

Martela

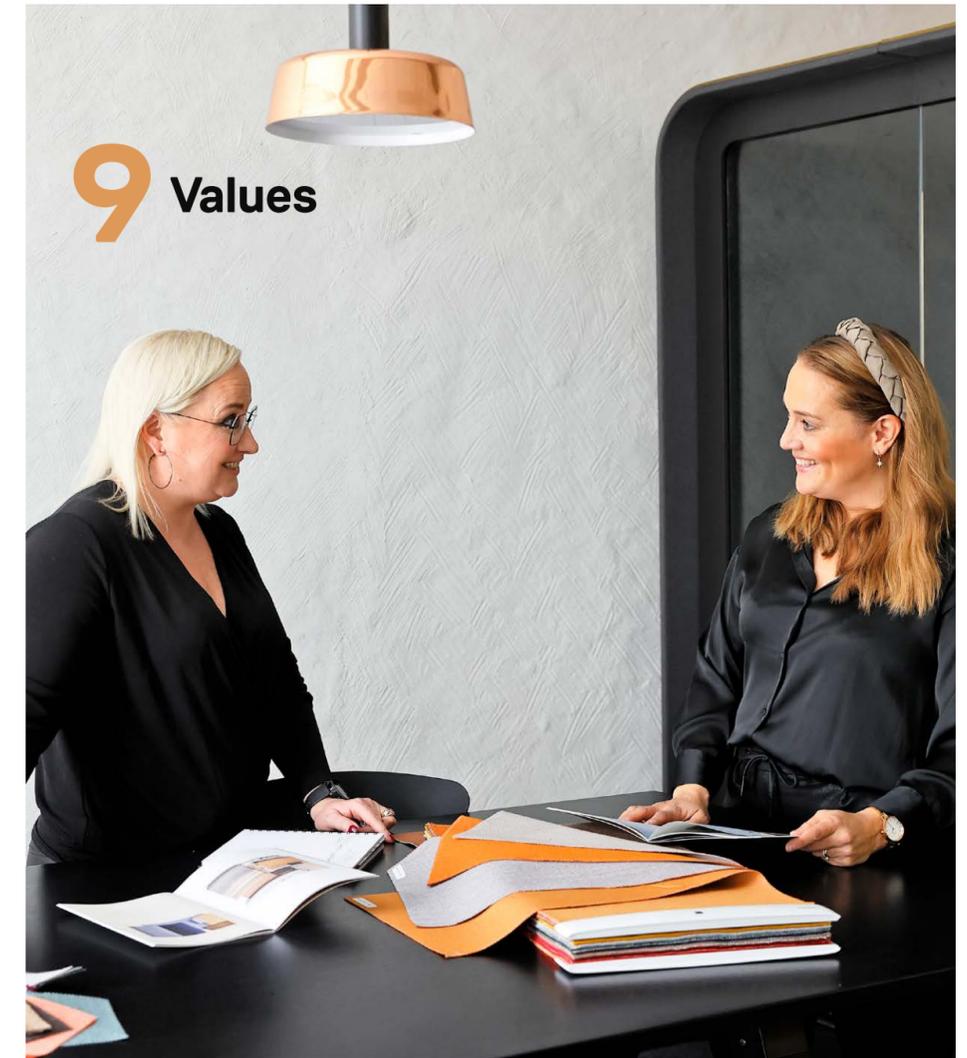


2021

Sustainability Report

Contents

- Martela in brief **3**
- Contents and scope of the report **4**
- Management interview **5**
- Martela Lifecycle® **8**
- Values **9**
- Sustainability at Martela **10**
- Agenda 2030 **11**
- Value creation **12**
- Stakeholders and their expectations **13**
- Management of Sustainability **14**
- Key responsibility indicators **17**
- Sustainability programme **18**
- Economic responsibility **19**
- Social responsibility **24**
- Environmental responsibility **31**
- GRI index **38**
- Contact details **43**



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 2021, the Martela Group's revenue was EUR 91.9 million and it employed an average of 419 employees.



Contents and scope of the report

This, Martela's twelfth sustainability report, 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 10 June 2021, we included the freight distribution of the products as a new emission measurement component. The value and weight indicators related to material procurement were adjusted through consolidation. In employee turnover calculation, we replaced the number of employees in the same year with the

number of employees in the previous year as a divisor. We also included some new personnel metrics from GRI indicators. Other possible 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.

Taxonomy reporting

The purpose of the taxonomy, or sustainability classification, is to create a comprehensive EU-wide uniform definition of environmentally sustainable economic activities, the so-called green investment targets. The taxonomy includes a reporting obligation that currently applies to large

listed companies and thus also to Martela. Taxonomic information is included in the financial responsibility section of this report.

Reporting structure

At the beginning of the report, you can find a brief introduction of Martela as a company, and information on its values, strategy and governance. After that, you can find the 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. You can find the full texts of our principles at www.martela.com. The Martela Annual Report presents the governance and risk management principles. The section titled 'Management of Sustainability', you can find 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. At the beginning of each section, there is a relevant materiality assessment of indicators used and a list of the main targets. The sustainability report presents the progress of the sustainability programme for 2021–2035 and the programme for 2022–2035.

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

We publish the annual sustainability report in PDF format in Finnish and English. We do not print copies of the report. We will publish the 2022 report in spring 2023.

Sustainability at the core of business development

Sustainability is a part of all operations at Martela.

In this article, Ville Taipale, CEO, Anne-Maria Peitsalo, Director, Sustainability & Quality, and Eerikki Mikkola, Head of Business Design & Development, discuss the significance of sustainability for Martela and its customers.

Climate change and loss of biodiversity are subjects of debate and concern. People require companies to act in a sustainable way and to provide everyday solutions that match their values. How does Martela take this into account in its operations?

Ville: The advancement of climate change has a major impact on our customers. They are increasingly aware of it, and we are expected to provide solutions for the sustainability challenges faced by companies. Martela's strength is its ability to offer solutions for the workplace as a whole.

Solutions developed together with our customers, such as the Workplace as a Service model (WaaS), strengthen our role in combating climate change. Martela has been a forerunner for a long time in the circular economy, which is now grow-

ing strongly. Martela Lifecycle® is our model for sustainable consumption.

Eerikki: Sustainability is continuously increasing in importance, and our design philosophy has allowed us to incorporate the circular economy principle into the core of our business and into our customers' workplaces. Products are designed in a way that maximises their lifecycles and with design that stands the test of time. Furniture that is no longer needed can later be serviced and re-upholstered, which extends its lifecycle so that it becomes re-manufactured furniture that is used by another customer. The circular economy is, however, much more than just recycling. Ownership will become less important, and companies are also increasingly transferring to using a service model based on the circular economy which allows the entire workplace to remain up to date and optimised.

Anne-Maria: We offer our customers workplace services and products while ensuring implementation of the circular economy at the workplace at the same time. We have recently joined a research

programme run by the Technical Research Centre of Finland (VTT), LUT University and Business Finland which aims to develop reliable and comparable world-class means to show the positive impact of circular economy solutions, i.e. the carbon handprint. When a customer has access to comparable information, it is easier for them to make sustainable decisions.

Ville: By utilising the service model and the opportunities of circular economy, customers will be able to reduce their own carbon footprint. Part of it is optimising the utility rate of premises and designing the premises based on the actual needs. In this way we can have an impact on energy consumption and the property's expenses. In addition, a pleasant and functional workplace will have an impact on occupational wellbeing and the results of the work.

The COVID-19 pandemic has transformed working life and workplaces radically. Health security must be taken into account, and remote work has become an option alongside office work. What is

the workplace of the future like, and how does it differ from the current one?

Anne-Maria: A workplace must be able to adjust to the rapid changes in situations and the way we work. Using a service model means that the workplace can adapt to changing needs much faster. Compared to purchasing furniture, a service model makes it easier to ensure that the technical quality of a workplace is always in order and meets requirements while at the same time the lifecycle of individual products is maximised.

Eerikki: Quality will become increasingly important, and the need for flexibility will increase. Major transformation projects will be replaced with small and increasingly real-time updates. A workplace will live according to the needs of the people and the business.

Ville: The importance of job satisfaction and occupational wellbeing will increase in terms of maintaining physical and mental health. One of the ways of reducing sickness absences is to take care of ergonomics.



Ville Taipale,
CEO



Eerikki Mikkola,
Head of Business Design & Development



Anne-Maria Peitsalo,
Director, Sustainability & Quality

How can Martela help companies and organisations adapt to changes now and in the future?

Anne-Maria: Our mission is to create environments that employees will want to return to. A functional space is attractive and ergonomic, it invites people to be physically present and enables various forms of collaboration.

Eerikki: Understanding the needs that people have allows us to offer the right solutions in terms of quality and dimensioning. Sustainability is taken into account throughout the entire operating chain.

Ville: Martela is capable of implementing the entire workplace service from start to finish, all the way from R&D and space planning to installations, maintenance and taking care of used products in a sustainable, efficient and competitive way.

What were the greatest successes of 2021 in Martela's sustainability work?

Ville: Martela has been committed to complying with the principles of the UN Global Compact since 2011. Our commitment shows through the concrete work we do to secure a sustainable supply chain.

Anne-Maria: Some of our customers have focused on ensuring the sustainability of their purchases with a third-party audit. In the audit, we have managed to prove the functioning of the social responsibility management processes of our supply chain in practice. We are also proud to have the opportunity

to participate in the recently launched Carbon handprint programme, which will allow us to show how our circular economy model generates true added value for our customers and the environment.

Eerikki: Sustainability is at the core of developing our business. Demand for and use of our service model and remanufactured furniture are clearly increasing.

Martela has managed to renew itself over time by meeting the needs of working life at any given time and even by anticipating them. How can Martela renew itself and stay up to date in its current operations?

Ville: The ability to renew originates from Martela's history: by challenging ourselves, we have always been a pioneer in technologies, services and products related to the workplace. We monitor the market and the megatrends, focus on R&D and have the best experts in the industry. Our clientele represents the leading companies in their industries globally, and we have a strong network of partners. We believe that development makes us competitive and creates opportunities for growth.

Eerikki: Together with our customers and partners, we are able to anticipate needs that form the basis of development. We must be agile and ready to adapt and we must observe the quickly changing situations when designing our services.

Changes in the operating environment

In 2021, the transition to a hybrid work model and increasing sustainability requirements were the strongest trends affecting Martela and its customers.

The COVID-19 pandemic has transformed working life and workplaces radically. Health security must be taken into account, and remote work has become an option alongside office work. Work that is independent of location is here to stay.

More and more working communities are transferring to a hybrid work model, so they are evaluating the need for premises more broadly in terms of costs. Increased awareness of climate change and the need to reduce the carbon footprint create pressure to take sustainability issues into consideration in energy consumption, for example. Increasing attention is also paid to product lifecycles and the functioning of the circular economy.

Although the role of offices is changing, they will retain their importance: encounters and physical presence are needed, especially for boosting development and innovation. Community spirit and collaboration are also key factors in maintaining occupational wellbeing. The importance of an attractive and functioning workplace is increasing.

Changes in the operating environment and sustainability requirements also affect learning environments. Hybrid learning, changes in curricula and the extension of compulsory education all change the way educational institutions and schools operate and their spatial needs.

As the requirements and ways of working change, companies and organisations are thinking about how and in what kind of environments their work is done. The role of the workplace in achieving a company's goals is now better understood. Many have identified the need to update their premises, which can be seen in the form of growing demand for cost-effective and more flexible office space solutions. The need for remote workstations that can easily be taken into use has also increased.

Offices to support the hybrid model

A balance between office work and remote work is being sought. The digital and physical workplace must both be capable of supporting work. Organ-

isations, teams and individuals all have their own needs: users want good ergonomics and a pleasant environment. Premises for work that requires concentration are also needed – something that is not available for everyone working remotely. Teams need to communicate and premises for collaboration. An organisation aims at productivity, improved occupational wellbeing and to fulfil its sustainability criteria. A major issue is how to make offices attractive, sustainable and efficient, and suitable for the hybrid model.

In furniture purchases we are transitioning to a service model based on a monthly fee, which is already commonly used with IT equipment, where functioning and flexibility are more important than owning. Competitive tendering of chairs and tables does not take the entire lifecycle of products into account, whereas the service model utilises the circular economy approach. This change in purchasing behaviour calls for information on the available alternatives and their impact on sustainability.

Quality and wellbeing

Quality is becoming more important. The quality of furniture and premises have an impact on work satisfaction, work efficiency and occupational wellbeing. During the pandemic, short-term measures have often been taken, but companies and organisations must also look further ahead, with an emphasis on durable solutions and the lifecycle approach, and on flexibility at the same time. Major transformation projects at the workplace will be replaced with smaller changes, and the workplace will adapt to the needs of the business and the employees increasingly in real time.

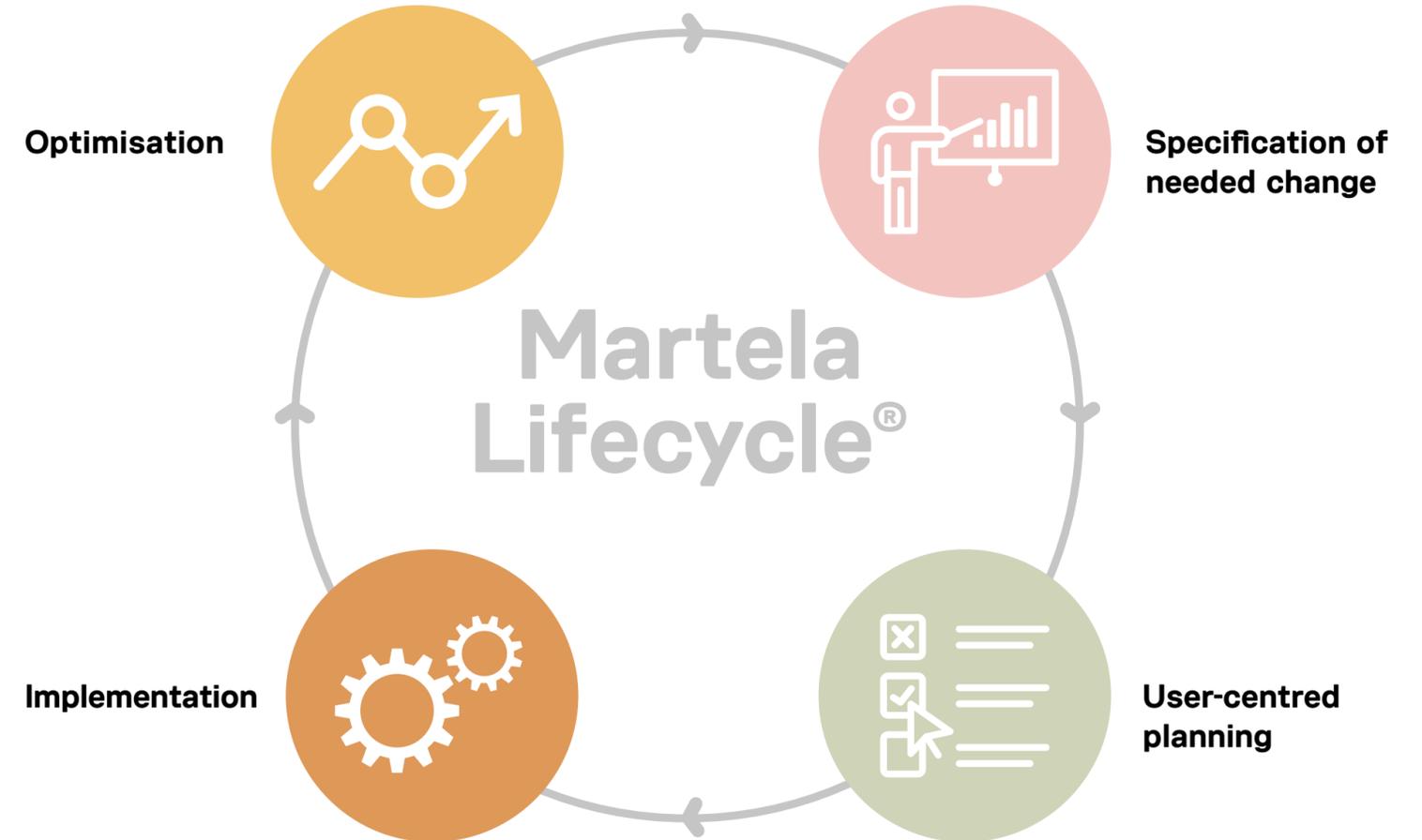
The service model adapts to change

WORKPLACE AS A SERVICE

As a result of the change in working life, people have the freedom to choose where and when to work. Thanks to the Workplace as a Service model, your employees will always have the best possible workplace at their disposal. The organisation gets 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 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, flexible co-working facilities and learning environments.

CIRCULAR ECONOMY MODEL AT THE CORE OF WORK ENVIRONMENT DEVELOPMENT

The Workplace as a Service model is based on lifecycle thinking, in which, instead of individual purchases of furniture, the aim is to ensure the flexibility and responsibility of the work environment from defining the needs to the optimisation of the space. At the heart of the lifecycle thinking is the Waste Nothing principle, which seeks to minimise the impact on the environment. Furniture that is no longer needed is sold responsibly through the Martela Outlet stores or online shop, and some of the furniture are refurbished and/or reupholstered before being sold. The furniture that has come to the end of its useful life will be used for energy production or secondary raw materials.



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.

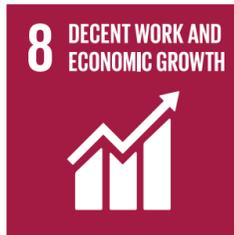


Sustainability at Martela



Agenda 2030 goals

Martela contributes to reaching the Agenda 2030 goals with the 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-yhtioid-oy



We improve material efficiency by developing circular business model. With Martela's Workplace as a service model, customer achieves flexible usability of the workplace. Martela takes responsibility for extending the lifecycle of products, improving material efficiency and developing circular furniture services:
www.martela.com/services/furniture-optimisation-recycling/workplace-as-service



The learning environment that we create, support the pupils' insights, experimental-ity and communality. Read our case study how our participatory approach took into account the different perspectives and needs of different user groups:
www.martela.com/cases/mansikkala-school-centre

Value creation

Resources and capabilities

COMPONENT AND SUBASSEMBLIES

- 8 million kg (wood based 50%, metal based 22%)

PRODUCTION FACILITIES

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

PERSONNEL

- In the end of the year 400 employees, including 206 blue collar workers and 194 office employees
- 125 external resources in person-years
- Investments in staff development EUR 40,000 per year

PARTNER NETWORK

- 100 core suppliers, 50 dealers, 7 freelancer designers, logistics partners, other suppliers

OWNERS

- 3,173 owners, of which 95.4% households, 3.8% companies, 0.4% foreign investors
- 77.4% owns 500 shares of less, 3.3% over 5,000 shares

INCOMPATIBLE CAPITAL

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

FINANCE

- EUR 51 million equity and liabilities

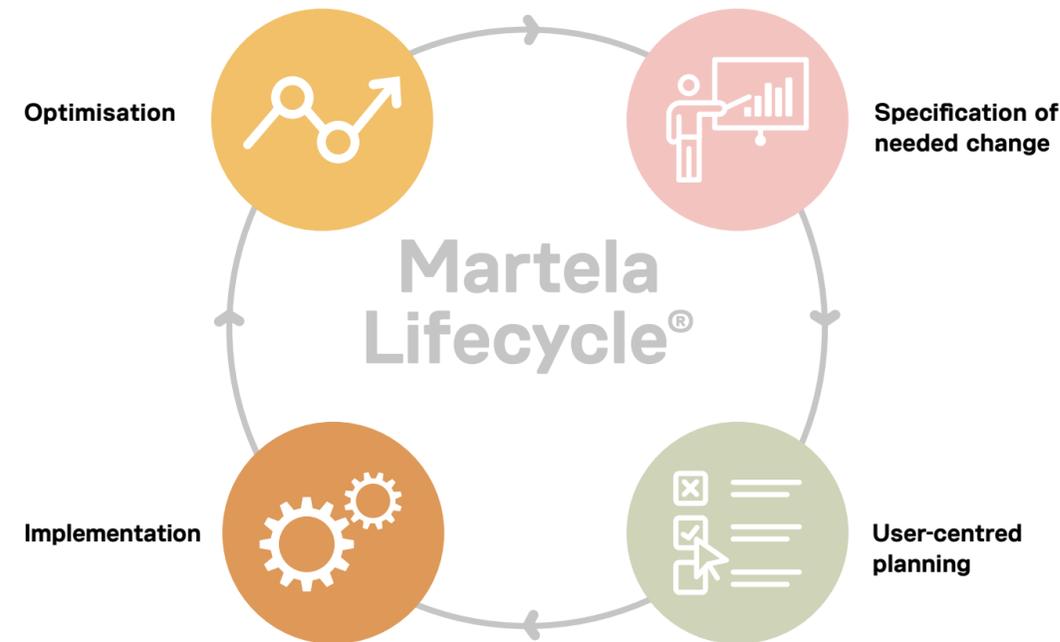
INVESTMENTS AND PRODUCT DEVELOPMENT

- EUR 0.4 million investments, EUR 2.2 million research and product development

NATURAL RESOURCES

- Electricity 4,476 MWh
- District heating 4,540 MWh
- Heating by gas 208 MWh
- 88% renewable energy, 10% fossil energy and nuclear power 2%

Martela's activities



Output and its distribution

CUSTOMERS

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

SUPPLIERS OF GOODS AND SERVICES

- Purchases total EUR 66 million incl. materials, components, energy costs, fuels, waste management, property rentals, rental of vehicles, services and IT licenses

PERSONNEL

- EUR 18,666,000 salaries paid including share-paid contributions
- EUR 3,843,000 employee social security and pension

SOCIETY

- EUR 162 000 taxes

FOR OWNERS AND FINANCIERS

- EUR 0 dividends
- EUR 1,114,000 interest expenses

WASTE

- 1.7 million kg, recovered 99.7%, 0.3% hazardous waste

USED MATERIALS FROM CUSTOMERS

- 2.6 million kg of which 98% wood, metal and energy fractions

Stakeholders and their expectations

| | CUSTOMERS | SPECIFIERS | EMPLOYEES | DEALERS | SUPPLIERS | OWNERS, INVESTORS AND FINANCIERS | OTHER INTEREST GROUPS |
|--|--|--|---|--|--|--|--|
| QUANTITY AND DESCRIPTION  | <ul style="list-style-type: none"> Companies and public purchasers. Private customers only through the Martela Outlet channel. 75.9% of turnover from Finland, 9.4% from Sweden, 6.3% from Norway and 8.4% from other countries | <ul style="list-style-type: none"> People responsible for customer definitions, architects, interior architects | <ul style="list-style-type: none"> 400 employees in the end of the year: 52% blue collars, and 48% white collars 125 person-years of external resources | <ul style="list-style-type: none"> About 50 dealers, mainly in Martela home market and Central Europe Some operate 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 51% in Martela's home market Other suppliers Logistics partners | <ul style="list-style-type: none"> Major owners are Martela family and Isku Yhtiöt Oy 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 through i.e. 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. You can find the latest versions of the policies on the company's website.

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 Group Management Team. He was appointed CEO on November 5 2021.

Martela's goal is to provide responsible solutions for its customers' workplaces and learning environments through the Martela Lifecycle® model. With the Martela Lifecycle® model we can implement the changes in the workplace required by the transformation of work, 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. To manage this aspect, Martela continues 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. At its meeting on February 10, 2022, the Board confirmed the Code of Conduct in the form in which it was updated in 2020. The Code contains operating instructions and requirements both for those working at Martela and for Martela's 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. At its meeting on February 28, 2022, the Management Team confirmed the Social Requirements for Suppliers in the form in which it was updated in 2018, the Environmental Policy in the form in which it was updated in 2019, the Quality Policy in the form in which it was updated in 2020, and the People Policy in the form in which it was updated in 2021. You can find the complete text of the Corporate

Code of Conduct and the Policies that support it on Martela's website: www.martela.com/about-us/sustainability/corporate-responsibility.

Corporate governance principles

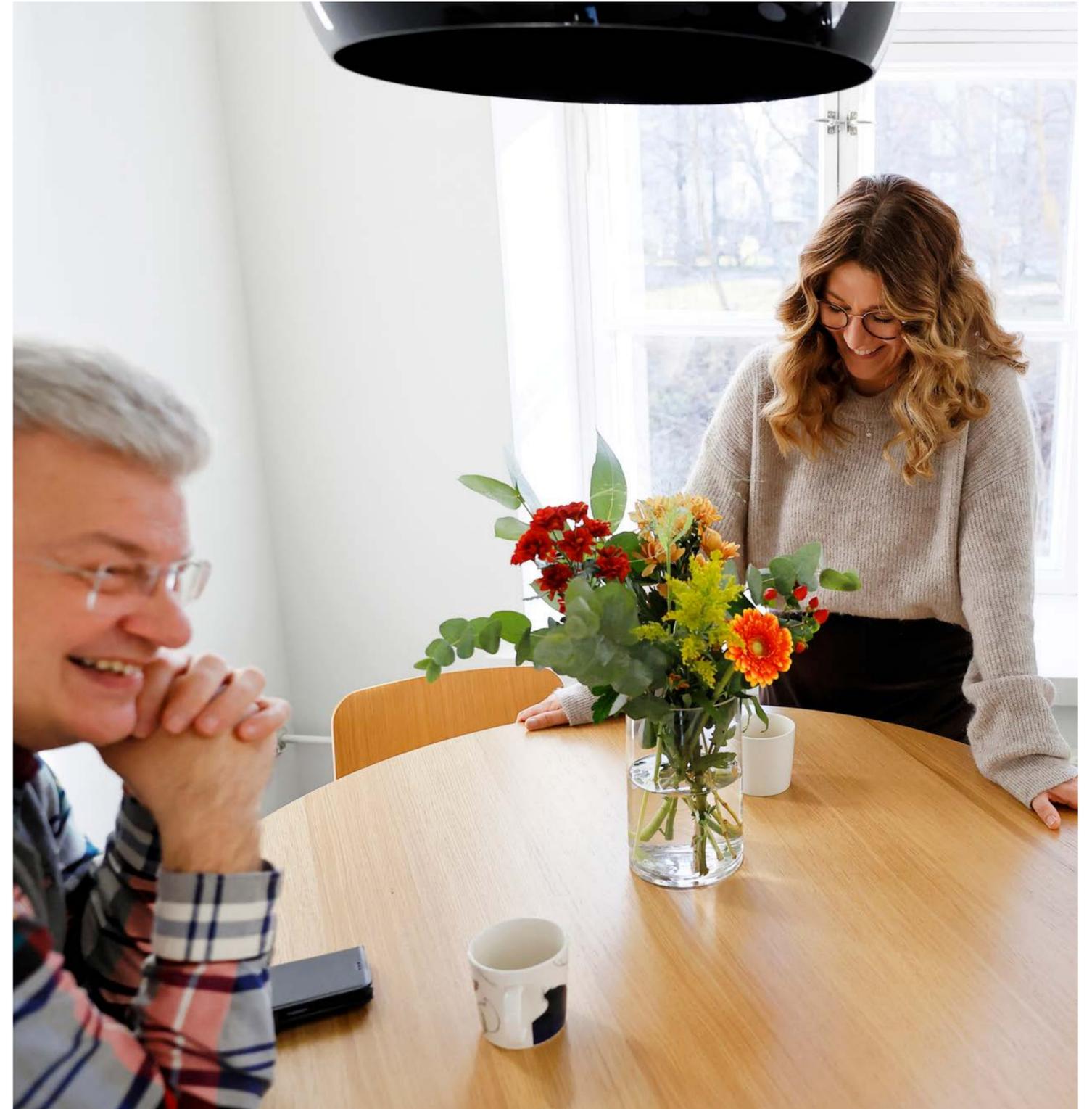
Martela's Annual Report, the Board of Directors' Report, stock exchange releases and the resolutions passed by the organisational meeting of Martela's Board and by the Annual General Meeting explain the corporate governance principles and issues, thus they are not treated separately in this report.

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 dependent 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. Occupational safety is developed with a management system in accordance with the ISO 45001 standard.

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 responsibility 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 repre-

sentatives of the GMT. 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 CEO.

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

CEO, 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

| | 2019 | 2020 | 2021 |
|---|-------|-------|-------|
| Revenue (EUR million) | 106.2 | 88.4 | 91.9 |
| Profit before taxes (EUR million) | -2.7 | -4.8 | -2.3 |
| Income Taxes (EUR million) | 0.2 | 0.0 | 0.0 |
| Return on investment, % | -6.4 | -13.4 | -4.7 |
| Equity to assets ratio, % | 28.8 | 23.3 | 22.2 |
| Dividends paid (EUR million) | 0.4 | 0.0 | 0.0 |
| Wages and salaries (EUR million) | 21.7 | 18.9 | 18.6 |
| Number of employees (average in person-years) | 462.0 | 432.7 | 395.6 |
| Purchases, (EUR million) | 76.6 | 62.8 | 65.1 |
| Gross investments (EUR million) | 2.3 | 1.2 | 0.4 |

Social responsibility indicators

| | 2019 | 2020 | 2021 |
|--|--------|--------|--------|
| Average age of employees (years) | 45.0 | 46.0 | 47.0 |
| Number of employees with more than 10 years' service, % | 47.5 | 47.2 | 54.2 |
| Employee turnover, % | 16.2 | 17.9 | 13.2 |
| New employee rate, % | 12.5 | 11.6 | 5.8 |
| Reasons for leaving (incidents) | | | |
| • terminated by employer | 23 | 14 | 17 |
| • terminated by employee | 61 | 67 | 37 |
| • retirement | 5 | 5 | 5 |
| Absences due to illness (% of work time) | 3.5 | 2.3 | 2.6 |
| Total recordable incident frequency (TRIF) ¹⁾ | 16.11 | 19.10 | 22.44 |
| Lost time incident frequency (LTIF) ²⁾ | 16.11 | 11.24 | 14.52 |
| Injury Rate (IR) | 3.22 | 2.25 | 2.90 |
| Lost Day Rate (LDR) | 937.61 | 720.00 | 680.87 |
| Investment in training (EUR/person-year) | 392 | 200 | 101 |

¹⁾ Accidents that do not result in absence are also included.

²⁾ Accidents requiring more than a day's absence from work.

Environmental responsibility indicators

| | 2019 | 2020 | 2021 |
|-------------------------------------|--------|--------|--------|
| Material use (1,000 kg) | 9,297 | 6,900 | 8,164 |
| Direct energy (GJ) | 0 | 0 | 0 |
| Indirect energy (GJ) | | | |
| • district heating | 16,515 | 13,731 | 16,112 |
| • electricity | 19,001 | 15,666 | 16,345 |
| • gas | 708 | 658 | 749 |
| Carbon dioxide emissions (1,000 kg) | | | |
| • from direct energy | 0 | 0 | 0 |
| • from indirect energy | 508 | 504 | 563 |
| • from install distribution | 880 | 766 | 795 |
| • from company cars | 105 | 103 | 70 |
| • from business flights | 81 | 28 | 10 |
| • from material use | 9,529 | 8,383 | 8,409 |
| • from freight distribution | 617 | 569 | 712 |
| Waste | | | |
| • total (1,000 kg) | 1,921 | 1,455 | 1,750 |
| • hazardous waste, % | 0.1 | 0.5 | 0.3 |
| • recovery, % | 99.8 | 99.5 | 99.7 |

Sustainability programme 2022–2035

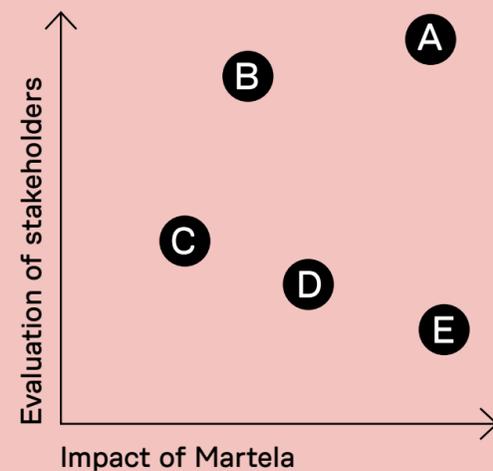
In the end of 2021, the Sustainability Steering Group approved Martela's new CR action plan for 2022–2035. The plan includes overall goals including economic, social and environmental aspects of sustainability.

| Goal | Schedule |
|--|------------|
| EBIT level of 8 per cent excluding non-recurring items | Long term |
| Increase the share of the service business | Long term |
| Customer employee wellbeing, knowledge workers <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 | Mid term |
| Martela employee wellbeing: <ul style="list-style-type: none"> People Power® rating to reach AAA level in People Spirit survey Annual survey, action plans and implementation | Mid term |
| Improvements in work and learning environments and reducing environmental impact with Martela Lifecycle ensuring the best customer experience <ul style="list-style-type: none"> To identify the real need to develop efficient environment that supports 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 | Mid term |
| 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 <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 | Short term |

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 an efficient environment that supports 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 the surrounding society. User-centric work and learning environments designed and implemented for customers increase wellbeing at work and consequently, customers' productivity and operational capacity. Almost 73% of Martela's economic value 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 to 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 ser-

vice and the degree and method of refinement of each product.

51% of Martela Groups's consolidated purchases of products and services come from countries in which Martela operates (Finland, Sweden, Poland and Norway) and 42% is sourced from other European countries. Martela wants 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 survey, in which people in key positions in companies from various industries are interviewed. The 2021 survey was conducted in an internet panel from 21 September to 29 October. Office furniture suppliers were evaluated by 534 people. Among the 11 companies in the comparison of office furniture suppliers, Martela was number one in the overall rating for the seventh time in a row, with Martela Outlet in third place this time. Martela performed excellently in the 12 areas of the study, achieving seven first places: e.g. product quality, product functionality and combinability, coverage of the offering, product appearance and delivery reliability were rated the best. Martela Outlet took first place in

professional customer service. In the NPS (Net Promoter Score) comparison, Martela achieved a shared double victory: Martela was ranked first and Martela Outlet second.

Martela also monitors its customers' satisfaction with surveys sent after deliveries and periodical customer experience measurements. According to continuous feedback from 2021, overall customer satisfaction rose from the previous year to an average of 9.1 on a scale of 1–10. Martela received particularly good reviews for the professionalism of the personnel and the quality of the deliveries and installation work. 119 (2021, 96) people responded to a periodical customer experience survey conducted in January 2022. The NPS (Net Promoter Score) of the respondents rose from 49 in the previous year to 57, with 61% of the recommenders, 35% passive and 4% reviewers. Correspondingly, the Satisfaction Score (CSAT) was 4.2 on a scale of 0–5. The results will be reviewed with those who have left their contact information and the results will be analysed in order to take the necessary development measures. The relative number of customer claims to order lines decreased from the previous year, while the number of order lines increased. The number of claims was 2.84% of order lines during 2021. Due to global material and logistics challenges and growing demand towards the end of the year, delivery accuracy decreased from previous years, dropping the annual average to 86%.

Economic value by stakeholder group

| | 2019 | 2020 | 2021 |
|---|-------|-------|-------|
| Payments to material, product and service providers | 71.9% | 71.4% | 72.9% |
| Employee wages | 20.6% | 21.7% | 21.1% |
| Employee social security & pension | 4.4% | 4.5% | 4.3% |
| Dividends paid to shareholders | 0.4% | 0.0% | 0.0% |
| Other (taxes, paid interest, investments) | 2.7% | 2.4% | 1.7% |

Customers' needs are changing

The COVID-19 pandemic has permanently changed the way of working and our workplaces. The transition to hybrid work combining remote working and office working has accelerated, and organisations now need to re-evaluate workplaces and their lifecycle. The change in the ways 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 business and employee needs, while 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, remote workstations and relocation services for work environment as well as continuous optimisation

and maintenance. Martela is responsible for the need assessment of the workplace, the selection, manufacturing, installation and maintenance of durable, flexible and long-lasting products and after the furniture is no longer needed, for finding a new life for the furniture with another customer or responsible utilisation of the materials it contains.

Martela's design philosophy has always been to create products that last for decades from one user to another. 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 is adapted to trends and changing customers' needs with relatively minor modifications. During 2021, Martela launched a new Elly chair series and the Alku table series was supplemented with a cross base. Armrests that are detachable without tools were developed to James chair series. Fixed wall and table modules were added to the Noora sofa family that allows the sofa group to form quiet corners. When voice attenuation is important, you should choose from the PodBooth product range, which was supplemented with a two-person conference room, PodBooth Duo. As part of the responsible maintenance of the collection, products and versions with low customer demand are also actively removed from the offering.

Controlled supply chain

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 70% of Martela's total purchases, with the share of other products and services being 30%. 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 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 consolidated its supplier base to gain improvements in logistics, which simultaneously reduces the resulting environmental load. The manufacture of board-based components is centralised in Finland to shorten the supply chain of storage and desktop components and to improve delivery reliability. With good planning and foresight, Kidex was able to secure deliveries during the year while minimising the global effects of the pandemic on material availability and logistics and maintaining a good level of security of supply.

When selecting new suppliers, their ability to deliver products and produce high quality is always assessed, along with their financial background. 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 actively commit to Martela's sustainability policy for the supply chain. Based on self-assessments carried out by suppliers, the most significant environmental aspects 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, the importance of social responsibility in the suppliers' own supply chains is also emphasised. The policy is communicated with each purchase order regardless of the supplier. 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. Martela annually assesses the risks of social responsibility in its supply chain by using country-specific sustainability indicators and, on the basis of the evaluation, 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. State Treasury and Business Finland have granted Martela EUR 126,000 in state support for the development of its business solutions in 2021.

Taxonomy

The EU taxonomy climate criteria currently include criteria for about 40% of economic activity in the EU. The criteria is defined for each sector of activity separately in relation to the significant environmental impacts of the activities of each sector. Martela does not operate in a sector that has currently been defined in taxonomy. Martela is therefore not yet eligible for taxonomy. This does not mean that Martela has not assessed its environmental impact for years and taken measures to mitigate its environmental impact. Martela has also reported the results in eleven annual sustainability reports prior to this one.

CASE

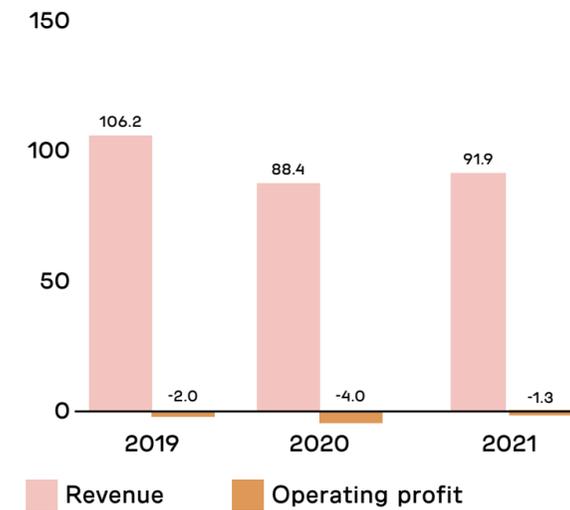
Digia is taking multi-location, flexible work to the next level

The Future of Work project launched at the beginning of 2021 is preparing for post-COVID-19 working life by taking multi-location and flexible working life to the next level. The project has four cornerstones: premises, tools, daily practices and efficient use of data to support work. Jussi Piispanen, Head of Next Level Office, who leads the project says: "One of the aims of the project has been to turn the Digia campus into a network of offices, home offices, and other remote locations where people have the freedom to choose the location for their work that suits each situation and task. In addition to smooth and flexible work, the new kind of working is naturally also evaluated from the perspective of customer needs and supporting team work."

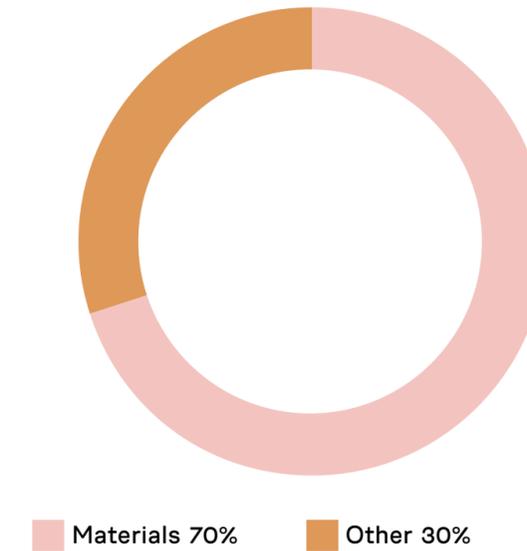
A decision was made at Digia to ensure that home offices are functional and to give the employees the opportunity to choose a desk and a task chair of their liking from selected Martela products. Practicality, ergonomics and aesthetics were highlighted as the most important criteria for the remote workstation. Digia has acquired remote workstations using the flexible *Workplace as a Service* model, in which the company pays a monthly service fee instead of purchasing the furniture. It is easy to change the amount of furniture, and furniture that is no longer needed is responsibly delivered to the next users after maintenance. Deliveries of the home office furniture started towards the end of 2021, and more than 500 electrically adjustable desks have already been delivered to home offices.

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

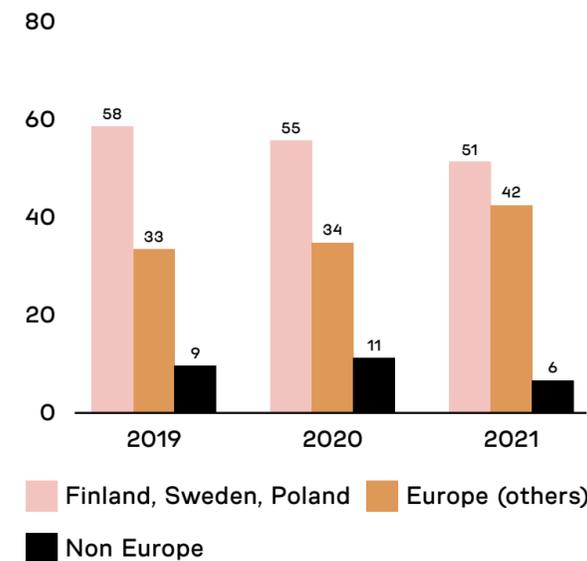
REVENUE AND OPERATING PROFIT (EUR MILLION)



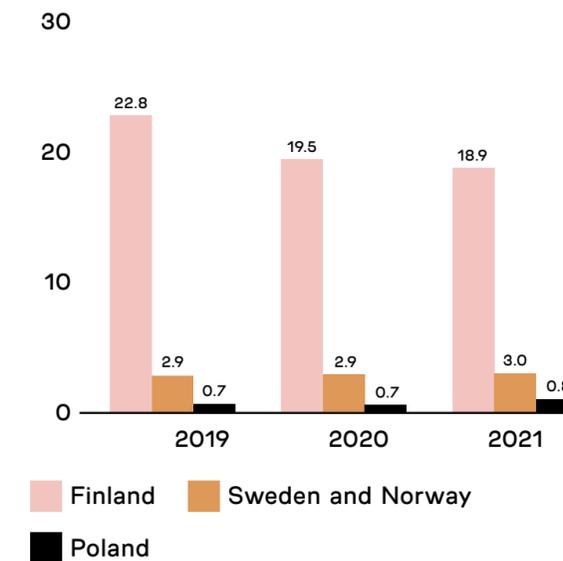
TOTAL PURCHASES (%)



MATERIAL PURCHASES BY AREAS (%)



SALARIES, EMPLOYEE COSTS AND TAXES BY COUNTRIES (EUR MILLION)



Key financial indicators 2021

| | |
|--|------|
| Revenue, EUR million | 91.9 |
| Operating profit, EUR million | -1.3 |
| Equity to assets ratio, % | 22.2 |
| Gearing, % | 74.8 |
| Investments, EUR million | 0.4 |
| Dividends paid, EUR million | 0.0 |
| Market value in the end of 2021, EUR million | 10.3 |

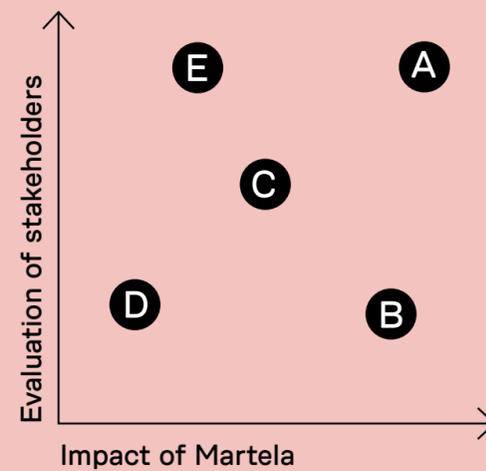
Material spend distribution (%)

| | 2019 | 2020 | 2021 |
|------------------------|-------|-------|-------|
| Wood | 9.8% | 8.6% | 9.6% |
| Plastics | 3.4% | 3.5% | 4.4% |
| Metal | 24.4% | 25.5% | 24.8% |
| Upholstery materials | 4.6% | 4.4% | 3.5% |
| Contract manufacturing | 8.0% | 9.2% | 13.7% |
| Trading | 30.3% | 29.5% | 20.7% |
| Supplies | 14.8% | 13.9% | 16.1% |
| Other | 4.8% | 5.3% | 7.1% |

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 implementor of working and learning environments. This change 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.

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 decreased to 13.2% (17.9) in 2021. Turnover was clearly the high-

est for women and in the under-30 age group, especially in Finland. Most of the new employees during the year were under 30 years old. This is because fixed-term workers, such as summer workers, are included in the calculation.

Martela's personnel consists of professionals from several different industries. Diverse expertise and extensive knowledge 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 services 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. In 2021, 100 euros per person-year were invested in training of employees in the group. In Finland, the employees themselves have recorded an average of about 3.4 hours of training time per person-year in the HR system.

Due to the pandemic, there were no formal development discussions during the year, but they were replaced by other individual discussions. Regular discussions between the supervisor and subordinate as well as team-specific ones play an important role in strengthening each employee's personal commitment to their work. 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. Human resources management focused on safe and ergonomic work as one of the important priorities.

At the end of 2021, Martela had 400 employees (435), of whom 326 were based in Finland, 39 were based in Sweden and Norway and 35 were based in Poland. Martela hired 21 new employees in Finland, three in total in Sweden and Norway and two in Poland. Personnel expenses totalled EUR 22.7 million (23.0).

Values guide actions

The activities of all Martela employees are guided by common values. In the beginning of 2020 Martela developed new values with the personnel 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 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 were further refined in workshops and 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 believed in. With the ongoing changes caused by the pandemic, values, and the values "together" and "caring" in particular, gained new importance and depth in cohesion, helping staff to act and cope in challenging situations.

Adaptation to the new normal

The COVID-19 pandemic and adaptation to its consequences had a significant impact on all operations. Many measures were launched to ensure safe work, considering country-specific and regional regulatory guidelines and guidelines were updated according to changing situations. For office personnel, the opportunities for working remotely were extensive and remote work was taken into use at the outset of the pandemic. Martela has had a remote work model in use since 2018, so the principles and practices were already familiar. 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 and remodelled to minimise 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 good working ergonomics and easily adjustable office furniture, which may not always be available at home. To secure work ergonomics, the personnel were offered suitable furniture for working from home. By the end of 2021, 35% of office workers were already provided with an

electrically adjustable desk and 24% an ergonomic office chair for home use. Based on the positive experience Martela Outlet chain was able to quickly create a similar service to customer companies. 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. Minor reported cases of exposure and illness demonstrated a high level of commitment by employees to adhere to safe work instructions.

Satisfied employees

The annual People Spirit employee survey for all employees was conducted during spring of 2021. The survey response rate rose from the previous survey to 82%. The People Power® Index is now rated A +, Satisfactory +. There were no major differences in personnel satisfaction between countries and locations. Martela aims to reach the AAA level, meaning that more work remains to be done. According to the respondents, the clearest strengths are the issues related to the efficient operation of the departments, as well as the area of managing one's own work. The workspaces are perceived as functional, the products and services as excellent and the readiness of the staff to exceed expectations was high. Employees' confidence in the ability of senior management to make the right decisions has clearly strengthened, the changes implemented in the company are perceived to have been imple-

mented well and the company's values and goals are considered worth pursuing. Our own work input is perceived as important for the company and, as a strong component of work motivation, clearly exceeded the level of external reference data. Based on the results, practical measures for the development of wellbeing are planned in teams.

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 and one in Poland. 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 internal trainer carried out extensive occupational safety card training for production employees and for both own and external workforce in removal services in Finland. The operations in Finland use a web-based safety observation recording program, through which the likelihood of accidents can be further reduced by processing of collected observations. During 2021, the occupational safety management system in

accordance with the ISO 45001 standard was in use for the first full year.

During its history, Martela has not had any fatal or serious accidents requiring a recovery period of more than 6 months as defined by GRI 403-9. During 2021, there were two accidents at work that resulted in more than 30 days of illness, in both of which the accident associated with moving from one place to another resulted a temporary injury to a finger or ankle. Accidents in 2021 usually resulted in sprains, bruises, or wounds. Martela's LTIF (Lost time injury frequency) rate in Finland was 17.5 and in the group 14.5. The number of accidents increased 10% and resulting sickness absences due to them 61%.

Equality is a part of sustainability

Corporate responsibility is promoted and monitored through annual training and surveys. The sustainability training for 2021 was implemented in the autumn and was attended by 74% of the personnel. The training examined the commitment of Martela's employees to the principles of the Code of Conduct and whether they are aware of the practices when they detect actions that violate them. The survey showed that 97.8% were committed to the principles, while only 57.7% remembered the absolute prohibition of corruption and bribery and 67.7% the absolute prohibition of inappropriate behaviour in the work community was raised as a topic at team meetings. However, 87.2% of respondents knew what to do if they found someone

acting against the principles. To initiate an investigation, the majority of respondents would like to have a confidential conversation with a staff representative (36%), reply to the Martela Whistleblowing Channel on Martela's website (21.5%) or send an email to whistleblowing@martela.com (21.2%). During 2021, no complaint was received through any available channel.

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. The pay gap review was carried out in 2021 only in Finland and it was decided not to conduct it in Poland, Sweden, and Norway due to the small number of employees. In Finland, the lowest wages paid by Martela were 19% higher than the minimum wage. For blue collar workers the average total earnings gap for women was slightly higher than for men, i.e. 102%, and in the group of knowledge workers the average earnings of women were 92% of the average earnings of men during 2021.

In 2021 the Martela Group's Board of Directors comprised six members, three men and three women. At the end of the year, the Group Management Team had five members, one woman and four men. Of Martela's entire personnel, 68% are men and 32% are women. The largest age group is 30–50, representing 34% of all employees, with the average age being 47. The oldest employee was aged 72.

Safe products

The physical products offered by Martela are furniture items intended for use in normal office and learning environments. Product safety can be ensured by testing them according to the criteria in European product standards specified for different product groups and specific purposes of use. Martela's product development phase includes so-called type testing to ensure not only the safety of the product, but also the ergonomics and long useful life of a product before the products are launched on the market. For 30 years, Martela has had its own furniture testing laboratory in connection with its Nummela unit. In the laboratory, the durability and stability of furniture products and their compliance with dimensional requirements can be tested. The accreditation of the laboratory has ensured that the test results of the laboratory are comparable with the results of other accredited testing laboratories. Accredited test results are also one of the requirements of the Möbelfakta eco-label. At this point, no harmonised European standards are yet 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 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 variants 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 for furniture that meets high quality, environmental and social responsibility requirements, managed by the Möbelfakta Sverige AB, a non-profit company. The Möbelfakta label is an ISO 14024 type I eco-label 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.



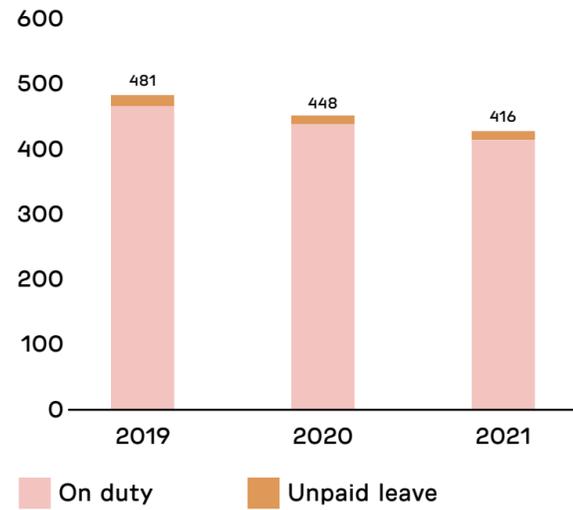
Yrityskylä Business Village

The Yrityskylä business village is intended for sixth-graders and ninth-graders to learn about society, the economy, working life and entrepreneurship. The Yrityskylä learning environment for sixth-graders is a miniature town where the children work in a profession and get paid for their work. They also act as consumers and citizens of the Finnish society. The latest Yrityskylä Häme for sixth-graders opened in Lahti in 2022, extending the reach of Yrityskylä Business Village to 83% of sixth-graders in Finland.

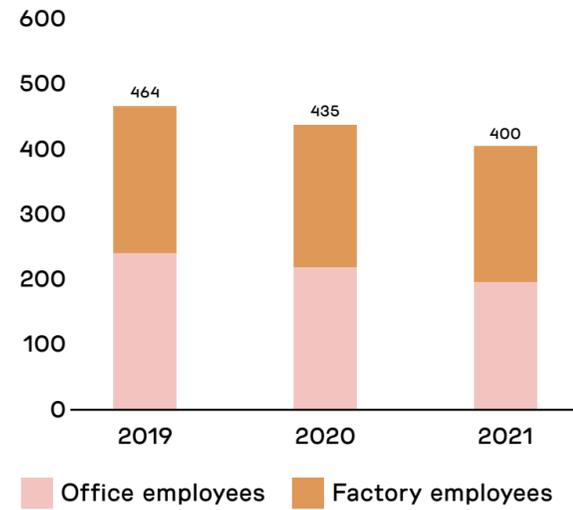
Martela provides the Yrityskylä learning environment with furniture for sixth-graders in all its locations in Finland. There is also a little Martela in each Yrityskylä learning environment, where pupils can work as Martela's CEO, work environment expert or sales professional. The pupils learn about the design and implementation of sustainable, user-centric environments. Understanding the meaning of the circular economy is an important social aspect.

Read more: www.martela.com/cases/yrityskylä-business-village

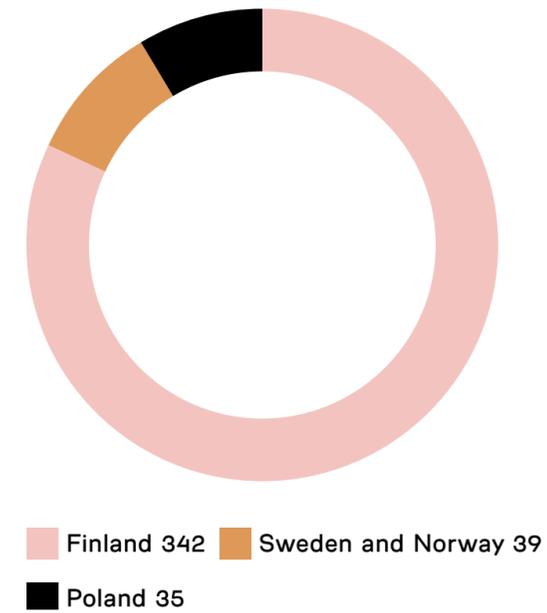
NUMBER OF PERSONNEL AT YEAR END



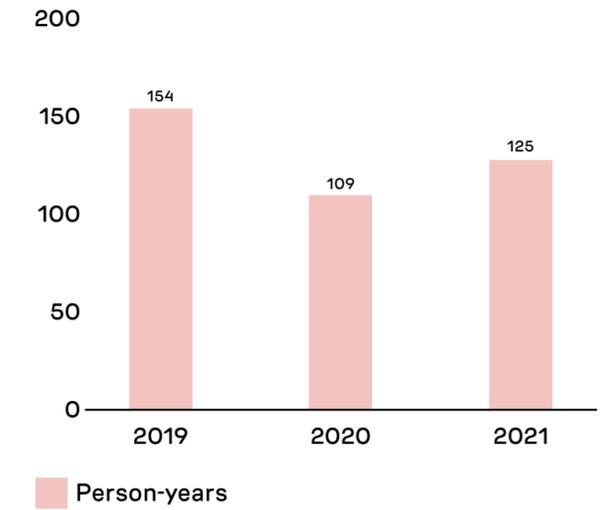
PERSONNEL GROUPS AT YEAR END



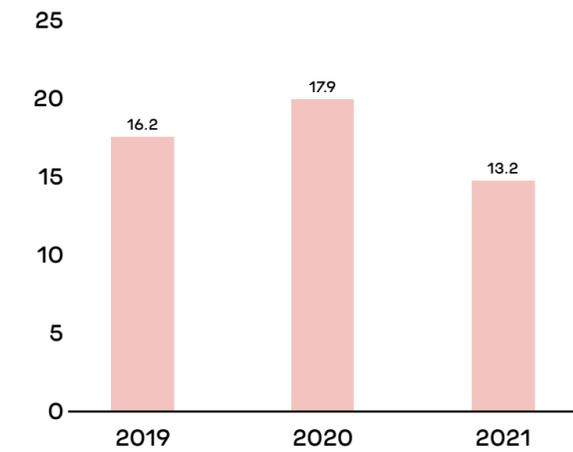
PERSONNEL BY COUNTRIES AT YEAR END



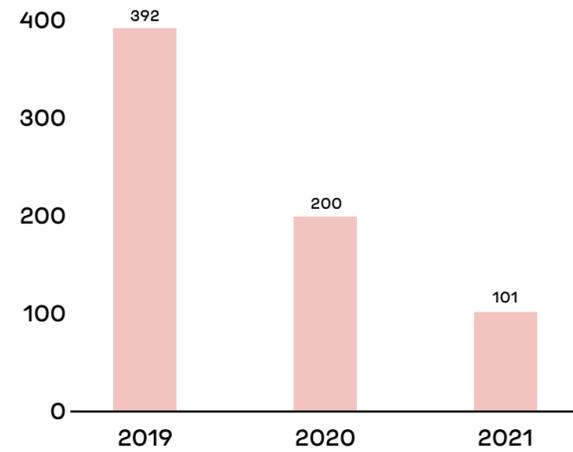
EXTERNAL RESOURCES



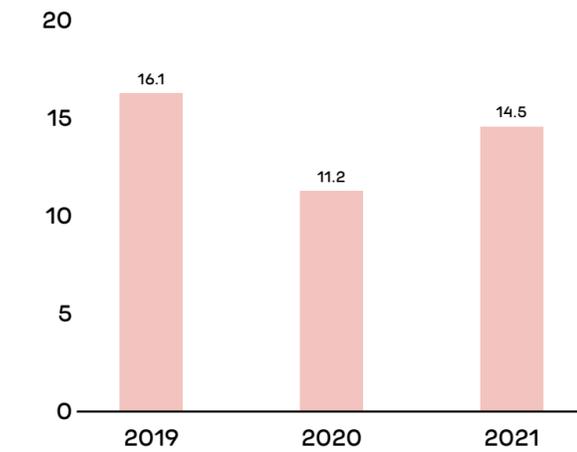
EMPLOYEE TURNOVER (%)



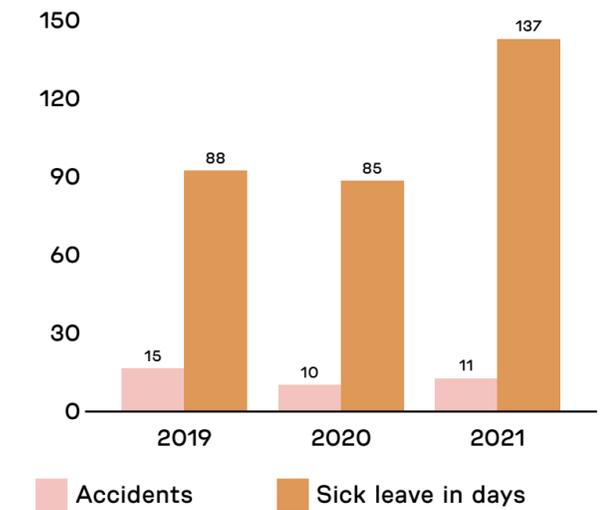
TRAINING (EUR/EMPLOYEE)



LOST WORKDAY INJURY FREQUENCY (LWIF)



OCCUPATIONAL ACCIDENTS AND RESULTING SICK LEAVE DAYS



Age and gender distribution of the Management Team and the Board

| | | 2019 | 2020 | 2021 |
|---------------------------|--------|------|------|------|
| GMT | | | | |
| Under 30 | male | 0% | 0% | 0% |
| | female | 0% | 0% | 0% |
| 30–50 | male | 100% | 83% | 40% |
| | female | 0% | 0% | 20% |
| Over 50 | male | 0% | 0% | 40% |
| | female | 0% | 17% | 0% |
| Board of Directors | | | | |
| Under 30 | male | 0% | 0% | 0% |
| | female | 0% | 0% | 0% |
| 30–50 | male | 14% | 29% | 33% |
| | female | 14% | 14% | 17% |
| Over 50 | male | 43% | 29% | 17% |
| | female | 29% | 29% | 33% |

Gender distribution of personnel by groups of employees

| | | 2019 | 2020 | 2021 |
|----------------------------------|--|------------|------------|------------|
| White collar | | | | |
| male | | 26% | 23% | 26% |
| female | | 25% | 26% | 22% |
| Senior management | | | | |
| male | | 5% | 4% | 3% |
| female | | 2% | 2% | 2% |
| Managerial and specialist | | | | |
| male | | 21% | 19% | 23% |
| female | | 23% | 25% | 20% |
| Blue collar | | | | |
| male | | 41% | 42% | 42% |
| female | | 8% | 9% | 10% |
| All employees | | | | |
| male | | 67% | 65% | 68% |
| female | | 33% | 35% | 32% |

Total workforce by region and employment contract

| | | 2019 | 2020 | 2021 |
|---------------|-------------------|------------|------------|------------|
| Finland | fixed-term | 5 | 1 | 4 |
| | regular | 380 | 360 | 322 |
| Poland | fixed-term | 1 | 0 | 0 |
| | regular | 38 | 36 | 35 |
| Sweden+Norway | fixed-term | 1 | 1 | 0 |
| | regular | 39 | 37 | 39 |
| Group | fixed-term | 7 | 2 | 4 |
| | regular | 457 | 433 | 396 |

Total workforce by region and gender

| | | 2019 | 2020 | 2021 |
|---------------|---------------|------------|------------|------------|
| Finland | male | 267 | 250 | 229 |
| | female | 118 | 111 | 97 |
| Poland | male | 24 | 20 | 19 |
| | female | 15 | 16 | 16 |
| Sweden+Norway | male | 17 | 15 | 16 |
| | female | 23 | 23 | 23 |
| Group | male | 308 | 285 | 264 |
| | female | 156 | 150 | 136 |

Total number and rate of new employee hires by gender

| | 2019 | | 2020 | | 2021 | |
|--------|--------|------|--------|------|--------|------|
| | Number | Rate | Number | Rate | Number | Rate |
| male | 34 | 52% | 37 | 66% | 14 | 54% |
| female | 31 | 48% | 19 | 34% | 12 | 46% |

Total number of leavers and turnover rate by gender

| | 2019 | | 2020 | | 2021 | |
|--------|--------|------|--------|------|--------|------|
| | Number | Rate | Number | Rate | Number | Rate |
| male | 45 | 14% | 63 | 20% | 31 | 11% |
| female | 39 | 23% | 23 | 15% | 28 | 19% |

Total number and rate of new employee hires by age

| | 2019 | | 2020 | | 2021 | |
|-------|--------|------|--------|------|--------|------|
| | Number | Rate | Number | Rate | Number | Rate |
| < 30 | 32 | 49% | 33 | 59% | 16 | 62% |
| 30–50 | 22 | 34% | 18 | 32% | 5 | 19% |
| > 50 | 11 | 17% | 5 | 9% | 5 | 19% |

Total number of leavers and turnover rate by age

| | 2019 | | 2020 | | 2021 | |
|-------|--------|------|--------|------|--------|------|
| | Number | Rate | Number | Rate | Number | Rate |
| < 30 | 23 | 77% | 30 | 88% | 14 | 61% |
| 30–50 | 36 | 14% | 29 | 12% | 25 | 11% |
| > 50 | 25 | 12% | 27 | 14% | 20 | 11% |

Total number and rate of new employee hires by region

| | 2019 | | 2020 | | 2021 | |
|---------------|--------|------|--------|------|--------|------|
| | Number | Rate | Number | Rate | Number | Rate |
| Finland | 48 | 74% | 50 | 89% | 21 | 81% |
| Poland | 4 | 6% | 1 | 2% | 2 | 8% |
| Sweden+Norway | 13 | 20% | 5 | 9% | 3 | 12% |

Total number of leavers and turnover rate by region

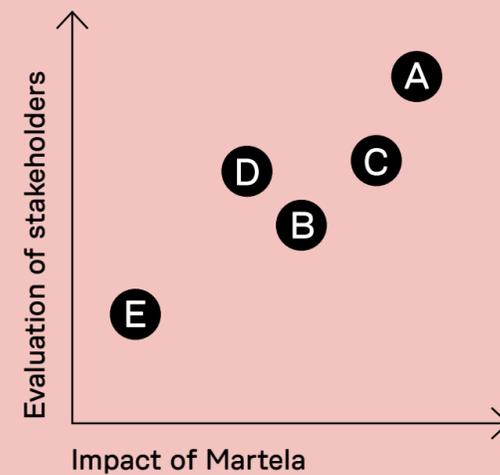
| | 2019 | | 2020 | | 2021 | |
|---------------|--------|------|--------|------|--------|------|
| | Number | Rate | Number | Rate | Number | Rate |
| Finland | 70 | 77% | 75 | 88% | 51 | 61% |
| Poland | 3 | 14% | 5 | 12% | 4 | 11% |
| Sweden+Norway | 11 | 12% | 6 | 14% | 4 | 11% |

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 circular economy 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 management with lifecycle service

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 reduce 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 life of facility and furniture while also ensuring 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. However, as Martela does not yet have data on the development 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 footprint saved by using the lifecycle services is significantly higher than Martela's scope 1 and 2 carbon footprint. Martela is participating in the carbon handprint project led by VTT, LUT University, which began in 2021, with the aim of comparatively calculate the company's positive climate impacts.

Durability against throwaway culture

The sustainability of products and services must be designed before they are offered to the market. 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. It is also important that the purchase of the product is based on needs of the user and the product is suitable for the intended use.

For more than 75 years, Martela's operations have been developed with environmental considerations in mind. Sustainability is reflected in its comprehensive assessment of environmental effects throughout the value chain and in 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 chair from 1955 and the Kari chair from 1969, which are still in production. Classic design is timeless.

The circular economy aspect of furniture also plays a key role in 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. When designing new office space solutions for customers, their old furniture can either be included in the new design or recycled responsibly through Martela. As part of its comprehensive service, Martela also offers a circular economy service to its customer companies. In 2021, the amount of used furniture received from customers for material recovery decreased from the previous year to 2.6 million kilos. Nearly 70% of this material is wood-based and 18% is other material suitable for energy recovery. Only 13% is metal and can be recycled as material. Some of the products received through the circular economy service are passed on to various partners. Used furniture in good condition is cleaned and refurbished at Nummela production and then made available for corporate and private customers through the Martela Outlet webshop and stores. In 2021, around 22,000 pieces of used furniture found new homes through the Martela Outlet chain. Martela Outlet sales accelerated due the increased need for ergonomic workstations in homes during the pandemic. In addition, about 1,600 pieces of furniture found a new user through partners.

Customer steers the 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 comprehensive standard fabric selection have, however, shorter delivery time. Remanufacturing in Nummela 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 increased almost 14% compared to the previous year, as the pandemic eased during the summer of 2021. The remanufacturing volumes increased by more than 11% as refurbished furniture was needed for ergonomic working from home.

Manufacturing processes are designed according to delivery time categories. Components for products with short delivery time are waiting for customer orders in Martela's logistics centre, and components for products with longer delivery times in their standard supply chain. Although the pandemic hampered the worldwide availability of materials and components, well-established supplier relationships resulted in a good level of security of supply for our customers.

Unified processes in control

Martela's head office, Martela House, has located in Pitäjänmäki, Helsinki, Finland for 20 years and will move to Keilaniemi, Espoo, Finland during 2022. 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 table top and storage unit components are manufactured in Kidex 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. Since the beginning of 2021, Martela has also had 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 high-quality and predictable sourcing with the lowest possible environmental load. Wood materials are sourced from sustainably grown commercial forests.

In 2021, the amount of material used for production decreased by 10% from the previous year, reaching around 8.2 million kilograms. Purchase item data reveals that nearly 50% of the materials used were wood-based and 22% were metal-based. Material or weight information is not comprehensive in the system and group "Others" accounted for 25% that includes unspecified materials. 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 7% 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.

The products' packaging materials are optimised so that they guarantee product quality during transportation using as little packaging as possible. The

Purchased materials, 1,000 kg

| | 2019 | 2020 | 2021 |
|---------------------------------|-------|-------|-------|
| Wood | 4,912 | 3,089 | 4,058 |
| Metals | 2,041 | 1,844 | 1,797 |
| Plastic components and paddings | 227 | 201 | 238 |
| Glass components | 2 | 0 | 0 |
| Other | 2,114 | 1,765 | 2,071 |

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. In 2021, the production waste generated by the entire group amounted to 1.7 million kilos, of which 99.7% was recovered. The decrease in waste comes from a decrease in the amount of wood-based fractions. Only 0.3% 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 no hazardous substances are used. The relative emissions of volatile organic compounds (VOC) from Kidex Oy's plant fell by half as the number of units with surface treatment

doubled. Last year's total VOC emissions were only 210 kilos.

Martela's most significant climate impact arises from the use of materials related to products and services offered to customers. Greenhouse gas emissions totalled 10.6 million kilos during 2021, which was almost at the same level as in the previous year. The change in the level of measurement results is due to the inclusion of distribution freight logistics. During the year, emissions from distribution and purchased energy increased, while the climate impact of material use, business flights and leased cars decreased.

Of these emissions, 80% were related to the use of materials purchased for products delivered to customers (scope 3), 5% arose from the indirect use of energy (scope 2) and 8% were related to the installation delivery 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.

During 2021 75% of the value of distribution-related freight transportation were purchased from suppliers who share their CO₂ emissions calculations. Based on this information, the CO₂ emissions from distribution freight logistics were approximately 700 tonnes (scope 3). The carbon dioxide emissions of the long transport sections of the distribution have only been calculated since 2019, when an extensive development project for Martela's freight logistics was launched. The aim is to improve efficiency and reduce climate impact. This share of emissions covered 7% of Martela's total emissions in 2021.

Savings in scope 2 emissions

The amount of indirect greenhouse gas emissions under Martela's scope 2 has decreased by 84% in a decade as indirect energy consumption has fallen by 30%. The largest reduction in greenhouse gas emissions has been achieved by purchasing mainly emission-free electricity. Martela's energy intensity in 2021 in relation to net sales was EUR 361 GJ/million and in relation to the production volume of its own products 0.13 GJ/piece. Since energy consumption is not dependent on production volume, the easiest way to reduce energy intensity is to increase production volume or turnover in the same premises.

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. Due to the change of energy supplier, the share of renewable electricity temporarily decreased from 91% to 89%. For the unit in Poland, the lessor is responsible for the procurement of electricity and Polish average coefficients have been used in the climate impact calculations. The premises in Nummela and Kitee mainly use district heating generated from renewable sources of energy. Production facilities in Poland 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 33,200 GJ in 2021. Of the total amount of energy used, 88% was from renewable energy sources, 10% was from fossil sources and 2% was nuclear power. The non-renewable energy comes mainly from district heating used in head office and the nuclear energy is calculated from the av-

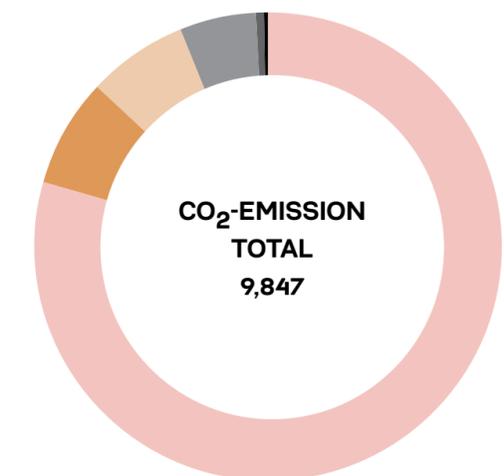
erage coefficients for electricity. The consumption of electricity increased 3% and district heating increased by almost 19% due to the cold winter. The use of heating energy produced from gas increased by 34% due to the cold winter season. Regional environmental working groups monitor the implementation of measures related to reducing energy consumption, as well as other measures related to environmental protection.

Scope 1 emissions removed

Almost a decade ago, Martela burned oil to heat its properties. Since 2014 the premises have been heated with purchased energy, which is why this part of scope 1 emissions has transformed to scope 2 emissions. Purchased energy is also mainly from renewable energy sources instead of the previous fossil fuel oil. The environmental effects of Martela's installing distribution 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. However, most of the time, delivery fleet is parked at the production site for loading or at the customer's site for unloading. In addition to its own transportation fleet, Martela uses leased vehicles and the services of partners. In 2021, the indicator for emissions from transportation was mainly calculated using the mileage per vehicle in its own fleet. With older fleet, delivery vans and fleet of its partners, it still had to resort to es-

timates 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 increased 4% from previous year and amounted to 795 tonnes, while NO_x emissions totalled 1.3 tonnes and SO₂ emissions totalled 3 kilos. All the emissions from installing distribution have all been included in scope 1.

CO₂ EMISSION DIVISION (1,000 KG)



- Material use 8,409
- Install distribution 795
- Freight distribution 712
- Purchased energy 563
- Company cars 70
- Business flights 10

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. The telework recommendations and assembly restrictions caused by the pandemic had a significant impact on emissions from travel during the year.

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 continued to decrease to 10 tonnes due to the travel ban caused by the pandemic. Data on the climate impact of business operations in Norway is not yet available.

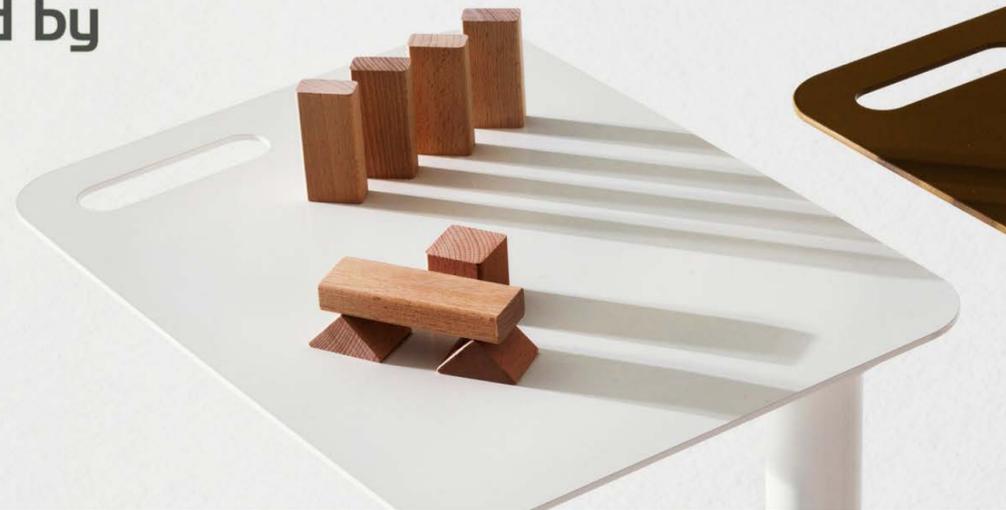
Emissions from company cars are also monitored closely. The number of leased company cars used in Finland decreased during 2021 and the average carbon dioxide emissions decreased to 128 g/km. The maximum emission limit in Martela's company car guidelines is 170 g/km and only one company car produces emissions that exceed the guidelines. The total CO₂ emissions from all leased company cars used by Martela's employees were calculated to be approximately 70 tonnes.



CASE



Carbon neutrality empowered by handprint



Martela participates in the Carbon neutrality empowered by handprint project

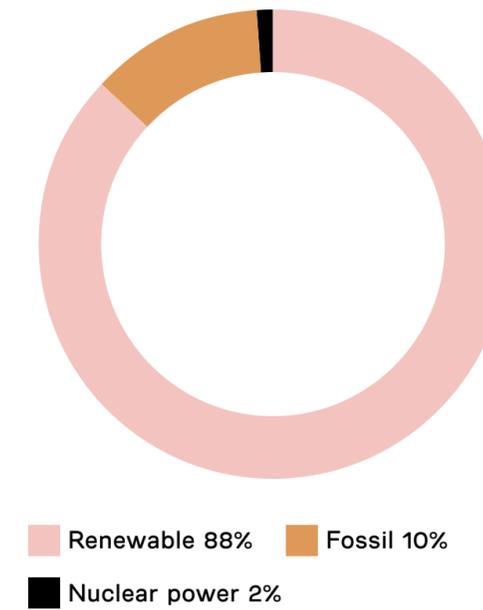
Martela participates in developing a reliable way to showcase carbon neutrality and the environmental benefits of circular economy solutions. The project 'Carbon neutrality empowered by handprint' is advancing the business opportunities and competitiveness of Finnish companies by developing an international framework for companies to reliably and credibly show their 1) climate neutrality and 2) the positive environmental impacts (handprint) of circular economy solutions.

"A clear, internationally accepted understanding of carbon neutrality and a reliable showcase of the environmental benefits of circular economy solutions will provide companies the means for build-

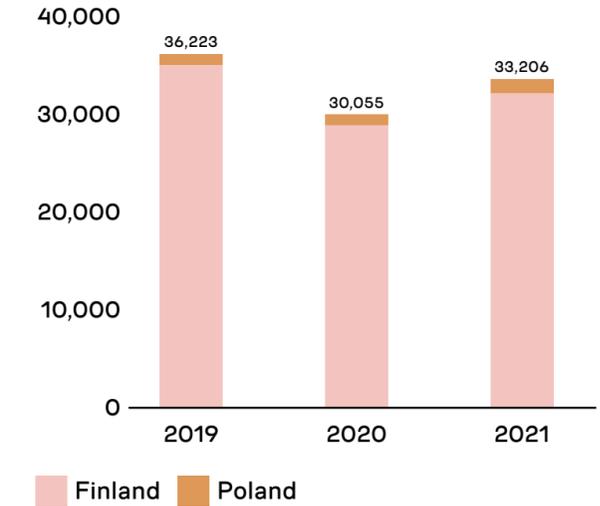
ing a reliable and coherent environmental strategy and for reducing emissions systematically in a business-friendly way. A holistic and science-based framework for the environmental benefits of circular economy solutions will foster the exports of such solutions. Both frameworks support companies in adjusting to alternating operational environments, help them stand out, and speed up the commercialisation and export of new solutions," says project's manager Saija Vatanen, at VTT.

Read more: www.martela.com/about-us/about-martela/news-articles/martela-participates-in-carbon-neutrality-empowered-by-handprint-project

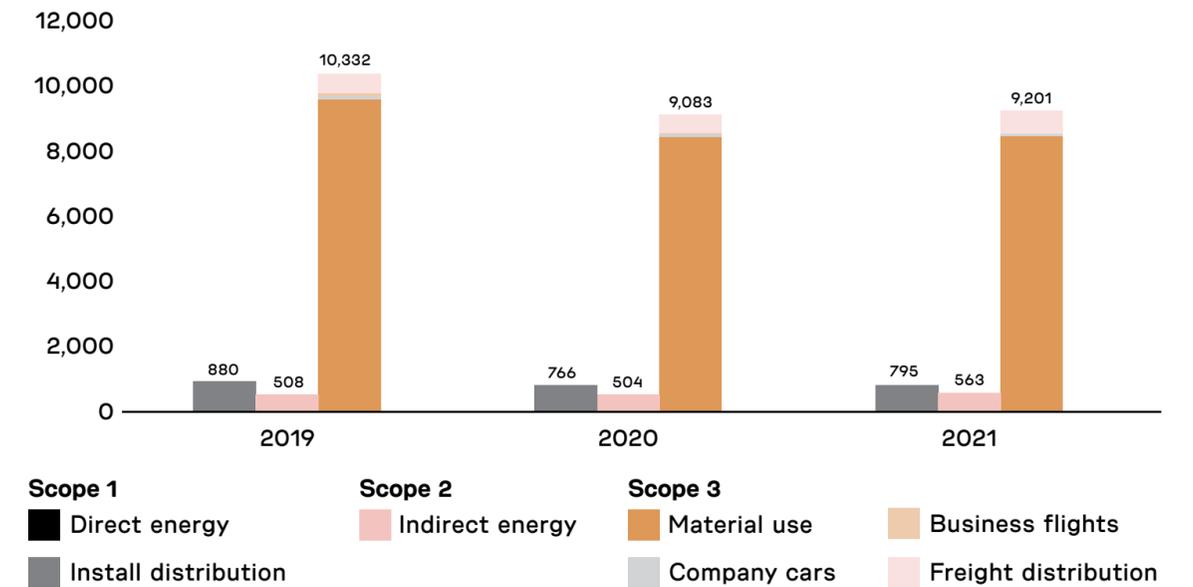
SOURCES OF INDIRECT ENERGY (%)



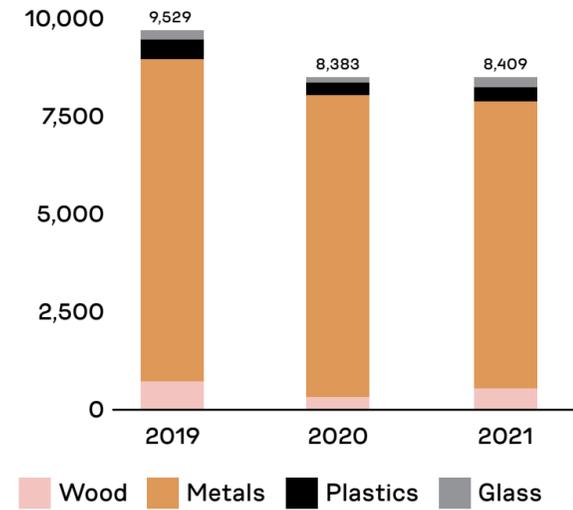
USE OF INDIRECT ENERGY (GJ)



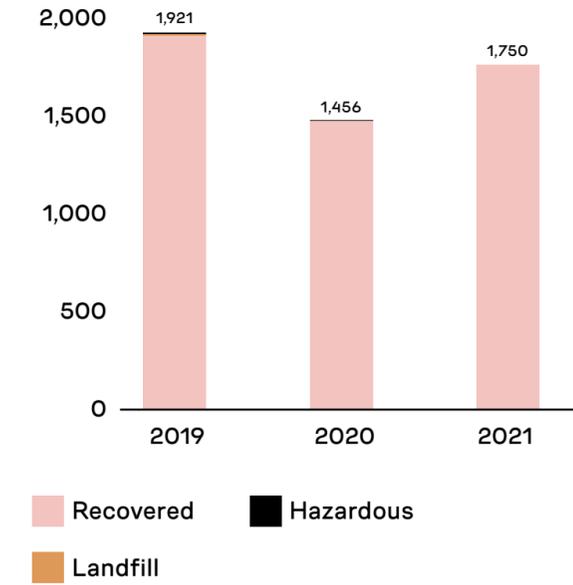
CO₂ EMISSION DIVISION (1,000 KG)



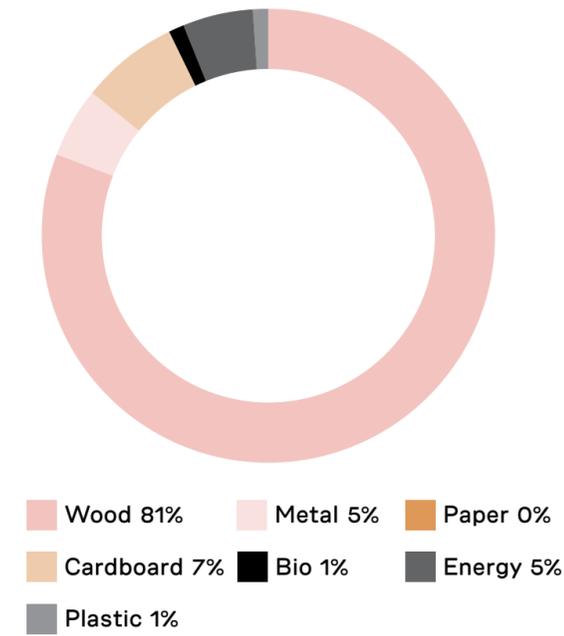
CO₂ EMISSIONS OF MATERIALS (1,000 KG)



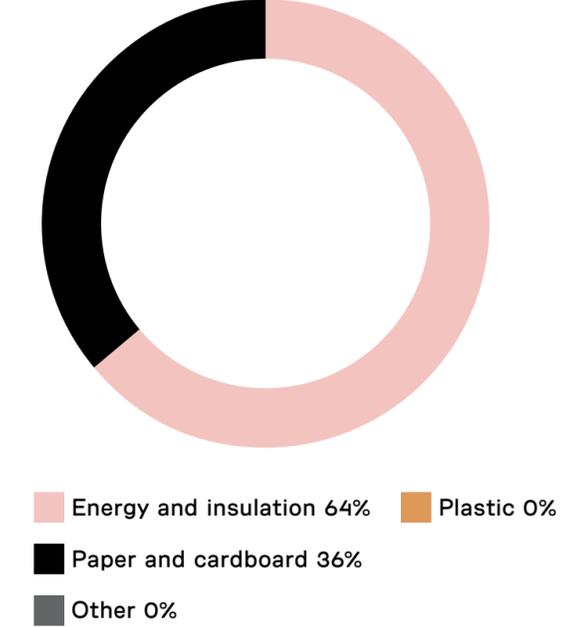
PRODUCTION WASTE, FINLAND (1,000 KG)



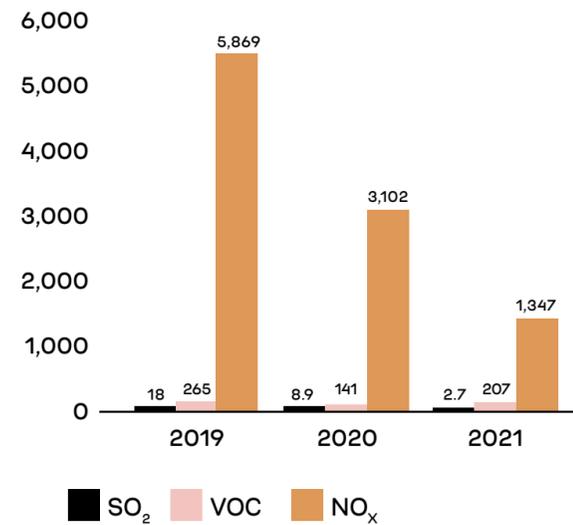
RECOVERED WASTE, FINLAND (%)



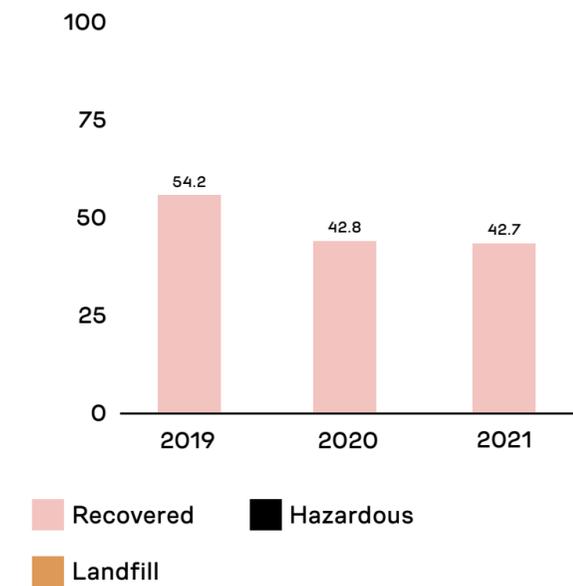
RECOVERED WASTE, POLAND (%)



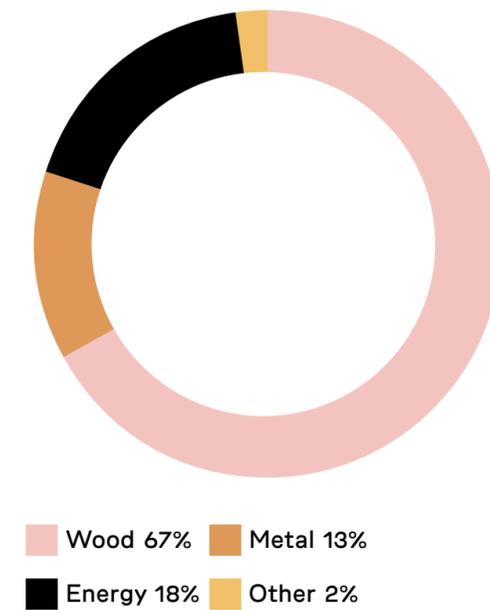
EMISSIONS TO THE AIR (KG)



PRODUCTION WASTE, POLAND (1000 KG)



USED MATERIALS FROM CUSTOMERS IN FINLAND (%)



GRI 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. Movies to Espoo during 2022 |
| | 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. 24–30 |
| | 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 2021 |
| | 102-11 | Precautionary Principle or approach | Martela Annual report 2021 p. 11–18 |
| | 102-12 | External initiatives | Contents and scope of report p. 4 |
| | 102-13 | Membership of associations | Economic responsibility p. 19–23 |
| 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, www.martela.com/about-us/sustainability/corporate-responsibility |

| Global Compact | GRI standard | Description | Location and comments |
|----------------|-------------------------------------|---|--|
| | GRI 102: General Disclosures | | |
| | Governance | | |
| | 102-18 | Governance structure | Martela Annual report 2021 p. 62–66 |
| | 102-19 | Delegating authority | Martela Annual report 2021 p. 62–66 |
| | 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. 14-16 |
| | 102-22 | Composition of the highest governance body and its committees | Martela Annual report 2021 p. 67–68 |
| | 102-23 | Chair of the highest governance body | Martela Annual report 2021 p. 67 |
| | 102-24 | Nominating and selecting the highest governance body | Martela Annual report 2021 p. 62–66 |
| | 102-25 | Conflicts of interest | Martela Annual report 2021 p. 62–66 |
| | 102-26 | Role of highest governance body in setting purpose, values, and strategy | Martela Annual report 2021 p. 62–66 |
| | 102-27 | Collective knowledge of highest governance body | Martela Annual report 2021 p. 62–66 |
| | 102-28 | Evaluating the highest governance body's performance | Martela Annual report 2021 p. 62–66 |
| | 102-29 | Identifying and managing economic, environmental, and social impacts | Martela Annual report 2021 p. 62–66 |
| | 102-30 | Effectiveness of risk management processes | Martela Annual report 2021 p. 62–66 |
| | 102-31 | Review of economic, environmental, and social topics | Martela Annual report 2021 p. 62–66 |
| | 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 2021 p. 62–66 |
| | 102-37 | Stakeholders' involvement in remuneration | Shareholders that represent over 50% of company's voting rights shall propose to Annual General Meeting the composition and remuneration of the Board of Directors. |
| | 102-38 | Annual total compensation ratio (of highest local to median) | Decreased to 5.30 (2020: 5.71) |
| | 102-39 | Percentage increase in annual total compensation ratio | 204%: compensation to CEO decreased 13% and average salary decreased 6% |
| | Stakeholder engagement | | |
| x | 102-40 | List of stakeholder groups | Stakeholders and their expectations p. 13 |
| | 102-41 | Collective bargaining agreements | 91%, 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 2021 p. 44 |
| | 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. 19–37 |
| | 102-48 | Restatements of information | Contents and scope of report p. 4, GRI-standard content index p. 38–42 |
| | 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. 38–42 |
| | 102-55 | GRI content index | GRI-index p. 38–42 |
| | 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. 19–37 |
| | 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. 19–23 |
| | 201-3 | Defined benefit plan obligations and other retirement plans | Martela Annual report 2021 p. 40 |
| | 201-4 | Financial assistance received from government | Economic responsibility p. 19–23 |
| | GRI 202: MARKET PRESENCE | | |
| x | 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | Social responsibility p. 24–30 |
| | 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. 19–23 |

| Global Compact | GRI standard | Description | Location and comments |
|-------------------------------------|--------------|---|--|
| 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. 19–23 |
| | 205-3 | Confirmed incidents of corruption and actions taken | There have been no cases of corruption in Martela's operations during 2021 |
| 300 - ENVIRONMENTAL IMPACTS | | | |
| GRI 301: MATERIALS | | | |
| x | 301-1 | Materials used by weight or volume | Environmental responsibility p. 31–37 |
| x | 301-2 | Recycled input materials used | Environmental responsibility p. 31–37 |
| | 301-3 | Reclaimed products and their packaging materials | Environmental responsibility p. 31–37 |
| GRI 302: ENERGY | | | |
| x | 302-1 | Energy consumption within the organization | Environmental responsibility p. 31–37 |
| | 302-2 | Energy consumption outside of the organization | Environmental responsibility p. 31–37 |
| | 302-3 | Energy intensity | The energy purchased (district heating, electricity, gas) by Martela in relation to net sales was 361 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. 31–37 |
| x | 305-2 | Energy indirect (Scope 2) GHG emissions | Environmental responsibility p. 31–37 |
| | 305-3 | Other indirect (Scope 3) GHG emissions | Environmental responsibility p. 31–37 |
| | 305-4 | GHG emissions intensity | Environmental responsibility p. 31–37 |
| | 305-5 | Reduction of GHG emissions | Environmental responsibility p. 31–37 |
| | 305-6 | Emissions of ozone-depleting substances (ODS) | Environmental responsibility p. 31–37 |
| x | 305-7 | Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions | Environmental responsibility p. 31–37 |
| 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. 31–37 |
| 400 - SOCIAL IMPACTS | | | |
| GRI 401: EMPLOYMENT | | | |
| x | 401-1 | New employee hires and employee turnover | The total number of new employees was 26, of which 21 in Finland, 3 in Sweden and Norway and 2 in Poland, Social responsibility p. 24–30 |

| 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 | 403-2 | Hazard identification, risk assessment, and incident investigation | |
| | 403-3 | Occupational health services | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 2021 there were occupational safety committees in Finland and Poland, covering 90% 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 90% of the Group's total personnel |
| | 403-9 | Work-related injuries | Social responsibility p. 24–30 |
| | 403-10 | Work-related ill health | Social responsibility p. 24–30 |
| GRI 404: TRAINING AND EDUCATION | | | |
| | 404-1 | Average hours of training per year per employee | The average training hours were 2.8 h and the external training costs averaged EUR 101 per person-year during 2021 |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | Social responsibility p. 24–30 |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | The development discussion model covers all employees, but due to the pandemic it was decided not to implement it during 2021 |
| GRI 405: DIVERSITY AND EQUAL OPPORTUNITY | | | |
| x | 405-1 | Diversity of governance bodies and employees | Social responsibility p. 24–30 |
| | 405-2 | Ratio of basic salary and remuneration of women to men | Social responsibility p. 24–30 |
| GRI 406: NON-DISCRIMINATION | | | |
| | 406-1 | Incidents of discrimination and corrective actions taken | In 2021 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. 19–23 |
| GRI 415: PUBLIC POLICY | | | |
| | 415-1 | Political contributions | Economic responsibility p. 19–23 |
| GRI 416: CUSTOMER HEALTH AND SAFETY | | | |
| | 416-1 | Assessment of the health and safety impacts of product and service categories | Social responsibility p. 24–30 |
| | 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. 24–30 |



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