

2022

Human Rights and Transparency Act Report

Every particle counts...

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Introduction

On 1 July 2022, the Norwegian Transparency Act came into effect. The Act promotes enterprises’ respect for human rights and decent working conditions in connection with the production of goods and the provision of services. It also ensures the general public’s access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions.

Tekna’s value chain

Tekna is a world-leading provider of advanced materials, headquartered in Sherbrooke, Canada. Tekna produces high-purity metal powders for applications such as 3D printing serving the aerospace, medical, automotive industries, 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 multinational base of over 200 blue-chip customers.

Tekna Holding ASA and its subsidiaries (“Tekna”) consists of ten legal entities (including one joint venture), of

which three are in Europe (“EU”) (32 employees), four are in North America (“NA”) (179 employees) and three are in Asia (6 employees). Manufacturing takes place in Canada and France, whereas the other entities are sales offices.

Below a simplified overview of the Tekna value chain for the two business segments.

80 per cent of Tekna’s global spend comes from suppliers based in the EU or NA, which we deem well-governed by legal standards. Of the remaining 20 per cent, approximately 15 per cent is spend on a key raw material, i.e. titanium, supplied by two previously audited manufacturers in China. Both are well-established and qualified suppliers to major western industrial conglomerates.

Business Segments	Suppliers & Resources	Tekna Operations	Customers	End-users (& End-of-life-stage)
Advanced Materials BU’s:	Raw materials to	Processing feedstock by plasma atomization: heating the metals until they turn into liquids or vapor and subsequently develop the liquids or vapor into micro- and nanoscale advanced materials.	Production of:	Utilization:
Additive Manufacturing	Aluminum Alloys Nickel alloys Tantalum ^{1,2}		Tier 1 and Tier 2 Metal part manufacturers	Aerospace, medical implants, automotive and consumers (enabling additive manufacturing)
Microelectronics	Nickel		Multi-Layer Ceramic Capacitors (MLCC) Original Equipment Manufacturers	for Electronics (devices, EVs, enabling miniaturization and electrification)
Energy Storage	Silicon ¹		Material for anodes of Lithium-ion batteries:	
Systems	Parts and subassembly producers		Manufacturing, commissioning and servicing of Plasma systems	Research institutes and companies

Reference is made to the more extensive value chain description in the sustainability report 2022, available at

[Tekna.com/esg](https://www.tekna.com/esg)

1: Critical raw material list. 2: Potential conflict material Tekna’s supplier guaranteed material purchased non-conflict.

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Guidelines and routines

Several guidelines and routines have been created and communicated for handling actual and potential negative consequences for basic human rights and decent working conditions.

For any concerns about business conduct, or advice regarding the policies and practices for responsible business conduct, the first point of contact internally is the HR department, externally it is the CFO. Any interaction will be taken into consideration on a continuous basis.

Code of Conduct

Tekna has embedded responsible business conduct in its new Code of Conduct (“CoC”) replacing the Corporate Social Responsibility policy in place since 2019. The CoC was approved by the Board of Directors as part of the Corporate Governance Code on February 8, 2022. It is available in both English and French to ensure a good understanding with the employees and enable them to use good judgment, and in the case of uncertainty, seek guidance.

Implementation began in 2022 and 91% of the global employees have signed the CoC. The effort will continue to reach 100%. It is also compulsory for new employees to read and sign the CoC as part of their onboarding. A CoC training with employees will take place in 2023.

The CoC is available on www.Tekna.com/esg.

Supplier Code of Conduct

Tekna has embedded responsible business conduct for suppliers in its Supplier Code of Conduct (“SCoC”) put in

place in 2021. The SCoC was approved by the Chief Executive Officer on August 16, 2021. It is available in both English and French to ensure a good understanding with our supply base.

The Suppliers Code of Conduct and Supplier self-assessment were rolled out to our medium and large suppliers (starting with > CAD 100k spend in 2021). 20 suppliers have submitted a signed SCoC to us.

To further enhance our Supplier due diligence, we have signed a collaboration with Factlines AS, who provide a systematic digital approach to supplier assessments. We will also expand the scope of the SCoC to include and address Business Partners, rather than just suppliers.

The SCoC is available on www.Tekna.com/esg.

Human rights

TEKNA’s Business Partners shall respect human rights, and always act in line with the rules and principles laid out in the 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 and the International Bill of Human Rights, and the OECD Guidelines for Multinational Enterprises

Prohibition of child labour

TEKNA does not accept any form of child labour or that children below the lawful minimum age for admission to employment are engaged in our or our Business Partners’ business. If persons below the age of 18 are involved, TEKNA demands special precautions to safe-

guard their health, security and rights. Persons below the age of 18 shall not perform dangerous or night-time labour, and their work shall not inflict damage on their education or development. TEKNA and its Business Partners fully support, and will act in accordance with, the UN Convention on the Rights of the Child.

Labour rights, health and safety

TEKNA does not accept any involuntary labour and expects all its Business Partners to comply with all fundamental labour rights and applicable laws and regulations. Business Partners shall ensure fair salaries, safe working conditions (including necessary supervision and protection from fire and other dangers), the right to organize, a good workplace environment, and have in place a whistleblowing procedure for the reporting concerns by employees.

Hazardous substances and conflict resources

TEKNA and its Business Partners shall comply with applicable laws and regulations regarding the use, prohibition and restriction of hazardous substances and shall avoid the use of conflict materials, i.e. materials that originate from conflict areas and contribute to fund governments and movements which violate fundamental human rights.

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Guidelines and routines (continued)

Discrimination and harassment

Any kind of discrimination due to gender, ethnicity, national origin, descent, skin colour, language, religion, sexual orientation, family situation or disability is not accepted in TEKNA or any of its Business Partners. All people shall at any time be treated with respect and dignity.

Whistleblowing

TEKNA encourages transparency and Business Partners and their employees are expected to report any concerns about potential violations of this SCoC or applicable laws and regulations to the Chief Financial Officer without delay. The information reported and the identity of the whistleblower will be treated confidentially to the extent possible and permitted by applicable laws and regulations. TEKNA will endeavour to protect whistleblowers against retaliation. TEKNA may, however, disclose information to competent authorities to the extent appropriate.

If our employees suspect any unethical conduct in breach of this Code or other policies and applicable laws, they shall immediately report this to the corporate or local HR department following the internal complaint procedure.

The first point of contact is the HR department, but reports can be made to one of the people listed in the CoC, depending on the nature and content of the report. Violations involving a member of the executive team should be reported directly to a Board member.

If an employee reporting a violation wishes to remain

anonymous, all reasonable steps will be taken to keep their identity confidential. Anyone who reports such matters, in accordance with the internal complaint form, will be protected from retaliation. As such, no employee shall be discriminated or retaliated for reporting in good faith a violation of Tekna's policies. However, any employee who intentionally has made a false claim of violation may receive disciplinary actions up to and including, when appropriate, termination of employment.

Setting up an external whistleblowing system is a measure we are looking to implement in 2023.

Handling requests of information – The Transparency Act

Tekna is in the process of developing the routine for handling request for information. The routine will follow the legal requirements, ie: Upon receipt of a written request for information Tekna will reply within three weeks. Depending on the complexity of the request this will either be the answer to the questions or a request for extension of the time limit with reason of the extension and an expected completion and reply date.

The contact person for the Transparency Act is disclosed specifically on the website (Tekna.com/esg).

Subjects for the Board

The overall management of the Company is vested in the Board and the Executive Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business, ensuring proper organization and allocation of

responsibilities and duties, preparing plans and budgets for its activities, ensuring that the Company's activities, accounts, and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Code of Conduct was approved by the Board of Directors and in 2023 we will seek approval from this highest governing body for the Code of Conduct for Business Partners and the Anti-Corruption policy.

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Risks of negative consequences

Risks of negative consequences internally are identified through a sustainability due diligence process.

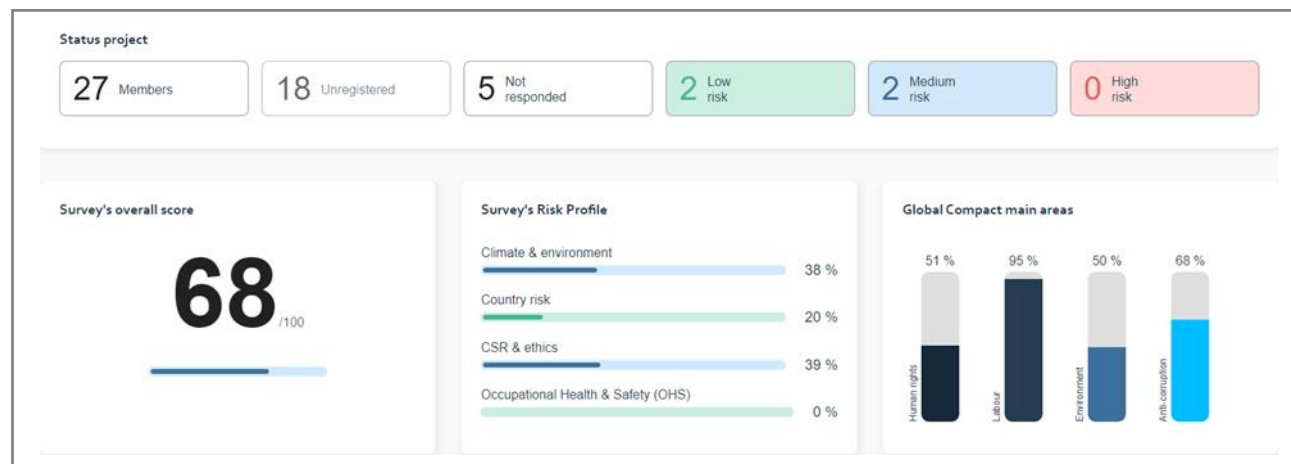
Tekna is in the process of performing the due diligence to identify, measure and understand the most important risks in our supply chain. This is conducted with assistance from Factlines, a company that provides a corporate social responsibility self-reporting form based on the ten principles of UN Global Compact, OECDs guidelines for responsible business conduct, and the Transparency Act law. The form covers topics such as supply chain, risk assessment, management systems, working conditions, social responsibility, environment, anti-corruption, and conflict minerals.

Performance

We have launched a campaign starting with the 25 suppliers with highest spend and / or greater risk. Our largest suppliers include raw material suppliers in China (approx. 15 percent of total company spend), classified as a country with high risk because there is no guarantee of workers’ rights. Furthermore, we included suppliers that we expect to have a supply chain in potential risk areas. It has proven to be challenging to achieve participation and we will continue to encourage our Business Partners to participate.

In the dashboard above, the colour coded risk level shows a summary of the overall score on four axes: Climate & Environment, Country risk, Corporate Social Responsibility & Ethics and Occupation Health & Safety.

Once we have more significant participation in our assessment, we will be able to report more concretely. We plan to report on the KPIs in the table.



KPI

Percentage of new suppliers that were screened using social criteria	not started
Number of suppliers assessed for social impacts	5 (in progress)
Number of suppliers identified as having significant actual and potential negative social impacts	0
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment	0 (high risk)
Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why	0

In 2022, there were 2 reported incidents of discrimination, anti-corruption or breaches of the SCoC or CoC. More information can be found in the GRI report 2022, available on the website.

Process to remediate negative impacts

The renewal audit on site with the two deemed the most critical suppliers is in progress as this report is being written.

We will obtain more responses and expand the supplier base that we ask to respond to the assessment. In order to make the most out of the resources we have, we will first focus our efforts on the suppliers with the most improvement potential.

We will pay particular attention to those suppliers that disclose not having a policy against the use of child labour and / or forced labour in line with the UN Global Compact principle 5.

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Measures

Tekna will ensure that all employees sign the Code of Conduct. As an improvement measure an employee training will also take place.

- Tekna will adjust the Supplier Code of Conduct to address all Business Partners and use it for a broader application among Business Partners.
- Tekna will enable an external whistleblowing system in order to further promote timely transparency on negative impacts that may arise.
- Tekna will continue the due diligence process through Factlines. The campaign has started in Q1 and will continue to run throughout 2023. Supplier audits have re-started since Covid travel restrictions have been lifted, to ensure compliance with the CoC and agree on improvements where necessary and will continue throughout 2023.
- Tekna will work with its suppliers to better understand climate-related risk and support the development of a mitigation plan.

All these measures will reduce the risk of negative consequences and halt present activities that have negative impact.

Action plan

Supplier audits	Ongoing
Increase Supplier SCoC signatories	Ongoing
Complete routine for request for information related to Transparency Act	Q1
Complete Factlines due diligence on 25 most critical suppliers	Q2
Employee training in CoC and 100% signature	Q2
Adjust SCoC to specifically address all Business Partners	Q3
Develop and implement Anti-corruption policy and training	Q3
Board approval for CoC for Business Partners, Anti Corruption policy	Q4
External whistleblowing system	Q4

1: Critical raw material list. 2: Potential conflict material Tekna’s supplier guaranteed material purchased non-conflict.

About Tekna

Tekna is a global leader in the development, manufacturing and sales of advanced micron and nano powders as well as plasma process solutions.

Since we started in 1990, Tekna has developed a unique and proprietary plasma technology platform for manufacturing micro and nano sized powders for a range of industries. Our business model relies on two revenue streams, both with synergistic effects:

- Development and sale of plasma systems: We develop and sell plasma systems customized for the purpose of research and development.
- Development and sale of advanced powders: We develop and operate our own proprietary plasma processes to produce and sell spherical powders and nano powders.

Tekna's is developing the position of its advanced materials in three multi-billion-dollar market verticals. 

Tekna is headquartered in Québec, Canada, and has additional offices in France, China, Korea, USA, and seven distributors operating globally (Europe, Asia and North America).



Additive Manufacturing:

Currently our fastest growing segment. Tekna enjoys an estimated 19 per cent market share, up by 6 per cent on main selling products. This global market is on track to outperform, in terms of growth, traditional machining due to improved environmental efficiency, for instance through resource efficiency and speed of availability of parts.

Microelectronics:

We aim to secure industrial scale supply to global tier 1 customers in the microelectronics industry. Nano powders below 100 nm are expected to become the new industry standard for high-end MLCC devices, and Tekna is one of only three producers that can deliver this.

Energy Storage:

Tekna has developed and patented its industrial process to produce high purity spherical silicon nano powder. Nano silicon used in rechargeable batteries could provide electric vehicles with 60 per cent more distance travelled on a single charge. Important industries for our powders are: batteries, electronics, medical, automotive, aerospace and satellites.

Systems | PlasmaSonic:

In the systems business we launched the PlasmaSonic Product line. This wind tunnel simulates hypersonic conditions to enable research for for instance space tourism.

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request

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 **TEKNA**