

o marimek
ek
ar
m
na
ar
ekk[®] o marimek[®]



Colour and joy to the world

Marimekko is a Finnish textile and clothing design company. The core of its business is the design and manufacture of timeless and individual, practical and beautiful consumer goods. The array of Marimekko design embraces household products ranging from furnishing fabrics to tableware as well as clothing, bags and other accessories for people of all ages.

When Marimekko was founded in 1951, the unparalleled patterns and colours of its printed fabrics gave it a strong and unique identity. A heritage acquired over decades, with its values and legends, is an inexhaustible treasure from which it is good to draw courage and the strength for renewal, even today. The meaning of Marimekko design is to create aesthetic experiences for every moment in life.

For Marimekko, 2012 was filled with many unforgettable moments with new and old friends. The strongest impression left by the year is one of rapid internationalisation. In the United States, the company-owned store network expanded to the West Coast, and the public at the New York Fashion Week were able to see Marimekko for the first time in a striking and joyful show. China's first Marimekko store opened in Hong Kong, and in Shanghai Marimekko provided colourful experiences both in a display at the Museum of Contemporary Art and by holding a fashion show in the People's Park. In Japan, expansion continued with the opening of two stores, and in Australia Marimekko opened two company-owned stores as it did in Sweden. And back home in Finland, there was dancing in the park, stores were opened, and all in all a rich Marimekko life was lived.

None of this would have been possible without Marimekko's dear and faithful friends around the world – so thanks once again for a wonderful year together!

CONTENTS

1	Colour and joy to the world
2	From the President and CEO
4	Armi Ratia 100th birthday
6	The origins of Oiva
8	Building a clothing collection
10	A Normi for all seasons
12	2012 in figures
16	Highlights of 2012
22	Vision, goals and strategy
24	Responsibility at Marimekko
32	Personnel
34	Stakeholders
36	Marimekko Village

From the CEO

I see Marimekko first and foremost as a positive and genuine attitude to life, one which shines out of each of our products, our stores and all our employees.

In June 2012, US Secretary of State Hillary Clinton suggested a new slogan to us on her visit to our factory in Helsinki: Marimekko – Breathe Happiness. I think there is no better way to crystallise Marimekko's core message, as I believe Marimekko is first and foremost a positive and genuine attitude to life, one which shines out of each of our products, our stores and all our employees.

The happiness that Marimekko stands for can be breathed around the world. We are known above all for our design based on original patterns and colours, whose distinctiveness offers great prospects for competitive and profitable retailing. In our main market areas – Northern Europe, North America and the Asia-Pacific region – our strategy includes expanding the distribution network by opening conceptually harmonised Marimekko stores, owned either by retailers or ourselves. In 2012, a total of 19 new Marimekko stores were opened in different markets. I believe that, by increasing the attractiveness and pricing power of our company with the help of a strong network of stores and bold brand building, we will get what we think are the best department stores and other retailers interested in us and our products.

In the Asia-Pacific region, our business continued to take an excellent trend in 2012. Sales grew rapidly, particularly in Japan, where we have already achieved a very solid position. There are in all 23 Marimekko stores in Japan, the two most recent of which were opened in Tokyo in September. In Australia, we took an important step forward with the opening of a flagship store in Sydney and another company-owned store in Melbourne. A totally new market for us opened up in China. The aim of a partnership

agreement we signed in January is to open a total of 15 Marimekko stores in China by the end of 2016. Our partner opened the first store in Hong Kong in May, and this immediately received an excellent welcome. In order to build our profile also in mainland China and to lay the foundation for future store openings, we held what was reportedly the first fashion show ever arranged in Shanghai People's Park. The unique outdoor show was a collaboration between us and the famous Chinese dance troupe Jin Xing Dance Theatre. At the same time, there was also an extensive, two-part exhibition of Marimekko and other Finnish design at the Shanghai Museum of Contemporary Art.

In the United States, we concentrated on expanding the network of our company-owned stores, encouraged by the New York flagship store's success following its opening in the previous year. In 2012, we opened four new stores: in Boston, Palo Alto in Silicon Valley, Beverly Hills in Los Angeles, and Manchester, Vermont. In order to support our stores, for the first time in our history we attended the New York Fashion Week in the autumn. Our intriguingly colourful spring collection, showcased by models of various ages, attracted a great deal of praise from an audience composed of industry insiders and media representatives. We expect that these moves will also open doors to major department stores in North America for us. Already this year, several new Marimekko shop-in-shops are opening in Canada and Mexico.

In our home market of Finland, a total of seven Marimekko stores were opened in 2012. One of these was a company-owned fashion store in a superb location in Helsinki city centre. Also, the online store we launched first

in the United States was then extended to Finland. In Sweden, we continued to underpin our store network by opening company-owned stores in Stockholm and Gothenburg.

Our net sales were up last year by 14% on the previous year. International sales grew due to new store openings by 31%, and brand sales of Marimekko products rose to 187 million euros. However, contrary to our expectations, our operating result deteriorated. Exceptionally large investments in internationalisation and in the expansion of our own store network ate into our profitability, but I am absolutely convinced that Marimekko is on the right track to becoming one of the world's most fascinating design firms. We must just be patient as we make our company even stronger and more profitable, while paying particular attention to our operational efficiency, especially in today's market conditions.

In 2012, the majority of Marimekko's personnel also became shareholders in the company after we held a targeted issue of shares for the employees. The great interest in the shares indicates to me that Marimekko's people have firm faith in their employer, and I intend to do all I can to make their investment profitable. Marimekko has totally exceptional employees and a corporate culture that combines creativity with a sense of profit-making. By relying on our common values, the Marimekko spirit, we work together in an honest atmosphere, happily and sensibly. We also believe in boldness, even at the risk of failure. This principle was undoubtedly followed even by the founder of our company, the legendary Armi Ratia, the centenary of whose birth was marked in 2012.

Mika Ihamuotila



Armi Ratia 100th birthday

EARLY YEARS

Armi Ratia was born on 13 July 1912 in Pälkjärvi, Karelia, where her father Matti Airaksinen owned a small grocery store. Her mother, Hilma, worked as a grade school teacher. Later on, the family moved to the village of Koivisto on the Gulf of Finland. Armi went to school in Joensuu and Vyborg, the biggest city in Karelia. She never completed her final year of high school as the allure of Helsinki's premiere art school, the Central School of Applied Arts, proved too great. Her decision to move to Helsinki may also have been influenced by her new-found love for Viljo Ratia, who she had met in her home village Koivisto. Viljo was a student at Kadettikoulu, a prestigious officer candidate school in Helsinki, and the son of sea captain Anton Ratia. In Helsinki, Armi financed her studies by writing love stories for magazines.

In 1935, Armi graduated as a textile designer and married Viljo in Koivisto. The young couple settled down in Vyborg, where Armi started her first business, a small weaving company. In 1939, the Ratias moved back to Helsinki, where Armi worked as an office assistant in the Ministry of Defence for about two years and then as a copywriter in an advertising agency for seven years. As World War Two swept across Northern Europe, Armi's beloved Karelia and childhood home were taken by the Soviet army. Today East Karelia remains a part of the Russian Federation.

In 1949, four years after the war, Armi took the first steps to creating

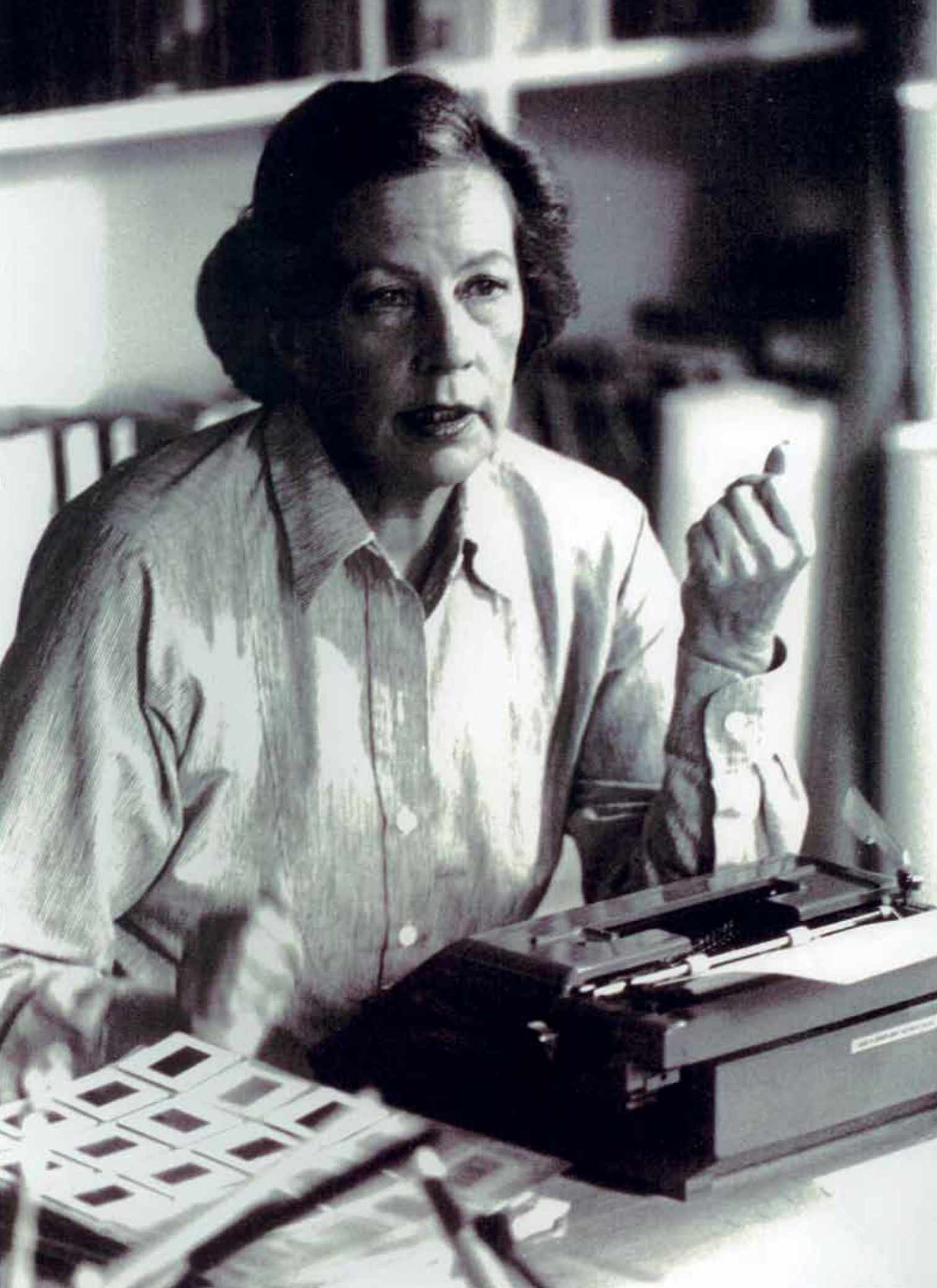
Marimekko. She joined Printex, her husband's wax and print fabric company, and she started buying exceptionally colourful and bold patterns for the company. Marimekko was founded two years later, when Armi and Viljo began making clothes from Printex's unique print fabrics. For a nation struggling with shortages and drabness, Marimekko was a welcome source of colour and joy.

MARIMEKKO

Armi Ratia was a textile artist, managing director, creative director, wizard of words, publicity guru, visionary, maternal figure, and wellspring of inspiration. She had an incredible ability to decipher the mood of the times and sense future trends. She also had a genius for recognising talent and finding ways to realise even the wildest, most imaginative ideas. Armi could see the extraordinary in the ordinary.

Even today, Marimekko's success owes much to Armi's ideas. For her, Marimekko meant everyday beauty. She made Marimekko a way of life, an attitude, a phenomenon embracing the everyday and the extraordinary. Marimekko was Armi and Armi was Marimekko.

Marimekko gave Armi Ratia – courageous, curious, wilful, generous, warm – a rich and colourful life. She passed away on 3 October 1979. In 2012, she would have celebrated her 100th birthday. Were she still with us, the birthday party would have been special beyond a doubt.





The origins of Oiva

Out of all household objects, for many people it is tableware to which they form an attachment. They are with you through thick and thin, they are held in the hand and they please the eye. Memories collect around them.

Sami Ruotsalainen is passionate about cooking – in other words, he’s a good man to have around when you need a designer for tableware. He believes different types of food deserve their own, excellent plates, while coffee belongs in a proper coffee cup and tea in a teacup. However, you needn’t have a vast number of different items if you plan your tableware for multiple uses: you can very well eat your breakfast cornflakes from a teacup and serve dessert in a coffee cup.

Sami was given a very free hand for the designing of Marimekko’s Oiva tableware in 2008. The commission included little more than a request to create a shape for something to eat from and something to drink from. A slew of adjectives were provided for guidance, from which Sami chose as the basis for his work the ones he felt best described Marimekko: rooted, honest, genuine... With these powerful words for inspiration, Sami hoped he would find a strong form for the tableware, one which would make it alone, without patterning. The design of Marimekko products usually starts with a pattern, but this time the form came first.

Sami kicked off by checking out the standard measurements for cups and bowls and then went his own way, seeking just the right size and shape for different items of tableware. Along the way, he probed and measured

randomly collected dishes, especially old ones. Some were inherited from his grandmother, who invariably drank her morning, afternoon and evening coffee from a proper coffee cup, never a mug. Gradually his sketchbooks filled up with hundreds of postage stamp-sized drawings and notes. This is how the Oiva pieces attained their unique sizes and finely honed proportions. Each object has its own personality, in addition to which the odd-pair look and variant sizes of the Oiva family make them very Marimekko in style.

“I wanted to include in my collection only those tableware items that you really need. A few which have a clear purpose but are still multiple-use. When I designed it, I thought about the functionality and aesthetics of the tableware but also a great deal about the look and aroma the food or drink would have in them. I also wanted the Oiva range to fit in with any home. To go with old and new cups and mugs alike. I hope that everyone would find in Oiva just the thing that feels right for themselves,” says Sami.

Once the form for the tableware had been found, Maija Louekari began to design patterns for it. She wanted the patterns to say something about what was happening in the world then, in 2008. There was turmoil in the

global economy, making time spent with friends and family seem more important than ever.

“The Siirtolapuutarha and Räsymatto patterns each have their own, distinctive characters, and they engage in a unique dialogue with the shapes of the tableware. I used the warm white colour of the material as one element in the patterning. The patterns were designed separately for each item, but the parts still go together well. The line drawings of the Siirtolapuutarha pattern form a continuing narrative from one object to the next, telling about a journey from the city to an allotment garden,” says Maija.

According to Sami and Maija, there was a great deal of feeling in the design process. They told each other childhood stories of summer cottages – of endless warm days, wild strawberries and soothing winds.

Everyone has tableware hidden away in their cupboards, never to be used. And then, there can be that particular coffee cup or glass that they always want to drink from. In many homes over the past three-plus years, Oiva has become the tableware of choice for daily use.

Siirtolapuutarha and Räsymatto have been joined in the range by many other patterns created by different designers. And Sami Ruotsalainen has also designed new items for Oiva, like a lidded container for serving and storage, a jug and an espresso cup and saucer.

1 konsepti



tee kannu
0,2 l



teekuppi
0,3 l



kahvikuppi
0,25 l



muki
0,35 l



lautanen
12,5 x 15,5 cm



18,5 cm



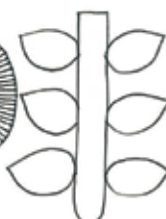
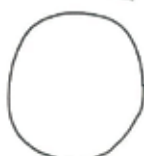
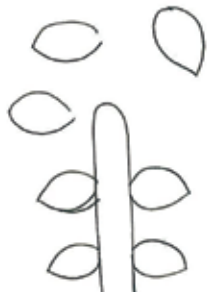
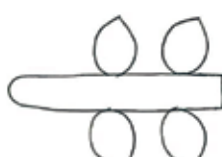
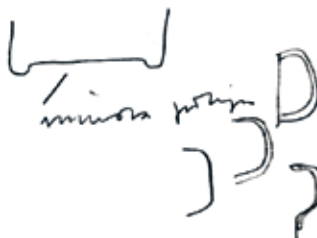
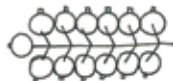
22,5



26 cm



kuulho Ø 20 cm k. 70 mm
hedelmät pöytäaluz, salaatti



Sketches drawn by
Sami Ruotsalainen and
Maija Louekari for the
Oiva tableware and the
Siirtolapuutarha pattern.



Noora Niinikoski and her team get together regularly as they work on a collection.

Building a clothing collection

With the turn of every season, Marimekko shops around the world welcome a new collection of clothing designs. Hung from racks or folded creatively, these works of inspiration soon become cherished belongings for many of us.

But before that can happen, a colourful team of designers must get together in Marimekko's Helsinki factory. The team is made up of clothing and pattern designers, assistants and creative managers. The floor is open for discussion. Everyone can share their views and current interests. It is an inspiring day.

The team gets to work soon after their meeting. Noora Niinikoski, Marimekko's Head of Fashion Design, begins to weave together the team's creative ideas. Alongside her own design work, Noora is responsible for the look and feel of all Marimekko fashion collections.

Noora begins by creating a colour chart based on the team's input. The right shade might turn up anywhere – a leaf or a child's raincoat. Besides choosing the colour scheme, Noora and her team also select pattern designs for the collection. Some of these patterns are brand new – others are gems from Marimekko's pattern archive.

The next stage is sketching and drawing. Each of the designers creates

unique pieces of clothing in their own personal style. Noora keeps an eye on the process and encourages the designers to be open and innovative. The ready sketches are then sent to Marimekko's assistant designers, who help turn the sketches into more detailed drawings. With the drawings complete, the team gets to work on the collection's colour scheme and fabric selection. They also get together to inspire each other, and keep a tight rein on quality and workmanship. Compromises are unacceptable.

Marimekko's talented pattern makers and seamstresses turn the team's ideas into prototypes. Noora and her team then make sure the sample garments fit perfectly. They also check the garments' quality, arrange photo shoots, and continue to fine-tune their designs. The work is intricate and challenging – and the hectic pace can be overwhelming at times. Marimekko is full of colourful personalities, and that's what matters. There's always plenty of room and air for inspired creativity.

And once the job is done, or maybe even before the collection is complete, the team is already working on the next three collections, sharing ideas and inspiration. Soon someone will come up with a design that may become your personal favourite.



Ideas take wing during the team's inspiration day. There is no such thing as a bad idea.



Noora Niinikoski, Marimekko's Head of Fashion Design, presents her ideas during the inspiration day.



The prototypes are sewn at Marimekko's Helsinki factory according to detailed guidelines.



Designer Satu Maaranen joins the fitting session for the spring 2013 collection.



A Normi for all seasons

Pasi, Olga, Toimi or Kauko – we have a bag for every thing, small or large.

The four different-sized models in the Normi bag range got started from pockets. Tuula Pöyhönen was designing her first Marimekko garments, and it occurred to her that the clothes' pocket solutions would also be excellent for bags. She sewed some samples together and presented them to Marimekko. These were greeted with enthusiasm, and so the spring 2012 collection included the first Marimekko bags designed by Tuula as well as her clothing.

"My designing at Marimekko often advances along this track. I think it's a valuable and a characteristic way for a design company to do things so that designers have a chance to put forward and develop ideas on their own initiative. The most important aspect of a designer is the ability to interpret the times and give it a form, meaning to put forward things that no one has thought to commission or which may not even have names yet. This is how innovations are born, and ideally this can also provide a competitive edge."

The Normi bags, which have ended up in Marimekko's continuing collection, combine practicality and

humour in a way typical of Tuula's designs. The design idiom is pure, simple and function-oriented. The colours are playful. "Marimekko's use of colours gives it an edge over other pattern firms. I am most interested in odd combinations. It needs to have the right proportions of salt, sweet and bitter. It's quite surprising that the colourful Normi bags have been ordered more than single-colour black ones, although the colour combinations are by no means easy and commercial in traditional terms."

The material of the bags is Marimekko-style cotton canvas. The straps are of tanned leather, which wears beautifully and improves as it ages, as things of quality always do. It is also good for recyclability that the materials can be easily separated. "Environmentally friendliness is partly this, but first and foremost it's that the product stands the test of time and lasts long."

In autumn 2013, the Normi family will get two new members: the Eppu backpack and the Alma bag, which will hold practically anything you want to carry with you.

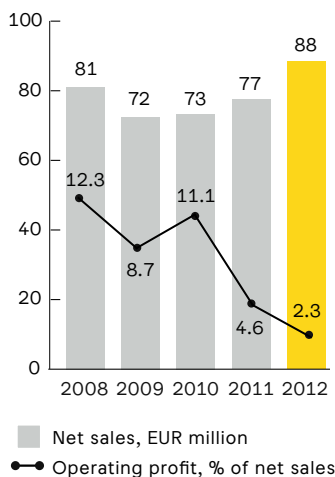


2012 in figures

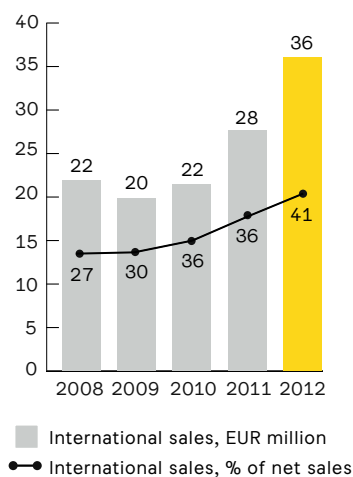
MARIMEKKO

- design company established in 1951
- three product lines: clothing, interior decoration, bags
- net sales of EUR 88 million
- brand sales¹ of Marimekko products worldwide of approximately EUR 187 million
- 108 Marimekko stores² at the year end, of which 47 were company-owned
- key markets: Northern Europe, North America and the Asia-Pacific region
- products sold in approximately 40 countries
- average personnel of 497

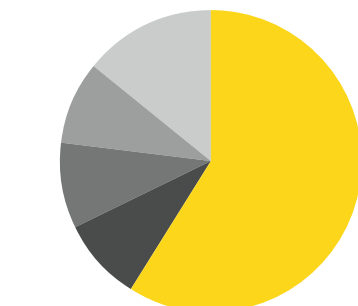
Trend in net sales and operating profit 2008–2012



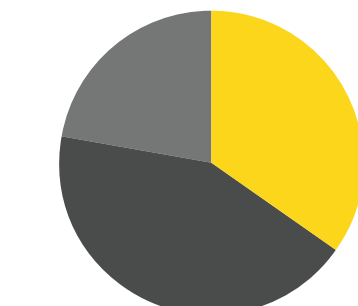
Trend in international sales 2008–2012



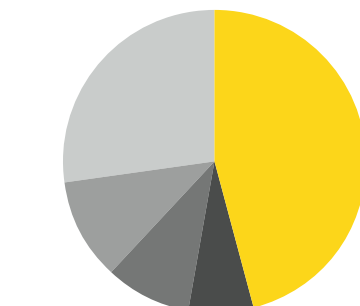
Net sales by market area 2012



Net sales by product line 2012



Brand sales¹ by market area 2012



NET SALES BY MARKET AREA

(EUR 1,000)	2012	2011	Change, %
Finland	52,344	49,807	5
Scandinavia	7,856	7,518	5
Central and Southern Europe	7,783	6,691	16
North America	7,743	4,960	56
Asia-Pacific	12,745	8,466	51
Total	88,471	77,442	14

BRAND SALES¹ OF MARIMEKKO PRODUCTS BY MARKET AREA

(EUR 1,000)	2012	2011	Change, %
Finland	86,518	88,557	-2
Scandinavia	12,752	13,139	-3
Central and Southern Europe	16,872	13,551	25
North America	20,527	18,119	13
Asia-Pacific	50,515	35,191	44
Total	187,184	168,557	11

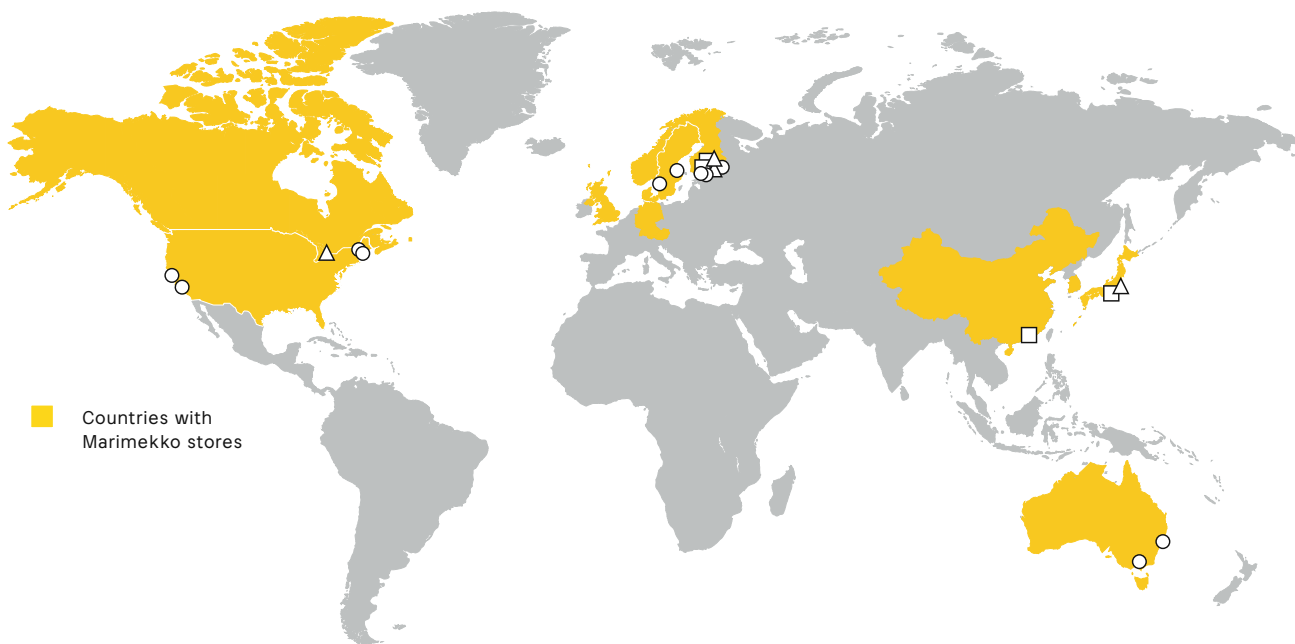
KEY FIGURES

	2012	2011	Change, %
Net sales, EUR 1,000	88,471	77,442	14
share of international sales, %	41	36	
Operating profit, EUR 1,000	2,019	3,528	-43
% of net sales	2.3	4.6	
Net result for the financial year, EUR 1,000	1,100	2,826	-61
Earnings per share, EUR	0.14	0.35	-60
Dividend per share, EUR	*) 0.25	0.55	-55
Cash flow from operating activities, EUR 1,000	8,605	651	
Return on equity (ROE), %	3.5	8.4	
Return on investment (ROI), %	4.1	11.4	
Equity ratio, %	54.6	67.2	
Personnel at year end	535	434	23
outside Finland	103	63	64
Brand sales ¹ , EUR 1,000	187,184	168,557	11
share of international sales, %	54	48	
Number of stores ²	108	90	20

*) The Board of Directors' proposal to the AGM.

¹ Estimated sales of Marimekko products at consumer prices. Brand sales are calculated by adding together the company's own retail sales and the estimated retail value of Marimekko products sold by other retailers. The estimate, based on Marimekko's actual wholesale sales to these retailers, is unofficial and does not include VAT. The figure is not audited.

² Includes the company's own retail stores, retailer-owned Marimekko stores and shop-in-shops with an area exceeding 30 sqm.



STORE OPENINGS IN 2012



Marimekko's own retail stores

Finland: Espoo, Helsinki and Lappeenranta

Sweden: Gothenburg and Stockholm

United States: Beverly Hills, Boston, Palo Alto and Manchester

Australia: Melbourne and Sydney



Retailer-owned Marimekko stores

Finland: Kouvola and Kuopio

Japan: Tokyo

China: Hong Kong



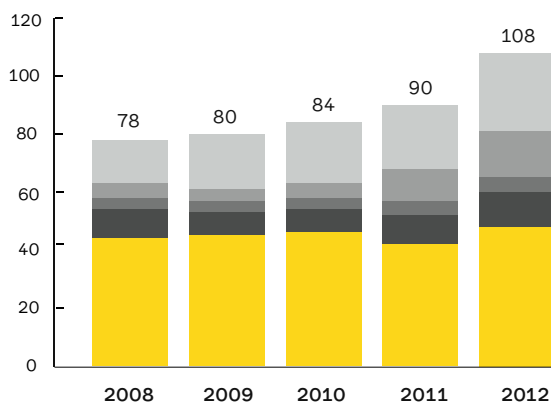
Marimekko shop-in-shops

Finland: Tampere and Salo

Japan: Tokyo

Canada: Toronto

MARIMEKKO STORES



	2008	2009	2010	2011	2012
Finland	44	45	46	42	48
Scandinavia	10	8	8	10	12
Central and Southern Europe	4	4	4	5	5
North America	5	4	5	11	16
Asia-Pacific	15	19	21	22	27
Total	78	80	84	90	108

WANT MORE INFORMATION?

Comprehensive information about Marimekko's business development can be found in a separate report, Financial Statements 2012. The report can be read and ordered on our website company.marimekko.com under Releases/Annual Reports.



Highlights of 2012

For Marimekko, 2012 was an important year for internationalisation. During the year a total of 19 new Marimekko stores and shop-in-shops were opened, 12 of which were outside Finland. Marimekko was also highly prominent at shows and exhibitions, gaining unique attention in various parts of the world.

SEVEN NEW MARIMEKKO STORES IN FINLAND

In its home country, Marimekko opened new company-owned stores at the Sello mall in Espoo, in Lappeenranta and in Helsinki. The two-storey store opened in Helsinki city centre in November differs from all other Marimekko stores because of its fashion-driven range. During the year, retailer-owned Marimekko stores were also opened in Kouvola and Kuopio as well as shop-in-shops in Tampere and Salo. In October, Marimekko's online store was extended to Finland.

In May, Marimekko held its traditional summer fashion show in Esplanadi Park in Helsinki together with the Finnish National Ballet.

At the end of June, US Secretary of State Hillary Clinton visited Marimekko, seeing for example how fabric is printed.

In September, a book entitled *In Patterns: Marimekko* was published. It provides a cross section of Marimekko's colourful history. Printed in both Finnish and English, the book covers pearls of Marimekko design and their designers, from the pioneers of the early years through to the talents of the 21st century.

The year 2012 marked 100 years since the birth of Marimekko's founder, Armi Ratia. The centenary was celebrated in many ways, not only at Marimekko but also by other parties. For example, the Mint of Finland issued a commemorative coin in honour of Armi Ratia.



Marimekko's new fashion store is in a prominent location in Helsinki.



In Gothenburg, Sweden's second-biggest city, a Marimekko store was opened in May.

POSITION REINFORCED IN SCANDINAVIA

In Sweden, Marimekko expanded its network of company-owned stores. In April, a gallery-type special store was opened in the creative SoFo district of Stockholm, and in May a two-storey store was opened on the corner of the busiest shopping streets in Gothenburg.

In February, Marimekko showcased its autumn home furnishing collection at the Stockholm Furniture Fair under the heading Marimekko InsideOut. The idea behind the theme was the way in which the main focus in life shifts in the autumn from the unbuilt to the built environment, from outside to indoors.



Sami Ruotsalainen designed the new With Thought product family for Marimekko, including notepads, notebooks, cards, stationery and calendars.



Satu Maaranen, who designs clothes and prints for Marimekko, was presented with the Newcomer of the Year award in the Finnish Elle Style Awards 2012 gala.

PHOTO: MAREK SABOGAL



Dancers of the Finnish National Ballet and children from the Ballet School displayed Marimekko's summer fashion in Esplanadi Park in Helsinki.



The autumn 2012 home furnishing collection was unveiled at the Stockholm Furniture Fair.



PHOTO: BILLY FARRELL AGENCY

Marimekko took a significant step by appearing at the New York Fashion Week for the first time in its history.

STRONG INVESTMENTS **CONTINUING IN** **NORTH AMERICA**

In the United States, Marimekko opened four new company-owned stores. At the beginning of August, a two-storey store was opened in the very heart of Boston, a location popular with the students and faculties of the nation's best-known universities. The store opened in Palo Alto in October is in the centre of Silicon Valley, close to perhaps the world's most attractive technology companies and private equity investors as well as Stanford University. In November, Marimekko opened a flagship store on the West Coast, in Beverly Hills. A company-owned store was also opened in the autumn in Manchester, Vermont.

In September, Marimekko took a significant step by presenting its spring and summer 2013 clothing collection at the New York Fashion Week. The global high profile gained by the show, which was aimed at the press and professionals, exceeded the company's expectations many times over.

In Canada, Marimekko and the home furnishing company EQ3 signed a partnership contract with the aim of opening 10 Marimekko shop-in-shops concentrating on household products by the end of 2014. EQ3 opened the first of these Marimekko shops in September at its new flagship store in Toronto.



The Valoisa lamp designed by Harri Koskinen was one of the new Marimekko products of 2012.



Canada's first Marimekko shop-in-shop was opened at the home furnishing company EQ3's flagship store in Toronto.



The second Marimekko flagship store in the United States stands out in Beverly Hills.



In Boston, Marimekko opened its store in a district popular with the students and faculties of the best-known universities in the United States.



The Sauna Duet, a collaboration between Marimekko and Aesop, is dressed in the Vellamo pattern designed by Maija Louekari.



On the northern hemisphere's spring equinox (autumn equinox in the south) in March, Google marked the occasion with doodles designed by Marimekko.



An Unikko-patterned tram declared the opening of China's first Marimekko store in Hong Kong.

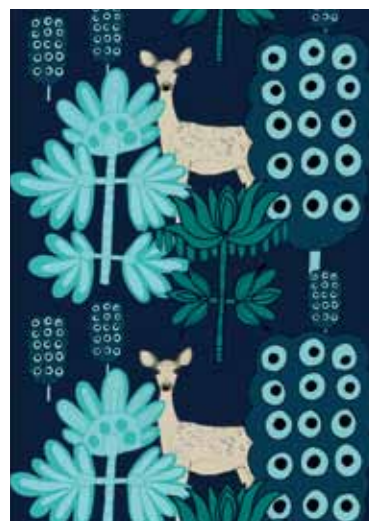
PHOTO: MICHAEL BRADFIELD



The two-storey flagship store opened in the centre of Sydney has spaces up to eight metres high, making a superb framework for displaying products.



Marimekko's colours and patterns danced in Shanghai People's Park in a show created together with the Chinese Jin Xing Dance Theatre.



Elle Decor Japan selected the Kaunis kauris pattern designed by Teresa Moorhouse for Marimekko as the fabric of the year for 2012.



A long-haul passenger plane clad in Unikko flowers takes to the skies as the symbol of a design partnership by Marimekko and Finnair.



Of the two Marimekko stores opened in Tokyo, one is on the ground floor of the Shin-Marunouchi building, which is considered a landmark of the city's financial district.

IMPORTANT BRIDGEHEADS IN THE ASIA-PACIFIC REGION

China's first Marimekko store was opened in Hong Kong in May. This opening was part of the partnership agreement signed in January by Marimekko with the fashion and lifestyle brand retailer Sidefame, the goal of which is to open a total of 15 Marimekko stores in China by the end of 2016.

The Shanghai Museum of Contemporary Art held an exhibition from the end of October to the beginning of December under the title Design Colours Life – Contemporary Finnish Design and Marimekko, with two sections which together gave a holistic overview of contemporary Finnish design. The opening of the

exhibition was marked with a fashion show by Marimekko in Shanghai People's Park, where the autumn clothing collection was displayed to China's fashion and design media and tastemakers by the dancers of the world-famous Chinese Jin Xing Dance Theatre.

In Japan, two new Marimekko stores were opened in September, both in Tokyo. One of the stores is in the city's famous Marunouchi financial district and the other, a Marimekko shop-in-shop, is in the renowned Seibu department store in the Ikebukuro district. Two exhibitions featuring Marimekko fabrics opened in Japan at the end of the year: in Tokyo Marimekko design and ceramics by Fujiwo Ishimoto were on display, while at a shrine in Fukuoka fabrics designed

for Marimekko by both Ishimoto and Maija Isola were on view.

At the beginning of November, Marimekko opened its first company-owned stores in Australia. A flagship store was opened in Sydney; the other new store is in Melbourne.

MARIMEKKO PATTERNS TAKE TO THE SKY ON FINNAIR'S WINGS

Marimekko and Finnair announced a partnership agreement in October whereby Marimekko-patterned tableware, blankets, pillows and headrest covers are to be placed on all Finnair planes in 2013. The symbol of the three-year partnership is an Unikko-patterned Finnair A340 plane, which flies between Helsinki and Finnair's 11 destinations in Asia.

Vision, goals and strategy

Our vision is to be the world's most admired pattern designer and one of the most fascinating design brands.

Marimekko's strengths are the uniqueness and inherent interest of the brand, the diversity of the patterns, and the originality of the design idiom. The company has a long-term international growth strategy; its goal is to grow and succeed in the international arena as a Finnish design company that has a strong identity. In business development, the focus is on controlled organic growth in Finland and selected international markets. The geographical areas of emphasis are the regions in which the Marimekko brand is already known or where there is a growing interest in Marimekko's design idiom and brand.

The key markets for the company are Northern Europe, North America and the Asia-Pacific region. In 2013, the goal is to open a total of 15 to 24 new Marimekko stores and shop-in-shops. Of these, 4 to 6 stores would be Marimekko-owned and the remainder

will be retailer-owned stores and shop-in-shops.

In Northern Europe, the aim is to open 4 to 6 new company-owned stores in 2013: 2 to 3 in Finland and 2 to 3 in Scandinavia. Sales in the region will also be underpinned by the expansion of Marimekko's online retailing to Sweden. In addition, there are plans to open 3 new shop-in-shops in Finland.

Marimekko's long-term strategic aim in North America is to expand distribution through high-class department stores and specialist retailers as well as to open new Marimekko stores. The purpose of the company-owned stores is also to attract the attention of classy department stores and other retailers to Marimekko's products. In 2013, the main thrust in North America will be on actively enhancing partnerships with department stores. In Canada and Mexico, there are several new Marimekko shop-in-shops opening. The aim of a partnership contract signed by Marimekko and the furniture brand EQ3 in 2012 is to open a total of 10 Marimekko shop-in-shops in Canada by the end of 2014. The first of these was opened in September 2012 at EQ3's new flagship store in Toronto.

EQ3 intends to open 4 to 6 Marimekko shop-in-shops in its stores during the first half of 2013. Marimekko also signed a partnership contract in 2012 with the leading Mexican department store chain El Palacio de Hierro. The department store chain aims to open 3 to 4 shop-in-shops focusing on Marimekko's interior decoration products in 2013.

In the Asia-Pacific region, the trend in sales has continued to be very strong. During 2012, China was opened up as a new market when Marimekko signed a partnership agreement with Hong Kong-based Sidefame. The objective is to open a total of 15 Marimekko stores in China by the end of 2016. The first of these was opened in Hong Kong in May 2012 and this year it is intended to open 2 to 3 stores. In Japan, Marimekko's local partner Look intends to open 2 new Marimekko stores during 2013 in addition to the 23 stores already open. Marimekko has also invested more than before in Australia, where it opened 2 company-owned retail stores in 2012.

Every effort is made to boost the brand's value through the long-term development of product, store and distribution concepts. Another aim is to maintain good solvency and liquidity in all market conditions.

FINANCIAL GOALS

Securing profitable growth

- annual growth in consolidated net sales over 10%
- operating profit as a percentage of net sales 10%
- return on equity (ROE) over 15%
- equity ratio 60%

A steady dividend policy

- the intention is to pay a yearly dividend
- percentage of earnings per share allocated to dividends at least 50%

ACHIEVEMENT OF FINANCIAL GOALS

	2012	2011	2010	2009	2008
Annual trend in net sales, %	14	6	1	-11	5
Operating profit as a percentage of net sales, %	2.3	4.6	11.1	8.7	12.3
Return on equity (ROE), %	3.5	8.4	18.4	14.8	24.2
Equity ratio, %	54.6	67.2	78.8	77.7	78.7
Dividend per share, EUR	*) 0.25	0.55	0.55	0.45	0.55
Dividend per profit, %	*) 178.6	157.1	72.8	76.3	59.9

*) The Board of Directors' proposal to the AGM.



THE CORNERSTONES OF THE STRATEGY

Unique design and a strong brand	Product assortment based on a lifestyle concept	Long-term international growth strategy with a focus on Marimekko stores	Unique Marimekko spirit and corporate culture that emphasises creativity and internal entrepreneurship
<p>The brand is built to be more international and the profile is raised with the help of Marimekko's unique and fascinating design.</p> <p>Marimekko's skills as an expert in colours and patterns are accentuated more clearly as a factor of differentiation.</p> <p>High-quality and innovative design expertise is maintained and enhanced as a factor boosting competitiveness.</p> <p>An unpretentious attitude to life and the fascinating history of the company are a significant part of the brand.</p>	<p>Growth is sought with new customer groups and with product innovations. All products must be functional and timeless.</p> <p>The extent of the lifestyle concept will be utilised in launching new product categories.</p> <p>The share of in-house product design in the collections will be stepped up and it will be integrated better with Marimekko's strong expertise in patterns.</p> <p>The number of accessories and small utensils in the ranges will be increased to enhance profitability.</p> <p>More attention will be paid to product coordination when building the collections.</p> <p>In-house production has a central role in product development.</p> <p>Selective co-branding and licensing.</p>	<p>Geographically, the focus is on areas in which the Marimekko brand is already known or where there is a natural demand.</p> <p>Awareness of Marimekko is raised mainly through PR in earned and digital media by utilising the strength of the brand. PR plays a strategic role especially when the company is establishing itself in new markets.</p> <p>A flagship store will be opened in the most important markets. The flagships carry all of Marimekko's product lines and serve as a showcase to the buyers of major department stores, for example.</p> <p>The distribution network will be expanded in a controlled manner by opening new company-owned stores, retailer-owned Marimekko stores and shop-in-shops.</p> <p>More profitable retail store and distribution concepts will be built, which will reinforce the brand's competitiveness and attractiveness in the different distribution channels.</p> <p>E-commerce and selected other distribution will increase sales and improve the availability of products.</p>	<p>Leadership is based on shared values which inspire and motivate the personnel, guide decision-making and help achieve the company's vision.</p> <p>A corporate culture that emphasises creativity and internal entrepreneurship is encouraged.</p> <p>Expertise required particularly in the internationalisation of the company will be reinforced.</p> <p>Operational efficiency will be improved along with systematic working and coordination in all business areas.</p> <p>A personnel survey will be carried out annually.</p>

Responsibility at Marimekko

Good design together with responsible production and procurement are the most material aspects of Marimekko's responsible operations. We at Marimekko believe that, when choosing a Marimekko product, the consumer makes a sustainable purchase that will give joy for a long time. At its best, the relationship will last a lifetime.

Design is the core of Marimekko's business. The choices made in design and product development have a significant effect on the environmental impacts of a product's lifecycle. Timelessness, quality and functionality are the cornerstones of responsible design. Durability is also a key measure of a product's ecological qualities. Marimekko products will last from generation to generation if they are properly cared for.

Marimekko products are designed in Finland and the company's in-house textile printing factory is the heart of its operations. However, as the product range grows there is a need for more subcontractors to manufacture products, which means increasing the portion of external producers in the supply chain. Supply chain management and monitoring have become more important. Marimekko has a quality manual in use containing the requirements set for suppliers, which helps the company to ensure the high quality of products as well as responsible operations throughout the supply chain. The company devotes effort to long-term supplier relationships, and when selecting new suppliers, the supplier's operations are closely scrutinised also from responsibility perspective. In 2011, Marimekko joined the Business Social Compliance Initiative (BSCI), committing itself to increasing supplier factory audits. In addition to enhancing transparency, the audits make it possible to develop the supply chain.

The goal for the years ahead is to embed responsibility profoundly into Marimekko's strategy. The company also works constantly to understand the

expectations of its customers and other stakeholders and to respond to these. In 2012, for example, Marimekko decided to take a more visible stance against the use of child labour by joining an initiative of the Responsible Sourcing Network (RSN), the aim of which is to pressure Uzbekistan's government to end the use of child and forced labour on its cotton plantations. The signatories to the initiative commit not to knowingly use cotton originating in Uzbekistan. Together with other actors in the field, it is possible to achieve much more than by acting alone and for this reason Marimekko seeks to be involved in networks like BSCI and RSN and to promote sustainable development in the sector.

RESPONSIBILITY MANAGEMENT

The strategic target set for Marimekko's corporate responsibility involves making responsibility that is based on shared values and objectives an integral part of all operations. Responsibility is developed on a long-term basis. In the coming years, the company will focus particularly on developing responsible design and procurement.

Marimekko's corporate responsibility strategy for the period 2011–2015 is based on a vision of Marimekko as a house which respects people and the environment they live in around the world. Marimekko brings joy to people with its colourful and long-lasting products, and it is a fair employer and a reliable partner when dealing both with customers and with suppliers.

MARIMEKKO'S STRATEGIC RESPONSIBILITY OBJECTIVES

- eliciting the commitment of strategic suppliers to developing their own responsibility
- increasing the proportion of ecological materials in the collections
- improving the durability of products through product development and quality control
- constant monitoring of the chemicals used in the manufacture of products
- absolute user-safety for the products in all circumstances
- educating customers in caring for products and in the impacts during use
- employee satisfaction with Marimekko and the company's responsibility work



Marimekko spirit

Leadership at Marimekko is based on shared values, the principles that we hold to be important and in which we believe in our everyday work. We have carefully chosen six basic values which inspire and motivate us, guide our choices and help us to achieve our vision. We set the values in the same way as we do everything else – together.

Living, not pretending

**Fairness to everyone
and everything**

Common sense

**Getting things done
– together**

**Courage, even at
the risk of failure**

Joy

Responsibility work in practice

Marimekko's steering group for corporate responsibility has nine members. The group's task is to evaluate how well the targets previously set for corporate responsibility have been achieved, to set new targets, and to monitor projects that promote responsibility. The business units and functions of the company are each in charge of their own responsibility actions, monitoring, collecting information, and reporting.

Design, procurement, quality control, and communications have especially important roles in actualising corporate responsibility. All of these functions are represented on the steering group. The steering group gets together usually four times a year. Convening the steering group and the practical implementation of responsibility work are coordinated by the corporate responsibility manager. The results of responsibility work are reported to Marimekko's Board of Directors annually.

DESIGN

Design is the core of Marimekko's business and one of its most important focus areas of responsibility. The choices made in design and product development affect the environmental impact of the product's lifecycle. A well-designed, timeless, high-quality and functional product brings joy to its user for a long time and is therefore a sustainable choice. One durable product can replace several products with a shorter lifecycle, thus benefiting the environment.

Marimekko's designers are provided with new viewpoints on responsible design through lectures and training. In 2012, for example, a visiting lecture on zero-waste design was held for the designers, with an aim to design garments in such a way that there is no waste from cutting. For Marimekko, reusing off-cuts and second grade fabric for purses and bags is a long-time tradition.

According to studies, two-thirds of the lifecycle emissions and energy consumption of utility textiles arise during the use of the product – mostly from maintenance and laundering. For this reason, the consumer also has an important role to play in reducing the environmental impacts of products. At Marimekko, maintenance during use is taken into consideration when products are designed.

Marimekko seeks to reduce the environmental burden caused by its products, for example, by choosing more ecological materials. In-house product development is in a key position in exploring and testing various alternative materials. The challenge is to identify ecological materials which will perform adequately in Marimekko's wear and durability tests. The aim of the testing is to ensure that no products which fail to meet Marimekko's quality requirements will reach commercial production. However, materials are constantly being developed, and Marimekko actively monitors the results of research and development related both to ecological materials and to the chemicals used in manufacturing. In 2012, Marimekko continued its product development related research in which the environmental impacts of materials are examined and answers are sought to questions of product lifecycles.

MATERIALS

Marimekko products are made of many materials, of which cotton is the most important. Cotton is used, for example, for the printed fabrics and Tasaraita jersey, both of which are an essential part of Marimekko. Although cotton itself is a renewable raw material, it has impacts on the environment because of the fertilisers, pesticides and irrigation used in cultivation. As an alternative to conventional cotton, organic cotton and various types of other certified cotton have come into use. The Marimekko range includes organic as well as conventional cotton. Organic cotton is grown without harmful pesticides and fertilisers, and its production process is certified and its origin is traceable.

MARIMEKKO'S RESPONSIBILITY TARGETS, 2011–2015

Supply chain

- assessment of suppliers from the responsibility viewpoint and eliciting their commitment to developing responsibility
- strategic suppliers in risk countries covered by BSCI and audited by the end of 2015

Design

- ecological materials to account for 20% in collections by the end of 2015

Environment

- figuring in environmental aspects in machine and equipment investments for manufacturing
- reducing the head office's energy consumption, quantity of mixed waste and paper usage relative to the 2010 level
- regular environmental training and Green Office campaigns for the personnel

Personnel

- better personnel survey results than from comparable companies; overall result of a good standard
- training the personnel in responsibility-related matters

As part of responsible product development, Marimekko reviews the fibre distributions of its collections. The main fibre materials in use are classified according to the MADE-BY organisation's benchmark on a scale of A to E. Fibres in classes A to C are defined as ecological. The fibre benchmark covers the phases from the origin of a raw material through to spinning. Unclassified fibres are



Marimekko PROTO: Unique designs from leftover fabrics

PROTO was born when Marimekko wanted to give young fashion designers a chance to create something surprising and exceptional. Noora Niinikoski, Head of Fashion Design of Marimekko, also wanted to see what exciting things could be made from the company's leftover fabrics. The young talents Riikka Buri, Yonna Moriya, Elina Määttä and Emmakaisa Soisalo were free to design their own collections which turned out to be very different from each other. Amazing and captivating, the collections displayed playfulness, inspirations drawn from a variety of periods, and bold combinations of different materials.

"The starting point for this project was to experiment with the Marimekko fabrics that had been left over from production. I chose four young designers and gave them an open brief. The designers managed their projects very independently from choosing the fabrics to sketching and pattern making. They worked closely with Marimekko's sewing professionals who in the end made the products. We also made a very nice video about the project. The models and the set were styled by the designers themselves. Most of all, PROTO challenged our young talents to design their own Marimekko. Boldly, out of the box," says Noora Niinikoski.

comprised of the fibres on whose impact not enough reliable information is yet available.

Marimekko's objective is to increase the proportion of ecological materials in its collections to 20% by the end of year 2015. This objective is challenging as many factors affect the material distribution of the collections. For each product, it is necessary also to consider its possibilities of commercial success, which is why not all ecological materials make it to production. Some ecological materials only allow a limited number of colours or do not meet Marimekko's strict quality criteria, for example. In spite of the challenges, it is important to set targets, as they guide operations in the desired direction and encourage the search for new solutions.

IN-HOUSE PRODUCTION

Marimekko's own textile printing factory in Helsinki supports the company's product development and pioneering work in pattern design, creating a significant competitive edge. In 2012, 1.2 million metres of fabric were printed in the printing factory (1.5). Marimekko's continuing objective is to reduce the generation of waste and leftover materials in production. Results are obtained through close collaboration between design, product development and manufacturing. The testing and quality control for products and materials are also constantly under development.

Marimekko operates with consideration for the environment

Taking care of the environment is one of the basic pillars of Marimekko's operations. The most important environmental aspects for the company are related to energy and water consumption and waste. A significant part of Marimekko's environmental monitoring is based on legislation and other regulations by authorities.

The Marimekko head office in Herttoniemi, Helsinki, has been granted Green Office labelling rights by WWF Finland. The objective of the Green Office programme is to reduce the environmental burden of offices and to increase the environmental awareness of staff. At the end of 2012, the company's office staff in Finland numbered 186, which represented 35% of the whole personnel.

In all of its own premises, Marimekko aims to use electricity generated as much as possible with renewable energy. In 2012, green electricity accounted for approximately 54% of the total power consumption of the company's own premises. The company aims to save energy by developing its production methods, by investing in energy-efficient machinery and equipment, and by monitoring its energy consumption.

Growth in recent years has demanded several expansions

Marimekko's continuing objective is to reduce the generation of waste and leftover materials in production. Results are obtained through close collaboration between design, product development and manufacturing. The testing and quality control for products and materials are also constantly under development.

and renovations in Marimekko's headquarters in Helsinki. These have had an impact on the environmental footprint of the premises. In 2012, extensive renovations started in the previous year continued. Increased fabric printing capacity has a direct effect on the water consumed in washing printed fabrics. It is intended that the washing machine used in the printing factory will be replaced in the coming years. The new machine would use less water than the one currently in use.

Waste from Marimekko production is properly managed and sorted. The amount of mixed waste is minimised by recycling. The generation, recycling, and sorting of waste are monitored regularly. Packaging materials are reused in accordance with the related EU directive. Marimekko's product packages pay particular attention to ecological aspects. In the stores, customer purchases are packed into plastic bags made of 45% recycled material. Organic cotton fabric bags are also used in addition to plastic bags. The company's agreements with

KEY FIGURES, ENVIRONMENTAL RESPONSIBILITY

	2012	2011	2010
Electricity consumption ¹ , MWh	2,208	2,305	2,563
Heating energy consumption ² , MWh	2,235	2,696	3,147
Natural gas consumption ² , MWh	4,200	4,373	3,878
Direct CO ₂ emissions, tonnes (natural gas)	832	866	768
Indirect CO ₂ emissions, tonnes (electricity and heating)	402	456	631
Water consumption ² , m ³	44,301	37,947	31,020

¹ Applies to Herttoniemi textile printing factory and property as well as Kitee and Sulkava factories. 2010 electricity consumption corrected based on recalculation.

² Applies to Herttoniemi textile printing factory and property. 2010 and 2011 figures corrected based on recalculation.

suppliers and other collaborators require that the partners are committed to environmental responsibility.

RESPONSIBLE PROCUREMENT

In addition to in-house production, Marimekko products are manufactured by subcontractors in Finland and abroad. Guaranteeing an ethical chain of suppliers is based on the transparency of the supply chain. Marimekko is a member of BSCI, an organisation working to develop the transparency and ethics of supply chains.

Marimekko's product range is wide, including household items from furnishing fabrics to tableware as well as clothing, bags and other accessories. Seasonal collections four times a year have an impact on the number and turnover of suppliers, as new products often require new manufacturing expertise.

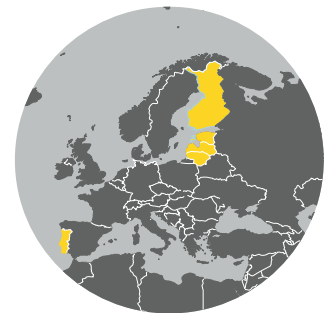
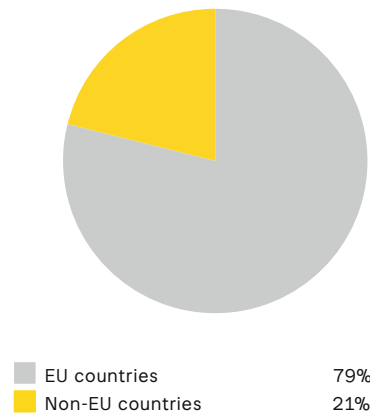
Competent supplier network

Marimekko products are made by subcontractors both in and outside Finland. Most of the products manufactured abroad are still made in an EU country, although the share of suppliers from developing areas has slowly grown. Of the products sold in 2012, 79% were made in EU countries and 21% in non-EU countries. The biggest manufacturing countries were Finland 34%, the Baltic countries 31%, and Portugal 11%. Outside the EU, the biggest manufacturing countries were Thailand and China.

Introducing new products and materials to the collections has widened Marimekko's supplier network. However, many of the suppliers used by the company are long-term partners, and no less than 70% of the subcontracted products are made by the 25 biggest suppliers.

The goal of procurement is to find the most competent manufacturer for each product. Many products require special manufacturing skills that the company lacks or that are not available in Finland or neighbouring area. Production quantities, delivery lead

Geographical breakdown of manufacturing 2012



The main manufacturing countries were Finland 34%, the Baltic countries 31%, and Portugal 11%. Outside the EU, the biggest manufacturing countries were Thailand and China.

times, costs and quality requirements as well as responsibility aspects also influence procurement decisions. New partners are required to commit themselves from the start of the partnership to the shared Marimekko way of working.

Developing the supply chain together with the industry

Marimekko's supply chain is diverse, and ensuring that the operating models of all suppliers in its supply chain completely meet the requirements set by Marimekko is challenging. However, Marimekko works determinedly to ensure that the suppliers understand the importance of responsibility of products and manufacturing, and that they are committed to transparent and responsible operations. Improving the transparency of the supply chain is one of the focus areas of responsibility at Marimekko.

Challenges related to environmental and ethical aspects of production are considered a common cause in the industry, so no company needs to work on them alone any longer. For instance, Marimekko is involved in the NICE project (Nordic Initiative Clean and Ethical) coordinated by the Nordic Fashion Association,

through which consumers get practical information on how they can promote more responsible consumption through their own actions. For operators in the textile industry, NICE provides operating principles and tools for example for assessing the environmental impacts of materials as well as training materials for designers. Marimekko considers participation in the project important for the company in order to obtain more information and exchange views with other participants in the industry.

Certificates and BSCI guide the operations

Marimekko aims to use certified suppliers with valid international or industry-relevant standards or certificates. These include, for example, the ISO 9000 and ISO 14000 standards, the Social Accountability SA 8000 standard and Öko-Tex Standard 100 certification.

Marimekko became a member of the Business Social Compliance Initiative (BSCI) in 2011, whereupon the BSCI operating principles were made part of its procurement contracts. At the same time, new targets were set for supplier factory audits. The objective of BSCI collaboration is to invite suppliers to join the BSCI auditing system,

KEY FIGURES, SUPPLY CHAIN

	2012	2011	2010
ISO 14000 certified suppliers	18	18	15
SA 8000 certified suppliers	4	4	7
BSCI audited suppliers	10	8 ¹	6

¹ Figure corrected based on additional information received.

to achieve synergy benefits for the members by combining audit visits, and to streamline the monitoring of suppliers subject to BSCI auditing. BSCI strives to promote social responsibility and to improve working conditions in the global supply chain. More information on BSCI can be found on the initiative's website at bsci-intl.org.

For Marimekko, work on BSCI started in 2011 with a review of the supplier base, and in 2013 the first supplier audits will be carried out. This means factory audits for suppliers operating in the risk countries as defined by BSCI and reporting the results in a shared database. The intention is also to improve working conditions in the factories in partnership with the BSCI organisation, for example, through training. The most significant BSCI risk countries in Marimekko's supply chain are Thailand, China, and India. However, most of the Marimekko products are made in EU countries, which are not on the risk list. In looking for new suppliers in the risk countries, Marimekko gives preference to suppliers already covered by a BSCI audit.

All cooperation agreements between Marimekko and its subcontractors require the parties to follow the rules of the International Labour Organisation ILO and to operate in accordance with internationally recognised social and ethical norms. In addition to purchase agreements, Marimekko's quality manual also provides guidance to suppliers and helps to ensure product quality and safety.

The BSCI Code of Conduct is based on the ILO conventions, the OECD Guidelines for Multinational Enterprises, the UN Global Compact

Principles, and the UN Declaration of Human Rights. The Code also requires that suppliers are committed to environmental responsibility.

GOALS OF BSCI CODE OF CONDUCT

- Freedom of association and the right to collective bargaining are respected.
- No discrimination is practised.
- Child labour is prohibited.
- Legal minimum and/or industry standard wages are paid.
- Working hours are compliant with national laws and do not exceed 48 hours regular + 12 hours overtime per week.
- There are no forced labour or disciplinary measures.
- The workplace is safe and healthy.
- The environment is respected.
- There is a policy for social accountability.
- There is an anti-bribery and anti-corruption policy.

Involvement in anti-child labour initiative

Marimekko's goal is to increase the transparency of its supply chain and to extend the review of the chain beyond direct suppliers. The more parties there are in the supply chain, the more challenging it is to

monitor it and to make sure that all suppliers operate in compliance with internationally recognised codes of conduct. One issue Marimekko's stakeholders expect of the company is an uncompromising approach to banned use of child labour in the supply chain. In autumn 2012, Marimekko became the first Finnish company to join the Responsible Sourcing Network (RSN) initiative against child labour, the aim of which is to pressure Uzbekistan's government to end the use of child and forced labour on its cotton plantations and to comply with ILO's basic regulations. Marimekko has informed its suppliers of cotton products of joining the initiative and requested them to confirm that no Uzbek cotton is used in Marimekko products. In accordance with Marimekko's operating principles, the suppliers are required to pass on the demand further down in their own supply chains.

Origin of cotton

The cotton production chain is long, complex and challenging to trace, as raw cotton fibres are often collected from various regions and countries and blended by wholesalers before they are spun into yarn. Marimekko has committed itself to increasing the transparency of the cotton production chain, which helps to improve the conditions in which cotton is produced. Marimekko requires the main suppliers of its cotton products to report on the origin of the cotton and encourages suppliers to improve the traceability of cotton. According to a survey carried out by Marimekko, the cotton for Marimekko products is sourced around the world: from the United States, Africa, Asia and South America. However, Marimekko is a relatively small player in the global cotton products market, so the best results can be achieved by working together with other parties in the sector. The goal for 2013 is to map out suitable partners for Marimekko for improving of conditions in cotton production.



Personnel

At Marimekko we have always believed in being genuine, fair and courageous, and in the power of working together. Marimekko's personnel are skilled, creative and very committed. These ingredients create a strong corporate culture and a good team spirit, which are important pillars of the company's strategy. The Marimekko spirit, incorporating the company's values, guides and inspires the staff in their daily work.

INTERNATIONALISATION OFFERS OPPORTUNITIES

Marimekko is experiencing a period of strong growth and in 2012 the number of Marimekko employees grew by 23% due to internationalisation. The number of personnel was increased in particular by store openings in the United States, Australia and Northern Europe. At the end of the year, Marimekko had 535 (434) employees, of whom 103 worked abroad (63). The expansion of operations requires the company's personnel to have stronger knowledge of international business.

In recent years, Marimekko employees have been offered more and more opportunities to work in a multicultural business environment and to transfer to new positions in-house. Job rotation expands understanding

of business operations as a whole and promotes the development of the personnel's expertise.

HIGH-QUALITY MANAGEMENT WORK PROMOTES WELLBEING ON THE JOB

The spotlight of Marimekko's human resources management is focused on the wellbeing of the personnel and ensuring that Marimekko employees have a good framework for success in their work. It is a requirement for wellbeing that the goals of the work are clear and that the necessary skills and development opportunities have been secured. High-quality management work helps to guarantee the productivity of work and the fulfilment of the Marimekko spirit.

In 2012, the continuing development of HR operating models and of tools supporting management work was given particular attention. At the beginning of the year, a broad-based training programme for managers was started, aimed primarily at clarifying leadership at Marimekko as well as enhancing managers' skills and the consistent quality of their work. An international training programme entitled Successful Store Manager was held for store managers. To support the working community at Marimekko, a renewed model for early intervention was also launched. All these measures are aimed at ensuring that every Marimekko employee feels good every day.

STRONG CONFIDENCE IN MANAGEMENT'S VISION AND THE FUTURE OF THE COMPANY

Staff satisfaction and expectations are examined with an annual personnel survey. In 2012, 77% of Marimekko employees responded to the questionnaire. The overall results were highly positive. According to the survey, the personnel's confidence in the vision of the management and in the company's future was again exceptionally high compared to other service-production organisations. Marimekko's reputation as an employer and the internal organisation image were extremely good. Four out of five Marimekko employees were prepared to recommend the company as an employer. The greatest need for improvements, the respondents felt, was in the even-handedness of managers' work and in opportunities for maintaining skills and expertise. The results of the survey are reviewed annually by the managers together with the entire personnel and taken into account when making the units' development plans.

KEY FIGURES, PERSONNEL

	2012	2011	2010
Average number of employees ¹	497	402	376
Employees at year end ¹	535	434	388
New employees	93	106	58
Leavers ²	64	65	40
Leaving turnover rate, %	11.9	13.8	10.3
Average age of employees, years	37	40	41
Employee gender ratio, women/men, %	91/9	88/12	91/9
Women in Board of Directors, %	17	17	20
Women in Management Group, %	67	67	67
Sick leave absences ³ , %	3.4	3.8	4.8
Work and commuting accidents	17	18	17
Healthcare expenses / person ⁴ , EUR	758	518	421
Development discussions held, %	76	81	-
Overall result of personnel survey, scale 1–5	3.78	3.70	-

¹ FTE (full-time equivalent).

² Including voluntary leavers and retirements. Not including ended fixed-term employment.

³ Calculated on theoretical regular working hours. Applies to employees in Finland.

⁴ Employees in Finland.



Most of Marimekko's employees are also shareholders in the company

In 2012, Marimekko organised a share issue directed to the company's personnel and designers employed by the company on a freelance basis. A total of 49,610 new Marimekko shares were subscribed for in the share issue. Subscriptions were placed by 308 company employees and designers, i.e. the majority of those entitled to subscribe took part in the issue.

"I am delighted that most of Marimekko's employees are now also shareholders in the company. We at Marimekko aim to create a unique corporate culture in which the sense of togetherness among the personnel is essential. In a creative company like Marimekko, the success of the company is practically solely dependent on people. Marimekko has a long-term international growth strategy, and the interest generated by the share issue indicates to me that the personnel have confidence in the company and its strategy. I firmly believe that this is a good way to further enhance entrepreneurial spirit, to motivate our staff to reach our ambitious targets and to reward them for good performance. We want to be at the forefront of strengthening employee commitment through direct shareholding," says President and CEO Mika Ihamuotila.

Stakeholders

Marimekko's principal stakeholders are the customers, personnel, shareholders, partners and the media. Stakeholders' interest in responsibility issues, such as the origin of products, ecological aspects and manufacturing of products, has continued to grow.

IDENTIFYING THE STAKEHOLDERS' EXPECTATIONS

Marimekko charts its stakeholders' expectations not only with annual customer and personnel surveys but also face-to-face in various situations. In 2011, a survey was carried out at Marimekko to determine the attitudes of customers and the personnel to responsibility. According to the survey, stakeholders expect Marimekko to integrate responsibility in its operations and to take responsibility throughout its production chain. Particular importance was attached to transparency and the traceability of the origin of products. The key issues for customers were domestic products, quality and timelessness. For the personnel, it is important that Marimekko is a responsible and encouraging employer. Both stakeholder groups also considered it to be extremely important that there is no child labour in Marimekko's supply chain and that production is environmentally friendly and ethical. According to the survey, both the personnel and the customers were also interested in more moderate consumption. The survey results have been taken into account in the planning of Marimekko's responsibility work. Marimekko will conduct similar surveys in the future on a regular basis.

STAKEHOLDER COMMUNICATIONS

Marimekko communicates about its responsibility on its website and in its yearbook. The information on the website is aimed primarily at consumers while the responsibility section of the yearbook is meant for all stakeholders interested in Marimekko's responsibility work. During 2013, the goal is to take responsibility communications

even closer to the consumer through customer newsletters, the social media and retail stores. Store personnel are being trained in responsibility issues so that customers get answers to their questions right in the store. The personnel receive communications on responsibility via the intranet, training sessions and various bulletins.

SUPPORTING LOCAL COMMUNITIES

Marimekko takes part annually in selected charitable projects. In 2012, the company supported in the Finnish Children and Youth Foundation's nationwide Storm project which uses art to assist young people aged 12–29 in difficult circumstances. In the Storm project, young people get a chance to create art on their own terms under the guidance of professionals. Marimekko also took part in the Cancer Society of Finland's Pink Ribbon campaign with three speciality products. Part of the proceeds from sales of the Pink Unikko reflector and the Tasaraita hat and scarf

were donated to the Cancer Society of Finland to support Finnish research into breast cancer.

FINANCIAL RESPONSIBILITY AND ECONOMIC IMPACT ON STAKEHOLDERS

Financial responsibility means attaining a good financial result by responsible means. Responsible operations help to secure the company's competitiveness and long-term profitability. By keeping its finances on a solid foundation, Marimekko is able to provide its shareholders with a steady profit and to fulfil its duties as a responsible company and employer.

Marimekko's operations generate financial wellbeing for many stakeholders, both in Finland and abroad. The operations also have an indirect effect on employment via the company's subcontractor network and retailers. More about Marimekko's financial targets and how they are achieved can be found on page 22.

KEY FIGURES, FINANCIAL RESPONSIBILITY

	2012	2011	2010
Net sales, EUR 1,000	88,471	77,442	73,297
Profit before taxes, EUR 1,000	1,413	3,715	8,223
Return on investment (ROI), %	4.1	11.4	25.0
Dividends for the financial year, EUR 1,000	¹ 2,022	4,422	4,422
Gross investments, EUR 1,000	7,582	9,220	1,519
Equity ratio, %	54.6	67.2	78.8
Salaries, wages and bonuses paid, EUR 1,000	19,503	16,413	14,126
Pension and other indirect social expenditure, EUR 1,000	4,738	3,617	3,185
Income taxes, EUR 1,000	313	889	2,151
Purchases from suppliers of goods and services ² , EUR 1,000	49,956	49,908	43,759

¹ The Board of Directors' proposal to the AGM.

² Including materials, supplies and other operating expenses excluding leases.



Welcome to Marimekko Village!

Marimekko's global customer programme invites all Marimekko friends to exchange views and experiences and to get inspired by colours, patterns and stories.

The registered members of Marimekko Village are delighted with various treats and surprises, invitations to enticing events, peeks behind the scenes and insights into the inspirations for Marimekko design. In the Feeling Festive Blog, we share ideas for all kinds of parties as well as for brightening up everyday life. Marimekko Village is open to everyone – you can join it in our stores or online at village.marimekko.com.

www.marimekko.com

village.marimekko.com

[www.facebook.com/](http://www.facebook.com/marimekko)
[marimekko](http://www.facebook.com/marimekko)global

[pinterest.com/](http://pinterest.com/marimekko)
[marimekko](http://pinterest.com/marimekko)global

[www.youtube.com/](http://www.youtube.com/marimekko)
[marimekko](http://www.youtube.com/marimekko)video

twitter.com/marimekkousa

[www.weibo.com/](http://www.weibo.com/marimekko)
[marimekko](http://www.weibo.com/marimekko)official





marimekko
marimekko[®]
marimekko[®]
marimekko[®]
marimekko[®]
marimekko[®]
marimekko[®]