our customers towards a more sustainable future. ESG is therefore not just an add-on to our corporate strategy. It **resides at the core of our purpose.**"



**Rémy Pontone - VP Sales and Marketing**

"When my 6- and 7-year-old kids ask me what my work entails, I can't tell them much about plasma technology, advanced materials or long-term agreements. I rather tell them that daddy and his colleagues **work hard to make the world a better place.** They are so proud! We should be proud! The **nature of our products and the sustainable way in which we manufacture** them, within a respectful and transparent organization, contribute to a better world. It is motivating!"



**Nicolas-Simon D'Astous - VP Finance**

"The **investment decisions** we are making today will have a profound, lasting **impact on our economy, our environment, and our quality of life for generations to come.** Therefore, ESG is part of my core values and act as a guideline in my leadership journey.

**Arina van Oost - VP Corporate strategic Development and Innovation - responsible for ESG**  
"During my MBA, great emphasis was placed on the value of sustainability. Since then, my private and professional decision-making has been greatly influenced by a **long-term social and environmental perspective.**

I am excited to drive this philosophy at Tekna in the form of our ESG program. Beyond improving our own footprint, we have a lot of technology that can **enable the green transition** with our customers. **We are changing the world one particle at a time."**



**Serge Blackburn - CFO**

"**Trustworthiness and transparency** are core values for a CFO. At Tekna, I always look for ways to improve governance. We have our board and auditors in place, and committees will follow soon. Operationally, it means focusing on the segregation of duties, a four-eyes principle and compliance on anti-corruption."

**Étienne Villeneuve - VP Operations**

"Within an operation perspective, sustainable activities are an integrated part of our business strategy. This allows Tekna to deliver high-technology products that serve Tekna's ESG ambitions as well as the expectations of **our shareholders, our staff and our customers** in regard to environmental, social and governance matters.

**ESG is more than a priority, it's a responsibility.** We as a company owe it to society and the future of our children. I believe climate risk specifically needs to be top of mind in all organizations to help reduce our climate footprint. This journey needs to be driven in collaboration with the whole supply chain."

## Synthesizing our ESG strategy

Resilience means advancing despite adversity by being proactive and planning for disruptions. With biomimicry we mapped our value chain as an ecosystem. That enabled us to consolidate our vision for 2050, synthesize our ESG strategy and determine our focus areas with the goal of empowering our customers’ vision through the resilience of our ecosystem.

At the base of our operations are ethics and our employees. These are hygiene factors that stakeholders expect Tekna to manage well. Ethical business conduct is a focus area which aims for inclusive and cohesive growth across our value chain. Human rights are a precondition for the freedom and dignity of people, for the rule of law, as well as for the inclusive and sustainable growth on which we depend as a business. As such, our updated Suppliers Code of Conduct, and its self-assessment reporting tool, will ensure health and safety from procurement to end-users. Next comes the focus of offering “A great place to work,” with the goal of attracting and retaining talent from diverse backgrounds. This is a goal to which we dedicate considerable effort, which readers can learn more about in our featured story on the evolution of work safety at the nano nickel project.

Now, becoming our own ecosystem requires unique and strategic areas for our products and processes. We aim to drive the green transition by enabling our customers’ positive impact. We want to offer business continuity to our customers by maximizing resilience on all fronts, this includes having a diverse number of suppliers working with us towards a circular economy. This will guarantee our customers’ positive impacts to shape society and allow innovation to take place.

The focus area of “Circular and sustainable production” supports the previous one as we aim to make our operations ecosystem friendly. This calls for a low carbon footprint and closed-loop systems. An example of the latter, also a featured story, is our green hydrogen production that we then use for our own consumption.

Finally, at the intersection between the hygiene factors and strategic areas lies the focus of a resilient and responsible supply chain, which is essential to achieve inclusive and sustainable growth. Transparency and knowledge sharing helps capacity building and sets the conditions to allow innovation to take place as more people have access to employment, education, services and skills training while working alongside our stakeholders to carefully plan for resilience according to local challenges and potential disruptions. **The end goal is to have supply ecosystems per continent that are resilient to local adversity and are dynamic enough to support each other when facing shortages or crises.** As presented in a feature story, our first step towards that goal is to open a production facility in Europe for our European customers.



## Tekna’s resilience framework

Human and climate resilience are the capacity of our ecosystem, including our society, to thrive long term. It entails sustainability by proactively planning for stability and circularity in the face of adversity.

**Workforce resilience is human resilience**, and it is the capacity of our teams to sustain their well-being by collectively coping with and responding to external stresses and disturbances from social, political, and environmental changes. Vulnerability risks are increased by climate change and require inclusive bottom-up knowledge-building and preparedness.

**Tekna’s supply chain resilience** relies on a resilient and diverse workforce, climate resilience, and collaboration between all stakeholders to anticipate and overcome disruptions. Developing support networks help responsiveness, problem solving and resourcefulness, allowing Tekna to maintain high service levels.

With **operational resilience** Tekna is expanding its business continuity with initiatives focused on risk mitigation, identification and assessment, and subsequent monitoring. The adaptability of our operations through the planning of alternative stable states and teamwork flexibility is key to pursuing our vision.

**Highlights 2021**

Although Tekna’s green technology was developed over the last 30 years our focus on sustainability has accelerated in recent years. Continuously improving by achieving the goals we set for ourselves, and measuring their impact is the only way to realize the sustainable future the world desperately needs. Our evolution in gathering knowledge about the many aspects involved has helped us take bigger and smaller steps. The highlights are included in the overview below.



**Enabling customers’ positive impact**

- Responsible waste management > Development of reusable powder transportation vessel to replace single-use plastic containers.
- EU taxonomy > eligibility study completed and preparing alignment study.

**Strive for circular and sustainable production**

- Completing materiality analyses > Completed a materiality analysis according to best practice.
- CO2 emissions > baseline measurement for scope 1,2 and partial 3
- Responsible waste management > “ICI on Recycle” certification
- Reduction in process gas consumption > Improved control of process gasses Helium and Argon

**A responsible and resilient supply chain**

- Suppliers > Established a Supplier code of conduct and self-assessment
- Performing climate risk assessment > Understanding the risk and opportunities in our supply chain (TCFD preparation).

**Great place to work**

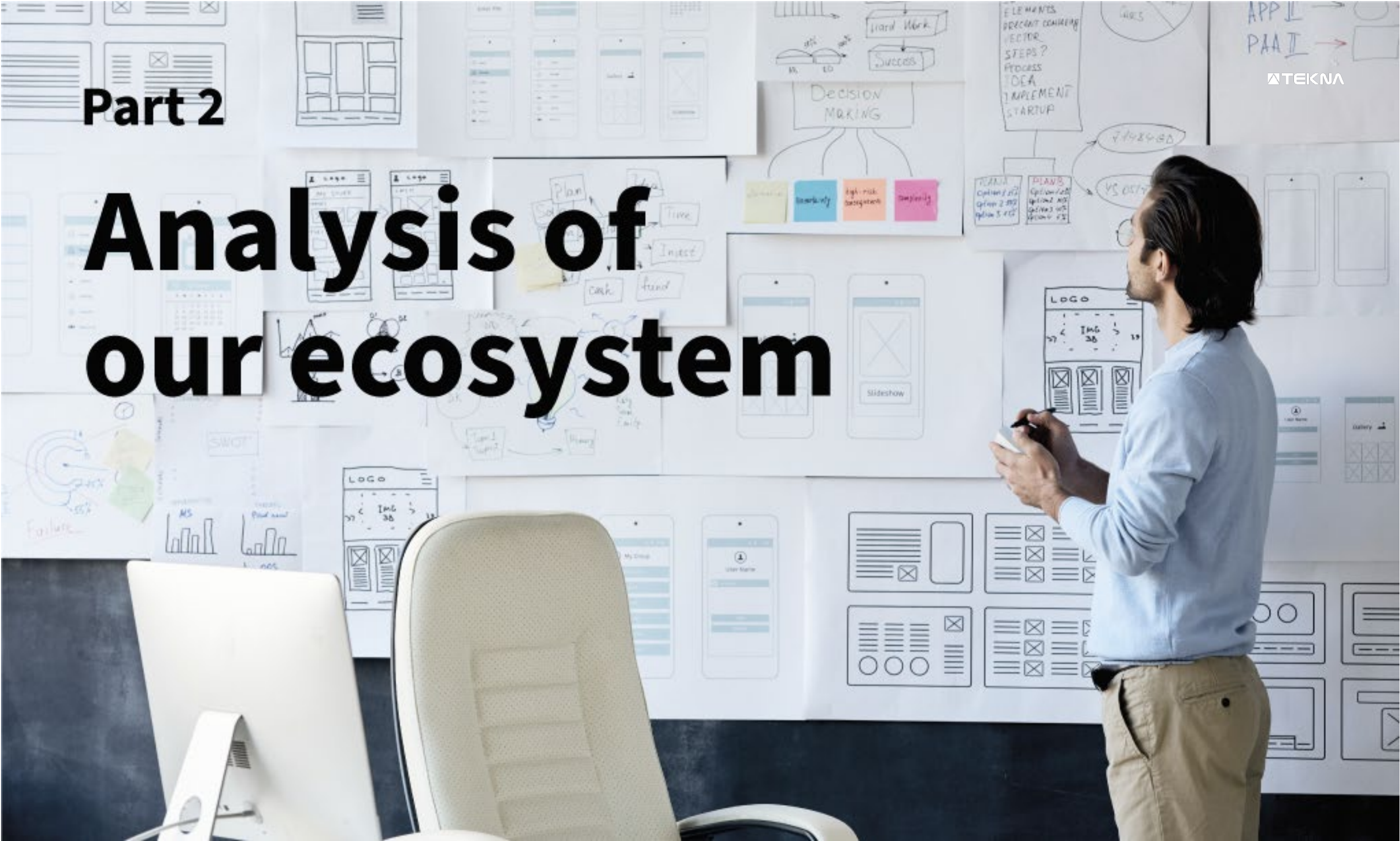
- No serious injuries > High focus on HSSE: Health, Safety, Security and Environment.
- Managing the pandemic > The safety of our employees was our primary concern in 2021.
- Employee satisfaction > extensive employee survey including eNPS and eSAT

**Ethical business conduct**

- Ethics > Established an Employee Code of conduct
- Transparency > publishing important compliance documents
- ESG reporting

## Part 2

# Analysis of our ecosystem



Part 2 | Analysis of our ecosystem<sup>3</sup>

Why are we publishing an ESG report?

ESG reporting are tools and metrics that help channel our collective focus, resources and funds towards the businesses of the future: those that are sustainable, human-focused and resilient in the face of climate adversity.

As Tekna’s technology enables the green transition there is room for value creation. More and more stakeholders, i.e., investors, customers and employees, actively express a greater interest in transparency. They will push businesses to have a sustainable supply chain. Tekna’s transparency on ESG and its “green” reputation will solidify our position as a supplier of choice.

What is to be found in this report?

This is Tekna’s first ESG report and it is far more extensive than we initially envisaged. There are so many different angles and approaches to sustainability that it is beyond this report to answer every question. We have endeavoured to explain our vision for sustainability at Tekna and give an overview of the most relevant information including all the initiatives and plans we have defined for an even brighter future.

Part 1 consists of an introduction to Tekna and its management’s stance on sustainability. It also includes the highlights of the year in terms of ESG. In part 2 you will find insights into our ESG strategy from stakeholders to materiality analysis, the value chain and our focus areas. We also address external frameworks and present our initial roadmap and progress for future reporting on EU taxonomy and TCFD (task force on climate-related financial disclosures). In part 3 we consecutively describe our five focus areas with their relevancy, our impact, achievements up to now and our short- and long-term plans and goals to do better. The appendices include the summary tables of our results and metrics.

<sup>3</sup> Included in this section: GRI 2-1 - GRI 2-5

Transparency going forward

This report was made with the GRI standards at hand. Tekna plans to continue to prepare a full sustainability report once per year and will start including limited ESG progress reporting in our quarterly financial reports as per the published financial calendar. This report covers the year 2021 and was published on April 12, 2022. The report was not externally assured; however, the CO2 metrics were assured for our main shareholder Arendals Fossekompagni ASA (“AFK”). Tekna aims to implement assurance for its next reporting period.

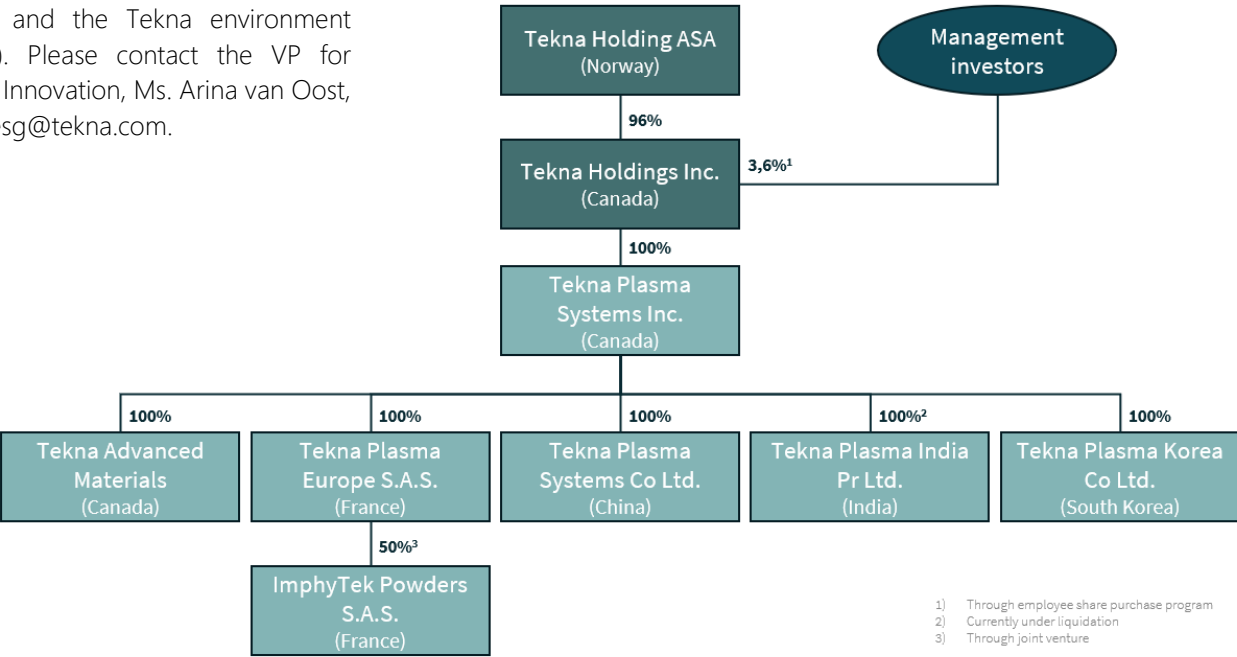
Tekna reports on its global operations unless otherwise indicated in a specific section. This report excludes the joint venture Imphytek Powders S.A.S. unless specifically mentioned to be included in a specific section.

We appreciate feedback from and interaction with our stakeholders. We particularly wish to thank AFK and the Tekna environment committee (representing employees). Please contact the VP for Corporate Strategic Development and Innovation, Ms. Arina van Oost, for any enquiries about this report at [esg@tekna.com](mailto:esg@tekna.com).

General corporate information

The Company's legal name is Tekna Holding AS. The Company is a private limited liability company, validly incorporated and existing under the laws of Norway and in accordance with Norwegian Private Limited Liability Companies Act. The Company was incorporated on 30 June 2020 and its registered business address is Langbryggen 9, 4841 Arendal, Norway. The Group's headquarter is located in Sherbrooke in Canada, with registered address 2935 Boulevard Industriel, Sherbrooke, Québec, Canada.

Tekna has production facilities in Canada and France, sales offices in China and Korea, and distribution/sales representative agreements in India and Japan.



1) Through employee share purchase program  
2) Currently under liquidation  
3) Through joint venture

Tekna’s framework

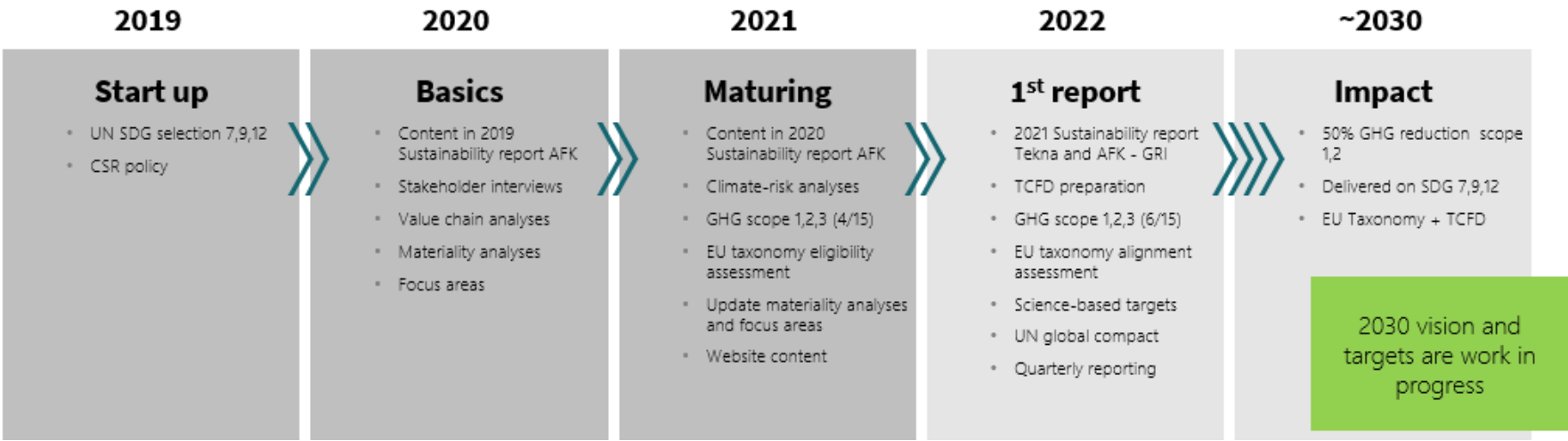
Previous work leading to our ESG report <sup>4</sup>

Since 2019 we have worked towards this moment, being ready to publish a first sustainability, or ESG, report. This section will walk you through the steps we have taken.

Below we include a high-level overview of steps taken since 2019 and looking forward to 2022 and 2030. With the baseline metrics and KPI’s over 2021 we plan to further develop the 2030 impact plan, including science-based targets.

In 2020 we conducted our first stakeholder alignment workshop. This year, since we listed on the stock exchange, we spoke to our main investors in Europe and the US to gather their perspective on priorities.

We obtained input from our customers and their public communications and listened to our employees. Then we proceeded with a value chain analysis, identifying opportunities and risks on Environmental, Social and Governance factors from the suppliers of our suppliers to the customers and their customers. In a materiality analysis we assessed the likelihood and consequence in order to develop our focus areas.



<sup>4</sup> Included in this section: GRI 3-1

Our stakeholders<sup>5</sup>

Tekna has identified four main stakeholders that have guided our choice of focus areas.

Investors

Tekna is proud to find amongst its major investors many that are driven by sustainability. We are thankful for the insights and support they have provided to improve our sustainability reporting and obtain a fair evaluation on our status quo and improvements.

Customers

Tekna’s customer base consists mostly of large OEMs that have adopted sustainability as part of their strategies. When Tekna is qualified as a supplier sustainability is usually part of the discussion. Our sales engineers are frequently in discussions on the “green-ness” of our technology.

General public and authorities

The expectations of the society-at-large are clear: a more equitable and sustainable future for all, addressing the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace and justice. As a relatively small organisation we communicate our efforts and achievements mostly on LinkedIn and endeavour to engage where possible.

<sup>5</sup> Included in this section: GRI 2:13a.ii and GRI 2:29

Employees

In 2020 Tekna created its environmental committee, le Comité Environnement. A committee consisting of volunteering employees created to drive awareness and improvements on the environmental footprint both of Tekna as well as outside of work. An example of an awareness drive by the committee was an employee training organized in 2021 on how to recycle correctly (i.e., what goes where). In terms of actions, two examples are the collection of COVID masks for recycling and an agreement with the city of Sherbrooke allowing for separate pick up of organic recycling in the industrial sector of the city.

Read their full story on the next page.



## Feature story | “ICI on Recycle” certification



Tekna’s Environmental Committee main goal for the last two years has been to obtain the “ICI On Recycle” certification for its two buildings in Sherbrooke, Canada. This certification recognizes Tekna as an environmental actor as we have completed actions recommended by RECYC-QUEBEC which aim for good management of residual materials.

Image below: Environmental committee of Tekna



After 2 years of implementing different actions, the committee has received the certificate for the Tekna Plasma Systems and is awaiting the Tekna Advanced Materials certification, which should arrive at any moment.

Here follows a comprehensive overview of actions that the committee has completed since 2020:

- Training for employees on recycling and reducing at the source
- Addition of recycling stations in production areas
- Addition of compostable materials collection service in the cafeterias
- Creation of awareness posters for waste reduction
- Establishment of various policies with an environmental flavor: eco-responsible events, management of residual materials, etc.
- Default double-sided printing on shared printers
- Reuse of single-use bags internally
- Reuse of packaging material when possible
- Styrofoam sent to the Ecocentre (city recycling station) for recycling

Thanks to all the actions taken, Tekna has significantly reduced the amount of waste sent to landfill. We are now collecting ultimate waste once every week compared to three times a week two years ago.

What else has the environmental committee achieved during those last two years?

- Mobilization of around ten people from different departments of the company (production, logistics, engineering, maintenance, etc.) who meet two to four times per month to advance projects that aim to reduce the environmental impact of Tekna.
- Publication of four editions of the Environment Bulletin
- Distribution of organic and local vegetables baskets for interested employees
- Donation of wooden pallets to employees
- Recycling of
  - Covid masks
  - electrical wire scraps
  - writing instruments
- Use of reusable or compostable dishes during Tekna events
- Use of washable rather than disposable cloths in production

Prior to the start of the environmental committee Tekna already had many solutions in place. Some examples:

- Employee commuting: bike racks, four EV charging stations (free of charge for employees and visitors) and public transportation close by.
- Reusable crockery instead of single-use cups and cutlery
- Recycling of paper and plastics

Our value chain <sup>6</sup>

Last year, as part of the sustainability report of our owners, Arendals Fossekompagni (“AFK”), we followed a pre-defined value chain by including marketing and management as a separate category. We have since redefined the value chain to include the end-of-life stage, which we deem significant to future circularity.



Principal markets

The Group has developed a unique and proprietary technology platform that can be used for manufacturing micro and nano sized powders for a range of industries. The Group currently operates four main business segments: *Additive Manufacturing*, *Printed Electronics*, *Energy Storage* and *Systems* including *PlasmaSonic*. *Additive Manufacturing* serves the aerospace, medical and automotive sectors, *Printed Electronics* serves customer electronics, autonomous vehicles, 5G and IoT, *Energy Storage* serves the electric vehicles, consumer electronics and electric grid sectors and *Systems* serves the academic community. *PlasmaSonic* serves the aerospace (windtunnel) industry.

Tekna currently has two reporting lines:

- Advanced Materials comprised of business segments: Additive Manufacturing, Printed Electronics and Energy Storage.
- Systems comprised of Plasmasonic, R&D/academic research systems and other systems related income.

The Additive Manufacturing business segment includes the production and sale of the Group's spherical powders. 3D printing is a type of additive manufacturing. Additive manufacturing is at the heart of the 4.0 industrial revolution and is considered the 21st century's best option to re-shore manufacturing operations and shorten supply chains. In addition, additive manufacturing allows industrials to redesign and simplify existing designs which further translates into fuel savings, reduced cost of goods, shorter manufacturing cycle time and improved performance.

Within Printed Electronics, the Group produces and sells nano powders including nickel nano powders, copper nano powders and boron nitride nano powders. The primary use for these powders is in the production of consumer electronics, autonomous vehicles as well as 5G and IoT. Within Printed Electronics, nickel nano powders are the main product, while copper nano powders and boron nitride nano powders are used in the manufacturing of conductive paste flexible circuits.

Within Energy Storage, the Group produces and sells nano powders including silicon powder and boron nitride nanotubes, primarily to battery producers for use in batteries for electric vehicles, consumer electronics and electric grids (SDG 7).

Since 2010, the Group has developed a comprehensive and unique line of products aimed at supporting OEMs and government agencies in the simulation and testing of orbital, sub-orbital and atmospheric flight transition conditions. This potential was regrouped in a segment called PlasmaSonic launched in 2021.

The Group operates two manufacturing centres, including analytical and chemistry laboratories, located in Canada and France. Nine material production systems are set up to operate 24/7.

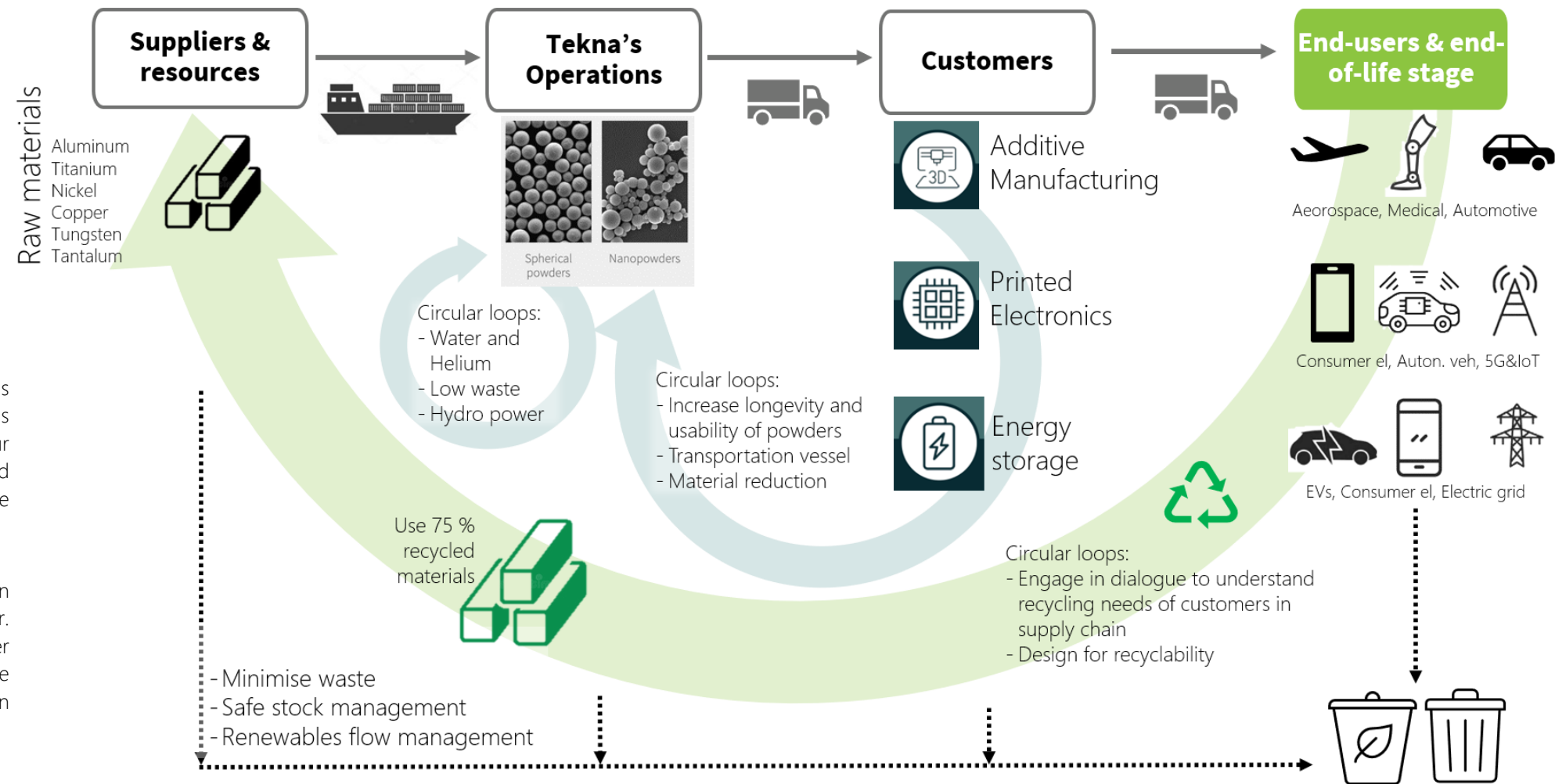
The Group sources raw materials in the form of metals such as titanium, silicon, nickel, aluminium, copper, boron nitride, tungsten and tantalum, then heats the metals until they turn into liquids or vapor, and subsequently develops the liquids and vapor into micro- and nanoscale advanced materials.

The magic behind this process cannot come at the cost of our people and our planet. As such, we have addressed the issue of tantalum and tungsten, sometimes conflict minerals, by asking our suppliers to self-assess their operations and abide by our Suppliers Code of Conduct which prohibits the trade of conflict minerals. Furthermore, the critical raw material list includes titanium, silicon, tungsten, tantalum, magnesium and vanadium. Hence, we have decided to opt for recycled materials wherever possible and work to address the innovation gap present in our supply chain's waste management systems. Our ecosystem vision for 2050 includes having a closed loops system for all of our metals, without compromising quality and resilience.

As of today, the Group has more than 200 customers on a global basis comprising international blue-chip customers, and national and local players. These customers transform the powders into sub-assemblies and final products in the industries described above.

<sup>6</sup> Included in this section: GRI 2-6

The journey towards CIRCULARITY in our value chain



The circular loops within Tekna's own operations are well-established (light blue arrow). Our focus has shifted to building sustainable loops with our customers in for instance packaging and revalorising waste material. See also our feature story in part 3 on this topic.

Tekna would like to use more recycled material in its feedstock for the production of metal powder. The challenge of reaching high purity customer requirements while metal recycling streams are highly contaminated is on the horizon (light green arrow).

Material risks and opportunities <sup>7</sup>

The increased demand for green technologies and solutions will drive the production of GHGs and waste which will inflict damage on the environment. Nevertheless, there are opportunities to reduce our climate footprint through increased circularity and reduced waste. By increasing the number of recycled materials, we reduce the quantity of raw materials that needs to be extracted. Indeed, the mining sector produces GHGs, impacts biodiversity and causes deforestation. This in turn negatively impacts our planet’s health and damages human health.

Furthermore, our own production does not release a significant amount of GHGs, but long-distance transportation in our supply chain does. Local and shorter transportation not only reduce exposures to extreme weather events, but also reduces the amount of GHGs released. Next, our demand for low carbon materials increases while it decreases for materials that negatively affect the environment, leading to resource scarcity and shortages. As such, viewing all resources as precious allows for waste to be eliminated in favour of increased recycling. Improved management of resources through life cycle analysis can help us avoid resource scarcity while better planning eliminates shortages. Finally, humans are our most important resource. Corruption and climate change causes vulnerability risks and can threaten human rights, and by extension the resilience of Tekna.

This year we have updated our materiality analysis, making sure to include items from the climate risk assessment, among others. In the table and the materiality graph, we included opportunities and risks we have identified. Items with high materiality are **bolded**.



<sup>7</sup> Included in this section: GRI 3-2

Explanation to numbers in matrix on previous page. In bold the items we deem of high materiality.

Categories	Opportunity	Risk
Market	<ol style="list-style-type: none"> <li>Increased demand for circular economy innovation and solutions, e.g. create products with lower resource density, better resource management, more recycled materials, and a zero-waste production.</li> <li><b>Achieve a climate friendly production which ensures the offering of products with lower emissions than those of our peers, offer alternatives, and aim to have a positive impact on nature and biodiversity.</b></li> <li>Increase customer interest by having a transparent and resilient focus on ESG targets (e.g. adapting new production sites in Japan and Korea by integrating relevant regulations).</li> <li><b>Enable customers to reach their ESG targets, by AM producing e.g. more resource efficient products, and by addressing vulnerability challenges (e.g. transportation disrupted by extreme weather events), and building resilience to supply chain disruptions.</b></li> </ol>	<ol style="list-style-type: none"> <li>Increased competition and expectations on sustainability (targets, transparency, reporting, awareness)</li> <li>Not meeting the sustainability targets of customers by driving GHG emissions, fuel consumption and waste (packaging, single-use &amp; hazardous) production.</li> <li>Rising energy prices and regulation taxes, such as EU import tax on carbon intensive raw materials (e.g. aluminum), increases costs of materials and high energy production.</li> <li><b>Growing demand for green technologies drives demand for certain raw materials and decreases it for others that negatively impact the environment (e.g. Titanium, Silicon).</b></li> </ol>
Climate	<ol style="list-style-type: none"> <li>Integrate climate change assessment into Tekna's strategy and risk management in order to harness climate opportunities, mitigate climate risks and build resilience of operations.</li> <li>TCFD disclosures provides opportunities to drive green transition and for positive attention from stakeholders (e.g. investors)</li> </ol>	<ol style="list-style-type: none"> <li>Supplier and production sites exposed to extreme weather events, causing power outages and disrupting deliveries (e.g. flood &amp; wildfire risks in France; flood &amp; storm risks with tier one Chinese suppliers of titanium and nickel).</li> <li>Mining sector can permanently cause biodiversity damage, water stress and deforestation, impacting negatively the reputation of those involved and losing the confidence of stakeholders.</li> <li>Conflict materials and higher temperatures puts workers' HSE at risk (e.g. workers in China and heat waves, ultimately reducing resilience and disrupting production).</li> </ol>
Financial	<ol style="list-style-type: none"> <li>Increase investor and other stakeholder confidence by increasing transparency through reliable non-financial disclosures.</li> <li><b>Reduce costs by producing more with less materials and by considering the limited availability of critical raw materials, which can spike raw material prices.</b></li> </ol>	<ol style="list-style-type: none"> <li>Unfavorable financing terms due to lack of ESG reporting and/or lack of reliable non-financial data, reducing the advantage for low-carbon solutions.</li> <li>Fail to properly account for climate change and nature related risks and regulations, leading to financial consequences (e.g. fines &amp; added costs) or losing customers.</li> <li><b>Rising resource scarcity worsening the increasing costs of materials, raw materials, and energy due to restrictions, regulations and/or climate change.</b></li> </ol>
Internal	<ol style="list-style-type: none"> <li>Opportunity to attract, recruit and retain talent by building a strong people culture and offering jobs with a greater purpose contributing to a more sustainable future.</li> </ol>	<ol style="list-style-type: none"> <li>Increased labor costs and failing to attract talents due to lack of sustainability focus</li> </ol>
Reputational		<ol style="list-style-type: none"> <li>Negative reputation risk if suppliers and customers have negative environmental or social impact.</li> </ol>

Our sustainability and its integration in our business <sup>8</sup>

The first challenge was sitting down with all stakeholders. In the quest for circularity, we reached out far and wide to understand the needs and costs of our entire operations: from our suppliers’ suppliers to our customers’ customers. The second challenge was reconciling our stakeholders’ and our business’ needs with the current climate crisis, its potential adverse effects on our operations and the science-based recommendations and targets from our climate experts. As such, if we

want to continue reaping the benefits of a healthy ecosystem, we need to *work with* our ecosystem, which means maintaining this ‘life-giving’ balance. Life-cycle assessments allow us to better plan and manage our resources, up until their end-of-life stage. At Tekna, we want to treat every resource as a precious one. Especially our metals as they can have a significant impact on the environment, with some even facing potential scarcity. Life cycle assessments of metals show that

they can be recycled (up/down cycle), reused, etc. Our challenge for 2030 is to connect stakeholders and strengthen them to create closed loop systems, allowing for local, resilient, and green supply chains enabling our customers’ positive impact on society. Self-regulation is key to the achievement of our goals and transparency. At the governance level, resilience is driven by clear leadership and management, with leaders taking strategic and integrated approaches.

Our governance structure <sup>9</sup>

The Board of Directors (**BoD**) leads the governance system and meets with relevant Board Committees a minimum of 4 times a year to gain insights, review and ensure proper implementation of internal control mechanisms and risk management processes for good governance. The Board of Directors meets the Group CEO and CFO and executive management 4-6 times a year. ESG, including climate-related risks and opportunities are subject to an annual review with the board. Expansion investment proposals include a climate-risk assessment. Top risks and emerging risks are reported in the company’s risk management tool.

The Chairman of the board, Mr. Morten Henriksen, is a senior executive at the majority shareholder Arendals Fossekompagni ASA (~80% of shares in 2021). At the listing of the company in March 2021 the board of directors of Tekna consisted of four male executives from its majority shareholder. Feedback from our other shareholders conveyed trust in the existing BoD and a wish for adding more independent board members. The chairman has hired a board selection agency for the selection of new board members. Changes have now taken place to improve the board composition in terms of competencies relevant to Tekna, independence and diversity. An independent female board members has joined bringing considerable market know-how for Tekna’s future endeavours.

The board members and executive management team are requested once a year to complete a Directors and Officers compliance questionnaire, disclosing any conflicts of interest. More detailed information can be found in the Corporate Governance report included in the Tekna annual report 2021 and on <https://www.tekna.com/investors/governance> .

Only executive management with allocated responsibilities related to sustainability and climate change are included in the overview (right side of page) <sup>10</sup>.

- Responsibility for Governance, including risk management is assigned to the CFO (indicated with a <sup>1</sup>).
- Responsibility for ESG reporting lies with the VP Corporate Strategic Development and Innovation (indicated with a <sup>2</sup>)



<sup>8</sup> Included in this section: GRI 2-23 - GRI 2-26

<sup>9</sup> Included in this section: GRI 2-9 – GRI 2-13

<sup>10</sup> 1: Responsibility for Governance, including risk management is assigned to the CFO. 2: Responsibility for ESG reporting lies with the VP Corporate Strategic Development and Innovation

The Board of Directors held a first meeting in early 2022 to advance the collective understanding on the green opportunities Tekna has, the materiality analysis and the subsequent focus areas. Additionally, first insights were shared on TCFD and EU taxonomy reporting. In 2021 there were no significant instances of non-compliance with laws and regulations.

In 2021 we increased our focus on cyber security with improvements in access and identity management. In 2022 we will continue to work on the roll out of our IT governance strategy.

Board member Role	Gender; Citizenship; Shareholder	Number of other significant positions and commitments held by each member, and the nature of the commitments;	Conflict of interest	Relevant competences
Morten Henriksen (since 2021) Chairman of the board	Male; Norwegian; 50 000 shares	<b>Executive vice president</b> Arendals Fossekompani ASA <b>Board of Directors:</b> <b>Chairman:</b> Seagust AS, Alytic AS, Nort Ammonia <b>Board member:</b> Kongsberg Gruppen ASA, Flumill AS, Investinor, Future Materials-Norsk Katapultsenter	none	Relevant education 30 years of professional and management experience. With Tekna since 2017 through Arendals Fossekompani.
Torkil Mogstad (since 2021) Board member	Male; Norwegian / American; 48 000 shares	<b>Executive vice president</b> Arendals Fossekompani ASA <b>Board of Directors:</b> <b>Chairman:</b> AFK Property AS, Vindholmen Eiendom AS, Arendal Lufthavn Gullknapp AS <b>Board member:</b> NSSLGlobal Ltd, Alytic AS, Arendal Naeringsforening	none	Relevant education 24 years of management experience. With Tekna since 2017 through Arendals Fossekompani.
Lars Peder Fensli (since 2021; leaving March 2022) Board member	Male; Norwegian; 48 000 shares	<b>CFO</b> Arendals Fossekompani ASA <b>Board of Directors:</b> <b>Board member:</b> Volue ASA, Norsun AS	none	Relevant education Relevant experience to sound financial management
Barbara Thierart-Perrin (incoming April 2022) Board member	Female; French; No shares	<b>Vice President:</b> Industrial BU, battery systems, Northvolt	none	Relevant education Relevant experience in executive management Automotive industry and segment Energy Storage



Tekna has joined the Additive Manufacturers Green Trade Association <sup>11</sup> ("AMGTA"). This association aims to publish rigorous and ongoing independent research findings to update the industry on the status of the AM eco-footprint and what the industry needs to focus on in the future to be more environmentally sustainable. Tekna is taking a more active role in 2022 participating in panel discussions at trade shows promoting sustainability and reporting thereof.

<sup>11</sup> <https://amgta.org/>

Code of Conduct for suppliers and for employees<sup>12</sup>

In 2021 Tekna has developed the supplier code of conduct (“sCoC”) and the employee code of conduct (“eCoC”). The sCoC, signed off by the CEO in August 2021, gives clear guidance to our employees and business partners that we expect clean, transparent and fair business dealings. The sCoC was rolled out to our medium and large suppliers (> CAD 100k spend in 2020).

The employee code of conduct was signed off at the most senior level by the Board of Directors of Tekna on February 8, 2022 as part of the corporate code of governance and implementation started immediately after.<sup>13</sup> Both documents can be found here: <https://www.tekna.com/esg>.

Both documents reference the following authoritative intergovernmental instruments:

- UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work<sup>14</sup>
- the International Bill of Human Rights, and the OECD Guidelines for Multinational Enterprises<sup>15</sup>.
- the UN Convention on the Rights of the Child<sup>16</sup>
- the Ten Principles of the UN Global Compact<sup>17</sup>

<sup>12</sup> Included in this section: GRI 2-23 | GRI 2-24 | GRI 2-26

<sup>13</sup> Prior to these implementations the policy on Corporate Social Responsibility (Document PLGRH-10) was in place addressing some of the topics.

<sup>14</sup> <https://www.ilo.org/declaration/lang--en/index.htm> (last visited on 23 July 2021).

<sup>15</sup> <https://www.oecd.org/corporate/mne/> (last visited on 23 July 2021).

<sup>16</sup> <https://www.ohchr.org/en/professionalinterest/pages/crc.aspx> (last visited on 23 July 2021).

<sup>17</sup> <https://www.unglobalcompact.org/what-is-gc/mission/principles> (last visited on 23 July 2021).

<sup>18</sup> In 2021 the Corporate Social Responsibility policy, predecessor to the eCoC, was in place and refers to reporting in section 6 “Denunciation”.

We give particular attention to the rights of children and include a clear rejection of any form of discrimination on grounds of race, colour, religion, age, nationality, social or ethnic origin, sexual orientation, gender, gender identity or expression, marital status, pregnancy, political affiliation, disability, or veteran status.

The implementation of the sCoC is delegated to the Logistics Director and his team. They were trained ahead of the launch of the sCoC. It was distributed by email to our business partners requiring a signed copy in return. The sCoC will be part of the new supplier assessment process.

Due to Covid we have not been able to perform any supplier audits on site. The implementation of the supplier self-assessment has allowed a certain level of due diligence on our code of conduct.

The first step for the implementation of the eCoC is to ensure all employees read it through our e-learning and document management platform IsoVision. The next step will be to provide training, particularly to those employees that are more prone to encounter situations of concern (leadership, sales and procurement).

The code of conduct provide clarity on how to raise concerns. The eCoC in section 2.3 “Guidance and Reporting” encourages employees to use good judgment, and in the case of uncertainty, to seek guidance from their manager or the corporate HR department<sup>18</sup>. The sCoC in section 11: “reporting concerns” indicates business partners and its employees to refer to Tekna’s CFO.

For metrics and plans see also “A resilient and responsible supply chain” and “Ethical business conduct” in part 3 of this report.



External frameworks

Our contributions to the UN SDGs & UN Global Compact

7 AFFORDABLE AND CLEAN ENERGY



In 2019 the most relevant Sustainable Development Goals (SDGs) were chosen. Out of the 17 in total we are working towards many of them: e.g. 3 good health and well-being, 5 gender equality and 13 climate action. We chose to communicate about 7, 9 and 12, because our business, not our policies or culture, can make a difference on these SDGs.

The following are identified green opportunities aligned with the UN SDGs:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



**SDG 7 Affordable and clean energy (7B):** Silicon nano powder for increased battery capacity and resource efficiency.

Tekna developed a cost and resource-efficient process to produce silicon nano powders that are used in the manufacturing of Lithium-ion batteries (LiB). The use of silicon nano powders opens the possibility of increasing the LiB energy storage capability by up to 60% according to theoretical models with the following direct benefits:

- Increases clean energy storage capability (windmills, solar cells, etc.)
- Reduces the volume of raw materials in manufacturing LiB and thus the cost;
- Increases clean energy performance as a substitute to coal and fossil-fuels;
- Reduce global consumption of fossil fuels.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



**SDG 9 Industry, innovation and infrastructure (9.2; 9.4; 9.5):** Developing resource efficient production processes.

Tekna is a global leader in manufacturing powders for Additive Manufacturing ("AM"). Tekna's involvement goes beyond the manufacturing of powders up to assisting the industry in developing standards and product requirements that will, in the end, accelerate the technology adoption. By being a leader in its field and promoting the development and adoption of AM as an alternative solution to traditional manufacturing methods Tekna directly contributes to these UN SDG targets.

**SDG 12 Responsible consumption and production (12.2; 12.4; 12.5; 12.6):** Circular and resource efficient products through Additive Manufacturing

Tekna's inhouse developed manufacturing processes are low emission, resource efficient (e.g. closed-loop gas and water), green (hydro) powered systems. For over 30 years, Tekna has been a responsible manufacturer of quality, leading-edge products. The manufacturing processes developed by Tekna have the following characteristics:

- Low carbon emission;
- 95% of the gases involved in the manufacturing of its products are reused in the process;
- 100% of the power used to run the facility and the processes are sourced from clean energy hydro power plants in Canada and nuclear power in France;
- The stocks of gases are maximized with gas trailers and silos containers avoiding non eco-friendly weekly replacement of bulk packs.
- Re-using and repurposing of material waste from ours and our customers' processes.

We completed our submission to join the UN Global Compact in 2021 and we are a **confirmed member** since January 31, 2022 <sup>19</sup>. We will start communicating on progress ("CoP") in 2023.

<sup>19</sup> <https://www.unglobalcompact.org/what-is-gc/participants/150065-Tekna-Holding-AS-Tekna-Plasma-Systems-Inc->

EU taxonomy (reporting in preparation)

What is EU taxonomy and why is it important <sup>20</sup>?

The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. It may play an important role in helping the EU scale up sustainable investment and implement the European green deal.

The EU taxonomy would provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable. Therefore, it should create security for investors, protect private investors from greenwashing, help companies to become more climate-friendly, mitigate market fragmentation and help shift investments to where they are most needed.

How it works (simplified)?

Step 1: The company determines what activities are in scope of the EU taxonomy. These are called Eligible activities.

Step 2: Applying 3 groups of criteria, namely 1) Sustainably contribute, 2) Do no significant harm and 3) Minimum safeguards a company determines its Aligned activities.

The activities are reported in Revenue, Opex and Capex.

Eligibility study Tekna: 96% of revenue 2021 is eligible!

In a first assessment assisted in methodology by EY and AFK, Tekna has found that 96% of its revenue today is eligible in the following category:

Activity:	Manufacture of other low carbon technologies
Environmental objective:	Climate mitigation
Description:	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy.
Type of activity:	Enabling

Production of metal Additive Manufacturing powder

- Tekna produces metal powders that significantly reduce the metal consumption in product manufacturing processes. Metal consumption is a power and emission intensive process and hence the production of additive manufacturing powder reduces GHG emissions compared to conventional production methods. All metals that Tekna produces are considered relevant in this category.
- FY 2021: 100% eligible

Manufacture of machinery for metallurgy: Plasma systems

- The plasma technology efficiently produces metal powders, hence lowering the GHG footprint of metal production by reducing the total raw material consumption in the production process
- The plasma machines themselves should be more energy efficient compared to other alternatives for similar production processes for the criteria to apply
- Taxonomy for circular economy may be applicable once developed (2022)
- FY2021: 89% eligible

Methodology and assumptions

- Business activities and relevant NACE codes have been reviewed through the climate risk project.
- Identification of relevant taxonomy-activities and mapping to business activities have been discussed in separate workshops to ensure correct taxonomy-activity and thereby eligibility.
- Each business activity is assessed for taxonomy eligibility and alignment through a simplification of the criteria given in the taxonomy regulation and draft delegated acts to provide the essence of each criterion.
- Estimated share of eligible activities may change as a result of the final publication and guidance from the EU, as well as the Norwegian government's adaptation of the legislation.

Next steps:

- Control and validate reported 2021 numbers for eligible activities
- Alignment assessment and report on alignment in 2022 report
- Evaluate the strategic opportunity to increase the share of eligible and aligned activities.

96% of 2021 revenues deemed eligible!

<sup>20</sup> Source: [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en)

Climate Risk and Opportunities (TCFD – reporting in preparation)

In 2021 Tekna initiated activities to identify and manage climate risk, and actively work towards **climate-related financial disclosures**, so-called TCFD-reporting. Tekna is at the beginning of this important journey and a roadmap has been developed. The aim is to, over the coming years, enhance our understanding and transparency regarding the exposure and strategies to identify and mitigate any negative impact.

Tekna’s approach consisted of the following steps:

- 1) Understanding the complicated world of climate-risks and opportunities and the different climate scenario’s to take into account.
- 2) A value chain analysis allowed us to prepare an overview of exposure at different levels.
- 3) Through a materiality analysis of likelihood and consequence we determined the top 5 risks and opportunities.
- 4) Quantify financial impact and develop mitigation plans (in progress).
- 5) Create a TCFD reporting roadmap.

Tekna reports more extensively on the top 5 risks and opportunities further in this section

The term ‘climate risk’ covers both the consequences of, and our efforts to tackle climate change!

TCFD Roadmap

In order to enhance our understanding and transparency Tekna has developed the following roadmap for submitting its climate risk reporting in line with the TCFD requirements. Divided over 3 phases, the latest of which ends in 2025. Tekna’s TCFD reporting will mature into a valuable tool for the organization and ensure informed decisions are made towards our growth path.

	Phase I - 2021	Phase II – 2022-2023	Phase III – 2024-2025
Objective	Project Planning and first analysis	Expand analysis and embed in organization and processes. TCFD reporting.	Ongoing reinforcement and long-term strategy development
Governance	Responsibility assigned to executive level. Raise awareness in Executive team. Initial study performed with 3 <sup>rd</sup> party on current locations and supply chain.	Board implication. Update study and include possible future expansion locations. Quantification of physical climate risk exposure in value chain.	Ongoing board and management oversight  External assurance on TCFD-reporting
Strategy	Elevate climate change to a strategic risk and opportunity driver. Become climate resilient and move to carbon neutral operations. Move to having one supply chain per continent.	Define strategic climate objectives and risk appetite. Define strategies for risks in the different climate scenarios. Identify opportunities to meet customer’s climate risk exposure.	
Risk management	Embed climate-related assessment in investment decisions (ie new locations).	Integration of climate related risks in company risk management tool.	
Metrics and targets	GHG reporting: Baseline measurement scope 1,2 and partial 3 (4/15), see appendices) Emissions reduction target for scope 1,2 50 percent by 2030 compared with 2021.	GHG reporting scope 1,2 and partial 3 (6/15) Science – based targets for scope 1,2,partial 3 Target setting and tracking related to risks classified on or above medium.	GHG reporting scope 1,2,3 Science – based targets for scope 1,2,3 Target setting and tracking related to risks classified on or above medium.

In the next section of the report, you will find an description of the progress we have made in the four categories as defined in TCFD: Governance, Strategy, Risk management and Metrics.

Governance

Disclosure of the organization's governance around climate related risks and opportunities. Refer also the corporate governance report included in the Tekna annual report 2021.

During 2021, Tekna, in collaboration with EY, conducted a high-level climate risk assessment of the company in order to map potential risk factors and opportunities.

This analysis was an awareness exercise above all. Tekna facilities and supply chain are not exposed to risks that require immediate action. It did provide insights that allowed for better investment decisions for the location of two newly leased facilities in Canada and France.

Climate-related risks and opportunities were not prioritised by the board in 2021. However, starting February 2022, ESG, including climate-related governance, will be reviewed with the board once a year (subsequent event). In 2022 we will update the study and include possible future expansion locations. We will also work on quantifying the physical climate risk exposure in the value chain. Furthermore, a climate risk assessment will be part of investment proposals where relevant.

Climate related responsibilities have been assigned to the executive level of the organization. The VP Corporate Strategic Development and Innovation is responsible for ESG, including the annual climate risk assessment (update). Governance including risk management is assigned to the group CFO.

An initial risk and opportunity assessment was performed on current locations and the supply chain in 2021. This was done together with a 3rd party (EY) and many of the executives of the group.

The annual climate risk assessment initiated in 2021 will be updated, deepened (quantification of physical climate risk exposure in value chain) and broadened (include possible future expansion locations).

This will be discussed at least once a year with the board and executive team.

The currently identified risks will be integrated in the risk management tool of the company.

Strategy

Disclosure of the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

For Tekna, the short-, medium-, and long-term time horizons are defined as 0-2 years, 2-10 years and 10-30 years, respectively. The most material climate risks in the short- and medium term are physical risks in the supply chain and in our operations.

We are prone to extreme weather events impacting Chinese suppliers and their ability to supply us with titanium and nickel. Also, higher temperatures put the health and safety of workers in China at risk. Physical climate risks may also impact goods transportation.

In the medium- and long term, physical risk may impact where we consider establishing new production locations. However, there are mostly green opportunities in the medium- and long term, such as increased demand for energy and resource efficient production solutions and zero-emission technologies. Moreover, increased focus on transparency and reporting on our own activities and our footprint will increase investor confidence in Tekna.

Tekna has drafted a roadmap for TCFD and in 2022 the following items are included for strategy:

- Define strategic climate objectives and risk appetite.
- Define strategies for risks in the different climate scenarios.
- Identify opportunities to meet customer's climate risk exposure.

Risk management

Disclosure of how the organization identifies, assesses, and manages climate-related risks. Refer also to the section on Material risks and opportunities in Part 1 of this report.

During 2021, Tekna, in collaboration with EY and AFK, conducted a high-level climate risk assessment of the company in order to map potential risk factors and opportunities.

In the climate risk assessment, three potential climate scenarios were defined: the green revolution (IPCC RCP 1.9), the delayed transition (IPCC RCP 4.5), and the climate crisis (IPCC RCP 6.0). These scenarios laid the foundation for further investigation of possible risks and opportunities in our value chain.

A scenario workshop was held in order to identify risks and opportunities in the different scenarios and sort them in a likelihood vs. consequence matrix. This way, the material risks and opportunities could be defined.

Risks will be included in the inhouse developed risk management tool of the organization and the company is actively monitoring risk rated above medium. No immediate threats have been identified.

Currently we prioritise based on a subjective likelihood and consequence assessment at the executive team level. The next step, for 2022, is to quantify the physical climate risk exposure which will vary depending on the risk and whether it is related to Tekna or for instance its supply chain.

Metrics and targets

The target is aligned with the Paris Agreement to limit the global temperature increase to well below 2 degrees Celsius. Target setting and tracking related to risks classified above medium will be initiated once financial quantification has been completed.

The top 5 climate-related risks & opportunities

A comprehensive list of risks and opportunities was identified through the assessment. In the following table, these have been broken into the top five risks and opportunities for Tekna.

Legend:  
Timeline: S Short, M Medium, L Long term  
Risk and Opportunity rating: H High, M Medium

Risks					Opportunity – green revolution
	<span>H</span> Extreme weather events impacting feedstock supply	<span>H</span> Transportation disrupted by extreme weather events	<span>H</span> Higher temperatures puts workers' HSE at risk	<span>M</span> Extreme weather events impacting production site in Eastern France	<span>H</span> Increased demand for resource and energy efficient production solutions
Description	Suppliers in China exposed to extreme weather events, causing power outages and disrupting deliveries (e.g. flood & storm risks with tier one suppliers of titanium and nickel).	Transport infrastructure and operations are more sensitive to extreme events adversely impact transit time, delivery reliability and efficiency (eg. storm surges, floods and wind gusts affect the operation and the amount of cargo a plane or a barge can safely handle)	Higher temperatures puts workers' HSE at risk e.g. workers in China and heat waves, ultimately reducing resilience and disrupting production. This is valid for Tekna's own sales office as well as suppliers based in China.	Production site in France exposed to extreme weather events, causing power outages and disrupting deliveries. Site specific flood and wildfire risks have been identified	Tekna has low emission mostly closed-loop production technology. The transition from subtractive manufacturing (eg. traditional milling) to additive manufacturing (AM) is ongoing. AM reduces weight of parts and therefore energy need and emissions for planes and vehicles. It increases the ability to produce (spare)parts locally. Refer to feature story about benefits of AM in part 3 of this report.
Likelihood	Likely	Likely	Likely	Unlikely (after mitigation)	Likely
Impact	Feedstock price increases. Delivery delays.	Transit time, delivery reliability and efficiency to Tekna by suppliers and from Tekna to customers. Increase in logistics cost.	Increased absenteeism. Reduced productivity. Delivery delays from suppliers.	Production delays followed by delivery delays. Recovery cost.	Sales acceleration for all advanced material products.
Time period	<span>S M L</span>	<span>S M L</span>	<span>M L</span>	<span>S</span>	<span>S M L</span>
Financial implications	Not yet quantified. Part of our roadmap for 2022		Not quantified.	Not quantified.	As a base-case scenario this is accounted for in the Tekna 2030 projections.
Methodology	Current analyses do not allow for adequate financial quantification of the risk.	Mapping delivery routes and likelihood of events on those routes.	To be developed once there is a better understanding of the risk	Risk mitigation in progress. Will not be quantified.	To substantiate a high case quantification further market confirmation is needed.
Management response	Work with our suppliers to better understand the risk and (support the development of a) mitigation plan. Develop the supply chain per continent. Considering Tekna's specifications and volumes this is expected to take time.	Organise our supply chain close to the customer, at a minimum per continent, i.e. North America, Europe and eventually Asia.	Tekna's current facility has air conditioning. Monitor situation and consider in expansion plans. Suppliers: Work with our suppliers to better understand the risk and (support the development of a) mitigation plan.	As part of our growth strategy the lease of new production site was signed early 2022. This risk will be mitigated by the move, which should be completed within 2022.	2030 Business plan provides an outline to successfully drive this opportunity for Tekna.

Part 3

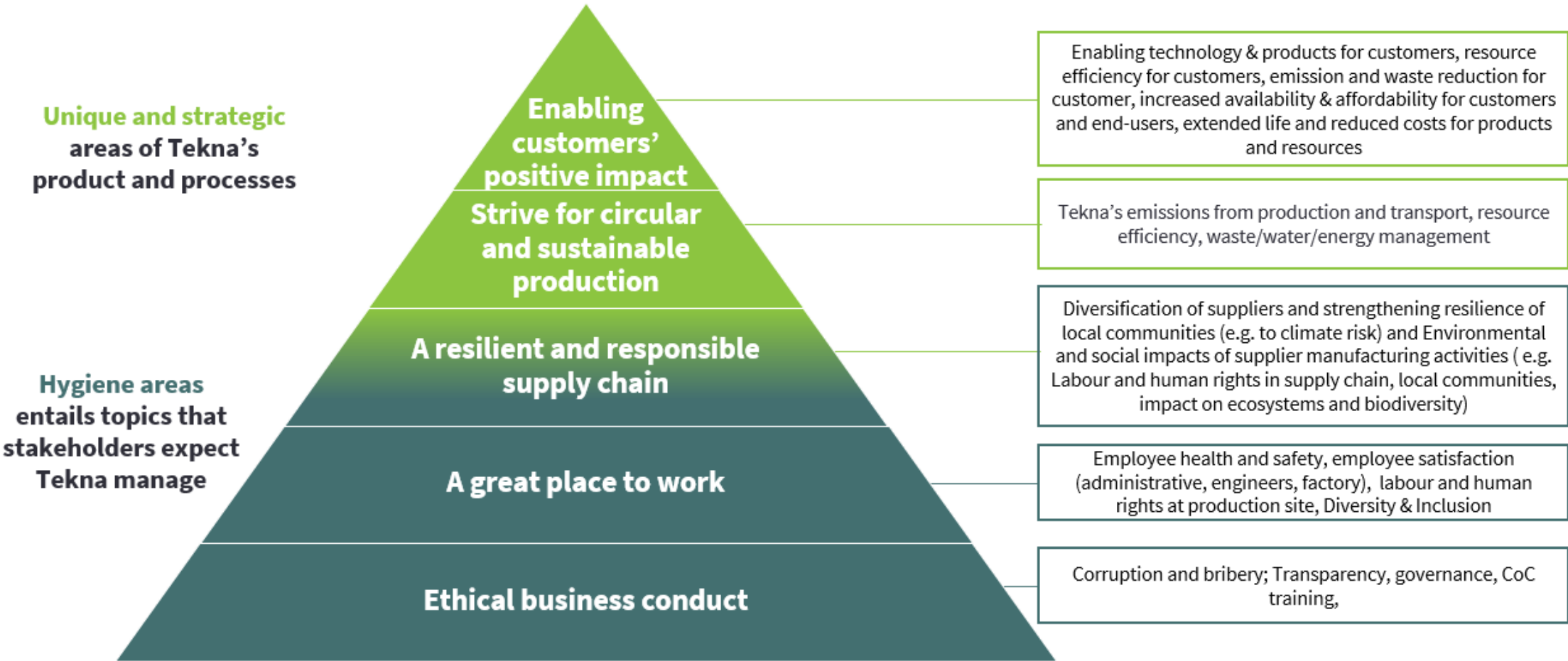
TEKNA

# The Focus Five



### Part 3 | The Focus Five

Tekna has defined **five focus areas**, consisting of hygiene factor areas at the base of the sustainability pyramid and more unique and strategic areas towards the top. Hygiene areas entail topics that stakeholders expect Tekna to manage, whereas the strategic areas are calibrated to Tekna’s products and processes. This part will go deeper into the various focus areas, its relevance, our impact, the achievements and its short and mid- to long term goals.



# Enabling customers' positive impact <sup>21</sup>

Related SDGs: 5.1; 5.5; 7.b; 8.4; 8.5; 8.7; 8.8; 9.5



## Feature story | Enabling sustainable and resource-efficient technologies

Many aspects of Additive Manufacturing can have a positive impact on the environment. There’s plenty of anecdotal information about how companies have saved time, money, and materials by using 3D printing instead of carving foam, machining metal, molding plastic, or forming clay. Currently there is limited independent research. The Additive Manufacturer Green Trade Association (AMGTA) is working to improve this by commissioning life-cycle assessment (LCA) studies.

A brief overview of the opportunities:

- **More efficient design:** 3D printers can make parts with shapes and features unachievable with other manufacturing methods. One can redesign your part or product to make it more efficient, while using less material. Products that were once made of multiple parts can now be printed as one, reducing material use, time and labor. The knock-on effect of this more efficient part design optimization (called topology optimization) and part consolidation are products, such as cars and aircraft, that use less raw material and are lighter, and therefore are more fuel efficient and emit fewer greenhouse gases.
- **Less raw material:** 3D printing makes parts with only the material needed and minimal support material, instead of carving out a part from a block of material, which produces waste.
- **Repairability & spare parts:** 3D printers can quickly and cheaply make repair parts for unique or out-of-production equipment, keeping older machines and vehicles running, eliminating the need for new (raw material and energy)
- **Make parts locally:** Less environmental impact from transportation due to locally produced parts, prototypes and products. (3D printers fit into an office.)



- **Inventory reduction:** With 3D printers, you can print on demand or print small batches instead of having a warehouse of spare and overstock parts, many of which may never be needed.
- **Smaller, quieter factories:** Less manufacturing equipment makes for smaller, quieter factories and fewer emissions. 1 printer replaces multiple traditional manufacturing equipment as it can make a wide variety of materials, shapes and forms.
- **Streamline manufacturing:** 3D printers require fewer tools, parts, and processes than traditional manufacturing eliminating much of the labor, equipment and energy. 3D printing is often faster.



<sup>21</sup> Included in this section: GRI 3-3 | GRI 301-3 | GRI 416-1,2 | GRI 417-1,2,3 | GRI 418-1

Why is this important for Tekna?

This focus area highlights Tekna’s commitment to its customers. Tekna aspires to actively contribute to the implementation of circular and resource efficient solutions and carefully plan for resilience with all stakeholders. This will not only reduce the environmental impact of the value chains it operates within, but also reduce the impact of climate change on business continuity. Enabling our customers in such ways allows them to contribute and further integrate our resilient ecosystem. Planning for adversity together guarantees that Tekna and its stakeholders can keep advancing despite climate change and other challenges. By empowering its customers in achieving their goals, Tekna can be a driving force in the transition to greener and circular materials.

Key to this is the well-being and resilience of our employees. We must be able to deliver high-quality products to our customers today and continuous improvements and innovations for the future.

By empowering its customers in achieving their goals, Tekna can be a driving force in the transition to greener and circular materials.

<sup>22</sup> Tekna’s sustainability information over 2020 was integrated in AFK’s 2020 sustainability report.

How can Tekna make an impact?

In the 2020 report <sup>22</sup> this focus area was called "Circular and resource-efficient products". The aim remains unchanged: enable and support customers in improving their footprint. For instance, by working and collaborating with all stakeholders to close loops, diversify and shorten supply chains and by supporting (technically) OEM's in their ambitions to move parts manufacturing from traditional subtractive to additive manufacturing. Furthermore, there are ongoing R&D activities to valorize circular concepts in additive manufacturing. We focus on:

- 1) Enabling technology & products for customers.
- 2) Resource efficiency for customers.
- 3) Emission and waste reduction for customer.
- 4) Increased availability & affordability for customers and end-users.
- 5) Extended life and reduced costs for products and resources.

Results and progress made in 2021

- 1) In order to reduce single-use plastic packaging, Tekna is developing a multi-usage powder transportation vessel together with partners. The prototype was ready at the end of 2021 and it will be put into operation in 2022 (see picture of prototype below).
- 2) We are closely monitoring the EU Taxonomy regulation and development and have undertaken an external verification by a third party on Tekna’s alignment with the Taxonomy criteria and finalized an eligibility assessment.



KPIs

ID	Category	Description	Unit	2019	2020	2021	Comment
Tekna 4	Materials saved	Estimated materials saved by customers in aerospace industry when using Tekna's solutions and products	Tons of metal	80 - 500	100 - 650	200 - 1 200	Rough estimation based on overall Tekna powder sales and an estimation of 60%-90% potential material saving depending on industry.



Next steps for 2022

- 1) Design, build and certify and then place in operation the multi-usage powder transportation vessel.
- 2) AMGTA research findings are expected to reveal improved methodology to estimate the volume of raw material saved using additive manufacturing technology.
- 3) Updated our System maintenance manuals to recommend on “green” maintenance and end-of-life disposal

Long term goals for 2030 (green opportunities)

- 1) Determine alignment of Tekna activities with EU Taxonomy.
- 2) Implement a data security management system (ISO 27001).
- 3) Mitigating climate change by reducing footprint.
- 4) Support (technically) OEM's in their ambitions to introduce silicon nano materials in the manufacturing of anodes for Lithium-ion Batteries.
- 5) Explore the possibilities of Tekna's waste management technology (Tekna Plasma Systems).
- 6) 100% of R&D investment in new products must cover sustainability criteria.

# Strive for circular and sustainable production <sup>23</sup>

Related SDGs: 6, 15, 7.b; 7.2; 8.4; 12.2; 12.5; 12.6; 13.1; 13.2



## Feature story | Revalorizing powder <sup>24</sup>

Powders used in additive manufacturing (AM) are considered at the end of their service life when their characteristics are no longer meeting the specifications imposed by the end use. Amongst other waste-reducing solutions, the plasma spheroidisation technology developed by Tekna over the last 30 years is a promising solution for reconditioning AM powders.

By exposing end-of-life AM powders to plasma, altered characteristics are restored, readying those powders for a new service life. Up until now, **Tekna's powder reconditioning process has been successfully demonstrated** for materials including Titanium, Inconel 718 and Cobalt-chrome powders.

Note that for this to become a real solution, local capacity, close to point-of-use, is needed. Neither the ecological nor the financial business case make sense if waste material needs to be shipped over long distances to be revalorized. Tekna is selling the spheroidization equipment it produces. A solid return on investment on this equipment requires a certain volume of material.

<sup>23</sup> Included in this section: GRI 3-3  
<sup>24</sup> Source: J.Pollak, O.Bailly and R.Dolbec (Tekna employees), Production of spherical metallic powders dedicated to additive manufacturing, Proceedings of the 2017 International Conference on Powder Metallurgy & Particulate Materials (POWDERMET 2017) pp.436-443.  
<sup>25</sup> [Hydrogen Resources | Department of Energy](#) and [Hydrogen Production: Electrolysis | Department of Energy](#)



## Feature story | Producing hydrogen for Tekna's own consumption

Hydrogen is a hot topic. Since around 2010 Tekna has produced hydrogen (H2) for use in our plasma processes by means of water hydrolysis.

We use renewable energy (hydroelectricity) for the hydrolysis process. By doing so, we avoid using H2 derived from fossil fuels. Currently, most hydrogen is produced from fossil fuels, specifically natural gas <sup>25</sup>. By **producing H2 on-demand**, we avoid storing bulk quantities of H2 on-site, which is a big plus for the safety of our workers on the plant. The same goes for community safety as we contribute to reducing the volume of flammable gas transported on the roads.



Why is this important for Tekna?

Tekna’s growth, powered by the green transition, introduces an environmental cost to the value chain. Tekna is committed to keeping this cost as low as possible, through green energy, resource efficiency and aiming for increased circularity. This simultaneously reduces our production cost and contributes to securing and improving our market positions.

Climate change and increased demand for greener materials will worsen resource scarcity. Moving forward, Tekna’s decisions, where available, will be guided by life cycle assessment-based management of all resources. The sustainability and circularity of Tekna’s operations become a priority, because all future proof consumer activities must contribute to balancing our ecosystem. Strong governance and adaptability are needed to harness the sustainability opportunities of new green regulations, such as the LEED building certification allowing our operations to continue safely by integrating circularity and resilience in infrastructures.

How can Tekna make an impact?

A sustainable production calls for a low carbon footprint and closed loop systems. We achieved such closed loops by recycling and reusing up to 95% of argon and helium gases as well as water within our own manufacturing processes. We continue to allow work from home (~40%) and offer Hololens Factory Acceptance Tests to reduce GHG emissions from travelling. We focus on:

- 1) Tekna’s emissions from production and transport.
- 2) Resource efficiency.
- 3) Waste/water/energy management.

Results and progress made in 2021

- 1) Achieved level 1 and 2 of a local Recycle Program “Ici on recycle+”. Also refer to feature story on the certification in part 1 of this report.
- 2) Exchanged mercury lights and fluorescents to LED in our Canadian production sites.
- 3) Quantified scope 1 and 2 GHG emissions for all our sites, including production sites in Canada and France. Quantified scope 3 for business travel (global) and hazardous waste (CA only).
- 4) A project to better control the consumption of process gasses (Helium and Argon) is expected to deliver a 20% reduction of gas consumption going forward.
- 5) R&D developed solutions for improved output leading to energy conservation to be implemented in 2022.
- 6) Improvements in recycling have been implemented, however we have not implemented the means to measure progress yet.

Tekna’s powder reconditioning process has been successfully demonstrated.



KPIs:

ID	Category	Description	Unit	2019	2020	2021	Comment
Tekna 1	Water efficiency	Water used per kg of powder product produced	m3	0,054	0,078	0,064	Canada: building TAM. Metric somewhat skewed as water consumption by R&D is included.
		Total water consumption in TPS facility Canada	m3	19 472	8 247	7 837	Canada: building TPS. A major redesign of R&D laboratory and water cooling systems in 2020 generated an annual saving of 10 000 cubic meter of fresh water. (average consumption TPS 2015-2019 23000m3).



See tables in appendices for further metrics. The following GRI’s are included: GRI 302-1: Energy consumption within the organization | GRI 302-3: Energy intensity | GRI 305-1: Scope 1 emissions | GRI 305-2: Scope 2 emissions | GRI 305-3: Scope 3 emission

Next steps planned for 2022

- 1) Develop action plan to reduce GHG emissions scope 1, 2 – 50% carbon reduction by 2030.
- 2) Initiate process for science-based targets for scope 3 by performing the baseline measurement for 6/15 categories in scope 3 <sup>26</sup> (CEMASYS)
- 3) Implement productivity improvements of Tekna operated plasma system to achieve greater energy conservation.
- 4) Initiate Lifecycle Assessment (“LCA”) for one of Tekna’s products to determine CO2 per kg.

Long term goals for 2030 (green opportunities)

Adapt supply chain and community needs based on various risk assessment, targets and certifications. Identify and interact with local and circular supply chains (local circular economy). Network of smaller supply chains that can support each other in case of shortages or crises, increasing social and climate resilience.

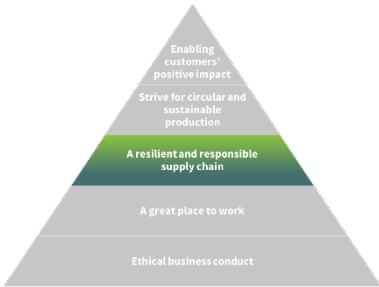
- 1) Carbon reduction of 50% of scope 1 and 2.
- 2) Offset carbon emissions from scope 3.
- 3) Implement environmental and energy management systems (ISO 14001, 50001)
- 4) Recycled feedstock – use 75% recycled metal
- 5) Quantify current recycling rates, and define improvements
- 6) Report on scope 1, 2 and 3 + carbon intensity
- 7) Improve water usage at the Tekna Plasma Systems plant
- 8) Packaging project: improve both inbound (packaging we receive) and outbound (packaging we use)
- 9) 100% use of renewable energy
- 10) Engage in stakeholder dialogue to understand recycling needs of customers

<sup>26</sup> Cemasy is a system for standardized recording of CO2 emissions. In scope 3 it distinguishes 15 categories, namely: 1) Purchased goods and services 2) capital goods 3) fuel-and-energy related activities 4) upstream transportation and distribution 5) waste 6) business travel 7) employee commuting 8) upstream leased assets

9) downstream transportation and distribution 10) processing of sold products 11) use of sold products 12) end-of-life treatment of sold products 13) downstream leased assets 14) franchises 15) investments.

A responsible and resilient supply chain <sup>27</sup>

Related SDGs: 9.2; 9.4; 12.4; 12.5; 12.6; 13.1; 13.3



Feature story | Vision: Manufacturing ecosystems per continent

Let’s start with the end goal: having supply ecosystems per continent that are resilient to local adversity and are dynamic enough to support each other when facing shortages or crises.

Today Tekna produces most materials in Canada and nickel alloys in France. Our vision is to set up local manufacturing ecosystems, in essence supply chains, per continent. This would make those supply chains much more resilient, with lower exposure to the climate and other risks, while leaving a smaller carbon footprint due to reduced transportation and enabling circular use of materials within our own ecosystem.

As a first step toward this vision Tekna announced in January 2022 that we are setting up a new production facility in Europe in Pont-de-Veyle, France. The plan is for this facility to produce all products we deliver in Europe.

The realization of this ambition will start with the establishment of a supply chain for Aluminum powder that is 100 per cent European-based, ranging from feedstock procurement to manufacturing of advanced powders, and delivery to point-of-use, with fully traceable, closed-loop material recycling.



<sup>27</sup> Included in this section: GRI 3-3

Why is this important for Tekna?

The global supply chain faces many risks and can be vulnerable to the adverse effects of climate change. A part of our resilience goal, we therefore want to encourage capacity-building initiatives aimed at strengthening local supply chains. In order to stay ahead of disruptions and shortages Tekna will focus on more inclusive planning and a circular and sustainable management of resources.

Being capable of quickly responding and adapting to events is key to resilience and a better management of resources.

How can Tekna make an impact?

By increasing our awareness of the partners we choose to work with we can improve the well-being in our ecosystem. We focus on:

- 1) Diversification of suppliers and strengthening resilience of local communities (e.g. to climate risk).
- 2) Mapping environmental and social impacts of supplier manufacturing activities (e.g. Labour and human rights in supply chain, local communities, impact on ecosystems and biodiversity).
- 3) Understanding exposure to climate-related risks and ensure the development of mitigation plans.

Results and progress made in 2021

In 2021 we developed and rolled out our Supplier Code of Conduct and supplier self-assessment to ensure that we prevent and address potential adverse human rights impacts associated with our business activities.

KPIs

ID	Category	Description	Unit	2019	2020	2021	Comment
Tekna 5	Supplier code of conduct	Number of suppliers that have signed the supplier code of conduct	#	0	3	21	Tekna group. Source system: Netsuite. 66% of suppliers > CAD 100k spend in 2020. Large corporations with own code of conduct aligning with Tekna's also included.
Tekna 6	Supplier self-assessments	Number of suppliers that have completed the self-assessment questionnaire	#	0	0	20	Tekna group. 63% of suppliers > CAD 100k spend in 2020.

Next steps planned for 2022

- 1) Ensure compliance with our Supplier Code of conduct and increase % of sizeable suppliers that signed it by 10% (>100k CAD spend).
- 2) Increase the number of suppliers that have completed the self-assessment questionnaire
- 3) Understand exposure to extreme weather events with suppliers and in transport routes and develop mitigation plans (TCFD)
- 4) Work with our suppliers in China to better understand the risk of extreme weather events and (support the development of a) mitigation plans (TCFD)
- 5) Develop a governance assessment and action plan with a focus on transactions in countries ranking low on the Corruption Perceptions Index\*

Long term goals for 2030 (green opportunities)

- Resilient network of local circular and sustainable supply chains.
- 1) Report on supplier audits.
  - 2) Shorten transport routes in the supply chain
  - 3) Engage in dialogue to assess local risk mitigation and adaptation
  - 4) Develop a new supplier assessment process

A great place to work <sup>28</sup>

Related SDGs: 5.1; 5.5; 8.5; 8.7; 8.8; 9.5



Feature story | Employee survey

Wellbeing, health and safety are a priority at Tekna. In the autumn of 2021 Tekna performed its first employee survey since 2016. The company has changed much since then, so the survey was extensive. Employees were encouraged and enabled to participate in this digital survey, which led to a participation rate above 90%.

At the same time the committee “reussir ensemble” (succeed together) was created. This committee consists of representatives from different departments and levels in the organization. Its mandate is to ensure the success of stakeholders by promoting staff well-being while achieving the company’s growth objectives. Therefore, this team is also tasked with interpreting the results of the survey and convert them into actionable projects. The survey measured employee satisfaction (eSAT <sup>29</sup>) of 76% and an employee Net Promotor Score (eNPS <sup>30</sup>) of 22. These indicators will be re-surveyed annually to measure development over time.

Occupational Health and Safety

Throughout the year extensive risk analyses have been performed in order to improve the safety of our production installations, this includes the new Nickel nano production system. 430 Health and safety audits and awareness interactions took place between management and personnel throughout the year. 6 major and 61 minor OHS actions were identified and resolved during the year.



<sup>28</sup> Included in this section: GRI 3-3 | GRI 2-7

<sup>29</sup> The eSAT is expressed as a score between 0% and 100%.

<sup>30</sup> The eNPS is expressed as an absolute number lying between -100 and +100. Employee Net Promoter Score (eNPS) is a concept to measure employee loyalty. It is a method of measuring how willing your employees are to recommend their workplace to their family or friends.

Employee statement | Evolution of work safety at the nano Nickel project



By Abdelkerim Aloui (2010), Support and Improvement Technician, Microelectronics. He has been part of the R&D team for Nickel nano.

“We know that safety is the top priority in all workplaces. Having a safe and clean working environment helps to create a healthy and stress-free atmosphere where workers can feel safe. It has a positive impact on productivity and quality.

A few years ago, we started a work safety process and set up methods and instructions to follow for each work procedure in our factory (Tekna Advanced Materials, CA). On the Nano Nickel project we have always worked to improve the atmosphere and safety to eliminate all direct contact with Nano Nickel particles.

We have evolved over time to better control the process and improve safety. For this, in 2021, we have implemented further safety directives and procedures. For cleaning the system reactor for example, we follow these steps:

- 1. Padlock the entire system (Following the system lockout procedure).
- 2. Increase ventilation in the area.
- 3. Place relevant warning signage at the access points of the work area.
- 4. The wearing of PPE (personal protective equipment) is mandatory for persons authorized to access the area.
- 5. Clean the entire floor with the zamboni (cleaning machine) after the task has been completed.
- 6. Clean surfaces of the system.

Personally, I have noticed a tremendous change in Tekna’s approach to safety”

Zero accidents! It’s the only acceptable number.

Why is this important for Tekna?

Tekna believes in the strength of diversity as proof shows that more diverse teams make better decisions. As a high-tech company Tekna is driven to keep and attract exceptional talent to drive innovations, as our employees are our most important resource. Continued focus on the health, safety and well-being of our people is considered critical to the resilience of the ongoing operations.

How can Tekna make an impact?

This focus area addresses improvements and opportunities in our own backyard. We focus on:

- 1) Employee health, safety and security.
- 2) Employee satisfaction and development in all levels (administrative, engineers, factory).
- 3) Labour and human rights, particularly at production sites.
- 4) Diversity & Inclusion

Wellbeing, health and safety are priorities at Tekna. Tekna has not identified any increased risks regarding human rights in its own global operations.

Results and progress made in 2021

- 1) An employee survey was performed in the autumn, providing the team with valuable insights on becoming a better workplace. See feature story in this section.
- 2) Great advancements have been made in OHS. We increased to 90% the completion of internal safety audits on 4 critical hazards (430 audits and awareness interactions took place leading to 6 major and 61 minor findings, which were resolved). We are certain these interactions have had a positive impact on our safety culture, although we have not validated our OHS cultural maturity level. We have focussed on improving our installations and making our new production process for Nickel nano safe and secure.
- 3) Virtual collaboration is now anchored in a work-from-home policy reducing employee travel (2 days per week where possible) and improving work life balance.
- 4) We increased the skill level of our staff by training them on new technological tools (NetSuite, Ultipro, Windchill, Sharepoint, Office 365, etc.), on-the-job training plans and management training.
- 5) First assessment of climate-related risks in our own facilities for our employees was done.
- 6) In 2021, Tekna promoted 2 women to the Director level and across the company we have promoted 50% women and 50% men to management positions.



KPIs

ID	Category	Description	Unit	2019	2020	2021	Comment
Tekna 7	Employee satisfaction	Employee Net promotor score	#	-	-	22	The eNPS is expressed as an absolute number lying between -100 and +100.
		Employee Satisfaction score	%	-	-	76%	The eSAT is expressed as a score between 0% and 100%.
Tekna 8	Occupational Health and Safety Management System	Annual audit of Occupational Health and Safety Management System by 3rd party.	%	-	84%	91%	Canada only. Source: Prévigesst Inc. prevention mutual - Audit and inspection report June 2021



See tables in appendices for further metrics. The following GRI’s are included: GRI 405-1: Diversity of governance bodies and employees | GRI 401-1: New employee hires and employee turnover | GRI 403-2: Occupational health and safety | GRI 406-1: Incidents of discrimination and corrective actions taken

Next steps planned for 2022

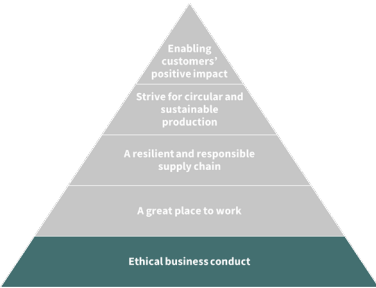
- 1) Zero accidents (LTI) – it’s the only acceptable number!
- 2) Integrate high OHS standards in new facilities in Canada and France.
- 3) Work towards multiple ISO certifications related to health, safety and risk management.
- 4) Publish a description of Tekna’s Occupational Health and Safety (OHS) system
- 5) Finalize and implement pay equity process (GRI 2-20).
- 6) Activate master plan for retention levers and increased well-being of employees using data from employee survey.
- 7) Continue to increase diversity in leadership and board

Long term goals for 2030 (green opportunities)

- 1) Disability accessibility assessment of Tekna’s buildings.
- 2) Implement ISO45001 on OHS and ISO31000 on risk management.
- 3) Idea in development: Initiate a school of circularity that will lead innovation in environmental waste and metal recycling, additive manufacturing, etc., in partnership with universities (Sherbrooke-Norway), local stakeholders, and more. Provide training to foster youth innovation.

Ethical business conduct<sup>31</sup>

Related SDGs: 3.4; 3.9; 8.7; 8.8; 16.3; 16.5; 17.16



Why is this important for Tekna?

It is Tekna’s belief that it has a social responsibility to the communities reached through its operations, as they are key stakeholders to achieve green, circular, inclusive, transparent, and fair business practices that can succeed in the long-term.

Respect for human rights is rooted in our values and key to our license to operate from employees, customers, investors, communities, governments and other stakeholders. A human centered business with respect for the individual and which recognizes the fundamental human rights for everyone is essential as there can be no climate resilience without social resilience. Vulnerability and injustices are exacerbated by climate change and its many adverse effects. Accountability of actions through better and transparent reporting can effectively tackle corruption and vulnerability challenges, supporting the development of local capacity-building and resilience: both necessary for an inclusive and sustainable global growth.

Tekna supports internationally recognized frameworks such as the ILO Convention and the OECD guidelines for multinational enterprises and the UN Guiding Principles on Business and Human Rights. Beyond the minimum requirements, companies can make voluntary, positive contributions to support human rights, and a diligent approach to this topic can enable both social and environmental responsibility.

<sup>31</sup> Included in this section: GRI 3-3

How can Tekna make an impact?

Tekna continues to embed human rights into company-wide governance and compliance programs. Both our Employee and supplier code of conduct addressing the topic are now in place. For employees more likely to be exposed to corruption and bribery risks, further awareness trainings will be organised. The supplier self-assessment requires follow up and auditing in order to ensure compliance. We will continue to enhance transparency and governance through improved reporting. In this, we focus on:

- 1) Corruption and bribery
- 2) Transparency
- 3) Governance
- 4) Code of Conduct training

Results and progress made in 2021

- 1) Tekna developed its Employee Code of Conduct in 2021, and it was approved by the board early 2022.
- 2) Tekna publishes its first ESG report prepared according to the GRI Standards over 2021, which includes an update of our materiality analysis and focus areas.
- 3) Tekna did its first climate related risk and opportunities scan with a 3rd party to prepare for TCFD reporting.



KPIs

ID	Category	Description	Unit	2019	2020	2021	Comment
GRI 205-2 Tekna A10	Communication and training about anti-corruption policies and procedures	Workforce that has signed the latest version of Code of Conduct					Tekna globally. Topic included in CSR policy [PLGRH-10]. Digital reading confirmation equals signature. Source system: Isovision.
		Total number	#	171	173	53	In 2021, with the new employee code of conduct under development only new hires (65) were asked to affirm the CSR policy (Canada 100%, France 0% of new hires).
		Percentage	%	100%	99%	82%	



See tables in appendices for further metrics. The following GRI's are included: GRI 205-1: Operations assessed for risks related to corruption | GRI 205-2: Communication and training about anti-corruption policies and procedures | GRI 205-3: Confirmed incidents of corruption and actions taken

Next steps planned for 2022

- 1) Signatory of UN Global Compact.
- 2) Recruit external board member (s), improving independence and diversity.
- 3) Establish an Audit committee.
- 4) 100 % of employees signed Employee to sign Code of Conduct.
- 5) Governance assessment with focus on transactions in countries ranking low on the Corruption Perceptions Index (carried forward from 2020 goals).

Long term goals for 2030 (green opportunities)

- 1) 100% of employees to complete annual CoC training.
- 2) Increase diversity across the organization with a specific focus on gender diversity.
- 3) Implement management system for social responsibility and anti-bribery (ISO 26000, ISO 37001).
- 4) 100% of eligible employees to receive anti-corruption and bribery training.
- 5) Submit ESG report to audit.
- 6) Establish a sustainability committee.
- 7) Become B Corporation certified.
- 8) Become part of the FTSE4Gooc index
- 9) Increased global well-being and livelihood enables increased consumer demand. More money can be channeled to fuel the green transition.

# Assurances and indexes

## GRI index

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## Independent assurance of this report

This report was not independently reviewed or assured.



# Appendices

Appendices

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Appendix A: Key figures (GRI)

Key figures GHG Emissions

Category	Description	Unit	2019	2020	2021	Comment
GRI 305-1   Scope 1						
Stationary combustion						
Natural gas	Canada   TPS - Energir	tCO2e	139,3	-	-	
Natural gas	Canada   TAM - Energir	tCO2e	314,1	-	-	
Natural gas	Canada   TPS - Energir/Access gas	tCO2e	-	128	-	
Natural gas	Canada   TAM - Energir/Access gas	tCO2e	-	346,1	-	
Natural gas	Canada   TAM - Access gas	tCO2e	-	-	460,9	
Natural gas	Canada   TPS - Access gas	tCO2e	-	-	115,8	
		tCO2e	453,4	474,1	576,6	
Scope 1 Total		tCO2e	453,4	474,1	576,6	
GRI 305-2   Scope 2						
Electricity Green						
Electricity Hydropower	Canada   TPS - Hydro	tCO2e	-	-	-	
Electricity Hydropower	Canada   TAM - Hydro	tCO2e	-	-	-	
Electricity Hydropower	Canada   TAM - Hydro Sherbrooke	tCO2e	-	-	-	
Electricity Hydropower	Canada   TPS - Hydro Sherbrooke	tCO2e	-	-	-	
		tCO2e	-	-	-	
Electricity						
Electricity China	China   TPZ - Sales office	tCO2e	-	-	5	
Electricity France	France   TPE - Alterna	tCO2e	-	-	32,1	
Electricity France	France   Imphytek - sales office	tCO2e	-	-	-	Imphytek [10m2] office space included in France TPE.
Electricity Korea	Korea   TPK - Sales office	tCO2e	-	-	0,6	
		tCO2e	-	-	37,6	
Scope 2 Total		tCO2e	-	-	37,6	

Key figures GHG Emissions continued

Category	Description	Unit	2019	2020	2021	Comment
GRI 305-3   Scope 3						
Waste						
Hazardous waste, treated	Canada   TPS, incl. R&D and TAM	tCO2e	-	-	-	All was recorded as Tekna Plasma Systems as the majority relates to R&D. High-level summary of all hazardous waste: (flammable) metallic powder, rags, acids, coolants and non-chlorine solvents. Estimation of processing: 10% of waste is recycled. 90% of waste is treated, followed by landfill recorded as 45% treated and 45% landfill to avoid double counting.
Hazardous waste, landfill	Canada   TPS, incl. R&D and TAM	tCO2e	-	-	-	
Hazardous waste, recycled	Canada   TPS, incl. R&D and TAM	tCO2e	-	-	-	
		tCO2e	-	-	0,1	Based on 2021 invoices Fec Technologie.
Business travel						
Hotel nights, Europe	Worldwide   Tekna - all entities	tCO2e	-	-	2,6	All air travel in economy class. Air and train travel in Passenger kilometer (pkm). Based on expense reports and employee input 2021.
Hotel nights, world	Worldwide   Tekna - all entities	tCO2e	-	-	6,2	
Domestic	Worldwide   Tekna - all entities	tCO2e	-	-	1	
Continental economy	Worldwide   Tekna - all entities	tCO2e	-	-	8,7	
Intercontinental economy	Worldwide   Tekna - all entities	tCO2e	-	-	13,1	
Train International	Worldwide   Tekna - all entities	tCO2e	-	-	-	
Mileage all. avg. car	Worldwide   Tekna - all entities	tCO2e	-	-	11,3	
		tCO2e	-	-	42,9	
Scope 3 Total		tCO2e	-	-	43	
Total		tCO2e	453,4	474,1	657,2	
Percentage change			-	4.6%	38.6%	

Key figures Energy

Category	Description	Unit	2019	2020	2021	Comment
Scope 1						
Stationary combustion						
Natural gas	Canada   TPS - Energir	MWh	757,6	-	-	
Natural gas	Canada   TAM - Energir	MWh	1708,4	-	-	
Natural gas	Canada   TPS - Energir/Access gas	MWh	-	696,3	-	
Natural gas	Canada   TAM - Energir/Access gas	MWh	-	1882,3	-	
Natural gas	Canada   TAM - Access gas	MWh	-	-	2498,4	
Natural gas	Canada   TPS - Access gas	MWh	-	-	627,5	
		MWh	2465,9	2578,6	3125,9	
Scope 1 Total		MWh	2465,9	2578,6	3125,9	
Scope 2						
Electricity Green						
Electricity Hydropower	Canada   TPS - Hydro	MWh	1442,3	-	-	
Electricity Hydropower	Canada   TAM - Hydro	MWh	5380,5	-	-	
Electricity Hydropower	Canada   TAM - Hydro Sherbrooke	MWh	-	4581,6	5423,3	
Electricity Hydropower	Canada   TPS - Hydro Sherbrooke	MWh	-	1217,2	1451,3	
		MWh	6822,8	5798,8	6874,6	
Electricity						
Electricity China	China   TPZ - Sales office	MWh	-	-	8	
Electricity France	France   TPE - Alterna	MWh	-	-	593,6	
Electricity France	France   Imphytek - sales office	MWh	-	-	-	
Electricity Korea	Korea   TPK - Sales office	MWh	-	-	1,1	
		MWh	-	-	602,7	
Scope 2 Total		MWh	6822,8	5798,8	7477,3	
Total		MWh	9288,8	8377,4	10603,2	
		GJ	33439,5	30158,7	38171,5	
Percentage change			-	-9.8%	26.6%	

Key figures Energy continued

Category	Description	Unit	2019	2020	2021	Comment
Scope 1 renewable energy		MWh	-	-	-	
Scope 1 renewable energy share		%	-	-	-	
Scope 2 renewable energy		MWh	-	-	7006,5	
Scope 2 renewable energy share		%	-	-	93.7%	
Total renewable energy		MWh	-	-	7006,5	
Total renewable energy share		%	-	-	66.1%	

Key figures Energy Consumption

Scope 1						
Stationary combustion						
Natural gas	Canada   TPS - Energir	tCO2e	139,3	-	-	
Natural gas	Canada   TAM - Energir	tCO2e	314,1	-	-	
Natural gas	Canada   TPS - Energir/Access gas	tCO2e	-	128	-	
Natural gas	Canada   TAM - Energir/Access gas	tCO2e	-	346,1	-	
Natural gas	Canada   TAM - Access gas	m3	-	-	226506	
Natural gas	Canada   TPS - Access gas	m3	-	-	56890	
Scope 2						
Electricity Green						
Electricity Hydropower	Canada   TPS - Hydro	kWh	1442327	-	-	
Electricity Hydropower	Canada   TAM - Hydro	kWh	5380490	-	-	
Electricity Hydropower	Canada   TAM - Hydro Sherbrooke	kWh	-	4581612	5423331	
Electricity Hydropower	Canada   TPS - Hydro Sherbrooke	kWh	-	1217180	1451279	
Electricity						
Electricity China	China   TPZ - Sales office	kWh	-	-	7950	
Electricity France	France   TPE - Alterna	kWh	-	-	593646	
Electricity France	France   Imphytek - sales office	kWh	-	-	-	
Electricity Korea	Korea   TPK - Sales office	kWh	-	-	1132	

Key figures Energy Consumption continued

Category	Description	Unit	2019	2020	2021	Comment
Scope 3						
Waste						
	Hazardous waste, treated	Canada   TPS, incl. R&D and TAM	kg	-	-	1636
	Hazardous waste, landfill	Canada   TPS, incl. R&D and TAM	kg	-	-	1636
	Hazardous waste, recycled	Canada   TPS, incl. R&D and TAM	kg	-	-	364
Business travel						
	Hotel nights, Europe	Worldwide   Tekna - all entities	nights	-	-	125
	Hotel nights, world	Worldwide   Tekna - all entities	nights	-	-	137
	Domestic	Worldwide   Tekna - all entities	pkm	-	-	7491
	Continental economy	Worldwide   Tekna - all entities	pkm	-	-	109472
	Intercontinental economy	Worldwide   Tekna - all entities	pkm	-	-	167423
	Train International	Worldwide   Tekna - all entities	pkm	-	-	3035
	Mileage all. avg. car	Worldwide   Tekna - all entities	km	-	-	67103

Key figures Energy Intensity

GRI 302-3						
Energy intensity						
a.iii)	Energy intensity ratio for the organization	kWh/kg powder	16,3	13,8	10,9	Ti64 and AlSiMg manufacturing in Canada.
b.	Organization-specific metric (the denominator) chosen to calculate the ratio					Per kg product produced.
c.	Types of energy included in the intensity ration; whether fuel, electricity, heating, cooling, steam, or all.					Electricity only.
d.	Whether the ratio uses energy consumption within the organization, outside of it, or both.					Tekna only. Tekna Advanced Material manufacturing only.

Key figures New employees and employee turnover

Category	Description	Unit	2019	2020	2021	Comment
GRI 401-1						
New employee hires and employee turnover						
a.	Total number and rate of new employee hires during the reporting period, by age group, gender and region.					Tekna globally
Tekna A1	Total number of new hires	#	14	17	65	number includes all hires (replacement and additions)
a.i)	Percentage of female new hires	%	-	-	34%	
a.ii)	Number of female new hires	#	-	-	22	
a.iii)	Percentage new hires per region:					
	Europe	%	-	-	18%	
	America	%	-	-	82%	
	Asia	%	-	-	0%	
a.iv)	Number of new hires per region:					
	Europe	#	-	-	12	
	America	#	-	-	53	
	Asia	#	-	-	0	
a.vii	Average age of new hires	Ø	-	-	38	
b.	Total number and rate of employee turnover during the reporting period, by age group, gender and region.					(Total number employees 31. Dec - Total number of employees 01. jan)
Tekna A2	Total turnover	#	-17	11	28	(Total number employees 31. Dec - Total number of employees 01. jan)/Average number employees
Tekna A3	Turnover rate	%	-0,1	0,06	15%	
a.i)	Total turnover women		-	-	13	
a.ii)	Turnover rate by gender:					
	Male	%	-	-	8%	
	Female	%	-	-	7%	

Key figures New employees and employee turnover continued

Category	Description	Unit	2019	2020	2021	Comment
GRI 401-1						
New employee hires and employee turnover						
a.iii)	Total turnover by region:					
	Europe	#	-	-	3	
	America	#	-	-	26	
	Asia	#	-	-	-1	
a.iv)	Turnover rate by region:					
	Europe	%	-	-	2%	
	America	%	-	-	14%	
	Asia	%	-	-	-0,5%	
a.v)	Total turnover by age group:					
	Under 30 years old	#	-	-	12	
	30-50 years old	#	-	-	12	
	Over 50 years old	#	-	-	4	
a.vi)	Turnover rate by age group:					
	Under 30 years old	%	-	-	6,4%	
	30-50 years old	%	-	-	6,4%	
	Over 50 years old	%	-	-	2,1%	

Key figures Occupational Health and Safety

Category	Description	Unit	2019	2020	2021	Comment
GRI 403-2 (2016)						
Occupational health and safety						
a.	Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities, for all employees, with a breakdown by:					Canada only. Source file: Tableau_Enregistrement_Accidents 2021
Tekna A4	Types of injury	see comment				The most common injury types are first aid (Hand cuts and scratches)
Tekna A5	Injury rate (IR)	%	0	0	3%	2 Lost time injuries recorded in France, however the worked hours are not available.
Tekna A6	Occupational disease rate (ODR)		-	-	0	
Tekna A7	Lost day rate (LDR)	%	-	-	2%	
Tekna A8	Absentee rate (AR)	% in days	0,03	0,02	2%	Vacation and holidays were excluded from total workdays. Long Term Disability and Maternity leave were deducted from absence. Leave without pay not included.
Tekna A9	Work-related fatalities	#	0	0	0	none, globally
c.	The system of rules applied in recording and reporting accident statistics	see comment				We follow our accident, incident and first aid report instruction (INSST-13). There is a process of communication and actioning for: Accidents, Incidents and First Aid. In the Monthly Operation Review we follow these indicators: LTI, workplace injury, Completion on implementation of OHS risk reduction measures, OHS non-conformities, OHS audits.

Key figures Diversity of governance bodies and employees

Category	Description	Unit	2019	2020	2021	Comment
GRI 405-1						
Diversity of governance bodies and employees						
a.	Percentage of individuals within the organization’s governance bodies in each of the following diversity categories:					Section reflects status as of Dec 31 for Tekna group. Source file: Indicateur_RH
a. i)	Gender:					Tekna Holding AS
	Male (Board of directors)	%	100%	100%	100%	
	Female (Board of directors)	%	0%	0%	0%	
	Male (C-suite positions)	%	100%	80%	83%	Executives including CEO
	Female (C-suite positions)	%	0%	20%	17%	
a. ii)	Age group (Board of directors):					2021 Tekna Holding AS; 2019-2020 Tekna Plasma Systems Inc.
	Under 30 years old	%	0%	0%	0%	
	30-50 years old	%	50%	0%	25%	
	Over 50 years old	%	50%	100%	75%	
	Age group (C-suite positions):					Executives including CEO
	Under 30 years old	%	0%	0%	0%	
	30-50 years old	%	0%	60%	67%	
	Over 50 years old	%	100%	40%	33%	
b.	Percentage of employees per employee category in each of the following diversity categories:					
b. i)	Gender:					
	Male employees	%	82%	81%	77%	
	Female employees	%	18%	19%	23%	
b. ii)	Age group:					Tekna group
	Under 30 years old	%	-	-	15%	
	30-50 years old	%	-	-	63%	
	Over 50 years old	%	-	-	22%	

Key figures Incidents of discrimination and corrective actions taken

Category	Description	Unit	2019	2020	2021	Comment
GRI 406-1						
Incidents of discrimination and corrective actions taken						
a.	Total number of incidents of discrimination during the reporting period.	#	-	-	0	
b.	Status of the incidents and actions taken with reference to the following:		-	-	-	
b. i)	Incident reviewed by the organization;		-	-	-	
b. ii)	Remediation plans being implemented;		-	-	-	
b. iii)	Remediation plans that have been implemented, with results reviewed through routine internal management review processes;		-	-	-	
b. iv)	Incident no longer subject to action.	#	-	-	0	

Key figures Communication and training about anti-corruption policies and procedures

GRI 205-2						
Communication and training about anti-corruption policies and procedures						
Tekna A10	Workforce that has signed the latest version of Code of Conduct					Tekna globally. Topic included in CSR policy [PLGRH-10]. Digital reading confirmation equals signature. Source system: Isovision.
	Total number		171	173	53	In 2021, with the new employee code of conduct under development only new hires (65) were asked to affirm the CSR policy (Canada 100%, France 0% of new hires).
	Percentage		100%	99%	82%	

Key figures Communication and training about anti-corruption policies and procedures continued

Category	Description	Unit	2019	2020	2021	Comment
GRI 205-2						
Communication and training about anti-corruption policies and procedures						
a.	Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.					The new corporate governance code has been approved by the board of Tekna Holding AS on Feb 8, 2022
b.	Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by:					CSR policy [PLGRH-10]. 2021 % includes communication during employees' service years, not specific communication in 2021
b.i)	Employee category:					
	C-suite positions	%	-	-	100%	
b.ii)	Others	%	-	-	100%	
	Region:					
	Europe	%	-	-	100%	
	America	%	-	-	100%	
	Asia	%	-	-	100%	

Key figures Operations assessed for risks related to corruption

Category	Description	Unit	2019	2020	2021	Comment
GRI 205-1						
Operations assessed for risks related to corruption						
a.	Total number of operations assessed for risks related to corruption.		-	-	0	Assessment of global operations started in Q1 2022
a.i)	Percentage of operations assessed for risks related to corruption, compared to total number of operations.		-	-	0	
b.	Significant risks related to corruption identified through the risk assessment.		-	-	-	

Key figures Confirmed incidents of corruption and actions taken

GRI 205-3						
Confirmed incidents of corruption and actions taken						
a.	Total number and nature of confirmed incidents of corruption.		-	-	0	Worldwide
i)	Nature of confirmed incidents of corruption		-	-	-	
b.	Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.		-	-	0	
c.	Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.		-	-	0	
d.	Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.		-	-	0	

Appendix B: Abbreviations and useful links

Abbreviation	Clarification	Useful link	Abbreviation	Clarification	Useful link
AFK	Arendals Fossekompagni ASA	Home - Arendals Fossekompagni	IR	Injury Rate	
AM	Additive Manufacturing		ISO	International Organisation for Standardisation	ISO - International Organization for Standardization
AMGTA	Additive Manufacturer Green Trade Association	Home - AMGTA	IT	Information Technology	
AR	Absentee Rate		KPI	Key Performance Indicator	
BoD	Board of Directors	investors/governance (tekna.com)	LCA	Life Cycle Assessment	Life-cycle assessment - Wikipedia
CoC	Code of Conduct		LDA	Lost Day Rate	
CoP	Communication on Progress (Re: UN Global Compact)		LiB	Lithium-ion Battery	
CSR	Corporate Social Responsibility		LTI	Lost Time Injury Rate	
eCoC	employee Code of Conduct	esg (tekna.com)	NACE	Nomenclature of Economic Activities	
eNPS	employee Net Promotor Score		NGO	Non-Governmental Organisations	
ERP	Enterprise Resource Planning		NPS	Net Promoter Score	
eSAT	employee Satisfaction Score		OECD	The Organisation for Economic Co-operation and Development	Home page - OECD
ESG	Environmental, Social and Governance	esg (tekna.com)	OEM	Original Equipment Manufacturer	
EU taxonomy	a European tool to help investors understand whether an economic activity is environmentally sustainable, and to navigate the transition	EU taxonomy for sustainable activities   European Commission (europa.eu)	OHS	Occupational Health and Safety	
EY	Ernst & Young		R&D	Research & Development	
FTE	Full-time Employees		SASB	Sustainability Accounting Standards Boards	SASB
GDPR	General Data Protection Regulation		sCoC	Supplier Conduct of Conduct	esg (tekna.com)
GHG	Greenhouse Gas		SDG	Sustainable Development Goals	THE 17 GOALS   Sustainable Development (un.org)
GRI	Global Reporting Initiative	GRI - Home (globalreporting.org)	TCFD	Task Force on Climate-related Financial Disclosures	Task Force on Climate-Related Financial Disclosures   TCFD) (fsb-tcf.org)
HSSE	Health, Safety, Security and Environment		TAM	Tekna Advanced Materials	
HR	Human Resources		TPE	Tekna Plasma Europe	
IoT	Internet of Things		TPS	Tekna Plasma Systems	
IPCC	Intergovernmental Panel on Climate Change	IPCC — Intergovernmental Panel on Climate Change	UN	United Nations	Homepage   UN Global Compact

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