

MARTELA RESPONSIBILITY REPORT 2010



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This is the first time that Martela has issued a Corporate Responsibility Report. The report has been written in accordance with the Global Reporting Initiative (GRI) guidelines (version G3) on sustainability reporting. The management principles guiding our corporate responsibility have been prepared by Martela's Sustainability Steering Group and approved by the Group Management Team – apart from the Martela Corporate Code of Conduct, which has been approved by the Board of Directors. The performance indicators chosen for the report are based on a materiality assessment made by the Sustainability Steering Group. As we have not yet been able to collect data for all the chosen indicators, the materiality assessment includes a time plan for introducing the indicators.

Any deviations from the GRI guidelines and any shortcomings in presenting indicators that are material for Martela are dealt with in the GRI Comparison Table. In the comparison we also disclose the self-declaration of our reporting level required by GRI. At this first attempt, we regard ourselves as a C-level reporter.

REPORTING STRUCTURE

At the beginning of the report we briefly introduce Martela as a company, as well as Martela's values, strategy and governance. After that, we present the stakeholder assessment prepared by the Sustainability Steering Group and the core risks and opportunities as concerns corporate responsibility.

When presenting Martela's corporate responsibility management, we disclose the related management principles and commitments as summaries – the full texts of our principles can be found at www.martela.com/In_English/Responsibility. In this context, we do not present our governance and risk management principles, as they are dealt with in the Martela Annual Report. In the section "Organization of corporate responsibility", we describe the roles and duties of the Board of Directors, the Group Management Team and the Sustainability Steering Group in developing corporate responsibility.

Detailed information on performance is presented in the economic, social and environmental sections of the report. As this report is our first, the results we disclose reflect more or less our current situation, and we cannot yet show many targets beside the results. The Sustainability Steering Group aims to finish Martela's CR target program for 2012-2014 by the end of 2011. The program will then be the basis for monitoring our achievements and presenting new targets in future reports.

REPORT SCOPE

Our reporting covers all of Martela's operations. Any deviations or limitations are reported in connection with the indicators in question. We have followed the principles for reporting boundary and disclosure levels defined in the GRI Boundary Protocol.

Concerning business units outside Finland, the coverage of performance indicators is not yet satisfactory compared to the data available on the Finnish operations. For instance with respect to the property we occupy in Poland, the energy costs are included in the rent paid, and getting data on actual energy use and emissions was not possible for this report.

For most indicators, we can show retrospective statistics from 2008-2010. In the future, we aim at using a three-year time series with all our indicators.

GLOBAL COMPACT REPORTING

Martela joined the Global Compact Initiative in early 2011. The Global Compact charter considers the use of the indicators in the GRI G3 Guidelines as appropriate for monitoring and evaluating progress on the principles. We have already started Global Compact reporting (Communication on Progress) in this report by marking, in the GRI Comparison Table, the indicators that evaluate our fulfilment of the principles of human rights, labour rights, environmental protection and anti-corruption.

THE MARTELA REPORT HAS NOT BEEN ASSURED

We have written our report in both Finnish and English, with the Finnish version being regarded as the original text. The report has not been printed, but it is possible to print out either the whole report or sections of it as a PDF document.

The report has not been assured by a third party. The figures in the sections "Martela as a company" and "Economic performance" have been reviewed by the accountants when conducting the audit on the financial statements and Board of Directors' Report.

This report discloses the results for 2010, and in most cases also for 2008 and 2009.

Our next report on 2011 will be published in spring 2012.

MARTELA WANTS TO BE VISIBLY RESPONSIBLE

Martela is in a good position to meet the challenges posed by corporate responsibility. We have always managed our finances and environmental impacts in a responsible way and have invested in welfare at work. We are also aware of corporate responsibility risks in the supply chain and have actively addressed them in expanding our supply chain – even if these risks cannot, in our case, be regarded as especially serious. We use local suppliers: nearly 80% of material purchases were made in Finland, Sweden and Poland, which we consider to be our home countries. However, we work in an industry of long supply chains and realize that our suppliers' home country is not always the country of origin of the products we buy.

Our aim is to strengthen our competitiveness by means of responsible management. Therefore, we have been carrying out a development program to define the principles that guide our responsible actions and those indicators that are of material importance for measuring our performance. These principles consist of important promises that we make to all our stakeholders and which underlie this first Martela Corporate Responsibility Report.

Heikki Martela
CEO



MARTELA IN BRIEF

Martela is a family company founded more than 60 years ago and its shares are quoted on NASDAQ OMX Helsinki Ltd. The company has production facilities in Finland, Sweden and Poland. Its main market area is the Baltic region. In 2010, the Martela Group's revenue was EUR 108.4 million and the Group had an average of 601 employees.

Martela's offering of products and services helps customers transform their working environments and public interiors. Martela's interior solutions bring added value to the customer's business and brand, and improve the customer's working environment and the well-being of staff. Martela's collection includes both classics and new innovations that are in tune with changes in workplace culture. Quick deliveries and an extensive distribution network support the efficiency of operations. Martela's objective is to offer its customers ergonomic and innovative furniture and the best service in its field.

Martela is the largest company in its sector in Finland and one of the three largest in the Nordic countries. Martela offers the widest range of after-sales support and modification services for interior solutions in the entire sector. In Finland, Martela offers a comprehensive service that covers all modifications required for office premises, from initial inventory and lay-out planning to removal and maintenance of the furniture. In addition to furnishing offices, Martela supplies furniture for learning environments, elderly care facilities, auditoriums and hotels.

Martela product line is based on a strong and flexible supplier network. Manufacture of Martela's collection concentrates on final assembly in logistic centres in Finland, Sweden and Poland. Wood based board is cut to size, veneered and surface treated or laminated in subsidiary Kidex Oy and form pressed components respectively in P.O.Korhonen Oy.

MANAGEMENT OF RESPONSIBILITY AT MARTELA

Managing corporate responsibility is normal everyday work at Martela. Responsibility is an integral part of Martela's values, corporate policies and strategy. In addition, the company has defined specific management principles for steering corporate responsibility work. All the principles presented here were written or updated only a few months before publishing this report, and the task of communicating them within the Group and externally to stakeholders is still unfinished.

VALUES

Our corporate values can be expressed by the terms: *Family Business*, *Passion for Innovations*, *User Driven Design*, and *Finnish*.

Family business explains our long-term way of thinking. We look further than just the next quarter and maintain contacts over the generations. We look to the future, but also place the same value on the environment and our roots. *Passion for Innovations* is in our DNA. Innovations not only apply to our products, but are also evident in our constant attempts to improve in everything we do.

User Driven Design can be seen and felt in our products and services in a very concrete way. We can improve the everyday lives of our customers in many ways.

Martela has been developing with Finland ever since 1945, and we are proud of our Finnish roots. A key thing about being Finnish is keeping your word. At Martela this means keeping our customer promises: we finish the work we have started with pride. Therefore our fourth value is *Finnish*.



responsibility



STAKEHOLDERS OF RESPONSIBILITY

The Martela Sustainability Steering Group has conducted a stakeholder assessment on which to base our CR management model. This assessment consists of the expectations of Martela's key stakeholder groups concerning Martela's responsibility, Martela's actions to meet these expectations, and the indicators that will allow us to measure how well these actions have succeeded. At this stage, the stakeholder assessment has been conducted internally among the Group's specialists, utilizing available inquiries and surveys on stakeholder opinions.

STAKEHOLDER ASSESSMENT

Stakeholder group	Their expectations	Our actions	Indicators
Key account customers	Product emissions (Greengard) Product supply chain Product materials Code of conduct	Product declarations Code of conduct Responsible purchasing principles CR reporting	Core indicators in reporting Amount of labels & certifications
Customers in Finland	Complying with laws and contracts (incl suppliers) Training of employees	Code of conduct CR reporting Product declarations Brand surveys	Social performance indicators Labels & certifications
Customers in Sweden	Environmental labelled products	Swan labeling of some products	Amount of labeled products
Employees	Continuous work contracts Health and safety Training Career development opportunities Company brand	Employee satisfaction survey Training opportunities Personal appraisal Employee clubs	Training days/costs Sick days, accidents, Employee turnover Appraisal % Internal job rotation
Specifiers (e.g. architects)	Environmental trends Image of the brand	Material studies Brand image surveys	Survey results
Owners	Steady development Successful risk management Ensuring competitiveness	Developing systematics on CR Reporting	Cost saving and competitive advantage indicators Brand image/value
Investors	Steady development Successful risk management Information on CR performance	Systematics on CR Reporting	Cost saving and competitive advantage indicators Brand image/value
Dealers	Same as customers Reliable partnership	Same as customers Exceeding other suppliers' performance	Same as customers
Suppliers	Steady development Trust Clear instructions and expectations	Long-term cooperation Responsible purchasing principles/guidelines	Length of contracts Compliance with Martela requirements

MEMBERSHIPS AND INFLUENCE

In the development of legislation and collective bargaining issues, Martela's voice is heard through its membership of the Association of Finnish Furniture and Joinery Industries, which is a member of the Confederation of Finnish Industries. In Sweden we are a member of Trä- och Möbelföretagen, which is the national trade and employers' association for the wood processing and furniture industry. Martela does not support politicians or political parties in any of its countries of operation.

STRATEGY, RISKS AND OPPORTUNITIES

The 2009-2010 strategy of the Martela Group – “Martela creates inspiring spaces for selected segments in target markets through direct customer and specifier relationships. We support our offering through a strong Martela Brand, fast and reliable deliveries, and an inspiring and results-oriented corporate culture.” – does not mention responsibility directly, but responsibility materializes in reliable deliveries.

In 2010, Martela launched a strategic project which aims at a more systematic way to manage, measure and report on corporate responsibility. As a result of the project Martela defined and accepted key policies for responsibility (human resources, purchasing, and environment) as well as Martela's Code of Conduct. In the summer of 2011, the project was completed by publishing this first responsibility report in accordance with the Global Reporting Initiative (GRI) guidelines. The responsibility report will be part of the company's annual report, as well as of the annual reporting process. The key indicators of responsibility defined during the project will be monitored and reported in a systematic manner. Corporate Responsibility in Martela will be supervised, trained and further developed by the Sustainability Steering Group, which will meet at least four times a year.

The valid corporate risk assessment did not show up risks in the corporate responsibility area that would require particular actions. As the CR management model has been further refined in recent months, the CR issues will be dealt with in more detail in the next risk assessment process



MARTELA CORPORATE CODE OF CONDUCT

Martela Corporation's Board of Directors approved the Martela Corporate Code of Conduct at their meeting of 8 February 2011. The Code includes guidance and requirements for the benefit of those who work at Martela and Martela's partners. The Code discloses Martela's position on good governance, social responsibility, environmental responsibility, cooperation with suppliers of goods and services, customer relations, communications and stakeholder relations. Martela's international commitments are also recorded in the Code.

A training program dealing with the Code and other policies will be arranged for Martela's employees during the autumn of 2011. Martela's suppliers will be informed as part of regular business negotiations.

CORPORATE GOVERNANCE POLICIES

As corporate governance policies and issues are dealt with in Martela's Annual Report and Board of Directors' Report, they are not treated separately in this report.

RISK MANAGEMENT POLICY

Risk management is also dealt with in more detail in the Annual Report and Board of Directors' Report. Hence, it has not been included in this report.

HUMAN RESOURCES POLICY

Martela's Human Resources Policy, approved by the Group Management Team, outlines the principles on which responsible HR management is founded, clarifies and harmonises the HR management process, and shows how to maintain and develop a good corporate and employer image. Martela's success is dependent on a skilled and motivated personnel who enjoy their work. Through responsible HR management, the company ensures that these personnel qualities are maintained in both the short and long run.

ENVIRONMENTAL POLICY

Martela's Environmental Policy, approved by the Group Management Team, aims to decrease the company's environmental impacts and promote recycling. The policy gives detailed instructions on how to apply an environmental approach to developing Martela's collections and production processes, choosing materials, enhancing the recyclability of products, and improving leasing, maintenance and recycling services. Our environmental activities are managed in accordance with the ISO 14001 management system, which is presented in more detail in the environmental section of this report.

PURCHASING PRINCIPLES

Martela's Purchasing Principles, approved by the Group Management Team, present Martela's core requirements of 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 and other issues. Product-specific and supplier-specific quality and technical requirements, and environmental and social requirements, are dealt with in more detail in the guidance documents.

SOCIAL REQUIREMENTS OF SUPPLIERS

Martela's Social Requirements of Suppliers, approved by the Group Management Team, complements the Purchasing Principles. The requirements are targeted at those suppliers and their subcontractors (mostly in developing countries) that, in our assessment, constitute a reputation risk. The suppliers are required to comply with national labour laws and ILO conventions. The areas under surveillance are working hours, compensation, child labour, forced labour, discrimination, freedom of association and collective bargaining, and health and safety at work. The requirements disclose how suppliers are to be monitored. Only a few of Martela's suppliers are regarded as risk suppliers.

The complete texts of the Code of conduct, HR Policy, Environmental Policy, Purchasing Principles and Social Requirements of Suppliers are presented on Martela's website at www.martela.com/In_English/Responsibility.

ORGANISATION OF RESPONSIBILITY

Corporate responsibility is managed at Martela as part of the normal planning process and everyday work. Therefore, no separate organization is required.

However, because the subject includes plenty of new issues, a Sustainability Steering Group has been set up to prepare development actions, coordinate proceedings in the business units and make all the needed proposals to the Group Management Team. The Sustainability Steering Group will act until it is felt that CR management procedures have become well established. The Sustainability Steering Group has representatives from Products and Communications, Production and Logistics, HR, Finance/Administration/IT, Business Unit International and Business Unit Sweden/Norway. Martela's environment specialist acts as the secretary and reporter for the Sustainability Steering Group.

The Group Management Team (GMT) will follow the development of the responsibility program and deal with the proposals of the Sustainability Steering Group, the Director of the Products and Communication Unit and other GMT members. The GMT will approve the principles guiding responsibility, except those approved by the Board of Directors, and will approve the annual CR report before publishing.

The Board of Directors will once a year conduct a management review of CR, including CR results, development plans and reporting. Of the principles guiding responsibility, the Board of Directors will approve the Corporate Code of Conduct, the governance policies and risk management policy. The Group Management Team will submit to the Board other proposals on CR whenever needed. Board has not nominated any of its members to specialize in CR issues.

The Business Units will implement the Group's CR principles in their own operations within the normal planning process and governance. The CR Target Program for 2012-2014 aims to visibly take CR development programs into future annual planning processes.

Martela's CR policies, performance indicators and reporting responsibilities have been collected into an internal CR Handbook, which is available on Martela's intranet in both Finnish and English.

CONTACT INFORMATION

Martela Group

Takkatie 1, P.O.Box 44, FI-00371 Helsinki

tel. +35810345500

The Sustainability Steering Group representative in The Group Management Team

Petteri Kolinen, tel. +358405410261, petteri.kolinen@martela.fi

The Sustainability Steering Group chairman

Minna Andersson, tel. +358400878101, minna.andersson@marrtela.fi

The Sustainability Steering Group secretary

Anne-Maria Peitsalo, tel. +358407201491, anne-maria.peitsalo@martela.fi

RESPONSIBILITY RESULTS

Martela's performance in the area of corporate responsibility is measured and disclosed by indicators compatible with the GRI recommendation. The indicators have been chosen in a materiality assessment carried out by Martela's Sustainability Steering Group. The group chose four economic, nine environmental, seven HR and three product responsibility indicators for the 2010 reporting. The report for 2011 will include six new indicators in addition to those chosen for 2010.

MATERIALITY ASSESSMENT

The Martela Sustainability Steering Group has conducted a materiality assessment as a basis for Corporate Responsibility Reporting. The GRI recommendations were assessed in relation to the expectations of Martela's key stakeholder groups, and the significance of the measures for Martela was considered. The materiality assessment was conducted internally by the Group's specialists. The chosen metrics are shown in the materiality assessment table with highlighted background.

Vertical dimension: level of concern to stakeholders

Horizontal dimension: current/potential impact on Martela

	Low	Medium	High	Very high
Very high		Greenhouse gas emissions Initiatives to reduce greenhouse gas emissions	Workforce by employment type and contract Employee turnover and job satisfaction	Coverage of formal health and safety committees
High			Sick days and injuries Performance and career development reviews Ratio of basic salary of men to women Labelling/information requirements of products sold Customer satisfaction surveys	Indirect energy consumption Energy saving improvements & projects Waste by type and disposal methods
Medium	Incidents of discrimination Freedom of association and collective bargaining	Significant spills Fines and sanctions for non-compliance with environmental laws and regulations	Direct economic value by stakeholder groups Paid salaries, taxes, indirect employee costs Financial assistance from the government Purchases from local suppliers by countries of operation Business units analysed for corruption risks Training in anticorruption policies and procedures Handling of hazardous waste Notice procedures in significant operational changes	
Low	Direct economic value by countries of operation Total water withdrawal Emissions of ozone-depleting substances Significant suppliers that have undergone human rights screening Employee training on relevant human rights issues	Contributions to political parties and politicians by country	Improvement projects on health, safety and environment Non-compliance concerning health and safety regulations/codes Non-compliance with marketing laws/codes Sanctions for non-compliances	

KEY METRICS OF RESPONSIBILITY

ECONOMIC RESPONSIBILITY

Martela's consolidated revenue for 2010 was EUR 108.4 million, and its operating profit was EUR 1.3 million. BU Finland's contribution to revenue was EUR 71.8 million, and its operating profit was EUR 5.0 million. The equity ratio was 55.6%, the gearing ratio was -14.1% and gross capital expenditure was EUR 4.7 million.

The 50 largest shareholders held 71% of the company's shares at the end of 2010. The K shares account for 14.6% of all shares and 77.3% of the total votes. Almost all of the stock exchange trading concerned the A shares, with a turnover rate of 33.3%.

Slightly over 70% of revenue was distributed to suppliers and service providers, and the next highest proportion was for employee salaries and wages, together with social security and pension contributions. About 63% of total purchases were for materials, components and ready products supplied to customers, and 37% for marketing services, miscellaneous products, property services and IT, among other things. Martela used about 250 suppliers of materials and components for its standard products. Nearly 80% of the material purchases were from Finland, Sweden and Poland. Half of the material costs consisted of metal-based and wood-based materials and components.

SOCIAL RESPONSIBILITY

At the end of the year, the Martela Group employed 633 people. The number of personnel increased during the second half of the year mainly because of acquisitions. Most of the employees were permanent and worked full-time. Office employees were the largest personnel group at Martela. The gender split was 39% women and 61% men. The average age was 44.5 and the largest age group was 40-49-year-olds. Employees under 30 years of age accounted for 8% of the personnel.

Fifty-eight employees left Martela in 2010, 25 of them voluntarily and 28 for economic reasons. Most of the leavers were men in the 30-50 age group.

ENVIRONMENTAL RESPONSIBILITY

The Nummela logistics centre used nearly 8 million kilograms of materials, components and sub-assemblies during 2010. Half of the purchased material was wood-based and one quarter was metal-based.

Martela produces energy from heating oil and wood-based materials. In 2010 the use of direct energy was about 43,600 GJ, 44% of which was produced from fossil fuels and 56% from renewable fuels. Martela's indirect energy consists mainly of electricity and district heating. The total amount of indirect energy was about 39,400 GJ, of which 5% was produced from fossil fuels, 22% from renewable energy sources and 73% from nuclear power.

In 2010, CO₂ emissions from direct energy amounted to about 1,600 tonnes and from indirect energy, 800 tonnes. VOC emissions from surface treatment totalled 3.4 tonnes from Kidex Oy and 8.8 tonnes from P.O. Korhonen Oy. In 2010 Martela produced almost 2,200 tonnes of waste. In Finland more than 90%, and in Sweden almost 100%, of the waste was recovered waste. In all, 81% of the recovered waste in Finland and 71% in Sweden consisted of wood-based materials. Only a very small amount of hazardous waste is generated, mainly through surface treatment and gluing processes and in property management and maintenance. Operations in Finland accounted for 24 tonnes, and in Sweden 0.4 tonnes, of hazardous waste.

ECONOMIC RESPONSIBILITY

Martela Corporation is a Finnish public limited company that is governed in its decision-making and management by Finnish legislation, especially the Limited Liability Companies Act, by other regulations concerning public limited companies, and by its Articles of Association. In addition Martela code of conduct includes principles of sound accounting procedures.

As a stock exchange listed company Martela complies with the NASDAQ OMX guidelines for insiders and the Finnish Corporate Governance Code 2010 published by the Securities Market Association.

Most indicators of economic responsibility are derived from the consolidated financial statements, the preparation and disclosure of which are based on the IFRS standard.

OWNERS

Martela has two types of shares, with each K share entitling its holder to 20 votes at a General Meeting and each A share entitling its holder to one vote. Private holders of K shares have a valid shareholder agreement that restricts the sale of these shares to other than existing holders of K shares. There are altogether 604 800 K shares and 3 550 800 A shares. The K shares account for 14,6% of all shares and 77.3% of the total votes. Almost all of the stock exchange trading concerned the A -shares with a 2010 turnover rate of 33.3%. The fifty largest shareholder held 71%, of the company's shares at the end of 2010, and the company's market capitalization was EUR 32.3 million.



ECONOMIC VALUE

REVENUE AND OPERATING PROFIT

The consolidated revenue for January-December 2010 was EUR 108.4 million, an increase of 13.7 per cent on the previous year. BU Finland's contribution to revenue was EUR 71.8 million. The operating profit for the corresponding period was EUR 1.3 million (0.8), and the operating profit for Finland was EUR 5.0 million. The equity ratio was 55.6 per cent (57.4). The gearing ratio was -14.1 per cent (-33.9) and gross capital expenditure was EUR 4.7 million (2.2). In addition to production replacement investments, Martela invested in a new enterprise resource planning system during the year.

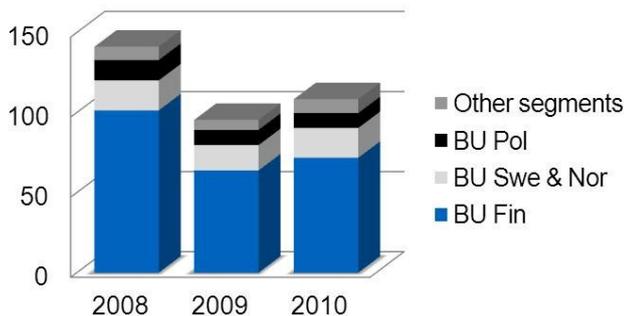
ECONOMIC BENEFITS FOR VARIOUS STAKEHOLDER GROUPS

Martela Group's EUR 108.4 million revenue was divided between stakeholders as presented in the accompanying graph. Nearly 70% was distributed to suppliers and service providers as payments for purchases of materials, goods and services.

The second biggest proportion of economic value goes to the personnel as employee salaries and wages and, in relation to that, as social security and pension contributions to organizations ensuring social benefits.

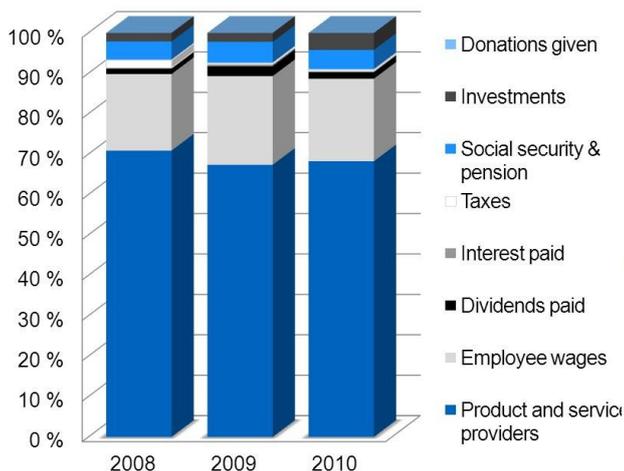
Shareholders receive economic value in the form of dividends, which are paid annually. Income taxes are paid according to the legislative requirements in each country of operation, and the tax rate differs depending on the economic value retained in the local units.

External segment revenue
(million EUR)



Operating profit by segment (EUR million)	2008	2009	2010
BU Fin	14,5	3,9	5,0
BU Swe & Nor	-1,6	-1,0	0,0
BU Pol	-0,6	-0,7	-1,4
Other segments	-0,4	-1,0	-0,5
Other	-1,1	-0,4	-1,8
Total	10,8	0,8	1,3

Economic value by stakeholder group

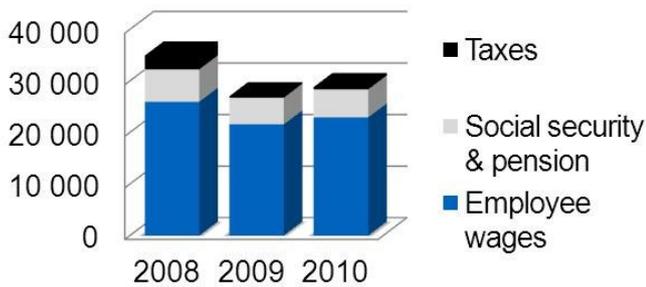


Economic value by stakeholder group	2008	2009	2010
Product and service providers	70,9 %	67,4 %	68,2 %
Employee wages	18,9 %	21,9 %	20,4 %
Dividends paid	1,4 %	2,4 %	1,6 %
Interest paid	0,1 %	0,5 %	0,2 %
Taxes	1,9 %	0,3 %	0,4 %
Social security & pension	4,6 %	5,3 %	4,9 %
Investments	2,1 %	2,2 %	4,2 %
Donations given	0,0 %	0,0 %	0,0 %

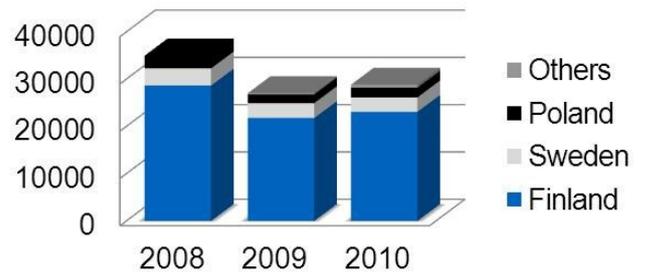
EMPLOYEE COST

Due to the global economic downturn and its effect on Martela’s business, the salaries and wages paid decreased during the years 2008 to 2010. The reduced level of demand required a response, and therefore personnel-related adaptation measures were planned in 2009 and implemented in 2010. Layoffs were the main measure to be used. The graph shows the share of salaries and wages, indirect employee costs and taxes in the main market areas. The biggest share is naturally in Finland, as it has the biggest number of employees, while the rest is divided between Sweden and Poland. Sweden also includes the figures for Norway every year, while Poland includes Hungary as of 2010. The group entitled “Others” contains minor markets.

Salaries, employee costs, taxes distribution (1000 EUR)



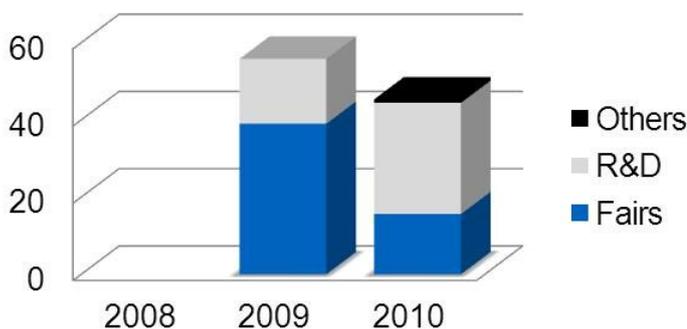
Salaries, employee costs and taxes by countries (1000 EUR)



FINANCIAL ASSISTANCE

The Martela Group started applying for, and receiving, public subsidies in 2009. The subsidies have been granted by Finland’s Ministry of Employment and the Economy for a presence at international design fairs. Research and development has also benefited from some subsidies from TEKES (the Finnish Funding Agency for Technology and Innovation).

Public subsidies (1000 EUR)



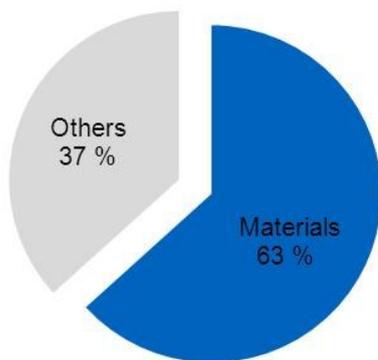
PURCHASES FROM LOCAL SUPPLIERS

Martela has logistics centres and main operations in Finland, Sweden and Poland. Purchases from all these countries are considered as purchases from local suppliers. The manufacturing site of components, sub-assemblies and products is not necessarily placed in supplier's home country. Therefore, the social risk assessment of suppliers must be vendor specific.

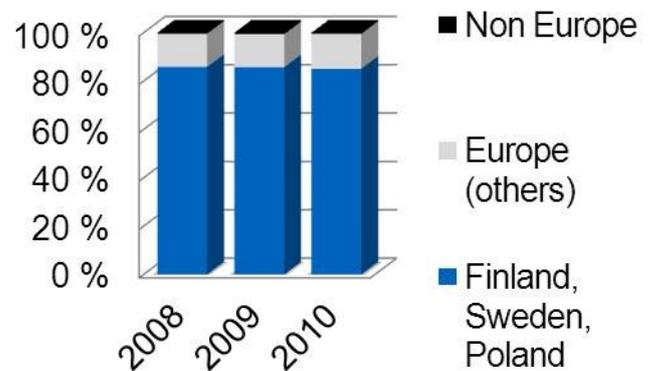
In 2010 about 63% of total purchases were used for materials, components used in production and ready products supplied to customers. 37% of purchases were for marketing, miscellaneous products and property services and IT, among others.

In 2010 Martela used about 250 suppliers of materials and components for standard products. Nearly 80% of material purchases were made from Finland, Sweden and Poland. Other countries of significance in regard to material purchases were Estonia, the Netherlands, Latvia, Germany and Italy. Half of the material costs consisted of metal-based and wood-based materials and components

Purchases 2010



Purchases by areas



CORRUPTION RISKS

The Martela Group has identified the corruption-related risks of its market areas. Such risks arise mainly in the Russian and Eastern European markets. Martela does not accept any kind of corrupt practices in carrying out business transactions in any market. The giving or receipt of bribes is not acceptable in any circumstances.

Martela ensures the integrity of its local personnel, especially in markets with high corruption-related risks, by relying on thorough recruitment processes conducted with recruitment companies of reliable reputation.

All business transactions are recorded in each subsidiary's financial accounting, and are inspected annually by an external auditor (KPMG) in each subsidiary. An auditor's report is regularly presented to the annual general meeting of the Martela Group. All financial accounting is transparent to group control in Martela's head office.

SOCIAL RESPONSIBILITY

Martela's Human Resources Policy outlines the principles on which responsible HR management is founded, clarifies and harmonises the HR management process, and shows how to maintain and develop a good corporate and employer image. Martela's success is dependent on a skilled and motivated personnel who enjoy their work. Through responsible HR management, the company ensures that these personnel qualities are maintained in both the short and long run.

The HR indicators are designed to provide a comprehensive picture of Martela's employees and their importance to the company. The indicators also demonstrate how Martela structures its activities and human resources to implement its overall strategy. They present information on the number and composition of the personnel, employee turnover, notice procedures in case of major change, personnel competence, health and safety and remuneration systems. There are key indicators for Finland, Sweden and Poland, which are the biggest regions by number of personnel. The figures for Finland include BU Finland, BU International, Group functions, Kidex Oy and P.O.Korhonen Oy. The companies in Russia are included into BU International figures, because there were only five of them at the end of 2010. As the Martela company in Denmark was joined to the Martela Group in November 2010, it is not included in the report.

The HR indicators are based on the events of 2010 and their results. This is the first time that HR indicators have been presented according to the GRI protocol and because the report differ significantly from the metrics used earlier, no trend metrics are available.

REVIEW OF 2010

As motivated, committed and skilled people are the key to Martela's success the Martela Group's personnel have a very significant role to play. The company aims to ensure the wellbeing of its personnel, and, in 2010, the most important challenge was to maintain a high level of job satisfaction and to help employees cope with their work in a situation where all units were implementing adjustment measures at the same time as significant company acquisitions were being made and many development projects were on-going. The challenges were tackled by taking right measures and by relying on motivated supervisors and highly committed personnel..

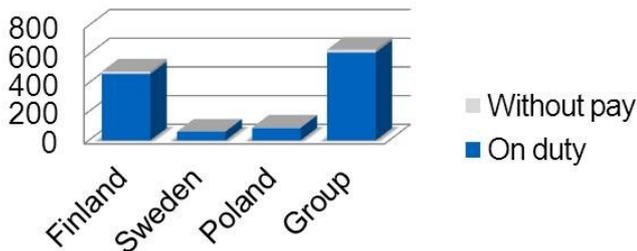


NUMBER AND COMPOSITION OF PERSONNEL

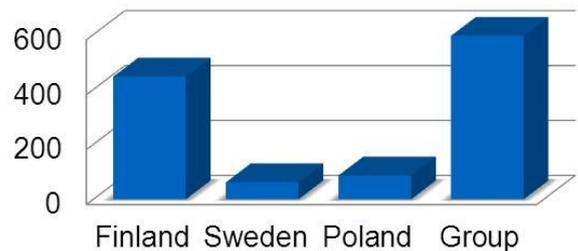
At the end of the year, the Martela Group employed 633 people, 21 of whom were on unpaid leave. The number of personnel increased during the second half of the year mainly because of acquisitions. Most of the employees were permanent and worked full-time. Some temporary employees were recruited to help with seasonal peaks, but summer employees were not recruited. According to the company's strategy, the number of employees should always be correctly aligned with the company's goals. The number of personnel is therefore followed up monthly, and every recruitment must have permission before it is actuated.

Employment contracts are typically long at Martela, with 20+ years in service being typical in Finland and Sweden. Employees stay for a shorter time in Poland. Office employees were the largest personnel group in 2010. The gender split was 39% women and 61% men. The average age was 44.5 years and the largest age group was 40-to-49-year-old employees. Employees under 30 years accounted for 8% of the personnel.

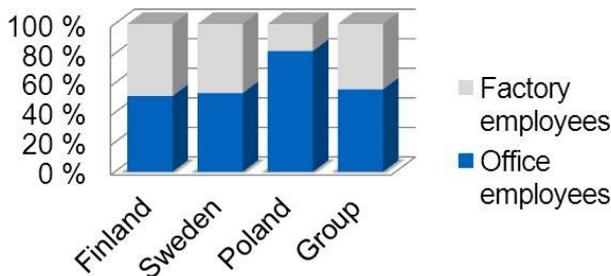
Number of personnel
31.12.2010



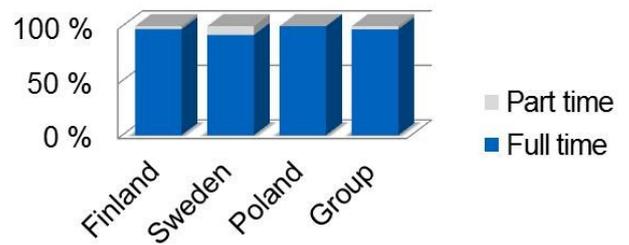
Average number of personnel
2010



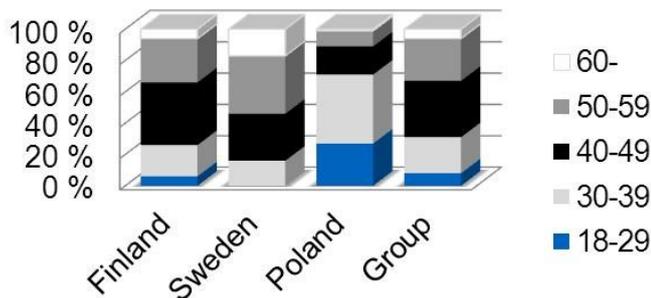
Personnel groups 31.12.2010



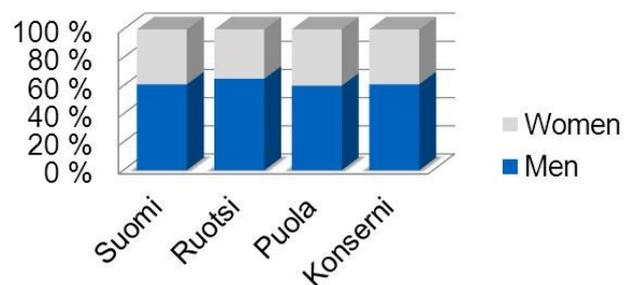
Personnel, full time and part time
31.12.2010



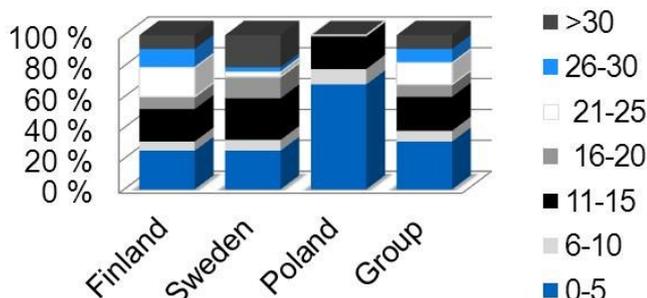
Age distribution 2010



Gender distribution 2010



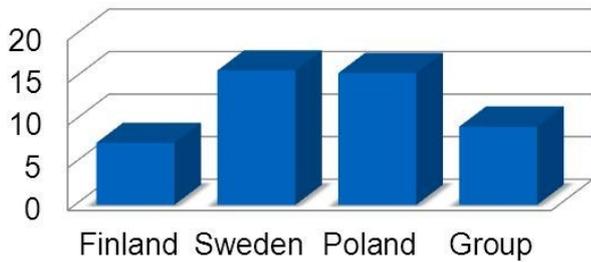
Years in service 2010



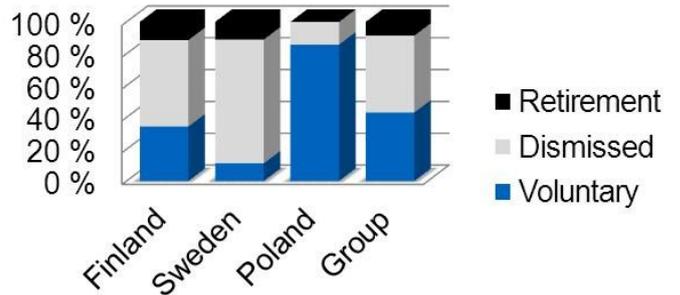
EMPLOYEE TURNOVER

Employee turnover has typically been low at Martela. The low turnover and long years spent in service indicate a high degree of commitment. As a result, the personnel are very competent and experienced in the industry, which gives added value to Martela. The number of those leaving Martela's employment in 2010 was higher than normal because of the adjustment measures carried out. The Group level figure was 9.2%. 58 employees left, 25 of them voluntarily and 28 for economic reasons. Most of the leavers were men in the 30-to-50-years age group. In Poland the employee turnover was higher than in other regions because of the local labour market situation.

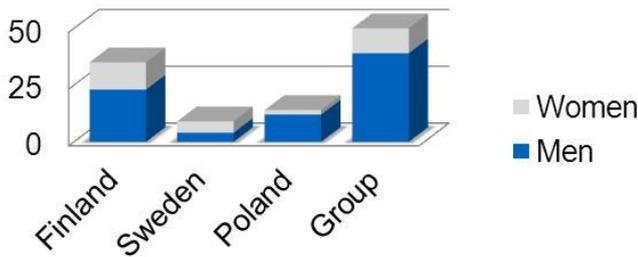
Staff turnover % of personnel 2010



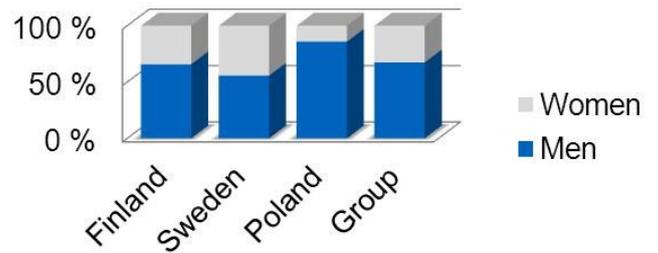
Reason for leaving 2010



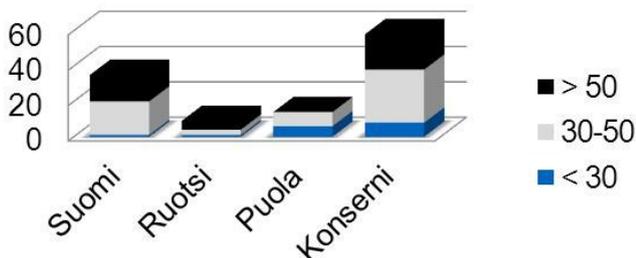
Outgoing employees 2010 by gender



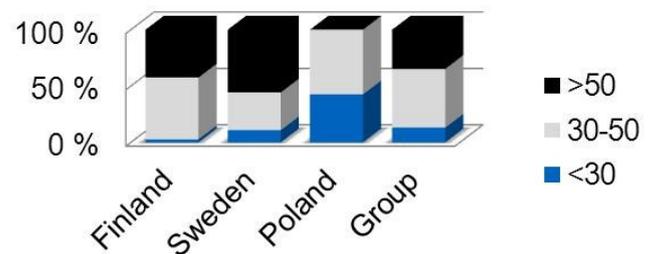
Staff turnover 2010 by gender



Outgoing employees 2010 by age group



Staff turnover 2010 by age group



NOTICE PROCEDURES IN CASE OF MAJOR CHANGE

Significant operational changes such as restructuring, outsourcing or acquisitions may have an impact on the personnel. In these cases Martela follows the standard negotiation procedures and, in the case of dismissals, the minimum notice period defined by the law or collective agreements in each region. The negotiation procedures and negotiation periods, for example, are different in different regions. Commonly they depend on the size of the company, the number of employees, the number of those who have to leave and the type of contract. There are also some differences in minimum notice periods. For example, the notice period for employees who have worked for Martela for 3 years is 1 month in Finland, 2 months in Sweden and 3 months in Poland



United Nations
**Universal Declaration
of Human Rights**



Organisation for Economic
Co-operation and
Development's (OECD)
**Guidelines for
Multinational Enterprises**



United Nations
Global Compact



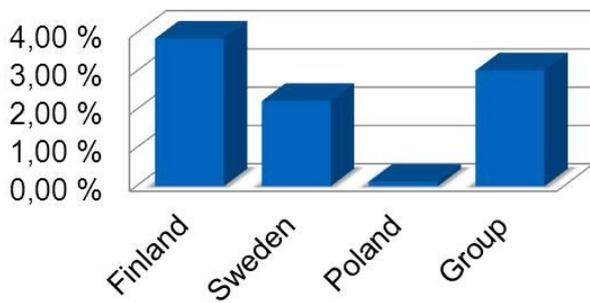
HEALTH AND SAFETY

Martela has established a health and safety committee in all regions where this is required by law. In the case of Poland, which has no such law, there are health and hygiene regulations that each company must fulfil before starting any activity. The requirements are controlled by authorised persons who work independently outside of Martela.

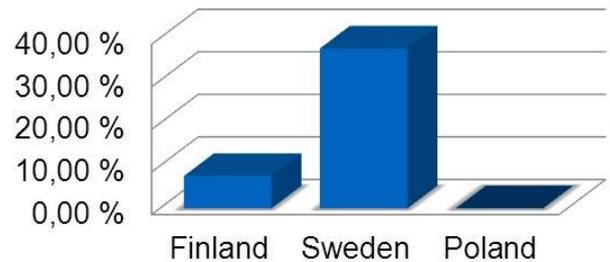
The expertise of the health and safety committees is utilized in both preventive and corrective actions. Statutory health and safety committees cover all persons in Finland and Sweden. As the wellbeing of the personnel has a big impact on employee satisfaction, positive development in this field is important for Martela. This is also ensured by close cooperation with occupational health partners.

Martela pays much attention to the occupational health of its personnel. Well-run occupational health services and systematic health, safety and leisure time activities promote wellbeing and employee satisfaction. As sickness absences were a little higher than usual in Finland, corrective actions were planned and taken. Absentee days due to job-related injuries accounted for 0.3% of all workdays.

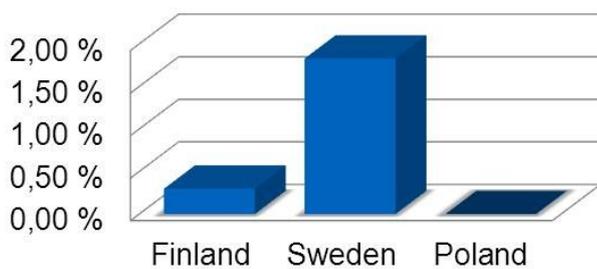
Sickness absence 2010



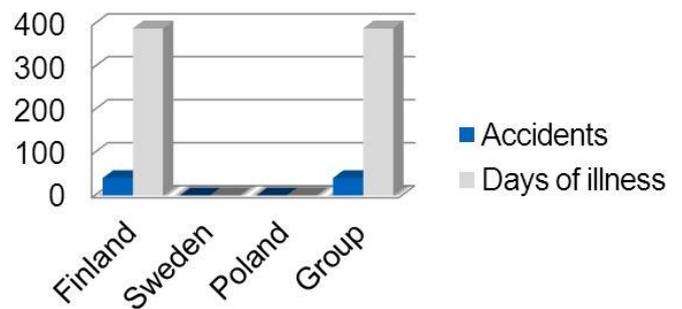
Occupational disease of all sickness absences 2010



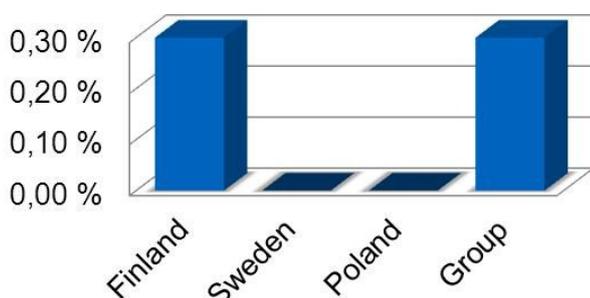
Lost day due to occupational disease 2010



Occupational accidents 2010



Accident %



PERSONNEL COMPETENCE

Development discussions are an important part of Martela's management system. Their goal is to give feedback to employees about their performance, set future targets, make development plans and discuss issues related to the work environment.

Each employee should be able to discuss her/his personal development with a supervisor. The number of these discussions is monitored annually, with 77% of employees attending such discussions in 2010. This percentage is higher than in previous years, but is still short of target. The quality of the discussions is monitored every second year by the Personnel Study.

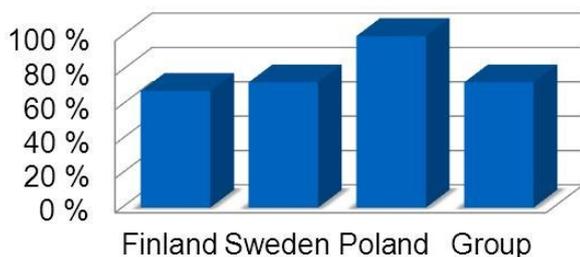
Managerial competencies are measured by the Manager Study, which is conducted every second year. The results for 2010 showed a high level of competence. As part of this process, each manager creates a plan based on his/her personal result in order to improve leadership skills. The work of managers is crucial for Martela, because they play a key role in ensuring employee satisfaction and good results. Other actions taken to develop management skills included the Martela Managers Day, which was the most comprehensive manager event organized in the Group in 2010, plus business management training and locally organized supervisor training.

The Manager Study included a question about working atmosphere. Most of the employees said that the atmosphere in Martela has either improved or is unchanged from 2009. This is a very good situation, as in 2009 the results of the Personnel Study measuring employee satisfaction and atmosphere were at an all-time high. The working atmosphere survey is done in two-year intervals and results will be published next year.

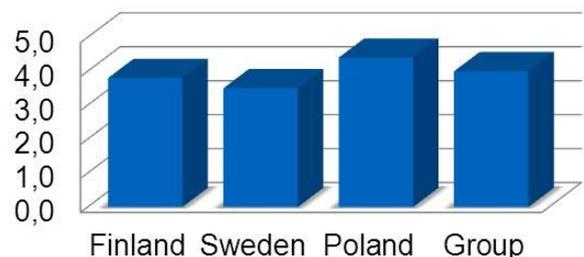
Personnel training and development courses were mainly arranged with the aim of improving professional competence, brand values, productivity and supervisor skills. Investment in training in the Martela Group was an average of EUR 377 per employee. However, due to the adjustment measures, there were fewer training days within the Group than in previous years. On the other hand, many development projects were on-going during 2010, and a lot of employees were participating and learning new things.

Martela operates a system whereby employees can submit suggestions for improvements in the company's operations. This includes not only the traditional method of submitting suggestions but also methods focusing on continuous improvement, which are mostly used by production units. The extent to which employees are active in submitting suggestions is measured as the number of suggestions per 100 employees. In 2009, this was 60 per 100 employees, compared with 55 in 2008. In 2010 the figure dropped to 35 per 100 employees.

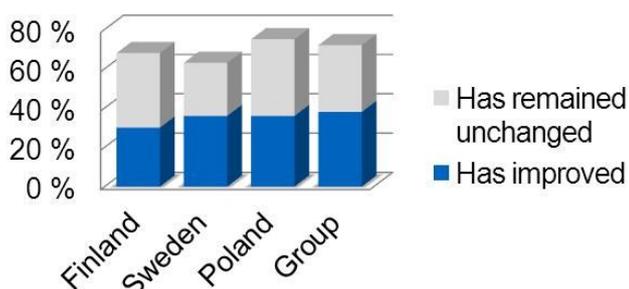
Development discussion %
2010



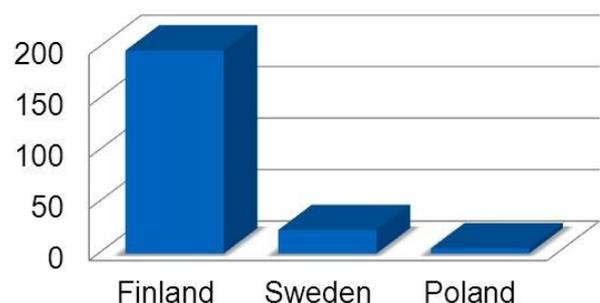
Martela manager study
average 2010



Atmosphere



Training(1000 EUR)



REMUNERATION SYSTEMS

Remuneration systems play an important role in motivating and committing the personnel, giving them an incentive to engage in independent self-development and produce good results. Annual bonus and incentive plans are used in Martela to promote the achievement of long and short-term objectives.

As Martela's salary system varies according to the region, salary data is not comparable for the whole Martela Group. The average annual salary in the Martela Group was about EUR 38,460. Salary costs and development are monitored in each region. In Finland the salary system is based on job requirements. It has been created together with the personnel, and its functioning and salary progression is followed up regularly with personnel representatives. Each job is classified according to requirements based on the job description. The progress of salaries is monitored by requirement class, and in each class by a gender comparison. If any deviations occur, an action plan is made together with personnel representatives



ENVIRONMENTAL RESPONSIBILITY

Martela's product selection relies on a strong and flexible supplier network. Its own manufacturing concentrates on final assembly at logistic centres in Finland, Sweden and Poland. Wood-based board is cut to size, veneered and surface treated or laminated at the Martela subsidiary Kidex Oy, located in Kitee, Finland. Form-pressed components and seating furniture are manufactured at P.O. Korhonen Oy in Raisio, Finland.

The Martela Group's head office is in Pitäjänmäki, Helsinki. Martela has several sales offices around Finland as well as a sales office in Russia (since the end of 2009) and one in Denmark (since the end of 2010). Sales of Martela products in other countries are through dealers.

The direct environmental impact of Martela's logistics centres and offices comes mainly from property services such as heating, lighting and ventilation systems. There are also significant environmental impacts from the use of materials, business travel and journeys to and from work.

Martela Corporation and Kidex Oy (originally part of Martela Corporation) have both had a certified ISO 14001 environmental management system since 1999. The environmental management system of P.O. Korhonen Oy was certified for the first time in 2000, and that of Martela AB in 2010. The certification is valid for all operations except manufacturing in Poland and the local sales offices.

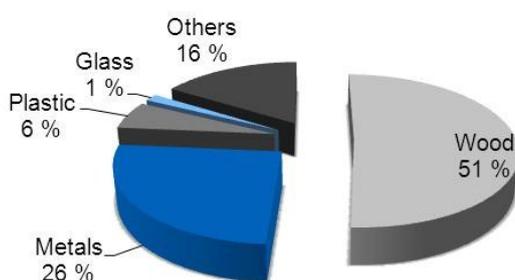
MATERIALS

Martela's products are mainly made of recyclable materials such as wood-based panels, metal components and recyclable plastic. According to the ERP system, Martela's Nummela logistics centre used nearly 8 million kilograms of materials, components and sub-assemblies during 2010. Purchase item data reveals that half of the purchased items were wood-based and one quarter metal-based. Martela uses only commercially grown wood-based material such as birch, beach and oak for its products.

The system only allows one material to be stated for each item and only the total weight of the item is entered. Often for customer-specific products and traded products no weight information is recorded for purchase items. Determination of the recycled material content of items is almost impossible, since the degree of processing varies and there are many suppliers for the same item, and some production chains are long for items purchased by Martela.

It is possible to determine the amount of recycled materials for individual products by using the average recycled material content of metal-based components, for instance. A barrier to the use of recycled plastic material is the lack of an effective material-specific recycling system. Problems with the appearance and technical usability of components usually prevent the use of mixed recycled plastics. Martela, however, constantly examines opportunities for incorporating products utilizing recycled materials into its product portfolio.

Purchased materials 2010



ENERGY CONSUMPTION AND ENERGY SAVING ACTIONS

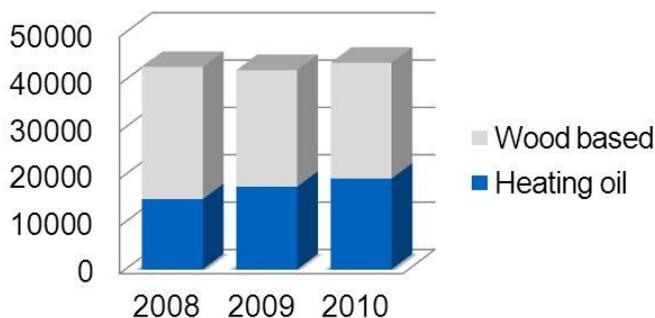
Martela produces energy from heating oil and wood-based materials. The logistics centre in Sweden was using wood briquettes for heating, but at the beginning of 2009 it switched to district heating. The amount of wood chips used has not yet been fully evaluated. These emerge as by-products in the manufacturing process and are transported automatically to chippers and then to the burner at the Kidex Oy factory. An energy coefficient of 0.9 MWh/m³ has been used in the calculation. In 2010 the use of direct energy was about 43,600 GJ, 44% of which was produced from fossil fuels and 56% from renewable fuels.

Martela's indirect energy consists mainly of electricity and district heating. Electricity for the main office and manufacturing units in Finland was purchased from one supplier, and the logistics centre in Sweden used another. Sales offices purchase their electrical energy from local suppliers. For the purposes of this report, electricity consumption for 2008-2010 has been gathered from regional sales offices in Oulu, Tampere and Turku. However, the Turku office's consumption for 2010 is an estimate. The Jyväskylä sales office data starts at the beginning of 2009 and the Kuopio data at the beginning of July 2009. Some of the sales offices are located in shopping centres, where there is no customer-specific monitoring of energy consumption, but electricity is billed as part of the rent.

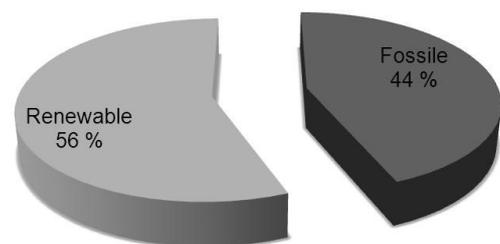
The energy sources have been determined on an annual basis for the main electricity supplier for operations in Finland. 2009 figures have been used for the electricity supplier for the logistics centre in Sweden. These two electricity producers cover almost 80% of the total indirect energy used in the Martela Group. Using this information it was calculated that the total amount of indirect energy used was about 39,400 GJ, of which 5% was produced from fossil fuels, 22% from renewable energy sources and 73% from nuclear power. The amount of radioactive waste arising from the nuclear power used was approximately 9.7 kilograms

At local level, environmental indicators and energy-saving measures are monitored closely. At the Nummela logistics centre, for example, changes in lighting control have been introduced to allow the use of lighting only in actively used working areas. Energy saving opportunities are also studied during the planning phase of investment in new equipment. Among other things there is an exhaust air heat recovery system for heating incoming air and water at the Kidex Oy factory.

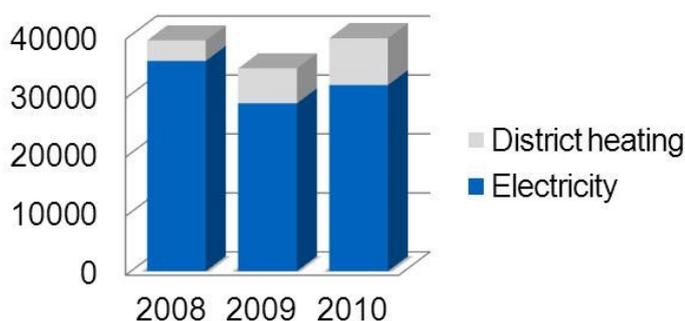
Direct energy (GJ)



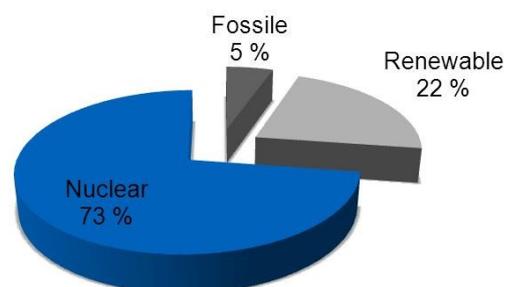
Direct energy 2010



Indirect energy (GJ)



Indirect energy 2010



EMISSIONS

The carbon footprint emissions from Martela's energy use have been calculated with yearly supplier specific factors for the main usage in Finland, supplier specific factors for 2009 in Sweden and country specific values for local sales offices. General country specific indexes from the literature were used for heating oil, wood-based materials and district heating. The results show that in 2010 there was about 1,600 tonnes of CO₂ emissions from direct energy and 800 tonnes from indirect energy.

In all, 27% of office workers in Martela's BU Finland operations have a company car. The average CO₂ emissions from these cars were 163 gCO₂/km, and there were also two vans, which each had an emissions level of 226 gCO₂/km. Based on the estimated lease car mileage, the total emissions from company cars at BU Finland in 2010 came to almost 300 tonnes. Approximately 80% of business trips are ordered through a centralized reservation system. The CO₂ emissions from of Martela business travel in 2010 was about 160 tons when calculated from the information in that system.

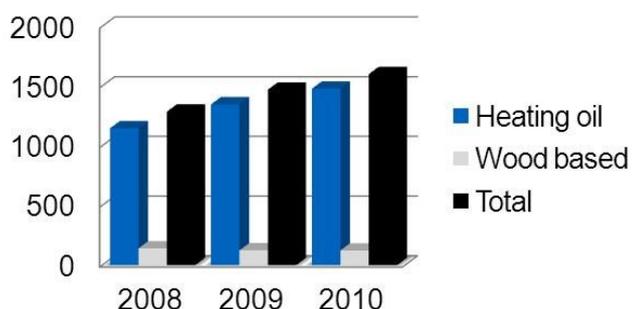
The environmental impact of transportation has been monitored since 1999 by following the monthly fuel consumption of each of Martela's vehicles. Martela also had five trucks for customer deliveries in the Helsinki region. Roughly estimated, the CO₂ emissions from these trucks totalled 84 tonnes, and the NO_x emissions 0.7 tonnes. In 2010, companies providing transport services for Martela were also asked to conduct fuel consumption monitoring. The biggest companies have monitored fuel consumption for years, but the smaller companies, which provide services for many different customers, find it difficult or impossible to provide customer-specific fuel consumption monitoring.

Special emissions from production consist of organic solvents in surface treatment processes. In the Martela Group, surface treatment is only undertaken at the premises of Kidex Oy and P.O. Korhonen Oy. For level surfaces the method of surface treatment was changed in the 1990s to water-soluble and UV-hardened treatments, and with form-pressed surfaces the change to water-soluble treatment was achieved at the beginning of 2011 in P.O. Korhonen Oy. Neither unit has ever needed an environmental permit for its operations, as the emissions have always been below the permit limit. The 2010 VOC emissions were 3.4 tonnes from Kidex Oy and 8.8 tonnes from P.O. Korhonen Oy.

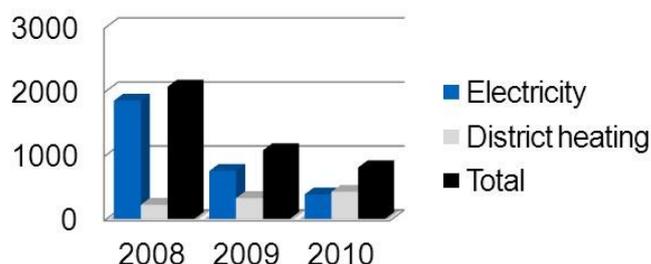
Martela commissioned a Master's thesis on the subject of determining the environmental impact of products. A cradle-to-gate life cycle assessment was done for two P.O. Korhonen Oy chair designs to identify their carbon footprint. The study revealed that the majority of the environmental impact of the studied lifecycle comes from the materials used. The carbon footprint of the materials represented 66-86%, the manufacturing processes 12-32%, and logistics 2-5% of the total carbon footprint of the products studied. The footprint of each chair was about 6-33 kg CO₂ before delivery to the customer.

So far there are no international standards for calculating the carbon footprint of materials. In the work undertaken in this field, no decision has yet been made on how the carbon embedded in wood-based materials should be evaluated in the calculation. Since a significant proportion of the materials used by Martela is wood, no estimation has been made of the carbon footprint of the materials used.

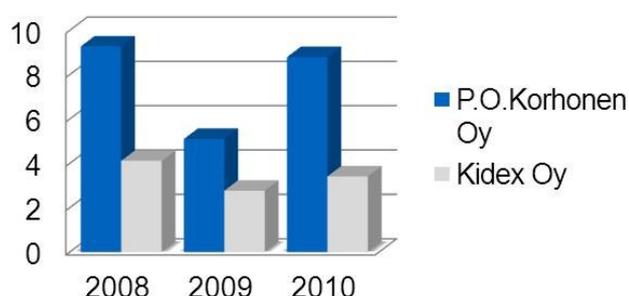
Direct energy CO₂ (1000 kg)



Indirect energy CO₂ (1000 kg)



VOC emission (1000 kg)



WASTE

In 2010 Martela produced almost 2,300 tonnes of waste. In Finland more than 90%, and in Sweden almost 100%, of the waste was recovered waste. In all, 81% of recovered waste in Finland and 71% in Sweden consisted of wood-based materials. Wood waste is generated mainly from production processes, packaging, pallets and damaged components. Other usable by-products from processes are cardboard, metal and combustible waste. The Nummela, Kitee, Raisio and Bodafors factories as well as the head office in Pitäjänmäki have been included in the calculation of these waste volumes.

The effective use of materials forms part of the planning at the research and development phase for the product. The amount of waste generated during production is monitored locally and the necessary measures taken to reduce waste volumes. Employees also participate by pointing out development needs as part of the staff suggestions process.

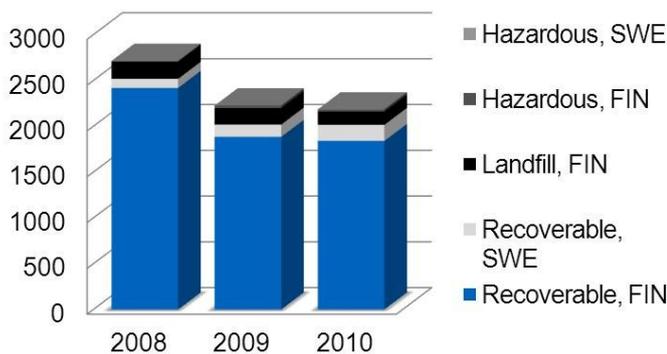
During 2010, Kidex Oy launched a pilot project with Motiva Oy on materials efficiency. The study revealed that only about 76% of the melamine board used in production, and only about 51% of wood-based panels used in table top component production, ends up in the product received by the customer. Customers can also determine the material efficiency of the product by, for example, choosing a rectangular top instead of a form cut top.

Product transportation to the customer site and subsequent installation is an integral part of Martela's way of operation. Products are unpacked at the customer site and useful packaging material is returned to the manufacturing units or sorted by material according to the local waste disposal limitations. Almost all the packaging material is recyclable, either as material or as combustible waste. Customers are actively offered the opportunity to recycle their old furniture. Old furniture can be either refurbished for reuse through recycling services, or materials are sorted for use as such or used as combustible waste if possible.

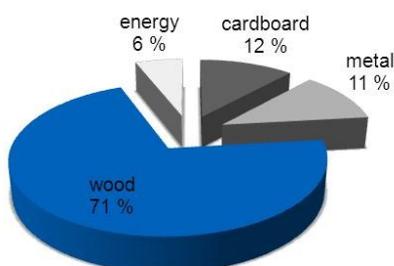
Martela's total water consumption in 2010 was approximately 8,000 m³, of which Finland's share was over 6,000 m³, and Sweden's just less than 2,000 m³. The Finland figures include water consumption at the Nummela logistics centre, Kidex Oy, P.O. Korhonen Oy, the head office and the sales offices in Jyväskylä and Oulu. Almost all tap water is discharged to local wastewater treatment plants, but in 2010 approximately 15 m³ of water used in cleaning of the surface treatment line was sent for hazardous waste treatment. Processes do not use dangerous compounds, but Kidex Oy's compressed air dryer includes 32 kilograms of refrigerants that will be banned in the future.

Only a very small amount of hazardous waste is generated, mainly through surface treatment and gluing processes and in property management and maintenance. In 2010, operations in Finland produced 24 tonnes, and in Sweden 0.4 tonnes, of hazardous waste. In hazardous waste management, local service providers are used. They transport the waste out of the property to the hazardous waste treatment facilities. Hazardous waste tracking records and permit inspection of hazardous waste service providers are a normal part of all waste-generating facilities.

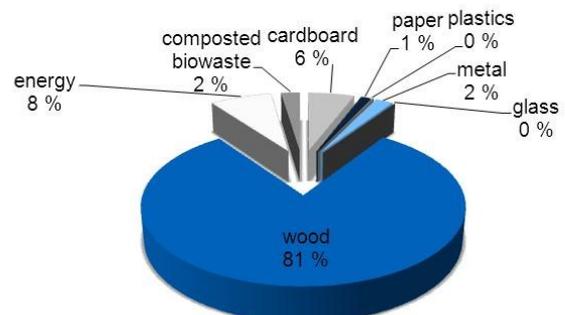
Waste (1000kg)



Recovered waste, Sweden (2010)



Recovered waste, Finland (2010)



RECYCLING SERVICE FOR OFFICE FURNITURE

In the summer of 2010 Martela started a nationwide Martela Outlet chain in Finland. The Outlet chain enables the recycling of used furniture locally. At the end of 2010 the Martela Outlet chain consisted of four stores in different parts of Finland. Martela's recycling service accepts all furniture brands and models, irrespective of manufacturer. Small batches for recycling can be collected in connection with the delivery of new products, while bigger batches are collected on the basis of an agreed timetable. Furniture in good condition is sold directly through the nearest Outlet store, but furniture that needs refurbishing, such as office chairs, is first delivered to the Outlet logistics centre located in Riihimäki for maintenance and re-upholstery. Furniture unfit for use is dismantled and the components are sorted into wood, metal and plastic materials. Wooden parts and mixed plastics are used as combustible waste, and metals and plastics as recovered raw material for industrial use. Of all the furniture received by the Outlet chain's recycling services, about 40% can be re-used for its original purpose, approximately 60% as materials or energy, and less than 1% is taken to a landfill.



PRODUCT RESPONSIBILITY

Martela products are mainly furniture items for use in normal office environments and they do not have any specific product liability risks. There is no particular authority for overseeing these products, nor is there any certification requirement. The products do not pose any specific health impacts. All chemicals used in the manufacturing processes are identified and controlled on the basis of employee health and safety requirements.

Environmental requirements for furniture focus on the source of any wood used, the extent of recycled materials in metal and plastic components and the chemicals used in the product, such as in surface treatment and adhesives. The Nordic swan Eco label is used in connection with environmental requirements for furniture in the Nordic countries. The swan Eco label is a voluntary, commercial and market-based environmental label.

At the beginning of 2010 Martela received the right to use the Nordic swan Eco label in the Swedish and Norwegian markets for its most significant product lines. The Martela Group has not yet taken a decision to apply for the Nordic Eco label for the Finnish market area. As Martela's market area consists not only of Europe but also other international markets, the EU's flower Eco label would also be very relevant. Unfortunately, the EU-wide environmental criteria have so far been defined only for furniture products made entirely out of wood. Martela frequently compares customer selected products against customer-specific or national environmental criteria at customer's request.

The technical characteristics of products can be studied on the basis of specific standards for particular product groups or intended uses. Martela has its own research laboratory at the Nummela logistics centre, where tests are performed according to European EN standards. The technical durability and usability of products is verified at the product development stage through testing. Martela does not have the instruments necessary for studying volatile substances of products, but instead usually relies on manufacturer's material-specific emission tests. In individual cases product-specific testing has been carried out by independent research institutes



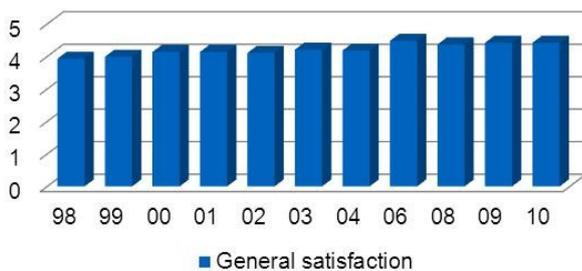
CUSTOMER SATISFACTION

The quality of Martela products and services is monitored through market surveys, where customers are asked how satisfied they are about the quality of sales and the services offered. This survey is commissioned from an independent research institute, which compiles a report three times a year: in the spring, before strategy planning; in the autumn, before the start of action planning; and after the turn of the year, in conjunction with performance analysis for the entire year.

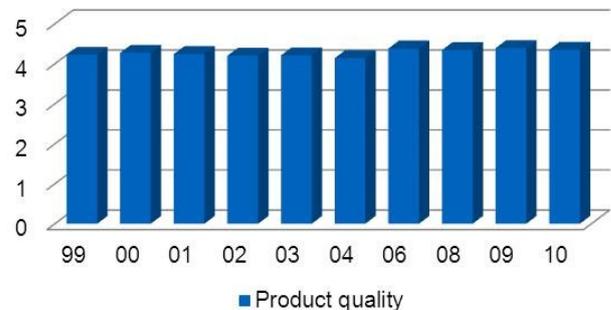
Once a month, a survey questionnaire is sent out to all Business Unit Finland customers who have received deliveries of a value exceeding a certain sum. The questionnaire is not sent more than once a year to the same customer, however. In 2010 approximately 3,000 customers received a questionnaire. The coverage of this customer feedback survey is good but the recovery rate is poor. Customer grievances cannot be responded directly according to survey result, but require a separate claim process.

The report provides information by workplace, salesperson and function. The data allows team-specific differences to be identified, and summarises basic issues highlighted by customers regarding specific expectations and competitiveness factors. In practice, customers usually expect improvement in the accuracy of operations, the range and suitability of the product portfolio, the price-quality ratio and the flow of information. The feedback gathering system is currently under development, with the aim of reducing delays in the process and using the results directly in management.

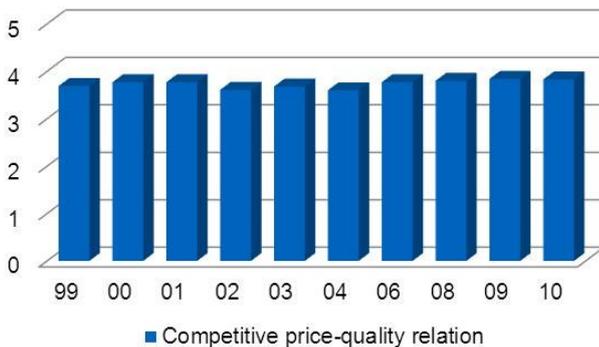
Customer satisfaction to Martela as entity



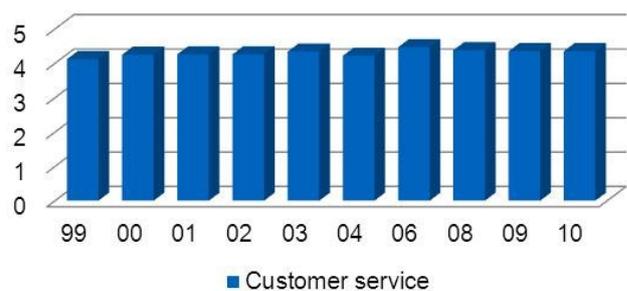
Product quality image development



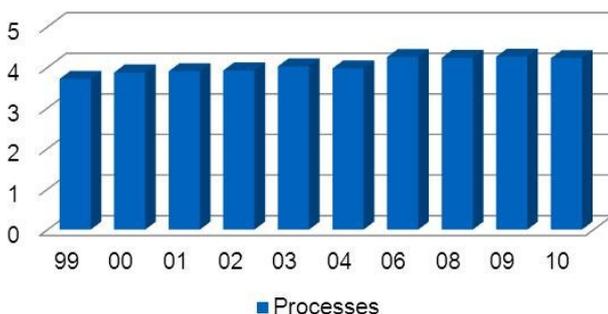
Product price-quality ratio development



Development of Martela customer service



Development of Martela operations



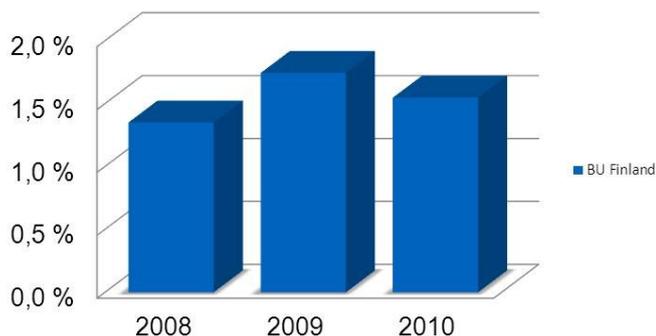
CUSTOMER CLAIM

If a customer is not satisfied with Martela's products or processes, there are various ways of addressing this. Products can be returned, a discount can be given, or replacement products or components can be delivered free of charge. If customer dissatisfaction is caused by a product or process which should be improved in order to prevent recurrence of the problem, the salesperson is required to document the details of the customer complaint. Customer satisfaction is monitored in terms of the amount of unbilled deliveries and the number of actual customer claims.

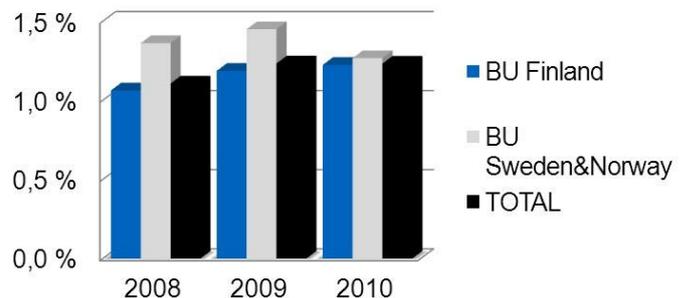
The number of complaints is monitored in relation to the number of deliveries on an annual basis, as delivery volumes vary according to the fluctuations in the market. In 2010, Business Unit Finland received complaints equivalent to about 1.5% of deliveries, i.e. there was an average of one complaint to every 64 deliveries. Most of the claims involved the appearance of products, including shade and pattern of veneers, and the finishing quality of the product. The second largest cause of discontent comprised transportation-related issues, such as nicks and scratches.

In addition to product-related problems, deliveries made free of charge may be due to misunderstandings over product characteristics or an error in recording an order. As the zero-priced deliveries are recorded at standard price, a comparison is made against standard price sales. In 2010 the value of all zero-priced orders in Business Unit Sweden and Norway and Business Unit Finland compared to the value of total sales at standard price was 1.2%, i.e. each delivery worth €810 was accompanied by a delivery of products worth of €10 for free.

Customer claims relation to deliveries



0-priced deliveries relation to standard priced sales



MARKETING COMMUNICATION AND PRODUCT LABELLING

Due to the nature of the products, there is usually no special labelling or instructions for use for Martela products. Office chairs, however, are delivered to the customer with instructions on making adjustments, as the ability to change positions during the day is important for ergonomics perspective, especially if seated at a desk for long periods during the working day. Electrically adjustable desks are classified as tables rather than electronic devices, but Martela nevertheless requires that suppliers' electronic components comply with the requirements for materials set by the WEEE and RoHS directives.

Cleaning and maintenance measures for Martela products are consistent with the normal maintenance of home furniture. General instructions for the maintenance of furniture can be found on Martela's website or in its brochures. Mechanical joinery is preferred in Martela's products, enabling maintenance of furniture without special tools and, for example, re-upholstery. Mechanical joinery also makes it easy to separate the materials at the end of the product's life

COMPARISON TO GRI CONTENTS TABLE

We have stated that this first GRI report of Martela follows the C application level of the GRI guidelines. The guidelines recommend that a comparison should be made between own report and the GRI contents. We have made our comparison based on the C application level, with the exception that we present our organization more thoroughly than C level requires.

We have marked in the contents table in a separate column our opinion on which GRI indicators we find relevant in annual reporting to Global Compact (COP = Communication on Progress). As we have joined Global Compact just in 2011, we will send our first COP to Global Compact on the 2011 results.

Comparison of the report with the GRI Guidelines

GRI-column = comparison with GRI Guidelines

R = reported

RP = reported partially

NM = not material

N/A = not applicable

GC-column = Global Compact -reporting

COP = relevant in Global Compact -reporting (Communication on Progress)

	GC	GRI	CR Report 2010	Shortages/deviations/explanations
1. Strategy and analysis				
1.1. CEO's statement		R	CEO's Review	
2. Organisational profile				
2.1. Name of the organization		R	Martela in Brief	
2.2. Primary brands, products and services		R	Martela in Brief	
2.3. Operational structure		R	Martela in Brief	
2.4. Location of headquarters		R	Martela in Brief	
2.5. Geographical areas of operations		R	Martela in Brief	
2.6. Nature of ownership and legal form		R	Martela in Brief	
2.7. Markets served		R	Martela in Brief	
2.8. Scale of the reporting organization		R	Martela in Brief	
2.9. Significant changes during the reporting period regarding size, structure, or ownership.		N/A		
2.10. Awards received in the reporting period.		N/A		
3. Reporting principles				
3.1. Reporting period		R	Introduction	
3.2. Date of most recent previous report (if any).		N/A		The first report
3.3. Reporting cycle		R	Introduction	
3.4. Contact information		R	Management of Responsibility	
3.5. Process for defining report content.		R	Introduction	
3.6. Boundary of the report		R	Introduction	
3.7. Limitations on the scope or boundary of the report		R	Introduction	
3.8. Basis for reporting on joint ventures, subsidiaries, leased facilities etc.		R	Introduction	
3.9. Data measurement techniques and the bases of calculations		R	Introduction	
3.10. Explanations of re-statements of information in the previous reports		N/A		The first report
3.11. Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		N/A		The first report
3.12. GRI Content Index		R	Introduction	
4. Governance, commitments and engagement				
4.1. Governance structure		R	Management of Responsibility	
4.2. Independence of the Chair of the Board of Directors		N/A		Annual Report
4.3. Independence of the Board members		N/A		Annual Report
4.4. Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		N/A		Annual Report
4.5. Linkage between compensation and corporate responsibility		RP		Not yet processed
4.6. Processes to avoid conflict interests in the Board		N/A		Annual Report
4.7. Expertise of the Board members for guiding corporate responsibility		RP		Not yet processed
4.8. Mission, values and ethical principles guiding corporate responsibility		R	Management of Responsibility	
4.9. Procedures of the Board for overseeing management of corporate responsibility, inc. Risks		R		
4.10. Processes for evaluating Board's own performance		N/A		Annual Report
4.11. Addressing a precautionary approach		N/A		Annual Report
4.12. External corporate responsibility initiatives to which the organization subscribes		R	Management of responsibility	
4.13. Memberships in associations		R		
4.14. Stakeholder groups engaged by the organization		R	Management of Responsibility	
4.15. Basis for identification and selection of stakeholders		R	Management of Responsibility	
4.16. Approaches to stakeholder engagement		RP		Not yet processed
4.17. Key topics and concerns highlighted by stakeholders		RP		Not yet processed

	ECONOMIC RESPONSIBILITY				
	Management approach to economic responsibility		R	Responsibility Results	
	Economic performance				
EC1	Direct economic value generated and distributed		R	Responsibility Results	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	COP	N/A		
EC3	Coverage of benefit plan obligations		NM		
EC4	Financial assistance from government		R	Responsibility Results	
	Market presence				
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	COP	NM		
EC6	Locally based suppliers		R	Responsibility Results	
EC7	Local hiring	COP	RP		No statistics
	Indirect economic impacts				
EC8	Infrastructure development		N/A		
EC9	Significant indirect economic impacts		N/A		
	ENVIRONMENTAL RESPONSIBILITY				
	Management approach to environmental responsibility		R	Responsibility Results	
	Materials				
EN1	Use of materials	COP	R	Responsibility Results	
EN2	Use of recycled materials	COP	RP	Responsibility Results	Description of principle with no numbers
	Energy				
EN3	Direct energy consumption	COP	R	Responsibility Results	
EN4	Indirect energy consumption	COP	R	Responsibility Results	
EN5	Energy saved due to conservation and efficiency improvements.	COP	RP	Responsibility Results	Examples without saving calculation
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	COP	NM		Ei merkittävästi energiaa käyttäviä tuotteita tai palveluja
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	COP	RP	Responsibility Results	Examples without saving calculation
	Water				
EN8	Water withdrawal	COP	NM		No own water withdrawal
EN9	Water sources significantly affected by withdrawal of water.		N/A		Tabwater in use
EN10	Percentage and total volume of water recycled and reused.		N/A		No water intensive processes
	Biodiversity				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		N/A		No specific land ownerships
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		N/A		No specific land ownerships
EN13	Habitats protected or restored.		N/A		No specific land ownerships
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	COP	N/A		
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	COP	N/A		No use of endangered species
	Emissions and waste				
EN16	Total direct and indirect greenhouse gas emissions by weight.	COP	RP	Responsibility Results	Not all direct and indirect emissions calculated yet
EN17	Other relevant indirect greenhouse gas emissions by weight.	COP	NM		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	COP	RP		Not yet processed
EN19	Emissions of ozone-depleting substances by weight.	COP	NM		
EN20	NOx, SOx, and other significant air emissions by type and weight.	COP	NM		
EN21	Total water discharge	COP	N/A		Discharging into drains
EN22	Total weight of waste by type and disposal method.	COP	R	Responsibility Results	
EN23	Spills of chemicals, oils etc.	COP	NM		
EN24	Hazardous waste handled/transported	COP	N/A		No transportation of hazardous waste
EN25	Water bodies significantly affected by the organization's water discharge	COP	N/A		Discharging into drains
	Products and services				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	COP	RP		No statistics
EN27	Products and their packaging materials reclaimed	COP	RP	Responsibility Results	No statistics
	Compliance				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	COP	NM		No incidents
	Transports				
EN29	Environmental impacts of transportation	COP	RP	Responsibility Results	Emissions calculation only on own transportation in Helsinki area
	General				
EN30	Total environmental expenditures and investments	COP	N/A		
	SOCIAL PERFORMANCE				
	Management approach to social responsibility		R	Responsibility Results	
	Employment				
LA1	Total workforce by employment type, employment contract, and region.		R	Responsibility Results	
LA2	Total number and rate of employee turnover by age group, gender, and region.	COP	R	Responsibility Results	
LA3	Benefits to full-time employees only	COP	R	Responsibility Results	
	Labor/management relations				
LA4	Percentage of employees covered by collective bargaining agreements.	COP	RP		No statistics
LA5	Minimum notice periods regarding significant organisational changes	COP	R	Responsibility Results	
	Occupational health and safety				
LA6	Percentage of workforce represented in formal health and safety committees	COP	RP		No statistics
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	COP	R	Responsibility Results	
LA8	Training of workforce regarding serious illnesses	COP	N/A		
LA9	Health and safety topics covered in formal agreements with trade unions.	COP	N/A		
	Training				
LA10	Average hours of training per year per employee by employee category.		RP	Responsibility Results	Only in euros
LA11	Programs for skills management and lifelong learning		R	Responsibility Results	
LA12	Percentage of employees receiving regular performance and career development		R	Responsibility Results	
	Diversity and equality				
LA13	Diversity of governance bodies	COP	NM		Annual Report
LA14	Ratio of basic salary of men to women by employee category.	COP	RP		No statistics
	HUMAN RIGHTS				
	Investment and procurement practices				
HR1	Human right issues in investment decisions	COP	N/A		No investment activities in countries with human rights risks
HR2	Screening of human rights in the supply chain	COP	NM		
HR3	Employee training on relevant human rights issues and procedures	COP	NM		

	Discrimination				
HR4	Total number of incidents of discrimination and actions taken.	COP	NM		
	Freedom of association and collective bargaining				
HR5	Operations identified in which freedom of association and collective bargaining may be at risk	COP	NM		
	Child labour				
HR6	Significant risks of child labour and actions taken	COP	N/A		No operations in countries with child labor
	Forced labour				
HR7	Significant risks of forced labour and actions taken	COP	N/A		No operations in countries with forced labor
	Security practices				
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	COP	N/A		No operations in countries with human rights risk
	Indigenous rights				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	COP	N/A		No operations in countries with risk of discrimination of indigenous people
	SOCIETY				
	Community				
SO1	Managing the impacts on communities		N/A		
	Corruption				
SO2	Percentage and total number of business units analyzed for risks related to corruption.	COP	R	Responsibility Results	
SO3	Percentage of employees trained in anti-corruption policies and procedures	COP	R	Responsibility Results	
SO4	Actions taken in response to incidents of corruption.	COP	N/A		No corruption cases revealed
	Public policy				
SO5	Public policy positions and participation in public policy development and lobbying.	COP	R	Management of Responsibility	
SO6	Donations to political parties and candidates		R	Management of Responsibility	
	Anti-competitive behaviour				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		N/A		No incidents
	Compliance				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		N/A		No incidents
	PRODUCT RESPONSIBILITY				
	Customer health and safety				
PR1	Health and safety impacts of products	COP	R	Responsibility Results	
PR2	Non-compliances of product health and safety regulations	COP	N/A		No special health and safety regulations for products
	Product and service labeling				
PR3	Product and service information		R	Responsibility Results	
PR4	Non-compliances with regulations and voluntary initiatives		NM		No regulatory labelling requirements for products
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		R	Responsibility Results	
	Marketing communications				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		N/A		No incidents
PR7	Non-compliances with regulations and voluntary initiatives		N/A		No incidents
	Customer privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		N/A		No incidents
	Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		N/A		No incidents