

MARTELA SUSTAINABILITY POLICY FOR THE SUPPLY CHAIN

Approved by Martela's Group Management Team on 01 December 2023

Martela

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

In this document, we describe our purchasing principles and the social requirements placed on our suppliers and their supply chain. These requirements are based on national labour laws, UN and ILO conventions, and they are applied globally. We require our suppliers to provide a written commitment to these requirements when requested, and to pass on the requirements to their own supply chain. As our risk assessment requires us to obtain more detailed information about the responsibility of the supplier company or its subcontracting chain, the supplier must undertake to make the necessary investigations as quickly as possible. (Later in the text the term 'supplier' also covers the supplier's supply chain.)

LEGAL COMPLIANCE

Martela's suppliers shall comply with all applicable laws and regulations in all locations where they conduct business. In addition to complying with legal and regulatory requirements, our suppliers are expected to act in accordance with high standards of business ethics.

The basic conditions comprise:

- The UN General Declaration of Human Rights;
 - ILO's eight fundamental conventions on forced labour, child labour, discrimination, and freedom of association and right to organise (no. 29, 87, 98, 100, 105, 111, 138 and 182);
 - The UN Convention on the Rights of the Child, Article 32;
 - The labour law in force in the country in which the work is performed, including regulations on wages, working hours, leave, and the social welfare protection regulations;
 - The labour protection and work environment law in force in the country in which the work is performed;
 - The environmental law in force in the country in which the work is performed; and
 - The UN Convention against Corruption.
- [UN Guiding Principles on Business and Human Rights](#)
- [The Ten Principles of the UN Global Compact](#)

ANTI-CORRUPTION

Anti-corruption requirements refer to compliance with the UN Convention Against Corruption and the bribery legislation that applies in the country in which all or parts of the product are manufactured, and laws that otherwise govern the company's operation.

- The supplier must combat all forms of corruption, including blackmail and bribery.
- The supplier must not, directly or indirectly, offer undue payment or other forms of compensation to any person or organisation with the aim of obtaining, maintaining, or directing business operations, or receive other undue advantages within the framework of its operation.
- The supplier must not, directly or indirectly, request or accept any form of undue payment or other forms of compensation from a third party that could affect the objectivity of business decisions.

SOCIAL REQUIREMENTS

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

HUMAN RIGHTS

Martela's suppliers shall support and respect internationally proclaimed human rights. Martela's suppliers shall make sure that they are not engaged in human rights abuses. Martela expects all of its suppliers to comply with the UN Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.

LABOUR STANDARDS

Freedom of association

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

Forced labour is prohibited (ILO 29 and 105)

Forced labour, including slave labour, bonded labour or involuntary prison labour may not occur, and all labour must be voluntary without threat of penalty or similar.

- The employee must have the right to terminate their employment following a reasonable period of notice.
- The supplier may not retain original copies of ID documents.

Child labour is prohibited (ILO 138 and 182, UN Child Rights Convention, Article 32)

- No person may be employed who is below the age of compulsory schooling or under 15 years, or younger than the minimum age of employment, if this age exceeds 15 years.
- Young people between the ages of 15 and 18 may not be employed for hazardous work, or work that has a negative impact on the individual's personal development (physical, psychological, mental, spiritual, moral or social development). Young people between 15 and 18 may only be employed on the condition that they have reached the legal age for employment and have completed national compulsory education. There must be a policy in place for the types of tasks a person aged between 15 and 18 may carry out.
- In the event that children are found to be working, policies and written procedures for remediation of children shall be established and documented by the supplier. The supplier must take action based upon the best interests of the child, and find suitable solutions in consultation with the child and the family of the child.

Employment conditions, wages, and working hours

- All employees must have a written employment agreement in a language they understand that includes information about the nature of the work, working hours, wages, and holiday leave.
- The employer must ensure that all employees understand their terms of employment, for example with the help of a staff handbook and training.
- Wages must be paid directly to the employee within the agreed timeframe and in full.
- The supplier must support the payment of a living wage to employees, and under no circumstances pay less than the national or locally stipulated minimum wage.
- Overtime compensation must be paid according to national legislation, and must be clearly specified in payslips.
- Working hours per week must not exceed legal limits or a maximum of 60 hours per week, including overtime
- The employees must have at least one day of rest per week.

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- The supplier must ensure that the employees have breaks during the working day.
- Leave, including vacation, holidays, sick leave, and parental leave must be approved and compensated in accordance with national legislation.
- All employees must be covered by social insurance in accordance with national law.

Discrimination and harassment is prohibited (ILO 100 and 111)

- Discrimination on the basis of ethnic affiliation, sex, civil status, pregnancy, religion, social or ethnic origin, nationality, physical ability, political opinions, union membership, gender-crossing identity or expression, age, health condition, or sexual orientation, or other character trait that is protected by applicable legislation, may not occur. Discrimination refers to any distinction of employees that is not based on merits or qualities, but involves differential treatment on biased grounds.
- The supplier must work to promote diversity and equal opportunities in the workplace.
- Harassment may not occur in the workplace. Harassment refers to instances when employees are exposed to harsh or inhuman treatment, including sexual harassment or some form of psychological or physical punishment.

Safe and hygienic work environment (ILO 155 and 170)

- Employees working in the suppliers' operations must be offered a safe and healthy working environment in which preventive measures are taken to reduce injury and risks to health. A safe and hygienic working environment is one in which the employee, when occupying an area over which the employer has direct or indirect control, is guaranteed to be free from or protected from conditions that can constitute a hazard for the employee's physical and/or psychological health.
- A register of accidents and incidents must be kept. Incidents are such events that could have led to an accident.
- Employees must be trained on the potential health risks that the work can entail, including hazardous operations and general safety information. Employees must regularly be given relevant training and instructions for operating machines and other equipment.
- Employees must have access to all necessary protective equipment without having to pay for it themselves.
- Temperature, air quality, and noise levels must be regulated in accordance with local legislation. Where the work environment cannot be changed, it must be mitigated with protective equipment.
- Chemicals must be handled safely, and safety data sheets must be available.
- Fire drills must be held regularly. Fire equipment, evacuation plans, and emergency exits must be available and clearly visible in all areas.
- The workplace must be clean, fresh, and safe. Hygiene facilities must be available. This also applies to employee accommodation.

ENVIRONMENT

Martela's suppliers shall support a precautionary approach to environmental challenges. Suppliers shall be aware of and comply with all applicable environmental laws and regulations. Suppliers shall identify the company's most significant environmental and climate impacts and manage continuous improvement with monitoring systems, goals and action plans for their operations. Suppliers should strive to reduce the use of energy, materials, chemicals and water in their operations, taking into account the entire life cycle of products and services. Martela is interested in its suppliers' environmental performance and expects transparency in at least the most significant climate impacts. Martela encourages its suppliers to implement environmental management systems with documented and communicated environmental policies and to adopt technologies with lower environmental impacts and to provide their employees with job-related environmental training.

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If supplies include plastics, all the plastic components exceeding 100 grams must be marked according to ISO 11469 or ISO 1043:1-4. Exceptions can be granted if it is technically impossible to mark the plastic parts due to lack of space or the method of production.

If supplies include any minerals from conflict-affected and high-risk areas, the supplier should have policies in place to prevent harmful effects related to them. The policies should comply with OECD due diligence guidelines or equivalent. The supplier will purchase the conflict minerals used in manufacturing the product only from [responsible smelters](#).

QUALITY, TECHNICAL REQUIREMENTS AND SPECIFICATIONS

The verification of the quality management and technical quality requirements are based on the evaluation of samples and trial batches and the evaluation of economic resources and competitiveness for major new suppliers. Supplier quality and delivery accuracy is monitored with monthly metrics for main suppliers. If necessary, the supplier's self-evaluation or, in the case of our most important suppliers, evaluations and interviews conducted at the premises of selected suppliers, are used.

PRODUCT SAFETY AND LIABILITY

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

SHIPMENTS/DELIVERIES

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

SELECTING AND MONITORING OF SUPPLIERS

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

NON-COMPLIANCE

In a case of non-compliance, a corrective action project will be started by the supplier in order to improve cooperation for mutual benefit. If no improvement is reached within a reasonable time-frame, cooperation with the non-compliant supplier may be terminated.

APPROVAL

Martela's Group Management Team approved these requirements on 01 December 2023.