

# 2017 Sustainability report



Inspiring  
spaces

**Martela**

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**A good working environment is a source of creativity and enables employees to reach optimal productivity and wellbeing.**



# Martela in brief

**MARTELA DESIGNS AND CREATES** the best work-places and learning environments for its customers. We offer user centric solutions for modern working environments – for mobile work and activity based offices. Martela's objective is to provide its customers and partners with the best service and high-quality, ergonomic and innovative products. Fast deliveries and an efficient delivery network help us attain this objective.

Martela is one of the leading companies in Nordic countries to concentrate in working environment. We also offer the widest range of services in the

market that support the maintenance and modification of interior solutions. We offer a comprehensive service that can cover the entire process of change from initial inventory and design to removal and maintenance.

Martela is a family company founded over 70 years ago and its shares are quoted on the OMX Nordic Exchange Helsinki. The company has production facilities in Finland and Poland. Our main markets include Finland, Sweden and Norway.

In 2017, Martela Group's turnover was EUR 109.5 million and it employed an average of 508 employees.





**Martela joined  
the United Nations'  
Global Compact Initiative  
in 2011.**

# Contents and scope of report

**THIS SUSTAINABILITY REPORT, MARTELA'S EIGHTH**, contains Standard Disclosures according to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (version G4). The report covers all of Martela's operations. Reporting boundaries and the data reported have been determined in accordance with the recommendations of the GRI Boundary Protocol. Martela's performance indicators for the GRI G4 content index have been selected on the basis of the materiality assessment and the indicators have been reviewed by the Sustainability Steering Group. The disclosed results include monitoring data for a period of at least three years.

Compared to the previous report published in May 2017, the biggest change is the end of environmental metrics for operations in Sweden. The production in Sweden was transferred to Nummela Logistics Center during 2016. Other deviations and limitations are reported in connection with the indicators in question and in the GRI index.

## Global Compact Reporting

Martela joined the United Nations' Global Compact Initiative in 2011. Global Compact has approved the use of the GRI guidelines as indicators of the level and progress of actions. In this report, we continue Global Compact reporting by marking in the G4 content index the indicators that we use to measure the extent to which the principles of human rights, labour rights, environmental protection and anti-corruption are in place.

## Reporting Structure

At the beginning of the report Martela is briefly introduced as a company, and information on its values, strategy and governance is presented. After that, the stakeholder analysis prepared by the Sustainability Steering Group and the core risks and opportunities regarding corporate responsibility are presented. The related management principles and the nature of the commitments are summarised. The full texts of our principles can be found at [www.martela.com](http://www.martela.com). The governance and risk management principles are presented in the Martela Annual

Report. In the section 'Management of Sustainability', the roles and duties of the Board of Directors, the Group Management Team and the Sustainability Steering Group in developing corporate responsibility are described.

The performance in different areas of operation is presented in the economic, social and environmental sections of this report. The sustainability report presents the progress of the sustainability programme for 2017–2020 and the new programme for 2018–2022.

## Assurance of the report

There is no external assurance of the sustainability indicators. Economic responsibility metrics are based on the Board of Director's Report and the consolidated financial statements that have been audited by KPMG.

## Publication of the report

The annual sustainability report is published in PDF format in Finnish and English. No printed copies of the report have been made, but it is possible to print it out. The 2018 report will be published in spring 2019.



# Wellbeing by user centric planning

Maija Kaski

Anne-Maria Peitsalo



Matti Rantaniemi

Martela aims to be a responsible partner for all its stakeholders and a corporate citizen that actively promotes sustainable development. CEO Matti Rantaniemi, Sustainability Steering Group chair Maija Kaski and Sustainability Steering Group secretary Anne-Maria Peitsalo discuss Martela's goals and key themes as well as its achievements during 2017.

### **Working is in a state of transition and Nordic countries are setting the pace in this area.**

#### **What does this transition mean?**

**Matti:** Digitalisation and globalisation are rapidly changing the way in which we work. Knowledge work now accounts for an increasing proportion of this, especially in industrialised societies. Many tasks can be performed anywhere and at any time. International competition also means tougher efficiency requirements.

#### **How is Martela responding to this change?**

**Matti:** We already know how to design and make durable and high-quality office furniture. Nowadays, we think about the workplace as an increasingly broader concept. Our aim is to provide our customers with user-friendly workplaces and learning environments and services supporting them. This means that we set up expert partnerships with the customers as soon as they start planning their overall needs.

#### **What is meant by a user-centric approach?**

**Maija:** Workplace planning starts with a survey of the users' needs. Knowledge-intensive work requires spaces for different situations. You often have to concentrate on your own tasks, but there are also situations where you have to work with others or rest your brain. The needs of the organisation and the individuals are key considerations in the plan.

**Anne-Maria:** User-centric spaces provide an organisation with a competitive edge and boost wellbeing at work. When provided with more efficiently designed spaces that are better suited for their needs, customers can also expect lower rental costs and electricity bills. This also helps our customers to reduce the environmental impacts arising from their activities. Flexible solutions mean less need for unnecessary furniture and the maintenance service ensures that the spaces always meet the users' needs.

#### **What are the key corporate responsibility themes at Martela?**

**Matti:** Sustainability is a key factor in Martela's business, both in the short and in the long term. Our focus is on the goals that we can achieve by providing our customers with better workplaces and the way in which they impact society at large. For this reason, sustainability is a consideration in all our operations. In our reporting, we talk separately about economic, social and environmental responsibility but in our daily work the aim is to achieve all these goals. For example, material efficiency and the wellbeing of our personnel both impact positively on our performance. We have not yet reached all the companies set out in the sustainability programme based on the Martela Lifecycle model, which means that the work is continuing.

**Maija:** The key positive impacts definitely arise from the products and solutions that we supply to our customers in which consideration is given to the workplace lifecycle. We have invested a great deal to ensure the sustainability of our products and supply chain but we are also constantly focusing on the sustainability of our own operations. We have set the rules and principles for sustainability and supervise compliance with these rules.

**Anne-Maria:** Changing attitudes and expectations is the biggest challenge. Especially in the public sector, it may take a while to change from furniture-centred purchasing to furnishing as a total concept. And to shift the focus from the purchase price and environmental impact assessment of pieces of furniture to the lifecycle impacts of the furnishing as a whole.

#### **How do you promote corporate responsibility at practical level?**

**Anne-Maria:** We have set out the key themes for Martela on the basis of which the Sustainability Steering Group picks the development priorities, sets the targets, drafts a plan to achieve them and monitors the implementation process. We communicate on our success to our stakeholders in annual reports in a transparent manner. By taking part in different types of training, all employees can also give feedback and have a say in how the priorities are set each year.

#### **What were your key achievements in 2017?**

**Matti:** In the economic field, the aim was to raise profitability to eight per cent, excluding non-recurring items, and increase the share of service business. In performance targets, because of the system reform, we fell short of our goals, but I believe that the basis for strong profitability has now been created. Service business now accounts for a larger share of our business and more customers are also interested in purchasing workspaces as total packages.

**Maija:** Our aim was also to improve wellbeing at work in our customer companies and at Martela. We believe that we have been successful and our solutions have been favourably received. The challenges involving the system reform mentioned by Matti also affected personnel wellbeing. At times, the capacity of the employees was stretched to the limit as solutions were sought. Fortunately, the situation has now eased.

**Anne-Maria:** Sustainability of the supply chain is a key factor in Martela's business. We do not accept inappropriate practices, such as bribery and extortion. Thanks to extensive and transparent interaction with our suppliers, no such cases have emerged. We are also continuously working to maintain strict quality standards and reduce the environmental impacts of materials and production, and progress in these areas has been achieved.

# Trends

**Change in content of work**  
 Work is increasingly knowledge-oriented and work tasks and roles are diverse. Team work is increasing and hierarchies are lowering.

**Work is independent from time and place**  
 Work can be done almost anywhere and employees are easily reached.

**Growing demand for productivity**  
 Measuring and achieving results is important. Encounters increase productivity.

**Energy efficiency**  
 Energy is expensive and its production causes emissions. Energy efficiency saves both money and environment.

**Cost efficiency**  
 Office space is expensive especially in growing areas. A smaller office can provide better functionality.

# Martela Lifecycle<sup>®</sup>



# Value for customer

- Improved employee experience and increased wellbeing
- Increase in productivity and innovation
- Renewal of work and management culture
- Decreased total costs

“  
**A successful environment leads to a more engaged personnel.**”

# Martela Lifecycle®

– user centric workplaces and learning environments

**USER CENTRIC WORKPLACES** and learning environments support a wide range of needs and situations, including spaces for a variety of activities, such as collaboration, communication, chill out and concentration. The best workplaces and learning environments are created based on the goals and values of each organisation and by listening to the needs of end-users. The more the environment supports work and learning, the more satisfied the users are. The way of working and learning is improved!

Martela Lifecycle® is a comprehensive service that covers the entire lifecycle of workplaces and learning environments. With this model, maintenance of premises and furniture is continuous ensuring that the workplace evolves with changing needs.

## Specification

Future needs of the work environment are considered in the specification phase. If a company has the opportunity to move to new premises, the specification phase provides support for finding the right kind of space. The company that has previously operated in a traditional office can find ample room in usually 20 to 40% smaller premises.

The specification starts with locating user-driven needs by going through the organization's roles, tasks, space and product needs as well as the goals for trans-

forming the work environment. The targets for change are always derived from corporate strategy to ensure that the change supports the organisation towards its future vision. Carefully implemented specification includes, for example, workplace utilisation measurements, workshops and working environment surveys while ensuring end-user engagement in the change. At the end of the specification phase, a workplace report and space usage plan are created. These are used in the workspace and interior design planning.



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## Planning

User centric workplace planning ensures a responsibly created and maintained work environment for the organisation. Space and interior design help to optimise

the use of space in the work environment and clarify the company's visual image. In the user centric design phase, a company-specific space plan is created that can take into account existing furnishings, recycling of unneeded pieces and furniture rental opportunities.

As a result of the planning, the customer receives a custom made space plan that is used in implementing the change. The workplace as a whole can also be leased with Martela's flexible financial services. At this stage, a plan for employee orientation for the utilisation of the new space is created. Additionally, a unit audit is carried out for possible removal service and recycling.

## Implementation

Careful advance planning and efficient project management ensure a smooth implementation of the change and maintenance work. Martela takes care of all changes beginning from removal service and installation of the office to recycling and final clean-up as well as the introduction of the new working environment to the personnel.

## Maintenance

Based on a user experience survey and the actual utilisation measurements, the maintenance phase consists of an enquiry of the workplace needs as well

as development suggestions based on the measurement results. Maintenance reduces need for major changes, lowers costs and supports occupational wellbeing and work efficiency of employees, as the space supports work also during organisational change.

Organisations and work methods are constantly changing. It is advisable to regularly check if the work environment supports the current ways of working. The changes do not always have to be substantial. Even small changes to the workspace can have a major effect on productivity and employee wellbeing.

## Value for customers

A successful work and learning environment guides and challenges personnel to be more engaged in their work. The environment has a direct link to efficiency, cost savings, employee satisfaction, and cooperation.

Successful organizations often understand the potential of the working environment as a management tool. A successful environment supports its end-users in taking initiative. It supports the organization to achieve its key objectives and ensures a smooth flow of information. A good working environment is a source of creativity and enables employees to reach optimal productivity and wellbeing.

# Values

**OUR CORPORATE VALUES ARE** expressed by the terms: Family business, Passion for Innovations, User Driven Design and Finnish.

**Family business** explains the long-term approach that we take. We look further than just the next quarter, and we maintain contacts over generations. We look to the future, and we value both the environment and our roots.

**Passion for Innovations** is in our DNA. Innovation applies to our offering but is also evident in our endeavours to improve everything we do.

**User Driven Design** can be seen and felt in our products and services in a very tangible sense. We can improve the everyday lives of our customers in many ways.

Martela was founded in 1945 and it has developed along with the country itself over the decades since. We are very proud of our Finnish roots. A key aspect of being Finnish is keeping your word. At Martela this means keeping our customer promises: we finish the work we have started, with pride. Therefore, our fourth value is represented by the word **Finnish**.



**We are very proud  
of our Finnish roots**

# Sustainability in Martela



# Materiality assessment

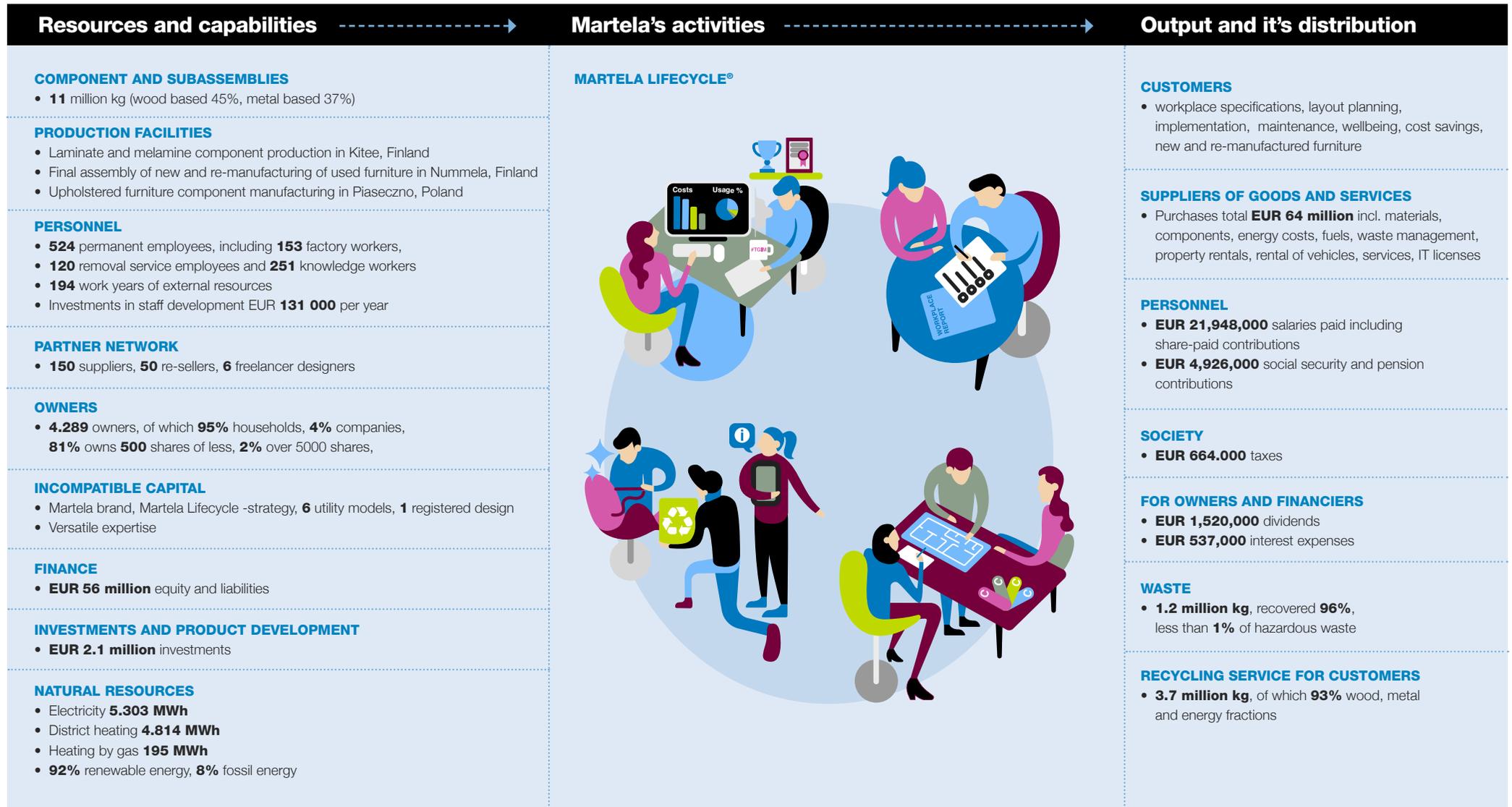
## Evaluation of stakeholders

**MARTELA'S PERFORMANCE IN CORPORATE RESPONSIBILITY** is measured using indicators compatible with the GRI recommendation which were chosen on the basis of the materiality assessment made by the Sustainability Steering Group. The assessment is based on the expectations of Martela's key stakeholders, and the significance to the business. Even if the assessment was carried out by the company's internal specialists it has also been updated according to the key customer interviews and responsibility discussions. The Steering Group chose five economic-, eleven social-, three product- and ten environmental responsibility indicators for the 2017 reporting.

- = **Economic responsibility**
- = **Social responsibility**
- = **Environmental responsibility**



# Value creation



# Stakeholders and their expectations

	Customers	Specifiers	Employees	Dealers	Suppliers	Owners and Investors	Other interest groups
<b>QUANTITY AND DESCRIPTION</b> 	<ul style="list-style-type: none"> <li>Companies and public purchasers. Private customers only through the Martela Outlet channel. 87% of turnover from Finland, 12% from Sweden, 4% from Norway and 6% from other countries</li> </ul>	<ul style="list-style-type: none"> <li>People responsible for customer definitions, architects, interior architects</li> </ul>	<ul style="list-style-type: none"> <li>524 permanent employees: 29% factory employees, 23% removal service workers and 48% knowledge workers</li> <li>194 work years of external resources</li> </ul>	<ul style="list-style-type: none"> <li>About 50 dealers, of whom four operate under Martela brand</li> <li>Other dealers, about half of which in Europe, offer Martela products as part of their other offering</li> </ul>	<ul style="list-style-type: none"> <li>About 150 suppliers, of which about 70% in Martela's home market, ie Norway, Sweden, Poland and Finland</li> </ul>	<ul style="list-style-type: none"> <li>Major owners are Martela family and pension insurance company Ilmarinen and funding by the well-known Nordic banks</li> </ul>	<ul style="list-style-type: none"> <li>Media, areas of operations, industry organizations, schools and educational institutions</li> </ul>
<b>THEIR EXPECTATIONS</b> 	<ul style="list-style-type: none"> <li>High quality products and services</li> <li>Information on products, supply chain and materials</li> <li>Compliance with laws, principles of corporate governance and agreements both internally and in the supply chain</li> <li>Availability of eco labelled products, especially in Sweden, Denmark and Norway</li> <li>Some expect especially Finnish design</li> </ul>	<ul style="list-style-type: none"> <li>Information on products, materials, environmental trends and brand value</li> <li>Possibility to realize new ideas with respect to Finnish design traditions</li> </ul>	<ul style="list-style-type: none"> <li>Continuity of employment relationship</li> <li>Professional development opportunities</li> <li>Training on new skills and best practices in occupational safety</li> </ul>	<ul style="list-style-type: none"> <li>High quality products and services</li> <li>Information on products, supply chain and materials</li> <li>Compliance with laws, agreements and sustainable business principles</li> <li>Reliable business relationship</li> <li>Availability of eco labelled products, especially in Sweden, Denmark and Norway</li> </ul>	<ul style="list-style-type: none"> <li>Stable development and trust</li> <li>Clear communication of instructions and expectations</li> </ul>	<ul style="list-style-type: none"> <li>Stable development</li> <li>Successful risk management</li> <li>Profitable business and ability to pay dividends</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of local social wellbeing by, among others, employment</li> <li>Open communication</li> </ul>
<b>OUR ACTIONS</b> 	<ul style="list-style-type: none"> <li>Ensuring availability of product information</li> <li>Ensuring compliance with Code of Conduct</li> <li>Open communication focusing on materiality</li> <li>Use of eco-labels</li> <li>The right to use the Key Flag Symbol and the Design From Finland mark</li> </ul>	<ul style="list-style-type: none"> <li>Material and brand studies</li> <li>Design events to enable interaction</li> <li>Designers' ideas and influence to offering</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction and wellbeing studies</li> <li>Training</li> <li>Appraisals</li> <li>Open internal communication</li> </ul>	<ul style="list-style-type: none"> <li>Exceeding the performance of other suppliers</li> <li>Open discussion on performance</li> </ul>	<ul style="list-style-type: none"> <li>Investments in long-term co-operation</li> <li>Communication, tracking and discussion of sustainable procurement principles</li> </ul>	<ul style="list-style-type: none"> <li>Close monitoring of competitiveness and performance and open communication</li> <li>Development of sustainability and its reporting</li> <li>constant development of Sustainability indicators</li> </ul>	<ul style="list-style-type: none"> <li>Co-operation with representatives of other stakeholder</li> </ul>



# Management of Sustainability

**MANAGING SUSTAINABILITY** is normal everyday work at Martela. Sustainability is an integral part of Martela's values, operating principles and strategy. In addition, the company has defined specific management principles for guiding corporate responsibility work. All management principles presented here were drawn up at the beginning of 2011 and have been reviewed annually and, if necessary, revised.

The sustainability work is led by Martela Corporation's Board of Directors together with the CEO. The Sustainability Steering Group prepares and coordinates practical development actions, the implementation of which is controlled through the company's normal organisation. The sustainability programme is implemented in the annual planning and monitored at the management level of the operations. The Vice President, People & Sustainability is responsible for

sustainability matters in the Group Management Team.

Martela's goal is to provide responsible solutions for its customers' workplaces and learning environments through the Martela Lifecycle® model. Requirements for room efficiency, wellbeing at work and work efficiency can be implemented with the model along with the changes in the workplace required by the transformation of work. Sustainability in the whole value chain of production plays an important role in corporate responsibility. Thus Martela has separate principles for managing sustainability in the supply chain.

Annual training sessions on management principles are organised to increase awareness and to engage the whole organisation. The goal is to ensure the correct and sufficient level of knowledge of each employee regarding the sustainability aspects of their duties and to involve them in the development of the company.

# Management principles

## Corporate code of conduct

Martela Corporation's Board of Directors approved the *Martela Corporate Code of Conduct* for the first time at its meeting on 8 February 2011. It was updated in spring 2018 with details concerning relationships with employees and conflicts of interest. The Code includes guidance and requirements for the benefit of those who work at Martela and Martela's partners. The Code states Martela's position on good financial management, responsibility in personnel issues, environmental responsibility, cooperation with suppliers of goods and services, customer relations, communications and stakeholder relations, among other things. Martela's international commitments are also recorded in the Code.

The Martela Management Team defined the set of CR policies (Human Resources Policy, Environmental Policy, Purchasing Principles and Social Requirements for Suppliers) that support the Code in 2011. The Martela Management Team confirmed the previously updated Environmental Policy and People Policy at its meeting in March 2018. Purchasing Principles and Social Requirements for Suppliers, previously separate documents, were combined into the Sustainability Policy for the Supply Chain. The Sustainability Policy for the Supply Chain was approved in March 2018.

The complete text of the Corporate Code of Conduct, and the Human Resources Policy, the Environmental Policy and the Sustainability Policy for the Supply Chain that support it, can be found on Martela's website at [www.martela.com/responsibility](http://www.martela.com/responsibility).

## Corporate governance principles

As corporate governance principles and issues are

dealt with in Martela's Annual Report, in the Board of Directors' Report, in stock exchange releases and in the resolutions passed by the organisational meeting of Martela Corporation's Board of Directors and by the Annual General Meeting, they are not treated separately in this report.

## Risk management

Risk management is dealt with in more detail in the Annual Report and the Board of Directors' Report, so it has not been included in this report.

## Human resources policy

Martela's People Policy, approved by the Group Management Team, outlines the principles on which responsible HR management is founded. These principles clarify and harmonise the HR management process and show how to maintain and develop a good corporate and employer image. Martela's success is dependent on a skilled and motivated personnel who enjoy their work. Through responsible HR management, the company ensures that these personnel qualities are maintained in both the short and long run.

## Environmental policy

Martela's Environmental Policy, approved by the Group Management Team, aims to decrease the company's environmental impacts and promote recycling. The policy gives guidance on how to apply an environmental approach to developing Martela's offering with which the company also indirectly affect the environmental impact of its customers. Martela's environ-

mental activities are managed in accordance with the ISO 14001 management system, which is presented in more detail in the environmental section of this report.

## Sustainability policy for the supply chain

Martela's Sustainability Policy for the Supply Chain, approved by the Group Management Team, presents Martela's core requirements for suppliers of goods and services. The principles deal with suppliers' compliance with laws, regulations and the Martela Corporate Code of Conduct, as well as delivery reliability, environmental issues and other issues. In addition to the general procurement principles, suppliers and their supply chain are subject to social responsibility obligations. Product-specific and supplier-specific quality and technical requirements, and environmental and social requirements, are dealt with in more detail in separate guidelines. The Sustainability Policy for the Supply Chain is directed at suppliers of products with the Martela label and contract suppliers whose products are included in Martela's product programme.

## Sustainability organisation

Sustainability is managed at Martela as part of the normal planning process and everyday work. A Sustainability Steering Group has been set up to prepare development actions, coordinate these in the business units and make all the necessary proposals to the Group Management Team. The Sustainability Steering Group is also the management review group for quality and environmental management systems.

Once a year, the Sustainability Steering Group reviews the results of the sustainability work undertaken, the plans for further work and the reporting. The Sustainability Steering Group approves the report before it is published. The Sustainability Steering Group consists of the Sustainability Team with representatives chosen from the Martela Management Team. Martela's Sustainability Manager acts as secretary for the Sustainability Steering Group and prepares the necessary material. The chairman of the Steering Group is the Vice President, People & Sustainability.

The Group Management Team follows the progress of the sustainability programme and considers proposals put forward by the Sustainability Steering Group, the Management Team member in charge of sustainability matters, the Vice President, People & Sustainability or other Management Team members. The Management Team will approve the principles guiding sustainability, except those that require the approval of the Board of Directors.

Of the principles guiding sustainability, the Board of Directors approves the Corporate Code of Conduct, the governance policy and risk management policy. The Group Management Team will submit other sustainability proposals to the Board as necessary. The Board has not nominated any of its members to specialise in CR issues.

The Martela units will implement the Corporate Code of Conduct in their own operations within the normal planning process and management framework. The Sustainability Programme for 2018–2022 aims to visibly incorporate sustainability development in the future annual planning processes.

# Key responsibility indicators

	2014	2015	2016	2017
<b>ECONOMIC RESPONSIBILITY INDICATORS</b>				
Revenue (EUR million)	135.9	132.8	129.1	109.5
Profit before taxes (EUR million)	-0.6	3.4	5.6	0.0
Income Taxes (EUR million)	0.1	0.9	2.3	0.7
Return on investment, %	0.5	12.1	18.2	1.6
Equity to assets ratio, %	38.1	40.9	45.3	40.8
Dividends paid (EUR million)	0.0	0.4	1.0	1.5
Wages and salaries (EUR million)	29.2	25.7	23.8	21.9
Number of employees (average in man-years)	658.4	627.3	544.1	348.9
Purchases 2017, (EUR million)	96.1	92.8	87.8	77.7
Gross investments (EUR million)	1.7	0.7	2.9	2.1
<b>SOCIAL RESPONSIBILITY INDICATORS</b>				
Average age of employees (years)	44.5	42	45	44
Number of employees with more than 10 years' service, %	48.0	48,5	49,7	49,2
Employee turnover, %	17.6	19,7	26,2	17,8
Reasons for leaving (incidents)				
• terminated by employer	30	43	53	12
• terminated by employee	72	67	85	73
• retirement	17	8	12	8
Absences due to illness (% of work time)	3.4	3.0	3.0	2.5
Investment in training (EUR / person)	251	208	333	376
Development discussions (% of staff)	61	79	87	63
<b>ENVIRONMENTAL RESPONSIBILITY INDICATORS</b>				
Material use (1 000 kg)	12 255	11 655	10 423	10 928
Direct energy (GJ)				
• heating oil	5 204	0	0	0
Indirect energy (GJ)	44 207	45 224	46 204	37122
• district heating	18 026	20 188	23 231	17 331
• electricity	25 944	24 334	22 291	19 089
• gas	237	703	682	702
Carbon dioxide emissions (1 000 kg)	16 002	19 213	14 810	15835
• from direct energy	396	0	0	0
• from indirect energy	1 534	1 533	1 698	1 227
• from own transport equipment (Martela Group Finland operations)	1 173	1 219	1 058	1 035
• from company cars (Martela Group Finland operations)	165	131	114	114
• from business flights (Martela Group Finland and Sweden operation)	249	106	116	97
• from material use	12 485	16 323	11 826	13 362
Waste total (1 000 kg)	2 082	1 607	1 288	1 237
• hazardous waste	16	21	9	9
• recovery, %	98	96	96	96

# Sustainability Programme 2018–2022

At the beginning of 2018, the Sustainability Steering Group approved Martela's new CR action plan for 2018–2022. The plan includes overall goals including economic, social and environmental aspects of sustainability

GOAL	SCHEDULE
EBIT level of 8 per cent excluding non-recurring items	<b>2022</b>
Increase the share of the service business	
Customer employee wellbeing, knowledge workers	<b>2020</b>
<ul style="list-style-type: none"> <li>• 50% of new Martela Lifecycle® customers have started workplace change with specification phase</li> </ul>	
User experience study result:	
<ul style="list-style-type: none"> <li>• minimum 30% of employees say that wellbeing has increased</li> <li>• minimum 50% of employees say that working efficiency has increased</li> </ul>	
Martela employee wellbeing:	<b>2020</b>
<ul style="list-style-type: none"> <li>• People Power® rating to reach AAA level in People Spirit survey</li> <li>• Annual survey, action plans and implementation</li> </ul>	
Improvements in work and learning environments and reducing environmental impact with Martela Lifecycle® ensuring the best customer experience	<b>2022</b>
<ul style="list-style-type: none"> <li>• In the specification phase, to identify the real need to develop efficient environment that support work, taking into account the opportunities offered by new working methods</li> <li>• In the design phase, promoting the space efficiency with sustainable and multifunctional solutions, utilizing existing and avoiding unnecessary</li> <li>• In the implementation phase, continuous improvement of value chain to ensure the best customer experience optimizing the use of materials and energy</li> <li>• In the maintenance phase, knowledge based optimization, continuous development and maintenance of working environment, taking into account the circular economy</li> </ul>	
Verification of the social responsibility of the supply chain as well as actions against corruption and bribery	<b>2019</b>
<ul style="list-style-type: none"> <li>• Written commitment on respect for human rights and the fight against corruption and bribery from the major suppliers</li> <li>• Clear discount terms and decision patterns in the sales process</li> <li>• Training and raising awareness throughout the value chain</li> </ul>	

# Economic responsibility



- Economic value by stakeholder group
- Customer satisfaction
- Cost savings through effective use of space
- Procurement

## Goals

- EBIT 8% level excluding non-recurring items
- Increase the share of the service business
- Provide the best customer experience
- Improving wellbeing at work

**MARTELA IS GOVERNED** in its decision-making and management by Finnish legislation, especially the Limited Liability Companies Act, by other regulations concerning public listed companies and by its Articles of Association. In addition, Martela has a Code of Conduct, which includes sound financial management policies.

As a stock exchange listed company, Martela complies with the NASDAQ OMX guidelines for insiders and the Finnish Corporate Governance Code 2015, published by the Securities Market Association. Most indicators of economic sustainability are derived from the consolidated financial statements, the preparation and disclosure of which are based on the IFRS standards.

With respect to legislation and collective bargaining issues, Martela's voice is heard through its memberships of the Association of Finnish Furniture and Joinery Industries and the Service Sector Employers Palta. In Sweden Martela is a member of Trä- och Möbelförbundet. All Martela employees in Finland and Sweden are subject to jointly negotiated collective agreements.

In Poland, an applicable collective agreement does not exist yet. In restructuring, Martela follows the notice periods set by the legislation of each country of operation. In 2017, the lowest wages paid by Martela were in Finland 9%, in Poland 62% and in Sweden 28% higher than the minimum wage in the industry. Martela did not receive any public support for its operations in 2017. Martela does not support any politicians or political parties in any of its countries of operation.

Martela does not accept bribery in any form in its business in any of its market areas. The principles of anti-corruption and sustainable business are discussed in the sustainability training held annually. The bookkeeping is transparent to the CFO of the Group. All transactions are recorded through the financial management/bookkeeping of each subsidiary. Martela's auditor KPMG annually inspects the bookkeeping and transactions of all its subsidiaries. An auditor's report is presented at each Annual General Meeting of the Martela Group.

### Customer experience

Martela aims at offering workplaces and learning environments which help its customers succeed in their work. The workplace has an important role in the success of work. A good workplace encourages interaction, improves workplace wellbeing and brings better added value. So customer experience emerges from the experiences not only of customers but also of all those who are using the facilities.

The customer's need is the starting point in both product and service design. Usability and durability

as well as aesthetic and physical quality are the most important factors in products. These requirements remain, even though the trends are changing and more functionalities are being added. Trends are considered by renewing the offering and sometimes by designing wholly new products. Martela's portfolio constitutes a solid basis which can be modified according to trends with relatively minor modifications. In addition to physical products, an important area for influencing customer experience is the follow-up of users' actions. Only development of workplaces and learning environments based on actual user experience can lead to the results the company is aiming at. New services are continuously being developed for these.

Martela monitors customer satisfaction through various customer surveys. In spring 2017, a customer survey based on NPS was carried out in Finland. The challenges with deliveries resulting from system renewal were visible in the feedback Martela received. The feedback was categorised on the basis of its content, and the customers were contacted by feedback type to tell them about the targets of the project, corrective measures and their schedules. In 2017, the number of complaints in relation to the number of products delivered was substantially smaller than in the previous three years.

As a result of the system transformation, the follow-up of customer satisfaction is evolving and becoming essentially more accurate. The former monthly summaries will be replaced with weekly reports. The reports also allow us more easily to access information specific to a day or customer order. The reporting frame-

work also makes it possible to gather data from multiple systems and their transparent distribution through the whole supply chain from sales to installation.

### Improving wellbeing at work

Martela designs and creates user-centric workplaces and learning environments. A successful workplace and learning environment encourages participatory management, which is directly related to efficiency, cost savings, job satisfaction and cooperation.

By utilising Martela's service model, workspace renewals are no longer massive and time-consuming projects. When data-based models are utilised to understand the needs of various organisations, even minor updates are quickly implemented. The starting point for continuous optimisation of the workplace is to identify the factors which have the strongest impact on wellbeing at work and productivity. Optimisation does not always mean new office furniture; rather, the greatest effect is sometimes created by their relocation.

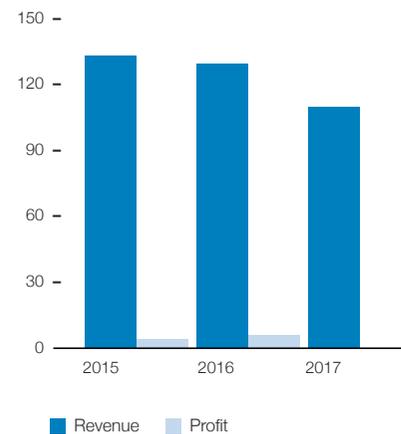
### Supply chain management

Martela believes in building long-term relationships to develop and improve the efficiency of supply chains and to ensure sustainability. The supply chain is to a marked extent based on partnerships with a history of several decades. The selection of a new significant partner is a long and multistage process where many factors regarding the potential supplier, such as capability to deliver, financial background and quality standards, are evaluated. In addition, the company becomes familiar with the supplier's operations by visiting their sites.



**The workplace has an important role in the success of work.**

#### REVENUE AND OPERATING PROFIT, EUR MILLION



#### KEY FINANCIAL INDICATORS 2017

Revenue, EUR million	<b>109.5</b>
Operating profit, EUR million	<b>0.3</b>
Equity to assets ratio, %	<b>40.8</b>
Gearing, %	<b>29</b>
Investments, EUR million	<b>2.2</b>
Dividends paid, EUR million	<b>0.32</b>
Market value in the end of 2017, EUR million	<b>30.95</b>

Analysis of sustainability issues is an important part of continuous dialogue with suppliers. The partners that are financially most important or involve the greatest sustainability risk are always monitored more closely than others and Martela's dialogue with them is much closer. With supervision the company can ascertain that laws, operating principles and joint agreements are adhered to in all circumstances. Martela does not accept bribery in any form in its business in any of its market areas. The giving or receipt of bribes is not acceptable under any circumstances.

Martela makes supplier assessments in which it evaluates the engagement of its most important sub-contractors with its sustainability principles. Based on the suppliers' self-assessments, the most significant environmental aspects of corporate responsibility are typically related to the sorting of waste, energy consumption, occupational safety and employment matters. However, the country of manufacture of components, sub-assemblies and products is not always the same as the country the supplier is based in. Therefore, assessments of the social risk of the main suppliers must be supplier-specific.

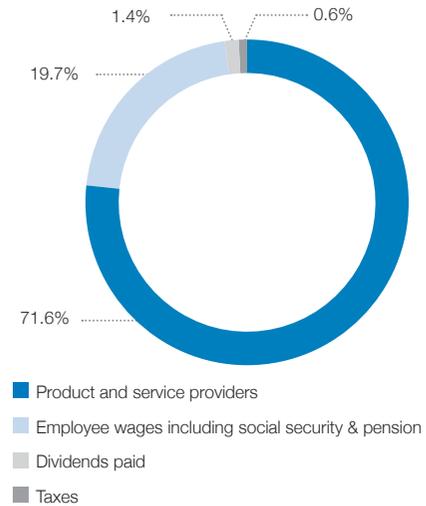
Martela has a broad supplier base and the role in-

dividual suppliers play in its operations can vary considerably. A small number of suppliers manufacture custom-made components used in manufacturing Martela's own products, and co-operation with them starts at the design stage of the product. At the other end of the supplier spectrum are companies that supply their standard components, the development of which Martela plays no particular role in.

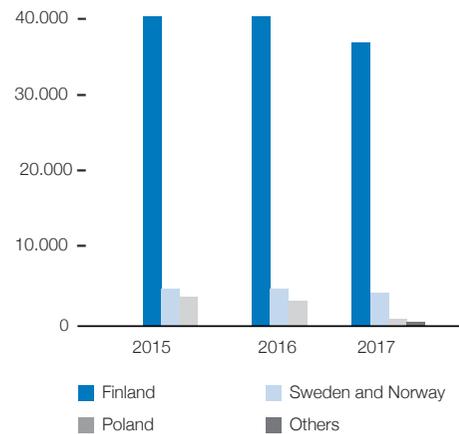
In 2017, Martela used approximately 150 suppliers of materials and components for standard products. Out of material purchases, approximately 60% came from Martela's domestic market. Almost half of all material costs were for the purchase of metal- and wood-based materials and components.

Martela's domestic market comprises Finland and Poland where Martela has its own plants, and Sweden and Norway where it has subsidiaries and direct sales. Purchases from all these countries are considered purchases from local suppliers. The share of the domestic market of the purchases of Martela's products and services was nearly 70% and that of the rest of Europe was approximately 30%. Out of the purchases, the share of materials was approximately 60% and that of others 40%.

## ECONOMIC VALUE BY STAKEHOLDER GROUP



## SALARIES, EMPLOYEE COSTS AND TAXES BY COUNTRIES, EUR 1000



## MATERIAL SPEND, %

	2015	2016	2017
Wood	12.7	11.9	11.9
Plastics	2.7	2.2	2.7
Metal	32.6	28.5	30.4
Upholstery materials	3.1	4.0	4.0
Contract manufacturing	2.0	7.5	7.9
Trading	26.6	20.6	19.4
Supplies	15.1	18.7	7.8
Other	5.3	6.6	15.7

## MATERIAL SPEND, EUR MILLION

	2015	2016	2017
Wood	7.1	6.1	5.3
Plastics	1.5	1.1	1.1
Metal	18.4	14.7	13.6
Upholstery materials	1.7	2	1.8
Contract manufacturing	1.1	3.8	3.5
Trading	15	10.6	8.7
Supplies	8.5	9.6	3.5
Other	2.9	3.4	7

## Case Juteini Centre



### Specification leads to functional learning environments

**THE JUTEINI CENTRE** was opened in Hattula in autumn 2016. Martela had been awarded its interior design work in a reverse tendering process.

Minna Kallio, the principal responsible for operations at Juteini School, outlined the importance of the specification phase: "The teachers chosen to implement the new operating model for the new school got together for the first time at a Martela workshop. It was vital that planning would be based on the school's operations. At the workshop we first discussed all the things that would take place at the premises and then we considered various solutions."

In spring 2017 Minna Jussila wrote a pedagogical studies proseminar paper on the experiences of teachers at the Juteini Centre: "Everyone I interviewed said that adaptability and flexibility were definite benefits of the new learning environment. The versatile premises enable students to choose where they want to work and change that place if they want to."

**Read more** [www.martela.com/reference/juteinikeskus](http://www.martela.com/reference/juteinikeskus)

**Watch the video** [www.bit.ly/Juteinivideo\\_ENG](http://www.bit.ly/Juteinivideo_ENG)

# Social responsibility

- Employee satisfaction
- Occupational health & safety
- Career and equal opportunity
- Freedom of association and collective bargaining
- Product liability

## Goals

- Improving wellbeing at work at Martela: In the People Spirit survey, the People Power® AAA level will be reached by 2020
- Supporting the employees' professional expertise
- Harmonisation of occupational health and safety and sharing best practices
- Increasing wellbeing at work among users of working and learning environments

### Martela as an employer

With its globally unique approach and offering based on its Martela Lifecycle® strategy, Martela is a pioneer in its industry. The transformation from an office furniture manufacturer to a designer and implementer of work and learning environments supports the transformation of working methods in schools and workplaces. The transformation serves as an indication of the innovativeness of Martela's personnel and its ability to rethink matters. Martela wishes to offer an encouraging and inspiring working environment, where the expertise and ideas of all employees are utilised. This way the company can guarantee continuous development of its offering and own operations.

People have a positive impression of Martela as an employer, and the availability of new employees remains at a good level. Martela is highly appreciated, especially within the industry. The employees' attrition rate is low and lengths of employment are mainly long-lasting.

### Wellbeing, health and safety at work

The same work steps are repeated in Martela's production and the furniture is moved in changing environments in the removal service. Occupational health and safety are of extreme importance as development items. New guidelines and courses of action have continuously been developed for their improvement with the aim of avoiding accidents. At the same time, the company has discussed the importance of precautionary measures, since awareness of the risks and correct attitudes are the primary means of maintaining occupational safety. In 2017, Martela started to unify the occupational safety practices in its functions in Finland. The activities of occupational health and safety committees cover 85% of Martela personnel, i.e. all the personnel in Finland. Occupational health and safety risks are mainly related to accidents while moving furniture, physical strain in repetitive work and knowledge-workers' accidents during their commutes. Not a single accident causing death has occurred at work at Martela in its entire history. Overall wellbeing at work has also been paid attention to by creating a new operating model which was introduced throughout the whole organisation in 2017. The model has already proven functional through less absences due to sickness. In addition, the focus has been on coping at work by creating various flexibility models which serve the needs of both the employees and the employer.

Martela has employees in very different positions, from production to experts and the removal service. The identity of the working community in different locations has been quite uniform and cooperation has been smooth, even though at the Group level there have been some shortcomings in both areas. The information system transformation launched in 2016 and the challenges connected with it naturally affected people's moods. The system renewal affected the work of almost all Martela employees. The challenges were to some extent visible as early as in spring 2017

in the results of the People Spirit employee satisfaction survey. The response rate rose to 88%. Based on the answers received, Martela is considered a flexible working community with low bureaucracy and good managerial work. The respondents are also confident that the shortcomings identified will actively be remedied. All Martela personnel have the opportunity to be heard in person through the annual development discussion model.

### Career opportunities and equality

Martela wishes to guarantee equal development and career opportunities for all of its employees. Some country-specific modes of action and policies have evolved over the years within the Group, but in recent years the company has made good progress in unifying them. At the same time, Human Resources has started to communicate more actively with line managers and to maintain open discussion.

The change in Martela's operation opens up many paths to its employees to develop their know-how and skills. Martela aims at supporting continuous development according to the wishes of its employees. Martela Talent, one of the tools for developing expertise, takes the employee's strengths as the starting point.

In 2017 the Martela Group's Board of Directors comprised seven members (three women and four men). The Group Management Team had six members (two women and four men). 65% of the personnel were men and 35% women. The largest age group are the 50–59-year-olds, with a 35% share, while the average age of the personnel was 44. The oldest employee was 65 years old. In 2017, 376 euros per person-year, i.e. more money than in previous years, was invested in training the employees.

### Product safety

Martela products are mainly furniture items intended for use in normal office and learning environments, and they

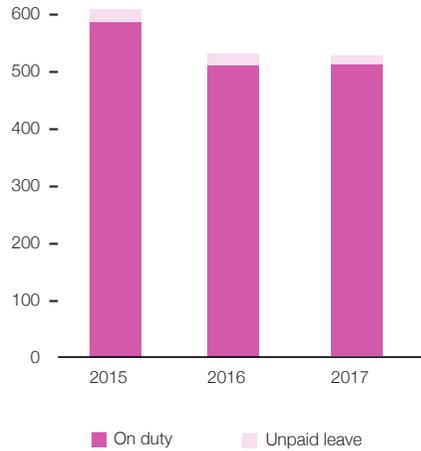
do not have any specific product liability risks. The pieces of furniture in Martela's portfolio still lack harmonised standards, the compliance of which could be affirmed by CE markings. The CE marking of electrically adjustable desks is based on the directives related to machinery and equipment. Martela's products are shipped, installed and adjusted ready for use by professional installation personnel. The operating time impact of the products on health is based on adjusting the products and using them in an ergonomically correct manner. Instructions for use, maintenance and ergonomics are available for the adjustable pieces of furniture, such as office chairs and electrically adjustable desks.

Compliance with standards promotes the ergonomic use, safety and durability of the products. On the basis of the market area in focus, Martela concentrates on complying with European product group-specific and use-specific standards. In connection with the Nummela unit, Martela has its own furniture test laboratory, where the durability, stability and compliance with measurement requirements are tested as part of Martela's R&D process.

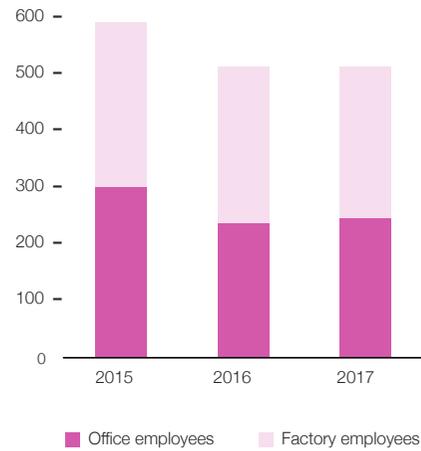
Martela does not have the instruments necessary for studying the volatile substances in products, but relies on manufacturers' material-specific emission tests. In 2017, M1 classification criteria were published for upholstered task chairs in an emission research project organised by the Building Information Foundation (RTS) and financed by the Finnish Work Environment Fund, in which Martela was also involved. The Finnish M1 classification is a voluntary emission classification.

Martela guarantees safe use of products by choosing to use safe raw materials. Since 2015, Martela has been using level E0.5 particle board, the formaldehyde emissions of which remain less than half of the classification limit of the generally used E1 board. The UV-lacquer has been used for veneered level surfaces for a long time and water-based surface treatment will, whenever possible, be used for form-pressed components.

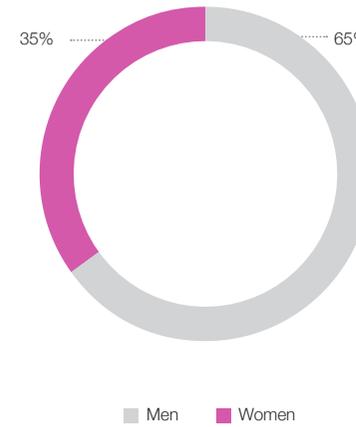
**NUMBER OF PERSONNEL AT YEAR END**



**PERSONNEL GROUPS AT YEAR END**



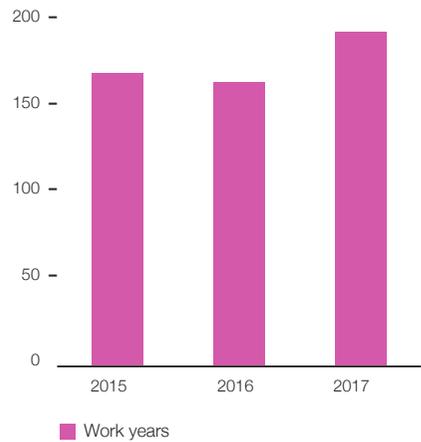
**GENDER DISTRIBUTION 2017**



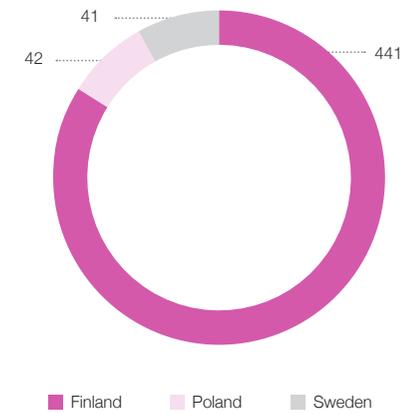
**GENDER DISTRIBUTION IN THE BOARD OF DIRECTORS AND THE GROUP MANAGEMENT TEAM, %**



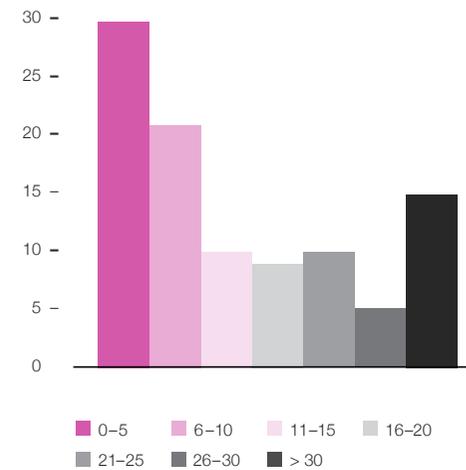
**EXTERNAL RESOURCES**



**PERSONNEL BY COUNTRIES 2017**



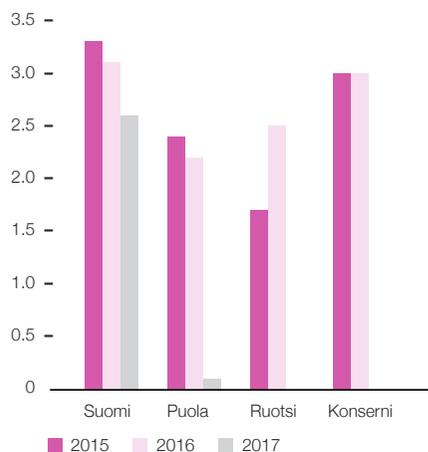
**YEARS IN SERVICE 2017, %**



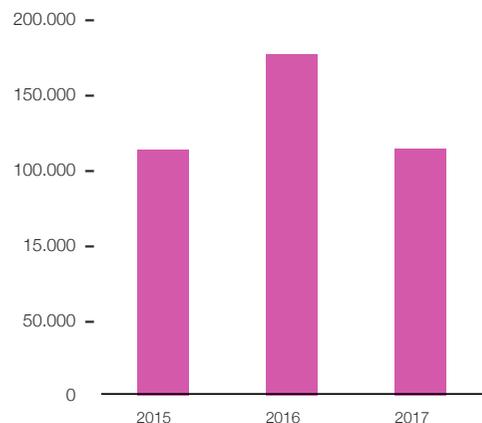
**EMPLOYEE TURNOVER 2017, %**



## SICKNESS ABSENCE, %



## TRAINING, EUR



### 2017

Number of personnel at year end	<b>524</b>
Number of contractual employment relationships at year end	<b>507</b>
Number of employees on unpaid leave at year end	<b>17</b>
Office employees at year end	<b>242</b>
Factory employees at year end	<b>265</b>
Full time employees at year end	<b>493</b>
Part time employees at year end	<b>14</b>
Permanent employees at year end	<b>494</b>
Temporary employees at year end	<b>13</b>
Average personnel, work years	<b>349</b>
Temporary agency workers, work years	<b>194</b>
No longer employed	<b>93</b>
Employee turnover, %	<b>17.8</b>
Resigned	<b>73</b>
Given notice	<b>12</b>
Retired	<b>8</b>

### PERSONNEL BY GROUPS

	Finland			Poland			Sweden		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Personnel, men, %	69	68	<b>69</b>	56	51	<b>55</b>	50	46	<b>39</b>
Personnel, women, %	31	32	<b>31</b>	44	49	<b>45</b>	50	54	<b>61</b>
Office employees, men %	57	57	<b>49</b>	49	33	<b>45</b>	47	46	<b>39</b>
Office employees, women, %	43	43	<b>51</b>	51	67	<b>55</b>	53	54	<b>61</b>
Factory employees, men %	82	83	<b>85</b>	66	64	<b>58</b>	58	0	<b>0</b>
Factory employees, women, %	18	17	<b>15</b>	34	36	<b>42</b>	42	0	<b>0</b>
Personnel, 18–29 years, %	9	9	<b>9</b>	12	7	<b>14</b>	13	15	<b>15</b>
Personnel, 30–39years, %	22	23	<b>24</b>	41	34	<b>29</b>	20	26	<b>32</b>
Personnel, 40–49years, %	27	26	<b>24</b>	33	37	<b>33</b>	22	28	<b>32</b>
Personnel, 50–59years, %	35	35	<b>37</b>	12	17	<b>22</b>	24	18	<b>17</b>
Personnel, over 60 years, %	7	7	<b>6</b>	1	5	<b>2</b>	22	13	<b>5</b>
Personnel, average age	45	45	<b>45</b>	39	42	<b>42</b>	47	43	<b>41</b>
Personnel, eldest	66	67	<b>65</b>	62	60	<b>64</b>	67	63	<b>61</b>
New employees	4	29	<b>39</b>	6	8	<b>4</b>	4	10	<b>6</b>
Injuries	27	35	<b>36</b>	0	0	<b>0</b>	0	0	<b>0</b>
Lost workday due injuries	544	195	<b>510</b>	0	0	<b>0</b>	0	0	<b>0</b>
Training costs per work year	229	81	<b>270</b>	65	132	<b>120</b>	346	1513	<b>329</b>
Development discussion, % of work force	80	93	<b>63</b>	100	53	<b>64</b>	63	89	<b>70</b>

## Case Solteq



### Better wellbeing from workplace improvement

**SOLTEQ CHOSE A MARTELA Lifecycle®** based workplace remodelling that covers specification, design, implementation and future maintenance. “Our eventual goal in changing our workplace is to increase our employees’ satisfaction and ensure that our offices convey our values. Employee satisfaction will also affect our customers. Of course, growth is also a motivation for change,” says Perttu Kulmala, Solteq Plc’s Operations Manager.

In May 2016, Solteq celebrated the housewarming of its new activity-based office. In 2017, it conducted a workplace user experience survey that targeted users. In the survey, 72% of the users said that the new premises support the organisation’s brand and values. 84% of users felt that the work atmosphere was good.

**Read more** [www.martela.com/reference/solteq](http://www.martela.com/reference/solteq)

# Environmental responsibility



- Use of materials
- Energy consumption
- Greenhouse gas emissions
- Emissions to the air
- Environmental impacts
- Life-cycle impacts of materials

## Objectives

- Reducing the environmental impacts of Martela's offering: more efficient workspace solutions and support services for the customers, more environmentally friendly supply chain, sustainable and ecological products
- Reducing the environmental impacts of Martela's business locations: workplaces can be reached with public transport, making telecommuting and virtual meetings available for knowledge workers, efficient use of spaces and utilisation of unnecessary furniture
- Development of recycling services

### Environmental effects of the offering in customers' business operations

The idea behind the Martela Lifecycle® strategy is to produce efficient and user-centric workplaces and learning environments that are good to work in and have reasonable operating expenses. User-centric spaces that support a company's operations are designed and implemented with a view to efficient use

of space, creating savings in lease and maintenance expenses. Maintenance services enable the usefulness of workspaces to be further extended so that they are always optimal. At the same time, a more optimal space increases the wellbeing and efficiency of employees.

### Operational and management systems

The Martela Group's head office, Martela House, is located in Pitäjänmäki in Helsinki. The Nummela logistics centre focuses on the final assembly of new products and the remanufacture of recycled products. The assembly of upholstery components takes place at Martela's own plant in Poland, and table top and storage components are manufactured at Kidex Oy, Martela's production facility located in Kitee, Finland. Martela has several sales offices in Finland, Sweden and Norway. Sales of Martela products are also handled through a strong network of dealers.

The Martela Group's operations have continuously had a certificate from an external auditor for both their environmental and quality systems ever since the 1990s. Over the years, the Group's structure and operating models have changed and the separate quality and environmental systems of the Group companies have been combined into a single operating model. Since 2017 Martela has had a third party environmental and quality control system with multi-site certifications in accordance with the ISO 9001 and ISO

14001 standards, guaranteeing that consistent operating models are applied at all operating levels within the Group. The certification covers the Group functions managed at the headquarters, the logistics centre in Nummela, the production in Piaseczno in Poland and the plant of Kidex Oy in Kitee.

### Use of materials, transportation and emissions

The manufacture of products is based on a strong chain of suppliers who deliver materials and components with a guaranteed quality and certified origin. Martela procures the materials for its products, such as wood and wood-based board, metal components, plastic materials and fabrics, mostly from northern Europe. Smart products are developed in cooperation with the suppliers. Most of the materials used are recyclable, and wood materials, for example, are sourced from sustainably grown commercial forests. Nearly all production waste and packaging materials can be used for generating energy or recycled.

In 2017, the amount of material used for production rose slightly on the previous year, reaching around 10.9 million kilograms. Purchase item data reveals that nearly 45% of the components were wood-based materials and around 37% were metal-based. As the recycled material content of metals is estimated to be at about 33% on average, the recycled materials used by Martela can be calculated to be about 12%

of total material usage. The statistics on the proportion of recycled materials used are indicative as the system allows one material to be selected for each component and subassembly, and only the total weight of the component is entered. The proportion of recycled material in the other materials used is not calculated. Usually no weight information is recorded in the systems for customer-specific products and traded products. In plastics, recycled material is used to a lesser degree due to the lack of a well-functioning recycling system. The requirements for the appearance and technical usability of components usually prevent the use of mixed recycled plastics. Martela, however, constantly examines opportunities for incorporating products utilising recycled materials into its product portfolio.

Customers can always choose the upholstery materials used in seats and space dividers from Martela's comprehensive standard fabric selection or its extensive range of special-order fabrics. In 2017, two-thirds of the upholstery materials selected by customers had the EU Ecolabel and more than a third had the Öeko Tex label. The labels are partially overlapping.

Martela's own production mainly focuses on final assembly, which is why it does not generate significant airborne emissions. The treatment of level surfaces has been almost completely outsourced, thanks to which emissions of volatile organic compounds (VOC) caused by the edge treatment of desktops in the production in Kitee amounted to only about 70 kg in



**The total amount of indirect energy used in 2017 was about 37,000 GJ, of which 92% was from renewable energy sources and 8% from fossil fuels.**

2017. NO<sub>x</sub> (4,010 kg) and SO<sub>x</sub> (20 kg) emissions have been calculated for fuel consumption by Martela's own transportation fleet and business flights.

CO<sub>2</sub> emissions from the use of materials have been calculated using the coefficients for material use provided by the Footprinter software. The total greenhouse gas effect from material usage increased 42% from the previous year to about 13.4 tonnes during 2017. Material use causes approximately 84% of all CO<sub>2</sub> emissions, while indirect energy accounts for approximately 8% and deliveries with own fleet for about 7%. The increase in these figures is mostly due to a shift in demand towards products containing more metal-based components. Metal-based materials contributed 87% of the climate effect of material procurements. A significant proportion (13%) of materials was classified under 'other' and was thus left out of the calculations. The greenhouse gas emissions from Martela's energy consumption have been calculated using coefficient values from the main energy supplier in Finland and average statistical energy coefficients elsewhere.

The environmental impacts of transportation are monitored actively, and efforts are made to minimise them using fleet and distribution plans, as well as designing packaging and planning loading phases carefully. Martela owns a transportation fleet but also uses leased vehicles. The amount of greenhouse gases emitted by its own transportation vehicles in 2017 remained almost the same as in the previous year. This indicator was calculated using Lipasto coefficients.

These emissions are not yet tracked comprehensively, as the figure does not include transports carried out with leased vehicles or by partners.

**Energy consumption and other environmental impacts**

The direct environmental impact of Martela's offices and production facilities is mainly from building services such as heating, lighting and ventilation systems. Martela's indirect energy consists mainly of electricity and district heating. The premises in Helsinki, Nummela and Kitee mostly use district heating generated using renewable sources of energy. The production facilities in Poland are heated with gas. The electricity at Martela House is purchased by the lessor. The Nummela and Kitee sites purchased their electricity, which is generated solely from renewable sources, from a single supplier. The unit in Poland purchased its electricity from a local supplier.

The total amount of indirect energy used in 2017 was about 37,000 GJ, of which 92% was from renewable energy sources and 8% from fossil fuels. The use of electricity decreased by about 17% and the use of district heating by about 34%. Heating energy produced by gas increased by 3%. Local environmental working groups monitor the consumption of energy and plan and monitor the necessary energy-saving measures.

Martela has systematically promoted opportunities for telecommuting. Nearly all employees have a laptop with which they can hold video conferences,



and their use is encouraged through the company's telecommuting policy. The average CO<sub>2</sub> emissions from the leased company cars in use at Martela in Finland decreased in 2017 and is now 120 g CO<sub>2</sub>/km. The total CO<sub>2</sub> emissions from Martela's company cars in 2016 came to about 114 tonnes. About 80% of the business trips made by Martela's personnel are booked via a centralised reservation system. The CO<sub>2</sub> emissions of work-related flights booked through the reservation system in 2017 decreased by 15% to 97 tonnes.

**Recycling**

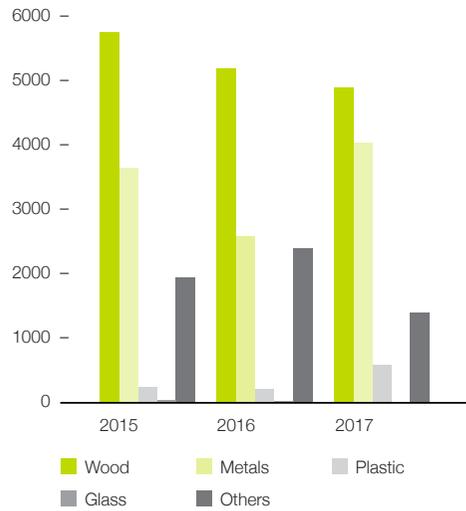
Martela's products are of high quality and intended for long-lasting, heavy-duty use. Martela also aims to create product designs that will endure for decades. Martela's furniture is usually easy to refurbish and restore, and the materials used in it can be recycled.

When designing new space solutions, existing furniture can be either included in the new workspace or recycled through Martela. Used furniture in good

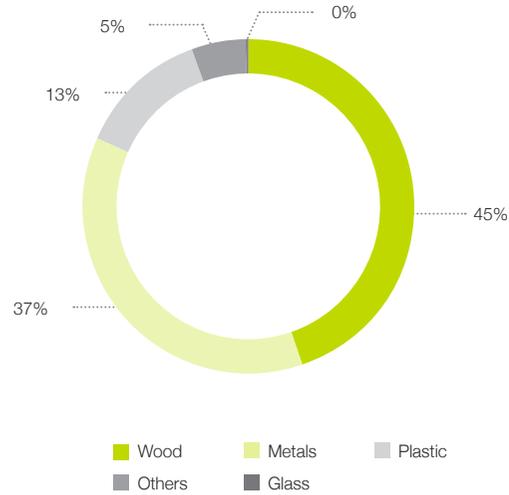
condition is cleaned and refurbished and then made available through Martela Outlet stores to customers in Finland. Furniture requiring more demanding refurbishment is delivered to the Nummela logistics centre for remanufacturing. The Martela Outlet chain sells recycled and refurbished furniture to small businesses and consumers. About 23,000 pieces of used furniture found a new home through the Martela Outlet chain.

Some of the furniture received by Martela's recycling service is unrepairable and is forwarded for material recycling through various partners. Martela also offers customer companies a recycling service for the furnishings of a workspace. Recycling by customers increased from the previous year to more than 3.7 million kilograms during 2017. Around half of the recycled material was wood-based and close to a quarter consisted of metals. The amount of waste generated by the company's own production decreased to 1.2 million kilograms, while the utilisation rate remained at 96%.

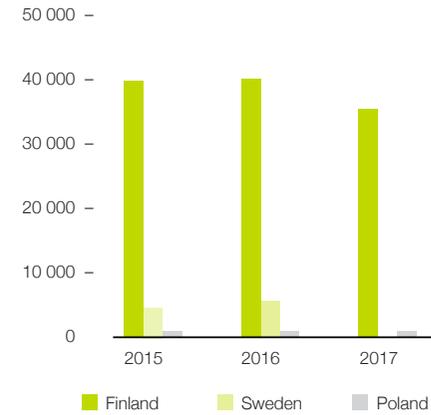
**PURCHASED MATERIALS, 1000 KG**



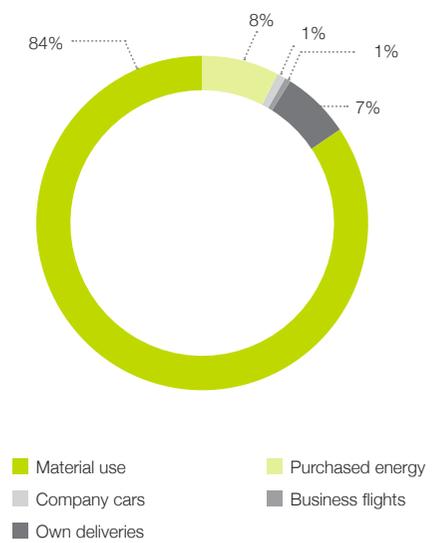
**PURCHASED MATERIALS**



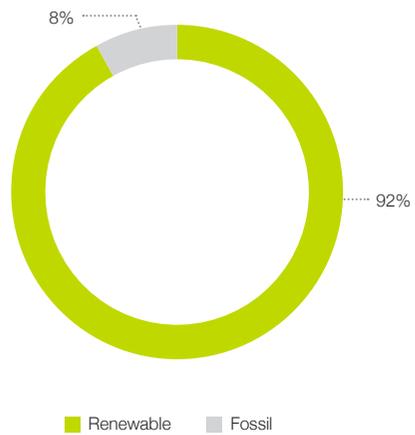
**USE OF INDIRECT ENERGY, GJ**



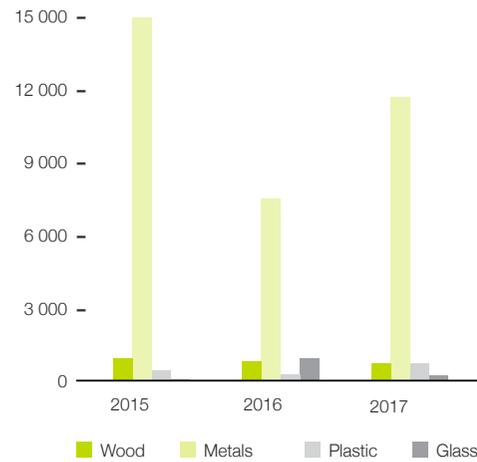
**CO<sub>2</sub> EMISSION DIVISION 2017, 1000 KG**



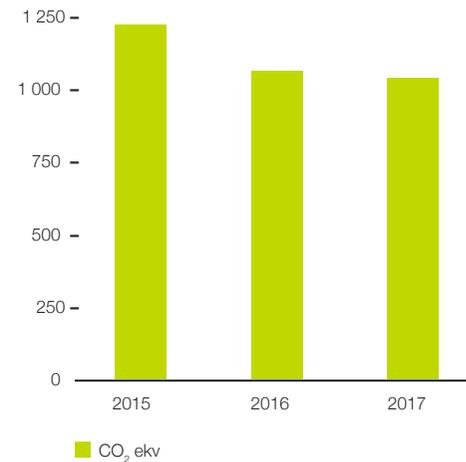
**INDIRECT ENERGY 2017**



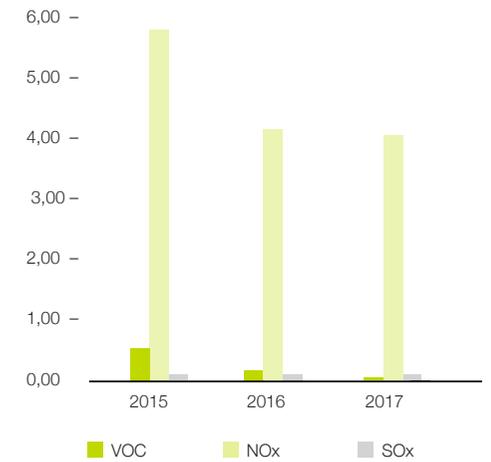
**CO<sub>2</sub> EMISSIONS OF MATERIALS, 1000 KG**



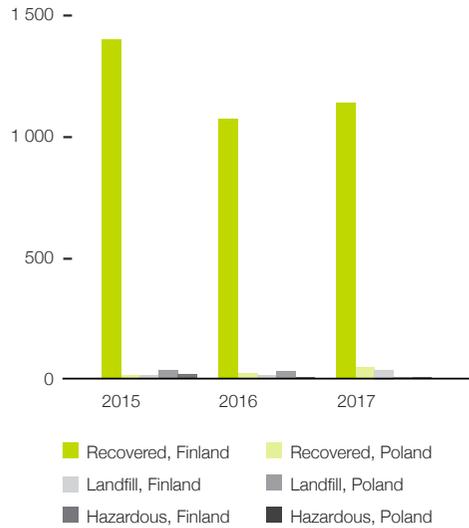
**CO<sub>2</sub> EMISSIONS OF OWN FLEET, 1000 KG**



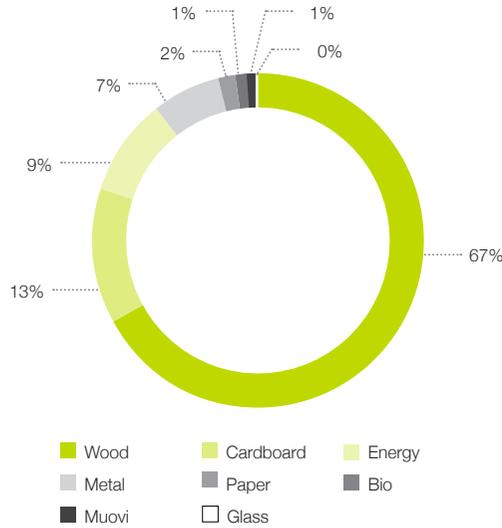
**VOC EMISSIONS, 1000 KG**



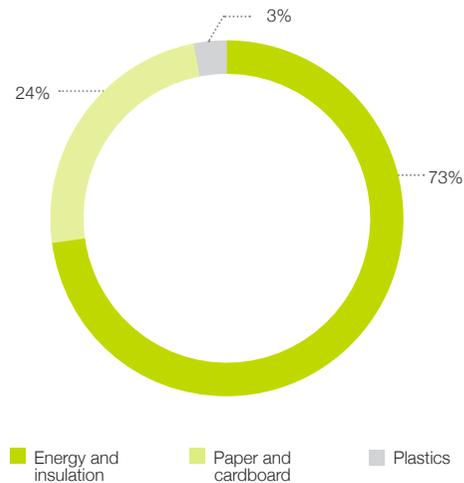
WASTE, 1000 KG



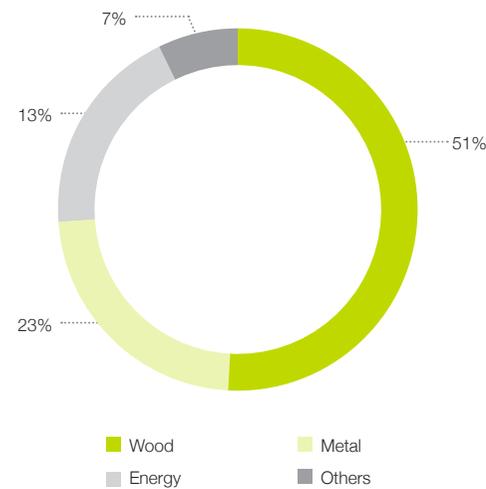
RECOVERED WASTE, FINLAND 2017



RECOVERED WASTE, POLAND 2017



RECYCLING DISTRIBUTION, FINLAND 2017



Labels



Using labels in customer communications

MARTELA HAS CHOSEN LABELS FOR ITS PRODUCTS AND SERVICES to make it easier for customers to choose. Some of them indicate environmental impacts and some indicate how added value is allocated. Others combine several features of a product. The criteria for all labels are publicly available and based on measurable characteristics.

Martela uses the Nordic Swan ecolabel in the Swedish, Danish and Norwegian markets for its most significant product lines. The Swan label is a voluntary and commercial, product specific, environmental label. The criteria for the Swan label are based on lifecycle principles which means that they take into account raw materials, manufacturing, use and disposal.

Martela also has the right to use the Möbelfakta label for several of its products. Möbelfakta is an environmental label created by Swedish furniture manufacturers and its criteria include environmental factors, the social responsibility of the supply chain and the technical quality of the product.

Also, Martela's services and selected products have the right to use the Finnish Key Flag symbol as an indicator of the proportion of Finnish labour that goes into their production. Martela has used the Design from Finland label to promote products and services that include Finnish design since the beginning of 2016. The right to use both labels is granted by the Association for Finnish Work.

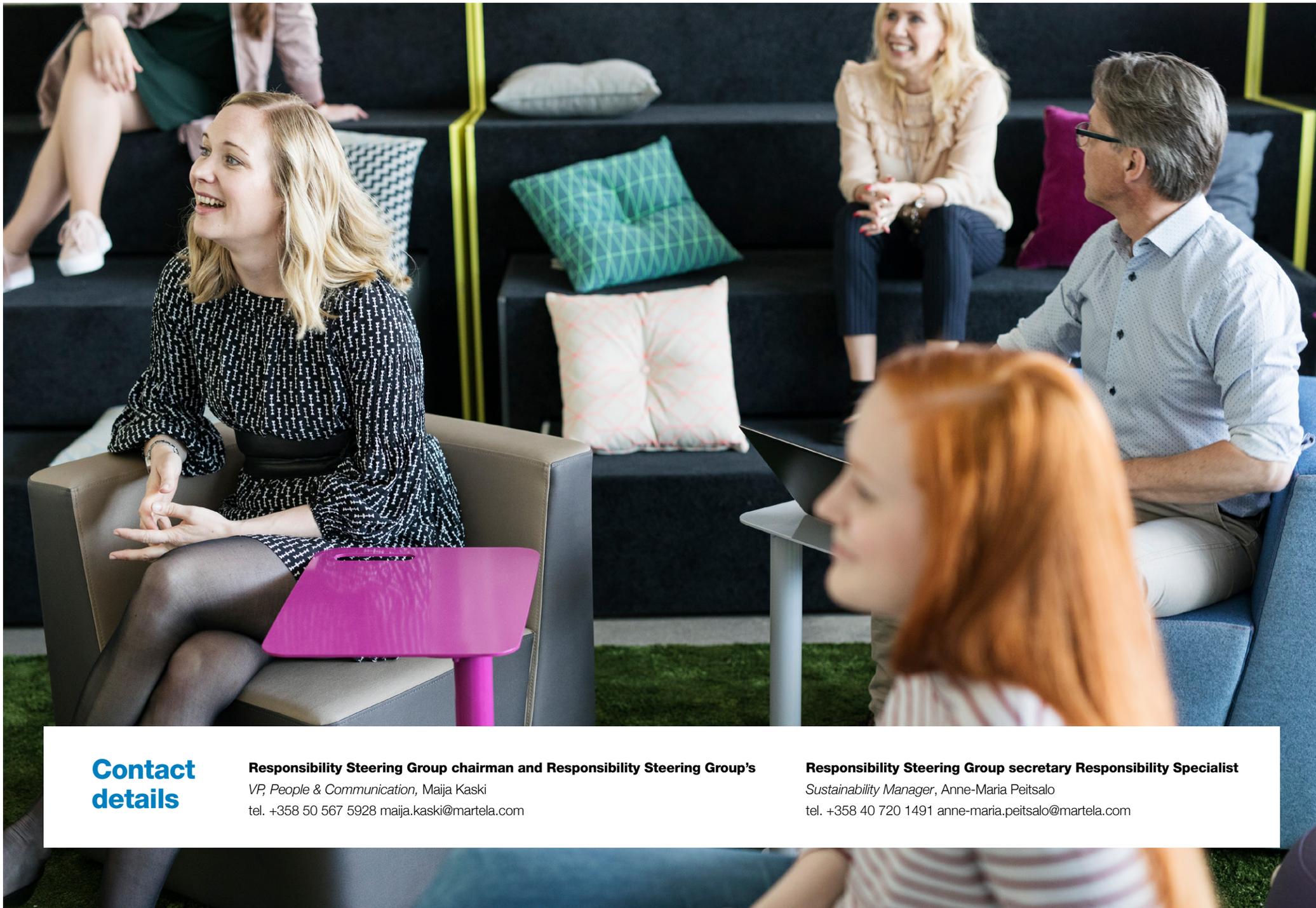
# GRI G4 Content Index

CODE	GRI CONTENT	LOCATION	OMISSIONS AND FURTHER INFORMATION	GLOBAL COMBACT
<b>General Standard Disclosures</b>				
<b>Strategy and analysis</b>				
G4-1	CEO's statement	Management interview		
G4-2	Key impacts, risks and opportunities	Management interview		
<b>Organizational profile</b>				
G4-3	Name of the organization	Martela in brief		
G4-4	Primary brands, products and services	Martela in brief		
G4-5	Location of the organization's headquarters	Martela in brief		
G4-6	Countries where the organization operates	Martela in brief		
G4-7	Nature of ownership and legal form	Martela in brief		
G4-8	Markets served	Martela in brief		
G4-9	Scale of reporting organization	Martela in brief		
G4-10	Breakdown of workforce	Social responsibility		X
G4-11	Employees covered by bargaining agreements	Economic responsibility		X
G4-12	Organization's supply chain	Economic responsibility, Environmental responsibility		
G4-13	Significant changes during the reporting period	Content and scope of report		
G4-15	External principles and other initiatives to which the organization subscribes or which it endorses	Management of sustainability		
G4-16	Memberships in associations	Economic responsibility		
<b>Identified material aspects and boundaries</b>				
G4-17	Entities included in the organization's consolidated financial statements	Martela Annual report		
G4-18	Process for defining report content and aspect boundaries	Content and scope of report		
G4-19	Material aspects GRI report: Identified material aspects and boundries	Economic, social and environmental responsibility		
G4-20	Aspect boundary within the organization	Economic, social and environmental responsibility		
G4-21	Aspect boundary outside the organization	Economic, social and environmental responsibility		
G4-22	Explanation of the effect of any restaments of information provided in earlier reports	Economic, social and environmental responsibility		
G4-23	Significant changes from previous reporting periods	Economic, social and environmental responsibility		

CODE	GRI CONTENT	LOCATION	OMISSIONS AND FURTHER INFORMATION	GLOBAL COMBACT
<b>General Standard Disclosures</b>				
<b>Stakeholder engagement</b>				
G4-24	Stakeholder groups engaged by the organization	Stakeholders		
G4-25	Basis for identification and selection of stakeholders	Materiality assessment		
G4-26	Approaches to stakeholder engagement	Stakeholders		
G4-27	Key topics and concerns raised through stakeholder engagement	Stakeholders		
<b>Report Profile</b>				
G4-28	Reporting period	Content and scope of report		
G4-29	Date of the most recent report	Content and scope of report		
G4-30	Reporting cycle	Content and scope of report		
G4-31	Contact point for questions regarding the report	Contact details		
G4-32	GRI content index	GRI Index		
G4-33	Policy and current practice with regard to seeking external assurance for the report	Content and scope of report		
<b>Governance</b>				
G4-34	Governance structure of the report	Martela Annual report		X
G4-36	Executive-level positions with responsibility for economic, environmental and social topics	Management of sustainability		X
G4-38	Composition of the highest governance body and its committees	Martela Annual report		
G4-39	Position of the Chairman of the Board	Martela Annual report		
G4-40	Processes for determining the composition, qualifications, and expertise of the highest governance body	Martela Annual report		
G4-41	Processes in place to avoid conflicts of interest	Martela Annual report		
G4-42	Executive-level roles in setting purposes, values, and strategy	Martela Annual report		
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	Martela Annual report		
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes	Martela Annual report		
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Martela Annual report		
G4-48	Highest committee or position that formally reviews and approves the sustainability report	Management of sustainability		
G4-49	Process for communicating critical concerns to the highest governance body	Management of sustainability		
G4-51	Executive-level compensations	Martela Annual report		
G4-52	Process for determining remuneration	Martela Annual report		
<b>Ethics and integrity</b>				
G4-56	Organization's values, principles, standards and norms of behavior	Values		
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behaviour	Management of sustainability		
G4-58	Internal and external mechanisms for reporting concerns about ethical and lawful behaviour	Management of sustainability		

CODE	GRI CONTENT	LOCATION	OMISSIONS AND FURTHER INFORMATION	GLOBAL COMBACT
<b>Specific Standard disclosures</b>				
	Material aspects	Management of sustainability		
<b>Economic Impacts</b>				
G4-EC1	Economic performance	Economic responsibility		
G4-EC3	Coverage of the organisation's defined benefit plan obligations	Martela Annual report		
G4-EC4	Government financial assistance	Economic responsibility		
G4-EC5	Wages compared to local minimum wage	Economic responsibility		X
G4-EC9	Spending on locally based suppliers	Economic responsibility		
<b>Environmental Impacts</b>				
G4-EN1	Materials used by weight or volume	Environmental responsibility		X
G4-EN2	Percentage of recycled materials	Environmental responsibility		X
G4-EN3	Direct energy consumption	Environmental responsibility		X
G4-EN15	Total direct greenhouse gas emissions	Environmental responsibility		X
G4-EN16	Total indirect greenhouse gas emissions	Environmental responsibility	Only limited information of indirect use available	X
G4-EN21	NOX, SOX and other significant air emissions	Environmental responsibility	VOC emissions only from surfacetreatment in Kidex. NOx and SOx only from transportation with own fleet and business travel	X
G4-EN23	Total weight of waste by type and disposal method	Environmental responsibility		
G4-EN27	Initiative to mitigate environmental impacts	Sustainability Programme		
<b>Social Impacts</b>				
G4-LA1	Total number and rate of new employee hires and employee turnover by age group, gender, and region	Social responsibility	Turnover not reported by age group	X
G4-LA4	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Taloudellinen vastuu	Compliant to the legislation	X
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs	Social responsibility		X
G4-LA6	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	Social responsibility	Reported only by region	X
G4-LA9	Keskimääräiset koulutustunnit vuodessa henkilöä kohden jaoteltuna sukupuolen mukaan ja henkilöstöryhmittäin	Social responsibility	Metrics only available in value	
G4-LA10	Programs for skills management and lifelong learning that support that support the continued employability of employees and assist them in managing career endings	Social responsibility		

CODE	GRI CONTENT	LOCATION	OMISSIONS AND FURTHER INFORMATION	GLOBAL COMBACT
<b>Specific Standard disclosures</b>				
G4-LA11	Percentage of employees receiving regular performance and career development reviews	Social responsibility		X
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Social responsibility	Reported only by age group and by gender	X
G4-SO3	Percentage and total number of business units analysed for risk related to corruption	Economic responsibility	Reporter only by number	X
G4-SO4	Percentage of employees trained in organization's anti-corruption policies and procedures	Management of sustainability		
G4-SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by countries	Economic responsibility		
<b>Product responsibility</b>				
G4-PR1	Lifecycles stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and service are assessed for improvement, and percentage of significant product and services categories subject to such procedures	Social responsibility	Not reported in prosentage	X
G4-PR3	Type of product and service information required by producers, and procentage of significatn product and services subject to such information requirements	Social responsibility	Not reported in prosentage	
G4-PR5	Practices realted to customer satisfactions, including results of surveys measuring customer satisfaction	Economic responsibility		
There is no external assurance for the responsibility indicators in the report				



## Contact details

### **Responsibility Steering Group chairman and Responsibility Steering Group's**

*VP, People & Communication, Maija Kaski*  
tel. +358 50 567 5928 [majja.kaski@martela.com](mailto:majja.kaski@martela.com)

### **Responsibility Steering Group secretary Responsibility Specialist**

*Sustainability Manager, Anne-Maria Peitsalo*  
tel. +358 40 720 1491 [anne-maria.peitsalo@martela.com](mailto:anne-maria.peitsalo@martela.com)

Inspiring  
spaces

**Martela**

## Contact

### Finland

#### **Martela Oyj**

Takkatie 1  
PL 44  
FI-00371 Helsinki  
tel. +358 (0)10 345 50  
fax. +358 (0)10 345 5744  
[www.martela.com](http://www.martela.com)

#### **Kidex Oy**

Savikontie 25  
FI-82500 Kitee  
tel. +358 (0)10 345 7211  
fax. +358 (0)10 345 7244

#### **Muuttopalvelu Grundell Oy (Martelan muuttopalvelu)**

Riihikuja 4  
FI-01720 Vantaa  
tel. +358 (0)10 480 4200  
<https://martela.com/removals>

### Sweden

#### **Martela AB**

Storgatan 49A  
57132 Nässjö  
tel. +46 380 37 19 00  
fax. +46 380 37 08 32  
[www.martela.se](http://www.martela.se)

### Norja

#### **Martela AS**

Drammensveien 130  
N-0277 Oslo  
tel. +47 23 28 38 50  
fax. +47 23 28 38 51  
[www.martela.no](http://www.martela.no)

### Puola

#### **Martela Sp. z o.o.**

ul Geodetów 156  
05-500 Józefostaw  
[www.martela.com](http://www.martela.com)