

MARTELA'S PURCHASING PRINCIPLES

Approved by Martela's Group Management Team on January 5th 2011

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Martela works in close cooperation with component, raw-material and service providers and contractors all around the world. As we are committed to quality, safety and sustainability in all our operations, it is important that our suppliers know the issues we regard as crucial for our cooperation and act in accordance with our principles. This will ensure customer satisfaction and create a win-win situation for us and our partners. In Martela's purchasing principles, we describe the overall requirements we have on mutual cooperation.

As the variety of our final products is great, our technical requirements and specifications as well as environmental and social requirements are product/supplier specific. Therefore, we have written separate guidance documents for those purposes, in order to give more detailed instructions in each case. Our principles and instructions also concern the core subcontractors of our suppliers, though we do not repeat it in our texts.

LEGAL COMPLIANCE

Martela's suppliers shall comply with all applicable laws and regulations in all locations where they conduct business. In addition to complying with legal and regulatory requirements, our suppliers are expected to act in accordance with high standards of business ethics. The Martela Corporate Code of Conduct, which guides both our own employees and our suppliers, explains what we mean with these standards.

Before we start a new partnership, we always go through these purchasing principles and in the case of risk suppliers we also go through Martela's social requirements on suppliers.

ANTI-CORRUPTION

The highest standards of integrity are to be expected in all business interactions. Any form of extortion and corruption, including improper offers for payments to or from employees or organisations, is prohibited.

QUALITY, TECHNICAL REQUIREMENTS AND SPECIFICATIONS

For the majority of suppliers a supplier basic information form for the evaluation of quality productivity is used. Evaluation and interviews at the supplier's premises are conducted for selected main suppliers. Sample and trial batches as well as evaluation of economical resources and competitiveness are used for major new suppliers. Supplier quality and delivery accuracy is monitored with monthly metrics for main suppliers.

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PRODUCT SAFETY AND LIABILITY

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

SHIPMENTS/DELIVERIES

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

ENVIRONMENT

Martela's suppliers shall support a precautionary approach to environmental challenges. At a minimum, suppliers shall comply with all applicable environmental laws and regulations. We are interested in our suppliers' environmental performance and encourage them to implement environmental management systems and adopt less environment burdening technologies. Where Martela's major environmental requirements on a product level are concerned, we combine them with product specifications whenever needed.

SOCIAL REQUIREMENTS

Our social requirements consist of compliance with labour laws and/or ILO conventions, depending on which ones are the most stringent. Normally, inside the European Union the labour laws are regarded as strict and the inspections by labour protection officers as reliable. Therefore, our approach to these issues is based on risk assessment. If this shows us that a supplier falls into a risk category, closer monitoring will be carried out, as described in Martela's Social Requirements for Suppliers.

NON COMPLIANCES

In case of non compliance a corrective action project will be started by the supplier in order to improve cooperation for mutual benefits. If no improvement is reached within six months, cooperation with the non-compliant supplier is ceased.

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