

MARTELA SUSTAINABILITY POLICY FOR SUPPLY CHAIN

Approved by Martela's Group Management Team on March 26th, 2018

Martela is committed to quality, safety and sustainability in all its operations and its supply chain. It is important that our suppliers know the issues we regard as crucial for our cooperation and act in accordance with our principles. This will ensure customer satisfaction and create a win-win situation for us and our partners. Martela wants to actively engage with stakeholders to continuously improve environmental, social and economic performance according its Corporate Code of Conduct. Martela's service and goods providers and contractors play an important role in Martela's efforts towards sustainability.

In this document, we describe our purchasing principle and the social requirements placed on our suppliers and their supply chain. These requirements are based on national labour laws and ILO conventions, and they are applied globally. (Later in the text the term "supplier" also covers supply chain.)

LEGAL COMPLIANCE

Martela's suppliers shall comply with all applicable laws and regulations in all locations where they conduct business. In addition to complying with legal and regulatory requirements, our suppliers are expected to act in accordance with high standards of business ethics. The Martela Corporate Code of Conduct, which guides both our own employees and our suppliers, explains what we mean with these standards.

ANTI-CORRUPTION

The highest standards of integrity are to be expected in all business interactions. Any form of extortion and corruption, including improper offers for payments to or from employees or organisations, is prohibited.

SOCIAL REQUIREMENTS

Our social requirements consist of compliance with labour laws and/or ILO conventions, depending on which ones are the most stringent.

HUMAN RIGHTS

Martela's suppliers shall support and respect internationally proclaimed human rights. Martela's suppliers shall make sure that they are not engaged in human rights abuses.

LABOUR STANDARDS

Freedom of association

Martela's suppliers shall recognise and respect employees' freedom of association and their right to freely choose their representatives. The suppliers shall also recognise employees' right to collective bargaining.

Forced labour

Martela's suppliers shall not use forced labour and employees are free to leave their employment after reasonable notice as required by national law or contract.

Child labour

Martela's suppliers shall not, under any condition, employ children who are below the minimum legal age for employment. In the event that children are found to be working, policies and written procedures for remediation of children shall be established and documented by the supplier company. Furthermore, the supplier company shall provide adequate financial and other support to enable such children to attend and remain in school until no longer a child.

Employment conditions

The employees of Martela's suppliers shall understand their employment conditions. Pay and terms are fair and reasonable and comply at a minimum with national laws or minimum industry standards, whichever are higher. Working hours shall comply with national laws. Employees shall have at least one day off per week and overtime should be disbursed according to national law.

Non-discrimination

Martela's suppliers shall treat their employees with respect and dignity. All kinds of discrimination based on partiality or prejudice is prohibited such as discrimination based on race, colour, gender, sexual orientation, marital status, pregnancy, parental status, religion, etc. Threats of violence, corporal punishment, physical or verbal abuse or other unlawful harassment are strictly prohibited.

Work safety

Martela's suppliers shall provide their employees with a safe and healthy workplace in compliance with all applicable laws and regulations. Supplier shall identify the company's health and safety risks and manage continuous improvement with monitoring system, goals and action plans including safe handling of chemicals, emergency awareness and practices.

ENVIRONMENT

Martela's suppliers shall support a precautionary approach to environmental challenges. Supplier shall be aware and comply with all applicable environmental laws and regulations. Supplier shall identify the company's environmental impacts and manage continuous improvement with monitoring system, goals and action plans. Martela is interested in its suppliers' environmental performance and encourage them to implement environmental management systems with documented and communicated environmental policy and to adopt less environment burdening technologies. All employees should be provided with environmental training.

QUALITY, TECHNICAL REQUIREMENTS AND SPECIFICATIONS

For the majority of suppliers, a supplier basic information form for the evaluation of quality productivity is used. Evaluation and interviews at the supplier's premises are conducted for selected main suppliers. Sample and trial batches as well as evaluation of economic

resources and competitiveness are used for major new suppliers. Supplier quality and delivery accuracy is monitored with monthly metrics for main suppliers.

PRODUCT SAFETY AND LIABILITY

Martela expects fulfilment of product liability for part suppliers whose products have an effect on product safety.

SHIPMENTS/DELIVERIES

Purchased products, components and materials quality and delivery times must comply with Martela's needs and requirements.

SELECTING AND MONITORING OF SUPPLIERS

Before we start a new partnership, we always go through this Sustainability Policy for Supply Chain. Our approach to above mentioned issues is based on risk assessment. If our risk assessment shows that a supplier or supply chain falls into a risk category, closer monitoring will be carried out. In these cases, we first ask our supplier to present a reliable proof of compliance with labour standards (social standard certifications and other third party audit reports, inspection documents etc.). If no such information is available, we ask the supplier to carry out a self-assessment procedure under our guidance. Third party monitoring is used when appropriate.

NON-COMPLIANCES

In case of non-compliance a corrective action project will be started by the supplier in order to improve co-operation for mutual benefits. If no improvement is reached within six months, cooperation with the non-compliant supplier can be terminated.

APPROVAL

Martela's Group Management Team approved these requirements on March 26th, 2018.