

# Sustainability report 2023



Martela

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# Martela in brief

Martela is a Nordic leader specialising in user-centric working and learning environments. We create the best places to work and support our customers' business with Martela Lifecycle solutions, which enable furniture and their related services to be integrated into a seamless whole. 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 2023, the Martela Group's revenue was EUR 94.4 million and it employed an average of 403 employees.



# Contents and scope of the report

This, Martela's fourteenth 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 April 27, 2023, this report provides more detailed calculations of climate impacts based on a model created by an independent party with mostly new coefficients. The three-year trend analysis also includes updates to calculations from previous years. Greenhouse gas (GHG) emissions calculations have been expanded to cover Scope 2 beyond factory buildings. Scope 3 calculations now include purchased services and indirect materials. Direct material use calculations

have been extended by assessing materials previously excluded from the calculations. 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 and has been committed to the Sustainable Development Agenda 2030 goals already since 2016. This sustainability reporting has previously served also as Martela's Global Compact report. In 2024, Global Compact will introduce a new separate monitoring approach for the realisation of human rights, labour rights, environmental principles, and anti-corruption principles. This new approach involves separate Communication on Progress reporting, that Martela will submit to the UN Global Compact portal during 2024. Martela's measures to achieve Agenda 2030 goals are described at a general level in this report.

## Taxonomy and CSRD reporting

Taxonomy includes reporting obligations that apply to larger listed companies as defined by the Non-Financial Reporting Directive (NFRD), which pertains

to disclosures related to non-financial information. Since Martela no longer meets these criteria, it is not eligible for taxonomy reporting. Additionally, the first phase of the Corporate Sustainability Reporting Directive (CSRD) also applies to these same listed companies but will expand in 2025 to include medium-sized companies. In Martela's 2025 corporate responsibility report, the CSRD reporting requirements must also be taken into account.

## 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 on [Martela's website](#). 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 2023–2035 and the programme for 2024–2035.

## 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 2024 report in spring 2025.

# CEO's review

Despite the challenging market situation, the year 2023 was a strong period of development at Martela. We participated in Finland's first strategic Circular Design programme to promote a circular economy, which helped to clarify our understanding of the circular economy targets throughout our organisation. The programme encouraged us to further develop our operations based on the choices we make and to increase communication about actions already taken. The importance of sustainability in product design and supply chain must be further clarified to our customers. It is important to understand the significant role that maintaining the longevity of furniture plays in reducing environmental impact and how Martela can help its customers reduce their environmental footprint through its lifecycle services.

## From negative to positive climate impacts

Martela joined the Carbon Neutrality Empowered by Handprint project in 2021, which sought comparable models for calculating the environmental benefits of circular economy solutions. The case analysis related to Martela's life cycle services was

one of the models presented at the project's final seminar on February 14, 2024. The results of the analysis reinforced Martela's belief in the real significance of its lifecycle services in reducing its customers' environmental impact. Instead of focusing on the negative climate impact of furniture manufacturing and maintenance processes, effort should be directed towards the positive climate impact of efforts invested in product longevity.

We are moving towards our 2035 carbon neutrality target by focusing on our positive climate impact, namely our carbon handprint. With our workspace solutions, we can help our customers reduce the environmental impact of their own premises. We have reduced our own carbon footprint by centralising our production and using emission-free electricity in our production since 2015, as well as optimising the use of our facilities. However, the materials used in products still have the greatest climate and environmental impact. Through our Workspace as a Service (WaaS) model, we can reduce the need for virgin materials. Our transformation from a product manufacturer to a service provider based on a lifecycle approach advances our material efficiency and climate goals.



**Martela can help its customers reduce their environmental impact with its lifecycle services."**

## A dynamic workplace with a service model

Due to the uncertain market situation, corporate clients have postponed workplace changes that have become necessary as their business models and work practices have evolved. The realisation of the need of change will increase demand for Martela's services and furniture in the future. When investing in the attractiveness of returning to the office and changing offices to meet the needs of multi-site hybrid work, it is the right moment to also think about the flexibility of furnishing and the rationalisation of maintenance.

Our removal and installation service sales increased during 2023, and our unique Workplace as a Service model increased its share of our turnover. As the focus on circular economy grows, our WaaS model continues to gain momentum. The model is well-suited for a rapidly changing world where flexible workplaces are desired, and unnecessary consumption is to be avoided. The customer receives a complete workplace solution as a service from spatial design to furniture, delivery, installation, and recycling. Our focus on customer experience was recognised with the top ranking in the Workplace Decision-Makers survey by Taloustutkimus for the ninth consecutive time! This shows that

we have been able to support organisations in the right way during major changes in work practices. Warm thanks to our customers for their trust, as well as to the entire Martela personnel and partners for their excellent work!

## Sustainably now and in the future

Martela has been committed to the UN Global Compact sustainability goals for over a decade and has been a member of the Global Compact business network. Our commitment involves ongoing efforts to ensure and improve the sustainability of our supply chain and raise awareness. The origin of the materials we source is important to us, so we expect our suppliers to demonstrate responsibility in their own supply chains. The Möbelfakta label awarded to several of our products emphasises not only the requirements related eco-labelling, but also the quality of the products proven by accredited testing and the sustainability of the entire supply chain. We have clarified our supply chain responsibility policy to provide a clearer understanding of the sustainability requirements and how their implementation is monitored throughout the supply chain based on the audit related to this label. We also continue to utilise the

EcoVadis sustainability assessment model valued by our customer base. EcoVadis is the world's largest sustainability rating agency, assessing 21 sustainability criteria in four categories: environment, labour practices and human rights, fair business practices, and responsible procurement.

In the current year, we will continue to focus on our strategic priorities and realise the benefits of the development work done in 2023. We will continue to invest in active customer engagement and collaborate closely with our value chain partners. In addition to our refurbished furniture online store, we have launched an online store for businesses to facilitate access to new furniture. We will continue to develop our digital service channels and accelerate the development of our service model based on the circular economy and responsibly designed products. Martela contributes to combating climate change both internally and by helping its customers in this effort. Sustainability is a significant part of ensuring that Martela's products and services are durable and usable well into the future. The work for the best work environments continues.

Ville Taipale  
CEO

# Operating environment

Economic growth in the Nordic countries was modest in 2023, which also meant Martela's customers were cautious about making purchasing decisions.

High interest rates and weakened international demand are expected to maintain uncertainty in 2024. On the other hand, the upward pressure on prices and challenges in the availability of raw materials caused by the war in Ukraine have eased and the economic outlook is expected to improve in the second half of the year.

Market uncertainty combined with the changes in the way people work also create new demand for Martela's change services. Workspaces are being adapted to meet the needs of multi-location hybrid work and customers are focusing on making them attractive.

Our products have also attracted interest in the export market. Martela's quality and service are appreciated beyond Finland, and we believe our exports will continue to grow in the future. By developing our digital services, we are further improving our services and laying the foundations for future growth.

## Multi-location work and a focus on sustainability are driving the industry's development

The work ecosystem has expanded and many people work from home and in co-working spaces

for part of the week. Both individuals and companies are still seeking the right balance between remote working and office work. Many organisations are considering smaller premises, and the need for space is assessed not only in terms of savings but also in terms of sustainability.

As the surface area of offices decreases, the importance of quality increases. The key criteria for an office are good location, functionality, adaptability and comfort. A homelike feel is an important requirement for all workplaces. Work requiring concentration, teamwork and spontaneous meetings all require their own spaces.

Considering and enabling the circular economy are increasingly important purchasing criteria when designing working and learning environments. At Martela, sustainability has been an important consideration for decades and since the 2010s, when our new strategy was implemented, our entire business model has been based on workplace lifecycle thinking. We take sustainability into account at every stage, and the circular economy plays an important role.

We comply with the continuously evolving acts and regulations that are related to sustainability in

all our operations. We have also defined specific management principles to guide our corporate responsibility work and our Code of Conduct is our most important guideline. In 2023, we focused on developing the sustainability competence of our employees and our customers and the other stakeholders in our value chain.

The need for flexible solutions has grown significantly as the way we work has changed. This need has also boosted the growth of our Workplace as a Service (WaaS) model. There is no corresponding, equally comprehensive service available on the market. The WaaS model is an effortless way for customers to ensure that their workspace is responsible and up-to-date, without the need for large one-off investments.

Used and refurbished furniture has become a natural part of the furnishing of working and learning environments. More and more organisations are realising the value of their existing furniture, either for their own use or for the use of others. Our Martela Outlet chain meets this need and refurbishes and recycles furniture for the next users. Martela Outlet is one of the largest refurbished and recycled furniture chains in Finland.

## Organisations value good customer experience

In our industry, a growing share of purchasing is done through digital channels. We continued to develop our services and opened a new online store for our Finnish customers at the end of the year. The online store will be further developed and extended to more customer segments in 2024.

In numerous customer encounters, we have supported organisations in finding flexible and sustainable solutions for multi-location working. Our commitment to customer experience was rewarded when we achieved the top ranking in the industry for the ninth time in a row in the workplace decision-makers (TEP) survey conducted by Taloustutkimus!

Our industry will continue to change, and 2024 should see the release of the pent-up need to make changes to offices. The way we work has changed, so we need to look at workplaces with fresh eyes. Those who listen carefully to their customers and offer them solutions that take flexibility and sustainability into account will succeed in meeting this need.

### Time- and cycle-resistant design

The Martela Lifecycle strategy is based on lifecycle thinking, the core of which is high-quality and timelessly designed furniture. Martela's furniture is designed according to circular economy principles to withstand time and circulation from one user to another. Before entering the market, our furniture is also tested in an accredited testing laboratory in accordance with European EN standards. The testing simulates at least ten years of use.

High-quality design enables easy maintenance and restoration of the furniture, extending their life cycle. When choosing materials, we prefer sustainable, recyclable and responsibly produced materials. Durable furniture has many lives, and timeless products can be passed down from generation to generation.

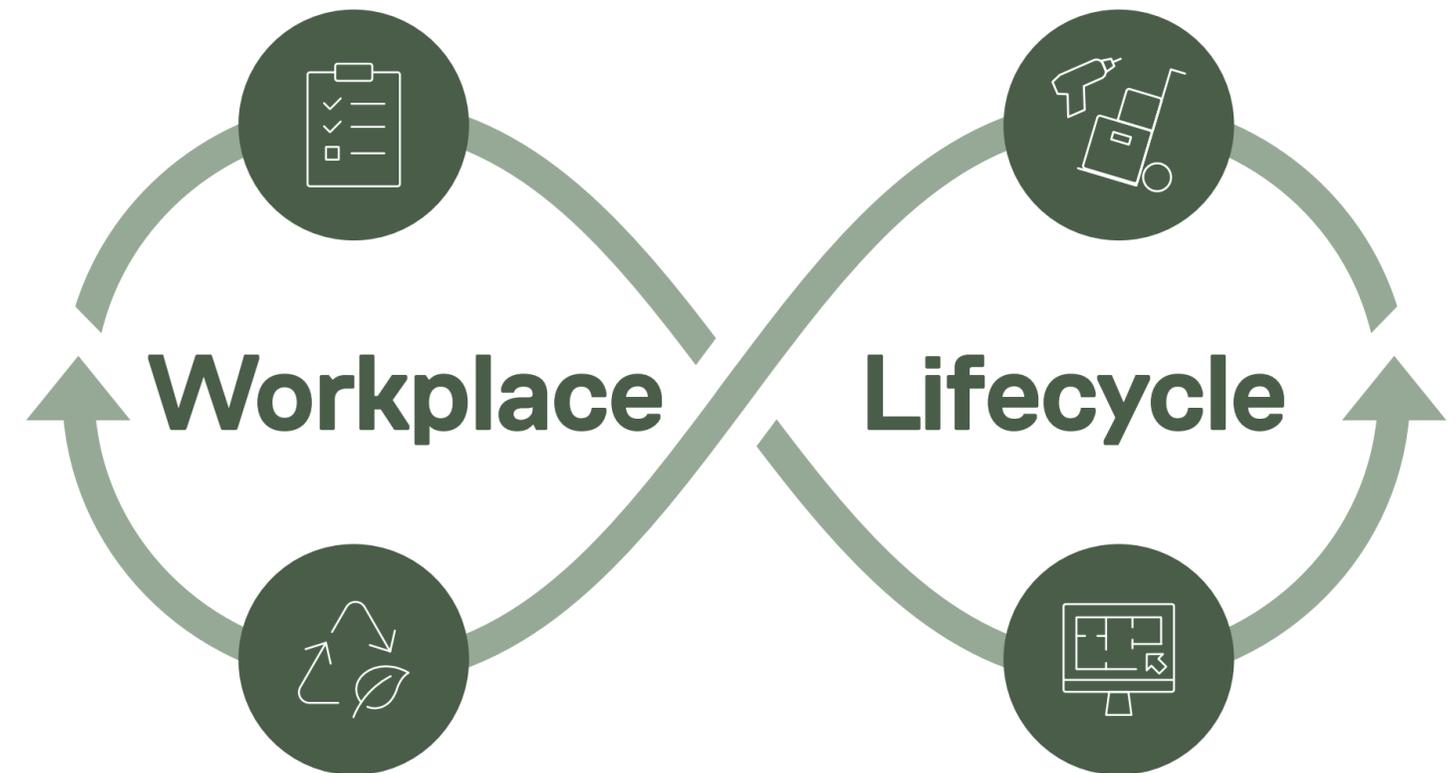
### A FLEXIBLE RENTAL SERVICE BASED ON THE CIRCULAR ECONOMY

In a rapidly changing world, the needs of tomorrow are difficult to predict. Martela's circular econo-

my-based Workplace as a Service model is a smart way to prepare for long-term changes as well.

Thanks to the service model, the work environment is always up-to-date and the organisation only pays a monthly fee for what it really needs. This eliminates the problems associated with owning furniture, and the work environment can be flexibly updated as needs change. The service also includes a furniture maintenance service to extend the life-cycle and a follow-up survey on user experiences. In addition to the company's premises, the service is suitable for the development of, for example, ergonomic home offices and flexible co-working spaces.

In accordance with our Waste Nothing circular economy principle, furniture that is no longer needed but that is still in a good condition will be sold responsibly through the Martela Outlet stores or online shop. Some furniture are serviced and/or reupholstered before they are sold. The materials of furniture that are not suitable for refurbishing are used either as parts of used furniture, as secondary raw materials or in energy production.



### 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 in Martela's operations



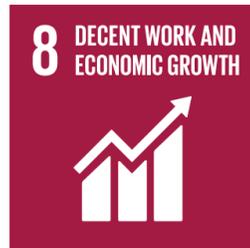
Martela has the biggest impact on the health and well-being of its own and its supply chain personnel by setting goals with the [Sustainability Policy for the Supply Chain](#) and with the [People policy](#) and by evaluating the fulfilment of requirements. Martela also affects the occupational health of customers with user-centric workplace design. For example, 84% of [Staria's](#) respondents of follow-up survey felt that the workplace promotes wellbeing at work.



Martela offers its customers user-centric learning environments. The learning environments we create support activities and future educational ideas, for example in the [Kortepohja school and daycare centre](#). Martela also participates in scientific activities with research organisations, such as the [Carbon neutrality by Handprint](#) project.



Martela influences the equal treatment of its own and its supply chain personnel by setting goals with the [Sustainability Policy for the Supply Chain](#) and with the [People policy](#) and by evaluating the fulfilment of the requirements. Martela achieved second place among the Small Cap companies listed in Helsinki in the diversity of senior leadership in [Impaktly's Nordic Business Diversity Index 2024](#).



Martela helps its customers create inspiring work environments that aim for employee satisfaction and motivates them to return to the office, for example [Volt](#). Martela promotes the working conditions of its own and its supply chain personnel by setting goals with the [Sustainability Policy for the Supply Chain](#) and with the [People policy](#) and by evaluating the fulfilment of the requirements. Martela works to improve the work and economic growth of the entire value chain.



Martela affects the realisation of its own and its supply chain's environmental responsibility by setting goals with the [Sustainability Policy for the Supply Chain](#) and with the [Environmental policy](#) and by evaluating the fulfilment of requirements.



Martela reduces the inequality of its own and its supply chain personnel by setting targets with the [Sustainability Policy for the Supply Chain](#) and with the [People policy](#), and by evaluating the fulfilment of the requirements.



Martela improves material efficiency by developing its [circular economy-based business](#). Our product and service design takes circular economy aspects into account, and we ensure the durability and ergonomics of our products in [our test laboratory](#) before introducing the products to the market.



Martela is aiming for [carbon neutrality by 2035](#) by setting function-specific sustainability goals and monitoring their implementation. We offer solutions that reduce the climate impacts of the working environment service model to our customers, for example in [Alva-yhtiöt Oy's adaptation to changes](#) and continue to manage the climate impacts of its own operations by using emission-free electricity in production.



In Martela's value chain, significant water use is only in the supply chain of some materials. The management of this environmental impact is also guided by the [Environmental policy](#) and we monitor the fulfilment of its requirements.



Martela's effects on life on earth and the use of natural resources are managed by choosing responsible materials and emphasising the importance of environmental impact management in [Environmental policy](#), as well as assessing the fulfilment of its requirements.



Martela promotes cooperation and partnership in the entire value chain through open discussion and joint development of the implementation of circular economy solutions.

# Value creation

## Resources and capabilities

### COMPONENT AND SUBASSEMBLIES

- 6.1 million kg (wood based 38%, metal based 25%)

### PRODUCTION FACILITIES

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

### PERSONNEL

- 386 employees, including 183 blue collars and 203 white collars in the end of the year
- 95 External resources in person-years
- Investments in staff development EUR 77,000 per year

### PARTNER NETWORK

- 100 core suppliers
- 50 dealers
- 7 freelancer designers
- Trading partners
- Logistics partners
- Other suppliers

### OWNERS

- 3,000 owners, of which 95.8% households, 3.2% companies, 0.4% foreign investors
- 79.1% owns 500 shares or less, 3.5% over 5,000 shares

### INCOMPATIBLE CAPITAL

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

### FINANCE

- EUR 56 million equity and liabilities

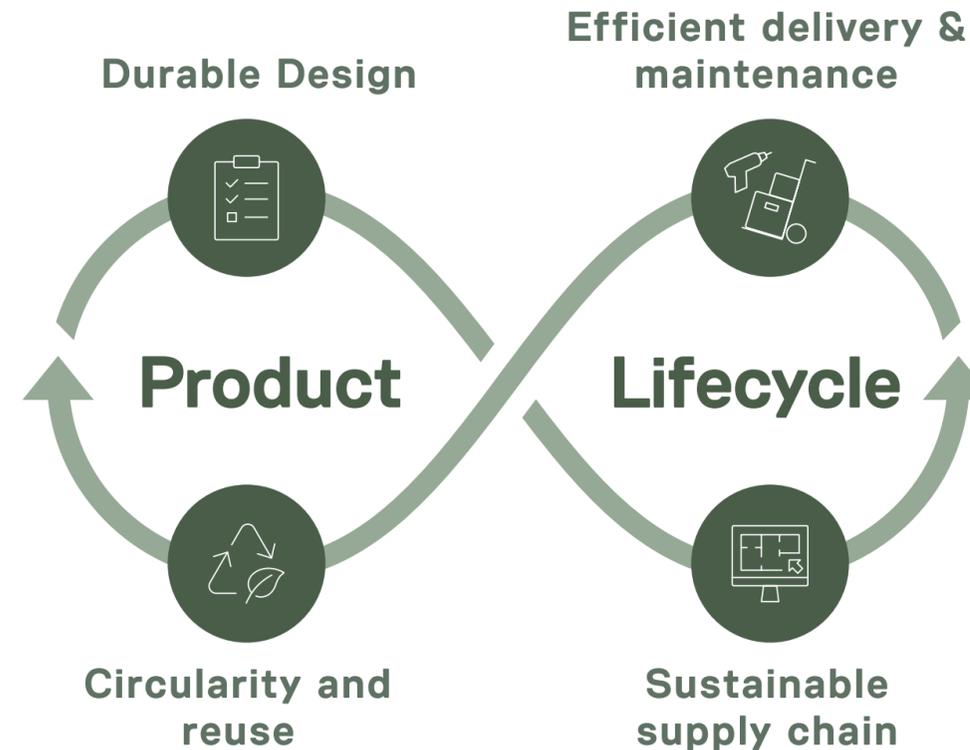
### INVESTMENTS AND PRODUCT DEVELOPMENT

- EUR 2.3 million investments
- EUR 1.6 million research and product development

### NATURAL RESOURCES

- Electricity 3,664 MWh
- District heating 4,153 MWh
- Heating by gas 121 MWh
- 89% renewable energy and 11% fossil energy

## Martela's activities



## Output and its distribution

### CUSTOMERS

- Workplace specifications, spatial design, implementation, maintenance, wellbeing, cost savings, new and re-manufactured furniture

### SUPPLIERS OF GOODS AND SERVICES

- Purchases total EUR 74 million incl. materials, components, energy costs, fuels, waste management, property rentals, rental of vehicles, services and IT licenses

### PERSONNEL

- EUR 18.8 million salaries paid including share-paid contributions
- EUR 4.1 million employee social security and pension

### SOCIETY

- EUR 0.3 million taxes

### FOR OWNERS AND FINANCIERS

- EUR 0.5 million dividends
- EUR 1.6 million interest expenses

### WASTE

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

### RECYCLING SERVICE FOR CUSTOMERS

- 2.6 million kg of which 95% wood, metal and energy fractions

# Stakeholders and their expectations

	CUSTOMERS	SPECIFIERS	PERSONNEL	DEALERS	SUPPLIERS	OWNERS AND INVESTORS	OTHER INTEREST GROUPS
<b>QUANTITY AND DESCRIPTION</b> 	<ul style="list-style-type: none"> <li>Companies and public purchasers. Private customers only through the Martela Outlet channel. 71.3% of turnover from Finland, 10.1% from Sweden, 7.4% from Norway and 11.2% from other countries</li> </ul>	<ul style="list-style-type: none"> <li>People responsible for customer definitions, architects, interior architects</li> </ul>	<ul style="list-style-type: none"> <li>386 employees in the end of the year: 47.4% blue collars, and 52.6% white collars</li> <li>95 person-years of external resources</li> </ul>	<ul style="list-style-type: none"> <li>About 50 dealers with 100 service locations, mainly in Martela home market and Central Europe</li> <li>Some operate under Martela brand and others offer Martela products as part of their other offering</li> </ul>	<ul style="list-style-type: none"> <li>About 100 suppliers of materials and components for Martela products, of which 60% in Martela's home market</li> <li>Trading partners</li> <li>Other suppliers</li> <li>Logistics partners</li> </ul>	<ul style="list-style-type: none"> <li>Major owners are the Martela family (all K shares (13% of share capital and 75% of votes) and a significant share of A shares) and Isku Yhtiöt Oy (9.9% of A shares and 2.8% of votes)</li> <li>Funding by the well-known Nordic banks</li> </ul>	<ul style="list-style-type: none"> <li>Media, operating locations, industry organisations, schools and educational institutions</li> </ul>
<b>THEIR EXPECTATIONS</b> 	<ul style="list-style-type: none"> <li>High quality products and services</li> <li>Information about products, supply chain and materials</li> <li>Compliance with legislation, principles of responsible business practices and agreements both internally and in the supply chain</li> <li>Information about product durability and materials, e.g. compliance with EN standards, carbon footprint, EPD calculation</li> <li>Third-party verification of products' environmental impact, sustainability and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Information on products, materials, environmental trends and brand value</li> <li>Possibility to realise new ideas with respect to Finnish design traditions</li> </ul>	<ul style="list-style-type: none"> <li>Continuity of employment</li> <li>Career development opportunities</li> <li>Competence development for new working skills and best practices in occupational safety</li> </ul>	<ul style="list-style-type: none"> <li>High quality products and services</li> <li>Information about product durability and materials, e.g. compliance with EN standards, carbon footprint, EPD calculation</li> <li>Compliance with legislation, principles of responsible business practices and agreements both internally and in the supply chain</li> <li>Reliable business relationship and quick response</li> <li>Third-party verification of products' environmental impact, sustainability and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Stable development and trust</li> <li>Clear communication of instructions and expectations</li> <li>Clarification of changing market expectations</li> </ul>	<ul style="list-style-type: none"> <li>Stable development</li> <li>Successful risk management</li> <li>Profitable business and ability to pay dividends</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of local social wellbeing by, among others, employment</li> <li>Open communication</li> </ul>
<b>OUR ACTIONS</b> 	<ul style="list-style-type: none"> <li>Ensuring availability of product information</li> <li>Ensuring compliance with Code of Conduct</li> <li>Open communication focusing on materiality</li> <li>Third party eco-labelling and marking for origins to facilitate the selection</li> </ul>	<ul style="list-style-type: none"> <li>Material and brand studies</li> <li>Design events to enable interaction</li> <li>Designers' ideas and influence to offering"</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction and wellbeing studies</li> <li>Training</li> <li>Appraisals</li> <li>Open internal communication</li> </ul>	<ul style="list-style-type: none"> <li>Reliability of deliveries</li> <li>Exceeding the performance of other suppliers</li> <li>Open discussion on operational development</li> </ul>	<ul style="list-style-type: none"> <li>Investments in long-term cooperation</li> <li>Communication, tracking and discussion of sustainable procurement principles</li> </ul>	<ul style="list-style-type: none"> <li>Close monitoring of competitiveness and performance and open communication</li> <li>Development of sustainability and its reporting</li> <li>Constant development of sustainability indicators</li> </ul>	<ul style="list-style-type: none"> <li>Co-operation with representatives of other stakeholders</li> </ul>

# Management of sustainability

Managing sustainability is normal everyday work at Martela. Sustainability is an integral part of Martela's values, operating principles and strategy. In addition, the company has defined specific management principles for guiding corporate responsibility work. 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. In Martela's management team, the Vice President, Operations was responsible for sustainability issues at the beginning of 2023, and from August

7, 2023, the responsibility was transferred to the newly appointed Vice President, People and Sustainability.

Martela's goal is to provide responsible solutions for its customers' workplaces and learning environments through the Martela Lifecycle model. With the Lifecycle model Martela can implement the changes in the workplace required by the transformation of work, while also fulfilling the requirements for space 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 its 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 13, 2024, the Board approved the Code of Conduct updated with information related to changes in the Whistleblowing channel. 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 December 1, 2023, the Management Team approved the Social Requirements for Suppliers updated with more detailed requirements related to responsibility and at its meeting on February 12, 2024 the People Policy updated with points related to equality and reconciliation of work and family life. At its meeting on March 8, 2024 the Management team confirmed on March 10, 2023 approved Quality Policy and on March 10, 2023 approved as is. 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](http://www.martela.com).

## 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 constantly 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 and constantly develops 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 Martela's core requirements for suppliers of goods and services. The principles deal with suppliers' compliance with laws, regulations and the Martela Corporate Code of Conduct, as well as delivery reliability, environmental issues and other issues. In addition to the general procurement principles, suppliers and their supply chain are subject to social responsibility obligations. 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 Sus-

tainability 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 representatives 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 VP, People and Sustainability.

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 sustainability issues.

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## Contact persons related to reporting

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**Secretary of the Sustainability Steering Group**



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# Key responsibility indicators

## Economic responsibility indicators

	2021	2022	2023
Revenue (EUR million)	91.9	106.7	94.4
Profit before taxes (EUR million)	-2.3	2.5	-3.3
Income taxes (EUR million)	0.0	1.2	-0.2
Return on investment (%)	-4.7	9.1	-31.3
Equity to assets ratio (%)	22.2	24.7	20.0
Dividends paid (EUR million)	0.0	0.0	0.4
Wages and salaries (EUR million)	18.6	18.7	18.5
Number of employees (average in person-years)	395.6	406.0	403.0
Purchases, (EUR million)	65.1	66.0	55.0
Gross investments (EUR million)	0.4	0.9	2.3

## Social responsibility indicators

	2021	2022	2023
Average age of employees (years)	47	47	48
Number of employees with more than 10 years' service (%)	54.2	51.3	51.0
Employee turnover (%)	14.2	13.8	17.1
New employee rate (%)	6.3	13.6	14.3
Reasons for leaving (incidents)			
• terminated by employer	17	9	4
• terminated by employee	37	38	59
• retirement	5	10	5
Absences due to illness (% of work time)	2.6	3.3	3.0
Total recordable incident frequency (TRIF) <sup>1</sup>	22.44	14.61	6.88
Lost time incident frequency (LTIF)	14.52	13.28	6.88
Injury Rate (IR)	2.90	2.66	1.38
Lost Day Rate (LDR)	680.87	831.76	742.38
Investment in training (EUR/person)	101	378	202
Development discussions (% of staff)	-	53	51

<sup>1</sup> Accidents that do not result in absence are also included.

<sup>2</sup> Accidents requiring more than a day's absence work.

## Environmental responsibility indicators

	2021	2022	2023
Material use (1,000 kg)	8,164	6,086	6,122
Direct energy (GJ)	0	0	0
Indirect energy (GJ)			
• district heating	16,345	14,694	14,952
• electricity	16,447	16,305	13,191
• gas	749	480	436
Carbon dioxide emissions (1,000 kg)			
• direct energy	0	0	0
• indirect energy	324	294	339
• delivery and installation	812	781	797
• company cars	70	55	29
• business flights	10	31	53
• material use	16,721	13,526	14,440
• production waste		260	203
• freight delivery	712	689	213
• services and other purchases	1,524	1,814	1,606
Waste			
• total (1,000 kg)	1750	1784	1,383
• hazardous waste (%)	0.3	0.9	0.5
• recovery (%)	99.7	99.1	99.5

# Sustainability programme 2024–2035

In the beginning of 2024, the Group Management Board approved Martela's new CR action plan for 2024–2035. The plan includes overall goals including economic, social and environmental aspects of sustainability.

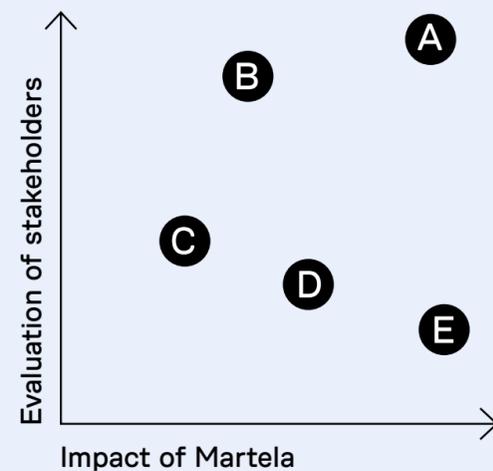
Goal	Schedule
<b>Achieving carbon neutrality</b>	
· Energy review and savings opportunities	Short term
· Reforms of own installing distribution fleet	Long term
· Evaluation of the carbon handprint of the Martela Lifecycle services	Mid term
· Circular economy solutions to reduce the carbon footprint	Long term
<b>Developing occupational safety towards accident-free working</b>	Mid term
<b>Demonstrating the social responsibility of the supply chain and fight against bribery and corruption</b>	Short term
· 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	
<b>Customer employee wellbeing, knowledge workers</b>	Mid term
· To offer our customers the opportunity to measure the effects of our solutions on end-users' wellbeing and work efficiency, and to compare their results with the average results of our customer base	
· To use the results of our user studies to improve our spatial design services and product development	

Goal	Schedule
<b>Martela employee wellbeing</b>	Mid term
· People Power® rating to reach AAA level in People Spirit survey	
· Annual survey, action plans and implementation	
<b>EBIT at 8% level excluding non-recurring items</b>	Long term
<b>To increase the share of the service business.</b>	Long term
<b>Improvements in work and learning environments and reducing environmental impact with the Martela Lifecycle ensuring the best customer experience</b>	Mid term
· To identify the real need to develop efficient environment that support work, taking into account the opportunities offered by new working methods	
· Promoting the space efficiency with sustainable and multifunctional solutions, utilising existing and avoiding unnecessary products	
· Continuous improvement of the 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	

# Economic responsibility

## Materiality assessment

- A Customers' space efficiency and user satisfaction
- B Delivery reliability and professional customer service
- C Analyses of corruption risks
- D Purchases from local suppliers
- E Financial results



**Goals**

- EBIT at 8% level excluding non-recurring items
- To increase the share of the Service business
- Continuous improvement of the value chain to ensure the best customer experience optimising the use of materials and energy
- Written commitment on respect for human rights and the fight against corruption and bribery

**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. Over 70% 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, 24 euros went towards the current or future income of Martela's direct employees. A similar contribution to the indirect work in Martela's supply chain has not been calculated, as it fluctuates in practice depending on the service and the degree and method of refinement of each product. 46% of the Martela Group's consolidated purchases of products and services come from countries in which Martela operates (Finland, Sweden, Poland and Norway) and 51% is sourced from other European countries. The shift in purchases from own manufacturing countries to other European countries mirrors the shift in demand to contract manufacturing products. 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.

**Economic value by stakeholder group (%)**

	2021	2022	2023
Payments to material, product and service providers	72.9	75.3	70.9
Employee wages	21.1	19.5	19.9
Employee social security & pension	4.3	4.2	4.4
Dividends paid to shareholders	0.0	0.0	0.5
Other (taxes, paid interest, investments)	1.7	1.0	4.3

**A high level of customer satisfaction**

Taloustutkimus Oy annually conducts an independent [workplace decision-makers survey](#) (TEP), in which people in key positions in companies from various industries are interviewed. The 2023 survey was conducted in an internet panel from 4 to 25 October. Office furniture suppliers were evaluated by 586 people. Among the 12 companies in the comparison of office furniture suppliers, Martela was number one in the overall rating for the ninth time in a row, with Martela Outlet in fourth place this time. Martela performed excellently in the 11 areas of the study, achieving seven first places: product quality, product functionality/combinability, broadness of offering, appearance, ergonomics, delivery reliability and professional customer service were rated the best. Martela Outlet achieved first place in ergonomics, price/quality ratio and environmental responsibility. In the NPS (Net Promoter Score) comparison, 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 2023, overall customer satisfaction improved at the previous year's level at an average of 9.22 on a scale of 1–10. The customers' evaluations increased in all the asked areas: the professionalism of the personnel, the quality of the deliveries and installation work, and the implementation of the installation schedules. 134 (2022: 119) people responded to a periodical customer experience survey conducted in January 2023. The NPS (Net Promoter Score) of the respondents rose from 57 in the previous year to 61, with 66% promoters, 28% passives and 5% detractors. Correspondingly, the Satisfaction Score (CSAT) was 4.3 on a scale of 0–5. The results will be reviewed with those who have left their contact info and the results will be analysed in order to carry out the necessary development measures. The number of customer claims decreased compared to order lines from previous year being 3.35%. Even as the global material and logistics challenges continued, delivery accuracy remain on the same level as previous year being 95% at the start of the year and 90% at the end of the year.

**Customers' needs are changing**

The pandemic has permanently changed the way of working and our workplaces. Adapting to the post-pandemic transition to hybrid work, which combines remote working and office working, has

varied significantly between industries and companies, and organisations must be ready to re-evaluate their workplace and its lifecycle. The change in the way of working increases the demand for flexible workplace services. This demand is met by Martela's Workplace as a Service (WaaS) model, which is 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 the work environment as well as continuous optimisation and maintenance. Martela is responsible for the needs assessment in 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 through the responsible utilisation of the materials it contains.

Martela's collection is constantly being developed and sustainability is incorporated into designing a new product. The design of the products is timeless and all the products are tested and safe to use during their long useful life. The widely available spare parts and the Martela Outlet sales network give the products more years of use. During 2023, Martela brought completely new products to the collection and developed existing products to better meet customer needs. The most significant new product series

## CASE

### Back to the office

By autumn 2022, Alva was already in need of a new office update. One of the goals of the workplace optimisation was to attract employees back to the office and increase its utilisation rate. The focus was to create multi-purpose spaces that adapt to various needs and support self-management, work satisfaction and well-being, and encourage collaboration and innovation.

Workplace as a Service allows us to flexibly create practical and functional solutions to our changing needs. Furnishing the premises according to the new dimensions was easy and we were able to optimise our workplace to make it more functional," says Tuomo Kantola, CEO of Alva-yhtiöt.

[Read more](#)



is the Ella universal chairs designed by Antti Kotilainen, including both recycled plastic and ash wooden versions. In addition to the Design from Finland mark, many product versions have the Möbelfakta label and Key Flag symbol. The Sola series designed by Kotilainen was completed with the generous Sola Grande armchair. The Jojo height-adjustable desk series designed by Iiro Viljanen offers an easily movable and smart work desk for small spaces. As part of the responsible maintenance of the collection, several products, product variants and materials with low customer demand are also actively removed from the offering. This reduces the risk of unnecessary use of materials.

### Controlled supply chain

An efficient, high-quality supply chain is one of the key factors in Martela's success. Purchases of materials related to products and services sold by Martela represented around 63% of Martela's total purchases, with the share of other products and services being 37% during 2023. The relative decrease in material purchases is due to the destocking the increased inventory value created to overcome the material procurement challenges during 2022. A network of around a hundred reliable suppliers delivers materials and components for Martela's 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 the standard components which Martela chooses from the companies' product catalogue. The upholstery materials, and their suppliers, are chosen by the customers themselves for each order, while Martela facilitates the sustainable choice with a comprehensive fabric collection. 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 reduced the resulting environmental load. The manufacture of wood-based panel components is centralised in Finland to the own Kidex Oy factory to shorten the supply chain of storage and desktop components and to improve delivery reliability. In its other own operations, Martela focuses on sub and final assembly and the service business.

Martela has strict purchasing criteria, and selects its suppliers carefully. When selecting new suppliers, their ability to deliver products and produce high quality is always assessed, along with their financial background. A social responsibility risk assessment is done for each supplier as the supplier is not necessarily based in the same country as the one where its materials, components, sub-assemblies and products are manufac-

### Key financial indicators 2023

Revenue (EUR million)	94.4
Operating profit (EUR million)	-2.4
Equity to assets ratio (%)	20
Gearing (%)	137.2
Investments (EUR million)	2.3
Dividends paid (EUR million)	0.5
Market value in the end of 2023 (EUR million)	5.85

tured. 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 are periodically sent a

### Material spend distribution (%)

	2021	2022	2023
Wood	9.6	9.0	9.6
Plastics	4.4	5.1	4.7
Metal	24.8	23.8	22.2
Upholstery materials	3.5	4.3	4.3
Contract manufacturing	13.7	18.0	21.2
Trading	20.7	20.3	19.8
Supplies	16.1	13.9	15.1
Other	7.1	5.6	3.1

sustainability survey. Through this, Martela has received commitments from the suppliers of materials, components and products of their compliance with the requirements of the sustainability policy for the supply chain which cover 80% of the value of material purchases. Martela annually assesses the risks of social responsibility in its supply chain by using country-specific sustainability indicators and, on the basis of this, 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.

In 2022, Martela was awarded the EcoVadis gold rating. Martela's score was higher than or equal to 96% of all companies evaluated by EcoVadis worldwide. Martela received the gold medal for the second year in a row. EcoVadis is the world's largest sustainable development rating agency. Its assessment focuses on 21 sustainable development criteria that are grouped into four

themes: environment, labour & human rights, ethics and sustainable procurement. The rating criteria are based on international sustainable development standards including the Ten Principles of the UN Global Compact, the agreements of the International Labour Organization (ILO), the Global Reporting Initiative (GRI) and ISO 26000.

### 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 is able to have an influence on legislation and collective

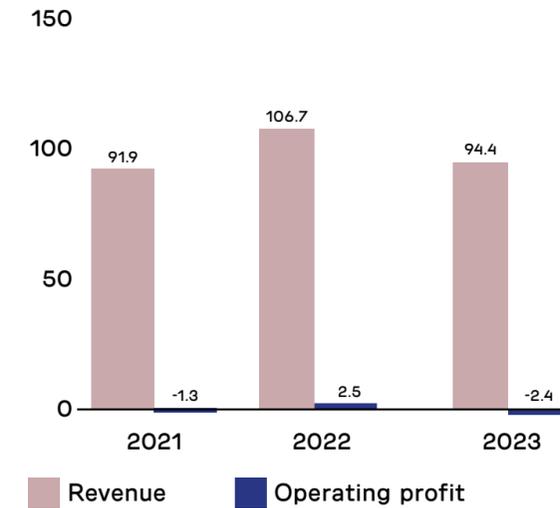
bargaining. In Sweden, Martela is a member of the Swedish Federation of Wood and Furniture Industry (Trä och Möbelföretagen).

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. Martela received a total of about 6,000 euros from cities of Espoo and Kitee and Northern Karelia Association of Education Municipalities.

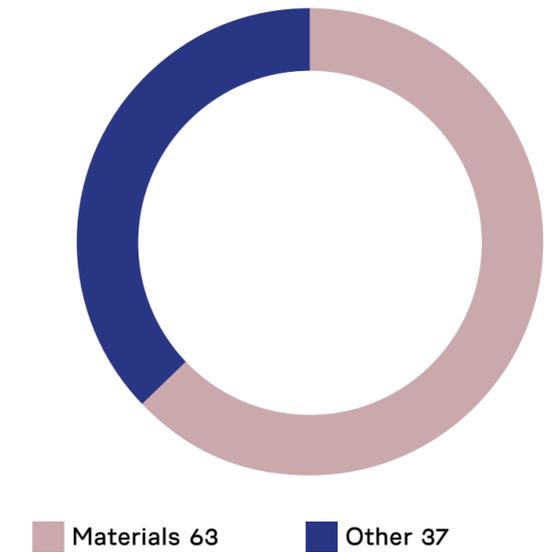
### Taxonomy

The sustainability reporting obligation according to the Corporate Sustainability Reporting Directive (CSRD) applies to the 2024 operations of companies classified as large listed companies according to the NFRD criteria. According to these criteria, Martela is not obligated to report according to the directive in the first wave. The reporting obligation also extends to medium-sized companies for the year 2025, applying the also to Martela. Due to these requirements, the sustainability reporting will be expanded to comply with CSRD requirements within two years. According to the Non-Financial Reporting Directive (NFRD) criteria, taxonomy obligations also apply to large listed companies, and thus Martela is not eligible for taxonomy. However, Martela has evaluated its environmental impacts and taken measures to curb environmental impacts for years, and has already

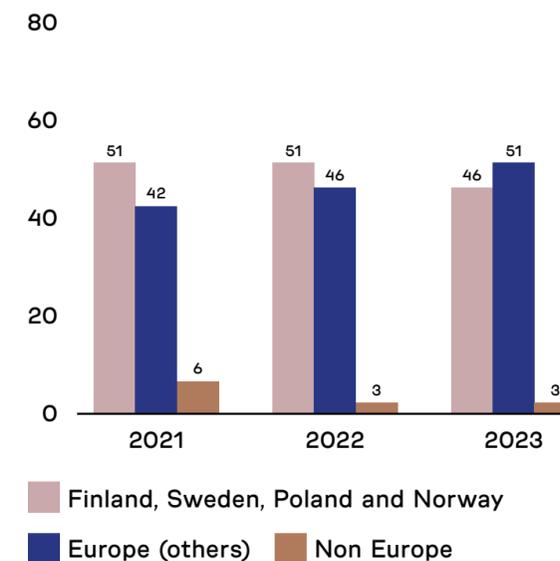
REVENUE AND OPERATING PROFIT (EUR MILLION)



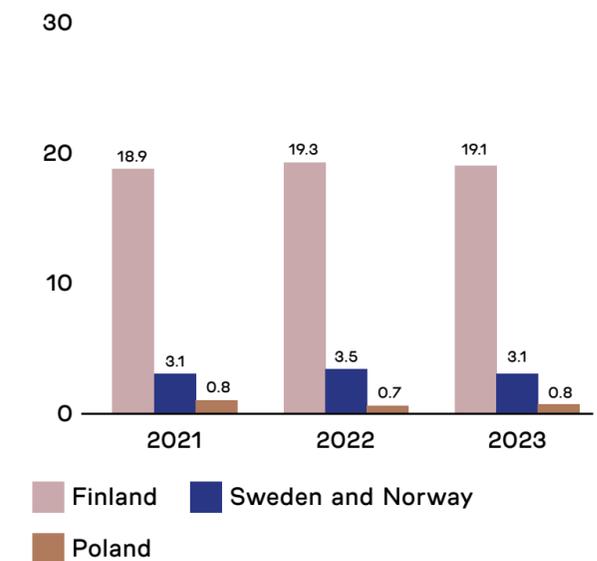
TOTAL PURCHASES (%)



MATERIAL PURCHASES BY AREAS (%)



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



**CASE**

**Office serving its users**

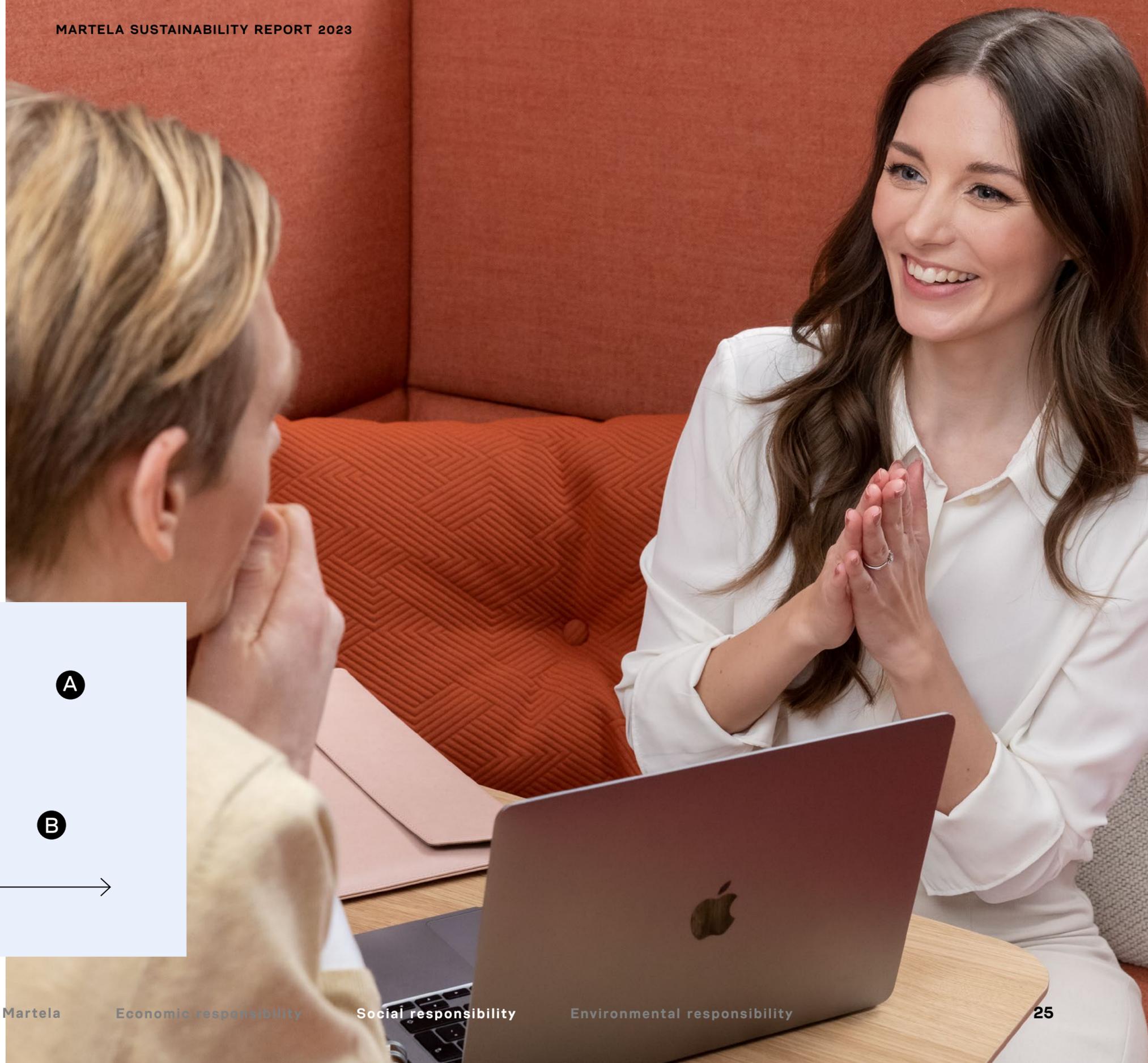
The project for the HSL facilities in Pasila started with a vision workshop for the management to determine future goals and needs for space. Six workshops were held for the employees to examine various tasks and their needs for facilities and functionalities. Everyone also had an opportunity to participate in the selection of furniture: Martela designed three visual images, and the employees voted for their favourite.

The benefits of the refurbishment became visible soon after the move to the new facilities, in terms of spontaneous meetings in particular. However, a pleasant office that serves its users is much more than just furniture and workspaces. "We now have HSL Cafe, where all employees can go for a coffee, meet colleagues and work. This change has had a major impact on the employer image," says Antti-Pekka Röntynen, acting Director, Administration at HSL.

[Read more](#)

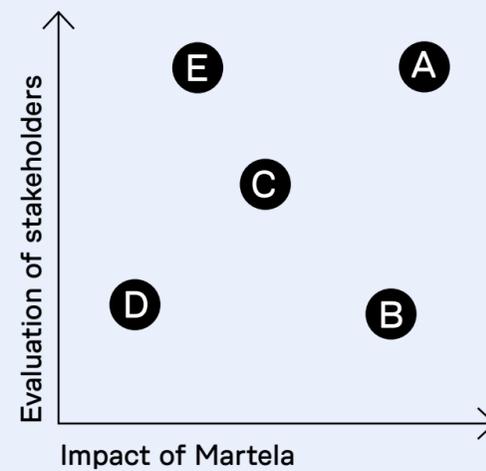


# Social responsibility



## 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

- Customer employee wellbeing: workplace changes lead to increase in wellbeing and working efficiency
- Martela employee wellbeing: annual People Spirit survey, action plans and implementation
- Developing occupational safety towards accident-free working

## A valued employer

Martela's Lifecycle strategy, which is unique in the world, has changed the company from a manufacturer of furniture into a designer and implementer 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 valued, especially within its industry. Its employee turnover rate increased to 17.1% (13.8) in 2023. The turnover rate was not dependent on the gender but was clearly the highest for 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. However, summer workers are not included in the total number of employees at the end of the year.

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 service employees. The changes in the operating environment call for the continuous develop-

ment of knowledge and skills in terms of individual employees and the company. Martela aims to encourage and support the continuous development of its employees. In 2023, more than 200 euros per person-year were invested in the external training of employees in the Group. In Finland, the employees themselves have recorded an average of about 3.3 hours of training per person-year in the HR system.

After the voluntary year 2022, there were fewer development discussions than before, but at the same time, other regular one-on-one discussions and discussions with the whole team have increased. In the entire group, only about half of the personnel had had the documented development discussion. 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 2023, Martela had 386 employees (400), of whom 312 were based in Finland, 43 in Sweden and Norway, and 31 in Poland. Martela hired 49 new employees in Finland, five in total in Sweden and Norway and three in Poland. Personnel expenses totalled EUR 23.0 million (23.6).

## Strategy was sharpened

The pandemic accelerated the change in work culture and working habits and the transition to multi-location work. After the pandemic had subsided, concerns were raised in organisations regarding the commitment of personnel and work productivity. Martela believes in the growing importance of work environments as a strategic management tool. In order to respond to the change in the operating environment, Martela sharpened its Lifecycle strategy and the vision that guides it. The strategy is still based on expertise in developing work environments and aims to create a better work culture. A strong understanding of the needs of organisations and users guides the supporting of hybrid work in different places of work. The updated vision 'We create the best places to work' emphasises the constantly changing ways of working and the diversity of work environments, from offices to home offices and other places where work is done.

The strategy 'We support our customers' business with Martela Lifecycle solutions' combines furniture intended for commercial use and related services into a seamless whole. Martela's high-quality and timelessly designed collection enables the products to have a long lifecycle. The furniture selection is constantly optimised to support multi-location work. The service model related to furnishing and developing offices meets the ever-increasing need for flexibility. Offices are increasingly being optimised continuously, rather than as large one-time investments. To respond to this change, Martela has selected the circular economy model, the flexible

Workplace as a Service model and the development of digital sales channels as its strategic focus areas. With these focus areas Martela will continue to improve its mid-term profitability.

## Satisfied employees

The annual People Spirit employee survey for all employees was conducted during spring of 2023. The survey response rate increased from the previous survey to 83%. The People Power® Index has increased from previous year results 0.2 points and is still rated AA, good, which is the third highest level on a 7-point scale. Martela aims to reach the AAA level, which means that there is more work to be done. There were no major differences in personnel satisfaction between the countries and locations. Despite the external challenges and occasional heavy workload, the satisfaction and commitment of the personnel had improved. It was felt that things had developed in the most positive direction in terms of managing one's own work, communication and participation, and the company's operating culture. Based on the results, practical measures to develop job satisfaction and engagement have been planned and implemented at the company level and in teams.

As flexible working is increasing, the importance of supporting and ensuring the physical and mental wellbeing of the personnel has also increased. During 2022 Martela started a pilot to support the mental wellbeing and everyday challenges of its personnel and it was continued also in 2023 based on the feedback received. The service offers video

meetings with a professional in the field of the chosen area. The users of the service felt, among other things, that their stress level decreased by 18% and their efficiency increased by 2.6% after using the service, and that the general quality of life improved.

## Work safety as a common goal

The stress factors of work vary between different jobs at Martela. Production work 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 covering 89% of all employees. The certified occupational safety management system according to the ISO 45001 standard was re-evaluated first time in the end of 2023. Occupational health and safety are extremely important, and the related guidelines and practices must be updated frequently. Occupational safety and health committees also play an important role in identifying work-related hazards, maintaining risk assessments and investigating possible accidents. However, each employee's awareness of risks and the right attitudes are the primary means of maintaining occupational safety. Through the web-based program for recording safety observations, everyone has the opportunity to highlight risks. By processing these observations, the likelihood of accidents can be further reduced.

Relatively the greatest risk of accidents has been identified in the tasks of the removal services, and therefore the entire field staff receives orientation/work guidance according to the work safety programme of the removal services before starting work. The occupational safety readiness of the removal services personnel is maintained at regular morning meetings, where occupational safety issues are reviewed and near-miss situations and safety observations are discussed. Martela's own internal trainer has carried out occupational safety card training for operations in Finland for four years, and all of the removal services' own employees have received occupational safety card training. Temporary workers are trained for occupational safety cards within six months of starting work, and training is also offered to partners. Martela also has a training centre approved by Traficom, and its own trainer is qualified to train truck and lorry drivers in accordance with the professional qualification directive. The course selection includes six different courses for continuing professional qualification, and in addition to internal training, training is also offered to partners.

In the spring of 2022, the internal trainer also qualified to provide emergency first aid training, and during 2023 all removal services' personnel had received first aid training. In the connection of the re-training of first aid courses starting in 2024, the amount of information will be deepened to meet the requirements of EFR Secondary Care. The initial firefighting trainings started according to the plan during the summer 2023 under the guidance

of an internal trainer. By the end of 2023, about half of the personnel of the removal services had been trained, and the goal is to train the entire personnel of the removal services by the end of 2024. 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 2023, there was zero accident at work that resulted in more than 30 days of sickness absence. All five accidents that occurred during 2023 and caused absenteeism resulted in an absence of less than ten days, the cause of which was mainly sprains, bruises or wounds. Martela's LTIF (Lost time injury frequency) rate in Finland decreased to 8.6 and in the Group 6.9. Correspondingly, LTI (Lost time injury) decreased from the level of 0.096 (2022) to the level of 0.028 (2023). The time invested in extensive safety card training bore fruit, as the number of accidents continued to decrease from the previous year by 45% and the number of absences resulting from them by 38%.

## Equality is a part of sustainability

Martela wants to provide a safe, caring, community-oriented and respectful working environment for its entire personnel. Any kind of discrimination and inappropriate behaviour is prohibited. Corporate responsibility and equality is promoted and monitored through annual training and surveys. The sustainability training for 2023 was implemented in the autumn and was attended by 83% of the personnel. The training examined the com-

mitment of Martela's employees to the principles of the Code of Conduct and their awareness of the necessary practices when they detect actions that violate the principles. The survey showed that almost all (99%) were committed to the principles. 96% of the respondents felt that the meaning of equal treatment in practice was clear. 76% of the respondents were aware of how to report anonymously about any misconduct they may have observed. During 2023, however, no complaints on misconduct were reported to any of the available channels of Martela's Whistleblowing system.

92% of all Martela employees, those working 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 only in Finland in 2023. A decision was made not to conduct it in Poland, Sweden, and Norway due to the small number of employees per country. 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 to men was non-existent, and in the group of knowledge workers the average earnings of women were 92% of the average earnings of men during 2023.

In the end of 2023 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 seven members, two wom-

CASE

**Workplace to support wellbeing**

The office concept was developed in close cooperation between Sanni Koskela, Chief People & Culture Officer at Staria, and several employees from Staria. The visual identity of the office is thought-provokingly bold and stylish combined with high-quality materials that respect the history and location of the historic property located on Mikonkatu in Helsinki. According to a follow-up survey carried out in September 2023, one year after the new premises were taken into use, the facilities are well suited to the work tasks and more than 84% of respondents felt that the workplace promotes wellbeing at work. For Staria's employees, the main pull factors of the office are the pleasant surroundings, the tools for work and the social interaction.

"We have received a lot of praise for our versatile space solutions and for the overall functionality of the space, which excellently serves various needs for meeting and interaction. And the people who exclaim 'wow' when they enter our office for the first time have not been in the minority either," says Koskela.

[Read more](#)



en and five men. Of Martela's entire personnel, 65% are men and 35% are women. The largest age group is 30–50, representing 52% of all employees, with the average age being 48. The oldest employee was aged 74.

### 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 the products according to the criteria in European product standards specified for different product groups and specific purposes of use. Martela's product development phase includes 'type approval 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. Martela has its own testing laboratory concentrating on office furniture in connection with its Nummela site. In the laboratory, the durability and stability of furniture products and their compliance with dimensional requirements can be tested. The accreditation of the laboratory ensures that the laboratory's test results are correct. At this point, no harmonised European standards are yet available for the furniture types in Martela's offering so CE marking is not possible at this stage.

Martela's products are delivered, installed, and adjusted by professional installation personnel so that they are ready for use. The health effects of Martela's products are related to their ergonomic use and adjustment. Instructions for use, mainte-

nance and ergonomics are available on Martela's website for the adjustable pieces of furniture, such as task chairs and electrically adjustable desks.

Many of Martela's products have received the Möbelfakta environmental and responsibility label. Möbelfakta is a label for furniture that meets high quality, environmental and social responsibility requirements, which is managed by 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 as well as quality and environmental effects. The use of the Möbelfakta label also includes random audits by the entity granting the label. Martela's audit during 2023 focused on verifying the sustainability of the supply chain. As a result of the audit, the requirements for the supply chain of Martela's responsibility policy were further clarified. Social responsibility has been an essential aspect of product design for Martela for more than a decade and therefore the company wants to offer its customers a concrete and clear criterion for selection.

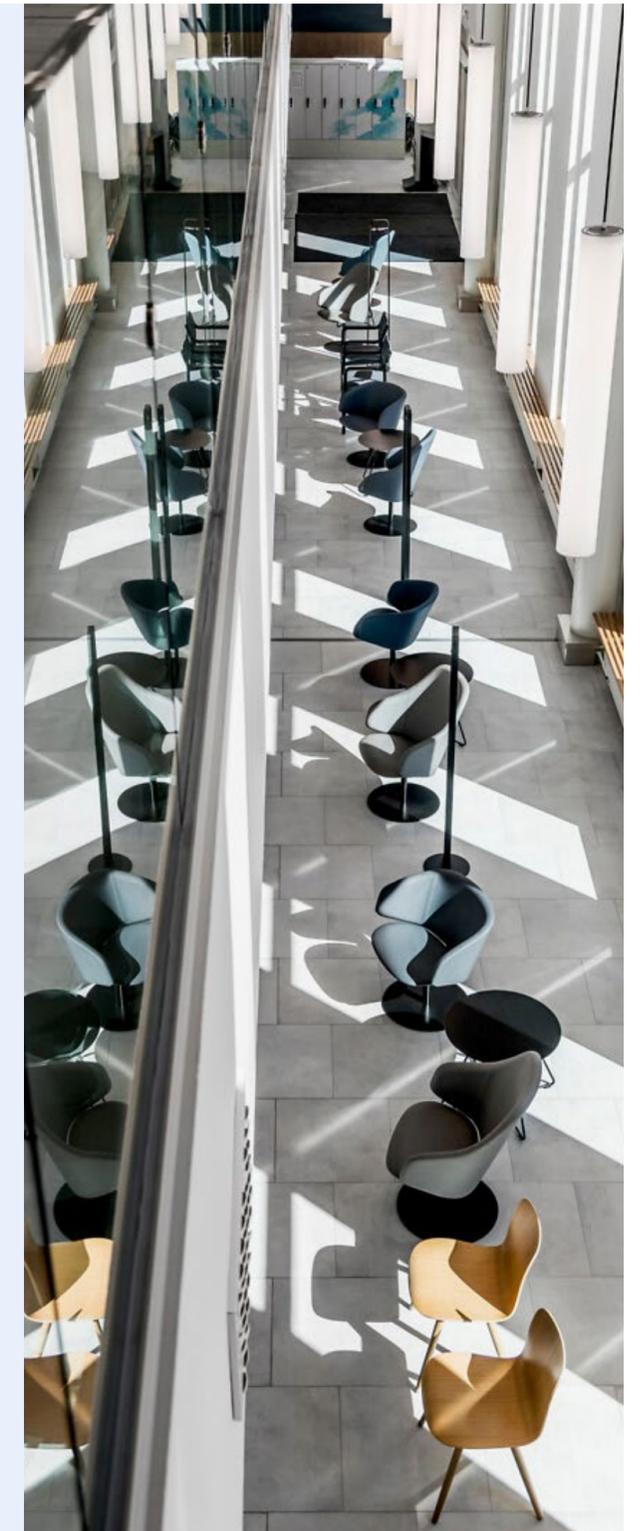
### CASE

### Hospital milieu to meet the user needs

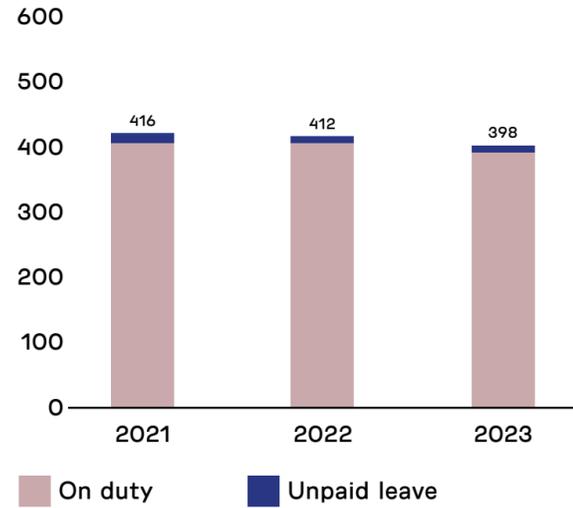
An active technical dialogue in Ratamo Center enabled the users to describe their facility-specific needs. The goal was to select furniture that is suitable for a hospital environment, in addition to being functional and uniform. The results have proven to be successful, and the functional needs related to the facilities have been taken into account in accordance with the special needs of the hospital environment: sufficiently wide access routes, stable furniture, rounded and soft corners, and adaptable furniture that can be adjusted to the nature of the facility, has a harmonious colour scheme and creates a feeling of safety and security for the users of the facility.

"We have received positive feedback on the use of colours. A particular favourite among the employees and visitors is the cafeteria. It's a multi-faceted space with various types of seating groups. The Noora sofa groups in the middle of the space are particularly popular. A good plan and good implementation produced optimal results," says Tiina Holm, Development Coordinator and Project Manager at the Ratamo Centre.

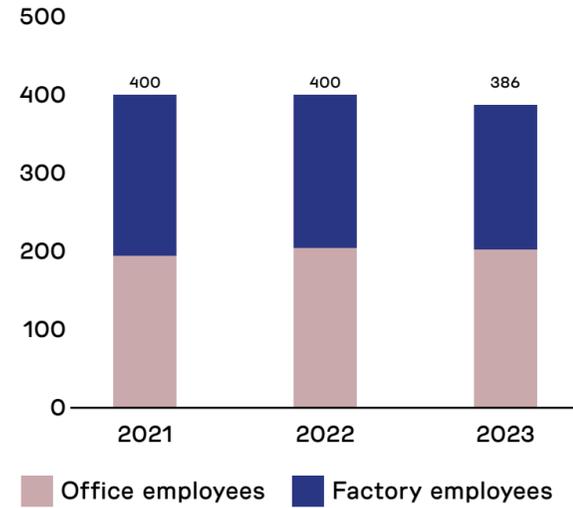
[Read more](#)



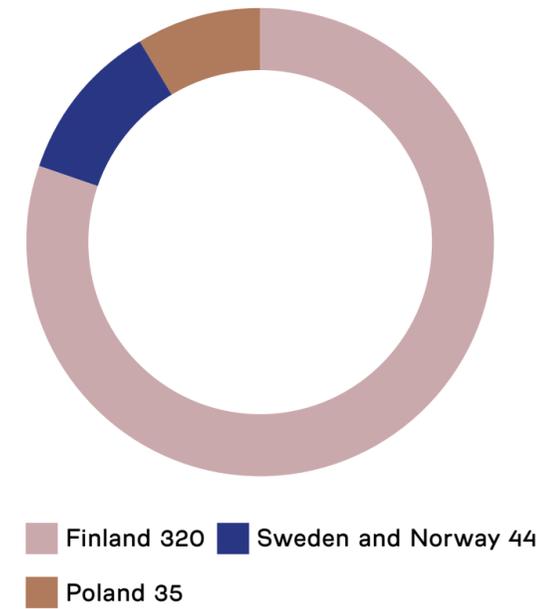
NUMBER OF PERSONNEL AT YEAR END



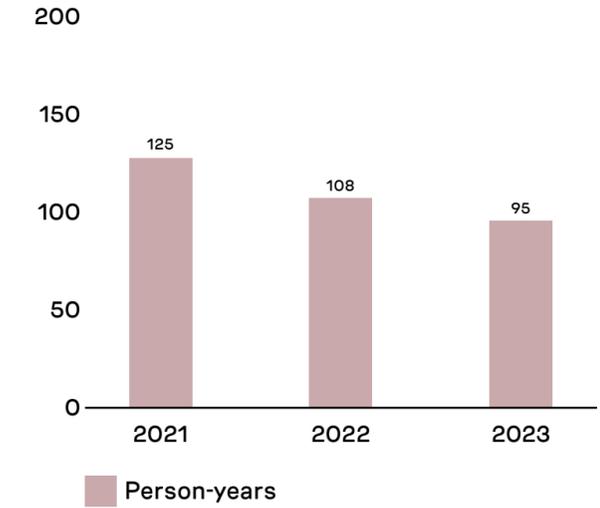
PERSONNEL GROUPS AT YEAR END



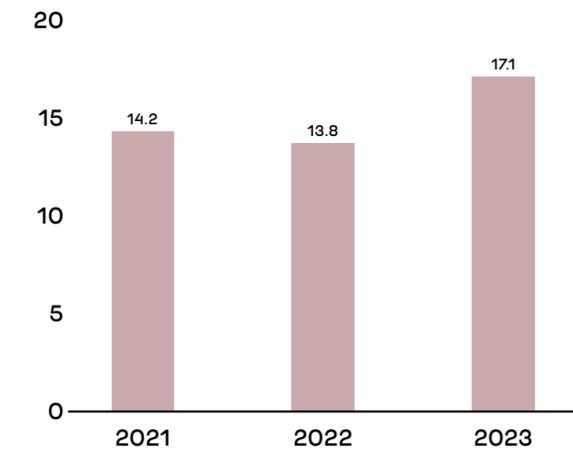
PERSONNEL BY COUNTRIES AT YEAR END



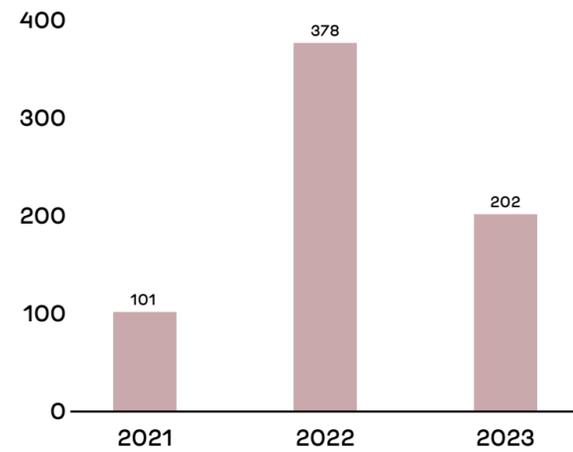
EXTERNAL RESOURCES



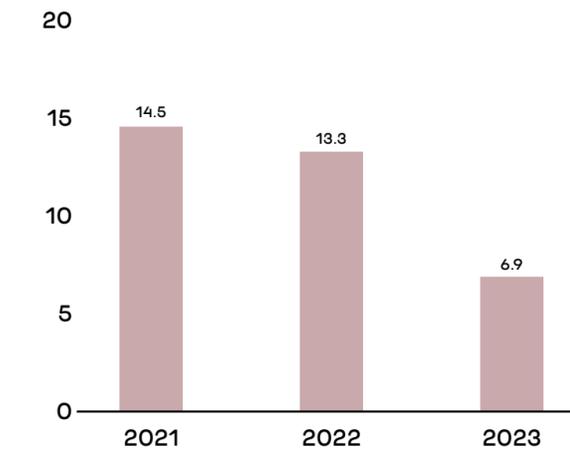
EMPLOYEE TURNOVER (%)



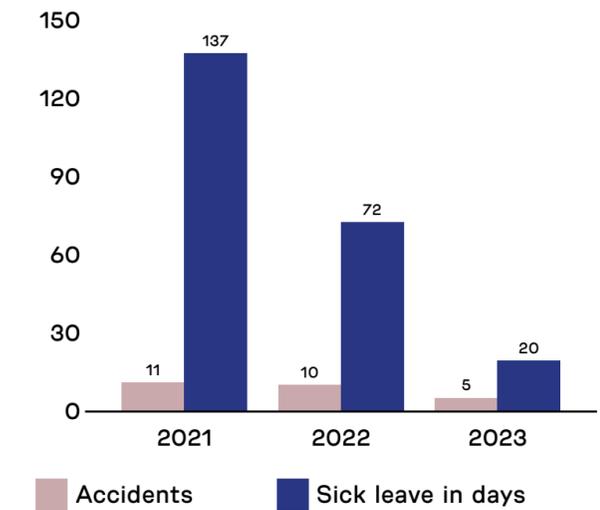
TRAINING (EUR/EMPLOYEE)



LOST TIME INJURY FREQUENCY (LTIF)



OCCUPATIONAL ACCIDENTS AND RESULTING SICK LEAVE DAYS



### Age and gender distribution of the Management Team and the Board

		2021	2022	2023
<b>GMT</b>				
18-29	male	0%	0%	0%
	female	0%	0%	0%
30-50	male	40%	50%	14%
	female	20%	17%	14%
Over 50	male	40%	33%	57%
	female	0%	0%	14%
<b>Board of Directors</b>				
18-29	male	0%	0%	0%
	female	0%	0%	0%
30-50	male	33%	33%	33%
	female	17%	0%	0%
Over 50	male	17%	17%	17%
	female	33%	50%	50%

### Total workforce by region and employment contract

		2021	2022	2023
Finland	fixed-term	4	6	7
	regular	322	318	305
Poland	fixed-term	0	0	1
	regular	35	34	30
Sweden & Norway	fixed-term	0	1	1
	regular	39	41	42
<b>Group</b>	<b>fixed-term</b>	<b>4</b>	<b>7</b>	<b>9</b>
	<b>regular</b>	<b>396</b>	<b>393</b>	<b>377</b>

### Gender distribution of personnel by groups of employees

		2021	2022	2023
<b>White collar</b>				
	male	26%	24%	25%
	female	22%	27%	27%
<b>Senior management</b>				
	male	3%	3%	2%
	female	2%	2%	2%
<b>Managerial and specialist</b>				
	male	23%	22%	23%
	female	20%	25%	25%
<b>Blue collar</b>				
	male	42%	40%	40%
	female	10%	9%	8%
<b>All employees</b>				
	<b>male</b>	<b>68%</b>	<b>64%</b>	<b>65%</b>
	<b>female</b>	<b>32%</b>	<b>36%</b>	<b>35%</b>

### Total workforce by region and gender

		2021	2022	2023
Finland	male	229	222	218
	female	97	102	94
Poland	male	19	17	18
	female	16	17	13
Sweden & Norway	male	16	18	16
	female	23	24	27
<b>Group</b>	<b>male</b>	<b>264</b>	<b>257</b>	<b>252</b>
	<b>female</b>	<b>136</b>	<b>143</b>	<b>134</b>

### The total number and share of newly hired employees by groups

		2021		2022		2023	
male		14	54%	31	55%	39	68%
female		12	46%	25	45%	18	32%
16-29		16	62%	30	54%	32	56%
30-50		5	19%	22	39%	18	32%
> 50		5	19%	4	7%	7	12%
Finland		21	81%	40	71%	49	86%
Poland		2	8%	5	9%	3	5%
Sweden & Norway		3	11%	11	20%	5	9%

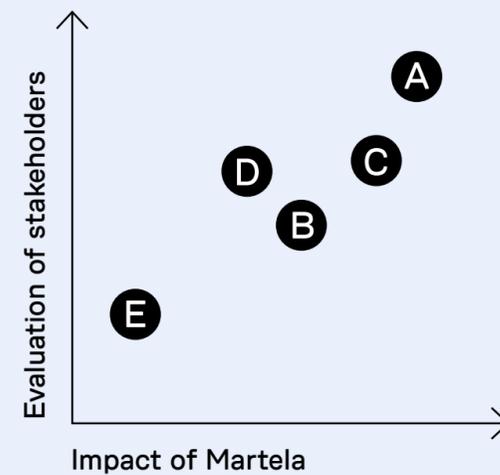
### The total number of leavers and turnover by groups

		2021		2022		2023	
male		31	53%	37	65%	47	69%
female		28	47%	20	35%	21	31%
16-29		14	24%	22	39%	33	49%
30-50		25	42%	19	33%	19	28%
> 50		20	34%	16	28%	16	23%
Finland		51	86%	47	82%	59	87%
Poland		4	7%	5	9%	4	6%
Sweden & Norway		4	7%	5	9%	5	7%

# Environmental responsibility

## Materiality assessment

- A Combatting 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 lifespan by developing circular economy services
- E Reducing direct environmental impacts



## Goals

- Workplace optimisation, continuous improvement and maintenance with attention to the Circular economy
- Promoting space efficiency as well as sustainable and versatile solutions using existing and avoiding unnecessary
- Achieving Carbon neutrality

## Environmental impact management with lifecycle services

The main idea behind the Martela Lifecycle strategy is to provide customers with efficient, user-centric workplace solutions and related services. Efficient use of space in working and learning environments reduces the use of materials, 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 facilities and furniture while also ensuring that they continuously support the changing ways of working. Martela's most significant environmental performance lies in providing the customer the workplace design that supports their work and adapts to changing needs, while Martela ensures the longest possible lifespan for furniture designed to be durable and refurbishable, regardless of who uses it. If the customer so wishes, the planning can also aim to improve workplace efficiency to reduce the climate impact of their own work environment. However, no measured information is yet available about the actual useful life span of the product or the actual development of the customers' space efficiency or the reduction of energy use, the company focuses on the environmental impacts of its own operations in its reporting on environmental responsibility. The carbon footprint saved by using the lifecycle services is estimated to be significantly larger than Martela's scope 1 and 2 carbon footprint.

The carbon handprint project led by VTT Technical Research Center of Finland and LUT University

was implemented during 2021 to 2024 with the aim of comparatively calculating the positive climate effects of solutions based on the circular economy model. Martela's product as a service model was studied as one of the example calculations of the model, and the most significant factor of the carbon handprint turned out to be the extension of the product's useful lifespan, especially as the transport distances do not become too long. In addition to example cases, the research project also examined different frameworks related to carbon footprint reduction. The project highlighted the inherent ability of some companies to reduce their own carbon dioxide emissions, while others may have a more significant opportunity to enhance collective climate mitigation by delivering emission-reducing solutions to the wider economy and society. In order to achieve the goal of limiting global temperature rise, increasing the carbon footprint of some companies may also be justified when the combined effects of the entire value chain are evaluated.

## Durability versus throwaway culture

The sustainability of products and services must be designed before they are introduced to the market. When any manufactured product uses the Earth's limited resources, it must be used for its intended purpose for as long as possible and, at the end of its useful life, the materials used must be utilised effectively. It is also important that the product is purchased based on a user need 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. The results of the carbon handprint project support the principle that has always guided Martela; to produce high-quality and durable furniture. The best way to tackle the climate effects of the material use for products is to extend the useful lifespan. Martela's products have been designed for long-lasting, heavy-duty use and the achievement has been verified by type approval testing. Product design at Martela also aims to create products that can be used for decades, regardless of fashion trends. Good examples of timeless design are the Kilta chairs from 1955, 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 remanufactured, and the materials can be recycled or used as a source of energy. When designing new work environment solutions for customers, the 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 2023, the amount of used furniture received from customers for material recovery was 2.6 million kilos. Nearly 51% of this material is wood-based and 31% is other materials 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 remanufactured by Martela and some are passed on to various partners. Used furniture that is in good condition is cleaned and refurbished at the Nummela production and then made available for corporate and private customers through the Martela Outlet web shop and stores. In 2023, around 23,140 pieces of used furniture found new homes through the Martela Outlet chain. Martela Outlet sales were boosted by companies' growing interest in purchasing used furniture. In addition, about 2,300 pieces of furniture found a new user through partners in Finland and about 3,530 in Sweden.

### Customer steers the production

Martela's new products are highly modular and are manufactured based on customers' orders. Some end-product combinations may be ordered by just one customer. Customers always choose the upholstery materials for each order. Remanufacturing production operates on the terms of the material offered, but there too, trends in customer demand affect the selection of products to be refurbished. Martela's production volumes of new products decreased 22% compared to the previous year and remanufacturing volumes decreased 26%. The manufacturing processes of new products are designed according to delivery time categories. Components for products with short delivery times wait for customer orders in Martela's own production sites and logistics centre, and components for products with longer delivery times wait in their standard

supply chain. Although the war in Ukraine still has hampered the worldwide availability of materials and components, the level of delivery accuracy of supply has been good for our customers.

### Unified managed processes

The Nummela production and logistics centre focuses on the final assembly of new products and the remanufacturing of used products. Upholstery components are assembled at Martela's own plant in Poland, and tabletop and storage unit components are manufactured at 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.

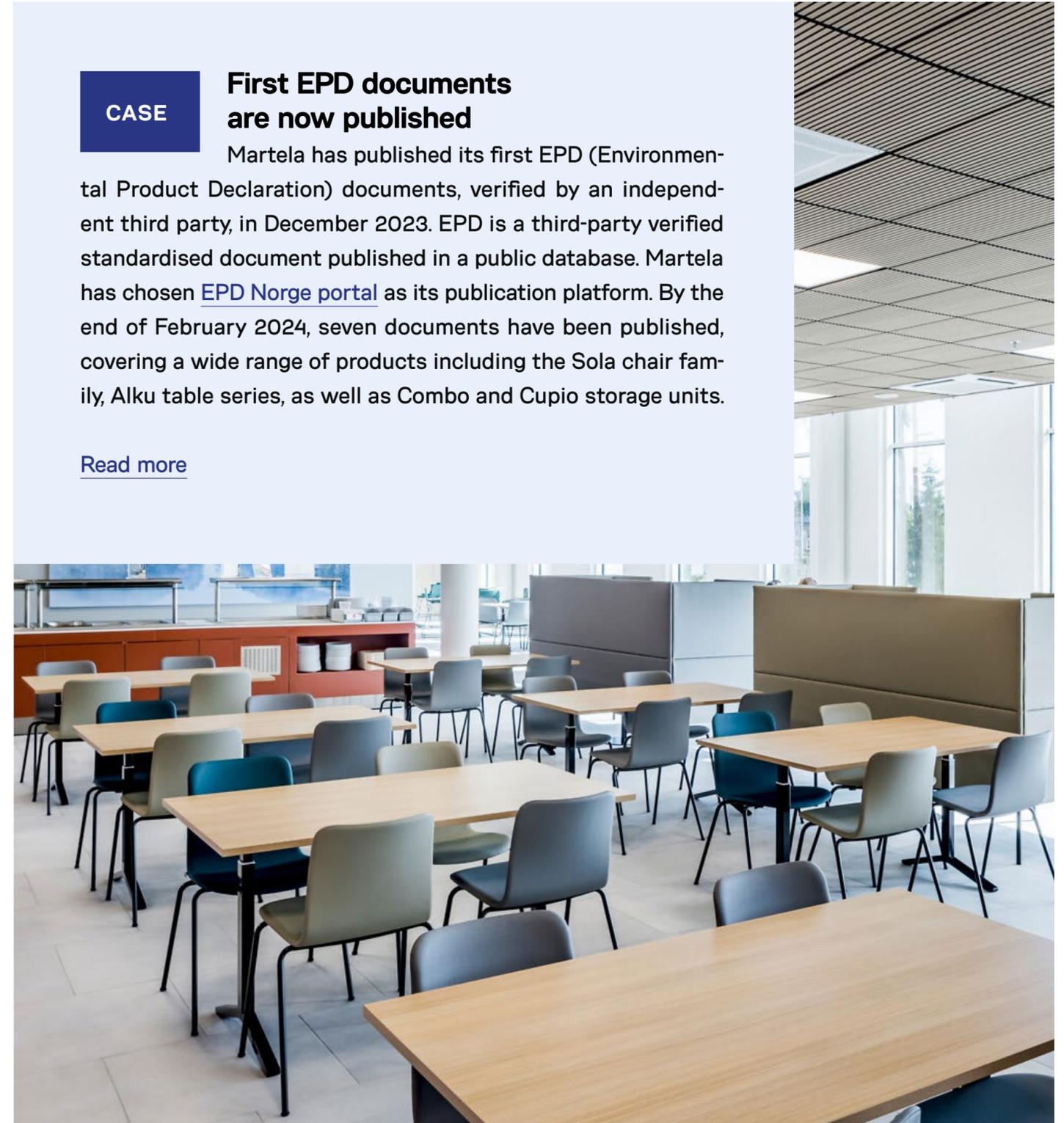
The Group's structure and operating models have evolved over the years, and the Group companies' quality and environmental management systems have been integrated into a consistent, comprehensive operating model. Since 2017, Martela has had a third-party environmental and quality management system with 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. With these common operating systems Martela ensures that consistent operating models are used at all levels of operations within the Group. The certification covers

#### CASE

### First EPD documents are now published

Martela has published its first EPD (Environmental Product Declaration) documents, verified by an independent third party, in December 2023. EPD is a third-party verified standardised document published in a public database. Martela has chosen [EPD Norge portal](#) as its publication platform. By the end of February 2024, seven documents have been published, covering a wide range of products including the Sola chair family, Alku table series, as well as Combo and Cupio storage units.

[Read more](#)



the Group functions managed at the head office, the operations at the production and logistics centre in Nummela, at Kidex Oy in Kitee and the production in Piaseczno, Poland.

### Sustainable and recyclable materials

The main materials that 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 2023, the amount of material used for production stay on the same level from the previous year, reaching around 6.1 million kilograms. Data on purchased items reveals that nearly 38% of the materials used were wood-based and 25% were metal-based. Material or weight information is not comprehensively recorded in the system and the group 'Others', which includes unspecified or mixed materials, accounted for 33%. The footprint calculations for 'Others'-group materials are based on the allocations of the material for the main products.

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.

The chipboard made from recycled materials that is increasingly used cannot be included in the calculation of the share of recycled material as availability of recycled raw material is constantly fluctuating. The acoustic panel in the Face screen is made from mainly 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 material as possible. The packaging is made of easily recyclable or reusable materials that are as light as possible. Products are mainly packed with wooden pallets and board, cardboard and plastic. The packaging is subsequently recycled or used as an energy source after possible reuse.

In its use of materials, Martela aims for minimal waste and any surplus materials are used in re-manufacturing production. In 2023, the production waste generated by the entire group amounted to 1.5 million kilos, of which 99.5% was recovered. Only 0.5% was hazardous waste resulting mainly from the maintenance of equipment and buildings. The amount of waste decreased 22% which is in line with the decrease of production volumes.

### Climate impacts from material use

Martela's own production generates very low direct emissions into the air and no hazardous substances are used. The emissions of volatile organic compounds (VOC) from Kidex Oy's plant decrease from year 2022 and last year's total VOC emis-

sions were only 119 kilos. Other emissions into air through Martela's operations are SO<sub>x</sub> and NO<sub>x</sub> emissions from transportation and commuting, but amounts of which are insignificant and thus no longer calculated.

Martela calculates its climate impact according to the GHG protocol, taking into account direct emissions (scope 1), emissions from the production of purchased energy (scope 2) and indirect emissions from the value chain (scope 3). Of the greenhouse gas emissions in 2023, 80% came from materials purchased for products delivered to customers (scope 3), 2% from indirect energy use (scope 2) and 4% from the distribution of finished products to customers (scope 1).

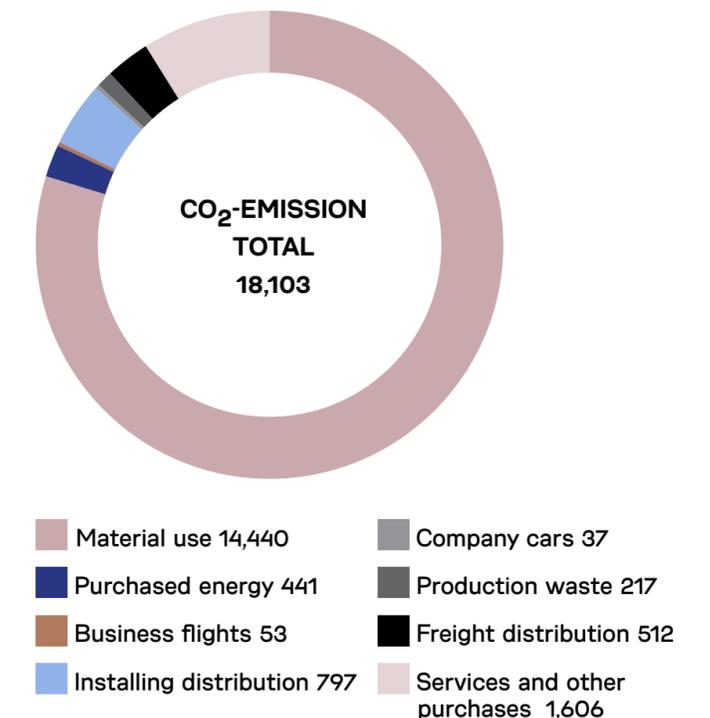
During 2023, an external expert created a calculation method that allowed Martela to refine and update its calculation according to the GHG protocol. The biggest change compared to the information in the 2022 report arose from the calculation of Services and other purchases and the refinement of the material calculation. The new calculation share of Services and other purchases is euro-spend-based, and the updated material share, on the other hand, is weight-based using DEFRA emission factors. Climate impact calculations for the previous two years have also been updated with these new coefficients.

Martela's most significant climate impact arises from the use of materials related to products and services offered to customers, even after changes of coefficients. Greenhouse gas emissions from materials totalled 14.4 million kilos during 2023.

The change to the climate impact figures reported in previous years is mainly due to the inclusion of upholstery materials and material combinations, and the change in the emission factors of wood and plastic, compared to the previous calculation method. For upholstery materials, only wool coefficients have been used in the calculations. The material allocations of Contract manufacturing, Trading products and group of 'Others' have been evaluated at a general level in order to calculate the climate effects of the materials used in them.

During 2023, 99% of the value of distribution-related freight transport was purchased from suppliers who share their CO<sub>2</sub> emissions calculations. Based on this information, the CO<sub>2</sub> emissions from distribution freight logistics (TTW) were approx-

CO<sub>2</sub> EMISSION DIVISION (1,000 KG)



imately 512 tonnes (scope 3). The carbon dioxide emissions of the long-distance 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 3% of Martela's total emissions in 2023.

The waste emission calculation is made by the waste management partners and it covers 97% of the waste generated from Martela's own operations. The calculation only covers production located in Finland. Based on the calculation, the carbon dioxide emissions caused by production waste processing was approximately 203 t CO<sub>2</sub>eq. On the other hand, emissions of approximately 1,400 t CO<sub>2</sub>eq were avoided in the production of raw materials and energy production through the utilisation of waste. Thus, a calculated reduction of 1,190 t CO<sub>2</sub>eq in carbon dioxide emissions was achieved through the utilisation of waste streams.

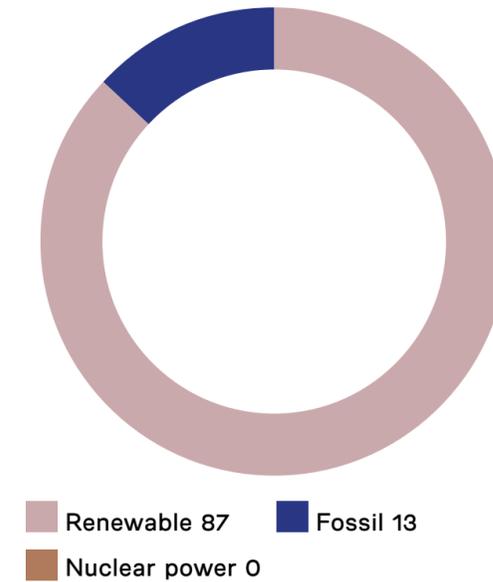
### Changes in scope 2 emissions calculations

The amount of comparable indirect greenhouse gas emissions under Martela's scope 2 has decreased by 85% in a decade as indirect energy consumption has fallen by 37%. The largest reduction in greenhouse gas emissions has been achieved by purchasing mainly zero-emission electricity for production sites since 2015. Martela's energy intensity in 2023 in relation to turnover was 303 GJ/ EUR million and in relation to the production volume of its own

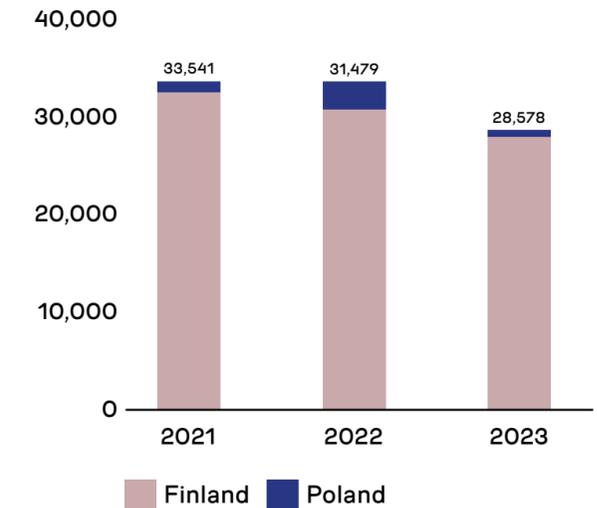
products 0.13 GJ/ piece. Since energy consumption is not dependent on production volume, the easiest way to reduce energy intensity is to increase production volume or turnover using the same premises. In addition to the properties previously included in the calculation, the sales offices in Finland, Sweden and Norway, as well as the warehouses used by the installation teams in Finland were included in 2023 scope 2 calculation. The climate effects of sales and storage properties in Finland have been calculated with the area-based coefficients published by Statistics Finland in 2021. Correspondingly, the emission coefficients of properties in Sweden and Norway are based on their country specific ones. Comparable scope 2 emissions have increased by approximately 13% compared to 2022, and an additional 35% with area-based emissions from newly included properties.

The share of renewable electricity was 88% of the entire Group's calculated use of electricity. The lessor is responsible for the energy procurement of the head office. Martela purchased electricity for the Nummela and Kitee production sites from a single supplier. For the production 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 Miestentie head office, Nummela and Kitee factories 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 coeffi-

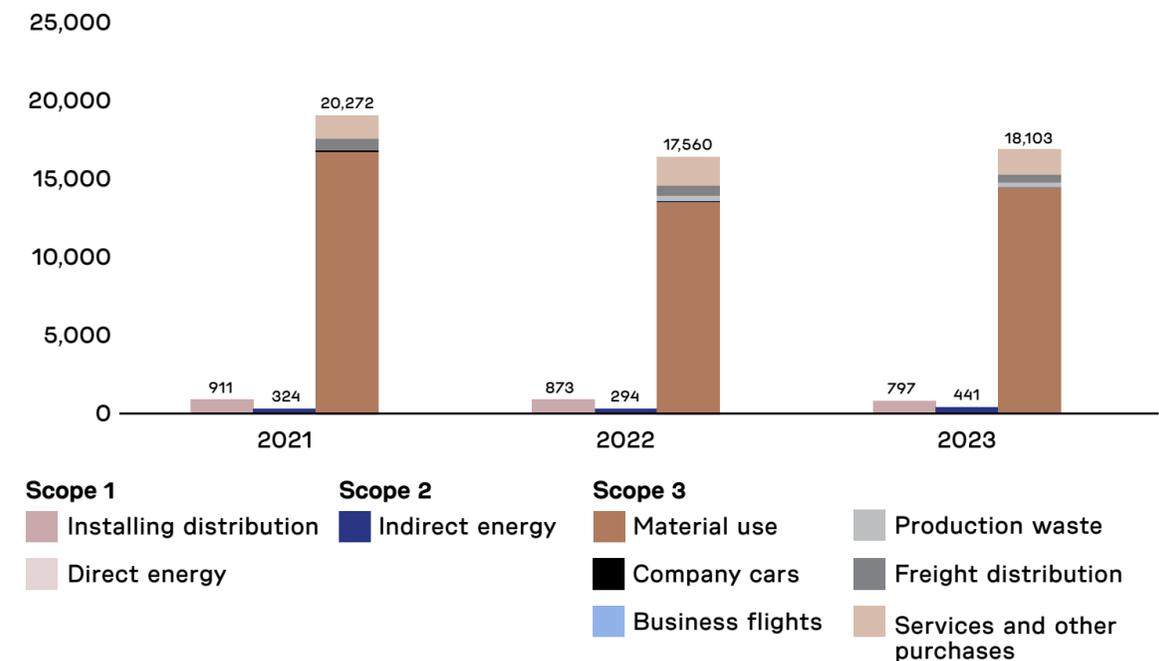
SOURCES OF INDIRECT ENERGY (%)



USE OF INDIRECT ENERGY (GJ)



CO<sub>2</sub> EMISSION DIVISION (1,000 KG)



cients 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 28,580 GJ in 2023. Of the total amount of energy used, 88% was from renewable energy sources and 12% was from fossil sources. The share of nuclear power consumption is very small and comes mainly from the electricity used in the head office, which has been calculated using average electrical energy data. The consumption of electricity decreased 19% and district heating increased by 2%. The use of heating energy produced from gas decreased also by 9%. Function-specific environmental action groups monitor the implementation of practical measures related to climate and environmental effects in the objectives relevant to each function.

### Scope 1 emissions decreased

Almost a decade ago, Martela heated its properties by burning oil. Since 2014 the premises have been heated with purchased energy, which is why this part of scope 1 emissions has transferred to scope 2 emissions. The purchased energy is also mainly produced with renewable energy sources instead of the previous fossil fuel oil. The environmental effects of Martela's installation delivery have been monitored actively since the 1990s, and the com-

pany 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, the installation 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 2023, the indicator for emissions from transportation was mainly calculated by using the mileage per vehicle in Martela's own fleet, leased vehicles and service partners' fleet. When the mileages were multiplied with DEFRA coefficients, the carbon dioxide emissions of the distribution logistics in all of Finland decreased 8% from the previous year and amounted to 712 tonnes. All the emissions from installation delivery have been included in scope 1.

### Commuting and business travel still low

Martela also seeks to reduce its environmental impacts by promoting remote working and videoconferencing opportunities, which reduce the need for business travel, and by encouraging employees to commute using public transport. Emissions caused by increased travel after the pandemic continued to increase in 2023 and reached 53 tonnes. However, the share of commercial flights in the total emissions is so small that it is not significant for the entity. Around 80% of the business trip bookings are estimated to be made by Martela's employees via a centralised reservation system. Data on the climate impact of business operations in Nor-

way and Sweden is not included in the calculation.

Emissions from company cars are also monitored closely. The number of leased company cars used in Finland decreased during 2023 and at the same time the average carbon dioxide emissions decreased to 84 g/km. The maximum emission limit in Martela's updated company car guidelines is 140 g/km. The emissions of two current company cars exceed the new guideline, but their lease agreement will end during the year 2024.

Leased cars used by the Swedish sales personnel are now also included in the calculation. In Sweden, during 2023, several leasing contracts had changed from a diesel-consuming to an electric car. The calculated carbon dioxide emission of all leased cars used by Martela's personnel was a

total of approximately 29 tonnes.

In 2023 sustainability training, Martela asked from employees of their means of commuting and distance travelled to their workplace. According to the responses by about 130 employees, more than 70% of commuting was done by own car and 11% by company car. Only 5% was travelled on foot or by bike. In Finland, 34 persons have taken up the employee bicycle benefit offered by Martela. Thanks to remote work, almost 20% of the travel kilometres was saved. Using the average coefficients of the WWF and VR climate calculators, commuting caused an emission of 85 t CO<sub>2</sub>eq. If this calculation had been included in Martela's total emissions calculation, its share would have remained less than 1% of total emissions.

#### CASE

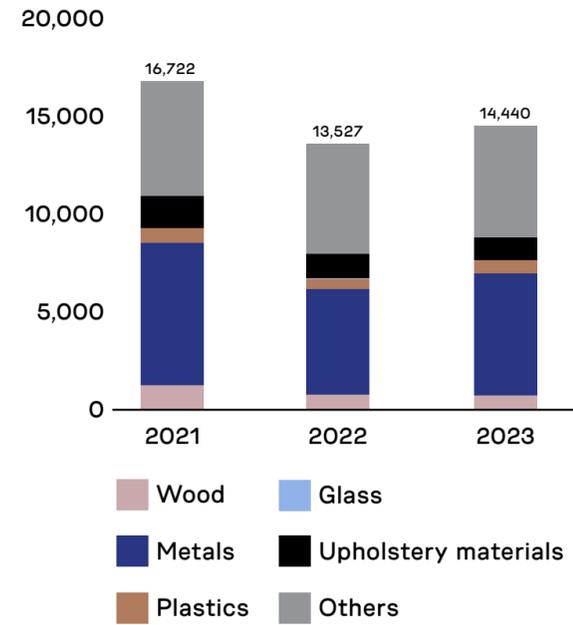
### Results of the Carbon neutrality empowered by handprint project

Martela joined the research project to develop a reliable way to demonstrate carbon neutrality and to assess the environmental benefits of its Product as a Service model. Circular economy and flexibility without compromising economic profitability are at the core of Martela's business model. Martela's Product as a Service model that is inline with circular economy thinking was studied in the project. The scientific application of the handprint concept confirmed the most significant environmental impact factors found in WaaS (Workplace as a Service).

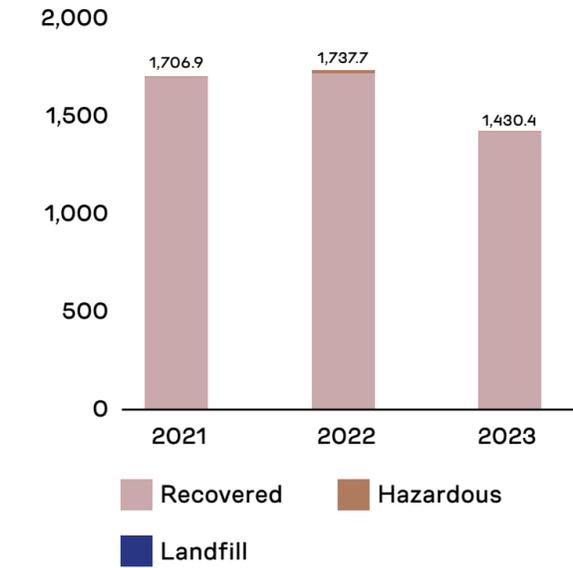
Circular economy affects the entire value chain, requiring collaboration, data collection, and information transfer between different actors in the value chain. To facilitate this, Martela identified the need for practical solutions and tools for reliably calculating, communicating, and comparing positive environmental impacts. Handprint calculation provides a good basis for achieving these goals.

[Read more](#)

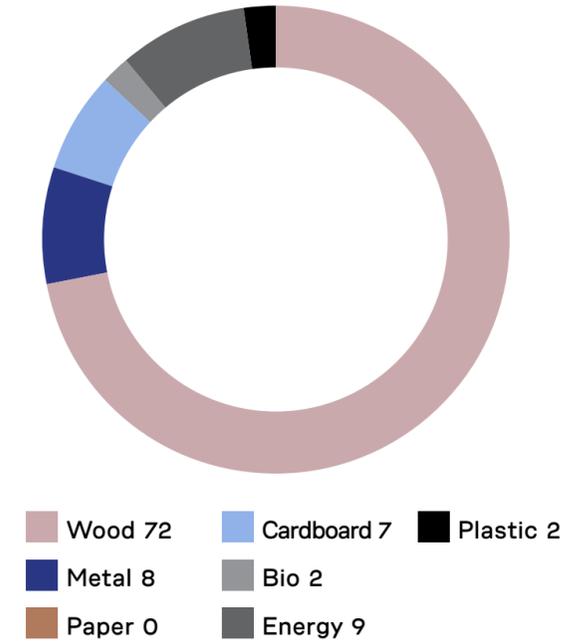
**CO<sub>2</sub> EMISSIONS OF MATERIALS (1,000 KG)**



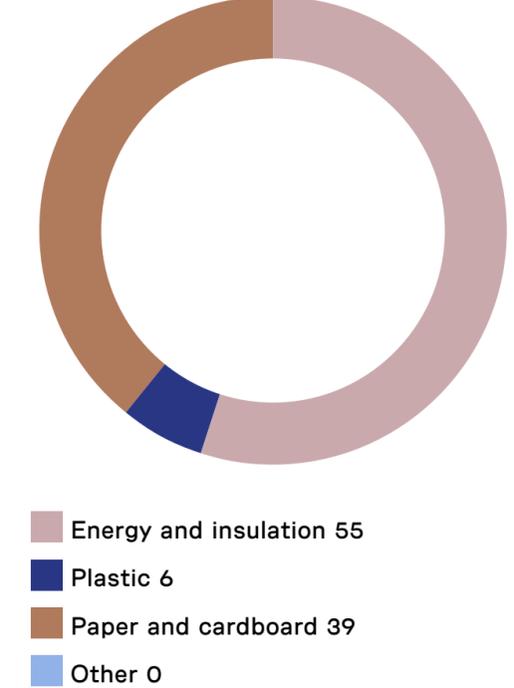
**PRODUCTION WASTE, FINLAND (1,000 KG)**



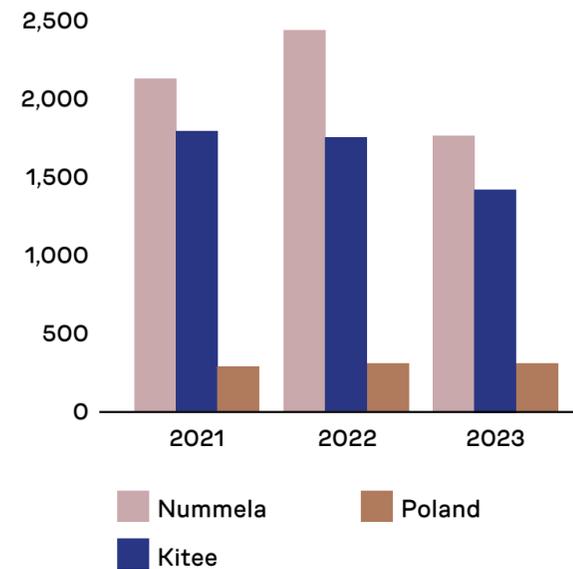
**RECOVERED WASTE, FINLAND (%)**



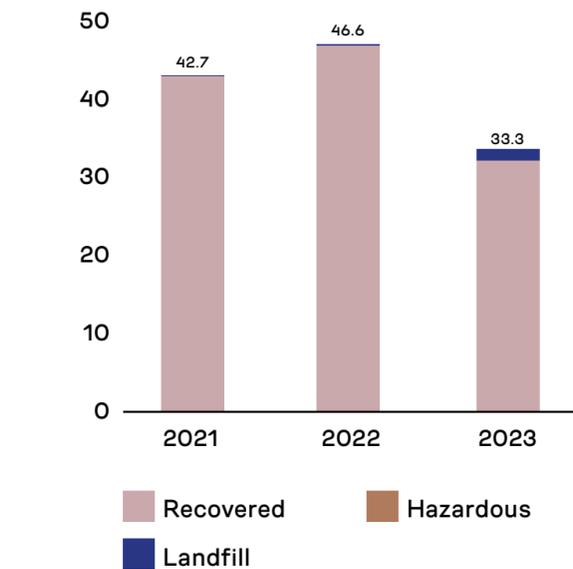
**RECOVERED WASTE, POLAND (%)**



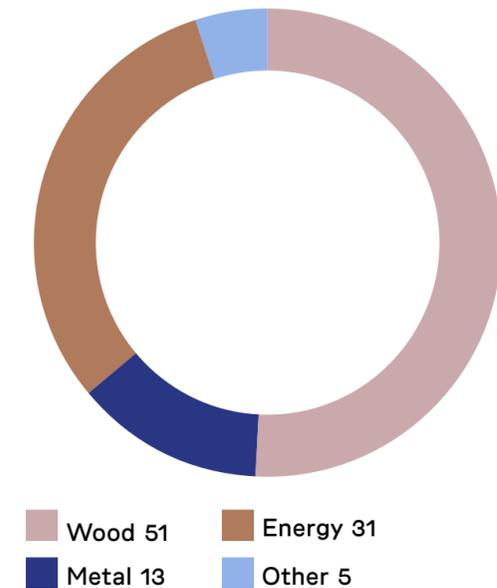
**WATER USAGE IN FACTORIES (M³)**



**PRODUCTION WASTE, POLAND (1,000 KG)**



**USED MATERIALS FROM CUSTOMERS IN FINLAND AND SWEDEN (%)**



# GRI-index

GRI-standard	Description	Location and comments
<b>GRI 2: General Disclosures 2021</b>		
<b>The organization and its reporting practices</b>		
2-1	Organizational details	Martela in brief p. 3, <a href="http://www.martela.com">www.martela.com</a>
2-2	Entities included in the organization's sustainability reporting	Contents and scope of report p. 4
2-3	Reporting period, frequency and contact point	Contents and scope of report p. 4, Management of Sustainability p. 14-16
2-4	Restatements of information	Contents and scope of report p. 4
2-5	External assurance	Contents and scope of report p. 4
<b>Activities and workers</b>		
2-6	Activities, value chain and other business relationships	Environmental responsibility p. 32-38
2-7	Employees	Social responsibility p. 25-31
2-8	Workers who are not employees	Social responsibility p. 25-31
<b>Governance</b>		
2-9	Governance structure and composition	Martela Annual report 2023 p. 62-66
2-10	Nomination and selection of the highest governance body	Martela Annual report 2023 p. 62-66
2-11	Chair of the highest governance body	Martela Annual report 2023 p. 62-66
2-12	Role of the highest governance body in overseeing the management of impacts	Management of Sustainability p. 14-16
2-13	Delegation of responsibility for managing impacts	Management of Sustainability p. 14-16
2-14	Role of the highest governance body in sustainability reporting	Management of Sustainability p. 14-16
2-15	Conflicts of interest	<a href="#">Corporate Code of Conduct</a>
2-16	Communication of critical concerns	<a href="#">Corporate Code of Conduct</a>
2-17	Collective knowledge of the highest governance body	Management of Sustainability p. 14-16
2-18	Evaluation of the performance of the highest governance body	Martela Annual report 2023 p. 62-66
2-19	Remuneration policies	<a href="http://www.martela.com/about-us/about-martela/investors/corporate-governance/rewarding">www.martela.com/about-us/about-martela/investors/corporate-governance/rewarding</a>
2-20	Process to determine remuneration	<a href="http://www.martela.com/about-us/about-martela/investors/corporate-governance/rewarding">www.martela.com/about-us/about-martela/investors/corporate-governance/rewarding</a>
2-21	Annual total compensation ratio	6.48

GRI-standard	Description	Location and comments
<b>GRI 2: General Disclosures 2021</b>		
<b>Strategy, policies and practices</b>		
2-22	Statement on sustainable development strategy	Sustainability programme p. 18
2-23	Policy commitments	Corporate Code of Conduct p. 15-16
2-24	Embedding policy commitments	Management of Sustainability p. 14-16
2-25	Processes to remediate negative impacts	<a href="#">Corporate Code of Conduct</a>
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">Corporate Code of Conduct</a>
2-27	Compliance with laws and regulations	Economic responsibility p. 19-24
2-28	Membership associations	Economic responsibility p. 19-24
<b>Stakeholder engagement</b>		
2-29	Approach to stakeholder engagement	Contents and scope of report p. 4
2-30	Collective bargaining agreements	Social responsibility p. 25-31
<b>GRI 3: DISCLOSURES ON MATERIAL TOPICS 2021</b>		
3-1	Process to determine material topics	Contents and scope of report p. 4
3-2	List of material topics	Martela Annual report 2023 p. 62-66
3-3	Management of material topics	Economic, social and environmental responsibility p. 19-38
<b>200 - ECONOMIC IMPACTS</b>		
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>		
201-1	Direct economic value generated and distributed	Economic responsibility p. 19-24
201-3	Defined benefit plan obligations and other retirement plans	Martela Annual report 2023 p. 40
201-4	Financial assistance received from government	Economic responsibility p. 19-24
<b>GRI 202: MARKET PRESENCE 2016</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Social responsibility p. 25-31
202-2	Proportion of senior management hired from the local community	100 %
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>		
204-1	Proportion of spending on local suppliers	Economic responsibility p. 19-24
<b>GRI 205: ANTI-CORRUPTION 2016</b>		
205-2	Communication and training about anti-corruption policies and procedures	Management of Sustainability p. 14-16, Economic responsibility p. 19-24
205-3	Confirmed incidents of corruption and actions taken	There have been no cases of corruption in Martela's operations during 2023
<b>300 - ENVIRONMENTAL IMPACTS</b>		
<b>GRI 301: MATERIALS 2016</b>		
301-1	Materials used by weight or volume	Environmental responsibility p. 32-38
301-2	Recycled input materials used	Environmental responsibility p. 32-38
301-3	Reclaimed products and their packaging materials	Environmental responsibility p. 32-38

GRI-standard	Description	Location and comments
<b>GRI 302: ENERGY 2016</b>		
302-1	Energy consumption within the organization	Environmental responsibility p. 32-38
302-2	Energy consumption outside of the organization	Environmental responsibility p. 32-38
302-3	Energy intensity	The energy purchased (district heating, electricity, gas) by Martela in relation to net sales was 303 GJ/EUR million 2023
<b>GRI 303: WATER AND EFFLUENTS 2018</b>		
303-5	Water consumption	Environmental responsibility p. 32-38
<b>GRI 304: BIODIVERSITY 2016</b>		
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
<b>GRI 305: EMISSIONS 2016</b>		
305-1	Direct (Scope 1) GHG emissions	Environmental responsibility p. 32-38
305-2	Energy indirect (Scope 2) GHG emissions	Environmental responsibility p. 32-38
305-3	Other indirect (Scope 3) GHG emissions	Environmental responsibility p. 32-38
305-4	GHG emissions intensity	Environmental responsibility p. 32-38
305-5	Reduction of GHG emissions	Environmental responsibility p. 32-38
305-6	Emissions of ozone-depleting substances (ODS)	Environmental responsibility p. 32-38
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Environmental responsibility p. 32-38
<b>GRI 306: WASTE 2020</b>		
306-3	Waste generated	Environmental responsibility p. 32-38
306-4	Waste diverted from disposal	Environmental responsibility p. 32-38
306-5	Waste directed to disposal	Environmental responsibility p. 32-38
<b>400 - SOCIAL TOPICS</b>		
<b>GRI 401: EMPLOYMENT</b>		
401-1	New employee hires and employee turnover	Social responsibility p. 25-31
<b>GRI 402: LABOUR/MANAGEMENT RELATIONS</b>		
402-1	Minimum notice periods regarding operational changes	Martela follows the notice periods defined by its operating countries
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>		
403-1	Occupational health and safety management system	Martela has <a href="#">ISO 45001 certification</a>
403-2	Hazard identification, risk assessment, and incident investigation	Social responsibility p. 25-31
403-4	Worker participation, consultation, and communication on occupational health and safety	2023 there were occupational safety committees in Finland and Poland, covering 89% of the Group's total personnel
403-8	Workers covered by an occupational health and safety management system	2023 there were occupational safety committees in Finland and Poland, covering 89% of the Group's total personnel
403-9	Work-related injuries	Social responsibility p. 25-31
403-10	Work-related ill health	Social responsibility p. 25-31

GRI-standard	Description	Location and comments
<b>GRI 404: TRAINING AND EDUCATION 2016</b>		
404-1	Average hours of training per year per employee	The average training hours were 2.47h and the external training costs averaged EUR 200 per man-year during 2023
404-2	Programs for upgrading employee skills and transition assistance programs	Social responsibility p. 25-31
404-3	Percentage of employees receiving regular performance and career development reviews	The development discussion model covers all employees, realisation Key responsibility indicators p. 17
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>		
405-1	Diversity of governance bodies and employees	Social responsibility p. 25-31
405-2	Ratio of basic salary and remuneration of women to men	Social responsibility p. 25-31
<b>GRI 406: NON-DISCRIMINATION 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	In 2023 there was no incidents of discrimination in Martela
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b>		
414-1	New suppliers that were screened using social criteria	Economic responsibility p. 19-24
<b>GRI 415: PUBLIC POLICY 2016</b>		
415-1	Political contributions	Economic responsibility p. 19-24
<b>GRI 416: CUSTOMER HEALTH AND SAFETY 2016</b>		
416-1	Assessment of the health and safety impacts of product and service categories	Social responsibility p. 25-31
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
<b>GRI 417: MARKETING AND LABELING 2016</b>		
417-1	Requirements for product and service information and labeling	Social responsibility p. 25-31



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