

Martela



2020

Sustainability report

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Sustainability at Martela



Martela in brief

Martela is a Nordic leader specialising in user-centric working and learning environments. We offer our customers a single point of contact throughout the workplace lifecycle, from specifying needs to maintenance and optimisation of the workplace.

Martela is a family company founded in 1945 and its shares are quoted on the OMX Nordic Exchange Helsinki. Our main market areas are Finland, Sweden and Norway, and our solutions are also sold globally through our network of dealers. Our production facilities are located in Finland and Poland.

In 2020, the Martela Group's revenue was EUR 88.4 million and it employed an average of 451 employees.



Contents and scope of report

This sustainability report, Martela's eleventh, has been prepared in accordance with the GRI (Global Reporting Initiative) standards core option. The report covers all Martela's operations. Martela's Sustainability Steering Group has reviewed and selected the performance indicators for the GRI standard index based on the materiality assessment. We base the assessment on the expectations of Martela's key stakeholders and the significance of the most essential factors for business. It was mainly the company's internal specialists who carried out the assessment and the Sustainability Steering Group has updated it annually based on stakeholder interviews and discussions.

The disclosed results include monitoring data for a period of at least three years. Compared to the previous report published on 9 April 2020, there is no major changes in this report. Smaller deviations and limitations are explained in connection with the indicators in question and in the GRI standard index.

Global Compact reporting

Martela joined the United Nations' Global Compact Initiative in 2011. We also use this report as Global Compact reporting to measure the extent to which the principles of human rights, labour rights, environmental protection and anti-corruption are in place in Martela. The GRI standard index includes the indicators that Global Compact has approved for measurement of the level and progress of actions.

Reporting structure

At the beginning of the report a brief introduction of Martela as a company, and information on its values, strategy and governance can be found. In addition, there is a stakeholder analysis prepared by the Sustainability Steering Group and descriptions of the core risks and opportunities regarding corporate responsibility. The related management principles and the nature of the commitments are summarised. The full texts of our principles are available from Martela home pages. The Martela

Annual Report presents the governance and risk management principles. The 'Management of Sustainability' section describes the roles and duties of the Board of Directors (Board), the Group Management Team (GMT) and the Sustainability Steering Group in developing corporate responsibility. The economic, social and environmental sections of this report contain information on the performance in said areas of operation. In the beginning of each section, there is a materiality assessment of indicators used and a list of the main targets. The sustainability report presents the progress of the sustainability programme for 2020–2030 and the new programme for 2021–2035.

Assurance of the report

There is no external assurance of the sustainability indicators. We compile our economic responsibility metrics from information used in the Board of Directors' Report and the consolidated financial statements that Ernst & Young Oy have audited.

Publication of the report

The annual sustainability report is published in PDF format in Finnish and English. We do not print copies of the report. The 2021 report will be published in spring 2022.

Sustainable solutions create wellbeing

The transformation of work has gained momentum during the pandemic, with people transferring extensively from offices to remote work. After the pandemic, the combination of office and remote work will become the new normal.

Employers must provide well-functioning environments for office work and meetings that strengthen a sense of community, as well as being flexible when situations change. Martela offers products and services that meet our customers' needs, taking their lifecycle impacts into account. In this article, Artti Aurasmaa, CEO, Ville Taipale, Chair of the Sustainability Steering Group, and Anne-Maria Peitsalo, Secretary of the Sustainability Steering Group, discuss the significance of sustainability for Martela.

Globalisation, urbanisation, technological development, climate change and reduced biodiversity are changing the world. How are these megatrends reflected in Martela's operations?

Artti: Climate change is by far the most significant driver of global change, and consumers' and companies' awareness is increasing continuously. The circular economy and sustainable products with long lifecycles are more and more widely recognised as key solutions. In the design of new workplaces, for example, people often want existing and

recycled furniture to be used, as well as sustainable and versatile solutions. Martela provides these. Demand for recycled furniture has also increased among consumers, which is reflected in Martela Outlet's sales. Our products with long lifecycles have been given a new lease of life in home offices.

Ville: In many companies, facilities are the second-largest expense after personnel costs, and the rents of office facilities in good locations are increasing. Organisations seek to manage facility costs by using space more efficiently and reducing energy consumption. We help our customers maintain high facility and furniture utilisation rates by designing optimised, flexible solutions. On the other hand, thanks to technology, work is increasingly independent of time and place, and employees can work far away from one another. For Martela, it is important to ensure sustainability throughout the supply chain. We are seeking to reduce our own climate impacts, as well as requiring sustainability from our network of suppliers.

Anne-Maria: Martela's Workplace as a Service is an excellent solution when facilities must support

the combination of work in the office and remote work from home, and be flexible in changing situations. Social responsibility and mitigating climate change are connected to this solution. The change of pace is increasing in working life, and individual customers do not have equal opportunities to benefit from the long lifecycles of products amidst the rapid change. The lifecycles of the products we lease out continue over several users.

In 2020, the coronavirus pandemic changed working life and workplaces radically. Health security became a major concern in workplaces, which marked a breakthrough for remote work. How can Martela help people to adapt to change now and in the future?

Artti: The pandemic abruptly accelerated a change that had been going on for a long time. Remote work will continue after the pandemic, but it will be combined with office work so that it serves the task at hand. Creating new ideas and a competitive advantage will continue to require face-to-face meetings and interaction. Successful companies

seek collaboration. We have also learned that the risk of pandemics is real and must be taken into account in all work. Facilities that are designed to be safe are therefore important in the long run.

Anne-Maria: When we can finally return to our offices, our Workplace as a Service solution will enable a safe return and a controlled transition to hybrid work. Demand for flexible and cost-effective solutions will increase when companies understand the importance of spontaneous meetings for work efficiency, as well as the significance of facilities that support such meetings. Martela has been a pioneer in this field for a long time.

Ville: We must keep in mind that wellbeing at work is not only about ergonomics. Living alone is increasing around the world, meaning that the workplace community can be an important part of social life. On the other hand, dense living in urban areas can mean that working at home is not easy. Offices will continue to be needed, and Martela leads the way in providing solutions that support wellbeing at work.



Ville Taipale,
Chair of the
Sustainability
Steering Group



Anne-Maria Peitsalo,
Secretary of the
Sustainability Steering Group



Artti Aurasmaa, CEO

What were the greatest successes of the year in Martela's sustainability work?

Anne-Maria: Our corporate responsibility score in our annual customer experience survey was 8.6, which can be regarded as the greatest success. I would also like to highlight the application of the ISO 45001 standard in the development of occupational safety across the Group. This enabled us to take our systematic documentation and training to a new level in terms of safety at work. In a third-party audit in the autumn, we achieved ISO 45001 certification to complement our ISO 9001 and ISO 14001 certifications, which we have held since as early as the 1990s. Martela's employees have committed to occupational safety and integrated it into their day-to-day work, which was also reflected in the responses to our sustainability training. In our removal and installation service in particular, occupational safety plays a key role, from the factory all the way to the customer's facilities.

Ville: We are continuously improving and enhancing the management of our supply chain and the monitoring of social responsibility. We are seeking to reduce energy consumption at our production plants in Nummela and Kitee, and we have already achieved good results at Kitee. Logistics are a key aspect of improving the efficiency of our operations and reducing emissions. We have reduced intermediate storage and increased direct deliveries. This year, we have considerably improved our loading and utilisation rates of transport vehicles

and pallets. Martela Outlet's increased sales indicate that our customers are aware of the fact that our products last from one user to another.

Martela celebrated its 75th anniversary. What is the significance of the company's long history?

Anne-Maria: The secret of Martela's longevity is the company's ability to reinvent itself. For example, we have been a pioneer in recycling services and workplace lifecycle thinking for a long time.

Ville: Our strong expertise in design, product development and production has long roots. Our iconic Kilta chair is a good example of fostering this heritage. Now we are launching new kinds of services developed in cooperation with our customers.

Artti: Martela is a pioneer in sustainable products and new thinking. Sustainability is now even more important than before, and Martela's leadership is needed in the major transformation of working life that is underway. We promote the circular economy and sustainable development when we seek to support the wellbeing and work efficiency of as many employees as possible through our services. By maintaining our financial profitability, we are able to generate wellbeing for society and continue our ambitious sustainability work.

Pandemic accelerated the transformation of working life

The coronavirus pandemic accelerated the transformation of working life, as office workers started working remotely. We got used to remote work, but it doesn't replace face-to-face meetings.

The transformation of the way we work, which has been in progress for a long time, accelerated rapidly in the spring of 2020 as the coronavirus pandemic drove workers from offices to their homes to work remotely.

The development of technology and digitalisation have made it possible for people to work at any time and any place and have increased the share of knowledge work. However, in many companies, office space is still the largest cost item after personnel expenses. The need to reduce costs and a growing awareness of climate change have created pressure to reduce energy consumption. These trends have encouraged companies to intensify their use of space and have prompted the transformation of office spaces from conventional individual offices to open-plan offices and now to activity-based offices.

Remote work has long been an option in many organisations, but employees have continued to come to the office to work and have meetings. Offices are primarily designed for a more old-fash-

ioned type of work, even when they have been turned into open-plan offices due to cost pressures and the organisation's low hierarchy. The pandemic emptied offices for a long period and raised questions as to whether the type of offices we have now really are the best to meet our needs.

The decision to transition to remote work in spring 2020 was based on reasons of public health security, but the financial difficulties caused by the pandemic are likely to increase demand for more cost-effective and flexible office space solutions. Office spaces must adapt to the rapid change in requirements.

Face-to-face meetings still important

For a long time, we have already been working remotely on those days when we need to concentrate without distractions, but the possibilities of mobile work became increasingly evident during the coronavirus pandemic. We were even able to take care of many of our tasks better at home than at the office.

However, we will still need to have face-to-face meetings. In order for creative problem solving and collaboration to be successful, people need to be physically present. Working together, genuine interaction and spontaneous intercommunication form the glue that keeps an organisation together. As remote working will never be able to replace meetings or working together at the same location, more and more working communities will transfer to a hybrid work model.

In other words, office spaces will need to continue to offer work communities opportunities to meet together and spaces for work requiring concentration. The premises may be smaller than before, but they must also be more attractive so that people will want to come to the workplace.

Sustainability is a requirement

The pandemic is also likely to accelerate the transformation of learning environments. Though traditional classroom solutions are no longer favoured

in new educational institutions, remote schooling was a completely new experience for many in the last spring. Learning environments are typically designed to last decades, so they have been slow to develop. The benefits of distance teaching were also observed at educational institutions. In the future, we will be able to supplement contact teaching with distance teaching to a certain extent.

Organisations and consumers are increasingly interested in the responsibility and sustainability of their purchases. The transition to a circular economy has started. Lifecycle thinking is already a consideration in the acquisitions of pioneering organisations, but price is still a major aspect.

As a result of the pandemic, there are now many home office decorators who are interested in furniture that facilitates working and improves ergonomics. Many employers want to support their employees in their remote work by providing an ergonomic remote workstation.

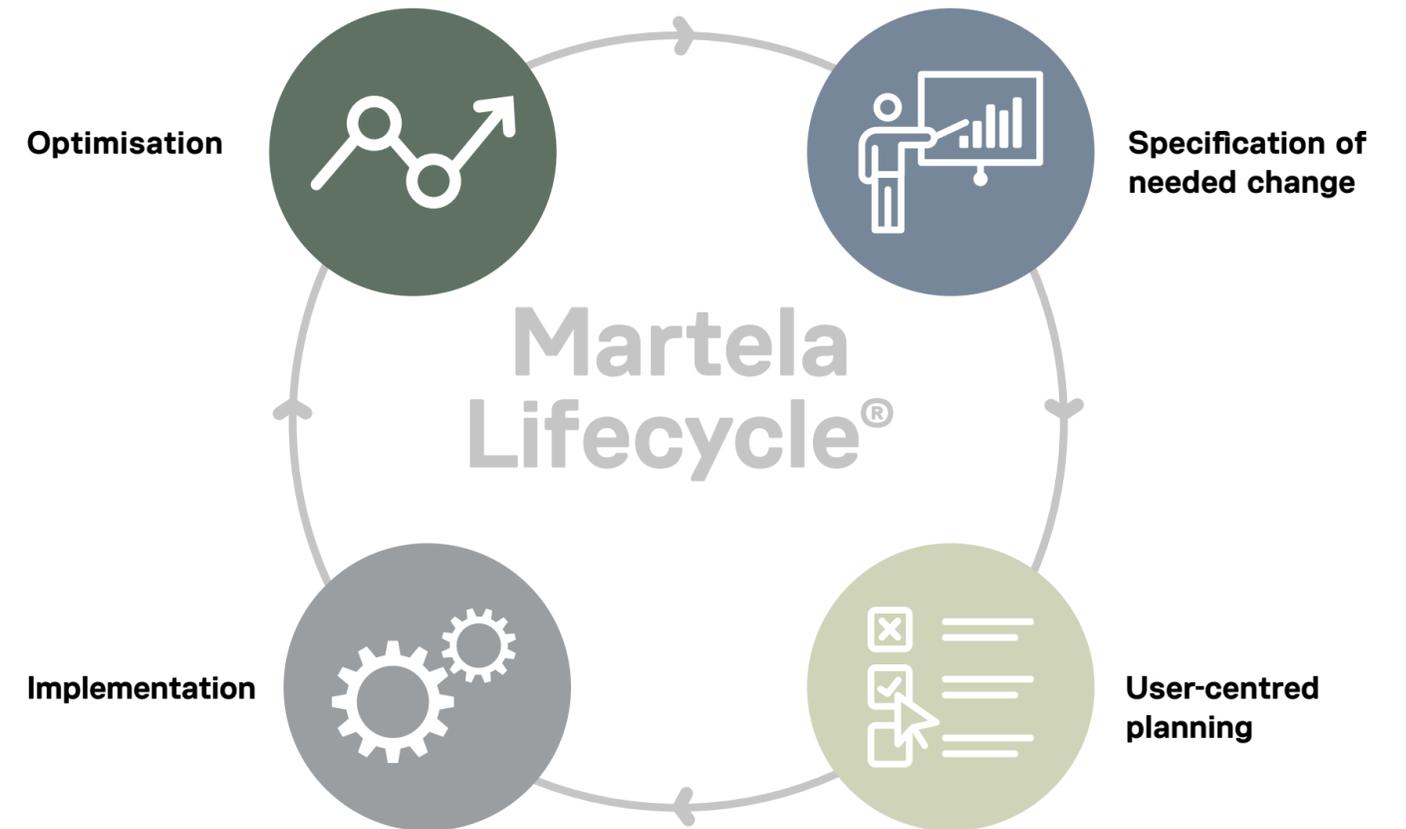
Service models adapt to change

WORKPLACE AS A SERVICE

The post-pandemic world of work will be built on hybrid work. People will have the freedom to choose where and when to work, together with others or alone. Thanks to the Workplace as a Service model, the employees will always have the best possible workplace at their disposal. Instead of individual pieces of furniture, the organisation will have a comprehensive solution for the entire lifecycle of the office, which constantly takes care of the premises, the furniture – and the people. An essential aspect of the service is the continuous optimisation of the workplace in accordance with the changing needs of the users. The service model enables the organisation to only pay for what it genuinely needs, which means that the problems related to owning furniture do not exist. In addition to the company's office space, the service is also suitable for the development of employees' home offices and flexible co-working facilities.

LEARNING ENVIRONMENT AS A SERVICE

The operating culture at educational institutions is changing radically and teaching and learning methods are increasingly varied. New practices and methods also require a new type of learning environment. Developed through service design and together with customers, Martela's Learning environment as a Service responds to this challenge. The new service model means that schools and educational institutes no longer need to own a single piece of furniture, as the whole package can be acquired as a service instead. The greatest benefit of the Learning environment as a Service model is that it creates a framework for redesigning learning environments in a user-centric way and introduces the circular economy to schools in a practical manner. Furniture that is in good condition but no longer needed due to the service model is repaired and sold through the Martela Outlet stores or the webshop or utilised in energy generation or as secondary raw material.



Value for organisation



Working environment is always up-to-date and optimised



Improved employee experience and wellbeing



Increase in productivity and ability to innovate



Renewal of operational and management culture



Cost-effective and responsible method of acquisition – Waste Nothing.

Values

Together

Respect and trust for one another are at the heart of our culture. Diversity and learning from one another are our strengths. Together we will succeed and make it happen.

Boldly

Visionary thinking has always driven us forward. It inspires us to be curious and innovative. We are the forerunner in creating better working and learning environments.

Listening

Listening is the key to understanding our customers' needs. Our solutions are built on data and customer insights. This is how we make the difference and create a world-class customer experience.

Caring

We are committed to sustainability in everything we do. Our solutions support ecological choices and the circular economy. Together we will create a brighter future.

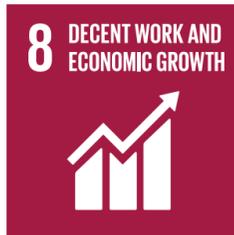


Sustainability at Martela



Agenda 2030 goals

 **Martela contributes to reaching Agenda 2030 goals with Martela Lifecycle® model."**



We help our clients create workplaces that serve new ways of working and the wellbeing of staff. Read our customer reference with flexible service model that includes not only furniture but also digital services that measure office utilisation rate and user satisfaction:

www.martela.com/cases/alva-yhti-oy



We improve material efficiency by developing recycling business. With Martela's WaaS model, customer achieves flexible usability of the workplace. Martela takes responsibility for extending the lifecycle of products, improving material efficiency and developing furniture recycling:

www.martela.com/services/furniture-optimisation-recycling/workplace-as-service



The learning environment that we create, support the pupils' insights, experimentality and communality. Read our case study how Martela Lifecycle® model was used to create an adaptable learning environment that become a functional hub for the entire neighbourhood:

www.martela.com/cases/hiltulanlah-ti-school

Value creation

Resources and capabilities

COMPONENT AND SUBASSEMBLIES

- 9 million kg (wood based 59%, metal based 25%)

PRODUCTION FACILITIES

- Laminate and melamine component production in Kitee, Finland
- Final assembly of new and re-manufacturing of used furniture in Nummela, Finland
- Upholstered furniture component manufacturing in Piaseczno, Poland

PERSONNEL

- An average of 435 employees, including 218 factory employees and 217 office employees
- 109 external resources in man-years
- Investments in employee development EUR 86,000 per year

PARTNER NETWORK

- 100 core suppliers, 30 dealers, 7 freelancer designers, logistics partners, other suppliers

OWNERS

- 3,126 owners, of which 95.4% households, 3.8% companies, 0.3% foreign investors
- 78.7% owns 500 shares of less, 2.9% over 5,000 shares

INCOMPATIBLE CAPITAL

- Martela brand, Martela Lifecycle® strategy, 6 registered design, 1 utility models
- Versatile expertise

FINANCE

- EUR 52 million equity and liabilities

INVESTMENTS AND PRODUCT DEVELOPMENT

- EUR 1.2 million investments, EUR 2.0 million research and product development

NATURAL RESOURCES

- Electricity 4,352 MWh
- District heating 3,814 MWh
- Heating by gas 183 MWh
- 87% renewable energy, 12% fossil energy and nuclear power 1%

Martela's activities



Output and its distribution

CUSTOMERS

- Workplace specifications, layout planning, implementation, maintenance, wellbeing, cost savings, new and remanufactured furniture

SUPPLIERS OF GOODS AND SERVICES

- Purchases total EUR 62 million incl. materials, components, energy costs, fuels, waste management, property rentals, rental of vehicles, services and IT licenses

PERSONNEL

- EUR 18,864,000 salaries paid including share-paid contributions
- EUR 3,986,000 employee social security and pension

FOR OWNERS AND FINANCIERS

- EUR 0 dividends
- EUR 940,000 interest expenses

WASTE

- 1.5 million kg, recovered 99.5%, 0.5% hazardous waste

RECYCLING SERVICE FOR CUSTOMERS

- 3.0 million kg, of which 97% wood, metal and energy fractions

Stakeholders and their expectations

	CUSTOMERS	SPECIFIERS	EMPLOYEES	DEALERS	SUPPLIERS	OWNERS AND INVESTORS	OTHER INTEREST GROUPS
QUANTITY AND DESCRIPTION 	<ul style="list-style-type: none"> Companies and public purchasers. Private customers only through the Martela Outlet channel. 82% of turnover from Finland, 10% from Sweden, 4% from Norway and 4% from other countries. 	<ul style="list-style-type: none"> People responsible for customer definitions, architects, interior architects 	<ul style="list-style-type: none"> 435 employees in the end of the year: 50% factory workers, and 50% knowledge workers 109 man-years of external resources 	<ul style="list-style-type: none"> About 30 dealers, mainly in Martela's home market and Central Europe A third working under Martela brand and others offer Martela products as part of their other offering 	<ul style="list-style-type: none"> About 100 suppliers of materials and components for Martela products, of which 60% in Martela's home market Other suppliers Logistics partners 	<ul style="list-style-type: none"> Major owners are Martela family and pension insurance company Ilmarinen and funding by the well-known Nordic banks 	<ul style="list-style-type: none"> Media, areas of operations, industry organisations, schools and educational institutions
THEIR EXPECTATIONS 	<ul style="list-style-type: none"> High-quality products and services Information on products, supply chain and materials Compliance with laws, principles of corporate governance and agreements both internally and in the supply chain Availability of eco labelled products, especially in Sweden, Denmark and Norway Some expect especially Finnish design 	<ul style="list-style-type: none"> Information on products, materials, environmental trends and brand value Possibility to realise new ideas with respect to Finnish design traditions 	<ul style="list-style-type: none"> Continuity of employment relationship Professional development opportunities Training on new skills and best practices in occupational safety 	<ul style="list-style-type: none"> High-quality products and services Information on products, supply chain and materials Compliance with laws, agreements and sustainable business principles Reliable business relationship Availability of eco labelled products, especially in Sweden, Denmark and Norway 	<ul style="list-style-type: none"> Stable development and trust Clear communication of instructions and expectations Clarification of changing market expectations 	<ul style="list-style-type: none"> Stable development Successful risk management Profitable business and ability to pay dividends 	<ul style="list-style-type: none"> Promotion of local social wellbeing by, i.a. employment Open communication
OUR ACTIONS 	<ul style="list-style-type: none"> Ensuring availability of product information Ensuring compliance with Code of Conduct Open communication focusing on materiality Third party environmental markings and labels for origins to facilitate the selection 	<ul style="list-style-type: none"> Material and brand studies Design events to enable interaction Designers' ideas and influence to offering 	<ul style="list-style-type: none"> Employee satisfaction and wellbeing studies Training Appraisals Open internal communication 	<ul style="list-style-type: none"> Reliability of deliveries Exceeding the performance of other suppliers Open discussion on operational development 	<ul style="list-style-type: none"> Investments in long-term cooperation Communication, tracking and discussion of sustainable procurement principles 	<ul style="list-style-type: none"> Close monitoring of competitiveness and performance and open communication Development of sustainability and its reporting Constant development of sustainability indicators 	<ul style="list-style-type: none"> Co-operation with representatives of other stakeholders

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. Martela reviews annually and, if necessary, revises the management principles originally drawn up in 2011.

Martela Corporation's Board, together with the CEO, leads the sustainability work. The Sustainability Steering Group prepares and coordinates practical development measures. The company's functional organisation controls the implementation of these. The sustainability programme summarises annual sustainability objectives and gives them a longer time perspective. Operations implement the sustainability programme in the annual planning and monitor implementation at the management level. Since the beginning of 2018, the Vice President, Operations has been responsible for sustainability matters in the GMT.

Martela's goal is to provide responsible solutions for its customers' workplaces and learning environments through the Martela Lifecycle® model. The changes in the workplace required by the transformation of work can be implemented with the Martela Lifecycle® model, while also fulfilling the requirements for room efficiency, wellbeing at work and work efficiency. Sustainability in the whole value chain of production also plays an important role in corporate responsibility. Martela continued to communicate 2018 updated principles for sustainability to its 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.



Corporate Code of Conduct

Martela Corporation's board approved the Martela Corporate Code of Conduct for the first time in 2011. The Board confirmed 2020 updated version without changes on 4th February 2021. The Code contain operating instructions and requirements both for those working at Martela and Martela partners. The Code states a 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. The Code also records Martela's international commitments.

The Martela Management Team defined the set of CR policies that support the Code in 2011. On 12th March 2021, the Management Team confirmed 2018 updated Social Requirements for Suppliers, 2019 updated Environmental Policy, and 2020 updated Quality Policy without changes. During a meeting on 9th April 2021, the Management Team approved the revised People Policy, which has been updated with the new company values and information on the grievance reporting channel. You can find the complete text of the Corporate

Code of Conduct, and the Policies that support it, on www.martela.com/about-us/sustainability/corporate-responsibility.

Corporate governance principles

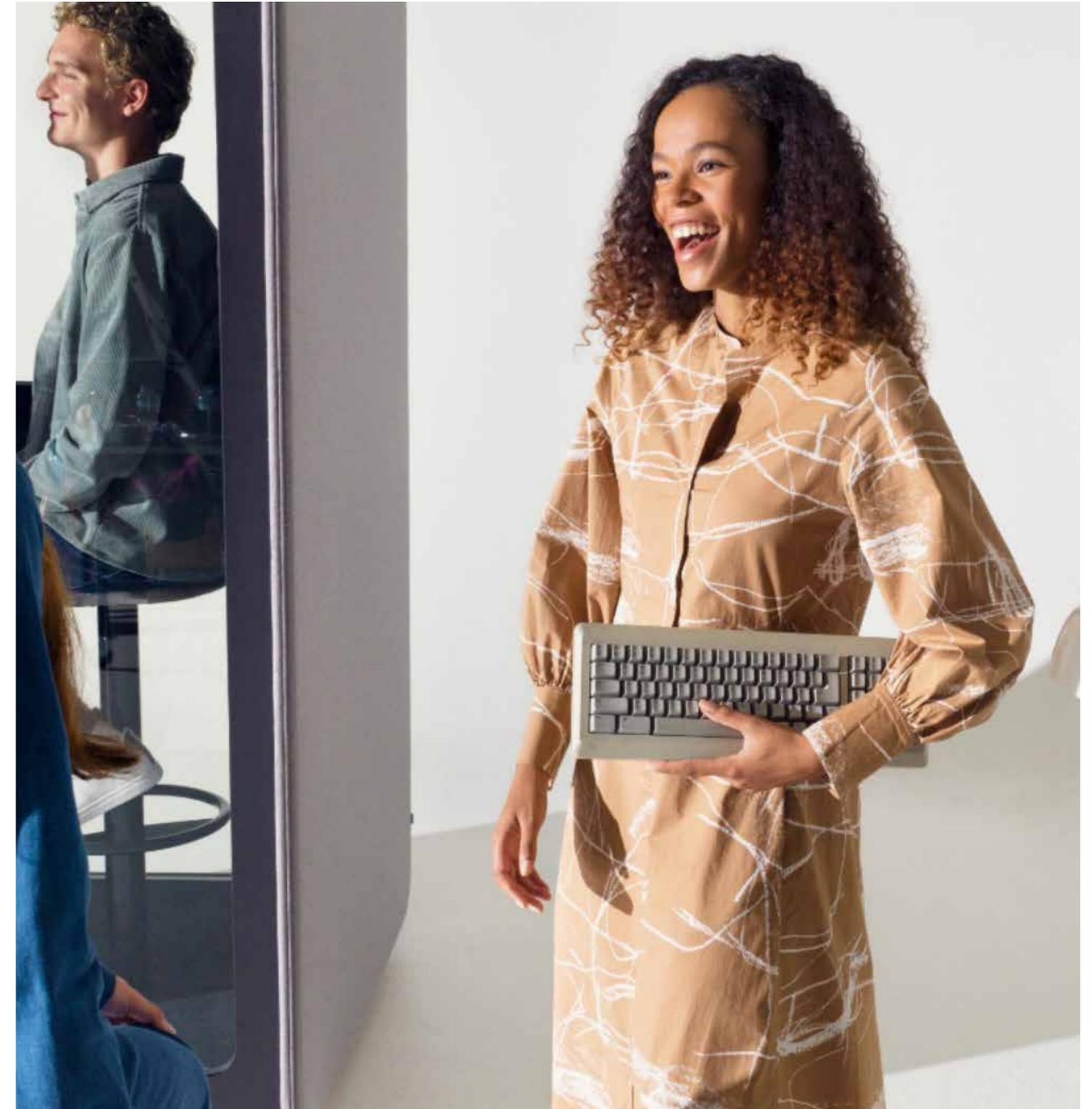
Martela's Annual Report, the Board of Directors' Report, stock exchange releases and the resolutions passed by the organisational meeting of Martela's Board and by the Annual General Meeting explain corporate governance principles and issues, thus they are not treated separately in this report.

Risk management

The Annual Report and the Board of Directors' Report describe risk management in more detail, so it has not been included in this report.

Human resources policy

Martela's People Policy, approved by the GMT, outlines the principles on which responsible HR management is founded. These principles clarify and harmonise the HR management process and describe how to maintain and develop a good corporate and employer image. Martela's success is de-



pendent on skilled and motivated personnel who enjoy their work. The company ensures the maintenance of these personnel qualities with responsible HR management in both the short and long run.

Environmental policy

The Environmental Policy, approved by the GMT, aims to decrease the company's environmental impacts and promote recycling. Martela manages its environmental activities in accordance with the ISO 14001 management system, which is presented in more detail in the environmental section of this report. The policy gives guidance on how to apply an environmental approach in developing Martela's offering, with which the company indirectly affects the environmental impact of its customers. These indirect effects are the best way that Martela can fight global warming.

Sustainability policy for the supply chain

Martela's Sustainability Policy for the Supply Chain, approved by the GMT, presents our 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 responsi-

bility obligations. Suppliers are required to comply with national labour laws and ILO conventions. The areas that we monitor include working time, pay, child labour, forced labour, discrimination, the right to organise and collective bargaining, as well as health and safety at work. The policy describes supplier selection and control models. The Sustainability Policy for the Supply Chain applies to suppliers of products with the Martela label and contract suppliers whose products are included in Martela's product programme.

Sustainability organisation

Martela manages sustainability as part of the normal planning process and everyday work. The company has set up a Sustainability Steering Group to prepare development measures, coordinate these in the operations and make all the necessary proposals to the GMT. The Sustainability Steering Group also acts as the management review group for quality, environmental and occupational safety 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 publishing. The Sustainability Steering Group consists of the Sustainability Team with the Martela Management Team. Martela's Director, Sustainability & Quality acts as secretary for the Sustainability Steering Group and prepares

the necessary material. The chair of the Steering Group is the Vice President, Operations.

The GMT follows the progress of the sustainability programme and considers proposals put forward by the Sustainability Steering Group. The GMT approves the principles guiding sustainability, except those that require approval by the Board.

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

Contact persons related to reporting

Chair of the Sustainability Steering Group and Sustainability representative in GMT
 VP, Customer Supply Management, Ville Taipale
 tel. +358 (0)50 55 72 611, ville.taipale@martela.com

Secretary of the Sustainability Steering Group
 Director, Sustainability & Quality, Anne-Maria Peitsalo
 tel. +358 (0)40 72 01 491, anne-maria.peitsalo@martela.com

Key responsibility indicators

Economic responsibility indicators

	2017	2018	2019	2020
Revenue (EUR million)	109.5	103.1	106.2	88.4
Profit before taxes (EUR million)	0.0	-2.5	-2.7	-4.8
Income taxes (EUR million)	-0.7	0.1	0.2	0.0
Return on investment, %	1.6	-4.9	-6.4	-13.4
Equity to assets ratio, %	40.8	39.2	28.8	22.7
Dividends paid (EUR million)	1.5	1.3	0.4	0.0
Wages and salaries (EUR million)	21.9	21.5	21.7	18.9
Number of employees (average in man-years)	497.8	505.4	462.0	432.7
Purchases from suppliers (EUR million)	77.7	75.9	76.6	62.8
Gross investments (EUR million)	2.1	1.7	2.3	1.2

Social responsibility indicators

	2017	2018	2019	2020
Average age of employees (years)	44.0	45.0	45.0	46.0
Number of employees with more than 10 years' service, %	49.2	51.9	47.5	47.2
Employee turnover, %	17.8	14.7	17.5	19.2
Reasons for leaving (incidents)				
· terminated by employer	12	6	13	14
· terminated by employee	73	65	59	67
· retirement	8	6	12	5
Absences due to illness (% of work time)	2.5	2.8	3.5	2.3
Investment in training (EUR/person)	376	221	392	200
Development discussions (% of staff)	64	66	75	79

Environmental responsibility indicators

	2017	2018	2019	2020
Material use (1,000 kg)	10,928	9,215	9,726	9,038
Direct energy (GJ)	0	0	0	0
Indirect energy (GJ)				
· district heating	17,331	16,337	16,515	13,731
· electricity	19,019	18,820	19,001	15,666
· gas	702	757	708	658
Carbon dioxide emissions (1,000 kg)				
· from direct energy	0	0	0	0
· from indirect energy	1,268	477	508	504
· from own transport equipment	1,035	928	880	766
· from company cars	114	98	105	103
· from business flights	97	105	81	28
· from material use	18,314	13,214	12,393	10,654
Waste				
· total (1,000 kg)	1,237	1,670	1,921	1,455
· hazardous waste, %	0.7	0.4	0.1	0.5
· recovery, %	95.7	99.6	99.8	99.5

Sustainability programme 2021-2035

At the beginning of 2021, the Sustainability Steering Group approved Martela's new CR action plan for 2021–2035. The plan includes overall goals including economic, social and environmental aspects of sustainability.

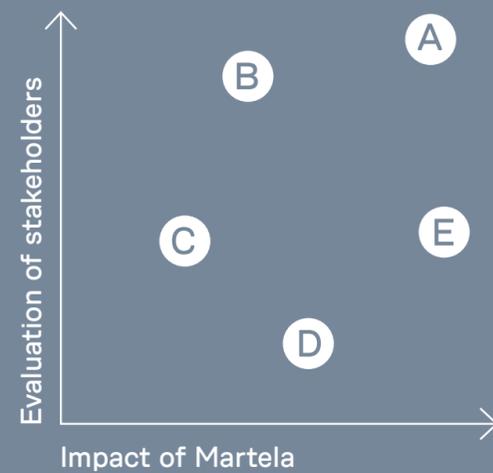
Goal	Schedule
EBIT level of 8 per cent excluding non-recurring items	Long term
Increase the share of the service business	
Customer employee wellbeing, knowledge workers	Mid term
<ul style="list-style-type: none"> • 50% of new Martela Lifecycle® customer workplace change specifications lead to implementation • Minimum 30% of employees say that wellbeing has increased and minimum 50% of employees say that working efficiency has increased according to a user experience study 	
Martela employee wellbeing:	Mid term
<ul style="list-style-type: none"> • People Power® rating to reach AAA level in People Spirit survey • Annual survey, action plans and implementation 	
Improvements in work and learning environments and reducing environmental impact with Martela Lifecycle® ensuring the best customer experience	Mid term
<ul style="list-style-type: none"> • To identify the real need to develop efficient environment that support work, taking into account the opportunities offered by new working methods • Promoting the space efficiency with sustainable and multifunctional solutions, utilising existing and avoiding unnecessary • Continuous improvement of value chain to ensure the best customer experience optimising the use of materials and energy • Knowledge based optimisation, continuous development and maintenance of working environment, taking into account the circular economy 	
Reaching carbon neutrality	Long term
Developing occupational safety towards accident-free working	Mid term
Demonstrating the social responsibility of the supply chain and fight against bribery and corruption:	Short term
<ul style="list-style-type: none"> • Written commitment on respect for human rights and the fight against corruption and bribery from the supply chain • Clear discount terms and decision patterns in the sales process • Training and increase of knowledge throughout the value chain 	

Economic responsibility



Materiality assessment

- A Customers' cost savings through space efficiency improvements
- B Customer satisfaction
- C Analyses of corruption risks
- D Purchases from local suppliers
- E Financial results



Goals

- EBIT 8% level excluding non-recurring items
- To identify the real need to develop efficient environment that support work
- To increase the share of the service business
- Continuous improvement of value chain to ensure the best customer experience optimising the use of materials and energy

Economic value by stakeholder group

Martela seeks to create economic value for its customers, shareholders, employees, partners and surrounding societies. User-centric work and learning environments designed and implemented for customers increase wellbeing at work and, consequently, customers' productivity and operational capacity. Of this economic value, more than 70% is distributed to providers of products and services, and around a quarter is distributed as salaries and social security contributions to employees. Out of every 100 euros spent by customers on products and services, 25 euros went towards the current or future income of Martela's direct employees. A similar contribution to indirect work in Martela's supply chain has not been calculated, as in practice it fluctuates depending

on the service and the degree and method of refinement of each product.

Of the companies providing products and services, more than 60% are based in Martela's countries of operation (Finland, Sweden, Poland and Norway) and almost a third in other European countries. Martela seeks to be a reliable partner for its suppliers, service providers and financiers, a fair and encouraging employer for its employees, and a profitable investment for its shareholders. The distribution of financial benefits is presented in more detail in the value-creation diagram on page 12 of the report.

A high level of customer satisfaction

Taloustutkimus Oy conducts annually an independent TEP 2020 survey, in which people in key positions in companies from various industries are interviewed. The 2020 survey was conducted in an internet panel from 16 September to 30 October. Office furniture suppliers were evaluated by 517 people. Among the 11 companies in the comparison of office furniture manufacturers, Martela was number one in the overall rating, with Martela Outlet in third place. Martela succeeded excellently in the 12 areas of the study, achieving seven first places: e.g. product quality, product functionality and combinability, coverage or the offering, product appearance and delivery reliability were rated the best. In the NPS (Net Promoter Score) comparison, Martela achieved a shared double victo-

ry: Martela Outlet was ranked first and Martela second.

Customer satisfaction was increased by quick response time to customer questions. In the autumn of 2018, Martela introduced a chat service on its website. The service has been well received and during 2020, customers received an immediate answer to already 80% of their questions. The relative number of customer claims to order lines increased from the previous year, while the number of order lines decreased due to the pandemic situation. The number of claims was 4% during 2020. Despite the pandemic situation, delivery accuracy remained at an excellent level.

Customers' needs are changing

The corona pandemic is permanently changing the way of working and our workplaces. The transition to a hybrid work combining remote working and office working is accelerating, and organisations now need to re-evaluate workplaces and their life-cycle. The change in the way of working increases the demand for flexible workplace services. This demand is met by Martela's Workplace as a Service (WaaS) model based on the circular economy. In the service model, the customer's workspaces adapt to changing needs and situations. In addition, the customer avoids the risk associated with owning the furniture and releases the capital tied up in the furniture. Martela's circular economy model covers the specification, planning, furniture and relocation services for work and learning envi-

ronments as well as continuous optimisation and maintenance. Martela is responsible for the needs assessment of the workplace, the selection, manufacture, installation and maintenance of durable, flexible and long-lasting products. And after the furniture is no longer needed, finding a new life for the furniture with another customer or responsible utilisation to the materials it contains.

The most important features of Martela's product are usability, durability, aesthetic and physical quality. These features remain unchanged, even though the trends are changing, and more functionalities are being added. Martela's comprehensive offering constitutes a solid basis which can be adapted to trends and changing customers' needs with relatively minor modifications. During 2020, Martela launched a new Capa cabinet series, the Sola chair series was supplemented with a beam chair and curved modules were added to the Noora sofa family. Martela's PodBooth achieved the internationally acclaimed Red Dot design award. PodBooth is part of the extensive Pod product family, which has been designed with great attention to usability, detail and finishing in mind. Based on a comparison of research reports from more than 100 competing products, Martela's PodBooth's voice attenuation feature is the best on the market. During the year, the Pod product family was supplemented with a larger PodBooth Meeting.

Supply chain in control

An efficient, high-quality supply chain is one of the key factors in Martela's success. In its own operations, Martela focuses on final assembly and the service business. Purchases of materials related to products and services sold by Martela represented around 66% of Martela's total purchases, with the share of other products and services being 34%. Martela's purchasing function is responsible for acquiring sustainably produced products, materials and components that meet customers' needs. Martela has strict purchasing criteria, and selects suppliers carefully.

A network of around hundred reliable suppliers delivers materials and components for Martela labelled products. To a significant degree, the supply chain is based on partnerships with a history of several decades. In terms of sustainability, Martela's key suppliers produce custom components based on materials and product structures chosen by Martela's designers. This means that the cooperation begins as early as the product development phase. Martela has less visibility in the supply chain of the companies that supply their standard components of which Martela chooses from their product catalogue. The upholstery materials, and at the same time their suppliers, are chosen by the customers themselves while making the order.

To ensure efficiency and sustainability, Martela develops its supply chain in cooperation with its suppliers. The continuous goals for purchasing operations are cost savings and high delivery reliability. To achieve these goals, the company consol-

idated its supplier base to gain improvements in logistics, which simultaneously reduces the resulting environmental load. During the year Martela centralised the manufacture of board-based components in Finland to shorten the supply chain of storage and desktop components and to improve delivery reliability. With good planning and foresight, Martela was able to secure deliveries while minimising the effects of the pandemic on logistics and maintaining an excellent level of security of supply.

When selecting new suppliers, their ability to deliver products and produce quality is assessed, along with their financial background. The operations of major suppliers are also generally assessed according to country-specific responsibility risks and, if necessary, in more detail according to supplier-specific manufacturing conditions. As evaluating social risks it must be taken into consideration that the supplier is not necessarily based in the same country as where its components, sub-assemblies and products are manufactured. The key suppliers related to Martela's supply chain are required to commit to Martela's sustainability policy for the supply chain. Based on self-assessments carried out by suppliers, the most significant environmental aspects of corporate responsibility in Martela's supply chain are usually related to the sorting of waste, energy consumption, safety at work and employment relationships. Martela monitors supply chain operations and compliance with the jointly agreed rules by conducting planned assessments of its suppliers,

based on annual evaluation. Through supervision, Martela can ensure that laws, operating principles and joint agreements are followed under all circumstances.

Analysis of sustainability aspects is an important part of continuous interaction with suppliers. In Martela's sustainability policy for the supply chain that was updated in 2018, the importance of social responsibility in the suppliers' own supply chains is also emphasised. The policy is communicated with each purchase order. Additionally, the key suppliers have been sent a sustainability survey through which Martela has received a commitment from suppliers of materials, components and products to compliance with the requirements of the sustainability policy for the supply chain. In addition, Möbelfakta-labelled products and their supply chains are accompanied with special documentation of sustainability aspects. Martela annually assesses the risks of social responsibility in its supply chain through country-specific sustainability indicators and, on the basis of these, plans the necessary measures for verifying social responsibility on a supplier-by-supplier basis. These measures and cooperation further strengthen the suppliers' commitment to compliance with Martela's sustainability requirements.

Laws and rules guide operations

Martela's decision-making and governance comply with the legislation in Finland and the Limited Liability Companies Act in particular and with other regulations concerning public listed companies,

as well as its Articles of Association. In addition, Martela has a Code of Conduct, which includes sound financial management policies. As a listed company, Martela complies with Nasdaq Helsinki's guidelines for insiders and the Finnish Corporate Governance Code published by the Securities Market Association in 2020. Most indicators of economic sustainability are derived from the consolidated financial statements, which are prepared and presented in accordance with the International Financial Reporting Standards (IFRS). Martela's auditor, Ernst & Young Oy, annually inspects the accounts and transactions of its subsidiaries. An auditor's report is presented at Martela's Annual General Meeting.

Through its membership of the Association of Finnish Furniture and Joinery Industries (Puusepänteollisuus ry) and the Service Sector Employers (Palta ry) of Finland, Martela has an influence on legislation and collective bargaining. In Sweden, Martela is a member of the Swedish Federation of Wood and Furniture Industry (Trä och Möbelföretagen).

Martela does not condone bribery in its business operations in any market area. Its anti-corruption and sustainable business principles are discussed in conjunction with an annual sustainability training programme. Martela does not support politicians or political parties in any of its countries of operation. For reasons related to the pandemic, Business Finland has granted Martela EUR 200,000 in state support for the development of new business solutions in 2020.

CASE



North Karelia Central Hospital extension building

The aim of the new hospital building was to create a modern hospital environment that reinforces patient wellbeing and a positive care experience and also enables the personnel to work efficiently and promotes their wellbeing. Reverse tendering, which emphasised the importance of user-centric planning, was selected as the procurement model. A good and comprehensive planning process resulted in pleasant spaces equipped with furniture that is more versatile than in a standard hospital.

"The reverse tendering enabled us to furnish the entire J-building in the most appropriate and consistent way possible. The personnel were involved in the process of surveying the needs. The responsible persons and coordinators of the user units participated throughout the process, and at the end of the project to evaluate the implementation. Cleaning and safety requirements were emphasised in particular regarding the free-standing furniture," says Marko Turunen, a spatial planning specialist at North Karelia Central Hospital.

Read more: www.martela.com/cases/north-karelia-central-hospital-j2-extension-building-joensuu

Key financial indicators 2020

Revenue, EUR million	88.4
Operating profit, EUR million	-4.0
Equity to assets ratio, %	22.7
Gearing, %	379
Investments, EUR million	1.2
Dividends paid, EUR	0.0
Market value in the end of 2020, EUR million	12.8

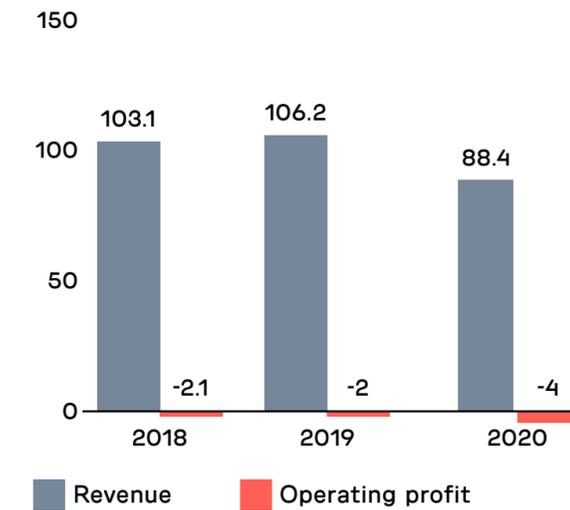
Economic value by stakeholder group

	2018	2019	2020
Payments to material, product and service providers	71.4%	71.9%	71.4%
Employee wages	20.5%	20.6%	21.7%
Employee social security & pension	4.6%	4.4%	4.5%
Dividends paid to shareholders	1.2%	0.4%	0.0%
Other (taxes, paid interest, investments)	2.3%	2.7%	2.4%

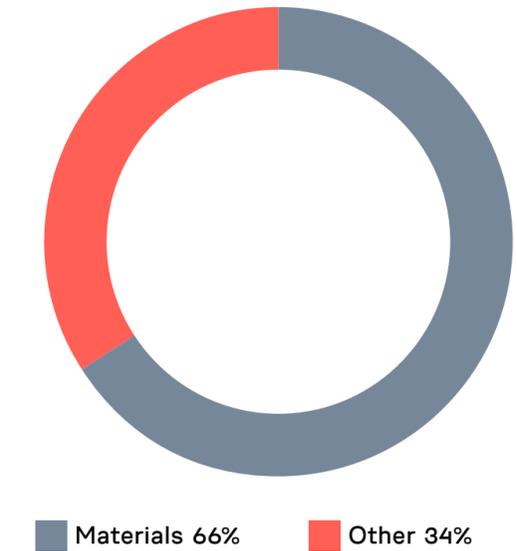
Material spend

	2018	2019	2020
Wood	9.6%	10.1%	14.7%
Plastics	2.1%	2.0%	2.3%
Metal	26.2%	22.3%	19.4%
Upholstery materials	5.6%	6.1%	11.9%
Contract manufacturing	8.7%	11.0%	7.5%
Trading	28.9%	30.4%	23.2%
Supplies	5.4%	5.5%	11.6%
Other	13.5%	12.7%	5.9%

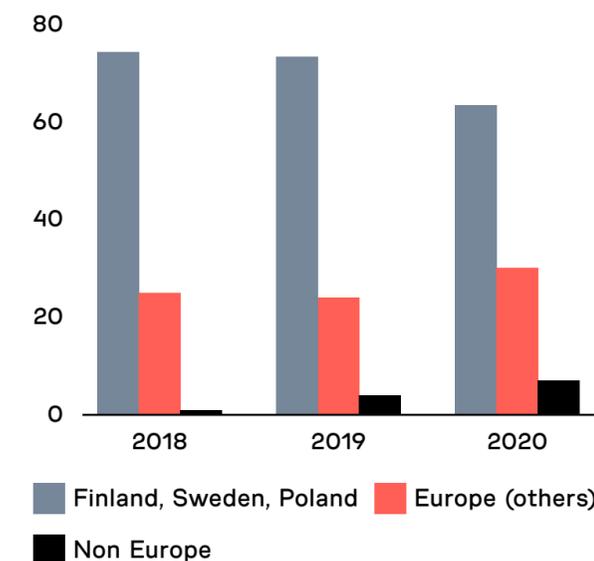
REVENUE AND OPERATING PROFIT (EUR MILLION)



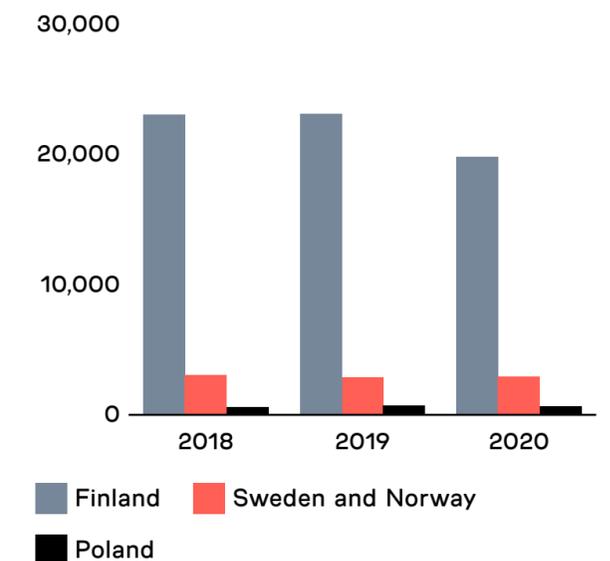
TOTAL PURCHASES (%)



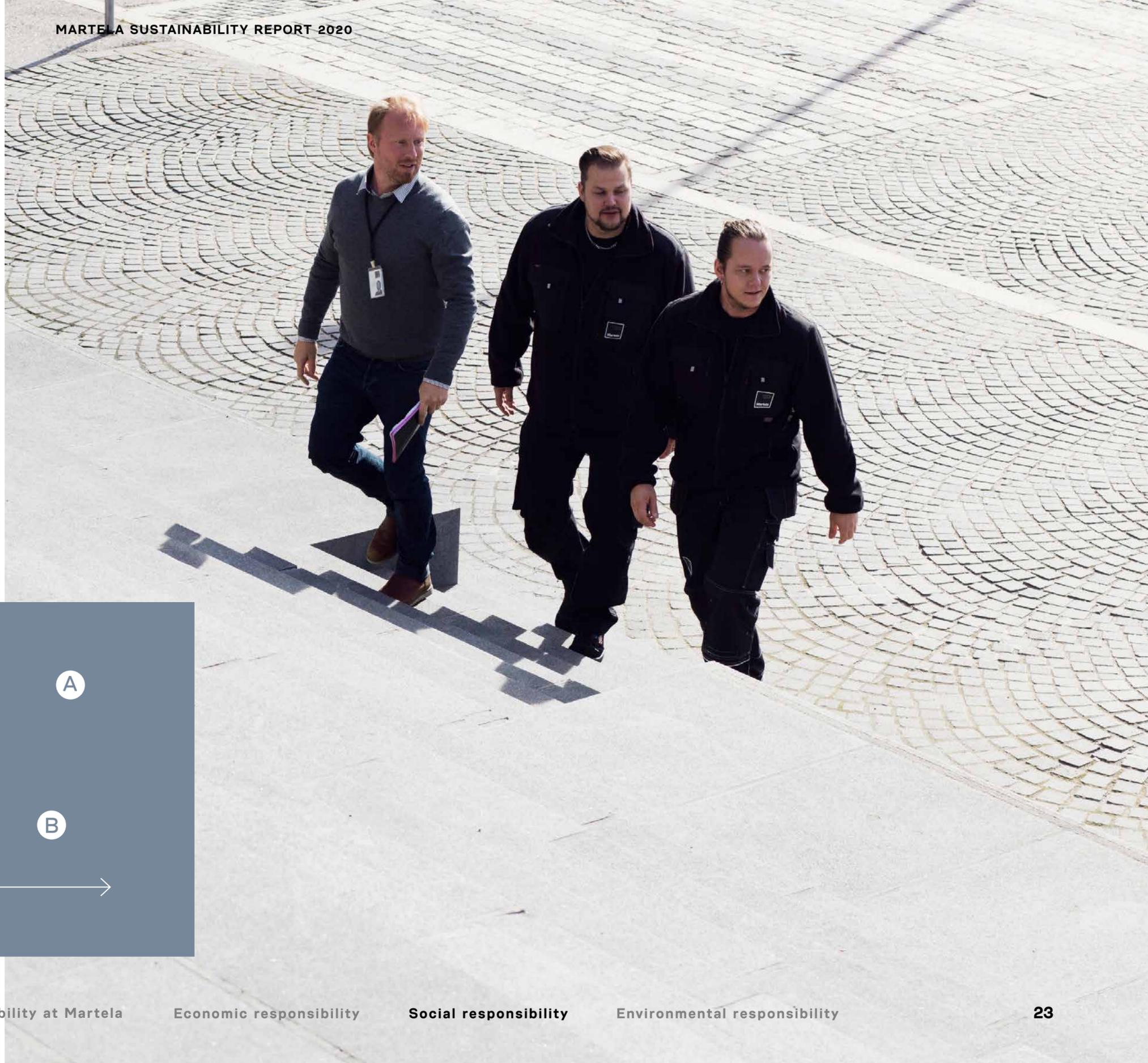
MATERIAL PURCHASES BY AREAS (%)



SALARIES, EMPLOYEE COSTS AND TAXES BY COUNTRIES (EUR 1,000)

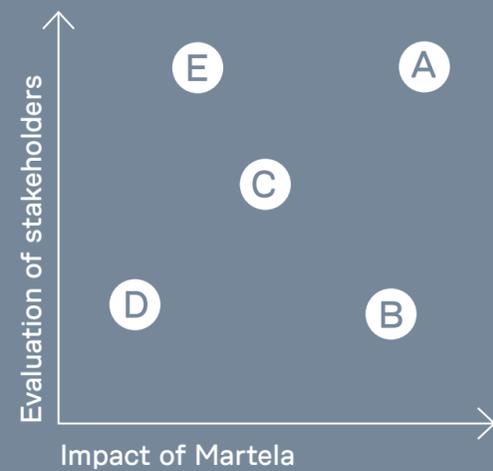


Social responsibility



Materiality assessment

- A Improved employee wellbeing
- B Health & safety at work
- C Equal opportunities
- D Freedom of association and collective bargaining
- E Product safety



Goals

- To increase wellbeing at work in working and learning environments with Martela Lifecycle® model
- Occupational safety target is accident-free working
- To improve wellbeing at work at Martela: annual People Spirit survey, action plans and implementation

A valued employer

Martela leads the way in its industry: its approach and offering, which are based on the Martela Lifecycle® strategy, are unique in the world. Martela has evolved from a manufacturer of office furniture into a designer and provider of working and learning environments. This change in its operations offers new opportunities for its employees to develop their knowledge and skills, and Martela works to provide everyone with equal opportunities for professional and career development. As a workplace community, Martela seeks to offer an encouraging and inspiring environment that makes use of everyone's knowledge, skills and ideas. This guarantees the continuous development of the company's operations and offering.

Martela has a strong employer brand, and the availability of new employees is at a good level. Martela is highly appreciated, especially within its industry. Its employee turnover rate increased to

19.2% (17.5) in 2020. Turnover was clearly the highest in the under-30 age group, especially in Finland.

Martela's personnel consists of professionals from several different industries. Diverse expertise and extensive experience make Martela a diverse work community, where different areas of expertise enrich each other. Their job descriptions vary from experts and designers to production and removal service employees. The changes in its operating environment call for the continuous development of knowledge and skills in terms of individual employees and the company. Martela aims to encourage and support its employees' continuous development. To serve this purpose, its Martela Talent programme is based on the organisation's strategic competencies, as well as individual employees' strengths and interests. Individual training needs are discussed, and personal development plans are created during personal Talent discussions. In 2020, 200 euros per person-year were invested in training for employees.

The goal of performance appraisals and internal events is to strengthen each employee's commitment to their work. Development discussions took place for 71% of employees during 2020. The company has invested in coping at work by creating various flexibility models that serve the needs of both the employer and the employees. Career opportunities, multi-skills and knowledge sharing are promoted through job rotation, for example.

At the end of 2020, Martela had 435 employees (464), of whom 361 were based in Finland, 38

were based in Sweden and Norway and 36 were based in Poland. Martela hired 50 new employees in Finland, five in total in Sweden and Norway and one in Poland. Personnel expenses totalled EUR 23.0 million (26.7). During 2020, human resources management focused on safe and ergonomic work.

Values guide actions

The activities of all Martela employees are guided by common values. At the end of January 2020, Martela published the new values, which were developed together with the personnel. Martela's new values were created to provide stability to its operations amid the constant changes taking place in the surrounding environment. The value journey was launched by asking all personnel to answer four questions: what is important for and characterises us, what are we known for, what do we want to cherish and what do customers and society expect from us. The values that were further refined at joint workshops and were then proposed to the management and the Board of Directors. After some final tweaks, we managed to come up with the values which the entire personnel believe in.

Next step was implementation of the values in everything we do with a game of values. Value ambassadors were nominated to offer their support to the entire organisation in carrying out this task and the program was launched with an internal video. Only a week later all meetings requiring close contact had to be postponed to a better time due to the pandemic. However, that time never come during 2020.

Adaptation to the new normal

The coronavirus pandemic and adaptation to its consequences had a significant impact on all operations. The most important task during 2020 was to ensure the safety of personnel. Many measures were launched to ensure safe work, taking into account country-specific and regional regulatory guidelines. For office personnel, remote work was introduced at the outset of the pandemic. As half of Martela's employees are knowledge workers, the opportunities for working remotely were extensive. Martela has had a remote work model in use since 2018, so working from home was not completely new. Travel had already been reduced and remote meetings were favoured for environmental and cost reasons. With the pandemic, a new, concrete and compelling additional reason rose to further reduce also short distance meeting trips. However, the opportunities for working from home vary for people in different life situations. During the year, the company's own office space and working methods also had to be redesigned to minimize the risks of infection.

The ergonomics in remote work quickly became a major issue as the relative amount of work from home increased. Martela's own employees are used to the good working ergonomics and easily adjustable office furniture, which may not always be available at home. To secure work ergonomics, the personnel was offered suitable furniture for full-time terminal work at home. During the year, 14% ordered an electrically adjustable desk and 9% an ergonomic office chair. Martela Outlet chain was

able to offer a similar service to customer companies with the good availability of used furniture. In production and removal services working remotely is not possible due to the nature of the work. Therefore, precise guidelines on hygiene and protection were created and personnel exposure was closely monitored. Only a few reported cases of exposure and illness demonstrated a high level of commitment by employees to adhere to safe work instructions.

Satisfied personnel

The goal of the annual People Spirit employee survey is to find out which things are good at Martela and where there is still room for improvement. The schedule for the People Spirit employee survey is traditionally May. 2020 survey was decided to be postponed by one year due to the pandemic situation. In 2019 response was 73.6% and the overall score remained on the satisfactory A level as in the previous year. There were no major differences in personnel satisfaction between countries and locations. Martela aims to reach the AAA level, meaning that work remains to be done. Based on the clear outlines provided by the results, practical measures for improving wellbeing at work have been planned in teams and the work still continues.

Instead of the People Spirit survey for all employees, a wellbeing at work survey targeted to the supervisors was conducted. Through the increase in remote work, supervisors played an even bigger role during the year in maintaining the team spirit

and in monitoring the wellbeing of team members. The response rate to the survey was over 89%. 96% of the respondents saw Martela acting responsibly in the pandemic situation to ensure safe work. Remote work was well implemented viewed by 90% and only 4% saw challenges in attending remote meetings. Nearly 90% were also satisfied with the sharing of information. The responses also provided development ideas for coping with the changed situation.

Work safety as a common goal

The stress factors of work vary between different jobs at Martela. Work in production is repetitive, and removal services involve moving furniture in varied customer premises. In office work, the stress factors are often related to the mental aspects of work and its demands. Due to the varied working environments, safety at work is monitored by four different occupational health and safety committees at Martela in Finland. A similar operating model was launched at the unit in Poland during the year. Occupational health and safety are extremely important, and the related guidelines and practices must be updated frequently. The right attitude and an awareness of the risks are the primary means of ensuring safety at work. During the year, Martela's own trainer carried out extensive occupational safety card training for removal services and factory employees. The operations in Finland use a web-based safety observation recording program, through which almost 300 entries were made. Through carefully handled

observations, the likelihood of accidents can be reduced. The occupational safety management system implementation during 2020 in compliance with the ISO 45001 standard culminated in the certification achieved in the autumn.

There have been no fatal accidents at Martela during its history. No work-related, serious accidents have taken place since 2017. The most recent serious accident, i.e. an accident resulting in more than 30 days of sickness absence, occurred in January 2019, when an employee leaving for work slipped in their yard at home. The most serious occupational accident in 2020 was a slip in the factory yard leading to an 18-day sickness absence. In autumn 2019, pedestrian crossings were painted on the factory site to clarify access routes for all users and to increase safety in transitions. In winter, however, the protective paint is very slippery in some circumstances and has caused several accidents due to slipping. Most of the accidents that occurred in 2020 were strains, bruises, wounds or superficial injuries. Martela's lost workday injury frequency (LWIF) rate in Finland was 11.9 and in the group 10.11. The number of accidents and absences due to accidents decreased 49% and resulting sickness absences 23%.

Equality is part of sustainability

Corporate responsibility is promoted and monitored through annual training and surveys. In 2020, responsibility training focused on the commitment of individuals to company policies and practices. The Code of Conduct includes an absolute ban on dis-

crimination, and in the survey 96% answered that they are committed to the principles. The lack of commitment was mainly due to the fact that the respondent did not consider the principles to be sufficiently educated. It would be a good idea to increase the discussion of the principles in team meetings, as 33% of the respondents have not noticed that the topic has been raised. More than 80% of respondents were aware of what to do if they notice anyone acting against the principles. Almost 80% of the employees participated in the survey.

All Martela employees in Finland, Sweden and Norway are covered by jointly negotiated collective agreements. Poland does not yet have an applicable collective agreement. In restructuring situations, Martela follows the notice periods based on the local legislation in each country of operation. In 2020, the lowest wages paid by Martela were in Poland 4%, in Finland 19% and in Sweden and Norway 25% higher than the minimum wage. For blue collar workers the average total earnings gap for women in Finland was slightly higher than for men, i.e. 102%, and in Poland, slightly lower than for men, i.e. 94%. There are only knowledge workers in Sweden and Norway. In the group of knowledge workers, in Finland the average earnings of women were 92% and in Poland, Sweden and Norway 80% of the average earnings of men.

In 2020 the Martela Group's Board of Directors comprised seven members, four men and three women. The Group Management Team had six members in the year end, one woman and five men. Of Martela's entire personnel, 64% are men and 36%

are women. The largest age group is 50–59, representing 34% of all employees, with the average age being 46. The oldest employee was aged 71.

Safe products

The physical products offered by Martela are mainly furniture items intended for use in normal office and learning environments, and do not involve any specific risks for their users. Product safety is ensured during product development by following the criteria in European product standards for product groups and specific purposes of use. This also promotes ergonomics and long useful life of a product. In connection with its Nummela unit, Martela has a laboratory for testing the durability and stability of furniture products and their compliance with dimensional requirements. No harmonised European standards are available for the furniture types in Martela's offering to be used as the basis of CE marking.

Martela's products are shipped, installed and adjusted by professional installation personnel to be ready for use. The health effects of Martela's products are mainly related to their ergonomic use and adjustment. Instructions for use, maintenance and ergonomics are available on Martela's website for the adjustable pieces of furniture, such as office chairs and electrically adjustable desks.

Many different criteria have been created as a symbol of environmental or social product safety. At first, Martela chose to use a first-class eco-label, the Nordic Swan Ecolabel. At the end of 2018, Martela expanded the availability of its product var-

iants with the Nordic Ecolabel to cover the Finnish market as it previously only covered other Nordic countries. As the Swan criteria varies depending on the relative share of each material in the product, compliance for each variant must be verified separately and a separate Eco-product version must be created. The Eco-product will also be separately marked with a Nordic Swan Ecolabel sticker. However, no Eco-product version has yet been ordered.

Many of Martela's products have gained an environmental and responsibility label, Möbelfakta. Möbelfakta is a label managed by the Swedish company Möbelfakta AB for furniture that meets high quality, environmental and social responsibility requirements. The label is based on European quality and environmental standards as well as international requirements for social responsibility. Martela has chosen to use the Möbelfakta label as it emphasises the social responsibility of the supply chain. Social responsibility has been an essential aspect for Martela for more than ten years and therefore the company wants to offer its customers a concrete and clear criteria for selection.

CASE



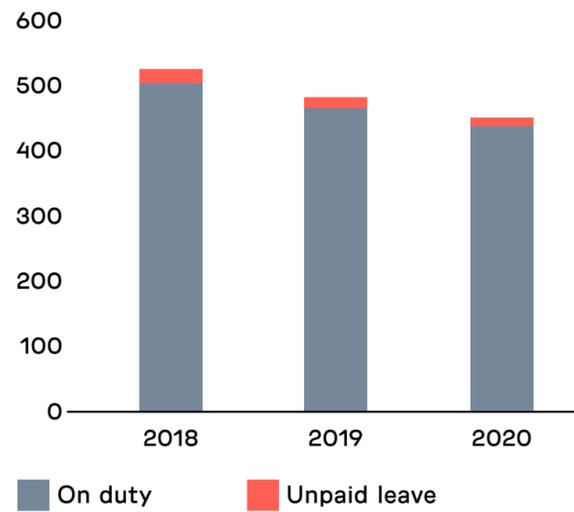
Occupational safety improves through development

In the spring of 2019, Martela was approved as Traficom's training centre. An in-house trainer enables the company to tailor occupational safety card training to the needs of its employees. In addition to the general safety principles, the training can also focus on the safety aspects that are essential to one's own work and how safety issues are handled within the company and which kind of processes are used to develop occupational safety. During 2020, occupational safety card training was expanded to the Nummela factory – and later will also be implemented to the Kitee factory.

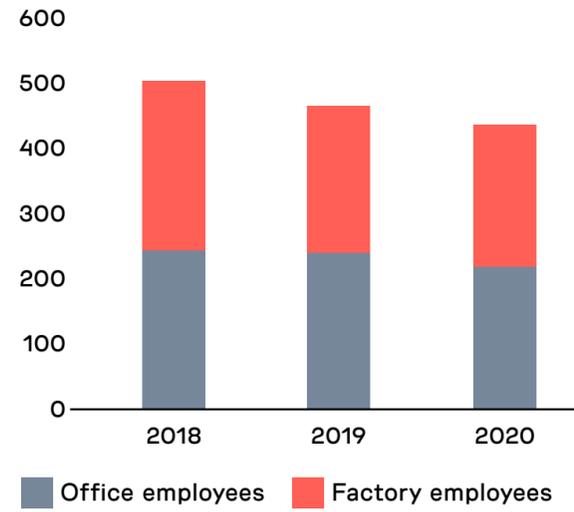
Patrik Berg, Removals Supervisor, says: "An in-house trainer familiar to employees is an invaluable aid in occupational safety development. All new employees undergo safety training even before starting in their first assignment. Occupational safety training is an integral part of our daily lives and the backbone of other training and job orientation. We also build our future training and process development projects around them."

Read more: www.martela.com/about-us/about-martela/news-articles/martelas-occupational-health-and-safety-management-system-is-certified

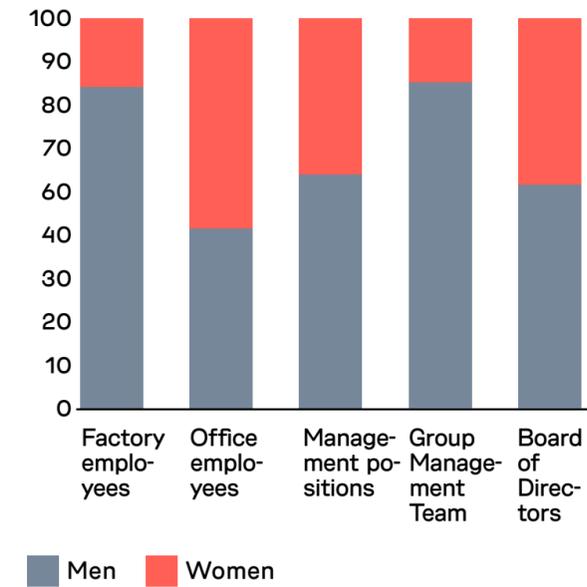
NUMBER OF PERSONNEL AT YEAR END



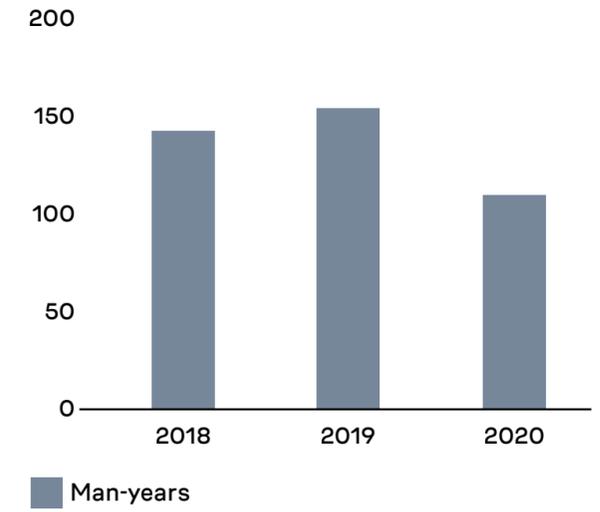
PERSONNEL GROUPS AT YEAR END



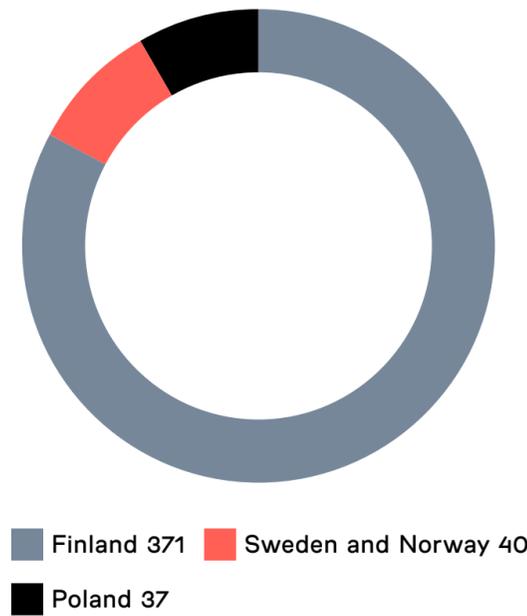
GENDER DISTRIBUTION (%)



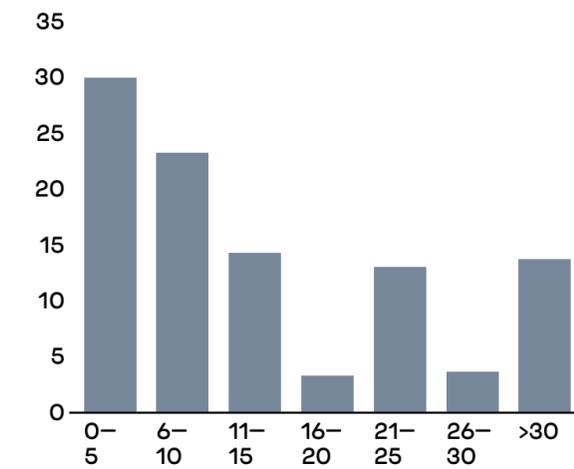
EXTERNAL RESOURCES



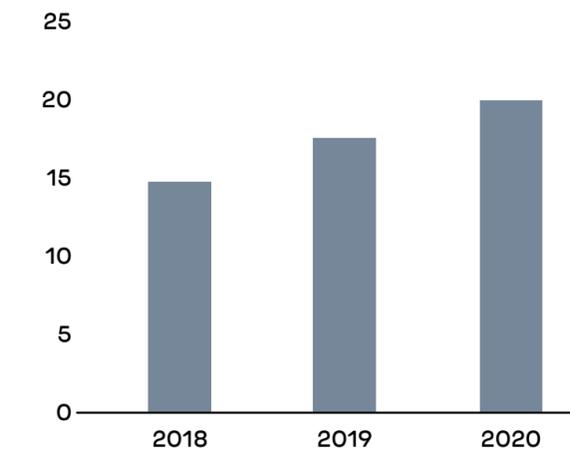
PERSONNEL BY COUNTRIES AT YEAR END



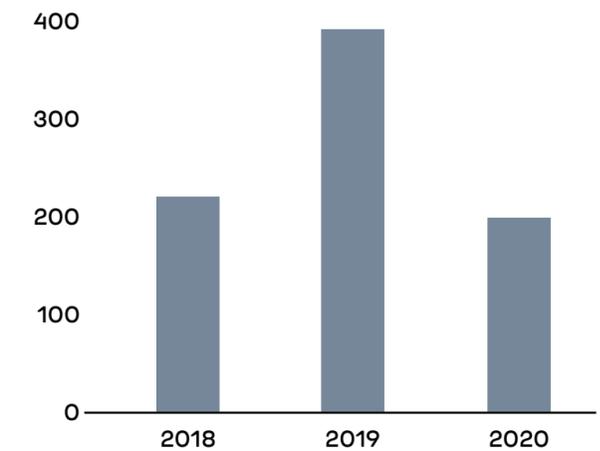
YEARS IN SERVICE (%)



EMPLOYEE TURNOVER (%)



TRAINING (EUR/EMPLOYEE)



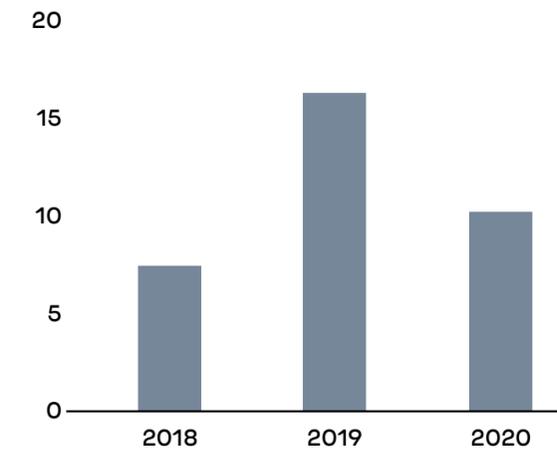
Employee groups

	2020
Number of personnel at year end	448
Number of contractual employment relationships at year end	435
Number of employees on unpaid leave at year end	13
Knowledge workers at year end	217
Factory employees at year end	218
Full time employees at year end	428
Part time employees at year end	7
Permanent employees at year end	433
Temporary employees at year end	2
Average personnel, work years	433
Temporary agency workers, work years	109

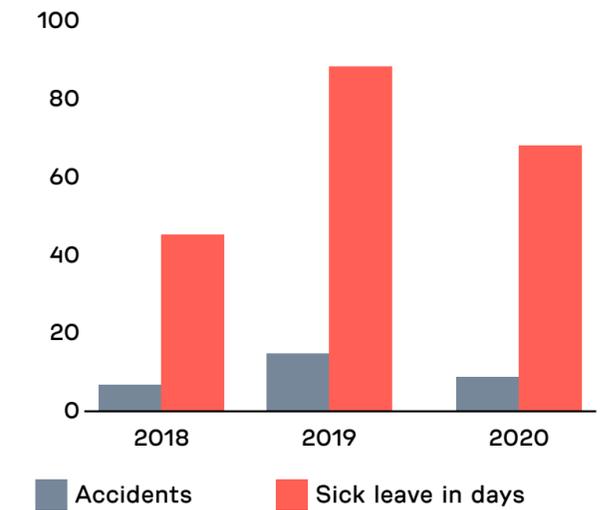
Employee turnover

	2020
No longer employed	86
Employee turnover, %	49
Resigned	67
Given notice	14
Retired	5

LOST WORKDAY INJURY FREQUENCY (LWIF)



OCCUPATIONAL ACCIDENTS AND RESULTING SICK LEAVE DAYS



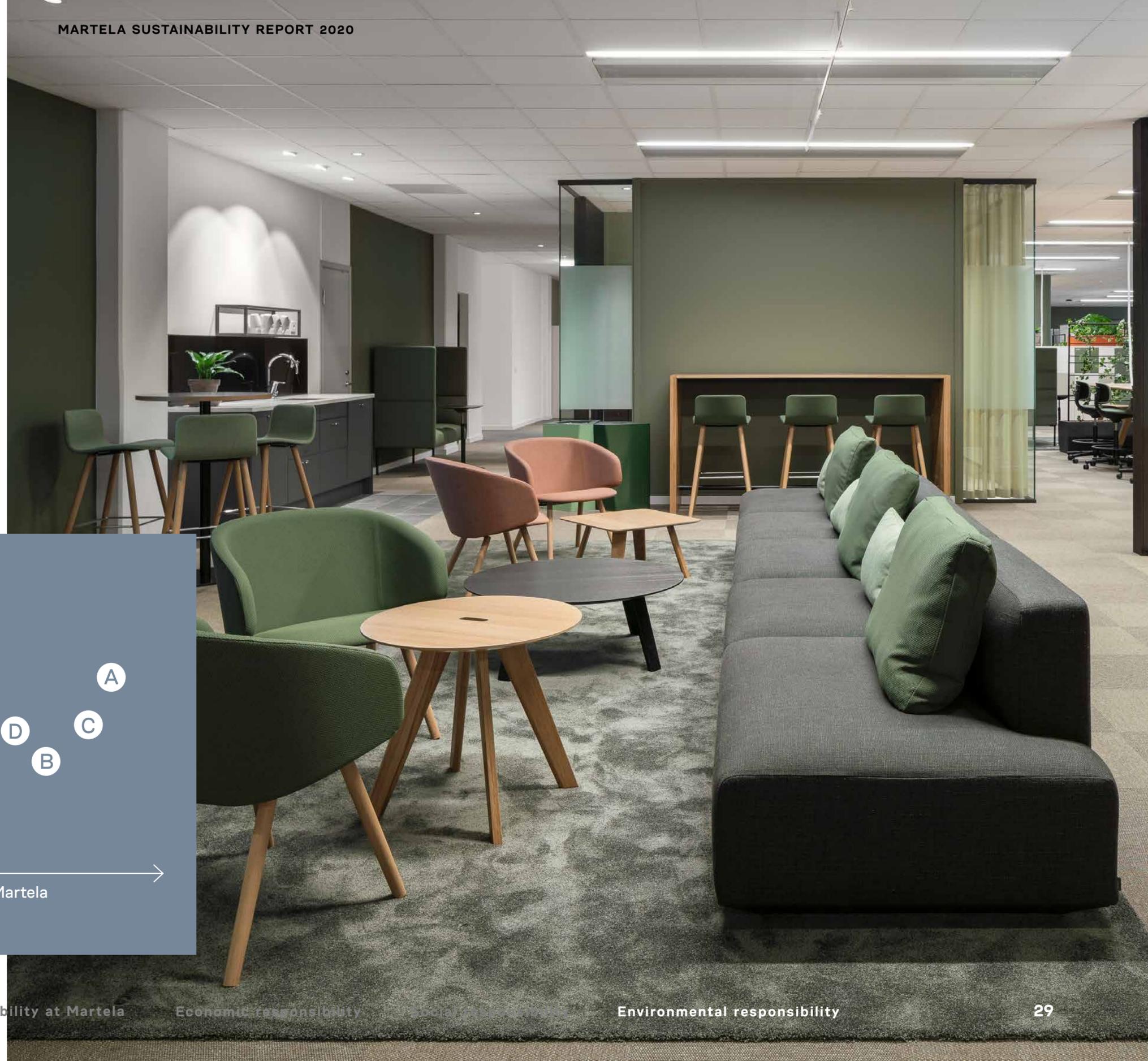
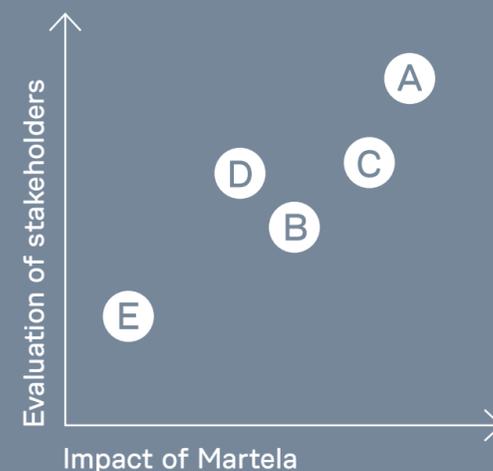
Employee distribution by groups

	Finland			Poland			Sweden and Norway		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Personnel, men, %	68	69	68	63	61	54	40	42	38
Personnel, women, %	32	31	32	37	39	46	60	58	62
Knowledge workers, men, %	48	46	48	50	63	42	40	42	38
Knowledge workers, women, %	52	54	52	50	37	58	60	58	62
Factory employees, men, %	86	87	86	66	61	57	0	0	0
Factory employees, women, %	14	13	14	34	38	43	0	0	0
Personnel, 18–29 year olds, %	9	8	6	5	12	5	12	7	8
Personnel, 30–39 year olds, %	23	21	25	30	21	27	35	31	33
Personnel, 40–49 year olds, %	24	23	23	33	36	30	28	31	35
Personnel, 50–59 year olds, %	27	39	37	30	21	30	20	17	15
Personnel, 60– year olds, %	7	9	9	3	10	8	5	14	9
Personnel, average age	46	46	46	44	43	46	42	44	43
Personnel, eldest	66	64	64	65	66	67	63	70	71
New employees	30	48	50	3	4	1	7	11	5
Accidents	7	15	9	0	0	0	0	0	0
Absentee days due to the accident	45	88	68	0	0	0	0	0	0
Training costs per man-year	231	398	231	111	500	94	227	392	0
Performance appraisal, % of personnel	66	76	66	73	93	81	58	45	90

Environmental responsibility

Materiality assessment

- A Combating climate change by improving space efficiency of customers
- B Material efficiency with sustainable and environmentally friendly products
- C Reducing the use of materials by replacing products with services
- D Extending product use life by developing recycling services
- E Reducing direct environmental impacts



Goals

- Workplace optimisation, continuous improvement and maintenance with attention to circular economy
- Promoting space efficiency as well as sustainable and versatile solutions using existing and avoiding unnecessary
- Minimising climate impacts in the logistics chain and material use

Environmental impact of lifecycle model

The main idea behind the Martela Lifecycle® strategy is to provide customers with efficient, user-centric workplace solutions and related services. Efficient use of space in working and learning environments reduces rental costs and maintenance expenses. Savings in heating and electricity consumption also reduce the carbon footprint of workspaces. Maintenance services help customers extend the useful lives of facilities and furniture while also ensure they continuously support the changing ways of working. Martela's most significant environmental performance lies in helping its customers use their facilities more efficiently and reducing their climate effects with the lifecycle model in their workplaces. However, as Martela does not yet have measurement data on the de-

velopment of its customers' efficient use of space or reduced energy consumption, the company focuses on the environmental effects of its own operations in its reporting on environmental responsibility. The carbon handprint achieved using the lifecycle model is likely to offset Martela's scope 1 and 2 carbon footprint many times over.

Durability against throwaway culture

The sustainability of products and services must be designed before they are offered to the market. More importantly, the product purchased needs to be necessary and suitable for the intended use. When any manufactured product uses the Earth's limited resources, it must be used for its intended use for as long as possible and, at the end of its life, the materials used must be utilised effectively.

Over more than 75 years, Martela's operations have been developed with environmental aspects in mind. Sustainability is reflected in its comprehensive assessment of environmental effects throughout the value chain and in its measures to reduce its environmental impact. By producing durable, high-quality furniture Martela is taking a stand against the modern throwaway culture. Its products have been designed for long-lasting, heavy-duty use. Product design at Martela also aims to create products that can be used for decades. Good examples of timeless design include the Kilta chairs from 1955 and the Kari chairs from

1969, which are still in production. Classic design is timeless.

Recycling furniture is also key to Martela's operations. Martela's furniture has been designed to be refurbished and restored, and their materials can be recycled or used to produce energy. As part of its comprehensive service, Martela also offers a furniture recycling service to its customer companies. In 2020, the amount of used furniture received from customers decreased a little from the previous year, to 3.0 million kilos. When designing new facility solutions for customers, their old furniture can either be included in the new design or recycled responsibly through Martela. Used furniture in good condition is cleaned and refurbished at the Nummela remanufacturing facility and then made available to corporate and private customers through the Martela Outlet online service and shops. In 2020, around 20,000 pieces of used furniture found new homes through the Martela Outlet chain. Outlet sales accelerated due to the increased need for ergonomic workstations in homes during pandemic.

Customer steers production

Martela's products are widely modular and are manufactured based on customers' orders. Some end-product combinations may be ordered by just one customer. For example, customers always choose the upholstery materials for seats and space dividers. Fabrics from Martela's compre-

hensive standard fabric selection have, however, shorted delivery time. Remanufacturing operates on the principle of finished stock, but trends in customer demand affect the choice of products to be refurbished.

Martela's production volumes of new products decreased almost 10% compared to the previous year, mainly caused by the lower demand due to the pandemic during 2020. In remanufacturing, on the other hand, volumes increased by more than 11% on the previous year, while refurbished furniture was used to create more ergonomic spaces for remote-working. Remanufacturing process was improved to meet the increasing demand. Quality and delivery times remained at a good level. Martela's product development and production departments close cooperation continued with the design of new products. The quality of new products is ensured in Martela's own test laboratory in Nummela before they are introduced to the market.

Manufacturing processes are designed according to delivery time categories. Components for products with a one-week delivery time are waiting for customer order in Martela's logistics centre, and components for products with two-week or three-week delivery times in their standard supply chain. Although the pandemic hampered the worldwide availability of materials and components, centralization and well-established supplier relationships resulted in an excellent level of security of supply for our customers.

Unified processes in control

Martela's head office, Martela House, is in Pitäjämäki in Helsinki, Finland. The Nummela logistics centre focuses on the final assembly of new products and the remanufacture of used products. Upholstery components are assembled at Martela's own plant in Poland, and cover and storage unit components are manufactured in Kitee, Finland. Martela has several sales offices in Finland, Sweden and Norway. Martela's products are also sold through a strong network of dealers. Martela's Groupwide operations have continuously had a third-party auditor's certificate for their environmental and quality systems since the 1990s.

The Group's structure and operating models have evolved over the years, and the Group companies' quality and environmental management systems have been integrated into a consistent, comprehensive operating model. Since 2017, Martela has had a third-party environmental and quality management system with multi-site certifications in accordance with the ISO 9001 and ISO 14001 standards. In an audit held at the end of 2020, Martela also achieved multi-site certification for its occupational health and safety system in accordance with the ISO 45001 standard. A common operating system ensures that consistent operating models are used at all levels of operations within the Group. The certification covers the Group functions managed at the headquarters, the operations in the logistics centre in Nummela, at Kidex Oy in Kitee and the production in Piaseczno, Poland.

Sustainable and recyclable materials

The materials Martela uses for its products are wood-based board and components, metal and plastic components and upholstery materials. The company favours sustainable and recyclable materials that have been produced responsibly. Materials and components are purchased from a well-established chain of reliable suppliers located as close to the production facilities as possible. This ensures quick purchasing with a predictable quality and the lowest possible environmental load. Wood materials are sourced from sustainably grown commercial forests. Most of the production and packaging materials used can be either recovered as energy or material.

In 2020, the amount of material used for production decreased by 7% on the previous year, reaching around 9.0 million kilograms. Purchase item data reveals that nearly 60% of the materials used were wood-based and nearly a quarter were metal-based. Material or weight information is not comprehensive, however in the system. As the recycled material content of metals is estimated to be at around 33% on average, the recycled materials used by Martela can be calculated to be around 8% of the total material usage. In addition, the acoustic panel in the Face screen is made from recycled PET bottles. Customers can also choose from an expanding range of upholstery materials made from recycled fibres.

Purchased materials, 1,000 kg

	2018	2019	2020
Wood	5,485	5,673	5,303
Metals	2,649	2,583	2,257
Plastic components and paddings	305	381	236
Glass components	125	176	113
Other	652	913	1,130

The products' packaging materials are optimised so that they guarantee product quality during transportation using as little packaging as possible. The packaging is made of easily recyclable or reusable materials that are as light as possible. Products are mainly packed on wooden pallets during transportation and protected with wooden boards, cardboard or plastic. The packaging is subsequently recycled or used to produce energy after reuse.

In its use of materials, Martela aims for minimal waste, and any surplus materials are used in remanufacturing process. All waste from production is recycled appropriately. In 2020, the production waste generated by the entire group amounted to 1.5 million kilos, of which 99.5% was recovered. The decrease in waste came from a decrease in the amount wood-based fractions. Only 0.5% was hazardous waste resulting mainly from the maintenance of equipment and buildings.

Climate impacts mainly from material use

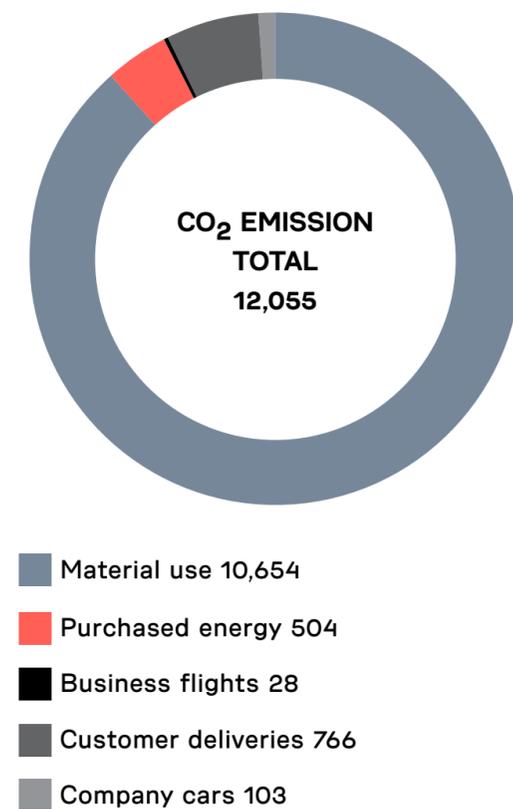
Martela's own production generates very low emissions into the air and uses no hazardous substances are used. Missions of volatile organic compounds (VOCs) from surface treatment process at Kidex Oy's plant fell by half to 141 kilos.

Martela's most significant climate impact arises from the use of materials related to products and services offered to customers. Martela's greenhouse gas emissions totalled 12 million kilos in 2020, representing a decrease of about 14% from the previous year. The decrease from the previous year came from lower climate impacts caused by the use of materials, business flights and distribution of goods.

Of these emissions, 88% were related to the use of materials purchased for products delivered to customers (scope 3), 4% arose from the indirect use of energy (scope 2) and 6% were related to the delivery of finished products to customers (scope 1). Carbon dioxide emissions from the use of materials have been calculated using the coefficients for material use provided by the Footprinter software. The coefficients for the climate impacts of the use of materials include the carbon emissions of estimated material and component logistics for each type of material.

Environmental impact of the material and component logistics was evaluated in more detail for the first time in 2019, as Martela launched a large-

CO₂ EMISSION DIVISION (1,000 KG)



scale project for developing logistics under its control. The target was to improve the efficiency of logistics and to reduce climate impact. During 2020 83% of the value of logistics procurements came from suppliers who share their CO₂ emissions calculations, and the calculated amount was 472 tonnes in 2020. The emission level was higher than in the previous year, but the calculation covered a larger share of purchased transportation services. Delivery logistics are, however, already included in the Footprinter coefficients.

Savings in scope 2 emissions

The amount of indirect greenhouse gas emissions under Martela's scope 2 has decreased by 86% in ten years as indirect energy consumption has fallen by 37%. The largest reduction in greenhouse gas emissions has been achieved by purchasing emission-free electricity.

In the case of Martela's head office and the Nummela unit, energy consumption is an estimated figure, as a large part of the head office building is used by other companies and the office building in the Nummela plant area is leased to another operator. Energy is not measured per user. The energy for Martela's head office is purchased by the lessor. The Nummela and Kitee sites purchase their electricity from a single supplier and generated solely from renewable sources. The unit in Poland purchases its electricity from a local supplier. The premises in Nummela and Kitee mainly use district heating generated from renewable sources of energy. In Poland, the production facilities are heated with gas by the lessor. Greenhouse gas emissions from energy use in Finland have been calculated using actual coefficients provided by the main supplier of electricity. The coefficients for district heating have been provided by district heating suppliers in Helsinki, Kitee and Nummela, and the coefficients for gas are based on the fuel classification published by Statistics Finland. Average coefficients published by Motiva have been used in other respects.

The total amount of indirect energy used for heating, lighting and ventilation in Martela's premises was 30,100 GJ in 2020. Of the total amount of energy used, 87% was from renewable energy sources, 12% was from fossil sources and 1% was nuclear power. The non-renewable energy comes mainly from district heating used in head office and the nuclear energy is calculated from the average coefficients for electricity. The consumption of electricity and district heating decreased by almost 20%. The use of heating energy produced from gas decreased by 7% due to the warm winter season. Regional environmental working groups monitor the implementation of measures related to reducing energy consumption, as well as other measures related to environmental protection.

Scope 1 emissions removed

Ten years ago, Martela produced about 20,700 GJ of direct energy to heat its properties with emission of almost 1,300 tons of carbon dioxide. Since 2014 the premises have been heated with purchased energy, which is why this part of scope 1 emissions have transformed to scope 2 emissions.

The environmental effects of Martela's distribution operations have been monitored actively since the 1990s, and the company has aimed to mitigate these effects through optimised fleet and distribution plans as well as by designing packaging and planning loading operations carefully. In addition to its own transportation fleet, Martela uses leased

vehicles and the services of partners. In 2020, the indicator for emissions from transportation was calculated using the mileage per vehicle in its own fleet. With many older fleet, delivery vans and fleet of its partners, it still had to resort to estimates of kilometres driven. When the partially measured and partially estimated mileages were multiplied with Lipasto coefficients, the carbon dioxide emissions of the distribution logistics in all of Finland decreased 15% from previous year and amounted to 766 tonnes, while NO_x emissions totalled 3 tonnes and SO_x emissions totalled 4 kilos. All the emissions from the distribution of goods have all been included in scope 1.

Commuting and business travel to minimum

Martela also seeks to reduce its environmental impacts by promoting teleworking and videoconferencing opportunities, which decrease the need for business travel, and by encouraging employees to commute using public transportation. During the year, the telework recommendations and assembly restrictions due to the pandemic had a significant impact on emissions from travel.

Around 80% of the business trips made by Martela's employees are booked via a centralised reservation system. For the Finnish and Swedish operations, the CO₂ emissions of work-related flights booked through the reservation system fell by less than half due to the travel ban caused by the pan-

demic, to total of about 28 tonnes. SO_x emissions from business flights were 5 kilos and NO_x emissions 79 kilos. Data on the climate impact of business operations in Norway are not yet available.

Emissions from company cars are also monitored closely. The number of leased company cars used in Finland decreased during 2020, but their average carbon dioxide emissions increased to 132 g/km. This change was mostly due to the new WLTP emission values applied to cars that entered into service after September 2018, which are higher than the previously used values. Accordingly, the maximum emission limit in Martela's company car guidelines was increased to 170 g/km following the adoption of WLTP values. Only one company car produces emissions that exceed the guidelines. Total carbon dioxide emissions from all leased company cars used by Martela's employees were calculated at around 103 tonnes in total.



CASE

FORTUM

Martela's philosophy is based on the insight that an office is much more than just furniture, floors and walls. This philosophy was in mind when working on energy company Fortum's new office in Solna. "We wanted to move our personnel from a total of four offices to one location," explains Mårten Mohlin, Corporate Real Estate Manager at Fortum.

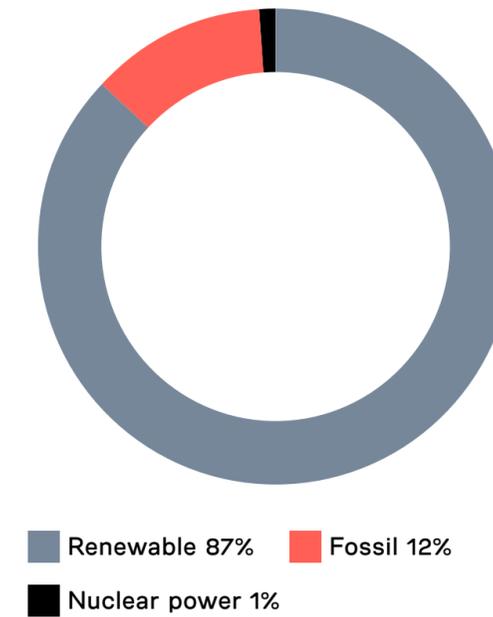
"We took care of the project management throughout the entire process. Everything from making an inventory of Fortum's furniture and selling everything that was not needed, to the actual process of moving furniture and IT equipment, among other things. In the end, we achieved a reuse percentage of almost 85 per cent and threw away very little," explains Mikael Svensson, who is in charge of installation and service at Martela.

Fortum is also pleased with the results. "The collaboration with Martela worked excellently and we were able to keep to our joint schedules. The final result exceeded our expectations and the feedback that I have received from my colleagues has been very positive. Those who work at the office think that the premises are modern, open and suited to their purpose. It is very clear that we have set a new standard with this office," says Mohlin.

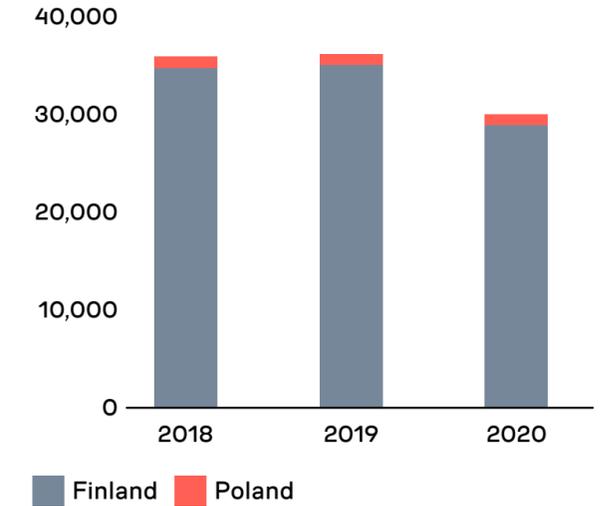
Read more: www.martela.com/cases/fortum



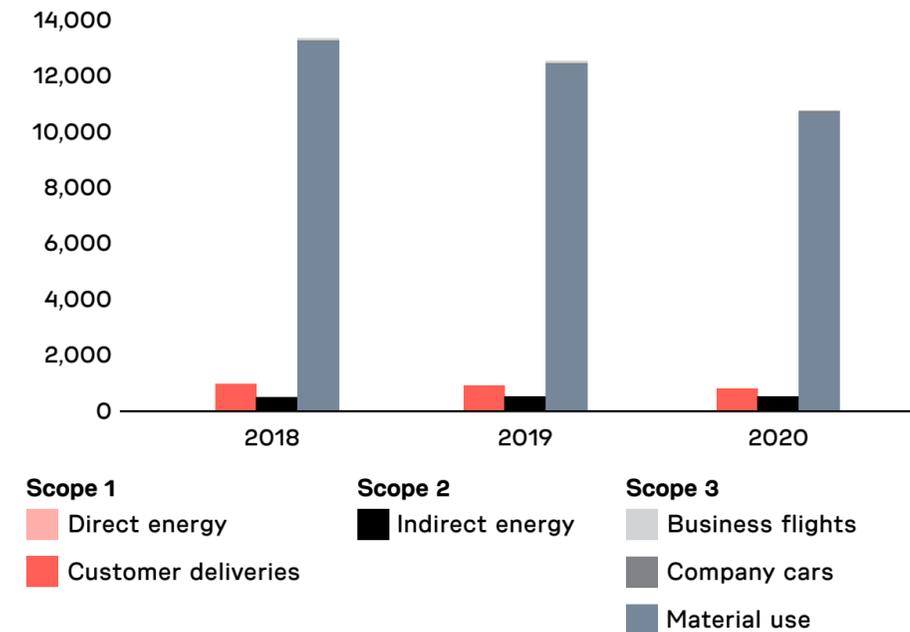
SOURCES OF INDIRECT ENERGY (%)



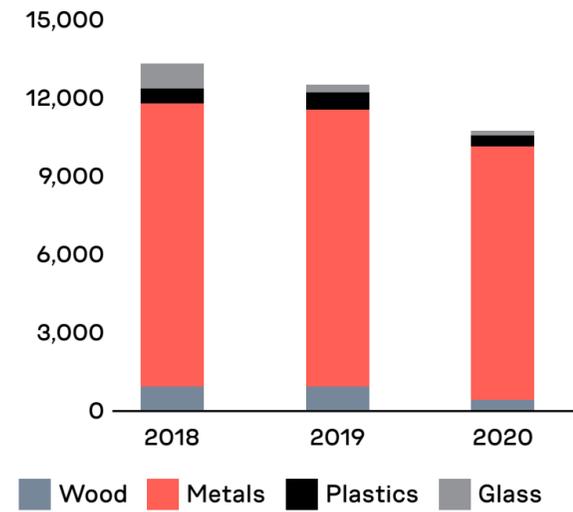
USE OF INDIRECT ENERGY (GJ)



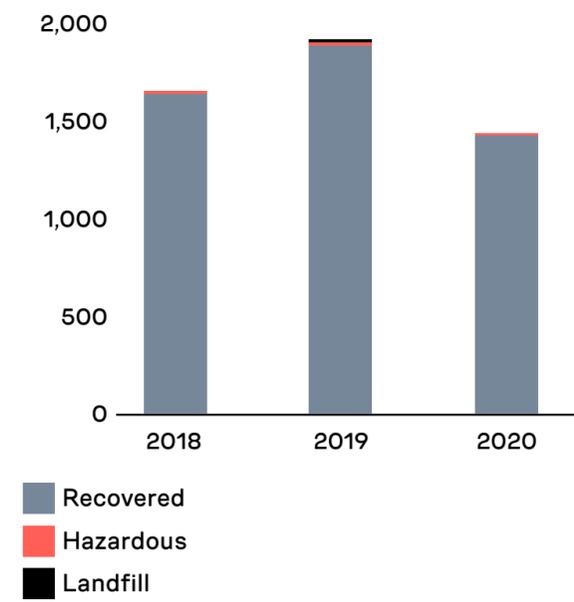
CO₂ EMISSION DIVISION (1,000 KG)



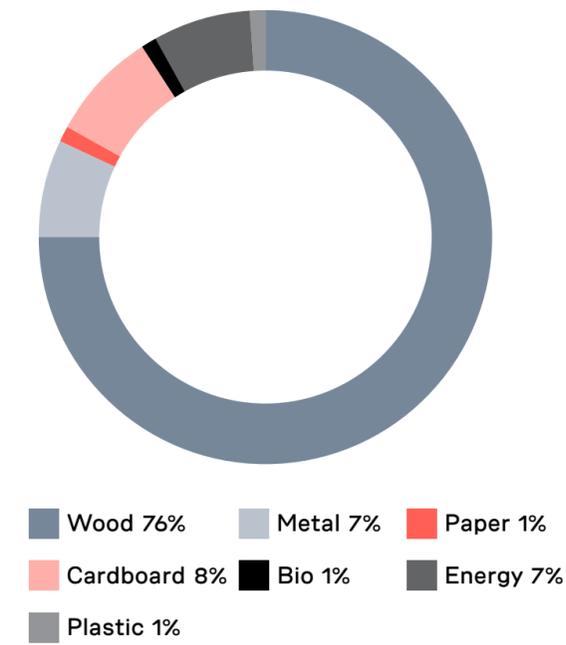
CO₂ EMISSIONS OF MATERIALS (1,000 KG)



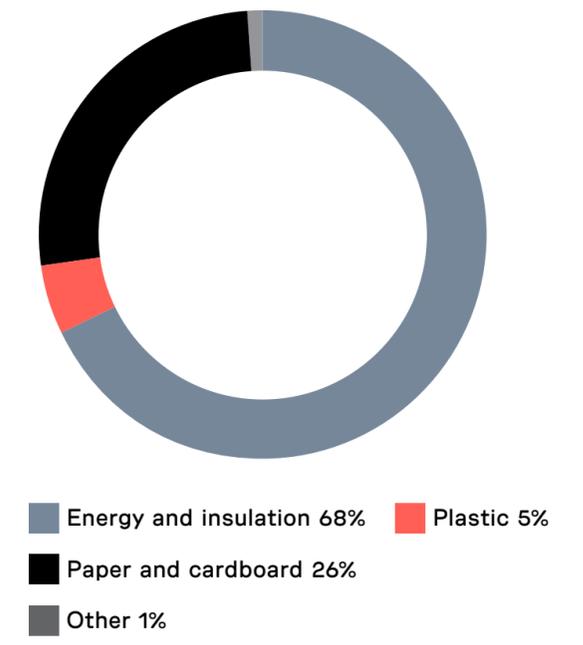
PRODUCTION WASTE, FINLAND (1,000 KG)



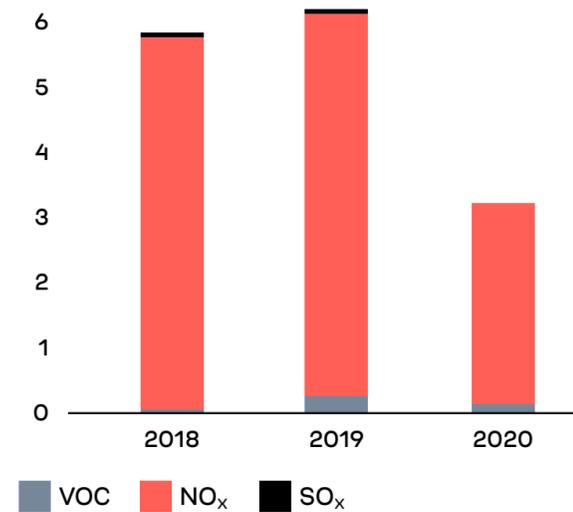
RECOVERED WASTE, FINLAND (%)



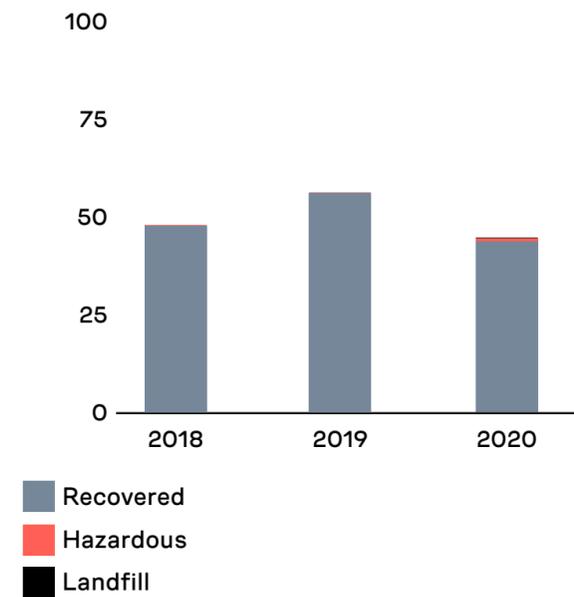
RECOVERED WASTE, POLAND (%)



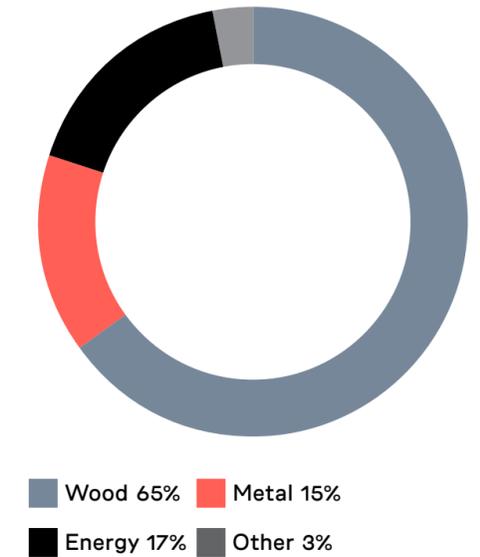
EMISSIONS TO THE AIR (1,000 KG)



PRODUCTION WASTE, POLAND (1,000 KG)



SERVICE RECYCLING DISTRIBUTION IN FINLAND (%)



GRI standard content index

Global Compact	GRI standard	Description	Location and comments
	GRI 102: GENERAL DISCLOSURES		
	Organizational profile		
	102-1	Name of the organization	Martela in brief p. 3
	102-2	Activities, brands, products, and services	Martela in brief p. 3
	102-3	Location of headquarters	Takkatie 1, Helsinki
	102-4	Location of operations	Martela in brief p. 3
	102-5	Ownership and legal form	Martela in brief p. 3
	102-6	Markets served	Martela in brief p. 3
	102-7	Scale of the organization	Martela in brief p. 3
x	102-8	Information on employees and other workers	Social responsibility p. 23–28
	102-9	Supply chain	Economic responsibility p. 19–22
	102-10	Significant changes to the organization and its supply chain	No major changes in organisation or supply chain during 2020
	102-11	Precautionary Principle or approach	Martela Annual report 2020 p. 11–17
	102-12	External initiatives	Contents and scope of report p. 4
	102-13	Membership of associations	Economic responsibility p. 19–22
	Strategy		
	102-14	Statement from senior decision-maker	CEO's and sustainability team's interview p. 5–6
	102-15	Key impacts, risks, and opportunities	CEO's and sustainability team's interview p. 5–6
	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behavior	Values p. 9
	102-17	Mechanisms for advice and concerns about ethics	Corporate Code of Conduct

Global Compact	GRI standard	Description	Location and comments
GRI 102: GENERAL DISCLOSURES			
Governance			
	102-18	Governance structure	Martela Annual report 2020 p. 60–64
	102-19	Delegating authority	Martela Annual report 2020 p. 60–64
	102-20	Executive-level responsibility for economic, environmental, and social topics	Management of Sustainability p. 14–16
	102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholders and their expectations p. 13, Management of Sustainability p. 14
	102-22	Composition of the highest governance body and its committees	Martela Annual report 2020 p. 65–66
	102-23	Chair of the highest governance body	Martela Annual report 2020 p. 65
	102-24	Nominating and selecting the highest governance body	Martela Annual report 2020 p. 60–64
	102-25	Conflicts of interest	Martela Annual report 2020 p. 60–64
	102-26	Role of highest governance body in setting purpose, values, and strategy	Martela Annual report 2020 p. 60–64
	102-27	Collective knowledge of highest governance body	Martela Annual report 2020 p. 60–64
	102-28	Evaluating the highest governance body's performance	Martela Annual report 2020 p. 60–64
	102-29	Identifying and managing economic, environmental, and social impacts	Martela Annual report 2020 p. 60–64
	102-30	Effectiveness of risk management processes	Martela Annual report 2020 p. 60–64
	102-31	Review of economic, environmental, and social topics	Martela Annual report 2020 p. 60–64
	102-32	Highest governance body's role in sustainability reporting	Management of Sustainability p. 14–16
	102-33	Communicating critical concerns	Management of Sustainability p. 14–16
	102-34	Nature and total number of critical concerns	No critical concerns were detected or received during the year
	102-35	Remuneration policies	www.martela.com/about-us/about-martela/investors/corporate-governance/rewarding
	102-36	Process for determining remuneration	Martela Annual report 2020 p. 60–64
	102-37	Stakeholders' involvement in remuneration	Shareholders whose voting rights exceed 50% of the voting rights have possibility to affect the remuneration of the Board of Directors
	102-38	Annual total compensation ratio (of highest local to median)	Decreased to 5.17 (2019: 5.93)
	102-39	Percentage increase in annual total compensation ratio	48%: compensation to CEO increased 4% and average salary increased 74%
Stakeholder engagement			
x	102-40	List of stakeholder groups	Stakeholders and their expectations p. 13
	102-41	Collective bargaining agreements	92%, personnel in the Nordic countries
	102-42	Identifying and selecting stakeholders	Contents and scope of report p. 4
	102-43	Approach to stakeholder engagement	Stakeholders and their expectations p. 13
	102-44	Key topics and concerns raised	Stakeholders and their expectations p. 13

Global Compact	GRI standard	Description	Location and comments
GRI 102: GENERAL DISCLOSURES			
Reporting practice			
	102-45	Entities included in the consolidated financial statements	Martela Annual report 2020 p. 42
	102-46	Defining report content and topic Boundaries	Contents and scope of report p. 4
	102-47	List of material topics	Economic, social and environmental responsibility p. 19–35
	102-48	Restatements of information	Contents and scope of report p. 4, GRI standard content index p. 36–40
	102-49	Changes in reporting	Contents and scope of report p. 4
	102-50	Reporting period	Contents and scope of report p. 4
	102-51	Date of most recent report	Contents and scope of report p. 4
	102-52	Reporting cycle	Contents and scope of report p. 4
	102-53	Contact point for questions regarding the report	Management of Sustainability p. 16
	102-54	Claims of reporting in accordance with the GRI Standards	GRI index p. 36–40
	102-55	GRI content index	GRI index p. 36–40
	102-56	External assurance	Contents and scope of report p. 4
GRI 103: MANAGEMENT APPROACH			
	103-1	Explanation of the material topic and its Boundary	Economic, social and environmental responsibility p. 19–35
	103-2	The management approach and its components	Management of Sustainability p. 14–16
200 - ECONOMIC IMPACTS			
GRI 201: ECONOMIC PERFORMANCE			
	201-1	Direct economic value generated and distributed	Economic responsibility p. 19–22
	201-3	Defined benefit plan obligations and other retirement plans	Martela Annual report 2020 p. 38
	201-4	Financial assistance received from government	Economic responsibility p. 19–22
GRI 202: MARKET PRESENCE			
x	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Social responsibility p. 23–28
	202-2	Proportion of senior management hired from the local community	100%
GRI 204: PROCUREMENT PRACTICES			
	204-1	Proportion of spending on local suppliers	Economic responsibility p. 19–22
GRI 205: ANTI-CORRUPTION			
x	205-2	Communication and training about anti-corruption policies and procedures	Management of Sustainability p. 14–16, Economic responsibility p. 19–22
	205-3	Confirmed incidents of corruption and actions taken	There have been no cases of corruption in Martela's operations during 2020

Global Compact	GRI standard	Description	Location and comments
300 - ENVIRONMENTAL IMPACTS			
GRI 301: MATERIALS			
x	301-1	Materials used by weight or volume	Environmental responsibility p. 29–35
x	301-2	Recycled input materials used	Environmental responsibility p. 29–35
	301-3	Reclaimed products and their packaging materials	Environmental responsibility p. 29–35
GRI 302: ENERGY			
x	302-1	Energy consumption within the organization	Environmental responsibility p. 29–35
	302-2	Energy consumption outside of the organization	Environmental responsibility p. 29–35
	302-3	Energy intensity	The energy purchased (district heating, electricity, gas) by Martela in relation to net sales was 340 GJ / EUR million
GRI 304: BIODIVERSITY			
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Martela does not have activities in nature reserves or in areas of high biodiversity value
	304-2	Significant impacts of activities, products, and services on biodiversity	Martela takes into account biodiversity by using only wood species grown in commercial forests for its products
GRI 305: EMISSIONS			
x	305-1	Direct (Scope 1) GHG emissions	Environmental responsibility p. 29–35
x	305-2	Energy indirect (Scope 2) GHG emissions	Environmental responsibility p. 29–35
	305-3	Other indirect (Scope 3) GHG emissions	Environmental responsibility p. 29–35
	305-4	GHG emissions intensity	Environmental responsibility p. 29–35
	305-5	Reduction of GHG emissions	Environmental responsibility p. 29–35
	305-6	Emissions of ozone-depleting substances (ODS)	Environmental responsibility p. 29–35
x	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Environmental responsibility p. 29–35
GRI 306: EFFLUENTS AND WASTE			
	306-1	Water discharge by quality and destination	Martela has no discharge to waterways
x	306-2	Waste by type and disposal method	Environmental responsibility p. 29–35
400 - SOCIAL IMPACTS			
GRI 401: EMPLOYMENT			
x	401-1	New employee hires and employee turnover	The total number of new employees was 56, of which 50 in Finland, 5 in Sweden and Norway and 1 in Poland

Global Compact	GRI standard	Description	Location and comments
GRI 402: LABOUR/MANAGEMENT RELATIONS			
x	402-1	Minimum notice periods regarding operational changes	Martela follows the notice periods defined by its operating countries
GRI 403: OCCUPATIONAL HEALTH AND SAFETY			
x	403-1	Occupational health and safety management system	Martela has ISO 45001 certification since 7th January 2021
x	403-4	Worker participation, consultation, and communication on occupational health and safety	2020 there were occupational safety committees in Finland and Poland, covering 91% of the Group's total personnel
	403-8	Workers covered by an occupational health and safety management system	Martela's ISO 45001 certification covers Martela's personnel in Finland and Poland, which cover 91% of the Group's total personnel
	403-9	Work-related injuries	Social responsibility p. 23–28
	403-10	Work-related ill health	Social responsibility p. 23–28
GRI 404: TRAINING AND EDUCATION			
	404-1	Average hours of training per year per employee	The average training hours were 16.4 h per employee during 2020 and the external training costs averaged EUR 200 per man-year
	404-2	Programs for upgrading employee skills and transition assistance programs	Social responsibility p. 23–28
	404-3	Percentage of employees receiving regular performance and career development reviews	The development discussion model covers all employees. Metrics: Social responsibility p. 28
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
x	405-1	Diversity of governance bodies and employees	Social responsibility p. 23–28
	405-2	Ratio of basic salary and remuneration of women to men	Social responsibility p. 23–28
GRI 406: NON-DISCRIMINATION			
	406-1	Incidents of discrimination and corrective actions taken	In 2020 there was no Incidents of discrimination in Martela
GRI 414: SUPPLIER SOCIAL ASSESSMENT			
	414-1	New suppliers that were screened using social criteria	Economic responsibility p. 19–22
GRI 415: PUBLIC POLICY			
	415-1	Political contributions	Economic responsibility p. 19–22
GRI 416: CUSTOMER HEALTH AND SAFETY			
	416-1	Assessment of the health and safety impacts of product and service categories	Social responsibility p. 23–28
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no incidents of non-compliance concerning the health and safety impacts of Martela products and services
GRI 417: MARKETING AND LABELING			
x	417-1	Requirements for product and service information and labeling	Social responsibility p. 23-28



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